

U.P. Information Technology Policy - 2004

1. VISION

To use I.T. as a vehicle for economic development and to create a high tech society with a high quality of life in Uttar Pradesh.

2. BACKGROUND

From wealth creation to improving the quality of life for all sections of the society, IT has been recognized as a key-leveraging factor in National Development. I.T and Electronics accounts for about 4% of the global GDP. **IT/ Electronics is not only the fastest growing industry worldwide but also has a profound effect on other industries in increasing productivity, changing cost structure and even the way we live and work.**

India embarked on a comprehensive economic reforms program in 1991. This aimed at rapid and substantial economic growth preparing India for integration with the global economy. The process of further liberalization of industrial approval, foreign investment, EXIM and fiscal policies, economic reforms and simplification of policy, procedures and efforts towards making them responsive to the needs of industry continued during the Ninth Five Year Plan. In the fast paced technology sector such as Electronics and Information Technology, the characteristics which underpin the industry and services are fast technological developments, reducing business cycle times, just-in-time and time to market.

For giving a boost to the Electronics and Information Technology Industry in U.P., a number of policy measures were taken during the year 1999. An I.T and Electronics Policy 1999 was approved by the Cabinet and declared. The Policy aimed at taking U.P. to the thresholds of a new Knowledge economy and providing impetus to the domestic industry.

Uttar Pradesh has managed to keep up with the National growth rate with a growth rate of about 25% (export turnover of approximately Rs. 2000 crores during 2001-02 and around Rs. 2500 crores during 2002-03). The growth of I.T export has mainly been due to rise in exports from the software export houses.

Indian Electronics/IT hardware sector has grown at a CAGR of 11.6% during 1991-2002 reaching a production of Rs. 37,000 crores during the year 2002-03. Growth in production during the VIII Plan (1992-97) and IX Plan (1997-2002) was 15% and 10.3% respectively. **India presently accounts for about 0.6% of the global Electronics/IT hardware production of US \$ 1200 billion (2001).** As per the Tenth Plan projection (realistic scenario), Electronics/IT hardware production in terminal year (2006-07) is targeted at Rs. 69,000 crores (CAGR 15%).

3. DEFINITIONS

Broadly the definition of I.T. will be as per the Government of India guidelines. The definition shall include computers, stand alone Central Processing Units(CPUs), parts

captively consumed in the factory of the manufacture of computers, cellular handsets and software also. This may be suitably altered to suit the needs of the State from time to time by a high level Authorised Committee constituted under this policy.

4. OBJECTIVES

Growth of Software, Hardware and services industry in the state has not been consistent with the potential. The objectives of the Policy in supporting/encouraging IT industry/manufacturing would thus be as follows:

- a. Bringing IT to masses**
- b. Accelerate the use of information technology in schools, colleges and educational institutions**
- c. Spurring the Domestic demand for software, hardware and services**
- d. Making Software, Electronics/IT Hardware and ITS/ITES Sectors globally competitive and thereby increasing export earnings**
- e. Facilitating the industry for addressing global markets**
- f. Facilitate formation of value additions for growth of the industry**
- g. Help businesses realise full potential in creating wealth.**

5. STRATEGY

The strategy is to achieve economic growth through development of nationally and globally competitive industry by facilitation and providing confidence, dedication, purpose and a fertile ground in which investments would flourish.

6. INFRASTRUCTURE FOR I.T.

6.1 Budget for I.T. activities

Each Department shall earmark 5% (or as recommended by the GOI from time to time) of its budget for IT applications. Out of this, 50% would normally be spent on software development and training. Priority shall be given to units located in the State for award of software development work.

6.2 IT Pool Fund for e-Governance

A Pool fund for e-Governance shall be established with Contribution from the government, profit making state PSUs, co-operative institutions and other public sector organizations. The Pool fund shall be utilised for developing replicable and reusable models of e-Governance, IT innovations in administration, IT supported resource optimization, decision support systems, MIS, intranets and other applicable enabling technologies. The fund shall have an initial Corpus of Rs. 5 Crores and shall be administered by a Governing Body headed by the Industrial Development Commissioner, GoUP. Flagship applications may also be developed from this fund as proof-of-concept applications for building confidence in other Departments, Boards and Corporations. These flagship applications shall be finalized by the I.T. Vision Group.

6.3 Wide Area Network

The State shall establish 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. UPNET shall enable better communication, information sharing, allowing people to work together more effectively resulting in cohesive administration. The UPNET shall extend to all Government Departments, State Secretariat, Divisions, Districts, Tehsils and Block Head Quarters. The UPNET will use the most cost effective technologies and resource consolidation using free bandwidth available from OFC laying operators. UPNET shall provide multi-user multi-service facility and shall strengthen the current NIC infrastructure and existing intranets.

6.4 Internet Connectivity

Measures would be taken to provide strong basic Internet infrastructural support to increase Internet penetration in the State of U.P. The Government will, in co-ordination with the Central Government and private vendors, expand the Internet network to all the districts, towns and villages of the State. Microwave link and VSAT facilities of telecom licensees/cellular services operators will be effectively employed in partnership with them for this purpose.

6.5 High Speed Telecom Links

The State will endeavor to create a high speed Telecom Back bone to match the national Telecom back bone. For this the already existing facilities of other National entities will be optimally employed. Impetus will be provided for creation of a reliable and cheap communication link between the State headquarters and district headquarters, sub-divisions and blocks.

6.6 Rural Telephony

Appropriate telecom infrastructure will be created in the private/joint sector to provide connectivity to all the 1.12 lakh villages of the State.

6.7 I.T. Cities

NOIDA, Agra, Kanpur, Lucknow, Allahabad and Greater NOIDA. are proposed to be built into I.T. Cities with special facilities for I.T. enabled services.

6.8 I.T. Parks

Software Technology Parks at NOIDA, Agra, Lucknow, Kanpur and Allahabad will be built in collaboration with The Software Technology Parks of India Ltd. a GoI organisation. The Government of U.P. shall provide land and Rs. 2 crores as capital. The provision for Internet gateway shall be made by STPI.

6.9 NIC Infrastructure

The already existing I.T. infrastructure of the NIC will be optimally utilized. NIC will be pursued to provide high bandwidth based VSAT links so that government business can be transacted on-line.

6.10 Standardisation of IT Resources

In order to ensure inter operability of systems, portability and integration of resources created in the State, the procurement of hardware, software, networking equipment etc., shall be according to standards and specifications as laid down by the Technical Committee of the Department of I.T. and Electronics. The Technical Committee shall be constituted by the Department of IT and Electronics, and UPDESCO shall serve as its Secretariat and resource centre.

6.11 Intellectual Property Rights (IPR)

The State shall aim to become a piracy free state and will actively support Central Government initiative in this direction. The state shall promote R & D initiatives of corporate houses and laboratories by providing them enforcement of IPR.

6.12 Promoting Hardware Industry

The State shall provide full support to I.T. and Electronics Hardware industry specially in cities of Noida / Greater Noida, Agra, Kanpur, Allahabad and Lucknow. All incentives etc., provided to software and ITES industry shall be made available to I.T. and Electronics Hardware industry

7. HUMAN RESOURCE DEVELOPMENT

The HRD effort of the State will have the twin objectives of providing necessary manpower to the IT sector for its growth and to improve the employability of the residents in IT. The thrust areas are –

- A. To encourage and accelerate the use of Information Technology in schools, colleges, and educational institutions in the state, to enable the youth of the State to acquire necessary skills and knowledge of I.T., thereby making them highly employable. The I.T. Sector will be developed in order to provide increased employment opportunities.
- B. The government shall promote setting up internet clubs for students in all educational institutions.
- C. IT module in engineering and non-engineering degree and diploma courses shall be introduced.
- D. The output of students in IT in technical institutions shall be tripled in the next three years to meet the growing market demand.
- E. Promotion of Distance Education- In order to enable access of Centers of Learning to students “Anywhere, Anytime”, initiative will be taken for promotion of distance education using electronic class rooms. Universities, other educational institutions, vocational training and technical education centers will be encouraged to create infrastructure throughout the state to achieve this objective. Private sector contribution and other feasible sources of investment including local initiative shall also be encouraged.
- F. Networking of Centers of learning-The State Government shall promote networking of all the universities and other centers of research and learning.

- G. Helping all educational institutions in the urban centres to put up computer education facilities in the next 3 years.
- H. Opening at least one Computer Education Centre in an intermediate/degree college in each block. an additional Computer Education Centre in another intermediate college in a second Nyaya Panchayat of the same block, for increasing I.T. penetration in rural areas in the next 5 years.
- I. Opening state and divisional level training institutions for training the teachers in computer education.
- J. Developing appropriate course material in Hindi as per requirement of different classes.
- K. Establishment of Indian Institute of Information Technology (IIIT) at Kanpur.
- L. To involve premiere institutes such as IIT Kanpur, IIM Lucknow etc., to act as nodal agencies for development of I.T. course material/teachers training etc. for the universities of the State for their B.A./B.Sc./B.Com. level courses.
- M. Use of network of NIC/private VSAT networks/cable TV networks/ wireless networks /internet / INET /SAT / ERNET to link all schools/colleges/universities/engineering colleges/research organisations.
- N. Encouraging private sector investment in I.T. education and training ensuring quality through a Board of Computer Education.
- O. Encouraging setting up of virtual campuses of reputed overseas universities for I.T. education and establishing suitable linkages in I.T. between state universities and overseas reputed institutions/universities.

8. PUBLIC INTERFACE

8.1 Digitisation of government information

All public domain information like official gazette notifications, acts, rules regulations, circulars, policies and programme documents would be digitised and made available for electronic access on Web. This process shall be completed by the year 2006.

IT KIOSKS shall be set up so that public domain information is available without any harassment. These KIOSKS shall also function as e-mail access to grievance monitoring system.

8.2 Delivery of IT Services

The state government shall establish electronic delivery services in public domain in its departments/ boards/ corporations using state of art technology. Such services shall be on transaction fee basis to be charged from the users. Basic quality norms will be fixed by department of IT and the departments will have the flexibility to fix the transaction fees depending of the complexity and size of the data etc.

8.3 Use of Hindi

The State Government shall promote use of Hindi in Information Technology to increase the outreach to the common man. For this purpose specific initiative will be taken for use of Devnagari in Computers and developing Web Applications. All UP government websites will be translated into Hindi and all web sites shall be bilingual.

8.4 State Web Portal

A Web Portal of the State would be set up by NIC-UP by interconnecting website of every department and organisation who in turn shall develop their own websites. The portal developed by NIC shall be upgraded with the help and advise of industry technology leaders and shall be made so as to be updated dynamically. All Government tenders, employment news, public domain information and notices issued by Government for general public shall be published on this website through links to departmental websites.

8.5 Central Data Repository

The State Government Departments shall establish departmental intranets and local area networks, which will lay the foundation of a Central Data Repository of public domain information for 24x7 (24 hoursx7days) usage. The Smart City Projects shall also form a part of this repository and shall draw domain information from the repository.

8.6 Village Info Network

The State Government shall establish a Village Info Network with live display of information of regional interest to the villagers. Appropriate models for information and display technologies shall be designed on Public-Private-Participation (PPP) model.

9. I.T. INDUSTRY

The State Government recognises 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 would be provided to the representatives of I.T. Industry in policy formulation and designing of incentives. For creating an investor friendly environment in the State, the Government will ensure :-

9.1 Promoting IT Services and IT Enabled Services

In order to capitalize on the vast employment generating potential of the IT services industry, the State Government shall 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.

9.2 Promoting IT Industry

IT industry in U.P. has continuously shown growth parallel to the growth of the industry in the country. Software exports and domestic software sales have continuously contributed to the economy of the state. Recognizing the need to give further thrust to the industry, the state government shall strive to facilitate investment in this sector by creating a investor friendly environment. Reliable infrastructure, single window speedy clearances and escorts services will be provided to the IT industry entrepreneurs. A special package of incentives under this IT policy will be worked out for mega projects in IT sector.

10. FISCAL AND OTHER INCENTIVES

10.1 Preferential allotment of land

Preferential allotment of land will made for IT industry by NOIDA/Greater NOIDA, UPSIDC/Development Authorities in the state.

10.2 Exemption of stamp duty and registration fees

I.T units and call centres shall be given 100% exemption from payment of Stamp Duty and Registration fees.

10.3 Uninterrupted power

Continuous and uninterrupted power supply for IT industries. Exemption from power cuts without limit.

10.4 Captive Power generation

Encouragement to captive power generation in IT locations. I.T Units with 5 KVA power requirement can be set up anywhere irrespective of master plan or land use classifications.

10.5 Social Infrastructure linked IT locations

Special efforts will be made to develop high quality social infrastructure like schools, housing, health and entertainment/leisure facilities with high standard of ambience in I.T. locations.

10.6 Incentives to Mega Investment Units

Information Technology or Electronics units set up in the State with an investment of Rs 50 crores or more shall be classified as Mega Investment Units. The Mega Investment units shall:

- i. be given Interest Free Loan for a period of 15 years upto the amount of the Sales/Trade Tax liability or 10% of the total turnover of the unit, whichever is less,
- ii. be allocated Land on Priority,

- iii. be made available land at a rate which is at least 25% lesser than the sector rate, by development authorities, Industrial Development Authorities, Avas Vikas Parishad,
- iv. be covered by the facility of MODVAT,
- v. be allowed Interest Free Loan of 2.5 % of Trade Tax Liability for goods under Form 3B which shall be finally adjusted against their final value of finished product/goods,
- vi. be allowed CST @ 0.5% or at a lower rate as given by Gol,
- vii. be given set off from Trade Tax on all material required for manufacturing which shall include among others Raw materials, Processing materials, Machinery, Plant, Equipment, Consumable Stores, Spare parts, Accessories, Components, Sub-assemblies, Fuels, Lubricants, Packing materials etc.,
- viii. be given exemption from payment of any Entry Tax under section 4B of Entry Tax Act on all materials, Plant, Equipment and Machinery required for manufacturing and the finished product/goods of the industry/unit,
- ix. be permitted to own tax liabilities of suppliers or contractors, dealers whose raw material is purchased and distributors of finished product/goods working for such industry,
- x. The rate of tax on transfer of right to use goods/products of I.T. industry (Software and Hardware) shall not exceed the maximum rate applicable on direct sale of such products/goods,
- xi. be given, on a case to case basis on new units only, facility to pay taxes at the rates applicable at the date of incorporation of the industry for a fixed period of time, even if the rate of Tax is enhanced at a later date. However, if the rates are reduced the same shall be applicable to the I.T. industry,
- xii. be permitted annual defeasement of taxes,
- xiii. be given Single Window Clearance through a High Power Committee under the Chairmanship of the Chief Secretary. of UP.

10.7 Incentives to Industry

- a. Facilities given to new industrial units, if not specially mentioned to be for new unit only, shall be made applicable to diversification and expansion of old existing units also.
- b. The Business Process Outsourcing Agencies or 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 on sale to such agencies shall be permitted
- c. New I.T. Industry shall be permitted to lease/sell out their premises,

- d. All incentives as given by the State to other industries in general and as revised from time to time shall be available to the I.T. and electronics units.
- e. Under the New Industrial and Investment Policy, the first Information Technology or Electronic unit with an investment of Rs 10 crores or more, established in any district shall be declared as a Pioneer Unit. Pioneer Units, under the State Industrial Investment Promotion Scheme shall be given Interest Free Loans for a period of 15 years instead of 10 years, as envisaged earlier.
- f. Under the New Industrial and Investment Policy, the Information Technology or Electronic units with an investment of Rs 10 crores or more shall be given all benefits as available to IT/BT units in the General Industrial Policy.
- g. Information Technology or Electronics units with an investment of more than Rs. 250 crores shall be provided special incentives, on a case-to-case basis, after approval of the Cabinet.
- h. Information Technology or Electronic units shall be allotted land on priority by Noida/Greater Noida, UPSIDC and Development Authorities.

10.8 Venture Capital Fund

Creation of Venture Capital Fund with State Government/ PICUP/UPSIDC/UPFC/Private Enterprises/SIDBI and others for I.T. Industry.

10.9 Special financing packages

Understanding the unique needs of the sector Special financing packages, aligned to the industry, will be developed by the State Financial Agencies to fulfill the unique needs of the I.T. sector.

10.10 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.

10.11 Quality Certification Centers

The State shall facilitate setting up of quality certification centers with the help of industry and academia for getting ISO 9000 and software engineering certification.

10.12 Escort Services

Escort services will be provided for obtaining easy clearance and approvals from various government departments. Escort services to be provided by PICUP and Udyog Bandhu.

10.13 Trade Tax Concessions

- i. No trade tax on raw material used for exports.

- ii. Remaining facilities as per the State Govt's policies.
- iii. Raw Material, Plant and Machinery purchased on Form 3B shall be made Tax free. Fuel purchased on Form 3B shall be charged at the floor rate as decided by the empowered committee.

10.14 Power Tariff

I.T units in Information Technology Parks and STPs will be charged the same power tariff as the SSI.

10.15 Exemption from Pollution Control provisions

Complete exemption to software industry from the provisions of Pollution Control Act both for air and water pollution.

10.16 Exemption from Routine Inspections

I.T. software and I.T. services companies, being constituents of the knowledge industry shall be exempted from inspections by inspectors like those for Factory/Boiler/Excise/Labour/ Pollution/ Environment etc.

10.17 FAR Relaxation

50 percent more FAR to be allowed for I.T. units in earmarked areas/Information I.T. parks and STPs

10.18 Private STPs

Units situated in private sector STPs will be provided the same concessions as the government STPs.

11. IT IN GOVERNMENT

11.1 IT Literacy in Government

The Government shall implement an IT Literacy Enhancement Programme for its employees to achieve 100% IT literacy in the Government by 2007. IT literacy will have a minimum level of defined proficiency which will include word processing, e-mail, data entry and access etc. Suitable incentive/disincentives shall be designed to achieve desired level of proficiency for government servants.

11.2 SMART Cards

SMART Card based citizens ID with multi-functions that enable citizens to interact with services, make payments, act as a Voter ID, obtain ration card, passport, driving license and vehicle registration etc. shall be introduced in association with the private sector by the year 2005.

11.3 Use GIS Technology to Leverage Planning and Management

The State shall use GIS extensively, in integrating, analysing and visualising different types of data for spatial planning, environmental protection, utility management, traffic

regulation etc. Digitised Base maps of districts of Uttar Pradesh already available with different departments like RSACUP, Bhoomi Sudhar Nigam, Land use Board, Agriculture etc shall be consolidated at one location under department of I.T. and Electronics and shall be given to users to be utilised for providing GIS based services. Addition/ Augmentation of digitised base maps shall be made as and when required. Uttar

Pradesh Spatial Decision Support System Project (UPSDSS) shall be extended to encompass all the districts.

World class G.I.S. solutions wherever available in the fields of land record management, watershed management, master plan preparation, revenue collection, registration of documents, tourism facility management, agricultural input management, hospital and health management, State Plan preparation, law and order administration etc. will be procured and applied in State Government departments.

11.4 Smart Cities

Developing NOIDA/Greater NOIDA and Ghaziabad, Kanpur and Lucknow as Smart Cities by the year 2005, Allahabad, Aligarh, Bareilly and Agra by the year 2006. Gorakhpur, Moradabad and Varanasi will be developed into smart cities by the year 2008, rest of the Divisional headquarters by 2010.

11.5 Increasing Computer Penetration

Active help of UPDESCO and other suitable agencies like NIC and other public sector corporations will be taken for increasing the use of computers in Government departments.

12. ENABLING ADMINISTRATIVE SYSTEM

State of U.P. shall make all efforts to put itself as the ideal destination for IT Industries. For this the following institutional arrangement will be set up :-

12.1 Nodal Department

A full-fledged Department of Information Technology and Electronics at the Government level to act as the nodal agency for the sector.

12.2 Institutional Structure

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. industry in the state. This committee will be assisted by a Vision Group headed by the Secretary, IT and Electronics, Government of Uttar Pradesh and a Technical Committee also under the Chairmanship of Secretary, I.T. and Electronics. UPDESCO shall act as the field organisation of the department and also the Secretariat for the technical committee.

12.3 Divisional Steering Committees

A district/divisional steering committee will be set up under the chairmanship of DM/ Commissioner/ CEOs for implementation of computerisation programme. The steering committee will also include academicians and professional.

12.4 Trade Promotion

The State shall Organize / participate in annual I.T. events with the help of industry associations.

We 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.

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