Policy Compendium
Key Policies

- Karnataka Industrial Policy 2014 - 19
- Karnataka Aerospace Policy 2013 - 2023
- Karnataka Electric Vehicle & Energy Storage Policy 2017
- Karnataka Agri Business and Food Processing Policy 2015
- New Textile & Garment Policy 2018-2023
- Karnataka Start-up Policy 2015-2020
- Information & Communication Technology (ICT) Policy 2011
- Karnataka Tourism Policy 2015 - 2020
Karnataka Industrial Policy 2014 - 2019

**Vision**

To build a prosperous Karnataka through inclusive, sustainable and balanced industrial development thereby creating large employment opportunities.

**Target**

- To make Karnataka as preferred destination for industrial investment with special focus on manufacturing sector
- To provide opportunities across the State for industrial development and enable scope for large scale local employment through private sector
- To develop human capital to meet the needs of industry
- To maintain an industrial growth rate of 12% per annum.
- To enhance the contribution of manufacturing sector to the State GDP from present level of 16.87% to 20% by end of policy period
- To attract investment of Rs.5.00 lakh crore
- To create employment opportunities for 15 lakh persons
- To create an environment to enhance ease of doing business in the State

**Strategies**

- Creation of quality infrastructure with comprehensive facilities.
- Human resource development through capacity building and skill up gradation
- Encouragement for industrial development in Hyderabad Karnataka Area.
- Promotion of MSMEs.
- Special thrust for encouraging SC/ST & Women entrepreneurs.
- Encouragement to Minorities, Backward classes, Physically challenged persons, Ex-servicemen entrepreneurs
- Encouragement to Non Resident Kannadigas (NRKs)
- Encouragement for export promotion.
- Encouragements to units adopting energy efficiency measures
- Encouragements to renewable energy projects.
- Support for R&D and Digital Direct Manufacturing
- Intellectual property rights initiatives
- Encouragement for anchor industries
- Incentives and concessions for Large, Mega, Ultra Mega, Super Mega enterprises:
- Focused manufacturing industries

E-Udyami, an online application filing and monitoring system introduced in Karnataka Udyog Mitra

Amendments to Industrial Facilitation Act 2002 brought in to give more powers to the District and State Level Single Window Clearance Committees (DLSWCC/SLSWCC)
Manufacturing Enterprises
- Micro Enterprises - Investment up to INR 25 lakh
- Small Enterprises - Investment above INR 25 lakh and up to INR 500 lakh
- Medium Enterprises - Investment above INR 500 lakh and up to Rs.1,000 lakh

Service Enterprises
- Micro Enterprises - Investment up to INR 25 lakh
- Small Enterprises - Investment above INR 25 lakh and up to INR 500 lakh
- Medium Enterprises - Investment above INR 500 lakh and up to Rs.1,000 lakh

Large Scale Enterprise:
An Industrial Unit which is not classified as Micro, Small and Medium Enterprise and with an investment in fixed assets up to INR 250 crore (USD 38.54 million) shall be classified as large scale industry.

Projects with an investment in fixed assets:
Above INR 250 crore and up to INR 500 crore: Mega Enterprise
Above INR 500 crore and up to INR 1,000 crore: Ultra Mega Enterprise
Above INR 1,000 crore: Super Mega Enterprise

Note: The Quantum of Assistance listed in the compendium may vary depending on the classification of Industry (MSMEs, Large, Mega, Ultra Mega, Super Mega) and the Zones the particular Industry may fall under.
General Incentives

Stamp Duty
- 100% Stamp Duty to be exempted

Concessional Registration Charges
- Concessional registration charges at INR 1 per INR 1000 for all loan documents, lease deeds and sale deeds

Reimbursement Land Conversion Fees
- 75% - 100% of the land conversion fee for converting the land from agriculture use to industrial use

Subsidy for setting up ETPs
- 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of INR 25 Lakh to INR 200 lakh

Market Development Assistance
- For Export Promotion: 75% of the economy Air Fare subject to a maximum limit of INR 1 lakh, 50% of stall rentals subject to a maximum of INR 50,000, 50% of freight charges subject to a maximum of INR 10,000.
### Additional Incentives for MSMEs

#### Investment Promotion Subsidy
- Subsidy provided, ranging from 10% of Value of Fixed Assets, maximum up to INR 55 lakhs
- SC/ST, Women and Others - max up to 40% or INR 65 lakhs

#### Interest Subsidy & SGST/ GST/ VAT Incentives
- 5% p.a. for 4 - 7 years
- Additional 1% p.a. for 3 - 7 years
- Interest free loan on VAT and CST limited to 100% of VFA

#### Incentive on Electricity Duty & Energy Conservation
- 100% exemption of electricity duty / tax on electricity tariff shall be available for initial period 4 - 7 years
- Non Conventional Energy Source: 10% - 15% of Capital Cost, maximum up to INR 5 to 7.5 Lakhs

#### Incentives for Technology Upgradation
- 5% subsidy provided on loans for Tech Upgradation
- Exemption of 25% of cost (max INR 50,000) for Tech Adoption (50% of cost for SC/ST, Women)

#### ISO & BIS certification
- 75% of cost to be exempted for ISO certification max up to INR 75,000, Max INR 1 lakh to be reimbursed for SC/ST, Women and Others
- 50% of fees and 25% of cost to be exempted for BIS and 50% of fees and cost for SC/ST, Women and Others
**Special Incentives**

**Incentives for Large, Mega, Ultra Mega, Super Mega enterprises**
- Stamp Duty Exemption - 75% to 100%
- Concessional Registration charges - Rs. 1 per Rs. 1000
- Reimbursement of Land Conversion Fee - 75% to 100%
- Subsidy for Setting up ETPs - 50% of the cost of ETPs, max INR 25 Lakh to INR 50 lakh
- Interest-free loan on Net SGST, GST, VAT, CST

**Encouragement to Anchor Industries**
- Investment subsidy of INR 15 Cr. - INR 20 Cr
- Interest free loan equal to 100% Net VAT plus CST

**Encouragement to Non Resident Kannadigas**
- NRIs are allowed investing up to 100% equity with full benefits of repatriation
- Provide Angel funding for start ups in collaboration with NRI companies / Organizations.
- 50% export obligation

**Export Promotion**
- Exemption from Entry Tax for 3 years for 100% EOUs and other EOUs with minimum export obligation of 50% of their total turnover
- Refund of Certification Charges to the extent of 50% of expenses subject to a up to INR1 lakh per unit
- Brand Promotion and Quality Assurance: 50% of the cost subject to a up to INR 5 lakh.
- Reimbursement of Export Credit Guarantee Insurance - 10% premium paid subject to up to INR 50,000 p.a.
Support for Automobile Sector under Karnataka Industrial Policy 2014-19

Vision

To build a prosperous Karnataka through inclusive, sustainable and balanced industrial development thereby creating large employment opportunities

Target

- To incentivize and institutionalize the R&D environment for auto sector in the State
- Fostering and supporting linkages between industry and academia for research
- Propose to commission the ‘Karnataka Automobile Research & Innovation Centre’ in Karnataka which would also be an incubation centre. The centre is proposed to be established on a PPP model with State support
- To set up an industry group to study and recommend measures for growth of the auto component sector in the State

Strategies

- Creation of quality infrastructure with comprehensive facilities.
- Human resource development through capacity building and skill upgradation.
- Facilitation mechanism and procedural reforms.
- Budget Support
**Vision**

To position Karnataka as a vibrant aerospace hub of Asia and a globally recognised aerospace destination by creating enabling environment for holistic and sustained growth of the Aerospace Sector

**Target**

- To make Karnataka a preferred global destination for manufacturing of aircraft, aircraft systems & sub-systems, assemblies and components
- To create an eco-system comprising infrastructure, education and R&D to make the State a conducive hot spot for aerospace industry
- To make Karnataka a magnet for global tier-1 Suppliers. (Annexure-I of G.O No. CI 17 SPI 2012(P7), DATED: 08.09.2016)
- To make Karnataka as one of the leading MRO hubs in Asia
- To make available ready to-employ human resource pool for the industry
- To strengthen R&D infrastructure for achieving innovative and cutting edge technologies
- To create enhanced facilitation mechanism for ease of doing business through industry friendly policy frame work

**Strategies**

- Creation of aerospace ecosystem
- Development of state-of-the-art infrastructure conducive for industries, research and capacity building
- Encourage private sector participation in a transparent manner to develop and operate and maintain aerospace infrastructure
- Development of Aerospace Manufacturing, MSME & MRO sectors
- Develop manufacturing capability in precision machinery for efficient operations
- Better utilization and value addition of aerospace products
- Value addition to Tier II & III suppliers
- Special emphasis to MSMEs in the state to remain globally competitive
- Boosting exports & Create brand image of Karnataka
- Develop key products to gain market dominance
- Create new markets and new product lines and develop alternate marketing channels
- Encourage high realization and value added exports meeting international standards
- Harnessing Human Resources and Focus on R&D
- Enhance the skill sets of youth through development programs and trainings

Investors will be facilitated at the stages of implementation and operation, so that, they can do their business with ease and less transaction cost. Karnataka Udyog Mitra will continue to act as the nodal agency
Karnataka Aerospace Policy 2013 - 2023

Incentives for MSMEs

**Investment Promotion Subsidy**
- 10% to 30% of value of Fixed Assets, maximum of INR 9 Lakhs to INR 55 Lakhs

**Incentive on Stamp Duty**
- Stamp Duty Exemption - 75% to 100%

**Incentive on Registration Charges**
- Concessional Registration charges - INR 1 per INR 1000

**Incentive on Land Conversion Fee**
- Reimbursement of Land Conversion Fee - 75% to 100%

**Subsidy for Setting up ETP**
- Capital Subsidy up to 50% of cost of ETP, subject to a ceiling of INR 50 Lakhs
Karnataka Aerospace Policy 2013 - 2023

Incentives for MSMEs

Subsidy for Conservation Measures

► Rain/ Waste Water Harvesting - 50% of cost, maximum INR 5 Lakhs
► Use of Non Conventional Energy Source - 10% of cost, maximum INR 5 Lakhs

Interest Subsidy

► Interest Subsidy of 5% p.a. for 4 - 7 years for Micro Enterprises

Electricity Duty Exemption

► 100% exemption on from Tax on Electricity Tariff for 4 - 7 years

Incentive for Tech Upgradation

► Interest Subsidy of 5% p.a. for Tech Upgradation Loan
► Tech Adoption - 25% of cost, maximum INR 50,000

Incentive for Quality Certification

► ISO Certification - 75% of cost, maximum INR 75,000
► BIS Certification - 50% of fees, maximum INR 20,000 & 25% for testing equipment, maximum INR 50,000
Incentives
For Large, Mega, Ultra Mega & Super Mega Enterprises

Interest free loan on VAT
- 40% to 100% of value of Fixed Asset for 7 - 14 years

Incentive on Stamp Duty, Registration Charges & Land Conversion Fee
- Stamp Duty Exemption - 75% to 100%
- Concessional Registration charges - INR 1 per INR 1000
- Reimbursement of Land Conversion Fee - 75% to 100%

Subsidy for Setting up ETP
- Capital Subsidy up to 50% of cost of ETP, subject to a ceiling of INR 200 Lakhs

Electricity Duty Exemption
- 100% exemption on from Tax on Electricity Tariff for 4 - 6 years

Anchor Unit Subsidy
- Subsidy of INR 5 Cr. to first 10 Aerospace Manufacturing Enterprises with minimum investment of INR 250 Cr. & direct employment of 150 persons

Support for capacity building
- Stipend up to 50% of cost of training, ceiling of INR 10,000 per month per trainee, for 50 trainees per industry per annum
Karnataka Electric Vehicle & Energy Storage Policy 2017
Vision

To make Karnataka, a preferred investment destination for manufacturing of Electric Vehicles (EVs) by leveraging advantages and opportunities available for sustained development of this promising segment.

Target

- With a view to reduce air pollution and encourage manufacture of green Hybrid and Electrical Vehicles it is proposed to reduce road tax, registration tax as indirect incentives.
- To maintain the lead share of Karnataka as a preferred destination for attracting investments in manufacture of Electric Vehicle.
- To attract investments of INR 31,000 crore and create employment opportunities to 55,000 persons both from supply & demand side.
- To create conducive environment for transition to Electric Vehicle environment from Internal Combustion (IC) engines.
- To provide opportunities for developing R&D in Electric Mobility.

Strategies

- Special Initiatives for EV manufacturing
- Support for charging infrastructure
- Support for Research Development and Skill Development
**Incentives for MSME**

- Investment promotion subsidy of 20% - 25% of the value of Fixed Asset, ceiling up to INR 15 Lakhs to INR 50 Lakhs
- Stamp Duty Exemption - 100%
- Concessional Registration charges - INR 1 per INR 1000
- Reimbursement of Land Conversion Fee - 100%
- 100% exemption from tax on electricity tariff for initial period of years
- One time capital subsidy for setting up ETP, up to 50% of cost ETP, ceiling of INR 50 Lakh

**Incentives for Large, Mega, Ultra Mega & Super Mega Enterprises**

- Stamp Duty Exemption - 100%
- Concessional Registration charges - Rs. 1 per Rs. 1000
- Reimbursement of Land Conversion Fee - 100%
- One time capital subsidy for setting up ETP, up to 50% of cost ETP, ceiling of INR 200 Lakh
- Interest free loan on Net SGST - 60% to 95% of value of fixed asset for 8 to 13 years
Incentives

**Incentives for Large, Mega, Ultra Mega & Super Mega Enterprises**

- Investment Subsidy - 20% of value of fixed assets, ceiling of INR 5 Cr. - INR 20 Cr.
- Interest free loan on Net SGST - 60% to 95% of value of fixed asset for 8 to 13 years

**Incentives for MSME**

- Investment promotion subsidy of 20% - 25% of the value of Fixed Asset, ceiling up to INR 15 Lakhs to INR 50 Lakhs
- 100% exemption from tax on electricity tariff for initial period of 5 years

**Incentives for General Incentive**

- Stamp Duty Exemption - 100%
- Concessional Registration charges - INR 1 per INR 1000
- Reimbursement of Land Conversion Fee - 100%
- One time capital subsidy for setting up ETP, up to 50% of cost ETP, ceiling of INR 50 Lakhs - INR 200 Lakh

**General Incentive**

- EV Battery Manufacturing/Assembly & EV Charging/Swapping Infra Equipment Manufacturing

Karnataka Electric Vehicle & Energy Storage Policy 2017
Incentives

EV in Non Transport & Transport Vehicles

- Exempted from payment of taxes on all, including e-rickshaws & e-carts.

Service providers for EV Mobility

- Fast Charging Stations- Capital subsidy of 25%, ceiling of INR 10 Lakhs per station
- EV Battery Switching/ Swapping Stations - Capital subsidy of 25%, ceiling of INR 3 Lakhs - INR 10 Lakhs per station
Policy Objectives

- Simplify administrative and clearance processes to create an enabling environment for investment across the biotech value chain
- Realign the academic and training discourses to strengthen and retain human capital to meet evolving industry requirements and contribute to mitigating challenges
- Conduct coordinated and integrated R&D with an emphasis on facilitating progress beyond the lab to address key prioritized societal issues
- Invest in foundations of life sciences by creating technology platforms and encourage more effective multi-disciplinary collaborations to expand the scale and scope of biotechnology and its impact on the society and economy
- Leverage IT and other technology (ESDM / AVGC) capabilities of the state to encourage development of Bio-IT tools and solutions
- Institute funding mechanisms and mentorship programmes for biotech start-ups to stimulate innovations and discoveries that would benefit the society and growth of the bio-economy
- Extending financial incentives and concessions for attracting investments in the biotech sector
- Foster the development of bio-economy by supporting research and development (R&D) in emerging technologies
Incentives

**Anchor Unit Subsidy**
- Available for the first two manufacturing enterprises with a minimum employment of 50 - 100 members and a minimum green field investment of INR 50 Cr.

**Reimbursement of Costs for Preparation of Project Report**
- Up to a maximum of INR 1 Lakh

**Power Tariff Concessions**
- A recommendation certificate from KBITS Department of IT BT and S&T to BESCOM to help in power tariff concession

**Interest subsidy**
- 6% for Technology up-gradation for MSMEs for a loan of maximum of INR 50 Lakhs for 5 years

**Patent Registration & Standardization Certificate**
- Up to a limit of INR 2.0 Lakhs per Indian Patent awarded; and for awarded international patents on a single subject matter up to INR 10.00 Lakhs
- Financial assistance of up to 50% of the cost incurred in obtaining a standards certificate such as ISO / BIS / GLP / GMP / NABL (maximum of INR 5 Lakhs per case)

**Marketing Incentives**
- Reimbursement of 30% of the actual costs incurred for international marketing programs, subject to a maximum of INR 2 Lakhs per year per company.
Venture Capital Funds for Emerging Technologies

- For Medical Device Technologies - INR 25 Cr.
- K Bio Venture Fund (KITVEN III) - INR 50 Cr.
Karnataka Agri Business and Food Processing Policy 2015

Vision

To position Karnataka in a sustained growth path in the field of agricultural and allied sectors through global technologies and innovative tools, by creating enabling frameworks and state of the art infrastructure facilities, thereby generating higher returns to farming communities’

Target

➢ To make Karnataka as the most sought after investment destination for the agribusiness and food processing with focussed attention and handholding.
➢ To provide more and more opportunities for the agribusiness and food processing sector, thereby generating large scale employment in rural and semi urban areas of the State.
➢ To give special thrust for skill development.
➢ To create conducive environment for optimal utilization of agriculture and allied sector resources for the sustainable industrial development.
➢ To increase the value addition and reduce wastage, thereby increasing the income of farmers.
➢ To maximize direct and indirect employment generation opportunities.
➢ To create necessary supply chain like transportation, warehouses, and cold storage in the agro processing sector.
➢ To increase the flow of investments across the supply chain from farm to market.
➢ To extend the supply chain and infrastructure opportunity in rural area.

Strategies

To reduce the post harvest wastage, increase value addition to farm produce, generate employment in rural and semi urban areas, development of agribusiness and food processing enterprises and adequate post-harvest infrastructure especially storage and transportation facilities is necessary. To achieve this, the strategy adopted includes:

➢ Encouraging investments in the supply chain infrastructure to
➢ Reduce post harvest loss.
➢ Strengthening linkage between processing enterprises and Research & Development institutes.
➢ Fiscal incentives for setting up focused industrial clusters and Food processing parks in potential food clusters.
➢ Encourage adoption of quality certifications, green and clean practices, Energy efficient measures.
➢ Declaring the entire State as single zone for availing incentives and concessions.
Subsidy provided ranging from 35% of the value of fixed assets up to maximum of INR 65 lakhs

Stamp Duty Exemption - 100%

Concessional Registration charges - INR 0.5 per INR 1000

Reimbursement of Land Conversion Fee - 100%
Incentives For MSME

Electricity Duty

- 100% exemption for initial period 8 years

Interest Subsidy

- Interest subsidy to be provided at 6% on term loans for 7 years for Micro Enterprises

Subsidy for setting up ETPs

- One time capital subsidy up to 75% of the cost of ETP, subject to a ceiling of INR 50 lakhs

Incentive on Technology Adoption

- Subsidy of 50% of cost max INR 1 lakh
Incentives for Large, Mega, Ultra Mega & Super Mega Enterprises

**Incentive on Stamp Duty, Registration Charges & Land Conversion Fee**
- Stamp Duty Exemption - 100%
- Concessional Registration charges - INR 0.5 per INR 1000
- Reimbursement of Land Conversion Fee - 100%

**Electricity Duty**
- 100% exemption for initial period 8 years

**Subsidy for setting up ETPs**
- One time capital subsidy up to 50% of the cost of ETP, subject to a ceiling of INR 100 lakhs

**Market Fee Exemption**
- New Agricultural Produce Processing Industries are exempted from payment of market fee for a period of 10 years
New Textile & Garment Policy
2018-2023
New Textile & Garment Policy 2018-2023

Vision

The State’s New Textile and Garment Policy aims to position Karnataka as a leading destination in the Textile and Apparel sector in the country and to make textile value chain into gold mine value chain. The Policy will provide a stimulus to the textile industry in the State and aims to generate 5 lakh new employments in the next 5 years and attract investments worth INR 15,000 Cr.

Target

- The New Textile Policy envisages an ambitious investment outlay of INR 15,000 crore and aims to generate employment to 5,00,000 people during the policy period i.e. 2018 to 2023

Strategies

- To accelerate growth and increase manufacturing cost competitiveness in the entire textile value chain from fibre to fashion products.
- To give special focus on spinning, weaving (rapier loom, air jet looms and electronic jacquard), integrated units, processing and technical textiles as thrust sectors of the policy to create an internationally competitive textile industry in the State.
- To make Karnataka a skill rich State in each segment of the textile value chain and develop high tech advanced skilling centers for skilling, re-skilling and up-gradation of skills as per the needs of the industry.
- To realise “Zero Effect; Zero Defect” at each level of the textile value chain by attracting large scale investments for manufacturing world class facilities and promoting ZLD Technology.
- To increase the share of handloom exports and support designing, product diversification, branding, marketing and distribution of handloom products to distinct international markets.
- To position Karnataka as a significant manufacturing hub and a net exporter of Technical Textiles
- To become the retail destination and give a boost to the growth of buying houses and international apparel retailers in Karnataka.
New Textile & Garment Policy 2018-2023

General Incentives

Stamp Duty Exemption
- Stamp Duty Exemption - 100%

Concessional Registration Charges
- Concessional Registration Charges - INR 1.00 per INR 1000

Power Tariff Subsidy
- Reimbursement of cost of power paid is between INR 1.0 to INR 2.5 for a period of 5 years

Incentive for Setting up ETP
- 50% capital subsidy, ceiling up to INR 5 Cr.
- For CETP - One time grant support up to 50% of project cost, in case of Handlooms - 80% of project cost
- For CETP - funded by GoI, subsidy by state - 20% of project cost, ceiling up to INR 5 Cr.

Incentive for Capacity Building
- Reimbursement of 50% of the cost of proposed interventions or between INR 5 lakhs to INR.50 lakhs, whichever is less

Incentive for Centre of Excellence
- Grant of INR 10 crore for setting up Centre of Excellence for Textiles
Additional Incentives

For MSME

► Capital Subsidy - 15% to 30% of value of fixed assets
► Additional Capital Subsidy - Additional 5% capital subsidy for Persons with disabilities/ Minority/ Ex- servicemen
► Incentive on ESI/ EPF - 75% reimbursement of employers contribution of wage rate per employee per month for all the new units for a period of 5 years
► Wage Subsidy for SME - For Females- INR 1500 to INR 3000, For Males- INR 1000 to INR 2000

For Large Enterprises

► Capital Subsidy - 10% to 25% of value of fixed assets
► Additional Capital Subsidy - Additional 5% capital subsidy for Persons with disabilities/ Minority/ Ex- servicemen
► Interest Subsidy - 5% per annum Interest Subsidy on Term Loans for the first 5 years
► Wage Subsidy - For Females- INR 1500 to INR 3000, For Males- INR 1000 to INR 2000
Special Incentives for Common Infrastructure for Greenfield and Brownfield Projects

Greenfield Projects
► (a) Greenfield Parks individual up to 25% of the project cost or INR 25 Cr. per Park project, whichever is less irrespective of the Zones they are in.
(b) The SPV would be provided one time grant support for the development of common infrastructure for Greenfield Parks of up to 40% of the project cost or INR 40 Cr. per Park project, whichever is less irrespective of the Zones they are in.
(c) Projects approved and are being funded under any Central Government Scheme may receive fresh approval under such schemes, where only an additional 10% of the Project cost will be provided as supplementary State Government incentive to such Park Projects.

Brownfield Projects
► Brownfield cluster, of up to 40% of the Project Cost or INR 12 Cr. per industrial estate project, whichever is less irrespective of the Zones they are in.

Special Package for Mega Projects
► The Department of Handlooms & Textiles intends to promote and facilitate Mega Projects units in Textiles and Garments which would have multiplier effect and would be integral to the employment generation activity and inclusive sector development in the State.
Karnataka Start-up Policy 2015-2020
**Definition of a Startup**

**Technology Based**
Should be technology based: one that creates a technology based service or product or uses technology for enhancing functionality or reach of an existing product or service.

**Tenure**
The start-up must not have been registered / incorporated for more than 4 (Four) years from the date of such application for any incentive applied under this policy. The same shall be 7 (seven) years for BT companies.

**Location**
The company/entity be registered in Karnataka under the Karnataka Shops and Commercial Establishment Act, 1961.

**Employment**
The company employs at least 50 (fifty) per cent of its total qualified workforce in Karnataka, which shall not include contract employees.

**Exit clause** – A start-up will cease to receive benefits upon reaching revenue criteria of INR 50 crores.
Vision

To create a world-class start-up ecosystem in the state through strategic investment and policy interventions leveraging the robust innovation climate in Bangalore

Target

- Stimulate the growth of 20,000 technology based start-ups including 6,000 product start-ups by 2020 in Karnataka
- Achieve creation of 6 lakh direct and 12 lakh indirect new employments in the sector
- Mobilize INR 2,000 Cr. funding for investment in start-ups through Government intervention alone, by leveraging the Fund of Funds proposed to be put in place by the State Government
- Facilitate generation of at least 25 Innovative Technology solutions with a social impact in sectors like Health care, Food Security, Clean environment and Education for all etc.

Strategies

- New Age Incubation Network (NAIN) - At least 50 academic institutions would be assisted for establishing incubators in two-tier cities in a phased manner
- Fostering strong partnerships between R & D institutions and industry
- Technology Business Incubators (TBIs) in institutes of higher learning
- Providing early stage/idea to POC (Proof of Concept) funding
- Creating Incubation infrastructure through PPP
- Start-up funding through Fund of Funds
- Providing State support in the form of incentives & concessions
- Start-up Cell for handholding established in Karnataka Biotechnology and Information Technology Services (KBITS) for easy flow of information and assistance to needy start-ups
- Start-up council, a dedicated council and a Monitoring & Review Committee have been constituted

Start-up portal and hotline where all stakeholders can interact closely and effectively

Start-up Cell to manage the portal and hotline and provide information on Service providers (CA, lawyers, IP Protection, Real Estate agencies, organizations, programs/events, Incubators, trade delegations, policies regulatory environment etc.)
Incentives

Financial Assistance

- The Government would match the funding raised by the Incubator from Government of India on a 1:1 basis as matching grants

Reimbursement of VAT & CST

- 100% reimbursement for the first 3 years or till the incubator becomes DST certified

Marketing Incentives

- 30% reimbursement, ceiling of INR 5 Lakhs per year per company

Patent Filing Cost Reimbursement

- Reimbursement up to INR 2 Lakhs per Indian patent, up to INR 10 Lakhs per foreign patent
Vision

- To position Bangalore to be the IT R&D and product hub of India
- To maintain Karnataka's leadership in outsourced IT service
- To retain Karnataka's position as the state with largest skilled workforce in India for IT services, Product & R&D
- To enable Karnataka to be the most preferred destination for MSME (Micro, Small & Medium enterprise)
- To be the disaster recovery/Business continuity hotspot due to State's unique & secure geo position

Target

- To set up e learning centres at semi urban & rural areas
- Online text books of all subjects
- Setting up of rural BPO across the state
- Special training module for communication skills

Strategies

- To promote Bangalore as the Hub for Products/Technology & the tier 2/3 cities for IT services
- Steps to establish institutes of higher learning with focus on the Software Product Development
- To create a low entry barrier for collaboration between local & International companies
- Setting up of Research Hub in Bangalore along with a prototype & testing laboratory
- To provide excellent infrastructure & investor friendly policy environment in the state
- Setting up of innovation parks
- Creating an online web portal to act as a networking platform
- Organizing conferences & seminars in various cities to motivate entrepreneurs
Definitions

**IT industry** includes Hardware Manufacturing (IT Hardware & Electronics), IT/ITs, BPO units, Telecom companies include IT software, IT services & IT Enables Services/BPO/Telecom/ & Internet Data Centres

**IT infrastructure** companies mean the real estate infrastructure developer or a builder constructing IT Office space for sale/lease or for lease-cum-sale to IT Industry/Financial Institution for the purpose of IT activities defined by the IT Industry

**Telecommunication** companies include Basic Telecom Service Providers (fixed), VSAT, Cellular (Mobile) companies, Telecom Infrastructure companies, IPSs & any other value added services licensed by Ministry of Communication & IT, GoI

**MSME:** Micro, Small & Medium Enterprise are companies with sales income/turnover less than Rs.10 crores & above Rs. 1 crore per annum
General Incentives

- **Incentive on Stamp Duty**
  - Stamp Duty Exemption - 75% to 100%

- **Incentive on Registration Charges**
  - Concessional Registration Charges - INR 1 per INR 1000

- **Incentive on Conversion Fee**
  - Waiver of Conversion Fee - 75% to 100%

- **Incentives for Export Oriented Enterprises**
  - Exemption from payment of ET - 100% exemption for initial 3 years
  - Reimbursement of Certification Charges - 50% of expenses, ceiling up to INR 2 Lakhs per unit

- **Subsidy for Setting up ETP**
  - 50% of cost, ceiling up to INR 50 Lakhs to INR 100 Lakhs

- **Other Incentives**
  - Relaxation of FSI
  - Exemption from Statutory Power Cuts
  - Application of Uniform Power Tariff Structure
  - Assistance to Disabled Persons
  - Relaxation under Labour Laws
Additional Incentives for MSME

**Investment Promotion Subsidy**
- 10% to 25% on value of fixed assets, ceiling up to INR 5 Lakhs to INR 30 Lakhs

**Electricity Duty Exemption (MSE)**
- 100% exemption for 3 to 5 years

**Incentives for Technology Upgradation (MSE)**
- Interest Subsidy - 5% on loans availed, not covered under CLCSS of GoI
- Tech Adoption - 25% of cost, ceiling up to INR 50,000
- Tech Business Incubation Centre - 25% of project cost, ceiling up to INR 50 Lakhs

**Incentive on Certification & Patent Registration (MSE)**
- ISO Certification - 75% of cost, ceiling up to INR 75,000
- BIS Certification - 50% of fees, ceiling up to INR 20,000
- Patent Registration - 75% of cost, ceiling up to INR 1.25 Lakhs; 50% of cost, ceiling up to INR 75,000

**Incentives for Conservation Measures (SME)**
- Non Conventional Energy Source - 10% of capital cost, ceiling up to INR 5 Lakhs
- Energy Conservation Measures - 10% of capital cost, ceiling up to INR 5 Lakhs
- Water Harvesting/ Recycling - 50% of cost, ceiling up to INR 1 Lakh to INR 5 Lakhs

**Incentive on preparation of Project Reports (MSE)**
- Maximum of INR 10,000 per unit subject to financing of the unit
**Additional Incentives**

**For Large & Mega Enterprises**

- **Interest Free Loan on VAT (Large & Mega)**
  - 25% to 50% of assessed goods for initial 5 to 15 years subject to ceiling up to 50% to 100% of total value of fixed assets

- **Special Incentives (Large & Mega)**
  - For enterprises coming up in low HDI Districts - 75% reimbursement of expenditure towards ESI & EPF for initial 5 years, ceiling of 25% of value of fixed capital investment

- **Additional Incentives (Medium, Large & Mega)**
  - For enterprises following the Reservation Policy of the State - 50% reimbursement of cost towards ESI & EPF for initial 5 years
Karnataka Electronics System Design & Manufacturing (KESDM) Policy 2017-2022
Electronic System Design and Manufacturing (ESDM) Policy 2013

**Vision**

Develop Karnataka into a global ESDM hub and a hotbed of innovation through focused interventions and encouragement to local companies in the sector.

**Target**

- The policy aims to foster high growth for the ESDM industry, which can be achieved by attaining the following goals:
  - Stimulate the growth of 2000 ESDM start-ups during the policy period.
  - Enhance value addition done in Karnataka by 50%.
  - Create 20 Lacs new jobs in the ESDM industry by 2025, both direct and indirect, thereby increasing the total workforce in the sector to ten times the present number.
  - Effect a quantum jump in the overall revenues of Karnataka’s ESDM companies to USD 40 billion by 2025.

**Strategies**

- Skill Development: Nurturing of the talent pool by refining and strengthening the existing initiatives; introduce new, strategic interventions for focus sectors.
- Quality Infrastructure: Create common infrastructure facilities and center of excellences (CoEs), to provide an impetus to local industry & encourage new investments across the state.
- Ecosystem Support: Operationalise PMA policy to encourage domestic procurement; accelerate next generation technologies through pilot projects and encouragement to grass-roots entrepreneurship and IP creation.
- Encouragement to Start-ups and MSMEs: Strengthen the existing Semiconductor venture fund for accelerated investments; promote expansion and growth of through market development activities and support to local companies.
- Enhancing Ease-of-doing Business: Simplify and streamline policies and procedures to enhance overall experience of doing business in the state.
The maximum amount reimbursed to a single company under various incentives, excluding Capital Subsidy, would be capped at INR 3 Crores for a single year and INR 10 Crores during the policy period.

**Definitions**

Start-ups & MSMEs: Investment of less than INR 10 Cr. on Fixed Assets

Large Enterprises: Investment between INR 10 Cr. up to INR 250 Cr. on Fixed Assets

Mega Enterprises: Investment more than INR 250 Cr. on Fixed Assets
### General Incentives

**Incentive on Stamp Duty**
- Stamp Duty Exemption - 75% to 100%

**Incentive on Registration Charges**
- Concessional Registration charges - INR 1 per INR 1000

**Incentive on Land Conversion Fee**
- Reimbursement of Land Conversion Fee - 50% to 75%

**Power Tariff Subsidy**
- Industrial Power Tariff (instead of commercial power tariff) will be applicable to registered KESDM companies to set up in Karnataka and other associated industry within the state.
General Incentives

Subsidy for setting-up ETP

► One time capital subsidy to the tune of up to 50% of the cost of ETP, ceiling up to INR 50 Lakhs to INR 1 Cr.

Patent Registration Incentive

► Reimbursement of 75% of actual costs, ceiling up to INR 2 Lakhs for Domestic Patent and INR 10 Lakhs for International Patent, a maximum of 5 reimbursements per company

International Marketing Incentive

► Reimbursement of 50% of the actual cost, ceiling up to INR 5 Lakhs per year per company

R&D Grant

► Reimbursement of 10% to 25% for expenses on R&D for products, ceiling up to INR 2 Cr. per company per year
Additional Incentives

Electronic System Design and Manufacturing (ESDM) Policy 2013

Incentives for Start-ups & MSMEs

▶ Reimbursement of Quality Certification Costs - 50% of cost, ceiling up to INR 10 Lakhs per year
▶ Reimbursement of Prototyping Cost - 50% of cost, ceiling up to INR 10 Lakhs per year, 2 sanctions per year per company
▶ PF/ESI Incentive - Reimbursement of INR 2,000 per employee per month for 2 years, total ceiling up to INR 12 Lakhs.
▶ Interest Subsidy - up to 6% per annum on term loans will be provided for a period of five years for loans of up to INR 50 Lacs

Incentives for Large & Mega Enterprises

▶ Capital Subsidy - 10%, ceiling up to INR 10 Cr., applicable to first two Anchor Units in each Greenfield Cluster
▶ Big projects and mega investments will be treated on priority under existing provisions and tailor-made benefits and incentives over and above this policy will be extended to them on a case-to-case basis as discussed and decided by the State High Level Clearance Committee (SHLCC).
The quantum of investment subsidies that can be claimed by Eligible Entities for developing tourism projects / tourism related services would vary based on the following parameters:

**Definitions**

**Tourism Projects**: Development, operation and management of tourism projects and tourism related services and shall include accommodation facilities (hotels & heritage hotels, yatri niwas, dormitories); amusement parks; convention / exhibition centers; film city; museums; galleries; caravan parks; wayside amenities; adventure tourism; eco-tourism; agri-tourism; rural tourism; marine & cruise tourism; wellness tourism; information kiosks; information & interpretation centers; event based tourism (art, craft & culture festivals open to public); tourism related vocational training institutes; and other tourism related projects/services approved by the Department of Tourism from time to time.

**Mega Projects**: investment in fixed assets above INR 100 Crore and up to INR 500 crore.

**Ultra Mega Projects**: investment in fixed assets above INR 500 Crore and up to INR 1000 crore.

**Super Mega Projects**: investment in fixed assets above INR 1000 crore.

**FTD**: Focus Tourism Destinations (FTD) as identified by the Karnataka Tourism Vision Group

**HKR**: Hyderabad Karnataka Region (HKR) as classified in the policy

**Backward Regions** of the state, further classified into 4 categories -
- Category 1 being the ‘Most Backward’,
- Category 2 being ‘More Backward’,
- Category 3 being ‘Backward’ and
- Category 4 being ‘Not Backward’
Karnataka Tourism Policy 2015 - 2020

Vision

To develop Karnataka as a safe, sustainable and most-favoured tourism destination - by increasing domestic & international visitations; offering high quality experience to visitors; facilitating and accelerating investments; and improving livelihood opportunities at the local level.

Target

➢ Promote tourism products and services which will encourage repeat visits, increased length of stay and spending by tourists
➢ Preserve the social and cultural fabric of the state, while stimulating economic growth and raising quality of service to global standards
➢ Protect the environment & ecology and encourage safe, sustainable and responsible tourism in the state

Strategies

➢ Position Karnataka as a preferred tourism destination at state, national and international levels
➢ Facilitate improvement of Infrastructure, Tourism Products and Services
➢ Streamline processes for obtaining approvals and clearances
➢ Prioritise Human Resources Development & Capacity Enhancement
➢ Promote ICT based initiatives for providing timely and reliably information services to tourists
➢ Create institutional structures for effective implementation of the Policy
➢ Provide attractive concessions and investment subsidies for various tourism products and services

The Government has approved the Tourism Trade (Facilitation and Regulation) Bill for enabling investments in tourism, ensuring safety & security of tourists and strengthening accountability at various tiers of government.
Incentives

**Incentive on Stamp Duty**
- Stamp Duty Exemption - 50% to 100%

**Incentive on Registration Charges**
- Concessional Registration charges - INR 1 per INR 1000

**Incentive on Land Conversion Fee**
- Reimbursement of Land Conversion Fee - 75% to 75%

**Transfer of Land on Lease Basis**
- Provided for a period of 30 years, renewable by another 30 years (through appropriate lease/development agreements)

**Interest Free Loan**
- Up to 75% to 100% of EPC for a period of 9 to 14 years’
Incentives

Exemption on Motor Vehicle Tax
► Vehicles purchased by tourism project for carrying out tourism related activities shall be exempted from payment of Motor Vehicle Tax.

Development Rights for Heritage Buildings (DRHB)
► Award of development rights certificate from the local body concerned, as per prevailing development regulations and approvals.

Rating of Tourism Products and Services
► All tourism products developed in the state shall be certified by an Accreditation Agency, to ensure delivery of quality services to tourists at acceptable standards.

Concession for Homestays
► Payment of electricity and water charges at domestic tariffs.
► Property tax rates as prescribed for residential purposes.

Recognition to Corporate Homes
► Department of Tourism shall encourage corporate homes in tourist destinations of the state by recognising, approving and providing accreditation to such corporate homes that comply with the guidelines issued by the Department.
Contact Details

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