

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Information & Communications Technology (ICT) Policy of the Government of Andhra Pradesh – ICT Policy 2010-2015 - Orders – Issued.

INFORMATION TECHNOLOGY & COMMUNICATIONS (Promotions) DEPARTMENT

G.O.Ms.No.9

**Dated: 07-07-2010
Read the following:**

1. G.O.Ms.No.11, IT&C Department, dated: 21-03-2005.
2. GO Ms No:22, IT&C Department, dated: 02-12-2008.

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ORDER:

PREFACE:

The Government had announced the first (Information & Communications Technology) ICT policy in May 1999 followed by the second policy in June 2002 and third policy in March 2005 for promoting the growth of Information Technology (IT) sector, generation of employment, augmenting the Gross State Domestic Product(GSDP) and for overall socio-economic development of the State.

2. Andhra Pradesh has witnessed high growth in IT sector in the past one decade, due to the proactive initiatives taken by the Government in terms of creation of state-of-the-art physical infrastructure, provision of basic amenities such as roads, water, sewerage and power to the doorsteps of IT Layouts, availability of large English speaking and technical talent pool, lower cost of operation and innovative e-Governance programmes. Today, AP is a valued destination for ICT Industry and the State is acknowledged as a global ICT Hub.

ICT BACKGROUND

3. In the last five years, the contribution of IT/ITES sector has had an unparalleled impact on the economy of the State, through multiplier effects on job creation, expansion in higher education, sustainable exports and incremental GSDP growth.

Parameter	2004	2009
IT/ITES Export Turnover (Rs.crores)	8,270	32,509
IT/ITES direct employment	85,945	2,51,786
Total no IT/ITES companies	883	1206
AP Share of IT/ITES export turnover in the country	8.64%	15%

(Source: Software Technology Parks of India-STPI)

4. Recessionary trends world wide did impact the growth of the ICT sector in A.P also. Through, continuous consultations with the IT Industry and IT Associations at National and State level, Government of Andhra Pradesh has prepared strategies to surmount the meltdown. Focus on emerging markets, taking newer opportunities in international and domestic Sector, innovation and entrepreneurship are being perceived as key growth engines to get over the global slowdown. Lessons learnt from the crisis are incorporated in the policy.

5. The State Government has, therefore, constituted Focus Groups with major stakeholders, i.e., heads of companies of various verticals of ICT Sector – IT, ITES, Animation, Gaming & Digital Entertainment, Communications, SMEs, IT-HR, IT-Infrastructure providers, and extensively deliberated on the design of the ICT Policy 2010-2015, with these focus groups, Industry Associations, such as, ITsAP (Hysea), Vizag IT Association (VITA), National Association of Software and Service Companies (NASSCOM), CII, AMCHAM, TiE, and Indian School of Business (ISB), STPI, etc., The evolution of ICT Policy 2010-2015 is largely founded on this interaction.

ICT Investment Promotion

6. At present, Andhra Pradesh State contributes to 15% share of exports and ranks 4th in the performance of IT sector in the Country. IT sector contributes to about 49% of total exports from all sectors in the State and contributes to 0.57% share of national GDP (as against the national GDP share of 3.83%). The objective of the ICT Policy 2010-2015 is to make Andhra Pradesh one of the fore runners in IT sector in the Country through (i) provision of congenial industrial friendly proactive climate for IT companies to locate, grow and sustain their operations most competitively in a hassle-free environment in the State.(ii)creation of employment opportunities to the educated youth of all sections of the Society across all regions, (iii)achieving higher levels of export turnover resulting in enhanced productivity, augmentation of Gross State Domestic Product (GSDP), (iv)To spread IT to nook & corner of the State, and (v) leverage Information Technology as a tool for the socio-economic development of the State.

7. NASSCOM has projected the ICT market size and growth in ICT exports, upto 2020, as follows.

- The Global Sourcing Market will triple in size from USD 500 billion today to USD 1.5-1.6 trillion in 2020. (Rs.75,00,000 Cr.)
- The exports component of the Indian industry is expected to expand three-fold and reach USD 175 billion in revenues by 2020. Focused initiatives and innovation-led growth can lead to additional revenues of up to USD 135 billion by 2020
- The domestic Market for IT Services will grow to USD 50 billion. Focused initiatives can drive an additional USD 15 billion in revenues by 2020

Based on the projections made by NASSCOM, Andhra Pradesh aspires to achieve the following by 2015.

Parameter	Target to reach by 2015
Growth of IT Exports	Rs.70,000 crores (US\$15 billion)
Projected Annual Growth Rate	17%
Generation of new direct IT employment	1.25 lakhs+ (125,000)
Generation of new indirect IT employment *	5 lakhs+ (500,000)

*NASSCOM estimates that every direct job in IT creates four indirect jobs in other sectors of the society.

Promoting Andhra Pradesh as the “best” IT investment destination

8. In order to promote Andhra Pradesh as an ideal investment destination, the following initiatives are planned

- Creation of State-of-the-Art and affordable ICT infrastructure that provides an enabling “Walk to Work” environment for IT/ITES units to thrive and grow. The Government will strive to create such an infrastructure and also leverage the Public-Private Partnerships Model as a vehicle for development.
- Provide industry-grade skill up-gradation and training to the students to suit to the requirement of industry and for obtaining gainful employment.
- Support Research & Development, Innovation and Entrepreneurship in the area of ICT.
- Strive to make Andhra Pradesh as a location of preference for all types of ICT Companies, showcase inherent strengths, such as cost effective ICT destination with marginal operating cost, low cost of living and safe and secure social life.
- Widen the scope of ICT base by encouraging new verticals such as Animation, Gaming & Digital Entertainment, IT Products & Services in Engineering , Retail, Health Management, power & telecom sectors, etc
- Encourage Start ups, Small & Medium Enterprises (SMEs), Women and socially challenged communities, viz., Scheduled Caste and Scheduled Tribes, etc. of the society, through unique incentives and facilitation
- Promote other prominent cities/towns in the State as emerging Tier-II and Tier III IT Hubs.

SPECIAL FOCUS AREAS:

1. *Start up companies*
2. *SMEs*
3. *IT Product/R&D Companies*
4. *SC/ST Entrepreneurs*
5. *Women Entrepreneurs*
6. *Animation, Gaming & Digital Entertainment*
7. *Engineering services*
8. *Tier II locations*
9. *Tier III locations*
10. *Promotion of IT Incubation Facilities at Engineering Colleges/other educational institutions*
11. *Corporate Social Responsibility*
12. *Promotion of Women’s participation in ICT Sector*
13. *Electronic Hardware (non-hazardous)*
14. *eGovernance – Local language promotion, Citizen Service Centre, State Wide Area Network, State Data Centre.*

Definitions:

9 (a) **ICT:** means the Information & Communication Technology (ICT) Industry

(b) **IT Industry** means and includes Information Technology (IT), Information Technology Enabled Services (ITES) and Hardware (non-hazardous) Manufacturing (IT Hardware & Electronics) units/companies. IT/ITES units/companies include IT software, IT services and IT Enabled Services / BPO / Animation & Gaming/Digital Entertainment and IT

Engineering Services companies.

(c) Communication Technology Industry means IT/ITES and communication companies engaged in the activities of development of communications software and related IT Enabled services.

(d)IT Infrastructure companies means the real estate Infrastructure developer or a builder, registered under Indian Companies Act, 1956, having core competency in constructing IT Office space for sale/lease or for lease-cum-sale to IT Industry for the purpose of IT activities by the IT Industry defined above.

(e)IT/ITES Park, is defined as an exclusively delineated or earmarked site/area of 2000 sq mtrs land and above managed and developed/to be developed with IT office space and other amenities and made available on lease basis for IT industry, to provide “plug & play” facilities as per the stipulations contained herein.

(f)IT/ITES Campus is defined as IT office space and other amenities developed by an IT Company on its own land and for its own use.

(g)IT/ITES Special Economic Zone(SEZ) is a notified IT/ITES SEZ developed in an area of 25 acres and above by a developer or co-developer, according to the provisions of SEZ Act, 2005 of Govt of India.

(h)Start ups are individual/companies having 0-5 years operating history and employee strength of 0 - 50 and turnover upto Rs. 50 lakhs, and are in the early stage of their business life cycle, willing to convert their ideas/concepts into viable business operations/ intellectual property in the form of IT products/services.

(i)SME means Small & Medium IT/ITES Companies/units/Enterprises with turnover of more than Rs.50 lakhs and less than Rs.10 crores per annum.

(j) Product Companies means an IT product/R&D company in existence for 5 years having minimum 100 employees, invested Rs.10 crores, having turn over of Rs.10 crores and having obtained 1 patent and applied for 3 patents.

(k) SC/ST Entrepreneurs are those ICT companies, having a stake of more than 51% shareholding of SC/ST entrepreneurs, in the said ICT company/unit/activity.

(l) Women entrepreneurs are those ICT units established as sole Proprietress or invariably having 51% share of women entrepreneurs in the said ICT company/unit/activity

(m)Engineering Services companies means Software Companies primarily engaged in applying principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems with Computer Aided Design and Manufacturing Software Tools

(n)Stakeholders means the representatives of ICT industry & Associations

(o)Date of commencement of commercial operations means the date on which commercial operations of the company has commenced, i.e. the date of the first commercial sale bill/invoice raised by the ICT company.

INCENTIVES

SPECIFIC INCENTIVES ON APPLICATION:

10. The following are the specific incentives, available to IT Industry on application, (to be sanctioned on filing of application -Proforma, subject to fulfillment of eligibility criteria and terms & conditions, as stipulated):

(1) Allotment of Government land:

(i) All allotments of Government land to the IT Industry are made subject to availability, fulfillment of certain eligibility criteria by the applicant IT/ITES company, and on payment of land cost & development cost, as determined from time to time by the allotment agencies, i.e., AP Industrial Infrastructure Corporation Ltd (APIIC)/Hyderabad Metropolitan Development Authority (HMDA) and the concerned local Statutory Authorities.

(ii) The eligibility criteria for allotment of land to IT industry is -

Hyderabad Metropolitan Development Area:

(i) As on the date of application (a) the IT company shall have been in operation at least for the last five financial years (b) shall have an existing employee strength of minimum 1000 in IT or 1500 in ITES/BPO activities on its rolls & sustained for the last two years, and (c) shall have a minimum annual turn over of Rs.50 crores, from IT/ITES activities from their existing operations continuously for the last two financial years.

(ii) IT Product/R&D companies - the eligibility for consideration for allotment of land is that the company shall have the existing employee strength of minimum 500 on its rolls & sustained for the last two years, with a minimum annual turnover of Rs.25 crores or investment of Rs.25 crores and shall have been in operation at least for the last five financial years. The Product Company applying for land would have obtained approval for a minimum 1 patent/copy right and registered/filed for approval of 3 patents/copyrights with the Competent Statutory Authority

Tier II locations: (identified as Visakhapatnam, Vijayawada, Tirupati, Kakinada and Warangal)

Visakhapatnam:

As on the date of application (a) the IT company shall have been in operation at least for the last two financial years, (b) shall have an existing employee strength of minimum 250 in IT/ITES activities, on its rolls. A product/R&D company shall have an existing employee strength of minimum 100.

Vijayawada, Tirupati, Kakinada and Warangal:

As on the date of application (a) the IT company shall have been in operation at least for the last two financial years, (b) shall have an existing employee strength of minimum 100 employees in IT/ITES activities, on its rolls.

(iii) The land recommended for allotment shall be based on creating a fresh direct IT employment of 500 and construction of 50,000 sft. of office space for every one acre allotted within 3 years from the date of taking over possession of land, failing which the said allotted land is liable for cancellation and can be taken back to the extent to which proportionate employment is not generated For product companies the fresh additional employment to be created shall be 200 per acre on the land allotted.

(iv) Tier-III locations (identified in any District other than HMDA area and Tier-II locations): As on the date of application the IT company shall have been (a) in operation for at least two financial years and (b) an existing employee strength of minimum 75 employees in IT/ITES activities, on its rolls.

Companies availing the allotment of land incentive are not eligible for 100%/50% Stamp duty reimbursement

(2) Mega Projects:

A special and up front negotiated package of incentives, will be offered for mega projects set up by ICT Multinational Corporations (MNCs) and IT majors. **Mega Projects are defined as such ICT projects**, with present employment of more than 1000 in the case of IT and 1500 in the case of ITES and an annual turnover of more than Rs.100 crores for the last 3 years.

(3) Power:

IT industry is classified as industrial units for the purpose of levying the industrial power tariff category. Industrial Power Category Conversion Certificate is accorded on all the Service Connections (Power Meter No), and exclusively used by the IT industry and Communications industry companies/units for their operations, even in multiple locations/meters. The effective date of application of the incentive of Industrial Power Category tariff, is from the date of issue of the said Certificate by Govt

(4) Registration:

(i) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Industry & Communication technology industry companies on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.

(ii) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Industry & Communication technology industry companies on sale/lease deeds on the 2nd transaction. This incentive shall be allowed only once and is not available in case Government land is allotted.

(5)Patent Filing Costs:

The Government of Andhra Pradesh is keen to encourage the filing of patents by companies located within the State. The Government will, therefore, reimburse the cost of filing patents to companies having their headquarters in Andhra Pradesh for successfully receiving patents. Reimbursement of such cost will be limited to a maximum of Rs.2 Lakhs per patent awarded per year.

(6)Quality Certifications:

The Government of Andhra Pradesh will reimburse 20% of expenditure incurred for obtaining quality certifications for CMM Level 2 upwards. Reimbursement will be limited to a maximum of Rs.4 lakhs. Similar reimbursement will be made to BS7799 for security and also for ITES Companies for achieving COPC and eSCM certification. The IT/ITES units/ companies can claim this incentive only once. A company can claim incentive for BS7799 or any one of CMM Level 2 upwards/COPC/ eSCM.

(7)Technology & Market Support::

Government will support IT Exporters Associations, ITsAP, NASSCOM, ELIAP, STPI, IEG, or any such organisation (as decided by the committee) in the creation of Library for making available material on trends in technology, market intelligence, research reports and analysis etc by contributing Rs.10 lakhs per annum for development of the SME sector by making such material available at these libraries.

(8)Business Networking:

Government shall promote and encourage participation in international events by the ICT industry by leading a Government-Industry business delegation to the identified international ICT Exhibition & Conferences, such as Cebit, Germany, Gitex-Dubai, Outsource World (New York/London) Communic Asia, Singapore, Comdex, USA, MIPCOM, Emmy, ATF, MIPCOM, MIPTV, ANNECY, GDC, SIGGRAPH, Internet World, London, etc., in IT/ITES /Animation areas, every year. Govt, along with industry associations, such as ITsAP, NASSCOM, shall hire appropriate Stall space to exhibit products and services of AP based ICT companies and help in their marketing efforts.

SECTOR SPECIFIC INCENTIVES & FACILITATION

START UPS

11. For the past two decades, the State has been producing talented and progressive resource pool, that need to be nurtured as young entrepreneurs. As a step forward in this direction, the following additional specific supportive measures will be given to Startup companies which are promoted by budding entrepreneurs with creative ideas:-

- (a) 25% subsidy on lease rentals upto Rs.5 lakhs per annum maximum upto a period of three years, for the plug-and-play built up office space ranging from 1000 sft to 5000 sft, leased by Start Ups in STPI, IT/multi-purpose SEZs/IT Parks(both Public & Private promoted).
- (b) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by start up IT Industry & Communication technology industry companies on sale/lease deeds on the first transaction.
- (c) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by start up IT Industry & Communication technology industry companies on sale/lease deeds on the 2nd transaction.
- (d) Admissibility of Industrial Power category tariff.
- (e) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs whichever is earlier, from the date of commencement of commercial operations.
- (f) Recruitment Assistance of Rs.2.5 lakhs for recruitment made upto 50 IT professionals within a period of one year.
- (g) Reimbursement of patent filing cost to a maximum of Rs.2 Lakhs per patent awarded per annum
- (h) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

Small and Medium Enterprises (SMEs)

12. Small and Medium Enterprises are key propellers of competition, growth, and job creation in a global economy. More than 80% of economic activity forms part of the informal sector. In order to encourage the Small & Medium Enterprises in IT/ITES sector and provide a hassle free regulatory frame-work to sustain and grow, the following specific incentives have been designed, apart from the general incentives mentioned above.

- (a) 25% subsidy on lease rentals upto Rs.5 lakhs per annum maximum upto a period of three years, for the plug-and-play built up office space ranging from 1000 sft to 5000 sft, leased by SMEs, in STPI, IT/multi-purpose SEZs/IT Parks(both Public & Private promoted).
- (b) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by SME IT Industry & Communication technology industry companies on sale/lease deeds on the first transaction. This incentive is not eligible in case Government land is allotted.
- (c) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by SME IT Industry & Communication technology industry companies on sale/lease deeds on the 2nd transaction. This incentive is not eligible in case Government land is allotted.
- (d) Admissibility of Industrial Power category tariff

- (e) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs whichever is earlier, from the date of commencement of commercial operations.
- (f) Rs.10 Lakhs as recruitment assistance for employing minimum 200 IT employees within 2 years of commencement of commercial operations.
- (g) Reimbursement of 20% of expenditure incurred for obtaining quality certifications for CMM Level 2 upwards. Reimbursement will be limited to a maximum of Rs.4 lakhs. Similar reimbursement will be made to BS7799 for security and also for ITES Companies for achieving COPC and eSCM certification.
- (h) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.
- (i) Tie up with reputed Business Analyst Firms to evaluate the strengths of SMEs - so that SMEs can market themselves for raising equity and for promotion of their products and services in international markets.
- (j) Facilitate linkages of smaller ICT companies developing niche technological solutions with bigger firms capable of integrating innovations into existing platforms for end-users.

IT Product/R&D Companies

13. An IT product/R&D company brings brand value to the State. Compared to services companies product companies invest lot more with less people. People coming into the product companies are from the higher end of the technical spectrum and thus attract more investment/cost of operations/payment of average salaries which are almost 6-7 times the services/ITES companies. In order to encourage product companies, the following specific incentives are offered:

- a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by IT product/R&D companies on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.
- b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by IT product/R&D companies on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted.
- c) Admissibility of Industrial Power category tariff.
- d) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs whichever is earlier, from the date of commencement of commercial operations.
- e) Relaxed eligibility criteria for allotment of land, subject to availability as mentioned at Para 10(1)(ii) above.
- f) Rs.15 Lakhs as recruitment assistance for employing minimum 150 IT employees within two years of commencement of commercial operations in the Tier-II cities.
- g) Reimbursement of patent filing cost to a maximum of Rs.2 Lakhs per patent awarded per annum.
- h) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

TIER-II LOCATIONS:

14. Visakhapatnam, Kakinada, Vijayawada, Tirupati and Warangal are emerging as Tier II IT hubs in the State. Tier II Locations offer significant advantage, in terms of cost of living, operation cost, availability of skilled human resource at low cost, low commuting time etc. This accounts for over 25% saving, as compared to large cities. To further promote Tier II locations and to motivate ICT industry to set up their operations, the following specific incentives are offered.

- (a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Industry & Communication technology industry companies on sale/lease deeds on

- the first transaction. This incentive is not available in case Government land is allotted.
- (b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Industry & Communication technology industry companies on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted
 - (c) Admissibility of Industrial Power category tariff
 - (d) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs which ever is earlier, from the date of commencement of commercial operations.
 - (e) A subsidy of Rs.10 lakhs to the first five anchor IT / ITES companies, as identified by the Government, employing more than 250 employees in IT or 500 employees in ITES in any Tier-II location.
 - (f) Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within two years of commencement of commercial operations in the Tier-II city.
 - (g) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.
 - (h) Free City profiling and detailed report on advantages of each Tier II location for prospective investors and entrepreneurs;
 - (i) Organising exhibitions, conferences in Tier II cities and taking IT companies located there as part of trade delegations to domestic, national and international exhibitions.

TIER-III LOCATIONS

15. To spread the usage of Information Technology and in order to see that the benefits of Information Technology reaches the common man till the last mile in the State, besides above Tier II locations, all towns & district headquarters, in the State will be developed as Tier III locations. IT companies set up in such towns & district headquarters, are eligible for the following special incentives:

- (a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Industry & Communication technology industry companies on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.
- (b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Industry & Communication technology industry companies on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted
- (c) Admissibility of Industrial Power category tariff.
- (d) 50% power subsidy on power bills for a period of 5 years or Rs.30 lakhs which ever is earlier, from the date of commencement of commercial operations.
- (e) A subsidy of Rs.10 lakhs to the first five anchor IT / ITES companies, as identified by the Government, employing more than 250 employees in IT or 500 employees in ITES in any Tier-III location.
- (f) Rs.15 Lakhs as recruitment assistance, basing on the level of employment generated, for employing minimum 100 IT employees within three years of commencement of commercial operations in identified Tier-III location, i.e., Rs.5 lakhs for first 50 employment generated in the first year, Rs.2.5 lakhs to the next 25 employees in the 2nd year, and Rs.2.5 lakhs for the remaining 25 employees employed at the end of third year. This incentive is available only for the first 5 anchor companies as identified by the Government.
- (g) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.
- (h) Government shall strive to create Incubation Centres and IT Parks depending on need based requirement.
- (i) Government shall take steps to see that the “e-learning” concept is widely used by the students in Tier III locations.

Animation, Gaming and Digital Entertainment

16. The Global Animation and Gaming industry is a sun-rise vertical in ITES sector and has tremendous growth potential. In order to promote this vertical, Government shall make available the following additional incentives:

- (a) Develop state-of-the-art Gaming and Animation Facility/, which shall comprise of Built up incubation space, Shared Studios, Processing Labs, Media Centre, Conference facilities, Transit Office/Business Centre., etc. The PPP model also will be used to create the above infrastructure.
- (b) Start Animation & Gaming Academy in collaboration with reputed Gaming & Animation industry associate to prepare the students suitable for employment in Gaming & Animation sector.
- (c) For creating public awareness on promoting Animation films produced locally, Govt will organize Animation & Gaming promotion events, in association with animation companies and animation training institutes annually.
- (d) Promote a full-fledged Gaming & Animation City to cater to the requirements of digital entertainment sector in due course of time.
- (e) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by Animation, Gaming and Digital Entertainment companies on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.
- (f) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by Animation, Gaming and Digital Entertainment companies on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted
- (g) Admissibility of Industrial Power category tariff.
- (h) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs which ever is earlier, from the date of commencement of commercial operations.
- (i) Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within one year of commencement of commercial operations.
- (j) Reimbursement of 20% of expenditure incurred for obtaining quality certifications for CMM Level 2 upwards. Reimbursement will be limited to a maximum of Rs.4 lakhs. Similar reimbursement will be made to BS7799 for security and also for ITES Companies for achieving COPC and eSCM certification.
- (k) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

Engineering Services

17. There is a very huge opportunity in the area of Engineering Services. The Engineering Services opportunity for the Indian Companies as per the projections of NASSCOM, is of the order of USD 40 billion by the year 2020. The growth rates in Engineering Services opportunity are predicted to exceed the growth rates of IT & BPO sectors. Identifying Engineering Services as a thrust area in ICT industry, the following incentives are offered:

- (a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Engineering Service companies on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.
- (b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by IT Engineering Service companies on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted.
- (c) Admissibility of Industrial Power category tariff.
- (d) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs which ever is earlier, from the date of commencement of commercial operations.
- (e) Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within one year of commencement of commercial operations.
- (f) Reimbursement of 20% of expenditure incurred for obtaining quality certifications for

CMM Level 2 upwards. Reimbursement will be limited to a maximum of Rs.4 lakhs. Similar reimbursement will be made to BS7799 for security and also for ITES Companies for achieving COPC and eSCM certification.

(g) Reimbursement of patent filing cost to a maximum of Rs.2 Lakhs per patent awarded per annum.

(h) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

Electronic Hardware (non-hazardous)

18. Keeping in view the importance of growth of electronic hardware (non-hazardous) industry to support the IT sector, Government will provide the following incentives to the Hardware Industry:

(a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid by Electronic Hardware companies on sale/lease deeds on the first transaction.

(b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid by Electronic Hardware companies on sale/lease deeds on the 2nd transaction.

(c) Admissibility of Industrial Power category tariff.

(d) 25% power subsidy on power bills for a period of 3 years or Rs.30 lakhs whichever is earlier, from the date of commencement of commercial operations.

(e) Patent Filing Costs will be reimbursed to a maximum of Rs.2 lakhs on successful attainment of the patents.

(f) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

Promotion of IT Incubation Facilities at Engineering Colleges/ other educational institutions

19. There are large number of Engineering colleges/other educational institutions geographically dispersed across the State. It is proposed to encourage their participation in the growth of local economy through involving local talent. The engineering colleges creating Business Incubation Labs/R&D Centres/IT/ITES operations, in their Campus, are encouraged by Government with the following incentives:

(a) Admissibility of Industrial Power category tariff on power connection of the Business Incubation Labs

(b) 25% power subsidy on power bills consumed on the Power Meter of the Business Incubation Labs for a period of 3 years or Rs.30 lakhs whichever is earlier, from the date of commencement of commercial operations.

(c) Recruitment assistance of Rs.2.5 lakhs for recruitment of 50 local students in the Business Incubation Labs/R&D Centre/IT/ITES operation in their campus, within two years.

(d) 50% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

SC/ST ENTREPRENEURS

20. Keeping in tune with the philosophy and commitment of the Government to strive for the upliftment of the socially challenged sections of the Society, i.e., SC/ST entrepreneurs, the following special dispensation is envisaged in respect of the SC/ST entrepreneurs, engaged in the IT/ITES activity, having a stake of more than 51% shareholding, in the said IT company/unit/activity.

(a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the first transaction.

- (b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the 2nd transaction.
- (c) 100% reimbursement of Stamp duty and transfer duty paid on financial deeds and mortgages, etc.
- (d) 33 1/3 % rebate on land cost up to Rs.5 lakhs, in IEs/IDAs/STPI/ IT/multi-purpose SEZs/IT Parks (both Public & Private promoted).
- (e) Reservation of 15% built up office space for SC/ST entrepreneurs in the Government promoted IT/multi-purpose SEZs/IT Parks.
- (f) 25% investment subsidy on fixed capital Investment will be given to SC and ST Entrepreneurs and additional 5% investment subsidy for SC Women and ST Women Entrepreneurs, with a maximum limit per unit of Rs.25 Lakhs.
- (g) 8.5% Interest subsidy on Prime Lending Rate (PLR) will be given on the term loan and working capital subject to a maximum of Rs. 5.00 Lakhs per year for a period of 5 years for units which commence commercial production 50% subsidy on the expenses incurred for quality certification, limited to Rs. 2.00 Lakhs.
- (h) Admissibility of Industrial Power category tariff
- (i) 50% power subsidy on power bills for a period of 5 years or Rs.50 lakhs which ever is earlier, from the date of commencement of commercial operations.
- (j) Rs.10 Lakhs as recruitment assistance, basing on the level of employment generated, for employing minimum 100 IT employees within three years of commencement of commercial operations, i.e., Rs.5 lakhs for first 50 employment generated in the first year, Rs.2.5 lakhs to the next 25 employees in the 2nd year, and Rs.2.5 lakhs for the remaining 25 employees employed at the end of third year.
- (k) Reimbursement of 20% of expenditure incurred for obtaining quality certifications for CMM Level 2 upwards. Reimbursement will be limited to a maximum of Rs.4 lakhs. Similar reimbursement will be made to BS7799 for security and also for ITES Companies for achieving COPC and eSCM certification.
- (l) Reimbursement of patent filing cost to a maximum of Rs.2 Lakhs per patent awarded per annum.
- (m) 100% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

WOMEN ENTREPRENEURS:

21. Women employees constitute more than 30% of the total working IT population in the State. In order to empower the women entrepreneurs to penetrate into the IT industry and show their mark, for the first time in the ICT policy the following incentives are envisaged: (For the purpose of application & eligibility of above incentives, Women entrepreneurs mean those units established as sole Proprietress or invariably having 51% share in the ICT Companies)

- (a) 100% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the first transaction.
- (b) 50% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the 2nd transaction.
- (c) 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages.
- (d) 25% (33 1/3 % in case of Women SC/ST entrepreneurs) rebate in land cost, limited to Rs.5.00 Lakhs, in IEs/IDA's, STPI, IT/multi-purpose SEZs/IT Parks(both Public & Private promoted).
- (e) Reservation of 15% built up office space for Women Entrepreneurs in the Government promoted IT/multi-purpose SEZs/IT Parks.
- (f) 20% Investment subsidy on fixed capital investment subject to a maximum of Rs.20.00 lakhs.
- (g) 5%(8.5% in case of women SC/ST entrepreneurs) interest subsidy on Prime Lending

- Rate (PLR) will be given on the term loan taken subject to a maximum of Rs.5.00 lakh per year for a period of 5 years for units which commence commercial production
- (h) Admissibility of Industrial Power category tariff.
 - (i) 50% power subsidy on power bills for a period of 5 years or Rs.50 lakhs whichever is earlier, from the date of commencement of commercial operations.
 - (j) Rs.10 Lakhs as recruitment assistance, basing on the level of employment generated, for employing minimum 100 IT employees within three years of commencement of commercial operations i.e., Rs.5 lakhs for first 50 employment generated in the first year, Rs.2.5 lakhs to the next 25 employees in the 2nd year, and Rs.2.5 lakhs for the remaining 25 employees employed at the end of third year.
 - (k) Reimbursement of 20% of expenditure incurred for obtaining quality certifications for CMM Level 2 upwards. Reimbursement will be limited to a maximum of Rs.4 lakhs. Similar reimbursement will be made to BS7799 for security and also for ITES Companies for achieving COPC and eSCM certification.
 - (l) Reimbursement of patent filing cost to a maximum of Rs.2 Lakhs per patent awarded per annum.
 - (m) 100% Exhibition stall rental cost will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts of space.

IT SEZs/IT Parks/IT Campuses/ITIR

22. For provision of state-of-the art physical infrastructure of international standards suiting to the requirements of IT/ITES industry, the following additional incentives, are eligible for notified ITIRs/ITSEZs/IT Parks/IT Campuses in the State.

1) Exemption from Zoning Regulations:

IT industry, i.e., IT/ITES Units/Companies and IT Parks/IT Campuses notified by the IT&C Department, are exempted from the Zoning Regulations, subject to ensuring environmental safeguards, and the payment of conversion charges under the provisions of AP Urban Area Development Act 1975 or AP Town Planning Act 1920 as applicable for the location of IT/ITES Units/Companies as stipulated under the Revised Building Rules of Municipal Administration & Urban Development (M) Department and amendments thereon from time to time, basing on the terms and conditions stipulated.

2) IT/ITES Units/Companies/IT Parks so notified by Information Technology and Communications Department are exempted from payment of land usage conversion charges.

3) No limitation on height of buildings and FAR/FSI, subject to payment of City Level Infrastructure Impact Fee and would be governed by, Revised Building Rules, location norms and clearances from Fire Services, Airport Authority and shall be in conformity with National Building Code, regulations, terms & conditions as per stipulations of Municipal Administration & Urban Development (M) Department and amendments thereon.

4) Consequent on adoption of Repeal Act 1999, there is no necessity to file any declarations or to obtain permission under Section 20 (1) of Urban Land (Ceiling & Regulation) Act, 1976, to hold the excess land for future land transactions.

5) Notified IT Parks/IT SEZs are eligible for Industrial Power Category conversion on their Service Connections, exclusively used for their operations by the IT industry, located in the said IT Parks/ITSEZs,

These incentives are available for notified IT SEZs/IT Parks/IT campuses on application (to be sanctioned on filing of filled in application Proforma, fulfillment of eligibility criteria and stipulated terms & conditions thereon).

General Incentives automatically applicable to all the ICT Industry:

23. Below, are given the general incentives available to the ICT industry, automatically.

- i) IT/ITES units are exempt from the purview of the AP Pollution Control Act, except in respect of power generation sets.
- ii) IT/ITES units/ companies are exempt from the purview of statutory power cuts.
- iii) IT Industry is 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-certificates, in the prescribed formats.
 - The Factories Act 1948.
 - The Maternity Benefit Act 1961.
 - The AP 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.
- iv) General permission for three shift operations with women working in the night for IT/ITES units/ companies.
- v) IT/ITES units/companies and non-hazardous hardware manufacturing industry are declared as essential service under AP Essential Services Maintenance Act.

SEZ Incentives offered by Govt of India:

24. Special Economic Zone – (SEZ)

Today Andhra Pradesh has emerged as a location for knowledge – driven, skill – based and high value investments. In order to sustain the seamless growth in the State, Government of Andhra Pradesh has embarked upon promotion of Special Economic Zones (SEZs).

SEZs are specifically delineated enclaves treated as foreign territory for the purpose of industrial, service and trade operations, with relaxation in customs duties and a more liberal regime in respect of other levies, foreign investments and other transactions.

SEZs may be developed and managed in private sector or jointly by State Government and a private agency or exclusively by the State Government or their agencies. In the case of privately developed SEZs, the investors could be either Indian individuals, NRIs, Indian or foreign companies. The Special Economic Zone Act 2005 came into force w.e.f., 23rd June, 2005. SEZ rules came into effect W.E.F., 10th February, 2006.

IT/ITES SEZ can be set up in an area of 10 Hectors or 25 acres with a minimum built up process area of one lakh square meters and at least 50% of the area shall be ear marked for developing processing area.

Incentives available to the developer / Units in SEZ.

- Goods and services going into the SEZ area from DTA shall be treated as exports and goods coming from SEZ area into DTA shall be treated as if they are being imported.
- For creation of new SEZs and infrastructure in the existing zones, the developer is entitled to :
 - Income tax exemption for ten years in a block of 15 years.
 - Import / procure goods without payment of customs / excise duties
 - Exemption from Service tax
 - Exemption from Central Sales Tax

- Full freedom in allocation of developed plots / factory buildings to approved SEZ Units on commercial basis (lease only)
- SEZ Units can import / procure from DTA without payment of duty all types of goods and services including capital goods whether new or second hand
- SEZ Units are eligible for exemption from customs / CE duty, CST, Service Tax on cement, steel, interiors etc., for establishment of the Units
- Full corporate tax exemption for first five years and 50% exemption for next five years and 50% ploughed in profits next five years.
- Exemption from payment of central sales tax
- Exemption from VAT
- In – house customs clearance
- All customs / central excise clearances on self certification basis
- A common LOP (letter of permission) can be taken by entrepreneurs willing to do both services / manufacturing
- No prefixed export obligation. The Units have to be positive net foreign exchange earners only
- Service Tax exemption to SEZ units.
- Unlimited DTA sale on payment of full duties

Procedure to set up SEZ

Application forms filled with relevant information along with project report, to be submitted to the Director (Special Economic Zone), Ministry of Communications, Udyog Bhavan, New Delhi – 110001 and two copies to be furnished to Principal Secretary to Government, IT&C Department, D block 3rd floor, Secretariat, Hyderabad – 500 022 A.P. India for processing and giving the recommendations of the State Government to Government of India. For further details, please log on to www.sezindia.nic.in, www.apit.gov.in or email to; pri_secy_it&c@ap.gov.in or jtdir_prom_itc@ap.gov.in

Information Technology Investment Region (ITIR)

To attract investments in IT, ITES and Electronic Hardware Manufacturing (EHM) units, Government of India, vide Gazette Notification has directed the State Government to create ITIRs. The objective of the Government is to create an ultra modern planned infrastructure which can attract ICT companies and Electronic Manufacturers to set up and operate in the most efficient manner. ITIR is expected to become a significant driver of economic activity in Hyderabad. Information Technology Investment Region (ITIR) will be established in Greater Hyderabad, in an area of 202 sq kms. An ITIR Development Authority (ITIR DA) and Special Purpose Vehicles under Public Private Partnership mode will be established for the execution of the Project and to ensure planned development..

WORKING FROM HOME

25. The knowledge workers are given flexible working environment across the globe. The concept of “Working from Home” towards this direction, enables (i) many talented men and women, including physically challenged persons, who are required to operate from home because of various reasons, to fulfill their professional aspirations, (ii) provision of gainful employment and the flexibility in work hours, to women who have young children (iii) mitigates personal security issues related to night shift operations, (iv) eases up pressure on the city infrastructure, traffic congestion, reduced pollution, conservation of fuel, and minimizes hiring and plying of vehicles, (v) uninterrupted 24x7x365 days operations even during natural calamities, such as floods and law & order disturbances, such as bandhs, etc., (vi) work-life balance, reduced stress, etc; and (vii) enhances generation of additional employment.

Government shall, therefore, actively promote the concept of “Working from Home” and shall extend all the requisite support to the ICT industry in this regard.

CORPORATE SOCIAL RESPONSIBILITY

26. Corporate social responsibility (CSR), by IT fraternity in association with the Government, is to create awareness that fruits of IT is for all sections of the society, is need of the hour. All leading corporates in India are at present involved in corporate social responsibility (CSR) programmes in areas like education, health, family welfare, livelihood creation, skill development, environment protection, providing potable water, sanitation and empowerment of weaker sections of the society. However, the CSR programmes are being undertaken by the IT industry on their own and on individual basis in a stand-alone mode.

The initiative of Government is to coordinate and make concerted cohesive efforts in organizing CSR programmes, in association with IT industry in a coordinated and synchronized manner, so that a visible impact is seen and felt by the society, through:-

- (a) Constitution of a Joint Committee comprising of Govt, Industry and Industry associations for identification of CSR initiatives in all the districts and execute them in an organized manner.
- (b) Creation of a common pool of resources in the form of sponsorships in cash and kind voluntarily from the IT companies, which shall be utilized for organizing CSR programmes jointly by the stakeholders on a continuing basis.

Taking up CSR programmes jointly will result in an integrated effort and accord due recognition to the active involvement of the IT sector in socio-economic development of the State.

Promotion of Women participation in the ICT Sector :

27. The Government wants to impress upon the ICT industry to adhere to and enforce certain key measures scrupulously to promote the participation of women in the knowledge economy. Women need to be promoted into key roles as decision makers, entrepreneurs and other senior positions. All efforts need to be made to ensure that the self esteem, individual and collective confidence of women is held up at all levels in the organization. Women participation must be encouraged in all public and internal activities of the company.

Women employees constitute more than 30% of the total working IT population in the State. A vast majority of them are relegated to the call center jobs in ITeS/ BPO operations, which require them to work 24 X 7 X 365 days on shift or staggered timings. Even otherwise in the IT industry, their work is non-monetized and limited to activities of low visibility.

Women have a strong commitment to growth of their organizations and can be truly inspiring leaders. Women are very passionate about what they do and there is a strong need for the State and the country to establish their presence in key areas that can impact the prosperity of the nation. Women are to be seen in positions of prominence especially in the areas of rapid economic growth and the Government of Andhra Pradesh in the ICT Policy 2010 – 15 has identified the increased role of women in ICT as a key thrust area. In effect, the following policies will be impressed upon the industry to meticulously adhere to as part of their HR policies.

- (i) Introduce an Affirmative Action Initiative to increase the participation of women at various levels in the organization – board of directors, Vice Presidents, Executives, Senior Managers, and leaf level employees.

- (ii) Follow fair practices with respect to recruitments, promotions, career opportunities, project allocations, and training opportunities, etc.
- (iii) Provide congenial conditions for smooth working of the women employees.
- (iv) Provide requisite safety and security for women employees at their work place during the working hours and night shifts.
- (v) Provide necessary escort services for women to enable them reach their residences safely after work.
- (vi) Implement in letter and spirit the statutory provisions pertaining to women employees with regard to their various types of leave entitlement such as medical, maternity, earned leave and privilege leave, etc.
- (vii) Provide professional counseling arrangements to the needy women employees for handling adverse situations related to gender.
- (viii) Provide a forum wherein the women employees can represent their issues and mutually interact for bettering their working conditions.
- (ix) Provide periodic training to the women at all levels to achieve the above.

28. The format of application is common for all the aforesaid incentives and can be filed on-line by visiting our **web site: www.apit.gov.in**. However, physical copy of the application, along with requisite support documentation, as is indicated, shall be filed for processing and placing before the CCITI for consideration of such incentives as per eligibility.

Processing and release of incentives are subject to verification of authenticity on information furnished on turnover, investment, employment and continuity in operations of business, from the statutory agencies, such as, STPI, SEZ Commissioner, etc.

An IT company is eligible and can apply for claim of any incentive under one category only.

In case it is found at any point of time that any particular incentive is claimed by any IT company through submission of mis-representation/false information and in case it is found that the respective company is not eligible for the incentive so sanctioned or claimed, Government can seek the refund of the same from the company and initiate, any other penal action as is deemed fit.

The interpretation and decisions of the Government is final with regard to applications made by the ICT Industry for any of the above incentives. Government shall not entertain any correspondence against its decision nor can the matter be subjected for any challenge in any court of law at any point of time.

All the above mentioned incentives, except the incentive of allowing industrial power category conversion on subsequent/additional/multiple meters/service connections, Power subsidy, exhibition subsidy, patent filing, and quality certification, would be applicable to IT industry, who commence the commercial operations in Andhra Pradesh, only prospective to the date of issue of these orders.

IT HR DEVELOPMENT

29. ICT sector is one of the most dynamic areas of the Andhra Pradesh economy, a key source of employment creation. As of now, over 250,000 people are directly employed in the IT sector and NASSCOM envisaged that 1 direct employment created in IT sector, in turn creates 4 more additional employment in other sectors of the society, such as transport, hotels and restaurants, logistics, tourism, entertainment, etc. In AP, IT industry is bestowed with large number of human resource pool as mentioned hereunder:

Discipline	No.of Colleges	No.of Students
Engineering	639	218,915
MCA	704	47,673
MBA	837	56,620
Polytechnic	174	40,785
General Graduates	1920	448,152

While the number of students graduating very is very impressive, there is a need to upgrade their skills to suit the needs of the IT and ITES industry. The Government of Andhra Pradesh has many initiatives described below to meet this requirement.

Jawahar Knowledge Centre (JKC):

(a)Jawahar Knowledge Centre(JKC) programme is a unique and first of its kind initiative in the country implemented by Institute of Electronic Governance(IEG) under the aegis of IT&C Dept. The aim of JKC is to strengthen the quality of graduates coming out of colleges by imparting Industry grade skill sets in both technical and non technical disciplines. JKC programme brings the ICT Industry, Academia, and the Government, together to make the graduating students Industry ready. At present, there are 748 JKCs in 414 engineering and 334 degree colleges spread across all regions of the State. So far, under JKC programme more than 100,000 final year students have been trained and about 25000 of them, including students from economically and socially deprived sections of the society and from rural/remote areas of the State have been provided gainful employment with IT majors. In addition, another 25,000 students have obtained placements elsewhere. JKCs will be further strengthened, and expanded, to all engineering and degree colleges in every nook & corner of the State.

(b)Under IEG, unemployed students who have passed out of the colleges, a special training programme for the SC/ST/BC/Minority/Economically backward/physically handicapped and women candidates, especially from rural areas, to obtain gainful employment will also be undertaken. IEG will also support other organizations or NGOs imparting training to the SC/STs for potential employment in the IT/ ITeS sectors. IEG will support such agencies or NGOs by providing content, mentoring, placement and infrastructure support.

(c) Government of AP (IEG) will facilitate faculty development Program in association with ICT Industry to facilitate imparting of latest industry trends and emerging technologies to the faculty.

(d) Government, through JKC, shall facilitate the stakeholders in offering guest lectures, training the faculty and setting the appropriate curriculum in the Universities to suite the requirement of the growing IT/ITES activity in the State,

(e) Skill development in student community: It is observed that the academia is not encouraging the industry participation in professional skill development for the students. Students are not exposed to the open source technologies. Hence, the following courses are proposed in various streams of education:

- Introduce Open source technology as one subject in IT professional courses
- Introduce Project management skills as one subject in Professional courses
- Update syllabus by making IT as a Mandatory for the following courses
 - Mandatory Subject at graduation level
 - General course at pre-university level
 - One subject at high school level
- Strengthen JKC program by Encourage industry for execution of projects in participation with students & academia.
- To start rural e-literacy program in villages.

PROMOTING ANDHRA PRADESH AS A ROLE MODEL IN e-GOVERNANCE

30. e-Governance is the process of administration using information technology for free movement of information to overcome the physical bounds of traditional paper and physical based systems. eGovernance, also known as e-gov, digital government, online government to create transformed government, where interaction with government to citizens, business other governments departments in a comfortable, transparent and effective interaction at low cost .

The delivery models of e-Governance are:

- Government to citizens (G2C)
- Government to business enterprises (G2B) and
- Government to governments departments (G2G)

The vision of the ICT policy of Government of Andhra Pradesh is to bring the Government services and information access to common man utilizing Information and Communication Technology and to minimize the digital divide. The resolution of Government on e-Governance is “to improve delivery mechanism to ensure Government benefits reach to eligible persons in their locality”.

The Government of Andhra Pradesh is pioneer in providing eGovernance services aimed to benefit the common touching the cross sections of the society and to the last mile of the State. The e-Governance projects of State Government, such as eSeva, eProcurement, Computer Aided Registration of Documents, Citizen Friendly Services of Transport are widely known across the globe and are well acknowledged.

The performance of Citizen Centric services are successfully implemented, deep-rooted and benefited common man.

e-Seva Services		
Year	Number of Departmental service offered	Number of centers
2001	5	2
2009	30	52+261

e-Governance projects executed:

Year	Name of the Department	Projects name
1997-99	Finance Department	Budget online
1998-02	The Registration & Stamps Department	CARD – Computer-aided Administration of Registration Department
1998-99	Revenue Department	Citizen Database using MPHS data
1998-99	IT&C Department	AP State Wide Area Network
1998-99	IT&C Department	AP Video Conference
1998-99	IT&C Department	Andhra Pradesh Secretariat Campus Area Network (APSCAN)
1999-2000	IT&C Department	Simple File Tracking System
2001-02	IT&C Department	IT Architecture GO MS 40 dated 14.08.01
2002-03	Transport Department	Citizen Friendly Services of Transport Department (CFST)
2002-03	IT&C Department	Rural Service Delivery Points (RSDP)
2003-04	Home Department	eCops – online FIR management
2004-05	Finance Department	Integrated Financial Management System
2004-05	MA&UD Department	eSuvidha – Municipality office computerization
2005-06	Health Department	Aarogyasri – health insurance & treatment portal
2006-07	Commercial Tax Department	Value Added Tax Information System (VATIS)
2006-07	Rural Development	NREGA portal using Smartcard for payment of wages
2007-08	IT&C Department	Data standards GO Ms 6 date 13.02.2009
2008-09	Social Welfare Department	Online Post Matric Scholarship
2008-09	IT&C Department	Online Government order & Gazette
2008-09	IT&C Department	Government portal for entire AP
2008-09	IT&C Department	Citizen to Government (C2G) Petition monitoring system
2009-10	School Education Dept	SSC Examination and Portal Services
2009-10	Andhra Pradesh Public Service Commission's	APPSC – online application submission

I. e-Governance projects of IT&C Department:

- e-Procurement platform for online tender processing: a comprehensive e-infrastructure that will provide eProcurement, eTendering, and eAuctions services. The e-Procurement marketplace for the Government of Andhra Pradesh was launched on January 29, 2003. Website is www.eProcurement.gov.in

Year	No. of Departments Participated	Transaction Volume (Lakhs)	Cost of tenders (Crore)
E-procurement:			
2003 –2004	8	998	2,448
2004 –2005	32	3,593	24,338
2005 –2006	80	7,507	8,442

2006 –2007	139	15,007	22,439
2007 – 2008	185	22,675	61,046
2008 – 2009	205	35,570	105,447
2009 - 2010	210	21,182	23,908

- Chief Information Officer (CIO's): Introduced Chief Information Officer (CIO's) Training program to create the IT competence within the department for implementation of IT projects. 300 Officers from various departments have undergone CIO training.
- APNET (Ku-Band) Project: Society for Andhra Pradesh Network (SAPNET), is a major communication infrastructure connects all state-run educational institutions, district administrative officers, police training centers, agriculture extension services, self-help groups of women and rural development functionaries, runs 5 television channels under the name MANA TV and one data channel. The primary purpose of the channels is to provide Distance Learning, Agriculture Extension, Rural development, Telemedicine. The project was started with single channel and 60 remotes and increased to 5 channels and 10,000 remotes.
- Parishkaram Call Center: an integrated Call Center for multiple departments. Began operations with Agriculture Advisory, now extended to other departments for complaint booking, providing information. The call center operate with toll free numbers “1100” number from BSNL numbers and “18004251110” all numbers, including mobiles.
- AP Portal (APonline) : One-stop Electronic Delivery of Services on the Internet for Citizens & Businesses, an e-governance gateway for the Government of Andhra Pradesh (GoAP) to offer multiple services, through a single window, to its citizens. Is a portal, developed and launched by Government of Andhra Pradesh in partnership with M/s Tata Consultancy Services Ltd. AP Online is easily accessible through multiple delivery channels, homes and offices, anytime, anywhere.

II. Methodology for eGovernance Initiatives in the ICT Policy 2010-2015:

Government is not complacent on what it has achieved in the area of eGovernance in the State. As such, keeping the past experiences in view, in order to rejuvenate and sustain the eGovernment services more effectively, efficiently and transparently, the present policy has decided the following methodology in further extending e-Governance services:

- (i) i-Governance (Integrated Governance) – a unique way of providing fast, efficient and quality service to Citizens by integrating of ICT in the processes across departments in order to achieve Governance objectives. The following will be enforced to achieve the i-Governance
 - a. Data standards
 - b. IT architecture
 - c. Inter departmental connectivity and collaboration of databases for vertical & horizontal integration.
- (ii) m-Governance(Mobile Governance) –services delivered to mobile platforms to help the citizen access public information and government services available "anytime, anywhere"
- (iii) s-Governance (Satellite Governance) - providing on line/distance education programmes through satellite for augmenting the knowledge of common man in various walks of life.

III.E Governance Focus Areas in the ICT Policy 2010-2015:

In order to make the information and knowledge infrastructure accessible to the common man through various e-governance programs in a transparent manner, the focus areas identified in are:

- (i) IT Alignment
- (ii) Value Delivery
- (iii) Risk Management
- (iv) Performance Measurement

IV. Alignment with National eGovernance Plan (NeGP):

Keeping in view the compatibility to the National eGovernance Plan of the Government of India, all eGovernance projects in State shall be implemented in conformity with the as per the guidelines of Department of Information Technology, Ministry of Communications & Information Technology, guidelines to ensure similarity and enable sharing of the knowledge & information with other States. The following projects of NeGP will be taken-up and implemented in the State:

- Mission Mode Projects (MMP) to offer key services.
- State Service Delivery Gateway (SSDG) – single point access for services.
- e-District for district level service delivery.
- National Portal – content Management for the state.
- Capacity Building scheme - Create internal technical expertise
Linkage with DIT for data standards for interoperability

V. Specific eGovernance Initiatives & enhancements in the ICT Policy 2010-2015:

The Government of Andhra Pradesh shall take up the following initiatives in furtherance of the eGovernance Action Plan:

(A) Encourage developing software in Telugu so that citizen services can be offered in Telugu.

(B)1.Interoperability: The Government of Andhra Pradesh made it mandatory that all Departments to refer their projects to IT&C Department for compliance with the IT architecture for the State and alignment with National e-governance Plan (NeGP). IT&C Department, initiated the process of data element standardization and continues the process to enhance interoperability framework by taking into account, that the developments that have taken place in evolving similar frameworks elsewhere in the world in line with DIT, GoI Guidelines. The Techno-financial committee constituted by government to cross check Data standards, Project scope, Security, infrastructure to enforce centralized architecture. Please see GO Rt 3775 dated 30.07.2010. All projects shall adopt the data standards to:

1. Enforce Data Standards as mandatory for Interoperability - Vertical & Horizontal Integration
2. Create standard elements, common libraries with data standards to be used by development community

2.Green IT - E-waste Management: As the electronic component life cycle is very small, the systems will become obsolete in short periods creating huge heaps of e-waste. The IT waste cannot be disposed like other materials as these are having hazardous chemicals and require special treatment. Initiative to issue the guidelines for the e-waste management and setting-up of processing unit for the E-waste.

- Encouraging the Green IT in the e-governance
- Define Process / guidelines for the e-waste management
- Incentives to entrepreneurs to setup the e-waste processing/ re-cycling industry

3. Legality for Paperless Process in inter departmental transactions:
 - Computerize all departments to create databases to provide online e-services with vertical and horizontal integration of databases across departments.
 - To encourage Electronic Documents to eliminate paper based certificates / documents (e-files, smartcards etc.)
 - Electronic Documents (paperless Process) for school and college admissions, scholarship applications, business Transactions etc.
 - Declare e-mail, electronic bulletins as official Communication
 - Declare Online Inter departmental transactions to be made mandatory - eliminate paper based communication.
 - Reduce discretion and arbitrariness by introducing Electronic delivery of services
4. Common Services Centers (CSC): The Government of India has formulated a National e-Governance Plan with the vision of providing all Government Services in an integrated manner at the doorstep of the citizen, at an affordable cost. One of the models for delivery of “Web-enabled Anytime, Anywhere access” to information and services in rural India under the project Common Services Centers (CSCs).

CSCs are envisioned as the front-end delivery points for Government, private and social sector services to rural citizens of India. The idea is to develop a platform that can enable Government, private and social sector organizations to integrate their social and commercial goals for the benefit of the rural population in the remotest corners of the country through a combination of IT-based as well as non-IT based services. 4,687 ICT enabled centers in the rural areas covering all the Districts will be created. The scheme is being implemented on a Public Private Partnership (PPP) framework with a vision of providing all Government and other value added services to rural citizens in an integrated manner at his doorstep at an affordable cost. The target fixed for the year 2015 is 10,000 CSCs.

5. AP State Wide Area Network (APSWAN): APSWAN was the first state to establish State Wide Area Network connecting State Head Quarters (SHQs) to District Head Quarters (DHQs) in the year 1999. New AP State wide Area Network (APSWAN) will be implemented to provide the communications infrastructure for carrying Government data, voice, and video applications. The New APSWAN will have connectivity from State Head Quarters (SHQ) to Mandal Head quarters (MHQ). The connectivity is 8 Mbps from State Head Quarters to District Head Quarters (DHQ). The connectivity is 2 Mbps from District Head Quarters to Mandal Head quarter (MHQ). Video conference facility will be extended up to Mandal Level. The New SWAN is up-gradable to suit the Government requirements and being built on PPP model by using Universal Service Obligation (USO) funding from DIT, GoI under NeGP Scheme to enable broad band penetration to rural areas of the State.
6. State Data Centre (SDC): The Government of Andhra Pradesh in collaboration with Department of Information Technology (DIT), Ministry of Communications and Information Technology, Government of India, planned to establish State Data Centre in an area of 8900 Sq.Ft. with 70 server rack space, 200 TB storage capacity to cater to the needs of all departments of State Government by providing rack space, latest serves and data Centre services including application managements.
7. E-procurement: Strengthen the E-procurement to World Bank Procurement, Project management, Rate contracts a Standardization of (Common) Bid document and market price monitoring.

8. State Portal & State Service Delivery Gateway (SSDG): To create an integrated information infrastructure to enhance the utility and reach of the services provided by the Government by utilizing the network of Common Service Centers (CSCs) as a Service Delivery Channel for all the Government to Citizen (G2C) and Government to Business (G2B) services of the State and its Departments.
9. Electronic workflow for file processing in the offices: (KM-ATOM in Depts.) Government requires a workflow management system for movement & processing of files. The workflow system shall bring Transparency at all levels by File tracking. The following are the goals are set:
 - Implement electronic workflow systems to bring Transparency at all levels by File tracking in all departments in next 5years.
 - Maintenance of Electronic Personal Register (PR)
 - Electronic Generation of File disposal reports & MIS
 - Introduce Internet based file / grievance tracking by citizens
 - Implementing workflow systems for online note file and current file in all departments in next 10years.
10. Human Resource Management System (HRMS) - The main objective of the project is creation of database of all government employees, automating the HR, administration and service procedure of AP government and providing a unified view of deployment of human resource. Main modules will be Pay Roll, Service matters, Leave Account, Transfers & Postings and Retirement benefits. Interface to APPSC, for recruitment, Interface to Employment & Training Department.
11. e-Health Management System : Patient care and other health welfare schemes for effective administration and service delivery.
12. Online water management system: Reservoir water level monitoring, water flow management system for efficient water management.
13. Electronic Land Records: creation and maintenance of Land records with online mutation by local bodies.
14. Issue of Unique ID to Citizens: Achieving 100% UID to all citizens with a mechanism to online updating the status citizen.
15. Call Centre extended as RTI call centre: The existing call center will be strengthened and integrated with all departments. The status updating in departments will be mirrored with the Government Portal for handling all citizen related queries. The same call centre will be extended as single point of Grievance management system, RTI Call centre to register all RTI calls, updating the status and generation of the periodic report generation.
16. Scrutiny compliance for IT projects for compliance: The IT&C Department plays a crucial role in creation of IT infrastructure, conceptualizing and initiating various e-Governance initiatives, stipulating standards for compliance, facilitating delivery of services through proactive measures and providing a strong communication backbone in the state. To ensure and Encourage all departments to make use the common infrastructure created like SWAN, SDC, SSDG, CSC and State Portal, eliminating duplicate infrastructure, ensure vertical and horizontal integration of departmental services, encourage inter departmental transactions, IT&C department will made it mandatory to wet the proposals by a technical committee.

17. Digital Certificates: The Government of Andhra Pradesh recognizes the importance of using digital certificates for ensuring the legal validity of e- transactions. APTS Ltd., is designated as a sub-certifying agency, and will continue to provide the services. All departments are encouraged to Public Key Infrastructure (PKI) based digital certificates.
18. Open Source: The Government of Andhra Pradesh will encourage the use of Open Source and special competencies for this purpose will be built up in APTS to guide and advise government departments on its use.
19. m-Government (Mobile Government): The Government of Andhra Pradesh will launch a special initiative to cater to mobile communications for delivery of e- government applications. To begin with, the existing applications being offered as part of e- Seva will be progressively made available for mobile access. Government will establish a common Mobile services platform for GOAP managed by IT&C Dept for all Govt. Dept services in the lines of call centre being maintained.
20. Smart Cards & Biometrics: With the availability of better security technologies and lower costs, smart cards have the potential for use in many applications such as the banking, retail payments, internet payments, citizen ID (Identity), e-Governance, ration cards, pensions, health records etc. The Government will encourage use of Smart Cards and Biometrics as a part of the Unique Identity (UID) project.
21. Website Policy: All Departments and Agencies of the Government will host and design websites uniformly as per the GoI guidelines. The Departments will ensure placing relevant & quality content besides ensuring constant updates on the website by a responsible officer nominated from the department. All websites will be made in bilingual i.e., in Telugu and English. All websites will be linked to State service delivery Gateway (SSDG)
22. Emergency response Teams: An Emergency Response Team would be set up by IT Vendors with AP Technology Services at the State headquarters for dealing with virus & security attacks and maintenance. This office will work in consultation & coordination with CERT-IN of DIT, GoI.
23. Software Piracy: The Government is keen on protecting Intellectual Property Rights and Copyrights of IT Products and will encourage use of only legal or authorized products. To achieve this, the government will actively work with industry and NASSCOM.

VI. Incentives Proposed for implementation of e Governance Projects in the ICT Policy 2010-2015:

Government of Andhra Pradesh offers the following incentives for implementation of eGovernance projects:

1. Seed Money for the IT initiatives: The IT&C department will take steps to develop skills of existing staff to deal with matters pertaining to deployment of technology within the departments and provide seed money for Departments for use of ICT for better service delivery to citizens with improved efficiency, transparency and accountability. Seed money for Pilot project implementation: Maximum of Rs 1.00 crore (for software development only) up to 5 departments in a year.
2. Assistance in preparation of IT road Map Detailed Project Report (DPR): To assist Departments who come forward to implement e-governance initiatives, towards Consultancy, preparation of IT road Map Detailed Project Report (DPR), an incentive limited up to 10 lakhs, up to 10 Departments in a year is made available.

3. Online workflow management: Providing the online workflow management software developed by APTS to departments to encourage online file management system, with budget not exceeding 50.00 lakhs per annum.
4. Audit for security & functionality: Providing the third party Audit for security & functionality for 10 user departments to ensure the security with budget not exceeding 1.00 crores per annum for all Departments.
5. Encouragement to Local Language: The Government will support the standardization of representation and processing in local language through
 1. Establish Technical Committee under IT&C department with members from JNTU, IIIT, Central University, Telugu University and Official language Commission to oversee research projects to encourage Telugu usage.
 2. Facilitate Telugu usage in Computers by working with Official Language Commission.
6. Dy. CIO program: Government already conducting Chief information officer program (CIO) program for Line departments so that the departmental officers can take the lead role in the IT implementation. After reviewing the existing CIO program, to strengthen line departments in technology process, propose to start Dy. CIO program with technical exposure.
7. Capacity Building scheme – using the DIT initiative, IT&C department will Create internal technical expertise by conducting the training, development and workshops on e-governance.
 - Conduct yearly e-readiness assessment of all departments to verify the IT implementation progress.
 - Conduct Awareness programs on NeGP to Senior officers, political executives, Officers
 - Use SeMT for monitoring of Projects
 - Continue with Chief information officer program - CIO program
8. Allocation of Budget for IT projects by the Departments: In line with government of India guidelines to keep the e-Governance as one of the priority sectors in the 10th Five Year Plan, government of AP also issued GO Ms No.14, dated 23.07.2003, indicating guidelines to all departments to implement the prioritized e-governance and to earmark 2% budget other than salaries. The respective departments are advised to meet all the expenditure of e-Governance initiatives out of the earmarked budget provided under separate head created for this purpose.

VII. eGovernance Institutional Mechanism:

To enable the Government to achieve the envisaged targets in implementation of eGovernance in the State, the Government has put in place the following Institutional mechanisms the institutions will continue to excel in their field of excellence:

1. To constitute e-Governance Advisory Panel: In order to develop globally benchmarked competencies in e-Governance using ICT, the Government will establish a high level advisory panel - e-Governance Advisory Panel - under the Chairmanship of Honourable Chief Minister, for accessing advice from eminent professionals in ICT and e-Governance. The panel will consist of about 20 members drawn from academia, business, civil society and government representatives. The eGovernance Advisory Panel will meet periodically and deliberate at length about various policy initiatives for identification and speedy implementation of citizen oriented eGovernance projects on mission mode.

2. AP Technology Services Ltd (APTS) – The IT Nodal Agency for the state: will continue to play a lead role and supplement the efforts of the Government, in implementation of the above initiatives. AP Technology Services Ltd., (APTS Ltd.) will function as a specialized agency for all e-Government initiatives in the state. APTS will set up specialization cells dealing with Information Security, Outsourcing, Technology tracking, use of open source and providing legal services pertaining to ICT, in addition to its existing focus on IT procurement and application software development.
3. Electronically Deliverable Services (EDS) - To redefine citizen services, the Electronically Deliverable services Department was created. eSeva was created with objective to minimize the 'digital divide', and creating alternate delivery channel in delivery of services. One of the major objectives of EDS is to E-enable services to deliver through alternate service delivery channels by defining strict timelines of delivery of services. EDS will continue to deliver citizen services in Urban and Rural areas.
4. Institute for Electronic Governance (IEG): To realize the IT vision, the Government has incorporated the Institute for Electronic Governance (IEG) to take up development and implementation of e-Governance projects. IEG also train young engineers to turn as knowledge workers. To create synergy between the Academic institutions and Industry, Government has initiated Jawaharlal Knowledge Center (JKC) concept specifically to reduce incongruity between the academic competencies and industrial requirement of the potential knowledge workers. IEG will continue its services.
5. Society for Andhra Pradesh Network (SAPNET) - Society for Andhra Pradesh Network (SAPNET) is a major communication infrastructure initiative to provide Distance Learning, Agriculture Extension, Rural Development and E-governance. SAPNET will continue its services in the areas of distance education and Training. Currently SAPNET is offering one live channel and 4 recorded channels with 10000 receiving stations across the states.

The e-Governance initiatives enunciated in the ICT Policy shall enable the common man to absorb and benefit from expanding sources of information through e-Government services thus bridging the Digital Divide. Further, it is envisaged that the eGovernance efforts, reach out all segments of the society and create an inclusive learning community having access to all the resources and information require regardless of gender and location, thus augmenting their standard of living and overall socio-economic development of the State.

FACILITATING MECHANISMS

31. The International Bank for Reconstruction and Development / The World Bank in its report "Doing Business in India 2009" has rated Hyderabad as the No.2 destination in India highlighting, AP as the State where Government permissions, clearances and licenses are provided in the quickest time frame. Government of Andhra Pradesh has always maintained the time bound consistency in its approvals and support to Industry and as a step forward it has embarked on providing a paradigm shift in terms of its services to ICT Industry through following initiatives

a. Business Advisory Committee:

Constitution of Business Advisory Committee, under the Chairmanship of Honorable Chief Minister and key stakeholders representing IT/ITES Industry for advising the Government on IT promotion strategies.

b. Single Window Mechanism:

Constitution of Special Single Window Clearance Committee for IT/ITES sector, under the chairmanship of the Principal Secretary/Secretary to Government, IT&C Department, and other Heads of the Department of the concerned Government Agencies, along with industry associations such as NASSCOM, ITsAP and other IT/ITES industry associations as members, as per the provisions of Section 5(1) of the AP Industrial Single Window Clearance Act, 2002, to provide single window Pre & Post Business Facilitation service which will facilitate the IT/ITES Companies in obtaining clearances from various departments/agencies for setting up of enterprises in a time bound manner. The application forms and timelines for deemed approvals, etc. are as prescribed in the AP Industrial Single Window Clearance Act of 2002.

c. Consultative Committee on IT Industry (CCITI):

Constitution of Consultative Committee on IT Industry (CCITI), is a joint committee with representatives from the Government and the ICT Industry - for administering the incentives to the ICT Industry in a smooth manner, and for effectively resolving the problems, overcoming the impediments and ensuring growth of the ICT Industry in the State. The CCITI shall administer the incentives on specific application made by an ICT Company for the incentives mentioned herein. Such applications shall be prima facie scrutinized by the Sub-Committee of the CCITI headed by the Special Secretary, IT&C, in association with industry representatives, on the eligibility, veracity of technical/financial information, etc., before being placed before the CCITI for its consideration.

d. IT Infrastructure Promotion Committee:

In order to provide solutions to operational issues pertaining to infrastructure, such as water, road, power, sewerage and transport in the IT Layouts, an Infrastructure Committee, under the chairmanship of Principal Secretary, IT&C, comprising the field level officers of the respective agencies and captains of IT Industry and Associations, has been formed and is in place. This Committee meets periodically to address the related issues for providing requisite facilitation to IT Industry.

e. IT Security & Safety Committee:

To provide appropriate security and safety to the ICT Industry in Andhra Pradesh, the Government has put in place (i) Industrial Security Task Force, headed by IG Police and Director (Communications), Director General of Police Office, and (ii) IT Security & Safety Committee, headed by Commissioner of Police, Cyberabad, comprising of members representing IT industry / IT Infrastructure developers and IT Associations. These mechanisms address the related issues for providing the requisite comfort to IT Industry.

This policy will be in force for a period of 5 years with immediate effect and supersedes the previous orders cited at reference above.

This order is issued with the concurrence of the Finance Department vide No.7532/Spl.C.S./10, dt:07.06.2010.

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

**K.RATNA PRABHA
PRINCIPAL SECRETARY TO GOVERNMENT**

To
All the Departments of Secretariat
The Metropolitan Commissioner, HMDA, Hyderabad

The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad
The Commissioner and I.G., Stamps and Registration, Hyderabad
The Vice Chairman and Managing Director, APIIC, Hyderabad
The Commissioner, Industries, Hyderabad
The Executive Director, APIIC, Hyderabad
The Commissioner, Information and Public Relations, Hyderabad
The Member Secretary, A.P. Pollution Control Board, Hyderabad
The Chairman & MD, AP TRANSCO, Hyderabad
The Managing Director, APCPDCL/EPCPDCL/WPCPDCL/SPCPDCL/NPCPDCL
The Commissioner, Labour, Hyderabad
The Vice Chairman, VUDA/TUDA/VGTMUDA
The Development Commissioner, AP IT SEZs, Hyderabad
The Development Commissioner, VSEZ
The Director, STPI, Hyderabad
The President, ITsAP, Hyderabad
The President, ELIAP, Hyderabad
The Regional Director, NASSCOM, Hyderabad
The President, VITA, Visakhapatnam

Copy to:

The Secretary to GOI, 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 Collector, R.R.District, Hyderabad
The PS to Minister for Information Technology, Hyderabad
The PS to Minister for Finance, Hyderabad
The PS to Minister for Major Industries, Hyderabad
The PS to Minister for Revenue, Hyderabad
The PS to Minister for MA&UD, Hyderabad
The PS to Minister for Energy, Hyderabad
The PS to Minister for Labour, Hyderabad

//FORWARDED : : BY ORDER//

SECTION OFFICER