

▪ **Strategies:**

1. Promote sustainable, balanced and inclusive industrial growth.
2. Enable employment generation and increase labour market flexibility through regulatory labour reforms.
3. Create strategic tie-ups for the emergence of Karnataka as the Knowledge and R&D Hub.
4. Focus on development and promotion of the MSME Sector.
5. Facilitate availability of industrial land.
6. Promote Tier II / III cities of the State as engines of economic growth.
7. Place Karnataka in the forefront of India's international trade.
8. Attract private investment in development of integrated / multi / sectoral industrial parks and flatted factories.
9. Create an environment to enhance ease of doing business in the State
10. Support for R&D & Technology Upgradation

▪ **Steps taken**

1. The new industrial policy groups Karnataka's districts into **three zones** to develop areas considered to be industrially backward. The industrially **backward** districts come under Zone-1 and Zone-2 while more industrially **developed** districts are classified under Zone-3 and Zone-4. **Urban centers** Bengaluru and Mysuru come under Zone-4.
  - Incentives will be rolled out to direct greater investment to the industrially backward districts.
2. **Sector focus of the policy:** Key focus sectors have been identified under the policy – automobiles and auto components, pharmaceuticals, medical devices, engineering and machine tools, knowledge-based industries, logistics, renewable energy, aerospace, defense, and electric vehicles.
3. **Special investment regions in Dharwad and Shivamogga:** The policy aims to enact the Special Investment Region (SIR) Act to create, operate, and regulate such investment regions in the state. Special investment regions would

have an area of about 100 sq.km and be categorized as industrial townships.

4. **Subsidies for MSMEs:** The policy offers production turnover-based subsidies for micro, small, and medium-sized enterprises (MSMEs) with a view to boost industrial innovation.
5. **Local jobs creation**
6. **Labor reforms under the policy:** An amendment to the Factories Act, 1948 will ensure that women workers who work the night shift in factories, that is between 7pm to 6am, are registered. The amended Rules were notified on June 30, 2020.
7. **Wage revisions:** The minimum wage will be periodically revised based on factors like inflation and consumer price index (CPI).

▪ **What is the investment appeal of Karnataka?**

1. Karnataka amended the Karnataka Industrial (Facilitation) Act in 2020 and launched an **affidavit-based approval system (ABAS)** on December 21, 2020, which will allow eligible private sector investors to set up a business in Karnataka **without requiring multiple clearances** for the first three years of establishment.
2. The state government also amended Section 109 of the **Karnataka Land Reforms** Act to enable easier acquisition of agricultural land for industrial purposes.
3. Karnataka is India's **leading hub for technology companies**, which are located predominantly in its capital Bengaluru. Karnataka is also a popular destination for auto, electronics, food processing, heavy machinery, and the textiles industry.
4. The state has a coastline of 300 km with 12 minor ports and one major port in Mangaluru (formerly Mangalore). The **Bengaluru-Mumbai Economic Corridor** and **Chennai-Bengaluru Industrial Corridor** pass through Karnataka.