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Uttar Pradesh government gives 'industry status' to IT-ITES industry, here's what the order means for IT companies

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The Uttar Pradesh government has officially recognized the information technology (IT) and IT-enabled services (ITES) sector as an "Industry". This new status allows IT companies in UP to acquire land at industrial rates from development authorities, aiming to make Noida more appealing to global tech giants. Additionally, new IT/ITES units consuming at least 150 kW of electricity will now benefit from industrial power tariffs. The state government expects this move to strengthen UP's position as a leading IT hub in North India.

What the UP government's order on 'Industry Status' for IT companies says

On October 4, Anil Kumar Sagar, the principal secretary (industry), issued an order instructing all industrial development authorities, the power department, and the housing and urban planning department to immediately recognize the sector as an industry. This policy is part of a broader government strategy to enhance facilities for the sector, including uninterrupted power supply, high-speed internet connectivity, and access to specialized IT parks. The government also plans to streamline land acquisition approvals and offer other incentives to reduce regulatory delays and operational costs.

The order stated that this decision would not only attract more investments but also create a conducive environment for technology-driven businesses to thrive.

What industry status means for IT and ITES companies in UP

'Industry status' means that the IT companies in UP will now be entitled to receive land at industrial rates from development authorities, which will be at a down cost, with which the state will hope to make Noida more attractive to global big tech.

At present, land and electricity rates for IT/ITES plots are higher than that of industrial plots in areas under three industrial development authorities in Noida, even as they are allotted under institutional and industrial categories. IT plot prices in Noida, for instance, in the institutional category range from Rs 26,000 per sqm to Rs 73,220 per sqm. In the industrial category, IT plots are priced at Rs 37,340 per sqm, while industrial plot rates vary between Rs 28,000 per sqm and Rs 30,000 per sqm, depending on the location. With the industry status now in place, IT/ITES companies can benefit from the lower industrial rates. The difference between industrial and commercial power tariffs is around Re 1 per unit. While the industrial tariff is around Rs 7 per unit, IT companies currently pay Rs 8.30 per unit.

UP ranks No. 6 in software exports

Aiming for a \$1 trillion economy within the next five years, the UP government has identified the IT sector as a key growth driver. The state is now recognized as an IT hub in North India, ranking sixth nationally in software exports. The sector encompasses a wide range of industries, including software services, BPOs, KPOs, and emerging technologies such as AI, gaming, and animation.

Industry leaders have welcomed the move. Noida Authority CEO Lokesh M stated that the new policy would be presented to the Authority board for approval before its implementation.