

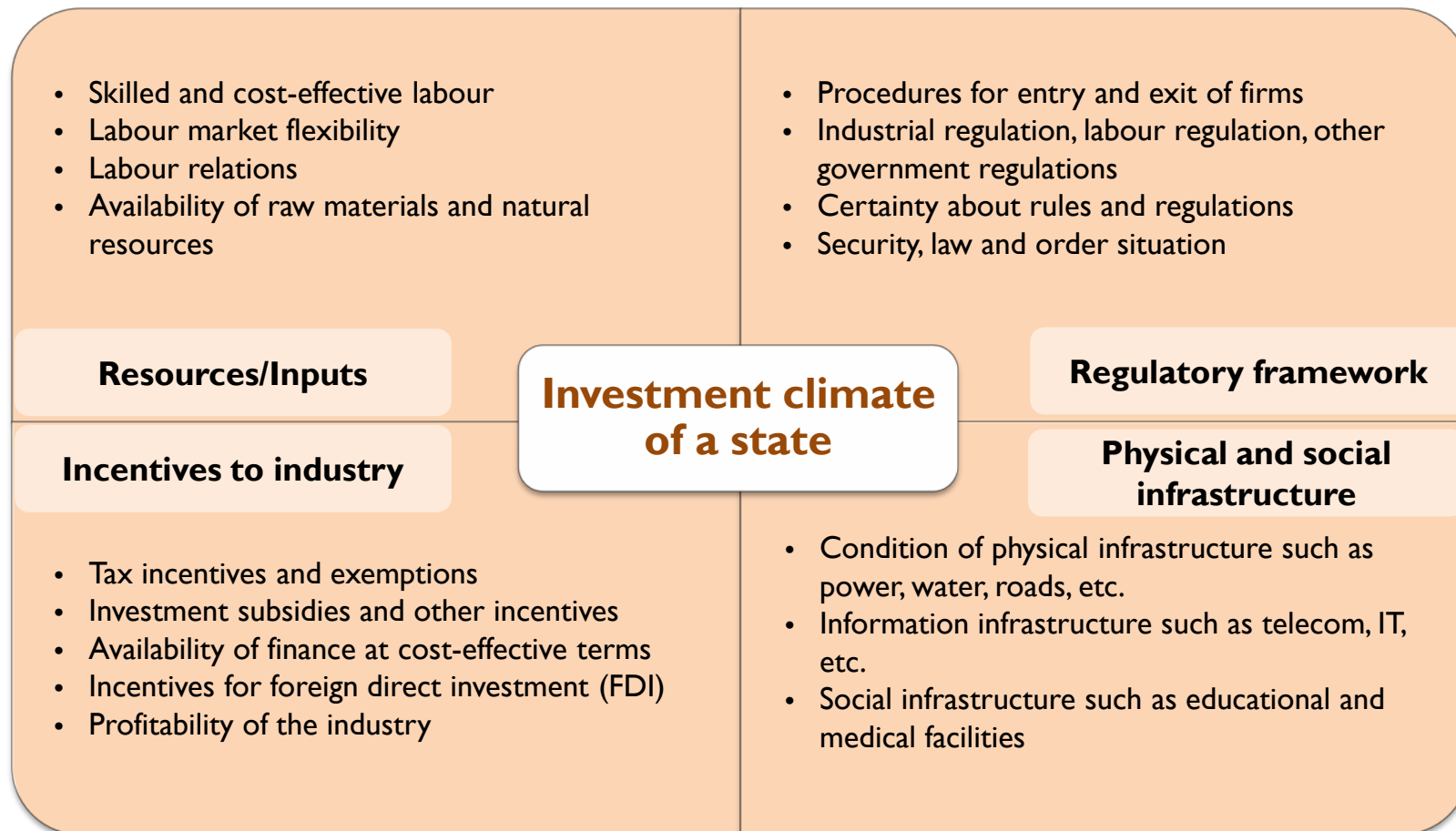


KARNATAKA

April 2010



Investment climate of a state is determined by a mix of factors

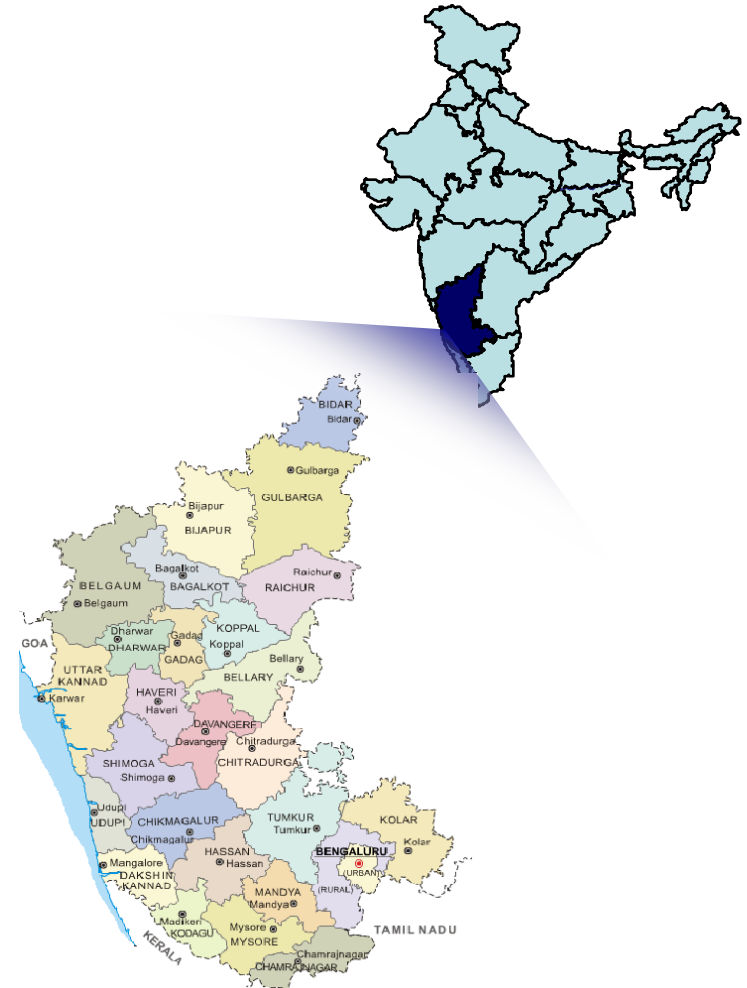


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- ❖ Advantage Karnataka
- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ Doing business in Karnataka

Karnataka – State profile

- Located in the Southern region of India, Karnataka has a population of 52.9 million (Census 2001), making it India's ninth most populous state; it state has an area of 191,791 sq km and accounts for 5.8 per cent of the country's total land area.
- As its borders, the state has the Arabian Sea to the West, Goa to the Northwest, Maharashtra to the North, Andhra Pradesh to its East, Tamil Nadu in the Southeast, and Kerala in the Southwest.
- The state is divided into 29 districts. Bengaluru is the capital city.
- After Bengaluru, Hubli-Dharwad, Mysore, Gulbarga, Belgaum and Mangalore are the large cities in terms of population.
- Karnataka has a tropical climate with three major seasons: warm and dry from February to May, monsoon from June to October and winter from November to January.
- Languages spoken are Kannada, Tulu, Kodava, Hindi and English.



Source: Maps of India

Advantage Karnataka ... (1/2)

Hub for knowledge-based industries

Karnataka has emerged as a key state with knowledge-based industry such as IT, biotechnology and engineering. The state also leads in IT and ITeS exports, which was US\$ 16.3 billion for 2008-09. It is the science capital of India with more than 100 research and development (R&D) centres, and a preferred destination for multinational corporations with more than 150 such companies.

Policy and fiscal incentives

The state offers a wide range of fiscal and policy incentives for businesses under the New Industrial Policy, 2009-14. Additionally, the state has well drafted sector-specific policies for biotechnology, IT, business process outsourcing (BPO) and textiles.

Rich labour pool

The state has successfully attracted skilled labour, especially, in the knowledge sector. It is among the states that produce a large number of doctors, engineers and medical technicians in the country.



Source: Maps of India

Advantage Karnataka ... (2/2)



Facilitating infrastructure

The state has well-developed social, physical and industrial infrastructure and virtual connectivity; has good supply and distribution of power, five airports and substantial port infrastructure (one major and ten minor ports).

High economic growth

Karnataka is targeting 9 per cent annual economic growth during the Eleventh Five-Year Plan period (2007-12). Much of this growth is expected to come from the secondary sector, which is anticipated to grow from its current rate of 6-7 per cent to 10 per cent.

Stable political environment

The state has a stable political environment. Successive state governments have realised the importance of industries in the state and have provided conducive business environment to attract domestic as well as foreign entities.

Source: Maps of India

Karnataka in figures ... (1/2)

Parameter	Karnataka	All-states	Source
Economy			
GSDP as a percentage of all states' GSDP	6.1	100.0	CMIE, as of 2007-08, current prices
Average GSDP growth rate (%)	13.1	7.5	CMIE, 1999-00 to 2007-08
Per capita GSDP (US\$)	1015.1	998.1	CMIE, 2007-08
Physical Infrastructure			
Installed power capacity (MW)	8,083	98,996.4	Central Electricity Authority, as of March 2009
GSM cellular subscribers (No)	21,787,269	367,328,179	Cellular Operators Association of India, as of November 2009
Broadband subscribers (No)	569,057	4,981,976	As of October 2008
National Highway length (km)	4,396	70,548	Ministry of Road Transport & Highways, 2007-08
Major and minor ports (No)	1+10	12+ 187	Ministry of Shipping
Airports (No)	5	133	Industry sources
Social Indicators			
Literacy rate (%)	66.66	64.59	Census of India, 2001
Birth rate (per 1,000 population)	19.9	23.3	Central Bureau of Health Intelligence, 2007

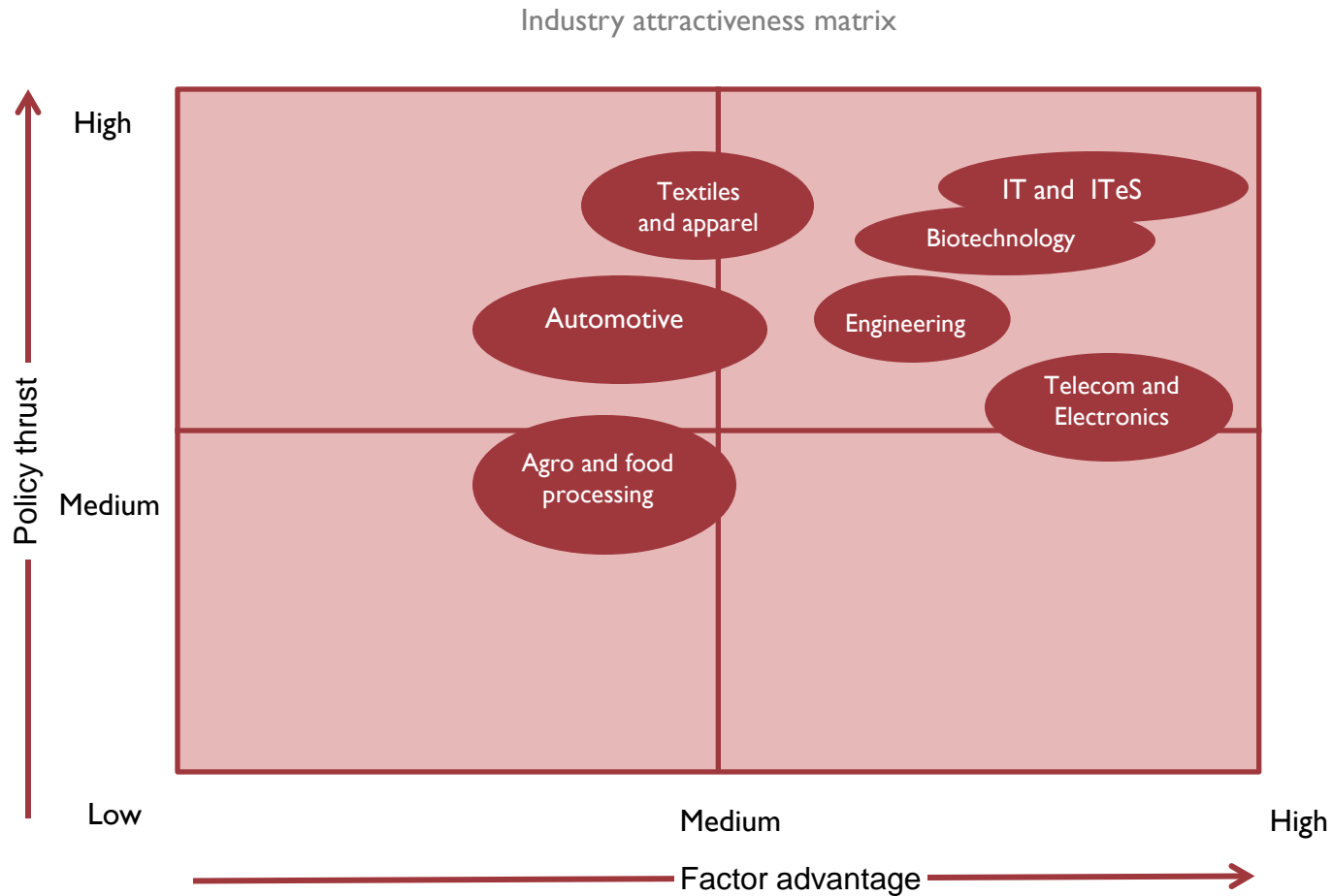
Karnataka in figures ... (2/2)

Parameter	Karnataka	All-states	Source
Investment			
FDI inflows (US\$ billion)	6.4	102.1	Department of Industrial Policy & Promotion, April 2000 to October 2009
Outstanding investments (US\$ billion)	333.6	1,709.7	As of December 2008
Industrial Infrastructure			
PPP projects (No)	97	460	www.pppindiadatabases.com
SEZs (No)	15	98	Functional as of August 2009, www.sezindia.nic.in

PPP: public-private partnership, SEZ: special economic zone

Parameter	Karnataka Government
Policy support	
Sector-specific policies	Industry (overall), infrastructure, SEZ, IT, biotech, business process outsourcing (BPO), tourism, textile.
Availability of labour	Ample skilled and unskilled labour available

Key industries with policy thrust and factor advantages



*Factor advantages include benefits due to geographical location and availability of factors like talent pool, natural resources and capital

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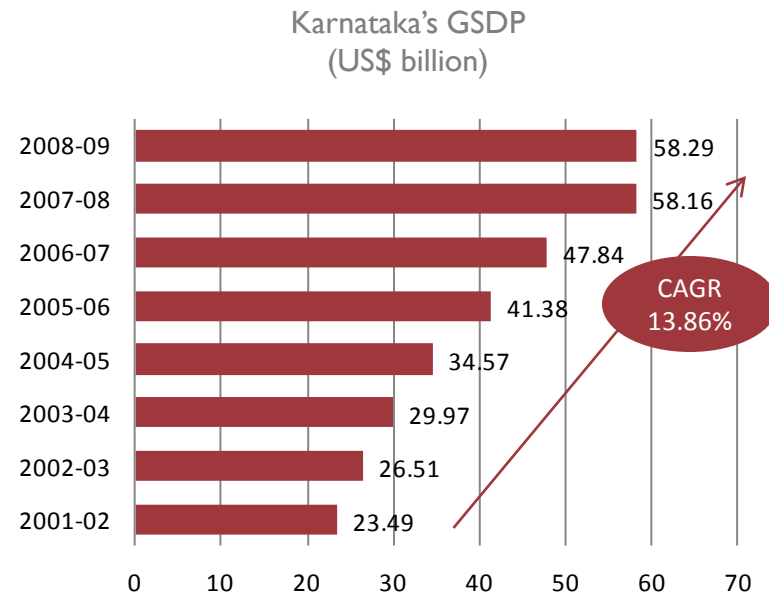
Socio-economic snapshot of Karnataka

Parameters		Karnataka
Capital		Bengaluru
Geographical area (sq km)		191,791
Administrative districts (No)		29
Population density (persons per sq km)		276
Total population (million)		53.0
Male population (million)		27.0
Female population (million)		26.0
Population growth rate 1991-2001 (%)		17.3
Sex ratio (females per 1,000 males)		965
Literacy rate (%)		67.0
Male (%)		76.3
Female (%)		57.5
Average life expectancy (years)		64 .0

Source: Economic Survey of Karnataka 2008-09, Directorate of Economics and Statistics, Census 2001

Karnataka's GSDP

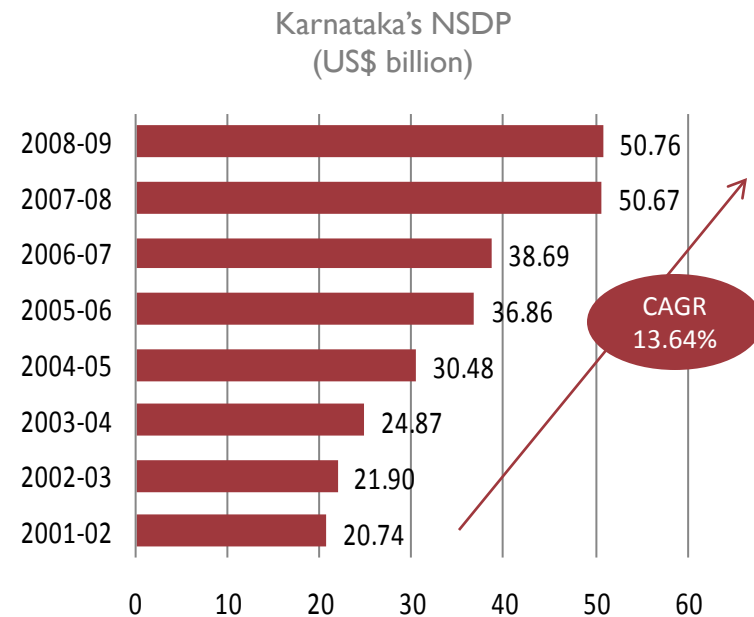
- At current prices, the Gross State Domestic Product (GSDP) of Karnataka was about US\$ 58.3 billion in 2008-09.
- The average GSDP growth rate between 2001-02 and 2008-09 was about 13.9 per cent.
- Karnataka initiated governance reforms in 1999 and as a result of progressing well on three fronts – improving quality of services, reducing political interference and combating corruption – has emerged as one of the fastest growing state-economies in the country.



Source: Economic Survey of Karnataka, 2008-09

Karnataka's NSDP

- The Net State Domestic Product (NSDP) of Karnataka was about US\$ 50.76 billion in 2008-09.
- The average NSDP growth rate between 2001-02 and 2008-09 was 13.64 per cent.

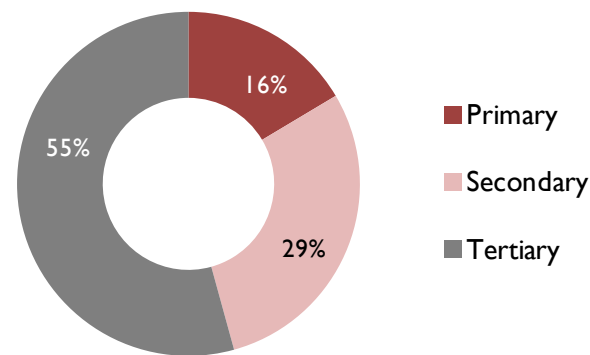


Source: CMIE

The tertiary sector has an increasing share in Karnataka's economy

- In 2008-09, the tertiary sector contributed the most to the GSDP amounting to US\$ 31.6 billion (55 per cent), followed by the secondary sector, contributing US\$ 17 billion (29 per cent), and the primary sector's contribution amounting to US\$ 9.5 billion (16 per cent).
- The tertiary sector witnessed the highest growth of all three sectors in the period 2008-09 over 2007-08 at 17.3 per cent, followed by the secondary sector, which grew by 17 per cent and the primary sector, which grew by 3.3 per cent during the same period
- Growth in the tertiary sector has come about largely due to the development of the state as a hub for the services sector including IT/ITeS, banking and insurance, etc.

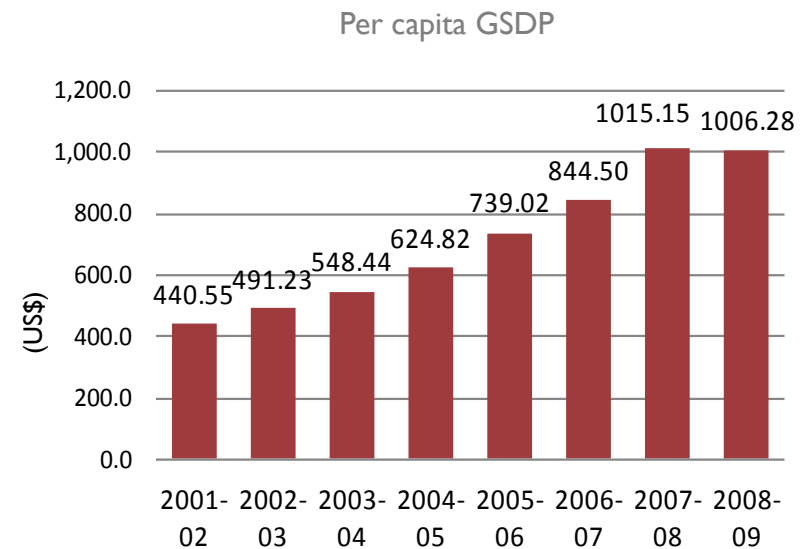
Percentage Distribution of GSDP
(2008-09)



Source: Department of Commerce & Industry, Government of India

Per capita GSDP

- The state's per capita GSDP in 2008-09 was US\$ 1,006.3
- The per capita GSDP increased at a CAGR of 12.5 per cent between 2001-02 and 2008-09.
- District-wise distribution of per capita income indicates fairly equitable distribution across all districts.
- The technology and energy sectors have been the key drivers of increase in per capita income.



Source: CMIE

Socio-economic profile of key cities ... (1/2)

- Bengaluru, Mysore and Mangalore are the three major cities of Karnataka where over 40 percent of urban population resides.
 - Bengaluru is the largest urban metropolis of the state.
 - Mysore is emerging as an alternative destination to Bengaluru for the services and tourism sectors.
 - Mangalore city is gaining importance because of its wide network of ports, educational institutes, hospitals and banks.

Cities	Average annual household income (US\$)	Average annual household savings (US\$)	Households electrified (%)	Internet users (No)	Households with four wheelers
Bengaluru	211	84	95	579,000	10%
Mysore	180	58	93	91,000	9%
Mangalore	180	50	91	95,000	6%

Socio-economic profile of key cities ... (2/2)

Cities	Population in million (urban)	Unemployment rate	Migration rate	Population growth rate per annum	Employment growth	Credit growth	Deposit growth
Bengaluru	6.20	12.05%	8.0%	3.2%	4.84%	20.00%	19.8%
Mysore	0.98	11.73%	5.9%	1.7%	2.75%	10.79%	9.1%
Mangalore	0.73	6.15%	11.0%	3.1%	3.60%	15.28%	10.6%

Source: City Skyline Data

Key industries in Karnataka

- The natural resources, policy incentives and infrastructure in the state favour investments in the IT/ITeS, biotechnology, engineering, electronics, automotive, textiles, agri- and food-processing sectors.
- Karnataka is making significant investments in industrial infrastructure, such as setting up industrial clusters and Special Economic Zones (SEZ) and PPP projects to provide an impetus to further industrial development.

Key industries in Karnataka

- IT and ITeS
- Biotechnology
- Engineering
- Electronics and telecom
- Automotive
- Textiles and apparel
- Agro and food processing (Floriculture)

Sugarcane, food grains and horticulture are the key agricultural products

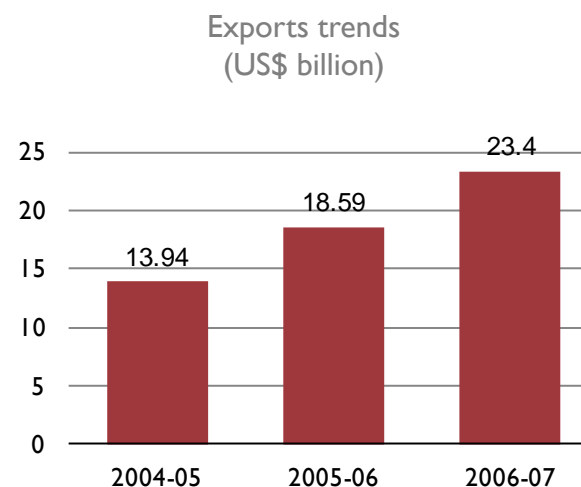
- The top ten crops account for over 97 per cent of the total crop production of the state.
- In 2006-07, the total production of the major crops of the state was over 41.9 million tonnes.
- Of these, sugarcane was the major crop. It was followed by rice, maize, coconut and sorghum.
- In 2006-07, Karnataka was among the three largest producers in the country for maize, sunflower seeds and onions.

Crop	Annual production ('000 tonnes)
Sugarcane	28,670
Rice	3,450
Maize	2,720
Coconut	1,630
Sorghum	1,310
Onion	845
Cotton	610
Potato	546
Sunflower seeds	520
Groundnut	380

Source: CMIE

Karnataka's exports trends

- Karnataka's total exports were US\$ 23.4 billion in 2006-07. Exports increased at a CAGR of almost 30.0 per cent between 2004-05 and 2006-07.
- Historically, Karnataka has been a major exporter of coffee, spices, silk, cashew nuts, handicrafts and incense sticks.
- In the last two decades the state has emerged as a major exporter of software, engineering goods, readymade garments, leather goods, chemicals, minerals and ores.
- The state government has identified some sectors for export promotion and facilitation. These sectors are agriculture and processed food, readymade garments, electronics, IT, engineering goods, arts and crafts, minerals and mineral-based products.

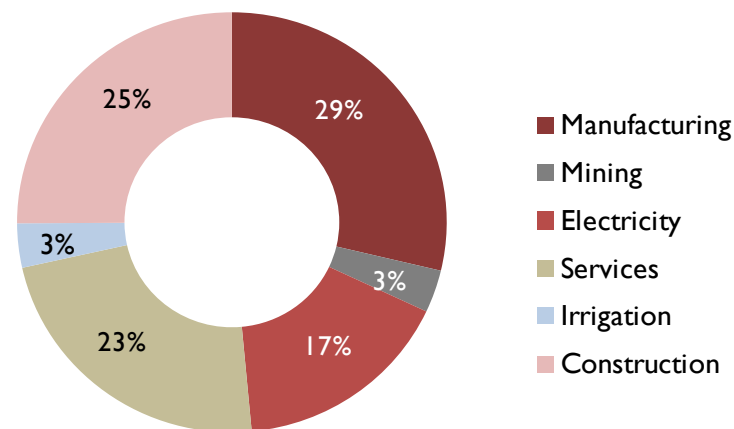


Sources: Economic Survey of Karnataka 2008-09, "Exports from Karnataka", Karnataka Udyog Mitra

Investments and FDI inflows

- Karnataka has attracted healthy FDI inflows over the years, primarily, in sectors related to IT/ITeS, automobile and auto-components, engineering and electronics.
- FDI inflows from April 2000 to October 2009 amounted to US\$ 6.4 billion
- With 526 collaborative ventures, Karnataka was among the states with a large number of approved foreign technology collaborations, which amounted 6.5 per cent of the total country-wide approved collaborations.
- A total of 2,726 proposals (8.7 per cent of all FDI) with investments of over US\$ 6.2 billion have so far been approved.

Break up of investments by sector



Source: CMIE

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Road network

- The state is well connected to its six neighbouring states and other parts of India via 14 National Highways that run through the state.
- The highways account for about 6 per cent of the total highway network in India.
- Karnataka's district centres are linked through 114 State Highways.
- The Karnataka State Road Transport Corporation (KSRTC), established in August 1961, provides state road transport services.

Road type	Road length (Km)
National Highways	4,396
State Highways	28,311
District roads	19,801

Road map of Karnataka

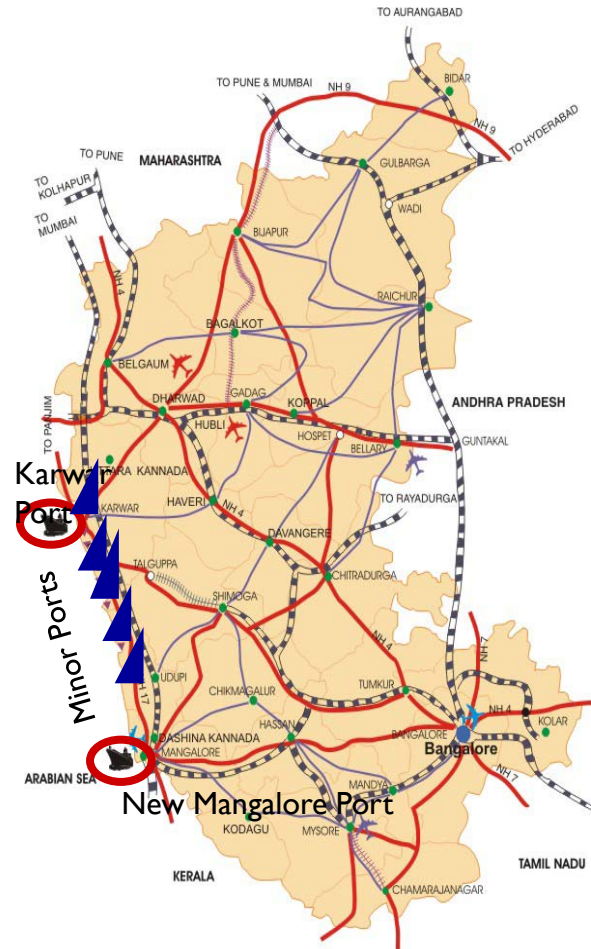


Source: Maps of India

Ports

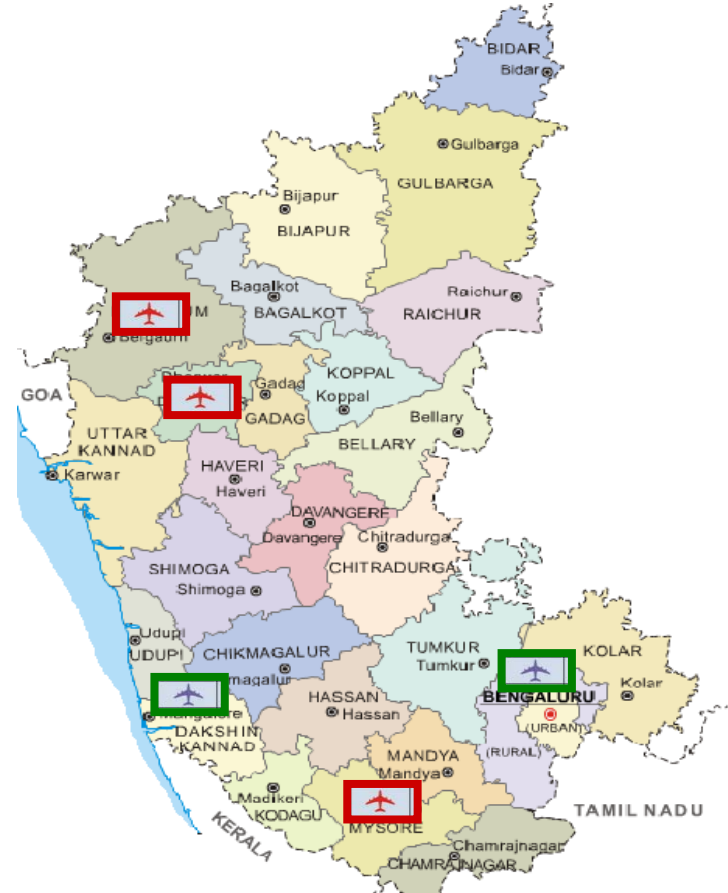
- There are 11 ports in Karnataka, of which New Mangalore is a major port and Karwar is a medium port.
- The New Mangalore port primarily handles container traffic and had a total tonnage of 403,975 in 2008-09 as compared to 319,680 in the previous year. It also handles petroleum, oil and lubricants, and coal traffic.

Ports	
Major Ports	<ul style="list-style-type: none"> • New Mangalore Port
Minor Ports	<ul style="list-style-type: none"> • Karwar • Belekeri • Tadri • Honnavar • Bhatkal • Kundapur • Hangarkatta • Malpe • Padubidri • Old Mangalore



Airports

- The state has five domestic airports. They are located in Bengaluru, Mangalore, Hubli, Mysore and Belgaum.
- International flights operate from the airports at Bengaluru and Mangalore.
- The New Bengaluru International Airport developed under a Public Private Partnership (PPP) framework at Devanahalli, in the outskirts of Bengaluru, started operations in May 2008.
- New minor airports have been proposed at Hassan, Bellary and Gulbarga. They are at various stages of approval/implementation.
- Government and private sector companies have also proposed to develop low-cost airports of value US\$ 4.8 million per airport at multiple locations in state.



International airport



Domestic airport

Railways

- Karnataka is well-connected to other parts of the country via the railways. Its railway network spanned 3,172 km in 2007-08.
- Intra-state rail connectivity, especially, on the key lines for passenger and freight movements, needs to be augmented.
- Rail projects being developed under the PPP model.
- Karnataka Rail Infrastructure Development Corporation (K-RIDE) has been set up with the objective of developing and implementing rail infrastructure projects in Karnataka with private sector participation wherever feasible.
- K-RIDE has a Chief Executive Officer deputed from the Railways Department. The Principal Secretary, Infrastructure Development Department is its Chairman.

Source: Economic Survey of Karnataka 2008-09

Power infrastructure ... (1/2)

- Karnataka's power generation is under the Karnataka Power Corporation Limited (KPCL); Independent Power Producers (IPP) such as GMR, Jindal and Bhoruka also operate power plants in the state.
- In 2008-09, the state had an installed power generation capacity of 8,083 MW.
- State-owned hydro and thermal plants contributed 5,616 MW, and IPPs and non-conventional power generators contributed 2,017 MW.



Source: Central Electricity Authority, March 2009

Power infrastructure ... (2/2)

- State-owned power generation in Karnataka is managed by:
 - Karnataka Power Corporation Limited (KPCL)
- Power transmission is overseen by:
 - Karnataka Power Transmission Corporation Limited (KPTCL)
- Karnataka has five electricity supply companies:
 - Bengaluru Electricity Supply Company (BESCOM)
 - Mangalore Electricity Supply Company (MESCOM)
 - Hubli Electricity Supply Company (HESCOM)
 - Gulbarga Electric Supply Company (GESCOM)
 - Chamundeshwari Electric Supply Corporation (CESC)

Telecom

- Leading telecom companies operate in the state in the sectors of telecommunication network, basic telephony services (both wire line and wireless) and networking services for telecommunication equipment.
- The entire state is networked via optic-fibre cables (OFC) of the state-owned company, Bharat Sanchar Nigam Limited (BSNL) as well as private companies like Bharti, Reliance, VSNL and TATA Tele Services.
- Last Mile Access is provided by BSNL as well as TATA Tele Services in various parts of the state. Bharti and Reliance Communications provide the last-mile access, directly, to the customers in all major cities of Karnataka.
- Seven new telephone exchanges were opened in 2007-08.

Telecom infrastructure (2007–08)

GSM Cellular subscribers : 21,787,269

Broadband subscribers: 569,057

Telecom towers: 14,000

Post offices: 9,826

Telephone connections provided: 2,610

Telephone exchanges: 2,727

Sources: Cellular Operators of India, November 2009
Economic Survey of Karnataka 2008-09

Urban infrastructure ... (1/2)

Water supply	Sewerage system and solid waste management system
<ul style="list-style-type: none"> • The average per capita supply of water in major cities is 108 litres per capita per day (lpcd) , (47 lpcd in Bengaluru). • A high coverage of 85 per cent to 90 per cent in the core-city areas. • Household water supply lasts for an average of six hours a day 	<ul style="list-style-type: none"> • Solid-waste collection efficiency is high across the larger cities of Karnataka and varies from 50 per cent to 70 per cent on an average, whereas it is lower in the smaller cities. • Area coverage of the sewerage system in the major cities is approximately 28 per cent.

Urban infrastructure ... (2/2)

- Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 47 projects costing US\$ 835.5 million have been sanctioned for Bengaluru and Mysore.
- The projects have been sanctioned for completion between 2006-07 and 2009-10. Some of the key areas of development are roads and flyovers, water supply, storm-water drainage, sewerage and urban transport.
- Projects of value US\$ 42.7 million have been completed between 2006 and 2008. These projects were located in Bengaluru and related to roads, water supply, drains/storm water drains and sewerage.

Source: JNNURM, Ministry of Urban Development, www.urbanindia.nic.in

PPP projects ... (1/2)

Contract authority	Project	Investment (US\$ million)	PPP type	Stage
Airports				
Ministry of Civil Aviation	Bangalore International Airport	419.6	BOOT	In operation
Ports				
Department of Ports & Inland Water Transport (DPIWT), Karnataka	Development of Malpe port in the Udupi district	293.5	BOOST	Bidding
DPIWT, Karnataka	Honnavar Port development, Uttar Kannada	239.1	BOOST	Bidding
Roads				
Bengaluru Development Authority	Construction of ring road around Bengaluru city	652.2	BOT -Toll	EOI
Karnataka Road Development Corporation (KRDCL)	Development of road from State Highway-17 to State Highway-19	307.2	BOT -Toll	Bidding
	Development of State Highway-58	318.5	BOT- Toll	Bidding

PPP projects ... (2/2)

Contract authority	Project	Investment (US\$ million)	PPP type	Stage
Tourism				
Department of Tourism, Karnataka	International convention centre at Devanahalli	228.3	BOT- Annuity	Construction
Urban Development				
Karnataka Land Army Corporation Limited (KLAC)	Establishment of KLAC office	239.1	DBFOT	Bidding
Animal husbandry and veterinary science	Commercial development of animal husbandry and veterinary science land	55.3	DBFOT	EOI

Source: www.projectstoday.com

BOOT: build-own-operate-transfer, BOOST: build-own-operate-share-transfer, BOT: build-operate-transfer, DBFOT: design-build-finance-operate-transfer, EOI: expression of interest

Education sector ... (1/2)

Karnataka is home to several premier institutions:

- Indian Statistical Institute
- Indian Institute of Science
- Indian Institute of Management
- National Law School of India University
- Institute for Social and Economic Change
- University of Agricultural Sciences, Bengaluru
- University of Agricultural Sciences, Dharwad
- Kannada University, Hampi

Educational infrastructure (No)

- Universities: 11
- Medical colleges: 133
- Engineering colleges: 144
- General colleges: 712
- Diploma colleges: 199
- MCA colleges: 68
- MBA colleges: 61
- Polytechnics: 207
- Fine arts colleges: 3

Source :Economic Survey of Karnataka 2008-09

MCA: Master of Computer Applications, MBA: Master in Business Administration

Education sector ... (2/2)

- As of March 2001, the state's male literacy rate was 76.1 per cent and female literacy rate was 56.87 per cent.
- Seventeen districts of Karnataka with less than 50 per cent female literacy rate have been identified for providing special focus under the National Literacy Mission (NLM).

Literacy rates (%)	
Literacy rate	66.66
Male literacy	76.10
Female literacy	56.87

Karnataka primary education statisticsk	
Number of schools* (2008–09)	Lower primary: 29,000 Higher primary: 27,600 High schools: 11,835
School dropout rate (2008–09)	Class I-V: 7.9 Class I-VII: 10.5
Pupil-teacher ratio (2007–08)	28:1 (teachers sanctioned) 29:1 (teachers in position)
Net-enrolment ratio in primary schools (2007–08)	98.1
Retention rate (classes I-V)	92.1

Source: Economic Survey of Karnataka 2008-09

*Estimates

Health infrastructure

- Three-tier health infrastructure comprising primary health centres, health units, community health centres and sub-centres
- The policy of the government is to establish one primary health centre for every 30,000 inhabitants, one dispensary for every 15,000-20,000 inhabitants, and one sub-centre for every 5,000 inhabitants.

Health infrastructure
• District hospitals: 26
• Other hospitals: 42
• Community health centres: 325
• Primary health centres: 2,193
• Sub-centres: 8,143
• Primary health units/dispensaries: 659
• Beds in hospitals: over 50,000

Health indicators	
Population served per hospital bed	1,120
Birth rate*	19.8
Death rate*	7.4
Infant mortality rate**	45
Life expectancy at birth (years)	
Male	63.1
Female	67.4

Sources: Ministry of Health and Family Welfare, Economic Survey 2008-09

*Per thousand persons

**Per thousand live births

Cultural infrastructure

- There are several sports complexes in Bengaluru, Mysore, Mangalore and other cities. Cricket, hockey and football are the major sports although, other games are also popular.
- The main sports arenas are the M. Chinnaswamy Stadium and the Kanteerava Stadium in Bengaluru, Chamundi Vihar Stadium in Mysore and the Mangala Stadium in Mangalore.
- The Bangalore Golf Course and the Karnataka Golf Association are well known golf courses in the state.
- Karnataka is also home to a number of convention centres, which are used for exhibitions, both indoor and outdoor, such as Palace Grounds and the Bengaluru International Exhibition Centre.
- Rangashankara and Chitrakala Parishath form the cultural nexus of Bengaluru and are the performing spaces for dance, music and theatre artists.
- An international mega convention centre, with a seating capacity of 6,000 is being planned near the Bengaluru International Airport at an estimated cost of US\$ 108 million

Well-known hotels in Karnataka

- Taj West End, Bengaluru
- Taj Residency, Bengaluru
- ITC Windsor Manor, Bengaluru
- The Oberoi Hotel, Bengaluru
- The Lalit, Bengaluru
- The Leela Palace, Bengaluru
- The Royal Orchid, Bengaluru
- The Metropole, Mysore
- The Royal Orchid Brindavan Gardens, Mysore
- The Dasaprakasha, Mysore
- The Gateway Hotel, Mangalore
- The GoldFinch, Mangalore
- Hotel Deepa Comforts, Mangalore

Industrial infrastructure ... (1/2)

Name and location	Primary industry	Description
Electronic City, Bengaluru	Biotechnology	The biotech cluster, situated in the third phase of Electronic City is called “Helix”, and contains eight biotech incubators with common instrumentation centres and a convention centre.
Electronic City, and Whitefield, Bengaluru	IT/ITeS	The two largest technology hubs in Karnataka: Whitefield has the International Technology Park Bengaluru (ITPB) with companies including Tata Consultancy Services; Electronic City is home to Infosys, Hewlett Packard, Patni Computer Systems, etc.
Peenya Industrial Estate, Bengaluru	Machine tools	The industrial area is approximately 40 sq km wide and is home to approximately 75 machine tool-making units.
Hubli-Dharwad	Industrial valves and automotive	Consists of nearly 1,000 small and micro enterprises, spread across six industrial areas, generating approximately 10,000 direct jobs and an annual turnover of over US\$ 108.7 in 2008-09.
Hassan	Coir	Karnataka State Coir Development Corporation (KSCDC) is developing a coir cluster in the Hassan district. In 2008-09, the Government of Karnataka released US\$ 54,340 to the KSCDC for this purpose.

Industrial infrastructure ... (2/2)

Name and location	Primary industry	Description
Belgaum	Foundry	One-third of the state's 350 foundry units are located in Belgaum, across six industrial estates; the cluster is to have a common testing laboratory and a training centre.
Channapatna	Handicraft	Channapatna is a large handicraft centre; the main products of this cluster are dolls, toys, and wood turning and lacque-ware .
Shimoga	Auto components	Located in Machanalahhi, 9 km from Shimoga.
Madekeri	Coffee	Coorg has several coffee plantations.
Doddaballapur	Textile	Integrated textile weaving park with products like yarn dyed shirting and ladies wear.

SEZs and industrial estates ... (1/2)

Industry	Location	SEZs (No)
Pharmaceutical and biotech	Hassan, Bengaluru,	3
IT/ITeS	Mangalore, Bengaluru, (urban and rural) , Mysore, Dakshina Kannada, Shimoga	20
Engineering	Udupi, Shimoga	2
Food processing	Hassan	1
Electronics	Bengaluru	1
Textiles and apparel	Hassan	1
Petrochemicals	Mangalore	1

Source: www.sezindia.nic.in

SEZs and industrial estates ... (2/2)

- There were 29 notified SEZs in Karnataka as of 2009.
- The Karnataka Industrial Areas Development Board has developed 126 industrial areas across the 29 districts of Karnataka.
- The Karnataka State Industrial Investment Development Corporation has promoted over 135 start-up ventures in the state through equity participation and has provided debt to core industries such as steel, cement, mining and textiles, as well as new sectors such as IT, aerospace and telecom.



Source: Maps of India

Major projects investments in the infrastructure sector

- As of December 2008, over US\$ 13.87 billion of investment have been made in ramping up Karnataka's industrial infrastructure.
- Of these, over 60 percent of investments in infrastructure have been made in the area of power generation and distribution.

Infrastructure type	Investments (US\$ million)
Power*	8,739.3
Road	2,341.1
Railway	2,001.8
Airport	784.1
Total	13,866.3

*Generation and distribution
Source: CMIE

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Sector-specific policies ... (1/12)

New Industrial Policy, 2009-14

Aim: To build a prosperous Karnataka through development of human and natural resources in a systematic, scientific and sustainable manner.

- The New Industrial Policy identifies manufacturing as the “main engine for economic growth”.

Key mission:

- Create an environment that is conducive to industrial growth.
- Ensure that industrial development in the state is inclusive.
- Provide additional employment opportunities for 1 million people in the state by 2014.
- Increase the contribution of the manufacturing sector to GSDP from its current level of 17 per cent to 20 per cent by the end of the policy period (2014).
- Double exports of the state from its current level of US\$ billion 28.26.
- Provide high quality infrastructure throughout the state.
- Focus on skill development and entrepreneurship.
- Increase the focus on micro, small and medium enterprise (MSME) sector.
- Introduce performance and employment-linked incentives and concessions.

Sector-specific policies ... (2/12)

New Industrial Policy, 2009-14 (continued)

Incentives and concessions:

- Investment promotion subsidies depending on size of enterprise and zone.
- Exemption from stamp duty.
- Concessional registration charges.
- Waiver of conversion fine for converting agricultural land for industrial use.
- Exemption from entry tax
- Incentives for export-oriented enterprises
- Exemption of cess/fees.
- Subsidy for setting up effluent-treatment plants.
- Interest-free loan on value added tax VAT (large and mega projects).
- Anchor unit subsidy.
- Special Incentives for enterprises coming up in districts with human development index (HDI) – only for large and mega projects.
- Interest subsidies to micro-manufacturing enterprises.
- Exemption from electricity duty to MSMEs.
- Technology up-gradation, quality certification and patent registration for micro and small enterprises.
- Water harvesting and conservation measures for small and medium enterprises.
- Energy conservation for small and medium enterprises.
- Additional incentives to enterprises who are following reservation policies of the state (medium, large and mega enterprises).
- Refund of cost incurred for preparation of project reports (micro and small enterprises).
- Support to the sugar sector .

Sector-specific policies ... (3/12)

New Infrastructure Policy, 2007

Aim: To provide a fair and transparent policy framework to facilitate the process of economic growth and encourage PPP in infrastructure.

- Policy is being anchored through a PPP cell in the Infrastructure Development Department.
- Introduction of 'Swiss Challenge' framework for bidding.
- Single-window agency under Infrastructure Development Department to approve PPP projects of value up to US \$ 1.2 million.

Focus sectors under the policy are:

- Agri-infrastructure
- Education
- Energy
- Healthcare
- Industrial infrastructure
- Irrigation
- Public markets
- Tourism
- Transportation and logistics
- Urban and municipal infrastructure

Sector-specific policies ... (4/12)

New Infrastructure Policy, 2007 (continued)

Incentives and concessions to SEZ developers:

- All purchases (excluding purchases of petroleum products) for authorized operations of entire area in SEZ are exempt from state and local body taxes, i.e., sales tax, VAT, entry tax and special entry tax.
- Exemption of stamp duty and registration fees for registration of land and loan documents.
- Exemption of electricity duty or taxes on the sale of self-generated or purchased electric power for use in processing area of SEZ.
- Exemption of 1 per cent of labour-welfare cess on construction cost incurred by the developer and/or co-developer
- One-time capital subsidy of up to 50 per cent of cost incurred for setting up a common effluent treatment plant, subject to a ceiling of US\$ 217, 391.
- Exemption from any state levies, taxes, cess and duties.

Sector-specific policies ... (5/12)

State Policy for Special Economic Zones, 2009

Aim: To facilitate and expedite establishment of SEZs, at the same time safeguarding the environment and the interests of land owners.

- Single-point clearance to SEZ units; “World Class” Infrastructure facilities for SEZs.
- Land for SEZs can be one that was previously bought by SEZ developer, or bought under Karnataka Land Reform Act, or allotted by Karnataka State government, or acquired by the State government for the SEZ.
- Officer of the Labour Department to be deputed to function under the administrative supervision and control of the Development Commissioner of the SEZs .
- Registration of MSMEs, IT and Biotechnology (BT) units: Development Commissioner or other designated authority will have the power to accept the Entrepreneurs’ Memorandum for MSMEs and Letters of Approval and Registration of IT/BT units.
- Development Commissioner to coordinate all matters pertaining to SEZs in the state.
- SEZs to operate as industrial townships, under Karnataka Municipalities Amendment Act, 2002, i.e., as self-governing and autonomous municipal bodies.

Sector-specific policies ... (6/12)

Millennium IT Policy, 2000

Objectives: To use IT as a tool to track beneficiaries for rural credit through women-self help groups; to apply IT in rural development projects such as provision of drinking water, computerising village Panchayats, building management information systems for district level (Zilla) Panchayats, etc.; to provide employment to 1 million people and train people in IT at different levels.

Incentives and concessions:

- Fiscal: exemption to IT companies from payment of entry tax on certain capital goods, concession on stamp duty and registration charges, rebate on cost of land.
- Power: continuous and uninterrupted supply of power at industrial rates.
- Simplified procedures and laws: pollution control clearances, urban planning, zonal regulations, relaxation in labour laws and facilitation through single-window agency.
- Financial support: venture capital from government for start-ups.
- Infrastructure: IT parks, electronic city, export promotion industrial park, software technology park.

Sector-specific policies ... (7/12)

Millennium Biotech Policy II, 2009

Objectives: To increase the quality of human resources by supporting education and research institutions like the Institute of Agri-biotechnology (IABT), the Institute of Bioinformatics and Applied Biotechnology (IBAB), the Centre for Human Genetics (CHG) and BT finishing schools; to create specific infrastructure such as focused biotech parks in the areas of agriculture, marine biotech and animal husbandry; to provide specific fiscal incentives.

Incentives and concessions:

- The fiscal incentives and concessions offered under the Industrial Policy, 2009-14, are also extended to the biotechnology industry, and research and development centres.
- The state will provide financial assistance to biotech industrial units for patent tracking and patent registration of up to 50 per cent of the cost of registration, subject to a maximum of US\$ 4,348.
- The state will provide financial assistance of up to 50 per cent of the cost incurred in obtaining a standards certificate, up to a maximum of US\$ 4,348.
- Bio-fuels identified as a thrust sector under the policy.

Sector-specific policies ... (8/12)

Millennium BPO Policy, 2002

Aim: To create an investor-friendly environment for the Business Process Outsourcing (BPO) sector and utilizing the human resource potential and generating employment opportunities.

- Board for IT Education Standards (BITES) has been established to enhance quality of manpower in IT and BPO sectors. It would assist in training manpower with skills required by BPO companies by selecting trainers, vendors and syllabi.
- Government is undertaking initiatives to market non-metro cities in the state as potential BPO destinations.
- A high-powered cell would be created in Karnataka Biotechnology & Information Technology Services (KBITS) to provide relevant information to potential BPO investors.

Incentives and concessions:

- **Fiscal:** exemption to BPO companies from payment of entry tax on certain capital goods for three years, 50 per cent exemption on stamp duty and registration charges (100 per cent exemption for units established by SSI outside city limits), waiver of land conversion fee to units employing 100 persons and above outside Bangalore Metropolitan Regional Development Authority (BMRDA) limits.
- **Simplified procedures and laws:** exemption from certain requirements under labour laws, facilitation through single-window agency and relaxation in procedural requirements.
- Incentives to companies providing basic infrastructure to BPO sector.
- Additional incentives offered to anchor companies.

Sector-specific policies ... (9/12)

Karnataka Tourism Policy, 2009-14

Aim: To make tourism, Karnataka's principal and largest economic activity, as an employer, revenue-generator and engine of growth, by being among the top two tourism destinations in India by 2016-17.

Key elements and future strategy:

- Diversify the principal source market for both foreign and domestic tourists.
- Address the shortage of cost-effective accommodation for tourists; promote innovative Home Stay schemes, for which Karnataka has been a leading state.
- Increase road connectivity and improve roadside amenities.
- Develop tourist destinations and circuits.
- Promote new tourism products and introduce existing products.
- Develop quality manpower, i.e., skilled guides, additional institutes for hotel management, etc.
- Develop promotion and publicity schemes through multiple media.
- Streamline procedures.

Sector-specific policies ... (10/12)

Karnataka Tourism Policy, 2009-14 (continued)

Thrust areas:

- Standardisation and classification
- Culture/heritage tourism
- Home-stays
- Bengaluru tourism
- Public accommodation
- Exhibition complexes
- Exhibition and convention complexes
- Theme and entertainment parks
- Cruise tourism
- Wayside amenities
- Ecotourism
- Health and wellness tourism
- Adventure tourism
- Heli-tourism
- Tourism education
- Safety and security

Sector-specific policies ... (11/12)

Karnataka Tourism Policy, 2009-14 (continued)

Incentives and concessions:

- Concession under land conversion fee, as applicable under the New Industrial Policy, 2009-14
- Entry tax as exempt under the New Industrial Policy, 2009-14.
- Entertainment tax exemption of 100 per cent for first three years for any newly constructed cinema theatre.
- 50 per cent exemption on stamp duty for investment below US\$ 10.85 million, 75 per cent exemption for above US\$ 10.85 million.
- Exemption on stamp duty according to classification of taluks into zones under the New Industrial Policy, 2009-14.
- Concessional registration charges as per New Industrial Policy, 2009-14.
- Investment subsidies based on the classification of taluks for the purpose of administering incentives and concessions under the Tourism Policy, 2009-14.

Sector-specific policies ... (12/12)

Karnataka Textile Policy, 2008-13

Objectives:

- The new textile policy named as 'Suvarna Textile Policy' (2008-2013), expects to attract new investments to the tune of US\$ 2.4 billion over a period of five years.
- The policy envisages setting up of textile and apparel parks in various districts of the state with the target of creating 500,000 new job opportunities.
- Government assistance in the form of a subsidy of US\$ 122 million during the five year period.
- Karnataka Industrial Area Development Board (KIADB), has started acquiring land for the envisaged parks and the acquisition process is expected to be completed in a few months time.
- First phase of the apparel park at Doddaballapur has been completed and work on the second phase adjoining the first one would be completed soon.
- KIADB to allot land for the proposed Hi-tech Silk Weaving Park at Anekal in the Bengaluru rural district.
- Textile parks have been proposed to be set up in districts of Belgaum, Mysore, Davanagere and Ramanagaram. A textile park has been planned for the Gulbarga district too.
- With this policy, the state would emerge as a major garment sourcing destination worldwide, leading to a doubling of exports, which were worth US\$ 1.6 billion in 2008 and accounted for 20 percent of all textile and apparel exports from India.

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IT and IT-enabled services ... (1/2)

- Karnataka has over 2001 operational companies in the IT/ITeS space, employing over 5.5 million professionals.
- About 50 percent of the world's SEI CMM Level 5 certified companies are located in Bengaluru.
- Bengaluru is among the five largest technology hubs in the world.

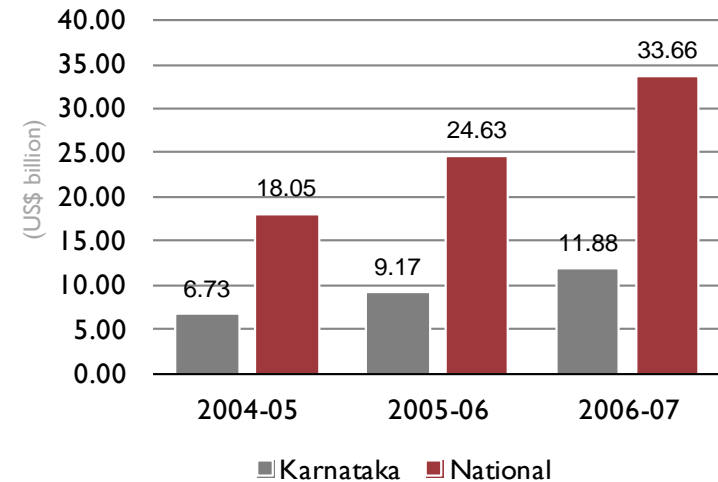
Key players

- Infosys
- Wipro
- Tata Consultancy Services
- Oracle
- Dell
- IBM
- Microsoft
- Accenture
- Cognizant
- Yahoo

IT and IT-enabled services ... (2/2)

- Mysore: 49 STPI registered companies, which together recorded export of US\$ 185 million in 2006-07, a 250 percent growth over 2004-05.
- Mangalore: 24 STPI registered companies with exports of US\$ 166 million in 2006-07.
- Hubli: 13 STPI registered companies with exports of about US\$ 2.1 million in 2006-07.
- Karnataka's share in national software exports is more than 35 percent; IT/ITeS export growth rate is about 30 percent.

Karnataka Vs national software exports



Source: Software Technology Parks of India, Bengaluru





IT/ITeS – company profiles ... (1/5)

<p>Wipro</p> 	<p>Established in 1945; revenues of US\$ 5.6 billion in 2008-09; present in areas of IT services, product engineering, technology infrastructure services, BPO and other consulting solutions. Provides services such as application development, deployment and maintenance, business intelligence and customer-relationship management (CRM). Based in Bengaluru, the company has 54 development centres and 30 offices spread across India, North America, Middle East and Europe. In September 2009, the company launched its Centre of Excellence on its Electronic City campus; to work with other leading IT firms to develop innovative IT solutions</p>
<p>Infosys</p> 	<p>Set up in 1981, revenues of US\$ 4.7 billion in 2008-09. Present in areas of IT consulting, modular global sourcing, process re-engineering and BPO services. Operations in Australia, China and US; marketing and technological alliances with FileNet, IBM, Intel, Microsoft, Oracle etc; capacity of over 60,000 seats and is in the process of adding another 30,000 seats; Operations at multiple locations at Bengaluru and Mysore in Karnataka.</p>
<p>Genpact</p> 	<p>Set up in 1997 in India; formerly known as GE Capital International Services, Genpact's revenues in 2008 stood at US\$ 1.04 billion. Provides a wide range of business process, technology and knowledge services, including finance and accounting, collections and customer relations, insurance, procurement and supply chain, analytics, software, IT-infrastructure. Presently the company employs about 20,000 professional; the Bengaluru centre has about 1,500 employees.</p>
<p>Accenture</p> 	<p>Set up in 1997 in India, Accenture India is the wholly-owned subsidiary of the \$16.65-billion global management consulting and outsourcing parent, Accenture. Employs around 35,000 employees: 10,000 in the BPO space and the remaining 25,000 people in the business consulting and systems integration and technology divisions to serve global clients. Bengaluru operations has three centres with around 8,000 employees.</p>





IT/ITeS – company profiles ... (2/5)

<p>HCL Technologies</p> 	<p>Set up operations in 1977; revenues of US\$ 2.3 billion in 2008-09; turnkey solutions for various hardware, software and services, such as network management services, security services, IT infrastructure services, present in over 170 locations across India; In 2008-09, HCL Technologies' Indian operations posted a revenue of US\$ 1.9 billion.</p>
<p>Cisco</p> 	<p>Set up in 1984, revenues of US\$ 36.1 billion in 2008-09; has over 4,850 employees in India. Present in areas core technologies, such as routers, switches and LANs and advanced technologies, such as WLAN, security systems, enterprise telephony, etc. The Cisco Global Development Center is based in Bengaluru</p>
<p>IBM</p> 	<p>Has been present in India since 1992; revenues of US\$ 103.6 billion in 2007-08; has regional headquarters in Bengaluru and offices in 14 Indian cities. It offers end-to-end solutions to customers from hardware to software, services and IT consulting; it has a significant presence in Bengaluru with Software Innovation Centre, India Software Lab, High Performance On Demand Lab, Engineering and Technology Services Centre, Services Innovation and Research Centre, Global Business Solution Centre and Business Transformation Outsourcing Centre. In 2007, IBM had 57,000 employees in India. In 2008-09, IBM's India posted a revenue of US\$ 2.6 billion.</p>
<p>Intel</p> 	<p>Intel is the largest chip designer and manufacturer in the world. Worldwide revenue of US\$ 37.6 billion in 2008-09. The company has four offices in Bengaluru.</p>


IT/ITeS – company profiles ... (3/5)

<p>Texas Instruments</p> 	<p>Has been present in India since 1985; revenue of US\$ 12.5 billion in 2008-09. One of the leading designers of semiconductors, which include analog, digital signal processing, wireless and DLP technologies; has 27,500 employees worldwide, of which around 1,400 are based in TI's R&D centre in Bengaluru</p>
<p>Tata Consultancy Services</p> 	<p>One of the leading Indian IT services, business solutions and outsourcing companies; revenue of US\$ 6 billion in 2008-09; employs over 143,000 people worldwide with a presence in 42 countries; has several centres in Karnataka.</p>
<p>Mindtree Limited</p> 	<p>Created in 1999 and based in Bengaluru, it is an Indian IT Solutions company, specialising in IT services, independent testing, infrastructure management and technical support, knowledge services and product engineering. Recorded revenue of US\$ 269 million in 2008-09. In September 2009, Mindtree was ranked among the top five global R&D service providers.</p>
<p>Hewlett Packard</p> 	<p>One of the foremost technology companies in the world, with a presence in over 170 countries. Revenue of US\$ 114.6 billion for the year ending October 2009, of which its Indian operations accounted for US\$ 3.4 billion in 2008-09; HP has seven R&D centres across the globe, of which one is at Bengaluru.</p>

IT/ITeS – company profiles ... (4/5)

<p>iGATE Global Solutions Limited</p> 	<p>iGATE is a ITeS, consulting and BPO services provider, registered in the US. iGATE has 34 offices across 16 countries. The company has delivery centres in the US, UK, Canada, China, Malaysia and India. The Indian headquarters is located in Bengaluru; in October 2009, iGATE inaugurated its 115,000 sq ft, new global delivery facility in Whitefield, Bengaluru.</p>
<p>Sonata Software</p> 	<p>Incorporated in 1994, Sonata is an Indian company, whose services include IT consulting, product engineering services, application development, application management, managed testing, infrastructure management, packaged applications and travel solutions; has over 2,700 employees with global revenue of US\$ 344 million in 2008-09. The company is headquartered in Bengaluru and also has a development centre in the city.</p>
<p>Aditi Technologies</p> 	<p>Founded in 1994 and headquartered in Bengaluru, Aditi Technologies specialises in product conceptualisation, design, and development; has over 1,000 employees worldwide; in November 2009, the company announced plans to hire an additional 1,000 employees over 18 months.</p>
<p>Symphony Services</p> 	<p>Founded in 2002, Symphony Services is a prominent American technology company with over 3,500 employees worldwide; the company had over 1,000 product releases in 2007 and 2008; has global delivery centres in three locations across India, one of which is in Bengaluru.</p>

IT/ITeS – company profiles ... (5/5)

<p>Honeywell International India</p> 	<p>Has been present in India since 1995; revenue from Indian operations of roughly US\$ 300 million; has five manufacturing locations in the country with over 10,000 employees in India. The company opened a US\$ 50 million research, development and engineering facility in Bengaluru in early 2009.</p>
<p>Cognizant</p> 	<p>Global IT and BPO American firm; founded as a captive arm of Dun & Bradstreet with headquarters in the US and operations in India, Cognizant now has over 50 development centres (including one in Bengaluru) and 25 regional sales offices, globally. Its services include BPO, application and IT infrastructure services and business consulting; has over 64,000 employees worldwide.</p>
<p>Microsoft</p> 	<p>One of the largest software companies in the world, Microsoft has been present in India since 1990 and employs 5,000 people; it has two divisions in Bengaluru, Microsoft Research India (MSR), established in 2005 and focuses on developing technology for emerging markets, and Microsoft Global Technical Support Centre (GTSC), established in 2003, which focuses on providing high level technical resolution services. Additionally, it has set up a Microsoft Technology Centre in Bengaluru. In December 2009, the company set up a Community Technology Centre in Bengaluru, along with Convergys Corporation, to increase computer literacy and develop job-related technology skills of underprivileged children.</p>
<p>i2 Technologies</p> 	<p>Founded in 1988; specialises in supply chain management solutions; global revenue of US\$ 63.8 million in 2008-09; its Indian operation is headquartered in Bengaluru. In November 2009, JDA Software, an American software solutions company announced its plans to acquire i2 Technologies.</p>





Biotechnology

- Karnataka's biotech industry stood at US\$2.64 billion in 2008-09.
- Bengaluru's bio-cluster alone has more than 180 diverse companies and accounts for one-fifth of the country's biotech revenues
- Karnataka has 6,800 scientists involved in biotech research.
- Premier Life Sciences institutions such as Indian Institute of Science, National Centre for Biological Science, Jawaharlal Nehru Centre for Advanced Scientific Research, etc., are present in the state.





Key players

- Accelrys Inc
- Advanta India
- AstraZeneca
- Avestha Gengraine Technologies
- Aurigene Discovery Technologies
- Biocon
- ReaMetrix India
- Strand Genomics
- Syngene International
- Xcyton

Biotechnology – company profiles ... (1/5)

<p>Biocon</p> 	<p>Incorporated in 1978; company's revenues were about US\$ 341.01 million in 2009. It is among the leaders in bio-pharmaceuticals and bio-services; manufactures API and branded formulations under biologics like Insulin and non-biologics. Involved in production of industrial enzymes and has a healthy pipeline of R&D in bio-generics and proprietary molecules. Company has an integrated biotech hub – Biocon Park and is proposing to set up a SEZ at Annekal in Bengaluru.</p>
<p>Astra Zeneca</p> 	<p>Established in 1979; revenues from Indian operations for the year ending Dec 2008 were about US\$ 84.6 million. Involved in the areas of manufacturing bulk drug chemicals, liquid formulations, tablets and capsules, injectibles and ointments for various disease segments such as cardiovascular, respiratory, maternal healthcare, etc. Manufacturing plant spread over a 70-acre plot located at Yelhanka in Bengaluru. R&D centre situated on an area of about 1 million sq ft in Bengaluru.</p>
<p>Himalaya Drug Company</p> 	<p>Founded in 1930; set up a manufacturing plant in 1975 at Makali at Bengaluru, which is the present corporate headquarters. It had a turnover about US\$ 35 million in 2006-07. Its health and personal care products are available in 60 countries. First ayurvedic facility to get Good Manufacturing Practices (GMP) certification in the country. The company is eyeing contract farming in Karnataka for sourcing herbs, the core ingredients in herbal drugs.</p>
<p>Avesthagen</p> 	<p>Established in 1998, discovery-based life sciences company focussing on achieving convergence between food, pharmacy and population genetics leading to preventive personalized medicine. The company has established state-of-the-art laboratory facilities at the International Tech Park in Bengaluru; has around 200 employees at the Bengaluru centre.</p>


Biotechnology – company profiles ... (2/5)

<p>Advanta India</p> 	<p>Associate company of the agrochemical group, United Phosphorus, which has an annual turnover of over US\$ 761 million in 2007-08. Bengaluru is a key R&D location.</p>
<p>ReaMetrix India Private Limited</p> 	<p>Indian-based biotechnology company with operations in USA and in India; focuses on medical diagnostics solutions. Bengaluru is an R&D and innovation hub for the company.</p>
<p>Cipla</p> 	<p>Set up in 1935; revenues of US\$ 1.16 billion in 2008-09; manufacturing plant in Bengaluru, which produces bulk drugs and formulations.</p>
<p>Karnataka Antibiotics & Pharmaceuticals Limited (KAPL)</p> 	<p>KAPL is a government enterprise, launched in 1984; manufactures and markets life-saving and essential drugs. The company recorded a revenue of US\$ 48.9 million in 2008-09; KAPL has manufacturing facilities in Peenya Industrial Estate, Bengaluru.</p>


Biotechnology – company profiles ... (3/5)

<p>Sartorius India</p> 	<p>German-based biotechnology company with revenues of US\$ 870 million in 2007-08, which specializes in fermentation, filtration, purification, fluid management and laboratory applications; began its Indian operations in 1987; it employs approximately 4,450 people worldwide, of which 500 are based in India; the company has five manufacturing facilities in Bengaluru and opened a new plant in October 2009, which involved an investment of US\$ 7.2 million.</p>
<p>Jubilant Organosys</p> 	<p>Largest Custom Research and Manufacturing Services (CRAMS) company in India; specializes in Pharma and Life Sciences Products and Services (PLSPS) and Industrial and Performance Polymer Products (IPP); headquartered in India with a revenue of US\$ 765 million in 2008-09; employs over 4,500 people in India; has a manufacturing facility in Nanjangud, which employs over 625 people.</p>
<p>Bhat Biotech</p> 	<p>Set up in 1994 in Bengaluru; specializes in diagnostics kits and biotechnology; exports to twelve countries and has a range of over 60 products.</p>
<p>Strand Life Sciences Private Limited</p> 	<p>Among the top pharmaceutical and biotech companies; its core strengths lie in data mining, bioinformatics, and predictive modelling. Due to its rapid expansion, the company shifted the location of its corporate headquarters to the Kirloskar Business Park, Bengaluru. In December 2009, the company was selected by the government of Karnataka to spearhead its bio-IT centre, which would involve an investment of US\$ 6.96 million.</p>

Biotechnology – company profiles ... (4/5)

<p>Novo Nordisk India Private Limited</p> 	<p>Danish company which has had a presence in India since 1990; Headquartered in Bengaluru, the Company provides a variety of products and services in the area of diabetes, haemostasis management and growth hormone therapy; Worldwide revenues of US\$ 8.63 billion for the year ending December, 2008; the Company is planning to make India a hub for manufacturing insulin and increase employee strength to 500 over the next three to five years, from its current strength of 100.</p>
<p>Novartis India Limited</p> 	<p>Formed in 1996; Worldwide revenue of US\$ 41.6 billion in the year ending December 2008 and revenue from India to the tune of US\$ 130.3 million in the same period;</p>
<p>GlaxoSmithKline Pharmaceuticals Limited (GSK)</p> 	<p>Established in 1924, it is one of the oldest pharmaceutical companies in India; manufactures primarily prescription medication and vaccines; had global revenue of US\$ 45 billion in for the year ending December 2008, of which India's revenue for the same period was US\$ 408.7 million. GSK has a clinical development centre in Bengaluru.</p>
<p>Connexios Life Sciences Private Limited</p> 	<p>Founded in 2003, Connexios is a privately funded drug discovery and development company, which is focused on chronic disease management; has over 150 employees; its laboratories and offices are located in Bengaluru; the company plans to increase its workforce to 200 in the next two years.</p>

Biotechnology – company profiles ... (5/5)

<p>Bangalore Genei</p> 	<p>Established in 1989, one of the first to perform biotech research in India; provides a range of products and services which cover a range of biotech segments; specialises in design, development, production, testing and marketing of biological research products. The company has a state-of-the-art research and development laboratory; the Bengaluru-based company plans to enter the US and European markets in the coming year.</p>
<p>Millipore India Private Limited</p> 	<p>Millipore is an American life sciences company, which provides technologies, tools and services for bioscience research and biopharmaceutical manufacturing. Had global revenue of US\$ 1.6 billion in 2008-09; has over 5,900 employees of which 300 employees work in India; the company's India headquarters is in Bengaluru has a Bioprocess (manufacturing process research) and Bioscience (biotech technologies) division.</p>
<p>Aurigene Discovery Technologies Limited</p> 	<p>Established in 2002 in Bengaluru; Drug discovery biotechnology firm; pipeline of 15 discovery programmes; the company is a subsidiary of Dr. Reddy's Laboratories; the company is based in Electronic City, Bengaluru.</p>
<p>Syngene International Private Limited</p> 	<p>Established in 1994, Syngene is a reputed biotech firm specialising in contract research and manufacturing; it is a subsidiary of biotech giant, Biocan. It has modern research and development and production facilities in Bengaluru.</p>




Engineering

- According to a study by the Confederation of Indian Industry, production in Karnataka's engineering industry increased 5-8 per cent during April-September 2008 as compared to October 2007-March 2008. Sales increased by 8 per cent during the period.
- The exports increased by 2-4 per cent and the capacity utilisation level increased by up to 8 per cent. The inventory levels of the industry increased by up to 3 per cent.
- Bharat Earth Movers Limited, Hindustan Machine Tools Limited and Bharat Heavy Electricals Limited are among the leading companies in this sector in the state.




Key players

- Bharat Earth Movers Limited (BEML)
- Hindustan Machine Tools Limited (HMT)
- Bharat Heavy Electricals Limited (BHEL)
- ABB India Limited
- St. Gobain India
- L&T Komatsu

Engineering – company profiles ... (1/2)

<p>Hindustan Machine Tools (HMT)</p> 	<p>Established in 1953, HMT manufactures various types of machine tools including bearings, watches, tractors, food processing machines, heavy machine tools, etc. HMT has plants in Karnataka, Punjab and Haryana; net sales of US\$ 79.9 million (March 2009).</p>
<p>Bharat Earth Movers Limited</p> 	<p>Set up in 1954, BEML manufactures a wide range of products such as earth moving equipment; had revenues of about US\$ 608.2 million (March 2009); BEML has its registered office at Bengaluru in Karnataka and units are at Kolar Gold Fields, Mysore and Bengaluru; BEML exports machines to countries in Europe, Africa and the Middle East.</p>
<p>Bharat Heavy Electricals Limited (BHEL)</p> 	<p>Incorporated in 1964, BHEL is a Central Government undertaking. It is the largest engineering and manufacturing enterprise in India in the power and industrial machinery segment; has revenue of around US\$ 6.08 billion in (March 2009). BHEL manufactures electric meters and power devices at Bengaluru; it has 14 manufacturing divisions, four power sector regional centres, eight service centres and 18 regional offices.</p>

Engineering – company profiles ... (2/2)

<p>Larsen and Toubro Komatsu</p> 	<p>L&T Komatsu is a joint venture of L&T and Komatsu, set up in 1998; the Company has a manufacturing facility in Bengaluru; as of March 2009, L&T Komatsu has 677 employees.</p>
<p>Asea Brown Boveri India Limited</p> 	<p>ABB is one of the world's foremost engineering companies and has been present in India since 1949; had revenues of US\$ 34.9 billion in 2007-08, of which India accounted for US\$ 1.5 billion of revenues. ABB India has 14 manufacturing facilities and employs over 7,500 people. In April 2009, ABB India inaugurated its new 18-acre manufacturing facility in Nelamangala, Karnataka, to manufacture products such as air circuit breakers, switch fuse units and moulded case circuit breakers.</p>
<p>St. Gobain India</p> 	<p>Established its presence in India in 1996, ST. Gobain has global revenue of US\$ 6.3 billion and over 207,000 employees; the group comprises eight manufacturing companies in India for a variety of products ranging from glass to engineering products. Saint-Gobain SEVA Engineering India Limited is based in Bengaluru and manufactures glass processing machinery.</p>




Telecommunications and electronics

- Karnataka is a leading state in the electronic and telecommunications industry, with as many as 300 leading international companies.
- There are several public sector electronics companies and defence research institutions in Bengaluru.
- It has excellent telecom infrastructure with 140 out of 170 towns connected by OFC network.
- A hardware technology park of 1,200 acres has been proposed at Devanahalli near international airport and another one at Mysore.





Key players

- Siemens
- Philips
- Voltas
- Blue Star
- Nokia
- Samsung

Telecommunications and electronics – company profiles ... (1/2)

<p>Bharat Electronics Limited</p> 	<p>Bharat Electronics Limited is a multi-product, multi-unit, multi-technology company incorporated in 1954. The Central Government holds more than 75 percent stake in the company. It had revenue of about US\$ 1.03 billion (March 2009). Products manufactured by the BEL mainly categorized as defence and non-defence products; has registered office at Bengaluru. Plants are located in different parts of Karnataka and other industrialized states; units of BEL in Karnataka are primarily focussed on professional grade electronics equipment.</p>
<p>Nokia</p> 	<p>Among the world leaders in mobile technology, Nokia had global revenues of US\$ 71 billion in December 2008, of which India's revenues were US\$ 4.7 billion; began India operations in 1995; has an R&D facility and a design studio in Bengaluru; employed over 15,000 people in India as of March 2008;.</p>
<p>Blue Star</p> 	<p>One of India's largest air conditioning companies with revenue of US\$ 599 in 2008-09; employs 2,600 people across India; has five manufacturing facilities across the country;</p>

Telecommunications and electronics – company profiles ... (2/2)

<p>Siemens</p> 	<p>Siemens set up operations in India in 1957. The 2007-08 revenue from India operations was US\$ 3.22 billion. The company employs over 17,200 people in India and has over 17 manufacturing facilities in India; has offices in Bengaluru.</p>
<p>Philips Electronics India Limited</p> 	<p>Philips has been present in India for over 75 years. It is a leader in consumer electronics, healthcare and lighting systems; employs over 4,500 people in India. The India operations registered a revenue of US\$ 718.9 in 2007-08. In 2008-09, the company launched its home healthcare business in India; the company has an R&D facilitation – Philips Innovation Campus – at Bengaluru</p>
<p>Voltas Limited</p> 	<p>Set up in 1954, Voltas is a TATA enterprise. Its manufactures products for heating, ventilation, air conditioning, refrigeration, electromechanical projects, textile machinery, mining and construction equipment; it registered revenues of US\$ 198.6 million in 2008-09.</p>
<p>Videocon</p> 	<p>Videocon is a large Indian conglomerate with a significant presence in consumer electronics; has revenue of US\$ 2.5 billion in the year ending September 2008. The company has its refrigerator manufacturing plant at Bengaluru with in-house compressor manufacturing technology.</p>





Automotive

- Karnataka has a vibrant auto industry with investments of over US\$ 713 million and annual turnover of US\$ 489 million.
- Of the total 201 listed auto-ancillary firms in India, 10 are based in Karnataka.
- The State Government has set up Auto Parks at Bidadi, Bengaluru, Shimoga and Dharwar for automobile ancillary and servicing units.
- General Motors has invested US\$ 21 million to set up a technical centre in Bengaluru.
- Toyota, Volvo, TVS Motors have set up vehicle manufacturing units in Karnataka, which has led to the growth of ancillary units involved in manufacturing tyres, bearings and other auto spare parts in the Bengaluru-Hosur region.






Key players

- Toyota Kirloskar
- Volvo
- TVS Motors
- Bosch
- Brakes India
- Automotive Axles

Automotive – company profiles ... (1/2)

<p>Toyota Kirloskar</p> 	<p>Toyota entered a joint venture with the Kirloskar Group in India in 1997; the Indian arm posted revenues of US\$ 817.4 million in 2008-09, a 11 per cent decrease over the previous year. The company has manufacturing facilities at Bidadi (rural Bengaluru) and plans to invest another US\$ 1.05 billion on a passenger-car project, there.</p>
<p>Volvo India</p> 	<p>In 2007, Volvo India set up its bus body-building unit in Bengaluru. Volvo recorded a global revenue of US\$ 8.5 billion for the year ending December 2008; has 100,000 employees worldwide, of which 7,900 employees work in the Volvo Buses division. In 2009, the Bengaluru bus plant delivered over 600 buses, a 50 per cent increase over 2008 and is operating at full capacity.</p>
<p>Bosch Limited</p> 	<p>Bosch Limited is a subsidiary of the Bosch Group, which is headquartered in Stuttgart, Germany; it began manufacturing operations in India in 1953 and has grown to employ over 18,000 employees. While its primary business is manufacturing auto components, it is also present in engineering and IT services, industrial technology as well as consumer goods and building technology. Had revenue from Indian operations of US\$ 1.6 billion in 2007-08; the company is headquartered in Bengaluru and has 14 manufacturing sites, with two facilities in Karnataka at Naganathapura and Bengaluru.</p>
<p>Automotive Axles</p> 	<p>Automotive Axles is a joint venture between Arvin Meritor Inc. and the Kalyani Group; the company has manufacturing facilities in Mysore and specialises in rear-drive axle assemblies. It had revenue of US\$ 58.8 million in the year ending September 2009.</p>

Automotive – company profiles ... (2/2)

<p>Brakes India</p> 	<p>Manufacturer of automotive and non-automotive braking systems, Brakes India began operations in 1962. The company is a joint venture between Lucas Industries PLC and the TVS Group. It had revenue of US\$ 344.6 million in 2008-09; five manufacturing facilities across India, including one at Nanjangud, Karnataka.</p>
<p>TVS Motors</p> 	<p>One of the largest two-wheeler manufacturers in India, TVS Motors had revenues of USD 1 billion in 2008-09 and over 4,000 employees; had four manufacturing plants across India, including one at Mysore.</p>
<p>Delphi Automotive Systems Private Limited</p> 	<p>Delphi India, a subsidiary of Delphi Corporation, commenced operations in 1995. In 2000, the Company established a Technical Centre India at Bengaluru, which is the second-largest technical centre outside the US. The company has four manufacturing facilities across India, including one at Bengaluru. In October 2009, Delphi India announced plans to further expand its India Technical Centre in Bengaluru and hire an additional 150 employees, at an additional investment of US\$ 32.6 million.</p>
<p>Tata Marcopolo</p> 	<p>Tata Marcopolo is a joint venture between Tata Motors and Marcopolo, which commenced operations in 2006; The company is involved in building the body of buses and coaches; Its manufacturing facility in Dharwad commenced operations in January 2009, with an annual production capacity of 30,000 units and is expected to generate over 6,500 direct jobs.</p>
<p>Reva Electric Car Company Private Limited</p> 	<p>REVA is based in Bengaluru. It is a joint venture between the Maini Group and AEV LLC; their first electric car was launched in 2001. Reva has manufacturing facility at Bengaluru and has the capacity to produce 3,000 units per annum. It company has unveiled two new models for manufacturing in its Bengaluru facility in early 2010.</p>

Textile and apparel

- Karnataka produces 70 percent of India's silk; it is a major apparel sourcing destination for the global market.
- The sector has potential for future growth with the Apparel Park at Dodaballapur near Bengaluru and other mega textile parks in the other parts of the state.
- There are about 1,800-2,000 textile and garment units in Bengaluru and nearby textile clusters.
- In July 2008, the Karnataka Government proposed to establish 11 textile parks to give a boost to the textile industry in the state.
- The Bellary district, with a proposed 175 acre apparel park specialising in denim based garments is an emerging centre for textiles in Karnataka.




Key players

- Gokaldas Exports
- Karnataka Silk Industries Corporation (KSIC)
- Forbes Gokak Limited
- Himatsingka Seide
- Shahi Exports Private Limited
- Zenith Exports
- Indus Fila

Textiles and apparel – company profiles ... (1/2)

<p>Gokaldas Exports Limited</p> 	<p>Gokaldas is one of the largest garment exporters in the country. It commenced operations in 1979; has headquarters at Bengaluru and 46 factories across Karnataka; employs over 47,000 employees. It recorded revenue of US\$ 239 million in 2008-09; launched a 25,000 sq ft “Cash& Carry” concept store in Bengaluru in September 2009.</p>
<p>Karnataka Silk Industries Corporation (KSIC)</p> 	<p>KSIC is a Government of Karnataka enterprise; a leading manufacturer of silk with factories in Mysore as well as T. Narasipura. Recorded a revenues of US\$ 12.6 million in 2007-08. The company tied up with the National Institute of Fashion Technology for developing new designs for silk sarees and stoles, which KSIC has begun to produce.</p>
<p>Forbes Gokak Limited</p> 	<p>Originally Gokak Mills, the company was acquired by the Forbes Group in 2002. Gokak Mills was established in 1885 and specialised in yarn spinning before diversifying into other areas such as dyed yarns, canvas, terry towels, knitted garments, etc. It has revenues of US\$ 59.1 million in 2008-09, of which, roughly 50 per cent was exported. The company has manufacturing facilities at Bengaluru as well as Belgaum</p>
<p>Himatsingka Seide</p> 	<p>Himatsingka Seide is a Bengaluru-based company, which focuses on textile design and manufacturing; the company has a spinning division as well as a weaving division. In 2003, it launched its own retail store, “Atmosphere”, which specialises in made-ups. The company invested US\$ 87 million in setting up a green field project at the Hassan SEZ in 2006-07. It had revenues of US\$ 226 million in 2008-09.</p>

Textiles and apparel – company profiles ... (2/2)

<p>Shahi Exports Private Limited</p> 	<p>Shahi Exports is among the top home furnishing exporters in the country; began operations in 1974 in Delhi. Started manufacturing in Bengaluru in 1988; has manufacturing facilities in Bengaluru, Salem and Tirupur.</p>
<p>Zenith Exports Limited</p> 	<p>Zenith Exports is a diversified export company that manufactures silk, leather and other textiles; its silk divisions are located in both Bengaluru and Mysore.</p> <p>The company had revenues of US\$ 52.1 million in 2008-09;</p>
<p>Indus Fila</p> 	<p>Indus Fila is a Bengaluru-based, leading fabric and apparel manufacturer; the company has three manufacturing facilities: two in Bengaluru and one in Nanjangud. The company had revenues of US\$ 63.9 million in the nine-month period between June 2008 and March 2009. In June 2009, the company opened two retail outlets, one of which is based in Karnataka, in the Gulbarga district. Additional stores are being planned in Bengaluru and other major Indian cities.</p>

Agro and food processing

- The state accounts for 70 percent of the country's total coffee production (206 million tonnes in 2006-07).
- It ranks second in the production of flowers; also one of the leading producers of fruits and vegetables.
- Horticulture accounts for over 40 percent of the state's agricultural income and contributes 17 percent to GSDP.
- The state promoted an SPV, Food Karnataka Limited (FKL), in 2004, to attract private investments in six proposed food parks across the state.
- In 2009-10, the state proposed to set up a Spice Park at Byadagi in the Haveri district.

Key players

- Hindustan Unilever
- Britannia
- Nestle
- United Breweries
- MTR Foods
- Cadbury India

Agro and food processing – company profiles ... (1/2)

Hindustan Unilever



Hindustan Unilever is a large fast moving consumer goods company. It recorded revenues of US\$ 4.4 billion in the period January 1, 2008 to March 31, 2009. The company employs over 15,000 people nationwide; has 35 manufacturing facilities throughout the country, in various parts of the state, such as Bengaluru, Mangalore, Mysore and Dharwad. Bengaluru is home to one of Unilever's Global R&D centres, which, among other products, also specialises in beverages, ice creams and processed foods

Nestle India






Nestle has been in India for almost a century, with seven production facilities across the country, including one at Nanjangud, Karnataka. It produces chocolate and confectionaries, prepared dishes and cooking aids, beverages and milk products and nutrition. The company's Indian operations had revenue of US\$ 972 million in 2008-09

Britannia



Britannia is a leading food processing company in India, manufacturing food products such as biscuits, cheese, bread; it is based in Bengaluru. The company has revenue of US\$ 676.6 million in 2008-09 and employs almost 2,000 people, nationwide.

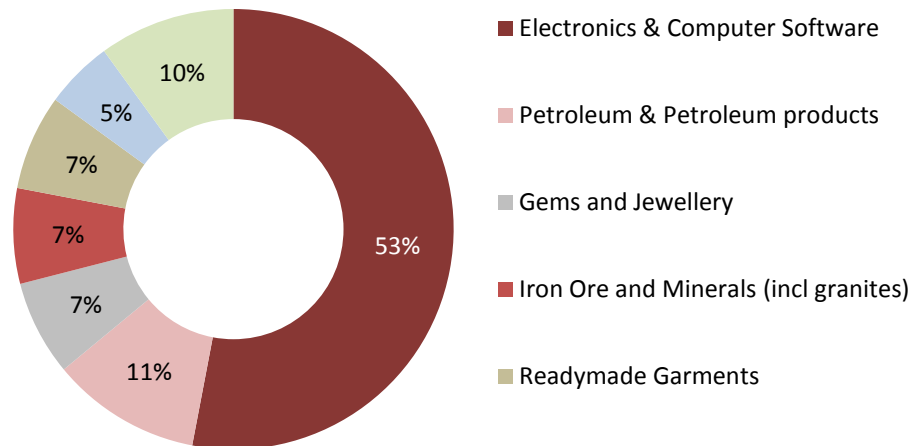
Agro and food processing – company profiles ... (2/2)

<p>United Breweries</p> 	<p>Based in Bengaluru, United Breweries (UB) India's largest brewer and the second largest in the world. It recorded a turnover of US\$ 394.9 million in March 2008. The group has around 2,000 employees; manufactures products, primarily, under the brands Kingfisher, London Pilsner, and UB Premium Ice; UB has a distillery with a capacity of 235 million litres. The group is also into the aviation sector and owns the Kingfisher Airlines. It has stakes in White & Mackay and the French wine-maker Bouvet Laudubey.</p>
<p>MTR Foods Private Limited</p> 	<p>MTR is among the top five processed food manufacturers in India. The company began with the popular MTR restaurant in Bengaluru and is headquartered there. It was acquired by Norwegian company, Orkla, in 2007-08; the company produces a variety of food products ranging from spices, instant mixes and pickles to ready-to-eat foods and frozen foods.</p>
<p>Cadbury India</p> 	<p>Cadbury is a leading chocolate producer in India, with over 70 per cent market share. Its revenues from Indian operations amounted to US\$ 37 million in 2008-09. The manufacturing facilities are spread across India, including Bengaluru. Currently, Cadbury worldwide is in discussions with Kraft over a possible acquisition by the latter.</p>

Karnataka's key exports include electronics and computer products

- Karnataka's exports have touched US\$ 23.4 billion with the IT and biotechnology sectors as the leading exports segments.
- Three major commodities that registered high export growth in 2006-07 were electronics and computer software (US\$ 12.48 billion), petroleum and petroleum products (US\$ 2.56 billion) and gems and jewellery (US\$ 1.72 billion).

Sector-wise distribution of exports
(2006-07)



Sources: Economic Survey of Karnataka 2008-09, "Exports from Karnataka", Karnataka Udyog Mitra, www.kumBengaluru.com

Major industrial projects being implemented

Promoter	Project	Investment (US\$ million)	Location
Food Processing			
Bharti Del Monte India Private Limited	Food and beverages	32.6	Hosur, Bengaluru
Textile and apparel			
Indus Fila Private Limited	Composite textile (expansion)	23.8	Mysore
Seams Fab (India) Private Limited	Readymade garments (Madanayakanahalli)	27.4	Bengaluru
IT/ITeS			
Government of Karnataka	SEZ for IT Hardware	1,020.0	Bengaluru
Karnataka Industrial Areas Development Board	SEZ for IT	760.9	Dakshina Kannada

Source: projectstoday.com

Key industrial projects under planning

Promoter	Project	Investment (US\$ million)	Location
Food Processing			
Karnataka State Agricultural Produce Processing & Export Corporation Limited	Cold chain facility	27.4	Belgaum, Kolar
Biotechnology			
Micro Labs Limited	Pharmaceuticals	27.4	Anekal
Steel			
Mineral Enterprises Limited	Integrated steel plant	456.9	Chickmagalur
IT/ITeS			
Parsvnath SEZ Limited	IT/ITeS SEZ	434.8	Bengaluru
Divyasree Developers Private Limited	IT SEZ	260.9	Whitefield, Bengaluru
Auto/auto components			
Toyota Kirloskar Motor Limited	Passenger cars	1,050.0	Bidadi

Source: projectstoday.com

Contents

- ❖ Advantage Karnataka
- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ **Doing business in Karnataka**

Key approvals required

List of approvals and clearances required	Departments to be consulted
Prior to setting up the unit	
Registration	Department of Industries and Commerce department, Karnataka Udyog Mitra (single window agency)
Allotment of land/ shed	Karnataka Industrial Areas Development Board
Permission for land use	District authorities
No objection certificate under Water and Air act	Karnataka State Pollution Control Board
Approval for construction activity and building plan	Development authority/urban local body
No objection certificate	Fire department and directorate of factories and boilers
Provisional Trade Tax registrations	Central and state excise departments
Registration under Central Sales Tax act	Central and state excise departments
Before commencement of production	
No objection certificate under of Water and Air act	State Pollution Control Board
No objection certificate	Fire department and directorate of factories and boiler
Permanent trade tax registration	Central and state excise departments
Registration under Central Sales Tax Act 1956	Central and state excise departments
After commencement of production /activity	
Registration	Department of Industries and Commerce and respective sector departments such as IT/BT/Tourism etc.

Contact list

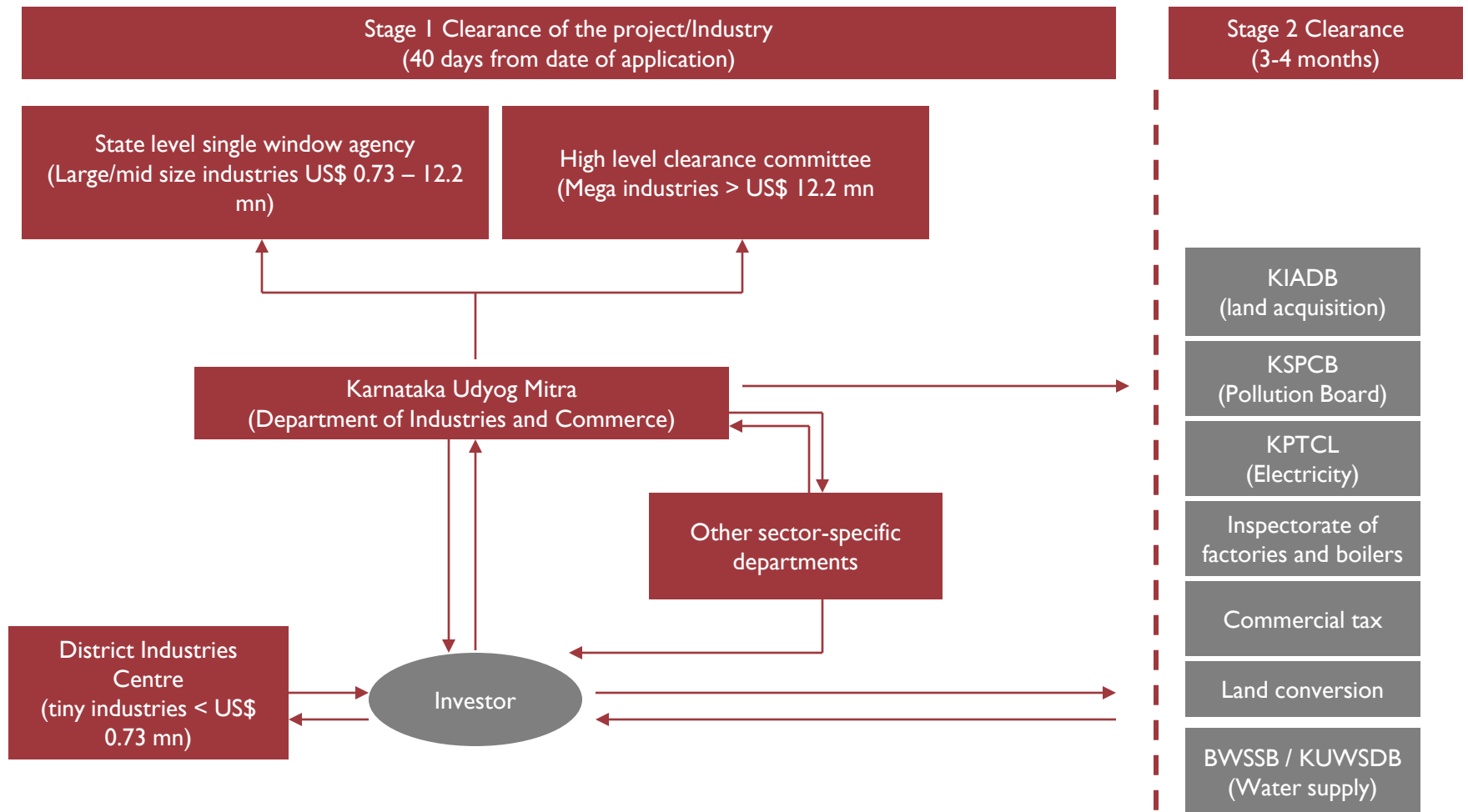
Key agency	Contact information
Karnataka Udyog Mitra	3 rd Floor, South Block, Khanija Bhavan Race Course Road Bengaluru - 560 001 Phone: 91-80-2228 2392/5659/6632, 2238 1232 Fax: 91-80-2226 6063 E-mail: md@kumBengaluru.com Website: www.kumBengaluru.com
Directorate of Industries and Commerce	2 nd Floor, South Block, Khanija Bhavan Race Course Road Bengaluru - 560 001 Phone: 91-80 2238 9901-08 Fax: 91-80-2238 9909 E-mail: commissioner@karnatakaindustry.gov.in Website: www.karnatakaindustry.gov.in

Cost of doing business in Karnataka

Cost parameter	Cost estimate
Industrial land (per sq ft)	US\$ 4.5 to US\$ 120
Office space rent (per sq ft per month)	US 85 cents to US\$ 8
Power (per kWh)	Small and medium industries Bengaluru: US 9.10 cents to 11.30 cents Other areas: US 8.65 cents to US 10.38 cents Large industries Bengaluru: US 10.66 cents Other areas: US 10.25 cents
Labour (minimum wage per month)	US\$ 69 to US\$ 79
Water (per kilolitre)	Bengaluru metropolitan area: Non-domestic: US 78 cents Industries: US\$ 1.3 Bidadi industrial area: US\$ 1.1

Source: Industry sources, Directorate of Industries and Department of Labour

Approval process



Source: Karnataka Udyog Mitra, Department of Industries & Commerce

Key investment promotion offices

<p>Department of Industries and Commerce (DIC)</p> <ul style="list-style-type: none"> Anchor department for development/ establishment of industries in Karnataka Responsible for formulating and implementing industrial policies in the state. 	<p>District Industries Centres</p> <ul style="list-style-type: none"> Nodal agencies for approval of projects at district level Jurisdiction for approval includes projects with expected project value less than US\$ 0.73 million.
<p>Other departments</p> <ul style="list-style-type: none"> There are various sector-specific departments such as Department of Tourism, Department of Information Technology and Biotechnology, Department of Food Processing, Department of Textiles, Department of Mines and Geology. 	<p>District Level Single Window Clearance Committee (DLSWCC)</p> <ul style="list-style-type: none"> Functions under chairmanship of respective Deputy Commissioners for industrial projects for investments less than US\$ 0.73 million.
<p>State High Level Clearance Committee (SHLCC)</p> <ul style="list-style-type: none"> Functions under the chairmanship of the Chief Minister with representations from ministers and officers of all concerned departments for projects involving investment of more than US\$ 12.2 million. 	<p>State Level Single Window Clearance Committee (SLSWCS)</p> <ul style="list-style-type: none"> Functions under chairmanship of Principal Secretary (DIC) with representations from key departments for investments that range between US\$ 0.73–12.20 million.
<p>Karnataka Udyog Mitra (KUM)</p>	
<ul style="list-style-type: none"> It is the single contact point for investors in the state. Considers/ forwards proposals to concerned agencies and communicates status to investors Monitors implementation of approved projects Single point contact for information on various aspects including land availability, statutory approvals and coordination. 	

Annexure

Exchange rates

Year	INR equivalent of one US\$
2000	46.60
2001	48.30
2002	48.04
2003	45.60
2004	43.70
2005	45.20
2006	45.00
2007	42.00
2008	40.20
2009	46.00

Average for the year

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