

## **CHAPTER-1**

### **Preamble**

Information Technology (IT) has undoubtedly emerged as an important driving force in today's global economy. IT has completely transformed the way of human life. The relative position of a country's economy and state of its governance are gradually becoming synonymous with its ability to participate in the IT industry and to apply IT tools in administration and extension of citizen services.

Industrialized and developing countries alike are formulating policies and programs to accelerate IT development and dissemination. Information Technology is increasingly regarded as a "key" technology. It is regarded as generic, strategic and critical core area. All OECD and other developed countries have since recognized the importance of IT and use a variety of policies and joint public-private programs to increase IT proliferation. In developing countries also it has been established that Information Technology has the potential to enhance competitiveness of key industries, modernize basic infrastructure and services, alleviate information poverty and reduce transaction costs throughout the economy. Most industrialized countries and an increasing number of newly industrialized countries use new Information Technology in key areas like macro-economic planning and decision making, public administration, education, health-care, manufacturing, finance and banking, transportation, commerce, publishing, energy conservation and environmental management. Some economic historians assert that the impact of information technology on society tantamount to a "second industrial revolution" - as momentous or even more in its implications compared to the first.

## **INTRODUCTION**

In the last few years, following the success of the Indian software industry in the global arena, many economists and forecasters in India have started analyzing and formulating policies to find out how India's power in software and/or the proliferation of IT in India, can aid in developing a powerful economy. Just as the Gulf has its natural resources in crude oil and

South Africa in diamonds, India's natural resource lies in its abundant technically skilled manpower and this natural resource easily transforms India into a software superpower. It is no wonder today that when people talk of software development, they talk of India or more precisely the Indian software industry. Indian IT software companies have the unique distinction of providing efficient software solutions with cost and quality advantage, using state-of-the-art technologies, having the capacity to handle large projects and, above all, the ability to execute timely deliveries. In the meanwhile, plethora of IT enabled services like Call Centres, Medical Transcription, Back-Office Operations, Revenue Accounting have started increasing. At the same time, the dotcom revolution has brought about a sea change in valuations. The stock market in India is booming due to the infotech stocks.

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

### **1.1.1 Participating in global trade and production**

- ✍ Rising information content in economic activity worldwide.
- ✍ Fast pace of economic transactions and premium for rapid response.
- ✍ Intelligent infrastructure necessary to attract foreign investment and alliances.
- ✍ Exporting fast growing, highly profitable software and information based services.

### **1.1.2 Alleviating information poverty**

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

### **1.1.3 Enhancing Competitiveness**

- ✍ Transforming industries from mass production to lean and flexible manufacturing.

- ✍ Opportunities to leapfrog (Telecom) and to phase in IT at low cost (PCs, set-top boxes and Internet).
- ✍ Introducing managerial techniques and redesigning business processes.

#### **1.1.4 Improving Public Sector Management**

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

#### **1.1.5 Education & Healthcare**

- ✍ Increasing literacy level.
- ✍ Using Education as a major tool for improving quality of life and employment.
- ✍ Increasing healthcare for citizens including that for remote areas.

#### **1.1.6 Government and Citizens**

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

## **1.2 INFORMATION TECHNOLOGY POLICY FOR HIMACHAL PRADESH**

Recognising the enormous potential of IT, the Himachal Pradesh Government has chalked out a multi-pronged strategy to herald the benefits of this technology for its citizens and for the State as a whole. Accordingly, the State Government has created an IT friendly environment for integrated participation by all in the development process of the new digital economy. This journey into the information age has brought improvement in the quality of every aspect of human life, emergence of a competitive society and a vibrant economy of new age technologies through transparent governing systems, sound infrastructure and skilled human resources.

With the above objectives in mind, the State Govt. had engaged NASSCOM (National Association of Software and Service Companies) to suggest the IT Vision 2010 for the State for the new millennium. The present policy is largely based on NASSCOM study and the outcome of various deliberations held thereon with Industry, Academia and different Government Departments. **The changes made in IT Policy (including updation of progress made on various fronts in the field of IT) till date since its promulgation in the year 2001 have also been incorporated in this document.**














## CHAPTER-2

### HIMACHAL PRADESH AS AN IT DESTINATION

#### **2.1 STRENGTHS AND AREAS NEEDING ATTENTION**

The NASSCOM conducted an extensive survey amongst 11 cities/ towns to find out the relative advantages/disadvantages of these cities/towns to attract IT investments. These cities/towns are Bangalore, Bhubaneshwar, Calcutta, Chennai, Delhi, Ghandinagar, Hyderabad, Mumbai, Pune, Trivandrum and Shimla.

The survey questionnaire consisted of the following questions:

-  Availability of skilled manpower or knowledge workers.
-  Availability/performance of data communication facility.
-  Availability of power supply and its quality.
-  Educational facility for dependents.
-  Proximity to well developed airports and connection to the other parts of the country.
-  Transportation facility within the State and neighbouring States.
-  Cost of living.
-  Cost and time involved in setting up an IT unit in a particular State.
-  What is the overall quality of life in the city.
-  Size of Domestic Market around the location.
-  Climatic condition of the location/State.
-  Proximity to the domestic and international market.
-  Attitude of State Government towards the investors/new companies setting up in the State.

The NASSCOM's survey discovered that Himachal Pradesh is uniquely positioned to exploit its inherent as well as inculcated plus points for furthering IT in the State. The major advantages include:

- ✍ Excellent power situation
- ✍ Salubrious climate eminently suitable for IT industries
- ✍ Proactive attitude of the State Government
- ✍ Extremely well developed road network
- ✍ Capability to increase the pool of skilled manpower, engineering colleges and other educational institutions.
- ✍ Good educational facilities for dependents
- ✍ Very high quality communication infrastructure particularly OFC in even remote areas
- ✍ Low cost involved in setting up an IT unit as well as low recurring cost (including cost of living)
- ✍ Good quality of life and well developed hospitality industry
- ✍ Presence of national banks/financial institutions.

It is quite evident from the above conclusions derived by NASSCOM that IT Software, ITES and BPO will emerge as key areas in development of Himachal Pradesh. The aforesaid points read in conjunction with fiscal incentives also make Himachal Pradesh an attractive location for IT hardware industry as well.

At the same time, NASSCOM exhorted the State Government to create a state of the art infrastructure for an IT Park, so that IT units can move in immediately to start their operations. It also suggested upgradation of airports (it has been done since then).

## **2.2 NASSCOM'S PROJECTIONS**

With a coordinated action plan by the Government and Industry, NASSCOM had projected that the IT software and services industry in the State of Himachal Pradesh can grow at an accelerated pace to achieve an annual revenue of Rs.20,000 crore (US\$ 4.7 billion) by year 2009-10, which could be as much as 4-5% of the projected turnover of US\$ 100 billion of the Indian software and services industry in that year.

Out of the Rs.20,000 crore of projected revenue from IT software and services industry for Himachal Pradesh in 2009-10, it is expected that Rs.14,000 crore would come from exports and Rs.6,000 crore from the domestic market. The break-up is projected as follows:

<b>Exports from H.P.</b>	<b>Projections 2009-10</b>
IT Enabled Services	Rs. 5,500 crore
Software Products	Rs. 500 crore
E-Business	Rs. 3,000 crore
IT Services	Rs. 5,000 crore

The break-up of Domestic market of I.T. software and services is estimated as:






<b>Domestic Market</b>	<b>Projections 2009-10</b>
IT Enabled Services	Rs. 2,000 crore
Software Products	Rs. 500 crore
E-Business	Rs. 1,500 crore
IT Services	Rs. 2,000 crore

**Even revised estimates based on manpower belonging to Himachal Pradesh only and after accounting for a 'hit ratio' of 1:10 show that a figure of Rs. 5000 crores per annum can certainly be achieved by the year 2010-11.**

## **CHAPTER-3**


### **THE ASPIRATIONS**


The aspirations of the IT policy of Himachal Pradesh are based on 6 E's i.e. Education, Employment, Entrepreneurship, Electronic Governance, Economy and Equality. Thus the objectives are as follows:


-  **Investment in IT Sector:** To encourage and accelerate the investments and growth in IT hardware, software, training, IT enabled services, telecom, e-commerce and related sectors in the State.
  
-  **IT in Education:** Encourage the use of Information Technology in schools, colleges and educational institutions in the state of Himachal Pradesh, so as to enable students to improve their skills, knowledge and job prospects and enable them to obtain employment in this sunrise industry. (**Note:** Hundreds of middle, high and senior secondary schools have already been computerised and computer aided learning is being provided besides imparting basic skills in operating computers).
  
-  **IT in Industry:** To use IT effectively in industries especially where the State has competitive advantages, for making such industries more global and help them to generate additional revenues; to diversify the local industries into being web-enabled and attract IT companies from elsewhere in the country and the world.
  
-  **E-Governance:** To use IT in the process of Government functioning to bring about Simple, Moral, Accountable, Responsive and Transparent (SMART) governance to its citizens.
  
-  **IT for Social Equity:** To utilize the power of Information Technology in the overall goal of improving healthcare; empowering women, rural & tribal communities as well as




economically weaker sections of society. The ultimate aim is to enhance social equity and justice.

 **IT for Employment:** To use Information Technology for generating additional employment for the new digital economy and governance.

 **IT Infrastructure:** To provide adequate infrastructure in the state, so that the IT sector can flourish and also to facilitate citizens of the state to use IT for a better quality of life.

 **Localization:** To facilitate localization of software, so that benefits of IT could percolate not only in the English language, but also in Hindi.

 **E-Tourism:** To use IT for heralding world class E-Tourism in the State.

 **Venture Capital and Incubation Engine:** To unleash the Himachal Pradesh incubation engine thereby promoting entrepreneurship, increasing foreign exchange earning and increasing IT's contribution to the State GDP.

## **CHAPTER-4**

### **THE INFORMATION TECHNOLOGY POLICY**

The Himachal Pradesh Government has taken the following policy decisions to facilitate the growth of IT in the State:

#### **4.1 SETTING-UP OF IT INDUSTRY**

##### **4.1.1 General:**

**4.1.1.1 Department of Information Technology (DoIT) acts as a single point interface for setting up an IT unit in the State. Applications for setting up an IT Industry are put up for one time approval of State Level Single Window Committee headed by the Chief Minister. A dedicated set of officials in IT Department assists the entrepreneurs in getting all statutory and other clearances.**

**4.1.1.2 IT Software and IT Services are deemed to be manufacturing activity for the purpose of incentives for the industry in line with the approved policy of Government of India.** In fact, IT based units have been given the status of **thrust industry** as per the **Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 2004**. The following definition entry has been included at Sr. No. 20 of Annexure-III:

20. Information & Communication Technology Industry, Computer hardware, Call Centres, I.T. Software and services.

Notification No. 1(10)/2001-NER dated January 7, 2003 issued by the Ministry of Commerce and Industry, Government of India also categorises **IT as a thrust industry for the purpose of special package of central incentives (i.e. Income Tax exemption / concession, Central Excise**

**exemption and capital subsidy) issued by the Government of India.**

Entry No. 13 reads as follows:

13. Information & Communication Technology Industry Computer hardware, Call Centres

Thus, all IT units falling in the above definition shall be entitled for Income Tax exemption / concession, Central Excise exemption and capital subsidy anywhere in the State. Other IT units can avail of these central incentive only on the khasra numbers specified in notification no. 50 /2003 - CENTRAL EXCISE, Dated: June 10, 2003 and notification no. S.O.1269(E) dated November 7, 2003.

Depreciation norms and loan for capital investments and working capital requirements for setting up an IT Industry are in line with the approved policy of Government of India.

- 4.1.1.3** All promotional and liberalized policy instruments available to the IT Software and IT Services are also made available to the IT Enabled Services including the Information Content Industry.
- 4.1.1.4** All IT software and service industries including Services and Training Institutions in IT are entitled to "Industry" status. Such units are eligible for all concessions and incentives applicable to Industries. **For the purpose of this clause, accredited Training Institutions will also be eligible to claim industry status, subject to certain norms which enable them to obtain Term Loans and Bank Finance at industry rates.**
- 4.1.1.5** Interest subsidy scheme available to other industries is applicable for both computer hardware and software sectors.

- 4.1.1.6** IT Software and Services industry is treated as industrial consumers. Industrial power tariff and all other admissible incentives and concessions applicable to industries in respect of power shall be applicable to the IT industry.
- 4.1.1.7** The State Government encourages flow of investments including FDI and provides full support wherever required. **The State Government can offer customised package of incentives for prestigious investment proposals i.e. projects where total investments are more than Rs. 10 Crore or a Fortune 500 company is implementing the project.** All such proposals are received by Department of Information Technology for approval on case-to-case basis on merit. **For Mega Projects, with investment exceeding Rs.100 crore, the Government may consider Special Package of Incentives, on a case to case basis,** based on the gestation period of projects, pioneer nature of projects, locational aspects, state-of-the-art technology, profitability, scope for further related investments, etc. **Such special incentives may *inter alia* include exemption from registration and stamp duty.**
- 4.1.1.8** Though there are hardly any power cuts in Himachal Pradesh, HPSEB still ensures uninterrupted supply of power to IT units treating it as a continuous process industry.
- 4.1.1.9** All IT Units with a connected load exceeding 100 KW shall be charged a **concessional rate of Electricity Duty at the rate of 10 paisa per unit for a period of 5 years** from the date of commencement of commercial production.
- 4.1.1.10** Out of turn preference and top priority is given to sanction power concession to all Information Technology Projects.

- 4.1.1.11** Despite easy and reliable availability of good quality power through H.P. State Electricity Board, IT units can create unlimited back up power and also seek permission for captive power generation.
- 4.1.1.12** It will be the endeavour of the state Government to rationalise the property tax in respect of the buildings housing IT units.
- 4.1.1.13** Permission for erecting towers & antennae up shall be granted by the concerned in a unified manner by the Municipal bodies, TCP Department and other concerned authorities.
- 4.1.1.14** Subject to a negative list to be brought out by the State Pollution Control Board (e.g. generator sets of very high capacity, effluent discharge in case of manufacturing units), there shall be no need of obtaining consent to establish and consent to operate.

#### **4.1.2 Tax Related Incentives:**

- 4.1.2.1** There is no Central Sales Tax (CST) for the new IT industrial units till March 31, 2013, for inter State transactions against Form C and Form D. The existing units shall also be eligible for similar exemptions provided that total exemption period does not exceed 6 years 8 months .Rate of Sales Tax on production of Form CC (as notified by the Government of Himachal Pradesh) by the end customer is 1% without any outer limit.
- 4.1.2.2** Subject to the provisions of VAT Act and Rules, there is no General Sales Tax on IT products up to 31.03.2007. There is also an enabling provision under the VAT Act for extending this benefit. An attractive provision for set- off also exists.

- 4.1.2.3** As per special package of incentives granted by the Government of India for Himachal Pradesh, there is **100% outright exemption on Central Excise Duty for 10 years from the date of commencement of commercial production (for units coming in production by 31.03.2010).**
- 4.1.2.4** There is **100% Income Tax exemption for initial five years and thereafter a rebate of 30% is given for a period of five years from the date of commencement of commercial production.**
- 4.1.2.5** All other industrial incentives of thrust industry as per the Industrial are also available to IT units.
- 4.1.2.6** It is pertinent to mention here that the above mentioned tax incentives are available for all industries irrespective of their market. **While in case of SEZ, tax incentives are given only for exports, even domestic sales are eligible for tax incentives in case of Himachal Pradesh.** Thus, in one sense, entire Himachal Pradesh is a ‘virtual SEZ’.
- 4.1.2.7** While there is a sunset clause of March 31,2009 for availing Income Tax exemption under STPI scheme elsewhere in the country, **there is a general exemption/concession on Income Tax under section 80-IC of Income Tax Act in Himachal Pradesh for a period of 10 years for IT companies commencing their operations by March 31,2012.**

### **4.1.3 Land and Building related Issues**

- 4.1.3.1** As a special dispensation for IT units, land transfer cases for setting up of such units would be decided on top most priority.
- 4.1.3.2** **For registered IT units within the declared Software Technology Park, IT habitats and Hi-tech city, relaxation of FAR to the extent of 50% of the prevailing norm is available.** In other areas (not including core/banned/restricted/green areas), FAR relaxation up to the extent of 25% can be granted in individual cases subject to considerations relating to population densities, availability of infrastructure, local geology, etc.
- 4.1.3.3** IT Software units are permitted to be set up in residential areas subject to load restrictions.
- 4.1.3.4** Exemption from land and building tax is given to the land and buildings within the declared STP, IT habitats and Hi-tech cities.

### **4.1.4 Financial Issues**

- 4.1.4.1** The State Financial Institutions and the Banks, in line with the approved policy of Government of India, treat IT Software and IT Services as priority sector.
- 4.1.4.2** **State Financial Institutions and the banks are allowed to invest in this industry in the form of equity in line with the approved policy of Government of India.**
- 4.1.4.3** **The State Govt. will facilitate the creation of a Venture Capital fund of Rs. 20 crore** in association with the State Co-operative bank, SIDBI and

other Financial Institutions to meet the equity requirements of the Small and Medium Enterprises/IT Startups.

#### **4.1.5 Labour related Issues**

**4.1.5.1 IT Software and IT Services companies, being the constituents of the knowledge industry, are exempted from routine inspection by the inspectors from different departments in line with the approved policy of Government of India.** Moreover, the State Government agrees in principle to self-certification as far as possible for the IT Software Industry under various labour laws.

**4.1.5.2 General permission is accorded to run a three-shift operation to the IT Software and Services industry.**

**4.1.5.3 Permission is accorded for women workers engaged in IT Software and Services industry to work in three shifts vide Notification No : 1 (A)3-9/91-shram-II dated 03 Jan 2006.**

**4.1.5.4 IT Industries have been declared as “Public Utility Service” vide Notification No: Shram (A) 5-4/05 dated 02 Nov 2006.**

## **4.2 ESTABLISHING IT INSTITUTIONS**

**4.2.1 Government land will be made available at market price** with an adequate safeguard to resume the land in case it is not used for the purpose it is meant for.

The fee structure and allied conditions shall be governed by Statutes/ Rule / Guidelines and as per the policy enunciated by the Hon'ble Supreme Court . The



provisions of The Himachal Pradesh Private Universities (Establishment and Regulation) Act, 2006 shall apply, if an IT University is to be set up.

**4.2.2** Subject to minimum eligibility conditions, an IT institution created as per this Policy shall be required to admit a minimum prescribed percentage of students from Himachal Pradesh.

**4.2.3** The Government shall assist the developer in obtaining various clearances so that the projects can be set up with least obstacles.

**4.2.4** The institution shall be affiliated with a Board/University in accordance with Statutes/ Rules / Guidelines or as enunciated by the Hon'ble Supreme Court.

### **4.3 CREATION OF STATE-OF-THE-ART IT INFRASTRUCTURE**

**4.3.1 Software Technology Park and Earth Station:** A modern Software Technology Park (STP) and an Earth Station has been established in Shimla under the Software Technology Parks of India (STPI) scheme of Ministry of Information Technology. This Park has modern facilities including high-speed communication facilities, plug and play built up modules etc. The STP is functional since 2001 and would be later co-located with the Hi-Tech city to be built near Shimla. The Earth Station meets the high-speed telecommunication needs of the IT sector and provides international bandwidth for Internet.

**4.3.2 Hi-Tech Habitats:** In order to promote the growth of IT all over the State, it is imperative that hi-tech habitats are built in and around all major towns. Such space is extremely useful to promote the growth of IT enabled services - a sector that is providing jobs to millions. The State Government has identified locations for hi-tech habitats at Shimla, Solan, Hamirpur, Baddi, Parwanoo, Kullu, Mandi and Dharamshala. Hi-tech habitats.

**4.3.3** The State Government encourages private sector participation in laying high bandwidth backbone in the State. **The State Government facilitates and promotes the establishment of broadband digital network (both wired and wireless) in the State.**

**4.3.4** The State Government encourages private sector to become ISPs in the districts and set up international gateways in the State. Some local private companies also have started wired and wireless providing internet access in the State. The government has persuaded BSNL to extend earth stations/ optical fibre links to remotest areas in the State. **Today more than 65 % of the metalled road length has optical fibre connectivity, which is among the highest in the country.**

**4.3.5** The State Government encourages Internet Access through cable TV network in line with the approved policy of Government of India. HPSEB would consider for grant of permission to ISPs for putting the cables over HPSEB's transmission line structures on mutually agreed and negotiated terms and conditions.

**4.3.6 Policy on Right of Way: In order to give fillip to strengthening of telecommunication infrastructure, a Right of Way Policy, 2004 has been formulated.**

**4.3.6.1** The facility of right of way is provided to telecommunication service/infrastructure providers for digging of trenches to lay cables in the kacha and untarred portion of the road and filling of trenches, appropriate compaction and restoration of roads to the original shape, design and quality shall be allowed to be done by such infrastructure provider. **A performance bank guarantee @ Rs. 30/- per route meter with a validity of one year initially (extendable if required till satisfactory completion of work) shall have to be furnished by such infrastructure provider as a security against improper filling/unsatisfactory compaction/restoration and damages caused to other underground installations/utility services and**

**interference interruption /disruption of any failure caused thereof to any service.** Earlier, PWD used to get the restoration work on kutchra portion as a deposit work. Notwithstanding any thing this infrastructure provider shall be liable to pay full compensation to the concerned authority for any damage sustained by them by reason of the exercise of Right of Way facility. Furthermore, while digging trenches in the kacha and unpaved portion on the edge of the road., if any damage is caused to the bituminous surface., side drainage of if such digging of trenches is likely to make or damage the bituminous surface and pucca drainage, reinstatement of such asset will also be done by them (such infrastructure provider). The bank guarantee will be forfeited, if restoration/reinstatement work of the roads portion dug and the damages caused or likely to cause to bituminous surface or pucca drainages due to such digging of trenches in not done as per the satisfaction of the officers of the department and within the stipulated time frame, the reinstatement and restoration will be carried out by the department at the cost of such service provider.

- 4.3.6.2** If laying of OFC is done on the bituminous road and laying of such cable damages the bituminous road, reinstatement of bituminous road will be done by the concerned road owner at the cost of such service provider on the rates prescribed by such road owner and the cost will be deposited by such service provider with road owner.
- 4.3.6.3** The above policy regarding reinstatement of roads and performance bank guarantee is applicable with respect to State Government/Local Bodies roads and not for the National Highways which will be governed by the policy directions of the Ministry of Road, Transport and Highways.
- 4.3.6.4** Keeping in view the fact that the OFC networking in the tribal and remote areas of the State in non-remunerative and financially not viable and keeping in view the need of reliable communication in these areas, it is proposed to


charge from BSNL/other service providers, reinstatement charges @ Rs. 30,000/- per Km or route length as is being charged by BRO instead of taking performance bank guarantee and reinstatement of road will be carried out by the HPPWD. The trenches will be dug on hill side on the extreme edge of the road which is mostly kacha portion and reinstatement of trenches upto road level will be done by BSNL. Hence, irrespective of whether it is kacha or bituminous surface, an uniform rate of Rs. 30,000/- per route Km will be charged from BSNL/other service providers as a special case in the Tribal and Backward areas where OFC is proposed is as below.

**4.3.6.5 In of the above mentioned concessional arrangement, service/infrastructure provider is required to provide to the State Government as bandwidth of 16 Mbps at District and State Headquarters and 2 Mbps at Block, Sub tehsil and Tehsil nodes free of cost.**

**4.3.7** Himachal Pradesh Government propose to establish an international convention centre at Waknaghat with facilities to host international IT exhibitions, seminars and conferences as a part of the Hi-Tech City.

**4.3.8 SITEG:** In order to give fillip to growth of IT Industry in the state as well as to promote e-Governance, **an autonomous Society for IT and E-Governance has been set up under the chairmanship of the Chief Minister.** Secretary IT is the Chairman of the Executive Committee of this Society. An Apex Committee on e-Governance headed by the Chief Secretary has been set up to bring about much needed inter-departmental coordination.

**4.3.9 Knowledge Corridors:** The state government has facilitated the coming up of two knowledge corridors as follows:

 Baddi-Parwanoo-Solan-Shimla Knowledge Corridor.

 Shimla-Bilaspur-Hamirpur-Dharamshala-Chamba Knowledge Corridor.



Across these corridors, high density Internet / telecom connectivity is provided for schools, colleges, industries etc, to encourage education, employment and investment in the state.

#### **4.4 E-GOVERNANCE**

- 4.4.1 Each Government Department of Himachal Pradesh has prepared IT Plan in consultation with IT Department.** These plans address the extent of computerisation of its core activities, with special reference to its Citizen Interface, need for hardware and software resources, manpower requirement and training of employees.
- 4.4.2** The entire Secretariat workplace is connected through OFC and CAT 6 / 5e backbone. Internet facility is provided to all the users in the Secretariat.
- 4.4.3 All Districts/Departments and tribal sub-divisions in the State have video conferencing facilities.** Video conferences by Chief Minister, Chief Secretary, and Departmental Secretaries and Heads give an important tool for periodic review for administration besides saving of money.
- 4.4.4** The existing training centres for Government employees, at the State and District headquarters, are being further strengthened for imparting appropriate training in IT. HIPA and DOEACC are also providing training to the State Government employees.
- 4.4.5** Capacity Building Project initiated by the Government of India is being used enhancing the capacity of SeMT and PeMT besides fine tuning IT road map for different departments and for suggesting ways for process re-engineering.
- 4.4.6 Knowledge of word processing is compulsory for the category of steno-typists after 2001.** For the employees already in service, suitable training modules are

prepared and training imparted accordingly. **The passing of the test in computer proficiency of a specified level is made mandatory, for some selective cadres to begin with, for confirmation and promotion. In the Annual Confidential Reports (ACRs) of government employees for whom computer knowledge is prescribed as a pre-requisite at the entry stage, a column is being introduced regarding contribution to 'IT utilization' in the department/organization.**

**4.4.7** All major IT projects have adopted English as the medium. However, for administration to be effective and for the benefits of computerisation to reach the common man, Hindi is being rapidly adopted as the medium. **The Government is systematically promoting the local language initiative for information dissemination and for extension of citizen services.**

**4.4.8** The creation of data warehouses, having local content, is encouraged in each District. These centres provide government information to citizens through websites. **Rapid progress is being to gradually move towards the concept of Data Centres. Standardisation of data structures among various departments is also being done.**

**4.4.9** Priority areas with maximum citizen interface have been taken up for e-Governance. **It is the endeavour of the State Government to provide all services under a single roof down to the tehsil level in the first instance and then to village level by 31.03.2007. This goal will be achieved in conjunction with HIMSWAN.** The main objective of G2C services is ensure greater transparency, efficiency, objectivity, accountability and speed that can help overcome unbridled discretion and corruption by providing improved services in a time bound manner. High priority e-Governance services being provided and proposed to be provided in Himachal Pradesh include:

**4.4.9.1** Rural Services such as land records and registration of deeds.

- 4.4.9.2** Police services such as FIR registration and networking of all the police stations for crime monitoring.
- 4.4.9.3** Social services such as family pension, old age pension, etc.
- 4.4.9.4** Ration cards, Different types of certificates (such as Birth Certificate, Death Certificate, Caste/Tribe certificate etc.), Driving license, Registration of vehicles, Deposit of Token Tax etc.
- 4.4.9.5** Employment exchange registration, employment opportunities, examination results, hospitals / beds availability, road transport time tables, Government notifications, Government schemes, etc.
- 4.4.9.6** Agriculture/Horticulture sector- providing the information about Mandi rates in respect of identified commodities in important Mandis.
- 4.4.9.7** Utility services such as payment of all kinds of bills under a single roof.
- 4.4.9.8** Electronic Filing of sales tax returns (already made available), networking of barriers (achieved fully), state excise duty, house tax, property tax, road tax, etc.
- 4.4.9.9** Application processing for setting up industries and other business establishments.
- 4.4.9.10** Online processing of bills in treasuries.
- 4.4.9.11** Facilities to the farmers and villagers who make queries about latest techniques, advice for their problems, new technologies etc. from a group of experts pertaining to fields of agriculture, horticulture, animal husbandry, health, fisheries etc.

- 4.4.9.12** Better dissemination of information through web portal and online status of applications submitted online or through post or by hand.
- 4.4.9.13** Updated and latest information regarding public distribution system, list of beneficiaries under different programmes, information regarding government grants given to PRIs and urban local bodies.
- 4.4.9.14** Reduction in response time in addressing grievances by the concerned departments.
- 4.4.9.15** Web enabled access to data bases of different departments for providing 'uncertified copies' of records.
- 4.4.9.16** Hospital Management Information System is being currently implemented in IG Medical College, Shimla. It will be gradually implemented in all the major hospitals in the State.
- 4.4.10** All remaining computerization projects of revenue earning departments and agencies having high level of public contact shall be fully operationalized by the end of 2006.
- 4.4.11** The Tax Departments of the Government are fully computerised. Various offices of the tax departments are interconnected to allow flow of information. The staff of the tax departments is trained in the use of information technology to increase tax collections, reduce delays and improve productivity. All assesses are allowed the facility of filing their returns electronically.
- 4.4.12** All departments have established websites which have been put under a unified portal i.e. State Government website. Departments, where databases are already established have upgraded the same to provide dynamic information and use their sites as platforms for Government to Citizen interface.



**4.4.13 Electronic Kiosks and Public Tele Information Centres:** The Government is setting up of Public Tele Information Centres PTICs on the lines of public telephone booths to serve the information needs of the citizens and also to provide employment to a large number of educated youth.

**4.4.14** In the long run, citizens must have unique identification card - the citizen ID. It would require a statutory enactment as well as amendments in many other laws to integrate the citizen database. Necessary statutory and non-statutory systems are being established for registration of Himachal Pradesh citizens and issue them a multi-purpose card, on basis of which a citizen can receive a number of services, such as birth and death certificates, caste certificates, driving license, passport, ration card, personal income tax, property registration, electoral roll etc.

**4.4.15 Cyber laws:** Himachal Pradesh is committed to ensuring that the overall local regime is in consonance with the requirements of transactions and interactions in the electronic medium. The State Government shall examine all the state level legislations and statutes so as to ensure the necessary harmonization, with the above objective in mind. The overall objective is to provide a transparent, simple and enforceable set of laws, which shall facilitate e-business and all other IT enabled activities.

**4.4.16** As recommended in the IT Action Plan of Central Government, the State Government has established framework contracts with the leading and reputed IT Services vendors so as to avail a wide range of IT consultancy, specialist services and IT products at lower cost and with a shortened procurement cycle. To minimize the technological obsolescence factor and to avoid the large upfront expenditure and expenses on maintenance, procurement of computer hardware can also be done through leasing.

**4.4.17** The Government has taken initiative to establish an Inter-State IT exchange panel. Regular seminars and conferences shall be conducted where interaction with the

officers of other States as well as private sector will take place.

## **4.5 ENCOURAGING COMPUTERISATION OF LOCAL INDUSTRIES**

**4.5.1** A campaign has been launched to encourage E-Commerce and computerisation in the local industries.

**4.5.2** The State is encouraging conduct of seminars / workshops to disseminate information of IT to local industries and thus work towards increase in usage of IT in local industries.

**4.5.3** Boosting E-commerce in all activities in the State is a must for the Himachal Pradesh. This has facilitated local industries to compete in the global markets. Towards this, the Government will undertake the following initiatives:

**4.5.3.1 Net Banking:** The State Government has encouraged the public sector banks in the State to start Internet based banking. Net-based banking has catalysed increase in use of Internet for e-commerce and also reduced high overhead costs for banks.

**4.5.3.2** Encourage E-Commerce, EDI Implementation in Government Departments.

**4.5.3.3** Encourage E-Commerce in items/goods in which the State has comparative/distinct advantage e.g. horticulture produce, handicrafts, etc

**4.5.3.4 Regional Hub:** With an extremely widespread telecommunication system, the State of Himachal Pradesh is poised to emerge as a regional gateway for the "North Indian" Internet, E-commerce and digital services traffic.

**4.5.4** All procurements / tenders of Government of Himachal Pradesh shall be done by using e-Procurement as well.

**4.5.5** State level awards shall be given to IT companies with outstanding performance in exports and in domestic segment.

## **4.6 E-TOURISM**

**4.6.1** E-Tourism Portal: There are currently many Websites providing information in respect of the tourism sector of the State. However, a comprehensive tourism portal for the State of Himachal Pradesh is being set up with the following elements:

**4.6.1.1** **Comprehensive information on the tourism industry, hotels, locations, restaurants, adventure sports, places of religious interests etc.** The idea is to not only provide basic information but also provide cyber casting, video clips, graphics etc.

**4.6.1.2** To provide on-line reservation systems for hotels, air, rail and road transportation.

**4.6.1.3** **Cyber casting of major events in the State of Himachal Pradesh.**

**4.6.1.4** **Making the portal e-commerce enabled and selling local handicrafts, agriculture/horticulture and industry products through the website.**

**4.6.1.5** The Portal will also have a facility for on-line bookings, advertisements and brokerage from e-commerce transactions. **Online booking for HPTDC hotels is already in place and a project for online booking for all hotels in the State has already been initiated in PPP mode.**

**4.6.2** Comprehensive computerisation of transportation system: In order to make E-tourism policy complete, it is essential to integrate computerisation of air, rail and road transportation system in the State. This is being implemented in a phased

manner. Himachal Road transport Corporation has already taken steps to computerise its operations to a significant level.

**4.6.3** Marketing: An aggressive marketing plan exists to market the State of Himachal Pradesh through the net.

## **4.7 TELE-MEDICINE**

**4.7.1** HP-Telemedicine NET: A comprehensive telemedicine network is being implemented. **The objective of the H.P. telemedicine net would be to provide instant medical advice and facilities to the citizens of the State, irrespective of the location.** This would cover far-flung and tribal/ backward areas.

**4.7.2** A program towards IT connectivity for hospitals, dispensaries, doctors and other professionals engaged in public health State-wide is under implementation.

**4.7.3** Government of Himachal Pradesh gives top priority to preventive medicine through public health programs. A State level health network would be developed to provide extensive information to the public on preventive medicine and other health related information.

**4.7.4** Tele-monitoring of diseases at State level to achieve higher standards of public is also being implemented.

**4.7.5** Training of 'cyberdocs' (people trained in both public health and networking) would be undertaken and completed in a phased manner.

## **CHAPTER-5**

### **RECENT INITIATIVES**

Based on IT Policy of the State Government as detailed in the previous chapter, certain initiatives have been taken in the State to further the growth of IT.

**5.1** The Department of Information Technology (DoIT) has been created to ensure the process of furthering the development of IT in the State. Broadly speaking, the Department strive for:

- ✍ Encouraging investments in the IT sector industries in the State.
- ✍ Facilitating the establishment of IT institutes and improving the quality of IT education in the State.
- ✍ Using IT tools to ensure a SMART (Simple, Moral, Accountable, Responsive and Transparent) Government.

**5.2** The Secretary (Information Technology) is the functional Head of the Department of Information Technology. The Department has three wings viz. Industrial Development Wing, Human Resource Development Wing and Electronic Governance Wing. The work distribution amongst these wings, as also the recent initiatives taken under different sectors, is narrated below:

#### **5.2.1 INDUSTRIAL DEVELOPMENT WING**

This wing works as a single window facilitator for the development of IT related Industries in the State e.g. IT hardware, IT Enabled Services, IT Services, E-Business. This includes setting up of High-Speed Data Communication (HSDC) facilities in the State for use by the IT Industry; establishment of Software Technology Park, Hi-Tech Cities/ Habitats; coordination with the related Departments of Central/State Government etc. Recent initiatives under this area have been as follows:

### **5.2.1.1 Software Technology Park**

The State Government and Software Technology Parks of India, Ministry of IT, Government of India, has set up a Software Technology Park and High Speed Data Connectivity facility in Shimla. An H-4 Type IBS Earth Station with 3.8 M dish capable of multiple carrier operation and with scaleable configuration is *operational* at Shimla since 2001. The State Government has given a built-up area of about 25,000 square feet in Shimla for the Park, the location of the earth station is such that it is in the line of sight from most of the locations in Shimla as also from various other locations within a radius of 20 KMs from the station. This has facilitated the growth of IT related activities in and around Shimla.

The State Government also is in the process of building of a Hi-Tech city at Waknaghat near Shimla with private sector participation on land measuring 126 acres. In order to promote the growth of IT all over the state, it is imperative that hi-tech habitats are built in and around all major towns. The State Government has set up hi-tech habitats at Shimla, Solan, Hamirpur, Baddi, Parwanoo, Kullu, Mandi and Dharamshala. Hi-tech habitats are being built at more locations in the State in a phased manner.

### **5.2.1.2 High Speed Data Connectivity**

The State has an excellent telecommunications infrastructure established primarily by BSNL, and also by Airtel, Reliance, PGCIL and Tata Indicom. All the telephone exchanges in the State are digital exchanges. Contrary to common perception, there is abundance of OFC in the State. **The total length of OFC in the State as on 31.3.2005 was more than 8500 Km.**

### **5.2.1.3 Earmarking Area for IT Sector Investments**

Around 126 acres of Government land has been identified in Solan District, along the Kalka-Shimla national highway and about 23 kilometers from Shimla, for attracting investments in the IT sector. Suitable pieces of land are also available near the Shimla Airport; border of Kangra district with Pathankot and some other locations. **In view of the enhancement in concession announced for SEZ in the year 2005, the State Government also intends to set up a SEZ for IT hardware, software and software in collaboration with a private partner.** Sites shall be offered after making available the necessary infrastructure in terms of approach road, power and water. **In the proposed PPP model for setting up IT infrastructure, the State Government shall select a private investor on the basis of two stage competitive bidding. After technical scrutiny, the financial parameters shall be NPV of immediate and annual returns that will accrue to the State Government in lieu of the land and core infrastructure that it may provide.**

### **5.2.1.4 Upgradation of the Existing Airports**

The three existing airports in the State at Shimla, Kullu and Kangra have been improved/ upgraded. There are regular flights from Delhi to all the three airports. **Two of the airports will soon be capable of landing Boeing 737 and ATR respectively.**

## **5.2.2 HUMAN RESOURCE DEVELOPMENT WING**

This wing is responsible for the human resource development for the IT sector. This includes setting up of Institutes of Information Technology, Computer education in Schools, Networking of various Educational Institutes etc. The wing would also facilitate continuous revision of syllabi of various IT related courses

running in NIT/ Universities/ ITIs /Polytechnics/ Colleges/ Schools etc., commensurate with the latest IT developments and employment opportunities. Recent initiatives under this area have been as follows:

#### **5.2.2.1 Setting-up of Institutes of Information Technology**

Although IT related courses are already been taught in the State in the existing Himachal Pradesh University, 4 Engineering Colleges, 5 Polytechnics, 14 ITIs, besides numerous franchisees of reputed private training institutions, with a view to expand the base of skilled manpower, the State Government has facilitated/is facilitating the setting up of specialised institutes of IT in the State.

**The Jaiprakash Sewa Sansthan has set up a world class Institute of Information Technology in Rachhiana, District Solan, about 22 KMs from Shimla. The Institute, having an academic tie-up with the University of California at Berkley, is sprawled over an area of about 23 acres. The Institute has state-of-the-art facilities offers undergraduate and postgraduate courses, besides the need based short term ones. The first academic session started in July 2002.**

There are several other proposals from the private sector for the setting up of IT Institutes, which are being examined by the State Government. The excellent climate in the State.

#### **5.2.2.2 IT Education in Schools**

The State Government has introduced IT education in most of the senior secondary schools in the State. The subject of IT education is introduced as an additional optional subject to the students of class IX to Class XII of these schools from the academic year 2001-02. Reputed private training institutions impart the education. Hundreds of middle, high and senior secondary schools have already been computerised and computer aided learning is being provided besides imparting basic skills in operating computers. 50 multimedia centres are also being set up at central locations so as to give benefit to the schools in its catchment area.



### 5.2.3 ELECTRONIC GOVERNANCE WING

This wing is responsible for furthering the use of IT in Government, which includes setting up of State Wide Area Network; Designing, Development & Implementation of Computerised Systems & Web-Enabled Interfaces for E-Governance, providing Govt.-Citizen Interface and delivery mechanisms; Complete Computerisation in selected Govt. Departments; etc. The State Unit of the NIC, headed by the State Informatics Officer is actively assisting the State Government in achieving its e-Governance objectives.

**5.2.3.1** In Himachal Pradesh, the efforts regarding E-Governance have been largely NIC driven, which could broadly be covered under the following three categories:

- ✍ Back Office Activities: Office Automation & Computerised Transactions Processing/Information Systems in various Departments, and Training.
- ✍ INTERNET Applications: Web Sites/Applications of the State Government/ Departments/ Corporations/ Boards etc. on WWW.
- ✍ INTRANET Applications: Citizen-Government Interface.

**5.2.3.2 The Back Office Activities:** These activities cover computerisation at Chief Minister's Office, H.P. Secretariat, Deputy Commissioner Offices, and several Government Departments at the Directorate & District level, H.P. High Court & District Courts, H.P. Vidhan Sabha etc. The Satellite-based Computer Communication Network (NICNET) of NIC connects all Districts and the State Headquarters with each other and with all other such locations in the country and to the Internet, facilitating interactive communication, Data transfers, Email, Internet browsing, and various other value-added network services available on NICNET to the State Government. Training to the Government employees is being imparted in collaboration with Himachal Institute of Public Administration by extending necessary faculty support, and also with infrastructure support at District level.

**5.2.3.3 INTERNET Applications:** The official website of the Himachal Pradesh Government has been launched on the World Wide Web (WWW) with the URL <http://himachal.nic.in> and <http://himachal.gov.in>. This site is a one stop Information Center relating to various aspects of the State and the various Departments/ Corporation/ Boards of the State Govt..

**5.2.3.4 INTRANET Applications:** The Government of Himachal Pradesh is committed to take the benefits of IT to the general public living in distant rural areas of the State by establishing a H.P. State Wide Area Network (HIMSWAN) and by providing a Citizen-Government Interface through this network. Presently some of such Citizen-Government Interfaces have been made available through the INTERNET on the above mentioned official website of the State Govt. e.g. Email facility to the Chief Minister; Govt. Telephone Directory search; dynamic and interactive information in respect of Excise & Taxation Department, Rural Development Department , Police Department etc. **HIMSWAN-I:** A Local Area Network (LAN) with more than 600 nodes has been established in HP Secretariat with the provision of 600 nodes. Presently, 256 PCs are connected in first phase. The network has successfully started functioning. Referencing Monitoring System and other applications have been implemented on this network. The LAN is also connected to Internet. This network is useful in saving lots of energy and resources.

**HIMSWAN-II: A State Wide Area Network (SWAN) to connect HP Secretariat, with all the districts, blocks, tehsils and sub-tehsils is being established with financial assistance from Ministry of Communication and Information Technology, Govt. of India. This project amounting to nearly Rs. 100 crores is being operationalised in the next 6 months in PPP model of Supply Operate and Manage.**

This HIMSWAN-II will link all the District headquarters with the State headquarters, with the objective of making information easily accessible across the various Departments and to the people across the State. The envisaged applications are as follows:

- ✍ Data related: LAN interconnectivity for Email, remote database access, data broadcasting, simple file transfer, internet access etc. to Deptts., VoIP and Video Mail for providing direct access to the common citizens with higher tiers of administration.
- ✍ Video conferencing across the State (Point to point and point to multi-point).
- ✍ Citizen-Government Interface: Extending the concept of "LOKMITRA" to all the areas in the State for 'anytime anywhere access' to information.

#### **5.2.3.5 Integrated Community Services Centres (i-CoSC)**

**Integrated Community Service Centre (i-CoSC) aims at setting up one-stop shop information resource and service centre for the people in the State using simple but state-of-the-art methods of organizing, sharing, and communicating information.** This project is unique because the citizen centric services of various levels (viz. District, Sub-Division, and Tehsil) will be available across all tiers of administration. i-CoSC will ensure greater transparency, efficiency, objectivity, accountability and speed that can help overcome unbridled discretion and corruption by providing improved services in a time bound manner. In the first phase, all tehsils and sub-tehsils of Shimla, Kangra and Mandi districts are being covered. NISG-UNDP have provided financial assistance for i-CoSC pilot project in Shimla. This concept of i-CoSC shall be a much enlarged and improved version of "LOKMITRA" project, which was started on a pilot basis in Hamirpur District. Lokmitra is basically District-wide INTRANET with Servers at the District headquarters, connecting 25 Citizen Information Booths located in the rural areas throughout the District. The objectives of the project are as follows:

- ✍ Transparency in the working of the Government.
- ✍ Responsive and responsible Administration.
- ✍ Easy access to information at the remotest corners of the State.
- ✍ Submission of Applications/Redressal of complaints without physically visiting the Government offices.
- ✍ Facilitating the growth of IT industry by encouraging the setting up of additional such Booths in the private sector.

#### **5.2.3.6 Telemedicine Project**

Telemedicine is to improve the health services of the State by providing access of experts to common man even at PHC level. Under a pilot project, necessary background work has already been done with MIT, Govt. of India & CDAC, Noida to link IGMC Shimla, PGI Chandigarh and AIIMS, New Delhi with the Telemedicine Project of the State. Shimla Chamba, Mandi, Kullu, Kinnaur , Lahaul Spiti and Sirmaur districts are being taken up in Phase1.