



# **GOVERNMENT OF TELANGANA**

## **IMAGE Policy Overview**

**5<sup>th</sup> August, 2016**



## IMAGE Policy 2016 - Objectives

- Make Hyderabad the most favored destination for investment in Animation, Visual effects, Gaming & Comics sector.
- Encourage and support appropriate manpower development, infrastructure development and business development.
- Spread awareness and create employment in Animation, Visual effects, Gaming & Comics sector.
- Bridge the demand and supply gap of human resource through various skill development programs.
- Attract global majors in Gaming, Serious gaming, Animation and Serious animation into Telangana.
- Strive towards a larger share of the outsourcing opportunity in the global Animation, Visual effects, Gaming & Comics markets.
- Facilitate a legal framework for 'IP' creation and its protection.
- Promote growth of indigenous 'digital content' education and entertainment for the masses.
- Set up a "Center of Excellence" i.e., Telangana Animation and Gaming IMAGE City, with state-of-the-art facilities to act as a catalyst for the Animation, Visual effects, Gaming & Comics sector.

# Initiative – Setting up of Animation and Gaming (IMAGE) City

- The Telangana Animation and Gaming IMAGE City will be a world class facility that will provide an ideal environment for the following types of Businesses in Animation, Visual effects, Gaming & Comics Industry
- Enhance the international appeal of Hyderabad-as a AVCG Capital
- A cluster Approach in line with Media City UK , Netherlands, Seoul & Toronto
- IMAGE Tower of 600,000 Sft , Large Space of International University & Plots for Individual Companies
- Establishing National AVGC Centers in line with National Informatics Centers (NIC)
- Common Facility Centers such as sound and acoustic studios, Motion Capture Studios, video editing labs, Green Mat, Office Space



## Project Details

- Area:** 16 acres (under identification)
- Built up space:** 600,000 sq. ft.
- Est Project Cost :** INR 400 Cr
- Projected exports:** \$500 Mn to \$1 Bn
- Employment generated:** 15,000

## Primary Occupants

- Film, animation ,VFX & gaming    New media & support services
- Media & marketing services    Publishing    Broadcasting
- Information agencies





# Initiatives

## ➤ **Allotment of Government land:**

Allotment of appropriate extent of Government lands subject to fulfillment of prescribed obligations on employment, investment and terms & conditions of allotment, in Hyderabad and other Tier II locations of the State, to eligible Animation, Visual effects, Gaming & Comics companies for their expansion and setting up their own facilities.

## ➤ **Venture Capital Funding:**

Government of Telangana shall create a suitable Venture Capital Funding mechanism in association with stakeholders to extend appropriate seed capital assistance to first generation entrepreneurs, start ups, Small & Medium Enterprises engaged in the Animation, Visual effects, Gaming & Comics sector.

## ➤ **Setting up of Animation, Visual effects, Gaming & Comics Academy:**

- State Government to set up world-class academy for AVCG, first-of-its-kind in the country
- Academy will impart Skill development programs to help create talent pool for the Industry
- Incubate new ideas and foster entrepreneurships

# Initiatives

## ➤ **Training & Placement through TASK**

### ❖ **Awareness Creation:**

- For creating public awareness in Animation, Visual effects, Gaming & Comics industry, Government will conduct state-of-the-art national/ international scale events, conference & exhibitions on annual basis
- Participate in national/ international conferences and exhibitions conducted by industry to promote this sector

### ❖ **Promote Local Content Creation through reservation of air time:**

- State Government shall take up with Govt of India for reservation of at least 5 – 15% of airtime on channels (both foreign and domestic) to promote locally created content to provide them a level playing field and foster competition between domestic players, foreign companies that set up base in Telangana as well as start ups.



## Fiscal Incentives

- **25% Capital investment subsidy** limited to Rs.25 Lakhs for fresh investments made post declaration of the said policy. This is a one-time subsidy for an Investment above Rs.5 Crore and create new employment of 50 employees and above (subject to company being in operation for last two financial years). (Rs.35Lakhs for SC/ST &Women Entpr)
- **Reimbursement of production cost:** 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Animation Companies which has produced Animation film “Animation Theatrical Released film”. The total reimbursement will be upto a maximum of Rs.10 lakhs per film for one company per annum which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services. (40%for SC/ST &Women Entpr)
- **Reimbursement of production cost:** 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Animation Companies which has produced Animation Cartoon Series for TV and Telecast on TV channel. The total reimbursement will be upto a maximum of Rs.5 lakhs per series for one company per annum which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services. (40% for SC/ST &Women Entpr)



## Fiscal Incentives

- **Reimbursement of GAME production cost:** 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to GAMING Companies which has developed online, mobile, console Game. The total reimbursement will be upto a maximum of Rs.5 lakhs per Game for one company per annum which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services.  
(40% for SC/ST & Women Entpr)
- **25% subsidy on lease rentals** up to Rs.5 lakhs per annum maximum up to a period of three years, built up office space upto 25,000 sft, leased by Animation, Visual effects, Gaming & Comics Companies. (50% upto Rs.8 Lakhs for SC/ST & Women Entpr)
- **100% reimbursement of stamp duty, transfer duty and Registration fee** paid by Animation, Visual effects, Gaming & Comics companies on sale/lease deeds on the first transaction. This incentive is available for Mega Projects also. This incentive is not available in case Government land is allotted.
- **50% reimbursement of stamp duty, transfer duty and Registration fee** paid by Animation, Visual effects, Gaming & Comics companies on sale/lease deeds on the 2nd transaction. This incentive is available for Mega Projects also. This incentive is not available in case Government land is allotted. (75% for SC/ST & Women Entpr)
- **Admissibility of Industrial Power category tariff** for Animation, Visual effects, Gaming & Comics Companies. (This incentive is eligible for Mega Projects)

## Fiscal Incentives

- **Power Category Conversion** is also available to Training Institutions, Academies, Universities subject to condition that such College, University, Institutes Academies are dedicated Training facilities which are focused on imparting short and long term courses in AVGC Sector (such training institute should be certified by TASK or accredited/affiliated Colleges or Training Institutes by JNAFAU / HCU / JNTU / OU and other universities in Telangana to avail the said benefit)
- **Rs.15 Lakhs as recruitment assistance** for employing minimum 100 employees within two years of commencement of commercial operations payable on telescopic method @ Rs.7.5 lakhs in the 1st one year for employing 50 employees and balance Rs.7.5 lakhs in the 2nd year for employing 50 more employees. For the purpose of calculation, 50% of the employees recruited should be of Telangana origin.
- **Entertainment Tax Exemption:** Full fledge Animation VFX Theater film produced and released in Telangana will be entitled for Entertainment Tax exemption. (This incentive is available for Mega Projects also)
- **Reimbursement of 20% of expenditure incurred for obtaining quality certification** such as ISO, Indian & International Patent, Conformity European (CE), China, Compulsory Certificate (CCC) and industry specific certifications as per AVGC Standards as recommended by AVCGI Industry Association/CCAGI. Reimbursement will be limited to a maximum of Rs.4 lakhs. (40% upto Rs.5Lakhs for SC/ST & Women Entpr)



## Fiscal Incentives

- **50% Exhibition stall rental cost** limited to 9 sq.mts of space and delegate registration charges at conferences /Exhibitions will be reimbursed for participating in the notified national/international exhibitions specifically for Animation, Visual effects, Gaming & Comics Conferences and Exhibitions. This incentive is upto a maximum amount of Rs.5 Lakhs per annum for participation in single or multiple event. (100% for SC/ST &Women Entpr)
- **Reimbursement of Internet Bandwidth charges**, upto Rs.2 Lakhs per annum for a period of three years (multiple locations within Telangana under single company name). The reimbursement is based on actual usage of internet connectivity charges paid to a Internet Service Provider (ISP). (Upto Rs.3Lakhs for SC/ST &Women Entpr)
- **Mega Project Incentives:** Special incentives and Subsidies package will be worked out for Mega Projects and projects of strategic importance



## Other Administrative Facilitations

- Being a Animation, Visual effects, Gaming & Comics companies are exempt from the purview of the statutory power cuts.
- Being an Animation, Visual effects, Gaming & Comics companies are exempt from the purview of the Pollution Control Act, except in respect of power generation sets.
- Animation, Visual effects, Gaming & Comics companies are exempt from inspections under the following Acts and the Rules framed there under, barring inspections arising out of specific complaints. The units are permitted to file self-certificates, in the prescribed formats.
  - The Factories Act 1948.
  - The Shops & Establishments Act 1988.
  - The Contract Labour (Regulation & Abolition) Act 1970.
  - The Payment of Wages Act 1936.
  - The Minimum Wages Act 1948.
  - The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959.
- General permission for three shift operations with women working in the night for Animation, Visual effects, Gaming & Comics companies subject to compliance of safety and security norms prescribed by State Police Dept with regard to women safety.
- Animation, Visual effects, Gaming & Comics companies are declared as essential service under Essential Services Maintenance Act.



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THANK YOU

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# Maharashtra AVCGI Policy

1. Quality Certification 50 % upto INR 2 Lakhs
2. Investment Subsidy 25% on INR 50 Crores above investment and creating employment for 100 professionals
3. Capital Subsidy upto 50% (ceiling INR 30 Lakhs)
4. Entertainment Tax exemption
5. Train the Trainer Program by state Government
6. Upto 100% additional FSI for AVCGI Parks
7. 100% Stamp duty exemption and 75% exemption for the second transection.
8. Exempt from payment of Electricity Duty
9. Power Subsidy : Rs.1/per Unit for 3 years
10. Property Tax as per Residential Rates
11. Exempt from Octroi/Entry/Escort/Local Body Tax.
12. Works Contract at Minimum rate(as suggested by Empowered Committee )
13. VAT at floor Rate(as suggested by Empowered Committee )
14. Venture Capital fund of INR 50 Crores will be created by Government.
15. Government will encourage establishment of Fine Art School, College including Digital Art Centre (DAC) through Maharashtra Knowledge Corporation Limited (MKCL) and Maharashtra State Board of Technical Education (MSBTE).

Government to certify Fine art schools as digital art centre (DAC)  
DACs will be run on PPP model with 25 per cent government funding and private (promoter's) funding of 75 per cent of total cost subject to a cap of Rs 10 crore.