

Karnataka

NOVEMBER
2011

THE SILICON VALLEY OF INDIA



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Karnataka

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THE SILICON VALLEY OF INDIA

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Karnataka Factfile



Source: Maps of India

- Some of the prominent cities in the state are Ankola, Bengaluru, Bagalkot, Belgaum, Bidar, Bijapur, Chikmagalur, Chitradurga, Dandeli, Hubli-Dharwad, Mangalore, Mysore and Shimoga.
- Karnataka has a tropical climate with three major seasons: warm and dry from February to May, monsoon from June to October and winter from November to January.

Parameters	Karnataka
Capital	Bengaluru
Geographical area (sq km)	191,791
Administrative districts (No)	30
Population density (persons per sq km)*	319
Total population (million)*	61
Male population (million)*	31
Female population (million)*	30
Sex ratio (females per 1,000 males)*	968
Literacy rate (%)*	75.6

- Karnataka is located in the Southern region of India. It is surrounded by the Arabian Sea in the West, Goa in the Northwest, Maharashtra in the North, Andhra Pradesh in East, Tamil Nadu in the Southeast, and Kerala in the Southwest.
- Languages spoken are Kannada, Tulu, Kodava, Hindi and English.

Sources: Economic Survey of Karnataka 2010-11,
*Provisional Data – Census 2011

Karnataka in Figures ... (1/2)

Parameter	Karnataka	All-States	Source
Economy			
GSDP as a percentage of all states' GSDP	5.8	100	CMIE, as of 2009-10, current prices
Average GSDP growth rate (%)*	15.0	15.5	CMIE, 2004-05 to 2009-10, current prices
Per capita GSDP (US\$)	1,209.4	1,302.4	CMIE, as of 2009-10, current prices
Physical Infrastructure			
Installed power capacity (MW)	11,546.1	173,626.4	Central Electricity Authority, as of March 2011
GSM cellular subscribers (No)	35,331,929	618,284,322	Cellular Operators Association of India, as of September 2011
Broadband subscribers (No)	1,129,392	10,737,850	Ministry of Communications & Information Technology, as of November 2010
National Highway length (km)	4,396	70,934	Ministry of Road Transport & Highways, Annual Report 2010-11
Major and minor ports (No)	1 + 10	12 + 187	Indian Ports Association
Airports (No)	7	133	Airport Authority of India

*Calculated in Indian Rupee Terms

Karnataka in Figures ... (2/2)

Parameter	Karnataka	All-States	Source
Social Indicators			
Literacy rate (%)	75.6	74.0	Provisional Data – Census 2011
Birth rate (per 1,000 population)	19.5	22.5	SRS Bulletin, 2009
Investment			
FDI Equity inflows (US\$ billion)	8.3	132.9	Department of Industrial Policy and Promotion, April 2000 to April 2011
Outstanding Investments (US\$ billion)	517.8	7449.3	CMIE (2009-10)
Industrial Infrastructure			
PPP projects (No)	107	808	www.pppindiaatabase.com
SEZs (No)	36	380	Notified as of October 2011, www.sezindia.nic.in

PPP: Public-Private Partnership, SEZ: Special Economic Zone, SRS: Sample Registration System

Advantage Karnataka ... (1/2)

Hub for Knowledge-Based Industries

Karnataka has emerged as a key state with knowledge-based industry such as IT, biotechnology and engineering. The state also leads in electronics, computer software and biotechnology exports, with US\$ 19.13 billion for 2009-10. It is the science capital of India with more than 100 Research and Development (R&D) centres, and a preferred destination for multinational corporations with more than 650 such companies.

Policy and Fiscal Incentives

The state offers a wide range of fiscal and policy incentives for businesses under the New Industrial Policy, 2009-14. Additionally, the state has well drafted sector-specific policies for biotechnology, IT, Business Process Outsourcing (BPO) and textiles.

Facilitating Infrastructure

The state has well-developed social, physical and industrial infrastructure and virtual connectivity; has good supply and distribution of power, seven airports and substantial port infrastructure (one major and ten minor ports).

Advantage Karnataka ... (2/2)

High Economic Growth

State's average GSDP growth rate between 2004-05 and 2009-10 was about 13.9 per cent

Stable Political Environment

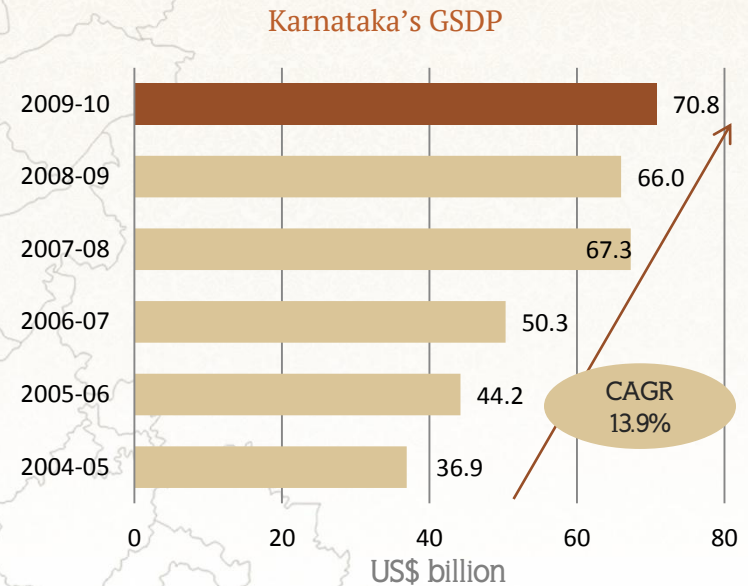
The state has a stable political environment. Successive state governments have realised the importance of industries in the state and have provided conducive business environment to attract domestic as well as foreign entities.

Rich Labour Pool

The state has successfully attracted skilled labour, especially, in the knowledge sector. It is among the states that produce a large number of doctors, engineers and medical technicians in the country.

Economic Snapshot – GSDP

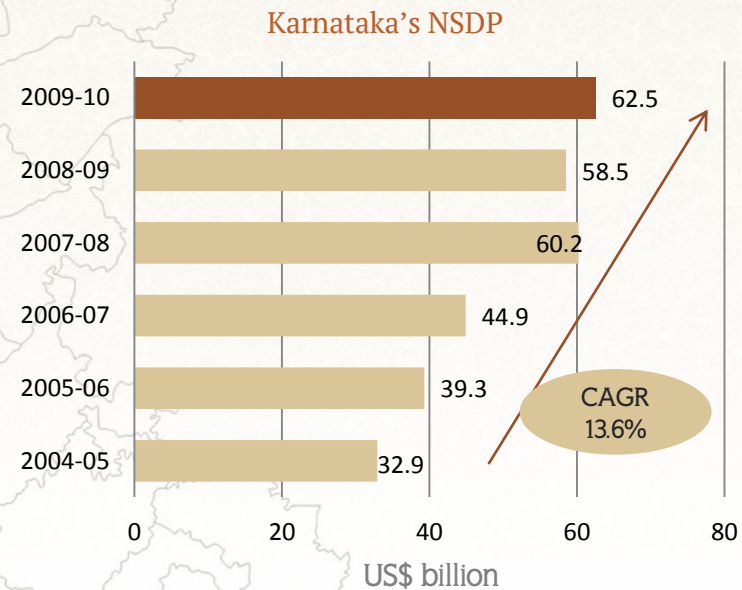
- At current prices, the Gross State Domestic Product (GSDP) of Karnataka was about US\$ 70.8 billion in 2009-10.
- The average GSDP growth rate between 2004-05 and 2009-10 was about 13.9 per cent.



Source: CMIE

Economic Snapshot – NSDP

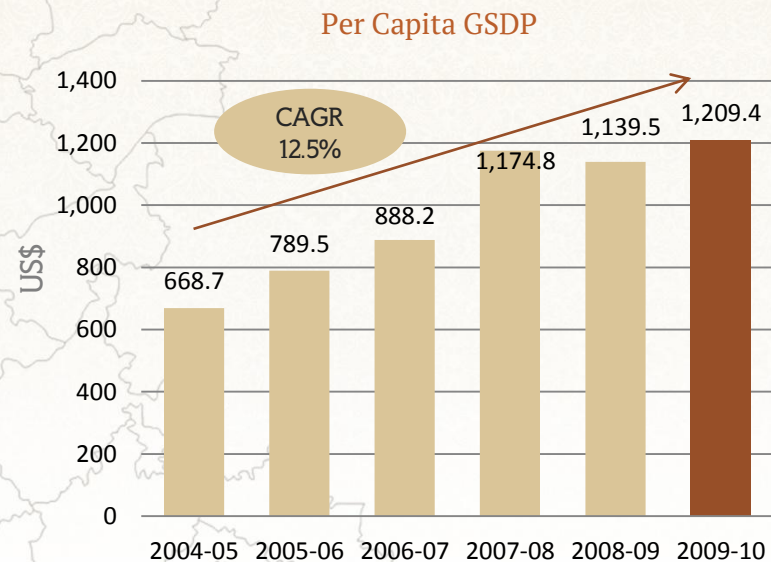
- The Net State Domestic Product (NSDP) of Karnataka was about US\$ 62.5 billion in 2009-10.
- The average NSDP growth rate between 2004-05 and 2009-10 was 13.6 per cent.



Source: CMIE

Economic Snapshot – Per Capita GSDP

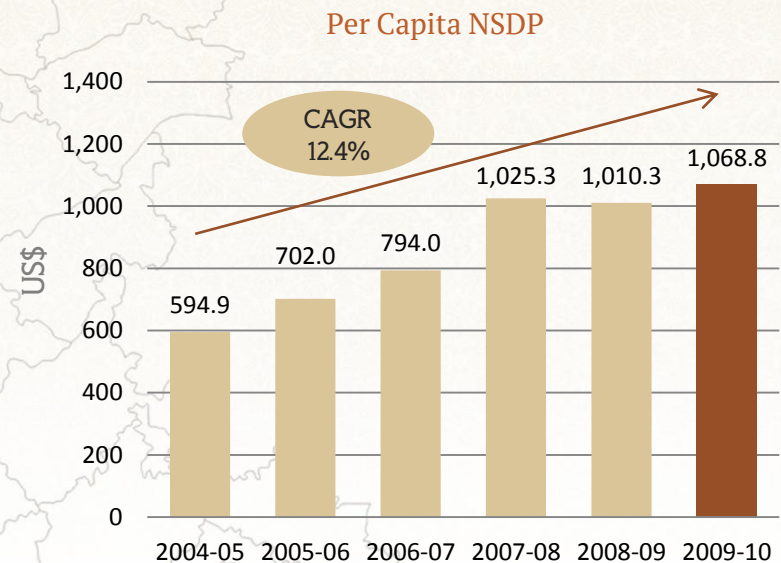
- The state's per capita GSDP in 2009-10 was US\$ 1,209.4.
- The per capita GSDP increased at a CAGR (Compound Annual Growth Rate) of 12.5 per cent between 2004-05 and 2009-10.



Source: CMIE

Economic Snapshot – Per Capita NSDP

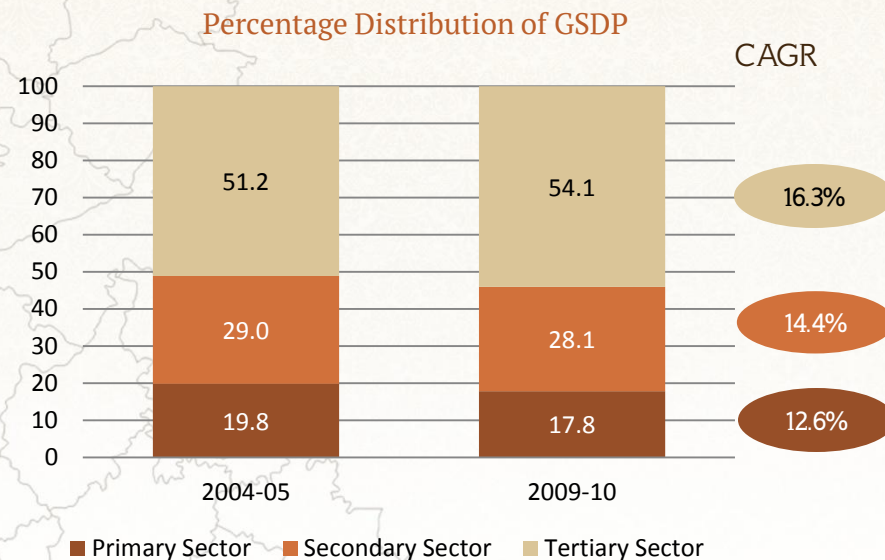
- The state's per capita NSDP in 2009-10 was US\$ 1,068.8.
- The per capita NSDP increased at a CAGR of 12.4 per cent between 2004-05 and 2009-10.



Source: CMIE

Economic Snapshot – Percentage Distribution of GSDP

- In 2009-10, the tertiary sector contributed 54.1 per cent to the state's GSDP at current prices, followed by secondary sector (28.1 per cent) and tertiary sector (17.8 per cent).
- At a CAGR of 16.3 per cent, the tertiary sector has been the fastest growing among the three sectors from 2004-05 to 2009-10. The growth has been driven by trade, hotels, real estate, finance, insurance, transport, communications and other services.
- The secondary sector grew at a CAGR of 14.4 per cent between 2004-05 and 2009-10. It was driven by manufacturing, construction and electricity, gas and water supply.
- The primary sector grew at a CAGR of 12.6 per cent between 2004-05 and 2009-10.

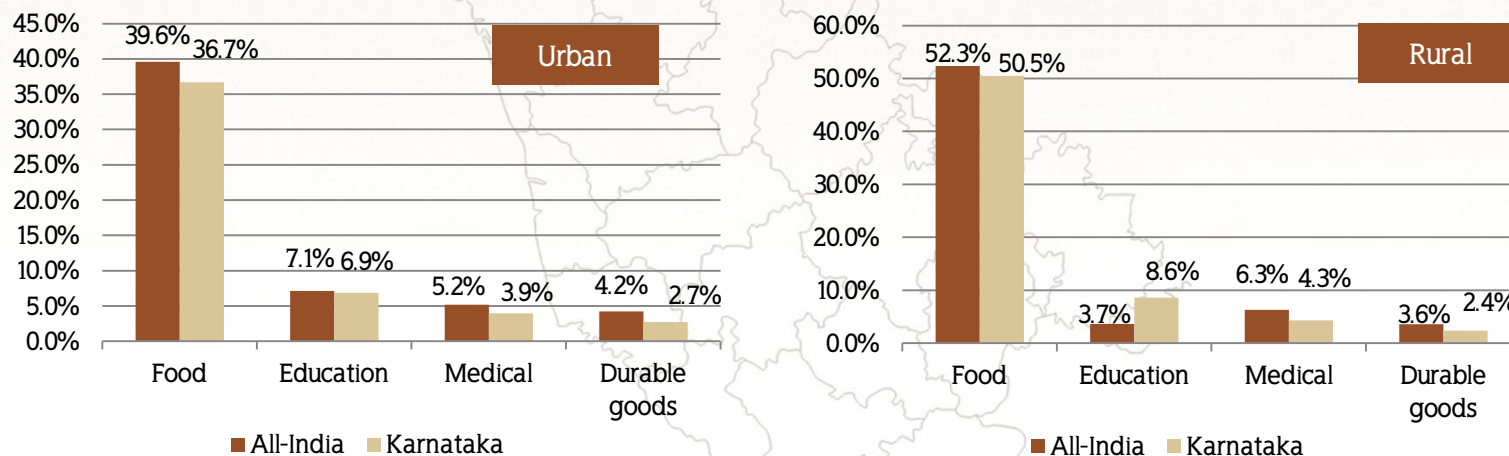


Source: CMIE

Economic Snapshot – Consumer Expenditure on Household Goods and Services

- Rural Karnataka is ahead as compared to all-India in share of per capita expenditure on education.
- With regards to share of expenditure on food, the state is comparable to the all-India level.

Share of Average Monthly Per Capita Expenditure on Household Goods and Other Services



Source: Household Consumer Expenditure in India, 2007-08 NSS 64th Round

Economic Snapshot – Agricultural Production

- Sugarcane was the major crop of the state with production of 30.44 million tonnes in 2009-10.
- In 2009-10, the total food grain production was about 10.95 million tonnes.
- In 2009-10, the total oilseeds production was about 1.0 million tonnes.
- The total production of cereals and minor millets was 9.83 million tonnes in 2009-10.

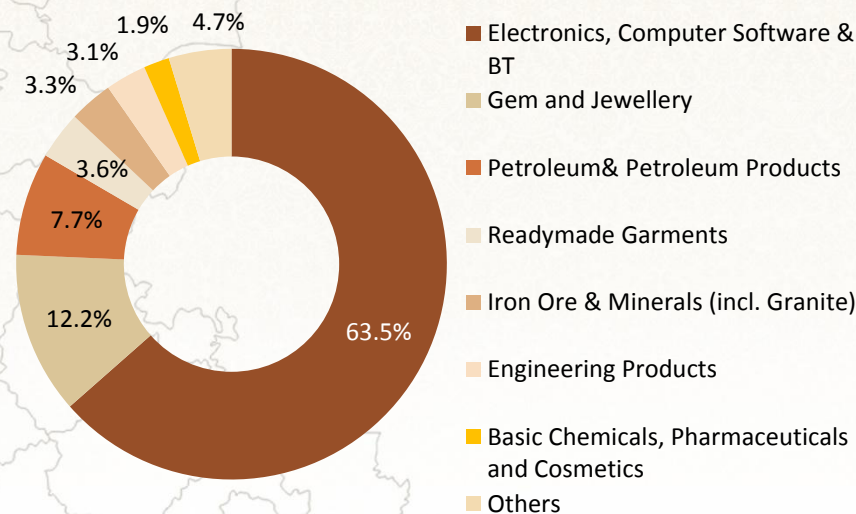
Crop	Annual Production in 2009-10 (P) ('000 tonnes)
Sugarcane	30,443
Rice	3,692
Maize	3,014
Coconut*	2,182
Sorghum (Jowar)	1,406
Groundnut	511
Potato	460.3
Wheat	251
Coffee	205
Dry Chilies	144

Source: Economic Survey of Karnataka 2010-11,
Indian Horticulture Database 2010
*'000 Nuts
P - Provisional

Economic Snapshot – Exports

- During 2009-10, the total export from the state stood at US\$ 30.1 billion which is approximately 13 per cent of India's total export.
- The exports of electronic and computer software, basic chemicals, pharmaceuticals and cosmetic, gem & jewellery, marine products, plastic goods have increased significantly in 2009-10 as compared to the previous year.
- The software exports from the state were US\$ 16.0 billion in 2009-10.
- Karnataka exported US\$ 925.2 million worth of engineering products during 2009-10.

Break up of Exports by Sector

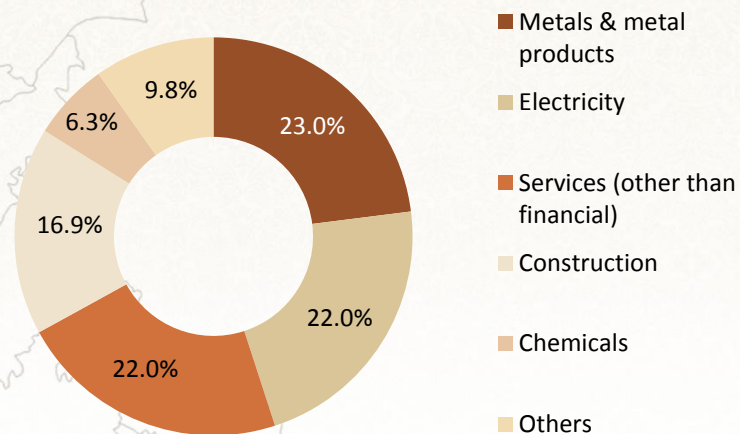


Source: Economic Survey of Karnataka 2010-11
BT: Biotechnology

Economic Snapshot – FDI Inflows & Investments

- According to the Department of Industrial Policy & Promotion, the cumulative FDI inflows from April 2000 to April 2011 amounted to US\$ 8.3 billion.
- FDI inflows from April 2010 to March 2011 stood at US\$ 1.3 billion.
- In 2009-10, outstanding investments in the state were US\$ 517.8 billion.
- Of the total investments, the metal & metal products sector accounted for the maximum investment of 23 per cent followed by electricity with 22 per cent.

Break up of Outstanding Investments by Sector (2009-10)



Others include Food & beverages, Textiles, Mining and Machinery

Source: CMIE

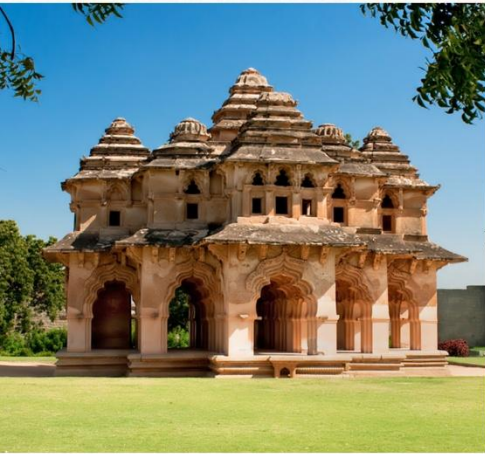
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Physical Infrastructure – Roads



Source: Maps of India

- The state is well connected to its five neighbouring states and other parts of India via 15 National Highways that run through the state.
- The Karnataka Road Development Corporation Ltd (KRDCL) has been created as a state owned enterprise for the development of road infrastructure facilities in the state.
- Under Karnataka State Highways Improvement Project (KSHP-I), 2414 Km of State Highways and Major District roads were taken up for development. Of this, a length of 2394 Km have been developed.
- The Karnataka State Road Transport Corporation (KSRTC), established in August 1961, provides state road transport services.

Road Type	Road Length (km)
National Highways	4,396
State Highways	20,528
Major District roads	50,436

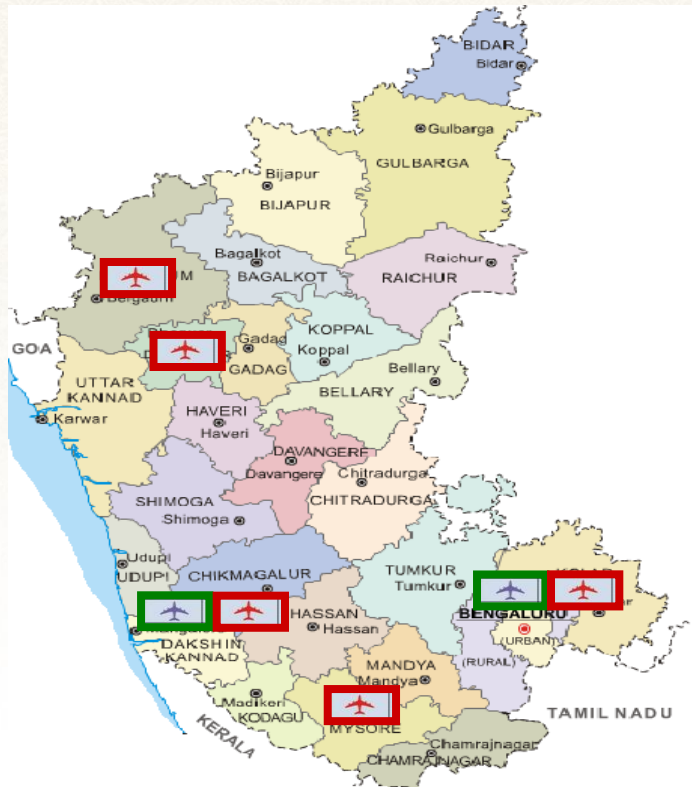
Sources: Economic Survey of Karnataka 2010-11,
Ministry of Road Transport & Highways,
Annual Report 2010-11

Physical Infrastructure – Railways

- Karnataka is well-connected to other parts of the country via the railways. As of 2009-10, the state had railway network of 3,244 km.
- Intra-state rail connectivity, especially, on the key lines for passenger and freight movements, needs to be augmented.
- Karnataka Rail Infrastructure Development Corporation (K-RIDE) has been set up with the objective of developing and implementing rail infrastructure projects in Karnataka with private sector participation wherever feasible.
- K-RIDE has a Chief Executive Officer deputed from the Railways Department and Principal Secretary, Infrastructure Development Department as its Chairman.

Source: Economic Survey of Karnataka 2010-11

Physical Infrastructure – Airports



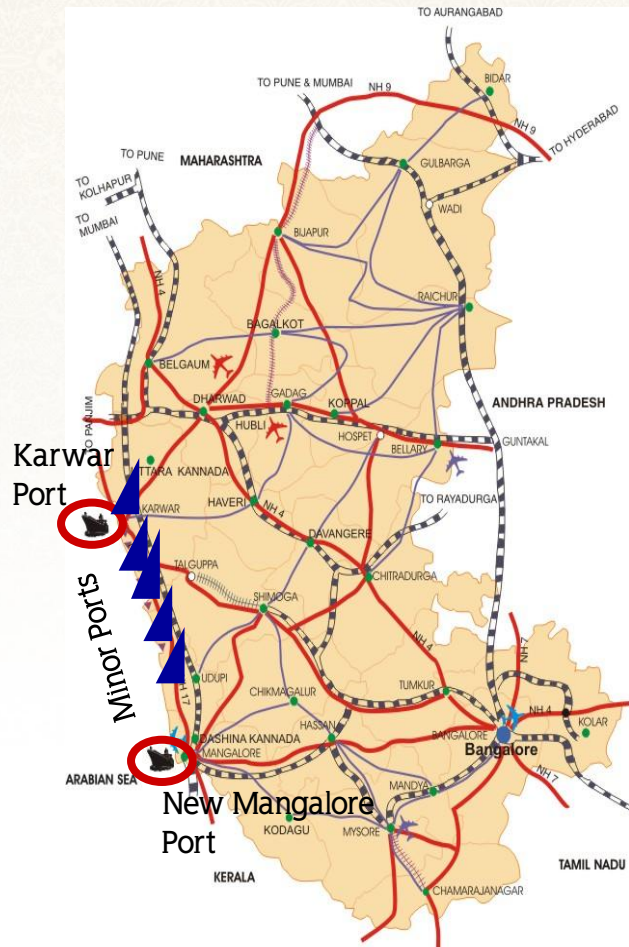
International airport



Domestic airport

- The state has five domestic airports. They are located in Bengaluru, Mangalore, Hubli, Mysore and Belgaum.
- International flights operate from the airports at Bengaluru and Mangalore.
- Bengaluru International Airport; the country's first Green Field International Airport has been developed at Devanahalli in Bengaluru as a passenger and cargo department hub. It was developed under Public Private Partnership (PPP) model and started operations in May 2008.
- During 2009-10, The New Bengaluru International Airport handled 9.9 million passengers.
- Minor airports at Shimoga, Gulbarga, Bijapur and Hassan are being developed on PPP mode through private promoters.
- The existing airport at Hubli is being upgraded to international standards.

Physical Infrastructure – Ports

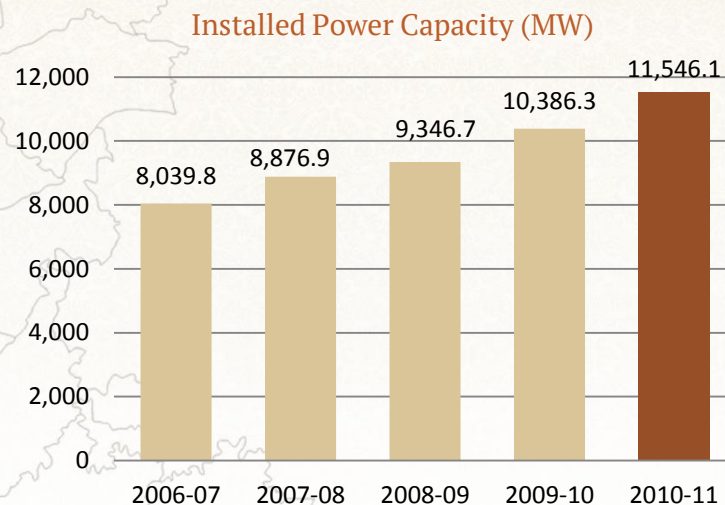


- There are 11 ports in Karnataka, of which new Mangalore is a major port.
- Major cargo have been handled by Karwar, Belikeri, Malpe and old Mangalore ports in 2009-10. Among them, the cargo handled by Belikeri port was significantly high as compared to other ports.

Ports	
Major Ports	<ul style="list-style-type: none"> • New Mangalore Port
Minor Ports	<ul style="list-style-type: none"> • Karwar • Belekeri • Tadri • Honnavar • Bhatkal • Kundapur • Hangarkatta • Malpe • Padubidri • Old Mangalore

Physical Infrastructure – Power ... (1/2)

- As of March 2011, the state had an installed power capacity of 11,546.1 MW which consisted of 6,614.8 MW of state share, 3,515.5 MW of private share and 1,415.7 MW of central share.
- Of the total installed power capacity, 5,075.2 MW was contributed by thermal power. 254.8 MW and 2,616.1 MW was contributed by nuclear and renewable capacity respectively. Hydro power contributed the rest of 3,599.8 MW of capacity.
- The Government has taken steps to undertake several new small, medium and large sized power projects.
- Karnataka Renewable Energy Development Limited (KREDL) was established in 1996 to promote the development of renewable energy sources in the state.



Source: Central Electricity Authority

Physical Infrastructure – Power ... (2/2)

- State-owned power generation in Karnataka is managed by:
 - Karnataka Power Corporation Limited (KPCL)
- Power transmission is overseen by:
 - Karnataka Power Transmission Corporation Limited (KPTCL)
- Karnataka has five electricity supply companies:
 - Bengaluru Electricity Supply Company (BESCOM)
 - Mangalore Electricity Supply Company (MESCOM)
 - Hubli Electricity Supply Company (HESCOM)
 - Gulbarga Electric Supply Company (GESCOM)
 - Chamundeshwari Electric Supply Corporation (CESCOM)

Physical Infrastructure – Telecom

- Leading telecom companies operate in the state in the sectors of telecommunication network, basic telephony services (both wireline and wireless) and networking services for telecommunication equipment.
- According to Department of Telecommunications, Government of India, there were 46.0 million wireless connections and 2.74 million wire-line subscribers in Karnataka, as of December 2010.
- The entire state is networked via Optic-Fibre Cables (OFC) of the state-owned company, Bharat Sanchar Nigam Limited (BSNL) as well as private companies like Bharti, Reliance, VSNL and TATA Tele Services.
- Last Mile Access is provided by BSNL as well as TATA Tele Services in various parts of the state. Bharti and Reliance Communications provide the last-mile access, directly to the customers in all major cities of Karnataka.

Telecom Infrastructure (December 2010)

GSM Cellular Subscribers	35,331,929*
Broadband Subscribers	1,129,392**
Post Offices	9,820^
Telephone Exchanges	2,789
Wireless Subscribers	46,044,325
Wire-line Subscribers	2,744,898

Sources: Economic Survey of Karnataka 2010-11,
Cellular Operators Association of India,
Department of Telecommunications, Annual Report 2010-11,
*As of September 2011
**As of November 2010
^As of March 2010

Some of the Major Telecom Operators in Karnataka

- Bharti Airtel
- IDEA (Spice Comm.)
- Vodafone Essar
- Bharat Sanchar Nigam Limited (BSNL)
- Aircel Ltd
- Uninor
- Etisalat DB Telecom
- Reliance Communications

Development Projects: Urban Infrastructure

- Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 46 projects costing US\$ 777.4 million have been sanctioned for Bengaluru and Mysore.
- The projects have been sanctioned between 2006-07 and 2009-10. Some of the key areas of development are roads and flyovers, water supply, storm-water drainage, sewerage and urban transport.
- Many projects related to roads, water supply, drains/storm water drains and sewerage located in Bengaluru have been completed between 2006 and 2009 with value of US\$ 50.0 million.

Source: JNNURM, Ministry of Urban Development,
www.urbanindia.nic.in

Water Supply	Sewerage System
<ul style="list-style-type: none"> • The drinking water schemes of the state consist of hand pumps and bore wells, piped water supply schemes and mini water supply schemes. • About 1,162 pits and trenches, 2,150 check dams, 806 percolation tanks, 1,060 dug wells, and 389 roof top harvesting structures were constructed for ground water point recharge during 2010-11 • State Government has established 30 district level laboratories to check the quality of ground water for meeting drinking water standards. 	<ul style="list-style-type: none"> • The Bangalore Water Supply and Sewerage Board (BWSSB) is responsible for providing water supply, sewerage system and sewage disposal in the Bangalore Metropolitan area. • The BWSSB has implemented and commissioned the cauvery water supply scheme stages I, II, III and IV phase I with a designed potential of 810 MLD of treated water which is being supplied through 5,22,000 connections.

Development Projects: Key Public Private Partnership Projects ... (1/2)

Contract Authority	Project Name	Investment (US\$ million)	PPP Type	Stage
Airports				
Ministry of Civil Aviation	Bangalore International Airport	419.6	BOOT	In Operation
Ports				
Department of Ports & Inland Water Transport (DPIWT), Karnataka	2nd stage Development of Modern Deep Sea Port at Karwar	166.2	BOOST	Bidding
DPIWT, Karnataka	Honnavar Port Development, Uttar Kannada	239.1	BOOST	Bidding
DPIWT, Karnataka	Development of Malpe Port in Udipi District	284.8	BOOST	Bidding
Roads				
Bengaluru Development Authority	Construction of Ring Road Around Bengaluru City	652.2	BOT -Toll	EOI
Karnataka Road Development Corporation (KRDCL)	Development of Road from State Highway-17 to State Highway-19	307.2	BOT -Toll	Bidding
Karnataka Road Development Corporation (KRDCL)	Development of Road Sira-Madugiri-Gowribidanur-Chikkaballapura-Shidalgatta-Chithamani-Srinivasapur-Mulbagal SH-58 and other Connecting Roads	309.1	BOT- Toll	Bidding

Source: www.pppindiaadatabase.com

BOOT: Build-Own-Operate-Transfer, BOOST: Build-Own-Operate-Share-Transfer, BOT: Build-Operate-Transfer, EOI: Expression Of Interest

Development Projects: Key Public Private Partnership Projects ... (2/2)

Contract Authority	Project Name	Investment (US\$ million)	PPP Type	Stage
Tourism				
Department of Tourism, Karnataka	Development of International Convention Centre at Devanahalli	221.5	BOT- Annuity	Construction
Urban Development				
Karnataka Land Army Corporation Limited (KLAC)	Establishment of KLAC Office	239.1	DBFOT	Bidding
Animal Husbandry and Veterinary Science	Commercial Development of Animal Husbandry and Veterinary Science Land	55.3	DBFOT	EOI
Bangalore Mahanagara Palike, Karnataka	Transfer Station in Bengaluru	18.9	DFBOT	EOI

Source: www.pppindiadatabase.com

BOT: Build-Operate-Transfer, DBFOT: Design-Build-Finance-Operate-Transfer, EOI: Expression Of Interest

Development Projects: SEZs and Industrial Clusters ... (1/3)



Source: Maps of India

- The state has 20 operational, 1 valid in-principle approvals and 60 formal approval SEZs.
- The Karnataka Industrial Areas Development Board has developed 132 industrial areas spread all over the state.
- The Karnataka State Industrial Investment Development Corporation has promoted over 135 start-up ventures in the state through equity participation and has provided debt to core industries such as steel, cement, mining and textiles, as well as new sectors such as IT, aerospace and telecom.

Development Projects: SEZs and Industrial Clusters ... (2/3)

Operational SEZs in Karnataka

Name/Developer	Location	Primary Industry
Manyata Embassy Business Park	Bengaluru	IT/ITES
WIPRO Limited	Varthur Hobli, Electronic City, Bengaluru	IT
Infosys Technologies SEZ Mangalore	Dakshina, Kannada	IT/ITES
Vrindavan Tech Villages SEZ (Vikas Telecom Limited)	Bengaluru	IT/ITES
Cessna Garden Developers Pvt Ltd	Bengaluru	IT/ITES
Biocon Limited	Anekal, Bengaluru	Biotechnology
HCL Technologies Ltd	Bengaluru	IT/ITES
KIADB (Textile)	Hasan	Textile
Information Technology Park Ltd	Bengaluru	IT/ITES
Primal Projects Private Limited	Bengaluru	IT/ITES
Bagmane Construction Pvt Ltd	Bengaluru North	IT/ITES
Synefra Eng. & Const. (Suzlon Infrastructure Limited)	Udupi	Hi-Tech Engineering Products and Related Services
KIADB (Food)	Samudravalli, Sankalapura	Food Processing
Gopalan Enterprises (India) Private Limited	Whitefield, Bengaluru	IT/ITES
Quest SEZ Development Private Limited	Belgaum	Precision Engineering Product

Source: www.sezindia.nic.in

Development Projects: SEZs and Industrial Clusters ... (3/3)

SEZ with Formal Approvals

Name/Developer	Location	Primary Industry
M/s. Biocon Ltd	Bengaluru	Biotechnology
Karnataka Industrial Areas	Mangalore	IT/ITES
Infosys Technologies Limited	Dakshina Kannada	IT/ITES
Karnataka Industrial Areas Development Board	Shimoga	Engineering & Related Industries
Karnataka Industrial Areas Development Board	Hassan	Food Processing and Related Services
Karnataka Biotechnology and Information Technology	Bengaluru	Biotechnology
Suzlon Infrastructure Ltd	Near Mangalore Port	Port-Based for Hi-Tech Engineering Products and Related Services
Karnataka Industrial Areas Development Board	Hassan	Pharmaceuticals
Mangalore SEZ Limited	Dakshin Kannada	Petrochemicals and Petroleum
Quest Machining and Manufacturing Pvt Ltd	Belgaum	Auto, Aerospace and Industrial Engineering
High Street Developers Private Limited	Mandya	IT/ITES
Opto Infrastructure Limited	Hassan	Electronic Hardware & Software/ IT/ITES

SEZ with Valid In-Principal Approvals

Name/Developer	Location	Primary Industry
M/s. Ozone SEZ Developers Pvt Ltd	Chikkaballapura	Pharmaceuticals

Source: www.sezindia.nic.in

Social Infrastructure – Education ... (1/2)

- The state has a literacy rate of 75.6 per cent according to the provisional data of Census 2011; the male literacy rate is 82.8 per cent and the female literacy rate is 68.1 per cent.
- The state has 3,640 pre-university colleges, 1,362 other colleges and 18 universities to impart general education. There are about 0.972 million students in the pre-university colleges.
- There are 289 Polytechnics and 187 Engineering colleges to provide technical education in the state.

Literacy Rates (%)	
Literacy Rate	75.6
Male Literacy	82.8
Female Literacy	68.1

Source: Census 2011 (provisional data)

Educational Infrastructure (No)	
• Universities:	18
• Pre-University Colleges:	3,640
• Other Colleges:	1,362
• Engineering Colleges:	187
• Polytechnics:	289

Source: Economic Survey of Karnataka 2010-11

Social Infrastructure – Education ... (2/2)

- The state participation in primary education is significant as 78.3 per cent of the primary schools are managed by Department of Education.
- Karnataka is home to several premier institutions:
 - Indian Statistical Institute
 - Indian Institute of Science
 - Indian Institute of Management
 - National Law School of India University
 - Institute for Social and Economic Change
 - University of Agricultural Sciences, Bengaluru
 - Kannada University, Hampi

Karnataka Education Statistics (2009-10)	
Number of Schools	Lower Primary [^] : 25,889 Higher Primary [^] : 33,000 High Schools: 12,453
School Dropout Rate	Lower Primary: 4.6 Higher Primary: 8.1
Pupil-Teacher Ratio (Primary Schools of Education Dept)	23:1 (teachers sanctioned) 25:1 (teachers in position)

Source: Economic Survey of Karnataka 2010-11
[^]As of 2010-11 (Provisional)

Social Infrastructure – Health

- Three-tier health infrastructure comprising Primary Health Centres, Health Units, Community Health Centres and Sub-Centres.
- The policy of the government is to establish one primary health centre for every 30,000 inhabitants, one dispensary for every 15,000-20,000 inhabitants, and one sub-centre for every 5,000 inhabitants.

Health Infrastructure (December, 2010)

- District Hospitals: 17
- Other Hospitals: 10
- Community Health Centres: 326
- Primary Health Centres: 2,193
- Sub-Centres: 8,143
- Dispensaries: 659
- Beds in Hospitals*: Over 56,911

Source: Economic Survey of Karnataka 2010-11
*As of March 2010

Health Indicators (2009)

Bed Per 100,000 Population (2009-10)	106
Birth Rate*	19.5
Death Rate*	7.2
Infant Mortality Rate**	41
Life Expectancy at Birth (years)	
Male (2002-06)	63.6
Female (2002-06)	67.1

Source: Economic Survey of Karnataka 2010-11

*Per thousand persons

**Per thousand live births

Cultural Infrastructure

- There are several sports complexes in Bengaluru, Mysore, Mangalore and other cities. Cricket, hockey and football are the major sports although, other games are also popular.
- The main sports arenas are the M. Chinnaswamy Stadium and the Kanteerava Stadium in Bengaluru, Chamundi Vihar Stadium in Mysore and the Mangala Stadium in Mangalore.
- The Bangalore Golf Course and the Karnataka Golf Association are well known golf courses in the state.
- Karnataka is also home to a number of convention centres, which are used for exhibitions, both indoor and outdoor, such as Palace Grounds and the Bengaluru International Exhibition Centre.
- Under the Rural Tourism Project, Anegundi, Kokkre Bellur and Attivari Bird Sanctuary have been developed. Schemes are prepared to develop Rural Tourism at other places also to showcase the rural life, art and culture and heritage.
- Rangashankara and Chitrakala Parishath form the cultural nexus of Bengaluru and are the performing spaces for dance, music and theatre artists.
- An international mega convention centre, with a seating capacity of 6,000 is being planned near the Bengaluru International Airport.

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Key Industries

- The natural resources, policy incentives and infrastructure in the state favour investments in the IT/ITeS, biotechnology, engineering, electronics, automotive, textiles, agri- and food-processing sectors.
- Karnataka is making significant investments in industrial infrastructure, such as setting up industrial clusters and Special Economic Zones (SEZs) and Public Private Partnership (PPP) projects to provide an impetus to further industrial development.

Key Industries in Karnataka

- IT and ITeS
- Biotechnology
- Engineering
- Electronics and Telecom
- Automotive
- Textiles and Apparel
- Agro and Food Processing (Floriculture)

Key Players



Key Industries – IT and IT-enabled Services ... (1/2)

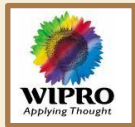
- Karnataka has emerged into a major base of Information Technology (IT) industry.
- About 36 percent of the world's SEI CMM Level 5 certified companies are located in Bengaluru.
- Bengaluru is among the five largest technology hubs in the world.
- In 2009-10, there were 2,156 IT Companies in STPI Bengaluru.
- The state is India's largest software exporter with exports of US\$ 16.9 billion in 2009-10.

Some of the Key Players

- Wipro Technologies
- Infosys
- Genpact
- Accenture

Key Industries – IT and IT-enabled Services ... (2/2)

Wipro Ltd



- Wipro Ltd established in 1945; revenues of US\$ 6 billion in 2009-10; present in areas of IT services, product engineering, technology infrastructure services, BPO and other consulting solutions. Provides services such as application development, deployment and maintenance, business intelligence and Customer-Relationship Management (CRM).
- Based in Bengaluru, the company has 54 development centres and 30 offices spread across India, North America, Middle East and Europe. In September 2009, the company launched its Centre of Excellence on its Electronic City campus; to work with other leading IT firms to develop innovative IT solutions.

Infosys Technologies Ltd



- Infosys Technologies Ltd set up in 1981, revenues of US\$ 4.8 billion in 2009-10. Present in areas of IT consulting, modular global sourcing, process re-engineering and BPO services.
- The company has operations in Australia, China and US; marketing and technological alliances with IBM, Intel, Microsoft, Oracle etc; Operations at multiple locations at Bengaluru and Mysore in Karnataka.

Genpact



- Genpact was set up in 1997 in India; formerly known as GE Capital International Services, the company's revenues in 2009 stood at US\$ 1.12 billion.
- The company provides a wide range of business process, technology and knowledge services, including finance and accounting, collections and customer relations, insurance, procurement and supply chain, analytics, software, IT-infrastructure. The company employs over 43,300 employees; the Bengaluru centre has about 1,500 employees.

Accenture



- Accenture India is the wholly-owned subsidiary of the US\$ 20 billion global management consulting and outsourcing parent, Accenture.
- Bengaluru operations has three centres.

Key Industries – Biotechnology ... (1/2)

- Karnataka has played a key role in India's emergence as a significant player in the global biotechnology industry. Karnataka is home to 60 percent of the country's biotech units.
- As of 2009-10, there were 195 biotech companies in Karnataka.
- Karnataka has 6,800 scientists involved in biotech research.
- Premier Life Sciences institutions such as Indian Institute of Science, National Centre for Biological Science, Jawaharlal Nehru Centre for Advanced Scientific Research, etc., are present in the state.

Some of the Key Players

- Biocon
- AstraZeneca India
- Jubilant Life Sciences Ltd
- GlaxoSmithKline Pharmaceuticals Ltd

Key Industries – Biotechnology ... (2/2)

Biocon



- Biocon was incorporated as Biocon India Private Limited in 1978. It is among the leaders in bio-pharmaceuticals and bio-services.
- The company's revenue was about US\$ 507.3 million in 2009-10.

AstraZeneca India



- AstraZeneca India was established in 1979. The company is involved in the areas of manufacturing bulk drug chemicals, liquid formulations, tablets and capsules, injectibles and ointments for various disease segments such as cardiovascular, respiratory, maternal healthcare, etc.
- The company's manufacturing plant is located at Yelhanka and R&D centre in Bengaluru.

Jubilant Life Sciences Ltd



- Jubilant Life Sciences Limited (formerly Jubilant Organosys Ltd) is an integrated pharma and life sciences company. It is the largest Custom Research and Manufacturing Services (CRAMS) company and provides leading drug discovery & development solutions outside India.
- The company has a manufacturing facility in Nanjangud, with over 625 employees.

GlaxoSmithKline Pharmaceuticals Ltd



- GlaxoSmithKline Pharmaceuticals Ltd was established in 1924, it is one of the oldest pharmaceutical companies in India.
- GSK India product portfolio includes prescription medicines and vaccines. The company has a clinical development centre in Bengaluru.

Key Industries – Engineering ... (1/2)

- The Engineering industry in Karnataka has positive prospects in its performance.
- In 2009-10, the export of engineering products stood at US\$ 925 million.
- Bharat Earth Movers Limited, Hindustan Machine Tools Limited and Bharat Heavy Electricals Limited are among the leading companies in this sector in the state.

Some of the Key Players

- Bharat Earth Movers Limited (BEML)
- Hindustan Machine Tools Limited (HMT)
- Bharat Heavy Electricals Limited (BHEL)
- Saint-Gobain India

Key Industries – Engineering ... (2/2)

Bharat Earth Movers Ltd



- BEML Limited (formerly Bharat Earth Movers Limited) was established in 1964. BEML manufactures a wide range of products such as earth moving equipment.
- BEML has its registered office at Bengaluru and units at Kolar Gold Fields, Mysore and Bengaluru.

Hindustan Machine Tools Ltd (HMT)



- HMT was established in 1953. The company manufactures various types of machine tools including Watches, Tractors, Printing Machinery, Metal Forming Presses, Die Casting & Plastic Processing Machinery, CNC Systems & Bearings.
- The company has a manufacturing plant in Bengaluru.

Bharat Heavy Electricals Ltd



- Bharat Heavy Electricals Ltd (BHEL) is the largest engineering and manufacturing enterprise in India in the energy-related/infrastructure sector. It has 15 manufacturing divisions, 4 power sector regional centres, 8 service centres and 15 regional offices.
- BHEL has electronics division at Bengaluru.

Saint-Gobain India



- Saint-Gobain India was established in India in 1996. The group comprises eight manufacturing companies in India for a variety of products ranging from glass to engineering products.
- The company has a manufacturing plant in Bengaluru.

Key Industries – Telecommunications and Electronics ... (1/2)

- Karnataka is the leading state of the country in electronics and telecommunication with over 300 of the world's leading companies.
- The state has high end research and development organisations like Indian Institute of Science, Cosmic Industrial Laboratories Ltd, Indian Space Research Organization (ISRO), CSIR Centre for Mathematical Modelling and Computer Simulation (CMMACS), National Aerospace Laboratories, Centre for Liquid Crystal Research, John F. Welch Technology Centre.
- It has excellent telecom infrastructure with 140 out of 170 towns connected by Optic Fibre Cables (OFC) network.
- Bengaluru district is the major hub of electronics and telecommunications industries. The other districts of Hassan, Tumkur, Mysore, Mangalore, Shimoga are the new destinations for promotion of electronics and hardware industries.

Some of the Key Players

- Bharat Electronics Ltd
- Nokia
- Siemens
- Philips Electronics India Ltd

Key Industries – Telecommunications and Electronics ... (2/2)

Bharat Electronics Ltd



- Bharat Electronics Limited (BEL) was incorporated in 1954 and is a multi-product, multi-unit, multi-technology company. Products manufactured by the BEL are mainly categorised as defence and non-defence products.
- The company has manufacturing unit at Bengaluru, Karnataka.

Nokia



- Nokia is among the world leaders in mobile technology. The company started its India operations in 1995. India holds the distinction of being the second largest market for the company globally.
- It has an R&D facility and a design studio in Bengaluru.

Siemens

SIEMENS

- Siemens set up operations in India in 1957. The Siemens Group in India is a unique player in the field of electrical and electronics engineering. The company employs over 17,200 people in India and has over 19 manufacturing facilities in India. It has several offices in Bengaluru.

Philips Electronics India Ltd



- Philips has been present in India for over 75 years. It is a leader in consumer electronics, healthcare and lighting systems; employs over 4,500 people in India.
- The company has a R&D facilitation – Philips Innovation Campus – at Bengaluru.

Key Industries – Automotive ... (1/2)

- Karnataka has a vibrant auto industry with investments of over US\$ 713 million and the state's auto sector revenue stood at US \$ 604 million.
- Of the total 201 listed auto-ancillary firms in India, 10 are based in Karnataka.
- The main locations for automobile industries are Bengaluru, Ramanagara, Kolar, Shimoga, Dharwad, Belgaum.
- General Motors has invested US\$ 60 million to set up a technical centre in Bengaluru.
- Toyota, Volvo, Tata Marcopolo and TVS Motors have set up vehicle manufacturing units in Karnataka, which has led to the growth of ancillary units involved in manufacturing tyres, bearings and other auto spare parts.

Some of the Key Players

- Toyota Kirloskar
- Volvo India
- TVS Motor Company
- Delphi Automotive Systems Pvt Ltd

Key Industries – Automotive ... (2/2)

Toyota Kirloskar



- Toyota Kirloskar is a joint venture between Kirloskar group and Toyota Motor Corporation.
- The company has manufacturing facilities at Bidadi.

Volvo India



- Volvo India has set up its bus body-building unit in Bengaluru. Volvo Group has about 90,000 employees, production facilities in 19 countries, and sales activities in some 180 countries.
- In 2009, the Bengaluru bus plant delivered over 600 buses, a 50 per cent increase over 2008.

TVS Motor Company



- TVS Motor Company is one of the largest two-wheeler manufacturers in India. It is the flagship company of the TVS Group. The company has four manufacturing plants across India, including Hosur & Mysore.

Delphi Automotive Systems Private Ltd



- Delphi India was incorporated in 1995 as a wholly owned subsidiary of Delphi. It is a leading global supplier of electronics and technologies for automotive, commercial vehicle and other market segments.
- The company has a technical centre at Bengaluru, which is the second-largest technical centre outside the US.

Key Industries – Textile and Apparel ... (1/2)

- Karnataka is one of the leading producers of cotton, silk and wool which are the key raw materials required for textile manufacturing units. The state produces 65 per cent of India's silk.
- Karnataka is a major apparel sourcing destination for the global market. The state has a share of 32 per cent of the domestic apparel market with over 1,500 apparel units.
- The sector has potential for future growth as the state has Apparel Park at Dodaballapur near Bengaluru and other mega textile parks in the other parts of the state.
- There are over 0.38 million manufacturing units engaged in textile and garment sector at the organised and unorganised level.

Some of the Key Players

- Gokaldas Exports Limited
- Karnataka Silk Industries Corporation (KSIC)
- Himatsingka Seide
- Shahi Exports Private Limited

Key Industries – Textile and Apparel ... (2/2)

Gokaldas Exports Ltd



- Gokaldas is one of the largest garment exporters in the country. It commenced operations in 1979.
- The company has headquarter at Bengaluru and 46 factories across Karnataka; employs over 47,000 employees. It has capacity to produce and export 3 million woven & 1 million knit apparel per month.

Karnataka Silk Industries Corporation



- Karnataka Silk Industries Corporation (KSIC) is a government of Karnataka enterprise. It is a leading manufacturer of silk.
- The company has two modern factories located in T. Narasipura & Mysore, engaged in manufacturing silk goods right from raw silk yarn to silk fabrics.

Himatsingka Seide



- Himatsingka Seide was incorporated in 1985. It is a Bengaluru-based company and deals in natural silk fabric.
- The company's focus area is textile designing and manufacturing. It has a spinning division as well as a weaving division. In 2003, the company launched its own retail store, "Atmosphere", which specialises in made-ups.

Shahi Exports Private Ltd



- Shahi Exports is among the top home furnishing exporters in the country. The company began operations in 1974 in Delhi and started manufacturing in Bengaluru in 1988. It has manufacturing facilities in Bengaluru, Salem and Tirupur.

Key Industries – Agro and Food Processing ... (1/2)

- Karnataka with a good agricultural base including a variety of food crops offers immense scope for the development of food processing industries.
- The state accounts for 71 per cent of the country's total coffee production (205,700 metric tonnes in 2009-10).
- The state is one of the leading producer of flowers, spices, fruits and vegetables.
- Government of Karnataka has approved food parks in six districts; Bengaluru rural, Tumkur, Shimoga, Davangere, Bijapur and Belgaum. Food Karnataka Limited (FKL) is in different stages of progress in identifying partners for developing these food parks. A Spice Park is proposed to be developed by FKL at Byadagi in Haveri district.

Some of the Key Players

- Hindustan Unilever Limited
- Nestle India
- Britannia Industries Limited
- United Breweries Group

Key Industries – Agro and Food Processing ... (2/2)

Hindustan Unilever Ltd



- Hindustan Unilever Limited (HUL) is India's largest fast moving consumer goods company, with leadership in Home & Personal Care Products and Foods & Beverages. It recorded revenues of US\$ 3.7 billion during 2009-10. The company employs over 15,000 people nationwide.
- The company has manufacturing plant and R&D centre at Bengaluru.

Nestle India



- Nestle has been in India for almost a century, with seven production facilities across the country, including one at Nanjangud, Karnataka. It produces chocolate and confectionaries, prepared dishes and cooking aids, beverages and milk products and nutrition.

Britannia Industries Ltd



- Britannia is a leading food processing company in India. The company is manufacturing food products such as biscuits, cheese and bread. It is based in Bengaluru. The company had a revenue of US\$ 722 million in 2009-10.

United Breweries Ltd



- United Breweries Limited is a flagship company of UB Group. The company is also referred to as the beer division of the UB Group. The company is based in Bengaluru. It has recorded a turnover of US\$ 421 million in 2009-10.
- The company has around 1,661 employees. It manufactures products, primarily, under the brands Kingfisher, London Pilsner and UB Premium Ice. The UB group is also into the aviation sector and owns the Kingfisher Airlines.

Karnataka

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THE SILICON VALLEY OF INDIA

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Key Investment Promotion Offices ... (1/2)

Agency	Description	Contact Information
Department of Industries and Commerce (DIC)	<ul style="list-style-type: none"> Anchor department for development/ establishment of industries in Karnataka. Responsible for formulating and implementing industrial policies in the state. 	<p>No. 49, South Block, Khanija Bhavan Race Course Road Bengaluru - 560 001 Phone: 91-80 2238 9901-08 Fax: 91-80-2238 9909 E-mail: commissioner@karnatakaindustry.gov.in Website: www.karnatakaindustry.gov.in</p>
Karnataka Udyog Mitra (KUM)	<ul style="list-style-type: none"> It is the single contact point for investors in the state. Considers/ forwards proposals to concerned agencies and communicates status to investors. Monitors implementation of approved projects. Single point contact for information on various aspects including land availability, statutory approvals and coordination. 	<p>No.49, South Block, Khanija Bhavan East Entrance, Race Course Road Bengaluru - 560 001 Phone: 91-80-2228 2392/5659, Fax: 91-80-2226 6063 E-mail: md@kumbangalore.com Website: www.kumbangalore.com</p>

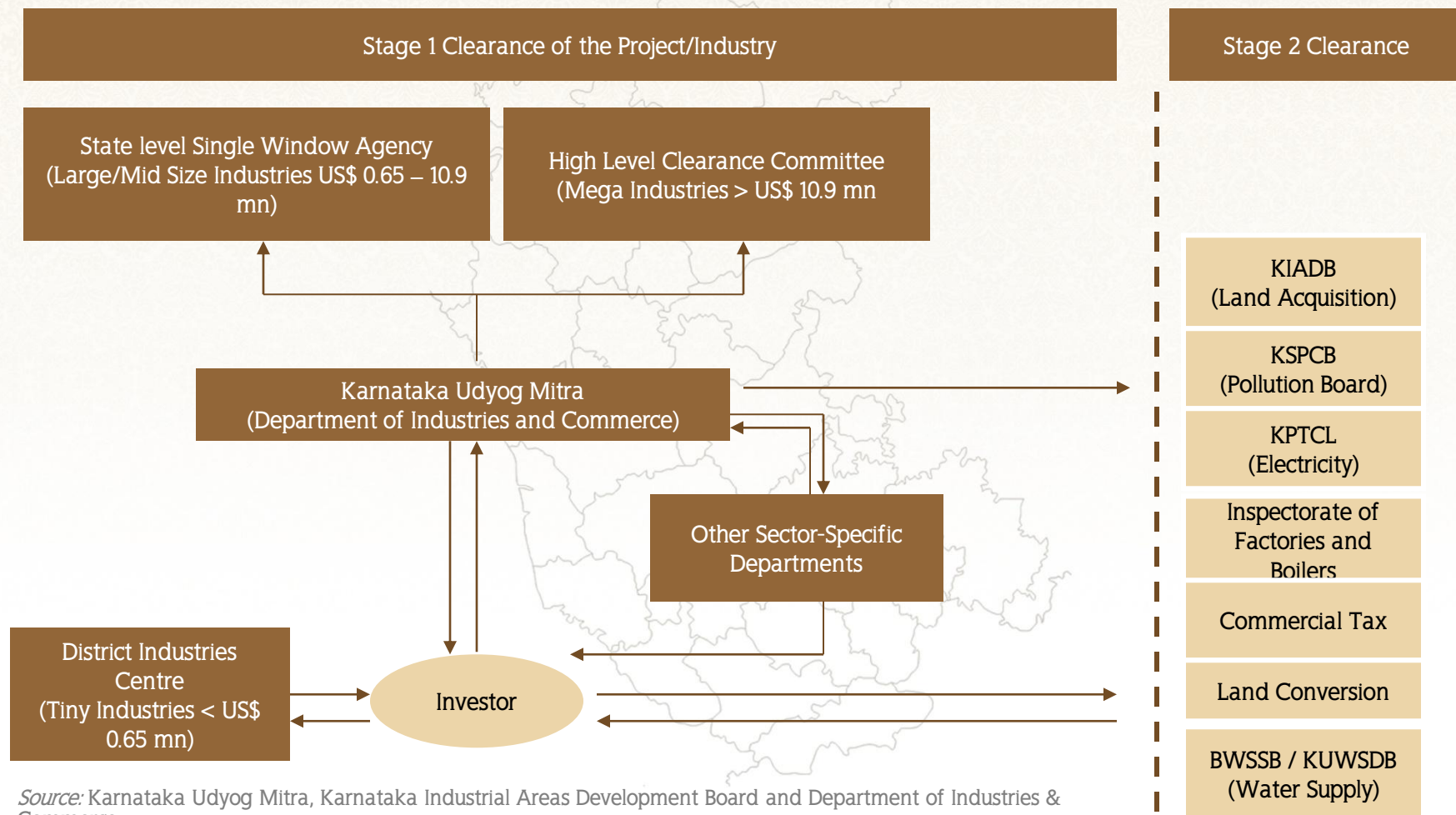
Key Investment Promotion Offices ... (2/2)

Agency	Description
District Level Single Window Clearance Committee (DLSWCC)	<ul style="list-style-type: none"> • Functions under the chairmanship of respective Deputy Commissioners for industrial projects for investments less than US\$ 0.65 million.
State Level Single Window Clearance Committee (SLSWCC)	<ul style="list-style-type: none"> • Functions under the chairmanship of Minister for Large and Medium Industries for investments that range between US\$ 0.65–10.9 million.
State High Level Clearance Committee (SHLCC)	<ul style="list-style-type: none"> • Functions under the chairmanship of the Chief Minister for projects involving investment of more than US\$ 10.9 million.
District Industries Centres	<ul style="list-style-type: none"> • Nodal agencies for approval of projects at district level. • The primary focus of the agency is to promote small scale, village and cottage industries.
Other Departments	<ul style="list-style-type: none"> • There are various sector-specific departments such as Department of Tourism, Department of Information Technology and Biotechnology, Department of Food Processing, Department of Textiles, Department of Mines and Geology.

Key Approvals Required

List of Approvals and Clearances Required	Departments to be Consulted
Prior to Setting up the Unit	
Registration	Department of Industries and Commerce Department, Karnataka Udyog Mitra (Single Window Agency)
Allotment of Land/ Shed	Karnataka Industrial Areas Development Board
Permission for Land Use	District Authorities
No Objection Certificate under Water and Air Act	Karnataka State Pollution Control Board
Approval for Construction Activity and Building Plan	Development Authority/Urban Local Body
No Objection Certificate	Fire Department and Directorate of Factories and Boilers
Provisional Trade Tax Registrations	Central and State Excise Departments
Registration under Central Sales Tax Act	Central and State Excise Departments
Before Commencement of Production	
No Objection Certificate under Water and Air Act	State Pollution Control Board
No Objection Certificate	Fire Department and Directorate of Factories and Boiler
Permanent Trade Tax Registration	Central and State Excise Departments
Registration under Central Sales Tax Act 1956	Central and State Excise Departments
After Commencement of Production /Activity	
Registration	Department of Industries and Commerce and Respective Sector Departments such as IT/BT/Tourism etc.

Approval Process



Source: Karnataka Udyog Mitra, Karnataka Industrial Areas Development Board and Department of Industries & Commerce

Cost of Doing Business in Karnataka

Cost Parameter	Cost Estimate
Industrial Land (per sq ft)	US\$ 4.5 to US\$ 120
Power (per kWh)	<p>Small and Medium Industries Bengaluru: US 9.10 cents to 11.30 cents Other Areas: US 8.65 cents to US 10.38 cents</p> <p>Large Industries Bengaluru: US 10.66 cents Other Areas: US 10.25 cents</p>
Labour (minimum wage per day)	US\$ 2.8 to US\$ 3.6
Water (per kilolitre)	<p>Bengaluru Metropolitan Area: Non-Domestic: US 78 cents Industries: US\$ 1.3 Bidadi Industrial Area: US\$ 1.1</p>

Source: Directorate of Industries, Ministry of Labour and Employment, Government of India, Board of Water Supply Bengaluru

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State Acts & Policies ... (1/4)

New Industrial Policy 2009-14

Objective

- To build a prosperous Karnataka through development of human and natural resources in a systematic, scientific and sustainable manner.

[Read more](#)

Karnataka Tourism Policy 2009-14

Objective

- To make tourism, Karnataka's principal and largest economic activity, as an employer, revenue-generator and engine of growth, by being among the top two tourism destinations in India by 2016-17.

[Read more](#)

State Policy for Special Economic Zones 2009

Objective

- To facilitate and expedite establishment of SEZs, at the same time safeguarding the environment and the interests of land owners.

[Read more](#)

State Acts & Policies ... (2/4)

Millennium Biotech Policy II 2009

Objective

- To increase the quality of human resources by supporting education and research institutions like the Institute of Agri-Biotechnology (IABT), the Institute of Bioinformatics and Applied Biotechnology (IBAB), the Centre for Human Genetics (CHG) and BT finishing schools; to create specific infrastructure such as focused biotech parks in the areas of agriculture, marine biotech and animal husbandry; to provide specific fiscal incentives.

[Read more](#)

Karnataka Textile Policy 2008-13

Objectives

- To achieve balanced, higher and sustainable growth in the entire textile value chain from fibre to finished products, with emphasis on balanced regional development.
- To increase the income levels of the people dependent on the SMEs within the textile and garment sector thereby creating additional employment opportunities to at least 5 lakh people during the policy period.
- To facilitate emerging units in critical areas such as production technology, market research and development, HRD & ITeS for exploiting the emerging global and domestic trade opportunities.

[Read more](#)

State Acts & Policies ... (3/4)

Karnataka Mineral Policy 2008

Objectives

- To optimize the States geological potential by scientific and detailed prospecting. State of the art techniques will be encouraged by combining the resources of the private and public sector.
- To resolutely pursue the policy of preserving flora, fauna, and bio-diversity and ensure that the invaluable forest wealth is safe guarded while granting mineral concessions.
- To promote transparency in granting mining concessions. Priority will be given to the applicants who propose establishment of industries for value addition within the vicinity of the mineral bearing areas.

[Read more](#)

New Infrastructure Policy 2007

Objective

- To provide a fair and transparent policy framework to facilitate the process of economic growth and encourage PPP in infrastructure.

[Read more](#)

State Acts & Policies ... (4/4)

Millennium BPO Policy 2002

Objective

- To create an investor-friendly environment for the Business Process Outsourcing (BPO) sector and utilizing the human resource potential and generating employment opportunities.

[Read more](#)

Millennium IT Policy 2000

Objectives

- To utilise the power of Information Technology in the overall goal of the government of Karnataka in eradicating poverty and empowering women.
- To effectively reduce unemployment by absorbing the major share of educated youth into the IT industry.
- To maintain the pre-eminent position of both Bengaluru and Karnataka in the field of Information Technology.

[Read more](#)

Annexure

Exchange Rates

Year	INR equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.28
2007-08	40.24
2008-09	45.91
2009-10	47.41
2010-11	45.57

Average for the year

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