

Chapter I

Introduction

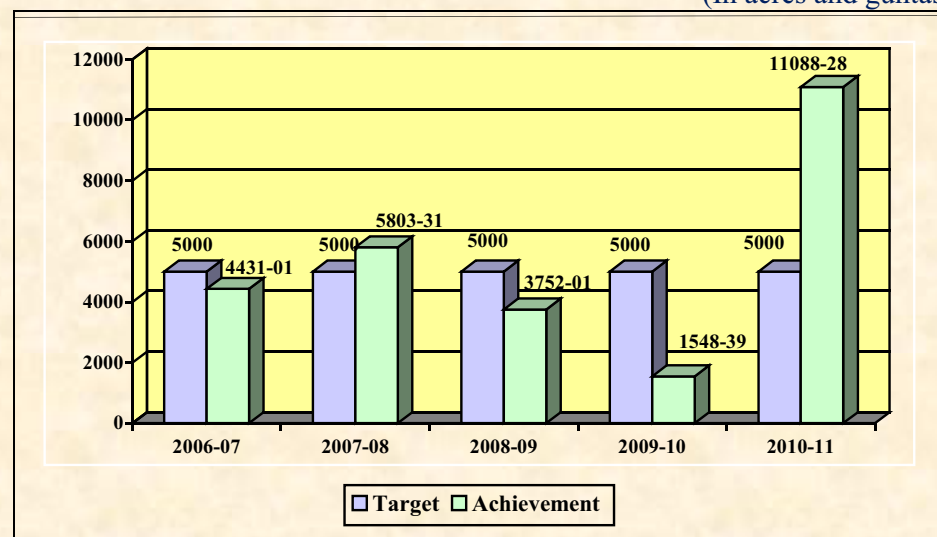
1.1 Growth in demand for land for industries

The Karnataka Industrial Areas Development Board (Board) was established under the Karnataka Industrial Areas Development Act, 1966 (KIAD Act) to promote and assist in the rapid and orderly establishment, growth and development of industries. In pursuance of this objective, the Board acquires land, both Government and private, develop industrial areas and make these available for undertakings to establish themselves. The Board also functions as an agency for acquisition of lands for Single Unit Complexes (SUCs), based on clearances given by the Government, and allots these to the SUCs.

The State, being endowed with rich natural resources, has become one of the preferred investment destinations for both domestic and overseas investors. Consequently, the demand for land for setting up industries in the State has increased exponentially over the years. The Karnataka Industrial Policy 2006-11 envisaged creation of a minimum of 5000 acres of industrial infrastructure annually. This target, viewed from the cumulative extent of land acquired by the Board for setting up industrial areas in the State, stood achieved at the end of March 2011, though 2006-07, 2008-09 and 2009-10 witnessed shortfalls as shown in the **Chart-1.1** below:

Chart 1.1: Target and achievement of land acquisition during the years 2006-11

(In acres and guntas¹)



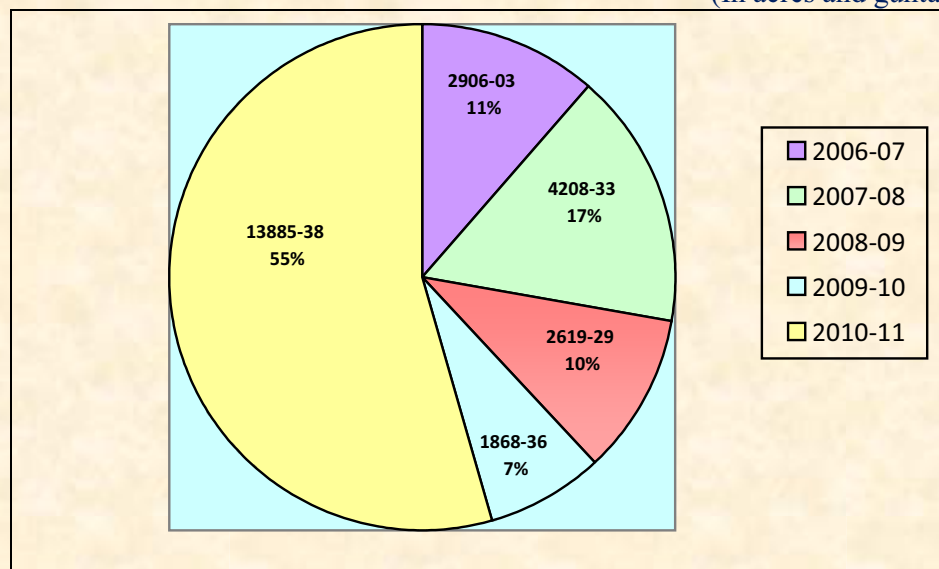
(Source: Information furnished by the Board)

¹ 40 guntas make one acre

In addition to these lands acquired for setting up industrial areas, the Board acquired 25,489 acres and 19 guntas during 2006-11 for SUCs, with 2010-11 accounting for 55 *per cent* of the total acquired land during this period as shown in the **Chart-1.2** below:

Chart 1.2: Land acquired for SUCs during 2006-11

(In acres and guntas)



(Source: Information furnished by the Board)

1.2 Overview of the legal framework for acquisition of land

The various sub-sections of Section 28, 29 and 30 of the KIAD Act, as shown in the **Table-1.1** below provides the legal framework for various stages of acquisition of land and payment of compensation by the Board.

Table-1.1: Provisions in the KIAD Act for acquisition of land and payment of compensation

Section/Sub-section	Enabling provisions
28 (1)	If any land is required for the purpose of development by the Board, the State Government may by notification, give notice of its intention to acquire such land (hereinafter referred to as preliminary notification)
28(2)	On publication of the notification, the State Government shall serve notice upon the owner/occupier of the land to show cause within thirty days why the land should not be acquired
28(3)	After considering the cause, the State Government may pass such orders as it deems fit
28(4)	State Government may issue the declaration for acquisition by a notification (hereinafter referred to as final notification)
28(5)	On publication of the notification, land vests absolutely in the State Government free from all encumbrances

Section/Sub-section	Enabling provisions
28(6)	State Government may order the owner/occupier to deliver possession of the land within thirty days
28(7)	If any person refuses to comply with the order, the State Government may take possession of the land using such force as may be necessary
28(8)	After taking possession of land, the State Government may transfer the land to the Board
29(1)	The State Government shall pay compensation for acquisition
29(2)	Where compensation has been determined by agreement, it shall be paid in accordance with such agreement
29(3) & (4)	Where no agreement could be reached, the State Government shall refer the case to the Deputy Commissioner for determination of the compensation after hearing the interests of persons concerned
30	In cases covered by Section 29(3) and (4), the provisions of Land Acquisition Act, 1894 shall apply in respect of enquiry and award of compensation by the Deputy Commissioner

1.3 Committees for approval of projects

The Karnataka Industries (Facilitation) Act 2002 and Rules provide for constitution of the various Committees as shown in **Table-1.2** below for examining and considering the proposals received from any entrepreneur relating to any industrial and other projects to be set up in the State. The Committees' approval is binding on all the departments and authorities concerned.

Table-1.2 : Various committees for considering the project proposals

Name of the Committee	Chairman	Investment criteria
State High Level Clearance Committee (SHLCC)	Chief Minister	₹ 50 crore or more
State Level Single Window Clearance Committee (SLSWCC)	Minister for Large & Medium Industries	> ₹ 3 crore and < ₹ 50 crore
District Level Single Window Clearance Committee (DLSWCC)	Deputy Commissioner of the district concerned	< ₹ 3 crore

The Karnataka Industries (Facilitation) Act 2002 also provides for appointment of Karnataka Udyoga Mitra (KUM) as the nodal agency at the State level and the District Industries Centres at the district level to undertake industrial promotional activities and to render necessary guidance and assistance to entrepreneurs for setting up industrial undertakings in the State.

1.4 Organisational arrangement

The Principal Secretary, Department of Commerce and Industries is the ex-officio Chairman of the Board which consists of 11 other members including the Executive Member acting as the Chief Executive Officer (CEO). The Board is assisted by a Special Deputy Commissioner (Special DC) and six Special Land Acquisition Officers (Bangalore Rural, Bangalore Urban, Mangalore, Gulbarga, Dharwad and Mysore) in matters related to land acquisition and by a Chief Development Officer (CDO) and 10 Development Officers (DOs) in land development matters. While three Secretaries are responsible for matters related to allotment and administration, the Controller of Finance (CoF) assists the Board in matters relating to finance and accounts.

