



KARNATAKA INDUSTRIAL POLICY 2025-30

Karnataka is a leading investment destination in India, with a strong Industrial base



Karnataka's growth story ...



GST collection - 2nd highest in the country for the year 2023-24



GSDP - \$308 Bn - growing at ~11.16% per annum over last 10 years



Per capita income - 2nd highest in the country



400 out of Fortune 500 companies present in Karnataka



... makes it **India's No,1** Investment destination



LEADS ranking - in Achiever in all 15 parameters



Export Preparedness Index - Rank 3 among coastal states



Top Achiever in Ease of Doing Business



1st in India Innovation Index



1st in # of R&D centers



Karnataka leading in FDI Inflows & Total Exports

	FY22	FY23
FDI	1st 38%	2nd 23%
Total Exports	2nd 19%	1st 20%

KARNATAKA LEADING INDIA ACROSS SECTORS

1st

in **Electronics Design** in India - 40% share

in **Electric Vehicles** innovation - 7+ Auto OEMs and 45+ EV startups

in **Machine Tools** manufacturing - 52% share

in **Aerospace & Defence** manufacturing - 65% share

in **R&D centers** - 400+ R&D centers

in **Biotech** production & exports - 60% share

in **Software exports** - 40% of India's IT exports

in **Renewable energy** - 65% of total installed capacity from renewable sources

Karnataka industrial policy 2025 - 30

Target to achieve investments worth INR 7.5 lakh crore and employment for 20 lakh people by 2030



Financial Incentives

- Flexibility to choose between capital subsidy and PLI
- Upto 25% capital subsidy or upto 2.5% of turnover for 7 years (inc. Bangalore Rural)
- Booster for co-location of R&D/ GCC with manufacturing



Infrastructure Development

- Enhanced incentives for industrial parks
- Support on dormitory and housing
- Support on warehousing and logistics



Balanced and inclusive Development

- Promotion of Women Participation in Workforce
- Additional incentives for more backward and most backward talukas
- Additional Employment Booster introduced encourage job creation



Sustainable Growth

- Comprehensive incentives for sustainable practices
- Outcome linked incentives for the first time
- Support for Energy Auditing and Certification for Green buildings

Multiple financial incentives announced in Karnataka's **Industrial Policy 2025-30** to create favorable cost economics for investors

Incentive Head	District Zone		
	Zone 1	Zone 2	Zone 3
Capital Investment Subsidy	25% of total VFA ¹	20% of total VFA	10% of total VFA ³
	disbursed over 5 years	disbursed over 5 years	disbursed over 5 years
OR			
Production-linked Incentives	2.5% of Net Sales Turnover ²	2.0% of Net Sales Turnover	1.0% of Net Sales Turnover ³
	for 7 years from Commercial Production (Capped at 60% of VFA)	for 7 years from Commercial Production (Capped at 60% of VFA)	for 7 years from Commercial Production (Capped at 30% of VFA)
Exemption from Stamp Duty	100%	75%	-
Concessional Registration Charges	INR 1/- per INR 1,000/-	INR 1/- per INR 1,000/-	-
Reimbursement of land conversion fee	100%	100%	-
<i>Additional incentives of 3-5% on base subsidy for more backward and most backward taluks as categorized by Dr. D.M. Nanjundappa Committee Report</i>			

1. VFA: Value of Fixed Assets; Value of Fixed Assets shall mean the total investment made on land, building and plant & machinery including R&D equipment 2. Net sales turnover is defined as the net sales generated from the facility corresponding to the approved new investment (either new investment or expansion in the existing facility) in SLSWCC/SHLCC. 3. Capital investment subsidy / Production-Linked Incentives for Zone 3 are available for Bangalore Rural district only

Additional Boosters provided to promote **Balanced and Inclusive Development** in the state



Additional Employment Booster introduced to encourage job creation

Incentive Booster Details	Slab 1	Slab 2	Slab 3
Employment Slabs (x: multiple of Minimum Employment)	3x-4x	4x-5x	>5x
Booster on incentive opted (Additional Incentive on Capital Subsidy/PLI)	7.5%	10%	15%
Absolute increase in VFA Limit in case of PLI	5%	5%	5%



Women Participation Booster introduced to recognize more jobs for women in Karnataka

Incentive Booster Details	Slab 1	Slab 2	Slab 3
% of Women Employment in workforce	50%+	60%+	70%+
Booster on incentive opted (Additional Incentive on Capital Subsidy/PLI)	7.5%	10%	15%



Booster for Co-location of R&D and manufacturing units

Booster	Booster on incentive opted	Increase in VFA limit
Capital Subsidy on Manufacturing	10%	NA
Production-Linked Incentive (PLI) on Manufacturing	10%	5%
Additional Incentives on R&D	NA	NA

1. VFA: Value of Fixed Assets; Value of Fixed Assets shall mean the total investment made on land, building and plant & machinery including R&D equipment

Karnataka keen to promote Industrial Infra through enhanced incentives for Pvt. Industrial park & Industrial Dormitory



Support for Private Industrial Park and Infrastructure Development

Incentive Head	Value
Capital Subsidy	10% of the Value of Fixed Assets ¹ on Building and Infrastructure facilities
Exemption of Stamp Duty	100%
Concessional Registration Charges	INR 1/- per INR 1,000/-













Subsidy for Industrial dormitory for creation inside Industrial Park

Capex Subsidy	PLI
Capital subsidy of INR 1 Crore per 1,000 people's accommodation	One-time subsidy up to a limit of INR 1 Crore per 1,000 people's accommodation

1. Value of Fixed Assets includes investment in preparation of land, laying of infrastructure for utilities (water, power, gas) and roads.

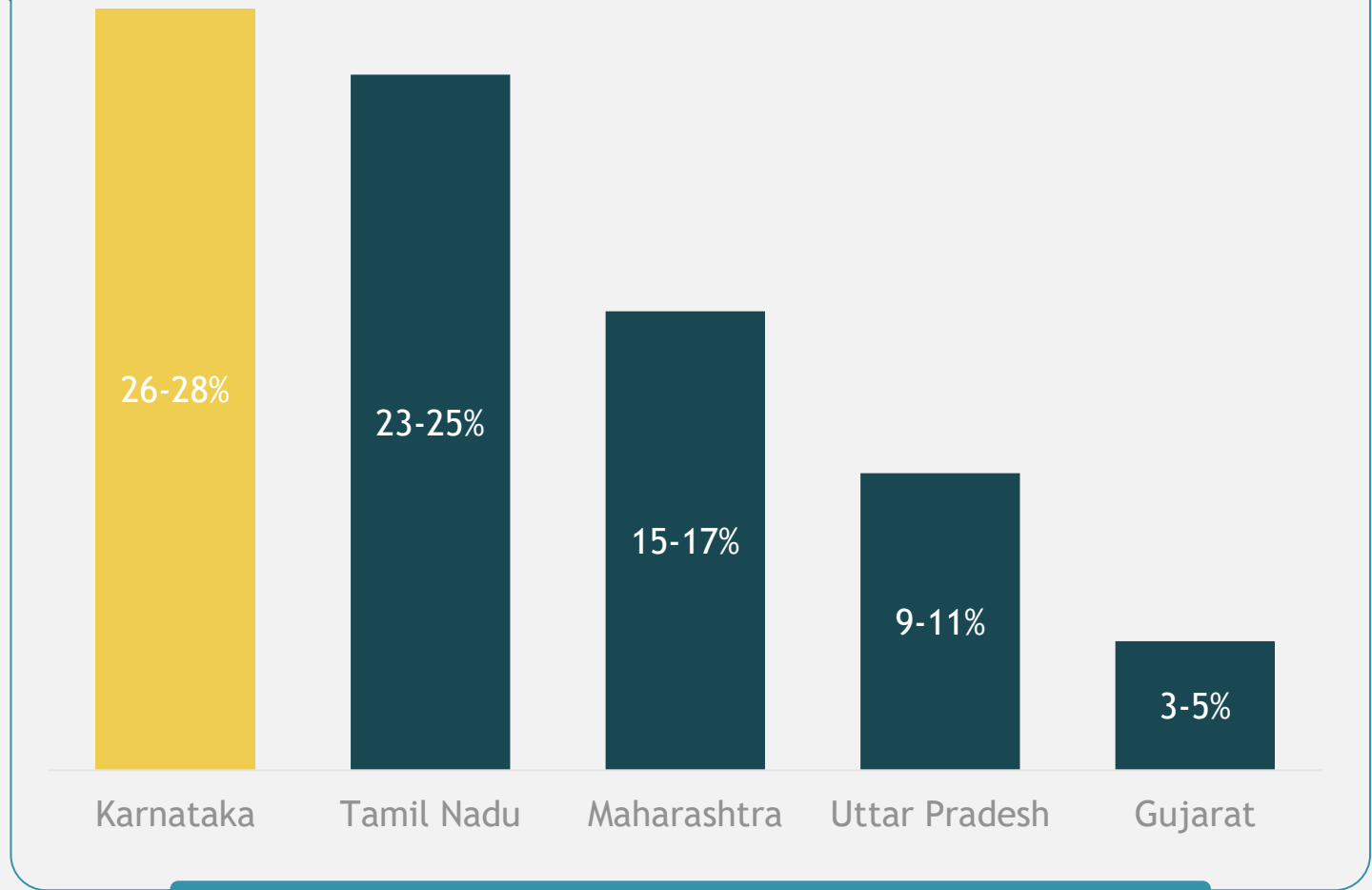
Sustainability a key focus area in KN Industrial Policy

 7 Sustainability Linked Incentives to be provided across key solution areas	
 Sustainability Initiatives	 Incentives
 Environmental Infrastructure Facilities (E.g., ETPs, CETPs, Waste Management Projects etc.)	50% of cost of project upto Rs 5 Cr
 Zero Liquid Discharge	50% of cost of relevant equipment upto Rs 1 Cr
 Air Pollution Control Measures (E.g., ESP, Baghouse Filter, scrubbers, SCR systems)	50% of cost of project upto Rs 1 Cr
 Energy Efficiency Measures	50% of Certification costs upto Rs 1 Cr
 Electrification of Low-Temperature Thermal Processes as well as Energy Backups (to Li-ion BESS)	50% of cost of relevant equipment upto Rs 1 Cr
 Conversion of Passenger Vehicles and Utility Vehicles exclusively used in Industrial Areas to EV	Subsidy of 10% of cost upto Rs 20 L
 Other Emerging Green Technology Areas	Case-to-case Basis

Additional booster on base subsidy for GreenCo certified companies			
Rating Categories	Large	Mega	Ultra Mega
Platinum and above	12.5%	10%	5%
Gold	10%	7.5%	4%
Silver	7.5%	5%	3%
Bronze	5%	3.50%	3%
Certified	50% subsidy on the cost of application		
Investors can also avail awards and special case discounts for enrolling into GreenCo Rating Program			

Karnataka's New Industrial Policy offers highest incentive among key states

NPV as a % of Value of Fixed Assets
on Investment of INR 1000 Cr.



Logistics & Warehousing now covered under New Industrial policy offering best-in-class incentives of up to 25% capital subsidy

Karnataka offering highest incentives among key states in NPV terms as a % of VFA on Investment of INR 1000 Cr.

