

GOVERNMENT OF ANDHRAPRADESH
ABSTRACT

ITE&C Department - IT Promotion– Andhra Pradesh Information Technology (IT) 2021-2024
Policy – Orders – Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS and COMMUNICATIONS
(PROMOTIONS) DEPARTMENT**

G.O.MS.No. 6

Dated: 16-07-2021.
Read the following

1. G.O. Ms. No. 13, ITE&C Department, dated:20.07.2018
2. E-file vide ITC01-IT0PROM(ITPR)/47/2020-PROMOTIONS-IT Policy from ITE&C (Promotion Wing) Department, Government of Andhra Pradesh

ORDER:

The adoption of Information Technology(IT) into the daily aspects of life is growing faster, with efficiencies derived from digitization driving the economy worldwide. With more than half a billion internet users in India, the youth graduating out of the universities are more educated, skilled, and innovative. Such a vibrant ecosystem is rapidly transforming the Indian IT industry.

The Indian market for IT/ IT Enabled Services stood at USD 191 Billion (INR 14.3 Lakh Cr.) in the year 2019-20 and is expected to increase to USD 350 Billion (INR 26.2 Lakh Cr.) by 2025, driven by growth from tier-2 and tier-3 cities. IT services, Business Process Management (BPM), software products and engineering services are some of the major sub-sectors in IT with growth potential in India.

In view of this potential for fast growth and generation of large-scale employment in the sector, the Government of Andhra Pradesh evolved a holistic policy framework for IT/ IT Enabled Services sector, in Andhra Pradesh to compete with other States which have an existing IT/ IT Enabled Services ecosystem and attractive incentives. In order to take advantage of this opportunity and create large scale employment, and to foster a culture of entrepreneurship, the Government of Andhra Pradesh hereby notifies the “Andhra Pradesh IT Policy 2021-24” addressing the current needs of the industry.

AP IT Policy 2021-24:

1. Definitions

- i. *A foreign IT company* is a company with its headquarters outside India.
- ii. *A multinational corporation(MNC)* has facilities and assets in at least one country other than its home country.
- iii. *Advanced technologies* refer to latest industry 4.0 technologies and applications such as Internet

of Things (IoT), Animation, Visual Effects, Gaming and Comics (AVGC), Cyber Security, Block chain, Cloud computing, Augmented Reality (AR)/ Virtual Reality (VR), Artificial Intelligence (AI), Machine Learning (ML) etc.

- iv. **An Indian IT company** is defined as a company registered under the Companies Act, 1956 and its amendments, in India with headquarters in India. “IT firms” and “IT enterprises” mentioned in this policy have the same meaning as “IT company” and are interchangeable.
- v. **BC enterprise** is an enterprise promoted by backward class community entrepreneurs as sole Proprietor or invariably having 100 percent share in Partnership/Private Limited Companies. BC entrepreneur refers to a person hailing from Andhra Pradesh and belonging to BC Category as notified by the Government of Andhra Pradesh.
- vi. **Business Process Management (BPM)** refers to functionalities including process modeling, generation of applications, performance monitoring, Enterprise Application Integration (EAI), Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO) etc.
- vii. **CCITEI** is an empowered ‘Consultative Committee for the IT and Electronics Industry’ constituted by the Government of Andhra Pradesh with the representatives of the Government and the industry.
- viii. **Date of commencement of commercial operations** is the date on which commercial operations are started, subject to furnishing of the first sale bill/ invoice.
- ix. **Entry level IT professional/ job** is defined as an employee whose annual Cost To Company (CTC) is up to INR 5 lakh per annum.
- x. **Gig economy** involves large number of people performing freelance work in the IT industry as opposed to permanent jobs and involves connecting with clients or customers or delivery of services through an online platform.
- xi. **High-end IT professional/ job** is defined as an employee whose annual CTC is more than INR 10 lakh per annum.
- xii. **Industrial Area Local Authority (IALA)** is a body to promote local self-governance of industrial areas involving the tax payers community in the notified industrial areas in the management/ maintenance of such industrial areas.
- xiii. **IT Campus** refers to a physically contiguous association of locations such as several adjacent office buildings. Such campuses house multiple IT business units of a single organization.
- xiv. **IT Industry/ IT Projects** refers to IT product development firms, IT services, IT component of back office operations such as accounts and financial services, IT support centers, website

services, business process outsourcing, knowledge process outsourcing, data processing, call centers, engineering and design elements of IT infrastructure, medical transcription, legal database processing, digital content development, digital technology component of media and entertainment industry, offsite IT support, geographic information services, IT/ IT Enabled Services components of Human Resources (HR) services, insurance claim processing, payroll processing, revenue accounting, Animation Visual effects, Gaming, Comics (AVGC), data centers, Social, Mobile, Analytics, and Cloud (SMAC), technology aspects of e-Commerce, digital content creation, digital management and technology, natural language computing, telecom, Internet of Things (IoT) and emerging technologies such as Cyber Security, Blockchain, Artificial Intelligence, Machine Learning, etc. This does not include companies engaged in manufacturing of IT/ telecom hardware.

- xv. **IT Park** is a dedicated area comprising of multiple IT industries/ units.
- xvi. **IT Park Developer** means the real estate infrastructure developer or a builder constructing IT space for sale/ lease or lease-cum-sale for the IT industry.
- xvii. **IT Space** refers to the total building space with super built-up area excluding covered parking.
- xviii. **Micro, Small, and Medium Enterprises** is defined as per the Micro, Small and Medium Enterprises (MSME) Act of Government of India, and its amendments from time to time.
- xix. **Mid-level IT professional/ job** is defined as an employee whose annual CTC is in between INR 5 to 10 lakh per annum.
- xx. **Product development** refers to the development of software products (out of box piece of software or application).
- xxi. **Product engineering services** refers to engineering consulting activity, by way of using hardware, embedded software and IT services solutions for the designing and development of products across different phases of product engineering from inception to the end of the lifecycle of a product.
- xxii. **SC/ ST enterprise** is an enterprise with 100 percent Scheduled Caste (SC)/ Scheduled Tribe (ST) entrepreneurs. SC/ ST entrepreneur refers to a person belonging to SC/ ST Category as notified by the Government of Andhra Pradesh. All non-statutory concessions granted to S.C. (Hindus) by the State Government including economic support schemes sanctioned by A.P. Scheduled Castes Cooperative Finance Corporation have been extended to Scheduled Caste converts to Christianity and Buddhism as per orders issued in the G.O.Ms.No.341, Social Welfare (PR) Dept. dated 30.8.1977.

- xxiii. **Startup:** will be as defined by Government of India from time to time.
- xxiv. **Telecommunications** service provider includes basic telecom service providers (fixed), cellular (mobile) companies, telecom infrastructure companies, Internet Service Providers (ISP) and any other value-added services licensed by Ministry of Electronics and Information Technology (MeitY), Government of India.
- xxv. **Women enterprise** is an enterprise with 100 percent ownership by women entrepreneurs, wherein the entrepreneur hailing from Andhra Pradesh would be eligible.

2. Advantage Andhra Pradesh

The Andhra Pradesh State is strategically located along the Southeast coast of India and is a natural gateway to East and Southeast Asia. The State has a population of 49.3 million, accounting for 4 percent of India's population. The State has five operational ports, with another three ports under development. Andhra Pradesh also has six airports (3 international, 3 domestic), with an additional three airports under development. An international airport at Bhogapuram near Visakhapatnam is also being developed at a fast pace. The State has 40,000 acres of land bank and provides 24X7 reliable, quality power and water to the industry.

Currently, the State is home to more than 45,000 employees in the IT sector, and a large portion of the IT workforce in the country and even globally hail from the State. Andhra Pradesh is also home to highly skilled technical resources with a host of premier Government Institutes such as Indian Institute of Technology (IIT), Indian Institute of Information Technology (IIIT), Indian Institute of Management (IIM), Indian Institute of Science Education and Research (IISER), Jawaharlal Nehru Technological University (JNTU), Sri Venkateshwara University (SVU), Andhra University (AU) and International Institute of Digital Technologies (IIDT) in addition to multiple reputed private universities and colleges. Many of the IT engineers graduating from the State have gone on to work at and lead some of the best IT firms in the world.

Andhra Pradesh is the easiest State to do business and has been ranked first in the World Bank's and Government of India's Ease of Doing Business ranking in the previous three ranking editions. The cost of living across all existing Indian IT hubs is increasing rapidly while the quality of life is dropping at a fast pace, leading to a reduced attractiveness of such cities. In this context, cities such as Visakhapatnam, Vijayawada, Tirupati and Anantapur are ideal locations for IT firms to either expand or shift their operations.

3. Vision

The vision of the Policy is to *“transform the ITE&C department into a revenue center to achieve self-sustenance and to generate large scale local employment in IT/ IT Enabled*

Services sector, with specific focus on innovation and emerging technologies, and ensure public data security.”

The policy aims to achieve this through the following levers:

i. Investment promotion

- a) Bridge existing employability gaps to ensure availability of qualified manpower for the IT industry
- b) Promote niche and advanced technologies to leverage technology integration across industries and segments
- c) Encourage innovation and startup culture
- d) Encourage global trends such as “Work from Home”
- e) Preferential market access to local IT firms
- f) Information security of public data through appropriate architecture in the State Data Center (SDC)

ii. Revenue generation

- a) Adopt a Service-based model wherein the ITE&C department would provide services to Government departments and private users on chargeable basis
- b) Aggregation of hardware and software procured for Government departments and private users
- c) Development of IT parks/ office spaces/ concept cities/ any other IT infrastructure, including lease of land and infrastructure to the IT industry
- d) Providing technical manpower to Government departments

4. Objectives

The policy aims to achieve the following objectives.

- i. Transform the ITE&C department into a self-sustainable department through revenue generation.
- ii. Creating an industry-ready talent pool and fulfill the demand for skilled IT manpower.
- iii. Facilitating the creation of co-working space and satellite centers to enable seamless start of operations for IT units.
- iv. Promoting innovation and startups through appropriate incentives and interventions.
- v. Promoting cutting-edge and emerging technologies such as quantum computing, Artificial Intelligence (AI)/Machine Learning (ML), Data Analytics, Blockchain, Augmented Reality (AR)/ Virtual Reality (VR), Fintech etc.
- vi. Encourage the adoption of latest global trends in IT business models such as “Work from

Home”.

- vii. Provide a boost to “Gig economy” by supporting freelancers in the IT space.
- viii. Enable quick approval for investment proposals and reduce the time taken to commence operations.
- ix. Engage with the State’s formidable global diaspora to invest in Andhra Pradesh and contribute to its talent pool.

5. Policy validity

The policy will be valid retrospectively from 1st April 2021 till 31st March 2024, unless superseded by a new policy or by a modification to this policy. The policy supersedes the previous IT/ IT Enabled Services policies and other sub-sector specific policies.

6. Infrastructure development for enabling the growth of IT/ IT Enabled Services sector

The ITE&C department will develop three State-of-the-art concept cities, that offer a significant cost advantage and speed of execution. The department also endeavors to establish an “Integrated Technology Park” in Visakhapatnam, consisting of an Emerging Technologies Research University, Incubation centers, Centers of Excellence (CoE), labs, co-working spaces, State Data Center (SDC), and supporting offices of the ITE&C department. Such infrastructure developed shall be owned and managed by the ITE&C department.

i. Concept cities

The department shall develop IT concept cities in 3 locations close to major existing IT ecosystems, as a specially designated area in the State exclusively meant for development of a holistic industrial ecosystem. The aim of developing the concept cities is to ensure speed of execution and reduction of cost for the IT industry, to offer quick approvals to reduce time to start operations, to enable seamless connectivity to airports and highways, to ensure availability of skilled manpower, to develop world class IT driven common and social infrastructure, to enable walk to work, and to propagate plug and play IT office space, and co-working spaces. These concept cities will be developed as futuristic living spaces which would improve the quality of life of the citizens.

ii. IT Emerging Technologies Research University

The Government will establish an IT Emerging Technologies Research University in Visakhapatnam to sustain and advance the position of the State as a leading contributor to the national talent pool in IT and cutting-edge emerging technologies. The aim is to foster and combine innovation, entrepreneurship, and industry growth. The university will be positioned to attract top academicians and IT majors. It will build collaborations with

leading national and global institutions and have a curriculum that serves industry needs. The university will offer full-time and part-time degree/ diploma programs for fresh graduates and working executives. Further, it will support the Skills University in the design and deployment of suitable skill development courses in the areas of IT and emerging technologies, offering pathways to an advanced formal degree for those who wish to pursue that option. The primary focus of the Emerging Technologies Research University would be on applied research i.e., use of IT and emerging technologies in priority areas of interest to the State and its governance.

iii. Short-term employability enhancement measures

The department will offer courses under Massive Online Open Classrooms (MOOCs) in collaboration with leading e-Learning platforms. Additionally, Andhra Pradesh Information Technology Academy (APITA) which is tasked with organizing technical trainings for workforce in the State, will leverage the infrastructure of the skill colleges to be established by the Government and existing colleges to conduct training programs and courses. Further, Andhra Pradesh Electronics and Information Technology Agency (APEITA) will empanel manpower agencies to provide the industry with access to a database of skilled workforce.

iv. Incubation centers, satellite centers, Center of Excellence (CoEs), and laboratories for promoting emerging technologies

The department shall work towards promoting adoption of niche and emerging technologies such as cloud, Blockchain, IoT, cyber security, data analytics etc. in the State, for improved e-Governance, citizen centric service delivery, and attract IT industry working on latest technologies. Centers of Excellence and prototyping laboratories will be created to focus on co-creating futuristic ideas into business propositions in collaboration with the private sector, partner incubators/ accelerators for IT startups, in cloud computing, AI/ ML, AVGC, and technology platforms for e-Commerce. Satellite centers (plug and play office space for housing satellite offices of IT firms) shall be co-located in the skill colleges or any other suitable locations as decided by the Government.

v. Development of co-working space and IT Towers

The department will strive to create shared plug and play working space, meant for IT industry, in a transparent Public Private Partnership (PPP) mode wherever possible or on its own, and provide a basic set of common amenities expected in a professional work environment where enterprises can lease office space on flexible terms.

vi. Aggregation of office space

The department will create a platform to aggregate the plug and play and warm shell IT office space available in the State so as to make it easier for IT/ IT Enabled Services firms to find suitable office space for commencing operations.

vii. State Data Center (SDC)

The department will establish its SDC, with a primary site and a Disaster Recovery (DR) site in suitable locations with an installed capacity of about 10 Mega Watt to ensure information security of all the confidential data and information pertaining to the Government through appropriate measures.

viii. Offices of ITE&C Department

The offices pertaining to the ITE&C Department, its societies and corporations shall be developed to enable the societies and corporations to work cohesively and achieve a sustainable ecosystem development of the IT/ IT Enabled Services sector. This will enable easy access of the IT/ IT Enabled Services sector to the department and thereby enable faster redressal of grievances for the industry.

ix. Digital libraries/ workplaces

The department envisions to create digital libraries/ workplaces in each Gram Panchayat, with each digital library/ workplace offering six computer systems with access to high-speed internet, essential software, video conferencing facility, and provide a secure workspace for IT professionals working remotely. The libraries/ workplaces will also offer printing/ scanning services on chargeable basis and access to free of cost knowledge databases such as research and industry magazines, open source interactive coding and development environment, and access to public datasets.

7. Business process reforms

i. Deemed Industrial Area Local Authority (IALA) approval for IT concept cities and IT parks

A deemed IALA approval would be given to the IT concept cities, Integrated Technology Park and IT parks developed by the department or its agencies or through a private developer so that IT units/ developers within these areas can commence operations immediately after getting an online acknowledgement by submitting a 'declaration of intent' with a condition to formalize the approvals within three years from the date of such deemed approval.

ii. Approval reforms

The department aims to cut down the complexity for the industry in moving from the

initial planning phase to the operationalization phase by bringing various reforms in land allotment, incentives approval, provision of infrastructure, permissions for commencement of operations and processing of incentive claims, through a dedicated investment portal. For this purpose, the Policy outlines the following measures:

- a) Comprehensive investment portal to handle all project applications, permissions and incentive claims.
- b) All land/ space allotments and incentive approvals within the framework of policy will be under the purview of ITE&C Dept. for those firms under the IT industry. The allotment of land shall be made by a designated agency, only on the recommendation of CCITEI.
- c) IT concept cities, integrated technology park and IT parks developed by the Government or its agencies or through private developers will be provided critical infrastructure till the boundary of the site.
- d) Designated agencies will provide internal/ external infrastructure wherever applicable in land sites within 60 days from the purchase of land.
- e) Floor Space Index (FSI) norms would be relaxed within the IT Concept Cities, Integrated Technology Park, IT parks developed by the Government or its agencies or through private developers, subject to payment of a prescribed premium.
- f) Investors seeking incentives beyond the scope of Policy must apply through the Government route.

iii. Statutory exemptions

- a. IT companies/ IT parks/ Integrated Technology Park would be exempt from the purview of the AP Pollution Control Act, except in respect of power generation sets.
- b. IT parks/ IT companies would be exempt from inspections under the following Acts and the Rules framed there under, barring inspections arising out of specific complaints.
 1. The Factories Act 1948
 2. The Maternity Benefit Act 1961
 3. The AP Shops and Establishments Act 1988
 4. The Payment of Wages Act, 1936
 5. The Minimum Wages Act 1948
 6. The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959
 7. AP Employment of Local Candidates Act 2019
- c. General permission shall be available for 3-shift operations with women working in

the night for IT parks/ IT companies, subject to the IT units taking the prescribed precautions in respect of safety and security of employees.

- d. IT industry is declared as essential services under AP Essential Services Maintenance Act.
- e. The IT units are permitted to file self-certifications, in the prescribed formats.

iv. Infrastructure for IT industry

- a. ITE&C department shall strive to offer infrastructure such as land and plug and play office space to industry as per the norms of the land allotment agency.
- b. The extent of land allotment/ plug and play space to IT industry and their cost and rentals respectively shall be as approved by CCITEI as per the existing guidelines.
- c. The land allotment agency shall adhere to such approvals of CCITEI with respect to IT office spaces/ IT parks developed by the Government or its agencies.

8. Fiscal incentives for attracting IT industry

i. Employment creation incentive

- a) A one-time incentive of 10 percent of annual salary capped as below:
 - 1) INR 1,00,000 per local employment position for high-end IT jobs created in the State.
 - 2) INR 75,000 per local employment position for mid-level IT jobs created in the State.
 - 3) INR 50,000 per local employment position for entry-level jobs created in the State.
- b) Women/ SC/ ST/ BC enterprises shall be eligible for a one-time incentive of 15 percent of annual salary capped as below:
 - 1) INR 1,50,000 per local employment position for high-end IT jobs created in the State.
 - 2) INR 1,12,500 per local employment position for mid-level IT jobs created in the State.
 - 3) INR 75,000 per local employment position for entry-level IT jobs created in the State.
- c) The criteria for availing the eligible employment incentives in three tranches will be defined in the operating guidelines.

ii. 'Work from Home' incentives

'Work from Home' is fast emerging as a trend in the IT sector, with some companies willing to allow their employees to work remotely for an indefinite period. In this aspect, Andhra Pradesh has the advantage as majority of IT workforce hails from the State. Hence, the Government is offering the following incentives to encourage IT firms to allow their employees to work from a location in Andhra Pradesh:

A one-time incentive of up to INR 20,000 per employment position to cover

expenses related to remote working hardware, software, bandwidth costs etc. for IT firms in Andhra Pradesh with remotely working employees within the State. To qualify for this subsidy, minimum employment criteria would be applicable as Stated in the guidelines.

iii. Boost to gig economy

The COVID-19 pandemic has caused disruption in employment opportunities globally, in the form of job cuts, furloughs, and reduced new hiring. In this context, working professionals and fresh graduates are increasingly turning to a freelance/ gig based work model that offers flexibility in working hours and financial stability. The Government is providing a boost to a gig economy through the following incentives:

- a) ITE&C department will create an exchange/ platform for Andhra Pradesh based freelance workers, for such workers to register.
- b) Reimbursement of 50 percent of cost of buying IT hardware such as laptop, internet dongle, furniture, up to INR 20,000 per gig worker, subject to proof of executing gigs worth at least INR 3 lakhs from Andhra Pradesh in the financial year.

iv. Quality Certification

50 percent reimbursement on quality certification charges up to INR 5 lakhs per firm will be provided to IT firms.

v. Measures for startup ecosystem development

The following measures are envisaged for assisting startups:

- a) Training programs for entrepreneurs with business ideas, to address knowledge gaps in understanding target market, business plan, tax laws, insurance, financial planning, promoting business, sales, service etc. would be imparted
- b) Access to market reports and surveys for early stage startups would be provided.
- c) Government shall launch a flagship startup promotion scheme for early stage startups, 'Accelerate Startups in Andhra Pradesh (ASAP)', offering plug and play office space, access to a network of investors, mentors and the State's trained talent pool. These provisions and other common shared services shall be offered to startups on reasonable charges.
- d) A fund of funds of INR 100 Cr. shall be co-created in partnership with a consortium of Venture Capitals and Private Equity firms and universities, for funding startups in the State.
- e) Incubation centers shall be set up in areas notified by the Government from time to

time.

- f) The department will strive to conduct hackathons and workshops for startups based in the State, in collaboration with Universities and colleges, to ensure continuous innovation, and to encourage the development of innovative solutions for Government to Citizen (G2C), and Government to Business (G2B) services and other Government use cases.
- g) The startups which work on the application of emerging digital technologies such as AR/ VR, AI/ ML, IoT, Data Science, Robotics, 5th generation (5G) cellular network, Serverless Computing, Natural Language Processing, Blockchain etc., and those which address the primary sectors will be provided priority in allotment of plug and play space, access to talent pool, incubation centers, Centers of Excellence, prototyping labs etc.

vi. Power tariff

All IT companies operating in Andhra Pradesh shall be eligible for industrial tariff towards their power consumption.

vii. Transport subsidy

A transport subsidy of INR 500/- per employment position per month shall be provided for a period of 2 years, capped to a maximum of INR 10 lakhs per firm.

viii. Incentives to training institutes

Training institutes registered in the State and having a physical premises in the State shall be offered a one-time incentive of INR 10,000/- per local full-time direct employment position facilitated in the State.

ix. Land allotment for IT industry

Allotment of Government land or land held by any authorized land allotment agency/ corporation of the Government to the IT companies/ or IT Parks would be based on the recommendation of CCITEI and shall be governed by the following principles:

- a) IT firms
 - 1) IT units with IT employee strength of 250 and minimum annual turnover of INR 15 Cr. over the past 3 financial years will be eligible to be considered for allotment of land.
 - 2) It is the responsibility of the company to ensure employment of at least 500 entry-level IT professionals or equivalent per acre within 3 years of date of allotment of land.

- b) IT campuses
- 1) Allocation of land to Indian IT companies to develop their own IT campus will be based on the condition that the company has a current headcount of minimum 10,000 people globally or a turnover of INR 500 Cr. in the past 3 financial years.
 - 2) Allocation of land to foreign IT companies to develop their own IT campus will be based on the condition that the company is either a Fortune 1,000 company or has a market capitalization of at least USD 50 Million (Approx. INR 350 Cr.).
 - 3) It is the responsibility of the company to ensure employment of at least 500 entry-level IT professionals or equivalent per acre within 3 years of date of allotment of land.

c) IT parks

Allocation of land to any IT park developer will be based on the condition that the developer has prior experience of developing IT Park(s) with cumulative built up space of minimum 10,00,000 sft. and minimum annual revenue of INR 25 Cr. over the past 3 financial years. The IT park developer must ensure an employment of at least 500 entry-level IT professionals or equivalent per acre in the IT park within 6 years of date of allotment of land. Proposals for development of IT parks with a minimum of 5,00,000 sft. built-up space (excluding parking) will be considered under this category.

d) Land usage

- 1) Mixed purpose land usage will be allowed up to 30 percent of the developed land allotted, towards commercial activities including employee housing/ recreation. Only the IT companies/ developers eligible for a minimum 10 acres of land shall be permitted to avail this provision.
- 2) The mode of land allotment to IT industry shall be based on the prevailing allotment rules of the land allotment agency. Any exemptions shall be considered on a case to case basis.
- 3) Notwithstanding the above clause, the ITE&C department will issue separate guidelines for concept cities.

x. Land Cost Incentive for IT Parks

A one-time incentive of INR 50,000 per employment created capped at 60 percent of the land value will be granted to the developer as a reimbursement on land cost, provided the IT park developer creates at least 5,000 entry-level jobs or equivalent within the park.

xi. Customized incentive package

The Government may in its discretion approve a customized package of incentives for the

IT industry/ IT developers and may relax any of the conditions mentioned in the policy, to mega projects, based on the scale of investment, employment, high value addition and potential for attracting further investments. **Mega projects** are those projects generating employment of a minimum 5,000 entry-level IT professionals or equivalent or an investment of at least INR 500 Cr. The companies which are approved under the customized package of incentives shall be eligible to claim only such approved incentives.

9. ITE&C Department as a Service Provider to all GoAP Departments

The total budget outlay of Government of Andhra Pradesh is about INR 2.24 lakh Cr. for the year 2020-21. The Government's IT spend (services, software and hardware) is more than 1 percent of its total annual budget outlay. Such a significant IT spend presents a strong case for centralized procurement of IT across Government departments.

The ITE&C Department also plays the role of facilitating and attracting investments into the State in IT/ IT Enabled Services sector, generating employment and economic development within the State. Centralized procurement of IT services, software, and hardware enables the Government to use levers such as preferential market access for all IT and hardware procurements by the Government, and thus provide an impetus for attracting IT firms into the State. Centralization of procurement of IT requirements is expected to bring about several benefits to the State including significant improvements in the quality of IT services, ensure compliance to common standards, guidelines, and compliance matrices through various stages of procurement reduce security risks, reduce effort and time, lesser duplication of work, and enable cost savings related to IT software and hardware procurement.

The following mechanism shall be adopted for achieving convergence in achieving Government to Government (G2G) service provision:

- i. Government should strictly enforce, by suitable orders, that the concerned departments/ bodies should avail the services for IT software and hardware procurement from ITE&C Dept., ensure the compliance of common standards, and implement data security measures.
- ii. ITE&C Dept. through its authorized agency, Andhra Pradesh Technology Services (APTS), shall be mandated for IT and hardware procurement in the State to realize economies of scale and ensure quality.
- iii. Procurement of Hardware, Software, Networking products and services where the value of procurement in each case exceeds INR 10 lakhs, shall be mandatorily

- implemented through APTS.
- iv. APTS will establish rate contract for commonly procured IT hardware devices and software services to enable departments to procure the same directly from the rate contract portal (maintained by APTS), where the value of procurement in each case is less than INR 10 lakhs.
 - v. The ITE&C department through its agency shall levy applicable service charges for procurements covered under paras 9(iii) and 9(iv).
 - vi. APTS shall adopt a service based model such as Infrastructure as a Service (IaaS), Software as a Service (SaaS), Platform as a Service (PaaS), Communication as a Service (CaaS), Monitoring as a Service (MaaS), cyber security as a service, payment gateway services etc. for the above procurement purposes.

10. Local procurement preference

- i. The department shall develop a portal that shall act as an interface between Government departments and industry, to enable market access to local IT firms.
- ii. For any IT requirements up to a value of INR 1 Cr., the Government shall procure 100 percent value of procurement from IT companies/ startups operating in Andhra Pradesh as long as the quality of product/ service is found to be comparable with similar offering from other IT firms. Firms with at least 50 employees in the State and having a registered office in the State shall be eligible for such preferential market access.
- iii. For any IT requirements above a value of INR 1 Cr., the Government shall give preference to IT companies operating in Andhra Pradesh by way of adding 5 percent additional marks in the technical evaluation, as long as the quality of product/ service is found to be comparable with similar offering from other IT firms. The detailed procedures shall be outlined in the operating guidelines to be released separately.

11. General provision relating to incentives

- i. The incentives in the policy are intended to incentivize and encourage new investments and activities in the IT space that would otherwise have not materialized.
- ii. The incentives listed herein would be available to IT companies setting up its operations in Andhra Pradesh for the first time and for the expansion activities of existing IT companies, unless the same has been claimed earlier. The detailed criteria for eligibility for incentives

is outlined in the operational guidelines.

- iii. The incentives to the eligible IT enterprises shall be disbursed within 6 (six) months from the date of issue of the order.

12. Governance

- i. Andhra Pradesh Electronics and Information Technology Agency (APEITA) will be the nodal agency for implementing the Policy.
- ii. Further, CCITEI shall be responsible for the following aspects of implementing the Policy:
 - a) Incentive approvals and administration
 - b) Land, and plug and play space allotment including land extent
 - c) Resolving ambiguity in interpretation of the policy
 - d) Other aspects as approved by the department
- iii. The detailed operating guidelines for the Policy shall be issued separately.

The ITE&C Department shall issue appropriate operational guidelines for the implementation of the Policy with prescribed procedure for claiming the incentives.

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

**G.JAYA LAKSHMI
PRINCIPAL SECRETARY TO GOVERNMENT**

To:

All the Departments of Secretariat

The Spl. CS, Industries and Commerce Department, Government of Andhra Pradesh

The Commissioner and I.G., Stamps and Registration

The Director, Industries and Commerce, Andhra Pradesh

The Vice Chairman and Managing Director, APIIC,

The Commissioner, Information and Public Relations, Andhra Pradesh

The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh

The Chairman and MD, AP TRANSCO

The Managing Director, APCPDCL/EPCPDCL /SPCPDCL/NPCPDCL

The Commissioner, Labour, Andhra Pradesh

The Vice Chairman, VUDA/TUDA/VGTMUDA

All the District Collectors and Magistrates, Andhra Pradesh

All the Municipal Commissioners, Andhra Pradesh

The Managing Director, APTS, Vijayawada
The Group CEO, APEITA
The Development Commissioner, VSEZ, Visakhapatnam
The Director, STPI, Andhra Pradesh

Copy to:

The Secretary, Ministry of Electronics and Information Technology (MeitY), Government of India
The Chief Minister's Office, Government of Andhra Pradesh
PS to Chief Secretary to Government of Andhra Pradesh
PS to Prl. Finance Secretary, Government of Andhra Pradesh
OSD to Minister for III and C, ITE&C, SD and T, Government of Andhra Pradesh
PS to Minister for Finance, Government of Andhra Pradesh
PS to Minister for Revenue, Government of Andhra Pradesh
PS to Minister for MA and UD, Government of Andhra Pradesh
PS to Minister for Energy, Government of Andhra Pradesh
PS to Minister for Labour, Government of Andhra Pradesh
PS to Secretary Planning Department, Government of Andhra Pradesh

//FORWARDED :: BY ORDER//

SECTION OFFICER