

Government of Karnataka announces the Karnataka Industrial Policy 2025-30

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The Government of Karnataka has announced the Karnataka Industrial Policy 2025-30, replacing the previous policy (2020-25), to promote industrial growth and investment in the state. The new policy aims to establish Karnataka as a global hub for high-technology manufacturing and innovation-driven industries.

Key features of the scheme:

- **Validity:** The policy is valid for a period of five years effective from 8 February 2025.
- **Objectives:**
 - Accelerated annual growth rate of 12% for the manufacturing sector with INR 7,50,000 crore of investments across various sectors.
 - Create 20 lakh new jobs by 2030.
 - Establish leadership in electronics, aerospace, future mobility, biotechnology, and other sunrise sectors.
 - Offer sustainability-linked incentives to promote green measures.

- **Applicability and eligibility:**

- New enterprises will be eligible for incentives based on the category of investment as under:

Category	Investment in plant and machinery
Micro	Up to INR 1 crore
Small	More than INR 1 crore up to INR 10 crores
Medium	More than INR 10 crores up to INR 50 crores
Large	More than INR 50 crores up to INR 300 crores
Mega	More than INR 300 crores up to INR 1000 crores
Ultra Mega	More than INR 1,000 crores

- Existing enterprises will be eligible for incentives, provided they increase the capital expenditure by at least 25% of the existing fixed assets.
- Manufacturing entities eligible under the sectoral policies of Karnataka can also claim incentives under the new Industrial Policy 2025-30 (benefit can be claimed in either of the policies).

- **Financial incentives:**

- For large, mega and ultra mega enterprises capital expenditure subsidy of up to 25% to 10% (zone-wise) of fixed capital investment (FCI) or production-linked incentive (PLI) of up to 2.5% to 1.0% (zone-wise) of net sales turnover for 7 years from commercial production.
- 100% stamp duty exemption for eligible industrial projects, along with a concession in registration charges and reimbursement of land conversion fees.
- Employment booster incentive for providing extra employment ranging from 7.5% to 15% on capital subsidy/PLI eligible incentive amount.
- Special incentives for employment generation for women's participation in the workforce for large, mega and ultra mega enterprises.

- Additional financial support for industries adopting renewable energy and sustainable practices.
- For more backward talukas, additional 5% capital expenditure subsidy/production linked incentives of total value of fixed assets.
- Booster @10% on incentive opted for co-location of R&D and manufacturing units of large, mega and ultra mega enterprises.
- Special incentives for MSMEs includes capital subsidy @ 30% of value of fixed assets, power subsidy, exemption from stamp duty, etc.
- Investments greater than INR 1,000 crore will be eligible for a customised incentive package on a case-to-case basis depending on the strategic nature of the investment and the employment generation potential of the investment.
- **Sectoral focus:**
 - The policy emphasises investments in aerospace and defence, electronics, semiconductor manufacturing, future mobility (EVs), med-tech, space tech, and renewable energy.
 - Karnataka ranks #1 in India for renewable energy adoption, with 63% of its installed capacity coming from green sources.
- **Industrial Infrastructure and ease of doing business:**
 - Expansion of industrial clusters and parks, including a hi-tech defence and aerospace Park in Bengaluru and mega food parks in North Karnataka.
 - Revamped single window clearance system for faster approvals and investor facilitation.
 - Subsidies for industrial dormitories to support large-scale employment-driven investments.

The Karnataka Industrial Policy 2025-30 presents a robust framework for investment-led industrial growth, with a strong focus on innovation, sustainability, and inclusive regional development. Companies in sectors such as electronics, future mobility, and high-technology manufacturing will find attractive incentives under this policy, making Karnataka a leading investment destination in Asia.



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