



## HARYANA STATE DATA CENTER POLICY, 2022



**Department of Information Technology, Electronics & Communication,  
Government of Haryana**

## Haryana State Data Center Policy, 2022 - Department of Information Technology, Electronics & Communication, Haryana

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## 1. Introduction

India has more than 800 Million Internet Subscribers and more than 1200 Million Cell Phone connections which are consuming and generating Data continuously as per the report published by the Telecom Regulatory Authority of India in October 2021. Data is generated through Digital Entertainment, Digital Education, Digital Business, Digital Services, Digital Communication, Social Media Usage, etc. This data generation trend is set to increase manifold with the availability of higher speed and better devices. Many Data Centers are thus required to store & process such huge data. The size of the global market for the establishment of data centers surpassed USD 50 billion in 2021 and is poised to grow at a CAGR of 12% from 2022 to 2028 as per the latest report of Global market Insight Inc, a market research organization based in the USA.

India's share in the data center market is expected to grow big time in the Asia Pacific region. India Data Center market size was valued at USD 4.35 billion in 2021 and will witness investments of USD 10.09 billion by 2027, growing at a CAGR of 15.07% during 2022-2027 as per the report of Arizton Advisory & Intelligence, a market research organization based in the USA. The Government's focus on digitalization through national agenda such as Digital India initiatives and increasing emphasis on the storage of data locally and its protection will further propel the growth of the industry.

In light of the above, there is a need to put in place a comprehensive industry-friendly State Data Center Policy that would specifically incentivize the Data Center Industry to locate itself in Haryana and also provide impetus to the development & growth of a large Data Center Industry in the State, thereby enabling Haryana to position itself as a Data Center Hub.

## 2. Advantage Haryana

Haryana has made impressive progress in developing a strong manufacturing base and propelling the growth of technology-oriented sectors. As a result, Haryana has succeeded in establishing itself as a strong brand in the fields of Information Technology, Engineering, Automobiles, Electronic Hardware, and Hi-Tech Industries.

With a contribution of approximately 10% to the State's GDP and 54% to Haryana's exports and giving direct and indirect employment to over 10 Lakh people, the IT and Electronic System Design & Manufacturing (ESDM) sector has proven to be the key contributor to State's economic growth.

Haryana is a power surplus State and as of March 2021, Haryana had a total installed power generation capacity of 12,480.87 MW of which, 2,929.30 MW was contributed by the State, 3831.90 MW by the Central sector, and 5719.67 MW by the private sector as per data of Central Electricity Authority, Ministry of Power, Government of India.

Approximately 2/3rd of Haryana (13 districts out of 22) lies in the National Capital Region (NCR). Haryana has Robust Rail, Road, and Air connectivity with a Road network of 26,131 Km, a Rail network of 1703 Km, more than 30 National Highways, and close proximity to two International Airports. Further, Haryana boasts of strong network and communication connectivity with all the Gram Panchayats of Haryana connected to the Internet through fiber under the BharatNet Project. Therefore, Haryana's strong IT Ecosystem, thriving demand base, surplus availability of power, and Locational advantage in North-West India make it uniquely equipped to be at the forefront of the development of the Data Center industry.

### **3. Policy Vision and Mission**

#### **A. Vision**

This policy targets to make Haryana, a preferred destination for the Data Center Industry and establish the State as a global Data Center Hub, which will allow Haryana to take a lead in technology driven sectors. Through this policy, Government envisions to create a conducive business environment for the establishment of the Data Centers in Haryana.

#### **B. Mission**

- ❖ Implement an enabling regulatory environment for the Data Center industry, with investor friendly and time-bound clearance system.
- ❖ Encourage environment friendly activities in the Data Center industry.
- ❖ To attract investment in the Data Center industry to the tune of INR 7,500 Cr.
- ❖ To act as a catalyst for the business environment of the state.
- ❖ To generate ample number of job opportunities in the State.

#### **4. Definitions**

##### **A. Data Center**

Data Center means/refers to Data Center Unit or else Data Center Park as per the eligibility defined under this policy and is defined as a physical facility that organizations and cloud service providers use to store and manage their business-critical applications and information on a network of IT servers. The facility typically comprises of Data Center Server Room that has server racks, storage racks, and networking equipment, NOC (Network Operation Center) room, Centralized Building Management System (BMS room), Help-desk area and Testing/Lab room, Electrical Room (Power Supply Room), Telecom Room, UPS, and Battery Room, AHU (Air Handling Units) and Fire Suppression System.

##### **B. Net GST**

Net SGST to be considered for reimbursement means that the eligible unit will be entitled to get reimbursement of SGST amount paid through cash ledger against the output liability of SGST on sale of eligible products. The eligible unit shall first have to utilize all the eligible Input Tax Credit (ITC) including eligible ITC of IGST available in its Credit Ledger, against the SGST output liability, before adjusting the SGST amount through Cash Ledger.

## 5. Eligibility

- A. The policy is applicable to the Data Centers which means/refers to Data Center Units or else Data Center Parks operating in the State of Haryana.
- B. **Data Center Parks** - Data Centers set up in the State with at least 20 MW of power (*Data Center Power Only*) and a minimum of 20 acres of land area.
- C. **Data Center Units** - Data Centers set up in the State with a minimum of 01 MW of power (*Data Center Power Only*) and a minimum of 4 acres of land area.
- D. Units which will commence commercial production/operations post the date of notification of this policy will be eligible for availing of incentives under this Policy.
- E. This policy will be valid for a period of 07 years from the date of notification of this policy or the date of any new policy/amendment, introduced by the Government of Haryana, whichever is earlier.
- F. The incentives availed during the policy period will be valid for the defined incentive period as per the policy and the new policy/amendments will not have any retrospective impact on existing units which are availing incentives under the policy.
- G. Benefits can be availed under one policy only in the State viz HEEP 2020 or MSME or IT & ESDM or Data Center Policy or any other State Policy.
- H. All benefits to Data Centers shall be subject to a maximum of 100% of Fixed Capital Investment.

### **For any Clarification(s):**

Department of Information Technology, Electronics and Communication, Haryana (DITECH) will be the final authority for clarifying/resolution of any doubts relating to the interpretation of any term or any provision arising under this policy. The decision in this matter shall be final and binding for all stakeholders in such cases.

## **6. Policy Constituents**

The Policy is designed to provide benefits / incentives against the following key components of the Data Center industry ecosystem:

- A. Land and Infrastructure**
- B. Utility – Power**
- C. Utility- Water**
- D. Connectivity – Fiber**
- E. Additional Fiscal / Regulatory Benefits**

The key incentives and reforms offered by the Government of Haryana to the Data Center industry against each component are detailed in the subsequent sections.

### **6.1. Land and Infrastructure**

Land/Space is the basic and elementary requirement for any Data Center. The policy shall aim at reducing the upfront cost burden on investors by allowing them to avail the land on a lease basis. In this context, the Government of Haryana shall endeavour to provide land on a sale/lease basis for the setting up of Data Centers.

In order to facilitate the Data Center Industry, State has provisioned the following key incentives for Land and Infrastructure under this policy:

#### **6.1.1. Fiscal Incentives**

##### **A. Stamp Duty Reimbursement:**

100% Reimbursement of Stamp Duty paid on sale / lease deeds on the first transaction for setting up a Data Center Park / Data Center Unit in the State of Haryana.

#### **6.1.2. Regulatory Reforms**

##### **A. Haryana Building Code:**

The Government of Haryana will include Data Center related infrastructure as a separate entity under the Haryana Building Code providing relaxed FAR and Building Design Requirement Norms.



**B. Infrastructure Industry:**

The Government of Haryana will be declaring Data Centers (as covered under this policy) as a separate Infrastructure Industry.

**6.2. Utilities – Power**

In view of the extensive and uninterrupted power requirement of the Data Center industry, the Government of Haryana shall endeavour to provide continuous availability of quality power through dual grid power supply networks to Data Centers.

In order to facilitate the Data Center Industry, State has provisioned the following key incentives for Power under this policy:

**6.2.1. Fiscal Incentives**

**A. Electricity Duty Exemption :**

100% exemption from electricity duty shall be permitted for captive consumption and power sourced from the grid (if any) for a period of 20 years from the date of commencement of commercial operations of Data Centers.

**B. Power Bill Reimbursement:**

Power Bill Reimbursement for the energy consumed from the DISCOMs of Haryana up to 25% of Net SGST for a period of 3 years from the date of commencement of operations of the Data Centers provided that the Data Centers shall provide a hosting facility (including Power, Network, Compute and Storage, etc.) of equivalent value (up to reimbursement of Power Bill) to Government of Haryana entities through DITECH in lieu of this facility. The hosting rates shall be calculated as per the best/cheapest of the rates provided by the Data Center among its customers. The Government of Haryana entities may avail this facility over a period of 10 years from the date of commencement of operations of Data Centers.

**6.2.2. Regulatory Reforms**

**A. Energy Intensive Industry:**

Government of Haryana will be declaring Data Centers (as covered under this policy) as an Energy Intensive Industry.

### **6.3. Utilities – Water**

Enormous volume of water is required to cool high-density server farms, which makes water management a significant priority for Data Center Industry. Realizing this necessity of the industry, the State Government shall endeavour to provide 24 X 7 water supplies to Data Centers in the State.

### **6.4. Communications & Connectivity – Fiber**

State Government shall endeavour to provide redundant last mile high speed connectivity to Data Centers.

In order to facilitate the Data Center Industry, State has provisioned the following key incentives for Communications and Connectivity under this policy:

#### **A. Fiber Connectivity – Right of Way:**

Right of way (RoW) will be provided as per the guidelines under State Communication & Connectivity Infrastructure Policy, 2017 or any other related policies.

The applications for permission of Right of Way for Data Centers shall be processed online through the Single Roof Clearance System and the State shall extend necessary permissions for Right of Way in a time-bound manner.

#### **B. Dial Before You Dig:**

State Government will endeavour to implement a Dial Before You Dig Policy (DBYDP) that would allow authorities responsible for carrying out construction work to access information about the underlying network cabling infrastructure before digging in order to minimize cable breaks.

### **6.5. Additional Fiscal / Regulatory Benefits**

#### **6.5.1. Fiscal Incentives**

##### **A. Net SGST Reimbursement:**

- I.** 50% Net SGST reimbursement will be paid for a period of 10 years in 'A' and 'B' category blocks.
- II.** 75% Net SGST reimbursement will be paid for a period of 10 years in 'C' and 'D' category blocks.

**B. Property Tax:**

Property Tax for Data Centers operational in the State shall be at par with the industrial rates.

**C. Employment Generation Subsidy:**

Data Centers shall be eligible for employment generation subsidy of INR 48,000 per year per employee (only in case of direct employment on payroll with valid ESI/PF Number and a total monthly remuneration of up to INR 40,000) for a period of 10 years for capacity building of persons (skilled/semi-skilled/un-skilled) having Haryana Bonafide Resident Certificate.

**6.5.2. Regulatory Reforms**

**A. Pre-Commencement and Commencement Approvals:**

All applications related to setting up and operationalization of Data Centers shall be processed in a time-bound manner through the existing Single Roof Clearance System of the Haryana Enterprise Promotion Board (HEPB).

- I. Pre - Commencement Approvals** - All approvals related to the construction of the Data Center like Building Plan approval, Temporary Power Connection, Fire Fighting Scheme, and Consent to Establish amongst others shall be given to the Data Centers within 10 working days of acceptance of the application.
- II. Commencement Approvals** - Approvals required for commencement of business like - Permanent Power Connection, Occupation Certificate, and Consent to operate amongst others shall be given to the Data Centers within 15 working days of acceptance of the application.

**B. Essential Services:**

The Government of Haryana will be declaring Data Centers (as covered under this policy), as an essential service under Haryana Essential Services Maintenance Act, 1974.