



PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Enhancement of borrowing limit of Karnataka Industrial Areas Development Board from current Rs.500 crore to Rs. 5000 crore and concurrence for Government guarantee - Reg.

Read: 1) Proposal of CEO & EM, KIADB vide No. KIADB/COF/944-16-17/13341 / 2024-25, dated 04.11.2024.
2) Cabinet Meeting held on 02.01.2025.

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PREAMBLE:

KIADB is acquiring around 28,741 acres of land for development of 24 industrial areas at various locations of the State, so as to enable the KIADB to provide required land to the prospective entrepreneurs including foreign investors.

The total acquisition cost for the above land acquisition is around Rs. 26,505 crore, developmental cost is around Rs. 5875 crore and the total amount required is around Rs. 32,380 crore over a period of 18 months. Average monthly expenditure is around Rs. 2,000 crore.

During the review meeting held on 02.08.2024, the Hon'ble Minister for Large & Medium Scale Industries and Infrastructure Development had reviewed the financial position of the KIADB wherein, Additional Chief Secretary to Govt, Finance Department, Principal Secretary to Govt, C&I Department, Commissioner for Industrial Development and CEO & EM, KIADB were also present. During the discussion, it was decided to borrow the loan to the tune of Rs.5000 crore for payment of land compensation as well as developmental works including water supply scheme, so as to meet the requirements of land for the scheduled Global Investors Meet and also suggested to submit the proposal to Finance Department, GoK, to seek the approval of enhancement of the borrowing limit from Rs.500 crore to Rs.5000 crore and also to provide Government Guarantee for the proposed loan of Rs.5000 crore.

Government vide its order No. CI 245 SPQ 2009 dated 08.01.2010 has enhanced the borrowing limits of KIADB from Rs.200 crore to Rs.500 crore.

Govt of Karnataka, has decided to hold Global Investors Meet in the month of Feb-2025 to attract investment from the entrepreneurs across the world. So, the Board should have land bank for the prospective entrepreneurs for attracting the investment to Karnataka.

To cater this, Board may need additional loan for payment of compensation for the ongoing/proposed land acquisition proposals, providing infrastructure facilities and for Water Supply Scheme totaling to Rs. 5000 crore. In addition to the acquisition and Development of Layout, Board has decided to supply water from the River/Reservoir for the existing and proposed Industrial Areas of Benaguru Rural, Kolar & Chikkaballapura Districts.

The CEO & EM, KIADB has submitted the proposal to the Commerce & Industries Department cited at reference (1) above for obtaining approval from the Finance Department, GoK, for enhancing the borrowing limit of KIADB from Rs.500 crore to Rs.5000 crore and also to seek the Government Guarantee for availing loan of Rs.5000 crore from the Banks/Financial Institutions.

In view of the above reasons explained above, the Government has examined the proposal in detail and decided to enhance a borrowing limit of KIADB from Rs. 500 crore to Rs. 5000 crore and also to give Government Guarantee as per norms.

Hence the following Order.

GOVERNMENT ORDER No. CI 463 IAP (E) 2024, BENGALURU,
DATED: 06.01.2025

In the circumstances explained in the preamble and in exercise of the powers conferred by the Section 4 in Chapter III of KIAD Rules, 1966, Government is pleased to concur for enhancement of borrowing limit of Karnataka Industrial Areas Development Board (KIADB) from current Rs.500 crore to Rs. 5000 crore and concurrence of Government guarantee for availing Rs. 5000 crore loan from Banks / Financial Institutions by KIADB with the following conditions:

- i) KIADB should plan for realistic repayment of the loan so that Government Guarantee is not invoked and the first charge to be on KIADB revenues for the repayment of the loan.
- ii) Guarantee commission of 1% shall be payable by KIADB on the Government guarantee extended.

This order is issued with the approval of the Finance Department vide Note No. FD 337 EXP-1/2024 (P1), dated 12.12.2024 and Cabinet Meeting held on 02.01.2025 vide Subject No. C-08/2025.

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


(C.V. Haridasan)

Under Secretary (ID),
Commerce & Industries Department.

To,

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4. Additional Chief Secretary to Government, Finance Dept., Vidhana Soudha, Bengaluru-01.
5. Additional Chief Secretary to Hon'ble Chief Minister, Vidhana Soudha, Bengaluru-01.
6. Commissioner for Industrial Development and Director of Industries and Commerce, Industries and Commerce Department, Khanija Bhavan, Race Course Road, Bengaluru-01.
7. CEO & EM, KIADB, Khanija Bhavan, Race Course Road, Bengaluru-01.
8. Joint Secretary to Govt., (Cabinet Section), Vidhana Soudha, Bengaluru-01.
9. PS to Hon'ble Minister for Large & Medium Industries, Vidhana Soudha, Bengaluru-01.
10. PS to Principal Secretary to Government, Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
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