

JSA Prism Regulatory (Communications)

April 2022

Karnataka Data Centre Policy, 2022

On April 17, 2022, the Karnataka Data Centre Policy, 2022 (“**Policy**”) was approved which focuses on creating demand and value for data centres, by providing a robust and well-connected ecosystem for the growth of data centres in Karnataka. The Policy offers special incentives for companies to set up data storage infrastructure outside Bengaluru Urban district.

Some of the incentives are as below:

- **Capital Subsidy:** Data centre units will be eligible to get a one-time 7% capital subsidy of up to INR 10 crores on value of fixed assets, excluding land and building, whichever is less. The same shall be disbursed within 5 years with an annual ceiling of INR 2 crores.
- **Land Subsidy:** Data centre units may avail 10% land subsidy on purchase/lease of land outside the Bengaluru Urban district. The maximum amount of land subsidy that can be availed will be limited to 10% of the total land cost or INR 3 crores, whichever is less.
- **Stamp Duty Exemption:** Data centre units will be entitled to a 100% exemption from stamp duty, upto 10 acres, for those data centres that are outside Bengaluru Urban district.
- **Registration Charges Concession:** The registration charges for all loan documents, lease deeds and sale deeds for data centres outside Bengaluru Urban district will be INR 1 per INR 1,000.
- **Land Conversion Fees:** For data centres outside Bengaluru Urban district, there will be a 100% exemption of land conversion fees for converting the land from agriculture use to industrial use.
- **Power Tariff:** The data centres who have a minimum of 30% green energy component in total power consumption, will be eligible for the Industrial Power Tariff instead of Commercial Power Tariff.
- **Re-imbursalment for Green Power:** Data centres using energy from renewable sources above 50% will be re-imbursed INR 0.50 surcharge per unit for 5 years.
- **Electricity Duty Exemption:** Data centres will be eligible to a 100% exemption of electricity duty for 5 years, from the month of commencement of commercial operation.

In addition to the above, the Policy states that special package of incentives will be considered for projects of strategic importance, where standard package would be customised for investments greater than INR 4000 crore on a case-to-case basis.

For more details, please contact km@jsalaw.com



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