

**/Rajasthan State Industrial Development & Investment Corporation
Ltd., Udyog-Bhawan, Tilak-Marg, Jaipur-302005**

No: IPI/P-6/P&D/2007/

Dt: 13 Feb., 2014

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OFFICE ORDER (4/2014)

**Sub: Amendments in existing provisions of Rule 3(W) of RIICO
Disposal of Land Rules, 1979.**

An agenda item (3) was placed before the Infrastructure Development Committee of the Board of Directors of RIICO in its meeting held on 04.02.2014 to review the existing provisions of Rule 3(W). The Committee accorded approval for the amendment in existing provisions of rule 3(W). In pursuant to the approvals accorded by the IDC, the Rule 3(W) of RIICO Disposal of Land Rules, 1979 has been amended and substituted in place of existing Rule 3(W) as under:

Rule 3(W): Industrial land allotment on 'on going basis' in certain special cases in all the industrial areas.

1. Preferential allotment of industrial land will be made in the following cases on 'on going basis' in all the Industrial Areas, dispensing-with the requirement of inviting expression of interest/applications etc. through advertisements in newspapers:
 - 1.1 The industrial projects envisaging minimum fixed capital investment of Rs.50 crores and unit will provide direct employment to minimum 200 persons. The cost of project means investment on land, building, plant & machinery and misc. fixed assets. However, for evaluation purposes, the building cost should not exceed 20% of the total cost of project.
 - 1.2 Projects being set up by Non Resident Indians (NRIs)/ Persons of Indian Origin (PIOs), Other Corporate Body (OCB) and also for setting up of IT Industry (Manufacturing & Software Development).
 - 1.3 Projects being set up with 33% or more Foreign Direct Investment (FDI) in total investment.
2. The land allotments to the applicants/projects as specified above, will be made as under:



- 2.1 Any proposal under this Rule will be submitted in the prescribed manner in Land Allotment Application Form A- Pref. alongwith Form A-III appended with this Form in these Rules and will be examined by BP Cell, Finance Cell and P&D Cell before submitting to the Constituted Committee and will also be appraised by the 'Appraisal Cell' (HO).
- 2.2 The proposal will be supported with project report, relevant documents and quotations etc. duly signed by authorized person and demand draft towards the requisite keenness money and processing fee.
- 2.3 No sale, sub-division, change in land use, transfer of plot shall be permissible before commencement of commercial production and investment of the envisaged amount have been made on the plot/land, as per the project submitted by the applicant at the time of seeking allotment of land under this rule.
- 2.4 The allotment of land will be approved by a Sub-Committee of the Board comprising of Commissioner Industries, Commissioner (BIP), and Chairman & Managing Director, RFC and Managing Director, RIICO. The quorum of this constituted committee would be three members present in person.

3. **Modalities, Explanations and definitions:**

- 3.1 Minimum fixed capital investment limit in case of preferential allotment of land under this Rule to the projects being set-up by NRI/PIO/OCB/FDI and IT industry shall be as under:
 - (a) Upto 10,000 sqm. - Rs. 10.00 crores & will provide direct employment to minimum 50 persons.
 - (b) 10,001 to 20,000 sqm. land - Rs. 15.00 crores and will provide direct employment to minimum 75 persons.
 - (c) Above 20,000 sqm. land - Rs. 30.00 crores and will provide direct employment to minimum 100 persons.
- 3.2 Allotment of land shall be considered subject to fulfillment of other criteria and availability of land.
- 3.3 Definition of NRI/PIO will be as describe in the Income Tax Act (section-6) and definition of OCB will be as under :


"Overseas Corporate Body" (OCB) means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty percent by non-resident Indian and includes overseas trust in which not less than sixty percent beneficial interest is held by non-resident Indian directly or

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indirectly but irrevocably and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 (the Regulations) and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations".

- 3.4 In case of NRI, PIO and OCB, the entire amount of land cost has to be remitted either through NRE Account of the applicant or remittance from abroad/in foreign exchange, as the case may be.
- 3.5 **Processing Fee** - The applicant will be required to pay processing fee with the application as under:-
(a) Having project cost upto Rs. 20 crs. - Rs. 10,000/-
(b) Having project cost more than 20 crs - Rs. 20,000/-
However, this process fee shall not refund in any case.
- 3.6 **Keenness Money** - The keenness money will be the 10% amount of cost of land calculated at prevailing rate of allotment of the industrial area concerned. This amount will be deposited under the head of advance from the Customers in books of RIICO. In case of rejection of the application, the amount of keenness money will be refunded without any interest.
- 3.7 No allotment under this Rule will be made before the industrial area is opened/notified for general allotment.
- 3.8 **Rate of allotment** - Allotment will be considered on highest auction rate received for industrial plot in the saturated industrial area concerned, in the last one year. If highest auction rate received is more than one year old but not more than 5 years, then it is to be updated by adding 14% interest per annum upto the date of allotment.

If no auction has been conducted in the industrial area or the auction was done 5 years prior to the date of receiving application, then rate of allotment shall be fixed by the Reserve Price Fixing Committee headed by MD.

- 3.9 **Back end Subsidy/Incentives** - For the allotments made after 01.01.2014, back-end subsidy/incentive will be given to the allottee @ 25% of the total cost of land after commencement of production activity with the proposed fixed capital investment in
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the scheduled time period subject to fulfillment of other terms and condition of allotment letter/lease deed.

- 3.10 **Period for payment of balance 75% cost of land** - Balance 75% cost of land will be paid within 120 days from the date of issuance of allotment letter. (Facility to pay the balance 75% cost in installments, will not be allowed.)
- 3.11 **Time extension for deposition of 75% cost of land** - Time extension for payment beyond 120 days will be considered by the Managing Director on merit upto 180 days on payment of interest at the applicable rate.
- 3.12 **Time extension for overdue installments in cases of old allottees which were allowed deferred payments:** Overdue installment will be required to be deposited with next due installment alongwith interest at the applicable rate for the default period. In case of failure, action will be initiated for cancellation of allotment of land already made under this Rule.
- 3.13 **Time limit for commencement of production:** 3 years to be reckoned from the date of allotment and shall be specified in the letter of allotment.
- 3.14 **Time extension for commencement of production:**
- (A) Time extension will be considered by the Managing Director on merit of the case without any charges in following situations;
- (i) Possession of plot could not be handed over by RIICO free from encumbrances.
 - (ii) Delay in obtaining EC subject to allottee having fulfilled all requirements for obtaining EC.
 - (iii) Construction could not be commenced due to court stay/pending litigation.
 - (iv) Plot is affected substantially due to passing of high-tension power line.
- (B) Time extension will be considered by the Managing Director, in following situations, for allotments made upto 31.12.2013, on payment of charges prescribed as under;
- (i) **Unit in production but investment is less than the minimum investment limit:** Additional cost of land calculated on difference of highest auction rate (-) rate of allotment for a

period upto 2 years from the scheduled date. Further time extension will be considered on payment of retention charges @ 1% per quarter, of the prevailing industrial rate or industrial area concerned.

(ii) **Unit in production but investment is more than the minimum investment limit but less than proposed investment:** Time extension will be considered on payment of retention charges @ 1% per quarter of the prevailing industrial rate of industrial area concerned.

(iii) **Unit in construction but not in production:** Additional cost of land calculated on difference of highest auction rate (-) rate of allotment for a period upto 2 years from the scheduled date. Further time extension will be considered on payment of retention charges @ 1.5% per quarter of the prevailing industrial rate of industrial area concerned.

(iv) **Unit in under construction but investment is more than the committed investment:** Time extension for commencement of production will be considered on payment of retention charges @ 0.5% per quarter of the prevailing industrial rate of industrial area concerned.

(C) **For Allotments made after 01.01.2014:** Time extension for commencement of production will be considered by the Managing Director on payment of retention charges @ 1% per quarter of the prevailing industrial rate of industrial area concerned, maximum upto 1 year from the stipulated date of commencement of production. In such cases, no time extension shall be permissible beyond 1 year.

3.15 **Cancellation approving authority:** Any cancellation of allotment made under this Rule shall only be made with prior approval of the Managing Director.

3.16 **Appeal:** Appeal against cancellation shall lie before the Chairman, RIICO.


Apart from above, the committee has also taken following decisions with regard to cases related to Rule 3(W), prior to aforesaid amendments.

1. The amended provision of said Rule shall be applicable on all pending applications received through Single Window Clearance System for allotment of industrial plot under Rule 3(W).
2. The committee also accorded following approvals in cases of existing plot allottees (as on 07.02.2014):

(A) Order for cancellation of allotment of existing defaulter plot allottees will be issued by the Unit Head with the approval of Managing Director in the following cases;

- (i) In cases wherein the allottee has not deposited outstanding 75% cost of land even after expiry of 180 days.
- (ii) In cases wherein the allottee has already defaulted more than three installments of land cost and plot is lying vacant.
- (iii) In cases wherein plot is lying vacant and scheduled/extended time period has already been expired.

(B) In cases wherein entire land cost has already been deposited with interest, even with delay of more than 180 days, will be considered as regularized.


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