Electronics, IT and ITeS Investment Policy of Chhattisgarh 2014-19

Revised - August 2017*

*Approved by Department of Electronics & IT and Cabinet, Pending Notification; Government of Chhattisgarh

(Effective from – date yet to be announced)
Department of Electronics and Information Technology,
Government of Chhattisgarh
Mahanadi Bhawan, Mantralaya, Naya Raipur, Chhattisgarh
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1. Prelude

Chhattisgarh is one of the leading States in e-Governance. Various departments of the State are providing numerous IT enabled citizen services. Hon’ble Prime Minister has envisioned ‘Make in India’ at the national level and accordingly Hon’ble Chief Minister is focusing on ‘Make in Chhattisgarh’. In this context, a new policy is the need of the hour for promoting investment in Electronics, Information Technology (IT) and Information Technology enabled Services (ITeS) related sectors. This policy focuses on incentives on fixed capital and working capital, IT infrastructure development along with capacity building of work force. An online Single Window Clearance System (SWCS) is being setup for facilitating investments and for timely disbursal of various incentives/concessions under the policy. Implementation of the policy will be regularly monitored and reviewed by a high-level Empowered Committee (EC) for its effective implementation. State Government hereby notifies the Revised Electronics, IT & ITeS Investment Policy of Chhattisgarh 2014-19.

The existing policy provides exciting opportunities and incentives to prospective investors. It reflects focus and commitment of the Government towards development of Electronics, IT and ITeS sectors. With all the necessary support systems beginning to come together, a phase of vigorous growth is expected in Chhattisgarh.

Fast development of ecology comprising intellectual development, advanced healthcare and educational facilities, diversity, skillful workforce, infrastructure, institutional set-up and corporate culture is key to prospective development of Electronics, IT and ITeS industries in India.

During the course of Government of Chhattisgarh’s interactions with multiple industries and industry associations, across all target sectors, need for below listed has been highlighted and expressed:

a. Revision of incentives that are already part of the existing policy to at least match similar incentives provided by other States and addition of new incentives to make the investment environment more attractive

b. Support infrastructure that will enable them to establish and operate units out of Chhattisgarh with least turnaround time

2. Vision

The State of Chhattisgarh recognizes the importance of Information and Communication Technology as a key enabler in its economic development. Accordingly, the State has prepared its IT/ 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. The State's IT/ ITeS Investment Policy has been designed to achieve the vision of the Government to create an ‘e’nabled society effectively contributing to the social and economic development of the State.

3. Objective

3.1. Encourage investment in Electronics, Information Technology and Information Technology enabled Service related sectors in the State.
3.2. Develop Naya Raipur and other major cities of the state as IT Hub and Electronic Manufacturing Cluster thereby increase local employment and GSDP.

3.3. Skill development of local youth as per the need of Electronics, Information Technology and Information Technology enabled service related industries.

3.4. Promote development of IT Hubs/IT Park by providing incentives to Investors for IT Infrastructure Development.

4. Advantage @ investment in Chhattisgarh

4.1. Naya Raipur – first smart city of the country and upcoming IT hub

Naya Raipur is the 1st smart city of India with an area of 237 sq. km, in which an investment of INR 5 thousand crores is already done and a further investment of INR 10 thousand crores is in the pipeline.

Information Technology Investment Region (ITIR) has been proposed for developing Naya Raipur as IT Hub of the State. An IT Tower is fast coming up as plug and play infrastructure for IT/ITeS industries. An Incubation Centre and Startup Village are also proposed in this city. An entire sector of the city has been earmarked for establishing Electronic Manufacturing Cluster.

4.2. High return on investment

The investors are expected to reap in high returns on investment in short time due to incentives for fixed and working capital on investment including setting up and operational costs and low cost of living in the cities of Chhattisgarh compared to other cities of the country.

4.3. Human resource

Premier educational institutes of national repute like Indian Institute of Management (IIM), Indian Institute of Technology (IIT), National Institute of Technology (NIT), Indian Institute of Information Technology (IIIT), Hidayatullah National Law University (HNLU), All India Institute of Medical Science (AIIMS), Chhattisgarh Swami Vivekananda Technical University, Guru Ghasidas Central University and 50 Engineering Colleges, 25 Polytechnics and 118 ITIs of the State will ensure availability of quality manpower for companies setting up base in Chhattisgarh.

State’s capacity building programme is being implemented through Skill Development Mission for skilling human resource. A Finishing School for engineers to cater to the needs of Electronics, IT/ITeS industry is being setup. The incentives under this policy will promote the establishment of skill development institutions in the state to provide training to local manpower as per the needs of Electronics, IT/ITeS industries.

It is being planned to conduct common campus selection for providing employment besides providing technical training to youth in coordination with technical institutions and Electronics/IT Industry.

4.4. Electricity

Chhattisgarh State is a power surplus state with current generating capacity of 21000
MW which is targeted to increase to 41000 MW by the end of 12th Five Year Plan. The State's electrical tariff is 35% cheaper than all India average. Availability of uninterrupted quality power supply at a very competitive rate will reduce the operational cost for electronics manufacturing and IT/ITeS industries thereby leading to cost effective production.

4.5. **Local business prospects**

Chhattisgarh is a leading state in steel, cement production, energy generation and mining sector. Various departments of Chhattisgarh State are frontrunners in delivering various services through e-Governance. Hence, there is huge scope for investors in getting local business through IT/ITeS and automation in the above industrial sectors and government departments.

4.6. **Other infrastructure**

4.6.1 Capital of Chhattisgarh has excellent connectivity with important cities of the country by air through an Airport ranked one of the best in Non Metro category and East-West Corridor of Railways.

4.6.2 The State has strategic depth and is seismically most stable against natural calamities such as earthquake, flood, and cyclone. The state is best suited for the establishment of Data Recovery Centre or Primary Data Centre in the cities of Naya Raipur, Raipur, Bhilai-Durg, Bilaspur and Korba.

4.6.3 Excellent social infrastructure with multispecialty healthcare hospitals such as Apollo, Fortis and AIIMS.

4.6.4 Shopping malls in the city of Raipur, PVR, INOX, CineMax with 20 lakh sq. ft. built up space.

4.6.5 High-end hotel groups: Taj, Hyatt, Marriott & major luxury brands such as Jaguar, Audi, BMW present.

5. **Definition**

The electronics, IT or ITeS industry is defined as follows:

5.1. **ESDM (Electronic System Design Manufacturing) sector** includes hardware production related to Information Technology and Office Automation, Telecommunication, Consumer Electronics, Electronic Devices etc. It includes Aviation, Solar Photovoltaic, Strategic Electronics, Nano Electronics, Medical Electronics, Space and Defense related goods, activities related to design like Product Design, Chip Design, VLSI Board Design, Embedded System etc. or a unit defined by the Empowered Committee according to the Clause No 9 of this policy

5.2. **IT Hardware (as defined by Electronics & Information Technology Department, Govt. of India)**

5.3. **IT software, products based units**

5.4. **IT enabled Service related units**

5.5. **Data Centre**
5.6. IT/Electronic skill development

5.7. Electronics and IT related other industries as defined by Electronics and Information Technology Department of State

5.8. IT infrastructure development, IT Parks, IT SEZ etc.

5.9. The units as classified into Micro, Small and Medium units as per the guidelines issued by Micro, Small and Medium Enterprises (MSME) Ministry, Government of India from time to time will be considered as MSME units

6. Incentives to Electronics, IT and ITes sector industries

6.1. Incentive for Fixed Capital Investment (FCI)

Units established in the state will be eligible for incentive on fixed capital investment invested excluding the cost of the land as listed below:

<table>
<thead>
<tr>
<th>Quantum of FCI</th>
<th>Quantum of incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to INR 10 Crore</td>
<td>50% of FCI, with limit of INR 1.5 Crore per unit</td>
</tr>
<tr>
<td>Greater than INR 10 Crore but less</td>
<td>INR 1.5 Crore for initial INR 10 Crore; for FCI thereafter 15% of FCI with limit of INR 15 Crore per unit</td>
</tr>
<tr>
<td>Greater than INR 100 Crore</td>
<td>INR 15 Crore plus eligibility under Bespoke incentives as per section 7.4</td>
</tr>
</tbody>
</table>

6.2. Interest Subsidy

Units established in the state will be eligible for reimbursement of 75% of the total interest paid annually on term loan and working capital with upper limit of INR 1.1 Cr per annum, for a period of 8 years from the date of start of commercial production.

6.3. Rebate on Land Premium

Units established within notified IT Areas in the state will be eligible for rebate up to 80% of the land premium.

6.3.1 Land for such units may be allocated based on project investment per unit as given below:

<table>
<thead>
<tr>
<th>Investment per unit (in INR Cr)</th>
<th>Maximum land eligibility (in Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 3</td>
<td>1 – as per requirement</td>
</tr>
<tr>
<td>3 to 5</td>
<td>2 – as per requirement</td>
</tr>
<tr>
<td>5 to 10</td>
<td>3 – as per requirement</td>
</tr>
<tr>
<td>10 to 20</td>
<td>5 – as per requirement</td>
</tr>
<tr>
<td>20 to 50</td>
<td>10 – as per requirement</td>
</tr>
<tr>
<td>50 to 100</td>
<td>20 – as per requirement</td>
</tr>
<tr>
<td>More than 100</td>
<td>As per recommendation of Empowered Committee</td>
</tr>
</tbody>
</table>

6.3.2 Units shall ensure start of commercial production within 2 years from
the date of allotment of land, failing which the order for allotment of such land may be cancelled.

6.3.3 Units must ensure continuous operation for a minimum period of three years from date of commercial production.

6.3.4 A minimum 60% of the total allotted land must be reserved for IT operations and the remaining 40% area may be used for other purposes e.g. establishment of ancillary, subsidiary and support services.

6.4. Rebate on Lease/Rental space

6.4.1 Rebate on rental space: Units will be eligible as given below:

<table>
<thead>
<tr>
<th>Rental Area (in sq. ft.)</th>
<th>Quantum of incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>For area less than 10,000</td>
<td>Reimbursement of 50% of rental cost, not exceeding INR 10 Lakhs per annum, for a period of 5 years from start of commercial production</td>
</tr>
<tr>
<td>For area between 10,000 and 30,000</td>
<td>Reimbursement of 50% of rental cost, not exceeding INR 20 Lakhs per annum, for a period of 5 years from start of commercial production</td>
</tr>
<tr>
<td>For area greater than 30,000</td>
<td>Reimbursement of 50% of rental cost, not exceeding INR 30 Lakhs per annum, for a period of 5 years from start of commercial production</td>
</tr>
</tbody>
</table>

6.4.2 Rebate on lease space: Units established in the state will be eligible for 25% subsidy on lease costs, with upper limit of INR 800 per sq.ft. in an IT notified area

6.5. Exemption on Stamp Duty

Units established in the state will be entitled for 100% exemption from payment of Stamp Duty on direct purchase/lease on allotted land. Apart from this, if that property is transferred to another IT unit on sale or lease during policy period then the property transfer will be entitled for 100% Stamp Duty exemption.

6.6. Exemption on CST and Entry Tax – to be discontinued from date of this policy

Units established in the state will be entitled to 100% exemption on CST and Entry Tax, for a period of 10 years from the date of commencement of production or up to introduction of GST in the state whichever is earlier.

6.7. Exemption of Value-added Tax (VAT) – to be discontinued from date of this policy

Units established in the State will be entitled to 100% exemption of VAT, for a period of 5 years from the date of commencing production till implementation of GST in the State, whichever is earlier, for goods produced in the said units which are sold within the State.

6.8. Exemption on Electricity Duty

Units established in the state will be entitled for 100% exemption from payment of electricity duty on self-consumption up to 12 years from the date of commencement of
commercial production.

6.9. **Incentive for Project Report**

Units established in the state will be entitled for an incentive through reimbursement on expenditure for preparation of “Project Report” prepared by national/internationally renowned financial institutions or project consultant up to actual expenditure or 1% of fixed capital investment with a maximum limit of INR 4 Lakhs.

6.10. **Assistance for Recruitment and Training**

Units established in the state will be entitled for one-time assistance for recruitment & training of INR 20,000 per IT professional on recruitment, with upper limit of INR 10 Lakhs per year, during first three years, from start of commercial production.

6.11. **Grant on EPF and Employment Generation**

Units established in the state, after start of commercial production, shall be reimbursed EPF amount paid for IT/ ITeS professionals with an upper limit of INR 1 Crore per annum, for a period of 7 years, as indicated in the below:

<table>
<thead>
<tr>
<th>Employee gender</th>
<th>Grant on EPF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>75% of total EPF paid</td>
</tr>
<tr>
<td>Female</td>
<td>100% of total EPF paid</td>
</tr>
</tbody>
</table>

6.12. **Power Tariff Subsidy**

Units established in the state, that are either Data Center, Cloud Service Provider or ESDM units will be eligible for 10% power tariff subsidy with an upper limit of INR 1.5 Crore per annum, for a period of 5 years from start of commercial production.

6.13. **Market Development Support**

Assistance will be provided to MSME units and industry bodies as below for market development efforts:

<table>
<thead>
<tr>
<th>Assistance to MSME units for participating in international Trade Fairs outside India</th>
<th>50% support for participation not exceeding INR 5 Lakhs per such visit outside India</th>
</tr>
</thead>
<tbody>
<tr>
<td>One unit can avail this support only once</td>
<td></td>
</tr>
<tr>
<td>Assistance to Industry Bodies for participating in international Trade Fairs outside India as Chhattisgarh Pavilion</td>
<td>50% support for participation not exceeding INR 10 Lakhs per such visit outside India</td>
</tr>
<tr>
<td>Minimum 5 industrial units should be part of the group</td>
<td></td>
</tr>
</tbody>
</table>

6.14. **Support for Research and Development (R&D)**

In addition to existing support for Patent filing (listed below), incentives for Industry-Academia collaboration will be given as below:

<table>
<thead>
<tr>
<th>For Startups and MSMEs</th>
<th>Incentive will be two times the quantum of investment by industry partner, not exceeding INR 1 Crore, per project, with a project</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>i. Academic institute should be Project Investigator and should have Bachelor’s</td>
<td></td>
</tr>
</tbody>
</table>
7. Additional Incentives

7.1. Preference to domicile of Chhattisgarh in employment

Units established in the state, having more than 50% employees belonging to domicile of Chhattisgarh, will be entitled for additional incentive of 5% over and above the incentive mentioned in 6.1, 6.2 & 6.3, besides an increase of 5% in the maximum limit for the above said incentives.

7.2. Investment during first year

Units starting commercial production during 1st year of above said policy period, will be entitled for additional incentive of 5% over and above the incentive mentioned in 6.1, 6.2 & 6.3, besides an increase of 5% in the maximum limit for the above said incentive.

7.3. For Micro, Small and Medium Enterprises (MSMEs)

7.3.1 Incentive for Quality Certification

MSME Units established in the state will be entitled for an incentive through reimbursement of 50% expenditure on ISO–9000, ISO-14000 or other similar national/international certifications, with an upper limit of INR 7 Lakhs. The Unit can avail this incentive for maximum of 2 quality certificates per unit per annum.

7.3.2 Incentive for Technical Patent

MSME Units established in the state will be entitled for an incentive through reimbursement of 50% expenditure on technical patents on the name of unit, with an upper limit of INR 10 Lakhs. The Unit can avail this incentive for maximum of 2 technical patents per unit per annum.

7.3.3 Subsidy on Bandwidth Charges

MSME Units established in the state will be entitled for subsidy through reimbursement of 30% of the total charges paid towards availing internet bandwidth from ISP, with a maximum limit of INR 3 Lakhs per annum.

7.4. Bespoke Incentives

7.4.1 Electronics, IT & ITeS units and IT infrastructure developers with more
than Rs 100 crore investment per unit will be eligible for bespoke incentives.

7.4.2 Special Consideration in addition to Section 7.4.1 above:

<table>
<thead>
<tr>
<th>S. No</th>
<th>Industry type</th>
<th>Quantum of investment required for eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>For IT &amp; ITeS companies (excluding Data Center, Cloud Service Providers)</td>
<td>INR 5 Crore invested before commercial production</td>
</tr>
<tr>
<td>B</td>
<td>IT infrastructure developers, having experience of IT infrastructure development of more than 3 Lakhs sq. ft. area in past 5 years</td>
<td>INR 100 Crore invested before commercial production</td>
</tr>
</tbody>
</table>

7.5. Support infrastructure to seed ecosystem

7.5.1 Data Center Zone

A 50-acre area in Naya Raipur to be demarcated as Data Center Zone by Naya Raipur Development Authority (NRDA) with the following provisions to suit common needs of Data Center, Cloud Service Providers. CHiPS will be the nodal agency for Data Center Zone and NRDA will be the allotting/developing agency.

- Redundant power supply lines to ensure 365 days and 24 hours electricity supply
- Redundant OFC connectivity from multiple ISPs to be facilitated by State

7.5.2 Training facilities

Facilities at Bhilai and Raipur to be created as follows:

- The facilities will be pay and use with rental costs for the space borne by the State (Nodal Agency – please see below). User fee collected will be used towards operational and maintenance expenses
- 100 seats capacity each at Bhilai and Raipur subject to availability of space
- The facility will be created in a fully plug and play space that will be rented where available – preferably either in an educational institution with spare capacity or a Government building with spare capacity
- The facility will be open to all parties interested in carrying out training of employees or for generic training providers subject to
approval of Nodal Agency (please see below)

8. Special Incentive Package

8.1. Units which start commercial production during financial year 2017-2018, with a minimum of 500 employees, will be entitled to following incentives during policy period:

8.1.1 Preference in evaluation process by awarding bonus points in Technical Evaluation equivalent of 5% of maximum score in IT related tenders of Chhattisgarh Government

8.1.2 Free of cost advertising space, if available, in Government sponsored events for IT units in the State

8.2. The state would ensure uninterrupted quality power supply at most competitive tariff to the units.

8.3. Relaxations under Shops & Establishments Act in working hours, work shifts and employment of women.

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.

8.7. All units under this policy will be declared as essential service under Essential Services Maintenance Act.

9. Empowered Committee

An Empowered Committee (EC) will be constituted for guidance, inter-departmental coordination, monitoring and reviewing implementation of the Policy, and to encourage establishment of units in the state. The committee shall consist of the following members:

<table>
<thead>
<tr>
<th></th>
<th>Chief Secretary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>ACS/Principal Secretary/Secretary, Finance Department</td>
<td>Member</td>
</tr>
<tr>
<td>3</td>
<td>ACS/Principal Secretary/Secretary, Commerce and Industries</td>
<td>Member</td>
</tr>
<tr>
<td>4</td>
<td>ACS/Principal Secretary/Secretary, Housing and Environment</td>
<td>Member</td>
</tr>
<tr>
<td>5</td>
<td>Principal Secretary/Secretary, Electronics and Information Technology</td>
<td>Member</td>
</tr>
<tr>
<td>6</td>
<td>Principal Secretary/Secretary, Revenue</td>
<td>Member</td>
</tr>
<tr>
<td>7</td>
<td>Director, Commerce and Industries</td>
<td>Member</td>
</tr>
<tr>
<td>8</td>
<td>Chief Executive Officer, Naya Raipur Development Authority</td>
<td>Member</td>
</tr>
<tr>
<td>9</td>
<td>Vice-Chairman, Chhattisgarh Infotech Promotion Society</td>
<td>Member</td>
</tr>
</tbody>
</table>
The Empowered Committee may invite any other representatives as per requirement. All decisions of EC regarding this policy shall be final and shall be binding to all the concerned parties including investors in the state.

9.1. **Functions of the Empowered Committee**

9.1.1 To approve the action plan for this policy, monitor implementation of policy and periodic reviews.

9.1.2 Issue directives to concerned state government departments or organizations on guidelines, notifications, etc. to be issued.

9.1.3 Issue necessary guidance for operation of single window system and its review

9.1.4 Formulate procedures and terms and conditions for various incentives, sanctions and review of timely flow of incentives to the investors from various departments and organizations including land allotment for the effective implementation of the policy

9.1.5 To recommend additional incentives/concessions for large investments more than INR100 Crores

9.1.6 Granting in-principal approval for incentives, exemptions and subsidy for the proposals of investment up to INR 100 Crores for establishment of units

9.1.7 Review of execution of investment and grant of incentives, subsidy and exemptions under the policy

9.1.8 Taking policy decisions regarding the “Electronics, Information Technology and Information Technology enabled Services Investment Policy of Chhattisgarh 2014-2019”

9.1.9 The Empowered Committee can take decision regarding any industry being an electronics, information technology and information technology supported services industry or in case of any dispute regarding their eligibility under this policy. The decision taken by the Empowered Committee in this regard shall be final

9.1.10 This committee shall also function as the State Level Single Window Clearance Committee (SLSWCC)

10. **The Nodal Agency**

Chhattisgarh Infotech Promotion Society (CHiPS) will act as nodal agency for this policy and would appoint a nodal officer for Single Window Clearance.

10.1. **Functions of Nodal Agency**
10.1.1 Establish an Online portal as a single point of contact between investor and the state for receiving investment proposals and release of necessary sanctions and approvals and their monitoring

10.1.2 Facilitate smooth submission of reports/returns in electronic formats for industries under the policy

10.1.3 Develop appropriate manpower skills and competencies to ensure adequate quality manpower for the industry in association with training and skill development institutions.

10.1.4 Allot built up space, if any on lease to Micro, Small, and Medium Enterprises IT/ITeS units

10.1.5 Enter into appropriate MoU with investors

10.1.6 Take other appropriate steps for effective implementation of the policy

11. Other Conditions

11.1. The policy would be effective from 01st November 2014 till 31st October 2019

11.2. If the incentives and concessions of Industrial Policy 2014-19 are more beneficial compared to Electronics, IT and ITeS investment policy then the investor can choose incentives under any one policy

11.3. The incentives under the policy will be provided only to the ‘new units’ that commenced their commercial production/operations after the 01 September 2017

11.4. If any unit established in the state is eligible for any incentive of Government of India policy then that unit can avail the benefits under State Electronics, IT and ITeS investment policy, if eligible, along with Government of India policy

11.5. If any unit avails the incentives/concessions under the policy on fraudulent grounds then the same will be cancelled and recovered/withdrawn without any notice.

11.6. All concerned state government departments/organizations will issue necessary notifications regarding various incentives/concessions provided under this policy within one month from date of issue of this policy

12. Issuance of instructions for Interpretation and Implementation

12.1 In case of any dispute arising regarding interpretation of the provisions of this policy, decision taken by the Department of Electronics & Information Technology shall be final.

12.2 The Department of Electronics and Information Technology shall be authorized for issuing instructions, orders from time to time for implementation of this policy or for solving the problems faced in the implementation of this policy