



CIRCULAR

Circular No - 072 / 2022

Date: 23-08-2022

To
All Members of The Association

GOVERNMENT ANNOUNCES
THE KARNATAKA EMPLOYMENT POLICY 2022-25

The Department of Commerce & Industries, Government of Karnataka has published order No. CI 310 SPI 2021, Bengaluru dated 27.07.2022 which is stated in the circumstances explained in detail in the preamble, Government is pleased to announce the Karnataka Employment Policy 2022-25 to provide additional incentives to investors for providing additional jobs in the state, and shall become effective from the date mentioned in the Government order, i.e., 27.07.2022 and shall be in force for the same period as New Industrial Policy 2020-25 or New Textile and Garment Policy 2019-24, whichever is applicable.

The Policy Objective is to:

- 1) Upgrade skilling ecosystem in line with the demand from industry
- 2) Incentivize investors for providing additional employment by rolling out additional incentives
- 3) Incentivize investments in certain employment generating sectors like Textiles, Leather, Food Processing, etc
- 4) To develop Karnataka as the hub of skilled manufacturing across India

A copy of the Government Order with annexure providing details is attached.

For KARNATAKA EMPLOYERS' ASSOCIATION
Sd/-
[B.C. PRABHAKAR]
PRESIDENT



PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Karnataka Employment Policy 2022-25 – reg.

Read: 1) Government Order No. CI 199 SPI 2018, dated
13.08.2020
2) Government Order No. CI 58 JAKY 2020, dated
17.07.2020

PREAMBLE:

In 2022-23 Budget, Hon'ble Chief Minister has announced the following at Para 258:

"An Integrated employment policy will be formulated by our Government to create employment opportunities. Action will be taken to provide additional incentives to the industries which create more employment for the people of the State. Preference will be given to attract investors in labour intensive sectors like textiles, toy manufacturing, FMCG, leather products, food processing and jewellery."

Government has undertaken several initiatives to support industrial employment generation in the State and special focus has been towards sectors generating large employment opportunities across the State.

Some of the initiatives for industrial employment generation in the State are announcement of New Industrial Policy 2020-25, New Textile & Garment Policy 2019-24, Special incentives for Toys Cluster in Koppal District, Agriculture Implements Cluster in Bidar, Consumer Durable Goods & Appliances Cluster in Hubli and Fast Moving & Consumer Goods Cluster in Dharwad District and Special Scheme for ESDM Sector.

The Government has also realized the need to provide special incentives for investors who generate more employment in the State. This would ensure the focus of investors remains on providing employment.

Given the importance of ensuring continuous demand for employment and ensuring availability of skilled labour force in the State, this policy suggests initiatives across Demand side and Supply side of employment generation.

It is critical to increase employment in the State and hence it is proposed to introduce employment based turnover linked incentive booster in the Industrial Policy 2020-25 cited at ref (1) above and also to amend the New Textiles and Garment Policy 2019-24 cited at ref (2) above by offering additional incentives and removal of cap on incentives.

The focus of the Karnataka Employment Policy 2022-25 is to provide additional incentives to investors for providing additional jobs in the State.

In view of the above, a decision has been taken by the Government to formulate and adopt a Karnataka Employment Policy for the period 2022-25. Hence, the following order:

GOVERNMENT ORDER No. CI 310 SPI 2021,
BENGALURU, DATED 27.07.2022

In the circumstances explained in the preamble, Government is pleased to announce the Karnataka Employment Policy 2022-25 as detailed in **Annexure**, enclosed to this order, to provide additional incentives to investors for providing additional jobs in the State.

The salient features of Karnataka Employment Policy 2022-25 are as follows.

(i) Vision

To ensure ample availability of relevant workforce across Karnataka and provide job opportunities to a larger base of Karnataka's workforce to reduce unemployment in the state.

(ii) Policy Objectives

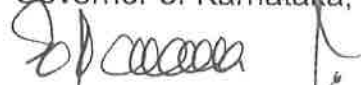
- Upgrade skilling ecosystem in the state in line with the demand from industry

- Incentivize investors providing additional employment by rolling out additional incentives
- Incentivize investments in employment generating sectors like Textiles, Leather, Food processing, etc.
- To develop Karnataka as the hub of skilled manufacturing across India

The Karnataka Employment Policy 2022-25 initiatives shall come into effect from 27.07.2022 and shall be in force for the same period as New Industrial Policy 2020-2025 or New Textile and Garment Policy 2019-2024, whichever is applicable.

This order is issued with the concurrence of the Finance Department vide Note No. FD 125/143 Exp-1/2022, dated 02.05.2022, FD 99 Exp-1/2022, dated 18.06.2022 and Cabinet Note Subject No. C-363/2022 held on 22.07.2022.

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



(DR. E.V. RAMANA REDDY)

Additional Chief Secretary to Government,
Commerce & Industries Department.

To,

- 1) The Principal Accountant General (G&SSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
- 2) The Principal Accountant General (E&RSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
- 3) The Principal Accountant General (A&E), Karnataka, Park House Road, Post Box No. 5329, Bengaluru-01.
- 4) The Chief Secretary to Government, Vidhana Soudha, Bengaluru-01.
- 5) The Principal Secretary to Hon'ble Chief Minister, Vidhana Soudha, Bengaluru-01.
- 6) All Additional Chief Secretaries /Principal Secretaries / Secretaries to Government,
- 7) The Commissioner for Industrial Development and Director of Industries and Commerce, Khanija Bhavan Race Course Road, Bengaluru-01.
- 8) The Chief Executive Officer & Executive Member, Karnataka Industrial Area Development Board, Khanija Bhavan, Race Course Road, Bengaluru-01.
- 9) The Managing Director, KSFC, 1/1, Thimmiah Road, Bengaluru-51
- 10) The Managing Director, KSSIDC, Industrial Estate, Rajaji Nagar, Bengaluru-10.
- 11) The Managing Director, Karnataka Udyog Mitra (KUM), Khanija Bhavan, Race Course Road, Bengaluru-01.

- 12) The Managing Director, VTPC, Shanthi Nagar, Banaglore-01.
- 13) The Managing Director, KCTU, Basava Bhavan, Basaveshwara Circle, Bengaluru-01.
- 14) The Joint Directors of all District Industries Centers of Karnataka.
- 15) The Deputy Secretary to Govt., (Cabinet Section), DPAR, Vidhana Soudha, Bengaluru-01.
- 16) PS to Hon'ble Minister for Large & Medium Industries, Vidhana Soudha, Bengaluru.
- 17) The Director (Technical Cell), Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
- 18) The Internal Financial Advisor & Deputy Secretary to Government, Commerce & Industries Dept., Vikasa Soudha, Bengaluru-01.
- 19) Guard File / Spare Copies.



ANNEXURE to Government Order

No. CI 310 SPI 2021,

dated 27.07.2022

KARNATAKA

EMPLOYMENT POLICY

2022-25



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1) Preamble

Government of Karnataka has always ensured strong focus on employment generation in the state. Historically, Karnataka has one of the lowest unemployment rates in the country. Despite the COVID-19 pandemic, Karnataka was able to maintain the lowest unemployment rate in the country. As per Centre for Monitoring Indian Economy (CMIE) data, Karnataka had the lowest unemployment rate at 1.4%, way below the national average of 7.6% in Dec 2020.

While Karnataka has one of the lowest unemployment rates in the country, the share of industrial employment in the state is lower compared to major peer states like Gujarat, Tamil Nadu, Rajasthan, etc. Karnataka employs close to 31.7% of employed workforce in the secondary sector while Gujarat employs 42.5% and Tamil Nadu employs 35.1% in the secondary sector. This trend can be largely attributed to the higher share of workforce employed in Service/ IT sector in Karnataka.

Government has undertaken several initiatives to support industrial employment generation in the state and special focus has been towards sectors generating large employment opportunities across the State. Additionally, Government of Karnataka also focuses on ensuring quality higher education and skill development in the state to make the youth employable and provide constant supply of skilled manpower in the state.



Some of the initiatives for industrial employment generation in the state have been stated below:

1) Industrial Policy 2020-2025

One of the major objectives of the industrial policy is to create employment opportunities for 20 lakh people in the state during the policy period. To achieve this objective, the policy has set forth 3 major employment generation initiatives:

- i) Minimum direct employment criteria to avail incentives under the policy. For example, an Investment of Rs 350 Cr would require minimum employment of 270 ($200+2*35$). Details of the employment threshold in industrial policy are provided in Annexure I.
- ii) Implementation of new labour reforms to enable employment generation
- iii) Provision for higher incentives in tier 2/3 areas to support employment generation in rural Karnataka

2) Textile and Garment Policy 2019-2024

Textile sector is one of the most employment generating sectors in the country with a high ratio of jobs created per amount invested (30-50 jobs created per Rs 1 Cr invested). Karnataka accounts for around 20% of the garment production in the country and is one of the leading producers of silk in the country. Government has introduced the Textile and Garment Policy 2019-2024 to further cement Karnataka's strong position in the textile sector.



The policy offers best-in-class incentives to investors including but not limited to

- 30% capital investment subsidy on fixed assets (e.g., Land, Building, Dormitory, ETP, Machinery etc.)
- 5% interest subsidy on term loan for 5 years
- Wage subsidy of up to INR 3000 per employee per month for 5 years
- CAP on Incentives offered under the policy has been raised to 100% from current 40%

Additionally, special incentives are available for investments in the Ballari Textile Cluster.

3) Special incentives for Toys cluster

Karnataka is home to India's first toy manufacturing cluster in Koppal district. Toy sector typically generates massive employment and thus the state is providing special incentives to investors for setting up facilities in the Koppal toy cluster. Karnataka offers highest subsidy across states to investors in the toy sector.

Some of the key incentives offered are detailed below:

- 30% capital investment subsidy on fixed assets like Land, Building, Dormitory, ETP, Machinery, etc.
- 5% interest subsidy on term loan for 5 years
- Power tariff subsidy up to INR 2 for 5 years
- Wage subsidy of up to INR 1500 per employee per month for 5 years



- 75% reimbursement of ESI & EPF for 5 years
- Export freight subsidy to seaport

4) FMCG cluster

FMCG sector employs a large share of the workforce in the state. To further incentivize employment creation via investments in FMCG sector, state has announced special incentive package for Dharwad FMCG cluster. The package would offer best-in-class incentives to investors including but not limited to:

- Capital investment subsidy of 20% of VFA, subject to a maximum of ₹ 25 crore
- Performance linked incentive of 3% of annual turnover for 5 years, subject to a maximum of 100% of VFA
- Stamp duty exemption
- Concessional registration charges
- Other incentives and concessions as per the Industrial policy 2020-25

2) Vision

To ensure ample availability of relevant workforce across Karnataka and provide job opportunities to a larger base of Karnataka's workforce to reduce unemployment in the state.



3) Policy objectives

The objectives of the Karnataka Employment Policy 2022-2025 are as follows:

- Upgrade skilling ecosystem in the state in line with the demand from industry
- Incentivize investors providing additional employment by rolling out additional incentives
- Incentivize investments in employment generating sectors like Textiles, Leather, Food processing, etc.
- To develop Karnataka as the hub of skilled manufacturing across India

4) Policy targets

The Industrial Policy 2020-2025 and the Textile and Garmenting Policy 2019-2024 define the targets for employment generation. The Karnataka Employment Policy 2022-25 will provide additional incentives and is thus expected to amplify the employment generation. Hence, the target under Industrial policy has been revised to 350,000 jobs from all sectors other than textile and garmenting sectors in medium, large, mega, ultra-mega and super-mega sized investments in the next three years. Similarly, the target under Textile and Garmenting Policy has been revised to 400,000 in the next 2 years. Therefore, the total target for employment generation under Karnataka Employment Policy shall be 7.5 Lakhs.



5) Policy initiatives

Given the importance of ensuring continuous demand for employment and ensuring availability of skilled labour force in the State, this policy suggests initiatives across Demand side and Supply side of employment generation.

A. Supply side initiatives

The Government of Karnataka has set up the Department of Skill Development, Entrepreneurship, and Livelihood in 2016 to enable the youth to acquire necessary skills for employment and livelihood promotion.

Aim of Department of the Skill Development, Entrepreneurship and Livelihood

- Provide skills to all the people in need with special focus on youth, women, people with disability and other marginalized communities in mission mode for a better livelihood opportunity
- Planning, regulation, standardization, promotion, implementation and monitoring of all skill development initiatives in the state
- Converge all skill related programmes/schemes under one department for better coordination
- Act as a nodal agency to provide industry interface, quality benchmarks, national/international best practices, monitoring and impact evaluations.



Skill Development Context in Karnataka

India is poised to experience a demographic dividend for the next 25 years, due to an increase in the proportion of young and working age group to the total population. Such a rise in the youth population is a window of opportunity as it reduces the ratio of dependents to total workers leading to higher rates of savings, investment, and growth. This change in the age structure, if properly utilized, will result in the demographic dividend, which provides immense growth opportunities to the nation. The provision of employable skills to youth remains to be an important challenge to reap opportunities of the demographic dividend. Despite the policy focus on skill development from 11th Five-Year plan onwards, India still faces the dual challenges of the paucity of a skilled workforce as well as non-employability of large sections of youth who are educated but lacking employable skills. The data provided by the National Sample Survey Organisation (NSSO) show that only 2.4% of the Indian workforce has undergone formal skill training and another 8.6% have received non-formal vocational training. This indicates that only a few youths with vocational training will be entering into the labour force.

Demographic Dividend

With 55% of the population in the working age group of 20 to 59 years, Karnataka has an opportunity of achieving faster economic growth through favourable demographic dividend, provided that appropriate skills are imparted to the working population in general and youth in particular.



Skilled persons will then be able to find employment in the state as well as outside (including other countries) where there is a demand for them.

Size of labour force in Karnataka

Out of 6.11 crore population, 2.44 crore have registered as workers in the state. Agriculture and allied sectors account for nearly 56% of the total workers in the state, while the rest are in the non-agricultural sector. Key sub-sectors of the non-agricultural sector are manufacturing and mining (11%), shops, establishments and trade (9%) and construction (7%). Services account for the remaining 17%. Three-fourths of 2.44 crore workers in Karnataka are estimated to be in the unorganised sector. Workers in the unorganised sector consist of agricultural labourers and those in the subsectors of non-manufacturing such as shops, establishments & trade, construction, real estate & business activities and hotels & restaurants. Most of the workers in the organised sector are found in manufacturing & mining and information technology & biotechnology. Details of Karnataka labour force can be found in Annexure II & III of the policy.

Size and labour force participation among Youth (16-35 years) in Karnataka

It is estimated that 2.12 crore persons are in this age group. Over 45% of 2.12 crores youth population is not in the labour force. About 52% of the youth population is male, while the rest are female. Over 76% males are in the labour force; but the corresponding proportion of females is only 31%,



thus indicating a huge gap in the participation of male and female in the labour force. About 54% of the youth in the age group of 16-35 years belong to Other Backward Castes (OBC), 23% to general category, 17% to Scheduled Caste (SC) and 6% to Scheduled Tribe (ST). The work force participation was low among youth from general castes and higher among those belonging to SC and ST categories.

Formal and informal employment among youth in Karnataka

Nearly three-fourths of the youth in Karnataka are employed in the informal sector. The employment of females in the informal sector employment is marginally higher than that among male's. Formal sector employment increases along with general education of youth. Up to the level of higher secondary education, the proportion of youth taking up informal employment is substantially higher than those taking up formal employment.

Skill levels among youth

The distribution of youth (16 to 35 years) by educational level shows that illiterate and those completing primary and middle education account for 54%, and those completing secondary and higher secondary education for 29%. The proportion of youth completing diploma and graduation & above is 17%. The possession of skills is even better among youth (16-35 years) in the labour force, with 13.2% of them having formal and non-formal vocational training. Percentage of women receiving vocational training is significantly lower than men. Similarly, the proportion of youth receiving



vocational training is low among those belonging to ST and SC castes as compared to other cases. The proportion of youth receiving vocational training is close to 17% in the case of those belong to the general category.

Institutional infrastructure for skill provision in Karnataka

Karnataka has a considerably good educational infrastructure in the country. It is, therefore, imperative to fully utilize the existing capacity in ITIs and Polytechnics to reduce the skill gap in the state. The capacity of these institutions will be built to assess the demand for skills in the local area and design courses as per the industry demand aligning with the NSQF. Also, coverage of this institution needs to be expanded to reach out at least 60% of the trainee cohort annually in the due course of time.

Policy Measures

i) Sector wise demand driven approach on training& skilling

The sector-wise strategy is aimed at improving the potential of job creation by drawing investments to employment- intensive sectors, policy interventions and attracting new industries by creating an enabling environment

Based on Labour Market Information obtained through systematic and scientific studies, the priority sectors for the regional / districts would be listed as below:



- IT&ITES
- Health Care Services
- Education and Skill Development
- Building, Construction Industry and Real Estate
- Tourism, Travel, Hospitality and Trade
- Agriculture and allied activities
- Transportation, logistics, warehousing, and packaging
- Textiles and garment
- Food processing and value addition to the agricultural produce

The detailed interventions for each sector are outlined below:

a. Primary Sector

- This policy aims to develop required skilled human resource alongside agribusiness and agro-processing as a vibrant sector for creating employment opportunities and increasing the farm returns to farmers by value addition.
- Through Industry linkage cell, Industry connect conclaves will be conducted for all the subsectors of agriculture, Industry demand job role training will be given by empanelling the industries as training partners & trainees will be recruited in the industry.
- As part of Demand driven Agri-entrepreneurship Skilling, Department of Skill Development, Entrepreneurship, and Livelihood will take upon itself the responsibility of transforming state Agriculture through developing the



skills of state manpower in emerging areas of agriculture, by collaborating with the Department of Agriculture Department of Fisheries, Department of Forests and the Department of Horticulture across the State to impart training and skill development to farmers and other stakeholders in the field of enhancing production, improving productivity and quality of agriculture, horticulture and allied produces.

- ITI Colleges premises & infrastructure will also be utilized to provide short term summer course training for demand driven Agriculture sector job roles like tractor repairs, etc.& other job roles like plumbing, carpentry etc. at district level.
- Department of Skill Development, Entrepreneurship, and Livelihood will ensure and promote skill development and vocational education in the mining sector and contribute to human capital development of the state to achieve inclusive growth, aligned to the needs of the mining industry based on the Skill Gap Analysis/ reports and industry demands.
- Demand driven job roles training would be given for animal husbandry and fisheries related jobs
- Department of Skill Development, Entrepreneurship, and Livelihood will ensure and promote skill development and vocational education in the mining sector and contribute



to human capital development of the state to achieve inclusive growth, aligned to the needs of the mining industry based on the Skill Gap Analysis/ reports and industry demands.

b. Secondary Sector

- Demand driven job roles will be identified for various sectors through Industry Linkage cell & skilling and recruitment will be done through Industry empanelment
- The Sectors under Secondary Sector in which training will be given for the Unemployed youth of Karnataka are as follows:
- Aerospace & Aviation, Apparel, Made-Ups & Home Furnishing, Automotive, Capital Goods, Construction, Electronics & Hardware, Food Processing, Furniture & Fittings, Gems & Jewellery, Handicrafts & Carpets, Plumbing, Iron & Steel, IT-ITES, Leather, Telecom, Textile, Rubber, Power, etc.

c. Tertiary Sector

- Demand driven job roles will be identified for various sectors through Industry Linkage cell and skilling & recruitment will be done through Industry empanelment



- The sectors under Tertiary Sector in which training will be given for the Unemployed youth of Karnataka are as follows:
- Beauty & Wellness, Banking, Financial Services and Insurance, Domestic Worker, Healthcare, Logistics, Management and Entrepreneurship & Professional, Retail, Tourism & Hospitality, etc.

ii) Target Segments Training (Primary Stakeholders)

- a. Finishing School Training - Training on future skills to final year/semester students to enhance their skills & employability to ensure maximum placements
- b. Providing stipend (incentives) for special category of the communities like PWD, Woman, Transgenders, Tribes & other marginalized community.
- c. The department will undertake focused efforts to ensure inclusion of people with disabilities in the mainstream formal and non-formal vocational and skill training programmes by ensuring accessible infrastructure, training materials, information and assessment, appropriate teacher training, reasonable accommodation and support services, adaptive curriculum and access to loans, support in marketing, etc. and also organize focused bridge and other courses for skilling people with developmental disabilities
- d. Students completing secondary or higher secondary education and interested in the acquisition of skills in the technical or



non-technical trades through ITIs, Polytechnics, and other formal institutions.

- e. Dropouts from the school without completing secondary education, who are interested in acquiring skills in the technical or non-technical trades through informal and formal institutions.
- f. Unorganised workers and young home makers interested in acquiring new skills, reskilling or up-skilling through formal or informal institutions depending on educational qualification.
- g. Organised workers interested in re-skilling and up-skilling for new or better employment, and students from the humanities background interested in skills for obtaining suitable jobs.
- h. Youth from a marginalized and disadvantaged section of the society based on disability, belonging to Scheduled caste and scheduled tribes, PVTG, religious minorities, gender, culture or ethnic affiliation and/or any such groups.
- i. Training of NATIVE SKILLS, Local industries requirement demand driven job roles will be organized

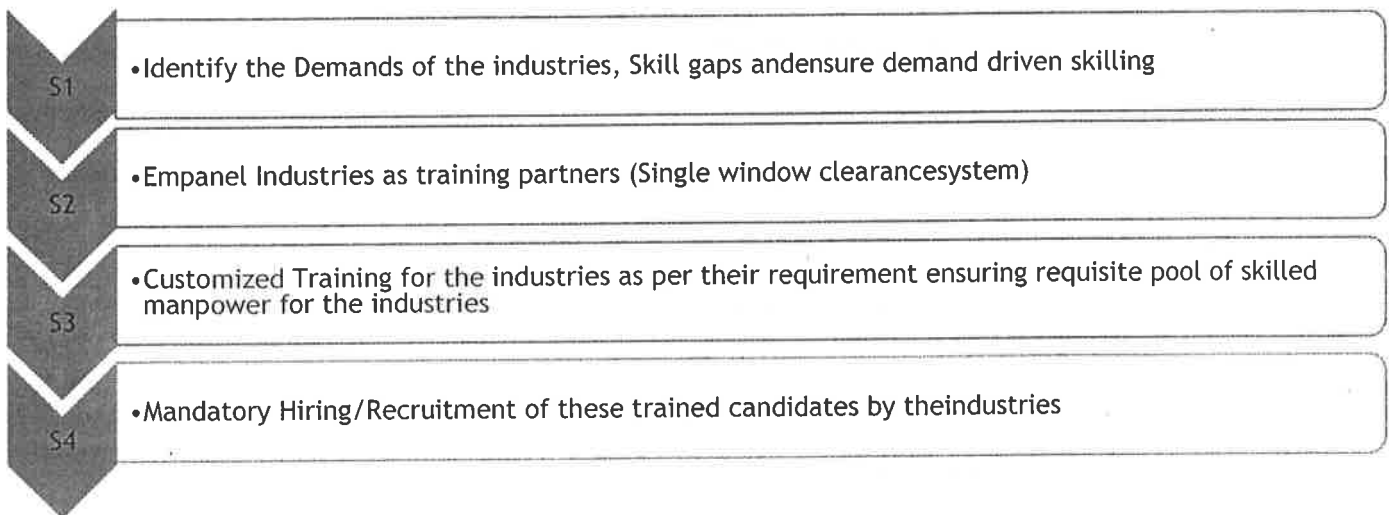
iii) Industry Linkage Cell

- a. Karnataka Skill Development Corporation has rolled out “Industry Linkage Cell” to create a strategic relationship with the industries from growing sectors across Karnataka to strengthen Skill Eco-system. One of the key factors to achieve the objective is to enable and strengthen strong industry linkages.



- b. Industry linkages are aimed at facilitating better job opportunities to the trainees and provide “Demand Driven Industry Relevant training opportunities to the trainees”.
- c. Aims a transition from “The Supply-driven to Demand-driven Skill ecosystem”, creating a workforce that will address the manpower needs of the industries.
- d. This initiative will help in building strong Industry Academia relationship resulting in improved employment outcomes for the Unemployed Youth across the state.

Industry Connect Process Flow



iv) Incentives for training/ skilling of workforce

To promote skilling and training of industrial workforce, the State Government shall incentivize companies for providing skilling and training through Company Owned and Company Operated Skill



Development Centers. The State Government shall promote setting up of these Centres by Companies across Karnataka with special focus on Zone 1 and Zone 2 (zonal classification is as per Industrial Policy 2020-25). Separate guidelines on quantum of incentives, eligibility criteria, disbursal mechanism, etc shall be released.

v) Recruitment & Apprenticeship

- a. Placement cells at district & state level will be established to facilitate employment beyond Bangalore to Tier 2 /3 cities locally. Placement cells will conduct walk-in interviews for companies exclusively & also sector wise vacancy pooled in interviews
- b. Empanelment of Pvt Placement Agencies for ensuring maximum placements through job melas, counseling, placement drives, etc.
- c. Strong implementation of Compulsory Notification of Vacancies (CNV) Act, 1956, through which the vacancies can be pooled in. CNV Act makes it mandatory on employer in every establishment in public sector in that state or area to notify vacancy to such employment exchanges as may be prescribed, before filling up any vacancy in any employment in that establishment.
- d. Special focus for migrants of Karnataka through the International Migration Centre Karnataka (IMC-K) for overseas



employment. Registered Agency of Karnataka will work towards sourcing candidates locally & facilitate placements for blue & white collared jobs overseas

- e. The Apprentices Act 1961 will be implemented effectively through Creating awareness about the Apprentices Act to all the establishments & involving industries in implementation of the act in its true spirit
- f. Currently companies are hiring candidates on third party agencies' role - on contract basis under NAPS. "Job on role" shall be made compulsory for at least 50% apprentice trainees which in turn would lead to high stability factor & less attrition rate of the trainees
- g. Efforts aimed at integrating apprenticeship training into the regular curricula and certificate courses will be initiated
- h. Efforts will be made to adapt the German dual system into the ITI system wherein a trainee is given the opportunity to spend more time in the industry. Efforts will be made to include more industries such as telecom, insurance, banking and finance, information technology, and civil aviation and retail trade.
- i. The government will introduce the Recognition of Prior Learning (RPL) for unorganised workers for strengthening and certifying their skill base. The government will facilitate formal recognition of skills/ competencies acquired through non-formal and informal channels among workers in the unorganised sector by institutionalizing this and giving wide



publicity. Policies to include women and those belonging to disadvantaged groups for RPL will be introduced.

- j. Students pursuing general education will be imparted a certified skill training course during the course of their regular studies in line with the finishing school concept. Soft skills, English language skills to suit ITES sector and back-end operations of other priority sectors identified in this policy will be imparted to these students
- k. Career Guidance, Counseling and Placement Centres in Industrial Training and Employment department at the state level and District Employment Exchanges at the district level will be established.
- l. The focus will be on providing employable skills. Most of the jobs require life and soft skills such as knowledge of English language, basic IT and financial literacy, communication, negotiation etc. Efforts will be made to provide these skills to youth as part of the vocational training or valued added courses. The orientation/training will also be provided on work place behaviour, Professionalism, and Financial Literacy / Management.

vi) Entrepreneurship

- a. Setting up of Incubation Centers at Govt. educational institutes & private agencies through CEDOK as PPP Model in all the



districts, especially for popular and innovative unique employment

- b. Encouraging youth to become the Nano Entrepreneurs by creating awareness and supporting & handholding through the incubation centers
- c. Efforts will be made to identify potential and early stage entrepreneurs from among those attending formal skilling courses as well as others. In order to educate and equip them, entrepreneurship education curricula will be developed.
- d. The Department will provide entrepreneurship curriculum to aspiring entrepreneurs. Tracking of those learning through the web-based teaching of entrepreneurship training will be done to monitor and include those belonging to socially and economically marginalized groups. These groups will be prioritized in the provision of training inputs.
- e. A state-wide network of Entrepreneurship Hubs (E-Hubs) will be set up to provide guidance and extend support to entrepreneurs such as delivery of services as part of the state program on entrepreneurship and other resources.
- f. Access to institutional finance is key for the success of business. The government will initiate steps to ensure the flow of adequate and timely credit to budding entrepreneurs by strengthening coordination between entrepreneurs and banks/ other financial institutions.



g. The curriculum, tools and training materials, web and mobile platforms, e hubs, assessments, access to finance, etc. would be made accessible to people with disabilities and reasonable accommodations and appropriate support would be ensured for people to access them easily.

vii) Livelihood

a. Livelihood is defined as “a set of activities a household engages in on a regular basis in order to generate adequate cash and non-cash income to maintain a minimum desired standard of living, both on a day-to-day basis and over a longer period of time”.

b. Further, Livelihood is:

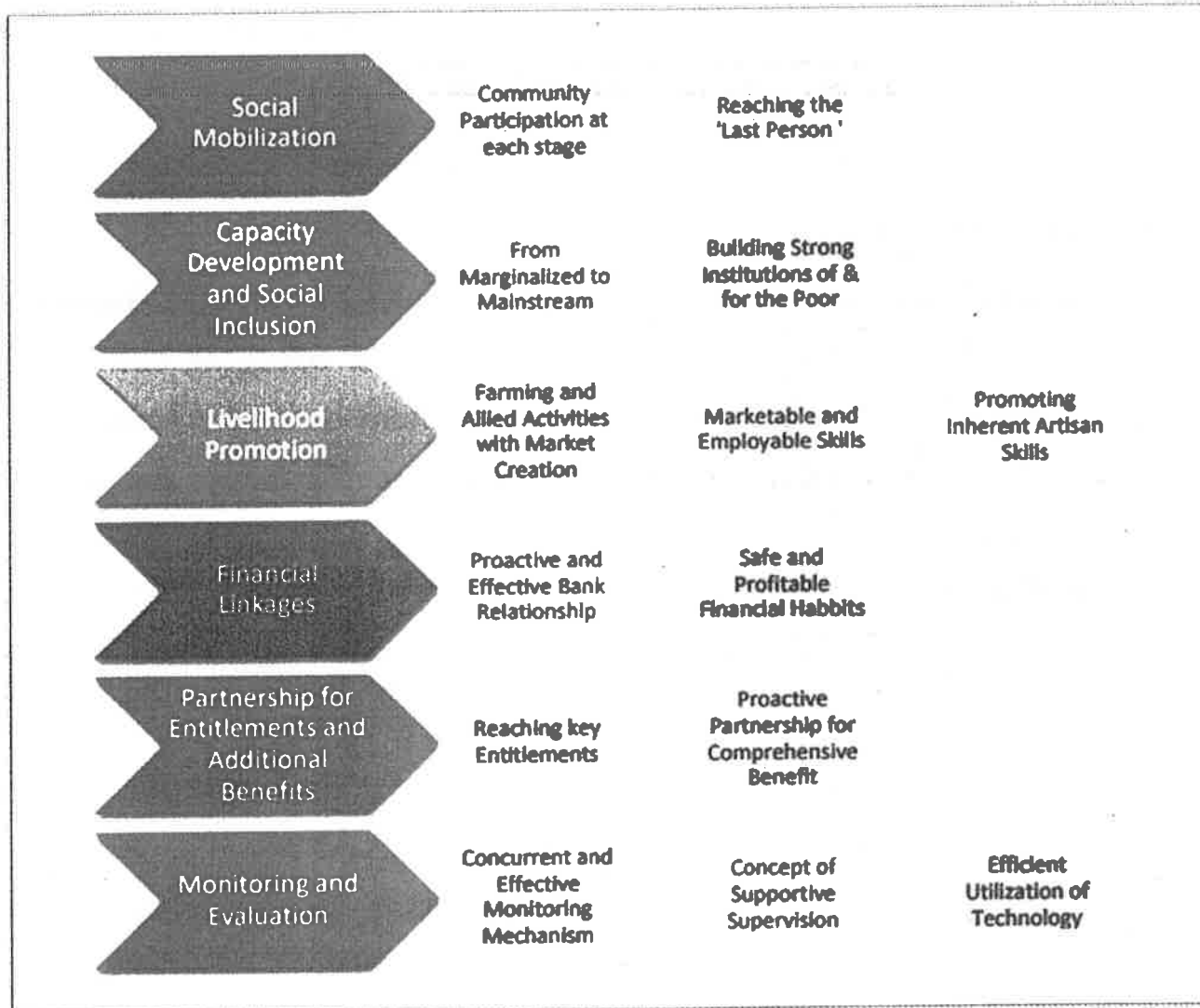
- i. A set of economic activities, involving self-employment and/or wage employment
- ii. by using one’s endowments (human and material)
- iii. to generate adequate resources (cash and non-cash)
- iv. for meeting the requirements of self and the household
- v. usually carried out repeatedly and as such become a way of life

c. Livelihoods, therefore, go far beyond generating income. A livelihood is much more than employment.

d. Necessary impetus will be provided to strengthen human/individual, social, financial, economical, natural and intellectual capital following sustainable livelihood approach.



Following diagram provides the strategic framework for the rural livelihood activities in Karnataka.



The 7-part framework will ensure holistic coverage of livelihood generation in rural areas with all aspects of livelihood covered in the definition above. Gram Panchayat (GP) and Urban Local Bodies (ULB) shall play a crucial role in applying this framework. GPs and ULBs shall be equipped to disseminate information on skill opportunities as well as mobilise the youth through Self-Help Groups and other community-based



organisations. Information Centres wherever exists in gram panchayaths would be equipped with ICT tools to enroll youth directly for the training program. The SANJEEVINI (Karnataka Rural Livelihood Mission) structure would be effectively utilized to disseminate the information and recruit the youth.

These local bodies will also identify and enroll youth interested in obtaining skills and facilitate the connection between the youth interested in obtaining skills and institutions providing employable skills. Gram panchayats, urban local bodies and civil society organisations will be involved to provide counseling and guidance to youth not only for creating aspirations but also to reduce the attrition rates during the training. Skill missions at the gram panchayat, taluk and district levels will work as multipliers and facilitate counseling and guidance to the youth about various skilling programmes and opportunities. Short term basic and multipurpose skill programs in coordination with local skill agencies will be organized at the village/cluster level in coordination GPs / ULBs.

Another aspect of the framework would be to improve the ecosystem of the Self-Help Groups (SHGs) through strengthening the forward & backward linkages. SHGs will be made entrepreneurial viable through training, creating market opportunities, and providing visibility about the SHG Products seamlessly. Production Activities by SHG members create a large number of products, some of which compete with branded/market-established products in terms of quality. Some products are agarbathies, candles, scented candles, pickles, soaps, handmade paper, paper mesh



articles, toys, handicrafts, wood carvings, wooden furniture, etc. Some groups near the towns also engage in production of readymade Idly and Dosa dough mix, readymade variety rice mix etc. Even some groups engage in agriculture, sericulture, prawn rearing and pond fish rearing. However, there is a lack in advertising these products, which can be considered as an essential part for effective marketing. The SHGs are far behind in marketing activities & they will be educated in marketing activities:

- a. The government will take steps to provide permanent stall for the SHG products in every district
- b. Lack of advertisement is one of the major reasons for poor marketing. Government will take steps to propagate the SHG products through its own media free of cost or with a little cost
- c. Brand Ambassador will be nominated to promote the products
- d. Trade fairs exclusively for SHG products and provide market for the products
- e. Brand name for marketing of SHG produce will be developed
- f. E-commerce portal like "Santhe" will be promoted & used for transactions

In addition, government will also help in the brand adoption process:

- a. Mapping of all the Product availability for the Branding at each district level
- b. Estimation of Packaging material required for the available stock



- c. Ensure all the required information for the content on packaging of the products i.e. FSSAI, Nutritional analysis, etc.
- d. Pricing of all the products according to Supply Chain process and distribution of profit
- e. Branding and retail guideline will be circulated to all the districts
- f. Product Catalogue will be prepared for market tie ups
- g. E-commerce website, app and social media networking will be started
- h. Tie up with pioneer organizations/institutions
- i. Advertisement through different medium i.e. Radio, Local TV, Hoarding, digital social media, etc.

viii) Overseas employment

- a. Karnataka government has set up Overseas Employment Cell to tap the potential for overseas employment opportunities for skilled persons called International Migration Centre of Karnataka & a Registered Agency of Karnataka
- b. In order to promote overseas employment, the government will make efforts to ensure that the curriculum of vocational education and content of skill training meet international standards. Transnational standards will be promoted in partnership with destination countries.
- c. Skilled workers interested in taking up overseas employment will be provided support in bridging the existing skills with those required, information on socioeconomic conditions in the destination country, support to send their remittances to their families and so on



ix) Database of employment in Karnataka

In order to track and monitor the employment generation in the State through various policies and schemes, it is critical to create a robust database of employment in Karnataka. The State Government will set up systems and processes to conduct periodic surveys at pre-defined frequency across all sectors (primary, secondary and tertiary). The data collected from these surveys shall be fed into a centralized database which shall be leveraged to generate key metrics such as Worker Population Ratio, Labour Force Participation Rate, Unemployment rate, etc. These metrics shall be tracked across sectors at district level. Additionally, the State shall also track the employment opportunities generated from new investments to ensure that the gap between demand and supply is reduced.



B. Demand side initiatives

Industrial Policy 2020-2025

Although Government of Karnataka provides for best-in-class incentives across major employment generating sectors, it has also realized the need to provide special incentives for investors who generate more employment in the state. This would ensure the focus of investors remains on providing employment.

In view of this, the Department of Commerce & Industries is amending the existing Industrial Policy 2020-2025 to provide extra incentives to investors for providing additional jobs in the state. Amendments to the existing Industrial Policy 2020-2025 are based on 4 key principles detailed below:

1) Increase in minimum employment thresholds in line with actual job creation

The minimum employment threshold and additional jobs for incremental investment defined in the Industrial Policy 2020 - 2025 needs to be increased in line with actual job creation. Hence, the following amendments have been made:

- a. **Medium Enterprises:** Employment requirement shall be increased from 7 jobs per 10 Cr to 10 jobs per 10 Cr.
- b. **Large Enterprises:** Minimum employment threshold shall be increased from 50 to 60; and additional employment requirement shall be increased from 35 jobs per 50 Cr to 50 jobs per 50 Cr.



- c. **Mega Enterprises:** Minimum employment threshold shall be increased from 200 to 260; and additional employment requirement shall be increased from 35 jobs per 50 Cr to 50 jobs per 50 Cr
- d. **Ultra Mega Enterprises:** Minimum employment threshold shall be increased from 400 to 510 and additional employment requirement shall be increased from 35 jobs per 50 Cr to 50 jobs per 50 Cr.
- e. **Super Mega Enterprises:** Minimum employment threshold shall be increased from 750 to 1000 and additional employment requirement shall be increased from 35 jobs per 100 Cr to 50 jobs per 100 Cr.

The following table shows minimum employment threshold and the additional job requirement per crore of investment as per the current Industrial Policy 2020-2025 and as per the amendments.

Investment Size		Current Policy		Revised Policy	
Classification	Min-Max	Min. Employment	Additional jobs for incremental investment	Min. Employment	Additional jobs for incremental investment
Medium	10 - 50	20	7 jobs per 10 Cr	20	10 jobs per 10 Cr
Large	50 - 250	50	35 jobs per 50 Cr	60	50 jobs per 50 Cr
Mega	250 - 500	200		260	
Ultra Mega	500 - 1000	400		510	
Super Mega	1000+	750	35 jobs per 100 Cr	1000	50 jobs per 100 Cr



2) Turnover Linked Incentive booster

Industries providing extra employment shall get additional Turnover Linked Incentive booster.

This shall be based on the slabs of additional employment generated vis-à-vis minimum employment threshold specified in the Industrial Policy 2020-2025, as amended from time to time. The following 3 slabs are proposed for providing additional Turnover Linked Incentive % points:

Medium, Large, Mega, Ultra Mega, and Super Mega Industries

- i) Slab 1: 1.5-2.5 times
- ii) Slab 2: 2.5-3.5 times
- iii) Slab 3: >3.5 times

No additional incentives shall be provided for providing employment below 1.5 times the minimum employment threshold under this policy.

3) Increase in VFA limit

It is proposed to increase maximum VFA limit by 5% points for all industries which provide more than 1.5 times the minimum employment as specified in the Industrial Policy 2020-2025.

4) Incentives for Leather products and Food processing

Additional incentives proposed in this Policy i.e. to amend the existing Industrial Policy 2020-25 to provide additional turnover



linked incentive booster to investors for providing additional employment will be extended to Leather products and Food Processing industries also.

Incentive Details

Details of the Turnover Linked Incentive booster % points per slab are provided below.

	Turnover Linked Subsidy		
	Slab 1	Slab 2	Slab 3
Employment Slabs (multiple of minimum threshold)	1.5x-2.5x	2.5x-3.5x	>3.5x
Additional Turnover Linked Subsidy % point	0.25%	0.50%	0.75%
Additional VFA limit increase	5%	5%	5%



Detailed enterprise wise applicability of the Turnover Linked Incentive booster is given in the table below:

Investment Promotion Subsidy based on Turnover for Medium, Large, Mega, Ultra Mega and Super Mega Enterprises				
Investment range on fixed assets	Reimbursement based on Turnover and employment policy booster			
<p>Medium Enterprises: (i.e. enterprises whose investment in plant and machinery or equipment does not exceed INR 50 crore and turnover does not exceed INR 250 crore)</p> <p>Minimum direct Employment 20 Number for first INR 10 crore & additional 10 employment for every additional investment of INR 10 crore proportionately</p>	Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows			
	Slab 1 – 1x-1.5x of minimum employment			
	Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
	1	2.50%	6	40% of VFA
	2		5	35% of VFA
3	NIL			
Slab 2 – 1.5x-2.5x of minimum employment				
Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	
1	2.75%	6	45% of VFA	
2		5	40% of VFA	
3	NIL			
Slab 3 – 2.5x-3.5x of minimum employment				
Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	
1	3.00%	6	45% of VFA	
2		5	40% of VFA	
3	NIL			
Slab 4 – >3.5x of minimum employment				
Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	
1	3.25%	6	45% of VFA	
2		5	40% of VFA	
3	NIL			



Large Enterprises:

(i.e. enterprises which are not classified as Medium Enterprises but have investments on fixed assets of up to INR 250 crore)

Minimum direct Employment 60 Number for first INR 50 crore & additional 50 employment for every additional investment of INR 50 crore proportionately.

Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Slab 1 – 1x-1.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.25%	7	45 % of VFA
2		6	40 % of VFA
3		NIL	

Slab 2 – 1.5x-2.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.50%	7	50 % of VFA
2		6	45 % of VFA
3		NIL	

Slab 3 – 2.5x-3.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.75%	7	50 % of VFA
2		6	45 % of VFA
3		NIL	

Slab 4 – >3.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	3.00%	7	50 % of VFA
2		6	45 % of VFA
3		NIL	

Mega Enterprises:

(i.e. investment on fixed assets above INR 250 crore to INR 500 crore)

Minimum direct Employment 260 Number for first INR 250 crore & additional 50 employment for every additional investment of INR 50 crore proportionately.

Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Slab 1 – 1x-1.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.00 %	8	50 % of VFA
2		7	45 % of VFA
3		NIL	

Slab 2 – 1.5x-2.5x of minimum employment



Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.25 %	8	55 % of VFA
2		7	50 % of VFA
3	NIL		

Slab 3 – 2.5x-3.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.50 %	8	55 % of VFA
2		7	50 % of VFA
3	NIL		

Slab 4 – >3.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.75 %	8	55 % of VFA
2		7	50 % of VFA
3	NIL		

Ultra Mega Enterprises:

(i.e. investment on fixed assets above INR 500 crore to INR 1,000 crore)

Minimum direct Employment 510 Number for first INR 500 crore & additional 50 employment for every additional investment of INR 50 crore proportionately.

Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Slab 1 – 1x-1.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	1.85 %	9	55 % of VFA
2		8	50 % of VFA
3	NIL		

Slab 2 – 1.5x-2.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.10 %	9	60 % of VFA
2		8	55 % of VFA
3	NIL		

Slab 3 – 2.5x-3.5x of minimum employment

Zone	Turnover percentage	Maximum Period (Year)	VFA Limit
1	2.35 %	9	60 % of VFA
2		8	55 % of VFA
3	NIL		



	<p>Slab 4 – >3.5x of minimum employment</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period (Year)</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="2">2.60 %</td> <td>9</td> <td>60 % of VFA</td> </tr> <tr> <td>2</td> <td>8</td> <td>55 % of VFA</td> </tr> <tr> <td>3</td> <td></td> <td colspan="2">NIL</td> </tr> </tbody> </table>	Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	1	2.60 %	9	60 % of VFA	2	8	55 % of VFA	3		NIL																																														
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<p>Super Mega Enterprises: (i.e. investment on fixed assets above INR 1,000 crore)</p> <p>Minimum direct Employment 1000 Number for first INR 1,000 crore & additional 50 employment for every additional investment of INR 100 crore proportionately.</p>	<p>Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows</p> <p>Slab 1 – 1x-1.5x of minimum employment</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period (Year)</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="2">1.75 %</td> <td>10</td> <td>60 % of VFA</td> </tr> <tr> <td>2</td> <td>9</td> <td>55 % of VFA</td> </tr> <tr> <td>3</td> <td></td> <td colspan="2">NIL</td> </tr> </tbody> </table> <p>Slab 2 – 1.5x-2.5x of minimum employment</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period (Year)</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="2">2.00 %</td> <td>10</td> <td>65 % of VFA</td> </tr> <tr> <td>2</td> <td>9</td> <td>60 % of VFA</td> </tr> <tr> <td>3</td> <td></td> <td colspan="2">NIL</td> </tr> </tbody> </table> <p>Slab 3 – 2.5x-3.5x of minimum employment</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period (Year)</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="2">2.25 %</td> <td>10</td> <td>65 % of VFA</td> </tr> <tr> <td>2</td> <td>9</td> <td>60 % of VFA</td> </tr> <tr> <td>3</td> <td></td> <td colspan="2">NIL</td> </tr> </tbody> </table> <p>Slab 4 – >3.5x of minimum employment</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Turnover percentage</th> <th>Maximum Period (Year)</th> <th>VFA Limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="2">2.50 %</td> <td>10</td> <td>65 % of VFA</td> </tr> <tr> <td>2</td> <td>9</td> <td>60 % of VFA</td> </tr> <tr> <td>3</td> <td></td> <td colspan="2">NIL</td> </tr> </tbody> </table>	Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	1	1.75 %	10	60 % of VFA	2	9	55 % of VFA	3		NIL		Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	1	2.00 %	10	65 % of VFA	2	9	60 % of VFA	3		NIL		Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	1	2.25 %	10	65 % of VFA	2	9	60 % of VFA	3		NIL		Zone	Turnover percentage	Maximum Period (Year)	VFA Limit	1	2.50 %	10	65 % of VFA	2	9	60 % of VFA	3		NIL	
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3		NIL																																																											

Note:

Enterprises can avail an investment promotion subsidy to an extent of percentage of the turnover in each financial year for a maximum period as above from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to either the period or VFA limits whichever is reached earlier and no carry forward is permitted.

Enterprises requiring lower employment / Enterprises which are unable to provide employment proportionate to investment as stipulated will have a lower turnover percentage in proportion to the total employment provided. However, the maximum period and VFA limit will be as above.



Textile and Garment Policy 2019-24

In order to incentivize employment generation, the following amendments have been made in the textile policy

1) Inclusion of Medium Enterprises under Interest Subsidy under Textiles & Garmenting Sector:

A. Amendments made to interest subsidy guidelines offered for Textiles sector

1.1 Current Guidelines:

In order to facilitate the Entrepreneurs and textile units for hassle free operations, financial assistance will be provided to them in the form of interest subsidy. Interest subsidy will be provided for large units only at 5% per annum on term loans for the first 5 years.

Interest subsidy for Large Industries		
Segments	All Zones Except Zone 4	Zone 4
Thrust Sectors	5% per annum Interest Subsidy on Term Loans for the First 5 Years	
Others		



1.2 Amended Guidelines:

In order to facilitate the Entrepreneurs and textile units for hassle free operations, financial assistance will be provided to them in the form of interest subsidy. Interest subsidy will be provided for Medium and Large units only at 5% per annum on term loans for the first 5 years.

Interest subsidy for Medium & Large Industries		
Segments	All Zones Except Zone 4	Zone 4
Thrust Sectors	5% per annum Interest Subsidy on Term Loans for the First 5 Years	
Others		

B. Amendments made to interest subsidy guidelines for Garmenting sector

1.3 Current Guidelines:

In order to facilitate the Entrepreneurs and Garment units for hassle free operations, financial assistance will be provided to them in the form of interest subsidy. Interest subsidy will be provided for large units only at 5% per annum on term loans for the first 5 years.

Interest Subsidy for Large Enterprises		
Segments	All Zones Except Zone 4	Zone 4
Garmenting	5% per annum interest subsidy on Term Loans for the first 5 years	-----



1.4 Amended Guidelines:

In order to facilitate the Entrepreneurs and Garment units for hassle free operations, financial assistance will be provided to them in the form of interest subsidy. Interest subsidy will be provided for Medium & Large units only at 5% per annum on term loans for the first 5 years.

Interest Subsidy for Medium & Large Enterprises		
Segments	All Zones Except Zone 4	Zone 4
Garmenting	5% per annum interest subsidy on Term Loans for the first 5 years	-----

2) Increase of Wage Subsidy only for Garmenting Sector:

2.1 Current Guidelines:

Karnataka has strong garment industry since a long time. Garment manufacturing industry is highly labour intensive and less capital intensive. This industry has a woman friendly employment orientation and provides employment to large number of women. Since this sector has potential to create new employment opportunities, the New Textile and Garment Policy 2019-2024 will be giving monthly wage subsidy for garment enterprises generating new employment for people of Karnataka domicile only for a period of 5 years where minimum employment is 200 persons or above for medium enterprises and 500 persons or above for large enterprises.



Wage Subsidy for Medium & Large Enterprises			
Zone 1	Zone-2	Zone-3	Zone 4
INR 1500 per Employee	INR 1000 per Employee		-----

2.2 Amended Guidelines:

Karnataka has strong garment industry since a long time. Garment manufacturing industry is highly labour intensive and less capital intensive. This industry has a woman friendly employment orientation and provides employment to large number of women. Since this sector has potential to create new employment opportunities, the New Textile and Garment Policy 2019-2024 will be giving monthly wage subsidy for garment enterprises generating new employment for people of Karnataka domicile only for a period of 5 years where minimum employment is 200 persons or above for medium enterprises and 500 persons or above for large enterprises.

Wage Subsidy for Medium & Large Enterprises			
Zone 1	Zone-2	Zone-3	Zone 4
INR 3000 per Employee	INR 2000 per Employee		-----



3) Removal of CAP on Investments under the Textile policy:

3.1 Current Guidelines:

The Total Incentives drawn as per provisions under the policy shall not exceed 40% of Fixed Capital Investment (FCI) for Large and MSME units in Non-Kalyana Karnataka Region and shall not exceed 50% of Fixed Capital Investment (FCI) for Large and MSME Units in Kalyana Karnataka Region.

- a. Additional Incentive of 5% of Fixed Capital Investment (FCI) for Thrust Sector units
- b. Additional Incentive of 5% of Fixed Capital Investment (FCI) for Anchor Units set up across the state.
- c. Additional Incentive of 5% for SC/ST Entrepreneurs/ PwD / Minority / Ex-servicemen/ Women over and above the standard package.
- d. The detailed guidelines to avail the sanctioned incentives will be mentioned in the operational manual and the incentives will be disbursed over a period of five years.

3.2 Amended Guidelines:

- a. The Total Incentives drawn as per provisions under the policy shall not exceed as follows:



Region	Sector	CAP on Investments
Kalyana Karnataka Region	Textiles	100% CAPonFixed CapitalInvestments (FCI)
Non Kalyana Karnataka Region	Textiles	100% CAPonFixed CapitalInvestments(FCI)
Kalyana Karnataka Region	Garments	100% CAPonFixed CapitalInvestments(FCI)
Non Kalyana Karnataka Region	Garments	100% CAPonFixed CapitalInvestments (FCI)

- a. Additional Incentive of 5% of Fixed Capital Investment (FCI) for Thrust Sector units
- b. Additional Incentive of 5% of Fixed Capital Investment (FCI) for Anchor Units set up across the state.
- c. Additional Incentive of 5% for SC/ST Entrepreneurs/ PwD / Minority / Ex-servicemen/ Women over and above the standard package.
- d. The detailed guidelines to avail the sanctioned incentives will be mentioned in the operational manual and the incentives will be disbursed over a period of five years.



4) Capital Support for Individual and SPV for Establishing Green Field Textile Parks

4.1 Current Guidelines:

a. Eligibility: Individual / SPV formed by the user industry comprising of a group of entrepreneurs would be eligible for grant support subject to the following:

4.2 Amended Guidelines:

a. Eligibility: Individual Legal Entity / SPV formed by the user industry comprising of a group of entrepreneurs would be eligible for grant support subject to the following:

4.3 Current Guidelines:

c) **Funding:** The Individual would be provided one time grant support for the Development of common infrastructure for Greenfield parks of up to 25% of the Project cost of INR 25 Crores per park project, whichever is less irrespective of the zone they are in. The SPV would be provided one time grant support for the development of common infrastructure for Greenfield park of up to 40% of the project Cost of INR 40 Crores per park project, whichever is less irrespective of the zones they are in. Also, Projects which are already approved and are being funded under any central government scheme may receive fresh approval under such schemes, during the policy period, where only an additional



10% of the project cost will be provided as supplementary state government incentive to such park projects. The Grant Support will be provided in four equal instalments from the government. The Milestones for disbursement of incentives will be detailed out in the Operational manual of the policy, which will also set the respective development milestones.

4.2 Amended Guidelines:

The Individual Legal Entity / SPV would be provided one time grant support for the Development of common infrastructure for Greenfield parks of up to 40% of the project Cost of INR 40 Crores per park project, whichever is less irrespective of the zones they are in. Also, Projects which are already approved and are being funded under any central government scheme may receive fresh approval under such schemes, during the policy period, where only an additional 10% of the project cost will be provided as supplementary state government incentive to such park projects. The Grant Support will be provided in four equal instalments from the government. The Milestones for disbursement of incentives will be detailed out in the Operational manual of the policy, which will also set the respective development milestones.

In the above section, thrust sectors refer to: spinning, weaving, integrated units, processing and technical textiles. The definitions of the sectors are based upon the guidelines drawn in the Textile and Garment Policy 2019-2024.



Validity, Definitions and Terms & conditions of the Policy

The employment policy initiatives shall come into effect from date of issue of Government Orders in this regards by the respective Departments and shall be in force for the same period as Industrial Policy 2020-2025 or Textile and Garment Policy 2019-2024, whichever is applicable.

All definitions, terms and conditions, and classifications shall be based upon the guidelines drawn in the Industrial Policy 2020-2025 or Textile and Garment Policy 2019-2024, whichever is applicable.



Annexure I: Employment thresholds in current Industrial policy 2020-2025

	Investment Size (Rs Cr.)		Additional Job Criteria			Turnover Linked Subsidy for Zone 1 investment		
	Min	Max	Min Employment (#)	Incremental investment (Rs Cr.)	Incremental Job (#)	Rate (%)	Years	VFA Limit
Medium	10	50	20	10	7	2.50%	6	40%
Large	50	250	50	50	35	2.25%	7	45%
Mega	250	500	200	50	35	2.00%	8	50%
Super Mega	500	1000	400	50	35	1.85%	9	55%
Ultra	1000	-	750	100	35	1.75%	10	60%

E.g., Investment of Rs 350 Cr would require minimum employment of 270 (200+2*35)



Annexure II: Distribution of total workforce in the state by sectors

Sectors	Work Force	
	(in Crores)	Percentage
Agriculture and Allied	1.36	55.70
Manufacturing and Mining	0.27	11.10
Shops & Establishments/Trade	0.22	9.0
Construction	0.17	7.0
Information Technology /Biotechnology	0.10	4.1
Real Estate, Renting & Business	0.06	2.5
Hotel and Restaurants	0.05	2.0
Others	0.21	8.6
Total	2.44	100.00

Source: Karnataka Economic Survey, Department of Labour and Employment



Annexure III: Sector wise Increase in employment of Skilled Human Resources in Karnataka: 2012-2022

Sectors	Incremental Employment, 2012-2022	Minimally Skilled	Semi-Skilled	Skilled	Highly Skilled
Agriculture and Allied	1,618,503	1,347,995	201,480	36,658	32,370
Auto and Auto Components	58,298	5,830	37,893	11,660	2,915
BFSI	269,636	-	161,782	80,891	26,964
Building, Construction Industry and Real Estate	1,364,835	409,450	682,417	204,725	68,242
Chemicals and Pharmaceuticals	9,634	1,927	2,890	2,890	1,927
Construction Materials and Building Hardware	95,760	9,576	62,244	19,152	4,788
Education and Skill Development	379,100	-	-	341,190	37,910
Electronics and IT Hardware	15,535	1554	7,768	5437	777
Food Processing	41,417	12,425	12,425	12,425	4,142
Furniture and Furnishings	22,125	8,850	8,850	3,319	1,106

Karnataka Employment Policy 2022-25



Healthcare Services	619,975	-	61,998	433,983	123,995
IT & ITES	1,430,938	-	715,469	643,922	71,547
Media and Entertainment	68,052	13,610	40,831	10,208	3,403
Organized Retail	234,536	23,454	164,175	35,180	11,727
Textile and Clothing	149,250	29,850	89,550	22,387	7,462
Transportation, Logistics, Warehousing and Packaging	639,702	127,940	371,027	127,940	12,794
Tourism, Travel, Hospitality and Trade	1,356,186	271,237	922,206	135,619	27,124
Un-organized	90,523	18,026	52,275	18,026	1,803
Mining	12,523	2,505	7,514	1,252	1,252
GRAND TOTAL	8,476,134	2,284,229	3,602,794	2,146,864	442,248

Source: District Skill Gap Study for the State of Karnataka by NSDC

(DR. E.V. RAMANA REDDY)

Additional Chief Secretary to Government,
Commerce & Industries Department.