

MEGHALAYA

IT / ITeS POLICY

2024

[Draft]



INFORMATION TECHNOLOGY & COMMUNICATIONS DEPARTMENT
GOVERNMENT OF MEGHALAYA

PREAMBLE	3
<i>Global Scenario</i>	<i>3</i>
<i>India’s ecosystem</i>	<i>4</i>
<i>Meghalaya Outlook</i>	<i>4</i>
POLICY PERIOD	6
VISION	6
OBJECTIVES	6
TARGETS	7
DEFINITIONS	8
BENEFITS TO INVESTORS	9
<i>Land Banks for Infrastructure Development</i>	<i>9</i>
<i>Stamp Duty Exemption</i>	<i>9</i>
<i>Expenses Reimbursement</i>	<i>9</i>
<i>Power related Incentives</i>	<i>10</i>
<i>Preferential Rentals Rates</i>	<i>10</i>
<i>Statutory Exemptions</i>	<i>10</i>
<i>Ease of Doing Business (EoDB)</i>	<i>11</i>
<i>Co-working Space</i>	<i>11</i>
<i>Emerging and Frontier Technologies</i>	<i>11</i>
<i>Digital Workplaces</i>	<i>11</i>
<i>Talent Pool Development</i>	<i>12</i>
<i>Clean & Green Energy</i>	<i>12</i>
<i>Incentives for Local BPOs</i>	<i>12</i>
<i>Other Incentives</i>	<i>12</i>
NODAL DEPARTMENT	12
NODAL OFFICER	12
MISCELLANEOUS	13

PREAMBLE

Global Scenario

The global information technology market grew from \$8179.48 billion in 2022 to \$8852.41 billion in 2023 at a compound annual growth rate (CAGR) of 8.2%. The global information technology market is expected to grow to \$11995.97 billion in 2027 at a CAGR of 7.9%. The global Business Process Outsourcing (BPO) market is estimated to reach \$241370 Million by 2027 at a CAGR of 4.2%.

Advantages like lower costs, improved results in non-core functions, increased flexibility, expanded global presence, and increased speed and efficiency are anticipated to fuel the expansion of the BPO market.

The World Economic Forum estimates that 70% of new value created globally over the next 10 years will be based on digital business models. In 2023, for the first time, more than half of GDP expected to be driven by "digitally transformed" enterprises.

The global market size of digital health was estimated at US \$ 332.53 billion in 2022. It is anticipated to peak around US \$ 1694.21 billion by 2032, showing a CAGR of 19.4%.

The World Health Organization (WHO) estimates that digital health could contribute to achieving the Sustainable Development Goals (SDGs) by 2030 by providing assured access to quality healthcare services to a cohort of population.

India's ecosystem

The Digital India Programme of the Government of India has been propelling the Information Technology / Information Technology enabled Services (IT / ITeS) sectors in the country. The country's ICT industry is also growing rapidly over the last quarter century. During 2021-22, the industry crossed US \$200 billion in total revenue and 5 million in total workforce. It is estimated that US \$144 billion was spent on ICT during 2023. . Between 2010 and 2022, India's number of internet users increased by 10X, from 92.5 million to 932.2 million. This is expected to rise to 1.53 billion by 2040.

The key attributing factor for such growth is the fact that India has one of the cheapest mobile data rates globally, with 1 GB costing only about ₹14 which is a 90% reduction from 2013. India also witnessed a 27X increase in the number of Smartphone users, from 34 million in 2010 to 931 million in 2022. This can be attributed to the fact that there has been a significant drop in smartphone prices in India, with the average selling price decreasing by around 12%. Through the Unified Payment Interface (UPI), during December 2023, about 12 billion transactions worth nearly ₹18229 billion were carried out, as digital payments are ubiquitous and being preferred even for smallest of transactions in India.

Meghalaya Outlook

The Government of Meghalaya aims to double the Gross State Domestic Product (GSDP) of Meghalaya to **\$10 billion** within the next **five years**. The State also aims to become one of the top 10 States in the country in the next 10 years in IT / ITeS.

Meghalaya is committed to promote the IT / ITeS sector in the State, provide increased employment opportunities and contribute towards the Sustainable Development Goals (SDGs).

A major landmark towards this is the successful operations of the Shillong Technology Park Phase-I building in New Shillong with a built-up area of 1 lakh square feet.

The Second Phase building of the Shillong Technology Park is also under construction and expected to be completed within a year.

The State Government is also in the process of setting up a Technology Park at Tura in West Garo Hills District of Meghalaya, which is about 200 kms from Guwahati and 300 kms from Shillong..

The State Government is also undertaking several steps towards increasing air connectivity in Meghalaya. The Umroi Airport in Shillong already provides direct flight connectivity to Delhi, Kolkata, Imphal, Aizawl, Dibrugarh, Silchar, Agartala and Guwahati. The State Government has initiated steps towards upgrading the Umroi airport at Shillong to an International Airport, to provide further impetus on the Act East Policy. For seamless connectivity, the State Government also expects to operationalize the Baljek Airport in Tura expeditiously.

For high-speed and robust Internet connectivity, the Government of Meghalaya is collaborating with reliable partners for implementing the **International Internet Gateway (IIG)** project. This will provide an alternative reliable internet backhaul from the cable landing stations in neighbouring Bangladesh to cater to the growing internet demands in Meghalaya.

Through the Meghalaya IT / ITeS Policy, the Government is committed to create a conducive and sustainable digital ecosystem in the State in collaboration with the national and global players for the benefit of the citizens of Meghalaya. For the IT/ITeS industry, the specific incentives under this Policy shall be in addition to the incentives that will be available through the State Industrial Policy.

SHORT TITLE, EXTENT AND COMMENCEMENT

1. The Policy shall be called the "Meghalaya IT / ITES Policy, 2024."
2. The Policy shall come into effect from the date of commencement as notified by the State Government.
3. It shall extend to the whole State of Meghalaya.

POLICY PERIOD

4. The Meghalaya IT / ITeS Policy, 2024 shall remain in operation and shall be valid for a period of 10 (ten) years from the date of commencement or till such time the Government may deem fit and proper.

VISION

5. The Vision of the Meghalaya IT / ITeS Policy is:

*“To provide an **environment** which will attract **investors** to the **State of Meghalaya** and generate **sustainable employment** for the citizens of the State and the North Eastern region **in the IT / ITeS sector.**”*

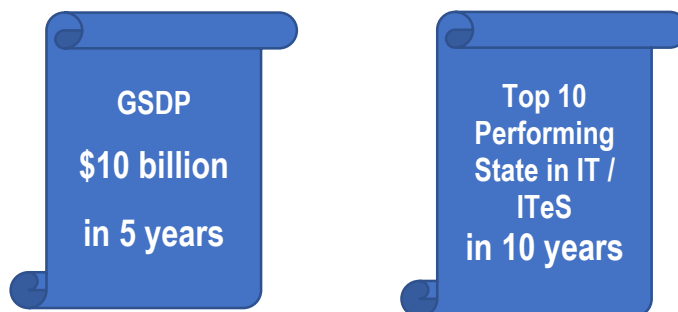
OBJECTIVES

6. The Meghalaya IT / ITeS Policy aims to achieve the following objectives:
 - (a) To attract investment through financial and non-financial incentives
 - (b) To provide a conducive and mutually beneficial environment for investors and State
 - (c) To create ample employment opportunities in IT / ITeS sector in Meghalaya
 - (d) To promote a competent and sustainable talent pool in IT / ITeS sector
 - (e) To facilitate a digital ecosystem to make the talent pool employable in a sustainable manner

- (f) To provide an employee / employer friendly environment through statutory exemptions
- (g) To provide a seamless and hassle-free single window system for IT / ITeS investors aimed at Ease of Doing Business and disbursement of incentives
- (h) To establish the State as a hub for innovations in emerging and advanced technologies in IT / ITeS

TARGETS

7. The Government of Meghalaya aims to achieve the following targets:



8. Through the Meghalaya IT / ITeS Policy, Meghalaya aims to achieve the following:



DEFINITIONS

9. Unless otherwise mentioned, the following definitions shall be applicable for the interpretation of this Policy:

- (i) **'State Government'** means the Government of Meghalaya and its agencies
- (ii) **'IT&C Department'** means the Information Technology & Communications Department, Government of Meghalaya
- (iii) **'State Level IT / ITeS Committee'** means the committee constituted by the Government of Meghalaya and headed by the Senior most Secretary of IT&C Department, for the implementation and monitoring of this Policy.
- (iv) **'IT'** means Information Technology and includes any representation of instruction, data, sound, image, including source code and object code recorded in machine-readable form and capable of being manipulated or providing interactivity to use through automatic data processing machines.
- (v) **'ITeS'** means Information Technology enabled Services and includes any service which results from the use of any IT software over a system of IT products for realizing the value addition service rendering through the application of IT.
- (vi) **'IT / ITeS industry / sector'** includes the development, production and services related to IT products, IT software, IT services and IT enabled services.
- (vii) **'IT / ITeS units'** means the companies of IT / ITeS sector operating in Meghalaya, irrespective of whether having a registered office in Meghalaya or not.
- (viii) **'Land Allotment Agency'** means the agency notified by the State Government for the purpose
- (ix) **'Infrastructure Developer'** means the company that takes the Government land on lease, and invests towards constructing buildings, working spaces and infrastructure for its own IT/ ITeS use or for sub-leasing the space to IT / ITeS companies as per this Policy and notifications by State Government from time to time.

(x) 'Meghalaya based company' means a company registered in Meghalaya with its headquarters in Meghalaya

BENEFITS TO INVESTORS

Land Banks for Infrastructure Development

10. As majority of land in the State is either owned or is under the control of communities and individuals, the State Government shall endeavour to work towards creating Land Banks which can be leased to interested and eligible third parties to build infrastructure or undertake IT / ITeS related activities in accordance with the extant policies of the Government of Meghalaya, as amended from time to time.

11. The quantum, rate and mode of land allotment to IT/ ITeS industry shall be based on the prevailing allotment rules of the State Government or as decided by competent authorities.

Incentive for creation of IT Parks

12. A one-time incentive of ₹50,000 per seat created on land Leased from the State after the policy commencement date will be granted to the infrastructure developer and shall be capped to a maximum of 15,000 employment generated during the Policy period

Stamp Duty Exemption

13. The IT / ITeS companies and Technology Parks shall be entitled for exemption on Stamp Duty as per the State Industrial Policy.

Expenses Reimbursement

14. The State Government shall provide reimbursement upto a maximum of ₹3000 per employee per month for expenses incurred by IT/ ITeS companies for a period of three (3) years from the date of availing of the incentives. The Expenses Reimbursement shall be available for employee positions or jobs created after the date of commencement of this Policy which shall be capped to

a maximum of 15000 employment positions during the Policy Period. These expenses include employer contribution to the Employee Provident Fund (EPF) and expenses towards Internet bandwidth, Electricity & Transportation charges.

Power related Incentives

15. The State Government shall provide power related incentives for IT / ITeS firms as per the State Industrial Policy.

Preferential Rentals Rates

16. Early birds of IT / ITeS units in Meghalaya availing spaces in the upcoming Technology Parks of the Government of Meghalaya will be given preferential rental rates, as may be notified by the competent authority from time to time.

Statutory Exemptions

17. The IT / ITeS companies and Technology Parks shall be exempt from the purview of the Meghalaya State Pollution Control Board, except in respect of power generation sets.

18. The IT / ITeS companies and Technology Parks shall be exempted from provisions and inspections under the following Acts, Rules framed, and Orders issues thereunder, except inspections arising out of specific complaints:

- (i) Factories Act 1948
- (ii) Meghalaya Shops and Establishment Act 2003
- (iii) Meghalaya Industrial Employment (Standing Orders) Rules

19. General permission shall be available for 3-shift operations for women employees working in the night for Technology Parks/ IT companies, subject to the IT / ITeS units taking precautions in respect of safety and security of its employees.

20. The IT / ITeS units in Meghalaya are permitted to file self-certifications, in the prescribed formats as notified by the concerned authorities from time to time.

Ease of Doing Business (EoDB)

21. The State Government will promote Ease of Doing Business (EoDB) through a Single-Window online portal for approvals and disbursement of incentives.
22. A Grievance Redressal mechanism will also be put in place.

Co-working Space

23. The Government will strive to create shared plug-and-play working space, for IT / ITeS industry, and provide a basic set of common amenities expected in a professional work environment where enterprises can lease office space on flexible terms, in a transparent mode.
24. The Government will create a platform to aggregate the plug and play and IT office space available in the State so as to make it easier for IT / IT Enabled Services firms and entrepreneurs to find suitable office space for commencing operations.

Emerging and Frontier Technologies

25. The State Government will endeavour to promote adoption of emerging and frontier technologies such as Artificial Intelligence, Machine Learning, Internet of Things (IoT), Augmented Reality (AR), Virtual Reality (VR), Mixed Reality (MR), Blockchain, Gaming, amongst others.
26. The State Government shall endeavour to provide extra incentives under this Policy, as may be notified from time to time, to companies promoting emerging technologies in Meghalaya.

Digital Workplaces

27. The State Government envisions to create digital workplaces in District with each digital workplace offering computer systems with access to high-speed internet, essential software, video conferencing facility, and provide a secure workspace for IT professionals working remotely.

Talent Pool Development

28. The State Government is focusing towards talent pool development through the incentives provided by the Meghalaya State Skill Development Society (MSSDS).

Clean & Green Energy

29. The State Government shall endeavour to promote clean and green technology for energy, particularly for Solar Photovoltaic (PV) cell and other requirements of the Tech Parks through the incentives provided under the State Industrial Policy.

Incentives for Local BPOs

30. The State Government shall endeavour to outsource Government Services to Meghalaya based companies as defined under this policy.

Other Incentives

31. IT/ ITeS companies setting up units in the State shall be eligible for other incentives as provided by the prevailing State Industrial Policy.

NODAL DEPARTMENT

32. The IT&C Department shall be the Nodal Department for the implementation of this Policy.

NODAL OFFICER

33. The Senior most Secretary, IT&C Department, shall be Nodal Officer for the overall implementation of this Policy particularly with reference to disbursement of the incentives under this Policy on the basis of the recommendation of State Level IT / ITeS Committee to be formed for this purpose.

MISCELLANEOUS

34. The detailed Operational Guidelines and Schemes for the Policy along-with prescribed procedure for claiming the incentives shall be issued separately.
35. Funding of incentives under this Policy will be through the Nodal Department.
36. Any applicant claiming incentives from other Policies / Schemes of the State Government shall not be eligible to claim the same incentive under this Policy.
37. Doubts relating to interpretation of any term or dispute relating to the operation of any provision under this policy shall have to be referred to the Nodal Department for clarification/ resolution and the decision of the State Level IT / ITeS Committee in this regard shall be final and binding on all concerned.
38. No right or claim for any incentive under this Policy shall be deemed to have been conferred merely on the ground of provision in this Policy.
39. If the State Level IT / ITeS Committee / State Government is satisfied that any incentives / subsidy(s) has been obtained by an applicant by misrepresentation as to an essential fact or furnishing of false information, the Nodal Department / State Level IT / ITeS Committee may ask the concerned applicant to refund the grant of incentive / subsidy after giving an opportunity of being heard. Subsequently, the Nodal Department may also blacklist and initiate legal action against such applicant.
40. The State Government reserves the right to modify any part of this Policy in public interest.