

DESTINATION UTTAR PRADESH

Invest in BIDA

UTTAR PRADESH
DATA CENTER POLICY 2021
(FIRST AMENDMENT-2022)



Utar Pradesh

Data Center Policy 2021

(First Amendment-2022)

Department of IT & Electronics, Government of Utar Pradesh

As updated including first Amendment of G.O. No. 1399/78-2-2021/10(M)/2021 dated 07.11.22

Contents

1. Preamble	3
2. Vision, Mission and Target	3
3. General Terms & Conditions	4
4. Policy Promotion	4
5. Governance	4
5.1. Nodal Agency	4
5.2. Policy Implementation Unit (PIU)	5
5.3. Empowered Committee	5
5.4. Special Task Force	5
6. Definitions	5
6.1. Data Center Park	5
6.2. Data Center Unit	5
6.3. Data Center Park Developer	5
6.4. Edge Data Center	5
6.5. Acknowledgement Letter	6
6.6. Special Purpose Vehicle (SPV)	6
7. Financial Incentives	6
7.1. Data Center Parks	6
7.2. Data Center Units	7
7.3. MSMEs/Startups	8
7.4. Edge Data Center (EDC)	8
7.5. Center of Excellence (CoE)	9
8. Non-Financial Incentives	9
8.1. Mission Critical Infrastructure	9
8.2. Water Supply	9
8.3. Special provisions in building norms	9
8.4. Electricity Supply	10
8.5. Other Support	11
9. Abbreviation	12

1. Preamble

Data Consumption in India is at an all-time high. The rapid increase in data traffic and consumption is driving the data storage demand and leading to expansion of the Data Center market in the country. India's share in the world data is estimated to be around 20% whereas only 2% in data storage capacity.

Recent estimates say India's 375-Megawatt(MW) Data Center capacity is growing rapidly and expected to add more than 750 MW capacity by the end of 2025. These capacity additions would require greenfield investments to the tune of USD 4.9 billion to fuel the future development of the sector. The data localization mandate from Government of India is likely to further boost the investment in Data Center businesses.

State of Uttar Pradesh has always been a major player in the IT/ ITeS sector having Noida as one of the key IT clusters in the country. Noida has emerged as a planned, integrated, modern industrial city which has attracted investments in IT and Electronics sectors from leading players across the globe.

The focus of State Government is also increasingly reliant on IT enabled public delivery system leading to improved transparency in governance and speedy delivery of services to citizens. Various e-Governance services and online service delivery platforms are turning the State Government into a major consumer of cloud storage for these Data Centers.

The Policy aims to build a conducive policy environment for the Data Center industry to flourish in the state. The location advantage, strong IT ecosystem, readily employable quality talent are some of the key ingredients to keep Uttar Pradesh a promising destination for investment in Data Center industry.

2. Vision, Mission and Target

2.1 Vision

To establish Uttar Pradesh as the preferred investment destination for Data Center Industry

2.2 Mission

To build a world class Data Center ecosystem in the state by attracting investments from global as well as Indian players and nurture MSMEs/ start-ups to support the localization of the Data Center industry

2.3 Target

To develop 900 MW Data Center industry in the state

To attract investment worth INR 30,000 Crores in the state

To establish at least 8 state-of-the-art Private Data Center Parks

3. General Terms & Conditions

- i. This policy will be valid for 5 years from the date of notification or till the fitting any new policy/amendment is introduced by the Government of Uttar Pradesh, whichever is earlier.
- ii. Policy is applicable for the proposals submitted after the notification of this policy. Investments must be made as well as commercial production commenced within the policy period. The Empowered Committee constituted under the policy shall decide upon the extension of the policy period. However, if the LOC is issued within 3 years preceding to the closure of Policy, then a period of 3 years will be available for commencement of commercial production from the date of issuance of LOC.
- iii. Proposals where investment has already commenced on the date of notification of the policy, shall be eligible to avail non-financial incentives of the policy.
- iv. Financial incentives and benefits under the policy shall be applicable post release of Letter of Comfort. However, non-financial incentives shall be applicable post release of acknowledgement letter.
- v. Doubts relating to interpretation of any term or any provision under this policy will be referred to the Department of IT & Electronics, Government of Uttar Pradesh, for clarification/resolution. The decision of the State government shall be final and binding for all.
- vi. Investors shall not be eligible to claim financial incentives under the same head from Central and State Governments both.
- vii. Data Center equipment manufacturer in Uttar Pradesh shall be eligible to avail incentives as per the UP electronics manufacturing policy 2020 which are mentioned as eligible products in UP electronics manufacturing policy 2020.

4. Policy Promotion

Marketing and branding strategy shall be formulated by Project Management Unit (PMU) to promote the policy at national/international forums for attracting investment in the state. The following tasks will be handled by the PMU under the supervision of Nodal Agency:

- i. Promoting the state as preferred destination or attracting investment in Data Center industry
- ii. Organizing and participating in national and international conferences, summits, road shows and events to promote the policy
- iii. Use of print, electronic and social media to create awareness about state's attractiveness for DC industry

5. Governance

5.1. Nodal Agency

A Nodal Agency under the Department of IT & Electronics, Govt. of Uttar Pradesh shall be nominated for effective implementation of the Data Center Policy 2021. The Nodal Agency shall be responsible for creating a conducive policy environment for sustained growth of Data Center ecosystem in the state. Nodal Agency will utilize "Nivesh Mitra" portal to act as Single Window system for investors to avail timely clearances. Nodal Agency will also set up a dedicated Project Management Unit (PMU)

adequately staffed with outsourced professionals/ consultants to manage the investment promotional activities and ensure effective implementation of policy.

5.2. Policy Implementation Unit (PIU)

A PIU under the chairmanship of Principal Secretary, Department of IT & Electronics shall be set up to oversee the work of the Nodal Agency. PIU shall be responsible for effective implementation of the Policy including the approval of investment proposals, disbursement of incentives, making recommendations to Empowered Committee etc. Other responsibilities of PIU include coordination with government functionaries, engagement with industry associations, stakeholders, corporates, promotion of the policy etc.

5.3. Empowered Committee

A state level Empowered Committee under the chairmanship of Chief Secretary shall be set up to monitor the effective implementation of the Policy. The charter of the committee shall be pertaining to the effective implementation of the policy and inter-departmental coordination with respect to timely resolution of investor issues at all levels. Projects worth more than INR 200 Cr will be subject to approval from the state cabinet on the recommendations of Empowered Committee.

5.4. Special Task Force

A special task force shall be established with representation from multiple departments such as Fire Safety, Public Works Department, Town Planning, and Pollution Control to study the emerging trends in the industry and technical standards for suggesting improvements in the regulatory norms adopted in the DC policy, so that the State Regulations are kept in line with the best industry standards. Recommendations of the Task Force shall be implemented under the Policy through Government Notifications.

6. Definitions

6.1. Data Center Park

A Minimum 40 MW Data Center capacity for locating Data Centre Unit(s) shall be considered under the definition of Data Center Park.

6.2. Data Center Unit

A Data Center Unit (> 2MW and <40 MW capacity) is a dedicated secure space within a building / centralized location where computing and networking equipment is concentrated for the purpose of collection, storing, processing, distributing, or allowing access to large amounts of data. Captive Data Centers shall not be considered under this policy.

6.3. Data Center Park Developer

Data Centre Park Developer is an entity who would be responsible to build the facility of DC park covering land, park area (Water, Sewage, Road, Parking, Green Area, etc.), provision of DC essentials setup / equipment (i.e. Electricity, Network / Fibre connectivity, Mechanical Electrical and Plumbing equipment (MEP), etc.).

6.4. Edge Data Center

Edge Data Center are Data Center with minimum 50KW and maximum 2MW capacity and established at edge locations close to the people, equipment/ machines and processes that generate data and

utilize data for better user experience by minimizing latency time and minimizing bandwidth requirement to save cost.

6.5. Acknowledgement Letter

Acknowledgement Letter shall be issued by the Nodal Agency on recommendation of Policy Implementation Unit (PIU) post deliberation of investment proposal. The abovementioned acknowledgement letter shall be considered Null and Void if the investment proposal does not get final approval for LOC.

6.6. Special Purpose Vehicle (SPV)

SPV is a separate legal entity incorporated under Companies Act 2013 by the Data Center Park approved under Data Center Policy 2021 to develop and/or operate Data Center Park.

7. Financial Incentives

7.1. Data Center Parks

The following financial incentives shall be available to the Data Centre Park developers:

a) Interest Subsidy

Reimbursement of interest subsidy up to 60% of annual interest for 7 years subject to INR 10 Crore per year with an overall ceiling of INR 50 Crore per park shall be provided.

b) Land Subsidy

- i. 25% Land subsidy on prevailing sector rates shall be provided on purchase/lease of land from State Agencies in Madhyanchal and Paschimanchal regions.
- ii. 50% Land subsidy on prevailing sector rates shall be provided on purchase/lease of land from State Agencies in Bundelkhand and Purvanchal regions.
- iii. Land subsidy provided in (i) and (ii) above shall be limited to 7.5% of the total project cost or INR 75 Crore, whichever is less.
- iv. Leasing of agricultural land for Solar Park shall be allowed in accordance with Revenue Code.
- v. Land subsidy shall be disbursed by the State Government to the concerned Authority post commercialization of the project in proportion to the area of the land utilized in phases within the policy period. The Authority shall adjust the subsidy in payment plans of the enterprise.
- vi. This subsidy shall be given to only first 8 DC parks after notification of the policy.
- vii. The land subsidy will not be applicable to DC units operating inside DC parks, if the subsidy has already been availed by the DC Park developer.
- viii. Proposed land subsidy will be applicable only to set up the data center parks. In case solar power plant is established along with data center park/unit, no land subsidy shall be applicable on the proportion of the land utilized for the solar power plant.

c) Stamp Duty

- i. 100% exemption of stamp duty on first transaction (Authority/ landowner to DC Parks) and 50% exemption on second transaction (DC Park to DC Units) shall be available for purchase/lease of land.
- ii. Stamp duty exemption shall be given against Bank Guarantee, which will be released upon commencement of commercial operation.

d) Electricity Supply

- i. **Dual-grid lines power supply:** Dual power grid network shall be provided to first 8 DC Parks established in the state from the notification of this policy in which the cost of one grid (lower of the two) shall be reimbursed to the DC Park by Department of IT & Electronics while the cost of other grid shall be borne by the DC Park.

Dual grid power supply shall be made available on demand at applicable charges to other Data Center parks. Any existing investments approved earlier but denied of Dual Grid incentive due to policy limitation shall become eligible under this clause on demand basis.

- ii. **Transmission and wheeling charges:**

Exemption of 50% on wheeling charges/transmission charges on Intrastate sale of power shall be provided for the period of 25 years from the date of commissioning of the project.

Wheeling charges/Transmission charges will be exempted 100% for Intrastate Transmission system on Interstate sale for the period of 25 years from the date of commissioning of the project.

100% exemption of transmission charges on intrastate system for import of energy from outside the state for 5 years shall be provided. It shall be applicable to only those projects which have been commissioned within the policy period (5 years).

7.2. Data Center Units

The following financial incentives shall be available to the Data Centre Units:

a) Capital Subsidy

DC units shall be eligible to get 7% capital subsidy up to INR 20 Crores on fixed capital investment (FCI) excluding land and building. The same shall be disbursed within 10 years with an annual ceiling of INR 2 Crore.

b) Land Subsidy

- i. 25% Land subsidy on prevailing sector rates shall be provided on purchase/lease of land from State Agencies in Madhyanchal and Paschimanchal regions.
- ii. 50% Land subsidy on prevailing sector rates shall be provided on purchase/lease of land from State Agencies in Bundelkhand and Purvanchal regions
- iii. Land subsidy provided in (i) and (ii) above shall be limited to 7.5% of the total project cost or INR 75 Crore, whichever is less.

- iv. Leasing of agricultural land for Solar Park shall be allowed in accordance with Revenue Code.
- v. Land subsidy shall be disbursed by the State Government to the concerned Authority post commercialization of the project in proportion to the area of the land utilized in phases within the policy period. The Authority shall adjust the subsidy in payment plans of the enterprise.
- vi. The land subsidy will not be applicable to DC units operating inside DC parks, if the subsidy has already been availed by the DC Park developer.
- vii. Proposed land subsidy will be applicable only to set up the data center units. In case solar power plant is established along with data center park/ unit, no land subsidy shall be applicable on the proportion of the land utilized for the solar power plant.

c) Stamp Duty

- i. 100% exemption of stamp duty on first transaction (Authority/ landowner to DC Unit) and 50% exemption on second transaction (DC Park to DC Units) shall be available for purchase/lease of land to DC units.
- ii. Stamp duty exemption shall be given against Bank Guarantee, which will be released upon commencement of commercial operation.

d) Electricity Supply

- i. **Electricity Duty:** 100% exemption on electricity duty for a period of 10 years post commencement of commercial operation shall be provided.
- ii. **Dual-grid lines power supply:** Dual grid power supply shall be made available on demand at applicable charges.
- iii. **Transmission and wheeling charges:**

Exemption of 50% on wheeling charges/transmission charges on Intrastate sale of power shall be provided for the period of 25 years from the date of commissioning of the project.

Wheeling charges/Transmission charges will be exempted 100% for Intrastate Transmission system on Interstate sale for the period of 25 years from the date of commissioning of the project.

100% exemption of transmission charges on intrastate system for import of energy from outside the state for 5 years shall be provided. It shall be applicable to only those projects which have been commissioned within the policy period (5 years).

7.3. MSMEs/Startups

UP based Data Center MSMEs/Startups providing innovative solution in cloud business shall be eligible to avail incentives as per the UP MSME Policy or UP Startup Policy.

7.4. Edge Data Center (EDC)

The benefits available for DC Units shall also be available to EDCs provided a minimum of 25 edge data centers are proposed to be setup in UP in a single proposal.

7.5. Center of Excellence (CoE)

Policy envisages to create world class infrastructure in the form of Center of Excellence (CoE) to promote research, innovation and entrepreneurship and startup culture in the Data Center industry.

Policy aims to establish a Center of Excellence in collaboration with reputed academic institutions and/ or industry associations/industry or any other Govt./ Private entity engaged in R&D in this field. Up to 50% of the total CoE project cost (subject to a maximum of 10 Cr.) will be borne by Government of UP.

The Empowered Committee shall be competent to grant sanction or setting up of the CoE.

8. Non-Financial Incentives

8.1. Mission Critical Infrastructure

The DC Industry in the state shall be classified under Essential Services and Maintenance Act (ESMA) as an essential service provider.

8.2. Water Supply

For Units in area of any Industrial Area Development Authority, it will ensure 24X7 uninterrupted water supply to the data center units both inside and outside the DC Park. In addition, water treatment plants shall be set up by DC parks as part of common infrastructure.

8.3. Special provisions in building norms

- i. **Sub-leasing:** DC parks shall be allowed to sublease the land/ buildings to DC units/ SPV without any sublease or transfer charges. Right to levy above fees/ charges is given to respective Industrial Authorities by the Uttar Pradesh Industrial Area Development Act 1976. No financial assistance in this regard shall be passed on by the Government.
- ii. **Floor Area Ratio:** DC Parks and Units shall be allowed for 3.0 + 1.0 (Purchasable) FAR. Basement parking, storage and space used for DG sets installation will not be considered as part of FAR. The limit of service FAR provided in building bye laws over and above the permissible FAR shall stand extended to 40% to provide for extra space required for installation of DG sets. However, while considering compliance to minimum completion norms as per the building bye laws of the authority, DC park /unit shall have the option to get the FAR utilized for installation of DG sets included for the purposes of compliance to minimum completion norms and avail the extra service FAR so provided at a later stage.
- iii. **Partial completion:** Data Center Parks shall be eligible to get partial completion certificate from the concerned Authority for the purposes of occupancy and putting it to commercial use without fulfilling the minimum completion norms subject to such conditions and prescriptions as may be laid down by the concerned Authority.
- iv. **Floor to ceiling height (One floor):** There will be no restriction on floor to ceiling height subject to there being no mezzanine floor, and compliance with overall height regulations and suitable structural and fire safety regulations.
- v. **Installation of chillers on the rooftop:** Chillers on the roof can be installed without inclusion in FAR but subject to structural safety and clearance from Airports Authority of India.

- vi. **Parking relaxation:** Parking area requirement for DC Parks/ Units will be 5% of the total built up area subject to parking being provided in open area. These parking relaxations shall be revoked if land is utilised for any other purposes other than running a DC Park/Unit. The DC Parks/Units shall also provide an undertaking of the estimated traffic and inform the respective Authority with commitment of providing additional parking, if needed due to increase in traffic.
- vii. **Boundary Wall:** DC Parks/Units shall be permitted to build up to 3.6m height boundary wall and 600mm height for 'Y' fencing.
- viii. **Opening in building:** DC Parks/ units shall be allowed to install minimum number of windows subject to compliance with building and fire safety regulations and having modern fire-fight equipments installed within the premises.
- ix. **Multi-level DG stacking:** Installation of DG sets including multi-level DG stacking shall be allowed subject to NOC from Fire Safety Department.
- x. **Ground coverage:** Up to 60% ground coverage shall be allowed to the DC Parks/Units. If not already permitted at the time of allotment, the extra ground coverage up to the extent of 60% shall be available on purchasable basis.
- xi. **Infrastructure at the door of DC Park:** Required infrastructure (electricity, water, sewer, road) shall be provided to DC parks being set up in the state by respective Industrial Area Development Authority wherever land is purchased from the Authority.

8.4. Electricity Supply

- i. **Open Access:** Open access shall be permitted for DC units operating outside the DC park to purchase power at most competitive rates in the open market.
- ii. **Cross Subsidy Surcharge (CSS) Visibility:** The cross-subsidy surcharge applicable in the first year of a DC Unit starting commercial operation shall be brought down progressively over 5 years at a linear rate to a maximum of 20% of its opening level. For example, if surcharge applicable to a unit is x per unit in the first year, surcharge applicable in the second year will be 0.8x, third year will be 0.6x, fourth year will be 0.4x and fifth year onwards will be 0.2x.
- iii. **Distribution License:** DC park developers/ operators shall be eligible for seeking license for power distribution and consumption within the DC park as per regulations issued by UPERC in this regard from time to time.
- iv. **Deemed Franchisee Status:** DC Units will have the option to obtain Deemed Franchisee Status under the stipulations of the UPERC Regulations. This will facilitate sub-metering to ensure quality power supply to in-house customers.
- v. **24x7 Power Supply** shall be provided to DC Parks and DC Units, subject to requirement of dedicated power supply feeder being arranged by Park/Unit.
- vi. **Banking Charges:** Banking of energy in every financial year shall be permitted, subject to verification by the officials of the concerned State Distribution Company as per banking provisions of UPERC Regulations. Regulation in force at the time of commissioning of a DC Unit will be applicable for 25 years to such a unit. DC Industry shall be freely permitted to import renewable energy from outside the state and avail banking facility in the respective states.

- vii. **Augmentation of Power Supply:** UPPCL and its DISCOMs depending upon the technical conditions of the distribution system may allow augmentation of supply of power (in MVA) to DC Parks/ Units above the permissible/ contracted load for that voltage level as prescribed in supply code.

8.5. Other Support

- i. **Non-Disturbance Provision:** In order to provide assured business continuity, once the developer has completed investment and obtained completion certificate from the respective Authority and has fully paid complete lease rent, approval of the Board of Authority will be a prerequisite for cancellation of the lease deed in case of any violation by such DC Units of the Authority norms/ bylaws.
- ii. **Preference in Public Procurement:** DC Units/ EDCs registered under this policy shall be eligible to get preference in public procurement of cloud storage by Government Departments and its agencies at most competitive rates.
- iii. **Three Shift Operations:** DC units shall be permitted to have 24x7 operation and employment of women in all three shifts, subject to the units taking necessary precautions with respect to safety and security of women employees.
- iv. **Self-Certification:** Data Centre firms are exempt from inspections under the following Acts and the Rules framed thereunder, barring inspections arising out of specific complaints. These units are permitted to file self-certificates, in the prescribed formats:

The Factories Act

The Maternity Benefit Act

The Shops & Establishments Act

The Contract Labour (Regulation & Abolition) Act

The Payment of Wages Act

The Minimum Wages Act

The Employment Exchanges (Compulsory Notification of Vacancies) Act

9. Abbreviation

1.	CSS	Cross Subsidy Surcharge
2.	DC	Data Center
3.	DG	Diesel Generator
4.	EC	Empowered Committee
5.	EDC	Edge Data Center
6.	ESMA	Essential Services and Maintenance Act
7.	FAR	Floor Area Ratio
8.	FCI	Fixed Capital Investment
9.	Gol	Government of India
10.	GoUP	Government of Uttar Pradesh
11.	INR	Indian National Rupee
12.	MSME	Micro, Small, and Medium Enterprises
13.	MW	Megawatt
14.	PMU	Project Management Unit
15.	PIU	Policy Implementation Unit
16.	SPV	Special Purpose Vehicle
17.	UPERC	Utar Pradesh Electricity Regulatory Commission



**Department of Informaton Technology and Electronics,
Government of Utar Pradesh**

With UP Electronics Corporation as Nodal Agency for Policy Implementation Unit (PIU)

Address: 10-Ashok Marg, Lucknow-226001

Phone no: 0522-2286808, 2286809, 2286812

Email: info@itpolicyup.gov.in

Website: itpolicyup.gov.in

DISCLAIMER

This 'Data Center Policy 2021' document has been translated from original Hindi purely to facilitate non-Hindi users and for wider reach.

Although utmost care has been taken to ensure the accuracy of translation, yet in case of any differences in interpretation of provisions provide herein, the 'Original' gazetted Hindi version will prevail.