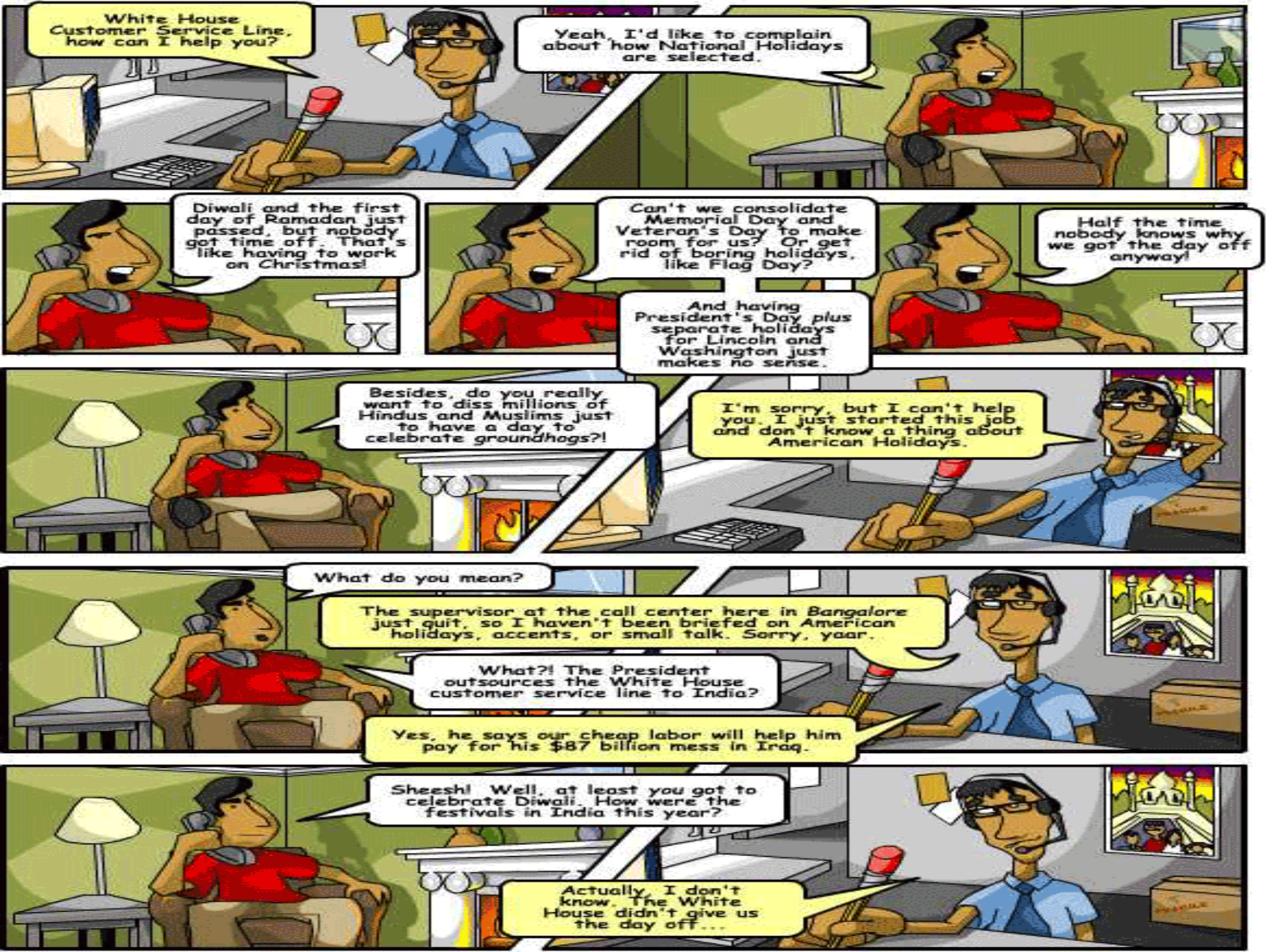




# **BPO in Himachal Pradesh**

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



White House Customer Service Line. how can I help you?

Yeah, I'd like to complain about how National Holidays are selected.

Diwali and the first day of Ramadan just passed, but nobody got time off. That's like having to work on Christmas!

Can't we consolidate Memorial Day and Veteran's Day to make room for us? Or get rid of boring holidays, like Flag Day?

Half the time nobody knows why we got the day off anyway!

And having President's Day plus separate holidays for Lincoln and Washington just makes no sense.

Besides, do you really want to diss millions of Hindus and Muslims just to have a day to celebrate groundhogs?!

I'm sorry, but I can't help you. I just started this job and don't know a thing about American Holidays.

What do you mean?

The supervisor at the call center here in Bangalore just quit, so I haven't been briefed on American holidays, accents, or small talk. Sorry, yaar.

What?! The President outsources the White House customer service line to India?

Yes, he says our cheap labor will help him pay for his \$87 billion mess in Iraq.

Sheesh! Well, at least you got to celebrate Diwali. How were the festivals in India this year?

Actually I don't know. The White House didn't give us the day off...

# 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