

KARNATAKA ACT NO. 29 OF 2020
THE KARNATAKA INDUSTRIES (FACILITATION)
(AMENDMENT) ACT, 2020

Arrangement of Sections

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STATEMENT OF OBJECTS AND REASONS

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

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KARNATAKA ACT NO 29 OF 2020

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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