



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



Karnataka State MSME Policy



MSME & Startup Committee, ICAI

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Message from Committee Leadership

Dear MSME & Startup Stakeholders,

We are pleased to share details about the ICAI MSME Clinic, an initiative designed to provide valuable guidance, support, and professional assistance to MSMEs and Startups across the country. This weekly walk-in, pro-bono advisory service aims to address key challenges faced by MSMEs, including finance, accounting, technology support and marketing.

About ICAI MSME Clinic

The ICAI MSME Clinic will be hosted every Friday by ICAI branches, where MSMEs and Startups can receive expert advice from two dedicated advisory desks:

- **Business Support Desk:** Led by Chartered Accountants specializing in MSME and Startup advisory, financial planning, compliance, and business strategy.
- **Institutional Support Desk:** Led by Bankers and Government Representatives, offering assistance with credit access, grievance redressal, and awareness of government schemes.

Introduction to the State-Specific MSME Policy

We are also excited to present the State-Specific MSME Policy, an essential resource for MSMEs & Startups in the ICAI MSME Clinic initiative. As part of this initiative, the Committee has developed a Resource Handbook and State-Specific MSME Policies, aimed at enhancing the knowledge base of MSMEs and Startups.

These State-Specific Handbooks serve as practical and accessible tools for navigating the unique opportunities, policies, and regulatory frameworks specific to each state. By consolidating available schemes, incentives, and support across states, we aim to provide MSMEs & Startups with the guidance they need to grow at the grassroots level and develop the capacity.

Vision of ICAI MSME Clinic

Through consistent, pro-bono engagement and sustainable operations, each branch becomes a local hub and incubation centre of MSME transformation, bridging professional excellence with grassroots economic development. ICAI aims to empower MSMEs & Startups annually, driving financial literacy, compliance discipline, and business growth.

Acknowledgement

We would like to extend our sincere gratitude to **CA Chethan Jayantha** for their tireless efforts and contributions in preparing the **State-Specific MSME Policy of Karnataka**, which will play a crucial role in this initiative.

MSME & Startup Commitment Growth

The MSME & Startup Committee, ICAI, is deeply committed to ensuring the success of the ICAI MSME Clinic and providing continuous support to MSMEs & Startups. Together, we look forward to contributing to the sustainable growth and empowerment of MSMEs & Startups, which are the backbone of the Indian economy.

CA Gyan Chandra Misra
Chairman
MSME & Startup Committee, ICAI

CA. Sanjay Kumar Agarwal
Vice Chairman
MSME & Startup Committee, ICAI

MSME Karnataka State-Specific Policy

1. Introduction to the Policy

Karnataka is one of India's most industrially advanced and economically vibrant states, known for its leadership in technology, innovation, and manufacturing. The state's Gross State Domestic Product (GSDP) increased to approximately INR 22.4 trillion (US\$ 271.39 billion) in the fiscal year 2022-23, accounting for 8.7% of India's GDP. It has demonstrated a strong compound annual growth rate of 11.51% from 2015-16 to 2022-23, as per India Brand Equity Foundation. Regarding macroeconomic stability, the latest Economic Survey revealed that Karnataka's GDP grew by 7.9% during 2022-23, and the state made significant progress in per capita income, which increased by 13.6% at current prices during the same period. It is also the second-highest recipient of FDI in India, attracting over \$48.12 billion between October 2019 and December 2023.

The Karnataka Industrial Policy 2025-2030 is a transformational roadmap designed to empower MSMEs by fostering a business-friendly environment, providing access to finance, modern infrastructure, and skill development programs.

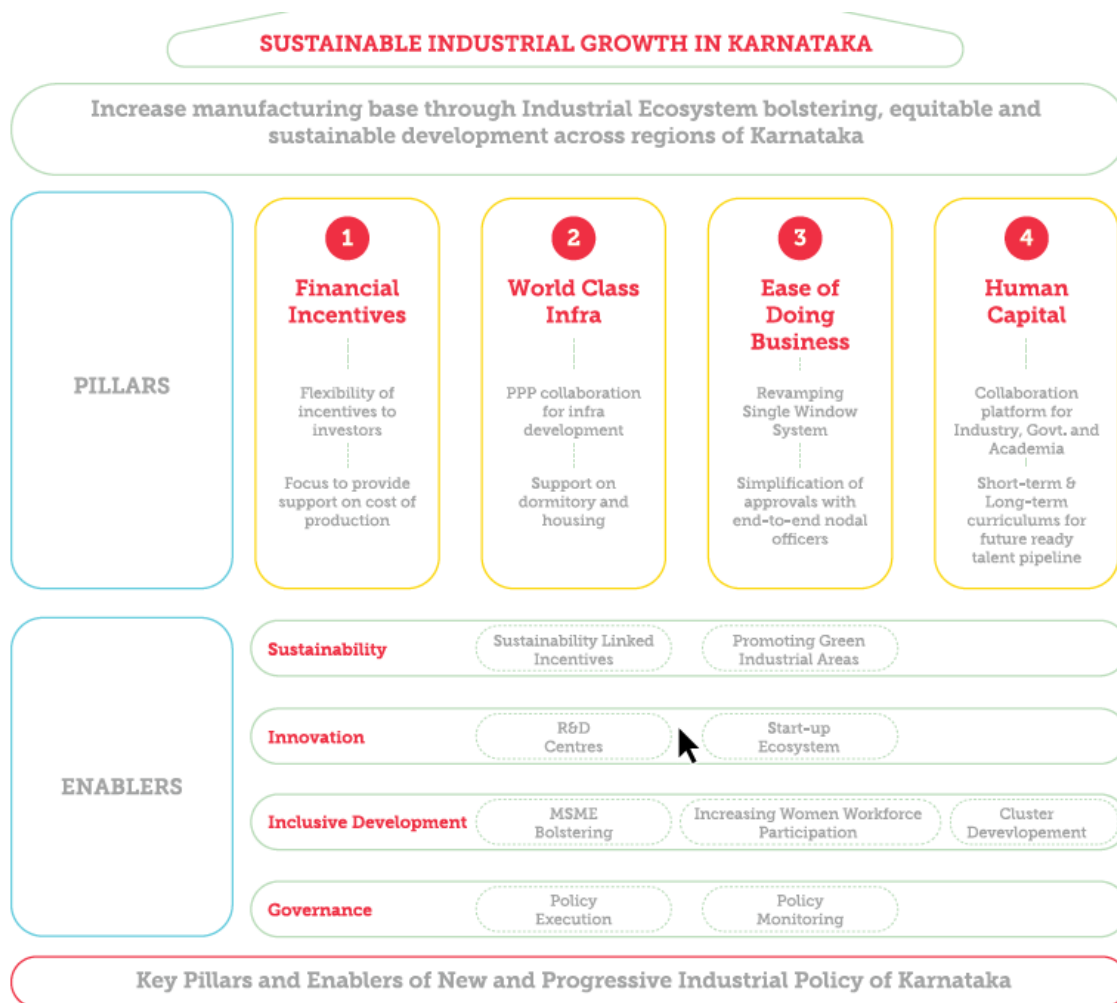
This policy focuses on strengthening MSMEs through targeted incentives, technology adoption, and access to global markets. The introduction of sector-focused MSME clusters, enhanced financial support, and digital integration initiatives will enable Karnataka's small businesses to scale, compete, and thrive in the rapidly evolving industrial landscape.

Objective of the Policy

The Policy aims to attract investments of ₹7,50,000 crore across sectors, create 20 lakh jobs by 2030, and position the state as a leader in sunrise industries. Key objectives include achieving a 12% annual growth rate in manufacturing, offering flexible incentives to boost investor interest, and promoting sustainability through green initiatives and eco-friendly industrial areas. The policy emphasizes balanced regional development with differential incentives, rationalized employment thresholds, and additional benefits for women's workforce participation. It also seeks leadership in innovation-driven sectors such as electronics system design and manufacturing (ESDM), advanced manufacturing, aerospace and defense, future mobility, and emerging technologies like AR/VR.

Policy Framework

The Policy is built on four key pillars namely **Financial Incentives**, **World-Class Infrastructure**, **Ease of Doing Business**, and **Human Capital** to strengthen the state's manufacturing base and drive sustainable industrial growth. It emphasizes flexible incentives, PPP-based infrastructure development, streamlined approvals through a revamped single-window system, and industry-academia collaboration for skill development. Complementing these pillars are four enablers: **Sustainability**, promoting green industrial areas and eco-friendly practices; **Innovation**, positioning Karnataka as a knowledge and R&D hub; **Inclusive Development**, supporting MSMEs and women's workforce participation; and **Governance**, ensuring transparent and efficient policy execution. Together, these strategies aim to create a progressive, competitive, and future-ready industrial ecosystem.



Why is the policy important for the state

Karnataka is home to over 8.5 lakh MSMEs, which contribute approximately 30% to the state’s GDP and provide employment to more than 55 lakh people. The state registered 3,95,603 manufacturing MSMEs on the Udyam portal between August 2020 and September 2024. MSMEs in Karnataka play a key role as drivers of innovation, employment, and regional development, particularly in Tier 2 and Tier 3 cities.

The policy emphasizes balanced regional growth by promoting MSMEs in industrially backward taluks through differential incentives. It supports women entrepreneurs, SC/ST-owned enterprises, and artisans, ensuring social equity and economic empowerment. MSMEs are labor-intensive and play a key role in job creation, particularly for semi-skilled and unskilled workers.

The Karnataka Industrial Policy 2025-2030 is a transformational roadmap designed to empower MSMEs by fostering a business-friendly environment, providing access to finance, modern infrastructure, and skill development programs. This policy focuses on strengthening MSMEs through targeted incentives, technology adoption, and access to global markets. The introduction of sector-focused MSME clusters, enhanced financial support, and digital integration initiatives will enable Karnataka’s small businesses to scale, compete, and thrive in the rapidly evolving industrial landscape.

Highlights of Karnataka Industrial Policy 2025-2030 for MSME

Key Highlights of the Karnataka Industrial policy 2025-2030 for MSME are as follows.

Category	Highlights	Refer Para
Capital Subsidies	Capital subsidies for MSME industries (10%–35% of VFA based on zone and category), an option for Medium industries to choose between capital subsidy or production-linked incentives (up to 2.5% of turnover), with disbursement in 2–4 instalments and production linked incentives up to 7 years.	3.1
Exemption of Stamp Duty	Provides 100% waiver in Zones ¹ 1 and 2, Partial relief in Zone 3 (75% for the special category), allows claims on working capital loan arrangements for up to 3 years from the start of commercial production.	3.3
Concessional Registration Charges for MSMEs	MSME registration charges are highly concessional at INR 1 per INR 1,000 in Zones 1 and 2 for all categories while Zone 3 offers this benefit only to special category enterprises.	3.4
Reimbursement of Land Conversion Fee	Full reimbursement of land conversion fees for MSMEs in Zones 1 and 2, 75% reimbursement for special category enterprises in Zone 3 after commercial production.	3.5
Exemption from Tax on Electricity Tariff	Full electricity tax exemption in Zones 1 and 2 (for 6–8 years) Zone 3 offers 100% exemption for special category units for 4 years.	3.6
Power Subsidy	Power subsidy for Micro and Small Enterprises at INR 1 per unit for 3 years in Zones 1 and 2.	3.7
Sustainability Incentives	50% of cost of equipment up to INR 50 Lakh (Capped at 10% of VFA) for Environmental Infrastructure and related Facilities	3.8
Quality Certification Support	50% reimbursement of quality certification costs (up to ₹5 lakh per entity) for recognized standards such as ISO, BIS, FSSAI- AGMARK, ECOMARK, Zero Defect Zero Effect (ZED), ISI, FPO, BEE and other approved national or international certifications.	3.9

Category	Highlights	Refer Para
Export Readiness Certification Support	Achieving export readiness by reimbursing 50% of certification costs (up to ₹5 lakh per entity) for globally recognized standards such as CE, CCC, HACCP, GMP, GLP, and other approved international certifications.	3.10
Infrastructure Support	Robust infrastructure support for MSMEs through reserved land allocations by KIADB and KSSIDC, dedicated estates, plug-and-play facilities, multi-storied sheds, and rural industrial areas with essential amenities.	3.11
Additional Support for Women Entrepreneurs	Considered as a Special category for higher subsidies and Additional 5% Reserved land	3.12
Additional Support for SC/ST Entrepreneurs	Extensive support for SC/ST entrepreneurs through subsidized land and sheds, reserved allotments, financial assistance (loan subsidy, seed capital, estate development), power subsidy, and non-financial initiatives like Khadi Charakas and entrepreneurship programs.	3.13
Non-Financial Support	Non-financial support to MSMEs through market access initiatives like vendor development conclaves, skill development programs, artisan support schemes, annual excellence awards, and a digital portal for matchmaking, training, and networking.	3.14

2. About the KARNATAKA INDUSTRIAL POLICY 2025-30

2.1. Definitions

- **MSME** : The definition of MSMEs (Micro, Small, and Medium Enterprises) as per the MSMED Act, 2006, is as follows.

Category	Investment in Plant and Machinery or Equipment	Turnover
Micro Enterprises	< INR 1 crore	< INR 5 crore
Small Enterprises	INR 1 Crore to INR 10 Crore	INR 5 Crore to INR 50 Crore
Medium Enterprises	INR 10 Crore to INR 50 Crore	INR 50 Crore to INR 250 Crore

However, it is important to note that as per the **Karnataka Industrial Policy 2025–30**, For the purpose of calculation of incentives for MSMEs, the below mentioned definitions would be considered and it will be overrides the definitions under the MSMED Act and other Government of India Guidelines. In simple words, the Turnover limit is not considered for the incentive calculation.

Category	Criteria
Micro Enterprises	< INR 1 crore
Small Enterprises	INR 1 Crore to INR 10 Crore
Medium Enterprises	INR 10 Crore to INR 50 Crore

- **New Project:** A new project shall mean a unit that undertakes to invest in fixed assets on or after the announcement of this Policy. This will include the units that have taken effective steps on or before the announcement of this Policy and could not fulfil the conditions stipulated for qualifying as pipeline units under Industrial Policy 2020-2025.
- **Exporter:** means a unit/enterprise that exports more than 50% of its production and holds an IEC (Importer Exporter Code) number, unless otherwise specifically exempted.
- **IEC (Importer Exporter Code) number:** IEC is a 10-digit code number given to an exporter or importer by the regional office of the Director-General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India.
- **100% Export Oriented Enterprises:** A 100% export-oriented enterprise is an industrial enterprise offering to export its entire production, excluding the permitted levels by the Government of India from time to time of domestic tariff area sales for the manufacture of goods, including repair, re-making, reconditioning, re-engineering and rendering of services. Such Enterprises may be set up either under the Export Oriented Enterprises or under the EPIP [Export Promotion Industrial Park] Scheme, under the EHTP [Electronic Hardware Technology Park] Scheme, or the Software Technology Park Scheme, or the Special Economic Zone.
- **Value of Fixed Assets (VFA):** Value of Fixed Assets shall mean the total investment made on land, building and plant & 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. It also includes installation of plant and machinery (erection charges), electrical items including electrical wiring. It also includes transportation/custom charges including Import duty for Plant & Machinery & transit insurance for import machines.
- **Special Category Units:** Units established exclusively by an SC / ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs as a proprietary concern or all the partners or directors of the partnership firm / Co-operative Society/Private limited companies or any other legal entity belonging to above-mentioned categories respectively.
- **Employment:** Direct Employment shall mean employees who are on the rolls of the respective companies which will include contract labours engaged in production line. It will, however, not include casual labours. The percentage of contract labours engaged should not exceed 40% of total labour force.
- **Date of Commercial Production:** Date of issue of first sale invoice after trial production either by a new unit or after expansion / diversification / modernization.

- **Expansion / Diversification / Modernisation:** The existing enterprise must invest additional new capital to the tune of at least 25% of the fixed assets in the Expansion / Diversification / Modernisation program. The quantum of turnover under the Expansion / Diversification / Modernisation program eligible for base subsidy is the incremental increase in the turnover over and above the average turnover during the immediate 3 years before the commencement of the commercial production in the Expansion / Diversification / Modernisation program.
- **Turnover:** The aggregate value of the realisation of amount made from the sale of manufactured goods by the company/enterprise during a financial year. Income from other sources (non-operating activities) like interest received, grants or subsidies, trading activity, resale of products/goods will not be counted under turnover.
- **New Definitions added per Operative Guidelines CI 123 SPI 2024, dated 10.04.2026:**
 - Large Enterprise: Industrial unit not classified as Medium Enterprise, with investment in fixed assets up to INR 300 crore.
 - Mega Enterprise: Projects with investment in fixed assets above INR 300 crore and up to INR 1,000 crore.
 - Ultra-Mega Enterprise: Projects with investment in fixed assets above INR 1,000 crore.
 - DLSWCC: District Level Single Window Clearance Committee (Karnataka Industries (Facilitation) Act, 2002) — for investments up to INR 15 crore per district.
 - SLSWCC: State Level Single Window Clearance Committee — for investments above INR 15 crore up to INR 500 crore.
 - SHLCC: State High Level Clearance Committee — for investments above INR 500 crore.

2.2. Policy period and applicability

The Karnataka Industrial Policy 2025–30 is valid for a period of five years from the date of issue of the Government Order, i.e., from February 8, 2025, to February 7, 2030, or until a new policy is introduced, whichever is earlier.

2.3. Eligibility for incentives:

Following investment would be eligible for the incentives :

Investment	Eligibility for incentives
New	Eligible for incentives based on the Category of Investment
Existing Enterprise	Additional investment of at least 25% of existing fixed Assets

Further, manufacturing entities eligible under the sectoral policies of Karnataka can also claim incentives under the new Industrial Policy 2025-30. The entity will be able to claim benefits under a single policy (Either Industrial Policy 2025-30 or Sectoral Policy).

2.4. Terms & Conditions for Extending Incentives and Concessions

The following are the terms and conditions for extending the Incentives:

- The Industrial Policy 2025-30 will start from the issuance of the Government Order and last five years or until a new policy is announced. When the new policy begins, the Industrial Policy 2020-25 will be withdrawn. Enterprises with sanctioned incentives under earlier policies will continue to enjoy those benefits as per sanction orders.
- The applicability of the Industrial Policy 2020-25 or 2025-30 for projects under implementation at the time of the 2025-30 announcement is as follows:
 - Projects cleared through district, state, or high-level committees during 2020-25 and availed incentives under that policy can only avail incentives under 2020-25.
 - Enterprises that took all of the following effective steps before the new policy's issuance date can only avail incentives under 2020-25.
 - Date of entering lease or sale agreement of the premises (either land or building)
 - Date on which possession certificate of the plot or shed is taken from KIADB/KSSIDC or any other agency
 - Date of approval of building plan by the competent authority
 - Date of release of the first installment of loan from Financial Institution /Bank
 - Date of placement of first purchase order for plant and machinery
 - Enterprises that did not take these steps during 2020-25 can only avail incentives under 2025-30.
- Incentives and concessions apply to all new and additional investments during the policy period for establishing new enterprises and for expansion, diversification, or modernization. These incentives are primarily available for Manufacturing Enterprises/ Industries and specified service enterprise categories.
- Enterprises can avail incentives under only one State policy at a time, either Industrial Policy 2025-30 or sectoral policies like ESDM, A&D, and Clean Mobility, unless the Government states otherwise. Eligibility for sectoral policies does not extend to simultaneous benefits from multiple policies
- Eligible MSMEs shall commence commercial production within 3 years from the date of approval from the DLSWCC/SLSWCC.
- Any enterprise that has not taken approval from the DLSWCC/SLSWCC for their project for any reason shall commence commercial production within 3 years from the date of taking possession of land/building or taking building plan approval.
- Eligible MSMEs shall apply for the sanction of Capital Subsidy or Base Subsidy (Capital Subsidy or Production Linked Incentives) within one year from the date of commencement of commercial production. Large and above categories can claim capital/PLI incentives within 3 years from the date of commencement of commercial production.

- Commerce and Industries Department will prescribe a standard certificate format for Financial Institutions, Commercial Banks, and chartered accountants, considering the definitions of fixed assets, intangible assets, and assets not eligible for incentives or concessions.
- The disbursement of the Capital Expenditure Subsidy will begin after the start of commercial production, with four annual instalments until SLSWCC's actual investment amount for Medium Industries is reached, as against five annual instalments for Large and above industries

Additional Operational Conditions — Operative Guidelines CI 123 SPI 2024, dated 10.04.2026:

- (a) Expansion/Modernisation: Original investment of the unit (NOT depreciated value) is to be considered as existing investment for the 25% additional investment threshold.
 - (b) VFA period lock-in: VFA is to be considered for 5 years from the date of effect of the policy; this period must be stated in the sanction order.
 - (c) Payment mode: Cash transactions in fixed assets up to ₹2,00,000 are acceptable; any amount above this must be through RTGS/NEFT.
 - (d) Leased premises: Registered lease of 10+ years — subsidy for Plant & Machinery only. Registered lease of 20+ years — subsidy for both Plant & Machinery and building constructed by the unit.
 - (e) Employment declarations: To be submitted once every 6 months, as on 1st January and 1st July each year.
 - (f) Power subsidy claims: Submit in June and December; sanctioned in July and January.
 - (g) Application deadline: MSMEs must apply for Capital/Base Subsidy within 12 months from commencement of commercial production. Failure to comply renders the enterprise ineligible for investment promotion subsidy.
- Micro, Small, and Medium Enterprises (MSME) are classified according to investment in plant and machinery or equipment, and turnover, as defined by the MSMED Act of 2006.
 - The incentives and concessions under this policy will adapt to the Government of India's updated MSME definitions and will be effective from the date of change, subject to State Government orders.
 - For Medium Enterprises Incentives, A subsidy based on a percentage of turnover, location, and investment or fixed assets, with separate GST registration for manufacturing eligible products; only this turnover qualifies. Enterprises must not conduct trading or non-eligible service activities from their premise. Separate registration is required if trading or non-eligible services are conducted; such turnover is ineligible for subsidies. Resale of products does not count for incentives. Turnover of all the existing manufacturing units in Karnataka for the same products for five-consecutive year should not be less than the immediately pre-incentive three- financial

year average turnover of the same product from the year the industrial undertaking avails incentives under this policy. Incentives apply only to new investments. Only Capital Subsidy is available for enterprises doing only job work, a mix of job work and manufacturing, enterprises under the composite tax scheme, or manufacturing or job work of zero GST products; specific details are in the operative guidelines.

- Employment Criteria for enterprises are : All new projects must create maximum direct jobs, with at least 70% for Kannadigas overall and 100% for Group D employees. District Industries Centres will monitor Kannadiga employment for 5 years. Failure to comply may lead to incentive recovery. Enterprises with lower employment or inability to meet employment proportions may receive reduced Capital Expenditure Subsidy/PLI proportional to employment provided.
- Enterprises must follow CSR obligations per Section 135 of the Companies Act 2013.
- Investments made by any existing / New units, entrepreneurs, partnership firms or companies on land, buildings, or plant obtained from any financial institution/ banks or under Sec 29 of SFCs Act , SARFA ESI Act , Debt Recovery tribunal or any of the acts or tribunals are ineligible for incentives unless made for expansion, diversification, or modernization, which are eligible.
- Incentives for expansion or modernisation require an additional investment of at least 25% of fixed assets; eligible turnover is the incremental increase over and above the the average turnover of the immediately previous three years before the commencement of the commercial production in the expansion, diversification and modernization programme.
- When calculating the base subsidy as percentage of turnover for expansion, diversification, or modernization of enterprise , only new investments for these activities are included in the VFA.
- While calculating the value of eligible fixed assets created during the expansion/ diversification/modernization of an enterprise only additional new investments shall be considered.
- The choice of Base Subsidy between Capital Expenditure Subsidy and Production Linked Incentives subsidy will have to be notified to the Government of Karnataka and will remain constant for the approved investment. The choice would have to be made while filing for subsidy. The exact procedure would be detailed in the Operative Guidelines of this policy.

2.5. List of Service Enterprises Eligible/Not Eligible for the Package of Incentives and Concessions

The Incentives and Concessions are primarily available for manufacturing enterprises. However, the Industrial Policy 2025-30 has specified certain service enterprises which are also eligible. The detailed list of such Service Enterprises is listed in Annexure 1.

Similarly, the Policy has explicitly mentioned the list of enterprises which are not eligible for the incentives, and the detailed list is updated in Annexure 2.

3. Policy Features & Incentives

There are various Incentives and concessions provided to MSME enterprises under the Karnataka Industrial Policy 2025-30. The details of which are listed below

3.1. Capital Subsidies

For the purpose of the Subsidies, the applicants have been classified into two categories, namely General and Special Categories. Special Categories include SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen.

The capital subsidies for Micro and Small industries are listed below. The capital subsidy would be disbursed in 2 instalments. (*VFA – Value of Fixed Assets, # Zone - Refer Annexure 3)

	Zone#	General	Special Category
Micro Industries	Zone 1	30% of VFA (max of INR 30 Lakh)	35% of VFA (max of INR 35 Lakh)
	Zone 2	25% of VFA (max of INR 25 Lakh)	30% of VFA (max of INR 30 Lakh)
	Zone 3	10% of VFA (max of INR 10 Lakh) (only Bengaluru Rural)	15% of VFA (max of INR 15 Lakh) (only Bengaluru Rural)
Small Industries	Zone 1	25% of VFA (max of INR 200 Lakh)	30% of VFA (max of INR 225 Lakh)
	Zone 2	20% of VFA (max of INR 150 Lakh)	25% of VFA (max of INR 175 Lakh)
	Zone 3	10% of VFA (max of INR 50 Lakh) (only Bengaluru Rural)	15% of VFA (max of INR 75 Lakh) (only Bengaluru Rural)
	Disbursement	The capital subsidy will be disbursed in 2 installments	

For Medium Industries, the choice has been given to the applicant to choose between Capital Subsidy and Production Linked Incentives. The details of which are as follows. Here, there is no bifurcation of General and Special Categories.

	Zone	Capital Subsidy	Production Linked
Medium Industries	Zone 1	25% of VFA (max of INR 10 Cr.)	2.5% of net sales turnover (capped at 60% of VFA)
	Zone 2	20% of VFA (max of INR 8 Cr.)	2.0% of net sales turnover (capped at 60% of VFA)
	Zone 3	10% of VFA (max of INR 4 Cr.) (only for Bengaluru Rural)	1.0% of net sales turnover (capped at 30% of VFA) (Only for Bengaluru rural district)
	Disbursement	After commercial production disbursed in 4 annual and equal disbursements	Incentives for 7 years

3.2. Additional Capital Subsidy

In addition to the above mentioned Capital Subsidy, additional incentives are given for the applicants in Taluks as categorized by Dr. D.M. Nanjundappa Committee Report as below:

Incentive Type	Most Backward Taluks	More Backward Taluks
Capital Subsidy – Micro Industries	Additional 5% of VFA (Max ₹5 lakh)	Additional 3% of VFA (Max ₹3 lakh)
Capital Subsidy – Small Industries	Additional 5% of VFA (Max ₹10 lakh)	Additional 3% of VFA (Max ₹5 lakh)
Capital Subsidy – Medium Industries	Additional 5% of VFA (Max ₹50 lakh)	Additional 3% of VFA (Max ₹25 lakh)
PLI – Medium Industries	Additional 5% of incentive cap	Additional 3% of incentive cap

3.3. Exemption of Stamp Duty for MSMEs

Stamp duty to be paid by the MSME in respect of loan agreements, credit deeds, mortgage and hypothecation deeds for the initial period of five years and for lease deeds, lease-cum-sale, sub-lease, transfer of leasehold rights and absolute sale deeds executed by industrial shall be exempted as below:

Zone	General	Special Category
Zone 1	100%	100%
Zone 2	100%	100%
Zone 3	Nil	75%

Further, Stamp Duty on working capital loan arrangements can be claimed **ONLY** till 3 years from the start of commercial production.

⚠ Stamp Duty Interim Provision (Operative Guidelines CI 123 SPI 2024, dated 10.04.2026): Stamp duty exemption under IP 2025-30 takes effect only after enabling notification by the Revenue Department. Until then: (a) 100% reimbursement will be provided in lieu of 100% exemption pending Karnataka Stamp Act amendment; (b) enterprises shall continue to avail stamp duty exemption & concessional registration charges under IP 2020-25. No stamp duty exemption certificate should be issued under IP 2025-30 until the Act is amended.

3.4. Concessional Registration Charges for MSMEs

In order to facilitate the MSME registrations following Concessions are given for the Registration charges for the eligible land purchases as follows:

Zone	General	Special Category
Zone 1	INR 1/- per INR 1000/-	INR 1/- per INR 1000/-
Zone 2	INR 1/- per INR 1000/-	INR 1/- per INR 1000/-
Zone 3	Nil	INR 1/- per INR 1000/-

3.5. Reimbursement of Land Conversion Fee after commercial production for MSMEs

The policy also provides for the reimbursement of Land Conversion Fee after commercial production for MSMEs as follows:

Zone	General	Special Category
Zone 1	100%	100%
Zone 2	100%	100%
Zone 3	Nil	75%

3.6. Exemption from Tax on Electricity Tariff for MSMEs

Following exemption from Tax are provided on Electricity Tariff for MSMEs

Zone	General	Special Category
Zone 1	100% for 7 years	100% for 8 years
Zone 2	100% for 6 years	100% for 7 years
Zone 3	Nil	100% for 4 years

3.7. Power Subsidy for Micro and Small Enterprises

Micro and Small Enterprises are eligible to get the reimbursement of cost of power paid as per the table below:

Zone	General	Special Category
Zone 1	INR 1.00/- per unit consumed for 3 years	INR 1.00/- per unit consumed for 3 years
Zone 2	INR 1.00/- per unit consumed for 3 years	INR 1.00/- per unit consumed for 3 years
Zone 3	Nil	Nil

3.8. Sustainability Linked Incentives

The policy promotes sustainability by offering incentives for eco-friendly practices and mandating green infrastructure. The following table depicts mandatory activities for the small and above category of investments.

Category	Mandatory Activities	Investment type
Rain Water Harvesting	Mandatory for Building structures	Small and above investments
Water Body Restoration Projects	Water Body Restoration (water bodies like Lake, Ponds, and Borewells) wherever possible within the plot in the Industrial Area	Medium and above investments

The following initiatives will be eligible for Sustainability Linked Incentives for MSME investments. Capital expenditure / operational expenditure under the following initiatives will not be considered under calculations of the VFA for Base Subsidy.

Initiatives	Incentives (Capped at 10% of Value of Fixed Assets)
Environmental Infrastructure Facilities (Eg: ETPS, CETPS Waste Management Projects)	50% of cost of equipment up to INR 50 Lakh
Zero Liquid Discharge	50% of cost of equipment up to INR 50 Lakh
Air Pollution Control Measures (Electrostatic Precipitators, Baghouse Filters, Scrubbers, SCR system)	50% of cost of equipment up to INR 50 Lakh
Energy Efficiency Measures (High-Efficiency Lighting - LEDs, Use of high-efficiency motors through Variable Frequency Drives, Installation of Continuous Energy Monitoring Systems (CEMS) and Continuous Air Quality Monitoring Systems (CAMS), etc)	50% of certification costs up to INR 50 Lakh
Electrification of Low-Temperature Thermal Processes as well as Energy Backups (to Li-ion BESS)	50% of cost of equipment up to INR 50lakh
Conversion of Passenger Vehicles and Utility Vehicles exclusively used in Industrial Areas to EV	Subsidy of 10% of cost up to a total of INR 10 Lakh
Other Emerging Green Technology Areas	Case-to-case basis

Further, as per the MOU signed by KSPCB with the CII-GreenCo Rating system, MSME investors can avail of awards and special case discounts of INR 50,000 for enrolling in the Green Co Rating Program through KSPCB.

Additional Sustainability Categories — Operative Guidelines CI 123 SPI 2024, dated 10.04.2026:

(d) Water Conservation Solutions (NEW category): Wastewater treatment & recycling (ASP, MBR, RO); Smart IoT for water/wastewater management; Rainwater harvesting & de-silting of water bodies within premises; Zero Liquid Discharge solutions.

(h) Construction of EV Charging stations in KIADB Industrial Areas (allocated areas) — NEW addition, over and above the existing EV vehicle conversion subsidy.

Expanded Environmental Infrastructure: Now includes augmentation/upgradation of existing ETPs & CETPs; common spray dryer/multiple effect evaporator; Common Boiler Project by SPV; online CEMS installation; Environment Management Laboratory; IGBC/LEED certified Green Buildings and Green Industrial Estates.

Note: The State reserves the right to add or exclude specific activities from these categories at any time.

Additionally, as an Encouragement for recycling facilities (plastic, e-waste and biomedical waste) and waste-to-energy generation facilities, the policy provides a One-time capital subsidy of up to 50% of the cost of the facility for all zones, subject to a ceiling of INR 5Cr.

3.9. Quality Certification Support

MSMEs can avail of Quality Certification Incentives of 50% of the cost of the application total of which is capped at INR 5,00,000 per entity. This incentive is provided for the Quality certificate obtained from the below mentioned :

International Organization for Standardization (ISO)
Bureau of Indian Standards (BIS)
FSSAI – AGMARK
ECOMARK
Zero Defect Zero Effect (ZED)
Indian Standards Institution (ISI)
Fruit Products Order (FPO)
Bureau of Energy Efficiency (BEE)
Any other international quality certification recognized in India by a competent authority

3.10. Export Readiness Certification Support

To promote the export readiness of MSMEs, the following certifications will be supported by the Government of Karnataka by 50% of the cost of the application. This is provided with a total Capping at INR 5,00,000 per entity.

Conformity European (CE Certification)
China Compulsory Certification (CCC)
Phyto-sanitary certificates
International Featured Standards, British Retail Consortium, Food Safety Standard Certification (IFS-BRC-FSSC 220000)
Supplier Ethical Data Exchange (SEDEX)
Good Hygiene Practices (GHP)
Good Manufacturing Practices (GMP)
Good Laboratory Practices (GLP)
Hazard Analysis and Critical Control Point (HACCP)
Any other international quality certification recognized in India by a competent authority

3.11. Infrastructure Support for MSMEs (KIADB & KSSIDC)

Following infrastructure support is provided by the Policy by providing the reservation in allotment of land

Provision	Details
KIADB Land Allocation	- 30% of allottable land reserved for MSMEs
	- 24.1% for SC/ST entrepreneurs
	- 10% for Minorities/Physically Challenged/Backward Classes (Cat 1 & 2A)/Ex-Servicemen
	- 5% for women entrepreneurs
DLSWCC Allocation (KIADB)	- 10% of MSME land to be allotted by DLSWCC
	- 40% of SC/ST land to be allotted by DLSWCC
	- Max 2 acres per project
	- Min plot size: 0.5 acres
KSSIDC Land Allocation	- 100% of land reserved for MSMEs
	- 24.1% for SC/ST
	- 10% for Minorities/Physically Challenged/Backward Classes (Cat 1 & 2A)/Ex-Servicemen
	- 5% for women
KSSIDC in KIADB Areas	- KSSIDC can request land from KIADB to develop smaller plots/sheds for MSMEs
	- Allotment via lease-cum-sale deed
Dedicated MSME Estates (KSSIDC)	- Minimum 50 acres
	- 20% for plug-and-play sheds
	- 10% for multi-storied sheds (near Bengaluru, Mysuru, Hubballi-Dharwad, Mangaluru, Belagavi, Tumakuru, Kalaburagi)
	- Liberal FAR for flatted development
Rural Industrial Areas (KSSIDC)	- 100–150 plots (2,000–10,000 sq. ft.)
	- Developed with road, drainage, lighting, water supply
	- Located in industrial corridor impact zones

3.12. Additional Support for Women Entrepreneurs

The provides special provisions to empower women entrepreneurs in the MSME sector. Women-led enterprises are considered as Special Categories and are eligible for higher capital subsidies compared to general categories. Women entrepreneurs also benefit from stamp duty exemptions, concessional registration charges, and priority in public procurement (Refer 3.1 to 3.7). Additionally, 5% of land in KIADB and KSSIDC industrial areas is reserved for women entrepreneurs, ensuring access to industrial plots and infrastructure (Refer 3.11).

3.13. Additional Support for SC/ST Entrepreneurs

Following additional support are provided as per the Policy for SC/ST Entrepreneurs

Category	Provision	Details
Land & Infrastructure	Land/Shed Allotment	75% subsidized cost (max 2 acres/1 shed); subsequent allotments at prevailing rates
	KIADB Reservation	24.1% of land in new industrial areas
	KSSIDC Reservation	For SC/ST 24.1% of land in new industrial estates
	Sheds in Reserved Constituencies	'D' and 'C' type sheds for Micro & Small Enterprises
Financial Assistance	Bank Loan Subsidy	60% subsidy (max ₹5 lakh) for loans up to ₹10 lakh
	Soft Seed Capital	Interest-free loan at 50% of promoter's contribution on loan availed at 2:1 debt-equity ratio (project cost up to ₹10 Cr)
	Private Industrial Estates	50% cost assistance (max ₹5 Cr) for estates on min 10 acres
	Loan Processing Fee	Reimbursement of processing/ legal/ disbursement fees for first-time loans
Non-Financial Support	Power Subsidy	₹2/unit for 5 years for new enterprises (from 01-04-2017)
	Khadi Charakas	Free distribution to SC/ST Khadi workers
	EDPs	Exclusive Entrepreneurship Development Programs

3.14. Non-Financial Support for MSMEs

Apart from the financial support, following non financial support are provided to the MSME entrepreneurs

Support Area	Description
Market Access	Vendor Development Conclave (from 2025) to connect MSMEs with buyers, showcase products, and understand procurement needs.
Skill Development	Workshops and sessions during the conclave to help MSMEs upskill and gain technical capabilities.
Support to Artisans	- Free training at NID/NIFT
	- Study tours
	- Stall concessions at public places
	- Annual national-level haat for product showcasing

Support Area	Description
MSME Excellence Awards	Annual awards to recognize high-performing MSMEs in manufacturing and innovation.
Digital Portal/ Website	A comprehensive platform for:
	1. Buyer-seller matchmaking
	2. Display of buyer requirements
	3. Access to skilling programs and training modules
	4. Vendor registration and networking

4. Focused Areas for the policies

4.1. Procedure for Availing the Incentives for MSME

Sanctioning Committees — Operative Guidelines CI 123 SPI 2024, dated 10.04.2026:

State Level Committee (SLC): Chaired by Commissioner for Industrial Development & Director, Dept. of Industries & Commerce. Sanctions Capital Subsidy / PLI / Logistics / Dormitory / Sustainability Linked Incentives for Large, Mega, Ultra Mega and Super Mega enterprises. Members: Director Technical Cell; MD KSFC; Member Secretary KSPCB; Additional Director (P&P).

District Level Committee (DLC): Chaired by Joint Director, District Industries Centre. Sanctions Investment Promotion Subsidy and Sustainability Linked Incentives for MSMEs. Members: Lead District Manager; AGM KSFC; Environmental Officer KSPCB; DD (RI) Zilla Panchayath; Deputy Director DIC (Member Secretary).

To enhance Ease of Doing Business, Karnataka has implemented a technology-driven Single Window Clearance platform called e-Udyami. This system aims to increase transparency and reduce processing times for investors interested in investing in the State.

The Government has contracted a leading global technology company to overhaul the existing Single Window Clearance system. The goal is to fix known issues and limitations while delivering a cutting-edge, modern digital platform that comprehensively supports investors throughout every stage of their investment process in the State.

The new Single Window System will simplify the process for Investors by offering a comprehensive range of features and functionalities.

- Common Application Form (CAF) submitted based on in-principle approval for investors at the district or state level.
- Speed up the time-to-operations for investors by obtaining an Affidavit Based Clearance (ABC) from Karnataka Udyog Mitra, which streamlines initial approvals for starting construction and other preparatory activities.
- Application, amendment, and renewal of over 130+ business services across 30+ departments at the State level, as well as 45 district-level services, all available without leaving the Portal.

- Appropriate integrations with the National Single-Window system & another Central agency system for seamless access
- Wizard-based identification of approvals and clearances required
- Incentive calculators to support informed decision-making
- A multilingual, Generative-AI chatbot to assist investors in obtaining all relevant information related to policies, incentives, approvals, and compliance.
- Enhance investor experience by simplifying forms, removing duplicate information, providing visibility on application status at every stage, and implementing event-based triggers and alerts.
- Fully operational Incentive claim and disbursement module
- Dashboard-based operational visibility, SLA compliance, and threshold-based escalations for government stakeholders at different levels to ensure service delivery assurance and oversight.
- Support for a multilingual and mobile-friendly website
- Query and Grievance Address for Investors

Along with the features mentioned earlier of the Single Window Clearance system, the State Government is dedicated to improving the overall Investor experience and reducing turnaround times through the implementation of measures such as:

- **SLA-Based Service Delivery :** All essential business services required by existing and new investors are mandated to fall under the SAKALA Services Act. This guarantees that services across all departments at the State and District levels follow a clear process, have specified SLAs, and include a formal mechanism for grievance redressal should investors wish to escalate issues. Furthermore, these SLA timelines are regularly reviewed and reduced whenever possible to enhance efficiency.
- The EoDB Coordination Committee, led by the Chief Secretary to the Government, has been formed to oversee the implementation of Ease of Doing Business (EoDB) initiatives across the State. This Committee will continuously monitor the assessment frameworks introduced by the Department for Promotion of Industry & Internal Trade (DPIIT) and ensure that all relevant departments follow a coordinated, timely action plan for effective execution.
- **Constitution of Investment Proposal: Monitoring Committees** To ensure effective tracking, compliance with SLA-based clearances, and smooth inter-departmental coordination, the State is establishing two Committees. The first, chaired by the Chief Secretary/Additional Chief Secretary & Development Commissioner, will oversee all investment proposals approved by the State High Level Clearance Committee (SHLCC) and State Level Single Window Clearance Committee (SLSWCC). The second, led by the Commissioner of Industrial Development, will focus on on-the-ground monitoring, facilitating investments, coordinating between departments, and escalating issues when necessary.

The step by step process for Combined Application Form is available in https://investkarnataka.co.in/wp-content/uploads/2025/02/SWS_Combined-Application-Form_User-Guide-1.pdf also in Annexure 4

4.2. Industry that benefits from the policies

Several industries stand to benefit significantly from the MSME-focused provisions in the Karnataka Industrial Policy 2025–30. The policy emphasizes support for sectors such as textiles and garments, biotechnology, renewable energy, electronics system design and manufacturing (ESDM), automobiles and EVs, food processing, and pharmaceuticals. These industries are supported through a combination of financial incentives (like capital subsidies and production-linked incentives), infrastructure support (such as plug-and-play sheds and reserved land in industrial estates), and non-financial assistance (including vendor development conclaves, quality certification reimbursements, and digital matchmaking platforms). Additionally, the policy promotes inclusive growth by offering targeted support to women entrepreneurs, SC/ST-owned enterprises, and rural artisans, especially in sectors like handicrafts and agro-based industries. This comprehensive approach ensures that MSMEs across diverse sectors can scale, innovate, and integrate into global value chains.

4.3. How is the policy helpful in Export promotion

To promote export readiness, the policy offers 50% reimbursement (up to ₹5 lakh) for international certifications such as CE, HACCP, GMP, SEDEX, and ISO, enabling MSMEs to meet global standards. Additionally, the Vendor Development Conclave and a dedicated digital portal facilitate market access and buyer-seller linkages, helping MSMEs integrate into global supply chains. The policy also includes targeted support for women entrepreneurs, SC/ST-owned enterprises, and rural artisans, especially in sectors like handicrafts and agro-based industries. This comprehensive approach ensures that MSMEs across diverse sectors can scale, innovate, and compete in both domestic and international markets.

4.4. Relevant Links & Contacts for MSME State Specific

Important contacts

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Commissioner Bangalore Development Authority

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E-mail: cmcbdabangalore.org
Website: www.bdabangalore.org

Commissioner Bangalore Metropolitan Region Development Authority (BMRDA)

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5. References

- Karnataka Industrial Policy 2025–30
- Operative Guidelines: Package of Incentives and Concessions under Karnataka Industrial Policy 2025-30, Govt. Letter No. CI 123 SPI 2024, dated 10.04.2026. Department of Industries and Commerce, Government of Karnataka.
- MSME Schemes Compendium: <https://industries.karnataka.gov.in/storage/pdf-files/Compendium%20of%20Government%20of%20India%20&%20Karnataka%20Schemes.pdf>
- <https://ebiz.karnataka.gov.in/ebiz/>

Annexure 1 :

List of Service Enterprises Eligible for Package of incentives and concessions under Industrial Policy 2025-30

⚠ Note (Operative Guidelines CI 123 SPI 2024, dated 10.04.2026): This list is applicable ONLY to projects approved by DLSWCC / SLSWCC / SHLCC. Micro and Small Enterprises are expressly excluded.

1. Powder coating / Chrome plating / Industrial Electroplating/Painting Enterprises, Industrial paintings engaged in job work
2. Weigh bridges set up within the KIADB / KSSIDC industrial areas/estates
3. Material / Product Testing Laboratory
4. Off-set printing, digital printing (excluding digital photo printing, flex printing).
5. Common Effluent Treatment Plant
6. Industrial Hazardous waste management facility
7. General Engineering, Fabrication
8. Flour Mill and Rice Hulling
9. Food and agro-based industries
10. Vehicle Scrapping units with at least an investment of INR 10Cr
11. Dismantling and recycling of batteries
12. Bottling of Liquid Oxygen
13. Plastic, Electronic Waste and Biomedical Waste Recycling
14. Waste to energy generation facilities
15. Healthcare Facilities in the KIADB/KSSIDC Area excluding Base Subsidy or Capital Subsidy
16. Electrolyzer manufacturing
17. Iron ore beneficiation plants
18. Green Hydrogen, Green Ammonia and Green Methanol manufacturing
19. Solar cells manufacturing – standalone and with modules
20. Li-ion cell manufacturing

Annexure 2 :

List of Industrial Activities / Enterprises Not Eligible for Incentives and Concessions

1. Breweries & Distilleries of all types for human consumption alcohol excluding winery and ethanol plants established as integral part of fuel manufacturing process
2. Khandasari and Jaggery making enterprises not certified by FSSAI with investment less than INR 1Cr
3. Photo Studios & Colour Processing and instant photo printing Enterprises

4. Photocopying / Xerox Machines / Fax Machines / Data Entry / Data Recovery enterprises.
5. Fertilizer mixing Units
6. All types of Sawmills excluding manufacture of particle board/Low-Density Fiber Board(LDF)/ Medium Density Fiberboards (MDF)/High-Density Fiberboards (HDF).
7. Beedies / Cigarettes / Cigars / Gutka & Tobacco based products manufacturing enterprises.
8. Azoic / Reactive Dyes manufacturing enterprises.
9. Firecracker manufacturing enterprises.
10. Industries manufacturing Ozone-depleting substances.
11. Laundries including Power Laundries.
12. Brick-making Enterprises excluding Hydraulic press, Cement Hollow / Solid Blocks, Wire Cut, Fly Ash Bricks, and Refractory Bricks.
13. Poultry including hatcheries.
14. Popcorn Manufacturing.
15. Coffee roasting and grinding units having installed capacity of less than 2MT a day.
16. Clock and Watch / Mobile / Computer and Hardware equipment repair enterprises.
17. Cassette recording [Audio & Video] enterprises.
18. Cyanide Manufacturing enterprises.
19. Mining activity.
20. Lime kiln / burnt lime units.
21. X-ray clinics, clinical/pathological laboratories, and scanning, and MRI testing enterprises.
22. All industries of mobile nature like rigs, concrete/tar mixing plants/hot-mix plants including site-oriented plants/industries.
23. Units engaged in the manufacture of Chrysolite Asbestos (White Crystal).
24. All types of Saloon / Spas / Massage Centres etc.
25. All types of hotels/restaurants/resorts/amusement parks etc.
26. Vermi compost
27. Roof-top solar power generation
28. Bottling of LPG and other gases
29. Aggregators /supply chain business Enterprises related to/supporting bio-fuel manufacturing units

⚠ Note (Operative Guidelines CI 123 SPI 2024, dated 10.04.2026): Notwithstanding the above negative list, the eligible subsidy will be extended to new investments made in establishing Effluent Treatment Plants (ETPs), in recognition of their contribution to the environment.

Annexure 3 : Zones

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
1	Bengaluru (U)	5			Anekal Bengaluru (N) Bengaluru (S) Yelahanka
2	Bengaluru (R)	4			Bengaluru (E) Devanahalli Doddaballapura Hoskote Nelamangala
3	Bengaluru (S) (Ramanagara)	5	Magadi Channapatna Kanakapura	Harohalli Ramanagara	
4	Chitradurga	6	Holalkere Hiriyur Hosadurga Molkalmuru	Chitradurga Challakere	
5	Davanagere	6	Channagiri Jagalur Honnali Nyamati	Davanagere Harihar	
6	Chikkaballapura	8	Gudibande Bagepalli Chickaballapura Siddlaghatta Manchenahalli Cheluru	Chintamani Gowribidanur	
7	Kolar	6	Srinivasapura Bangarpet KGF Mulbagal	Kolar Malur	
8	Shivamogga	7	Soraba Sagar Hosanagara Shikaripura Thirthahalli	Shivamogga Bhadravathi	
9	Tumakuru	10	Madhugiri Turuvekere Koratagere	Tumakur Kunigal Sira	

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
10	Chamarajanagar	5	Gubbi Pavagada Chikkanayakanahalli Yelandur Gundlupet Hanur Chamarajanagar Kollegal	Tiptur	
11	Chikkamagaluru	9	Mudigere Shringeri Koppa Tarikere Ajjampur N R Pura Kalasa	Kadur Chikkamagaluru	
12	Dakshina Kan-nada	9	Belthangadi Puttur Sulya Ullal Mulki Kadaba	Bantwal Moodbidri Mangaluru	
13	Hassan	8	Arakalgud Belur Alur H N Pura Sakleshpura	Hassan Arasikere C R Patna	
14	Kodagu	5	Madikeri Somwarpet Virajpet Ponnampete Kushalnagar		
15	Mandya	7	Pandavapura Nagamangala Malavalli K R Pet	Srirangapatna Mandya Maddur	
16	Mysuru	9	K R Nagara	Nanjangud	

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
17	Udupi	7	Hunsur T Narisipura Periyapatna H D Kote Saligrama Saraguru Baindur Kapu Hebri	Mysuru Karkala Udupi Kundapura	
18	Bagalkote	10	Bhramhavara Bilagi Badami Mudhol Jamkhandi Hunagund Guledgudda Rabakavi-Banahatti Terdal Ilkal		
19	Belagavi	15	Bagalkote Bailhongal Belagavi Soundathi Chikkodi Raibag Khanapur Ramdurg Hukkeri Athani Gokak Nippani Kagavada Mudalgi Yaragatti Kittur Sindgi Indi Muddebihal		

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
20	Vijayapura	13	B Bagewadi Alamela Babaleshwar Nidagundi Vijayapura Tikota Chedachana Kolhar Devarahipparagi Talikote Navalgund Dharwada Hubballi (U) Hubballi (R)		
21	Dharwad	8	Kalghatagi Kundaghol Annigeri Alnavar Mundargi Nargund		
22	Gadag	7	Ron Shirahatti Gajendragad Lakshmeshwar Gadag Savanur Shiggaon		
23	Haveri	8	Hirekerur Hanagal Ranebennur Byadagi Rattihalli Haveri		
24	Uttara Kannada	12	Honnavar Sirsi Mundagod Yellapura Siddapura Haliyal		

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
25	Ballari	5	Joida Bhatkal Ankola Kumta Dandeli Karwar Sandur Ballari Siraguppa Kurugodu Kampli		
26	Bidar	8	Bhalki Bidar Humnabad Basava Kalyana Aurad Chitaguppa Hulusur		
27	Kalaburagi	11	Kamala Nagar Afzalpur Kalaburagi Aland Jewargi Sedam Chittapur Chincholi Kalagi Kamalapur Yedrami Shahabad		
28	Yadgiri	6	Yadgiri Shahapur Shorapur Hunasagi Vadagera Gurumitkal		
29	Koppal	7	Kushtagi Yelburga Gangavathi		

Sl. No.	Districts	Total No. of Talukas	Zone 1	Zone 2	Zone 3
30	Raichur	8	Kukkunur Karatagi Kanakagiri Koppal Sindhanur Raichur Manvi Arakera Lingasugur Devadurga Maski		
31	Vijayanagara	6	Siravara H B Halli Hospete Hadagali Kudligi Kottur Harappanahalli		
Total		240	199	32	9

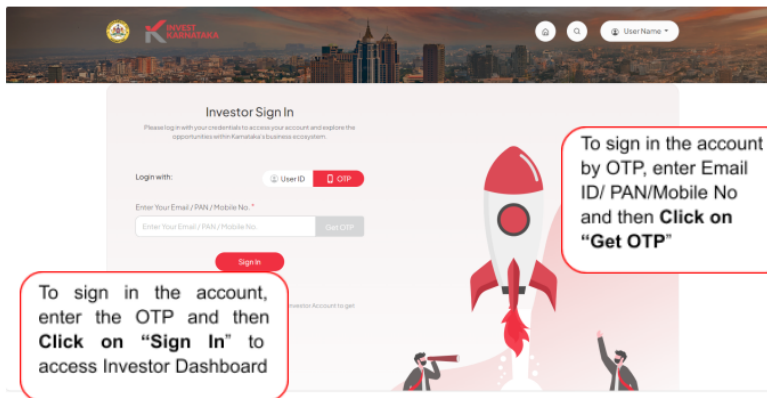
Annexure 4 :

This document outlines the features and functionalities of the Combined Application Form (CAF) that an investor needs to fill for establishing new industrial units in Karnataka, as well as for the expansion, diversification, and modernization of existing industrial units in the state.

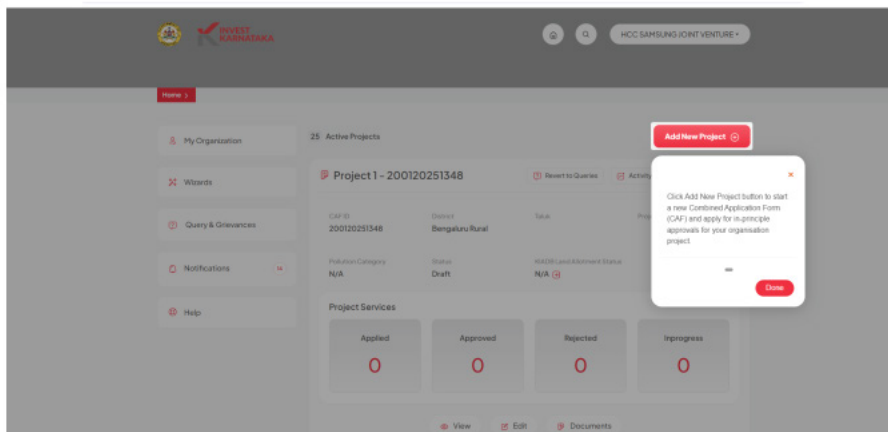
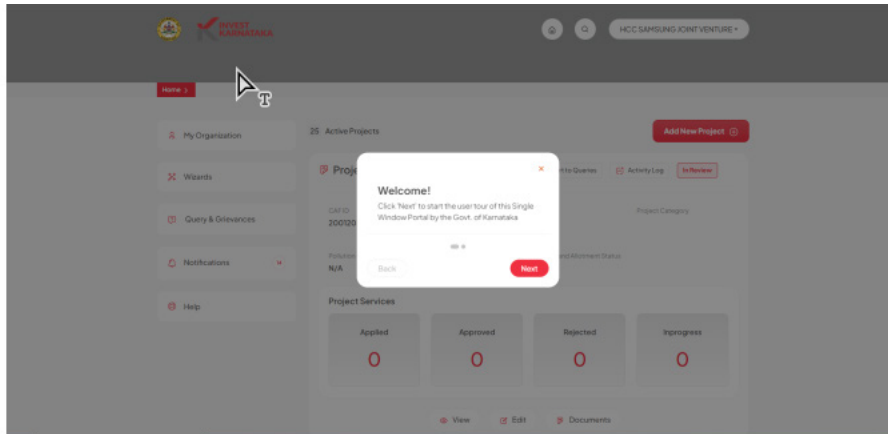
➤ Investor Login

Click the **Login** button to access account.

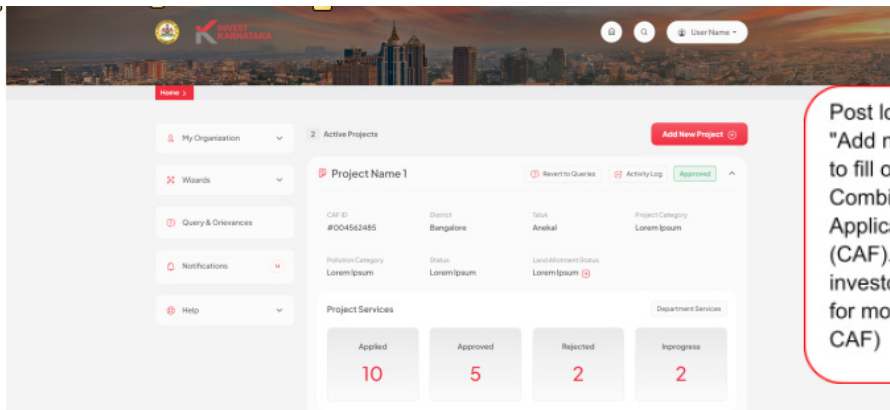




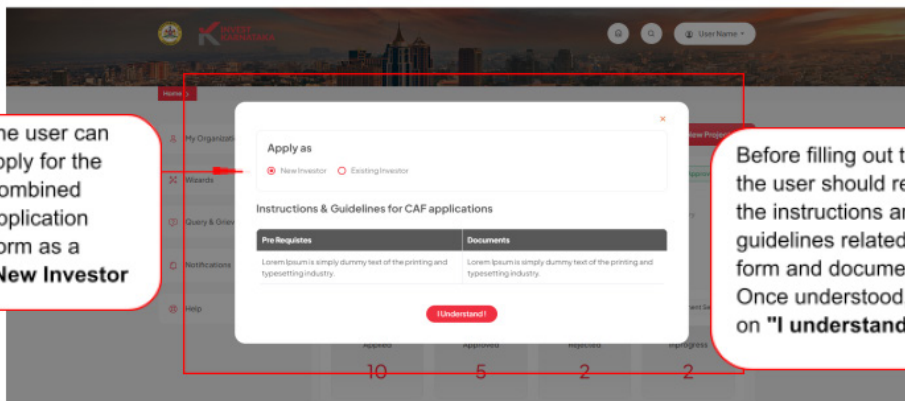
➤ **Investor Dashboard**



➤ Add New Project

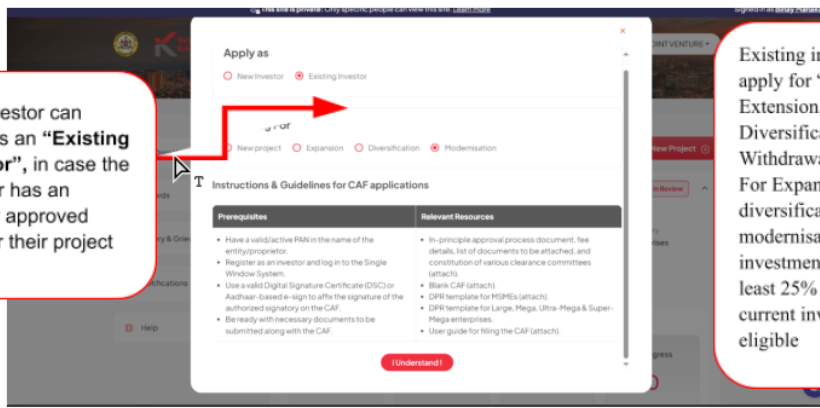


Post login, select "Add new project" to fill out the new Combined Application Form (CAF). (An investor can apply for more than one CAF)



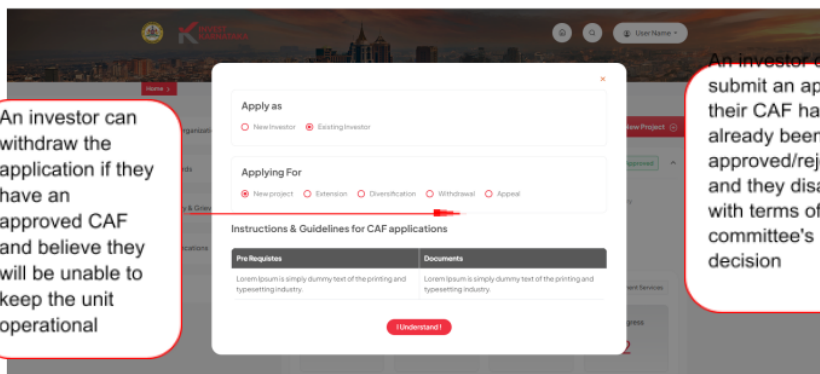
The user can apply for the Combined Application Form as a "New Investor"

Before filling out the CAF, the user should review the instructions and guidelines related to the form and documents. Once understood, click on "I understand"



The investor can apply as an "Existing Investor", in case the investor has an already approved CAF for their project

Existing investor can apply for "New Project", Extension, Diversification, Withdrawal and Appeal. For Expansion, diversification and modernisation the investment should be at least 25% more than the current investment to be eligible

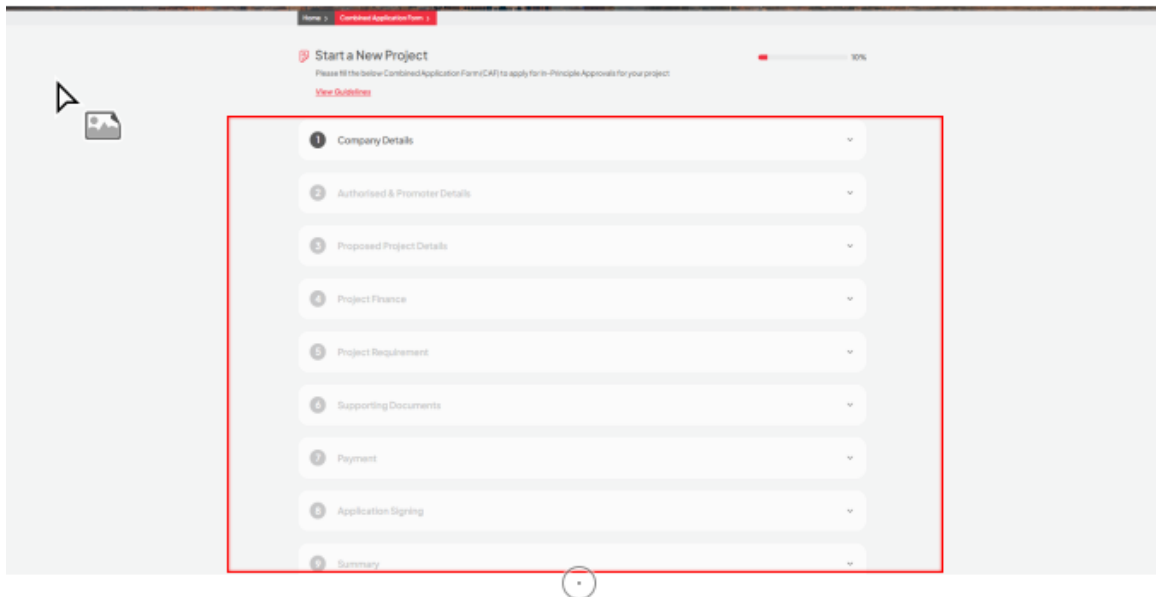


An investor can withdraw the application if they have an approved CAF and believe they will be unable to keep the unit operational

An investor can submit an appeal if their CAF has already been approved/rejected and they disagree with terms of committee's decision

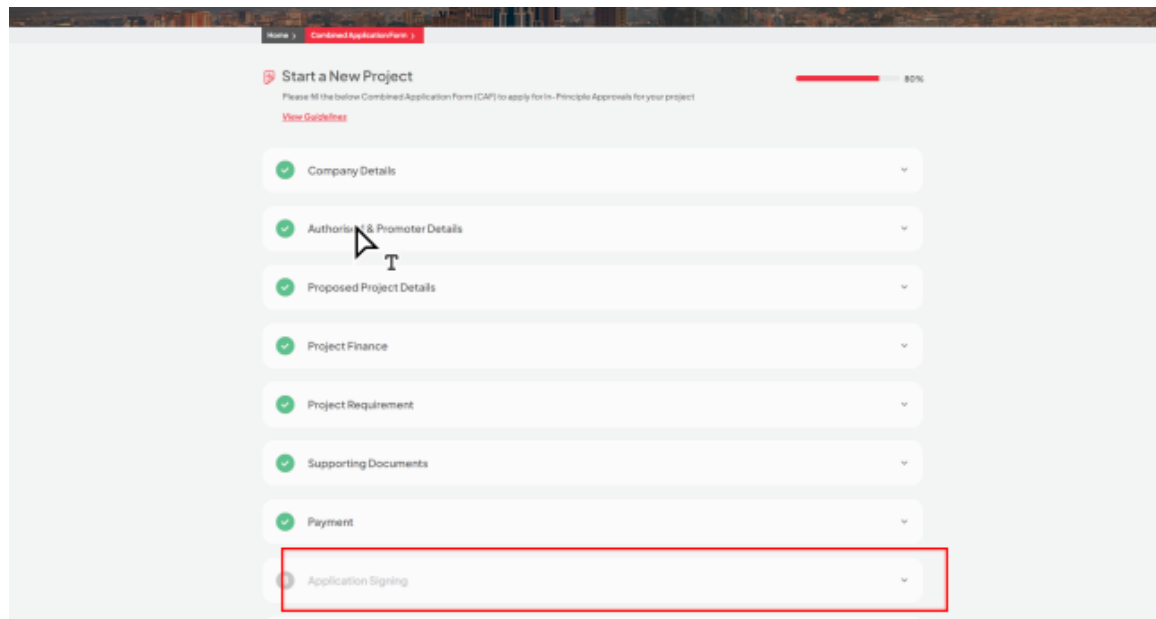
➤ **Combined Application Form**

The Combined Application Form consists of 9 sections and the investor must complete all the sections to submit the application.



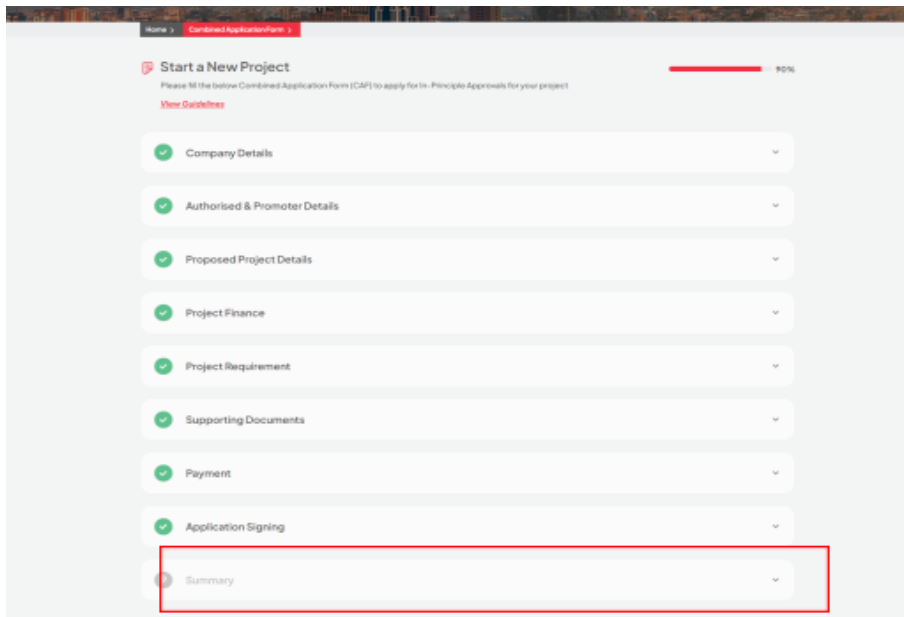
➤ **Application Signing**

Note: The investor can sign the application in two ways: either using DSC or through Aadhar

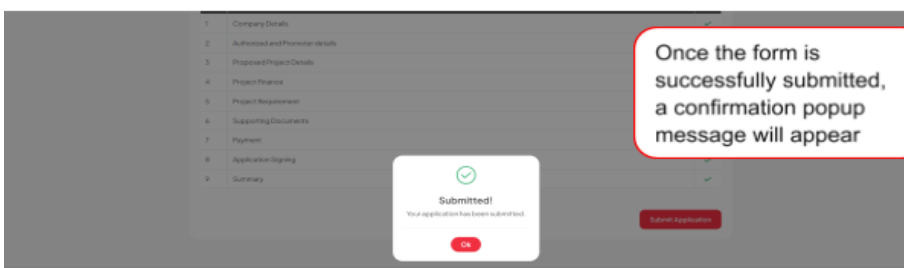
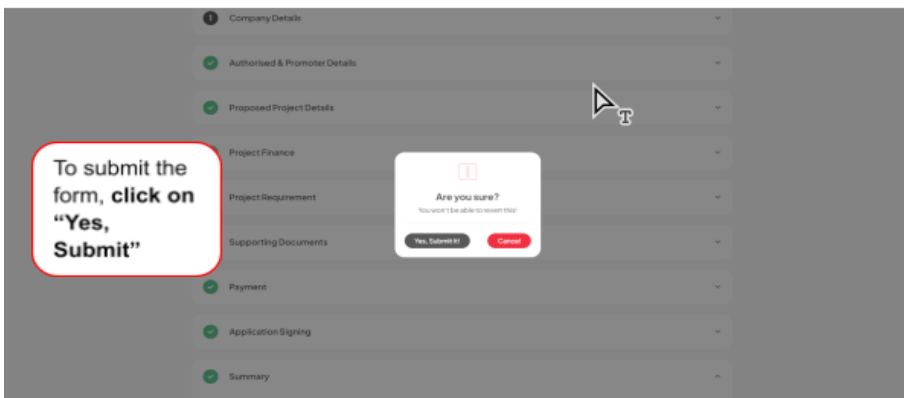
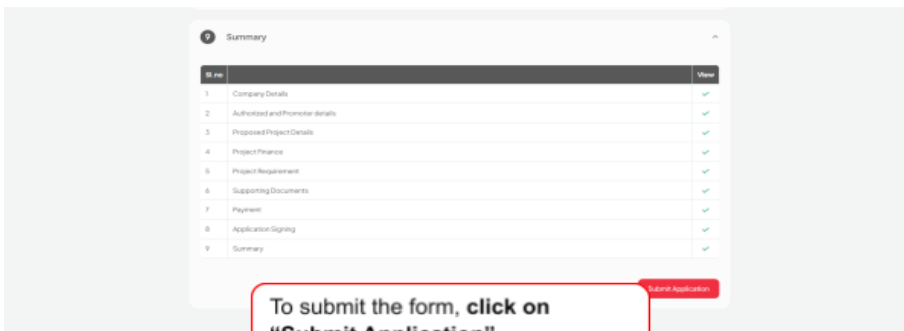


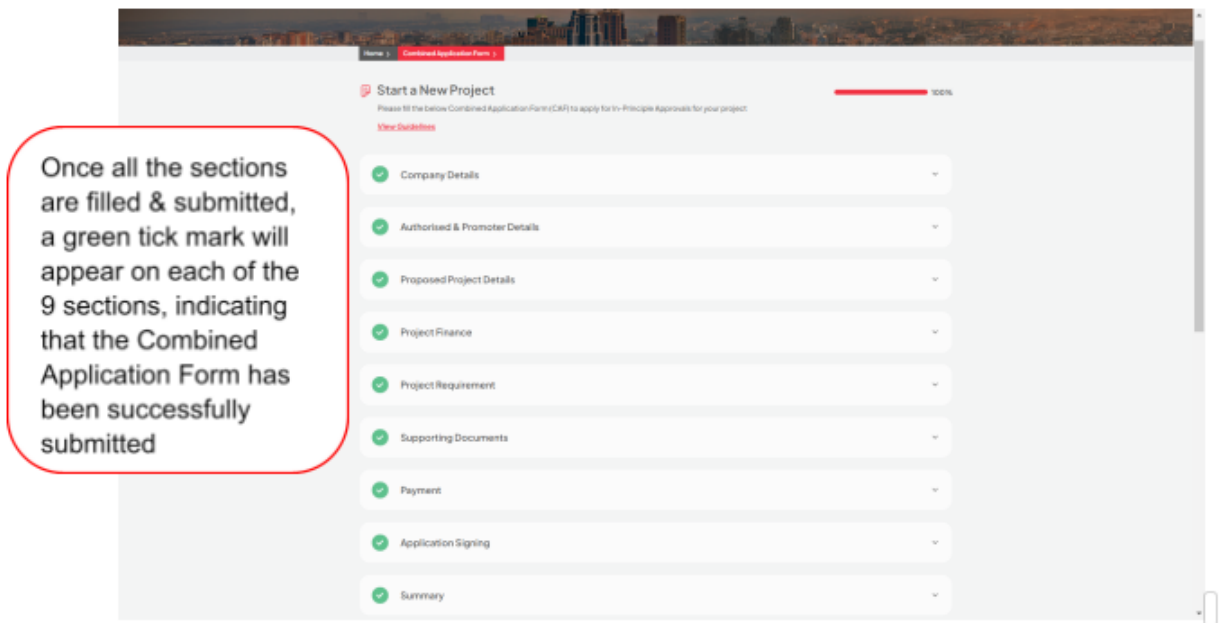
If the investor signs the application using DSC, they should select the **DSC** option and enter the token number, certification, password, and then **click on "Next."**

➤ Summary



➤ Submit





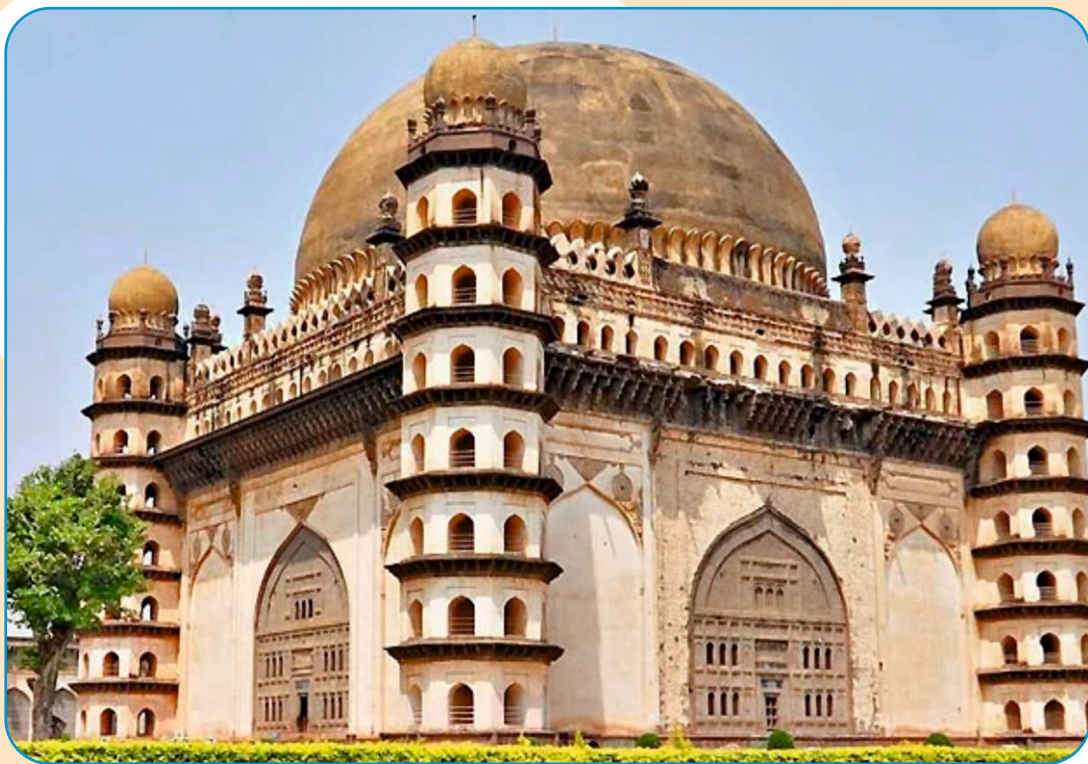
FAQ

Sno	Question	Answer
1	Are there any special provisions for women entrepreneurs?	Yes. Women are considered as Special Category and additional benefits are given across all the incentives
2	Does the State offer subsidies or incentives for specific industries?	Yes. Sector-specific incentives are available for IT/ESDM, textiles, biotech, renewable energy, EVs, aerospace, pharma, FMCG, and more. Each sector has a dedicated policy or is covered under the Industrial Policy 2025–30.
3	What are the State’s export promotion measures?	Karnataka supports MSMEs with 50% reimbursement (up to ₹5 lakh) for international certifications (CE, HACCP, GMP, etc.). It also promotes SEZs, has a strong logistics network, and ranks as India’s top exporting state (2023–24).
4	What funding or financial assistance is available for entrepreneurs?	MSMEs can avail capital subsidies. Please refer 3.1 to 3.11 for the details
5	How can startups/MSMEs benefit from incubation and innovation support in the State?	Karnataka supports startups via incubators, CoEs (e.g., Industry 5.0), and the Elevate 100 program. MSMEs can access Common Facility Centres (CFCs) for R&D, prototyping, and testing.

6	Are there tax exemptions or financial relaxations under this policy?	Yes. MSMEs are eligible for: <ul style="list-style-type: none"> • 100% stamp duty exemption (Zones 1 & 2) • Land conversion fee reimbursement • Electricity duty waiver (up to 8 years) • Power subsidy (₹1/unit for 3 years) • Concessional registration charges • SGST reimbursement (Please refer 3.1 to 3.11 for the details)
7	What is the process to apply for these schemes or benefits?	Applications are processed through the e-Udyami Single Window Clearance System managed by Karnataka Udyog Mitra . MSMEs can also use the Affidavit-Based Approval System (ABAS) for quick setup.
8	Which nodal agency/department implements this policy?	The Department of Industries & Commerce , Government of Karnataka, is the nodal agency. The MSME Directorate and Karnataka Udyog Mitra support implementation.
9	Who are the key contact persons for assistance?	<ul style="list-style-type: none"> - Director (MSME): commissioner-msme@karnatakaindustry.gov.in - Karnataka Udyog Mitra: md@kumbangalore.com - Website: www.investkarnataka.co.in
10	How does this policy align with Central Government initiatives?	The policy complements Startup India, Make in India, Digital India , and MSME Schemes by offering aligned incentives, promoting innovation, and supporting sustainable, inclusive industrial growth.

(Footnotes)

1 Refer Annexure 3 for the Zones



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

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Startup Portal:
startup.icai.org



MSME Portal:
msme.icai.org