

RAJASTHAN STATE INDUSTRIAL DEVELOPMENT & INVESTMENT CORPORATION LIMITED

UDYOG BHAWAN, TILAK MARG , JAIPUR-302005

No.ID/SPC/2015/15/305

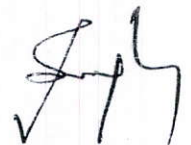
Date: May, 2017
November 15, 2017

OFFICE ORDER

Sub: Guidelines for establishing new industrial areas in the State through participation of Private Sector.

An agenda item (19) was placed before the Board of Director in its meeting held on 29.03.2016, subsequently this matter was discussed by the Board in its meeting held on 30.03.2017 while reviewing action taken on previous approvals given by the Board and Board of Directors has accorded approval the guidelines framed for establishment of new industrial areas in the State through participation of Private Sector.

Pursuant to aforesaid approval accorded by the Board of Director, these guidelines (enclosed with this order) shall come into force with immediate effect.



(Vijay Pal Singh)
Advisor (Infra)

Copy to:

- 1. FA/Advisor(A&M)
- 2. Secretary
- 3. CGM(BP)/CGM(SEZ)
- 4. GM(Infra/Fin/PR)/GM (Civil)/GM(Inv.)
- 5. OSD (Land)
- ✓ 6. DGM(IT) - for uploading on website.
- 7. Sr. DGM (Law)
- 8. All Unit Heads
- 9. P&D Cell Officers:
Sr.DGM(P&D) (SKG)/(DKS)/Sr.RM (P&D) (SJ)
- 10. RM (M&C)/Dy.M(Law) AKG/Dy.Mgr (P&D)
- 11. SO (SRK)

Copy also to:

- 1. Addl. PS to Chairman
- 2. PS to MD, RIICO
- 3. PS to Advisor (Infra)



Sr. DGM (P&D)

Guidelines for Establishment of New Industrial Areas Through Participation of Private Sector

1. Backdrop

The need to establish new industrial areas and estates is being felt with emerging preference for sector-specific areas/clusters and ready-to-move-in facilities. Also, to encourage private investment and induce private efficiencies, it is proposed to facilitate establishment of new industrial areas in the State through participation of the private sector and/or public-private partnership (PPP). Ready-to-move-in and constructed buildings/sheds for industrial purpose could also be constituents of such new industrial areas.

These guidelines shall apply to establishment of new industrial areas by participation of private sector, on land owned by the Corporation. Such industrial area may be self-identified or may originate as unsolicited proposal from private sector.

2. Establishment of Industrial Areas identified and proposed by the Corporation

In this context following modalities shall be adopted:

- a. Disposal of land, through auction; or
- b. Allotment of land, at pre-determined price, by seeking applications; or
- c. Selection of a private developer through a competitive bidding process, by structuring a PPP project; or
- d. Joint venture with equity participation by the Corporation; land identified for establishing industrial area shall be monetised for equivalent shareholding of the Corporation in the joint venture.

2.1 Disposal of land, through auction.

This modality would entail disposal of land, through auction, to a private entity for establishing, operating and maintaining of the industrial area. The allotment of land would:

- a. be on lease for a period 99 years.
- b. entitle private entity to sub-lease developed plots/land/buildings/sheds in industrial area for a period shorter than or co-terminus with the lease period.
- c. be through publicising availability of land for auction in at least two local and one national daily newspaper besides on the website of the Corporation.

2.2 Allotment of land, at pre-determined price, by seeking applications.

This modality would entail allotment of land, at pre-determined price, to a private entity for establishing, operating and maintaining of the industrial area. The allotment of land would:

- a. be on lease for a period of 99 years.
 - b. entitle private entity to sub-lease developed plots/land/buildings/sheds in industrial area for a period shorter than or co-terminus with the lease period.
 - c. be through seeking applications and publicising availability of land in at least two local and one national daily newspaper besides on the websites of the Corporation.
 - d. be made by draw of lot, in case of multiple applications.
- 2.3 Selection of private developer through open competitive bidding by structuring a PPP project.

This modality would entail vesting with the private developer the land and all rights under a project-specific site lease deed for the purpose of developing, operating, managing, and maintaining the industrial area through public-private partnership. Broad structure of the project would comprise:

- a. planning, designing, financing, constructing, marketing, operating and maintaining of the industrial area by private developer.
- b. execution of authorisation/concession agreement between the the Corporation and the private developer/special purpose vehicle (SPV) formed by the private developer for the project.
- c. project-specific site lease deed for a period not exceeding 40 years; ownership of land to vest in the Corporation.
- d. authorisation to private developer to license developed facilities to users for a period shorter than or co-terminus with the lease period.
- e. transfer of land along with facilities developed thereon to the Corporation on expiry of the lease/concession/authorisation period.
- f. procurement of private developer through open competitive bidding with appropriate financial/price bid criteria.

2.4 Joint venture with equity participation by the Corporation.

This modality would entail selecting a private sector entity for a joint venture project with equity participation the Corporation. Selection of the private sector entity would be through inviting applications and an appropriate transparent process. The joint venture entity shall develop, operate, manage, and maintain the industrial area. Broad structure would comprise:

- a. execution of joint venture agreement between the Corporation and the selected private sector entity and formation of a project-specific joint venture company.
- b. participation in the equity of the joint venture company by the Corporation; land identified for establishing industrial area shall be monetised for equivalent shareholding of the Corporation in the joint venture company. The Corporation may decide pricing the land based on reserved price in nearest industrial area or cost of acquisition of land

concerned with appropriate indexation or price offered by the private sector entity during the process of selection, whichever is highest.

- c. planning, designing, financing, constructing, marketing, operating and maintaining of the industrial area by joint venture company.
- d. allotment of land to joint venture company on lease for a period of 99 years.
- e. entitlement to joint venture company to sub-lease developed plots/land/buildings/sheds in industrial area for a period shorter than or co-terminus with the lease period.
- f. selection of the private sector entity for the joint venture project through a transparent process, involving appropriate financial/price bid (say, the price offered for land identified for establishing industrial area) and/or technical criteria.

2.5 Applicable terms and conditions for establishment of industrial areas through modalities at paragraphs 2.1 and 2.2 are listed in enclosed Annexure.

2.6 The terms and conditions for establishment of industrial areas through modalities at paragraph 2.3 and 2.4 shall be as per provisions of the concession/authorisation/joint venture agreement to be executed.

3. Establishment of Industrial Areas identified and proposed by Private Developer

3.1 Selection of private investor through the method of Swiss Challenge for a PPP project.

This modality would entail selecting a private developer for establishing industrial area with estimated cost of Rs. 50.00 crore or more through the method of Swiss Challenge for an unsolicited proposal, to develop, operate, manage, and maintain an industrial area on PPP basis. Broad structure would be:

- a. planning, designing, financing, constructing, marketing, operating and maintaining of the industrial area by private developer.
- b. execution of authorisation/concession agreement between the Corporation and the private developer/Special Purpose Vehicle (SPV) formed by the private developer for the project.
- c. project-specific site lease deed for a period not exceeding 40 years; ownership of land to vest in the Corporation.
- d. authorisation to private developer to license developed facilities to users for a period shorter than or co-terminus with the lease period.
- e. transfer of land along with facilities developed thereon to the Corporation on expiry of lease period.
- f. procurement of private developer through the method of Swiss Challenge as prescribed in the Rajasthan Transparency in Public Procurement Act,

2012 and Rajasthan Transparency in Public Procurement Rules, 2013, as amended from time to time.

3.2 The terms and conditions for establishment of industrial areas through modality at paragraph 3.1 shall be as per provisions of the concession/authorisation agreement to be executed.

4. Eligibility for Applicant Private Developer/Entity:

The eligibility of the applicant private developer/entity under all modalities at paragraphs 2 and 3 would be prescribed on case-to-case basis, broadly as per the following framework. Applicant may be an existing company which may propose to form a new entity for establishment of industrial area.

4.1 For applicant private developer/entity having developed/constructed/operated two (2) industrial areas with common support and infrastructure facilities, in India or abroad, during last seven (7) financial years provided each such industrial area is on land measuring at least 50 acres and comprises at least ten industrial units:

(i) Average Annual Turnover of at least 100% of estimated cost of the project (excluding cost of land) to establish industrial area during preceding three Financial Years.

AND

(ii) Minimum net worth of at least 25% of estimated cost of the project (excluding cost of land) to establish industrial area.

OR

4.2 For applicant private developer/entity with experience in development/construction of core sector infrastructure:

Minimum net worth of 10 times of as prescribed in paragraph 4.1(ii).

OR

4.3 For applicant private developer/entity with high net worth

Minimum net worth of 20 times of as prescribed in paragraph 4.1(ii)

4.4 Additional criteria may also be prescribed, if required, on case to case basis.

Core sector would be deemed to include:

- Transport: Roads and bridges, Ports, Inland Waterways, Airport, Railway Track, tunnels, viaducts, bridges, Urban Public Transport;
- Energy: Electricity Generation, Electricity Transmission, Electricity Distribution, Oil pipelines, Oil/Gas/Liquefied Natural Gas (LNG) storage facility, Gas pipelines.

- Water & Sanitation: Solid Waste Management, Water supply pipelines, Water treatment plants, Sewage collection, treatment and disposal system, Irrigation (dams, channels, embankments etc), Storm Water Drainage System, Slurry Pipelines.
- Communication: Telecommunication (Fixed network), Telecommunication towers, Telecommunication & Telecom Services.
- Social and Commercial Infrastructure: Education Institutions, Hospitals, Common infrastructure for industrial parks, SEZ, tourism facilities, Fertilizer, Soil-testing laboratories, Hotels and Convention Centres.

5. Institutional Arrangement:

5.1 For establishment of industrial areas through modalities prescribed under paragraphs 2 and 3, the Corporation through its Board of Directors/Infrastructure Development Committee shall be the approving authority. Approvals shall be accorded within all applicable legal framework(s), including these guidelines, approvals of local authorities, SLEC for Swiss Challenge method, etc.

Annexure

Applicable terms and conditions for establishment of industrial areas through modalities at paragraphs 2.1 and 2.2.

1. Land shall be allotted on 'as is where is' basis for 99 years lease period.
2. The layout plan for development of industrial area shall be approved by the Corporation, before commencement of any development activities.
3. The cost of land will have to be deposited by the allottee as per time schedule decided by the Corporation, on case to case basis.
4. Possession of land shall be handed over within 30 days from the date of deposition of full cost of land or within 30 days from the date of allotment if balance payment of cost of land is permitted in installment.
5. Service charges, if any, as may be decided by the Corporation, from time to time, will be deposited by the allottee in advance by 31st July of every calendar year.
6. The allottee shall deposit the economic rent, if any, of the entire allotted land area as per the rate prescribed by the Corporation, from time to time, within 120 days from the date of issue of allotment letter for current financial year and by 31st July for subsequent financial years.
7. The allotted land will be used for the purpose as mentioned in the allotment letter.
8. The RIICO Disposal of Land Rules, 1979, as amended from time to time, shall be applicable to establishment of industrial areas, their utilization and layout norms including to individual plots, their use, building regulations, set back norms, and other applicable provisions.
9. The allottee shall be responsible for operating, managing and maintaining all the infrastructure facilities, amenities and support services during the entire period of lease.
10. The allottee should establish industrial area with requisite infrastructure as per approved layout plan.
11. Covered buildings and/or sheds for industrial use should encompass at least fifteen (15) per cent of total area of land allotted, as per schedule below:

Area of Land (Acres)	Years from the date of allottee taking over possession of land
Up to 50	5
More than 50 and up to 200	7
More than 200	9

- 12.If the allottee fails in ensuring the schedule under paragraph 11, retention charges shall be levied from the private entity at the rate of 0.5% per quarter or part thereof. Calculation of the retention charges shall be done on the prevailing rate of allotment of the adjoining/nearest industrial area of the Corporation.
- 13.All requisite Environment Clearance for entire industrial area as required by law shall be obtained and complied with.
- 14.Requisite clearance with regard to availability of water from Public Health Engineering Department, Ground Water Department, and/or Central Ground Water Board shall be obtained.
- 15.The allottee shall be allowed to further sub-lease the permissible area land for industrial area, as per lay out plan approved by the Corporation for period shorter than or co-terminus with lease period on such terms and conditions as may be mutually agreed between the allottee and its sub lessee.
- 16.The terms and conditions for subleasing will be decided by the allottee and its sub lessees mutually but in accordance with terms of allotment of the Corporation, agreement executed with the Corporation, RIICO Disposal of Land Rules, 1979 (as amended from time to time), and other prevailing applicable laws, as the case may be. However, the terms and conditions applicable on which allotment is made to the allottee and lease agreement, shall also mutatis-mutants apply to sub lessees of the allottee.
- 17.The allottee shall furnish the information about land to be subleased, along with full details of sub lessee thereof within 30 days from the date of sublease executed in favour of respective sub lessee.
- 18.In the event of cancellation of allotment made to the allottee and determination of lease agreement pertaining to said allotted land, the sub leases executed by the allottee company shall stand terminated automatically and such land shall vest with the Corporation, without any further orders and the Corporation shall not be liable to pay any damages, cost, etc. for the same.
- 19.In case any power/telephone line/HT line/gas line/pipe line is passing through the allotted land, its removal shall be the sole responsibility of the allottee/sub-lessee. The allottee/sub-lessee will be required to plan construction accordingly after leaving prescribed set backs.
- 20.It will be sole responsibility of allottee to follow the rules and regulations regarding the registration of lease deed/sub lease with the concerned Government department(s).

- 21.No disposal of effluent shall be allowed in the storm water drains. The allottee and its sub lessee shall have to maintain the status of zero discharge in allotted land or part thereof.
- 22.The allottee or its sub lessees shall not be permitted to run any illegal trade, business and obnoxious industries on the said allotted land. In case the same is found, the allotment will be cancelled.