

**RAJASTHAN STATE INDUSTRIAL DEVELOPMENT AND
INVESTMENT CORPORATION LIMITED**

Minutes of : 3/2016–Infrastructure Development Committee

Venue : Udyog Bhawan, Jaipur.

Date : 16th June 2016

Commencement/Completion time of meeting:- 04.00 P.M. / 4.55 P.M.

Present :

Shri C. S. Rajan	Chairman
Smt. Veenu Gupta	Managing Director
Shri Abhay Kumar	Commissioner Industries
Shri Vaibhav Galariya	Commissioner (Inv. & NRI)

All the above directors were present throughout the meeting.

Shri D.K. Sharma, Secretary was in attendance. Shri Sanjay Solanki, Financial Advisor; Shri Lalit Kumar, Advisor (Infra.); Shri D.P.Jatav, GM(Civil), Shri Ajay Kumar, SE (Power); Shri S.K.Gupta, Sr. DGM (P&D) and Shri D.K. Sharma, Sr. DGM (P&D) were also present.

Quorum: The Chairman was present. As the quorum was present, the meeting was called to order.

Item 1: Confirmation of minutes of the last meeting of the Committee held on 12th May 2016.

The minutes of the last meeting of Committee held on 12th May 2016 were confirmed.

Item 2: Action Taken Report on the decisions of the previous meeting of the Committee held on 12th May 2016.

The Committee noted the position. In respect to Item -2(1) regarding review of prevailing policy of handing over the original lease deed to

the allottees, the Committee was informed that in case of GIDC, Gujarat, prior permission is required for mortgage of lease deed for obtaining loan. It was also informed that retaining the original lease deed by the Corporation may further dilute the stand of the Corporation taken before various appellate authorities in the matter relating to levy of service tax, and therefore, the Corporation proposes to amend relevant clauses in the lease agreement which provides for previous consent of the Corporation for mortgage and transfer of land. Accordingly, retaining original lease deed by the Corporation will be in contradiction with the aforesaid proposed amendment in lease agreement.

In this background the Committee decided to continue the existing policy of handing over lease deed to the allottees.

Item 3: Partial amendment in the existing provision of Rule 3(W) of RIICO Disposal of Land Rules, 1979.

The Committee discussed the agenda and accorded approval for amendment in sub-rule 2.1 of Rule 3(W) of RIICO Disposal of Land Rules, 1979 and constituted a Committee headed by Managing Director and comprising following members:

1. Financial Advisor or its representative not below the rank of AGM.
2. CGM (BP) or its representative not below the rank of AGM.
3. CGM(Investment) or its representative not below the rank of AGM.
4. Advisor (Infra).
5. General Manager(Civil) or its representative not below the rank of RM.
6. OSD (EM) or its representative not below the rank of RM.
7. Unit Head concerned.

The Committee may have discussions on the proposal directly with the representatives of the applicant and submit its recommendations with regard to land area requirement, proposed investment and employment to be provided by the applicant.

Item 4: Relaxing the minimum constructed area requirement as prescribed in the rules (Rule 21) for paper board industries.

The Committee discussed the agenda and accorded approval to allow relaxation in minimum constructed area requirement to Paper Board Industries under Rule (21) of RIICO Disposal of Land Rule, 1979.

Item 5: Amendment in Lease Agreement Form-'C&D' along with insertion of new condition regarding applicability of Service Tax.

The Committee discussed the agenda and accorded approval for amendments in Lease Agreement Form- C&D along with insertion of new conditions regarding applicability of service tax, as follows:

Clause No./Word in Rules	Existing Provision	New Clause/Amendments
Clause 2(ab)	Presently, no Provision exists in Lease Agreement.	The Lessee shall pay all the Service Tax demand, interest and penalty thereon etc. which may during the said term of the lease, be assessed, charged or imposed upon either the Lessor/Lessee or tenant or occupier of the Lessee in respect of the demised premises or the building erected or to be erected thereupon.
Clause 1 of Form-C (Lease Agreement)	In consideration of covenants and agreement herein contained and payment by the Lessee of Rs.....(in words Rupees) towards the annual/one time economic rent	In consideration of covenants and agreement herein contained and payment by the Lessee of Rs..... (in words Rupees) towards the Premium and annual/one time economic rent (strike out which is not applicable) and the receipt whereof the Lessor hereby acknowledges

	(strike out which is not applicable) and the receipt whereof the Lessor hereby acknowledges	
Clause 1 of Form-D (Lease Agreement)	In consideration of covenants and agreement herein contained and payment by the Lessee of Rs.....(in words Rupees)) towards the annual/one time economic rent (strike out which is not applicable) and 25% Development Charges (the receipt whereof the Lessor hereby acknowledges) and further agreeing by the Lessee to make payment of balance Development Charges Rs. (Rupees) only along with interest in the Office of Lessor	In consideration of covenants and agreement herein contained and payment by the Lessee of Rs.....(in words Rupees)) towards the annual/one time economic rent (strike out which is not applicable) and 25% amount of Premium (the receipt whereof the Lessor hereby acknowledges) and further agreeing by the Lessee to make payment of balance amount of Premium Rs. (Rupees)) only along with interest in the Office of Lessor
Clause 1(c), 2(aa),	Existing word i.e. "Development Charges/Cost of Land/Value of Land"	To be replaced by the word ' Premium ' wherever the word Development Charges/Cost of Land/Value of Land is appearing in Lease Agreements appended to the RIICO Disposal of Land Rules, 1979.
Clause 2(i)	The Lessee will not without the previous consent in writing of	The Lessee will not without the previous consent in writing of the Lessor, sub lease, sublet,

	<p>the Lessor, transfer, sub lease, sublet, relinquish, mortgage, sub-divide or assign his interest in the demised premises or the building standing thereon or both as a whole and every such transfer assignment, relinquishment, mortgage, sub-division, sub-leasing or subletting shall be subject to the condition that the transferee, assignee shall be bound by all the covenants and conditions herein contained and be answerable to the Lessor in all respect thereof.</p> <p>Provided further that if at any time the financing body or bodies mentioned above decide(s) to take over, sell, lease or assign the mortgaged assets in the demised premises in exercise of any rights vesting in it by virtue of deed or deeds executed in its favour by the Lessee at the time of taking the loan or loans under any will for the time being</p>	<p>relinquish, sub-divide the demised premises or the building standing thereon or both as a whole and every such relinquishment, sub-division, sub-leasing or subletting shall be subject to the condition that the transferee, assignee shall be bound by all the covenants and conditions herein contained and be answerable to the Lessor in all respect thereof and applicability of charges and relevant rules of the Lessor.</p> <p>Provided further that if at any time the financing body or bodies mentioned above decide(s) to take over, sell, lease or assign the mortgaged assets in the demised premises in exercise of any rights vesting in it by virtue of deed or deeds executed in its favour by the Lessee at the time of taking the loan or loans under any will for the time being in force, the lease or assignment will be subject to the written consent of the Lessor.</p> <p>Provided further that the Lessee will so often as the said premises shall by assignments or by death or by operation of law or otherwise howsoever become assigned, inherited or transferred</p>
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	<p>in force, the lease or assignment will be subject to the written consent of the Lessor.</p> <p>Provided further that the Lessee will so often as the said premises shall by assignments or by death or by operation of law or otherwise howsoever become assigned, inherited or transferred during the term of lease hereby granted within one calendar month from the date of such assignment, inheritance or transfer, deliver a notice of assignment, inheritance or transfer to the Lessor setting forth names and description of the parties to every probate or a will or letters of administration, decree, order, certificate or other document of affecting or evidencing such assignment inheritance or transfer and document as aforesaid accompanying the said notice which shall remain for 7 days at the office of the Lessor and it is hereby covenanted</p>	<p>during the term of lease hereby granted within one calendar month from the date of such assignment, inheritance or transfer, deliver a notice of assignment, inheritance or transfer to the Lessor setting forth names and description of the parties to every probate or a will or letters of administration, decree, order, certificate or other document of affecting or evidencing such assignment, inheritance or transfer and document as aforesaid accompanying the said notice which shall remain for 7 days at the office of the Lessor and it is hereby covenanted that failure to carry out this condition will without prejudice to the right of the Lessor to determine this Lease Agreement for breach of this covenant entail penalty of Rs. 5000/- to be paid by the Lessee. However, if the Lessee's firm is dissolved and no 'successor' in interest is there or appointed within 60 days of its dissolution, the Lessor shall be entitled to determine this Agreement.</p>
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	<p>that failure to carry out this condition will without prejudice to the right of the Lessor to determine this Lease Agreement for breach of this covenant entail penalty of Rs. 1000/- to be paid by the Lessee. However, if the Lessee's firm is dissolved and no 'successor' in interest is there or appointed within 60 days of its dissolution, the Lessor shall be entitled to determine this Agreement.”</p>	
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The Committee also decided that both the Lease Agreements i.e. Form-'C&D' appended to the RIICO Disposal of Land Rules, 1979 be amended accordingly. Further, the word 'Development charges/Cost of Land/Value of Land' be replaced by the word 'Premium' in RIICO Disposal of Land Rules, 1979 and necessary orders be issued for the purpose of incorporating the said word in Allotment Letter and other necessary documents, wherever required.

Item 6: To extend the Special Scheme for allowing upfront rebate in rate of allotment for setting up industries in non-saturated industrial areas envisaging investment of Rs.100 crores and above for the financial year 2016-17.

The Committee discussed the agenda and accorded approval for extension of the captioned Special Scheme for financial year 2016-17 as current market is very depressed and it is important to encourage big investments in the State through such measures.

Item 7: Partial amendment in payment schedule for conversion charges to be levied for change in land use of allotted plots.

The Committee discussed the agenda and accorded approval for the following payment schedule for conversion charges:

- a) A letter will be issued by the unit office for conveying provisional/in-principle permission for land use with the condition to deposit 25% conversion charges, betterment levy (if any) together with full amount of service tax (if payable) within 30 days.
- b) Remaining 75% conversion charges may be deposited in 7 quarterly installments with 12% interest per annum. The interest will be charged from 121st day of allotment. The first installment shall become due on fixed dates falling after 120 days from the allotment date 31st March, 30th June, 30th September, 31st December of the year. The installment shall be paid along with interest to be calculated on remaining amount of conversion charges on due date. In case of default, interest @ 14% will be levied on due principal amount of the installment from the due date of the installment till the date of payment.
- c) On receiving payment of 50% conversion charges or payment towards first 3 installments, whichever is earlier, final permission for change in land use may be issued and building plans may be approved as per prescribed norms and sub leasing of built up space may be allowed.
- d) Allottee will be permitted to commence construction activity on the plot only after approval of building plans as mentioned above.
- e) Time extension from due date/regularization of delay in payment of installments with interest may be granted by the Managing Director.
- f) If the allottee fails to deposit in the conversion charges as per prescribed schedule or in extended period, the provisional/in-principle/final permission for charge in land use will be withdrawn and deposited conversion charges may be refunded after deducting payable dues and charges equivalent to 0.10 times of prevailing rate of allotment.
- g) In old cases wherein permission for change in land use has already been given as on date and 75% conversion charges have not been

deposited within stipulated/extended period, as the case may be, then in such cases, the allottee may also be allowed to avail the installment facility as per the payment schedule prescribed above for deposition of balance 75% amount of conversion charges. However, in such cases issue of final permission for change in land use, approval of building plans, commencement of construction activity at site and sub leasing of build up space will be allowed only after deposition of 50% conversion charges.

- h) Registration of sub-leasing of build up area will be permissible only after making full payment of conversion charges by the allottee.

Accordingly, the existing relevant provisions under Rule 20-C of RIICO Disposal of Land Rule, 1979 be replaced with the above amended provisions.

Item 8: Amendment in the existing provision in the rule related to exemption of transfer fee in cases of transfer of allotted plot being affected on account of amalgamation of two companies.

The Committee discussed the agenda and accorded approval to insert the following clause in rule 18(c)(vii) of RIICO Disposal of Land Rules, 1979, after the existing provision:

"OR

if common shareholder having 51% or more shareholding in parent company and also having more than 75% shareholding in the company(s) which is being amalgamated with parent company, in that situation of transfer of plot (s), transfer fee will not be levied."

Accordingly, the above clause be inserted in rule 18(c)(vii) of RIICO Disposal of Land Rules, 1979.

Item 9: Re-planning of lay-out plan of new Industrial Area Bijoliya, Distt. Bhilwara.

The Committee discussed the agenda and accorded approval of the revised lay out plan of new industrial area Bijoliya, Distt. Bhilwara.

Item 10: Allotment of land for establishment of Urban Primary Health Center (UPHC) at industrial area Bichhwal, Bikaner.

The Committee discussed the agenda, and considering larger public interest to provide medical facilities to the industrial workers, accorded approval for allotment of 1467 sqm land to Medical Department, GoR, for construction of UPHC at a token amount of Rs. 1/- at housing colony, State Woolen Mills (SWM) adjoining to industrial area Bichhwal, Bikaner. The Committee also decided not to levy annual service charges, being a government department, however, economic rent will be paid as per rules.

Item 11: Earmarking land at six different locations in Bhiwadi region to be handed over to PHED for establishment of urban water supply scheme of Bhiwadi.

The Committee discussed the agenda and accorded approval for earmarking land at five different locations (in the areas reserved for services/open space) measuring 1200 sqm. each (total 6000 sqm.) in Bhiwadi region in favour of PHED, on following terms & conditions:

- i. Water-supply scheme of Housing Board Sector 1,2 & 3 at Bhiwadi should be taken over by PHED before handing over land to be earmarked at five locations in view of decision taken earlier in the meeting chaired by Chief Secretary, Govt. of Rajasthan, held on 26.7.2003.
- ii. PHED shall not construct/dig any tube-well on land of RIICO industrial areas Bhiwadi and also on the land proposed to be earmarked at five different locations.
- iii. PHED shall ensure that their pipe lines and other infrastructure will not interfere with the existing infrastructure of RIICO i.e. structures, rising and distribution main of water supply, power supply cables, street lights cables, OFC cables and industrial gas pipe lines etc. In case of any damages to RIICO infrastructure or infrastructure related to other departments, the same shall be rectified by PHED at their own cost along with approved specifications in shortest period of time.

- iv. PHED shall be required to pay cost of any infrastructures existing on the proposed land, such as boundary wall, staff room, pump room etc. as per PWD valuation norms.
- v. As the land is proposed to be earmarked for the purpose of water supply without charging any land cost, therefore, title of the land shall continue to vest with the Corporation.

As regards, sixth location which has been identified by PHED in residential colony, which has been planned as residential plot, the Committee decided that either land measuring 1200 sqm. at an alternative location be identified by PHED in service areas/open spaces, which may be earmarked, else have to pay the cost of residential plot, at two times of industrial rate or prevailing rate of housing colony, whichever is higher. In case of payment of land cost, the plot will be allotted to PHED.

Item 12: Development of Infrastructures at Industrial Area Salarpur, Bhiwadi, District Alwar by inviting tender on consolidated basis i.e. for the works comprising of Civil, Water Supply and Power Supply.

The Committee discussed the agenda, and in view of likely benefits and cost comparison, accorded approval for development of industrial area Salarpur, Bhiwadi by inviting a consolidated tender for Civil, Water Supply, Power Supply and other miscellaneous works.

The Committee also accorded approval for the following:

1. Appointment of a Consultant for taking up various assignments, as detailed in the agenda note, as per the laid down procedure, before inviting tenders for development of Industrial Area Salarpur.
2. Appointment of Project Management Consultant for quality and progress management simultaneously with the invitation of consolidated tender.
3. Once the design, drawings and tender documents are finalized, a consolidated tender be invited on the same line as adopted in case of development of Industrial Area, Karoli.

Item13: Levy of Service Tax on Economic Rent.

The Committee discussed the agenda and accorded approval for the following:

1. To start charging service tax on economic rent from allottees from April 2016 and onwards and deposit the same with the department.
2. To deposit service-tax demands on Economic Rent for the past period from 01.7.2010 and onwards along with interest notwithstanding pending litigation in respect of taxability of past dues of Economic Rent so as to mitigate further interest incidence. This amount may be recovered from the allottees in due course.

Item 14: Sanction of Administrative Sanction for development of new industrial area, Kolila Joga, Neemrana.

The Committee discussed the agenda and accorded approval for following:

1. Issuing Administrative Sanction of Rs.15959.23 lac for development of new industrial area, Kolila Joga, Neemrana.
2. Fixing rate of allotment (Premium) of industrial land @ Rs.4500/- psqm.

Item15: Additional Administrative Sanction for Up-gradation of Infrastructure at Industrial Area Shahjahanpur, Ghiloth Unit.

The Committee discussed the agenda and accorded approval for issuing additional Administrative Sanction of Rs.636.35 lac for up-gradation of infrastructure at Industrial Area Shahjahanpur, Ghiloth unit office.

Item 16: De-acquisition of 29.53 Hectares Private Khatedari land of Village Durjanpura (Nawalgarh), Distt. Jhunjhunu.

The Committee discussed the agenda in detail and observed that in case possession of 29.53 ha. land is not taken then the area may not be developed on already acquired land as the acquired area is not a contiguous area.

In view of above, the Committee reviewed its earlier decision dated 5.12.2011 and decided to withdraw its earlier recommendation for de-acquisition of 29.53 Hectares Private Khatedari land of village Durjanpura (Nawalgarh), Distt. Jhunjhunu.

Item17: Case of ELCINA Electronics Manufacturing Cluster Pvt. Ltd., at industrial area Salarpur (Semi Developed regarding re-schedulement of installments towards land cost.

The Committee discussed the agenda and noted that ELCINA was in possession of land in the month of September 2015 for all practical purposes and was in position to start demarcation work at site in first week of October 2015 and had also completed almost 60-70% of work by 30th October, 2015.

As the Corporation could not hand over the possession of land, free from encumbrances, to the allottee before September 2015, therefore, the Committee decided to review payment schedule of cost of land and accordingly first installment shall fall due on 30.09.2015. Interest payable from 01.04.2015 to 30.09.2015 @ 12% per annum on outstanding amount was also stands waived.

Item 18: Case of M/s. Bhavik Terryfab, a unit of K.G. Petrochem Ltd. at industrial area Keshwana, Kotputli.

The Committee discussed the agenda and noted the fact that earlier two years time extension has been given to the allottee company on the ground that physical possession to the company could only be handed over on 13.3.2015, free from all encumbrances, with the help of District Administration. The Committee also noted the fact that the allottee company is required to commence production, reckoned from the date of handing over possession, with committed investment upto 12.3.2017. Further, the applicant company applied for CGWB permission for extraction of water in the month of May 2015 and same was denied by CGWB in the month of January 2016.

The Committee deliberated on the fresh request of the allottee company for change of product, reduction in amount of committed investment and time extension upto 31st May 2018. The Committee also heard the promoter of the company. The promoter shown intention of investing

more than Rs.100 crores on the said plot, however, they requested for granting time extension upto 2020 for implementation of the project. Further they submitted a written consent dated 16.6.2016 confirming total investment of Rs. 52 crores upto 2019, out of which Rs. 25 crore will be invested by the end of 2017.

After detailed deliberations, the Committee accorded approval as under:

- i) Change of product from Terry Towel to Technical Textiles in light of refusal by CGWB for extraction of water.
- ii) allowing a fresh time period of three years from the date of conveying this decision to the company without levy of additional land cost/retention charges for commencement of production activity on the allotted plot for completion of construction in at least 20% of the plot area and making investment of Rs.51.98 crores, as per prevailing provision of Rule 3(W) which inter-alia provides three years time period for commencement of production, as a special case. However, any further time extension beyond three years shall be granted on payment of additional cost/retention charges.

Item 19: Matter relating to land allotted to RSIC at Industrial Estate 22 Godown, Jaipur for allowing establishment of Flatted Factory Complex.

The Committee deliberated on the agenda and also discussed the issue with the Managing Director RSIC. The aspects of sub-lease of flatted factory space by RSIC to allottees without having lease of land in their favour first, development of land by establishment of flatted factory complex by RSIC vis-à-vis any other agency having expertise of development of industrial infrastructure, like RIICO, providing Viability Gap Funding (VGF) by the government, etc., were also discussed and directed to have more clarity on these issues. MD, RSIC informed the Committee that the terms & conditions of allotment of referred land to RSIC by Director of Industries, GoR does not stipulate for payment of land cost by RSIC. The Committee also noted that all the industrial areas earlier developed by the Industries Department, GoR were transferred to RIICO lock stock and barrel, in 1980-81.

Given the background, and in view of the fact that State Government was the owner of this land who had made allotment of land to RSIC, the Committee decided to refer the matter to the State Government to resolve the issues of payment of rent, cost of land, cost of construction and other dues levied by the Corporation, to facilitate execution of lease deed by RIICO in favour of RSIC. The State Government may also be requested to take a view about development of land by establishment of flatted factory complex by RSIC vis-à-vis any other agency having expertise of development of industrial infrastructure.

The Committee noted that following agenda item was circulated at a notice period of less than seven days, therefore, the Directors present in the meeting unanimously agreed to waive the minimum notice period, take up this item for consideration and approved unanimously:

Item 20: Deletion of one provision of Building Regulations (Form "E") of RIICO Disposal of Land Rules, 1979 relating to requirement of inspection of construction activity during the construction period.

The Committee discussed the agenda and accorded approval for deletion of existing provision at 3(a)-v of Building Regulations (Form- "E") in RIICO Disposal of Land Rules, 1979, relating to framing guidelines for inspection of construction activity by the concerned unit offices during the construction period.

The meeting concluded with a vote of thanks to the Chair.