

# **KARNATAKA - THE MILLENNIUM IT POLICY IT FOR THE COMMON MAN**

## **Introduction**

- 1.0 Karnataka is in the forefront of Information Technology and is called the Silicon State of India. In addition, the state capital Bangalore has shown tremendous growth in the IT Sector and is the IT Capital of India.
- 1.1 Karnataka is the first state to announce IT Policy in the year 1997. This Policy has acted as an important catalyst for the growth of IT Industry in the State. The industry however is growing in leaps and bounds. The type and nature of business are rapidly expanding. Karnataka is becoming the centre for more and more companies in sophisticated IT Products and Services. The value addition from IT Professionals of Bangalore is getting at the higher end of the spectrum. Thanks to Moore's Law, the cost of technology is dropping and technology is advancing exponentially. Thus, the prices of the new products are dropping rapidly and the same products are becoming more intelligent. The IT usage is becoming more widespread and relevant. It is necessary to re-focus on the IT Policy and define it in a way that is most suited for the present.
- 1.2 Hence, the Government of Karnataka is pleased to announce Mahithi, the Millennium IT Policy.

## **Objectives:**

2.0 Objectives of the Millennium IT Policy are:

- to utilize the power of Information Technology in the overall goal of the Government of Karnataka in eradicating poverty and empowering women,
- to effectively reduce unemployment by absorbing the major share of educated youth into the IT Industry,
- to promote the usage of Kannada in Information Technology,
- to use e-governance as a tool and deliver a government that is more pro-active and responsive to its citizens,

- to unleash the Karnataka Incubation engine,
- to encourage business with non-english speaking countries, and,
- to maintain the pre-eminent position of both Bangalore and Karnataka in the field of Information Technology,

### **Eradicate Poverty and Empower Women:**

- 3.0 One of the primary goals of the Government of Karnataka is to eradicate poverty and empower women. The eradication of poverty was attempted via several poverty alleviation schemes. These schemes generally targeted the poorest beneficiaries and provided credit for them.
- 3.1 The latest technology in eradicating poverty is via self-help groups for women. These women groups are encouraged to save money. The Government steps in with revolving fund as well as bank credit, This method is found to be the most effective in delivering rural credit as well as eradicating poverty.
- 3.2 One of the critical components of this scheme however involves tracking these beneficiaries that save money as well as receive funding from the government and credit from the banks. The Government of Karnataka proposes to use Information Technology to track all these beneficiaries. The Information Technology is proposed to be used as a tool to eradicate poverty and empower women.
- 3.3 It is proposed to document every self-help group in Karnataka. This documentation will include the name of the beneficiary, the family particulars, her contribution to the corpus of the group fund or borrowings from the group fund, revolving fund received from the Government of Karnataka, credit received from the concerned bank, the interest due and paid etc. These particulars will be computerized and stored in the respective bank branches where groups would be investing their savings.
- 3.4 The program will include complete training of the organizer, the concerned official and non-officials involved in the implementation of the program and includes intensive review and monitoring.
- 3.5 In addition, the IT Department would be involved enthusiastically in several rural development projects. These include providing drinking water via follow-on project of the World Bank, computerizing Village Panchayats, building MIS system for the Zilla Panchayats, etc. Karnataka has a very effective decentralized democratic system of Government. All the Zilla Panchayats in the state spend more than Rs. 4,000 crores a year. This amount is spent on several social sector schemes. The Zilla Panchayats' money is kept in treasury as well as commercial and regional rural bank accounts. Several thousand

drawing and disbursing officers spend money. It is proposed to build 'Panchayath' an exhaustive Management Information System for Zilla Panchayats. This system will include both routine accounting reports for the review at various levels, as well as decision support systems for critical management decisions. The same system will have an effective interface with the Khajane the Treasury Computerisation System.

## **Employment**

4.0 The IT Sector provides vast employment opportunities. Presently, 280,000 IT Professionals are employed all over India. In Karnataka alone the estimated number of professionals is about 75,000. It is estimated that in the year 2010, the potential for employment in Karnataka in the IT Sector alone will reach 10 lakhs. The employment is likely to be generated in sectors of Information Technology that include the hardware development, software services, network services as well as several sectors in the IT Enabled Services. The examples of the IT Enabled services are customer interaction, financial and accounting services, call centers, medical transcription, engineering and design data management, remote education, net work consulting, web-site services as well as market research. It is proposed to meet the demand for professionals by organizing Human Resource Development schemes. These schemes will be implemented to train people at different levels like unemployed graduates, engineering college students, college students, polytechnics, ITI as well as schools.

## **Incentives for companies**

4.1 This policy offers several incentives for companies that create employment in Information Technology. These incentives could be in the areas of cost of land, registration charges, FAR, zonal regulations, etc. The new companies that provide employment of more than 250 in Bangalore and 100 in other areas will be eligible for these concessions.

## **Training Centers**

4.2 This policy seeks to establish 225 training centers all over the state, primarily for the purpose of training the unemployed educated youth in various IT skills. The Government will encourage private sector initiatives in setting up such centers. These centers would receive appropriate concessions from the Government.

## **College Students:**

4.3 The Government would like to develop the IT Skills amongst college students. This program will initially cover all the engineering colleges, about 100 polytechnics, 150 ITIs, and 300 colleges. The program will

encourage private sector to set up research centers, training centers, upgrade the laboratories, etc. The scheme will allow the usage of such centers for partial commercialization.

#### **IT in 1000 Schools:**

- 4.4 The Government plans to take Information Technology to school children in all parts of the state. This involves setting up of training centers and encouraging private companies to set up training centers in schools. The centers will impart computer education as well as regular education in multimedia format for the students during the school hours. These centers will also provide resources for the students for their class projects. The private companies will also be allowed to use the same centers for commercial use before and after the school hours.

#### **Liberalize Higher Education**

- 4.5 Even though Karnataka's population is only 5% of Indian population, its share in higher education is close to 15%. The state is committed to maintaining this advantage. The government would like to thank the private managements who are running several institutions of higher learning. They will be invited to open more colleges. New institutions that concentrate primarily on IT will be encouraged. Old institutions desiring to convert their seats from other streams into IT will be allowed to do so. Technical standards and quality will be kept up.

#### **Indian Institute of Information Technology**

- 4.6 The Government of Karnataka has established this autonomus Institution which has world class infrastructure and state of the art facilities. The Institute has laboratories sponsored by Sun Microsystems, IBM, Microsoft, Informix, Oracle, Apple & Abode, Novell, Compaq, PTC, CISCO, Ramco, SAP, Computer Associates. The Institute offers advanced courses in post graduation and Doctoral programmes. The Institution is playing a pivotal role in the human resources development in producing high quality professionals as well as training consultants.

#### **Promoting Kannada in IT:**

- 5.0 The Government of Karnataka is totally committed to usage of Kannada in the State. While Kannada is being used in all the Government offices it is important to promote Kannada usage via Information Technology. The Government of Karnataka has already taken steps in this direction. Presently, Kannada usage is primarily through software developed by private companies. Each of these companies uses its own proprietary internal code. The result is that the files saved in one software cannot be read or edited using another software.

The primary reason for this is that the software developers are not using a common code. In addition, private companies are using different keyboard layouts.

- 5.1 The Government of Karnataka with the active co-operation of the Kannada Abhivruddhi Pradhikara, Kannada Ganaka Parishad ,Kannada and Culture Department as well as several Kannada researchers has already evolved a common keyboard. The Government is committed to complete the process of standardization and prescribe standard formats and codes for all the software companies.
- 5.2 The Government is pleased to constitute a committee under the Chairmanship of Secretary to Government, Kannada and Culture Department to standardize the formats and codes so that the development of Kannada software can take place rapidly. The Government will provide incentives for the development of Kannada software.

### **E-Governance:**

- 6.0 The Government of Karnataka believes that effective implementation of e-governance will take IT to the common man. The Government would like to be pro-active and responsive to all its citizens particularly the poor. Presently, computers are used in several departments and such decisions are taken in a decentralized manner. While the Apex Committee headed by the Additional Chief Secretary lays down the general guidelines, the committees under the Secretaries to Government are empowered to take all decisions and implement computerization in their respective departments. The departments are supported by Karnataka Government Computer Center as well as the National Informatics Center. Infact, the Government of Karnataka is a pioneering state that established Karnataka Government Computer Center as early as 1971.

### **Center for E-governance**

- 6.1 While statistical progress has been achieved in several departments in a decentralized manner, the Government now proposes to establish a Center for e-governance under the Department of Information Technology. This Ccenter will facilitate the use of Information Technology for the common man rapidly and effectively. It will provide technical support to all the Government departments in their IT Projects. It will play a vital role in coordinating with the Government departments as well as undertake a few critical projects that are likely to be used in more than one department.
- 6.2 A few important initiatives in the e-governance are:

Mukhya Vahini

- 6.3 Karnataka State has a decentralized set up in which people do not have to come to Bangalore for their day-to-day routine business. Most decisions are taken at the village and district levels. It is however felt that an exhaustive database needs to be developed at a single point and be made available to all the decision makers in Karnataka. A comprehensive database will be developed and portions of the database will be made available to respective decision makers. It is also planned to analyse the data in an intelligent manner and provide a sophisticated decision support system for the use of the Chief Minister. The Government has already commenced a systems requirement study on the project.

### **Education Department**

- 6.4 The Government of Karnataka's commitment to education shows up in the projects implemented here. The department already has a computerised payroll accounting system of all 2.4 lakh teachers in the state. The details of over 18 lakh students that take SSLC, PUC and university examinations have already been computerised and the results of SSLC are made available on the website. The department has used IT in Common Entrance Test for professional courses in an astounding manner. The Common Entrance Test is conducted by the Government of Karnataka for admitting students to professional courses in engineering, medicine, dental courses. Over 55,000 students appear for these examinations every year seeking admission to more than 128 colleges covering 27 courses. More than 20,000 students from out side Karnataka State also participate in the process. The examination is conducted in a most transparent manner. The students are admitted by computerised counselling process, the best ever designed in any education system in India.

### **Bhoomi:**

- 6.5 The record of rights (RTC) play a vital role in the life of farmers. The records are required for establishing ownership of land, for recording the succession of ownership, for recording the agricultural crop details and for obtaining loans from banks. The land records of all the villages in Karnataka have already been computerised. Immediate steps will be taken to make these computerised land records available to the villagers.

### **Nondani**

- 6.6 This project is aimed at making land registration simple and easy for the citizens. People go to the sub-registrar offices for registering sale deed, mortgage deed, etc., as well as for an encumbrance certificate. This process requires a lot of manual operation and is extremely cumbersome. To simplify the procedures for citizens, the

government has already initiated computerisation of the department. The sub-registrar offices in Shivaji Nagar, Kengeri and Bangalore South have facilities to scan the registration deeds and return the registered documents. So far, over 100,000 documents have been registered in a computerised environment. For giving the encumbrance certificate the 13 year data needs to be incorporated into the computer. This process has already been taken up and is expected to be finished early. This will give relief to Bangalore citizens. Later, the project will be extended to entire Karnataka.

Khajane:

- 6.7 This involves intensive computerization of the treasuries all over Karnataka. The treasury payment system handles over Rs.20,000 crores annually through 225 treasuries. This system serves 4.7 lakh pensioners of Government service, art and culture, sportsmen, journalists, freedom fighters, etc. In addition, the system serves 13.15 lakh old age pensioners, the physically handicapped and destitute widows. The treasuries act as bankers to 4,500 zilla panchayats, taluk panchayats, grama panchayats, municipal corporations and other funds. A comprehensive computerization is planned using the V-sat terminals. There will be a main data base center at Bangalore and a disaster recovery center at Dharwad.

Therige:

- 6.8 The Commercial Taxes Department has already computerised several facets of its operations. The details of about one lakh dealers are computerised by the department. In addition, important check posts are being computerised where the invoices will be scanned and the details of the transactions will be made available to the assessing officers to check evasion of taxes on certain commodities.

Karnataka Government Insurance Department (KGID):

- 6.9 Karnataka has the oldest insurance department started in the year 1891. It undertakes life insurance as well as vehicle insurance for its employees. The department offers life insurance policies for the employees as well as third party and comprehensive insurance for the vehicles. The motor branch of the department that offers insurance for vehicles is completely computerised. The computerisation of life insurance business is under progress.

Reshme

- 6.10 Karnataka has introduced online transactions in the silk market. The cocoons are brought to the market, displayed and the trades are recorded online. This system has brought lot of transparency in market operations.

#### Agricultural Price Information:

- 6.11 The Government of Karnataka has already got a system of recording and displaying the spot prices of agricultural commodities at APMC, Bangalore. It is proposed to expand the system to other APMCs so that the prices of commodities are easily available for the farmers all over the state.

#### Employment Department:

- 6.12 Karnataka has computerised data on registration of candidates for employment, employment market information as well as the all India trade tests for the employment training wing.

#### Police IT 2000:

- 6.13 Karnataka boasts of a peaceful law and order situation in the country. The Government is committed to maintaining the law and order for the benefit of its own citizens as well as citizens from out side and foreign nationals. The Police Department is already computerised to a large extent and has an ambitious project which will improve the state crime record bureau, connect the police stations located in Bangalore, enhance the capabilities of the intelligence wing, etc.

#### Environment:

- 6.14 The Government believes in the protection of the states' natural environment and has used IT as a tool to do that. The Forest Department has already implemented computerised systems to track poaching and other forest offences, track the land use data, improve the wild life management system as well as manage rare species under the Western Ghats program.

#### Saarige

- 6.15 Under this project, the Government has plans to computerize all the RTO offices in Bangalore. Once implemented, the citizens will be able to get the driving licences faster. Vehicle registration process will also be simplified. This project is already under implementation and is expected to be launched in the next few months.

#### Municipal Corporation:

- 6.16 The Government has initiated action to computerise the Bangalore, Mangalore, Mysore, Belgaum, Hubli-Dharwad and Gulbarga Corporations. The project involves simplification of the payment of property tax, early issue of birth and death certificates and grievance redressal.

#### Small Scale Industries:

6.17 The State has computerized the permanent registration of over 2.5 lakh Small Scale Industries. All the districts as well as 26 taluk industries centers have been completely computerised.

#### Common Systems:

6.18 The center for e-governance plans to develop certain common systems in the areas of payroll processing (Vethana), personnel information system (Sibbandhi) as well as GIS. Already many government departments have their own systems in place. The center for e-governance seeks to standardize them to enhance the scope and implement the systems uniformly and more effectively across the departments. The Sibbandhi system includes operation of a Sibbandhi Card that gives important details of employees. The Secretariat employees will have the benefit of receiving this card, very soon.

6.19 In addition, the centre for e-governance is expected to complete Sachivalaya Vahini, the Secretariat LAN System for intelligent sharing of information between the deparments.

6.20 The center also plans to start an information network to connect all the district and taluk head quarters. Presently, all the districts as well as 140 taluks out of 175 taluks have already been connected via Fiber Optic Network. Video conferencing facility is in place in most of the district head-quarters facilitating direct interaction between the district level officers and the higher authorities at the State level.

#### **Unleash Karnataka Incubation Engine:**

7.0 Karnataka is already in the forefront of Information Technology and a number of new ventures come up in Bangalore regularly. The companies in Bangalore are in the forefront of Information Technology and several core technology areas such as Voice over IP, MPEG, Products on Blue Tooth, WAP, GPRS, Home RF, etc., are increasingly becoming focus areas. Many multi-national companies have applied for international patents. For instance, the Texas Instruments, the first MNC in Bangalore has already applied for 115 patents. Bangalore boasts of over 55,000 very high quality professionals in the areas of integrated chip design communication software, application software as well as other services.

7.1 The Government of Karnataka is committed to keep up the pace of such venture creation in Karnataka and unleash the Karnataka Incubation Engine. The state has the right environment for this to happen. The Mckinsey NASSCOM Report indicates the critical

ingredients, viz., idea generation, anchor companies, research centers and universities. The following table provides a comparison between the Silicon Valley (California) and the Silicon State (Karnataka).

	Silicon Valley (California)	Silicon State (Karnataka)
Anchor Companies	HP, Fair Child, Sun Micro Systems	WIPRO, Infosys, Microland, i-Flex, TCS, Motorola, Texas Instruments,
Research Centres	XEROX, Palo Alto Research Centre	ISRO, NAL, LRDE, GTRE, CSIR, CAIR
University Indian	Stanford Science, Indian	Indian Institute of Institute of Management, Institute of Information Technology
Venture Financing	Draper, Walden NICCO, Kleiner Perkins	Draper, KITVEN, ICICI Ventures, IL&FS Ventures, Indus Ventures, CAN Bank, ICF Ventures
7.2 The Government plans to encourage the Incubation Centers primarily with private initiative. The Government will also set up a few Incubation Centers that provide complete start up facilities with the computers systems and telecommunication link for a limited period of time. The entrepreneurs are expected to pay a reasonable rent for the premises and move out in a short period to commercial space.		
<b>To encourage Business with non-english speaking Countries:</b>		
8.0 Currently the Karnataka companies have substantial interaction with english speaking countries. While this will be intensified, the Government believes that the companies can add tremendous value for the non-english speaking countries in Europe, Asia as well as South America. Presently, Karnataka has ties with many countries and Bangalore has representative councils / representative offices, trade offices from China, Denmark, France, Germany, Italy, Israel, Japan, Netherlands, Singapore, etc. The Government will welcome and encourage initiatives from all these countries and will promote cross interaction initiatives as well as cross cultural activities. They will also be encouraged to set up their country specific IT Parks.		

## **Where IT Really Happens:**

- 9.0 Karnataka has a pre-eminent position in the IT Industry not only in India, but also in the World Map. In-fact, Bangalore was rated as one of the “top 10 Hot Spots” by the News Week magazine. It was also considered as one of the “top 10 Tech Cities” in a survey conducted by Business Week. The German publication Diezeit called Bangalore as “City of Future”.
- 9.1 Karnataka boasts of a stable democratic Government, peaceful law and order, welcoming locals, a vast pool of IT Professionals, a large array of higher educational institutions, diversity of culture, pleasant climate, excellent labour relations and premier research institutions.
- 9.2 Almost 100 multi-national companies from almost all parts of the world – USA, UK, Japan, Germany, France, Singapore, Malaysia, China, Korea, Belgium, Ireland, etc., are located here. Bangalore has been home for Indian multi-national companies like Infosys Technologies, Wipro, Microland, etc.
- 9.3 Karnataka has the thriving presence of 9 of the 19 CMUSEI Level 5 companies. Several companies located in Karnataka are conducting high technology research and are registering patents all over the world.
- 9.4 The Government of Karnataka is committed to maintaining its pre-eminent position in the field of Information Technology.
- 9.5 An IT company could be any company in the sectors of computing devices, network controller cards memories, the storage units, printers and output devices, networking products, software, power supplies to computer systems, networking / cabling and related accessories, consumables, electronic components, telecommunication equipments, etc.
- 9.6 The major initiatives of the Government are described below.

## **The Lowest ever taxation in India:**

- 9.7 The Government of Karnataka has specified the lowest ever taxation of only 0.25% on computers and computer peripherals effective from 2nd March 1999. In addition, 4% work contract tax on the annual maintenance contract on hardware has been totally waived effective from 2nd March 1999. In addition, the following Fiscal Incentives are offered:

## **Fiscal Incentives:**

- 9.8 Information Technology Industries will be exempt from payment of

entry tax and purchase tax on computer hardware, computer peripherals and other capital goods including captive power generation sets, during the implementation stage which can be extended up to five years from the date of commencement of implementation.

9.9 Information Technology Industries irrespective of level of investment and location of the unit will be offered sales tax exemption for a period of 10 (ten) years or deferment for a period of 12 (twelve) years, subject to a ceiling of 200% (two hundred percent) of the value of fixed assets. Such exemption/ deferment will also cover turnover tax payable by the unit.

9.10 Captive power generation sets installed by the Information Technology Industry will be eligible for the following incentives.

a) total exemption from payment of electricity tax without any time limit;

b) total exemption from payment of sales tax on fuel used for captive power generation without any time limit

Mega Projects:

9.11 The concessions detailed above are primarily meant for IT companies where initial investment in a new company, or in expansion, modernization is less than Rs. 100 crores. If the investment is more than Rs. 100 crores, the Government considers that project as a Mega project and a special set of initiatives and concessions will be worked out with reference to the needs of the company. Also, a project that employs more than 1000 employees will also be considered as a Mega project and these concessions are applicable for both the new units as well as for existing units that create an additional employment by incremental investment.

Pollution Control:

9.12 The Karnataka State Pollution Control Board has simplified the procedure for seeking clearances under the Air Act and the Water Act for the software companies that use captive DG Sets.

Power:

9.13 Software companies will be treated as industrial (and not commercial) and electricity tariff applicable to the industrial consumers will be levied on such companies.

9.14 Continuous uninterrupted and quality power supply being one of the prime requirements for sustenance and growth of Information Technology Industries, these industries would be given priority in

sanction and servicing of power and would also be exempt from power-cuts without any time limit.

#### Zonal Regulations:

9.15 The IT companies that use power up to 5 KVA will be permitted to be established without any locational restrictions. The companies can be established in residential, industrial or commercial areas.

#### Urban development:

9.16 The Government is pleased to relax FAR for all IT projects set up outside the limits of the municipal corporations in the state. This concession would be available to the projects notified by the department of IT that set up excellent infrastructure, water, uninterrupted power, dedicated connectivity etc., A maximum relaxation up to 50% of the existing FAR would be available.

#### Venture Capital:

9.17 Karnataka offers the widest array of venture capital for any start-ups. Apart from the state promoted venture capital fund KITVEN, special packages are available for financial assistance from both Karnataka State Industrial Investment and Developmental Corporation Ltd., as well as Karnataka State Finance Corporation. The state has several major players such as Draper International, Indus Ventures, ICICI Ventures, IL&FS Ventures, CAN Bank, ICF Ventures, Gujarath Ventures, etc.

#### Registration Charges:

9.18 The tiny and Small Scale Industries taking up expansion, diversification and modernization get concession on registration charges. These companies pay nominal stamp duty on lease cum sale deeds executed with the State Government agencies like Karnataka State Small Scale Industries Development Corporation, Karnataka Industrial Areas Development Board, KEONICS etc. Even when the absolute sale deeds are executed the stamp duty also depends on consideration amount agreed at the time of lease date. These concessions are also applicable for companies in the IT sector.

#### Concessions For Creating Employment:

9.19 Karnataka recognizes the potential of IT companies to create new employment opportunities. All new IT companies which create employment of more than 250 in Bangalore & 100 in other areas during the first year are eligible for rebate on the stamp duty and rebate on the cost of the land. A rebate of 15% on cost of land will be applicable to those companies that get land from the state agencies

like Karnataka State Small Industries Development Corporation, Karnataka Industrial Areas Development Board, KEONICS etc.. For other companies rebate of 15% on stamp duty is applicable. This rebate on stamp duty is also applicable to the existing IT companies expanding or modernizing as well as creating additional employment.

#### Labour Laws Simplified

9.20 The IT sector is subject to several labour legislations like,

##### State Enactments:

1. Karnataka Industrial Establishments (National and Festival Holidays) Act, 1963
2. Karnataka Shops and Commercial Establishments Act, 1951

##### Central Enactments:

1. Contract Labour (Regulation and Abolition) Act, 1970
2. Employees' State Insurance Act, 1948
3. Employment Exchanges (Compulsory Notification of vacancies) Act, 1959
4. Employee Provident Fund & Miscellaneous provisions Act, 1952
5. Industrial Employment (Standing Orders) Act, 1946
6. Maternity Benefit Act, 1961
7. Minimum Wages Act, 1948
8. Payment of Wages Act, 1936

9.21 The State is committed to simplify all the enactments for the IT sector. The State proposes to exempt the IT companies from furnishing returns and maintain certain registers. A specific notification will be issued by the Labour Department. The Labour Department has issued an administrative circular that streamlines several procedures pertaining to labour enactments. The Labour Department has also initiated procedures to exempt the IT companies from the preview of Industrial Employment (Standing Orders) Act 1946.

9.22 The department is also aware of industry's concerns - declaring EOU units as public utilities, allowing flexi timing in IT industries, submitting

returns through electronic media etc. Specific notification will be issued shortly.

#### Infrastructure:

9.23 The Government recognizes that the provision of infrastructure has to keep pace with the development and needs of the IT sector. The various initiatives taken by the government have been described below:

#### IT Parks

9.24 Karnataka is a pioneering state where several International Standard IT Parks have already been established. For instance, International Technology Park was established in the year 1997. This Park was established through a joint venture of Government of Karnataka, the TATA group and the Singapore Consortium. This park is the largest in the country with 12 lakh Sq. ft. space, has world class infrastructure facilities / telecom connectivity, power security, housing etc. The ITPL is expanding rapidly and the second phase will be started very soon. The park will have a capacity of 1.8 million square feet and 1.45 million square feet residential area. There are several other IT Parks in Bangalore and in other parts of Karnataka. The Parks have been built by reputed real estate builders. The Government is pleased to offer the following special incentives and concessions for IT Parks:

9.25 Exemption from payment of entry tax on machines, equipment, capital goods and construction material procured for implementation of infrastructure projects, for a period of three years or till the date of completion of the project, whichever is earlier, subject to the condition that each invoice should be for not less than Rs.25 lakhs (Rs.1 lakh for construction materials).

9.26 Exemption from sales tax/works contract tax arising in the construction of the infrastructure facility for a period of three years or till the date of completion of the project, whichever is earlier.

9.27. 50% exemption from payment of stamp duty and registration charges on the first sales of land in the case of IT Parks.

9.28 These concessions will be available for IT Parks certified by the IT Department. The Parks shall have a minimum built up area of 1 lakh sq. ft. They shall provide world class facilities in water, power, security, telecommunications, etc.

#### Single Window Agency

9.29 All these incentives and concessions will be administered through a single window agency headed by the Principal Secretary of Department

of Commerce and Industries. This agency will be supported by Udyog Mitra in scrutinizing these proposals. In addition, Karnataka Information Technology Services will be set up to support these IT projects to get quick clearances.

#### IT Corridor

9.30 The Government of Karnataka announces a special IT corridor that will be planned in and around Bangalore. This corridor will be planned with active assistance and consultation with reputed international agencies that have complete experience in IT Parks. The corridor will provide for the best quality Parks. Exclusive parks for international companies/countries will be encouraged with schools of international standards, housing, water, electricity as well as facilities for amusement and leisure activities. The corridor will be self content with the state of the art facilities.

#### Electronic City

9.31 Karnataka established an Electronic City way back in 1985. This city provides IT entrepreneurs with land, water, incubation centre and excellent communication facilities. It is a matter of pride for Karnataka that the headquarters of Infosys is located in the Electronic City. The government has already planned Electronic City phase II which involves developing over 303 acres of land for IT entrepreneurs.

#### Export Promotion Industrial Park

9.32 This is a 288 acres exclusive park for export oriented industries. The park is situated near ITPL and has excellent facilities - water, electricity and communication. The General Electric Company has chosen to locate its India Technology Centre here. The Centre is expected to employ over 700 top class scientists in Biotechnology. The project may fuel reverse brain drain from foreign countries to Bangalore.

#### Software Technology Park of India

9.33 This institute has played a pivotal role in the development of IT industry in Karnataka. STPI began with only 13 companies in 1992 and as of now services 396 world class companies that are involved in integrated circuit design/communication software etc.. STPI has already established earth stations in Manipal and Mysore. It will soon be establishing an earth station in Hubli. In addition to this, STPI is planning an earth station in Mangalore where several IT companies lead by Infosys have established Software Development Centres. STPI is also planning to establish more earth stations in Karnataka.

#### Incubation Centre

9.34 Karnataka already has Incubation Centres in the private sector. The government of Karnataka and STPI are planning Incubation Centres at Bangalore and Hubli. These centres will be set up in active consultation with the private sector so that the centres function effectively.

#### IT Backbone

9.35 All district head quarters in the state of Karnataka and also 140 out of 175 taluks have already been connected with an fibre optic network. The video conferencing facility of the Government of Karnataka is already functioning on this network. The State has received a lot of requests from the private sector to set up high bandwidth networks. The State is committed to make high bandwidth available to all its citizens. The Government of Karnataka is committed to complete liberalisation and simplification of the right of way procedures.

#### International Gateway in Mangalore

9.36 The government is committed to the establishment of another international gateway at Mangalore immediately. Right now private fibre carrier already has submarine cables running just 6 kms away from Mangalore. The Government is pursuing with the Department of Telecommunication for making a high bandwidth connection available at Mangalore.

#### Bangalore Agenda Task Force

9.37 The Government has constituted the Bangalore Agenda Task Force which is headed by Mr. Nandan Nilekani, Managing Director, Infosys Technologies Ltd. This is one of the efforts of Government to actively involve private sector in planning for and providing infrastructure for citizens. The Bangalore Agenda Task Force has already suggested several plans for the implementation of critical infrastructure for Bangalore citizens to be implemented both in short term and medium term. The Government is committed to honour and involve private initiatives to improve infrastructure and standard of living of its citizens.

#### Bangalore International Airport

9.38 The state has already made available over 2000 acres of government land for the location of International Airport near Bangalore. The State has appointed a special officer for this project. 7 bidders of international standing have shown interest and the state will be finalising the bidder very soon. The project will be implemented by Government of Karnataka in a joint venture with the Airport Authorities of India and the private sector bidders. In addition to the airport, a 6 lane high way has also been planned.

## Outer Ring Road for Bangalore

9.39 Around 12000 trucks and heavy vehicles from Pune-Bombay pass through Bangalore city to go to Chennai. The outer ring road which will divert these directly to Chennai/Hosur will be completed by June 2000. Once completed, the city road will be freed up and city driving will be more enjoyable.

World Bank - HUDCO assistance

9.40 The State with the assistance of World Bank and HUDCO has plans to spend over Rs.12,000 crores in several infra structure projects. For instance, Road Development Corporation is expected to spend Rs.650 crores and improve Karnataka roads. The power sector initiative includes unbundling of the entities, rationalisation of tariffs, privatisation of distribution and new generation projects. The government plans to spend Rs.3000 crores in power sector and Rs.950 crores in improving urban infra structure. In addition, many other infra structure projects viz., Bangalore mass rapid transit system/ Bangalore - Mysore Express Highway / Mangalore - Bangalore Petro Product Pipeline etc., are also planned.

## Carnegie Centre for Software Engineering

9.41 The Carnegie Mellon University's Software Engineering Institute has developed the Capability Maturity Model (CMM). This institution assesses the capability of the software companies and classifies them into various levels (CMM/SEI/Level-1 to 5). Level -5 indicates the most sophisticated Software Company that has excellent human resources management as well as abilities in delivering quality Software Services. Karnataka is proud that its homegrown company, WIPRO is the 1st recipient of the Level-5 certification. All over the world there are 19 Level 5 companies. 12 of those are located in India and 8 of those in Bangalore.

9.42 The Government of Karnataka in a Joint Venture with the Carnegie Global Technologies Inc., Indian Institute of Science and LG Soft India Pvt Ltd., has established the Carnegie Centre for Software Engineering at Bangalore. This Centre is expected to offer services in consultancy, training, education etc. in the whole of Asia-Pacific region.

## Anti piracy

9.43 The Government of Karnataka believes in the intellectual property rights of the IT Companies. The Government would like to encourage more and more patents and take steps against piracy of patented products. The Government will constitute a high level committee that will review serious piracy cases and initiate appropriate action.

## Dot com Companies

9.44 The DOT COM Companies and the Internet have been making B2B & B2C transactions more efficient. This has resulted in cheaper products for the poor and middle class people. It has been estimated that DOT COM Companies / e-business has resulted in reducing the inflation in the United States of America. The Government is also committed to encouragement of e-business in the State. While encouraging the private sector initiatives in B2B & B2C, the Government will open offer several services of the government like water bill payments, electricity bill payments, property tax collections etc., to e-business Companies.

## Mahithi Bonds

9.45 The Government of Karnataka's commitment to IT is unflinching. The Government proposes to announce that Rs.300 crores will be raised by floating Mahithi Bonds. The proceeds of the bonds will be utilised for human resources development; training in schools, ITIs, Polytechnics, Colleges, Pharmacy and Engineering Colleges; training centres for uneducated youth; Incubation Centres, earth stations, IT Parks and Communication Infrastructure, etc. The money will be used based on the action plan suggested by the high powered IT task force. We expect enthusiastic response for the Karnataka Mahithi bonds from IT companies, IT professionals, Trade and Industry as well as people of Karnataka.

## Chief Minister's Task Force on I.T

N. R. Narayana Murthy	Chairman
Azim Premji	Member
Vikram Shah	Member
Pradeep Kar	Member
Srini Rajam	Member
Som Mittal	Member
B.V.Naidu	Member
Gururaj Deshpande	Member
Secretary - I.T	Member Secretary