POLICY ON RURAL TECHNOLOGY CENTERS 2016

Information Technology, Electronics & Communications Department, Government of Telangana

PREAMBLE

Information Technology and its allied sectors have been one of the main reasons for India's emergence as an economic powerhouse. Apart from contributing to about 10% of the country's GDP, this sector also provides employment to over 3.5 million professionals, of which a majority of them come from rural areas of the country. Realizing the importance of this availability of large talent pool in rural areas, the Government of Telangana aims to develop the rural areas of the state into emerging Technology Centres, which in turn aid wealth and job creation. Additionally, rural areas offer significant advantage, in terms of cost of living, operations cost, availability of skilled human resources at low cost, low commuting time, etc. These locations account for over 25% saving, as compared to large cities.

Past experiences and pilot projects from other regions show that these Rural IT Centres are capable of contributing to a wide array of industry needs. Following are some of these areas:

1. Data processing, data entry, data management and document digitization etc.
2. Voice related services that offer inbound call support such as customer service, inquiry handling, technical support services etc. and outbound call support such as product promotions, market research, customer feedback etc.
3. HR related services, financial accounting, legal support, web-marketing etc.

VISION & GOALS

As the Information Technology sector is transforming rapidly with the growth of sub-sectors such as Data Analytics, Gaming & Animation, Social Media etc. it is just a matter of time before these rural centres become centres of development and support for these technologies. Given the gamut of tasks that could be performed, the Government of Telangana intends to call these centres as Rural Technology Centres (RTCs).For an IT centre to qualify as a Rural Technology Centre, it has to meet the following criteria

- The centre should be setup either in a Mandal or Village Panchayat level
- The population of the Mandal or Village that the centre is in must have a population less than 50,000
- The location of the IT centre should be at a distance of atleast 50km from the nearest city

Accordingly, the Government has identified the following goals that it would like to achieve in the next 3 years:

- Develop one Rural Technology Centre in each of the 10 districts of the state

- Provide employment to at least 2,500 people through Rural Technology Centres

- Train 10,000 rural youth through TASK with the skills required by Rural Technology Centres

However, since the penetration of Information Technology in rural areas is still in a nascent stage in the country, setting up and operating a business comes with its own risks. The Government of Telangana has come up with a comprehensive set of incentives that mitigate the risks associated with this business.

INCENTIVES

The ITE&C Department proposes the following categories of incentives for the promotion of Rural Technology Centres
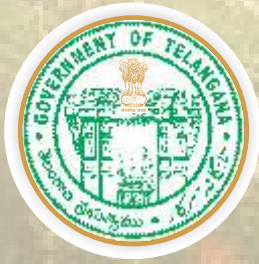
1. FISCAL INCENTIVES

a. Reimbursement of panchayat taxes for first three years of operation for first 5 IT Companies in each town.

b. Promotions Support

    i. For promotion of IT events (by trade association) in rural locations, the Government would provide reimbursement/sponsorship for the event up to a maximum of Rs. 5 Lakhs or 50% of the event cost, whichever is lower.

    ii. 50% Exhibition stall rental cost or Rs. 50,000, whichever is lower, will be reimbursed for participating in the notified national/international exhibitions limited to 9 sq.mts. of space.

c. IT companies setting up operations in rural locations will be permitted to avail renewable energy under open access system from within the state after paying cost component to DISCOMs as fixed by ERC (subject to a maximum of one third of their total power requirements)

d. 50% investment subsidy on fixed capital Investment, with a maximum limit per unit of Rs. 40 Lakhs limited to the first 3 companies. Thereafter, investment subsidy shall be fixed at 10%, with a maximum limit per unit of Rs. 8 Lakhs.

e. Rental subsidy of 25% per square feet for three years for the first 3 companies. Thereafter, rental subsidy shall be fixed at 10% per square feet for three years.

f. 25% reimbursement on Internet and Telephone charges for the first 3 years of operations.

g. 100% exemption from payment of SD/EMD and cost of tender document.

h. Workforce Development

    i. As a part of Telangana Academy for Skills and Knowledge (TASK), the Government of Telangana will create skill development centres and Faculty Development programs for colleges and training institutions in rural areas

    ii. Training subsidy of Rs. 2,500/month/person for 6 months.

    iii. Recruitment Assistance at the rate of Rs. 20,000 per employee for a minimum annual recruitment of 50 new IT professionals from the colleges located in Telangana. This assistance will be managed and disbursed by TASK.

    iv. Rs. 10 Lakhs subsidy to bridge the viability gap for first year for first 3 anchor units across all locations

2. NON-FISCAL INCENTIVES

a. The Rural Technology Centres are exempt from the purview of the Telangana Pollution Control Act

b. IT Industry is exempt from inspections under the following Acts and the Rules framed thereunder, barring inspections arising out of specific complaints. The IT units are permitted to file self-certificates, in the prescribed formats.

   i.   The Factories Act, 1948

   ii. The Maternity Benefit Act, 1961

   iii. The Telangana Shops & Establishments Act, 1988

   iv. The Contract Labour (Regulation & Abolition) Act 1970

   v.   The Payment of Wages Act, 1936

   vi. The Minimum Wages Act, 1948

   vii. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

   viii. General permission for three shift operations with women working in the night for IT/ITES units/ companies

   ix. Fibre based connectivity support with two Internet Service Providers

Jayesh Ranjan IAS
Secretary to Government

Information Technology, Electronics &
Communications Department
Government of Telangana
D - Block 2nd Floor Room No. 315A
Telangana Secretariat Hyderabad-500 022
P: +91 40 2345 6401 F: +91 40 2345 0103
secy_itc@telangana.gov.in
jayesh_ranjan@hotmail.com