

STATE INDUSTRIES PROMOTION CORPORATION OF TAMIL NADU LIMITED
19-A, RUKMANI LAKSHMIPATHY ROAD, EGMORE, CHENNAI 600008.

O.O.No. 30/2020

Date : 31.07.2020

OFFICE ORDER

Sub : SIPCOT Industrial Complexes/Parks/Growth Centres–Penalty for delay in execution of Lease Deed/ Extension of Duration of Implementation – Reg.

Ref : Minutes of the Board Meeting held on 21.07.2020

The Board of SIPCOT at its meeting held on 21.07.2020 approved the penalty for delay in execution of Lease Deed and extension of duration of implementation for Allottees as given below:

1. Execution of Lease deed:

a) Time period for execution of the Lease Deed by the Allottee has been increased to 45 days from the date of receipt of entire plot cost and compliance of specific conditions of Allotment Order, against the current policy of 30 days.

b) Extension of time for execution/registration of Lease Deed shall be considered on merits of the case subject to a penalty of 0.5% of the prevailing plot cost for each extension of 30 days.

c) Handing over/taking over possession of plot in the prescribed format duly mentioning the exact area/Survey No. shall be signed by the Allottee and the Project Officer, within 15 days from the date of execution/registration of Lease Deed, against the current policy of 30 days.

2. Implementation of the Project

Duration for completion of construction is revised to 30 months and implementation duration is revised to 36 months from the date of Allotment order as against the existing duration of 24 months and 30 months respectively.

2.1 Non-MoU cases

2.1.1 New Allottees

- a) SIPCOT shall collect a caution deposit of 5% of the plot cost along with the upfront payment at the time of allotment. If the Allottee implements the project with minimum 50% plot utilization in 36 months from the date of allotment or surrenders the plot within 36 months, the caution deposit amount shall be refunded without any interest.
- b) If the Allottee fails to implement the project with minimum 50% plot utilization (non-commencement of production or commencement of production with less than 50% plot utilization) within 36 months from the date of allotment, a first extension of 12 months shall be granted by forfeiting the caution deposit. Further, the Allottee shall submit a Bank Guarantee (B.G.) for an amount of 15% of the prevailing plot cost with validity of one year from the date of submission of B.G. to SIPCOT, within 30 days from the date of approval of first extension. If the Allottee fails to submit the B.G. within the prescribed time limit, the approved extension shall be cancelled and the unutilized extent (entire extent in case of non-commencement of production or remaining extent in case of commencement of production with less than 50% plot utilization) shall be resumed under TNPPE Act, unless the Allottee surrenders the same.
- c) If at the end of the approved first extension period (48 months from the date of allotment), the Allottee fails to achieve 50% plot utilization but,
 - i. There is substantial progress in construction work without commencement of production, the B.G. shall be encashed and another extension for a period of 12 months is granted, unless the Allottee surrenders the same. If the Allottee surrenders, B.G. shall be void. In case the Allottee wants to retain a part of the plot, the B.G. shall be encashed and proportionate amount for the surrendered extent shall be refunded.
 - ii. If the allottee commences production with less than 50% plot utilization, the B.G. shall be encashed and another extension for a

period of 12 months is granted for utilization of the remaining extent, unless the Allottee surrenders the same. If the Allottee surrenders the remaining extent, the B.G. shall be void.

- iii. If there is no substantial progress and the allottee fails to implement the project in any extent of the plot, the B.G. shall be void and the entire plot shall be resumed under TNPE Act, unless the Allottee surrenders the same.
- d) If at the end of total approved extension period of 24 months, the Allottee implements the project with less than 50% plot utilization, the unutilized extent shall be resumed under TNPE Act, unless the Allottee surrenders the same. If the Allottee fails to implement the project in any extent of the plot, the entire plot shall be resumed under TNPE Act, unless the Allottee surrenders the same.

2.1.2 Existing Allottees :

- a) The above penalty policy shall also be applicable for all the existing Allottees. All the existing Allottees who have completed 30 months from the date of allotment shall be checked for minimum 50% plot utilization. If the Allottees fail to have minimum 50% plot utilization (non-commencement of production or commencement of production with less than 50% plot utilization), demand notices for a penalty of 5% of the prevailing plot cost for the unutilized extent shall be issued on 01.10.2020, which shall be paid within 30 days from the date of penalty invoice. Approval for extension of 12 months shall be granted upon remittance of the above penalty.
- b) Further, the Allottee shall submit a Bank Guarantee for an amount of 15% of the prevailing plot cost for the unutilized extent with validity of one year from the date of submission of B.G. to SIPCOT, within 30 days from the date of approval of first extension. If the Allottee fails to submit the B.G. within the prescribed time limit, the approved extension shall be cancelled and the unutilized extent (entire extent in case of non-commencement of production or remaining extent in case of

commencement of production with less than 50% plot utilization) shall be resumed under TNPPE Act, unless the Allottee surrenders the same.

c) If at the end of the approved first extension period of 12 months, the Allottee fails to achieve 50% plot utilization but,

i) There is substantial progress in construction work without commencement of production, the B.G. shall be encashed and another extension for another 12 months is granted, unless the Allottee surrenders the same. If the Allottee surrenders, B.G. shall be void. In case the Allottee wants to retain a part of the plot, the B.G. shall be encashed and proportionate amount for the surrendered extent shall be refunded.

ii) If the allottee commences production with less than 50% plot utilization, the B.G. shall be encashed and another extension for a period of 12 months is granted for utilization of the remaining extent, unless the Allottee surrenders the same. If the Allottee surrenders the remaining extent, the B.G. shall be void.

iii) If there is no substantial progress and the allottee fails to implement the project in any extent of the plot, the B.G. shall be void and the entire plot shall be resumed under TNPPE Act, unless the Allottee surrenders the same.

d) If at the end of total approved extension period of 24 months, the Allottee implements the project with less than 50% plot utilization, the unutilized extent shall be resumed under TNPPE Act, unless the Allottee surrenders the same. If the Allottee fails to implement the project in any extent of the plot, the entire plot shall be resumed under TNPPE Act, unless the Allottee surrenders the same

2.2 MoU/GO Cases

a) All allotments to MoU/G.O. cases shall be made as per the terms and conditions of the MoU/G.O.

- b) The penalty policy in case of MoU/G.O. allotments shall be as per the conditions applicable for Non-MoU cases, unless specified otherwise in the MoU/G.O. However, the implementation period of 36 months in case of Non-MoU cases shall be replaced with the investment period specified in the G.O. and any instance of resumption of plots or part thereof under TNPE Act shall be enforced with prior approval of GoTN.

3 Definitions

- a. **Plot Utilization:** The extent of the allotted plot covered with built-up space comprising of factory building/sheds and covered utility/storage area, etc.
- b. **Implementation:** Commencement of commercial production / operation within the stipulated time as specified in the allotment order/lease deed and also complying with 50% plot utilization.

4 Other changes

1. Plots of size up to 0.5 acres shall be earmarked to set up First Aid Centers, Skill Development centers and other amenities. Right of use to Industry Associations shall be given at free of cost to such plots.

This order comes into effect from 21.07.2020.

Sd/-
(J. KUMARAGURUBARAN)
MANAGING DIRECTOR

To
All General Managers
All HODs
All Project Officers

Copy to:
PS to MD
PA to ED

/Forwarded by order/

G. Sheir
GENERAL MANAGER (P-I)i/c