LEASING OUT CENTRAL GOVERNMENT’ SALTPAN LANDS FOR SALT MANUFACTURE

1. Central Government lands under the administrative control of Salt Commissioner’ organization is leased out for salt manufacture for a period of 20 years through open tenders giving vast circulation in the salt manufacturing area concerned.

2. There is no renewal clause in the lease agreement.

3. The minimum lease money (Assignment fee @ Rs. 10/- per MT / per annum and Ground rent @ Rs. 5/- per acre/per annum) is charged as per Government policy subject to manufacture of salt at minimum yield per acre / per annum fixed by the Government of India from time to time. These rates are effective from 01.01.2004 and under revision. For the details with regards to levy of assignment fee and ground rent, minimum production of salt in respect of salt land owned by the Salt Department, Govt of India in various States and concessions given to various categories may be seen in the Government orders dated 27-1-2004 as at Annexure – A.

4. In respect of fresh and virgin lands, lease money/ assignment fee at half of this scale is recovered for the first three years. However, such conditions are always incorporated in the NIT and subsequent in lease agreement.

5. In respect of the duly registered Co-operative Societies of weaker section, the rate of assignment fee obtained in the NIT is charged at half of the normal rate of assignment fee proposed for the first five years.

6. Before the lands are formally assigned, the assignees is required to deposit a fixed amount equal to the estimated amount of assignment fee for one year as security deposit. This is refundable after successful expiry of the terms of the lease.

7. Notice inviting tenders for leasing of Salt Dept lands for salt manufacture are always uploaded on website. For detailed conditions of the Notice inviting tenders, please see website.

Annexure - A

Sankhya/ No. 02011/2/2003-salt
Bharat Sarkar/ Government of India
Vanijya Avam Udyog Mantralaya/
Ministry of Commerce & Industry
(Audyogik Neeti Aur Samvardhan Vibhag/
Department of Industrial Policy & Promotion)
Udyog Bhavan, New Delhi 110 011

Dated the 27th January, 2004

To
The Salt Commissioner
2A, Lavan Bhawan, Lavan Marg,
Jaipur- 302001

Sub:- Revision of assignment fee, ground rent and rate of minimum production of salt per acre for charging assignment fee and ground rent, etc of the Salt Commissionerate land- reg.

Sir,

I am directed to refer to the correspondence resting with your D.O. No 10(2) P/91.1546 dated the 20th Feb. 2002 and the recommendations of CAB for Salt made in its meeting held in New Delhi on 28.8.2003 on the subject mentioned above. The proposal of the Salt Commissionerate for revision of assignment fee/lease money and ground rent has been under consideration of the Government and the president is pleased to revise the assignment fee/lease money and ground rent as under:

a) Assignment fee/ lease money has been revised to Rs. 10/- per tonne per annum of salt produced and issued subject to minimum production of salt in respect of each state as mentioned in para (2) below;

b) Ground rent has been revised to Rs. 5/- per acre per annum.

2. For the purpose of levy of assignment fee minimum production of salt in terms of tonnes per acre per annum has been fixed at the following rates in respect of salt land owned by the Salt Commissionerate in the following States:-

<table>
<thead>
<tr>
<th>State</th>
<th>Minimum production of salt in MT/Acre/Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat</td>
<td>30</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>20</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>20</td>
</tr>
<tr>
<td>Karnataka</td>
<td>20</td>
</tr>
<tr>
<td>Orissa</td>
<td>10</td>
</tr>
<tr>
<td>Tamilnadu (other than Tuticorin area)</td>
<td>20</td>
</tr>
<tr>
<td>TamilNadu (Tuticorin area)</td>
<td>75</td>
</tr>
</tbody>
</table>

3. This order supersedes the following orders issued by the Ministry of Industry, Department of Industrial Development:-

i. 18(4)/59-salt(pt.VIII) dated the 7th Dec. 1961
ii. 16/23/63-Salt dated 20th June, 1964
iii. 16/23/63-Salt dated 22nd July, 1964
iv. 16(23)63-Salt dated 19th Dec. 1969

https://saltcomindia.gov.in/SaltManufacture.htm

4. The following procedure shall be adopted for levy of assignment fee/ lease money in the said States:

(i) Ground rent should be recovered in lump sum annually in advance.

(ii) The assignment fee in respect of area covering more than 10 acres should be collected in installment, not exceeding four in a year. In respect of the holdings of 10 acres and less, the assignment fee for the entire lease period to be collected in installment not more than 10.

(iii) Before the lands are formally assigned the assignees should be required to deposit a fixed amount equal to the estimated amount of assignment fee for one year as security deposit. This would be refundable after the expiry of the terms of the lease. The assignment fee paid as advance shall be adjusted against outstanding dues in case the lease of land given for manufacture of salt is revoked owing to violation of lease conditions.

(iv) In respect of fresh and undeveloped lands, lease money/assignment fee at half of this scale should be recovered for the first three years. However, such conditions should be incorporated in the NIT and subsequent in lease agreement.

(v) In respect of the State of Orissa, the rate of assignment fee should be 40% of that applicable to other States. However, the annual ground rent shall remain the same.

(vi) In respect of the duly registered Co-operative Societies, the rate of assignment fee obtained in the NIT should be half of the normal rate of assignment fee proposed for the first five years.

(vii) In case of prevailing assignment fee obtained by NIT ranging from Rs. 1 to 10, the minimum assignment fee shall be charged Rs. 10. However, this shall be made applicable after current lease tenure expires and competent authority renews the lease of land for another term.

(viii) In case the higher tender rate of assignment fee being more than Rs. 10, the lessee shall pay the tendered rate.

(ix) In case of holdings less than 10 acres where a fixed amount of assignment fee/lease money is charged shall be calculated in such a way that minimum assignment fee does not come to less than Rs. 10 per tonne per annum.

(x) The revised rates of assignment fee and ground rent will be effective from 1st January, 2004 onwards.

5. The working of the above formula should be reviewed at the end of three years and result of the review furnished to this Department.


Yours faithfully

(S. C. Sivaji Rao)
PROPOSED FORM OF INDENTURE OF LEASE OF GOVERNMENT LANDS FOR MANUFACTURE OF SALT

*****

This Indenture made on the ........................................day of.................................two thousand..........................................
............................................... between the President of India (hereinafter called the “lessor” which expression where the context so admits shall include his successors and assigns) of the one part and Shri/Smt. / Kumari ............................................................. son / wife / daughter of................................. ........................................, residing at........................................ (hereinafter called the lessee which expression where the context so admits shall include his respective heirs, executors, administrators, legal representatives and assignees) of the other part.

OR

____________________________________(Name of person of
____________________________________(Address and occupation) hereinafter referred to as the lessees which expression shall where the context so admits be deemed to include their respective heirs, executors, administrators, representatives and their permitted assignee(s) of the other part.

OR

____________________________________(Name of person of
__________________________ Address) and _________________________
(Name person) of ________________ (Address of the firm or
syndicate) under the name & the style of _____________ (Name of the firm or a syndicate) registered under _________________ (Act under which registered) hereinafter referred to as the lessees which expression shall where the context so admits be deemed to include all the partners of the said firm, their representatives, heirs, executors administrators of the other part.

OR

_______________________ (Name of company) a company registered under (Act under which incorporated and having its registered office _________________ (Address) hereinafter referred to as the lease which expression shall where the context so admits be deemed its successors and permitted assignees of the other part.

OR

_________________________ of _________________ Society of____ ______________ (Address of society) a cooperative society registered under _____________ (Act under regd.) herein which expression where the context so admits be deemed to include its administrative and legal representatives and permitted assignees) of the other part.

Whereas the lessee has applied to the lessor to grant to the lessee a lease of all that piece or parcel of land............................acres or .................Hectares in the ..............................................salt factory or in the village of............................in the district of.............................in the State of............................particularly described in the Schedule hereunder written, which the lessor has agreed to do upon the terms and conditions hereinafter appearing and contained.
Now this Indenture witnesseth that in consideration of the sum of Rs...........(Rupees.............................................................only) paid as the ground rent for the year.............and the sum of Rs...................(Rupees.............................................................) equivalent to the estimated amount of assignment fee for one year deposited as and by way of security before the execution of these presents (the receipt whereof the lessor hereby acknowledges) and of the balance of the assignment fee payable in installments as hereafter provided and of the ground rent hereinafter reserve of the covenants and conditions on the part of the lessee hereinafter contained, the lessor doth hereby demise unto the lessee all the piece or parcel of land in the schedule hereunder written, particularly mentioned and described and all salt pans and brine pits upon in and under the said piece or parcel of land expressed to be hereby demised together with all easements and appurtenances to the said piece or parcel of land and pans belonging or reported to belong or with the same respectively usually held or enjoyed (hereinafter referred to as ‘the demised premises’).

The Lessor and the Lessee hereby covenant with each other in the manner following, that is to say;

1. (i) The Lessee shall pay Assignment Fee (AF) (in the beginning of each year in advance) i.e. total sum of Rs........only at the rate of Rs. _____ per tonne, or as amended by the Government of India from time to time, of salt produced and issued subject to a minimum of.......tonnes per acre / per annum payable by the lessee on or before the date fixed from time to time.
(ii) Also pay Ground Rent (GR) of Rs.______ in lump-sum only at the rate of Rs.__________ per acre per annum or as amended by the Government of India from time to time payable in advance at the beginning of every year on or before the date fixed by the Lessor.

(iii) The Lessor may permit payment of assignment fee in instalments not exceeding four in a year, along with simple interest as notified by the Ministry of Finance, Govt. of India, from time to time, on the balance of the assignment fee due on account of deferred payment. The amount paid by the Lessee as stated above shall be adjusted at the end of the said year on the basis of the quantity salt issued from the salt works.

(iv) The Lessee shall be liable to pay Cess on salt on removal as per the provision under Salt Cess Act, 1953 and rules made there under from time to time. Excess payment of Cess on Salt removal, if any paid, will be adjusted against Cess on salt payable on future removal of salt.

(v) In the event of failure to pay the Assignment Fee and Ground Rent as per agreement by the fixed date, a grace period of two months will be allowed and to pay the dues within the said grace period of two months, the Lessee (s) will be liable to pay interest thereon at a rate not exceeding ..........% per annum as fixed by the Ministry of Finance, Department of Expenditure, Government of India from time to time.
(vi) In default of payment of AF & GR during extended period of two months as aforesaid, the lease shall be liable to be terminated by service of a week’s notice on the Lessee by the Salt Commissioner/ Dy Salt Commissioner on behalf of the lessor.

(2) The lease shall be subject as herein provided for a period of......year commencing from........ provided always that either the Salt Commissioner / Deputy Salt Commissioner on behalf of the Lessor or the Lessee shall be at liberty to give notice of termination of lease in writing at the close of the salt manufacturing season. Such notice will have immediate effect.

(3) On expiry of the lease or its sooner determination thereof as provided herein clause Nos. 1, 2, & 20, the Lessee shall leave the demised premises in such a good order and condition as is consistent with the due performance of this lease and shall remove himself entire quantity of salt and also all civil structures and dwelling units etc. erected or made thereon along with machinery/ Washery / Refinery / Iodization Plant or any other machinery related to improvement of quality of salt etc., erected by him on the said land at his own costs, within four weeks’ from the date of notice or the order terminating lease, whichever is earlier, failing which, the civil structures and dwelling units etc., machinery etc., stated above shall stand forfeited to the Government; and the Lessee shall not be entitled to any compensation for any expenditure that may have been incurred in respect of the works or machinery. The actual expenditure incurred for removal of the civil structures and dwelling units etc. would be recovered from lessee.
(4). (i) The Lessee shall use or utilize the demised premises exclusively for the manufacture, storage and sale of salt including salt iodization and refining and for the works connected therewith and shall not do any construction work relating to dwelling houses on the demised premises and shall not utilize it for any other purpose. The lessee may, however, use a part of premises for constructing office premises / Laboratory on specific approval of the Competent authority. No additions / alteration to the existing civil structures etc. should be made without prior approval of the lessor.

(ii) The Lessee shall furnish the plan of his salt works or the realignment of existing salt works for prior approval to the Salt Commissioner / Deputy Salt Commissioner before the construction is started and no alteration thereafter should be made without sanction of the lessor. The Lessee(s) shall complete all preliminary arrangements in time to commence the manufacture of salt within a reasonable time of two years from the date of issue of the lease orders / tender acceptance orders. The Lessee(s) shall pay expenses of any survey that may be ordered of the land within the aforesaid limits and of preparing maps thereof.

(5). (i) The Lessee shall allow the officers of the Govt. of India duly authorized in this behalf by the Salt Commissioner or Deputy Salt Commissioner or any other equivalent competent officer (hereinafter referred to as “The Authorized Officer) to inspect his salt works and civil structures and shall reserve for the Lessor such portion of the
demised premises as the authorized officers may from time to time require for the purpose of providing experimental pans worked by or under Government of India control for means of communication and for erecting guard houses, store houses and offices.

(ii) The Lessee(s) shall be bound to allow all neighboring Lessee(s) / salt manufacturers and their labourers such reasonable right of way over the ridges of their pans as may be necessary for them to carry the salt from their pans to the drying grounds, storage platforms or otherwise.

(6). The Lessor reserves to himself the right to any quarries, mines, veins and beds of coal, lead stone, or other minerals in or under the demised premises with liberty to himself and his employees to enter and search for such minerals and to dig and carry them away doing as little damage to the Lessee’s works and interfering as little with his liberty as possible.

(7) The Lessee shall pay Non-Agricultural Land Assessment Tax or any other tax as prevailing from time to time in respect of all such portions of the demised premises under salt manufacture or in respect of use of the said land or portion thereof for any purpose incidental to the same viz. like salt iodization, refining, brine storage tanks, office, engine rooms, fuel yard, settlers etc., reservoirs, condensers, crystallizers and their ridges, brine pits and bitterns channels, brine supply and transport channels as also platforms, drying grounds and roads and pathways within factory limits and also all existing and shall also pay Cess, taxes, duties, rents and
outgoing of every description for the time being payable or which may hereafter become payable either by the landlord in respect of the demised premises and any buildings, machinery etc., and in such cases, it will be lessees who shall be responsible for payment thereof.

(8). The Lessee shall not manufacture salt, not conforming to the quality standard as prescribed under Clause 14 below, in the demised premises, and shall forthwith destroy / upgrade such salt, if any, at its own costs and shall not make any commercial or other use of such salt.

(9). The Lessee shall bear the costs of all works incidental to laying out of the reservoirs, condensers, crystallizers and pans and the lifting of brine, boiling refining, iodization etc.

(10). Except with the written consent of the Lessor, first obtained, the Lessee(s) shall not assign, underlet or part with possession of the demised premises or any portion thereof and shall not transfer by way of sale, gift, mortgage or otherwise the demised premises provided that nothing herein contained shall prevent the lessee at any time from taking any partner or partners into the business carried on by them under the present lease, after obtaining the previous approval in writing of the Salt Commissioner / Deputy Salt Commissioner, on the terms and condition prescribed by him.

(11). The Lessee shall work the salt works directly under him / their authorized person and shall employ supervisors capable of understanding
and carrying on such improved methods of manufacture as may be prescribed by the Authorized Officer for the production of salt of good quality. In the event of the Lessee proposing appointment of any Power of Attorney to direct and supervise the work of Salt manufacture, the previous permission in writing of the Salt Commissioner / Deputy Salt Commissioner of the Region shall be obtained.

(12). The Lessee(s) shall not sell salt manufactured by it at an ex-factory price higher than that fixed by the Govt. of India or the State Govt. if any, from time to time.

(13). (i) The Lessee shall comply with such rules in respect of manufacture, storage and sale of salt as may be in force from time to time and shall maintain general discipline of the factory.

(ii) The Lessee(s) shall exercise due diligence in manufacturing of salt and shall work the leased area to its’ full capacity every year. It shall produce the minimum quantity of salt fixed for the State in which land is located. Failure to produce such quantities of salt for two consecutive years may entail cancellation of lease.

(14). The Lessee(s) shall manufacture salt of a quality not inferior to the standard laid-down under the P.F.A. Act, 1954 and declared by the Government by a notification in the Gazette of India from time to time or any other similar law enacted by the Government.
15. The Lessee(s) shall be bound, at his own expenses, to construct and maintain within the salt works set up in the demised premises in good repair all roads and all channels, reservoirs, embankments, drying grounds, platforms and other works used or intended to be used for the manufacture and storage of salt, and would also construct and maintain any works required for protection of the salt works from inundation or for the supply of brine to the satisfaction of the authorized officer.

16. The Lessee (s) shall make adequate arrangements to prevent demised premises from misuse / encroachments by fencing and employing security guards wherever needed, at its own cost and will also not be entitled for any compensation whatsoever from the Government of India, on account of such construction and for expenditure incurred on employment of security guards.

17. The Lessee shall pay wages as per Minimum Wages Act as notified by the Government to the labour employed by them and shall also provide welfare amenities in accordance with the Labour Laws / Rules / Orders, applicable in the respective State.

18. In the event of issuance of notice of termination either by the lessor or by the lessee, the lessee shall pay all sums due or falling due to the lessor up to the close of the manufacturing season in which such notice is given, otherwise all the sums due under this lease shall be recoverable as
arrears of land revenue as per provisions of the Revenue Recovery Act, 1890 and rules made there under from time to time.

(19). The lessor shall be entitled to a lien every year up to 25% of the salt produced by the lessee in the factory and the lessee shall keep in reserve the 25% of the salt manufactured in the leased salt works in that season. Such salt shall be termed “Government Reserve”. The lessor will have the option to purchase the said Government Reserve salt at such rate as may be decided by the Govt. of India from time to time. The Government Reserve Stock of the season shall be released by the lessee for disposal as it is replaced by equal quantity of the new salt of the succeeding season.

(20). Subject to the foregoing conditions, the Lessee shall continue to enjoy the demised premises undisturbed for a term of twenty years commencing from.............provided that (i) the Salt Commissioner / Deputy Salt Commissioner, on behalf of the Lessor, shall be at liberty to determine forthwith the lease on account of the lessor / Govt. requiring the leased land for public purposes giving to the lessee notice in writing during currency of lease stated above, (ii) in case of breach of any of the above mentioned conditions, or in the event of lessee delaying payment of any sum or sums due under this Agreement for over two months (excepting payment in installments of the agreed sums, in respect of the ground rent or assignment fee) for which a specific provision has been made in Clause I hereof from the date when it falls due, then in such event, the lessor may determine the lease forth with and the security deposit paid shall stand
(21). In the event of any question, dispute or difference arising in respect of or in connection with these presents (excepts as to any matters, the decision of which is specially provided for by these presents), the same shall be referred to the sole arbitration of the Salt Commissioner or some other person appointed by him. It will be no objection that the Arbitrator is a Government Servant that he has to deal with matters to which these presents relate or that in the course of his duties as Government servant, he had expressed views in all matters or any of the matters in dispute or difference. The Award of the Arbitrator shall be final and binding on the parties to this Indenture. The provisions of Arbitration and Conciliation Act, 1996 and the rules made hereunder and in statutory modification therein for the time being in force shall apply to the Arbitration proceedings under this clause.

In witness whereof Shri………………………………………………………………………………………………………..
……………………..for and on behalf of the President and
………………………..have hereunto and subscribed their respective hands and seals the day and year first above written.

Signed by (name)……………………………………… (designation) for and on behalf of the President of India In the presence of:

1. Witnesses:
   Occupation
   Address.
2. Witnesses:
   Occupation
   Address

(Signature)

FOR AND ON BEHALF OF
THE PRESIDENT OF INDIA

Signed by the above named lessee(s) in the presence of

1. Witnesses:
   Occupation
   Address.

2. Witnesses:
   Occupation
   Address

Signature of lessee (S).

SCHEDULE