



# KARNATAKA

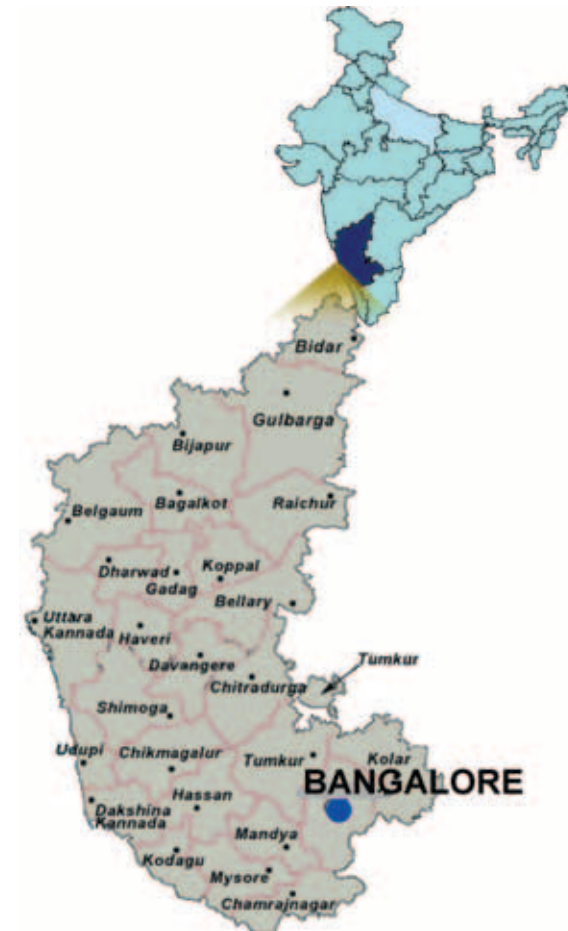
October 2007



# STATE ECONOMY & SOCIO-ECONOMIC PROFILE

## Karnataka – A Snapshot

- Located in the southern region of India, Karnataka, has a population of 52.85 million (2001 Census) making it India's Ninth largest state by population
- Occupies an area of 191,791 sq km (5.83% of India)
- State is bordered by the Arabian Sea to the west, Goa to the northwest, Maharashtra to the north, Andhra Pradesh to the east, Tamil Nadu to the southeast, and Kerala to the southwest
- The State is divided into 29 districts
- Administrative & Financial capital is Bengaluru
- Hubli-Dharwad, Mysore, Gulbarga, Belgaum and Mangalore are the five large cities in terms of population after Bengaluru (2001 Census)



## Socio – Economic Snapshot

Parameters	Karnataka
Capital	Bengaluru
Geographical Area	1,92,00,000 Sq Km
Administrative Districts	27 districts
Population Density	275 persons/ Sq Km
Population	52.73 million
Male	26.85 million
Female	25.87 million
Sex Ratio	964
Decadal Population Growth Rate 1991-2001	17.25%
Projected Population (2008)	57.39 million
Literacy Rate	67.04%
Male	76.29%
Female	57.45%
Average Life Expectancy	64 years

Source: Census of India, 2001

## Economic Profile

- Total GSDP of Karnataka in 2006-07 was about US\$ 47.32 billion
- GSDP (Gross State Domestic Product) growth of 9.2% in 2006-07
- With overall GDP growth of 56.2% and per capita GDP growth of 43.9% in last decade, the highest decadal growth rate in the country, Karnataka's per capita income stands at sixth place

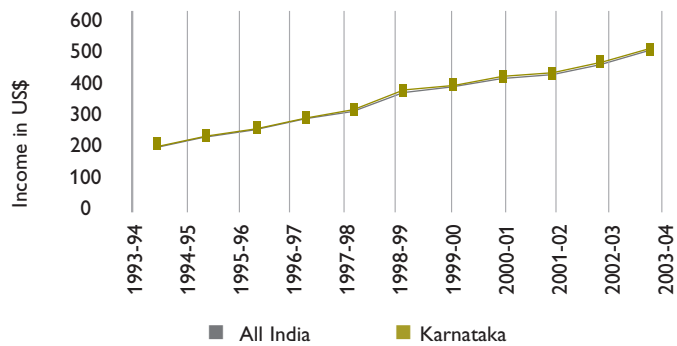
Karnataka GSDP Growth



Source: Department of Commerce & Industry, E&Y Research

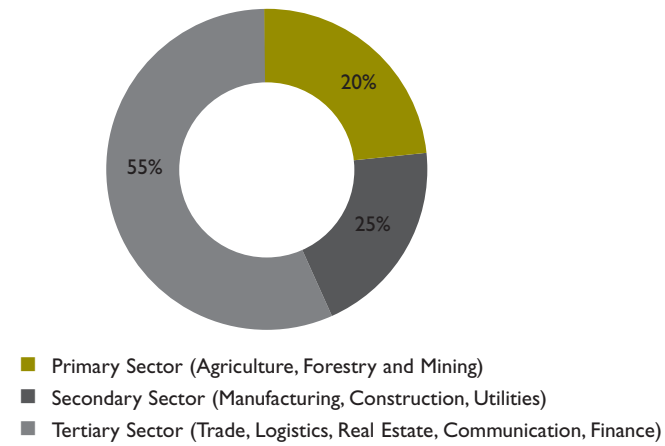
## Economic Profile

Per Capita Income in Current Prices



Source: Department of Commerce & Industry, E&Y Research

Sectoral Contribution to GSDP-2005  
(At constant 1993-94 prices)



Source: Department of Commerce & Industry, E&Y Research

## Socio-Economic Profile

- Bengaluru, Mysore and Mangalore – 3 major cities of Karnataka with over 40% of urban population in the state
  - \* Bengaluru – largest urban metropolis of the state
  - \* Mysore – emerging as an alternative destination to Bengaluru in service and tourism sectors
  - \* Mangalore – with its ports, presence of educational institutes, hospitals and banks is fast emerging economy in services, logistics and manufacturing

Cities	Average Annual Household Income (\$)	Average Annual Household Savings (\$.)	Households Electrified (%)	Internet Users (Nos.)	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%

Source: City Skyline Date, E&Y Analysis

## Socio-Economic Profile

Socio-Economic Classification	SEC A	SEC B	SEC C	SEC D & E
Bengaluru	14%	23%	30%	33%
Mysore	11%	21%	29%	48%
Mangalore	5%	20%	27%	40%

Source: City Skyline Data, E&Y Analysis

Cities	Population in Million (Urban)	Unemployment Rate	Migration Rate	Population Growth Rate per annum	Employment Growth	Employment Growth	Deposit Growth
Bengaluru	6.20	12.05%	8.0%	3.2%	4.84%	20.00%	20.00%
Mysore	0.98	11.73%	5.9%	1.7%	2.75%	10.79%	9.1%
Mangalore	0.73	6.15%	11.0	11.0	3.60%	15.28%	10.6%

# INFRASTRUCTURE STATUS

## Physical Infrastructure – Roads

### Road Inventory

- State well connected to 6 neighboring states and other parts of India through 14 National Highways (NH); accounting for about 6% of total NH network in India
- District centers connected to each other with 114 State Highways (SH)
- Total road network of NH, SH and District Roads is about 52,000 Kms.

### Per Capita Income in Current Prices

Road Type	Road Length (Km)
National Highway	3,843
State Highway	28,311
District Roads	19,801

Source: Government of Karnataka website,  
NHAI; E&Y Research

# Physical Infrastructure – Roads

## Multi-Lateral Agency Funded Projects

- Upgradation component for 901 kms (13 packages)
- Rehabilitation component for 1,480 kms (34 packages)
- Project Cost: US \$ 447 millions
- World Bank Loan: US \$ 399 millions

## PPP in Road Sector Development

- Public Private Partnership models such as “Build-Operate-Transfer” (Tumkur-Nelmangala, Elevated Expressway to E-City) and Annuity projects (Bengaluru-Maddur) being used for road development



Source: Government of Karnataka website, NHAI; E&Y Research

## Physical Infrastructure – Ports

### Major Ports

- New Mangalore Port
- Karwar Port

### Minor Ports

- Belekeri
- Tadri
- Honnavar
- Bhatkal
- Kundapur
- Hangarkatta
- Malpe
- Padubidri
- Old Mangalore

### New Mangalore Port (2006-2007)

Total Traffic handled	32.04 MTA
Total Imports handled	17.92 MTA
Total Exports handled	14.12 MTA
Number of Vessels	1,015
Cruise Vessels	18

### Karwar Port (2006-07)

Total cargo handled	1.16 MTA
Total Imports & Exports	6 MTA
Revenue	US \$ 2.7 million
25 Private Liquid Cargo Tanks	75,000 million tonnes

# Physical Infrastructure – Ports

## Ongoing NHAI Port Connectivity Project

- NHAI's Port Connectivity Project to New Mangalore Port - Implementation stage
- NH-17 (Suratkal-Nantur Section), NH-48 (Padil Bantwal Section), NH-13
- Original completion date was December 2007 and has now been revised to June 2008



Source: Department of Ports and Water Inland Transport, Government of Karnataka

# Physical Infrastructure – Airports

## International Airport

- Bengaluru and Mangalore are the key airports in the State
- Good international connectivity of Bengaluru HAL airport
- International flights from Mangalore International Airport – presently to countries located in Middle East
- New Bengaluru International Airport being developed under a Public Private Partnership framework at Devanahalli, in the outskirts of Bengaluru



Source: [www.bialindia.com](http://www.bialindia.com), E&Y Research

## Physical Infrastructure – Airports

### Minor Airports/Low Cost Airports

- New minor airports proposed at Hassan, Mysore and Gulbarga, at various stages of approvals/completion
- Government and Private sector companies also proposing low cost airports costing about US\$ 4.8 million per airport at multiple locations in state

### Bengaluru HAL Airport (2006-07)

Capacity	8.12 million pax p.a.
Aircraft Movements	63,500
4th busiest Airport in India (after Mumbai, Delhi & Chennai)	

### Bengaluru International Airport

Area	4,000 acres
Capacity	11 million pax. per annum
Commissioning	April 2008

Source: [www.bialindia.com](http://www.bialindia.com), E&Y Research

## Physical Infrastructure – Rail

### Rail Inventory

- State well connected to other parts of the country
- Railway network of over 3,000 kilometers
- Intra state rail connectivity, especially on the key lines for passenger and freight movements, needs to be augmented

### PPP in Rail Development

Rail projects being developed under PPP model

- For expeditious development of key railway lines such as gauge conversion of Hassan-Mangalore freight line, Hubli-Ankola lines
- Through K-RIDE (Special Purpose Vehicle between State Government, Railways and other investors)

### Other Related Projects

Urban transport
<ul style="list-style-type: none"> <li>• Metro rail and Mono-rail projects in Bengaluru underway</li> <li>• Mysore Metro Rail Project - preliminary feasibility considered</li> </ul>
Tourism
<ul style="list-style-type: none"> <li>• Luxury tourist train on lines of Palace on Wheels (in Rajasthan) - expected to roll-out in January 2008</li> </ul>

### Ongoing Projects

<ul style="list-style-type: none"> <li>• Hassan – Sakhleshwar – Mangalore line gauge conversion, under progress</li> <li>• Key connectivity projects, doubling of Mysore – Bengaluru railway line, Gadani – Bagalokot, Bengaluru – Hassan to be taken up in near future</li> </ul>
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Source: South West Zone Railways, BMRCL, KSTDC, E&Y Research

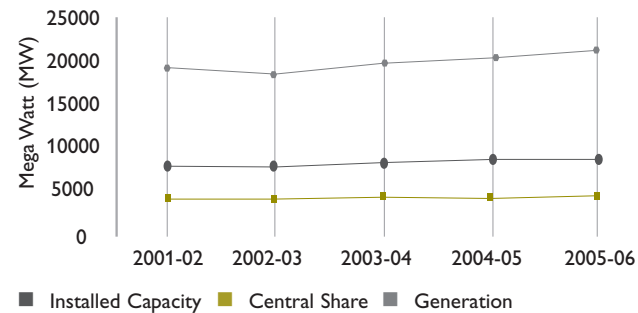
# Physical Infrastructure – Power

## Generation:

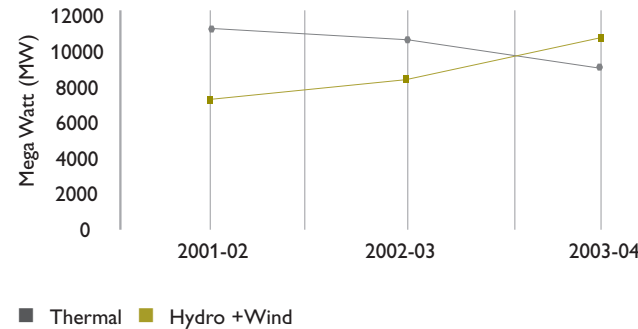
### KPCL and IPPs (GMR/Jindal/ Bhoruka)

- KPCL has an installed capacity of over 5,000 MW
- Plants for another 4,000 MW are in the pipeline
- Independent power producers have installed capacity of over 1,000 MW

Power Generation and Installed Capacities



Power Generation Source



Source: KPCL, KTPCL, E&Y Research

## Physical Infrastructure – Power

### Distribution/Supply:

#### Electricity Supply Companies (ESCOMs)

- 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)

### Transmission:

Karnataka Power Corporation Limited (KPTCL)

Area Covered	192,000 sq. km.
Sub stations	Sub stations
Transmission lines	28,000 Km., 33KV, 130,000 Km. of 11 KV
LT lines	3,57,000 Km.
Distribution Transformers	1,50,000

Source: KPCL, KPTCL, E&Y Research

## Physical Infrastructure – Telecom

- Karnataka has leading telecom companies in the sectors of telecommunication network, basic telephony services (both wire line & wireless) and networking services for telecommunication equipments
- Entire State is networked via Optic Fibre Cables (OFC) by the State-run BSNL (formerly DOT) 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, provide the Last Mile Access directly to the customer in all major cities in Karnataka.

### Active Telecom Service Providers in Karnataka

BSNL
Bharti Airtel
Reliance Communication
Vodafone Essar
Spice Communication
Tata Teleservices

### Key Statistics (2007)

Cellular Subscribers	About 10 million
<b>Internet / Broadband</b>	
Subscribers	About 0.8 million
Telecom towers	About 14,000

Source: Department of Telecommunication, E&Y Research

## Industrial Infrastructure

- Commerce & Industry Department/Karnataka Industrial Area Development Board/Karnataka State Industrial Investment Development Corporation (KSIIDC) spearhead the industrial infrastructure development in the State
- Directorate of Commerce and Industries has set up district and taluka industrial centers across the State
- Government of Karnataka is promoting growth of Special Economic Zones (SEZ), with several sector specific SEZs, e.g. for Pharma & Biotech, Food Processing and Agro-based industries at various locations in the state and Textile SEZ at Hassan and Coastal SEZ at Mangalore



## Industrial Infrastructure

### Key Industrial Clusters

- IT/ITES cluster in Electronic City and Whitefield (Bengaluru)
- Biotech Park/Cluster in Electronic City, Bengaluru
- Machine Tool cluster at Peenya Industrial Estate
- Textile cluster at Doddaballapur
- Foundry cluster at Belgaum
- Industrial Valve cluster at Hubli - Dharwad
- Auto Component cluster at Shimoga
- Coir clusters at Hassan
- Handicrafts cluster at Channapatna
- Coffee Production & Processing cluster in Madikeri

### SEZ in Karnataka

Formal Approvals	36
In principle Approvals	17
Notified SEZ (as on 3rd Oct 2007)	17(2 IT/,11 IT/ ITeS, 2 Biotech,1 High Tech Engg.,1 Food Processing)

Source: [www.sezindia.nic.in](http://www.sezindia.nic.in)  
[www.kumbangalore.com](http://www.kumbangalore.com)

## Social Infrastructure - Education

### Karnataka Education Infrastructure

Karnataka has

- 11 Universities
- 133 Medical Colleges
- 134 Engineering Colleges
- 712 General Colleges
- 199 Diploma colleges
- 68 MCA Colleges
- 61 MBA Colleges
- Two Universities of Agricultural Sciences at Bengaluru (1965) and Dharwad
- Kannada University at Hampi

### Karnataka Primary Education Statistics

Karnataka State Literacy Rate	67.04%
In principle Approvals	76%
Female Literacy	57%
Primary School Provision	Population of 200 people
School Enrollment	Class 5-7 increase by 5% (1991-2002)
School Dropout Rate	Classes 1-4, 27% in 1992, 10.5% in 2001
Teacher Student Ratio	34 (year 2000)

Source: [educationbangalore.com](http://educationbangalore.com)

## Social Infrastructure - Education

### Premier Institutes in the State

- Indian Statistical Institute (1978)
  - Indian Institute of Science (1911)
  - Indian Institute of Management (1972)
  - National Law School of India University (1987)
  - Institute for Social and Economic Change (1972)
-

## Social Infrastructure - Health

### Health Infrastructure: Government Initiatives

- Three-tier health infrastructure comprising Primary Health Centres, Health Units, Community Health Centres and Sub-Centres State
- Policy of the Government is to establish One Primary Health Centre for every 30,000 population and One Dispensary for every 15,000-20,000 population and a Sub-Centre for 5,000 population

### Health Infrastructure in State

293 (176 Government) Hospitals
1,297 Primary Health Centres
622 Primary Health units/dispensaries
7,793 Sub-centres
More than 50,000 beds
Life expectancy: 67 years

### Premier/Super Specialty Hospitals

Narayana Hrudayalaya, Bengaluru
MS Ramaiah Hospital, Bengaluru
Manipal Hospital, Bengaluru
Sagar Apollo Hospital, Bengaluru
HOSMAT Hospital, Bengaluru
Vittal Malya Hospital, Bengaluru
Columbia Asia, Bengaluru
Shri Satya Sai Hospital, Bengaluru
Apollo Hospital, Mysore
Basappa Memorial Hospital, Mysore
Vikram Hospital, Mysore
Kasturba Hospital, Manipal

Source: Status of Infrastructure in Primary Health Centres in the States of India, Facilities Survey, 2003, E&Y Research

# Emergence of Health City Concept

- Healthcare landscape in Karnataka changing rapidly, corporate and foreign hospitals setting up centres to offer high quality healthcare
- The Health City Concept is gaining currency, with presence of specialised and scalable healthcare infrastructure, emphasis on medical research, collaboration with industry and healthcare operators and a self sustaining health cluster including hospital, wellness, recreation and residential e.g. Narayana Health City

# STATE POLICY & INCENTIVES

## New Industrial Policy (2006-11)

### Industrial Policies in Karnataka

- Karnataka is among the top 5 industrialized states in the country
- First to introduce a State Industrial Policy in 1982-83
- State Industrial Policy for 2001-2006 witnessed 1,009 proposals being approved with an investment of US\$ 33 billion offering potential employment to 16,94,693 persons

### New Industrial Policy, 2006-11

- New Industrial Policy for the period 2006-2011 with effect from April 2006
  - Aims to achieve a GSDP growth rate of 9% per annum and 12% average annual growth over the policy period in the industrial sector, which accounts for 18% of GSDP
-

## New Industrial Policy (2006-11)

### Thrust Areas under New Industrial Policy

Aerospace, Engineering, Automobile, Machine-tools, Steel, Cement, Pharmaceuticals, Food Processing, Apparel & Textiles, Electronics, IT and Biotechnology

### Incentives and Concessions under the New Industrial Policy of Karnataka

- Capital investment subsidy to SSI in all the areas
  - Exemption of Electricity Duty on captive power plants
  - Exemption of Stamp Duty and Reduction of registration charges in thrust areas
-

## New Industrial Policy (2006-11)

### Incentives and Concessions under the New Industrial Policy of Karnataka

- Waiver of conversion fee for upto 50 acres in thrust areas
  - Reduction of 18% on land acquisition charges through KIADB in thrust areas
  - Subsidy of upto US\$ 0.2 million for setting up of effluent treatment plant in any area
  - Entry tax concessions for 3/5 years on capital goods/raw materials in thrust areas
-

## New Infrastructure Policy, 2007

### New Infrastructure Policy – 2007

- Main objective is to provide a fair and transparent policy framework to facilitate the process of economic growth and encourage Public Private Partnerships (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 upto US \$ 1.2 million
-

## New Infrastructure Policy, 2007

### Focus Sectors under the New Infrastructure Policy

- Agri-infrastructure, Education, Energy, Healthcare, Industrial infrastructure, Irrigation, Public markets, Tourism, Transportation & Logistics, Urban & Municipal infrastructure

### Incentives and Concessions under the New Infrastructure Policy

- Facilitation: Land acquisition, approval process and utility arrangements at project site
  - Asset-based support : Government land at concessional rates, viability based land acquisition support
-

## New Infrastructure Policy, 2007

### Incentives and Concessions under the New Infrastructure Policy

- Fiscal : Exemption from entry tax, special entry tax for three years; concession on stamp duty and conversion rates in thrust areas
- Contingent guarantees 'Take-or-pay' or 'Supply-or-pay' type of guarantees in select cases
- Financial support: Sponsor for Central Viability Gap Funding and additional state viability gap funding for projects

*Source: Gazette notification of Infrastructure Department Secretariat, July 2007*

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## Millennium IT Policy, 2000

### IT Policies in Karnataka

- Karnataka is considered the Silicon State and Bengaluru, the IT Capital of India
- First State to announce an IT policy in 1997
- Thrust Areas under Millennium IT Policy: IT in Rural Development, Human Resource Development and e-Governance

### Millennium IT Policy, 2000

- IT to be used as a tool to track beneficiaries for providing rural credit through Women Self Help Groups.
  - IT to be applied in rural development projects such as provision of drinking water, computerizing Village Panchayats, building Management Information Systems for Zilla Panchayats etc.
-

## Millennium IT Policy, 2000

### Millennium IT Policy, 2000

- IT sector in Karnataka is estimated to provide employment to 1 million people
  - Schemes to train people in IT to be implemented at different levels
  - Government has progressed on computerisation of teachers' payroll accounting system, students' details, admissions and examinations for higher education, village land records, land registration, Government treasury, etc.
  - 140 talukas(out of 175) are connected through a Fiber Optic Network
-

## Millennium IT Policy, 2000

### Incentives and Concessions under Millennium IT Policy

- Fiscal: Exemption to IT companies from payment of entry tax on certain capital goods, concession on stamp duty & registration charges, rebate on cost of land
  - Power: Continuous and uninterrupted supply of power at industrial rates
  - Simplified procedures/laws: Pollution control clearances, urban planning/zonal regulations, relaxation in labour laws, 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
-

## Millennium Biotech Policy, 2000

### Millennium Biotech Policy, 2000

- Government to set up Biotech Parks in Bengaluru and Dharwad; Marine Biotech Park in Karwar
  - Biotech Corridor to be developed in Bengaluru
  - Other institutions planned such as Centre for Human Genetics, Institute of Agri-Biotechnology
  - Measures to accelerate Human Resource Development through scientific computing and electronic education
  - Strengthening of institutional framework for promoting biotechnology by setting up Karnataka Biotechnology Development Council, Karnataka Biodiversity Committee
-

## Millennium Biotech Policy, 2000

### Thrust Areas under Millennium Biotech Policy

- Genomics
- Biofuels
- Bioinformatics
- Contract Research

### Incentives and Concessions under Millennium Biotech Policy

- Fiscal: Exemption from entry tax on certain capital goods, concession on stamp duty and registration charges, rebate on cost of land, exemption from electricity tax for 5 years on captive generation
  - Power: Continuous and uninterrupted supply of power at industrial rates
  - Simplified procedures/ laws: Urban planning/ zonal regulations, relaxation in labour laws, single window agency
  - Financial Support: Encourage setting up of VCs for biotech industries
-

## Millennium BPO Policy, 2002

### Millennium BPO Policy, 2000

- Policy primarily aims at creating an investor-friendly environment for the Business Process Outsourcing (BPO) sector, 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 BPOs 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
-

## Millennium BPO Policy, 2002

### Incentives and Concessions under Millennium BPO Policy

- Fiscal: Exemption to BPO companies from payment of entry tax on certain capital goods for 3 years, 50% exemption on stamp duty and registration charges (100% exemption for units established by SSI outside city limits), waiver of land conversion fee to units employing 100 persons and above outside BMRDA limits
  - Simplified procedures/laws: Exemption from certain requirements under labour laws, facilitation through single window agency, relaxation in procedural requirements
  - Incentives to companies providing basic infrastructure to BPO sector
  - Additional incentives offered for anchor companies
-

## Karnataka Tourism Policy, 2002-2007

### Karnataka Tourism Policy, 2002-2007

- Thrust areas under the policy: Upscale tourism, heritage tourism, ecotourism, conventions and conferences, exhibitions, cruises and theme parks
  - State Tourism Council, State Level Coordination Committee & District Tourism Council set up to facilitate implementation of tourism policy
  - Department of Tourism (DoT) to prepare comprehensive development plan for development of major tourist spots and infrastructural plans, outlay of US\$ 30 million, for providing connectivity and common facilities
-

## Karnataka Tourism Policy, 2002-2007

### Karnataka Tourism Policy, 2002-2007

- Encourage private participation in all tourism-related activities
- Promote eco-tourism, adventure sports
- Development of travel circuits like Badami-Aihole-Pattadakal circuit and coastal circuit in North Canara
- Bengaluru to be developed as a major tourist destination through adventure sports and high-end accommodation

### Incentives and Concessions under Karnataka Tourism Policy

- Concessions available under Industrial Policy (2002-07 and now 2007-11) to be made available for private investment in tourism
-

## Karnataka Tourism Policy, 2002-2007

### Incentives and Concessions under Karnataka Tourism Policy

- Fiscal: Entry tax exemption during implementation for 3 years, waiver of land conversion fee, luxury tax charged on actual room tariff paid above US\$ 9 with a cap of 10%, entertainment tax exemption of 100% for the first 3 years and 75% for the next 2 years for I-Max theatres, tax on aviation turbine fuel reduced to 4%, underwriting of 50% of tickets of private airlines for initial period of 3 years, motor vehicle tax on inter-state tourist vehicle to be rationalised on reciprocal basis, 50% exemption on stamp duty for investment below US\$ 12 million and 100% exemption for above US\$ 12 million, concessional registration charges
  - Asset-based support: Government land offered at 50% of market value
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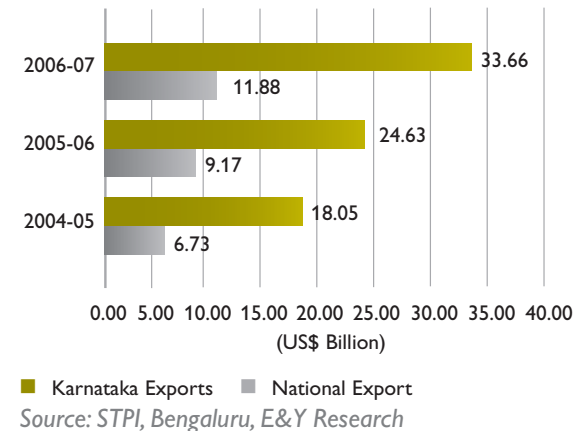
# BUSINESS OPPORTUNITIES

## Information Technology & IT Enabled Services

### IT/ITeS Opportunity

- Karnataka has been the forerunner in the IT/ITeS space owing to an appropriate ecosystem for knowledge driven industries including proactive government, sector friendly policy and large pool of skilled manpower
- Bengaluru is among the five largest technology hubs in the world
- Karnataka's share in national exports more than 35%, IT/ITeS export growth rate at about 30%

Karnataka V/S National Software Exports



## Information Technology & IT Enabled Services

### IT/ITeS Opportunity

- Karnataka has over 1200 operational companies in the IT/ITES space (2006) employing over 0.4 million professionals
- Presence of almost all the leading IT companies in the world including Infosys, Wipro, TCS, Oracle, Dell, IBM, Microsoft, Accenture, Cognizant and several others
- About 50% of the world's SEI CMM Level 5 certified companies are located in Bengaluru.

### Emerging IT Destinations

Mysore	49 STPI registered companies with a export of US\$ 185 million during 2006-2007, which is a 250% growth against the exports in 2004 - 05.
Mangalore	24 STPI registered companies with exports of US\$ 166 million during 2006-07
Hubli	13 STPI registered companies with an export of about US\$2.1 million

## Biotechnology

### Biotechnology Opportunity

- Karnataka is home to 55% of biotechnology related companies in India (June 2006)
- Bengaluru has the largest biocluster in India with total revenues of US\$ 341 million and 158 of the 320 odd companies working on biotechnology in India
- Karnataka has a headcount of over 6800 scientists involved in biotech research
- India's largest biotech company, Biocon, is based in Bengaluru

### Select Major Biotech companies in Karnataka

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

## Biotechnology

### Biotechnology Opportunity

- Presence of premier Life Sciences institutions such as Indian Institute of Science, National Centre for Biological Science, Jawaharlal Nehru Centre for Advanced Scientific Research, etc.
- Favorable institutional framework–Vision Group on Biotechnology to advise government on policy issues, 17 task forces for biotech related areas
- Availability of Venture Capital funds

### Upcoming Projects

Bengaluru Helix, a world class Biotech Park, involving an investment of over US\$ 24.4 million is being developed under a PPP framework

Three SEZs for Biotechnology – two in Bengaluru and one in Mysore

SEZ spread over 700 acres for pharma and biotechnology at Hassan (at conceptual stage)

Source: [www.karnataka.com](http://www.karnataka.com)

## Other Prominent Industries

### Engineering Industry

- Strong engineering base with several PSUs, Large and Medium privately owned units and widely dispersed small scale units
  - Engineering exports increased from over US\$ 243 million in 2002 to over US\$ 500 million in 2005 and constitutes about 4% of exports from the state
  - Bharat Earth Movers Ltd, Hindustan Machine tools Ltd. and Bharat Heavy Electricals Ltd. are among the leading companies in this sector in the state; combined turnover of the three companies is in excess of US\$ 5 billion
-

## Other Prominent Industries

### Electronics Industry

- Leader among Indian states in the electronic and telecommunications industry, boasting of as many as 300 leading international companies
  - Several public sector electronics companies and defence research institutions based in Bengaluru
  - Excellent telecom infrastructure with 140 out of 170 towns connected by OFC network
  - Hardware Technology park of 1,200 acres proposed at Devenhalli near international airport and also one at Mysore
  - Hardware exports have increased by 40% to US\$ 605 million in 2005-06 from US\$ 432 million a year ago
-

## Other Prominent Industries

### Automobile & Auto Components Industry

- 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
  - In 2003-04, revenues from the state's auto sector stood at about US \$ 604 million
  - State Government has set up many Auto Parks at Bidadi, Bengaluru, Shimoga, Dharwar housing automobile ancillary and servicing units
-

## Other Prominent Industries

### Automobile & Auto Components Industry

- 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 tyre manufacturing, bearings and other auto spare parts in the Bengaluru-Hosur region
-

## Other Prominent Industries

### Textile & Apparel Industry

- Producer of 70% of India's silk; major apparel sourcing destination for the global market
  - Companies such as Gokaldas Exports (Bengaluru) supply apparel to major global fashion labels
  - Promising future of the sector with the Apparel Park at Dodaballapur near Bengaluru and other mega Textile Parks in other parts of the state
  - Exports of over US\$ 860 million in 2003-04, making it the second largest garments exporter in India
-

## Other Prominent Industries

### Textile & Apparel Industry

- There are about 1,800-2,000 textile and garmenting units in Bengaluru and nearby textile clusters
  - Karnataka's textile exports stood at US\$ 1.6 billion which is roughly 20% of the country exports
  - Bellary district with a proposed 175 acre apparel park is an emerging centre for textiles in Karnataka specialising in denim based garments
-

## Other Prominent Industries

### Agro & Food Processing

- Several leading multinational food companies like Unilever, Britannia, ITC, Nestle, Nissin, Pepsi, Coco-Cola, Heinz among others, have manufacturing facilities in the State
  - State accounts for 70% of the country's total coffee production (206 million tonnes in 2006-07)
  - State ranks second in the production of flowers; also one of the leading producers of fruits and vegetables
  - Horticulture accounts for over 40% of the State's agricultural income and contributes 17% to GSDP
  - State promoted an SPV, Food Karnataka Ltd. (FKL) in 2004 to attract private investments in six proposed food parks across the State
-

## Key Players: IT/ITeS

### Infosys



- Set up in 1981
  - Revenue in 2006-07 was about US\$ 3.21 billion
  - Areas of IT consulting, modular global sourcing, process re-engineering and BPO services
  - Has operations in Australia, China and US
  - Marketing & 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
  - Has operations at multiple locations in Bengaluru and Mysore in Karnataka
-

## Key Players: IT/ITeS

### Wipro



- Established in 1945
  - Revenue in 2006-07 was about US\$ 3.28 billion
  - Areas of IT services, product engineering, technology infrastructure services, BPO and other consulting solutions
  - Provides services such as application development, deployment & maintenance, business intelligence, CRM
  - Based out of Bengaluru, the company has 54 development centers and 30 offices spread across India, N.America, Middle East and Europe
-

## Key Players: IT/ITeS

### Genpact



- Set up in 1997
- Formerly known as GE Capital International Services
- The company has recorded a turnover US\$ 600 million during 2006
- Provides a wide range of business process, technology and knowledge services, including Finance & Accounting, Collections & Customer Relations, Insurance, Procurement & Supply Chain, Analytics, Software, IT-Infrastructure
- Presently the company employs about 20,000 professional. Bengaluru centre has about 1500 employees

## Key Players: IT/ITeS

### Accenture



- Set up in 1997
- Accenture India, the wholly-owned subsidiary of the \$16.65-billion Global Management Consulting and Outsourcing firm.
- Total 35,000 employees; 10,000 in the BPO (business process outsourcing) 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

## Key Players: Biotechnology/Pharmaceuticals

### Biocon



- Incorporated in 1978
  - Company's revenues were about US\$ 200 million in 2006
  - Among leaders in bio-pharmaceuticals and bioservices
  - Manufactures API and branded formulations under biologics like Insulin and non-biologics segment like Acarbose
  - Involved in production of industrial enzymes and has a healthy pipeline of R&D in biogenics and proprietary molecules
  - Company has an integrated biotech hub – Biocon Park and is proposing to set up a Special Economic Zone at Annekal in Bengaluru
-

## Key Players: Biotechnology/Pharmaceuticals

### Astra Zeneca



- Established in 1979
- Revenues from Indian operations for the year ended Dec 2006 were about US\$ 73 million
- Involved in the areas of manufacturing bulk drug chemicals, liquid formulations, tablets & capsules, injectibles and ointments for various disease segments such as cardiovascular, respiratory, maternal healthcare, etc.
- Manufacturing plant over a 70 acre plot located at Yelhanka in Bengaluru
- R&D centre on an area of about 1 million sq ft in Bengaluru

## Key Players: Biotechnology/Pharmaceuticals

### Himalaya Drug Company



- Founded in 1930
- Set up a manufacturing plant in 1975 at Makali at Bengaluru, which is the present corporate headquarters
- Turnover of the company was about US\$ 35 million (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

## Key Players: Biotechnology/Pharmaceuticals

### Avesthagen



- Established in 1998
  - Discovery based life sciences company focusing on achieving convergence between food, pharmacy and population genetics leading to preventive personalized medicine
  - Established world class, state-of-the-art laboratory facilities at the International Tech Park in Bengaluru
  - Around 200 employees in Bengaluru centre
-

## Key Players: Electronics/Telecom/Software

### Siemens India



- Incorporated in 1957 in India
  - In India, Siemens is involved in electrical and electronics engineering
  - Some of the products manufactured are switch gears, electric motors, generators, control boards, X-ray equipments, etc.
  - Revenues from Indian operations were over US\$ 1.2 billion during the year 2006
  - Based out of Mumbai, the company has plants in Aurangabad, Nasik, Kalwa, Vadodra and Goa
  - Unit for switch gear items and a company, Siemens Information Systems Limited at Bengaluru for system integration
-

## Key Players: Electronics/Telecom/Software

### Philips Software



- Philips Software, wholly owned subsidiary of Philips Electronics N.V., termed as Philips Innovation Campus was set up at Bengaluru in 1996
- Involved in various capacity augmentation programmes of other Philips group companies such as in Singapore, Austria, Belgium, Holland, etc.
- Involved in software development related to consumer electronics, medical systems, intellectual property, applied technology and business application services

## Key Players: Electronics/Telecom/Software

### Texas Instruments



- A subsidiary of Texas Instruments, USA, it set up its office in India in 1985
- First MNC to set up R&D facility in India
- Around 1,200 employees and a turnover of over US\$ 100 million
- TI has the highest number of patents
- System-on chip Centre of Excellence at Bengaluru

## Key Players: Electronics/Telecom/Software

### IBM



- Initially set up in India in 1939 and reentered India in 1992
- Provides integrated hardware, software, business consulting and IT solutions
- IBM comprises two wholly-owned subsidiaries, IBM India and IBM Global Services, contributing revenues of over US\$ 350 million
- Around 50,000 employees across various centres in India
- 15,000 employees are working across five centres in Bengaluru

## Key Players: Public Sector Undertakings

### Bharat Electronics



- Bharat Electronics Limited, a multi-product, multi-unit, multi-technology company was incorporated in 1954
  - Government holds more than 75%
  - Revenue of about US\$ 1 billion during 2006-07
  - Products manufactured by the BEL mainly categorized as defence and non-defence products
  - Registered office is at Bengaluru. Plants are located in different parts of Karnataka and other industrialized states
  - Units of BEL in Karnataka are primarily focused on professional grade electronics equipment
-

## Key Players: Public Sector Undertakings

### Hindustan Machine Tools



- Established in 1953
  - Involved in various types of machine tools including bearings, watches, tractors, food processing machines, heavy machine tools, etc.
  - HMT has plants in Karnataka, Punjab and Haryana
  - Turnover of about US\$25 million
-

## Key Players: Public Sector Undertakings

### Bharat Earth Movers



- Set up in 1954, BEML manufactures a wide range of products such as earth moving equipments
- Revenues of about US\$ 634 million
- BEML's registered office is 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

## Key Players: Public Sector Undertakings

### BHEL



- Incorporated in 1964, Bharat Heavy Electricals Limited (BHEL), a Central Government undertaking
- Largest engineering and manufacturing enterprise in India in the power and industrial machinery segment
- Revenue of around US\$ 4.8 billion in 2006-07
- BHEL manufactures Electric metres and Power devices at Bengaluru
- 14 Manufacturing Divisions, 4 Power Sector regional centres, 8 Service centres and 18 Regional offices

## Key Players: Manufacturing/Processing

### Asea Brown Boveri



- Incorporated in 1949
- Offers a wide range of products and services within Power & Automation technologies including Control Systems
- Revenues about US\$ 1.12 billion (Dec 2006)
- Registered office of ABB is at Bengaluru in Karnataka and its plants are located at Bengaluru, Faridabad, Mumbai, Nashik and Vadodara
- At Bengaluru, ABB manufactures switchgears, turbochargers, motors, PLCC equipments, transformers, etc.

## Key Players: Manufacturing/Processing

### JSW Steel



- Incorporated in 1994, JSW Steel is today a fully integrated steel plant producing pellets to colour coated steel
- Based in the rich iron-ore belt of Bellary-Hospet in Karnataka, it is engaged in the manufacture of galvanized steel products
- Revenue of JSW steel was about US\$ 2.31 billion during year 2006-07
- JSW Steel has plants located at Toranagallu in Karnataka as well as Vasind and Tarapur in Maharashtra
- The Karnataka plant has a capacity of over 2.5 million tonnes of hot rolled coils

## Key Players: Manufacturing/Processing

### Mangalore Refineries and Petrochemicals



- Set up in 1988; acquired by ONGC during 2003-04
- Engaged in oil refining and manufacturing of petroleum products like Furnace Oil, Air Turbine Fuel, Motor Spirit, Naphtha, LPG, etc.
- 5th largest refinery company in India, MRPL generated a turnover of US\$ 8.15 billion in 2006-07
- Commenced its commercial operations at its refinery located in Mangalore with a capacity of 3 MTA. Today, MRPL has a capacity of 9.7 MTA and plans to expand capacity to 15 MTA

## Key Players: Manufacturing/Processing

### United Breweries



- Based in Bengaluru, India's largest brewer and the second largest in the world
  - Company has recorded a turnover of US\$ 25 million (2005-06)
  - The Group has around 2000 employees
  - Manufactures primarily under the brands Kingfisher, London Pilsner and UB Premium Ice
  - UB has a distillery 235 million liters capacity
  - Group is also into the aviation sector and owns the Kingfisher Airlines
  - The Mangalore Chemicals and Fertilizer Limited also forms a part of the group
-

## Investments in Karnataka

### Overall Investments and Implementation Ratios

- One of the major investment destinations for industrial and infrastructure projects
  - Major investments primarily in IT/ITeS, Steel, Petrochemicals, Engineering, Electronics, Textiles & Apparels, Transport & Urban Infrastructure
  - About 148 mega projects with investments of US\$ 28 billion approved during 2001-06
  - 66,092 Small and Medium projects (upto US\$ 12 million of investment per project) with investments of about US\$ 5 billion approved during 2001-06
-

## Investments in Karnataka

### Overall Investments and Implementation Ratios

- Ranked fourth in terms of total projects investment in India
- Outstanding investment of US\$ 38.52 billion in 1,308 projects under various stages of planning and implementation, towards end of 2006
- Implementation ratio of 43.3%, comparable to national average of 44.0%

Source: [www.projectstoday.com](http://www.projectstoday.com)

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## Investments in Karnataka

### Foreign Direct Investments (FDI)

- Healthy FDI inflow over the years primarily in sectors related to IT/ITeS, Automobile & Auto-components, Engineering & Electronics
  - 2,726 proposals (8.7% of all FDIs) with investments of over US\$ 6.2 billion estimated to be approved by the State
  - US\$1.2 billion of FDI (17.5% of FDI in India) approved for Karnataka in 2006-07
-

## Investments in Karnataka

### Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

- 16 projects worth US\$ 346 million approved during 2006-07 for development of urban and tourism infrastructure
- US\$ 1.2 billion earmarked for 2007-2008 to be approved based on merits of proposals from the State Government

Source: KUIDFC

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# Key Investments

Promoter	Project	Industry
Mangalore Refinery & Petrochemicals Ltd.	Mangalore Refinery - Expansion	Petroleum Products [Refinery]
Krishna Bhagya Jala Nigam Ltd.	Upper Krishna Irrigation	Irrigation
Bengaluru Metro Rail Corpn. Ltd.	Bengaluru Metro Rail - Phase I	Railways
Government of Karnataka	Special Economic Zone for IT Hardware	SEZ/EPZ
Nagarjuna Power Corpn. Ltd.	Mangalore Power	Coal/Lignite Based Power
Karnataka Power Corpn. Ltd.	Bidadi Power	Gas Based Power
Government of Karnataka	Hemavathi Irrigation	Irrigation
Bengaluru Water Supply & Sewerage Board	Cauvery Water Supply Scheme Stage IV Phase II	Water & Sewerage Pipeline & Distribution
Bengaluru Water Supply & Sewerage Board	Water Supply Scheme (Bengaluru)	Water & Sewerage Pipeline & Distribution
Nuclear Power Corporation of India Ltd.	Kaiga Atomic Power Stage II	Nuclear Based Power
Bidadi	9000 acres integrated satellite Township	Real Estate
New International Airport- Devenhalli	International Airport	Airport

Source: [www.Projectstoday.com](http://www.Projectstoday.com)

## Recent Investments Approvals (2006)

### Multiple Project Approvals in 2006

- 40 large industrial proposals with total investment potential of US\$ 15.33 billion including 9 new SEZs for IT & ITES (taking the total SEZ tally in Karnataka to 34) cleared by State High-Level Committee
  - Upto August 2006, Committee had cleared 285 projects proposing total investments of US\$ 1.31 billion
  - Latest approvals:
    - \* New and expansion projects of MRPL
    - \* Cement plants by Jaykaycem, ACC, JSW and Ultratech
    - \* US \$ 17 million inter-modal logistics plan by Shipco Infrastructure
-

## Recent Investments Approvals (2006)

### Multiple Project Approvals in 2006

- A US\$ 50 million centre for SME development and training at Dharwad proposed by JSS Mahavidya Peetha
  - Key clearances in 2006
    - \* Proposals by MRPL: US\$ 7.32 billion for new refinery at Surathkal and US\$ 1.94 billion for expansion
    - \* Adarsh Prime Projects: US\$ 1.44 billion IT/ITES SEZ in Bengaluru
    - \* Shapoorji Pallonji: US\$ 1.41 billion for IT hardware SEZ in Bengaluru
    - \* Bagamane Developers: US\$ 380 million for two IT/ITES SEZs in Bengaluru
    - \* Total Environment: US\$ 630 million for IT SEZ in Bengaluru
-

## Recent Investments Approvals (2006)

### Multiple Project Approvals in 2006

- Key clearances in 2006
  - \* ITASCA Software: US\$ 280 million for IT/ITES SEZ in Bengaluru
  - \* JSW Cement: US\$ 100 million for cement plant in Bellary
  - \* ACC: US\$ 240 million for two cement plants
  - \* QuEST: US\$ 30 million for IT SEZ in Hubli
  - \* Heritage Golf: US\$ 60 million for golf course cum hotel in Mysore

Source: News Reports: August 2006

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## Recent Investments Approvals (2007)

### Karnataka Clears US\$ 15.51 billion worth Investment Projects

- Infrastructure and industrial projects approved by Government of Karnataka – US\$ 15.51 billion
  - Other projects cleared by state high-level committee on investments
    - \* 10 IT/ITES Special Economic Zones (SEZs)
    - \* 16 IT/BT (biotech) Parks
    - \* 7 Sugar Mills
    - \* 5 Steel Projects
    - \* 4 Tourism Projects
    - \* 1 Electronics Hardware SEZ
-

## Recent Investments Approvals (2007)

### Karnataka Clears US\$ 15.51 billion worth Investment Projects

- Proposed investments in textiles, aviation, cement sectors and co-generation of power
  - 59 industrial and infrastructure projects expected to create employment for about 1 million skilled and semi-skilled youth
  - Jupiter Aviation to set up aviation training academy and inland container depot at Hassan-investment of US\$ 150 million
  - Arihant Ispat Ltd. to set up a 100,000-tonne steel plant in Bellary district at a cost of US\$ 60 million
  - Srirama Steel Holdings to invest US\$ 110 million on a sponge iron plant in Bellary district
  - Dhruvadesh Metal Steels Ltd. to set up a mini steel plant in Koppal district with an investment of US\$ 40 million
-

## Recent Investments Approvals (2007)

### Surge in Real Estate/Large Integrated Townships in Karnataka (News Reports : September 2007)

- US\$ 6.1 billion investment in 11 integrated townships for IT, BT and ITES sectors in progress in Bengaluru
- Green signal to 11 Local, National and International developers to set up mega townships
- IT-related real estate proposals spread over 100 and 200 acres each to be set up at Sarjapur Road, Whitefield, Magadi and Bidadi, with estimated spend of US\$ 490 – 730 billion cleared by State high-level committee

*Source: News Reports; September 2007*

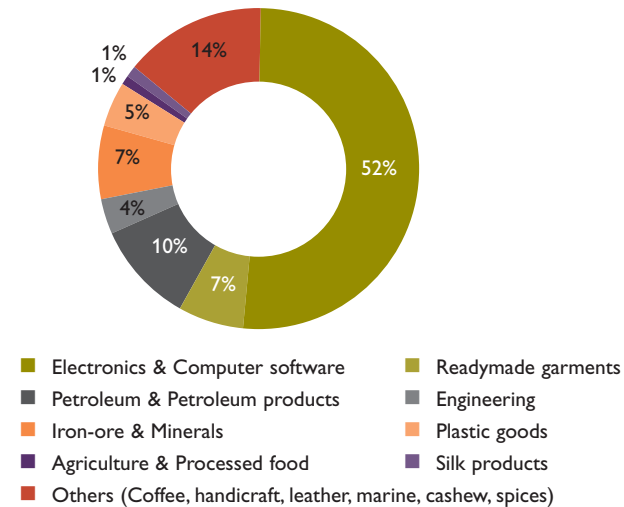
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## Exports Profile

### Karnataka IT/ ITES Exports : 2006-07

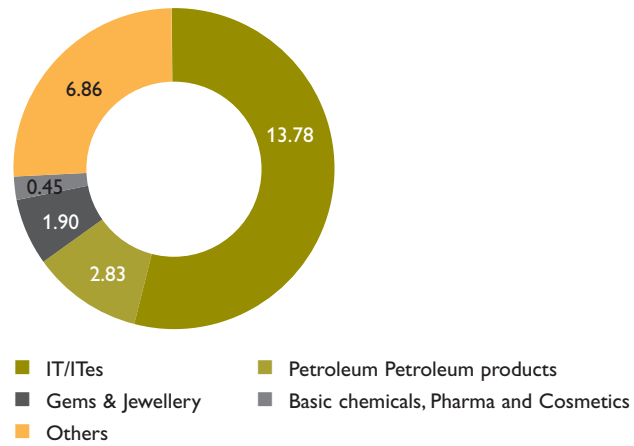
- Total exports from Karnataka(2006-07) of US\$ 25.82 billion, registering a growth of over 30% over the previous year
- IT/ ITeS exports account for over 50% of the exports from the state at about US\$ 14.27 billion
- Petroleum products worth US\$ 2.83 billion were exported during 2006-07 and Gems and Jewellery exports touched US\$ 1.9 billion

Typical Export Segments: Illustration of year 2004-05

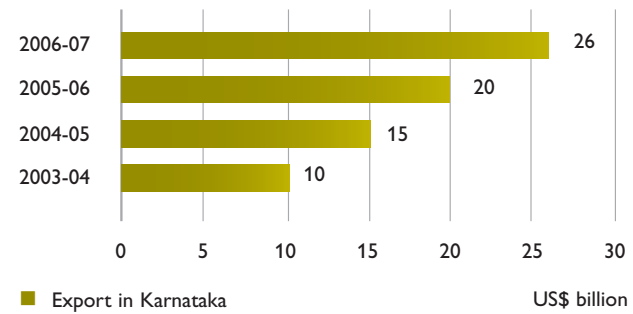


# Exports Profile

Exports (2006-07) US\$ Billion



Export Trends in Karnataka



# DOING BUSINESS

## Approval Authorities

### Department of Industries and Commerce (DIC)

- Anchor department for development/establishment of industries in Karnataka
- Responsible for formulating and implementation of industrial policies in the State

### Other Concerned Departments

- Various departments responsible for sectoral growths such as Department of Tourism, Department of Information Technology and Biotechnology, Department of Food Processing, Department of Textiles, Department of Mines & Geology
-

## Approval Authorities

### State High Level Clearance Committee (SHLCC)

- Functions under Chairmanship of Chief Minister with representations from ministers and officers of all concerned departments for projects involving investment of more than US\$ 12.2 million

### District Industries Centres

- Nodal agencies for approval of projects at district level
  - Jurisdiction for approval includes projects with expected project value less than US\$ 0.73 million
-

## Approval Authorities

### **District Level Single Window Clearance Committee (DLSWCC)**

- Functions under chairmanship of respective Deputy Commissioners for industrial projects for investments < US\$ 0.73 million

### **State Level Single Window Clearance Committee (SLSWCS)**

- Functions under chairmanship of Principal Secretary (DIC) with representations from key departments (US\$ 0.73 – 12.20 million)
-

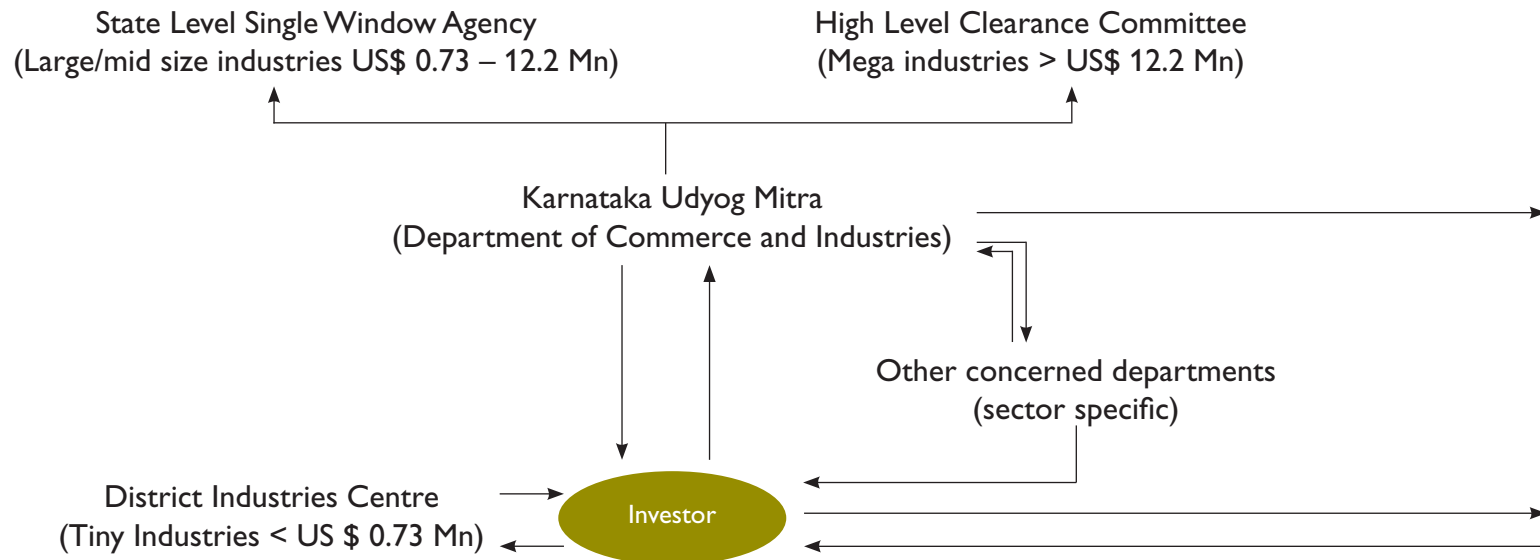
## Approval Authorities

### Karnataka Udyog Mitra (KUM)

- Single point contact for investors in the state
  - Considers/forwards proposals to concerned agencies & communicates status to investors
  - Monitors implementation of approved projects
  - Single point contact for information on various aspects including, land availability, statutory approvals and coordination
-

# Approval Process

## Stage 1: Clearance of the Project/Industry (40 days from application date)



## Stage 2: Clearance (3-4 months)

- KIADB  
(Land Acquisition)
- KSPCB  
(Pollution Board)
- KPTCL  
(Electricity/Power)
- Inspectorate of  
Factories and Boilers
- Commercial Tax
- Land conversion
- BWSSB / KUWSDB  
(Water supply)

Source : Karnataka Udyog Mitra, Department of Industries & Commerce

## Key Approvals Required

List of Approvals and Clearances Required	Departments to be Consulted
<b>Prior to setting up the unit</b>	
Registration	Commerce & Industries 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 & Air Act	Karnataka State Pollution Control Board
Approval for Construction Activity and Building Plan	Development Authority/Urban Local Body
No Objection Certificate	Fire Department & Directorate of Factories & Boilers
Provisional Trade Tax Registrations	Central and State Excise Departments
Registration under Central Sales Tax Act	Central and State Excise Departments
<b>Before commencement of production</b>	
No Objection Certificate under of Water & Air Act	State Pollution Control Board
No Objection Certificate	Fire Department & Directorate of Factories & Boiler
Permanent Trade Tax Registration under	Central and State Excise Departments
Registration under Central Sales Tax Act 1956	Central and State Excise Departments
<b>After Commencement of Production /Activity</b>	
Registration	Commerce & Industries Department and respective sector departments such as IT/BT/Tourism etc.

## Average Cost of Doing Business

Sector	Cost
<b>Manufacturing Bengaluru</b>	
Industrial Land Price (US\$/sq mt)	40 – 60
Labor (US\$/man year)	1,200 – 1700
Lease Rent (US\$/sq. mt./month)	4 – 7
<b>Average Electricity (US cents)</b>	
Commercial	9 per kWh
Industrial	8 per kVAh
Office space rent (US\$/sq mt/month)	6 – 15
Residential rent (US\$/3 bedroom flat/month)	200 – 750
5-star hotel room (US\$ per night)	200 – 450

## Business Climate

### Proven track record

- Among the highest FDI inflows
- Overall investments and conversion ratios
- Proactive sector policies
- Optimal mix of opportunities – services, manufacture, mining, agriculture, etc.

### Presence of vibrant eco-system for Industry

- Skilled manpower for knowledge based industries and other processing sectors
  - Among the highest technical/medical institutes in the country
  - Strong backbone of research institutions across sectors with efficient industry interface
-

## Business Climate

### Presence of vibrant eco-system for Industry

- Investor friendly government policies
- Pleasant and salubrious weather and ample tourism opportunities

### Continuously expanding industrial and urban infrastructure

- Industrial estates/SEZs and sector based Parks
- Commuter infrastructure and basic urban infrastructure

### New opportunities

- Large scale integrated townships
  - Various infrastructure and industrial projects under Public Private Partnership framework
-

## Advantage Karnataka

- Leads the Information Technology industry with IT and ITeS exports of over US\$ 12.6 billion in 2006-07
  - Science capital of India with more than 100 R&D centers
  - Produces largest number of doctors, engineers and medical technicians in the country
  - Preferred destination of multinational corporations with more than 150 companies
  - Contributes to over 5.5% of country's GDP
-

## Advantage Karnataka

- Contributes 70% of coffee production and 70% of silk production in India
- Major source of processed food products with exports worth US\$ 408.16 million
- Produces over 20% of India's electronic hardware
- Major apparel sourcing center with exports worth US\$ 714.28 million
- Accounts for 50% of the seed production of the country
- Leads the Indian biotechnology industry

*Source: Directorate of Economics, GoK*

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# Overall State Competitiveness

## Parameter

## Karnataka

### Opportunities in Type of Industry

Tourism



IT Based Industries



Food Processing Industry



Pharmaceuticals & Bio-tech



Agro-Based Industry



Mineral-Based Industry



# Overall State Competitiveness

Parameter

Karnataka

## Opportunities in Type of Industry

Engineering Industry



Chemicals Industry



Textile & Apparel



Handloom & Handicrafts Sector



 High  Medium  Low

# Overall State Competitiveness

## Parameter

## Karnataka

### Policy Incentives

Fiscal and Non-Fiscal Incentives



Cost of Doing Business



Availability of Labour



Setting up and Carrying out Business



 High  Medium  Low

# Overall State Competitiveness

Parameter

Karnataka

## Industrial Infrastructure: Existing and Proposed

Power



Connectivity



Industrial Estates/Areas



STP/IT Parks



EPIP



 High  Medium  Low

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