



## **PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA**

**Sub:** Karnataka Aerospace and Defence Policy 2022-27  
– reg.

**Read:** 1) Government Order No. CI 17 SPI 2012, dated  
06.02.2013  
2) Government Order No. CI 17 SPI 2012 (P7),  
dated 08.09.2016

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### **PREAMBLE:**

Karnataka was the first state to announce the Aerospace & Defence policy in 2013 cited at ref(1) above and amended the policy in 2016 cited at ref(2) above. It has been a leader in Aerospace & Defence Industry due to the presence of strong ecosystem. As a result, over the years, leading global players have setup their presence in Karnataka.

These establishments over the years have contributed towards the strong Aerospace & Defence ecosystem in Karnataka as illustrated below.

- ❖ 25% of India's aircraft and spacecraft industry is based in Karnataka
- ❖ 67% of all Aircraft and Helicopters manufacturing for Defence services is done in Karnataka
- ❖ Karnataka contributes to 65% of the country's aerospace related exports from India

Karnataka has significant potential to further grow as a leading state in Aerospace & Defence due to the following advantages:

- ❖ Expertise in aerospace with more than 2,000 SMEs and 70% of India's supplier base which execute niche sub-contracting work for the Defence PSUs.
- ❖ Bangalore, being recognized as the Silicon Valley of India, has a number of top companies in IT/ITES and electronics hardware, many of them being a part of the supply chain to the Aerospace sector.
- ❖ Maximum number of engineering graduates in the country, with a large number of them employed in IT, design & engineering affirming advantageous position with reference to skill sets.

- ❖ Strong ancillary support ecosystem present with Karnataka being a leader in Machine Tools, Heavy electric machinery, Electronic systems design & manufacturing (ESDM) and Software
- ❖ Bengaluru is one of India's fastest growing airports for both cargo and passenger traffic. Thus, there is strong potential for MRO and manufacturing of ground support equipment.

To attract more investments and to establish Karnataka as the preferred investment destination for Aerospace & Defence sector, it is felt necessary to announce the New Karnataka Aerospace & Defence Policy 2022-27.

In view of the above, a decision has been taken by the Government to formulate and adopt a Karnataka Aerospace & Defence Policy 2022-27. Hence, the following order:

**GOVERNMENT ORDER No. CI 77 SPI 2021,**  
**BENGALURU, DATED 26.08.2022**

In the circumstances explained in the preamble, Government is pleased to announce the **Karnataka Aerospace & Defence Policy 2022-27** as detailed in **Annexure**, enclosed to this order, to attract more investments and to establish Karnataka as the preferred investment destination for Aerospace & Defence manufacturing, promote development of indigenous and advanced technologies, promote development of manufacturing for space related applications, develop world class skilled manpower, and support MSMEs in the supply chain with increased technological access to be globally competitive in this Sector.

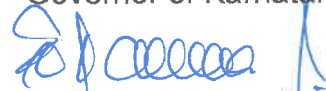
The policy objectives of Karnataka Aerospace & Defence Policy 2022-27 are as follows:

- (a) Attract investments to the tune of INR 45,000 crore (USD 6 Bn) in the Aerospace & Defence sector during the policy period of 5 years
- (b) Create additional employment opportunities (direct and indirect) of 60,000 persons during the policy period of 5 years
- (c) To develop Karnataka as the Aerospace & Defence manufacturing hub including MRO and space applications for both Indian market and exports
- (d) To strengthen R&D infrastructure for achieving innovative and cutting-edge technologies
- (e) To create enhanced facilitation mechanism for ease of doing business through industry friendly policy framework

The Karnataka Aerospace & Defence Policy 2022-27 and package of incentives and concessions shall come into effect from 26.08.2022 and will be valid for a period of 5 years or till a new policy is announced.

This order is issued with the concurrence of the Energy Department vide letter No. ಮುಖಪ/ಅಮುಖಪ/ವಿಪ(ಪ)/ವ್ಯ/ಅ-1/ತೆರಿಗೆ/ಪ್ರಲೆಸ-2/26469/2021-22, dated 07.12.2021; Labour Department vide U.O. Note No. ಕಾಇ 466 ಎಲ್ಇಟಿ 2021, dated 07.12.2021; Finance Department vide Note No. FD 438 Exp-1/2021, dated 06.06.2022 and Cabinet Note Subject No. C-334/2022 held on 12.08.2022.

By Order and in the name of the  
Governor of Karnataka,



**(DR. E.V. RAMANA REDDY)**

Additional Chief Secretary to Government,  
Commerce & Industries Department.

To,

- 1) The Principal Accountant General (G&SSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
- 2) The Principal Accountant General (E&RSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
- 3) The Principal Accountant General (A&E), Karnataka, Park House Road, Post Box No. 5329, Bengaluru-01.
- 4) All Additional Chief Secretaries /Principal Secretaries / Secretaries to Government
- 5) The Secretary to Government (Mines, MSME & Textile), Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
- 6) The Commissioner for Industrial Development and Director of Industries and Commerce, Khanija Bhavan, Race Course Road, Bengaluru-01.
- 7) The Director (MSME), Department of Industries & Commerce, Khanija Bhavan, Race Course Road, Bengaluru-01.
- 8) The Chief Executive Officer & Executive Member, Karnataka Industrial Area Development Board, Khanija Bhavan, Race Course Road, Bengaluru-01.
- 9) The Managing Director, KSFC, 1/1, Thimmiah Road, Bengaluru-51
- 10) The Managing Director, KSSIDC, Industrial Estate, Rajaji Nagar, Bengaluru-10.
- 11) The Managing Director, Karnataka Udyog Mitra (KUM), Khanija Bhavan, Race Course Road, Bengaluru-01.
- 12) The Managing Director, VTPC, Shanthi Nagar, Banaglore-01.
- 13) The Managing Director, KCTU, Basava Bhavan, Basaveshwara Circle, Bengaluru-01.
- 14) The Joint Directors of all District Industries Centers of Karnataka.

- 15) The Joint Secretary to Govt., (Cabinet Section), DPAR, Vidhana Soudha, Bengaluru-01.
- 16) PS to Hon'ble Minister for Large & Medium Industries, Vidhana Soudha, Bengaluru.
- 17) The Director (Technical Cell), Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
- 18) Guard File / Spare Copies.



**ANNEXURE to Government Order**

**No. CI 77 SPI 2021,**

**dated 26.08.2022**

**KARNATAKA  
AEROSPACE & DEFENCE  
POLICY 2022-27**



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## 1 Preamble

Karnataka is home to India's Aerospace & Defence industry. The establishment of Hindustan Aeronautics Limited (HAL) in 1940 heralded the aerospace activities in Bangalore. The subsequent establishment of Defence Public Sector Undertakings like BEL, BEML, other PSUs like BHEL and establishment of R&D institutions like DRDO, NAL, ADA, ISRO, IISc etc., positioned Karnataka as a prime location for Aerospace & Defence industry in India.

India's Aerospace & Defence (A&D) sector is at an inflection point. The Indian aerospace & Defence (A&D) market is projected to reach approximately USD 70 Bn by 2030, driven by the burgeoning demand for advanced infrastructure and government thrust. India is one of the fastest growing markets in the world and this robust growth potential of the industry is attracting global majors to set up their manufacturing base in India thereby providing tremendous opportunities for Indian industry participation.

Karnataka was the first state to announce the Aerospace & Defence policy and has been a leader in Aerospace & Defence Industry due to the presence of strong ecosystem. As a result, over the years, leading global players have setup their presence in Karnataka.

These establishments over the years have contributed towards the strong Aerospace & Defence ecosystem in Karnataka today as illustrated below.

- 25% of India's aircraft and spacecraft industry is based in Karnataka
- 67% of all Aircraft and Helicopters manufacturing for Defence services is done in Karnataka
- Karnataka contributes to 65% of the country's aerospace related exports from India

Karnataka has significant potential to further grow as a leading state in Aerospace & Defence due to the following advantages:

- Expertise in aerospace with more than 2,000 SMEs and 70% of India's supplier base which execute niche sub-contracting work for the Defence PSUs.
- Bangalore, being recognized as the Silicon Valley of India, has a number of top companies in IT/ITES and electronics hardware, many of them being a part of the supply chain to the Aerospace sector.
- Maximum number of engineering graduates in the country, with a large number of them employed in IT, design & engineering affirming advantageous position with reference to skill sets.
- Strong ancillary support ecosystem present with Karnataka being a leader in Machine Tools, Heavy electric machinery, Electronic systems design & manufacturing (ESDM) and Software.



- Bengaluru is one of India's fastest growing airports for both cargo and passenger traffic. Thus, there is strong potential for MRO and manufacturing of ground support equipment.

## 2 Industry Outlook

### 2.1 Defence Manufacturing Sector

The Indian defence market presents an attractive and significant investment opportunity for Indian and foreign companies across the supply chain in the defence sector. The opening of the defence manufacturing sector for private participation has helped foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets.

Electronics is the primary capability in modern warfare systems with value contribution being more than 40% across leading platforms. The growth in demand for electronics in Indian A&D is driven by modernization of weapon platforms, introduction of state-of-art weapons by the three-armed forces, impact of indigenization and make in India initiative. The current market size of approximately USD 7Bn is expected to grow at a CAGR of approximately 7.5% to reach approximately USD 15 Bn by 2032 presenting a significant opportunity for defence electronics players in India to capitalize upon. Further, Karnataka contributes major share (30-40%) of Defence Electronics products/systems.

HAL has played a major role in the Defence aviation of India through design, manufacture and overhaul of fighters, trainers, helicopters, transport aircraft, engines, avionics and system equipment.

Government of India has formulated multiple policy initiatives to open up immense investment opportunities in this sector. The 'Defence Production and Export Promotion Policy 2020' provides impetus to self-reliance in defence manufacturing under the 'Aatmanirbhar Bharat' scheme. The Ministry aims to achieve a turnover of INR 1.75 lakh Crore (USD 25 Bn), including an export of INR 35,000 Crore (USD 5 Bn) in the aerospace and defence goods and services by 2025. Defense ministry also published new version of 'Defence Research and Development Organisation (DRDO) Procurement Manual 2020' in October 2020 aimed at promoting MSMEs participation in defence research and development and boosting the 'Make in India' initiative.

The Defence Ministry has set a target of 70% self-reliance in weaponry by 2027, creating huge prospects for industry players.

These pro-Government initiatives coupled with pro-industry dispute resolution mechanism, large and relatively low-cost engineering talent pool, and the comfort for India from western nations given the current geo-political perspectives, provides umpteen opportunities for this sector.





## 2.2 Civil Aviation sector

The civil aviation industry in India has emerged as one of the fastest growing industries in the country during 2017-20 with India becoming the third largest domestic aviation market in the world. In FY 20, India's passenger traffic stood at 341 Million and has recorded a compound annual growth rate (CAGR) of 11.13% during FY16-FY20. To cater to the rising air traffic, the Government of India has been working towards increasing the number of operational airports to 190-200 by FY40 from 103 operational airports as of March 2019. India's aviation industry is expected to witness INR 35,000 Crore (USD 5 Bn) investment during 2020-25 and offers a strong opportunity for states to capitalize on this investment.

India has started to become a part of the global aerospace supply chain. Over the next decade, India and especially Karnataka is expected to play a significant part in the global aerospace supply chain primarily due to the cost advantages of between 15-25% in manufacturing and large procurement opportunities for Indian aviation players to cater to the growing market. Robust technical and engineering capabilities in the state backed by a strong skilling ecosystem with multiple institutes of excellence will also be contributing factors.

## 2.3 MRO Sector

India is the fastest growing MRO market globally at 3 times (3x) the global rate. The current market size of approximately INR 10,500 Crore (USD 1.5 Bn) which is largely import dependent is expected to grow at 10% CAGR to reach INR 28,000 Crore (USD 4 Bn) in market size by 2030. Significant factors driving local MRO growth in India are:

- The growth in Commercial aircraft fleet is expected to be 4X by 2038
- Average age of the fleet growing from 6.5 to 8.4 years is warranting more need for MRO operations
- Rich talent pool available in India with a cost advantage of 20-25% compared to the western nations
- Multiple leading companies have expressed their intent to setup MRO hubs in India

Additionally, the tax rationalization by Government of India with GST being reduced to 5% from 18%, provision of 100% FDI under automatic route and multiple other benefits under National Aviation Policy has made India an attractive MRO destination.

## 2.4 Space Sector

The current global space economy is pegged at USD 360 Bn and the Indian space economy is valued at USD 7 Bn, which is around 2% of the global space economy. Government of India has set a target for the Indian Space Sector to reach USD 50 Bn over the next 5 years. Significant market advantages like high demand for services, strong domestic manufacturing base, cost advantage, a large human resource pool, and ability to leverage IT skills, provides significant benefits for the private space industry in India and especially Karnataka.



Karnataka has a rich history of being at the forefront of space innovation. Indian Space Research Organization (ISRO), setup in Bangalore back in 1969, and Aryabhata, India's 1<sup>st</sup> satellite, assembled in Bangalore in 1970s provided the right foundation for Karnataka's growth as a space hub in Asia. Over the years, key projects including Chandrayaan - the first Indian lunar probe & Mangalyaan - the Mars orbiter mission have been driven from the state.

ISRO continues to drive majority of its operations and contribute towards development of a space ecosystem in Karnataka. Key facilities that exist in Karnataka include:

- The ISRO Satellite Center in Bangalore which is a Lead center for building satellites and developing satellite tech
- ISTRAC Center in Bangalore which provides tracking support for all satellite & launch missions
- Astronaut training hub which is being developed at Challakere, Chitradurga

Bangalore is also home to multiple space related startups such as Astrome, Nopo Nano technologies, Pixxel and Team Indus, to name a few, who are driving space innovation in the state.

## 2.5 Composites Manufacturing and 3D Printing

The unrelenting passion of the aerospace industry to enhance the performance of commercial and military aircraft is constantly driving the development of improved high-performance structured materials. Composite materials are one such class of materials that play a significant role in current and future aerospace components.

It is estimated that the Indian composites market shall be nearly USD 2 Bn in size by end of 2021.

Increasing defense budgets coupled with offset policy, increasing penetration of composites in the next-generation aircraft programs, increasing production rate of Light Combat Aircraft (LCA), increasing export opportunities for aerospace composites, "Make in India" campaign, and availability of low-cost skilled manpower in India are some of the major factors proliferating the demand for composites in the Indian aerospace industry.

Similarly, In India, the market size for 3D printing technology is about Rs 700 Crore (USD 100 Mn) expected to grow by approximately 20% every year with increased demand for 3D printing from sectors such as Aerospace & Defence, healthcare, etc. This increased demand is due to the ability of 3D printing technology to provide complex high-quality parts critical to these industries in a less time-consuming manner.

Composites and 3D printing technology are also used in the production of Unmanned Aerial Vehicles (UAVs) and Drones. As market for UAVs and Drones grows to reach approximately USD 1Bn in size by 2021, it is expected to further spur investments in Composites manufacturing and 3D printing technology.



### 3 Vision

To establish Karnataka as the preferred investment destination for Aerospace & Defence manufacturing, promote development of indigenous and advanced technologies, promote development of manufacturing for space related applications, develop world class skilled manpower, and support MSMEs in the supply chain with increased technological access to be globally competitive in this Sector.

### 4 Policy Objectives

The objectives of Aerospace & Defence Policy 2022-27 are as follows:

- Attract investments to the tune of INR 45,000 crore (USD 6 Bn) in the Aerospace & Defence sector during the policy period of 5 years
- Create additional employment opportunities (direct and indirect) of 60,000 persons during the policy period of 5 years
- To develop Karnataka as the Aerospace & Defence manufacturing hub including MRO and space applications for both Indian market and exports
- To strengthen R&D infrastructure for achieving innovative and cutting-edge technologies
- To create enhanced facilitation mechanism for ease of doing business through industry friendly policy framework

### 5 Scope and Coverage

- Categories included in eligible Aerospace & Defence sector shall be as per Appendix-1. This list shall be subject to modifications in line with the modifications done by Government of India.
- For the purpose of availing benefits under this policy, the eligible Aerospace & Defence units are defined as those which are designing, engineering, manufacturing, servicing, supplying such material/components/sub-assemblies, etc. fully or partially to the OEMs/Tier 1/Tier 2/Tier 3 companies of Aerospace/Defence majors including HAL, ISRO, all defence PSUs of GoI, all defence & security forces viz. Army, Navy, Air Force, Coast Guard, CRPF, etc. Construction of MRO Aircraft hangars will also be considered as Aerospace / Defence Industry.
- All the Industrial units which have got the AS9100 certification are considered as Aerospace/Defence related industrial/service units.



## KARNATAKA AEROSPACE & DEFENCE POLICY 2022-27

- Any clarification in the case of interpretation on the definition of Aerospace/Defence Industries unit will be given by the State Level Co-ordination Committee as and when required.
- The Industrial Units engaged in the activity/activities that are not covered under the Aerospace & Defence Policy 2022-27 will be eligible for incentives under the Karnataka Industrial Policy 2020-25

## 6 Policy Measures / Themes

6 key policy measures identified under the Aerospace & Defence Policy (2022-27) include:

1. Create Aerospace & Defence Parks at 5 identified hubs
2. Promote common testing facilities for Aerospace & Defence Sector
3. Promote Skill Development for Aerospace & Defence Sector
4. Strengthen R&D infrastructure for promoting innovative and cutting-edge technologies
5. Promote development of Karnataka as a destination for manufacturing for space applications
6. Continue the thrust on MSMEs

### 6.1 Create Aerospace & Defence Parks at 5 identified hubs

The Government shall promote development of state-of-the-art infrastructure conducive for industries, research, and capacity building. It shall encourage private sector participation in a transparent manner to develop, operate and maintain the infrastructure.

Under the 2013-23 Karnataka Aerospace Policy, the Aerospace & Defence park in Devanahalli was established. It has garnered significant interest from multiple Aerospace & Defence companies including Boeing, Collins Aerospace, Dynamatic Technologies, Goodrich Aerospace, Thyssenkrupp Aerospace, etc. Government organizations like HAL, BEL, etc have also invested in these A&D Parks as part of their expansion plans. Some of the key facilities in this park include:

- Manufacturing area and SEZ
- Hardware/embedded technology centre
- Technology innovation centre including a certification/ calibration centre
- Common facility centre

Government of Karnataka is planning to develop 5 Aerospace & Defence hubs in Karnataka in Bengaluru, Belagavi, Mysuru, Tumakuru and Chamarajanagara. The Aerospace & Defence ecosystem shall be further strengthened in these hubs with this initiative. In this regard, it is proposed to have Aerospace & defence parks with SEZs in these locations.



In Bangalore, Government of Karnataka is already developing Phase 2 of the Aerospace & Defence park in Haralur which is in close proximity (approximately 10 kms) to Aerospace & Defence park in Devanahalli. The Aerospace & Defence Park Phase 2 is being developed at an expedited pace over a land area of approximately 1,200 acres.

The Aerospace & Defence parks in the state shall have comprehensive infrastructure facilities including but not limited to roads, captive power generation, water supply, facilities for R&D/testing, common training facilities, common warehouse facilities, plug n play facilities like manufacturing complex and built-in space for all precision manufacturing companies, enabling the units to operate on 'plug and play' concept. Land shall also be allocated for training establishments in such parks. The Government ITIs around the A&D parks shall provide courses pertaining to the Aerospace & Defence sector to create a strong pool of talent for the companies setting up their units within the parks.

The Government of Karnataka will promote development of these Aerospace & Defence parks under 100% private owned and private operated model or PPP model. In the PPP model, the Government shall collaborate with Private sector developers by investing up to 26% equity in the form of cost of land allotted. The SEZs created within these parks shall be suited for companies who wish to discharge their offset obligation requirements in the State.

Incentives shall be provided to Aerospace & Defence park developers as per the Karnataka Industrial policy (2020-25). Eligible Private Industrial Parks shall be granted the following standard package of incentives and concessions during the policy period:

<b>Private Industrial Parks - Developer</b>	
Type of Support	For all Categories
Exemption from Stamp Duty & Concessional Registration Charges	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.
Subsidy for setting up Common Effluent Treatment Plant (CETP) /Industrial Hazardous waste disposal projects.	One-time capital subsidy up to 50% of the cost of Common Effluent Treatment Plant (CETP) subject to a ceiling of INR 500 Lakh in all Zones.  The subsidy on CETP shall also cover other green production measures including Waste Management Systems, Common Spray Dryer, Common Multiple Effect Evaporator, Zero Liquid Discharge plants, etc.
Capital Subsidy for Setting up STP	One-time capital subsidy up to 50% of the cost of Secondary Treatment Plants (STPs), subject to a ceiling of INR1.00 Crore in all Zones
<b>Investment Promotion Subsidy to Private Industrial Parks including International Industrial Park</b>	
Investment Promotion Subsidy	5% of eligible fixed capital investment on building and infrastructure facilities in all Zones.



## 6.2 Promote common testing facilities

One of the main impediments for domestic aerospace and defence production units to be competitive in global aerospace and defence opportunities is lack of easily accessible testing infrastructure. Aerospace and Defence Testing Infrastructure (DTI) is often capital intensive requiring continuous upgradation and it is not economically viable for individual aerospace and defence industrial units to set up in-house testing facilities.

Private companies rely majorly on Government Public sector undertakings such as HAL, BEL, DRDO, etc. for testing some of their equipment. Many private companies are also forced to rely on global test facilities (that have acquired specific OEM approvals) even for regular/routine testing, which imposes Forex expenditure and time delays to the Indian suppliers. The equipment required for testing and the efforts to get approvals from global OEMs involves significant capital investment and is difficult for individual companies to justify the investment due to lack of economies of scale. As a result, private companies need to wait for up to 4-6 months to complete testing in certain cases. Therefore, a common testing facility established with support of the Government shall prove to be beneficial for private companies.

The policy aims at setting up Defence Testing Infrastructure (required for defence and aerospace related production), as a common facility under private sector with Government assistance. The Scheme would provide financial assistance to private sector for setting up Testing and Certification facilities for manufacturers of defence equipment/systems. The financial assistance from the State Government shall be 25% of cost of setting up Defence Testing Infrastructure up to a maximum of INR 50 Crore for including but not limited to the following verticals:

- a) Testing facilities for Drones / Unmanned Aerial Vehicles (UAVs)/Remotely Piloted Aircrafts (RPAs)
- b) EMI/EMC Testing for Radars, UAVs/RPAs and Electronic/Telecom equipment
- c) Rubber Testing for Defence and Aerospace Sectors
- d) Radiated Noise and Shock Testing
- e) Electronic Warfare
- f) Software Testing
- g) Specialized Test-Driving Tracks
- h) Ship Motion Testing
- i) Test Facilities for Aerospace Industry
- j) Ballistic and Blast Testing Facilities
- k) Environmental Test Facilities
- l) Physical, chemical, metallographic testing of aerospace materials and welded parts to A&D OEM specifications
- m) Optical and mechanical properties of surface coatings and painted surfaces to A&D OEM specifications



- n) Audits and approvals of heat treatment, surface treatment, other Special Processes to A&D OEM specifications
- o) Existing facilities upgrading to OEM approvals as designated test / audit / approval facilities
- p) Any other area in Defence manufacturing including testing of system integrators, sub-assemblies and components part of the Aerospace & Defence supply chain.

Government shall encourage setting up of these testing facilities within the Aerospace & Defence parks in the state.

### 6.3 Promote Skill Development

The State shall conduct Industry connect workshops and Skill gap studies around identified aerospace & defence clusters to understand the growing needs of skilled and semi-skilled manpower in this sector, including requirements for graduate engineers specializing in the manufacturing engineering and quality assurance domains.

The vocational and technical training courses shall be upgraded basis skilling gaps identified from the industry connect workshops and skill gap studies on the recommendations of the Aerospace & Defence Industry experts.

For in-plant training provided by the industries, the cost of training would be subsidized by way of offering stipend up to 50% of the cost of training subject to a limit of INR 10,000/- per month per trainee. This incentive shall be available for maximum of 50 trainees per industry per annum. The benefit shall be available for 1000 candidates per annum.

Government of Karnataka shall actively associate with the Aerospace/ Avionics/ Defence Sector Skill Council in all its endeavors to augment the skills in the sunrise sector.

Foreign investment in training facilities for skilled workers, engineers and managers including Simulators / Simulation Tools for various systems / platforms, aerospace manufacturing engineering & quality assurance required by end users shall be encouraged.

Private sector companies in the Aerospace & Defence sector shall be encouraged to adopt vocational training institutes and / or partner with colleges and universities as appropriate whereby they can use the facility infrastructure to provide training in skills relevant to the sector.

The Karnataka Innovation & Technology Society (KITS), a Government of Karnataka enterprise along with Visvesvaraya Technological University (VTU) in association with Dassault Systems India Pvt Ltd., has established the K-Tech Centre of Excellence (COE) in Aerospace and Defense with the objective of skill development and providing industry with trained manpower to a thriving Aerospace industry in Bengaluru and Belagavi in Karnataka.

Government shall encourage and enable PSUs such as DRDO, BEL, NAL, etc. to partner with academic institutes, offer certification courses / diploma programs / electives as part of imparting skill training in this sector. They shall also be encouraged to provide internships to deserving candidates.



## 6.4 Strengthen R&D infrastructure for promoting innovative technologies

Aerospace & Defence sector needs to focus more on technological outcomes and Government of Karnataka shall encourage and incentivize companies to develop advanced technologies such as Engine Services technology, Special process technology, IoT, etc.

Engineering R&D Policy 2021 launched by Government of Karnataka mentions Aerospace and Defence as a focus sector and encourages R&D activity in this sector. The salient features of this policy include but are not limited to:

- GoK will provide reimbursement of 50% of rent, up to INR 2 crores or INR 1666 per employee per month, to an MNC Indian entity setting up or expanding GCCs in Engineering R&D beyond Bengaluru Urban District.
- GoK will provide recruitment assistance of INR 20 lakhs to an MNC Indian entity setting up or expanding operations, beyond Bengaluru Urban District. Only one application per entity will be allowed during the policy period.
- GoK will consider applicants fulfilling the following criteria on a case-to-case basis:
  - An applicant providing employment of greater than or equal to 3000; OR
  - An applicant with investment size of INR 250 crores and above during the policy period
- GoK will provide a conditional grant up to 40% of the approved R&D expenditures, up to INR 8 crores per entity to fund technological innovation.
- GoK will provide a grant of up to 40% of the approved budget or INR 50 crores, whichever is lower (for 3 units located in 3 different locations beyond Bengaluru Urban District) to support prototyping & testing infrastructure
- GoK will provide a funding equivalent to 33% of the costs, up to INR 8 crores per entity for establishment of innovation labs beyond Bengaluru Urban District.
- GoK will provide a grant of up to 80% for a project cost up to INR 3 crores per entity to conduct trials or pilot programs with State Government Departments under Digital Innovation for Services Challenge Program.
- GoK will support setting up of 'Go & See Centers' to demonstrate Engineering R&D capability of the State to prospective customers, in Public-Private Partnership (PPP) mode.
- GoK will provide funding equivalent to one-third of the cost up to INR 25 lakhs for hosting domestic events/ conferences/ publications (up to 2 per year).
- GoK will provide funding equivalent to one-third of the cost up to INR 50 lakhs for international road shows or participating in global events to display Karnataka based Engineering R&D entities products/technologies and cost of creating Engineering R&D case studies, whitepapers, blogs and international travel towards airfare, per diem, to present in global conferences (1 per year).





- GoK will provide funding equivalent to 75% of the approved budget, up to INR 75 lakhs for 12 months (while the participating entity funds the remaining 25% of the approved project cost) to promote Applied Research in Academia Program to support industrial application of Academic Research
  - If the project is conducted in collaboration with two different institutions, the project will be eligible to receive a funding of up to INR 1 crore for 12 months.
- GoK will fund the cost of developing the industry-oriented courses and master faculty training; providing 100% grants to State Government Engineering Universities/ State Government University Affiliated Colleges as per the following conditions:
  - Each State govt college, up to 10 colleges, will get INR 10,000 per student for training and certification of selected students up to 1000 students per college, of which 33% women students to be considered for this offering.
  - INR 1.25 crores per University/college, up to 11 colleges, to set-up the lab.
- GoK will reimburse 50% of the internship stipend for interns per entity, for a period of 3 months, up to INR 10,000 per month per intern, for a maximum of 250 interns per year and 1250 interns over the policy period.
- GoK will provide monthly stipend of INR 70,000 for the first two years, a monthly stipend of INR 75,000 for third year and monthly stipend of INR 80,000 for fourth year and annual research grant of INR 2 lakhs for students enrolled in PhD programs related to Engineering R&D in Karnataka as part of the CM Research Fellowship program.
  - 200 students shall be offered this Fellowship over the policy period.
  - 25% women candidates shall be considered for this offering.

The guidelines for these incentives shall be as per Karnataka Engineering Research & Development (Engineering R&D) Policy 2021 released via Government Order No. ITBT 17 PRM 2020, Bengaluru, Dated: 19<sup>th</sup> January, 2021. The validity of these incentives as per Karnataka Engineering Research & Development (Engineering R&D) Policy 2021 for R&D units in Aerospace & Defence sector shall be till the expiry of Karnataka Aerospace & Defence Policy 2022-27.

## 6.5 Promote space applications

In the past, several private sector companies have engaged with ISRO as suppliers and component manufacturers, but they have never been vested with the responsibility of end-to-end manufacturing for space applications.

The Government of Karnataka wants to promote development of space manufacturing in the state leveraging the strong foundation that Karnataka has in the space sector.

The Government shall encourage investments across wide variety of sub sectors and few key opportunities for investors are highlighted below:



- Space components manufacturing for flagship ISRO projects such as Chandrayaan-3, Gaganyaan, etc. provides a significant opportunity
- Satellite servicing for in-space repair or upgrading satellites in orbit
- Manufacturing of small satellite launch vehicles to cater to increased demand for Nanosats and Mega constellations of small satellites
- There are multiple applications currently dependent on space related technologies and development of these applications presents opportunities for investors. Few select examples include:
  - Satellite based communication services for broadcasting
  - Forest Cover mapping and coastal zone monitoring
  - Space derived inputs for operational weather forecast

Government encourages companies who wish to cater to export markets to setup their units in SEZs to be created within aerospace & defence parks.

## 6.6 Continue the thrust on MSMEs

MSMEs are the backbone of Karnataka's economy. They are the engine of incessant growth, both in terms of value addition and providing livelihood to millions of people and creating value for the entire community. MSMEs are the best placed to utilize local resources and create local entrepreneurship. MSMEs have potential to form the backbone of the global aerospace supply chain. Considering the critical role of MSMEs in Aerospace and Defence sector, Government will continue to strengthen and promote the MSMEs for achieving inclusive industrial growth and promoting employment generation.

Enhanced incentives will be offered to MSMEs to provide a level playing field and make them competitive. MSMEs will be financially supported for obtaining certification like AS-9100 series and NADCAP etc.



## 7 Incentives and Concessions

The following incentives & concessions shall be offered to Aerospace and Defence units under this policy:

### 7.1 Incentives and Concessions for MSMEs

To keep the momentum of growth and to encourage holistic development of MSMEs in Aerospace & Defence sector the State Government will provide the following incentives and concessions.

Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)
Investment Promotion Subsidy for Micro & Small Enterprises	<b>a) Micro Enterprises</b>	<b>a) Micro Enterprises</b>
	Zone 1: 30% of VFA (max of INR 25 lakh)	Zone 1: 35% of VFA (max of INR 30 lakh)
	Zone 2: 25% of VFA (max of INR 20 lakh)	Zone 2: 30% of VFA (max of INR 25 lakh)
	Zone 3: 25% of VFA (max of INR 20 lakh)	Zone 3: 30% of VFA (max of INR 25 lakh)
	<b>b) Small Enterprises</b>	<b>b) Small Enterprises</b>
	Zone 1: 25% of VFA (max of INR 100 lakh)	Zone 1: 30% of VFA (max of INR 105 lakh)
	Zone 2: 20% of VFA (max of INR 90 lakh)	Zone 2: 25% of VFA (max of INR 95 lakh)
	Zone 3: 20% of VFA (max of INR 90 lakh)	Zone 3: 25% of VFA (max of INR 95 lakh)
	<b>VFA - Value of Fixed Assets</b>	<b>Note:</b> The above incentives include Additional Subsidy of 5% of VFA (max. of INR 5 lakhs)
	<b>Note:</b> Micro & 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.	



Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)														
<p>Investment Promotion Subsidy for Medium Enterprises</p> <p>Minimum direct Employment 20 Number for first INR 10 crore &amp; additional 7 employment for every additional investment of INR 10 crore proportionately.</p>	<p>a) Medium Enterprises</p> <table border="1" data-bbox="588 479 1267 640"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="3">2.50%</td> <td>6</td> <td>40% of VFA</td> </tr> <tr> <td>2</td> <td>5</td> <td>35% of VFA</td> </tr> <tr> <td>3</td> <td>5</td> <td>35% of VFA</td> </tr> </tbody> </table> <p><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.</p> <p>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.</p>	Zone	Turnover percentage	Maximum Period	VFA Limit	1	2.50%	6	40% of VFA	2	5	35% of VFA	3	5	35% of VFA	
Zone	Turnover percentage	Maximum Period	VFA Limit													
1	2.50%	6	40% of VFA													
2		5	35% of VFA													
3		5	35% of VFA													
<p>Exemption from Stamp Duty for MSMEs</p>	<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 Financial Corporation, National Level Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks, Khadi and Village Industries Board, Khadi and 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, SPV formed by GoK / Gol and other approved industrial parks shall be exempted as below:</p> <table border="1" data-bbox="459 1554 1088 1653"> <tbody> <tr> <td>Zone 1: 100%</td> <td>Zone 1: 100%</td> </tr> <tr> <td>Zone 2: 100%</td> <td>Zone 2: 100%</td> </tr> <tr> <td>Zone 3: 75%</td> <td>Zone 3: 100%</td> </tr> </tbody> </table>	Zone 1: 100%	Zone 1: 100%	Zone 2: 100%	Zone 2: 100%	Zone 3: 75%	Zone 3: 100%									
Zone 1: 100%	Zone 1: 100%															
Zone 2: 100%	Zone 2: 100%															
Zone 3: 75%	Zone 3: 100%															
<p>Concessional Registration Charges for MSMEs</p>	<p>All Zones: INR 1/- per INR 1,000/-</p> <p><b>Note:</b> 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.</p>	<p>All Zones: INR1/- per INR 1,000/-</p>														



Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)
	<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. In Zone 3 General and Special Category, 75% and 100% Reimbursement of stamp duty shall be provided in lieu of 75% and 100% Exemption of stamp duty till such time an amendment is made in the Karnataka Stamp Act respectively. However, Aerospace and Defence industries in Zone 1 and 2 can avail Stamp Duty Exemption and Concessional Registration Charges as per Karnataka Industrial Policy 2020-25 till such time an amendment is made in the Karnataka Stamp Act.</p>	
Reimbursement of Land Conversion Fee for MSMEs	Zone 1: 100% Zone 2: 100% Zone 3: 75%	Zone 1: 100% Zone 2: 100% Zone 3: 100%
Exemption from Tax on Electricity Tariff for MSMEs	Zone 1: 100% for 7 years Zone 2: 100% for 6 years Zone 3: 100% for 4 years	Zone 1: 100% for 8 years Zone 2: 100% for 7 years Zone 3: 100% for 5 years
Power Subsidy for Micro and Small enterprises	For All Zones Reimbursement of cost of power paid at INR 1.00/- per unit consumed for a period of 3 years.	

### Technology Adoption & Innovation for MSMEs

	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
Interest Subsidy on Technology Up-gradation Loan	<p>Zone 1: 5% for 6 years *</p> <p>Zone 2: 5% for 5 years *</p> <p>Zone 3: 5% for 5 years *</p> <p>* on loans availed from KSFC &amp; Scheduled Commercial Banks which are not covered under CLCSS of Government of India</p>	<p>Zone 1: 5% for 6 years*</p> <p>Zone 2: 5% for 5 years*</p> <p>Zone 3: 5% for 5 years*</p> <p>* on loans availed from KSFC and Scheduled Commercial Banks which are not covered under CLCSS of Government of India</p>
Technology Adoption	<p>For All Zones</p> <p>25% of cost (max. INR 50,000/-) for adopting technology from recognized national laboratories.</p>	<p>For All Zones</p> <p>50% of cost (max. INR 1,00,000/-) for adopting technology from recognized national laboratories.</p>



Technology Adoption & Innovation for MSMEs		
	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
Technology Business Incubation Centre (TBIC)	For All Zones 25% of the cost of incubation centre (max. INR 50.00 lakh) <i>(Minimum 1 TBIC in Zone 1)</i>	For All Zones 50% of the cost of incubation centre (max. INR 60.00 lakh) <i>(Minimum 1 TBIC in Zone 1)</i>
	For All Zones ISO Series Certification: 75% of cost (max. INR 75,000/-)  BIS Certification: 50% of fees payable to BIS for certification (max. INR 20,000/-) & 25% of cost (max. INR 50,000/-) for purchase of testing equipment as approved by BIS.	For All Zones ISO Series Certification: 75% of cost (max. INR 1,00,000/-)  BIS Certification: 50% of fees payable to BIS for certification (max. INR 25,000/-) & 25% of cost (max. INR 1,00,000/-) for purchase of testing equipment as approved by BIS.
Incentives for Quality Certification	AS 9100 series Certification: 75% of cost (max. INR 75,000/-)  NADCAP Series Certification: 75% of cost (max. INR 2,00,000/-)	AS 9100 series Certification: 75% of cost (max. INR 1,00,000/-)  NADCAP Series Certification: 75% of cost (max. INR 3,00,000/-)
	WEConnect certification for Women owned Business Enterprises (WBEs)  For All Zones  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>	

Sustainability and Responsible Industrialization by MSMEs		
Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
Rain Water Harvesting	For All Zones 50% of cost of equipment (max. INR 2.00 lakh)	For All Zones 75% of cost of equipment (max. INR 2.50 lakh)
Waste Water Recycling	For All Zones 50% of cost of equipment (max. INR 7.50 Lakh)	For All Zones 75% of cost of equipment (max. INR 8.50 Lakh)
Reimbursement of expenses incurred for	For All Zones 75% subject to max. of INR 1.00 Lakh each for water audit (one time)	For All Zones 75% subject to max. of INR 1.00 Lakh each for water audit(one time)



Sustainability and Responsible Industrialization by MSMEs		
Type of Support	General Category	Special Category (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
Water Audit		
Zero Discharge	<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. INR 8.50 Lakh)
Subsidy for setting up ETP	<b>For All Zones</b> 50% of cost of ETP (max. INR 50.00 Lakh)	<b>For All Zones</b> 75% of cost of equipment (max. INR 60.00 Lakh)

The guidelines for these incentives shall be as per Karnataka Industrial Policy 2020 - 2025 released via Government Order No.CI 199 SPI 2018.



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

The details of standard package of incentives and concessions offered for establishment of Aerospace and Defence Industries under Large, Mega, Ultra Mega, Super Mega category of enterprises are as under:

### 7.2.1 Focus sub-sectors

The following sub-sectors are identified as focus sub-sectors under this policy:

- 7.2.1.1 Units providing integrated end assemblies for civil and defence aviation
- 7.2.1.2 Maintenance Repair & Overhaul (MRO)
- 7.2.1.3 Units manufacturing for space applications including LEO satellites
- 7.2.1.4 Composite Manufacturing and 3D Printing for Aerospace & Defence Applications
- 7.2.1.5 Electronic components manufacturing for Aerospace / Defence / Space Sector

The incentives applicable for focus sub-sectors 7.2.1.1, 7.2.1.2, 7.2.1.3 and 7.2.1.4 are as follows.

a)

S.No.	Incentive Head	Quantum
1	Capital Investment Subsidy	20% on Plant & Machinery 20% on land up to an extent of 50 acres on actual procurement cost
2	Exemption of Stamp Duty	100%
3	Concessional Registration Charges	INR 1/- per INR 1,000/-
4	Reimbursement of Land Conversion Fee	100%
5	Production Linked Incentive (for new investments and expansions)	1.00% of annual turnover for a period of 5 years, starting from the first year of commercial operations
6	Subsidy for setting up Effluent Treatment Plant (ETP)	50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of INR 250 Lakh





- b) Capital Investment Subsidy on Land will be provided for land area up to and not exceeding 50 acres and on actual procurement cost if procured from KIADB or any other agencies of Government of Karnataka. The subsidy for land procured from other sources will be as per the guidance value of land at the time of procurement. Cap on the maximum amount of land subsidy for each unit will be prescribed in the Operational Guidelines which would be formulated for implementation of the Scheme.
- c) The 20% Capital Investment Subsidy on Plant & Machinery will include expenditure on used / secondhand / refurbished plant, machinery, and equipment (including for associated utilities and R&D) only if it is imported.
- d) The 20% capital Investment subsidy on Plant & Machinery for units providing integrated end assemblies for civil and defence aviation (7.2.1.1, For e.g., Aircrafts, Helicopters, etc.) is subject to a minimum investment size of INR 1,000 Crore.
- e) The 20% capital Investment subsidy on Plant & Machinery for any company that sets up an MRO facility (7.2.1.2) is subject to a minimum investment size of INR 500 Crore.
- f) The 20% capital Investment subsidy on Plant & Machinery shall be paid over five equal annual payments.
- g) 100% Reimbursement of stamp duty and concessional registration charges shall be provided in lieu of 100% Exemption of stamp duty and concessional registration charges till such time an amendment is made in the Karnataka Stamp Act.
- h) Production Linked Incentive will be based on annual sales turnover (includes sales within the state, inter-state and exports), as evidenced by annual audited accounts/audited balance sheets.
- i) The subsidy on ETP shall also cover other green production measures including Waste Management Systems, Common Spray Dryer, Common Multiple Effect Evaporator, Zero Liquid Discharge plants, etc.
- j) Products / Activities that are eligible for incentives under manufacturing for space applications including LEO satellites (7.2.1.3) are listed in Appendix - 1.
- k) Incentives will be provided only to new investments or for capacity expansion. It will not be applicable for existing companies.
- l) Total quantum of incentives sanctioned to a unit under this policy shall not exceed 40% of Value of Fixed Assets created by the unit in Zone-3 and 50% of the Value of Fixed Assets (VFA) created by the unit in Zone-1 & 2.

The detailed guidelines for these incentives shall be released after the launch of this policy.



The incentives applicable for focus sub-sector 7.2.1.5 shall be as per Special Incentives Scheme for ESDM Sector (2020-25) released via Government Order No: ITBT 101 ADM 2020, Bengaluru, dated: 7<sup>th</sup> September 2020. The salient features of this scheme include but are not limited to:

a)

S.No.	Incentive Head	Quantum
Manufacturing & Assembly Units		
1	Capital Investment Subsidy	25% on Land only in areas other than Bengaluru Urban and Bengaluru Rural districts up to an extent of 50 acres on actual procurement cost.
		20% on Plant & Machinery
2	Reimbursement of Stamp Duty and Registration Charges	100%
3	Reimbursement of Land Conversion Fee	100%
4	Power tariff reimbursement	INR 1.00 per unit for 5 years from the month of commencement of commercial production
5	Exemption from Electricity Duty	100% for 5 years from the month of commencement of commercial production
6	Production Incentive (for new and expansions)	1.00% of annual turnover for a period of 5 years, starting from the first year of commercial operations

- b) The 25% Capital Investment Subsidy on land will be eligible to only those industries who are setting it up in areas other than Bengaluru Urban and Bengaluru Rural districts.
- c) Capital Investment Subsidy on land will be provided for land area up to and not exceeding 50 acres and on actual procurement cost if procured from KIADB or any other agencies of Government of Karnataka. The subsidy for land procured from other sources will be as per the guidance value of land at the time of procurement. Cap on the maximum amount of land subsidy for each ESDM unit will be prescribed in the Operational Guidelines of the Scheme.
- d) The 20% Capital Investment Subsidy on Plant & Machinery will include expenditure on used/secondhand / refurbished plant, machinery, and equipment (including for associated utilities and R&D), whether imported or procured domestically.
- e) Production Linked Incentive will be based on annual sales turnover (includes sales within the state, inter-state and exports), as evidenced by annual audited accounts/audited balance sheets.
- f) Incentives will be provided only to new investments or for capacity expansion. It will not be applicable for existing companies.
- g) Total quantum of incentives sanctioned to a Manufacturing/Assembly unit under this package shall not exceed 100% of the value of fixed assets created by the unit.



- h) The new-age companies such as Drones, Avionics, Robotics, Simulations & Embedded systems, etc. shall also be included under this scheme.

The guidelines for these incentives shall be as per Karnataka Special Incentives Scheme for ESDM Sector 2020 - 2025. The validity of Special Incentives Scheme for ESDM Sector (2020-25) for focus sub-sector 7.2.1.5 shall be till the expiry of Karnataka Aerospace & Defence Policy 2022-27.

### 7.2.2 Other sub-sectors

These are units involved in the engineering, fabrication, manufacturing, supplying such materials/components/sub-assemblies, etc. fully or partially to the OEMs/Tier 1/Tier 2/Tier 3 companies of Aerospace & Defence majors.

The incentives applicable for all other Aerospace & Defence sub-sectors except 7.2.1.1, 7.2.1.2, 7.2.1.3, 7.2.1.4 and 7.2.1.5 are as follows:

Pre-setup benefits for Large, Mega, Ultra Mega and Super Mega Enterprises	
Type of Support	Quantum
Exemption from Stamp Duty	Exemption from stamp duty and concessional registration charges:  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 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, SPV formed by GoK / Gol and other approved industrial parks shall be exempted as below:
	Zone1: 100% Zone 2: 75% Zone 3: 75%
Concessional Registration Charges	Zones 1, Zone 2, Zone 3 : INR 1/- per INR 1,000/-  <b>Note:</b> 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. 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.



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	<p>iii. CETP / Industrial Hazardous waste disposal 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.</p> <p>iv. <i>In Zone 3, 75% Reimbursement of stamp duty shall be provided in lieu of 75% Exemption of stamp duty till such time an amendment is made in the Karnataka Stamp Act respectively. However, Aerospace and Defence industries in Zone 1 and 2 can avail Stamp Duty Exemption and Concessional Registration Charges as per Karnataka Industrial Policy 2020-25 till such time an amendment is made in the Karnataka Stamp Act.</i></p>
Reimbursement of Land Conversion Fee	<p>Zone 1 : <b>100%</b>          Zone 2 : <b>100%</b>          Zone 3 : <b>100%</b></p>
Subsidy for setting up Effluent Treatment Plant (ETP)	<p>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.</p> <p>The subsidy on ETP shall also cover other green production measures including Waste Management Systems, Common Spray Dryer, Common Multiple Effect Evaporator, Zero Liquid Discharge plants, etc.</p>
Subsidy for setting up Common Effluent Treatment Plant (CETP) / Industrial Hazardous waste disposal projects by a private investor	<p>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.</p> <p>The subsidy on CETP shall also cover other green production measures including Waste Management Systems, Common Spray Dryer, Common Multiple Effect Evaporator, Zero Liquid Discharge plants, etc.</p>
Investment Subsidy for Anchor Industries	<p>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>.</p> <p>Investment Subsidy of <b>INR 10.00 crore</b> in Zone 1 and <b>INR 7.00 crore</b> in Zone 2.</p>



**Investment Promotion Subsidy based on Turnover for Large, Mega, Ultra Mega and Super Mega Enterprises**

Investment range on fixed assets	Reimbursement based on Turnover														
<p><b>Large Enterprises:</b> (i.e., enterprises which are not classified as Medium Enterprises but have investments on fixed assets of up to INR 250 crore) Minimum direct Employment 50 Number for first INR 50 crore &amp; additional 35 employment for every additional investment of INR 50 crore proportionately.</p>	<p>Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="3">2.25%</td> <td>7</td> <td>45 % of VFA</td> </tr> <tr> <td>2</td> <td>6</td> <td>40 % of VFA</td> </tr> <tr> <td>3</td> <td>5</td> <td>25 % of VFA</td> </tr> </tbody> </table>	Zone	Turnover percentage	Maximum Period	VFA Limit	1	2.25%	7	45 % of VFA	2	6	40 % of VFA	3	5	25 % of VFA
Zone	Turnover percentage	Maximum Period	VFA Limit												
1	2.25%	7	45 % of VFA												
2		6	40 % of VFA												
3		5	25 % of VFA												
<p><b>Mega Enterprises:</b> (i.e. investment on fixed assets above INR 250 crore to INR 500 crore) Minimum direct Employment 200 Number for first INR 250 crore &amp; additional 35 employment for every additional investment of INR 50 crore proportionately.</p>	<p>Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="3">2.00%</td> <td>8</td> <td>50 % of VFA</td> </tr> <tr> <td>2</td> <td>7</td> <td>45 % of VFA</td> </tr> <tr> <td>3</td> <td>6</td> <td>30 % of VFA</td> </tr> </tbody> </table>	Zone	Turnover percentage	Maximum Period	VFA Limit	1	2.00%	8	50 % of VFA	2	7	45 % of VFA	3	6	30 % of VFA
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2		7	45 % of VFA												
3		6	30 % of VFA												
<p><b>Ultra Mega Enterprises:</b> (i.e. investment on fixed assets above INR 500 crore to INR 1,000 crore) Minimum direct Employment 400 Number for first INR 500 crore &amp; additional 35 employment for every additional investment of INR 50 crore proportionately.</p>	<p>Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="3">1.85%</td> <td>9</td> <td>55 % of VFA</td> </tr> <tr> <td>2</td> <td>8</td> <td>50 % of VFA</td> </tr> <tr> <td>3</td> <td>7</td> <td>30 % of VFA</td> </tr> </tbody> </table>	Zone	Turnover percentage	Maximum Period	VFA Limit	1	1.85%	9	55 % of VFA	2	8	50 % of VFA	3	7	30 % of VFA
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2		8	50 % of VFA												
3		7	30 % of VFA												
<p><b>Super Mega Enterprises:</b> (i.e. investment on fixed assets above INR 1,000 crore) Minimum direct Employment 750 Number for first INR 1,000 crore &amp; additional 35 employment for every additional investment of INR 100 crore proportionately.</p>	<p>Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="3">1.75%</td> <td>10</td> <td>60 % of VFA</td> </tr> <tr> <td>2</td> <td>9</td> <td>55 % of VFA</td> </tr> <tr> <td>3</td> <td>8</td> <td>30 % of VFA</td> </tr> </tbody> </table>	Zone	Turnover percentage	Maximum Period	VFA Limit	1	1.75%	10	60 % of VFA	2	9	55 % of VFA	3	8	30 % of VFA
Zone	Turnover percentage	Maximum Period	VFA Limit												
1	1.75%	10	60 % of VFA												
2		9	55 % of VFA												
3		8	30 % of VFA												



### Investment Promotion Subsidy based on Turnover for Large, Mega, Ultra Mega and Super Mega Enterprises

Note:

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.

The guidelines for these incentives shall be as per Karnataka Industrial Policy 2020 - 2025 released via Government Order No.CI 199 SPI 2018. The validity of these incentives as per Karnataka Industrial Policy 2020 - 2025 for Other sub-sectors, 7.2.2 shall be till the expiry of Karnataka Aerospace & Defence Policy 2022-27.

## 8 Facilitation and Ease of Doing Business

Investors shall be provided with better facilitation at the stages of implementation and operation, so that, they can do their business with ease and less transaction cost. Karnataka Udyog Mitra will continue to act as the nodal agency.

Government shall classify the Aerospace & Defence Sector with the status of “Essential Services” to allow for industry operations without disruption.

Government shall aim to digitize processes to the maximum extent including digitizing the entire process of labor law compliance to improve Ease of doing business for companies

Government of Karnataka has recently amended the Karnataka Facilitation Act as a result of which an investor is not required to obtain approvals/clearances from different government agencies, for a period of 3 years or until commercial operations begin. There are 15 approvals for which this moratorium exists such as Building Plan approval, Factory Plan approval, Non-agricultural conversion of land, etc.

In line with the Industrial policy 2020-25, the Government shall provide single window approvals within a stipulated time frame for all approvals / clearances required from the Government.

A dedicated cell shall be formed within Karnataka Udyog Mitra / Invest Karnataka Forum to promote investments in Aerospace & Defence in Karnataka.



## 9 Implementation Mechanism

A “State Level Co-ordination Committee (SLCC)” under the Chairmanship of ACS/Principal Secretary to Government, Commerce and Industries Department and Commissioner (ID) as the Member Convener and line department officers as members will be constituted. The committee shall also have representation from Industry leaders in the Aerospace and Defence sector as sector experts. The primary responsibilities of the State Level Co-ordination Committee shall include, among others,

- a) Regularly review implementation of all provisions of the policy for achieving the targets.
- b) Policy related decisions and changes to policy, incentives & concessions, exceptions, amendments, revisions and other policy related matters.
- c) It shall be the authority to interpret the policy measures, incentives and concessions detailed in this Policy (including those in previous policies, wherever applicable) and its decision shall be final.
- d) Promote Investments in the state, Organize Annual/ Biennial trade shows and conferences etc.

The State Level Co-ordination Committee shall be assisted by a “Policy Implementation Cell” headed by Commissioner (ID) and members such as Additional Director (P&P) (Member Convenor), one representative from State Level Industrial Association (President), one representative from National Level Industrial Associations (President) and representatives from industry, etc. This cell shall be responsible for Scheme administration, management and coordination related activities for Scheme implementation. The Cell shall ensure that, necessary facilitation is extended to investors and provide feedback to the State Level Co-ordination Committee on the progress at regular intervals.

The detailed operating guidelines for this policy shall be released after the launch of this policy.

## 10 Validity, Definitions and Terms & conditions of the Policy

Karnataka Aerospace & Defence Policy 2022-27 shall come into effect from date of issue of Government Order in this regard and shall be in force for a period of 5 years or till a new policy is announced.

The units eligible for incentives under Aerospace & Defence Policy 2022-27 are detailed in Appendix - 1.

The definition of Terms & Conditions for sanction of Incentives & Concessions are detailed in Appendix - 2.

The Zonal Classification as per Industrial Policy 2020 - 25 are detailed in Appendix - 3.



## 11 Appendix-1: Units eligible for incentives under Aerospace & Defence Policy

Fiscal incentives shall be extended to all eligible Aerospace and Defence units as follows:

Category	Items Included
A. Arms and ammunition and allied items of defense equipment; parts and accessories thereof.	<p>All Rifle &amp; Smooth-bore weapons and other arms, automatic/Semi-automatic or pump action type weapons, Weapons using case less ammunition, Silencers, special gun-mountings, weapons sights, signature reduction devices and flash suppressors to include rifles, carbines, revolvers, pistols, machine pistols, multi barrel rocket, machine guns, guns, rocket, cannon &amp; missile systems -used on land, ships &amp; shore based and airborne, howitzers, mortars, anti-tank weapons, projectile launchers, military flame throwers, rifles, recoilless rifles.</p> <p><b>Ammunition and fuze setting devices</b> including the following:</p> <ol style="list-style-type: none"> <li>Safe and arming devices, fuzes, sensors and initiation devices.</li> <li>Power suppliers / cartridges with high one-time operational output.</li> <li>Combustible cases for charges.</li> <li>Submunitions including bomblets, minelets and terminally guided projectiles.</li> </ol> <p>Bombs, torpedoes, grenades, smoke canisters, rockets, mines, missiles, depth charges, demolition charges, demolition-devices, demolition kits, aircraft missile protection systems (AMPS), "pyrotechnic" devices, cartridges and simulators (i.e. equipment simulating the characteristics of any of these items), specially designed for military use. "Energetic materials" and related substances includes all explosives like primers, boosters, initiators, igniters, detonators, smoke bomb, colour signals, propellants and pyrotechnics, oxidizers, binders, plasticizers, monomers, additive coupling agents, Precursors, and other related ammunition.</p> <ol style="list-style-type: none"> <li>High velocity kinetic energy weapon systems and related equipment: a. Kinetic energy weapon systems specially designed for destruction or effecting mission abort of target.</li> <li>Specially designed test and evaluation facilities and test models, including diagnostic instrumentation and targets, for dynamic testing of kinetic energy projectiles and systems.</li> </ol> <p><b>Directed Energy Weapon (DEW) systems</b>, related or countermeasure "equipment and test models" as follows:</p> <ol style="list-style-type: none"> <li>"Laser" systems specially designed for, destruction or effecting mission, abort of a target.</li> <li>Particle beam systems capable of destruction or effecting mission- abort of a target.</li> <li>High power Radio-Frequency (RF) systems capable of destruction or effecting mission abort of target;</li> </ol>





Category	Items Included
	<p>d) Equipment specially designed for the detection or identification of; or defense against, systems at (a) and (c) above.</p> <p>e) Physical test models for the systems, equipment and components, specified under this head.</p> <p>f) 'Laser protection equipment (e.g. eye and sensor protection)'. Electronics Equipments</p> <p>Electronic Equipment used for electronic counter measure (ECM) and electronic counter countermeasure (ECCM), surveillance, intelligence, Command and Control systems, Global Navigation satellite systems (GNSS) jamming equipment. Data processing, storage and transmission security equipment, identification and authentication equipment (including identification Friend or Foe and non-Cooperative Target Return Identification systems), guidance and navigation equipment' Troposcatter-radio communications equipment' and Military Information Security assurance systems and equipment (like cryptographic devices including military Cryptographic key management and Cryptanalytic systems), communication equipment, frequency modules and secrecy devices, specially designed for Military use.</p> <p><b>Armoured or protective equipment</b> as follows:</p> <p>a) Constructions of metallic or non-metallic materials, or combinations thereof, specially designed to provide ballistic protection for military systems</p> <p>b) Body armour or protective garments of level III (NIJ 0101.06, July 2008 or national equivalent and above). Specialized equipment for military training' or simulators specially designed for training in the use of any firearm or weapon.</p> <p><b>Imaging or countermeasure equipment</b>, as follows, specially designed for military use:</p> <p>a) Recorders and image processing equipment;"</p> <p>b) Image intensifier equipment.</p> <p>c) Infrared or thermal imaging equipment.</p> <p>d) Imaging radar sensor equipment.</p> <p>e) Countermeasure or counter-countermeasure equipment</p> <p><b>Miscellaneous:</b> Concealment and deception equipment specially designed for military application, including but not limited to special paints, decoys smoke or obscuration equipment and simulators, and Metal embrittling agents.</p>
B. Tanks and other armoured fighting vehicles and parts thereof	<p><b>Ground vehicles</b> are as follows:</p> <p>a) Ground vehicles namely tanks and other military armoured/armed vehicles and military vehicles fitted with mountings for arms or equipment for mine laying or the launching of munitions includes all tracked and wheeled self-propelled armoured and non-armoured weapon systems and trailers for towed and static weapon systems.</p>



Category	Items Included
	<p>b) Other ground vehicles namely all-wheel drive vehicles capable of off road use which have been manufactured or fitted with materials or components to provide Ballistic protection to level III (NIJ 0108.01, September 1985, or comparable national standard or above) with mountings for arms or equipment for mine laying specially designed for military use.</p> <p>c) Amphibious, hovercrafts and deep-water fording vehicles for military use.</p> <p>d) Cryogenic and superconductive equipment especially designed or configured to be installed in military vehicle.</p>
C. Defense aircraft, space craft and parts thereof.	"Aircraft" including but not limited to helicopters, "lighter-than-air vehicle", "Unmanned Aerial Vehicles" (UAVs), Remotely Piloted Vehicles (RPVs), autonomous programmable vehicles, unmanned lighter than air vehicle (to include all variety of manned and unmanned airborne vehicles - includes target systems, loitering missiles, drones, balloons, blimps, aerostat, parachutes, paragliders, ground effect machines, air cushion vehicles/hovercraft, UAVs and launchers and associated ground control equipment, designed for military application).
D. Warships of all kinds and parts thereof	<p>a) Vessels of war (surface or underwater), other surface vessels (Fitted with automatic weapons having a caliber of 12.7 mm or higher, CBRN protection, active weapon countermeasure systems), special naval equipment, antisubmarine/ torpedo nets, hull penetrators and connectors "specially designed for military use".</p> <p>b) Air Independent Propulsion (AIP) systems (nuclear/conventional) for marine applications.</p>
E. Products for Internal security	<p>a) Arms and their ammunition including all types of close quarter weapons.</p> <p>b) Protective Equipment for Security personnel including body armour and helmets.</p> <p>c) Vehicles for internal security purposes including armoured vehicles, bullet proof vehicles and mine protected vehicles.</p> <p>d) Riot control equipment and protective as well as riot control vehicles.</p> <p>e) Specialized equipment for surveillance including handheld devices and unmanned aerial vehicles.</p> <p>f) Equipment and devices for night fighting capability including night vision devices.</p> <p>g) Navigational and communications equipment including for secure communications.</p> <p>h) Specialized counter terrorism equipment and gear, assault platforms, detection devices, breaching gear, etc.</p> <p>i) Training aids including simulators and simulation equipment</p> <p>j) Remotely operated Ground Vehicles, Drone Detection &amp; Protection systems, Radars like Through Wall/Surveillance etc.</p>



Category	Items Included
F. Civil Aerospace Product	<p>a) All types of fixed wing as well as rotary aircraft including their air frames, aero engines, aircraft components and avionics.</p> <p>b) Aircraft design and engineering services.</p> <p>c) Technical publications</p> <p>d) Raw material and semi-finished goods.</p> <p>e) Flying training institutions and technical training institutions (excluding civil infrastructure).</p> <p>Note:- If any unit is manufacturing the items which are not covered above but Department of Defense Production, Ministry of Defense has approved their items under Defense Procurement Procedure (DPP) &amp; valid order is with the unit, then such items will be covered under this policy of state government</p>
G. Manufacturing for Space Sector	<p>a) Building of facilities and equipment on Earth for satellite and space craft operations (for example, control centres, telemetry and antennae)</p> <p>b) Building of launch vehicles and subsystems, scientific instruments, ground segment systems and equipment</p> <p>c) Building of spacecraft, and any components thereof including propulsion systems, rockets, space craft and satellites</p> <p>d) Building of payloads and their components, including but not limited to satellites, subsystems, and scientific instruments</p>
H. AS9100 Certified Units	<p>All industrial/service units certified by the AS9100 standard for implementing the Quality Management System for use by aviation, space, and defense organizations, produced by the International Aerospace Quality Group.</p> <p>AS9100 builds on the requirements for the Quality Management System as defined in the ISO 9001. It is specifically modified for aerospace companies, including some regulatory requirements.</p>



## 12 Appendix-2: Definition of Terms & Conditions for sanction of Incentives & Concessions

1. Definition of Micro, Small and Medium Enterprises shall be as defined in the MSME Act, 2006 of Govt. of India. Whenever, Govt. of India revises the definitions, the revised definitions shall be made applicable under this policy also.
2. Large Scale Enterprise is one which is not classified as a Medium Enterprise and where the project cost of the proposed project is up to INR 250 Crore.
3. Mega Enterprise is one where the project cost of the proposed project is more than INR 250 crores and up to INR 500 Crore.
4. Ultra-Mega Enterprise is one where the project cost of the proposed project is more than INR 500 Crore and up to INR 1,000 Crore.
5. Super Mega Enterprise is one where the project cost of the proposed project is more than INR 1,000 Crore.
6. Project cost includes the investment on land, building, plant & machinery, preoperative expenses, working capital margin etc.
7. Value of 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.
8. Sanction of Incentives & Concessions as per this Government Order is Subject to the following terms and Conditions:
  - A. All new Enterprises shall create maximum possible additional employment opportunities and provide a minimum 75% of employment to the local people on an overall basis and 100% in case of Group D employees (The above requirements regarding employment to local people will be monitored by the DIC for a period of 5 years. Failure of the industries to provide employment to local people as stipulated above will be reported to the concerned DLSWCC/SLSWCC/SHLCC, which will recommend for recovery of incentives and concessions sanctioned to the unit, for which purpose a suitable undertaking will have to be furnished by the unit concerned before sanctioning incentives and concessions).
  - B. The incentives and concessions as per this Policy shall be applicable only to all new and additional investments made on or after the launch of this policy vide a Government Order.
  - C. The incentives and concessions under this policy will be available to all new investments both for establishment of new Enterprises or for expansion, diversification, and modernization of existing industries. To be eligible for considering as expansion/diversification/modernization, enterprises shall make



an additional investment of at least 25% of the original investment of the existing unit and there shall be 25% increase in the production capacity.

- D. The validity of incentives and concessions as per this order shall be for a period of five years from the launch of this policy vide a Government Order or till the new policy is announced.
- E. The incentives under this policy can be availed in addition to incentives and subsidies provided under any of the policies of Government of India.
- F. The incentives and concessions under this policy will come into force from the launch of this policy vide a Government Order. Wherever Aerospace & Defence Enterprises availed subsidy under any other schemes of Govt. of Karnataka, only differential amount of Subsidy, if any, would be provided under this policy. However, Industrial Enterprises which are in the process of being established at the time of announcement of this Aerospace & Defence Policy, shall have an option of availing incentives and concessions under the 2022-27 Policy, if such enterprises commence commercial production on or before six months from the date of announcement of this Policy.

The above option should be exercised within 3 months from the date of announcement of Aerospace & Defence Policy and should be registered with Commissioner for Industrial Development and Director of Industries and Commerce, Bangalore or in Office of the concerned District Industries Centres with necessary documentary evidence. Options once exercised cannot be withdrawn and shall be binding. Enterprises which do not exercise such option and do not fulfil all the conditions shall automatically be governed by the provisions of this order.

- G. Separate guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies and officers with the approval of the State Level Co-ordination Committee under the Chairmanship of the Additional Chief Secretary to Government, C&I Department. Interpretation of Government Orders and decision thereon of this State Level Co-ordination Committee shall be final.



### 13 Appendix-3: Zonal Classification as per Industrial Policy 2020-25

In order to create a strong industrial base with equitable allocation of funds and for overall development of the State, the taluks are grouped based on backwardness in industrial development.

The classification of taluks are as follows:

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
1	Bengaluru (U)	5			Anekal Bengaluru (N) Bengaluru (S) Yelahanka Bengaluru (E)
2	Bengaluru (R)	4			Devanahalli Doddaballapura Hoskote Nelamangala
3	Ramanagara	5		Magadi Ramanagara Channapatna Kanakapura Harohalli	
4	Chitradurga	6	Holalkere	Hiriyur Chitradurga Challakere Hosadurga Molkalmuru	
5	Davanagere	6	Channagiri Jagalur Honnali	Davanagere Harihar Nyamati	
6	Chikkaballapura	7	Gudibande Bagepalli Chickaballapura	Chintamani Gowribidanur Siddlaghatta Cheluru	
7	Kolar	6	Srinivasapura	Bangarpet KGF Kolar Malur	



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Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
8	Shivamogga	7	Soraba Hosanagara Shikaripura	Mulbagal Sagar Thirthahalli Shivamogga Bhadravathi	
9	Tumakuru	10	Madhugiri Koratagere Gubbi Pavagada Chikkanayakanahalli	Turuvekere Sira Tiptur Kunigal Tumakur	
10	Chamarajanagar	5	Yelandur Gundlupet Hanur Chamarajanagar Kollegal		
11	Chikkamagaluru	9		Kadur Mudigere Tarikere Chikkamagaluru Ajjampur Shringeri Koppa N R Pura Katasa	
12	Dakshina Kannada	9		Bantwal Sulya Belthangadi Puttur Mulki Ullal Moodbidri Kadaba Mangalore	
13	Hassan	9	Arakalgud Belur Arasikere	Alur C R Patna Shantigrama Hassan H N Pura Sakleshpura	
14	Kodagu	5	Madikeri		



Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
			Somwarpet Virajpet Ponnampete Kushalnagar		
15	Mandya	7		Srirangapatna Pandavapura Mandya Maddur Nagamangala Malavalli K R Pet	
16	Mysuru	9		Hunsur K R Nagara Mysuru Nanjangud T N Pura Periyapatna H D Kote Saraguru Saligrama	
17	Udupi	7		Karkala Bhramhavara Udupi Kundapura Kapu Hebri Baindur	
18	Bagalkote	10	Bilagi Badami Mudhol Jamkhandi Hunagund Guledgudda Rabakavi-Banahatti Terdal Ilkal Bagalkote		
19	Belagavi	15	Bailhongal Soundathi Chikkodi		





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Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
			Raibag Khanapur Ramdurg Hukkeri Athani Gokak Nippani Kagavadi Mudalgi Yaragatti Kittur Belagavi		
20	Vijayapura	13	Sindgi Indi Muddebihal B Bagewadi Alamela Babaleshwar Nidagundi Tikota Chedachana Kolhar Devarahipparagi Talikote Vijayapura		
21	Dharwad	8	Navalgund Kalghatagi Kundaghol Annigeri Alnavar Hubballi ( R ) Dharwada Hubballi (U)		
22	Gadag	7	Mundargi Nargund Ron Shirahatti		



Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
			Gajendragad Lakshmeshwar Gadag		
23	Haveri	8	Savanur Shiggaon Hirekerur Hanagal Ranebennur Byadagi Rattihalli Haveri		
24	Uttara Kannada	12	Honnavar Sirsi Mundagod Yellapura Siddapura Haliyal Joida Bhatkal Ankola Kumta Dandeli Karwar		
25	Ballari	11	H B Halli Hadagalli Kudligi Hospet Sandur Siraguppa HarappanaHalli Kurogod Kottur Kampli Ballari		
26	Bidar	8	Bhatki Humnabad BasavaKalyana Aurad		



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Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
			Chitaguppa Hulusur Kamala Nagar Bidar		
27	Kalaburagi	11	Afzalpur Aland Jewargi Sedam Chittapur Chincholi Kalagi Kamalapur Yedrami Shahabad Kalaburagi		
28	Yadgiri	6	Yadgiri Shahapur Shorapur Hunasagi Vadagera Gurumitkal		
29	Koppal	7	Kushtagi Yelburga Gangavathi Kukkunur Karatagi Kanakagiri Koppa		
30	Raichur	7	Sindhanur Manvi Lingasugur Devadurga Maski		

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Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
			Siravara		
			Raichur		
	TOTAL	239	152	78	9



## 14 Appendix-4: Glossary

Abbreviation	Expansion
Bn	Billion
DIC	District Industries Centre
DLSWCC	District Level Single Window Clearance Committee
GCC	Global Capability Centre
GoK	Government of Karnataka
GST	Goods & Services Tax
INR	Indian Rupee
KIADB	Karnataka Industrial Areas Development Board
KSIIDC	Karnataka State Industrial Infrastructure Development Corporation
KSSIDC	Karnataka State Small Industries Development Corporation Ltd
KUM	Karnataka Udyog Mitra
MNC	Multi-National Corporation
MRO	Maintenance Repair & Overhaul
MSME	Micro, Small and Medium Enterprises
P&P	Policy & Promotions
PPP	Public-Private Partnership
R&D	Research & Development
SGST	State Goods & Services Tax
SHLCC	State High Level Clearance Committee
SLCC	State Level Co-ordination Committee
SLSWCC	State Level Single Window Clearance Committee



USD	United States Dollar
VAT	Value Added Tax
VFA	Value of Fixed Assets

A handwritten signature in blue ink, appearing to read "E.V. Ramana Reddy".

**(DR. E.V. RAMANA REDDY)**  
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