

**MEMORANDUM ON IT & ITeS SECTOR SUBMITTED TO SHRI TARKISHORE
PRASAD, HON'BLE DY. CHIEF MINISTER-CUM-FINANCE MINISTER IN
PRE-BUDGET MEETING TO BE HELD ON 8TH FEBRUARY 2021
BY BIHAR CHAMBER OF COMMERCE & INDUSTRIES**

IT sector has been categorized as a Priority Sector in Bihar, but **IT & IT Services** has no locus standi in either Bihar Industrial Promotion Policy nor in Bihar Stores Purchase Policy neither in Bihar Budget.

Atmanirbhar Bihar- Budgetary Support

All departments should mandatory ensure that at least 30% of allotted IT budget – to be determined by department earmarked for IT and ITeS purchases in financial terms, be only of locally produced items/services, particularly from state based Startups or MSME. This percentage share of budget, at the discretion of the Principal Secretary/Secretary of the department concerned may be transferred to the next purchase in which case the next purchase shall have the sum total of the share to be purchased locally. Also, State Government should earmark **5 % of department budgets to be spent on IT solutions.**

Small Projects say upto 50 lakhs should be awarded to the Bihar based Entrepreneurs only. In Big Projects 30-40% work should be downloaded to Bihar based entrepreneurs, under a mandatory clause. This hand holding exercise will give big boost to local development of IT industry and also capacity building of IT in Bihar.

IT Service Sector Funding

The ITeS or rather services sector as a whole is starved of funds for growth, as their main requirement is Working Capital. Banks and Financial Institutions do not finance working capital requirements of the Industry. Budget should be allocated for ITeS funding under a mechanism, in form of collateral guarantee or Soft loan to the sector for faster growth

Local Preference

All Hardware and Software to be purchased by the Government shall have a local preference clause. Price priority preference of a percentage determined by the IT and e-Gov. department from time to time, shall be given to locally produced/developed or marketed Software, Hardware, Accessories, Peripherals and Services in all contracts/requirements, provided the other of terms and quality of goods or services are met. Special relaxation as per MSME parameters notified from time to time be made applicable on State purchases for Domicile MSME. This be extended even in case of purchase through GeM.

Incentives for Certifications

Reimbursement of the cost incurred by an IT/ITeS Company operating in the State on successfully securing quality & IT related certifications such as Capability Maturity Model (CMM) level 2 upwards, ISO 27001 for security, ISO 20000 for service management terminology, COPC (Collection Of Performance on Customer satisfaction), eSCM (e Sourcing Capability Management) certification with maximum reimbursement of 3 certifications with total limit of ₹ 25 lakhs per unit. The similar certifications related to this sector shall be included from time to time. This support in quality & competency building will encourage State entrepreneurs to compete nationally as well as Globally.

Patent Filing

To encourage research and development, reimbursement of up to 100% of actual filing costs on awarded patents, subject to a maximum of ₹ 500,000 for domestic patents and 10,00,000 for international patents. Number should not be restricted but should be open Encouraging Innovation within the state will bring in Global attention.

Single Window Assistance

Bihar IT department should make available a person from Single Window System, dedicated to investment assistance to the companies establishing/executing IT, ITeS and e-Gov projects in order to expedite the investment process.

Rebate on Lease/Rental Space to MSME IT/ITeS units

Reimbursement up to 75% of lease /rental charges for the space for Domicile MSME IT/ITeS units established in the state operating from leased / rented space in IT Tower/IT cities/IT Parks or any notified location, should be eligible with maximum limit of ₹ 15 lakhs per year, for a period of 3 years for MSME IT/ITeS units from the date of commencement of commercial operations.

IT Education Up gradation

IT education needs emphasis at every level of education, Primary, Middle, Secondary and Higher beyond IT user mindset towards IT innovator/developer/entrepreneur in our State. IT syllabus for state educational institutions should be redesigned in line with industry requirements and in consultation of IT Professional and Industry representative.

Bihar Advance Technologies Institute with world class facilities should be established in Major Cities of Bihar to give emphasis on **Enhancing Technological Competency** of students of Bihar in newer and future technologies, like Machine Learning, Big Data, Artificial Intelligence, AI as a Service, Internet of Things, Block Chain, Augmented Reality, Virtual Reality, Extended Reality, Holographic, 5G networks, Over The Top(OTT), Computer Vision, Personalized and Predictive Medicine, Genomics & AI etc.

Rebate on cost of land allotted/ Provision for Land/SEZ- as Priority Sector

Rebate in Cost of Land is being included as one of the major incentives for attracting investments in the state. The terms for allotting land and the procedure for availing the rebate for establishment of IT Investment area may be as defined below:

- a) Rebate shall be applicable only on Government lands.

- b) The land will be made available at the rate of 25 - 50% of the prevalent Collector Guideline Rate for Un-irrigated Agricultural Land, subject to availability of land and with the condition that the investment in fixed capital will be made within a period of three years.
- c) The lease rent will be charged at the rate of 1% per year of the actual lease premium payable by the Unit.
- d) Minimum number of BPO/BPM Professionals hired by a Unit in order to avail the concession shall be 100 per acre, of which, minimum 50% employment shall be for the persons who are residents of Bihar. Of all other employment created in the facility minimum 50% will be for the residents of Bihar.

However, for EHM Units the minimum number of hired professionals shall be 50 per Acre.
- e) The Units shall be allowed to license the constructed area to Third Parties for activities permissible for IT Units, with prior permission, provided they fulfill the employment generation requirement given above.
- f) Land will be allotted for up-to 99 years on lease with provision for further renewal.

Registration/ Stamp Duty

- a. Stamp duty payable by IT Units on mortgage/hypothecation with banks/financial institutions in IT investment area will be exempted provided the new unit is certified to be an IT Unit by an Authorized agency.
- b. Stamp duty and registration fee exemption will be applicable on Sale/lease by Financial Institution/Government Agencies/Pvt. Sector who acquire space/premises in IT investment area for subsequent lease to IT units provided the new unit is certified to be an IT Unit by an Authorized agency.

Employment Rebate on Cost of land —Private Development

A rebate on the cost of the land should be provided at the rate of INR. 30,000 per employee who is a Domicile of Bihar and has done above class 10th standard studies from BIHAR, for IT projects other than Mega IT projects. The payment will be subject to a minimum of 10 employees and also subject to maximum of 80% of the land cost as determined by a Government agency. Prescribed guaranties/securities would be taken from the sponsors of the project for the rebate.

Electricity Duty

New / Existing IT / ITES units registered with the Directorate of Industries will be exempt from payment of Electricity Duty from the date of commencement of production / activity for a period of 10 years for units in IT parks (including IT hardware and Telecom hardware manufacturing units). The Electricity Duty would also be exempt for IT parks developed by IT companies for their own use. 100 % exporting IT/ITES units under registration of STPI or other designated competent authority shall be exempted from paying Electricity Duty.

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Power subsidy MSME IT/ITeS units

MSME IT/ITeS units shall be eligible for 20% subsidy on power bills for a period of 3 years from the date of commencement of commercial operations, subject to a maximum limit of 40 lakhs.

Bandwidth Subsidy

All new BPO/BPM Units shall be entitled for a subsidy of Rs. 200/- per meter on laying the cost of Fiber upto the Unit subject to a maximum of 60% of the cost charged by the Telecom Operator/Internet Service Provider or 15 Lakhs whichever is lower. In case the BPO/BPM Unit avails connectivity through RF Network, the Unit shall be entitled for a subsidy of Rs. 2.5 Lakhs or 60% of the cost of Antenna Tower and related Equipments whichever is lower.

IT Park / Tower

ICT TOWER at Dak Bungalow Road - Patna , IT City- Rajgir , IT Park - Bhita . Need to review, frequently, to earliest completion of these projects. Space should be year marked for **rent free furnished space with all connectivity (electric and internet)** to the local IT and ITES Entrepreneurs of Bihar (Privilege to the Experienced IT and ITES Entrepreneurs of Bihar) for at least 10 years, special focus SC / ST Technocrats.

PROJECT APPRISAL AND MONITORING COMMITTEE

For IT related proposals and investment in Bihar required to expedite by this committee like FOOD PROCESSING SECTOR working in Bihar.

IT DATABASE of BIHAR Entrepreneurs

Bihar I T Ministry should categorize & empanel (through a proper system for competency categorization) **the IT Units and Professionals/Entrepreneurs of Bihar.** Circulate all departments /corporation and others this list of competent Units giving policy price preference in competitive bidding.

E-Waste Management

E-Waste management companies will be given 5% additional incentives to set up a disposal facility in Bihar In case of investment beyond INR 4 crores for storage, disposal, recycling etc. the facility shall be provided with a Tax holiday (reimbursement) for 10 years and industrial power tariff.

PLACE : PATNA

DATE : 08.02.2021