



TAMIL NADU

DATA CENTRE POLICY 2021

INFORMATION TECHNOLOGY DEPARTMENT
GOVERNMENT OF TAMIL NADU



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ABSTRACT

Information Technology Department – Data Centre Policy of Tamil Nadu, 2021 – Approved -Orders – Issued

INFORMATION TECHNOLOGY (D1) DEPARTMENT

G.O.(Ms.) No. 33

Dated: 23.11.2021

பிலை, கார்த்திகை - 7,

திருவள்ளூர்

ஆண்டு-2052.

Read:

From the Managing Director, ELCOT, Ref: ELCOT/ITPD/ DCP/EPC-ENQ-1/2020, dated 20.05.2021

ORDER:

The Honorable Minister for Information Technology among other things has made the following announcement for framing of Data Centre Policy for the State of Tamil Nadu in the Legislative Assembly as given below:-

தரவு மையக் கொள்கை (Data Centre Policy)

தரவு உள்ளூர்மயமாக்கல் தேவைகள், மின் வாணிபத்தின் வளர்ச்சி மற்றும் வாடிக்கையாளர்களின் தேவைகளை விரைவாகப் பூர்த்தி செய்திடும் வகையில், தரவு மையங்கள் வேகமாக வளர்ந்து வருகின்றன. 2019-2025 ஆண்டு காலத்தில், தரவு மையத்திற்கான ஆண்டு வளர்ச்சி விகிதம் 4 சதவீதத்திற்கும் மேல் இருக்கும் என எதிர்பார்க்கப்படுகிறது. சிறந்த அமைவிடம், சிறந்த இணைப்பு வசதி மற்றும் உபரி மின் சக்தி ஆகியவற்றின் காரணமாக சென்னை நகரம் தரவு மைய முனையமாக வளர்ந்து வருகிறது. இத்துறையில் வளர்ச்சி, முதலீடு மற்றும் வேலைவாய்ப்பினை ஊக்குவித்திடும் வகையில், ஒரு தரவு மையக் கொள்கை வெளியிடப்படும்.

2. Pursuant to the above announcement, Electronics Corporation of Tamil Nadu (ELCOT) was entrusted with the task of formulating the Data Centre Policy for the State of Tamil Nadu. The draft 'Data Centre Policy' prepared by ELCOT was examined in great detail in consultation with various stakeholder Departments. The suggestions made by those Departments have been incorporated.

3. The Government, after careful examination have formulated the 'Data Centre Policy-2021' with the following Vision, Mission and Target:-

Vision

Develop Tamil Nadu as the numero uno destination for Data Centres by catering to all the specific requirements of Data Centres and providing them with an attractive business environment.

Mission

To promote Tamil Nadu as an ideal Data Centre investment destination, the Government will adhere to the following strategies:

- Enable power, land & connectivity infrastructure for Data Centres
- Provide fiscal and non-fiscal incentives to Data Centre developers and operators to boost investment in the Sector
- Support research & development, innovation, and entrepreneurship
- Create appropriate institutional measures and supportive technology framework
- Promote usage of renewable energy for day-to-day operations
- Encourage industries to collaborate with colleges in creating Centres of Excellence (CoE) in research on data technologies
- Encourage cloud computing & emerging technologies
- Promote green Data Centres

Target

- To make Tamil Nadu the destination of choice for investors within India and abroad in the Data Centre market
- To protect and safeguard the data generated in the country
- To provide companies with the ideal business environment
- To make available world class infrastructure with emphasis on sustainability through the promotion of green technologies
- To position Tamil Nadu as a cost-effective destination for Data Centres
- To encourage research, development and innovation in the Data Centre segment in the State

4. The provisions of the “Data Centre Policy, 2021” have been grouped under the following broad heads:

- i. Facilitation Measures & Enabling Ecosystem
- ii. Incentives
- iii. Building Regulations

5. The “Data Centre Policy, 2021” is annexed to this order.

6. The Managing Director, ELCOT will be responsible for the administration of the policy, monitor the implementation and report the status to Government periodically. Investment promotion for Data Centre Policy will be done by Guidance and Memorandum of Understandings (MoUs) will be signed by Guidance. Fiscal incentives will be disbursed through well established mechanism of State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT).

7. This order issues with the concurrence of the Finance Department vide its U.O. No. 52074/Fin(Ind.)/2021, dated 23.11.2021. This Order comes into force with effect from 23.11.2021

(By Order of the Governor)

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PRINCIPAL SECRETARY TO GOVERNMENT

Definitions and Eligibility under the policy

Data Centre (DC) unit

Data Centre (DC) unit - A Data Centre unit with a minimum Eligible Fixed Assets (EFA) of Rs.500 crore with a dedicated secure space in a dedicated building or within a building or a centralized location where computing and networking equipment is concentrated for the purpose of collecting, storing, processing, distributing or allowing access to large amount of data shall be eligible under the policy for incentives. Captive Data Centres for in-house use by the parent organizations shall not be eligible under this policy.

Data Centre Parks

Data Centre Parks – An industrial park with a minimum EFA of Rs.500 crore shall be considered a Data Centre park. This should provide land, park area (Water, Sewage, Road, Parking, Green Area, etc.), provision of DC essentials setup / equipment (Electricity, Network / Fibre connectivity, Mechanical, Electrical and Plumbing equipment (MEP)) to all Data Centre units in the park. The individual Data Centre units within the park shall not be required to meet the Rs.500 crore eligibility criteria individually to be eligible under this policy.

Edge Data Centres

Edge Data Centres – serve low latency centric computing applications, are smaller, are established near to the place of application or consumption and serve specialized applications such as connected cars, autonomous cars, smart cities, smart industry and home automation systems. This definition will be updated in line with changing technology from time to time during annual policy review.

1. Preamble

1.1. Overview

Tamil Nadu is a leading hub for Data Centres and is poised to become the Data Centre capital of the country. India has the world's highest data usage per smartphone, averaging 9.8 GB per month in 2019 and is expected to double by 2024. India already has the world's second largest Internet market, after China, with 687.6 million users as of January 2020 with a corresponding annual increase of 20% in wireless data subscribers in India increased from 2013 to 2020. The Data Centre market in India is expected to increase to US\$ 1.5 billion by 2022 at a growth rate of 11.4%.

Given the scale and quantum of data generated and national focus on localisation of data, there is a growing momentum to host data generated within the country and the State that will increase the demand for Data Centres. Data Centres, when co-located or located in closer proximity to the businesses, also offer enhanced efficiency in terms of cost and time for B2B and B2C transactions. They also lead to clustering through innovation, collaboration, data sharing and engender a talent pool of highly skilled individuals. In addition to the need for and benefits from establishing Data Centres as a critical digital infrastructure, Tamil Nadu's focus on Data Centres stems from the State's complementary prowess in manufacturing of electronics and electrical equipment such as server systems, mobile device handsets, tablets and storage devices such as hard drives and memory used in technology, media and telecom sector. Through this, the State provides a ready built and well-established supply chain for Data Centres to integrate with and scale within the State.

The recent unprecedented demand for the data storage and processing infrastructure has further created a demand for Data Centres. More specifically the States that have a strong base of data-centric industries such as biopharma, banking and finance have felt the need of a strong data ecosystem with the growth in the application of artificial intelligence, machine learning and analytics. This policy is issued under the umbrella ICT Policy 2018, specifically to encourage investments in Data Centres.

1.2. Competitive Advantages of Tamil Nadu

Tamil Nadu offers an inherent advantage for Data Centres with high submarine cable network connectivity, extensive IT & ITeS Infrastructure, technically qualified workforce, State's expertise in Data Centres, robust transport infrastructure and pro-investor policies.

1.2.1. Submarine Cable Network Connectivity

Tamil Nadu has the second highest number of submarine cable landing stations in India housing over 30% of India's subsea cables which connect to 264 landing stations globally. Submarine cables offer two advantages over communication satellites: shorter communication distance and lower susceptibility to weather conditions ensuring that the former is a more secure, reliable infrastructure with lower latency. The State has an excellent Optical Fibre Communication (OFC) network and availability of reliable, large bandwidth. With 6 Submarine Cables offering 14.8 TBPS capacity in Chennai and 1-TBPS in Tuticorin, these cities offer the largest bandwidth connectivity among the Indian cities and are the closest landing stations connected with the West Coast of the United States of America. Some of the notable cables are mentioned below:

- The Submarine Cable that links Chennai with Singapore has the bandwidth of 8.4 Terabit Per Second (TBPS). This Cable connects with C2C Cable network, SEA-ME-WE 3 and Asia Pacific Cable Network.
- Southeast Asia–Middle East–Western Europe 4 (SEA-ME-WE 4) is an Optical Fibre Submarine Communications Cable System that carries telecommunications between India (Chennai) and Singapore, Malaysia, Thailand, Bangladesh, Sri Lanka, Pakistan, United Arab Emirates, Saudi Arabia, Sudan, Egypt, Italy, Tunisia, Algeria and France.
- The India- Singapore Cable System has a landing station in Chennai. This Cable has significantly increased the existing bandwidth capacity into India by 5.12 TBPS and is the second fastest growing communications route in the world.
- Tuticorin is connected by Bharat Lanka Cable System (which is 325 km long).

Strategic location, OFC network and surplus power have ensured the dominance of Tamil Nadu as a hub for commissioning, operation and maintenance of Data Centres.

1.2.2. State's Expertise in Data Centres and Network Connectivity

The Government of Tamil Nadu has set up the State Data Centre (SDC), Disaster Recovery Centre (DRC), Cloud Computing Facilities and Common Service Centres (CSC) for improving the access of citizens to online Government services. The State Government is undertaking efforts such as the Tamil Nadu State-Wide Area Network (TNSWAN), National Knowledge Network (NKN), BharatNet and TamilNet to improve tele-density and broadband penetration and ensure reliable and efficient telecom network throughout the State.

1.2.3. Pro-Investor Policies

The State has signed MoUs for an investment of over Rs. 18,000 Crore in Data Centres during FY 2020-21.

Tamil Nadu has always been proactive and quick to adopt strategies that encourage IT and ITeS which is evidenced in the recent policies on Block Chain (2020) and Artificial Intelligence (2020) and policies for manufacturers of electronics and electrical equipment such as Tamil Nadu Electronics Hardware Manufacturing Policy (2020) and Tamil Nadu Industrial Policy (2021). The umbrella ICT policy 2018 that is already in force already covers Data Centres. This Data Centre policy adds on to the suite of pro-investor policies that puts Tamil Nadu on the path towards innovation led growth and technological transformation especially for promoting Data Centres.

1.2.4. IT & ITeS Infrastructure

With 11 % share of total IT investments in India, Tamil Nadu is the preferred IT destination in the Country. Currently there are 18 dedicated IT/ITeS Special Economic Zones (SEZs) in the State. Chennai is the SaaS Capital of India and a leading Outsourcing Hub as well.

The IT Industry in Tamil Nadu offers direct employment to nearly 7 lakh individuals and is home to integrated IT infrastructure consisting of the State Data Centre, State-wide Area Network, Cloud Computing and Disaster Data Recovery Centre. Electronics Corporation of Tamil Nadu Limited (ELCOT) has developed IT Parks in Tier-I and Tier-II cities spread across 1,377 acres of land in eight locations.

The IT Industry witnessed FDI influx of USD 6 billion in 2017-18 and has experienced an export growth rate of 8.6% over the period of 2013-2018. The revenue for 2017-18 was USD 18 billion. Well-developed Tier II cities with a lower real estate cost and availability of technically qualified English-speaking workforce have been a huge attraction to BPO companies. Meanwhile, the Government has encouraged the IT Industry to collaborate with academia in creating Centres of Excellence in Emerging Technologies (CEET).

1.2.5. Technically Qualified Work Force

Tamil Nadu offers the largest pool of technically qualified professionals in the Country. Around 1.16 lakh students specialize in Information Technology, Computer Science, Electronics & Telecommunication annually. Post graduate courses like MCA (Master of Computer Applications) are specially designed to suit the needs of IT-BPO industry. ICT Academy of Tamil Nadu has been established on PPP basis for furthering industry- academia interface.

1.3. Scope

The Data Centre policy will specifically cover firms engaged in the business of developing and operating Data Centres. These shall broadly include the following:

- Greenfield Data Centre unit or Data Centre parks
- Brownfield expansions of existing Data Centre units shall be eligible for concessions/relaxations subject to certain restrictions
- Edge Data Centres

To keep pace with the evolution of technology, there would be an annual review of policy measures and definitions by the Information Technology Department.

The Data Centre Policy will be applicable for all Data Centres incorporated from 01.04.2021 and will be applicable to all Data Centres units/parks incorporated until 31.03.2026. Operational guidelines and clarifications as may be required will be issued from time to time by Information Technology department.

2. Objectives

2.1. Vision

Develop Tamil Nadu as the numero uno destination for Data Centres by catering to all the specific requirements of Data Centres and providing them with an attractive business environment.

2.2. Mission

To promote Tamil Nadu as an ideal Data Centre investment destination, the Government will adhere to the following strategies:

- Enable power, land & connectivity infrastructure for Data Centres
- Provide fiscal and non-fiscal incentives to Data Centre developers and operators to boost investment in the Sector.
- Support research & development, innovation and entrepreneurship
- Create appropriate institutional measures and supportive technology framework
- Promote usage of renewable energy for day-to-day operations
- Encourage industries to collaborate with colleges in creating Centres of Excellence (CoE) in research on data technologies
- Encourage cloud computing & emerging technologies
- Promote green Data Centres

2.3. Target

- To make Tamil Nadu the destination of choice for investors within India and abroad in the Data Centre market
- To protect and safeguard the data generated in the country
- To provide companies with the ideal business environment
- To make available world class infrastructure with emphasis on sustainability through the promotion of green technologies
- To position Tamil Nadu as a cost-effective destination for Data Centres
- To encourage research, development and innovation in the Data Centre segment in the State.

3. Facilitation Measures & Enabling Ecosystem

The Government of Tamil Nadu recognises Data Centres as critical infrastructure and their importance in the enhanced digital global economy. The State Government shall ensure that Data Centres obtain access to power, people and other resources to establish and operate in the State seamlessly. The TN Data Centre Eco-system shall be promoted to make the State as a destination of choice of IT investments by the State.

3.1. Ease of Doing Business – Single Window Clearances

Setting up of a Data Centre requires multiple approvals from different departments. The Government of Tamil Nadu offers a single window facilitation to provide end-to-end facilitation support, including information related to clearances at State level.

The current single window portal offers more than 100 services/clearances from 14 departments. The key objective of the single window portal is to ensure time-bound processing of applications and coordination with various agencies such as Chennai Metropolitan Development authority (CMDA), Directorate of Town and Country Planning (DTCP), Tamil Nadu Fire and Rescue Services (TNF&RS), Tamil Nadu Police, Tamil Nadu Pollution Control Board (TNPCB), Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) and Tamil Nadu Water Supply and Drainage Board (TWAD) to get the clearances from them.

Renewable energy projects need to obtain various statutory approvals from multiple State agencies (Example: TANGEDCO/TANTRANSCO, Chief Electrical Inspectorate General, Forest Department) for setting up a renewable energy plant. Clearance for setting up Renewable Energy plant for Data Centres has been onboarded to the Single Window Portal.

The Single Window Portal hosted in Guidance shall be used for the purposes of obtaining single window clearances as per Tamil Nadu Business Facilitation Rules 2018 and deemed approvals shall be granted as mandated under the rules.

3.2. Establishment of Data Centre Parks

With growing demand of Data Centres in the Country, Data Centre parks require facilitation of innovation, ease of accessibility, adequate power capacity by way of sub-stations and overall connectivity. The Government shall establish dedicated Data Centre parks with unique infrastructural requirements.

The following support shall be provided to Data Centre parks by the Government:

- **Uninterrupted Water Supply:** The State shall make water available on payment of cost subject to the developmental procedures and regulation in force. Data Centres shall be encouraged to recycle water.
- **Sub-leasing of Land / Building in Data Centre Parks:** Data Centre parks shall be allowed to sub-lease the land/buildings to Data Centre units without any sublease or transfer charges in case of lands allotted by ELCOT/SIPCOT/SIDCO.

3.3. Setting Up of Data Centre within State Promoted ELCOSEZs

Data Centre Developers shall be encouraged to setup Data Centres within the IT SEZs developed by ELCOT. To achieve inclusive development, ELCOT has established ELCOSEZs (IT Specific Special Economic Zones) across Chennai and in 6 Tier II cities.

The details of developed IT Parks in Tier-I and Tier-II cities are furnished below:

City	Location	Extent
Chennai	Sholinganallur	377 acres
Coimbatore	Vilankurichi	61 acres
Madurai	Ilandhaikulam	29 acres
Madurai	Vadapalanji	245 acres
Tiruchirappalli	Navalpattu	148 acres
Tirunelveli	Gangaikondan	290 acres
Salem	Jagirammalayam	53 acres
Hosur	Viswanathapuram	174 acres

3.4. Research and Development

The State shall co-ordinate with authorised agencies such as Electronics Test and Development Centre (ETDC), National Informatics Centre (NIC), Society for Electronics Transaction and Security (SETS), Standardisation Testing and Quality Certification (STQC), National Association of Software and Service Companies (NASSCOM) and Centre for Development of Advanced Computing (CDAC) to create a collaborative eco-system for Research and Development in evolving Data Centre technologies.

3.5. Skill Development

The expertise of ELCOT in establishing State Data Centre (SDC) and Disaster Recovery Centre (DRC) shall be utilized for addressing the skill gap of trained manpower to meet the demands of Data Centres and Cloud Computing Platform. The Data Centre industry requires a diverse range of technical skillsets encompassing multiple engineering disciplines. Given the growth of the sector, skilled manpower availability is projected to be a major challenge. The State shall aim to create a pool of skilled manpower in this sector which will help in attracting investors to Tamil Nadu. ELCOT will work with ICT Academy to design and conduct courses specific for Data Centre operations.

3.6. Administrative and Labour Support

As per the Tamil Nadu ICT Policy 2018, Data Centres/Data Centre parks will be permitted to self-certify that they are maintaining the registers and forms as contemplated under the following:

- i. Tamil Nadu Shops and Establishment Rules, 1947
- ii. Tamil Nadu Payment of Gratuity Rules, 1972
- iii. Tamil Nadu Maternity Benefits Rules, 1964
- iv. Tamil Nadu Contract Labour Rules, 1975
- v. Tamil Nadu Minimum Wages Rules, 1953
- vi. Contract Labour Act, 1970
- vii. Payment of Gratuity Act, 1972
- viii. Tamil Nadu Industrial Establishment (National and Festival) Holidays Act, 1958.
- ix. Tamil Nadu Industrial Establishments (National and Festival) Holidays Rules, 1959
- x. Tamil Nadu Payment of Wages Rules, 1937
- xi. Employment Exchange Act, 1959
- xii. Equal Remuneration Act, 1976
- xiii. The Workmen's Compensation Act, 1923
- xiv. Employees' Provident Fund & Miscellaneous Provisions Act, 1952

Flexibility in labour laws shall be adopted without compromising labour welfare, subject to applicable labour laws and within the parameters of the Industrial Employment (Standing Orders) Act, 1946 (Central Act 20 of 1946).

The flexibility in working hours, working in three shifts and employment in night shifts may be allowed for women employees, provided; all necessary security arrangements, facilities of rest room and safe transportations are arranged; the employers must ensure that night shift work may be carried out under the supervision of women supervisors and ensure the presence of women security officers.

The employers may also constitute Internal Complaints Committee (ICC) as per the Sexual Harassment of Women at Workplace Act, 2013. The self-certification by the Data Centres/ Data Centre parks will be regarded as sufficient compliance with the requirements of the different Acts and the Rules made there under regarding the maintenance of registers and filing of the returns.

E-filing of returns will be implemented progressively after all the offices of the concerned Inspectors are computerized for receiving such returns to make the process efficient, effective, transparent and citizen- friendly.

Government will also take necessary action for introduction of Common Annual Returns in place of multiple returns and reduction in the number of registers maintained at present.

4. Incentives

To support the endeavour of Data Centres, the Government shall provide incentives targeted towards the needs of the industry.

4.1. Power

The State Government recognizes the power-intensive nature of the Data Centres. Tamil Nadu is a power surplus State and a frontrunner in renewable energy. The State shall encourage and support the operations of Data Centres, especially those that utilise renewable energy for their projects, through the following incentives to the projects with an investment above Rs.500 crores and those who meet at least 30% of their energy consumption from renewable energy sources:

- **Electricity Tariff:** Data Centre units/parks can purchase power from Tamil Nadu Generation and Distribution Corporation Ltd. at prevailing industrial tariff rates as per the governing TNERC regulations.
- **Electricity Tax Waiver:** Data Centre facility/Data Centre park shall be eligible for 100% subsidy of Electricity Tax on power purchased from the Tamil Nadu Generation and Distribution Corporation Ltd. or generated and consumed from captive sources for 5 years from the date of commencement of commercial operation.
- **Concessional Open Access Charges:** As per the latest Tariff Order this charge is 50% of the conventional charges for Data Centre units.
- **Cross subsidy:** As per the latest tariff order, State Government charges 60% of the conventional cross-subsidy charge for Wind Energy and 70% of the conventional charge for Solar Energy respectively, for third-party open access consumers. The same shall be extended to Data Centre units /Data Centre parks.
- **Dual power from grid:** Data Centre units or parks with a sanctioned load of 50 MW or more shall be provided with dual power (two different grids from two different locations/providers).
- **An additional feeder** shall be provided to developer if the sanctioned load of the Data Centre unit /Data Centre park is more than 100 MW as a Deposit Contribution Work (DCW).
- **Augmentation of Power:** TANGEDCO on best effort basis will augment the supply of power to Data Centres/parks (in MVA) from 11 kV, 33kV, 110 kV and 220 kV substations by 50%.

4.2. Stamp Duty Concession

Data Centre development is capital intensive and the facilities are built on large land parcels in resourceful localities. To facilitate the development of the Data Centre market in the State, concessions on Stamp duty/ Registration fee paid on sale/lease/transfer of land for Data Centres and parks shall be offered as follows:

District Category ¹	Stamp Duty Exemption
"A" & "B" Category Districts	50% stamp duty concession will be given for purchase/lease of land obtained from ELCOT / SIDCO/ SIPCOT. *In the case of private lands, stamp duty concession will be given as 50% back ended subsidy (disbursed after full investment of Rs.500 crore is achieved) for up to 10 acres for Data Centre units/parks.
"C" Category Districts	100% stamp duty exemption will be given for purchase/ lease of land obtained from ELCOT / SIDCO/ SIPCOT. *In the case of private lands, stamp duty concession will be given as 100% back ended subsidy (disbursed after full investment of Rs.500 crore is achieved) for up to 10 acres for Data Centre units/parks.

This incentive shall have to be refunded if the Data Centre operations ceases or changes its use of land to a non-Data Centre land use within 10 years from the date of incorporation.

*This will only be available if the private land is leased or purchased within three years before the date of incorporation or commencement of operations whichever is earlier.

4.3. Land Cost Subsidy

In Category C districts, Data Centres /parks can avail a 50% subsidy on land cost from ELCOT/SIPCOT/SIDCO. On private lands procured for Data Centre/parks, 50% subsidy on the cost of land as per guideline value shall be given up to an extent of 10 acres and subject to land cost not exceeding 20% of EFA and a cap of Rs.2 crore and with at least 70% of land being used for Data Centre operations.

4.4. MSME sector

The Government would like to encourage the maintenance of sophisticated hardware and auxiliary services required by Data Centre to involve the Participation of Service Sector local MSMEs. Therefore, the Government will take special initiatives to develop an MSME - Centric service ecosystem for Data Centres. Local MSMEs who are already in the business of facility management and Hardware Maintenance will be specially trained to suit the requirement of Data Centres. Data Centres that use the services of Tamil Nadu based MSMEs for on - site services as sub - contractors to the Facility Manager will be reimbursed 10% of the remuneration paid to them, subject to a maximum of Rs.10 lakhs per Data Centre. This subsidy shall be applicable only for the first two years of operation.

¹ The definition of District Categories shall be as per Tamil Nadu Industrial Policy 2021.

4.5. Training Incentive

A training subsidy of up to Rs.10,000/- per person trained per month (for up to 6 months) per Data Centre unit shall be provided, capped at Rs.1 Crore per Data Centre for the duration of the policy period.

4.6. Structured Package of Assistance

For projects of strategic importance, a structured package of assistance would be provided for investments greater than EFA of Rs. 2000 crore on a case-to-case basis. Edge Data Centre units where the technology is still maturing, will be considered for structured package of assistance but the onus of justifying it to be an edge Data Centre will be on the investor and decision will be on a case-to-case basis solely at the discretion of the Government.

5. Building Regulations

Data Centres are critical infrastructure facilities demanding extensive planning to prevent interruptions and are significantly different from other buildings. Concepts of scalability, physical capacity, power, connectivity, design, standard and security are crucial aspects of developing and while building Data Centres. To improve spatial efficiency and optimise operational costs, tailor-made building regulations shall be offered through the creation of a separate category for Data Centres under the Tamil Nadu Combined Development and Building Rules, 2019.

These shall include:

- **Floor Space Index (FSI)** provided to IT/ ITeS developments as per Tamil Nadu Combined Development Building Rules (TNCDBR), 2019 shall be extended to Data Centre parks/units.
- **Car Parking for Data Centres** shall be considered as 1 Parking Space per 100 Square meters of designated office area as a threshold requirement in the approved Plan (OR) 1 Parking Space per 300 square meters of total Built-up Area at the option of the developer.
- **Multi-level Diesel Generator Stacking** structure up to G + 5 shall be permissible, subject to necessary clearances and orders of the Government in this regard.
- **Open Space Reservation (OSR)** area and internal roads will be handed over to the local body, but the same would be maintained by the Data Centre developer only as OSR area or road without any kind of development in the OSR land except as a green space (park).
- **Floor to Ceiling Height:** There will be no restriction on floor to ceiling height (for single floor) subject to there being no mezzanine floor and compliance with overall height regulations, suitable structural and fire safety regulations.
- **Boundary walls:** The maximum permissible height of boundary walls as per the TNCDBR 2019 is 2.0m. Height of boundary wall up to 3.6 meters with 600 mm fencing (Y or spherical) on top of that boundary wall can be considered in specific cases for those sides of the site where the adjoining plot is an industry or has a building on stilts.
- **Installation of Chillers** on roof top shall be permitted without inclusion in FSI, subject to structural safety and TNCDBR, 2019.
- **Data Centre units/parks zoning:** Selection of land parcels for Data Centres is dependent on factors such as availability of dense fibre networks, seismically safe zones, availability of uninterrupted Electricity and Water Supply etc. In view of the above, setting up of Data Centres would be permitted in any land zone including Commercial, Industrial and Institutional.

- **Data Centre/parks in Commercial Buildings** shall be permitted provided they satisfy TNCDBR, 2019. Partially occupied Leased commercial buildings and related infrastructure shall be qualified as Data Centre buildings on a case-to-case basis but they will not be extended the building incentives as available in section 4 of this policy.
- **Windows in Data Centre part of building:** The Data Centre building shall be allowed to install minimum number of windows (5% of building facade), subject to compliance with building and fire safety regulations.
- **Green Building Data Centres:** Data Centre Units undertaking green and sustainable initiatives as listed below shall be eligible for a 25% subsidy on cost of undertaking such initiatives, subject to an upper limit of Rs. 5 Crore.
 - i. Green Buildings which obtain green rating under the Indian Green Building Council (IGBC/LEED Certification)
 - ii. Green Buildings which obtain green rating for Integrated Habitat Assessment (GRIHA) systems

6. Implementation of the Policy

ELCOT shall be the State level nodal agency for the administration of the Data Centre Policy. Investment promotion for Data Centre policy shall be done by Guidance and MOUs will be signed by Guidance.

Sanction of default incentives as per the policy:

ELCOT shall sanction incentives which are available by default under this policy.

Sanction of Structured package of incentives under the policy:

To consider and sanction structured incentives under this policy, the Inter-Departmental Committee constituted for the implementation of the Tamil Nadu Industrial Policy, 2021 shall serve as a recommendatory body to the Cabinet for sanction of incentives. Principal Secretary, Information Technology (IT) Department shall be a member of the IDC. GUIDANCE shall send the proposal for IDC in consultation with ELCOT.

Disbursement of Incentives: Disbursement of fiscal incentives shall be done through the established mechanism of SIPCOT.

Appendix A - Eligible Fixed Assets

“Eligible Fixed Assets” or “EFA” shall mean and include land (including development costs such as fencing, construction of internal roads and other basic infrastructure facilities); permanent buildings; plants, indigenous machinery & equipment, imported equipment, computer/networking/cabling equipment, material handling equipment (like forklifts, cranes, etc); tools, dies, moulds, jigs and fixtures and similar production tools owned and used within the plant or elsewhere within Tamil Nadu; appliances; electrical installations; pollution control, quality control and laboratory equipment; fixtures, tubes, pipes, fittings and storage tanks, to the extent paid for by the project.

The terms “Eligible Fixed Assets”/ “EFA” shall also mean and include waste treatment facilities, transformers, generators, captive power plants and other supportive facilities installed for use in the premises and includes installation charges.

EFA shall include investment in R&D such as land, building, plant and machinery. Unless otherwise specified, EFA shall exclude intangible assets including, without limitation, Intellectual Property rights and goodwill.

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

- a) For land and building, no less than 10 years; and
- b) 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 Tamil Nadu, from time to time).

Fixed assets that are leased shall be valued at the Net Present Value of said assets, as on the date of execution of the lease deed or date of MoU (if applicable), whichever is later, using a discount rate of 10%, or as may be notified from time to time, provided that the lease is executed within the investment period. All fixed assets (except tools, dies, moulds, jigs and fixtures and similar production tools) should be used and installed only within the Project Site.

Second-hand Machinery

No more than 20% of the total Eligible Fixed Assets of a project shall consist of indigenous second-hand machinery purchased by the unit/project. To decide the percentage of second-hand machinery that will constitute Eligible Fixed Assets, the market value of such second-hand machinery, shall be as certified by an independent chartered/licensed engineer, chartered accountant, or such other authority or person authorised by the Government of Tamil Nadu from time to time.

This is subject to the condition that such indigenous second-hand machinery shall have a minimum residual life of 10 years (as certified by the independent chartered/licensed engineer, chartered accountant, or such other authority or person authorised by the Government of Tamil Nadu from time to time).

In the case of imported machinery, all imported second-hand plant, machinery and equipment will be considered as new indigenous machinery, if it is imported directly by the unit/project. 100% of the value of imported plant, machinery and equipment shall be allowed under Eligible Fixed Assets. This value of imported plant, machinery and equipment shall include custom duty and insurance paid, freight charges from the port of arrival till destination, and installation charges in addition to the CIF value of such plant & machinery, provided that the freight and installation charges would be limited to 10% of the basic price.

Captive Power Plants

Up to 20% of EFA will be allowed for the FRESH Investment made in captive power plants (including windmills / solar farms), provided that no less than 50% of power so generated is for captive consumption.

