

***Policy Regarding Acquisition of Land for Private Development and in Public Private Partnership for setting up of Special Economic Zones, Technology Cities, Industrial Parks and Industrial Model Townships
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Haryana Government, Industries & Commerce Department

No. 49/48/2006-4IBI. - Governor of Haryana is pleased to formulate Policy regarding acquisition of land for private development and in public-private partnership for setting up of Special Economic Zones, Technology Cities, Industrial Parks and Industrial Model Townships etc. This policy will come into force with immediate effect.

1. Introduction.

Industrial Policy, 2005 lays down that the objective of industrial and economic growth shall be achieved, amongst other factors, by encouraging public private partnership in infrastructure projects. In particular, development of Industrial infrastructure with private sector participation has been emphasized. So far, the task of development of industrial infrastructure viz., Industrial Estates has been entrusted to Haryana State Industrial Development Corporation (HSIDC). This Corporation has developed industrial areas of over eight thousand acres at different locations in the State. This also includes two growth centres at Bawal and Saha and an Industrial Model Township at Manesar (Gurgaon).

The positive sentiment created by the Industrial Policy, 2005 and coordinated initiatives of various departments of the Government have given a tremendous boost to the industrial sector and as a result, many investment proposals have been received by the State Government. Practically the entire area developed in the Industrial Estates of HSIDC stands allotted. It is imperative to take immediate steps to acquire and develop fresh land at strategic locations for the creation of additional industrial infrastructure to sustain the momentum of industrial growth. HSIDC has proposed to develop additional about 10000 acres of land all over the State. This huge development work would strain the resources of HSIDC and further investment may not be possible in the near future. At the same time, 23 proposals for setting up Special Economic zones in the State have been granted approval, in principle, by Government of India. Some of these proposals envisage large scale SEZs which are multi-product and when they

come up, investment of gigantic magnitude would flow to the State creating large scale employment.

Interest has been shown by the private sector also in developing Industrial Model Townships, Industrial Parks and Technology Cities through private initiatives and in public private partnership.

In this context, it has become essential for the State Government to come out with a policy to facilitate the private sector initiatives that supplement the State's own initiative in creation of industrial infrastructure. The critical factor in creation of industrial infrastructure is the availability of land and, therefore, intervention of State Government to facilitate the private sector in acquisition of land becomes important. In respect of SEZs, this is even more critical since notification of such zones requires contiguity of the area for custom bonding.

Location of SEZs, Industrial Parks and Technology Cities

For creation of infrastructure of SEZs and Industrial Model Townships, huge investment is required to be made by the private sector. Even in cases where the initiative is in the public private partnership, the bulk of the investment has to come from the private sector. The investment decision in the private sector would primarily be motivated by commercial viability and most of the investment is expected in the NCR region due to locational advantage as generally indicated by the prospective industrial investors. It is equally important for the State Government to ensure development of the industrially backward regions of the State. In order to reconcile the State's objective with the preference shown by the private sector, it is envisaged that the State Government may assist the private sector in developing not more than 5-6 multi-product SEZs in the NCR region. As far as possible, it shall be the endeavour of the State Government to ensure dispersal of these SEZs even within the NCR region. Similarly, not more than two Industrial Model Townships would be encouraged in the NCR region. However, no such restriction shall be placed on developers who approach the State Government for assistance in land acquisition outside the NCR region. The State Government would also encourage setting up of Technology Cities mainly outside the NCR region.

Size of SEZ/Industrial Parks/Technology Cities

The State Government would leave it to the private sector to purchase land directly from the land owner for single product, IT/ITES, biotechnology and Warehousing SEZs where area requirement is much smaller. The State Government would, however, assist the private sector developer in acquiring left out pockets to ensure contiguity of SEZs.

In respect of multi-project SEZ, the State Government would encourage to purchase the land from the owners by mutual consent. However, considerations of the minimum area requirement of 2500 acre and its contiguity as a pre-requisite for approval of the SEZ would generally necessitate State support. Such a provision for assistance to the private

sector by the State Government exists in Section 7(1) of the Haryana Special Economic Zone Act, 2005.

Outside the NCR region, the State Government may assist the private sector in acquisition of land even in respect of single product SEZ where the minimum area requirement is 250 acres only.

The area restrictions on Industrial Parks/Industrial Model Townships within the NCR region would be 1500 acres.

This restriction shall not apply to industrial parks outside NCR region.

The minimum size stipulated for Technology cities in the Industrial Policy, 2005 is 1000 acres and there is no maximum size restrictions. The State Government shall assist in acquisition of land in Technology Cities only outside the NCR region.

Public Private Partnership

Wherever the developer approaches HSIDC for development of SEZ, Industrial Park or Technology City in public private partnership, the decision on the terms and conditions of such partnership including the extent of participation in the equity of such projects shall be left to the Board of Directors of HSIDC. The State Government shall assist in the acquisition of land for all such joint venture projects. The extent of land acquisition in such projects shall be decided by the State Government. However, in joint venture where HSIDC/State Government would have 26% or more share in equity, the State Government shall acquire the entire land for the project.

Selection of Projects for State assistance in acquisition of land

The proposals received by the State Government for assistance in acquisition of land shall be put up before the Haryana Industrial Promotion Board (HIPB) set up under the Chairmanship of Chief Minister under the Industrial Policy, 2005. The Board shall consider such proposals keeping in view the various parameters enshrined in the Industrial Policy to achieve the intended purpose of Industrialization. Where the Board is satisfied that setting up of such project would be in public interest, the Board may approve acquisition of land by the State Government not exceeding 25% of the total project area falling in the National Capital Region or Panchkula district and not exceeding 50% of the project area falling outside the NCR/Panchkula District. The Board may stipulate such additional conditions for providing the required assistance over and above the general terms and conditions given in subsequent paras of this Policy, as it may deem necessary. The Board may also consider customized incentives and support for successful implementation of such projects, including such relaxations as it may deem necessary for achieving the objectives of economic growth.

General Terms and Conditions

While the State Government would endeavour to encourage the private sector to purchase land directly from the land owners, it would not be feasible to expect large scale industrial infrastructure projects without the State intervention through acquisition of land for such projects. Keeping in

view the need to give adequate compensation to the land owners, the State Government has also fixed floor rates in tune with the prevailing market rates for the purpose of giving suitable compensation to the land owners. In addition, the following general terms and conditions shall be applicable in all cases of acquisition of land for the private developers as well as for projects in private public partnership for setting up of SEZs, Technology Cities, Industrial Parks and Industrial Model Township :-

- (i) The developer shall pay to the Government the total cost of acquisition of land the administrative expenses incurred for such acquisition as well as any enhancement which would be ordered by the competent Courts.
- (ii) The developer shall pay to the State Government administrative expenses @ 15% of the total cost of acquisition including enhancement except where HIPB decides to reduce or waive off such expenses as special incentive for the project.
- (iii) The developer shall be bound to provide, to the satisfaction of the State Government, rehabilitation of population by providing built up houses or residential plots along with cost of construction in case relocation of village abadi is necessitated for setting up of such projects.
- (iv) The developer shall undertake to provide essential services, like roads, street lights, drainage and sewage, drinking water supply and building of suitable medical care and schooling along with Community Centre, in all such villages where the village abadi is relocated at a new place.
- (v) Where relocation is not necessary but more than 25% of the total land of the village gets acquired, similar social infrastructure as at (iv) above shall be provided in existing abadi.

- (vi) The developer shall undertake to set up industrial training institutes, vocational training institutes and polytechnics to provide training to the wards of persons whose land is acquired to the satisfaction of the State Government. Such training institutes shall be fully funded and run by the developer.
- (vii) The developer shall undertake to provide right of way and develop such infrastructure by way of creation of roads and bridges as may become necessary to avoid inconvenience to the general public within the project area.
- (viii) The developer shall undertake to provide independent power plant or shall purchase power from a plant set up outside the project area or the State, to meet with power requirements of such projects.
- (ix) The developer shall undertake to pay for the water supply schemes that the State Government may consider for augmenting water supply requirement in such project on such terms and conditions as may be determined by the State Government.
- (x) The developer shall undertake to pay such external development charges as may become applicable in the event of the external services being provided by the Haryana Urban Development Authority or Local Body or any other State Government Department.
- (xi) The developer shall undertake to give employment to at least one member of the family whose land is acquired for setting up the project. The nature of employment provided shall be to the satisfaction of the Industries Department.
- (xii) The developer shall undertake to employ at least 25% of the total employment provided by him to the Haryana domicile in all categories

except the Technical posts where preference shall also be given to Haryana domicile.

(xiii) The developer shall enter into written agreement with the State Government in the Industries Department to comply with the above terms and conditions and any such conditions that may be imposed by Haryana Investment Promotion Board.

Monitoring of Compliance of terms and conditions of acquisition

The compliance of the terms and conditions as contained in the Policy shall be monitored by a Committee constituted by the State Government. Non-compliance of the conditions shall make the developer liable for resumption of land and payment of such penalty as may be determined by the State Government.