

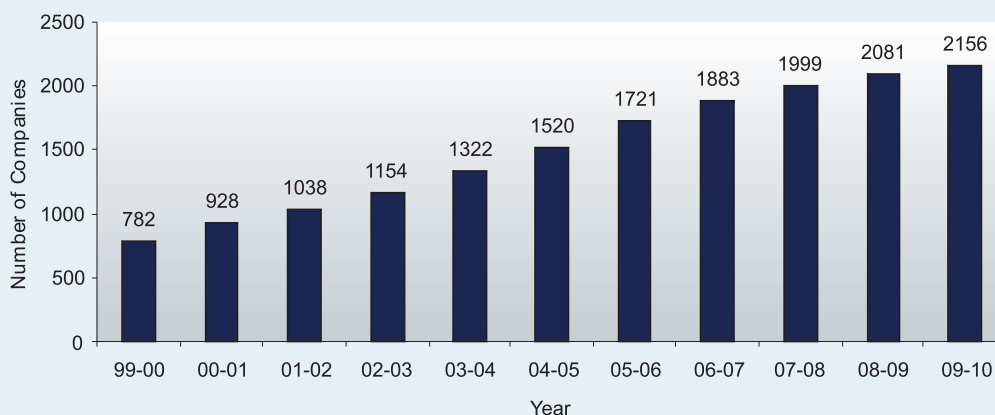
Government of Karnataka

Information and Communications Technology Policy 2011





Growth of IT Companies in Karnataka



PREAMBLE

Karnataka is in the forefront of Information Technology and Bangalore, its Capital is the acknowledged 'IT capital of India'. Karnataka was the first to announce 'IT Policy' in the year 1997, followed by the 'Millennium IT Policy' in the year 2000. The Policy acted as an important catalyst for the growth of IT Industry in the State. The Policy was also instrumental in promoting usage of Kannada software and several e-Governance initiatives which have contributed to the improvement of delivery of Government services to the citizens and in a more transparent manner.

As per NASSCOM's annual survey for FY 2010-11, the Indian IT-BPO exports are projected to grow by 13 to 15 per cent while domestic IT-BPO is expected to grow by 15 to 17 per cent. According to NASSCOM the Indian IT industry will witness healthy growth this year, led by growth in the core markets and supplemented by significant contributions from the emerging markets. Growth drivers include the thrust on platforms like BPO, analytics, finance and accounting, remote infrastructure management and cloud services. Growth in the domestic IT-BPO is driven by a robust economy, increased IT spending by the government and adoption of IT by small and medium businesses. The improving demand

scenario has led to increased hiring and therefore employment grew by almost 9 per cent in the demand constrained environment. The industry headcount addition is expected to double this year to touch 2 lakh new employees, leading to 2.5 million direct employment. Indian IT-BPO industry is expected to touch 70 billion US dollars in exports in FY2010-11.

1) Growth of IT Companies in Karnataka

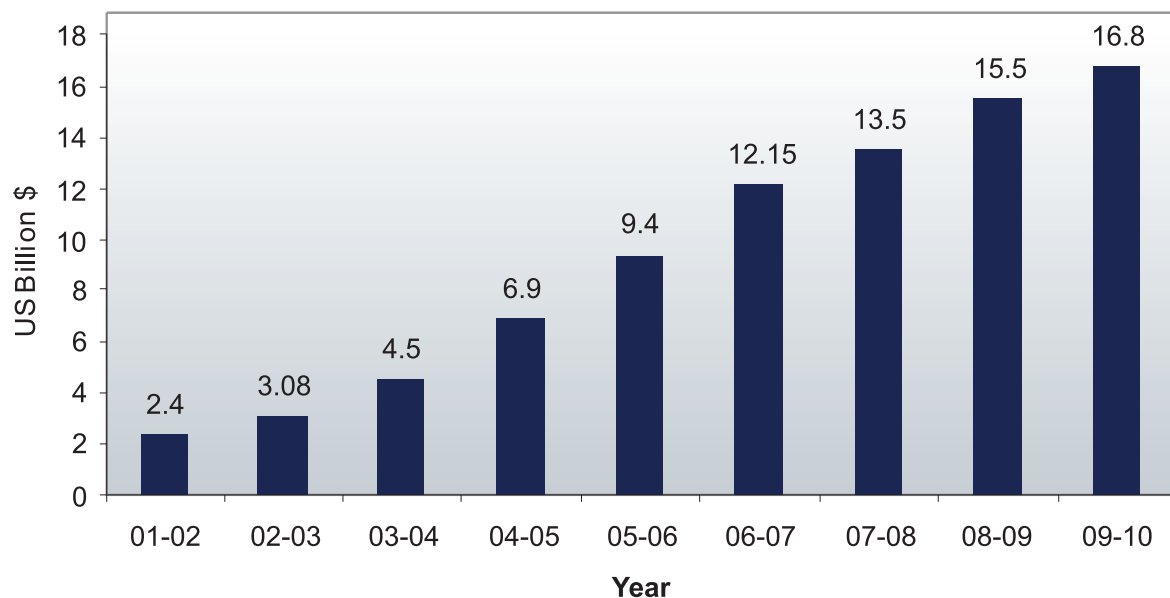
- 1.1) The IT Policy of the State helped in the growth of IT Industries, under the able guidance of the IT Task Force headed by Shri N R Narayana Murthy. Increased computer literacy and IT penetration through the Yuva.Com Centres, Computer Labs in Government Schools, capacity building in Institutes of Higher Learning, setting up of International Institute of Information Technology at Bangalore and Hubli, were also instrumental in helping the growth of the IT Industry. In the last 10 years, the number of IT Companies have trebled crossing 2100 in numbers and contributing to IT exports of over USD 16.8 billion (Rs.76,000 Crores) during the year 2009-10 up from 1.6 billion USD (around Rs. 6,200 Crores) during the year 2000-01



1.2) The IT Industry in the State has emerged as one of the largest job providing sector. The Industry provides direct employment to over half a million and indirect employment to over 1.5 million persons.

The IT Industry is expected to provide one million direct jobs by 2012, as per the Mckinsey and NASSCOM projections. Further, IT exports have reached USD 16.8 billion (Rs.76,000 Crores) during FY 2009-10.

Software Exports from Karnataka (in US Billion \$)





1.3) Bangalore, the 4th Best Technology Hub in the world, after Silicon Valley, Boston and London (as per UNDP Report), has become a global brand in the IT space. Almost all the Fortune 500 Companies have one or the other of their operations outsourced in Bangalore. Many global brands such as GE, Texas Instruments,

Intel, AMD, SAP, CISCO, Microsoft, Motorola, Nokia etc., have their R & D activity based in Bangalore.

1.4) The secondary cities of Mangalore, Mysore, and Hubli-Dharwad are also emerging as attractive destinations for IT/ITeS, BPO and Telecom services.

Growth in Tier - II Cities

(Rs. In Crores)

	2005-06		2006-07		2007-08		2008-09		2009-10	
Tier-II Cities	No.	Exports	No.	Exports	No.	Exports	No.	Exports	No.	Exports
Mysore	40	392	49	761	53	1058	56	1374	59	1363
Mangalore	21	570	24	681	27	632	29	1025	30	940
Hubli	9	5	13	9	15	20	16	25	18	18
Total	70	967	86	1451	95	1710	101	2424	107	2321

1.5) There is a need to revisit the Policy to foster further growth of IT Industry in the State of Karnataka, with a particular thrust on Tier-II/III Cities. There is also a need to de-bureaucratize certain procedures coming in the way of faster growth of the Industry in State. Hence, the Government of Karnataka is pleased to announce the '**ICT Policy 2011**'.

2) VISION

- To position Bangalore to be the IT R&D and product hub of India.
- To maintain Karnataka's leadership in outsourced IT services.
- To retain Karnataka's position as the state with largest skilled workforce in India for IT services, Products and R&D.
- To enable Karnataka to be the most preferred destination for MSME (Micro, small and medium enterprises).
- To be the disaster recovery/ Business continuity hotspot due to State's unique and secure geo-position.





2.1) Branding Bangalore & Brand Karnataka

- Government will institute annual awards for outstanding / Innovative product companies.
- Government will promote Bangalore as the Hub for Products/ Technology and the Tier 2/3 cities for IT/ITeS services, BPO and Telecom services.
- Government will popularize the "Bangalore Welcome Mat" program for senior talented IT professionals from outside India to work in Bangalore and Karnataka by highlighting the highly cosmopolitan nature, availability of high end skilled workforce and lower real estate cost.

2.2) Positioning Bangalore as R&D and Product Technology Hub

- The State will take steps to establish institutes of higher learning with focus on the Software Product Development. The institutes would focus on both fundamental and applied research. This would be patterned on a Virtual Cambridge Science Park Model.
- The State will encourage partnership between educational institutes and industry to identify specific areas of research and provide incentives for students to take up doctoral and post doctoral research in the Information Technology and Software Product Development.
- Outstanding students and employees across the State will be offered scholarships

to take up research. The government will collaborate with industry to provide such sponsorships.

- Government will encourage industry to set up labs in existing institutes for specific research initiatives. Industry may also 'adopt' existing labs and upgrade facilities. Government will facilitate interaction between educational institutions and industry.
 - Government will focus on funding market relevant research in concert with institutes of higher learning that are globally best and emphasizing on R & D.
 - To create a low entry barrier for collaboration between local and international companies, educational institutes, National and State Government.
 - To be an India Research portal for acquiring and exchanging knowledge from global Research centers.
 - To act as a facilitator to acquire Research projects from Government, Global Research Centers, Global Companies who have the funding, but not the talent.
 - To attract highly qualified global talent to work in Bangalore.
 - To support the Educational Institutes in raising the quality and capacity of R&D Masters and PhD programs.
 - To attract highly talented youngsters to take up a career in Research and Business Development.
- 



3) SETTING UP OF RESEARCH HUB TO ENCOURAGE ENTREPRENEURS AND START-UP COMPANIES:

The Research Hub will be visible in a dedicated campus, which is virtually connected to others and unique by focus on selected domains, verticals, technical and business development competences. The Research Hub will be promoted with all support to make it a global brand.

3.1) To give an impetus for the research activities State Government will set up Research Hub in Bangalore along with a prototype and testing laboratory, with State funding limited to 50% of the total cost of setting up the necessary infrastructure for the same. The balance of 50% of the cost would be from the industry or mobilized through PPP business mode.

3.2) Representatives from NASSCOM, Dept of IT & BT, Director-IIITB would be on the Board of the Hub which will decide regarding the equipments to be provided in the Hub and the manner in which the facilities would be provided to entrepreneurs and start-up companies for their research activities. Preference would be given to entrepreneurs who have shown great potential in the YESSS Programme of Bangalore IT.Biz.

4) SETTING UP OF IT INVESTMENT REGION (ITIR)

Government of India in its Gazette Notification No. 7(5)2006-E-Infra Policy Objectives dated 28.05.08 has announced the Information Technology Investment Region (ITIR) scheme with a view to promote investment in the Information Technology/ Information Technology Enabled Services and Electronic Hardware Manufacturing Units. It is envisaged to provide excellent infrastructure and investor- friendly policy environment in the region. Each region would be established in minimum area of around 40 square kilometers (around 10,000 acres). The first IT Investment Region would be developed in Devanahalli-Doddaballapur area near Bangalore International Airport, which would consist of Processing and Non-processing areas.

This Region would be endowed with excellent infrastructure and Investor-friendly Policy environment. The ITIR is expected to boost and augment IT exports and generate employment. The ITIR would be managed and administered by a body set up under the provisions of Karnataka ITIR Act 2010.



Focus

5) INNOVATION PARK FOR MSMEs

5.1) Micro, Small and Medium Enterprises (MSMEs) play a prominent role in the economic growth of the State and provide employment to a sizable number of skilled and un-skilled workers in the IT sector. Entrepreneurs in this sector generally face several constraints especially in terms of facilities for upgradation of technology, access to latest innovative tools etc.

5.2) Recognizing the crucial role of the MSME sector and its contribution to the growth of IT industry in the State, Government proposes to set-up an Innovation Park on PPP mode for MSMEs at Bangalore, which will comprise of Plug and Play office space, simulation facilities connected over internet, innovation relay center connected with global innovation clusters etc. The Innovation Park would focus on providing the latest technology and equipment to MSMEs to upgrade their technology and skills to match emerging global standards. State Government will support the Innovation park with viability gap funding limited to 20% of the project cost.

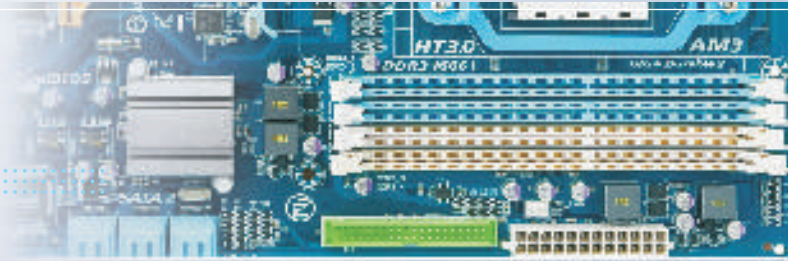
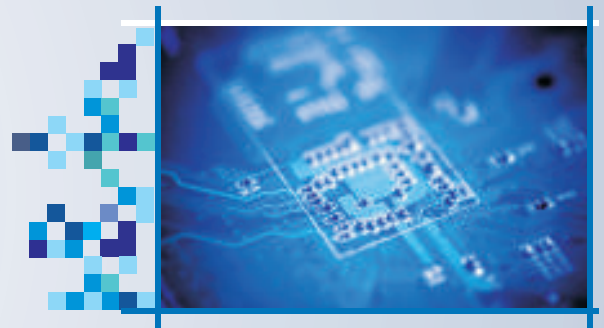
5.3) The Innovation Park would be set up and managed by Keonics (a Government of Karnataka undertaking). A Committee under the Chairmanship of Managing Director, Keonics would be set up with

Director, IIIT-B, representatives from the MSME sector, CEO- KiITVEN Fund and representative from the Department of IT, BT and S & T as members, which would finalize the modus operandi of the Scheme.

5.4) Government will encourage setting up of Special Economic Zones (SEZs) dedicated to MSMEs in Mysore, Mangalore, Hubli-Dharwad Gulbarga and Belgaum in the KIADB industrial areas and provide incentives/concessions as per Karnataka Industrial Policy 2009-2014.

Government will support creation of clusters with MSME providers and couple of large users of IT (measured through IT investments) or branded organizations to build brand equity/attract MSMEs, so that there is business within the cluster and fiscal concessions for the business within the cluster could be considered. Government would also consider location





of universities of repute within each such cluster to build academia-industry partnership for mutual benefit.

6) PROCESS AND PROCEDURAL SUPPORTS

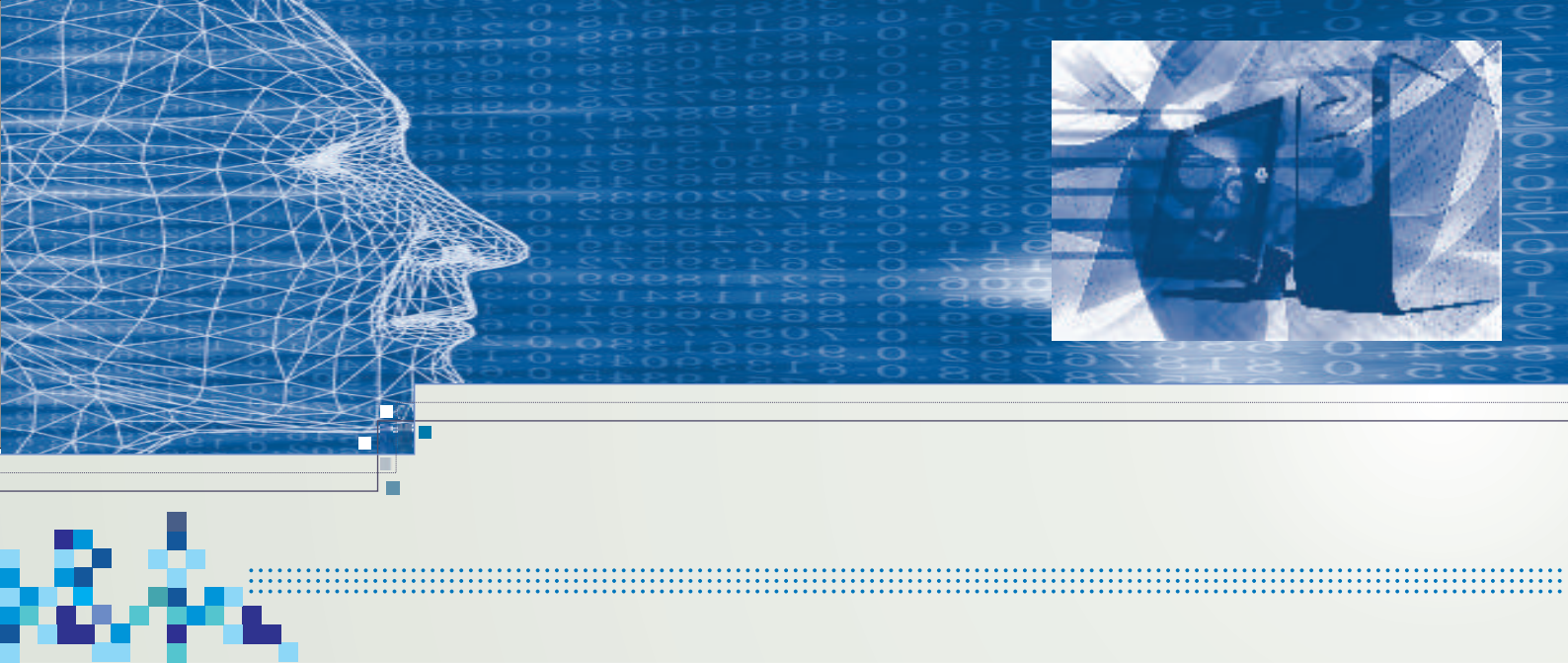
- 6.1) Government will consider bringing in a mechanism for self-certification of statutory compliance by the IT companies.
- 6.2) Government will consider giving preference to MSMEs in Government procurement orders, encouraging the big companies to partner with MSMEs as front-end.
- 6.3) Government will take active steps to promote Green IT initiatives and organize Seminars/Conferences to disseminate knowledge on these initiatives and related technologies.

- 6.4) Government will encourage companies to donate computers to Government schools and also provide free broadband access to schools.

7) INVESTMENT AND TRADE PROMOTION

- 7.1) Government will initiate, enable and encourage "Buy Local" program for Karnataka-based Defense, Nuclear energy, Satellite programs and Public sector enterprises and state departments to source from local IT/BPO/Telecom companies.
- 7.2) Government will initiate an online web portal to act as a networking platform/market place and as an e-procurement mechanism, specific to software products and services for entrepreneurs, start-ups, product companies, investors, academia, customers and government.
- 7.3) Government will initiate software product-focused trade development and branding initiatives such as trade delegations, exhibitions, road shows, other collaborative platforms in key overseas markets, with assistance from trade and industry bodies such as NASSCOM, CII etc.
- 7.4) Government and NASSCOM will organize conferences and seminars in various cities in Karnataka to increase awareness and motivate entrepreneurs.





7.5) With the success of first Karnataka State Information Technology Venture (KITVEN) Fund, the State will augment KITVEN Fund by Rs.25 Crores, being State's share of 26% in the fund. The balance of 74% of the fund will be mobilized from different subscribers. Government will encourage industry stakeholders to subscribe to the professionally managed VC fund for supporting investment purely in technology startups, R&D units and domestic BPOs.

7.6) Government will explore partnerships with countries of strategic importance to establish bi-national/multi-national funds for investing in product ideas and R&D work in designated areas of mutual significance.

7.7) Government will review existing policy/regulations and bring in reforms to enable ease of entry and exit for IT/ITeS, BPO and Telecom businesses in Karnataka.

8) KEY COMPONENTS OF THE GROWTH LED IT ECOSYSTEM

8.1) Emphasis on Infrastructure for Bangalore City

8.1.1)Roads: A consortium of Government functionaries and IT Companies would be set up to pool the list of IT volunteers who would

dedicate some time to act as traffic governors near and around their offices.

8.1.2)Transport: Government will run pool of buses to hubs and satellite townships from all parts of the city to reduce /replace buses run by individual companies. This will help in reducing traffic congestions.

8.1.3)Satellite townships would be developed to decongest Bangalore city. Government will promote Green satellite townships at Ramanagaram, Devanahalli, Hoskote and Bidadi.

8.2) Education and Nurturing Talent Pool

8.2.1)Government will set up an Institute of Information Technology in North Karnataka, in consultation with Director-IIIT-Bangalore. State will seek financial assistance from Government of India also for setting up the institute.

8.2.2)School and College curriculum will include soft skills like communication skills and personality development. The Government-Industry-Academia taskforce shall identify knowledge partners to develop the content for this new curriculum.



8.2.3) New teaching methodologies would be actively explored for better learning by students across schools in Karnataka, including theatre in education.

8.2.4) Each autonomous college / university will be required to include industry representatives in the syllabus committee to align the curriculum with the needs of the industry. An expert panel will review the syllabus and training process in colleges.

8.2.5) Promote Centers of Excellence across at least 100 Engineering and Degree colleges in Bellary, Gulbarga and Shimoga districts.

8.2.6) Special initiatives will be planned to promote Academia - Industry interaction. Steps will be taken to enable inclusion of physically and economically challenged persons in IT Industry employment and to bridge the digital urban rural gap.

8.2.7) Government will provide incentives to Schools, Universities and industry, to enable the academic world to tap into the rich pool of talent available in the corporate sector, through exchange programs, sabbatical etc.

8.2.8) Government to setup and promote e-learning centers at the semi urban and rural areas.

8.2.9) Government will encourage and facilitate creation of Cyber halls in clusters to enable students/public to use internet easily and freely, along with distance learning/e-learning centers.

8.2.10) Government will collaborate with industry and will strive to increase public awareness about the importance of respecting creativity and risks associated with using pirated software thereby encouraging them to buy licensed software.

8.2.11) Government will put online Kannada encyclopedia and textbooks on science, mathematics, literature, history and geography online at Government schools. A Committee comprising of representatives from Education Department, IIIT-B and Department of Kannada & Culture will be set up to implement the Scheme.

8.2.12) Government to continue financial support to set up Rural BPOs for setting up such BPOs across the State, as per existing scheme under implementation.



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8.3) Increasing IP Laws Awareness and Promoting Creation of Intellectual Property

8.3.1) Government will enforce intellectual property laws through creation of specialized enforcement units with dedicated resources to investigate and prosecute intellectual theft.

8.3.2) Government will endeavor to increase co-operation with international agencies to enforce IP laws across multiple countries and encourage / incentivise IPR registration in India.

infrastructure, forcing companies to look beyond these 'Leader' locations.

9.2) Government will address the Infrastructure issues including development of IT Parks, roads, rail and air connectivity, telecom and broadband connectivity, incentives for social infrastructure like schools, hospitals and entertainment in Mysore, Mangalore, Shimoga, Hubli-Dharwad, Belgaum and Gulbarga.

9.3) Government will emphasize on providing IT literacy to young men and women in all semi-urban and rural areas of Karnataka and institute a committee to monitor the performance of these programs.

9.4) Government will help to create infrastructure to execute the final year engineering projects for the rural students and also provide a special training module for them in communication skills.

9) GROWTH OF TIER II AND TIER III CITIES AND RURAL HINTERLAND

9.1) The IT/BPO growth has been focused on a few leading cities. Currently, of the total direct employment of over 2 million in the Indian IT/BPO Industry, about 90% is captured by the 7 leading locations of Bangalore, Mumbai, NCR, Hyderabad, Pune, Chennai and Kolkata. Apart from employment, these cities have realized significant benefits in terms of improved branding and visibility, consumption-led economic growth, improvements in social infrastructure etc. At the same time, rapid growth has led to current IT/BPO hubs facing rising real estate costs, increased attrition and saturated

10) INCENTIVES FOR IT/BPO ENTERPRISES IN KARNATAKA

Fiscal Incentives would be provided as per Karnataka Industrial Policy 2009-2014 (Incentives to units located in Zone 4 would be as applicable to Zone 3).

10.1. Investment Promotion Subsidy

a) Micro Mfg. Enterprises

Zone-1: 25% VFA (max. Rs. 10.0 lakhs)

Zone-2: 20% VFA (max. Rs. 7.5 lakhs)

Zone-3: 15% VFA (max. Rs.5.0 lakhs)

Zone-4: Nil

b) Small Mfg. Enterprises

Zone-1: 20% VFA (max. Rs. 20.0 lakhs)

Zone-2: 15% VFA (max. Rs. 15.0 lakhs)

Zone-3: 10% VFA (max. Rs. 10.0 lakhs)

Zone-4: Nil

c) Med. Mfg. Enterprises (Those who employ minimum 25 workers)

Zone-1: Rs. 30 lakhs

Zone-2: Rs. 20 lakhs

Zone-3: Nil

Zone-4: Nil

NOTES :

- (i) 25% of the subsidy sanctioned amount will be released every year on refund basis towards the payments made by the unit in respect of gross VAT, ESI and PF and power tariff.

In cases of enterprises which do not use power and not covered under VAT, EPF, ESI, the investment subsidy will be released against the loan dues.

- (ii) This incentive is available to enterprises availing term loan to an extent of minimum 50% cost of fixed assets only.
- (iii) The unit shall avail the sanctioned subsidy within the period of five years.

10.2 Exemption from Stamp Duty

MSME, Large and Mega Projects:

Stamp Duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing term loans from State Government and/or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, RRBS, Co-operative Banks, KVIB/KVIC, Karnataka State SC/ST Development Corporation, Karnataka State Minority Development Corporation and other institutions which may be notified by the Government from time to time for the initial period of five years only and (ii) for lease deeds, lease-cum-sale and absolute sale deeds executed by Industrial Enterprises in respect of Industrial plots, sheds, Industrial tenements, by KIADB, KSSIDC, KEONICS, Industrial Co-operatives and approved private Industrial estates shall be exempted as below:

Zone-1: 100%

Zone-2: 100%

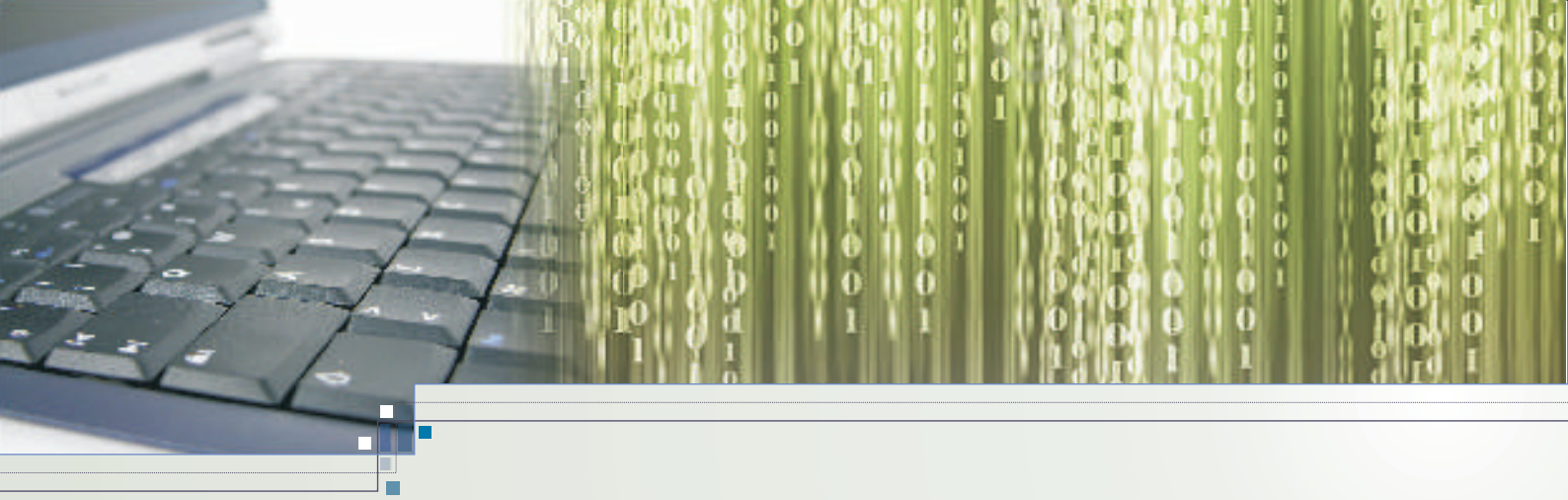
Zone-3: 75%

Zone-4: Nil

10.3 Concessional Registration Charges

MSME, Large and Mega Projects:

For all loan documents and sale deeds as specified in 2 above, the registration charges shall be at a concessional rate of Re.1 per Rs. 1000.



NOTE :

- (i) The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act and also for direct purchase of industrially converted lands for the projects approved by SHLCC/SLSWCC/DLSWCC. This incentive will also be applicable for the land transferred by KIADB to land owners as compensation for the acquired land.
- (ii) The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Industrial Policy which was in vogue at the time of execution of lease-cum-sale deed.

10.4. Waiver of Conversion Fine

MSME, Large and Mega Projects: The payment of conversion fee for converting the land from agriculture use to industrial use including for development of industrial areas by private investors will be waived as detailed below:

Zone-1: 100%

Zone-2: 100%

Zone-3: 75%

Zone-4: Nil

Note: The waiver of conversion fine will be on reimbursement basis after implementation of projects.

10.5 Exemption from Entry Tax

MSME, Large and Mega Projects:

In Zone - 1, 2 and 3:

100% exemption from payment of ET on 'Plant & Machinery and Capital Goods' for an initial period of 3 years from the date of commencement of project implementation. For this purpose, the term, 'Plant and Machinery and Capital Goods' also includes plant and machinery, equipment etc., including machineries for captive generation of Electricity.

On raw materials, inputs, component parts & consumables (excluding petroleum products) (wherever applicable) for a period of 5 years from the date of commencement of commercial production.


Zone - 4 Nil

10.6 Incentives for Export Oriented Enterprises

MSME, Large and Mega Projects:

(i) Exemption from payment of ET

For 100% EOUs, 100% exemption from payment of ET on 'Plant & Machinery and Capital Goods' for an initial period of 3 years from the date of commencement of project implementation irrespective of zones.



For other EOUs, (Minimum Export obligation of 25% of their total turnover) 100% exemption from payment of ET on raw materials, inputs, component parts & consumables (excluding petroleum products) for an initial period of 3 years from the date of commencement of commercial production in Zone 1, 2, 3 and 50% in Zone 4.

(ii) Refund of Certification Charges:

Refund of expenses incurred for compulsory marking like Conformity Europeene (CE), China Compulsory Certificate (CCC) etc., to the extent of 50% of expenses subject to a maximum of Rs. 2.00 lakhs per unit for both 100% and other EOUs in all zones

10.7 Subsidy for setting up ETPs

MSME, Large and Mega Projects: One time capital subsidy upto 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 100 lakhs per manufacturing enterprise in Zone -1, 2 & 3 and a ceiling of Rs. 50 lakhs in Zone-4.

10.8 Interest Free Loan on VAT

Large and Mega Projects: All new large and mega manufacturing Enterprises established in Zone-1, 2 and 3 shall be offered interest free loan on VAT as specified below:

Investment range on fixed assets (Rs. in Crores)	Min. Direct Emp. (Nos.)	Quantum of interest free loan
10 (value of plant & machinery) - 50	Minimum 100 employment and additional 20 employment for every Rs. 10 Crore investment	50% of assessed gross VAT for initial 5 years subject to the max. of 100% of total value of fixed assets. Repayment of the loan shall be in 3 annual installments after 5 years.
51-250	Minimum 200 employment and additional 20 employment for every Rs. 50 Crore investment.	50% of assessed gross VAT for initial 6 years subject to the max. of 75 of total value of fixed assets. Repayment of the loan shall be in 3 annual installments after 6 years.
251-1000	Minimum 400 up to Rs. 300 Crores and 50 additional employment for every Rs. 100 Crores additional investment	25% of assessed gross VAT for initial 7 years subject to the max. Of 50% of total value of fixed assets. Repayment of the loan shall be in 4 annual installments after 7 years.
1001-3000	Minimum 750 for Rs. 1000 Crores and additional 25 for every Rs. 100 Crores additional investment	25% of assessed gross VAT for initial 10 years subject to the max. of 50% of total value of fixed assets. Repayment of the loan shall be in 4 annual installments after 10 years.
More than 3000	1250	25% of assessed gross VAT for initial 15 years subject to the max. of 50% of total value of fixed assets. Repayment of the loan shall be in 5 annual installments after 12 years.
Zone -4: Nil		

10.9 Anchor Unit Subsidy

Anchor unit subsidy of Rs. 100 lakhs shall be offered for the first two manufacturing Enterprises with minimum employment of 100 members and minimum investment of Rs.50 Crores in each of the taluks coming in Zone-1, 2 & 3 will be offered. This subsidy will be applicable only in taluks where no industrial Enterprises with investment of Rs. 50 Crores and above exist at present.

10.10 Special incentives for Enterprises coming up in low HDI districts

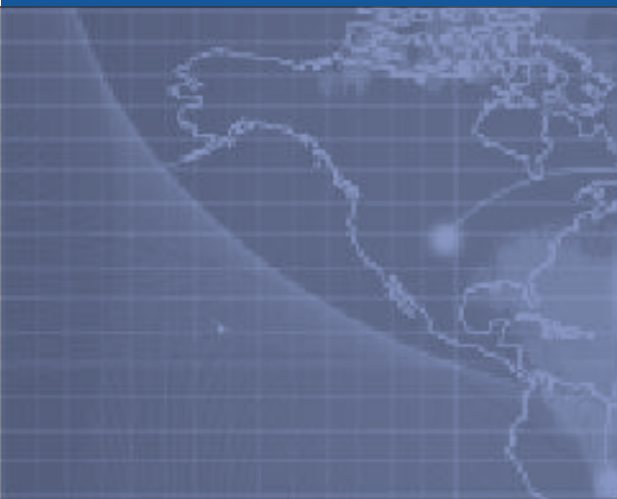
Only for Large & Mega Projects:

New large scale Enterprises setting up facilities in six districts having bottom most Human Development Index (HDI) and employing atleast 75% local persons as defined in the Sorojini Mahishi recommendations will be offered 75% reimbursement of expenditure on account of contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) Scheme for a period of initial five years.

However, these benefits over a period of five years will be limited to 25% of value of fixed capital investment. The amount of reimbursement will be paid annually based on minimum statutory limit subject to the condition that the unit has paid its contribution towards ESI & EPF on the due dates. Following are the six districts having bottom most Human Development Index:

Sl. No.	District	HDI* (2001)
1	Bagalkot	0.591
2	Bijapur	0.589
3	Koppal	0.582
4	Chamarajanagar	0.576
5	Gulbarga	0.564

**As per Karnataka Human Development Report - 2005 published by the Department of Planning & Statistics, Government of Karnataka.*



10.11 Exemption from Electricity Duty

Micro & Small Mfg. Enterprises: 100% exemption of electricity duty/tax for the initial period of five years, four years and three years in Zone-1, Zone-2 and Zone-3 respectively.

10.12 Technology Upgradation, Quality Certification and Patent Registration

Micro & Small Mfg. Enterprises:

- (i) Interest Subsidy on TU Loan: Zone-1, 2, 3 : 5% on loans availed from KSFC, KSIIDC & Scheduled Commercial Banks, which are not covered under CLCSS of Gol.
- (ii) ISO series certification: Zone -1, 2, 3 & 4 : 75% of cost (max. Rs. 75,000)
- (iii) BIS Certification: 50% of fees payable to BIS. (max. Rs. 20,000) and 25% of cost (max. Rs.50,000) for purchase of testing equipments as approved by BIS.
- (iv) Patent registration: 75% of cost of fees payable to Patent Office (max. Rs. 1.25 lakhs) and 50% of cost (max. Rs. 75,000) towards attorney fees, patent search etc.
- (v) Technology Adoption: 25% of cost (max. Rs. 50,000) for adopting technology from recognized national laboratories.
- (vi) Technology Business Incubation Centre: 25% of the project cost (max. Rs. 50 lakhs).

10.13 Water harvesting/Conservation Measures Small & Medium Mfg. enterprises in all Zones.

- (i) Rain Water harvesting: 50% of cost (max.Rs. 1 lakh)
- (ii) Waste water recycling: 50 % of cost (max. Rs. 5 lakh)

- (iii) Zero discharge process: 50% of cost (max. Rs. 5 lakh)

10.14 Energy Conservation

Small & Medium Mfg. enterprises in all Zones

Practicing Energy Conservation measures resulting in reduction of Energy Consumption of atleast 10% of earlier consumption: 10% of capital cost (max Rs. 5 lakh)

Use of non-conventional energy sources: 10% of capital cost (max. Rs.5 lakh) .

10.15 Addl. Incentives to the enterprises following Reservation Policy of the State

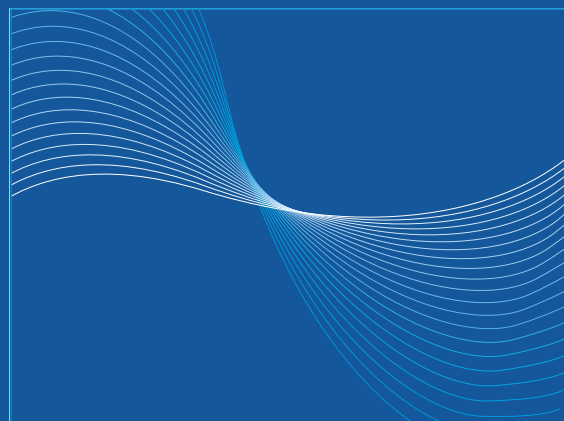
Medium, Large and Mega Manufacturing Enterprises in all zones employing more than 100 persons:

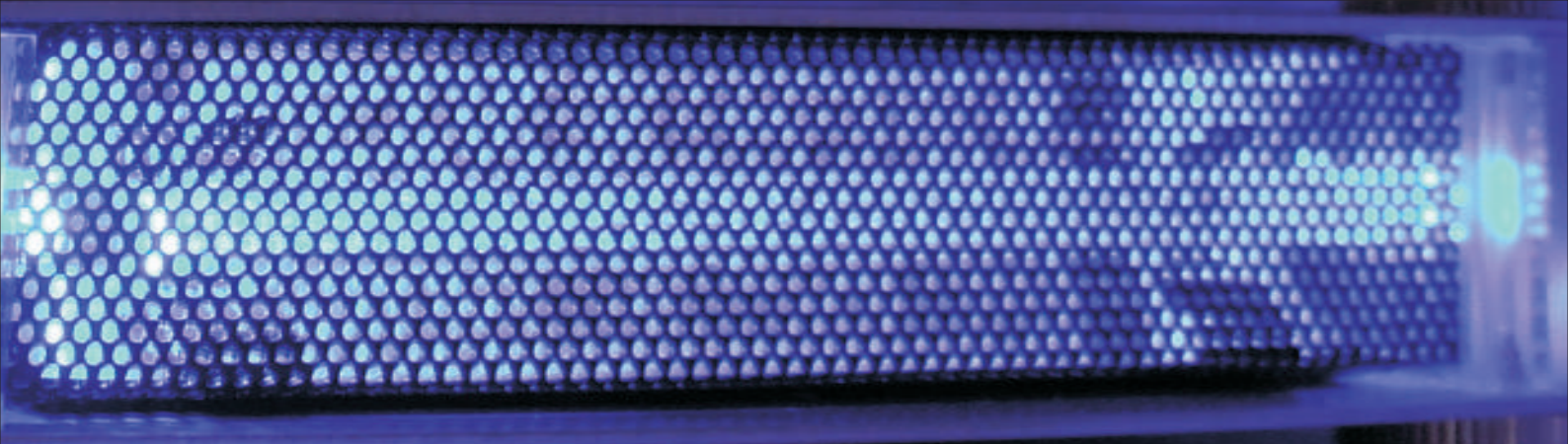
50% reimbursement of expenditure incurred for employees coming under reserved category towards contribution to ESI & EPF schemes for a period of initial 5 years.

10.16 Refund of cost incurred for preparation Project Reports

Micro & Small Mfg. Enterprises: Zone 1, 2 and 3:

The cost incurred for preparation of project





reports by TECSOK/CEDOK/KSFC or any recognized institutions for availing loans shall be reimbursed to the maximum of Rs.10,000/- per unit subject to financing of the unit.

11) RELAXATION OF FSI

The Government will be pleased to relax FAR for all IT projects subject to zonal regulations and the land use pattern as per the Master Plans of the Planning Authorities.

12) POWER TARIFF

- 12.1)** For reliable and quality power supply round the clock, Private IT parks and Public IT parks will have freedom of unlimited back up power, permission for captive power generation and status as 'Independent Power Producers'
- 12.2)** IT/ITeS, BPO and Telecom units shall be declared as continuous process units and shall be exempted from statutory power cuts to enable them to perform on 24x7x365 basis.
- 12.3)** Government will apply a uniform power tariff structure for IT/ITeS, BPO and Telecom Units as approved by Karnataka Electricity Regulatory Commission (KERC).

13) ASSISTANCE TO DISABLED PERSONS

All assistance will be rendered to persons with disability in accordance with the provisions of The Persons with Disabilities Act, 1995.

14) RELAXATION UNDER LABOUR LAWS

Government will endeavor to simplify filing of returns and maintenance of registers and records, annual returns and combined registers etc. by IT companies. Further, registers/records can also be maintained in digital format. Steps will be taken to encourage and facilitate e-filing of returns in consultation with Departments of Factories and Boilers and Labour Department.

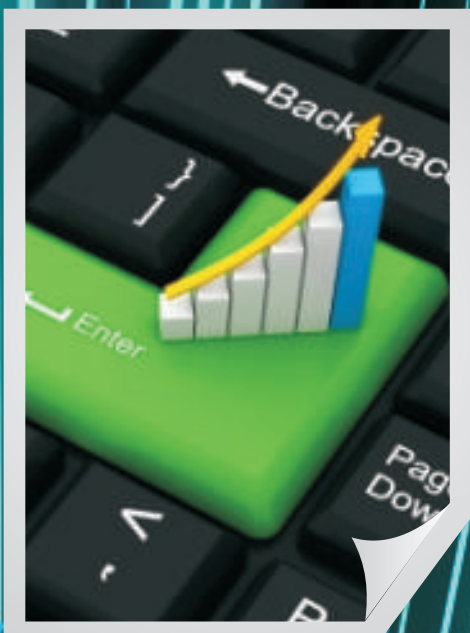
EFFECTIVE DATE :

This Policy shall come into force with effect from the date of issue of the Government Order in this regard and shall remain in force for a period of five years from such date or till the issue of a new or revised Policy.

APPENDIX A

Definitions:

- IT Industry includes Hardware Manufacturing (IT Hardware & Electronics), IT/ITeS, BPO units, Telecom companies, IT/ITeS, BPO units and Telecom companies include IT software, IT services and IT Enabled Services / BPO / Telecom and Internet Data Centres.
 - IT Infrastructure companies mean the real estate Infrastructure developer or a builder constructing IT Office space for sale/lease or for lease-cum-sale to IT Industry/Financial Institution for the purpose of IT activities by the IT Industry defined above.
 - Telecommunication companies include Basic Telecom Service Providers (fixed), VSAT, Cellular (Mobile) companies, Telecom Infrastructure companies, ISPs and any other value added services licensed by Ministry of Communications & IT, Government of India.
 - MSME: Micro, Small & Medium Enterprises are Companies with sales income/turnover less than Rs.10 crores and above Rs.1 crore per annum.
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Information and Communications Technology Policy-2011



For Information and Assistance, please contact

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