

[File no. :27(3)/2012-IPHW]
Government of India
Ministry of Electronics and Information Technology (MeitY)

Date: 01-02-2019

Supplementary Guidelines on land requirements under Modified Special Incentives
Package Scheme (M-SIPS)

1. Background
 - 1.1 The Modified Special Incentives Package Scheme (M-SIPS) to offset disabilities and encourage incentives in the Electronics System Design and Manufacturing (ESDM) sector in India was notified on 27th July, 2012. In pursuance of para 6.2 of the said notification and for effective functioning of the M-SIPS Appraisal Committee(AC), guidelines were issued vide no.27(3)/2012-IPHW dated 7th October, 2012. Specific guidelines on Research and Development (R&D) expenditure and disbursement of incentives under M-SIPS were issued vide notification no. 27(36)/2013-IPHW dated 17-04-2014 and 27(42)/2013-IPHW dated 04-06-2014 respectively. The scheme provides subsidy of 20-25% on capital expenditure for setting up of new electronic manufacturing facility or expansion of the existing electronic manufacturing facility.
 - 1.2 For giving a boost to electronics manufacturing in the country, in 2015, the scheme got revised along with the few procedural simplifications and expansion of scope to cover new product categories. The revisions were issued vide notification no. 27(35)/2013-IPHW dated 03-08-2015. In pursuance of para 6 of the aforesaid revisions, a set of guidelines were issued vide notification no.27(3)/2012-IPHW(Viol II) dated 24-02-2016. The revised M-SIPS was further amended vide Notification no. 27(98)/2016-IPHW dated 30th January, 2017. The scheme was opened to receive applications till 31-12-2018.
 - 1.3 The requirement of land under M-SIPS has been defined at para (vii) Annexure -3 of the Guidelines ref. no.27(3)/2012-IPHW(Viol II) dated 24-02-2016 which states that at the time of initial application, the applicant should identify the location of the project along with the possession letter. In case the land has been leased, the lease should be at least 10 years from the date of application and the applicant has to submit copy of the registered lease agreement. In case of a building being purchased for the project/ phase(s), a legally binding agreement with the seller is to be submitted. While submission of aforesaid documents is a key requirement to be eligible under M-SIPS and no exceptions to this are being considered, it has been observed that many applicants are facing issues with regards to Land Acquisition for a minimum period of 10 years wherein the land was either in SEZ or where the

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Land had to be bought/leased directly from the Central/State/Local Authorities. Keeping this in view, in addition to the existing guidelines as mentioned above, following Supplementary Guidelines on Land Requirements are being issued.

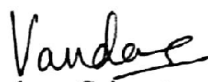
2.0 Supplementary guidelines on land requirement

- 2.1 If the unit is located in SEZ and the lease agreement with the SEZ Developer is for less than 10 years and further extension for extending the lease to cover the period of 10 years from the date of initial application is subject to renewal of LoP, it shall be treated as compliance to the requirement of MSIPS Guidelines dated 24th February 2016.
- 2.2 For all cases of sub lease, if the lease or any subsequent documents provide the lessor the right to sub lease the land; it would be treated as compliance to the requirement as per MSIPS Guidelines dated 24th February 2016. Long term rent agreements will also be accepted provided the terms of the rent agreement give all rights to the applicant (the investor).
- 2.3 For all cases, where the lease with any Government authority has a validity period of less than 10 years from the date of initial application, if the lease has a renewal clause and an undertaking from the applicant and lessor for extending the lease to cover the period of 10 years from the date of initial application has been obtained, it shall be treated as compliance to the requirement as per MSIPS Guidelines dated 24th February 2016.
- 2.4 For all such cases where the possession of land is given by the State Government or any of its authority and Sale deed is subject to fulfilment of some condition, such cases will be considered under MSIPS, however disbursement of incentives will happen only after the applicant fulfills the condition as laid down by the State authorities and sale deed is duly signed between them.
- 2.5 For all cases of sub lease, where the lessor has a direct lease with the State Government authorities and also has sub-leasing rights from the State Government authority and the period of validity of sub lease is less than 10 years from the date of MSIPS initial application, the lessor must provide an undertaking for extending the sub-lease to cover the period of 10 years from the date of initial application. The lessor must also provide an undertaking to extend the sub lease permission from the authority to ensure that the permission also covers the 10-year lease period, as stipulated in the MSIPS Guidelines dated 24th February 2016. If all these conditions are met, then it would be treated as compliance to the requirement as per MSIPS Guidelines dated 24th February 2016.

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2.6 In all above cases, an undertaking from the applicant to be submitted to MeitY that it will be the sole responsibility of the applicant to fulfill the minimum land criteria as laid down in the guidelines dated 24-02-2016 at the earliest and inform to MeitY.

3..0 This issues with the approval of Hon'ble MEIT.


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