



Karnataka

Fiscal Incentives, Exemptions & Subsidies			
S.No.	Type of Incentives	Large & Medium Industries	Small Scale Industries
1	Capital Investment Subsidy	Nil	<p>Zone-1: 25% of the value of fixed assets, subject to a maximum of Rs. 15 lakhs per unit.</p> <p>Zone-2: 20% of the value of fixed assets, subject to a maximum of Rs. 10 lakhs per unit.</p> <p>Zone 1 & 2: Adtl. Subsidy of 5% of the value of fixed assets, subject to a ceiling of Rs. 1 lakh for SC /ST / PH / Minority & X-Serviceman entrepreneurs. In case of women entrepreneurs, the ceiling for additional subsidy would be Rs. 5 lakhs.</p> <p>Note: This incentive is available only to units financed by KSFC/KSIIDC/ Banks/Other financial institutions.</p> <p>Zone 3 : Nil</p>
2	Exemption of Electric Duty on Captive Power	Currently available under Energy Dept Policy Continued upto 2011.	

	Generation			
3	Exemption of Stamp Duty and reduction of registration charges	<p>Zone-1: Full exemption. Zone-2: 75% exemption Zone-3: Nil. Stamp duty: In respect of Loan & Credit deeds executed for availing term loans from FIs / Banks and for execution of Lease, Lease cum Sale & absolute Sale Deeds by KIADB / KSSIDC in respect of Industrial land /plots allotted. Reduction of Registration charges: Concessional registration charges at Re.1 per Rs. 1,000.</p>		
4	Waiver of conversion fine (On land converted for industrial use)	<table border="1"> <tr> <td> <p>Zone-1: Full exemption subject to a maximum of 25 acres per unit Zone-2: 75% exemption subject to a maximum of 25 acres per unit Zone-3: Nil.</p> </td> <td> <p>Zone-1: Full exemption subject to a maximum of 10 acres per unit Zone-2: 75% exemption subject to a maximum of 10 acres per unit Zone-3: Nil.</p> </td> </tr> </table>	<p>Zone-1: Full exemption subject to a maximum of 25 acres per unit Zone-2: 75% exemption subject to a maximum of 25 acres per unit Zone-3: Nil.</p>	<p>Zone-1: Full exemption subject to a maximum of 10 acres per unit Zone-2: 75% exemption subject to a maximum of 10 acres per unit Zone-3: Nil.</p>
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5	Acquisition & allotment of land through KIADB	<p>In respect of lands acquired for development of industrial area / estates or single unit complex KIADB acquisition charges to be levied is 28% in respect of areas in Zone: 3. For the areas in Zones 1 & 2 acquisition charges would be 10%.</p>		
6	Subsidy for setting up of Effluent Treatment Plants [ETPs]	<p>One time capital subsidy up to 50% of the cost of ETP, subject to a ceiling of Rs. 100 lakhs per unit for all categories of industries for all Zones.</p>		
7	Entry Tax & Special Entry Tax concessions	<p>Zone 1 & 2: (i) 'ET & Special ET exemption on "Plant & Machinery and Capital Goods" for an initial period of 3 years from the date of commencement of project implementation. For this purpose, the term "Plant & Machinery and Capital Goods" also includes Plant & Machinery and capital goods i.e., equipment etc which is put up in the power project units for captive generation of Electricity. (ii) On raw materials, inputs, component parts & consumables (excluding petroleum products) [wherever applicable] for a period of 5 years from the date of commencement of commercial production. Zone-3: Nil</p>		
8	Human Resource Developments	<p>(i) Grant of up to 5 acres of Government land will be considered along with capital contribution of 50% of the project cost subject to a ceiling of Rs.2 crores per Training Establishment for sector specific training. (ii) Recurring cost for running the training institution an amount of Rs.750/- p.m./ per trainee will be provided subject to a ceiling of</p>		

		Rs.15 lakhs per year for period of 3 years. (iii) Government will launch a new scheme to provide Rs.750/- p.m. stipend with suitable matching contribution by training institutions for on-the-job training of unemployed educated youth for training in different vocations through industrial / service establishments.
9	Technology Upgradation	<p>Nil</p> <p>Zone 1 & 2: (i) Existing scheme of 4% interest subsidy for TU loans availed from KSFC / KSIIDC shall be extended to cover TU loans availed from scheduled Commercial Banks, which are not covered under CLCS Scheme of Govt. of India. Zone 1, 2 & 3: (ii) Existing incentive scheme for SSI units going in for BIS product certification or ISO series certification is continued with enhanced financial allocation. (iii) Encouragement to Patents Registration: Subsidy at 50% of the cost of Patents registration, subject to a ceiling of Rs. 2 lakhs per unit.</p> <p>Funding will be provided for certain commercially viable research projects in collaboration with IITs, universities and other reputed institutions. An amount of Rs. 25 crores is earmarked for this purpose during the policy period.</p>
10	Industrial Infrastructure Development / Common infrastructure / facilities in Notified Industrial Clusters	A separate Infrastructure Upgradation Fund of Rs. 500 crores would be created for upgradation of infrastructure facilities in existing industrial areas estates and also for maintenance. This fund may also be utilized for new industrial areas. Separate guidelines would be issued for utilizing this fund.
11	Agriculture Produce Processing Industries – Exemption of APMC Cess	APMC Cess in respect of direct procurement of agriculture produce for processing from farmers by processing industries is exempted.

