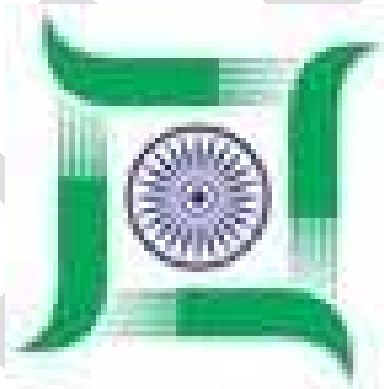


Draft BPO/BPM Policy



**Department of IT & E-Gov.
Government of Jharkhand**

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1 Definitions

1. **Information Technology Enabled Services (ITeS)** : shall mean service rendering through application of Information Technology (IT) and shall include the following:
 - a. Call Centres
 - b. Medical Transcriptions
 - c. Back Office Operation/Business Process Outsourcing (BPO)
 - d. Knowledge Process Outsourcing (KPO)
 - e. Insurance claim Processing
 - f. Web/Digital Content Development
 - g. ERP / Software and Application Development
 - h. Financial and Accounting Processing
 - i. HR & Payroll Processing
 - j. IT enabled banking, non-banking services including insurance, pension, Asset Management and market related services
 - k. Depository and Security registration and dematerialization services
 - l. Any other services as defined by Government of India from time to time
2. **Business process outsourcing (BPO)**: means the transfer of an organization's entire non-core but critical business process/function to an external centre who uses an IT-based service delivery or as modified by Government of Jharkhand from time to time.
3. **Business process management (BPM)**: means the disciplined approach to identify, design, execute, document measure, monitor and control both automated and non-automated business processes to achieve consistent, targeted results aligned with an organization's strategic goals.
4. **Business process outsourcing centre/unit**: means a centre/unit that provides an IT-based service delivery for BPO.
5. **Fixed Capital investment**: means investment in-
 - a. Hardware, software, training instruments, communication equipment's.
 - b. Fixtures and furniture's.
6. **Existing centre**: means a business process outsourcing centre engaged in providing training in soft skills or a knowledge process outsourcing centre providing domain expertise.
7. **Expansion**: means increase in operational capacity at the existing centre over the existing capacity.
8. **Knowledge process outsourcing (KPO)**: means allocation of relatively high-level tasks to an outside organisation or a different group (possibly in a different location) within the same organization. KPO is essentially, high end business process outsourcing (BPO).
9. **Local entrepreneur**: who is a resident of Jharkhand and has done above class 10th standard studies from Jharkhand.
10. **Rural Areas**: as defined in Census 2011, Government of India.
11. **DoIT**: Department of Information Technology and e-gov., Government of Jharkhand

2 Applicability of the policy

The Policy shall be applicable to a BPO/BPM centre subject to the following conditions:

1. BPO/BPM and other allied activities as listed in definition of IT Enabled Services (ITeS) shall be eligible for benefits/incentives under this policy.
2. The BPO/BPM unit shall be under obligation to commence its BPO/BPM operations within 6 months, from the date of issue of approval from Nodal agency. The BPO/BPM unit must commit and provide guarantee to operate for a minimum period of 3 (Three) years for availing fiscal incentives on fulfilment of all the terms and conditions under this policy.
3. The policy shall be applicable to new BPO/BPM units and extension BPO/BPM units of existing units which are more than 1km away from existing units with minimum 50 seats per unit in Type A districts or minimum 25 seats per unit in Type B & C districts (Type of districts as defined in Table A under this policy). That it is a registered organization/institution in India under The Companies Act, 1956 or The Companies Act 2013 (as amended till date) as applicable or The Society Registration Act - XXI, 1860 by IG Registration, Govt. of Jharkhand or is a Trust.
4. The policy shall be applicable for the setup and operation of BPO/BPM Unit(s) with a size of 50 seats per unit in Type A districts or 25 seats per unit in Type B & C districts or both as mentioned in Table A.
5. Only one group of fiscal incentives will be available to a unit from Jharkhand government. In case the unit opts for obtaining fiscal incentives available in the Jharkhand IT and ITeS Policy 2016, similar incentives available under the Jharkhand BPO/BPM Policy 2016 or any other independent policy by Jharkhand government shall not be available to the unit, or vice versa.

3 Vision

To make Jharkhand i) a preferable BPO/BPM destination in East India through a holistic approach of socially relevant policy and a business friendly environment and ii) to encourage and develop BPO/BPM Industry in the State especially in Tier II and Tier III cities which in turn aid wealth and job creation for people

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4 Objectives

- a. Creation of employment opportunities for at least 5000 people, by promoting the IT/ITeS industry particularly by setting up BPO/BPM operations in districts of Jharkhand.
- b. To promote establishment of BPO/BPM units in urban/sub urban/as well as rural areas in at least 14 districts of Jharkhand.
- c. To use IT and ITeS as a leverage to enhance the quality of life of the citizen of the State by extending the development and infrastructure opportunity in smaller cities.

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5 Strategies

For the development of BPO/BPM investment area and to attract BPO/BPM industry following will be the course of action:

- a. To promote/ensure business to new units, the State government shall identify activities such as citizen services, government processes and shall outsource the same to BPO/BPM centres operative in the State.
- b. Initial training and support is one of the key inputs for a successful start of BPO operations and trainers are often required to travel to new units to train the trainers/resources. Special incentives in the form of housing and travelling expense reimbursement to the employees of BPO/BPM units working elsewhere have been added to make this process more economical and facilitate easy commencement of operations of units.
- c. State of Jharkhand shall facilitate allocation of land or building in IT/multi-purpose SEZs/IT Parks (both Public & Private promoted) in selected districts for BPO/BPM industry preferably within city/town limits. Preferential allotment of land shall be done for BPO/BPM by development authorities. Government shall also endeavour to identify and provide Government building's on lease rentals for BPO/BPM setup and operation within State limits.
- d. To ensure availability of skilled workforce for the BPO sector, training facilities shall be provided for BPO/BPM sector through Jharkhand Skill Development Mission Society and/or tie-ups with educational/technical institutes and other approved national/state agencies at local level.
- e. For better implementation of the policy, a single agency has been envisioned to act as the implementation agency. JAPIT (Jharkhand Agency for Promotion of IT) an executive agency of the Department of IT shall be the designated Nodal Agency for implementation of the BPO/BPM policy-2016.

6 Key focus Areas

Jharkhand is one of the leading States in providing good governance through IT and e-governance. Various departments of the State are providing numerous citizen services through e-Governance. Considering that the BPO/BPM industry is dependent on entrepreneurial skills and risks that are associated with business, the best that government can do is to provide a conducive environment for such an industry to thrive in the urban/sub-urban/as well as rural areas.

In this context, this policy focuses on;

- a. Incentives on fixed capital and working capital
- b. BPO/BPM infrastructure development along with capacity building of work force

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7 Subsidy/Incentives

7.1 Fiscal

7.1.1 Land Incentives

7.1.1.1 Land Cost

A rebate on the cost of land will be provided at the rate of INR. 30,000 (Rupees Thirty thousand only) per employee (who is a resident of Jharkhand and has done above class 10th standard studies from Jharkhand) for BPO/BPM projects. The payment will be subject to a minimum of 25 employees in Type A and 12 employees in Type B, C districts respectively and also subject to maximum of 80% of the land cost as determined by the allotment agency. Prescribed guaranties/securities would be taken from the sponsors of the project for the rebate.

7.1.1.2 Registration charges

100% reimbursement of stamp duty, transfer duty and Registration fee paid by BPO/BPM companies on sale/lease deeds on the first transaction only. This incentive shall not be provided in case of Government land.

7.1.2 Capital Incentives

Total of all subsidies/incentives under this head shall be up to a maximum of INR. 1,00,000/- (Rupees One lakh only) per seat.

7.1.2.1 Capital Equipment

50% of one time expenditure incurred on admissible items (Appendix-E) subject to an upper ceiling of INR 1,00,000/-(Rupees One lakh only) per Seat.

7.1.2.2 Tax reimbursement

- i. BPO/BPM units shall be eligible for reimbursement of 75% of NET VAT/Excise/GST paid per annum upto a maximum of 75% of the total fixed capital investment for different duration depending on the location of the unit as shown in the table below:

Table B:-

Sl. No.	Location of industry under Type of districts as per Table A	Duration (Years)
1.	A	5
2.	B	7
3.	C	9

- ii. BPO/BPM units registered with the Director of Industries shall be exempt from octroi / entry tax / escort tax or other cess or any tax levied in lieu of these for Desktop, Laptop, Printer and other communication equipment's. Necessary advisory to the local bodies to give this benefit to the BPO/BPM units shall be issued by DoIT and E-Gov., Jharkhand.

7.1.3 Operating Expenses

7.1.3.1 Rent Subsidy

- i. A 25% incentive as reimbursement on lease rentals up to INR. 15,000/- (Rupees Fifteen thousand only) per seat per annum for a maximum period of three years, for the plug-and-play type built up office space subject to a maximum of 40 sq. ft./employee super built area.
- ii. Government shall identify and endeavour to provide the unused building(s) in rural areas of State on lease rentals for BPO/BPM setup and operation within State limits. Clause (i) above shall not be applicable in cases where government building/premises are used on subsidised lease rentals.

7.1.3.2 Subsidy for Telecom facilities

20% reimbursement on Telephone charges subject to an upper ceiling of INR. 30,000/- (Rupees Thirty thousand only) per Seat per annum for 3 years to the BPO/BPM units shall be available on duly self-certified bills of the BPO/BPM units.

7.1.3.3 Subsidy on Bandwidth for Connectivity

20% reimbursement of bandwidth charges for connectivity paid to Internet Service Provider (ISP) shall be available on duly self-certified bills of the BPO/BPM units.

7.1.3.4 Power

BPO/BPM industry shall be classified as industrial unit for the purpose of levying the industrial power tariff category. Industrial Power Certificate shall accord to all the BPO/BPM unit(s) Connections (Power Meter) for their operations, even in multiple locations/meters. The effective date of application of the incentive of Industrial Power Category tariff is from the date of issue of the said Certificate by the Govt. of Jharkhand.

15% additional subsidy in form of reimbursement over and above the prevailing subsidy by MNRE under JNNSM on capital costs of Solar PV Systems for units located in Type B and C districts in Jharkhand. The subsidy shall be in the form of reimbursement provided after commissioning and inspection of Solar PV systems for Rural BPO operations only.

7.1.3.5 Electricity Duty

BPO/BPM units covered under this policy will be exempt from/reimbursed payment of Electricity Duty from the date of commencement of operation for a period of 3 years.

7.1.3.6 Training subsidy

One time training subsidy of INR. 2,000 (Rupees Two thousand only)/month/person for 3 months to the BPO/BPM professionals who is a resident of Jharkhand and has done above class 10th standard studies from Jharkhand.

7.1.3.7 Promotions support

50% Exhibition stall rental cost or INR. 50,000 (Rupees Fifty thousand only), whichever is lower, will be reimbursed for participating in the notified national/international exhibitions limited to 9 (Nine) sq. mts. of space.

7.1.4 Special Incentives

Apart from the above-mentioned benefits, the Government of Jharkhand shall provide certain one-time special incentives to the companies starting IT/ITeS services like BPO/BPM/KPO (as defined above) etc. in the State. Total subsidy under all these heads including the **Capital Incentives (as in sl. no.7.1.2)** shall not exceed INR. 1,00,000/-(Rupees One lakh only)/seat.

7.1.4.1 Recruitment Assistance

One time recruitment assistance at the rate of INR. 10,000 (Rupees Ten thousand only) per employee for a minimum recruitment of 25 (for units in Type A districts) and 12 (for units in Type B districts) new IT/ITES professionals from the colleges/high schools located in physical limits of Jharkhand each employed for a period of minimum 1 year.

7.1.4.2 Employment beyond number of seats

Special incentive of additional 5% of eligible capital support shall be provided for units providing employment to 2 times the number of seats per unit or more resources.

7.1.4.3 Incentive for diversity & inclusion

- i. Special incentive (5% of eligible capital support) for unit(s) providing employment to 50% women and
- ii. A subsidy of INR. 15,000 (Rupees Fifteen thousand only) per person shall be provided to the BPO/BPM unit employing Divyang (specially abled persons) alongwith the additional training subsidy of INR. 2,000 (Rupees Two thousand only)/month/person for 3 months mentioned as above.

7.1.4.4 Incentive for wider dispersal within State including rural areas

Special incentive (5% of eligible capital support) will be provided if unit(s) of BPO/BPM operations are setup at locations under districts other than Type A (as per Table A).

7.1.4.5 Incentive for promoting local entrepreneur

Special incentive (5% of eligible capital support) will be provided if units of BPO/BPM operations are setup as a consortium with local entrepreneur (as per the definition).

7.1.4.6 Housing and Travelling expense reimbursement

One time housing and travelling expenses reimbursement with maximum ceiling of INR. 1,00,000 (Rupees One Lakh only) per employee for a maximum of 5 employees of BPO/BPM units working in other states (other than Jharkhand State) shall be granted for the travel (to and fro) and stay by own arrangement. Travel and stay during the first 3 months of BPO/BPM operation for the purpose of BPO/BPM setup or training workforce in Jharkhand State shall be considered for reimbursement.

The incentive shall be applicable for first 3 months only, for the purpose of establishing the BPO/BPM units in Jharkhand State. First 3 months hereby is defined as 1 month prior and 2 months after start of BPO/BPM operations.

7.2 Non-Fiscal

7.2.1 BPO/BPM as a Continuous Process industry

The BPO/BPM units shall be treated as essential industry and continuous process industry.

7.2.2 Local preference

The State Government shall identify activities which can be outsourced to BPO/BPM Industry such as citizen services and other Government services under departments of Jharkhand State. These identified activities shall be outsourced to BPO/BPM on tendering basis. Preference will be given to Jharkhand based BPO/BPM in the form of relaxed eligibility criteria such as on minimum turnover, net worth, experience, others and price preference on L1+10 per cent basis.

7.2.3 Land Banks

The State of Jharkhand will create land banks in selected district by acquiring a minimum of 200-500 acres of land and demarcating them as IT Parks/ IT SEZs with provision of basic IT infrastructure and connectivity.

7.2.4 Single Window Assistance

The Government of Jharkhand will provide Single Window dedicated to investment assistance to the company executing BPO/BPM projects in order to expedite the investment process.

7.2.5 Fixed Time approvals

a. Procedural Reforms will be undertaken to provide timely approvals to the industry/ investors within two calendar months of filing requests acceptable to the government. This will involve:

- i. All applications formats regarding starting of a new BPO unit or expansion of existing centre shall be made available free of cost through internet at the departmental web site. Hard copies shall be made available at “Single Window Assistance booth” at Nepal House, Ranchi. All forms shall also be made available at offices of Resident Commissioners at various National and District headquarters.
 - ii. A Common Integrated Application for all permissions shall be designed and used.
- b. Red Flagging and Escalation of delayed issues at various levels and regular monitoring of the same shall be done by ‘Single Window Assistance’.

7.2.6 Exemption from inspections

BPO/BPM industry shall be exempt from inspections under the Acts and the Rules as under, barring inspections made for verification of specific complaints. The IT units are permitted to file self-certifications, in the prescribed formats.

- a) The Factories Act, 1948
- b) The Maternity Benefit Act, 1961
- c) The Jharkhand Shops & Establishments Act, 1953
- d) The Contract Labour (Regulations & Abolition) Act, 1970
- e) The Payment of Wages Act, 1936
- f) The Minimum Wages Act, 1948
- g) The Employment Exchanges (Customary Notification of Vacancies) Act, 1959

BPO/BPM entities shall be exempt from the inspection of the Jharkhand Pollution Control Act for the use of Diesel Generators sets.

7.2.6.1 Late Shifts for women:

- a. Permission shall be available for 3 shift operations with women working in the night shifts also for BPO/BPM Units/Companies, subject to the provision that the BPO/BPM units self-certifying the precautions being taken in respect of safety and security of employees. The certificate (on a required format) regarding employee women working in shifts after the general shift shall be submitted to the government every year.
- b. The company employing women after general shift shall be responsible for escorting the employee women to and fro the workplace by armed security guards.

7.2.6.2 FAR (Floor Area Ratio) Relaxation:

50% more FAR over and above to permissible FAR of the place will be allowed by the concerned Authority / Urban Local Bodies for BPO/BPM in consonance with other provisions of the prevailing building Bye-laws. Necessary amendment, if required, will be done by concerned Authority / Urban Local Bodies with requisite permission of the Department of Urban Development, Jharkhand.

8 Breach of conditions

The applicant availing benefits under the policy shall comply with all statutory laws and regulations of the State of Jharkhand applicable to the BPO / BPM units. In case of breach of any of the conditions mentioned anywhere in the Policy, the benefits availed under the Policy, shall be withdrawn and recovered along with interest @ 18% per annum from the date from which the benefits have been availed.

The applicant availing benefits under the Policy shall be subject to the conditions, instructions, clarifications or amendments issued, from time to time, under the policy.

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9 Appendices

9.1 Classification of Districts in Jharkhand for BPO/BPM setup

Tier II and Tier III (including semi-urban and rural areas) locations are areas as classified by the State and which have good connectivity with State and National capital, lesser cost of living, lesser operational cost, availability of skilled human resources at lower cost, low commuting time, less costly commuting but a good standard of living etc. To promote Tier III and rural locations and to motivate IT, ITeS and Communication industry to set up their operations in these locations below is the classification of districts in Jharkhand for BPO/BPM setup:

Table A¹:-

#	Type*	District	Jharkhand Population ²			Students/year ³ with Tech. Degree/Diploma	BPO/BPM (no. of seats/Unit)
			Total Population	Literacy Rate	Age group (15-35yrs)		
1	A	Ranchi	29,14,253	76%	3,40,926	2,526	50
2		Dhanbad	26,84,487	75%	2,78,138	910	50
3		Purbi Singhbhum (Jamshedpur)	22,93,919	75%	2,20,376	1,266	50
4		Bokaro	20,62,330	72%	2,16,584	823	50
5		Hazaribagh	17,34,495	70%	1,62,880	252	50
6		Deoghar	14,92,073	65%	98,103	-	50
7	B	Ramgarh	9,49,443	73%	1,10,010	189	25
8		Dumka	13,21,442	61%	78,317	317	25
9		Godda	13,13,551	56%	76,446	-	25
10		Saraikela Kharsawan	10,65,056	68%	84,584	192	25
12		Sahibganj	11,50,567	52%	64,923	-	25
13		Jamtara	7,91,042	65%	41,604	-	25
14		Kodarma	7,16,259	67%	57,089	443	25
15-24	C	Other**					25

*Districts are divided in Type A, B & C based on minimum number of seats/units restricted as below:-

1. Type A: minimum 50 seats/unit
2. Type B & C: minimum 25 seats/unit

**Other districts of Jharkhand not mentioned in above Table A is categorised and referred under Type C shall also be considered for BPO/BPM setup based on own feasibility study/research.

¹ The data in the above table is subject to change; kindly refer to the latest data.

² Census-2011

³ Official Website of Government of Jharkhand- jharkhand.gov.in/education

9.2 Appendix B-List of admissible items for capital support

S.No	Item description
1	Servers with OS
2	Software and Hardware per license cost for BPO/ITES operations
3	Networking Equipment (Switches, Routers, Firewalls, Voice/Video Conferencing Gateways)
4	Workstations (Desktop, Laptop, Tablets, IP phones, Headsets)
5	Data Storage
6	Structured Cabling
7	UPS
8	Printer, Copier, Scanner & Projector
9	Refrigerator & Water Purifier
10	Fire & Security Items
11	Computer Furniture
12	Electrical wiring & fittings
13	Central Air-conditioning equipment, air-conditioning System
14	Captive Diesel Generating Set and transformer of capacity commensurate with the actual requirement of the unit *
15	Fax Machine
16	Private automatic branch exchange
17	Data Communication Equipment, Modem & VSA
18	Other misc. goods not exceeding 5 % of the total cost of above items including Tools, kits and spares

*Additional special incentives under any other state Gov policy may also be obtained

Note: Any item not covered above shall be decided by and permitted by JAPIT.