

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:3318
ANSWERED ON:16.03.2011
INVESTMENT IN IT SECTOR
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether there has been disparities in investments in Information Technology (IT) sector in various States in the country;
- (b) if so, the details thereof alongwith the reasons therefor during the last three years and the current year, State-wise;
- (c) the steps taken by the Government to enhance investments in the sector;
- (d) whether Government proposes to develop new IT cities in the country; and
- (e) if so, the details thereof, State-wise?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT)

(a) and (b) : The investment data of IT sector is not maintained. However, State wise exports by Software Technology Parks of India (STPI) centres for last three years is given in Annexure. This indicates that there has been disparity in investment in IT sector across the States. The decision regarding investment including its location is determined by the investor based on the techno-economic considerations and also guided by the availability of infrastructure and availability of talent in cities. IT Software & Services companies set up their operations in locations and plan their investment driven by their business needs.

(c): Software Technology Parks of India (STPI), an autonomous society under Department of Information Technology (DIT) has setup 52 STPI centres across the country to promote investment in the sector. Out of which 7 centres are in metro cities and the balance 45 centers are in Tier II and Tier III cities. The units in STPI are eligible to import goods required by them for carrying on software export activities as per the Foreign Trade Policy. In addition, the tax benefit to units located in Software Technology Parks under the provision of Section 10A of the Income Tax Act, 1961 is available upto 31.03.2011 (assessment year 2011-12). Besides, under SEZ Act, 2005 several sector specific IT/ITES SEZs have been approved and are under various stages of development. The units set up under IT/ITES SEZs are eligible for benefits as per extant SEZ policy.

Also to promote investment in the IT/ITES/Electronic Hardware Manufacturing (EHM) units, the Government has decided to attract major investment to set up Information Technology Investment Regions (ITIRs). Such ITIRs would reap the benefits of co-siting, networking and greater efficiency through use of common infrastructure and support services.

(d) and (e): Government has no proposals for developing Information Technology (IT) cities in the country. However, Information Technology Investment Regions (ITIR) policy has been notified in the Gazette of India in May 2008 under which States / UTs in India can set up an integrated township for facilitating growth of IT/BPO and sunrise industries with world class infrastructure. Proposals have been received from 4 States namely Karnataka, Andhra Pradesh, Orissa and Tamil Nadu. These are under evaluation.