

GOVERNMENT OF ODISHA
ELECTRONICS & INFORMATION TECHNOLOGY DEPARTMENT

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No. 424 /E&IT
E&IT-V-Dev-II-12/2018

Bhubaneswar
Dated 05-09-2019

NOTIFICATION

Government in E&IT Department is in process to bring out Odisha BPO Policy-2019 for promotion of BPO Industries and to create employment opportunities in the State. A copy of the draft Odisha BPO Policy-2019 is published at www.odisha.gov.in on 5th February 2019 to invite suggestion / feedback from the General Public, IT Entrepreneurs before finalization of the same. Suggestion / feedbacks may be submitted online to itpromotion@ocac.in, within 15 (fifteen) days of the publication of this notification.

By order of the Governor



Special Secretary to Government

Memo No. 425 /E&IT

Dated 05-09-2019

Copy (with soft copy) forwarded to the Head, State Portal Group, IT Centre, Secretariat, Bhubaneswar for information and necessary action. He is requested to upload the notice in the Government website for wide circulation.



Deputy Secretary to Government

Memo No. 426 /E&IT

Dated 05-09-2019

Copy forwarded to the Director, STPI, Fortune Tower, Chandrasekharpur, Bhubaneswar for information and necessary action. The IT Entrepreneurs may be requested to furnish their suggestion / feedback etc.

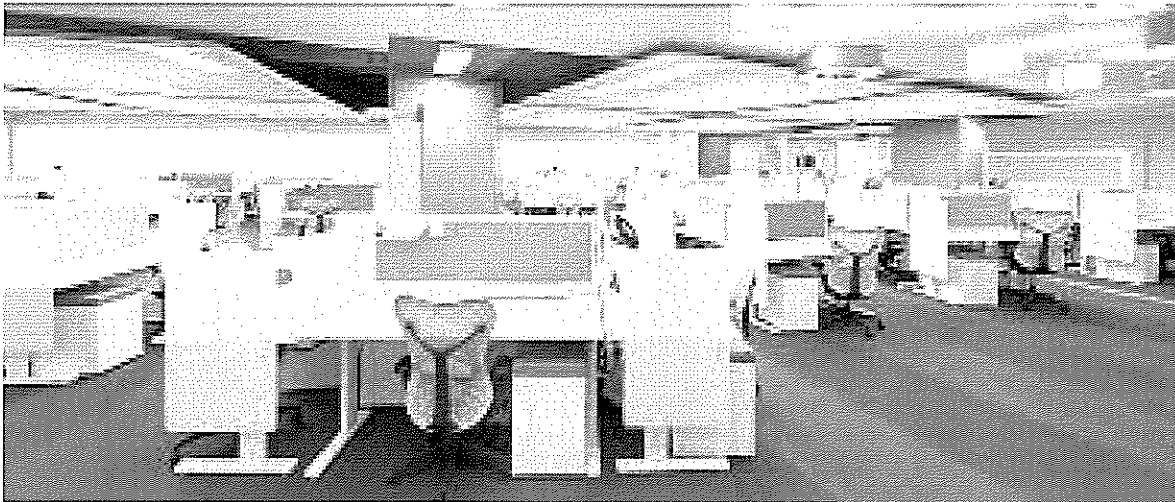


Deputy Secretary to Government



GOVERNMENT OF ODISHA

Odisha BPO Policy-2019



ELECTRONICS & INFORMATION TECHNOLOGY DEPARTMENT

ODISHA



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1. Introduction: Outsourcing has been a popular management tool among the successful organizations across the world. It has received enhanced interest in the past several years because of its potential economic and strategic impact. The supplier-side of the global off shoring market has become more competitive in light of the emerging preference for presence in offshore as well as near-shore locations. Moreover there has also been a noticeable change in the service offerings of service-providers migrating to higher-end strategic processes. The objective of off shoring has progressed from being a mere cost-saving initiative to one that is adopted for realizing process improvements, and enhancing efficiencies.

2. Background: According to National Association of Software and Services Companies (NASSCOM), revenue for the overall sector would increase 13-15 per cent year-on-year next financial year. The BPO sector has set a goal of \$50 billion in revenue by 2030. The Indian IT-BPM sector continues to be one of the largest employers in the country directly employing nearly 3 million professionals and indirectly employing about 10 million. Tier I Cities such as Bangalore, Hyderabad, Pune, Delhi etc. have emerged as BPO/ BPM hubs, however, NASSCOM believes that for the BPO sector to keep its growth trajectory, corporate should go to Tier-II and-III. BPM Cost savings and access to talent are the key drivers for adoption for tier II/III locations. A Company can save costs by 40 per cent in these destinations. Though, it will be difficult for these BPO/BPM organizations to find quality office spaces, good quality broadband connectivity, quality of talent in smaller cities and no direct cost saving due to similar pay structures by most players however except for some living cost adjustment allowances, major savings will accrue from lower attrition, which in turn implies lower replacement cost (as replacement at similar levels also comes with at least 15% escalation). By 2020, the industry is expected to create over 300 million square feet of additional office space as well as 3.8 million incremental direct jobs.

Cities such as Bhubaneswar, Cuttack and existing STPI locations (Berhampur, Balasore, Rourkela, Bhubaneswar) and four more locations Jajpur, Sambalpur, Angul and Koraput (Jaypore) where new STPI's will be setup soon can also become BPO/ BPM hubs in India. Startups/ existing BPO/ BPM organizations initiating operations in Bhubaneswar may now need additional hand holding, financial incentives and subsidies. This State BPO Policy of 2019 will help to achieve this objective.



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As per the trend of YoY growth of overall BPO/ BPM industry, Government of Odisha has chalked out a strategy to create approximately 30,000 jobs in Odisha by 2022 in this sector. Through this Policy, Government endeavors to build a strong foundation in the State for the BPO industry and attract entrepreneurs to invest and set up centers in the State. Creation of 30,000 jobs (working in two shifts) will require allocation of approximately 7.65 lakh square feet of office space and 22.5 Acres of Developed Land bank with an approximate capital investment of about Rs 200 crore.

3. Destination Odisha: Odisha offers several unique advantages for investors today. Bhubaneswar and several neighboring cities have collectively come up as an educational hub in the eastern India with the setting up of IITs, IIMs, AIIMS, IIIT, NISER, AISER and several other research centers of Government India apart from a host of reputed institutes of technology. The followings are some more additional advantages of the State:

3.1 Availability of Talent: Traditionally, Odisha has been providing quality manpower to the BPO industry across the country. Odisha has a multitude of Arts, Science, Commerce, Engineering, Law, Medical and Nursing colleges as well as high quality training institutions. This considerable talent pool of well qualified graduates who can be employed by BPO companies.

3.2 Competitive Wages: Considering lower living index in cities / towns in Odisha as compared to Metros and other cities of the country like Mumbai, Delhi or Bangalore, the actual wage compensation for of Odisha BPO manpower will be lower than other outsourcing destinations of India. Therefore, companies who outsource to Odisha would have real cost savings from off shoring.

3.3 Infrastructure: Today, Odisha has high-tech infrastructure that rivals other developed states. With new airport, highways and incredibly affordable broadband internet access, Odisha's infrastructure makes it an easy place to do business. Odisha's key advantage on cheaper real-estate, availability of talent, conducive business environment and strategic location for any global business offers some unique advantages that can help companies grow their businesses. Specifically, Bhubaneswar can serve as a low-cost hub to service a global company's Asian operations. This foreign investment, along with Odisha's continued focus on growing and strengthening the BPO industry within the country, will place proposition Odisha as viable BPO option for many global companies.



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- 4. Applicability and Obligation of Policy:** The policy shall be applicable to BPO/BPM units subject to the following conditions:
- 4.1** BPO/BPM and other allied activities as listed in definition of IT Enabled Service (ITES) shall be eligible for benefits/incentives under this policy.
- 4.2** The Policy shall also be applicable to new BPO/BPM units(s) with a minimum number of 25 (Twenty five) seats and above mentioned against the cities/towns of Odisha stated below.
- 4.3** The Policy shall also be applicable for the existing BPO/BPM units approved under the India BPO Promotion Scheme (IBPS) or any other scheme of Govt of Odisha who will go for **expansion/ modernization/ diversification** of their capacity by a minimum 50% of their original approved capacity as a new unit.
- 4.4** The BPO/BPM unit shall be under obligation to commence its operations within 6 months, from date of issue of approval. The BPO/BPM unit must commit and provide guarantee to operate for a minimum period of 3 (Three) years from commencement of operations for availing all incentives under this policy.
- 4.5** Entities availing benefits by Govt of India under India BPO Promotion Scheme (IBPS) shall not be eligible for any incentives/benefits under this Policy for the same unit.
- 4.6** The Policy will be in operation for 5 years from the date of its Gazette Notification. However, the State Government may at any time amend any provision of this Policy.

5. Financial Incentives/ Subsidies/ Exemptions:

- 5.1 Subsidy on Capital Investment:** Capital Investment Subsidy on admissible items as per Appendix-A would be provided on per seat/person to any BPO unit location wise as per following:

Sl.No	Location	Minimum seats for eligibility	Capital Investment Subsidy per seat (in Rs)
1	Urban Areas under the jurisdiction of Bhubaneswar Municipal Corporation	300	1.05 lakh



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2	Urban Areas under the jurisdiction of Development Authorities of Cuttack, Rourkela, Berhampur, Balasore, Sambalpur, Angul, Jajpur and any other location of 22 Districts of Odisha except any location in Kalahandi, Koraput, Malkangiri, Bolangir, Sonpur, Nabarangpur, Nuapada and Raygada District	75	1.15 lakh
3	Any location of Kalahandi, Koraput, Malkangiri, Bolangir, Sonpur, Nabarangpur, Nuapada and Raygada District	25	1.25 lakh

The capital subsidy will be claimed in five installments as per the following:

Sl.No	Installment	Percentage	Eligibility
1	1 st	20%	Date of commencement of BPO unit
2	2 nd	25%	Completion of 1 Year
3	3 rd	25%	Completion of 2 Year
4	4 th	30%	Completion of 3 Year

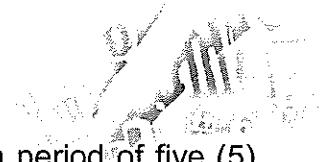
In order to ensure basic quantum of employment generation requirement, minimum 80% of approved seats/Persons is required for financial assistance claim which will be paid in pro-rata basis for any shortfall from the minimum eligible number.

5.2 State GST Reimbursement: New BPO/BPM units shall be eligible for reimbursement of hundred per cent (100%) of State GST (SGST) paid for a period of five (5) years from the date of commencement of BPO unit, limited to hundred per cent (100%) of fixed capital investment provided that the SGST reimbursement will be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.

Existing BPO/BPM units taking up expansion/modernization/diversification as defined in Industrial Policy Resolution (IPR) shall be eligible for reimbursement



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of hundred per cent (100%) of State GST (SGST) paid for a period of five (5) years from the date of commencement of new unit subject to the condition that it shall be applicable only on increased production over and above the existing installed capacity limited to 100 % of additional capital investment required for taking up Expansion/Modernization/Diversification in a tapered manner provided that the SGST reimbursement will be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.

5.3 Interest Subsidy Reimbursement:- Each new BPO/BPM unit (and Expansion of Capacity/ modernization and diversification of existing BPO/BPM unit in the State shall be entitled for reimbursement of an interest subsidy @ 5% per annum on term loan availed from public Financial Institutions / Banks for a period of 5 years from the date of commencement of BPO/BPM unit subject to limit of Maximum Rs 20 lakhs.

5.4 Power Incentives: The BPO/BPM units being industries under Priority Sector of Government, Industrial tariff will be applicable. BPO/BPM units shall be exempted from Electricity Duty and Electrical inspection fees upto a contract demand of 500 KVA for a period of 5 years from the date of commencement of BPO/BPM unit. These incentives will be subject to the guidelines of OERC and subsequent amendments from time to time.

5.5 Human Capital Investment Subsidy: Subsidy up to Rs.1000 per newly recruited employee per month for a training period of three months with a maximum limit of Rs 5 lakh shall be reimbursed by Govt. to each new BPO/BPM unit (and Expansion of Capacity/ modernization and diversification of existing BPO/BPM units) for training and Capacity building of employees of BPO/BPM units who are domicile of Odisha for a period not exceeding three years from the date of commencement of BPO/BPM units. This can be claimed by the BPO/BPM Unit after one year i.e. three months training + nine months of continuous employment. Further, additional 20% subsidy each on the above shall be given, if the employee newly recruited and trained is a Woman or Person with disability.

5.6 ESI/ EPF Reimbursement: Each new BPO/BPM unit (and Expansion of Capacity/ modernization and diversification of existing BPO/BPM units) shall



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be entitled for reimbursement of the expenditure incurred towards contribution for Employees State Insurance (ESI) and Employees Provident Fund (EPF) subject to a maximum of Rs.2 lakh per year for a period of maximum three years from the date of commencement of BPO/BPM units.

5.7 Internet Bandwidth Subsidy: Each new BPO/BPM unit (and Expansion of Capacity/ modernization and diversification of existing BPO/BPM units) shall be entitled for reimbursement of 50% of internet bandwidth/ leased line charges per seat subject to a maximum of Rs.1 lakh per year per BPO/BPM unit for a maximum period of three years from the date of commencement of BPO/BPM units. This will be reimbursed against actual bills/utilizations by the BPO/BPM units.

5.8 Stamp Duty Exemption: Each new BPO/BPM unit (and Expansion of Capacity/ modernization and diversification of existing BPO/BPM units) shall be entitled for Stamp Duty exemption on lease / sale agreement of land or built up space allotted by Government /IDCO and other Govt agencies as per the provisions of para 5.4.3 of IPR 2015 and its subsequent amendments.

5.9 Subsidy on Rent of Built up Space: Each new BPO/BPM unit (and Expansion of Capacity/ modernization and diversification of existing BPO/BPM units) operating out of designated Government IT Towers shall be entitled for reimbursement of subsidised rent as per Electronics & IT Department Resolution No 2390 Dtd 28.07.2018 duly notified vide Odisha Gazette Notification No 1345 Dtd 01.08.2018 and its subsequent amendments.

5.10 Assistance for marketing: Each new BPO unit (and Expansion of Capacity/ modernization and diversification of existing BPO units) shall be entitled for reimbursement of Marketing assistance as laid down in Para 6.14 of ICT Policy 2014 and its subsequent amendments if any. This incentive shall be available to a BPO unit once in a financial year.



6. Other Facilities:

6.1 Transport Facilities: The Government shall facilitate large BPO/BPM companies to enter into a contract with the State owned Road Transport Corporations and BPTSL to provide suitable dedicated transport services for commuting their employees.

6.2 Single Window Clearance System: OCAC would act as a Single Window for undertaking the formalities related to Project Clearance & Facilitation mechanism. Standardized processes with defined timelines will be followed to provide the clearances for the correctly submitted applications and documents. The online facilities for Combined Application Form (CAF) submission developed by IPICOL/OCAC shall also be facilitated.

6.3 Local Preference: The State Government may identify Govt services which can be outsourced to BPO/BPM units registered with MSME and operational in Odisha under this Policy through tendering process with preference to local BPO/BPM units as below:

- 100% exemption from payment of EMD and cost of tender document
- Matching of L1 Price to award some percentage of work

6.4 BPO/BPM Parks: The IT Parks established for the IT industry shall also serve for the BPO sector. The incentives & concessions available to IT parks shall be extended to BPO/BPM Parks.

6.5 BPO/BPM Fairs : The State Government Shall facilitate in organizing and hosting major international/ National and domestic events such as BPO fairs in Odisha so that the advantages of the State are showcased more vividly and to create better business opportunities for the BPO/BPM units operating in Odisha.

7. Regulatory Approvals:

7.1 BPO sector units shall be exempted from the provisions of chapter VI of factories Act 1948 (working hours for adults) as per the IPR 2015.

7.2 The BPO/BPM units shall be exempted from the purview of section 9, 10, 11 and 23 of Odisha Shops and Commercial Establishment Act-1956.

7.3 The BPO/BPM units shall be declared as public utility services for the purpose of applications of provisions under Chapter V of the I.D Act 1947 as per IPR 2015 and subsequent notifications to be issued by Labour & ESI Department, Govt of Odisha from time to time.

7.4 General permission for three shift operations with women working in the night for BPO/BPM units is granted subject to the provision that the BPO/BPM unit(s) shall self-certify the precautions being taken in respect of safety and security of employees.



8. Policy Implementation and Monitoring

- 8.1 An Apex Committee chaired by Secretary, E&IT and Chairman OCAC shall monitor the policy implementation and approval/sanction of incentives. This committee would meet every quarter to take stock of the implementation of the policy with respect to its target and objectives.
- 8.2 The Odisha Computer Applications Centre (OCAC) would be the Nodal Agency for implementation of the BPO Policy. The Odisha Computer Applications Centre (OCAC) will be responsible for monitoring the progress of various activities under this Policy through it's PIU.
- 8.3 The Electronics & IT Department and/or OCAC shall undertake the following activities:
- 8.3.1 Provide Administrative Guidance and Support to Organizations for setting up BPO/ BPM centers.
 - 8.3.2 Provide guidance and support to arrange Infrastructure and other necessary support from time to time for successful running of centers based on existing government policies in effect.
 - 8.3.3 Assist companies in selecting a location and in obtaining Government incentives & concessions.
 - 8.3.4 Interactions with entrepreneurs/ IT companies for knowledge and promotion
 - 8.3.5 Policy implementation and timely approval of incentives.
- 8.4 The disbursement of the incentives to the BPO/BPM units shall be made by the implementing agency in accordance with the chronological order of approved claims.

9. Miscellaneous

- 9.1 This Policy will remain in force for 5 years from the date of notification or till substituted by another policy. The State Government may at any time amend any provision of this Policy.
- 9.2 Doubts/Ambiguity relating to interpretation of any clause and / or dispute relating to the operation of any provision under this policy shall have to be referred to the Electronics & Information Technology Department, Government of Odisha for clarification / resolution and the decision of Government in this regard will be final and binding on all concerned.
- 9.3 Implementation of various provisions covering the incentives, concessions etc. will be subject to the issue of detailed guidelines / statutory notifications,



wherever necessary in respect of each item by the Electronics & Information Technology Department and concerned Administrative Departments.

10. Definitions

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 & Government of Odisha from time to time

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.

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.

Business process outsourcing centre/unit: means a centre/unit that provides an IT-based service delivery for BPO.

BPO/BPM means Business process out sourcing and Business process Management

BPTSL means Bhubaneswar-Puri Transport services Limited

CAF means Combined Application Form



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Department means a Department of Government of Odisha

Government means Government of Odisha unless specified as the Government of India or Government of a Particular state.

GST means Goods and Services Tax

GoO means Government of Odisha

IDCO means Odisha Industrial Infrastructure Development Corporation

Information Technology includes Information Technology, electronics, communications, e-Governance, m-Governance initiatives, e-Commerce and m-Commerce.

IPR means Industrial Policy Resolution being notified by Government of Odisha from time to time

IT Application/IT Software means a computer program which is designed to help people perform an activity. It can be also defined as any representation of instruction, data sound or image, including source code or object code, recorded in machine readable form and capable of being manipulated to providing interactivity to a user with the means of a computer.

IBPS means India BPO Promotion Scheme of Government of India

PIU means Project Implementation Unit set up in OCAC

STPI means Software Technology Parks of India

OCAC means Odisha Computer Application Center

OERC means Odisha Electricity Regulatory commission

Year means financial year starting on 1st of April & ending on 31st March unless specified otherwise



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Appendix-A

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, router, firewalls, voice/videoconferencing, gateways
4	Workstations (desktop, Laptop, IP phones, Headsets)
5	Data Storage
6	Structured cabling
7	UPS
8	Printer, copier, scanner & projector
9	Refrigerator & water purifier
10	Fire & security system
11	Computer Furniture
12	Electrical wiring & fitting
13	Central Air conditioning equipment, air conditioning systems
14	Captive Diesel Generator 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.