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DIRECTORATE OF INDUSTRIES : DELHI ADMINISTRATION
C.P.C. BUILDING : KASHMERE GATE : DELHI.

Dated 2/9/83

No. F. 10(144)/Land/DI/OIE/

To

The Secretary,
Land & Building Deptt.,
Delhi Administration,
Vikas Bhawan,
Delhi.

Subject :- Guidelines for Management of Indl. lands managed
by Delhi Administration.

Sir,

I am directed to enclose a copy of guidelines on the
above subject as approved by the Lt. Governor, Delhi for
information. These guidelines have been prepared in consul-
tation with your department.

Yours faithfully,

(K.N. JOSHI) 29.8.83
JOINT DIRECTOR OF INDUSTRIES (A)

No. 10(144)/Land/DI/OIE/

Dated

Copy alongwith copy of guidelines for information to :-

1. The Vice-Chairman, D.D.A., Vikas Minar, I.P. Estate, New Delhi.
2. P.S. to Lt. Governor, Raj Niwas, Delhi.
3. P.S. to C/E.C., Old Sectt., Delhi.
4. P.A. to D.I., Dte. of Inds., Kashmere Gate, Delhi.
5. All Officers of Directorate of Inds., Kashmere Gate, Delhi.
6. The President, Okhla Indl. Estate Association, Okhla Indl. Estate, New Delhi-110.020.
7. The President, Badli Indl. Estate Association, 3/39 Roop Nagar, Delhi.

(K.N. JOSHI) 29/8
JOINT DIRECTOR OF INDUSTRIES (A)

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CHAPTER X LAND MANAGEMENT

The department of Industries has over the years developed a number of Industrial Estates/Platted factories. These have been allotted on Lease/Rental/Hire Purchase basis. In many cases the allottees apply for approval of changes in the constitution/constituents or for change of item of manufacture or for permission to sub-let.

For processing these requests the department has formulated guidelines. A copy of the prevalent guidelines is annexed for guidance.

GUIDELINES FOR MANAGEMENT OF INDUSTRIAL LAND MANAGED BY THE DELHI ADMINISTRATION

Substitution/Addition and Deletion of Names in Lease/Sub-leases of Industrial Plots

1. Where plots have been allotted but no deed has been Registered.—(i) Where no deed has been registered, the auction purchaser allottee shall be permitted, free of charge, to add, delete or substitute the names of "Family Members" which may where necessary, take the form of a partnership firm.

(ii) Where the change asked for will result in the formation of a Limited or Private Ltd. Co. or vice-versa. 50 per cent of the unearned increase in the value of the plot calculated on the current Market rate on the date of application will be charged.

(iii) In case of substitution/addition/deletion in the names of persons, who are not family members, the same will be allowed on payment of the following fee :—

(a) In the case of Proprietorship or Partnership concern a sum equal to 50 per cent of the unearned increase in the market value of the plot calculated on the basis of the proportionate share in profits of the incoming or outgoing persons. The market value will be same as prevalent on the date of application.

(b) In case the application is for changing the constitution of the lessee firm from a proprietorship or partnership firm into a Private Ltd./Limited Company or vice-versa. 50 per cent of the unearned increase in the Market value of the plot as on the date of application will be charged.

(iv) In order to obviate the possibility of landestine sale/transfer, a clause shall be added in the deed to the following effect :

"This lease/sub-lease shall stand automatically terminated if there is any change in the

constitution of the proprietorship/partnership firm as on the date of execution of the deed without the prior approval of the Lessor, except change due to death of the proprietor or any of the partners."

(v) A copy of the partnership deed/Memorandum and Articles of Association and certificate of incorporation with list of Directors/Subscribers/Promoters as on the date of the deed (as the case may be) shall be annexed to the deed.

(vi) Changes done between the date of application and the date of offer of allotment/demand letter will be accepted without any charge. The date of offer or allotment will be the date of issue of offer or allotment letter/demand letter.

2. Where deed has been Registered.—(i) Where deed has been registered, addition/deletion and substitution of "Family Members" shall be allowed without any charge but on execution of a regular conveyance/gift deed.

(ii) Addition/Deletion/Substitution of outsiders shall also be allowed through a conveyance deed but on the payments of the following amounts :—

(a) In the case of Proprietorship or Partnership concern a sum equal to 50 per cent of the unearned increase in the market value of the plot calculated on the basis of the proportionate share in profits of the incoming or outgoing persons. The market value will be same as prevalent on the date of application.

(b) In case the application is for changing the constitution of the lessee firm from a Prop./Partnership firm into a Pvt. Ltd./Limited company or vice-versa, 50 per cent unearned increase in the market value of the plot as on date of application will be charged.

(iii) In case of request for regularisation of changes that have already been affected such request would be considered on payments of following additional sum(s) :

(a) If request is made within 3 months of the change—2.5 per cent of the sum calculated under para 2(ii).

(b) If request is made after 3 months of the change but before 6 months—5 per cent of the sum calculated under para 2(ii).

(c) If request is made after 6 months but before one year—7.5 per cent of the sum calculated under para 2(ii).

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registered) requests for addition/deletion/substitution shall be considered on payment of a sum calculated proportionately as per share indicated in the profit @ Rs. 3 per sq. ft. or such other amount as fixed by the Lessor from time to time.

Cases of regularisation or transactions that have taken place without permission of the Lessor will be considered after charging a further penalty of Rs. 1 per sq. ft. of the plot area which will also be subject to proportionate shares.

4. COMPOSITION CHARGES.—(i) Composition charges for late execution of leases/sub-leases. Auction purchasers of plots/allottees/co-op. societies shall be allowed a maximum period of one year for execution of the title deeds from the date of offer/confirmation. If the lease/sub-lease deed is not executed within this period, allotment/confirmation shall stand automatically cancelled, unless for reasons to be recorded in writing extension is given by the Heads of the concerned Depts.

This can be done with or without composition charges as the circumstances of the case warrant.

(ii) Where extension is allowed with Composition charges rates chargeable shall be Rs. 2 per sq. mtr. subject to a maximum of Rs. 2,000 for the first year of default and Rs. 3 per sq. mtr. subject to a maximum of Rs. 3,000 for the second year of default. The name of the defaulter shall be removed from the list of purchaser/allottee if default continues thereafter. Even if the period of default is less than a full year, Composition charges would be levied for the full year. The allottees whose plots are cancelled due to reasons stated above can make appeal to the Lessor for re-consideration of the decision. If the appeal is received before re-allotment or re-auction of the said plot the lease hold rights can be restored on payment of penalty @ Rs. 5 per sq. mtr. subject to maximum of Rs. 5,000. Any extension beyond three years may be considered on penalty, only in cases arising out of genuine inability of the allottee to get sub-lease executed and in such cases extension could be granted after making specific approval of the Lt. Governor.

(iii) The above rule shall be subject to the following exceptions:

(a) In all cases where the size of a plot attracts the provisions of the U.L. (C&R) Act period from the date of application to the date of issue of exemption certificate shall be deducted while calculating the stipulated period of one year.

(b) In all cases where stay orders have been given by the courts, period of stay shall similarly be excluded, provided the stay order specifically prevents the purchaser/allottee from getting the lease/sub-lease executed.

(c) Where perpetual lease/sub-lease deed forms have been duly tendered to the office of the Collector of Stamps for stamping purposes and are not stamped and returned within a period of ten days from the date of tender,

the period for which the forms remained pending beyond ten days in the office of the Collector of Stamps shall be exempted provided the delay is certified by the Collector of Stamps.

(d) Where a perpetual lease has been executed with a society but the draw of lots has been held up due to the fact that the membership of the society has not been cleared by the Registrar Co-op. Societies, then the period from the date of execution of the perpetual lease deed to the date clearance of names by the Registrar Co-op. Societies shall be excluded in the stipulated period.

Composition charges for belated construction:

The concerned Heads of the Department shall be competent to condone delays in construction of building with or without Composition charges as the case may warrant.

(ii) Principle of general amnesty ending with 1975 shall apply to all cases where leases/sub-leases have been executed either directly or through Co-op. Societies. Where cases have been executed on or before 31-12-75 no Composition charges are leviable upto 31-12-78. The delay will be counted from the date of handing over possession.

(iii) In all cases where leases/sub-leases are executed after 31-12-75 stipulated period shall continue to be two years with one year as grace period. If construction is not carried out during this period a show cause notice shall be issued in the 4th year and lease/sub-lease terminated if defaulter does not give sufficient cause for delay. Where delay is to be compounded with penalty Composition charges can be recovered at the rates mentioned under sub-para (iv).

(iv) In all cases of default Composition charges shall be levied @ Rs. 2, Rs. 2, Rs. 2 & Rs. 4 per sq. mtr. for the 1st, 2nd, 3rd & 4th year of default respectively. Even if the period of default is less than a full year, Composition charges will be for full year. Where default continues after 7 years from the date of lease, the lease/sub-lease shall be cancelled. On notice for cancellation of lease hold rights after seven years, the sub-lessee/lessee can appeal for its restoration within 30 days of issue of the notice. In such cases the Lessor can review his decision on payment of sum calculated @ 25 per cent of the market value of the plot. In case of restoration of lease hold rights, the sub-lessee/lessee will be entitled to composition free period of one year and thereafter extension charges @ Rs. 2, Rs. 2, Rs. 2 & Rs. 4 per sq. mtr. for every successive year upto 4 years.

(v) For the purpose of these rules a building will be deemed to be completely constructed on the date when Municipal Corporation Licence for the factory located to be located has been obtained or amendment has been got made in the Sales Tax Regn. Certificate or new sales tax certificate has been issued or completion certificate from the competent authority has been issued. For the purpose of this rule a building will be

deemed to be constructed (completely or a portion thereof) if the said construction is in accordance with the approved building plan.

(vi) Above rules shall be subject to the following exceptions:

(a) In all cases where size of a plot attracts the provisions of the ULCR Act, period taken from the date of submission of exemption application to the date of issue of exemption order shall be excluded.

(b) In all cases where stay orders have been issued by the courts, the period of stay shall be similarly exempted provided the stay order specifically prevents the allottee from undertaking/completing construction.

(c) Where a lessee/sub-lessee has exhausted the permissible period of construction during his life time and has incurred liabilities for late construction, his legal heirs would not be entitled to any indulgence after his death. If 'penalty free' period has not been exhausted during life time of the lessee his legal heirs shall be allowed one year from his date of death, free of composition charges for constructing the building. No concession shall be given to lessee/sub-lessee account of his serious illness etc.

Sub-letting. 1. (i) The minimum area to be sub-let shall not be less than 250 sq. ft.

(ii) The maximum area to be sub-let shall not exceed 50 per cent of the permissible floor area.

(iii) Each industrial unit seeking permission to sub-let will have to prove that the space to be sub-let is surplus.

(iv) Not more than three tenants shall be permitted in one premises.

(v) The office/storage space will not be permitted to be sub-let.

(vi) The trade to be run by the tenants will have to be permissible in that industrial area as per the Zonal plan.

(vii) While submitting the application for permission to sub-let, a plan of the built up space as well as of the area to be sub-let will be submitted by the applicant/industrial unit.

(viii) The fee @ Re. 1/- per sq. ft. per month shall be recovered on annual basis but for a period not exceeding five years or till there is change in tenancy

whichever is earlier. ~~the permission to sub-let can be renewed for similar period~~

(ix) The tenant could be permitted to pay the fee on behalf of the lessee, if he so likes, but this payment will be in the name of the lessee.

(x) Where the lessee/sub-lessee of an industrial plot, exceeding 2,000 sq. metres, has obtained exemption under the U.L. (C&R) Act, 1976 on the ground that this entire area is required by him for his bonafide use, the permission to sub-let shall not be granted.

(xi) All conditions and restrictions regarding the sub-letting will also be applicable to industrial plots, which might have been purchased in open auction.

(xii) If a "Sister Concern" is proposed to be allowed in the industrial premises, it will require approval and payment of fee.

(xiii) If persons constituting partnership fall out with each other and want to do their business separately in the same premises the sub-division of the plot will not be permitted but the premises built upon the plot could be sub-divided that each person may be able to do his separate business.

This permission will be granted without charging any fee and it will be valid only if they carry on the business themselves without including anyone else as partner.

2. The application has to be made in the prescribed form obtainable from the Department on payment of Rs. 5/-.

3. Those who have already let out their industrial premises should also submit application in the prescribed form for regularisation giving all relevant details. In such cases, fee for sub-letting at the prescribed rate from the date when sub-letting took place shall be charged.

4. The above rules will also apply to industrial sheds leased on rent-hire-purchase basis.

General

All powers under the above policy will be exercised on behalf of the Lessor by concerned Heads of Depts. except the powers for the determination, cancellation of lease or allotment of plots.

Amendments brought vide order No. F. 2(77)-Land/ DI/Misc/87/414-475 dt. 14-11-90 & vide order of even No. dt. 16-11-90 have been incorporated in the above guidelines. These relate to minimum area that can be sublet (250 sq. Ft. instead of 500 Sq. Ft.), No's of tenants are three instead of two, fee @ Rs. 1/- per sq ft per month instead of Rs. 0.20 per Sq. 1/- per month, and period of subletting as five years instead of three yrs.