

**Rajasthan State Industrial Development and Investment  
Corporation Limited: UdyogBhawan: TilakMarg :Jaipur**

No: IPI/P-6/<sup>P.L.D</sup>Policy/2007/3451  
Dated: August 12, 2014

**Circular**

**Sub:** Clarification regarding recovery of retention charges and restoration charges from the purchaser, in case unit auctioned by Rajasthan Financial Corporation (RFC) under the SFC Act.

Earlier, a Circular No. IPI/P-6/Policy/07/363 dated 02.06.2009 was issued by the Management in continuation of Office Order No: IPI/P-6/25/11/2183 dated 18.03.2000 by which clarification was issued regarding outstanding land dues payable to the Corporation and on the applicability of the restoration charges (in case of cancelled plot) and retention charges while acknowledging/transferring of lease hold rights in favour of the purchaser of the unit which is sold by RFC by exercising the powers conferred under the SFC Act.

As per the clarification issued by the cited circular dated 02.06.2009, it was decided that the purchaser of the plot would pay all charges/dues of RIICO as clarified in para 8.2(i) of the Office Order dated 18.03.2000. These dues are related to the following charges:

- (a) Cost of land
- (b) Interest on outstanding cost of land.
- (c) Service charges/Cess/Services tax
- (d) Interest on service charges/Cess/Service tax
- (e) Economic Rent
- (f) Interest on economic rent
- (g) Water charges & penalty on late payments

Further to above, followings were also clarified vide this circular;

1. Unit auctioned by RFC after RIICO has cancelled the plot for certain default and lease hold rights are being transferred in favour of purchaser through a conveyance/sale deed executed by RFC, then restoration charges will not be leviable.
2. Retention charges will not be leviable as the plot is not being retained by the allottee but is being transferred to another entrepreneur who would have status of a new allottee.

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3. Other related issues such as transfer of lease hold rights, compounding of unauthorized construction etc. would be regulated as per the relevant norms/rules/policy etc.
4. Fresh lease deed in favour of the purchaser will be made by RIICO after receiving all recoverable charges/dues from such purchaser.

It has brought to the notice of the Management that different interpretations are being taken by the different unit offices with regard to the date from which purchaser will have the status of new allottee. It has come to the notice that some unit offices have raised demand towards retention charges from the purchaser treating that the purchaser is having possession of the plot in question from the date of handing over of possession by RFC whereas, legal cell is of the view that stipulated period for commencing production activity should be reckoned from the date of issuance of transfer permission by RIICO. This issue was deliberated in length and it was observed that the circular needs to be amended in light of the recent amendment approved by the IDC regarding commencement of production activity by the purchaser of the close units, henceforth, the cited circular dated 02.06.2009 is hereby amended and such cases shall be dealt as per following clarification;

“In such cases where the plot mortgaged with RFC and allotment is cancelled by RIICO, is being transferred in favour of purchaser on the basis of conveyance/sale deed executed by RFC, restoration charges would not be leviable. So far applicability of retention charges are concerned, retention charges are not recoverable from purchaser even if, the original allottee had not commenced commercial production on plot in question. However, the purchaser is required to commence commercial production on said plot within 2 years from the date of transfer of lease hold rights in favour of purchaser in the record of RIICO. If the purchaser fails to commence production activity within the above period then time extension will be considered on payment of retention charges as per policy of the Corporation. However, in the cases wherein name of purchaser has already been taken on record or acknowledged in record of RIICO before issuance of the said circular i.e., before 02.06.2009, such cases shall not be re-opened”.

Further to above, it is also clarified that no fresh lease agreement shall be executed in favour of purchaser of unit from RFC and only a supplementary/amended lease agreement will be executed after receiving all dues from the purchaser for residual period of the original lease deed.

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All the unit offices and the other concerned are advised to decide the issues related to the subject matter according to the above clarification/guidelines. However, other related issues such as transfer of lease hold rights, compounding of un-authorized construction etc. would be regulated as per the relevant norms/rules/policy, etc.



(Lalit Kumar)  
Advisor (Infra)