

A Comparative Study of Incentives offered by various States in the IT Sector

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Heads	Andhra Pradesh	Maharashtra	Karnataka	West Bengal
Pollution Control	Exempted From Pollution Control Act except in respect of Power generation set	Exempted	Quick clearances from PCB for captive DG sets for IT industries	Automatic clearance under Pollution control act except in respect of Power generation sets.
Power tariff	Industrial rate and all other applicable concession in respect of power is applicable to IT industries. 25% concessional power tariff shall be allowed to new IT industries for 3 years	Electricity duty is exempted	Industrial Rate is applicable	Electricity duty is exempted for 5 years, applicable for grid power and not for captive power.
General Sales Tax	Total ST exemption for computer software	ST is fixed at a minimum floor rate of 2% for hardware, 1% for software and 'nil' for customized software	Total ST is exempted for a period of 10yrs or deferment for a period of 12yrs subject to a ceiling of 200% of the value of fixed assets including TOT	X
Zoning Regulations	Exempted from zoning regulations	Exempted from zoning regulations	Exempted from zoning regulations subject to use of power up to 5 KVA	Exempted from zoning regulations
Relaxation in Factories Act	Relaxed	Relaxed	Relaxed	Relaxed

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Rebate in Cost of Land/Employment generation subsidy	Rebate of Rs20000 per employment for Govt. allotted land subject to conditions	X	15% rebate on cost of land bought from State agencies subject to conditions.	X
Investment Subsidy	20% on Fixed capital with a limit of Rs20lacs, subject to some conditions.	X	X	15% for Group A&B with ceiling of 1.5 crore and 25% for C with ceiling of 2.5 crore
Mega Projects	Special Incentive package for projects with investment of more than Rs100 crore	X	Special Incentive package for projects with investment of more than Rs100 crore or with more than 1000 employee	Special Incentive package for projects with investment of more than Rs25 crore and with more than 750 employee in their 1 st yr.
Stamp Duty and Registration	Concession in the form of rebate on registration and exemption from stamp duty on a tapering scale for sale/lease	Exempted from stamp duty. Maximum registration fee is Rs1000.	Stamp duty is 50% exempted. Registration charges at concessional rate.	ITES company in Gr.A, B and C are completely exempted from Stamp duty and Registration fees.
Octroi Refund	X	√	X	X
Entry Tax	X	X	Exempted for 3 years or till the date of completion of project which ever is earlier	X
Subsidy in Certification cost	X	X	X	Small scale sectors will be reimbursed 50% of the expenditure to obtain ISO/ISO 9000 certification

				with a ceiling of Rs5 lacs
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Interest Subsidy	X	X	X	For units in Gr. A, interest subsidy is 50% with a limit of Rs1 crore per yr. For 5 yrs. For units in Gr. B, interest subsidy is 60% with a limit of Rs1.2 crore per yr. For 7 yrs. For units in Gr. C, interest subsidy is 60% with a limit of Rs1.2 crore per yr. For 9 yrs.
Employment Generation Subsidy	Rebate in cost of land @ Rs20,000 per employment of AP origin	X	15% on cost of land bought from State agencies for IT companies creating employment 250 in B'lore and 100 in other areas	For GRA& B units , 50% reimbursement towards ESI & EPF contribution for 5 yrs. For GR C units , 50% reimbursement towards ESI & EPF contribution for 7 yrs.
State Capital Investment Subsidy	X	X	X	For GRA& B units, 15 % of the fixed capital investment, subject to a maximum of Rs1.5 crores. For GR C units, 25 % of the fixed capital investment, subject to a maximum of Rs2.5crores.

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FSI (Floor Space Index) Relaxation	X	100% extra FSI on payment of 25% premium	Twice as admissible to SSI units subject to conditions	X
Subsidy for Employing women workers	X	X	X	X
Subsidy on Consumption Tax				Exempted during implementation stage for ITES