GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

ITE&C DEPT - IT Promotion – AP IT POLICY – 2014-2020 - Orders –Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS
(Promotions) DEPARTMENT

<u>G.O.MS.No. 13</u>   **Dated: 11.08.2014**
                                                                              <u>**Read the following**</u>**:**

1. ICT Policy 2010-15 issued vide Go. Ms. No:9, IT&C (Promotions) Dept, dated 07-07-2010
2. Blue Print for IT, Electronics & e-Governance 2014.

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        Andhra Pradesh had taken a leadership position in e-Governance and Information Technology. The Growth was propelled by the availability of rich talent pool, lower cost of operations and in some measure due to the innovative policies of the Government. Consequent on the reorganisation of the State it is imperative to revisit the existing policy Initiatives and make them more attractive to suit the current and future requirements of the new State of Andhra Pradesh.

2.   In the above context, the Government of Andhra Pradesh has developed a blueprint **"Re-Imagining Andhra Pradesh –** *role of e-Governance, Electronics and IT***"** for development of ICT Industry in the State. The blueprint envisages a large number of conducive policies and simple but effective frameworks being put in place. It has laid out a vision to "*develop AP as an **Innovation Society** of global repute, with a focus on enhancing the **Quality of Life** of its citizens, through high-quality **Education and Healthcare**, increased productivity in **Agriculture** and allied activities, creation of **Employment** by promoting Electronics and IT, and above all, by providing **Good Governance.**"

3.   The objectives and targets laid out for the next five years are
        • To be FIRST in India in Quality & Quantity of e-Services
        • To be known as the **Silicon Corridor** of India
        • To attract Investments of US $ 2 bn in IT and US $ 5 bn in Electronics manufacturing
        • To get a 5% share in national exports of Software
        • To create an additional direct employment of 0.5 mil
        • To take Gigabit to all Villages
        • To make at least one person e-literate in every household.

4.   The blueprint has identified a set of 18 policies and frameworks to realize the vision and goals stated above. The IT policy laid down in this document is one among them.

5.   An effective policy for the development of IT is based on the four pillars, namely, **Human Capital, Infrastructure, Incentives** and above all, a system of **Good Governance**. This document specifies the policy initiatives that the Government intends to take in these four areas.

1. Human Capital: Availability of a pool of high-quality manpower is a sine qua non for the development of IT Industry. While AP has over 200 engineering colleges and a large number of training institutions specialized in IT and computer sciences, it is necessary to create an environment that promotes quality of education in emerging technologies and alignment with the specific needs of the industry. To this end, the following initiatives shall be taken .

1.1 The Universities will be advised to change the course curriculum to be in tune with the emerging technologies and aligned to the requirements of the Industry, and to introduce courses in entrepreneurship development.

1.2 **Credits for Online Courses:** The Universities will be advised to give credits to the students successfully completing notified online courses.

1.3 **Faculty Upgradation:** A special scheme of faculty upgradation shall be introduced.

1.4 The Government would support opening of premier IT institutes in partnership with the top IT Companies and Foreign Universities.

1.5 **Mandatory Apprenticeship:** All educational institutions offering under-graduate courses in software engineering, electronics and computer sciences shall implement a mandatory scheme of internship/ apprenticeship in the 4th Year of the course in association with the industry.

1.6 **Skill Enhancement by MSMEs:** Assistance shall be provided to MSMEs with a minimum of 20 employees on its rolls by way of reimbursement of 50% of training fees, subject to a maximum Rs 10,000 (Rupees Ten thousand only) per employee, on obtaining recognized certifications in emerging technologies. The assistance under this category shall be limited to Rs 1 lakh (Rupees One lakh only) per year per unit.

1.7 **Recruitment Assistance:** A recruitment assistance of INR 15 lakh (Rupees Fifteen Lakh only) to the SMEs which attain an employment of 100 employees within three years of commencement of commercial operations.

1.8 **Innovation Policy:** Innovation is the prime focus area for the growth of IT industry in the State. An Innovation Policy shall be announced to promote start-ups and IT units in the State developing innovative products.

1.9 **e-Literacy**: An appropriate scheme would be announced to make one person e-literate in every household, in partnership with the industry.

2. Infrastructure:

   2.1 Vizag as a Mega IT Hub: Government shall endeavour to establish state-of-the-art infrastructure of international standards suiting to the requirements of the IT/ITES Industry. Visakhapatnam will be developed as a Mega IT Hub, through an initial effort of developing an IT township with a built-up space of 5 million square feet. A signature tower of 1 million square feet shall form the nucleus of the Mega IT Hub.

   2.2 IT Hubs: IT Hubs shall also be developed at Vijayawada, Kakinada, Tirupati and Anantapur.

   2.3 PPP for IT Infrastructure: The facilities, in the form of IT Towers, IT Parks and IT Zones, shall be developed adopting a transparent PPP policy. The following principles will form part of such a policy:

      a. For each project, APIIC shall select a partner, who can be a developer or a consortium of developers and the industry players, through a bidding process involving QCBS method.

      b. The responsibility of marketing the facilities created shall be with the selected partner. The Government shall provide such promotional support as needed.

      c. Appropriate relaxations will be provided from the zoning regulations and land usage conversions, subject to environmental safeguards.

d. Relaxation to AP Building Rules would be considered, subject to the payment of City Level Infrastructure Impact Fee and clearances from Fire Services, Airport Authority and conformance to the National Building Code and statutory regulations.

e. The principles of green buildings, green IT, e-Waste management, Walk-to-Work and Cycle-to-Work shall be followed while designing the facilities.

2.4 Information Technology Investment Regions (ITIRs): To attract Investments in IT/ITES, and Electronic Manufacturing units, Government of India, had notified the ITIR policy in 2008. ITIR is expected become a significant driver of the economic activity in the region, by funnelling the resources and efforts of the Central, State and local governments into the ITIR. **Government proposes ITIRs to be developed in Visakhapatnam and Tirupati initially**. The Tirupati-Anantapur corridor will be proposed at a later phase.

2.5 Other Critical infrastructure:

a. **Air Connectivity:** The process of expansion and modernization of the airports at Visakhapatnam and Tirupati are afoot. The Government shall take speedy and effective steps to develop the other airports in the state to cater to needs of the industry.

b. **Assured Power:** Andhra Pradesh has recently been selected as a pilot State to implement the scheme of 24x7 power supply. Within a span of 5 years, the Government intends to make the State power surplus. As an interim measure, the ICT industry would be exempt from the purview of statutory power cuts.

c. **Social Infrastructure:** A multi-departmental mechanism would be established to improve the social infrastructure in the cities selected to be developed as IT Hubs.

3. Incentives
A. Incentives applicable to all categories of IT Industry
A1-Non Fiscal Incentives

3.1 ICT industry would be exempt from the purview of the AP Pollution Control Act, except in respect of power generation sets.

3.2 IT industry would be **exempt from inspections under the following Acts** and the Rules framed there under, barring inspections arising out of specific complaints. The IT units are permitted to file self-certifications, in the prescribed formats.

     i. The Factories Act 1948
     ii. The Maternity Benefit Act 1961
     iii. The AP Shops & Establishments Act 1988
     iv. The Contract Labour (Regulations & Abolition) Act 1970
     v. The Payment of Wages Act, 1936
     vi. The Minimum Wages Act 1948
     vii. The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959

3.3 General permission shall be available for 3-shift operations with women working in the night for IT/ITES Units/ Companies, subject to the IT units taking the prescribed precautions in respect of safety and security of employees.

3.4 IT/ITES Units/ Companies and non-hazardous hardware manufacturing industry are declared as essential service under **AP Essential Services Maintenance Act**.

3.5 **CCITI:** An empowered '**Consultative Committee for the IT Industry**' would be formed with the representatives of industry and the other stakeholders. The CCITI would administer the incentives in a speedy, time-bound and transparent manner.

3.6 **Land Allotment:** Allotment of Government land or land held by APIIC for industrial development, to the IT units shall be governed by the following principles.

a. The land allocation for IT Industry will be as per GO Ms. No:571, Revenue (Assgn.I) Department, dated:14/09/2012.

b. The land allotment would be based on the business proposal and the investment capacity of the company/investor.

c. **Rebate on cost of land allotted**: A rebate on the cost of the land will be provided @ Rs. 60,000 per employee to the Mega IT Projects (defined below) and Rs. 40,000 per employee for other IT projects, subject to maximum of 80% of the land cost as determined by the allotment agency. Prescribed guaranties would be taken from the sponsors of the project for the rebate.

d. Units for which land is allotted on a rebated cost, shall ensure that the facility to be created shall be adequate to provide space for 500 IT professionals on every acre of land.

e. Only the IT units with IT employee strength of a **100** will be eligible to be considered for allotment of land.

f. CCITI is empowered to consider the eligibility of the applicant based on their track record, business proposal in terms of employment to be created, office space to be built, investment to be made and viability of the project proposal.

g. The Conditions of allotment, extent of land to be allotted, employment to be created, office space to be built, investments to be made and timelines shall be incorporated in the MOU/ agreement to be signed with the applicant-company.

h. **Sub-leasing:** Sub-leasing of the space created for IT employment, under a scheme of incentives would be permitted in the IT Layouts/IT Towers to synergise collaborations and enhance IT employment, subject to the condition that such sub-leasing shall be only in favour of only any other IT company.

A2 Fiscal incentives

3.7 **Registration & Stamp Duty:** IT industry shall be eligible for 100% reimbursement of the Stamp Duty, Transfer Duty and Registration Fee paid on sale/ lease deeds on the first transaction and 50% thereof on the second transaction.

3.8 **Power Subsidy:**

a. IT Units classified as MSME shall be eligible for 25% subsidy on power bills for a period of 3 years from the date of commencement of commercial operations or Rs. 30 lac whichever is earlier.

b. IT Units established by SC/ST & Women Entrepreneurs shall be eligible for 50% subsidy on power bills for a period of 5 years from the date of commencement of commercial operations or Rs. 50 lakhs whichever is earlier.

c. **Exemption of Electricity Duty and applicability of Industrial Tariff:** New IT/ITES units, after coming into commercial operations will be entitled for 100% exemption on Electricity duty for a period of 5 years.

3.9 Patent Filing Cost: The cost of filing patents will be reimbursed to the companies having their headquarters in Andhra Pradesh, subject to a limit of Rs. 5 lakh (0.5 mil) per domestic patent awarded and Rs. 10 lakh (1 Mil) per international patent awarded.

3.10 Quality Certification: IT Units shall be eligible for reimbursement of 20% of expenditure incurred for obtaining quality certifications for CMM level 2 upwards, subject to a limit of Rs. 5 lakh (0.5 mil). Similar reimbursement will be made to BS 7799 for security and also for ITES Companies for achieving COPC and eSCM certification. The IT/ITES units/ companies can claim this incentive only once. In addition, this incentive may be extended to other certifications based on the recommendations of the CCITI.

3.11 Technology & Market Support: Government will support IT Exporters Associations, ITsAP, NASSCOM, ELIAP, STPI, IEG, or any such organisation (as decided by CCITI) for conducting surveys and/or research on trends in technology, market intelligence or on other work useful to the IT Industry.

3.12 Business Networking and promotional events: Government shall promote and encourage participation in various national and international events by the industry and by leading a Government-industry business delegation to the identified Exhibitions and Conferences. Government would also undertake various promotional events and roadshows at various locations from time to time.

B. Additional Incentives available for Mega Projects

3.13 **Mega Projects** : Mega Projects are the projects or the investment intents that can create employment of 5000, or more in a span of 5 years. The following additional incentives would be provided to the Mega Projects.

   a. In case where the premises are taken on lease / rent basis, a rental subsidy @ Rs. 10 per sft per month shall be provided for a period of 3 years in prescribed scale of space per employee.

   b. An investment subsidy of 10% of the value of the Capital Expenditure, other than land, shall be provided to Mega Projects that enter into an MoU with the state within 2years of notification of the Policy.

C. Additional Incentives available to MSME IT Units

3.14. MSME IT units are those units that have an annual turnover of upto Rs 25 cr (Rs. 250 mil). The following additional incentives are available to such units:

a.   a 50% subsidy on lease rentals upto a maximum of Rs. 5 lakh (0.5 mil) per annum for a period of 3 years for the plug and play built up office space taken by the start-ups/MSMEs/ first-generation technocrat entrepreneurs, SC, ST& Women Entrepreneurs STPI, either in IT/Multi-purpose SEZs/IT Parks or in any notified private area/location.

b.   **Market Development:** 50% (100% for SC /ST & Women Entrepreneurs) reimbursement of the exhibition stall rental cost for participating in the notified national/international exhibitions limited to 9 sq m of space.

c.   **Recruitment / Training Assistance:** Assistance @ Rs. 20000 per IT Professional employed within a period of two years of establishing the unit.

d.   All turn key projects with an outlay upto Rs 5 cr (50 Mil) to be undertaken by Government Departments would be reserved for MSMEs registered and operating in AP.

e.   **Performance-linked grant:** MSMEs that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Turnover.

f.   The Government has published on its portal (www.ap.gov.in) a Blueprint for development of IT, Electronics and e-Governance sectors in the State. Suomoto proposals, based on AP Blueprint for applications relevant to governmental needs would be accepted from AP based MSME IT units and the proposals adjudged to be the best among those found to be relevant for achieving the objectives set out in the blueprint will be accepted and projects to the tune of Rs 50 cr (500 mil) p.a would be awarded to the IT units so selected.

g.   **Subsidy on Bandwidth for Connectivity:** a 20% subsidy on Bandwidth for connectivity paid to Internet Service Provider (ISP) shall be available for a period of two years from the date of starting commercial production/operation.

D. Additional incentives available to IT Units established by SC/ST Entrepreneurs:

3.15 The following additional incentives shall be available to IT Units established by SC/ST entrepreneurs.

Item	Incentive available
Reservation of Built up space	Reservation of 15% built up space
Investment Subsidy	25% on the Fixed Capital & Additional 5% to the SC/ST Women Entrepreneurs, with a maximum limit per unit of Rs. 25 lac
Interest Subsidy	8.5% Interest Subsidy on Prime Lending Rate (PLR) on the term loan and Working Capital subject to a maximum of Rs. 50 lac per year for a period of 5 years for the unit which commence commercial operations

E. Additional Incentives available to IT Units established by Women Entrepreneurs

3.16 The following additional incentives shall be available to IT Units established by women entrepreneurs.

Item	Incentive available
Reservation of Built up space	Reservation of 15% built up space
Investment Subsidy	20% on the Fixed Capital with a maximum limit per unit of Rs. 20 lac
Interest Subsidy	5% (8.5% for SC/ST Women Entrepreneurs) Interest Subsidy on Prime Lending Rate (PLR) on the term loan and Working Capital subject to a maximum of Rs. 50 lac per year for a period of 5 years for the unit which commence commercial operations

F. Additional Incentives available to Rural IT Units

3.17 In addition to the incentives available for MSMEs, IT Units established in Rural areas shall be eligible for the following incentives:
a.   All district based turn key projects with an outlay upto Rs 50 Lakhs would be reserved for Rural IT companies.
b.   Subsidized loans towards the infrastructure/operations cost through SFC/ rural banks would be arranged for such enterprises.

G. General Provision relating to incentives:

3.18   The incentives listed herein would be available to the new companies and to the expansions of existing companies, unless the same has been claimed earlier.

4. Governance of IT Policy:
   4.1 Effective Single-Window System: A highly empowered 'Single Window Clearance Unit' will be created and operationalized for granting approvals & clearances for setting up New IT Units and for expansion of the existing IT units in the State. It would be supported by state-of-the-art centralized help desk on 24x7 basis duly

leveraging the e-Biz portal set up by GoI. The objective of this window would be to (a) reduce time to set up business and (b) reduce cost of doing business.

4.2 **Time-bound approvals**: The following procedural reform would be undertaken with an aim to provide approvals to the industry/ investors within 4 weeks.

    a. Integrated Application for all permissions

    b. Escort Officer to be assigned the responsibility for getting approvals

    c. Escalation at various levels and regular monitoring

A provision shall be made in the relevant legislations or rules that in case the required approvals are not granted within 4 weeks of receipt of an application in full-shape, the approval shall be deemed to have been given.

4.3 **Empowered Mission for Electronics & IT Promotion:** An empowered Mission would be established to give a fillip to the development of the sector and take faster and agile decisions. The mission would be headed by a Technocrat and would have 3 Experts in Electronics & IT, 2 Academics and an expert in Marketing & Promotion.

4.4 **APIIC to be Industrial Area Local Authority (IALA):** All IT Industrial Areas/IT Lay Outs/Zones/Corridors, including Electronic Manufacturing Clusters (EMCs) and ITIR delineated processing areas of APIIC in the State shall be accorded the status of Industrial Authority Local Area (IALA) immediately so that the execution and maintenance of IT Industrial areas shall be effectively planned, executed and implemented by APIIC in the interest of promotion of Information Technology Sector. All statutory clearances to IT Parks/IT Campuses constructed by IT Infrastructure Companies/builders/developers and IT/ITES Industry/Companies/Units for own use on lands allotted by APIIC in their Industrial Local Area Authority, would be given by APIIC.

6.   This Policy is valid for a period of 5 years from the date of its notification and supersedes the ICT Policy 2010-2015.

7.   ITE&C Department shall issue appropriate Implementation/Operational Guidelines with simplified application proforma and procedure for claiming of the incentives.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SANJAY JAJU
SECRETARY TO GOVERNMENT

To
All the Departments of Secretariat
The Commissioner and I.G., Stamps and Registration, Hyderabad
The Vice Chairman and Managing Director, APIIC, Hyderabad
The Commissioner, Industries, Andhra Pradesh
The Executive Director, APIIC, Andhra Pradesh
The Commissioner, Information and Public Relations, Andhra Pradesh
The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh
The Chairman & MD, AP TRANSCO
The Managing Director, APCPDCL/EPCPDCL /SPCPDCL/NPCPDCL
The Commissioner, Labour, Andhra Pradesh
The Vice Chairman, VUDA/TUDA/VGTMUDA

All the District Collectors & Magistrates, AP
All the Municipal Commissioners, AP,
The Development Commissioner, VSEZ, Visakhapatnam
The Director, STPI, Andhra Pradesh
The President, ITsAP, Andhra Pradesh
The Regional Director, NASSCOM, Andhra Pradesh,
The President, VITA, Visakhapatnam,
The President, RITPA. Visakhapatnam
The President, GITA, Kakinada
The President, KITA, Vijayawada

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The Ministry of Communication & Information Technology, New Delhi
The Chief Minister's Office/Chief PRO to C.M.
The Chief Commissioner, Customs & Central Excise, Hyderabad
The OSD to Minister for Information Technology, Andhra Pradesh
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The PS to Chief Secretary to Government of Andhra Pradesh

//FORWARDED : : BY ORDER//

SECTION OFFICER