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These policy changes are urgent and necessary to help boost the economy that has been severely hit by Covid-19. Industries too have to make up for the lost man-hours

Jagadish Shettar,
Industries Minister

New industry policy aims to keep state in top league

ANUSHA RAVI @ Bengaluru

THE Karnataka Cabinet on Thursday approved a new Industrial Policy which increases the cap on quarterly overtime for labourers, under the Factories Act, 1948, to 125 hours from the existing 75 hours. Women workers can also be deployed on night shifts. In a separate amendment to the Small Factories (Regulation of Employment and Conditions of Services) Bill, 2014, the cabinet exempted MSMEs with up to 20 employees from compliance.

Focused on attracting investments of up to Rs 5 lakh crore

and creating 20 lakh jobs over the next five years, the cabinet on Thursday approved its New Industrial Policy 2020-2025. Large and Medium Scale Industries Minister Jagadish Shettar said the policy is aimed at maintaining Karnataka's industrial growth rate at 10 per cent per annum.

The cabinet brought in numerous changes in the form of ordinances in the run-up to the new industrial policy. "The changes made to land or labour rules are nothing but liberalisation of existing laws," Shettar told *The New Indian Express*. **CONTINUED ON: P7**

Production turnover-based incentives in K'taka

SIR Act in the works

A new Special Investment Region (SIR) Act will be enacted to establish, develop, operate and regulate deemed-to-be industrial townships with an area of more than 100 sqkm. The first such SIR, encompassing Dharwad, Gadag, Haveri and Belagavi districts has already been notified. One more SIR in Shivamogga, encompassing Shivamogga, Davanagere, Chitradurga and Chikkamagaluru districts, and another in Kalaburagi, encompassing the Kalyana Karnataka districts, will be notified.

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DECISIONS related to ease of doing business — like the removal of restrictions in land procurement through amendments to the Land Reforms Act, followed by the Industries Facilitation Act — taken over the last few months, have now been brought under the umbrella of the New Industrial Policy.

"Restrictions have been removed to ensure industries and labourers thrive. Whether a labourer wants to work extra time or a woman wants to work the night shift is still an option. These policy changes are necessary to help boost the economy that has been severely hit by Covid-19. Industries too have to make up for the lost man-hours," Jagadish Shettar told *The New Indian Express*. Even as the policy categorises

industrially backward districts as Zone-1 and Zone-2 for increased incentives and concessions, while categorising Bengaluru Urban and Rural as Zone-3 to promote other districts, dramatic changes have been made to land and labour laws, many of which have been criticised by labour unions and opposition parties.

In a first, Karnataka has adopted a production turnover-based incentive system instead of tax-based incentives to encourage production-based performance. A 10% incentive on annual turnover with a cap of 20-30% of Value of Fixed Asset (VFA) as investment promotion subsidy for Micro and Small Enterprises, exemption from Stamp Duty and concessional registration charges, reimbursement of land conversion fee, exemption from tax on electricity

tariff for MSMEs, power subsidy for micro and small enterprises, support to artisans, additional incentives to special category entrepreneurs like SC, ST, women, minority, physically challenged and ex-servicemen, incentives and concessions for development of private industrial parks are some of the investment boosters in the policy.

Taking off from companies expressing interest in investing in Karnataka during Shettar and Chief Minister B S Yediyurappa's visit to Davos for the World Economic Forum last year, the New Industrial Policy 2020-2025 focuses on automobiles and auto components, pharmaceutical and medical devices, engineering and machine tools, knowledge-based industries, logistics, renewable energy, aerospace, defence and electric vehicles.