

**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**

**13th Floor, Centre No.1, World Trade Centre,**

**Cuffe Parade, Mumbai – 400 005**

**Tel. 022 2216 3964/65/69 Fax 2216 3976**

**Email: [mercindia@merc.gov.in](mailto:mercindia@merc.gov.in)**

**Website: [www.merc.gov.in/](http://www.merc.gov.in/) [www.mercindia.org.in](http://www.mercindia.org.in)**

**Maharashtra Electricity Regulatory Commission (Specific Conditions of Distribution Licence applicable to Laxmipati Balaji Supply Chain Management Ltd. for FTWZ and IT/ITES SEZ at Village Sai, Taluka Panvel, Dist. Raigad) Regulations, 2019**

**STATEMENT OF REASONS**

**Date: 26 February, 2019**

The Ministry of Commerce and Industry, Government of India (the Ministry) had approved M/s. Arshiya International Ltd. (subsequently name changed to Arshiya Ltd.) as the Developer and M/s. Laxmipati Balaji Supply Chain Management Ltd. (LBSCML) as a Co-developer of the FTWZ and IT/ITES SEZ at Village Sai, Taluka Panvel, in Raigad District of Maharashtra.

The Electricity Act, 2003 has been amended through Notification dated 3 March, 2010 and as per the amendment, the SEZ developer (which also includes a co-developer for the SEZ) is the deemed Distribution Licensee for the respective notified SEZ area.

On a Petition filed by LBSCML, the Commission, vide its Order dated 17 December, 2018 in Case No. 275 of 2018, had taken on record its Deemed Distribution Licensee status in respect of the above SEZ in terms of the proviso to Section 14(b) of the Electricity Act, 2003, and stated that the process of specifying the Specific Conditions of Distribution Licence applicable to LBSCML would be undertaken separately.

Accordingly, the Draft (Specific Conditions of Distribution Licence applicable to Laxmipati Balaji Supply Chain Management Ltd. for FTWZ and IT/ITES SEZ at Village Sai, Taluka Panvel, Dist. Raigad) Regulations, 2019 were prepared specifying the Licence Conditions applicable to LBSCML such as the term of Licence, area of Licence and other conditions. A Public Notice inviting suggestions and objections on the draft Regulations was published in four daily newspapers (Times of India, Indian Express, Maharashtra Times and Loksatta) on 10 January, 2019, and the draft Regulations were made available on the Commission's websites. The last date for receipt of comments was 10 February, 2019.

In response to this, suggestions have been received from the Petitioner, LBSCML vide its letter dated 31 January, 2019. LBSCML has suggested following modification in the Draft Regulations.

a. **Title and Regulation 1: Name of Regulations:**

***Proposed in draft Regulations***

*These Regulations may be called the Maharashtra Electricity Regulatory Commission (Specific Conditions of Distribution Licence applicable to Laxmipati Balaji Supply Chain Management Ltd. for FTW and IT/ITES SEZ at Village Sai, Taluka Panvel, Dist. Raigad) Regulations, 2019.*

***Comment received***

LBSCML has suggested that in the name of Regulations, the word “FTW” should be replaced as “FTWZ”.

***Analysis and the Commission’s decision***

FTW stands for the type of SEZ i.e. Free Trade and Warehousing Zone. In the SEZ notifications issued by the Ministry of Commerce and Industry, Government of India, it is seen that the SEZ for Free Trade and Warehousing are abbreviated as FTWZ. In view of the above, the suggestion has been accepted and the word “FTW” in the name of Regulations has been changed as “FTWZ” while finalizing the Regulations.

b. **Regulation 2.1 (e): Definition of LBSCML:-**

***Proposed in draft Regulations***

*“LBSCML” means Laxmipati Balaji Supply Chain Management Ltd., registered under the Companies Act, 1956 and approved as a Co-Developer for Free Trade and Warehousing (FTW) and IT/ITES SEZ vide Notifications dated 4 May 2009, 5 April 2010, 22 July 2010 and 27 October, 2011 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce (SEZ Section), New Delhi.*

***Comment received***

The Petitioner has suggested that the definition of LBSCML in the draft Regulations may be replaced as under:

*““ LBSCML” means Laxmipati Balaji Supply Chain Management Ltd. registered under the Companies Act, 2013 and approved as a Co-Developer for distribution of utilities i.e. electricity and water supply to Free Trade and Warehousing Zone (FTWZ) and IT/ITES SEZ at Village Sai, Taluka Panvel, Dist. Raigad, Maharashtra by Government of India, Ministry of Commerce & Industry of Commerce & Industry, Department of Commerce (SEZ Section), New Delhi.”*

***Analysis and the Commission’s decision***

The Companies Act in the draft Regulations has been mentioned as the ‘Companies Act, 1956’. This Act has been repealed by subsequent enactment in 2013. Also, in the draft Regulations, while SEZ Notifications has been mentioned, the date of approval of the

Petitioner as a Co-developer is not provided in the draft Regulations. In view of the above, it is decided to modify the definition of LBSCML as follows while finalizing the Regulations:

*“LBSCML” means Laxmipati Balaji Supply Chain Management Ltd., registered under the Companies Act, 1956 and approved as a Co-Developer vide letter dated 9 October, 2018 for Free Trade and Warehousing (FTW) and IT/ITES SEZ notified vide Notifications dated 4 May 2009, 5 April 2010, 22 July 2010 and 27 October, 2011 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce (SEZ Section), New Delhi.*

**c. Regulation 5:Term of Licence:-**

***Proposed in draft Regulations***

*Subject to the provisions of the Act, the Licence shall remain in force for a period of twenty five years from 4 May, 2009 (i.e. the date of notification of the SEZ) till 3 May, 2034 or until such Licence is revoked, whichever is earlier.*

***Comment received***

The Petitioner has suggested that the term of Licence may be specified as 25 years from the date of notification of the specific conditions of Licence instead of 25 years from the date of SEZ Notification.

***Analysis and the Commission’s decision***

As per the proviso to Section 14(b) of the Electricity Act 2003, the SEZ developer is Deemed Distribution Licensee from the date of SEZ Notification. The relevant extract is given below:

*“Provided that the Developer of a Special Economic Zone notified under sub-section (1) under Section 4 of the Special Economic Zones Act, 2005, shall be deemed to be a licensee for the purpose of this clause, with effect from the date of notification of such Special Economic Zone”.*

Thus, the term of LBSCML’s Licence has been stipulated in the draft Regulations in line with the above provision of the Act. In view of the above, no change is required on this aspect.

**Sd/-  
(Mukesh Khullar)  
Member**

**Sd/-  
(I. M. Bohari)  
Member**

**Sd/-  
(Anand B. Kulkarni)  
Chairperson**