

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

UNSTARRED QUESTION NO:1054
ANSWERED ON:11.12.2013
INDIA AS PREFERRED IT DESTINATION
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether recent studies have shown that India is losing out as preferred destination for setting up of Information Technology and Information Technology enabled services due to difficulties in doing business, infrastructural limitations and lack of government incentives ; and

(b): if so, the steps being taken to address these issues and the progress made in this regard ?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a): No, 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).

(b): 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 characteristic 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.