

## IT & IT Enabled Services, Electronics Industry, Knowledge Parks & Biotechnology

### 1. 1. Background:

#### 1.1 Information Technology (IT)

1.1.1 Government of Punjab has been working on various initiatives to attract investments in Information Technology (IT) and Electronics Industry. In 80s, Mohali developed a niche for electronics and telecommunication Industry. Semiconductors Complex Limited, Punwire, Punjab Communication Limited (PUNCOM), Fujitsu India Limited, ESPL etc. were established during the same period. In its IT Policy, 2001, Government of Punjab has identified the IT Enabled Services, Telecommunications and Hardware industry as the niche areas for the State because of the vast opportunity these offer for employment and wealth generation. A policy for Electronics Industry was announced by the Punjab Government in 1996. Electronics Industry has played a great role in the growth of Industry and creation of employment opportunities. The Government of India has also **renamed its Department of Electronics as Department of Information Technology and both the Electronics and I.T. Industries has been included in this Department. On line with the Government of India, Punjab has also considered to both electronics and Information Technology Industry to be covered under the same policy and therefore, the incentives under this policy will also be made available to the Electronics Industry.**

1.1.2 In the IT Incentive Policy, 2000, as notified by the Department of Industries, the Government of Punjab has been adopting a common policy for both IT Services and IT Enabled Services. However, with the expected growth of ITES and for the development of a better understanding of industry needs, the Government identified the need for special and targeted policy on ITES while reframing the IT and ITES Incentive Policy for the Industry in the changed global scenario. Government has been taking feedback from the Industry and incorporated suggestions from the leading industry players, industry associations, academic institutions and the concerned departments and agencies of the government in the preparation of this policy.

#### 1.2 Biotechnology (BT)

The commercial potential of biotechnology having been proved world over, the State Government has set vision for a knowledge-driven Punjab and has decided to invest liberally over 7 years for infrastructural and industrial development in this sector. The

objective is to create highly visible, world-class research capability, which will support the growth of knowledge intensive biotech industry in the State. The framing of Biotechnology Policy of State is an expression of State Government's commitment to this end. Also the formulation of this policy is very timely as sequel to the Vision Document on Biotechnology released by Hon'ble Prime Minister of India on September 7, 2001.

## 2. 2. Objectives:

### 2.1 Information Technology

- 2.1.1 Both IT & ITES and Electronics Industry are the fast growing potential sectors most suitable for a state like Punjab, specially in view of the mother-tongue influence (MTI) advantage Punjab enjoys as compared to the other states. Punjab is endowed with large pool of technically competent English speaking manpower and the graduate and senior school levels. The ITES has been identified as a sunrise sector in the National Association of Software & Services Companies. Mckinsey Report 2002, which could drive the economic growth and prosperity of not just states but even countries. It could therefore provide a long-term viable solution to the problem of unemployment by creating jobs for a large number of educated youths. The Government's is committed to leverage the advantage of this rapidly growing sector.
- 2.1.2 Through its ITES policy and initiatives, it intends to be de-facto destination in India for ITES and capture a large portion of India's ITES opportunities by strengthening Punjab's value proposition;
- 2.1.3 Generate employment for educated youth in all streams in the State including the towns like Patiala, Gurdaspur, Hoshiarpur, Sangrur, Ferozepur, Bathinda etc.;
- 2.1.4 Generate high-value-employment for IT and Engineering professionals from engineering colleges, polytechnics and other reputed institutions;
- 2.1.5 Develop IT, ITES and Electronics Industry as a strong small and medium enterprise sector in Punjab;
- 2.1.6 Attract foreign direct investment (FDI), both in IT, ITES and Electronics Industry by specially encouraging the NRIs to invest in their homeland;
  - 2.1.6.1 Increase export earnings and there by the State's GDP and revenue;
  - 2.1.6.2 Enable the youth of the state to acquire skills and knowledge in this important, fast growing sector, thereby making them highly employable not just in Punjab based IT, ITES and Electronics companies but in companies based anywhere in the world.

## 2.2 Biotechnology

The advancements in biotech sectors have already lead to some dramatic and exciting developments such as more than 90 drugs and vaccines approved by the US Food and Drug Administration (FDA) and range of diagnostics, benefiting about 200 million people worldwide; high yielding, pest-resistant crops; 'Golden rice', rich in vitamin-A; cleaner industrial processes with lesser waste generation and lower energy consumption. Further, 3.1 million chemical letters of DNA have been sequenced and a draft human genome map has been made available in public domain. This information will be used by biotech industry to develop innovative drugs, vaccines and diagnostics for virtually all illnesses. It is speculated that new drugs worth thirty to fifty one billion dollars each will emerge from human genome mapping soon. Hence, in order to tap the potentials of this sector effectively, Biotechnology Policy component of this document has been formulated with an objective of launching a major well-directed effort for:

- Attaining new heights in biotechnology research
- Harnessing biotechnological tools for economic development
- Scientific and technological empowerment of human resource
- Ensuring social justice especially for the welfare of rural population & weaker sections of the society

## 2 Features of the IT, ITES, Electronics and Biotechnology Policy:

2.1 In order to achieve its objectives, the Government of Punjab intends to provide the most optimal environment for IT, ITES, Electronics and Biotechnology companies. Towards this end, Government of Punjab has developed this policy with following commitments:

### 3.2 Easy Availability of Trained Manpower:

- 3.2.1. Ensure the availability of high quality manpower in IT, ITES, Electronics and Biotechnology segments who are certified by renowned institutions and Industry.
- 3.2.2. For this purpose, a State level Institution for specific training in ITES in association with the Industry and world renowned Institutions is being set up while for BT sector, the existing universities / institutions are generating manpower in the areas of agriculture, health care and environmental biotechnology.
- 3.2.3. Coordinate between the technical institutions and other higher institutions of learning and the industry to develop sector specific IT, ITES and BT course

curricula and modules

3.2.4. Provide Institutional mechanism and frame-work for shared training facilities and infrastructure at minimal cost.

3.2.5. Promote development of requisite support system in the form of softwares, educational kits etc on biotechnology for schools, colleges and general public.

**3.3. High Quality infrastructure:**

3.3.1 Provide reliable, cost effective telecom infrastructure with adequate built-in redundancy

3.3.2. Work with key real estate developers to provide multi-option ready-to-move-in IT, ITES, Electronics and Biotech Industry office, commercial and entertainment space, plots for customize development of I.T. and BT complexes/ Parks and developed land for establishment of IT and BT campuses and townships by large companies

3.3.3. Provide reliable and economically priced electrical power with adequate built-in redundancy. Enable IT, ITES, Electronics and Biotech Industry companies to set up their own captive power generating facilities and provide single window clearance for establishing such Captive Power Stations to IT, ITES, Electronics and Biotech companies.

3.3.4. Ensure rail, road accessibility and reliable public and private transport for rapid movement of employees and businesses

**3.4. Supportive environment:**

3.4.1 Provide the most supportive, investor friendly and progressive regulatory environment.

3.4.2. Re-engineer the role of Government as Facilitator rather than a regulatory agency.

3.4.3. Setting up empowered committees for single point clearances and approvals of all projects and considering special packages for mega-projects of more than Rs.25 crores.

3.4.4. Provide single window interfaces for facilitating the setting up, and running of business.

**3.4 Venture Capital Fund:**

The Government of Punjab has already setup PUNJAB INFOTECH Venture Fund with the initial corpus of Rs. 20 crore for the development of IT and ITES Industry in the State.

The details of the commitments indicated above under each head are as under:

#### 4. High Quality Manpower

##### 4.1 Information Technology

4.1.1 The Government of Punjab is presently in the process of consolidating the gains of technical education in the state while specifically focusing on Post-Graduate programmes in the specialized areas like Information Technology, Electronics, Micro-electronics, Tele-Communication, IT Enabled services and Bio Technologies. For the purpose, Punjab Technical University, Jalandhar, is being strengthened to open multi-disciplinary advance centres in these areas. The private engineering colleges in the state would be better regulated for their course curriculum, quality of teaching staff, hardware facilities, and the technical tie-ups with foreign/Indian institutions of advance learning.

4.1.2 Punjab believes that highly skilled, English speaking manpower is a key prerequisite for ITES companies. Towards this end, Punjab intends to provide ITES companies, manpower that is proficient in English as well as in softskills and domain specific skills. It intends to do this by training approximately 100,000 to 150,000 students by 2010 of which 5,000 to 10,000 will be trained in the next 2 years.

4.1.3 Developing Language Skills is a long-term process. Earlier these methods and measures are introduced in the school curriculum the better it would be. The government shall, therefore, encourage the private sector to open high quality English medium public schools by providing cheaper land and other infrastructural facilities. The quality of the regulations and the regulator for such schools shall be improved to bring in qualitative difference in the standards of education and at the same time cross subsidize the weaker section of the society. The Government shall also encourage inclusion of other foreign languages like Spanish, German, French, and Japanese as part of the curriculum through Schools, colleges, universities and other advanced private training institutes, so as to develop relative advantage for ITES industry to capture untapped markets.

4.1.4 To address the requirements of ITES companies, Punjab will institute a two-tiered training programme. The first level of this training programme, required for all potential ITES employees, will be geared towards augmenting basic English capability. The second level of this programme will focus on specialized domain skills for ITES. Further, Punjab will also provide value-added elective courses for domain specific skills such as HR training, payroll processing, accounting, banking, insurance processing, Punjab's local laws,

etc. in the second level of training.

**4.1.5 In order to institutionalize the training programme, the state will:**

4.1.5.1 Set-up an Institute of Excellence in IT & ITES in collaboration with the IT Companies and some of the best Universities/ institutions in the world. The advisory board of this institute will have representation from both academia and industry and will be responsible for ensuring that the curriculum design, certification methodology, etc. are in line with industry needs and support marketing of the programme to end customers. For this purpose, the 15 acres of prime land in Chandigarh (Mohali) along with the seed money of Rs. 20 crores is being contributed by the State Government. The State Universities have also been requested to offer special courses through their English departments for training manpower for ITES.

4.1.5.2 Franchise ITES diploma programmes to IT training providers with a well-established network of training institutes to increase training capacity and expedite penetration into smaller towns.

**4.1.6 The International Institute of IT and ITES shall also:**

4.1.6.1 Develop certification for the programmes together with leading educational institutions in the world.

4.1.6.2 Tie up with the extensive network of colleges throughout the state to administer the diploma and certificate programme.

4.1.6.3 To setup corporate training institutes with collaboration of major ITES companies, who in turn will set the curricula and standards for training. The companies will be able to get their prospective employees trained at these institutes.

4.1.6.4 Negotiate with banks to provide soft loans with a payback period of 3 to 5 years to the students after completion of the course.

4.1.6.5 Attract private ITES training providers specially for the B and C class towns.

4.1.6.6 In the long term, the proposed institute will work towards institutionalizing and strengthening the English language capability in the State. It will:

4.1.6.6.1 Assess and redesign the existing English curriculum in schools, colleges and polytechnics to ensure higher English standards in the state.

4.1.6.6.2 Design a comprehensive curriculum for teacher training programmes by developing a greater understanding of teaching methodologies and increased awareness of the needs of learners.

## 4.2 Biotechnology

Human resource development in biosciences and biotechnology will be enhanced to achieve widespread excellence in both the teaching quality and support resources. The short and long term training programmes for technicians, scientists, industrialists, IPR experts covering whole arena of biotechnology research and commercialization would be initiated. Special programmes would be launched to train students in biotech ventures. Awards and incentives would be instituted to recognize meritorious efforts.

## 5 High Quality Infrastructure

5.1 High quality infrastructure is one of the most important pre-requisites for fostering the growth of the IT, ITES, Electronics and Biotech industry. This is primarily because each aspect of infrastructure has a significant impact on the costs incurred by a Industry.

5.2 To address these objectives Government of Punjab will encourage private real estate developers to develop and reinforce the key aspects of infrastructure namely, office infrastructure, city infrastructure, residential and commercial infrastructure and the social educational, recreational and health infrastructure.

### 5.3 High Quality Office space/ infrastructure

5.3.1 Ready availability of high quality office space serviced with all basic amenities like high-speed telecommunication links with redundant connectivity, uninterrupted power supply with back-up power facility, central air-conditioning, etc. are critical to attract IT, ITES, Electronics and Biotech companies. Therefore, it is the endeavor of the Government of Punjab to facilitate creation of this space in the State for Biotechnology. For IT, this facility will be created not only in and around Chandigarh and Mohali but also in other important B and C class cities and towns in the state such as Ludhiana, Patiala, Jalandhar, Amritsar etc.

5.3.2 It will ensure that the following facilities are available to the IT, ITES, Electronics and Biotech companies:

**High quality Built-up space:** To cater to the rising demand of the ITES and Biotech industry, Punjab will encourage the development of quality office space. Government will facilitate setting up of IT Parks by the private sector in the potential locations for the development of IT industries.

Private IT and BT Park developers will be given assistance in land acquisition and re-zoning wherever required. This is divided in two

categories based on the requirements of such companies:

5.3.2.1 **Ready to move in office space:** Government of Punjab will ensure that a host of renowned real estate developers would offer high quality office space.

5.3.2.2 **Built-to-suit office space:** The same set of incentives, as available to infrastructure developers, would be applicable to the IT, ITES, Electronics and Biotech companies, which decide to build their own facilities.

5.4 In order to attract renowned real estate developers, the Government of Punjab will provide the administrative and asset base support as well as foregoing select revenue streams as detailed below:

5.4.1 **Administrative Support:**

5.4.1.1 Provide State level statutory clearances within specified time frames after the project is sanctioned in favour of the developer and also automatically grant non-statutory state level clearances. Provide full support for obtaining all central Government level clearances.

5.4.1.2 Acquire land necessary through Punjab Small Industries and Export Corporation (PSIEC) or Punjab Urban Planning & Development Authority (PUDA) for the project or other means, if the same does not already belong to the Government and undertake all rehabilitation & resettlement activities resulting from acquisition of land. Wherever possible the Government may provide out of its land pool for such projects.

5.4.1.3 The Government shall also act as a facilitator for the private sector acquiring land for developing the Knowledge parks under the Industrial park scheme of Government of Punjab/ India.

5.4.1.4 Special land acquisition procedures are required for the mega-projects of INR Rs. 25 crore and above requiring large land chunks. The government shall make suitable amendments in the applicable acts/ rules to facilitate such land acquisition and its conversion in land use.

5.4.1.5 The entity-creating infrastructure on such allotted land shall be exempt from restraining clauses of PSIEC and PUDA vis-à-vis sub-leasing/ transfer / sale of portion of that infrastructure.

5.4.1.6 Commit / facilitate development of linkage infrastructure for IT, ITES, Electronics and Biotech projects. The government shall include such industrial parks in its town planning and other schemes so as to improve access to such Industrial Parks / knowledge parks, through air, rail and road.

5.4.1.7 The Knowledge park under this scheme, besides intelligent ready to move in space / facilities for housing Knowledge based entities, may include social infrastructure like schools, hospitals, convention centers, community center, shopping areas, entertainment zones and guest house/ transit housing/ hostel specifically for the industry located in the IT & BT park subject to the zoning restrictions of the local authority.

5.4.1.8 The Punjab's zoning and FSI rules may be amended to allow high-rise buildings for the Knowledge parks and the entities within the knowledge park.

## 5.5 Foregoing Revenue Streams:

5.5.1 The materials and equipments required for construction of IT, ITES, Electronics and Biotech infrastructure projects may be exempted from Octroi, during construction and for a period of three years thereafter. These exemptions would be available to installation in all the IT & BT parks and the units to be based in these parks.

5.5.2 The acquisition of land and subsequent sale/ transfer of developed infrastructure shall attract zero stamp duty for three years from the date of notification of this policy and thereafter a lower stamp duty of 2% in line with some of the international parks.

## 5.6 Reliable Telecom:

Punjab already has adequate telecom capacity throughout the state which can be dedicated to IT, ITES and BT. The government would ensure:

5.6.1 Presence of multiple telecom service providers offering high-speed telecommunication links with several levels of built in redundancy for all IT and BT parks. The state already has multiple private and government providers of telecom facilities like VSNL, STPI, BSNL, Spice, HITL, Reliance and Bharti.

5.6.2 Establishment of Punjab Wide Area Network (PUNWAN) which will be the IT backbone connecting Government offices upto the Block level.

5.6.3 Service level agreements (SLAs) in place with different telecom service providers to provide quality of service (QoS). The SLAs will be designed to include normal anticipated delays as a safety margin, and will provide incentives to the concerned service providers on timely delivery of service.

5.6.3.1 In order to attract telecom service providers to Punjab and encourage existing ones to expand their operations, Government of Punjab has already notified free Right of the Way (RoW) Policy allowing any entrepreneur holding the necessary licenses of ISP or telecom operator from Department of Telecommunications

(DOT), to lay optic fibre along the state highways, roads, district roads, municipal areas and link-roads free of any license fees or special charges.

5.6.3.2 Permission to set up base stations and telecommunication network equipment in earmarked areas would also be given on priority.

5.7 **Uninterrupted Power Supply:** The State of Punjab is basically a power rich State. Government of Punjab will provide reliable power supply and will ensure:

5.7.1 Rapid steps would be taken by PSEB to set-up redundant power connections. The maximum time period to establish a connection from the existing lines will be 10 working days with a 3 months provision of setting up a captive transformer. The application for seeking a connection with the estimated load requirements shall be dealt with on priority by PSEB and there shall be simplified procedures for such sanction of load. Suitable amendment shall be made in PSEB rules to cater to these special sectors.

5.7.2 Exemption from statutory power cuts for IT, ITES & Electronics parks/ facilities and BT parks / facilities and 24 X 365 (round-the-clock) maintenance services.

5.7.3 Exemption from peak load restrictions in view of the special requirement of round-the-clock power supply.

5.7.4 Service level agreements (SLAs) with the nodal agency would be available to ensure quality of service (QoS).

5.8 PSEB / Government would facilitate single window clearance for establishing Captive Power Stations to IT, ITES, Electronics and Biotech companies.

**Incubation Centers:**

#### 5.8.1 Information Technology

Government of Punjab will encourage the development of Incubation Centers in Engineering Colleges, polytechnics and universities in collaboration with Technical Institutes and State IT Parks. The incubation centers will provide complete start up facilities with the computer systems and telecommunication links for a limited period of time. The entrepreneurs are expected to pay a reasonable rent for the premises and move out in a short period to commercial space.

#### 5.8.1 Biotechnology

A Centre of Excellence for Biotechnology would be set up in the State that would aim at accelerated and coordinated research and development in the frontier areas of biotechnology and their commercialization to the economic advantage of the state. It would include state-of-art physical infrastructure for research, development and production related to agriculture, health care and environmental biotechnology. It will

also support & strengthen the existing scientific base in the state. The Centre would nurture the leads of potential utility emerging from the existing institutes/ universities, which will serve as its satellite centres as well as conduct cutting edge research and development. The concept of Centre of Excellence is unique in itself as it will cover the whole range of conceptualization to commercialization under one roof. Accordingly, the Centre shall consist of Research & Development Component, Scale up & Demonstration Units and Biotechnology Business Incubators to meet the validation and updation requirements of the existing and upcoming biotech industry. Apart from these, it will have a consultancy cell that would offer services of patent facilitation, project detailing, market assessment, technology transfer, fund syndication and industry oriented manpower training.

**5.9 Shared training Infrastructure:** Government of Punjab will encourage building of shared training infrastructure in the existing institutions as well as IIT for IT and Centre of Excellence for Biotechnology for BT like seminar / conference rooms, computers and projectors for companies to use periodically on a rental basis. This will help reduce the HRD investment for emerging IT, ITES, Electronics and BT players.

**5.10 Law & Order situation:** The State of Punjab presently has one of the lowest crime rate amongst all States. The State Government is committed to ensure industry friendly law & order in the State and specially in the I.T. and BT Parks.

**5.11 Restaurants, food courts:** Government of Punjab will encourage leading international / national food and entertainment chains to set up shops in Punjab and offer multiple options to suit different budgets in or in the vicinity of the IT and BT Parks.

**5.12 City's civic Infrastructure:** Government of Punjab will focus on enhancing the quality of service (QoS) of state run bodies providing these support services to IT, ITES, Electronics and BT companies. It is committed to working along the following areas to ensure a robust city infrastructure:

**5.13 Public Transport:** The Government of Punjab would develop sustainable means of public transport to service the needs of the IT, ITES and Electronics companies and will: at the doorstep

5.13.1 Ensure adequate numbers of buses and trains are available to transport employees of IT, ITES & Electronics companies.

5.13.2 Establish a bus depot/ stand close to IT, ITES and Electronics parks to handle the high volume of traffic.

5.13.3 Establish customer service centers for both bus and rail services to provide companies with a single contact to the service provider and also ease the procedure of bookings, payments etc.

- 5.13.4 Encourage state run transport providers to sign Service Level Agreements (SLAs) with companies and infrastructure developers.
- 5.13.5 Make provisions in the state laws so as to negate the ill effects of transport unions on the movement of materials and equipment of IT, ITES, Electronics and Biotech units in this sector.
- 5.14 **Roads, water etc.:** Provide roads and water facilities at the site of IT, ITES & Electronics and BT parks.. This will involve replicating facilities such as street lighting with photo sensor controls, municipal water reservoir, treated water supply network, excellent sewerage system, RCC storm water drain network to the IT, ITES & Electronics and BT parks.
- 5.15 **Residential and commercial infrastructure:** This includes amenities such as high quality and affordable housing, entertainment, reputed schools and hospitals etc. that employees of IT, ITES, Electronics and Biotech companies look for in a city. Government of Punjab is actively working towards improving the quality of life in the State. It will ensure:
- 5.15.1.1 **High quality residential space:** Government of Punjab would encourage development of residential space through private developers and PUDA :
- 5.15.1.2 Provide a range of options to suit the budgets of various IT & BT professionals & ITES Electronics and Biotech Industry employees.
- 5.15.1.3 Attract private real estate developers to build excellent residential facilities.
- 5.15.2 **Commercial space:** Government of Punjab will encourage development of commercial space dedicated to shopping and entertainment. The government is working towards:
- 5.15.2.1 Attracting leading food and entertainment chains to build a strong lifestyle brand for Punjab. The government will earmark viable plots of land for these companies to build and/ or expand their facilities.
- 5.15.2.2 Attracting private real estate developers to build suitable support infrastructure such as entertainment complexes, mega malls etc. The Government of Punjab will provide administrative and asset based support to these developers in line with the incentives delineated in this section.
- 5.15.2.3 Attracting leading schools in the country to establish in Punjab by offering suitable plots of land and other administrative and financial support. They will be given necessary clearances within a specified timeframe.
- 5.15.2.4 Attracting leading healthcare players and educational institutions to augment their existing healthcare set up and open new schools with international quality

standards. The government will offer land at subsidized rates and also accord necessary help in securing all approvals through the single Empowered agency.

**5.16 Easy Accessibility / mass transit:** Punjab will improve international connectivity in the years to come. It will:

5.16.1 Influence domestic airlines to link to incoming and outgoing international flights so that travel time to Punjab destinations is reduced.

5.16.2 Expedite the development of the new international airport at Amritsar, Halwara (near Ludhiana) and Chandigarh.

**6 Supportive environment:**

Government of Punjab believes that providing a supportive and progressive Government is critical to realizing the state's aspiration in the high-tech space. Therefore, Government of Punjab intends to undertake several initiatives to make Punjab's regulatory environment, the most optimal environment for ITES, Electronics and Biotech companies. The government will:

**6.1 Amend / relax / exempt the relevant provisions of Punjab Shops and Commercial Establishments Act 1958,** to make it more suitable for the IT, ITES and B Electronics companies. It will allow IT, ITES, Electronics and BT companies to:

6.1.1 Employ women and young persons (between age group 18 to 21) during night shift, subject to provision of adequate security and transport, through amendment in section 30

6.1.2 Have "flexi-timing" by asking an employee to work for more than eight hours a day, without exerting an additional financial burden on the companies, in terms of overtime payments, as long as the statutory requirement on the maximum weekly working hours, 48 hours, is respected. This will be achieved by amending section 7.

6.1.3 Operate twenty four hours a day by amending section 8 and 9

6.1.4 Operate 365 days in the year by amending section 10, 11 and 12

6.1.5 Reduce the procedures involved in retrenching employees, if certain conditions are satisfied, by amending section 22

**6.2 Develop an institutional mechanism to provide specific labour policies and a single interface to the government.** Government of Punjab will also provide a reliable single interface to facilitate the start up process and help IT, ITES, Electronics and BT companies in obtaining state government approvals.

The single interfaces for IT and BT in PUNJAB INFOTECH Corporation and Punjab State Council for Science & Technology respectively will provide escort executives to assist

each IT, ITES, Electronics and Biotech companies. In addition to helping companies with the necessary approvals, escort executives will help resolve all issues between the government and companies, explain relevant laws to companies and help them complete all application forms and formalities.

**6.3** Adopt appropriate regulation on Data Protection and Consumer Privacy to reassure the IT, ITES, Electronics and Biotech companies and their customers of the safety of their data and indicate the Government of Punjab's commitment to, and respect for, consumer privacy.

**6.4** **Work with the Government of India for simplifying the custom bonding procedure.** Multiple entities function in one common infrastructure therefore the state government will work with the government of India for simplifying the existing procedure of physical isolation and demarcation of the custom bonding of IT/ITES/Electronics/Biotech units, the declaration of an item value and its existence on the fixed asset register shall be considered as physical bond for these entities.

**6.5** **The State will work towards simplifying the existing STP scheme to allow IT, ITES, Electronics and Biotech companies to self certify as custom bonded warehouses.**

Work with the Government of India for simplifying the rules and procedures of Excise and customs wherein a declaration/self attestation by the authorized signatory of the IT/ITES/ Electronics/Biotech entities is considered as approval and sanction subject to Quarterly filings with the Department.

**6.6** **Work with the Government of India to simplify the procedure of customs clearance at the time of import of items for IT/ ITES/ Electronics/Biotech entities, the present system of appraisals and the valuation system shall be dispensed once an import certificate is issued by the director STPI.**

## **7 Venture Capital Fund:**

Punjab Venture Capital Ltd. (PVCL) has been established to facilitate and support growth of the Information Technology Industry in the State of Punjab. It is a Rs. 20 crore 10 year close ended fund established jointly by the Punjab State Industrial Development Corporation Limited (PSIDC), PUNJAB INFOTECH, the Punjab Financial Corporation (PFC) and the Small Industrial Development Corporation Limited (SIDBI). The fund is making direct investments in equity and equity related instruments of companies that have operations in Punjab. The fund is dedicated to investing in companies operating in Software and related business such as networking, multimedia and data communication products and IT enabled services.

Small Industries Development Bank of India (SIDBI) has set up a venture capital funds of Rs. 50 crores for Biotechnology.

## **8 Quality Certification:**

The Government of Punjab will encourage IT, ITES, Electronics and Biotech companies in the State to go for certifications such as ISO, SEI-CMM etc, so as to compete in the global marketplace. Necessary provisions for granting subsidy /financial support to the companies for achieving the certification will be made available.

## **9 Intellectual Property Rights (IPR):**

The Government of Punjab will encourage and promote R & D projects capable of generating competitive IPR and also their effective protection. The development of more patents and steps against piracy of patented products will be given a major focus. Action will be taken to protect these indigenous knowledge systems through state policies and recommendation for enactment of suitable laws.

## INCENTIVES AND OTHER EXEMPTIONS

The following special incentives shall be available to the IT, ITES, Electronics and Biotech units set up in the State of Punjab irrespective of their locations. **These would be in addition to the Incentives available to the General Industry under the Industrial Policy, 2002 of Government of Punjab.**

To further make the investment and business environment attractive & friendly for the IT, ITES, Electronics and Biotech Industry, High Powered Consultants in each area are being appointed by Government of Punjab for recommending sector specific incentives to be provided to each of these sectors in addition to the incentives already being provided by Government of Punjab.

**While the financial benefits would be available to any unit established after 15<sup>th</sup> March 2002, all other exemptions and benefits would also be available to the existing units.**

### 1. **Single Window Service:**

In all the Knowledge, Technology, IT, ITES, Electronics and Biotech Parks/ estates/ complexes set up by Punjab Information and communication Technology Corporation Limited or in its joint ventures or facilitated by the Corporation, setting up of projects would be facilitated through a Single Window Service. The Biotech units facilitated by State Deptt. of Industries and Commerce would also be provided with a Single Window Service In all such projects Punjab Information and communication Technology Corporation Limited for IT and Punjab State Council for Science & Technology for BT will function as single window service agencies to assist the entrepreneurs/ investors for getting all statutory clearances required for setting up the units. In case of private sector technology parks also Punjab Information and communication Technology Corporation Limited and Punjab State Council for Science and Technology will assist the entrepreneurs in getting all clearances.

### 2. **Tax / local tax Rationalization and benefits:**

2.1. The sales tax rates on IT and BT products would be maintained at the level of the minimum floor rates announced by Government of India wherever applicable. No turnover tax, additional sales tax, surcharge or any other additional levy related to sales tax, shall be applicable to IT and BT products and services.

2.2. **There would be no restrictions on the movement of capital equipment** including IT, ITES, Electronics and Biotech equipment, hardware peripherals, captive power generating sets, UPS sets and telephone exchanges subject only to sales tax payments as per orders enforced.

2.3. **Rationalisation of Octroi:** No octroi will be charged on the IT, ITES, Electronics and

Biotech items including hardware, software, components, PCB's, populated PCBs and mechanical items relating to IT and ITES and electronics, which are being brought into the Industrial Areas/ Industrial Focal Points/ IT parks / complex, knowledge parks notified by Punjab Information and communication Technology Corporation Limited for assembly, job work, repairs & maintenance and are to be re-sent to the original owner and the BT parks notified by the State Govt.

**3. Locational benefits:**

Software, Electronics and bio-informatics industry which needs electrical power up to 10 KVA will be permitted to be established without any locational restrictions and will be eligible for all incentives and concessions. For this purpose, subject to certain norms to be notified by Punjab Information and communication Technology Corporation Limited, the accredited training institutes, as notified by the Government from time to time, will also be eligible to claim industry-status, only for enabling them to obtain term-loans and bank finance at industry rates.

**4. Benefits in respect of electric power:**

4.1. **Treated as Industrial (and not commercial) consumers.** Power at industrial power tariff and all other admissible incentives and concessions in respect of power shall be applicable to the IT, ITES, Electronics and Biotech industry including those in the urban areas. No commercial power-tariff would be charged to such industries. The power connections to such industry would be given priority in both, sanctioning and servicing.

4.2. **Exemption from Electricity Duty:** All IT, ITES, Electronics and Biotech units located in the State of Punjab are exempted from payment of electricity duty for a period of 5 years from the date of release of electricity connection.

4.3. **No power cuts or restrictions of peak load hours:** All IT, ITES, Electronics and Biotech units located in the State of Punjab are exempted from the purview of statutory power cuts. These industries have been declared as continuous process industry with exemption and would be exempted from peak load restrictions subject to to procedure prescribed by the PSEB in this regard.

4.4. **Captive power generation** is permitted for industries through out the State in respect of IT, ITES, Electronics and Biotech units. The Captive power generation sets installed by such industry will be eligible for total exemption from payment of electricity duty for captive power generation.

**5. Facilitation Services:**

5.1. All IT, ITES, Electronics and Biotech units are exempted from obtaining NOC/

consent from the Punjab Pollution Control Board (PPCB) provided that where the number of workers in such industry is more than 300 and there exists no sewerage facility, no exemption shall be available. Even the hardware industries, except for those having electroplating, heat treatment and painting process, are exempted from obtaining NOC/ consent of Punjab Pollution Control Board (PPCB) provided that where the number of workers in such industry is more than 300 and there exists no sewerage facility, no exemption shall be available.

5.2. All IT, ITES, Electronics and Biotech units are allowed to self-certify the full observance of the provisions of law in respect of the following Acts and Rules instead of the statutory inspections/ verification reports by the concerned Departments in respect of the following acts:

5.2.1. The Factories Act

5.2.2. The Employment Exchange (Notification of Vacancies Act)

5.2.3. The Payment of Wages Act

5.2.4. The Workmen Compensation Act

5.2.5. The Contract Labour (Regulation and Abolition) Act

5.2.6. The Minimum Wages Act

5.2.7. The Employees State Insurance Act

All IT, ITES, Electronics and Biotech units would be totally exempted from the provisions of Punjab Shops and Commercial Establishments Act 1958.

However, this will not take away the statutory power of the Department concerned to take action in case a false certification or default come to notice.

5.3. **Three shifts operation:** General permission has been granted to all IT Software Industry and IT Enabled Service Industry and electronics industry as well as the Biotech Industry to operate in three shifts and also employ the ladies staff on such jobs subject to the conditions notified.

## 6. Infrastructure incentives and facilitations:

6.1. Land or ready to move in office space may be offered to IT, ITES, Electronics and Biotech units at a reasonable / discounted price worked out by the Government for each IT and BT Park subject to:

6.1.1. Land being allotted by Government / PSIEC/ Punjab InfoTech with prospective effect.

6.1.2. Minimum number of employees to be hired by a company being 300,

corresponding to 0.30 acres of land with a minimum investment of Rs. 3.0 crores.

6.1.3. Minimum gross salary/ wage of Rs. 5000/- per month.

6.1.4. Sustaining the employment for a minimum period of two years.

6.1.5. The IT, ITES, Electronics and Biotech companies shall provide a bank guarantee/ corporate guarantee that he shall continue to fulfill the conditions for availing the land subsidy for next three years.

6.1.6. In case the IT, ITES, Electronics and Biotech companies does not create or maintain the jobs promised while availing the discount, within 3 years, the bank guarantee / corporate guarantee to be taken from the company would be invoked. The amount invoked would be linked to the shortfall between the jobs promised to be created and jobs actually created. Allow for phased implementation and guarantee structure especially for mega projects or ITES/Electronics/Biotech townships

6.1.7. The infrastructure providers will be given a reasonable period to be negotiated between provider and government from the purchase of land to market and sell the office space.

**6.2. Exemption from Stamp Duty and Registration Fee:** Property transaction in connection with setting up of IT & ITES and Biotech Parks, Complexes and electronics/Biotech estates as well as transactions within in the constructed IT & ITES and BT Parks, Complexes and electronics estates as authorized by the Department of Industries & Commerce, Government of Punjab or Punjab Information and communication Technology Corporation Limited (Punjab InfoTech) shall be exempted from payment of stamp duty for period of three years. The maximum registration fee charged from these units shall not be more than Rs. 1000.00. There shall be no stamp duty on lease and financial instruments of units located in such notified areas during the setting up of these parks and thereafter for a period of three years. Thereafter a stamp duty of 2% would be chargeable on such transactions.

**6.3. Relaxation of FSI:** Government of Punjab would offer relaxation of FSI (Floor Spacing Index) in the towns to the extent of 50% for IT & ITES and BT Parks, Complexes and electronics / Biotech estates as authorized by the Department of Industries & Commerce, Government of Punjab or Punjab Information and communication Technology Corporation Limited (Punjab InfoTech). Similarly, FSI for areas other than towns would be relaxed by a factor of 100% of existing FSI.

**6.4. Exemption from land and building tax:** The portion of the commercial buildings

which are fully dedicated to IT, ITES, Electronics and Biotech Industry will be exempted from the property tax for a period of 5 years. In case of change of use of building prior to 5 years such exemption would automatically be revoked.

**7. Assistance on IT in Gurmukhi Script:**

One time Gurmukhi Script assistance shall be admissible to the units engaged in the development of IT in Gurmukhi Script amounting to 5% of the total turn over subject to a maximum of Rs. 5 lacs provided that the number of qualified information technology professionals engaged on such project by the unit/ institution is more than 10. This will be limited to a budget provision to be made under this head and will be given on first come first serve basis.

**8. Purchase and Order Preference:**

The IT, ITES and Electronics units located in the State of Punjab shall be given purchase preference on IT and Electronics resources including Application Software Development for all Punjab Govt. Departments, Undertaking/ Boards/ Institutions etc. all other conditions being the same. This incentive shall, however, be available to only ISO or SEI-CMM certified units.

**9. Procedure for availing incentives for IT, IT enabled services', Electronics, BT, BT enabled services & Biotech companies:**

Most of the incentives and exemptions available under the policy are automatic. For availing other incentives listed in this policy, the eligible IT, ITES, Electronics companies, BT, BT enabled services and BT companies will file their applications with notified Executive Authority which shall act as the single window service for processing the cases for award of incentives by the Government.

**10. Interpretation / Relaxation / Amendment:**

The Principal Secretary Industries & Commerce shall be competent to interpret/ relax/ amend any of the above provisions under this policy in consultation with the concerned departments/ agencies of Government.

**11. Special Incentives for Mega Projects / Pioneering Projects:**

For Mega projects, with investments exceeding Rs. 25 crores and creating more than 500 jobs, Government of Punjab, may consider special package of incentives, on a case to case basis, based on the gestation period of projects, its pioneer nature, employment generation potential, vocational aspects, state of the art technology, profitability, scope for further related investments etc. For this purpose a proposal would required to be submitted to the Department of Industries & Commerce.

**12. Amendments / Modification in the Definition of IT, ITES & Electronics, BT and Biotech**

**Units:**

The Empowered Committee for Industrial Approvals shall be empowered to carry out Amendments / Modification (in the list according to the advancement in IT & BT sector) in the definition of IT/ ITES Industry / Electronics / Biotech Units to be covered under this policy.

**13. The package of incentives will be valid initially for a period of 3 years and subject to review there after.**

## **SPECIAL INCENTIVE POLICY FOR IT INDUSTRY**

### **A. DEFINITION OF IT, ITES and Electronics and SERVICES:**

**Categories of industries include in the scope/ definition of Information Technology Industry:**

#### **1. Computing devices including:**

- 1.1. Desktop / Personal computer
- 1.2. Thin/ Thick clients
- 1.3. Servers
- 1.4. Workstation
- 1.5. Nodes
- 1.6. Terminals
- 1.7. Network PC
- 1.8. Home PC
- 1.9. Laptop computers
- 1.10. Notebook computers
- 1.11. Palm to computer/ PDA
- 1.12. Hand held computer devices

#### **2. Network controller cards/memories including:**

- 2.1. Network interface card (NIC)
- 2.2. Adapter-Ethernet/PCI/EISA/Combo/PCMCIA
- 2.3. SIMMs-memory
- 2.4. Central processing unit (CPU)
- 2.5. Controller-SCSI/Array
- 2.6. Processors-Processor/Processor power module/upgrade
- 2.7. Smart card devices

#### **3. Storage units including:**

- 3.1. Hard-disk drivers/Hard drives
- 3.2. RAID devices & their controllers
- 3.3. Floppy disk drives
- 3.4. CD-ROM drives
- 3.5. Tape drives-DLT devices/DAT
- 3.6. Optical Disk drives
- 3.7. Other digital storage devices including magnetic tapes & DATs

**4. Others:**

- 4.1. Keyboard
- 4.2. Monitor
- 4.3. Mouse
- 4.4. Multimedia kits
- 4.5. Scanners
- 4.6. Joystick
- 4.7. Card readers
- 4.8. Computerised time recording devices
- 4.9. Tablets

**5. Printers and output devices including:**

- 5.1. Computer Printers of all types

**6. Networking products including:**

- 6.1. Hubs
- 6.2. Routers
- 6.3. Switches for networking
- 6.4. Computer network concentrators
- 6.5. Trans-receivers

**7. Software including:**

- 7.1. Application software
- 7.2. Operating system
- 7.3. Middleware/Firmware
- 7.4. Any component level development of the above software.
- 7.5. Design and Quality assurance work for these software.
- 7.6. System integration work/components for software.
- 7.7. Any localization and SCM work in the software.
- 7.8. Extension development (modules outside the main software).

**8. Power supplied to computer systems including**

- 8.1. Switch mode power supplies
- 8.2. Uninterrupted power supplies

**9. Networking / Cabling & related accessories (related to IT Industry)**

- 9.1. Fibre optic cable

- 9.2. CAT 3, CAT 5 & CAT 6 & other network specific cable
- 9.3. Connectors, terminal blocks
- 9.4. Jack panels, patch cord
- 9.5. Mounting cord, patch panels
- 9.6. Back boards, wiring blocks
- 9.7. Surface mount boxes

**10. Consumables including:**

- 10.1. CD-ROM/Compact disk
- 10.2. Floppy disk for computer
- 10.3. Tapes DAT/DLT for computer
- 10.4. Ribbons for computer
- 10.5. Toners
- 10.6. Inkjet cartridges for computer printers
- 10.7. Inks for computer output devices
- 10.8. Continuous Computer Forms

**11. Electronic Components:**

- 11.1. Printed circuit board assembly / populated PCB relating to computer integrated circuits/ICs & connectors for computers
- 11.2. Magnetic heads, Print heads

**12. Tele-communication equipments including:**

- 12.1. Videophones
- 12.2. Multiplexers/ Muxes
- 12.3. Modems
- 12.4. VSAT
- 12.5. Computer communication equipments
- 12.6. Wireless datacom equipment - Including Set top boxes for both video and digital signaling
- 12.7. Receiving equipment like Pagers, Mobile Cellular Phones etc.

**13. Information Technology services:**

- 13.1. Internet Service Provider
- 13.2. E-mail Service Provider
- 13.3. World wide web Service Provider
- 13.4. E-commerce & content development

- 13.5. Electronic Data Interchange (EDI) Services
- 13.6. Video conferencing
- 13.7. V-SAT, ISDN services
- 13.8. Electronic Data Center activities

14. **IT Enabled Services:** ITES include processes and services sourced from a place that is located in a place separate from that in which the end users are located. It is delivered over private and secure public telecommunication networks. These services can be sourced from external contractors, own subsidiary or joint ventures.

15. **ITES include, but are not limited to:**

- 15.1. Customer interaction services, e.g., call/contact centres and email help desks
- 15.2. Engineering and design
- 15.3. Back office processing
- 15.4. Finance and accounting (provided remotely)
- 15.5. Insurance claims processing (provided remotely)
- 15.6. HR services (provided remotely)
- 15.7. Web site development and maintenance services
- 15.8. Data search, integration and analysis
- 15.9. Network consulting and management
- 15.10. Remote education
- 15.11. Animation (provided remotely)
- 15.12. Market research (provided remotely)
- 15.13. Translation, transcription and localization (provided remotely).
- 15.14. Consultancy (Provided remotely) for:
  - 15.14.1. IT sector
  - 15.14.2. ERP
  - 15.14.3. CRM
  - 15.14.4. MRM
  - 15.14.5. Technical support
  - 15.14.6. Business Systems & Processes
- 15.15. Data Processing
- 15.16. System Integration and customization.
- 15.17. System Up gradation services

- 15.18. Designing and designing systems
- 15.19. Call centers:
  - 15.19.1. Voice- Both inbound and outbound
  - 15.19.2. Data- Both inbound and outbound
- 15.20. Software Extension development
- 15.21. IT Facilities management (including provided remotely)
- 16. IT Enabled Services do not include remote production / manufacturing units, local branches of global businesses and virtual businesses on the Internet.
- 17. **Electronics:** The Electronics industry for the purpose of this policy means the following categories as per classifications notified by the Department of Information Technology, Government of India from time to time:
  - 17.1. Consumer Electronics
  - 17.2. Control, instrumentation and Industrial Electronics
  - 17.3. Data processing and office equipment
  - 17.4. Communication and broadcast equipment
  - 17.5. Strategic Electronics
  - 17.6. Electronic Components
  - 17.7. Parts of Electronics components
  - 17.8. Electronic materials
  - 17.9. Miscellaneous items used by the Electronic industry

**B. Definition of Biotechnology (BT) and Biotech Company.**

1. Biotechnology encompasses any technique, which uses living organisms or parts thereof to make or modify products, improve plant or animal productivity or to develop microorganisms for specific use.
  2. A Biotech Company means and includes inter-alia a company engaged in any of the following activities:
    - Research and Development and/or manufacture of products or processes, which use or are derived by using specific living systems (plants, animals and microbes or parts thereof) and or enzymes/ biocatalysts derived there from.
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- Genetic engineering or cell culture or microbiology or biochemistry.
  - Bio-informatics.
3. Any other item for Information Technology, ITES and Electronics projects as well as biotechnology, biotech companies and biotech projects as may be decided from time to time by the committee notified above.
  4. Knowledge Park for this purpose means an industrial complex which accommodates the IT, ITES and electronics industry projects.

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\* 'Biocatalysts' would mean proteins or proteinaceous molecules naturally occurring in or derived from living systems whose primary function is to assist in biochemical reactions.

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