

Electronics, IT and ITES Investment Policy of Chhattisgarh

(Effective from 01 November 2014)

Department of Electronics and Information Technology,

Government of Chhattisgarh

Mahanadi Bhawan, Mantralaya, Naya Raipur, Chhattisgarh

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Electronics, IT and ITES Investment Policy of Chhattisgarh 2015 - 2020

1. Prelude

The information economy is transforming the way any business work. It is crucial to State's success on the national and global stage, its competitiveness, business and investment in the state, i.e. its whole economy.

Chhattisgarh has a strong history of adoption of modern technology, for efficiency and improvement of its own working, services to its citizen, and business. Today the state commands leading position in adoption of information technology and a pioneering approach to data driven decision making and transparency.

Chhattisgarh is one of the fastest growing states in India and amongst the richest states in terms of natural and mineral resources. The state of Chhattisgarh acknowledges that Electronics, Information Technology (IT) and IT enabled services (ITeS) industry has had an unprecedented impact on the Indian economy and its contribution to the country's GDP. Leveraging our strengths in core sector, the state now wishes to expand to the information economy and ensure action from Government, industry and academia, working in partnership towards the success of this sunrise sector.

Government of Chhattisgarh (GoCG) has developed world class infrastructure for the promotion and sustenance of IT & ITeS business and is committed to promote state as best business investment destination for both established players as well as startups.

2. Vision

The State had prepared its Electronics, IT and ITES Investment policy with a vision of establishing an information society consisting of informed, active and therefore responsible citizens – the basic tenet of a true democracy, designed to achieve the vision of the Government to create an 'e'abled society effectively contributing to the Social and Economic Development of the State. This would include:

- A strong, innovative, Information Technology support and incentive mechanism;
- State investors especially small and medium enterprises (SMEs), confidently using technology, access to robust infrastructure, trade online, seizing technological opportunities and increasing revenues in domestic and international markets by operating from the state;

- The digital infrastructure (both physical and regulatory) and the framework for cyber security and privacy necessary to support growth, innovation and excellence;
- Promoting a highly skilled digital workforce who create develop or support information technologies;
- Citizens with the capability and confidence to make the most of the digital age and benefiting from excellent digital services.

The State of Chhattisgarh recognizes the importance of IT as a key enabler in its economic development has already created action framework for —

- Promoting Innovation, Business Incubation, and Entrepreneurship in the Sector
- Establishing first Smart City in the country at Naya Raipur
- Creation of Electronic Manufacturing Clusters and ITIR.
- Access to Finance to new IT&ITeS units of the state
- Interoperability and Standards for operations in the state
- Creation of Market Opportunities within the state for such new IT&ITeS units
- Developing Online Clearance and encouragement to Online Economy
- Driving Growth through Data Science within government for decision making
- Improving Skills across the Workforce by helping establish IIT, IIIT and IIM and other world class institutions in the state
- Supporting Academia and Research in the state
- Establishing and extension of world class IT infrastructure including 4G network Latest technology access in Mobile and broadband by extending fiber to home and fiber to every village
- State notification on Privacy and Security, Data protection & Cyber Security
- Identity management using UID Adhaar framework

3. Advantage @ Chhattisgarh

There is scope for substantial growth of IT related industries in Chhattisgarh. The State will ensure provision of appropriate institutional, infrastructural, financial and

operational support to entrepreneurs intending to invest in the software and hardware industry in Chhattisgarh.

Investors in Electronics, IT and ITeS Business will have early mover's advantage into the state, which promises to be a prospective epicenter of business activities in central India. Chhattisgarh has consistently been ranked as one the best states to do business in, accessibility from major metros coupled with some of the lowest setting up and operation costs makes a compelling economic justification to setup business in the the state.

3.1 Investment Advantages

(a) **Land and Water Availability** —

- Population density nearly two-thirds of the national average
- High rainfall – over 130 cm annually, and drainage by three major river basins
- Low pressure of population on abundant natural resources
- Competitively priced land and plenty of water readily available

(b) **ROI (Return on Investment)** - Fast ROI due to low cost of operational overheads in emerging cities of Chhattisgarh.

(c) **Economy of Scale** - Cost of technology would be rationalized by large-scale acceptance and use of IT enabled applications in the state.

(d) **Locational Advantage**—

- (i). Seismically safest and disaster-free,
- (ii). High-speed, highly redundant connectivity to multiple international gateways.
- (iii). Best suited for Data Centers, Business Continuity Centers and Server Farms.

(e) **Synergy with Flourishing Core Sector Business** –

- (i). 2,50,0000 crore (INR) of investment expected in the next 2-3 years
- (ii). Institutional Support.
- (iii). The trouble free industrial environment in the state.
- (iv). Excellent work culture and labour relations.

- (f) **Investment Zones for ELECTRONICS, IT and ITES Industry -**
- (i). **IT SEZ, ITIR, Electronic Manufacturing Cluster (EMC)**, in Naya Raipur and other major cities along with IT Hub.
 - (ii). Ready to Occupy Constructed Building, Business Innovation and Incubation Centre and Software Technology Park, New IT parks in major cities.
- (g) **ELECTRONICS, IT AND ITES development in the state lead by e-Governance projects -**
- (i). Chhattisgarh is one of the front runners in e-Governance adoption with multiple awards and accolades at national and international level.
 - (ii). One of the few state with dedicated connectivity to all government office, reliable core e Governance infrastructure including ‘State Wide Area Network’, State Data Centre, Application, Payment, SMS and other dedicated gateways.
 - (iii). First state to adopt less-paper electronic working at its state ministries and secretariats.
 - (iv). Optical fiber connectivity presently available in all block headquarters, soon all panchayats to be connected on fiber. Multiple telecom service players providing excellent connectivity.

3.2 Human Resources

(a) Institutions of National Repute

- (i). IIM, IIIT, NIT, HLNU, AIIMS, Chhattisgarh Swami Vivekanand Technical University, Guru Ghasidas Central University
- (ii). Indian Institute of Technology (IIT) – to commence from 2015

(b) Technical Institutions & Universities –

- (i). 24 universities, 450 colleges, 300,000 annual enrolment
- (ii). 50 Engineering Colleges
- (iii). Six Medical Colleges in the state
- (iv). 25 Polytechnic Colleges
- (v). 118 ITIs

(c) **Skilling Youth for India** — 2nd Government after South Africa to make Right to Skills an enforceable right, Largest public skill programme in India: Over 150,000 youth trained, Residential livelihood colleges set up for rural areas, Private vocational training providers engaged directly and in PPP mode, Big partners like ICICI Foundation, to supply skilled youth. Finishing School for Engineering students started.

(d) **Scope for Manpower Mobilization** - Large number of trained and experienced manpower hailing from different parts of the state like Bhilai, Raipur, Bilaspur, Raigarh and Korba are already contributing to the growth of all major National and International IT Centres. Professional experts across all industrial domains are available in these industrial towns of the state.

3.3 Enhanced Connectivity — Connected by rail, road and air to major ports, international airports and metropolises, Extensive road and rail network within the state, highest contributor to India's rail freight-commodities supplier to the nation.

(a) **Air:** Daily flight connecting all the major cities from Naya Raipur. International flights to be operational soon. Most modern air terminal capable of handling 1000 domestic and international passengers at peak hours.

(b) **Roads:** The 11 National Highways of Chhattisgarh constituting more than 2,500 km of roads.

(c) **Railways:** Located on East-West corridor connecting Kolkata and Mumbai, Chhattisgarh has good rail connectivity with total 1,108 kms. length of rail network.

(d) Three PPP rail corridor project approved for connecting major industrial locations. Three Corridors with an investment of Rs. 4500 crore will increase railway footprints in Chhattisgarh by almost 450 km.

3.4 Social Infrastructure

(a) Excellent Schooling Facilities available including top of the brands like –DPS, N. H Goel, Mayur (Mayo), Bhawans, RKC, etc.

(b) Health Infrastructure comprises of hospitals like Fortis, Narayana, Apollo and Sri Sai Sasthan etc are operational.

(c) Biggest cancer hospital in central India proposed by Vedanta Group proposed.

(d) The State has Shopping Malls and Multiplexes with more than 20 lakh sq. feet area

- (e) Presence of major hotel groups: Taj, Hyatt, Oberoi, Babylon, VW Canyon, GT Star, 10 Downing Street, Mocha and others. Park Group soon to come
- (f) The state has good sports facilities, 3.5 lakh sq. feet of retail area and hospitality infrastructure essential for a good quality of life and to sustain human capital.
- (g) The state has a favorable climate and stable law and order situation in major cities.
- (h) Moderate cost of living.

3.5 Surplus Quality Power and Uninterrupted Power Supply

- (a) Power-on-demand – one among a handful of states in India
- (b) Cheaper electricity– 35% cheaper than the all India average
- (c) Capacity at the end of 12th plan likely to be around 41,000 MW.

3.6 Friendly Social Environment and Good Governance

- (a) State consistently ranked top in ‘Ease of Doing Business’
- (b) A progressive and friendly government to support and protect the IT investment in the state.
- (c) Single Window Online Clearance for investors in ELECTRONICS, IT AND ITES.
- (d) Multi-Cultural, Multi-Ethnic Harmony in society.
- (e) Enforceable Legislative Framework and Good Governance.

3.7 World Class City of ‘NAYA Raipur’ (New Raipur): The Capital City

- (a) First proposed smart city in the country,
- (b) Planned for 237 sq. km, for 560,000 people,
- (c) A green, zero-discharge city,
- (d) Houses the International Airport of the state.
- (e) Home to premier educational institutes including IIM, IIT and IIIT, HNLU.
- (f) Rs 6,000 Crore already invested.
- (g) ITIR, EMC approved.

- (h) Central Business District, Plug-and-play office complexes, Logistics Hub,
- (i) World class amenities including Hospitals, proposed 18-hole Golf Course, Theme Township, Convention Centre, Shopping Malls and Multiplexes,
- (j) Five Star Business Hotel, Convention Centre with plenary hall for minimum 500 delegates,
- (k) Township with plotted developments and multi-storied apartments,
- (l) Sports village and international cricket stadium,
- (m) Purkhauti Mukhtangan – cultural village, Amusement and leisure parks, Jungle Safari,
- (n) Support Facilities and on-site infrastructure like internal road network, parking areas, security, air-conditioning, uninterrupted power supply, water supply etc.

3.8 Establishment of IT Hub@ Naya Raipur

The state would establish an IT Hub along with built up office space to cater to the demand of IT sector. It would leverage the concept of common spaces, conference halls etc. This would be allotted primarily to incubation units and MSME's.

4. **Definitions** The Policy shall cover the following sector –

The incentives mentioned in this document will apply to industries in Electronics, IT and ITES sectors, as defined below:

- 4.1. ESDM — Electronic System Design Manufacturing (ESDM) as defined in the National electronics policy 2012;
- 4.2. IT Hardware — As defined by the Electronics and Information Technology Department (DeitY), GoI;
- 4.3. Includes IT software products,
- 4.4. Includes IT services and IT enabled services
- 4.5. Including IT / Electronics Skill development / training Institutions
- 4.6. Data Centres;
- 4.7. Other electronics and IT related industries notified by Department of Electronics and Information Technology, Government of Chhattisgarh;
- 4.8. IT infrastructure development companies IT Park developer

Incentives

The state of Chhattisgarh welcomes businesses to leverage the state as a strategic vantage base, from which to implement growth strategies and to manage and integrate its business operations for the region and beyond. Eligible businesses with substantive plans to grow through conducting high value activities in state may apply to qualify for various incentives under this policy given hereinafter. Successful applicants would be required to satisfy rigorous requirements with respect to the scale and qualitative aspects of the activities to be conducted in the state. Conditions and Definitions for the incentives given in this policy are given in APPENDIX A.

5. **Policy Based Incentives to Electronics, IT & ITES Sector Industries**

- 5.1. **Interest Subsidy** — *Units established in the state shall be reimbursed 75% of the total interest paid annually up to the period of 8 years with maximum limit of Rs. 110 lakhs p.a.*
- 5.2. **Fixed Capital Investment Subsidy** — *Units established in the state shall be reimbursed 50% of the fixed capital investment, excluding the cost of the land, with maximum limit of Rs.150 lakh.*

5.3. Subsidy on Land Premium — Units established within notified IT Areas in the state shall be reimbursed 80% of the land premium as determined by allotment agency against a prescribed guarantees by the investing industrial unit.

5.3.1 Land to such units will be allotted according to the table given below:

S.No	Project Cost (Rs in Crores)	Land available at concessional rates
1	1 to 3	Maximum 1 acres as per requirement
2	3 to 5	Maximum 2 acres as per requirement
3	5 to 10	Maximum 3 acres as per requirement
4	10 to 20	Maximum 5 acres as per requirement
5	20 to 50	Maximum 10 acres as per requirement
6	50 to 100	Maximum 20 acres as per requirement
7	More than 100	As per the decision of the Empowered Committee

5.3.2 Company to ensure start of commercial production within 2 years from the date of issue of order for its allotment of land, failing to do so the order for allotment of such land be cancelled and the subsidy if any paid to the unit becomes recoverable.

5.3.3 Units need to ensure continuous commercial operation for a minimum period of three years.

5.3.4 A minimum 60% of the total of the IT investment area will be used for IT operations and the balance 40% can be used for ancillary use and support services.

5.4. **Employment Generation Grant on EPF** — Units established in the state, after start of commercial production shall be reimbursed EPF amount paid for its employees, for initial period of 7 years as per the terms indicated in the table hereinafter—

Sr.	Employee	Reimbursed of total EPF amount	Maximum grant available
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No.		paid	
1.	Male	75% of total EPF amount paid	Maximum of Rs.10 Lakhs per annum for EPF amount paid for its employees any unit for 7 years.
2.	Female	100% of total EPF amount paid	

- 5.5. **Electricity Duty Exemption** — Units established in the state shall be entitled for 100% exemption from payment of electricity duty up to 12 years from the date of commencement of commercial production.
- 5.6. **Exemption on CST and Entry Tax** — Units established in the state shall be entitled to 100% exemption on CST and Entry Tax, for a period of 10 years or till the date of GST being applicable in the state, from the date of commencement of production for products manufactured in Chhattisgarh.
- 5.7. **Stamp Duty Exemption** — Units under this policy will be 100% exempted from Stamp Duty on execution of deeds for purchase / lease. Further the exemption of 100% of the actual duty to be paid will also be applicable for the second time sale of the same property to other IT units under this policy.
- 5.8. **Quality Certification subsidy** — MSME Units (as defined by Government of India) established in the state shall be reimbursed 50%, up to a maximum limit of Rs.7.0 lakhs of the amount spent, in obtaining ISO– 9000, ISO -14000 or other similar national/international certificate, subject to maximum of 2 certificates per unit per annum.
- 5.9. **Technical Patent Subsidy** — MSME Units (as defined by Government of India) established in the state shall be reimbursed 50% of the amount spent in obtaining patent up to a maximum limit of Rs.10 lakhs, subject to maximum 2 patents per annum.
- 5.10. **Project Report Subsidy** — Units established in the state shall be reimbursed 1% of fixed capital investment to the industries established by the entrepreneurs, maximum limit Rs.4 lac towards expenditure for preparation of “Project Report” prepared by project consultant approved by financial institutions of national level.
- 5.11. **Lease/Rental Space Subsidy** — Units established in the state and operating from leased or rented space, shall be reimbursed 50% lease or rental charges for the space, limited to 10 lac per annum for initial 3 years of operations from the start of commercial production.
- 5.12. **Recruitment & Training Assistance** — Units established in the state shall be provided recruitment & training assistance of Rs 20,000 per professional recruited in first three years from the date of start of commercial production, limited to total reimbursement of Rs. 10 lakhs per year.

- 5.13. **Bandwidth Charges assistance** — MSME Units (as defined by Government of India) established in the state shall be reimbursed 30% of the charges paid towards availing internet bandwidth to ISP for a period of three years, from the date of start of commercial production, limited to total reimbursement of Rs. 3 lakh per annum.

6. Additional Incentives

- 6.1. **Incentives for the workforce of Chhattisgarh origin:** While availing the benefits of article 5.1.1, 5.1.2, & 5.1.3, Electronics, IT & ITES Sector Industries employing minimum of 50% of workforce who are domicile of Chhattisgarh State shall be eligible for additional incentive of 5%, which would be over and above the incentives mentioned in the said articles.
- 6.2. **Additional incentive for Investment in 1st year of policy:** While availing the benefits of article 5.1.1, 5.1.2, & 5.1.3, companies investing and starting commercial production by the end of Financial Year 2015-16 would be entitled for further additional incentive of 5%, which would be over and above the incentives mentioned in the said articles.

7. Incentives to Large Investments –

Entrepreneurs investing more than 100 Crores in the sectors under this policy may be considered for additional incentives over and above the incentives mentioned above by the Empowered Committee on case to case basis.

8. Special Incentives

- 8.1. Industries with minimum of 500 employees working in state of Chhattisgarh which commences commercial production before end of financial year 2015-2016 would be entitled to following incentives during policy period –
- 8.1.1. Bonus Points in Technical Evaluation limited to 5% of maximum score in IT related tenders of Chhattisgarh Government.
- 8.1.2. Free of cost advertising space where ever possible in Government sponsored events for industries.
- 8.2. The state would strive to provide uninterrupted power supply at most competitive power tariff.
- 8.3. Relaxations under Shops & Establishments Act for working hours, work shifts and employment of women subject to security restrictions.
- 8.4. Applicability of all relaxations under the Industrial Disputes Act and Contract Labour Act to all Electronics,IT and ITES units in the State on par with Special Economic Zones.
- 8.5. Notifying Electronics, IT & ITES units as continuous process units.
- 8.6. Permission to Electronics,IT and ITES units for self-certification of reports, returns and compliance to various acts.
- 8.7. All units under this policy will be declared as essential service under Essential Services Maintenance Act.

9. Empowered Committee

- 9.1. To provide implement, oversee, monitor and resolve various issues arising out of this Policy, an Empowered Committee (EC) will be constituted. The committee shall consist of the following members –

1	Chief Secretary	Chairman
2	ACS / Principal Secretary/ Secretary, Finance.	Member
3	ACS / Principal Secretary/ Secretary, Commerce and Industries.	Member
4	ACS / Principal Secretary / Secretary, Housing and Environment.	Member

5	ACS / Principal Secretary / Secretary, Electronics and Information Technology	Member
6	ACS / Principal Secretary / Secretary, Revenue	Member
7	Vice Chairman, CHIPS	Member
8	Chief Executive Officer, Naya Raipur Development Authority	Member
9	Director, Commerce and Industries	Member
10	Chief Executive Officer, CHIPS	Member Secretary

The EC may consult or invite representatives from institutions related to E-Governance/IT-ITES sector or any such other persons.

9.2. The empower committee will deliberate and decide on the following issues —

- 9.2.1. To approve additional incentives/concessions for large investments of more than 100 crores;
- 9.2.2. To approve the implementation plan for this policy, monitor execution, do periodic reviews with regards to implementation of the policy;
- 9.2.3. Issue directives to concerned state government departments, its organisation on issue of appropriate orders, approvals, procedures, notifications to be issued within given timelines for effective implementation of the policy;
- 9.2.4. Approve Functional Guidelines of single window clearance system and it's Monitoring;
- 9.2.5. Issue directives on the orders on process or procedure for incentives under this policy;
- 9.2.6. Issue directives on issue of appropriate orders, procedures and notifications to be issued for effective and transparent implementation of the policy;

9.2.7. All decisions of EC regarding this policy shall be final and shall be binding to all the concerned parties including investors in the state.

9.2.8. Setting timelines for departments for issuing orders, notification and directives according to this policy.

10. The Nodal Agency

CHIPS will act as nodal agency for this policy, appoint a nodal officer and will also provide single window clearance for all Electronics, IT AND ITeS units for following activities:

- 10.1. Facilitating allotment of land by State Government or its agencies.
- 10.2. Establish an Online portal for receiving the investment proposals and to act as a single point of contact, between investor and the state;
- 10.3. Facilitate submission of reports/ returns in electronic formats shall be made for IT / ITES Industries
- 10.4. Develop appropriate manpower skills and competencies by tying up with training and educational institutions.
- 10.5. Facilitating all clearances, approvals, permissions and consents required from the State Government/its agencies for application received by CHIPS through single window facility;
- 10.6. Will arrange for physical space for helping establish IT/ITeS unites belonging to Micro, Small, and Medium Enterprises;
- 10.7. Will enter into an memorandum of understanding with units investing under this policy;
- 10.8. Take appropriate steps for effective implementation of the policy.

11. CONDITIONS

- 11.1. The policy would be effective from 01st November 2014 till 31st October 2019.
- 11.2. Certain concessions / benefits are indicated in both Electronics, IT and ITES investment policy and the Industrial Policy 2014-19. It is clarified that industries would be eligible to avail superior concessions/incentives from any one of the two policies, but only from one of the two policies.
- 11.3. Only 'new units' investing / commencing commercial production / operation in the state, after the date of issue of this policy are eligible for incentives under the policy.

- 11.4. Industries would be eligible to avail incentives only net of subsidy if any subsidy etc has been obtained from Government of India.
- 11.5. IT infrastructure developer companies having built 3 lakh sq.ft. or more of IT infrastructure with total investment exceeding Rs. 100 crore are eligible for incentives under this policy.
- 11.6. Monetary subsidy/exemption/concessions given under the policy shall be deemed to be cancelled and recoverable with penalty if such subsidies/exemptions/concessions are misused or used for purpose other than the public stated purpose of this policy.
- 11.7. All State departments would issue notifications with operational guidelines for implementing this policy within one month.