

THE KARNATAKA INDUSTRIES (FACILITATION) ACT, 2002

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STATEMENT OF OBJECTS AND REASONS

Act No 45 of 2003,- It is considered necessary to provide for the promotion of industrial development and facilitation of new investments, to simplify the regulatory frame work, by reducing the procedural requirements and rationalising documents and to provide for an investor friendly environment in the State of Karnataka. The Bill among other things provides for the following, namely:-

1. Constitution of State High Level Clearance Committee, State Level Single Window Clearance Committee and District Level Single Window Clearance Committee for consideration of application from entrepreneurs intending to establish industries in the State.
2. Appointment of Karnataka Udyoga Mitra as a Nodal Agency at State Level and the District Industries Centre at Nodal Agency at the District level to undertake investment promotional activities and to render necessary guidance and assistance to entrepreneurs to setup industrial undertaking in the State.

3. Providing Combined Application Form in lieu of existing forms prescribed under various laws.
4. Facilitating entrepreneurs by furnishing a self certification at the time of submitting the combined application form to the Nodal Agency.
5. Rationalising inspections by various authorities.
6. Providing for deemed approval by the departments or authorities in case of delay.
7. Penalty for entrepreneurs who fail to comply with the conditions of undertaking in the self certification.

Hence the Bill.

(L.A Bill No.5 of 2002)

(Entry 24 of List-II and entries 23, 24, 36 and 37 of List-III of Seventh Schedule to the Constitution of India)

I

Amending Act 03 of 2014.- It is considered necessary to amend the Karnataka Industries (Facilitation) Act, 2002 (Karnataka Act 45 of 2003) to provide for,-

- (a) Constitution of a State Level Empowered Committee under the Chairmanship of Chief Secretary to Government for giving impetus to the implementation of approved projects;
- (b) to increase the project cost that can be cleared by the State High Clearance Committee, State High Level Single Window Clearance Committee, District level Single Window Clearance Committee and in view of the escalation of cost of investment of the projects/proposals;
- (c) review provision against the decision of State High Level Clearance Committee; and
- (d) certain other consequential amendments are also made

Hence, the Bill.

[L.A. Bill No.17 of 2013, File No. Samvyashae 05 Shasana 2013]

[Entry 24 of List II and entries 23, 24, 36 and 37 of List III of the Seventh Schedule to the Constitution of India.]

II

Amending Act 43 of 2015.- It is considered necessary to amend the Karnataka Industries (facilitation) Act, 2002 (Karnataka Act 45 of 2003) to empower State Level Single window clearance Committee to consider industrial and other Projects up to Rupees Five Hundred Crores under the chairmanship of the Minister incharge of major and medium industries and state high level clearance Committee to consider industrial and other project of more than Rupees Five Hundred crores under the chairmanship of the chief Minister.

Hence, the Bill.

[L.A. Bill No.42 of 2015, File No. Samvyashae 50 Shasana 2015]

[entry 24 of List II and entries 36 and 37 of List III of the Seventh Schedule to the Constitution of India.]

III

Amending Act 29 of 2020.- It is considered necessary to amend the Karnataka Industries (Facilitation) Act, 2002 (Karnataka Act 45 of 2003) to provide for temporary clearance to manufacturing Industry or manufacturing Enterprise, to establish industry on filing combined application form and to get prepared for commercial operation.

Further, many states across the country have introduced similar Acts which helped them in providing conducive environment in the respective states. In addition to the business reforms action plan introduced by the department for promotion of industry and industrial trade, Ministry of

Commerce and Industry, Government of India, is further enabling the State to reduce the regulatory hindrance.

In 2019, Gujarat and Rajasthan State Governments have also introduced similar Ordinance to provide for exemption from certain approvals and inspections for establishment and operations of the micro, small and medium enterprises.

Further, to obtain final approval before commencement of commercial operation and for matters connected therewith or incidental thereto.

As the matter was urgent and both houses of the Karnataka state legislature were not in a session, the Karnataka Industries (Facilitation) (Amendment) Ordinance, 2020 (Karnataka Ordinance 12 of 2020) was promulgated on 02.07.2020 to achieve the above object.

This Bill seeks to replace the said Ordinance.

Hence the Bill.

[L.A. Bill No. 33 of 2020, File No. Samvyashae 52 Shasana 2020]

[Entries 24 of List II and entries 36 and 37 of List III of the Seventh Schedule to the Constitution of India

[Published in Karnataka Gazette Extra-ordinary No. 484 in part-IVA dated: 19.10.2020]

KARNATAKA ACT NO. 45 OF 2003

(First published in the Karnataka Gazette Extra-ordinary on the Fourth day of November, 2003)

THE KARNATAKA INDUSTRIES (FACILITATION) ACT, 2002

(Received the assent of the President on the Twenty Seventh day of October, 2003)

(As amended by Act 03 of 2014, 43 of 2015 and 29 of 2020)

An Act to provide for the promotion of industrial development and facilitation of new investments to simplify the regulatory frame work by reducing procedural requirements and rationalising documents and to provide for an investor friendly environment in the State of Karnataka.

Whereas, it is expedient to provide for speedy implementation of industrial and other projects in the State by providing single point guidance and assistance to promoters, reducing the procedural requirements rationalising documents and to ensure smooth operation;

Be it enacted by the Karnataka State Legislature in the Fifty third year of the Republic of India as follows:-

CHAPTER - I

Preliminary

1. Short title and commencement.- (1) This Act may be called the Karnataka Industries (Facilitation) Act, 2002.

(2) It shall come into force on such ¹[date] as the State Government may by notification appoint.

2. Definitions.- In this Act unless the context otherwise requires,-

(i) "Appellate Authority" means an appellate authority referred to in section 18;

1. All the provisions of the Act have come into force with effect from 22.12.2003, vide Notification No. CI 162 SPI 2001 (Part) dated 16.12.2003 (Karnataka Gazette Part IV-A Extraordinary No. 1671 dated 16.12.2003)

(ia) "Applicable Acts" means the Factories Act, 1948, the Boilers Act, 1923, the Contract Labour (Regulation and Abolition) Act, 1970, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Maternity Benefit Act, 1961, Gratuity Act, 1972, the Equal Remuneration Act, 1976 and the Karnataka Shops and Commercial Establishments Act, 1961; ²[the Legal Metrology Act, 2009 (Central Act 1 of 2010) or rules made there under, the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964), the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), the Karnataka Grama Swaraj and Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993), the Karnataka Industrial Area Development Act, 1966 (Karnataka Act 18 of 1966), the Karnataka Fire Force Act, 1964 (Karnataka Act 42 of 1964), the Karnataka preservation of Trees Act, 1976 (Karnataka Act 76 of 1976), the Karnataka Forest Rules, 1969, the Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964), the Karnataka Land Reforms Act, 1961 (Karnataka Act 10 of 1962), the Bangalore Development Authority Act, 1976 (Karnataka Act 12 of 1976), the Karnataka Urban Development Authorities Act, 1987 (Karnataka Act 34 of 1987), the Karnataka Town and Country Planning Act, 1961 (Karnataka Act 11 of 1963), and the policies of the Karnataka State Small scale Industries Development Corporation.]²

(ii) "Authority" includes a local authority or any statutory Board, Corporation or other authority established by the State Government and which are entrusted with the powers or responsibility to grant or issue clearances;

(iii) "Clearances" means grant or issue of no-objection certificate, allotments consents, approvals, permissions, registration, enrolments, licences and the like, by any Authority or authorities in connection with setting up an industrial undertaking in the State.

(iv) "Department" means, a department of the State Government.

(v) "District Level Single Window Clearance Committee" means a Committee constituted under

section 9;

(vi) 'Entrepreneur' means a person or body of persons or a company, having majority investment or controlling interest in an industrial or undertaking.

(vii) 'Industrial undertaking' means an undertaking engaged in manufacturing or processing or both or providing service or doing any other business or commercial activity as may be specified by the State Government;

²[(vii-a) "Manufacturing Enterprise" means the enterprise engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.

(vii-b) "Manufacturing industry" means the industry which involves in the manufacturing and processing of items and indulges in either creation of new commodities or in value addition.]²

(viii) 'Nodal Agency' means the Nodal Agency at the State level or at the district level constituted under section 12;

(ix) 'State High Level Clearance Committee' means the State High Level Clearance Committee constituted under section 3;

(x) 'State Level Single Window Clearance Committee' means the State Level Single Window Clearance Committee constituted under section 6.

¹[(xi) "**State Level Empowered Committee**" means the State Level Empowered committee constituted under section 11A]¹

1. Inserted by Act, 3 of 2014 w.e.f. 04.01.2014

2. Deemed to have been inserted by Act, 29 of 2020 w.e.f. 02.07.2020

Chapter - II

3. State High Level Clearance Committee.- (1) The State Government may by notification constitute a single point clearance committee called on State High Level Clearance Committee ²[under the chairmanship of the Chief Minister]² consisting of such members as may be specified therein.

(2) The Committee shall examine and consider the proposals received from any entrepreneur relating to any industrial and other projects to be set up in the State, with an investment of rupees ³[¹[five hundred crores]¹]³ and above in each case.

1. Substituted by Act, 3 of 2014 w.e.f. 04.01.2014

2. Inserted by Act, 43 of 2015 w.e.f. 28.12.2015.

3. Substituted by Act, 43 of 2015 w.e.f. 28.12.2015.

(3) Member of the Committee shall personally attend the meeting and in case he is unable to attend the meeting, he may depute a senior level officer to attend the meeting with a written authorisation to take appropriate decision in the meeting.

4. Functions of the Committee.- (1) The Committee shall meet at such times and in such places and shall adopt such procedure to transact its business as may be prescribed.

(2) The Committee shall examine the proposals for setting up any industrial undertakings referred to in sub-section (2) of section 3 and shall take a decision and communicate its decision to the entrepreneur and the concerned departments or authorities within such time as may be prescribed.

5. Powers of the Committee.- The Committee shall be the final authority in granting approvals for the projects placed before it. The approvals given by the Committee shall be binding on all the concerned departments or authorities and such departments or authorities, shall issue the required clearances within the stipulated time and subject to compliances by the entrepreneur undertaking of the provisions of the applicable Central or State Acts and the rules made there under.

6. State Level Single Window Clearance Committee.- (1) The State Government may by notification constitute a single window clearance committee for the State called as the 'State Level Single Window Clearance Committee' ²[under the chairmanship of the Minister incharge of major and medium industries]² consisting of such members as may be specified therein.

(2) The State Level Single Window Clearance Committee shall examine and consider proposal received from the entrepreneurs relating to industrial and other projects to be set up in the State with an investment of more than ¹[fifteen crores rupees and less than rupees ³[five hundred crores]³ each.]¹

(3) A member of the Committee shall personally attend the meetings and in case he is unable to attend the meeting he may depute a senior level officer with a written authorisation to take appropriate decision in the meeting.

1. Substituted by Act, 3 of 2014 w.e.f. 04.01.2014
2. Inserted by Act, 43 of 2015 w.e.f. 28.12.2015.
3. Substituted by Act, 43 of 2015 w.e.f. 28.12.2015.

7. Functions of the Committee.- (1) The State Level Single Window Clearance Committee shall meet at such times and such places and shall adopt such procedures to transact its business as may be prescribed.

(2) The State Level Single Window Clearance Committee shall examine the proposals for setting up industrial undertakings referred to in sub-section (2) of section 6 and shall take a decision and communicate its decision to the entrepreneur and the departments or authorities concerned within one week of the meeting.

8. Powers of the Committee.- The State Level Single Window Clearance Committee shall be the final authority in granting approvals for the projects placed before it. The approvals given by the Committee shall be binding on the departments or authorities concerned and such departments or authorities shall issue the required clearance within the stipulated time subject to compliances by the entrepreneurs with the provisions of the applicable Central or State Acts or rules made thereunder.

9. District level Single Window Clearance Committee.- (1) The State Government, may, by notification constitute a single point clearance committee at the district level called the 'District Level Single Window Clearance Committee' consisting of such members, as may be prescribed. The District Level Single Window Clearance Committee shall examine and consider proposal received from entrepreneurs relating to industrial projects with the investment of upto ¹[rupees fifteen crores]¹ each to be set up in the respective districts.

1. Substituted by Act, 3 of 2014 w.e.f. 04.01.2014

(2) A member of the Committee shall attend the meetings personally and in case he is unable to attend the meeting he may depute a senior level officer with the written authorisation to take appropriate decision in the meeting.

10. Functions of the Committee.- (1) The District Level Single Window Clearance Committee shall meet at such times and such places and shall adopt such procedures to transact its business as may be prescribed.

(2) The District Level Single Window Clearance Committee shall examine the proposals for setting up industrial undertakings referred to in sub-section (1) of section 9 and shall take a decision and communicate its decision to the entrepreneurs and the departments or authorities concerned within such time as may be prescribed.

11. Powers of the Committee.- The District Level Single Window Clearance Committee shall be the final authority in granting of approvals for the projects placed before it. The approvals given by the Committee at the district level shall be binding on the departments or authorities concerned and such departments or authorities shall issue the required clearance within the stipulated time subject to compliances by the entrepreneur of provisions of the applicable Central or State Acts and the rules made thereunder.

¹[**11A State level Empowered committee.**- (1) The Government may constitute a State Level Empowered Committee, consisting of the following, namely:-

- (a) The Chief Secretary to Government of Karnataka, - Chairman
- (b) The Principal Secretary to Government, Commerce and Industries Department, - Member
- (c) The Principal Secretary to Government, Revenue Department, - Member
- (d) The Principal Secretary to Government, Water Resource Department, - Member
- (e) The Principal Secretary to Government, Energy Department, - Member
- (f) The Principal Secretary to Government, Information and Technology Department, - Member
- (g) The Principal Secretary to Government, Urban Development Department, - Member
- (h) The Secretary to Government, Department of Forest, Environment and Ecology, - Member
- (i) The Secretary to Government, Department of Commerce and Industries (Small Scale Industries, Textiles and Mines), - Member
- (j) The Principal Secretary/Secretary to Government, Agriculture Department - Member
- (k) The Principal Secretary/Secretary to Government, Infrastructure Development Department - Member
- (l) The Principal Secretary/Secretary to Government, Tourism Department - Member
- (m) The Chairman, The Karnataka State Pollution Control Board, - Member
- (n) The Director General and Inspector General of Police, The Karnataka State Fire Extinguishing and Emergency Services, - Member
- (o) The Chief Executive Officer and Executive Member Karnataka Industrial Area Development Board, Bangalore, - Member
- (p) The Commissioner for Industrial Development and Director for Industries and Commerce, - Member Secretary

Note: For the purpose of this section, The Principal Secretary to Government, Commerce and Industry Department, means the officer in charge of the subject "industries (Facilitation)", who is either Secretary or Principal Secretary or Additional Chief Secretary to Government.

(2) The Committee may co-opt an expert or knowledgeable person as co-opted member, if necessary.

(3) The functions of the State Level Empowered Committee are,-

- (i) to monitor the status of implementation of the projects cleared by the State Level Single Window Clearance Committee and State High Level clearance committees; and
- (ii) to perform such other functions as may be prescribed.]¹

1. Inserted by Act, 3 of 2014 w.e.f. 04.01.2014

12. Appointment of Nodal Agency.- (1) The State Government may, by notification, appoint the Karnataka Udyoga Mitra as a 'Nodal Agency' at the State level and the 'District Industries Centres' as the 'District Nodal Agency' at the district level to undertake investment promotional activities and to render necessary guidance and assistance to entrepreneurs to set up industrial undertakings in the State.

13. Functions of the Nodal Agency.- (1) The functions of Nodal Agency at the district level shall among others includes the following:

- (a) to carryout investment promotional activities,
- (b) to render necessary assistance in policy formulation for industrial progress,
- (c) to guide and assist entrepreneurs to set up industries in the State,
- (d) to issue combined application form to the entrepreneurs and also to receive the forms from them and to arrange required clearances from departments and authorities within the stipulated time.
- (e) to provide secretarial support to the High level Clearance Committee, State level Single

Window Clearance Committee and the District level Single Window Clearance Committee.

- (f) to promote environment friendly and clearer technology and production practices,
- (g) to perform any other function as may be entrusted to it by the State Governments.

¹[(h) on receipt of combined application form from the manufacturing industries or enterprises, the respective nodal agency shall issue an acknowledgment certificate, after obtaining the approval by the investment committees, namely State High Level Clearance Committee, State Level Single Window Clearance Committee or District Level Single Window Clearance Committee, in the prescribed form, to the applicant:

Provided that, land shall be considered for the purpose for which it is being acquired or permission for which it is applied for.]¹

1. Deemed to have been inserted by Act, 29 of 2020 w.e.f. 02.07.2020

(2) The State level Nodal agency shall also perform functions referred to in sub-section (1) and in addition prepare and regularly update an entrepreneurs guide providing complete particulars relating to,-

- (i) State and Central Industrial policies,
- (ii) Procedure to obtain the required clearances from the department and authorities
- (iii) information on industrial status and advantages existing in the State.
- (iv) salient features of Acts and the rules made thereunder applicable to an industrial undertaking, and
- (v) any other information useful to the entrepreneurs.

¹[(3) In respect of manufacturing industry or manufacturing enterprise, the acknowledgement certificate issued under clause (h) of sub-section (1) shall deemed to be the clearances for setting up or establishment of Industry as defined in sub-section (iii) of section 2, granted or issued by the respective departments for an initial period of three years or till the date of commencement of commercial operations, whichever is earlier, from the date of its acknowledgement:

Provided that, such deemed clearance for setting up of Industry shall be only to the Land for the purpose for which it is being acquired or permission is applied for. Further, there shall not be any deviation in construction with reference to the building bye-law and to the land use specified in any applicable Act or the master plan, wherever such plan is in force.

Provided further that, the approvals shall not entitle the manufacturing industry or manufacturing enterprise to use a land without clear title or lands falling under dispute, restricted categories etc.,. The ceiling limit of area that can be acquired or utilized under the provisions of this Act shall be limited as per the provisions under section 109 of the Karnataka Land Reforms Act, 1961(Karnataka Act 10 of 1962).

Explanation: Where the manufacturing industry or manufacturing enterprise establishes as per sub-section (3), the applicant has to take necessary clearances as per sub-sections (2) and (3) of section 14, before commencement of commercial operation.

(4) To assist various administrative or line departments whose powers are devolved upon the nodal agency under various legislations, Acts, rules or regulations for obtaining the approvals and monitoring the implementation of the project.

(5) To monitor and maintain the record of the applications or proposals and acknowledgement certificate issued.

(6) The state level nodal agency to maintain the database of all the project applications, approvals or acknowledgements as a central repository through the online systems.

Explanation: List of services, approvals or clearances that are required to be brought under

the purview of acknowledgement certificate shall be considered as clearances by the departments for an initial period of three years or till the date of commencement of commercial operation, whichever is earlier for manufacturing industry or manufacturing enterprise. The list of the services, approvals or clearances shall include clearances as defined in clause (iii) of section 2.]¹

1. Deemed to have been inserted by Act, 29 of 2020 w.e.f. 02.07.2020

¹[14. **Combined Application Forms (CAF).**- ²[(1)]² The State Government may, prescribe Combined Application Form for the use of entrepreneurs for obtaining clearance from the State High Level Clearance Committee or State High level Single Window Clearance Committee or District level Single Window Committee. This Combined Application Form shall also be used in lieu of existing forms prescribed under applicable Central or State Acts except the application for Licensing of a Factory as provided in section 41A of the Factories Act, 1948 and the rules made thereunder for obtaining the required clearances. All Departments or Authorities concerned shall accept such Combined Application Form for processing and issue of required clearances.]¹

³[(2) The applicant may opt to furnish the combined application form along with relevant fee and self certification under sub-section (1) of section 14 and sub-section (3) of section 15, respectively. In the event of the applicant not opting for furnishing the self-certification as under sub-section (3) of section 15, the applicant shall take all the necessary approvals prior to setting up or establishment of the industry.

(3) The manufacturing industry or manufacturing enterprise shall make relevant applications for operationalising the Unit under applicable Acts, rules, etc. within the prescribed timelines, that is six months before the expiry of the acknowledgement certificate. The acknowledgement certificate as issued to the said industry or enterprise as per sub-section (3) of section 13 shall be the prerequisite document for getting approvals under this sub-section.

Explanation: The acknowledgement certificate shall be the approval document for all the approvals or clearances as required under applicable Acts and rules specified in clause (iii) of section 2 and the approvals that require approval or clearance before the commencement of construction or establishment shall be deemed to be received.

(4) In instances where the approvals are not sought as per sub-section (3), the validity of the acknowledgement certificate shall cease.

(5) In instances of violation of sub-sections (3) and (4), the relevant line departments or agencies shall initiate the penal actions under relevant Acts.]³

1. Substituted by Act, 3 of 2014 w.e.f. 04.01.2014

2. Renumbered by Act 29 of 2020 w.e.f. 02.07.2020

3. Deemed to have been inserted by Act, 29 of 2020 w.e.f. 02.07.2020

15. Certification.- (1) Every entrepreneur shall furnish a 'Self Certification' at the time of submitting the duly completed Combined Application Form and thereafter once in a year to the Nodal Agency undertaking that he shall comply with the applicable provisions of the relevant Acts and the rules made thereunder. The undertaking shall be furnished in such form as may be prescribed.

(2) The self certification furnished by the entrepreneur shall be accepted by the departments and authorities for the purpose of issuing and granting clearance and giving other benefits to the entrepreneur.

¹[(3) The self-certification to be provided by the manufacturing industries or manufacturing enterprises shall be in form of an Affidavit which shall be the mandatory document for submission of the Common Application Form (as specified in section 14). The manufacturing industry or manufacturing enterprise shall furnish an undertaking that on clearance they shall abide by all the applicable Acts, rules etc. as defined in clause (iii) of section 2 and any deviation found at a later stage shall be liable for penal action under this Act or any applicable Acts. The application thus made by the manufacturing Industry or manufacturing Enterprises shall be along with the requisite fee prescribed for the services that are implied of the unit.]¹

1. Deemed to have been inserted by Act, 29 of 2020 w.e.f. 02.07.2020

²[**16. Inspection.-** During the period of validity of the acknowledgement certificate, in instances where inspections are warranted, the inspection shall be carried out by such officers of the respective departments in consultation with the nodal agency and approval of the Head of the department concerned, in such manner, subject to such guidelines as may be prescribed.]¹²

1. Omitted by Act, 3 of 2014 w.e.f. 04.01.2014

2. Deemed to have been substituted by Act, 29 of 2020 w.e.f. 02.07.2020

17. Deemed approval.- Every department or authority notwithstanding anything contained in any other law shall issue clearance within the stipulated time limit failing which such clearances shall be deemed to have been issued.

18. Appeal.- (1) Any person aggrieved by the decision of the State High Level Clearance Committee, State Level Single Window Clearance Committee District Level Single Window Clearance Committee disapproving the project may within thirty days from the date of receipt of communication of the decision of the Committee appeal to the Appellate Authority as may be prescribed and different appellate authorities may be prescribed in respect of appeals against the decision of different level of committees.

(2) The Appellate Authority shall after following such procedure as may be prescribed dispose off the appeal within a period of one month from the date of its receipt.

¹[**18A. Review.-** (1) Any applicant aggrieved by the decision of the State High Level Clearance Committee may appeal to the State High Level Clearance Committee for review of its decision given earlier, if the applicant,-

(a) has any new facts or grounds on which the decision has to be reconsidered by the Committee;

(b) points out an apparent error on the face of the decision.

(2) The State High Level Clearance Committee may consider such appeal and take appropriate decision, which shall be final.]¹

1. Inserted by Act, 3 of 2014 w.e.f. 04.01.2014

19. Penalty.- ¹[(1)]¹ Any entrepreneur who fails to comply with the conditions or undertaking in the self certification given to the Nodal Agency or other department or authorities shall on conviction be punishable with fine which may extend to five thousand rupees for the first offence and for the second or subsequent offence with fine which may extend to ten thousand rupees.

²[(2) Any manufacturing industry or enterprise which fails to comply with the conditions specified in the undertaking or the self certification given to the nodal agency while applying for acknowledgement certificate or for violating any clause in the applicable Act or rule, while implementing the industrial projects, shall on conviction be punishable with fine which may extend to one lakh rupees for the first offence and for the second and subsequent offence, with fine which may extend to two lakh rupees. In addition, the departments concerned shall initiate penal action under respective Acts.

(3) In case where the concerned department officer has not provided the service or approval, during the period of deemed clearance, within the stipulated timelines, penal actions shall be taken against such Officer as per the provisions of the Sakaala Services Act, 2011 (Karnataka Act 1 of 2012).]²

1. Renumbered by Act 29 of 2020 w.e.f. 02.07.2020

2. Deemed to have been inserted by Act, 29 of 2020 w.e.f. 02.07.2020

20. Offences by companies etc.- (1) Where an offence under this Act is committed by a company, the company, as well as every person in charge of and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that, nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercise all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1) where an offence under this Act has been committed with the consent or connivance of, or that commission of the offence is attributable to any neglect on the part of any director, manager secretary or other officer such Director, Manager, Secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.- For the purposes of this section,-

(a) "Company" means any body corporate and includes a firm or other association of individuals; and

(b) "director" in relation to a firm means a partner in the firm.

21. Power to make rules.- (1) The State Government may, by notification, after previous publication make rules to carry out the purposes of this Act.

(2) Every rule made under this Act shall be laid as soon as may be, after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if, before the expiry of the session in which it is so laid or the sessions immediately following both Houses agree to make any modification in the rule or both Houses agree that the rules should not be made the rules shall thereafter have effect only in such modified form or be of no effect, as the case may be so, however, that any such modification or annulment shall without prejudice to the validity of anything previously done under that rule.

22. Protection of action taken in good faith.- No suit or legal proceedings shall lie against the Chairman or other members of the State High Level Clearance Committee or State Level Single Window Clearance Committee or District Level Single Window Clearance Committee or any employee of such Committee in respect of anything which is in good faith done or intended to be done under this Act or any rule made thereunder.

23. Power to remove difficulties.- If any difficulty arises in giving effect to the provisions of this Act, the State Government may, by order not inconsistent with the provisions of this Act remove the difficulties.

Provided that no such order shall be made after the expiry of the period of two years from the date of commencement of the Act.

The above translation of the ಕರ್ನಾಟಕ ಕೈಗಾರಿಕೆಗಳ(ಸೌಲಭ್ಯ) ಅಧಿನಿಯಮ 2002 (2003 ಕರ್ನಾಟಕ ಅಧಿನಿಯಮ ಸಂಖ್ಯೆ 45) be published in the Official Gazette under clause (3) of Article 348 of the Constitution of In

KARNATAKA ACT NO. 03 OF 2014

(First published in the Karnataka Gazette Extra-ordinary on the Fourth day of January, 2014)

THE KARNATAKA INDUSTRIES (FACILITATION) (AMENDMENT) ACT, 2013

(Received the assent of the Governor on the Third day of January, 2014)

An Act to amend the Karnataka Industries (facilitation) Act, 2002.

Whereas it is expedient to amend the Karnataka Industries (facilitation) Act, 2002 (Karnataka Act 45 of 2003) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty-fifth year of the Republic of India, as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Industries (Facilitation) (Amendment) Act, 2013.

(2) It shall come into force at once.

Sections 2(XIA), 3(2), 6(2), 9(1), 11A, 14, 16, 18A are Incorporated in the Principal Act.

KARNATAKA ACT NO 43 OF 2015

(First Published in the Karnataka Gazette Extra-ordinary on the
Twenty eighth day of December, 2015)

THE KARNATAKA INDUSTRIES (FACILITATION) (AMENDMENT) ACT, 2015

(Received the assent of the Governor on the Twenty third day of December, 2015)

An Act further to amend the Karnataka Industries (facilitation) Act, 2002.

Whereas it is expedient to amend the Karnataka Industries (facilitation) Act, 2002 (Karnataka Act 45 of 2003) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty-sixth year of the Republic of India, as follows:-

- 1. Short title and commencement.-** (1) This Act may be called the Karnataka Industries (Facilitation) (Amendment) Act, 2015.
- 2.**
(2) It shall come into force at once.

Sections 3 and 6 are Incorporated in the Principal Act.

VAJUBHAI VALA
GOVERNOR OF KARNATAKA

By Order and in the name of the Governor of Karnataka

S.B. GUNJIGAVI
Secretary to Government
Department of Parliamentary Affairs

KARNATAKA ACT NO 29 OF 2020

(First Published in the Karnataka Gazette Extra-ordinary on the 19th day of October, 2020)

**THE KARNATAKA INDUSTRIES (FACILITATION)
(AMENDMENT) ACT, 2020**

(Received the assent of the Governor on the 16th day of October, 2020)

An Act further to amend the Karnataka Industries (facilitation) Act, 2002.

Whereas it is expedient to amend the Karnataka Industries (Facilitation) Act, 2002 (Karnataka Act 45 of 2003) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy first year of the Republic of India, as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Industries (Facilitation) (Amendment) Act, 2020.

(2) It shall be deemed to have come into force with effect from 2nd day of July, 2020.

2. Amendment of section 2.- In the Karnataka Industries (Facilitation) Act, 2002 (Karnataka

Act 45 of 2003) (hereinafter referred to as the principal Act) in section 2, -

(i) In clause (ia), the following shall be inserted at the end, namely:-

“the Legal Metrology Act, 2009 (Central Act 1 of 2010) or rules made there under, the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964), the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), the Karnataka Grama Swaraj and Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993), the Karnataka Industrial Area Development Act, 1966 (Karnataka Act 18 of 1966), the Karnataka Fire Force Act, 1964 (Karnataka Act 42 of 1964), the Karnataka preservation of Trees Act, 1976 (Karnataka Act 76 of 1976), the Karnataka Forest Rules, 1969, the Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964), the Karnataka Land Reforms Act, 1961 (Karnataka Act 10 of 1962), the Bangalore Development Authority Act, 1976 (Karnataka Act 12 of 1976), the Karnataka Urban Development Authorities Act, 1987 (Karnataka Act 34 of 1987), the Karnataka Town and Country Planning Act, 1961 (Karnataka Act 11 of 1963), and the policies of the Karnataka State Small scale Industries Development Corporation.”

(ii) after clause (vii), the following shall be inserted, namely:-

“(vii-a) “Manufacturing Enterprise” means the enterprise engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.

(vii-b) “Manufacturing industry” means the industry which involves in the manufacturing and processing of items and indulges in either creation of new commodities or in value addition.”

3. Amendment of section 13.- In section 13 of the principal Act,

(i) in sub-section (1), after clause (g), the following shall be inserted, namely:-

“(h) on receipt of combined application form from the manufacturing industries or enterprises, the respective nodal agency shall issue an acknowledgment certificate, after obtaining the approval by the investment committees, namely State High Level Clearance Committee, State Level Single Window Clearance Committee or District Level Single Window Clearance Committee, in the prescribed form, to the applicant:

Provided that, land shall be considered for the purpose for which it is being acquired or permission for which it is applied for.”

(ii) after sub-section (2), the following shall be inserted, namely:-

“(3) In respect of manufacturing industry or manufacturing enterprise, the acknowledgement certificate issued under clause (h) of sub-section (1) shall deemed to be the clearances for setting up or establishment of Industry as defined in sub-section (iii) of section 2, granted or issued by the respective departments for an initial period of three years or till the date of commencement of commercial operations, whichever is earlier, from the date of its acknowledgement:

Provided that, such deemed clearance for setting up of Industry shall be only to the Land for the purpose for which it is being acquired or permission is applied for. Further, there shall not be any deviation in construction with reference to the building bye-law and to the land use specified in any applicable Act or the master plan, wherever such plan is in force.

Provided further that, the approvals shall not entitle the manufacturing industry or manufacturing enterprise to use a land without clear title or lands falling under dispute, restricted categories etc.,. The ceiling limit of area that can be acquired or utilized under the provisions of this Act shall be limited as per the provisions under section 109 of the Karnataka Land Reforms Act, 1961(Karnataka Act 10 of 1962).

Explanation: Where the manufacturing industry or manufacturing enterprise establishes as per sub-section (3), the applicant has to take necessary clearances as per sub-sections (2) and (3) of section 14, before commencement of commercial operation.

(4) To assist various administrative or line departments whose powers are devolved upon the nodal agency under various legislations, Acts, rules or regulations for obtaining the approvals and monitoring the implementation of the project.

(5) To monitor and maintain the record of the applications or proposals and acknowledgement certificate issued.

(6) The state level nodal agency to maintain the database of all the project applications, approvals or acknowledgements as a central repository through the online systems.

Explanation: List of services, approvals or clearances that are required to be brought under the purview of acknowledgement certificate shall be considered as clearances by the departments for an initial period of three years or till the date of commencement of commercial operation, whichever is earlier for manufacturing industry or manufacturing enterprise. The list of the services, approvals or clearances shall include clearances as defined in clause (iii) of section 2.

4. Amendment of section 14.- In section 14 of the Principal Act, shall be re-numbered as “(1)” thereof and after so re-numbered, the following shall be inserted, namely:-

“(2) the applicant may opt to furnish the combined application form along with relevant fee and self certification under sub-section (1) of section 14 and sub-section (3) of section 15, respectively. In the event of the applicant not opting for furnishing the self-certification as under sub-section (3) of section 15, the applicant shall take all the necessary approvals prior to setting up or establishment of the industry.

(3) The manufacturing industry or manufacturing enterprise shall make relevant applications for operationalising the Unit under applicable Acts, rules, etc. within the prescribed timelines, that is six months before the expiry of the acknowledgement certificate. The acknowledgement certificate as issued to the said industry or enterprise as per sub-section (3) of section 13 shall be the prerequisite

document for getting approvals under this sub-section.

Explanation: The acknowledgement certificate shall be the approval document for all the approvals or clearances as required under applicable Acts and rules specified in clause (iii) of section 2 and the approvals that require approval or clearance before the commencement of construction or establishment shall be deemed to be received.

(4) In instances where the approvals are not sought as per sub-section (3), the validity of the acknowledgement certificate shall cease.

(5) In instances of violation of sub-sections (3) and (4), the relevant line departments or agencies shall initiate the penal actions under relevant Acts.”

5. Amendment of section 15.-In section 15 of the principal Act after sub-section (2), the following shall be inserted, namely:-

“(3) The self-certification to be provided by the manufacturing industries or manufacturing enterprises shall be in form of an Affidavit which shall be the mandatory document for submission of the Common Application Form (as specified in section 14). The manufacturing industry or manufacturing enterprise shall furnish an undertaking that on clearance they shall abide by all the applicable Acts, rules etc. as defined in clause (iii) of section 2 and any deviation found at a later stage shall be liable for penal action under this Act or any applicable Acts. The application thus made by the manufacturing Industry or manufacturing Enterprises shall be along with the requisite fee prescribed for the services that are implied of the unit.”

6. Substitution of section 16.- For section 16 of the Principal Act, the following shall be substituted, namely:-

“**16. Inspection.-** During the period of validity of the acknowledgement certificate, in instances where inspections are warranted, the inspection shall be carried out by such officers of the respective departments in consultation with the nodal agency and approval of the Head of the department concerned, in such manner, subject to such guidelines as may be prescribed.”

7. Amendment of section 19.- In section 19 of the Principal Act, section 19 shall be re-numbered as sub-section (1) thereof and after sub-section (1) so re-numbered, the following shall be inserted, namely:-

“(2) Any manufacturing industry or enterprise which fails to comply with the conditions specified in the undertaking or the self certification given to the nodal agency while applying for acknowledgement certificate or for violating any clause in the applicable Act or rule, while implementing the industrial projects, shall on conviction be punishable with fine which may extend to one lakh rupees for the first offence and for the second and subsequent offence, with fine which may extend to two lakh rupees. In addition, the departments concerned shall initiate penal action under respective Acts.

(3) In case where the concerned department officer has not provided the service or approval, during the period of deemed clearance, within the stipulated timelines, penal actions shall be taken against such Officer as per the provisions of the Sakaala Services Act, 2011 (Karnataka Act 1 of 2012).”

8. Repeal and savings.-(1) The Karnataka Industries (Facilitation) (Amendment) Ordinance, 2020 (Karnataka Ordinance 12 of 2020) is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under principal Act, as amended by this Act.

The above translation of Karnataka Kigarikegalu (soulabhya) (thiddupadi) Adhinyama, 2020 (Karnataka Act 29 of 2020) shall be authoritative text in the English language under by clause (3) of Article 348 of the Constitution of India.

VAJUBHAI VALA
GOVERNOR OF KARNATAKA

By Order and in the name of
the Governor of Karnataka,

(K. DWARAKANATH BABU)
Secretary to Government
Department of Parliamentary Affairs
and Legislation