

अनुलग्नक "क"

IT and ITeS Policy of Uttar Pradesh 2022
(First Amendment)

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1. Preamble

Globally, the IT and ITeS market is expected to grow at a Compound Annual Growth Rate (CAGR) of 9% per annum and reach \$11.86 trillion in Financial Year 2025-26. The IT and ITeS sector has emerged as a massive growth driver with enormous potential particularly in developing countries. In India, the sector has become the most significant growth catalyst for the economy contributing to around 8% of India's GDP in 2020 and the largest contributor to total exports. India's IT industry's revenue rose up to \$227 billion in Financial Year 2022-23, showcasing a 15.5% year-on-year growth. Based on the current trends and onset of new technologies, the industry is predicted to touch the \$350 billion revenue mark by Financial Year 2026-27. As a global hub for digital talent, India's IT sector employs an estimated 5 million people and is also the largest private sector employer of women. Uttar Pradesh (UP), the most populous state and second largest economy in the country, is known as the IT Hub of North India, holding sixth position in software exports in the country. The IT and ITeS sector in the state of UP provides direct employment to more than 0.12 million people. Under the UP IT/ ITeS Policy 2017-22, the state received investment proposals of around Rs 6,300 crores with employment of ~53,000 people.

The IT and ITeS sector has thrived as an emerging field over the past many years in the state of UP and has now become a necessity to survive the dynamic business environment. The government of Uttar Pradesh recognizes this dominance of the IT and ITeS sector and focuses on developing infrastructure and human capital through effective policy implementation to create a conducive ambience for the IT and ITeS industry. In this context, the state houses large number of universities, technical colleges and ITIs, thus making available high-quality manpower. Some of the country's apex institutes are situated in Uttar Pradesh that provide best-in-class infrastructure and education opportunities, including IIT Kanpur, IIT(BHU) Varanasi, MNNIT Prayagraj and IIIT Prayagraj.

The policy aims to build a robust ecosystem for the sector by enabling a sound business environment and by encouraging collaboration and consolidation towards creating a technological shift in the state through establishment of IT Cities, IT Parks and Centers of Excellence in emerging technologies such as AI, Blockchain, Big data, Cloud computing and IoT. It proposes to enable a conducive regulatory landscape to accelerate innovation and drive innovation specific funding, build strong industry-academia collaboration in line with global best practices and dedicated innovation hubs with best-in-class infrastructure. In congruence with the Hon'ble Prime Minister's vision of 'Digital India' and 'Reform, Perform and Transform', the Uttar Pradesh government is transforming itself into a digitally empowered society and knowledge economy, thereby paving its way to become a dream destination for investments in line with its goal to become a \$1 trillion economy by 2030.

Uttar Pradesh is categorized as an achiever state in the recent 'ease of doing business' rankings, has made big strides through implementation of several reforms spanning across labor regulation, land administration, access to information and transparency, online single window and construction permits. Udyog Bandhu a dedicated state government body, provides necessary assistance for investors planning to establish their business in the state. Also, Nivesh Mitra - a dedicated single window clearance portal offering 353 services from 29 departments, has been instituted to facilitate faster and time bound issuance of various approvals.

2. Policy Framework

2.1. Vision

Transform the IT landscape of Uttar Pradesh to establish it as a trusted and leading global hub for information technology, comprising world-class IT infrastructure infused with high caliber talent, driving innovation and leading to a sustainable economic development across the state.

Ensure an equitable and broad-based growth of the IT ecosystem by being inclusive of enterprises of all sizes. The policy aims to actively support and incentivize small, medium, and large IT/ITeS companies alike, with a focused emphasis on enabling the growth and participation of smaller and emerging firms. By creating a conducive and enabling policy environment, the State endeavors to

promote balanced sectoral growth, encourage entrepreneurship, and facilitate the scaling of enterprises across the value chain.

2.2. Strategic Objectives

The State of Uttar Pradesh through this IT and ITeS policy aims to achieve the following objectives:

- 2.2.1 Infrastructure:** Facilitate development of best-in-class infrastructure for IT/ITeS sector to meet the growing demand for innovative and advanced technologies by developing IT Parks, IT Cities in the state
- 2.2.2 Innovation:** Encourage innovation ecosystem by providing an enabling mechanism in the form of access to mentors, establishing CoEs and promoting R&D with a focus on emerging technologies
- 2.2.3 Capacity Building:** Enhance the skill levels of existing and young workforce on next generation technologies (such as Data Analytics, Internet of Things, Virtual Reality, Artificial Intelligence, Machine Learning etc.) and develop an industry-ready talent pool
- 2.2.4 Investments:** Promote investor facilitation and make UP a preferred investment destination for technology companies and attract domestic as well as foreign investments during the policy period
- 2.2.5 Exports:** Boost export potential of the state's IT/ITeS sector to contribute substantially more to India's exports in this sector including providing single window clearance for the units setting up in STPIs within Uttar Pradesh
- 2.2.6 Employment:** Generate state-wide direct and indirect employment opportunities by offering special incentives to boost local employment
- 2.2.7 Regional Development:** Drive IT penetration and balanced regional development through additional incentives for setting up IT/ITeS units across the state

3. Infrastructure Augmentation

Uttar Pradesh already hosts a good number of IT/ITeS companies who have established their operations in the state. HCL in collaboration with State Government of Uttar Pradesh has developed a dedicated IT city in 100 acres for operations and skill development activities. The state currently has operational STPI parks developed in collaboration with UP Government in Noida, Meerut, Lucknow, Kanpur, Gorakhpur and Prayagraj. Another IT Park in Agra will shortly become operational. Other STPI parks are being developed in Varanasi and Bareilly cities. The State Government shall provide impetus to the IT ecosystem by supporting the development of ready to occupy workspaces at an easy-to-commute location, that will allow IT/ITeS units to immediately commence their operations within the state. This policy proposes to undertake the following initiatives to develop infrastructure in the IT sector:

3.1 IT Park

- 3.1.1** The State Government will extend financial assistance towards development of greenfield IT Parks in every district of the state, except in districts of Gautam Buddha Nagar and Ghaziabad.
- 3.1.2** A support of 25% of the eligible capital expenditure incurred for development of IT Park shall be provided subject to a maximum support of Rs 20 Crores.
- 3.1.3** Capital expenditure shall comprise of expenditure incurred on building construction and infrastructural facilities, excluding the cost of land.
- 3.1.4** 80% of the incentives on eligible capital expenditure will be provided in four instalments based on expenditure incurred at 25%, 50%, 75% and 100% of total project cost. The

final 20% will be released after 50% of built-up floor area has been allotted/leased out to the units for their commercial operations.

- 3.1.5** 100% exemption on stamp duty will be granted on the purchase/lease of land by the developer.
- 3.1.6** The Government will provide support for development of external infrastructure facility i.e. Roads (by Public Works Department), Electrical Infrastructure (Energy Department). Support shall also be extended in obtaining building clearances.
- 3.1.7** Floor Area Ratio (FAR): FAR 3 and 1 (Purchasable, as per building by-laws prevalent at that time) applicable to IT parks.
- 3.1.8** Consortiums of developers will also be allowed.
- 3.1.9** Preferential land allotment on a fast-track basis will be done as per the policy provisions, terms & conditions of UP Industrial Investment and Employment Promotion Policy 2022.
- 3.1.10** IT Parks which host co-working spaces will also be eligible for the above incentives.
- 3.1.11** 75% land rebate and 40% capital subsidy (maximum capital subsidy upto Rs 400 Crores), to be provided to IT/ITeS Parks with investments exceeding INR 500 Cr (except in districts of Gautam Buddha Nagar and Ghaziabad), subject to the approval of the State Cabinet on the recommendations of the Empowered Committee.

3.2 IT City

- 3.2.1** IT city refers to an area where state-of-the art infrastructure exists to support IT/ITeS activities and promote the 'walk to work culture'. It consists of IT/ITeS office spaces/ IT park/ co-working spaces etc. with residential and commercial complexes that may include auditorium, food courts, gymnasium, conference halls etc.
- 3.2.2** The State Government endeavors to develop one IT city in each of the regions - Paschimanchal (except in districts of Gautam Buddha Nagar and Ghaziabad), Madhyanchal, Poorvanchal and Bundelkhand, and thus pave the way for furthering establishment of IT units across the state.
- 3.2.3** The Government encourages developers/consortium of developers for the development of a dedicated state-of-the-art IT city with modern amenities on par with global standards. Support shall be extended by means of following incentives:
 - Relaxation of zoning/ land use laws
 - Flexible Floor Space Index (FSI) norms applicability
 - Extend utilities doorstep support
 - Assistance in obtaining necessary statutory clearances
 - 100% exemption on stamp duty will be granted on the purchase/lease of land by the developer
 - CAPEX Support - One time support of 25% of the eligible capital expenditure shall be provided subject to a maximum support of Rs 100 Crores incurred for developing the IT city. Eligible capital expenditure shall comprise of building construction and infrastructural facilities, excluding the cost of land. Further, the capital expenditure incurred only in the processing area shall be considered eligible. Developer will get 80% of their eligible capital subsidy in four instalments in respect to the various stages of completion of the project from 25%, 50%, 75% and 100%. Last instalment of remaining capital subsidy of 20% will be disbursed only once the 50% of the built-up area is allotment/ leased to the units.

- 75% land rebate and 40% capital subsidy (maximum capital subsidy upto Rs 400 Crores), to be provided to IT/ITeS City with investments exceeding INR 500 Cr (except in districts of Gautam Buddha Nagar and Ghaziabad), subject to the approval of the State Cabinet on the recommendations of the Empowered Committee.

3.3 Co-Working Space Developers

3.3.1 The State Government will extend financial assistance towards development of co-working spaces in all districts of Uttar Pradesh.

3.3.2 A support of 25% of the eligible capital expenditure incurred for creation of co-working space shall be provided subject to a maximum support of Rs 20 Crores.

3.3.3 Subsidy shall be disbursed in equal annual installments over three years only once the **50%** of the seats is allotted/leased to IT/ITeS units.

3.3.4 Capital expenditure shall comprise of expenditure incurred on building construction/improvements/renovation and infrastructural facilities, excluding the cost of land.

3.3.5 For the establishment of co-working spaces on leased or rented premises, the minimum registered lease deed tenure shall be five (5) years.

4. Encourage Innovation Ecosystem

The policy proposes to build an ecosystem encouraging innovation through the following initiatives:

4.1 Centers of Excellence

- 4.1.1** Policy envisages to create world class infrastructure in the form of Centers of Excellence (CoE) to promote research, innovation and entrepreneurship in the IT/ITeS sector.
- 4.1.2** Policy aims to establish three Centers of Excellence in collaboration with reputed academic institutions and/or industry associations/industry or any other Govt./ Private entity up to 50% of the total CoE project cost (subject to a maximum of Rs 10 Crores.) will be borne by Government of UP.
- 4.1.3** The Empowered Committee shall be competent to grant sanction for setting up of the CoE.

4.2 R&D Support

The Government will support standalone / in-house R&D Centers and Design Centers recognized by Council of Scientific & Industrial Research (CSIR)/ Department of Scientific and Industrial Research (DSIR) or approved by Expert Committee constituted by the State Government for this purpose

- 4.2.1** Financial support shall be provided in the form of reimbursement (covering capital and operational expenditure) of 50% of the eligible R&D expenditure maximum up to Rs 5 Crores for one unit in the span of 5 years
- 4.2.2** 50% of the eligible reimbursement amount shall be provided on a half-yearly basis and the remaining 50% of the amount shall be disbursed post successful development of the product/R&D activity.
- 4.2.3** R&D activities which are to be incentivized through this provision are expected to be engaged in innovative research & development activities in the field of IT/ ITeS sector. Such R&D activities should be related to the line of business of the unit, such as the development of new technologies, design & engineering, product development, development of new methods of analysis & testing, and research for increased efficiency in the use of resources. At the time of application, the R&D unit(s) should have well

defined, time-bound R&D programmes leading to the development of innovative products and/or technology(ies). Units engaged solely in market research, work & methods study, operations & management research, testing & analysis of routine nature for operation, process control, quality control and maintenance of day-to-day production, and maintenance of plant shall not be considered as R&D centers

4.2.4 Existing units set up in UP incurring R&D expenditure for a new R&D activity will be eligible to avail incentives under this policy.

4.2.5 The proposal under this provision shall exclude any capital expenditure related to R&D equipment on which incentive has already been claimed under Section 6.

5. Skill Development

To fulfil the growing need for skilled IT manpower and narrow the existing gap between the demand and supply of skills, there is a compelling need to launch an initiative that will address the challenge of imparting the skills required by a growing economy. The Government through this policy will undertake the following initiatives for upskilling the existing and new workforce:

5.1 Encourage professionals/employees and students to complete certifications in emerging technology courses. The Government shall reimburse 50% of the course fee up to Rs 50,000 per candidate who is of Uttar Pradesh domicile. A standing committee comprising of IT/ITeS companies, industry associations, academic institutions etc. will advise on the list of training providers including their empanelment and determine the eligible courses, which may be revised on a periodic basis as per the industry trends and needs.

5.2 UP Skill Development Mission (SDM) will collaborate with leading industry players and academic institutions to deliver trainings on courses pertaining to IT/ITeS sector.

6. Incentives for IT/ ITeS Units

The State Government will provide multiple incentives for IT/ITeS companies who will set up their operations in Uttar Pradesh. Both new and expansion units across the state of Uttar Pradesh will be eligible to claim incentives under this policy.

6.1 Fiscal Incentives for New Units

New units fulfilling the following conditions shall be eligible for the incentives:

Region	Eligibility Criteria
Gautam Buddha Nagar and Ghaziabad	Minimum Fixed Capital Investment of INR 2 Cr
Rest of Uttar Pradesh	Minimum 15 employees on its payroll for IT and ITeS activities. All IT employees must be provided with a workstation, laptop, or IT device. These IT devices must be fresh investment. OR Minimum annual turnover of INR 5 Crore from IT and ITeS operations/services.

Note: The eligibility is subject to hiring of new employees for a continuous employment of one year

6.1.1 Capital Subsidy

Capital subsidy would be provided at the rate of 25% on Fixed Capital Investment (FCI), subject to a maximum subsidy of Rs 50 Crores to the eligible IT/ITeS units fulfilling the following criteria.

Region	Eligibility Criteria
Gautam Buddha Nagar and Ghaziabad	Minimum Fixed Capital Investment of INR 5 Cr
Rest of Uttar Pradesh	Minimum Fixed Capital Investment of INR 2 Cr

The disbursement shall be done in equal annual installments over five years post commencement of commercial operations, and each annual installment shall not exceed Rs 10 Crores.

6.1.2 Operating Expense Subsidy

The government, through this policy shall provide subsidy towards operating expenses incurred by IT/ITeS units. All eligible units can avail reimbursement on Eligible Operating Expenses.

- a. Units operating from owned/rented/plug and play facility, can avail reimbursement at the following rates based on the employee strength of the unit, however, the total monthly incentive that can be claimed on the eligible OPEX shall be maximum upto INR 25/-sq ft.

Region	IT Employee Strength	Subsidy Rate on Eligible Operating Expense
Gautam Buddha Nagar and Ghaziabad	>50	20%
Region	IT Employee Strength	Subsidy Rate on Eligible Operating Expense
Rest of Uttar Pradesh	15-50	40%
	51-100	30%
	>100	25%

Note: Eligibility is subject to hiring new employees for a continuous employment of one year

Units operating from co-working spaces, can avail reimbursement of cost incurred per seat per month at above applicable rates (based on region-wise employment generation) or INR 3,000 per seat per month, whichever is lower. These units will not be eligible for any other head covered under 'Eligible Operational Expenses' and subsidy will be reimbursed on a per-seat cost basis only. This shall be eligible for units who have a registered lease deed for a minimum period of 5 years.

- b. Additional Incentive for High-Potential Startups: DPIIT-recognized startups that have secured equity investment from SEBI-registered Venture Capital Funds (VCFs), Alternative

Investment Funds (AIFs), National Quantum Mission or any recognized national/international body or national mission/ government-supported Fund of Funds (FoFs) shall be eligible for an additional **50% enhancement over the applicable Operating Expense (OPEX) Subsidy Rate**, subject to the maximum subsidy ceiling and other conditions prescribed under the Policy. The enhanced subsidy shall be computed as a percentage increase over the applicable subsidy rate. For instance, where the applicable OPEX subsidy rate is 20%, the eligible startup shall receive a subsidy at the rate of 30%.

Region	IT Employee Strength	Subsidy Rate on Eligible OPEX Subsidy	High-Potential Startup OPEX Subsidy
Gautam Buddha Nagar & Ghaziabad	>50	20%	30%
Rest of Uttar Pradesh	15-50	40%	60%
	51-100	30%	45%
	>100	25%	37.5%

The operating expense subsidy shall be provided for a period of 5 years from commencement of commercial operations and overall amount shall remain capped at Rs 40 crores per annum.

Units employing between 15 and 100 employees (for rest of Uttar Pradesh) at the time of application shall be eligible to receive the operating expense subsidy at the applicable rate for an initial period of two years from the date of commencement of commercial operations. Continuation of the subsidy at the applicable rates, beyond the initial period, for the subsequent three years, shall be conditional upon the unit achieving a minimum twofold increase in employee strength or turnover, within the first two years from the date of commencement of commercial operations.

In the event that the unit fails to meet the aforesaid growth criteria within the stipulated timeframe, the operating expense subsidy shall continue at a reduced rate of 25% of eligible operating expenditure (OPEX) for the remaining eligible period.

6.1.3 Rebate on Land

- The Government will provide rebate on the land purchased in Uttar Pradesh subject to the fulfilment of the criteria mentioned in this policy.
- Reimbursement on the cost of land shall be provided subject to a maximum rebate of Rs 50 Crores and meeting the below region-wise minimum employment criteria.

Region	Minimum IT Employment	Land Subsidy
Gautam Buddha Nagar and Ghaziabad	200 IT Employees per acre of Land	30%

Paschimanchal (excluding Gautam Buddha Nagar and Ghaziabad) and Madhyanchal	150 IT Employees per acre of Land	40%
Bundelkhand/Poorvanchal	100 IT Employees per acre of Land	50%
<i>Note:</i> <i>List of districts falling in the Bundelkhand, Poorvanchal, Madhyanchal & Paschimanchal is provided in Annexure-1.</i> <i>The eligibility is subject to hiring new employees for a continuous employment of one year</i>		

- iii. The employment should be for a continuous period of one year.
- iv. The reimbursement shall be provided post commencement of commercial operations of the unit.
- v. The actual purchase price as per the registered document of the land shall be considered as the cost of land for the project (excluding stamp duty and registration charges). In case, the land is allotted by state agencies, the actual allotment price paid shall be considered as the cost of land (excluding Stamp duty & registration charges). On purchase of private land, the cost of land will be considered as per the prevailing circle rates or actual purchase price, whichever is lower.

6.1.4 Interest Subsidy

Interest subsidy shall be provided at 7% per annum on the term loan or the actual interest paid, whichever is lower on the loans obtained from Scheduled Banks/ Financial Institutions subject to a maximum of Rs 1 crore per annum per unit for a period of 5 years from the commencement of commercial operations.

6.1.5 Stamp Duty

100% exemption/reimbursement of stamp duty on purchase/lease of land/office space/buildings for IT/ITeS use.

The exemption shall be provided on submission of Bank Guarantee of equivalent amount of exemption availed which shall be refunded to the unit on commencement of commercial operations within the time limits stipulated in Section 8.3 of this policy.

The reimbursement shall be provided to units having legally registered lease agreement of a minimum duration of 5 years. The reimbursement shall be provided post commencement of commercial operations.

In respect of land purchased after the notification of the Uttar Pradesh IT and ITeS Policy, 2022, reimbursement shall be admissible upon issuance of the Letter of Comfort and commencement of commercial operations by the unit.

In case the land has been purchased after notification of the Uttar Pradesh IT and ITeS Policy, 2022 (First Amendment), the eligible unit shall be entitled to exemption from stamp duty, as per the applicable provisions of the Policy.

6.1.6 Grant on EPF for Employment Generation

100 percent reimbursement of the total EPF amount paid for IT/ITeS professionals of Uttar Pradesh domicile with employment for continuous 1 year, after commencement of commercial operations, up to Rs 2000 per employee per month and subject to a maximum of Rs 1 Crore per annum for 5 years for a unit.

6.1.7 Recruitment Assistance

- i. Recruitment assistance of INR 20,000 per IT professional in units located in Uttar Pradesh (excluding Gautam Buddha Nagar and Ghaziabad districts) subject to continuous employment of minimum 1 year and an annual recruitment of minimum 10 percent of the employee strength.
- ii. This assistance is only applicable for employees recruited for their first job and who have been deployed in UP-located units for at least a period of 1 year. The employee shall be of Uttar Pradesh domicile and from a UP-based college.
- iii. This benefit can be availed for a duration of 5 years, maximum upto INR 1 Cr per year, from the commencement of commercial operations.
- iv. A mechanism shall be developed in consultation with Technical Education Department, Vocational Education and Skill Development Department for assisting IT/ITeS companies in recruiting candidates from UP-based College and ensuring the delivery of benefits as per this provision.

6.1.8 Incentives for Certifications

Reimbursement of the cost incurred by an IT/ITeS company operating in the state on successfully securing quality & IT related certifications such as Capability Maturity Model (CMM) level 2 upwards, ISO 27001 for security, ISO 20000 for service management terminology, COPC, eSCM certification with maximum reimbursement of 3 certifications with total limit of INR 25 lakhs per unit. Such similar certifications related to this sector shall be included from time to time subject to approval of Empowered Committee.

6.1.9 Patent Filing Cost

To encourage research and development, support will be provided to cover patent filing costs incurred by units located within the state. This would be reimbursement of up to 100% of actual filing costs on awarded patents, subject to a maximum of INR 5,00,000 for domestic patents and INR 10,00,000 for international patents per unit.

The reimbursable 'filing cost' shall include filing fees paid to the patent office, attorney fees, search fees, and maintenance fees and the fees paid to the concerned Intellectual Property Right (IPR) companies and legal charges, if any for drafting/consultation. Only patents that are successfully granted/awarded will be eligible for reimbursement.

6.1.10 Work From Home (WFH)

The units shall be eligible to claim the benefit of EPF reimbursement and other employment linked benefits provided under this policy in respect of Uttar Pradesh based employees working from home/ such other premises located within Uttar Pradesh.

6.1.11 Payroll Subsidy

Eligible units shall receive reimbursement of the cost of salaries and emoluments paid to on-roll UP domiciled employees (including workers engaged in research and development), having continuous employment of at least 1-year.

a. In Gautam Buddha Nagar and Ghaziabad districts:

For employees who are domiciled in Uttar Pradesh the subsidy amount will be admissible to the unit over three years from the commencement of commercial operations, as follows:

Year of Operation	Permissible Payroll Subsidy Percentage	Maximum Limit
First	35%	35% of the salary received by the employee or maximum of INR 05 lakh of total annual salary, whichever is less.
Second	30%	30% of the salary received by the employee or maximum of INR 04 lakh of total annual salary, whichever is less.
Third	25%	25% of the salary received by the employee or maximum of INR 03 lakh of total annual salary, whichever is less.

Payroll subsidy will be maximum INR 10 crore per year for a period of 03 years

For the purpose of this subsidy, the basis of continuous employment maintained by the unit for the personnel during a financial year will be considered. Personnel who have worked for less than 12 months will not be included in receiving reimbursement under this head.

b. For Units established in the rest of Uttar Pradesh

For employees who are domiciled in Uttar Pradesh the subsidy amount will be admissible to the unit over four years from the commencement of commercial operations, as follows:

Year of Operation	Permissible Payroll Subsidy Percentage	Maximum Limit
First	50%	50% of the salary received by the employee or maximum of INR 07 lakh of total annual salary, whichever is less.
Second	40%	40% of the salary received by the employee or maximum of INR 06 lakh of total annual salary, whichever is less.
Third	30%	30% of the salary received by the employee or maximum of INR 05 lakh of total annual salary, whichever is less.
Fourth	25%	25% of the salary received by the employee or maximum of INR 04 lakh of total annual salary, whichever is less.

Payroll subsidy for units, to be established in districts other than Gautam Buddha Nagar and Ghaziabad, will be provided up to a maximum of INR 12 crore per year, for a period of four years.

For the purpose of this subsidy, the basis of continuous employment maintained by the unit for the personnel during a financial year will be considered. Personnel who have worked for less than 12 months will not be included in receiving reimbursement under this head.

Note: For Payroll Subsidy, only those employees employed by the unit who get Gross Salary more than INR 1 lakh per annum will be eligible.

(Gross Salary is the amount transferred by the Company to the employee's accounts as per industry best practice formula of Basic Salary, Dearness Allowance, House Rent Allowance, Conveyance Allowance, Medical Reimbursement, etc.)

6.1.12 Export Linked Incentive

Units shall be eligible for reimbursement of up to 25% of the annual export turnover generated from Uttar Pradesh, subject to a maximum ceiling of INR 20 lakh per annum, whichever is lower.

This incentive shall be applicable only to new units established and operating within the State of Uttar Pradesh.

The reimbursement shall be available for a period of five (5) years from the date of commencement of commercial operations of the eligible unit.

6.1.13 Skill Development Subsidy

Skill development subsidy in form of reimbursement at the rate of 50% of the costs for conducting training programs or Rs 50,000 per employee, whichever is lower, for course fee can be availed by the eligible unit, for maximum 500 employees subject to a ceiling of INR 50 Lakhs per annum for a period of 3 years from the date of commencement of commercial operations.

6.1.14 Relocation Subsidy

Eligible units may avail reimbursement towards one-time relocation expenses incurred for employees relocating to Uttar Pradesh from locations outside the State, limited to 50% of the actual expenditure, subject to a maximum of INR 50,000 per employee, and an overall ceiling of INR 1 Crore per unit. This benefit shall be admissible only for employees drawing a monthly gross salary exceeding INR 1,00,000, where gross salary shall comprise Basic Salary, Dearness Allowance (DA), HRA, conveyance allowance, medical reimbursement, and similar benefits. Reimbursement shall be allowed only once per employee under the policy, subject to fulfilment of prescribed conditions and submission of necessary documentary evidence as per applicable guidelines.

6.1.15 Internship Assistance

Assistance for creating internship opportunities in form of reimbursement at the rate of 50 percent of the costs subject to a ceiling of INR 5,000 per student per month, whichever is lower, capped to maximum 5 interns per annum for 3 years post commencement of commercial operations, incurred by eligible unit for payment of stipend to students having UP-domicile. The internship will be onsite at the location of the unit and should last for at least 2 months.

6.2 Benefits for Expansion Units

Expansion units shall be eligible to claim the following incentives:

- 6.2.1** Eligible expansion units will be eligible to claim capital subsidy at the rate of 25% on the incremental Fixed Capital Investment (FCI), subject to a maximum subsidy of Rs 50 Crores.
- 6.2.2** EPF reimbursement, payroll subsidy, skill development incentives, recruitment assistance, relocation subsidy shall be provided at the same rate and as per the terms and conditions mentioned above for new units. The average employee headcount during the year before expansion shall be considered as the baseline employee headcount. The incremental headcount over and above the baseline headcount is alone considered for employment-related benefits.
- 6.2.3** For units operating from owned/bare shell/plug and play facility, monthly operating expense subsidy at the rate of 25% (max upto INR 25 per sq ft) will be provided, on the eligible operating expenses in proportion to the percentage increase in headcount, upto a maximum of INR 40 Crore per year
- 6.2.4** For units operating from co-working spaces, monthly operating expense subsidy at the rate of 25% of the incremental seats taken, or INR 3,000 per seat per month, whichever is lower shall be provided, upto a maximum of INR 40 Crore per year.

6.3 Benefits for Units with investment exceeding INR 500 Cr

75% land rebate and 40% capital subsidy (maximum capital subsidy upto Rs 400 Crores), to be provided to IT/ITeS units with investments exceeding INR 500 Cr (except in districts of Gautam Buddha Nagar and Ghaziabad), subject to the approval of the State Cabinet on the recommendations of the Empowered Committee. The capital subsidy disbursement shall be done in equal annual installments over five years post commencement of commercial operations.

6.4 Non-Fiscal Incentives

- 6.4.1** Exemption from the purview of the UP Pollution Control Act, except in case of power generation sets of capacity of more than 25 KVA for IT/ITeS Industry.
- 6.4.2** Exemption for IT/ITeS industry from inspections under the acts mentioned in clause 6.4.3 and rules framed there under, barring inspections arising out of specific complaints. Under this provision, units shall be eligible for inspection only once in every 5 years
- 6.4.3** The IT/ITeS industry are permitted to file self-certifications (may be amended from time to time), in the prescribed formats for:
 - i. The Factories Act
 - ii. The Maternity Benefit Act
 - iii. The Shops & Establishments Act
 - iv. The Contract Labour (Regulations & Abolition) Act
 - v. The Payment of Wages Act
 - vi. The Minimum Wages Act

- vii. The Employment Exchanges (Compulsory Notification of Vacancies) Act
- 6.4.4** Permission to IT/ITES companies to have 24x7 operations (to run in three shifts) and employment of women in all three shifts.
- 6.4.5** The State Government as and when necessary, may notify certain IT/ITeS units as 'essential services'/ public utility services.
- 6.4.6** Floor Area Ratio (FAR): FAR 3 and 1 (Purchasable, as per building by-laws prevalent at that time) applicable to IT/ITeS units.
- 6.4.7** The above non-fiscal incentives are applicable for both new units and expansion units
- 6.4.8** The Department of IT & Electronics shall, in collaboration with State Development Authorities, Industrial Development Authorities and real estate developer associations, establish and maintain a unified digital portal serving as a single-window repository of all available land parcels and Grade A office spaces across Uttar Pradesh, to enable ease of access for investors

7. Implementation Framework

7.1. State Level Empowered Committee

- 7.1.1.** A State Level Empowered Committee formed under the chairmanship of the Chief Secretary shall oversee the development of UP IT/ITeS Policy and monitor its implementation.
- 7.1.2.** The Empowered Committee shall provide recommendations to the State Cabinet for approval of investment proposals greater than INR 200 Cr for development of IT City/ IT Park/ Large IT/ ITeS projects/ CoEs /R & D Center. The committee shall also be responsible for inter-departmental coordination and for grievance redressal of investors.
- 7.1.3.** The Constitution of the EC is provided in Annexure 2.

7.2. Policy Implementation Unit

- 7.2.1.** A Policy Implementation Unit (PIU) shall be established under the chairmanship of Additional Chief Secretary/Principal Secretary, Department of IT & Electronics. The Policy Implementation Unit shall take decisions on matters pertaining to effective and successful implementation of this Policy.
- 7.2.2.** The PIU shall be responsible for providing recommendations and approving the investment proposal worth up to INR 200 Cr for IT/ITeS projects/ IT City/ IT Park established in Uttar Pradesh. Investment proposals worth more than INR 200 Cr shall be recommended to the Empowered Committee for necessary approval. It shall provide timely redressal of any grievances and facilitate necessary guidance and support. In case, PIU is not able to decide on a particular issue, it shall be taken up to the Empowered Committee, chaired by the Chief Secretary.
- 7.2.3.** The Constitution of the PIU is provided in Annexure 3.

7.3. Nodal Agency

- 7.3.1.** UP Electronics Corporation Ltd. (UPLC) will be the nodal agency for implementing this policy.

7.4. Project Management Unit

- 7.4.1.** A dedicated Project Management Unit (PMU) comprising of outsourced professionals and consultants shall be constituted under the nodal agency to support and monitor the implementation.

8. Policy Period and Applicability

8.1 The Amended policy will come into effect on the date of its notification and will remain in force for the period of 3 years or till a new policy/amendment, whichever is earlier, is announced.

8.2 Incentives shall be available to the following units under this policy:

8.2.1. Proposals submitted after the notification of this policy.

8.2.2. Incentives under the policy are applicable for both the new units and the units proposing expansion.

8.3 The units availing incentives under this policy shall commence commercial operations within the following timelines:

Eligible FCI	Time limit for commencement of commercial operations
Up to Rs 200 crores	4 years from the date of issuance of Letter of Comfort (LoC)/ date of first investment, whichever is earlier
Greater than Rs 200 crores	5 years from the date of issuance of Letter of Comfort (LoC)/ date of first investment, whichever is earlier

8.4 Applications submitted on or after the date of notification of this Policy shall be eligible for consideration under this Policy. The benefits under this Policy shall be available only to New Units and Expansion Units that have incurred less than twenty percent (20%) of their proposed project investment prior to such notification and have not commenced commercial operations before the notification of this policy. Subject to fulfillment of other applicable conditions, only investments made after the date of notification of this Policy and within the timelines prescribed under Clause 8.3 shall be considered as Fixed Capital Investment and shall be eligible for incentives under this Policy. Investors that have incurred more than twenty percent (20%) of their proposed project investment shall be considered admissible for incentives under the UP IT and ITes Policy 2022.

8.5 Cases under previous IT/ ITes policies for which LOC has been issued will be governed by provisions of the previous policies.

8.6 Total incentives admissible to any unit or infrastructure project shall not exceed 100% of its Fixed Capital Investment.

8.7 All incentives are admissible only to units approved under the UP IT and ITes Policy 2022 (First Amendment).

Definitions

- a) **"IT Industry"** includes IT Hardware and IT/ITeS units/companies, where IT units/ companies include IT Applications, software and IT services and IT Enabled Services includes BPO/ KPO/Consulting /Animation/Artificial Intelligence/ Gaming and other Knowledge Industry units.
- b) **Software services** include the following: Application software, Operating system, Middleware/Firmware, any component level development, Design and Quality assurance work, System integration work/components, any localization and SCM work in the software and Extension development (modules outside the main software).
- c) **"IT"** is defined as any service which results from the use of any IT software over a system of IT products for realizing value addition. Information Technology (IT) services include:
- o Application software
 - o Internet Service Provider
 - o E-mail Service Provider
 - o Worldwide web Service Provider
 - o E-commerce and content development
 - o Electronic Data Interchange (EDI) Services
 - o Video conferencing
 - o V-SAT, ISDN services
 - o Electronic Data Center activities
 - o AI & Machine Learning – GenAI, Agentic AI, Multi-Agent Systems LLMs, Foundational AI research
 - o Data Computing – Cloud Infrastructure, Edge Computing, Quantum Computing
 - o Automation – Robotics, RPA (Robotic Process Automation), Intelligent process automation
 - o Aerospace / SpaceTech – Satellite technology, Space systems, Defence-adjacent digital platforms
 - o Semiconductors – Chip design, Fabrication support Semiconductor ecosystem development
 - o Connectivity – 5G/6G infrastructure, IoT networks, Next-generation communication
 - o Blockchain / Web3 – Distributed ledger technologies, Decentralized applications, Digital Identity
 - o Digital Experience – AVGC (Animation, Visual Effects, Gaming, Comics), AR/VR, Digital Twin, Immersive media technologies
 - o Advanced Manufacturing – Industry 4.0, Smart factories, Digital-physical convergence
- d) **"IT enabled Services"** include processes and services that are delivered over telecom networks or the internet to a wide range of business segments such as Medical Transcription, Legal Database processing, IT, Education and Training, Legal process outsourcing, IPR services, Digital content development / animation, Remote Maintenance, Back-office operations – Accounts/Financial services, Electronic, Medical and Health consultancy, Bio informatics, Data Processing and Call Centers etc. ITeS include, but are not limited to:
- o R&D
 - o E-commerce/ digital marketplaces/ online aggregators

- Global Capability Centers (GCCs)
 - BPM (Business Process Management)
 - Customer Interaction Services, e.g., call/contact centers and email help desks
 - Engineering and Design
 - Back Office Processing
 - Finance and Accounting (provided remotely)
 - Insurance Claims Processing (provided remotely)
 - HR Services (provided remotely)
 - Web site Development and Maintenance Services
 - Data search, Integration and Analysis network consulting and Management
 - Remote Education
 - Animation (provided remotely)
 - Gaming
 - Market Research (provided remotely)
 - Translation, Transcription and Localization (provided remotely)
 - Consultancy (provided remotely) for:
 - IT sector
 - ERP – Enterprise Resource Planning (e.g. SAP, Oracle etc.)
 - CRM – Customer Relationship Management
 - MRM- Marketing Resource Management
 - Technical support
 - Business Systems and Processes
 - Data Processing
 - System Integration and Customization
 - System Upgradation Services
 - Designing Systems
 - Call Centers: i. Voice- Both inbound and outbound ii. Data- Both inbound and outbound
 - Software Extension Development
 - IT Facilities Management (including provided remotely)
 - Such other services as may be notified from time to time
- e) Unit** means an IT/ITeS unit owned by an entity constituted as a company, partnership firm including a LLP, Society, Trust, Industrial Cooperative Society or Proprietary concern, which does not include a unit in the joint sector or public sector where the share capital of Government or a Government undertaking is 50% or higher.
- f) Expansion Unit** means an existing unit in Uttar Pradesh undertaking expansion, such that the existing headcount of IT employees on its payroll increases by 25% or by minimum 25 IT employees, whichever is higher, during the policy term.
- g) Fixed Capital Investment (FCI)** shall comprise of expenditure on building construction, leasehold improvements, interior partitions, furniture & fittings, electrical and plumbing installations, IT-

specific building services, plant and machinery (including computers, R&D equipment, networking hardware, and related assets), software, and infrastructure utilities. Land cost and expenditure on purchase of building are not included in FCI. Only expenses capitalized in the unit's books of accounts are considered as capital expenditure. Costs associated with building construction, building improvement, furniture and fixtures and infrastructure utilities are excluded if operations are from co-working/plug and play spaces.

h) State Agencies

- o Industrial Development Authorities
- o Housing Boards
- o Other State Institutions notified by the Government

i) IT City: An IT City requires minimum 20 acres of land which will be used in the ratio of 60:40 approximately as processing and non-processing area. The processing area would consist of only IT units like IT companies, BPO's, KPO's etc. The non-processing area would include residential facilities, public utility offices/facilities/commercial area, Education, Healthcare, and open spaces.

j) IT Park: An IT Park is constructed with minimum floor area of approximately 2,500 square meters for Lucknow, Kanpur, Agra, Prayagraj, Varanasi and 1,500 square meters for rest of UP. It may or may not include public utility offices/ facilities in the said premises. The area allotted for IT activities should be 75% of the allocable area. An IT Park contains most of the technological infrastructure similar to an IT city like optic fiber connectivity, Broad band connectivity, Wi-Fi access, Video conferencing facilities etc. IT Park is a subset of an IT City with entire area dedicated majorly on IT activities.

k) Commencement of Commercial Operations, shall mean the **date on which the IT/ITeS unit or infrastructure project officially begins its business activities**, marked by the generation of revenue, i.e. the date of the first commercial sale bill/ invoice raised by the entity through the provision of services or operations.

l) Eligible Operating Expenses (OPEX): Eligible Operating Expenses shall comprise of the following:

i. Lease Rentals

Reimbursement is provided for leasing office space for establishment of IT/ITeS units based on actual lease rent. This shall be eligible for units who have a registered lease deed for a minimum period of 5 years.

ii. Bandwidth Expenses –

Reimbursement is provided for actual expenses on bandwidth connectivity that has been paid to a licensed internet service provider.

iii. Data Center/Cloud Service Costs -

Reimbursement is provided for actual expenses incurred on availing Data Center or Cloud services for running operations of IT/ITeS Unit.

iv. Power Charges –

Reimbursement is provided for actual power tariffs paid towards energy consumed for running operations of IT/ITeS Unit.

m) Co-working Spaces: A co-working space means a shared office space that provides common infrastructure, services, and amenities required for the smooth functioning of a business. The applicant should have a minimum dedicated area of 1,000 sq mt for co-working activities, or atleast 100 seats, such that the space is occupied by multiple entities. Illustrative list of amenities and services includes the following:

- (i) Ready to use and plug-n-play facilities and furniture for each individual seat claimed*
- (ii) Technological equipment
- (iii) High-speed internet connectivity and IT support
- (iv) Printing, scanning and photocopy services

- (v) Conference room(s)
- (vi) Reception area
- (vii) Power supply
- (viii) Housekeeping services
- (ix) CCTV camera with monitoring and storage facilities.

Annexure 1: Classification of Districts

Poorvanchal	Bundelkhand	Madhyanchal	Paschimanchal
<u>Ayodhya Region</u> 1. Ayodhya 2. Ambedkar Nagar 3. Sultanpur 4. Amethi <u>Gorakhpur Region</u> 5. Gorakhpur 6. Deoria 7. Maharajganj 8. Kushinagar <u>Prayagraj Region</u> 9. Prayagraj 10. Kaushambi 11. Fatehpur 12. Pratapgarh <u>Varanasi Region</u> 13. Varanasi 14. Chandauli 15. Jaunpur 16. Ghazipur <u>Mirzapur Region</u> 17. Mirzapur 18. Sant Ravidas Nagar 19. Sonbhadra <u>Azamgarh Region</u> 20. Azamgarh 21. Ballia 22. Mau <u>Devipatan Region</u> 23. Gonda 24. Bahraich 25. Balrampur 26. Shravasti <u>Basti Region</u> 27. Basti 28. Sant Kabir Nagar 29. Siddharth Nagar	<u>Jhansi Region</u> 1. Jhansi 2. Jalaun 3. Lalitpur <u>Chitrakoot Region</u> 4. Banda 5. Chitrakoot 6. Hamirpur 7. Mahoba	<u>Kanpur Region</u> 1. Kanpur Nagar 2. Kanpur Dehat 3. Etawah 4. Auraiya 5. Farrukhabad 6. Kannauj <u>Lucknow Region</u> 7. Lucknow 8. Hardoi 9. Lakhimpur Kheri 10. Raebareli 11. Sitapur 12. Unnao 13. Barabanki	1. <u>Gautam Buddha Nagar</u> 2. <u>Ghaziabad</u> <u>Agra Region</u> 1. Agra 2. Firozabad 3. Mainpuri 4. Mathura <u>Aligarh Region</u> 5. Aligarh 6. Hathras 7. Kasganj 8. Etah <u>Moradabad Region</u> 9. Moradabad 10. Bijnor 11. Sambhal 12. Rampur 13. Amroha <u>Meerut Region</u> 14. Meerut 15. Bulandshahar 16. Hapur 17. Baghpat <u>Saharanpur Region</u> 18. Muzaffarnagar 19. Shamli 20. Saharanpur <u>Bareilly Region</u> 21. Bareilly 22. Badaun 23. Pilibhit 24. Shahjahanpur

Annexure 2: Constitution of Empowered Committee

S. No.	Designation	Role
1	Chief Secretary, Government of Uttar Pradesh	Chairperson
2	Infrastructure and Industrial Development Commissioner, Government of Uttar Pradesh	Member
3	Additional Chief Secretary/Principal Secretary, Finance Department, Government of Uttar Pradesh	Member
4	Additional Chief Secretary/Principal Secretary, Planning Department, Government of Uttar Pradesh	Member
5	Additional Chief Secretary/Principal Secretary, Micro, Small and Medium Enterprises (MSME) Department, Government of Uttar Pradesh	Member
6	Additional Chief Secretary/Principal Secretary, State Tax Department, Government of Uttar Pradesh	Member
7	Additional Chief Secretary/Principal Secretary, Energy Department, Government of Uttar Pradesh	Member
8	Additional Chief Secretary/Principal Secretary, Labour Department, Government of Uttar Pradesh	Member
9	Additional Chief Secretary/Principal Secretary, Revenue Department, Government of Uttar Pradesh	Member
10	Additional Chief Secretary/Principal Secretary, Housing and Urban Planning Department, Government of Uttar Pradesh	Member
11	Additional Chief Secretary/Principal Secretary, Urban Development Department, Government of Uttar Pradesh	Member
12	Additional Chief Secretary/Principal Secretary, Stamp and Registration Department, Government of Uttar Pradesh	Member
13	Additional Chief Secretary/Principal Secretary, Department of Information Technology and Electronics, Government of Uttar Pradesh	Member Secretary

Apart from this, as required, the Additional Chief Secretary/Principal Secretary of other departments shall be members of this Committee.

Annexure 3: Constitution of Policy Implementation Unit

S. No.	Designation	Role
1	Additional Chief Secretary/Principal Secretary, Department of Information Technology & Electronics, Government of Uttar Pradesh	Chairperson
2	Additional Chief Secretary/Principal Secretary or his nominated representative (above Special Secretary rank), State Tax Department	Member
3	Additional Chief Secretary/Principal Secretary or his nominated representative (above Special Secretary rank), Stamp and Registration Department	Member
4	Additional Chief Secretary/Principal Secretary or his nominated representative (above Special Secretary rank), Infrastructure and Industrial Development Department	Member
5	Additional Chief Secretary/Principal Secretary or his nominated representative (above Special Secretary rank), Finance Department	Member*
6	Additional Chief Secretary/Principal Secretary or his nominated representative (above Special Secretary rank), Labour Department	Member
7	Additional Chief Secretary/Principal Secretary or his nominated representative (above Special Secretary rank), Housing and Urban Planning Department	Member
8	Special Secretary, Department of Information Technology & Electronics, Government of Uttar Pradesh	Member
9	Managing Director, UPPCL or his nominated representative	Member
10	Managing Director, UPLC	Member Secretary