Karnataka Economy and its main features

Karnataka is one of the most progressive and industrialized states in the country and is leading States in driving India's economic growth. Economic growth and fast development of any state depends on Industrial relations.

The state has an illustrious history of successfully introducing several industrial and technological initiatives. State's pre-eminent position on the industrial and business map of India is based on several factors

Karnataka is rich in natural resources and known for its salubrious climate. It has a strong resource base of highly educated people, backed by an extensive educational infrastructure comprising world-renowned schools, colleges, institutes of higher learning, research and development centres, and highly skilled labour force, disciplined and hardworking. And, above all, it has a far-sighted, development-oriented, investor-friendly government that firmly believes in, and actively encourages, public – private partnerships. Today, Karnataka is driving domestic growth and creating wealth through a potent mix of resource-based, skill-based, technology-based and knowledge-based products and services.

Karnataka is one of the leading states in the field of industrial development both in the private and public sectors and in the area of computer software, which has attracted national and international firms to the city of Bangalore. The state capital was long ago chosen by the central government for the location of a number of industries like Bharat Electronics Ltd, Bharat Earth movers, Hindustan Machine Tools (HMT), Bharat Heavy Electricals (BHEL) etc. Bangalore has become one of the major centres of electronic industry apart from computer software. The state has a number of traditional cottage and small industries like handlooms, silk weaving etc. Karnataka has been the leading state for silk rearing and production of Khadi and village industries. Apart from the numerous factories in engineering, chemicals, electrical, and electronic goods, there are food processing and processing of plantation products like tea, coffee, rubber, cashew etc. About 70% of the people live in the villages and 71% of the total work force is engaged in agriculture. The main crops are rice, ragi, jowar, maize, and pulses besides oilseeds and number of cash

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crops. Coffee is the principal plantation crop. Cashew, coconut, arecanut, cardamom, chillies, cotton, sugarcane and tobacco are among the other crops.

Information Technology:

Karnataka is leading IT hub of the country. Bengaluru as the 2nd largest technology cluster in the world after Silicon Valley.

1. 3500 IT companies contribute over 38% of the IT exports in the country with Karnataka being the largest software exporter.

2. 33 Billion USD IT exports in the year 2014-15.

3. More than 400 out of Global Fortune 500 companies outsource their IT services from Bengaluru.

4. More than 85 Chip Design houses and 370+ R & D houses provides direct employment to over 10 lakhs and indirect employment over to 25 lakhs as on 2014-15.

5. 50% of the world's SEI CMM Level 5 certified companies located in Bengaluru.

6. Presence of almost all leading IT companies of the world, including Infosys, Wipro, Tata Consultancy Services, Oracle, Dell, IBM, Microsoft, Accenture, Cognizant, etc.

Bengaluru – Start-up Capital of India:

Bengaluru has emerged as IT Start-up Capital of India with more than 30% of national share. Start-ups are being supported with integrated package of subsidised incubation space, fully equipped laboratories, early stage funding and capacity building, partnerships with NASSCOM 10 K program, IAMAI‘s 10X initiative and DietY, GOI‘s IOT initiative. Incubation Centres established and start-ups being supported in Tier-2 cities to develop them as upcoming ICT destinations over 70 Venture Capital Firms.

Biotechnology

Karnataka placed at the forefront of Biotechnology in the country, is rightly known as the Biotech Capital of India. Karnataka is home to large array of biotechnology

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educational, R&D institutions and enterprises: large companies, medium-sized ones, and many promising biotech start-ups.

All of these are integral parts of the ecosystem required to find innovative solutions and to convert them into products and processes to mitigate challenges such as hunger, malnutrition, health and wellness, energy deficiency and deterioration of the environment.

Biotech Sector in Karnataka reflects:

1. 200 plus biotech companies including BIOCON the first one to go public.

2. Rapidly growing number of biotech start-ups

3. Contribution of 26% of India‘s biotech revenues including high export revenues and domestic sales.

4. Highest expenditure for R&D

5. A diverse range of specialized domain training from agriculture to energy to bio-engineering.

Manufacturing Hub:

Karnataka is the preferred choice for global players in Aerospace research and development. Extensive experience and inherent competencies in aerospace make Karnataka the producer of more than a quarter of India's aircraft and spacecraft. Global giants such as Boeing Research & Technology Centre and Airbus Engineering Centre have made Karnataka their base. Karnataka has India's first and top R&D Centres in Aerospace & Defence such as Indian Space Research Organization (ISRO) and the Defence Research and Development Organization (DRDO).The Government of Karnataka has earmarked 984 acres of exclusive industrial area and sector specific SEZ for Aerospace industries near Bangalore International Airport. India‘s first Aerospace SEZ is operational in Belgaum. Dedicated Aerospace policy (first in India) was drafted by the Government of Karnataka.

Automotive Manufacturing

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The State is a manufacturing hub for automotive majors such as Toyota Kirloskar, Volvo, TVS Motors, Tata Marcopolo, L&T Komatsu, Mahindra Reva, BOSCH, Siemens, and JK Tyres.Bosch India, the world's largest automotive supplier, has been headquartered in Bangalore since 1953. Honda's largest two wheeler manufacturing plant in the world is coming up in Narsapur, Kolar District. Three existing auto clusters, one industrial valve cluster and one auto component cluster make Karnataka the preferred investment destination for automotive players globally. Two more manufacturing hubs are coming up in Narsapur and Vemagal Industrial Areas in Kolar District. The government is in the process of announcing a Dedicated Automobile Policy

There is a huge potential in automobile manufacturing in Karnataka. The component industry caters to OEMs (all kinds of automobiles such as trucks, cars, SUVs, LCVs, buses, two-wheelers, and tractors) and exports.

With major international OEMs having manufacturing facilities in Karnataka, supply to them from within the country and this region in particular, has given the sector a huge impetus. Components are also being supplied across India to other OEMs from Karnataka.

Machine Tools Manufacturing

Huge potential is estimated in machine tools manufacturing in Karnataka. Total industry size in India in terms of production is INR 3,600 crore. Bangalore alone produces 60% of the machine tools of India in terms of value, which is estimated at INR 2,160 crore. India‘s first Integrated Machine Tool industry Park (IMTIP) is set to come up in Karnataka near Bangalore. 100% FDI is allowed in the Machine Tools industry by the Indian Government.

Electronics & Semiconductor Manufacturing

In 2014-15, the domestic production of electronic hardware in the Karnataka stood at US$ 42.40 bn whereas the export was US$ 32.18 bn.80 of the 120 companies engaged in chip designing are located in Karnataka. Bengaluru is a global hub for R&D activity in the software industry, which will greatly aid the electronic hardware industry. Karnataka also has the advantage of having maximum skilled/technical

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manpower. Karnataka is setting up the first ESDM cluster development in Electronics City

Drugs & Pharmaceuticals Manufacturing

Karnataka is home to 221 formulation units and 74 bulk drug units. State‘s Pharmaceutical industry generated Rs 8k crore in revenue contributing 8% of the country’s total revenues, ranking 10th in the number of Pharmaceutical manufacturing. Karnataka exports 40% of its pharma produce. GSK Pharmaceuticals is establishing one of the world‘s largest drug formulation units in Vemgal, Kolar. Besides there is a huge presence of exclusive Pharma SEZ, Pharma industrial areas and R&D Centres in Karnataka.

Agro & Food Processing

Karnataka leads in the exports of silk in India accounting for approximately 25% of the total Indian export market.

Karnataka is the leader in horticultural products and spices, aromatic and medicinal crops, and tropical fruits. Only Indian State to have all varieties of fruit. It is the largest producer of coffee and cocoa in the country. It is also the second-largest milk producing state, and third and fourth largest producer of sugar and sugarcane respectively. Karnataka has 5 dedicated Food Parks and one Food Processing SEZ.

Chemicals and Petrochemicals:

Karnataka is positioning as major growth centre for chemical industry with presence of 500 companies with leading players like MRPL, BASF, Mangalore chemicals and fertilisers, United Phosphorus, attracting large R&D Centres for Chemicals/Petrochemicals including planned centre of SABIC. Mangalore in Karnataka is evolving as the epicentre of chemical and petrochemical industries in the state. Mangalore Refinery and Petrochemicals Limited (MRPL) the state's leading player, and public sector refinery is undergoing major expansion from current 9 mln tons to 15 mln tons refinery capacity.

Food Security in Karnataka

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