

GOVERNMENT OF KERALA  
Law (Legislation-C) Department

## NOTIFICATION

No. 25890/Leg.C3/2017/Law.

*7th April, 2018*  
*Dated, Thiruvananthapuram, 24th Meenam, 1193*  
*17th Chaithra, 1940.*

In pursuance of clause (3) of Article 348 of the Constitution of India, the Governor of Kerala is pleased to authorise the publication in the Gazette of the following translation in English Language of the Kerala Investment Promotion and Facilitation (No. 2) Act, 2018 (14 of 2018).

By order of the Governor,

B. G. HARINDRANATH,  
*Law Secretary.*

[Translation in English of “2018-ലെ കേരള നിക്ഷേപം പ്രോത്സാഹിപ്പിക്കലും സുഗമമാക്കലും (2-ാം നമ്പർ) ആക്ട്” published under the authority of the Governor.]

## ACT 14 OF 2018

### THE KERALA INVESTMENT PROMOTION AND FACILITATION (NO. 2) ACT, 2018

*An Act to give effect to certain proposals of the Government of Kerala to avoid delay in granting various licences, permissions, approvals, clearances required under various enactments and to provide for other matters connected therewith or incidental thereto.*

*Preamble.*—WHEREAS, it is expedient to give effect to certain proposals of the Government of Kerala to avoid delay in granting various licences, permissions, approvals, clearances required under various enactments and to provide for other matters connected therewith or incidental thereto;

BE it enacted in the Sixty-ninth Year of the Republic of India, as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Investment Promotion and Facilitation (No. 2) Act, 2018.

(2) It shall be deemed to have come into force on the 20th day of October, 2017.

2. *Amendment of Act 13 of 1994.*—In the Kerala Panchayat Raj Act, 1994 (13 of 1994),—

(1) in section 232,—

(a) for the heading “DANGEROUS AND OFFENSIVE TRADES AND FACTORIES” before the said section, the heading “INDUSTRIES, FACTORIES, TRADES, ENTREPRENEURSHIP ACTIVITIES AND OTHER SERVICES” shall be substituted;

(b) in sub-section (1), the words "being purposes which in the opinion of Government is likely to be offensive or dangerous to human life or health or property" shall be omitted;

(2) in section 233,—

(a) in sub-section (2), after the word "Secretary", the words "or officer authorized by the Secretary" shall be inserted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) The Secretary or officer authorized by him shall, issue an acknowledgement to the applicant, on receipt of application along with the supporting documents in the form, as may be prescribed, and shall verify the application and all supporting documents on the spot itself, and if any supporting document is not found attached along with the application, the Secretary or officer authorized by him shall, immediately inform the applicant in writing the list of missing documents and allow the applicant to submit the missing documents as early as possible, but not later than five days from the date of receipt of application.";

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) the Secretary or the officer authorised by him shall, as soon as may be, after the receipt of the application enquire and report to the Village Panchayat as to whether the establishment of the factory, workshop or workplace or other installation of machinery or manufacturing plant for which permission is applied for is objectionable by reason of density of population in the neighbourhood and possibility to cause nuisance or pollution and the Village Panchayat, after having considered the application and the reports of the Secretary and of such other authorities as specified in sub-section (4) may, as expeditiously as possible, within thirty days, grant the permission either absolutely or subject to such conditions as it thinks fit to impose.";

(d) in sub-section (4),—

(i) after the words “before granting”, the words “or refusing” shall be omitted;

(ii) for the words “Village Panchayat”, the word “Secretary” shall be substituted;

(iii) in clause (b), after the words “a report of the District Medical Officer”, the words “in case the applicant is a hospital, clinic, para-medical institution, clinical laboratories or other healthcare institution,” shall be inserted;

(e) after sub-section (5), the following sub-section shall be inserted, namely:—

“(6) If any order, on an application for permission under this section is not communicated to the applicant within thirty days from the date of receipt of application by the Secretary, the application shall be deemed to have been allowed for the period required in the application subject to the Act, rules and bye laws and all conditions which would have been imposed and if any violation is noticed later, the Secretary shall have the power to cancel the licence after giving a show cause notice to the applicant stating the reason for such cancellation and after examining the submission if any, made within the time specified in the said notice and on such cancellation the Secretary may impose a penalty on the applicant for an amount not exceeding rupees five lakhs.”;

(3) in section 233A,—

(a) in sub-section (1), for the words “Village Panchayat” the word “Secretary” shall be substituted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The Secretary may obtain expert opinion from the departments concerned, with regard to the determination of the nuisance or its abatement, at the cost of the owner or person in charge of the factory, workshop, workplace or machinery concerned and such report shall be furnished, as soon as possible, but not later than fifteen days of reporting of such nuisance.”.

3. *Amendment of Act 20 of 1994.*—In the Kerala Municipality Act, 1994 (20 of 1994),—

(1) in section 447,—

(a) for the heading “INDUSTRIES, FACTORIES AND OTHER TRADES” before the said section, the heading “INDUSTRIES, FACTORIES, TRADES, ENTREPRENEURSHIP ACTIVITIES AND OTHER SERVICES” shall be substituted;

(b) in sub-section (2), after the word “Secretary”, the words “or Officer authorised by him” shall be inserted;

(c) after sub-section (2) the following sub-section shall be inserted, namely:—

“(2A) The Secretary or the officer authorized by him shall, issue an acknowledgement to the applicant on receipt of application along with the supporting document in such form, as may be prescribed, and shall verify the application and all supporting documents immediately on receipt, and if any supporting document required is not attached with the application the Secretary or the officer authorized by him shall immediately inform the applicant in writing the missing document, if any, and allow the applicant to submit the missing document at the earliest but not later than five days from the date of receipt of application.”;

(d) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) The Secretary or the Officer authorized by him shall, within five days from the date of receipt of all supporting documents along with the prescribed clearance from other departments or authorities, by order and subject to such terms and conditions, as he deems fit, grant the licence for use of the place for conducting any industries, factories, trades, entrepreneurship activities or other services, as the case may be.”;

(e) sub-section (3A) shall be omitted;

(f) in sub-section (4),—

(i) for the brackets, figures and words “under sections (3), (3A)” the words, brackets and figure “under sub-section (3)” shall be substituted;

(ii) for the words “three years” the words “five years” shall be substituted;

(g) after sub-section (5), the following sub-section shall be inserted, namely:—

“(5A) The license once granted under this section shall remain in force for a period of five years and shall be renewed without any application on payment of the prescribed fee, thirty days before the end of validity of the licence for a further period of five years.”;

(2) in section 448,—

(a) in sub-section (1), after the word “Secretary”, the words “or officer authorised by him” shall be inserted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) The Secretary or the officer authorized by him shall issue an acknowledgement to the applicant for the receipt of application along with the supporting document in such form, as may be prescribed, and the Secretary or the Officer authorized by him shall, verify the application and all supporting documents on the spot itself, and if any supporting document required is not attached with the application the Secretary or the officer authorized by him shall immediately bring to the notice of the applicant, the missing document, if any, and allow the applicant to submit the missing document at the earliest but not later than five days from the date of receipt of application.”;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) The Secretary, or the officer authorised by him shall, as soon as may be, after the receipt of application, report to the Council if the establishment of the factory or workshop or workplace or the installation of the machinery or manufacturing plant, for which the permission is applied for is objectionable by reason of causing nuisance, pollution due to the density of population in the neighbourhood and Council shall, after having considered the application and report of the Secretary and of such other authorities specified in sub-section (4) and as far as possible, within a maximum period of thirty days from the date of receipt of application grant the permission applied for absolutely or subject to such conditions as it deems fit.”;

(d) in sub-section (4), in clause (b), after the words “report of the District medical officer of health”, the words “if the applicant is a hospital, clinic, para-medical institution, clinical laboratory or other healthcare institutions” shall be inserted;

(e) after sub-section (5) the following sub-section shall be inserted, namely:—

“(5A) If any order on an application for permission under this section is not communicated to the applicant within thirty days from the date of receipt of application, by the Secretary, the application shall be deemed to have been allowed for the period required in the application subject to the Act, rules and bye laws and all conditions which would have been imposed:

Provided that if any violation is noticed later, the Secretary with the approval of the Council, may cancel the licence after giving a show cause notice to the applicant stating the reason for such cancellation and after examining the submission, if any, made within the time specified in the said notice:

Provided further that on such cancellation, the Secretary may impose a penalty on the applicant for an amount not exceeding rupees five lakh.”;

(3) in section 449,—

(a) in sub-section (1), for the word ‘Council’, the word ‘Secretary’ shall be substituted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The Secretary may obtain expert opinion from the departments concerned, with regard to the determination of the nuisance or its abatement, at the cost of the owner or person in charge of the factory, workshop, workplace, machinery or manufacturing plant concerned, and such report shall be furnished, as soon as may be, but not later than fifteen days of reporting of such nuisance.”;

(4) in section 450,—

(a) after item (i), the following item shall be inserted, namely:—

“(j) Industrial units certified by the Kerala State Pollution Control Board as Green and White Category.”;

(b) in the proviso, for the words, letters and brackets “item (h) and (i)” the words, letters and brackets “items (h), (i) and (j)” shall be substituted.

4. *Amendment of Act 5 of 2000.*—In the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 (5 of 2000),—

(1) in the long title, for the words “required for setting up of industrial undertakings”, the words “including renewal thereof required for setting up and for expansion, diversification and modernisation of enterprises” shall be substituted;

(2) in the preamble,—

(i) after the word “industries” the words “and enterprises” shall be inserted;

(ii) for the portion beginning with “AND WHEREAS, for the speedy issue of various licences” and ending with “industrial area level” the following shall be substituted, namely:—

“AND WHEREAS, for the speedy issue of various licences, clearances and certificate required for setting up and running of enterprises and for issue of clearances for expansion, diversification, modernisation and renewal of licences for enterprises in the State of Kerala and for that purpose it is necessary to establish Single Window Clearance Boards at the State, District and Industrial Area level”;

(3) in section 2,—

(a) in clause (a),—

(i) after the word “Municipality”, the words “any statutory bodies or service providers” shall be inserted;

(ii) after the word “permits”, the words “or consents or renewal thereof” shall be inserted;

(iii) for the words “industrial undertaking”, the word “enterprises” shall be substituted;

(b) after clause (b), the following clause shall be inserted, namely:—

“(ba) “Clearances” means various clearances including licences, certificates, permits or consents required under various Central or State enactments and rules made thereunder, and for providing utility services and renewal thereof from, time to time, for setting up and running, expansion, diversification and modernisation of any enterprise in the State of Kerala;”;

(c) after clause (d), the following clause shall be inserted, namely:—

“(da) “Enterprise” means any undertaking or factory or workshop or workplace or any other establishment or industry engaged in manufacturing or processing or providing services or any commercial activities including trade or investment in infrastructure;”;

(d) clause (j) shall be omitted;

(4) in section 3,—

(a) in sub-section (1), for the words “setting up of Industrial undertakings”, the words “setting up, running, expansion, diversification and modernisation of enterprises” shall be substituted;

(b) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) The State Board shall consist of the following members, namely:—

(a) Chief Secretary to the Government;

(b) The Secretaries to the Government in charge of Industries, Finance, Labour, Local Self Government, Revenue, Taxes, Water Resources, Power, Forests, Environment, Tourism, Health, Investment Promotion and Public Works departments;

(c) Managing Director, Kerala State Industrial Development Corporation Limited;

(d) Director of Industries and Commerce, Government of Kerala;

(e) Chairman and Managing Director, Kerala State Electricity Board Limited;

(f) Chief Town Planner;

(g) Chairman, Kerala State Pollution Control Board;

(h) Chief Electrical Inspector;

(i) Director of Factories and Boilers;

(j) Director of Mining and Geology;

(k) Director General, Fire and Rescue Services Department.”;

(c) in sub-section (5), for the words “at such times” the words “at such intervals not exceeding thirty days” shall be substituted;

(5) in section 4,—

(a) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Every District Single Window Clearance Board shall consist of the following members, namely:—

(a) District Collector concerned;

(b) General Manager, District Industries Centre;

(c) The President of the Village Panchayat concerned or Chairperson of the Municipality/Mayor of the Corporation concerned in cases where licence is required from local bodies;

(d) The District Officer of the Kerala State Pollution Control Board or any other officer of the said Board nominated by the Chairman, Kerala State Pollution Control Board;

(e) The District Officer of the Electrical Inspectorate or any other officer nominated by the Chief Electrical Inspector;

(f) The District Officer of the Town and Country Planning Department or any other officer nominated by the Chief Town Planner;

(g) District Medical Officer;

(h) The Deputy Chief Engineer of the Electrical Circle of the Kerala State Electricity Board Limited having jurisdiction over the district;

(i) District Officer, Factories and Boilers;

(j) Divisional Officer, Fire and Rescue Services;

(k) Divisional Forest Officer;

(l) District Labour Officer;

(m) Secretary, Urban Development Authority or Secretary, District Panchayat;

(n) An Officer of the State Goods and Services Tax Department not below the rank of Deputy Commissioner;

(o) An Officer of the Kerala Water Authority not below the rank of Executive Engineer nominated by the Managing Director, Kerala Water Authority;

(p) An Officer of the Tourism Department not below the rank of Deputy Director nominated by the Director of Tourism Department;

(q) An Officer of the Public Works Department not below the rank of Executive Engineer nominated by the Secretary, Public Works Department;

(r) District Officer of the Department of Mining and Geology.”;

(b) in sub-section (5), for the words “at such times” the words “at such intervals not exceeding twenty days” shall be substituted;

(6) in section 5,—

(a) in sub-section (1), for the words, “setting up of small scale industrial undertaking or industrial undertakings” the words, “setting up and running of enterprises” shall be substituted;

(b) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Every Industrial Area Single Window Clearance Board shall consist of the following members, namely:—

(a) Principal Secretary to Government, Industries Department or his nominee;

(b) District Collector;

(c) Chief Executive of the Agency owning or managing the industrial area;

(d) Designated Authority of industrial area concerned;

(e) District Officer of the State Pollution Control Board;

(f) District Officer of the Electrical Inspectorate;

(g) District Officer of the Town and Country Planning Department;

(h) District Medical Officer;

(i) Deputy Chief Engineer of the Kerala State Electricity Board Limited;

(j) District Officer, Factories and Boilers;

(k) Divisional Officer, Department of Fire and Rescue Services;

- (l) Divisional Forest Officer;
- (m) District Labour Officer;
- (n) An officer of the State Goods and Service Tax Department not below the rank of Deputy Commissioner;
- (o) Executive Engineer, Kerala Water Authority;
- (p) Secretary, District Tourism Promotion Council;
- (q) General Manager, District Industries Centre;
- (r) Designated authority of Industrial Area concerned and in case of private park, General Manager, District Industries Centre of the district concerned.”;

(c) for sub-section (4), the following sub-section shall be substituted, namely:—

“(4) District Collector shall be its Chairman and the Designated Authority of the industrial area concerned or in the case of private park, General Manager, District Industries Centre of the district concerned shall be the Convener of the Industrial Area Board.”;

(7) in section 6,—

(a) for the words “all industrial undertakings being established or proposed to be established”, the words “all enterprises being established or proposed to be established or operating” shall be substituted;

(b) after the words “for the construction of the building”, the words “including expansion, diversification, modernisation and issue of trade licences” shall be inserted;

(8) in section 7,—

(a) in sub-section (1),—

(i) for the words “an industrial undertaking or small scale industrial undertaking”, the word “enterprises” shall be substituted;

(ii) after the word "certificates" the words "or renewal of licences" shall be inserted;

(b) in sub-section (2),—

(i) the word "as" after the word "decision" shall be omitted;

(ii) in clause (a), for the words "to recommend to the authority concerned, the issue of the licence", the words "to issue the licence, renewal of licences" shall be substituted;

(c) in sub-section (3), after the words "designated authority of the Industrial Area Board", the words "if no communication is received by the applicant within thirty days from the date of submission of application to the Board, the permission applied for shall be deemed to have been granted by the Board for such period requested for in the application" shall be inserted;

(9) in section 8,—

(a) in sub-section (1), for the words "small scale industrial undertaking having capital investment of more than two lakh", the words "enterprises having capital investment up to fifteen crores" shall be substituted;

(b) in sub-section (2),—

(i) for the words "sixty days", the words "thirty days" shall be substituted;

(ii) the word "as" after the word "decision" shall be omitted;

(iii) in clause (a), for the words "to recommend to the authority concerned the issue of the licence", the words "to issue the licence," shall be substituted;

(c) in sub-section (3), after the words "Convener of the District Board", the words "and the same shall be binding on the authority concerned, and if no clearance, licence or certificate or renewals thereof, as the case may be, is issued within thirty days from date of submission

of application to the Board, the clearance, licence or certificate or renewals thereof applied for, shall be deemed to have been issued after the expiry of said period of thirty days" shall be inserted;

(d) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) Notwithstanding anything contained in any other law for the time being in force, the application for clearance, licence or certificate or any renewal thereof, submitted before the District Board concerned for establishing or running of an enterprise having a capital investment of less than fifteen crore rupees is rejected or granted with conditions, the person aggrieved may file an appeal before the State Board against such order of refusal or grant of license with conditions within thirty days from the date of receipt of order from the District Board, in the manner prescribed, and appeal shall be disposed of by the State Board within twenty days from the date of receipt of the appeal.";

(10) in section 9,—

(a) in sub-section (1),—

(i) for the words "industrial undertaking other than a small scale undertaking", the words "enterprise having total investment above fifteen crore rupees" shall be substituted;

(ii) after the word "certificates", the words "or renewals thereof" shall be inserted;

(b) in sub-section (2),—

(i) for the words "forty five days", the words, "thirty days" shall be substituted;

(ii) the word "as" after the word "decision" shall be omitted;

(iii) in clause (a), for the words "to recommend to the concerned authority the issue of licence", the words "to issue licence, clearance or renewal" shall be substituted;

(c) in sub-section (3), after the words "Convener of the State Board", the words "and the same shall be binding on the authorities concerned and if no clearance, licence, certificate or renewals thereof, as the case may be, is issued within thirty days from date of submission of application to the Board, the clearance, licence, certificate or renewals thereof applied for shall be deemed to have been issued after the expiry of said period of thirty days" shall be inserted;

(d) after sub-section (3), the following sub-section shall be inserted, namely:—

"(4) The State Board is also empowered to recommend to the Government on policy matters concerning various issues and problems faced by any entrepreneur in establishing any enterprise or for the development, diversification of modernisation or implementation or operation or running of such enterprises in the State and suggest remedial measures to address such issues and problems in good industrial practice to promote investment opportunity in the State.";

(11) for section 10, the following section shall be substituted, namely:—

"10. *Issuing of clearances, licences, certificates or renewal thereof.*—Notwithstanding anything contained in any other law for the time being in force or any other provisions of this Act, the State Board, District Boards or Industrial Area Board shall issue the clearance, licence, certificate or renewal thereof, as the case may be, within thirty working days from the date of receipt of the application by the Board concerned, and if no clearance, licences, certificates or renewal thereof, as the case may be, is issued or the said application is not rejected within the said time limit, the clearance, licence, certificate or renewal thereof, as the case may be, shall be deemed to have been issued after the expiry of said period of thirty days.";

(12) in section 11,—

(a) in sub-section (1),—

(i) for the words “recommended with modification”, the words “issued with such conditions” shall be substituted;

(ii) for the words “such refusal or recommendations”, the words “issued with such conditions” shall be substituted;

(b) in sub-section (2), for the words “thirty days”, the words “twenty days” shall be substituted;

(c) after section 11, following section shall be inserted, namely:—

**“11A. Overriding powers of the State Board, District Boards and Industrial Area Boards.—**(1) Notwithstanding anything contained in any other law for the time being in force, or other provisions of the Act, the State Board, the District Boards or the Industrial Area Boards as the case may be, on receipt of composite application prescribed under rules along with recommendations of the departments concerned, shall issue a composite licence to the applicant in the form prescribed for establishing and running an enterprise in the State and such composite licence issued by the respective Board shall be binding on all authorities concerned and shall be valid for a period of five years from the date of its issue:

Provided that if an enterprise is being established on a rented or leased premises the validity of the composite licence shall expire on the expiry of the lease or rental period or five years whichever is earlier and such authorities shall not cancel such license without the consent of the respective Board.

(2) The authorities concerned, shall have the right to conduct inspection of the enterprise periodically, but not exceeding one year at a time, and enquire whether the enterprise has violated any provisions of the Act or rules made thereunder, and if any violation is noticed by the authorities concerned or the information given in the application for the grant of composite licence is found to be false, the authority concerned may recommend to the Board concerned to cancel the composite licence for non-compliance of any conditions imposed on issue of such licences or violation of any provisions of Act or rules, and on receipt of such recommendation, the Board concerned shall cancel the composite licence and may impose a penalty, as may be prescribed, on such enterprises after issue of a show cause notice and after considering any submission, if any, made by such enterprises.

(3) All composite licences issued under this section shall be renewed for a period of five years at a time on submission of an application along with the prescribed fee, within seven days from the date of receipt of such application.”.

5. *Amendment of Act 19 of 2002.*—In the Kerala Ground Water (Control and Regulation) Act, 2002 (19 of 2002), after section 10, the following section shall be inserted, namely:—

“10A. *Recycling and reusing of waste water.*—Any person extracting ground water shall make special provision for treating and recycling and reusing used groundwater for industrial, commercial or residential purposes in such manner as may be prescribed.”.

6. *Amendment of Act 18 of 2013.*—In the Kerala Lifts and Escalators Act, 2013 (18 of 2013),—

(a) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) Every licence granted under sub-section (3), shall be valid for a period of three years from the date on which it is granted and shall be renewed thereafter annually after an inspection and on payment of such fee as may be prescribed.”.

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

“(5A) Electrical Inspector may, conduct an inspection every year and during the inspection any violation of any of the provisions of Act, rules or any of the terms and conditions of the licence is noticed, he shall have the power to proceed under section 7 of the Act.”.

**7. Power to make rules.**—(1) The Government may, by notification in the Gazette, make rules either prospectively or retrospectively for the purposes of carrying into effect the provisions of this Act.

(2) Every rule made under this Act, shall be laid, as soon as may be after it is made, before the Legislative Assembly while it is in session for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if before the expiry of the session, in which it is so laid or the session immediately following the Legislative Assembly makes any modification in the rule or decides that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**8. Repeal and saving.**—(1) The Kerala Investment Promotion and Facilitation (No. 2) Ordinance, 2018 (9 of 2018) is hereby repealed.

(2) Notwithstanding such repeal, anything done or deemed to have been done or any action taken or deemed to have been taken under the Kerala Panchayat Raj Act, 1994 (13 of 1994), the Kerala Municipality Act, 1994 (20 of 1994), the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 (5 of 2000), the Kerala Ground Water Control and Regulation Act, 2002 (19 of 2002), the Kerala Lifts and Escalators Act, 2013 (18 of 2013), as amended by the said Ordinance, shall be deemed to have been done or taken under the said Acts as amended by this Act.