

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

UNSTARRED QUESTION NO:2146

ANSWERED ON:18.12.2013

PROMOTION OF IT UNITS BY STPI

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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

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- (a) whether the number of Micro, Small and Medium Enterprises (MSME) and the exporting units under Software Technology Parks of India (STPI) are decreasing;
- (b) if so, the details thereof and the number of such units promoted by STPI during the last three years and the current year, State-wise;
- (c) the details of funds sanctioned and spent on STPI during the above period State-wise;
- (d) the reason for shortcomings / discrepancies for declining trends; and
- (e) the steps taken to overcome the shortcomings?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) and (b) As per the internal criteria adopted by STPI, the STP units with annual export turn-over up to Rs.25 crores are treated as MSMEs. According to trend & data analysis, 80% of IT exporting units falls under the category of MSME. The details of exporting MSME units promoted by STPI during last three years and current year, State-wise, is given at Annexure-I.

(c) The details of funds sanctioned and spent on STPI during the last three years and the current year is given at Annexure-II.

(d) STPI's main objective is promotion of software exports from the country. The main services rendered by STPI for the software exporting community have been statutory services, Datacom services and incubation facilities. MSME units registered with STPI are also availing aforesaid services. However, there has been a significant decline in the number of exporting MSME units due to withdrawal of Income Tax benefit under section 10A/10B from 1st April 2011.

(e) Government extends several incentives for Information Technology Sector. Under the Software Technology Parks (STP) scheme, which is administered by the Software Technology Parks of India (STPI), an autonomous society under Department of Electronics & Information Technology (DeitY), Ministry of Communications & IT, the IT-ITES units are eligible for various benefits such as Customs Duty exemption on imported goods, reimbursement of Central Sales Tax (CST) and Excise Duty exemptions on procurement of indigenously manufactured goods. Further, the Department of Commerce (DOC), Ministry of Commerce & Industry through Marketing Development Assistance (MDA) and Market Access Initiatives (MAI) Scheme assists exporters especially Small & Medium Enterprises (SMEs) for export promotion activities abroad. DOC has notified 235 IT-ITES specific Special Economic Zones (SEZs). Currently, the SEZs units are eligible for tax benefits as per Section 10AA of the Income Tax Act for a period of 15 years in a phased manner. Further, the SEZ rules were also modified to meet some of the specific sectoral characteristics of the IT sector. Recently, the Government has removed the minimum land requirement for setting up SEZ for IT/ITeS, and the minimum processing area requirement is applicable as per category of the cities.