



KARNATAKA ACT NO 05 OF 2023

THE KARNATAKA SPECIAL INVESTMENT REGION ACT, 2022

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STATEMENT OF OBJECTS AND REASONS

Act 05 of 2023:- It is considered necessary to establish, operate, regulate and manage the large or Mega or Super Mega size investment regions and Industrial Areas or clusters in the State of Karnataka and to retain Karnataka's position as a global manufacturing hub, specially enabling economic activity, supported by world class infrastructure, premium civic amenities, centers of excellence and proactive policy framework and for setting up an organizational structure with that purpose and for the matters connected therewith or incidental thereto.

Hence, the Bill

[L.A. Bill No.32 of 2022, File No. SAMVYASHAE 30 SHASANA 2022]

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

[Published in Karnataka Gazette Extra-ordinary No.18 in part-IVA dated:12.01.2023]



KARNATAKA ACT NO 05 OF 2023

(First published in the Karnataka Gazette Extra-ordinary on the 12th day of January, 2023)

THE KARNATAKA SPECIAL INVESTMENT REGION ACT, 2022

(Received the assent of the Governor on the 11th day of January, 2023)

An Act to establish, operate, regulate and manage the large or Mega or Super Mega size Investment Regions and Industrial Areas or clusters in the State of Karnataka and to retain position of Karnataka as a global manufacturing hub, specially enabling economic activity, supported by world class infrastructure, premium civic amenities, centres of excellence and proactive policy framework and for setting up an organizational structure with that purpose and for the matters connected therewith or incidental thereto, for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy 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 Special Investment Region Act, 2022.

(2) It shall come into force on such date as the State Government may, by notification, in the official Gazette appoint.

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

(a) "Amenities" means basic and essential services including but not limited to road, bridge, by-pass and underpass, drainage, water supply, collection-treatment-discharge and disposal of industrial, institutional and township waste, health, education, transport, disaster management, parks, green areas, gas pipeline, entertainment, hospitality, recreation, industrial parks, townships, institutional areas and other facilities of conveniences as the Apex Authority may specify;

(b) "Apex Authority" means the Special Investment Region Apex Authority constituted under section 5;

(c) "Award of project" means awarding, allocating, assigning, transferring and leasing a project or work for execution, operation, management or maintenance under this Act;

(d) "Concession agreement" shall have the same meaning as assigned to it in the Public Private Partnership Projects;

(e) "Developer" means a person or entity with whom a concession agreement is entered into or a project has been awarded and such other agreement is entered into for furtherance of the objectives of this Act;

(f) "Economic activity" means the activity and service including but not limited to industrial, manufacturing, commercial, financial, processing,



packaging, logistics, transport, tourism, hospitality, health, housing, entertainment, research and development, education and training, information and communication, management and consultancy, corporate offices and the activities and services connected therewith or incidental thereto and other economic activities as the Apex Authority may specify;

(g) "Government" means the Government of Karnataka;

(h) "Government agency" means a Corporation or a body owned or controlled by the State Government or an authority established by or under any law of the State and includes a local authority and a Government Company formed under the Companies Act, 2013 (Central Act 18 of 2013);

(i) "Industrial Area" shall have the same meaning as assigned to it in the Karnataka Industrial Areas Development Act, 1966 (Karnataka Act 18 of 1966) and having an area of not less than five sq. kilometers;

(j) "Infrastructure project" means any project or facility, utility, amenity or service which is required for desirable, smooth, productive and efficient functioning of the Special Investment Region and includes such project within the Special Investment Region, connecting the Special Investment Region or required for it;

(k) "Investment Region" means an area of more than ten square kilometres, which need not be contiguous and having or proposed for predominantly economic activity;

(l) "Local Authority" means and includes a village panchayat declared under clause 21 of section 2 of the Karnataka Gram swaraj and Panchayat Raj Act 1993 (Karnataka Act 14 of 1993), a municipal council or a municipal corporation and areas under Bruhat Bengaluru Mahanagara Palike, a Planning Authority or an Urban Development Authority excluding industrial area or the Investment Region;

(m) "Occupier" means a person who is in the legal possession of a site or building in the Special Investment Region and includes his successor, transferee and assignee;

(n) "Person" means and includes an individual, an entity, a company, firm, organization, association, society, establishment, institution including Government agency, carrying on business or economic activity in the Special Investment Region or entrusted with any work under the provisions of this Act;

(o) "Prescribed" means prescribed by rules made by the State Government under section 37 of this Act;

(p) "Regional development authority" means the Regional development authority constituted under section 8;

(q) "Regulations" means the regulations of the Apex Authority made under section 39;

(r) "Special Investment Region" means an Investment Region or an industrial area declared under section 3;

(s) "Unit" means a unit set up by a person for the purpose of carrying on any economic activity in Special Investment Region and includes an existing unit whether established before or after the commencement of this Act; and



(t) “User charges” mean the charges levied by the Regional development authority, a developer or any other entity authorized for that purpose under this Act.

CHAPTER - II

DECLARATION OF SPECIAL INVESTMENT REGION

3. Declaration of Special Investment Region.- (1) The State Government may, by notification in the official Gazette, declare an existing or proposed investment region or industrial area to be a Special Investment Region and determine the geographical area of the Special Investment Region for carrying out the purposes of this Act.

(2) An investment region or industrial area declared as a Special Investment Region may be known with the name of its location or its predominant economic activity.

(3) Every notification issued under sub-section (1) shall be laid before the State Legislature, as soon as may be possible, after it is issued.

4. Special Investment Region to be out of jurisdiction of the local authority.- (1) A Special Investment Region declared under this Act, shall cease to be under the jurisdiction of a local authority to the extent it relates to the provisions made under this Act.

(2) While preparing the development plan for the Special Investment Region, the Regional development authority shall take into account the development plan if any, prepared by the respective local authority for the concerned village site area (gramtana) of the village panchayat, municipal area, municipal corporation, Bruhat Bengaluru Mahanagara Palike area, Planning Authority, Metropolitan Planning Committee or BMRDA and the adjacent area thereof:

Provided that, the Government may declare the adjacent area of a village panchayat, municipality, municipal corporation or Bruhat Bengaluru Mahanagara Palike, from time to time.

CHAPTER - III

ESTABLISHMENT OF THE APEX AUTHORITY

5. Establishment of the Apex Authority.- The Karnataka Industrial Area Development Board (KIADB), established under section 5 of the Karnataka Industrial Areas Development Act, 1966 (Karnataka Act 18 of 1966), shall be the Special Investment Region Apex Authority, hereinafter called Apex Authority, for the purposes of this Act.



6. Powers and functions of Apex Authority.- (1) The Apex Authority shall exercise all powers conferred on it and discharge all functions assigned to it for any Special Investment Region declared under the provisions of this Act.

(2) Without prejudice to the generality of foregoing powers, the powers and functions of the Apex Authority shall also include the following, namely:-

- (i) to make regulations to give effect to the provisions of this Act;
- (ii) to make regulations for development, operation, regulation and management of the Special Investment Regions within the State and for development of infrastructure within the Special Investment Region;
- (iii) to approve, with or without modification, the plan for use of land in the Special Investment Region or its peripheral area on receipt of the proposal from Regional development authority;
- (iv) to approve, with or without modification, the development plan, the town planning scheme and the general development regulations prepared and proposed by the Regional development authority;
- (v) subject to delegation to Regional Development Authority or any Government agency, to grant permission and approval for any economic activity, amenity or infrastructure project to be established in the Special Investment Region, including integrated development in a large area in the Special Investment Region;
- (vi) to approve with or without modification, the agreements to be entered into by the Regional development authority or by a Government Agency, or the developer of infrastructure projects;
- (vii) to ascertain and fix the rates and approve, with or without modification, the user charges proposed by the Regional development authority, a Government agency or a developer of infrastructure project;
- (viii) to propose, with recommendations, to the State Government for making such provisions with respect to proper development, operation, regulation and management of the Special Investment Region;
- (ix) to monitor the development of the Special Investment Region and issue necessary instructions to the agencies involved; and
- (x) to exercise such other powers and perform such other functions that may be required for development, operation, regulation and management of the Special Investment Region and as entrusted to it by the State Government.

7. Appointment of Executive Committee and other committees.-

(1) The Apex Authority may appoint an Executive Committee and such other committees and sub-committees consisting of such number of members for efficient performance and exercise of its powers conferred under this Act, as may be specified by regulations.



(2) The Apex Authority may, instead of appointing an Executive Committee under sub-section (1), designate the executive of the Karnataka Industrial Area Development Board to be the Executive Committee of the Apex Authority for the purposes of this Act:

Provided that, the core functions of the Apex Authority such as approval and modification of development plan, town planning scheme and the general development regulations shall not be delegated to any committee of the Apex Authority.

CHAPTER - IV

CONSTITUTION OF REGIONAL DEVELOPMENT AUTHORITY

8. Constitution of Regional development authority.- (1) The State Government may, by notification, constitute a Regional development authority for the Special Investment Region area declared under section 3.

(2) Every Regional development authority constituted under sub-section (1), shall be a body corporate and shall have perpetual succession and a common seal, with power to acquire, hold and dispose off movable and immovable property and to contract, and by the said name, to sue and be sued.

(3) Notwithstanding anything contained in section 10 and 11, the State Government may, instead of constituting a Regional development authority for a Special Investment Region or an industrial area, designate a Government agency or a Government company as the Regional development authority and empower it to exercise all the powers and perform all the functions as specified under section 15.

9. Headquarters of Regional development authority.- The headquarters of the Regional development authority shall be at such place as the State Government may, by notification, specify.

10. Appointment of members in Regional development authority.- The Regional development authority shall consist of the following members, namely:-

- (i) the Chairman - to be appointed by the State Government;
- (ii) the Chief Executive Officer - to be appointed by the State Government;
- (iii) the General Manager - to be appointed by the State Government;
- (iv) two officials of the State Government - to be nominated by the State Government as ex-officio member and one of them shall be a Group A Officer of the Town Planning, nominated by the Director, Town and Country Planning Department;
- (v) an officer to be nominated by the Apex Authority;
- (vi) a person having experience in administration to be nominated by the State Government;
- (vii) a person having experience in land acquisition and dealing with post land acquisition issues nominated by the State Government;



- (viii) two non-officials who possess experience in area development and regional planning to be nominated by the State Government;
- (ix) two ex-officials of the Central Government or Pollution Control Board, who have experience in dealing with Environmental aspects, nominated by the State Government;
- (x) two representatives from the industry or service or business sector to be nominated by the State Government; and
- (xi) a Member-Secretary, who shall be an officer of the Government to be appointed by the State Government, shall be the Chief Executive Officer of the Regional development authority.

11. Term of office and conditions of service of members.- (1)

The term of office and conditions of service, qualification and disqualification of the Chairperson, the Chief Executive Officer and non official members of Regional development authority shall be such, as may be prescribed.

(2) The appointment, remuneration, allowances and conditions of services of the officers and employees of the Regional development authority shall be such, as may be specified by regulations.

12. Meeting of the Regional development authority and transaction of business.- The Regional development authority shall meet at such time and at such place as the Chairperson may determine:

Provided that, the procedure with regard to transaction of business of its meetings, and quorum of such meeting shall be, as may be specified by regulations by the Apex Authority in consultation with the State Government.

13. Constitution of committees.- The Regional development authority may constitute an Executive Committee and such other committees consisting of such number of its members for performance of its functions as may be specified by regulations:

Provided that, the core functions of the Regional development authority such as preparation of the development plan, town planning scheme and the general development regulations shall not be delegated to any committee of the Regional development authority.

14. Acts and proceedings of the Regional development authority and committees presumed to be valid.- No act or proceedings of the Regional development authority and any of its committees shall be invalid or vitiated merely by reason of,-

- (a) a vacancy therein or any defect in the constitution thereof; or
- (b) an irregularity in its procedure not affecting the merit of the case.



CHAPTER – V

POWERS AND FUNCTIONS OF THE REGIONAL DEVELOPMENT AUTHORITY

15. Powers and functions of the Regional Development Authority.- (1) The Regional development authority shall secure planned development of the Special Investment Region and shall take steps for its effective regulation and efficient management so as to bring and enhance general welfare, convenience, productivity and excellence.

(2) Without prejudice to the generality of foregoing provisions, the Regional development authority shall undertake the management and planning of land resource and infrastructure of the Special Investment Region.

(3) The Regional development authority shall, in particular, exercise the following powers and perform the following functions, namely:-

- (i) to classify and earmark the area of the Special Investment Region for various purposes and usages including economic activities, amenities and community services as it deems fit;
- (ii) to prepare the development plan for whole or part of the area of the Special Investment Region;
- (iii) to undertake preparation and execution of town planning scheme for whole or part of the Special Investment Region;
- (iv) to regulate the development of the periphery area of the Special Investment Region;
- (v) to acquire, hold and manage immovable property as it may deem necessary subject to general or specific directions of the State Government in this regard;
- (vi) to acquire land in the Special Investment Region, by sale, lease, grant, allocation, donation, town planning scheme, consent agreement or through proceedings under the Karnataka Industrial Areas Development Act, 1966 (Karnataka Act 18 of 1966) for the purposes of this Act;
- (vii) to sale, lease, transfer or dispose off any land or building belonging to it, subject to the regulations made by the Apex Authority;
- (viii) to carry out surveys in the Special Investment Region for the preparation of development plans and town planning schemes;
- (ix) to prepare, issue and implement the directions, the standards and the norms for building structures, infrastructure development and other construction activities in the Special Investment Region;
- (x) to enter into contracts, agreements or concession agreements with any person, entity, developer or organization as it may deem necessary for performing its functions;
- (xi) to execute, co-ordinate and supervise works in connection with infrastructure or provision of other services and amenities in the Special Investment Region;



- (xii) to provide for disaster management and mitigation in the Special Investment Region;
- (xiii) to levy and collect such fee, development charges or user charges as may be ascertained and fixed by the Apex Authority under clause (vii) of sub-section (2) of section 6;
- (xiv) to remove encroachments and constructions not duly authorized or made in violation of the regulations, directions and norms laid down by the Regional development authority;
- (xv) to make arrangements for observance and promotion of safety, order, health and environmental safeguards within the Special Investment Region;
- (xvi) to guide, assist and co-ordinate with other authorities functioning in the Special Investment Region, in matters pertaining to planning and use of land and development of the Special Investment Region;
- (xvii) to control the development activities in accordance with the development plan and to bring aesthetics, efficiency and economy in the process of development;
- (xviii) to ensure and make provision for sufficient civic amenities and services including hospitals and medical services, schools, fire services, public parks, markets and shopping places, playgrounds, entertainment areas and disposal of waste and provision of drainage;
- (xix) to make sustainable arrangements for providing and maintaining the highest standards in civic amenities and services particularly for cleanliness, aesthetics, health and hygiene;
- (xx) to make enquiry, inspection, examination or measurement of any land and building in any part of the Special Investment Region; and
- (xxi) to exercise such other powers and discharge such other functions as may be prescribed by the rules or regulations.

(4) (a) Notwithstanding anything contained in the relevant Acts, rules or any existing instructions of the State Government, the Regional development authority may frame its own general development regulations and the same shall prevail for developments in the Special Investment Region;

(b) Every person, unit or developer or any other stakeholder in the Special Investment Region shall be required to get the plans of the building approved by the Regional development authority, before commencing any construction and shall obtain the approval of the Regional development authority, which are necessary and incidental thereto, after the completion and before use of such premises; and

(c) For the purpose of this section and with any other requirement for proper planning, management and development of the Special Investment Region, the Regional development authority may issue such direction or instruction as it may consider necessary to any person, unit, entity, developer or any other stakeholder in the Special Investment Region and the person, unit, entity, developer or the stakeholder, as the case may be, shall be bound by such directions.



16. No erection, etc. by any person or entity without permission of Regional development authority.- (1) No person or entity shall erect or occupy any building or structure in the Special Investment Region in contravention of any building norms made by the Regional development authority.

(2) Notwithstanding anything contained in any other law, for the time being in force, no person or entity shall erect or occupy any building or structure within the Special Investment Region, except with the previous permission of the Regional development authority.

(3) A person desiring to undertake building operations or erection or occupation of any building or structure in the Special Investment Region referred to in sub-section (2), shall seek prior permission of the Regional Development Authority in such manner, as may be specified in regulations.

(4) The Regional development authority may, after making such inquiry as it deems necessary, grant permission on such conditions, as it may be specified in regulations or refuse to grant such permission.

(5) (a) Any person aggrieved by the decision of the Regional development authority under sub-section (4) may, within thirty days from the date of decision, may prefer an appeal before the Dispute Resolution Forum constituted under section 26, in such manner as may be specified by regulations;

(b) The Dispute Resolution Forum, after hearing the Regional development authority and the aggrieved person and considering all relevant facts, may accept or reject the appeal filed under sub-section (5) or modify the decision taken by the Regional development authority;

(c) In case of rejection of appeal or modification of the decision of Regional development authority under clause (b), the aggrieved person may prefer second appeal to the Dispute Settlement Mechanism set up under section 27, within thirty days from the date of decision of the Dispute Resolution Forum in the manner specified by regulations; and

(d) The Dispute Settlement Mechanism, after hearing the Regional development authority and the aggrieved person, may accept or reject the appeal. The decision taken by the Dispute Settlement Mechanism shall be final and binding on the parties.

(6) In case, any person does anything contrary to the decision given under sub-section (4) or (5), the Regional development authority shall have power to pull down, demolish or remove any erection made contrary to such decision and recover the cost of such pulling down, demolition or removal from the person concerned.

17. Application of the Karnataka Town and Country Planning Act 1961.- (1) The provisions of the Karnataka Town and Country Planning Act 1961 (Karnataka Act 11 of 1963), shall mutatis mutandis, apply with respect to the development plans and to the town planning schemes made under this Act.



(2) The powers exercised by the State Government for sanctioning of development plans and town planning schemes under the Karnataka Town and Country Planning Act, 1961 (Karnataka Act 11 of 1963) shall be exercised by the Apex Authority.

(3) The Regional development authority shall be the Planning Authority for the area comprising of the Special Investment Region for the purposes of the Karnataka Town and Country Planning Act, 1961 (Karnataka Act 11 of 1963), as so applied to this Act.

CHAPTER – VI

PROCEDURE FOR SETTING UP OF UNITS AND AMENITIES IN THE SPECIAL INVESTMENT REGION

18. Setting up of units and amenities in the Special Investment Region.- (1) The Apex Authority shall be the single point of contact for starting any economic activity or setting up a unit, amenity or infrastructure in the Special Investment Region.

(2) Any person who intends to start an economic activity or set up a unit, amenity or infrastructure project in the Special Investment Region or who intends to undertake integrated development as under the provisions of section 23, shall make a proposal in that regard to the Apex Authority or the agency specified by it, in such form containing such particulars and in such manner and along with such fee, as may be specified by regulations, by the Apex Authority.

(3) The Apex Authority or the agency specified by it, on receipt of a proposal made under sub-section (2), shall examine the same and approve with or without modification or disapprove the proposal and shall communicate its decision to the concerned person and the Regional development authority, as early as possible.

(4) The Regional development authority, on receipt of communication of approval from the Apex Authority or the agency specified by it, shall offer the concerned part of the land, premises, facilities or amenities to the concerned unit or person.

(5) The Apex Authority or the agency specified by it may offer the package, scheme or incentives for an economic activity, amenity or infrastructure in the Special Investment Region as per existing policy or direction of the State Government.

19. Units and amenities of the Special Economic Zone in the Special Investment Region to be governed under the relevant Act.- (1) Notwithstanding anything contained in this Act or the rules or regulations made there under, units and amenities set up in a Special Economic Zone and falling under the Special Investment Region shall continue to be governed by the Special Economic Zone Act, 2005 (Central Act 28 of 2005) and shall avail the benefits under the concerned policy.

(2) The Developer of the Special Economic Zone shall take into account the development plan prepared by the Regional development



authority while finalizing the infrastructure within and adjacent to the Special Economic Zone and its peripheral area declared under the Special Economic Zone Act, 2005 (Central Act 28 of 2005).

CHAPTER - VII

DEVELOPMENT AND EXECUTION OF INFRASTRUCTURE PROJECTS

20. Project development agency.- (1) The State Government may set up or designate a Government agency, including a Government company, formed under the Companies Act, 2013 (Central Act 18 of 2013) as the project development agency and assign it the powers and functions relating to project development of a Special Investment Region, including those specified in sub-section (5).

(2) The State Government may form or designate a nodal Government company or agency out of the project development agencies and companies mentioned in sub-section (1), to act as the project development agency for projects relating to all the Special Investment Regions in the State.

(3) The nodal Government company or agency shall carry out its functions under general or specific directions of the Apex Authority and shall assist the Apex Authority and the State Government in undertaking project related task.

(4) The nodal Government company or agency shall act in close co-ordination with the Apex Authority and shall give all support and guidance to the Regional development authorities and other agencies, developers and entities involved in the task of development of projects relating to the Special Investment Regions.

(5) The functions of the nodal Government company or agency shall include the following, namely:-

- (i) conceiving and detailing of the projects;
- (ii) assessing the techno-commercial and economic feasibility;
- (iii) financial structuring of projects;
- (iv) environmental issues and solutions;
- (v) implementing the projects or awarding them to other developers or entities in a transparent manner;
- (vi) global marketing of the projects in the Special Investment Region and connected with the Special Investment Regions;
- (vii) raising finances from the market including financial and multilateral institutions;
- (viii) promoting and bringing in private sector participation in projects within or connected with the Special Investment Region in a transparent manner;
- (ix) entering into contracts and agreement with other entities for any of the purposes assigned to it; and
- (x) taking or suggesting any other steps for effective implementation, marketing and management of the projects connected with the Special Investment Region.



(6) Any other entity proposing to undertake the development of infrastructure projects in the Special Investment Region or connected thereto, shall make the proposal in that regard to the Apex Authority.

21. Transfer of possession of assets to the Government company for infrastructure development.- (1) The Regional development authority may transfer the possession of its assets, including the land granted by the State Government, its agencies or local authority, as the case may be, to a Government company for development of infrastructure and amenities in the Special Investment Region, with the approval of Apex Authority.

(2) Public assets, including land and rights thereon shall be given possession or conferred to a private entity for a project as per agreement or as the case may be, for the purpose of development of infrastructure and amenities in the Special Investment Region as per the concession agreement approved under Public Private Partnership guidelines.

22. Award of projects to a developer.- (1) The Regional development authority may enter into agreement with a developer for carrying out any project or work in the Special Investment Region:

Provided that, in case of infrastructure projects, the process of selection of a developer shall be as stipulated in the prevailing Public Private Partnership Policy for Infrastructure Projects for the State of Karnataka, in a transparent manner.

(2) Without prejudice to the generality of the foregoing provisions, the Regional development authority may enter into a joint venture agreement with another Government company or another developer or entity to form a special purpose entity for developing or managing a particular project in the Special Investment Region, with prior approval of the Apex Authority:

Provided that, while entrusting the project to a developer or a private entity, it shall be done in a transparent manner.

23. Integrated development of a large area in the Special Investment Region.- A person or an entity, having under his possession, the minimum contiguous area in the Special Investment Region as specified by the Apex Authority, from time to time and intending to undertake integrated development of the said area with economic activity and amenities, may apply to the Apex Authority or the agency specified by it, as per the procedure under section 18:

Provided that, such development shall be subject to the development plan, the general development regulations and such other conditions as the Apex Authority or the agency specified by it, may deem fit.

CHAPTER - VIII

ALLOCATION OF PREMISES, EVICTION AND RECOVERY OF DUES

24. Allocation of premises in the Special Investment Region.- (1) Subject to any general or specific directions of the State Government or the Apex Authority, the Regional development authority shall be the primary



agency for allocating and handing over the premises, land and amenities to the units, amenities and infrastructure projects being set up in the Special Investment Region.

(2) The Regional development authority shall offer the land, premises and amenities within the Special Investment Region to the concerned unit or person on such terms and conditions and after levying such charges as may be specified by regulations or as directed by the Apex Authority or the agency specified by it.

(3) The Regional development authority shall make provisions and take steps for recovery of dues, rent and charges from the occupants of premises and amenities in the Special Investment Region.

(4) The pending dues, if any, on proposal and certification in this regard by the Regional development authority, shall be recovered or collected as an arrear of land revenue.

(5) The Regional development authority, in consultation with the Apex Authority, may make provisions by regulations for eviction of the occupants from any premises in the Special Investment Region for violation of any guidelines or regulations issued under this Act or non-compliance of the provisions of this Act.

25. Resumption of the possession of premises including the residential tenements on breach of terms or conditions of lease or holding without authority. -

(1) Where the Regional Development Authority is of the opinion, that an allottee of any premises or part thereof or residential tenement in an Special Investment Region has violated any of the terms or conditions of allotment or holds it without any authority, issue notice to such allottee and Banks or Financial Institutions, in whose favour the Regional Development Authority has permitted the mortgage or leasehold rights of the premises, or residential tenement specifying the breaches of the terms and conditions of the allotment calling upon the allottee to remedy such breaches within the time, stipulated in the notice.

(2) If the allottee fails to remedy the breaches within the time so stipulated, the Regional Development Authority shall serve a notice upon the allottee under intimation to such Bank or Financial Institution to show cause within thirty days from the date of service of notice, why the possession of the premises or part thereof or residential tenement should not be resumed.

(3) After considering the cause, if any, shown by the allottee and after giving him an opportunity of being heard, the Regional Development Authority may pass such orders, as it deems fit.

(4) Where the Regional Development Authority passes an order under sub-section (3), for resuming possession of the premises or part thereof including residential tenement in the industrial area, it may, by notice in writing, order any allottee to surrender and deliver possession thereof to the Board or any person duly authorized in this behalf, within the date specified in the notice.



(5) If any allottee refuses to surrender or deliver the possession of the premises or part thereof including residential tenement within the time specified in the notice, the Regional Development Authority or any officer authorized by it in this behalf may resume the possession of the premises or part thereof including residential tenement free from all encumbrances and for that purpose may use force, as may be necessary.

CHAPTER - IX

REDRESSAL OF GRIEVANCES AND SETTLEMENT OF DISPUTES

26. Redressal of grievances and settlement of disputes.- Without prejudice to the jurisdiction of any court of law and to the provisions of the Arbitration and Conciliation Act, 1996 (Central Act 26 of 1996) an internal Dispute Settlement Mechanism for the purposes of this Act shall be as follows, namely:-

- (i) the Regional development authority shall set up a Grievances Redressal Committee comprising of such number of its members and officers as may be decided by it to redress the grievances and resolve the dispute originating from any stakeholder in the Special Investment Region.
- (ii) any person aggrieved by the decision of the Grievances Redressal Committee may appeal to the Dispute Resolution Forum set up by the Apex Authority, comprising of such number of members and officers as may be decided by it.
- (iii) for the purpose of deciding the dispute, the Grievances Redressal Committee and the Dispute Resolution Forum shall frame the guidelines, including the time frame in this regard and follow the principles of natural justice while dealing with the grievances.

27. Dispute Settlement Mechanism.- (1) The State Government may, by notification, form a Dispute Settlement Mechanism consisting of such number of member as may be specified by it, to deal with the disputes against the Regional development authority or those arising in any manner in the Special Investment Region and brought before it or those which could not be resolved or settled by the Grievances Redressal Committee and Dispute Resolution Forum.

(2) The qualification, tenure of office and other terms and conditions of the Chairperson and members of the Dispute Settlement Mechanism shall be such, as may be prescribed.

(3) For the purpose of deciding the dispute, the Dispute Settlement Mechanism shall frame the guidelines, including the time frame in this regard and follow the principles of natural justice while dealing with the dispute.

(4) The order passed by the Dispute Settlement Mechanism shall be final.



CHAPTER - X

CONTROL, REGULATION AND DEVELOPMENT IN THE SPECIAL INVESTMENT REGION

28. Control, regulation and development.- (1) The State Government may, by notification, declare the whole or any part of the Special Investment Region to be controlled area for the purposes of this Act.

(2) No land within the controlled area shall, except with the permission of the Regional development authority, be used for purposes other than those for which it was used on the date of notification under sub-section (1).

(3) Notwithstanding anything contained in any relevant law, no local authority or the Government agency shall grant any permission for any development work or sanction any project including those referred to in sub-section (2) unless the Regional development authority has given specific approval for the same.

(4) No person shall erect any building or make or extend any excavation or lay out any means of access to a road, in the controlled area, save with the previous permission of the Regional development authority and in accordance with the development plan and guidelines or regulations formulated by the Regional development authority or the Apex Authority.

(5) Any person desiring to obtain permission referred to in sub-section (4), shall make an application in writing to the Regional development authority in such form and containing such information as may be specified by the Regional development authority.

(6) The Regional development authority may, after making due enquiry, grant such permission, subject to such conditions as it deems fit or may refuse to grant the same.

(7) Any person aggrieved by the decision of the Regional development authority under sub-section (6) may, within thirty days from the date of the decision of the Regional development authority, prefer an appeal against such decision to the Dispute Resolution Forum of the Apex Authority.

(8) No person shall be entitled to claim compensation for any injury, loss or damage caused or alleged to have been caused by the control on the developments under this Act.

(9) The Regional development authority may order any person who has committed a breach of the provisions of this section to stop or to restore to its original state or to bring into conformity with the conditions imposed, as the case may be, within the stipulated time period, any building or land in respect of which a contravention has been committed.

(10) If such person fails to do so as directed under sub-section (9), the Regional development authority may itself take measures to give effect to the order and the cost of such measures shall be recovered from such person as an arrear of land revenue.

(11) Nothing in this section shall apply to,-



- (a) any building for the purposes of residence or building subservient to agriculture in the village site area (gramtana) of a village panchayat, municipal area and municipal corporation area and Bruhat Bengaluru Mahanagara Palike area;
- (b) the erection of a building or a wall enclosing a crematorium, graveyard, place of worship or samadhi on land which is, at the time of the notification under the sub-section (1), was traditionally occupied by or was used for the said purposes;
- (c) normal excavations (including wells) made in the ordinary course of agriculture;
- (d) the construction of an un-metalled road intended to give access to land solely for agricultural purposes; and
- (e) construction or extension in an agricultural land, of a dwelling house for personal use or for storage of agricultural assets of the owner, as per permissible norms specified by the State Government, from time to time, under the relevant Acts or rules.

CHAPTER - XI

SPECIAL INVESTMENT REGION TO BE AN INDUSTRIAL TOWNSHIP

29. Special Investment Region to be an Industrial Township.- (1) Notwithstanding anything contrary contained in any other law in force, the area within the Special Investment Region, except the village site area (gramtana) of a village panchayat, municipal area and municipal corporation or Bruhat Bengaluru Mahanagara Palike area shall deemed to be an industrial township within the meaning of the provisions of clause (1) of article 243Q of the Constitution of India, from the date it is so notified in the official Gazette, by the State Government.

(2) On and from the date of notification under sub-section (1), subject to prior permission and any general or special orders which the State Government may make in this behalf, the Regional development authority shall act as the authority for local administration, taking decisions and steps for assessment, imposition and recovery of taxes under this section, for the said region and no other local authority shall have jurisdiction for this purpose.

(3) The assessment, imposition and recovery of property tax under this Act by the Regional development authority shall be in such manner, as may be prescribed.

(4) Thirty percent of the property tax collected by the Regional development authority shall be remitted to the Local Authority from which the area of Special Investment Region is carved out.

CHAPTER - XII



FINANCE, ACCOUNTS AND ANNUAL REPORTS OF THE REGIONAL DEVELOPMENT AUTHORITY

30. Funds of the Regional development authority.- The Regional development authority shall have and maintain its own fund. All the sums paid to and collected by the Regional development authority shall be carried to the fund of the Regional development authority and all payments shall be made there from.

31. Accounts and audit.- (1) The accounts of the Regional development authority shall be prepared and maintained in such form and in such manner, as may be prescribed.

(2) The accounts of the Regional development authority shall be audited by an auditor duly qualified to act as an auditor of the companies under the Existing provisions of the Companies Act, 2013 (Central Act 18 of 2013).

32. Annual report.- (1) The Regional development authority shall, during each financial year, prepare an annual report giving a true and full account of its activities during the previous financial year and an account of the activities likely to be undertaken by it in current financial year, in consultation with the Apex Authority and submit it to the State Government.

(2) The State Government shall cause every such report along with the audited annual accounts for the year to be laid before the State Legislature, as soon as may be after the receipt of the report under sub-section (1).

CHAPTER - XIII MISCELLANEOUS

33. Act to override other State laws.- Save as otherwise provided in this Act, the provisions of this Act shall have effect, notwithstanding anything inconsistent therewith contained in any other State laws for time being in force.

34. Land deemed to be for public purpose.- The land needed for the purposes of a town planning scheme, development plan or an infrastructure project under this Act shall deemed to be the land needed for public purpose under clause (za) of section 3 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (Central Act 30 of 2013).



35. Members, officers and employees to be public servants.- All members, officers and employees of the Apex Authority, the Regional Development Authority, the nodal company and other Government company or project development agency shall, while acting or purporting to act in pursuance of the provisions of this Act or the rules and regulations made there under, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code, 1860 (Central Act 45 of 1860).

36. Protection of action taken in good faith.- No suit, prosecution or other legal proceeding shall lie against the Apex Authority, the Regional Development Authority, nodal company, other Government company or project development agency or any of their committees, members, officers and employees, for anything which is done in good faith or intended to be done in pursuance of the provisions of this Act or any rules and regulations made there under.

CHAPTER – XIV

POWERS TO MAKE RULES, ISSUE DIRECTIONS AND REGULATIONS AND REMOVE DIFFICULTIES

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

- (i) the term of office and conditions of service of the Chairperson, the Chief Executive Officer and members of Regional development authority;
- (ii) the qualification, tenure of office and other terms and conditions of the Chairperson and members of the Dispute Settlement Mechanism; and
- (iii) the form and manner in which the accounts of the Regional development authority shall be prepared and maintained.

(2) In particular and without prejudice to the generality of the foregoing powers, such rules may be made for determining any other powers and functions of the Regional development authority and the Apex Authority constituted under this Act.

(3) 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 immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule 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 be without prejudice to the validity of anything previously done under that rule.

38. Power of Government to give directions.- (1) The State Government may issue directions of a general nature as it may think necessary or expedient for the purpose of carrying out the purposes of this Act, to the Apex Authority, Regional development authority or any agency or entity connected with the activities under this Act or to any person or body involved in the development, operation and implementation of the projects in the Special Investment Region or connected therewith.

(2) Every direction issued by the State Government under sub-section (1), shall be binding on the respective authority, Regional development authority, agency, entity, body or person.

39. Power to make regulations.- The Apex Authority may with prior approval of the State Government, make regulations not inconsistent with the provisions of this Act and the rules made there under to carry out the purposes of this Act and for enabling it to discharge its functions under this Act, including the following, namely:-

(i) for development, operation, regulation and management of the Special Investment Regions within the State and for development of infrastructure within the Special Investment Region;

(ii) for appointment, remuneration, allowances and conditions of services of the officers and employees of the Regional development authority;

(iii) form, particulars, manner and fee of proposal by a person who intends to start an economic activity or set up a unit, amenity or infrastructure project in the Special Investment Region or who intends to undertake integrated development.

40. Power of State Government to remove difficulties.- (1) If any difficulty arises in giving effect to the provisions of this Act, the State Government may, by order, make such provisions not inconsistent with the provisions of this Act, as appears to be necessary or expedient for removing the difficulty:

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

(2) Every order made under this section shall be laid, as soon as may be after it is made, before the State Legislature.



The above translation of ಕರ್ನಾಟಕ ವಿಶೇಷ ಹೂಡಿಕೆ ಪ್ರದೇಶ ಅಧಿನಿಯಮ, 2022 (2023 ರ ಕರ್ನಾಟಕ ಅಧಿನಿಯಮ ಸಂಖ್ಯೆ: 05) be published in the official Gazette under clause (3) of Article 348 of the Constitution of India.

**THAAWARCHAND GEHLOT
GOVERNOR OF KARNATAKA**

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

(G.SRIDHAR)
Secretary to Government
Department of Parliamentary
Affairs and Legislation

