

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

UNSTARRED QUESTION NO:3520

ANSWERED ON:12.02.2014

PROMOTION OF IT COMPANIES

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

- (a) whether Indian Information Technology (IT) firms are still maintaining their edge in competitive environment;
- (b) if so, the details thereof along with the comparative details during the last three years and the current year;and
- (c) the steps taken by the Government for promotion of IT companies to maintain their position in the sector?

**Answer**

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

(a) and (b) Yes, Sir. According to National Association of Software Services Companies (NASSCOM), India has been the most preferred destination for the global sourcing of IT-ITES, accounting for more than 52 per cent of the global sourcing market size in 2012 as compared to 50 per cent in 2011. Thus India continues to remain the most preferred off shoring destination for Information Technology and Information Technology Enabled Services (IT-ITES). The export of IT-ITES sector during the past years i.e. 2009-10, 2010-11 & 2011-12 and the estimate for the 2012-13 is as under:-

Financial Year	Rs. Crore	US\$ Billion	Growth Rate YoY (%)
In Rupee Terms			

2009-10	235033	49.7	8.72
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2010-11	268609	59.0	14.29
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2011-12	332769	68.8	23.89
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2012-13 (E)	410836	75.8	23.46
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(c) 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 the 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.