

CUSHMAN &
WAKEFIELD

DATA CENTER POLICIES IN INDIA

A STATE-WISE COMPARISON

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PREFACE

Data Center Policies in India – State-wise Comparison

The COVID-19 Pandemic has resulted in change & disruption across Industry Segments and Data Center Industry has been no exception. It can be firmly deduced that the disruption in the Data Center Industry, has had a lot more positive impact than negative, with the resultant future outlook indicating tremendous potential, not only for growth, but also, constant innovation & sustainability initiatives for the industry.

The disruptive actions (as a reaction to ensuring business continuity) across various industry segments, that began during 2020, became permanent during 2021, with companies and government agencies alike moving to the cloud or determining their hybrid IT strategy. Major cloud services continue to battle for market share in large and small markets alike, with an ever-growing number of markets/locations becoming data center hubs across the world.

In India as well, while key data center hubs of Mumbai, Bangalore, Chennai, Delhi NCR and Hyderabad have witnessed heightened activities – both on the supply and demand side, it has been heartening to observe that several of the State Governments have been quick to respond with initiatives & framework for facilitating the development and operation of Data Centers in India, through separate Policy Announcements, specific to the Data Center Domain.

The States, within India that have announced Data Center Policies are – Telangana, Uttar Pradesh, Tamil Nadu, West Bengal and Odisha. Several other States are also in the process of announcing their own separate policies and are at various levels of obtaining required approvals & consensus from various stakeholders within the State Government Framework. The Central Government of India had also announced the Draft Data Center Policy document under the aegis of the Ministry of Electronics and Information Technology, during 2020.

This document is a compilation of the policies and initiatives enabled by the State Governments, which have announced separate policies on Data Center – by providing a comparison across the following key areas (influencing the Development and Operation of Data Centers):

POWER & ENERGY

INFRASTRUCTURE

FISCAL INCENTIVES

NON-FISCAL INCENTIVES



STATE DATA CENTER POLICIES

COMPARISON OF KEY
INITIATIVES



DATA CENTER POLICY

Key Policy Initiatives across States

	TAMIL NADU	UTTAR PRADESH	TELANGANA	WEST BENGAL	ODISHA
	2021	2021	2016	2021	2022
 POWER & ENERGY	<ul style="list-style-type: none">100% subsidy on electricity dutyDual Power Grid availabilityExemption of 50% on wheeling chargesConcessional open access charges	<ul style="list-style-type: none">100% exemption on electricity dutyDual Power Grid availabilityExemption of 50% on wheeling charges100% exemption on transmission chargesOpen access availability	<ul style="list-style-type: none">Electricity will be provided at the cost of generationDual Power Grid availabilityAvailability of renewable energy under open access systemSubsidised fuel prices	<ul style="list-style-type: none">Waiver on electricity dutyDual Power Grid availability	<ul style="list-style-type: none">30% subsidy on power bill for 5 years100% exemption of electricity dutyDual Power Grid availabilityAvailability of renewable energy under open access systemSubsidised fuel prices100% reimbursement for transmission and wheeling charges75% reimbursement on cost of audit
 INFRASTRUCTURE	<ul style="list-style-type: none">Uninterrupted supply of waterSpecial building regulations	<ul style="list-style-type: none">Shall be classified as Essential ServicesUninterrupted supply of waterSpecial Provision in building norms	<ul style="list-style-type: none">Separate Infrastructure CategoryAccess to high speed internet and continuous supply of water	<ul style="list-style-type: none">Shall be classified as Essential ServicesAccess to high speed internet and continuous supply of waterSpecial Provision in building norms	<ul style="list-style-type: none">Separate Infrastructure CategoryShall be declaration as Public utility servicesAccess to high speed internet and continuous supply of water

*Only States within India which have announced separate Data Center policies have been compared

DATA CENTER POLICY

Key Policy Initiatives across States



FISCAL INCENTIVES



NON FISCAL INCENTIVES

TAMIL NADU	UTTAR PRADESH	TELANGANA	WEST BENGAL	ODISHA
2021	2021	2016	2021	2022
<ul style="list-style-type: none"> 50-100% concession on stamp duty depending upon the district category 25-50% subsidy on land purchase in few select regions for first 3 DC parks 50% subsidy on land purchase in few select districts 	<ul style="list-style-type: none"> 25-50% subsidy on land purchase in few select regions for first 3 DC parks 100% exemption of stamp duty on first transaction of land and 50% exemption on second transaction 60% reimbursement of interest 7% capital subsidy up to INR 20 cr on fixed capital investment excluding land and building 	<ul style="list-style-type: none"> Land at subsidized cost as decided by CCITI Up to 50% rebate on building fee as decided by CCITI 	<ul style="list-style-type: none"> 100% exemption on stamp duty 	<ul style="list-style-type: none"> 20% capital subsidy upto INR 25 Crore on FCI excluding land. 25% of FCI can be used as infrastructure development subsidy Land at subsidized cost as decided by IPR 100% reimbursement of conversion charges Up to 50% rebate on building fee and building plan approval cost 100% exemption on stamp duty for first transaction of land and 50% exemption on second transaction 25% subsidy on cleaner / greener initiatives 100% reimbursement of Net SGST
<ul style="list-style-type: none"> Exempt from inspections under the following Acts and the Rules <ol style="list-style-type: none"> Payment of Gratuity Rule The Factories Act The Maternity Benefit Act The Shops & Establishment Act The Contract Labour Act The Payment of Wages Act The Minimum Wage Rule The Employment Exchanges Act TN Industrial Establishment Holidays Act & Rules Equal Remuneration Act Employees Provident Fund Act 	<ul style="list-style-type: none"> Exempt from inspections under the following Acts and the Rules <ol style="list-style-type: none"> The Factories Act The Maternity Benefit Act The Shops & Establishment Act The Contract Labour Act The Payment of Wages Act The Minimum Wage Act The Employment Exchanges Act 	<ul style="list-style-type: none"> Exempt from inspections under the following Acts and the Rules <ol style="list-style-type: none"> Telangana Pollution Control Act The Factories Act, 1948 The Maternity Benefit Act, 1961. The Telangana Shops & Establishments Act, 1988 The Contract Labour, 1970 The Payment of Wages Act, 1936 The Minimum Wages Act, 1948 The Employment Exchanges Act, 1959 	<ul style="list-style-type: none"> Self-Certification under various Acts as notified by Empowered Committee 	<ul style="list-style-type: none"> Exempt from inspections under the following Acts and the Rules <ol style="list-style-type: none"> chapter VI of factories Act 1948 Section 9 , 10 , 11 and 23 of Odisha Shops and Commercial Establishment Act

CCITI – Consultative Committee on IT Industry

FCI – Fixed Capital Investment

IPR – Industrial Policy Resolution

*Only States within India which have announced separate Data Center policies have been compared

INDIA – DRAFT DATA CENTER POLICY 2020

Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

MEITY'S DRAFT DATA CENTER POLICY - 2020

Proposed Key Elements

1. INFRASTRUCTURE STATUS

Provide Infrastructure Status to the Data Center Sector at par with other sectors like Railways, Roadways and Power. The status will help the sector avail long-term credit from domestic and international lenders at easier terms and will give a boost to the investments.

2. SINGLE WINDOW CLEARANCE SYSTEM

A single-window, time-bound clearance system for all the approvals required to set up a data-Center parks.

3. SPECIFIC DATA CENTER ZONES

Demarcation of specific zones with necessary infrastructure such as roads, running water and electricity to set up data Center parks.

4. CLASSIFICATION AS "ESSENTIAL SERVICES"

Data Centers will be declared as an Essential Service under "The Essential Services Maintenance Act, 1968 (ESMA)" which means that there would be a continuity of services even during times of calamities or crisis.

5. EASE OF DOING BUSINESS

An Inter-Ministerial Empowered Committee (IMEC) would be set up under the Chairmanship of Secretary, MeitY, with participation from various Central Ministries and State Governments. It shall be the key decision-making body to facilitate the implementation of various measures as defined under this policy framework, enabling ease of doing business in the sector.

6. SKILL DEVELOPMENT

Collaboration with the Ministry of Skills Development and Entrepreneurship (MSDE) and leading academic institutes to impart large scale training to workforce on Data Center, Digital and Cloud technologies, and facilitate sector linkages for such trained workforce.

7. PRE-PROVISIONED DATA CENTER PARKS

Promote pre-provisioned Data Center parks, to enable 'plug and play' model for Data Center providers.

8. DATA CENTER INCENTIVIZATION SCHEME

Formulation of Data Center Incentivization Scheme (DCIS) which will specify the intended beneficiaries, applicability criteria and fiscal and non-fiscal incentives for the sector.

9. DATA CENTER ECONOMIC ZONES

Setting-up at least four Data Center Economic Zones (DCEZ) in the country, as a Central Sector Scheme - DCEZ Scheme. DCEZs would create an ecosystem of Hyperscale Data Centers, Cloud Service Providers, IT companies, R&D units and other allied industries.

10. OWN POWER GENERATION UNITS

In order to address the issues around the high consumption of power, data Center parks would be encouraged to set up their own power generation units and use renewable energy.

11. DATA CENTER EQUIPMENT MANUFACTURING

Strengthening the Atmanirbhar Bharat initiative by identifying possible opportunities of manufacturing of data Center equipment (IT as well as Non-IT) in the country. The Policy also identifies possible areas of participation by micro, small, and medium enterprises and start-ups.

12. DATA CENTER INDUSTRY COUNCIL

An independent Data Center Industry Council (DCIC) is proposed to be set up, which would act as an interface between the sector and the Government.

KEY ELEMENTS OF DATA CENTER POLICIES ACROSS STATES



TAMIL NADU DATA CENTER POLICY

Fiscal Incentives	
Land Cost Subsidy (Only for Govt. Land)	In category "C" districts. Data Centers can avail a 50% subsidy on land cost from ELCOT/SIPCOT/SIDCO. On private lands procured for Data Center/parks, 50% subsidy on the cost of land as per guideline value shall be given up to an extent of 10 acres and subject to land cost not exceeding 20% of EFA and a cap of Rs.2 crore and with at least 70% of land being used for Data Center operations
Provision for Sublease and subsidy	Data Center parks shall be allowed to sub-lease the land/buildings to Data Center units without any sublease or transfer charges in case of lands allotted by ELCOT/SIPCOT/SIDCO.
Stamp Duty Exemption	"A & B" Category Districts - 50% stamp duty concession will be given for purchase/lease of land obtained from ELCOT/SIDCO/SIPCOT "C" Category Districts - 100% stamp duty exemption will be given for purchase/lease of land obtained from ELCOT/SIDCO/SIPCOT
Building Rules	Separate building rules available
Employment Generation/ Training Incentive	A training subsidy of up to Rs.10,000/- per person trained per month (for up to 6 months) per Data Center unit shall be provided, capped at Rs.1 Crore per Data Center for the duration of the policy period.

MSME's Benefits	
<ul style="list-style-type: none"> The Government will take special initiatives to develop an MSME Centric service ecosystem for DC's. Local MSMEs already in the business of facility management and Hardware Maintenance will be specially trained to suit the requirement of Data Centers. Data Centers that use the services of Tamil Nadu based MSMEs for on - site services as sub - contractors to the Facility Manager will be reimbursed 10% of the remuneration paid to them, subject to a maximum of Rs.10 lakhs per Data Center. This subsidy shall be applicable only for the first two years. 	

Start Ups/ SME's Benefits	
R&D Grants	The State will co-ordinate with authorized agencies such as ETDC, NIC, SETS, STQC, NASSCOM and CADC to create a collaborative eco-system for Research and Development.

Power & Energy	
Subsidy on Electricity Tariff	Power at prevailing industrial tariff rates as per the governing TNERC regulations
Electricity Tax Waiver	100% subsidy of Electricity Tax on power purchased from the Tamil Nadu Generation and Distribution Corporation Ltd. or generated and consumed from captive sources for 5 years from the date of commencement of commercial operation.
Concessional Open Access Charges	As per the latest Tariff Order this charge is 50% of the conventional charges for Data Center units.
Cross Subsidy	As per the latest tariff order, State Government charges 60% of the conventional cross-subsidy charge for Wind Energy and 70% of the conventional charge for Solar Energy respectively, for third-party open access consumers. The same shall be extended to Data Center units /Data Center parks.
Provision for Dual Power from Grid	(Data Center units or parks with a sanctioned load of 50 MW or more shall be provided)
Additional feeder facility	An additional feeder shall be provided to developer if the sanctioned load of the Data Center unit /Data Center park is more than 100 MW as a Deposit Contribution Work (DCW).
Augmentation of Power	TANGEDCO on best effort basis will augment the supply of power to Data Centers/parks (in MVA) from 11 kV, 33kV, 110 kV and 220 kV substations by 50%.

Infrastructure	
Access to continuous water supply	Yes
Provision for Education and skill development	Yes (ELCOT will work with ICT Academy to design and conduct courses specific for Data Center operations)

Non Fiscal Incentives	
Single Window Clearance	The single window portal offers more than 100 services/clearances from 14 departments. Clearance for setting up Renewable Energy plant for DC's has also been onboarded to the Single Window Portal

ELCOT – Electronics Corporation of Tamil Nadu Limited

SIPCOT – State Industries Promotion Corporation of Tamilnadu Ltd

SIDCO – Small Industries Development Corporations

TELANGANA DATA CENTER POLICY

Fiscal Incentives	
Captive Equipment Subsidy (Power Generation System)	Yes (As decided by the Govt. of Telangana)
Land Cost Subsidy (Only for Govt. Land)	Yes (As decided by CCITI & concerned ministers)
Building Rules	Up to 50% rebate shall be given on building fees as decided by CCITI
Patent Filing	Patent Application Reimbursement INR 2,00,000 per Indian patent INR 10,00,000 per foreign patent

Non Fiscal Incentives	
Industry Classification as "Essential Services"	Yes
Exempt from Acts and Rules	Exempt from the following: <ul style="list-style-type: none"> ✓ Purview of Telangana Pollution Control Act ✓ Purview of statutory power cuts. ✓ Inspections under the following Acts and the Rules ✓ The Factories Act, 1948 ✓ The Maternity Benefit Act, 1961. ✓ The Telangana Shops & Establishments Act, 1988 ✓ The Contract Labour (Regulation & Abolition) Act, 1970 ✓ The Payment of Wages Act, 1936 ✓ The Minimum Wages Act, 1948 ✓ The Employment Exchanges Act, 1959
Uninterrupted Power Supply Provision	Yes
Single Window Clearance	Yes

Infrastructure	
Separate Infrastructure Category Status	Yes
Separate land earmarked for Data Centers	Yes
Provision to Setup own facility	Yes
Govt. Operated Built up space availability	Yes
Govt. managed data storage facilities	Yes
Access to High-Speed fiber	Yes
Access to continuous water supply	Yes
Provision for Security	Yes
Provision for Education / Skill Development	Yes

Power & Energy	
Subsidy on Electricity Tariff	Yes (Power at the cost of generation)
Provision for Dual Power from Grid	Yes
Captive Power & Renewable Energy provision	Yes (Permission to avail renewable energy under open access system from within the state after paying cost component to DISCOMs)
Subsidy of fuel for backup power	Yes (Fuel at a price lower than the market rates to eligible players)

Start Ups / SME's Benefits	
Procurement	Additional preference shall be given to Startups/SMEs for procurement of data center services
Lease rental subsidy	25% Subsidy on Lease Rentals up to INR 5,00,000 per annum for a period of 3 years
R&D Grants	The Government of Telangana will facilitate to provide specific R&D grants to companies in tune of 10% of overall R&D expenses of the company's Telangana operations or 2% of annual turnover of company's Telangana operations or INR 5,00,000, whichever is lesser.
Internet Costs	Data Center Startups shall be provided 25% reimbursement on internet charges up to a maximum of INR 2,50,000 per year for the first three years.
Patent Filing Costs	The cost of filing and processing a patent application will be reimbursed to data Center startups subject to a limit of INR 2,00,000 per Indian patent awarded and INR 10,00,000 for foreign patent

CCITI – Consultative Committee on IT Industry

SME – Small and Mid Size Enterprise

DISCOM – Distribution Company

UTTAR PRADESH DATA CENTER POLICY

Fiscal Incentives	
Captive Equipment Subsidy (Power Generation System)	7% capital subsidy up to INR 20 cr on fixed capital investment (FCI) excluding land and building.
Land Cost Subsidy (Only for Govt. Land)	i. 25% land subsidy on purchase/lease of land from state agencies in Madhyanchal, Pachimanchal regions, 50% in Bundelkhand, Purvanchal regions (limited to 7.5% of total project cost or 75 cr) ii. Leasing of agricultural land for solar park iii. Subsidy shall be given to first 3 DC parks after notification of the policy iv. shall not be applicable to DC units in DC parks, if subsidy has already been availed by DC parks
Provision for Sublease and subsidy	DC parks shall be allowed to sublease land/building without any sublease or transfer charges
Stamp Duty Exemption	100% exemption on first transaction (Landowner to DC Park) and 50% exemption on second transaction (DC Park to DC Units)
Interest Subsidy on Loan	Upto 60% of annual interest for 7 years subject to INR 10 cr per year

Non Fiscal Incentives	
Industry Classification as "Essential Services"	Yes
Exempt from Acts and Rules	Exempt from the following Acts: The Factories Act The Maternity Benefit Act The Shops & Establishment Act The Contract Labour Act The Payment of Wages Act The Minimum Wage Act The Employment Exchanges Act

Power & Energy	
Subsidy on Electricity Tariff	Yes 50% on wheeling charges on intrastate sale of power for 25 years 100% for intrastate transmission system for 25 years 100% for energy import from other state for 5 years
Provision for Dual Power from Grid	Yes Dual grid line power supply shall be provided to first 3 DC parks established in the state

WEST BENGAL DATA CENTER POLICY

Fiscal Incentives	
Stamp Duty Exemption	100% exemption of stamp duty and registration fees
Building Rules	Separate building rules available

Non Fiscal Incentives	
Industry Classification as "Essential Services"	Yes
Exempt from Acts and Rules	Self-Certification under various Acts to be notified by Empowered Committee will exempt these from inspections under those Acts except inspections arising out of specific Complaint

Power & Energy	
Electricity Tax Waiver	Yes (Waiver of electricity duty on the actual electricity consumption for 5 years)
Provision for Dual Power from Grid	Yes
Captive Power & Renewable Energy provision	Yes (Companies willing to establish captive firms shall be extended support from the Government for obtaining approvals and permits through a single window)
Subsidy of fuel for backup power	Yes (Government shall explore ways to provide affordable power backup infrastructure to the companies setting up their data centers.)

Infrastructure	
Access to High Speed fiber	Continuous uninterrupted power supply and Internet Connectivity shall be facilitated for the Data Centers set up across the State
Access to continuos water supply	Continuous uninterrupted and high-speed water supply to the data centers will be facilitated by Webel. In addition, Data Centers will be supported to set up captive water treatment plants while for the Data Center Parks, Webel shall ensure setting up of such as part of common infrastructure.

ODISHA DATA CENTER POLICY

Fiscal Incentives	
Land Cost Subsidy (Only for Govt. Land)	Yes (By IDCO as per Industrial Policy Resolution)
Stamp Duty Exemption	100% exemption of stamp duty on first transaction and 50% exemption on second transaction
Land Conversion Charges	Reimbursement of 100% of land conversion charges payable for converting land from agricultural use to industrial use
Infrastructure Development Subsidy	25% of FCI in building & State-of-the-art infrastructure with all basic amenities such as internal roads, water, power and other common facilities , excluding cost of land, limited to Rs.10 Cr.
Capital Subsidy	Capital subsidy will be provided @ 20% of FCI-fixed capital investment (excluding) land cost , subject to an upper cap of Rs. 25 crores per Data Centre Unit.
Interest Subsidy	5% of term loan from Banks/ Financial Institutions limited to Rs. 25 crore for 7 years.
Clean & Green Incentives	25% subsidy on cleaner / greener initiatives/production measures will be provided limited to Rs.1 Crore by way of reimbursement
Energy Audit	Reimbursement @75% of cost of Energy Audit subject to a cap of Rs.2 Lakhs.
Internet Bandwidth Subsidy	The Data Centre Unit shall be entitled for reimbursement of 25% of internet bandwidth/ leased line/fiber connectivity charges subject to a maximum of Rs.25 lakhs per unit for a maximum period of three years
GST Incentive	Eligible units will get 100% reimbursement of Net SGST paid in cash on its outward supplies of goods and services for a period of maximum 7 years limited to 100% of FCI

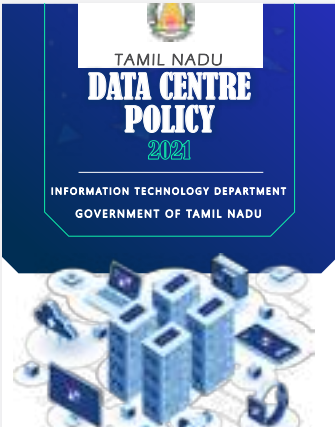
IDCO - Odisha Industrial Infrastructure Development Corporation

Non Fiscal Incentives	
Industry Classification as "Essential Services"	Yes
Exempt from Acts and Rules	<ul style="list-style-type: none"> Exempt from inspections under the following Acts and the Rules <ul style="list-style-type: none"> ✓ chapter VI of factories Act 1948 ✓ Section 9 , 10 , 11 and 23 of Odisha Shops and Commercial Establishment Act

Power & Energy	
Subsidy on Electricity Tariff	Power bill subsidy @30% for 5 years from the date of commencement of commercial operations, subject to an upper limit of Rs.2 Crores)
Exemption of Electricity Duty	100% exemption on electricity duty & electrical inspection fee upto a contract demand of 5 MVA for a period of 10 years & Industrial Power Tariff will be applicable.
Provision for Dual Power from Grid	Yes
Transmission and Wheeling Charges	100% reimbursement for Transmission and Wheeling charges for power consumption from captive renewable plant set up in the State
Captive Power & Renewable Energy provision	DC Units shall be permitted to consume renewable energy procured directly from power producers in the State through open access system)
Subsidy of fuel for backup power	Yes (Fuel at a price lower than the market rates to eligible players)

Infrastructure	
Separate Infrastructure Category Status	Yes
Declaration as Public Utility Services	Yes
Access to High-Speed fiber	Yes
Provision to Setup own facility	Yes
Continuous supply of water	Yes
Uninterrupted Power Supply Provision	Yes
Provision for Education / Skill Development	Yes

ANNEXURES



Tamil Nadu Data Center Policy 2021



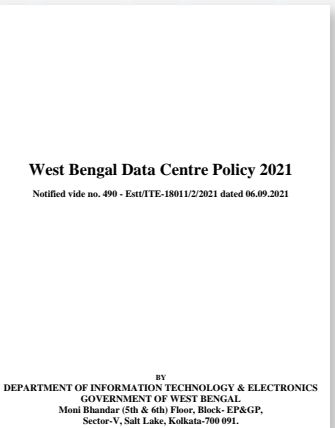
India Draft Data Center Policy 2020



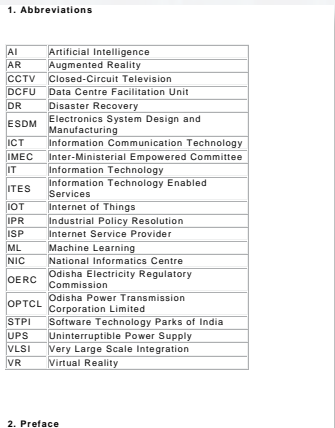
Telangana Data Center Policy 2016



Uttar Pradesh Data Center Policy 2021



West Bengal Data Center Policy 2021



Odisha Data Center Policy 2022



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