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**DRAFT - J&K STATE - IT POLICY 2012**

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## 1. J&K POLICY ON INFORMATION TECHNOLOGY

### 1.1 PREAMBLE

In the 21st century and the Information Age, a combination of dramatic sociological, political, economical and technological factors is at play to bring about fundamental and irreversible changes in the entire social system. The scope of these transformations is global. In the times to come, economic power of nations is going to be a function of information technology.

Recent technological advancements like the Internet have digitally broken the geographical, physical, political and even sociological boundaries transforming the world to a '**Global Village**'. Even though all countries shall be competing on a common denominator, its success would be determined by inputs from and to the information technology industry.

Information Technology has emerged as the single most important enabler for improving efficiency and effectiveness of organizations. '**Electronic Governance**' is the term that is being used as a synonym to describe an IT driven system of governance that works better, costs less and is capable of serving the citizens' needs. Recognizing the enormous potential of IT, major initiatives are being planned by Government of India and several State Governments.

At central level Information Technology is a key driver of an increasingly knowledge based global economy. Given its current global position in the IT and ITES sector, India is well positioned to enhance and leverage its IT capabilities towards this end. Technology has transformational power. It is a great leveler of opportunity within and across economies. Recognizing this potential of IT, several economies in the Asia-Pacific region have invested in infrastructure and adopted proactive policies to foster adoption of IT pervasively. Consequently their economies have experienced much faster and more equitable growth and their development indices have moved up rapidly.

India aspires to become a knowledge economy with a global role. The Indian economy has achieved a growth rate of around 8 % over the last decade, and the contribution of IT Sector to this growth is significant. The Indian IT industry is a USD 88 Billion industry (2010-11) with 80% of the revenues coming from exports. The Indian IT & ITeS sector employs over 2.5 million skilled people. The IT sector has been one of the major employment generators in the last two decades. The global IT-ITeS market has been growing. Current negative trends in many economies around the globe provide both challenges and new opportunities. New

competitors emerge, often unpredicted. This flux in the global economy highlights the need for constant reappraisal of strategy and the imperative of identifying new markets and new services and seeking ways to leverage and extend the reach of domestic non-IT services like engineering, health, education, skill development, security, legal, financial, accounting, etc. There is room for growth but no room for complacency.

While IT export growth is satisfactory despite global recession in the last few years, the impact of IT within the country is uneven. Despite relatively sluggish growth of the domestic market and low levels of ICT usage and penetration in the past, today there are very encouraging signs of accelerating recourse to ICTs in most sectors of the economy and society. There are many drivers propelling this change. Global competition, pressure to cut costs and improve efficiency, need to address IT-savvy global and domestic markets and compulsions to provide client-centric services to a large number of customers are some of the factors responsible.

However, the bulk of Indian IT exports are still targeted towards North America and Europe. Besides, major IT hubs like Bangalore, Chennai, Hyderabad, Mumbai, Pune and NCR which account for nearly 90% of the total Industry in India are near saturated and face infrastructural challenges and human resource constraints for further expansion. This necessitates the absolute imperative for Indian IT and ITES Industry to diversify into Tier II and Tier III cities. Emerging technologies such as Mobile Technology, Localization, Virtualization, and Cloud Computing provide Indian IT/ITES industry a major opportunity to become partners in value creation and drive transformation domestically.

India today stands at the cusp of development. The Indian workforce is young – with 50% of the population below 25 years. The younger generation is also quick to adopt new technologies. This factor is one of our core competitive strengths. Relying on this advantage, enhanced use of ICT (information & Communication Technologies) can help usher in sustained growth of the Indian economy.

ICT is known to have transformed businesses and created new products and markets and improved the productivity and efficiency in other sectors. Sectors like Finance, Retail, Courier, and Media are just a few examples in this context. For India to retain its competitive edge in sectors in which it is traditionally strong like textiles as also in emerging sectors, it is imperative that ICTs are appropriately adopted. Similarly, the importance of ICTs in strategic sectors like Defence, Atomic

Energy, and Space etc is paramount.

In keeping with these trends, Governments at all levels in the country are aggressively adopting e-Governance to improve accessibility, transparency and efficiency. Social Media could also be utilized to facilitate peer-to-peer interaction and thereby promote horizontal communication to foster the growth of a connected society. There is a strong synergy between IT adoption and the growth of Broadband Infrastructure. Mobile telephony is now well spread out all over the country due to a combination of factors - including low cost devices and low tariff. Over 850 million subscribers can benefit from Mobile Internet with a supportive development environment with low cost Smart phones/ handheld devices, competitive tariffs and provision of value added services at affordable prices.

However government of Jammu & Kashmir is yet to realize its true potential in IT/ITES Sector. Further looking to the large number of employment opportunities associated with this sector, the J&K State Government intends to accelerate growth of this sector.

## **1.2 WHY IT IS IMPORTANT FOR US**

### **a. Alleviating information poverty**

- i. Accessing the fast expanding global knowledge.
- ii. Mobilizing and sharing local information resources.
- iii. Enhancing productivity of scarce managerial and scientific resources.
- iv. Empowering private sector with public information

### **b. Improving Public Sector Management**

- i. Extending basic services to vast population.
- ii. Improving public policy and promoting transparency.
- iii. Promoting national consensus, broad participation and social learning.

### **c. Government and Citizens**

- i. Schemes like 'Right to Information' for citizens to improve transparency.
- ii. Electronic Governance for more efficient Government.
- iii. Time-bound, transparent and discretion-free citizen services.

## **1.3 VISION**

To align state of J&K with the National vision statement of the DIT, Gol - "To strengthen and enhance India's position as the Global IT hub and to use IT as an engine for rapid, inclusive and sustainable growth in the national economy".

## 1.4 OBJECTIVES

The IT policy of Jammu & Kashmir shall have the following objectives:

- i. The Government to play the role of a facilitator; defining standards; providing infrastructure support; interfacing with related institutions within the country and outside and build regulatory mechanisms.
- ii. Creation and systematic enhancement of IT infrastructure in the State by encouraging Public-Private partnerships.
- iii. Development of human resource by widening the reach of IT education in terms of quality and spatial coverage with a view to improving the employability of youth within & outside the State.
- iv. Encourage e-Commerce to overcome the handicap of remoteness.
- v. Encourage electronic governance for:
  - a. Bringing transparency in Government operations through Government- citizen interface(G2C)
  - b. Improving the efficiency and effectiveness of Government's service delivery systems.
  - c. Faster dissemination of information.
- vi. Encourage and popularize IT Education at the level of achieving the objective of having basic e-literacy covering one individual per household.
- vii. Introduce more IT related domains in ambit of the IT Industry in the policy including IT enabled Services and making them eligible for all concessions and incentives applicable under the State Industrial Policy.
- viii. To device a IT enabled mechanism to ensure the affordable delivery of public services broadly identified under the Public Service Guarantee Act 2011.
- ix. Periodic review of the implementation of this policy shall be carried out by the State IT Council headed by the Chief Minister.
- x. Ensure fast-track decision on IT related proposals by the concerned departments to be reviewed by the State level Committee headed by the Chief Secretary. The **Apex Committee** to constitute the following members:
  - a. Worthy Chief Secretary as Chairman
  - b. Principal Secretary to Chief Minister
  - c. Financial Commissioner, Finance
  - d. Administrative Secretary, Planning
  - e. Administrative Secretary, Industries and Commerce
  - f. Administrative Secretary, Higher Education,
  - g. Administrative Secretary, Administrative Reforms,
  - h. Administrative Secretary, Labor & Employment
  - i. Administrative Secretary, Information Technology

- j. State Informatics Officer, NIC
- k. CEO JaKeGA
- l. State e Mission Team members
- m. Any other Secretary/ HoD to whom the specific agenda applies.

## **1.5 THE IT POLICY**

- i. Providing tax and other incentives in conformity with the State
- ii. Industrial Policy and quality infrastructure to position the State as an attractive location for development and growth of information technology industry.
- iii. The IT department would empanel the local IT Industry under various IT domains to promote the Local IT Industry and substantially generate employment opportunities in the State.
- iv. Government IT Parks:
  - a. The State of J&K to encourage creation IT parks in the state. These parks will function as hub for smaller IT parks / sub parks in other parts of the State. By having IT parks in smaller cities, regional disparities can be minimized, employee attrition and cost of operation lowered, and local talent nurtured.
  - b. The Apex Committee to decide on suitable land across the state for this purpose and Special incentives which will be given to the companies commencing operations in these Parks.
- v. Creating facilities for Electronic and Video communication in all district head quarters with special emphasis on Voice over Internet Protocol (VoIP) in all sub divisional head quarters for effective communication.
- vi. Developing human resource with IT competence with special focus on rural areas.
- vii. Adequate Computer training facilities will be established for all government employees and basic / specific training would be provided to all government employees.
- viii. Employment related IT trainings to be imparted progressively to the youth through the educational and vocational institutions. Capacity building of these Institutions to impart such trainings.
- ix. Creating a functional IT driven system of governance with vertical and horizontal computerization in all State Government Departments. IT department to facilitate each Department in spending 1.5% of its allocated annual plan budget on IT related initiatives like procurement of hardware, systems software, establishing IT centers, networking, web technology, development of applications software, training and technical consultancy.
- x. Creating an IT Task force in the State and extending the same model to create an IT related Sub Task Force for each department headed by the respective

Administrative Secretary.

- xi. IT department to facilitate the Citizens to have one stop web presence for all State related information including public services of various departments.
- xii. State government departments to :
  - a. Initiate the IT related projects / e governance initiatives in due consultation with the State IT Department to avoid any duplication of efforts and effective utilization of resources.
  - b. Utilize the infrastructure resources of IT department like State data Centre, State Wide Area Network, Common Service Centers (Khidmat Centers), etc to the best possible extent to ensure the reliability / security of information and data.
  - c. Consult the State e Mission team – SeMT-JK which is appointed by the DIT, Government of India to ensure that various IT/ e-governance projects being initiated and developed are in alignment with the overall objectives.
- xiii. IT department to launch e-Services (Government to Citizen – G2C services). In order to facilitate the Citizens for the use of these e-Services, the IT department would create a Citizen Contact Centre with a single hotline number.
- xiv. The State Designated Agency would take appropriate steps bring the top MNC companies to open the operational offices in the J&K. This would encourage the job opportunities in the state.
- xv. To mandate the public procurement and tendering through electronic mode across all departments to enhance transparency and competition.
- xvi. To promote open standards and open technologies.
- xvii. To leverage the mobile phone as an instrument for enabling secure transactional services including financial services.

## **1.6 REGISTERING AUTHORITY:**

The State Designated Agency (SDA), JaKeGA will be the registering Authority for IT Industries including training institutes in the State of Jammu and Kashmir. The SDA to deal with all issues and shall act as a single window clearance in facilitating the registrations in consultation with the IT department. The SDA to also handle inspections of various IT products procured by the State.

## **1.7 STRATEGIES**

### **1.7.1 Creating ecosystem for a competitive IT/ITES Industry**

- a. To make requisite policy changes to make J&K a preferred destination to establish and operate IT/ITES enterprises including a stable tax regime.

- b. To formulate Fiscal and other Policies to attract investment in IT Industry for expanding the base of IT and for creating employment opportunities in the state.
- c. To provide fiscal benefits to SMEs and Startups in the key industrial sectors for adoption of IT in value creation

### **1.7.2 Human Resource Development**

- a. To create necessary physical and institutional infrastructure for creating pool of trained persons in IT sector through formal and non-formal sectors, with focus on skill development and expertise creation.
- b. To create a mechanism to ensure that at least one individual in every household is e-literate.
- c. To avail the benefits SMEs and startup companies need to provide minimum 50% of the total employment to J&K State Subjects.

### **1.7.3 Promotion of Innovation and R&D in IT Sector**

- a. To support SMEs and startup companies to equip them for competitive environment through fiscal benefits, innovation fund and incubation facilities.
- b. To build R&D infrastructure and test facilities for development and adoption of emerging technologies like: Next Generation Computing Systems, High Performance Computing (HPC), Cloud Computing, GIS, Mobile Technologies, Interoperable Infrastructure for Small Financial Transactions, Switch, Language Technologies etc.
- c. To incentivize innovation in public supported research.
- d. To create and support an ecosystem to support R&D and Innovation in Academia through collaboration with industry, from ideation to commercialization with emphasis on products, patents and IP's.
- e. To encourage adoption of ICT based Green technologies as well as to promote green technologies by making them competitive through appropriate fiscal & non-fiscal policies.

### **1.7.4 Enhancing productivity and competitiveness in key sectors through ICT**

- a. To leverage ICT including mobile technology to enable outreach of secure and interoperable various public services in remote areas at affordable cost.
- b. To enable long term partnership with Industry for:
  - i. use of ICT in cutting edge technology
  - ii. facilitate growth of IT SMEs and use of IT across all SMEs
- c. To promote use of IT in key economic sectors such as Tourism, Transport, Handloom, Agriculture, Finance, Retail, Logistics for improved efficiency and productivity.
- d. All Government departments to
  - i. Identify their priority services/ citizen centric services and work towards making the eServices.
  - ii. To share the actions taken towards computerization of the line departments/ offices on half-yearly basis

#### **1.7.5 Creating an ecosystem for Internet and mobile driven Service Industry**

- a. To leverage Internet and Web technologies for developing new products, technologies and businesses.
- b. Integrating Internet based and mobile based delivery of services onto a common platform to enable seamless, ubiquitous, secure and personalized delivery of government and non-government services throughout the state.

#### **1.7.6 Enabling Service Delivery through e-Governance**

- a. To mandate provision of all Government Services through Electronic mode within a fixed time frame.
- b. To mandate public procurement through electronic mode across all departments to enhance transparency and competition.
- c. To undertake implementation of Mission Mode Projects (MMPs) in Health, Education, Financial Services, PDS etc. to improve the quality and accessibility of such services.

- d. To set up a widespread network of Common Service Delivery Access points for enabling assisted access to electronic services.
- e. To develop and notify Standards for seamless interoperability of data and applications by promoting open standards and open source technologies.
- f. To enhance institutional framework for Capacity Building Program for imparting basic and specialized training across all levels.
- g. To design and create a citizen engagement framework for utilization of social media by the government and its agencies.
- h. To design and implement policy framework for placing data in public domain for use and value addition.
- i. To promote Public Private Partnerships in e-Governance projects and facilitate flow of private sector financial and technical capabilities into the state e-governance effort especially in areas where viable investments are feasible.

#### **1.7.7 Mobile based Value added Services**

- a. To leverage the mobile phone as an instrument for enabling secure transactional services including financial services.
- b. To promote development of an ecosystem for enabling innovation and entrepreneurship related to mobile Value added Services.
- c. To develop GIS platform for facilitating location based planning, service delivery and information availability.

#### **1.7.8 Security of Cyber Space**

- a. Policy, promotion and enabling actions for compliance to international security best practices and conformity assessment (product, process, technology & people) and incentives for compliance.
- b. Creation of a culture of cyber security for responsible user behavior & actions including building capacities and awareness campaigns.
- c. To create, establish and operate an 'Information Security Assurance Framework.

## **1.8 FACILITIES TO PROMOTE IT INDUSTRY**

In order to facilitate the growth of IT sector in the state, the Government will further facilitate setting up of new IT, ITES, IT Services units in the state by provision of:

- a. Single window clearance system for power, pollution control, land allotment and registration of industrial unit.
- b. Closer interaction with financial Institution and commercial banks, to ensure regular and adequate flow of finances to the industrial sector.
- c. Permanent Grievance Redressal System to remove bottlenecks in import and export of products to and fro the state.
- d. Environment protection, to conform to State, national and global regulations.
- e. Entrepreneurship development in the State, to provide opportunities to educated unemployed.
- f. Encouraging Research & Development.
- g. Focusing on thrust areas in the State and facilitating large investments in prestigious projects.
- h. Units in the SME (Small & Medium Enterprises) sector and startups would be given special incentives like incubation facility, access to venture capital and legal support (Copyrights, Patents and Trademarks). Small and Medium Industries will be encouraged to take up value added services.
- i. Industry Promotion Cell: Industry Promotion Cell will be established to provide all the necessary information to prospective investors and to assist them in the process of setting up IT industry in the State. The cell will provide information on setting up IT units, VC support, legal issues, HR outsourcing etc.

### **1.9 FISCAL INCENTIVES:**

The following Special Incentive shall be available to the Information technology units set up in the State irrespective of their location:-

- a. The State Government can offer customized package of incentives for prestigious investment proposals i.e. projects where total investments are more than Rs. 10 Crore by any company after due approval of the Apex committee.
- b. Investment Incentive: Investment Incentive (Capital subsidy) For New Units @ 30% of the Fixed Capital Investment (FCI) to the Micro, Small, Medium & Large units subject to maximum of 9 Crores for Large, 4.5 Crores for Medium and 1.5 Crores for Small and 30 Lacks for Micro Units, shall be available to the Information Technology units set up in designated IT Parks or notified area for IT Development in the J&K State;  
else @10% in any other location within the State but outside of designated area or notified area for IT Development
- c. Above is subjected to the first 10 Units in a financial year, and circulars notified from time to time on the number of units per financial year & clearance from the Apex Committee.
- d. Stamp Duty Exemption: Property transaction in the designed Information Technology Parks shall be exempted from payment of stamp duty. There shall be no stamp duty on lease and financial instruments of units located in such parks.
- e. Exemption/deferment from General Sales Tax and Central Sales Tax as per the available industrial policy in J&K State.
- f. Exemption from entry tax and Excise Duty for IT infrastructure and related equipments for 10 years.
- g. Exemption from service tax for a period of 10 years.
- h. As per notifications issued by Govt. Of J&K SRO 24 Dated 31st Jan 2004; There is no Central Sales Tax (CST) for the new IT industrial units till March 31, 2015

### **1.10 OTHER INCENTIVES**

- a. Power tariff for the industrial sector is subsidized. The Power Development Department shall revise and announce the tariff from time to time. Keeping in view the policy of the government to encourage the development of industry in the State and till such time as assured power supply is made available to industrial units subsidy shall be allowed on new DG sets from

- 10KW to 1000 KW capacity purchased from reputed/standard companies as applicable to other industrial units.
- b. The State Government shall take necessary steps to provide continuous and uninterrupted power supply.
  - c. All IT units located in the State of J&K shall be granted exemption from payment of electricity duty for a period of 10 years
  - d. All IT Units with a connected load exceeding 100 KW shall be charged a concessional rate of Electricity Duty.
  - e. Price and Order Preference: The Information Technology units located in the State of J&K shall be given 15% price preferences on application software development for all J&K Govt. Department, Undertaking/Boards/Institutions etc. IT units located in the State of J&K would be given preference for order; all other conditions remain the same. This incentive shall be available to only ISO certificated units.
  - f. Existing Units going expansion: The Information Technology units going for expansion, diversification or modernization by increasing investment by more than 25% and increasing the total capacity/production/turn over by more 25% would be allowed incentives at par with new units.
  - g. Subsidy on IT in State language script: Subsidy shall be admissible to the units engaged in the development of IT in State language script (Urdu,) amounting to 5% of the total turnover year subject to a maximum of Rs. 5 lacs per year for a period of 3 years provided that the number of qualified Information Technology professional engaged on such Project by the unit/institution is more than 10 belonging to the state of J&K.
  - h. Bandwidth Subsidy: Bandwidth Subsidy to Existing IT units located within the state will be extended to the unit holders at 25% of the Usage per year, subject to a maximum cap value of Rs 150000 per year and in comparison with market rates of bandwidth at the time of notifying the subsidy.
  - i. Employment to J&K State Subjects: The Incentives mentioned through the document above would be available to such units, which provide minimum 50% of the total employment to J&K State Subjects.

#### **1.11 THE INTERPRETATION/RELAXATION/AMENDMENT:**

The Apex Committee shall be competent to interpret/relax/ modify any of the above provisions under this policy in consultation with the concerned Department/agencies of Government.