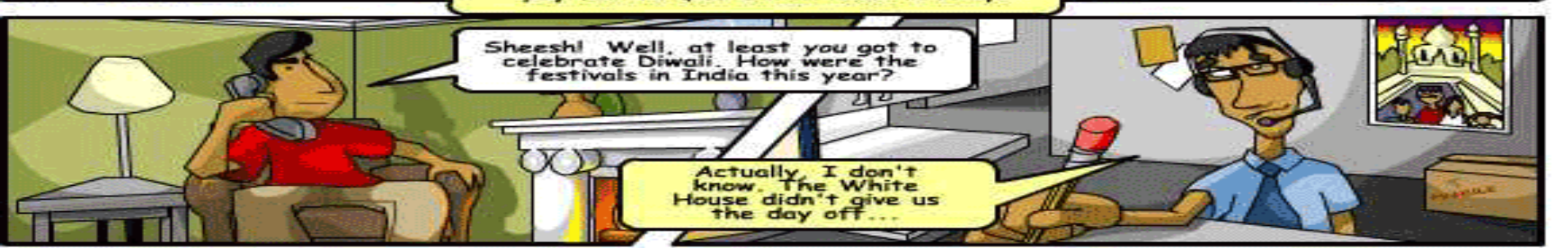
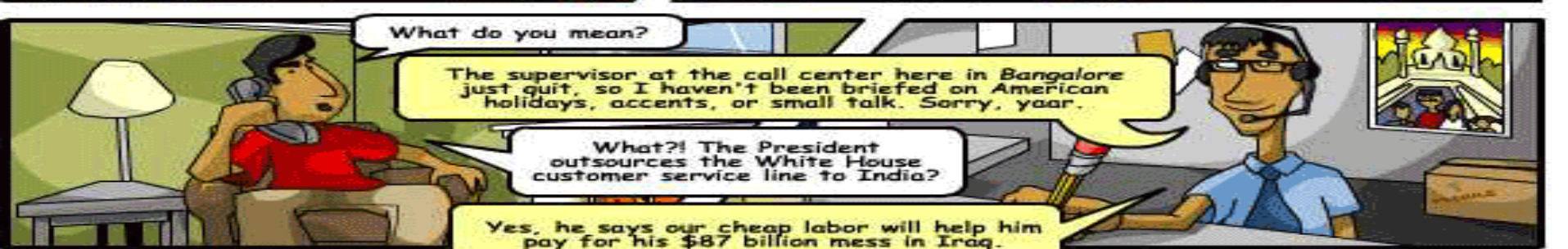
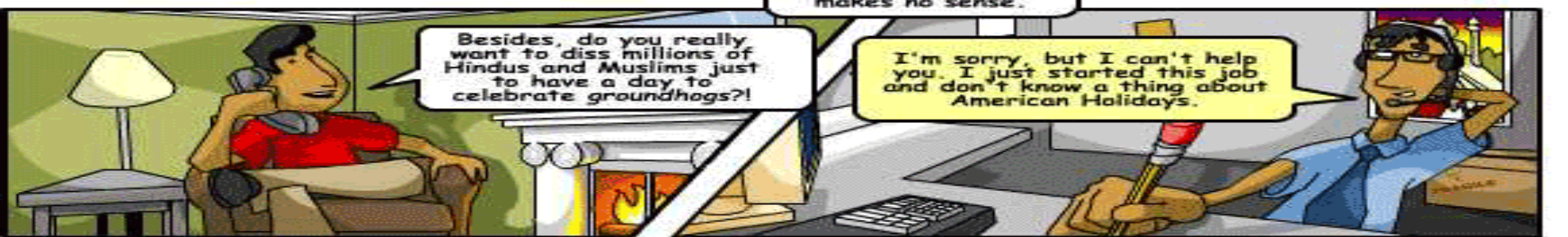
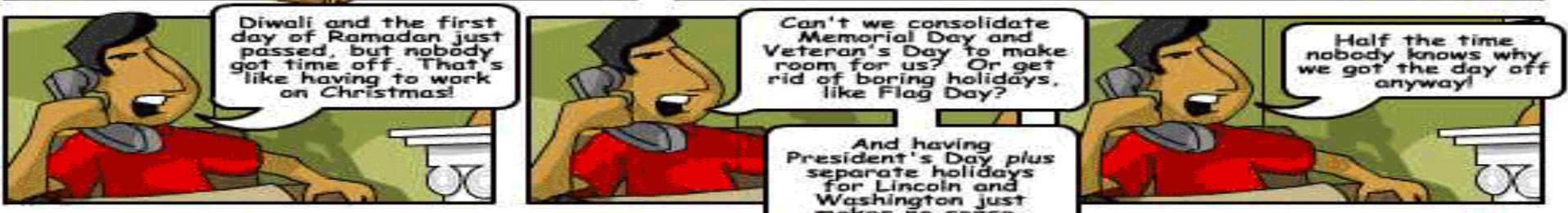




BPO in Himachal Pradesh

*PRESENTATION BY THE DEPARTMENT OF IT,
Himachal Pradesh at e-Revolution Chandigarh*



NASSCOM'S PROJECTIONS

- ITES/ BPO to emerge as the niche area for growth in the State
- Himachal scores high on 9 out of 13 parameters
- Projected annual revenues from software and services industry : **Rs. 20,000 crores** by the year 2009-10
- Even most conservative estimates show that this figure would be Rs. 5000 crores

at least

REALISTIC TARGET

- Number of B.Techs, MCAs and other high end IT professionals available by 2009-10 for software units = 4160 (hit factor accounted for and only Himachalis considered. People from neighbouring States will be additional)
- Number of other IT professionals = 15430
- Productivity per man hour USD 60 and USD 16 for the aforesaid categories (for software and ITES/BPO)

REALISTIC TARGET

Realistic figure: $4160 \times 0.6624 + 15430 \times 0.1766 = \text{Rs. } 5480 \text{ crores}$ or say **Rs. 5000 crores****

Or **USD 1..19 Billion** out of total projection of **USD 50 Billion** for the country

***Assuming 8 working hours per person and 300 working days*

Note: These are most conservative figures

WHY HIMACHAL

- Income Tax Holiday for 5 years and 30% rebate thereafter (even if tax on BPO is imposed elsewhere in the country as was done in January, 2004).

Income Tax exemption even for domestic operations

- Section 80HHE, 10A, 10B of Income Tax Act (DGFT registered units also enjoy full benefit)

- 15% capital subsidy on P&M: Max. Rs. 30 lacs

- Excise Duty exemption for 10 years

- **Special package for investment > Rs. 10 crores**

WHY HIMACHAL

- **No Sales Tax on IT/BT products. Zero CST with Form C and D and 1% CST without Form C/ D**
- **N x 2 mbps connectivity. OFC network has been laid across the State : 8000 kms. plus: Highest density in the country**
- **IT Education (affiliation to any reputed institute, land at registered average value, only 5% Government seats)**
- **STPI, Power Grid Corporation and BSNL are various options**
- **No job hopping**

WHY HIMACHAL

- **Low capital cost and rentals (even Rs. 10 per sqft right in the heart of Shimla town)**
- **Extremely proficient manpower for SMEs doing BPO and ITES operations at low rates**
- **The NIT, JPUIT, Polytechniques, HPU and other institutes churn out highly skilled manpower fit for the software industry (PEC, TIET nearby)**
- **General permission for 3 shift operation**

WHY HIMACHAL

- **Good quality of life (old summer capital of India)**
- Top class educational facilities for the children of IT professionals
- Excellent road infrastructure
- No air-conditioning required
- **Uninterrupted and cheap power supply (<Rs. 3 per unit)**
- **Salubrious climate – far from the madding crowd**

WHY HIMACHAL

- Excellent English speaking skills – accent neutralization not needed
- 25 to 50% additional FAR for IT units
- Exemption from routine inspections and self certifications under various laws
- Venture Capital Fund being created
- Highest literacy rate after Kerala -Amarteya Sen's Report

IMMEDIATE ROADMAP

- **A centralised infrastructure to cater to the needs of the software development/ BPO centers on the lines of ITPL and Hi Tec City (near Shimla: > 120 acres)**
- **Himachal State Wide Area Network (HIMSWAN) : Phase-1 computers with 1:3 ratio in Secretariat.**
- **2 Mbps even for in even very small towns**
- **IT habitats at Solan, Hamirpur, Baddi, Parwanoo, Kullu, Mandi and Dharamshala and two knowledge corridors in the State**

IMMEDIATE ROADMAP

- Independent IT Department with allocation of 1.5% of Plan Budget
- Enhance quantity and quality of skilled manpower
- Airports are being further upgraded
- 21 day land clearance u/s 118 of Tenancy and Land Reforms Act

THANK YOU

11/23/2005