



## ABSTRACT

Information Technology Department - Information Communication Technology (ICT) Policy of Tamil Nadu, 2018 - Approved - Orders - Issued.

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### Information Technology (B3) Department

**G.O.(Ms).No.3**

**Dated: 09.03.2018**

**ஹேவிளம்பி, மாசி-25**

**திருவள்ளூர் ஆண்டு-2049**

**Read:**

G.O.(Ms)No.17, Information Technology Department, dated 29.07.2008.

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### ORDER:

In the Government Order read above, an Information Communication Technology Policy, 2008 was formulated by the Government to encourage the Information Technology (IT) and Information Technology Enabled Services (ITES) Sector and to increase Software production, exports and employment generation and to accelerate and sustain the growth of the IT Sector in the State.

2. The Hon'ble Minister for Finance in his Budget Speech for the year 2011-12, has announced as follows:

“Tamil Nadu has already become a global destination of choice for IT and ITES industries. IT exports in the State stand at Rs.40,000 crores in the year 2010-2011. This Government will continue to facilitate the growth of IT and ITES companies in the State, particularly by promoting industries in Tier II cities and in rural areas. Huge infrastructure already created in these Tier II cities will be put to full use by aggressively marketing the available space to potential IT companies. We will also initiate steps for attracting investment in the Computer Hardware sector. This Government will bring out a new Information Communication Technology (ICT) Policy which will be more investor friendly facilitating the growth of the Software and Hardware Industries.”

3. Pursuant to the above announcement, ELCOT was entrusted with the task of formulating the Information Communication Technology (ICT) Policy of the State. The draft 'Information Communication Technology (ICT) Policy' prepared by ELCOT was examined in great detail in consultation with various Government Departments. The suggestions made by those Departments and the decisions taken during the meeting chaired by the Hon'ble Chief Minister on 31.07.2017 have been incorporated.

4. The Government, after careful examination, have formulated the "Information Communication Technology (ICT) Policy, 2018" with 3 broad pillars viz, (i) Incentivizing investment, employment and intellectual capital creation, (ii) Integration with initiatives of Vision 2023 and (iii) Special attention to Start ups, Micro, Small and Medium Enterprises (MSME) and employment of women. The following are Vision objectives and Vision targets:-

### **Vision objectives**

The Government of Tamil Nadu as part of its Vision 2023 has envisioned the following for development of IT/ITES sector in the state:

- Availability of a dynamic information architecture
- Availability of Skilled workforce
- Knowledge Ecosystem comprising research organisations, universities, think tanks, and business organisations that focus on enhancing the knowledge base
- An economic and institutional regime that incentivises knowledge creation and entrepreneurship

### **Vision Targets**

The following have been identified as the targets for IT/ITES sector in Tamil Nadu:

- To make Tamil Nadu the number one State in the sector in India.
- To make Tamil Nadu the destination of choice for foreign investors in the IT/ITES sector.
- To attract incremental direct investment from foreign and domestic investors across the state.
- To create large scale employment opportunities.
- To ensure world class skill availability.
- To provide IT/ITES companies with the best business climate.
- To make Tamil Nadu as a cost effective destination with marginal operating cost, low cost of living and safe and secured social life for the development of IT / ITES.
- To encourage IT/ITES for masses, especially for youth of the state.
- To make available world class infrastructure with emphasis on promotion of Green IT / ITES.
- To enhance the quality of life of citizens through IT / ITES.
- To foster mass scale adoption of IT / ITES for achieving inclusive growth.
- To encourage new entrepreneurs and to establish Warehouses for Start-ups.
- To facilitate growth and usage of Tamil Computing.
- To achieve rapid development of IT / ITES sector in the southern districts of Tamil Nadu.

5. The provisions of the "Information Communication Technology (ICT) Policy, 2018" have been grouped under the following broad heads:

- i. Infrastructure
- ii. Skill Development
- iii. Incentives: Fiscal, Administrative, etc.
- iv. FSI and Open Space Reservation(OSR)
- v. Single Window Facilitation
- vi. Tamil Computing and Tamil Virtual Academy
- vii. New technologies

6. The "Information Communication Technology (ICT) Policy, 2018" is annexed to this order.

7. The Chairman and Managing Director, ELCOT will be responsible for the implementation of the policy at the field level and will also monitor the implementation and report the status to Government periodically.

8. This order issues with the concurrence of the Finance Department vide its U.O.No.11290/Ind/2018, dated 08.03.2018. This order comes into force with effect from 09.03.2018.

**(By Order of the Governor)**

**T.K. RAMACHANDRAN,**  
**Principal Secretary to Government.**

To

All Departments of Secretariat, Chennai – 600 009.

The Chairman and Managing Director (FAC), ELCOT, Chennai – 600 035.

The Commissioner of e-Governance and Chief Executive Officer,

Tamil Nadu e-Governance Agency, Alwarpet, Chennai – 600 018.

The Director, Tamil Virtual Academy, Chennai – 600 025.

The Managing Director, Tamil Nadu Arasu Cable TV Corporation Limited,  
Chennai – 600 008.

The Chairman, TANGEDCO, Anna Salai, Chennai - 600 002.

The Executive Vice Chairperson,

Tamil Nadu Industrial Guidance and Export Promotion Bureau, (Single window  
office), 19-A, Rukmani Lakshmi pathy Salai, Egmore, Chennai - 600008.

The Managing Director, Tamil Nadu Skill Development Corporation,  
Alandur Road, Thiru Vi Ka Industrial Estate,

SIDCO Industrial Estate, Guindy, Chennai - 600032.

The State Informatics Officer, National Informatics Centre, Chennai – 600 090.

The Chief Executive Officer, ICT Academy of Tamil Nadu, 2-7, ELCOT Complex,  
Developed Plots, Industrial Estate, Perungudi, Chennai – 600 096.

**Copy to:**

The Principal Secretary II to Hon'ble Chief Minister,  
Secretariat, Chennai – 600 009.

The Office of Hon'ble Chief Minister, Secretariat, Chennai – 600 009.

The Office of Hon'ble Deputy Chief Minister, Secretariat, Chennai – 600 009.

The Office of Hon'ble Minister for Information Technology,  
Secretariat, Chennai – 600 009.

The Senior Private Secretary to Chief Secretary to Government,  
Secretariat, Chennai – 600 009.

The Senior Private Secretary to Additional Chief Secretary to Government,  
Finance Department, Secretariat, Chennai – 600 009.

The Senior Private Secretary to Principal Secretary to Government,  
Information Technology Department, Secretariat, Chennai – 600 009.


The Resident Audit Officer, Secretariat, Chennai – 600 009.

The Content Creator (CMS) / Moderator (CMS) / Nodal Officer (CMS),  
Information Technology Department, Secretariat, Chennai-9.

(With a request to host the Government Order in the Government website)

Sf/Sc

// Forwarded / By Order //

  
Section Officer. 9/3/2018  
W. Stan  
9/3/18



**ANNEXURE TO G.O.(MS.) NO.3, INFORMATION  
TECHNOLOGY DEPARTMENT, DATED 09.03.2018**

**INFORMATION COMMUNICATION TECHNOLOGY  
(ICT) POLICY OF TAMIL NADU 2018**





**GOVERNMENT OF TAMIL NADU**

**INFORMATION COMMUNICATION TECHNOLOGY  
(ICT) POLICY OF TAMIL NADU 2018**





# ***Information Communication Technology (ICT) Policy***

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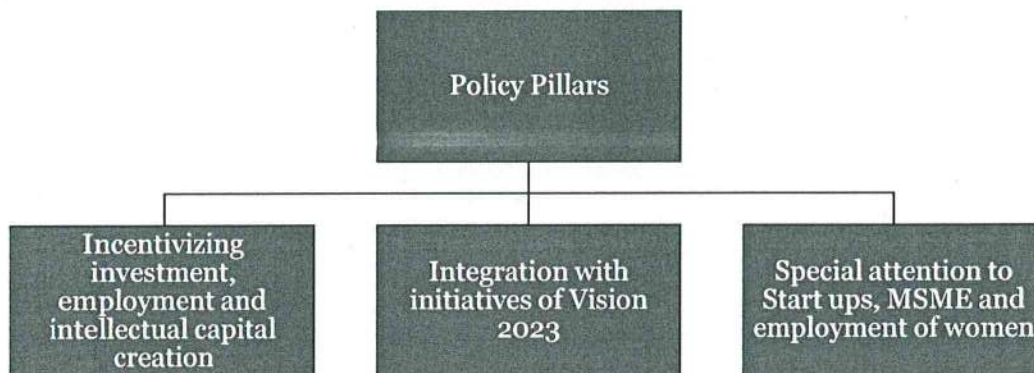
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## 1. Preamble

The Information Technology (IT) and Information Technology enabled Services (ITeS) industry has been one of the key driving forces fuelling India's economic growth. The industry has transformed India's image on the global platform. It has employed almost 10 million Indians and has consequently contributed a lot to social transformation in the country.

The Government of Tamil Nadu (hereinafter referred to as the Government or the State Government) on its part, has integrated its policy initiatives for the IT/ITeS sector with its own 'Vision 2023' in order to provide inclusive and all round development. The incentives have been carefully formulated to promote investment, employment and creation of intellectual capital in the IT/ITeS sectors. The Government has also focused on providing specific incentives towards Startups and MSME entities in the sector. (See Chart below)



In the above setting, the State Government has proposed to formulate a new Information Communication Technology (ICT) Policy with measures to address the specific needs of various segments within the industry

### 1.1. Competitive advantages of Tamil Nadu

Following are the major advantages of Tamil Nadu:

- Proactive, investor friendly and visionary leadership.
- Stable Government with investor-friendly policies.
- Large pool of English speaking and technically qualified work force.
- Reliable infrastructure.
- Availability of international and domestic bandwidth for communication with well-developed telecom network and high teledensity.
- High rate of urbanization.
- Establishment of Back offices of several Multi-National Corporations (MNCs).
- Institutional framework to promote industry academia interface

The following are the other advantages available to the industry in Tamil Nadu:

#### 1.1.1. Well Established IT & ITeS Infrastructure in Tamil Nadu:

There are 38 operational SEZs, out of which 18 SEZs are the IT / ITeS sector specific SEZs in the State. Around 246 IT Parks are in the Pipeline with a built-up space of 146 million sq. feet in Tamil Nadu.

IT parks are exclusively Export Oriented Units which focus mainly on Computer software and services related to them. Software Technology Parks of India (STPI) has established its parks in Chennai (headquarters), Trichy, Madurai, Tirunelveli, & Coimbatore.

On the other hand, SEZ particularly provides companies with many incentives, which in turn promote Foreign Direct Investment ("FDI") and technology into the state. Tamil Nadu houses many IT & ITeS specific SEZs.

### **1.1.2. Educational Excellence:**

Tamil Nadu offers the largest pool of technically qualified professionals in the country. The annual intake of 573 Engineering Colleges at Under Graduate level is 2.6 lakh students. Out of this around 37% students (~90,000) specialize in IT, Computer Science, Electronics & Telecommunication. Post Graduate courses like MCA (Master of Computer Application) specially designed to suit the needs of IT-BPO industry have an intake of around 18,000 students. ICT Academy of Tamil Nadu has been established on PPP basis for furthering Industry-Academia interface

### **1.1.3. Communication Infrastructure**

Tamil Nadu has an excellent OFC network and availability of reliable large bandwidth. With 3 Submarine Cables, Chennai has one of the largest bandwidth connected among Indian cities. One of these submarine cable has the largest bandwidth of 8.4 terabit per second (tbps). This cable links Chennai with Singapore. The Cable consists of 8 fibre pairs using DWDM Multiplexing with full capacity of 8.4 tbps when all 105 wavelengths are used. This cable connects with C2C Cable network, SEA-ME-WE 3 and Asia Pacific Cable Network. **South East Asia–Middle East–Western Europe 4 (SEA-ME-WE 4)** is an optical fibre submarine communications cable system that carries telecommunications between Singapore, Malaysia, Thailand, Bangladesh, India, Sri Lanka, Pakistan, United Arab Emirates, Saudi Arabia, Sudan, Egypt, Italy, Tunisia, Algeria and France. This cable also has a landing point in Chennai. The third submarine cable that has a landing point in Chennai is an India-Singapore Cable System. The cable with 5.12 terabit per second has significantly increased the existing bandwidth capacity into India, which is the second fastest growing communications route in the world. All the three Submarine Cables offer a combined bandwidth of over 14.8 tbps. Reliable availability of bandwidth has ensured emergence of Chennai as a Data Centre hub.

The Government will provide necessary co-ordination and ground work to improve tele-density and Broadband penetration and ensure 100% reliable and efficient telecom network throughout the State including through the Tamil Nadu State Wide Area Network (TNSWAN), National Knowledge Network (NKN), BharatNet and TamilNet Projects. The Government of Tamil Nadu has set up a State Data Centre and Disaster Recovery Centre, Cloud computing facilities, Common Service Centres etc. for enhancing citizen access to online Government services.

## **2. Vision for IT/ITeS sector**

### **2.1. Vision objectives**

The Government of Tamil Nadu as part of its Vision 2023 has envisioned the following for development of IT/ITeS sector in the state

- Availability of a dynamic information architecture
- Availability of Skilled workforce
- Knowledge Ecosystem comprising research organisations, universities, think tanks, and business organisations that focus on enhancing the knowledge base
- An economic and institutional regime that incentivises knowledge creation and entrepreneurship

### **2.2. Vision Targets**

The following have been identified as the targets for IT/ITeS sector in Tamil Nadu:

- To make Tamil Nadu the number one State in the sector in India.
- To make Tamil Nadu the destination of choice for foreign investors in the IT/ITES sector
- To attract incremental direct investment from foreign and domestic investors across the state
- To create large scale employment opportunities.
- To ensure world class skill availability.
- To provide IT/ITeS companies with the best business climate.
- To make Tamil Nadu as a cost effective destination with marginal operating cost, low cost of living and safe and secured social life for the development of IT/ITeS
- To encourage IT/ITeS for masses, especially for youth of the state

- To make available world class infrastructure with emphasis on promotion of Green IT & ITeS.
- To enhance the quality of life of citizens through IT & ITeS.
- To foster mass scale adoption of IT & ITeS for achieving inclusive growth.
- To encourage new entrepreneurs to establish Warehouse for Start-ups
- To facilitate growth and usage of Tamil Computing
- To achieve rapid development of IT & ITeS sector in the southern districts of Tamil Nadu.

### **3. Strategies:**

In order to promote Tamil Nadu as an ideal investment destination, the following strategies are planned:-

- Provide industry-grade skill up-gradation and training to the students to suit the requirements of industry and for obtaining gainful employment.
- Support Research & Development, Innovation and Entrepreneurship in IT/ ITeS Sector
- Widen the scope of IT base by encouraging new verticals such as Animation, Gaming & Digital Entertainment, IT Products & Services in Engineering, Retail, Health Management, etc.
- Encourage innovative entrepreneurs, Small & Medium Enterprises (SMEs), Women and socially challenged sections, etc., of the society, through special incentives and facilitation.
- Create appropriate institutional measures and supportive technology frameworks for Tamil Computing including standards and specifications
- To support early stage Technology Startups in Chennai with high quality physical working infrastructures and ancillary support with cost advantage.

The Government envisions setting up of hubs for Information Technology (IT) services like Software development and Product development and IT enabled Services (ITeS) like Business Process Outsourcing and Knowledge Process Outsourcing. The endeavor is to make Tamil Nadu the back-office capital of the world by attracting large scale information technology based back-offices for knowledge intensive businesses.

## **4. Definitions**

### **4.1. Definition of IT/ITeS Companies**

**IT-ITeS** companies will include IT Services (ITS), IT enabled Services (ITeS), Cloud Computing Services, Remote Infrastructure Management (RIM), and Software Industries, IT maintenance and servicing units and Hardware units. IT Services are broadly defined as Systems Integration, Processing Services, Information Services (IS) outsourcing, Packaged Software support and installation, Hardware support and installation.

**IT enabled Services** are human intensive services that are delivered over telecom networks or the internet for a range of business segments. IT/ITeS as a core business or the IT/ITeS component of the business alone shall be included within the scope of this Policy.

- IT/ITeS component of Medical Transcription
- IT/ITeS component of Legal Database processing
- Digital content development / animation
- Digital technology component of media and entertainment industry
- IT/ITeS component of Remote Maintenance activity
- Back office operations - Accounts/Financial services
- Knowledge Process Outsourcing
- Data Processing
- Call Centres
- Engineering and Design element of IT/ITeS infrastructure
- Geographic Information Services
- IT/ITeS component of Human Resources Services

- Insurance Claim Processing
- Payroll Processing
- Revenue Accounting
- IT/ITeS Support Centres
- Website Services
- Business Process Outsourcing ( BPO)
- Animation (a movie using a series of drawings, computer graphics, or photographs of two and three dimensional objects that are recorded in analog or digital media limited to the IT/ITeS component)
- Visual Effects (computer generated imagery using user friendly animation and compositing software limited to the IT/ITeS component)
- Gaming (A game involves human interaction with a user interface to generate visual feedback on a video device using electronic medium limited to the IT/ITeS component)
- Digital Comics (visual medium used to express ideas via images, often combined with text or visual information limited to the IT/ITeS component)
- Data Centre
- Social, Mobile, Analytics and Cloud (SMAC)
- IT/ITeS component of E-Commerce
- Digital Content creation
- E-Learning and Massive Open Online Course Content (MOOC)
- Digital Management and Technology
- Tamil Computing

## ***4.2. Definition of Communication providers***

**Communication Providers** include Class A, Class B and Class C - Internet Service Providers, Right of Way Memorandum of Understanding (MOU) holders, Basic Service Providers and Value added service providers like the Common Service Centres operators in the State.

## ***5. Key Components and Focus Areas of the Growth Driven Eco System***

### ***5.1. Areas of focus***

In the future, to improve IT/ITES Industries in Tamil Nadu, ELCOT and other Agencies will give more thrust in the following fields/areas in addition to existing business operations:-

- Social, Mobile, Analytics and Cloud (SMAC)
- E-Commerce portal for Government Departments
- e-Learning
- Massive Open Online Course content (MOOC)
- Content Creation
- Digital Management and Technology
- Business Intelligence Software and Analytics
- Data warehousing
- ESDM(Electronics system Design and Manufacturing) Training
- Tamil Computing

### ***5.2. Special Focus on Animation and Gaming***

The Government of Tamil Nadu will actively encourage Animation and Gaming Industry in the state. The incentives for investment in the animation and gaming space will be governed as per this Policy.

To attract and retain IT and ITeS investments in the State, necessary thrust will be given by the Government in the areas such as IT specific SEZs, power, telecom, legal including anti-piracy, data security mechanisms, IP rights, Foreign ownership rights and transportation infrastructure. Specific initiatives have been briefly described as under.

### **5.3. Infrastructure**

The Government in Information Technology Department has accorded administrative sanction and approval for establishing Warehouse for Startups at Chennai and Coimbatore and Startup Warehouse Board. Infrastructure facilities required for SMAC and Data Centers are being provided by the Government. It has also set up rural BPOs and Common Service Centres.

In order to facilitate overall infrastructure development, the Government has enacted the Tamil Nadu Infrastructure Development Act (TNIDA) and has also constituted the Tamil Nadu Infrastructure Development Board (TNIDB). The Government has also identified priority infrastructure projects across sectors and many of them are under implementation

#### **5.3.1. Information Technology Specific Special Economic Zones**

In order to make development more inclusive, Tier II cities such as Coimbatore, Madurai, Trichy, Tirunelveli, Hosur and Salem have been promoted as IT investment destinations apart from the Chennai region. To facilitate this, ELCOT has established ELCOSEZs (IT Specific Special Economic Zones) in the following eight locations:

- Chennai - Sholinganallur
- Coimbatore - Vilankurichi
- Madurai - Ilandhaikulam
- Madurai - Vadapalanji-Kinnimangalam
- Trichy - Navalpattu
- Tirunelveli - Gangaikondan
- Salem - Jagirammalayam
- Hosur - Viswanathapuram

ELCOT has created necessary basic infrastructural facilities in all the above ELCOSEZs. Companies desiring to set up units in the state can avail themselves of the facilities provided in these ELCOSEZs. The possibility of setting up ELCOSEZs in new locations will be explored based on demand and viability.

#### **5.3.2. Transport**

Tamil Nadu has well connected rail and road system. The Government will focus on developing Tier-II & Tier-III cities of Tamil Nadu as well as IT hubs around Chennai, by developing required infrastructure. Government is focused on further improving transport infrastructure in Tier II and III Cities to cater to the needs of Sector and spur investments in the state.

Tamil Nadu has also the unique distinction of being home to four International Airports

#### **5.3.3. Power**

Government of Tamil Nadu / TANGEDCO give priority to good quality and uninterrupted power supply to IT/ITeS companies located throughout the State of Tamil Nadu. Dedicated feeders will be provided for units requiring more than 10 MVA if they pay the entire cost. The electricity supply will be extended as per the norms fixed by TNERC. Industries that seek a second feeder from an independent source will be provided the same on payment of the feeder infrastructure cost. The Power tariff applicability for IT and ITES units shall be as per notification issued by Tamil Nadu Electricity Regulatory Commission (TNERC).

The Government of Tamil Nadu will fast-track power projects and endeavour to provide uninterrupted power supply to IT/ITeS units.

## 6. Skill Development

Skill Development is an important focus area of the Government. Assistance for skill enhancement is being provided as per the Tamil Nadu Rural BPO Policy. The Government is committed to skill development through the following initiatives:

- The Government has implemented the Skill Development Mission with strong industry linkages for Training and Skill Development. Emphasis will be given to ensure that students going to vocational streams can eventually link up with the academic stream and realize their aspiration for obtaining technical degrees through “Learn While You Work” programmes.
- Government of Tamil Nadu has already launched the scheme for Free distribution of Laptop Computers to the +2 School students studying in Government and Government aided schools and students studying in Government and Government aided colleges to facilitate their acquisition of better computer skills. This will make them ready to meet the expectations of IT/ ITeS sector.
- The Government of Tamil Nadu has instituted the ICT Academy of Tamil Nadu (ICTACT). This is a joint initiative of Government of India, Government of Tamil Nadu and IT Industry. Its prime focus is to improve the quality of students graduating from various institutions in the State, to make them industry ready and immediately employable in the ICT industry.

The Government will also provide skill development and upgradation in the following areas to meet the expectations of the IT & ITeS sector:

- The Government will take necessary efforts to impart employability skills to address the challenges of the IT/ITES industry.
- The Government will encourage industries to collaborate with colleges in creating centers of excellence in new technologies and research.
- Creation of Skilled workforce with a knowledge of foreign languages will be encouraged to enable them to compete in the international arena
- The National Knowledge Network (NKN) which is a National Level High speed Network for connecting academic institutions across India and also for linking with the global scientific community, will be leveraged for industry - academia interface.

## 7. Incentives

In order to promote employment throughout the State and for the benefit of the rural students, the Government has decided to extend higher levels of incentives and subsidies to the companies which are ready to invest in Tier II and Tier III cities such as Coimbatore, Madurai, Trichy, Salem Tirunelveli and Hosur as well as in rural locations.

### 7.1. Standard Fiscal Incentives

All IT/ITeS industries in Tamil Nadu (those who otherwise do not qualify for the structured package as defined in this Policy) will be eligible for the following standard incentives:

- i. Capital Subsidy and Electricity Tax Exemptions: Irrespective of the location of the project, new or expansion manufacturing units will be given a back ended capital subsidy and electricity tax exemption on power purchased from the Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) or generated and consumed from captive sources based on employment and investment in fixed assets / eligible assets as the case may be, made within the investment period as detailed below:

Investment in fixed assets / eligible fixed assets (INR crore)	Direct employment (in numbers)	Capital subsidy (INR crore)	Electricity tax exemption (in number of years) from date of commercial operation
5-50	500	0.30	2 years
50-100	500-1000	0.60	3 years
100-200	1000-2000	1.00	4 years
200-500	2000-4000	1.50	5 years



- ii. The proof of employment shall be provided in the form of EPF transactions or TDS deductions and payments. The subsidy shall be paid at the end of 3 years in A&B locations and 4 years in C location subject to satisfaction of conditions mentioned in the table above. (Please refer to 7.3 for classifications)
- iii. New or expansion IT/ITeS industries located in ELCOT promoted SEZs/IT Parks in A districts will be provided an additional capital subsidy of 50% over and above the eligible limit, enumerated in the table above.
- iv. New or expansion IT/ITeS industries located in B & C districts will be provided an additional capital subsidy of 10% and 25% respectively over and above the eligible limit, enumerated in the table above.

## 7.2. Special Incentives for MSME units

Financial Assistance will be provided to new and expansion MSME units in B and C locations subject to the following conditions:

- Units attaining a level of at least 50 employees within 3 years alone shall be eligible for this incentive
- Training would be provided free of cost through Tamil Nadu Skill Development Corporation (TNSDC) as per National Skill Development Corporation (NSDC) Norms (which include transport subsidy) to prospective employees who have requisite qualifications and need skill up-gradation.

The above mentioned assistance would be capped at 100 employees per year per unit for a maximum of 3 years.

- Startups and MSMEs will be provided a subsidy of 10% on lease rentals subject to a maximum of INR 2 lakhs per annum for a period not exceeding three years, on built up office space ranging from 1000 sq.ft to 5000 sq.ft leased by these units in Government promoted IT SEZs.
- The Government would facilitate tie up with reputed Business Analyst Firms to evaluate the strengths of MSMEs, so that MSMEs can market themselves in international markets.
- Government would support linkages of smaller IT/ITeS companies with bigger firms.

## 7.3. Fiscal Incentives (Structured package)

- a) For the purpose of administering this Structured package of incentives based on mandatory investment and employment criteria mentioned in this policy, the districts have been classified as under:

Locations	Description – Districts classification
A	Chennai, Tiruvallur and Kancheepuram
B	Other than A & C (20 Districts)
C	Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari.

- b) “Mega Project” for the purpose of this incentive means an IT/ITeS project, new or expansion, with the following investment ranges and employment criteria for the above locations as defined in the table below.

Criteria	Location		
	A	B	C
Investment range (INR crore)	500 and above	350 and above	200 and above
Employment (Minimum number of employees)	6,000	4,000	2,000
Timeline within which target is to be achieved (years)	3	3	4

- c) The IT/ITeS companies which make the investment for own use alone will be eligible for the incentives and subsidies.
- d) The structured package of incentives would be extended to industries on a case to case basis
- e) The investment period will be reckoned from the date of executing an MoU with the Government or any other date, as may be defined by the Government.
- f) IT/ITeS industries in existence in Tamil Nadu for over 10 years will be given suitable extra benefits for expansion projects over and above the normal structured package of incentives, subject to investing the minimum level of investment mentioned above.
- g) Employment criteria is a mandatory condition to claim fiscal incentive. The proof of employment shall be provided in the form of EPF transactions or TDS deductions and payments. The subsidy shall be paid at the end of 3 or 4 years.

The clause “c” to “g” are general in nature and applicable to all the three categories of districts uniformly.

#### **7.4. Special Incentives for B & C locations**

IT/ITeS units coming up in B and C locations will be given special incentives for setting up Sewerage Treatment Plant and Reverse Osmosis (RO) Plant.

#### **7.5. Reimbursement of Stamp Duty**

- **50% reimbursement** of stamp duty and registration fee will be given on transaction of land/building for IT/ITeS in C districts for first transaction of a particular land/building for the purposes of development of IT/ITeS industrial unit(s) considered in this policy. No reimbursement would be given for subsequent transactions for the same land/building. This will be conditional to the concerned entity putting up the facilities to commence the operations within three years from the date of the transaction. The certification in this regard will be undertaken by ELCOT. Category A,B and C locations are as defined as in clause 7.3 of this Policy.
- The rules for administration of this exemption will be notified subsequently

#### **7.6. Administrative Incentives**

- IT/ITeS companies are exempted from the provisions of Chapter II and III of the Tamil Nadu Shops and Establishments Act, 1947.
- IT/ITeS companies are exempted from the provisions of Section 5 (2) (a) (i) and (ii) of the Tamil Nadu Industrial Establishment (National and Festival Holidays) Act, 1958.
- IT/ITeS companies will be permitted to self-certify that they are maintaining the registers and forms as contemplated under
  - i. Tamil Nadu Shops and Establishment Rules, 1947
  - ii. Tamil Nadu Payment of Gratuity Rules, 1972
  - iii. Tamil Nadu Maternity Benefits Rules, 1964
  - iv. Tamil Nadu Contract Labour Rules, 1975
  - v. Tamil Nadu Minimum Wages Rules, 1953
  - vi. Contract Labour Act, 1970
  - vii. Payment of Gratuity Act, 1972
  - viii. Tamil Nadu Industrial Establishment (National and Festival) Holidays Act, 1958.
  - ix. Tamil Nadu Industrial Establishments (National and Festival)) Holidays Rules, 1959
  - x. Tamil Nadu Payment of Wages Rules, 1937
  - xi. Employment Exchange Act, 1959

- xii. Equal Remuneration Act, 1976
- xiii. The Workmen's Compensation Act, 1923
- xiv. Employees' Provident Fund & Miscellaneous Provisions Act, 1952

Flexibility in labour laws shall be adopted without compromising labour welfare, subject to applicable labour laws and within the parameters of the Industrial Employment (Standing Orders) Act, 1946 (Central Act 20 of 1946). The flexibility in working hours, working in three shifts and employment in night shifts may be allowed for women employees, provided; all necessary security arrangement, facilities of restroom and safe transportations are arranged; the employers have to ensure that night shift work may be carried out under the supervision of women supervisors and ensure the presence of women security officers. The employers may also constitute internal complaints committee as per the Sexual Harassment of Women at Work place Act, 2013.

This self-certification by the IT-ITES companies will be regarded as sufficient compliance with the requirements of the different Acts and the Rules made there under regarding the maintenance of registers and filing of the returns.

E-filing of returns will be implemented progressively after all the offices of the concerned Inspectors are computerized for receiving such returns to make the process efficient, effective, transparent and citizen-friendly.

Government will also take necessary action for introduction of Common Annual Returns in place of multiple returns and reduction in the number of registers maintained at present.

The Government will evolve appropriate mechanisms for ensuring the job security of IT Professionals at the same time keeping in mind the interests of the IT industry and industry practice in other States. The interventions will include encouraging movement away from services to product based industries, re-skilling of middle level employees, creating eco-systems for Start-ups and Angel Investments and so on.

### ***7.7. Quality Certification Financial Assistance for MSMEs***

MSMEs shall be reimbursed 50% of the costs towards certification subject to a maximum of INR 5 lakh for certifications listed in Annexure I. This incentive can be availed only once.

### ***7.8. Patent Filing Fiscal Incentive***

MSMEs shall be reimbursed 50% of the statutory fees for filing of patents. The reimbursement amount will be limited to INR 3 lakh for domestic patent and INR 5 lakh for international patent. This incentive can be availed up to 5 times in a period of 5 years. The headquarters of the IT/ITeS unit must be located in Tamil Nadu to avail this benefit.

### ***7.9. Market Development Assistance***

The state shall strive to promote IT sector by specialized exhibitions, stalls and seminars in state sponsored events and encourage marketing to the best possible extent.

## ***8. Relaxation of FSI***

Relaxation of FSI (Floor Space Index) to a maximum extent of 100% will be given in designated IT-ITES Parks all over the State. The certification in this regard will be undertaken by ELCOT.

## ***9. Open Space Reservation (OSR)***

### ***9.1. OSR for SEZ***

The provisions pertaining to OSR for SEZ's shall be as per the provisions of the G.O. (Ms).No. 200, Housing and Urban Development [UD4(1)] Department, dated 05.08.2013 included in the Annexure II to this Policy.

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## ***9.2. OSR for non SEZs***

The request of the IT-ITES companies for maintaining the Open space will be considered as per the Open Space Reservation (OSR) Rules under the Development Regulations of the Chennai Metropolitan Development Authority favorably. A similar provision will also be made in respect of areas falling outside the CMDA.

## ***10. Maintenance of Roads and Common Utilities***

The Government will adopt an eco-system development approach and attempt to develop the physical infrastructure required for the development of IT/ITeS industry. In case of SEZ or IT Parks, the developer shall be responsible for proper maintenance of internal roads, water distribution infrastructure, street lighting, drainage facilities, landscaping, and Green area, etc. The developers will be exempted from transferring the same to the Local bodies. But link roads to public roads should be handed over to Local Bodies. However, property tax shall be payable to Local bodies.

## ***11. Research and Development***

The Government will foster an environment that is conducive to IT Innovation and Research by instituting IT Innovation Awards, making space available in ELCOT promoted ELCOSEZ for innovators and researchers, creating a fund that can support and help incubate innovators etc. The Government of Tamil Nadu will explore the feasibility of setting up of research parks in the State. The Government will facilitate interaction between educational institutions and industries to set up research labs in a Public Private Partnership (PPP) model.

## ***12. Green IT/ITeS***

In order to ensure growth of the IT/ITeS Sector in an environmental friendly, sustainable and responsible manner, the Government will take steps to facilitate Green IT Parks as well as the stand alone units in such parks to get clearance relating to environment and other benefits. The Government will also institute Awards for promoting Green IT industry.

## ***13. Annual and Special Awards***

The Government will institute / select Annual Awards for excellence in export performance to the best IT/ITES industry in order to encourage IT/ITES companies to achieve maximum export from the State of Tamil Nadu.

**Special awards will be given to IT/ITeS units which give at least 4% employment opportunities to the differently abled persons.**

## ***14. Single Window Facilitation***

To avoid procedural delays for creation of IT infrastructure, Single window facilitation will be available for all IT-ITES industries through Tamil Nadu Industrial Guidance and Export Promotion Bureau for coordination with various Agencies such as Chennai Metropolitan Development Authority (CMDA), Directorate of Town and Country Planning (DTCP), Tamil Nadu Fire and Rescue Services (TNF&RS), Tamil Nadu Police, Tamil Nadu Pollution Control Board, Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) and Airport Authority of India (AAI) to get the clearances from them.

## ***15. Corporate Social Responsibility***

Government recognizes that companies assisted through a structured package of assistances have a responsibility to the society and community around their IT / ITES facilities. Investing IT/ITES companies in Tamil Nadu will be encouraged to participate in community and social development activities. Suitable provisions will be incorporated in the Memoranda of Understanding signed with such companies by following the provisions indicated in the Companies Act 2013 pertaining to Corporate Social Responsibility.

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## ***16. Mechanism for disbursal of Incentives***

A suitable mechanism that ensures speed and transparency for disbursal of incentives will be put in place. ELCOT is mandated to act as the implementation agency for the various incentives listed out in this policy. A committee will be constituted for this purpose to evaluate the proposals. Detailed guidelines governing this will be issued separately.

## ***17. Tamil Computing and TAMIL VIRTUAL ACADEMY (TVA)***

TVA will coordinate Tamil Computing related sectors with the following aims:

- To create necessary standard and architecture for Tamil Computing.
- To Develop Tamil Software for Government applications in the areas of Education, Commerce, Technology etc., and Maintenance and up gradation of software for Web server
- To create Incubation facilities for young entrepreneurs
- To facilitate online collaboration and dissemination in respect of Tamil language, culture and heritage.

## ***18. Connectivity***

- The Government of Tamil Nadu will facilitate single window clearance of all Right of Way applications for facilitating faster roll-out of connectivity in the State.
- The Government of Tamil Nadu will facilitate for installation of Base Transceiver Station (BTS) Towers and Exchanges by the Communication Service Providers.

## ***19. New technologies***

Government will encourage innovation and research in emerging technologies and also create an eco system for these technologies to thrive. The Government will encourage IT/ITES Companies in Tamil Nadu to take all steps to enhance awareness and impart training to their employees to upgrade the employability skills of their employees in the emerging technologies like:

- Artificial Intelligence, Machine learning and Robotics
- 3D Printing
- IT application in different sectors
  - Banking Financial Service Industries (BFSI)(FinTech)
  - Health and medicine (MedTech)
  - Agriculture ( AgriTech)
  - Online Education and training (Edutech) etc.
- Internet of Things (IoT)
- Block Chain Technology
- Data analytics

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## ***20. Conclusion***

The Policy endeavors to strengthen the position of Tamil Nadu in the IT/ITeS space and help in becoming the most preferred investment destination in the country.

## ***Annexure-I***

The following certifications to be eligible to avail reimbursement incentive

<b>Quality Certifications</b>	
ISI	Provided by BSI certifying conformity with Indian standards.
ISO 9000	Quality Management Systems standard related to quality of product.
ISO 27001	Standard pertaining security of information assets of organizations
CMM (level 2 upwards)	Framework for assessing and improving operational processes' effectiveness.
P-CMM	Framework for assessing and improving organization's human capabilities.
BS	Pertaining Information Security Management System
COPC	Performance linked standard certification in call centre industry.
eSCM	Performance linked standard certification in ITeS industry.
CCC & CE	Certification pertaining conformity with Chinese and European standards respectively.

## ***Annexure-II***

G.O.(Ms) No.200, Housing and Urban Development [UD4(1)] Department, dated 05.08.2013

## ***Annexure-III***

### ***Abbreviations:***

1. AAI - Airport Authority of India
2. BPO - Business Process Outsourcing
3. BTS - Base Transceiver Station
4. BFSI - Banking Financial Service Industries
5. BSI - British Standards Institution
6. CMM - Capability Maturity Model
7. CMDA - Chennai Metropolitan Development Authority
8. CMWSSB - Chennai Metropolitan Water Supply and Sewerage Board
9. COPC - Customer Operations Performance Centre
10. DTCP - Directorate of Town and Country Planning
11. DWDM - Dense wavelength division multiplexing
12. EPF - Employees Provident Fund
13. ESDM - Electronics system Design and Manufacturing
14. FDI - Foreign Direct Investment
15. ICT - Information Communication Technology
16. ICTACT - ICT Academy of Tamil Nadu
17. IoT - Internet of Things
18. ISI - Indian Standards Institute
19. ISO - International Organization for Standardization
20. IT - Information Technology
21. ITeS - Information Technology enabled Services
22. MVA - Mega Volt Amp
23. MCA - Master of Computer Applications
24. MNCs - Multi-National Corporations
25. MOOC - Massive Open Online Course

26. MOU - Memorandum of Understanding
27. MSME - Micro , Small and Medium Enterprises Department
28. NKN - National Knowledge Network
29. NOFN - National Optical Fibre Network
30. NSDC - National Skill Development Corporation
31. OFC – Optical Fiber Cable
32. OSR - Open Space Reservation
33. PPP - Public-private partnership
34. RIM - Remote Infrastructure Management
35. RO - Reverse Osmosis
36. SEZs – Special Economic Zones
37. SMAC - Social, Mobile, Analytics and Cloud
38. SSA – Secondary Switching Area
39. STPI - Software Technology Parks of India
40. TANGEDCO - Tamilnadu Generation and Distribution Corporation Ltd.
41. TDS - Tax Deducted at Source
42. TNSWAN - Tamil Nadu State Wide Area Network
43. TNIDA - Tamil Nadu Infrastructure Development Act
44. TNIDB - Tamil Nadu Infrastructure Development Board
45. TNERC - Tamil Nadu Electricity Regulatory Commission
46. TNSDC - Tamil Nadu Skill Development Corporation
47. TNF&RS - Tamil Nadu Fire and Rescue Services
48. TVA – Tamil Virtual Academy

## ***Annexure-IV***

### ***Definitions of Communication Providers:***

1. **Class A (National Area)** – This license is for Pan India operations.
2. **Class B (Telecom Circle/Metro Area)** – Class B license is issued for a total of 20 major states or any of the following Metro Cities – Mumbai, New Delhi, Kolkata, Chennai, Bengaluru. The Government keeps issuing notifications regarding territories declared as telecom circles and metro areas from time to time.
3. **Class C (Secondary Switching Area (SSA))** – This license is for only a particular secondary switching area. A secondary switching area is a government defined territory which could comprise several small villages, towns or even districts. A class C license holder will have access to any 1 particular SSA only, unless he applies for multiple authorizations under one unified License.

**T.K. RAMACHANDRAN**  
**Principal Secretary to Government**

//True Copy//

  
Section Officer 7/3/2018

  
7/3/18