Government of Madhya Pradesh has embarked upon an ambitious task of putting the State prominently on the Information Technology map of the Country. The enclosed IT Policy is a first significant step in this direction. I invite the IT Industry and the IT Infrastructure developers to participate in making the State an attractive investment destination.

I would like to assure all prospective investors of my Government’s firm resolve to provide an investor-friendly and hassle-free environment. The State Government would match the initiatives taken by the investor, with attractive incentives like concession on land, exemption in taxes and duties and a single point clearance facility.

(Shivraj Singh Chouhan)
Chief Minister
1. Vision

The broad vision of the State in the Information Technology sector is summarised as follows:

“Madhya Pradesh will use Information Technology to achieve the following:

- Improve the life of the common man leveraging the strengths of e-Governance
- Attracting Investment in the sector so that the educated youth is able to contribute to the development of the State
- Create a pool of highly skilled professionals who are at par with the best in the country.
- Transforming Resource Based Economy to Knowledge Based Economy.”
2. Background

Foreseeing the opportunity of growth in the Information Technology sector, Madhya Pradesh government developed its IT policy way back in 1999. The policy ushered the state into the 21st century. This policy is in the 8th year of its existence and stock taking has become necessary.

3. Salient Features of 1999 IT Policy

Government of Madhya Pradesh constituted a state Task Force on Information Technology under the Chairmanship of Prof. Yashpal. The focus of the policy was to change the Government functioning from both inside and outside and would create a seamless society with global opportunity.

The following were the salient features of the policy:

a. The State would aim for employment opportunities for Four Hundred Thousand to One Million people in IT/ITES related activities.
b. Providing information access to all citizens at an affordable cost and for achieving IT literacy in all the High Schools and Colleges by the year 2003 and aims to do so in all the schools by the year 2008.
c. Computerization in Government departments and agencies must be the engine of growth of IT/ITES in Madhya Pradesh, in the initial period.
d. A targeted share of 10% of the national IT output by the time frame indicated earlier, i.e., the year 2008 would be in the region of approx. Rs. 42000 crores and would require a direct private sector investment of the order of Rs. 4000 crores approx.
e. The State goal of achieving a 10% share in the national output would translate to roughly one-third of the State Domestic Product (SDP) being contributed by IT.

4. Stock taking the IT Policy -1999

a. STRENGTHS:
   i. Adequate development of Telecommunication infrastructure in the state.
   ii. Increase in number of IT and computer science graduate engineers.
   iii. Increased penetration of computers in the government offices.
   iv. Implemented a few major IT projects such as issue of smart card based driving licenses & registration certificates, computerization of Mandi Board, Treasuries, Commercial taxes

b. WEAKNESSES:
   i. Failed to attract IT Industry to the State
   ii. Other than above 4 major initiatives, GoMIP could not do much for other major important departments.
   iii. Could not create common infrastructure such as SWAN, Data centre and Interoperability standards.
   iv. Government services in electronic form could not reach to common man in spite of being a pioneer in initiatives such as Gyanodoot.
   v. Substantial investment in e-governance evaded attention of the State’s finances.
   vi. Inadequate growth in employment opportunities and revenue from the Business in this sector.
5. Strategies:

The four pillars on which the foundation of the State's Information Technology shall rest, are as follows:

a. E-Governance: With increasing illiteracy, citizens demand better services from the government, in the shortest time, at the place of their choice and in a transparent and non-discriminatory manner. The different steps in achieving this objective are as follows:

i. Web Sites and Contents: - Barring a few all major web sites of the State are in English. Few of those that are in Hindi are in fonts that make them difficult to view without passing through the hassle of font installation. The contents of the site do not serve the interest and information requirement of the citizen. Hence "all the web sites of the state will be in both English as well as Hindi. In Unicode Fonts, common look and feel and with content relevant to the user group the site is intended for." The following shall be the actionable points:

1. Department of Information Technology will develop a common template for websites within one month of the promulgation of the policy.

2. All Departments, using the template and suggestion of Department of IT should reconstruct their sites in English and Hindi with content relevant for the user groups. Departments shall be responsible for updation of their e-sites and will appoint a Webmaster for this purpose.

3. A committee under the chairmanship of the Chief Secretary shall review the progress in six months.

ii. E-Governance Projects: - The Central Government is funding 10 mission mode projects of the state that pertains to the following departments: Land Records, Transport, Police, Treasuries, Property Registration, Employment Exchange, Agriculture, Municipalities, Gram Panchayat, Commercial Taxes. The Departments that are not in this list shall be computerised by State's own resources. E-Governance projects shall be funded as follows:

1. These projects will be long term (10 to 16 years). Joint Venture of CMM level 5 companies and Empanelled Vendors of the State will be allowed to bid for the project. Madhya Pradesh State Electronics Development Corporation and MAP IT will empanel the Vendors of the State, after the approval of a committee headed by the Chief Secretary. Department of Information Technology will provide consultants for preparing Request for Proposal (RFP) and Detailed Project Report (DPR). The concerned Department will follow transparent procedure for selecting System Integrator (SI). The SI will provide hardware, software, proprietary software, manpower, customised software and maintenance.

a) Projects where user charged can be levied will be funded under the public-private partnership principles. Projects such as Lumbering Operation MIS of the Forest Department, e-Procurement/ e-Tendering and computerization of the Collectors office are good examples.

b) Adequate funds will be provided for computerisation of those departments submitting project proposal. The proposal must include provision for improving systems, processes and procedure.

2. Some Departments are getting funds from externally aided projects or from the central line ministries (Water Resources, Urban Local Bodies, Police etc). These departments will get their projects sanctioned from the respective Agency.

3. Departments will actively discourage the use of pirated
software. Department of IT will enter into select agreement with major software companies so that lowest prices can be negotiated.

4. All the Departments in one month from the date the policy is promulgated will undertake the exercise of identifying funding source. The high power committee under the chairmanship of the Chief Secretary will review the progress.

5. Evaluation of IT Projects will be based on a two-stage evaluation process. The first stage will be prequalification in which the quality of the bidding companies will be assessed. Price bids of only those companies shall be opened who are approved in the prequalification stage.

b. Attracting IT Industry - The industry grew in tier I cities such as Bangalore, Hyderabad, Chennai and Delhi. Due to congestion and infrastructure problems it has started looking at tier II cities such as Pune, Chandigarh, Bhubaneswar and Nagpur for expanding operation and reducing cost. The State can capitalise on this development and promote investment in Indore, Gwalior, Bhopal and Jabalpur. To attract IT industry and development of Private IT parks following will be the course of action:

i. Software, Business Process Outsourcing (SPO), Information Technology Enabled Services (ITES) and Computer Hardware (as described in the notification number F-16-13-sixteen-D-99 dated 28-01-2000 of the Industries Department) will qualify as Information Technology Industry.

ii. Large chunks of land (Preferably more than 100 acres) near the Airports of the above 4 cities will be earmarked by the State for Information Technology Investment area. Composite townships with food courts, hospitals, shopping mall, residential complex, schools, five star hotel, and other entertainment facilities for the software professionals will be allowed in these areas. Land earmarked for this purpose will not be diverted for any other purpose without the consent of the high power committee under the chairmanship of Chief Secretary.

iii. The State Government or its agencies will not undertake construction on their own in the IT Investment area. Suitable private sector infrastructure development agencies will be identified who will undertake the development, marketing and management of the IT Investment area. The State or its agency will only be a facilitator or a minority partner in the Special Purpose Vehicle.

iv. The Government will facilitate acquisition of private land in accordance with land acquisition act for development of IT Investment area by leading and reputed private sector companies who possess experience in making sizable investment in this sector.

v. Proposed Incentives by Government of Madhya Pradesh:

1. All incentives provided under the Industrial Policy shall be applicable to the IT industries established on Government allotted land / Private Land with a provision of single window processing/clearances for all government formalities.

2. The Government shall reimburse prospectively, 30% of the cost incurred by an IT Company operating in the State and employing more than 100 people, on securing quality certification of Capability Maturity Model (CMMI / CMIM) Peoples Capability Maturity Model (PCMM) level 3 and above, subject to a maximum ceiling of 4 lakhs. This incentive will be available only once to the applicant company.

3. Exemptions up to twice the existing FAD for entire IT investment area.

4. Stamp duty payable by IT companies on mortgage / hypothecation with banks/financial institutions in IT
investment area will be exempted provided the new unit is certified to be an IT outfit by a designated agency.

5. Stamp duty and registration fee exemption will be applicable on Sale/lease by Financial Institution / Government Agencies/ Pvt. Sector who acquire space/ premises in IT Investment area for subsequent lease to IT units provided the new unit is certified to be an IT outfit by a designated agency.

6. Rate of property tax in the IT Investment area will be at par with residential premises.

7. No prior permission will be required for installation of captive power plant.

8. Rebate in Cost of Land is being included as one of the major incentives for attracting investments in the state. IT Companies establishing the facilities can avail rebate in the cost of land linked to employment. The terms for allotting land and the procedure for availing the rebate is defined below:

   a) Rebate shall be applicable only on Government lands and land belonging to Development Authorities/Government owned Corporation.

   b) Rebate shall be restricted to Rs. 25,000/- per job created in the unit.

Or

The applicant companies proposing to have fixed capital investment (excluding working capital) of Rs 10 Crore and above will have the option of land at the rate of 25% of the prevalent premium, subject to availability of land and with the condition that the investment in fixed capital will be made within a period of three years. Land to such units will be allotted according to the table given below:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Project Cost (Rs in Crores)</th>
<th>Land available at concessional rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10 to 20</td>
<td>Maximum 10 acres as per requirement</td>
</tr>
<tr>
<td>2</td>
<td>20 to 50</td>
<td>Maximum 15 acres as per requirement</td>
</tr>
<tr>
<td>3</td>
<td>50 to 100</td>
<td>Maximum 25 acres as per requirement</td>
</tr>
<tr>
<td>4</td>
<td>More than 100</td>
<td>Case to case basis</td>
</tr>
</tbody>
</table>

c) Minimum number of employees hired by a company in order to avail the concession shall be 100.
d) Company taking concession will have to continue operation for two years.
e) Companies providing employment to more than 500 persons will be provided further concession on rate of land. The Cabinet Committee formed for implementation of this policy shall take decision in this regard.
f) Land will be allotted for 33 years on lease with provision for further renewal. A minimum 50% of the total of the IT investment area will be used for IT operations and the balance 40% can be used for ancillary use and support services. The area so developed should have facility to create at least 350 jobs per acre.

9. IT Industry shall be provided power through a dedicated feeder.

10. Exemption from factory act, maternity act, contract labour act, payment of wages act, minimum wages act, ESI act.

11. Exemption from electricity duty tax, entry tax and work contract tax.
12. IT units in IT investment area will be exempted from payment of Octroi, Entry Tax and Local Bodies tax for all capital goods and raw material purchased by them.

13. All incentives will be for 5 years from the date the IT unit becomes operational.

14. Companies establishing IT industries in the state shall be entitled to Special Economic Zone (SEZ) status under the Central Government provisions.

15. Companies providing employment to more than 250 people in the state will get preference of 10% marks in the prequalification stage of the bidding process of IT procurement.

c. IT Education: Madhya Pradesh has been able to produce a large number of graduate engineers in IT and Computer Sciences. Presently, the state is having more than 80 engineering colleges. These graduates are not able to fulfill the needs of the industry. There is a need to upgrade their skills and make the manpower compatible with the industry requirement. The present government schooling system is not producing manpower, which can fulfill the requirement of Business Process Outsourcing (BPO) and Information Technology Enabled Services (ITES). NASSCOM in consultation with leading IT consultants, KPMG has published a report that predicts the pattern of IT manpower requirement in the next five years. It is indicated that these two sectors will be requiring 2.1 Million people. This sector requires Key Board skills, Internet Browsing skills, ability to work on office packages, data entry and knowledge of the laws of the client country and their procedures. In view of the description given above, the following is proposed to be undertaken during the Policy implementation period:

i. Selected 500 government schools will be provided modern computing hardware, software, and Internet connectivity. These centres will produce students equipped for taking jobs in the BPO/ITES sectors. Department of School Education in consultation with IT Department, IT Industry, other concerned department and other concerned groups will prepare course curriculum to be taught in these schools. The School Education Department will promote teaching computers and technology in these schools.

ii. To improve the standard of IT education in the Engineering Colleges and Government Colleges to make our graduates employable, centres of excellence will be established in all Government Engineering Colleges and selected Government Colleges. The State would invite large reputed companies to teach technology and provide their certification in these centres.

iii. English language teaching will be promoted in school education.

iv. A Centre for E-governance will be established in Bhopal, which will allow engineering graduates from the IT field to work on live E-governance projects. These centres will be based on a spectrum of technologies that would include proprietary as well as open source. Some noted IT professionals would man these centres. Department of IT will submit a Detailed Project Report (DPR) within six months from the announcement of the Policy.

d. Common Infrastructure: Common infrastructure such as State Wide Area Network (SWAN), Natural Resource Management (GIS based), Data Centre, Disaster Recovery Sites and Interoperability Standards are required so that all
The departments are able to utilize these services without any delay. The IT department is providing regular training to keep the employees updated with the latest technologies.

II. GIS Based Natural Resource Management System (Vnary)

All departmental IT infrastructures at a central level and departmentally managed IT infrastructures at a district level are being planned under the Mission Mode Projects. The Data Centre will be established in the head office of every department. The data will be provided by the department heads. The budget for the maintenance of the data center will be provided by the department heads. The data center will be used for storing and retrieving data.

III. Data Center and Disaster Recovery/Backup of Departmental IT Infrastructure

The Disaster Recovery/Backup of departmental IT infrastructure will be established and operational by June 2020. The disaster recovery plan will be provided by the department heads.

IV. Operating Procedure

Operating procedures will be developed by the department heads. The IT department will be responsible for implementing the operating procedures. The training of the employees will be conducted. The employees will be made aware of the importance of following the operating procedures.

V. Administration Measures

A detailed committee will be formed for ensuring successful implementation of technology in the government of Madhya Pradesh. The committee will be responsible for ensuring the conformity and standards. The committee will conduct regular reviews and provide feedback to the department heads.