

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

IT,E&C Department - IT Promotion – Rent guarantee for Designated Technology Park(DTP) – AP DTP Policy 2017-2020 – Promotion of private Built up space for leasing to IT companies –Orders – Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS
(Promotions) DEPARTMENT

G.O.MS.No. 10

Dated: 25.07.2017
Read the following:

1. AP IT Policy 2014-2020, issued vide G.O.Ms.No:13, IT,E&C (Promotion) Department dated: 11.08.2014.
2. DTP Scheme 2016-17, Issued vide G.O.Ms.No:21,IT,E&C (Promotion) Department dated: 17.10.2015.
3. DTP Scheme Operational Guidelines, issued vide G.O.MS.No.1,IT,E&C (Promotion) Department dated 05.02.2016.

ORDER:

Vide G.O. 2nd read above, Designated Technology Park (DTP) scheme was created as part of IT Policy 2014-2020, with the idea of accelerating industry required infrastructure. The AP State lacks quality commercial office space suitable for the IT industry. In order to motivate the IT/ITeS/Software Application Development companies /units, on par with other competing States, to invest and provide gainful employment in the new State of Andhra Pradesh.

- (a) Vide G.O. 3rd read above, Government has issued operational guidelines stipulating certain mandatory requirements for buildings to qualify for Designated Technology Park (DTP), criteria for the IT/ITeS/Software Application Development companies/units to avail the benefits under DTP Scheme, application formats for by IT companies/entities/Lessees, taking office space and for claiming incentives under DTP Scheme and the application formats for being notified a built up facility as DTP and application Form for claiming benefits/incentives under by DTP Developers/Operators/Owners/Lessors. After occupying space in the notified DTP and after one year of commencing its commercial operations, such IT Companies/Lessees are eligible to apply for claiming or availing incentives under DTP Scheme, as per the application proforma indicated along with requisite documentation, mentioned in the G.O. 3rd read above.
- (b) DTP scheme has not been able to create the required impact as expected. DTP scheme did not provide exciting incentives for developers, as a result, growth of ready to move-in IT office space has never taken off and achieved less than desired eco system on this parameter. However, some initiatives taken up by the IT,E&C department and implemented through AP Electronics and Information Technology Agency (APEITA) to rent out some identified and approved buildings and leasing out to IT units at 50%subsidized rental has been received well, and the same has proven to be generating satisfactory results in the recent past and it has been appreciated by all concerned. Besides, the DTP scheme ended on 04.02.2017.

2. In view of the above, Government of Andhra Pradesh after careful examination, bring in a new DTP Policy to accelerate growth of industry-ready infrastructure and thereby aid growth of IT industry in the state of AP. The policy should be able to motivate potential IT space developers to build larger and world class IT space in the state of AP.

3. **Policy Vision:** To develop the State of Andhra Pradesh as a preferred destination for IT units by facilitating ready to move-in world class IT infrastructure.

4. **Policy Objectives:**

- (a) To develop an ecosystem that enables long term success by creating ready to move-in infrastructure, thus facilitating the IT companies/units to move in quickly and focus on their core business functions.
- (b) To create 5 million SFT of IT office space and housing over 50,000 high quality jobs in technology, analytics and core business jobs by March 31, 2020.

5. **Policy Framework:**

- (a) IT office space builders should present their proposal to the IT,E&C department for examination and approval through CCITI Committee to receive DTP status for their IT parks/office space.
- (b) The Government of Andhra Pradesh would like to provide rent guarantee to the extent of unoccupied office space to builders from the time they receive occupancy certificate from the concerned authorities.
- (c) AP DTP Policy 2017-2020 intended to encourage IT office space builders to create larger and world class IT spaces.
- (d) The rent guarantee timelines would be longer for larger IT space builders, not exceeding 36 months.
- (e) The IT units that would rent DTP status office space would get the benefit of the rent subsidy to the extent of rent guarantee amount.

6. **Implementation Model of DTP Policy:**

- (a) Rent fixation will be authorized by CCITI that involved all stake holders. CCITI will also put an upper cap on the rent based on location and city/ town for the first 2-3 years or for the first year with Year on Year (YoY) escalation linked to changes in “Wholesale Price Index (WPI)” whichever is minimum.

Category	Incentive
IT Company	Category of incentives blended into IT Policy 2014-2020 framework to bring uniformity.
Developer (IT Infrastructure are all included under DTP policy)	50% rent guarantee for unoccupied built-up space from the time the occupancy certificate is issued till project achieves a specified occupancy as mentioned below: (a) For IT Space of 1 lakh SFT to 1,99,999 SFT - 18 months or 70% Occupancy, whichever is earlier. (b) For IT Space of 2 lakh SFT to 2,99,999 SFT - 24 months or 70% Occupancy, whichever is earlier. (c) For IT Space of 3 lakh SFT to 3,99,999 SFT – 30 months or 70% Occupancy, whichever is earlier. (d) For IT Space of 4 lakhs SFT above - 36 months or 70% Occupancy, whichever is earlier.
	As the office space is occupied by IT units, the 50% rent benefit must be passed on to such occupying IT Unit for the remaining period of rent guarantee.

(b) IT,E&C Department will facilitate the developer(s) for speedy implementation of the approved project under DTP Policy.

(c) Any or all IT spaces built by one eligible developer or aggregated by APEITA within limits of a village/Town/Municipality/Municipal Corporation/CRDA Region together should not be less than one lakh square feet for consideration under this policy.

7. DTP builders and APEITA wherever aggregates DTP space will submit proposals to IT, E&C department. APEITA shall act as nodal agency to process the proposal and submit all eligible proposals to Consultative Committee for Information Technology Industry (CCITI) of IT,E&C department for approval of DTP status to the project.

8. This DTP 2017-2020 policy will co-terminate with AP IT Policy 2014-2020.

9. Application Forms along with Operational guidelines, prescribed conditions, requisite documentation etc. will be issued separately by the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**K.VIJAYANAND
PRINCIPAL SECRETARY TO GOVERNMENT**

To

All the Departments of Secretariat.

The Vice Chairman and Managing Director, APIIC, Vijayawada.

The Commissioner, MA&UD Dept Vijayawada.

The Director of Industries, Andhra Pradesh, Vijayawada.

The Commissioner, Information and Public Relations, Andhra Pradesh, Vijayawada.

The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh, Vijayawada.

The Chairman & MD, AP TRANSCO Vijayawada.

The Managing Director, APEPDCL Visakhapatnam /APSPDCL Tirupati.

The Commissioner, Labour, Andhra Pradesh Vijayawada.

The Vice Chairman, VUDA Visakhapatnam/TUDA, Tirupati /VGTMUDA Vijayawada.

The Commissioner CRDA Vijayawada.

All the District Collectors & Magistrates.

All the Municipal Commissioners, AP.

The Development Commissioner, VSEZ, Visakhapatnam.

The Development Commissioner, AP IT SEZs Visakhapatnam.

The Director, STPI, Andhra Pradesh.

The President, ITAAP, Andhra Pradesh.

The Regional Director, CII, Andhra Pradesh.

The President, AP Chamber of Commerce.

The Regional Chairman, ESC Member.

The CEO AP E&IT Agency, Visakhapatnam.

The CEO APIS, Vijayawada.

The Regional Director, NASSCOM, Andhra Pradesh.

Copy to:

The Chief Minister's Office / Chief PRO to Hon'ble Chief Minister.

The Secretary to GOI, Ministry of Electronics & Information Technology (MeitY), New Delhi.

The Chief Commissioner, Customs & Central Excise, Hyderabad.

The OSD to Minister for PR, Information Technology, Andhra Pradesh.

The PS to Hon'ble Minister for Finance, Hyderabad.

The PS to Hon'ble Minister for Major Industries, Andhra Pradesh.

The PS to Hon'ble Minister for Revenue, Andhra Pradesh.

The PS to Hon'ble Minister for MA&UD, Andhra Pradesh.

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The PS to Hon'ble Minister for Energy, Andhra Pradesh.
The PS to Hon'ble Minister for Labour, Andhra Pradesh.
The PS to IT Advisor, Government of Andhra Pradesh.
The PS to Chief Secretary to Government of Andhra Pradesh.
The PS to Spl. CS Planning, Andhra Pradesh.
The PS to Principal Secretary to Hon'ble CM
The PS to PFS, Andhra Pradesh.
The PS to Advisor IT Promotions to Govt of AP.

// FORWARDED :: BY ORDER //

SECTION OFFICER