

AZAMABAD INDUSTRIES ASSOCIATION

1-8-582, Industrial Area
Azamabad, Hyderabad-50002

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Dear Sir,

Sub: Azamabad Industrial Area (Termination and
Regulation of Lease) Bill, 1992.

We the industrialists of Azamabad Industrial Area, Musheerabad, Hyderabad City Andhra Pradesh State respectfully submit this memorandum for kind consideration and favourable orders.

In the year 1935-36, the then H.E.H., the Nizam's Government through its Department of Commerce and Industry with the sole aim of Industrial Development in Ex-Hyderabad State, and to promote employment, took up the scheme of offering for sale, the then marshy and uninhabited land between the cities of Hyderabad and Secunderabad now called "Azamabad Industrial Area, Musheerabad, Hyderabad", to the extent of about 130 acres divided in to several plots of 5 acres and 1.2 acres, to the intending industrialists. The development of this area was being energetically pursued by H.E.H. the Nizam's Government promising several infrastructure facilities for those interested in starting industries in the State. A copy of the circular letter No.C.G/105 2/36 issued on behalf of the Secretary to Government Department of Industries & Commerce H.E.H. Nizam's Government with the H.E.H. the Nizam's State Railways in this regard is appended herewith for your kind perusal.

In pursuance of the offer for sale, of the said plots admeasuring 1.2 acres to 5 acres, at varying prices, between O.S. Rs. 1500 and O.S. Rs. 3,000 per acre, the cost of the main road

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the reverse of the circular letter aforesaid. Certain Industrialists came forward and took possession of the plots of lands after paying the price and constructed factories, sheds & other buildings on the plots allotted to them as early as in 1939-40, i.e. about fifty years back, and began running industries investing capital amount towards plant and machinery and expending huge amounts towards cost of manufacture of goods and employment of labour.

It is submitted that the then market value of the land in the vicinity to the said plots in Azamabad Industrial Area was not more than O.S. Rs.1,000/- per acre even on out right sale. However, the Government after police Action offered the said plots to the industrialists already in possession since 1930-40, on 99 years lease. A plain reading of the lease deed leaves no doubt in one's mind that the so called leases were actually sale deeds only subject to certain Legislative Controls.

All the occupying industrialists were in bonafide that 99 years of lease is as good as sale of the land, as it was never contemplated that the plots of land given in possession of industrialists for industrial development would at any time be taken back by the Government at their pleasure. The ex-government of Hyderabad only levied a nominal quit rent of about O.S.Rs.50/- per acre and also created a special Trust Fund known as "Industrial Trust Fund" set by the Ex-Government of Hyderabad for industrial development of the state. Most of the present industrialists who are the occupants of the said plots in the Azamabad Industrial Area since forties and fifties struggled very hard for their very existence all these forty years and spent huge sums of money on maintenance of their industries and also contributed much to the state government by way of Sales Tax, and other taxes.

The Government has introduced an Act named Azamabad Industrial Area (Termination and regularisation of leases) Act 1992 and the rules made there under the Government in G.O.Ms.No.299 Industries & Commerce (IF cell) Department dated 1-9-93 ordered the rate of premium to the Rs. 500/- per SQ. yard, and quit rent at Rs. 0.10 per SQ. yard per month and also restricted the period of lease to 25 years.

As per the above Act & rules there of we have been asked to enter into fresh lease agreement with the Government on these terms. In this regard, sir, we who are engaged in small

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scale Industries and drawn most of them from middle class families submit that the present premium of Rs. 500/- per SQ. yard works out to nearly Rs. 25 lakhs per acre. Which being huge amount we are not in a position to pay. As it is the banks are not ready to advance this huge amount which is not for production purposes. The monthly huge interest involved and the repayment of loans taken or to be taken for running of our industries will make them sick/dormant creating more problems of stoppage of production, unemployment. Further the restriction of lease of 25 years will badly affect the Industrialists who have already made commitments of loans from banks and financial Institute offering the lease agreement as collateral security basing on the 99 years of lease deeds executed by us already thinking that we will continue for another 50 years running our Industries, because this restrictions of 25 years will give a way to the bankers/financial institutions to terminate our collateral security and imposed conditions for giving other securities against our commitments already made, more over the financial institutions or the banks will go back to extend their financial help, any further since the lease period is very short and restrictions imposed in the act. This will affect any further expansion, renovation or day to day running of our industries smoothly for want of sufficient funds. This kind of payment was not prevalent in the other industrial estates in the state as well as around the city. In fact, the factory sheds and plots developed in the Industrial Area in the state are being sold to the occupants as well as entrepreneurs on reasonable rates. Further, we state that the payment of huge amount against premium even for small quantity of land will cause hardship to the running industries. The heavy burden and the premium amount will be locked up with the Govt. and there will not be any funds with industrialists even to meet working capital as the bankers goig back to advance any further loans to the running industries.

Sir, most of the industries located in the area are small-scale industries who find difficult to meet both ends and any extra burden on them would simply displace them totally. Even the big industries would find it hard to finance the land again and again. Further industries would never be able to thrive on such costly lands and they would also find it difficult to shift their units as it would cast on them the burden of creating all the infrastructures again and thus would give rise to sickness apart from displacement of huge labour force engaged in the industries. Moreover if the state goes back on the very agreements it had executed with the industrialists the State would lose its credibility with the Industrialists and this would send negative signals to the entrepreneurs whom the Government is trying to woo to Industrialise the State, even to the NRI entrepreneurs.

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In view of the above facts we earnestly request your goodself to revise the orders issued in G.O.Ms.No. 299 Industrial & Commerce (IF cell) Department dated 1-9-93 to the following effect.

- i) Payment of premium at Rs.500/- per SQ. yard should not be insisted upon for the present occupants already on lease of 99 years as they have already paid premium at the time of occupation at the then prevailing rates.
- ii) A reasonable quit rent be charged.
- iii) We should be allowed to be on lease for the balance period of lease of 99 years.

Alternately we suggest that the Government as per its present policy of disinvestment should sell the leased lands to the existing lessees at nominal price so that the problem of the above area is settled for all times. Recently the Government solved the problem of other lease hold lands in other areas of Secunderabad in a similar manner.

We hope you will give proper thought to our appeal and make a just decision,

Thanking you.