

New industrial policy sets investment target of ₹5L cr

Focus On Jobs For Locals, Development Of Tier-2 & 3 Cities

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Bengaluru: The Karnataka government is all set to roll out a new industrial policy (2020-2025) with an ambitious plan to attract Rs 5 lakh crore investments over the next five years and maintain 10% year-on-year growth. It also aims to generate employment opportunities for 20 lakh people.

The state cabinet met on Thursday and approved the policy that proposes to ensure jobs for locals with a minimum employment of 70 per cent to Kannadigas on an overall basis and 100 per cent in the case of Group D employees.

It hopes to take Karnataka to third position (now fourth) in merchandise exports in five years with a focus on automobiles, auto components, pharma and medical devices, engineering and machine tools, knowledge-based industries, aerospace and logistics sectors.

Tax incentives for backward zones

Industrial development in tier-2 and 3 cities and ensuring equitable growth in backward taluks will be a priority. The districts are classified as three zones and industrially backward ones will get tax incentives and subsidies. "There's a need to look beyond Bengaluru, and it is also the government's intention which is reflected in the policy," industries minister Jagadish Shettar said.

The policy seeks to reserve 30 per cent of plots in KIADB industrial layouts for MSMEs. An online technology platform will be created for raw material suppliers, market access and enhance access to credit.

To encourage production, it suggests adoption of a turnover-based incentive system. For example, if an MSME clocks a production turnover of Rs 100 crore, it will get 10% of it as incentive. For medium and large industries, the incentive ranges from 1.7% to 2.5% of their turnover. "Karnataka will be the first state to have this system," Shettar said. Currently, incentives are given on GST paid by industries.

NOD FOR PVT INDUSTRIAL PARKS

Feeding to the long-standing demand of the industrial community, the policy allows development of private industrial parks, including sector-specific ones with government incentives. The government has taken several policy decisions over the past few days to tap new

opportunities that are likely to emerge post Covid-19 situation. These include removing restrictions on purchase of land for industrial purpose, reforms in labour laws to allow women to work in night shifts and allowing companies to hire workers for fixed term and others.



"The policy aims to help Karnataka emerge as a global leader in advanced manufacturing, research and development. It will create an ecosystem for inclusive and sustainable development. It's a gift of the BJP government which is completing one year in office on July 26

Jagadish Shettar | INDUSTRIES MINISTER

PUSH FOR GROWTH

- Special investment regions to be developed in Dharwad, Shivamogga and Kalaburagi with an area of over **100sqkm**

- **10%** incentive on annual turnover for five years; limited to **20%** to **30%** of the value of fixed assets

- Exemption from stamp duty and concessional registration charges; reimbursement of land conversion fee

- Exemption from tax on electricity tariff, loans for technology upgradation, incentives for export-oriented units

- **30%** reservation in allotment of plots in KIADB layouts, marketing support in public procurement, equity funding

- **70%** reservation in allotment of KIADB plots; setting up of international investment desk

- **1.8%** to **2.5%** subsidy on annual turnover for 5-10 years; incentives for development of private layouts

K'taka to create 20k-acre land bank for industries

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Bengaluru: The government has proposed that the Karnataka Industrial Areas Development Board (KIADB) acquire 20,000 acres of land bank for industrial use as against the estimated 41,000 acres required in the next five years.

KIADB will acquire about 4,000 acres every year for the next five years for allotment to industries. The rest of the estimated land — about 20,000 acres — may be made available through the Karnataka State Small Industries Development Corporation, land parcels purchased under Section 109 of Karnataka Land Reforms (KLR) Act, 1961, own land, leased or rented, according to the draft industrial policy cleared by the state cabinet on Thursday. TOI has reviewed a copy of the draft.

Gaurav Gupta, principal secretary, industries department, said the land acquired

As per the draft policy, KIADB will acquire about 4,000 acres every year for the next five years. This will be mostly for special projects

by KIADB will be mostly for special projects. A source said it could be for clusters proposed in the earlier budget. As per the policy draft, KIADB will earmark 70% of land that can be allotted to large, mega, ultra and super-mega enterprises in all industrial areas.

The government may consider allotment of land at concessional rates for ultra-mega and super-mega enterprises as a special incentive giving weightage to investment, location of the project, direct and indirect employment to be generated.

Workers' accommodation

Also, the government plans to develop affordable residential accommodation for

workers in industrial areas to facilitate a walk-to-work environment. "This will include single-room tenements and dormitories with common facilities. Land will be earmarked and allotted for development through a transparent process," it reads.

To avoid multiple taxation on industries and issue of multiple jurisdiction of one or more panchayats, municipalities, corporations that levy and collect tax, the policy has proposed setting up of Industrial Area Development Authority of Karnataka (IADAK) that's applicable to new industrial areas of KIADB and the existing ones with less than 100 acres of area.

IADAK will perform statutory functions such as collection of property taxes, development cess, advertisement tax, sanction and building permits, removal of encroachments. Property tax collected will be shared with the local authority in the ratio decided by the government.