

**Orissa Industrial Infrastructure
Development Corporation**

(A Government of Orissa Undertaking)
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ISO 9001 & 14001 CORPORATION

No. HO/ID/A/8839/01-08/ 21325

Date: 03.12.2009

CIRCULAR

Sub:- Policy for change of activities and change in constitution.

The Board of Directors of IDCO in their 77th meeting held on 23.09.2009 [vide agenda item no.6] have approved the following procedure for effecting change of activities and change in constitution;

- 1) Proposals for change in activities received within the stipulated period (as per terms and conditions of allotment) of implementation shall be considered provided the implementation period is not vitiated.
- 2) Proposals received beyond the implementation period of 3 years from the date of taking over physical possession shall be considered on realisation of penalty @ 3% and 6% of the prevailing land of IE/IA for the 4th year and 5th year respectively. Proposals received beyond 5th year of implementation shall not be allowed.
- 3) Transfer proposal on account of sale through OSFC / IPICOL / Financing Institutions / BIFR etc. shall be regularised on realisation of penalty @ 5% (of the prevailing land rate of IE/IA etc.) per annum for the period of delay in addition to usual transfer fee as applicable allowing the 1st year from the date of sale / possession as moratorium.
- 4) Existing units proposing change in activities shall be allowed in all the IEs / IAs (except Chandaka and Mancheswar) provided the allotted / transferred property has been utilised for the purpose it was allotted for a minimum period of five years. However change of activities in Chandaka and Mancheswar IEs shall be restricted to the areas of IT, service sector (including social infrastructure project) and bio-technology but change of activities from other sectors to industry sector shall not be allowed.
- 5) Units proposing for change in constitution from proprietorship to partnership firm / private limited Company / Limited company etc., shall ensure that the main promoter / partner has to retain minimum 51% share in the new set-up and continue for a minimum period of five years. In case of his / her resignation / death, his / her legal successor should continue as Managing Partner / Director (

with controlling share) in the new set up for the remaining period and the proposal shall be allowed on realization of proportionate transfer fee to the extent of dilution on the paid-up capital. In case the controlling share is diluted below 51%, the said proposal shall be treated as mutual transfer.

- 6) The clarification on para- 9.15 of IPR 2007 issued by Govt. and decision of LAC for setting up hotels & allied activities in and around Bhubaneswar under BMC jurisdiction shall be applicable for fresh allotment only.
- 7) No transfer fee shall be realised on (i) Change of name (ii) Change of business activities (iii) Conversion of proprietorship firm into a partnership (and vice-versa) (iv) Conversion of a proprietorship / partnership firm into a Limited Liability Company/ Limited Liability Partnership (and vice-versa) (v) Conversion to Public Limited Company provided there is no change in constitution **[i.e. the same partners/directors should be continued in the new set up]** of the unit / company / firm.

For change in the name of firm / change in business activities of the firm / change of constitution / induction and retirement of partners, Directors / transfer of property etc., the allottee has to ensure that the required lease agreement on the allotted / transferred property is executed in the concerned Sub-registrar's office and only then the proposal shall be processed. In case the property sold by Financing Institutions / OSFC /IPICOL, the above stipulation shall not be applicable.

This order shall take immediate effect in partial modification to the previous circulars.

By order

Sd/-

Chief General Manager (ID)

Memo No. _21326 Date: 03.12.2009

Copy to All Chief General Managers / Divisional Heads / PS to Chairman/PS to Managing Director / Manager (Law), IDCO, Bhubaneswar for information and necessary action.

Copy to the President, Orissa Small Scale Industries Association / Orissa Young Entrepreneurs Association, Cuttack & Rourkela / Orissa Assembly of Small and Medium Enterprises / Utkal Chamber of Commerce & Industries, Bhubaneswar & Rourkela / Association of Industrial Entrepreneurs of Bhubaneswar / NOCCI, Balasore for information and necessary action.

Copy to Manager (MIS), IDCO for information with a request to launch this circular in IDCO website for general information.

Copy to All Officers & Dealing Assistants of ID Department, Head Office, IDCO Bhubaneswar for information and necessary action.

Chief General Manager (ID)