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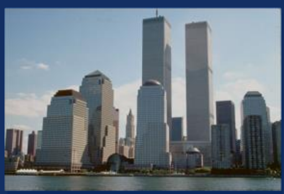
SERIES ON DOING BUSINESS IN INDIA

9TH RELEASE ON BUSINESS OPPORTUNITIES IN KARNATAKA (INDIA)



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BUSINESS OPPORTUNITIES IN KARNATAKA

Karnataka is a leader in India's **technology sector**, both in terms of **investments and exports**. It is also a popular investment destination for auto, electronics, food processing, heavy machinery and textiles industries. Karnataka is well connected to all **major markets** with 2 international airports, 307,030 km of the road network and 5,543 km of the rail network. The state has a coastline of 300 km with 12 minor ports and one major port in **Mangaluru**. Karnataka stands **4th** in merchandise exports in the national export basket. **Exports** from the state stood at around $17.4 billion in 2018-19, which is 5.3% of India's total exports. The state stands **3rd** among Indian states in terms of **FDI inflows** attracting FDI worth $40.7 billion between 2000 and 2019. Over 67% of Karnataka's population is in the working age group of **15-59 years**. Bengaluru - **Startup Capital** of India received highest funding in India of $5.12 billion out of total of $13.88 billion. The various sector wise business opportunities are mentioned hereunder:

AEROSPACE AND DEFENCE SECTOR

Karnataka is considered as the aerospace destination and is the **undisputed leader** for aerospace related manufacturing and services in India due to the presence of numerous aerospace companies and Public Sector Units ('PSUs') engaged in **Design & Development & Manufacturing**. In a decisive measure to **protect Karnataka based companies** that manufacture parts and systems for the assembly lines of global aerospace and defence (A&D) majors like Boeing and Airbus, the state government has **exempted** local A&D manufacturers from the nationwide anti-Covid-19 lockdown and permitted them to resume manufacturing activities and further to **relax the restrictions** imposed on the movement of workers and staff working in these industrial units with **effect on 03-04-2020.**

OPPORTUNITY FOR BUSINESS – To set up anciliary Industries which would cater to the demand of these aerospace companies would be a good business opportunity in the state.

INFORMATION TECHNOLOGY SECTOR

After **Silicon Valley**, Bangalore is the **second** place where IT Industry has been developing in the whole world. **Good climatic conditions** and availability of youth has made it feasible to set up such industry in this state. Karnataka is the **major IT hub of India** and home to the world's 4th largest technological cluster. The state has over 3500 IT companies that contributes more than $ 32 billion in export and over 1 million direct and 3 million indirect professionals. It also has the **second-fastest growing startup ecosystem** in the world and is home to billion-dollar Indian startups.

OPPORTUNITY FOR BUSINESS – If you are or want to be in the IT Business, Bangalore is the place to be in. Technical Human Capital, which the driving factor to this Industry is in abundance here. There are numerous IT Parks and residential hubs available at very reasonable cost. Infact due to

Covid-19 and hybrid working environment, even the hectic Bangalore traffic is not anymore a hindrance!

AUTOMOBILE AND AUTO-COMPONENTS SECTOR

Karnataka is the 4th largest **automobile producer** in India contributing **8.5%** to the national output. The sector attracted $22.4 billion FDI during April 2000 - June 2019; accounting for 5.1% of the total FDI inflows. Over hundreds of **Research and Development centres and colleges** are driving innovation across the state.

OPPORTUNITY FOR BUSINESS – To set up anciliary Industries which would cater to the demand of these automobile companies would be a good business opportunity in the state.

AGRI AND FOOD PROCESSING SECTOR

Karnataka accounts for about 70% of **coffee** production and 33% **silk** production in India. This state is a leading producer of cashew nut, rose onion, gherkin, green chilli, tamarind, sunflower and Byadgi Chilli. So, **coffee, dry fruits and chilli** business are suitable for doing business in Karnataka. The state has over **65% of its total geographical area** under agriculture cultivation. Hence, agriculture and food processing businesses are favorable for this state. As it can produce good amount of silk and is a port city, it can do **silk export business** widely.

OPPORTUNITY FOR BUSINESS – The availability of these material, cheap warehousing and manpower make it very attractive to set up 'end to end' processing, packaging and storage units in the state. The finished products can thereafter be shipped to other states or countries. With implementation of GST, one can have smoother supply chain facility in other states.

BIOTECHNOLOGY SECTOR

As the mission of vision India and mission India, this sector has grown up very widely in this state. It has started its own startups for more than over 950 business units in the country as a whole out of which 380 companies and **194 startups** are located in Karnataka itself. We have few success stories like **Mission Mars and Raman spectroscopy** from this state. In the five years since the grant made its first call for proposals in July 2012, Biotechnology Industry Research Assistance Council has supported more than **200 biotech and healthcare-related projects** by startups and individuals.

OPPORTUNITY FOR BUSINESS – This is the business of tomorrow if one has the technical expertise. To support, technical Human Capital is available in abundance here. Cheap real estate and a hybrid working environment, makes setting up an enterprise a boon in this part of the country!

HEAVY ENGINEERING AND MACHINE TOOLS SECTOR

Karnataka is the second highest producer of special purpose machinery and heavy electrical machinery in India. India's first integrated **Machine Tool Industry park** was set up near Bengaluru in 121 ha land by India Machine Tools Manufacturing Association. Karnataka is the leading producer producing 60% of India's **total machine tools** by value. Earlier India use to import the machines and produce the output to export, but now India is independently capable of doing the whole production itself by producing the machineries.

OPPORTUNITY FOR BUSINESS – To set up anciliary Industries which would cater to the demand of these heavy engineering and machine tools industry would be a good business opportunity in the state.

TEXTILES AND APPARELS SECTOR

Karnataka is home to 20% of India's total garment production valued at $ 1.6 billion. It contributes **65% to silk, 12% to wool and 6% to the cotton** production in the country. Bengaluru is known as the **'Garment capital of the country'**, host to many large garment companies. It has large garments and textile contribution in India and contribution to India's export earnings. India has the **finest quality of cotton and silk** producing capacity which are exported all over the world.

OPPORTUNITY FOR BUSINESS – Again, availability of raw material, cheap warehousing and manpower make it very attractive to set up 'end to end' processing, packaging and storage units in the state. The finished products can thereafter be shipped to other states or countries. With implementation of GST, one can have smoother supply chain facility in other states.

LETS DISCUSS FURTHER!

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