झारखण्ड सरकार

Department of IT & E-Gov
Government of Jharkhand

ESDM POLICY-2016

MOMENTUM
JHARKHAND
The investment destination

(This document is meant only for internal use of Department of IT & E-Gov, Government of Jharkhand)

रघुवर दास
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झारखण्ड सरकार

मुख्यमंत्री
झारखण्ड सरकार
Chief Minister
Govt. of Jharkhand

MESSAGE

Amount of electronics in products that we use and services that are delivered is increasing at a very fast pace. It thus becomes important to have a vibrant Electronics Manufacturing industry in the state as it leads to viability of many other industries and businesses.

With a vision to create a thriving and competitive Electronics System Design and Manufacturing (ESDM) industry in Jharkhand to fulfil national and international demands, I am pleased to inform that Government of Jharkhand has issued the 'ESDM Policy 2016'.

The National Policy on Electronics (NPE) has a vision 'To create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market' and has provisions to support development of ESDM sector in the country. Jharkhand's policy augments the provisions of NPE to create an ecosystem conducive for units in electronics manufacturing to look at Jharkhand as an attractive destination for manufacturing and innovation.

As provisioned in the policy, Jharkhand plans to create three ESDM Innovation hubs at Ranchi, Jamshedpur and Dhanbad with land for Multi Product Electronic, IT and ITeS including ESDM industry.

The policy has a special focus on skilling of resources, patent fillings and acquisition of new technologies. With new policy attuned to the needs of the ESDM sector, I am confident that the sector can provide jobs to thousands of skilled youth in the state and can positively impact the lives of millions of people in the state.

New measures mentioned in the policies will simplify several procedural aspects and regulations as well as enable a sound investment climate and position Jharkhand as the most attractive ESDM hub.

I congratulate the Department of Information Technology and e-Governance which has worked hard on bringing out this policy for development of this sector.

I wish all the success in implementation of the policy.

Best wishes,

(Raghubar Das)
Chief Minister

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1. Preamble

The National Policy on Electronics (NPE) has a vision “To create a globally competitive electronics design and manufacturing industry to meet the country’s needs and serve the international market". The objective of the NPE is to be create an ecosystem for a globally competitive ESDM sector in the country by attracting investment of about USD 100 billion for a projected demand of USD 400 billion by 2020 and generating employment for around 28 million people at various levels. The ultimate aim of the policy is for the Indian ESDM sector to develop core competencies in all three arms of the electronics industry i.e. R&D, Manufacturing/ Fabrication and Assembly/ATMP.

Electronics is reported to be the largest and fastest growing industry in the world. It is expected to reach a turnover of USD 2.4 trillion by the year 2020. In the indian context the india exports of electronic goods is expected to grow to USD 80 billion in the year 2020 and the demand for Indian market grow to USD 400 million by 2020. The expected electronic market in India by 2020 is:

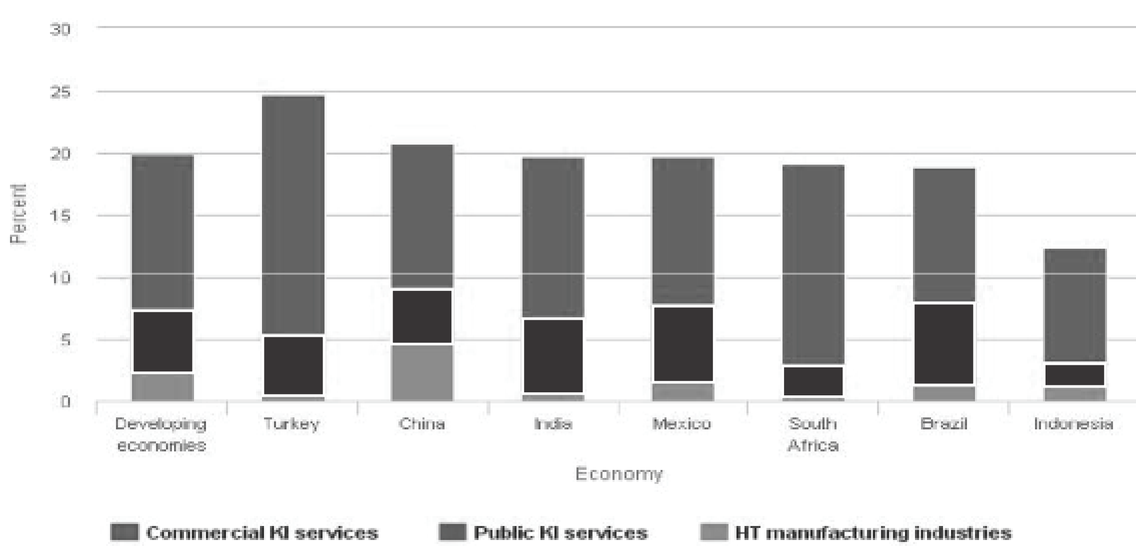
1. Telecom Equipment (USD 34 Billion).
2. Laptops, Desktops, Tablets (USD 34 Billion).
3. LED (USD 35 Billion).
4. Consumer Electronics (USD 29 Billion).
5. Set Top Boxes (USD 10 Billion).
6. Automotive Electronics (USD 10 Billion).
7. Medical Electronics (USD 8.5 Billion).

The contribution of High Technology Manufacturing in the GDP of a countrycannot be denied.The success of China, Mexico, Brazil, Malasiya and Indonesia are living examples of what manufacturing can do to an economy.The industry is so diversified that the value chains, ecosystems and economic growth of a group of states is positively affected by the growth of even one unit.Value chains and ecosystem of the industry are so complex and few industries are as geographically widespread, and intertwined as the ESDM industry.

As per a report from the Semiconductor Industry Association (SIA) one of the U.S. semiconductor company has more than 16,000 suppliers worldwide. More than 7,300 of its suppliers are based in 46 different American States and more than 8,500 of its suppliers are located outside of the United States. Many of those suppliers are small businesses in multiple industries that provide a variety of goods and services including chemical gases, materials, construction services, foundry services, capital equipment, spares, control and life systems, computing hardware, market research, technical consulting and media services.

The industry is uniquely structured to derive maximum benefit from the diverse and varied skills of human resources and locational advantages of participating countries. Canada, European countries, and the United States tend to specialize in semiconductor design, along with high-end manufacturing. Japan, the United States, and some European countries specialize in supplying equipment and raw materials. China, Taiwan, Malaysia and other Asian countries tend to specialize in manufacturing, assembling, testing and packaging. Canada, China, Germany, India, Israel, Singapore, South Korea, the United Kingdom, and the United States are all major hubs for semiconductor R&D. Major semiconductor companies have located facilities in countries as far flung as Costa Rica, Latvia, Mexico, South Africa, and Vietnam[1].

It is often stated that countries have fallen behind in the shift from manufacturing to services and therefore could not create more jobs via more services. The fact is that, industrial production contains a large volume of services, providing the infrastructure for the manufacturing activities. India was (in 2014) one of the least performersamong some of the developing nations who have used manufacturing as a tool for GDP growth (see chart below).



Output of KTI industries as a share of GDP of selected developing economies: 2014
GDP = gross domestic product; HT = high technology; KI = knowledge intensive; KTI = knowledge and technology intensive
SOURCE: IHS Global Insight, World Industry Service database (2014).
Science and Engineering Indicators 2016

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1 **BEYOND BORDERS- How an Interconnected Industry Promotes Innovation and Growth.- Semi Conductor Industry Association May 2016**

Jharkhand with its multitude of natural resources, the skill of its engineers can play a vital role in the global ESDM industry.

Innovation in technology, specifically in information technology is at the core of growing economic prosperity worldwide. Crafting effective policies that boost innovation and encourage the concept of “digital economy” is critical to ensuring robust economic growth and a higher standard of living for the citizen. However, as in any new and changing situation, policymakers have varied concept of what is needed and what will work. In some cases legislators have adopted the new and complex technology policy issues with solutions that are outdated and expired to benefit the economy. The innovation factor in any economy has therefore become increasingly important and vital. State’s need to innovate for change to survive in today’s economy.

The “Make in India” initiative launched by Prime Minister envisions an increase in manufacturing sector growth from 6.7% per annum currently to 12-14%, over the medium term and an increase in the share of manufacturing in India’s GDP from 16% to 25% by 2022.Currently, China and Taiwan meet about 62% of the Indian demand for IT products through imports. According to news reports Indian manufacturers suffer from a variety of fiscal and other disabilities, relative to imports leading to idle capacity in excess of 75% of the installed capacity. Significant disabilities therefore make domestic manufacturing un-competitive and encourage imports of IT products.

The Government of India in order to rectify these disabilities introduced a differential duty regime by reducing the excise duty in the Budget 2015 to 1% for mobile phones and 2% for tablets without CENVAT credit, while maintaining the option of paying excise duty at 12.5% with CENVAT credit. Importers of these products are restricted from availing the concessional excise duty regime. In addition, parts, components and accessories of tablets were fully exempted from excise duty, subject to actual user condition. This announcement has encouraged many mobile phone manufacturers to draw up plans for manufacturing in India over the last one year. Budget 2016 has extended a similar differential duty regime to more IT products such as chargers/adapters, battery and wired headsets/speakers, for manufacture of mobile handsets and consumer premise equipment (CPE) viz., routers, broadband modems, set-top boxes, CCTV camera/IP camera etc.

The need today for Jharkhand is to focus on building technology brands from India. We must target emerging markets and future technologies to capture not only the market share but also consumer preference. Leveraging technology for citizen empowerment which has been already adopted by the government can also bring about State’s social transformation. The government of Jharkhand is taking the first step in the direction by placing a proactive policy for the development of ESDM sector in the State.

2. Vision Mission and Objectives

2.1. Vision

To create a thriving and competitive Electronics design and manufacturing industry in Jharkhand to fulfil national and international demands.

2.2. Mission

1. To promote the manufacturing of entire range of ESDM products for economic development and employment generation in the State.
2. To develop ESDM manufacturing capabilities and capacities in Jharkhand.
3. To develop high quality Electronic products at economical prices for national and international markets.
4. To develop environment friendly practices in manufacturing, use and disposal of electronic products.

2.3. Objectives

1. To create vibrant ecosystem for competitive ESDM sector in the State,
2. To start at least 50 units of ESDM assembly/ manufacture in the next 10 years,
3. To build a strong chain of supply line for raw material, parts and electronic components for manufacture,
4. To facilitate and create export of ESDM goods from Jharkhand and contribute at least around USD 2 Billion in the export target of USD 80 Billion by 2020,
5. To protect the Intellectual priority rights and strengthen the protection of intellectual property by enacting balanced reforms to reduce patent litigation and increase trade secret protection,
6. To enhance the availability of skilled and semi-skilled manpower by starting apprenticeship and special vocational training in ESDM assembly for eligible candidates,
7. To use technology to develop sturdy electronic goods especially suited for rural use in India and abroad.

3. The “Make in Jharkhand” Initiative

The 'Make in Jharkhand' program is an initiative launched by Government of Jharkhand to encourage companies to start/ increase manufacturing activity in the State, especially in the IT and ITeS sector. This not only aims at attracting overseas companies to set up shop in Jharkhand, but also encouraging domestic IT and ITeS companies to expand/ relocate and start production in the State.

The Make in Jharkhand initiative has at its core, a transformed Jharkhand which lays a special stress on promoting business in the State. A number of initiatives have been undertaken to invite industry to come and invest. The State has achieved third place in ranking by the World Bank in the year 2015 in the Ease of Doing Business. The State has industrial harmony and the man days lost due to industrial strife are the lowest in India. The State is also among the top five FDI investment destinations in India.

Availability of the modern and facilitating infrastructure is a very important requirement for the growth of industry. Jharkhand Government intends to develop IT Parks, industrial corridors (Eastern Economic Corridor) and smart cities to provide infrastructure based on state-of-the-art technology with modern high-speed communication and integrated logistic arrangements.

Given the attractiveness of investing in the State and availability of skilled manpower, appropriate space for IT and ITeS industry and attractive incentives by the Government in ESDM sector as indicated below, Jharkhand is an ideal destination for industry which wants to start afresh, expand or relocate.

1. Jharkhand shall create 3 ESDM Innovation hubs at Ranchi, Jamshedpur and Dhanbad with land for Multi Product Electronic, IT and ITeS including ESDM industry. The ESDM hubs shall be created under the Policy Guidelines of Electronic Hardware Promotion program of Ministry of Electronics & Information Technology, Government of India. The ESDM Innovation centres will provide complete infrastructure to students, entrepreneurs and companies to take up from a product concept to a working prototype to a Start-up company manufacturing the product. The Innovation centres will also provide space to the established units to start operations in the State.

2. Incentives will be provided for using locally produced materials, like steel for making enclosures etc., to manufacture/assemble the final products as detailed by Government of India in the annexures of M-SIPS Gazette notification dated 31 July 2013 and its subsequent amendments. Intermediate items which can also be sold as an independent product in the market like discrete components, populated or

unpopulated PCBs, special wires and cables for electronic assembly etc., shall also qualify for the incentives.

3. Land has emerged as a major constraint for industrial growth in Jharkhand. The State Government will take measures to make industrial land available which is critical for sustained industrial growth, through creation of land banks by the State.

4. Government of Jharkhand shall encourage setting up ESDM units in dedicated Information Technology Parks (IT/EMC Parks) where necessary infrastructure facilities like power, water, roads, effluent treatment plants, custom bonded warehouses etc. are readily available along with social infrastructure like nearby living area, markets, schools for children, Hospitals etc..

5. The State shall facilitate the ESDM industry to get benefits from GoI under Modified Special Incentive Package Scheme (M-SIPS), Electronics Manufacturing Clusters (EMC) scheme, scheme for financial assistance for skill development in ESDM sector and scheme for supporting MSME's in the Electronics Sector etc..

6. The State shall strengthen safeguards and increase penalties to protect trade secrets and other forms of Intellectual Property. Trade secrets are a critical and major asset of ESDM and semiconductor companies. Requirement for criminal penalties for trade secret theft, including via means of cyber theft and strengthened procedures to protect trade secrets, are a priority for the State.

7. Environment, health & safety – To support sustainability the State shall enact appropriate regulations governing industry emissions of climate gases and the use of essential chemicals and materials, and safeguard the supply of materials critical to semiconductor manufacturing.

8. All departments will mandatorily ensure that at least a percentage to be determined by department of IT and e-Gov from time to time, of IT and ITeS hardware purchases in financial terms are made of locally produced items. In the beginning (first 3 years) this percentage share, at the discretion of the Principal Secretary/Secretary of the department concerned may be transferred to the next year/ purchase in which case the next purchase shall have the sum total of the share to be purchased locally.

9. Transport reimbursement- A transport reimbursement will be provided to the importers of ESDM raw material from abroad, for value addition. The reimbursement will be provided from port of landing in India to the ESDM hub at Ranchi, Jamshedpur and Dhanbad. In case of Air consignment the reimbursement shall be valid from Indian port (air) of landing (Delhi or Mumbai) to Ranchi or the Air Cargo Complex in Jharkhand.

4. Incentives

4.1. Total limit of incentives

The total fiscal incentives paid to amend unit in Jharkhand under this ESDM Policy shall not exceed 25% of the capital cost of the project excluding the cost of Land, Transfer fee and Registration charges. All incentives under this policy shall be for the term of the policy of 5 years.

4.2. Non Fiscal incentives

1. **Common facility centre at Incubation Hub/Cluster**

   A Test facility shall be established with complete testing of Hardware to meet the international quality requirements such as EMC, Safety Testing, RF, Microwave Testing, Environmental Testing, and Endurance Testing & Other Functional testings' etc.

2. **Continuous Process industry**

   The IT, ITeS, ESDM and Communication industry units shall be treated as essential industry and continuous process industry.

3. **Land Banks:**

   The State of Jharkhand shall create land banks in selected districts by acquiring land and demarcating them as IT Parks/ IT SEZs/EMC with provision of basic IT infrastructure and connectivity.

4. **Allotment of Government land**

   a. Allotment of Government land in Jharkhand to the IT Industry shall be made subject to availability, fulfilment of eligibility criteria by the applicant IT/ITES, ESDM Company and on payment of land cost & development cost, as determined from time to time by the allotment agency, and the concerned local Statutory/ Development Authority.

   b. Export oriented units will be preferred in land allotment, by the State.

5. **Power**

   a. IT industry shall be classified as industrial unit for the purpose of levying the industrial power tariff category. Industrial Power Certificate shall be accorded to all the IT/ITeS/ESDM connections (Power Meter), and exclusively used by the IT industry and Communications industry companies/units (as per GoI definitions) for their operations, even in multiple locations/meters. The effective date of application of the incentive of Industrial Power Category tariff, is from the date of issue of the said Certificate by the Govt. of Jharkhand.

6. Electricity Duty

Registered new IT / ITES/ESDM units will be reimbursed from payment of Electricity Duty from the date of commencement of production / activity for a period of 10 years for units in IT parks (including IT hardware and Telecom Hardware manufacturing units). The Electricity Duty would also be exempt for IT parks developed by IT companies for their own use. 100 % exporting IT/ITES/ESDM units under registration of STPI or other designated competent authority shall be reimbursed from paying Electricity Duty.

7. Local preference

All software and Hardware to be purchased by the Government shall have a local preference clause. Price preference of an amount determined by the IT and e-Gov department from time to time, shall be given to locally produced S/W and H/W and accessories and peripherals in all contracts provided the rest of terms and quality of goods remains same. The department will also select a list of 2 (two) items every year, which will be focussed upon for the next 5 years and will be provided special incentives under the purchase policy of the State. The local manufacturer shall be selected for supply of upto 50% of the tender quantity, if the price difference between their prices and L1 price is less than 25% and the local manufacturer agrees to supply at L1 price.The items shall be eligible for incentives if they are bid in the tender, are locally produced and meet the technical standards set for the purchase.

8. Single Window Assistance

The Government of Jharkhand may provide a person from Single Window system, dedicated to investment assistance to the company executing IT, ITeS, ESDM and e-Gov. projects in order to expedite the investment process.

9. Fixed Time approvals

a. Procedural reforms will be undertaken to provide timely approvals to the industry/investors within 2 (two) calendar months of filing requests acceptable to the government. This will involve:

i. All applications formats regarding starting of a new IT, ITeS, ESDM and communication unit or extension of existing unit shall be made available free of cost through internet at the departmental web site. Hard copies shall be made available at "Single Window Assistance booth" at Nepal House, Ranchi. All forms shall also be made available at offices of Resident Commissioners at various National and State headquarters.

ii. A Common Integrated Application for all permissions shall be designed and used.

iii. Red Flagging and Escalation of delayed issues at various levels and regular monitoring of the same shall be done by 'Single Window Assistance'.

10. Exemption from inspections

a. IT industry shall be exempt from inspections under the Acts and the Rules as under, barring inspections made for verification of specific complaints. The IT units are permitted to file self-certifications, in the prescribed formats for:

i The Factories Act, 1948

ii The Maternity Benefit Act, 1961

iii The Jharkhand Shops & Establishments Act, 1953

iv The Contract Labour (Regulations & Abolition) Act, 1970

v The Payment of Wages Act, 1936

vi The Minimum Wages Act, 1948

vii The Employment Exchanges (Customary Notification of Vacancies) Act, 1959

11. Late shifts for women

a. Permission shall be available for 3 shift operations with women working in the night shifts also for IT/ITES Units/ESDM Units/Companies, subject to the provision that the IT/ITeS/ESDM, Communication units self-certifying the precautions being taken in respect of safety and security of employees. The certificate (on a required format) regarding employee women working in shifts after the general shift shall be submitted to the Government every year.

b. The company employing women after general shift shall be responsible for escorting the employee women to and fro the workplace by armed security guards.

12. Air Cargo Complex

Setting up of an Air Cargo Complex is proposed in the State, near the Hardware production centre preferably. This would give the desired impetus to the export of Software and Hardware etc.

13. Demand generation and Citizen support

Government of Jharkhand will tie up with the industry to increase the demand for IT/ESDM/communication products and provide proper support to the citizen for acquiring digital devices.

4.3. Fiscal Incentives available to all units:

The fiscal incentives below are being made available to the entrepreneurs over and above the incentives provided by Government of India. They are:

1. **Income Tax Reimbursement**

Income Tax for all ESDM units started new within 5 calendar years of the Cabinet Approval of this ESDM Policy shall be reimbursed to the unit by the State. This reimbursement shall not be covered or be considered under the total cap placed on incentives at 25%.

2. Capital/Investment Reimbursement

10% of total investment by the unit in building, plant, machinery, testing equipment, tools and jigs etc., subject to a maximum of INR Ten crores.

3. Interest Reimbursement

The State shall reimburse 50% of the interest paid by the unit to Scheduled commercial Banks in India subject to a maximum of INR 1 crore. This reimbursement shall not be covered or be considered under the total cap placed on incentives at 25%.

4. Technology Acquisition

The state will reimburse upto 50% of the cost of technology acquisition upto a maximum of INR 1Crore every 5 years. This acquisition reimbursement would be valid for acquisition of new technologies which enhance the capacity and capability of the unit.

5. **Registration, Stamp duty and Transfer fees**

100% reimbursement of stamp duty, transfer duty and Registration fee paid by IT/ITeS and Communication technology industry including ESDM (as per GoI definition) companies on sale/lease deeds on the first transaction only. This incentive shall not be provided in case of Government land.

6. **Patent Filing**

a. The State shall reward an amount of INR 30 lacs for each Triadic patent filed by a company and issued by EPO, USPTO and JPO where the research on the patent has been done in Jharkhand and the company filing the patent is a resident of Jharkhand. (Triadic patents are a series of corresponding patents filed at the European Patent Office (EPO), the United States Patent and Trademark Office (USPTO) and the Japan Patent Office (JPO), for the same invention, by the same applicant or inventor. This is a reward and shall not be covered or be considered under the total cap placed on incentives at 25%.

b. The Government of Jharkhand wishes to encourage the filing of patents by companies/institutions located within the State. The Government therefore proposes to create a pool of resources for successfully filing of patents. Colleges in the State of Jharkhand starting courses for Patent Filers shall be reimbursed the cost of INR 25,000 per candidate passing out subject to a maximum of 20 candidates per year. This reimbursement shall be available to the first 5 colleges applying for the reimbursement only.

c. The State shall reimburse 100% of the cost of filing patent by the company/unit provided the patent is granted.

7. **Recruitment Assistance**

Recruitment assistance at the rate of INR 20,000 per employee for a minimum annual recruitment of 10 new IT/ITES professionals from the colleges located in physical limits of Jharkhand. The assistance shall be paid for employees whose tenure in the unit is minimum one year. This assistance will be managed and disbursed by a nodal agency nominated by the State. The assistance will be provided once each in 2nd, 3rd and4th year of starting the unit.

8. Employment Rebate on cost of land purchased

A reimbursement on the cost of the land will be provided at the rate of INR 30,000 per employee who is a resident of Jharkhand mentioned in Residential certificate for an individual issued by the State Government or has done above class 10th studies from Jharkhand. This reimbursement shall not be available for Mega IT projects. The reimbursement shall be available for three years (once in a year) from the start of operations. The payment will be subject to a minimum of 10 employees and also subject to total maximum of 80% of the land cost as determined by the allotment agency. Prescribed guaranties/securities would be taken from the sponsors of the project for the rebate.

9. **FAR Relaxation**

50% more FAR over and above the permissible FAR of the place will be allowed by the concerned Authority/Urban Local Bodies for IT/ITES/ESDM/ Communication units in earmarked areas/IT Parks /SEZs/EMC/STPs in consonance with other provisions of the prevailing Building Bye-laws. Necessary amendment, if required, will be done by concerned Authority/ Urban Local Bodies with requisite permission of the Department of Urban Development.

10. Transport reimbursement

A transport reimbursement of 50% of the Commercial Tax/VAT applicable in the State will be provided to importers of ESDM raw material for value addition from abroad. The reimbursement will be provided from port of landing in India to the ESDM hub at Ranchi, Jamshedpur or Dhanbad. Port of landing has been delineated earlier in the policy. The reimbursement shall not be covered or be considered under the total cap placed on incentives at 25%.

11. Power at Industrial rates

The Government shall ensure uninterrupted supply of electricity at industrial rates.

12. Reimbursement of Provident Fund

Reimbursement of PF to a maximum of 50% per month per employee of the provident fund paid by the unit for all created positions by units in the notified units for a period of 5 years, subject to the condition that such employment created is sustained for a minimum of 2 continuous years. The reimbursement will be paid only after the verification of employment data from the PF submission.

13. Product Certification

a. Reimbursement of testing charges incurred for getting the products tested from any lab domestic/abroad, subject to a maximum of INR 1 Lakh per product.

b. Reimbursement of 100% charges towards the annual certification fee paid to any certification body (domestic/abroad.) per model at actual, subject to max of INR 50,000/- per product.

4.3.1 Focus areas for specific incentives & facilitation

Apart from the above stated incentives that are available for IT companies from the ESDM industry, the Government of Jharkhand has focussed on areas for which additional incentives are available. These include:

1. Mega project
2. Tier II locations
3. MSMEs & Mid-Scale companies

4.3.1.1 Mega Projects:

Specially/tailor made package of incentives, shall be offered for establishing mega projects in Jharkhand. The incentives shall be available to units duly approved by the State Cabinet, for existing and new IT/ITES/ESDM companies / ESDM clusters/ IT Park / IT SEZ developers within the State.

1. Tailor made package of incentives shall be made available to leading-Edge-Technology projects which will cover all the incentives to be provided to that particular unit to the exclusion of incentives available to other Mega Projects under this policy.
2. Power Generation: Mega projects shall be allowed to operate and maintain a captive power generation plant (only New and Renewable energy as defined by Govt. of India), and a power distribution system for supplying electricity for running its operations. The Mega Projects shall be allowed to sell power on Power Exchange and also earn Carbon credits.
3. Solar Power: The Mega Project shall be provided a 15% capital reimbursement or INR 25 lacs, whichever is lower, on installation of solar power generation unit (of greater than 100KW) by existing as well as new

IT/ESDM company or IT infrastructure developer (exclusively for use of IT facility and its support services). The Capital reimbursement will be given only once to the developer/company, this will be in addition to reimbursement provided by the Central Government for setting up solar captive power. Solar Power generation units will also enjoy 50% reimbursement of electricity duty for a period of 5 years.

4. Reimbursement on cost of land allotted: A rebate on the cost of the land for 2 years will be provided @ INR 10,000 per employee to the mega IT Projects (defined elsewhere), subject to maximum of 80% of the land cost as determined by the allotment agency. Prescribed guaranties/securities would be taken from the sponsors of the project for the reimbursement.

5. The Government of Jharkhand will provide Single Window dedicated to investment assistance to the company executing mega project in order to expedite the investment process. The offices of a dedicated officer may also be considered in case of company executing project with capital investment of more than INR 500 crores.

4.3.1.2 Tier-II and III Locations

Tier II Locations are towns as classified by the State and which have good connectivity with State and National capital, lesser cost of living, lesser operations cost, availability of skilled human resources at lower cost, low commuting time, less costly commuting, but a good standard of living etc. As a matter of fact most possess first class living standards. These locations account for a substantial saving as compared to large cities. To promote Tier II locations and to motivate IT, ITeS, ESDM and Communication industry to set up their operations in Tier II cities, the following specific incentives are offered:

1. 50% exhibition stall rental cost or INR 50,000 whichever is lower, will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts. of space.

2. A total reimbursement of INR 10 crore divided equally among first 5 anchor units employing more than 150 professionals for IT or ESDM unit one in each district.

3. ESDM units shall be eligible for reimbursement of 100% of NET VAT paid per annum up to a maximum of 100% of the total fixed capital investment for different duration depending on the location of the unit as shown in the table below:

Sl. No.	Location of industry in Town	Duration Years
1.	A	5
2.	B	7
3.	C	9

(Location of the Towns/Townships shall be determined by State Government rules governing gradation of towns for purposes of travelling allowances and other allowances of Government of Jharkhand).

(Appropriate changes will be made in the policy to accommodate Goods and Services Tax (GST) when it becomes applicable in the State).

4.3.1.3 MSME and other Mid-Scale Units, Scheduled Caste, Scheduled Tribe, Women entrepreneurs and Underprivileged or Differently abled (Divyang) persons

The following incentives are available to such units which fall under the definition of MSME of Government of India and SC/ST beneficiaries, women entrepreneurs and Divyangs:

1) **Rent Reimbursement:** A reimbursement of 50% on lease rentals for the plug and play built up office space taken by the Start-ups / MSMEs/ first-generation technocrat entrepreneurs, SC, ST& Women entrepreneurs either in STPI, IT/Multi-purpose SEZs/IT Parks or in any notified private area/location, for a period of 5 years.

2) **Training Assistance:** A reimbursement assistance @ INR 10000 per IT professional employed within a period of two years of establishing the unit, and employed by that unit for a minimum period of 3 years.

3) **Bandwidth Reimbursement**: A reimbursement on Bandwidth for connectivity to the tune of 20% paid to Internet Service Provider (ISP) shall be available on duly self-certified bills of the start-ups/ MSMEs/ first-generation technocrat entrepreneurs, SC, ST& Women Entrepreneurs.

4) **Municipal Duties:** A three year moratorium on payment of all municipal duties.

5) **GoI Schemes:** Schemes like ASIDE, Credit Guarantee Fund Trust Scheme, Cluster Development Programme for MSMEs, Credit Linked Capital Subsidy

Scheme, Technology Up gradation Scheme being operated by Govt. of India and various other promotional schemes of different Ministries of Govt. of India are proposed to be suitably dovetailed for the benefit of MSMEs of the State. Efforts will also be made to suitably complement these schemes enabling the entrepreneurs to avail maximum advantage of these schemes. Other schemes for SC/ST beneficiaries and Women entrepreneurs etc., shall be leveraged.

6) **CST/VAT/GST** : ESDM units shall be eligible for reimbursement of 100% of NET VAT paid per annum up to a maximum of 100% of the total fixed capital investment for different duration depending on the location of the unit as shown in the table below:

Sl. No.	Location of industry in Town	Duration Years
1.	A	5
2.	B	7
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(Location of the Towns/Townships shall be determined by State Government rules governing gradation of towns for purposes of travelling allowances and other allowances of Government of Jharkhand).

Appropriate changes will be made in the policy to accommodate Goods and Services Tax (GST) when it becomes applicable in the State.

7) **Training Reimbursement: A** reimbursement of INR 15,000 per person shall be provided to the ESDM unit employing Divyang (Specially abled persons). A training reimbursement of INR 2,000/month/person for 3 months shall also be provided.

4.4. Only one group of fiscal incentives available to a unit

Only one group of fiscal incentives will be available to a unit from Jharkhand Government. In case the unit opts for obtaining fiscal incentives available in the Jharkhand ESDM Policy 2016 similar incentives available under the Jharkhand IT and ITeS Policy or any other independent policy by Jharkhand Government shall not be available to the unit, or vice versa unless otherwise specified in this policy. The unit shall be penalised in case of default.

5. Notified Industrial Parks for the purpose of M-SIPS

The Government of Jharkhand will support the ESDM industry in the State to avail the Central Government subsidy under Modified Special Incentive Package Scheme (MSIPS) notified on 27 July 2012. The State shall make efforts to get more areas notified as ESDM clusters, or as defined by Government of India from time to time.

6. Environment, health, safety & green initiative

The Government of Jharkhand will encourage Eco-friendly and Green initiative in the existing and new industry. As, Jharkhand is a naturally less polluted greener State, it is imperative for the State to be kept in a near pristine State as possible. Eco-friendly transportation modes will be encouraged, public transport within the IT Parks shall be adopted using CNG or Electric vehicles, CNG fuelling stations/ recharging stations for Electric vehicles will be built within State and IT Parks. The Jharkhand Government will launch initiatives to attract and channelize substantive investments in green and clean industries into the State.

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7. Trade secrets and IPR

The State shall enact legislations to strengthen safeguards and increase penalties to protect trade secrets and other forms of Intellectual Property and make it legally enforceable. Requirements for criminal penalties for trade secret theft, including via means of cyber theft, and strengthened procedures to protect trade secrets, are a priority for the State and shall be legally enforced.

8. Breach of conditions

The applicant availing benefits under the policy shall comply with all statutory laws and regulations of the State of Jharkhand and compliances as mentioned in this policy. In case of breach of any of the conditions mentioned anywhere in the Policy, the benefits availed under the Policy, shall be withdrawn and recovered along with interest @ 18% per annum from the date from which the benefits have been availed.

The applicant availing benefits under the Policy shall be subject to the conditions, procedures, instructions, clarifications or amendments issued, from time to time, for this policy and other applicable policies issued by Government of Jharkhand.