TAMIL NADU
SEMICONDUCTOR AND
ADVANCED ELECTRONICS POLICY
2024

INDUSTRIES, INVESTMENT PROMOTION
& COMMERCE DEPARTMENT

GOVERNMENT OF TAMIL NADU
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATMP</td>
<td>Assembly, Testing, Marking, and Packaging</td>
</tr>
<tr>
<td>BIS</td>
<td>Bureau of Indian Standards</td>
</tr>
<tr>
<td>BEE</td>
<td>Bureau of Energy Efficiency</td>
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<tr>
<td>CAPEX</td>
<td>Capital Expenditure</td>
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<tr>
<td>CoE</td>
<td>Centre of Excellence</td>
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<tr>
<td>EFA</td>
<td>Eligible Fixed Assets</td>
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<tr>
<td>EMS</td>
<td>Electronics Manufacturing Services</td>
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<td>ESDM</td>
<td>Electronics System Design &amp; Manufacturing</td>
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<tr>
<td>EV</td>
<td>Electric Vehicle</td>
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<tr>
<td>EXIM</td>
<td>Export Import</td>
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<tr>
<td>GoI</td>
<td>Government of India</td>
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<td>GoTN</td>
<td>Government of Tamil Nadu</td>
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<tr>
<td>IC</td>
<td>Integrated Circuits</td>
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<tr>
<td>IIT - Madras</td>
<td>Indian Institute of Technology, Madras</td>
</tr>
<tr>
<td>ISI</td>
<td>Indian Standards Institute</td>
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<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>MEITY</td>
<td>Ministry of Electronics and Information Technology</td>
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<td>OSAT</td>
<td>Outsourced Semiconductor Assembly and Test</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>SEBI</td>
<td>Securities and Exchange Board of India</td>
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<td>SIPCOT</td>
<td>State Industries Promotion Corporation of Tamil Nadu Ltd</td>
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<tr>
<td>SoC</td>
<td>System on Chips</td>
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<td>TIDCO</td>
<td>Tamil Nadu Industrial Development Corporation Ltd</td>
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<td>TNIP 2021</td>
<td>Tamil Nadu Industrial Policy 2021</td>
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<td>TNIFMC</td>
<td>Tamil Nadu Infrastructure Fund Management Corporation</td>
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<td>TNSWP</td>
<td>Tamil Nadu Single Window Portal</td>
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<tr>
<td>VLSI</td>
<td>Very Large-Scale Integration</td>
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</table>
1.1. Semiconductor & Electronics Manufacturing in Tamil Nadu

The electronics sector has emerged as the fundamental building block across industries, and its significance is reflected in the fact that it captures 20% of the global trade. The rapid change in consumption patterns post-COVID, increasing digitization and automation across sectors and the evolving geopolitics around technology makes this sector a strategic focus area. Also, the increased quest for nuanced design in niche products has led to a surge in the demand for intricate logic and memory chips.

To meet the burgeoning global demand for semiconductors across various application areas, this segment is witnessing a surge in investments and these are focused on developing new technologies, adopting advanced manufacturing techniques, fabrication of plants for large wafer sizes, innovative packaging techniques, and large-scale integration. Interest in areas like Storage for Logic Integrated Circuits (ICs), Microcontroller Units (MCUs) for Advanced Driver Assistance System (ADAS) applications in the automotive segment, and Radio Frequency (RF) chips for wireless telecommunication infrastructure is on the rise.

Tamil Nadu is the Electronics Manufacturing Services (EMS) hub of India, with several global marquee companies having their manufacturing or R&D presence in the State. The State has also attracted a diverse range of mid and large domestic EMS companies. These entities are catering to the global markets in consumer electronics, communication equipment, computers & peripherals, telecom and electrical equipment. The mature electronics ecosystem in the State attracts strategic investments in medical electronics, aerospace & defense, and electric vehicle manufacturing. The State has emerged as the highest electronics exporter in India, achieving an impressive USD 5.37 billion exports during 2022-23 which signifies a phenomenal growth of 223% compared to the USD 1.6 billion exports recorded in 2020-21.

Tamil Nadu is home to leading players in semiconductor design. The State has more than 100 academic institutions offering courses in Very Large-Scale Integration (VLSI), electronics design, nanotechnology etc., which support the required talent pool for semiconductor industry.

The State’s strong base in electronics and increasing foothold in the semiconductor design with its robust and expanding ecosystem holds a promise for investors in these sectors.

1.2. Need for Semiconductor and Advanced Electronics Policy

The Tamil Nadu Electronics Hardware Manufacturing Policy 2020 and the Special Incentives for Sunrise Sectors under the Tamil Nadu Industrial Policy 2021 have played a vital role in attracting sizeable investments from key players in the electronics hardware manufacturing space.

The aspiration of Tamil Nadu to foray into advanced electronics manufacturing encompassing design, component and equipment manufacturing and the strategic nature of the semiconductor industry, necessitate a focused policy encouraging the entry of marquee players, which in turn meets the State’s aspiration to move up the value chain. Also, to nurture the growth of indigenous chip design players and to add fresh impetus to R&D in this sector within the State, a futuristic policy is a felt need. A new policy shall also stimulate sectors such as Aerospace & Defence, Medical Devices, Automobile & EV and Renewable Energy which are constituents of the consumption ecosystem of advanced semiconductor and electronics industry.
2. Policy Vision

2.1. Vision
To propel Tamil Nadu to the apex position in the value chain of the semiconductor and advanced electronics industry, thereby generating high-skilled employment opportunities, and accelerating innovation and technological advancements.

2.2. Objectives
The policy aims to create a state-of-the-art manufacturing and design ecosystem, particularly in the higher value-added segments in the semiconductor and advanced electronics industry, thereby generating high quality job opportunities in the State. The focus of the Policy is on incentivizing strategic investments, nurturing talent and fostering collaborations across industry, academia, and Government.

The key objectives of the policy are:
- To attract anchor investments in semiconductor and advanced electronics manufacturing
- To enable a semiconductor design ecosystem in the State through incentives, funding and industry academia collaboration
- To contribute 40% of India’s electronics exports by 2030
- To create a skilled talent pool of 2,00,000 persons in this sector by 2030.
Tamil Nadu has consistently given the highest priority to technical education, with some of India's leading institutions being present in Tamil Nadu. The State has 22 of the top 100 Universities and 15 of the top 100 engineering colleges in India, and has the largest trained engineering talent pool in India across the spectrum from vocational to advanced research.

A highly skilled talent pool is available for the technical workforce required in shopfloors, with about 113,000 youth passing out from diploma and polytechnic institutions every year. Four hundred and Ninety-four Industrial Training Institutes (ITIs) offer 700 courses in disciplines such as electrical, electronics and manufacturing, forming the backbone of electronics manufacturing in Tamil Nadu.

The State has attracted global semiconductor design firms and electronics manufacturers to establish their R&D and Global Capability Centers (GCCs) in Tamil Nadu. The State also ranks first in the country in terms of the number of PhD holders and patents filed. It is also noteworthy that among the top 2% of scientists worldwide, 200 scientists are from Tamil Nadu.

The Tamil Nadu Industrial Development Corporation Ltd (TIDCO) has strengthened the R&D ecosystem by building ‘Centers of Excellence’. These include the Tamil Nadu Centre of Excellence for Advanced Manufacturing (TANCAM), Tamil Nadu Advance Manufacturing Center of Excellence (TAMCOE), Tamil Nadu Smart and Advanced Manufacturing (TANSAM) for promoting Industry 4.0 practices, as well as providing testing, research, and innovation facilities.

IIT Madras is home to Pravartak Technologies Foundation - an innovation hub which focuses on Sensors, Networking, Actuators, and Control Systems (SNACS). Also, SHAKTI is an open-source initiative by the Reconfigurable Intelligent Systems Engineering (RISE) group at IIT-Madras, which aims to produce production-grade processors, complete SoC, development boards and a software platform. The Centre for Programmable Photonic Integrated Circuits and Systems (CPPICS) which has been launched recently, focuses on R&D in photonic ICs and systems using Complementary Metal-Oxide-Semiconductor (CMOS) compatible silicon photonics technology.

SAMEER - Center for Electromagnetics in Chennai is serving global industries in applied research & development, design consultancy, testing & training with sophisticated infrastructure, and experienced engineers. Further, the Central Electronics Centre in Chennai houses the equipment and facilities to undertake Electromagnetic Interference (EMI)/ Electro-Magnetic Compatibility (EMC) testing.

Tamil Nadu serves as a gateway to the world with four major seaports and four international airports that offer connectivity to global markets. The international airports in Chennai, Madurai, Coimbatore, and Trichy act as the bases for export-import (EXIM) operations for electronic goods. Tamil Nadu offers direct connectivity to electronic component hubs in Europe, China & South-East Asia.
E. Industrial Water Supply

The State is at the forefront in developing and adopting desalination technologies, with a cumulative capacity of over 850 MLD, (including upcoming facilities). The Industrial regions of Chennai are supplied with water through two Tertiary Treatment Reverse Osmosis (TTRO) plants with a combined capacity of 90 MLD, a first of its kind initiative in India. A 20 MLD TTRO plant is being established near Hosur to support the industrial cluster in this region.

F. Power Infrastructure & Renewable Energy

The critical input required for semiconductor manufacturing is access to uninterrupted power supply. With an installed capacity of 38 GW and 50% of it being green power, the State has one of the most reliable power infrastructure systems with competitive tariff in India. Notably, there has been a 100% supply for peak electricity demand, without load shedding, over the last several years.

G. Enabling Demand and Supportive Supply Ecosystem

Tamil Nadu has a robust ecosystem that supports the growth of the semiconductor industry. The electronics cluster in the region stands out as one of the largest in India, catering to both domestic and export demand. The State being the largest automotive and electric vehicle (EV) manufacturing hub in India, a captive local automotive electronics market is fast emerging. Capital goods and chemicals clusters in Tamil Nadu are well-poised to facilitate the establishment of a localized supply chain for electronics industry. Faster adoption of Industry 4.0 and advanced manufacturing techniques by the vibrant Micro, Small & Medium Enterprises (MSME) sector is expected to further propel the demand for electronics systems interfaces.
Units engaged in the following activities in Tamil Nadu are eligible for the incentives offered in this Policy.

A. Semiconductor Manufacturing Projects Approved by Government of India:


B. Advanced Manufacturing in Electronics:

The entire manufacturing value chain of all electronic products, telecom and networking products & IT hardware covered under the National Policy on Electronics 2019 and related notifications issued by the Department of Electronics & Information Technology under the Ministry of Electronics & Information Technology (MeitY), Government of India and Department of Telecommunications (DoT) under the Ministry of Communications (MoC), Government of India.

C. Semiconductor & High-end Electronics Design/Research:

Global marquee research/design entities undertaking (i) Semiconductor design for Integrated Circuits (IC), Chipsets, System on Chips (SoC), Systems & IP Cores and semiconductor linked design, (ii) Semiconductor equipment design (iii) High-end electronic product design and development (iv) High-end ESDM software.
Semiconductor manufacturing projects approved by the Ministry of Electronics and Information Technology (MeitY), Government of India for financial assistance shall be eligible to receive the Structured Package of Incentives discussed under this Section. Semiconductor manufacturing shall be treated as Sunrise Sector under the Tamil Nadu Industrial Policy 2021.

In anticipation of approval from the Government of India under the applicable schemes for semiconductor manufacturing, the companies with project proposals in semiconductor manufacturing (Project Companies) may apply to the Industries, Investment Promotion & Commerce Department, Government of Tamil Nadu for sanction of incentives discussed in this section. However, the disbursal of incentives shall be subject to the approval and subsequent receipt of financial assistance from Government of India.

5.1. Eligible Units

Project Companies that have received approval from Government of India for financial assistance under the ‘Scheme for setting up of Semiconductor Fabs in India’, ‘Scheme for setting up of Display Fabs in India’, ‘Scheme for setting up Compound Semiconductors/ Silicon Photonics/ Sensors Fab/ Discrete Semiconductors fab and ‘Semiconductor Packaging’ - Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India will be eligible to avail the Structured Package of Incentives for Semiconductor Manufacturing.

5.2. Project Cost

The Project Cost shall include the Capital Expenditure (CAPEX)/Investment on the following as per the applicable guidelines notified by the MeitY, Government of India:

a. Land, Building, Plant, Machinery, Clean rooms, Equipment and Associated utilities
b. Research & Development (R&D)
c. Transfer of Technology (ToT)
d. Other relevant costs such as Interest During Construction & Insurance Cost.
5.3. Incentives for Semiconductor Manufacturing

A. Capital Subsidy

The Eligible Units will be offered a Capital Subsidy by the Government of Tamil Nadu, up to 50% of the CAPEX assistance provided by Government of India.

The disbursement of Capital Subsidy will be made as per the mechanism detailed below:

a. An escrow account (escrow 1) will be opened between State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) and the Project Company.
b. All pro rata payments in a year shall be released after the corresponding share is mobilized by the Project Company and is deposited in the escrow 1.
c. 1st Year: Based on cash requirement projections for the upcoming quarter, Project Company shall release the amount first, then SIPCOT shall release the grant from Government of Tamil Nadu.
d. The combined amount of Project Company and SIPCOT in escrow 1 will be transferred to the Government of India escrow account (escrow 2).
e. From the 2nd Year onwards, SIPCOT shall release the grant after verification that Government of India has released the relevant share.

B. Special Training Incentive

Special Training Incentive of Rs. 10,000 per person per month can be availed for 12 months for residents of Tamil Nadu. This incentive is only intended for employees engaged in technical operations within the project facility.

C. Product Testing & Prototyping Incentive

Prototyping is a crucial stage before commercialization wherein the Project Company can test the design and identify errors if any before the commercialization. To encourage prototyping within the State, Eligible Units will be provided with a subsidy of 25% of the CAPEX for establishing product testing and prototyping facilities, subject to a ceiling of Rs. 1 crore.

D. Land Cost Incentive

For eligible projects in SIPCOT industrial estates, land allotment will be made at a 10% concessional rate in “A” & “B” districts and at a 50% concessional rate in “C” districts for land up to 20% of Eligible Fixed Assets (EFA). For private land in “C” districts, 50% subsidy will be offered on the cost of land as per guideline value up to an extent of 50 acres and subject to land cost not exceeding 20% of EFA and a cap of Rs. 2 crore provided that at least 70% of the land is used for manufacturing operations. The district categorization and definition of EFA shall be as per the Tamil Nadu Industrial Policy 2021 (TNIP 2021).

E. Stamp Duty Incentive

A 100% stamp duty exemption will be given for lease or purchase of land/shed/buildings intended for industrial use on land obtained from SIPCOT. In the case of private lands, a stamp duty concession will be provided as a 100% back-ended subsidy for up to 50 acres, contingent upon the fulfilment of investment and employment commitments.

F. Electricity Tax Incentive

New or expansion manufacturing projects will be given an Electricity Tax Exemption for a period of 5 years on power purchased from the Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) and/or generated and consumed from captive sources.

G. Enhanced Quality Certification Incentive

Projects obtaining certifications like ISO, ISI, BIS, BEE, and ECO Mark or any other national or international certification shall be given a subsidy covering 50% of the total cost incurred for obtaining the certification, as verified by the Chartered Accountant, with a limit of Rs. 1 crore for the period of investment.
H. Enhanced Intellectual Property Incentive

The Government will reimburse 50% of the expenditure incurred by the Project, up to a maximum of Rs. 1 crore for the investment period, for in-house R&D related to patents, copyright, trademarks, and Geographical Indications registration.

I. Interest Subvention

An Interest Subvention of 5% as a rebate in the rate of interest shall be provided for actual term loans taken to finance the project. This will be applicable for a period of 6 years subject to the limits as below:

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Interest Subvention (% Rate of Interest)</th>
<th>Maximum Incentive Disbursal Period (Years)</th>
<th>Ceiling per annum (Rs. Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>5%</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Mega</td>
<td>5%</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Ultra – Mega</td>
<td>5%</td>
<td>6</td>
<td>400</td>
</tr>
</tbody>
</table>

The Project Category shall be decided based on the Eligibility criteria set forth in the Section 12.1 of the TNIP 2021.

J. Green Industry Incentive

Industrial projects undertaking green initiatives for recycling waste and water for industrial use and sustainable energy usage, coupled with online monitoring (wherever applicable) indicated in Section 13.5.3 of TNIP 2021, shall be eligible for a 25% subsidy. This subsidy applies to the cost of setting up such environmental protection infrastructure in the indicated solution areas subject to a limit of Rs.1 crore.
6. Structured Package for Advanced Electronics Manufacturing

Investments in Electronics sector are eligible for a Structured Package of Incentives and Standard Incentives under the existing policies namely Tamil Nadu Industrial Policy 2021 (or) Tamil Nadu Electronics Hardware Manufacturing Policy 2020.

The State now targets to achieve higher domestic value addition by developing a favorable ecosystem for advanced electronics manufacturing. In line with this vision, new or expanding manufacturing projects in electronics ecosystem defined in Section 4.B, committing to unit level value addition of over 20% shall be eligible for the Structured Package of Incentives for Advanced Electronics Manufacturing. These incentives have been structured with an objective to promote unit level value addition and foster aspirational job opportunities within Tamil Nadu.

6.1. Eligible Units

The Structured Package of Incentives for Advanced Electronics Manufacturing shall be applicable for ‘new/ expansion projects’ in the State with investments made from 1st January 2024. The companies should meet a minimum investment threshold of Rs.200 crores and minimum employment threshold of 150 jobs for the initial Rs.200 crore investment. Further, for every additional Rs. 50 crore of investment, a minimum of 35 jobs should be generated. The minimum investment and employment threshold must be met by the unit(s) within the Standard Investment Period of 4 years. Additionally, the companies must commit to a minimum of 20% in-house/unit level Value Addition from the manufacturing facility. The computation of ‘Manufacturing Unit Level - Value Addition’ has been provided in the Annexure.

The Structured Package of Incentives for Advanced Electronics Manufacturing shall be offered to first 20 applications received by the Industries, Investment Promotion & Commerce Department, Government of Tamil Nadu.

6.2. Eligible Fixed Assets

As per the Tamil Nadu Industrial Policy 2021, Eligible Fixed Assets (EFA) shall include investments in manufacturing such as land, building, plant, and machinery. To encourage R&D in high-end electronics, EFA shall include the following intangible R&D related expenditure, subject to a ceiling of up to 20% of EFA:

i. Expenditure incurred on new R&D – including test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D), license fee and expenditure on technology.

ii. Expenditure related to Transfer of Technology (ToT) Agreements covering the cost of technology and initial technology purchase related to the manufactured goods that are related to manufacturing and R&D.
6.3. Structured Package of Incentives

The Structured Package of Incentives for Eligible Units in Advanced Electronics Manufacturing include the following subsidies:

A. Investment Promotion Subsidy

Eligible units can avail a combination of Fixed Capital Subsidy and Turnover based Subsidy from the commencement of commercial operations:

i. Fixed Capital Subsidy of 20% of investment in Eligible Fixed Assets and
ii. Turnover based Subsidy of 1.5% of annual turnover from the manufacturing facility for a period of 5 years.

In addition to the above Investment Promotion Subsidy, based on the nature of manufacturing, additional subsidy may be offered on a case-to-case basis.

B. Training Subsidy

Skilling support can be availed in the form of a Training Subsidy of Rs. 4,000 per person per month for 6 months for residents of Tamil Nadu. For women and transgender employees, persons with benchmarked disabilities, persons from SC/ST communities, the training subsidy shall be Rs. 6,000 per person per month for 6 months.

C. Interest Subvention

Interest Subvention of 5% as a rebate in the rate of interest will be provided on actual term loans taken for the purpose of financing the project, for a period of 6 years subject to annual ceiling of Rs.1 crore.

D. Other Applicable Incentives

The Eligible Units shall be offered Other Incentives namely – Land Cost Incentive, Stamp Duty Incentive, Electricity Tax Incentive, Enhanced Quality Certification Incentive, Enhanced Intellectual Property Incentive and Green Industry Incentive discussed in the Section 5.3 of this Policy.
7.1. Eligible Units

Global marquee research/design entities undertaking (i) Semiconductor design for Integrated Circuits (IC), Chipsets, System on Chips (SoC), Systems & IP Cores and semiconductor linked design, (ii) Semiconductor equipment design, (iii) High-end electronic product design and development, (iv) High-end ESDM software shall be eligible for incentives discussed in this section.

Eligible Units should fulfil the following criteria to avail the incentives:
   a. The entity must create a minimum employment for 50 persons within a Standard Investment Period of 4 years.
   b. The entity must be engaged in design/research with clearly demarcated facility(ies) within Tamil Nadu.

7.2. Incentives for Design/Research Entities

Payroll Subsidy: The subsidy shall be paid for residents of Tamil Nadu as follows:

<table>
<thead>
<tr>
<th>Period of Subsidy</th>
<th>% of Annual Payroll Cost</th>
</tr>
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<tbody>
<tr>
<td>Year 1</td>
<td>30%</td>
</tr>
<tr>
<td>Year 2</td>
<td>25%</td>
</tr>
<tr>
<td>Year 3</td>
<td>20%</td>
</tr>
</tbody>
</table>

The payroll subsidy shall be capped at Rs.20,000 per employee per month.
Sustainability and environment protection are guiding principles for the Industrial Policies in Tamil Nadu. The State is a pioneer in adopting practices towards circular economy led by its industries following zero-liquid discharge (ZLD) and also using recycled water for the manufacturing process.

Likewise, the State has a strong network of registered stakeholders in the e-waste dismantling and recycling space, with regulatory oversight from the State’s Pollution Control Board.

The e-waste recycling ecosystem will be scaled to higher standards and volumes through necessary programs, public-private collaborations, regulatory mechanisms, and support for R&D projects in the field. This will strengthen its resilience in supply chain and create new business models for the monetization of e-waste.
With the objective of promoting indigenous players and support in the diversification of existing players, the Government of Tamil Nadu has created multiple robust funding avenues including Grants, Equity participation and Debt funding. They can be leveraged by start-ups, established entities, academic institutions in partnership with industry player/s.

A. Equity/Debt Financing

Investors can submit business proposals to the Tamil Nadu Industrial Development Corporation (TIDCO) to consider equity participation in their project. Projects may also be offered hybrid security financing in the form of convertible debentures, or land as equity with an associated investment plan, and exit plan, on a case-to-case basis.

B. Research and Technology Adoption Fund

The State recognizes that investment into Research & Development (R&D) activities is a critical enabler to sustain and improve existing achievements and further the know-how in futuristic and complex technologies. Considering the opportunities in R&D, the State shall constitute a dedicated ‘Research and Technology Adoption Fund’.

C. Emerging Sector Seed Fund

Tamil Nadu Emerging Sector Seed Fund (TNESSF) is a SEBI-registered Alternative Investment Fund set up as part of the policy initiatives of the Government of Tamil Nadu with an anchor investment of Rs. 100 Crore. The fund is sponsored by TIDCO, TIDEL and managed by TNIFMC. The fund targets to invest Rs. 3 to 10 Crore per round in equity or convertible debentures. Larger investment sizes may also be considered for mature companies.

In addition, to the above financial assistance options, GoTN shall also provide the necessary support to leverage funds from Government of India.
10. Policy Implementation

10.1. Nodal Agency
The incentives discussed in Sections 5, 6, & 7 shall be provided to eligible units by the Industries, Investment Promotion & Commerce Department based on the proposals sent by Guidance Tamil Nadu and the recommendation of the Inter-Departmental Committee (IDC). The disbursement of incentives shall be made by SIPCOT. Facilitations for clearances, licenses and approvals shall be undertaken by Guidance through its single window portal. An advisory committee may be constituted by the IDC, if required, to evaluate the eligibility of proposals for the sanctioning incentives under Section 7.

10.2. Term of Policy
The policy will be valid for a period of 3 years from the date of notification. The Policy shall be revised as and when the need arises.

10.3. Applicability for Expansions
The investor can choose to avail the incentives sanctioned under the policy for future expansions.

10.4. Operational Guidelines
The definitions, general conditions for sanction of incentives, general conditions for availing incentives, conditions for changes in the company or investment plan after sanction of incentives, eligibility criteria and procedure for application of eligibility certificate, procedure for sanction of incentives and sanctioning authorities and procedure for claiming incentives and implementation agencies shall be as per TNIP 2021 or as notified by GoTN.
Manufacturing Unit Level - Value Addition Computation

The Value Addition (VA) of the manufacturing unit in a given financial year ‘n’ shall be calculated in the following manner:

$$VA_n = \frac{\left[ Sales\ Turnover_{n} - Cost\ of\ Goods\ Sold_n \right]}{Sales\ Turnover_n}$$

- Where Sales Turnover$_n$ is the Sale Value (Net of returns, price adjustments, discounts, etc.) of the goods manufactured by the company in the State, excluding indirect taxes if any paid on the goods, in the given financial year ‘n’.
- Cost of goods sold$_n$ is the cost of raw materials and/or packing materials consumed in the said goods (i.e., in the final sale price of the goods sold) and cost of fuel consumed if eligible for GST input credit, in the given financial year ‘n’.