

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

(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 2014 - 2019

1. Prelude

Chhattisgarh is one of the leading States in providing good governance through IT and e-Governance. Various departments of the State are providing numerous citizen services through e-Governance. 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 and Information Technology enabled Services 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 is being setup for facilitating the investors and for timely providing various incentives/concessions under the policy. The implementation of policy will be regularly monitored and reviewed by High level Empowered Committee for its effective implementation. State Government hereby notifies Electronics, IT & ITeS Investment Policy of Chhattisgarh 2014-19.

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'enabled 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 – 1st Smart City of the country and upcoming I.T Hub

Naya Raipur is the 1st Smart City of India with an area of 237 sq. k.m in which an investment of Rs.5 thousand crores is already done and a further investment of Rs. 10 thousand crores is in the pipeline.

I.T.I.R (Information Technology Investment Region) has been proposed for developing Naya Raipur as IT Hub of the State. An IT Tower is fast coming up as Plug & Play infrastructure for IT/ITeS industries. IT 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 Capacity building programme is being implemented through Skill Development Mission for capacity building in 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, I.T/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 Clusters 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 front runners in delivering various e-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 State is having 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, Data Centre in the cities of Naya Raipur, Raipur, Bhilai-Durg, Bilaspur and Korba cities.
- 4.6.3. Excellent social infrastructure with multispecialty healthcare hospitals such as Apollo, Fortis and AIMS.
- 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 related industry is defined as:

- 5.1. ESDM (Electronic System Design Manufacturing as defined in the National Electronics Policy – 2012).
- 5.2. I.T Hardware (as defined by Electronics & Information Technology Department of GoI).
- 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, Information Technology and Information Technology enabled Services Sector Industries

6.1 ***Incentive for Fixed Capital Investment***— Units established in the state will be eligible for incentive upto 50% of the fixed capital investment excluding the cost of the land with maximum limit of Rs. 150 lakhs per unit.

6.2 ***Interest Subsidy***—Units established in the state will be eligible for the reimbursement of 75% of the total interest paid annually on term loan and working capital with maximum limit of Rs.110 lakhs 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 upto 80% of the land premium.

6.3.1 Land for such units may be allocated based on project investment per unit as given in the table.

S. No	Investment Amount/Unit (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 recommendation of the Empowered Committee

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*** — Units established in the state operating from leased or rented space, will be eligible for reimbursement up to 50% of lease or rental charges for the space, with maximum limit of Rs.10 lakhs, for a period of 3 years from the date of start of commercial production.

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*** — 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 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

6.8 ***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 Rs.4 lakh.

6.9 ***Assistance for Recruitment & Training***— Units established in the state will be entitled for one time assistance for recruitment & training of Rs 20,000 per IT professional on recruitment with a maximum limit of Rs.10 lakhs per year during first three years from the date of start of commercial production

6.10 Grant on EPF for employment generation — Units established in the state, after start of commercial production shall be reimbursed EPF amount paid for its IT/ ITeS professionals, for initial period of 7 years as indicated in the table given below—

Sr. No.	Employee	Grant on EPF (in percentage)	Maximum limit for incentive and time period
1.	Male	75% of total EPF amount paid	Maximum of Rs.10 Lakhs per annum for EPF amount paid upto 7 years.
2.	Female	100% of total EPF amount paid	

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 para no. 6.1, 6.2 & 6.3 besides an increase of 5% in the maximum limit for the above said incentive.

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 para no. 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 -

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 certification, with a maximum limit of Rs. 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 a maximum limit of Rs. 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 Rs. 3 lakh per annum.

7.4 For Large Investors -

- 7.4.1 Entrepreneurs, with an investment more than 100 Crores during policy period, may be considered for additional incentives over and above the incentives as given in policy on case to case basis.
- 7.4.2 IT infrastructure developers, having experience of IT infrastructure development on more than 3 lakh sq. feet area in past 5 years, with an investment more than 100 crores, may be considered for additional incentives over and above the incentives as given in policy on case to case basis.

8. Special Incentive Package

- 8.1 The Units which starts their commercial production during financial year 2015-2016, with minimum 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, monitor and review implementation policy and to encourage establishment of units in the state. The committee shall consist of the following members –

1	Chief Secretary	Chairman
2	ACS / Principal Secretary/ Secretary, Finance Department	Member
3	ACS / Principal Secretary/ Secretary, Commerce and Industries.	Member
4	ACS / Principal Secretary / Secretary, Housing and Environment.	Member
5	Principal Secretary / Secretary, Electronics and Information Technology	Member
6	Principal Secretary / Secretary, Revenue	Member
7	Director, Commerce and Industries	Member
8	Chief Executive Officer, Naya Raipur Development Authority	Member
9	Vice Chairman, CHIPS	Member
10	Chief Executive Officer, CHIPS	Member Secretary

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.

Functions of Empowered Committee —

- 9.1 To approve the action plan for this policy, monitor implementation of policy and periodic reviews.
- 9.2 Issue directives to concerned state government departments/organisations on guidelines, notifications, etc. to be issued.
- 9.3 Necessary guidance for operation of single window system and its review;

- 9.4 Formulating procedures and terms and conditions for various incentives, sanctions and review of timely flow of incentives to the investors by the various departments and organizations including land allotment for the effective implementation of the policy.
- 9.5 To recommend additional incentives/concessions for large investments more than Rs.100 crores;

10. The Nodal Agency

CHIPS will act as nodal agency for this policy and would appoint a nodal officer for Single Window Clearance.

Functions of Nodal agency

- 10.1 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.
- 10.2 Facilitate smooth submission of reports/ returns in electronic formats for industries under the policy.
- 10.3 Develop appropriate manpower skills and competencies to ensure adequate quality manpower for the industry in association with training and skill development institutions.
- 10.4 Allot built up space, if any on lease to Micro, Small, and Medium Enterprises IT/ITeS units;
- 10.5 Enter into appropriate MoU with investors.
- 10.6 Will 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 November 2014.

- 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
- 11.7 Electronics and IT Department shall issue necessary guidelines, clarifications, interpretation from time to time in order to resolve any issue regarding implementation of this policy.
