Government of Gujarat
Science and Technology Department
GR No:ITP-102006-942-DST
Sachivalay,Gandhinagar.
Dated 1st November, 2006.

PREAMBLE:

As per the latest NASSCOM report of 2005, size of Information Technology/Information Technology Enabled Services (IT/ITES) industry in India has been to the tune of USD 36 billion dollar while it employs about 1.3 million people. By 2010 this sector is set to grow to $ 60 billion and would employ 2.5 million persons. Thus, IT sector in India continues to offer excellent growth opportunities.

Gujarat is one of the most prosperous States in the country. With 4.93% population of the country it contributes about 16% of the country's manufacturing GDP. Gujarat has excellent physical infrastructure and has made rapid strides in the field of IT and e-governance. Presently, IT sector in Gujarat employs about 15,000 persons. However, Gujarat is yet to realize its true potential in IT/ITES sector. Looking to the large number of employment opportunities the State government intends to accelerate growth of this sector.

Gujarat: An Aspiring Leader in IT

The State Government is committed to promote Gujarat as an attractive IT / ITES destination in the country. As per the NASSCOM study, Ahmedabad is well ahead of cities like Mumbai, Delhi, Pune and Bangalore in view of **the lowest cost of real estate, lower cost of human resources, uninterrupted power supply and investment friendly State IT policy initiatives.** In its continuing endeavor to promote the IT / ITES Industry in the State, this policy offers several concessions and incentives for companies engaged in IT/ITES activities and focuses upon the strategy to develop IT related infrastructure.

(2)   VISION:

To endeavor for rapid expansion and growth of knowledge based economy in the State.

(3) OBJECTIVES:

- To attract investments in IT sector in the State so as to achieve a turnover of Rs.5000 crores in five years.
- To promote and develop employment opportunities in the IT sector and provide direct employment to 200,000 persons in five years.

(4) Area of Operation:

It will be operative in the state of Gujarat.

(5) Definition:

a) " **IT Software**" means any representation of instruction, data, sound, image including source code, object code recorded in a machine, readable form and capable of being manipulated or providing interactivity to use by means of automatic data processing machine falling under head "IT Products".

b) **"IT Service"** is defined as any service which results from the use of any IT software over a system of IT products for realizing value addition.

c) **"IT Products"** would include computer, digital-data communication and digital data broadcasting products as notified by the Ministry of Finance, Government of India or Central Board of Excise & Customs.

d) **"IT Industry"** would include development; production and services related to IT products, IT Software and IT service and ITES. **Appendix-I** gives the list of IT industry heads.

e) The New Information Technology Unit means a new unit in IT industry set up on or after the date of this GR.

It should also fulfill the following Criteria:

The new project should have obtained SSI registration from concerned District Industries Center or obtained the Letter of Intent, Letter of Approval or obtained receipt against filling of Industrial Entrepreneur Memorandum.

f) **Eligible IT Unit:**

It is an existing IT Unit, which registers itself as an IT Industry before the date of this GR. Such a unit should have commenced production before this date.

(6)   STRATEGY:

6.1 Promotion of urban based IT infrastructure:

IT sector is manpower intensive and generates large number of employment opportunities. It basically needs skilled manpower. Urban centers are predominant source of such skilled manpower. In addition urban centers generally have requisite infrastructure to support IT sector. Gujarat is one of the most urbanized States of the country having 37% of the population in the urban area and therefore, it is logical to encourage setting up of IT infrastructure in the form of IT parks in the urban conglomerate in the State. Therefore, the Government has decided to undertake following activities to promote IT parks:-

a) Identify suitable government land and reserve those for IT industry / IT Parks.
b) Assist IT industry/infrastructure units in acquiring land under the Land Acquisition Act
c) Advise the Urban Development Authorities / Municipal Corporations to develop town planning schemes in such a manner that land parcels are made available for development and growth of IT Industry / IT parks.
d) State shall facilitate grant of SEZ status to IT Industry / IT Parks subject to the provision of SEZ Act/rules.

6.2   Enhancing supply of skilled manpower:

Government of Gujarat recognizes the fact that IT industry not only requires skilled work force but also needs assured supply of skilled man power. Therefore government has been actively promoting and strengthening educational infrastructure in the State.

The Government is committed to enhance quality of the talent pool in the IT sector. The state is also aware about the need for training of graduates for meeting manpower needs of ITES sector which would require expertise in different verticals like Back office processing, Medical transcription, Financial & Accounting processing, Insurance claim processing,   HR & Pay Roll Processing etc. Therefore, the State Government would promote training institutes who provide specialized training in domain specific skills   required by ITES companies.

In order to facilitate employment of skilled work force by IT industries the State government would set up a certification mechanism which will prescribe certain tests to ascertain candidates' skills in different areas suitable for employment in IT sector. Data bank of Students who are IT literate and suitable for deployment in IT industry would be maintained by Gujarat Informatics Ltd. in collaboration with Directorate of employment & Training. The State government has already launched www.talimrojgar.org portal, which is an online Employment Exchange System. Thus, large database of available manpower is accessible through internet. This would be strengthened further so that the industry can have easy access to the skilled manpower.

6.3   Promotion of Knowledge Process Outsourcing (KPO) based Industries

Traditionally, people in Gujarat State have been very enterprising. They have a natural penchant for trading, finance and accounting. Each year commerce graduates constitute the largest chunk of graduates passing out from the colleges and Universities. Supplementing them with requisite IT knowledge, such a work force will become readily available for employment in KPO. Looking to this fact, the State government will provide special emphasis on promotion of KPOs in the State.

(7)   ACTIONS:

7.1   State Government has identified following urban centers/conglomerates for promotion of IT parks:-

- Ahmedabad / Gandhinagar
- Vadodara
- Rajkot
- Surat

In pursuant to the above, the State has already identified few of the strategically located land parcels in above mentioned locations.

Expression of Interest (EoI) from reputed IT infrastructure developers will be invited for development of IT Parks in aforesaid locations.

7.2   Land Acquisition

In addition to the allocation of government land Government will also facilitate purchase of private land in accordance of the land acquisition Act for development of IT parks by leading and reputed developers/companies. Gujarat Industrial Development Corporation (GIDC), a premier body responsible for development of industry related infrastructure, will be the nodal agency for land acquisition.

7.3   Enhancing supply of skilled work force:

7.3.a   Government, Industries & Institutions Initiative for skill development.

Government Institutes and Industry will take initiative to provide training inputs in respects of communication & soft skills to the youth in the age group of 18 – 25 years studying in the colleges of Gujarat. This will be provided in a distance learning mode through satellite communication facilities available at Bhaskaracharya Institute for Space Application and Geoinformatics (BISAG). This institutional mechanism will also be used for training manpower for availing the opportunities in the field of KPO.

7.3.b. <u>Certification with NASSCOM</u>

The State Government will collaborate with NASSCOM for "Nasscom Assessment of Competence (NAC)"- the industry initiative aimed at positioning India's Tier 2 and 3 cities and townships as ITES-BPO employment hubs. Its basic objective is to define an assessment mechanism for individuals to assess his/her training needs while making them aware of employment opportunities. This will help in scaling up the right skill base among youth and open up jobs/growth opportunities in Tier 2 and 3 cities by improving the industry connections. In turn, BPO/KPO sector will have easy access to quality man power at minimum cost and time.

7.4 <u>Other Policy Incentives</u>

7.4.a <u>Mega IT Projects</u>

On case to case basis, a special package of incentives will be offered for mega IT projects. Such projects will be defined as projects creating employment of more than 1000 in the case of IT unit and 1500 in the case of ITES unit. Alternatively, an investment of Rs.50 crores and above will be considered as a mega IT project.

7.4.b High – Tech Park:

Financial Assistance to high-tech park will be administered as per the Resolution No. APN-102003-1161(7)-I dated 10th June, 2004 of Industries & Mines Department. **This may be downloaded from –**

 URL : www.dst.gujarat.gov.in/AnnexureC.pdf

Salient features of this package are as follows:-

- IT Park will be provided financial assistance @50% of fixed capital investment in land, buildings & infrastructure facilities upto a maximum of Rs.25 millions.

- The developer of Industrial park availing incentive under this scheme will not be eligible to avail incentive under any other schemes of the State Government. However, the units coming up in the industrial park will be eligible to avail incentives under separate schemes of the State Government.

7.4.c. Stamp Duty: - The developer of IT Park, as notified by the government, will be eligible for exemption from payment of stamp duty on purchase of land. However, the IT/ITES units in the said IT park will be required to pay the stamp duty @ 50%.This exemption will be limited to first sale only.

7.4.d Special Economic Zone (SEZ):

The State Government will encourage the development of Special Economic Zone (SEZ) as per Industry & Mines Department's Notification No. GHU/2004(2)/SEZ-2003-617-G dated 15.05.2004. This may be downloaded from -

URL http://imd-gujarat.gov.in/gr/notifications.htm

Salient features of this SEZ policy are as following:

- Exemption from all State taxes, fees, cess etc
- Exemption from Stamp Duty and Registration Fee.
- Exemption from Electricity Duty for 10 years from the date of production or rendering services.
- Single Window Mechanism for various approvals under various State Laws

- Flexibility to the developer to set up infrastructural facilities and to collect service/user charges in accordance with the provisions of the SEZ Act.
- Development Committee under the Chairmanship of Developer for carrying out development works and works related to social infrastructure.
- SEZ area as Industrial Township under the proviso to clause(1)of article 243Q of the Constitution.
- Constitution of High Level Authority for consideration of applications for setting up of Zones under chairmanship of Chief Secretary.
- Authority to monitor promotion development and functioning of the Zones.

7.4.e Electricity Duty

(a) All new Information Technology Industry units have been exempted from the payment of Electricity Duty for a period of 5 years from the date of which the said unit commence its commercial operation vide Notification No. GHU-2000-34-ELD-1198-7578-K dated 13.10.2000 of Energy & Petrochemicals Department. **This may be downloaded from -**

URL: www.dst.gujarat.gov.in/AnnexureD.pdf

(b) The captive power unit set up by eligible IT / New IT & ITES units will be exempted from payment of electricity duty as per provision of section 3 of Bombay Electricity Duty Act, 1958.

(c) In case of IT/ITES units State Government would pursue with Gujarat Electricity Regulatory Authority to change applicable category of tariff from Commercial to Low Tension Industry category.

7.4.f Exemption from Power Cuts

IT & ITES unit will be considered eligible for exemption from power cuts.

7.4.g   Waiver of NOC from GPCB

IT/ITES units engaged in provision and production of "IT services and IT Software" will not have to seek no-objection certificate from Gujarat Pollution Control Board. This, however, will not be applicable for those units engaged in production of Information Technology products.

7.4.h   Simplification of Labour Laws:

The regulatory regime of labour laws has been simplified to suit the needs of IT & ITES companies. General Permission is granted to all IT & ITES companies to have 24x7 operations/to run in three shifts. The barriers pertaining to employment of women at night have been removed.

The Bombay Shops & Establishment Act,1948 have already been amended & new entry at Sr.no.120 in Schedule II of the said act has been added giving exemptions under sections 13,14,18 & 33 of The Bombay Shops & Establishment Act,1948. These sections pertain to opening and closing hours of commercial establishments, daily and weekly hours of work in commercial establishments, holidays in a week in commercial establishments and employment of young persons and women to work beyond the prescribed hours. These amendments would enable the IT & ITES units to run three shift operation on all seven days of the week, have flexi time operations, & would also enable employment of women after 7.00 p.m. and before 6.00 a.m.

(These amendments have been made by Labour & Employment Department vide Notification No. GHR-2003-78-FAC-1099-44-12-M3 dated 24th June, 2003 in respect of IT & ITES companies. **This may be downloaded from -**

 URL : **www.dst.gujarat.gov.in/AnnexureE.pdf**

In particular, the IT & ITES companies will be permitted to self certify that they are maintaining the registers and forms as contemplated under the following Acts:-

- Payment of Wages Act
- Minimum Wages Act
- Workmen's Compensation Act
- Contract Labour (Regulations and Abolition) Act
- Employees State Insurance Act
- Bombay Shops and Establishment Act
- Payment of Gratuity Act
- Maternity Benefit Act
- Equal Remuneration Act
- Water & Pollution Act
- Employment Exchange Act
- Factories Act
- Employees' Provident Fund & Misc. Provisions Act

The Self Certification-cum-Consolidated Annual Returns Scheme has been issued by Labour & Employment Department vide GR No. FAC-2003-3043-M(3) dated 05.12.2005 and the same has been extended from 01.01.2006 for five years vide

GR No. FAC-2003-3043-Part-3-M(3) dated 20.03.2006. The details of the GR may please be downloaded from -

   URL http://labourandemployment.gov.in/self.doc
       www.dst.gujarat.gov.in/AnnexureF.pdf

7.4.i   Floor Space Index (FSI):

In order to facilitate adequate availability of floor space to IT/ITES units in the urban centers, government will permit more than permissible FSI to IT Parks subject to payment of premium of such additional FSI at market rate. For this purpose relaxation of building height would be considered subject to state government's prior approval and NOC by Airport Authority of India.

7.4.j   Zoning Regulation

On case to case basis, IT/ITES units may be exempted from zoning regulations under the applicable Town Planning Schemes.

(8)   Special Venture Fund for IT & ITES Companies:

The State Government has already set up Gujarat IT fund under the aegis of Gujarat Venture Finance Limited, Ahmedabad. This venture capital fund is meant for development of IT services, IT software and IT products and presently it has a corpus of Rs. 24 crores. Government will continue to provide further support to this venture fund.

(9) IT Promotion, Monitoring & Review

9.1   IT Promotion

State Government will appropriately promote Gujarat as Global IT destination. It will also hold various seminars, technical seminars, conferences and event participation in various exhibitions at international, national & regional level.

9.2 IT Task Force Committee Headed by Chief Secretary

The State Government has constituted an IT Task Force for the development IT Sector in Gujarat vide GR No. ITA-2006-85-DST dated 22nd February, 2006 .**This may be downloaded from –**

   URL : www.dst.gujarat.gov.in/AnnexureG.pdf

9.3   Investor Facilitation

The Government of Gujarat believes that its primary role is that of a facilitator. Gujarat Informatics Limited (GIL) will act as a nodal agency for hand holding and providing effective liasioning with various government agencies/bodies. For this purpose GIL would nominate one escort officer for each IT mega project including IT parks.

9.4 High Power Committee

The government will set up a high power committee to facilitate quick implementation of the IT initiatives and policies and to ensure that the investments in the IT and ITES sectors in the state earn better and faster returns. This high power committee will be focused on the development and support to ICT sector and will comprise of the following members:

- Hon. Chief Minister   Chairman
- Chief Secretary   Member
- Principal Secretary, Finance Dept.   Member
- Principal Secretary, Urban Development Dept.   Member
- Principal Secretary, Labour & Employment Dept.   Member
- Principal Secretary, Energy & Petrochemicals Dept   Member
- Principal Secretary, Industries & Mines Dept.   Member
- Secretary, Department of Science & Technology   Member
- Managing Director, Gujarat Informatics Ltd.   Member Secretary

The High Power Committee shall meet at least once in a year to review the progress & take necessary action for removing bottlenecks in the development of this sector.

(10)   E-Governance Policy & Initiatives

10.1   Gujarat - An e-Governed State

Gujarat has crossed many milestones in its e-Governance endeavors. Knowing that government is a gigantic organization while IT is only a tool, state has evolved policies and developed an enabling environment which has promoted changes in the attitude of government employees and brought in business process reengineering. As a result, state has made considerable progress in breaking the digital divide and raised the governance standards and efficiency levels.

The recent report on e-Readiness (Department of Information Technology, Government of India) ranks Gujarat at LEVEL one in terms of Network Policy and e-Governance, at Level two in network Learning & overall Level two as the Aspiring Leader in setting up IT businesses.

10.2. Core IT Infrastructure

10.2.1 The Gujarat State Wide Area Network (GSWAN) - is the largest IP based intercom, intranet & internet network that is scalable and has over 12,000 nodes across 3200 government offices in 25 districts and 225 Talukas connected with the state headquarters and is the backbone of all e-Governance activities in the state. It has a bandwidth of 4 MBps from state capital to District headquarters and 2 MBps from District headquarters to Taluka headquarters.

10.2.2 Sachivalaya Integrated Communication Network (SICN) – SICN is the voice communication network for Government offices at Gandhinagar, which is connecting almost all the government offices like Krishi Bhavan, Police Bhavan,

Udyog Bhavan, MS Building, Civil Hospital etc. At present with **6800 voice connections**, the project has enabled faster & better communication within the network at no extra cost to the Government. This facility handles about 1,25,000 internal calls and a further 70,000 calls outside the network each day.

10.2.3 Server Farm - Government of Gujarat has a common facility, i.e. Server Farm where 11 servers consisting of Web servers, DNS server, LDAP Server, Mail Server, SWAGAT Server, Sun Servers for database etc are housed. Over 215 websites have been hosted and are running successfully. Likewise, more than 13500 e-mail ID's have been created for Government officials throughout the state.

10.2.4 Software Infrastructure

Integrated Workflow & Document Management System (IWDMS) – Being a repository of information, the Secretariat plays a crucial role in the governance of the state. Decision – making and policy formulation processes within the Secretariat involve receipt, dispatch and maintenance of a huge volume of correspondence. For improved governance, it is critical to have an efficient document control & monitoring mechanism in place.

Integrated Workflow and Document Management System (IWDMS) addresses these concerns and aims to standardize and streamline document management by leveraging the established networks in the Secretariat (Departmental LANs and GSWAN).It helps the Secretariat to monitor and process all correspondence and enable it to move towards a 'less paper' offices regime and knowledge-led governance.

10.2.5 Gujarat Informatics Ltd

Gujarat Informatics Ltd (GIL) is the nodal agency for implementation of e-Governance across the State.GIL facilitates implementation of e-Governance related projects in terms of purchases of hardware, software and provision for appropriate skill sets. Thus, GIL is one of the key instrumental organization of capacity building framework for e-governance within the government.

10.2.6 Other Key Policy Initiatives

(a) The State Government has directed all line departments to earmark upto 3% of their Plan outlay for implementation of e-Governance initiatives.

(b)The State Government has a LAN Policy for purchase of hardware & software and has also framed a website policy. Up till now all the departments have developed their websites and more than 215 websites have been hosted in the Server Farm.

(c)Change management is one of the key issues of e-Governance. Government employees should accept IT as a modern tool which can make their working environment more congenial and efficient. However, this will need change in government employees' attitudes. Following personnel management related initiatives are expected to accelerate implementation of e-Governance programme on a sustainable basis:

(i) The State Government is contemplating a training policy under which all government employees will be trained for IT skills. In order to avail their future promotions all Class III employees as well as Class I & II employees will be required to pass 'CCC' and 'CCC+' level certification respectively.

(ii) The State Government has also taken initiative on Gujarati language software standardization which will help improve interoperability of software / database among various government departments.

(iii) The State Government has also amended recruitment rules & has made computer skills compulsory for all future direct recruitments to Class I to III cadres in the State Government.

(11) Cyber Crime

The State shall provide highest level of security for the operation of IT/ITES units. Offences pertaining to violation of data security, confidentiality of documents and non disclosure of agreements are viewed seriously. For this purpose Government will further strengthen Cyber Crime Detection cell in Crime Investigation Department (CID) at Police Head Quarters, Gandhinagar.

(12) The Policy will be operative for a period of five years from the date of this G.R.

(13) In pursuance to this policy, necessary amendments/orders will be issued by the concerned departments.

This issues with the concurrence of Finance department on this file of even number.

By order and in the name of Governor of Gujarat,

Raj Kumar
Secretary
Science and Technology Department

To,

1) The Secretary to the Governor, Raj Bhavan, Gandhinagar

2) The Principal Secretary to the Chief Minister.

3) The Personal Secretary to the Leader of Opposition Party in Gujarat Legislative Assembly, Gandhinagar

4) All Secretariat Departments.

5) The Secretary,Gujarat Vigilance Commission, Gandhinagar

6) The Secretary, Gujarat Public Services Commission, Ahmedabad

7) The Secretary, Gujarat Legislature Secretariat,Gandhinagar

8) The Registrar, Gujarat High Court, Ahmedabad

9) The Secretary, Gujarat Civil Services Tribunal, Gandhinagar

10) All Collectors

11) The Account General (A&E) Gujarat,Post Box No.220,Rajkot

12) The Account General (A&E) Gujarat, Ahmedabad branch, Ahmedabad

13) The Account General (Audit)-1, Gujarat, M.S.Bldg. Ahmedabad.

14) The Director of Accounts & Treasuries, Ahmedabad

15) All Treasury Offices

16) All Pay & Account Officers Ahmedabad/ Gandhinagar

17) Resident Audit Officer, Ahmedabad/ Gandhinagar

18) Select File

19) The copy of this order may be downloaded from
    URL: http://dst.gujarat.gov.in/

APPENDIX-1

CATEGORIES OF INDUSTRIES INCLUDED IN THE SCOPE OF

INFORMATION TECHNOLOGY INDUSTRY

A. **<u>Computing devices including</u>**

Desktop

Personal Computer

Servers

Work-station

Nods

Terminals

Network PC

Home PC

Laptop Computers

Note book Computers

Palm top Computers/PDA

B. **<u>Network controller cards/Memories including</u>** :

Network interface card (NIC)

Adaptor-ethernet / PCI / EISA / combo / PCMCIA

SIMMs-Memory

DIMMs-Memory

Central Processing Unit (CPU)

Controller-SCSI / Array

Processors-Processor / Processor Power Module / Upgrade

C. **Storage Units including** :

Hard Disk Drives / Hard Drives

RAID Devices & their Controllers

Floppy Disk Drives

C.D. ROM Drives

Tape Drives – DLT Drives / DAT

Optical Disk Drives

Other Digital Storage Devices

D. **Printers & Output Devices including** :

Dot-matrix

Laser jet

Ink jet

Desk jet

LED printers

Line printers

Plotters

Pass book Printers

E. **Net working Products including**:

Hubs

Routers

Switches

Concentrators

Trans-receivers

F. **Software including:**

Application Software

Operating System

Middle Ware / Firm Ware

G. **Power Supplies to Computer Systems including**:

Switch Mode Power Supplies

Uninterrupted Power Supplies

H. **Net working / Cabling & related Accessories**

(related to I.T.Industry)

Fibre Cable

Copper Cable

Cables

Connectors,Terminal Blocks

Jack Panels,Patch Cord

Mounting Cord,Patch Panels

Back Boards,Wiring Blocks

Surface Mount Boxes

I. **Electronic Components**:

Printed circuit Board Assembly / populated PCB

Printed Circuit Board / PCB

Transistors

Integrated Circuits / Ics

Diodes / Thyristor / LED

Resistors

Capacitors

Switches (On / Off, Push- button,Rocker etc.)

Plugs / Sockets / Relays

Magnetic Heads, Print Heads

Connectors

Microphones / Speakers

Fuses

J. **Tele-communication Equipment including**:

Telephones

Videophones

Facsimile Machines / Fax cards

Tele-Printers / Telex machines

PABX / EPABX / RAX /MAX –Telephone exchange

Multi plexers / Muxes

Modems

Telephone Answering Machines

Tele-Communication Switching Apparatus

Antenna & Mast

Wireless Datacom Equipment*

Receiving Equipments like pagers,Mobile / Cellular Phones etc.

VSATs

Video Conferencing Equipment

Including Set Top Boxes for both Video and Digital Signalling

K. **Consumables including:**

C D.ROM / Compact Disk

Floppy Disk

Tapes DAT / DLT

Ribbons

Toners

Ink jet cartridges

Inks for out put devices

L. <u>Others:</u>

Key Board

Monitor

Mouse

Multi Media Kits

Access Card

Electronics Purse

Electronics Wallet

Universal Pre Payment card

Smart card etc.

M   <u>IT Enabled Services (ITES)</u>

Call Centres

Medical Trascriptions

Back Office Operation

Revenue Accounting and other ancillary operations

Insurance claim Processing

Web/Digital Content Development

Financial and Accounting Processing

HR & Payroll processing

Bioinformatics

Animation & Design