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Government of India
Public Enterprises Selection Board

Invites applications for the post of

Chairman and Managing Director

in

GAIL (India) Limited

(A Govt. of India Undertaking - A Maharatna Company)

Last date of receipt of applications in PESB is
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Govt to take up GAIL's application for exit, de-notification of unit in Puthuvypeen SEZ

GAIL's proposal for de-notification should be rejected, says DC of Cochin SEZ

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New Delhi, August 5

The government will consider GAIL India's exit application from the 'port special economic zone (SEZ)' developed by Cochin SEZ in Puthuvypeen this week and take an "appropriate" decision.

However, it may reject the request for de-notification of the area, if it goes by the advice of the Development Commissioner (DC) of the zone.

The Board of Approval (BoA) for SEZs, which will take up GAIL's application for exit from the SEZ and de-notification in its meeting on Tuesday, will also consider a host of other proposals including extension of validity of formal approvals for some other SEZs.

"The BoA may direct the DC, CSEZ (Cochin SEZ) to consider and issue orders on the exit application filed by GAIL in accordance with Rule 74 of SEZ Rules 2006," as per the request submitted by DC

CSEZ to the BoA. GAIL India — the largest state-owned natural gas processing and distributing company — is the only unit in the Puthuvypeen SEZ, which, according to the DC, has many irregularities including lack of compound wall and no contiguity.

GAIL has completed over five years of operation but during the processing of renewal application it was found that the unit had not achieved positive Net Foreign Exchange (NFE), a primary requirement for SEZ units. Subsequently, GAIL requested to exit from the zone and get it de-notified so that it could operate as a unit in the Domestic Tariff Area (area outside the SEZ).

GAIL's exit from the SEZ may have economic fall-outs, fears the DC of the zone. "Already an investment of approximately ₹10,000 crore have been made in the zone with duty concessions. However, disruptions in the working of the zone may

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have far-reaching repercussions for the petroleum and natural gas sectors," the DC had pointed out in an earlier letter to the Cochin Port Trust, the developer of the zone. The co-developers of the zone are IOCL, BPCL and Petronet LNG Ltd.

GAIL's writ in Kerala HC

GAIL filed a writ petition in the Kerala High Court requesting that the BoA should be asked to take appropriate action on the exit application (P-12) submitted by it. Its request to the DC (P-15) that the agenda earlier circulated regarding the exit application may be pursued with the BoA and sanction may be accorded for granting exit from the Puthi-

uvypeen SEZ and de-notification of the land so that their unit can operate as a DTA unit should also be considered, it said.

In its judgement on the petition, the Court issued a direction that the BoA should finalise decisions on the applications P12 and P 15 (made by GAIL) as per law after providing an opportunity of hearing to the petitioner as well as all other interested persons.

The DC, in its note to the BoA, said that the authority concerned is free to take its own decision in the matter in accordance with law and there is no legal impediment in rejecting it if it is not within the powers of the said authority. The decision however has to be taken after hearing the petitioner and the parties concerned.

It further recommended GAIL's request for de-notification of the area may be rejected by the BoA as it is not in conformity with the SEZ rules, which stipulate that application of the developer (Cochin Port Trust) is required for de-notification or decrease in area.