

CHANDIGARH ADMINISTRATION
FINANCE DEPARTMENT
NOTIFICATION

The 27th October, 2006

No.31/1/429/UTF1(4)/6651 Whereas, to promote the growth of Information Services in Chandigarh, with an objective of providing employment, especially for skilled and educated workers; for enhancing the economic growth of the city and the region; for encouraging human resources development, higher education, technical education, and professional services by enhancing the demand for skilled workers; for encouraging economic activity and urban development of a nature that conserves the environment; and for encouraging induction of the latest technology in all possible spheres of economic activity, the Allotment of Campus Sites in Chandigarh Information Services Park Rules, 2002 had been framed enabling allotment of land within the Information Technology Park on free hold basis;

And whereas, the Government of India has enacted the Special Economic Zone (SEZ) Act, 2005 and notified Special Economic Zone Rules, 2006 and according to Rule 11 of the said Rules, land within any SEZ area can be allotted only on lease hold basis to enable the lessees to drive various benefits under the said rules;

And whereas the Government of India vide notification bearing No. S.O.1141(E), dated 17.8.2005 and No. S.O. 738(E) dated 19.5.2006 has notified various areas of the aforesaid park as Special Economic Zone;

And whereas, with a view to achieve the benefits available in Special Economic Zone by the lessees of various sites in the said Park, now onwards and also to make available the benefits of SEZ to the existing allottees of the said Park, it is necessary to make rules for allotment of various sites in the said Park on lease hold basis, in public interest;

Now, therefore, the Administrator, Union Territory, Chandigarh, in exercise of the powers vested by Sections 3, 5 and 22 of the Capital of Punjab (Development & Regulation) Act, 1952, and all other powers vested in this behalf, is pleased to make the following rules regulating the allotment of land for Campus Sites in the Information Services Park now named as Chandigarh Technology Park :-

- (1) (a) These Rules may be called “**The Allotment of Campus Sites in Chandigarh Technology Park Rules, 2006**”.
 - (b) These rules shall come into force from the date of publication in the official gazette.
 - (c) These rules shall apply within the boundaries of the Chandigarh Technology Park or Parks, as determined by the Chief Administrator from time to time by issuing a notification and public notice.
- (2) **DEFINITIONS:** In the context of these Rules;
- (a) “Information services” include software architecture, design and development, software maintenance and implementation, operation of software systems, provision of software services (such as application service provider), management of databases, maintenance of computer networks and telecommunication networks, network services, network administration, business process outsourcing and providing, information technology-enabled services.

- (b). “Information work” refers to the compilation, communication and processing of data for use in any economic activity, and includes the provision of information services.
- (c) “Information–technology–enabled services” include digital communication services, digital information content provision, digital database management and updation, remote digital office services, software operation, and other information work that relies primarily and substantially on digital telecommunication, including data centers, call centers and back offices operations but not direct sales and marketing except that using Information Technology.
- (d) “ISO 9000” refers to International Standards Organization (ISO) 9000 series, a set of certification standards specified by the ISO Technical Committee.
- (e) The Capability Maturity Model for Software (CMM) of the Software Engineering Institute at the Carnegie Mellon University, Pittsburgh, USA is a framework that ranks the capabilities of software development enterprises. The CMM is presently composed of five maturity levels; 1. The Initial Level; 2. The Repeatable Level; 3. The Defined Level; 4. The Managed Level; 5.The Optimizing Level.
- (f) A subsidiary company must have more than 50% of its equity shares owned and held by the parent company.
- (g) Campus sites mean all sites for which land is allotted under these rules.
- (h) Special Economic Zone(SEZ) mean the area notified by the Govt. of India under the Special Economic Zone Act,2005 or rules framed thereunder and developed by Chandigarh Administration.

(3) **TYPES OF SITES:** The Urban Layout and Urban Planning Guidelines of an Information Services Park must facilitate the construction of modern, high technology, commercial workspace so as to enable all aspects of information work in a coordinated and efficient manner. Such Parks may consist of one or more of the following types of sites.

- (a) **Main Campus Sites** will measure at least 6 acres in area and will be put to use for construction of an independent campus for the exclusive use of the lessee only. These sites may be allotted only to those enterprises which satisfy the relevant allotment criteria.
- (b) **Small Campus Sites** may measure between 2 acres to 6 acres in area and, like the main campus sites would be developed as a self-contained Campus with one or more independent buildings, for the exclusive use of the lessee only.
- (c) **Build-to-suit sites** may consist of independent buildings which may be let out on lease or rent for use by occupiers including the lessee, for authorized purposes.

Sites of any size may be earmarked as Built-to-suit sites. Such sites may be allotted to a transferee for its own use, or for the development of built up space by the transferee for use by others as office space, commercial space, working space etc. Such transferee may alienate all or part of the built up space or the site, subject to terms and conditions of allotment.

These sites may be of the following types: -

(i) Built-to-suit Sites for developers

These may consist of buildings to be constructed and managed by professional developers who would then lease the Ready Built Space so constructed by them to eligible Information Services Companies.

(ii) Build to suit sites for IT/ITES/BPO Enterprises.

These would consist of independent buildings for exclusive use by the IT/ITES/BPO Enterprises to whom the sites are allotted.

(iii) Build to suit sites for High end Software/R and D work

These would consist of independent buildings for exclusive use by Software/R and D companies, to whom the sites are allotted”.

(d) Adjunct Sites may be used for such purposes relevant to or ancillary to, the development and functioning of the Information Services Park and may include sites for the purpose of providing infrastructure, recreation, sports, cultural activities, retail outlets, office services, hotels, restaurants, food courts etc.

Provided that Adjunct Sites may be used by, or may cater to, persons who may or may not be working in the Park, given that the use of the site shall be consistent with the urban plan and controlled development of the Park.

(4) ELIGIBILITY FOR ALLOTMENT OF MAIN CAMPUS SITES

Enterprises which fulfill the following criteria on the date of application will be eligible for consideration as applicants for the allotment of main campus sites:

- (i) A Limited Company with turnover in the Information Services sector of a minimum Rs.500 crores or its equivalent in US Dollars per annum in each of the last two years.
- (ii) Availability of Funds for making investment in the campus to the tune of Rs.50 crore over the next three years and availability of at least Rs.25 crore immediately.
- (iii) Sufficient numbers of qualified professional staff employed by the Company itself, not counting staff on the rolls of affiliates, sub contractors etc.
- (iv) Plan of Action for establishing the proposed Information Services with a focus on software development/design and software maintenance and to make the required investment, in a time bound manner within three years.
- (v) Preference in the allotment of a main campus site will be given to enterprises engaged primarily in high-value added activities such as software design and development, as distinct from other information services such as information technology enabled services.

- (v) Internationally recognized certification of software development capability equivalent to CMM - SEI level 5 certification for a period of at least 2 years, and ISO-9000 or higher certification.
- (vi) The intending lessee shall make an application to the Estate Officer in Form 'A' together with an affidavit attested by an Oath Commissioner or Magistrate 1st Class affirming all facts which make him eligible for allotment of a site.
- (viii) Copies of balance sheet, documentary evidence of number and categories of staff employed and turnover be enclosed.

(5) Eligibility for allotment of additional land of main Campus Sites.

A lessee of main Campus Site shall be eligible for seeking allotment of additional land within a period of five years from allotment, provided that the additional land shall not be more than the land allotted in the first instance. The premium for the additional land to be allotted shall be the same as fixed at the time of original allotment, for a period of three years. Thereafter, the lessee shall have the option of seeking such an allotment for a period of another two years at an enhanced premium of 6% per annum for each year.

(6) ELIGIBILITY FOR THE ALLOTMENT OF SMALL CAMPUS SITES

The following enterprises will be eligible for consideration as applicants for the allotment of small campus sites:

- (i) A Limited Company with turnover in the information services sector of minimum Rs.100 crores or equivalent in US Dollars per annum in each of the last two years.
- (ii) Availability of funds for making investment in the campus to the tune of Rs.20.00 crores over the next three years and availability of at least Rs.10.00 crore, immediately.
- (iii) Sufficient numbers of qualified professional staff employed by the Company itself, not counting staff on the rolls of affiliates or sub-contractors etc.
- (iv) Plan of action for establishing the proposed Information Services on the site and to make the required investment in a time-bound manner within three years.
- (v) Preference will be given to high value added activities of software development and design and software maintenance as compared to other information services.
- (vi) The intending lessee shall make an application to the Estate Officer in Form 'A' together with an Affidavit attested by an Oath Commissioner or the Magistrate 1st Class, affirming all facts which make him eligible for allotment of a site.

- (vii) Copies of balance sheet, documentary evidence of number and categories of staff employed and turnover be enclosed.

(7) ELIGIBILITY FOR ALLOTMENT OF Build-To-Suit Sites Ranging From 2.0 To 6.0 Acres For Developers.

The following types of enterprises will be eligible for consideration as applicants for the allotment of Build-to-suit Sites for developers, namely-

- (i) The Administration may allot such a site to a Limited Company in consideration for an equity stake or debentures (bonds) issued by the transferee Limited Company. The terms and conditions of such allotment shall be as specified by the Administration.
- (ii) The Administration may, for the purpose of such an allotment, enter into a joint venture agreement with the transferee Limited Company.
 - (a) The Administration may allot such a site to a Limited Company, which is a developer and which has given in writing an application and a letter or letters of intent in writing from an Information Services Company or Companies eligible under these Rules for large Campus Sites, small Campus Sites or Build-to-Suit sites to the extent of intent to occupy atleast 50% of the maximum allowable built up space to be created by the developers at the said site.
 - (b) The Administration may for the purpose of such an allotment as envisaged in (ii) (a) above allot the land to the developers for exclusive use by one or more of such eligible companies.
 - (c) Such sites would not be used by the developer for its own use.
 - (d) In case the said developer is not able to construct and occupy the said building, as per the terms and conditions of these rules contained in Rule 11(4), applicable penalties will be imposed on the said developer and action may be taken under the applicable rules.
- (iv) The Administration may allot/auction such sites under the Chandigarh Lease Hold of Sites and Buildings Rules, 1973, as amended from time to time framed under the Capital of Punjab (Development and Regulation) Act, 1952 or on such terms and conditions, as it deems fit.
- (v) The intending lessee shall make an application to the Estate Officer in Form 'A' togetherwith an Affidavit attested by an Oath Commissioner or the Magistrate 1st Class, affirming all facts which make him eligible for allotment of a site.
- (vi) Copies of balance sheet, documentary evidence of number and categories of staff employed and turnover be enclosed.

(8) ELIGIBILITY FOR ALLOTMENT OF build-to-suit sites ranging from 0.75 acres to 1.0 acre for IT/ITES/BPO Enterprises.

The following types of enterprises will be eligible for consideration as applicants for the allotment of Build-to-suit Sites for IT/ITES/BPO Enterprises.

- (i) Annual turnover in IT/ITES/BPO operations of a minimum Rs. 10.00 Crores or its equivalent in US Dollars per annum in each of the last 3 years.
- (ii) The Enterprises should have been carrying out IT/ITES/BPO operations for at least five years before the date of application.
- (iii) The Enterprise should have a minimum of 100 employees on its rolls at the time of application.
- (iv) The Administration may allot/auction such sites under the Chandigarh Lease Hold of Sites and Buildings Rules, 1973, as amended from time to time framed under the Capital of Punjab (Development and Regulation) Act, 1952 or on such terms and conditions, as it deems fit.
- (v) The intending lessee shall make an application to the Estate Officer in Form 'A' together with an Affidavit attested by an Oath Commissioner or the Magistrate 1st Class, affirming all facts which make him eligible for allotment of a site.
- (vi) Copies of balance sheet, documentary evidence of number and categories of staff employed and turnover be enclosed.

(9) ELIGIBILITY FOR ALLOTMENT OF BUILD-TO-SUIT SITES FOR R AND D/SOFTWARE WORK.

The following types of enterprises will be eligible for consideration as applicants for the allotment of Build-to-suit Sites for R and D/software work, namely-

- (i) The company should be registered for the last two years and should have been operating in IT/ITES Sector during this period.
- (ii) The company should have the capacity to invest a minimum of Rs. 50.00 lacs at the premises within one year.
- (iii) The Company should have a Certificate from STPI that they have the capacity to sustain their activities on a long term basis.
- (iv) The Company will be allotted to transfer or sublet the premises for a minimum period of six years.
- (v) The allotment will be conditional and will depend on the fact that the company build and occupy the space within one year from the date of allotment otherwise the site will be resumed.
- (vi) The Administration may allot/auction such sites under the Chandigarh Lease Hold of Sites and Buildings Rules, 1973 as amended from time to time framed under the Capital of Punjab (Development and Regulation) Act, 1952 or on such terms and conditions, as it deems fit.

(10) PREMIUM/LEASE MONEY: The lease money/premium per square yard for the sites to be allotted shall be determined and revised by the Chandigarh Administration from time to time.

(11) TERMS AND CONDITIONS OF ALLOTMENT: (1) Unless otherwise specified, the site shall be allotted on lease hold basis.

(2) The lessee shall be liable to pay charges for maintenance and for provision of amenities in addition to the annual ground charges, as determined by the Chandigarh Administration from time to time.

(3) The period of lease hold for allotment shall be 99 years.

Provided that where the allotment is to be made in any SEZ area the initial period of lease hold shall be co-terminus to the letter of approval for the SEZ area issued by the Government of India and on the expiry of the letter of approval for the SEZ area, the same shall be extended by the Estate Officer thereafter to make it a lease hold property for a total period of 99 years on the same terms and conditions, which shall include the period of lease during the SEZ status of that area.

(4) The consideration for allotment shall be payable as follows:

i) The applicant shall pay 25% of the premium within 60 days of the issue of the letter of allotment, including any earnest money or deposit already paid.

(ii) The balance of premium may be paid either in lump sum within 180 days of the issue of the letter of allotment or in 3 annual equated installments with interest at the rate of 10% per annum compounded annually. The first installment shall be payable within one year from the date of issue of the allotment letter, with interest payable from the allotment date. The rate of interest for delayed payments for lump sum or for annual installments shall be 18% per annum compounded annually. The lessee shall complete the minimum required buildings, plans and equipment or shall make the minimum required investment on the site as the case may, as specified in detail in the terms and conditions of allotment, within a period of 3 years from the date of issue of the allotment letter unless otherwise specified in these rules:

Provided that this period may be extended to the extent that there is any delay in offering the possession of the site to the lessee beyond 30 days from the date of issue of the allotment letter.

Provided also that the due date for payment of installment and the date from which interest is to be charged would be extended likewise in case of delay beyond 30 days, in offering the possession of the site.

(iii) In the event that the lessee requires an extension of time period beyond three years to complete the requisite building structures or equipment or to make the requisite investment, extension of time for one year shall be allowed on payment of a sum of money equal to one annual equated installment mentioned in clause (ii) above. This amount shall be payable up to the end of the 4th year from the date of issue of letter of allotment. Similarly, if extension of time is required after the expiry of 4 years of allotment, this may be allowed on payment of a sum equal to one annual equated installment mentioned in Clause (ii) above. No further extension in time will be allowed after 5 years.

- (vii) If the payment is not made in accordance with these Rules up to three months in all, from the date on which installment is originally due, the Estate Officer may after issuing notice to the lessee and affording him an opportunity of being heard, cancel the allotment and forfeit the amount not exceeding 10 percent of the whole of the premium payable. Upon such cancellation the Estate Officer shall take possession of the site. The lessee shall be entitled to compensation for the depreciated value of buildings and structures, as determined by the Estate Officer.
- (4) A breach of any of the terms and conditions of the allotment or of the Chandigarh Lease Hold of Sites and Building Rules, 1973 shall entitle the Administration to take remedial action in accordance with the terms and conditions of the allotment, as well as the said rules.

(12) TERMS AND CONDITIONS FOR CONVERSION OF ALLOTMENT FROM FREE HOLD TO LEASE HOLD TENURE WITHIN SEZ AREA FOR THE EXISTING ALLOTTEES AND FOR RECONVERSION TO FREE HOLD TENURE

Unless otherwise specified, the existing allottee who has been allotted land on free hold basis in the said Park under CTP Rules 2002 (as amended upto date) shall have an option, to be exercisable before the Estate Officer within a period of three months from the date of publication of these rules, to get his allotment of site converted from free hold basis into lease hold basis, which will be for a period of co-terminus to the letter of approval for that Special Economic Zone Area, with other terms and conditions remaining the same and after the SEZ status expires, the lease period shall be extended by the Estate Officer thereafter to make it lease hold property for a period of 99 years on the same terms and conditions which shall include the period of initial lease during the SEZ status of that area.

Provided that such allottee who exercises the above option shall also be liable to pay an annual ground rent @ Rs.1000/- per acre per annum till the expiry of the letter of approval for that SEZ or till the expiry of final lease period of 99 years as extended by the Estate Officer thereafter, as the case may be.

Provided further that after the expiry of the letter of approval for that SEZ area or when that area ceases to be any SEZ anymore for any reason whatsoever, such allottee, who had earlier exercised his option for conversion from free hold basis to lease hold basis under this rule, shall have another option within a period of six months of the date of expiry of the said letter of approval for that SEZ area or from the date from which that area ceases to be any SEZ anymore for any reason, whatever to reconvert his allotment of site to free hold basis on a one time payment of Rs.10000/- per acre and the Estate Officer shall allow re-conversion of the site to free hold basis without any other pre-conditions on the same terms and conditions as were prevalent before the date of exercise of the first option of the allottee for converting the site from free hold to lease hold tenure.

Provided further that period of filing of either of the options may be extended by the Estate Officer, for a sufficient reason, but the period of extension shall not be more than three months.

- (13) USE OF SITES:**(a)The sites and the buildings and structures thereon shall be used by the lessees, occupiers, tenants or any other users specifically and only for the purposes described in the letter of allotment and the detailed terms and conditions. These purposes may include the

provision of information services such as software development and IT enabled services, other related non-polluting activities, as also the provisions of support facilities such as canteen, catering, sports, entertainment, security etc. upto 20% of the total built area.

b) **CHANGE OF USE :** Change of use of campus sites may be permitted on an application by the lessee provided that the following conditions are fulfilled, namely:-

- i) The proposed use is one of the permitted uses for campus sites in the Chandigarh Technology Park.
- ii) The proposed use is compatible with the nature of the site.

Permission may be granted upon payment of conversion charges as determined from time to time by the Chandigarh Administration.

(14). **TRANSFER OF CAMPUS SITES :** a) Transfer of campus sites by the lessee shall not be allowed for a period of 10 years from the date of allotment, or till all dues are fully paid, whichever is later.

b) In the event of the lessee company being merged with another company or in the event of a split of the lessee company, or the selling up of a subsidiary by the lessee company, in accordance with statutory provisions and with the permission of the concerned regulatory authorities, the consequent substitution of name of the lessee may be allowed prior to the expiry of the period mentioned in sub rule (a) above, for the reasons to be recorded in writing.

c) In all cases of transfers or substitution the transferee, the new entity must satisfy in every respect the conditions of eligibility for allotment of the site in question as on the date of the application for transfer or substitution.

d) Permission for transfer may be granted on payment of transfer charges as determined from time to time.

(15) **PENALTIES :** a) Any lessee who misuses the site or the building or structures thereon or converts the use of such site, buildings or structures without prior permission the site along with the buildings and immovable structures thereon shall be liable for resumption by the Estate Officer.

b) The orders for resumption of the site shall be passed by the Estate Officer after giving reasonable notice and an opportunity of being heard to the lessee who may be given time to remove violations or objections or make the required payment within a maximum period of 90 days from the date of notice.

c) The lessee/transferee shall be bound by the byelaws, rules and regulations framed under the Capital of Punjab (Development and Regulation) Act, 1952 specially for building plans, construction standards and all other issues relating to the construction and use of buildings and sites. Failure to comply with the said byelaws, rules or regulations, shall, without prejudice to the remedies available under the said byelaws, rules and regulations, make the lessee/transferee also liable for resumption of the site.

d) In the event of the resumption of the site, the lessee/transferee shall hand over physical possession of the site, the building and immovable structures thereon without any claim for compensation or damages. Thereafter the site, building and structures thereon may be utilized or disposed of by the Estate Officer as it may deem fit.

e) The lessee shall be liable to make timely payment of the consideration money whether in lump sum or in installments, and in the event of delay he shall be liable for resumption of the site, building and structures thereon.

(16). GENERAL PROVISIONS. The general provisions of the Capital of Punjab (Development & Regulation) Act, 1952 and Chandigarh Lease Hold of Sites and Buildings Rules, 1973 as amended from time to time shall apply to the extent that specific provisions have not been made herein.

S.K. SANDHU,
Finance Secretary,
Chandigarh Administration.