

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Mines & Minerals – Exemption of Seigniorage fee charges to a tune of Rs.524.96 Lakhs on the Minor Minerals to be consumed in development of Infrastructure in Kakinada SEZ area - Orders Issued.

INDUSTRIES & COMMERCE (M-II) DEPARTMENT

G.O.MS.No. 22

Dated: 01-02-2018.

Read the following:

- 1) G.O.Ms.No. 152, Ind. & Comm. (M-I) Department, dt.21.06.2008
- 2) From the DM&G, GoAP., Single File bearing C.No.22165/MR/KKD-SEZ/2017, under SFS, Dt. 06.12.2017.

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ORDER :

In the G.O. 1st read above, Government issued orders exempting the Developer, co- Developer, Unit and Operators of SEZs from payment of Seigniorage Fee on Minor Minerals leviable to the extent of Minor Minerals consumed in the processing area of the respective Special Economic Zones under Rule 5 and 11 (1) (C) of Andhra Pradesh Minor Mineral Concession Rules, 1966.

2. In the reference 2nd read above, the Director of Mines & Geology, Government of Andhra Pradesh has stated that the Government of India vide S.O.No.635(E), dt.23.04.2007 and S.O.No.342 (E), dt.06.02.2013 notified the Jurisdiction of Multi Product SEZ in favour of M/s Kakinada SEZ Pvt. Ltd., in Ramanakkapeta, A.V. Nagaram, Ponnada and Mulapeta Villages of Kakinada, East Godavari District. Subsequently, M/s Kakinada SEZ Pvt. Ltd., was transformed as Kakinada SEZ Ltd.

3. The Director of Mines & Geology, Government of Andhra Pradesh has stated that M/s Kakinada SEZ Ltd., vide Lr. No. KSEZ/2017-18/17, dt.14.06.2017 informed that:-

- (1) They are currently operating a port based Multi – Product SEZ in U.Kothapalli and Thondangi Mandals of East Godavari District. SEZs have propensity to usher in wide spread Industrialization and strengthen the social economic echo fabric of the region besides attraction foreign investments, earning valuable foreign exchange and reinforcing the employment opportunities in the area.
- (2) The withdrawal of MAT & DDT have to an extent undermined the viability and attractiveness of the SEZs. M/s Kakinada SEZ Ltd presently houses a global toy manufacturing unit – Pals Plush, which exports its produce to abroad and locally employ around 1000 woman and is scalable in form. The company also has a rural BPO unit with employees being trained by GMR Varalakshmi Foundation, a CSR arm of the GMR group. The company has also built a rehabilitation colony consisting of close to 975 houses, which are fully inhabitant and has been declared as a separate panchayat by Government of Andhra Pradesh – Kotha Mulapeta Panchayat. The company also runs a ten – bedded free hospital for the benefit of the inhabitants in project influence zone. The company has signed various term sheets with global organization like M/s Yingrong, China for setting up Chinese industrial park, M/s JGC, Japan for setting up their food park, M/s Grobest Holdings Limited for setting up their sea food processing unit, M/s Oil Country Limited for setting up their threading plant facility to serve Oil & Gas industry etc.

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(3)As it is a large format SEZ and involves laying of wide linear stretch roads and constructions of various sizes by units intending to setup their operations within the SEZ and as there could be sizable construction activity in the SEZ to fast track progress and improve the viability of the units to attract major players to setup their operations in the SEZ, they have requested to grant seigniorage fee exemption in terms of G.O.Ms.No. 152, dt. 20.06.2008 of Industrial and Commerce (Mines-I) Department.

(4)Finally, M/s Kakinada SEZ Ltd have requested to grant exemption in respect of Seigniorage fee to enable fast tracking the construction and progress in the SEZ and improve the economic of the region leading to various direct and indirect benefits.

4. The Director of Mines & Geology, Government of Andhra Pradesh has stated that M/s. Kakinada SEZ Limited vide their further Lr., dt.02.11.2017 furnished the following additional information in support of their request for exemption of Seigniorage Fee.

- (1) Communication from Development Commissioner in respect of the operationalization of Kakinada SEZ.
- (2) Estimates of Minor Minerals and Metals which may be consumed in KSEZ.
- (3) The activities of the Developer (i.e. Kakinada SEZ) in respect of infrastructure development works in SEZ.
 - (a) Land leveling and clearance.
 - (b) Construction of Roads, road shoulders etc.,
 - (c) Construction of Compound wall/fencing works.
 - (d) Common buildings, drainage system etc.,
 - (e) Reinforcement through utility constructions.
 - (f) Pipelines, cables and other utility linear laying and alignments.
 - (g) Other infrastructure requirements sought by clients.

5. The Director of Mines & Geology, Government of Andhra Pradesh has stated that the Seigniorage Fee on all the Minor Minerals proposed to be consumed is worked out taking the existing rates of Seigniorage Fee into consideration as detailed below:-

Sl.No.	Description	Unit	Rate(In Rs. per cum)	Quantity	Seigniorage fee (in Rs Lakhs)
1.	Gravel	M3	30	4,18,249	125.47
2.	Road Metal	M3	75	5,32,656	399.49
3.	*Sand	M3	50	95,061	-
Total					524.96

* According to Sand Policy, 2016, ordinary Sand has been made available at free of Seig. Fee w.e.f 04.03.2016 Sand free of cost.

6. The Director of Mines & Geology, Government of Andhra Pradesh has stated that the Government, vide G.O.Ms No. 40, Ind. & Comm (P&I) Dept,

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dt:08.03.2017 announced "Backward Areas Ultra Mega Integrated Automobile Projects Policy", wherein Government has proposed for certain Infrastructure facilities, Non – Fiscal and Fiscal incentives to the project proponent. At para 5.5.1 of the said G.O., it is stated that 100% exemption of Stamp Duty, Mortgage Duty and Transfer Duty and/or any other levy for the project proponent has been facilitated under Fiscal Incentives. The policy shall remain in force for 7 years i.e., up to 31.03.2022.

7. The Director of Mines & Geology, GoAP has requested the Government to arrange to issue orders exempting levy and collection of Seigniorage Fee to a tune of Rs. 524.96 lakhs on the quantum of Minor Minerals used/ consumed by M/s Kakinada SEZ Ltd., or by its developers in development of infrastructure within the area notified by the Government of India as Multi Product SEZ in favour of M/s Kakinada SEZ Pvt. Ltd., in Ramanakkapeta, A.V. Nagaram, Ponnada and Mulapeta Villages of Kakinada, East Godavari District, vide S.O.No. 635(E), dt.23.04.2007 and S.O.No.342 (E), dt.06.02.2013, by exercising the powers conferred under rule 11 (c) of A.P. Minor Mineral Concession Rules, 1966.

8. Government after careful examination of the matter, hereby issue orders exempting levy and collection of Seigniorage Fee to a tune of Rs.524.96 lakhs on the quantum of Minor Minerals used/ consumed by M/s Kakinada SEZ Ltd., or by its developers in development of infrastructure as stated at para (5) above, within the area notified by the Government of India as Multi Product SEZ in favour of M/s Kakinada SEZ Pvt. Ltd., in Ramanakkapeta, A.V. Nagaram, Ponnada and Mulapeta Villages of Kakinada, East Godavari District, vide S.O.No.635(E), dt.23.04.2007 and S.O.No.342 (E), dt.06.02.2013, by exercising the powers conferred under rule 11 (c) of A.P. Minor Mineral Concession Rules, 1966, subject to the following conditions:-

- (1) The project proponent shall furnish the details of Minor Minerals used/consumed by them or their developers to the Assistant Director of Mines & Geology concerned on quarterly basis.
- (2) The validity of order of exemption shall be upto 31.03.2022 i.e., coterminous with the validity of the Backward Areas Ultra Mega Integrated Automobile Projects Policy announced vide G.O.Ms.No.40, Ind. & Comm. (P&I) Department, dt: 08.03.2017.

9. This order issues with the concurrence of the Finance Department, vide their U.O.No.4502//501/FMU-Rev,I&C/2017, Dt.20.12.2017

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B. SREEDHAR
SECRETARY TO GOVERNMENT(MINES)

To
The Director of Mines & Geology, GoAP., Vijayawada.

Copy to:

The Finance (FMU Rev-I&C) Department.
The Vice Chairman & Managing Director, M/s. APIIC Ltd., Vijayawada
The Dy. Director Mines & Geology, Kakinada
The Asst. Director Mines & Geology, Rajahmundry
The P.S to Prl.Secretary to C.M.
The P.S. to M(M&G).
The P.S to Secretary (Mines)
Sf/Sc (C.No.11276/M.II/2017)

//FORWARDED :: BY ORDER//

SECTION OFFICER