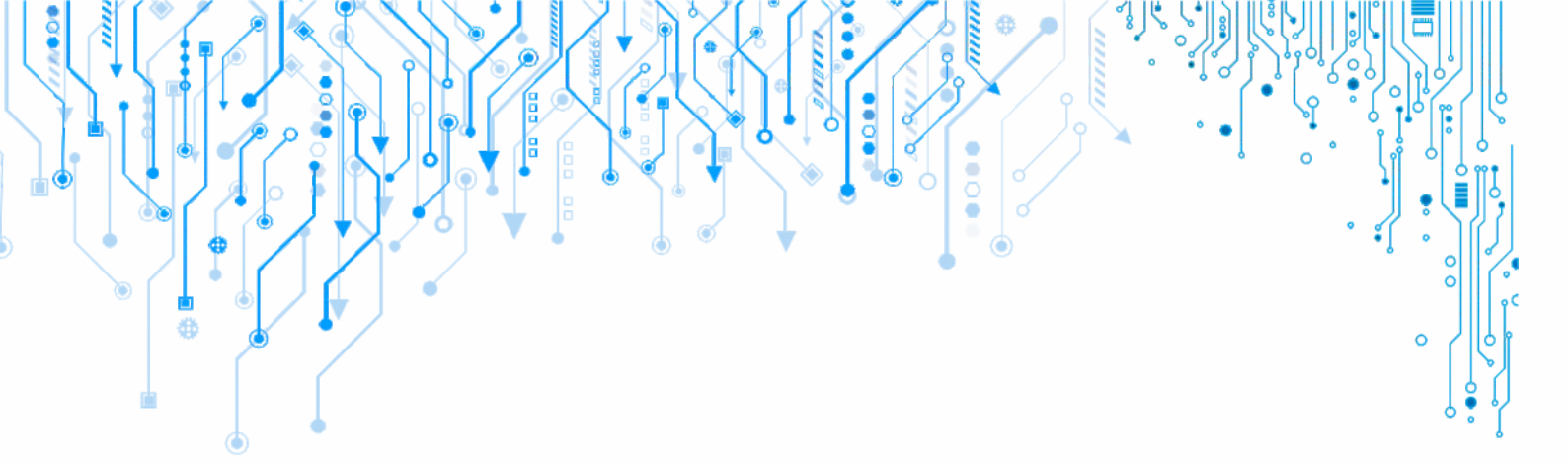


Madhya Pradesh IT, ITeS & ESDM Investment Promotion Policy 2023





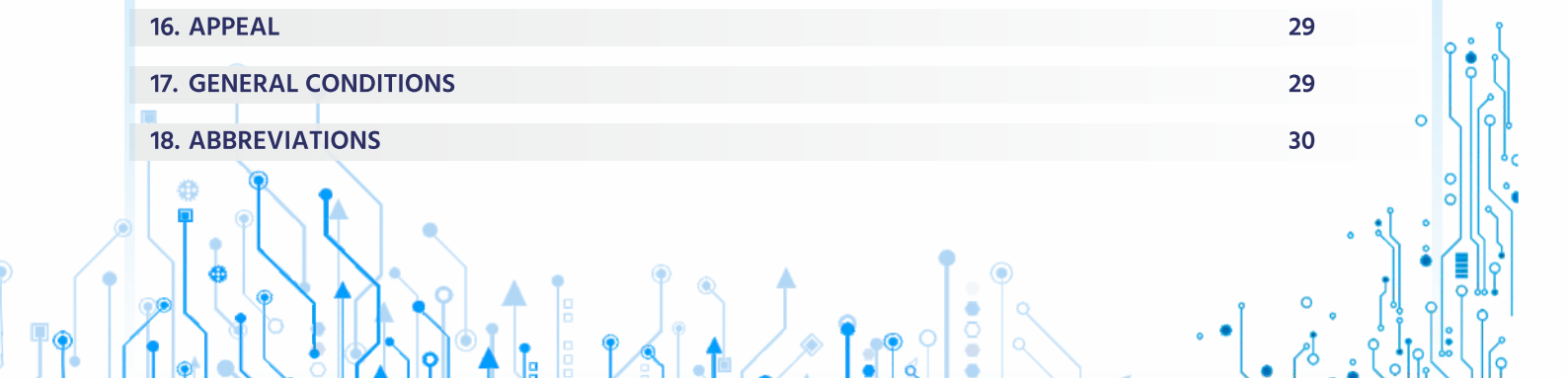
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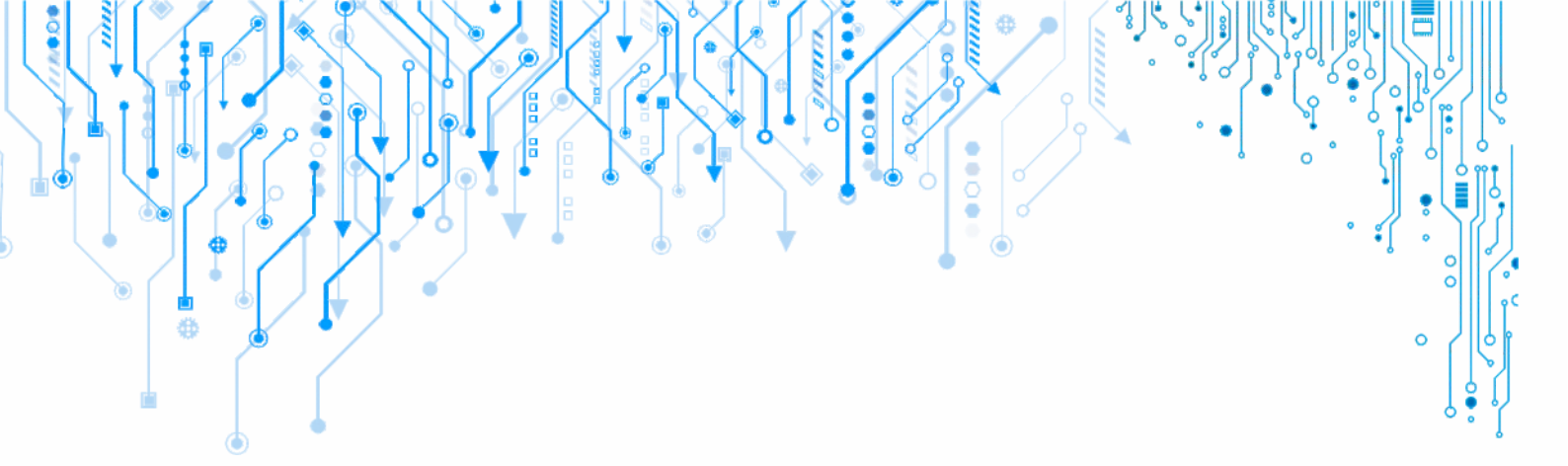


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Madhya Pradesh aims to attract investments in Information Technology (IT), Information Technology Enabled Services (ITeS), Data Centre and Electronics System Design & Manufacturing (ESDM) and the emerging niche sectors within this domain, promote innovation and entrepreneurship and create employment opportunities in this sector.

1. VISION

To make the state a leading hub for IT/ITeS/ESDM industry by attracting investments in the sector and generating employment opportunities through a conducive ecosystem and robust infrastructure for IT/ITeS, ESDM and allied sectors.

2. OBJECTIVES

- i. To increase the flow of investments in Madhya Pradesh in IT, ITeS & ESDM sectors.
- ii. To create direct and indirect employment opportunities for the youth in IT/ITeS/ESDM sectors.
- iii. To encourage investments by creating ready to use IT/ITeS workspaces, plug & play infrastructure and promote the use of co-working spaces.
- iv. To encourage the development of the IT/ITeS sector in semi-urban towns and rural areas to increase employment opportunities in such areas.
- v. To ensure availability of land parcels at reasonable rates for the use of IT, ITeS & ESDM units.
- vi. To enable the creation of skilled IT/ITeS and ESDM manpower.
- vii. Promotion of R&D and innovation activities.
- viii. To promote Micro, Small Medium Enterprises (MSME) and Start-ups as the growth engines of the economy.

3. TARGET

The policy targets to achieve the following in next 5 years:

- i. To create 2 lakh new jobs in IT /ITeS/ESDM sector in MP.
- ii. To attract ₹10,000 crores investment in IT /ITeS/ESDM sector.
- iii. Creation of 10 million Sq.Ft. State of the art IT Parks, Buildings, Plug & Play Spaces/Sheds across the State for IT/ITeS/ESDM sectors.

4. STRATEGY

The policy targets to achieve the following in next 5 years:

- i. Promote the development of IT/ITeS/ESDM parks and other supporting infrastructure for attracting more and more investments. Support to private developers for creating co-working spaces, Plug & Play Parks for establishing state-of-the-art infrastructure for IT industry.
- ii. Facilitate the entities by streamlining the procedures, end-to-end investment facilitation, investor handholding and enhancing the overall experience of doing business in the state.
- iii. Facilitate industries by upskilling and providing industry ready workforce.
- iv. Promote transparent mechanism through online system for claiming assistances and benefits.

5. SCOPE OF THIS POLICY

Information Technology (IT), Electronic System Design and Manufacturing (ESDM), Data Centres, Information Technology Enabled Services (ITeS), Business Process Outsourcing (BPO), Business Process Management (BPM), IT/ITeS and ESDM infrastructure developers etc. and investments in allied activities coming in territory of Madhya Pradesh will qualify for the benefits under this Policy.

'IT/ITeS' IT includes development, production and services pertaining to software and applications. ITeS are construed as any service, which results from the use of any IT software over a system of IT products for realising the value addition service rendering through the application of IT and may include the following:

- a) Call centres
- b) Medical transcriptions
- c) Back-office operation/Business Process Outsourcing (BPO)
- d) Knowledge Process Outsourcing (KPO)
- e) Business Process Management (BPM)
- f) Web Aggregators
- g) Bioinformatics
- h) IT-enabled banking
- l) Depository, security registration and dematerialisation services
- j) GIS-enabled services
- k) IT support centres
- l) Website services
- m AVGC (Animation, Visual Effects, Gaming and Comic)
- n) Emerging Technologies, such as Cyber Security, Big Data, Artificial Intelligence, Block chain, Machine Learning

Or

Other related fields as decided by nodal agency from time to time. This does not include companies engaged in manufacturing of hardware related to IT, IOT, telecom and fields as mentioned above.

'ESDM' Industry constitutes of units engaged in following businesses-

1. Manufacturing of electronic products such as telecom systems/ mobiles/ IT systems and hardware/ consumer electronics/ medical electronics/ avionics/ industrial electronics/ defence and strategic electronics/ automotive electronics/ information and broadcasting equipment(s).
2. Manufacturing of PCB's/ semiconductors chip components/ ICs/ components/parts etc.
3. Electronic Manufacturing Services (EMS)
4. Scrapping of E-waste or related
5. IOT /IT Hardware design, prototyping and manufacturing.
6. Any other electronics vertical/ products covered by the National Policy on Electronics (NPE) or any other policies, issued by the Government of India from time to time.

'Data Centre' means a facility that centralises computing and network equipment to collect, store, process and disseminate a large amount of data and applications.

6. POLICY VALIDITY

This Policy shall remain in force with effect from notification of the policy for a period of 5 years or till a new policy comes into force whichever is earlier.

7. ELIGIBILITY

IT, ITeS, ESDM, Data Centre Units and Infrastructure Developers will register themselves with the nodal agency for claiming benefits/assurances under this policy. Nodal agency will issue registration certificate to the eligible units.

8. POLICY FACILITATION

8.1 Single Window Clearance system

For this policy, Madhya Pradesh State Electronics Development Corporation Ltd. (MPSeDC) will act as a nodal agency for undertaking the formalities related to Project Clearance & Facilitation. MPSeDC would work in close coordination with Madhya Pradesh Industrial Development Corporation Ltd. (MPIDC) for this purpose to make use of Single Window mechanism for all financial assistance, required/necessary permissions, approvals, applications and any other related processes.

8.2 MP Facilitation of Establishment and Operation of Industries

Under Madhya Pradesh Udyogon Ki Sthapana Evam Parichalan ka Saralakaran Adhinyam – 2023 Industrial units coming in the state will be exempted from obtaining specified approvals and inspections for establishing and operationalising units in M.P.

8.3 Cabinet Committee on Investment Promotion (CCIP)

An enhanced tailor-made incentive scheme may be taken up with the approval of Cabinet Committee for Investment Promotion (CCIP) on case-to-case basis, if required.

- a) CCIP constitutes, Chief Minister as its Chairman and Ministers of Finance, Commercial Taxes, Department of Science & Technology and Department of Industrial Policy and Investment Promotion and others as members. The CCIP is fully empowered to sanction a customized package of assistance beyond what has been explicitly provided in this policy. Such packages shall be available only to Mega Projects and Data Centres as defined under this policy.
- b) M.P. Industrial Development Corporation Ltd. will act as the Secretariat for CCIP cases.
- c) The CCIP cases will be dealt as per the rules and procedures described in the order dated 31.01.2013 and any other order issued in this regard from time to time by General Administration Department, Government of Madhya Pradesh.

8.4 Investment Advisory committee

An investment advisory committee constituting senior officials of Government of Madhya Pradesh, Industry Experts, and Industrialists etc. will be formed under the Department of Science & Technology, Government of Madhya Pradesh, to advise and guide the Department on industry trends, requirements and policy advocacy matters. Principal Secretary/Secretary, Department of Science & Technology, Government of Madhya Pradesh will be the Chairman of this Committee and Head of the nodal agency will be the Member Secretary of this committee. Members of this committee can be increased or decreased with the approval of the Chairman of the committee.

9. ASSISTANCES/ INCENTIVES (IT/ITeS)

9.1 Assistance for IT/ITeS units

9.1.1 Capital Assistance Model

The units which undertake the construction of building(s) on private land or land leased from the government/government agencies/development authorities and start their operations in IT/ITeS sector will only be eligible to take benefits under Capital Assistance Model.

9.1.1.1 CAPEX Assistance

- i. The eligible units will be entitled to CAPEX Assistance of 25% on Gross Fixed Capital Investment (GFCI). Additional assistance of 2% for unit/s set up by women entrepreneur(s).
- ii. CAPEX assistance will be disbursed in equal yearly instalments based on GFCI as follows:
 - a. For GFCI up to ₹ 10 crores – in 4 years
 - b. For GFCI > ₹ 10 crores up to ₹ 50 crores – in 5 years
 - c. For GFCI > ₹ 50 crores – in 7 years
- iii. The maximum CAPEX assistance amount that can be reimbursed to an eligible unit will be ₹ 30 Crores.
- iv. Expenditure incurred towards the construction/development of the new building shall be capped at:
 - a. ₹ 2,000/Sq.Ft. or actual whichever is lower of the built-up area, for creation of bare shell infrastructure.
 - b. ₹ 3,000/Sq.Ft. or actual whichever is lower of the built-up area, for furnished/plug & play spaces.
- v. The assistance instalments shall be disbursed, subject to continuation of services in eligible sectors.
- vi. CAPEX assistance on the building construction/development undertaken on land will be subject to a maximum of 80% of the total built-up area constructed/developed for core activities (commercial and non-IT activities excluded).
- vii. CAPEX Assistance will be available only if unit constructs minimum 10,000 Sq.Ft. of total built-up area, except where land is allotted by Nodal Agency.
- viii. Gross Fixed Capital Investment (GFCI) here means, an investment made by the unit in Plant & Machinery (viz. computer hardware, software, imported/indigenous/other machinery), electrical installations, office equipment, expenditure on transportation of machinery, furniture & fittings, building construction, all civil works, expenditure on purchase of equipment for setting up of captive renewable energy plant (excluding investment made in land and dwelling units, site development, landscaping, vehicles).

9.1.1.2 Interest Assistance

- i. Interest assistance of 6% on the interest recovered or the actual rate (whichever is lower) charged by the lender on term loan for eligible components of GFCl.
- ii. The maximum amount that can be reimbursed to an eligible unit would be ₹ 5 Crores in 5 years (without any ceiling on annual assistance). The assistance under this section can be given for five (5) years from the date of payment of first instalment of loan. However, disbursement will start only after the start of commercial operations.
- iii. Term loan means loan sanctioned by financial institutions/banks, acquired by the unit for creation of fixed assets, excluding working capital term loan and CC/OD limits.

9.1.2 Rental Assistance Model

- i. IT/ITeS units which have taken bare shell spaces or plug & play spaces on rental basis will be eligible for rental assistance and Employment Generation Assistance under this model.
- ii. IT/ITeS units which have taken bare shell or plug & play spaces leased by nodal agency on concessional monthly rentals will not be eligible to take rental assistance under this model.
- iii. IT/ITeS units which have purchased any pre-constructed building or own any building will be eligible for Employment Generation Assistance under this model.

9.1.2.1 Rental Assistance

- i. The eligible units can claim assistance on rental space as follows:

District Category	Co-working Rental Assistance (per seat per month) (maximum up to)	Total Ceiling	Rental Assistance (per seat per month)	Total Ceiling
A	₹ 3000	₹ 10 Crores	₹ 1000	₹ 3 CR
B	₹ 1500	₹ 5 Crores	₹ 500	₹ 1.5 CR

- a) Category A districts: Bhopal, Indore, Jabalpur, Gwalior and Ujjain.
- b) Category B districts: Sagar, Chhindwara, Satna, Raisen, Vidisha, Dhar, Dewas.
- c) CCIP can add, delete and modify districts in Category B.
- ii. This assistance will be provided for 3 years from the month of start of commercial operations.
- iii. Minimum carpet area rented on monthly basis should be 3000 Sq.Ft. for claiming this assistance.
- iv. Rental Agreement of the space to be duly stamped and registered for claiming the rental assistance.
- v. In addition to above following are the conditions:

For Rental Assistance

- a) Rental assistance will be on the basis of employees working in single shift. In case of multiple shifts average of employees working in multiple shifts will be the base.
- b) The assistance will be calculated on the basis of each employee occupying a minimum of 45 square feet of carpet area in case of BPO unit(s) and 60 square feet of carpet area in case of IT/ITeS unit(s) (other than BPO).
- c) Rental assistance will be calculated on the basis of number of employees (excluding work from home) whose employer's contribution towards EPF has been deposited by the company for the respective month.

For Co-Working Rental Assistance

The co-working space with a minimum capacity of 50 seats would be required to be registered with the nodal agency.

- a) The unit will be eligible to apply for rental assistance provided it has taken minimum 20 seats in the co-working space and it should be occupied for a minimum period of 3 months.
- b) Actual rental per seat per month to the maximum ceiling given in the above table. In case of multiple shifts average of employees working in multiple shifts will be the base.
- c) Rental assistance will be calculated on the basis of number of employees (excluding work from home) whose employer's contribution towards EPF has been deposited by the company for the respective month.

9.1.2.2 Employment Generation Assistance

- i. Employees appointed in the period of first three (3) years from the date of start of commercial operations, whose employers' contribution towards EPF is deposited, will be eligible to receive assistance as follows:

Number of employees	Assistance (per employee per month)
Up to 1000	₹ 4000
1000-1500	₹ 4500 for > 1000 employees
1500-2000	₹ 5000 for > 1500 employees
Up to 200 employees in Rural BPOs	₹ 5000

**Rural areas are those areas which are outside the limits / planning area of any municipal corporation or any municipality*

- ii. The assistance period will be for maximum 3 years and up to a maximum support of ₹ 15 crores with no annual ceiling.
- iii. Assistance will be claimed on employment of a minimum annual average of 20 employees and up to a maximum of 2,000 employees.
- iv. The provision of assistance will be applicable upon each employee occupying a minimum of 45 square feet of carpet area in the case of BPO unit(s) and 60 square feet of carpet area in the case of IT/ITeS unit(s) other than BPO.
- v. Employee count is to be calculated for the employees (excluding work from home) whose EPF has been deposited by the company for a minimum of six months in any financial year and on a pro-rata basis. Employee count will be calculated only on single shift basis.

- vi. Minimum carpet area on rent or of the preconstructed space/Owned space should be 3000 Sq.Ft. for claiming this assistance.
- vii. Rental Agreement of the space to be duly stamped and registered for claiming the rental assistance.

9.1.3 Additional Assurances

9.1.3.1 Marketing Assistance

- i. All eligible units shall be entitled to receive 50% subsidy on expenses incurred for participating in designated National/International Exhibitions/Events etc. subject to a maximum limit of ₹ 2 Lakh for international and ₹ 1 Lakh for national events.
- ii. This incentive shall be available to units once in a financial year for 3 years from the date of start of commercial operations.

9.1.3.2 Quality Certification Assistance

The eligible unit shall be entitled to receive 50% of the cost of Quality certification, with a maximum ceiling of ₹ 6 lakhs. This assistance can be availed only once, for a single type/kind of certification.

9.1.3.3 Assistance for filing Patents

To promote Research and Development activities in the state, assistance for acquiring patents, subject to a limit of ₹ 5 lakhs per patent for domestic patents and ₹ 10 lakhs for international patents, or actual cost incurred whichever is lower, shall be reimbursed for obtaining each patent filed by the unit or its employee.

9.1.3.4 Reimbursement of Stamp Duty & Registration Charges

100% reimbursement of stamp duty and registration charges to an eligible unit on the lease executed for a plot in industrial parks developed by Department of Science & Technology and other development authorities of Govt. of M.P. Unit can claim the reimbursement only after the start of their commercial operations.

9.1.4 Non-Fiscal Assurances

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

- i. Exemptions under Shops and Establishments Act:
 - a. Establishments of IT sector are exempted from the provisions related to opening and closing of shops and establishments and weekly closure of business subject to terms and conditions specified in Madhya Pradesh Shops and Establishments Act, 1958.
 - b. Women workers shall be allowed to work in night shifts subject to the conditions fulfilled by the employer relating to women workers' security and safety at workplace and during transit as per the provisions specified under Madhya Pradesh Shops and Establishments Act, 1958.
- ii. Women workers are allowed to work in any factory or manufacturing shop floor during night shift subject to the conditions as specified under the Factories Act 1948 and as per the notification issued.
- iii. The IT units are considered independent employers in the schedule of Minimum Wages Act 1948 so that the workers are classified separately and their wages can be fixed as per their efficiency and skill level.
- iv. Units are allowed to maintain a unified register and return under 15 labour laws as per the notification issued by the Labour department dated 24/06/2016.

- v. Exemption for IT/ITeS Industry from inspections under the below specified Acts and rules framed there under, barring inspections arising out of specific complaints. Under this provision, units shall be eligible for inspection only once every 5 years under the following acts:
- a. Minimum Wages Act, 1948
 - b. Contract Labour (Regulation and Abolition) Act, 1970
 - c. MP Shop & Establishment Act, 1958
 - d. Payment of Bonus Act, 1965
 - e. Equal Remuneration Act, 1976
 - f. Child Labour (Prohibition and Regulation) Act, 1986
 - g. Building and Construction Cess Act, 1996
 - h. Maternity Benefit Act, 1961
 - i. Payment of Gratuity Act, 1972

9.2 CAPEX Assistance for IT/ITeS Developers

State Government will incentivize the private developers/consortium of developers through a CAPEX Assistance for development of IT/ITeS office spaces on co-working/ plug & play model / ready to move-in / bare shell spaces (on government or private land). This will promote creation of modern infrastructure to support IT/ITeS sector, reduce timeframe for grounding of investments and promote employment in the sector. Such developer/consortium of developers shall have to register themselves with the nodal agency for claiming assistance under this model.

- i. All eligible developers will be eligible for CAPEX assistance as follows:
 - a. 25% capital assistance on GFCI in 5 years
 - 1) With a minimum 2 Lakh Sq.Ft. built up
 - 2) Maximum ceiling of ₹ 25 Cr at a single location
 - 3) Capex support (of 25%) will be given to first 5 IT/ITES parks in any Category A city
 - b. 15% capital assistance on GFCI in 5 years
 - 1) In city planning area of Category A districts: Minimum 50,000 Sq.Ft. saleable/leasable built-up area in case of private land and 25,000 Sq.Ft. saleable/leasable built-up area in case of development on Government land.
 - 2) In city planning area of Category B districts: Minimum 25,000 Sq.Ft. saleable/leasable built-up area.
 - 3) Maximum ceiling of ₹ 10 Cr at a single location.
- ii. Building permission and ground breaking to be done within one year from the date of in-principle approval accorded by the nodal agency.
- iii. IT /ITeS Spaces means area / site newly developed/constructed which provides ready to use office spaces/plug and play spaces on lease / sale basis to IT /ITeS units.
- iv. Of the total built-up area, 80% of the saleable/leasable built-up area must be allocated to IT /ITeS units and remaining 20% built-up area may be utilized for any other activities.
- v. Expenditure incurred towards the development of new building shall be capped at, for plug and play spaces ₹ 3,000/Sq.Ft. and bare shell spaces ₹ 2,000/Sq.Ft. or actual whichever is lower, of the built-up area.

- vi. Disbursement of CAPEX assistance will be based on stages of construction and occupancy.
 - I Instalment – 50% construction and 20% occupancy of IT/ITeS units
 - II Instalment – 70% construction and 40% occupancy of IT/ITeS units
 - III Instalment – 90% construction and 60% occupancy of IT/ITeS units
 - IV Instalment – 100% construction with minimum 60% occupancy of IT/ITeS units
 - V Instalment – 80% occupancy of IT/ITeS
- vii. Sale / lease will be given only to IT / ITeS units registered with the nodal agency of Department of Science and Technology.
- viii. IT / ITeS units occupying office spaces within such facilities can only claim support under Rental Assistance Model and additional assistances except reimbursement of Stamp Duty and Registration Charges.
- ix. The developer can claim reimbursement of stamp duty and registration charges on the lease executed on the land of industrial parks developed by Department of Science & Technology and other development agencies of Govt. of M.P.
- x. Government will facilitate in getting permissions and clearances from various departments for setting up the IT/ITeS Spaces.
- xi. Gross Fixed Capital Investment (GFCI) here may include:
 - 1. For Bare Shell infrastructure: investment made by the developer towards building construction, electrical installations, fittings, all civil works, expenditure on renewable energy, expenditure on purchase of equipment for setting up of captive renewable energy plant (excluding investment made in land and dwelling units, landscaping, interior works etc.).
 - 2. For Plug & Play (ready to move-in) infrastructure: investment made by the developer towards building construction, interior work, electrical installations, furniture & fittings, all civil works, expenditure on renewable energy, expenditure on purchase of equipment for setting up of captive renewable energy plant (excluding investment made in land and dwelling units, landscaping etc.).

ESDM



10. ASSISTANCES/INCENTIVES (ESDM)

10.1 Assistance for ESDM Units

The unit(s) operating in ESDM sector including standalone R&D, Testing and Design labs in M.P. will be eligible to claim CAPEX Assistance.

10.1.1 CAPEX Assistance

- i. The eligible units will be entitled to CAPEX Assistance of 40% on Gross Fixed Capital Investment (GFCI). Additional assistance of 2% for unit/s set up by women entrepreneur(s).
- ii. CAPEX assistance will be disbursed in equal yearly instalments based on GFCI as follows:
 - a. For GFCI up to ₹ 10 crores – in 4 years
 - b. For GFCI > ₹ 10 crores up to ₹ 50 crores – in 5 years
 - c. For GFCI > ₹ 50 crores – in 7 years
- iii. The maximum CAPEX assistance amount that can be reimbursed to an eligible unit will be ₹ 150 Crores.
- iv. Expenditure incurred towards the construction/development of the new building shall be capped at ₹ 2,000/Sq.Ft. or actual, whichever is lower of the built-up area.
- v. The assistance instalments shall be disbursed, subject to the continuation of production/rendering services in eligible sectors.
- vi. CAPEX assistance on the building construction/development undertaken on land will be subject to a maximum of 80% of the total built-up area constructed/developed for core activities (commercial and non-ESDM activities excluded).
- vii. Gross Fixed Capital Investment (GFCI) here means, an investment made by the unit in Plant & Machinery (viz. imported/indigenous/other machinery), electrical installations, office equipment, expenditure on transportation of machinery, furniture & fittings, building & shed construction, all civil works, expenditure on purchase of equipment for setting up of captive renewable energy plant, expenditure on R&D (excluding investment made in land and dwelling units, site development, landscaping, vehicles). Expenditure made on imported second-hand machinery and expenditure on transportation of such machinery shall be considered eligible in GFCI.

10.1.2 Interest Assistance

- i. Interest assistance of 6% on the interest recovered or the actual rate (whichever is lower) charged by the lender on term loan for eligible components of GFCI.
- ii. The maximum amount that can be reimbursed to an eligible unit would be ₹ 10 Crores in 5 years (without any ceiling on annual assistance). The assistance under this section can be given for five (5) years from the date of payment of first instalment of loan. However, disbursement will start only after the start of commercial operations.
- iii. Term loan means loan sanctioned by financial institutions/banks, acquired by the unit for creation of fixed assets, excluding working capital term loan and CC/OD limits.

10.1.3 Marketing Assistance

- i. All eligible units shall be entitled to receive 50% subsidy on expenses incurred for participating in designated National/International Exhibitions/Events etc. subject to a maximum limit of ₹ 2 Lakh for international and ₹ 1 Lakh for national events.
- ii. This incentive shall be available to units once in a financial year for 3 years from the date of start of commercial operations.

10.1.4 Assistance for Testing & Calibration & Certification

The eligible unit will be able to avail this assistance (on an annual basis) in first three years. Assistance for ISO certification can be availed only once.

Eligibility	Maximum Amount
50% of the cost (For testing and calibration in labs situated in M.P.)	₹ 10 Lakhs
25% of the cost (For testing and calibration in labs situated outside M.P.)	₹ 5 Lakhs
50% of the cost for ISO Certification	₹ 1 Lakhs

10.1.5 Assistance for filing of Patents

To promote Research and Development activities in the state, assistance for acquiring patents, subject to a limit of ₹ 5 lakhs per patent for domestic patents and ₹ 10 lakhs for international patents, or the actual cost incurred whichever is lower, shall be reimbursed for obtaining each patent filed by the unit having its operative Unit /office in M.P.

10.1.6 Reimbursement of Stamp Duty & Registration Charges

Eligible unit(s) will be reimbursed 100% stamp duty and registration charges on the lease executed on the land of industrial parks developed by Department of Science & Technology and other development authorities of Govt. of M.P. Unit can claim the reimbursement only after the start of their commercial operations.

10.1.7 Power Tariff Rebate

Power Tariff Rebate as defined under Aggregate Revenue requirement & retail supply tariff order issued by MP Electricity Regulatory Commission from time to time for ESDM sector.

10.1.8 Non-fiscal assistance

The following exemptions under the relevant Acts will apply to the eligible units:

- i. Exemptions under Shops and Establishments Act:
 - Establishments are exempted from the provisions related to opening and closing of shops and establishments and weekly closure of business subject to terms and conditions specified in Madhya Pradesh Shops and Establishments Act, 1958.

- Women workers shall be allowed to work in night shifts subject to the conditions fulfilled by the employer relating to women worker's security and safety at workplace and during transit as per the provisions specified under Madhya Pradesh Shops and Establishments Act, 1958.
- ii. Women workers are allowed to work in any factory or manufacturing shop-floor during night shift subject to the conditions as specified under the Factories Act, 1948 and as per the notification issued.
- iii. Units are allowed to maintain a unified register and return under 15 labour laws as per the notification issued by the labour department dated 24/06/2016.
- iv. Establishments are exempted from inspections under below specified Acts and rules framed there under, barring inspections arising out of specific complaints. Under this provision, units shall be eligible for inspection only once in every 5 years under the following acts:
 - Minimum Wages Act, 1948
 - Contract Labour (Regulation and Abolition) Act, 1970
 - MP Shop & Establishment Act, 1958
 - Payment of Bonus Act, 1965
 - Equal Remuneration Act, 1976
 - Child Labour (Prohibition and Regulation) Act, 1986
 - Building and Construction Cess Act, 1996
 - Maternity Benefit Act, 1961
 - Payment of Gratuity Act, 1972

10.2 CAPEX Assistance for ESDM Developers

State Government will incentivize the developers / consortium of developers on capital expenditure incurred on development of plug & play / ready to move factory sheds/vertical factories by private developers (on government or private land). This will help in the creation of infrastructure to support Electronics manufacturing and reduce the timeframe for implementation of project.

- i. All eligible developers creating Ready Built Factory Sheds will be eligible for CAPEX assistance as follows:
 - a. In the case of Ready Built Factory Sheds without Common Facility CAPEX supports 15% of eligible GFCI capped @ ₹ 1,500 per Sq.Ft. subject to a maximum ceiling of ₹ 5 crores at a single location.
 - b. In case of Ready Built Factory Sheds with Common Facility CAPEX support 25% of eligible GFCI capped @ ₹ 2,000 per Sq.Ft. subject to a maximum ceiling of ₹ 25 crores at a single location.
- ii. ESDM ready-to-use factory sheds means area/site developed during the operative period of this policy which provides Ready Built Factory Sheds / plug and play spaces on lease / sale basis for ESDM units,
 - a. With a minimum 25,000 Sq.Ft. built up area without CFC
 - b. With a minimum 50,000 Sq.Ft. built up area with CFC

- iii. Building permission and ground breaking to be done within one year from the date of in-principle approval accorded by the nodal agency.
- iv. Out of the total built-up area, minimum of 80% of the saleable/leasable built-up area must be allocated to ESDM units and remaining 20% of built-up area may be utilized for any other allied activities.
- v. Disbursement of CAPEX assistance will be in 5 equal installments. Disbursement of CAPEX assistance will be based on stages of construction and occupancy.
 - I Instalment – 50% construction and 20% occupancy of ESDM units
 - II Instalment – 70% construction and 40% occupancy of ESDM units
 - III Instalment – 90% construction and 60% occupancy of ESDM units
 - IV Instalment – 100% construction with minimum 60% occupancy of ESDM units
 - V Instalment – 80% occupancy of ESDM units
- vi. Sale / lease will be done only for ESDM units registered with the nodal agency of Department of Science and Technology by the developer.
- vii. ESDM units occupying Ready Built Factory Sheds can claim all assistances mentioned under this policy.
- viii. Developer can claim reimbursement of stamp duty and registration charges on the lease executed on the land of industrial parks developed by Department of Science & Technology and other development authorities of Govt. of M.P.
- ix. Government will facilitate in getting permissions, clearances from various departments for setting up of Ready Built Factory Sheds.
- x. Gross Fixed Capital Investment (GFCI) here may include:
 - 1. Ready Built Factory Sheds without Common Facility: investment made by the developer towards building construction, interior work, electrical installations, fittings, all civil works, expenditure on renewable energy, expenditure on purchase of equipment for setting up of captive renewable energy plant (excluding investment made in any machinery, land and dwelling units, landscaping etc.).
 - 2. Ready Built Factory Sheds with Common Facility: investment made by the developer towards building construction, interior work, electrical installations, furniture & fittings, all civil works, expenditure on setting-up test labs/ calibration centre and its machinery, expenditure on renewable energy, expenditure on purchase of equipment for setting up of captive renewable energy plant (excluding investment made in land and dwelling units, landscaping etc.).

DATA CENTRES



11. ASSISTANCE TO DATA CENTRE UNITS AND EDGE DATA CENTRES

Data Center Units: Assistance will be available to data centers established in the state of Madhya Pradesh in Category A districts with more than 5MW capacity in a centralized location. Data Centre must propose to bring in active IT components of data centre and co-hosting; merely cooling and providing other data centres facilities etc. does not qualify for claiming assistance.

Edge Data Centers: Benefits will also be applicable on edge data centers with a minimum 50 KW and a maximum 1 MW capacity established at edge locations, provided minimum 50 edge data centers are proposed to be set up in Madhya Pradesh in a single proposal.

11.1 CAPEX Assistance

- i. The first five (5) anchor data centres (other than edge data centres) with a Minimum GFCI of ₹ 500 Crores starting their operations in Madhya Pradesh will be eligible for CAPEX assistance @ 25% on Gross Fixed Capital Investment (GFCI). The maximum amount of ₹ 125 Crores can be reimbursed to each anchor data centre.
- ii. The edge data centre and data centre units coming after the first five (5) data centres will be entitled to CAPEX Assistance of 15% on Gross Fixed Capital Investment (GFCI). The maximum amount of ₹ 50 Crores can be reimbursed to each data centre.
- iii. GFCI for data centres may include Building, IT/Non-IT components excluding investment made in land.
- iv. This assistance will be disbursed in 5 (five) equal yearly instalments.

11.2 Power Tariff Reimbursement

Power Tariff reimbursement of ₹ 2 per unit for the first five (5) data centres (with Min 5 MW capacity) and ₹ 1 per unit for others, for 5 years.

11.3 Electricity Duty Reimbursement

Units having new High Tension (HT) connection in the State shall be reimbursed 100% electricity duty as below:

- i. 33 KV connection for 3 years
- ii. 132 KV connection for 5 years
- iii. 220 KV connection for 7 years

11.4 Transmission and Wheeling Charges Reimbursement

50% reimbursement on intra state sale of power shall be provided for a period of 5 years from the date of start of commercial operations of the data centre transmission and wheeling charges to data centre units for 5 years.

11.5 Dual Power Grid availability

Dual-grid lines power supply shall be made available on demand at applicable charges.

11.6 Renewable Energy under Open Access System

Open access shall be permitted for data centre / edge data centre units who starts their operations during the policy period to purchase power at competitive rates in the open market. Open access shall be permitted as per applicable regulations issued by M.P. Electricity Regulatory Commission under the Electricity Act 2003.

11.7 Assistance for filing of Patents

To promote Research and Development activities in the state, an assistance for acquiring patent, subject to a limit of ₹ 5 lakhs per patent for domestic patents and ₹ 10 lakhs for international patents, or the actual cost incurred whichever is lower, shall be reimbursed for obtaining each patent filed by the unit having its operative Unit /office in M.P.

11.8 Reimbursement of Stamp Duty & Registration Charges

Eligible unit(s) will be reimbursed 100% stamp duty and registration charges on the lease executed on the land of industrial parks developed by Department of Science & Technology and other development authorities of Govt. of M.P. Unit can claim the reimbursement only after the start of their commercial operations.

11.9 Quality Certification Assistance

The eligible units will be able to avail this assistance only once, for a single type/kind of certification as follows:

Type of Assistances	Eligibility	Maximum Amount
Quality Certification	50% of the cost	₹ 6 Lakh
Uptime Tier 3/4 Certification	50% of the cost	₹ 10 Lakh

11.10 Non-Fiscal Measures to Data Centres

- i. Installation of chillers on the rooftop without inclusion in FAR but subject to safety & clearance of Airport Authority.
- ii. For data centre units established in an area of any development authority of Government of Madhya Pradesh 24X7 uninterrupted water supply will be ensured.
- iii. Data Centre would be classified as essential service under Madhya Pradesh Atyavashyak Seva Sandharan Tatha Vighghinnata Nivaran Adhiniyam, 1979 (ESMA).
- iv. As per circulars and notifications issued from time to time by Ministry of Finance, Government of India Infrastructure Status will be provided to the Data Centre Sector at par with other sectors to avail long-term credit from lenders at easier terms.



LAND RELATED BENEFITS

12. LAND RELATED BENEFITS

12.1 Land Allotment

Government would earmark developed and raw land for establishment of IT/ ITeS/ ESDM/ Data Centre units. This land would be made available to eligible units including Developers who are willing to set up IT/ ITeS/ESDM/Data Centre units or Plug & Play infrastructure.

12.2 Applicability of Land related benefits

All the Land related provisions/benefits under this policy will apply to the land parcels leased by Nodal agency appointed by Science and Technology Department, Govt. of M.P.

12.3 Rebate in Cost of Land

- i. Government land will be allotted to eligible units and Developers at a premium calculated after applying a rebate on the cost of land on prevailing Collector Guideline value.
- ii. The Collector Guideline for the land of that area would be taken as the cost of land of un-irrigated agricultural land.
- iii. 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.
- iv. The rebate on the collector guideline value will be as per the area as mentioned below:

• Up to 0.5 acre	-	75%
• >0.5 acre up to 1 acre	-	60%
• >1 acre up to 5 acres	-	50%
• > 5 acres	-	25%
- v. Built up area use on land allocated by nodal agency will be as follows:

Type of Units	Type of Land	Built-up area use (%)	
		Core Activities	Other Activities*
For Land Allotted by Nodal Agency			
For IT/ ITeS/ ESDM Units in Parks of MPSEDC	Developed	80	20
	Raw	80	20
For Data Centre	Developed /Raw	100	-
For Developers – IT/ITeS/ESDM	Developed /Raw	80	20
For Developers in ITIA	Developed /Raw	60	40

* Other activities: Food Courts, Hospitals, shopping malls, Residential Complex, Schools, Star Hotels, and other entertainment facilities.

- vi. To claim incentives under this policy, IT/ITeS/ESDM/Data Centre Units who have been allotted land in IT Parks of Nodal Agency, would be required to construct minimum 50% (for IT/ITeS/Data Centre) and minimum 40% (for ESDM) of the total built-up area that can be constructed on the said land as per the permitted FAR of the development plan of that area.

12.4 Lease rent

Lease rent will be charged at the rate of 2% per year of the actual lease premium payable to the allottee.

12.5 Term of lease

Land would be allotted on a lease for 99 years with the provision for renewal.

12.6 Procedure for allotment of land

Department of Science & Technology, Government of Madhya Pradesh through its nodal agency will make the information available; regarding land availability for allotment to the public by various means including, hosting of information on its website, periodic notification in newspapers etc.

- i. Land allotment will be done through open tender/auction.
- ii. For Mega Projects and data centres for land allotment proposal may be placed through "Cabinet Committee for Investment Promotion" (CCIP).

12.7 Floor Area Ratio (FAR)

Eligible units and the Developers in IT Parks of Department of Science and Technology, Govt. of M.P. will be eligible to avail an FAR as per development plan of that area.

12.8 Sub-lease

Allottees will be permitted to sub-lease the built-up area constructed on the allotted land for activities permitted as per the Lease deed.

12.9 Change in Purpose

Units will be allowed to change the purpose for which land has been allotted to them which shall not go beyond the scope of this policy and with prior permission of the nodal agency. Change in purpose will be allowed only once to the unit during the tenure of the lease deed executed and applicable for the units who have not constructed and started their operations on the allotted land. This change in purpose will not be applicable for land parcels which have been earmarked for Electronic Manufacturing Clusters.

12.10 Mortgage

The units would be permitted to mortgage the land for securing the term loan to be acquired for construction of the premises on the land allotted or for creation of fixed assets.

12.11 General Condition for Land of Other Development Authorities

For land allotted by other Development agencies of Government of M.P. to IT/ITeS/ESDM Units, the cost of land, land use and other terms and conditions viz. lease rent term of lease development charges etc. will be governed by their rules.

13. IT INVESTMENT AREA

- i. A contiguous area of private ownership of more than 5 acres will be considered as an IT Investment Area, provided the developer has registered itself with the nodal agency appointed by Department of Science and Technology, Govt. of M.P.
- ii. Minimum Built up area should be 4 lakh sq. Ft. and Minimum Gross Fixed Capital investment to be ₹ 120 Crores.
- iii. The minimum area under IT/ITeS/ESDM activity in an IT Investment Area shall be 60% of the built-up area, Subject to the conditions specified in the rules.
- iv. GFCI as defined for IT/ITeS developers/units, as applicable.
- v. For Government Agencies/Corporations/Board/Development Authorities of Government M.P., an area under their ownership and developed can be notified as an IT Investment Area, provided the Government Agency/Corporation/Board/Development Authority has total built up of minimum 2 lakh Sq.Ft. area out of which minimum 60% of built-up should be leased/sold/rented to IT/ITeS Units except Data Centre units.

14. MEGA PROJECTS

Projects may be covered under Mega Projects as follows:

- Investment proposal of more than ₹ 200 crores for IT/ITeS
- Investment proposal of more than ₹ 300 crores for ESDM
- Investment proposal of more than ₹ 500 crores for Data Centres.

OR

IT/ITeS/BPO unit generating minimum direct employment of 2,000 employees' will be considered as mega projects.

An enhanced tailor-made incentive scheme may be taken up with the approval of Cabinet Committee for Investment Promotion (CCIP) on case-to-case basis, if the unit requires assistances/benefits which are not specified in the policy.

15. EXPANSION & DIVERSIFICATION

- i. IT/ITeS/ESDM/Data Centre Units which have constructed their premises earlier and now planned to undertake expansion should invest minimum 30% of existing investment to claim assistance for expansion under the policy.
- ii. IT/ITeS/ESDM/Data Centre Units which are on rental or owned pre-constructed premises and have expanded can claim assistance as new units provided expansion should be of minimum 30% of the existing area. In case if a rental unit shifts to another place, then new rental space should be more than minimum 30% the existing area to qualify for expansion.
- iii. The quantum of assistance to units undertaking expansion shall be at par with new standalone units.
- iv. Expansion means existing company / proprietor / partnership firm / company who already have their operations in M.P. and have taken benefits/assistance under any of the earlier IT policies and have now expanded at other locations, within or outside the city.

16. APPEAL

Principal Secretary/Secretary, Government of Madhya Pradesh, Department of Science and Technology will be the appellate authority in all matters related to this policy.

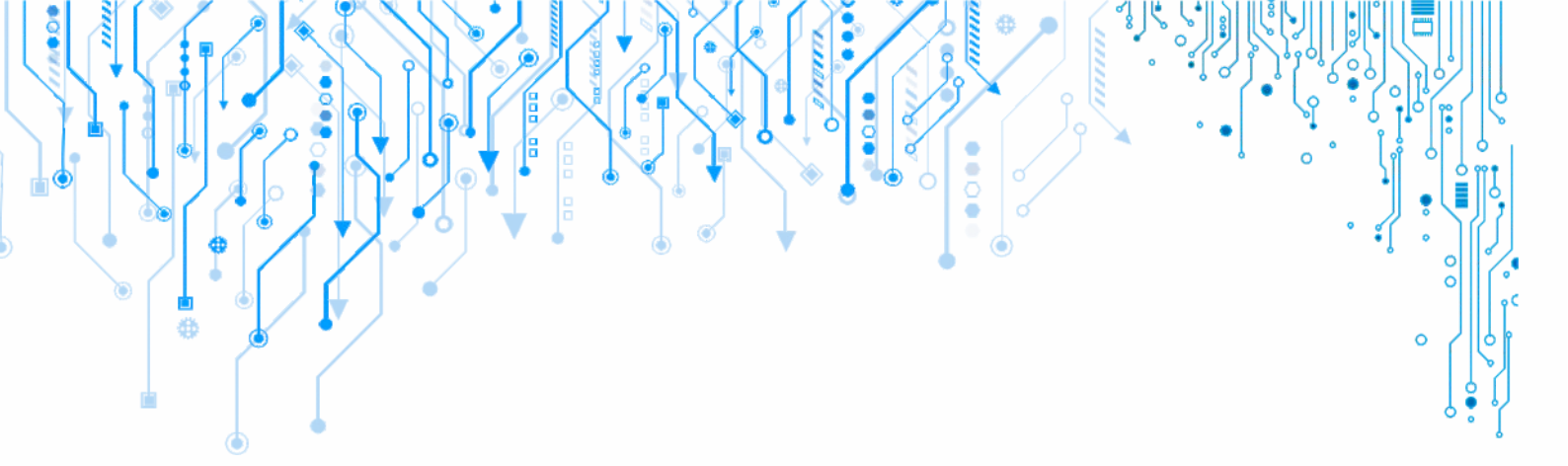
17. GENERAL CONDITIONS

- i. Unit(s) can apply for any of the above fiscal assistances only after the start of commercial operations.
- ii. All/any such unit(s) developed/housed on Government or Private land in Madhya Pradesh can avail benefits under this policy.
- iii. Units will be eligible for assistance for a maximum period of 5 years from the date of its start of its commercial operation except where period on assistance is expressed specifically in the policy.
- iv. Categorisation of districts for claiming assistances:
 - a) Category A districts: Bhopal, Indore, Jabalpur, Gwalior and Ujjain
 - b) Category B districts: Sagar, Chhindwara, Satna, Raisen, Vidisha, Dhar, Dewas. CCIP can add, delete and modify districts in Category B.
- v. Nodal Agency will perform all the calculations, approval and disbursement of all the benefits/assistance to the eligible units under this policy.
- vi. The Department of Science & Technology, Government of Madhya Pradesh will:
 - a) Formulate rules, implementation guidelines for the policy.
 - b) Issue directions and guidelines to enable ease of implementation, interpretation of the rules etc.
- vii. Department of Science & Technology reserves the right to add or amend the nodal agency/agencies.
- viii. In case of interpretation of the rules/provisions of this policy, the decision/ interpretation/ clarification by the Department of Science & Technology, Government of Madhya Pradesh shall be considered as final and binding.
- ix. In the event of any dispute, the courts of Madhya Pradesh will have the jurisdiction.
- x. Applicability of the Policy:
 - a) All such units who have applied/availing any of the assistances under earlier policies would continue to be covered as per the provisions of the erstwhile policy(ies) and would be ineligible for benefits under this Policy.
 - b) Units which have been allotted land/executed lease deed in IT parks of nodal agency under earlier policy(ies) and have not taken any benefit (except reimbursement of stamp duty and registration charges) can opt and inform for taking financial assistances under earlier policy of 2016 or this policy, within 3 months from the date of notification of this policy. In case the unit has not opted they will be covered under this policy. Option once selected will not be changed later on. Land related benefits viz. built-up area use, % of construction to be completed for claiming assistance etc. will also to be complied with as per the new policy if the unit opts for new policy.
 - c) All units who were eligible to apply under MP IT, ITeS and ESDM Investment Promotion Policy, 2016, whose commercial operations have commenced 6 months prior to the notification of this policy and have not applied for any benefits under any previous policy(ies), can opt for incentives under this policy within 6 months from the date of notification of this policy.

- d) Units whose commercial operations have commenced after notification of this policy will be eligible to avail benefits under this Policy.
- e) The amount of total assistance provided to unit shall not exceed the total eligible GFCI.
- f) If there are two investment policies of different departments of the State Government providing similar incentive/benefits, units shall be eligible for claiming incentive/benefits from one policy only.

18. ABBREVIATIONS

Abbreviation	Description
AVGC	Animation, Visual Effects, Gaming and Comic
BPM	Business Process Management
BPO	Business Process Outsourcing
CAPEX	Capital Expenditure
CC/OD	Cash Credit/Overdraft
CCIP	Cabinet Committee on Investment Promotion
CFC	Common Facility Centre
EMS	Electronic Manufacturing Services
EPF	Employees Provident Fund
ESDM	Electronics System Design Manufacturing
ESMA	Essential Services Maintenance Act
FAR	Floor Area Ratio
GFCI	Gross Fixed Capital Investment
GIS	Geographic Information System
IC	Integrated Circuits
IOT	Internet of Things
IT	Information Technology
ITeS	Information Technology enabled Services
KPO	Knowledge Process Outsourcing
MP	Madhya Pradesh
MPIDC	Madhya Pradesh Industrial Development Corporation
MPSeDC	Madhya Pradesh State Electronics Development Corporation
NPE	National Policy on Electronics
PCB	Printed Circuit Board
R&D	Research and Development



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