

**GOVERNMENT OF KERALA****Abstract**

Industries Department – Unified Industrial Land/Building (Allotment & Disposal) Regulations for KINFRA & KSIDC – 2024 - Orders issued.

INDUSTRIES (F) DEPARTMENT

G.O.(Ms)No.39/2024/ID Dated, Thiruvananthapuram, 26-07-2024

ORDER

Government have formulated a framework for *Unified Industrial Land/Building (Allotment & Disposal) Regulations for KINFRA & KSIDC* enabling entities to set up industrial units in the land/building owned by the Kerala Industrial Infrastructure Development Corporation (KINFRA) and Kerala State Industrial Development Corporation (KSIDC) and are pleased to issue same as appended herewith.

(By order of the Governor),
A P M MOHAMMED HANISH
PRINCIPAL SECRETARY.

The Managing Director, KSIDC, Thiruvananthapuram.
The Managing Director, KINFRA, Thiruvananthapuram.
The Director of Industries & Commerce, Thiruvananthapuram.
The Accountant General (Audit I/Audit II) - Kerala, Thiruvananthapuram.
Industries (G) Department.
Industries (J) Department.
Web & New Media.
Stock file/Office copy.

Forwarded /By order,

Signed by

Sherin B Das

Section Officer.

Date: 26-07-2024 15:03:28

Unified Industrial Land/Building (Allotment & Disposal) Regulations for KINFRA & KSIDC - 2024



1. Short title and Commencement

- (A) These regulations may be called “Unified Industrial Land/Building (Allotment & Disposal) Regulations for KINFRA & KSIDC - 2024”.
- (B) They shall apply to all lands purchased or acquired or held by Kerala Industrial Infrastructure Development Corporation (KINFRA) and Kerala Industrial Development Corporation Limited (KSIDC) and all lands transferred by Government to KINFRA/KSIDC and all buildings, industrial sheds and built-up space erected, constructed and situated in the said land which include Industrial Park and Industrial Township under KINFRA/KSIDC intending to be used for industrial or commercial purposes.
- (C) Applicability of these regulations: Clauses 4, 5, 6, 7, 8, 9, 10 and 11 of these regulations shall apply only for future allotments and all other clauses shall apply to all existing and future allottees.

2. Definitions

In these regulations unless the context otherwise requires:

- (A) "Allottee" means any person to whom land and/or built-up space is allotted under these regulations and includes his/its successors in interest or permitted assignees.
- (B) "Builder/Developer" means any individual, Partnership firm, Cooperative society, Limited Liability Partnership, Private Limited Company, Public Limited Company engaged in construction activity/development of infrastructure facilities.
- (C) "Building Regulations" means the regulations framed by the KINFRA/KSIDC for the purpose of regulating the construction of buildings on the land held by such agencies.
- (D) "Built up space" means any structure or building or any portion of the building or sheds constructed or erected and situated in the land owned or held by KINFRA or KSIDC.
- (E) "Common Amenities" means amenities like banks, post offices, business centres, canteen, telecom facilities, internet facilities, warehousing facilities, training centres and the like intended to be used by all allottees/Lessees.
- (F) "Common Portions" means those parts of the building and/or premises which are used in common and includes land, gateway, enclosures, compound walls, fencing, paths, open grounds, gardens, passages, corridors, staircase, terrace, cabins, fittings, fixtures, lifts and installations whether for water supply, drainage or lighting purposes and all such facilities which are used in common.

- (G) "Common Services" in relation to common portions means the services, which are rendered by KINFRA or KSIDC for maintaining, running or keeping in good condition the common portions use whereof may be regulated by KINFRA or KSIDC in their respective industrial park/industrial area.
- (H) "Government" means Government of Kerala.
- (I) "Government Agency" means both KINFRA and KSIDC which are Government undertakings to promote and assist in the rapid and orderly establishment, growth and development of industries in the state and to establish, maintain, develop and manage industrial areas at the places selected by the Government.
- (J) "Entrepreneur" means any individual, partnership firm, LLP, One Person Company, Co-operative society, Private Limited Company, Societies registered under the Charitable Societies Act, Public Limited Company, Limited Liability Partnership engaged in industrial, commercial or Service activity and Logistic and Warehousing facilities.
- (K) "Form" means respective forms used by the respective agencies viz. Application for Registration, Letter of Intimation, Application for Allotment, Allotment Letter, License Agreement, Lease Deed etc.
- (L) "Industrial Activity" means the activity of setting up and running any industrial, commercial/service and logistics & warehousing enterprise/supporting infrastructure.
- (M) "Industrial Park" means those lands developed by the KINFRA or KSIDC and declared as an industrial Park with definite boundaries for carrying out industrial activity.
- (N) "Land" means land as defined in 1(B).
- (O) "Land Allotment Committee" means the District Level Land Allotment Committee or State Level Land Allotment Committee constituted by the Government with such powers and functions for dealing with all matters connected with allotment and the disposal of land and built-up space or property held, owned or vested with the Government Department or Government undertakings.
- (P) "Designated Officer" means any Officer of the KINFRA or KSIDC as the case may be vested with the powers and functions on matters connected with allotment and disposal of land and built-up space.
- (Q) "Lease premium" means payment of lease premium fixed by KINFRA or KSIDC payable by the allottee of land as one-time down payment or in instalments under these regulations.
- (R) "Standard Design Factory buildings" means factory buildings constructed as per the standard designs approved by the respective Government Agencies.
- (S) "Service Activity" means any activity providing services such as telecommunications, IT/ITES, warehousing and logistics services, hotel and hospitality business, hospitals and hostels, petrol pump, incubation centres, education centres, training centres, centre of excellence, cold storage, food courts and the like services.
- (T) "Service enterprises" means units/enterprises engaged in rendering support services for the existing manufacturing enterprises within the industrial estates such as logistics, facilities including godowns (excluding standalone godowns solely for storage purposes), food courts,

hotel, canteen, medical centre, conference hall, petrol/diesel pumps, cold storage etc. to support the industries in industrial land. But this shall not include activities like automobile servicing and repairing, retail trading, laundry, medical testing labs and so on.

- (U) "Subsidiary Companies" means subsidiaries formed by KINFRA or KSIDC as the case may be to develop industrial infrastructure or social infrastructure.
- (V) "Warehousing and Logistics" mean designing, developing, operating and managing warehouses for the storage of goods (Raw and finished material) and management of the flow of goods and materials, between the point of origin and the point of destination in order to meet certain requirements of the industries/customers such as integration of information flow, material handling, packaging, inventory management and transportation.
- (W) "Transfer of allotment" means the transfer of property to a new legal entity including merger, acquisition and amalgamation of companies.
- (X) "Change in constitution" means change in the shareholding pattern of the allottee or change in the legal status of the allottee.

3. Layout of Industrial Parks

KINFRA or KSIDC, as the case may be shall prepare a layout of the land to be developed by them as Industrial Parks or Industrial Areas before allotment. Government shall notify the said land as an Industrial Area for the purpose of these regulations.

4. Parties to whom the land may be allotted

The plots of land will be allotted to:-

- a) Entrepreneurs (Companies, Partnership firms, Proprietorship, LLP, One Person Company, Societies, Individuals and such other entities engaged or proposed to be engaged in industrial or Commercial activities as approved by Government or setting up Industrial enterprise within the state).
- b) Providers/Developers of common infrastructure facilities.
- c) IT/ITES Service providers
- d) Warehousing and Logistics service providers
- e) Land may also be allotted to Subsidiary Companies/undertakings by the Government agency on such terms as decided from time to time.

5. Manner of allotment of land

The land will be allotted on a leasehold basis based on the following conditions:

- a. For investments of Rs 100 Crore and above, land will be allotted for a period not exceeding 90 years.
- b. For investments below Rs 100 Crore, land will be allotted for a period not exceeding 60 years.

In exceptional circumstances, land may be allotted on an outright sale basis to Central or State Governments, statutory corporations or Government companies for the provision of common amenities on the basis of payment of

full consideration for the land by the allottee at or prior to the execution and registration of the sale deed.

6. Allotment of plot to Private Builders/Developers

Wherever, it is necessary to construct a Standard Design Factory (SDF) by private investment through a Builder/Developer, land (limited to a maximum of 5% of the total extent) may be allotted to a Builder/ Developer for a period not exceeding 30 years for the purpose of construction, leasing and management of the SDF facility. The allotment is renewable for a further period not exceeding 30 years at the end of the initial lease period provided the building shall withstand the structural stability and lessee had satisfactorily complied with the terms and conditions of the original lease and the Unit/SDF is functioning satisfactorily.

7. Allotment of land for Logistics activities and sub-leasing of warehouse facilities

KINFRA or KSIDC as the case may allot land for logistic and warehousing activities in dedicated Multi-model Logistic Parks or in other Industrial Parks for a limited to a maximum percentage of the total extent fixed by the State Government from time to time. The original allottees, may sublease the built-up space constructed by him to another operator wherein, the sublessee shall not violate any of the lease conditions stipulated by KINFRA or KSIDC as the case may be in the original lease. The period of sublease shall not exceed the period of the original lease. If any violation is noticed, appropriate remedial action will be taken against the original allottee including the termination of the lease and the unutilized portion of the land shall be resumed by payment of compensation at the rate at which it was originally allotted.

8. Special provision for allotment of land

a)Investment above 100 Crore

The land shall be allotted on a priority basis to large investors, considering the economic development and employment generation that the investor offers to the State. The allotment shall be subject to the following conditions:

- (i) Allotment is limited to 25% of the total extent of allottable land in the industrial park or a minimum of 10 acres of land.
- (ii) Investor shall bring not less than 100 Crore investment within a period of 3 years and the project should generate employment opportunities commensurate with the investment. Such allotments shall be subject to the approval of State Industrial Land Allotment Committee (SILAC).
- (iii) In addition to the above, Agency/Government shall consider providing a package of incentives for those mega projects with an investment of not less than 300 Crore through a high-power

committee headed by the Chief Secretary, which will be in line with the Industrial Policy of the State Government.

Payment Terms

- Allottee is required to pay 10% of the total lease premium as EMD, within 90 days from the date of letter of intimation.
- Allottees can opt for a moratorium of 24 months from the date of remittance of 10% EMD. The remaining 90% of the lease premium will be paid in 9 equal yearly instalments, at the prevailing interest rate fixed by the agency from time to time.
- In case the allottee commits default in paying the instalments along with interest on the respective due date, the Government Agency may impose a penalty of 2% on the defaulted amount in addition to interest for delayed payment, without prejudice to the right of the Government Agency to cancel the allotment and resume possession of the land after forfeiting EMD.
- EMD shall be forfeited for any resumption or cancellation of the plot after 180 days from the date of the remittance of EMD. In the event of forfeiture or cancellation, before 180 days, a proportionate lease premium calculated for the actual period (rounded off to month) plus one month shall be recovered as a penalty from the EMD.
- The payment terms can be varied from park to park as decided by the respective Government Agency from time to time.
- In case the allottee commits default in payment of common facility charges/rental charges, lease premium, utility charges and other charges, the defaulted amount will carry interest as may be fixed by the respective Government Agency from time to time.
- For the delayed payments, amounts paid by the allottee shall be adjusted first towards penalty then towards interest and only thereafter towards the principal.

b) Investment between 50 Crore - 100 Crore (Non- MSME)

The land shall be allotted on a priority basis to investors considering the economic development and employment generation that the investor offers to the state. The allotment shall be subject to the following conditions:-

- (i) Investor shall bring not less than 50 - 100 Crore investment within a period of 3 years and the project should generate employment opportunities commensurate with the investment.

Payment Terms

- Allottee is required to pay 20% of the total lease premium out of which 10% will be considered as EMD, within 90 days from the date of letter of intimation.
- Allottees who bring 50 - 100 Crore investment can opt for a moratorium of 24 months from the date of remittance of 20% payment. The remaining 80% of the lease premium will be paid in 5 equal yearly instalments, at the prevailing interest rate fixed by the agency from time to time.
- In case the allottee commits default in paying the instalments along with interest on the respective due date, the Government Agency may impose a penalty of 2% on the defaulted amount in addition to interest for delayed payment, without prejudice to the right of the Government Agency to cancel the allotment and resume possession of the land after forfeiting EMD.
- EMD shall be forfeited for any resumption or cancellation of the plot after 180 days from the date of the remittance of EMD. In the event of forfeiture or cancellation, before 180 days, a proportionate lease premium calculated for the actual period (rounded off to month) plus one month shall be recovered as a penalty from the EMD.
- The payment terms can be varied from park to park as decided by the respective Government Agency from time to time.
- In case the allottee commits default in payment of common facility charges/rental charges, lease premium, utility charges and other charges, the defaulted amount will carry interest as may be fixed by the respective Government Agency from time to time.
- For the delayed payments, amounts paid by the allottee shall be adjusted first towards penalty then towards interest and only thereafter towards the principal.

c) On rental basis

Entrepreneurs willing to bring huge investments in renewable/green energy for a short period of time, can be allotted on an annual rental basis based on the decision taken by the respective Government Agency on case-to-case basis subject to the following conditions:

- Entrepreneur should bring a minimum investment of 100 Crore.
- The Minimum land allotted will be 50 acres of land.
- There will be a Lock-in period of 20 years for running the unit.

- Rent along with GST will be fixed on cost-recovery basis as decided by the respective Government Agency.
- Entrepreneur is required to furnish a security deposit equal to one year rent which shall not carry any interest and shall be refunded back on the expiry of the lease period after adjusting any outstanding dues to KINFRA or KSIDC, as the case may be.
- In addition to the above the entrepreneur is required to furnish a Bank Guarantee equivalent to one year's rent.

9. Fixing of Lease Premium and Revision of Lease Premium

The Lease premium will be fixed for each park/industrial area by the Pricing Committee constituted for the purpose by the respective Government Agency.

The following elements shall be considered in fixing the Lease premium:

- a) The actual cost of acquisition in the case of land purchased on negotiated purchase or compensation paid/payable as per land acquisition awards in the case of acquisition of land through land acquisition proceedings, and in the case of land transferred or assigned by the Government, the value of land fixed by the Government or District Collector shall be taken into consideration. Other incidental expenditures like Publication charges, survey, demarcation charges and administrative overheads shall also be taken into consideration.
- b) Allottees shall also be liable to pay additional amount charged on account of providing additional and new infrastructure and cost of maintenance of common facilities in the park proportionate to the area allotted to the allottee. Any outstanding dues shall carry interest at the rate as may be fixed from time to time.
- c) In the event of KINFRA or KSIDC, as the case may be, having to pay enhanced compensation in LAR cases to the owners of land from whom land was acquired or persons affected by such land acquisition, including those paid or payable if any, subsequent to the allotment of land, the same shall be apportioned to the allottees in respect of land allotted or assigned to them proportionate to the area allotted to them and such amounts shall be payable by the allottees or assignees as if those were part of the original lease premium fixed for the land allotted or assigned to them on intimation from the KINFRA or KSIDC as the case may be.
- d) The lease premium at various parks is liable to be reviewed and revised periodically by the Pricing Committee of each undertaking. However, the revised lease premium should apply to future allotment only.

10. Mode of payment of Lease Premium

- (A) In the case of allotment of land on lease basis, allottee has the option to remit the lease premium under the following modes:

- (i) Full Down Payment

10% of the lease premium shall be remitted within 30 days and the balance 90% as down payment within 90 days from the date of the "letter of intimation".

- (ii) Instalment scheme
 - a) Allottee is required to pay 20% of the total lease premium, within 30 days from the date of “letter of intimation”. 10% of the amount will be treated as EMD.
 - b) The remaining 80% of the lease premium will be paid in 5 equal yearly instalments, with the prevailing interest rate fixed by the agency from time to time.
 - c) In case the allottee commits default in paying the instalments along with interest on the respective due date, the Government Agency may impose a penalty of 2% on the defaulted amount in addition to interest for delayed payment, without prejudice to the right of the Government Agency to cancel the allotment and resume possession of the land after forfeiting EMD.
- (B) EMD shall be forfeited for any resumption or cancellation of the plot after 90 days from the date of the allotment letter. In the event of forfeiture or cancellation, before 90 days, a proportionate lease premium calculated for the actual period (rounded off to month) plus one month shall be recovered as a penalty from the EMD.
- (C) The payment terms can be varied from Park to Park as decided by the respective Government Agency from time to time.
- (D) In case the allottee commits default in payment of common facility charges/rental charges, lease premium, utility charges and other charges, the defaulted amount will carry interest as may be fixed by the respective Government Agency from time to time.
- (E) For the delayed payments, amounts paid by allottee shall be adjusted first towards penalty then towards interest and only thereafter towards principal.

11. Procedure for allotment of land

- a) Land will be allotted on a leasehold basis as per the allotment policy of each Government Agency. All applications for land will be submitted to the concerned Government Agency in “Application for Registration” along with a Detailed Project Report and processing fee of Rs.10,000/- plus GST per each plot/application.
- b) On receipt of the above documents, the Designated Officer shall scrutinize the application and make such enquiries and call for any additional documents, as he deems necessary, and if the application is complete in all respects, he/she shall place it before the District /State Industrial Land Allotment Committee (DILAC/SILAC) with his recommendations.
- c) The Committee may either approve the allotment or reject the application for valid reasons. Before rejection of the application, the Committee shall provide an opportunity of being heard to the applicant to make their presentation.
- d) Allotment process shall be completed within 30 working days after the meeting of the Land Allotment Committee.

- e) In case of any complaints or grievances by the applicant with regard to allotment of land or built-up space by the respective Government Agencies, the same shall be referred to the State Industrial Land Allotment Committee (SILAC). The decision of the State Industrial Land Allotment Committee (SILAC) shall be final and binding on the applicant.
- f) In case no decision is communicated to the applicant within 30 days after the meeting of the District Land Allotment Committee, it shall be deemed that land applied for by the applicant is allotted, provided that there is availability of land in the industrial park for allotment. All such deemed allotments will be reviewed by the State Industrial Land Allotment Committee (SILAC) and if State Industrial Land Allotment Committee finds that there is a dereliction of duty or omission on the part of any officer in processing the application within time, State Industrial Land Allotment Committee can recommend to the Department concerned to take the appropriate Department action against such erring officer.
- g) Those entrepreneurs selected by the Land Allotment Committee will be issued an offer letter in “letter of intimation” format.

12. Execution of License Agreement and handing over possession to the allottee

- License agreement has to be executed upon down payment of 20% of lease premium or the entire lease amount. License agreement has a validity of 24 or 60 months as the case may be. Possession of land can be given upon execution of the license agreement.
- No allottee shall be given possession of the plot allotted to him before execution of such license agreement.

13. Execution of Lease in respect of plots allotted to the allottee

- On payment of full lease premium and commencement of commercial operation, the allottee shall be entitled to get the “Lease Deed”.
- However, in special circumstances when the allottee/licensee has remitted full lease premium and has obtained all clearances and has made substantial progress in the construction activities and gives an undertaking to complete the project within the license period, the competent authority, on being satisfied that the request is genuine, may execute a Lease Deed to enable the licensee/allottee to avail financial assistance from Banks/ financial institutions for meeting part of the cost of the project.
- However, KINFRA or KSIDC as the case may be, may execute a Lease in favor of any PSU/other Govt. organizations before the commencement of commercial operation/production, on payment of full lease premium, if the request is received from such allottee to comply with any statutory requirements or raise loan from Bank/Financial institutions.

14. Plots to be mortgaged to financial institutions

- The Land allotted can be mortgaged to financial institutions or banks for raising funds to set up or run an industrial unit in the allotted plot. Such financial institutions/banks, on creation of charge, shall give intimation to KINFRA or KSIDC as they may be, and there upon the financing agency shall have first charge over leasehold right of such plot, provided the allottee remitted the full lease premium. In case of default by the mortgagor, the financial institutions/banks shall give intimation to the respective Government Agency and the dues of the financial institutions/banks shall have first charge on the leasehold rights of the plot.
- A tripartite agreement is to be executed between, the respective Government Agency, the allottee and the financing agency to secure the loan from the financier and to protect the interest of Government Agency. During license period, the balance lease premium payable to Government Agency has priority over the dues of the financial institution. The Tripartite Agreement/License Agreement shall ensure the above.
- In case the financial institutions/banks initiate action for recovery of their loan by enforcing the security by sale of leasehold interest in the property to any prospective buyer/auction purchaser, the financial institutions/banks, as the case may be, shall transfer the leasehold right for the remaining period of the lease only for industrial purposes, after clearing the outstanding dues to KINFRA/KSIDC as the case may be. The transferee shall also pay 10% of the difference in lease premium of the land prevailing in the Park at the time of transfer, between the lease premium originally paid by the allottee and the lease premium prevailing in the park at the time of transfer.

15. Removal and transport of earth materials

For the implementation of the project, if it is found necessary to excavate and remove earth, stone, or other material from the allotted plot for the purpose of forming the foundations of the building and compound walls and executing the works, etc., permission will be granted to transport the earth so removed and deposit the same in other low-lying areas of the same Park, as per directions of Engineer/Officer-in-charge. The cost of such transport shall be borne by the allottee. No part of the earth so removed shall be allowed to be taken outside the park.

16. Allottee not to cause any nuisance

- The allottee shall not at any time, do, cause or permit any nuisance in or upon the allotted land which may be obnoxious or injurious or offensive by reason of effluent, dust, smoke, gas, noise, vibration or fire hazards etc. to neighboring plots and atmosphere.
- The industries set up by the allottee shall be in accordance with the norms & rules framed by the Central or State Government or statutory authorities or Government departments or agencies from time to time.
- The Designated Officer shall have full powers to regulate these matters.

17. Allottee to keep KINFRA or KSIDC, as the case may be, indemnified against damages

The allottee shall keep the Government Agency indemnified against any and all claims for damages arising as a consequence of the establishment and running of this unit.

18. Right of Government Agency to use the vacant portions of Land

The Government Agency reserves the right of utilizing vacant portions and common amenities of the allotted plot at any time for laying pipelines, cables, underground drainage or drawing overhead lines without paying any compensation to the allottee for such use.

19. Reservation or Revocation of plots

If any plot/area is required to be reserved or withdrawn from the allotment, KINFRA or KSIDC, as the case may be, reserves the right to revoke any proposal to dispose off such a plot/area at any time.

20. Surrender of plots

If any allottee or lessee intends to surrender the plot or a part thereof for any reason before the expiry of lease period, KINFRA or KSIDC, as the case may be, may accept it and may in such cases retain such part of the security deposit/premium and KINFRA or KSIDC, as the case may be, may deduct the proportionate lease premium and refund the balance of the premium to the allottee or the lessee. The decision of KINFRA or KSIDC, as the case may be, in this respect is final. In that case, the lessee has to bear stamp duty and registration charges, if any payable, at the time of registering the surrender deed with the concerned Land Registry including all incidental expenses for such surrender.

21. Powers to resume the plots

- a) KINFRA or KSIDC, as the case may be, shall have powers to resume the plots once allotted in the following circumstances:
- (i) If the allottee contravenes any of the provisions of these rules or of the agreement executed by him.
 - (ii) If the allottee's unit is wound up/the allottee is declared insolvent by the Competent Court.
 - (iii) If the allottee does not require the plot for the purpose for which it is allotted and informs Government Agency accordingly.
 - (iv) In the event of the allottee defaulting payments to the Government Agency.

- (v) If the allottee/lessee fails to take effective steps to start construction activities within the time stipulated in the license agreement within the extended period granted by Government Agency.
 - (vi) In the event of the allottee not commissioning the unit within the period specified in the license agreement or lease deed without sufficient cause or reason.
 - (vii) If the allottee does not commence utilizing the plot as agreed upon with the Government Agency.
 - (viii) If the allottee/lessee transfers, sublets, underlets or assigns the plot or any portion thereof or the building or any portion thereof without the prior permission of the Government Agency.
 - (ix) If the allottee/lessee changes the industrial activity and the same turns out detrimental to the industrial activity carried on by other industrial units within the industrial area.
- b) Procedures for resumption of land
- (i) Before terminating the Lease, the competent authority shall give sufficient time to the allottee/lessee (not less than 30 days) to rectify the default/breach committed by the allottee/lessee specifying the default/breach and if the allottee/lessee fails to rectify the default or breach within that time, a show cause notice has to be issued to the allottee as a chance to show cause within 30 days. If the reply furnished is not satisfactory, the Competent authority shall terminate the license/lease and resume possession of the land. If the leasehold land is mortgaged to any bank/Financial Institution with the permission of competent authority, notice of termination shall also be sent to such Bank/Financial Institution.
 - (ii) In cases the allottee/lessee has paid the total lease premium for the entire term of lease, the lessee will be refunded proportionate lease premium for the unexpired term of lease after deducting all the dues from the lessee. One year's lease premium shall also be recovered as a penalty from the amount refundable.
 - (iii) In case the allottee/lessee has paid only a portion of the lease premium which is sufficient to recover the lease premium up to the date of resumption, the balance amount will be refunded to the lessee. One year's lease premium shall also be recovered as a penalty from the amount refundable.
 - (iv) In case the lessee has put up any industrial building and erected plant and machinery and other equipment and if the Bank or financial institution has charge over such assets, Competent authority shall act in tandem with the bank and such assets shall be dealt with subject to the charge to the Bank/financial institution.

22. Power to resume unutilized land by the allottee/lessee

- a) In case the lessee/allottee does not utilize the entire land allotted to him for setting up the industrial unit and other supporting facilities within the period as may be permitted under the license agreement/lease deed or any extension of time granted by KINFRA or KSIDC, as the case may be, the land kept unutilized by the allottee or lessee shall be surrendered to the respective Government Agency by the lessee/allottee within 30 days of

the expiry of license period or as per the milestone stipulated in Lease Deed or as per any extension granted by the respective Government Agency.

- b) In case the lessee/allottee fails to surrender the un-utilized land within the above period, KINFRA or KSIDC, as the case may be, after giving a notice of 30 days of its intention to resume the unutilized land, shall resume possession of the unutilized portion of the land by refunding the proportionate lease premium paid by the lessee to the extent of unutilized land so resumed, after deducting all the expenses towards execution of the surrender deed in favor of KINFRA or KSIDC, as the case may be. Thereupon, KINFRA or KSIDC, as the case may be may allot the land so resumed to any other entrepreneur under these regulations.
- c) KINFRA or KSIDC shall have the power to resume the entire allotted land or any portion thereof, if it is required for any public purpose of Government.

23. Powers to cancel the Allotment

The allotment of the plot shall be liable to be cancelled if it is found that it was grossly inequitable or was made under a mistake of fact or owing to misrepresentation of facts.

24. Allottee to pay taxes, Cess etc.

The allottee/lessee shall pay all taxes, Cess, land revenue, property tax and other dues if payable in respect of land and building from time to time.

25. Compliance of Terms & Breach of Terms of Agreement

The allottees shall abide by the provisions of any Act, either central Government or State Government and the Rules and Regulations and Orders made there under and the terms and conditions of the license agreement/lease deed.

If any allottee contravenes any of the terms & conditions of the license agreement/lease deed, the Government Agency shall be entitled to resume possession of the land after giving a show cause notice.

26. Cost of execution of agreements to be borne by the allottees

All costs connected with and incidental to the execution and registration of any of the documents referred to in these regulations (including the stamp duty and registration charges if payable) shall be borne and paid by the allottee or lessee as the case may be.

27. Allotment of Built-up space in the Standard Design Factory

- a) Built-up space in the SDF buildings or other buildings constructed by the Government Agency shall be allotted to entrepreneurs on direct lease initially for a period of 10 years and there will be an escalation in the

monthly lease rentals as decided by the competent authority; KSIDC/KINFRA.

- b) The allottee of the built-up space is required to furnish security deposit equal to 12 month's rent before the execution of lease deed which shall not carry any interest and shall be refunded to the allottee on the expiry of lease period after adjusting any outstanding dues to KINFRA or KSIDC, as the case may be.
- c) The lease period can be extended for another period of 10 years on each time up to a maximum period of 30 years on the condition that the allottee is not in default in payment of the lease rent and other dues and also the unit is functioning satisfactorily.

28. Resumption of built-up space

Built-up space allotted shall be resumed by KINFRA or KSIDC, as the case may be, on happening of any of the following events:-

- The allottees contravenes any of the terms and conditions contained in the license agreement/lease deed.
- The allottees commits default in payment of rent, utility charges, common facility charges for two consecutive months.
- The allottee stops functioning the unit for a continuous period of Six months.

Before resuming the built-up space, the allottee should be given a notice of 30 days to show cause why the allotment shall not be cancelled, and built-up space shall be resumed stating the grounds on which the order for resumption shall be made.

29. Request for change of product/change of activity/additional activity

A licensee or lessee shall be allowed to change over to a new product/activity subject to the following conditions:-

- a) Necessary approval from District Industrial Land Allotment Committee (DILAC)/State Industrial Land Allotment Committee (SILAC).
- b) Approval from the State Pollution Control Board and other statutory bodies.

Provided, however the competent authority at its absolute discretion rejects any application for change of product/activity if such a product/activity is not a permissible industrial activity in any industrial land earmarked for a specific product/activity. The entrepreneur should obtain prior permission from the competent authority who shall also certify the suitability and desirability of the new activity.

General Condition:

The request for change in the product or change in activity should be disposed off within 45 days from the date of receipt of the application by the KINFRA/KSIDC. A processing fee of Rs 10,000 plus GST is applicable on application for each change in the product or change in activity.

Penalty Clause:

For change in the product/activity without the permission of KINFRA/KSIDC, a penalty of 1% of the prevailing lease premium will be imposed.

30. Transfer of Allotment/Constitution change**(a) Change in Constitution Among Family Members**

In the following cases, transfer of allotment can be permitted to the members of his/her family without any additional cost:-

- (i) Due to ill health of the allottee he/she could not carry out the business independently.
- (ii) Due to the death or incapacity of the allottee to carry on the business in the allotted land.
- (iii) Death of a partner and the partnership is reconstituted with the legal heirs of the deceased partner without induction of any outside person as a partner.
- (iv) Death of the promoter of the limited company holding more than 51% of the capital of the company and the shares are transferred to the legal heirs by operation of law or by orders of the competent court.
- (v) If the land is allotted to a proprietorship, the proprietor enters into a partnership with the members of his family without induction of any outside persons as a partner.

Note: For the above purpose, family means; father, mother, grandfather, grandmother, husband, wife, son, adopted son, daughter, adopted daughter, grandchildren, brother and sister.

Person seeking transfer shall produce a medical certificate/death certificate /Legal heir certificate as the case may be along with the request for transfer.

- (vi) All outstanding dues to KINFRA/KSIDC shall be cleared before the transfer is affected.
- (vii) A tripartite/supplementary agreement shall be executed to ensure observance of all obligations under the original lease deed by the transferee.

(b) Change in constitution/transfer of allotment – Other Cases

- (i) No request for transfer/ownership change will be allowed until 5 years from the date of commencement of commercial production except under regulation 30(a) change in constitution among family members.
- (ii) Subject to Sub-clause (i) above, if there is any change in the shareholding pattern due to induction of new partners/shareholders and where more than 50% of the shareholding is transferred to new persons resulting in total change or substantial change in ownership in the existing allottee unit, or transfer to a unit where original allottees hold less than 50% shares in the new transferee unit, the

same will be construed as change in management/transfer of leasehold rights which will be dealt with as follows;

Sl. No.	Classification	Applicable transfer fee
1.	Units not commenced commercial production.	100% of differential lease premium.
2.	Units functioning for less than 5 years from the date of commencement of commercial production.	50% of differential lease premium.
3.	Units functioning for more than 5 years but less than 7 years from the date of commencement of commercial production.	20% of differential lease premium
4.	Units functioning for more than 7 years from the date of commencement of commercial production.	10% of differential lease premium
5.	Where the allottee is an individual/proprietor and converts itself in to a partnership or Limited company in which the original allottee holds not less than 51 % of the shares in the new entity.	1% of prevailing lease premium
6.	When a partnership firm converts itself into a Limited company in which the original partners holds not less than 51 % of the shares in the limited company.	1% of prevailing lease premium
7.	Transfer of allotment from holding company to a subsidiary company and vice versa.	1% of prevailing lease premium
8.	Merger, amalgamation of the allottee with another entity under the same management and the merger/amalgamation is approved by the Court/National Company Law Tribunal.	1% of prevailing lease premium
9.	Sale of leasehold rights by Bank/Financial Institutions under SARFASI Act where the corporation has issued NoC for creating charge on the leasehold rights to secure the financial assistance.	10% of the differential lease premium

- (iii) Allottee seeking transfer of allotment from existing allottee to another entity shall produce the necessary documents like Firm Registration Certificate, Certificate of Incorporation of the Company from the Registrar of Companies/Memorandum and Articles of Association/Entrepreneur's Memorandum. Profit & Loss Account Statements/Balance Sheets/Share Capital structure duly certified by a practising Chartered Accountant/Company Secretary.

- (iv) All outstanding dues to KINFRA/KSIDC shall be cleared before the transfer is affected.
- (v) In respect of the transfer of leasehold rights from one entity to another entity, a deed of surrender of lease is to be executed and registered by the original allottee and a fresh lease deed is to be executed and registered in the name of the new entity.
- (vi) A tripartite agreement is to be executed between KINFRA/KSIDC as the case may be, the original allottee and the transferee to ensure observance of all obligations under the Original Lease Deed as well as fresh deed.
- (vii) There will be a lock-in period of 3 years for any subsequent transfer for change in the constitution/transfer under Clause 30 (b).

Penalty Clause:

- For transfer of allotment without the permission of KINFRA/KSIDC, a penalty of 5% of the prevailing lease premium will be imposed over and above the stipulated transfer fee.
- For change in Constitution without the permission of KINFRA/KSIDC, a penalty of 1% of the prevailing lease premium will be imposed over and above the stipulated transfer fee.

31. Allottee to abide by Air/Water Pollution Rules

The allottees/lessees of plots shall be required to observe and perform all obligations and shall be required to abide by rules, regulations and byelaws in force issued by the Central or State Government or any other Authority or Agencies as regards prevention and control of pollution of air/water/atmosphere.

32. Renewal of Lease Period

Land will be leased for a period of 90/60 years from the date of allotment as per clause 5 of the regulations. In case the lessee wishes to renew the lease further, the Government Agency may consider the request on a case-to-case basis provided the lessee shall give notice of his intention to renew the lease 6 months before the date of expiry of the lease period and there are no dues outstanding from the lessee.

33. Right to enter the Plot/Industrial Unit

The Government Agency or the Officer authorized by the Government Agency have the right to enter upon and inspect at any time the allotted plot/unit to review the progress of implementation of project, condition of site and building thereon.

34. Delegation of powers to the Officers

The Government Agency may delegate any of its powers and functions under these Regulations to the Designated Officer or any other Officer for the

efficient working of the Government Agency and for the purpose of achieving the objectives of these regulations.

35. Settlement of Dispute

Dispute if any arising out of the allotment, disposal, lease or change of product or transfer on any matter not covered under the provisions of these rules, unless settled amicably, shall be referred to the Government whose decision shall be final and binding on both parties.

36. Saving Clause

Plots of lands/built-up space so far allotted by KINFRA or KSIDC under their respective regulations which was in force before coming into force of these regulations shall be deemed to have been done under the provisions of these regulations, except to the extent there are inconsistency with the provisions of these regulations. However, all future allotments shall be governed by these regulations.

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