



GOVERNMENT OF PUDUCHERRY
DIRECTORATE OF INFORMATION TECHNOLOGY



Information Technology Policy

2008

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1. Preface and Objectives

1.1 VISION

The Union Territory of Puducherry seeks to leverage the potential of Information and Communication Technology to transform itself from a Resource Based Economy to a Knowledge Based Economy. In making this transition, the State also seeks to be recognized as one of the leading State / UT in the Country on e-Readiness Index. It hopes to achieve by:

- ✍ Attracting investment in the sector;
- ✍ Provide opportunity to its large educated people to contribute to the development of the UT;
- ✍ Creating a pool of highly skilled professionals who are at par with the best in the country;
- ✍ Extensively using IT in Government;
- ✍ Specific courses to be launched to provide project management and software marketing skills.

1.2 BACKGROUND

Puducherry is working towards an IT revolution. It already has emerged as a hardware destination of India and also a center for IT investments in IT services and IT Enabled Services (ITES). Numerous companies located here have got prestigious national awards for two consecutive years for earning highest foreign exchange.

A communication revolution is taking place in Puducherry with availability of adequate International and National Bandwidth for both basic and value added services by several Public and Private Service Providers.

Following are a few key differentiators which make the Union Territory (UT) of Puducherry a preferred choice of many international IT majors as well as budding Entrepreneurs:

1.2.1 Infrastructure and its Strategic Location

- ✍ A Multi-Product Special Economic Zone at Sedarapet, IT Park at Kalapet provide world-class infrastructure and business support facilities for IT operations. A SEZ at Karaikal is on the anvil.
- ✍ The UT has well connected roads, excellent civic services and other necessary infrastructure that support the thriving of all industries
- ✍ Puducherry is a mere 2 hours drive by road from Chennai International Airport, Tamil Nadu. Mahe and Yanam are only 70 Kms and 200 Kms from Calicut and Vishakapatnam Airport respectively. It offers proximity to existing IT hubs, excellent connectivity, peaceful law and order, and good standard of living.
- ✍ Steady supply of power is available at competitive rates than neighbouring States.

1.2.2 Institutional Set-up

- ✍ The Puducherry Industrial Promotion Development and Investment Corporation (PIPDIC) is the nodal agency of the UT facilitating infrastructure and investment promotion.
- ✍ Puducherry Technopolis IT Park in Puducherry Engineering College campus with earth station for dedicated data transmission forges synergies of association between industry and academia.
- ✍ Proactive and business friendly administration facilitates time bound response to investor needs and issues.
- ✍ For easy availability of finance, branches of national financial institutions exist in the UT of Puducherry.

1.2.3 Resource Base

- ✍ This quite little UT of Puducherry has all the required resources of skilled and educated manpower, excellent infrastructure and being served by a committed Government. This not only provides a vibrant innovation eco-system but effective cost of operation in this industry.
- ✍ The UT has one of the highest level of literacy in the country.

1.3 OBJECTIVES

This IT policy for Puducherry has been prepared with the following objectives:

- ✍ To establish Puducherry as preferred destination for investment in IT/ ITES industry;
- ✍ To support industry by providing International quality IT infrastructure and effective government-business interface;
- ✍ To encourage education-led economic development and create more employment opportunities;
- ✍ To bring-in increased transparency, efficiency and accountability in government operations through e-Governance.

1.4 TARGETS

The above objectives could be translated into the following measurable targets to act as guiding principles for implementation of the policy and further assist in monitoring and review of progress.

S. No.	Target	Measure	Potential Impact
i	Increase of at least 50% in the number of registrations by IT companies	No. of applications for 100% reimbursement of registration fee/ stamp duty	Awareness on IT policy incentives and growth in registrations
		No. of registrations with Registrar of Companies/Industries Department.	Growth in organized sector

S. No.	Target	Measure	Potential Impact
ii	Achieve 100% IT literacy in schools and colleges	A specialized course in IT to be introduced at all levels in all educational institutions within next 3 years	More job opportunities for youth and availability of skilled labour for IT companies
iii	All government departments to be computerized and networked	Guidance by Program Steering Council.	e-Governance initiative
iv	Every government employee to receive training in basic IT usage	Training programs implemented and survey on IT usage across departments	
v	Increase of at least 50% in earnings in foreign exchange from IT services and ITES	Amount of revenue earned in foreign exchange in the UT	Growth in international trade and foreign investment in IT sector
vi	Increase in employment by at least 50% in IT sector	Campus recruitment and UT employment exchange statistics	Economic growth through increased employment
vii	Citizen services through Common Services Centres (CSC)	Usage statistics for e-services by citizens	Improved quality of life for citizens

The above targets have been set for a period of next 5 years.

1.5 DEFINITIONS

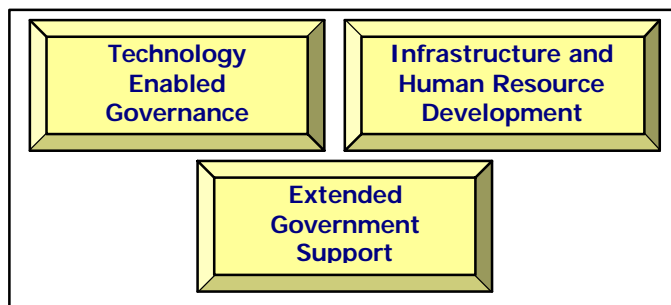
Following are the definitions of the terms used in this Policy:

- ✗ IT companies will include IT Services (ITS), IT Enabled Services (ITES), Private Communication Providers (PCP's), and Software Industries, IT maintenance and servicing units and Hardware units.
- ✗ IT Services are broadly defined as Systems Integration, Processing Services, Information Services (IS) outsourcing, Packaged Software support and installation, hardware support and installation.
- ✗ IT Enabled Services are human intensive services that are delivered over telecom networks or the internet to the range of business which will include:-
 - Medical Transcription
 - Legal Database processing
 - Digital content development/animation
 - Remote Maintenance
 - Back office operations – Accounts, Financial Services
 - Data Processing
 - Animation/Graphics Designing

- Call Centers
 - Engineering and Design
 - Geographic Information Service
 - Human Resource Services
 - Insurance Claim Processing
 - Payroll Processing
 - Revenue Accounting
 - Support Centers
 - Website Services
 - Business Process Outsourcing (BPOs)
- ✍ Private Communication Providers include Class A, Class B and Class C – Internet Service Providers, Right of Way Memorandum of Understanding (MOU) holders, Basic Service providers and Value Added Service providers like Kiosk Operators under the Rural Access to Services through Internet Project. Telecommunication, IT infrastructure providers to Knowledge Park.

2. Strategy

To meet the targets and objectives laid down in its Policy, the UT of Puducherry will pursue three broad strategies.



2.1 Technology enabled governance

To further promote the use of IT, develop the market for IT products and provide Good Governance, the Government would maximise the use of technology in all its processes. An Electronic Government (e-Government) would incorporate technological tools to set best-practice standards. IT would be used to significantly impact the quality of governance and as a strategic tool to simplify procedures and revamp and automate processes.

2.2 Infrastructure and Human Resource Development

Quality infrastructure and trained human resources are critical for the growth of IT and IT Enabled Services (ITES). Puducherry's human resources are the key to the UT's future and prosperity. Sincere and hard working, the people of the UT will be provided with every opportunity to participate in the 'brick' as well as the 'click' economy. Only by preparing all sections of society for future challenges can Puducherry realise its full potential and promise. The UT will build best-in-class IT infrastructure to equip its citizens accordingly.

2.3 Extended Government support for Economic Development

Puducherry has accorded very high priority to Information Technology. IT has been identified as a thrust industry along with tourism. The UT firmly believes that the cost of technology would be rationalised by large-scale acceptance and use of IT enabled applications. Towards this end, the UT will ensure that appropriate financial and operational support is extended to entrepreneurs and enterprises in the software and hardware industry.

3. Action Plan

3.1 TECHNOLOGY ENABLED GOVERNANCE

- ✍ Various computerization projects executed in Government Departments like Transport, Registration, Land Records, Commercial Taxes Department, Health and Education needs to be integrated to effectively deliver the services needed by the citizens. Hence plans are made to introduce **Electronic Delivery of Services (EDS)** through integrated service delivery.
- ✍ Develop **Interoperability** systems and Standards for seamless transfer of information between domains and make it mandatory through legislative mechanisms.
- ✍ Initiate moves to encourage developing the linkages for the existing databases to the public domain to enable **online activities and seamless integration**.
- ✍ Initiate and develop **Data Warehouses** in every Department to facilitate the process of Electronic Delivery of Services (EDS). These data warehouses will be linked to the Central database, which will be maintained in the State Data Center. Connecting to the existing systems and databases and developing a comprehensive information system that integrates into a data warehouse for analytical data mining to support decision-making will be the core issue for the interoperability standards.
- ✍ Establish **links worldwide** with institutions for interchange of ideas & experiences.
- ✍ Implement projects on **Smart Cards**.
- ✍ The policies and specifications stipulated by the Program Steering Council for IT Developments in Puducherry will be supported with the **best practice guidance**, tool kits and pilot projects.
- ✍ Steps towards digitization of the domain knowledge available in Secretariat and Government offices all over the UT and will be made available for all departments to facilitate a **knowledge-based decision making** process.
- ✍ Suitable innovative schemes will be devised for Government employees to upgrade the **levels of IT usage** for Government Departments. Specific need based syllabus will be drawn up to remove the techno-phobia for employees at all levels.
- ✍ IT Act 2000 of Government of India, Chapter III, Section 4 provides for recognition of Electronic Records. Section 5 deals with legal recognition of Digital Signatures. Government will come out with guidelines/rules for **e-Signature and Electronic records**, as per Section 6 of the Act.

- ✍ Government of Puducherry will set up a **specific annual target** in order to ensure that e-Governance activities of each Department are completed within the next five years and will pass directives to take the following action:-
 - Strengthening of Puducherry e-Governance Society (PeGS) towards implementation of e-Governance projects.
 - Develop and maintain a Portal for the Government of Puducherry.
 - Setting up of Puducherry State Wide Area Network.(PSWAN).
 - Setting up of State Data Centre.
 - Setting up of Common Services Centres.
 - Capacity Building.
 - Implementation of Central Core applications.
 - Implementation of Mission Mode Projects.
 - Backend computerization for e-delivery of services.

- ✍ An IT cell with a designated Chief Information Officer would be made fully functional in all government departments. The **role and responsibility of the IT cell** in each Department/ Government body will be:-
 - To prepare an overall IT vision or strategy for a five year period for the Department.
 - Identify the key areas which have maximum citizen interface, and which can be electronically delivered.
 - Implementation, maintenance and frequent upgradation of the applications.
 - Government will establish a multilingual Portal for exchange of information and views on the directions of the Government's IT strategy and emerging trends in the industry, to identify key issues associated with EDS for viable Public Private Partnership and to discuss the policy framework to develop channels for EDS in an integrated manner.
 - Government will also develop local language portal, to function as a hub for EDS services of the Region, inform the developmental activities, propagate the policies, highlight the emerging areas for the non-urban areas, and address the local officials and the elected public representative.

- ✍ Steps would be taken to boost IT usage in the most widespread sector, viz. Agriculture and allied activities and Integrated Rural Development, through Uzhavar Udaviyagams/ information booths/ public kiosks, etc.

- ✍ Most of all, the Government functioning shall be realigned such that front-end processes are made more user friendly and back-end processes are made more efficient.

- ✍ Government to initiate action towards the standardization of basic data which ensures the manageability, portability and interoperability of systems across the departments.

- ✍ Databases of relevant information to be created for each department and made available to other departments and the public wherever necessary.

- ✗ Geographical Information Systems (GIS) to be attempted which are of strategic advantage for applications like spatial planning, environmental protection, utility management, traffic regulations etc. Steps would be taken to extensively use Geographical Information Systems (GIS) for planning, especially for Disaster Management applications.
- ✗ As a part of right to information, all public domain information, such as, official gazette notifications, acts, rules, regulations, policies, programmes etc., to be digitized and made available for electronic access.
- ✗ Making the Government a Smart buyer, by rewriting the purchase rules relating to IT products and services.

3.2 INFRASTRUCTURE AND HUMAN RESOURCE DEVELOPMENT

3.2.1 Infrastructure Development

- ✍ Reliable and quality power supply shall be ensured to IT Parks and stand-alone units by permitting unlimited power backup, Captive Power Generation and status as Independent Power Producers.
- ✍ The UT Government will ensure through **communication** providers, the availability of complete bandwidth requirements.
- ✍ The UT Government will make Puducherry a smart city by allowing wireless broadband internet access available across the city
- ✍ **FSI** (Floor Space Index) will be extended upto 1.50 times the existing norms stipulated in the governing land use zones in designated IT parks including private IT parks. Such requests need to be addressed to the concerned local planning authorities.
- ✍ To provide business as well as support facilities in the form of community development, IT parks could be developed with an objective of setting up **mini hi-tech cities**, wherein residential, recreational, educational, healthcare and entertainment facilities are provided for various classes of employees and their families. In addition, Government will plan and provide well developed residential areas close to the IT parks.

3.2.2 Human Resource Development

- ✍ The Government will initiate **standard assessment and certification** programs for various levels of skill requirements in the industry. Certification for software training will be governed by existing standards prescribed by the Ministry of Communications and Information Technology, Government of India. For quality certification of training in hardware, servicing and maintenance, Directorate of Information Technology will be the nodal agency to prescribe minimum standards of eligibility.
- ✍ **Computer Education Programme** in the Government Schools will be extended to enable the students to pick up adequate computer skills down to Primary School Level in a phased manner.
- ✍ Computers and Internet access to be made available to all schools down to the Primary level.
- ✍ Specialized training required for ITES employment will be built into the colleges training programme. Finishing Schools will be setup to bridge gap in the soft skills area.

- ✍ **Government** will take up initiative under a Public Private Partnership mode for imparting quality IT education in all Government and aided schools
- ✍ There are many **Engineering colleges** in and around Puducherry, conducting courses in computer engineering, Electronics and Communication Engineering, Information Technology and other engineering fields. The UT will also encourage setting up of private engineering colleges as per existing policies. This will ensure the availability of qualified, trained manpower for the IT industry.
- ✍ **Training of teachers** for the computer education programs will also be done in a phased manner over a period of 5 years. In addition to Government sponsored training programs, UT Government will facilitate and co-ordinate with other reputed sponsors for training of teachers.
- ✍ The availability of **English and French speaking IT skilled manpower** in abundance will be leveraged to position Puducherry to attain a dominant share in the export market in key areas like IT training and educational sector, outsourced processing services including backend work in industry verticals such as finance, insurance, banking and airlines.
- ✍ All educational institutions of higher learning and Research and Development organizations to be networked to provide quality education.
- ✍ Digital libraries to be set-up in public libraries and academic institutions.

3.3 EXTENDED GOVERNMENT SUPPORT FOR ECONOMIC DEVELOPMENT

3.3.1 Promotional Initiatives

- ✍ The Government will take effective steps to create **brand equity for Puducherry** and encourage participation in International/ National events to position Puducherry as the destination of choice.
- ✍ **IT Investment Facilitation centres** would be established in select States in the Country where significant ITES opportunity exists in collaboration with industry associations like National Association of Software and Service Companies (NASSCOM) to provide guidance in setting-up businesses and availing incentives from the Government's policies.
- ✍ The State would appoint senior officials from the Government of Puducherry as "**relationship managers**" for all prospective investors to assist in the process of setting up facilities in the UT
- ✍ Since Puducherry has **large French speaking population**, specialized agencies and help desk (in embassies) would be setup to facilitate networking with countries, where French is a mother/ official/ significant language, like France, Belgium, Luxembourg, Switzerland, Austria, Monaco in Europe; Qubec in Canada; and Cameroon, Mali, Guinea, Mauritius, Madagascar in Africa.
- ✍ Government recognizes the need to put in effective mechanism to determine infringement of **Intellectual Property Rights** (IPR), Software Piracy and crimes associated with Internet and IT. With the passage of IT Act, 2000 by Government of India, sufficient enabling mechanism including training for the law enforcing authorities will be put in place to deal with cyber crimes.
- ✍ Domain expertise in non-IT areas will be synergized with IT industries to expand their base of activities and level of penetration. This will **promote Business Process Outsourcing** (BPOs) for MNCs.
- ✍ The Government will provide preferential and dedicated space **for the SMEs and SSIs** in the public IT parks.
- ✍ The Government will encourage and send joint business delegations to emerging markets so as to create necessary **networking environment** to tap the large global markets for the SME sector.
- ✍ The Government will facilitate **participation of SMEs** in Government approved International/ National IT trade shows so as to enable them to tap new markets.
- ✍ Investment related work would be dealt by a separate cell in Directorate of Information Technology in coordination with the Directorate of Industries and Commerce.

- ✘ The Government would also take steps to conduct 2 to 3 days Invest Puducherry event that will be held every alternate year in Puducherry and in Other States/Countries to showcase what the State has to offer. This event would be jointly promoted with Directorates of Industries and Tourism.

3.3.2 Research and Development Initiatives

India is fast becoming a hub of Research and Development activity. Multinational companies have chosen India as their base for R&D activities. Puducherry Government will leverage the UT's Unique Selling Proposition (USP) of an 'Intellectual Powerhouse' to convince IT MNC's to setup research centres in Puducherry.

- ✘ Investments in **Very Large Scale Integrated chip** (VLSI) design services/ Application Specific Integrated Circuits (ASIC) design services and Embedded System design will be promoted for enhancing the employment of highly qualified professionals.
- ✘ **Nano Technology** is an emerging area for effective delivery of Health, Energy and Computing. These areas need fundamental R&D. Enabling initiatives will be undertaken to seed R&D activities in areas like Advanced Computing, Nano Computing, Bio-Informatics, Nano and Micro Sensors and other devices.
- ✘ The Government with an objective to provide R&D conducive environment shall provide world-class infrastructure in terms of **Science and Technology Parks** with R&D laboratories, Plug and Play facilities and other amenities.

3.3.3 Bridging the Digital Divide

- ✘ Efforts shall be made to accelerate the process of **PC and Internet penetration** in the rural areas. For this the UT would promote setting up of assisted kiosks.
- ✘ A **multilingual Internet Portal** will be set up with links to Government Departments and services to provide single window access "Any Time Any Where".
- ✘ In order to bridge the Digital Divide a public access program similar to ISD/ STD booths needs to be put in place even in remote villages using appropriate technologies. Government will encourage setting up of **Internet Kiosk and Online Libraries** in existing Infrastructure like Public Libraries/ Public Government Offices throughout the UT.
- ✘ Conduct of **IT Exhibition, Seminars and Workshops** will be encouraged to increase the awareness.
- ✘ Conduct of **Quiz Programmes and certification programmes** for different age groups will be encouraged through industry associations.

3.3.4 Fiscal and Administrative Incentives

- ✍ IT industry will continue to enjoy facilities of **unrestricted movement of capital equipment** including hardware, peripherals, captive power generation sets, UPS sets and telephone exchanges, subject only to Sales Tax/ VAT Payments.

Financial incentives are extended to IT industries are as detailed:

- ✍ 25% subsidy subject to a maximum of Rs.1 crore will be granted on the investment made on building with a minimum extent of 50,000 sq.ft. constructed by the infrastructure developers for leasing out to IT industries (Manufacturers of Computer Systems, Software / Information Technology Enabled Services (ITES) and Business process outsourcing (BPO). The subsidy is also eligible for the industrial units, which are investing for construction of factory building not less than 50,000 sq.ft for setting up of the above units.
- ✍ Capital investment subsidy on plant and machinery at the rate of 20% subject to a maximum of Rs.20.00 lakhs is granted
- ✍ Subsidy on leased line rental payable to the extent of 50% for first 3 years subject to max. of Rs.10 lakhs
- ✍ *Equity participation for IT industries will be extended upto 15% of the total equity by PIPDIC.*
- ✍ The rate of interest will be 2% per annum less than the prevailing rate of interest for IT industries by PIPDIC
- ✍ Permission to run 3 shift operations for the IT Industries will be granted by Labour Department subject to the provision of other facilities such as one day off, facilities to women workers etc. Labour Department has already granted exemption to knowledge based industries in the Union Territory of Puducherry under the Shops and Establishment Act/Rules 1964.
- ✍ The entire stretch of East Coast Road starting from Ganapathichettikulam to Mullodai and NH 45-A of Villupuram road upto Madagadipet of Puducherry Region; the entire stretch of NH 45-A from Nandalur bridge to Vanjur Check Post of Karaikal Region; Kanakalpet Revenue Village of Yanam Region; area surrounding the Mahatma Gandhi Government Arts College at Cherukallayi of Mahe Region will be declared as IT Corridor.
- ✍ Concession will be given in **works contract tax** on annual maintenance agreements of IT and ITES units since proportion of spare parts required in maintenance of IT products is very minimal.
- ✍ 100% **reimbursement of the Stamp Duty** paid will be made on the purchases of a land/ building for IT industries. The reimbursement will only be made after commencement of production for units having a minimum built up space of 10,000 sq.ft. The Units located within the IT Park will also be eligible.

- ✘ Apart from development of software and hardware industry through ITPs/ STPs, the Government will also encourage software development outside the Parks. There will be no locational restrictions for setting up units exclusively engaged in software development and training.
- ✘ An Information Technology Park (ITP) will be treated as an 'Industry' and be eligible for the financial incentives. Private ITP developers will be given assistance in re-zoning, wherever required. The Government will also facilitate provision of water, power connection and roads. ITP promoters will be assisted in obtaining necessary cable and satellite links for connectivity.
- ✘ Land Bank to be created for promotion of IT/ITES industries.
- ✘ For the purpose of **power tariff**, Software and ITES units will be treated as industrial units at par with hardware units and power tariff applicable to the hardware units will be extended to the software and ITES units.
- ✘ Special concessions will be given to the IT companies giving employment **opportunities to the physically challenged persons**. Government of Puducherry will collaborate with leading institutions for the development and promotion of specific software for the use of physically challenged persons.
- ✘ All Software Industries will be exempted from the purview of **Pollution Control Act**. Hardware Units will require clearance from Pollution Control Board as applicable to other industries.
- ✘ IT companies will be permitted to **self certify** for purposes of compliance of the following Acts:-
 - The Factories Act, 1948
 - The Payment of Wages Act, 1936
 - The Minimum Wages Act, 1948
 - The Contract Labour (Regulation and Abolition) Act, 1970
 - The Pondicherry Shops and Establishment Act, 1964
 - The Payment of Gratuity Act, 1972
 - The Equal Remuneration Act, 1976
 - The Maternity Benefits Act, 1961
 - The Industrial Employment (Standing orders) Act, 1946
- ✘ The self-certification by the IT companies will be regarded as **sufficient compliance** with the requirements of the different Acts and the rules made there under regarding the maintenance of registers and filing of the returns. The first filing shall be manual. Thereafter, the subsequent returns shall be maintained in electronic form. Any distortion/ misrepresentation of facts while making self certification will be dealt with penalties, apart from cancellation/stoppage of incentives wherever found necessary.
- ✘ Declaring IT and ITES units as Public Utility Services.

4. Implementation Framework

For a successful way forward for translating the objectives, initiatives, involvement, commitment and monitoring from the highest level is needed. In light of this, following steps shall be taken by Government to achieve its objectives under this policy:

- ✍ The Government of Puducherry shall form a UT level “Program Steering Council” chaired by the Hon’ble Minister for Information Technology and having representatives from the Government, Industry and Academia.
- ✍ A State Apex Committee headed by the Chief Secretary comprising of selected representatives from the Government of Puducherry for overseeing and to provide policy directions.
- ✍ Annual publication of achievement against the target set under this policy and a report on action taken to effectively address the policy