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## **KARNATAKA INDUSTRIAL AREAS DEVELOPMENT ACT, 1966**

**18 of 1966**

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STATEMENT OF OBJECTS AND REASONS [KARNATAKA ACT No. 18 OF 1966] Karnataka Gazette, dated 26-5-1966 It is considered

necessary to make provision for the orderly establishment and development of Industries in suitable areas in the State. To achieve this object, it is proposed to specify suitable areas for Industrial Development and establish a Board to develop such areas and make available lands therein for establishment of Industries. Hence this Bill.

STATEMENT OF OBJECTS AND REASONS [KARNATAKA ACT No. 27 OF 1978] Karnataka Gazette, Extraordinary, dated 14-6-1978

The Karnataka Industrial Areas Development Act, 1966 (Karnataka Act No. 18 of 1966), was enacted for the establishment of industrial areas in the State and generally to promote the establishment and orderly development of industries therein. According to Section 34 penal action could be taken against any person who constructs or alters or use any building in an industrial area or industrial estate contrary to the terms under which he holds such building or land. There is, however, no provision in the Act to demolish or alter the unauthorised structures. For the purpose of enforcing the building regulations made under the Act, it is considered necessary to empower the Board to demolish unauthorised constructions and to direct the holders to construct or alter buildings in accordance with the regulations and conditions laid down in this behalf and if they fail to do so to get it done at their cost. Hence this Bill.

STATEMENT OF OBJECTS AND REASONS [KARNATAKA ACT No. 19 OF 1987] Karnataka Gazette, Extraordinary, dated 30-1-1987

It is proposed to provide for constitution of Board on a broader basis by including the different authorities connected with industrial development in the State so that there can be better co-ordination and effective implementation of various programmes taken up by the Board Opportunity is also taken to make certain consequential amendments. Hence the Bill.

STATEMENT OF OBJECTS AND REASONS [Karnataka ACT No. 12 OF 1992] Karnataka Gazette, Extraordinary, dated 12-3-1992

Karnataka State Financial Corporation is playing a pivotal role in promotion of industries in the State and is -also financing the Karnataka Industrial Areas Development Board. Therefore it is felt necessary to make managing Director of the Karnataka State Financial Corporation also as one of the members of the Karnataka Industrial Areas Development Board, in order to have better co-ordination. Hence the Bill.

STATEMENT OF OBJECTS AND REASONS [Karnataka ACT No. 11 OF 1997] Karnataka Gazette, Extraordinary, dated 19-2-1997

After the liberalisation of economic and industrial policies in the year 1991 increased emphasis has been given for Private Sector Investment not only in the Industrial Sector but also

in the Infrastructural Sectors. As such a number of proposals, both from indigenous and foreign companies have been received for considerable investments in Infrastructural areas like establishment of power projects, express highways, ports, airports, townships, industrial parks etc. These projects need considerable extent of land for implementation. Therefore, it is considered necessary to amend the Karnataka Industrial Areas Development Act, 1966 to enable the Board to acquire land for providing Industrial Infrastructural facilities. Accordingly, it is proposed to incorporate the definition of Industrial Infrastructural Facilities. Since, it is not possible to declare any area as a notified area after the constitution 73rd Amendment Act, Section 16 has been omitted. Certain consequential amendments are also made. Hence the Bill. STATEMENT OF OBJECTS AND REASONS [Karnataka ACT No. 19 OF 2000] Karnataka Gazette, Extraordinary, dated 23-3-2000 It is considered necessary to provide for a provision, otherwise than Section 25, enabling of the Board to specify resumption of the possession of the premises in case of breach of any of the terms of lease or contract or unauthorised occupation by lease, without having recourse to the provisions of the public premises (eviction of unauthorised occupants) Act, 1974 or by filing a civil suit for possession. Hence, the Bill.

## CHAPTER 1

### Preliminary

#### **1. Short title, extent and commencement :-**

(1) This Act may be called the Karnataka Industrial Areas Development Act, 1966.

(2) It extends to the whole of the State of Karnataka.

(3) This Act except Chapter VII shall come into force at once: Chapter VII shall come into force in such area and from such date as the State Government may, from time to time, by notification, specify in this behalf.

#### **2. Definitions :-**

In this Act, unless the context otherwise requires,

(1) "Amenity" includes road, supply of water or electricity, street lighting, drainage, sewerage, conservancy, and such other convenience, as the State Government may, by notification specify to be an amenity for the purposes of this Act;

(2) "Board" means the Industrial Areas Development Board established under this Act;

(3) "Building" means any structure or erection or part of a structure or erection, which is intended to be used for residential, industrial, commercial or other purposes, whether in actual use or not;

(4) "Deputy Commissioner" means the Deputy Commissioner of the district concerned, and includes any Officer specially appointed by the State Government to perform the functions of a Deputy Commissioner under this Act;

(5) "Development" with its grammatical variations means the carrying out of levelling, digging, building, engineering, quarrying or other operations in, on, over or under land, or the making of any material change in any building or land, and includes re-development; and "to develop" shall be construed accordingly;

(7) "Industrial estate" means any site selected by the State Government where factories and other buildings are built for use by any industries or class of industries;

(8) "Notification" means a notification published in the Official Gazette;

(10) "Prescribed" means prescribed by rules made under this Act;

(11) the expression "land" and the expression "person interested" shall have the meanings respectively assigned to them in Section 3 of the Land Acquisition Act, 1894 (Central Act 1 of 1894).

## CHAPTER 2

### Industrial Areas

#### **3. Declaration of Industrial areas :-**

(1) The State Government may, by notification, declare any area in the State to be an industrial area for the purposes of this Act.

(2) Every such notification shall define the limits of the area to which it relates.

#### **4. Alteration of industrial area :-**

The State Government may at any time, by notification, exclude from any industrial area, any area or include therein any additional area, as may be specified in such notification.

## CHAPTER 3

## Establishment and Constitution of the Board

### **5. Establishment and incorporation :-**

(2) The said Board shall be a body corporate with perpetual succession and a common seal, and may sue and be sued in its corporate name, and shall subject to the provisions of this Act and the rules made thereunder be competent to acquire, hold and dispose of property, both movable and immovable, and to contract and do all things necessary for the purposes of this Act.

### **6. Constitution :-**

The Board shall consist of the following members, namely:

(a) the Secretary to the Government of Karnataka, Commerce and Industries Department who shall ex officio be the Chairman of the Board;

(b) the Secretary to the Government of Karnataka, Finance Department;

(ca) the Commissioner for Industrial Development and Director of Industries and Commerce;

(cb) the Chairman and Managing Director, Karnataka State Industrial Investment and Development Corporation Limited;

(cc) the Chairman, Karnataka State Pollution Control Board;

(cd) the Director of Town Planning;

(ce) the Managing Director, Karnataka State Small Industries Development Corporation Limited.]

(d) the Executive Member of the Board; and

### **7. Term of office and conditions of service of members :-**

(2) The members of the Board shall be entitled to draw such compensatory allowance as may be prescribed for the purpose of meeting the personal expenditure incurred in attending the meetings of the Board or of any Committee thereof or when appointed in connection with the work undertaken by or for the Board.

### **8. Meetings of the Board :-**

(1) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of its

business as may be provided by regulations made under this Act.

**9. Vacancy of nominated member how to be filled :-**

x x x x x.

**10. Temporary absence of nominated member :-**

x x x x x.]

**11. Employees of the Board :-**

(1) The State Government shall appoint an Officer of the State Government as the executive Member of the Board who shall be the Chief Executive Officer of the Board. His terms and conditions of office shall be such as may be determined by the State Government.

(2) The Board may appoint such employees subordinate to the Executive Member, as it considers necessary for the efficient performance of its duties and functions. The terms and conditions of service of the said employees shall be such as may be determined by regulations made under this Act.

**12. Savings of validity of proceedings :-**

No act done or proceedings taken under this Act shall be questioned merely on the ground

(a) of any vacancy or defect in the constitution of the Board or of any committee thereof; or

(b) of any defect or irregularity in such act or proceeding not affecting the merits of the case.

**CHAPTER 4**

Functions and Powers of the Board

**13. Functions :-**

The functions of the Board shall be

**14. General powers of the Board :-**

Subject to the provisions of the Act, the Board shall have power,

(a) to acquire and hold such property, both movable and immovable as the Board may deem necessary for the performance of any of its activities and to lease, sell, exchange or otherwise transfer any property held by it on such conditions as may be deemed proper by the Board;

(b) to purchase by agreement or to take on lease or under any

form of tenancy any land, to erect such buildings and to execute such other works as may be necessary for the purpose of carrying out its duties and functions;

(d) to make available buildings on lease or sale or lease-cum-sale to industrialists or persons intending to start industrial undertakings;

(e) to construct buildings for the housing of the employees of industries;

(g) to delegate any of its powers generally or specially to the Executive Member;

(h) to enter into and perform all such contracts as it may consider necessary or expedient for carrying out any of its functions; and

(i) to do such other things and perform such acts as it may think necessary or expedient for the proper conduct of its functions, and the carrying into effect the purposes of this Act.

**15. Authentication of orders and documents of the Board :-**

All permissions, orders, decisions, notices and other documents of the Board shall be authenticated by the signature of the Executive Member or any employee authorised by the Board in this behalf.

**16. Notification of any industrial area as notified area under Karnataka Act 22 of 1964 :-**

<sup>1</sup> x x x x x.

1. Inserted by Act No. 11 of 1997.

**17. Directions by State Government :-**

The State Government may issue to the Board such directions of a general nature as it may think necessary or expedient for the purpose of carrying out the purposes of this Act, and the Board shall be bound to follow and act upon such directions.

CHAPTER 5

Finance, Accounts and Audit

**18. Application of Boards assets :-**

All property, fund and other assets vesting in the Board shall be held and applied by it, subject to provisions and for the purposes of this Act.

**19. Boards fund :-**

The Board shall have and maintain its own fund, to which shall be



credited

(a) all moneys received by the Board from the State Government by way of grants, loans, advances or otherwise;

(b) all fees, costs, deposits and charges received by the Board under this Act;

(c) all moneys received by the Board from the disposal of lands, buildings and other properties movable and immovable, and from other transactions;

(d) all moneys received by the Board by way of rents or in any other manner or from any other source.

**20. Power of the Board to borrow :-**

The Board may, subject to such conditions as may be prescribed, borrow money in the open market or otherwise with a view to providing itself with adequate resources.

**21. Deposits :-**

The Board may accept deposits on such conditions as it deems fit from persons, institutions or authorities, to whom allotment or lease or sale of lands, buildings or sheds is made or is likely to be made in furtherance of the objects of this Act.

**22. Budget and programme of work :-**

(1) The Board shall, by the last day of January each year prepare and submit to the State Government for approval an annual financial statement and programme of work for the succeeding financial year.

(2) The annual financial statement shall show the estimated receipts and expenditure during the succeeding financial year in such form and detail as may be prescribed.

(3) If the approval of the State Government to the annual financial statement and the programme of work has not been received before the last day of March, the Board may proceed as if the annual financial statement and the programme of work have been approved.

(4) The Board shall be competent to make variations in the programme of work and re-appropriations in the budget in the course of the year provided that all such variations and re-appropriations out of the approved budget are submitted for

approval to the State Government.

(5) The State Government may by an order extend the last date prescribed in sub-section (1) for the submission of the annual financial statement and the programme of work.

**23. Expenditure from funds :-**

(1) The Board shall have the authority to spend such sums as it thinks fit for the purposes authorised under this Act from out of the Board's fund.

(2) Without prejudice to the generality of the power conferred by subsection (1), the Board may contribute such sums as it thinks fit towards expenditure incurred or to be incurred by any Local Authority or statutory public undertaking in the performance, in relation to any of its industrial estates or industrial areas, of any of the statutory functions of such authority or undertaking, including expenditure incurred in the acquisition of land.

**24. Accounts and Audit :-**

(1) The Board shall maintain books of account and other books in relation to its business and transactions in such form, and in such manner, as may be prescribed.

(2) The accounts of the Board shall be audited by an Auditor appointed by the State Government.

(4) The State Government shall cause the audited accounts of the Board together with the audit report thereon and the annual report forwarded to it under sub-section (3) to be laid before each House of the State Legislature as soon as may be after their receipt by the State Government.

**CHAPTER 6**

Application of the Karnataka Public Premises (Eviction of Unauthorised Occupants) Act, 1974, and Non-application of the Karnataka Rent Control Act, 1961, to Board Premises

**25. Application of Karnataka Act 32 of 1974 to Board premises :-**

**26. Non-application of Karnataka Act 22 of 1961 to Board premises :-**

The Karnataka Rent Control Act, 1961.

(a) shall not apply to any premises belonging to or vesting in the

Board under or for the purposes of this Act;

(b) shall not apply as against the Board to any tenancies or like relationship created by the Board in respect of any such premises;

(c) but shall apply to any premises let to the Board.

#### CHAPTER 7

#### Acquisition and Disposal of Land

#### **27. Application :-**

The provisions of this Chapter shall apply to such areas from such dates as have been notified by the State Government under sub-section (3) of Section 1.

#### **28. Acquisition of land :-**

(1) If at any time, in the opinion of the State Government, any land is required for the purpose of development by the Board, or for any other purpose in furtherance of the objects of this Act, the State Government may by notification, give notice of its intention to acquire such land.

(2) On publication of a notification under sub-section (1), the State Government shall serve notice upon the owner or where the owner is not the occupier, on the occupier of the land and on all such persons known or believed to be interested therein to show cause, within thirty days from the date of service of the notice, why the land should not be acquired.

(3) After considering the cause, if any, shown by the owner of the land and by any other person interested therein, and after giving such owner and person an opportunity of being heard, the State Government may pass such orders as it deems fit.

(4) After orders are passed under sub-section (3), where the State Government is satisfied that any land should be acquired for the purpose specified in the notification issued under sub-section (1), a declaration shall, by notification in the official Gazette, be made to that effect.

(5) On the publication in the official Gazette of the declaration under sub-section (4), the land shall vest absolutely in the State Government free from all encumbrances.

(6) Where any land is vested in the State Government under sub-section (5), the State Government may, by notice in writing, order

any person who may be in possession of the land to surrender or deliver possession thereof to title State Government or any person duly authorised by it in this behalf within thirty days of the service of the notice.

(7) If any person refuses or fails to comply with an order made under sub-section (5), the State Government or any Officer authorised by the State Government in this behalf may take possession of the land and may for that purpose use such force as may be necessary.

(8) Where the land has been acquired for the Board, the State Government, after it has taken possession of the land, may transfer the land to the Board for the purpose for which the land has been acquired.

### **29. Compensation :-**

(1) Where any land is acquired by the State Government under this Chapter, the State Government shall pay for such acquisition compensation in accordance with the provisions of this Act.

(2) Where the amount of compensation has been determined by agreement between the State Government and the person to be compensated, it shall be paid in accordance with such agreement.

(3) Where no such agreement can be reached, the State Government shall refer the case to the Deputy Commissioner for determination of the amount of compensation to be paid for such acquisition as also the person or persons to whom such compensation shall be paid.

(4) On receipt of a reference under sub-section (3), the Deputy Commissioner shall serve notice on the owner or occupier of such land and on all persons known or believed to be interested herein to appear before him and state their respective interests in the said land.

### **30. Application of Central Act 1 of 1894 :-**

The provisions of the Land Acquisition Act, 1894 (Central Act 1 of 1894) shall mutatis mutandis apply in respect of the enquiry and award by the Deputy Commissioner, the reference to court, the apportionment of compensation and the payment of compensation, in respect of lands acquired under this Chapter.

### **31. Delegation of powers by the State Government :-**

The State Government may if it thinks fit delegate any of its powers under this Chapter to any of its Officers, by rules made in this behalf.

#### CHAPTER 8

Supplementary and Miscellaneous Provisions

### **32. Government Lands :-**

(1) For the furtherance of the objects of this Act, the State Government may, upon such conditions as may be agreed upon between the State Government and the Board, place at the disposal of the Board any lands vested in the State Government.

(2) After any such land has been developed by, or under the control and supervision of the Board, it shall be dealt by the Board in accordance with the regulations made, and directions given by the State Government in this behalf.

(3) If any land placed at the disposal of the Board under subsection (1), is required at any time thereafter by the State Government, the Board shall replace it at the disposal of the State Government upon such terms and conditions as may be mutually agreed upon.

### **33. Powers of the Board in case of certain defaults by owner of land in industrial area :-**

(1) If the Board after holding a local enquiry is satisfied that the owner or lessee of any land in an industrial area has failed to provide any amenity in relation to such land which in the opinion of the Board ought to be provided or to carry out any development of the land for which permission has been obtained under this Act, the Board may serve upon the owner or lessee a notice requiring him to provide the amenity or carry out the development within such time as may be specified in the notice.

### **34. Penalty for construction or use of land and buildings contrary to terms of holding :-**

(1) Any person who undertakes or carries out construction of or alterations to any building in an industrial area or industrial estate contrary to the terms under which he holds such building or land under this Act shall, on conviction, be punished with fine which may extend to five thousand rupees.

(2) Any person who uses any land or building in an industrial area

or industrial estate contrary to the terms under which he holds such land or building under this Act or in contravention of the provisions of any regulations made in this behalf shall, on conviction, be punished with fine which may extend to three thousand rupees.

**34A. Demolition or alteration of unauthorised construction or alteration :-**

(2) If any person on whom such notice is served fails to show sufficient cause to the satisfaction of the Executive Member why the construction or alteration should not be so demolished or altered, the Executive Member may pass an order directing such demolition or alteration by such period not exceeding two months as may be specified in the order.

(3) If the person against whom an order for demolition or alteration is made under sub-section (2) fails to comply with the said order, the Executive Member may cause such demolition or alteration to be made and may order that the expenses incurred therefor shall be recoverable from the person concerned as arrears of land revenue.

(4) No order to recover the expenses incurred for demolition or alteration as arrears of land revenue shall be passed under sub-section (3) unless the person concerned is required by notice to show cause why the expenses should not be so recovered and is given an opportunity of being heard.

(5) Any person aggrieved by an order under sub-section (2) may within thirty days of the said order appeal to the Board, which, after hearing the parties to the appeal may either allow or dismiss the appeal or vary any part of the said order.

(6) Any person aggrieved by the order passed under sub-section (3), may institute a suit within three months of the said order, as regards the quantum of the amount ordered to be recovered as expenses. The time required for obtaining the copy of the order shall be excluded while computing the said period of three months.

(7) No court shall entertain such suit unless the plaintiff has produced a receipt for having paid or deposited the entire amount to be recovered! according to the order passed under sub-section (3). Subject to the result of the suit the order passed under sub-section (3) shall be final.

(8) A copy of the order under sub-section (3) or a copy of the judgment or both, as the case may be, shall be forwarded to the Deputy Commissioner having jurisdiction, who shall thereupon proceed to recover the amount from the person concerned as if it were an arrears of land revenue.]

**34B. Resumption of the possession of premises including the residential tenements on breach of terms and conditions of lease or holding without authority :-**

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

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

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

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

**35. Powers of entry :-**

Any Officer of the State Government, any member of the Board and any person either generally or specially authorised by the Board in this behalf, may enter into or upon any land or building with or without assistants or workmen for the purpose of

(a) making any inspection, survey, measurement, valuation or enquiry;

(b) inspecting and measuring works under construction, and

**36. Recovery of sums due to the Board as arrears of land revenue :-**

All sums payable by any person to the Board or recoverable by it by or under this Act and all charges or expenses incurred in connection therewith shall, without prejudice to any other mode of recovery, be recoverable, as an arrear of land revenue on the application of the Board.

**37. Withdrawal of area or estate or part thereof :-**

Where the State Government is satisfied that in respect of any industrial area or any part thereof, the purpose for which the Board was established under this Act has been substantially achieved so as to render the continued existence of such area, or part thereof under the Board unnecessary, the State Government may, by notification, declare that such industrial area, or part thereof, has been removed from the jurisdiction of the Board. The State Government may also make such other incidental arrangements for the administration of such area or part thereof as the circumstances necessitate.

**38. Authority for prosecution :-**

Unless otherwise expressly provided, no court shall take cognizance of any offence relating to property belonging to, or vested by or under this Act in the Board, punishable under this Act, except on the complaint of, or upon information received from, the Board or some person authorised by the Board by general or special order in this behalf.

**39. Penalty for obstruction :-**

Any person who obstructs the entry of a person authorised under Section 35 to enter into or upon any land or building or molests such person after such entry or who obstructs the lawful exercise by him of any power conferred by or under this Act shall, on conviction, be punished with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

**40. Power to make rules :-**

(1) The State Government, after previous publication, may, by notification, make rules to carry out the purposes of this Act.

**41. Power to make regulations :-**

(1) The Board, may, with the previous approval of the State



Government, by notification make regulations consistent with this Act and the rules made thereunder, to carry out the purposes of this Act.

**42. Rules and regulations to be laid before State Legislature :-**

Every rule and every regulation made under this Act, shall be laid as soon as may be after it is made, before each House of the State Legislature, while it is in session for a total period of thirty days which may be comprised in one session, or in two or more successive sessions, and if before the expiry of the session in which it is so laid or the sessions immediately following, both Houses agree in making any modification in any such rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of any thing previously done under that rule or regulation.

**43. Exemption of stamp duty and fees :-**

No award or agreement or contract made or executed under this Act, or under any rule or regulation made thereunder shall be chargeable with duty under the Karnataka Stamp Act, 1957, or fees under the Indian Registration Act, 1908.

**44. Offences by companies :-**

**45. Protection of action taken in good faith :-**

No suit, prosecution or other legal proceeding shall lie against any officer of the State Government or the Board for anything which is in good faith done or intended to be done under this Act or any rule or regulation made thereunder.

**46. Employees of Board to be public servants :-**

All members and employees of the Board shall when acting or purporting to act in pursuance of any of the provisions of this Act, be deemed to be public servants within the meaning of Section 21 of the Indian Penal Code.

**47. Effect of provisions inconsistent with other laws :-**

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law.

**48. Power to remove doubt and difficulties :-**

If any doubt or difficulty arises in giving effect to the provisions of this Act, the State Government may, by notification, make such provision or give such direction not inconsistent with the express provisions of this Act, as may appear to it to be necessary or expedient for the removal of the doubt or difficulty, and every such notification shall have effect as if enacted in this Act.