

Department of IT & E-Gov  
Government of Jharkhand

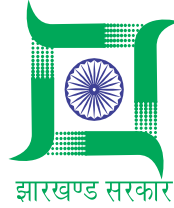
# BPO/BPM POLICY 2016



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रघुवर दास  
Raghubar Das



मुख्यमंत्री  
झारखण्ड सरकार  
Chief Minister  
Govt. of Jharkhand



## MESSAGE

Business Process Outsourcing (BPO) or Business Process Management (BPM) is a big employer worldwide and Jharkhand has planned to use the opportunity it provides to the youth of the state in a big way. As Jharkhand is emerging as a contender to be among the front runner state in the country in various fields, its educated and trained youth also needs more job opportunities and options as well.

I present to you Jharkhand's BPO/BPM Policy 2016 with the vision to make Jharkhand a preferable BPO/BPM destination in India through a holistic approach of socially relevant policy and a business friendly environment which in turn aid wealth and job creation for people of Jharkhand.

Aim is to create employment opportunities for at least 15,000 people by promoting the IT/ITeS industry, particularly by facilitating setup up BPO/BPM operations in districts of Jharkhand by year 2021.

The policy has a special focus on facilitating BPO/BPM units operating from the state by providing preference in Government procurement. The policy also supports new as well existing BPO/BPM units in the state who want to expand their existing facilities.

With new policies attuned to the needs of the BPO industry, I am sure that ample job opportunities will be created in the state resulting in improvement of living standard of people of Jharkhand. Businesses will have the opportunity to make use of suitably trained manpower at economical cost.

I congratulate the Department of Information Technology and e-Governance which has worked hard on bringing out this policy for development of this sector.

I wish all the success in implementation of the policy.

Best wishes,

  
(Raghubar Das)  
Chief Minister



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# 1 Preamble

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

In this context, this policy focuses on;

1. BPO/BPM infrastructure development along with capacity building of work force.
2. Incentives on fixed capital and operating capital.

Government will ensure establishment and growth of BPO/BPM units in the State through some of the key interventions listed below:

1. To promote/ensure business to new units, the State Government shall identify activities such as citizen services, government processes and shall endeavour to outsource the same to BPO/BPM centres operative in the State on a preferential basis.
2. Initial training and support is one of the key inputs for a successful start of BPO operations and trainers are often required to travel to new units to train the trainers/resources. Special incentives in the form of housing and travelling expense reimbursement to the employees of BPO/BPM units working elsewhere and travelling to Jharkhand have been added to make this process more economical and facilitate easy commencement of operations of units.
3. To ensure availability of skilled workforce for the BPO sector, training facilities shall be provided for BPO/BPM sector through Jharkhand Skill Development Mission Society and/or tie-ups with educational/technical institutes and other approved national/state agencies at local level.
4. State of Jharkhand shall facilitate allocation of land or building in IT/multi-purpose SEZs/IT Parks (both Public & Private promoted) in selected districts for BPO/BPM industry preferably within city/town limits.
5. Government shall also endeavour to identify and provide Government building's on lease rentals for BPO/BPM setup and operations within State.
6. A nodal agency will be nominated for implementation of the BPO/BPM policy 2016. Single agency has been envisioned to act as the implementation agency.

## **2 Vision and objectives**

### **2.1 Vision**

To make Jharkhand a preferable BPO/BPM destination in India through a holistic approach of socially relevant policy and a business friendly environment which in turn aid wealth and job creation for people of Jharkhand.

### **2.2 Objectives**

1. Creation of employment opportunities for at least 15,000 people by promoting the IT/ITeS industry particularly by facilitating setup up BPO/BPM operations in districts of Jharkhand by year 2021,
2. To promote establishment of BPO/BPM units in urban/sub urban/as well as rural areas in all districts of Jharkhand,
3. To use IT and ITeS as a leverage to enhance the quality of life of the citizen of the State by extending the development and infrastructure opportunity in smaller cities.



### 3 Subsidy/Incentives

#### 3.1 Applicability and obligations of Policy

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

1. BPO/BPM and other allied activities as listed in definition of IT Enabled Services (ITeS) shall be eligible for benefits/incentives under this policy.
2. The BPO/BPM unit shall be under obligation to commence its operations within 6 months, from the date of issue of approval from the nodal agency. 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.
3. The policy shall also be applicable to new BPO/BPM unit(s) with a minimum number of 20 (Twenty) seats.
4. The policy shall also be applicable for BPO/BPM units who want to extend their capacity by a minimum 25% or 20 (Twenty) seats, whichever is higher.
5. Incentives under this policy cannot be availed under in conjunctions with any other Jharkhand State Government policy unless and otherwise specified elsewhere in the policy.
6. This policy will be valid for 5 years from the day of notification.

#### 3.2 Land Incentives

1. **Land cost:** A reimbursement on the cost of land will be provided at the rate of INR 30,000/- (Rupees Thirty thousand only) per full time employee (who is a resident of Jharkhand OR has done above class 10th standard studies from Jharkhand) for BPO/BPM projects. The payment will be subject to a minimum of 15 (Fifteen) employees in Type A and 10 (Ten) employees in Type B, C districts respectively and also subject to maximum of 80% of the land cost as determined by the allotment agency. Prescribed guaranties/securities would be taken from the sponsors of the project for the rebate.
2. **Registration charges:** 100% reimbursement of stamp duty, transfer duty and registration fee paid by BPO/BPM companies on sale/lease deeds on the first transaction only.

This incentive shall not be provided in case of Government land.

### 3.3 Capital Incentives

Total of all subsidies/incentives/reimbursement under this head shall be up to a maximum of INR1,00,000/-(Rupees One lakh only) per seat.

1. **Capital equipment:**50% of one time expenditure incurred on admissible items (Appendix-A)shall be reimbursed subject to an upper ceiling of INR 1,00,000/- (Rupees One lakh only) per Seat.
2. **Tax reimbursement:** BPO/BPM units shall be eligible for reimbursement of 100% of NET VAT/Service Tax\* paid per annum for different durations depending on the location of the unit as in Table 1 below, subject to a maximum of 100% of the total fixed capital investment. This reimbursement shall not be considered under the capital ceiling of INR 1Lakh/seat.

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

*Table 1: District type wise table for reimbursement of NET VAT/Service Tax*

\*Appropriate changes will be made in the policy to accommodate Goods and Services Tax (GST) when it becomes applicable in the State.

3. Registered companies or societies (BPO/BPM)shall be reimbursed from octroi / entry tax / escort tax or other cess or any tax levied in lieu of these items listed in Appendix-A. Necessary advisory to the local bodies to give this benefit to the BPO/BPM units shall be issued by DoIT and E-Gov. of Jharkhand.

### 3.4 Operating Expenses

1. **Rent Reimbursement:**

- a) An incentive as reimbursement on lease rentals up to INR15,000/- (Rupees fifteen thousand only) per seat per annum for a maximum period of 3 (three) years, for the plug-and-play type/other built up office space subject to a maximum of 40sq. ft./employee super built area as indicated in Table 2 below shall be applicable:

Sl. No.	Rent Reimbursement	Year of BPO/BPM Operation
1.	100%	1 <sup>st</sup> year of operation
2.	75%	2 <sup>nd</sup> year of operation
3.	50%	3 <sup>rd</sup> year of operation

*Table 2: Rent Reimbursement Table*

- b) Government shall identify and endeavour to provide the unused building(s) in rural areas of State on lease rentals for BPO/BPM setup and operation within State limits. Clause (a) above under Rent reimbursement shall not be applicable in cases where government building/premises are used on subsidised lease rentals.
2. **Reimbursement for Telecom facilities:** 50% reimbursement on telephone charges subject to an upper ceiling of INR 30,000/- (Rupees thirty thousand only) per seat per shift per annum for 3 (three) years to the BPO/BPM units shall be available on duly self-certified bills of the BPO/BPM units.
3. **Reimbursement on bandwidth for Connectivity:** 50% reimbursement of internet bandwidth/lease line charges subject to an upper ceiling of INR 40,000/- (Rupees forty thousand only) per seat, shall be paid on duly self-certified bills of the BPO/BPM units.
4. **Power:** BPO/BPM industry shall be classified as industrial unit for the purpose of levying the industrial power tariff category. Industrial Power Certificate shall be accorded to all the BPO/BPM unit(s) Connections (Power Meter) for their operations, even in multiple locations/meters. The effective date of application of the incentive of industrial power tariff category is from the date of issue of the said certificate by the Govt. of Jharkhand.

5. **Solar Power:** 15% additional one time reimbursement, over and above the prevailing subsidy by Central Government schemes on capital costs of captive Solar PV Systems, for self-use shall be provided. The subsidy shall be in the form of reimbursement provided after commissioning and inspection of Solar PV systems installed. All other benefits as mentioned in the solar power policy of the State shall also be applicable. All benefits claimed under State Government policies shall not exceed 20% of solar power capital cost under this head.
6. **Electricity Duty:** BPO/BPM units covered under this policy will be fully reimbursed, the payment of Electricity Duty from the date of commencement of operation for a period of 3(three) years.
7. **Training reimbursement:** One time training reimbursement of INR 6,000/- (Rupees four thousand only)/month/person for 3 (three) months to the BPO/BPM professionals who is are residents of Jharkhand or have done above class 10th standard studies from Jharkhand. For Divyang employees an additional amount of INR 2,000/- (Rupees two thousand only) per month shall be reimbursed.
8. **Promotions support:** 50% exhibition stall rental cost or INR 1,00,000/- (Rupees One lakh only) for national and INR 2,00,000/- (Rupees two lakh only) for international whichever is lower, will be reimbursed per annum for 3 (three) years for participating in the notified national/international exhibitions. A maximum of INR 2,00,000/- (Rupees two lakhs only) per annum shall be reimbursed.
9. **Grant of EPF for employment generation:** Units established in the state shall be reimbursed EPF amount paid by the employer (employer's share) for its BPO/BPM/IT/ITeS professional's for a period of 3 (three) years subject to a maximum of 500(Five hundred) employees per year.

### 3.5 Special Incentives

Apart from the above-mentioned benefits, the Government of Jharkhand shall provide certain one-time special incentives to the BPO/BPM unit(s). Total incentives under “**Special Incentives**” and “**Capital Incentives(section 3.3)**” shall not exceed INR 1,00,000/- (Rupees One lakh only) per seat.

1. **Recruitment Assistance:** One time recruitment assistance at the rate of INR 10,000/- (Rupees ten thousand only) per employee shall be paid for new IT/ITES/BPO professionals from the colleges/high schools located in physical limits of Jharkhand. This reimbursement shall be paid at the end of 2<sup>nd</sup> year of operation for each employee employed for a minimum continuous duration of 12 months from the date of BPO/BPM commercial operation. For Divyang employees an additional amount of INR 5,000/- (Rupees five thousand only) shall be allowed.
2. **Quality certifications:** The State Government shall reimburse only once for any one certification, the cost incurred by a BPO/BPM unit operating in the State on securing relevant national/international quality certification like ISO 9001, Capability Maturity Model (CMM/CMMi), Peoples Capability Maturity Model, others, subject to a maximum ceiling of INR 7,00,000/- (Rupees Seven lakhs only).
3. **Employment beyond number of seats:** Special incentive of additional 5% of capital cost shall be provided for units providing employment to 2 (two) times the number of seats per unit or more resources.
4. **Incentive for diversity, inclusion and wider spread:**
  - a) Special incentive (additional 5% of capital cost) shall be applicable to unit(s) providing 50% of employment to women.
  - b) Special incentive (additional 5% of capital cost) will be provided if unit(s) of BPO/BPM operations are setup at locations under districts other than Type A (as per Table 3).
  - c) Incentive for promoting local entrepreneur: Special incentive (additional 5% of capital cost) will be provided if a BPO/BPM unit registered outside Jharkhand, partners with a unit registered in Jharkhand for setting up BPO/BPM operations. This incentive shall also be applicable, if any unit registered or local entrepreneur in Jharkhand wants to start BPO/BPM operations in Jharkhand.

5. **Housing and travelling expenses reimbursement:** One time housing and travelling expenses reimbursement with maximum ceiling of INR 35,000/- (Rupees thirty five thousand) per month per employee for a maximum of 5 (five) employees of BPO/BPM units working in other states (other than Jharkhand State) shall be granted for the travel (to and fro) and stay by own arrangement. Travel and stay during the first 3 (three) months of BPO/BPM operation for the purpose of BPO/BPM setup or training workforce in Jharkhand State shall only be considered for reimbursement. First 3 (three) months hereby is defined as 1 (One) month prior and 2 (two) months after start of BPO/BPM operations.

### 3.6 Non-Fiscal

1. **BPO/BPM as a Continuous Process industry:** The BPO/BPM units shall be treated as essential industry and continuous process industry.
2. **Local preference:** The State Government shall identify activities which can be outsourced to BPO/BPM units registered with MSME (Ministry of Micro, Small and Medium Enterprises) and operational in Jharkhand, such as citizen services and other Government services under departments of Jharkhand State. These identified activities shall be outsourced to BPO/BPM on tendering basis with preference to local units as below:
  - a) Entitlement for the price preference of L1 + 20%
  - b) Exemption from prior experience and turnover criteria of the tenders subject to following turnover mentioned in the tender document:
    - i. Upto INR 1 (One) crore : complete waiver in turnover and experience criteria
    - ii. INR 1 (One) crore to INR 5 (Five) crore : 30% waiver in the turnover criteria and waiver in experience
    - iii. Above INR 5 (Five) crore: no waiver
3. **Land Banks:** The State of Jharkhand will create land banks in selected district by acquiring and demarcating them as IT Parks/ IT SEZs with provision of basic IT infrastructure and connectivity.

4. **Single Window Assistance:** The Government of Jharkhand will provide Single Window dedicated to investment assistance to the company executing BPO/BPM projects in order to expedite the investment process.
5. **Fixed time approvals:**
- a) Procedural Reforms will be undertaken to provide timely approvals to the industry/ investors within two calendar months of filing requests acceptable to the government. This will involve:
    - i. All applications formats regarding starting of a new BPO unit or expansion of existing centre shall be made available free of cost through internet at the departmental web site. Hard copies shall be made available at “Single Window Assistance booth” at Nepal House, Ranchi. All forms shall also be made available at offices of Resident Commissioners at various National and District headquarters.
    - ii. A Common Integrated Application for all permissions shall be designed and used.
  - b) Red Flagging and Escalation of delayed issues at various levels and regular monitoring of the same shall be done by ‘Single Window Assistance’.
6. **Exemption from inspections:** BPO/BPM industry shall be exempt from inspections under the Acts and the Rules as under, barring inspections made for verification of specific complaints. The IT units are permitted to file self-certifications, in the prescribed formats.
- a) The Factories Act, 1948
  - b) The Maternity Benefit Act, 1961
  - c) The Jharkhand Shops & Establishments Act, 1953
  - d) The Contract Labour (Regulations & Abolition) Act, 1970
  - e) The Payment of Wages Act, 1936
  - f) The Minimum Wages Act, 1948
  - g) The Employment Exchanges (Customary Notification of Vacancies) Act, 1959

7. BPO/BPM entities shall be exempt from the inspection of the Jharkhand Pollution Control Act for the use of Diesel Generators sets.
8. **Late shifts for women:**
  - a) Permission shall be available for 3 shift operations with women working in the night shifts also for BPO/BPM Units/Companies, subject to the provision that the BPO/BPM unit(s) self-certifying the precautions being taken in respect of safety and security of employees. The certificate (on a required format) regarding employee women working in shifts after the general shift shall be submitted to the government every year.
  - b) The company employing women after general shift shall be responsible for escorting the women employee to and fro from the workplace by armed security guards.
9. **FAR (Floor Area Ratio)relaxation:** 50% more FAR over and above to permissible FAR of the place will be allowed by the concerned Authority/ Urban Local Bodies for BPO/BPM in consonance with other provisions of the prevailing building Bye-laws. Necessary amendment, if required, will be done by concerned Authority/ Urban Local Bodies with requisite permission of the Department of Urban Development, Jharkhand.

### 3.7 Large BPO Units

For unit(s) employing 500 (Five hundred) or more IT/ITeS/BPO/BPM employees, in their first 6 (six) months of operation, the government may consider a special package of incentives on a case to case basis.



## **4 Breach of conditions**

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

The applicant availing benefits under the Policy shall be subject to the conditions, procedures, instructions, clarifications or amendments issued, from time to time, for this policy and other applicable policies issued by Government of Jharkhand.

## 5 Appendices

### 5.1 Classification of Districts in Jharkhand for BPO/BPM setup

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

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

Table 3: Classification of Districts in Jharkhand

\*Other districts of Jharkhand not mentioned above in Table 3 is categorised separately as “Other” and referred under Type C, shall also be considered for BPO/BPM setup based on own feasibility study/research.

<sup>1</sup>Census-2011

<sup>2</sup>Official Website of Government of Jharkhand- [jharkhand.gov.in/education](http://jharkhand.gov.in/education)

## 5.2 Appendix-A: List of admissible items for capital support

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

\*Additional special incentives under any other State Government policy may also be obtained.

Note: Any item not covered above shall be decided by and permitted by the Nodal agency..

## 6 Definitions

1. Business Process Outsourcing (BPO): means the transfer of an organization's entire non-core but critical business processes/functions to an external centre who uses an IT-based service delivery or as modified by Government of Jharkhand from time to time.
2. 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.
3. Business Process Outsourcing centre/unit: means a centre/unit that provides an IT (Information technology) based service delivery for BPO and is a registered organization/institution in India under The Companies Act, 1956 or The Companies Act 2013 (as amended till date) as applicable or The Society Registration Act - XXI, 1860 by IG Registration, Govt. of Jharkhand or is a Trust.
4. DoIT & E-Gov: Department of Information Technology and E-Governance, Government of Jharkhand.
5. Employee(s): means a full time employee employed in a BPO/BPM unit.
6. Existing centre: means a business process outsourcing centre engaged in providing training in soft skills or a knowledge process outsourcing centre providing domain expertise.
7. Expansion: means increase in operational capacity at the existing centre over the existing capacity.
8. Fixed Capital investment: means investment in-
  - a) Hardware, Software, training instruments, communication equipment's
  - b) Fixtures and furniture's
9. Information Technology Enabled Services (ITeS) : means 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 or Management (BPO/BPM)
  - d) Knowledge Process Outsourcing (KPO)
  - e) Insurance claim processing
  - f) Web/Digital content development
  - g) ERP / Software and application development
  - h) Financial and Accounting processing
  - i) HR & Payroll Processing
  - j) IT enabled banking, non-banking services including insurance, pension, Asset Management and market related services
  - k) Depository and Security registration and dematerialization services
  - l) Any other services as defined by Government of India from time to time
10. Knowledge Process Outsourcing (KPO): means allocation of relatively high-level tasks to an outside organisation or a different group (possibly in a different location) within the same organization. KPO is essentially, high end business process outsourcing (BPO).
  11. Local Individual/person: who is a resident of Jharkhand as mentioned in Residential certificate for an individual issued by State Government or has done above class 10th standard studies from Jharkhand.
  12. Rural Areas: as defined in Census 2011, Government of India.
  13. Seat(s): means physical infrastructure (seating capacity for one shift of operation) for the BPO/BPM employee available in a BPO/BPM unit. For example, if a BPO/BPM unit operates in 2 (two) shifts then a BPO/BPM unit with full seating capacity of 20 seats, number of employees will be 2 (two) times the number of seats that is 40 employees.
  14. Shift: means an 8 (eight) hours duration in a day. 3 (Three) shifts will equal 24 hours operation.





