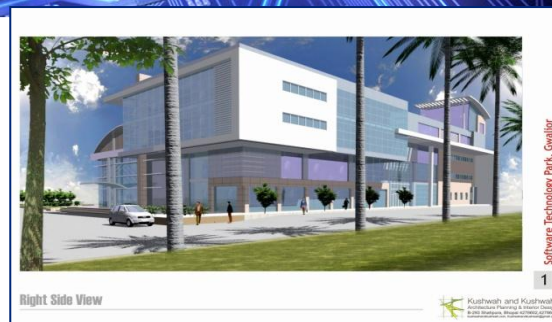
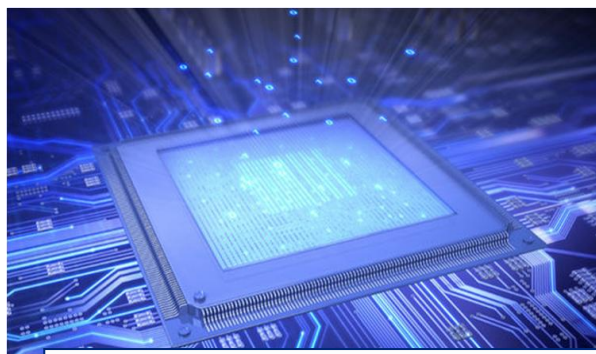


Sector	Project Title
IT/ITES	IT Park – Gwalior

Project Description

The Indian Software & Services industry has grown at a remarkable pace since 2001-02. The share of IT / ITeS in India's GDP stands at an impressive 5.8% in 2008-09 from 1.2 % in 1997-98. The overall Indian Software & Services industry revenue has grown from US\$ 10.2 billion in 2001-02 to reach US \$ 58.7 billion in 2008-09. IT / ITeS sector's overall CAGR was 26.9% between 2001-02 to 2008-09. As of 2008-09 IT / ITeS sector provided direct employment to about 2.20 million people compared to just 0.52 million in 2000-01.



To take advantage of the growing sector, the Government of Madhya Pradesh (GoMP) wants to develop globally competitive IT clusters by creating best-in-class infrastructure and assist major cities of MP in becoming next IT hub of the Country. In accordance with this vision, this project envisages the setting up of an IT park at Gwalior.

Project's Value Proposition

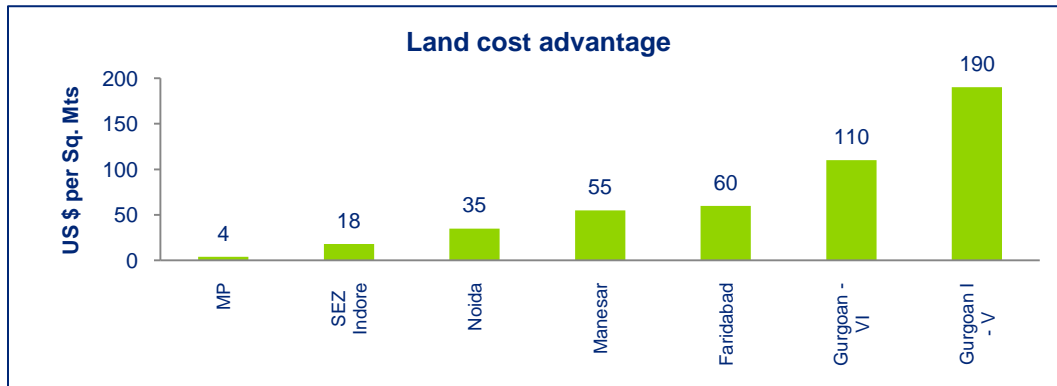
- The State Government is planning to set up IT parks on PPP model and expects the private sector player to act in the capacity of developer. The developer is expected to:
 - Construct the infrastructure as per plan conceptualised by the State Government
 - Utilise, Market and lease out the property of the park
- The State Government's role will be to:
 - Conceptualise and plan the project
 - Providing land for the project
 - Providing equity in there gap in viability
- Advantages to private developer are envisaged as follows:-
 - Ready availability of land for development

- Special policy initiatives
- Low man-power cost for construction
- Viability gap funding (if required)
- Other advantages will include employment generation to several IT professionals across the State and Country.

MP's value proposition for IT Industry

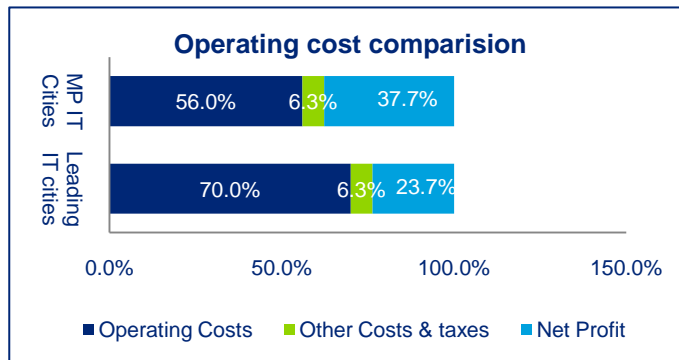
Land cost advantage

- MP offers cheap land cost in comparison to other developed industry and IT centres



Operating cost advantage

- On an average MP cities have a 30% operating cost advantage over the leading IT cities
- On an average 70% of revenue is operating costs for companies working in IT / ITeS sectors in major IT cities
- Establishing the same company in MP would help them bring their operating costs down by up to 50%



Connectivity & Social infrastructure

- Air connectivity to Mumbai, Delhi, Raipur, Pune, Nagpur, Kolkatta & Goa - International operations by mid 2011
- Rail connectivity to all major cities
- Excellent Public transport facilities
- Gwalior has excellent social infrastructure in form of malls, food zones, multiplexes & hospitals
- Presence of 3 & 4 star hotels
- Strong educational infrastructure for K12 to doctorate

Uninterrupted power supply

- Uninterrupted power supply to IT / ITeS companies via dedicated feeder
- Electricity generation capacity at present is 9,878.25 MW
- Further 3,124 MW to be added by 2012

Telecom & Internet Backbone

- MP has 24000 km of optical fibre backbone reaching up to the block level and below across the whole state.
- Presence of public & private players like BSNL, Bharti, Tata, Reliance etc. ensure complete connectivity and service.

Policy Initiatives

- Employment and Land Rate Concessions
 - The companies in the State would be eligible for the rebate of USD 556 per job created or;
 - A concession on land rate at 25% of the prevalent premium on investment of USD 2.22 million and above based on following schedule:

Project Costs (USD Million)	Maximum land available under concession
2.22 to 4.44	10 acres
4.44 to 11.11	15 acres
11.11 to 22.22	25 acres
22.22 and above	Case to Case basis

- Stamp Duty
 - Stamp duty payable by IT companies on mortgage/ hypothecation with banks/ financial institutions in IT investment area will be exempted provided the new unit is certified to be an IT outfit by a designated agency.
 - Stamp duty and registration fee exemption will be applicable on- sale/ lease by financial institution/ government agencies/ private sector who acquire space/ premises in IT investment area for subsequent lease to IT units provided the new unit is certified to be an IT outfit by designated agency.
- Exemption on tax and acts
 - Exemption from factories act, maternity act, contract labour act, payment of wages act, minimum wages act, ESI act.
 - Exemption from the electricity duty tax, entry tax and work contract tax
 - IT units in IT investment area will be exempted from the octroi, entry tax and local bodies tax for all capital goods and raw material purchased by them.
 - Rate of property tax in the IT investment area will be at par with residential premises
- Power Related Incentives
 - No prior permission will be required for installation of the captive power plant
 - IT industry shall be provided power through a dedicated feeder
- Others
 - Exemptions upto twice the existing FAR for entire IT investment area
 - All facilities and incentives declared in the new Industrial Policy of MP Government are also applicable for IT Industries established on government allotted land/ private land with the single window clearance for government formalities
- Special incentive to invest in E-governance projects
 - Investors bidding for PPP projects (IT parks / IT SEZ) will get 10 marks, if they have been PPP partner in E-governance projects in MP

Project Specification

The IT Park is planned to be developed on Build Operate Transfer (BOT) basis. Department of Information Technology (DIT) has already procured land for development of IT park. DIT is conceptualising and planning the project and has also appointed Transaction advisors for selecting a PPP partner.

- Project location: Department of Information Technology has 130 acres of land in the heart of Gwalior in their possession and ready for development of an IT Park
- Proposed facilities / capacities
 - IT park with workspace of 5 - 10 lakh sq. ft
 - 1 lac sq. ft of constructed area shortly available for further development
 - Cyber estate for IT companies (along with support infrastructure of uninterrupted power, fibre optic backbone & internet connectivity)
 - Information corridor for start-ups
 - Common support infrastructure – Business centre, convention hall, library
 - Social infrastructure – Convenience stores, medical centres, Bank & ATMs, travel & courier centre
 - Recreational infrastructure – Gym, recreation hall, food court etc.
- Business model
 - Selected developer will create a SPV with DIT based on a BOT model. The SPV will build the park based on planning of DIT, lease out / utilise the property and earn revenues from rent and maintenance charges.
 - DIT desires to keep its equity contribution to the extent of land provided for development; however the State Government may also provide financial assistance in form of viability gap funding if required.
 - Developer to lease out working, common and other infrastructure to IT companies and other concerned operators
 - Developer to earn lease rent, maintenance charges and amenity charges from the property leased out
 - Major cost is the cost to develop world class infrastructure and its subsequent upkeep and maintenance
 - Developer may have also to pay the State Government the rent for land allotted for development of IT Park
- Investment and expected returns: Detailed project report is under preparation by the transaction advisors.

Project Contacts

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