



Government of Madhya Pradesh

**Madhya Pradesh IT, ITeS & ESDM Investment
Promotion Policy, 2016**

**Department of Science and Technology
Government of Madhya Pradesh**

1. VISION

This policy aims to develop Information Technology (IT), Information technology enabled services (ITeS) and Electronic System Design and Manufacturing (ESDM) as a vibrant industry for inclusive growth and creating employment opportunities for people in the State and to promote innovation and entrepreneurship.

2. OBJECTIVES

1. To increase the flow of investments in the State in Information Technology industry, ITeS & ESDM sectors.
2. To maximize direct and indirect employment generation opportunities for the youth in the state.
3. To promote development of the IT, ITeS and ESDM sectors in a balanced manner in the State.

3. STRATEGIES

1. To ensure availability of land at reasonable price for the use of IT, ITeS & ESDM units.
2. Provide fiscal incentives for attracting investments and to make the State an attractive destination for the IT, ITeS and ESDM sectors.
3. Promote the adoption of industry best practises to make the State globally competitive.
4. Promote the development of a vibrant startup ecosystem supported by an Incubator network to promote innovation, entrepreneurship and home grown IT Units in the State.

4. COURSE OF ACTION

- 1) The State Government will earmark government land at suitable locations for establishment of IT, ITeS, ESDM units and IT Investment Areas and make it available to the various eligible stakeholders at reasonable prices.
- 2) The State Government would take steps to promote public and private sector investment in the establishment of IT Parks and Electronic Manufacturing Clusters in the State.



- 3) Development plan prepared under the T&CP Act have provisions for Public and Semi-public land use (PSP land use). Such land can be allotted to IT industry. Development Authorities may specifically earmark some parts of PSP land in their possession for the use of IT/ITeS/ESDM industry. Such earmarked land will be allotted as per the provisions of this policy.
- 4) Land of AKVN, urban local bodies, MSME and Revenue Departments can also be allotted to entities eligible under this Policy. These lands will also be allocated as per the provisions of this Policy by the department/authority to whom the land belongs.
- 5) The State Government will work in close coordination with Government of India for the development of the IT, ITeS and ESDM sector in Madhya Pradesh.
- 6) The State Government will promote the development of incubation centres, plug and play facilities in the State to promote development of Startups.
- 7) The State Government will promote the development of the ITeS sector in small towns and in rural areas to increase employment opportunities in such areas.

5. APPLICABILITY OF THIS POLICY

Information Technology (IT), Information Technology Enabled Services (ITeS), Electronic System Design and Manufacturing (ESDM) and other allied activities as certified by the Authorized Agency of Science & Technology Department, GoMP, will qualify for the benefits of this Policy.

6. SINGLE WINDOW CLEARANCE SYSTEM

Government of Madhya Pradesh would work for attracting IT, ITeS & ESDM Investment in the State and MP State Electronics Development Corporation (MPSEDC) would act as a nodal agency for undertaking the formalities related to Project Clearance & Facilitation. MPSEDC would work in close co-ordination with TRIFAC for this purpose and make use of the Single window mechanism developed by TRIFAC.

7. INCENTIVES



7.1. Incentives for development of IT Investment Areas:

- 7.1.1. Government may notify an area of land developed or proposed to be developed as IT investment area provided that such area shall not be less than 5 acre over a contiguous basis. The land included in such area may be government land including land belonging to Developmental Authorities, Urban Local Bodies, AKVNs etc or private land or a combination of them.
- 7.1.2. The developers of such IT investment areas shall be eligible for allotment of land, stamp duty and registration charges reimbursement as per the relevant clause of this policy.
- 7.1.3. The area would also be eligible for FAR benefits for building construction as given under this policy.
- 7.1.4. The minimum area under IT/ITeS/ESDM activity in an IT Investment area shall be 60% of the usable land/built up area. In case of land belonging to Government or any Authority the minimum area of the land for IT/ITeS/ESDM activity would not be lesser than that mentioned in the terms of their land allotment.

7.2. Land related benefits

- 7.2.1. **Land Allotment:** Government would earmark developed and raw land for establishment of IT/ITeS/ESDM units and IT Investment Areas. This land would be made available to applicants including Developers who are willing to setup IT/ITeS/ESDM units and IT Investment Areas.
- 7.2.2. **Applicability of this policy on other government land and land of Developmental Authorities:** The provisions of this policy in relation to land related benefits shall be applicable to other Government Land including the Land developed by the AKVNs, Urban Local bodies, land of the MSME department, Govt of Madhya Pradesh and Development Authorities constituted under MP Gram Tatha Nagar Nivesh Adhiniyam 1973. The allotment and management of the land would however be done by the respective department/entity.

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7.2.3. Rebate in Cost of Land:

- a) Government land will be allotted to IT/ITeS/ESDM units and Developers of IT Investment Areas at a premium calculated after applying a rebate on the cost of land.
- b) The Collector Guideline rate for unirrigated agricultural land of that area, (or the nearest area/village if unirrigated agricultural land rate is not available for that area where land is to be allotted) would be taken as the cost of land.
- c) The rebate on the cost of land would depend upon the type of applicant, the purpose for which land is to be used and the terms of allotment and will be as described in Annexure-1.
- d) Development charges would be levied separately, if the land has been developed by Government of Madhya Pradesh or its Agencies/ Authorities and will be determined as per the rules framed by the authority/agency that has incurred the development cost.

7.2.4. Lease rent: will be charged at the rate of 2% per year of the actual lease premium payable by the Unit.

7.2.5. Criteria for determination of area of land that can be allotted:

A unit would be eligible for allotment of land as given below

S.No	Sector	Maximum area that can be allotted at concessional rates	Maximum allotable area on concessional rates
1	IT	1 acre per every 100 people employed in core operations*	25 acres
2	ITeS	1 acre per every 150 people employed in core operations	
3	ESDM	1 acre per every 50 people employed in core operations	

* Core operations means the number of people employed for the main economic activity of the unit and shall exclude people employed in support services such as security guards, gardening, drivers etc.

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7.2.6. **Term of lease:** Land would be allotted on a lease up to 99 years with provision for renewal.

7.2.7. **Procedure for allotment of land:** The Authorised agency of Department of Science and Technology, Government of Madhya Pradesh would make available the information regarding the land available for allotment to the public by various means including, hosting of information on its website, periodic notifications in newspapers, etc. Allotment would be done on a first come first serve basis by the authorised agency of Science and Technology Department (or the authority whose land is to be allotted). The allotting agency at its sole discretion may decide to allot any land through an open auction.

✓ 7.3. **Relaxation in Floor Area Ratio (FAR):** IT/ITeS/ESDM units and the Developers of 'IT Investment Area' would be permitted to avail an FAR of up to 2.5 or the maximum permissible FAR as per the Development Plan of that area, whichever ever higher. However in an IT investment area, in case a distinct plot is put to a non-IT use for more than 40% of the usable area/builtup area, the FAR available for that plot would be as per the development plan.

7.4. **Sub-lease:** Allottees would be permitted to sub-lease the built up area or usable land for activities as permitted at the time of allotment, subject to their fulfilling the conditions of employing minimum number of people as per this policy if applicable. The following conditions shall also apply:

- a) The Unit/Developer would be free to sub-lease/license portion of land available for ancillary/other industry/commercial/residential use as per the terms of allotment. It is clarified that the allottee would be free to decide the financial terms of the sub-lease.
- b) For sub-lease of the part of usable land/builtup area to be used for IT/ITeS/other industry/ESDM activity, the permission of the allotting authority will be required. The allotting authority after satisfying itself that the sub-lease is as per the terms of the lease will take a decision on the application of the applicant and inform him of the decision taken in not later than one month's time of submission of application for grant of sub-lease.
- c) The Unit/Developer can sub-lease land/builtup area for ancillary/commercial/ residential purposes only after he satisfies the allotting authority that he has developed the proportionate

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amount of area (which is in a ready to use condition) for IT/ITeS as per the terms of the land allotment. Violation of this clause will be treated as a sufficient ground for cancellation and allotment of lease.

✓ **7.5. Mortgage:** The units would be permitted to mortgage the land.

✓ **7.6. INTEREST SUBSIDY :** - Eligible units will get interest subsidy on **term loan** as given below : -

Type of Units	Interest subsidy
For IT/ITeS	<ul style="list-style-type: none"> • Interest subsidy of 5% of term loan on the interest recovered or the actual rate charged by the lender on term loan, whichever is lower. • The maximum amount that a unit can obtain as re-imbursement will be INR 50 lakhs, over a period of seven years. • The maximum amount that can be re-imbursed in a year would be INR 12 lakhs. • This incentive is applicable for term loan, including Foreign Currency Term Loan.
For ESDM units Loan upto INR 10 Crores	<ul style="list-style-type: none"> • Interest subsidy of 5% of term loan on the interest recovered or the actual rate charged by the lender on term loan, whichever is lower upto a loan amount of INR 10 Crores. • The maximum amount that can be re-imbursed for any year would be INR 50 lakhs • The maximum number of years for which this benefit can be given is five years. • This incentive is applicable for term loan, including Foreign Currency Term Loan.
For ESDM units Loan beyond INR 10 Crores	<ul style="list-style-type: none"> • For that portion of the loan beyond Ten Crores Interest subsidy of 2% of term loan on the interest recovered or the actual rate charged by the lender on term loan, whichever is lower shall be applicable.

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	<ul style="list-style-type: none"> • The maximum amount of re-imbursement that a unit shall be eligible for re-imbursement shall be INR 3 Crores per annum (including the INR 50 lakhs for term loan component of less than INR 10 Cr) for a period of five years. • This incentive is applicable for term loan, including Foreign Currency Term Loan.
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7.7. CAPITAL SUBSIDY :- Subsidy on Gross Fixed Capital Investment (GFCI) only to eligible units will be given as below :-

Type of Units	Capital subsidy
IT/ITeS	<ul style="list-style-type: none"> • Capital subsidy of 10% for GFCI upto INR 2.5 Crores limited to INR 25 Lakh. • For GFCI above INR 2.5 Crores, the capital subsidy would be 5% of the incremental GFCI plus INR 25 lakhs for GFCI upto INR 2.5 Crores • The maximum capital subsidy that can be provided would be INR 50 lakhs.
ESDM	<ul style="list-style-type: none"> • Capital subsidy of 10% for GFCI upto INR 10 Crores limited to INR 1 Crore. • For GFCI above INR 10 Crores the capital subsidy would be 5% of the incremental GFCI plus INR 1 Crore for GFCI upto INR 10 Crores • The maximum capital subsidy that can be provided would be INR 25 Crores.

GFCI definition :- For the purpose of incentives and their applicability, GFCI shall mean investment made in Gross Fixed Capital Investment in plant & machinery, buildings & sheds, but shall not include land & dwelling units.

7.8. IT INVESTMENT PROMOTION ASSISTANCE

- a. All new IT/ESDM Units shall be entitled for Investment Promotion Assistance after adjusting the input Tax Rebate on the amount of Value Added Tax (VAT) and Central Sales Tax (CST) (Excluding the amount of VAT on purchase of Raw Materials) paid by them, to the extent given below:

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Sl. No.	Eligible Capital Investment	Eligibility	Limited to % of GFCI
1	UptoRs. 10 Crores	75% for a period of 7 years	200%
2	Above INR 10 Crores	75% for a period of 10 years	200%
3	Mobile phone/Tablet/ Computer manufacturing units	75% for a period of 10 years	300%

The reimbursement of IT Investment Promotion Assistance will be made directly to the unit on quarterly basis.

- b. Reimbursement in GST - Under the GST regime, as and when it comes into operation, the unit shall be reimbursed up to the extent of SGST paid in the intrastate sale of the specified goods, subject to the tax actually realized into the Government of Madhya Pradesh treasury, net of input credits. Also, in the GST regime, the SGST will be reimbursed at a rate of tax which shall not be higher than the present rate of value added tax (excluding additional tax) of the specified goods.

7.9. REIMBURSEMENT ON SKILL GAP TRAININGS

Sl. No.	Reimbursement on skill gap training	Eligibility	Capping
1	Maximum limit of Rs. 10,000 per employee	50% of the cost incurred	Rs. 1 Crore per unit.

For providing skill gap trainings to the Engineers/IT/ITeS/ESDM Professionals that are domicile of Madhya Pradesh, One time reimbursement will be available to the Unit for the employees trained by the Unit within first two years of commencement of operations.

7.10. INCENTIVE ON QUALITY CERTIFICATIONS

S.No.	Type of incentives	Eligibility	Maximum amount
1.	CMM/CMMi/PCMM	75% of the cost	Rs. 6 Lakh
2.	ISO 9001 or an	50% of the	Rs. 1 Lakh

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	equivalent/better Certification	cost	
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This incentive will be available only once to the applicant Units.

7.11. CONCESSIONS ON STAMP DUTY AND REGISTRATION CHARGES

- a) Stamp duty and Registration charges shall be reimbursed to eligible Units/Developers on lease executed on government land including land of Development authorities, Urban local bodies, AKVNs etc.
- b) IT/ITeS/ESDM units set up in an IT investment area developed on private land will also be eligible for reimbursement of stamp duty Charges and Registration charges for the first time only.
- c) Stamp duty and Registration Charges payable by IT Units on mortgage/hypothecation with banks/financial institutions in IT investment area will also be reimbursed.

7.12. INCENTIVE RELATED TO STATUTORY REGULATIONS

The following exemptions under the relevant Acts will be applicable to the IT units:

- i. The IT/ITeS/ESDM units shall be granted exemption from the provisions of the Madhya Pradesh Shops and Establishment Act 1958 relating to the hours of business and weekly closure by issuing notification under the Act. Women workers shall also be allowed to work 24 hours subject to the conditions fulfilled by the employers relating to women workers' security and safety at the work place and during the transit.
- ii. The hours of work for women employees working in an IT manufacturing unit shall be relaxed under the Factories Act. Accordingly for IT establishments, Women may be able to work 24 hours in such manufacturing units subject to the conditions fulfilled by the employers relating to women worker's security and safety at the work place and during the transit.
- iii. The IT units shall be added as an independent employment in the schedule of Minimum Wages Act 1948 so that the workers shall be classified separately and their wages could be fixed as per their efficiency and skill level.

- iv. IT Units shall be permitted for self certification of the registers and forms as contemplated under various following Acts viz Payment of Wages Act, Minimum Wages Act, Employees State Insurance Act, Payment of Gratuity Act, Maternity Benefit Act, Equal Remuneration Act, Water & Pollution Act, Employment Exchange Act, Factories Act, Employees' Provident Fund & Misc. Provisions Act, Contract Labor (Regulation and Abolition) Act and shall also be allowed to maintain unified register and record instead of maintenance of different registers and records under different Labour Acts.

- 7.13. **ENTRY TAX EXEMPTION** :- Exemption from entry tax shall be as follows :-

S.No.	Type of Unit	Entry tax exemption
1.	Electronics System, Design and Manufacturing (ESDM)	As per provisions of the Industrial Promotion Policy of GoMP 2014

- 7.14. **PATENT ASSISTANCE**:- Assistance for filing patents would be provided as below:

S.No.	Patent	Eligibility	Limit
1.	Domestic	50% assistance, maximum 2 lakh	Rs. 10 lakhs per unit
2.	International	50% assistance maximum 5 lakh	Rs. 25 Lakhs per unit

- 7.15. **ASSISTANCE IN MARKETING**

- a. All IT Units shall be entitled to receive 50% subsidy on Stall Rentals for participating in designated National/International Exhibitions/Events etc. subject to a maximum limit of Rs. 2 Lakh for International and 1 Lakh for National Events. This incentive shall be available to a unit once in a financial year.
- b. Industry Associations will be entitled to receive upto 50% of stall rent for participation in International Trade Fairs as

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Madhya Pradesh Pavilion outside India subject to a ceiling of Rs. 10 lakhs. Minimum five industrial unit's participation will be necessary as part of group to avail this assistance. Assistance shall be in the form of reimbursement and the Association shall have to apply within three months from the date of such participation.

7.16. INCENTIVE RELATED TO POWER

As per the provisions of the Industrial Promotion Policy, 2014 and as amended from time to time.

7.17. Special Package for BPO/BPM units: This clause will be applicable to ITeS/BPO/BPM Units. The eligible units can choose to avail benefits either under this clause or the benefits available to normal IT Units as per their choice. The Units availing benefits under this special package will not be entitled to any other benefits of this policy except Land related benefits, Stamp duty and Registration charges reimbursement. The details of the benefits available to the units under this clause are as follows:

a) One time incentive at the time of Establishing and Starting of BPO/BPM Unit:

Investment Promotion Subsidy will be provided to BPO/ BPM /ITeS units as given below limited to 75% of the actual capital investment.

Population of Town/local body where unit is to be established.	Category	Incentive Per Seat (In Rs.)
>10 Lakh	"A"	50,000
<10 upto 1 Lakh	"B"	56,000
<1 Lakh	"C"	62,000

b) Incentives for operations

Incentives for operations will be available to the new BPO/BPM/ITeS units as given below:-

Population of Town/local body where unit is to be established.	Category	Incentive Per Seat per year for 4 years (In Rs.)
>10 Lakh	"A"	7500

<10 up to 1 Lakh	"B"	11000
<1 Lakh	"C"	14500

Note :-

1. Census, 2011 figures will apply for population. Town/Local body is meant to include "Planning Area" as notified under the Madhya Pradesh Nagar Tatha Gram Nivesh Adhiniyam, 1973.
 2. The number of people employed should be at least 1.5 times the number of the seats.
8. **APPLICABILITY OF THIS POLICY TO NEW UNITS** : New units shall be eligible for all the benefits of this policy, even if they have been setup by a company that has already taken benefits under this policy .
9. Additional Benefits/incentives other than the Policy can be given on Case to case basis after the approval of CCIP.
10. This Policy shall remain in force till the year 2021 or announcement of New Policy superseding this Policy. With this policy coming into force the earlier 'Madhya Pradesh Information Technology Investment Policy 2012 (as amended 2014)' and the 'Madhya Pradesh Business Process Outsourcing/Business Process Management (BPO/BPM) Industry Investment Policy 2014' would be deemed to have been subsumed by this Policy and hence, cease to exist. However all units availing benefits under that scheme would continue to enjoy the benefits as per the provisions of the old policy and would be ineligible for benefits for the same units under the new policy.

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S.No	Type of Applicant	Type of Land	Ratio of land use		Non-IT use permissibility	Rebate on cost of land
			IT/ITeS/ESDM	Ancillary/ Commercial/other Industry/ Residential		
1	IT Unit/ITeS unit	Developed land and Raw land	85%	15%	Up to 15% of the usable land/built-up area for non-IT purposes.	75%
	IT Unit/ITeS	Developed and raw land	60%	40%	Uto 40% of the usable land/built-up area for non-IT purposes	50%
2	ESDM Units	Developed land and Raw land	85%	15%	Use of land only for ESDM purposes. Sub-lease as per the Industrial Promotion Policy, 2014	75%
3	Developer of an IT Investment Area	Raw land	85%	15%	Can sub-lease 85% usable land/ built-up area to IT/ITeS/ESDM units and remaining 15% for ancillary activities	50%
	Developer of an IT Investment Area	Raw Land	60%	40%	Can sub-lease 60% usable land/ built-up area to IT/ITeS/ESDM units and remaining 40% for ancillary activities	25%