

Initiatives Taken by Government of Uttar Pradesh to Promote IT Industries in the State

The Vision of State IT Policy 2004 is to use Information Technology as a vehicle for economic development and to create a high tech society with a high quality of life in Uttar Pradesh. The State Government recognizes the need to develop a strong bond of partnership between Government and private sector for the proper and rapid development of I.T. in the State. Adequate representation has been provided to the representatives of I.T. Industry in policy formulation and designing of incentives. For creating an investor friendly environment in the State, following incentives are being provided in the State;

1. Definition of IT Industry

Vide GO no 2003/78-2-2005-47 I.T./2005 dated December 28, 2005, IT units have been properly classified.

2. Preferential allotment of land

~~///~~ Preferential allotment of land will made for IT industry by NOIDA/Greater NOIDA, LIDA, SIDA, GIDA, Taj Expressway, UPSIDC in the State. Enabling GO of Industrial Development department no 2847/77-4-2005-218Bh/2004 dated 23-06-2006 is in place.

~~///~~ Avas Vikas Parishad to provide 25% rebate on sector land price to IT units. Enabling GO no 7379/8-1-06-31 Vividh/05 dated November, 20, 2006 of Housing Departments issued. Similiar provision is also there in NOIDA.

~~///~~ In NOIDA, institutional land price upto 10 acre of land has been fixed on 50% of the original land cost.

3. Exemption of Stamp Duty and Registration Fees

IT units, BPO's and call centres shall be given 100% exemption from payment of Stamp Duty and Registration fees. Enabling GO no Kar. Ni.-305/11-2005-500(138)/2003 dated January 19, 2005 of Stamp and registration has been issued. This rebate shall be applicable on all type of lease including rental lease deed. For this, further clarification GO no 779/78-2-06-241 dated April 20, 2006 has been issued.

4. FAR Relaxation

50 percent more FAR to be allowed for I.T. units in earmarked areas/Information I.T. parks and STPs. Housing department vide is circular no 958/9-AA-3-2001 dated March 12, 2001 has issued directions regarding this. In NOIDA, FAR has been increased by 50% (i.e. from 125 to 187.50).

5. Interest Free Loan

Vide GO no 1502/77-06-2006-10 Tax/2004 dated 01-06-2006, provision has been made for interest free loans to units investing more than Rs. 100 crores.

6. Special Financing Packages

Understanding the unique needs of the sector special financing packages, aligned to the industry, Uttar Pradesh Financial Corporation has implemented a plan to fulfill the unique needs of the I.T. sector.

7. BPO's & Call Centres to Avail Special Incentives

The Business Process Outsourcing (BPOs) Agencies and Call Centres having employment of 100 or more employees shall be declared as industry and special rebates as admissible in the General Industrial Policy of UP shall be permitted to such agencies. Enabling GO 151/72-06-06 dated October 27, 2006 is already in place.

8. Key Person Insurance / Sweat Equity

Key person insurance/sweat equity concept as developed by Government of India/RBI/All India Financial Institutions/Banks shall be recognised by the State level institutions as well. In this direction, U.P. Finance Corporation (UPFC) has made provisions to recognise all those units financed by UPFC having Sweat Equity provisions in their scheme.

9. Exemption from Pollution Control Norms

Provision has been made for complete exemption to software industry from the provisions of Pollution Control Act both for air and water pollution. U. P. Pollution Control Board vide no 8581/ 2000/Vigyapti dated June 28, 2000 has already issued a circular.

11. Energy Related Provisions

~~///~~ Un-interrupted Power - Provision has been made through independent feeders for continuous and uninterrupted power supply for IT industries (exemption from power cuts without limit). U.P.P.C.L. order no 6/P.C.L./CIPU/Information Technology dated June 15, 2005 is already in place.

~~///~~ Captive Power Generation - Encouragement to captive power generation in IT locations. I.T Units with 5 KVA power requirements can be set up anywhere irrespective of master plan or land use classifications. GO. no 958/0-AA-3-2001 dated March 12, 2001 of Housing Department is already in place.

11. Labour Related Provisions

~~///~~ I.T. and I.T. services units, being constituents of the knowledge industry shall be exempted from inspections by inspectors like those for Factory/Boiler/Excise/Labour/Pollution/Environment etc. Vide office order no 261-36-3-06-24 Pravartan/06 dated March 10, 2006, of Labour Department, a self certification scheme for I.T. units has been implemented.

~~///~~ Vide circular no 2398/36-3-05-1 Du.Va./99 dated 28-10-2005, of Labour Department, working hours for woman in I.T. unit has been extended from 07:00 PM to 10:00 AM.

12. Institutional Infrastructure

The IT developments in the state shall be governed on the philosophy of maximum facilitation and minimum interference by creation of investor friendly environment.

~~✍~~ A State Level Steering Committee under the chairmanship of the Chief Secretary shall over see the development of I.T. and I.T. industry in the state. Enabling GO no 1060/78-2-2005 dated 19 July, 19, 2005 is in place.

~~✍~~ The above committee is assisted by a Vision Group headed by the Infrastructure and Industrial Development Commissioner, Government of Uttar Pradesh. Enabling GO no 1061/78-2-2005 dated 08 July, 19, 2005 is in place.

~~✍~~ Another Technical Committee to assist Steering Committee under the Chairmanship of Secretary, I.T. and Electronics has been constituted vide GO no 1062/78-2-2005 dated 13 July, 19, 2005 .

All the enabling IT policy related GO's are available on departmental website <http://infotech.up.nic.in>

The State feel confident that this Policy, as a pioneering and progressive step, would not only impart a fillip towards ensuring speed in realising the economic development and prosperity for all sections of our Society but would also give a meaningful image to Uttar Pradesh's role and contribution towards our nation efforts of transmuting the Indian society into a knowledge based society.

OPPORTUNITIES IN THE STATE

1. In order to capitalize on the vast employment generating potential of the IT services industry, the State Government is making all effort to actively promote establishment of units for providing IT- Services (hardware/software based etc.) and IT-enabled Services (Call Centering, Medical Transcription, BPO, etc.). As these units have vast employment generation potential, technical know-how, Infrastructure and marketing support and financial assistance will be provided by State Government Organizations for setting them up. Lucknow - Kanpur corridor shall be developed as an ideal ITS and ITES destination with leverage of IIT(K), IIM(L) and IIIT(A) as technical and manpower centers of excellence, and a land bank, on lines of Noida /G Noida, developed by the state, having all required facilities for ITS and ITES industry. Private and institutional cooperation shall also be solicited for this.
2. The state government is establishing electronic delivery points known as 'Jan Seva Kendra' of electronic delivery services in public domain (particularly in rural areas) on PPP model. Such services shall be on transaction fee/revenue sharing basis to be charged from the users. There is a great potential for private sector in this area. Even the digitization work of departmental information requires huge investment and the private sector shall ample opportunity in it.
3. The State is establishing a backbone network UP Wide Area Network (UPNET) for voice, data and video transmission and dissemination. The network shall be utilised for inter department connectivity, multi-user and multi-service facilities, video conferencing, file transfer facility, e-mail, on-line application processing, query and response. The SWAN will provide 2 mbps connectivity upto block level. Total 885 Network Operating Centres are being established in the scheme.
4. The SWAN shall extend to all Government Departments including Division/Districts/Tehsils/Block/Village level offices of the State Government for which horizontal last mile connectivity shall be required. In this the private sector has to play a very important role. In this area, investment on PPP model may be required.
5. Although, the State is setting up a State Meta Data Centre for its departmental data requirement, but in future, private sector may be required to set up data centres which have a vast opportunity for investment.