


Karnataka Industrial Policy

2025-2030

- Kamalakara & Co, Cost Accountants



Vision, Mission, and Objectives

- ▶ **Vision** : position Karnataka as the #1 destination for High-technology manufacturing investments in Asia through equitable and sustainable development
 - ▶ **Mission** : To establish an investor-friendly ecosystem in Karnataka by fostering a conducive manufacturing environment
 - ▶ **Objectives** : attracting investments of INR 7,50,000 Cr & generating approximately 20,00,000 new jobs
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Validity of the policy

- ▶ This policy shall be valid for a period of five years from the date of issue of the Government Order or till such time that a new policy is introduced
- ▶ the policy is valid for New Manufacturing Investments in Karnataka with the categories defined below & incentive will be considered on the same,

Category	Investment Amount in Plant and Machinery (INR Crore)
Micro	Upto 1
Small	>1-10
Medium	>10-50

Table 1- Definition of Micro, Small and Medium Investments

Category	Minimum Total Capital Investment Amount (INR Crore)
Large	>50 - 300
Mega	>300 - 1000
Ultra Mega	>1000



Expansion

- ▶ the enterprise to be eligible for incentives under the expansion program must increase the capital expenditure by at least 25% of the existing fixed investment

Sector Coverage for various policies of Karnataka

Category	Sectors	Current Policy
GDP Accelerator	Aerospace and Defence	Aerospace & Defence Policy 2022-27
	Electronic Components	Special Incentives Scheme for ESDM Sector 2020-25
	Core Manufacturing (Steel, Cement, Metals)	Industrial Policy 2025-30
	Warehousing and Logistics	Industrial Policy 2025-30
Employment Generators	Textiles	Textile and Garment Policy 2019-24
	Electronic Manufacturing Services	Special Incentives Scheme for ESDM Sector 2020-25
	Manufacturing Support Services	Industrial Policy 2025-30
	Tourism	Karnataka Tourism Policy 2024-29
Innovation Drivers	Future Mobility - Battery/EV/Fuel Cell	Electric Vehicle and Energy Storage Policy 2017
	Green Hydrogen	Renewable Energy Policy 2022-27
	Industrial Robots	Special Incentives Scheme for ESDM Sector 2020-25
	Drones	A&D Policy 2022-27
	Semi-Conductor Manufacturing	Special Incentives Scheme for ESDM Sector 2020-25
	AR/VR/Smart Devices	AGVC-XR Policy 2023
	Med Tech	Special Incentives Scheme for ESDM Sector 2020-25

Other Sectors	Space Tech	A&D Policy 2022-27
	Biotechnology	Biotechnology Policy 2024-29
	Renewable Energy	Renewable Energy Policy 2022-27
	Software and IT Services	IT Policy 2020-25
	Pharmaceuticals	Industrial Policy 2025-30
	Machine Tools	Industrial Policy 2025-30
	Capital Goods	Industrial Policy 2025-30
	Toys	Industrial Policy 2025-30
	Automobile	Industrial Policy 2025-30
	FMCG (Food/Consumer Goods manufacturing)	Industrial Policy 2025-30



Design Principles of Industrial Policy 2025-2030

- ▶ A clear strategy has been identified with 4 key pillars and 4 enablers to strengthen the manufacturing base

- ▶ **Key Pillars of Industrial Policy 2025-2030:**

Financial Incentives: Flexibility in incentives for investors between Capital Subsidy and Production Linked Incentives

World Class Infra: Mechanisms for PPP collaboration for infrastructure development as well as government support on dormitories and affordable housing for ultra mega investments □

Ease of Doing Business: Revamping the Single Window System with reforms on permits required for setting up of Industries, simplification of the process for approvals

Human Capital: Collaboration platform for Industry, Govt. and Academia while also offering Short-term and long-term curriculums for ITIs and polytechnics to ensure a future-ready talent pipeline




➤ **Four Key Enablers for the Industrial Policy 2025-2030:**

Sustainability: Promotion of Green Industrial areas while also providing incentives for green and sustainable initiatives undertaken by investors □

Innovation: Make Karnataka a knowledge and innovation hub by strengthening the R&D and Startup ecosystem and establishing KWIN (Knowledge, Wellbeing & Innovation) city focused on Knowledge, Healthcare, Innovation and Research.

Inclusive Development: Bolster the MSME ecosystem in the supply chain through infrastructure provision, incentivizing women's participation in the workforce and cluster development in industrially backward regions □

Governance: Seamless execution of the policy and monitoring at regular intervals for transparency



Flexible and Competitive Financial Incentives

- ▶ **Base Subsidy for Large and Above Investments:**

- It is offered with an option to choose either a capital expenditure subsidy or Production Linked Incentives (PLI).

- The advantage of the option can be taken by the industries based on their business models where capital-intensive industries can choose capital subsidy, while high revenue-generating sectors can choose PLI.


Following are the incentives offered as Base Subsidy:

a) Capital Expenditure Subsidy for Large, Mega & Ultra Mega Enterprises

b)

Zone 1	Zone 2	Zone 3
25% of Total Value of Fixed Assets disbursed in 5 years	20% of Total Value of Fixed Assets disbursed in 5 years	10% of Total Value of Fixed Assets disbursed in 5 years only for Bengaluru Rural

Zone 1	Zone 2	Zone 3
2.5% of Net Sales Turnover for 7 years from Commercial Production	2.0% of Net Sales Turnover for 7 years from Commercial Production	1.0% of Net Sales Turnover for 7 years from Commercial Production only for Bengaluru Rural
Incentives Capped at 60% of VFA	Incentives Capped at 60% of VFA	Incentives Capped at 30% of VFA



- ▶ **Minimum Employment:**

- ▶ Due to advancements in the Artificial Intelligence as well as industry focus on Automation to increase productivity, the minimum employment thresholds have been rationalized.

- ▶ The following table depicts the rationalized minimum employment threshold to avail the above incentives:

Category (INR Cr.)	Minimum Investment (INR Cr.)	Minimum Employment (# of people)
Large (50-300)	50	50% of Actual Investment Amount in INR Crore
Mega (300-1000)	300	Minimum Employment: 25 - 500
Ultra Mega (1000+)	1000	500+ (Additional 6 jobs per 50 Cr)

Additional incentive

Additional incentives for the Taluks as categorized by Dr. D.M. Nanjundappa Committee Report as below:

- ▶ Capital Expenditure Subsidy – Additional 5% of total value of fixed assets for most backward taluks and additional 3% of total value of fixed assets for more backward taluks.
- ▶ Production linked incentives – Additional 5% of incentives capped for most backward taluks and additional 3% of incentives capped for more backward taluks.



Booster Subsidy for Large and Above Investments

- ▶ These boosters have been provided over the base subsidy.
 - ▶ In case PLI is chosen as the base subsidy, the total increase in VFA cap would not be higher than 5% irrespective of the number of boosters applicable for the investment.
- a) Employment Booster for Large, Mega & Ultra Mega Enterprises

	Slab 1	Slab 2	Slab 3
Employment Slabs (x: Multiple of Minimum Employment)	3x-4x	4x-5x	>5x
Booster on Incentive opted (additional incentive on Capital Subsidy/ PLI eligible incentive amount)	7.5%	10%	15%
The absolute increase in VFA limit in case of PLI chosen as base subsidy	5%	5%	5%

The following table depicts the Exhibit of Employment Booster Subsidy Calculations:

Investment	Value
Investment Amount (INR Cr.)	800
Location of Investment	Zone 2
Fixed Asset to Turnover Ratio (FATR)	125%
Employment Generated	1400
Category of Investment	Mega
Base Subsidy Opted by Investor	Capex Subsidy
Base Subsidy (Capex Subsidy)	20% of Value of Fixed Assets disbursed in 5 years after commercial production
Minimum Employment Threshold	$800 \times 0.5 = 400$
Employment Slab	$1400 / 400 = 3.5$: Slab 1
Employment Booster applicable	7.5%
Total Subsidy (Capex Subsidy)	$20\% \times (1 + 0.075) = 21.5\%$ of Value of Fixed Assets disbursed in 5 years



b) Women's Participation in the Workforce for Large, Mega & Ultra Mega Enterprises

The following table depicts the booster on incentives basis percentage of women in the workforce:

	Slab 1	Slab 2	Slab 3
Percentage of Women in the Workforce	50%+	60%+	70%+
Booster on Incentive opted (additional incentive on capital subsidy/PLI eligible incentive amount)	7.5%	10%	15%

The following table depicts the Exhibit of Women Participation Booster Subsidy Calculations:

Investment	Value
Investment Amount (INR Cr.)	800
Location of Investment	Zone 2
Fixed Asset to Turnover Ratio (FATR)	150%
Employment Generated	800
Category of Investment	Mega
Base Subsidy Opted by Investor	PLI Subsidy
Base Subsidy (PLI Subsidy)	2.0% of Net Sales Turnover for a period of 6 years after Commercial Production
Percentage of women in the workforce	65%
Women Participation Slab	Slab 2
Women Participation Booster applicable	10%
Total Subsidy (PLI Subsidy)	$2.0\% \times (1 + 0.01) = 2.2\%$ of Net sales Turnover for a period of 6 years after Commercial Production

c) Booster for co-location of R&D and manufacturing units of Large, Mega & Ultra Mega Enterprises

- All large, mega, and ultra mega enterprises that are setting up a manufacturing unit and either have an existing R&D facility or are planning to set up one would be eligible for the following booster incentive:

Booster	Booster on incentive opted	Absolute increase in VFA limit in case PLI is chosen as base subsidy
Capital Subsidy on Manufacturing	10%	NA
Production-Linked Incentive (PLI) on Manufacturing	10%	5%
Additional Incentives on R&D	NA	NA



5.3 Additional Support to Large, Mega & Ultra Mega Enterprises

▶ Exemption from Stamp Duty

• Eligible Documents:

- Loan agreements, credit deeds, mortgage deeds, hypothecation deeds.
- Lease deeds, lease-cum-sale deeds, sub-lease deeds, absolute sale deeds.

• Eligible Institutions:

- State Government, State Financial Corporations, National Institutions, Banks, etc.

• Exemption Rates:

- **Zone 1:** 100% exemption.
- **Zone 2:** 75% exemption.
- **Zone 3:** No exemption.

• Working Capital Loans:

- Exemption available for **3 years** from the start of commercial production.

5.3 Additional Support to Large, Mega & Ultra Mega Enterprises

Concessional Registration Charges

Applicable Zones:

- **Zone 1 and Zone 2:** INR 1 per INR 1000 of property value.
- **Zone 3:** Nil charges.

• **Objective:** Reduce the cost of property registration for industrial enterprises.

Additional Notes on Stamp Duty & Registration Charges

1. Lands under Section 109 of KLR Act, 1961:

1. Exemption applicable for projects approved by SLSWCC/SHLCC.

2. Final Sale Deed Registration:

1. Exemption available after lease period expiry.

3. CETP/Industrial Hazardous Waste Projects:

1. 100% exemption in all zones.

4. Lands Transferred by KIADB to KSSIDC:

1. 100% exemption in all zones.

5. Reimbursement of Stamp Duty:

1. 100% reimbursement until amendment to Karnataka Stamp Act.

Reimbursement of Land Conversion Fee

- **Zone 1:** 100% reimbursement.
- **Zone 2:** 100% reimbursement.
- **Zone 3:** No reimbursement.

Zone Classification

- **Zone 1:** Least developed areas (maximum incentives).
- **Zone 2:** Moderately developed areas.
- **Zone 3:** Highly developed areas (minimal or no incentives).

Objectives and Benefits

- Encourage investments in less industrialized regions.
- Promote balanced regional development.
- Reduce operational costs for enterprises.
- **Benefits:**
 - Enhanced competitiveness.
 - Job creation and economic growth.

5.4 Fiscal incentives for logistics and warehousing

- ▶ The logistics and warehousing companies will be eligible for these fiscal incentives subject to the minimum investment and minimum area conditions as mentioned

Capex Subsidy	PLI
Same capex subsidy under Base Subsidy extended on construction cost with a limit of INR 1 Crore per 1,000 people's accommodation	One-time subsidy up to a limit of INR 1 Crore per 1,000 people's accommodation

5.5 Affordable Industrial Dormitory Subsidy

- ▶ Incentives are also provided for the construction of dormitories for Ultra Mega Investors. The amount will depend on the option chosen by an investor in Base Subsidy






The conditions set for availing of the Industrial Dormitory incentives are as follows:

1. The Industrial Dormitory ownership should be with the same entity as the entity doing the manufacturing investment
2. The ownership of the land on which the Industrial Dormitory should be with the same entity as the entity doing manufacturing investment
3. The location of the Industrial Dormitory should be within the same or different KIADB Industrial Area <5 km from the location of the manufacturing investment
4. The Industrial dormitory subsidy will be disbursed after due verifications on the number of people availing of the accommodation facility in the industrial dormitory



5.6 Sustainability Linked Incentives

- ▶ Incorporating sustainability-linked incentives into the new industrial policy of Karnataka is crucial for fostering a resilient and future-ready industrial sector.
 - ▶ These incentives will drive industries to adopt eco-friendly practices, reduce carbon footprints, and enhance resource efficiency.
 - ▶ By prioritizing sustainable development, Karnataka can attract forward-thinking investors, create green jobs, and ensure long-term economic growth without compromise in environmental integrity.
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capital expenditure / operational expenditure under the following initiatives will not be considered under calculations of the Value of Fixed Assets for Base Subsidy.

Initiatives	Incentives (Capped at 10% of Value of Fixed Assets)
Environmental Infrastructure Facilities	
a) ETPs	50% of cost of equipment up to INR 2.50 Cr
b) CETPs, Waste Management Projects, Industrial Hazardous Waste Disposal Projects)	50% of cost of equipment up to INR 5.00 Cr
Zero Liquid Discharge	50% of cost of equipment up to INR 1 Cr
Air Pollution Control Measures (Electrostatic Precipitators, Bag House Filters, Scrubbers, SCR system)	50% of cost of equipment up to INR 1 Cr
Energy Efficiency Measures (High-Efficiency Lighting - LEDs, Use of high-efficiency motors through Variable Frequency Drives, Installation of Continuous Energy Monitoring Systems (CEMS) and Continuous Air Quality Monitoring Systems (CAMS), etc)	50% of certification costs up to INR 1 Cr
Electrification of Low-Temperature Thermal Processes as well as Energy Backups (to Li-ion BESS)	50% of cost of equipment up to INR 1 Cr
Conversion of Passenger Vehicles and Utility Vehicles exclusively used in Industrial Areas to EV	Subsidy of 10% of cost up to a total of INR 20 Lakh
Other Emerging Green Technology Areas	Case-to-case basis

5.7 Financial Incentives for MSME Enterprises

Support	Details	
Capital Subsidy for Micro Industries	General	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen)
	Zone 1: 30% of VFA (max of INR 30 Lakh) Zone 2: 25% of VFA (max of INR 25 Lakh) Zone 3: 10% of VFA (max of INR 10 Lakh) (only Bengaluru Rural) VFA - Value of Fixed Assets	Zone 1: 35% of VFA (max of INR 35 Lakh) Zone 2: 30% of VFA (max of INR 30 Lakh) Zone 3: 15% of VFA (max of INR 15 Lakh) (only Bengaluru Rural) VFA - Value of Fixed Assets
Capital Subsidy on for Small Industries	General	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen)
	Zone 1: 25% of VFA (max of INR 200 Lakh) Zone 2: 20% of VFA (max of INR 150 Lakh) Zone 3: 10% of VFA (max of INR 50 Lakh) (only Bengaluru Rural) VFA - Value of Fixed Assets	Zone 1: 30% of VFA (max of INR 225 Lakh) Zone 2: 25% of VFA (max of INR 175 Lakh) Zone 3: 15% of VFA (max of INR 75 Lakh) (only Bengaluru Rural) VFA - Value of Fixed Assets
Note on Subsidy for Micro and Small Enterprises	The capital subsidy will be disbursed in 2 installments.	

Support	Details	
	Capital Subsidy	Production linked incentive
<p>Base Subsidy for Medium Industries</p> <p>The choice between Capital Subsidy and Production Linked Incentives</p>	<p>Capital Subsidy after commercial production disbursed in 4 annual and equal disbursements</p> <p>Zone 1: 25% of VFA (max of INR 10 Cr.)</p> <p>Zone 2: 20% of VFA (max of INR 8 Cr.)</p> <p>Zone 3: 10% of VFA (max of INR 4 Cr.) (only for Bengaluru Rural)</p> <p>VFA - Value of Fixed Assets</p>	<p>Production Linked Incentives for 7 years</p> <p>Zone 1: 2.5% of net sales turnover (capped at 60% of VFA)</p> <p>Zone 2: 2.0% of net sales turnover (capped at 60% of VFA)</p> <p>Zone 3: 1.0% of net sales turnover (capped at 30% of VFA) (only Bengaluru Rural)</p> <p>VFA - Value of Fixed Assets</p>

Note:

Medium Enterprises can avail production linked incentive to an extent of percentage of the turnover in each financial year for a maximum period as above from the date of commercial production. Such cumulative production linked incentive availed will be limited to either the period or VFA limits whichever is reached earlier and no carry forward is permitted.



5.8 Support to Healthcare Enterprises

- ▶ Healthcare enterprises form a critical part of the civic amenities required to create a thriving industrial ecosystem. Eligible healthcare enterprises can be defined as hospitals with diagnostic labs set up over at least 1 acre in Industrial Area/estate and having at least 50 beds. Ayurvedic hospitals shall not be eligible for incentives.



5.9 Eligibility for Customized Incentive Package

- ▶ Investments greater than INR 1,000 Cr will be eligible for a customized incentive package on a case-to-case basis depending on the strategic nature of the investment and the employment generation potential of the investment.




6 Enabling World-Class Industrial Infrastructure

- ▶ **6.1 Involvement of Private Players for Infrastructure Development:**
- ▶ Infrastructure is one of the key requirements of the investors in deciding for location of investment.
- ▶ Along with connectivity in the state in the form of Roads, Railways, and Airports, it is equally important for the investors to have confidence in the trunk infrastructure in the industrial areas like internal roads, power supply, water supply, natural gas supply, etc.




6.2 Support on Industrial Dormitory Construction by Investors

- ▶ In addition to these infrastructural developments, the policy also recognizes the importance of supporting the workforce directly.
 - ▶ It proposes the construction of dormitories by private entities to provide affordable and convenient living options for factory workers.
 - ▶ The government will support these efforts through subsidies, making it financially viable for private players to invest in these critical accommodations.
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6.3 Support on creation of Common Facility Centres

- Further, it is proposed to create Common Facility Centres (CFC) in key industrial areas and strategic sectors to provide infrastructure to upcoming startups and MSMEs to utilize the facilities and get embedded into the supply chain ecosystem of large investors. A CFC would serve as an infrastructure support in terms of quality testing and prototype development..



Following are the benefits envisioned through CFCs in Karnataka

- ▶ Cost Efficiency
 - ▶ Access to Advanced Technology
 - ▶ Skill Development
 - ▶ Quality Improvement
 - ▶ Research and Development:
 - ▶ Enhanced Competitiveness
 - ▶ Collaborative Environment
 - ▶ Support Services
 - ▶ Sustainability:
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6.4 Infrastructure support for Waste Management

- ▶ Waste management is a critical responsibility of the Karnataka State Government, driven by both constitutional and statutory mandates.
- ▶ Sanitation, including waste management, is listed under List II of the Seventh Schedule of the Indian Constitution, making it a prerogative of the State.
- ▶ The Plastic Waste Management Rules, 2016, and subsequent amendments emphasize the role of State authorities in implementing effective plastic waste management strategies.
- ▶ These rules mandate the State to ensure that plastic waste is collected, stored, transported, and disposed of in an environmentally sound manner, involving various stakeholders such as wastepickers, recyclers, and processors.



6.5 Special Investment Region

- ▶ Karnataka Special Investment Region Act, 2022” was notified on 12.01.2023 for the establishment, operation, control and management of mega industrial regions and for establishment of industrial areas in the State and Karnataka Special Investment Region Rules, 2023 was also notified.
- ▶ The Government will declare Investment Region or Industrial Area and designate them as Special Investment Region under the provisions of this Act.
- ▶ By giving SIR status, the Government proposes to develop the investment region /industrial area as global hubs of economic activity supported by world class infrastructure, premium civic amenities, centers of excellence and proactive policy framework.



6.6 Enhanced FAR guidelines

- ▶ Building regulations have locked up substantial factory land and restricted the ability of enterprises to allocate capital to the most productive use. Changes in building regulations can lead to a significant reduction in cost of doing businesses and increase in job opportunities.
- ▶ Reforms will be undertaken as in KIADB building regulations to maximize land use efficiency and a higher Floor Area Ratio (FAR) both in Urban & Rural areas / local authorities.



7 Revamping Single Window System for Ease of Doing Business

- **Simplified Processes:**
 - **CAF (Common Application Form):** Unified in-principle approvals at District/State levels.
 - **ABC (Affidavit Clearance):** Fast-track construction approvals via Karnataka Udyog Mitra.
 - **130+ Services, 30+ Departments:** Single-portal access for applications, renewals, and amendments.
- **Tech-Driven Innovations:**
 - **AI Chatbot:** Multi-lingual, Generative AI for policy/approval guidance.
 - **Wizard-Based Discovery:** Automated checklist for required approvals.
 - **Incentive Calculators:** Tools for informed financial decisions.



Enhanced Investor Experience

- **Transparency & Convenience:**
 - Real-time application tracking, event-based alerts.
 - Mobile-friendly, multi-lingual interface.
 - Elimination of duplicate data entry.
- **Incentive Management:**
 - End-to-end claim processing and disbursement module.
- **Grievance Redressal:** Dedicated portal for queries and complaints.

Integration & Governance Tools

• **Seamless Connectivity:**

- Integration with **National Single Window** and Central agency systems.
- **SLA Dashboards:** Real-time tracking of service delivery timelines.
- Threshold-based escalations for delayed approvals.

• **SLA-Based Service Delivery:**

- Mandatory compliance under **SAKALA Act** for defined timelines.
- Continuous review of SLAs to reduce delays.

• **EoDB Coordination Committee:**

- Led by Chief Secretary; aligns state initiatives with DPIIT frameworks.

• **Investment Monitoring Committees:**

- **Committee 1:** Tracks proposals approved by SHLCC/SLSWCC.
- **Committee 2:** On-ground facilitation by Industrial Development Commissioner.



➤ Expected Outcomes

- **For Investors:**
 - 30-50% faster approvals.
 - Reduced bureaucratic hurdles and enhanced transparency.
- **For Government:**
 - Improved accountability via SLA dashboards.
 - Higher investor confidence and economic growth.

➤ Vision & Next Steps

- **Vision:** Make Karnataka India's most investor-friendly state by 2030.
- **Next Steps:**
 - Phased rollout of the revamped system.
 - Stakeholder feedback loops for continuous improvement.
- **Closing Visual:** Karnataka map with rising investment graphs and digital infrastructure icons.



8. Ensuring Future-Ready Human Capital

- ▶ The policy emphasizes the importance of skilling and training to prepare the workforce for future industrial demands. Key initiatives include:
 - **Expanding ITI (Industrial Training Institute) adoption** in collaboration with industries, particularly in regions like Gulbarga, Vijayapura, and Tumkur. This aims to reduce employee training costs by 40% and create a readily available talent pool.
 - **Developing a manufacturing-focused curriculum** in partnership with industry leaders, startups, and universities. Fields such as software development, chemical handling, and advanced robotics will be prioritized.
 - **Conducting skill-gap studies** in all 31 districts and providing refresher training for trainers.
 - **Leveraging Government Tool Room Training Centres (GTTC)** for skilling programs on state-of-the-art infrastructure.
 - **Nipuna Karnataka initiative**, which focuses on equipping youth with industry-relevant skills through advanced training programs and partnerships with leading companies.

9. Promotion of Sustainability

- **Quick Wins by Sustainability Initiatives:**
 - Decarbonization of existing industries.
 - Setting regulations and standards for new industries.
 - Promoting green industrial areas and converting existing ones.
- **Sustainability Outcome Linked Incentives:**
 - Encouraging Green Building Certifications (IGBC/LEEDs) and Green Operations Certifications (GreenCo Rating System).
 - Supporting the restoration of water bodies and water treatment plants.
 - Promoting industrial symbiosis, where waste from one industry is used as raw material for another.
 - Establishing EV charging stations in industrial areas.
- **Government support** for companies procuring renewable energy from independent power producers.

10. Logistics and Warehousing

- ▶ The policy outlines five major initiatives to boost the logistics and warehousing sector:
 1. **Fiscal incentives** as per section 5.4.
 2. **Ease of Doing Business:**
 - ▶ The logistics and warehousing sector has been accorded "Industry" status, allowing for industrial power tariffs instead of commercial tariffs.
 - ▶ **Environmental clearances:**
 - ▶ The threshold area for environmental clearance exemption has been increased to 1,50,000 sq. meters for warehouses.
 - ▶ The logistics and warehousing industry is being considered for reclassification into the Green category due to its low pollution footprint
 3. **Upskilling and recognizing the workforce.**
 4. **Technological advancements.**
 5. **Sustainability.**

11. Bridging Innovation Continuity

11.1 Strengthening the Startup Ecosystem

Key Stats:

- 18,000+ startups in Karnataka.
- \$4B+ venture capital (2023).

Government Support:

- Karnataka Startup Policy, Elevate 100.
- Incubators (IT, biotech, fintech).

Initiatives:

- VentuRISE:** Global challenge for manufacturing startups.
- Proof-of-Concept Grants:** For robotics, sustainability, advanced manufacturing.

- Visual:** Startup ecosystem infographic with icons for funding, sectors, and events.

11.2 – Enlarging R&D Base

1. Hosts **40% of India's Global Capability Centres(GCCs)**.

2. **Synergies from R&D-Manufacturing Integration:**

Accelerated innovation, cost efficiency, talent retention (use **interconnected hexagons**).

3. **Proposed Initiatives:**

Semiconductor Research Park: Collaboration with global tech firms.

Knowledge, Wellbeing & Innovation City: 2,000-acre IP-driven R&D hub.

4. **Visual:** Side-by-side images of a semiconductor lab and innovation city layout.

11.3 – Industry

Technologies Driving Industry 5.0:

- AI, IoT, 3D printing, robotics, AR/VR (use **tech icons**).

Key Initiatives:

○ **Centre of Excellence (CoE):**

- INR 100 crore grant.
- Focus: Training, AI, robotics, advanced manufacturing.

○ **Subsidies:**

- 50% capital subsidy for digital manufacturing (first 5 units).
- INR 5 lakh/company for MSMEs (500 companies).

• **Visual:** CoE blueprint with tech integration.

➤ **Support Mechanisms**

• **Hardware Incubators:**

- Subsidized infrastructure for startups in manufacturing.

• **Institutional Collaborations:**

- Skill-building programs for tech integration.

• **Visual:** Image of a hardware lab with mentorship graphics.



12 Ensuring Inclusive Development in Karnataka

► Importance of MSMEs


- **Stats:**
 - 8.5 lakh MSMEs in Karnataka.
 - 30% contribution to state GDP.
 - Employs 55 lakh people.
- **Role:** Utilizes local resources, fosters entrepreneurship, and drives equity.

► Challenges Faced by MSMEs

- **Key Issues:**
 - High cost of funds.
 - Weak market linkages.
 - Limited global exposure.
- **Visual:** Infographic of barrier

► Objectives:

- Enhance access to finance, tech, and markets.
- Promote skill development and sustainability.
- Global competitiveness for inclusive growth.



- **Affidavit-Based Approval System (ABAS)**

- **Process:**

- Self-declaration for compliance.
- 3-year window to secure approvals.

- **Impact:** Faster setup, reduced bureaucracy.

- **Single Window Clearance System**

- **Features:**

- Online portal for all approvals (registration, licenses).
- Transparent and time-bound process.

- **Outcome:** Ease of Doing Business ranking boost.

- **Infrastructure Support – KIADB**

- **Land Allocation:**

- 30% earmarked for MSMEs.
- Reservations: SC/ST (24.1%), Minorities/Disabled (10%), Women (5%).

- **Visual:** Pie chart of reservations.

- **Infrastructure Support – KSSIDC & Rural Areas**

- **KSSIDC:**

- 100% land for MSMEs with similar reservations.
- Plug-and-play sheds (20%) near Bengaluru, Mysuru, etc.

- **Rural Clusters:**

- 100–150 plots (2,000–10,000 sq.ft) in industrial corridors.

- **Enhancing Women’s Participation**

- **Key Initiative:**

- 5% land reservation for women entrepreneurs.
- Plug-and-play sheds for women-led MSMEs.

- **Visual:** Icon of women entrepreneurs.



► Strategic Cluster Development

- **Rural Industrial Areas:**

- Road connectivity, water, and power infrastructure.
- Local job creation and regional balance.

- **Visual:** Map showing clusters across Karnataka.

► Financial Incentives Highlights:

- Subsidies for tech adoption.
- Credit guarantees and tax benefits.
- **Note:** Detailed incentives covered in a separate section.



12.1.2.1 Market Access

- ▶ Vendor Development Conclave to be organized in 2025 this Conclave will act as a platform for MSMEs to learn about buyer requirements (products and volumes) and meet with them to pitch their services. Additionally, it will allow MSMEs to exhibit their products and capabilities. It will also be a platform wherein MSMEs can upskill and gain technical capabilities through sessions and workshops.




12.1.2.2 Public Procurement Support

- ▶ Goods manufactured by Micro & Small Enterprises located in the State will be allowed a price preference of 15% against the Large & Medium Enterprises / Industries of the State and enterprises/industries of other States during the Government Department's purchases.
- ▶ To reduce the transaction cost of doing business, Micro & Small Enterprises registered with NSIC under a single point vendor registration scheme shall be facilitated by providing them tender sets free of cost, exempting from payment of earnest money during purchases by all Government Departments and State-owned PSUs.




12.1.3 Measures to bolster SC/ST-owned MSMEs

- ▶ KIADB and KSSIDC to allot land / shed at 75 percent subsidized cost in all zones. The concessional allotment of land/shed will be available to domicile SC/ST entrepreneurs only subject to a maximum of 2 acres / one shed and subsequent allotments will be at prevailing rates of KIADB / KSSIDC.
- ▶ 60 percent subsidy limited to INR 5.00 lakh on bank loans availed by SC/ST entrepreneurs through financial institutions/banks/co-operative and rural regional banks (excluding co operative financial associations) for setting up cottage and micro enterprises for a project cost of up to INR 10.00 lakhs.

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- ▶ Soft Seed Capital Assistance: Interest-free loan at 50% of promoter's contribution for loan availed at 2:1 debt-equity ratio for project cost up to INR 10.00 crore to establish new/ expansion/ modernization of micro/small enterprises by SC/ST entrepreneurs, applicable as per the Government Order CI 91 SSI 2019 dated 13/09/2022.
 - ▶ Free distribution of Khadi Charakas to SC/ST Khadi Workers identified by Karnataka Khadi and Village Industries Board.
 - ▶ Financial assistance to SC/ST entrepreneurs at 50 percent of the cost of establishment of Private Industrial Estates limited to INR 5.00 crore on a minimum of 10 acres of land.
 - ▶ Subsidy on power charges for the first 5 years @ INR 2.00 per unit to SC/ST-owned new Enterprises working from 01-04-2017 onwards.
 - ▶ Entrepreneurs' awareness and development programs



12.1.4 Support to Artisans

- ▶ The following support is proposed to be provided for artisans:
 - ▶ Customized free training at NID and NIFT for selected trainers.
 - ▶ Educating artisans in modern skills like e-marketing and information & communication technology.
 - ▶ Organizing study tours for selected artisans across the country.
 - ▶ Providing stall rate concessions at metro stations, airports, bus stands, railway stations, major star hotels and major tourism attractions throughout the State.
 - ▶ Hosting an annual national-level haat, offering a platform for artisans to showcase and sell their products.
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12.1.5 MSME Excellence Awards

- ▶ The Government will confer annual awards to MSMEs for achieving excellence and growth in manufacturing. This initiative aims to recognize and celebrate the outstanding contributions of MSMEs to Karnataka's economy. By honoring their achievements, the Government seeks to encourage innovation, enhance competitiveness, and inspire other enterprises to strive for excellence in their respective fields.



12.1.6 Digital Portal/Website

- ▶ To further enhance support for MSMEs, a comprehensive digital portal or website is proposed to be developed as part of the Vendor Development Conclave 2025. This portal will integrate and act as a platform for matchmaking to aid vendor development within the State.





▶ Women's Workforce Participation – Current Status

• **Data Highlights:**

- Karnataka's FLFPR: **30.3%** (All ages) vs. National Avg: **27.8%**.
- Urban FLFPR: **24.8%** – *Untapped Potential*.

- **Visual:** Bar chart comparing Karnataka vs. national rates.

- ▶ **Key Takeaway:** Urban sectors offer significant opportunities for industries.

▶ Why Women's Participation Matters

• **Economic Benefits:**

- Boosts productivity, innovation, and GDP.
- Reduces poverty, improves living standards.

• **Social Impact:**

- Diverse teams enhance decision-making.
- Aligns with UN Sustainable Development Goals (SDGs).

- ▶ **Visual:** Infographic linking women's empowerment to economic metrics.

▶ Strategies to Enhance Participation

• **Policy Recommendations:**

- Flexible work hours & remote options.
- Enhanced maternity benefits and childcare support.
- Safe transportation and workplace safety measures.



➤ Policy Monitoring – Overview

- **Objective:** Streamline approvals via the revamped **Single Window System**.

- **Key Features:**

- Real-time dashboard tracking of applications.
- Quarterly and monthly reviews for accountability.
- Dedicated nodal officers for investor handholding.
- **Visual:** Flowchart showing application → monitoring → resolution.

➤ Three-Tier Monitoring Committees

➤ 1. High-Level Monitoring Committee

- **Chair:** Chief Secretary
- **Cadence:** Quarterly reviews
- **Role:** Track application status via dashboards; resolve bottlenecks.
- **Members:** Heads of departments.

➤ 2. Inter-Departmental Working Committee

- **Chair:** Reports to High-Level Committee
- **Cadence:** Monthly meetings
- **Role:** Process applications on Karnataka Udyog Mitra portal.
- **Members:** Nodal officers from each department.

➤ 3. State Level Coordination Committee

- **Chair:** Additional Chief Secretary (Commerce & Industries)
- **Role:**
 - Update Annexure-4 (service activities).
 - Resolve ambiguities in policy implementation.

- **Authority:** Final decision-making power.

- **Visual:** Hierarchy diagram of committees.

▶ Investor-Centric Support

- **Nodal Officers:**
 - Assigned to **every investor** for end-to-end support.
 - Escalate pending issues promptly.
- **Karnataka Udyog Mitra Portal:**
 - Centralized platform for application tracking.
 - Transparent communication between departments and investors.
- **Visual:** Screenshot mockup of the portal dashboard.

▶ Policy Execution Framework

- **Lead Agency:** Department of Industries & Commerce.
- **Collaboration:**
 - Cross-departmental coordination (e.g., GST Council, Urban Development).
 - Regular stakeholder consultations.
- **Government Rights:**
 - Modify policy in public interest.
 - Revise forms/annexures for implementation ease.
- **Visual:** Venn diagram showing departments' collaboration.

▶ Adaptive Policy Revisions

- **Key Flexibility Measures:**
 - Revisions to align with **State GST Act** and rules.
 - Prospective/retrospective amendments for compliance.
- **Focus:** Balance investor needs with regulatory harmony.
- **Visual:** Gearwheel icon with "Policy Revision" text.

▶ Ensuring Compliance & Transparency

- **Mechanisms:**
 - Quarterly dashboards for public accountability.
 - Regular audits of nodal officer performance.
 - Grievance redressal via Udyog Mitra portal.
- **Goal:** Build investor trust through responsive governance.
- **Visual:** Shield icon labeled "Transparency."



THANK YOU

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