

# **Compendium of MSME Policies & Incentive Schemes of Karnataka State**



**Committee for MSME & Start-up**  
**The Institute of Chartered Accountants of India**  
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# **1 Introduction of MSMEs**

## **1.1 Global Perspective**

MSMEs are extremely important to the economy of any country as they play a crucial role in the country's development. Worldwide, MSMEs account for 90% of the business and more than 50% of the total employment. MSMEs are essential for delivering more inclusive globalization and growth. That is to make diverse contribution to economic and social well-being, which could be further enhanced. They also play a key role in the national economies around the world by generating employment and value-added; and also contributing to innovations.

MSMEs are also central to the efforts to achieve environmental sustainability and more inclusive growth. However, these contributions vary widely across firms and across countries and sectors. Their better access to global markets and knowledge networks can strengthen MSMEs contributions; unfortunately trade and Investment barriers undermine MSMEs participation, and poor physical and ICT (Information and Communication Technology) infrastructure prevents MSMEs from operating efficiently and accessing international markets at competitive cost; digitalization offers new opportunities for MSMEs to participate in the global economy but they are lagging behind digital transition and disruptive effects need to be considered.

The business environment is critical to enhance MSMEs participation in and benefits from an open and integrated economy; certain features of institutional and regulatory framework result in disproportionate burdens on MSMEs; inefficient insolvency regimes limit dynamism restructuring of viable firms and access to external finance by MSMEs. High cost of tax compliance falls disproportionately on small and young firms. Public sector integrity and transparency, public and administration efficiency and the quality of public services are essential for a level playing field. The ability to access the strategic resources is critical for MSMEs Competitiveness. For many startups and MSMEs, access to finance in the appropriate forms is hampered by a range of demand and supply side obstacles; Skills shortage and poor management practices and workforce training limit MSMEs productivity and innovation. Access to public procurement is generally more difficult for MSMEs than for large firms.

It is in this paradoxical situation of MSMEs which is further aggravated by

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21st century's unprecedented changes, challenges and opportunities, the MSMEs are badly in need of right help, guidance, assistance and motivation with the minimum cost. This can be given only by the accounting professionals, who are in constant touch with the MSMEs for their accounting, auditing and taxation issues.

The accounting professionals across the globe need to have paradigm shift in the roles from watch dogs cum financials consultants to management consultants. It is in this backdrop; they make Global conference once a year. The next Global conference is scheduled in India at Mumbai for the first time.

### **1.2 The National Perspective**

**In India, accounting professionals (Chartered Accountants), have decisive role to play in carving the destinies of our geographically and democratically vast, socially plural and culturally diverse, hierarchical, inequalitarian, androcentric society, economy and polity through their very Vital role of designing and directing MSMEs and Entrepreneurship on the right path.**

To overcome the spatial, social, political, cultural and gender inequalities and others inequalities, we need to accelerate economic growth and development on a war footing. In accomplishing this goal of economic growth and development to bring economic equality, which in turn mitigate all other inequalities; MSMEs play a very significant role.

Unfortunately, in India many of them die before their birth, some of them within one year of their birth and some others die within 5 years of their birth. Of those MSMEs which have taken birth, nearly 35% of them die in their infancy stage. Only a few of those conceived survive and sustain. It is in this background; Chartered Accountants in India need to shoulder this herculean task of the economy building through MSMEs.

With these prefatory remarks this monograph is divided into seven sections. The first section being the introductory section, apart from highlighting the significance of MSMEs at the global level and the national level provides a brief note on other activities in India. Profile of Entrepreneurship development in Karnataka is presented in the Second Section. The Third Section Highlights the new Industrial policy for 2020-25 of Government of Karnataka. The fourth section divulges Specific Incentive Scheme for Micro, Small and Medium Enterprises in Karnataka. The Fifth section dwells into the

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process of availing incentive schemes in Karnataka. The Sixth section picturizes the role of chartered accountants in the growth & development of MSMEs in Karnataka and seventh and the last section provides important links pertaining to MSMEs in Karnataka.

### **1.3 A Brief note on MSMEs**

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive development of the country.

The GoI has redefined MSME classification from July 1st, 2020 as follows:

New MSME Classification w.e.f July 1st, 2020			
Composite Criteria of Investment in Plant & Machinery or Equipment and Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment does not exceed Rs 1 Cr. and Turnover does not exceed Rs 5 Cr.	Investment does not exceed Rs 10 Cr. and Turnover does not exceed Rs 50 Cr.	Investment does not exceed Rs 50 Cr. and Turnover does not exceed Rs 250 Cr.

#### **Composite criteria of investment and turnover for classification**

- (1) A composite criterion of investment and turnover shall apply for classification of an enterprise as micro, small or medium.
- (2) If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.

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(3) All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. A number of statutory and non-statutory bodies work under the aegis of the Ministry of MSME. These include the Khadi and Village Industries Commission (KVIC) and the Coir Board besides National Small Industries Corporation (NSIC), National Institute for Micro, Small and Medium Enterprises (NIMSME) and Mahatma Gandhi Institute for Rural Industrialization (MGIRI). The Ministry of MSME runs various schemes aimed at financial assistance, technology assistance and upgradation, infrastructure development, skill development and training, enhancing competitiveness and market assistance of MSMEs. The Ministry is committed towards an agenda of inclusive development, and has taken various initiatives and measures to ensure that demographically as well as geographically weaker sections benefit from its work. The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavors through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. As per the National Sample Survey (NSS) 73rd round conducted during the period 2015-16, MSME sector has been creating 11.10 crore jobs (360.41 lakh in Manufacturing, 0.07 lakh in Non-captive Electricity Generation and Transmission, 387.18 lakh in Trade and 362.82 lakh in Other Services) in the rural and the urban areas across the country. State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14.20% of MSMEs in the country. Top 10 States accounted for a share of 74.05% of the total estimated number of MSMEs in the country.

### **1.4 Major Schemes of the Ministry of MSME are targeted at:**

- a) Providing credit and financial assistances
- b) Skill development training



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- c) Infrastructure development
- d) Marketing assistance
- e) Technological and quality upgradation
- f) Other Services for the MSMEs across the country.

### **1.5 The Central Schemes provided are:**

- a) Scheme for Credit and Financial assistance to MSMEs
- b) Schemes for Skill Development and Training
- c) Schemes for Infrastructure Development - Support through Cluster Approach
- d) Scheme for Marketing Assistance
- e) Scheme for Technology Upgradation and Competitiveness
- f) Other Schemes for the MSMEs across the country

### **1.6 Becoming a micro, small or medium enterprise**

2. Government has organized a system to facilitate the registration of MSMEs. An enterprise for the purpose of this process will be known as Udyam and its Registration Process will be known as 'Udyam Registration'. A permanent registration number will be given after registration.

3. After completion of the process of registration, a certificate will be issued online. This certificate will have a dynamic QR Code from which the web page on the Portal and details about the enterprise can be accessed. There will be no need for renewal of registration. Registration Process is totally free of cost.

4. Single window systems at Champions Control Rooms and at DICs will help in the process.

5. Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof.

#### **Basic Features**

- MSME registration process is fully online, paperless and based on self-declaration.

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- No documents or proof are required to be uploaded for registering an MSME, only Aadhaar Number will be enough.
- PAN & GST linked details on investment and turnover of enterprises will be taken automatically from Government data bases.
- Online system will be fully integrated with Income Tax and GSTN systems.
- PAN & GSTIN would be mandatory from 01.04.2021.
- Erstwhile EM-II or UAM registration or any other registration issued by any authority under the Ministry of MSME, will have to re-register under Udyam Registration.
- No enterprise shall file more than one Udyam Registration. However, any number of activities including manufacturing or service or both may be specified or added in one Registration.

**Web Address** <https://udyamregistration.gov.in/Government-India/MinistryMSME-registration.htm>

## **2. Entrepreneurship Development & the MSME Sector- in Karnataka**

Entrepreneurship development is important from the point of view of income and employment generation mitigation of regional and economic imbalances and for providing social justice. There is a close relationship between MSMEs and entrepreneurship. In this section, a small attempt is made to provide the significance of entrepreneurship and MSMEs in Karnataka in fulfilling the objectives engraved in the industrial policies.

MSMEs essentially rely on traditional or inherited skills and use local resources, particularly in rural and industrially underdeveloped area, the sector has the ability to empower traditionally resource-poor communities and markets to mobilize products and services, both nationally and globally.

In order to provide exclusive attention for industrial promotion / facilitation activities in the state, Government of Karnataka has enacted the Karnataka Industries (Facilitation) Act, 2002. This act is brought to provide for the promotion of industrial development and facilitation for the new investments and to simplify the regulatory frame work by reducing procedural requirements and rationalizing documents and to provide for an investors

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friendly environment by providing single point guidance and assistance to promoters to ensure smooth and speedy implementation of projects in the State of Karnataka.

Three committees are constituted by act for approval of the projects. The committee 's decision is final and binding on all the concerned departments or authorities. The details of the committees are as follows:

1. State High Level Clearance Committee (SHLCC) chaired by Hon'ble Chief Minister and meets once in two months to approve projects with investments above Rs.100 crores (USD 16.37 Million) (Constitution of the Committee)
2. State Level Single Window Clearance Committee (SLSWCC) chaired by Chief Secretary to the Government and meets every month to approve projects with investments between Rs.15 crores to Rs.100 crores (USD 2.45 to 16.37 Million) (Constitution of the Committee)
3. District Level Single Window Clearance Committee (DLSWCC) chaired by the Deputy Commissioner of the districts meets atleast once in month to approve projects with investments up to Rs.15 crores (USD 2.45 Million) (Constitution of the Committee)
4. Karnataka Udyog Mitra (KUM) is the nodal agency at the State level and acts as the Secretariat for the SHLCC and SLSWCC for grant of approvals and infrastructure facilities for project proposal. The District Industries Centre's are the nodal agencies at the district level to undertake investment promotional activities and to render necessary guidance and assistance to entrepreneur.

Further, Centre for Entrepreneurship Development of Karnataka (CEDOK) Established in 1992 is a Government of Karnataka Organization promoted by the Department of Industries and Commerce with the support of State level industrial developmental agencies such as

- Karnataka State Small Industries Development Corporation (KSSIDC),
- Karnataka State Financial Corporation (KSFC),
- Karnataka State Industrial Investment Development Corporation (KSIIDC),
- Karnataka Industrial Area Development Board (KIADB), and national level financial institutions such as

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- Industrial Development Bank of India (IDBI),
- Industrial Finance Corporation of India (IFCI),
- Industrial Credit and Investment Corporation of India (ICICI) and
- Government of India through Development Commissioner (SSI), New Delhi

with an objective to contribute to the development and dispersal of entrepreneurship by undertaking various entrepreneurship development and skill development / upgradation training programs thus expand the social and economical base of entrepreneurial class

### **2.1 A Wide Spectrum of Programmes:**

- Entrepreneurship Awareness Program all categories.
- Entrepreneurship Development Program for all categories.
- Rural Entrepreneurship Development Program (Micro/Rural Enterprise).
- Trainers Training Program
- Faculty Development Program in Entrepreneurship.
- Identification of Business Opportunities.
- Preparation of Project Profile.
- Decision Making Technique for Small Enterprise.

### **2.2 Who Can Participate ?**

CEDOK conducts programs for individuals without any family background or experience in business or industry. Programs are specially designed and fine tuned to cater to the requirements of the participants, such as middle-level managers, teachers, accountants, traders, fresh graduates from technical and non-technical institutions, artisans, school and college dropouts, women and backward or minority communities.

### **2.3. Faculty:**

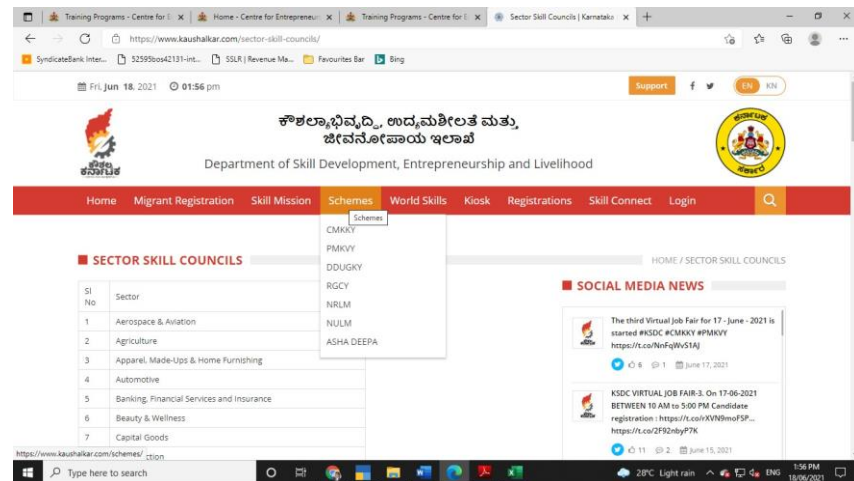
The Centre has Highly experienced Faculty members with appropriate Qualifications and Training. The faculty members specialized in Entrepreneurial Motivation, Project Opportunity Guidance, Small Enterprise

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Management, Project Management, Micro enterprise creation, Group Entrepreneurship, Project Appraisal, Micro Finance, Monitoring and Evaluation studies etc. who regularly consult with industry, trade and Government organizations. This enables the reality of today's world into the class rooms.

### 2.4 Web Address:

<https://cedokdwd.karnataka.gov.in/english>



Web address: <https://www.kaushalkar.com/institutes/cedok/>

## 3. Karnataka State MSME Policy

### 3.1 Preamble:

Karnataka is a land of immense opportunity and innovation. It is ideally positioned to make the future happen today. The State's manufacturing process is supported by critical enablers such as: thriving ecosystem, highly skilled and talented workforce, empowering institutional & policy environment; favorable business climate and robust infrastructure.

Government has taken many initiatives to enhance its stature as one of the leading high- tech industrialized States in the country and is in the forefront of attracting investments from across the country and abroad. As a result, the State ranks 1st in attracting investment intentions since 2016 and has attracted FDI of US\$ 37.67 billion during the period April 2000 to March 2019, constituting 9 per cent of the all India FDI.

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Government of Karnataka comes out with industrial policies at regular intervals of five years to ensure a well-balanced, sustainable and inclusive industrial development throughout the State. The State Government had announced Karnataka Industrial Policy 2014-19 read at above for promoting manufacturing industries in the State. This Policy came into effect from 01.10.2014 and had validity for a period of 5 years or till the announcement of New Industrial Policy is announced.

During formulation of the New Industrial Policy 2020-25, several interactions and stakeholder consultations were held across the State wherein views, demands and suggestions of industry/industry associations/ departments on key areas have been received and intricately incorporated in the policy.

The new industrial revolution presents new opportunities for industry, particularly manufacturing and manufacturing-related service industries including smart manufacturing, customization, collaborative production etc.

The focus of the New Industrial Policy 2020-25 is to build on the strengths of Karnataka's industry and to enable it to fulfill its role as the engine of growth and to shoulder responsibility of adding more hi-tech value and employment.

In view of the above, a decision has been taken by the Government to formulate and adopt a New Industrial Policy for the period 2020-25.

### **3.2 The Salient Features of New Industrial Policy 2020-25 are as follows:**

#### **(i) Vision**

To emerge as a global leader in Advanced Manufacturing, Research & Development and Innovation and to create an ecosystem for an inclusive, balanced and sustainable development of the State.

#### **(ii) Mission**

To retain Karnataka's position as a global manufacturing hub and to achieve higher and sustainable industrial growth through capital infusion, technology transfer, world class industrial infrastructure, skill up-gradation and benchmarking of policies and practices to best global standards.

#### **(iii) Objectives**

- a. To attract investments worth INR 5 Lakh crore
- b. To create employment opportunities for 20 Lakh people

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- c. To reach 3rd position in merchandise exports in the next five years \
- d. To maintain an industrial growth rate of 10 per cent per annum
- e. To provide an enabling ecosystem for technology adoption and innovation

### **(iv) Strategies**

- a. Promote sustainable, balanced and inclusive industrial growth.
- b. Enable employment generation and increase labour market flexibility through regulatory labour reforms.
- c. Create strategic tie-ups for the emergence of Karnataka as the Knowledge and R&D Hub.
- d. Focus on development and promotion of the MSME Sector.
- e. Facilitate availability of industrial land.
- f. Promote Tier II/ III cities of the State as engines of economic growth.
- g. Place Karnataka in the forefront of India's international trade.
- h. Showcase Karnataka as the "Factory of the Future"- Industry 4.0
- i. Engage with various stakeholders to develop sector specific skill development strategy
- j. Attract private investment in development of integrated / multi / sectoral industrial parks and flatted factories.
- k. Create an environment to enhance ease of doing business in the State
- l. Support for R&D & Technology Up gradation

### **3.3 Policy period and applicability**

The New Industrial Policy 2020-25 and package of incentives and concessions shall come into effect from 13.08.2020 and will be valid for a period of 5 years or till a new policy is announced.

### **3.4 Definitions**

- 1. As per the MSMED Act, 2006, **MSMEs** have been defined as follows:
  - **Micro Enterprises-** Investment in Plant and Machinery or Equipment does not exceed Rs.1 crore and turnover does not exceed Rs.5 crore.

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- **Small Enterprises-** Investment in Plant and Machinery or Equipment does not exceed Rs.10 crore and turnover does not exceed Rs.50 crore.
  - **Medium Enterprises -** Investment in Plant and Machinery or Equipment does not exceed Rs.50 crore and turnover does not exceed Rs.250 crore.
2. **Large Enterprise:** An Industrial Unit which is not classified as Medium Enterprise and with an investment in fixed assets up to Rs.250 crore shall be classified as large-scale enterprise.
  3. **Mega Enterprise:** Projects with an investment in fixed assets above Rs.250 crore and up to Rs.500 crore
  4. **Ultra-Mega Enterprise:** Projects with an investment in fixed assets above Rs.500 crore and up to Rs.1,000 crore
  5. **Super-Mega Enterprise:** Projects with an investment in fixed assets above Rs.1,000 crore
  6. **New Project:** New project shall mean unit which undertake to invest on fixed assets on or after the announcement of this Policy. This will include the unit which have taken effective steps on or before the announcement of this Policy and could not fulfill the conditions stipulated for qualifying as pipeline unit under Industrial Policy 2014-2019.
  7. **Exporter:** means a unit/enterprise that exports more than 50% of its production and holds an IEC (Importer Exporter Code) number, unless otherwise specifically exempted.
  8. **IEC (importer Exporter Code) number:** is a 10 digit code number given to an exporter or importer by the regional office of the Director General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India.
  9. **100% Export Oriented Enterprises [Export Oriented Enterprises]:**  
A 100% export- oriented enterprise is an industrial enterprise offering for export its entire production, excluding the permitted levels by Government of India from time to time of domestic tariff area sales for manufacture of goods, including repair, re-making, reconditioning, re-engineering and rendering of services. Such Enterprises may be set



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up either under the Export Oriented Enterprises or under EPIP [Export Promotion Industrial Park] Scheme or under the EHTP [Electronic Hardware Technology Park] Scheme or Software Technology Park Scheme or Special Economic Zone.

10. **Value of Eligible Fixed Asset (VFA):** Value of Eligible Fixed Assets (VFA) shall mean the total investment made on land, building and plant and machinery including R&D equipment and such other productive assets like tools, jigs & fixtures, dyes, utilities like boilers, compressors, DG Sets, cranes, material handling equipment and such other equipment directly related to production purposes.
11. **Special Category Units:** Units established exclusively by an SC/ ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs as a proprietary concern or all the partners or directors of the partnership firm / Co-operative Society/Private limited companies or any other legal entity belonging to above mentioned categories respectively.
12. **Employment:** Direct Employment shall mean employees who are on the rolls of the respective companies which will include contract labour engaged in production line. It will, however, not include casual labour. The percentage of contract labour engaged should not exceed 40% of total labour force.
13. **Anchor Industry:** The first two manufacturing enterprises in a taluk providing a minimum direct employment of 75 persons with a minimum investment of Rs.100 crore are called as Anchor Industries. The definition applies to taluks where no such industry exists at present.
14. **Date of Commercial Production:** Date of issue of first sale invoice after trial production either by a new unit or after expansion/diversification/ modernisation.
15. **Expansion:** New manufacturing facilities set up by an existing enterprise within the existing facility or in a new site or in an adjacent vacant site for manufacturing a product which is already being manufactured with / without up-gradation of technology or the process. Further, the enterprise to be eligible for incentives under expansion program has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the expanded

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enterprise, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.

16. **Diversification:** New manufacturing facilities set up by an existing enterprise within the existing facility or in a new site or in an adjacent vacant site for manufacturing a totally new product with / without up-gradation of technology or the process. Further, the enterprise to be eligible for incentives under diversification program has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the diversification program, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.
17. **Modernisation:** Modernisation of existing machinery or adding modernised machinery to an existing facility with up-gradation of technology or the process. Further, the enterprise to be eligible for incentives under modernization program has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the modernization program, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.
18. **Turnover:** The aggregate value of the realisation of amount made from the sale of manufactured goods by the company / enterprise during a financial year. Income from other sources (*non-operating activities*) like interest received, grants or subsidies, trading activity, resale of products / goods will not be counted under turnover.

### 3.5 Terms & Conditions For Extending Incentives and Concessions

- a) The Industrial Policy 2020-25 will come into force from the date of issue of enabling Government Order and will be valid for a period of five years or till a new policy is announced. Once the new Industrial Policy 2020-25 comes into operation the Industrial Policy 2014-19 stands withdrawn. However, Enterprises which have been sanctioned and have partly availed incentives and concessions under earlier policies shall continue to enjoy those benefits as per respective sanction orders.

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- b) The applicability of the Industrial Policy 2014-19 or Industrial Policy 2020-25 for the Projects which are under implementation (pipeline projects) at the time of announcement of Industrial Policy 2020-25 is decided as follows:
- (i) *Projects/Enterprises cleared through District level, State Level and State High Level Clearance Committee during the 2014-19 Policy period and if they have availed any of the incentives and concessions for the project as per 2014-19 policy are eligible to avail other incentives and concessions under 2014-19 policy only.*
  - (ii) *If any enterprise has taken all the following effective steps before the date of issue of Government Order of the new industrial policy 2020-25, then the unit shall avail incentives as per policy 2014-19 only.*
    - 1. *Date of entering lease or sale agreement of the premises (either land or building)*
    - 2. *Date on which possession certificate of the plot or shed is taken from KIADB/KSSIDC or any other agency*
    - 3. *Date of approval of building plan by competent authority*
    - 4. *Date of release of first instalment of loan from Financial Institution /Bank*
    - 5. *Date of placement of first purchase order for plant and machinery*
  - (iii) *If any enterprise has not taken above all effective steps and not availed any incentives and concessions during the 2014-19 policy period, they shall avail incentives as per Industrial Policy 2020-25 only.*
- b) Clause (c) in Annexure 3A of the Industrial Policy 2014-19 had expressly mentioned that the units shall commence commercial production before 31/08/2017 failing which their eligibility to avail incentives as per Industrial Policy 2009-14 will lapse. They will not be eligible to claim incentives either under Industrial Policy 2014-19. It is clarified that the clause is now modified and these units under implementation (pipeline projects) will be eligible to claim incentives

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and concessions under respective Industrial Policy as per clause (b) in Annexure 3A of the Industrial Policy 2014-19.

- c) Incentives and concessions under this policy will be available to all new and additional investments made during the policy period for establishment of new enterprises and expansion / diversification / modernisation.
- d) Incentives and concessions under this policy shall primarily be available only for Manufacturing Enterprises / Industries and specified categories of service enterprises as listed in **Annexure 3.6**.
- e) Stamp duty exemption and Exemption on tax on electricity tariff as per the 2020-25 Policy will come in to effect only after the issue of enabling notifications by Revenue and Energy departments respectively.
- f) Irrespective of the location / industrial activities, enterprises as listed in **Annexure 3.7** will not be eligible for any incentives and concessions. However, considering their contribution to environment, eligible subsidy will be extended to new investments made on establishing of ETPs.
- g) Enterprises can avail incentives and concessions under any one policy of the State. i.e., Enterprises availing incentives and concessions under Industrial Policy 2020-2025 will not have a choice to avail partly in the Industrial Policy 2020-2025 and partly in any other Policy of the State in vogue and vice-versa, unless otherwise specified by the Government.
- h) Eligible MSMEs shall commence commercial production within 3 years from the date of approval from the DLSWCC / SLSWCC. If any enterprise who has not taken approval from the DLSWCC / SLSWCC for their project for any reason shall commence commercial production within 3 years from the date of taking possession of land / building or taking building plan approval.
- i) Eligible MSMEs shall submit application for sanction of Investment Promotion subsidy within one year from the date of commencement of commercial production.
- j) Commerce and Industries Department will prescribe a standard format for a certificate to be issued by Financial Institutions / Commercial

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Banks / Chartered Accountants keeping in view the definition of fixed assets, intangible assets and the assets not eligible for sanction of incentives and concessions.

- k) While calculating the value of eligible fixed assets created during expansion / diversification/ modernization of an enterprise only additional new investments shall be considered.
- l) Micro, Small and Medium Enterprises (MSME) have been classified based on investment in plant & machinery or equipment & turnover as per the MSMED Act, 2006.
- m) The incentives and concessions under this policy will reckon these definitions of MSME and shall automatically stand revised to the revision made by Government of India from time to time and eligible incentives and concessions will be as per new definition from the date of change in the definitions, subject to enabling orders issued by the State Government.
- n) **Turnover Related Incentives for Micro, Small & Medium Enterprises:**
  - i. *Investment Promotion Subsidy on a specified percentage of turnover will be provided based on the location and investments made for a fixed period or value of the fixed assets as specified in table 9.1.1*
  - ii. *Eligible enterprise shall have to obtain a separate registration under GST Act for manufacturing of eligible products only & only this turnover will be considered for Investment promotion subsidy.*
  - iii. *The eligible enterprise shall not carry out any trading activity or provision of any services not relating to eligible products from its place of business. The eligible unit shall have to obtain a separate registration, if the unit carries out trading activity or provision of any services not relating to eligible products. If carried out, this turnover will not be eligible for availing Investment promotion subsidy.*
  - iv. *Resale of products / goods by the eligible unit will not be considered for turnover incentives.*

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- v. *If the eligible enterprise is already manufacturing the same product in one or more existing industrial enterprises in Karnataka, then the turnover of all such existing industrial units of the same products for five consecutive years commencing from the year from which the industrial undertaking avails incentives under this policy shall not be lower than the average turnover of the same product in the immediately preceding three financial year from the year the industrial undertaking avails incentives under this policy.*
- vi. *Incentive will be provided only to the new investments.*
- vii. *Enterprises undertaking only job work, combination of job work and manufacturing, enterprises under composite tax scheme & Enterprises engaged in manufacturing / job work of zero GST products, eligible service enterprises, the mode of computation of turnover / availment of investment promotion subsidy will be detailed in the operation guidelines.*
- o) Further an industrial enterprise which is not classified as Micro, Small and Medium Enterprise, the State Government has defined as Large Enterprise, Mega Enterprise, Ultra- Mega Enterprise and Super-Mega Enterprise based on the investment.
- p) The incentives and concessions under this policy will reckon these definitions of Large Enterprise, Mega Enterprise, Ultra-Mega Enterprise and Super-Mega Enterprise and shall automatically stand revised to the revision made by the State Government from time to time and eligible incentives and concessions will be as per the new definition from the respective date of change in the definitions.
- q) **Turnover Related Incentives for Large Enterprise, Mega Enterprise, Ultra-Mega Enterprise and Super-Mega Enterprise:**
  - i. *Investment Promotion Subsidy on a specified percentage of turnover will be provided based on the location and investments made for a fixed period or value of the fixed assets as specified in table 9.2.1*
  - ii. *Eligible enterprise shall have to obtain a separate registration under GST Act for manufacturing of eligible products only & only this turnover will be considered for Investment Promotion Subsidy.*

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- iii. *The eligible enterprise shall not carry out any trading activity or provision of any services not relating to eligible products from its place of business. The eligible unit shall have to obtain a separate registration, if the unit carries out trading activity or provision of any services not relating to eligible products. If carried out, this turnover will not be eligible for Investment promotion subsidy.*
- iv. *Resale of products / goods by the eligible enterprise will not be considered for turnover incentives.*
- v. *If the eligible enterprise is already manufacturing the same product in one or more existing industrial enterprise in Karnataka, then the turnover of all such existing industrial enterprises of the same products for five consecutive years commencing from the year from which the industrial undertaking avails incentives under this policy shall not be lower than the average turnover of the same product in the immediately preceding three financial year from the year the industrial undertaking avails incentives under this policy.*
- vi. *Incentive will be provided only to the new investments.*
- vii. *Investment made within a period of maximum five years from commencement of the project implementation will be considered to determine the quantum of VFA.*
- viii. *If any ambiguity or clarification required for computing turnover, the same will be clarified by the State Level Co-ordination Committee and its decision shall be final.*
- r) For Ultra-Mega Enterprise and Super-Mega Enterprise where SHLCC approves investments to be made in phases, the turnover related incentive will commence from the date of commencement of commercial production in the first phase and these incentives will be proportionate to the investments in the first phase and will automatically graduate to the next level depending on the actual investments made.
- s) Employment Criteria for enterprises availing incentives and concessions under Industrial Policy 2020-25 are as follows:
  - (i) *All new industrial investment projects shall create maximum*

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

*possible direct employment opportunities with a minimum employment of 70% to Kannadigas on an overall basis and 100% in case of Group D employees.*

- (ii) District Industries Centres will monitor the compliance of employment to Kannadigas for a period of initial 5 years. Failure of the industries to provide employment to Kannadigas as stipulated above will be reported to the concerned DLSWCC/ SLSWCC/ SHLCC which may recommend for recovery of incentives and concessions sanctioned to the unit*
- t) Enterprises shall comply with the Corporate Social Responsibility (CSR) obligations as per the Section 135 of the Companies Act 2013.
- u) Investments made by any existing / new unit / entrepreneur / partnership firm / companies etc on land, building, plant & machinery acquired from any financial institution/ bank under Sec 29 of SFCs Act, SARFAESI Act, Debt Recovery Tribunal, or any of the acts or any tribunal etc, are not eligible for incentives and concessions under this policy. However, any new investment made for expansion / diversification / modernization by such units, eligible incentives and concessions will be available as per this policy.
- v) Quantum of Incentive for Expansion / Diversification / Modernization: To be eligible for incentives under expansion / diversification / modernization program, the Enterprise has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the expansion/ diversification / modernization program, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.

The quantum of turnover under expansion / diversification / modernization program eligible for investment promotion subsidy is the incremental increase in the turnover over and above the average turnover during immediate 3 years prior to commencement of the commercial production in the expansion / diversification / modernization program.
- w) While calculating the investment promotion subsidy as a percentage of turnover for expansion / diversification / modernization of enterprises,



## **Compendium of MSME Policies & Incentive Schemes of Karnataka State**

only the new investment made for expansion/ diversification / modernization shall be taken to arrive at the value of fixed assets (VFA).

- x) The support to artisans as detailed in Table 9.1.1 will be restricted in proportion to the budgetary support provided in each financial year.

### **3.6: List of Service Enterprises Eligible for Package of Incentives and Concessions**

Applicable to projects approved by DLSWCC / SLSWCC / SHLCC (*Except Micro Enterprises*).

1. Powder coating / Chrome plating / Industrial Electro plating /Painting Enterprises, Industrial paintings engaged in job work.
2. Weigh bridges set up within the KIADB / KSSIDC industrial areas / estates.
3. Material / Product Testing Laboratory.
4. Off-set printing, digital printing (*excluding digital photo printing, flex printing*)
5. Common Effluent Treatment Plant.
6. Industrial Hazardous waste management facility
7. General Engineering, Fabrication
8. Flour Mill
9. Logistic Facilities supporting to Industries
  - ❖ Dry Ports (ICD/ CFS/ AFS)
  - ❖ Industrial warehousing in Industrial areas / estates ( > 50,000 sq.ft of storage area) including material handling equipment (except transport vehicles & goods carriers)
  - ❖ Cold Storages ( > 20,000 sq. ft. of storage area) facility supporting other than Agro and Food processing industry.
  - ❖ Free Trade Warehouse Zones (FTWZ)

**State Level Coordination Committee is empowered to add / delete service activities listed in this Annexure.**

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### **3.7: List of Industrial Activities / Enterprises not Eligible for Incentives and Concessions.**

1. Breweries & Distilleries of all types excluding winery & ethanol plant established as integral part of sugar industry.
2. Khandasari and Jaggery making enterprises.
3. Photo Studios & Colour Processing and instant photo printing Enterprises.
4. Photo Copying / Xerox Machines / Fax Machines / Data Entry / Data Recovery enterprises.
5. Fertilizer mixing units.
6. All types of Saw Mills excluding manufacture of particle board / Low Density Fiber Board (LDF)/Medium Density FiberBoards(MDF)/High Density Fiber Boards(HDF).
7. Beedies / Cigarettes / Cigars / Gutka& Tobacco based products manufacturing enterprises.
8. Azoic / Reactive Dyes manufacturing enterprises.
9. Fire Cracker manufacturing enterprises.
10. Industries manufacturing Ozone depleting substances.
11. Laundries including Power Laundries.
12. Brick making Enterprises excluding Cement Hollow / Solid Blocks, Wire Cut, Fly Ash Bricks and Refractory Bricks.
13. Poultry including hatcheries.
14. Popcorn and Ice candy making Enterprises excluding Ice Cream Manufacturing.
15. Coffee roasting and grinding units having installed capacity of less than 2MT a day.
16. Clock and Watch / Mobile / Computer and Hardware equipment repair enterprises.
17. Cassette recording [Audio & Video] enterprises.
18. Cyanide Manufacturing enterprises.

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19. Mining and Mining Equipment.
20. Lime kiln / burnt lime units.
21. X-ray clinics and clinical / pathological laboratories and scanning, MRI testing enterprises.
22. All industries of mobile nature like rigs, concrete / tar mixing plants / hot-mix plants including site oriented plants / industries.
23. Units engaged in manufacture of Chrysolite Asbestos (White Crystal).
24. All types of Saloon / Spas / Massage Centres, etc.
25. All types of hotels / restaurants / resorts / amusement parks, etc.
26. Vermi compost
27. Roof top solar power generation.
28. Bottling of LPG and other gases.
29. Aggregators/ supply chain business Enterprises related to / supporting bio-fuel manufacturing units

*Considering the contribution to environment, eligible subsidy will be extended to new investments made on establishing of ETPs.*

### 3.8 Zonal Classification

The classification of taluks under New Industrial Policy 2020-25 are as follows:

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
1	<b>Bengaluru (U)</b>	5			Anekal
					Bengaluru (N)
					Bengaluru (S)
					Yelahanka
					Bengaluru (E)
2	<b>Bengaluru (R)</b>	4			Devanahalli
					Doddaballapura
					Hoskote
					Nelamangala
3	<b>Ramanagara</b>	5		Magadi	

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
				Ramanagara	
				Channapatna	
				Kanakapura	
				Harohalli	
4	Chitradurga	6	Holalkere	Hiriyur	
				Chitradurga	
				Challakere	
				Hosadurga	
				Molkalmuru	
5	Davanagere	6	Channagiri	Davanagere	
			Jagalur	Harihar	
			Honnali	Nyamati	
6	Chikkaballapura	7	Gudibande	Chintamani	
			Bagepalli	Gowribidanur	
			Chikkaballapura	Siddlaghatta	
				Cheluru	
7	Kolar	6	Srinivasapura	Bangarpet	
				KGF	
				Kolar	
				Malur	
				Mulbagal	
8	Shivamogga	7	Soraba	Sagar	
			Hosanagara	Thirthahalli	
			Shikaripura	Shivamogga	
				Bhadravathi	
9	Tumakuru	10	Madhugiri	Turuvekere	
			Koratagere	Sira	
			Gubbi	Tiptur	
			Pavagada	Kunigal	
			Chikkanayakanahalli	Tumakur	
10	Chamarajan	5	Yelandur		

**Compendium of MSME Policies & Incentive Schemes of Karnataka State**

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
	agar		Gundlupet		
			Hanur		
			Chamarajanagar		
			Kollegal		
11	Chickamagalur	9		Kadur	
				Mudigere	
				Tarikere	
				Chickamagalur	
				Ajjampur	
				Shringeri	
				Koppa	
				N R Pura	
				Kalasa	
12	Dakshina Kannada	9		Bantwal	
				Sulya	
				Belthangadi	
				Puttur	
				Mulki	
				Ullal	
				Moodbidri	
				Kadaba	
				Mangalore	
13	Hassan	9	Arakalgud	Alur	
			Belur	C R Patna	
			Arasikere	Shantigrama	
				Hassan	
				H N Pura	
				Sakleshpura	
14	Kodagu	5	Madikeri		
			Somwarpet		
			Virajpet		
			Ponnampete		

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
			Kushalnagar		
15	Mandya	7		Srirangapatna	
				Pandavapura	
				Mandya	
				Maddur	
				Nagamangala	
				Malavalli	
				K R Pet	
16	Mysuru Mysuru	9		Hunsur	
				K R Nagara	
				Mysuru	
				Nanjangud	
				T N Pura	
				Periyapatna	
				H D Kote	
				Saraguru	
				Saligrama	
17	Udupi	7		Karkala	
				Bhramhavana	
				Udupi	
				Kundapura	
				Kapu	
				Hebri	
				Baindur	
18	Bagalkote	10	Bilagi		
			Badami		
			Mudhol		
			Jamkhandi		
			Hunagund		
			Guledgudda		
			Rabakavi-Banahatti		
			Terdal		

**Compendium of MSME Policies & Incentive Schemes of Karnataka State**

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
19	Belagavi	15	Ilkal		
			Bagalkote		
			Bailhongal		
			Soundathi		
			Chikkodi		
			Raibag		
			Khanapur		
			Ramdurg		
			Hukkeri		
			Athani		
			Gokak		
			Nippani		
			Kagavadi		
			Mudalgi		
			Yaragatti		
			Kittur		
			Belagavi		
20	Vijayapura Vijayapura	13	Sindgi		
			Indi		
			Muddebihal		
			B Bagewadi		
			Alamela		
			Babaleshwar		
			Nidagundi		
			Tikota		
			Chedachana		
			Kolhar		
			Devarahippargi		
			Talikote		
			Vijayapura		
21	Dharwada	8	Navalgund		
			Kalghatagi		

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
			Kundaghol		
			Annigeri		
			Alnavar		
			Hubballi (R)		
			Dharwada		
			Hubballi(U)		
2	<b>Gadag</b>	7	Mundargi		
2			Nargund		
			Ron		
			Shirahatti		
			Gajendragad		
			Lakshmeshwar		
			Gadag		
2	<b>Haveri</b>	8	Savanur		
3			Shiggaon		
			Hirekerur		
			Hanagal		
			Ranebennur		
			Byadagi		
			Rattihalli		
			Haveri		
2	<b>Uttara Kannada</b>	12	Honnavar		
4			Sirsi		
			Mundagod		
			Yellapura		
			Siddapura		
			Haliyal		
			Joida		
			Bhatkal		
			Ankola		
			Kumta		
			Dandeli		



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#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
			Karwar		
25	<b>Bellary</b>		Kurogod		
			Kottur		
			Kampli		
			Bellary		
26	<b>Bidar</b>	8	Bhalki		
			Humnabad		
			BasavaKalyana		
			Aurad		
			Chitaguppa		
			Hulusur		
			Kamala Nagar		
			Bidar		
27	<b>Kalaburagi</b>	11	Afzalpur		
			Aland		
			Jewargi		
			Sedam		
			Chittapur		
			Chincholi		
			Kalagi		
			Kamalapur		
			Yedrami		
			Shahabad		
			Kalaburagi		
28	<b>Yadgir</b>	6	Yadgir		
			Shahapur		
			Shorapur		
			Hunasagi		
			Vadagera		
			Gurumitkal		
29	<b>Koppal</b>	7	Kushtagi		
			Yelburga		

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

#	Districts	No. of Taluks	Zone 1	Zone 2	Zone 3
			Gangavathi		
			Kukkunur		
			Karatagi		
			Kanakagiri		
			Koppal		
30	Raichur	7	Sindhanur		
			Manvi		
			Lingasugur		
			Devadurga		
			Maski		
			Siravara		
			Raichur		
	<b>Total</b>	<b>239</b>	<b>152</b>	<b>78</b>	<b>9</b>

### 3. 9 List of Regonised Laboratories

1. CSIR-Advanced Materials and Processes Research Institute (CSIR-AMPRI), Bhopal
2. CSIR-Central Building Research Institute (CSIR-CBRI), Roorkee
3. CSIR-Centre for Cellular Molecular Biology (CSIR-CCMB), Hyderabad
4. CSIR-Central Drug Research Institute (CSIR-CDRI), Lucknow
5. CSIR-Central Electrochemical Research Institute (CSIR-CECRI), Karaikudi
6. CSIR-Central Electronics Engineering Research Institute (CSIR-CEERI), Pilani
7. CSIR-Central Food Technological Research Institute (CSIR-CFTRI), Mysore
8. CSIR-Central Glass Ceramic Research Institute (CSIR-CGCRI), Kolkata
9. CSIR-Central Institute of Medicinal Aromatic Plants (CSIR-CIMAP), Lucknow
10. CSIR-Central Institute of Mining and Fuel Research (CSIR-CIMFR) Dhanbad

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11. CSIR-Central Leather Research Institute (CSIR-CLRI), Chennai
12. CSIR-Central Mechanical Engineering Research Institute (CSIR-CMERI), Durgapur
13. CSIR-Central Road Research Institute (CSIR-CRRI), New Delhi
14. CSIR-Central Scientific Instruments Organization (CSIR-CSIO), Chandigarh
15. CSIR-Central Salt Marine Chemicals Research Institute (CSIR-CSMCRI), Bhavnagar
16. CSIR Fourth Paradigm Institute (CSIR-4PI), Bengaluru
17. CSIR-Institute of Genomics and Integrative Biology (CSIR-IGIB), Delhi
18. CSIR-Institute of Himalayan Bio-resource Technology (CSIR-IHBT), Palampur
19. CSIR-Indian Institute of Chemical Biology (CSIR-IICB), Kolkata
20. CSIR-Indian Institute of Chemical Technology (CSIR-IICT), Hyderabad
21. CSIR-Indian Institute of Integrative Medicine (CSIR-IIIM), Jammu  
CSIR-Indian Institute of Petroleum (CSIR-IIP), Dehradun
22. CSIR-Indian Institute of Toxicology Research (CSIR-IITR), Lucknow
23. CSIR-Institute of Minerals and Materials Technology (CSIR-IMMT), Bhubaneswar
24. CSIR-Institute of Microbial Technology (CSIR-IMT), Chandigarh
25. CSIR-National Aerospace Laboratories (CSIR-NAL), Bengaluru
26. CSIR-National Botanical Research Institute (CSIR-NBRI), Lucknow
27. CSIR-National Chemical Laboratory (CSIR-NCL), Pune
28. CSIR-National Environmental Engineering Research Institute (CSIR-NEERI), Nagpur
29. CSIR-North - East Institute of Science and Technology (CSIR-NEIST), Jorhat
30. CSIR-National Geophysical Research Institute (CSIR-NGRI), Hyderabad
31. CSIR-National Institute for Interdisciplinary Science and Technology (CSIR-NIIST), Thiruvananthapuram

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32. CSIR-National Institute of Oceanography(CSIR-NIO), Goa
33. CSIR-National Institute of Science Communication and Information Resources (CSIRNISCAIR), New Delhi
34. CSIR-National Institute of Science, Technology and Development Studies (CSIR- NISTADS), New Delhi
35. CSIR-National Metallurgical Laboratory (CSIR-NML), Jamshedpur
36. CSIR-National Physical Laboratory (CSIR-NPL), New Delhi
37. CSIR-Structural Engineering Research Centre (CSIR-SERC), Chennai
38. CSIR-UNIT: Open Source Drug Discovery (CSIR-OSDD), New Delhi
39. CSIR-UNIT: Traditional Knowledge Digital Library (CSIR-TKDL), New Delhi
40. CSIR-UNIT: Translational Research and Innovative Science Through Ayurveda (CSIRTRISUTRA), New Delhi
41. CSIR-UNIT: Human Resource Development Centre (CSIR-HRDC), Ghaziabad
42. CSIR-UNIT: Unit for Research and Development of Information Products (CSIR-URDIP), Pune
43. CSIR Madras Complex (CSIR-CMC), Chennai

## **4. Industrial Investment Incentives Scheme**

### **FISCAL INCENTIVES**

#### **4.1 Incentives and Concessions for MSMEs**

**The Incentives and Concessions are Covered in 4 Categories**

1. **Production Related**
  - **Investment Promotion Subsidy**
  - **Stamp Duty Exemption**
  - **Concessional Registration Charges**
  - **Land Conversion Fee Reimbursement**
  - **Electricity Tax Exemption & Power Subsidy**

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2. Technology related
  - Interest Subsidy on Technology Up-gradation Loan
  - Technology Adoption
  - Technology Business Incubation Centre (TBIC)
  - Incentives for Quality Certification
3. Sustainability and Responsible Industrialization
  - Rain Water Harvesting
  - Waste Water Recycling
  - Reimbursement of expenses incurred for Water Audit
  - Zero Discharge
  - Recycling of electronic waste and plastic waste
  - Subsidy for setting up ETP
4. Export related
  - Electricity Tax Exemption
  - Performance Subsidy
  - Bank Charges
  - ECGC Charges
  - Certification Charges
  - Fees for Acquiring Certification

Table 4.1.1

Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)
Investment Promotion Subsidy for	<b>Micro Enterprises</b> Zone 1 : 30% of VFA (max of INR. 25 lakh) Zone 2 :	<b>Micro Enterprises</b> Zone 1 : 35% of VFA (max of INR. 30 lakh)

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<b>Type of Support</b>	<b>General Category</b>	<b>Special Category</b> (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)
<b>Micro &amp; Small Enterprises</b>	<p>25% of VFA (max of INR. 20 lakh) Zone 3 : NIL</p> <p><b>Small Enterprises</b></p> <p>Zone 1 : 25% of VFA (max of INR.100 lakh) Zone 2 : 20% of VFA (max of INR. 90 lakh) Zone 3 : NIL</p> <p><b>VFA - Value of Fixed Assets</b></p>	<p>Zone 2 : 30% of VFA (max of INR. 25 lakh) Zone 3 : 10% of VFA (max of INR. 10 lakh)</p> <p><b>Small Enterprises</b></p> <p>Zone 1 : 30% of VFA (max of INR. 105 lakh) Zone 2 : 25% of VFA (max of INR. 95 lakh) Zone 3 : 10% of VFA (max of INR. 25 lakh)</p> <p><b>VFA - Value of Fixed Assets</b></p> <p><i>The additional subsidy of 5% of VFA in Zone 1 and 2 is subject to maximum of INR 5 lakh</i></p>
	<p><b>Note:</b></p> <p>Micro &amp; Small Enterprises can avail an investment promotion subsidy to an extent of 10% of the turnover in each financial year and spread the same to maximum of five financial years from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to the maximum extent as above. This investment promotion subsidy is limited to either the period (<i>five financial years</i>) or the limits whichever is reached earlier and no carry forward is permitted.</p>	

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)		
<b>Investment Promotion Subsidy for Medium Enterprises</b>  Minimum direct Employment 20  Number for first INR 10 crore & additional 7 employment for every additional investment of INR 10 crore proportionately.	<b>Medium Enterprises</b>			
	<b>Zone</b>	<b>Turnover percentage</b>	<b>Maximum period</b>	<b>VPA Limit</b>
	1	2.50%	6	40% of VPA
	2		5	35% of VPA
	3	NIL		
<b>Note:</b>  Medium Enterprises can avail an investment promotion subsidy to an extent of percentage of the turnover in each financial year for a maximum period as above from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to either the period or VFA limits whichever is reached earlier and no carry forward is permitted.  Medium Enterprises requiring lower employment / Enterprises which are unable to provide employment proportionate to investment as stipulated will have a lower turnover percentage in proportion to the total employment provided. However, the maximum period and VFA limit will be as above.				
<b>Exemption from Stamp Duty for MSMEs</b>	<b>Exemption from stamp duty and concessional registration charges:</b>  Stamp duty to be paid in respect of loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Financial Corporation, National Level Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks, Khadi and Village Industries Board, Khadi and			

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)
	<p>Village Industries Commission, Karnataka State SC/ST Development Corporation, Karnataka State Minority Development Corporation and other institutions which may be notified by the Government from time to time for the initial period of five years only and for lease deeds, lease-cum-sale, sub- lease and absolute sale deeds executed by industrial enterprises in respect of industrial plots, sheds, industrial tenements, flatted factories by Karnataka Industrial Areas Development Board, Karnataka State Small scale Industries Development Corporation, KEONICS, Industrial Co-operatives, approved private industrial estates/parks, food parks, SPV formed by GoK / Gol and other approved industrial parks shall be exempted as below:</p>	
	<p>Zone 1 : 100%</p> <p>Zone 2 : 100%</p> <p>Zone 3 : NIL</p>	<p>Zone 1 : 100%</p> <p>Zone 2 : 100%</p> <p>Zone 3 : 75%</p>
<b>Concessional Registration Charges for MSMEs</b>	<p>Zone 1, Zone 2: <b>INR 1/- per INR 1,000/-</b></p> <p>Zone 3 : Nil</p>	<b>All Zones: INR 1/- per INR 1,000/-</b>
	<p><b>Note:</b></p> <p><i>i. The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act, 1961 and also for direct purchase of industrially converted lands for the projects approved by SLSWCC / DLSWCC. This incentive will also be applicable for the land transferred by KIADB to land owners as compensation for the acquired land.</i></p>	



### Compendium of MSME Policies & Incentive Schemes of Karnataka State

Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)
	<i>ii. The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Industrial Policy which was in vogue at the time of execution of lease-cum- sale deed.</i>	
Reimbursement of Land Conversion Fee for MSMEs	Zone 1 : 100% Zone 2 : 100% Zone 3 : NIL	Zone 1 : 100% Zone 2 : 100% Zone 3 : 75%
Exemption from Tax on Electricity Tariff for MSMEs	Zone 1 : 100% for 7 years Zone 2 : 100% for 6 years Zone 3 : NIL	Zone 1 : 100% for 8 years Zone 2 : 100% for 7 years Zone 3 : 100% for 4 years
Power Subsidy for Micro and Small enterprises	<b>For Zone 1 &amp; 2 only</b> Reimbursement of cost of power paid at <b>INR 1.00/-</b> per unit consumed for a period of <b>3</b> years.	
Support to Artisans	i. Term loan and working capital credit at 4% interest rate to the artisans. ii. 10% Market Development Assistance (MDA) on turnover of handicraft products by artisans. iii. 75% of grant for machineries and tools for artisan associations, craft complexes, clusters, etc.	

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

**Table 4.1.2**

<b>Technology Adoption &amp; Innovation for MSMEs</b>		
	<b>General Category</b>	<b>Special Category</b> (SC/ST, Women, Minorities, Physically Challenged & Ex- Servicemen Entrepreneurs)
<b>Interest Subsidy on Technology Up-gradation Loan</b>	Zone 1 : 5% for 6 years * Zone 2 : 5% for 5 years * Zone 3 : 5% for 5 years * <i>* on loans availed from KSFC &amp; Scheduled Commercial Banks which are not covered under CLCSS of Government of India</i>	Zone 1 : 5% for 6 years* Zone 2 : 5% for 5 years* Zone 3 : 5% for 5 years* <i>* on loans availed from KSFC &amp; Scheduled Commercial Banks which are not covered under CLCSS of Government of India</i>
<b>Technology Adoption</b>	<b>For All Zones</b> 25% of cost (max. <b>INR 50,000/-</b> ) for adopting technology from recognized national laboratories as stated in Annexure 8.	<b>For All Zones</b> 50% of cost (max. <b>INR 1,00,000/-</b> ) for adopting technology from recognized national laboratories as stated in Annexure 8.
<b>Technology Business Incubation Centre (TBIC)</b>	<b>For All Zones</b> 25% of the cost of incubation centre (max. <b>INR 50.00 lakh</b> ) <i>(Minimum 1 TBIC in Zone 1)</i>	<b>For All Zones</b> 50% of the cost of incubation centre (max. <b>INR 60.00 lakh</b> ) <i>(Minimum 1 TBIC in Zone 1)</i>
<b>Incentives for Quality Certification</b>	<b>For All Zones ISO Series Certification:</b> 75% of cost (max. <b>INR 75,000/-</b> ) <b>BIS Certification:</b> 50% of fees payable to BIS for certification (max. <b>INR 20,000/-</b> ) & 25% of cost	<b>For All Zones</b> <b>ISO Series Certification:</b> 75% of cost (max. <b>INR 1,00,000/-</b> ) <b>BIS Certification:</b> 50% of fees payable to BIS for certification (max. <b>INR 25,000/-</b> ) & 25% of cost

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

Technology Adoption & Innovation for MSMEs		
	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged & Ex- Servicemen Entrepreneurs)
	(max. INR 50,000/-) for purchase of testing equipment as approved by BIS.	(max. INR 1,00,000/-) for purchase of testing equipment as approved by BIS. WeConnect
	<b>WEConnect certification for Women owned Business Enterprises (WBEs)</b> <b>For All Zones</b> For a period of 3 years maximum limit Rs. 75,000/- <i>100% of certification fees for the 1<sup>st</sup> year – max INR 30,000/-.</i> <i>90% of certification fees for the 2<sup>nd</sup> year– max INR 27,000/-</i> <i>80% of certification fees for the 3<sup>rd</sup> year – max INR 18,000/-</i>	

**Table 4.1.3**

Sustainability and Responsible Industrialization by MSMEs		
Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged & Ex- Servicemen Entrepreneurs)
<b>Rain Water Harvesting</b>	<b>For All Zones</b> 50% of cost of equipment (max. INR 2.00 lakh)	<b>For All Zones</b> 75% of cost of equipment (max. INR 2.50 lakh)
<b>Waste Water Recycling</b>	<b>For All Zones</b> 50% of cost of equipment (max. INR 7.50 Lakh)	<b>For All Zones</b> 75% of cost of equipment (max. INR8.50 Lakh)
<b>Reimburse</b>	<b>For All Zones</b>	<b>For All Zones</b>

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

ment of expenses incurred for Water Audit	75% subject to max. of <b>INR 1.00 Lakh</b> each for water audit (one time)	75% subject to max. of <b>INR 1.00 Lakh</b> each for water audit (one time)
Zero Discharge	<b>For All Zones</b> 50% of cost of equipment (max. <b>INR 7.50 Lakh</b> )	<b>For All Zones</b> 75% of cost of equipment (max. <b>INR8.50 Lakh</b> )
Recycling of electronic waste and plastic waste	<b>For All Zones</b> 5% of VFA (max. <b>INR 10.00 Lakh</b> )	<b>For All Zones</b> 5% of VFA (max. <b>INR 12.00 Lakh</b> )
Subsidy for setting up ETP	<b>For All Zones</b> 50% of cost of ETP (max. <b>INR 50.00 Lakh</b> )	<b>For All Zones</b> 75% of cost of equipment (max. <b>INR60.00 Lakh</b> )

## 4.2 Incentives and Concessions for Large, Mega, Ultra Mega and Super Mega Enterprises

Table 4.2.1

Large, Mega, Ultra Mega and Super Mega Enterprises	
Type of Support	For all Categories
Exemption from Stamp Duty	<p><b>Exemption from stamp duty and concessional registration charges:</b></p> <p>Stamp duty to be paid in respect of loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government including VAT/SGST loan from Department and / or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks and other institutions which may be notified by the Government from time to time for the</p>

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Large, Mega, Ultra Mega and Super Mega Enterprises	
Type of Support	For all Categories
	<p>initial period of five years only and for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed by industrial enterprises in respect of industrial plots, sheds, industrial tenements by Karnataka Industrial Areas Development Board, KSIIDC, KEONICS, Industrial Co-operatives, approved private industrial estates/ parks, food parks, SPV formed by GoK / GoI and other approved industrial parks shall be exempted as below:</p> <p>Zone 1 : 100%</p> <p>Zone 2 : 75%</p> <p>Zone 3 : Nil</p>
<b>Concessional Registration Charges</b>	<p>Zones 1, Zone 2: <b>INR 1/- per INR 1,000/-</b></p> <p>Zone 3 : <b>Nil</b></p>
	<p><b>Note:</b></p> <p>i. The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act, 1961 and also for direct purchase of industrially converted lands for the projects approved by SLSWCC/ SHLCC. This incentive will also be applicable for the land transferred by KIADB to land owners as compensation for the acquired land.</p> <p>ii. The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Industrial Policy which was in vogue at the time of execution of lease-cum-sale deed.</p> <p>iii. CETP / Industrial Hazardous waste disposal</p>

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

Large, Mega, Ultra Mega and Super Mega Enterprises	
Type of Support	For all Categories
	<p><i>projects set up by private investors to support these industries will be eligible for 100% exemption from stamp duty and concessional registration charges of INR 1/- per INR 1,000/- in all zones.</i></p> <p><i>iv. Lands transferred by KIADB to KSSIDC for development of industrial estates will be eligible for 100% exemption from stamp duty and concessional registration charges of INR 1/- per INR 1,000/- in all zones.</i></p>
Reimbursement of Land Conversion Fee	Zone 1 : 100% Zone 2 : 100% Zone 3 : NIL
Subsidy for setting up Effluent Treatment Plant (ETP)	One-time capital subsidy up to <b>50%</b> of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of <b>INR 250 Lakh</b> for all zones
Subsidy for setting up Common Effluent Treatment Plant (CETP)/ Industrial Hazardous waste disposal projects by a private investor	One-time capital subsidy up to <b>50%</b> of the cost of Common Effluent Treatment Plant (CETP) / Industrial Hazardous waste disposal projects subject to a ceiling of <b>INR 500 Lakh</b> per project in all zones.
Investment Subsidy for Anchor Industries	To encourage investments in taluks where there are no industries with investments above <b>INR 100 crore</b> and direct employment of <b>75 persons</b> . Investment Subsidy of <b>INR 10.00 crore</b> in Zone 1 and <b>INR 7.00 crore</b> in Zone 2.

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Investment Promotion Subsidy based on Turnover for Large, Mega, Ultra Mega and Super Mega Enterprises					
Investment range on fixed assets		Reimbursement based on Turnover			
<b>Large Enterprises:</b> <i>(i.e. enterprises which are not classified as Medium Enterprises but have investments on fixed assets of up to INR 250 crore)</i>  Minimum direct Employment 50 Number for first INR 50 crore & additional 35 employment for every additional investment of INR 50 crore proportionately.		Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows			
		<b>Zone</b>	<b>Turn-over percentage</b>	<b>Maximum Period</b>	<b>VFA Limit</b>
		1	2.25%	7	45 % of VFA
		2		6	40 % of VFA
		3	NIL		
<b>Mega Enterprises:</b> <i>(i.e. investment on fixed assets above INR 250 crore to INR 500 crore)</i>  Minimum direct Employment 200 Number for first INR 250 crore & additional 35 employment for every additional investment of INR 50 crore proportionately.		Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows			
		<b>Zone</b>	<b>Turnover percentage</b>	<b>Maximum Period</b>	<b>VFA Limit</b>
		1	2.00%	8	50 % of VFA
		2		7	45 % of VFA
		3	NIL		
<b>Ultra Mega Enterprises:</b> <i>(i.e. investment on fixed assets above INR 500 crore to INR 1,000 crore)</i>  Minimum direct		Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows			
		<b>Zone</b>	<b>Turnover percentage</b>	<b>Maximum Period</b>	<b>VFA Limit</b>

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Employment 400 Number for first INR 500 crore & additional 35 employment for every additional investment of INR 50 crore proportionately.	1	1.85%	9	55 % of VFA
	2		8	5 % of VFA
	3	NIL		
<b>Super Enterprises:</b> <i>(i.e. investment on fixed assets above INR 1,000 crore)</i>  Minimum direct Employment 750  Number for first INR 1,000 crore &  additional 35 employment for every additional investment of INR 100 crore proportionately.	<b>Mega Enterprises:</b> Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows			
<b>Note:</b>  Enterprises can avail an investment promotion subsidy to an extent of percentage of the turnover in each financial year for a maximum period as above from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to either the period or VFA limits whichever is reached earlier and no carry forward is permitted.  Enterprises requiring lower employment / Enterprises which are unable to provide employment proportionate to investment as stipulated will have a lower turnover percentage in proportion to the total employment provided. However, the maximum period and VFA limit will be as above.				



### 4.3 Incentives and Concessions for Private Industrial Parks

Table 4.3.1

Private Industrial Parks – Developer	
Type of Support	For all Categories
<b>Exemption from Stamp Duty &amp; Concessional Registration Charges</b>	Stamp Duty to be paid shall be exempted and concessional registration charges rate of INR 1/- per INR 1,000/- in respect of loan agreements and for lease deeds, lease-cum-sale deeds, absolute sale deeds executed by Developer in respect of lands purchased for development of private industrial parks in all Zones.
<b>Subsidy for setting up Common Effluent Treatment Plant (CETP) /Industrial Hazardous waste disposal projects.</b>	One-time capital subsidy up to <b>50%</b> of the cost of Common Effluent Treatment Plant (CETP) subject to a ceiling of <b>INR 500 Lakh</b> in all Zones.
<b>Capital Subsidy for Setting up STP</b>	One-time capital subsidy up to <b>50%</b> of the cost of Secondary Treatment Plants (STPs), subject to a ceiling of <b>INR1.00 crore</b> in all Zones
<b>Additional Incentives to Micro &amp; Small Units Established within Private Industrial Parks over and above the standard package of incentives and concessions for MSMEs</b>	
<b>Land Subsidy</b>	Special land subsidy to micro & small enterprises in private industrial areas/ parks/ estates/ flatted factories at the rate of <b>25%</b> of guidance value limiting to maximum extent of up to <b>1</b> acre in Zones 1 & 2 only. In such cases land value shall not be considered under the Value of Fixed Assets (VFA) for sanction of any other incentives linked to VFA.
<b>Water Charges</b>	Subsidy on water charges for tertiary treated water used by micro

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	and small enterprises established within the private industrial areas/ parks/ estates/ flatted factories shall be available for the initial <b>5</b> years of operation of the individual enterprise at the rate of <b>INR15/-</b> per unit of water (KLD) used in case of establishment of tertiary treatment facilities within / outside the private industrial areas/ parks/ estates/ flatted factories and supplied to such enterprises by the developer
<b>CETP Charges</b>	To enable continuous usage of CETP, a subsidy on user charges of CETP at the rate of <b>INR 15/-</b> per unit of effluent discharge treated shall be available to micro and small enterprises for the initial <b>5</b> years of operation of the enterprise
<b>Investment Promotion Subsidy to Private Industrial Parks including International Industrial Park</b>	
<b>Investment Promotion Subsidy</b>	5% of eligible fixed capital investment on building and infrastructure facilities in all Zones.

## 4.4 Additional Package of Incentives and Concessions

Table 4.4.1

<b>Export Industries</b>	
<b>Type of Support</b>	<b>For all Categories</b>
<b>Electricity Tax Exemption</b>	100% Electricity Tax exemption for new MSME Export Enterprises ( <i>Minimum 50% of the turnover should be in exports</i> ) for an initial period of <b>5</b> year in Zone-3.
<b>Performance Subsidy</b>	MSME Enterprises who double their exports in subsequent years will be paid 1% of FOB value to the tune of maximum of <b>INR 10.00 lakh</b> per unit in all Zones.
<b>Bank Charges</b>	Reimbursement of Bank charges on production of EBRC for all exports from MSME sector in all Zones subject to maximum of <b>INR 1.00 lakh</b> per unit.

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<b>ECGC Charges</b>	Reimbursement of ECGC charges for MSMEs to an extent of 100% maximum of <b>INR 1.00</b> lakh per unit per year in all Zones.
<b>Certification Charges</b>	Refund of certification charges incurred for obtaining statutory certifications like CE, China compulsory certificate (CCC), GMP, Phytosanitary certificates, IFS-BRC-FSSC 22000 Certification to the extent of <b>50%</b> of expenses subject to maximum of <b>INR 1.00Lakh</b> per unit in all Zones.
<b>Fees for Acquiring Certification</b>	Refund of fees for individual entrepreneurs for acquiring certification on EXPORT-IMPORT Management course conducted by II, New Delhi or any other recognized institutions for a minimum duration of 4 months shall be reimbursed to the extent of <b>50%</b> of fees subject to a ceiling of <b>INR 25,000</b> per candidate per course. The incentive will be available only for one time and for one course in the policy period in all Zones subject to maximum of <b>INR 1.00 lakh</b> per unit.

**Table 4.4.2**

<b>Pharmaceutical Industry</b>	
<b>Type of Support</b>	<b>For all Categories</b>
<b>Establishment of Pharma Park</b>	Common testing laboratory, cold storage & warehousing – one-time capital subsidy up to <b>50%</b> of the total cost subject to a ceiling of <b>INR 5.00 crore</b> and remaining <b>50%</b> from the stakeholders / developer in Zones 1 & 2 only.
<b>Clinical Trials</b>	An annual incentive up to <b>20%</b> of expenditure towards clinical trials for bio availability and bio-equivalence subject to a maximum of <b>INR 1.00 crore</b> per clinical trial in Zones 1 & 2 only.

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Table 4.4.3

Medical Devices Manufacturing Industry	
Type of Support	For all Categories
<b>Establishment of Medical Devices Park</b>	Common facilities, calibration, testing, quality control, waste management, etc. – one-time capital subsidy up to <b>50%</b> of the total cost subject to a ceiling of <b>INR 5.00 crore</b> and remaining <b>50%</b> from the stakeholders / developer in all Zones.

## 4.5 Support to Skill Development

Table 4.5.1

Skill Development	
Type of Support	For all Categories
<b>Institutional Tie-Ups for Advanced Sector Specific Skilling</b>	Institutional tie-ups/Vocational Training Institutes for sector specific advanced skilling & up-skilling coming up in all Zones through industry associations will be eligible for a <b>50</b> per cent capital subsidy on cost of equipment and machinery limited to <b>INR 15.00 Lakh</b> . State will also play the role of a facilitator, if required. This capital subsidy will be available only to <b>2</b> units per year during the policy period.
<b>On the Job Training</b>	On the Job Training: A scheme would be formulated to provide on the job training to <b>2,000</b> ITI passed candidates each year to increase the employability of the candidates. It is proposed to give stipend to the extent of <b>50%</b> of salary paid by the Industry subject to ceiling of <b>INR 7,000pm</b> per candidate. This incentive would be extended up to <b>6</b> months of on the job training.
<b>Entrepreneurship Development Programmes</b>	Entrepreneurship development and management programmes, sector specific skilling programmes, hands-on training, mentoring will be conducted by DICs to promote new generation entrepreneurs and start-ups.

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Skill Development	
Type of Support	For all Categories
	Existing Artisan Training Institutes (ATIs) will be utilized on PPP mode for skill enhancement. Industry, industry associations and private players will be encouraged to actively participate in designing curriculum and standards for skill training courses, depute their industry members as faculty and make shop floor available for practical training if required.
<b>Artisan Training Beneficiary Stipend</b>	Support towards training cost would be <b>INR 10,000</b> per month for a maximum duration of <b>3- 6</b> months for Artisans in recognized Artisan Clusters.

### 4.6 General

Table 4.6.1- Support to Research & Development

Research & Development	
Type of Support	All Categories
<b>Capital Subsidy for supporting R&amp;D</b>	<p>Exclusive R&amp;D centers coming up in <b>all Zones</b> through industry / industry associations supporting MSMEs will be eligible for a <b>50%</b> subsidy on equipment/ machinery limited to <b>INR 500.00 Lakh</b>.</p> <p>Available only to the first <b>3 R&amp;D centres</b> in each of the respective sectors viz. Automotive &amp; Auto Components; Pharmaceuticals; Medical Devices; Engineering &amp; Machine Tools during the policy period. <i>(Minimum 1 R&amp;D centre in Zone 1 )</i></p>

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**Table 4.6.2- Support to Industry 4.0**

Industry 4.0	
Type of Support	All Categories
<b>Centre of Excellence</b>	Centre of Excellence for Industry 4.0 shall be setup in the State with the help of industry associations, institutes having requisite capacity and any leading academic technical institution of the State. The State will provide a grant of <b>INR 100 crore</b> for CoE at Bengaluru and its Regional Centres, subject to the condition that such CoE use only existing building/s and taking up of new construction will not be considered.
<b>Capital Subsidy for supporting Direct Digital Manufacturing</b>	Capital subsidy of <b>50%</b> limited to <b>INR 500 lakh</b> per centre for the first <b>five</b> units in the State with the help of industry associations / institutes having requisite capacity during the policy period. These common facilities will be housed and managed by industry association / institutes on pay-per-use basis & will act as a repositories.

**Table 4.6.3- Support to Intellectual Property Rights (IPR)**

Intellectual Property Rights (IPR)	
Type of Support	For all Categories
<b>Financial Assistance to establish IP Cells and Technology Transfer Centers</b>	One Time grant of <b>50%</b> , not exceeding <b>INR 5.00 Lakh</b> , on expenditure incurred in establishment of IP Cells and Technology Transfer Centers (TTCs) at recognized Educational Institutions, Universities and other such Centers identified by the Commerce and Industries Department. <i>(Minimum 1 IP Cells and Technology Transfer Centers in Zone 1)</i>
<b>Assistance to establish IP Promotion &amp; Facilitation Hubs</b>	One Time grant of <b>50%</b> , not exceeding <b>INR 10.00 Lakh</b> , on expenditure incurred in establishment of IP Promotion & Facilitation Hubs at Trade Bodies, Industry Associations recognized by the

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Intellectual Property Rights (IPR)	
Type of Support	For all Categories
	Commerce and Industries Department.(Minimum 1 IP Promotion & Facilitation Hubs in Zone 1)
<b>Incentive for filing a Patent/ Invention</b>	Expenditure incurred for filing of a Non-Provisional Patent Application will be subsidized to an extent of <b>75%</b> & not exceeding <b>INR 1.00 Lakh</b> for each application
<b>Geographical Indication</b>	Support for GI is covered under the GI Policy issued vide G.O Nos. CI / 65 / SSI / 2018 dtd. 18/05/2019 & 19/07/2016

**Table 4.6.4- Support to Healthcare Enterprises**

Healthcare Enterprises	
Type of Support	For all Categories
<b>Encouragement for waste management practices</b>	One-time capital subsidy up to <b>50%</b> of the cost of the bio medical waste management systems ( <i>sterilizers etc.,</i> ) for all zones subject to a ceiling of <b>INR 2.50 crore</b> for Large Enterprises and <b>INR 50.00 lakh</b> for MSMEs.

## 5. Procedure for Availing Incentives for MSME in Karnataka

### ONLINE APPLICATION AND DOCUMENTS TO BE UPLOADED FOR INCENTIVES AND CONCESSIONS

#### Instructions:

1. For submission of online application the entrepreneur should have mobile number and e-mail ID. With this the entrepreneur can submit more than one applications. But for each unit of the entrepreneur should have individual User ID and Password.
2. Before filling the details in online application form and uploading the documents please take a print out of this form and do the following:
  - a. General information of the unit will be captured in the “Common Application Form”
  - b. Fill in this common application form and other incentives and concessions application forms
  - c. Scan all the documents to be uploaded in PDF format only. Keep the size minimum.  
Max:2MB
  - d. Name all the documents in proper fashion
    - a. Ex: Name of your unit-document name
    - i. GALAXY INDUSTRIES, MAGADI-PROJECT REPORT
    - ii. GALAXY INDUSTRIES, MAGADI-CASTE CERTIFICATE
    - iii. GALAXY INDUSTRIES, MAGADI-INDUSTRIAL LICENCE
    - iv. GALAXY INDUSTRIES, MAGADI-ARTICLE OF ASSOCIATION
  - e. Use this filled in application form for filling online application.
  - f. Don't use “M/s” while entering your unit name
  - g. Fill details in “CAPITAL” letters only
  - h. If you get land / plot/ shed allotted by KIADB/KSSIDC then enter “Own land & building” in unit set up menu.



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- i. If your unit is constitution is partnership/LLP/Pvt. Ltd and all the partners/directors belong to same social category then enter your social category. Otherwise select **“GENERAL”**
- j. If constitution of your unit is partnership/ LLP/ Pvt. Ltd and all the partners/directors are not of same gender then select **“MALE”**
- k. If your unit is under **“NEW”** program and MSME then enter UR/IEM/IL registration No. as **“NA”** and date as **“00/00/0000”**
- l. If your unit is under **“EXPANSION/ MODERNISATION/ DIVERSIFICATION”** program then enter final UR/IEM/IL registration No. and date of registration.
- m. If your project is approved by DLSWCC/ SLSWCC/SHLCC then enter meeting date, order no and date of issue of order.
- n. If your project is not approved by DLSWCC/ SLSWCC/SHLCC then select **“NONE”**
- o. Before saving the data check all the details entered and files uploaded and then save.

**Because you will not be allowed to edit your application.**

- p. After saving the file you will get draft copy in PDF form which contains the data you entered. If you forget to download draft copy of application you can down load it from your dash board.

## **Compendium of MSME Policies & Incentive Schemes of Karnataka State**

### **ONLINE APPLICATION FILING FOR INCENTIVES AND CONCESSIONS**

#### **Policies:**

New Industrial Policy 2014-19 / New Industrial Policy 2020-25

#### **Incentives and Concessions:**

1. Stamp Duty Exemption & Concessional Registration Charges
2. Investment Promotion Subsidy for Micro, Small and Medium Enterprises
3. Land Conversion Fee Reimbursement
4. Electricity Tax Exemption
5. Interest subsidy for Micro Enterprises

#### **Applications:**

1. Common Application Form
2. Stamp Duty Exemption & Concessional Registration Charges-Loan
3. Stamp Duty Exemption & Concessional Registration Charges-Land
4. Stamp Duty Exemption & Concessional Registration Charges-Absolute Sale Deed
5. Investment Promotion Subsidy for Micro, Small and Medium Enterprises
6. Land Conversion Fee Reimbursement
7. Electricity Tax Exemption
8. Interest subsidy for Micro Enterprises

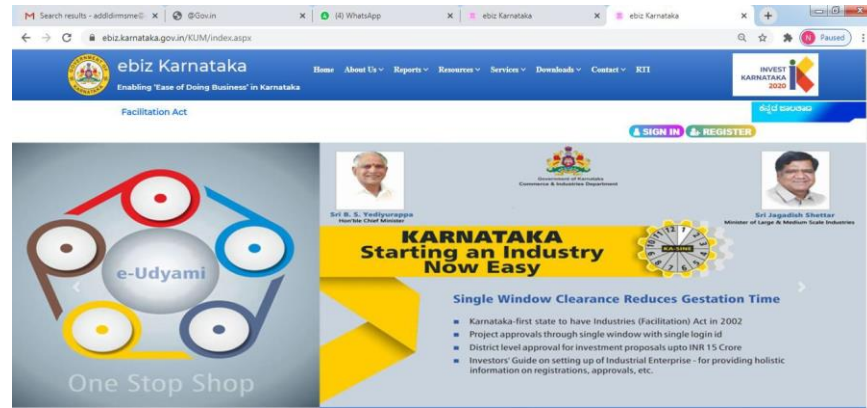
**Url:** <http://www.ebiz.karnataka.gov.in/kum/index.aspx>

#### **Procedure:**

1. Registration
2. Login
3. Dash Board
4. Common Application Form
5. Applications for Incentives and Concessions

# Compendium of MSME Policies & Incentive Schemes of Karnataka State

## 1: Home page



## 2: Registration page

[REGISTER HERE](#)

Full Name

User Name

Mobile Number  Country Code  Mobile Number

Enter Mobile OTP

Email Id

Enter Email OTP

Captcha Code

Enter Above Captcha Code

Password

Confirm Password

## 3: Log in Page

**LOGIN**

Username

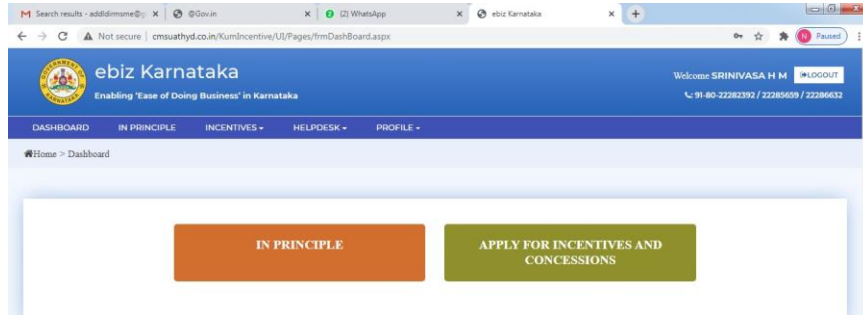
Password

Enter Captcha

[Forgot Password?](#)

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 4. Dash Board



### 5: Common Application Form

COMMON APPLICATION FORM(GENERAL INFORMATION)

<b>Unit Details</b>		
Unit Name*		
<input type="text"/>		
District*	Taluk*	Assembly Constituency*
--Select--	--Select--	-
Address*	Unit location*	Unit Sub Location*
<input type="text"/>	SELECT	SELECT
Unit setup in	Products manufactured / Activity *	Category of activity *
--Select--	--Select--	SELECT

<b>Office Details For Communication</b>		
Name of the Proprietor/ partner/ Managing Director*	Constitution of the unit*	Gender*
<input type="text"/>	--Select--	--Gender--
Address*	Mobile No.*	E-mail ID*
<input type="text"/>	<input type="text"/>	<input type="text"/>
Category of Entrepreneur*	Sub Category *	Office Landline Number
--Select--	SELECT	<input type="text"/>

**Note :**  
1) Gender: Select women/ Transgender if your unit has 100% women partners/ directors.  
2) Category of entrepreneur: Select Minority/ OBC/SC/ST/PH/Ex-servicemen if your unit has 100% Minority/ OBC/SC/ST/PH/Ex-servicemen partners/ directors.

<b>Industry Details</b>	
Industry Status*	
-- Select --	
Proposed installed capacity with units ( Kg, Ltr, Meters, No's)*	
<input type="text"/>	

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

Proposed value of fixed assets in Rs.Lakhs

Nature of Assets	Value
Land	<input type="text"/>
Building	<input type="text"/>
Plant & Machinery	<input type="text"/>
Others Assets	<input type="text"/>
<b>Total</b>	

UR/EM/IL Registration number  Date of Registration\*

Means of finance in Rs.

Promoter's Equity\*  Term Loans\*  Total

Employment

Sl.No	Cadre	Existing	Additional
1	Executive / Top level	<input type="text"/>	<input type="text"/>
2	Managerial	<input type="text"/>	<input type="text"/>
3	Supervisor / Skilled	<input type="text"/>	<input type="text"/>
4	Unskilled/ semiskilled	<input type="text"/>	<input type="text"/>
<b>Total</b>			

Date of DLSWCC meeting\*  Order Number\*  Order Date\*

Common Documents to be uploaded

Sl.No	Document Name	Upload Document	File Name
1	Partnership deed / Articles of Association/bye-laws	<input type="button" value="Choose File"/> No file chosen <input type="button" value="Upload"/>	
2	Self-attested Project Report	<input type="button" value="Choose File"/> No file chosen <input type="button" value="Upload"/>	
3	DLSWCC Approval Order	<input type="button" value="Choose File"/> No file chosen <input type="button" value="Upload"/>	
4	Registration copy of UR/EM/IL	<input type="button" value="Choose File"/> No file chosen <input type="button" value="Upload"/>	

**Note :**  
Upload "PDF" files only, Max size of each file 2 MB

**This is Certify that:**  
☐ I / We hereby certify that the particulars given above and in the appended enclosures are true and correct to the best of my/our knowledge and belief and that no material facts have been concealed or suppressed.

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 6: Incentives and Concessions Types

The screenshot shows the 'ebiz Karnataka' website with the 'Incentive Types' page. The page lists seven incentive types in a table:

SLNo	Incentive Name
1.	Form 1 : Exemption from Stamp Duty - Loan
2.	Form 2 : Exemption from Stamp Duty - Land (Lease/Lease cum sale)
3.	Form 2A : Stamp Duty Exemption-Land (Absolute sale deed)
4.	Form 3 : State Investment Subsidy
5.	Form 4 : Land Conversion Fee Reimbursement
6.	Form 5 : Exemption from Tax on Electric Tariff
7.	Form 6 : Interest Subsidy

Below the table is a 'Previous' button.

### 7: Form-1: Stamp Duty Exemption & Concessional Registration Charges-Loan

The screenshot shows the 'Form-1: Stamp Duty Exemption-Loan' application form. The form includes the following sections:

- Unit ID:** 38715
- Loan details:**
  - Types of Loans\***: -- SELECT --
  - Name of the Bank\***: --Select--
  - Name of the branch\***: --Select--
- Enclosures:**

SLNo	Document Name	Upload Document	Upload Document(From DigiLocker)	File Name
1.	Copy of loan sanction order issued by financial institution	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
2.	Attested copy of shed /land allotment order/possession certificate	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
- DECLARATION :**
  - ☐ I/We hereby certify that the particulars given above are to the best of my/our knowledge, belief, true and correct
- Details of the Authorized Person to Submit this Application**
  - Name**:
  - Phone Number**:
- Buttons:** [Add New](#), [Cancel](#), [Previous](#), [Save & Next](#)

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 8: Form-2: Stamp Duty Exemption & Concessional Registration Charges-Land (KIADB/ KSSIDC/ Section-109)

Form-2: Stamp Duty Exemption-Land (Lease/Lease cum sale)

1 Unit ID: 3875

2 Unit Location: For KIADB/KSSIDC/KEONIC/IND-CO LAND ONLY  
KIADB/KSSIDC/KEONIC/IND-CO LAND

Type of Deed\*: --Select-- Land or Shed\*: --Select--

Extent of land / shed allotted\*: Unit of measurement of land\*: --Select--

Enclosures

Sl.No	Document Name	Upload Document	Upload Document(From DigLocker)	File Name
1	Attested Copy of Unregistered Lease Deed/Lease cum sale deed.	Choose File No file chosen Upload	Fetch from DigLocker	
2	Attested copy of shed /land allotment order/possession certificate	Choose File No file chosen Upload	Fetch from DigLocker	

### 9: Form-3: Stamp Duty Exemption & Concessional Registratin Charges-Land Absolute Sale Deed

Form-2A: Stamp Duty Exemption-Land (Absolute sale deed)

1 Unit ID: 3875

2 Unit Location: For KIADB/KSSIDC/KEONIC/IND-CO LAND ONLY  
KIADB/KSSIDC/KEONIC/IND-CO LAND

UR/IEM/IL Registration no\*: NA Registration date\*:

Type of Deed\*: Absolute Sale Land or Shed\*: --Select--

Extent of land / shed allotted\*: Unit of measurement of land\*: --Select--

Enclosures

Sl.No	Document Name	Upload Document	Upload Document(From DigLocker)	File Name
1	Attested Copy of Unregistered absolute sale deed.	Choose File No file chosen Upload	Fetch from DigLocker	
2	Attested copy of shed /land allotment order/possession certificate	Choose File No file chosen Upload	Fetch from DigLocker	

DECLARATION :

☐ I/We hereby certify that the particulars given above are to the best of my/our knowledge, belief, true and correct

Details of the Authorized Person to Submit this Application

Name: Phone Number:

Previous Save & Next

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 10: Form-3: Investment Promotion Subsidy for Micro, Small & Medium Enterprises

#### FORM 3: APPLICATION FOR INVESTMENT SUBSIDY

Name of the unit\*

SRINIVASA PLASTIC INDUSTRIES

ID of the unit-CAFI\*

38715

Electric Power Connection RR No.(Power, Line)

Electric Power Connection RR No.(Lighting)

Power Connection Date

ESI Registration No

EPF Registration No

GST Registration No

GST Registration Date

Date of Commencement of Commercial Production(Date of First Sale Invoice)

Udyam Registration No

NA

Udyam Registration Date

#### Actual Investment Details in Rs.Lakhs.

Nature of Assets	Value
Land	
Building	
Plant & Machinery	
Transportation	
Erection & installation charges of machineries	
Others	
<b>Total</b>	
Amount of Loan Released in Rs.	
Date of release of 1st installment of loan	

#### Employment

Sl.No	Cadre	New Industry		
		Total	kannadigas	kannadigas %
1	Executive/Top Level (Group-A)			
2	Managerial (Group-B)			
3	Supervisor/Skilled (Group-C)			
4	Un Skilled/ Semi Skilled (Group-D)			
	<b>Total</b>			

Whether established recycling of electronic waste/ plastic waste ☐

#### Enclosures

Sl.No	Document Name	Upload Document	Upload Document(From DigiLocker)	File Name
1	First Sale Invoice	<div>Choose File</div> <div>No file chosen</div> <div>Click here to Upload</div>	Click Here for DigiLocker Login	



## Compendium of MSME Policies & Incentive Schemes of Karnataka State

2	Udyam Registration Certificate	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
3	Lease deed of land (KADB/KSSIDC/SEZ/FOOD PARK/KEONICS/CO-OP IND AREA/PVT. IND AREA) if applicable	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
4	Loan release order	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
5	Power sanction letter	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
6	Power service letter	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
8	Layout map showing the land utilization in respect of individual enterprises	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
9	GST Registration Certificate if applicable	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
10	ESI Registration Certificate if applicable	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
11	EPF Registration Certificate if applicable	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
12	Approved building plan Or license obtained from competent authority	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
13	Certificate from the Textile Department for not availed subsidy in respect of Textile based industries including Readymade Garment (if applicable)	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
14	Certified from Department of Agriculture/Horticulture for not availed subsidy in respect of Agro Food Processing Industry in any of the Government of Karnataka/India Schemes	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
15	Statement of Fixed Assets in prescribed format in Annexure-5	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
16	Original Investment certificate format as in Annexure-6	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
17	Original Certificate from Civil Engineer/Architect in prescribed format in respect of investment made in building as in Annexure-7	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
17	Original Certificate from Civil Engineer/Architect in prescribed format in respect of investment made in building as in Annexure-7	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
18	Form of declaration regarding employment of local persons in the prescribed format as in Annexure-8	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:
19	Original investment certificate from Chartered Accountant in prescribed format as in Annexure-9 in respect of small and medium enterprises	<a href="#">Choose File</a> <a href="#">No file chosen</a> <a href="#">Click here to Upload</a>	Click Here for Digi Locker Login:

**DECLARATION :**

☐ 1. I /we understand that the percentage of local people (Kannadigas) is not less than 70% on an overall basis and 100% in case of Group-D categories employees.

☐ 2. I/we hereby undertake to make the deficiency before the disbursement of subsidy.

☐ 3. I/ we further understand that eligibility of my/our industrial enterprises undertaking for incentives and concessions from the Government of Karnataka is contingent from upon my fulfilling minimum local employment as per the Dr.Sarojini Mahishi Report to the satisfaction of the State Government.

**Details of the Authorized Person to Submit this Application**

Name

Phone Number

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[Save & Next](#)

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 11: Form-4: Land Conversion Fee Reimbursement

**FORM 4: APPLICATION FOR LAND CONVERSION FEE REIMBURSEMENT**

**Name of the unit\***  **ID of the unit-CAFI\***

**DC conversion order No**  **DC conversion order date**  **Village Name**

**Survey No**  **Name of the title holder**  **Extent of land in acres only**

**Conversion fee paid in Rs**  **Udyam Registration No**  **Udyam Registration Date**

**Enclosures**

Sl.No	Document Name	Upload Document	Upload Document(From DigiLocker)	File Name
1	Copy of the UR/EM / Industrial License	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
2	Copy of approved building plan and building construction license	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
3	Copy of Land Documents/Records	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
4	Attested copy of Approval order/permission obtained from revenue department under section 109 of KLR Act for purchase of Land.	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
5	Attested copy of conversion fine paid	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
6	Copy of ESCOMs power sanction and service letter	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
7	Copy of First Sale Invoice	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	
8	Copy of Layout map showing the land utilization in respect of individual enterprises	<a href="#">Choose File</a> No file chosen <a href="#">Upload</a>	<a href="#">Fetch from DigiLocker</a>	

**DECLARATION :**  
☐ I / We hereby certify that the particulars given above and in the appended enclosures are true and correct to the best of my/our knowledge and belief and that no material facts have been concealed or suppressed.

**Details of the Authorized Person to Submit this Application**

**Name**  **Phone Number**

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## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 12: Form-5: Electricity Tax Exemption

#### FORM 5: APPLICATION FOR ELECTRICITY TAX EXEMPTION

Name of the unit\*  
SRINIVASA PLASTIC INDUSTRIES

ID of the unit-CAFI\*  
38715

Udyam Registration/IEM/IL No  
NA

Udyam Registration/IEM/IL Date

Electric Power Connection RR No.(Power, Line)

Electric Power Connection RR No.(Lighting)

Power Connection Date

Date of Commencement of Commercial Production(Date of First Sale Invoice)

##### Enclosures

Sl.No	Document Name	Upload Document	Upload Document(From DigLocker)	File Name
1	Udyam Registration Documents	<div>Choose File No file chosen</div> <div>Click here to Upload</div>	Fetch from DigLocker	
2	Land documents	<div>Choose File No file chosen</div> <div>Click here to Upload</div>	Fetch from DigLocker	
3	Power sanction and Power Service Letter	<div>Choose File No file chosen</div> <div>Click here to Upload</div>	Fetch from DigLocker	
4	Copy of Govt. Order approving the project in respect of focused manufacturing sector	<div>Choose File No file chosen</div> <div>Click here to Upload</div>	Fetch from DigLocker	
5	First electricity bill copy	<div>Choose File No file chosen</div> <div>Click here to Upload</div>	Click Here for Digi Locker Login:	

**DECLARATION :**  
☐ I / We hereby certify that the particulars given above and in the appended enclosures are true and correct to the best of my/our knowledge and belief and that no material facts have been concealed or suppressed.

**Details of the Authorized Person to Submit this Application**  

Name

Phone Number

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## Compendium of MSME Policies & Incentive Schemes of Karnataka State

### 13: Form-6: Interest Subsidy to Micro Enterprises

**APPLICATION FOR CLAIMING OF INTEREST SUBSIDY**

Name of the unit\*

SRINIVASA PLASTIC INDUSTRIES

Bank\*

Branch\*

Term Loan Sanctioned Amount

Term Loan Sanctioned Date

Term Loan Released Amount

Term Loan Released Date

Interest Rate

**Period**

From Date

Todate Date

Principal Demand

Interest Demand

Principal Paid

Interest Paid

**Enclosures**

Sl.No	Document Name	Upload Document	Upload Document(From DigiLocker)	File Name
1	Annexure-32: Interest certificate issued from bank for claiming interest subsidy	<div><div>Choose File</div><div>No file chosen</div><div>Click here to Upload</div></div>	<div>Click Here for Digi Locker Login:</div>	

**DECLARATION :**

☐ I/We hereby certify that the particulars given above are to the best of my/our knowledge, belief, true and correct

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## 6. Role of Chartered Accountants in the Growth & Development of Msmes – Karnataka State.

MSMEs in Karnataka have been playing a critical role in contributing to the GDP of the state; attracting investment and creating employment opportunities in the state, apart from mitigating social and spatial injustice. MSMEs are still expected to play a very significant role in the overall development of the state. In this backdrop the new industry policy 2020-25 of government of Karnataka longing that MSMEs have to play a role as the engine of growth and development to shoulder the responsibility of adding hi-tech values and employment to large number of unemployed youth; and also intends to reach third position in the country in merchandise exports in the next five years and desires to attract investments worth five lakh crore rupees and hoping to maintain industrial growth of 10% per annum. Unfortunately, the present covid-19 pandemic may make it difficult to achieve the new industrial policy objectives without the help, guidance and motivation in the right direction by the professionals in general and the accounting professionals in particular. It is, in this situation, the chartered accountants of Karnataka (who are in touch with these MSMEs right from the stage of their

## **Compendium of MSME Policies & Incentive Schemes of Karnataka State**

promotion) have to have a paradigm shift in their focus of providing accounting, auditing, taxation and financial services to managerial services with strategic approach.

The Services of Chartered Accountant are categorized as

### **A] Traditional Services**

- 1) Project Financing**
- 2) Services pertaining to Insurance related activities including insurance litigation**
- 3) Business Performance Improvement**
- 4) Arbitration and Conciliation**
- 5) Compliance of Tax Laws**
  - **Income Tax**
  - **GST**
  - **Labour Laws etc.,**
- 6) Management Consultancy Services**

### **B] Modern Services**

The chartered accounts are expected to provide, apart from their traditional services such as project financing, accounting, auditing, taxation services, insurance services etc., now need to concentrate even on the new heap of services such as:-

- Analysis of both external and internal environment. To design strategic intent – vision, mission, strategies, objectives, plans and policies of the new MSMEs and also to make such analysis for making necessary changes in the strategic intent of the existing MSMEs to come out successfully in these pandemic times and contribute immensely for the economic development, employment and the overall development of the state.

For this, the chartered accounts of the state have to make the entrepreneurs to think out of the box and improve their capabilities and competencies to enhance their efficiencies and effectiveness to make their customers and prospective customers delighted. It is the need of the hour to make the entrepreneurs of MSMEs to know that costs are their biggest enemies, they

## Compendium of MSME Policies & Incentive Schemes of Karnataka State

have to conquer the costs before the costs conquer them. To conquer the cost they (MSMEs) have to identify the activities as value added and non-value added. And see that the non-value adding activities are eliminated completely and the value adding inefficient activities are converted into efficient value adding activities; this the chartered accounts do by making MSMEs to implement '**Activity-based costing system**'. This costing system also make the MSMEs overcome from their sickness apart from ascertaining nearly correct cost. The system also helps to identify the fat and cut it. It will see that in the process of cutting fat, muscles are not cut. Thus it helps to control and reduce the cost.

The MSMEs have to be made to fix the price not based in cost but based on the target cost. The target costing helps them to trace (through market research) the product features that the customers and prospective customers intend to have in the products that they buy and their willingness to pay the price for it. Here the chartered accountants have to guide them. Life cycle costing which is also helpful to trace the cost of the product right from its womb stage to its tomb stage. Again chartered accounts have a pivotal role in guiding the MSMEs for implementation of '**Lifecycle costing**'. To make continuous improvement in the product (i.e., by enhancing effectiveness and efficiency) Kaizen costing maybe suggested by the chartered accountants for its use in the MSMEs.

To measure the performance of the MSMEs, currently they depend on financial statements which focus only on financial perspective ignoring learning and growth, customer, business process perspectives. Hence, it is better to advice balanced score card for measuring the performance of MSMEs. Similarly, accountability score card, fuzzy-logic technique or EVA (Economic Value Addition) technique can also be used according to the suitability for measuring the performance of MSMEs. For MSMEs strategic decisions, they may be advised, helped and guided to use strategic financial management, strategic marketing management, strategic human resource management, strategic management of R&D etc. Thus by making them to think and act strategically to make them gain sustainable competitive advantage over their local, national and global competitors. This the chartered accountants have to do along with all other duties towards MSMEs identified by the institute of chartered accountants of India.

## 7. Important Links and Contact Details of MSME – Karnataka State

### 7.1 Links

1. <b>Karnataka Udyog Mitra/ Invest Karnataka</b>	<ul style="list-style-type: none"> <li>• <a href="https://kum.karnataka.gov.in/">https://kum.karnataka.gov.in/</a></li> <li>• <a href="https://ebiz.karnataka.gov.in/ebiz">https://ebiz.karnataka.gov.in/ebiz</a></li> </ul>
2. <b>Karnataka Pollution Control Board</b>	<ul style="list-style-type: none"> <li>• <a href="http://kspcb.kar.nic.in/">http://kspcb.kar.nic.in/</a></li> </ul>
3. <b>Labour Laws</b>	<ul style="list-style-type: none"> <li>• <a href="http://labour.kar.nic.in">http://labour.kar.nic.in</a></li> </ul>
4. <b>Electricity</b>	<ul style="list-style-type: none"> <li>• BESCOM: <a href="http://bescom.org/">http://bescom.org/</a></li> <li>• GESCOM: <a href="http://www.gescom.in/">http://www.gescom.in/</a></li> <li>• HESCOM: <a href="http://www.hescom.co.in/">http://www.hescom.co.in/</a></li> <li>• CESCOM: <a href="http://www.cescmysore.org/">http://www.cescmysore.org/</a></li> <li>• MESCOM: <a href="http://www.mesco.in/">http://www.mesco.in/</a></li> </ul>
5. <b>Centralized Inspections</b>	<ul style="list-style-type: none"> <li>• <a href="https://kumcis.azurewebsites.net/">https://kumcis.azurewebsites.net/</a></li> </ul>
6. <b>Centre for Entrepreneurship Development of Karnataka</b>	<ul style="list-style-type: none"> <li>• <a href="https://cedokdwd.karnataka.gov.in/english">https://cedokdwd.karnataka.gov.in/english</a></li> <li>• <a href="https://www.kaushalkar.com/institutes/cedok/">https://www.kaushalkar.com/institutes/cedok/</a></li> </ul>

### 7.2 Important Contacts

	<p><b>Principal Secretary to Government Commerce and Industries Department,</b>  Room No.106, 1<sup>st</sup> Floor, Vikasa Soudha, DrAmbedkar Veedhi, Bangalore 560001. Phone: 22252443 Fax: 22259870  E-mail: <a href="mailto:acscikar@gmail.com">acscikar@gmail.com</a>/<a href="mailto:prs-ci@karnataka.gov.in">prs-ci@karnataka.gov.in</a>  website: <a href="http://www.investkarnataka.gov.in">www.investkarnataka.gov.in</a></p>
	<p><b>Secretary to Government (MSME &amp; Mines)</b>  Commerce and Industries Department, RoomNo.135,1<sup>st</sup>Floor, Vikasa Soudha, DrAmbedkarVeedhi,Bangalore560001  Phone:22034235Fax:22356381</p>

### Compendium of MSME Policies & Incentive Schemes of Karnataka State

	E-mail:secymines-ci@karnataka.gov.in www.investkarnataka.gov.in	website:
	<b>Principal Secretary to Government Department of IT&amp;BT and Science and Technology,</b> Government to Karnataka, 6 <sup>th</sup> Floor, 5 <sup>th</sup> Stage,	
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	<b>Principal Secretary to Government, Water Resources Department,</b> Vikasa Soudha, Dr B.R.Ambedkar Road, Bangalore560001. Ph:08022255524, 22255306 Fax:08022542753 Email: secyirr@secretariat2.kar.nic.in Website: http://waterresources.kar.nic.in	
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