The BL Interview

8-year ‘down & up’ journey of Kalyani Group’s SEZ

Alka Kshirsagar

Sadhana Naik clarifies on some issues, but is mum on those concerning KDL, stating that the matter is sub judice

When most SEZ aspirants shelved their plans once the policy on benefits was changed, the Kalyani Group decided to change course and press on ahead with its Khed City project.

But the journey has been far from easy and the project has been mired in controversy. Eight years since the Baba Kalyani-led Group took possession of 1,705 hectares of non-arable land to develop the city 50 km north of Pune, Khed City has seen more downs than ups.

While the economic slowdown did hit demand, changes in the SEZ policy has meant the promoters have had to apply for de-notification of the SEZ and conversion to domestic tariff area or integrated industrial area.

To add to their woes, 900-odd farmer families which sold them the land have taken legal recourse, charging the Kalyani Group with failing to give them back 15 per cent of their land which was part of the terms of agreement. They have even accused them of subterfuge for transferring the land to KDL (Khed Developers Limited), a company in which KEIPL (Khed Economic Infrastructure Pvt Ltd) owns 31 per cent share. The matter is pending in court.

In a conversation with BusinessLine, KEIPL CEO Sadhana Naik clarifies on some issues, but is mum on those concerning KDL, stating that the matter is sub judice. Excerpts:

How much has been invested in the venture so far. What all development has happened?

The first phase is on 1,300 acres and we have invested a total of around ₹1,000 crore, including ₹450 crore for buying the land. We have built 58 km of road, constructed 102 houses of 450 sqft each on a 3,000 sqft plot of land for project-affected families as part of the resettlement package. We have also built a school building, a clinic, a cultural centre and provided solar street-lighting. In addition, we have also set-up an ITI to train the youth from the four villages for jobs in industry. In fact the R&R package was the first to be completed.

We have also undertaken a tree plantation drive as the area is arid and initially had just 22,468 trees. We have planted 1.5 lakh trees.

How many plots have found takers?

Thirty-eight industries have signed up, 11 are operational and three, including chocolate maker Mars and electronics company Hyosung, will be operational in the next three months. Two companies of these are in the SEZ, one of which is operational.

What is the status on the de-notification of SEZ?

We applied for de-notification in 2013 and got the in-principle approval in 2014. We paid for surrender of benefits in 2014 and applied for adjudication of stamp duty the same year. In 2015, we got the order, so we paid transfer stamp duty as well as the penalty (which is a stiff 2 per cent per month) from the date of lease. We are now waiting for the de-notification to happen.

In the new plan, how much will be developed as SEZ?

Around 100 hectares will be SEZ, 1,215 hectares non-SEZ, and the remaining land has been used for R&R package.

**Why did KEIPL opt for transferring land to KDL instead of giving it to the farmers as per the terms of sale?**

I cannot speak on KDL as the matter is sub judice. But I can say we had no say in the formation of the company as the terms were decided by a high power committee under the chairmanship of the industries Secretary.

We have identified a total of 244 hectares, of which 183 hectares belong to the farmers. This can only be transferred by signing sub lease agreement once the stamp duty is paid by the lessees. KDL has applied to the State government to waive this under the provision of stamp act.

**What challenges does the project face?**

We have no clarity on policy or the developmental model we should adopt after de-notification. The State government has to resolve these issues.

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