GOVERNMENT OF KERALA

Abstract

Industries Department – Development Area and Development Plots – Rules for lease of land for Industrial purposes – Approved - Orders issued.

INDUSTRIES (F) DEPARTMENT

G.O. (Ms) No. 17/2016/ID. Dated, Thiruvananthapuram, 30/01/2016.

2. G.O. (Ms) No. 60/13/ID dated 10/06/2013.

ORDER

Government are pleased to order that land in Development Areas and Development Plots may be leased out for Industrial purposes in accordance with the Rules appended to the Government Order.

(By Order of the Governor),

P. H. Kurian,
Principal Secretary to Government.

The Director of Industries & Commerce, Thiruvananthapuram.
The General Manager, District Industries Centres.
Revenue Department.
Stock file / Office Copy.

Forwarded / By order,

Section Officer.

Copy to :-
The Director, I&PRD. (for publishing in the Media).
Web & New Media (for publishing in the Government Web site)
RULES FOR LEASE OF LAND IN INDUSTRIAL DEVELOPMENT AREA AND DEVELOPMENT PLOT FOR INDUSTRIAL PURPOSES – 2016.

In supersession of the rules for lease of land in Development Areas and Development plots for industrial purposes issued as per G.O.(MS)420/68/ID dated : 22/10/1968, the Government of Kerala hereby make the following Rules for the lease of lands in Industrial Development Areas and Development Plots, namely :-

1. **SHORT TITLE**
   These rules shall be called **RULES FOR LEASE OF LAND IN INDUSTRIAL DEVELOPMENT AREA AND DEVELOPMENT PLOT FOR INDUSTRIAL PURPOSES - 2016.**

2. It shall come into force with retrospective effect from **10/06/2013.**

**Chapter I**

3. **DEFINITIONS**
   In these Rules unless the context otherwise requires
   a) “Allotment” means allotment of land by the Competent Authority of land referred in Clause (h) below on application by an entrepreneur after satisfying all the norms laid down in the allotment rules.
   b) “Allottee” means an entrepreneur to whom land has been allotted by the competent authority for setting up an enterprise.
   c) “Collector” means Collector of the district having jurisdiction over the industrial area.
   d) “Common facilities” means facilities such as road, electricity, water, effluent treatment plant, banking facilities, telephone, internet, lift, security cabin, security personnel, common lighting, common parking areas, conference hall, administrative office and other common facilities intended for administering and maintaining the industrial premises, not intended to be used by any particular industrial unit and which facilities are used in common by all industrial units.
e) "Competent Authority" means the Director of Industries and Commerce or any other authority with whom land is vested and is empowered to administer and manage the land so vested including power to allot, lease or otherwise dispose of such land under these Rules.

f) "Government" means Government of Kerala.

g) "Industrial purpose" means any activity connected with manufacturing or production of goods or for rendering of services directly assisting manufacturing units as defined under clause (p) below and also service industries such as logistics, facilities including godown, food courts, hotel, canteen, conference hall, petrol/diesel pumps, cold storage etc to support the industries in DA/DP as per G.O(Rt) No. : 224/2014/II dated 19/12/2014.

h) "Land" means land vested with the competent authority on acquisition by Government, land transferred or assigned by the Government or Local Self Government Institutions, land purchased directly by the competent authority, land on lease by Government for the purpose of developing the same for industrial purposes.

i) "Lease" means the right of enjoyment of the land granted by the competent authority for fixed term for a consideration which is lease premium or lease rent or both for industrial purposes.

j) "Lease Premium" means a lump sum compensation payable by the Licensee in consideration of lease of land for setting up industrial enterprise as a onetime down payment or in installments.

k) "Lease rent" means a payment to be made annually by the allottee of land on execution of lease deed, in addition to the Lease Premium during the term of lease.

l) "Lessee" means any individual, firm, Association of individuals, Company registered under the Companies Act 1956, a Society registered under the Societies Registration Act 1980 or under any other law for the time being in force in the State, self help groups, Non Governmental Organizations or any other entity to whom land has been allotted on lease basis for industrial purposes under these rules and who has executed the lease deed.

m) "License" means the written permission granted to the Licensee by the competent authority under an agreement to enter upon the land for undertaking developmental activities including construction on the allotted land after obtaining necessary...
licenses/certificates/clearances from the statutory authorities or agencies for setting up the industrial unit prior to the execution of lease deed.

n) “Licensee” means any individual, firm, Association of individuals, Company registered under the Companies Act 1956, a Society registered under the Societies Registration Act 1980 or under any other law for the time being in force in the State, self help groups Non Governmental Organizations or any other entity to whom land has been allotted on lease basis for industrial purposes under these rules and who has executed the license agreement only but not executed the lease deed.

o) “License cum Lease Agreement” means the agreement executed between the competent authority and Licensee towards permitting the Licensee to enter into the premises allotted to the Licensee and also permitting the Licensee for undertaking developmental activities including construction on the allotted land after obtaining necessary licenses/certificates/clearances from the statutory authorities or agencies for setting up industrial units and running the industrial unit thereafter.

p) "Manufacturing Unit" means any industrial unit engaged in the processing of raw materials into finished product, the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries ((Development and Regulation)Act,1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.

q) "Project Report" means a techno economic viability report or feasibility report of the proposed industrial activity prepared by the entrepreneur to be submitted along with the application for allotment of land on lease.

r) “Rules” means RULES FOR LEASE OF LAND IN INDUSTRIAL DEVELOPMENT AREA AND DEVELOPMENT PLOT FOR INDUSTRIAL PURPOSES - 2016.

s) "Sick Unit" means any industrial enterprise which satisfies the definition of Sick Industrial Unit as defined by RBI guide lines from time to time.

t) “State” means State of Kerala.
Chapter II

a) **Period of lease**: Land will be allotted only for industrial purposes on lease basis for a term not exceeding 30 years. Land not exceeding 5% of the land area in DA/DP will be allotted for service sector industrial purpose as per G.O(Rt) no:224/2014/ID dated 19-12-2014 for a term not exceeding 30 years. This term is eligible for extension for another 30 years, subject to their satisfying the terms and conditions of the earlier lease.

5. **License cum Lease Agreement**: Once the allottee has accepted the allotment and remitted the prescribed lease premium as down payment as per the allotment letter (FORM A), the allottee is required to enter into the license cum lease agreement in FORM B within 30 days from the date of allotment. Once the license cum lease agreement is executed, the licensee will be permitted to enter up on the land and do the following acts-

(i) Submission of application for clearances/plans and drawings for the construction of the building.

(ii) Obtaining clearance from local authority/single window clearance Board, pollution control Board and other statutory authorities.

(iii) Commencement of construction of the Buildings.

The Licensee shall get the license cum lease agreement registered with the registering authority within 3 months from the date of execution of the agreement at his cost and furnish the same before the competent authority for record purpose. In case the land is intended to be mortgaged, the licensee shall produce two copies of the agreement, for the competent authority to keep one copy of the lease deed with him and hand over another copy to the financial institution which finances the unit.

6. If the licensee is not able to commence production of the industrial unit within the period as specified in the License cum Lease agreement, for whatsoever reasons, but has made substantial investment in the form of construction of factory building, he shall apply for extension before the competent authority and remit 5% of the lease premium, as a penalty and may get an extension for 6 months at the sole discretion of
the competent authority. Another extension for a period of six more months is possible at the discretion of the competent authority on applying for such extension and on remittance of 10% of the lease premium as penalty. The 3rd extension of six more months at a penalty of 20% of the lease premium and 4th extension of six more months at a penalty of 25% of the lease premium is also permissible. But after this period, no further extension will be allowed and the land allotted will be resumed forthwith. The licensee will not be permitted to alter the constitution of the firm or change the original project in whatever manner or transfer the unit during this period (s).

Application of the licensee for extension of the license period should be received before the Competent Authority before 30 days from the expiry of the license period. However, the Competent Authority can condone delays for valid recorded reasons for a period of a further 30 days. The applications should be disposed off within 45 days from the date of submission of the application. If the reason is not justified the application has to be rejected. If the competent authority fails to take a decision within the specified period, it will be considered as deemed extension.

Appeal against the order of the competent authority: If the competent authority is the General Manager, District Industries Centre appeal shall be filed with the Director of Industries & Commerce and if the competent authority is the Director of Industries & Commerce then before the Government in Industries Department as the case may be. The appeal application shall be submitted within a period of 15 days from the date of receipt of the order. The Appellate Authority shall dispose off the appeal within 45 days from the date of receipt of the appeal.

Revocation of License / Lease: In case the licensee fails to observe the terms and conditions contained in the license / lease agreement within the specified period or otherwise acted in breach of the license / lease agreement, the competent authority shall issue notice of 15 days and after hearing the licensee/lessee, the competent authority shall revoke the license / lease and resume possession of the land, except in cases where the circumstances were beyond the control of the licensee / lessee, which shall be duly recorded by the competent authority and grant a period of 30 days for the licensee / lessee to comply with the terms and conditions. If the licensee fails in commission the industrial unit before the end of the stipulated period or the extended period mentioned above, the license shall stand cancelled and the land will be
resumed. The license is also liable to be cancelled if the licensee fails to remit the lease premium as per rule 18 or execute the lease deed within the period stipulated under Rule 10. In case the license is revoked the EMD remitted by the licensee will be forfeited.

Lease Deed: Once the licensee has fulfilled the terms and conditions contained in the license cum lease agreement within the stipulated license period or any extension granted by competent authority and has fully remitted the lease premium and the unit has started commercial production, he shall within 15 days of starting commercial production make a formal intimation towards the commencement of commercial production of the unit before the competent authority. The license agreement shall be deemed to be lease deed for the remaining period of lease. In special circumstances when the Licensee has obtained all clearances and has made substantial progress in the construction activities and has remitted the entire lease premium and gives an undertaking to complete the project within the license period, the competent authority may at its sole discretion permit the mortgage of the industrial land to enable the Licensee to avail finance from Banks/financial institutions for meeting part of the cost of the project.

Lease Rent: The lessee is liable to pay lease rent for each year remaining in the lease period, from the date of execution of lease deed. The lease rent shall be paid annually before the completion of each year from the date of lease agreement. The rate of the annual lease rent shall be Rs. 1000 per annum per acre.

Chapter III

GENERAL CONDITIONS

12. The Licensee/lessee shall not sublet, underlet, assign, transfer or otherwise create any encumbrances of the land under any circumstance.

13. The Licensee/lessee shall pay land tax, building tax and all other kinds of taxes, cess etc. if any, payable, to the local authority and other Governmental Agencies from time to time in respect of the land and furnish a copy of the receipt to the competent authority for record purpose.
14. The Licensee/lessee shall not alter the survey boundaries of the property and excavate the sand and minerals from the land except for the foundation of the building proposed to be constructed for setting up the unit as per the plan approved by the appropriate authority.

15. The Licensee/lessee shall not cut and remove any trees standing on the land, except when it is absolutely necessary for removing earth for foundation with the consent of the competent authority. The Director of Industries & Commerce will have full authority to dispose of all such materials in public auction.

16. The Licensee/lease is liable to be cancelled if the Licensee/lessee contravenes any of the provisions mentioned above.

17. The Lessee can be permitted by the competent authority to mortgage the leasehold rights of the property to raise finance for the industrial unit situated in that land after executing a tripartite agreement.

18. In case the lease is not renewed the land will automatically vest with Government.

**Chapter IV**

**FIXING OF LEASE PREMIUM:**

19. The lease premium is a lump sum compensation payable by the Licensee in consideration of the lease of land either in one installment or in installments depending on the demand of land in a particular industrial area/plot. Lease premium for any particular area of land shall be fixed taking into account the following factors:

- a. In the case of land is acquired through land acquisition proceedings through revenue department under the Land Acquisition Act 1894, the actual cost of acquisition including administrative charges of the revenue department plus administrative overhead and development charges incurred by the competent authority. Cost of rehabilitation packages of displaced land owners shall be taken as part of the land acquisition cost. Any enhancement of compensation awarded by the Court in Land Acquisition reference cases (LAR cases), the same shall be added to the land acquisition cost.
b. in case the land is acquired through outright purchase on negotiations from the land owners, the value of land shall be taken as the actual cost of land plus stamp duty, registration and other expenses incurred by the competent authority and administrative overhead and development charges incurred by competent authority.

c. In case the land is transferred by Government/Local self Government institutions as grant or lease or under assignment, the value of land determined by the District collector plus administrative overhead and development charges incurred by the competent authority.

The total cost of land shall be the value in (a), (b), or (c) as the case may be or the fair value of land fixed by Government from time to time whichever is higher, shall be considered as the lease premium of the land in question. 40% of the lease premium shall be remitted by the Licensee in full as an upfront payment before executing the license agreement. The remaining 60% of the lease premium shall be remitted by the licensee in 2 equal installments within one year from the date of execution of the license agreement. The first installment shall be due six months from date of execution of the license agreement. The lease premium shall carry an interest @ 9% of the lease premium (interest will be on the 60% of lease premium only) which is also to be remitted in 2 equal installments along with the installment of lease premium. Failure or delayed remittance shall attract a penal interest @ 2% of the amount defaulted. Failure in the remittance of the installments of lease premium dues for a period of more than 6 months shall be considered as a breach of license agreement and the competent authority shall resume the allotted land under proper intimation to the Licensee.

d. The charges for using any common facility provided and usage charges of these facilities shall be charged separately in addition to the lease premium fixed.
Chapter V

TRANSFER AND CHANGE OF POSSESSION:

20. Transfer of lease hold interest on land: The Licensee/lessee shall not be permitted to transfer, assign, land allotted under these Rules for five years from allotment. Subletting is totally prohibited. Any transfer after 5 years without the consent of the competent authority by any mode during the lease period shall be treated as a breach of the terms and conditions of the lease deed and competent authority shall have the right to terminate the lease deed and resume possession of the land. Change of constitution of Partnership by inducting new partners, change of constitution from proprietorship to partnership, change of composition of Board of Directors of the Company, transfer of shareholding in a company by the existing promoters with a view to change of management. Sale of substantial part of the assets of the company shall be deemed to be transfer under these Rules. However, in the following circumstances, a transfer of leasehold interest on the land is allowed with the written consent of the competent authority:

(a) a fully owned subsidiary incorporated as a Special Purpose Vehicle for implementing the project, provided that the subsidiary is formed during the period stipulated for commencement of production of the unit.

(b) if the unit is closed down or sick and a proposal is received for takeover of the unit by a new entrepreneur with a viable scheme. The revival package shall also contain provisions for clearing all dues/liabilities till the take over of the unit and new entrepreneur shall give an undertaking to discharge all the obligations under the lease deed for the remaining period of lease and implement the revival package within the time stipulated by the competent authority.

(c) To the legal heirs of the deceased entrepreneur in the case of sole proprietorship.

(d) Request for the transfer of land shall be submitted to the competent authority jointly by the transferor and the transferee. Any request for transfer of land (lease hold interest) or change of constitution shall be entertained only if the lessee remits 10% of the total lease premium as the processing fees. Any change of ownership by transfer without prior consent of the competent authority may be regularized by the competent authority at his discretion by levying a penalty of not less than 50% of the total lease premium. Failure to remit the penalty within 30 days of issue of
demand notice shall be treated as breach of lease deed and shall lead to resumption of the land.

Chapter VI

CHANGE OF PRODUCT OR INDUSTRIAL ACTIVITY:

21. The Licensee shall not change the proposed product or activity within the license period.

22. A Lessee shall be allowed to change over to new product/activity after years of allotment and that too in the following circumstances:
   i. The existing product has not much demand in the market.
   ii. Due to change of policy of the Government the existing product/activity is not a permissible industrial activity.
   iii. If the permission from Pollution Control Board or other statutory authority is not forthcoming for the product originally envisaged.
   iv. On transfer of land the new entrepreneur wishes to change the product as an ancillary to his exiting industry.
   v. When a unit is merged with any other unit under a scheme of amalgamation or merger.
   vi. For any other valid reason when the competent authority considered desirable that a change of product/activity is to be allowed.

Provided however the competent authority at its absolute discretion shall reject 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. The Lessee shall remit 10% of the total premium as processing fee along with the application for change of product/industrial activity. If no decision is communicated by the competent authority within forty five days, the permission requested for is deemed to have been granted by the competent authority.

If any change of activity or product is made without the prior consent of the Competent Authority, the Lessee shall remit an amount equal to 25% of the total lease premium as penalty to get this change regularized. If the Lessee undertakes any
activity not permissible in the industrial land, then this action shall be treated as
breach of the Rules and the land shall be resumed forthwith.

Chapter VII

TERMINATION AND RESUMPTION OF LAND:

34. In the following circumstances the Competent Authority has the power to
terminate the lease and resume possession of the land:

(a) If the Licensee fails to commence commercial operation within the
stipulated time in the agreement or within the extended time under Rule 6
(b) If the Licensee/lessee fails to pay the lease premium or any other payment
due to the competent authority whether demanded or within the period stated
anywhere in the Rules.
(c) When the industrial establishment is closed down or wound up or not
found functioning for a period of 6 months or more.
(d) When the Licensee/lessee acted in contravention of the terms and
conditions contained in the License/Lease deed.
(e) If the Licensee/lessee transfers or attempt to transfer the industrial unit
without the permission of the competent authority.
(f) If the Licensee/lessee changes the industrial activity which is detrimental to
the industrial activity carried on by other industrial units within the industrial
area.

35. (b) Before terminating the License/Lease, the competent authority shall give
sufficient notice to the Licensee/lessee (not less than 30 days) to rectify the
default/breach committed by the Licensee/lessee specifying the default or
breach and if the Licensee/lessee fails to rectify the default or breach within
that time, the competent authority shall terminate the License/Lease and
resume possession of the land.

(c) If the leasehold land is mortgaged to any bank/Financial Institutions with the
permission of competent authority, notice of termination shall also be sent to
such Bank Financial Institution.

34. In the event of termination and resumption of land by the competent authority:
a) In cases the Licensee/lessee has paid the total lease premium for the entire term of lease, the Licensee/lessee will be refunded proportionate lease premium for the unexpired term of lease after deducting there from any amount found due from the Licensee/lessee and 10% of lease premium as liquidated damages.

b) In cases the Licensee has paid only a portion of the lease premium which is sufficient to recover the lease premium up to the date of termination, the balance amount will be refunded to the Licensee after deducting there from 10% of lease premium as liquidated damages.

c) In case the Licensee/lessee has put up any industrial building and erected plant and machinery and other equipment, and if Bank or financial institution has charge over such assets, the 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.

d) In case the lessee has put up any industrial building and erected plant and machinery and other equipment without any financial assistance from bank/financial institution, and new entrepreneur comes forward to purchase those assets including the lease hold right for the remaining period, the competent authority may facilitate a transfer of the assets and the lease hold rights of the land to the new entrepreneur on the condition that the new entrepreneur should pay the difference in lease premium as prevailing at the date of transfer to enforce the security and also subject to other conditions in these rules especially Clause 20. If no taker for the land and the unit could be identified within a period of three months, the Licensee/lessee shall be asked to dismantle the machineries, demolish the superstructure and remove these at his own cost within a further period of two months.

25. All the expenses for the preparation, execution, registration of the document to be executed under or in respect of or by virtue of assumption or resumption under these rules shall be borne by the Licensee/lessee.

26. **Surrender of land**: If any Licensee/lessee intends to surrender the plot or any part thereof for any reason, the Competent Authority may accept it on such condition as it may think fit. The competent authority in such cases retain such part of the security
deposit lease premium and refund the balance of the premium to the Licensee/lessee as explained below:

If surrendered within six months EMD will be forfeited. If surrendered within one year EMD will be forfeited and 10% of lease premium will be deducted. If surrendered within 2 years EMD will be forfeited and 15% of lease premium will be deducted. If surrendered within 3 years EMD will be forfeited and 20% of lease premium will be deducted. If surrendered after 3 years resumption will be taken and 25% of lease premium will be deducted. The decision of the competent authority shall be final.

Chapter VIII

MORTGAGING OF LAND:

The leasehold rights of land shall be permitted to be mortgaged to bank/Financial Institution for raising finance for the project, on the basis of a request from the Lessee. Land cannot be mortgaged as security for any other loan other than the one agreed upon by the competent authority. On creation of charge with the permission of the competent authority, the Bank/Financial Institution will get first charge over the leasehold interest and other assets created over the land. Once the mortgage is created, the Bank/Financial Institution shall give notice of creation of charge to the Lessor/competent authority as otherwise such charge will not be recognized by the competent authority. In order to ensure creation of charge, a tripartite agreement in FORM D has to be executed among the Lessor, Lessee and Bank/Financial institution based on a letter of intimation permitting mortgage in FORM C issued by the competent authority. However, this land should not be attached for collecting dues of any nature like sales tax dues, Provident Fund, Excise duty, bank loan etc from the unit.
RECOVERY PROCEEDINGS:

28. All amounts due to Government under these rules in case of default shall be recoverable as if they are arrears of land revenue under the provisions of Revenue Recovery Act.

INSPECTION AND ENQUIRY:

29. The Competent Authority/committee constituted for the purpose of inspection/the financial institution shall conduct periodical check of the premises and inside the units to ensure that the Licensee/Lessee does not violate the conditions stipulated in these rules. The Competent Authority on noticing any violation or on any violation brought to his notice in writing by any of the aforesaid inspection/enquiry agency, shall initiate immediate necessary action/steps for resumption of the land or any action the Competent Authority deems fit, with due notice to the Licensee/Lessee and after obtaining explanation within a period of 15 days from the Licensee/Lessee.

30. Right to draw electric, telephone, drainage and sewage line: The competent authority shall have the right to enter up on the land and draw electric, telephone, drainage and sewage line through the land allotted causing minimum disturbances to the industrial unit after giving 48 hours notice and also for repairing and maintaining such facilities. In case of emergency the competent authority can enter the land without notice.

Appendixes:

1. FORM A - Allotment Letter
2. FORM B - License cum lease agreement
3. FORM C - Letter of intimation towards mortgage
4. FORM D - Tripartite Agreement
FORM - A

ALLEOTMENT LETTER

To,

Sir,

Subject:- Industries - Allotment of land in Industrial Development Area/Plot


ref:- (i) Your application for land dated......

(ii) Minutes of the Selection Committee held on .......

1. Please refer to your application referred above, for allotment of ..........cents/ acres of land in Industrial Development Area/Plot. ........for setting up a unit engaged in the manufacture of ..................

2. Government has considered your request for the allotment of a plot admeasuring .......... cents/ acres on lease hold basis for a period of 30 years in the Industrial Development Area/Plot .............. for setting up a unit for the manufacture of .......... ..................

3. The proposed unit should not cause any pollution, necessary control measures as prescribed by the State Pollution Control Board are to be put in place by the allottee, for which an “Undertaking” in stamp paper worth Rs. 100/- (Rupees Hundred only) has to be submitted by the allottee in format attached to this intimation.

4. Allotment will be subjected to all the statutory clearances including the “consent to establish” from the Kerala State Pollution Control Board.

5. The current rate of lease premium payable in respect of the industrial land in this Development Area/Plot is Rs............. (Rupees ......................... only) per cent/acre.

6. Service tax as fixed by Government of India from time to time, is applicable on any payment made towards lease premium, annual lease rent etc.

7. Terms of Payment

1) Lease Premium

The terms of payment of the lease premium amount is:

(a) Full down Payment

100% of the current lease premium on land has to be remitted within 30 days of receipt of the Allotment Letter.
(b) In Installments as follows:

(i) A minimum of 40% of the lease premium has to be remitted as down payment within 30 days of receipt of Allotment Letter.

(ii) The balance amount of 60% of lease premium has to be remitted in 2 equal installments within a period of one year from the date of execution of the lease deed along with an interest @ 9% of the lease premium (balance 60%) which is also to be remitted in 2 equal installments.

III) Lease Rent

The rate of the annual lease rent shall be of Rs. 1000/- per annum per acre.

III) Monthly Common Facility Charges

In case a Common Service Facility is provided in the Industrial Development Area Plot, then, the allottee has to pay the monthly facility charges fixed by the competent authority before 7th day of every month towards the maintenance costs of the common facilities in the Industrial Development Area Plot.

(iii) Utility Charges

(i) Electricity charges have to be paid by the allottee as per the tariff fixed by the Kerala State Electricity Board from time to time.

(ii) Water charges have to be paid by the allottee as per the tariff fixed by the Kerala Water Authority from time to time.

8. You are therefore requested to remit the lease premium and execute the license cum lease agreement within 30 days from the date of receipt of this communication as envisaged in clause 7(i).

9. In the event the competent authority do not receive the remittance and signed agreement within the time limit of 30 days, it will be presumed that you are not interested in the land and competent authority consider ourselves free to allot the same to any other person. No correspondence in connection with this offer will be entertained thereafter.

10. The amount referred to in paragraph 9, should be paid by way of Bank Demand Draft drawn in favour of the Director of Industries & Commerce payable at Trivandrum. Applications received with Cheques will not be entertained.
11. The Earnest Money Deposit if any paid will be forfeited if the entrepreneur fails to accept the final allotment after it is communicated or fail to execute the License cum lease agreement.

12. The Government reserves the right to reject the application altogether citing the reason thereof.

13. This intimation letter (Form A) forwarded does not construe any right on the part of the applicant against allotment of land.

General Manager,
District Industries Centre.

Format of Undertaking:

**UNDERTAKING**

I/We.......................(name)..........................(designation), representing M/s.............. ................ (name of unit), hereby undertake that I/We are being allotted an extent of ...........cents/acres of industrial land in Industrial Development Area/Plot for setting up an industrial unit for the manufacture of ..................

I/We undertake that I/We ensure that my/our unit will be set up in such a way that it will not cause air pollution, noise etc and if any caused, necessary control measures as prescribed by the State Pollution Control Board will be put in place and that I/We also undertake the I/We shall commence commercial production of the industrial unit only after getting all the statutory clearances including the “consent to establish” from the Kerala State Pollution Control Board and all other statutory clearances, if any, required from other statutory agencies.

Place :  
Date : (seal)  
Signature
Name
Designation
FORM - B

LICENCE CUM LEASE AGREEMENT

THIS AGREEMENT OF LICENCE CUM LEASE made at ..........................this the ..........th day of ...............Two thousand ......... BETWEEN General Manager, District Industries Centre, representing Government in the Industries Department for and on behalf of Governor of Kerala represented by its General Manager Sri Smt.................................................... aged ........ (........) years, son of Sri ..................... residing at ......................... (hereinafter called the LICENSOR, which expression shall, unless repugnant to the context, be deemed to include its successors and permitted assigns) OF THE ONE PART AND ........................................... a partnership firm constituted under Indian Partnership Act, 1932, having its Principal place of business at ...................................... ................................. a company registered under Indian Companies Act, 1956 having its registered office at .............................. represented by its ..........................................................Sri ......................... aged ............. (............) years, son of ...................... residing at .............................. (hereinafter called the LICENSEE, which expression shall, unless repugnant to the context, be deemed to include its/ his successors and permitted assigns) OF THE OTHER PART.

WHEREAS the Licensor is the absolute owner of the property comprising ........... acres (............hectare) in Survey Nos. ...................... Village: ...................... Taluk: ...................... District: ............. ....... Kerala State, and more fully described in the First Schedule hereunder written being part of Industrial Development Area/Plot, .............................................

AND WHEREAS the Licensee has applied to the Licensor for a lease of the property described in the First Schedule hereunder written for a term of 30 (thirty) years commencing from ........ ......................

AND WHEREAS the Licensor has agreed to grant a Licence to the Licensee permitting it to enter upon the said land for the construction of a building and such other activities for setting up and running an industrial unit for manufacturing and WHEREAS the said industrial project is to be completed and commence production within a period of 1 (one) year from the date hereof:

[Signature]
AND WHEREAS the Licensor has agreed that on the completion of the construction of the said building and commenced production in the establishment in terms hereof, the Licensor will grant to the Licensee a lease in respect of the said property for the balance period of 30 (thirty) years excluding the license period on the Terms and Conditions contained therein;

NOW THIS AGREEMENT witnesses as follows:

(1) During the period of 1 (one) year commencing from the date hereof the Licensor will permit the Licensee to do the acts and things specified in the Second Schedule hereto, over the land described in the First Schedule hereto.

(2) The Licensee will pay the Licensor for such permission an amount of Rs. ................. (Rupees ......................... only), being 40% of the premium calculated at the rate of Rs. ........../- (Rupees ......................... only) per acre, payable in respect of the lease when executed as estimated at present. The balance estimated premium of Rs. .............. (Rupees ................... only) being the remaining 60% of the lease premium shall be paid in two equal installments within one year from the date of execution of lease deed. If a lease deed is executed between the parties in respect of the said land as herein contemplated, the Earnest Money Deposit will be adjusted against the premium payable in respect of the Lease at the time of execution and registration of the Lease Deed.

The lease premium is based on the present day cost of acquisition of the premises hereby licensed or Fair value fixed by Government from time to time whichever is higher and if additional compensation becomes payable as a result of any orders of any Court in proceedings pursuant to the provisions of the Land Acquisition Act, the premium payable will get enhanced to that extent worked out proportionately based on the total additional compensation payable in respect of the land covered by Industrial area/plot, ............... and the Licensee will be liable to pay the same as and when called upon to do so.

(3) The Licensee is liable to pay service tax on the lease premium at the applicable rate from time to time, the licensee has already paid an amount of ' ........../- (Rupees .......... only) being 12.36% service tax or any such rate fixed by Government from time to time on this account.

The Licensee shall pay the Licensor the proportionate cost of the common facilities such as maintenance of roads, provision of lighting, etc as well as the cost of
administration of the Industrial Area/plot .... commencing after completion of 6 months from the date of signing of the license agreement or from the date of commencement of the construction activities whichever is earlier. The amounts due in respect of this to be paid on or before 7th of every month, failing which the licensee will be liable to pay 14.75% per annum or such rate as may be fixed by the Licensor from time to time.

The Licensee shall pay electricity charges as per the tariff fixed by the Kerala State Electricity Board and pay the water charges as per the tariff fixed by the Kerala water authority from time to time.

If the Licensee makes default in the payment of the Licensee fee, Premium and/or interest as provided herein before or does not complete the construction of the building and commence production in the establishment within the period of the Licence or extension thereof or commits any other breach of the provisions of this Deed the Licensor shall be entitled to revoke this Agreement and the Licensee shall therefore forfeit all his rights here under and shall remain liable for any sum then due by him and also for any loss which may be caused to the Licensor by reason of such default and in such an event the amount paid towards premium referred to above will be refunded to the Licensee without interest but after forfeiting the Earnest Money Deposit and deducting any amounts due to the Licensor from the Licensee.

If the Licensee has for justifiable reasons not completed the construction of building during the period of the Licence, then on application by the Licensee the Licensor may at its sole discretion grant an extension of the Licence period without affecting the total period of the Licence and Lease, viz., 30 (thirty) years.

If the Licensee has completed the construction of the building as provided in the Second Schedule hereto and commences production in the establishment within the period of the licence or its extension, the Licensor agrees to grant a Lease of the property mentioned in the First Schedule for a period of 30 (thirty) years reduced by the period of the Licence in terms of the provisions of the lease agreement described in the Third Schedule hereto. If the Licensee does not comply with such terms and conditions the Licensee shall be at liberty to remove the structures erected and other improvements made by him without any claim to compensation whatever and restore the premises to its original condition within such time as directed by the Licensor. If the Licensee does not remove the building and fixtures as aforesaid or restore the
promises to its original condition as required and within the time prescribed, the Licensor shall have the right to remove such buildings and fixtures and restore the said premises to its original condition and the cost of such removal and restoration shall be realised from the said materials and the balance, if any, from the Licensee by adjustment against the amount deposited referred to above or otherwise. In case there is any amount left from the sale price so removed or amount deposited after the adjustment of the amounts referred to above, the same shall be refunded to the Licensee without any liability for payment of interest.

(v) The proposed unit should not carry out any other activities, which are harmful to other industrial units coming up inside the DA DP and environment.

(vi) It is further declared that the Licensee is bound by the provisions of the Land Disposal Regulations framed by the Licensor as well as any modifications thereof from time to time.

(vii) The Licensee shall not carry out any excavation in the land allotted to them for digging borewell for water and for any other activity relating to the business of the unit or for any other purpose without prior permission of the Competent Authority.

(viii) In case the Licensee makes default in payment of the lease premium and any other amount due in terms of the License Deed and the same is not paid on demand by the Licensee, the Licensor has the right to proceed against the Licensee and all his assets under the provisions of the Kerala Revenue Recovery Act, 1968.

FIRST SCHEDULE HEREAFTER REFERRED TO :-

District


Sub-District


Village


Pirka


Muri


Tenure


Block No


Survey Nos.


Area


BK 2000
DESCRIPTION:

An extent of ............ acre (.........hectare) of dry land in Survey Nos. ...............
situated in .................. Village. .............. Taluk ............. District, Kerala State.

BOUNDARIES:

North : 
East : 
South : 
West : 

SECOND SCHEDULE HEREIN BEFORE MENTIONED:

1) The Licensee shall be entitled to enter upon the land licensed to it / him only for the
construction of the building for setting up and running an industrial unit for
manufacturing..........................

2) The Licensee shall, within three months from the date hereof, submit the Plans and
Drawings prepared by it for the construction of the said building for the approval of
the Licenser and the Licensee shall proceed with the construction of the building only
on getting the written approval thereof from the General Manager, District Industries
Centre concerned of the Licenser and complete all activities in terms of the following
programme as enjoined by clause (6) of this License agreement.

<table>
<thead>
<tr>
<th>Item No</th>
<th>Description</th>
<th>Maximum Period from the date of licence agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Submission of application for clearances/ plans and drawing for the construction of the buildings</td>
<td>3 months</td>
</tr>
<tr>
<td>2</td>
<td>Completion of construction of the buildings</td>
<td>6 months</td>
</tr>
<tr>
<td>3</td>
<td>Completion of Installation of plant and machinery</td>
<td>9 months</td>
</tr>
<tr>
<td>4</td>
<td>Commencement of commercial production</td>
<td>12 months</td>
</tr>
</tbody>
</table>

6) The Licensee shall comply with all the Building Regulations including the Kerala
Building Rules.
A copy of the Plan duly approved by the General Manager, District Industries Centre or competent authority shall be furnished to the Licensor within ten days of receipt of the same from the General Manager, District Industries Centre or competent authority.

Any alterations to the Plans made as a result of any directions of General Manager, District Industries Centre or competent authority shall be furnished to the Licensor immediately on receipt of the same and the Licensee shall proceed with the construction of the building only after getting the approval of the Licensor as above to the said alterations.

All Survey Boundary Marks demarcating the boundaries of the land described in the First Schedule hereto shall be properly preserved, and in addition the Licensee shall construct a boundary wall or boundary fencing for the entire periphery of the land described in the First Schedule hereto.

In the event of there being adjoining lands licensed/leased to other parties by the Licensor, the cost of construction of the boundary wall / fences applicable to the Licensee hereto and other Licensees / Licensees shall be shared by Licensees/Licensees concerned if so directed by the Licensor.

The Licensee shall make his own arrangements for cutting and removing trees necessary for excavation of foundation for construction of the building and other facilities with the prior permission of the licensor at his own cost and hand over to the licensor the trees so cut and removed and the same shall be disposed off by the licensor.

The Licensee shall have no right to take usufructs from the trees standing on demised premises. The right to take usufructs from the demised premises shall exclusively vest with Licensor and Licensor will have the right to give this right to any other person for such period and on such terms as Licensor may deem fit.

THIRD SCHEDULE HEREIN BEFORE MENTIONED:

In consideration of the rent hereinafter reserved and the estimated lease premium of Rs. .......... - (Rupees .......... ........................ only) calculated at the rate of Rs.............. per cent/acre, paid by the Licensee and the agreement on the part of the Licensee to pay any further premium if called upon to do so in terms of the provisions hereof, the LESSOR doth hereby grant UNTO THE LICENSEE a lease of the land more particularly described in the schedule hereunder written TO HOLD
the same for a period of ....... (........) years commencing from ..........., on the
terms and conditions herein contained.

(2) The Licensee shall pay the Lessor during the said term of the lease a yearly rent of Rs.
........ - (Rupees ............... only) payable before the completion of every year from
the date of execution of this lease deed, for a period of ----- years. If the lease rent is
not paid within the said period the same shall carry an interest at 2% per annum for
each day delayed or such rate as may be fixed by the Lessor from time to time.
However, this liability for payment of interest shall not affect the rights of the Lessor
under this Deed.

(3) The premium is paid based on the present day cost of acquisition of the land or fair
value fixed by Government from time to time whichever is higher comprising the
Industrial Development Area/Plot......... of which the leased premises is a part and if
additional compensation becomes payable in respect of the land comprising Industrial
Development Area/Plot........ as a result of any orders of any Court in proceedings
pursuant to the provisions of the Land Acquisition Act, the premium payable will get
enhanced proportionately to that extent and the Licensee shall be liable to pay the
same as and when called upon to do so.

(4) The Licensee shall also liable to pay service tax on the lease premium, lease rent and
common facility charges @12.36% or such other rate that will be prescribed by
Government from to time.

(5) The Licensee shall from time to time and at all times during the said term pay and
discharge all rates, taxes, charges and assessments of every description now subsisting
or which may at any time be imposed, charged, or assessed upon the premises hereby
demised or the building erected or to be erected thereon. The Licensee shall be bound
to pay interest on all overdue payments from the date they become due at 14.75% per
annum or such rate as may be fixed by the Lessor from time to time.

(6) The Licensee shall pay the Lessor the proportionate cost of maintenance of common
facilities such as maintenance of roads, provision of lighting, etc of the Industrial
Development Area/Plot................. The bills in respect of this will normally be sent
every month and should be paid by the Licensee within seven (7) days of receipt of
the same failing which interest at 14.75% per annum or such rate as may be fixed by
the Lessor from time to time, will have to be paid up to the date of payment.
1. The Licensee shall use the said land and the buildings constructed thereon only for establishing ........................................ and shall not make any unnecessary excavation or remove or appropriate any minerals, mineral substances of any description, sand or clay from the said land.

2. The Licensee shall not at any time without the previous consent in writing of the Lessor use the said land or the building thereon or permit the same to be used for any purposes other than that of establishing and running an industrial unit for ........................................

3. The Licensee shall at all times during the said term of the Lease maintain the premises in good sanitary condition and repair and keep the buildings erected thereon in a good and substantial condition.

4. The Licensee shall not assign, transfer or sub-let the premises hereby demised or any part thereof or any buildings erected thereon or any part thereof without the consent in writing of the Lessor. Upon every such assignment, transfer or sub-lease of the demised premises or any part thereof or of the building erected thereon or any part thereof, with the consent of the Lessor in writing and at any time within three calendar months thereafter the Licensee shall deliver a notice of such assignment, transfer or sub-lease to the Lessor setting forth the names and descriptions of the parties thereto and particulars and effect thereof. The grant of permission for transfer of the same will be subject to Rules framed by the Lessor as applicable from time to time.

5. The Licensee shall be liable to pay any levy of charges imposed upon by the Lessor for permitting the assignment, transfer or sub-lease referred to above.

6. The Licensee shall be liable to make his own arrangement with the Kerala State Electricity Board to obtain connection from the supply points available at different locations in the Park on the terms and conditions laid down by the Kerala State Electricity Board. The Licensee shall take adequate steps for internal wiring, electrification of the built-up space constructed by him in the land allotted by the Lessor.

7. The Licensee shall make his own arrangements for internal furnishing works of the built-up area constructed by him in the land allotted to him including water supply, drainage and all other facilities without damaging the other facilities available in the Industrial Development Area Plot.
The Licensee shall install necessary fire fighting equipments in the built-up space constructed by him in the land allotted to him including equipments for fire alarm, as per the requirements of the Department of Fire Force and keeping the equipments in good working order and shall maintain the same at his own cost during the period of the lease.

The Lessor hereby agrees that the Licensee observing all the aforesaid conditions shall peaceably HOLD and ENJOY the said land during the said term of the Lease without any interruption by the Lessor, PROVIDED THAT, upon any breach or non-observance by the Licensee or by any person claiming through or under the Licensee of any of the aforesaid covenants or conditions, the Lessor may, notwithstanding the waiver of any previous cause or right of re-entry, enter upon the said premises and repossess it, as if this Lease had not been granted and thereupon this demise shall absolutely determine and the Licensee shall be entitled within three calendar months from the date of such re-entry to remove all buildings and fixtures, which at any time during the currency of this Lease shall have been erected or affixed by the Licensee upon the said land without any claim to any compensation whatever by the Licensee.

In the event of the Licensee abandoning the activities of the unit on a future date or the Licensee has otherwise acted in contravention of any of the terms, express or implied under which lessor is authorized to occupy such premises, the lessor shall have the right to evict the Licensee from the leased premises and can enter upon the premises and resume the land with prior notice to the Licensee, for that purpose the lessor shall have all the powers.

The Lessor does hereby further agree that before the expiry of the term of the Lease, the Licensee shall be entitled to remove all or any buildings and structures which at any time during the currency of this Lease shall have been erected or affixed by the Licensee upon the said land without any claim for compensation whatever.

It is distinctly agreed that the Licensee shall not claim or be entitled to claim any compensation whatever except as regards buildings and fixtures not removed by the Licensee from the said land in compliance with any request in writing in this behalf by the Lessor.

The Lessor shall be entitled to allow any public utility services such as electric posts, or cables, water supply and sanitary lines, or telegraph post or cables to be taken through the said land, the Licensee shall not be entitled to any compensation in
respect of the same including compensation, if any, relating to the space occupied by such public utility service. Provided that while allowing such public utility services to be taken through the said land, only the minimum possible hindrance shall be caused to the structure in the said land.

(20) It is also distinctly agreed that the Licensee shall deliver up the demised premises at the expiration or sooner determination of tenancy restored to its former conditions.

(21) It is further agreed that if the Licensee does not remove the building and fixtures as allowed herein before or restore the demised premises to its original condition, within the time prescribed, the Lessor shall have the right to remove the said buildings and fixtures and restore the demised premises to its original condition and the cost of such removal and restoration shall be realised by the Lessor inter alia by the sale of materials and the balance, if any, from the Licensee. In case there is any amount left from the sale price of the materials so removed, after realisation of the cost of removal and restoration referred to herein, the same may be utilised by the Lessor for recovery of any other amounts that may be due to the Lessor from the Licensee and the balance alone repayable to the Licensee.

(22) The Licensee hereby undertakes to surrender the demised land on the expiry or sooner determination of the Lease and shall have no right to claim refund of the premium paid.

(23) The Licensee shall not carry out any excavation in the land allotted to them for digging borewell for water and for any other activity relating to the business of the unit or for any other purpose without prior permission of the Competent Authority.

(24) The Licensee shall not cut and remove any trees standing in the allotted plot. In case any tree is cut, the same shall be done only with the prior permission of the Lessor and in the opinion of the Lessor, it is necessary for the purpose of forming the foundation of the building and compound wall and executing the works. The Licensee shall not be entitled to remove the trees so cut from the plot and the same shall remain the property of the Lessor and the Lessor shall be entitled to dispose of the trees in any manner as the Lessor may deem fit.

(25) The Licensee shall have no right to take usufructs from the trees standing on demised premises. The right to take usufructs from the demised premises shall exclusively vest with Lessor and Lessor will have the right to give this right to any other person for such period and on such terms as Lessor may deem fit.
The proposed unit should not carry out any other activities, which are harmful to other industrials units coming up inside the Industrial Development Area/Plot and environment.

It is further declared by the Licensee that the Licensee is bound by the provisions of the Rules framed by the Lessor as well as any modifications thereof from time to time.

The Licensee is bound by the terms and conditions contained in the Second Schedule.

In case the Licensee makes default in payment of the lease rent and any other amount due in terms of the Lease Deed and the same is not paid on demand by the Lessor, the Lessor has the right to proceed against the Licensee and all his assets under the provisions of the Kerala Revenue Recovery Act, 1968.

This License cum lease Agreement is exempted from remittance of fee payable for the registration of the instrument as per Section 78 of the Registration Act, 1908 and from remittance of stamp duty chargeable on the instrument, as per Section 9 of the Kerala Stamp Act, 1959.

SCHEDULES HEREFIN BEFORE MENTIONED:

This License cum lease Agreement is prepared in duplicate, original for the Licensor and the duplicate for the Licensee.

IN WITNESS WHEREOF the parties hereto have affixed their signatures to this AGREEMENT on the day and year first above written.

Licensor

Licensee

Witnesses:
FORM - C

Directorate of Industries & Commerce,
Thiruvananthapuram,
Dated:

To

Sri Smt.............................................
.............................................(Designation).
Ms...........................................(name & address of the unit)

Sir,

Sub: Industries - Infrastructure Development - M/s...(name of the unit) - Request to mortgage the industrial land - sanction - accorded - reg.

Ref:- (i) Request of Sri Smt........... M/s...........dated....
(ii) Request from M/s. ............(Name of the Financial Institution) dated.... (Ref No..................)
(iii) Recommendation of the GM, DIC........... dated..... (Ref No......)

Kind attention is invited to the references cited above.

............................cents acre of industrial land comprised in Survey No.............. in Industrial Development Area-Plot..................of..................district............. taluk.
............................village has been allotted vide Proceedings No. .............. dated..............on the basis of G. O. ........... dated...........on lease basis for starting an industry to Sri Smt........................for the manufacture of ............... under the name of Ms.......................(name of the unit)

Ms....................... has remitted the value of the above land in full and executed the lease deed. As per reference 1st cited above, the above unit has applied for permission to mortgage the improvements on the industrial land, superstructure viz. building, plant & machinery thereon along with the industrial land to M/s...................(name of the Financial Institution) to raise finance to run the industrial unit. As per reference cited 2nd above, M/s.. ...............(name of the Financial Institution) has also requested to mortgage this industrial land. The GM, DIC.........as per letter referred 3rd above has also recommended the mortgage of this industrial land along with all supporting documents.

In the circumstances cited above, Sri/Smt..................
Ms...........................................(name of the unit) is permitted to mortgage ............
cents acre of industrial land along with superstructure viz. building, plant & machinery
thereon comprised in Survey No. .......... in Industrial Development Area Plot. ..............of ..............district ..............taluk ..............village to M/s. ..............(name of the Financial Institution) to raise finance to run the industrial unit.

The party, financial institution and the GM, DIC, .... shall execute the tripartite agreement to this effect before mortgage or within one month from the date of issue of this letter, whichever is earlier.

Yours faithfully.

DIRECTOR OF INDUSTRIES & COMMERCE.

Copy to
(i) The General Manager, District Industries Centre, .... (with direction to make entries in the allotment register after getting the duly signed tripartite agreement. The original copy of agreement shall be kept in the safe custody of the General Manager, District Industries Centre.)

(ii) M/s. .........................(name of the financial institution) - for information.
FORM - D

TRIPARTITE AGREEMENT

THIS AGREEMENT executed on this the day of .......... Two thousand and ................. between the General Manager, District Industries Centre.........................on behalf of the Governor of Kerala (hereinafter called the "the first party"), Sri/Smt. ............... who filed Entrepreneurs Memorandum with the Department of Industries & Commerce and having IFM Part III Acknowledgment No ................ and also having its Registered Office at Door No................ (hereinafter called "the second party") and the bank/financial institution, M/s........ ......who is financing the unit (hereinafter called "the third party").

WHEREAS on the request of the second party for industrial land, .......... ....cents/acre of land earmarked in Survey No. ............... vide Proceedings No. ............... dated ........ in Industrial Development Area/Plot ............... of ...............District, ............... ............... Taluk, ............... village has been allotted on the basis of Government Order ............... dated ........ on lease basis for starting an industry for the manufacture of ............... under the name of M/s .................................................. The details of the industrial land are specified in the schedule I attached to this agreement which shall also form part of this agreement.

AND WHEREAS the second party has remitted an amount of Rs............. being the value of the above land in full and has executed the lease deed.

AND WHEREAS the second party has applied for permission to mortgage the improvements on the industrial land, superstructure viz. building, plant & machinery thereon along with the industrial land to the third party to raise finance to run the industrial unit.

AND WHEREAS the first party has no objection in mortgaging the industrial land along with superstructure viz. building, plant & machinery thereon allotted to the second party, with the third party for availing loan for the industrial activity specified above, on the following terms and conditions.
NOW THEREFORE THIS DEED WITNESSES AS FOLLOWS: -

1. The third party shall be entitled to accept the mortgage of the scheduled property
   along with the superstructure viz. building, plant & machinery thereon from the
   second party and inform the first party about the creation of the mortgage.

2. The second party shall not transfer the unit, bring about additions to or change the
   constitution/activity/name of the unit after the creation of the mortgage, without
   obtaining the prior approval of the first party and the third party.

3. On receipt of the request from the second party for transfer of the unit, addition to or
   change in the constitution/activity/name of the unit etc after the creation of the
   mortgage, the first party shall obtain No Objection Certificate of the third party
   before sanctioning the same.

4. The first party shall not permit any addition or change of financial institution without
   obtaining the No Objection Certificate of the third party.

5. The second party shall abide by all the provisions of the Government Land Rules and
   agreement executed by the second party with the first party while allotting the
   industrial land.

6. The third party shall inform the first party in writing, if the third party issues or
   intends to issue any notice to the second party towards takeover/auction of the
   industrial unit/land.

7. In case the third party resorts to auction the assets of the industrial unit consequent to
   the default of payment of loan amount by the second party, the third party shall
   indicate in the advertisement for auction that the industrial land after auction can only
   be utilized for industrial purpose. The third party shall also indicate in the
   advertisement that the buyer shall not have absolute right over the land and that they
   shall have only those rights provided in the agreement executed by the second party
   before the first party and that they will be entitled to hold the land on lease only for
   the remaining period of the maximum stipulated lease period. The third party shall
   send such copy of sale/auction notice to the first party.

8. After effecting the auction the third party shall furnish a copy of the sale certificate or
   any other documents relating to the transaction and other particulars of the successful
   buyer to the first party who shall transfer the rights enjoyed by the second party on the
   industrial land to the new entrepreneur.
9) The third party shall remit any amount due to the first party, if any excess amount over and above the dues owed by the second party is recovered through auction sale of the industrial assets of the second party.

IN WITNESS WHERE OF, the following have here unto set his/her hand on the day, month and year first above written.

Signed by:

(i) Sri Smt. .................................................. (first party)
    General Manager, District Industries Centre, ..................... (Seal)

(ii) Sri Smt.................................................. (second party) (Seal)

(iii) Sri Smt.................................................. (third party) (Seal)

In the presence of witnesses:

1) 

2) 

SCHEDULE 1

Name of Industrial Area/plot : 
District : 
Faluk : 
Village : 
Survey No. : 
Area : .... cents acre

Boundaries:
    East : 
    West : 
    South : 

(seal)

General Manager,
District Industries Centre.