

Investment Promotion Subsidy on Fixed Capital

Govt. of Karnataka

■ Scheme Summary/key features:

Considering the critical role of the sector Government will continue to strengthen and promote the MSME sector for achieving inclusive industrial growth and promoting employment generation. Institutions such as Entrepreneurship Development Institutes (EDIs), NIMSME, NIESBUD, IIE, MSME DIs EDIs sponsored by State Govt. and any other suitable institution of repute will be provided need based Government grant primarily for undertaking activities aiming at empowerment of women such as field surveys, research studies, evaluation studies, designing of training modules, etc. etc. covered under the scheme. The grant shall be limited up to Rs. 5 lakhs per project.

•Eligibility:

Micro & Small Enterprises in the state

■ Amount or Percentage of Subsidy:

Investment promotion subsidy for Micro & Small Enterprises

General category	Special category (SC/ST/Women/minorities/physically challenged and ex-servicemen entrepreneurs)
a. Micro Enterprises Zone 1: 30% of VFA Maximum Rs.25 lakh Zone 2: 25% of VFA Maximum Rs.20 lakh Zone 3: Nil	a. Micro enterprises Zone 1: 35% of VFA Maximum Rs.30 lakh Zone 2: 30% of VFA Maximum Rs.25 lakh Zone 3: 10% of VFA Maximum Rs.10 lakh
b. Small enterprises Zone 1: 25% of VFA Maximum Rs.100 lakh Zone 2: 20% of VFA Maximum Rs.90 lakh Zone 3: Nil (VFA: Value of Fixed Assets)	b. Small enterprises Zone 1: 25% of VFA Maximum Rs.105 lakh Zone 2: 20% of VFA Maximum Rs.95 lakh Zone 3: 10% of VFA Maximum Rs.25 lakh (VFA: Value of Fixed Assets) The additional subsidy of 5% of VFA in zone 1 and 2 is subject to maximum of Rs.5 lakh

Applicable State: Karnataka



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Micro & small enterprises can avail an investment promotion subsidy to an extent of 10% of turnover in each financial year and spread the same to a maximum of 5 financial years from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to the maximum extent as above. This investment promotion subsidy is limited to either the period (five financial years) or the limits whichever is reached earlier and no carry forward is permitted **Investment promotion subsidy for Medium enterprises:**

Zone	Turnover %	Maximum period	VFA limit
1	2.50%	6	40% of VFA
2	2.50%	5	35% of VFA
3	Nil		

Medium enterprises can avail an investment promotion subsidy to an extent of 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 the maximum extent as above. This investment promotion subsidy is limited to either the period or the VFA limits whichever is reached earlier and no carry forward is permitted. Medium 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,

<https://ebiz.karnataka.gov.in/kum/PDFS/Industrial%20Policy%202020-25.pdf>