

Abbreviation:

- **BPO:** - Business Process Outsourcing
- **CRUT:** - Capital Region Urban Transport
- **GST:** - Goods and Services Tax
- **GoO:** - Government of Odisha
- **IDCO:** - Odisha Industrial Infrastructure Development Corporation
- **IPR:** - Industrial Policy Resolution
- **IBPS:** - India BPO Promotion Scheme of Government of India
- **PIU:** - Project Implementation Unit
- **PMU:** - Project Management Unit
- **STPI:** - Software Technology Parks of India
- **OCAC:** - Odisha Computer Application Center
- **OERC:** - Odisha Electricity Regulatory commission
- **ITeS:** - Information Technology Enabled Services

1. Introduction

Outsourcing now is an increasingly popular management tool widespread among organizations across the world. Outsourcing enables companies in developed countries to conduct business operations through a more cost-efficient and focused manner by tapping into the stream of highly skilled workers in developing countries, commanding wages that are far lower than those in developed countries. Business Process Outsourcing (BPO)/Information Technology Enabled Services (ITeS) in India which started around the mid-90s, has now grown by leaps and bounds. Numerous contracts have been forged between large companies of North America and Europe with companies in India to deliver quality outsourcing services at highly competitive rates in customer support, IT, and business processes. The Business Process Outsourcing (BPO) sector in India has set a goal of \$50 billion in revenue by 2030.

Government of Odisha identify BPO/ITeS industry as a driving force for inclusive growth and creating employment opportunities across the state. This policy aims to attract BPO industries by enabling the best investment environment so that they can operate their enterprises

productively accruing benefit to the state in terms of employment and revenue.

2. Advantage Odisha:

Odisha leads the country in terms of stable governance and creating conducive environment for investors with a first-of-its-kind Single Window Portal called *Government of Odisha – Single Window for Investor Facilitation and Tracking (GO SWIFT)*. It has been introduced covering the complete life-cycle of industrial projects for time-bound and hassle-free investment in the State. Digitized processes have improved and strengthened transparency.

Any BPO/ITeS company setting up unit in Odisha would benefit from the following:

a. Availability of Talent: For long, Odisha has been providing quality manpower to the BPO/ITeS industry across the country. Odisha has a large number of Arts, Science, Commerce, Engineering, Law, Medical and Nursing colleges as well as high quality vocational training institutions. This creates a large talent pool of well qualified candidates who can be employed by BPO/ITeS companies.

b. Competitive Wages: The cost-of-living index in cities / towns of Odisha as compared to Metros and other comparable cities of the country is lower and so also are the wages. Therefore, companies who set up their units in Odisha would enjoy significant cost savings in terms of lower operational cost.

c. Infrastructure: The state is domestically well-connected with over 250,000 km of road length and 15 national highways passing through the state. There are two functional airports at Bhubaneswar and Jharsuguda servicing major Airlines. Bhubaneswar is a major rail head on the Howrah-Chennai route, and Howrah-Mumbai route also passes through Odisha. It is a power surplus state having installed power capacity of more than 7000 MW and it is also the first state in India to have undertaken reforms in the power sector. Bhubaneswar, the state capital, was

ranked first in the 'Smart City Challenge' of Government of India. With a coastline of 480 km located on the east coast of India along the Bay of Bengal, the state is served by 3 ports - Paradip, Dhamara and Gopalpur.

d. Work-Life balance: Odisha is a peaceful state. The population density of Odisha is also relatively low and pollution less. With long sea-shore and being house to Eastern Ghat hills/hillocks, it is blessed with natural bounties providing ample space for soul rejuvenating trips and holiday destinations.

e. Educational facilities: Bhubaneswar and several neighboring cities collectively make up the educational and research hub in Eastern India with the presence of niche institutions like IIT, IIM, XIM, NIT, AIIMS, IIIT, NISER, IISER, and several other research institutes of Government of India like Institute of Life Sciences(ILS), Institute of Physics, Institute of Minerals and Materials Technology(IMMT), Regional Institute of Education(RIE) etc.

f. Healthcare facilities: There are large numbers of good quality hospitals in Odisha like AIIMS, Government medical colleges and hospitals at Cuttack, Burla and Berhampur in the Government sector and Apollo, Kalinga, CARE, AMRI etc. in the private sector for providing good quality healthcare. In addition, there are large number of clinics for minor ailments and reputed diagnostic centers all over Odisha.

3. Financial Incentives/ Subsidies/ Exemptions:

(i) Subsidy on Capital Investment:

Capital Investment Subsidy on admissible items given in **Appendix-A** would be provided per seat to any BPO/ITeS unit depending on the location as given below:

Sl. No	Location	Minimum seats for eligibility	Capital Investment Subsidy per seat (in Rs)
I	Urban Area under the jurisdiction of Bhubaneswar Municipal Corporation and Cuttack Municipal Corporation	200	1.05 lakh
II	Rest areas in any other location in Odisha except those covered in Sl. No. 1 above	25	1.25 lakh

Additional 10% Capital Investment Subsidy per seat would be provided in case the employee is a women or a person with disabilities .

The Capital Investment Subsidy would be claimed in four instalments as per the following:

Sl. No	Instalment	Percentage	Eligibility
1	1 st	25%	After three months of commencement of Operation and subject to any other condition(s) which will be notified later
2	2 nd	25%	Completion of 1st Year from the date of commencement of operation
3	3 rd	25%	Completion of 2 nd Year from the date of commencement of operation
4	4 th	25%	Completion of 3 rd Year from date of commencement of operation

The BPO/BPM unit will be a “Employment Generator” and undertake to achieve Employment Target which is minimum 1.5 times the number of approved seats.

In order to ensure employment generation, minimum 75% of approved seats for eligibility or 50% of Employment Target is required to be achieved for claiming the subsidy which will be paid on pro-rata basis against the employment Target.

The Capital Investment Subsidy would be limited to 2000 seats per BPO unit or Rs 20 Crores whichever is lower. This limit is applicable for all the locations taken together i.e. for all the units of a multi-locational BPO/ITeS Company in Odisha.

(ii) State GST Reimbursement:

BPO/ITeS units shall be eligible for reimbursement of hundred percent (100%) of State GST (SGST) paid for a period of maximum five (5) years from the date of commencement of operation of the unit, limited to hundred percent (100%) of fixed capital investment, provided that the SGST reimbursement will be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.

Existing BPO/ITeS units taking up expansion/ modernization/ diversification shall be eligible for reimbursement of hundred percent (100%) of State GST (SGST) paid for a period of maximum five (5) years from the date of completion of expansion/ modernization/ diversification subject to the condition that it shall be applicable only on increase in approved capacity(seats) over and above the existing approved capacity(seats) as prescribed limited to 100 % of additional capital investment made for the Expansion/ Modernization/ Diversification provided that the SGST reimbursement will be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability

(iii) Interest Subsidy Reimbursement:

Eligible BPO/ITeS units shall be entitled for reimbursement of an interest subsidy @ 5% per annum on term loans availed from

public Financial Institutions / Banks for a period of 5 years subject to a limit of Rs 1 Crore per BPO unit.

(iv) Power Incentives:

Eligible BPO/ITeS units will be charged electricity tariff as applicable to industries in priority sector as defined in IPR. Such units shall be exempted from payment of Electricity Duty and Electrical inspection fees for a period of 5 years from the date of commencement of operation. The units will be provided subsidy in power bill by reimbursing @ 30% limited to Rs 30 lakhs per unit in 5 years. There will be reimbursement of 75% of cost of Energy Audit subject to a cap of Rs. 2 lakhs.

(v) Human Capital Investment Subsidy:

Human capital investment subsidy will be provided @ Rs.3000 per such newly recruited employee per month for training for a period of three(03) months with a maximum limit of Rs.15 lakhs per annum which shall be reimbursed by Govt. to each eligible BPO /ITeS unit for training and capacity building for employees who are domiciles of Odisha. This subsidy will be available for three years from the date of commencement of operation. This can be claimed by the BPO/ITeS Unit after one(01) year i.e. three(03) months training + nine(09) months of continuous employment for each such employee. Additional 30% subsidy on the above shall be given, if such employee newly recruited and trained is a Woman or Person with disability.

Human Capital Investment subsidy would be admissible only after submission of NOC from Skill Development & Technical Education Department(SD&TE) / Affidavit of the employer stating that no training benefits are taken nor availed either by the employer and / or employee from SD&TE Department relating to BPO/ITeS operation.

(vi) ESI/ EPF Reimbursement:

Eligible BPO/ITes Units shall be entitled for 100% reimbursement of the expenditure incurred towards contribution of Employers' share of Employees State Insurance (ESI) and Employees Provident Fund (EPF) of their employees who are

domicile of Odisha for a period of maximum three(03) years in total for all such employees taken together from the date of commencement of operation.

(vii) Internet Connectivity Incentive:

Eligible BPO/ITeS unit shall be entitled for reimbursement of 50% of internet bandwidth/ leased line charges subject to a maximum of Rs.2 lakhs per year per unit for a maximum period of 05 (five) years from the date of commencement of operation. This will be reimbursed against actual bills and payment receipts by the BPO/ITeS units.

(viii) Subsidy on Rent of Built-up Space:

The BPO/ITeS units operating out of designated Government IT Towers will be entitled for subsidized rent as per Electronics & IT Department Resolution No 2390 Dtd. 28.07.2018 duly notified vide Odisha Gazette Notification No 1345 Dtd. 01.08.2018 and its subsequent amendments. All new units hiring Buildings on Rent for operating their centers will be entitled for a subsidy of Rs. 20 per Sq. ft. per month of the carpet area occupied by them subject to a maximum of 75% of the actual rate. The overall limit of this subsidy shall be limited to Rs. 50 (Fifty) lakhs for a total period of five years. Maximum space for each employee is limited to 40 sqft. for calculation.

(ix) BPO Parks :

Greenfield BPO Parks will be entitled for 25% Capital Subsidy of FCI(fixed capital investment) in buildings and infrastructure facilities, excluding the cost of land, subject to a ceiling of Rs 25 crores. Stamp duty, Registration fee, Conversion fee for first transaction will be exempted/reimbursed @100%. GST exemption/reimbursement (in full) for machinery, equipment, capital goods and construction material will be provided for 3 years to to facilitate setting up of BPO Parks.

(x) Marketing Support :

The State Government shall reimburse @50% of the cost incurred for participating in exhibitions/trade as follows-

- Rs 3 lakhs per unit maximum for domestic events i.e. events held in India
- Rs 6 lakhs per unit maximum for international events i.e. events held abroad

Industry Associations can also avail the facility of reimbursement @ 50% for participating in exhibition/ trade event/promotion activities with a maximum limit of Rs 10 lakhs with minimum 5 BPO/ITES units' participation, limited to international events.

Each BPO/ITES unit can avail this reimbursement facility only twice (both domestic and international combined) in the policy period while each Industry Association can avail it 3 times during the Policy period.

(xi) Quality Certification :

75% of the expenses incurred for obtaining CMM, CMMi, PCMM, COPC, eSCM, ISO 9001 or equivalent/Higher certifications shall be reimbursed subject to a limit of Rs. 10 lakhs per unit during the policy period. This incentive can be extended to other certifications also by the Policy Implementation Authority.

4. Other Facilities:

(i) Transport Facilities:

Wherever feasible, the State Government shall facilitate large BPO/ITeS companies to enter into contracts with the State Road Transport Corporations, Capital Region Urban Transport(CRUT), other semi Government transport agencies, etc. to provide suitable dedicated transport services for commuting of their employees.

(ii) Single Window Clearance System:

OCAC(Odisha Computer Application Centre) would act as a Single Window for undertaking the formalities related to Project Clearance & Facilitation mechanism. Standardized processes with defined timelines will be followed to provide the clearances for the correctly submitted applications and documents through GO-SWIFT portal or any such system in place.

(iii) Local Preference:

Government departments, state PSUs, State Government agencies, etc. seeking outsourcing services (defined under BPO) can make provision for awarding extra marks, points to local enterprises in the RFP and/or evaluation stage for promotion of local companies and entrepreneurship in Odisha.

(iv) BPO Parks:

The IT Parks established for the IT industry shall also serve the BPO/ITeS sector. The incentives & concessions available to units in IT parks shall also be extended to BPO/ITeS units provided they are not covered in the BPO Policy.

(v) Land:

Land will be provided at concessional rate by IDCO as per prevailing IPR.

(vi) Stamp Duty Exemption:

Eligible BPO/ITeS units shall be entitled for Stamp Duty exemption as per prevailing IT Policy.

(vii) Exemption from SD/EMD :

BPO/ITES units located at non-BMC, non-CMC areas shall be exempted from payment of SD/EMD while taking part in tender process.

(viii) Incentivizing Work from Home(WFH) :

Due to the coronavirus pandemic, companies are increasingly taking recourse to "work from home" for their employees. It has become a necessity. Thus, BPO/ITES units will be reimbursed the expenses incurred on capital expenditure at employee's home, recurring expenses such as telephone/mobile bill, electricity bill, internet charges etc. under the respective incentive heads as described earlier .

5. Applicability and Obligation of Policy:

The policy shall be applicable to BPO/ITeS units subject to the following conditions:

5.1 The activities as listed in definition of BPO shall be eligible for benefits/incentives under this policy.

5.2 The Policy shall be applicable to eligible BPO/ITES units(s) in Odisha with a minimum number of 25 (Twenty five) seats and above as mentioned against the respective class of cities/ towns as given at Para 3.1.

5.3 Any BPO/ITES units and companies availing subsidies/ benefits/ exemptions applicable under this Odisha BPO Policy 2021 can not avail similar such subsidies/ benefits/ exemptions laid down in any other Policy under Government of Odisha and vice versa.

5.4 Entities availing benefits from Govt. of India under India BPO Promotion Scheme (IBPS) shall not be eligible for any incentives/benefits under this Policy for the same unit.

However, the Policy shall be applicable for the existing BPO/ITES units approved under the India BPO Promotion Scheme (IBPS) or any other scheme of Government of Odisha or started on their own before this policy come into force which undertake expansion/ modernization/ diversification of their units after this

Policy is notified which results in increase in capacity by a minimum 50% of their original approved capacity(number of seats) as a new unit.

5.5 The disbursement of incentives will be based on performance i.e. generation of new employment by the BPO/ITeS Units after commencement of the Odisha BPO Policy - 2021. The BPO/ITeS company may set up their operation in a single location or multiple locations in the State, however the multiple locations /units of the BPO/ITeS Company will be treated as a single unit.

5.6 The BPO unit must commit and provide guarantee to operate for a minimum period of 03 (three) years from commencement of operations for availing all incentives under this policy.

5.7 BPO/ITeS units, seeking to avail financial support under this scheme, shall be under obligation not to claim the similar financial support under any other Scheme of the /State Government concerned. However, other supports not claimed under Odisha BPO Policy 2021 may be availed from other Schemes of Central/State Government for new activity, expansion/modernization/diversification as the case may be, of their existing operation after the Odisha BPO Policy 2021 is notified.

5.8 The Odisha BPO Policy 2021 shall be in operation for 5 years from the date of its Gazette Notification or till substituted by another policy. However, the State Government may at any time amend any provision of this Policy. Any BPO/ITeS unit which is set up and commences operation before expiry of the policy period shall be eligible to avail the incentives/ benefits as applicable and as set out in the policy during its period of operation.

5.9 Special upfront negotiated package of incentives and concessions will be extended on a case-to-case basis for large investments by large BPO/ITES companies, MNCs.

6. Regulatory Approvals:

- (i) The BPO units shall be exempted from the purview of section 9, 10, 11 and 23 of Odisha Shops and Commercial Establishment Act-1956.
- (ii) The BPO units shall be declared as public utility services for the purpose of applications of provisions under Chapter V of the I.D Act 1947 as per IPR 2015 and subsequent notifications to be issued by Labor & ESI Department, Govt of Odisha from time to time.
- (iii) General permission for three shift operations with women working in the night for BPO/ITeS units will be granted subject to the condition that the BPO unit(s) shall self-certify and ensure that required precautions are being taken in respect of safety and security of employees especially women as prescribed by Government from time to time.

7. Policy Implementation and Monitoring

- 7.1) An Apex Committee chaired by Chief Secretary will be formed to monitor the policy implementation, project monitoring and grievance redressal and for approval of incentives. This committee would meet every quarter to take note of the implementation of the policy with respect to its goals and objectives.
- 7.2) The implementation of the Policy will be periodically reviewed by E&IT Department for necessary facilitation and mid-course correction wherever necessary.
- 7.3) The Odisha Computer Applications Centre (OCAC) would be the Nodal Agency for implementation of the BPO Policy 2021. The Odisha Computer Applications Centre (OCAC) would be responsible for monitoring the progress of various activities under this Policy.
- 7.4) OCAC through its Project Implementation Unit (PIU)/Project Management Unit(PMU) would be responsible for operationalizing the Odisha BPO Policy 2021, including closely examining the various incentives/concessions available under the policy for

eligible units and would provide all information to the Apex committee to take necessary decisions through E&IT Department.

7.5) The Electronics & IT Department itself or through OCAC shall undertake the following activities:

7.5.1 Provide Administrative Guidance and Support to companies for setting up BPO/ITeS centers.

7.5.2 Provide guidance and other necessary support from time to time for successful running of BPO/ITeS operations based on existing government policies in effect.

7.5.3 Assist companies in selection of location and in obtaining Government incentives & concessions.

7.5.4 Facilitate interactions with entrepreneurs/companies for knowledge exchange for business promotion.

7.5.5 Implementation of Odisha BPO Policy 2021 policy and issuance of clarifications with regard to implementation of the said policy timely approval of incentives.

7.5.6 Provide Single window interface for the private sector to facilitate setting up of BPO establishments as prescribed under Odisha Industries (Facilitation) Act, 2004 and Rules made there under.

7.6) The disbursement of the incentives to the BPO units shall be made by the implementing agency in accordance with the chronological order of approved claims.

7.7) An operational guideline for grounding this policy would be prepared by OCAC within 3 months of notification of this policy.

8. Miscellaneous

- 8.1 The interpretation of any clause and / or dispute relating to the operation of any provision under this policy shall have to be referred to the Electronics & Information Technology Department, Government of Odisha for clarification / resolution and the decision of Government in this regard will be final and binding on all concerned.
- 8.2 Implementation of various provisions covering the incentives, concessions etc. will be subject to the issue of detailed operational guidelines / statutory notifications, wherever necessary by the Electronics & Information Technology Department and concerned Administrative Departments.
- 8.3 Doubts/ambiguity as to whether any service is covered under the definition of BPO/ITeS is to be referred to Electronics & Information Technology Department, Government of Odisha for clarification and the decision of Government shall be final and binding on all concerned.

9. Definitions

- 9.1 **Business process outsourcing (BPO):** Business Process Outsourcing (BPO) is a subset of outsourcing that involves contracting the operations and responsibilities for a particular business process to a third-party service provider. Companies outsourcing a business process then pay BPO companies fees for the delivery, technology and management. In short, it means the transfer of an organization's business process/function to an external agency who uses an IT-based service delivery for following activities:
- a) Call Centers
 - b) Medical Transcriptions
 - c) Back Office Operation
 - d) Knowledge Process Outsourcing (KPO)
 - e) Insurance claim Processing
 - f) Financial and Accounting Processing
 - g) HR & Payroll Processing

- h) IT enabled banking, non-banking services including insurance, pension, Asset Management and market related services
- i) Depository and Security registration and dematerialization services.
- j) Any other services as defined by Government of India or Government of Odisha from time to time

9.2 **Business process outsourcing center/unit:** means a center /unit that provides an IT-based service delivery

9.3 **Commencement of operation :** means start of work to complete the fulfillment of the work order where the work done is billable and quantifiable as per the work order given by the client.

9.4 **Department** means a Department of Government of Odisha

9.5 **Eligible BPO units :** means New BPO units as well as BPO units which undertake Expansion/Modernization/Diversification of their units which results in increase in capacity by a minimum 50% of their original approved capacity in term of seats as a new unit .

9.6 **Government** means Government of Odisha unless specified as the Government of India or Government of a Particular state.

9.7 **Information Technology** includes Information Technology, electronics, communications, e-Governance, m-Governance initiatives, e-Commerce and m-Commerce.

9.8 **IPR** means prevailing Industrial Policy Resolution notified by Government of Odisha

9.9 **IT Application/IT Software** means a computer program which is designed to help people perform an activity. It can be also defined as any representation of instruction, data sound or image, including source code or object code, recorded in

machine readable form and capable of being manipulated to providing interactivity to a user with the means of a computer.

9.10 **Seat** means physical infrastructure (seating capacity for one shift of operation) for the BPO employees available in the BPO.

9.11 **Year** means financial year starting on 1st of April & ending on 31st March unless specified otherwise

Appendix-A

List of admissible items for Capital Investment Subsidy

S.N.	Item Description
1	Servers with OS
2	Software and Hardware per license cost for BPO/ITES operations
3	Networking Equipment (switches, router, firewalls, voice/videoconferencing, gateways)
4	Workstations (Desktop, Laptop, IP phones, Headsets)
5	Data Storage
6	Structured cabling
7	UPS
8	Printer, copier, scanner & projector
9	Data communication Equipment, modem & VSA
10	Fire & security system
11	Computer Furniture
12	Electrical wiring & fitting
13	Central Air conditioning equipment, air conditioning systems
14	Captive Diesel Generator and transformer of capacity commensurate with the actual requirement of the unit
15	Fax machine
16	Private automatic branch exchange