

Proceedings of the Government of Karnataka

Sub: Karnataka Electronics System Design and Manufacturing (KESDM) Policy, 2017-2022.

Read: G.O. No: ITD 01 PRM 2013 dt: 08-03-2013.

Preamble:

The Indian electronics system design and manufacturing (ESDM) industry is one of the fastest growing sectors in the country. Changing global landscapes in Electronics Design and Manufacturing capabilities and cost structures have turned the attention of global companies towards India. Companies from around the world are looking to build local capabilities in India not just to serve the resident market but also to cater to overseas markets. This has resulted in the development of indigenous capabilities across the ESDM value chain in India. ESDM industry in India comprises four key components: Electronics Products; Electronics Manufacturing Services, Electronic Components and Design Services which are at different stages of development. Similarly, various electronics applications markets such as telecom electronics, automotive electronics, consumer electronics and industrial electronics, are at different stages of ecosystem development. The focus is currently on providing the necessary impetus to take advantage of the dormant capabilities across the various electronics markets and developing the missing links so as to make the local ESDM sector globally competitive.

2] The Karnataka Electronics System Design and Manufacturing (KESDM) Policy was announced in the year 2013, vide Government Order dated: 08.03.2013 read above. After completion of five years of the policy, it is necessary to revisit and frame a fresh policy for the KESDM sector, keeping in view the changing needs of the industry and in view of the technological innovations happening in the sector.

The new KESDM policy, 2017-22 is proposed with the following goals and strategies:-

I. Goals:

The policy aims to foster high growth for the ESDM industry, with the following goals:

- Stimulate the growth of 2000 ESDM Startups during the policy period.

- Enhance value addition done in Karnataka by 50% of the present value.
- Create 20 lakh new jobs in the ESDM industry by 2025; direct and indirect employment, an increase of 10 times from the present number.
- Effect a quantum jump in overall revenues of Karnataka ESDM companies to USD 40 billion by 2025.
- Significantly grow the ESDM exports from the State to USD 16 billion by 2025, up from USD 1 billion presently.

II. Strategies:

The Goals of the Policy would be achieved by adopting the following strategies:

- **Skill Development:** Continue the focus on skill development and nurturing of the talent pool by refining and strengthening the existing initiatives; introduce new, strategic interventions for focus sectors.
- **Quality Infrastructure:** Create Common Infrastructure Facilities (CIFs) and Centers of Excellence (CoEs) in specific areas, to provide an impetus to local industry and to encourage new investments and growth in tier-2 cities across the state.
- **Ecosystem Support:** Operationalise Preferential Market Access (PMA) policy to encourage domestic procurement; accelerate next generation technologies through pilot projects and encouragement to grass-roots entrepreneurship and IP creation.
- **Encouragement to Start-ups and MSMEs:** Strengthen the existing Semiconductor Venture Fund for accelerated investments; promote expansion and growth of KESDM industry through market development activities and support to local small and medium enterprises.
- **Enhancing Ease-of- doing Business:** Simplify and streamline policies and procedures to enhance overall experience of doing business in the state; put in place mechanisms for faster facilitation of incentives and other policy benefits to attract investments from global companies in the sector.

3] Hence the following order.

Government Order No. ITD 09 PRM 2017, dated: 1st December, 2017

In the circumstances explained above in the Preamble, Government is pleased to announce Karnataka Electronics System Design and Manufacturing (KESDM) Policy, 2017 – 2022 as detailed in the annexure to this order.

2. Karnataka Electronics System Design and Manufacturing (KESDM) Policy 2017 – 2022 shall come into effect from 1st December, 2017 and will be valid for a period of 5 years or till a new policy is announced.
3. This order issues with the concurrence of Finance Department vide endorsement No. O/o ACS, FD No. 4851, dt. 13th September, 2017.

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



(Gaurav Gupta)

Principal Secretary to Government,
Department of Information Technology,
Biotechnology and Science & Technology.

Copy to:

- 1) The Principal Accountant General Karnataka, Audits & Accounts, Bengaluru.
- 2) The Chief Secretary, Government of Karnataka.
- 3) The Additional Chief Secretary and Development Commissioner, Government of Karnataka.
- 4) The all ACS / Principal Secretaries/ Secretaries to Government.
- 5) The Director, Directorate of IT and BT, Shanthinagar, Bengaluru.
- 6) The Managing Director, KBITS, Shanthinagar, Bengaluru.
- 7) The P.S. to Hon'ble Minister for IT, BT and Tourism.
- 8) The P.S. to Principal Secretary to Government, IT, BT and S & T Dept.
- 9) The Officer on Special Duty (Cabinet Section), Vidhansoudha, Bangalore- Cabinet Case No. 745/2017 dated: 20.11.2017.
- 10) Guard File/Spare copies.
