IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved On	02.08.2022
Pronounced On	09.11.2022

CORAM

THE HON'BLE **MR.JUSTICE C.SARAVANAN**

W.P.No.18768 of 2020
and
W.M.P.Nos.23331 & 23328 of 2020

M/s.Sparrow Television Private Ltd.,
Represented by its Director, Rajeev Sarda,
Having registered office at,
345, Raheja Arcade, 1/1,
Koramangala Indl. Area,
Bangalore 560 095. ... Petitioner

vs.

1. State Industries Promotion Corporation of Tamil Nadu,
Represented by its Managing Director,
Having registered office at,
19-A, Rukumani Lakshmipathy Road,
Post Box No.7223, Egmore,
Chennai 600 008.

2.The Development Commissioner,
MEPZ Special Economic Zone,
Administrative Office Building,
National Highway-45,
Tambaram, Chennai 600 045.

3. The Estate Officer,
SIPCOT Industrial Park,
Plot No.PB2, 1st Floor, 1st Main Road,
SIPCOT, Mambakkam Post,
Sriperumbudur Tk,
Kancheepuram 602 105. .. Respondents

Prayer:- Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari to quash the cancellation of the Allotment Letter dated 29.09.2020 (Ref:P-III/SPR/SEZ-Sparrow/25/2008) .

For Petitioner : Ms.Prerna Khatri
for M/s.A.K.Mylasamy and Associates

For R1 & R3 : Mr.M.Karthikeyan

O R D E R

The petitioner has challenged the impugned order dated 29.09.2020 issued by the first respondent bearing reference P-III/SPR/SEZ-Sparrow/25/2008.

2. By the impugned order, the allotment of land to the petitioner in the SIPCOT Hi-Tech SEZ, Sriperumpudur has been cancelled.

3. The petitioner had earlier filed an application dated 21.01.2008 to manufacture plastic injection moulded components, wire wound components and electric assembling with the respondents subject to approval of the Unit Approval Committee/Development Commissioner of MEPZ, the second respondent herein. The petitioner was allotted a land in the midst of a Special Economic Zone in Sriperumpudur called SIPCOT Hi-Tech SEZ in the year 2008.

4. The petitioner was allotted a total extent of 2 acres of land on 27.03.2008. The petitioner was required to pay a consideration of Rs.80,56,075/- for a lease of 99 years in terms of the aforesaid allotment order dated 27.03.2008. The allotment letter also contemplates several conditions which has been admittedly breached by the petitioner.

5. As per the condition No.6, if it was found that the land allotted to the allottee was not put to use for the purpose for which it was allotted or was in excess of the allottee's actual requirements, SIPCOT could at any time, have the right to cancel the allotment in respect of such land or excess land, as the case may be, and resume the same under TNPPE Act.

6. In that event, the plot cost paid by the allottee would be suitably adjusted and refund if any, would be made as per condition No.2(d) of the allotment letter, interest, enhanced interest, if any already paid, would not be refunded. No compensation was to be paid for improvement or for the buildings or other structures etc., erected at the allotted plot.

7. The building plan and the plans for all structures were to be approved by the Project Officer. The building put up by the petitioner was to be in conformity with the bye-laws of the local authorities and their regulations as in force from time to time as per G.O.Ms.No.169 Industries (MIE.2) dated 12.09.1996.

8. As per the terms of allotment, the petitioner was also required to commence commercial production within thirty months from the date of the order and failure entitled to the first respondent to cancel the allotment and forfeit the deposit and development charges paid towards the land allotted.

9. As per clause No.17 & 18 of the Lease deed, “the allottee should have commenced production within 30 months from the date of the allotment order. Failure will entail cancellation of the allotment with forfeiture of total amount paid towards the extent allotted”.

10. In case of surrender of a plot by an allottee, the plot deposit may be refunded in full after forfeiting the initial deposit and processing fee. The development charges may be refunded after forfeiting an amount of 5% per year or part thereof for the number of years the plot was held by the allottee, subject to a minimum deduction of 15%. No compensation for improvement of building or for other structures erected in the plot was to be made.

11. It appears that right from the beginning the petitioner had difficulty in commencing the construction and therefore approached the second respondent for extension of time. The second respondent by a communication dated 22.03.2010 extended the time for a period of one year from 29.07.2009 to 28.07.2010 in terms of Rule 19(4) of Special

Economic Zones Rules,2006. Rule 19 (4) of the SEZ Rules, 2006, reads as under:

> "*The letter of Approval shall be valid for one year within which period the Unit shall commence production or service or trading or Free Trade and Warehousing activity and the Unit shall intimate date of commencement of production or activity to Development Commissioner:*
>
> *Provided that upon a request by the entrepreneur, further extension may be granted by the Development Commissioner for valid reasons to be recorded in writing for a further period not exceeding two years:*
>
> *Provided further that the Development Commissioner may grant further extension of one year subject to the condition that two-thirds of activities including construction, relating to the setting up of the Unit is complete and a chartered engineer's certificate to this effect is submitted by the entrepreneur:*
>
> *[Provided also that the Board of approval may, upon a request in writing by the entrepreneur, and after being satisfied that it is necessary and expedient so to do grant further extension for a further period not exceeding one year, at a time.]*"

12. Since the petitioner was unable to commence commercial production, by a letter dated 24.04.2010 to the second respondent, Development Commissioner, the petitioner requested the latter to allow the

petitioner to sell the manufactured products to the domestic customers/buyers on payment of applicable excise duty and local levies as applicable to a normal non SEZ industrial unit.

13. In the aforesaid letter, the petitioner also submitted that the construction was in full swing and that the petitioner would be able to commence production within the extended time and that the petitioner was exploring the possibility of not only to commence the production but also to sustain it continuously in an economically viable manner and therefore, proposed the following changes:-

> *i. Change in constitution and management of the company whereby 100% share holding of the company would be owned by M/s.The Supreme Industries Ltd (a listed Public Ltd.Co.) making it a wholly owned subsidiary of it. Accordingly Board of Directors would also comprise the nominees of The Supreme Industries Ltd.*
>
> *ii. The Unit would commence the production of injection Moulded plastic products/components for its major domestic customer i.e., M/s.Samsung India Electronics Ltd., to supply various TV, Computer, Air Conditioner & refrigerator parts made of plastics.*
>
> *iii.Present condition of having positive net exchange surplus & export commitment of US$ 1,00,000/- over a period of 5 years would continue & shall be fulfilled by the company irrespective of*

change in its constitution and management.

14. The petitioner further stated that the export market was extremely sluggish and to utilize the capacities and continue to remain afloat, the petitioner would need to supply major part of the production in the domestic market which will gradually reduce over a period of time and with the corresponding increase in the export turnover.

15. Thereafter, on 06.07.2010, in a letter addressed to the Additional Secretary, Ministry of Commerce and Industry, the petitioner highlighted the development surroundings of the petitioner's SEZ Unit.

16. It was stated that M/s. Samsung Heavy Industries India Private Limited and Dell International Services India Private Limited had moved out of the said SEZ. However, the petitioner was forced to stay back in the SEZ, on account of the on-going construction and the time and capital invested in the development of the unit.

17. It was further highlighted that the petitioner was incapable of supplying to these companies while still operating as a SEZ Unit. The petitioner categorically stated that all the raw materials were available in the local market and that the unit will not be importing any duty free material, whereas applicable custom duty will be paid on sale of its product to domestic customers and this made the project uneconomical. Hence, requested for de-notifying the petitioner's unit as a SEZ Unit and to permit manufacturing of goods as a job worker for other units in the Domestic Tariff Area, (DTA).

18. After several rounds of discussion, the petitioner's request was not acceded. By a communication dated 15.09.2014, the office of the second respondent informed the petitioner that de-notification of the unit can be made only by the developer i.e.,the first respondent herein. The second respondent, therefore, requested the petitioner to confirm whether the petitioner was exiting from the SEZ unit and not for de-notification.

19. It was further stated that incase, the petitioner wanted to exist under Rule 74 of the Special Economic Zones, Rules, 2006, the petitioner's application for exit can be considered:-

(1) On payment of applicable duties;
(2) NOC from the Developer, first respondent.

20. Meanwhile, the petitioner has also had few law and order problem and theft and therefore the petitioner appears to have given a police complaint which culminated in the registration of FIR No.522 of 2015 dated 06.07.2015.

21. A meeting is said to have taken place along with the other allottees in the SEZ in the presence of the first respondent on 21.07.2015. However, the meeting remains unconcluded.

22. Under these circumstances, the first respondent informed that since the petitioner failed to commence construction of the building within six months from the date of the allotment order or complete the

construction within 24 months from the date of allotment and also failed to commence commercial production/trial production within 30 months from the date of allotment order and therefore called upon the petitioner to reply and give a confirmation and schedule for implementation within a week time, failing which recommendation will be sent to the Head Office to cancel the allotment given to the petitioner.

23. A similar letter was again sent on 13.02.2020 to which the petitioner replied on 18.02.2020. Ultimately, on 11.05.2020, the petitioner was issued with the Show Cause Notice,wherein, it was stated that despite the land was allotted to the petitioner and even after lapse of 12 years, the petitioner had not utilized the land and had kept it vacant without implementing the project for the purpose of which the allotment was made and this was clearly in violation of terms and conditions of the Allotment Order/Lease Deed.

24. Under these circumstances, by the aforesaid Show Cause Notice dated 11.05.2020, it was informed as under: -

"We have issued 15 days show cause notice to you on 13.02.2020 as you have not commenced the commercial production within the period stipulated in the Lease Deed (Clause No.17) executed. You have informed, vide letter dated 18.02.2020, that your factory construction activity has been completed almost at the Hi-Tech SEZ, Sriperumbudur site allotted to you but the unit is idle as the project is unviable under the SEZ rulings applicable and requested to de-notify you SEZ Unit. You have already been informed through Government that the plot allotted to you is in the midst of the SEZ and de-notification could not be considered.

However, you have not taken any concrete steps till date to utilize the land for the purpose for which it was allotted. The above default amounts to non-observance and breach of the conditions of allotment order/lease deed. Please note that if you fail to implement the project within 90 days from the date of this notice, we will be constrained to cancel the allotment and thereafter, we will proceed to resume the plot under TNPPE Act.

We request you to acknowledge receipt of this letter."

25. The petitioner replied to the same, which has culminated in the impugned order dated 29.09.2020, reads as under:

P-III/SPR/SEZ-Sparrow/25/2008 Dated :29.09.2020

M/s.Sparrow Television Pvt. Ltd.,

344, Raheja Arcade,

1/1, Koramangala Industrial Area,

Bangalore – 560 095.
BY ROAD/MAIL

Sirs,

Sub: Hi-Tech SEZ, Sriperumpudur, Plot No.DV-4/1 measuring 2.00 acres allotted to M/s.Sparrow Television Pvt.Ltd – Non Compliance of terms and conditions of the allotment order/Lease Deed – Cancellation of allotment – Reg.

Ref: 1. SIPCOT allotment Order Lr.No.P&SP/SEZ-S/Sparrow/25/2008, dated 27.03.2008.

2. 15 days show cause notice issued on 13.02.2020.

3. Your letter dated 18.02.2020.

4. 90 days notice issued on 11.05.2020.

Plot No.DV-4/1 measuring 2.00 acres in Hi-Tech SEZ, Sriperumpudur was allotted to you vide reference 1st cited for setting up an unit for the manufacture of Plastic injection moulded components, wire wound components and Electronic assembly. Lease Deed was executed and registered on 05.09.2018 as Doc.No.13128/2008. The possession of the plot was handed over to you on 05.09.2008.

As per condition No.3(viii) of the allotment order and Clause Nos.17 & 18 of the lease deed, "the allottee shall commence the construction of factory buildings within six months, complete the same within 24 months and to commence commercial/trial production within 30 months *from the date of Allotment Order". However, it is noticed that you have not implemented the project and not commenced commercial production in the allotted plot till date even after lapse of more than 12 years.*

As per condition No.6 of the allotment order and Clause No.14(i) of the Lease Deed, "if in the opinion of SIPCOT, it is found that the land allotted to you is not put to use for the purpose for which it was allotted or is in excess of the allottee's actual requirements, SIPCOT shall, at any time have the right to cancel the allotment in respect of such land or excess land as the case may be and resume the same under TNPPE Act".

We have issued 15 days show cause notice on 13.02.2020 followed by 90 days notice on 11.05.2020 for the breach of the conditions of Lease Deed and non-compliance of the terms and conditions of the allotment order. Inspite of 90 days notice, you have not implemented the project in the allotted plot and not even responded to the 90 days notice.

Hence, we hereby cancel the allotment of Plot No.DV-4/1 measuring 2.00 acres which was allotted to you at SIPCOT Hi-Tech SEZ, Sriperumpudur and you are hereby directed to execute the surrender deed within 15 days from the date of receipt of this order, failing which, we will be constrained to resume the plots under TNPPE Act.

Yours faithfully,

Sd/-

MANAGING DIRECTOR

26. Thereafter, the petitioner has also been issued with a notice under Section 4 of the Tamil Nadu Public Premises (Eviction Of Unauthorised Occupants) Act, 1975. The petitioner has replied to the same.

27. The specific case of the petitioner is that the petitioner is entitled for de-notification of the land allotted to the petitioner from the purview of the Special Economic Zones Act, 2005, as it has been done in the case of few others.

28. A specific reference has been made to the case of the following allottees for whom the land allotted by the first respondent has been identified by separate Notifications : -

S.No.	*Notification No.*	Notification Date	Notified Area(in Hectares)	De-Notified Area (In Hectares)	Total Area(In Hectares)
1	S.O.2141(E)	22.12.2006	189.771	-	189.771
2	S.O.1308(E)	31.07.2007	41.369	-	231.140
3	S.O.677(E)	02.03.2015	-	11.832 -	219.308
4	S.O.1219(E)	17.03.2016	-	23.75	195.558
5	S.O.2343(E)	01.06.2018	-	16.336	179.222
6	S.O.4779(E)	05.09.2018	-	28.338	150.884

S.No.	Notification No.	Notification Date	Notified Area(in Hectares)	De-Notified Area (In Hectares)	Total Area(In Hectares)
7	S.O.6064(E)	03.12.2018	-	3.963	146.921
8	S.O.1584(E)	09.04.2019	-	12.286	133.635

29. The learned counsel for the petitioner submits that the petitioner is also entitled for a similar treatment.

30. The respective respondents have filed their counter. It is stated that the lands allotted to the petitioner is in the midst of the SEZ and therefore, the petitioner's application for de-notification of the plot allotted to them cannot be considered.

31. It is submitted that in order to examine the request of the petitioner, a meeting was also called on 21.07.2015 with the petitioner and other members in SEZ Unit to discuss the issue regarding the de-notification of the petitioner and the other SEZ Unit.

32. It was informed in the meeting that some of the units who had constructed and commenced production in the land allotted and had

availed duty benefit/tax concessions were not interested in de-notifying their land from SEZ unit.

33. The first respondent has further informed the petitioner that without the concurrence of the other allottees for de-notification, it was not feasible to de-notify the land allotted to the petitioner as it affects the contiguity of the SEZ area and that the petitioner was informed the same by their letter dated 07.06.2013.

34. It is further submitted that the company by its letter dated 03.05.2012 bearing reference Letter No.5629/MIE.2/2012-1, had forwarded the request of the petitioner dated 04.04.2012 to the 1st respondent for de-notification of the unit. So that, they can start to function as a regular DTA Unit.

35. However, the first respondent reiterated that de-notification of the land allotted to the petitioner is not feasible as it was in the midst of the SEZ Unit and de-notification of which would affect the contiguity.

36. It has been further stated that there was also no possibility to provide separate access to the petitioner after de-notification of the land without affecting the continuity of the SEZ.

37. It was further submitted that the petitioner also failed to commence either the construction within the stipulated time or complete the construction within the stipulated time or commence trial production or commercial production.

38. A reference was made to a decision of this Court in the case of **M/s.Saravana Sastha Steel India Private Limited** Vs. **The Managing Director, SIPCOT Limited and two Ors.,** in W.P.No.14877 of 2020 and etc batch, vide its common order dated 24.09.2021, wherein, this Court directed the petitioners to either opt to surrender the land allotted to them and get the refund of the amount paid by them after deduction of the amount as per the prevailing policy of the first respondent or if the petitioners are willing to retain the lands allotted to them despite such delay in implementing the project, they shall make payments of the penalty proposed as indicated therein.

39. The first respondent has further stated that it has taken sincere steps for exploring possibility of de-notifying the land allotted to the petitioner. However, it was found to be physically impossible and not feasible.

40. It has further been stated that despite lapse of 12 years from the date of allotment, the petitioner has kept the building constructed with the built up area for a period of more than seven years and has not provided any schedule for implementation. On the other hand, the petitioner requested the first respondent to take steps to denotify the unit and therefore, after due process of law after complying with the requirements of the Special Economic Zone, 2005, the impugned orders have been passed, pursuant to which steps have been taken for possession of the land under the Provisions of the Tamil Nadu Public Premises (Eviction of Unauthorised Occupants) Act, 1975.

41. The second respondent in its counter has stated that only a developer of the SEZ can request for partial and full de-notification of SEZ

Unit and therefore, request of the petitioner seeking for de-notification of the SEZ was contrary to law.

42. It is further submitted that the petitioner has been given a long rope since the time was extended from time to time. Despite the same, the petitioner has not complied with the requirements of the allotment letter.

43. It is further submitted that the de-notification of the unit can be strictly in accordance with the provisions of Special Economic Zones Act, 2005 and the Special Economic Zones Rules, 2006. Since, the petitioner is only a unit located within the SEZ, it cannot ask for de-notification of the land as a matter of right.

44. It is further submitted that the second respondent cannot be blamed in processing the application for de-notification in absence of a request from the first respondent.

45. It is further submitted that having not commenced, the

production within the stipulated time, the petitioner cannot ask for de-notification of the area allotted to the petitioner from the SEZ.

46. It is further submitted that the petitioner cannot be allowed to function as normal unit in the Domestic Tariff Area (DTA) while being located in the SEZ as per the Special Economic Zones Rules, 2006. Hence, prayed for dismissal of the present writ petition.

47. I have considered the arguments advanced by the learned counsel for the petitioner and the learned counsel for the respondents and perused the affidavit and counter affidavit and also the provisions of SEZ Act, 2005 and the rules made thereunder. I have also perused the documents filed.

48. The petitioner appears to have built up building / shed in 2 Acres allotted to the petitioner vide allotment letter dated 27.03.2008. It was intended to manufacture plastic injection moulded components, wire wound components and electronic assembly for Samsung Heavy Industries India Private Limited and Dell International Services India Private Limited.

Thus, the petitioner was conceived as an ancillary unit for supply of plastic injection moulded components, wire wound components and electronic assembly and other parts to units in the said SEZ.

49. At the time when the petitioner obtained the allotment letter from the first respondent, there was a global meltdown. Therefore, there was a delay in commencing and completing the construction by the petitioner. By the time the construction was completed, the two units for whom the petitioner was conceived to supply the plastic injection moulded components, wire wound components and electronic assembly exited from Special Economic Zones (SEZ). Thus, the petitioner was left in the lurch.

50. It threatened the existence and continuance of the petitioner as a Special Economic Zones (SEZ) Unit in the SIPCOT Hi-Tech SEZ, Sriperumbudur. Under the provisions of Section 30 of the Special Economic Zones Act, 2005, the petitioner can continue as a Special Economic Zones (SEZ) Unit and clear the goods to a unit in the Domestic Tariff Area (DTA). However, the petitioner was liable to pay the duties of customs including anti-dumping countervailing and safeguard duties under

the Customs Tariff Act, 1975, as if such goods were being exported into the main land. Further, duty has to be paid at the rate of customs duty and tariff valuation in force as on date of such removal and where such date is not ascertainable on the date of payment of duty.

51. Thus, the continuance of the petitioner as a Special Economic Zones (SEZ) Unit supplying to a unit in the Domestic Tariff Area (DTA) would render the petitioner an unviable unit. If the unit is de-notified, the petitioner will be liable to refund the duty concession availed on the goods that were imported into Special Economic Zones (SEZ) Area i.e., the goods used for constructing the factory and for installing, commencing and erecting of capital goods. The petitioner will have to repay the concession availed in terms of Section 29 read with Section 26(d) of the Special Economic Zones Act, 2005. Section 29 and Section 26(1)(d) of the Special Economic Zones Act, 2005 read as under:-

Section 29 of the Special Economic Zones Act, 2005	***Section 26(1)(d) of the Special Economic Zones Act, 2005***
29. Transfer of ownership and removal of goods.—The transfer of ownership in any goods brought into, or produced or manufactured	**26. Exemptions, drawbacks and concessions to every Developer and entrepreneur.**—(1) Subject to the provisions of sub-section

Section 29 of the Special Economic Zones Act, 2005	***Section 26(1)(d) of the Special Economic Zones Act, 2005***
in, any Unit or Special Economic Zone or removal thereof from such Unit or Zone shall be allowed, subject to such terms and conditions as the Central Government may prescribe.	(2), every Developer and the entrepreneur shall be entitled to the following exemptions, drawbacks and concessions, namely:— (a) .... (d) drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a Special Economic Zone or Unit or services provided in a Special Economic Zone or Unit by the service providers located outside India to carry on the authorised operations by the Developer or entrepreneur;

52. The petitioner therefore wants to be de-notified. On the other hand, it is case of the first respondent that the petitioner's unit is located in the midst of the Special Economic Zones (SEZ) and therefore, the petitioner's unit cannot be de-notified under Rule 8 of the Special Economic Rules, 2006.

53. It is further case of the respondents that no separate access can be provided to the petitioner as the Domestic Tariff Area (DTA) Unit. It is

the stand of the first respondent that by de-notifying, the land / area allotted to the petitioner separately has been objected by the units in SIPCOT Hi Tech SEZ, Sriperumbudur. It is submitted that de-notification of the land allotted to the petitioner is not feasible as it would alter the integrated congruity.

54. Thus, the question that arises for consideration in this Writ Petition is whether any prejudice would be caused either to the first respondent or the second respondent or for that matter to the units in the neighbourhood if the petitioner's unit is de-notified merely because the petitioner's unit is located in the midst of the Special Economic Zones (SEZ) area?

55. The power to de-notify an area from the Special Economic Zones (SEZ) is vested with the Central Government under Rule 6 of the Special Economic Zones Rules, 2006. However, the Central Government can de-notify a unit or an area, only on the recommendation of the Board on an application by a developer, if it is satisfied. Section 8 of the Special Economic Zones Rules, 2006 reads as under:-

> **“8. Notification of Special Economic Zone.** — After the submission of details as required under rule 7 and other details, if any, required by the Central Government and on acceptance of the conditions specified in the Letter of Approval, the Central Government shall notify the identified area as a Special Economic Zone under sub-section (1) of section 4, if the area proposed for notification is not less than the minimum area prescribed under Rule 5.”

56. This is evident from a reading of the first proviso to Rule 8 of the Special Economic Zones Rules, 2006. It reads as under:-

> “Provided that the Central Government may, on the recommendation of the Board on the application made by the Developer, if it is satisfied, modify, withdraw or rescind the notification of a Special Economic Zone issued under this rule”.

57. It is for the first respondent who is the developer of the SIPCOT Hi Tech SEZ, Sriperumbudur, to make an application before the Board of approval for withdrawing or rescinding the notification under second proviso to Rule 8 of the Special Economic Zones Rules, 2006. The 2nd

proviso to Rule 8 reads as under:-

> “Provided further that **the Developer shall submit his application for withdrawal of notification in Form C6 to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendations”.**

58. Thus, the Central Government has to act on the recommendation of the Board on the application of the developer. In view of facts of the case, the first respondent as a developer has declined to file the application as the land that was allotted to the petitioner in the midst of the Special Economic Zones (SEZ).

59. The petitioner has heavily invested to the said unit as is evident from the counter affidavit filed by the first respondent and the communications of the respondents indicating that the petitioner has put up a construction. Prima facie, it appears by de-notifying, the petitioner's unit as a Domestic Tariff Area (DTA), no prejudice would be caused either to the first respondent or the second respondent or the units in the

neighbourhood. Ultimately, the interest of the revenue has to be protected.

60. Though the intention of the petitioner was to operate as a Special Economic Zones (SEZ) unit, the fact remains that it was intended to supply the plastic injection moulded components, wire wound components and electronic assembly and other parts of Samsung Heavy Industries India Private Limited and Dell International Services India Private Limited. However, these units have exited from the Special Economic Zones (SEZ) units making the petitioner's unit unviable as a SEZ unit.

61. The petitioner has heavily invested in the land by paying the lease amount to the first respondent and in developing the infrastructure for putting up a unit within Special Economic Zones (SEZ).

62. After the implementation of Goods and Services Tax Act, 2017, adequate safeguards are in force with effect from 01.07.2017. All supplies to be made by the petitioner as a non Special Economic Zones (SEZ) unit,

i.e. as a Domestic Tariff Area (DTA) unit, will attract the Goods and Services Tax under the provisions of Central Goods and Services Tax Act, 2017 (CGST), respective State Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 (IGST) and the rules made thereunder. Likewise, all goods cleared will attract the respective GSTs.

63. I do not find any merits in the stand of the first respondent citing the reason of disruption of the contiguity in the said Special Economic Zones (SEZ) if the land allotted to the petitioner is de-notified.

64. If necessary, necessary charges can be collected from the petitioner by the first respondent by putting the petitioner to such terms and conditions as may be applicable to the lands located in SIPCOT Hi-Tech SEZ, Sriperumpudur which have been de-notified where the petitioner developed its unit as a SEZ unit in Special Economic Zones (SEZ) developed by the first respondent. Tax and duty concession availed by the petitioner can be directed to be paid back to the authority together with interest, if any, in accordance with applicable law.

65. Further, several notifications have been issued for denotifying an extent of 56.136 Hectares of land in SIPCOT Industrial Area, Sriperumbudur Taluk, Kancheepuram Distict. Under these circumstances, the impugned order dated 29.09.2020 cancelling the allotment of the land in Special Economic Zones (SEZ) to the petitioner by declining the request of the petitioner for de-notifying the petitioner's unit from Special Economic Zones (SEZ) is quashed and the case is remitted back to the first respondent to re-examine the issue afresh in the light of the above observation. Consequently, the steps taken by the third respondent under the provisions of Tamil Nadu Public Premises (Eviction of Unauthorised Occupants) Act, 1975 is liable to be quashed and is also quashed.

66. The first respondent is therefore directed to reconsider the request of the petitioner for de-notifying the land allotted to the petitioner from the operation of Special Economic Zones Act, 2005 afresh in the light of the above observation and thereafter recommend to the Central Government to issue appropriate Notification under Rule 8 of the Special Economic Zones Rules, 2006 provided the petitioner agrees to such terms as may be imposed by the first respondent to safeguard the interest and

integrity of SEZ. This exercise may be completed within a period of six months from the date of receipt of a copy of this order.

67. This Writ Petition stands disposed with the above observations. No costs. Consequently, connected Miscellaneous Petitions are closed.

09.11.2022

Index : Yes/No
Internet : Yes/No
Speaking : Non Speaking Order
kkd

C.SARAVANAN,J.
kkd

To

1. The Managing Director,
State Industries Promotion Corporation of Tamil Nadu,
Having registered office at,
19-A, Rukumani Lakshmipathy Road,
Post Box No.7223, Egmore,
Chennai 600 008.

2. The Development Commissioner,
   MEPZ Special Economic Zone,
   Administrative Office Building,
   National Highway-45,
   Tambaram, Chennai 600 045.

3. The Estate Officer,
   SIPCOT Industrial Park,
   Plot No.PB2, 1st Floor, 1st Main Road,
   SIPCOT, Mambakkam Post,
   Sriperumbudur Tk,
   Kancheepuram 602 105.

Pre-delivery Order in
W.P.No.18768 of 2020

09.11.2022