

# Draft of Maharashtra's Information Technology / Information Technology Enabled Services Policy (IT / ITES) - 2015

## 1. Introduction

The Government of Maharashtra announced its 1<sup>st</sup> IT Policy in 1998. It was followed by the Information Technology and Information Technology Enabled Services (IT/ITES) Policy-2003 and IT/ITES Policy-2009 to generate employment, increase efficiency and to improve the quality of life. The present IT/ITES Policy-2009 came into force from 29<sup>th</sup> August 2009 and is valid for 5 years.

Due to policy initiative, IT sector in the State has grown by leaps & bounds during the last decade. The employment created in IT sector across India in FY-2004 was            nos. and this has increased to            nos. i.e. an increase of times by FY-2014. According to data of Software Technology Parks of India (STPI), the export by this sector in Maharashtra was Rs.            Crore in FY-2003 which has reached to Rs.            Crore in FY-2013, recording an increase of            percent. According to the STPI data, as of now the share of IT export from the State of Maharashtra is            % of IT export from the country. The state ranks            in IT in the country based on overall performance according to STPI data.

Since 2001, the concept of private IT parks came into existence. During the IT/ITES – 2003 policy period            private IT parks have obtained Letter of Intent with a built-up space of            million square metres. During the IT/ITES-2009 policy period            private IT parks have obtained Letter of Intent with a built-up space of            million square metre. In totality, in            private IT parks a built-up space of            million square metre will be available for setting-up IT/ITES units.

Based on the experience gained while implementing the earlier policies and based on the recent developments in IT/ITES sector an urgent need was felt to formulate a new policy to keep pace with the global developments and give a fillip to the IT/ITES industry in the State.

For preparing this policy documents several rounds of discussion were held with various stakeholders. Based on the outcome of these discussions and based on the experience of the department in implementing earlier IT/ITES policies, following policy has been framed.

## 2. Vision, mission and objectives

- i) **Vision** :- “Maharashtra - a globally competitive Information Technology destination that promotes faster sustainable investment and inclusive growth”
- ii) **Mission** :- To place Maharashtra amongst the most preferred investment destinations in Asia, for global investors, through aggressive promotional strategies combined with developing a globally competitive and sustainable investment environment, thereby making Maharashtra as one of the most favoured economic magnet and centre of unlimited attractions.

### iii) **Policy Objectives :**

The objectives of the IT/ITES policy - 2015 are as follows:

- a) To retain Maharashtra's leadership position in IT/ITES Sector within the country.
- b) To further accelerate investment flow to industrially underdeveloped regions of the state.
- c) To create more employment opportunities for educated youths of all sections of the society across all regions.
- d) Achieving higher level of export turnover resulting in enhanced productivity and augmentation of Gross State Domestic Product (GSDP).
- e) Leveraging information technology as a tool for the socio-economical development of the state.

### 3. **Strategic Drivers of the Policy**

- i) **Dispersal of IT industry to all parts of the State:** To attract IT investments across the State, and incentivize IT industry at all district headquarters in the State by providing additional incentives and continue to provide usual incentives as per the IT / ITES Policy - 2009 for Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan- Dombivali, Mira-Bhayandar, Ulhasnagar - Ambarnath municipal corporation areas so, as to build on their potential and generate employment.
- ii) **Promotion of Focus Sectors:** To promote the development of special fields such as AVGC (Animation, Visual effects, Gaming and Comics) in which the State has particular strengths.
- iii) **Promotion of 'Green IT':** To ensure growth of the IT sector in an environmentally sustainable and responsible manner.
- iv) **Promotion of Entrepreneurship and Innovation:** To promote the establishment of Knowledge / Resource Centres and Incubation Centres across the State.
- v) **Promotion of Brand Maharashtra:** To position Maharashtra as a rewarding destination for IT investment.
- vi) **Promotion of BPOs in Rural and Semi-urban Areas :** Business Process Outsourcing (BPOs) ventures have a vast employment potential. To enhance penetration of IT / ITES to hinterland of the State and to provide employment to computer literate manpower in the area of their residence.

#### 4. Definitions

In the context of this Policy, the Information Technology industry consists of IT Software, IT hardware, and IT Enabled services as defined below:

- i) **IT Software** : IT Software is defined as any representation of instruction, data, sound or image, including source code or object code, recorded in machine readable form and capable of being manipulated to providing interactivity to a user with the means of a computer.
- ii) **IT Hardware** : IT Hardware covers products as notified by Directorate of Industries from time to time. An indicative list at Schedule A
- iii) **IT enabled Services (ITES)** : IT enabled services are defined as web enabled, marketed services, and include
  - Data conversion, data mining, digitization, data entry, data processing, data warehousing
  - Digitization of spoken material
  - Computer Aided Design (CAD ) / CAM services
  - Medical Transcription
  - Legal Database processing
  - Digital content development
  - Information Services
  - Package software support Services
  - IT System Audit Services
  - IT security and IT Risk Management Services
  - IT Solution Providers / implementers (including server data banks, application service providers, internet / web based e-commerce service providers, smart card customization service providers, system integration service providers)
  - Website services, web designing, and web content development services
  - Business Process Outsourcing (BPOs) (including Call centers)
  - AVGC (Animation, Visual effects, Stereo Conversion, Gaming and Comics)
  - Other services provided with the intensive use of computers (including tele-medicine services, remote access cyber services, remote diagnostic and repair services)

iv) **IT Financial Services** will include:

- Corporate Finance,
- Assets and Funds Managements,
- Broking,
- Non Banking Financial Company,
- Research Advisory,
- Tax & Audit,
- Business & Management Consultancy,
- Transaction Services,
- Treasury Operations,
- Risk Management
- Credit Services.
- Bank
- Insurance Company
- Mutual Funds.

v) **Support services / facilities:** Support services means services provided in relation to conduct of IT / ITES business, which shall exclude -

- Malls
- Cinema theatres, public auditoriums and multiplexes
- Residential apartments for sale to public
- Showrooms for all types of merchandize except computers and IT related hardware and software
- Hospitals, nursing homes more than beds
- Schools, colleges, training institutes (except IT and in-house training institutes) and hostels related to them

vi) **Animation, Visual effects, Gaming and Comics (AVGC)**

- **Animation** is a way of making a movie by using a series of drawings, computer graphics, or photographs of two and three dimensional objects (such as puppets, clay models or paper cutouts) that are slightly different from one another and that when viewed quickly one after another create the appearance of movement.

Animations can be recorded on either analogue media, or on digital media. To display it, a digital camera, or a computer, or projector is used.

- **Visual effects** are the processes by which imagery is created and / or manipulated outside the context of a live action shot. Visual effects involve the integration of live-action footage and generated imagery to create environments which look realistic, but would be dangerous, expensive, impractical, or simply impossible to capture on film. Visual effects include computer generated imagery using the affordable and user friendly animation and compositing software.
- A **game** is an electronic game that involves human interaction with a user interface to generate visual feedback on a video device.

- **Comics** is a visual medium used to express ideas via images, often combined with text or visual information.
- **Stereo conversion** is a specialised process in animation post production where the normal 2D or live action films are converted to stereoscopic form for an immersive experience.

IT Units are defined to include IT hardware and telecom hardware manufacturing units, IT enabled Services (ITES), and software industries including services.

## 5. Policy Initiatives

The strategic drivers for the IT & ITES Policy provide direction to the State's commitment to create long term assets through an expanding talent pool, extensive IT infrastructure and a thriving culture of innovation and entrepreneurship. These drivers are to be implemented through following specific initiatives and incentives.

- A) Incentives & provisions for IT Parks / IT SEZs / AVGC Parks
- B) Incentives & provisions for IT / ITES Units
- C) Promotion of Audio-Visuals-Gaming and Comics (AVGC)
- D) Promotion of Business Process Outsourcing ventures in rural and semi-urban areas
- E) IT Incubation Facility
- F) Promotion of green IT
- G) Initiatives related to Laws for ease of doing business
- H) Human Resource Development
- I) Administrative Measures.

### A. Incentives & Provisions for IT Parks / IT SEZs / AVGC Parks

IT Park has proved to be an effective tool to develop IT sector by providing adequate quality infrastructure to cluster of IT / ITES units. Government of Maharashtra encourages Public as well as Private IT Parks throughout the state. This policy will continue with following incentives & provisions.

#### i) Additional FSI and space utilization of IT Parks

The availability of land is decreasing and the cost of land is constantly increasing which is leading to high cost of the built up space. The high cost of space is proving to be a hindrance to the growth of IT Industry. To provide built up space at affordable rates to the entrepreneurs more additional FSI over the base FSI shall be admissible.

- a) **Upto % additional FSI** to all registered Public and Private IT/ITES Parks, IT SEZs or IT Parks in SEZs and to stand-alone IT/ITES units in public IT Park which have been approved by the Directorate of Industries, set up under present and previous IT / ITES policies, with or without premium as follows:

- With a premium of % of the ready reckoner rate for IT / ITES and specified financial services and support services at all district headquarters, all municipal corporations and A class municipalities other than Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar-Ambarnath municipal corporations.
  - With a premium of % of the ready reckoner rate for IT / ITES and specified financial services and support services in Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar-Ambarnath municipal corporations.
- b) Above % and upto % additional FSI** to all registered Public and Private IT Parks, IT SEZs or IT Parks in SEZs and to stand-alone units in public IT Park which have been approved by the Directorate of Industries, set up under present and previous IT / ITES policies, and which have an access road of minimum metres width, with or without premium as follows. The premium shall be over and above the premium chargeable for additional FSI upto % over the base FSI.
- With a premium of % of the ready reckoner rate for IT / ITES and specified financial services and support services at all district headquarters, all municipal corporations and A class municipalities other than Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar-Ambarnath municipal corporations.
  - With a premium of % of the ready reckoner rate for IT / ITES and specified financial services and support services in Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar-Ambarnath municipal corporations.
- c)** However, no premium shall be charged for grant of additional FSI as in paragraph 5 (A) (i) (a) & (b) for public - private IT Park in No Industry Districts and Naxalism affected areas of the State (as defined in the Package Scheme of Incentives - 2013 of the State).
- d)** Maximum % Builtup area (excluding parking area) will be permitted for support services in IT Parks and additional FSI shall be made available for support facilities in Public and Private IT Parks as mentioned in paragraph 5(A) (i) (a), (b) and (c).
- e)** Up to % of the Builtup area in IT Parks may be utilized for specified financial services provided that at least % of the Builtup area is used for IT/ITES and not more than % for support facilities.

The Directorate of Industries will develop a web portal on which the developer of every IT park will be bound to provide / update detailed information about names of the units in the park, utilization of built-up area and activities being carried out, manpower employed in the IT Park for IT / ITES, financial services and support services on real-time basis.

**ii) Establishment of Integrated IT Township (IITT):**

To meet the needs of the IT industry and the workforce there in to provide necessary amenities and accommodation in the vicinity of the IT units, a promotion of Integrated IT Townships (IITT) is being introduced in this policy. (The criteria for setting up IITT are described in greater detail in Schedule-B of this policy ).

The benefits / incentives admissible to IT / ITES units therein shall be same as in para 5 (B). The rates of premium to be charged shall be same as in para 5 (A) (i) (a), (b) and (c). The IITT can be set up in any part of the State.

**iii) Electricity Tariff :** Power consumed will be charged at industrial rate for the common facilities in the private IT Park (such as lobbies, central air conditioning, lifts, escalators, effluent treatment plant, wash rooms etc.) which are used by the units, excluding support service areas, after the registration is granted to the IT park by the Directorate of Industries. A separate meter will have to be provided by the developer to the individual IT / ITES units in the IT parks for leased or purchased premises.

**iv) Electricity Power/ Sub Station :** Provision of electric power / substation at minimum watt per sq. ft. of total BUA of IT Park will be essential.

**v) Incentives for Development of Infrastructure :** To supplement investments by the State Government and Urban Local Bodies, developers of private IT parks will be permitted to establish high quality road connectivity to the highways. Such roads will be transferred by the developers to the urban local bodies and the investments made by the developers would be adjusted against the property tax payable to local bodies in future. The Urban Development Department of the State shall publish the enabling notification in respect of the process and time-period for this.

**vi) Penalty for use of built-up space for non-IT use in the IT Park :** If the private IT park which has availed additional FSI as per the provisions of IT/ITES policy and subsequently it is found that the built-up space in the park is being used for non-IT/ITES / commercial activities / any other activity not permitted as per the IT/ITES policy under which the said park was approved, a penal action as below will be taken; the payment will be made to the concerned planning authority and government in the ratio of

a) In such cases the fact shall be ascertained by physical site verification of the said private IT park by a team of officers from the Directorate of Industries and the Planning Authority which has approved the building plans of the said private IT park.

b) A per day penalty equal to \_\_\_\_\_ of the ready reckoner value of the built-up area that has been found to be used for non-IT/ITES activities

c) The penalty will be recovered from the date of issue of Occupancy Certificate till the day non-IT use continues

After payment of the penalty to the concerned Planning Authority which had sanctioned the building plans of the concerned private IT park, the said private IT Park will restore the use of premises to the original purpose for

which LOI / Registration was granted. If the private IT park fails to pay penalty and / or restore the use to its original intended use, the concerned Planning Authority will take suitable action under the MRTTP Act against the erring private IT park under intimation to the Directorate of Industries.

## **B. Fiscal Incentives for IT / ITES Units**

All the fiscal incentives proposed in this policy will be provided through the Package Scheme of Incentives (PSI) of the State. The PSI will be suitably modified for this purpose.

### **i) Stamp Duty Exemption :**

IT / ITES units, including IT Hardware and Telecom Hardware manufacturing units will be entitled to Stamp Duty exemption as follows:

- a) % Stamp Duty exemption for the following transactions to all new and expansion of IT / ITES units in C, D, D+, No Industry district areas and Naxalism affected areas of the State: hypothecation, pawn, pledge, deposit of title deeds, conveyance, charge on mortgage property, lease, mortgage deed and security bond on mortgage deed.
- b) % Stamp Duty exemption for the following transactions to all new and expansion of IT/ITES units in public IT parks, IT Hardware and Telecom Hardware Manufacturing SEZs in A and B areas: hypothecation, pawn, pledge, deeds, conveyance and lease.
- c) % Stamp Duty exemption for the following transactions to new IT/ITES units and expansions of the existing units in private IT parks (including IT hardware and Telecom hardware manufacturing units), private IT parks in SEZs, IT SEZs, in A and B areas: hypothecation, pawn, pledge, deeds, conveyance, lease and public assignment lease.
- d) % Stamp Duty exemption to assignment leases of IT / ITES units under section 60 and leave and licenses of IT / ITES under section 36 A of the Bombay Stamp Act 1958 (to be read with a, b and c above).
- e) % Stamp Duty exemption on merger, de-merger and reconstruction of registered IT / ITES units throughout the State.

- ii) **Electricity Duty :** New IT / ITES units registered with the Directorate of Industries will be exempt from payment of Electricity Duty from the date of registration with the Directorate of Industries for a period of      years in A and B areas and for      years in other areas of the State classified as per the prevailing Package Scheme of Incentives at the time of registration of the unit. The Electricity Duty would be exempt for IT parks developed by IT companies for their own use, ie, single unit parks for the period mentioned above except for the support services.



- iii) **Electricity Tariff** : IT/ITES units registered with the Directorate of Industries will be supplied power at industrial rates applicable under Maharashtra Electricity Regulatory Commission's (MERC's) tariff orders.
- iv) **Power Tariff Subsidy** : New and existing IT/ITES units located in other than A and B areas classified as per the Package Scheme of Incentives, registered with Directorate of Industries will be eligible to get power tariff subsidy for years @ Rs.      per unit consumed from the date of registration of the Private IT Park with the Directorate of Industries after commencement of IT/ITES activity or equal to the investment made in IT Hardware on the date of registration of the unit with the Directorate of Industries, whichever is lower.
- v) **Property Tax** : Property tax shall be levied on IT / ITES units registered with the Directorate of Industries at par with residential rates as applicable in the relevant jurisdictions.
- vi) **Entry Tax** : Registered IT / ITES units shall be exempt from octroi / Local Body Tax (LBT) / entry tax / escort tax or other cess or any tax levied in lieu of these for the import of capital goods and raw material for self consumption by the unit. Government will issue necessary directives to the local bodies to give this benefit to the IT / ITES units.
- vii) **Works Contract Tax** : Works contract tax on annual maintenance agreements of IT / ITES units shall generally be charged at the minimum rates recommended by the relevant Empowered Committee, at the centre, barring certain exceptions.
- viii) **Setting-up IT/ITES units in any zone** : IT / ITES units (except IT hardware and Telecom Hardware Manufacturing Units) will be allowed to be set up in any zone (including residential and no-development Zones, etc.).
- ix) **VAT at floor rate** : VAT on sale of IT products will be charged generally at the minimum floor rate recommended by the concerned Empowered Committee at the Centre, with some exceptions.
- x) **Continuous Industry Status** : The IT / ITES Industry services clients across the globe and in different time zones. This requires the Industry to work on 24x7x365 mode. Increasingly the work done by IT / ITES industry is mission critical for global clients it serves and very tight deadlines are required to be adhered to. Considering this a continuous industry status shall be granted to the registered IT / ITES units. The IT / ITES Industry will be permitted to work 24x7x365 days without any close down (except some exigencies arising wherein the State / Central Government thinks it fit to keep the the operation in suspension).

**C. Promotion of Animation, Visual Effects, Gaming and Comics (AVGC) :**

1. The AVGC is a sunrise sector having vast potential for wealth creation and employment generation. It is a healthy medium of education and entertainment. As per the existing trend, India's AVGC market share is estimated to grow to \$      billion, which is less than      % of the global market. Maharashtra has always been a leading state in industrial growth. It has a rich and diverse heritage of art and culture and strong presence of Information Technology and Entertainment Industry which can help to make it an AVGC hub.

2. So far, science and technical streams were preferred avenues for employment but AVGC will create better employment opportunities for the arts stream. Entry of artists into the AVGC industry is regardless of cultural and language backgrounds. Since there is a requirement of nearly % of creative and artistic employees in this industry, it will lead to economic upliftment of large strata of economically backward sections of the society.
3. The policy will address the gap in qualified trainers through a train-the-trainer program based on industry's needs. This policy focuses on bridging the demand-supply gap for people in this sector, attracting global companies in the field, capturing a larger share of outsourced international AVGC work, and facilitating a legal framework for Intellectual Property creation and protection. In addition, the policy envisages an environment that promotes growth of indigenous digital content, education and entertainment for masses, and the setting up of a Center of Excellence with state-of-the-art facilities. These efforts will act as a catalyst for the AVGC industry.
4. AVGC is essentially an ITES activity and shall be eligible for the benefits admissible to ITES
  - i) **Establishment of Private AVGC Park in Maharashtra** : Key initiative for promotion of AVGC sector is through infrastructure development. The policy envisages promotion of private AVGC parks in the State. All the incentives admissible to the private IT parks shall be admissible to these private AVGC Parks. Also, the units setup in these parks will be eligible for all the incentives at par with those admissible to the IT / ITES units as envisaged in this policy.
  - ii) **Establishment of AVGC Centers** : The Government will facilitate the establishment of common facilities etc. through the promotion of AVGC centers in the State. An AVGC Centre would be an integrated facility including production facilities, AVGC studios and space for performing arts, exhibition galleries and workplace requirement for the artist. A Committee under the chairmanship of the Development Commissioner (Industries) for this will work out the infrastructural requirements, revenue and operating model (such as PPP), location, facilities etc. for the AVGC Centre in consultation with the industry. Maharashtra Industrial Development Corporation (MIDC) / City and Industrial Development Corporation (CIDCO) will take initiative in this aspect.
  - iii) **Establishment of Fine Art School / College i.e. Digital Art Centre** : Fine art schools across the state will be identified as digital art centre (DAC) to implement digital art & animation curriculum in collaboration with universities. DACs to be run on PPP model with % Govt.funding and private (promoter's) funding of % of total cost subject to a cap of Rs from the State Government.  
  
A pool of AVGC industry professionals will be developed through collaboration among universities, the industry and agencies such as Maharashtra Knowledge Corporation Limited (MKCL) and Maharashtra State Board of Technical Education (MSBTE).
  - iv) **Centre of Excellence** : Centre of AVGC excellence would be set up on public private partnership (PPP) mode in Mumbai/Pune for which

Govt. will provide financial assistance towards capital expenditure and purchase of equipment.

The centre of excellence will have 1) finishing academy–cum-incubation centre 2) Post-production & digital intermediary facility. MIDC will take an initiative in this aspect.

- v) **Venture Capital Fund** : Animation, Visual Effects, Gaming & Comic industry is a capital intensive industry. The risk capital is based on blend of service segment and intellectual property creation. So, there is a need of venture capital fund to meet growing demands of domestic as well as international market.

A venture capital fund for AVGC sector would be set up with an initial fund of Rs.        crores. The Empowered Committee under the Chairmanship of the Chief Secretary will decide on the funding on case to case basis based on merit.

- vi) **Fiscal Incentives & Concessions for AVGC units** : AVGC units will have following concessions in addition to those in **para 5 A** above;

- a) **Refund of certification charges**: All AVGC EOUs will get refund of expenses incurred for compulsory marking like Conformity European (CE), China Compulsory Certificate (CCC) etc. to the extent of    % expenses subject to maximum of Rs.        lacs per unit.

**b) Capital Subsidy :**

- Investment promotion subsidy as per industrial policy of the State.
- Anchor unit subsidy equal to    % of the fixed capital investment for an AVGC unit with a minimum investment of Rs        & creating a minimum employment for        people. The fixed capital investment shall include investment in land, building, machinery, equipments, electrification, pre-operative expenses capitalized. One Anchor Unit per district will be assisted.

**c) Exemption from Payment of Entertainment Tax in the State for animation films**

The animation films produced and released in the cinema halls / multiplexes in the State will be exempt from payment of entertainment tax.

**d) Capital Subsidy for production of animation films**

The animation films produced in the State will be given a capital subsidy equal to    % of the cost of production of the film subject to a ceiling of Rs.        for creative art films, educational, scientific, mythological and children's films.

e) **Non – Fiscal Support :**

- State Government will encourage Joint Ventures between Indian & Foreign entities.
- Support will be provided for international events related to AVGC in Maharashtra.
- Intellectual Property (IP) will be protected through legal framework.

**D. Promotion of Business Process Outsourcing (BPOs) in Rural and Semi-urban Areas :**

This policy will leverage Information Technology as a tool for the socio-economic development of the state and encourage existing BPO units / entrepreneurs to set up their branches / BPOs in rural / semi-urban areas.

The subsidy would be provided only for business processing units that are located in rural / semi-urban areas (village panchayat, A, B and C class municipalities) and its details are as follows.

i) **Capital Subsidy :** Capital subsidy of % would be provided on capital investments such as cost of hardware, equipment etc., subject to a maximum of Rs. (Rupees only) to any Rural BPO unit that has been directly employing a **minimum of trained seats** in the unit. This capital subsidy will be back ended in three equal instalments at the end of each year. The capital investment for the purpose of subsidy constitutes purchase of new hardware and equipment's similar to plant and machinery in MSME sector.

ii) **Training Subsidy :** New BPOs require to invest in training in order to ensure that the employees do not lack in quality of work, timely execution and so on. More so, in a rural / semi-urban area, some financial assistance is required to support new BPOs in training employees.

Training subsidy would be shared by the company and the Government. An amount of Rs. per month per person for would be provided as training subsidy by the Government (as the normal period of skill building training for BPO is months). Thus, a unit engaging persons will benefit from Rs. (Rupees only) as training subsidy for the period of three months. This subsidy also will be back ended, to be disbursed to the BPO unit after year i.e. months training + months of continuous employment.

iii) **Training content to be developed by recognized institutions:** Training contents for the above programs should be developed by recognized institutes like Maharashtra Knowledge Corporation Limited (MKCL), Yashwantrao Chavan Academy for Development Administration (YASHDA), Maharashtra Centre for Entrepreneurship

Development (MCED), Maharashtra Industrial and Technical Consultancy Organisation (MITCON) and NASSCOM, etc.

- iv) **Transport Facility** : The Government shall ensure that necessary public transport is made available for the Rural - Semi-urban BPO units.
- v) **Exemption from Payments of Security Deposit / Earnest Money Deposit** : The Government shall provide exemption from payment of SD/ EMD as available now to the SME Sector.

#### **E. Promotion of Entrepreneurship, Innovation and IT Incubation Facility:**

- i) The Government will facilitate the establishment of a common platform for exchange and dissemination of knowledge resources between academic and research institutions and the IT industry and the setting up of incubation centers particularly for small enterprises. A committee under the chairmanship of the Development Commissioner (Industries) will define a model and framework for setting up such a platform and for incubation centres across the state in Information Communication Technology (ICT) field such as embedded software, chip, telecom technology etc.
- ii) New IT Parks will be required to allocate at least % of the built-up area for providing incubation facilities for new units. This area would be treated as a part of the Park to be used for IT activities, and eligible for additional FSI benefits accordingly.
- iii) Recruitment assistance of Rs. for employing local students in Business Incubation Laboratory/R&D Centre/ IT/ITES operation within years.
- iv) A registered IT/ITES MSME unit will be eligible for reimbursement of % exhibition participation fee (space cost/rent) for exhibitions approved or organized by NASSCOM & ITPO subject to a ceiling of Rs. per unit and limited to such events during the lifetime of the unit / company.
- v) % of the cost of filing patents will be reimbursed to micro, small and medium IT units. Subject to a maximum of Rs. during the lifetime of the unit / company.

#### **F. Promotion of Green IT**

- i) Awards will be instituted for demonstrated, efficient natural resource management by IT units.
- ii) The development of comprehensive e-waste collection and recycling systems and their use by the State as well as private agencies for the disposal of IT products, will be promoted.

- iii) River Regulation Zone (RRZ) policy of state will not be applicable to IT/ITES units.

#### **G. Promotion of Brand Maharashtra**

- i) The Government will facilitate and support International and national - level professional conferences, exhibitions and other activities in Maharashtra related to IT Sector generally, and to AVGC in particular.
- ii) % of the expenditure incurred for certification of CMM Level 2 upwards, ISO 27001 for security & COPC and eSCM certification, limited to a maximum of Rs. , will be reimbursed to micro and small scale IT units under Package Scheme of Incentives.
- iii) % of the expenditure incurred for the promotion of AVGC international and national - markets, conferences & events in the fiscal year will be reimbursed to the AVGC companies registered in Maharashtra on registration fee and travel costs limited to Rs. per annum and a maximum of Rs .
- iv) The State's Information Technology Day will continue to be celebrated on 20th August of every year, when awards will be presented to IT / ITES units for outstanding contribution and performance

#### **H. Initiatives related to Laws for ease of doing business**

- i) IT / ITES Units will continue to benefit from:
  - a) Relaxation under the Shops and Establishment Act with regard to working hours, work shifts and employment of women.
  - b) Exemption from maintaining physical records for attendance and salary.
  - c) Option for self-certification and filing of consolidated annual returns under 13 Acts administered by the Labour Department.
- ii) Provision for IT / ITES units to maintain employee-related records required under various labour laws in electronic form, and acceptance of returns in electronic form will be made in line with the progress of computerization in the Labour Department.
- iii) IT/ITES units not discharging process effluent and employing less than 100 employees will be exempt from obtaining consent from MPCB. Such unit will be required to submit annual statement to MPCB on disposal of wastes including electronic wastes, used batteries, and used oil. The registration of such units by the Directorate of Industries Department will incorporate specific conditions for this purpose. These units will also have to be connected to local sewage network.

All the IT / ITES units operating from registered IT park or notified IT SEZ, which has Green Building Certification, will be exempted from obtaining consent of MPCB.

- iv) Relaxations under the Contract Labour Act which have been approved for units in SEZs will be considered for all IT / ITES units also.
- v) IT / ITES units (other than IT hardware and Telecom hardware manufacturing units) will be treated as continuous process units for the purposes of power supply.
- vi) The Development Control Regulation (DCR) of MIDC and other guidelines for establishment of IT parks in MIDC area shall be in synchronization with the IT / ITES policy.

#### **I. Human Resources Development**

- i) Special emphasis has been given to the development of human resources for the IT industry, particularly in new area of high potential.
- ii) The Maharashtra Knowledge Corporation Limited (MKCL), the Maharashtra State Board of Technical Education (MSBTE) and other agencies will institute training-based certification and placement programmes. They would collaborate with NASSCOM and other associations as well as the local IT / ITES industry to understand their human resource requirements. Based on these requirements, a merit based, defined certification and placement procedure shall be instituted so that appropriate manpower is created for the industry. This is particularly important for small IT / ITES units which are not in a position to impart the required training in-house
- iii) Based on an assessment of feasibility and other details by the task force constituted under the empowered committee, proposal will be prepared for the establishment of centre of excellence and research and development centres, finishing schools and other employment oriented centers.

#### **J. Administrative Measures**

- i) Applications for permission for Right of Way for laying of cables and for erection of towers and antennae would be approved within working days provided the application is in the prescribed format and contains required documentation.

## 6. Management Framework for Policy Implementation

An Empowered Committee will be constituted at the State level to monitor the implementation of this Policy, and develop procedures and modalities where required. The composition of the Empowered Committee will be as follows:

- i) Chief Secretary - Chairperson
- ii) Principal Secretary (Finance) - Member
- iii) Principal Secretary (Industries) - Member
- iv) Principal Secretary (Urban Development I) - Member
- v) Principal Secretary (Higher & Technical Education) – Member
- vi) Principal Secretary (Planning) – Member
- vii) Secretary (Information Technology) – Member
- viii) Secretary (Urban Development II)- Member
- ix) Director, Software Technology Parks of India (STPI)- Member
- x) Nominee of NASSCOM - Member
- xi) Nominee of Manufacturers' Association of IT (MAIT) -Member
- xii) Development Commissioner (Industries)- Member-Secretary
- xiii) Nominee of Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA) -Member
- xiv) Nominee of FICCI - Member

The Empowered Committee may invite any Department / Organisation / Representative of Association or a person for its meeting as it may deem necessary.

### **Charter of the Empowered Committee:**

- i) The Empowered Committee will constitute a Task Force for coordinating and implementing the instruments in respect of the following key areas of the policy:-
  - A) Incentives & provisions for IT Parks / IT SEZs / AVGC Parks
  - B) Incentives & provisions for IT / ITES Units
  - C) Promotion of Audio-Visuals-Gaming and Comics
  - D) Promotion of Rural Business Process Outsourcing ventures
  - E) IT Incubation Facility
  - F) Promotion of green IT
  - G) Initiatives related to Laws for ease of doing business
  - H) Human Resource Development
  - I) Administrative Measures



- ii) Monitor and ensure timely release of relevant Orders / Government Resolutions / Government Notifications and amendments required.
- iii) a) Approve the framework/modalities of implementation proposed by the Task Force.
- b) Set timelines and targets for each initiative proposed by the Task Force.
- c) Bring about inter-departmental co-ordination in respect of matters related to this Policy.
- iv) Institute effective analysis and evaluation of IT Policy implementation on the basis of data on key indicators.
- v) Establish norms in consultation with Environment Department so as to facilitate Green IT Parks and the units in such park to obtain permissions relating to environment and other benefits.
- vi) Resolve implementation issues at all levels.
- vii) Review the list of ITES as well as financial services and support services / facilities permitted in IT Parks and approve the amendments as may be appropriate.
- viii) Determine the premium and other terms and conditions for grant of additional FSI within the guidelines laid down in the Policy and harmonize the practices followed in this respect by local bodies and public bodies such as MIDC and special planning authorities.
- ix) Determine the premium and other terms and conditions for grant of exit to the private IT park / IT / ITES unit from the obligations of the incentives availed by it.
- x) Review the best practices.

## **7. Policy Applicability and Validity:-**

The provisions of this IT and ITES Policy 2015 will be applicable to all new and existing IT / ITES units, Public and Private IT Parks in the State. The policy will be valid up to -----

**Schedule - A PRIMARY PRODUCTS (IT Hardware)**

Sr.No.	H.S.No.	Description of products	
1	85.23	11) 12) 13) 20) 90)	Magnetic tapes of a width not exceeding 4 m.m. Magnetic tapes of a width exceeding 4 m.m. but not exceeding 6.5. m.m. Magnetic tapes of a width exceeding 6.5 m.m. Magnetic discs Other
2	85.31	10) 21) 22) 23) 24) 25) 29) 30) 90)	Electrical capacitors, fixed, variables or adjustable (Preset) Fixed capacitors designed for use on 50/60 Hz Circuits and having a reactive power h. capacity of not less than 0.5 kvar (Power capacitors) Tantalum fixed capacitors Aluminum electrolytic fixed capacitors Ceramic dielectric, single laxer fixed capacitors Ceramic dielectric, multilayer fixed capacitors Dielectric fixed capacitors of paper or plastic Other fixed capacitors Variable or adjustable (Pre-set) capacitors Other
3	85.33	10) 21) 30) 39) 40) 90)	Electrical resisters (including rheostats and potentiometer) other than leading resisters. Fixed carbon resisters, composition or film types Other fixed resisters for a power handling capacity not exceeding 20 w. Wire wound variable resisters including rheostats and potentiometers for a power handling not exceeding 20 W. Wire wound variable resitors including rheostats and potentiometers for a power handling exceeding 20 w or more Other variable resisters, including rheostats and potentiometers Parts
4	85.36	50) 50) 50) 69) 90)	Electronic AC switches consisting of optically coupled input and output circuits.(AC Switches) Electronic switches including temperature protected electronic switches consisting of and a logic chip (Chip on Chip technology) for a voltage not exceeding 1000 volts Electromechanically snafaction switches for a current not exceeding 11 amps. Plugs and Sockets for co-axial cables and printed circuits. Connection and contact elements for Wires and Cables
5	85.41	10) 22)	Diodes, transistors and similar semiconductor devices, photosensitive semi-conductor, including photo voltaic cells whether or not assembled in modules or made up into panel light emitting diodes, mounted piezo electric crystals. Diodes, other than photosensitive or light emitting liodes. Transistors other than photosensitive transistors with a dissipation rule of less than 1 w.

Sr.No.	H.S.No.	Description of products	
		29) 30) 40) 50) 60) 90	Transistors other than photosensitive transistors, with a dissipation rule of 1 w. or more. Thysistors diacs and triacs other than photosensitive devices Photosensitive semiconductor devices, including photo voltaic cells whether or not as modules or made up into panels, light emitting diodes. Other semi conductor devices Pountaged piezo-electric crystals. Parts
6	85.42	12) 13) 14) 19) 31) 40) 41) 90)	Electronic integrated circuits and micro assemblies. Cards incorporating an electronic integrated circuit (Smart Cards) Metal oxide semiconductors (Mos Technology) Circuits obtained by bipolar technology. Other monolithic integrated circuits, including circuits obtained by a combination and Mos Technology (Bionos technology) Other monolithic integrated circuits Hybrid integrated circuits Electronic Micro assemblies Parts
7	85.44	41)	Other electric conductors for a voltage not exceeding 80 V, fitted with connectors of for telecommunication
		49)	Other electric conductors for a voltage not exceeding 80 V, fitted with connectors of for telecommunication
		50)	Other electric conductors for a voltage exceeding 80 V but not exceeding 1000 V, fitted with connectors of a kind used for telecommunication
		70)	Optical fiber cables

## Schedule I (A)

### PRIORITY INTERMEDIATE PRODUCTS

1. Input – Output Units including All computer peripherals: HSN 8471.60
2. Computer Keyboard: HSN 8471.60.10
3. Computer Monitors: HSN 8471.60.19.20 HSN: 8471.90.07
4. Populated PCB'SSI (All Categories): HSN 8473.10 HSN 8473.30 HSN 8473.40 HSN 8473.90 HSN 8473.90 HSN 8473.90 HSN 8473.90 HSN 8473.90
5. Smart Cards & Accessories: HSN 8542.12
6. UPS for Data Processing HSN 8504.40 Equipment: HSN 8543.80 HSN 8471.05
7. Set-up box with communication function and accessories: HSN 8517.80
8. Internet – Box with user interface and network interface: HSN 8517.80
9. Modems and ISIN Terminals: HSN 8517.50
10. Router & Technical Services: HSN 8517.50
11. VSAT Terminals: HSN 8525.20
12. Radio Communication
13. Equipment: HSN 8525.20
14. Electronic Private Automatic Branch Exchange. (EPABX)
15. Digital Image Recorders (HSN No. 9010).
16. Adapters, Jacks & Plugs, Relays, Switches, Terminals & terminal blocks, Sockets, Heat Sinks, Bases and Folders useful for electronics equipments only (HSN No. 8335).
17. Video Conferencing Equipments.
18. Mobile Handsets (GPRS & CDMA) (HSN No. 8413).
19. 84.69 Word Processing Machines & Electronic Typewriters.
20. 84.70 Electronics Calculators.
21. 84.71 Computer Systems & Peripherals, Electronic Diaries.
22. 84.73 Parts & Accessories of HSN 84.69, 84.70 & 84.71 for items listed above.
23. 85.01 DC Micro Motors / Stepper motors of an output not exceeding 37.5 Watts.
24. 85.03 Parts of HSN 85.01 for items listed above.
25. 85.04 Uninterrupted Power Supplies (UPS) and their parts.
26. 85.05 Permanent magnets and articles intended to become permanent magnets (Ferrites).
27. 85.17 Electrical apparatus for the Telephony or line telegraphy, including linetelephone sets with cordless handsets and telecommunication apparatus for carries-current line systems or for digital line systems; videophones.
28. 85.18 Microphones, Multimedia Speakers, Headphones, Earphones & Combined Microphones / Speaker Sets & their parts.
29. 85.20 Telephone Answering Machines.
30. 85.22 Parts of Telephone Answering Machines.
31. 85.23 Prepared unrecorded Media for Sound Recording or Similar Recording of other phenomena.
32. 85.24 IT Software on any Media.
33. 85.25 Transmission apparatus other than apparatus for radio broadcasting or TV broadcasting, transmission apparatus incorporating reception apparatus, digital still image video cameras.
34. 85.27 Radio communication receivers, Radio pagers.
35. 85.29 (i) Aerials, Antennas and their parts.  
(ii) Parts of Items at 85.25 and 85.27 listed above.
36. 85.31 LCD Panels, LED Panels & Parts thereof.
38. 85.32 Electrical Capacitors, Fixed, Variable or adjustable (Pre-set) and parts thereof.
39. 85.34 Printed Circuits.
40. 85.36 Switches, Connectors & Relays for upto 5 Amps at voltage not exceeding 250 Volts, Electronics Fuses.
40. 85.40 Data / Graphic Display Tubes, other than TV pictures tubes and parts thereof.
41. 85.43 Signal Generators and parts thereof.
42. 90.01 Optical Fiber and Optical Fiber Bundles and Cables.
43. 90.13 Liquid Crystal Devices, Flat Panel display devices and parts thereof.
44. 90.30 Cathode ray oscilloscopes, Spectrum Anlyzers, Cross-talk meters, Gain measuring instruments, distortion factor meters, Psophometers, Network & Logic analyser and Signal analyzer

## Schedule - B

### **\* Policy for Development of “Integrated IT Township**

(i)	Applicant	Application for developing Integrated IT Township can be made by the concerned Land Owners or by their appointed Developer or a Joint Venture Company formed by the Land Owners with any Developer.
(ii)	Area Requirement	To be eligible for being declared as “Integrated IT Township”, the area to be developed shall have minimum meters wide access road. The area to be notified as “Integrated IT Township”, shall be free from all encumbrances, contiguous and not be less than hectares ( acres).
(iii)	Manner of Notification	On private lands and lands acquired by the MIDC under MID Act 1961, Integrated IT Township shall be notified by the MIDC after receiving a proposal from the applicant. Notwithstanding anything contained in the Development Plan or the Regional plan, upon such notification, such area shall be developed as per the DCRs framed by the MIDC for this purpose. For this purpose, procedure under Section 20 read with section 18 of the Maharashtra Regional and Town Planning Act, 1966 shall not be necessary.
(iv)	Permissible land-uses	Minimum % of the total area notified as “Integrated IT Township” shall be used for IT / ITES activities and upto remaining % area for the development of support services, IT enabled financial services, service apartments on leave and license basis and commercial activities including malls, cinema theaters, public auditorium and multiplexes, showrooms for all types of merchandise, hospitals, nursing homes, schools and colleges, training institutes and hostels related to them. The development of entire township, ie, % area for IT/ITES and % other area can take place simultaneously but the developer will have to ensure that sale of both areas is proportionate. To ensure this occupation certificate for commercial, residential and support services shall be given only after the development of infrastructure facilities on the area earmarked for IT / ITES activities and occupation certificate

		is granted by the concerned planning authority and after area kept for IT / ITES activity is occupied.
(v)	F.S.I. for Integrated IT Township	The maximum permissible FSI on the <b>gross area</b> of the notified Integrated IT Township shall vary as follows: i) In residential and industrial zone--- ii) In agriculture/no-development/urbanisable zone --- Floating of FSI shall not be permissible from the area of IT / IT use to the area of Support Activities or vice versa, but floating of FSI shall be permitted within the respective areas of IT / ITES and Support Activities separately.
(vi)	Planning Authority:	i) The <b>MIDC</b> shall be declared as the Special Planning Authority under section 40 (1) (b) of the MRTP, Act 1966 for the Integrated IT Township on private lands and under section 40 (1) (a) on the lands acquired by the MIDC under MID Act 1961 ii) The <b>CIDCO</b> shall be declared as the Special Planning Authority under section 40 (1)(b) of the MRTP, Act 1966 for the Integrated IT Township on lands acquired by the CIDCO under Land Acquisition Act, 1894.
(vii)	DCR	Prevailing Development Control Regulations of MIDC / CIDCO shall be applicable mutatis mutandis to the areas for which MIDC / CIDCO are declared as special planning authority, excepting those expressly provided in the Special Development Control Regulations framed for the Integrated IT Township.
(viii)	Environmental Clearance	Environmental clearance shall have to be obtained as per directions issued by the MoEF Notification No. S.O801 (E) dated 7th July 2004 as amended from time to time.
(ix)	Final approval/ Approval of Master Plan	Planning proposal of the entire Integrated IT Township, shall be approved by the Director of Town Planning, Maharashtra State, Pune u/s 115, after following the procedure as per the section 40 (3) & 115 of MRTP Act, 1966.
(x)	Approval of Building Plans	The Special Planning Authority shall approve the detailed building plans.
(xi)	Appeal	Anyone aggrieved by an order passed by the Special Planning Authority may within            days of the date of communication of the order, prefer an appeal to the Government in the Urban Development Department.

(xii)	Special Concessions:	<b>Non-agriculture permission</b> - will be automatic and no separate NA permission shall be required following notification of any area as Integrated IT Township.
(xiii)	Implementation and Completion:	Development of any notified Integrated IT Township shall be completed within <b>years</b> from the date of final sanction to the layout plan of the Area.
(xiv)	Infrastructure Facilities	All the onsite infrastructure in the Integrated IT Township and access road if it does not exist, shall be provided and maintained by the Developer. However, it would be obligatory on the part of the Developer to provide all basic infrastructure on at least % area under the Integrated IT Township within years from the date of sanction of development proposals by the Director of Town Planning, Maharashtra State, Pune; otherwise the declaration made by MIDC as Integrated IT Township shall lapse.
(xv)	Interpretation:	If any question or dispute arises with regard to interpretation of the regulations regarding Integrated IT Township the matter shall be referred to the State Government.