

# **Uttarakhand Services Sector Policy – DRAFT for DISCUSSION**

**May 2023**

## **1 PREAMBLE**

Uttarakhand, formed in year 2000, is the 20th largest economy (absolute GDP terms; FY22) and 12th largest (per capita terms; FY22) among Indian states. The state has had an impressive growth rate in the first decade of its formation, largely propelled by capital-intensive manufacturing growth. Over the last decade, Uttarakhand's growth has largely followed India's trajectory. However, growth has stagnated in the latter part of the decade, with 5-year growth rate of ~5.4% (CAGR, nominal GDP) and ~2.5% (CAGR, real GDP) since FY17.

The services sector, contributing ~40% of the state's GSDP (current prices) has shown the highest growth, at 8.5% to 9% nominal CAGR over last 5 years. The growth has been anchored by knowledge intensive services like tourism, education, health, financial services; and equally anchored by labour-intensive services like trade, communication and transport.

In order to realize the vision of "Sashakt Uttarakhand", it is imperative that the state focusses on accelerating service sector growth. Tourism, the mainstay of Uttarakhand economy, would continue to lead the growth, with its future roadmap laid out in the Uttarakhand Tourism Policy 2023. However, there are other service sectors where Uttarakhand enjoys natural advantages, in terms of its location, landscape, and culture. Uttarakhand has been blessed with abundant natural beauty, towering mountains, dense forests, perennial rivers, serene green surroundings, and cool climate. It has rich history in religious traditions and ayurvedic practices.

In this backdrop, Uttarakhand holds great potential to achieve rapid economic growth in strategic service sectors – IT / ITeS, Data Centres, traditional medicinal practices, residential schools, film & media shooting, and adventure sports. Further, there is need to augment the secondary & tertiary healthcare system to ensure the highest standard of healthcare facilities are available within the state.

## **2 PURPOSE OF THE POLICY**

Services sector serves as the cornerstone of progress in any developed economy. As the economy becomes sufficient in primary production of food & minerals, and as the manufacturing activity is able to meet domestic demand with exports driving growth, in such a scenario the economy naturally latches onto services sector for providing the necessary boost. Contribution of Services / Tertiary Sector in India's economy has grown from ~40% in 1990% to ~55% presently. Many factors have led to this rapid growth – software services boom, FDI inflows, multi-fold growth of financial markets, explosion in domestic tourism, focus on better education and healthcare facilities, growing digital economy, real estate densification etc.

Service sector, along with manufacturing spurt in the initial decade, has propelled the Uttarakhand economy. The location and landscape of the state positions it advantageously for the Service Sector – most pertinent examples include schools, ayurvedic resorts, data centres, film studios, etc. Hence, the next chapter of Uttarakhand's growth has to come from the services sector. While tourism would continue to drive growth, there needs to be focus on other service sectors to diversify and accelerate economic growth of Uttarakhand.

With growing expendable income, the consumption trends are shifting away from “value from money” to “premium experience, best facilities”. This presents an exciting opportunity for Uttarakhand to leverage its advantages and kick-start accelerated economic growth in strategic service sectors.

Uttarakhand has already instituted multiple schemes to facilitate investor participation, such as MSME Policy, Start-up Policy, Tourism Policy, IT Policy, Film Policy, Mega Industrial and Investment Policy. These policies provide various incentives towards capital investment, other fiscal incentives, marketing and promotion, institutional support ,etc. There is a similar need to have a comprehensive policy for the service sector, tailored for various sub-sectors.

### 3 DRIVING PHILOSOPHY

#### Focus Service Sectors

The Government of Uttarakhand intends to support the development of enterprises in the following seven “Focus Services Sectors”. These sectors have been shortlisted, as they are most amenable to state’s natural advantages, and would be instrumental towards building the Uttarakhand brand.

- **Healthcare** – The population of Uttarakhand (including transient population) is expected to grow on the back of strong economic growth. Thus, there is a need to establish world-class healthcare facilities within the State.
  - Drivers: Large catchment population; minimal presence of major healthcare providers
  - Target: Tertiary Hospitals
- **Wellness & Traditional Medicine** – Uttarakhand has strong ecosystem of ayurveda / yoga / traditional treatment / wellness centres, which can be further expanded with national and international wellness and traditional healing brands to set up in the state. There is an opportunity to establish Uttarakhand as a leading international hub in ayurveda, traditional medicine and wellness.
  - Drivers: Government of India focus to promote Ayush practices; strong association of Uttarakhand with traditional medicinal practices, especially ayurveda and yoga; excellent green, peaceful, and pristine locations for attracting top rated wellness operators
  - Target: Wellness Resorts, Lifestyle Centres, Ayurveda, Naturopathy & Traditional Healing, Ayush Centers
- **Education** – Uttarakhand is a hub for premier schools. There is an opportunity to build upon this legacy and attract K-12 & Higher education institutes of repute to the state – both national and international. New locations can be explored to set up such education zones.
  - Drivers: Strong thriving ecosystem of schools and universities in Dehradun, Mussoorie and Nainital
  - Target: Higher Education institutes & K-12 schools
- **Film & Media** – In order to promote film shooting, Uttarakhand has instituted a Film Policy. The policy is majorly focussed towards promoting film shooting in the state. There is a need to further capitalize on Uttarakhand’s advantage by incentivizing production studios and film cities. This would exponentially increase economic contribution from film and media in the state.
  - Drivers: Unique backdrops and location, good accessibility, cool climate for outdoor shooting in summer months, growing film and OTT media
  - Target: Film city, Post-production and Animation Studios, Film / TV Shooting
- **Sports** – Uttarakhand possesses the right ingredients to promote professional adventure sports and emerge as an international hub for training in such sports. It already has training institutes in mountaineering, and skiing. There is need to establish professional academies, attract world-class trainers and provide best equipment & facilities in these sports.
  - Target: Mountaineering, Water-based sports (Kayaking, Rafting, Canoeing), Winter sports (Skiing; Snowboarding, Ice skating), Shooting, Badminton and Boxing.
  - Drivers: Uttarakhand has the best accessibility for the target sports. It already has significant footfalls for amateurs / semi-professionals in these sports.
- **IT / ITes** – Uttarakhand already has an IT Policy, geared towards promoting establishment of smaller IT units in the state. However, for accelerating the ecosystem development, there is a need to attract large IT players in the state.

- Drivers: Uttarakhand benefits from good connectivity, large talent pool in North India, and most importantly excellent climate and landscape.
- Target Concepts: Anchor IT Offices, Large format Training Campuses, GCCs
- **Data Centre** – India is expected to witness exponential growth in Data Centre capacity, driven by increase in digital consumption, 5G rollout, clouds systems, emerging technologies in Artificial Intelligence, automation, etc. Uttarakhand is aptly positioned to capture a share of heavy investment activity projected in the sector.
  - Drivers: Uttarakhand provides cool climate (which lowers energy consumption towards cooling in data centres) and abundant green power capacity
  - Target Concepts: Large format Data Parks, smaller Data Units

#### **Bring-in Reputed Private Players**

Uttarakhand needs to kick-start investments in Focus Service Sectors by attracting large projects / major players to act as anchors and driver the overall ecosystem. This strategy would best showcase the benefits Uttarakhand has to offer, build Uttarakhand's reputation, and attract further investments in the sector.

#### **Solve for Land**

Land procurement is always a challenge, even bigger so for larger projects, in any private sector enterprise. This challenge is compounded in case of Uttarakhand given significantly hilly terrain and low availability of vacant flat land. Therefore, it is imperative that the State Government steps in and facilitates land procurement for the private players. This alone could be the most significant incentive that majority of the private investors require for setting up projects in the state.

#### **Boost Local Employment**

The policy acknowledges that the projects being incentivized through this policy, should generate employment opportunities for local population, as well as create avenues to impart training skills to improve employability. This policy aims to establish mechanisms to facilitate local employment, ensure balanced development and improve quality of life for local citizens.

## 4 VISION, MISSION & OBJECTIVES

### Vision Statement

*“To leverage growth in the Services sector to fuel the next phase of Uttarakhand’s economic growth, leveraging the State’s many natural advantages”*

### Mission

- Capitalize on Uttarakhand’s innate advantages in Focus Service Sectors and establish it as a premier hub by attracting major national / international private sector players
- Facilitate investments in Uttarakhand by creating investor-friendly infrastructure, providing support in land procurement, tackling sector-specific issues and offering tailored incentives as per sector needs
- Capitalize on large projects to kick-start ecosystem creation, provide training and incentives to drive employability of local population and accelerate service economy growth in Uttarakhand

### Objectives

The Government of Uttarakhand wants to promote the development of Focus Services Sectors in the state, subject to environmental safety and sustainability considerations. In this context, the Government would actively encourage the development of economic hubs dedicated to the Focus Services Sectors, provide support for setting up and growing the same, and developing the necessary talent pool. In this context, the objectives of the Policy are as below:

- To facilitate private sector investment into Focus Services Sector projects in the state
- To support development of new Focus Services Sector hubs that would act as seeds for urban development in the state
- To create state-of-art sustainable infrastructure for the new service sector / economic hubs
- To promote inclusive service sector growth and ensure equitable distribution of benefits to local communities
- To diversify and accelerate Uttarakhand’s economic growth, by pursuing avenues in multiple services sectors
- To promote balanced regional development by facilitating investments in underdeveloped areas
- To build institutional capacity and high-value productive employment opportunities in Focus Services Sectors
- To ease clearances in Focus Services Sectors and to create an enabling business environment facilitated by a single window system
- To market and promote new service sector / economic hubs in Government’s communications

## **5 TARGETS**

Service sector targets are excluding Tourism Sector. Targets for Tourism sector are covered separately in Uttarakhand Tourism Policy 2023.

- Service Economy (excluding tourism) to grow to USD 27 Bn by 2030, and contribute at least 40% of state's GDP
- Uttarakhand to attract investment of INR 60,000 Crore in Service sectors before 2030 (Investment of INR 45,000 Crore before 2027)
- Service sectors to employ 20 lakh people in Uttarakhand
- Facilitate skill development of 10 lakh workers in service sectors

## **6 VALIDITY OF POLICY**

This Policy shall remain in effect till Dec 31<sup>st</sup>, 2030, or until superseded by a new policy.

The Government of Uttarakhand may extend or reduce the period of this Policy as and when required. The Policy shall be applicable to the entire state and shall give direction to future schemes / works.

Note: Any incentives identified for Focus Services Sectors under Uttarakhand's MSME Policy (2015), Mega Industrial and Investment Policy (2021), Start Up Policy (2018), IT Policy (2018), Film Policy (2019), Tourism Policy (2023) or other policies of the Government of Uttarakhand shall continue to be applicable. In case of any overlap with this Policy, the beneficiary shall be free to choose incentives under any one of the applicable policies.

## 7 HEALTHCARE

Secondary and Tertiary Healthcare comprise over 50% of the USD 100 Bn healthcare market in India. Healthcare infrastructure has improved considerably in India, driven by private investments in the sector. Government of India has also instituted universal health insurance scheme, Ayushman Bharat, thus greatly increasing healthcare access. However, India still lags behind global benchmarks. India has 1.4 beds (target: 3), 0.7 physicians (target: 1) and 1.7 nurses per 1,000 people (target: 3).

Access to quality, affordable healthcare is quintessential for improving the quality of life and economic productivity. With a population of 1.2 Cr, Uttarakhand needs more secondary and tertiary hospitals in Uttarakhand.

### Strategic Roadmap

Given that hospitals require proximity to large catchments, they would have to be located within city limits. Therefore, the biggest support required by large hospitals would for access to vacant land / building within city. The Government shall create opportunities by either providing land or capital subsidy for establishing secondary and tertiary hospitals.

### Objectives:

- Establish large secondary and tertiary hospitals in the state to provide quality healthcare facilities
- Facilitate hospital investments via land or capital incentives
- Improve the quality of citizen healthcare in the state
- Create job opportunities for healthcare professionals in Uttarakhand

**Potential Locations:** Large population hubs such as Dehradun, Haridwar, Haldwani, Kashipur, Rudrapur, Roorkee, and major hill cities, etc.

### A. Incentives for Healthcare projects under Customized Package Policy<sup>1</sup>

- **Eligibility**
  - **Plain areas** – Healthcare projects with investments in ECA greater than INR [200] crore within [10] years.
  - **Hilly areas** – Healthcare projects with investments in ECA greater than INR [100] crore within [10] years
- **Core Incentives**
  - **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government.
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
    - Loan agreements entered for undertaking eligible project
    - Mortgage and hypothecation for undertaking eligible project

<sup>1</sup> Units availing the customised package benefits would have to ensure 50% of the nursing staff and 50% of the support staff should be from among the domiciles of the state.

- **Exemption of Electricity Duty** – 100% Exemption of Electricity Duty to the Eligible projects till the end of policy period.
- **Heli Transport Subsidy** – Subsidy of INR [2,000] per patient per heli-evacuation for any patient from within Uttarakhand to the Hospital till the end of policy period.
- **Additional Incentive – Land**
  - Government shall **allot<sup>2</sup> government owned land on long-lease basis** (90 / 99 years) at circle rate<sup>3</sup> for development of Eligible Projects.
  - **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [40] Crore of investment proposed in first [10] years, and any proportion thereof<sup>4</sup>.
  - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 20,000 / sqm and [200% of applicable circle rate less INR 20,000 / sqm] above the circle rate of INR 20,000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
    - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
    - Lease Rent:
      - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
        - i. To be paid prior to the anniversary of the signing of the lease deed
        - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
        - iii. Delayed payments shall accrue an interest of 8%.
      - b. From the 16th anniversary of the lease deed, a flat lease rent of INR 10,000 per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
  - This incentive shall be available for a maximum of 10 projects during the policy term<sup>5</sup>.

OR

- **Additional Incentive – Capital Subsidy** (if land incentive is not applicable)
  - In case the land is procured privately for the eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible Project.
  - Capital Subsidy up to [20%] of cost of Eligible Capital Assets, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual installments from the date of COD.

OR

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance

<sup>2</sup> With due competitive process to be defined

<sup>3</sup> Prevailing at the time of land allotment

<sup>4</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>5</sup> The limit may be extended by the state cabinet, if required.

Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [20%] of Eligible Capital Assets.

**B. Incentives for Healthcare Projects not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets of INR 2.5 Cr)**

- **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government.
- **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - Loan agreements entered for undertaking eligible project
  - Mortgage and hypothecation for undertaking eligible project
- **Exemption of Electricity Duty** – 100% Exemption of Electricity Duty to the Eligible project till the end of policy period.

## 8 WELLNESS & TRADITIONAL MEDICINE

Traditional medicine and wellness practices have been a vital part of India’s history and culture. To promote better infrastructure and facilities in traditional practices, the Government of India has established dedicated Ministry of AYUSH. The ministry oversees development and promotion of Ayurveda, Yoga, Homeopathy, Naturopathy, Unani, Siddha etc under the overall Ayush umbrella. These concepts, especially Ayurveda and Yoga, have been gaining increased popularity due to their health benefits and focus on natural healing. The changing lifestyle and increasing stress have further fuelled the demand for lifestyle and wellness centres among both foreign tourists as well as Indian diaspora.

Uttarakhand has a very rich history in Ayurvedic and traditional healing methods and is considered to be the home of some of the widely accepted practices under AYUSH. Uttarakhand already has a strong association with Ayurvedic and yoga practices, along with a rich flora of ayurvedic herbs. Rishikesh is considered as the ‘Yoga Capital of the World’. This Policy lays out roadmap to attract greater number of AYUSH and wellness centres and resorts to the state.

### Sectoral Roadmap

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The Policy intends to facilitate investments in the following three focus segments:

- **Wellness Resorts** – offering wellness services, such as spa, massages, yoga, meditation, and ayurvedic practices, and focussed on relaxation rather than ailment treatment
- **Ayurveda / yoga / naturopathy / holistic Healing Centres** – offering traditional treatments for ailments, through various Ayush practices, coupled with some wellness offerings as well
- **Lifestyle Centres** – offering products and services related to lifestyle wellness, rehabilitation, long ailment recoveries etc.

The Government of Uttarakhand shall set up an **Accreditation System** for certifying ayurvedic and yoga centres in the State. This would help the visitors to transparently identify the standard of facilities and treatments available at a particular centre.

### Objectives:

- Establish Uttarakhand as the foremost hub for premium resorts offering traditional wellness practices
- Generate employment, and provide professional training in traditional wellness practices
- Ensure high standards in providing traditional treatments
- Increase number of foreign visitors coming for ayurvedic, and traditional wellness treatments

### A. Incentives for Wellness Resorts under Customized Package Policy<sup>6</sup>

- **Eligible Projects**
  - NIC Code 55101 – Wellness Centers / Resorts
  - Customized Package Policy would be applicable for:
    - **Plain Areas** - Wellness Resorts, Holistic Healing Centres with investments in ECA greater than INR [100] crore within [10] years.
    - **Hilly Areas** - Wellness Resorts, Holistic Healing Centres with investments in ECA greater than INR [50] crore within [10] years.

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<sup>6</sup> Units availing the customised package benefits would have to ensure 25% of the hospitality staff and 50% of the support staff should be from among the domiciles of the state.

- **Incentives – Land**

- Government shall **allot<sup>7</sup> government owned land on long-lease basis** (90 / 99 years) at circle rate<sup>8</sup> for development of Eligible Projects
- **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [10] Crore of investment proposed in first [10] years, and any proportion thereof<sup>9</sup>.
- The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 5000 / sqm and (200% of applicable circle rate less INR 5000 / sqm) above the circle rate of INR 5000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
  - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
  - Lease Rent:
    - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
      - i. To be paid prior to the anniversary of the signing of the lease deed
      - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
      - iii. Delayed payments shall accrue an interest of 8%.
    - b. From the 16th anniversary of the lease deed, a flat lease rent of INR [10,000] per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
- This incentive shall be available for a maximum of 10 projects during the policy term<sup>10</sup>.

OR

- **Incentives – Capital Subsidy** (if land allotment is not applicable)

- In case the land is procured privately for the eligible projects and not allotted by the Government, in such case Capital Subsidy can be availed as per the provisions of Uttarakhand Tourism Policy 2023. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible Wellness Resorts, Holistic Healing Centers.

OR

- **Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout by the Government being capped at maximum capital subsidy as defined under Uttarakhand Tourism Policy.

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<sup>7</sup> With due competitive process to be defined

<sup>8</sup> Prevailing at the time of land allotment

<sup>9</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>10</sup> The limit may be extended by the state cabinet, if required.

**B. Additional Incentives for Wellness Resorts**

- All investors, whether eligible for Customized Package Policy or not, can avail incentives under the Uttarakhand Tourism Policy 2023 or Uttarakhand AYUSH policy.

**C. Incentives for Ayurveda / yoga / naturopathy / holistic Healing Centres under Customized Package Policy<sup>11</sup>**

• **Eligibility**

- NIC Code 86901 – Yoga, Ayurveda and Naturopathy OR
- Other Ayush Practices – Naturopathy, Unani, Reiki, Homeopathy or any other traditional medicine or a combination thereof, OR
- NIC Code 87200 – Residential Healthcare for detoxification, rehabilitation OR
- NIC Code 86100 – Sanatorium
- Customized Package Policy would be applicable for:
  - **Plain Areas** – Ayurveda & Holistic Healing Centers with investments in ECA greater than INR [50] crore within [10] years
  - **Hilly Areas** – Ayurveda & Holistic Healing Centers with investments in ECA greater than INR [25] crore within [10] years

• **Incentives – Land / Building**

- Government shall **allot<sup>12</sup> government owned land OR building on long-lease basis** (90 / 99 years) at circle rate<sup>13</sup> for development of Eligible Projects.
- **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate basis for every INR [5] Crore of investment proposed in first [10] years, and any portion thereof.<sup>14</sup>

**OR**

**Size of Building**, measured as Built-up Area, shall be based upon the proposed project investment. Up to 20,000 sqft of building area shall be provided on proportionate basis for every INR [10] Crore of investment proposed in first [10] years, and any proportion thereof.<sup>14</sup>

- Land - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 5000 / sqm and (200% of applicable circle rate less INR 5000 / sqm) above the circle rate of INR 5000 / sqm. The circle rate would be as on date of executing the MOU.
- Building - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 2,000 / sqft for building and (200% of applicable circle rate less INR 2,000 / sqft for building) above the circle rate of INR 2,000 / sqft for building. The circle rate would be as on date of executing the MOU.
- The payment terms would be as below:
  - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
  - Lease Rent:
    - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
      - i. To be paid prior to the anniversary of the signing of the lease deed
      - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of

<sup>11</sup> Units availing the customised package benefits would have to ensure 25% of the hospitality staff and 50% of the support staff should be from among the domiciles of the state.

<sup>12</sup> With due competitive process to be defined

<sup>13</sup> Prevailing at the time of land allotment

<sup>14</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land / building allotted in proportion to the investment shortfall.

the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).

iii. Delayed payments shall accrue an interest of 8%.

b. From the 16th anniversary of the lease deed, a flat lease rent of INR [10,000] per acre OR INR [10,000] per 20,000 sqft built-up area would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.

○ This incentive shall be available for a maximum of 10 projects during the policy term<sup>15</sup>.

**OR**

• **Incentives – Capital Subsidy** (if land / building allotment is not applicable)

○ In case the land is procured privately for the eligible projects and not allotted by the Government, in such case Capital Subsidy can be availed as per the provisions of Uttarakhand Tourism Policy 2023. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible project.

**OR**

• **Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout by the Government being capped at maximum capital subsidy as defined under Uttarakhand Tourism Policy.

**D. Incentives for Ayurveda / yoga / naturopathy / holistic Healing Centres not limited to Customized Package Policy**

• All investors, whether eligible for Customized Package Policy or not, can avail incentives under the Uttarakhand Tourism Policy 2023 or Uttarakhand AYUSH policy.

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<sup>15</sup> The limit may be extended by the state cabinet, if required.

## 9 EDUCATION

Uttarakhand is one of the leading states in the country with respect to education-related metrics like literacy and enrolment. The education sector contributes ~5% to the state's GDP and is home to many of the country's premier educational institutes, from K-12 schools to graduate and post-graduate level institutions. Uttarakhand's potential in this space is bolstered by good external connectivity and robust K-12 education ecosystem.

In this Context, Government of Uttarakhand is desirous to expand the K-12 schooling and higher education ecosystem in the state.

### **Strategic Roadmap – K-12 schooling**

The schools in Uttarakhand are presently located in Dehradun, Mussoorie and Nainital only. There is potential to explore new locations – such as Lansdowne, Almora, Tehri for setting up residential and other K-12 schools. As many national and international schools look to expand their footprint, this Policy aims to facilitate setting up of prestigious schools within Uttarakhand.

#### **Objectives:**

- Facilitate set up of prestigious schools to the State
- Provide incentives to facilitate high quality education for bright domicile students
- Further cement, Uttarakhand's reputation as the school hub in India as well as globally

#### **A. Incentives for K-12 schools under Customized Package Policy<sup>16</sup>**

- **Eligibility**
  - **Plain Areas** – K-12 schools with investments in ECA greater than INR [50] crore within [10] years
  - **Hilly Areas** – K-12 schools with investments in ECA greater than INR [25] crore within [10] years
- **Core Incentives**
  - **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
    - Loan agreements entered for undertaking eligible project
    - Mortgage and hypothecation for undertaking eligible project
  - **Annual scholarship** of INR 25,000 to each **Uttarakhand domicile student** getting admission in the eligible school

<sup>16</sup> Units availing the customised package benefits would have to reserve 10% of the seats for Uttarakhand domicile students and offer them a 30% fee discount. Also, at least 25% of the teaching staff and 50% of the non-teaching staff should be from among the domiciles of the state.

- **Additional Incentive – Land<sup>17</sup>**
  - Government shall **allot<sup>18</sup> government owned land on long-lease basis<sup>19</sup>** (90 / 99 years) at circle rate<sup>20</sup> for development of Eligible Projects.
  - **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [10] Crore of investment proposed in first [10] years, and any proportion thereof. <sup>21</sup>
  - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 5,000 / sqm and (200% of applicable circle rate less INR 5,000 / sqm) above the circle rate of INR 5,000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
    - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
    - Lease Rent:
      - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
        - i. To be paid prior to the anniversary of the signing of the lease deed
        - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
        - iii. Delayed payments shall accrue an interest of 8%.
      - b. From the 16th anniversary of the lease deed, a flat lease rent of INR [20,000] per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
  - This incentive shall be available for a maximum of 10 projects during the policy term<sup>22</sup>.
- **Additional Incentive – Capital Subsidy (if Land allotment is not applicable)**
  - In case the land is procured privately for the eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible Project.
  - Capital Subsidy up to **[20%] of cost of Eligible Capital Assets**, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual installments from the date of COD.

OR

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [20%] of Eligible Capital Assets.

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<sup>17</sup> For allotment of government land, following additional criteria would be applicable:

- The investor / operator should have been operating at least [1] K-12 school with minimum 300 students on rolls for 10+ years
  - Minimum 6th-12th grades
  - Certification with nationally/ internationally recognized Education Board

<sup>18</sup> With due competitive process to be defined

<sup>19</sup> Through due process to be defined for the sector

<sup>20</sup> Prevailing at the time of land allotment

<sup>21</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>22</sup> The limit may be extended by the state cabinet, if required.

**B. Incentives for K-12 schools not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets – INR 10 Cr)**

- **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
- **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - Loan agreements entered for undertaking eligible project
  - Mortgage and hypothecation for undertaking eligible project
- **Annual scholarship** of INR 25,000 to each **Uttarakhand domicile student** getting admission in the eligible school

**Strategic Roadmap – Higher Education**

Uttarakhand is recognized for its large number of established education institutes. The Government recognizes the importance of higher education for economic, technological and social change and growth, and hence endeavours to provide support to institutes of higher education in the state.

The Government's vision is to take a step forward and to bring in many world-class institutes of higher education across different districts of the state. This would help increase the pool of talented workforce in the state and in turn bring in companies that would want to attract this workforce. The state is well placed to offer institutes a peaceful environment for setting up their campuses and attracting students. For this, the Government intends to create multiple Higher Education Zones ("HEZ") in the state. The HEZs would be clusters of higher education institutes around which other developments can take place. These would be brownfield development regions close to larger cities. Each such HEZ would host one or multiple universities and colleges.

**Objectives:**

The policy targets to help set-up ~10 universities and ~10 colleges in the state through a quality-based selection approach. It is expected that this would have the following impact on the state economy:

- 1) Additional student population of ~35-50,000 students in these institutes at stable state
  - a. Min. 10% of these seats would be for students domiciled in Uttarakhand. Students domiciled in Uttarakhand would be given a minimum fee discount of 30% on comparable fees.
  - b. Increasing student base would also have downstream impact on sectors like IT / ITeS / Finance & other services / Entrepreneurship & Startups.
- 2) Additional direct employment of ~10000 teachers and staff, of which ~3500 would be local domiciles
- 3) Additional CAPEX of ~6000 Cr over the next decade and annual GDP increase of ~4800 Cr at stable state (in current prices)
- 4) Improvement of quality of private sector higher education institutes in the states through adjacency effects

C. Incentives for higher education institutions under Customized Package Policy<sup>23</sup>

- **Eligibility**
  - **University**
    - **Plain Areas** – University with investments in ECA greater than INR [200] crore within [10] years
    - **Hilly Areas** – University with investments in ECA greater than INR [100] crore within [10] years
  - **Colleges**
    - **Plain Areas** – College with investments in ECA greater than INR [100] crore within [10] years
    - **Hilly Areas** – College with investments in ECA greater than INR [50] crore within [10] years
- **Core Incentives**
  - **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
    - Loan agreements entered for undertaking eligible project
    - Mortgage and hypothecation for undertaking eligible project
  - **Incentive for research and entrepreneurship** – Eligible university / college shall qualify for matching research grants equal to 50% of the research grants raised by the university / college in any financial year from corporates (listed or with turnover > 1000 Cr) or any other govt. agency or any govt. sponsored / international educational institution or any multilateral body. This matching research grant would be capped at INR 10 Cr per financial year for any university and INR 5 Cr per financial year for any college; and would be available for any 5 years within the first 10 years of operations of the institute.

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<sup>23</sup> Units availing the customised package benefits would have to reserve 10% of the seats for Uttarakhand domicile students and offer them a 30% fee discount. Also, at least 25% of the teaching staff and 50% of the non-teaching staff should be from among the domiciles of the state.

• **Additional Incentive – Land<sup>24</sup>**

- Government shall **allot<sup>25</sup> government owned land on long-lease basis<sup>26</sup>** (90 / 99 years) at circle rate<sup>27</sup> for development of Eligible Projects.
- **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [10] Crore of investment proposed in first [10] years, and any proportion thereof. <sup>28</sup>
- The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 5,000 / sqm and (200% of applicable circle rate less INR 5,000 / sqm) above the circle rate of INR 5,000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
  - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
  - Lease Rent:
    - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
      - i. To be paid prior to the anniversary of the signing of the lease deed
      - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
      - iii. Delayed payments shall accrue an interest of 8%.
    - b. From the 16th anniversary of the lease deed, a flat lease rent of INR [20,000] per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.

<sup>24</sup> For allotment of government land, following additional criteria would be applicable:

- **Investors seeking to get land for universities**
  - Registered higher education institute (university or college):
    - Companies Act, 1956 (Central Act No. 01 of 1956); or
    - Indian Trust Act 1882 (Central Act No. 02 of 1882); or
    - Societies Registration Act 1860 (Central Act No. 21 of 1860)
  - No. of years of operation – minimum 10 years
  - National Assessment and Accreditation Council (NAAC) accredited with a Grade of A or higher
  - More than 1,000 1<sup>st</sup> year seats
  - Individually
    - Net worth of greater than INR 30 Cr for each of the preceding 3 years
    - Min. turnover of INR 20 Cr
  - As a JV with the Registered higher education institute holding at least 26% equity
    - Net worth of greater than INR 90 Cr for each of the preceding 3 years
    - Min. turnover of INR 60 Cr
- **Investors seeking to get land for colleges**
  - Registered higher education institute (university or college) with:
    - Societies Registration Act 1860 (Central Act No. 21 of 1860); or
    - Indian Trust Act 1882 (Central Act No. 02 of 1882); or
    - Companies Act, 1956 (Central Act No. 01 of 1956)
  - No. of years of operation – minimum 5 years
  - National Assessment and Accreditation Council (NAAC) accredited with a Grade of A or higher
  - More than 400 1<sup>st</sup> year seats (For Medical Colleges, =>100 1<sup>st</sup> year seats)
  - Individually
    - Net worth of greater than INR 22.5 Cr for each of the preceding 3 years
    - Min. turnover of INR 15 Cr
  - As a JV with the Registered higher education institute holding at least 26% equity
    - Net worth of greater than INR 67.5 Cr for each of the preceding 3 years
    - Min. turnover of INR 45 Cr

<sup>25</sup> With due competitive process to be defined

<sup>26</sup> Through due process to be defined for the sector

<sup>27</sup> Prevailing at the time of land allotment

<sup>28</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

- This incentive shall be available for a maximum of 20 projects during the policy term, 10 colleges & 10 universities<sup>29</sup>.
- **Additional Incentive – Capital Subsidy (if Land allotment is not applicable)**
  - In case the land is procured privately for the eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible Project.
  - Capital Subsidy up to **[20%] of cost of Eligible Capital Assets**, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual installments from the date of COD.

OR

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [20%] of Eligible Capital Assets.

**D. Incentives for higher education institutions not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets – INR 20 Cr)**

- **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
- **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - Loan agreements entered for undertaking eligible project
  - Mortgage and hypothecation for undertaking eligible project

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<sup>29</sup> The limit may be extended by the state cabinet, if required.

## 10 FILM & MEDIA

The film and media industry in India is estimated to be USD 23 Bn. It is projected to rapidly grow to USD 100 Bn by 2030, driven by strong growth in media consumption, and rapid penetration of OTT content.

Uttarakhand has traditionally been a popular destination for film shootings – replete with beautiful mountain landscape, rivers, lakes, dense forests, mesmerising trails heritage buildings, religious ecosystem. The State Government has also instituted a Film Policy in 2015 (amended in 2019) to promote film shooting.

Establishment of film cities would be next step towards maximizing UK's shooting potential. The Film City concept in India remains highly localized. Major Film Cities are present in handful of cities – such as Mumbai, Noida, Hyderabad, Chennai, and Bengaluru, and cater to the captive production houses.

Another high growth segment in Media and Entertainment industry has been Animation and VFX. Therefore, along with film city, Uttarakhand shall focus on establishment of synergetic post-production and animation studios. These would help to generate local employment, bring high value economic activity in the state, and attract film making and post-production talent.

### Strategic Roadmap

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This Policy focusses on bringing production houses, Animation and VFX studios to the state by providing incentives to investors / developers. The setting of studios would give positive reinforcement for establishing post-production and animation & VFX studios in the state.

### Objectives

- Maximize film making potential in Uttarakhand by setting up film cities
- Increase popularity of shooting locations offered by Uttarakhand
- Generate employment and economic activity
- Provide incentives to capture the high growth post-production, animation and VFX studio market

#### A. Incentives for Film & Media Studios and Post-production under Customized Package Policy

- **Eligibility**
  - **Plain Areas** – Film & media sector projects with investments in ECA greater than INR [100] crore within [10] years
  - **Hilly Areas** – Film & media sector projects with investments in ECA greater than INR [50] crore within [10] years
- **Core Incentives**
  - **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government.
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
    - Loan agreements entered for undertaking eligible project
    - Mortgage and hypothecation for undertaking eligible project
  - **Heli Transport**

- Automatic permission shall be granted for construction of a **Helipad in the studio complex**.
    - **Heli Transport Subsidy** – INR [2000] / per trip for any heli-trip with the Film City as either its origin or destination.
  - Up to [25%] of the land area and [25%] of available FAR shall be allowed to be used for **Real Estate development** restricted to Hotel, Restaurant, Convention / Exhibition Center, and Amusement Park. Any other commercial usage may be allowed by the Uttarakhand Film Development Council at its discretion and sole authority. The allowable development potential shall be governed by the applicable development byelaws.
  - Government shall provide assistance for setting up police station, fire station, water supply and external road connectivity to eligible Film City projects.
- **Additional Incentives – Land**
  - Government shall **allot**<sup>30</sup> **government owned land on long-lease basis** (90/99 years) at circle rate<sup>31</sup> for development of Eligible Projects.
  - **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [6.5] Crore of investment proposed in first [10] years, and any proportion thereof.<sup>32</sup>
  - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 5000 / sqm and (200% of applicable circle rate less INR 5000 / sqm) above the circle rate of INR 5000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
    - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
    - Lease Rent:
      - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
        - i. To be paid prior to the anniversary of the signing of the lease deed
        - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
        - iii. Delayed payments shall accrue an interest of 8%.
      - b. From the 16th anniversary of the lease deed, a flat lease rent of INR 10,000 per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
  - This incentive shall be available for a maximum of 5 projects during the policy term<sup>33</sup>.

**OR**

- **Additional Incentives – Capital Subsidy (if Land allotment is not applicable)**
  - In case the land is procured privately for the eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible project.
  - Capital Subsidy up to **[30%] of cost of Eligible Capital Assets**, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual

<sup>30</sup> With due competitive process to be defined

<sup>31</sup> Prevailing at the time of land allotment

<sup>32</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>33</sup> The limit may be extended by the state cabinet, if required.

installments from the date of COD, subject to each annual installment being no more than **[75%] of Net SGST** earned from the eligible project for the preceding 12 months.

OR

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [30%] of Eligible Capital Assets.

**B. Incentives for Film & Media Studios not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets – INR 10 Cr) (For Post-Production Studios, Animation Studio, Minimum investment into Eligible Capital Assets – INR 1 Cr)**

- **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
- **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - Loan agreements entered for undertaking eligible project
  - Mortgage and hypothecation for undertaking eligible project
- **Heli Transport**
  - Automatic permission shall be granted for construction of a **Helipad in the studio complex**.
  - **Heli Transport Subsidy** – INR [2000] / per trip for any heli-trip with the Film City as either its origin or destination.
- Up to [25%] of the land area and [25%] of available FAR shall be allowed to be used for **Real Estate development** restricted to Hotel, Restaurant, Convention / Exhibition Center, and Amusement Park. Any other commercial usage may be allowed by the Uttarakhand Film Development Council at its discretion and sole authority. The allowable development potential shall be governed by the applicable development byelaws.
- Government shall provide assistance for setting up police station, fire station, water supply and external road connectivity to eligible Film City projects.

**C. Specific Incentives for Motion Picture, Television Programs Shooting, Production Activities**

- **Eligibility**

Motion Picture – Minimum run time of [120] mins, and budget of INR [25] Crore with minimum 25% of outdoor shooting days OR 30 days, whichever is lower, in Uttarakhand

OR

Television Series – Minimum run time of [300] mins and budget of INR [25] Crore with minimum 25% of outdoor shooting days in Uttarakhand
- **Incentives**
  - Following subsidy shall be provided to Production Houses, for **shooting multiple eligible motion pictures, television serials** in Uttarakhand, till the end of Policy Period
    - Lower of INR [1] Cr or [2%] of production budget for first eligible production
    - Lower of INR [2] Cr or [4%] of production budget for second eligible production

- Lower of INR [2.5] Cr or [5%] of production budget for third or more eligible productions
- The incentive would be [50%] higher for National or International award-winning directors

## 11 SPORTS

Sports such as badminton, football, basketball, wrestling, archery, shooting, hockey, chess, etc. have been growing in popularity driven by India's success at international forums including Commonwealth Games, Olympics, etc. This has been accompanied by improvement in training facilities and infrastructure available in India.

Given its unique Geography, Uttarakhand has an opportunity to develop sporting prowess in mountaineering, water and snow-based sports. The state has significant advantage in mountaineering and water-based sports. It is home to Nehru Mountaineering Institute, Uttarkashi, and Mountaineering & Skiing Institute, Auli. Both foreign and domestic visitors come to Uttarakhand for taking part in the training and sports activities. This is in addition to significant tourist footfall for adventure activities in the State – from skiing in Auli, to river-rafting in Rishikesh.

### Strategic Roadmap

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Focussed development of these sports can nurture talent and establish Uttarakhand's reputation as their major hub. The state can create a strong ecosystem of world-class athletes and trainers – generating positive tailwinds for tourism adventure activities. This policy aims to utilize the natural advantages of Uttarakhand and promote the following sports:

- Mountaineering (Uttarkashi, Pithoragarh, Tehri Garhwal)
- Water-based sports – Kayaking, Rafting, Canoeing (Nainital, Tehri Garhwal)
- Winter sports – Skiing, Snowboarding, Ice skating (Uttarkashi, Chamoli)
- Other Sports

The policy aims to provide land and capital incentives for setting up of Training Academies in the State. The academies would also be given multi-pronged support in marketing, hiring international level experts, participating in competitions, etc.

### Objectives:

- Establish Uttarakhand as the premier hub for a wide variety of sports like mountaineering, water sports and snow sports
- Establish world class training facilities in Uttarakhand, leveraging support from existing institutes and attracting world-class trainers
- Create a supportive ecosystem for promoting target sports, and nurturing award-winning sports talent

### A. Incentives for Sports Facilities & Infrastructure under Customized Package Policy<sup>34</sup>

- **Eligibility**
  - Customized Package Policy would be applicable for
    - **Plain Areas** – Sports Facilities & Training Infrastructure with investments in ECA greater than INR [25] crore within [10] years
    - **Hilly Areas** – Sports Facilities & Training Infrastructure with investments in ECA greater than INR [15] crore within [10] years

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<sup>34</sup> Units availing the customised package benefits would have to reserve 10% of the seats for Uttarakhand domicile students and offer them a 30% fee discount. Also, at least 25% of the teaching staff and 50% of the non-teaching staff should be from among the domiciles of the state.

- Training Academy / Institute of following target Sports –
  - Mountaineering – potential locations at Uttarkashi, Pithoragarh, T. Garhwal
  - Water-based sports – such as kayaking, rafting, canoeing
  - Winter sports – such as skiing; snowboarding, ice skating
  - Boxing, Shooting, Badminton, Hockey, Cricket, Football, , Tennis, etc.
- **Core Incentives**
  - **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
    - Loan agreements entered for undertaking eligible project
    - Mortgage and hypothecation for undertaking eligible project
  - **Marketing and Promotion Grant** – One time grant of INR [1] lakh upon operationalization of the Training Academy
  - **Lodging discount** - 50% discount would be provided to sportsperson enrolled in the eligible Training Academy for lodging and food costs at GMVN, KMVN or any Government guest house during the training period
- **Additional Incentives – Land**
  - Government shall **allot<sup>35</sup> government owned land on long-lease basis** (90/99 years) at circle rate<sup>36</sup> for development of Eligible Projects.
  - **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [5] Crore of investment proposed in first [10] years, and any proportion thereof.<sup>37</sup>
  - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 5000 / sqm and (200% of applicable circle rate less INR 5000 / sqm) above the circle rate of INR 5000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
    - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
    - Lease Rent:
      - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
        - i. To be paid prior to the anniversary of the signing of the lease deed
        - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).

<sup>35</sup> With due competitive process to be defined

<sup>36</sup> Prevailing at the time of land allotment

<sup>37</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

- iii. Delayed payments shall accrue an interest of 8%.
- b. From the 16th anniversary of the lease deed, a flat lease rent of INR 10,000 per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
  - o This incentive shall be available for a maximum of 5 projects during the policy term<sup>38</sup>.

OR

- **Additional Incentives – Capital Subsidy (if Land allotment is not applicable)**
  - o In case the land is procured privately for the eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for an eligible project.
  - o Capital Subsidy up to **[40%] of cost of Eligible Capital Assets**, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual installments from the date of COD.

OR

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [30%] of Eligible Capital Assets.

**B. Incentives for Sports Facilities & Infrastructure not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets – INR 5 Cr)**

- **Refund of SGST on construction** - [90%] of the Net SGST paid towards construction of Eligible Capital Assets shall be reimbursed by the Government
- **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - o Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - o Loan agreements entered for undertaking eligible project
  - o Mortgage and hypothecation for undertaking eligible project
- **Marketing and Promotion Grant** – One time grant of INR [1] lakh upon operationalization of the Training Academy
- **Lodging discount** - 50% discount would be provided to sportsperson enrolled in the eligible Training Academy for lodging and food costs at GMVN, KMVN or any Government guest house during the training period

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<sup>38</sup> The limit may be extended by the state cabinet, if required.

## 12 IT / ITeS

IT / ITeS sector has driven tremendous economic growth in various part of the country. Uttarakhand has made efforts in the past to develop the IT / ITeS sector. Uttarakhand IT Policy was instituted in 2018. Further, Uttarakhand MSME Policy and Uttarakhand Start-up Policy also provide incentives for establishment of IT units in the state. Led by these efforts, Doon IT Park, spread over ~100 acres, was established in Dehradun. This policy aims at inorganic growth by attracting large anchor IT units. This can then precipitate downstream IT development in the state.

### Strategic Roadmap

The Uttarakhand IT Policy 2018 lays down incentives for setting up of IT Parks and smaller IT units, boosting IT skills among local populace, electronics manufacturing in the state etc. Some key incentives include lease rebate, capital subsidy, reimbursement of SGST, stamp duty exemption, interest subvention etc. These incentives are suitable to promote growth of smaller IT units in the state. **The focus of this Policy is to attract and establish Large Anchor IT Campuses in the State** and Global Capability Centres (GCCs).

- **Global Capability Centres (GCCs)** – Establishing GCCs in India has become a mature and proven model over the last 2+ decades, with 1,300+ organizations having GCCs in India, employing more than 1.3 million and contributing ~USD 34 billion in revenues. Many MNCs are looking to set up new GCCs or expand their existing presence. 500+ new companies are expected to establish GCCs in India by FY25.
- **Training campus** – India’s IT industry employs over 50 lakh people and creates 5+ lakh jobs every year. Further, India’s IT industry is expected to grow multi-fold from USD 250 Bn currently to USD 1 Trillion by 2030. This creates a huge demand for providing IT training services. Many companies have established their business models around providing these training services. Further, large IT giants have also established their captive training centers to handle large intake of fresh graduates / hires.

### Objectives

- Facilitate large IT / ITeS investments in the state and generate high-value economic activity for state’s development
- Realize downstream benefits of Anchor IT units to attract more investments in the IT industry
- Promote the State as emerging IT destination

#### A. Incentives for IT campuses / GCC under Customized Package Policy<sup>39</sup>

- **Eligibility**
  - **Plain Areas** – IT Campuses & GCC with investments in ECA greater than INR [100] crore within [10] years and Minimum permanent direct employment of 1,000 personnel
  - **Hilly Areas** – IT Campuses & GCC with investments in ECA greater than INR [50] crore within [10] years and Minimum permanent direct employment of 500 personnel
- **Core Incentives**
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy

<sup>39</sup> Units availing the customised package benefits would have to reserve 10% of the seats for Uttarakhand domicile students and offer them a 30% fee discount. Also, at least 25% of the teaching staff and 50% of the non-teaching staff should be from among the domiciles of the state.

- Loan agreements entered for undertaking eligible project
- Mortgage and hypothecation for undertaking eligible project
- **Exemption of Electricity Duty** – 100% Exemption of Electricity Duty to the Eligible Projects till the end of policy period.

- **Additional Incentives – Land**

- Government shall **allot**<sup>40</sup> **government owned land on long-lease basis** (90/99 years) at circle rate<sup>41</sup> for development of Eligible Projects.
- **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [20] Crore of investment proposed in first [10] years, and any proportion thereof.<sup>42</sup>
- The **allotment price** would be at 100% of applicable circle rate till circle rate of INR [10,000] / sqm and (200% of applicable circle rate less INR [10,000] / sqm) above the circle rate of INR [10,000] / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
  - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
  - Lease Rent:
    - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
      - i. To be paid prior to the anniversary of the signing of the lease deed
      - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
      - iii. Delayed payments shall accrue an interest of 8%.
    - b. From the 16th anniversary of the lease deed, a flat lease rent of INR [20,000] per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
- This incentive shall be available for a maximum of 5 projects during the policy term<sup>43</sup>.

OR

- **Additional Incentive – Capital Subsidy (if Land allotment is not applicable)**

- In case the land is procured privately for eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for the eligible project.
- Capital Subsidy up to **[20% of cost of Eligible Capital Assets]**, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual installments from the date of COD, subject to each annual installment being no more than **[75% of Net SGST]** earned from the eligible project for the preceding 12 months.

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<sup>40</sup> With due competitive process to be defined

<sup>41</sup> Prevailing at the time of land allotment

<sup>42</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>43</sup> The limit may be extended by the state cabinet, if required.

OR

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [20%] of Eligible Capital Assets.

**B. Incentives for IT campuses / GCC not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets – INR 10 Cr or more)**

- a. **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- b. **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - i. Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - ii. Loan agreements entered for undertaking eligible project
  - iii. Mortgage and hypothecation for undertaking eligible project
- c. **Exemption of Electricity Duty** – 100% Exemption of Electricity Duty to the Eligible Projects till the end of policy period.
- d. **Rent Subvention** – Reimbursement of 75% rent paid towards office space leased with a maximum cap of INR 40 / sqft / month on a Gross Leased Area not more than 50 sqft / person. This incentive is only available for units employing more than 100 permanent employees and for a maximum of 5 financial years from COD.

### 13 DATA CENTERS

Tough India is the currently 13<sup>th</sup> largest market globally for data centres, it is well positioned on a path of high exponential growth. Data Centre capacity in the country is expected to double by 2025. This exponential growth would be driven by fast-growth in number of internet & smartphone users, 5G rollout, steep increase in video streaming, enterprise-level adoption of cloud systems, Artificial Intelligence, automation as well as uptick in data storage demand.

Data Centres have intensive power usage and require access to uninterrupted power and water (for cooling/heating) supply. Further, given the push towards green sustainability goals, many players in the industry are seeking green power. Access to high-speed internet is also essential for data centres to meet their connectivity requirements. Uttarakhand enjoys natural advantages in terms of ample water availability and significant green hydro-based power capacity. Further, Uttarakhand provides a cooler climate, which can significantly reduce power consumed towards colling in the Data Centre.

#### Strategic Roadmap

The Existing Uttarakhand IT policy does not provide any specific incentives for establishment of Data Centers. Therefore, this Service Sector Policy provides tailored incentives for Data Center in terms of land and building, capital subsidy, power supply, water supply etc.

#### Objectives

- Attract investments in Data Center Parks
- Facilitate land availability, power and water supply to attract major players
- Establish Uttarakhand as Data Center Hub for North India

#### A. Incentives for Data Centers under Customized Package Policy

- **Eligibility**
  - **Plain Areas** – Data Centers with investments in ECA greater than INR [100] crore within [10] years
  - **Hilly Areas** – Data Centers with investments in ECA greater than INR [50] crore within [10] years
- **Core Incentives**
  - **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
  - **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
    - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
    - Loan agreements entered for undertaking eligible project
    - Mortgage and hypothecation for undertaking eligible project
  - **Sub-lease / transfer charges**
    - Eligible project shall be 100% exempt from payment of sub-lease and transfer charges for transfer of land / building in the Data Center Park.
  - **Incentives – Power, Water Supply**
    - Electricity shall be made available at industrial rates, for the duration of Policy Period. Further the state shall make efforts to provide 100% renewable power to the eligible project.

- Following power supply exemptions shall be provided by the State to the eligible projects till the end of policy period:
    - a. **100% exemption of Electricity Duty**
    - b. 100% exemption of inter-state Transmission Charges
    - c. 50% exemption of wheeling charges on inter-state sale of power
    - d. 50% exemption on conventional Open Access Charges
  - Dual grid redundant connection shall be provided
  - The state shall provide uninterrupted 24 x 7 water supply to the eligible project.
- Additional Incentive – Land
    - Government shall **allot<sup>44</sup> government owned land on long-lease basis** (99 years) at circle rate<sup>45</sup> for development of Eligible Projects.
    - **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [40] Crore of investment proposed in first [10] years, and any proportion thereof.<sup>46</sup>
    - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR [20,000] / sqm and (200% of applicable circle rate less INR [20,000] / sqm) above the circle rate of INR [20,000] / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
      - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
      - Lease Rent:
        - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
          - i. To be paid prior to the anniversary of the signing of the lease deed
          - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
          - iii. Delayed payments shall accrue an interest of 8%.
        - b. From the 16th anniversary of the lease deed, a flat lease rent of INR [20,000] per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
    - This incentive shall be available for a maximum of 5 projects during the policy term<sup>47</sup>.

OR

- Additional Incentive – Capital Subsidy (if Land incentive is not applicable)
  - In case the land is procured privately for eligible project and not allotted by the Government, in such case Capital Subsidy can be availed. Note that only either one of the Land or Capital Subsidy benefit can be availed for the eligible project.
  - Capital Subsidy up to **[20%] of cost of Eligible Capital Assets**, constructed within the first 10 years, can be availed. The amount shall be paid by the Government in 10 equal annual installments from the date of COD, subject to each annual installment being no more than **[75%] of Net SGST** earned from the eligible project for the preceding 12 months.

OR

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<sup>44</sup> With due competitive process to be defined

<sup>45</sup> Prevailing at the time of land allotment

<sup>46</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>47</sup> The limit may be extended by the state cabinet, if required.

- **Additional Incentive – Customized Package** (if applicant or unit does not want to avail Land / Capital Subsidy incentives defined above) – Customized package may be worked out with the applicant, as applicable under Section-14 of The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. This shall be subject to total incentive payout (NPV at 9%) by the Government on land or capital subsidy or under customized package being capped at [20%] of Eligible Capital Assets.

**B. Incentives for Data Centers not eligible for Customized Package Policy (Minimum investment into Eligible Capital Assets – INR 10 Cr or more)**

- **Interest subvention** - Interest subvention of [2%] shall be provided for a maximum period of 5 years post COD on term loans (not exceeding 70% of Eligible Capital Assets) from a scheduled bank or NBFC for development of Eligible Capital Assets in the eligible project. Reimbursement shall be made against actual proofs / certificate from bank stating the interest paid.
- **Reimbursement of Stamp Duty** - Eligible Project shall qualify for reimbursement of Stamp Duty, paid as 3 equal annual instalments from COD, applicable on
  - Sale / Lease deeds executed in respect of purchase / lease of land/ built-up area for eligible project, provided that the sale / lease deed is entered into during the period of the Policy
  - Loan agreements entered for undertaking eligible project
  - Mortgage and hypothecation for undertaking eligible project
- **Sub-lease / transfer charges**
  - Eligible project shall be 100% exempt from payment of sub-lease and transfer charges for transfer of land / building in the Data Center Park.
- **Incentives – Power, Water Supply**
  - Electricity shall be made available at industrial rates, for the duration of Policy Period. Further the state shall make efforts to provide 100% renewable power to the eligible project.
  - Following power supply exemptions shall be provided by the State to the eligible projects till the end of policy period:
    - 100% exemption of Electricity Duty
    - 100% exemption of inter-state Transmission Charges
    - 50% exemption of wheeling charges on inter-state sale of power
    - 50% exemption on conventional Open Access Charges
  - Dual Power Grid Network shall be provided for first 2 Data Center Parks in the state in which the cost of first grid shall be borne by the beneficiary and second grid by the State's Power department.
  - The state shall provide uninterrupted 24 x 7 water supply to the eligible project.

**C. Other non-Fiscal Incentives**

- The Government shall accord Infrastructure Status to Data Center and related infrastructure, thus allowing them access to better lending terms.
- The Government shall declare Data Center as one of the “Essential Services”
- The Government shall provide relaxed FAR and Building Design requirement norms for Data Center Parks and Data Center Units.
- Eligible project shall be permitted to self-certify, and therefore exempt from inspections under the following:
  - 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

## 14 HOSPITALITY – LAND ALLOTMENT

Uttarakhand Tourism Policy defines Capital Subsidy and other incentives for hospitality units being setup in the state. Under the provisions of this Policy, hospitality projects shall be eligible to land allotment at Circle Rate under the conditions detailed herein.

**Note – Hospitality units, which get land allotted under this Policy shall not be eligible for Capital Subsidy under Uttarakhand Tourism Policy 2023. However, such projects may avail all other subsidies / incentives as applicable under the Uttarakhand Tourism Policy 2023.**

- **Eligibility**
  - **Plain Areas** – Eligible projects with investments greater than INR [200] crore in [10] years in ECA
  - **Hilly Areas** – Eligible projects with investments greater than INR [100] crore in [10] years in ECA
  - **NIC Codes**
    - 55101 – Floatels / Floating resorts, Heritage Hotels, Hotels / Motels, Tourist Resort
    - 82300 – MICE or convention centers
  
- **Incentive – Land**
  - Government shall **allot<sup>48</sup> government owned land on long-lease basis** (90 / 99 years) at circle rate<sup>49</sup> for development of Eligible Projects.
  - **Size of Land Parcel** shall be based upon the proposed project investment. Up to 1 acre of land shall be provided on proportionate for every INR [20] Crore of investment proposed in first [10] years, and any proportion thereof<sup>50</sup>.
  - The **allotment price** would be at 100% of applicable circle rate till circle rate of INR 10,000 / sqm and [200% of applicable circle rate less INR 10,000 / sqm] above the circle rate of INR 10,000 / sqm. The circle rate would be as on date of executing the MOU. The payment terms would be as below:
    - Lease Premium: 50% of allotment price. To be paid on or prior to the date of executing lease deed; and
    - Lease Rent:
      - a. 5% of allotment price (calculated as above), escalating annually at (2% + WPI in %/2), for 15 years.
        - i. To be paid prior to the anniversary of the signing of the lease deed
        - ii. First lease rent would be due on 1st anniversary of the signing of the lease deed (and needs to be paid in advance to that date) and subsequent lease rents, till the 15th anniversary of the signing of the lease deed, would be due on each anniversary of the lease deed (and needs to be paid in advance to that date).
        - iii. Delayed payments shall accrue an interest of 8%.
      - b. From the 16th anniversary of the lease deed, a flat lease rent of INR 10,000 per acre would be due on each anniversary of the lease deed (and needs to be paid in advance to that date). Delayed payments shall accrue an interest of 8%.
  - This incentive shall be available for a maximum of 20 projects during the policy term<sup>51</sup>.

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<sup>48</sup> With due competitive process to be defined

<sup>49</sup> Prevailing at the time of land allotment

<sup>50</sup> If the investment actually incurred within a period of [10] years is less than the proposed investment, then the beneficiary would be required to pay [300%] of prevailing circle rate for the land allotted in proportion to the investment shortfall.

<sup>51</sup> The limit may be extended by the state cabinet, if required.

## 15 IMPLEMENTATION OF POLICY

Directorate of Industries under the Department of Industries, Government of Uttarakhand shall be the implementation and administrative agency for this Policy. The Department may choose to assign any other body for implementation of the Policy from time-to-time. The Government of Uttarakhand shall institute requisite frameworks to facilitate a conducive environment for effective implementation of projects & schemes under the Uttarakhand Service Sector Policy. With this intent, following institutions shall be constituted / empowered for implementation of the policy:

### Key Institutions and Implementation Mechanism

The Policy shall utilize key institutions already formed under the Uttarakhand Single Window Facilitation Act for speedy approval and disbursements under this Policy.

- Directorate of Industries shall establish a Services Investment Facilitation Centre (SIFC) headed by an appointed Nodal Officer to coordinate between State Single Window Portal and the applicant, in attaining necessary project sanctions, licenses, NOCs and approvals
- The Directorate of Industries shall be the nodal department for the Policy. The role of Directorate of Industries shall be in policy and regulation, while SIFC formed under the directorate would participate in promotion of service sector initiatives in the state, along with investor facilitation and liaisoning for grant of requisite permissions and approvals
- Any investor who wishes to avail service sector incentives and subsidies of the state must apply and get the project registered simultaneously apply for In-Principal Approval on the Single Window Clearance System (<https://investuttarakhand.uk.gov.in/>)
- **A Scrutiny Committee (SC)** shall be constituted in order to verify the documents (for eligibility of project during in-principal approval & disbursement of incentives) at department level for all relevant departments. The Scrutiny Committee shall be headed by Secretary / Principal Secretary of the relevant department. Indicative constitution of SC shall be as follows:
  - Secretary / Principal Secretary of relevant department – Chairperson
  - Additional Secretary of relevant department – Member Convenor
  - Any other member as nominated by Chairperson
- Further, the Policy will use existing **District Level Committee (DLC)** formed under the existing CAF (Common Application Form) procedure for physical verification and monitoring of the eligible units / investments.
- After the receipt of Scrutiny report (by SC) & Verification report (by DLC), the application shall be submitted to the Secretary / Principal Secretary of relevant department for approval and recommendation to **High Power Empowered Committee (HPEC)**. The final power for approval and disbursement of subsidy claims shall rest with **Chief Secretary chaired HPEC**.

### Ease of Doing Business and Single Window Clearances

The Policy will be significantly benefitted by the strategic Interventions that State Government has enacted aimed at improving the business environment.

- **Access to Information and Transparency Enablers:** The state has done a comprehensive compilation of 329 investor-related services across 55 departments on its single window portal. Further, the Government has also introduced a help line to address the investor related queries.
- **Availability of Land:** List of land banks with area, infrastructure and distances is given on GIS based portal where GIS data is integrated with Google maps and is available on SIIDCUL GIS System. Also, E-Stamp facility is now available at all the sub-registrar offices. Further, clear timelines have been provided for land use and land conversion.

- **Construction Permit Enablers:** An Automatic Building Plan Approval Management System has been established by the Government to facilitate quick processing, standardisation, effective monitoring, and disposal of building plan permissions. An online Registration form for Building Plan Approval is available on the State Industrial Development Authority (SIDA's) online portal. The Government has fixed a deadline for the grant of Building Permit Approval (CTE) and Completion Certificate (CTO) issued by SIDA, i.e., 30 working days
- **Environment Registration Enablers:** A comprehensive list of procedures and 31/31 documents required for application are available on the UEPPCB's website. The provision for an online Consolidated Consent and Authorisation form (CCA Application) for Water/Air Consent & Hazardous Waste Authorization has been made. Also, the calculation for the Consent Fee can be done through an online fee calculator. The Government has also fixed a timeline for approval/rejection of applications.
- **Single Window:** The Single Window Clearance System (SWCS) was formed under 'The Uttarakhand Enterprises Single Window Facilitation and Clearance Act 2012' (Uttarakhand Act No. 05 of 2013) to provide all the requisite clearances/ licenses/ permits etc. required to establish/ operate tourism units. All necessary clearances shall be accorded to the developer in time bound manner after the submission of requisite documents through the Single Window System.

#### **Procedure for Registration and In-Principal Approval**

- **Step 1:** Eligible tourism units shall apply on Single Window Clearance System at [www.investuttarakhand.com](http://www.investuttarakhand.com) for registration cum In-Principle approval and upload relevant documentation and NIC Code
- **Step 2:** Investor seeking incentives under the Policy shall select "Uttarakhand Service Sector Policy (Focus Sectors)" in the CAF application for incentives
- **Step 3:** In-Principle approval to be provided (in line with CAF approval process)
- **Step 4:** Claim Incentive via Single Window & Disbursement

Post in-principle / CAF approval of the investor application to set up eligible project, the SIFC under Directorate of Industries will provide handholding support to all such investment applications in obtaining necessary approvals and disburse Incentive/ Subsidy to eligible applicant as per its Service Sector Policy.

#### **Procedure for Availing Incentives**

- **Step 1:** Investor applies for the claim via Single Window portal
- **Step 2:** Claim received to the Nodal officer and relevant department
- **Step 3:** Forwarded to SC for validation of eligibility and DLC and District Industries Centre (DIC) for physical verification (if required)
- **Step 4:** Scrutiny committee verifies claim
- **Step 5:** HPEC provides incentive / subsidy approval
- **Step 6:** Disbursement of approved subsidy / incentive

#### **Grievance Redressal related to Implementation of this Policy**

The State Government reserves the right to:

- Update the list of Focus Services Sectors as it sees fit, at any point during the Policy period.
- Amend any provision(s) including amendment or withdrawal of any of the support mechanisms as and when necessary, from time to time under the provision of the Policy.
- Review the matter regarding sanction/ disbursement of support to the eligible project under this policy and in this connection, the State Government's decision shall be final and binding.
- Make / amend the necessary rules for implementation of this Policy as and when required.
- In case of any conflicts, the HPEC may take a decision in accordance with the prevailing policy and the decision thus taken shall be final and binding on all concerned and its compliance shall be mandatory for the concerned department / parties.

## 16 ANNEXURE – DEFINITIONS

### Eligible Capital Assets

“Eligible Capital Assets” or “ECA” shall mean and include site-level infrastructure (fencing, construction of internal roads, and other basic infrastructure facilities); structures & buildings; plants, indigenous & imported machinery & equipment, handling equipment; mechanical, electrical & plumbing installations, fixtures, furniture & fittings; utilities including waste treatment facilities, transformers, generators, , etc., and other supportive facilities installed for use in the premises and includes installation charges.

ECA shall not include:

- Land
- Intangible assets including, without limitation, Intellectual Property rights and goodwill

All capital assets should have been paid for and should be owned or leased by the project, provided that the duration of such lease shall be:

- For building, no less than 10 years; and
- For all other fixed assets – no less than half the estimated residual lifetime of the asset (where such residual lifetime shall be estimated by a licensed engineer, in the manner that may be specified by the Government of Uttarakhand, from time to time).

All capital assets should be used and installed only within the Project Site. Eligible investment in ECA shall not include:

- Pre-construction expenses and cost of consultant
- Capitalized interest
- Working capital
- 

In case of Expansion projects, the ECA shall be counted only for the expansion component, as per the calculation outlined above.

**COD** means the commencement of services rendered / commencement of operation on a commercial scale.

**Goods and Services Tax (GST)** means the Goods and Services Tax (GST) levied under section 9 of the "Uttarakhand Goods and Services Tax Act, 2017" (Act No. 6, Year 2017)

### Net SGST Reimbursement

Net SGST reimbursement means the eligible unit will be eligible to get reimbursement of SGST amount paid through cash ledger against the output liability of SGST on sale of products / services. The eligible unit shall first have to utilize all the eligible ITC (input tax credit) available in its Credit Ledger before adjusting the SGST amount through Cash Ledger.

### Hill and Plain Regions Definition

Category	Area / regions covered
Hilly areas	<ul style="list-style-type: none"> <li>• Entire area under districts Pithoragarh, Uttarkashi, Chamoli, Champawat, Rudraprayag, Bageshwar, Almora, Pauri Garhwal, Tehri Garhwal.</li> <li>• Areas lying above 650 m from mean sea level in districts Nainital and Dehradun</li> </ul>
Plain areas	<ul style="list-style-type: none"> <li>• Areas lying under 650 m from mean sea level in districts Dehradun and Nainital</li> <li>• Entire area under districts Haridwar and Udham Singh Nagar</li> </ul>