

THE KARNATAKA STATE SMALL INDUSTRIES DEVELOPMENT
CORPORATION LTD – RULES FOR ALLOTMENT OF PREMISES IN
THE INDUSTRIAL ESTATE ON LEASE-CUM-SALE BASIS.

Preamble:

Whereas it is expedient to provide a comprehensive Rules for allotment of premises within the Industrial Estate of the KSSIDC and for matters related thereto, in the State of Karnataka to achieve the objects for which the KSSIDC is established .

Rules to provide for regulating/streamlining the allotment of premises in Industrial Estate belonging to the Corporation to the genuine and bona fide industrialist, who have the necessary and adequate potential to establish an industry so as to enable the growth of industries in the State of Karnataka and not to misuse the premises so allotted and for matters connected therewith. KSSIDC, is a public sector undertaking incorporated under the Company's Act. The main object of the Corporation is to develop industrial estates at various places in the State of Karnataka and allot industrial premises formed /carved in the industrial estates to the needy entrepreneurs for the purpose of establishing industries. It has come to the notice of the State Government that the units after executing sale deeds, were further selling the industrial plots for purposes other than industries as they possessed freehold rights of the property, and this type of transaction has been to loss of industrial lands and the purpose for which the lands were being acquired was defeated. Certain stringent rules have to be imposed in order to ensure that even after the execution of the sale deed, the premises should be utilised only for the industrial purposes. To achieve this objective, one of the conditions which should be imposed by way of stringent rules is to be that the allottee should implement the project envisaged within two years from the date of final allotment and taking possession of the premises. If within 2 years from the date of final allotment and taking possession for the premises the project is not implemented, the allotment will be cancelled. Registration of sale deed will be made only after implementation of the unit in the industrial premises. The other condition to be imposed by way of stringent rules is even if there was a sale in favour of the allottee by

execution of the sale deed, the Corporation to impose a condition in the sale deed, which the buyer shall fulfil, and the sale will be coupled with the conditions that the purchaser shall use the premises for the purpose specified therein, i.e., for industrial purpose only and for no other purpose. On a transfer of premises an interest therein be created with conditions super-added that it shall cease to exist in case a specified uncertain event shall happen or in case a specified uncertain event shall not happen. The sale shall be coupled with the said conditions. Such conditions should be there both in the allotment letter and also in the sale deed to be executed in favour of the buyer. The allottee should hold the premises (land or building) only for industrial use and in case, if it is inevitable for the allottee to sell the same after the expiry of its initial period of lease -cum-sale, it shall be sold subject to the same being put to industrial use by his successors and a condition shall be included in all the successive sale deeds and any violation thereof will result in forfeiture of the land to the KSSIDC.

Be it enacted by the KSSIDC the Rules titled as above.

Statement of objects and reasons:

Clause (III) of Memorandum of Association of Karnataka State Small Industries Development Corporation Ltd (hereinafter referred to as 'the Corporation') provides among others that the objects for which the company/corporation is established are:

- (1) (a) 'to acquire, construct, develop, establish and maintain industrial Estates/industrial sheds/ Industrial plots in the State of Karnataka.' [Approved by the Company Law Board vide their order No. 47117/SRB/85 dated 18-7-85].

Article 70 of Articles of Association of Karnataka State Small Industries Corporation Ltd provides that the Directors may, as and when they think fit, make any byelaws or Rules not inconsistent with the objects of the Company as set out in the Memorandum of Association nor with these Articles for the conduct and regulation of the business of the Company and its Directors and its officers and servants, and may in like manner, vary and repeal any such bye-laws or Rules. Though the term /word 'bye-laws' appearing or occurring in Article 70 has been defined in Article 1 (h) of Articles of Association, the term /word "Rules" appearing therein has not been defined in the Articles of Association for the obvious reason that the term/word "Rules" were incorporated or

substituted subsequently in Article 70 after the same was approved in 49th A.G.M. held on 3-12-2009 . It would be highly relevant to note that prior to such approval, the Corporation had no power under the Articles of Association to frame the Rules. To be more specific prior to that the Corporation had power to frame only the Byelaws and not the Rules. The Rule making power has been conferred upon the Corporation after the term/word “Rules” was substituted into Article 70 after the same was approved in 49th A.G.M. held on 31-12-2009. It is only after its substitution on 31-12-2009 the Corporation has been conferred with the power to make the Rules.

The Corporation as such suffers from several weaknesses in the matter of allotment of premises in the industrial estate owned or belonging to it. There are no rigid or flexible allotment Rules for acquisition, development and allotment of premises for bona fide industrial use and to retain such use for at least certain minimum or maximum period, without misusing the same, in view of the cost of escalation of the price of land and diminishing of land for cultivation.

The Hon'ble High Court of Karnataka in WP No.11166/1998 decided on 12-10-1999 has held that the respondent Corporation being creature of statute has come into existence to discharge the Governmental functions following the procedure that would be framed either under the Regulations or under the Rules. The respondent-Corporation has not given satisfactory explanation as to why they have not framed either the Regulations or the Rules for allotting the industrial sheds in favour of the applicants. The Corporation being Authority under Article 12 of the Constitution of India, it should have framed Regulations or Rules with regard to disposal of industrial sheds in favour of eligible persons to achieve the object of the Act. The procedure has not been contemplated under the guidelines for allotment of industrial sheds shall not be based on the Government order. It is a well established principle of law that once the field is occupied by law, Government has no power to issue the guidelines or orders in exercise of its power under Article 162 for allotment of sheds. By perusing the guidelines referred to above, the source of power of the Government, for issuing the same has not been traced. The learned counsel for the Corporation is not in a position to make submission in this regard. The State Government and the Corporation has to take into consideration these observations in the proper perspective and it is hoped that it would frame either Regulations or Rules in exercise of its power under the provisions of the Act, for allotment of Industrial sheds in favour of persons to achieve the object

and purpose of the Act. The effect of this Judgment was that the Corporation would frame the Rules in exercise of its power under the provisions of the Act, for allotment of industrial sheds in favour of persons to achieve the object and purpose of the Act and that the Managing Director of the Corporation to take necessary steps in this regard.

Pursuant to such observations by the Hon'ble High Court of Karnataka though the Corporation has made Rules but when the said Rules were made there were no such power conferred upon the Corporation under the Articles of Association to frame the Rules. In fact, when the Corporation sought to frame certain Rules at one point of time, it was clearly pointed out by the State Government that the Corporation has no power to frame Rules and it can only frame bye-laws in exercise of the power conferred upon the Corporation under Article 70 of the Memorandum of Articles. This was the reason for the substitution /introduction of the term/word "Rules" in Article 70 of the Articles of Association of the Corporation. Thereby it is very clear that the Corporation has been conferred with power to make Rules with effect from 31-12-2009 and prior to that it had no power to make the Rules. Thus, the Karnataka State Small Industries Development Corporation Ltd – Allotment Rules (2004) and the amendments made thereto have no sanctity in the eye of law for the reason that when the said Rules were made the Corporation had no power. Thereafter, i.e., subsequent to the substitution of the term/word "Rules" in Article 70 no Allotment Rules have been made. The resultant position is that when the Rules were made, the Corporation had no power to make such Rules and after such power has been conferred upon the Corporation by substitution of the word/term "Rules" in Article 70, no such rules have been made by the Corporation. Therefore, it has created a void in the Rules of Allotment.

The Karnataka State Small Industries Development Corporation Ltd – Allotment Rules (2004) lacked sanctity of law inasmuch as it had no support of Articles of Association and the same was also meddled with frequently due to its flexibility as and when the Rules were found to be inconvenient and thus rendered the Rules almost arbitrary.

Therefore, there is an immediate need for the Corporation to make Rules for allotment to achieve the objective of the Corporation, which are firm, uniform and transparent. Hence, these Rules are made by the Corporation in exercise of the powers conferred upon the Corporation by Article 70 of the Memorandum of Articles of Association of the

Corporation and in order to have some sanctity to such Rules they shall have the approval of the State Government to avoid arbitrariness in the matter of allotment of premises in the industrial estate belonging to the Corporation. The ultimate object of the KSSIDC being of doing public good, the Rules shall have the approval of the State Government, with no power to amend, delete, modify etc to any authority. It is considered necessary to replace all such Rules, which have no legal sanctity and often meddled with (or amended frequently) by non-transparent, arbitrary, convenient resolution and /or official orders thereby making the Rules easily amenable for intervention. Also, to implement the directive of the Hon'ble High Court of Karnataka in WP No.11166/1998 in M/s. Wad pack Limited Vs. the Karnataka Small Scale Industries Development Corporation Limited and another which says that the Corporation should frame the Rules in exercise of its power under the Articles of Association, for allotment of industrial premises in favour of the needy entrepreneurs for the purpose of establishing industries. Further, in order to ensure that the industrial premises is not lost and the purpose for which the premises was allotted and /or sold is not lost, impose the conditions that the premises shall be utilised only for industrial purpose failing which the interest shall cease may be super-added. One of the conditions to be super-added in the sale deed itself is to be that the purchaser shall use the industrial premises for the purpose specified therein, i.e., for putting up a factory or factories duly permitted by the competent authority and for no other purpose and shall also not put any structure or buildings other than a factory building or buildings. Such a condition shall be put both in the allotment letter as well as in the sale deed.

Hon'ble Supreme Court in the case of InduKakkar Vs. Haryana State Industrial Development Corporation Ltd and another, in AIR 1999 SC 296 has held:

“In the instant case the Agreement was entered into between the Industrial Corporation and the allottee as a sequel to the request made by the allottee to give him an industrial plot for the purpose of setting up an industry. Corporation reciprocated to the request on being satisfied that the allottee was able to carry out the obligations so as to accomplish the purpose of allotment. The assurance given by the allottee that he shall start construction of the building for setting up the industry within a period of six

months and complete the construction thereof within two years from the date of issue of allotment letter was verified and found acceptable to the Corporation and then only the Corporation has chosen to enter into the agreement with the allottee. It is a matter of confidence which the Corporation acquired in the promise made by the allottee that the latter would perform such obligations. If the allottee evacuates from the scene after inducting someone else into the plot without consent of the Corporation, it is not legally permissible for the inductee to compel the Corporation to recognize him as the allottee. Thus, the transferee petitioner has no locus standi to question the validity of the order of resumption passed by the corporation.”

Hon’ble Supreme Court in the case of Andhra Pradesh Industrial Infrastructure Corporation Limited and Ors. Vs. S.N. Raj Kumar and another in AIR 2018 Supreme Court 1981 has held in paras 16 to 21 as under:

“16. Section 55 of the ACT deals with rights and liabilities of buyer and seller. As per this provision, when the buyer discharges obligations and seller passes/conveys the ownership of the property, the contract is concluded. Thereafter, the liabilities, obligations and rights, if any, between the buyer and seller would be governed by other provisions of the Contract act and the specific Relief Act, on the execution of the sale deed. The seller cannot unilaterally cancel the conveyance or sale.

17. Insofar as the judgment in InduKakkar’s case (AIR 1999 SC 296) is concerned, the High Court has rightly held that that would not apply to the facts of this case. On the facts of that case, the Court, in the first instance, came to the conclusion that clause 7 of the agreement, which was entered into between the parties, was binding. As per clause 7, construction of the building for setting up the industry, in respect of which land was given to the appellant in that case, was to start within a period of six months and the construction had to be completed with two years from the date of issue of the allotment letters. Since the appellant had failed to commence or build the construction within the stipulated time, show-cause notice has been issued as to why the plot be

not resumed as per clause 7 of the agreement. In this backdrop, the appellant had challenged the enforceability of clause 7 of the agreement taking aid of Section 11 of the Act. This contention was repelled in the following manner:

16. However, the allottee has contended before the trial court that clause 7 of the agreement is unenforceable in view of Section 11 of the T.P. Act. But that contention was repelled, according to us, rightly because the deed of conveyance had not created any absolute interest in favour of the allottee in respect of the plot conveyed. For a transferee to deal with interest in the property transferred “as if there were no such direction” regarding the particular manner of enjoyment of the property, the instrument of transfer should evidence that an absolute interest in favour of the transferee has been created. This is clearly discernible from Section 11 of the T.P. Act. The section rests on a principle that any condition which is repugnant to the interest created is void and when property is transferred absolutely, it must be done with all its legal incidents. That apart, Section 31 of the T.P. Act is enough to meet the aforesaid contention. The section provides that

“on a transfer of property an interest therein may be created with the condition super-added that it shall cease to exist in case a specified uncertain event shall happen, or in case a specified uncertain event shall not happen.

Illustration (B) to the section makes the position clear, and it reads:

“(b) A transfers a farm to B, provided that, if B shall not go to England within three years after the date of the transfer, his interest in the farm shall cease. B does not go to England within the term prescribed. His interest in the farm ceases.”

17. All that Section 32 of the Transfer of Property Act provides is that “in order that a condition that an interest shall cease to exist may be valid, it is necessary, that the event to which it relates be one which could legally constitute the condition of the creation of an interest”. If the condition is invalid, it cannot be set up as a condition precedent for crystallization of the interest created. The condition that the industrial unit shall be established within a

specified period failing which the interest shall cease, is a valid condition. Clause 7 of the agreement between the parties is, therefore, valid and is binding on the parties thereto.”

18. This legal position is not disputed. However, in the instant case, there was no such stipulation in the agreement to sell or the sale deed. It was in the allotment letter. On the contrary, insofar as clause 7 of the sale deeds executed is concerned, the only condition imposed is that the purchaser shall use the land for the purpose of putting up a factory or factories duly permitted by the competent authority and for no other purpose. This makes all the difference between the two cases. Here, the undisputed fact is that the agreements/sale deeds entered into between the appellant-Corporation and the respondents do not contain any clause which can be construed as ‘condition super-added’.

19. We do not agree with the contention of the appellant-Corporation that the doctrine of proportionality is not applicable in these cases. In the realm of Administrative Law ‘proportionality’ is a principle where the Court is concerned with the process, method or manner in which the decision-maker has ordered his priorities and reached a conclusion or arrived at a decision. The very essence of decision-making consists in the attribution of relative importance to the factors and consideration in the case. The doctrine of proportionality thus steps in focus true nature of exercise - the elaboration of a rule of permissible priorities. De Smith also states that ‘proportionality’ involves ‘balancing test’ and ‘necessity test’. The ‘balancing test’ permits scrutiny of excessive onerous penalties or infringement of rights or interest and a manifest imbalance of relevant considerations.

4. Union of India V. G. Ganayutham (1997) 7 SCC 463: (AIR 1997 SC 3387).

5. Judicial Review of Administrative Action (1995) paras 13.085, 601-605; see also, Wade Administrative Law (2009) 157-158, 306-308.

20. Insofar as the argument that the land is not used for putting a factory building but was used for some other purpose is concerned, no such case was pleaded by the appellant-Corporation in the High Court or even in these appeals. This was

not the reason for initially cancelling the allotment or demanding payment of 50% of the prevailing market value. Therefore, this oral argument advanced at the time of hearing cannot be accepted without any material on record and when it was not the basis of cancellation/demand of payment. This Court in the case of Mohinder Singh G.II and Anr. v. The Chief Election Commissioner, New Delhi and Ors. held as under:

6. (1978) 1 SCC 405: (AIR 1978 SC 851)

“8. The second equally relevant matter is that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons to mentioned and not be supplemented by fresh reasons in the shape of affidavit or otherwise. Otherwise, an order bad in the beginning may, by the time it comes to court on account of a challenge, get validated by additional grounds later brought out. We may here draw attention to the observations of Bose J. in GordhandasBhanji (Commissioner of Police, Bombay v. GordhandasBhanji, AIR 1952 SC 16)

“Public orders, publicly made, in exercise of a statutory authority cannot be construed in the light of explanations subsequently given by the officer making the order of what he meant, or of what was in his mind, or what he intended to do. Public orders made by public authorities are meant to have public effect and are intended to affect the actings and conduct of those to whom they are addressed and must be construed objectively with reference to the language used in the order itself.”

Orders are not like old wine becoming better as they grow older.”

21. In view of the above, it is not necessary to deal with the argument as to whether doctrine of proportionality is applicable in the instant case or not. It is to be borne in mind, as rightly held by the High Court, that the appellant-Corporation had withdrawn the action of cancellation of the plots. Instead, it demanded 50% of the prevailing market value in lump sum towards the cost of the plots. There is no legal basis for such a demand, moreso, after the registration of the sale deeds in favour of the respondents thereby transferring the ownership in these pots in their favour. “

Hon'ble Supreme Court in the case of Chandigarh Administration and Ors. V. Hari Ram in AIR 2019 SC 3862 has held in paras 8, 9 and 10 as under:

“8. It is seen from the record that the allotment of commercial booth No. 254, Sector-20D, Chandigarh was made to the respondent on 26-12-1996. As per the terms and conditions of the allotment, the appellant being the lessee was required to deposit the balance 75% within three annual equated instalments along with the interest and annual ground rent as well. The respondent committed default in payment of first, second and third instalments and also the ground rent which fell due on 25-12-1997, 25-12-1998 and 25-12-1999. As pointed out by the Chief Administrator, Chandigarh in his order dated 20-8-2008, the respondent was given as many as twenty-six opportunities, but he has failed to deposit the dues. The slump in the business cannot be the reason for default in payment of the lease rent and the ground rent which fell due on 25-12-1997, 25-12-1998 and 25-12-1999.

9. For holding that the cancellation of allotment would cause hardship to the respondent and that one more opportunity has to be given him to pay the outstanding dues, the High Court has relied upon in Teri Oat Estates (P) Ltd. v. U.T. Chandigarh and Others (2004) 2 SCC 130. In Teri Oat Estates, respondent therein earlier paid the instalment amount and during the pendency of the matter before the Court the respondent thereon paid a substantial amount towards the due payable together with the interest @ 12%. It is in those facts and circumstances, in Teri Oat Estates, the Supreme Court held that resumption of the land and the building would cause extreme hardship which may be faced by the parties and the same shall not ordinarily be resorted to. In order to maintain an appropriate balance, in Teri Oat Estates, the supreme Court observed that the matter warrants application of the doctrine of proportionality.

10, In the present case, after the allotment, the respondent has paid only the initial payment and has not paid the first, second and third instalments and the ground rent which fell due on 25-12-1997, 21-12-1998 and 25-12-1999 and in spite of several

opportunities, respondent has not paid the amount. When the respondent has consistently defaulted in payment of the premium instalments, it is open to the competent authority to take action in accordance with the law. When the value is stated to be above Rs.26 lakhs in the year 2015, the appellant Administration cannot be asked to part with the land at the same rate as in the year 1996. Without keeping in view of the default committed by the respondent, the High Court was not right in setting aside the order of cancellation of allotment and directing the respondent to receive the outstanding dues. Since the allotment was made way back in 1996, the respondent cannot insist upon the payment of the then market value in the year 1996.”

The State Government has imposed stringent rules to ensure that KIADB and KSSIDC land are used for industrial purpose only. The relevant portion of the news reported in Hindu Newspaper reads as under:

“Stringent rules on land allotment

The State government has imposed stringent rules to ensure that KIADB (Karnataka Industrial Area development Board) and KSSIDC (Karnataka state Small Industries Development Corporation Ltd) land up to two estates allotted to micro, small and medium enterprises on lease-cum-sale basis are used for industrial purpose only.

The order issued by the State Government said that the lease-cum-sale period should be fixed for 10 years from the date of execution of lease-cum-sale deed. Further, enterprises have to clear all dues before execution of absolute sale deed. After the execution of the sale deed, the land/shed should be utilised only for industrial purposes, said the order.”

CHAPTER .I

1.0 SHORT TITLE, EXTENT AND COMMENCEMENT: -

- (I) These Rules shall be called the Karnataka State Small Industries Development Corporation Ltd – Allotment Rules, 2022.
- (II) These Rules shall apply to the allotment of premises in industrial estate developed by the Corporation. These Rules shall also apply to the allotments previously made in the industrial estate wherever there arise a cause of action in such allotment after the issue of these Rules and also in cases of re-allotment of resumed premises.
- (III) These Rule shall not apply to those cases in respect of which decisions have already been taken and also to the cases pending before the Courts.
- (IV) It shall come into effect from such date as may be notified by KSSIDC Ltd.

2.0 Definitions: In these Rules, unless the context otherwise requires

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- i) ‘Corporation’ shall mean the Karnataka State Small Industries Development Corporation Ltd., Bengaluru known as KSSIDC in short or its successors.
- ii) ‘Managing Director’ means the chief executive officer of the Corporation who is appointed by the State Government.
- iii) ‘Board’ means the Board of Directors of Karnataka State Small Industries Development Corporation Ltd .
- iv) ‘Government’ means the Government of Karnataka.
- v) ‘Industry’ means any economic/commercial activity either in the manufacturing or service sector for the purposes of generating employment and wealth.
- vi) ‘Industrial estate’ means a definite area of land on which a conglomerate of industrial premises is formed by KSSIDC Ltd.
- vii) ‘Premises’ means and includes any area of land, plot, shop, shed, go-downs, any structures etc held by the Corporation

in its industrial estate which is meant for lease-cum-sale/sale by auction.

- viii) 'Applicant' means an individual or person including a group of individuals under Indian Partnership Act or Limited Liability Partnership Act or co-operative institution or a body incorporated under any Act or any department of Government, who has made an application in the prescribed format seeking allotment of premises on lease-cum-sale basis or on outright sale basis subject to such conditions as may be imposed by the Corporation in the Industrial estate.
- ix) 'Allottee' means an individual or person including a group of individuals under Indian Partnership or Limited Liability Partnership Act or Co-operative institutions or a body incorporated under any Act of Indian Law established for the purpose of Industrial activity/service to whom any premises is allotted on lease-cum-sale basis or on outright sale by the Corporation in the industrial estate.
- x) 'Application' means a prescribed format supplied by the KSSIDC containing various particulars to be furnished by an applicant who seeks allotment of premises in the industrial estate.
- xi) 'Family' means where the applicant is an individual, his or her spouse and children.
- xii) 'Allotment Committee' means the State Level Shed Allotment Committee or the District Shed Level Allotment Committee or any other Committee constituted by the Government of Karnataka under the Facilitation Act or any other Act as applicable from time to time/Board or KSSIDC Ltd from time to time which has jurisdiction for allotment of premises in the concerned industrial estates.
- xiii) 'Rules' means the State Small Industries Development Corporation Ltd Allotment Rules (2022).
- xiv) 'SSI Registration Certificate' means a certificate either provisional or permanent issued by the Department of Industries and Commerce, Government of Karnataka.
- xv) 'Stray premises' means premises allotted and subsequently cancelled/resumed from the allottees or a premises surrendered by the allottee, or land reserved for civic amenities or any plot which is irregular in size and is in

variance in size from other regular plots in an industrial estate.

- xvi) 'Re-allotment' means the allotment of a premises cancelled /surrendered due to various reasons and allotment of such premises once over again.
- xvii) 'implementation' means where the unit was fully implemented and commenced commercial operation to the capacity indicated in the project report and has fully utilised the premises allotted for the purpose for which it was allotted.
- xviii) 'Authorised person' means a person who has been authorised to sign all the documents and perform all such acts and obligations for and on behalf of the applicant and so authorised in writing.
- xix) 'Application and Scrutiny fee' means a non-refundable fee which shall be payable by each of the applicant at the time of filing application or obtaining any approvals/restoration etc.
- xx) Micro, small and medium enterprises (MSME) means the industrial units as defined in the MSME Development Act, 2006 (No. 27 of 2006) Government of India.
- xxi) Zonal office means the branch /field office of the Corporation and functioning under the Orders of the Managing Director with a specified jurisdiction of the Industrial Estate.
- xxii) Sub-Zonal office means the branch /field office of the Corporation and functioning under the orders of the Managing Director with a specified jurisdiction of the industrial estate and which is under the control of the zonal Manager.
- xxiii) 'Zonal Manager' means the officer of the Corporation who is appointed as Zonal Manager by the Corporation and includes the one who is holding the post as additional charge and also includes any other officer who is vested with such responsibilities.

3. SITE PLANS:

- a) Zonal Manager shall ensure that detailed survey and measurements are done for each of the premises in the industrial estate.

- b) Site plans of industrial premises, of all the common used estate earmarked, for green (open) spaces and of all the common facilities, are prepared and boundaries fixed, with standard boundary stones along with the details like dimensions, extent of premises, survey number in which the same are situated are made available in the zonal and sub-zonal offices of the zone for information of needy entrepreneurs.
- c) Zonal Manager shall ensure that for each industrial estate, detailed survey and measurements are done, site plans of premises, of all the common use estates earmarked for green (open) space, of all the common facilities for the industrial are prepared and boundaries fixed, with standard boundary stones along with the details like dimensions, extent of premises, survey number in which the same are situated are made available in the office and the concerned office for information of entrepreneurs.

4. NOTIFICATION OF INDUSTRIAL ESTATES:

- a) Whenever a new industrial estate is developed by Corporation, head office of Corporation shall cause publication of the same, in one newspaper in English and the other in Kannada which has wide circulation intimating the launch of the new industrial estate and inviting entrepreneurs to file applications for allotment of premises.
- b) The details of all industrial estates regarding facilities and availability of land for allotment and rate per square metre shall be hosted on the web-sites of the KSSIDC and Commissioner of Industries. The same shall be displayed on the notice boards of the respective zonal, sub-zonal offices of the Corporation and offices of DIC regularly.
- c) In respect of vacancies in all Industrial estates, the information shall be updated on the web-site and also simultaneously cause display on the notice boards of the respective zonal, sub-zonal offices of the Corporation and also be communicated to the respective Deputy Commissioner and offices of DIC.

- d) The layouts of industrial estates should be displayed on the notice boards of respective zonal /sub-zonal offices and DIC offices, and the layout should also be placed or posted on the web-site of the Corporation and Commissioner of Industries.
- e) The components of infrastructure planned for an industrial estate will also be displayed on the web-site of KSSIDC .

5. ALLOTMENT COMMITTEE:

- (a) The Allotment Committees will be constituted as per the directions of the Government of Karnataka. It will be multi-tier structure with a provision to decide on the allotments with reference to value of the premises sought for by the applicant and viability of the project and compatibility of the type of industry in the chosen industrial estate.
- (b) The functions of the Allotment Committee will be defined by the Government of Karnataka.
- © All allotments are made at the rate applicable as on the date of filing the valid application and any revision of cost, during the intermittent period of the date of filing the application and the date of convening of allotment committee in which the said applications are considered is not applicable, and since the applications are considered at different levels of the Allotment Committee and any delay in convening the Allotment Committee either at the District or at the Head Office, shall not affect the applicant who has filed the application in full shape during the currency of the land rate and waiting for the allotment. However, this will not be applicable for deferred applications.

6. PRICE FIXATION COMMITTEE:

- (a) For fixation of land cost and to determine the level of infrastructure to be provided in an industrial estate, a committee may be constituted by the Board of KSSIDC, called Price Fixation Committee. It will replace the existing price fixation committee, if any.

- (b) The role and responsibilities of the price fixation committee are as follows:
 - (i) To recommend the cost of land/premises to be allotted in an industrial estate of corporation.
 - (ii) To discuss and recommend the level of infrastructure facilities to be provided for, in an industrial estate of corporation.
 - (iii) To review and recommend land cost in all the industrial estates periodically and upon the requirement.
 - (iv) In addition, the Committee may review the land cost in any industrial estates from time to time, depending on S R value and market conditions, enhanced land compensation claims made/received, additional infrastructure cost to be incurred or any such events.
- © The committee is a recommendatory body and the Managing Director, KSSIDC may approve or modify the recommendations of the Committee with reasons to be recorded.
- (d) The land cost, as approved by the Managing Director, from time to time, for all the industrial estate are to be placed before the Board for information and shall be updated on the web-sites of KSSIDC.

7. FIXATION OF LAND COST:

- (a) While fixing the land cost, the following components are to be taken into consideration:
 - (i) Cost of land acquisition includes land as fixed in the Award and the costs incurred towards land acquisition proceedings.
 - (ii) Rehabilitation and resettlement cost, if any, as per Government policies.
 - (iii) Establishment charges of Special Deputy Commissioner, Land Acquisition Unit, if any,.
 - (iv) Enhanced land compensation claims awarded by the Courts.

(v) In case of Government lands, the value of the Government land as fixed by the Government through its alienation orders or any other communication and if the alienation costs is not fixed by the Government, the value of government land is to be taken on par with private land.

(vi) Any other charges incurred during acquisition/alienation including legal and other relevant expenses.

- (b) The rate of land cost and rate development charges shall be fixed by the Corporation from time to time. The Corporation may increase or alter the land rate from time to time.
- (c) The cost of land and development charges would be arrived at by multiplying total land estate with rate of land cost and rate of development charges respectively at which the allotment is made plus for frontage charges. The frontage charges shall be added proportionately to the cost land and cost of development charges

8. INTERNAL INFRASTRUCTURE COST:

- (1) Layout approval charges/land use conversion charges/development cost or any other such statutory charges which are payable as levied by the Statutory agencies.
- (2) Estimated cost of civil works like roads, water supply, power supply, sewerage, administrative buildings, environment management plan, landfills, etc.
- (3) Administrative charges at the applicable rate as may be decided by the Corporation from time to time.
- (4) Cost of the money spent on the above element as determined by the Corporation form time to time.

The above are the general principles of fixation of land cost at the time of fixing the land cost for the first time. However, in cases where lands have already been allotted at various rates, a breakeven cost is worked out duly considering realisation made till that time and internal infrastructure to be done in future depending upon the need. Land cost is also revised if enhanced

compensation claims which were to be paid and not included in the land cost earlier.

9. In general all industrial estate shall have minimum facility as indicated above. If any allottee desires to have more infrastructure facility than provided for, the extra cost for providing the same will have to be met by the applicant as may be communicated by the Corporation. Else, the allottee may provide for the same at its own cost.
10. The cost of the premises which are resumed or not new, would also include the land cost including development cost as mentioned above for the premises plus the cost of the superstructure to be fixed as per the current standard schedule of rates duly taking into account the administrative charges, interest on expenditure for the construction period etc, and duly deducting cost of repairs, depreciation, etc.
11. FRONTAGE CHARGES:

Frontage charges for premises located facing /abutting the National Highways / the service road of the Corporation parallel to the NH shall be levied at 10% of the cost of the premises. Frontage charges levied shall form part of the cost of premises.

- (a) Frontage charges for premises located facing /abutting the State Highways or the service road of the Corporation parallel to the S.H. shall be levied at 10% of the cost of the premises. Frontage charges levied shall form part of the cost of premises.
- (b) Frontage charges for premises facing /abutting district/PWD and ZP roads or the service road of the Corporation parallel to district/PWD road shall be levied at 5% of the cost of the premises.
- (c) Even if service roads formed by Corporation divide the premises from the NH/SH, etc frontage charges shall be levied as mentioned above.
- (d) Frontage charges levied shall form part of the cost of premises.

- (e)** For allotments made through public auction, no frontage charges need be levied.
(1) In addition to the above, the practice being followed by the Corporation in fixing the base price of the premises in the industrial estate also taken for fixation of price.
- (f)** For premises allotted at commercial rates, frontage charges need not be levied.
- (g)** Assistant general Managers with written concurrence of General manager (IES) should ensure that wherever applicable frontage charges at the prescribed rates are levied the same shall be included in the allotment letter.
- (h)** The allotment shall be made at the cost of premises arrived at, as per the rate fixed by the Corporation and applicable as on the date of filing of application unless otherwise specified.
- (i)** The grants, if any, given by the Government under certain specified schemes covering any components of infrastructure will be utilised for the purpose intended and will not be included while fixing the land cost. This will not apply for subsequent revisions of land cost of that industrial estate.
- (j)** For allotment of land to MSME units, the cost of land will be arrived at by adding land cost and 50% of cost of infrastructure, subject to receipt of grant from the Government of India/Karnataka State for the specified industrial estate. This incentive will not apply for subsequent revisions of land cost of that industrial estate. This incentive is industrial estate – specific.

12. LAND FOR LARGE PROJECTS:

- (a)** Request from entrepreneurs for allotment of land on “as is where is basis” will be considered on case to case basis. And in that event, all statutory approvals are to be procured by such allottees.

- (b) The government may also direct KSSIDC to allot land for mega/large industrial project and the infrastructure facilities to be provided are as per the arrangement /agreement entered into between the Government and the investor /promoter.
- (c) In such cases, separate /exclusive agreement /Memorandum of Understanding shall be entered into between the government/KSSIDC and investor/promoter.
- (d) The conditions of such agreement/Memorandum of Understanding will prevail upon such allotments for implementation of the project.
- (e) The cost towards land and infrastructure facility will be worked out separately and will be collected from the investor/promoter as per the agreed time lines.

13 APPLICATION FOR ALLOTMENT:

- (1) Application for allotment of premises in the industrial estate shall be made to the Managing Director, KSSIDC through the manager/Assistant General manager concerned for industrial purpose, who is the officer in-charge of allotment of premises under his/her jurisdiction in the prescribed form. The application shall be made in the prescribed format.
 - (a) Application for allotment of premises in industrial estate for industrial purpose for industries shall be made “on line” (website):.....
 - (b) The application shall only be filed by the entrepreneurs through online.
 - (c)
 - (d) Help desk at Head Office, Zonal Offices of Corporation , Commissionerate of industries and G.M – DIC offices, shall provide assistance to entrepreneurs to upload the application on line.

- (e) Separate application should be filed online in case the applicant seeks allotment at different industrial estates. Necessary attachments should be filed separately for each application.
- (f) Applications are not transferable from one industrial estate to another industrial estate and any such request is treated afresh.
- (g) The applicant shall also file the physical applications with Zonal Manager along with DDs for EMD and non-refundable application and scrutiny fee and other relevant documents including project report and entrepreneurs memorandum part I/II etc within a period of 7 calendar days in respect of applicant resident in India from the date of e-filing, and 15 calendar days from the date of e-filing in respect of applicant who is not resident of India. The applicant shall ensure that the physical application along with Annexure is received in the respective Zonal Office, within the stipulated time.
- (i) The following shall be attached while sending the physical application form:
 - (i) Downloaded application form which was already filed in online duly signed by applicant/the authorised person.
 - (ii) Valid DD towards EMD at 10% of the value of the premises.
 - (iii) Valid DD towards non-refundable application and scrutiny fee.
 - (iv) Separate DDs should be obtained for EMD and non-refundable application and scrutiny fee.
 - (v) All attachments/enclosures shall be attested by the authorised person.
 - (vi) Authorisation letter, wherever necessary ,
 - (vii) Attachment to the application as filed with e-application.

15. OTHER DOCUMENTS TO BE ATTACHED:

(a) Detailed project report/profile with process flow chart justifying the extent of the premises applied for with break up, details of premises already possessed, whether the premises are required for re-location or shifting or expansion purposes manufacturing processes, proposed installed capacity, power, water requirement etc for the project.

(b) Plant/machinery layout of the proposed project and details of greenery/loan to be maintained as per the norms of the concerned authorities, if any.

(c) Copy of Partnership Deed in case of existing partnership firm. In case of proposed partnership firm, it should be stated that promotor of proposed partnership firm giving the names and full addresses of all the partners.

(d) A copy of Memorandum and Articles of Association in case of Limited Companies and a copy of resolution authorising the applicant to apply on behalf of the company; and ROC certificate, if the application is made in the capacity of a promotor of proposed company, same should clearly be stated as promotor or proposed private/public limited company, and names and full addresses of all the promoters may be indicated. If application is being made on behalf of a group of companies and if at the time of making application, it is not known as to which of the companies or a new private /public company from the group will implement the project, the applicant should clearly mention this in the application form and also enclose a list of the companies of individuals with full addresses who are likely to take part in implementation or promotion of the new company.

(e) In case of co-operative companies/societies registered under the Societies Registration Act, similar details as in the case of limited company may be furnished.

- (f) Self-certified copy of address proof in case of proprietary firm or partnership firm, Aadhaar card, electoral card, valid driving licence and self-certified copy of PAN card.
- (g) Two photographs of the applicants in case of proprietary firm or partnership firm and authorised person in case of company.
- (h) Entrepreneurs memorandum part I/ part II (SSI Registration Certificate) / Udyog Aadhaar issued by the District Industries Centre or any other relevant certificate.
- (i) Technical education/qualification of entrepreneurs/promoters.
- (j) Caste certificate issued by competent authority in case of SC/ST entrepreneurs.
- (k) Discharge certificate in case of Ex-service man.
- (l) Self employment registration in case of self employed entrepreneurs.
- (m) Any other relevant document deemed fit by the Corporation in support of the application.

16. SCRUTINY AND CATEGORIZATION OF APPLICATIONS:

- (a) The applications filed online/physical will be scrutinised by the allotment Scrutiny committee on the scheduled date of allotment Committee Meeting.
- (b) Incomplete applications filed online/physical shall be rejected and **the applicants are to be informed about the reasons for rejection.**
- (c) The application and scrutiny fee is non-refundable
- (d) Subject to the viability of the project, the applications received shall be categorised into the following categories:
 - (i) Entrepreneurs from Ex-service man category, subject to production of necessary evidence of having served in the military/auxiliary services.

- (ii) The allottees who have implemented the industries in the allotted land fully and seek for adjoining /nearby premises for expansion of their existing units in the same industrial estate and such expansion involving a minimum 25% in the original installed capacity,
 - (iii) Women entrepreneurs .
 - (iv) Entrepreneur development programme trainees.
 - (v) Technocrats having experience in the line of manufacturers who intend to resign from the service/or having served in government, public or private undertakings for the purpose of setting up of industrial units.
 - (vii) Others, not falling into the above categories.
17. No reservation in considering applications for allotment, but priority shall be assigned depending on the viability of the project.
 18. In case of allotment to IT Enabled Services, the guidelines of the department of IT & C may be adopted.
 19. The above priority /categorization will not apply in cases of the industrial estates where allotment is through public auction.
 20. In cases of allotments to SC/ST entrepreneurs including concessions in the land cost, etc, the guidelines/directions of the government issued from time to time shall prevail.
 - (i) Separate application for each industrial unit or for expansion of the existing industrial unit shall be submitted.
 - (ii) The applicant should not leave any blank column in the application form. If a particular column /item is not applicable, the applicant shall write “non-applicable” (NA). No blanks shall be left over.
 - (iv) The application duly filled in along with enclosures must be delivered to the concerned offices of industrial estate with prescribed EMD amount.

- (v) The concerned Managers/AGM themselves verify the application and forward the eligible application, as per the terms and conditions advertised in the newspapers, to the corporate office.
- (vi) The applications received from the concerned officers are once again processed and submitted before the screening committee for selecting the eligible applicants for allotment.
- (vii) The screening committee consisting of the officials from the following department:
 - (a) The Managing Director,
 - (b) Division head,
 - (c) Chief Engineer and nominee of Chief Engineer,
 - (d) Officer dealing at Head Office
 - (e) General Manager,
 - (f) Concerned Manager, if required, may be substituted.
- (viii) Screening Committee shall analyse the applications and project report furnished by the applicants and select the eligible applicant for allotment.
- (ix) The Manager must get all the applications received in offices entered in the applications registered maintained in the office.
- (x) All the applications received and registered in the application registers of the office shall be verified by the Manager as per the prescribed check list to find out whether the same are in full shape.
- (xi) The applications received shall be categorised into the following categories and priority for allotment shall be given in the following order:
 - (1) SC Applications: 15% of the vacancies existing as on the date of consideration of application;

- (2) ST applications: 6% of the vacancies existing as on the date of consideration of application;
- (3) NRI Applicants: 10% of the vacancies existing as on the date of consideration of application;
- (4) Women Entrepreneurs: 10% of the vacancies existing as on the date of consideration of application; (50% of the management will be given by women and 50% of the employees should be women)
- (5) Ex-Servicemen: 5% of the vacancies existing as on the date of consideration of application;

21. PROVISIONAL ALLOTMENT:

- (a) The provisional allotment letter should indicate the details of premises, extent, purpose of allotment and value of the allotment. ©A copy of site plan shall also be attached along with the provisional allotment letter.
- (d) The allottee shall pay the entire balance cost of the premises as indicated in the provisional allotment with undertakings as prescribed therein, within 60 days in case of general category entrepreneurs allottee /90 days in case of SC/ST category entrepreneurs of the receipt of the provisional allotment letter. From the after the prescribed time up to 180th days, the outstanding amount shall be paid with applicable rate of 12.5 interest with prior approval of Managing Director. In case of non-payment of balance within stipulated time, the provisional allotment shall stand automatically cancelled forfeit EMD amount without any further notice.

(e) Provisional allotment letter should be despatched to the address of the allottee by registered post with acknowledgment due or handed over in person to the allottee under proper acknowledgment.

22. SWITCH OVER OF PREMISES:

(a) Applicants may seek for change of premises before or after allotment subject to the satisfaction of the corporation and however its made clear that, the applicants cannot assess the same as a matter of right.

(b) In all such cases, the applicant shall file online application afresh and allotment is subject to availability of the premises and also compatibility of the industry in the chosen industrial estate and at the prevailing rates of land cost.

© In cases where the premises allotted and corporation is unable to process further for possession etc, the EMD is fully refundable at the request of the allottee. If the allottee request for alternate premises in the same industrial estate such a request can be considered at the cost of original allotment, and such request shall be entertained only once.

(d) In case the allottee requests for an alternate premises in any other industrial estate, in lieu of refund of amounts, such an application will not be given priority and the allottee shall pay the difference of land cost, if any, arising out of the difference in rate of land cost, subject to the availability of the chosen premises.

(e) If the allottee requests for alternate premises in the same industrial estate or any other industrial estate, as an alternate choice, on his own consideration, in all such cases, the applicant shall be treated as the new applicant and shall not be conferred any priority in the allotment and the applicant shall make the application online and shall be considered as per the procedure mentioned herein.

- (f) In all cases of switch over of premises, the rate of first allotment shall be reckoned for the purpose of stipulated 90 days payment, and all other guidelines mentioned herein including the time for implementation.

23. **PAYMENTS;**

- a) All amounts payable should be made by way of demand draft, pay order, or bankers cheque from any scheduled bank and should be drawn in favour of KSSIDC Limited and the same should be payable at par at the respective places of zonal offices. Online payments are also accepted.
- b) The DD should have validity period of not less than 2 months at the time of payment to KSSIDC .
- c) Any bank charges levied for collection of DD/cheque by the bank shall be to the account of the allottee.

24. **ALLOTMENT BY AUCTION:**

(a) Managing Director of the Corporation is authorised to notify certain industrial estates or certain notified premises in industrial estates under auction through publication in newspapers.

(b) M.D. may also consider to notify certain premises for auction in industrial estates which are not notified under auction due to location advantage and demand.

© The terms and conditions of auction shall be decided by the M.D. from time to time.

26. **ALLOTMENT OF PREMISES FOR PUBLIC UTILITIES AGENCIES:**

(a) All allotments are to be considered in the common estates and notified and approved in the layout.

(i) Post office subject to a maximum of 500 Sq. Metres.

(ii) Fire Station subject to a maximum of 1000 sq. metres.

(iii) Police station subject to maximum of 500 sq. metres.

(iv) Government/ESI dispensaries subject to a maximum of 500 sq. metres.

(b) The allotment to the following agencies will be done as per the rates fixed by the PF and IC – “at cost”:

(i) KPTCL (or its subsidiaries) provided the land is used for putting up for dedicated sub station for the respective industrial estate. The extent of land shall be determined by the scale of the activity/capacity of the substation.

(ii) Karnataka State Road Transport Corporation for providing dedicated transport terminal /bus depot.

(iii) Water Supply Boards/similar agencies.

(c) For the following agencies one and half times of land cost as filed by PF & IC:

(i) Scheduled Banks,

(ii) Dispensaries run by private individuals/missionaries/corporate bodies.

(iii) Any other commercial purpose compatible to the industrial or allied services like canteens, way bridges, warehouses, cold chains,

(iv) Any telecom service provider.

(d0 If the land earmarked for common facility is not allotted to any one and all the common utilities /services are available in the industrial estate, the vacant land earmarked for common facility estate can be considered for allotment for industrial use, subject to terms and conditions of layout approval. KSSIDC reserves the right to change common facility estate as per the requirement.

(h) All such cases as stated above, the AGM/Manager shall send a comprehensive report along with layout details to the Head Office, for taking a decision through PF & IC.

27. EXECUTION OF SALE AGREEMENT AND PHYSICAL POSSESSION:

(a) Agreement of Lease sum sale in a prescribed format shall be executed by the allottee and DGM/AGM/Manager within one month from the date of receipt of entire balance cost of premises. The agreement shall be registered within 21 days.

(b) Physical possession of the premises shall be delivered only after receipt of total land cost and execution of Lease sum sale agreement. The DGM/AGM/Manager along with concerned Executive engineer associated Assistant Executive Engineer of the corporation shall cause actual premises to be measured physically and boundaries of the premises shall be fixed on the ground, as per the site plan attached to the provisional allotment order. Possession certificate in the prescribed format duly mentioning the exact estate/survey number. Plot and Shed Nos along with schedule, etc shall be signed by the allottee and AGM/Manager.

29. MONITORING OF IMPLEMENTATION OF PROJECT:

(a) The allottee, within one year from the date of taking over possession shall take necessary steps for implementation of the project and file such papers in evidence or proof of implementation like applying or securing approval of building plan, power supply, sanction of term loan, consent for establishment from Karnataka State Pollution Control Board or any other document in conjunction with the above approvals/permissions.

(b) The allottee shall obtain the required statutory approvals/permission and commence commercial production within two years from the date of possession of the allotted premises and implement the project in full, as envisaged in the project report furnished by him at the time of filing the application for allotment.

(c) The allottee shall within three months of being put in possession of the premises (building), file application with KPTCL for power supply connection and obtain other

necessary permission from the competent authorities including consent for establishment from APPCB, financial sanctions etc.

30 OTHER CONDITIONS:

(a) The AGM/Manager or any other officer authorised by the GM(IES) shall inspect the premises at least once in every three months to verify the progress on the implementation and assess the progress of implementation and record his findings in the pro-forma prescribed and submit the same to

© During such inspections by the AGM/Manager to the premises allotted, if it is found that the project has not been fully implemented even after completion of two years from the date of possession of allotted plot/shed, then steps shall be taken for cancellation of allotment immediately as per the procedure prescribed.

32. TIME FOR IMPLEMENTATION OF THE PROJECT BY MICRO/SMALL/MEDIUM ENTERPRISES.

(a) As per the allotment order and agreement of sale, the allottee is allowed three years time for full implementation of the project as per the timelines given in the final allotment order.

(b) The period of implementation may be considered to be extended up to one more year in respect of industrial estates where provision of infrastructure development is delayed and /or where the allottee furnishes reason for delay in the implementation and such reasons are beyond his control. Such extension of time shall reckon from the date of stipulated 24 months time.

(c) In all cases, the maximum time for implementation shall not exceed 5 years subject to provision of infrastructure by KSSIDC (including the initial allowed time of three years and cooling time of one year) from the date of taking possession of the premises. The premises shall be resumed after following

the due procedure for cancellation. In all cases of extension of time for implementation of the project, penalties /interest as prescribed will be levied.

(d) For all cases, other than where waiver of penalty/interest granted, the penalty/interest, as prescribed wherever extension of time for implementation is granted, shall be levied.

(e) An allottee who seeks any relief and having reasonable grounds may be considered as per these rules.

33 CANCELLATION AND WITHDRAWAL OF ALLOTMENT:

(a) In case of failure on the part of the allottee to make total payment towards cost of premises within the stipulated time from the date of receipt of provisional allotment letter, the AGM/Manager shall cancel the provisional allotment immediately after completion of the period indicated herein:

(i) for industrial estates after 60/90 days

(ii) In case of auction after 30 days.

(iii) No request for extension of time/restoration of allotment beyond the stipulated time is considered.

(b) If total cost is paid by the allottee, but fails to execute the agreement of sale and take physical possession within the stipulated time of 30 days, the final allotment letter is liable to be withdrawn by the AGM/Manager. It is the responsibility of KSSIDC and allottee to ensure execution of agreement of sale within 30 days from the payment of the total amount failing which the allotment will be cancelled duly issuing notice of 15 days time.

© After execution of sale agreement and taking possession of the premises, if the allottee fails to implement the project within the stipulated time from the date of possession, zonal manager shall issue notice to the allottee to show cause as to why allotment should not be cancelled for violation of terms

and conditions of final allotment orders and advising the allottee to surrender the vacant possession of the premises.

(d) In case the allottee replies to the notice explaining the reasons for the delay, the zonal manager shall send a report offering remarks on the explanation of the allottee, seeking further instruction of Head Office, for extension of time/cancellation.

(e) If the request of the allottee for extension of time for implementation of the project is not considered, the zonal manager shall issue cancellation order-cum-resumption notice within 7 days of receipt of communication from the Head Office.

(f) The AGM/Manager shall resume the possession of the premises on the date specified in the cancellation order-cum-resumption notice by following the procedure laid down in the kPP ACT. The AGM/Manager shall also initiate action for cancellation of Lease cum sale agreement and forfeit the amounts paid by the allottee within 15 days from the date of resumption of premises.

(g) The cancellation orders-cum-resumption notice shall be sent to the address given in the application form or to the last known address of the allottee by registered post and acknowledgment due and certificate of posting and by email. Copy of the cancellation-cum-resumption notice shall also be sent to KPSFC /Financial Institutions, in case no objection certificate is issued to such financial institutions by the zonal managers for financing the unit.

(h) A copy of the cancellation order-cum-resumption notice must also be affixed on conspicuous place in the premises if there is any structure in the presence of witnesses.

(i) The envelopes returned by the postal department undelivered to the addressee must be filed in the file as it is , without opening the envelope.

(j) On the date subsequent to the date mentioned in the cancellation order-cum-resumption notice, the AGM/Manager shall enter the premises in the presence of witnesses duly conducting a panchanama on the spot.

(k) Copies of resumption report must be sent to the defaulter allottee by RPAD. While resuming the premises photograph should be taken showing the physical features, damages caused to the premises etc. Immediately after completion of the resumption of the premises, zonal manager should get a notice affixed on the premises resumed by KSSIDC “trespassers will be prosecuted” and ensure that the premises are protected from trespass by the defaulter allottee or any other person.

(l) After resumption of the premises, zonal manager shall keep a watch over the public property of the premises. Any articles that were taken into the custody by the AGM/Manager during panchanama, same may be disposed off duly obtaining prior permission of head office.

(m) In case the allottee is not able to implement the project due to any reason which is beyond his control, refund of the principal amounts can be made to the allottee after due cancellation of allotment and sale agreement provided the allottee surrenders the land to the Corporation voluntarily and registers the cancellation deed. Such resumed premises shall be notified under vacancy.

35. RESTORATION:

Cases of non-execution of agreement of Lease cum sale:

In cases, where the allottee after payment of total cost of the premises, failed to execute the sale agreement, within the stipulated time of one month, the allotment is liable to be cancelled. If the allotment is cancelled, it shall be restored after the allottee complies with the notice issued by the zonal manager. No penalty is levied where there is delay in execution of the Lease cum sale agreement.

- a) Restoration of allotment in cases after issue of cancellation order -cum-resumption notice:

In cases of allotments where cancellation is done for non-implementation within the stipulated time from the date of possession of the premises, and when the premises is not resumed by the AGM/Manager, any request for restoration of allotment shall be made by the allottee to the AGM/Manager within one month from the date of receipt of cancellation orders-cum-resumption notice.

Such request shall be made duly furnishing credible documentary evidence in support of delay in the implementation of the project like sanction from financial institutions, clearance from pollution control board/sanction of power from the KPTCL or any other related agency both at the Centre and the State. The allottee shall also furnish an undertaking on Rs.100/- non-judicial stamp paper agreeing to complete the project within the stipulated time from the date of receipt of restoration orders.

The AGM/Manager shall forward the request proposal to the Head Office and after obtaining the approval from the Head Office, the Zonal Manager shall issue the restoration of allotment in the prescribed form duly indicating the penalty.

36. Where premises is resumed;

a) In cases where the Zonal Manager resumed possession of the premises as per the terms of cancellation order-cum-resumption notice, no request for restoration shall be entertained and the applicant shall be advised to apply for premises afresh.

37. Fee structures :

- a) For all cases of changes in line of activity – Rs.20,000/-.
- b) For all changes in name of the firm without any changes from the original parties/proprietor/firms, in death case to legal heirs – Rs.20,000/-.

- c) For change in constitution – 20,000/-.
- d) For transfer of allotment – Prevailing cost of the land on the date of issue of approval.
- e) Transfer of allotments shall be done only after project implementation.

38. PENALTIES:

- a) Where allotments are cancelled for non-execution of agreement of Lease cum sale within the stipulated time – Nil.
- b) Where allotments are cancelled for non-implementation of the project within three years from the date of possession of the premises;
 - (i) 5% on the land cost prevailing on the date of restoration for extension of the period of implementation by one year (2 years)
 - (ii) 10% on the land cost prevailing on the date of restoration for extension of period of implementation by one more year (2+1 years).
 - (iii) If a request is made for extension of time for implementation of the project before cancellation of the allotment, a fee at 1% of the prevailing land cost may be levied for every year of extension, which shall not be more than 2 years. However, in case of extension of time for one more year (beyond 2 years), 2% of the prevailing land cost shall be levied in addition to the above penalties.
- b) In cases of partial implementation the extension for implementation of the project may be considered for two more years from the date of issue of orders, with a penalty of 3% per extension on the prevailing land cost. After the expiry of two years, action shall be initiated for resumption of the premises following due procedure.

- c) This penalty is levied exclusively for (c) and need not be reckoned along with (b),
- d) This penalty is levied exclusively for (d) and need not be reckoned along with (b),
- e) Penalty is to be levied on land cost only even in case of built premises.

39. REFUNDS:

- a) If any applicant makes a request for refund of EMD paid by him, withdrawing his application before allotment letter is issued, EMD shall be refunded.
- b) If the application for allotment could not be considered for want of vacant premises or stands rejected for any valid reason, EMD shall be refunded.
- c) If the allotment letter for premises is issued but the allottee fails to comply with the terms and conditions of allotment and consequent to cancellation, the EMD is liable to be forfeited.
- d) If the allotment is cancelled and the premises is resumed by the Corporation after due process of issue of cancellation order-cum-resumption notice or if the allottee surrenders the premises, the amounts paid by the allottee including EMD shall stand forfeited as per the terms and conditions of agreement
- e) In case where possession was not delivered, the amounts paid towards the cost of the premises shall be refunded duly forfeiting the EMD amount
- (f) Refunds shall be made duly deducting the amounts so arrived at from the payments made by the allottee to Corporation towards cost of premises. Interest paid /appropriated towards belated payment is not refundable
- (g) The amounts paid towards penalties, etc are not refundable

- (h) The amount towards repairs, damages caused, loss , theft of fittings shall be deducted out of the amount refundable , if any, to the allottee
- (i) .In case, power supply is obtained by the allottee, a No - due certificate and dismantling certificate from KPTCL shall be submitted before refund.
- (j) Dues in respect of water charges shall be deducted for the actual consumption as against the maximum rate as per the agreement.
- (k) The allottee shall also pay the property tax to the local body/ authority and a certificate to this effect shall be furnished before refund
- (l) If there are any buildings/additional structures made by the allottee on the premises, The Corporation may direct the allottee for removal of the same at its cost within such time as may be allowed by the Corporation as per the terms of the agreement.
- (m) .The refund cannot be claimed as a matter of right
- (n) No interest shall be payable to the allottee on the amounts paid

40. EXCESS LAND:

- (a) If at any time excess Land is found in possession of the allottee due to discrepancy in the layouts or site plans, land cost as on date of allotment and interest at rates prescribed from the date of allotment till date of payment would be charged.
- (b) In case where the allottee is in occupation of excess land and which is found to be not objectionable, the same may be considered for regularisation depending upon the merits of each case duly charging land cost at the time of allotment plus interest thereon at the rate specified by the corporation or the land cost prevailing as on the date of

detection of encroachment plus 5% of the regularisation fee, whichever is higher.

- c) In case an allottee encroaches any land of the Corporation over and above the estate allotted/delivered possession to him, the encroachment shall be removed by the zonal office and the encroached estate is to be resumed duly causing necessary notices and in all such cases the allottee is liable for civil/criminal actions to be initiated by the Corporation.
- (d) If at any time excess land is found in possession of the allottee, prevailing land cost as on date of allotment and interest at rates prescribed from the date of allotment till date of payments would be charged.
- (e) In case an allottee encroaches any land of the Corporation over and above the estate allotted/delivered possession to him/her and if such encroachment is found to be objectionable, the encroachment shall be removed by the manager. However, if such encroachment is found to be not objectionable, the same may be considered for regularisation depending upon the merits of each case, duly charging land cost at the time of allotment plus interest thereon at the rates specified by the Corporation or the land cost prevailing as on the date of detection of encroachment, whichever is higher.
- (f) In case of lands acquired under the Land Acquisition Act for which final compensation has not been decided and government land for which no cost has been fixed, the allottees should execute an undertaking in the form that they would pay additional land cost if there is any enhancement of land cost as indicated by the Corporation.
- (g) The land allotted including the premises under these Rules shall be used only for the purpose for which it is allotted and if it is used for any other purpose

contravening the above condition, the Corporation shall have the right to resume the land.

(h) The allottee shall not do anything repugnant to the Rules made by the Corporation, with a view to maintaining safety, decency, propriety, general discipline and peace of the industrial estate.

40.A **(a) The allottee should remit 60% of the lease premium within 30 days of the receipt of allotment letter. The balance 40% of the lease premium should be remitted with interest at 12% in 2 yearly instalments from the date of allotment order. If the allottee fails to remit the amount within 30 days, the allotment would be cancelled automatically and the EMD remitted will stand forfeited.**

(b) On remittance of 60% of lease premium a licence agreement in the prescribed format on stamp paper is to be executed by the allottee.

(c) The allottee shall execute the lease deed after completion of the full payment of the lease premium .

(d) The allottee should pay an yearly rent of Rs.1% and the land tax as in force from time to time in the name of the Corporation.

(e) The amounts due to the Corporation in respect of the land or premises shall be remitted by cash or by crossed demand draft drawn in favour of the Corporation, payable at Bengaluru.

(f) Proposed building plan in 5 copies duly certified by the engineer/architect along with DD of Rs.....- towards scrutiny fee shall be submitted for approval. Construction of factory building shall be started within six months with prior approval of the Corporation and should be as per the Rule prevailing in local body administration.

(g) The allottee may make constructions at his cost for industrial purposes in the premises allotted to him. The

allottee may at his cost, make additions, alterations or modifications to the premises or build structures on the premises allotted to him but only with the prior return approval of the Corporation. For obtaining such approval the allottee shall submit to the Managing Director of the Corporation an application in plain paper along with a detailed plan of the proposed construction and a fee of Rs.../- towards scrutiny. But any part of such constructions should not protrude the boundary line of the premises allotted to him.

(h) Production should be commenced within a period of two years from the date of lease.

(i) The Corporation shall have the power to terminate the agreement and resume and take over the premises if the allottee contravenes any of the provisions of these Rules or of the agreement executed by the allottee or if the condition in the allotment order or if positive action, in the opinion of the corporation, has not been taken to start the industry within two years of allotment of premises, or in the event of the unit run by the allottee being wound up or if, in the opinion of the Corporation, the industry is not in a position to pay the amount due under the agreement.

(j) In case of resumption, the allottee may be paid compensation as may be decided by the corporation for any improvement effected by him in the premises provided that instead of paying the value of the improvement, it shall be open to the corporation to direct the allottee to remove any of the improvements without causing damage to the land within such time as may be specified, at the cost of the allottee, and the allottee shall remove them within the specified period. If the allottee fails to do so, the Corporation may arrange the same to be removed at the cost of the allottee, dispose of the materials by public auction and pay the proceeds of such disposal to the allottee after recovering the amounts due from the allottee to the Corporation including the

resumption interest as may be decided by the Corporation from time to time, from the date of allotment to the date of resumption. If the allottee fails to remit such amount on demand, the Corporation may recover the same under the provisions of the Revenue Recovery Act.

(k) The allottee shall pay all taxes, cess, land revenue and other dues payable in respect of the premises from time to time as long as the premises is in his possession.

(l) The allottee shall maintain the premises in good condition at all times and shall make good any damage caused to the premises. The allottee shall also carry out such repairs, maintenance or improvements as may be necessary to maintain the utility and appearance of the premises in particular and the industrial estate in general.

(m) If the allottee fails to keep the premises in good condition in spite of a written requests, the Corporation shall get necessary works done in the premises at the cost of the Corporation and recover such costs from the allottee.

(o) The allottee shall at his cost provide property and maintain internal installations for supply of water and electricity commencing from the meter and ensure satisfactory maintenance of sanitary arrangements.

(p) The public utilities and amenities such as supply of water and power, roads, canteen if available, post office etc shall continue to be owned by the Corporation or any agency appointed for that purpose by the Corporation.

(q) The allottee shall remit to the Corporation or the agency appointed by the Corporation every month the amenity charges fixed from time to time. The charges relating to a month shall be remitted on the first working day of the succeeding month. Default in the matter of payment of amenity charges for more than one month shall be treated as default of payment due to the

Corporation and dealt with accordingly along with interest fixed from time to time.

(r) The managing Director or any authorised officer of the Corporation shall have powers to inspect the premises of the allottee at any time without giving prior notice and the allotted shall render all assistance necessary for such inspection.

(s) The allottee shall get the building constructed on the premises insured against all risks at least for an amount not less than the up to date value of the land and as determined by the Corporation from time to time. The allottee shall keep the Corporation indemnified against any and all claims for damages arising as a consequence of the establishment and running of his unit.

(t) The trees/structures in the allotted premises shall continue to be the property of the Corporation who shall dispose of the same as in the manner deemed fit within a reasonable time. The allottee shall not be entitled to their usufructs.

(u) The Corporation reserves the right of utilising vacant portions of the allotted premises at any time for laying pipe lines, cables, underground drainage or drawing overhead electric lines, without paying any compensation to the allottee for such use or without seeking permission.

(v) The allottee shall not effect any excavation upon any part of the allotted premises or remove any stone, earth or other materials therefrom except so far as may be in the opinion of the Corporation necessary for the purpose of forming the foundation of the building and compound wall and executing the work.

(w) All amounts due to the corporation under these Rules shall be a first charge on the premises and shall be recoverable under the provision of the Revenue

Recovery Act for the time being in force or in such other manner as the Corporation may deem fit.

(x) The premises allotted under these Rules shall not be alienated or encumbered in any manner without the prior permission in writing of the Corporation before execution sale deed.

(y) Transfer within ten years is not allowed even for industrial purpose and thereafter only after getting prior sanction from the Corporation.

(z) The Corporation shall have the right to resume the premises with all development on it/evict the allottee under the provisions of the unauthorised occupants of Public Premises Eviction Act on his failure to clear off the dues if any or on violation of the Rules of the allotment of premises.

(aa) Nothing detrimental to an allottee shall be done without first giving him a notice of intent with a period of 15 days to show cause against the same.

(bb) Where any notice or order has to be served under these Rules such service shall be made by registered post or by delivery of a copy of such notice or order to the allottee at the allottee's premises in the industrial estate or where this is not possible, by affixture of a copy of the notice or order on the outer door or a visible place of the premises of the allottee.

(cc) All acts done by the Corporation with respect to the lease of premises shall be deemed to have been done under these Rules.

(dd) The Corporation may at any time amend, alter or modify these Rules if it is found necessary to do so and the amendment, alteration or modification shall be binding on the allottee under these Rules.

41. CHANGE IN CONSTITUTION:

(a) Proposals for change in constitution can be considered before project implementation/during project implementation and shall be processed as follows:

(i) Change in constitution – among the family members or in favour of legal heirs on the death of allottee or death in case of proprietor/partners or shareholders and without addition of any outside member as partner/shareholder, a process fee of Rs...../-shall be levied.

(ii) A process fee at 3% on the value of the land prevailing on the date of issue of such approvals, shall be levied on each change and collected in the following cases:

Proprietary firm becoming partnership firm where the proprietor of the original firm holds not less than 51% or more share in profit and loss and capital investment within the same legal entity.

Partnership firm becoming proprietor firm with exit of all but one partner within the same legal entity .

(b) Where proprietary concern or partnership concern converts into a private limited company or a public limited company and the original proprietor/partners together hold not less than 51% of the paid up share capital of the same legal entity.

(c) Changes within the partnership firm where the original partners together hold not less than 51% in the share of profit and loss and capital investment in the original partnership firm and the reconstituted partnership firm without change of name of the firm.

(d) In respect of private limited firm/public limited/LLP firms, where there are changes in share holding and the original shareholders continue to maintain their holding of 51% or more in the same legal entity.

(e) In cases where NOC was given by the Corporation to financial institutions for creating equitable mortgage on

the allotted premises, and the terms of NOC was complied with and the unit is transferer by these institutions for recovery of the loan or otherwise.

(f) On approval or the changes in constitution a supplementary sale agreement/amendment to the sale agreement should be entered into, duly paying the appropriate stamp duty and the same shall be registered.

(g) The process fee levied is for approval of change in constitution.

(h) Approval of change in constitution shall be issued by the zonal manager after seeking necessary permission from the Head Office.

(i) Allottees seeing change in constitution shall produce the necessary documents like firm registration certificate, incorporation of the company from Registrar of Company/ Articles of Association/ Memorandum of Association/ Memorandum of Entrepreneurs, profit and loss account statements/balance sheet/ share capital structure duly certified by the Chartered Accountants

(j) In all cases before issuing approval all dues whatsoever to the Corporation shall be collected .

42. TRANSFER OF ALLOTMENT:

(a) The proposal for transfer of allotment shall be approved only after the project implementation,

(b) Prevailing cost of the land on the date of issue of approval.

(c) In the following cases, proposal for transfer of allotments can be considered as follows, wherein the percentage of holding is less than 51% by the original allottee/proprietor/partner/shareholder:

Sl.No.	Original allottee	Converts into/new allottee in whose name the allotment to be transferred.
1	Proprietor/Individual	1.Partnership Firm

		2.Company (under the Companies Act) 3.LLP
2.	Partnership	Company (under the Companies Act) LLP.
3.	Company (under the Companies Act) LLP	Special Purpose Company Any other company
4	Company (under the Companies Act)	Transfer of allotment to subsidiary/holding/associated companies.

43. In the following cases, irrespective of share holding of the original allottee the allotment can be transferred:

- (1) Allotments transferred to the third party by the financial institutions with the consent of Corporation,
- (2) In cases where amalgamation /merger/de-merger of companies is effected through proceedings/orders of courts or any other competent authority.
- (3) Approval of change in transfer of ownership shall be issued by the zonal manager after seeking necessary permission from the Head Office.
- (4) In respect of transfer of ownership, a deed of cancellation of agreement is to be executed and registered and a fresh agreement of sale is to be executed and registered.
- (5) Allottees seeking transfer of ownership shall produce the necessary documents like firm registration certificate, incorporation of the company from Registrar of Companies/Articles of Association/Memorandum of Association/Memorandum of Entrepreneurs , profit and loss account statement/balance sheet/ share capital structure duly certified by Chartered Accountants
- (6) In all cases before issuing approval all dues whatsoever to the Corporation shall be collected.

44. EXECUTION OF SALE DEEDS AFTER THE PROJECT IMPLEMENTAION AND AFTER THE EXPIRY OF THE LEASE PERIOD:

(a) The allottee shall seek execution of sale deeds only after the full implementation of the project after expiry of the lease period and on production of the following documents:

(1) Entrepreneur Memorandum Part II

(2) Power Release Certificate,

(3) First Sales Invoice.

(4) Approved building plan.

(5) No Dues on property tax

(6) Valuation on investment duly certified by Chartered Accountant.

(b) All allottees who have utilised non less than 50% of the allotted premises are eligible to seek sale deeds. Utilisation of lands includes manufacturing/processing activity and land utilised for support facilities like transformer , watchman quarters, go-downs and any other supplementary, ancillary facility as detailed in the project report.

(c) Soon after receipt of documents and request the zonal manager shall make confirmation of payments against the premises and other dues outstanding to the Corporation.

(d) The Zonal Manager shall get the premises surveyed to ascertain the exact extent in occupation by the allottee and also the extent of land used for industrial activity including other support facilities.

(e) A certificate shall also be obtained from an authorised engineer by the allottee about the estate constructed within the premises and whether the constructed estate is as per the approved building plan and the same shall be furnished to the zonal manager for verification.

(f) Land used for non-industrial use shall not be reckoned for purpose of evaluation of the land usage.

(g) After due verification of the required documents received from the allottee and after confirmation of all the payments the zonal manager shall initiate the process for registration of the document.

(h) The zonal manager shall ensure that the registered sale deed shall be first received by him after registration and shall hand over the document to the allottee after obtaining the acknowledgment.

(i) The zonal manager shall forward a copy of the registered sale deed to the asset management wing/finance wing of the Corporation for necessary action.

(j) In case of allotment of land made at acquisition cost plus service charges , sale deed shall be executed only after settlement of claims filed by the owners of the land in courts for enhancement of compensation under the Land Acquisition Act and after complying with conditions like payment of entire sale consideration along with other dues, if any.

45. Registration of the sale deed will be made only after implementation of the project in the allotted premises. Further, even after the sale in favour of the allottees by execution of the sale deed, the purchaser shall use the land for the industrial purpose only and in case if it is used or sold to any other person who is found to be not using the premises for industrial purpose, the sale deed so executed can be cancelled by the Corporation after following due procedure. The sale in favour of the allottee – purchaser shall be subject to the above condition and the allottee- purchaser is under obligation to fulfil as sale is coupled with the said condition. The deed of conveyance does not create any absolute interest in favour of the purchaser allottee in respect of the premises conveyed. The conditions that the industrial unit shall be established within a specified period and that the unit shall not be sold for a

purpose other than the industrial use, failing which the interest shall cease.

Registration of sale deed will be made only after implementation of the unit in the allotted premises, and the other condition to be imposed in the sale deed is even after the sale of the allotted premises in favour of the buyer by the execution of the sale deed, which the buyer shall fulfil and the sale deed shall be coupled with the condition that the purchaser shall use the premises for the industrial purpose only and for no other purpose. On transfer of the allotted premises, an interest therein be created with the conditions superadded that it shall cease to exist in case specified uncertain event shall happen or shall not happen. In that view of the matter the sale deed shall be subject to the conditions superadded that the premises shall be utilised for industrial purpose only even after the execution of the sale deed, failing which the premises shall revert back to the Corporation free from all encumbrances. To be more accurate and precise, the sale deed executed in favour of the allottee buyer shall be subject to the conditions that the industrial unit shall be established on the premises, within a specified period, and the buyer shall use the premises for the industrial purpose only (duly permitted by the Corporation) and for no other purpose, and shall also not put up any structure or building other than a factory building on the allotted premises. Contravention of any of the terms and conditions of the allotment letter as well as the sale deed would result in cancellation of the allotment/sale deed. In the sale deed, the Corporation will incorporate the condition that the allotted premises sold under the sale deed shall be used for industrial purpose only, for which the same was allotted to the purchaser and for no other purpose. Violation of the terms and conditions of the sale deed shall result in cancellation of the sale deed. Even the letter of allotment and the agreement of sale, if any, shall have the same terms and

conditions and violations thereof will have the same consequences.

46. SALE DEEDS BEFORE IMPLEMENTATION:

In respect of cases , where the financial institutions have sanctioned term loan for the project to be implemented in the premises and sought for execution of sale deed, before implementation, the same may be considered subject to the following:

- (i) The allottee should have paid total sale consideration, obtained duplicate copy of the registered sale agreement and taken physical possession.
- (ii) On sanction of loan by the financial institution with a condition to furnish original registered sale deed, the corporation will execute the same before or during project implementation, ensuring collection of all the dues and obtaining consent of the allottee to forward the registered sale agreement and sale deed to the financial institution along with No Objection Certificate for release of the sanctioned loan under intimation to the Corporation.
- (iii) The No Objection Certificate issued to the financial institution shall stipulate that it is obligatory on the part of the financial institution to keep the corporation informed periodically about the release of loan and repayments and implementation of the project. It is also to be made explicitly clear to the financial institution that in the event of cancellation/withdrawal of sanctioned loan against which the original sale deed is deposited with the financial institution or the allottee has not availed the loan from the financial institution, the registered sale deed and the sale agreement, etc shall be returned to the Corporation and the Corporation may consider to initiate appropriate legal measures of action for cancellation of sale deed and resumption of the allotted land for non-compliance. And only on agreeing to these conditions the registered sale deed and sale agreement shall be deposited with the financial institution and the zonal

manager shall obtain acknowledgment to that effect, agreeing to the terms of NOC.

- (iv) The original registered sale deed and sale agreement shall not be handed over to the allottee for onward submission to the financial institution.
- (v) In case of auction of mortgaged premises by the financial institutions to recover the loan outstanding against which the loan was sanctioned, the financial institution shall remit to the Corporation, the surplus auction proceeds over and above the outstanding loan.

47. In case of allotment of land to developers for development of theme parks like food processing park, apparel park etc for which the Government of India /Government of Karnataka stipulates a condition that these projects are to be executed through special purpose vehicle (developer) the land can be registered in the name of the SPV before implementation. All these allotments are regulated according to the conditions stipulated in the sanction of grant for these projects by the Government of India and/or the Government of Karnataka and the Government of India and/or the Government of Karnataka may hold equity in the SPV .

48 INDUSTRY RELATED COMMERCIAL ACTIVITIES:

- (a) In cases of allottees approaching the Corporation for permission to establish support/industrial related commercial activities in their allotted premises, after implementation of the project and after securing sale deed, such proposals may be processed.
- (b) The activity proposed shall be support services to the industrial units in the industrial estate like cold storages, warehouses, go-downs, weigh bridges, quality control laboratories, packaging units, petrol outlets etc.
- (c) The proposed activity shall not affect the existing/neighbouring industrial units and shall be compatible to the industrial estate and subject to furnishing approvals from local and statutory bodies.

- (d) To levy a process fee equivalent to the 5% of the prevailing land cost at the time of approval.
- (e) All these approvals are subject to the extent of land re-allocated for such activities and not exceeding 10% of the gross industrial estate/or where provision for such facility are not delineated in the layout plan.
- (f) In respect of allotment of industrial/CFC estate for commercial purposes like business centres/business hotel-cum-convention centre/show room/malls or such other related activities, the layout need to be revised and secured approval of revised layout. In such cases a process fee equivalent to 50% of the prevailing land cost as on the date of such approval may be levied.
- (g) The applicant shall obtain necessary approvals/clearances from the authorities concerned.

50. Allotments made by Government at concessional rates:

- (a) All the allotments that are made with the directions of the Government or MOUs, the conditions of MOUs/directions shall prevail over the Corporation Rules and same shall be followed.
- (b) Wherever allotments are made as per the directions of the Government, any deviation in the agreement /directions shall be with the approval of the Government.
- (c) No Objection Certificate for mortgaging the land in favour of financial institutions can only be given with the approval of the corporation.
- (d) Execution of sale deed can only be done after fulfilment of all conditions of the agreement between the allottee and Government/Corporation and with prior approval of the Government.

51. ALLOTMENT OF UNITS IN SPECIAL ECONOMIC ZONES:

- (a) All the allotments of land in SEZ are governed by SEZ Act and Rules of Government of India and as amended from time to time.

- (b) All the allotments are made on lease basis and the developer (Corporation) will fix the lease premium and lease rentals and also the period of lease, as per the Corporation policy.
- (c) The lease premium shall be paid by the allottee within 90 days from the date of allotment. The lease rentals shall be payable for the period of lease as may be fixed by the Corporation.
- (d) The allottee shall arrange details of quantity and value of the product/services exported on half yearly basis to the Corporation which is the developer

52. REPORTING:

- (a) The zonal manager shall submit the report periodically as per the instructions issued from time to time. He shall also conduct periodic inspections of all such units which are allotted the premises and ensure that conditions of the sale deed are not deviated or violated. If any such deviation or violation is found, the zonal manager must initiate actions under intimation to the Head office.

53. GOVERNMENT DIRECTIONS:

- (a) The directions issued by the Government of Karnataka/ Government of India in respect of any project/allotment will over ride these Rules. Further the Rules of the Corporation shall be approved by the Government of Karnataka and once they are approved, they cannot be amended by any other authority except by the State Government.

54. REDRESSAL:

- (a) If the allottee is aggrieved that certain actions of the Corporation are not justified, he /she has the right to appeal to the Managing Director duly explaining the reasons. The Managing Director may consider initiating appropriate mechanism by creating an exclusive structure within the organization.

55. REPEAL:

- (a) The allotment Rules of 2004 and subsequent amendments thereof shall stand repealed. However, the actions done under the earlier Rules /guidelines/amendments shall be valid.

56. POWER TO REMOVE DIFFICULTIES:

- (a) If any difficulty arises in giving effect to the provisions of these Rules, the Corporation with the prior sanction of the State Government may by order make provisions not inconsistent with the provisions of these Rules as it appear to be necessary or expedient for removing the difficulty.

Provided that no order shall be made after the expiry of a period of two years from the date of coming into force of these Rules.

57. Words and phrases not defined in these Rules but adopted herein shall have the same meaning as available in other relevant legislations, Rules and Regulations.

58. In the event of the highest bidder refusing to take the allotment, the amount deposited by him shall stand forfeited automatically and the allotment to the next highest bidder and so on shall be made by the Corporation provided the same is acceptable to the Corporation. Waiting list shall be prepared . If the highest bidder fails to take allotment within the stipulated period, the allotment can be offered to the next highest bidder having due regard to the value of the land. The deposits of the unsuccessful bidders who participated in the bid shall be returned by the Corporation. The allotment made to the bidder shall be published in the notice boards as also the website of the Corporation and the allotment letter to the successful bidder be issued by the Corporation subject to the same terms and conditions as in the case of the regular allotment. Land reserved for departmental purposes and common facility purposes shall not be allotted. Decision with regard to necessity for any de-reservation vests with the Corporation subject to the prior approval of the State Government and the

matter be referred to Government for approval. Notwithstanding the provisions contained herein above, the Corporation shall have the powers to auction any premises as per the procedure prescribed in these Rules, with the approval of the Managing Director.

59. These Rules shall apply to the allotment of premises in all industrial estates /industrial development park and all theme parks developed by the Corporation. These Rules shall also apply to the allotments previously made in industrial estates/industrial development park and theme parks wherever there arise a cause of action in such allotments, after the issue of these Rules and also in cases of re-allotment of resumed premises. These Rules shall not apply to those cases in respect of which decisions have already been taken by the competent authority and also to the cases pending before the courts.
60. It is hereby clarified that where the number of the applications for any premises is more than the premises available in the industrial estate, all such applications shall be placed before the Corporation after scrutiny by the Managing Director for consideration (as per the check list).
61. KSSIDC Allotment Guidelines on lease basis and any such guidelines issued by the competent authority shall continue to apply even after the issue of these Rules provided they are not inconsistent with any of these Rules.
62. JURISDICTION OF LEGAL PROCEEDINGS:
 - (a) All legal proceedings , for any breach of these Rules, shall be lodged in appropriate courts of law situated in the State of Karnataka only and not elsewhere.
63. POWER TO MAKE RULES/AMEND THE SAME:
 - (a) The Corporation has full powers to make any Rules or amend, substitute or omit any Rules made here or thereafter subject to ratification by the State Government.
64. DELIGATION OF POWERS TO OFFICERS:

- (a) The Corporation may delegate any of its powers under these Rules to the Managing Director, General Manager and other officers of the Corporation or the Committee of the officers for the efficient functioning of the corporation. Further, the Managing Director is authorised to issue necessary office orders /circulars/notifications from time to time for smooth functioning of the allotments on lease-cum-sale basis as framed in these Rules.