

FAQs

To promote the Information Technology and Electronics System Design and Manufacturing (ESDM) Industry in Gujarat and to attract entrepreneurs to set up units in Gujarat, the Government of Gujarat has declared the IT Policy 2016-21 and Electronics Policy 2016-21 vide G.R. dated 12th February 2016 and 29th February 2016 and the Start-Up Policy for IT/ITeS & Electronics Sectors vide G.R. dated 6th June, 2016. The Department of Science & Technology (DST) undertakes following activities for implementation of this policy:

- Registration of units as 'New' / 'Existing' Unit.
- Facilitation of investments including coordination with key infrastructure support providers
- Monitoring of investment progress and feedback reporting to the government
- To provide much needed impetus to the Start-Ups and give additional support and nurturing for Electronics & IT/ITeS start-ups.

IT/ITeS Policy 2016-21

Q. 1 How is the Horizontal IT/ITeS Park and Vertical IT/ITeS Park defined?

- **'Horizontal IT/ITeS Park'** means a site which is developed during the operative period of policy in a minimum area of 5 acres in which 70% of saleable/leasable area is allotted to at least three IT/ITeS units.
- **'Vertical IT/ITeS Park'** means new development undertaken during the operative period of policy in the nature of either a vertical development in the shape of a tower or a group of towers with minimum 100,000 sqft of saleable/leasable area; out of which 70% of saleable/leasable area is allotted or to be allotted to at least three IT/ITeS units or a vertical development in the shape of a tower or a group of towers with minimum 3000 seat capacity built by any IT/ITeS unit of which 60% capacity is actually occupied during the operative period of the policy

Q. 2 What are the benefits given to eligible IT/ITeS Parks?

- Allotment of land for Horizontal IT/ITeS Parks investing in the State subject to availability and eligibility criteria as determined by the State Government.
- Capital subsidy @ 25% of fixed capital investment with a ceiling of Rs. 25 crores
- Capital subsidy for Vertical IT/ITeS Parks @ Rs. 300 per sq.ft. for built-up area with a ceiling of Rs. 25 crores

- 100% reimbursement of Stamp duty/Registration fee/Conversion fee
- Tariff subsidy @ Re. 1 per unit on power tariff and electricity duty for five years
- Assistance scheme to MSMEs for purchasing land and plot

Q. 3 What is definition of an eligible IT/ITeS Unit?

Any IT/ITeS unit with minimum 10 employees on its payroll, setting up its operations in Gujarat during the operative period of this policy or an existing IT/ITeS unit in Gujarat undertaking expansion and/or diversification will be eligible for availing incentives under this policy. For IT/ITES units being setup in the Gujarat International Finance Tec – City (GIFT), the minimum requirement of 10 employees will not apply.

Q. 4 What does Expansion/Diversification mean as per your policy?

“Expansion and/or Diversification” means an existing unit in Gujarat undertaking 6 seat capacity expansion such that total seat capacity as well as head count of employees on its payroll goes up by 50% of current seat capacity or by 1000 persons, whichever is lower, during the operative period of the policy.

Q. 5 What does ITeS include?

IT Enabled Services (ITeS) implies service rendering through application of IT and will include the following:

- (a) Call Centres (
- (b) Medical Transcriptions
- (c) Back Office Operation/Business Process Outsourcing (BPO)/ Knowledge Process Outsourcing (KPO)
- (d) Revenue Accounting and other ancillary operations
- (e) Insurance claim Processing
- (f) Web/Digital Content Development / ERP / Software and Application Development
- (g) Financial and Accounting Processing
- (h) HR & Payroll Processing
- (i) Bioinformatics

(j) IT enabled banking, non-banking services including insurance, pension, Asset Management and market related services

(k) Depository and Security registration and dematerialization services

Q. 6 What are the benefits given to eligible IT/ITeS Units?

- Capital subsidy to IT/ITeS units @ 25% of capital expenditure for one time purchase of Computers, networking and related hardware, subject to a ceiling of Rs. 1 crore.
- 100% reimbursement of stamp duty/registration fee on sale/lease/transfer of land
- Lease rental subsidy for IT/ITeS units for five years
- Interest subsidy to eligible IT/ITeS units
- VAT/CST/GST incentive for eligible IT/ITeS units
- Incentive on Power Tariff & Electricity Duty for IT/ITeS units
- Employment Generation Incentive through EPF Contribution
- Patent assistance @ 50% for domestic & international patents with ceiling of 2 lakhs & 5 lakhs respectively
- Assistance to IT/ITeS units @ 50% of cost of stall/brochure/promotion material for travelling to international trade fairs & exhibitions
- Support to R&D @60% of project cost with a ceiling of Rs. 50 lakhs which includes the testing facilities also
- An assistance @ 50% of cost for Industry Recognized Quality Certification with a ceiling of 6 lakhs in five years
- Assistance @ 50% of the fees paid for getting Industry Recognized Skill Certification with a maximum of Rs. 10,000 per employee with a ceiling of 1 lakh per year per unit

Q. 7 What is the procedure to avail any benefits/incentives under IT/ITeS Policy 2016-21?

In order to avail benefits under the IT/ITeS Policy 2016-21, the unit shall intimate the Competent Authority in the Government by an Expression of Interest as per Annexure 1 to this scheme. (Procedure mentioned in the scheme of the scheme point no. 5)

Q. 8 Which type of applications we considered as an Expression of Interest?

- a. Any application, in whatever format, received by the Government in Industries & Mines Department or in Department of Science & Technology or under any of their subordinate offices, for benefits under IT Policy of the State Government (2014-19), made after 14th Nov 2014 till the issuance of this Scheme, will be deemed to be an application for Expression of Interest under this scheme.

- b. Any IT/ITeS unit with minimum 10 employees on its payroll, setting up its operations in Gujarat during the operative period of this policy or an existing IT/ITeS unit in Gujarat undertaking expansion and/or diversification will be eligible for availing incentives under this policy. For IT/ITES units being setup in the Gujarat International Finance Tec – City (GIFT), the minimum requirement of 10 employees will not apply.
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Electronics Policy 2016-21

Q. 1. What are eligibility criteria for setting up of Electronics Manufacturing Clusters (EMCs)?

The assistance under the scheme shall be available to applicants, for the purposes of eligible activities as specified above in relation to the development of EMC. Provided that for the project to be eligible for assistance, processing area in EMC, in area terms, shall not be less than 80% of the total area of EMC and 60% of processing area has to be allotted to ESDM units.

Q. 2 What are the benefits given to eligible Electronics Manufacturing Clusters (EMCs):

- Capital assistance @ 25% of the project cost as per the slabs as mentioned in the policy.
- 100% reimbursement of the stamp duty as well as registration fee to Greenfield EMCs
- 100% reimbursement for electricity duty paid by it for a period of 5 years from the date of approval of EMC.
- EMCs will be given power tariff subsidy at Re. 1 per unit for five years
- Government to contribute towards the cost for creating a feeder or sub-station to EMCs for uninterrupted and quality power supply with a ceiling of 5 crores

Q. 3 What are the benefits given to eligible Electronics System Design & Manufacturing (ESDM):

- Capital subsidy to the ESDM units as per the slab structure mentioned in the policy:
 - ESDM units of GFCI up to 10 crores shall get 10% of GFCI with a ceiling of 1 crore.
 - ESDM units of GFCI above 10 crores and up to 1000 crores shall subsidy of Rs. 1 crore plus 5% of incremental GFCI above 10 crores with a ceiling of 25 crores
 - ESDM units of GFCI above 1000 crores shall get subsidy of 25 crores plus 5% of incremental GFCI above 1000 crores with a ceiling of 100 crores.
- VAT Incentive –VAT refund equal to 90% of Net Tax paid by ESDM units
- Interest Subsidy –
 - 7% for borrowings up to 10 crores with a ceiling 1 crore per annum

- Subsidy of Rs. 1 crore for borrowings of more than 10 crores & less than 1000 crores plus 2% of borrowings in excess of 10 crores every year with a ceiling of 5 crores.
 - Subsidy of Rs. 5 crores for borrowings more than 1000 crores plus 1% of borrowings in excess of 1000 crores every year with a ceiling of 10 crores per annum
- Power tariff subsidy of Re. 1 for ESDM units
 - Exemption from Electricity Duty for 5 Years
 - Employment Generation Grant – Employer PF Contribution reimbursement for new employees added on its payroll and the unit shall get this benefit for five years
 - Support to R&D Institutions - 60% of the Project Cost (Max Rs.50 Lakhs)
 - Quality Certifications (QC) - 50% of the cost of QC (Max Rs.6 Lakhs) in five years
 - Stamp Duty and Registration Fee exemption
 - Patent Assistance - 50% of the cost to ESDM units @ 2 lakhs per domestic and 5 lakhs for international patent.
 - Eligible ESDM units can avail 50% of cost of stall rent/promotion material for international trade fair participation for two times in five years

Q. 4 What is the procedure to avail any benefits/incentives under Electronics Policy 2016-21?

In order to avail benefits under the IT Policy 2016-21, the unit shall intimate the Competent Authority in the Government by an Expression of Interest as per Annexure 1 to this scheme. (Details of procedure mentioned in the scheme of assistance of the Electronics Policy point no. 3)

Q. 5 What is definition of Electronics System Design and Manufacturing (ESDM)?

ESDM shall include the entire value chain of all electronic verticals/ products covered under the National Policy on Electronics and related notifications issued by the Department of Electronics & Information Technology (DeitY), Ministry of Communication & Information Technology, Government of India and will also include computers and peripherals, communication devices, electronic manufacturing services,

strategic electronics and its components, industrial electronics, automotive electronics, telecom electronic equipment, information and broadcasting electronic equipment, medical electronics, electronic gaming and electronic toys. The classification of the products covered under this Policy is at Annexure to this policy.

Q.6 What is the interpretation of a “New Unit” as per your policy?

A unit which has obtained an acknowledgement for filing Entrepreneur’s Memorandum (EM) with either District Industries Center (DIC) or Industrial Entrepreneur’s Memorandum (IEM) with Government of India for setting up of manufacturing facility and which commences production/service during the operative period of the policy or within one year from the date of culmination of the policy period.

Q.7 What is “Existing Unit”?

A unit which has filed EM with the concerned DIC or IEM with GOI and is implementing expansion/diversification in the project during the operative period of the policy.

Q.8 What does “Expansion” & “Diversification” mean?

An expansion and/or diversification with or without forward/backward integration in Gujarat with an investment of more than 50% of its existing gross fixed capital investment on the initiating expansion/diversification during the operative period of the policy.

Q.9 Which types of products include to get an eligible under Electronics Policy (2016-21)?

Classification of the products covered under this Policy are as mentioned in said policy annexure A:

Annexure A: Classification of the products covered under this Policy

S. No.	Particulars
1.	Electronics Manufacturing Services
2.	Fabless Companies providing services related to manufacture of sub-assemblies and parts including integration services to the Original Equipment Manufacturers (OEMs)
3.	Electronic Gaming and Electronic Toys, etc.
4.	Telecommunication Equipment and Cellular infrastructure equipment including Base stations, transceivers and associated systems, etc.

5.	Mobile phones, Landline phones, Fixed wireless terminal and Fixed cellular terminals, Telephone answering machines, etc.
6.	Information and Broadcasting electronic equipment, including Cable & DTH Set top box, etc.
7.	Computing devices such as Laptops, Desktops, Servers, Storage Media and Tablet PCs, etc.
8.	Computer peripherals such as Printer, Mouse, Webcam, Keyboards, Speakers, etc.
9.	Medical Electronics
10.	Industrial Electronics
11.	Automotive Electronics
12.	Avionics and Naval/ Maritime Equipment
13.	Atomic Electronics
14.	Power Electronics, Grid connecting equipment, etc.
15.	Consumer Electronics, including Personal Media, Music Players, CD & DVD players, etc.
16.	Communication and Networking devices, Routers, Modems, Devices related to 'Internet of things', etc.
17.	Strategic electronics, including assembly and components
18.	Homeland Security devices
19.	Biometric electronic equipment
20.	Camera and Imaging Equipment
21.	e-Waste Recycling equipment and process
22.	Electronic Testing and measuring instruments, Weighing instruments and microprocessors/ controllers and electronic displays, etc.
23.	Memory and Memory Devices
24.	Office Automation equipment, like Scanner, printers, scanners, etc.
25.	Power backup/ management systems including Invertors, SMPS, UPS and Power Stabilizers, etc.
26.	Electronic ballasts, Electronic energy meters, other electronic Meters, Electronic transformers. Chocks, CILs, Inductors, Electronically-operated vending machines, ATM Machines, etc.
27.	Electronic active/ passive components
28.	PCB, its design and manufacturing ecosystem
29.	R&D, Prototyping, Testing and Certification
30.	Nano Electronics
31.	Electronic teaching aids, education equipment, etc.
32.	LED Fab, intermediaries and LED products
33.	Liquid crystal devices, Electronic display devices including Flat panel display devices, etc.
34.	Traffic control equipment
35.	Electronic equipment for Railways, signaling, interlocking systems for railways, LED, Lights, etc.
36.	Software services for electronic devices
37.	Solar photovoltaic cell/ modules and panels, systems/devices, Solar lanterns/ lamps
38.	Space application for satellites, etc.

39.	Electronic Accessories of various products including mobile phones, automotive, communication devices, etc., power adaptors/ chargers, Home electronic fixtures like door locking system, door closers, etc., Biometric readers, Smart card readers/writers, RFID readers/writer, RFID tags & Smart cards turnstiles. Electronically-controlled boom barriers. etc.
40.	All Electronic assembly, sub-assembly, parts, etc.
41.	Vertical/ Products/ Services not included in above list will be referred to a High-Level Committee (HLC) for eligibility and HLC decision in this regard will be final.

Note:

- Entire value chain of all electronics verticals/ products covered under National Policy on Electronics and related notifications issued by Government of India are also covered under this policy.
- Value chain includes conceptualization of a Product Idea, Innovation, R&D, Product Design, Components, Assembly, Testing and Fabrication.

Q.10 Which types of applications can be considered as an expression of interest for ESDM unit under Electronics Policy (2016-21)?

- Any application received by the State Government in Industries & Mines Department or in Department of Science and technology or under any of their subordinate offices, for benefits under the Electronics Policy of the State Government (2014-19), in so far as it pertains to setting up of an ESDM unit or expansion/diversification thereof, made after 12th Nov 2014 and till the issuance of the policy where the construction has not started on the date of notification of the policy, in whatever format, will be deemed to be an application for Expression of Interest under this scheme. Such unit so long as it begins commercial production during the operative period of the Electronics policy shall be eligible for assistance under this scheme. For such applications received after 12.11.2014 and till the notification of the Electronics Policy (2016-21), where the construction has started, entitlement will be as per the policy of 12.11.2014 provided other eligibility conditions are met.
 - As described in Q. 7, Q.8 & Q.9 can also apply under this Policy.
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Start-Up Policy 2016-21

Q. 1. What are the high lights of Start-Up Policy 2016-21?

In the recent times, Electronics and Information and Communication Technology (ICT) are at the core of innovation and value creation. Innovation in any field or area is being driven by the use of IT or Electronics in some form or the other today, and this trend is going to continue in future. The Government of Gujarat has recently notified the Policies for Electronics and IT/ITeS Industry to provide much needed impetus to the sector which addresses the needs of an already established organization with product or service line.

Vision: To create a vibrant start-up culture where in ideas materialize into products, entrepreneurs are mentored, businesses are incubated and product or process innovation is facilitated to become a business of global scale to contribute to economic prosperity of the state and to generation of employment.

Mission & Objectives:

- Facilitate at least 2000 start-ups
- Establish at least 50 incubators in Gujarat
- Develop 1 million sq.ft of incubation space
- Facilitate investment of USD 1 billion to start-ups

Q.2. How to get registered as a Start-Up?

The Company can get benefits on getting registered as per the norms defined by the Government of India website for start-ups. Please refer: www.startupindia.org for details.

Q.3. What are the parameters for considering any outfit as a “Start-Up”?

To get recognized as a start-up there are various parameters as follows:

- The company should not be registered or operative since more than five years from the date of application
- The product/process/service of the unit should be innovative, technology driven or backed by IPR and shall have a commercial value in the market.
- Turnover of any unit in any previous years cannot exceed 25 cr.
- The employee strength (direct or indirect) cannot exceed 20 in any previous years.
- Apart from these, the company has to be registered as a star-up as per the norms of Government of India definition of start-up. Please refer to the norms of qualifying as a start-up at: www.starupindia.org

Q.4. What is the definition of Incubator?

'Eligible Incubator' for the purposes of this policy means an organization registered as an incubator, engaged in accelerating the growth of start-ups through host of support services and resources such as space, funding support, mentoring, market linkages and business management services, which incubates minimum 10 incubates at a time and out of which more than 50% are from Electronics or IT/ITeS sector or from Bio-informatics.

Q.5 What is the definition of Startup?

'Eligible Start-up' An entity shall be considered a start-up if it meets the definition of startup as decided by the Government of India from time to time. To begin with, an entity shall be considered as a 'Startup' –

- (i) Up to five years from the date of its incorporation/registration,
- (ii) If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
- (iii) It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'startup';

Provided further that in order to obtain tax benefits a startup so identified under the above definition shall be required to obtain a certificate of an eligible business from the Inter-Ministerial Board of Certification consisting of:

- (a) Joint Secretary, Department of Industrial Policy and Promotion,
- (b) Representative of Department of Science and Technology, and
- (c) Representative of Department of Biotechnology.

(iv) Entity means a private limited company (as defined in the Companies Act, 2013), or a registered partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2002).

(v) An entity shall cease to be a startup on completion of five years from the date of its incorporation/registration or if its turnover for any previous year exceeds Rupees 25 crore.

(vi) Turnover is as defined under the Companies Act, 2013. 4.

(vii) An entity is considered to be working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize:

- (a) A new product or service or process, or
- (b) A significantly improved existing product or service or process that will create or add value for customers or workflow.

Provided that the mere act of developing:

- a. products or services or processes which do not have potential for commercialization, or
 - b. undifferentiated products or services or processes, or
 - c. products or services or processes with no or limited incremental value for customers or workflow
- would not be covered under this definition.

Q.5 What are the assistance given to eligible Incubators?

- one-time capital assistance at the rate of 50% of Gross Fixed Capital Investment (GFCI), excluding cost of land, for setting up an incubator, subject to a ceiling of Rs. 50 lakhs.
- Mentoring assistance of Rs. 5 lakh per annum.
- Matching grant of 25% of funds mobilized by them from non-governmental sources, subject to a ceiling of Rs. 1 crore per annum.
- Assistance of 50% of software cost subject to a ceiling of Rs.1 crores.
- Assistance of 100% reimbursement of Stamp Duty and Registration Fee.
- Power Tariff subsidy at Rs. 1 per unit on the billed amount for a period of 2 years.
- 100 % reimbursement for electricity duty paid for a period of 2years on coterminous basis with power tariff subsidy.

Q.6 What are the assistance given to eligible Startup?

- 100% reimbursement of Stamp Duty and Registration Fee.
 - Lease rental subsidy at the scale of 50 sqft per employee, for two years on reimbursement basis at the rate of Rs.15 per sqft per month.
 - Interest Subsidy at the rate of 9% per annum subject to a ceiling of Rs. 2 lakhs per year for a maximum duration of two years.
 - Patent assistance at the rate of 75% of cost of obtaining patent subject to ceiling of Rs. 2 lakhs per patent for domestic patent and Rs. 5 lakhs per patent for international patent.
 - Bandwidth Subsidy at the rate of 70% of annual bandwidth charges subject to a ceiling of Rs. 20000 for 2 years.
 - Skill Certification Grant will be at the rate of Rs.5000 per skill certification per person subject to overall ceiling of Rs. 1 lakhs per annum per start-up for two years.
 - Marketing & Product Development Assistance of Rs. 1 lakhs will be provided to eligible start-ups for prototype/product development and additional assistance of Rs. 1 lakhs will be provided for marketing.
 - Additional 25% of capital from Gujarat Venture Finance Limited (GVFL) at which the capital was raised within 6 months of such raising subject to a ceiling of Rs. 5 crores.
 - Special Provision:
In all e-Governance Project undertaken by Government of Gujarat, part of work of value range between 5% and 10% will be outsourced to startups and student of Technical colleges in Gujarat.
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