

KARNATAKA ACT NO. 24 OF 2003
THE KARNATAKA MUNICIPALITIES (THIRD AMENDMENT)
ACT, 2002

Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of section 3
3. Insertion of new Chapter XVI-A

STATEMENT OF OBJECTS AND REASONS

Second proviso to sub-section (1) and sub-section (3) of section 3 of the Karnataka Municipalities Act, 1964 provide for specifying an Industrial Township. Now it is considered necessary to omit the aforesaid provision and to have a separate chapter in the Karnataka Municipalities Act, 1964 for specifying industrial township and other related matters and to make elaborate provisions in that behalf. Therefore, it is proposed to insert a new chapter XVI-A to provide for the following:-

- (i) Specifying industrial township having regard to the factors enumerated in the proposed section 364A;
- (ii) Constitution of Industrial Township Authority and its composition;
- (iii) Term of office of chair-person and other members;
- (iv) Transaction of business by the Industrial Township Authority and its functions and duties.
- (v) Conferring on the Industrial Township Authority, the powers of the Municipal Council specified in sections 175 to 275.

- (vi) Power to extend provisions of the Act, rules and bye-laws applicable to a Municipal Council to the Industrial Township Authority.
- (vii) Funds, budget and accounts of Industrial Township Authority.
- (viii) Power to levy and collect property tax.
- (ix) Power to appoint Chief Executive Officer and other officers and staff and their conditions of service.
- (x) Power to appoint an Administrator.
- (xi) Effect of conversion of part of a panchayat area etc., into an Industrial Township.
- (xii) Power to make regulation.

Certain other incidental and consequential provisions are also made.

Hence the Bill.

[L.C. Bill No.12 of 2002]

[Article 243Q and Entry 5 of List-II of Seventh Schedule to the Constitution of India]

KARNATAKA ACT NO. 24 OF 2003

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

THE KARNATAKA MUNICIPALITIES (THIRD AMENDMENT) ACT, 2002

(Received the assent of the Governor on the eighth day of May, 2003)

An Act further to amend the Karnataka Municipalities Act, 1964.

Whereas it is expedient further to amend the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) for the purposes hereinafter appearing;

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

1. Short title and commencement.- (1) This Act may be called the Karnataka Municipalities (Third Amendment) Act, 2002.

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

2. Amendment of section 3.- In section 3 of the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) (hereinafter referred to as the principal Act),-

(1) second proviso of sub-section (1) shall be omitted;

(2) in sub-section (2), the following proviso shall be inserted at the end, namely:-

"Provided further that notwithstanding anything contrary contained in this Act where after specifying any area to be a city municipal area or town municipal area, its population is reduced on account of specifying Industrial Township areas, its

(Published in the Karnataka Gazette Part IV-A Extra Ordinary No. 507 dated 13-5-2003 in Notification No. ÉâªÅâΧμÖE 41 μÖÉâ}â 2001)

1. The Act has come into force with effect from 21st day of August 2003 vide Notification No. UDD 35 MLR 2003 dated 21.8.2003. (Karnataka Gazette part-IVA Extraordinary No. 980 dated 21.8.2003)

status shall continue as such city municipal area or town municipal area, as the case may be till the area is specified afresh under this section".

(3) Sub-section (3) shall be omitted.

3. Insertion of new Chapter XVI-A.- After section 364 of the principal Act, the following shall be inserted, namely:-

“CHAPTER XVI-A

364(A). Specification of Industrial Township.- The Governor may, having regard to one or more of the following:-

- (a) the size of the area and the municipal services deemed to be provided or proposed to be provided by the industrial establishment in any area;
- (b) the public infrastructure facility established by the Government or any other agency of the Government under the Karnataka Industrial Area Development Act, 1966 or any other law for the time being in force;
- (c) the industrial and residential buildings or other buildings providing public infrastructure facility in the area;
- (a) the income generated in the area from tax and non tax sources for local administration and for providing municipal services,

specify by notification such area to be an Industrial Township:

(2) Every notification issued in sub-section (1) shall define the limits of the area to which it relates:

Provided that no such notification shall be issued unless,

- (i) the local authority, if any, concerned is consulted; and

- (ii) a draft thereof is published in the official Gazette for information of all persons likely to be affected thereby inviting objections and suggestions within one month from the date of publication.

364(B). Constitution of Industrial Township Authority.- (1) For every Industrial Township there shall be an Industrial Township Authority. Each such Authority shall be a body corporate by the name "..... Industrial Township Authority" and shall have perpetual succession and a common seal and with power to acquire, hold and dispose of property and to enter into contracts and may by that name sue and be sued.

(2) The Industrial Township Authority shall consist of the following members, namely:-

- (a) a Chair person elected in the prescribed manner from amongst the members referred to in clause (b);
- (b) five members elected from amongst the owners of Industrial establishments, in case the Industrial Township consists of more than one establishment and three members in case the Industrial Township consists of a single Industrial establishment:

Provided that the members of the first Industrial Township Authority under this clause shall be nominated by the Government.
- (c) one representative of the Commerce and Industries Department nominated by the Government;
- (d) one representative of the Urban Development Department nominated by the Government;
- (e) an officer of the Town Planning Department not below the rank of an Assistant Director nominated by the Government;

(f) one person nominated by the Government from among the residents of the Industrial Township having special knowledge and experience in municipal administration Urban management or town planning.

(g) One representative of the local authorities from the areas of which the area of Industrial township is carved out, nominated by the Government.

(3) The members referred to in clause (c), (d) and (e) shall have no voting right in the election of the Chair person.

364(C). Term of Office of Chair person and Members.- (1) Save as otherwise provided the term of office of the Chairperson and the elected members shall be three years.

(2) Save as otherwise provided the term of office of nominated members shall, subject to the pleasure of the Government, be three years.

364(D). Transaction of Business by the Industrial Township Authority.- (1) The Industrial Township Authority shall ordinarily hold atleast one meeting in a month for the transaction of its business.

(2) Quorum for the meeting of the Authority shall be five.

(3) Decisions regarding any business transacted at such meeting shall be taken by a simple majority.

(4) No act or proceeding of the Authority shall be questioned or shall be invalid on the ground merely of the existence of any vacancy in, or any defect in the Constitution of the Authority or any defect in the nomination of any member or any irregularity in the procedure of the Authority not affecting the merits of the matter.

364(E). Authentication of documents.- All documents of the Industrial Township Authority shall be authenticated by

signature of the Chief Executive Officer of the Authority or any other officer authorised by the Authority in this behalf.

364(F). Functions and duties of Industrial Township Authority.- It shall be incumbent on the Authority to make adequate provision by any means or resources which it may lawfully use or take for each of the following matters within the Industrial Township, namely:-

- (1) Regulation and construction of buildings;
- (2) Planning for economic and social development;
- (3) Roads and bridges;
- (4) Water supply for domestic, industrial and commercial purposes;
- (5) Public, health, sanitation, conservancy and solid waste management and fire services;
- (6) Urban forestry, protection of environment and promotion of ecological aspects;
- (7) Safeguarding the interests of weaker sections of society, including handicapped and mentally retarded and improvement of slums;
- (8) Provision for urban amenities and facilities such as parks, garden and playgrounds;
- (9) Burial grounds and crematoriums;
- (10) Public amenities including street lighting, parking lots, bus stops and public conveniences;
- (11) Regulation of slaughter houses and tanneries;
- (12) Any other matter as may be prescribed.

364(G). Powers of Industrial Township Authority.-
 (1) The Industrial Township Authority for the purpose of carrying out its functions under section 364 (F) shall exercise all such powers vested in the Municipal Council under sections 175 to 275 both inclusive.

(2) The Industrial Township Authority may by order delegate such of its powers except the powers under section 364(P) as it may deem fit to the Chief Executive Officer of the Authority.

364 (H). Powers to extend provisions of this Act to the Industrial Township Authority.-(1) The Government may by notification apply to an Industrial Township subject to such restrictions or modifications as the Government may consider necessary for giving effect to the provision of this Chapter,-

- (a) any provision of this Act or part of any section which applies to the area within the limits of the municipal council,
- (b) any rule or bye-law in force in any area within the limits of the municipal council.

(2) When any provision of this Act or any rule or bye-law is applied with or without modification to any Industrial Township such provisions of the Act or rules or bye-laws thereunder shall unless a different intention appears operate as if the Industrial Township were a municipal area within the jurisdiction of a Municipal Council and the powers and duties of the Municipal Council were vested in the Industrial Township Authority.

364(I). Funds, Budget and Accounts of the Industrial Township Authority.-(1) The Authority shall have and maintain its own funds and to which be credited,-

- (a) all moneys received by the Authority from the Government by way of grants, loans, advances or otherwise and also the money borrowed from other sources;
- (b) all taxes, levies, tolls, fees, rent, profits, costs and charges received by the Authority under this Act or under the provisions of any law made applicable to the Industrial Township;

(c) all moneys received by the Authority from the disposal of land, buildings and movable properties and from other transactions.

(2) The fund shall be applied for meeting the expenses of the Authority in connection with the exercise of powers and performance of duties imposed on the Authority by or under this Act or any other law for the time being in force.

(3) The Authority shall, before thirty first day of January each year prepare a Budget containing detailed estimate of income and expenditure of the Authority for the ensuing financial year and submit the same to the Government for approval.

(4) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed.

(5) The accounts of the Authority shall be audited annually by the state Accounts Department or by an agency appointed by the Government under section 290. The provisions of section 291 shall mutatis-mutandis apply to the Industrial Township Authority.

364(J). Levy and collection of Property Tax.- (1) Subject to such exemptions as may be prescribed, the Industrial Township Authority shall levy Property Tax on all buildings and lands situated within the Industrial Townships. The provisions of sections 94 to 115 shall mutatis-mutandis apply to the Industrial Township Authority for the levy and collection of Property Tax on the buildings and lands.

(2) Thirty percent of the property tax collected by the Industrial Township Authority shall be remitted to the local authority from which the area of Industrial Township is carved out.

364(K). Power of appointment, conditions of service of officers and staff.- (1) The Industrial Township Authority may appoint any person possessing such qualification as may

be notified from time to time by the Government as the Chief Executive Officer of the Industrial Township Authority.

(2) The terms and conditions of service of the Chief Executive Officer including remuneration payable to him shall be determined by the Authority from time to time.

(3) The Industrial Township Authority may, with the approval of the Government appoint such number of officers and employees, as may be necessary for the performance of its functions and may determine the method of recruitment and conditions of service by regulations. The officers and other employees of the Authority shall receive their salaries and allowances from the fund of the Authority.

364(L). Returns.- (1) The Industrial Township Authority shall furnish to the Government such reports, returns and other information as may be prescribed. The Government or any officer authorised by the Government in this behalf may, call for reports, returns and other information from the Authority as may be considered necessary.

364(M). Power to issue directions to the Authority.- The Government may issue such directions to the Authority as in its opinion are necessary or expedient for carrying out the purposes of this Act and it shall be the duty of the Authority to comply with such directions.

364(N). Power to appoint Administrator.- (1) If, in the opinion of the Government, the Industrial Township Authority is unable or has failed, to perform its duties or to carry out its functions properly or satisfactorily, the Government may, after giving the Authority a reasonable opportunity of being heard, by an order in writing published in the official Gazette, appoint a Government Officer as an Administrator of the Industrial Township Authority for a period not exceeding six months as may be specified in the order.

(2) On the appointment of an Administrator under subsection (1) the person if any, chosen or nominated as

Chairperson or member of the Industrial Township Authority before such appointment shall cease to be a Chairperson or member of the Industrial Township Authority and all powers and duties of the Industrial Township Authority shall be exercised and performed by the Administrator.

(3) Notwithstanding anything contained in this Act the Administrator shall be deemed to be a duly constituted Industrial Township Authority for the purpose of this Act.

(4) When the Administrator is appointed to an Industrial Township Authority it shall be reconstituted in the manner provided by this Act before the expiry of the term of office of the Administrator.

364(O). Effect of conversion of part of panchayat area or transitional area or smaller urban area or larger urban area into an Industrial Township.- If any part of a local area comprised in a panchayat area constituted under the Karnataka Panchayat Raj Act, 1993 or in a smaller urban area or transitional area constituted under the Karnataka Municipalities Act, 1964 or in a larger urban area constituted under the Karnataka Municipal Corporation Act, 1976 is included in an Industrial Township, the following consequences shall ensue, namely:-

- (a) the Grama Panchayat or the Municipal Council or Town Panchayat or the Corporation (hereinafter referred to as the local authority) within the jurisdiction of which such area is situated shall cease to have jurisdiction over such area;
- (b) the members of the Grama Panchayat or the councilors of the municipal council or the Town Panchayat or the Corporation elected from such area holding office immediately before the date of constitution of Industrial Township Authority shall cease to be members or as the case may be, Councillor and they may be nominated by the Government to the Industrial Township Authority

as additional members for the remaining period of the term of their offices as Councilors of the Urban Local Body or members of the Grama Panchayat which existed before the declaration of Industrial Township Authority;

- (c) the immovable property vesting in the local authority shall be transferred to the Industrial Township Authority as the Government may, by order in writing, direct;
- (d) the rights and liabilities of the local authority in respect of civil or criminal proceedings, contracts and other matters (including arrears of tax, fees and cess) arising in or relating to such area included in the Industrial Township shall vest in the Industrial Township Authority and such rights and liabilities may be enforced by or against the Industrial Township Authority under this Act or rules, bye-laws and orders made thereunder.

364(P). Regulations.- (1) The Industrial Township Authority may, with the previous sanction of the Government make regulations not inconsistent with the provisions of this Act or the rules made thereunder for the administration of the affairs of the Authority.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:-

- (a) the summoning and holding a meeting of the Authority, the time and place where such meetings are to be held and the conduct of business at such meetings;
- (b) the powers and duties of the Chief Executive Officer;
- (c) the form of registers to be maintained by the Authority;

- (d) the management of properties of the Authority;
- (e) fees to be levied in the discharge of its functions;
- (f) method of recruitment and conditions of service of the officers and employees of the Authority; and
- (g) such other matters which may be or are required to be provided by regulations.

364(Q). Removal of difficulties.- If any difficulty arises in giving effect to the provisions of this Chapter the Government may, by order, make such provisions not inconsistent with the provisions of this Act, as appear to them to be necessary or expedient for removing the difficulty."

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

M.R.HEGDE

Secretary to Government,
Department of Parliamentary Affairs
and Legislation.