AP FIRST
Information Technology Policy-2000

Government of Andhra Pradesh
July 2000

I . The Vision

The Government of Andhra Pradesh has a clear vision for the all round development of the State. This is reflected in the form of a well-conceptualized and cogent blueprint called Vision 2020. The Vision 2020 document sets the goals and milestones and suggests the strategies and plans necessary to realize the vision. The constantly inspiring and overarching goal is to build **Swarna Andhra Pradesh**- the ideal society of the future. The vision of the State for the IT sector is embodied in the following statement :

> *" Andhra Pradesh will leverage Information Technology to attain a position of leadership and excellence in the information age and to transform itself into a knowledge society."*
> - *Vision 2020*
> (A collaborative effort of GOAP & Mckinsey & Co)

The vision on the IT front is also nicely paraphrased in the following statement of Sri N. Chandrababu Naidu , Honourable Chief Minister of Andhra Pradesh.

> "My Vision is to make AP the foremost state in ten years time   in terms of standard of living of my people… through adoption of Information Technology   in all aspects of development and governance."

The IT policy for Andhra Pradesh is so formulated as to create the right environment for realizing the above vision.

Objectives of IT policy

The policy objectives for the IT sector flow from the vision of the Government of Andhra Pradesh described in the foregoing section. The policy shall act as the beacon light for guiding the actions of all those interested in reaching the goal of the over all development of the State using IT as the major vehicle. The set of such interested parties includes the State consisting of the legislative, executive and judicial arms, IT entrepreneurs, citizens, businesses, academicians, students, intelligentsia, association of   professionals etc. The policy contains guidance for each of these stakeholders. The objectives of the IT policy are enunciated below.

- **Economic development** : The first and foremost objective is to use IT as an instrument to foster the economic development of the State. This translates to specific action in the following areas
  - Growth of IT industry in the state
  - Growth of software exports
  - Creation of employment potential
  - Attracting investments from outside the state.
  - Providing high quality services in all spheres
  - Promoting knowledge as the key resource for economic progress of individuals & institutions.

  One of the prime policy considerations of a democratic government is the need to ensure that the economic benefits that flow out of its initiatives spread evenly and reach the underprivileged population groups as well. While the benefits of citizen services projects reach the rich and the poor equally, IT projects aimed at improving the internal efficiencies benefit the poor indirectly through better planning and targeting of weaker section programs and superior enforcement of law. Apart from this, the Government intends to make conscious efforts to see that IT percolates to the middle class and people below the poverty line. This translates to goals such as

  - Taking Internet to the villages,
  - Promoting IT-enabled education,
  - Promoting Local Language interface and
  - Taking up socially relevant extension and outreach programs.

- **Human Resource Development :** Together with economic development , an improved quality of life to the citizens has to be assured. These include the following :
  - Quality , standards and universalization of education
  - Access to quality health care for all
  - Availability of nutritious food for all
  - Development of centers of excellence in knowledge.

- **Good Governance :** Good governance is a *sine qua non* for the orderly functioning of the society. IT can significantly impact on the quality of governance. The following facets of governance can be significantly improved with the use of IT:

  - **Government- Citizen Interface**
  - **Government-Business interface**
  - **Intra-Governmental processes**

IT shall be used not merely to automate processes but as a strategic tool to simplify procedures and revamp processes.
Electronic governance will bring in the following benefits :

- Any-where, any-time services to citizens
- One-stop shop for all transactions in   the G-C interface
- Better accountability, responsiveness and transparency of all systems.
- Highly efficient government machinery & systems
- Reduced discretion and arbitrariness

This document on the IT policy 2000 makes an endeavor to put in place the overall framework necessary for achieving the above objectives.

The IT policy 2000 is not a static document. The nature and pace of development of Information Technology dictates that such a policy document has to be dynamic and evolutionary, to take into its fold emerging technologies and trends. It is, therefore, proposed to update the document as frequently as required.

II STRATEGIES

The Harvard Business School defines entrepreneurship as *'the relentless pursuit of opportunity with no regard to the available resources'*. This definition, however, is in the context of an individual entrepreneur. This definition has to be suitably tempered in the context of a State policy and a State initiative. In the context of the State, the policy objectives, however laudable, have to be assessed for their feasibility against the background of the socio-economic conditions prevalent in the State, the financial and human resources available with the Government, the conduciveness of the fiscal environment for growth of capital and entrepreneurship in the IT sector and, above all, the will of the people to support and encourage achievements in this sector. Given the fact that many of the above requisites are not available to the desirable degree in any State at any point, **the Governments have to design and adopt a suitable set of strategies to derive optimum benefit from the available set of resources** and mould the circumstances to advantage for achieving the policy objectives.

The set of strategies most appropriate for the overall development of the IT sector in the State are discussed below.

4

1. Putting the enablers in place

One strategy that is extremely relevant in the circumstances is to identify and put in place the enablers, which catalyze and foster a rapid growth of IT on all fronts. It is necessary for us to study the factors that were responsible for such rapid growth of IT sector in areas like the Silicon Valley, Route 128 , Singapore, Taiwan and China. The following are believed to be the set of enablers that would be required in the Andhra Pradesh context.

- **Apex policy-making bodies :** The key to the design and development of a successful IT policy and monitoring its implementation is the existence of a high-powered policy making body that forms a think tank capable of drawing a large yet manageable canvas and that which can take quick decisions. This assumes special significance in the context of the IT sector, given the traditionally slow decision-making process associated with Governments and in contrast, the speedy decision making required to keep pace with the developments in this internet age. In view of this, the Government of Andhra Pradesh has created a suitable institutional mechanism in the form of the following bodies.

    o **AP FIRST :** This is the apex body with the responsibility for the design of suitable IT policies, strategies and plans and reviewing their implementation. It is chaired by the Chief Minister and consists of Ministers for Finance and Revenue besides experts of the Indian IT industry . This IT Board meets on a fixed day of every alternate month.

    o **ITPC :** (Information Technology Promotion Committee) . This Committee, headed by the Chief Secretary and consisting of Senior Secretaries of the Government, is responsible for evaluation of major IT projects besides implementing the IT policy and reviewing its progress.

    o **C-IT :** (Departmental Committee on Information Technology) These Department-level Committees headed by the respective ministers are responsible for drawing up suitable IT plan for the department and its implementation and review.

    The structure described above has been created through GOMs 4, Finance & Planning (Plg IT&C) Department dated 24-1-2000 , a copy of which can be seen at **Annexure I**

- **The Technology Think Tank :** When the policy objective is to develop IT within the Government and outside in a ubiquitous way, it is

necessary to be clear about the technology options available so that the state has the advantage of keeping itself on par with the best in the world. It is equally important to forge technical standards so that we do not create islands of excellence which can not communicate with each other ! These standards could cover simple things like the way we define data to complex things like communication and networking standards. For considering these matters, a Technical Advisory Board (TAB) is to be constituted **.**

- **The Right Regulatory Regime :** Efforts shall be made to ensure that starting and running of businesses in the State in general and IT industries in particular, is fast and smooth and to see that the interface with Government is required to be minimal and positive. Efforts shall be made to put in place a regulatory regime that regulates the least ! The G2B interface shall be through electronic means within 3 years. The areas identified to be reformed in this regard are :

  - Licensing & registration of a business
  - Declaratory & filing requirements under
    - *Income Tax Act*
    - *Customs & Central Excise*
    - Sales Tax
    - *FERA*
  - Compliance requirements under various Acts like
    - Water & Air Pollution Act
    - Factories Act
    - Employment Exchange (Notification of Vacancies) Act
    - Payment of Wages Act
    - Minimum Wages Act
    - Contract Labour (Regulation & Abolition) Act
    - Workmen Compensation Act
    - A P Shops & Establishments
    - Employees State Insurance Act

  - Facilitating regulatory regime conducive to formation of capital , under the
    - *SEBI Act*
    - *RBI Act*

While some of the Acts are under the purview of the State Government, the items shown in italics are under the purview of the Central Government. In respect of a majority of the State laws requiring liberalization at the hands of the State Government, suitable orders have already been issued through GOMs 114 dated 25-5-1999 (Copy at **Annexure II**). It shall be the endeavor of the Government of Andhra

Pradesh to use its good offices to bring about desired reforms in the legal, taxation and regulatory matters relating to the Central Government also.

CCITI : The Government has constituted a Consultative Committee on IT Industry through GOMs No 3, IT &C Dept dated 25-5-2000, (**copy at Annexure III**) under the Secretary IT&C, to create a forum for coordination between the various agencies under the Central & State Governments and the IT industry. The committee is supposed to meet once in 2 months and resolve the problems faced by the industry. The issues relating to grant of Incentives to IT industry are also under the purview of the CCITI.

2. Building Infrastructure :

One of the most important pre-requisites for fostering the growth of IT industry is the building up of the required infrastructure in the government sector to the extent necessary and in the private sector to the extent desirable. The infrastructure for IT is broadly in the form of the following .

- **Hi-tech Habitat :** Ready availability of Hi-tech space with the required amenities like built-in electrical and communication ducts, data ports, central air-conditioning etc will be a great incentive for IT companies to set up shop on a fast track. It is the endeavor of the Government to facilitate creation of large extents of hi-tech space not only in and around Hyderabad but in the important cities and towns in the state.

  The first major effort at this is the Hitec City at Madhapur, 7 km from the heart of the city. It is a 1 million square-feet of world class ITspace. The phase I of the Hitec city is fully booked already. It is noteworthy that the Hitec city has come up in a mere 11 months through a Joint venture, L&T Infocity, between the AP Industrial Infrastructure Corporation and Larsen & Toubro Ltd in keeping with the strategy of leveraging the best private sector strengths. This JV is actively engaged in developing phase II of the Project to create about 860,000 sqft of high tech space in blocks of 250,000 sqft . The first block will be available by December 2000.

  In addition to developing Phase II of the Hitec city, the Government has also enabled IT majors to develop space of their own by allotting plots of land adjacent to the Hitec city, at a concessional rate. Wipro, Baan, SoftSol, Infotech have already brought up their development centers in this area. An extent of about 100 acres of land is available in the vicinity of the Hitec city, for allotment to IT companies, as of January 2000.

The Government has issued a set of guidelines to facilitate allotment of land to the IT units at the concessional rates in terms of the IT policy. These guidelines contain the format of application for land and other incentives, the eligibility criteria, the procedure for evaluation of the requests etc. A copy of the guidelines can be seen at **Annexure IV (GOMs 5, IT&C dept dated 16-6-2000)**

Given the policy objective of developing all parts of the state using IT as the instrument, it is imperative that hitec space is built in and around all the major cities and towns in the districts. Such space would be extremely useful to spawn the growth of IT-enabled services – a sector that has the promise of providing jobs to millions. It is the policy of the Government to encourage and promote the building of mini-hitec cities in this hinterland at medium to low rates within the reach of start-up IT entrepreneurs. A suitable framework for promoting such efforts will soon be brought in place.

The Government has cleared a proposal to construct a Hitec city at Vizag. A plot of 10 acres of land has been set apart for this purpose in an important part of the city, abutting the National Highway 5.

- **Cyber City :** The march towards a knowledge society requires the establishment of intelligent cities which are planned and constructed with all features conducive to give a free play to the explosive development of IT. These features include a suitable city plan, energy-conserving and environment-friendly building architectures, in-built connectivity with bandwidths on futuristic scales, recreational facilities that induce innovative thoughts and entrepreneurship, excellent transportation facilities and logistics, education and healthcare of international standards with highly focused IT education and an ideal networking environment for entrepreneurs, investors and academics.

  The services of an international consultant have to be hired for the preparation of a blueprint for the Cyber-city. The AP Industrial Infrastructure Corporation has been requested to initiate work in this regard.

- **Band-width** : Bandwidth is to IT what oxygen is to human existence. Bandwidth is an electronic highway, which is critical for the conduct of all human interactions in the new millennium. However, by international standards, the State is still way behind . Viewed in the above perspective, Andhra Pradesh must take the lead in creating this mission-critical infrastructure by designing an attractive model for acquiring bandwidth in an economically viable manner, quite like constructing other IT infrastructure.

Optical Fibre Connectivity
Government will facilitate and promote the establishment of broadband digital networks in the State . For example, the existing transmission and distribution network of the Electricity utilities and the highways could be used to establish a digital backbone network in association with the private sector.

Policy on Right of Way
The Government has announced its policy on right of way along all the highways of the state, for the telecommunications sector. The salient features of this policy are given below.

- o The policy is modeled after that of the Ministry of Surface Transport, Govt of India in respect of National Highways.
- o Any entrepreneur holding the necessary licenses from Department of Telecommunications, can apply for permission to lay optic fibre along the State Highways, forest roads, district roads, Municipal and Panchayati Raj roads, along with a set of plans.
- o Permission will be accorded by the respective Engineer-in-Chief within 14 days.
- o The applicant has to enter into a license agreement with the concerned department agreeing to restore the road margin / road to its original standard after laying the cable.
- o The right of way is given free of any charges or license fee.

A copy of the GOMS 5 Fin & Planning (IT&C) department dated 11-2-2000 can be seen at Annexure V.

Satellite communications
The Government will promote the use of satellite communication systems to provide connectivity, especially to the remote locations in the State. The Government has two proposals on hand in this area.

The Government will also promote the use of wireless communication technologies to provide better communication services especially in the last mile. The Government will ensure the efficient management of the radio frequency spectrum to maximize convenience to users. An integrated approach to wireless communications to meet governmental requirements will be developed.
The use of CORDECT technology is being experimented to connect the villages in Kuppam constituency, in Chittoor district. It is being implemented by the Telecom Department.

The other approaches for bandwidth creationbeing explored currently are

- Getting permission for a landing point for fibre carriers on the East Coast.
- Promoting the building of sub-marine OF link with the US West Coast via Singapore and Japan
- Broadband high speed links with the metropolitan centers of the country.
- Early implementation of Sankhya Vahini Project- a joint venture of IUnet , DoT and IIIT which envisages laying down optical fibre backbone touching all major cities in India. This project has received the approval of the Union Government in January 2000.

- **A Modern International Airport** : International Airport is essential for speedy and convenient travel and cargo movement to international IT centers. It facilitates
  - Travel of IT professionals to Silicon Valley and to other IT hubs of the world
  - Quick cargo movement of computer hardware produced by Hardware manufacturers to the International markets and
  - Importing IT equipment required for research and development.

  The Government of Andhra Pradesh is promoting an international airport at Shamshabad, about 40 KM from Hyderabad. In pursuance of a notification issued calling for expressions of interest , 7 major international consortia have expressed interest in the project. RFP is about to be issued (as of July 2000).

  Following are some of the salient features of the Hyd International Airport project.

  - Suitable site admeasuring 2000 acres is being acquired.
  - Tata Consultancy Services with Speedwing UK (British Airways) were appointed as consultants.
  - Bids invited for expression of interest under Design, Finance, Build, Operate and Maintain basis.
  - 50 year planning horizon
    - World class International Convention Centre Complex
    - Engineering & Maintenance Centre
    - Airport Management & Aviation Academy
    - World Class Export Promotion Zone
    - Cargo Complex
  - Airport to be positioned as Regional Hub in the domestic and International sectors.

- **International Convention Centre** : Another piece of essential infrastructure is the establishment of an International Convention Centre with facilities to host International IT exhibitions, Seminars and Conferences. Hyderabad with its multifarious advantages like availability of quality manpower, central geographic location, competitive real estate prices, good social and civic infrastructure, decent quality of life and a facilitating proactive Government is perceived to be an ideal investment destination in India.

  The State Government offers 5 hectares of picturesque land in the Central Business District, where other tourism and leisure development projects are envisaged, for establishment of the Convention Centre. The Government intends to establish it through a partnership between the AP Industrial Infrastructure Corporation and the private sector.

3.Creating the right social environment :

The development of IT industry in a region is an evolutionary process. It happens over a period of time – typically a decade or two. This continuous process of evolution needs a continuity also in the policy environment, which , in turn, depends on the socio-economic milieu. A climate conducive to the development of IT has, fortunately, emerged in India in general and in Andhra Pradesh in particular. It is the firm intention of the Government to exploit these climatic conditions fully on one hand and take steps that would ensure its consolidation on the other.

The creation of confidence in society in the capability of IT to manage its day to day affairs and the generation of the wide spread belief that IT can be an effective instrument for the economic well being of a people are essential in this context. Fortunately for the State, such a confidence and belief have already begun to take root due to the successful and visible effects of some of the projects taken up or promoted by the State. Examples are the Hitec city, the IIIT, CARD and TWINS projects, which have fired the imagination of not only the citizens of the state but also of the other States and countries. This is an excellent and highly conducive situation.

Building public awareness

However good the objectives of the IT policy may be, its successful implementation depends to a large extent on the extent to which the citizens in general and the benefit groups in particular appreciate its usefulness and derive the fruit it provides. Very well implemented IT projects could not achieve the desired objectives due to the disinterest –bordering on apathy – and ignorance of

what benefit the project could offer to the citizen. A well designed campaign to continually enhance the public awareness of the benefits of the various programs is quite relevant and essential in this context. This campaign could be in several forms like

- Advertisements through press and media
- Electronic Display Boards
- Project-specific seminars and workshops
- Press conferences
- Web-sites
- Mega IT Events
- Road shows
- Participation in exhibitions

The cost and effort required to create the right degree of awareness among the user groups - be it the citizens, the entrepreneurs, the employees – has to be built into the design of all IT projects.

4. Leverage private sector initiative

One other strategy critical to drive massive investments into the IT sector that it rightly needs at this point, is to leverage the financial, managerial and technological strengths of the private sector. For such a strategy to take root and work, it is necessary for the Government to spell out the areas in which such investments are invited and to spell out the ground rules for private initiatives. Some of these areas are

- Creation of IT infrastructure
- Implementation of e-Governance Projects on BOO and BOOT basis
- Development of software for e-governance projects
- Facilities Management
- Distance education & healthcare
- Community Internet Infrastructure
- E-commerce

While it is not possible in this document to detail the ground rules required for participation of the private sector, it is necessary to lay down the principles governing the same. The Government intends to be guided by the following principles in this regard :

- Transparency of procedures adopted for selection of private parties

- Designing a suitable scheme for creation of a stream of revenue linked to the transactions, in relation to implementation of e-Governance projects on BOO, BOOT basis, before throwing a project to the process of open bidding.
- **An institutional mechanism for empanelling players in the IT sector who intend to work on Government IT projects**, and awarding projects based on pre-determined eligibility criteria on a fast-track basis. The range of IT players include system designers, developers, system integrators, facility managers, ISP's, IT training institutes, internet companies, web-site developers & hosts etc.

The Government believes that the adoption of such a strategy would have three advantages. Firstly, it will pave the way for pumping in large amount of investments into the priority areas of IT, which Government can not hope to do at the required pace. Secondly, it would give a fillip to the development of a variety of IT skills locally and create job opportunities. Thirdly, it will give the required experience to the local IT players and give them enough confidence and credentials to compete globally.

5.Strategic alliances and partnerships

One of the key objectives of the policy is to make the State globally competitive in the IT sector. This requires emulation of global best practices. Strategic alliances and partnerships with global leaders in specific thrust areas of IT, especially in IT infrastructure and IT education, is ideally suited to achieve this end. This strategy will have several distinct advantages. Firstly, the global player would bring to the table the state-of-the-art technology and skill set. The Government need not invest its resources on a technology hunt. Secondly, the financial and managerial resources of the State are not put to undue strain. This strategy has already been successfully used in the development of Hi-tec city, IIIT and the international IT schools around IIIT and the Indian School of Business. The government intends to take up more such projects through the alliance / partnership route in diverse areas. While it is not possible to straight-jacket the policy or the norms for arriving at and concluding such alliances / partnerships, it is certainly possible to indicate the areas in which proposals are welcome. The following is the list of priority areas in which the government intends to follow the alliance / partnership route.

    i. IT-enabled education
    ii. Data centers /server farms
    iii. Digital libraries
    iv. Smart cards
    v. Electronic Payment systems

6.Collaboration

The Government intends to foster strategic collaborations with other countries to derive the synergies in bringing the best practices of the world into the State. An MOU has been signed with Singapore in 1997.

7.International consultancies

It is crucial to design an overall **architecture** for the development of IT in the State and for assessing global trends and the competitive advantages of the State. Though such an architecture is likely to be dynamic due to the very nature and pace of advancement of information technology, it is felt desirable to have an initial blue print, which can be updated at yearly intervals. Putting such an architecture in view would benefit the State immensely by eliminating redundancies and enabling interoperable solutions to be developed in all sectors of Governance. To this end, the Government proposes to retain the services of an International consultancy firm in designing large systems. **The Government has sought Expression of Interest (EOI) from 6 international consultancy firms for the purpose in June 2000. The work may be entrusted by mid-August 2000**.

8.Thrust areas

It would be strategically important to identify and focus on the thrust areas in IT based on the strengths of Andhra Pradesh. This would give visible results in the medium and long run. The Government considers that the focus of Andhra Pradesh should be on **IT-enabled education, e-Governance and IT-enabled Services.**

III e-GOVERNANCE

The Government of Andhra Pradesh firmly believes that e-Governance is one of the pillars of the edifice of IT. The Government exists for the people. All the efforts and initiatives of the Government should, therefore, be directed to the goal of providing good governance. It is well recognized principle of public administration that a good government is that which governs the least ! Hence, fundamental to the concept of good governance is a process of administrative and legal reforms aimed at reducing State controls and regulations to the barest minimum and developing a system that can administer the minimum required controls in the most efficient manner. The Government cherishes the vision of establishing a Simple, Moral, Accountable, responsive and Transparent Government – **SMART** government.

e-Governance is one of the vehicles that can be gainfully used in reaching the goal of **SMART** governance. The Government is aware of the fact that transition to e-Governance is a difficult exercise, which can be costly, time-consuming and fraught with several organizational and behavioral impediments. In the face of these constraints, the Government desires to adopt a pragmatic and graded approach to the issue.

1.Ground gained so far

Andhra Pradesh has already gained the pride of place in the area of e-Governance owing to the efforts made over the last five years. Several major projects are on ground and beginning to yield good results. A brief survey of these efforts is made below.

- o **APSWAN** : Connectivity is perceived to be the backbone of all efforts at e-Governance. A 2Mbps optical fibre connectivity has, therefore, been established between Hyderabad and all the District Headquarters plus two other major towns(Vijayawada & Tirupati). The network has been operational from 1-11-99. It has been implemented under the BOO concept.
  The Government has the following policy perspective for the APSWAN
    - Putting an alternative backbone in position with higher capacities and better technologies.
    - Taking the connectivity to the next logical levels of the mandal and village levels in one and 2 years. The vision of the Government to take to its villages, the benefits of access to the internet can be thereby achieved.
    - The WAN infrastructure already created and planned in future is proposed to be optimally used by the

government departments and agencies to translate the concept of e-Governance into a reality. Detailed technical guidelines have been issued to all the departments of the Government for connecting to APSWAN through leased lines & on dial up basis.

- **Video-conferencing Facility** : A video-conferencing facility between Hyderabad and the 25 cities/ towns has been operational from 1-11-99. It rides on the APSWAN. The facility has to be eventually extended to all major departments at Hyderabad and their officers at the district level. It should be used also as a tool for specialized professional education and extension activities.

- **CARD (Computer-aided Administration of Registration Department)**: This is one of the major success stories of e-Governance in India. 214 registration offices have been completely computerized from 4-11-98. The process of registration of deeds is completed in one hour and several other miscellaneous services like issue of Encumbrance Certificates and valuation certificates are accomplished in 15 minutes. The government is seriously contemplating provision of registration services on a remote access basis as it would promote public convenience tremendously. **About 950,000 documents have been registered under CARD till end of June 2000.**

- **COMPACT (Computer-aided Administration of Commercial Taxes)**: 220 offices of Commercial Taxes Department, including 16 checkposts have been computerized from 1-4-96. The database of the details of over 350,000 registered dealers has been built up. Over 1 million returns are fed annually into the computers at 182 CTO offices for processing and analysis. About 5,000,000 transactions are captured online in the computers at 16 checkposts annually and the data is analysed and used for taking up investigations to detect evasion of sales tax.

- **TWINS(TWIN cities Network Services) :** A pilot project to provide one-stop services to the citizens has been launched in December 1999. It provides an initial set of 18 services to the citizens of ward 8 of Hyderabad. These include payments of utility bills, issue of certificates, licenses and provision of information useful to the citizens.

Road Ahead – on integrated citizen services
> The Government proposes to
> - Replicate the TWINS pilot to all parts of the twin cities initially and to all other areas of the State eventually
> - Add more citizen services to the project
> - Introduce electronic payment systems
> - Provide some of the services on the internet.

The extension of the concept to several other locations in the State is sought to be achieved adopting BOOT model, involving the private sector. This model is expected to provide cost-effective services to the citizens in a speedy way. It is planned to extend the project to entire twin cities by October 2000 and to all major cities and towns subsequently.

A comprehensive RFP to extend expanded services of TWINS to 24 more Service Centres covering the leght and breadth of twin cities, on BOOT basis, has been issued in June 2000. The Government is keen to implement the project by December 2000.

An experiment in providing such single-window services in the rural areas is being currently planned.

- **SKIMS (Secretariat Knowledge and Information Management System):** This project is designed to develop a generic product that efficiently manages the information and knowledge of a large organization like the secretariat. Secretariat being the seat of the Government, is a repository of a fund of information and knowledge. Public interest lies in efficiently managing this pool. The Government feels that IT holds the key to this delicate management exercise. The Government intends to implement the SKIMS project in a phased manner over 12 months (FY 2000-01) to achieve the following goals.

  - Increase employee productivity & satisfaction
  - Create a Knowledge Bank
  - Exploit the power of the network
  - Automate the work flows in the secretariat
  - Prioritize areas of work
  - Provide effective tools for performance evaluation.

  The functional requirements have been arrived at and the RFP has been released in June 2000 for outsourcing the mammoth work of developing application software for the Central Information System and for each of the 40 departments. **At the end of Phase I of the bidding, TCS, Intelligroup and NIIT are in the fray for the final**

selection in Stage II
The product to be developed can be customized to be deployed in any major Govt organization that deals with files, like the following
- Other State Secretariats
- Central Secretariat
- Departments of Govt of India
- Pubic Sector Undertakings

- **FAST (Fully Automated Services of Transport department) :** The Fully Automated Services of Transport project is another e-governance project that aims at providing all transport department services like Issue of learner's licenses, driving licenses and registration of vehicles through a comprehensive, networked solution. A pilot project has been launched (on 12-5-2000) at 3 sites in the State – Secunderabad, Vijayawada and Tirupati. It is being implemented on a BOO basis. The Government intends to implement it at 34 more sites across the State on a BOO basis with participation of the private sector.

- **Computerization of Treasuries :** This is one of the oldest e-governance projects taken up in the State. All the accounting needs of the Treasuries Department are taken care of under this project. 23 District Treasuries and 300 sub treasuries have been computerized under this project. It is possible to know the receipts and expenditure of the Government on a dynamic basis.

- **MPHS (Multi-Purpose Household Survey project) :** This is one of the largest IT projects undertaken by the Government. It aims to create the database of the socio-economic data of all the citizens of the state. The project is proposed to be implemented at all the 1122 mandals, which are the pivotal administrative units of the Government at the cutting edge level. The package of applications implemented under this project include – creation and maintenance of a citizen database that can be used in a variety of ways like for the public distribution system, issue of individual identity cards, in ensuring better targeting in all the poverty alleviation programs, land records, land acquisition and grievance redressal system. The MPHS project has been implemented so far in 320 mandals. The remaining mandals are likely to be covered by July 2000. The Government proposes to use the infrastructure created under this project for being used as the nucleus of all efforts aimed at taking the benefits of IT to the common man.

- **APDMS :** The Andhra Pradesh Development Monitoring System is a GIS-based system that has been launched on 26-1-2000. It has created the base maps of all the 1122 mandals and the constituent revenue villages and habitations together with a suite of applications

which superimpose the thematic data on the road network, the community infrastructure, basic demographic data, soil and geo-morphological data etc. This information is accessible on the web and provides a tremendous support to research, analysis, project design and monitoring in the area of development planning.

2. Approach to Computerization of all departments

Given the resource constraint, it is not possible for the Government to attempt computerization of all the departments and agencies at one time. A thin spread of the resources is likely to result in a large number of failures and non-starters. The government , therefore, considers it a better strategy to prioritize its departments and agencies on rational criteria and focus on the priority areas so as to computerize all of them over the next 3 years. The objective of an e-governance project could be any or all of the following :

- Improve the quality of citizen services
- Improve the internal efficiencies of the Govt dept or agency
- Better enforcement of law
- Promotion & Outreach activities
- Education & Information

It is necessary to identify and prioritize the IT projects in different departments along the above lines. An exercise has already been started in this direction.

The next step is to impart the necessary skills to the senior functionaries of the Government like the Secretaries and the Heads of the Departments and to draw up plans of action that identify the clear objectives of each IT project, the resources required , the HRD and change management required and the phasing.

- **Local Language initiative**

All the major IT projects have adopted English as the medium. However, for administration to be effective and for the benefits of computerization to reach the common man, it is desirable to adopt Telugu as the medium. The Government of AP has appointed a Committee headed by the Chairman of the Official Language Commission to design and develop standards for use of the Telugu Font on computers, development of Internet content in Telugu, translation of English content to Telugu and suggest the steps necessary to promote the use of Telugu in computers.

The Committee has submitted its recommendations to the Government in June 2000. **The consequential action to notify the standards and implement the other recommendations of the Committee would be taken in July 2000.**

- **Security Policy**

  Security of the data is of paramount importance for a reliable and stable administration. The Government of AP intends to develop a security policy by engaging an international consultancy firm for the purpose and implement firewalls around all major databases.

- **Computerization of Collectorates**

  The Collectorates are still the pivotal units for maintaining and improving the standards of administration. The computerization of collectorates is one of the major components of e-Governance as this is an institution that has a large citizen interface and the common man sees the collectorate as the enduring symbol of governance. The Government intends to computerize all the 23 collectorates by developing common software with the following objectives :

  - Provide a computerized interface to the citizen for all his needs
  - Workflow automation of all standard licensing and permit procedures
  - Dissemination of Information useful to the citizens
  - Monitoring of all developmental activities

  A number of programs have been developed in different Districts over a period of time. Some of them have registered stable and useful operations over the last 2 years. It is proposed to integrate all such packages into the proposed comprehensive system so as to save time and effort.

- **Mandal level horizontal integration of departments**
  There are 1122 mandals in the state. All the mandal offices are going to be provided with computers under the MPHS project. Computerized systems are available at 214 sub-registrar offices and the 300 sub-treasuries also. It is envisaged that major IT projects would be taken up in at least 25 departments over the next 5 years, out of which around 10 will extend to mandal level administrative units as well. Examples are police, agriculture, education, health, panchayati raj, engineering, welfare, cooperation, veterinary and self-help groups etc.
  It is necessary to network these institutions horizontally so that we derive optimum synergy from the efforts of various departments. By integrating thus, we add to the citizen's convenience as he need not go to several

government institutions but can get things done at a single location. We also add to the efficiency and effectiveness of administration by eliminating duplication of work in several departments.

It is proposed to undertake a pilot project at one representative mandal initially to gauge the technicalities and complexities involved in this proposal. The pilot project, once perfected, can then be extended to all other mandals in a phased manner.

- **Internet & e-mail policy**
  The entire secretariat workplace comprising of 2000 nodes has been brought on to a LAN with a bandwidth of 10 Mbps to 622 Mbps over optic fibre. Internet facility has been provided to all the users of the rank of Deputy Secretary and above. Simultaneously internet facility through dial up is in the process of being extended to all the Heads of Department at Hyderabad. Similarly all the Dist. Collectors, Heads of different offices in district level will also have internet facility through APSWAN. To provide quality internet facility, it is proposed to provide 2 MBPS internet leased circuit connecting APSCAN to VSNL. The feasibility of securing a 2 Mbps satellite connectivity through NIC is also under consideration.

E-Mail:

E-mail has caught the imagination of one and all and going to be the most effective way of communication from end to end. Realizing the importance of E-mail communication, Govt. of Andhra Pradesh has extended this facility to all its employees in Secretariat and the facility is also being extended to HoDs through dial up to start with. This facility will also be available to all the Offices at District level very soon.

Datawarehouse:

The Data Warehouse project jointly implemented by the Andhra Pradesh State Government and C-DAC, Pune has two core objects. i.e. (i) Person object and (ii) Land object. The main source of data for these core objects is MPHS data and Land Records data. The data will be cleansed and loaded into PARAM Super computer which has been installed at Secretariat, Hyderabad in June 2000. The web-enabled data will be made available to all Govt. Agencies for planning and analysis .

The person object has information like name, father's name, sex, religion, caste, occupation and land object contains name of the owner, extent of land, nature of land, nature of crops raised, type of irrigation source. Different types of analysis can be made on both the objects with different permutations and combinations. **The pilot level implementation of project is planned to be achieved by August, 2000.**

Electronic Kiosks:

To enable the citizens to have access to Government information and development activities and to bring transparency in the administration it is proposed to commission 10 electronic kiosks in the State on a pilot basis. The Government intends to encourage setting up the internet kiosks on the lines of public telephone booths not only to serve the information needs of the citizens but also to provide employment to a large number of educated youth. For the kiosk to be viable, it has to handle several

- **CIO's**

  Can there be an institutionalized programme to produce champions who understand Government and Information technology? A fund of officers who can make many e-governance projects bloom. That was the idea which inspired the Government of Andhra Pradesh, Indian Institute of Management- Ahmedabad and Satyam School of Applied Information Systems, IIIT-Hyderabad to conceptualize and design a unique Advanced Management Programme (AMP) in Information Systems and Electronic Governance. What makes the programme unique is not just its first-class pedigree but also the fact that it envisages a direct linkage with a live e-governance project implementation in the field in AP. Thus, the programme would juxtapose theory and practice, academic rigour and pragmatic realism so that one can have several more e-governance projects happen in myriad spheres of interface between government, business and citizens in AP. We believe that initially individuals produce institutions. Later Institutions produce individuals. This is the touchstone if any, to judge the Chief Information Officer Programme of Andhra Pradesh.

  The training program for the first batch of 25 CIO's starts at IIM Ahmedabad from 10th July 2000. It is proposed to continue the efforts and train a total of 100 CIO's in the next 4 years.

- **Centre for Good Governance**

  It is proposed to start a Centre for Good Governance to be a focal point for HRD required for the purpose. It includes a component for showcasing all successful e-Governance projects and conducting research and training

on the methodologies and technologies appropriate for these projects. This project will be useful to all other Governments also. The project is being implemented with assistance from DFID at the Dr MCR Human Resource Development Centre, Hyderabad.

- **Financing e-Governance projects**

  In a world of increasing fiscal deficits, it is inappropriate for Governments to think of finding financial resources for implementation and maintenance of major IT projects in the area of e-Governance.
  Many good IT projects decline in performance for want of timely availability of funds for maintenance of systems, consumables and upgradation. These gaps are much more devastating as the technologies change by the month.

  At the same time, the Government's firm intention is to use IT in all aspects of development and governance. In this context, it was felt essential to put in place a framework to create local equilibrium within each IT project that matches the need for funds with a source of revenue from the transactions.

  The Government intends to create sources of income to each major IT projects in the area of e-Governance within the framework of the functioning of the department. The policy allows the departments to fix service charges after ensuring that quality of service is defined precisely and that the solution offered is the most cost-effective one.

- **Cyber Laws:** Andhra Pradesh is committed to ensuring that the overall legal   regime is in consonance with the requirements of transactions and interactions in the electronic medium. The State Government shall examine all the state level legislations and statutes so as to ensure the necessary harmonization, with the above objective in mind. The overall objective is to provide a transparent, simple and enforceable set of laws, which shall facilitate e-business and all other IT-enabled activities.

- **Reorganization and strengthening of IT&C department :** The Information Technology & Communications department has functioned as a thin organization deriving strengths from sister organizations like the AP Industrial Infrastructure Corporation, APTS etc. However, sustained efforts are not possible unless the Department has adequate human resources to drive the ambitious initiatives. An organizational structure consisting of the following wings is proposed to be established for this purpose :

  - **Policy formulation & Planning**
  - **Promotion of IT**

- **E-Governance**
- **HRD in IT**
- **Infrastructure**
- **Administration**

Private sector talent is proposed to be drawn in areas like promotion and Infrastructure planning.

IV HUMAN RESOURCE DEVELOPMENT

The spectacular growth of software industry all over the world has generated a huge demand for highly skilled Information Technology manpower resulting in projections of a long-term global demand-supply gap for such manpower. Unlike the traditional industries, human resource constitutes the single most important resource in the Information Technology industry and the finest companies in Information Technology funnel their growth into areas that have the richest availability of skilled IT manpower.

Tremendous potential exists in Andhra Pradesh for generating such skilled software professionals. Among the states of India, Andhra Pradesh contributes the highest percentage of IT professionals. The IT industry in Andhra Pradesh has been consistently registering a growth of more than 100% per year for the last several years, necessitating rapid increase in the number of highly skilled IT professionals to sustain such growth.

There has been a significant increase in the academic institutions, such as engineering, MCA and BCA colleges and polytechnics that offer IT education in the state. The state now has 102 engineering colleges with an annual intake of 24,135 students (out of which 4,750 students pursue computer science and 2,200 are in IT programmes). Colleges offering MCA number 118 and enroll 3730 students annually and there are 413 BCA colleges that enroll 16520 students annually. In addition, there are 103 Polytechnics with an annual intake of 17,100 out of which 3,500 students are enrolled in IT related courses. This educational infrastructure will generate a significant number of IT professionals to fuel the growth of IT industry in the state. In order to generate highly skilled IT professionals, the areas that need attention are:

1. Addressing problems that colleges face in attracting and retaining high calibre faculty,
2. Getting high bandwidth access to the internet and thereby to resources available from other institutions, and
3. Providing students and faculty members with state-of-the-art technologies on a continuing basis.

It is also relevant to note that generation of highly skilled IT professionals requires high initial as well as ongoing investment to provide access to state-of-the-art-technology. In view of the rapid developments in Information Technology, keeping pace with the requirements of the Industry calls for regular and frequent changes in curriculum, provision of access to new technologies, new hardware

as well as software, along with highly qualified researchers and academicians. Competition in IT industry is not confined within traditional geographical boundaries. The compensation offered by the Industry for persons holding high qualifications and experience in Information Technology is very high as compared to what is offered by conventional academic institutions.

Certain strengths have been built in the recent past that can be tapped to address some of these issues.

Indian Institute of Information Technology

The Government of Andhra Pradesh has played a lead role in the establishment of Indian Institute of Information Technology (IIIT) at Hyderabad. The Institute is established with the active participation, support and contribution of the finest global and Indian IT companies. The aim is to pool the strengths and resources of the best companies with facilitation and support of the Government to create an institution designed to play the role that Stanford University has played for Silicon Valley. IIIT commenced its main academic programme in the year 1998 with a four-year Undergraduate Programme in Information Technology.

While the Government has provided land and initial infrastructure on a long-term lease, major global IT companies like IBM, Oracle, Microsoft, Metamor & Satyam are directly participating in the establishment of this Institution and have signed agreements with the Government of Andhra Pradesh to set up Schools of Excellence within IIIT, which would focus on IT education and training in their respective areas of core competence. Three of the schools viz. "IBM School of Enterprise Wide Computing", "Metamor School of Excellence in Software Development Methodologies" and "Oracle School of Advance Software Technology" have already commenced operations. The conceptual model of IIIT has emerged as an embodiment of industry-academia interaction across a spectrum of academic, research and training activities.

IIIT plans to conduct interdisciplinary research and development in IT. Research centres of international standards are planned that will focus on areas and problems of most significance to IT and the nation. The first research centre of IIIT, Language Technologies Research Centre (LTRC), has already become operational. **Its research activity focuses on language translation especially among Indian languages and from English to Indian languages, search engines for Indian languages, information extraction from text, summarisation, information retrieval, speech recognition/generation for Indian languages, and optical character recognition for Indian scripts.**

Networked Universities and Colleges within the state

With the rich pool of technology, research and faculty resources at IIIT, the institute can spearhead the process of networking universities, colleges and research centres within the state and the country. It can also serve as a resource centre for upgradation of curriculum and training of teachers of various colleges and institutions across the state. IIIT is expected to be an active participant in the establishment of Sankhya Vahini, a high bandwidth optic fibre based national network that would connect research institutions, universities and educational institutions in all the major Indian cities with each other, thereby enabling sharing of resources among all of them. Through this network, excellent multimedia educational content created by IITs, IISc, IIIT as well as from foreign institutions like the Carnegie Mellon University is expected to become available to all the participating institutions all over the country. Coupling the A P State Wide Area Network that is now connecting 25 locations within A P with a 2 MBPS link, with the Sankhya Vahini, will provide a robust network that would bring rich academic content and resources into the entire technical education system.

Distance Education and Electronic Classrooms

High quality academic programmes can be conducted in electronic classrooms in several locations across the state to generate a high number of IT professionals. Such programmes can be tailored not only to the requirements of students of computer science or information technology but also for students in other engineering disciplines and in diverse academic streams like Medicine, Law, Economics, Commerce, Sciences, Mathematics, etc. Electronic classrooms equipped with suitable projection equipment would be set up for receiving and effectively using digital content. Existing computer labs would be strengthened and made available to students to browse content received in the form of CDs. Universities and major institutions would also be encouraged to create suitable infrastructure like classroom studio / video recording equipment etc.

Universities and their research centres & laboratories have strengths in certain areas. Each university and participating institution would be encouraged to identify areas in which it would be willing to digitize educational content to make it available for other participating institutions. Teachers and resource persons to be entrusted with the responsibility of creating content would also be identified by the respective Universities and participating institutions.

Each of the Universities and institutions would be encouraged to create significant web presence. Existing websites would be strengthened and new websites would be created by the institutions. A central website of the A.P. State Council of Higher Education would be created to serve as a portal that would

catalog the content and resources available on the websites of various universities and institutions and would provide links to all the relevant sites.

Private Computer Training Institutions

There has been a remarkable growth in the number of private training institutions offering computer-related courses. Such institutions are now available even in small towns across the state. Their offerings cover a wide spectrum of technologies and skills. There is a wide variation in the quality of infrastructure and facilities available with these institutions. The quality of instruction imparted by them ranges from very high to indifferent quality.

The Government will encourage collective efforts by the institutions engaged in computer training to define common standards and self-regulatory mechanisms, as well as the establishment of independent credible rating mechanisms for such training institutions. The Government will also support high quality institutions by involving them to meet the internal training requirements within the Government.

Use of IT in Education

Information Technology will be used in the area of school education in two distinct segments, one comprising computer literacy and skills in information technology and the other related to its use to enhance the effectiveness of teaching in other subjects. Government of Andhra Pradesh is planning various initiatives in both these segments. These would take into account the requirements in these segments in primary, secondary, higher secondary and intermediate levels of education. As a part of these initiatives, mechanisms for imparting rudimentary computer literacy as well as skills in use of various software and hardware products would be created. The latest teaching and learning technologies would be applied to increase effectiveness of teaching in other subjects.

The Government has earlier implemented the CLASS project in various schools. This project is now being implemented with appropriate changes in curriculum, software and hardware.

The Smart Schools programme taken up by the Ministry of Human Resource Development, Government of India will also be implemented in the state.

The Government will focus on early implementation of computer literacy and training in IT skills in schools. Residential schools and junior colleges run by the A P Social Welfare Residential Educational Institutions Society would be accorded high priority while implementing such programmes.

In the recent months, some projects taken up elsewhere have been studied. The Tamil Nadu Schools Project has leveraged existing infrastructure of high schools and has involved companies engaged in computer training to conduct computer literacy and IT skills programmes for high school and intermediate students. Some innovative and cost effective technologies being used in various schools have also been studied.

Appropriate implementation models suitable for schools and institutions in Andhra Pradesh are being worked out, both for creation of multimedia content in various subjects and the establishment of cost effective delivery mechanisms. The Government will encourage the participation of multiple entities in the creation of multimedia educational content for various subjects. The Government will encourage development and deployment of cost effective technologies and delivery mechanisms that can bring about a quantum jump in the number of schools and students that have access to IT-enriched education.

National Institute for Smart Government

Based on a suggestion made by the Government of Andhra Pradesh, the National IT Task Force had recommended the establishment of a National Centre for SMART Government (NISG). Here SMART is an acronym for Simple, Moral, Accountable, Responsive and Transparent.

The Institute is expected to be an independent, autonomous, non-profit, viable and self-sustaining institution, which would focus on effectively harnessing Information Technology to bring about significant improvement in the citizen services, and would at the same time use IT to create opportunities for the people while protecting them from the risks involved in these processes. The proposed Institute would serve as a think tank and resource centre with expertise on all issues related to effective use of Information Technology in governance.

The Government proposes to play the role of a lead promoter of this institution. The services of the NISG would help the Government in its endeavour to improve the efficiency of operations in its departments and improve the quality, convenience and range of services offered to the common man.

V PROMOTION

IT INVESTMENT PROMOTION & INCENTIVES POLICY

India's software exports have been growing at a compounded annual growth rate (CAGR) of around 56% while only one state has been consistently notching up triple figures of almost 121% CAGR over the last four years. That's AP. From a mere Rs 0.2 crores in 1992 the state will be touching Rs1000 crores at the end of this financial year. When Microsoft wanted to establish an Overseas Development Center it chose Hyderabad, making it the second one anywhere outside the US. General Electric is setting up a 4000-person facility here. Hyderabad is also the home to Oracle, Metamor, HSBC, Ericsson, Tata Teleservices, Aristasoft, Motorola, Toshiba, Baan, TCS, Pentafour, Satyam, Wipro, to name just a few. From software development to IT enabled services to Internet startups, to e-business companies to small and medium IT companies to logistics companies- they are all here and thriving!

The state has, as part of a unique IT Incentives Policy, incentivised software employment by subsidizing land to the extent that one can even get it completely free! Further the state has reviewed all the major Acts and rules that regulate the IT industry and in most cases has either done away with the red tape completely or else has resorted to a self-certification process.

What is even more paramount is that AP is perhaps the only state in India, which has even begun to understand the first principles of doing business with business!! Andhra Pradesh is one of the few examples of success wherein the public and private sectors have worked in mutual synergy so as to bring out the best of each. A harmonious construction of the State and Market is the ultimate mantra of economic development. Something AP has internalized in its day-to-day functioning.

The bigger underlying shift for the Government is the one from mistrust to trust. And the Government aggressively and proactively invites industry to partner in its Development Dream.

E-COMMERCE

All belief is against it, all argument is for it !- Samuel Johnson would probably forgive us for misquoting him if only he knew how e-commerce is dramatically rewriting every known relationship across the globe. E-business in India would be a market worth Rs400 million by 2003 say PricewaterhouseCoopers (PWC) in the first ever Indian E-Commerce survey , while McKinsey pegs the figure at $1.5billion by 2004 and around $10 billion by 2020, which would be approximately 1% of the world's e-commerce business. E-Commerce is something more than just buying and selling commodities across the globe. It is more about rewiring an entire set of relationships between consumers and producers, between corporations and within them, and between government, business and civil society. In fact the Internet is like a huge business super channel and anyone who does not tap it is actually losing revenue and losing opportunities, both at once.

Andhra Pradesh has clearly recognized this opportunity and is in the process of putting in place world-class infrastructure to enable this revolution to touch every aspect of human life in AP. For e-commerce to boom, one needs bandwidth, almost as much as people need oxygen. Recognizing this truth, the state endeavours to make available adequate bandwidth with international quality of service (QoS) at competitive prices to e-businesses and IT enabled services that wish to set-up shop in the state. Further with a slew of e-governance projects happening all over the state, it is virtually an open invitation to the private sector to partner and participate in these exciting endeavours. VCs and Angels are all over the place trying to fund potential winners in the battle of ideas. Further AP is also catalyzing the development of various soft issues like lifestyle, entertainment and leisure, which are critical to the creation of the correct ambience for e-commerce and Net startups in the state. To summarize, just as E-Commerce is the future of IT; So is AP. Indeed, Useless is each without the other.

- **Promotion of Venture Capital**

  Venture capital is an effective answer to meet the ambitious goals set by the Govt of India for software exports (US$ 50 billion by 2008). A number of policy initiatives are required at the GOI level ,mostly, if the ambition is to be realized.A SEBI committee headed by Sri KB Chandrasekharan , Chairman, Exodus, USA has made a few recommendations in this regard. It shall be the endeavour of the State to pursue with GOI in this regard. The initiatives required are mentioned below :

  - o IT start-ups look for capital typically based on the IP they hold rather than against any physical assets they can show as security.

The investment climate has to change suitably to recognize the value of the IP and provide 'smart capital'.

- o Implementation of the VC Committee of SEBI involving
  - Notification of SEBI as the single window for all requirements of VC's.
  - Tax- pass through benefit to avoid double taxation, irrespective of the form of VC;
  - Creation of LLP's (Limited Liability Partneships)
  - ESOP (Employee Stock Option)
  - Permitting the Banks to invest in VC's;
  - Provide flexible options for entry and exit
  - Simplify pricing norms of Rbi

- o Develop managers for the VC sector
- o Conducting seminars on VC's to increase the awareness and tap the hidden potential of sources of capital for VC's;
- o Creation of incubators for startup facilitation and providing mentoring and the benefits of networking with VC's
- o Promote the concept of angel investors

A few of the items on the above agenda can be done at the State level itself. For instance, developing managers for the VC sector , organizing seminars and increasing awareness on VC's and angels, establishing incubators for the benefit of start-ups. etc.

Several VC funds have been created in the recent past in India – the 100 crore Fund at the National level, a US$ 100 mil fund at the international level besides the funds created by several state governments like Andhra Pradesh (Rs 15 cr), and Tamil Nadu, Gujarat. It is necessary to ensure that these funds are managed professionally with the least involvement of the Government.

Annexure I

<u>GOVERNMENT OF ANDHRA PRADESH</u>

<u>ABSTRACT</u>

Government of Andhra Pradesh – Establishment of Apex bodies for promotion of Information Technology and e-Governance – Orders – Issued.

Finance & Planning (Plg. I.T.&C) Department

G.O.Ms.No.4   Dated: 24-1-2000

O R D E R

The vision of the Government is to substantially enhance the standard of life of the citizens of the State, among other initiatives, through the use of Information Technology in all aspects of development and governance. The Government has recognized that development of Information Technology is the key to all round economic development and prosperity in the State. Government has also identified the uses of Information Technology within Government for better Governance, particularly for providing improved citizens services. It has also been recognized very clearly that this enormous task has to be undertaken in manageable steps and that both the IT&C department and individual departments and organizations in Government have definite roles to play in achieving this goal. Government recognized very clearly the need to institutionalize a mechanism to help departments to evolve, pursue and reach clearly identified goals in I.T. usage. The Government has felt the need for establishing a suitable apex structure within Government to drive the whole process of architecturing, guiding and monitoring the overall development of Information Technology industry in the State and its deployment within the Government for achieving the desired goals of economic development and good governance. It is therefore decided that a two-tier structure would be created for this purpose with the role and constitution as suggested at para 3.I and 3.II below. Information Technology and Communications wing would play the role of the Secretariat for these bodies.

2.   It has also been decided that individual departments need to work out clear plans defining their information needs and the citizen services which are of priority for improvement. Constitution of departmental IT implementation committees is also felt necessary to drive these efforts. Indicative structure of the departmental Information Technology implementation committees with their scope is given in para 3.III.

3.   Government hereby constitute the following committees (I & II) and suggests the composition for the departmental committees for which separate orders will be issued by the respective departments involving all the concerned and following the procedure prescribed.

The composition and the terms of reference for each of the committees is as detailed hereunder:

I.   **AP FIRST**

Composition

1. Chief Minister
Chairman
2. Minister for Finance
Member
3. Minister for Revenue
Member
4. Minister for Home
Member
5. Adviser to Government on IT
Member
6. Chief Secretary
Member
7. Sri F.C.Kohli, Vice Chairman, Tata Consultancy Services
        Member
8. Sri Azim Premji, Chairman, Wipro Infotec
        Member
9. Sri Narayana Murthy, Chairman, Infosys Technologies
        Member
10. Sri Ramalinga Raju, Chairman, Satyam Computers
        Member
11. Dr. Raj Reddy, Professor, Carnegie Mellon University, USA
Member

12. Sri Dewang Mehta, Director, NASSCOM
    Member
13. Secretary, IT Member Convenor
14. Minister, Prl. Secretary / Secretary / HOD(s) concerned will be invited as special invitees, when specific projects are discussed.

Terms of reference of AP FIRST

- Formulation of IT Policy for the State.
- Promotion of investment in IT industries in the State.
- Clearance of major IT projects to be set up in the State.
- Clearance of IT plans of Government Departments.
- Promotion of centers of excellence in IT education.
- Promotion of citizen-centric projects of e-governance.
- Coordination with the Central Government agencies as required.
- Review of the progress of major IT projects in the State.
- Any other issue(s) concerning IT as found necessary from time to time.

The committee will meet once in two months preferably on a fixed date of alternate months.

II. STATE INFORMATION TECHNOLOGY PROMOTION COMMITTEE (ITPC)

Composition

1. Chief Secretary   Chairman
2. Chief Commissioner Land Administration   Member
3. Spl. CS / Prl. Secretary, G.A. (AR&T) Dept.,   Member
4. Director General, MCR HRD Institute, A.P.   Member
5. Prl. Secretary, Revenue   Member
6. Prl. Secretary, Finance   Member
7. Secretary, Law   Member
8. Secretary, G.A. (Co-ordination) Dept.,   Member
9. Secretary, Planning   Member
10. Secretary, I.T. & C   Member / Convenor
11. Prl.Secretary / Secretary / HOD (s) concerned will be invited as special invitees when specific projects are discussed.

Terms of reference of ITPC

- Evolve/Design IT architecture(s) for the State.
- Examination of proposals for major investment in IT industries in the State.
- Examination of IT plans of Government Department.
- Design of centers of excellence in IT education.
- Design of citizen-centric projects of e-governance.
- Promotion of development of IT infrastructure in the State.
- Review of the progress of major IT projects in the State.
- Approval of Technical Standards for implementation of IT applications.
- Evolve guidelines for cost-effective implementation of IT projects in Government.
- Any other issue(s) concerning IT as found necessary from time to time.

The committee will meet once a month, preferably on a fixed date of a month.

III. <u>Departmental Committees on IT (C-IT)</u>

(To be constituted by the Departments separately according to their   actual requirements)

Suggested Composition of C-IT

Minister   Chairman.
Prl. Secretary / Secretary   Vice-Chairman & Convenor.
Heads of Departments   Members
Nominee of IT Department   Member
Chief Information Officers *(CIOs)   Members
Any other member as deemed fit by the constituting authority of the   committee.

* (In cases where the CIOs are so far not appointed the departments will do so under intimation to IT&C)

Proposed Terms of reference:

- Design of IT plans for the Dept(s)
- Review of the progress of ongoing IT projects.
- HRD required for e-governance.
- Approval of major IT projects relating to the Dept(s)
- Implementation of IT projects with direct funding of the Government or through   involvement of private sector.

- Re-engineering the administrative processes to suit IT implementation.
- Change management within the department.
- Individual Departments depending on their specific requirements will be adding to the scope of the committees as and when required.

4.   The Committees I & II will come into force with immediate effect.

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

V.ANANDARAU
CHIEF SECRETARY TO
GOVERNMENT

To

The Chairman and Members.
The Member- Conveners,
All Departments of Secretariat,
Secretary, Dept., of Information Technology, Government of India, New Delhi,
Secretary, Dept. of Electronics, Govt. of India, New Delhi,
The Director, STPI, Hyderabad.
The Commissioner, Information and Public Relations, Hyderabad, with a request to arrange for necessary publicity,
All Heads of Departments,
M.D.., A.P.T.S.Ltd.,, B.R.K.R. Buildings, Hyderabad
Chairman and M.D., APIIC, Basheerbagh, Hyderabad
Chairman and M.D. TRANSCO, Vidyutsoudha, Hyderabad
Project Director, TWINS Project, Jubilee Hills, Hyderabad.
Project Director, M.R.O. Offices Computerization, Nampally, Hyderabad.
The President, HYSEA, Maitrivanam, HUDA Complex, Hyderabad

Annexure II

Government of Andhra Pradesh

Abstract:

Information Technology (IT) Policy of the Government of Andhra Pradesh- Incentives for promoting the IT Industry and IT Enabled Services in the State - Orders - Issued.

Finance and Planning (Plg.IT&C) Department.

G.O.Ms. No. 114.   Dated 25-05-1999.
                                                 Read the following:
1. G.O.Ms.No.506, Revenue (CT.II) Department, dated 27.6.96
2. G.O.Ms.No. 67, Energy (Power. II) Department, dated 21-07-98.
3. G.O.Ms.No.161, EFS&T (Environment) Dept, dated 15-10-98.
4. G.O.Rt.No. 58, Finance and Planning (Plg.IT&C) Dept. dated 1-2-99.
5. T.T.O(Commercial),No.173, Transmission Corprn. of A.P. Ltd dt. 10-5-99

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O R D E R:

Government of Andhra Pradesh has clearly recognized the strategic importance of information technology in creating a competitive economy equipped to face the challenges and exploit the opportunities of the future. Information Technology is increasingly permeating every facet of human endeavor and has radically transformed the way societies work, play, gather and access knowledge and govern themselves. Apart from the enormous benefits accruing from usage of information technology, it is also universally well recognized now that India enjoys a unique comparative advantage globally as a natural base for the information technology industry. The primary strength of the country in this sector is the vast, highly cost-effective, highly skilled and mostly English-knowing technical personnel available in the country.

2.   Within the country, it is being increasingly recognized that Andhra Pradesh in general and Hyderabad in particular, is a favored destination for the IT industry. Surveys reveal that Andhra Pradesh is the State from which the highest percentage (23%) of Indian IT professionals worldwide originate. The quality of urban infrastructure in Hyderabad, the low cost of living in

relation to other destinations in the country for the industry, and the large number of technical personnel graduating from the various institutions in the state are some of the other factors that have added to the comparative advantages of Hyderabad.

3.   In order to build on these strong fundamentals, the state has embarked on certain key initiatives in order to foster the rapid growth of the industry. It has established a major state-of-the-art IT park, the Hyderabad Information Technology and Engineering Consultancy (HITEC) city at Madhapur, on the outskirts of the city through L&T Infocity, a joint venture between the State owned AP Industrial Infrastructure Corporation and M/s Larsen and Toubro, together with the Software Technology Park, Hyderabad, the HITEC City provides all requisite infrastructure for IT companies such as reliable telecommunication links, uninterrupted power, etc. along with speedy procedural clearances. The first phase of the project has already been inaugurated and a number of IT companies are now based there. Subsequent phases of the project are expected to ensure that the availability of infrastructure is always ahead of the demand in a sector that has been consistently growing at over 100% every year.

4.   Recognizing that human resource development is the key to sustained growth in the sector, the Government embarked on another major initiative, the establishment of the Indian Institute of Information Technology (IIIT), Hyderabad. This Institute has been established as an autonomous industry-led and driven institution supported by the Government. Major IT companies including several Multi National Companies (MNCs) have participated in the establishment of the institution. As a result of this joint effort, the IIIT is endowed with state-of-the-art facilities and highly competent faculty. With its emphasis on IT enabled and distance education, the Institute is expected to make a major contribution both directly and indirectly (in conjunction with the technical institutions in the state) to the continuous generation of the increasing number of skilled personnel that the industry needs. A large number of training institutions that have sprung up in the state in general and Hyderabad in particular, have seen the emergence of Hyderabad as a major IT training Centre of the country.

5.   Other initiatives taken by the State include the establishment of a venture capital fund, HITVEL (Hyderabad Information Technology Venture

Enterprises Limited). A special package for start-up companies, which includes venture capital, leased space (including fully furnished space) is also being worked out by APIIC, HITVEL and Software Technology Park of India(STPI), Hyderabad.

6.   Another major initiative of the State Government that has implications for the growth of the IT industry in the State is the move towards ushering in an electronic Government in the State. The primary objective of this effort is to leverage the power of modern Information and Communication Technology to provide more convenient, accessible and transparent Government services to citizens and at the same time, improve efficiency in government. As far as possible, the Government intends to utilize the capabilities and resources of the local IT software and services industry in its efforts towards ushering in an electronic government. This would also provide a strong domestic market for the IT industry, in addition to the offshore market. Some of the major computerization projects undertaken include Mandal computerization project, Treasuries, Commercial Taxes, Registration, Land Records, Employment Exchanges, Rural Development, Twin Cities Network Services project, etc. Major IT infrastructure projects namely the State Wide Area Network, Secretariat Campus Network, Video conferencing project etc. are nearing completion and are expected to provide a sound basis for a modern Information and communication technology enabled Governance system.

7.   The above initiatives together with the efforts of the Software Technology Park, Hyderabad have seen the industry reach an export turnover of nearly Rs. 600 crores in 1998-1999 with nearly 200 registered companies. This turnover is expected to touch Rs.1200 crores in 1999-2000.

8.   The State Government has been actively and constantly monitoring the incentives necessary to foster the rapid growth of the industry. A major growth area identified is IT Enabled Services (ITES) or 'Remote Services'. In 1998, this segment generated more than Rs. 980 crores in revenues in India. It is estimated that by the year 2008, the ITES industry in India would generate annual revenue of US $ 20 billion (Rs. 85,000 crores) leading to opportunities for more than 10,000 full-fledged units. The ITES sector, like the software industry, requires a conducive environment and access to large pools of skilled to semi-skilled professionals. ITES affords a unique

opportunity for providing employment to large numbers of qualified unemployed youth in the state as well as business opportunities for budding knowledge entrepreneurs. Keeping in view the intensely cost-competitive nature of this sector globally, the need to have a specific set of incentives tailored to the requirements of this sector has been considered by the Government in order to attract the maximum employment potential of the industry to the state. An employment-linked incentive has accordingly been worked out to link the incentives given by the State directly to the employment generated.

9. Feedback received during deliberations with the industry also indicated that there is a need to provide certain incentives to the IT/ IT infrastructure industry to ensure conditions conducive to its establishment and sustained growth in the State. A number of suggestions were also received for simplification of procedures for compliance with various regulatory Acts and Rules. Following are some of the aspects on which the industry had proposed incentives / procedural simplification:

(a)   Exemption from environmental clearance;
(b)   Exemption from zoning regulations for purposes of location;
(c)   Fiscal incentives;
(d)   Power tariff at rates applicable to industry;
(e)   Exemption from sales tax;
(f)   Self-certification for purposes of compliance of the following Acts:
    (i)   Water and Air Pollution Act;
    (ii)   Factories Act;
    (iii)   Employment Exchange (Notification of Vacancies Act);
    (iv)   Payment of Wages Act;
    (v)   Minimum Wages Act;
    (vi)   Contract Labor (Regulation and Abolition) Act;
    (vii)   Workmen Compensation Act;
    (viii)   Andhra Pradesh Shops and Establishments Act; and
    (ix)   Employees State Insurance Act.
(g)   General permission to run a three-shift operation;
(h)   Rebate in land cost keeping in view the high employment potential;
(i)   Relaxation of FAR for IT parks;
(j)   Exemption from stamp duty, transfer of property and registration charges for all IT parks; etc.

10.   Against the background narrated above, the Government of Andhra Pradesh decided to frame an appropriate package of incentives for the IT and IT Infrastructure industry. The purpose of the package is to enable the State to leverage its resources and facilitate their optimal utilization to the best advantage of the State; provide a relative competitive edge over other competing markets; tap the massive employment potential of the global IT market in IT (software and hardware) and IT enabled Services. Accordingly, a proposal was prepared and discussed with all the departments concerned either individually or in the SIPC/ SIPB. The Cabinet Sub-Committee constituted in the orders 4th read above also considered the proposed incentives.

11.   After careful consideration of all relevant aspects of the issue, Government approve the following package of incentives for the IT industry and for IT Infrastructure:

Note: 1. IT includes IT and Telecommunications
2. IT Industry includes IT hardware and software industries; IT software industry includes IT software, IT services and IT enabled services.
3. IT Infrastructure means the physical Infrastructure built by a firm or a builder and sold to an IT Industry for its own use or the Infrastructure built by an IT Industry for its own use.
4. In case of any ambiguity in implementing / interpreting this policy, clarifications issued from to time by IT&C Department shall prevail.

(a)   **IT Software** industry is **exempted** from the purview of the *AP Pollution Control Act,* except in respect of power generation sets (orders issued by Environment, Forest, Science and Technology Department vide reference 3rd cited**)**;

(b)   **IT industry** is **exempted** from the purview of statutory **power cuts** (orders issued by Energy department vide reference 2nd &5th cited);

(c)   **Industrial power tariff** and all other admissible incentives and concessions applicable to industries in respect of power shall **be applicable to the IT Industry** including those in the urban areas(orders issued by Energy Department vide reference 2nd &5th cited);

♦ 25% concessional power tariff **shall be allowed to the** new IT Industrial units **for a period of 3 years from the date of release of** power or of going into actual commercial production which ever is earlier.

Note: Concessions provided by the A.P.TRANSCO, to the IT industry are elaborated in the reference 5th cited.

(d)   The Government vide reference 1st cited have **totally exempted,** computer software from the payment of **Sales Tax** payable under the provisions of *A.P. General Sales Tax Act, 1957.*

(e)   **IT Software Industry** is **exempted** from **zoning regulations** for purposes of location;

(f)   Government agree in principle to **self-certification/exemption** as far as possible for the **IT Software Industry** from the provisions of the following Acts/ Regulations (subject to issue of specific orders by the departments concerned in consultation with the I.T&C Department*)*;
    i.   Factories Act;
    ii.   Employment Exchange (Notification of Vacancies Act);
    iii.   Payment of Wages Act;
    iv.   Minimum Wages Act;
    v.   Contract Labor (Regulation and Abolition) Act;
    vi.   Workmen Compensation Act;
    vii.   Andhra Pradesh Shops and Establishments Act; and
    viii.   Employees State Insurance Act.

(g)   General **permission** is accorded to run a **three-shift operation** to the **IT Software industry** (*subject to issue* of *specific detailed order separately by the department concerned)*;

(h)   **Rebate** in the **cost of land** allotted to an **IT industry** at **Rs. 20,000/-** (Twenty thousand only) per job created subject to the following conditions:
    (i)   **The rebate shall be applicable only in respect of** lands allotted **by** Government/APIIC **with prospective effect;**
    (ii)   The rebate shall be **restricted to Rs. 20,000/- per job** created or the cost of the bare land (excluding development charges/cost)

whichever is less subject to a ceiling computed at the rate 0.30 acres for every 100 jobs created. {Eg. If 3250 jobs are created the limit for allotment of land at concessional price would be 9.75 acres}.

(iii) The **minimum** number of **employees** to be hired by a company in order to avail of the concession on land cost shall be **100** (corresponding to a ceiling of 0.30 acres of land).

(iv)   On areas allotted in **excess of** the limit i.e. the **ceiling** of 0.30 acres for every 100 jobs created, **no concessions** would be applicable;

(v)   The **minimum gross salary/ wage** for an employment to be considered to have been created would b*e Rs. 5000/- per month*;

(vi)   The **period** for which such **employment** would have to be **sustained** to be eligible to be reckoned for this incentive shall be **two years***;*

(vii) The number of employees to be considered for the purpose of this provision shall not exceed the number arrived at by the formula: [no. of computer work stations at a location x *(1.33)* x number of shifts *(of 8 hours each)* operated by the company at the location];

(viii) APIIC shall specify suitable guidelines to ensure that the benefit of this provision reaches a company only after it meets the stipulated conditions regarding job creation and that the employment figures reported are corroborated by other supporting data such as investment, turnover, returns filed with RBI, returns filed with STPI, Hyderabad, etc.;

(ix)   Cost of these incentives to APIIC shall be offset against cost of Government lands alienated to APIIC;

(x)   The concessions linked to employment generation will be limited to the extent of the number of persons of Andhra Pradesh origin employed by the company. A Company will be free to employ persons as per their own policies subject to conformity with local regulations as applicable. However, the concessions available under this incentive will be restricted to the number of persons of AP origin employed by the company. For the purposes of this provision, a person of AP origin is

defined as a person who, at the time of employment by the company has been:

- ♦ A resident of the State of AP;
- ♦ Domiciled in the State of AP;
- ♦ Born in the State of AP;
- ♦ Studied in a school/ college/ university in the State of AP;
- ♦ A person either of whose parents was born or attended school/ college/ University in AP or was domiciled in AP.

(i)   **For** IT infrastructure **companies establishing facilities on private /APIIC/ Government lands,** concessions **will be in the form of** rebate on registration and transfer of property charges and exemption from stamp duty **on a tapering scale for sale/ lease of built-up space to the IT Industry**

   i)   For facilities established and sold / leased before 1-4-2000, 90% rebate;

   ii)   For facilities established and sold / leased on or after 1-4-2000 but before 1-4-2001, 70% rebate; and

   iii)   For facilities established and sold / leased on or after 1-4-2001 and up to 31-3-2002, 50% rebate.

   iv)   This concession would be available only to IT parks notified by the Department of Information Technology and Communications and which provide certain minimum facilities like uninterrupted/ backup power, reliable telecom links, etc.

   v)   **The rebate would be applicable on the combined levy of registration fee, stamp duty and transfer of property duty and no total exemption of stamp duty would be extended.**

   vi)   **This concession would be available only for the first transaction, when the first sale by the infrastructure company is made to an IT industry.**

   vii)   **The above concession would also be available on the purchase of land by an IT Industry establishing an IT park for its own use provided it does not avail of the concession in para (h) above, i.e. rebate on cost of land linked to employment. IT&C Department would stipulate such conditions as may be necessary in this regard while notifying such IT parks.**

(j) **For** IT Industry/IT infrastructure companies establishing facilities on private lands **outside the limits of the Municipal Corporations and the nine surrounding municipalities of Hyderabad and Gaddiannaram village,** relaxation of FAR **to the extent of 50% of the prevailing norm will be available. For example, if the normal FAR is 1.5, the FAR allowed in such cases would be 2.25.**

> ➢ **This concession would be available only to IT parks** notified by **the** Department of Information Technology and Communications **and which provide certain minimum facilities like uninterrupted/ backup power, reliable telecom links, etc.**
> ➢ **This incentive would not be available in respect of Government/ APIIC lands allotted at a concessional price.**

(k) District headquarters **and other major economic nodes in the State like Vijayawada and Tirupathi offer highly** competitive locations for siting IT parks for IT Enabled Services **as skilled and semi-skilled manpower is readily available at these locations and the cost of living is very low. Government will consider providing required telecommunication linkage through the A.P. State Wide Area Network (APSWAN) to such IT parks coming up at these locations. This will also enable APSWAN to meet one of its targeted objectives of serving as a highway for jobs in ITES to flow down to the hinterland.**

(l) Investment subsidy **for new IT (hardware and software) industries:**
Investment subsidy: 20% of the fixed capital investment but not exceeding Rs.20.00 lakhs; however in respect of Entrepreneurs belonging to Scheduled Castes and Scheduled Tribe Categories the investment shall be 25% of Fixed Capital Cost, not exceeding Rs.50.00 lakhs. This subsidy shall not be available to IT Industries availing of the rebate on land cost as provided in para (h) above.

(i) Fixed capital investment, wherever referred to in this order shall always mean the original fixed capital invested in the project before depreciation.

(ii) The I.T&C Department shall prescribe a procedure for scrutiny and sanction of the claim of units involving eligible capital investment as specified from time to time. The Commissioner of Industries shall pay the sanctioned amounts to the units from the same provision and head of account from which investment subsidy is paid to industries.

(iii) The decisions of the Information Technology and Communications Department shall be final in scrutinising and deciding the eligible investment and sanctioning the incentives for eligible industries.

(m) **Special Incentives for Mega Projects / Pioneering Projects**:
For Mega Projects, with investment exceeding Rs. 100 crores, Government may consider Special Package of Incentives, on a case to case basis, based on the gestation period of projects, pioneer nature of projects, locational aspects, state of the art technology, profitability, scope for further related investments, etc.

(n) The above incentives will be inclusive of any similar incentives of State Government/Central Government institutions / Agencies already availed / Central incentives which may be announced from time to time by the Government of India and other such incentives extended by any other Government agency.

(o) **The package of concessions will initially be valid for a period of three years and subject to review thereafter .**

12. This order issues with the concurrence of the Finance wing of this department vide U.O. No.1961/P.F.S/99 dated 22.05.1999.

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

R.Chandrashekhar,
Secretary to Government.

To
All the Departments of Secretariat,
Commissioner Municipal Administration
Commissioner and I.G Stamps and Registration
Commissioner Industries

Chairman and Managing Director APIIC
Managing Director APIDC
Commissioner Information and Public Relations
Managing Director A.P.T.S. Ltd.,
Member Secretary A.P. Pollution Control Board
Chairman GENCO/TRANSCO
Commissioner Commercial Taxes
Director Employment and Training
Commissioner Labour
Director of Factories and Boilers
Director Employees State Insurance
Copy to
STPI, Hyderabad
DOE, GOI
Chief Ministers Office/Chief PRO to C.M
Secretary to C.M/Special Secretary to C.M

Annexure III

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Committees – Information Technology & Communications Department – Consultative Committee on IT Industry (CCITI) – Constituted – Orders – Issued.

INFORMATION TECHNOLOGY & COMMUNICATIONS DEPARTMENT

G.O.Ms.No.3   **Dated: 25.5.2000**

                                     Read the following:

1. G.O.Ms.No.114, Finance & Planning (Plg.IT&C) Department, dt.25.5.1999.
2. A.P.FIRST, Information Technology Policy – 2000 (Feb.2000)
3. G.O.Ms.No.133, GA (AR&T.I.) Department, dt.10.4.2000

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ORDER:

The Government has announced its policy of incentives for the IT Industry in reference first read above, and the IT policy has been announced in February, 2000 in reference second read above. Both these policies spell out certain incentives to the industry land place certain

responsibilities on the industry as well. The speedy realization of the goals set in the policy document assumes that the commitments on either side are kept up promptly. This needs a tremendous level of coordination between the various functionaries of the Government on the one hand and the representatives of the Industry on the other, for prescribing Procedures, issue of consequent Guidelines and Notifications contemplated under the aforementioned policies, resolving difference in interpretation, etc., in several matters, such as Labour laws, power supply rates allotment of land, stamp duty rebates etc., To resolve the existing/anticipated problems in implementation of the IT policy's for speedy realization of the goals set forth in the IT Policy document, the need for a standing Committee to fulfill the objectives of efficient co-ordination between the functionaries of Government and representatives of Industry is highly felt.

2.   In the aforementioned circumstances, Government hereby constitute a standing Committee to be called Consultative Committee on IT Industry (CCITI), with the following composition:

1.   Secretary, IT&C   Chairman
2.   Chairman A.P. Transco   Member
3.   Commr., & IG Registration   Member
4.   ED, APIIC   Member
5.   GM Telecom (to be nominated by CGM)   Member
6.   Representative of Labour Dept.,   Member
7.   Representative of Commr., Customs   Member
8.   President, HYSEA (Sri J.A. Choudary)   Member
9.   Secretary, HYSEA (Sri Mallikarjuna Rao) Member
10.   Representative of IT Industry to be
        nominated in consultation with HYSEA   Member
11.   Representative of L&T Infocity   Member
12.   Joint Collector, RR District   Member
13.   Director, STPI, Hyderabad   Member Secretary

3.   The Committee constituted above shall meet once in two months and resolve the pending issues.

4.   A copy of this order is available on the Internet land can be accessed at the address http://apts.gov.in/apgos.
(BY ORDER AND IN LTHE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

                                                J .SATYANARAYANA,

To
All the Departments of Secretariat.
Commissioner, Municipal Administration
Commissioner & I.G. Stamps and Registration
Commissioner, Industries
Chairman and Managing Director, APIIC
Managing Director, APIIDC
Commissioner, Information and Public Relations
Managing Director, A.P.T.S. Ltd.,
Member Secretary, A.P. Pollution Control Board
Chairman, GENCO/TRANSCO
Commissioner, Commercial Taxes
Director of Factories and Boilers
Director, Employees State Insurance
Copy to:
STPI, Hyderabad
Department of Electronics, Government of India
Chief Minister's Office/Chief PRO to C.M.
Secretary to C.M./Special Secretary to C.M.
Sri J.A. Choudary, President, HYSEA (Hyderabad Software Exports Association)
Sri Mallikarjuna Rao, Secretary, HYSEA
Collector & District Magistrate, R.R. District
Jt. Collector, R.R. District, Andhra Pradesh

Annexure IV
GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

IT Incentive Policy- Issue of certain guidelines for speedy and effective implementation of IT Incentive Policy- Orders – Issued.

INFORMATION TECHNOLOGY & COMMUNICATIONS DEPARTMENT

G.O.Ms.No. 5.   .   Dt.16–06--2000

Read the following:

1. **G.O. Ms.No.114 Finance and Planning (Plg.IT&C) Department Dated 25-05-1999**
2. **A. P FIRST, Information Technology Policy – 2000 (Feb- 2000)**
3. **G.O. Ms.No.3.IT&C Department Dated 25-05-2000**
4. **This Office Letter No. 263/IT&C/2000 Dt.15-05-2000 to the CMD, APIIC**

5. Letter No. 114/ PM (IPU)/APIIC/2000 Dt.30-05-2000 from APIIC

ORDER:

With a view to attract I.T Investments and to help in promoting the growth and sustenance of the I.T. industry in the State, the Government announced a package of incentives to the IT industry in the orders 1st read above. In order to ensure proper coordination between the various functionaries of the Government and the representatives of the I.T. industry, Government in the orders 3rd read above constituted a Consultative Committee on IT Industry (CCITI) under the Chairmanship of the Secretary, IT&C.

2.   The package of incentives announced includes a rebate on cost of land allotted by Government or APIIC, rebate on stamp duty on transfer of land, 25 % concession in power tariff for new units upto 3 years, etc. It is considered necessary to create an institutional mechanism for determining the eligibility of the applicant industries to the various incentives and also to issue a set of guidelines for facilitating the process, as some of the incentives need decisions to be taken at certain levels in Government. It is felt desirable to give a single window clearance for all incentives through such a mechanism. A set of guidelines for allotment of APIIC Lands on concessional rates to IT entrepreneurs was arrived at after detailed discussions with APIIC. A   comprehensive   set of guidelines has been prepared covering all aspects relating to the grant of incentives to IT Industries viz. format for application, eligibility criteria, procedure for processing the applications, the formalities to be followed by an allottee or grantee, the terms and conditions of allotment or grant etc.

3.   After a careful consideration it is hereby ordered that the CCITI constituted in the orders 3rd read above will be the single window of reference for recommending grant of all the IT incentives made available under the orders 1st read above. CCITI in this connection will follow the guidelines mentioned in the annexure to this Order.

4   This order does not require the concurrence of Finance and Planning (Finance Wing) Dept.

5.   Copy of this order is also available on the Internet and can be accessed at the address: http: //apts.gov.in/apgos

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

J.SATYANARAYANA
SECRETARY TO GOVERNMENT

To,
The Principal Secretary, Ind. & Com. Dept.,
The M.D, APIIC,
The Principal Secretary, Fin. & Plg. (Fin. Wing) dept.
The Special Chief Secretary, LET&F Dept.,
The Principal Secretary, Revenue Department,
The Principal Secretary, Energy Department,
The Principal Secretary, MA&UD Dept.,
The Director, STPI, Hyderabad,
The Secretary, I& P.R.
Commissioner Industries,
All the Members of CCITI.
The Special Secretary to Chief Minister,
The A.G., A.P., Hyderabad.
S/F
Spare

//Forwarded By Order//

SECTION OFFICER

Annexure to G.O. Ms. No. 5, IT&C Dept., Dated: 16-06-2000

GUIDELINES FOR GRANT OF INCENTIVES TO IT INDUSTRIES-
(Under G.O. Ms. No. 114 Finance & Planning (Plg IT&C) Department dated 25-5-99)

1. **Preamble:** The Government of Andhra Pradesh has announced a package of incentives to the IT industries through the G.O.Ms.No 114 Finance & Planning (Plg. IT&C) dept dated 25-5-99. The package of incentives includes a rebate on cost of land allotted by the Government or APIIC, rebate on Stamp duty on transfer of land, 25% concession in the rate of power tariff for new units upto 3 years, relaxations and exemptions from several Laws etc. While some of the incentives operate automatically, certain others need decisions to be taken by some agencies of the State. It is felt desirable to create an institutional mechanism for determining the eligibility of the applicant industries to the various incentives. The idea is to create a single window of reference for the IT industry in all matters relating to the grant of incentives.

2. **Application for grant of incentives:** The IT industries desirous of availing the incentives under the IT policy shall make an application to the Secretary,

Department of IT & Communications, in the prescribed format shown as <u>**Annexure I**</u>. **The format is common for all the incentives relating to land, power, stamp duty, FAR, connectivity through APSWAN and investment subsidy envisaged under the policy. The business plan in respect of new units and audited financial statements in respect of ongoing business, as required, shall accompany the application.**

3. <u>Eligibility for application</u>: **The applicants should satisfy the following eligibility criteria:**

   (a) **The applicant shall be covered by the definition of IT Industry or IT Infrastructure Company in terms of paragraphs 11(1), 11(2) and 11(3) of G.O., Ms. No. 114 dated 25-5-99.**

   (b) **Application for rebate on cost of land:**

      i.   A Company or registered firm can apply for land under this scheme after one year of incorporation or registration either in India or abroad.
      ii. **At the time of preferring the application, the applicant company or firm or its parent company or firm, should have employed at its various units, including those abroad, at least 25% of the number of employees proposed to be employed additionally during the next one year, as per the business plan.**
      iii. **The application shall be accompanied by a copy of the business plan indicating the overall size of operations proposed to be undertaken with yearly phasing of investment, employment and other facilities proposed to be created. The extent of land applied for should have a direct nexus to the requirements of the business plan.**

   (c) **Application for rebate on Stamp Duty: The conditions specified in para 11(4) (i) shall be satisfied. The provision of facilities like uninterrupted power/backup and telecom link shall be certified by the APIIC.**

4. <u>Examination of the applications</u>: The applications for a Committee shall consider grant of incentives under the IT Policy constituted through G.O. Ms. 3 IT&C Department Dt. 25.5.2000. The committee will examine the eligibility of the applicants for various incentives and gives its recommendations.

5. **Basing on the recommendations of the Committee, the applications shall be directly referred to APIIC wherever necessary duly indicating the eligibility and the extent of land for which the applicant is eligible. APIIC in turn will report to the Government on the availability of Land and per acre price or its**

recommendations with in one week from the date of receiving the recommendations of CCITI, so the Government can enter into MOU and communicate the same to APIIC for allotment of land at a rebate in terms of the IT policy. APIIC will allot Land as per the normal procedure at the earliest and in all within 6 weeks from the date of receipt of application in a complete shape in Government.

6. **Notification:** The Government shall cause a notification to be issued in terms of para 11 of the GO 114 dated 25-5-99, wherever required.

7. **MOU:** In all cases where the Government decides on allotment of land at a concessional rate, the applicant shall enter into an MOU with the Government in the format prescribed at Annexure II. The Committee may suggest such variations to the format of the MOU as may be required in particular cases.

8. **Conditions of allotment of land:**

   i) **The APIIC shall be the authority making the actual allotment based on the decision of the Government *and according to the terms and conditions stipulated in the MOU***

   ii) **The land shall not be used for any purpose other than that for which it is allotted**

   iii) **The allottee shall commence construction of the building within 6 months from the date of allotment by APIIC and commence commercial operations within 24 months from the date of allotment.**

   iv) **If the construction of the building is not completed within the stipulated time, APIIC may be directed to take over the premises on payment of assessed value to the original allottee. The premises then can be completed and allotted to other parties.**

   v) **Revocation: The APIIC may revoke the allotment in the event of violation of any of the conditions of allotment or the terms of the MOU. APIIC shall afford reasonable opportunity to the allottee before revoking the allotment. All such cases of revocation shall be reported to the Government.**

9. Bank Guarantee: The allottee of land under this scheme shall submit a Bank Guarantee for an amount equal to the value of the incentives availed, together with interest for the period for which MOU was entered for fulfillment of the conditions thereof, read with the relevant provisions of G.O. Ms. 114, Finance & Planning (Plg. IT&C, Wing) dated 25-5-99.

10. **The registration of land shall be made in favour of the allottee after the APIIC or such other authority as may be designated by the Government, certifies compliance of the various terms and conditions of allotment, including those**

relating to employment. The Bank Guarantee shall be discharged thereafter. The APIIC or any other designated authority may obtain particulars of employment generated by the allottee, periodically from the company or any other competent authority.

11. **Mega Projects: In case of mega Projects, where the proposed investment exceeds Rs 100 crores, the Committee on a case-to-case basis shall consider the grant of special incentives.**

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J. SATYANARAYANA
SECRETARY TO GOVERNMENT

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FORWARDED BY ORDER

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SECTION OFFICER

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ANNEXURE.1
Application for grant of incentives to IT industries

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To
The Secretary to Government
Information Technology and Communications department
Government of Andhra Pradesh
A Block, A.P. Secretariat
Hyderabad

_____

1. Name of the Applicant
  Address of the organization
 Telephone number /
  Fax number /
  E-mail
2. Nature of the applicant organization
Proprietary / partnership/Pvt Ltd/Ltd company along with certificate of registration)

3. Name and address of the parent company, if any

4. Details of foreign collaboration, if any

5. Line of IT activity proposed / already undertaken
   (Enclose a brief project report / outline of business plan)

6. Projected turnover over the next three years in IT activities
   (Give domestic and export turnover separately)

Year	Export turnover	Domestic turnover	Total turnover
Year 1			
Year 2			
Year 3			

7 Details of performance for the last five years or since inception (for existing units)

Year	Investment made during the year	Employment generated during the year	Export turnover for the year	Domestic turnover for the year	Total turnover for the year

8. Details of projected employment creation for the next three years

Category of staff	Year 1	Year 2	Year 3	Total
Managerial staff				
Technical staff				
Skilled labour				
Unskilled labour				
Clerical and other staff				
TOTAL				

9. Requirement of land
   Location of the land (village, survey number)
   Extent of land required (in acres/ sq yards)
   - **For office,**
   - **For production units,**
   - **For development units**
   - **For open   space**
   - **For other purposes (to be specified)**
   - **Total**
   - **What is the built up area proposed (in sft)?**

10. Power requirement
- **Power required in KVA/M. W.**
- **Date from which required/connected already**
- **If connected the details of the service connection with date**
- **Development of load**
  - **At commencement of unit**
  - **Over the next three years**

11. Water requirement
- **Immediate requirement in KL**
- **Requirement over next three years**

12. Dates by which
  - **The construction of civil works starts**
  - **The construction of civil works completes**
  - **The commercial production commences**

Any other relevant information

Declaration

       We hereby declare that the particulars as given in the application are correct to the best of our knowledge and belief

Signature
Name
Designation

*****

J. SATYANARAYANA
SECRETARY TO GOVERNMENT

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into on this the ……………day of ……………….., at Hyderabad;
BY AND BETWEEN
Government of Andhra Pradesh, through its Information Technology and Communications Department, (hereinafter referred to as "GoAP") on the First Part;

AND
…………………………, a company incorporated under the Companies Act, 1956 having its registered office at ……………………………………… and its corporate office at ………………………………………………… (hereinafter referred to as " ") on the Second Part.
RECITALS
WHEREAS, GoAP has announced an Information Technology Incentives Policy through G.O.Ms.No. 114, Finance & Planning (Plg. IT&C) Department, dated May 25, 1999 ("IT Policy"), pursuant to which ……………………….. has agreed to set up an IT facility in the State of Andhra Pradesh to undertake various activities (as described in Exhibit A attached hereto and hereinafter referred to as "Activities", and which Activities fall within the scope of the IT Policy) and for this purpose wishes to purchase/acquire certain land (more fully described in Schedule I attached hereto and hereinafter referred to as "Plot") under the terms of the IT Policy and on the terms and conditions contained herein; and

WHEREAS, GoAP has agreed to facilitate the establishment of the facility by
and the parties hereto have agreed to set out the broad terms of their understanding as under.

NOW THIS MEMORANDUM OF UNDERSTANDING WITNESSETH AS FOLOWS:

1.Basic Understanding

In consideration of the purchase price determined by APIIC if Plot in phased manner as per the schedule being paid by …………………….. from time to time GoAP has agreed to cause APIIC to sell and ………………………….. agrees to purchase from APIIC the Plot subject to the various terms and conditions contained herein. The parties hereto further agree that ……………….. and/or its Affiliates shall use the Plot for the purpose of undertaking the Activities. It is further clarified that the Plot can be used by the sub-contractors or vendors of …………….. and/or its Affiliates, provided such sub-contractors or vendors are undertaking the Activities as a special project for …………………………and/or its

Affiliates. For the purpose of this MoU the term "Affiliate" means and includes any body corporate in which ……………..either directly or indirectly subscribes to not less than 26% of the share holding of such Affiliate.

2.Conditions Precedent

The completion of the transaction envisaged under this MoU is subject to the fulfillment of the following conditions precedent:

(a) Completion of satisfactory due diligence by ………………….. of the Plot and the Additional Property, (as defined in Clause 5 hereinafter) including, but not limited to, an environmental due diligence of the Plot and Additional Property, suitability of the Plot and the Additional Property for the purpose of undertaking the Activities in the manner satisfactory to ………………, availability of adequate utilities and ownership title of the Plot and the Additional Property;

(b) **Obtaining by……………….., of requisite corporate and regulatory approvals, (including approvals from the parent company) including approvals to install and operate the various communication facilities on the Plot and the Additional Property, and APIIC facilitating such assistance that ………………………may reasonably require in order to obtain such approvals as may be necessary and required by ……………………to undertake the Activities;**

(c) **APIIC facilitating the provisions of adequate water supplies, telecom linkages, electricity load and other utilities as per the requirements indicated by………………,on payment as per applicable norms in existence**

3. **Consideration**

The parties hereby agree that ……………….. will be entitled to the rebate in the cost of the Plot as per the norms enumerated in the IT Policy provided ………………eligible employees are employed by……………….
………………………….. undertakes that it and/or its Affiliates or its sub-contractors or vendors working on a special project for ………………… of its Affiliates, shall employ…………… eligible [as per G.O.Ms.No. 114, Finance and Planning (Plg. IT&C) Dept. Dt. 25-05-1999] employees (whether such employees are working on the Plot or Additional Property or otherwise within Andhra Pradesh) by the end of third year from the Completion Date. The parties understand that the GoAP on this understanding is providing the rebate on the cost of the Plot.

Further the parties agree that if by the end of three years from the Completion Date, the total number of eligible employees is less than ………….., then in such an event, ………… shall refund the rebate pro-rata, on the value of the Plot indicated by APIIC on execution of this MoU, equivalent to the shortfall along with interest calculated on a daily product basis at 16% per annum with quarterly rests from the Completion Date to the date of payment, without there being any other liability, financial or otherwise, resulting from shortfall in employing …………….. eligible employees by the end of the third year.

Under this MoU, the Completion Date shall mean the date on which all the conditions, precedents stated in Clause 2 above are completed as per the requirements indicated by …………….., execution of definitive agreements by the parties, registration of the conveyance/sale deed for the Additional Property with the appropriate Sub-Registrar of Assurances and handing over the vacant and peaceful possession of the Plot and the Additional Property to……………...

4. **IT Policy**

All terms of the IT Policy shall be applicable to the proposed purchase of the Plot by…………………

5. **Further Purchase**

The Parties hereto further agree that, GoAP will cause APIIC to sell, and …………. shall purchase, property adjacent to the Plot (herein referred to as "Additional Property", and more fully described in Schedule II attached hereto), for a purchase price of Rs……………, per meter as indicated by APIIC.

The Parties hereto agree that initially the purchase of the Additional Property shall be outside the purview of the IT Policy. If at any time within the period of five years from the Completion Date, the total number of eligible employees (as defined in the IT Policy) is in excess of…………………(as committed by……………), then any benefits that ………….. will be entitled to under the IT Policy, including any rebate, hall accrue to ……………... In such an event, APIIC shall pay to ………….. the rebate amount along with interest calculated at the rate of 11% per annum from the Completion Date to the date of payment.

6. **Miscellaneous**

   (a) **Use of Premises:** **For a period of three years from the Completion Date, ………. not assign; transfer, or in any manner alienate the Plot or the Additional Property to any person without obtaining the prior written consent of APIIC, provided that, nothing contained herein shall be deemed to restrict the Affiliates or sub-contractors or vendors of ……………from**

utilizing the Plot or the Additional Property for the purpose of undertaking the Activities for the benefit of ……………or its Affiliates.

(b) <u>Term</u>**: This MoU shall remain in force for a period of three months from the date of execution, unless such term is extended by the mutual consent of the parties hereto.**

(c) <u>Non-binding</u>**: This Memorandum of Understanding constitutes an expression of interest, and should not be in any manner construed to be a legally binding commitment for either party. Both parties understand that prior to proceeding to execute a definitive agreement,…………….and APIIC are required to obtain certain corporate and regulatory approvals, and in the event such approvals are not obtained before expiry of the term of this Memorandum of Understanding, then the Memorandum of Understanding would terminate without any liability to either party. On obtaining the requisite approvals the parties shall communicate the same to each other. However……………., shall endeavor to obtain all necessary approvals/clearances within (90) days from the date of entering into the MoU.**

IN WITNESS WHEROF, the aforementioned parties have affixed their signatures and seal on the date, month and year first above written.

Government of Andhra Pradesh ……………………………

Name:……………….. **Name:**
Secretary, IT&C Department **Designation:**

<u>Schedule I to the Memorandum of Understanding dated</u>
<u>………………</u>

DESCRIPTION OF THE PLOT

All of the freehold land located at APIIC Industrial Development Area, Survey No….,……………………village,…………………Mandal,……………………
………………District, Andhra Pradesh, ad-measuring about …… acres, carved out by APIIC, and acceptable to………………….

<u>Schedule II to the Memorandum of Understanding dated:………</u>

DESCRIPTION OF ADDITIONAL PROPERTY

All of the freehold land located at APIIC Industrial Development Area, Survey No,………..,……………………village,…………………..Mandal,………………..Distr

ict Andhra Pradesh and contiguous to the Plot and ad measuring about ....acres.

<div align="center">*****</div>

<div align="center">

J. SATYANARAYANA
SECRETARY TO GOVERNMENT

</div>

FORWARDED BY ORDER

<div align="right">**SECTION OFFICER**</div>

<div align="center">

<u>Annexure-III</u>

<u>Draft Bank Guarantee</u>
Andhra Pradesh Industrial Infrastructure Corporation Limited

</div>

This performance bank Guarantee made this........... day of .... by...... having its Registered Office at ....and branch in ....in favour of the Andhra Pradesh Industrial Infrastructure Corporation Limited, (APIIC) a Government Company incorporated under the Companies Act 1956 and having its Registered Office at Parishrama Bhavan, 6ᵗʰ Floor, Fateh Maidan Road, Hyderabad – 500 004, A.P.

A)Where as,...a company incorporated under the Companies Act 1956 and having its corporate office at ....had purchased.............(Conveyance Deed),on the terms and conditions contained therein in consideration of the rebate (as the term is defined in the Conveyance Deed) offered by the Government of A.P. through APIIC under the Information Technology Incentives Policy (IT Policy) issued by the Govt. of Andhra Pradesh vide its G.O. Ms. No. 114,Fin., & Plg., (Plg.IT&C) Dept., dt,25.5.99.

B) The rebate was provided by the Govt., of A.P. through APIIC on the condition that a minimum of ....eligible employees (as the term is defined in the Conveyance Deed, land hereinafter, ...target eligible employees) by the third anniversary of the Conveyance Deed and the target eligible employees must have completed two years of continuous employment by the Fifth anniversary of the conveyance deed on the terms and conditions contained in the Conveyance Deed.

C) Further under the Conveyance Deed, APIIC and ....have agreed that in the event.............fail, to fulfill the above conditions, in full or in part then in such event   is to refund all, or as the case may be part of the rebate (calculated in terms of the formula laid out in section 3.3 of the Conveyance Deed and hereinafter "claim amount"); and

<div align="right">62</div>

D) In order to secure the performance of…………….. to pay the claim amount on the terms and conditions contained in the Conveyance Deed, the APIIC has required………………..to provide a Bank Guarantee and accordingly……………………..has requested the Bank to provide a Guarantee and the Bank hereby guarantee the payment of the claim amount subject to the following terms and conditions.

NOW THIS BANK GUARANTEE WITNESSETH AS FOLLOWS:

1) All capitalized terms used herein and in Annexure hereto if not specifically defined shall have the same meaning assigned to them under the Conveyance Deed.

2) The Bank hereby irrevocably guarantee and undertake to pay to APIIC, on written demand, in form and content Annexed hereto as Annexure (demand), and within fifteen business days of the receipt of such demand, all or portion of the claim amount which remains due and unpaid by…………….. Without demur, reservation, contest, recourse or protest. The demand raised by the APIIC must state the amount of claim amount that has become due from……….. , but remains unpaid, the manner in which the refundable amount has been calculated and a confirmation by an authorized officer of APIIC that APIIC has made a demand on ……………………….and……….has not paid the claim amount in full.

3) Notwithstanding anything contained herein above, the bank's maximum liability under this guarantee is strictly restricted to ……………………(Indian Rupees…………..only) plus interest thereon at the rate 16% per annum, from the date of receipt of the demand till the date of payment to APIIC.

4) The Bank's maximum liability under this guarantee as stated in Article 3 above shall be automatically reduced by the amounts paid by……., and to the extent corresponding or proportionate to the land resumed by the Seller or surrendered by the Purchaser.

5) This Guarantee will come into force on the date of execution of the Conveyance Deed and shall remain in force and valid for a period of five years from the date of this guarantee and shall be extendable further for a maximum period of six months at the sole option of APIIC.

6) This unconditional and irrevocable Bank Guarantee shall be available for invocation and payment at the Bank counters in Hyderabad or Secunderabad. Any demand under this guarantee must be made in writing, and must be dispatched at the Bank's address at……………………whilst the guarantee remains in force as above. On receipt of such demand, the guarantor shall pay, APIIC the amount of the demand within fifteen business days following the invocation of the guarantee by the APIIC in writing as aforesaid.

The courts located in the Twin Cities of Hyderabad and Secunderabad shall have jurisdiction over any dispute arising out of this guarantee.

In witness whereof the guarantee is executed by Shri / Smt……………………and Shri /Smt………………………………. on behalf of

the Bank who as Principal Officers of the Bank are authorized and competent to execute such like guarantees including the present one.
*****

J. SATYANARAYANA
SECRETARY TO GOVERNMENT

Annexure V
GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Information Technology – Promotion of telecommunication infrastructure – Laying of Optical Fibre cables along State properties – Guidelines issued

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Finance & Planning (Plg IT&C) Department

G O Ms No.5   Dated 11-2-2000

Read the following :
Ministry of Surface Transport, Govt of India No RW/NH-12037/826/98 –KNT dated 17-8-99

ORDER

1. The Govt of AP has been making several efforts to promote IT in the State with the objectives of improving the state of economy, enhancing the quality of life of the citizens, provide good governance and ensure development with equity. Some of these efforts are attracting investments in IT sector, implementation of electronic governance projects, promoting IT education. Besides the ongoing efforts, the Government is committed to encourage distance education through use of IT tools, IT-enabled Services for providing large-scale employment and also to take Internet to the villages at the earliest to spur the growth of e-commerce in rural areas also.

2. All the above efforts essentially need availability of a robust telecommunication infrastructure with adequate bandwidth across the length & breadth of the State. At present DOT is the predominant agency operating throughout the State. It is felt that the efforts of

DOT will have to be supplemented to create enough bandwidth and make it available at affordable rates. Hence the Government has been contemplating to leverage private sector initiatives in providing widespread, high-speed , broadband communication infrastructure speedily.

3. The globally accepted method of creating broadband networks is through laying optical fibre as the backbone. The optical fibre is to be laid along roads like the National Highways, State Highways and other road network belonging to the R&B, Panchayat Raj , Municipal Administration & Urban Development and Forest Departments. The agencies intending to lay the optical fibre are required to take permissions from the authorities in these departments. In the absence of general guidelines, the proposals are sent to higher authorities and this causes delay. Keeping this in view, the Government has decided to issue guidelines for issuing permissions to the agencies, especially telecom operators, desirous of implementing optical fibre projects in the State.

4. The Government of India has issued guidelines on the subject of permitting laying optical fibre cables along the National Highways in the reference read above. According to this policy, the permission is to be given free of any charge subject to, inter alia, the licensee producing a Bank Guarantee for an amount calculated at the rate of Rs 25 per RM.

5. Keeping the above circumstances in view, the following guidelines are issued in the matter of according general permission to agencies desirous of laying optical fibre cable along roads belonging to the State in the R&B, Panchayat Raj , Municipal Administration & Urban Development and Forest Departments.

      a) Any agency which has license from the Department of Telecom as may be required from time to time, may apply to the Engineer-in-Chief, R&B, Principal Chief Conservator of Forests, Engineer-in-Chief, Panchayat Raj, and Engineer-in-Chief, Municipal Administration and Urban Development for issue of permission for using the right of way for laying optical fibre cables along the highways and roads belonging to the State.

b) The agency shall specify the roads along which and the lengths for which permission is sought. The permission shall be accorded by the Engineer-in-Chief, R&B, Principal Chief Conservator of Forests, Engineer-in-Chief, Panchayat Raj, and Engineer-in-Chief, Municipal Administration and Urban Development, as the case may be, within 2 weeks of application, subject to the applicant executing the agreement specified in sub-para(c) and providing the Bank Guarantee specified in clause(iv) of the agreement. Before giving such permission the requirement of widening of the roads should be kept in view.

c) The agencies to which permission has been accorded under this order shall enter into an agreement with the Engineer-in-Chief, R &B, Principal Chief Conservator of Forests, Engineer-in-Chief, Panchayat Raj, and Engineer-in-Chief, Municipal Administration and Urban Development, as the case may be, as per the enclosed format.

d) The agencies to which permission has been accorded under this order, shall not sell, lease or otherwise trade on the extra space available in the ducts laid by them, except after obtaining specific prior permission of the Government, subject to such terms and conditions as may be decided by the Government.

e) The agency shall restore the road or the margin which has been dug, to its original quality at his cost and to the satisfaction of the Engineer-in-Chief, R & B, Principal Chief Conservator of Forests, Engineer-in-Chief, Panchayat Raj, and Engineer-in-Chief, Municipal Administration and Urban Development, as the case may be.

6. The departments of Roads and Buildings, Forests, Panchayat Raj and Rural Development and Municipal Administration and Urban Development shall take necessary consequential action for ensuring the implementation of these orders forthwith.

V ANANDARAU
CHIEF SECRETARY TO GOVERNMENT

To
The Enginieer-in-Chief, R & B Dept.,
Principle Chief Conservator of Forests,
The Engineer-in-Chief, Panchayat Raj Dept.,
The Engineer-in-Chief, Municipal Admn., & Urban Development Dept.,

Copy to
The Secretary to Govt., T.R.&B. Dept.,
The Prl.Secretary to Govt., E.F.S & T., Dept.,
The Prl. Secretary to Govt., P.R. & R.D.Dept.,
The Prl. Secretary to Govt. M.A.& U.D., Dept.,

// Forwarded by Order//

Research Officer.

LICENCE FOR THE USE OF THE LAND OF R&B/FOREST/PR/MA&UD DEPARTMENTS

Agreement to lay Optical Fibre Cable from _____ to _____ Km of R&B/Forest/PR & R.D/MA&UD land in the state of AP.

This Agreement made this _____ day of _____ (Month) of _____ (year) between Governor of AP acting in his executive capacity through the Government of AP, (hereinafter referred to as GOVERNMENT OF AP) which expression shall unless excluded by or repugnant to the context, include his successors in office and assigns) of the one part, and M/s._____, a company registered under

the Companies Act 1956 and having its Registered Office at

_____

_ (hereinafter called the Licensee) which expression shall unless excluded by or repugnant to the context, include his successor/administrator assignees on the second part.

Whereas the Government of AP is responsible inter-alia for development and maintenance of Roads in AP and is also the owner of the land.

Whereas _____ is a company wanting to lay Optical Fibre Cable in the State of AP.

WHEREAS the licensee has applied to the GOAP for permission to lay Optical Fibre Cable from Km----------------------to Km ---of-----------

Road upto ------------------------------and Km-----------------------to Km------------of -----------

----------------Road from----------------------------to-------------------------------

AND WHEREAS GOAP have agreed to grant such permission on the terms and conditions hereinafter mentioned.

Now this Agreement witnesseth that in consideration of the conditions hereinafter contained and on the part of the Licensee to be observed and performed, the GOAP hereby grants to the licensee permission to lay Optical Fibre Cable as per the approved drawing attached hereto subject to the following conditions, namely:-

     i)   The cable shall ordinarily be laid at the edge of the Right-of-Way or at a minimum distance of 15m from the center line of the nearest carriageway where the road land is wider.

ii) The top of the casing/conduit pipe containing the cables shall be at least 1.2m below the surface of the road subject to being at least 0-.3 m below the drain inverts.

iii) The licensee shall ensure making good the excavated trench for laying of cables by proper filling and compaction, so as to restore the land in the same condition as it was before digging the trench, clearing debris/loose earth produced due to execution of trenching at least 50 m away from the edge of the Right-of-way.

iv) The licensee shall furnish a Bank Guarantee for the amount calculated at the rate of Rs.25 (Rupees twenty five only) per metre to the Engineer-in-Chief, R&B/Principle Chief Conservator of Forests/Engineer-in-Chief,PR/Engineer-in-Chief, MA&UD, for a period of one year for ensuring making good the excavated trench for laying the cables by proper filling and compaction, clearing debris/loose earth produced due to execution of trenching at least 50m away from the edge of the Right-of-Way. No payment shall be payable by the GOAP to the licensee for clearing debris/loose earth. In case the work contemplated herein is not completed to the satisfaction of the Egineer-in-Chief, R&B/Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA& UD within a period of eleven months from the date of issue of the Bank Guarantee, the licensee shall either furnish a fresh guarantee or extend the guarantee for a further period of one year. In case of the licensee failing to discharge the obligation of making good of the excavated trench , Engineer-in-Chief (R&B)/Principle Chief Conservator of Forests/Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD shall have a right to make good the damages caused by excavation, at the cost of the Licensee and recover the amount by forfeiture of Bank Guarantee.

(v) The licensee/licensees shall make his own arrangement for crossing of cross drainage structure, rivers etc. In case, this is not feasible, the cables may be carried on the outside of the railings/parapets and

supporters on brackets fixed to the outside of the bridge superstructure. The fixing and supporting arrangement with all details shall be got approved in advance from the Engineer-in-Chief (R&B)/Principle Chief Conservator of Forests/Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD.

(vi) The licensee shall shift the cables within 90 days from the issue of the notice by the concerned Engineer-in-Chief (R&B)/Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/Engineer-in-Chief, MA&UD to shift/relocate the cables in case it is so required for the purpose of improvement/widening of the road and restore the road land to its original condition at his own cost.

(vii) The licensee shall be responsible to ascertain from Engineer-in-Chief (R&B)/ Principle Chief Conservator of Forests/Engineer-in-Chief PR/ Engineer-in-Chief, MA&UD /Chief General Manager, Telecommunications of the area regarding the location of other cables etc. He shall ensure the safety of already existing cables before commencement of the excavation. He shall be responsible for any damage to the existing cables of DOT or any other communication network and will have to get the same repaired or replaced at his cost. Engineer-in-Chief (R&B)/ Principle Chief Conservator of Forests/Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD shall have a right to make good the damages caused by excavation at the cost of the licensee and recover the amount by forfeiture of Bank Guarantee.

(viii) If the licensee fails to comply the condition (vi) and (vii) above, to the satisfaction of the Engineer-in-Chief (R&B)/Principle Chief Conservator of Forests/ Engineer-in-Chief, PR / Engineer-in-Chief, MA&UD, the same shall be got executed by the Engineer-in-Chief

(R&B)/ Principle Chief Conservator of Forests/ Engineer-in-Chief PR/ Engineer-in-Chief, MA&UD at the cost and risk of the licensee.

(ix)   The licensee shall be responsible for safety and all other underground facilities such as electric line, pipes for water supply and gas, sewage lines etc. during trenching. The licensee shall also be responsible for safety of cross drainage structures. The licensee shall procure Insurance from reputed Insurance company against damages to these lines during trenching.

(x)   As far as possible, the lincensees should avoid cutting of the road for crossing State Highway, and other State Roads and try to carry out the work by drilling a hole beneath the road pavement. In case any damage is caused to the road pavement in this process, the licensee/licensees will be required to restore the road to the original condition at his cost. If due to unavoidable reasons the road needs to be cut for crossing or laying a cable, the lincensee shall deposit the restoration cost as assessed by Engineer-in-Chief (R&B)// Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD in charge prior to taking up of the work.

(xi)   The licenesee shall inform Engineer-in-Chief(R&B)/ Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD at least 15 days in advance before digging trenches.

(xii) Each day the extent of digging the trenches should be strictly regulated so that cables are laid and trenches filled up before the close of the work that day. Filling should be completed to the satisfaction of the Engineer-in-Chief (R&B)/ Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD.

(xiii) The licensee/licensees shall indemnify Engineer-in-Chief (R&B,/ Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD all damages and claims, if any, due to the digging of trenches for laying of the cables.

(xiv) This permission shall be for a period of 15 years or the period for which the licensee has been given the licensee by the Department of Telecommunications whichever is less. The permission granted by the Agreement will automatically cease in case of premature termination of the licence granted to by the Department of Telecommunication. GOAP also have a right to terminate the permission and also to extend the period Agreement. In case the licensee wants shifting, repairs or alteration to optical fibre cable, he will have to furnish a fresh Bank Guarantee for the purpose mentioned in clause (iv) above.

(xv) That the licensee/licensees shall not without the prior permission in writing of the Engineer-in-Chief, R&B/ Principle Chief Conservator Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD undertake any work of shifting, repairs or alterations to the said Optical Fibre Cables.

(xvi) That the licensee/licensees shall be liable for any loss or damage caused to the GOAP by drainage obstruction or any other like cause due to the said Optical Fibre Cables.

(xvii) The Licensee shall not sell, transfer, lease or otherwise dispose of the cables without the previous consent of the GOAP in writing

(xviii) That the permission granted by this licence shall not in any way be deemed to convey to the Licensee any right to or any interest in State Highway land other than what is herein expressly granted.

(xix) That during the subsistence of this Licence, the Optical Fibre Cable located in State Highway land shall be deemed to have been constructed and continued only by the consent and permission of the GOAP so that the right of the licensee to the use thereof shall not become absolute and indefeasible by lapse of time.

(xx) That the licensee shall bear the stamp duty charged on this agreement.

(xxi) The Optical Fibre Cables shall not be brought into use by the licensee unless a completion certificate to the effect that the Optical Fibre Cable have been laid in accordance with the approved specifications and drawings and the trenches have been filled up to the satisfaction of Engineer-in-Chief, R&B/ Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD has been obtained from the concerned Engineer-in-Chief, R&B/Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD.

(xxii) Notwithstanding anything contained herein the licence may cancelled at any time by the GOAP for a breach of any condition of the licence and the licensee shall not be entitled to any compensation for any loss caused to it by such cancellation nor shall it be absolved from any liability already incurred.

(xxiii) The licensee/licensees shall have to provide a barricading, danger lighting and other necessary caution boards while executing the work.

(xxiv) If any traffic diversion works are found necessary during the working period such diversion shall be provided at the cost of licensee.

(xxv) After the termination or expiry of the agreement, the licensee shall remove the cable within 90 days and the site shall be brought back to original condition failing with the licensee will lose the right to remove the cable. However, before taking up the work of removal of cables the licensee shall furnish a Bank Guarantee to the Engineer-in-Chief, R&B/ Principle Chief Conservator of Forests /Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD for a period of one year for an amount assessed by Engineer-in-Chief, R&B/ Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD for making good the excavated trench for laying cables by proper filling and compaction, clearing debris/loose earth produced due to excavation of trenching at least 50m away from the edge of the Right-of-Way.

(xxvi) The Licensee to which permission has been accorded under this order, shall not sell, lease or otherwise trade on the extra space available in the ducts laid by them except after obtaining specific prior permission of GOAP, subject to such terms and conditions as may be decided by the Government.

(xxvii) The licensee has to abide by the directions of the concerned Engineer-in-Chief, R&B/ Principle Chief Conservator of Forests/ Engineer-in-Chief, PR/ Engineer-in-Chief, MA&UD and no appeal/correspondence shall be entertained.

This Agreement has been made in duplicate each Agreement on a Stamp Paper. Each party of this Agreement has retained one stamped copy each.

WITNESS WHEREOF THE PARTIES HERETO HAVE HEREUNTO SET THEIR RESPECTIVE HANDS THE DAY AND THE YEAR FIRST ABOVE WRITTEN.

SIGNED, SEALED AND DELIVERED BY   Engineer-in-Chief/ R&B /
PR /

                                              M.A.& U.D

FOR AND ON BEHALF OF GOVERNOR OF   Principal Chief
Conservator of
AP IN THE PRESENCE OF   Forests.

1.

2.

AND ON BEHALF OF LICENSEE   MANAGING DIRECTOR
OR
NAME & ADDRESS OF TELECOM   HIS AUTHORISED
LICENSEE HEREINUNTO AFFIXED   REPRESENTATIVE
BY VIRTUE OF RESOLUTION OF THE
BOAARD OF DIRECTORS PASSED
IN THE MEETING HELD ON
_____ IN PRESENCE OF: