



ABSTRACT

Information Technology Department – Enhanced Rural BPO Policy 2012-Orders – Issued.

INFORMATION TECHNOLOGY (B3) DEPARTMENT

G.O. (Ms) No.8

Dated: 01.06.2012

Read:

From the Managing Director, ELCOT, letter No. ELCOT/Projects/Rural – BPO/2010, dated 15.12.2011, 10.1.2012 and 18.1.2012.

ORDER:

While moving the Demand No.31- Information Technology Department in the Tamil Nadu Legislative Assembly during the Budget 2011-2012, the Hon'ble Minister for Information Technology has announced that an Enhanced Restructured Rural BPO Policy will be devised so as to attract willing entrepreneurs to set up their centres in rural areas.

2. Accordingly, an Enhanced Rural BPO Policy 2012 as detailed below has been formulated:

Enhanced Rural BPO Policy 2012

Introduction:

Business Process Outsourcing (BPO) refers to activities/services that are given to agencies, companies or firms outside of a unit which are not its core activity. This is done to enhance the efficiency of the core unit as it can then focus its attention on the key areas of the business.

Data processing, Data entry, Data creation, Data Management, Data/Document conversion, Document Digitization, Form processing are some of the key areas involving Data. Similarly, Voice related BPOs managing from Inbound call centre services (Customer Service, Inquiry Handling, Helpdesk support, Technical Support services), Outbound call centre services (Product promotions, Market research and surveys, Sales and Marketing, Voice Broadcast etc.) and Telemarketing services are in vogue. Together with this, Knowledge Process Outsourcing, Medical transcription, HR related services, Financial Accounting, Legal Process Outsourcing and Web Marketing with support, form a significant part of the BPO industry.

Need for Specific Enhanced Policy for Rural BPO:

Considering that the BPO industry is dependent on entrepreneurial skills and risks that are associated with business, the best that Government could do is to provide a conducive environment for such an industry to thrive in the rural areas. The Government of Tamil Nadu, through a wide range of initiatives has encouraged the Information Technology Industry and in particular the BPO segment to build on a strong foundation in the State. However, the BPO industry presence is limited to Chennai, its surrounding areas and a few select urban locations such as Madurai and Coimbatore. For a deeper penetration of the BPO industry in the State, specific policy initiatives that would attract the industry to venture into rural locations in the State are necessary.

Enhanced Rural Business Process Outsourcing (BPO) Policy:

This policy is location specific and applicable to BPOs based out of rural locations i.e unit(s) located in **Village Panchayat(s)**. This Enhanced rural BPO policy is to encourage existing BPO units/ Entrepreneurs to setup their branches/BPOs in any Village Panchayat in Tamil Nadu. The BPO companies/Entrepreneurs may setup their facility in Educational Institutions or in their own / rented facility.

Information Technology Department as Facilitator:

The Information Technology Department will play the role of a facilitator in receiving enquiries from the BPO industry and vice versa and will help to find interested institutions both educational and otherwise who would want to partner BPO units. Such institutions would assist in providing Information Technology infrastructure such as Floor Space/Power/Connectivity for hosting such activities for BPO Units. The business arrangement between the industry and the infrastructure provider will be on terms conducive to both and will be negotiated mutually by both parties. The Information Technology Department, Government of Tamil Nadu will play the role of a facilitator. Educational institutions in particular will benefit with such arrangements as the Industry and Academic interaction will help both the faculty and students in providing exposure and experience both for entrepreneurship and future careers.

It is important in considering this policy option to recognize that in several parts of the world and in India the presence of industrial units in close proximity and partnership with premier academic institutions has led to growth in the industry and economy of the area concerned.

The companies may also setup their Rural BPO unit in their own / rented premises in **village panchayat** and avail subsidy under the Enhanced Rural BPO Policy.

Assistance from the Government

The most effective methodology that has been adopted to promote particular industries with locational advantages that promote development is by providing appropriate financial incentives.

The Information Technology Department proposes the following assistance to encourage Rural BPO Units in the proposed policy.

- a) Capital subsidy**
- b) Training subsidy**
- c) Transport Facility**
- d) Exemption from Payment of SD/EMD and cost of tender document**

The subsidy to be provided would be only for business processing units that are located in rural areas (Village Panchayat) and its details are as follows.

a) Capital subsidy:

- Capital Subsidy of 20% would be provided on capital investments such as cost of hardware, equipment etc., subject to a maximum of **Rs. 5.00 lakhs** (Rupees Five lakhs only) to any Rural BPO unit that has been directly employing a **minimum of 50 (Fifty) trained seats** in the unit. This Capital Subsidy will be backended in three equal instalments at the end of each year. The capital investment for the purpose of subsidy constitutes purchase of new hardware and equipments similar to plant and machinery in MSME sector.
- In order to ensure basic quantum of employment generation requirement, minimum **50 persons** yardstick has been fixed.

b) Training Subsidy:

- New BPOs require to invest in training in order to ensure that the employees do not lack in quality of work, timely execution and so on. More so, in a rural area, some financial assistance is required to support new BPOs in training employees.
- Training subsidy should be shared by the Company and Government. An amount of Rs.1500/- per month per person for three months would be provided as training subsidy by Government (as the normal period of skill building training for BPO is three months). Thus, a unit engaging 50 persons will benefit from Rs.2.25 lakhs (Rupees Two lakhs and twenty five thousand only) as Training subsidy for the period of three months. This subsidy also will be backended, to be disbursed to the BPO Unit after one year i.e. three months training + nine months of continuous employment.

c) Transport Facility

The Government shall ensure that necessary public transport is made available for the Rural BPO units.

d) Exemption from Payment of SD/EMD and cost of tender document

The Government shall provide Exemption from Payment of SD/EMD and cost of tender document as available now to SME Sector.

Mode of Sanction of Subsidy:

For the disbursement of the capital and training subsidies, ELCOT will be the nodal agency to determine the eligibility claim of a rural BPO based on the above criteria. ELCOT shall assess each claim made under this policy and after initially assessing whether it is located in a Panchayat(s) shall then ensure that it is eligible on the above lines for a Capital Subsidy or Training Subsidy as the case may be.

Role of ICT Academy of Tamil Nadu in Training the workers of the Rural BPO's

- I. The ICT Academy would be actively involved in Training the workers of the Rural BPOs in latest technology as per the requirement of the Industry.
- II. The ICT Academy would develop necessary IT related course content for the Rural BPOs workers, and conduct the course for the Rural BPO workers.
- III. The ICT Academy will co-ordinate with the Rural BPOs so that rural BPO have the advantage of latest management Techniques and run in a professional manner.

3. This order issues, with the concurrence of Finance (Industries) Department vide its U.O.No.18035/12, dated 09.04.2012.

(BY ORDER OF THE GOVERNOR)

**S.K.PRABAKAR
SECRETARY TO GOVERNMENT**

To
All Secretaries to Government, Chennai- 600 009.
All District Collectors,
The Managing, Director,
ELCOT, 692, Anna Salai, Chennai- 600 035.

The Chief Executive Officer,
Tamil Nadu e-Governance Agency,
TIIC Building 1st Floor,
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The Chief Executive Officer,
ICT Academy of Tamil Nadu, ELCOT Complex, 2-7 Developed Plots,
Industrial Estate, Perungudi, Chennai – 600 096.

Copy to:

The Senior PS to Chief Secretary to Government, Chennai- 9.
The Secretary to Hon'ble Chief Minister, Chennai- 600 009.
The Hon'ble Chief Minister's Office, Chennai-600 009.
The PA to Hon'ble Minister for Information Technology, Chennai-600 009.
The Private Secretary to Secretary to Government,
Information Technology Department, Chennai-600 009.
The Finance (Industries) / (BG.I), Department, Chennai-600 009.
The Web admin, National Informatics Centre, Chennai-9.
Sf/Sc

/Forwarded By Order/

M.S. 29/11/12
Section Officer 11/11/12