



## PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

**Sub:** Karnataka Information Technology Policy 2020-2025.

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### **PREAMBLE:**

Karnataka is the IT hub of India and its capital Bengaluru is the fourth largest technology cluster in the world. Karnataka is the first State in the country to formulate IT Policy in the year 1997, which gave an impetus to the growth of IT industry in the State. Karnataka continues to be the destination of choice for the global Information Technology giants owing to various favorable factors including single window clearance, industry-friendly Government, salubrious climate, talent pool of highly skilled professionals, investor-friendly landscape, favorable law & order situation and cosmopolitan social life.

2] Karnataka IT industry has emerged as one of the largest employment-generating industry in the State. 80 percent of global IT companies have their India operations and R & D centers based out of Karnataka. Quite a few IT industry giants were born in Bengaluru and have made a significant impact in promoting India as the destination of choice for IT all over the world.

3] The IT Policies formulated by Karnataka in the past have contributed significantly towards growth of Karnataka and Bengaluru in particular, as the IT hub of country. The Karnataka i4 (IT, ITeS, Innovation and Incentives) Policy, which was announced in 2014, has been instrumental in development of the technology innovation ecosystem in the State. The State Government has created a system of Global Innovation Alliances with countries leading in innovation and technology. Close to 500 IT & ITeS entities have registered and availed various incentives offered under Karnataka i4 Policy. Project investments of about Rs. 6728 crores were approved during the period 2014-2019 creating over 1.73 lakh jobs.

4] The Department of Electronics, Information Technology, Biotechnology and Science & Technology has proposed a new IT Policy for the State of Karnataka with a view to enabling the State's IT industry to contribute about 30% of India's goal to become a trillion-dollar digital economy and generate about 60 lakhs direct and indirect jobs. Further, the new IT Policy aims at boosting IT penetration and innovation in the State and to strengthen the innovation ecosystem in areas beyond Bengaluru. The Policy proposes infrastructure development to encourage local industry and investment to grow beyond Bengaluru. The strategy proposed to be adopted for ecosystem engagement includes talent development, ease of doing business and facilitating the development of thriving market for IT/ITeS entities specifically beyond Bengaluru. The new IT Policy focuses on promoting leadership across key emerging technologies and to make Karnataka a pioneering State through focused interventions such as setting up of Centres of Excellence, regulatory sandboxes, R & D capacity development, data protection and support with the ultimate goal of emerging as a leading Digital Economy in the country.

5] The proposed new IT Policy has been examined and approved by the State Cabinet (vide Subject No.:390/2020) in the meeting held on 03.09.2020.

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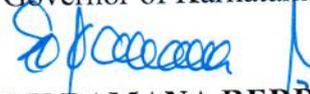
Hence, the Order.

**GOVERNMENT ORDER No. ITBT 07 ADM 2019,**  
**BENGALURU, DATED: 7<sup>th</sup> September 2020**

In the circumstances explained in the preamble, Government of Karnataka is pleased to accord approval to the new Karnataka Information Technology Policy 2020-2025 as annexed to this order.

2] This order is issued with the concurrence of Finance Department vide endorsement No. FD 176 Exp-2/2019, dated: 13.11.2019 & FD 145 Exp-2/2020, dated: 05.08.2020; Planning Department endorsement No. PDS 41 PFR 2019, dated: 13.11.2019; DPAR (e-Governance) endorsement No. DPAR 196 EGM 2019, dated: 14.11.2019; Revenue Department endorsement No. RD-MNMU 18 2019, dated: 14.11.2019; Energy Department endorsement No. ACS/EN/19, dated: 04.11.2019; Labour Department endorsement No. Secy-Labour dated: 12.11.2019 and Urban Development Department endorsement No. PrS-No4778, dated: 06.11.2019.

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



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

Additional Chief Secretary to Government,  
Department of Electronics, Information Technology,  
Biotechnology and Science and Technology.

**To:**

The Compiler, Karnataka Government Gazette, Bengaluru.

**Copy to:**

1. The Accountant General (Audit & Accounts), Karnataka, Bengaluru.
2. Additional Chief Secretary to Chief Minister, Vidhana Soudha.
3. Additional Chief Secretary, Finance Department, Govt. of Karnataka, Vidhana Soudha.
4. ACS and Development Commissioner, Bengaluru.
5. All Additional Chief Secretaries/Principal Secretaries/Secretaries to Government.
6. Deputy Commissioners of all Districts.
7. Regional Commissioner, Bengaluru /Mysuru/Belagavi/Kalaburagi.
8. Director, Directorate of Electronics, IT & Bt, Bengaluru.
9. Managing Director, KITS, Shanthinagar, Bengaluru.
10. Deputy Secretary to Government, (Cabinet) Cabinet Section (Sub No: 390/2020).
11. Commissioner for Industrial Development and Director of Industries and Commerce.
12. CEO-Karnataka Industrial Areas Development Board.
13. Managing Director, Karnataka Udyog Mitra, Khanija Bhavan, Bengaluru.
14. Vice President, NASSCOM, Bengaluru (through MD-KITS)
15. President, India Electronics & Semiconductor Association [IESA], B'lore (through MD-KITS)
16. Chairman, Karnataka Council, Associated Chambers of Commerce and Industry of India [ASSOCHAM], Bangalore (through MD-KITS)
17. Chairman, Karnataka State Council, Confederation of Indian Industries (CII), Bangalore (through MD-KITS)
18. Head, Karnataka State Council, Federation of Indian Chambers of Commerce & Industry [FICCI], Bangalore (through MD-KITS)
19. PS to Hon'ble Deputy Chief Minister and Minister for Electronics, IT, Bt and S & T.
20. PS to Chief Secretary to Government, Government of Karnataka.
21. PS to Additional Chief Secretary to Govt., Dept. of Electronics, IT, Bt and S & T.
22. Guard File/Spare Copies.

**Annexure to Government Order no: ITBT 07 ADM 2019 dated  
7<sup>th</sup> September , 2020**

# **IT POLICY (2020-2025)**

## **GOVERNMENT OF KARNATAKA**

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## 1. INTRODUCTION

Government of Karnataka (GoK) has formulated Karnataka's IT Policy for the period 2020-2025 with a focus on the continued development of infrastructure, markets, ecosystem, talent and ease of doing business to support the growth of the IT industry. Further, the COVID-19 outbreak necessitates a shift in the outlook and operations of many industries including the Information Technology (IT)/ Information Technology-enabled Services (ITeS) industry. Therefore, the current scenario presents opportunities and challenges, which need to be considered, while Karnataka leads the way in India's journey towards becoming a trillion-dollar digital economy.

Hence, the IT Policy focuses on two salient themes:

### A. Beyond Bengaluru:

The IT policy will enable a distributed IT/ITeS model that facilitates growth through industrial development and employment generation Beyond Bengaluru (outside Zone<sup>1</sup> as per the prevailing Karnataka Industrial Policy). Enablement of the new model shall encompass a shift to distributed workplaces, disintegrated workflows and increased focus on Business Continuity Planning (BCP) in the COVID-19 era. This shall be made feasible by supporting enhanced connectivity and adequate telecommunications, Beyond Bengaluru, through respective infrastructure providers.

### B. Innovation:

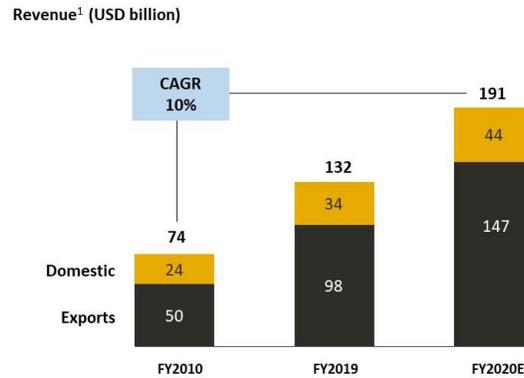
The State shall endeavor to retain its reputation as the 'destination of choice' for leading IT/ITeS Multi-National Companies (MNCs) and Global Capability Centres (GCCs). Also, the State shall strive to further strengthen its position as the country's 'Innovation Hub' through initiatives such as sector-specific CoEs, the Karnataka DigitalEconomy Mission which will focus on Innovation & Startups, Acceleration Program and Talent Acceleration. The emphasis will be on building a thriving innovation ecosystem, establishing a network of robust infrastructure and further enabling the State's workforce.

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<sup>1</sup> Zones throughout the policy are classified as per the prevailing Karnataka Industrial Policy

## 1.1 Industry Overview – India:

The IT/ ITeS industry enfolds within itself, a broad spectrum of solutions, both hardware and software, which enable organizations to drive new age ideas by utilizing the power of data. The IT and ITeS industry in India, has emerged as a critical sector, steering India’s leadership position in the global landscape in terms of employment and economic value creation. The IT/ ITeS industry revenue in India has shown a growth (CAGR) of ~10% as shown below:



Source: NASSCOM

India is now a global leader with **55% market share** in the IT (and Business Process Management (BPM) service) industry worldwide. Indian IT & ITeS firms have over 1000 international delivery Centres in 80 countries across the globe. The nation holds the reputation of being the Digital Capabilities Hub of the world, with close to 75% of global digital talent, available in the country.<sup>2</sup>

### Market Size<sup>3</sup>

Exports from the industry increased to USD 147 billion in FY20 while domestic revenues (including hardware) advanced to USD 44 billion. Revenue from the digital segment is expected to comprise 38% of the forecasted USD 350 billion industry revenue by 2025.<sup>4</sup>

### Investments/ Developments

The Indian computer software and hardware industry has attracted additive Foreign Direct Investment (FDI) inflow worth USD 44.91 billion between April 2000 to March 2020, according to data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

Leading Indian IT firms have been diversifying their offerings and demonstrating pioneering ideas across sectors such as Natural Language Processing (NLP), Blockchain & Artificial Intelligence (AI), thereby creating standout offerings.

<sup>2</sup>Data published by DPIIT, MeITY, GoI

<sup>3</sup>Data published by DPIIT, MeITY, GoI

<sup>4</sup>Data published by DPIIT

## 1.2 Industry Overview – Karnataka:

Karnataka was one of the first States to announce an IT Policy in the year 1997. This policy gave an impetus to the growth of the IT industry in the State.

The IT industry has emerged as one of the largest employment-generating industry in the State. Karnataka is now the IT hub of India and its capital, Bengaluru, is the fourth largest technology cluster in the world. The State is [India's largest software exporter](#), with electronic and computer software exports, with software and service export totaling US\$ 77.80 billion in 2018-19<sup>5</sup>.

Bengaluru continues to be an attractive destination for talent with around [80% of Fortune 500 companies](#) having their Global Innovation Centres here. The State plans to develop and upgrade eight clusters around Bengaluru with an investment of USD 348.4 million in the coming years.

<sup>6</sup>The upcoming cities of Mangaluru, Mysuru, Belagavi and Hubballi-Dharwad are also emerging as attractive destinations for the IT/ ITeS Industry.

## 1.3 Critical Infrastructure supporting the State's IT Industry:

### **CONNECTIVITY:**

The State has two international airports namely Kempegowda International Airport, the 3rd largest airport in India, in terms of air-traffic, and the Mangaluru International Airport, both providing global connectivity to the State. Additionally, there are five regional airports (Hubballi, Belagavi, Mysuru, Gulbarga and Bidar) in Karnataka. The New Mangaluru port is the 9<sup>th</sup> major port in India.

GoK, in its efforts to build the infrastructure to boost productivity potential of the industries, has been strengthening the connectivity with various new airports, metro rail and other projects across the State such as the Bengaluru - Mumbai Economic Corridor and Chennai - Bengaluru Industrial Corridor.

### **INSTALLED POWER CAPACITY:**

Among all the primary Indian States, Karnataka was the only one to implement power sector reforms. The State had an installed power generation capacity of 29, 824.81 MW, as of March 2020<sup>7</sup> and the State Government has been instrumental in developing the power sector with increased focus to cater to the needs of the industry.

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<sup>5</sup> Data from DPIIT and MeITY

<sup>6</sup>

<sup>7</sup> Data published by Central Electricity Authority, Ministry of Energy, GoI

## **SOCIAL INFRASTRUCTURE:**

Karnataka, with around 52 universities, ranks fifth among the Indian States and Union Territories, in terms of number of universities.<sup>1</sup>The State has also made immense progress in building its health infrastructure with a wide network of health care centers providing health services both in urban and rural areas.

## **2. EVOLUTION OF KARNATAKA'S IT INDUSTRY**

The IT Revolution in Karnataka started with the establishment of the MNC 'Texas Instruments' in 1984. Acknowledging the importance of dedicated telecom infrastructure and connectivity, Software Technology Parks of India (STPI) established its first Earth Station at Bengaluru in 1992. In 1978, KEONICS, in collaboration with KIADB, established Electronic City on 332 acres of land. Giving further impetus to the growth of IT, country's first extended facility of the International gateway and network operations centre was established at STPI in Electronics City. All these factors catalyzed the growth of the IT sector with 13 software exporting companies in 1992 to more than 5500 companies at present. Hosting almost a third of India's software technology park units, Karnataka is the country's largest software technology hub.

IT activity in Karnataka has largely been concentrated in Bengaluru. In recent years however, GoK has actively focused on spurring this growth, Beyond Bengaluru as well and this policy further emphasizes these efforts. The upcoming cities of Mangaluru, Mysuru, Belagavi and Hubballi-Dharwad (Beyond Bengaluru) are now foreseeing a greater investment and employment potential, with greater thrust on education and infrastructure.

*Karnataka has around 52 universities, 5235 pre-university colleges, 535 technical institutions, 234 engineering colleges and 299 polytechnics, 57 medical colleges and 38 dental colleges spread through various Zones across the State.*<sup>8</sup>

### **IT Adoption across Sectors:**

Organizations across sectors need to leverage IT, emerging technologies like Blockchain Technology, AI, Big Data & IoT, data enablement technologies and the forthcoming 5G technology. IT and emerging technologies are pervasive in nature and have the potential to transform economic, social, business and technological models in ways which were previously unimaginable. Therefore, it is imperative for any industry to harness the potential of IT in order to gain a competitive advantage.

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<sup>8</sup>Economic Survey of Karnataka 2018-19

## 2.1 Key Highlights of the State and the IT Industry Ecosystem:

Karnataka has developed many policies to support the IT industry. The Millennium BPO Policy 2002 is responsible for developing an investor-friendly environment for the BPO industry in the State and generating large-scale employment opportunities, especially Beyond Bengaluru. The Millennium BPO Policy of the State was adequately supported by the India BPO Promotion Scheme (IBPS) under STPI, with a sustained focus on employment generation Beyond Bengaluru. Karnataka was the first state to set up a Council of Science and Technology (1975) and the Department of Science and Technology (1980). In addition to the Department of Electronics, IT, Bt and S&T, the State set up the Karnataka Biotechnology and Information Technology Services (KBITS, now called as Karnataka Innovation & Technology Society (KITS)) and The Board for IT Education Standards (BITES) in 2000. The International Institute of Information Technology, Bengaluru (IIIT-B), with a mission to provide higher technical education and engage in research, was also set up in 1998.

- 4<sup>th</sup> largest technology cluster in the world in Bengaluru
- 400+ Fortune Global 500 entities outsourcing their services in Karnataka
- 25% contribution to State's Gross State Domestic Product (GSDP)
- ~40% share of Karnataka in National IT Exports
- 19 operational SEZs, 5 STPs and dedicated IT investment regions<sup>9</sup>

## **3. KEY INITIATIVES OF KARNATAKA IT POLICIES**

### 3.1. Karnataka Innovation and Technology Society (KITS):

KITS plays a critical role in the growth and development of IT and allied knowledge-based industry in Karnataka. The organization strives towards building the brand equity of the State as the most preferred destination in India for investment in the IT industry.

KITS assists the Department of Electronics, IT, Bt and S&T (Department) in implementing Government's policies, programmes and schemes, administering incentives, concessions and other policy offerings, organizing events such as trade shows, conferences, etc. and undertaking all allied promotional activities that help in developing these industries in the State. KITS is also responsible for facilitation and handholding of all new industry-related investments. KITS has undertaken multiple steps and initiatives to propel the growth of the State's IT & Biotech industry.

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<sup>9</sup> Data published by MeiTY and DPIIT, GoI

### 3.2K-Tech Innovation Ecosystem:

The Department has created **K-Tech Innovation Hubs** across the State, including the **Centres of Excellence**. This ecosystem spans across 58 institutions in 24 Districts across the State. K-Tech Innovation Hubs, powered by IKP, exist in Belagavi, Mysuru, Mangaluru, Shimoga and Bengaluru (Jalahalli Metro Station). K-Tech Technology Business Incubators (TBIs) are operational in five locations across the State. **K-Tech New Age Innovation Network (NAIN)** exists in 24 districts. Over 1.25 lakh square feet (sq. ft.) of Incubation Space has been created in collaboration with Industry Associations and Academia.

### 3.3 Centres of Excellence (CoEs):

To actively engage with Industry and promote emerging technologies, the Department has established Centres of Excellence in areas such as Artificial Intelligence, Data Science, Machine Learning, Robotics, IOT, Cyber Security, AVGC, Aerospace & Defence and others. These Centres have been set up in association with Industry Associations and Academic Institutions. Thought leadership, capacity building and innovation are expected to come out of these centres.

<b>K-Tech Centre of Excellence in Aerospace and Defence</b>	<b>K-Tech Centre of Excellence on IoT</b>
<b>K-Tech Centre of Excellence in Cyber Security</b>	<b>K-Tech Centre of Excellence for Agri-innovation</b>
<b>K-Tech Centre of Excellence in Animation, Visual Effects, Gaming and Comics (AVGC) Sector</b>	<b>K-Tech Centre of Excellence in Machine Intelligence &amp; Robotics</b>
<b>K-Tech Centre of Excellence for Artificial Intelligence and Data Science</b>	<b>K-Tech Semiconductor Fabless Centre of Excellence</b>

### 3.4 K-tech Technology Business Incubators (TBIs):

The Department has set up TBIs in collaboration with leading academic institutions having strong R&D capabilities. This collaboration is aimed at fostering innovation, by utilizing talent, expertise and infrastructure already available with the host institution.

#	Technology Business Incubator	Niche Area
1	K-Tech TBI by IISc – CeNSE	Nano Science & Engineering

2	K-Tech TBI by IISc – CPDM	Product Design and Manufacturing
3	K-Tech TBI by M.S.Ramaiah University	IoT, Robotics and Intelligent Systems and Electronic System Development (ESDM)
4	K-Tech TBI by C-CAMP (BT)	Life Science and Biotechnology
5	K-Tech TBI by Manipal University	BioPharma for Health, Biotechnology driven Diagnostics and Biomedical Devices

### 3.5.a. International Institute of Information Technology Bengaluru (IIIT-B):

IIIT-Bengaluru is a world class, higher education institute, setup by Government of Karnataka with the objective of fostering new age research and development in the IT sector. This institute focusses on high quality education and leads the wave of entrepreneurship and innovation in this domain.

### 3.5.b. Indian Institutes of Information Technology:

Govt in collaboration with GoK has set up Indian Institutes of Information Technology in Dharwad and Raichur, on Public Private Partnership (PPP) model.

### 3.6 Karnataka Unit for International Co-operation (KUIC):

As the Department's strategic unit – KUIC prepares the broad strategy for annual foreign visits, curates joint international programs and tracks their development. All activities of KUIC are under the **Framework for Innovation Engagements** – comprising of the following five pillars viz Government to Government (G2G) engagements (such as sister-cities, MoUs., etc.), Technology sharing/co-operation on skilling, Trade promotion, Startups/Soft landing and Collaborations between academic institutions/R&D. The Department has created a system of Global Innovation Alliances (GIAs) with countries leading in innovation and technology.

### 3.7 Bengaluru Tech Summit:

The Department annually organizes the flagship event '**BENGALURU TECH SUMMIT (BTS)**'. This event has always been a strategic platform for industries, technologies, and use cases worldwide to understand and to leverage the latest technical innovations and technical repercussions on our businesses and daily lives.

### 3.8 Karnataka Innovation Authority - Regulatory Sandbox:

Karnataka Innovation Authority (KIA) Act provides for establishment of an authority to promote & regulate Innovative Technologies in Karnataka. Under it, a Regulatory Sandbox is defined as *“the permission to conduct innovations within the time allotted with such exemptions or modifications from any law, along with conditions as may be prescribed under this Act, under which any participant may conduct innovations and offer goods or services to the public.”*

## 4. IT POLICY 2020-2025

Karnataka is on a mission to promote faster and inclusive growth. Government of Karnataka recognizes the prominence of IT and hence this policy focuses on attracting investments and employment across the State along with driving growth through incentives and facilitating adoption of latest technologies.

### 4.1 VISION

To ensure Karnataka retains its leadership position in innovation & technology and paces towards sustainable and holistic economic development across the State through strategic policy interventions.

### 4.2 GOALS

- ❖ To enable the State’s IT industry to **contribute~30%**to India’s goal of becoming a trillion-dollar digital economy;
- ❖ To achieve generation of **60+ Lakh direct and indirect employment** in the State during the policy period;
- ❖ To boost the **IT penetration** & innovation in the State holistically and strengthen the ecosystem in **new regions**;
- ❖ To enable a **remote, distributed labour force** beyond Bengaluru, required for the IT industry; and
- ❖ To evolve a State **Cyber Security policy** to employ the necessary Data Protection safeguards and create & sustain a safe and resilient ecosystem.

### 4.3 STRATEGIES

- ❖ **I) INFRASTRUCTURE DEVELOPMENT:** Enhance infrastructure facilities to provide impetus to local industry and encourage investments and growth beyond Bengaluru.
- ❖ **II) MARKET DEVELOPMENT:** Facilitate and enable development of a thriving market for IT/ITeS entities by easing norms for public procurement, hosting IT and emerging technology events, specifically beyond Bengaluru.
- ❖ **III) ECOSYSTEM ENGAGEMENT:** Promote innovation and encourage growth of upcoming industries by promoting investment, global alliances, R&D support and IP creation.
- ❖ **IV) TALENT DEVELOPMENT:** Accelerate skill enhancement and nurture the talent pool by strengthening existing initiatives and introducing strategic skill interventions for emerging technologies.
- ❖ **V) EASE OF DOING BUSINESS ENHANCEMENT:** Facilitate and handhold IT/ ITeS industry entities to help streamline procedures & enhance the overall experience of doing business in the State; put in place supportive mechanisms for better facilitation of incentives and other policy benefits thereby attract investments and growth.

### 4.4 KEY TENETS OF STRATEGIES

The COVID-19 era has demonstrated the resilience of IT entities in the State to successfully operate from different locations, beyond physical offices. The concept of 'Work from Home' (WfH) or 'Work from Anywhere' has brought forth distributed workplaces enabled through remote collaboration.

- ❖ The pandemic has also induced a disintegration of workflow processes leading to reimagined labour laws that incorporate the new norms. GoK strives to enable allied policies for these new requirements.
- ❖ GoK, through the IT policy for the State, plans to evolve a distributed IT & ITeS model that will allow distributed workforce in multiple smaller towns beyond Bengaluru, facilitating with service providers for adequate telecom infrastructure.
- ❖ COVID-19 has also tested the IT industry's Business Continuity Planning (BCP) readiness. Global and domestic organizations are now preparing themselves with BCP becoming a clear focus for them. GoK, through the IT policy, demonstrates its commitment to support BCP for the industry.
- ❖ **Karnataka Digital Economy Mission** is being setup in association with Industry. This will provide insights on technology landscape, policy inputs, frameworks and guidelines to

promote & support Digital (IT, ESDM, Innovation and Allied) Industry growth and Investments in Karnataka. The five focus verticals of Karnataka Digital Economy Mission would include Software Products and Services including GCCs, Innovation & Startups, ESDM, Beyond Bengaluru and Talent Accelerator.

The Core Objectives of Karnataka Digital Economy Mission will be as follows:

- a) To promote and support Digital (IT, ESDM, Innovation and Allied) Industry growth and Investments in Karnataka;
  - b) To supplement and support the activities of Department of Electronics, IT, Bt and S&T for Investment Promotion in the State's Technology Industry;
  - c) To provide handholding services and assist in preparation of Technology-sector specific investment reports for respective stakeholders;
  - d) To sponsor and support specific studies which would target identified Technology opportunities relevant for investment in Karnataka;
  - e) To follow up and provide feedback to the Department of Electronics, IT, Bt and S&T and other relevant Departments regarding policy initiatives relevant for facilitating further investments in Karnataka;
  - f) To build global linkages and assist the Department of Electronics, IT, Bt and S&T in its promotional efforts globally with structured programs, business meetings and sectoral information;
  - g) To Act like Bridge between Industry and the Government for promoting the technology Industry in Karnataka; and
  - h) To build the brand equity of the State and enhance its leadership position across all key segments.
- ❖ **Beyond Bengaluru:** Upcoming cities in Karnataka like Mysuru, Hubballi-Dharwad, Kalaburagi, Belagavi and Mangaluru have potential competitive advantages in terms of relatively low-cost structures and rapid urbanization in comparison to the saturated metros across comparative States. GoK, in collaboration with Industry partners and associations, envisages to build a strong brand across its growing cities Beyond Bengaluru through strategic growth plans and policy interventions. The initiatives enlisted herewith have been aimed to channelize holistic growth in the State.
- ❖ **Cyber Security Policy:** In the digital age, with an increased dependence on digital transactions and interactions, it has become imperative to have active and stringent safeguards in place. GoK intends to evolve a Cyber Security policy, in recognition of the above to ensure that Data can be protected, and associated risks may be mitigated effectively.

## 4.5 INCENTIVES AND OFFERINGS

The Incentives and Offerings mentioned in this section are applicable to the IT/ITES entities categorized based on investment size which areas follows:

- i. **IT/ITeS Entities with investment upto INR 250 crores**
- ii. **IT/ITeS Entities with investment above INR 250 crores**

The eligibility of an entity to avail the incentives and offerings detailed below shall be read along with Section 5 and 6.

### 4.5.1 INFRASTRUCTURE DEVELOPMENT

The IT infrastructure is one of the key drivers of an economy and it typically bears the most tangible evidence of a State's progress. GoK is committed to bolster continued success of Zone 3 and envisions to accelerate the development of other zones in the State. In order to achieve inclusive growth, this policy aims to focus on augmenting the State's infrastructure.

#### 4.5.1.1 Information Technology Hubs/ Clusters

To decongest Bengaluru and help promote and provide adequate opportunities outside Zone 3, GoK aims at encouraging IT Hubs/Clusters in Zones 1 and 2.

CATEGORY	INCENTIVE
IT Hubs/Clusters	Financial support of upto 20% of Fixed Investment for Infrastructure (excluding the cost of land), subject to a ceiling of INR 3 Crores, whichever is lower.  This shall be applicable for a minimum occupancy rate of 60% by IT/ITeS entities (applicable in case of IT Hub/Cluster space being occupied by IT/ITeS entities) or for a minimum employment generation of 500 in the IT/ITeS industry (applicable in case of IT Hub/Cluster space being occupied by the entity itself), subject to the approval and recommendations from State Level Committees (SLSWCC/ SHLCC) for all IT Hubs/ Clusters setup outside Zone 3.

#### 4.5.1.2 Co-working Spaces/ Plug and Play Infrastructure

Plug and Play models play an important role for any business by providing opportunities to operate effectively, provide greater networking opportunities, greater flexibility in working spaces and operational infrastructure. Therefore, GoK strives to encourage plug & play spaces.

CATEGORY	INCENTIVE
Co-workingSpaces/ Plug and Play Infrastructure	<p>Financial support of upto 33% of the Fixed Investment for Infrastructure (excluding the cost of land), with a ceiling of INR 2 Crores, whichever is lower.</p> <p>This shall be applicable for a minimum built-up area of the co-working space being 15000 sq. ft. and a minimum occupancy rate of 60% by IT/ ITeS entities or for a minimum occupancy by 300 professionals in the IT/ITeS industry, subject to the approval and recommendations from State Level Committees (SLSWCC/ SHLCC) for all co-working spaces setup outside Zone 3.</p>

#### 4.5.1.3Lease/ Rental Reimbursement

To ease accessibility of land/ office space infrastructure and assist in agile establishment of business operations, GoK shall offer various incentives for IT/ ITeS Entities who plan to establish operations outside Zone 3.

**Lease/ Rental Reimbursement:** IT/ITeS entities, setup outside Zone 3, taking space on lease or rent for their operations will be provided reimbursements in either of the below two modes. This incentive will be applicable for spaces taken on lease or rent only during the policy period:

CATEGORY	INCENTIVE
IT/ITeS entities	Reimbursement at the rate of INR 10/- persq. ft. will be provided for IT/ITeS entities setup outside Zone 3 up to a maximum amount of INR 3 lakhs overall, for a period of 1 year, applicable once during the policy period.
	Reimbursement at the rate of INR 1000/- perseat, will be provided for IT/ITeS entities, setup outside Zone 3 up to a maximum amount of INR 6 lakhs overall, for a period of 1 year, applicable once during the policy period.

#### 4.5.1.4MegaProjects/Enterprises

Mega Enterprises, projects with an investment in fixed assets above INR 250 crores, shall be eligible for tailor-made package of incentives. This may be over and above the benefits provided under this IT Policy for IT industry and will be considered by the Government on a case to case basis.

CATEGORY	INCENTIVE
MegaEnterprises (projects with an investment in fixed assets above INR 250 crores)	Tailor-made package of incentives on a case to case basis as considered by the Government.

#### [4.5.1.5Exemption on Stamp Duty](#)

CATEGORY	INCENTIVE
IT/ ITeS Entities	IT/ ITeS Entities shall be entitled to an exemption of 75% in Mysuru, Hubballi, Dharwad and Mangaluru, and 100% for all other Zones except Zone 3 as per the prevailing Karnataka Industrial Policy

#### [4.5.1.6Power Tariff Concession](#)

CATEGORY	INCENTIVE
IT/ ITeS Entities	Applicability of Industrial Power Tariff instead of Commercial Power Tariff for IT/ ITeSindustry in the State subject to KERC Orders.

#### [4.5.1.7FSI, FAR](#)

To provide built-up space at affordable rates, FSI and FAR over the base FSI, FAR is offered to IT/ ITeS industry, as per the prevailing ZonalRegulations.

## 4.5.2 MARKET DEVELOPMENT

GoK, through this policy, intends to drive organizations to improve cost efficiencies, by providing incentives to invest in innovation and encourage adoption of new technologies. GoK also recognizes its responsibility to provide impetus to upcoming industry capabilities and enhance & boost the ecosystem through various initiatives to promote and improve use of IT in key economic sectors.

#### [4.5.2.1 Public Procurement for IT Services, Hardware & Software Products and Cloud related Services](#)

The Government will endeavor to streamline its public procurement of IT Services, Hardware & Software Products and Cloud related Services to facilitate greater ease of doing business.

#### [4.5.2.2 Quality Certification Cost Reimbursement](#)

CATEGORY	INCENTIVE
IT/ ITeS entities	50% reimbursement of cost of quality certification fee with an overall ceiling of INR 6 Lakhs (with maximum of 3 industry standard quality certifications) for IT/ ITeS Entities, setup outside Zone 3.

#### [4.5.2.3 Marketing Cost Reimbursement](#)

GoK shall provide reimbursements of 30% of the actual costs including travel incurred in international marketing through trade show/ exhibition participation for IT/ITeS Entities, outside Zone 3. This incentive will be subject to a maximum of INR 5 Lakhs per entity and can be availed once during the policy period. IT/ITeS Entities will be assisted in market development by way of setting up virtual and physical exhibition centers. Common branding and promotion will be encouraged.

CATEGORY	INCENTIVE
IT/ ITeS Entities	30% of actual cost incurred including travel for international marketing through trade show/exhibition participation, up to INR 5 lakhs per entity for IT/ ITeS Entities, outside Zone 3 and can be availed once during the policy period.

#### [4.5.2.4 Global Alliances](#)

GoK will extend State's global alliances under the GIA program to key cities outside Zone 3 across State's priority sectors, based on identified mutual shared areas of interest. The focus shall be on enhancing international connects, mentorship and driving investments in the IT/ITeS industry, outside Zone 3.

#### [4.5.2.5 Reimbursements of PF/ESI](#)

Employment data will be verified through Provident Fund/ Employees State Insurance Departments.

CATEGORY	INCENTIVE
IT/ITeS Entities	Reimbursement of PF/ESI for all IT/ITeS entities outside Zone 3, at the rate of INR 2000 per employee per month for 2 years for all new employment (only applicable for technical manpower) created, subject to condition that the

	employment is for continuous period of 2 years.
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#### [4.5.2.6 Patents Cost Reimbursement](#)

The cost of filing and securing patents will be reimbursed subject to a limit of INR 2 lakhs for domestic patent **awarded** and INR 10 lakhs for international patent **awarded** to IT/ ITeS Entities in the State.

CATEGORY	INCENTIVE
IT/ ITeS Entities	INR 2 lakhs for Domestic Patents
	INR 10 lakhs for International Patents

#### [4.5.2.7 IT and Emerging Technology Events](#)

GoK shall encourage IT and emerging technologies related events in cities, outside Zone 3. These events shall allow IT/ITeS entities, students and other relevant stakeholders, a platform to network, learn about the latest trends in the industry, share knowledge and gain access to marketing and financing opportunities.

### **4.5.3 ECOSYSTEM ENGAGEMENT**

Bengaluru is currently home to various GCCs employing a large base of direct workforce. Karnataka aims to sustain its leadership position and evolve an ecosystem development strategy that will help build its brand, showcase the inherent strength, policy resilience and engagement with the ecosystem.

#### [4.5.3.1 Returning NRI encouragement scheme](#)

The Government intends to provide opportunities, incentives and support to its Non-Resident Indians & Non-Resident Kannadigas (NRKs) through the Karnataka NRI policy. The NRI encouragement scheme intends to provide outstanding Indian entrepreneurs, researchers, industrialists, who have established themselves overseas with the opportunities and incentives to relocate their research, innovation and operations back to Karnataka as per the Karnataka NRI policy with the additional facilitation from the Department.

#### [4.5.3.2 Open Data](#)

An Open data initiative is typically aimed to provide an opportunity to not only update and improve access to information that is already open and/or public but also to allow provisions for the availability and collection of new data sets and records. It is also aimed at transparency and enablement of the innovation ecosystem and other focused entities to address public

issues by finding solutions using the information from various State Departments. GoK's Open Data initiative would be in line with the Government of India's National Data Sharing and Accessibility Policy (NDSAP), 2012 and the Open Government Data (OGD) platform (<https://data.gov.in/>).

#### 4.5.3.3R&D Support

CATEGORY	INCENTIVE
IT/ITeSEntities(not applicable to Indian subsidiaries of foreign entities)	For R&D projects driven by domestic IT/ITeS entities (not applicable to Indian subsidiaries of foreign entities) in the domain of emerging and 5G technologies, matching grants (in collaboration with industry) of up to a maximum of 33% of the total project R&D cost, or up to INR 1 crore, whichever is lower. These grants may be availed by an entity, once, over the policy period.

#### 4.5.3.4Regulatory Sandbox Enablement

To encourage innovation in different areas in the State, Karnataka Innovation Authority has been established under the chairmanship of Hon'ble Chief Minister, which has a mechanism for the creation of 'Regulatory Sandboxes' in Karnataka, in order to bring new and emerging technologies under a legal framework until appropriate law is enacted. As a result, this will enable introduction of new technologies in the State.

#### 4.5.3.5Awards & Recognition

GoK shall award and recognize IT/ITeS Entities established outside Zone 3 under various categories such as contribution in areas of innovation, employment generation, leading CSR initiatives, among others.

### **4.5.4 TALENTDEVELOPMENT**

GoKrecognizes and strives to meet the expectations through its initiatives towardstalent enhancement. This shall be done with the help of linkages with multiple stakeholders including the academia and industries and rolling out new and/or augmenting existing industryreadiness programs.

#### 4.5.4.1 National Apprenticeship Training Scheme

In 2016, National Apprenticeship Promotion Scheme (NAPS) was launched by MSDE, GoI, furtherance to the Apprenticeship Act, 1961, to promote apprenticeship and thereby increase engagement of the apprentices. The apprenticeship includes “on-the-job” training and “basic training” at workplace in the industry.

#### 4.5.4.2 Yuva Yuga Program

YUVA YUGA scheme has been designed for reskilling and skill upgradation of workforce which is affected by the change and evolution in technology. It has been envisioned that the program would focus on NSQF Level 5 & above.

#### 4.5.4.3 Industry Partnership to facilitate Virtual Incubation & Mentorship

GoK in collaboration with industry associations, shall provide virtual incubation & mentorship for budding IT entrepreneurs based outside Zone 3. This shall provide access to leading mentors and incubation facilities to budding entrepreneurs and encourage them to set up new IT/ITeS Entities.

#### 4.5.4.4 Finishing School for creating future ready workforce

GoK shall encourage creation of future ready workforce through Finishing Schools (with courses, fellowships, training and internship opportunities) for IT graduate students from Karnataka in order to impart industry-oriented skill-upgrading training; Enhance employability; Train & mentor students/faculty from different districts of Karnataka; Nurture the local talent and create an ecosystem of entrepreneurship and growth; and Create research environment that foster excellent R&D in host institutions.

### **4.5.5 EASE OF DOING BUSINESS ENHANCEMENT**

Responsible and rapid market development can be achieved in an environment that provides significant balance between access to finance and stability of the financial system at the same time. The need for providing required information and access to finances also lies in the hands of Government. This support shall not only provide encouragement, boost and handhold but also result in improving productivity of growing enterprises.

#### 4.5.5.1 Single Window Agency

GoK has authorized Karnataka Udyog Mitra (KUM), Department of Commerce & Industries to act as the Single Window Agency for clearance of IT/ ITeS proposals. KUM will not only facilitate all regulatory approvals for the IT/ITeS Entities but also facilitate processing of benefits through online portal.

#### 4.5.5.2 Exemption of IT/ ITeS/ Knowledge/Startup entities from the applicability of Karnataka Industrial Employment (Standing Orders) Rules, 1946

The State Government will exempt IT/ ITeS Entities from the applicability of Karnataka Industrial Employment (Standing Orders) Rules, 1946, for a period of 5 years<sup>10</sup>, with appropriate clause for protection of women employees and prevention of sexual harassment in workplace.

#### 4.5.5.3 Essential Services

IT/ ITeS/ BPO/ KPO / other Knowledge based Industries will be treated at par with public utilities, to exempt them, on a case-to-case basis, from the disruptive effects of general strikes and bandhs.

#### 4.5.5.4 Self-Certification

IT/ITeS Entities will be permitted to file self-certifications, in the prescribed formats under the applicable Acts and Rules as per the prevailing notification<sup>ii</sup> issued by Labour Department, Government of Karnataka.

#### **Other GoK Facilitation:**

- GoK will promote and facilitate women working in the night shifts for 3-shift operations subject to respective IT/ ITeS Entities taking necessary & prescribed precautions with respect to safety & security in addition to providing welfare, health and transport amenities as prescribed under applicable Labour laws and obtaining the necessary approvals from the Competent Authority under the Karnataka Shops & Commercial Establishment Act, 1961 and Rules, The Factories Act, 1948 and Rules, there under as the case may be; and
- Exemption benefits will be provided to White Category IT/ITeS Entities as per the categorization of industries released by Karnataka Pollution Control Board and Ministry of Environment, Forest and Climate Change, Government of India, from time to time.

## **5. ELIGIBILITY CRITERIA, POLICY VALIDITY and SANCTION PROCESS**

### **5.1 ELIGIBILITY CRITERIA TO AVAIL FISCAL INCENTIVES**

To avail the policy incentives and concessions, an Entity must be registered with KITS, Department of Electronics, IT, B and S&T as an IT/ ITeS Entity, details of which will be published in the Operational Guidelines to this policy. The eligibility criteria will be applicable during the policy period.

#### **a. NATURE OF BUSINESS:**

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<sup>10</sup> Notification dated 25<sup>th</sup> May 2019

The entity shall be engaged in one of the following businesses-

- Information Technology (IT) involving the development, maintenance, and use of computer systems, hardware, software, and networks for the processing and distribution of data;
- IT enabled services covering the entire spectrum of operations which exploit information technology for improving efficiency of an organization as defined further under the “Definitions” section, Section 7 (IX);
- All legal Entities operating in the IT and ITeS industry, as per “Definitions” section, Section 7 (IX and X); and
- Any other IT/ ITeS verticals/ products covered under the National Information Technology Policy and related notifications as issued by Gol.

**b. LOCATION:**

The entity must have registered office in Karnataka as per the Companies Act, 2013 or the Entity should be registered as per the Karnataka Shops & Commercial Establishment Act, 1961.

**c. EMPLOYMENT:**

The entity employs at least 50 (fifty) per cent of its total qualified workforce in Karnataka, which shall not include contract employees.

## **5.2 VALIDITY OF THE POLICY**

This Policy is valid for a period of 5 years from the date of its notification or till a new policy is announced.

## **5.3 SANCTION PROCESS**

Various incentives, concessions and/ or subsidies will be granted to eligible entities from time to time through an Approval Committee.

**Approval Committee:** The Approval Committee, chaired by the Managing Director, KITS, will consist of industry representatives and subject experts apart from the officials of KITS. This committee will meet at least once in 3 months to consider all eligible applications as well as any other related issues, unless required to do so earlier. The decision of the Approval Committee will be deemed final while sanctioning the eligible amount for Incentives/Concessions. If required, a separate Sub-Committee to evaluate specific incentives may be constituted from within the members of the Approval Committee.

**APPLICABILITY OF INCENTIVES FOR ELIGIBLE IT/ITeS ENTITIES**

SL. NO.	CATEGORY	INCENTIVE/BENEFIT	ELIGIBLE IT/ITeS ENTITIES (INVESTMENT UP TO INR 250 CRORE)	ELIGIBLE IT/ITeS ENTITIES (INVESTMENT ABOVE INR 250 CRORE)
Section 4.5.1.1	IT Hubs/Clusters	<p>Financial support of upto 20% of Fixed Investment for Infrastructure (excluding the cost of land), subject to a ceiling of INR 3 Crores, whichever is lower.</p> <p>This shall be applicable for a minimum occupancy rate of 60% by IT/ ITeS entities (applicable in case of IT Hub/Cluster space being occupied by IT/ITeS entities) or for a minimum employment generation of 500 in the IT/ITeS industry (applicable in case of IT Hub/Cluster space being occupied by the entity itself), subject to the approval and recommendations from State Level Committees (SLSWCC/ SHLCC) for all IT Hubs/ Clusters setup outside Zone 3.</p>	●	●
Section 4.5.1.2	Co-Working Spaces/Plug and Play Infrastructure	<p>Financial support of upto 33% of the Fixed Investment for Infrastructure (excluding the cost of land), with a ceiling of INR 2 Crores, whichever is lower.</p> <p>This shall be applicable for a minimum built-up area of the co-working space being 15000 sq. ft. and a minimum occupancy rate of 60% by IT/ ITeS entities or for a minimum occupancy by 300 professionals in the IT/ITeS industry, subject to the approval and recommendations from State Level Committees (SLSWCC/ SHLCC) for all co-working spaces setup outside Zone 3.</p>	●	●
Section 4.5.1.3	Lease/ Rental Reimbursement	<p>Reimbursement at the rate of INR 10/- per sq. ft. will be provided for IT/ITeS entities setup outside Zone 3 up to a maximum amount of INR 3 lakhs overall, for a period of 1 year, applicable once during the policy period.</p>	●	

SL. NO.	CATEGORY	INCENTIVE/BENEFIT	ELIGIBLE IT/ITeS ENTITIES (INVESTMENT UP TO INR 250 CRORE)	ELIGIBLE IT/ITeS ENTITIES (INVESTMENT ABOVE INR 250 CRORE)
Section 4.5.1.3	Lease/ Rental Reimbursement	Reimbursement at the rate of INR 1000/- per seat, will be provided for IT/ITeS entities, setup outside Zone 3 up to a maximum amount of INR 6 lakhs overall, for a period of 1 year, applicable once during the policy period.	●	
Section 4.5.1.4	MegaProjects/ Enterprises	Tailor-made package of incentives on a case to case basis as considered by the Government.		●
Section 4.5.1.5	Stamp Duty Exemption	IT/ ITeS Entities shall be entitled to an exemption of 75% in Mysuru, Hubballi, Dharwad and Mangaluru, and 100% for all other Zones except Zone 3 as per the prevailing Karnataka Industrial Policy.	●	●
Section 4.5.1.6	Power Tariff Concession	Applicability of Industrial power tariff instead of Commercial power tariff for IT/ ITeS industry in the State subject to KERC Order.	●	●
Section 4.5.2.2	Quality Certification Reimbursement	50% reimbursement of cost of quality certification fee with an overall ceiling of INR 6 Lakhs (with maximum of 3 industry standard quality certifications) for IT/ ITeS Entities setup outside Zone 3.	●	
Section 4.5.2.3	Marketing Cost Reimbursement	30% of actual cost incurred including travel for international marketing through trade show/ exhibition participation, up to INR 5 lakhs per entity for IT/ ITeS Entities, outside Zone 3 and can be availed once during the policy period.	●	
Section 4.5.2.5	PF/ESI Reimbursement	Reimbursement of Provident Fund (PF) / Employees State Insurance (ESI) for all IT/ITeS Entities outside Zone 3, at the rate of INR 2000 per employee per month for 2 years for all new employment (only applicable for technical	●	●

SL. NO.	CATEGORY	INCENTIVE/BENEFIT	ELIGIBLE IT/ITeS ENTITIES (INVESTMENT UP TO INR 250 CRORE)	ELIGIBLE IT/ITeS ENTITIES (INVESTMENT ABOVE INR 250 CRORE)
		manpower)created, subject to condition that the employment is for continuous period of 2 years.		
Section 4.5.2.6	PatentsCost Reimbursement	Patents Cost Reimbursement for IT/ITeS entities (Patent awarded) INR 2 lakhs for Domestic INR 10 lakhs for International	●	
Section 4.5.3.3	R&D Support	For R&D projects driven by domestic IT/ITeS entities (not applicable to Indian subsidiaries of foreign entities), in the domain of emerging and 5G technologies, matching grants (in collaboration with industry) of up to a maximum of 33% of the total project R&D cost, or upto INR 1 crore, whichever is lower. These grants may be availed by an entity, once, over the policy period.	●	●

The maximum amount reimbursed to a single entity under various incentives, excluding financial support extended under Section 4.5.1.1 and Section 4.5.1.2, would be capped at INR 2 Crores for a single year and INR 10 Crores during the entire policy period.

All the incentives, except Patent Reimbursement Incentive, will be applicable from the date of registration of the IT/ ITeS entity. For the Patent Reimbursement Incentive, patent applications filed during the policy period will be considered.

## 6. DEFINITIONS

- I. **Beyond Bengaluru:** Used to describe cities/areas in Karnataka outside Zone 3 (as per the prevailing Karnataka Industrial Policy).
- II. **Co-working Space:** A co-working space is a provision in which several workers from distinctive companies share an office space, allowing cost savings and accommodation through the use of common infrastructure, such as equipment, utilities, and receptionist and custodial services, among others. A co-working space should have at least 15000 sq. ft. of area, with all the amenities required for smooth functioning. It should be located well within the city limits with good access to the transport system. The premises may be owned, leased or rented for a period of at least seven years, and should have commitment to operation for at least five years. Also, the facility should have at least 60 percent of the total area created for workspace and be allocated to IT/ITeS entities only.
- III. **Emerging Technologies:** Emerging technologies are new technologies whose development or practical applications, or both are still largely inherent, such that they are emerging into eminence from a background of nonexistence or ambiguity. Emerging technologies are often anticipated as capable of changing the status quo.
- IV. **Entity:** A Private Limited Company (as per the Companies Act 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or Limited Liability Partnership (under the Limited Liability Partnership Act, 2008)
- V. **Floor Space Index (FSI) / Floor Area Ratio (FAR):** FSI or FAR means the ratio between the area of a covered floor (Built up Area) to the area of that plot (land) on which a building stands.
- VI. **Information Technology (IT):** Information Technology (IT) is defined as the technology involving the development, maintenance, and use of computer systems, hardware, software, and networks for the processing and distribution of data.
- VII. **Innovation Regulatory Sandbox:** An innovation regulatory sandbox is a regulatory approach, customarily epitomized in writing and published, that allows conscious, time-bound testing of innovations under a regulator's oversight.
- VIII. **IT enabled Services (ITeS):** Information Technology that enables the business by improving the quality of service is IT enabled services. IT enabled services covers the entire spectrum of operations which exploit information technology for improving efficiency of an organization. This will include:
  - a. Call centres;
  - b. Medical transcriptions;
  - c. Back Office Operation/Business Process Outsourcing (BPO)/ Knowledge Process Outsourcing (KPO);
  - d. Cloud service providers;

- e. Data processing;
  - f. Engineering and design;
  - g. Remote maintenance;
  - h. Legal and other databases;
  - i. Website development and maintenance services;
  - j. Geographic information system services;
  - k. Revenue accounting and other ancillary operations;
  - l. Insurance claim processing;
  - m. Web/Digital content development/ computer graphics/ animation/ ERP/ Software and application development;
  - n. Financial and accounting processing;
  - o. Human resource&payroll processing services;
  - p. IT enabled banking, non-banking services including insurance, pension, asset management and market related services; and
  - q. Depository and security registration and dematerialization services; and other knowledge-based industries.
- IX. IT/ITeEntities:**All legal entities operating under the IT and ITeS industry ambit.
- X. IT Hubs/Clusters:** An IT Hub/Cluster is a project with at least 25,000 sq. ft. of allocated space, having all the amenities required for smooth functioning. It should be located well within the city limits with good access to the transport system. The premises may be owned or leased out for a period of at least ten years and should have commitment to operation of facility at least for seven years. Also, the facility should have at least 50 percent of the total area created for the workspace and be allocated to IT/ITeS entities only.
- XI. Mega Projects/ Enterprises:** Mega projects/ enterprises are projects with an investment in fixed assets above INR 250 crores.
- XII. National Institutes:** National or Central institutes are institutes established by the Government of India and supported by national agencies such as CSIR, ICAR, MoHFW, DBT, DST, ICMR, DAE, MoE etc.
- XIII. Reimbursement:** Compensation given by the State/ public body/ organization for a defined expense by giving them an amount equal to what was agreed upon.
- XIV. Stamp Duty:** Stamp duty is a duty levied on the legal recognition of certain documents.
- XV. Startup:** As defined in the prevailing Karnataka Startup Policy.
- XVI. Subsidy:** Subsidy is a sum of money granted by the state or a public body to help an industry or business to keep the price of a commodity or service low.
- XVII. Virtual Incubation and Mentorship:** Virtual incubation and mentorship is used to describe provision of remote incubation and mentorship services (usually through digital

media), eliminating the need for physical visits/ occupancy of infrastructure by the participants.

**XVIII. Zone:** The taluks in Karnataka are classified into zones to ensure a strong industrial base with equitable allocation of funds. The State is classified into three Zones namely Zone 1, Zone 2 and Zone 3 as per the prevailing Karnataka Industrial Policy.

**XIX. 5G Technology:** 5G is the fifth-generation cellular network technology, also called the digital cellular network in which the service area covered by providers is divided into small geographical areas called cells. Communication shall be enabled by radio waves over a common pool of frequencies.

**XX. Zonal Classification as per Karnataka Industrial Policy 2020-25:**

SI No	Districts	Total No. of Taluks	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	Davanagere	
			Jagalur	Harihar	
			Honnali	Nyamati	
6	Chikkaballapura	7	Gudibande	Chintamani	
			Bagepalli	Gowribidanur	
			Chikkaballapura	Siddlaghatta	
				Cheluru	
7	Kolar	6	Srinivasapura	Bangarpet	
				KGF	
				Kolar	
				Malur	
				Mulbagal	
8	Shivamogga	7	Soraba	Sagar	
			Hosanagara	Thirthahalli	

			Shikaripura	Shivamogga	
				Bhadravathi	
9	Tumakuru	10	Madhugiri	Turuvekere	
			Koratagere	Sira	
			Gubbi	Tiptur	
			Pavagada	Kunigal	
			Chikkanayakanahalli	Tumakur	
10	Chamarajanagar	5	Yelandur		
			Gundlupet		
			Hanur		
			Chamarajanagar		
			Kollegal		
11	Chickamagalur	9		Kadur	
				Mudigere	
				Tarikere	
				Chickamagalur	
				Ajjampur	
				Shringeri	
				Koppa	
				NR Pura	
				Kalasa	
12	Dakshina Kannada	9		Bantwal	
				Sulya	
				Belthangadi	
				Puttur	
				Mulki	
				Ullal	
				Moodbidri	
				Kadaba	
				Mangalore	
13	Hassan	9	Arakalgud	Alur	
			Belur	C R Patna	
			Arasikere	Shantigrama	
				Hassan	
				H N Pura	
				Saklespura	
14	Kodagu	5	Madikeri		
			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	
				HD 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	
				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	Dharwada	8	Navalgund		
			Kalghatagi		
			Kundaghol		
			Annigeri		
			Alnavar		
			Hubballi (R)		
			Dharwada		
			Hubballi(U)		
22	Gadag	7	Mundargi		
			Nargund		
			Ron		
			Shrirahatti		
			Gajaendragad		
			Lakshmeshwar		
23	Haveri	8	Savanur		
			Shiggaon		
			Hirekurur		
			Hanagal		
			Ranebennur		
			Byadagi		
			Rattihalli		
			Haveri		
24	Uttara Kannada	12	Honnavar		
			Sirsi		
			Mundagod		
			Yellapura		
			Siddapura		
			Haliyal		
			Joida		
			Bhatkal		
			Ankola		
			Kumta		
			Dandeli		
			Karwar		
25	Bellary	11	H B Halli		
			Hadagalli		
			Kudligi		
			Hosepet		
			Sandur		
			Siraguppa		
			Harappana Halli		
			Kurogod		
			Kottur		
			Kampli		
Bellary					
26	Bidar	8	Bhalki		
			Humnabad		
			Basava Kalyana		
			Aurad		
			Chitaguppa		

			Hulusur		
			Kamala Nagar		
			Bidar		
27	Kalaburagi	11	Afzalpur		
			Aland		
			Jewargi		
			Sedam		
			Chittapur		
			Chincholi		
			Kalagi		
			Kamalapur		
			Yedrami		
			Shahabad		
			Kalaburagi		
28	Yadgir	6	Yadgir		
			Shahapur		
			Shorapur		
			Hunasagi		
			Vadagera		
			Gurumitkal		
29	Koppal	7	Kushtagi		
			Yelburga		
			Gangavathi		
			Kukkunur		
			Karatagi		
			Kanakagiri		
			Koppal		
30	Raichur	7	Sindhanur		
			Manvi		
			Lingasugur		
			Devadurga		
			Maski		
			Siravara		
			Raichur		
	<b>Total</b>	<b>239</b>	<b>152</b>	<b>78</b>	<b>9</b>

## 7. GLOSSARY

ABBREVIATION	DEFINITION
<b>AI</b>	Artificial Intelligence
<b>AP</b>	Acceleration Program
<b>BPM</b>	Business Process Management
<b>BPO</b>	Business Process Outsourcing
<b>Bt</b>	Biotechnology
<b>BTS</b>	Bengaluru Tech Summit
<b>CoE</b>	Centre of Excellence
<b>CSIR</b>	Council of Scientific & Industrial Research
<b>CSR</b>	Corporate Social Responsibility
<b>DAE</b>	Department of Atomic Energy, Gol
<b>Department of Electronics, IT Bt and S&amp;T (Department)</b>	Department of Electronics, Information Technology, Biotechnology and Science & Technology, GoK
<b>DBT</b>	Department of Biotechnology, Gol
<b>DIM</b>	Digital Investment Mission
<b>DLSWCC</b>	District Level Single Window Clearance Committee
<b>DPIIT</b>	Department for Promotion of Industry and International Trade, Gol
<b>DST</b>	Department of Science & Technology, Gol
<b>ESI</b>	Employee's State Insurance
<b>FAR</b>	Floor Area Ratio
<b>FSI</b>	Floor Space Index

<b>ABBREVIATION</b>	<b>DEFINITION</b>
<b>GoI</b>	Government of India
<b>GoK</b>	Government of Karnataka
<b>GSDP</b>	Gross State Domestic Product
<b>IBPS</b>	India BPO Promotion Scheme
<b>ICAR</b>	Indian Council of Agricultural Research
<b>ICMR</b>	Indian Council of Medical Research
<b>IIIT</b>	International Institute of Information Technology
<b>IoT</b>	Internet of Things
<b>IP</b>	Intellectual Property
<b>IT</b>	Information Technology
<b>ITeS</b>	Information Technology enabled Services
<b>KEONICS</b>	Karnataka State Electronics Development Corporation Limited
<b>KERC</b>	Karnataka Electricity Regulatory Commission
<b>KIADB</b>	Karnataka Industrial Areas Development Board
<b>KBITS</b>	Karnataka Biotechnology and Information Technology Services
<b>KIH</b>	Karnataka Innovation Hub
<b>KITS</b>	Karnataka Innovation and Technology Society
<b>KPO</b>	Knowledge Process Outsourcing
<b>KTM</b>	Karnataka Technology Mission
<b>MeitY</b>	Ministry of Electronics and Information Technology, GoI
<b>MoE</b>	Ministry of Education, GoI
<b>MoHFW</b>	Ministry of Health and Family Welfare, GoI
<b>MSDE</b>	Ministry of Skill Development and Entrepreneurship, GoI
<b>MSMEs</b>	Micro, Small and Medium Enterprises

ABBREVIATION	DEFINITION
<b>NAPS</b>	National Apprenticeship Training Scheme
<b>NRI</b>	Non-Resident Indian
<b>NSQF</b>	National Skills Qualifications Framework
<b>PF</b>	Provident Fund
<b>R&amp;D</b>	Research & Development
<b>SEZ</b>	Special Economic Zone
<b>SHLCC</b>	State High Level Clearance Committee
<b>SLSWCC</b>	State Level Single Window Clearance Committee
<b>STPI</b>	Software Technology Parks of India
<b>S&amp;T</b>	Science & Technology
<b>TA</b>	Talent Accelerator

## 8. REFERENCES

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