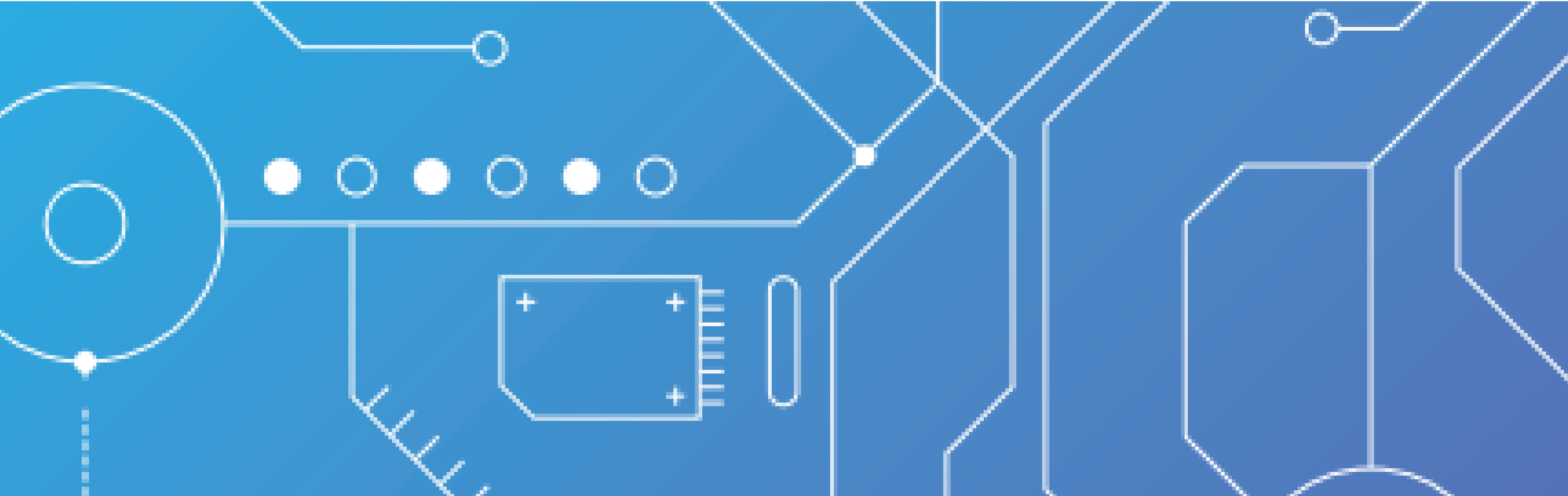




# Gujarat IT/ITeS Policy 2022-27



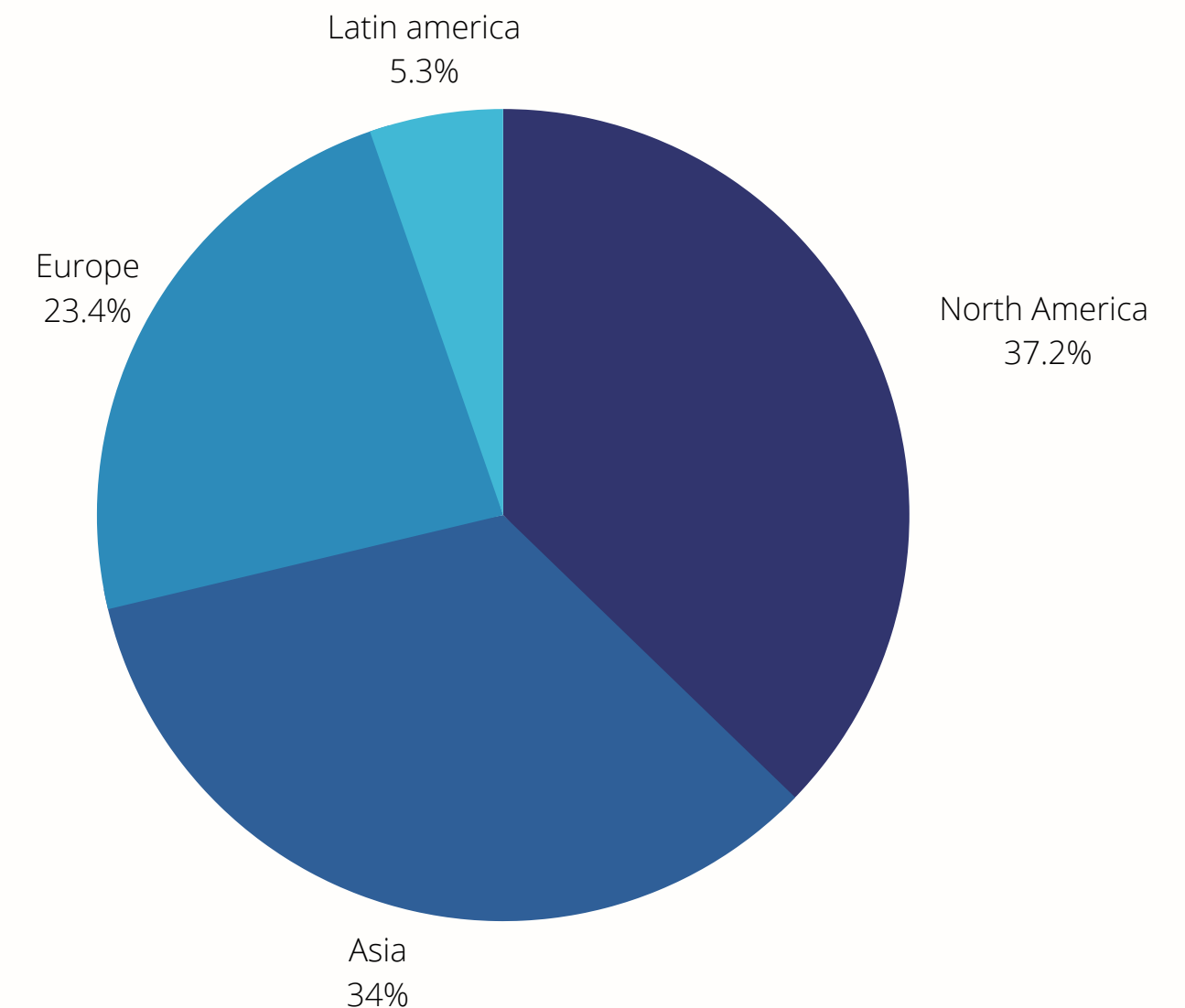
# INTRODUCTION

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## Global IT Industry Scenario

The technological revolution powered by Information Technology (IT) and Information Technology Enabled Services (ITeS) has changed the global economic structure permitting instantaneous communication among the far-flung operations of global enterprises.

These emerging technologies are revolutionising sectors throughout the world and have demonstrated a significant impact on businesses, Government and the labour market, thereby enabling even the smallest players to compete with traditional giants.



Market Share

## India Scenario

India is emerging as the hub for 'Digital Skills'. The Indian IT/ITeS sector is steering India's leadership position in the global landscape in terms of employment and economic value creation.

The IT industry accounted for **8 % of India's GDP in 2020**. The Indian IT industry is expected to contribute **10 % to the country's GDP by 2025**. In the pre-Covid-19 years, from 2010 to 2018, the Indian IT market growth was recorded at **10.71 %**.

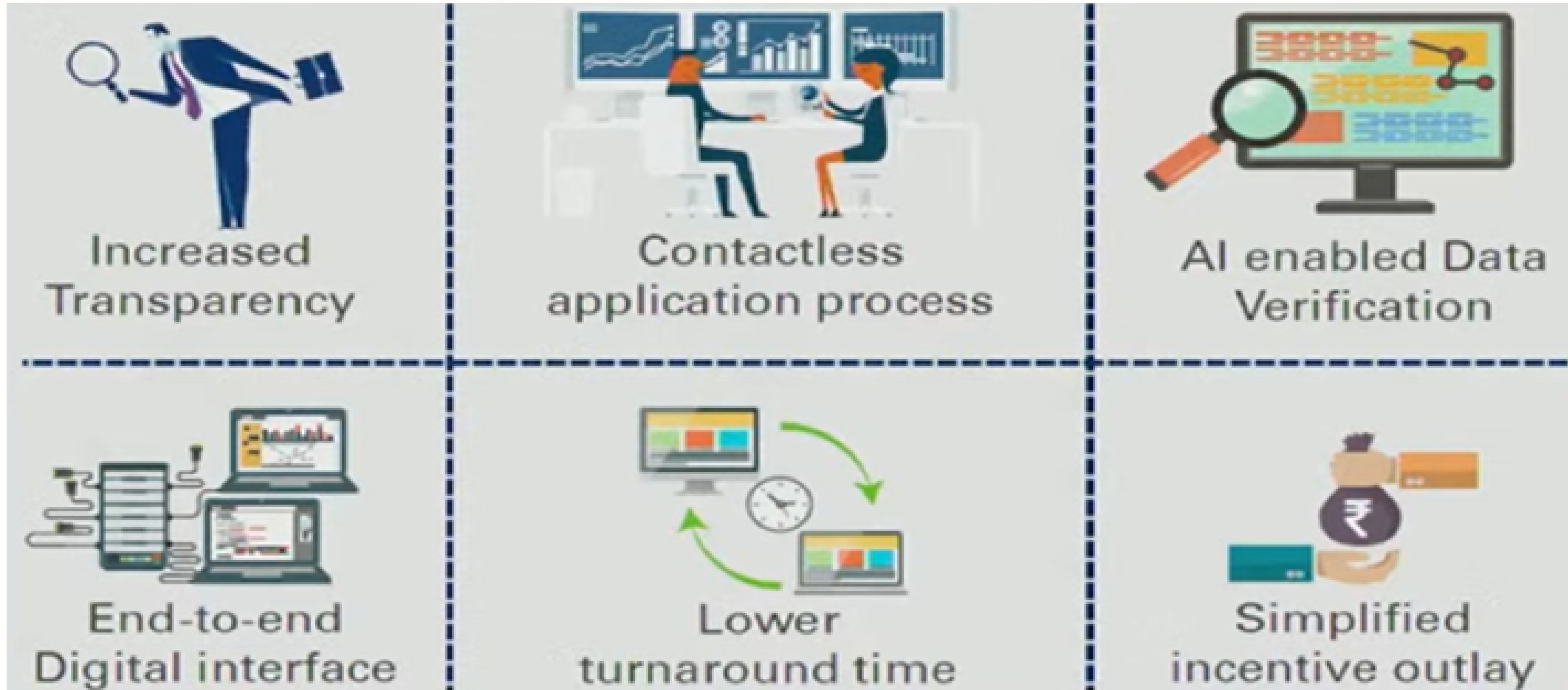
## Gujarat Scenario

Gujarat is a leading industrial state in India and has been recognised nationally and globally for offering a conducive business ecosystem, which is supported by the various Ease of Doing Business(EoDB) initiatives and state-of-the-art infrastructure.

As per the 2020 Export Preparedness Index report of NITI Aayog, Gujarat topped the index with a strong display in export promotion Policy, business environment as well as infrastructure.

The state's Policy-driven business ecosystem primarily focuses on enhancing the industrial output and business viability of the State. However, the **total share of Gujarat IT exports in FY18-19 stood at USD 422 million**, which was 0.62 % of the total exports from Gujarat. Thus, Gujarat has a huge potential for increasing the share of exports in the IT sector.

# PRINCIPAL BEHIND DRAFTING NEW IT/ITeS POLICY



Source: Department of science and technology| Government of Gujarat

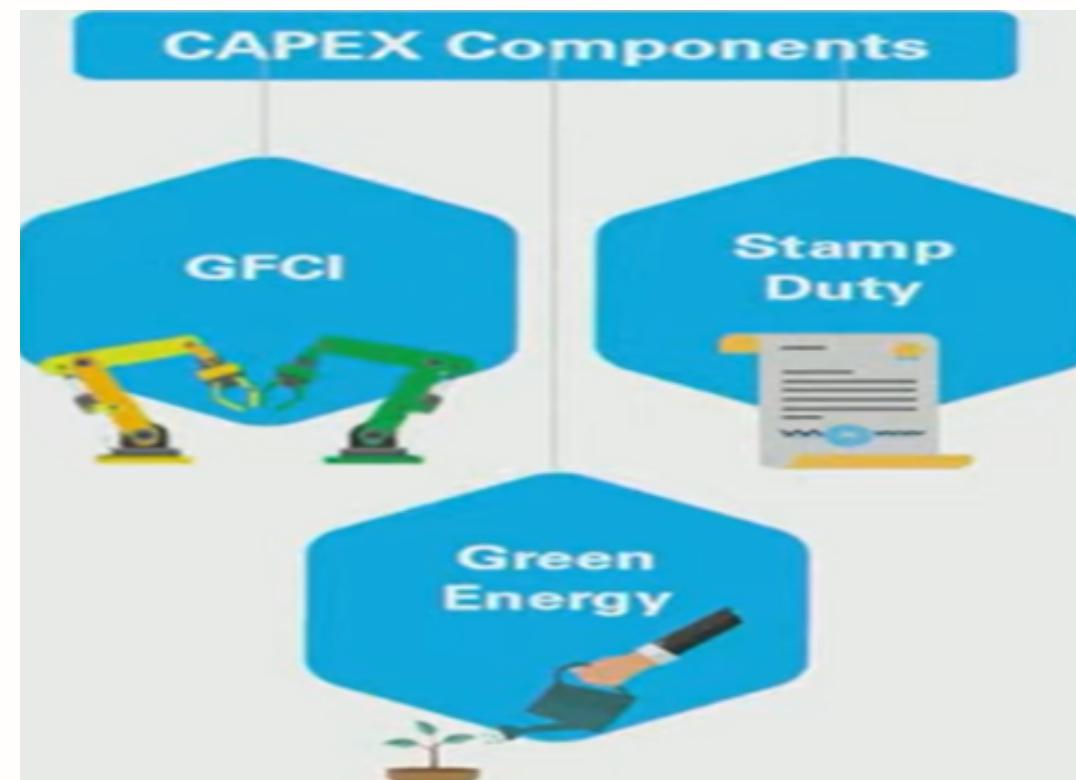
# POLICY INTERVENTIONS

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## 1. IT/ITeS – Capex Support

Any Industry putting new unit or any existing unit going for major Expansion government have provided:

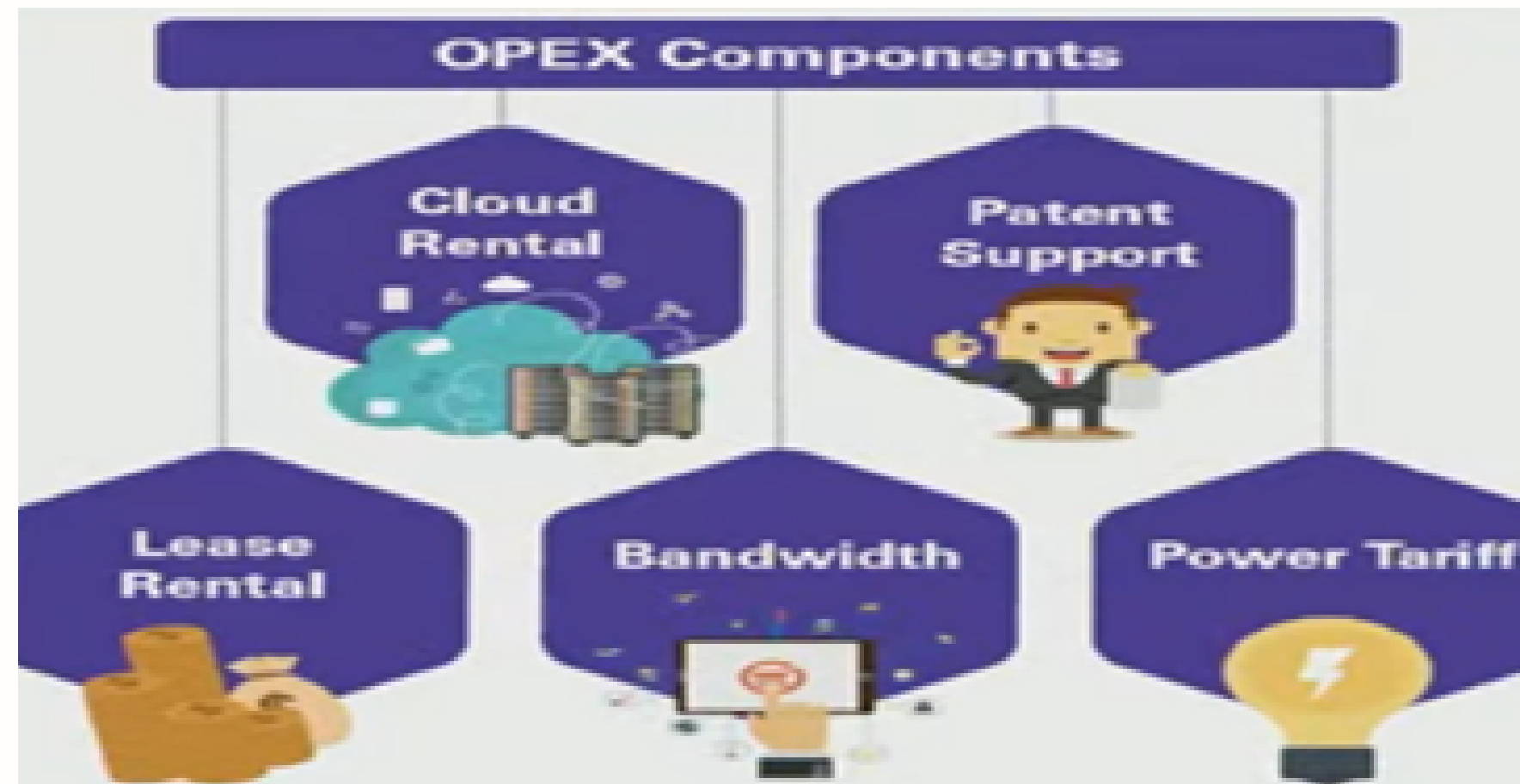
- Capex (Capital expenditure) **support at the rate of 25% upto 50 Crore** for the projects having gross fixed capital investment (GFCI) **less than ₹250 crore**. The disbursement will be done in **20 equal quarterly installment**.



Source: Department of science and technology| Government of Gujarat

## 2. IT/ITeS – Opex Support

- Under the OPEX (Operational Expenditure) model, the government will provide **support of 15% up to Rs 20 crore**
- The projects having gross fixed capital investment (GFCI) **less than ₹250 crore will get opex support.**
- The disbursement will be done in **quarterly installments.**

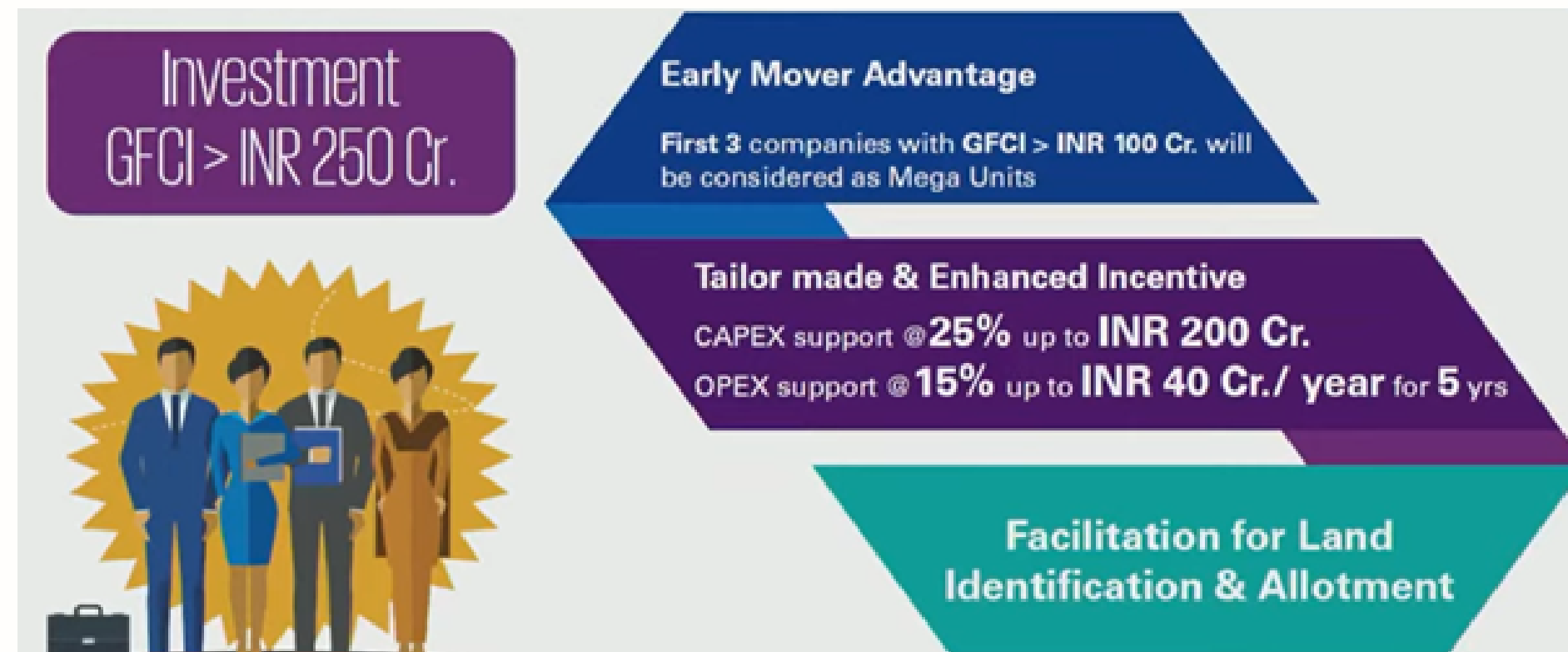


Source: Department of science and technology| Government of Gujarat



### 3. Mega Projects

- If the projects gross fixed capital investment (GFCI) is **more than 250 crore** government have created mega project pipeline.
- **First 3 companies with GFCI >100 crore** will get early mover advantage.
- **After 3 companies** the investment criteria will increase to specified minimum investment in GFCI if **250 crore**.
- Capex support at the **rate of 25% upto 200 crore** and Opex support at the **rate of 15% upto 40 crore** for period of **5 years**.



Source: Department of science and technology| Government of Gujarat

## 4. Skill Enhancement/Development

- The Government, in association with the institutions in the state envisions to establish an advanced Centre of learning -**The Gujarat AI School or the Gujarat AI Centre of Excellence.**
- The prime objective of this institution shall be to become the foremost source of industry-ready skilled talent for the emerging technology of the IT industry in the nation.
- This institution shall provide impetus to the upskilling efforts of the state Government by **offering courses in the field of emerging technologies, such as Artificial Intelligence, Blockchain, etc.**





## 5. Upskilling Industry-Ready Talent

- The Government will incentivise the beneficiaries for successfully completing globally recognised courses in Information & Communication Technology.
- Incentive: Direct Benefit Transfer (DBT) upto a maximum of **INR 50,000 per course or up to 50 % of the course fee, whichever is lower.**
- Technical courses on emerging tech on leading **Massive Open Online Courses (MOOCs) platforms.**
- Target Group - **IT Professionals & Graduates students of gujarat.**
- Collaboration with IT Giants for Courses requirement.





## 6. Nurturing Roots by Promoting IT

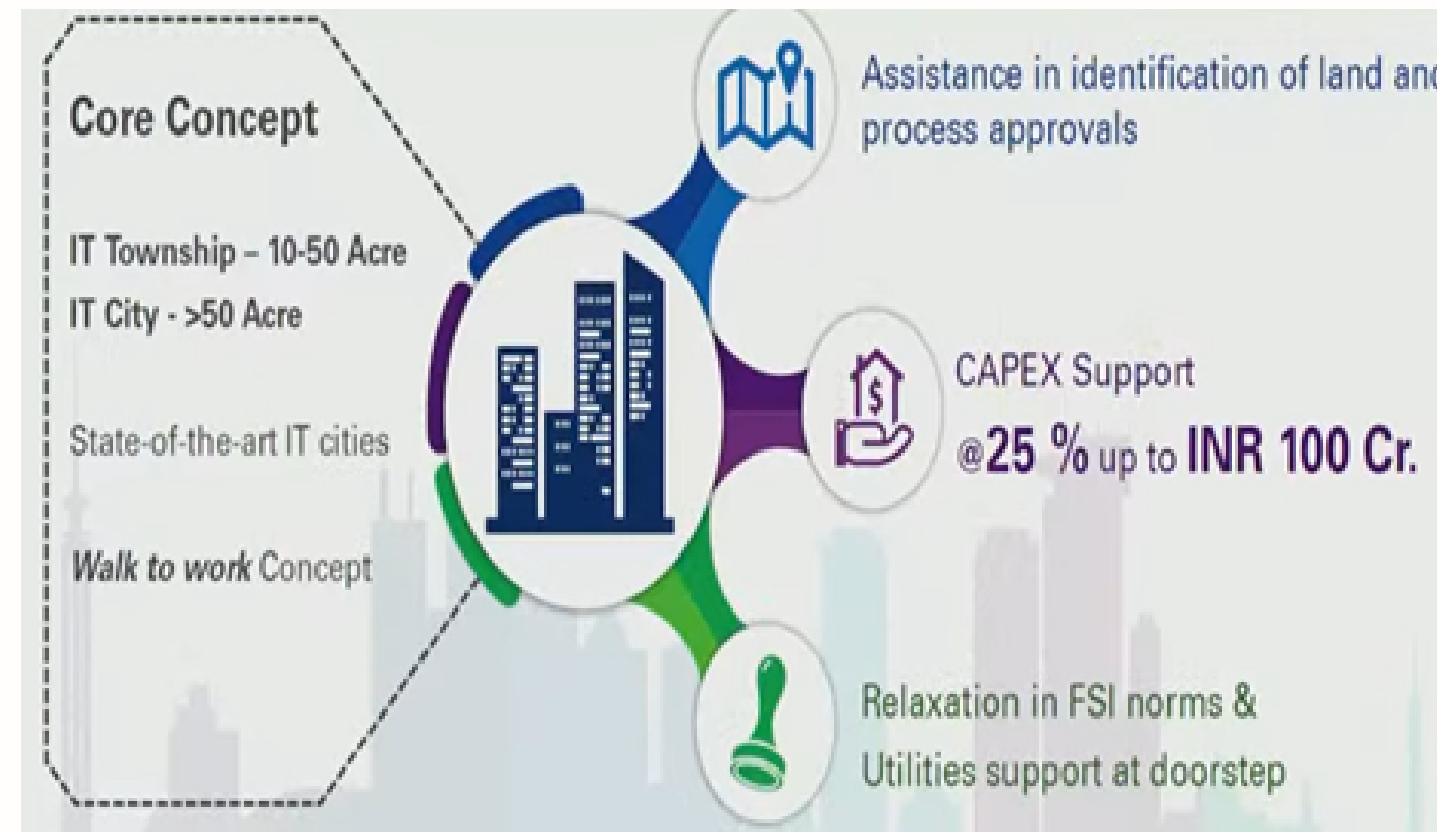
- The Government shall launch large-scale **Information, Education and Communication (IEC) programs.**
- The main target is school children & general public.
- This build foundation for the availability of skilled IT resources in a state.
- It will also enhancing digital literacy & IT awareness.





## 7. Empowering IT Ecosystem Development – IT Township/ City

- Government will **provide Fiscal incentives for development of IT Cities / Townships up to INR 100 Cr.**
- Non-fiscal incentives:
  1. Relaxation in zoning and land use laws
  2. Assistance in obtaining other necessary statutory clearances
  3. Relaxation in Floor Space Index (FSI) norms.
  4. Utilities/infrastructure support up to the doorstep.



Source: Department of science and technology| Government of Gujarat

## 8. Rewarding Employment Generation with Special Incentives

### A. Atmanirbhar Gujarat RojgarSahay

Eligible IT/ITeS units will be eligible to claim reimbursement on the employer's statutory contribution under Employees' Provident Fund (EPF) made by them for their employees working in the offices situated within Gujarat for a period of five years.

This reimbursement would be made subject to the following criteria:


- **100% of employer's statutory contribution under EPF amount paid in case of female employees**
- **75 % of the employer's statutory contribution under EPF amount paid in case of male employees**

### B. Employment Generation Incentive

Support for new job creation applicable for new employees hired and retained for minimum 1 year shall be entitled to **50% of one month CTC upto INR 50,000 per male and INR 60,000 per female for eligible IT/ITeS units.**


## 9. Facilitating Infrastructure

- The Government aims to achieve the objective of ready to occupy co-working space at an easy-to-commute location by implementing the following models:
  - Government -facilitated model:** The Government envisions building/leasing state-of-the-art co-working IT office spaces on PPP/EP made with modern interiors, high-speed Internet connection and other services and facilities as per prevailing industry standards.
  - Empanelment model:** The Government shall empanel state-of-the-art co-working IT office spaces that are run by private companies/developers.
- The eligible IT/ITeS units opting to start their operations in co-working IT office spaces under the Government facilitated/empanelment model shall be eligible for the **fiscal support for a period of five years from the date of start of commercial operations or in-principal approval, whichever is later.**



**Monthly Rental Support to IT/ITeS Units**

Monthly Rental Support	Period (Yr)	Limit / Seat / month (INR)
50%	First 2	10,000
25%	3-5	5,000



**Additional Incentives for IT/ITeS Units**

Eligible units can also claim:

- Employment Generation Incentive
- Atmanirbhar Gujarat Rojgar Sahay

Source: Department of science and technology| Government of Gujarat

- Applicability of Government facilitated model and empanelment model:

1. Any IT/ITeS unit availing benefit under this section will also be eligible for assistance under the EGI and Atmanirbhar Gujarat Rojgar Sahay. However, such IT/ITeS units will not be eligible for any other fiscal incentives defined in this Policy.

2. If any IT/ITeS unit seeks to opt out of the Government facilitated model or empanelment model in between the five years, they shall be eligible for the following **incentives for the remaining period of the five years**.

- **OPEX component of the CAPEX-OPEX model for IT/ITeS units.**
- **EGI.**
- **Atmanirbhar Gujarat Rojgar Sahay.**

**For e.g.** — If a unit has availed the benefits under Government facilitated model or empanelment model for a period of two years and then decides to opt out of the scheme, then the IT/ITeS unit shall be eligible for only the OPEX incentives under the CAPEX-OPEX model for the remaining period of the three years. Additionally, the EGI and Atmanirbhar Gujarat Rojgar Sahay shall continue for the remaining period of three years.

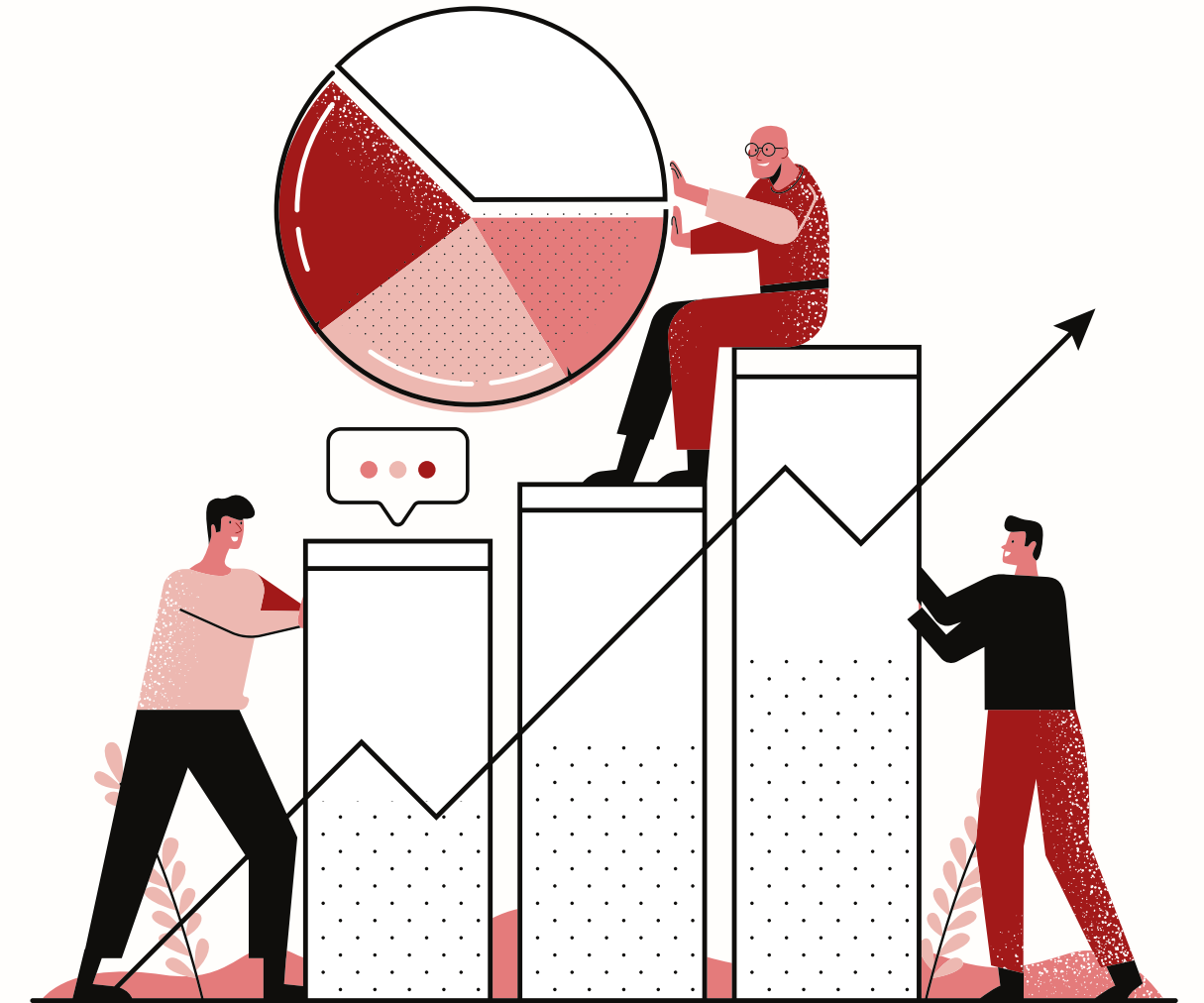


## 10. Securing Operational Needs by Interest Assistance

Eligible IT/ITeS units will be entitled to **Interest subsidy at the rate of 7% on term loan or actual interest paid whichever is lower** with the ceiling of **INR 1 crore per annum for 5 years.**

## 11. Securing Operational Needs by Electricity Duty Incentives.

Eligible IT/ITeS units will be entitled to claim **100% electricity duty for the period of 5 years** from the date of start of commercial operations **or in-principal approval whichever is later.**



## 12. Facilitating Cloud Ecosystem- Strengthening Network Infrastructure of Gujarat.

- Government has undertaken substantive steps towards the improvement of cloud Infrastructure of the state.
- Incentive: a. **Capex support** at the rate of **25% to maximum ceiling of INR 20 crore**. b. **Opex support** in power tariff subsidy of **INR 1/unit for period of 5 years**.
- Government shall setup Cable landing station (CLS) by way of support in land identification and allotment along with necessary utility infrastructure support at the doorstep.



## 13. Enabling Technologically Advanced Data Center

Government shall support the developer of Data center projects by providing:

- Capex support at the rate of 25% to maximum ceiling of INR 150 crore.
- Opex support in power tariff subsidy of INR 1/unit for period of 5 years.

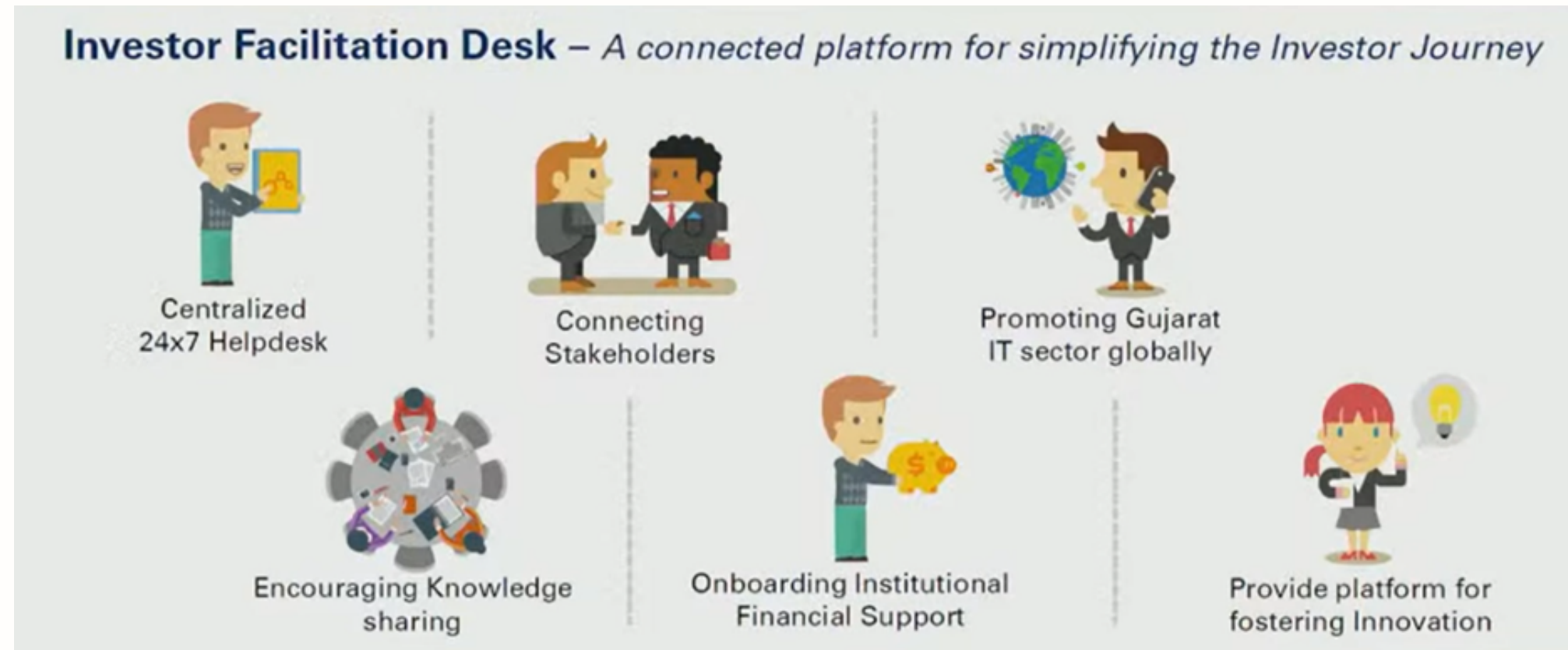
## 14. Research and Development Support.

- R&D institutes can avail one-time CAPEX support for the purchase of equipment at **60% of the cost for machinery and equipment, hardware and software** required for research for the R&D activities subject to a maximum of **INR 5 crore**.
- The condition is that the R&D institute is acknowledged by Council of Scientific & Industrial Research (CSIR) / Department of Scientific and Industrial Research (DSIR) for conducting research into the desired field.



## 15. Non- Fiscal Incentives

- Government also provides non-fiscal incentives to the eligible IT/ITeS units **like facilitate the allotment of land for eligible projects.**
- The eligibility criteria will be determined by government of state time to time. IT/ITeS Units will be allowed self-certification and Investor facilitation desk will also be provided on 24x7 Basis.



Source: Department of science and technology| Government of Gujarat



## 16. Incentives for supporting 'Work from Home'

- The Government shall support the eligible IT/ITeS units having its Gujarat-based employees availing work from home.
- Such eligible IT/ITeS units can avail EGI and Atmanirbhar Gujarat Rojgar Sahay for all such employees.
- Such benefits will be available for incremental employees only.



# INTENDED TARGETS AND DESIRED RESULTS FROM THIS POLICY



Source: Invest India



# CONCLUSION

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**Main objectives of Gujarat IT/ITes Policy 2022-27 are to,**

- Transform State IT industry in next five years by creating high skilled,
- Industry-ready IT talent pool,
- Provide a state-of-the-art IT Infrastructure,
- Develop a unique and simplified incentive scheme,
- Establish a robust cloud ecosystem,
- Encourage startup ecosystem in the state and foster research & development in new and emerging technologies such as Artificial Intelligence,
- Machine Learning,
- Quantum computing,
- Blockchain, etc.

# CONTACT

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