CHAPTER 1

Indian Software Export Scenario
Software exports have become one of the star export performers for India over the past few years. The software industry is a part of a larger industry known as the information technology (IT) industry – the other components of this industry include products and services like computer hardware, computer training, data communications, peripherals etc. In the Indian IT industry, a major chunk of the export revenues comes from the export of software.

Software companies are diversifying their presence into non-US markets, such as EU and Asia Pacific.

Indian companies expanded their presence in several new verticals, such as healthcare, retailing and utilities.

* India exports software to over 112 countries around the globe.

* One out of every four global giants outsourced their software requirements to India.

* As on Jul 07, Software exports account for a substantial 22 per cent of India’s total exports.

* Leading companies like Microsoft, Oracle, Cisco, SAP, Adobe, etc., have set up development centres in India.

* India has the sixth largest telecom network in the world.

* Cellular penetration in India is growing rapidly by leaps and bounds.
Indian Software Exports:

Types of software

In very simple terms software is the set of instructions that makes computers work. These instructions need to be given to the computer in a format that the computer understands. Software is written in lines of code, which comprises the language that can be understood by the computer. Unlike in the written language these lines of code are written (or stored) in the memory of the computer, or on various kinds of disks like hard disks, floppy disks, cartridge tapes, compact discs, etc. These discs or tapes are comparable to video and audiocassettes that store audio and video information.

While this was a very simple look at what software is, in actuality software is extremely complex. There are various software languages, numerous applications to which it can be put, as well as many other products other than the computer, which requires software. Today almost every so-called programmable or intelligent or automatic electronic gadget has software resident within it, instructing the gadget at every step. Consequently the need for software keeps increasing as automation keeps progressing. As a result the potential for Indian software exports is expected to rise steadily as long as India has the necessary expertise and infrastructure.

Software can be classified in several ways – based on the type of use of the software it is classified as systems software, utilities and application software. Systems software is the software that instructs the computer hardware in its operations. Operating systems (like DOS, Unix, Windows, Linux), programming software (COBOL, C++ etc.) are some of the current common systems software. Application tools and applications software work with the information (or data) that computer users give or feed into the computer. Such software organises this data (could be words, numbers, images, sound, video, etc.), manipulates and processes the data, retrieves specific data in the format requested. Application software can be written to suit applications. For instance some of the
most commonly used application software include word processing and database software. Application software is also written to suit specific solutions: e.g. hotel reservation software, railway reservation software, hospital software, banking software. The list of such application software is unending and depends on the needs of the user or user organisation. Today, the proliferation of the Internet and e-business has resulted in the need for web-related software development including web hosting, e-business applications, security and management solutions for web-based activity.

In the context of software exports, there are various ways in which software development is classified. One of the basic classifications of software is packaged software, customised software, and software consultancy. Here packaged software stands for shrink-wrapped, standard software, which can be used by a really large number of users with no individual changes. Packaged software is in direct contrast to customised software where the software is specifically developed for a particular requirement of a particular client. In general customized software is finetuned for a particular application and cannot be marketed for widespread use. The closest parallel is between readymade shirts and tailor-made shirts.

Break-up of Software Exports from India
Currently India’s software skills lie in these areas of customised software development and software consultancy services. Export of packaged software requires much more of marketing muscle, heavy investments and keen understanding of the markets to which one is exporting. On the other hand, consultancy and customised software development requires good technical skills and competencies backed by more limited marketing investments. Customised software development assignments tend to be high value low volume, while in the area of packaged software it is a low-value, high-volume game. To generate those high volumes of sales in foreign markets and consequently earn foreign exchange is much more difficult for entrepreneurs in India. As a result most Indian software exporters tend to focus on customised software development for overseas customers.
Software Exports - the Indian advantage

Software exports are a good business opportunity for exporters with the requisite technical and business acumen. The Government of India has also recognised the foreign exchange earning potential of this white-collar industry. Consequently software exporters and export houses enjoy a number of benefits and incentives as part of the government’s initiatives and schemes to boost software exports.

The reasons for India’s good and continually growing software export performance are numerous. Companies abroad have looked towards India for sourcing their software development requirements for a number of reasons. Some of the predominant attractions of India include:

Low cost, high quality software development – Availability of trained and qualified software professionals through India’s good higher education programs. Lower costs of manpower training and employment as well as availability of cost-effective business infrastructure permit development of global quality software at lower costs than in the US and some European countries.

Supportive Government policies: - The Government of India has in the last several years been introducing policies and schemes favourable to the acceleration of software exports from India. Schemes like the Software Technology Parks Scheme and the export oriented units scheme combined with favourable incentives for software export, simplified procedures have helped boost software exports from India.

Large English speaking work force – The area of software development is predominated by English. Though software is written for users of local languages like Mandarin and Japanese, most of the software around the world is written for an English literate user base. Since India offers the second largest English-speaking workforce in the world, this country is a natural choice for software development. As a result Indian software professionals do not face language barriers when having to develop English based software for exports. Clients in English speaking countries also find it easier and are more comfortable dealing with English speaking software exporters from India.
Availability of mathematical and logical expertise – Indian education system with its emphasis on sound theory and focus on technical streams results in professionals with high levels of mathematical and logical expertise. These skills are the pre-requisites for sound software development. Such professionals are also better able to stay abreast of the rapidly changing technologies that software professionals constantly encounter.

Methods of Software Exports
Software exports take place in either of two ways. Software can be packaged or stored in very compact media like floppy disks or tapes. Software is also transferable over data communication lines similar to our regular telephone lines. Hence a team of software developers can sit anywhere in India, write the lines of code as specified by a client sitting somewhere in the US, transfer this software to a floppy disk and send the disk by mail, courier or person to the client abroad. Or else, once the lines of code (software) has been written, it can be sent to the US client over the datacom lines. In both cases export of software has taken place and once satisfied the client pays the software team in India.

In some cases export of software takes the form of export of software professionals (also known as body shopping). Here Indian software professionals are sent to sites abroad where they help in the development of software at the customer site - this is also known as on-site software development, while the former where the software is first developed in India and then exported is called off-shore development. In recent years off-shore development is gaining prominence over on-site development since it helps leverage all the advantages of developing software in India. Off-shore development has been picking up with infrastructure and facilities in India being developed to meet international standards – these include state-of-the-art software development facilities equipped with the latest computing resources and office equipment. High speed data-communication lines, provision for uninterrupted power supply/back-up, and simple procedures for import of necessary hardware have all contributed towards the increase in off-shore software development from India.
CHAPTER 2

SOFTWARE EXPORT SCHEMES
The Government of India has been laying significant emphasis on the promotion of software exports from India. Towards this end, the government, from time to time, has formulated several schemes that simplify exports of software from India and offer incentives as well as infrastructure and procedural facilities. As per India’s latest FT policy,

“ Units undertaking to export their entire production of goods may be set up under the Export Oriented Unit Scheme (EOU), Export Processing Zone (EPZ) scheme, Electronic Hardware Technology (EHTP) scheme or Software Technology (STP) scheme. The policy goes on to add “commensurate with the policy to give a special thrust to export of computer software, such software units would be encouraged to be set up under any of the aforementioned export oriented schemes. Software units may undertake exports using data communication links or in the form of physical exports (which may be through courier service also), including export of professional services.”

Currently, software can be exported through the following schemes

EOU scheme – Units registered under this scheme are permitted duty-free import of raw materials, machinery, components and consumables required for export production. This scheme is applicable for export of various categories of goods including software.

EPZ scheme – Export processing zones have been set up as separate enclaves physically removed from the Domestic Tariff Area, with the aim of providing an internationally competitive duty-free environment for export production. For more details of this scheme refer book titled Documentation & Policy Volume 1.

EHTP scheme – under this scheme an EHTP can be set up by the Central Government, State Governments, public or private sector undertakings or combinations thereof. An EHTP can be a unit by itself or it could
be one of the units in an area registered as an EHTP. EHTP units are duty-free custom-bonded areas and export production has to be undertaken in this custom bonded environment. Under this scheme duty free import of raw materials and capital goods like computer hardware, communication equipment, software required for export production is permitted. Such import is subject to an export obligation as explained later on in this chapter (under the STP scheme)

STP scheme – One of the first steps taken by the Government nearly ten years back was to introduce the Software Technology Parks scheme, to foster software exports from India. Software Technology Parks scheme is a 100% export oriented scheme aimed at promoting software development for exports. Such software exports could be in the form of actual physical export of software, export of professional services for software development, export of software over data communication lines, etc.

The next chapter discusses in more detail the STP scheme since this scheme has been tailor-made for software exports.

There is enough potential to enter the Japanese, EU, African and other world markets.

Those exporters who intend their penetration may kindly contact CSC / their regional offices for export guidance.

Software exporters not to be denied credit for service tax inside SEZs
The IT industry stands to gain hundreds of crores as the finance ministry has decided not to deny software exporters credit for service tax on inputs because they had operations both inside and outside special economic zones. So far, the tax department has held that it could not determine if the input service was used in SEZ units or those outside and denied them credit.

The central board excise and customs has issued a circular clarifying the issue on March 1, 2011. The department has prescribed a new mechanism for claiming exemption for taxable services consumed in authorized operations with SEZs. Services wholly consumed in a SEZ will be exempt from any tax altogether.
CHAPTER 3
EXPORT STATISTICS

IT-BPO sector revenues to cross $100-billion mark in 2011-12
Indian IT-BPO sector revenue is set to cross the $100-billion mark in 2011-12 even as concern over global economic situation and domestic government policies cloud over future growth of the industry.

Industry body Nasscom said export revenue would grow by 11-14% in the financial year starting April.

Export performance of IT-ITeS sector  CAGR (%) 11th
Value ($ Billion) 2010-11(E) 2011-12(P) Five Year Plan
Service Revenue 76.3 87.6 13.9
Exports 59.0 68.7 14.2
Domestic 17.3 19.0 12.8
E - Estimate P - Provisional

MAJOR COUNTRIES FOR ELECTRONIC HARDWARE & COMPUTER SOFTWARE/SERVICES EXPORT DURING 2005-06
(Value: Rs. Cr.)

<table>
<thead>
<tr>
<th>Destination</th>
<th>Electronics Hardware value</th>
<th>Computer software</th>
<th>Total Value</th>
<th>%age of sectoral total</th>
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<tbody>
<tr>
<td>USA</td>
<td>2477.65</td>
<td>63048.4</td>
<td>65526.05</td>
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<tr>
<td>United Kingdom</td>
<td>492.36</td>
<td>19773.64</td>
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<tr>
<td>Netherlands</td>
<td>425.69</td>
<td>2446.35</td>
<td>2872.24</td>
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<tr>
<td>Japan</td>
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<td>2350.4</td>
<td>2537.17</td>
<td>2.21</td>
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<tr>
<td>Singapore</td>
<td>898.43</td>
<td>1521.33</td>
<td>2419.76</td>
<td>2.11</td>
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</table>

Only top 4 countries are given out of 11
MAJOR DESTINATIONS FOR ELECTRONIC HARDWARE & COMPUTER SOFTWARE/ SERVICES EXPORT DURING 2005-06

<table>
<thead>
<tr>
<th>Destination</th>
<th>Total Value</th>
<th>%age of sectoral total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH AMERICA</td>
<td>67662.61</td>
<td>59.22</td>
</tr>
<tr>
<td>EUROPE (EU Countries)</td>
<td>29339.44</td>
<td>25.60</td>
</tr>
<tr>
<td>SINGAPORE, HONGKONG &amp; OTHER SOUTH ASIAN COUNTRIES</td>
<td>4999.67</td>
<td>4.36</td>
</tr>
<tr>
<td>JAPAN, KOREA &amp; OTHER FAR EAST COUNTRIES</td>
<td>3750.31</td>
<td>3.27</td>
</tr>
</tbody>
</table>

Only top 4 countries are given out of 11

India’s Electronics & Software & services export: 2006-07

<table>
<thead>
<tr>
<th>Month</th>
<th>Exports</th>
<th>Imports</th>
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</thead>
<tbody>
<tr>
<td>April</td>
<td>11,469</td>
<td>6,889</td>
</tr>
<tr>
<td>May</td>
<td>11,835</td>
<td>7,088</td>
</tr>
<tr>
<td>June</td>
<td>11,040</td>
<td>7,205</td>
</tr>
<tr>
<td>July</td>
<td>10,400</td>
<td>5,894</td>
</tr>
<tr>
<td>August</td>
<td>11,897</td>
<td>6,860</td>
</tr>
</tbody>
</table>

IT exports to global destinations speak volumes of India’s success

ESO
According to Nasscom, as on Jul 07, worldwide spend on engineering services is US $ 750 bln per year of which 10-15 bln is offshored. India gets US $ 500-600 mln worth of ESO work a year.
Software Technology Parks (STP) Scheme

The Government introduced the Software Technology Parks scheme in the early 1990s to promote software exports from India. As per this 100% export oriented scheme, the Central government, State government, public or private sector undertakings or any partnerships between these can set up Software Technology Parks. A STP can be an individual unit by itself or it could be a unit in a complex designated as STP by the Department of Electronics. The Department of Electronics has already set up several STP complexes in various parts of the country including Noida, Bangalore, Hyderabad, Pune, Bhubaneswar, Thiruvananthapuram, etc. Several private companies including many multinational companies have set up their own private software technology parks in various parts of the country.

The STPs are set up specifically to meet the requirements of software exports from the country. Units in these zones are offered newer concessions in the FT policy to ease their activities and to facilitate them to remain updated. They include:

* Free movement of professional equipment like laptops and computers between STPs and DTA,
* Duty free import of hardware, and
* A provision for donating imported IT products after two years without any import duty liability.

The administrative function for this scheme rests with the Department of Electronics through Directors of various STPs across the country. The STPs across the country are organised under the Software Technology Parks of India – a society formed by the DoE and registered under Societies Registration Act

Entities or units registered under this scheme are entitled to a number of benefits. A STP unit is permitted to undertake duty free import of various types of goods required for manufacture, production or processing provided these goods are not prohibited items in India’s negative list of imports. In addition software export units can also import capital goods
on loan from its overseas clients for specified duration and for specified
projects. The Software Technology Parks of India is permitted duty free
import of all types of goods that it requires for creating a central facility
for use by all software export units in a STP complex.

A STP unit is a duty free custom bonded area; all procedures for custom
bonding will be applicable to all STP units. A STP unit has an export
obligation that is calculated as given below

Export Obligation = 1.5 *(CIF value of hardware imported) + 1.5 *(wage
bill), where the obligation for hardware imported needs to be fulfilled over
four years while the obligation on the wage bill has to be met on an annual
basis. Export obligation is calculated in net foreign exchange terms and
is represented as foreign exchange inflows as a result of software
exports less foreign exchange outflows on account of all expenditure
other than that on hardware.

Units and companies registered under this scheme are also required to
export their entire production subject to the following conditions:

Upto 5% of the value of goods produced is acceptable as rejects and
can be sold in the Domestic Tariff area (DTA). Sale of rejects exceeding
this value needs to be cleared by the concerned Development Commis-
sioner/STP Director. Such DTA sales will be subject to payment of
customs duty.

25% of the production (in value terms) can be sold in the DTA, after
payment of applicable duties provided the export obligation has been
met.

Any supplies made from the Domestic Tariff Area (DTA) to STP units will
be regarded as and enjoy all the benefits of deemed exports.

Procedure for Approval under STP Scheme
Units undertaking to export their entire production of goods and services
may be set up under the Software Technology Parks Scheme. Commensu-
rate with the policy to give a special thrust to export of computer
software, such units would be encouraged to be set up under the afore-
mentioned export oriented scheme. Software Units may undertake exports using datacommunication links or in the form of Physical exports (which may be through courier service also), including export of professional services.

In order to become certified member under STP Scheme, approval from the competent authority is required

To obtain permission for setting up a STP, an application has to be submitted to the Department of Electronics along with full details of the software projects to be undertaken. In a single window clearance mechanism, such applications need to be considered and cleared by only one authority – the Inter-Ministerial Standing Committee of the DoE. This application has to be submitted to the Joint Director (STP), Software Development Division, Department of Electronics, A Block, CGO Complex, Lodhi Road, New Delhi – 110003.

To establish a unit in one of the existing STPs of the Department of Electronics, an application has to be made in the prescribed form to the Director of the concerned STP, except for the STP at Noida. The concerned authority at STP, Noida is the Development Commissioner, Noida Export Processing Zone.

The steps involved for obtaining approval are as follows:

Submission of application
a. An application in the prescribed format for registering Non STP unit is to be submitted to Software Technology Parks of India.

b. The application should be along with the details of the Software Project in terms of strengths, area of expertise, marketing arrangement, business plans, means of finance.

c. Each application should be duly signed in initials by the competent authority on each page of the application along with office seal of the company.

d. The application should be supported by Certificate of Incorporation, under the Companies Act of 1956, Memorandum of Association, Articles of Association, of the company, in case of registered companies under Companies Act of 1956
e. Resume of the Chief Executive heading the STP operations

Competent Authority for approval

Director of Software Technology Parks of India

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>Amount of Investment</th>
<th>No. of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Holding</td>
<td>Less than Rs. 10 Crores</td>
<td>3</td>
</tr>
<tr>
<td>Foreign Equity Participation (in case FIPB/SIA has approved the FC)</td>
<td>As Approved by FIPB/SIA</td>
<td>3</td>
</tr>
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</table>

Foreign Investment Promotion Board (through STPI & MIT)

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>Amount of Investment</th>
<th>No. of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Direct &amp; Indirect Investment</td>
<td>Any amount</td>
<td>14</td>
</tr>
</tbody>
</table>

Time frame for processing and granting approvals

In case the applications are complete in all respect, the time frame for granting approval is generally as below:

Director(s) STPI 15 days
FIPB (Ministry of Industry, SIA) 4 to 6 weeks

The above time frame may vary due to unavoidable circumstances.

Application must accompany a Demand Draft of Rs. 2500/- drawn in favour of “The Director Software Technology Parks of India,” as processing fees.

STPI registrations coming down after withdrawal of incentives

A study of the number of companies registered with the STPI in the state shows a declining trend because of the withdrawal of the tax holiday and the global recession, a senior executive said. Between April to September 2009, a total of 39 new companies were registered with STPI Bangalore.

STPI was started in 1991 and in 2010-2011, the total revenues of all the STPI units in the country crossed Rs.2,04,440 crore. Karnataka, the biggest software exporter in the country, accounted for Rs.65,423 crore (32%) of this. As of March 2011, the government scrapped the tax benefits that the companies under STPI got from the Income Tax Act Section 10A, which meant that STPI-registered companies would have to pay tax.
CHAPTER 5

Incentives for Software Exporters
Detailed policy for Software Exporters under Software Technology Park Scheme (STP), are given in a detailed manner in 04 - 09 FT Policy Ch 6. The heading of the Policy is “Export Oriented Units (EOUs), Electronic Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Biotechnology Parks (BTPs)” Kindly refer to the Policy for details.

Income Tax Benefits
Income Tax sops are applicable only if exports are rendered in foreign exchange. Under Sec 10B of IT Act.

The following export incentives are available under the Income Tax Act:
1. Ten Year Tax Holiday in respect of Newly Established Industrial undertaking in Free Trade Zones, Electronic Hardware Technology Parks and software Technology Parks as well as Special Economic Zones. [Section 10A]. Here Computer Programmes include processing or management of electronic data.

2. Ten Year Tax Holiday in respect of Newly Established 100 percent Export Oriented Units. [Section 10B]

3. Tax Holiday upto 31st March 2010 for Newly Established units on export of Handmade Articles or things, which are of artistic value and which requires the use of wood as the main raw material. [Section 10BA]

The following export incentives have been withdrawn with effect from 04 - 05:
1) Deduction in respect of profits and gains from projects outside India [Section 80HHB]
2) Deduction in respect of export turnover [Section 80BBC]
3) Deduction in respect of earnings in Forex [Section 80HHD]
4) Deduction in respect of export of computer software [Section 80BBE]
5) Deduction in respect of export of Film Software etc. [Section 80BBF]
CHAPTER 6

Setting up a Software Export Venture

One of the first steps in setting up a software venture is the registering of the company. Though it is possible to register a software export unit under various export oriented schemes including EOU, EPZ etc, as was mentioned earlier the STP scheme has been designed to meet unique requirements of software exports.

In order to set up a unit in a STP one needs to contact the nearest STP (see list of STPs across the country) and apply as per the procedure described in the previous chapter. It is possible to set up an individual private STP with dedicated facilities or to register as a unit in one of the Software Technology Parks of the Department of Electronics. Smaller exporters prefer the latter since the sharing of resources at the STP lowers the investments required. These Software Technology Parks provide fully developed space equipped with facilities like email, phone, fax, shared datacom facilities, common infrastructure like power back up, refreshment and conference facilities.

For projects with an estimated cost of less than Rs 10 crores the Director of the concerned facility is authorised to act as a single window clearance agency. The application form in 14 copies along with all required supporting documents (like copies of project report) and a bank draft for Rs.2500 (Rupees Two Thousand Five Hundred only) in favour of Director, STP payable at the respective STP location. These forms, documents and fees have to be submitted to the concerned STP-in-charge.

For projects with an estimated cost exceeding Rs 10 crores, the application has to be routed to the concerned STP-in-charge who will in turn forward the same to the Secretary of Industrial Approvals, Department of Industrial Approvals, Government of India, New Delhi. Application involving foreign equity participation are cleared by Foreign Investment Promotion Board FIPB and Empowered Committee and letter of approval issued by SIA.
Software Export Procedures
The valuation of Software Export declared on SOFTEX Form & Physical Export will be done by the designated official of DoE at the Software Technology Parks of India (STPI). Time limit for realisation of Export Value & Invoicing.

In respect of long duration contracts involving series of transmissions the exporter should bill their overseas clients periodically i.e., at least once in month or on reach the milestone as provided in the contract entered into with the overseas client and last invoice/bill should be raised not later than 15 days from the date of completion of the contract.

In respect of contract involving only ‘One shot operation’ the invoice / bill should be raised within 15 days from the date of transmission.

The exporter should submit SOFTEX form to the concerned official of the Govt. of India at STPI for valuation/certification not later than 30 days from the date of invoice/the date of last invoice in a month as indicated above.

The full value of the software exported as declared on the SOFTEX form or as certified by the officials concerned of Government of India, whichever higher should be realised on due date of payment or within 180 days from the date of invoice which ever is earlier

Off-Shore Services
Export of computer software in non-physical i.e., Export through Datacomm. /Satellite links form should be declared on SOFTEX form. Each set of SOFTEX forms comprises three copies marked, Original, Duplicate and Triplicate, which carry a identical pre-printed number. All the three forms in each set should be completed and the entire set submitted for the purpose of certification together with relevant documents. Each exporter will have to designate a single branch of an authorised dealer to whom export documents in respect of all software
exports made via dedicated earth stations / satellite links will be submitted by him together with the relative SOFTEX forms for negotiation / collection.

Disposal of SOFTEX Form
(i) After certifying all three copies of SOFTEX Forms the designated DoE Official will forward the original directly to the nearest office of the Exchange Control Department of Reserve Bank. The duplicate will be returned to the exporter and the triplicate will be retained by the DoE for their record.

(ii) Within 21 days, from the date of certification of SOFTEX Form by DoE the exporter should submit the duplicate copy together with a copy each of the supporting documents to the authorised dealer. The duplicate copy of the form together with documents will be retained by the authorised dealer till full export proceeds have been realised and repatriated and thereafter will be submitted to Reserve Bank, duly certified under cover of an appropriate R return along with the copy of invoice/s.

Check List for Export Declaration
STP Unit are required to file a copy of Purchase Order / Agreement / Contract with STPI as soon as the STP unit enter into purchase agreement with their client. This can be done one time before raising the first invoice.

a) Check for Softex form is neatly typed.
b) Check for the Address of the Exporter.
c) Check for the STPI Center Address.
d) Check for the Importer and Exporter Code number.
e) Check for the Buyer’s name and address.
f) Check for the Date and Number of Invoice.
g) Check the Purchase Order is submitted to STP authorities.
h) Confirm is there any Royalty

i) Check the Data Comm. Service Provider (STPI / VSNL / DOT / Internet / Others)
j) Check for the Software Category is defined (906, 907, 908, 909, 910 & 911).

k) Check for the Export Value Currency and Amount as per the Export Invoice and Agreement / Contract / Purchase Order.

l) Check for the Authorised Dealer and Code No.

m) Check if any Royalty on Software Packages / Products Exported.

n) Check for Section “C” for Signature, Date, Name Designation, and Official Rubber Stamp of the Exporter.

Checklist for the Invoice enclosed with Softex forms:
  a) Buyers name and address should be cross verified with export order
  b) Check for Invoice No. & Date.
  c) Check for Importer’s and Exporter’s Code Number.
  d) Check for Data Comm. Services (STPI / VSNL / DOT / Internet / Others).
  e) Check for the Export Destination
  f) Check for Export / Agreement / Contract / Purchase Order No. & Date.
  g) Check for Currency and Amount
  h) Check for Banker’s Name and Address.
  i) Check for Authorised Dealer’s Code No.
  j) Check for the Authorised Signature

A request letter with relevant forms and corresponding invoices based on media of Exports should be submitted to STPI for certification.

Exports through Physical Media
If export of computer software is undertaken in physical form i.e., software prepared on magnetic tapes and paper media the same needs to be declared in EDI with two copies of invoice/bill for certification.
Check list for Export Declaration (Physical)

1) STP unit are required to file a copy of Purchase Order / Purchase Agreement Contract with STPI as soon as the STP unit enter into Purchase Agreement with their client. This can be done one time before raising the first invoice.

2) The Floppy / CD / Cartridge any other mode of Software has to be submitted to STPIB for Examination and verification for the Certification of Physical Exports.

3) The Invoice should be submitted in Duplicate (the invoice should be as per the Customs guidelines).

A request letter with relevant forms & corresponding Invoices based on media of Exports should be submitted to STPI for certification.

Procedure for Reimbursement of CST
STP/EHTP units will be entitled to full reimbursement of Central Sales Tax paid by them from the funds of Market Development Assistance (MDA) on purchases made by them from the DTA, for products to be utilised for export production. The units are required to obtain Sales Tax Registration from the concerned office of Sales Tax who will issue a Sales Tax Registration number (CST/ST No.). This number is necessary for doing DTA sales as well as claiming reimbursement of CST paid on the goods procured within the country. Govt. of India has empowered Department of Electronics to reimburse the same to STP units.

Any local purchase within the country should be made against C-Form available from the Sales Tax authorities. For products purchased against C-Forms, export units need to maintain a ‘Material Receipt Register’ which must show the details of goods, quantity, the source of purchase and the C-Form against which purchase is made.

STP/EHTP units will be entitled to full reimbursement of Central Sales Tax paid by them subject to the following terms & conditions :

The supplies from DTA to STP/EHTP units must be utilised by them for production of goods meant for export and /or utilised for export produc-
tion and may include raw material, components, consumable, packing materials, capital goods, spares material handling equipment etc., on which CST has been actually paid by STP/EHTP units.

I) As soon goods are received by the STP/EHTP units in its premises it will be entered in the material receipt kept for the purpose. The register must show the details of goods, quantity, the source of purchase and the C form against which purchase is made etc., A Self attested copy of the register relevant to the claim shall be submitted alongwith the claim.

II) The reimbursement of CST shall be admissible only to those units who get themselves registered with the Sales Tax Authorities in terms of Section 7 of the CST Act, 1956 read with (Registration and Turnover) Rules, 1957 and furnish a Photostat copy of the Registration Certificate issued by the Sales Tax Authorities.

III) The unit shall present its claim for reimbursement of Central Sales Tax in the prescribed form in supported with Chartered Accountant certificate (format is amongst the list of annexures at the end of this book) to STPI for processing along with the following documents:

a) Original Invoice/Bill along with AR-3 of the supplier showing details regarding the description of goods, quantity, value, amount of CST paid etc., and the CST registration number of both the buyer and supplier;

b) Photostat copy of C form issued by the purchaser to the supplying unit which will be attested by the Gazetted Officer of the Zone with reference to the counterfoil produced by the unit. The counterfoil of C form will be returned to the unit after making suitable endorsement like ‘Cancelled/ CST reimbursement’ duly signed by the authorised officer of the zone administration and the Photostat copy will be retained by the officer for keeping in respective file;

c) Original receipt (alongwith Photocopy) issued by the supplier in token of having received the amount of the bill, including the CST, which will be compared and attested by the concerned officer of Zone Administration
with reference to the original produced by the unit. The original receipt will, however, be returned to the unit after making necessary endorsements thereon such as “Canceled and CST of RS...... reimbursed” duly signed by the authorised officer of the zone and the photostat copy will be retained in the concerned file. In case original receipts are not available and payment was made through bank, a certificate from Bank showing the payments specifically against the invoice shall be submitted. The amount paid and the invoice amount should tally;

d) The reimbursement will be limited to the payment of CST against C form only;

e) The unit shall also intimate the name of the persons who are authorised by the firm to sign the C form and furnish three copies of his/their specimen signature(s) which will be kept in the relevant file of the unit;

f) The reimbursement will be made on quarterly basis. No claim for period of six months from completion of the quarter in which the claim has arisen. In exceptional cases, on application, The Director STPI may consider delayed application after satisfying that the delay was due to genuine grounds. Claims delayed beyond one year will be summarily rejected.

g) The claim for CST reimbursement for the amount below Rs 25/- on any singly invoice will not be entertained.

Check List For Filling up The STP Application
• All the pertinent information regarding the project needs to be furnished as per the application format so as to avoid delays in the approval process.

• Each application should be duly signed in initials by the Competent Authority on each page of the application along with office seal of the company.
• Each application should accompany the project report specifying clearly the marketing arrangement like buy-back arrangement with the clients abroad etc.

• In case of capital goods requirement, it is necessary to mention, whether the goods would be imported on outright purchase, loan basis, etc. Accordingly the value of the equipment needs to be considered while filling up the application.

A list of capital goods required also needs to be submitted to the Director of the concerned STP who will scrutinise and issue clearance for import. However in case of equity participation by foreign investors, NRIs etc, this application also has to be forwarded to the SIA (through the STP) alongwith with an additional fee. These projects require FIPB clearance due to the foreign investments involved. Upon receipt of such clearance the STP-in-charge will permit registration of the unit.

Capital goods can be imported into the STP without payment of duty. No import license is required, in lieu of this the STP-in-charge will issue a clearance certificate, based on which capital goods, software etc can be imported. But such imported goods can be brought into the premises only after customs bonding of the premises has been done. Such bonding is again done by the officials of the concerned STP. One of the primary requisites for custom bonding is that the area from where software export oriented work is to be undertaken should be physically sealed off and distinct from space allocated to any other production for domestic markets.

The policy in this regard states “if an industrial unit is operating both as a domestic unit as well as an STP (or EOU/EPZ/EHTP unit), it shall have two distinct identities with separate accounts. It is, however not necessary for it to be a separate legal entity but it should be able to distinguish the imports and exports or supplies effected by the export unit from those made by the other units of the company.”

So while legally a company may exist as a single entity undertaking both
domestic and export work, the export oriented workspace has to be physically distinct and bonded. Any movement of goods and material in and out of the custom bonded area has to be carefully monitored; goods that have been imported duty free can be removed from these bonded premises only after requisite clearance is obtained (through the STP). Such bonding is normally for a period of five years, but is extendable to ten years. Units can be debonded in between with the approval of the STP in charge and after payment of applicable customs and excise duties.
CHAPTER 8

Funding & Insurance

Funding for Software Exports
Funding for software export ventures could come from the promoters, from the capital markets, from other group companies (in case of subsidiaries of other companies), venture capital funds, etc. Units under this scheme are permitted 100% foreign equity. Where foreign investments are involved clearance has to be obtained from the FIPB. Software exporters can benefit from venture capital funds and schemes tailor-made for software exporters. Such venture funding is available from organisations like ICICI, TDICl, IDBI as well as private and foreign venture capital funds. Venture capital funding can be in the form of equity stake by the venture capitalist, conditional loans etc. Venture capital provides for financing of fixed assets and capital goods procurement, financing of operating expenditure etc. Such venture capital participants also provide both management and technical consultancy services if required. Apart from this, software exporters can also avail concessional rates of interest for term loans.

Risk Cover & Insurance for Software Export Houses
Special insurance schemes have been introduced by the General Insurance Corporation to cover risks and liabilities associated with software export assignments, including infringement of intellectual property rights, breach of contracts, loss or damage of certain documents, software storage devices (and consequently the information therein). Such insurance also covers defense costs in case of disputes and claims lodged against the exporter.

Another step in setting up your software is the acquisition of required technology and resources. Most of the capital goods like computer hardware; software and peripherals, communication equipment can be imported duty free or sourced locally with the benefits of duty exemption. Access to datacom lines is available in two ways – either directly by applying to VSNL or by sharing the datacom lines of the nearest STP of the Department of Electronics. Another key aspect is the recruitment of
qualified manpower. This depends on the nature of the project in hand or the projects one expects to receive. With the large number of software courses being conducted in the country, availability of software professionals is not really a problem – but experienced professionals are often difficult to find. Exporters can get around this problem by locating themselves closer to software hubs, recruiting and training fresh software professionals, offering attractive remuneration packages, work atmosphere and career prospects.

Outsourcing
In Western Europe. UK is the largest and most mature market, representing in European outsourcing.

The most important services that EU companies outsourced in 03 were among other things:

* software maintenance and support
* hardware maintenance and support
* development and integration.

European companies that do not outsource are in general smaller companies, which claim to have sufficient in-house experience at their disposal.

Outsourcing trends

* Growth opportunities lie in application management and Business Process Outsourcing (BPO)
* New offshore locations
* Smaller and more specialized outsourcing projects

Working with brokers / consultants is another good possibility. An example of a broker is the European Information Technology exchange. It focuses on suppliers from developing countries and buyers from Europe. The website is www.EuroITX.com
CHAPTER 9

Demand for Indian Software Exports

Software Export Destinations
The six OECD countries (USA, Japan, UK, Germany, France and Italy) together have almost 71 percent of the worldwide software market. Interestingly, India’s exports to these countries are almost 80 percent of its total software exports. The new markets that are being explored are Korea, South Africa, Malaysia, Latin America and countries in Eastern Europe.

Types of software projects in demand
A look at some of the software development work currently being exported from India as well as some of the software work internationally in demand provides a good picture of some of the potential areas for Indian software exporters. Some of the technical areas where scope exists include:

Downsizing and conversion of older software – Worldwide, there is a continuous requirement for updating older software installations for newer applications, computer systems and environments. For instance, smaller but equally powerful computers are replacing the older large mainframe systems. When such replacement of hardware takes place, the need to rewrite or downsize the software also crops up. Similarly the environment or operating system on which a computerised application runs can change with newer technologies being introduced; here again it becomes essential to convert the software to suit the new environment. A lot of software projects being done from India are in these areas

Internet - based projects – With the Internet gaining worldwide popularity and becoming accessible to people across the world, it is increasingly being used to communicate, inform about, advertise and even sell products and services over this medium. The Internet, in very simple terms, is a giant network of computers spanning the globe. And since computers understand only the language of software, to make the Internet
function efficiently, a whole plethora of software is required. Hence you have Internet commerce software, Internet security software, Internet mail software to name just a very few. And with the increasing popularity and usage of the Internet, the worldover, the number of users and consequently the amount of Internet software required are increasing by leaps and bounds. This opens up a huge area of opportunity for Indian software exporters with the requisite Internet based development skills in Java, HTML, SGML, etc.

Application projects – With more and more computerisation taking place the world over, the need for software for specific applications keeps on increasing – these could range from payroll and accounting software to banking software, manufacturing software, advertising software etc, to name just a few. Industrial houses, service companies, organisations and businesses of all kinds, educational institution, entertainment houses and even homes will require application software for their specific computing needs. This ensures a steady potential market for software developers.

The above were some potential areas for software exports from India. Some of the skillsets required for these projects include SAP; Web based development tools, Oracle, traditional development languages like COBOL, C++, operating systems like Unix, Windows, etc.

Computer Software & IT Services - EU Market Survey

Objective
The purpose of this guide is to assist small to medium-sized exporters of computer software and IT services from developing countries interested in entering or strengthening a position in European markets. This document is a reference tool. The service provider will need to do his own research to determine if Europe is a suitable market and which country is (countries are) the most promising.

Software products include system software and application software. IT services include consulting, implementation, operations management and
support services. Outsourcing is by far the most promising segment for developing countries.

The countries covered in this survey include:

* Belgium
* France
* Germany
* Sweden
* The Netherlands
* UK

The following are some useful websites for promotion of software exports to UK.

* www.euroit.com
* Business Link - http://www.businesslink.gov.uk/
  - Select Learn about Consultants and/or offshore consultants (UK)
* National Outsourcing Association
  - http://www.noa.co.uk/suppliersdir.html select ‘consultants’ (UK)

KPO market seen tripling to $5.6 billion by 2015
Knowledge service outsourcing industry in India is expected to log-in over 22 compounded annual growth rate between FY2010 and FY 2015 to touch $5.6 billion.

The knowledge services market is currently pegged at $2 billion.
CHAPTER 10

EXPORT OF IT SOFTWARE/SERVICES

Software and hardware exports likely to grow 22% in 2010-11
India’s exports of software/services and electronics hardware are expected to grow 22% in rupee terms, a fall from the peak of 35-40% a few years ago, according to latest figures of Electronics and Computer software export promotion council (ESC). While software and services exports are expected to touch $68 billion from $57 billion last fiscal, hardware exports could nudge $9.2 billion. Up to December 31, 2011, software exports were $50 billion, while hardware exports were almost 80% of the fiscal’s target ($9.2 billion).

As on Dec 07, there are about 5000 SMEs in IT export segment and most of them have turnover of less than 5 crore.

ITES/BPO EXPORT

India today with its English skilled manpower, high quality of services, very high productivity and a conducive policy environment with strong government support is the most preferred destination for ITES. India is a popular choice for customers seeking outsourced services because it is able to offer a 24x7 service and reduction in turnaround times by leveraging time zone differences. While customers are initially attracted by low costs, they stay on and expand because of the quality and productivity that India offers. India will remain a popular offshore country. Outsourcing to India is turning out to be a blessing for the top companies. India’s edge in quality and cost benefit is what is drawing organisations towards her. The level of excellence India has attained in this field has not come overnight. Government policies, infrastructure, large number of people who can speak fluent English, who can adapt to western accents, have all played a pivotal role in India’s success.

Services Classification under GATS

WTO has formulated GATS (General Agreement on Trade and Services), which have been classified into four types on their mode of provision.

Mode 1 is cross border supply. The service provider stays in his/her own country and the consumer in his/her own country and the service is provided
across the border.

Mode 2 is called consumption abroad. The foreign consumer travel to the service provider's country, e.g., foreigner visiting The Taj Mahal, at Agra, or going to Kerala for ayurvedic massage.

Mode 3 calls for investment by the service provider in the country of foreign consumer. When an Indian software co. sets shop in US to provide service, it is Mode 3. In this mode, liberalisation is needed where consumer opens up removing conditions and restrictions, thereby facilitating the service provider unfettered access.

Mode 4 deals with the movement of natural persons. For a country like India, teaming with qualified aspirants to migrate, liberalisation under Mode 4 is of key interest.

75 out of total 116 SEI CMM level 5 certified companies worldwide are Indian.

IT Outsourcing in Japan
Though Japan is the second largest IT market with $100 bln potential, our exports are only about 5 percent, as compared to 67 percent as on 31st Mar 04.

Experts say lack of understanding of Japanese culture and language has slowed the march of Indian IT tech in that country.

Opportunities
Opportunities exist in Embedded software, offshore product development partnership, development and delivery of specialized components, product acquisition and enhancement, shrink wrapped products development.

Western Europe has become the fastest growing market for IT outsourcing opportunities, outstripping traditional big markets such as the US, the UK, Japan and Australia.

Nasscom has welcomed two telecom policy sector amendments in Aug 03 aimed at encouraging the growth of BPO sector in India. This will enable India to keep the lead over other emerging countries.
The permission to domestic call centres to make outgoing calls and Foreign end connectivity in international call centres through the use of ATM/MPLS/Frame relay based managed international networks.

Healthcare BPO
Position as on Jan 07

- Worth about US $300 mln
- On the payer side, $100 to 105 mln is outsourced to India
- The provider end work has upto $30-40 mln outsourced to India
- Medical transcription outsourcing to India is about $100 mln

What started with outsourcing of mainly low-end, labour intensive services such as data entry, medical transcription and simple call centre functions has now extended to more sophisticated operations. Today IT-enabled services include engineering, financial services, payroll and accounting services, insurance claims processing, technical support for R & D operations, chip design and telemarketing - this, on top of software services.

New fields for the lucrative business include securities research, project management, underwriting, demand forecasting, architectural, legal, medical and management services.

US is the largest spender for BPO services. Asia Pacific region has the fastest growth of 14.7 percent per annum.

India is the largest English speaking nation in the world, with the second largest pool of scientists and engineers (second to US). Companies are able to realise significant cost savings by utilising the highly qualified labour force at attractive rates, and translate this into an important competitive advantage.

Today IT-enabled services include engineering, financial research, payroll and Accountancy services, insurance claims processing, technical support for R & D operations, chip design and telemarketing - this, on top of software services.

More services outsourced include architectural, legal, medical and management services, securities research, project management, under writ-
ing and demand forecasting.

Indian ITES - BPO companies are adopting global quality standards like Six Sigma, COPC and ISO 9001.

**Customer Interaction Services**
Customer Interaction Services, including call centers, combine the use of highly effective and empowered company representatives for a number of customer related functions like marketing, selling, information dispensing, advice, technical support etc. A call center is sometimes defined as a telephone-based shared service center for specific customer activities.

**Business Process Outsourcing / Management; Back Office Operations**
Industries such as Banks and Airlines require large-scale data processing and data based decision-making capabilities. Using high-speed datacom links for their back-office and data processing operations, these banks, airlines and other organizations with extensive data turnover and customer interface, are able to save costs and valuable resources.

**Knowledge Process Outsourcing (KPO)**
KPO, as the name suggests, refers to outsourcing of knowledge-driven processes such as equity research, financial research, legal processes, marketing analytics, clinical research and so on.

A Nasscom report predicts that the KPO market would grow to $17 billion by 2010, of which $12 billion (-70%) would be outsourced to India.

KPOs provide opportunities to graduates in engineering, management, law, statistics, economics, accounting and biological sciences to name a few; apart from opening its doors to Arts, Science, and Commerce graduates.

**Insurance Claims Processing**
Large insurance companies get myriad’s of claims. With the help of well laid down rules on how they can be processed, such processing can be done anywhere, as long as there is availability of a large number of graduates who can read and write English, a few doctors and a few account-
tants. As a result, to save costs, large insurance companies in the US are now outsourcing a lot of such work.

Medical Transcription
Medical Transcription is the process through which one accurately and swiftly transcribes medical records dictated by doctors and other healthcare professionals. It is the method of translating the dictation (that forms the basis of providing healthcare) into a format suitable for inclusion in a medical record (hard copy or electronic).

Legal Databases
There is a constant need for lawyers, who counsel cases, to go through relevant laws, rulings and precedents in order to build up their case. Every junior lawyer in legal firms usually does this but since junior lawyers’ services are highly priced so one way is to have a readily accessible source of well-managed and intelligent information in the form of information technology.

Legal outsourcing
Legal outsourcing entails supporting the working of corporate legal departments, large law firms and even individual lawyers through activities like drafting contracts, online research, reviewing and reporting documents, litigation support, intellectual property researching and drafting and applying for patents.

Long Arm of LPOs
• Legal process outsourcing is no longer limited to lower-end legal transcription & documentation.
• Companies in Gujarat are moving into knowledge-based LPOs
• Those like C-metric, Hi-tech Export & Dev Information Tech have decided to expand to attract more work from the US.

LPO - Service Lines
Patent prosecution
Supporting patent applications and prosecution process including prior art search, invalidity and infringement studies, claims mapping studies, freedom of use studies, patent illustrations.

Document Review
Organising, reviewing and cataloguing documents, identifying data pertinent to litigation or corporate due diligence matters and populating databases.

Commercial contracting & administration
Drafting, reviewing, revising and managing contracts.

Legal research
Conducting research including multi-jurisdictional surveys, fact and issue precedents, legislative history, and federal, state, and regulatory code using Lexis/Nexis, Westlaw and other industry standard databases.

Digital Content Development
Digital Content development caters to needs of web site management, production of content for new media such as Compact Disk, Digital Versatile Disk and products of convergent technologies such as Internet-enabled TV. It offers a large emerging potential; as more and more offices, homes, institutions, students and professionals realize an ever-growing need to have easy access to information that can also be suitably fused with other media.

Online Education
The online education market is booming all over the world, and is currently considered a rapidly growing sector. In fact, surveys conducted by leading global research firms have indicated that online education will follow an upward moving graph and that more and more organizations and individuals will implement this mode of training.

Data Digitization / GIS
Digitization is the process by which physical or manual records such as text, images, video and audio are converted into digital forms. This is of paramount importance when projects need directions based on already established facilities and the implementing agency needs to find the scope for expansion.

Payroll / HR Services
HR services is another area that has immense potential in the field of IT enabled Services. HR service components include:

recruitment screening, administration and relocation services,
payroll processing, compensation administration, benefit planning, administration and regulating compliance.

Design Outsourcing
Outsourcing of design to India has boosted sales of design engineering services. We already have car manufacturers doing design outsourcing. The new one is architecture outsourcing where design is being outsourced from India.

Web Services
Internet and the wide use of the Web has accelerated the growth of remote services and created opportunities of its own. Some of the Web services include email management; Internet security; web page designing and updating; managing of Internet commerce, acting as an exchange of data, payment and clearance; EDI supply chain management; Internet data centers etc.

In the Foreign Trade Policy 04-09, Govt. has announced a List of services, which is appended.

The integration of telecommunications and computer technologies has virtually made all services tradeable across borders.
In world imports of commercial services, the major importers are the EU, US and Japan. In labour services, both skilled and unskilled Gulf countries are the major importers.

Offshore outsourcing of legal work in India is picking up. In 2003, law firms, legal publishing companies and even legal research firms are outsourcing their work to Indian companies.

The delivery models for software export have shifted significantly from onsite to offshore.

There is a corresponding decrease in onsite revenue from 57 percent to 41 percent.

There are invisible trade barriers also for services. In US, there is no transparency for business, legal and financial services and different states
have different laws with less transparency. Almost every significant Fortune 100 company evinced interest to explore ITES - BPO from India.

The Finance Ministry on 19-04-05 spelt out the procedures and conditions that service providers needed to comply with for undertaking services exports without payment of any service tax.

The revenue department has also prescribed detailed procedures, conditions and limitations for availing rebate of service tax and cess paid on input services and excise duty paid on input used in the taxable services that are exported.

For details, please refer to website of Revenue Department of Ministry of Finance.

3D Animation Feature films

The animation and gaming industry is more than US $ 25 bln as on Jul 07. India has major studios in operation for 3D animation films.

Bonanza for Indian IT vendors as Europe’s banks eye offshoring more work

The European banks are set to increase offshoring to India IT vendors such as Tata Consultancy Services and Infosys, as they seek to tide over the uncertain financial climate in the region.

According to a joint study by Deutsche Bank and Value Leadership Group, interestingly, these banks, half of whose cost-savings come from offshoring, rate Indian vendors on a par with multinational vendors, such as IBM andAccenture, on delivery. (The conclusions of the study were arrived at on the basis of interactions with service-vendor relationship managers of four of the top 10 banks in Europe).

Europe crisis, boon for Indian IT firms

On 9th March, 2012, when Greece got bailed out for $172 billion, another set of people were happy, Indian IT companies. While Greece is still not completely out of the woods, the news comes as good cheer for Indian IT companies that expect to see more outsourcing coming from the troubled
zone. While the logic for outsourcing or offshoring was always compelling, recent news of Greece being bailed out offers positive sentiments across the region which could result in more outsourcing deals. Indian tech majors have been investing in Continental Europe over the years, setting up development centres in Czech Republic, Poland and other countries to cater to service markets in Germany and France.
CHAPTER 11
Electronics and Computer Software

Council Offices

Head Office:
Mr. D K Sareen
Executive Director
Electronics and Computer Software
Export Promotion Council,
3rd Floor, PHD House
Opp. Asiad Village
New Delhi 110016
Email: esc@vsnl.com
www.escindia.org

Hyderabad Office:
Mr. G. Bhanu Prakash
Electronics and Computer Software
Export Promotion Council,
Flat No.102, Badam Sohana Apts,
Somajiguda, Rajbhavan Road,
Hyderabad - 500082.
Andhra Pradesh,
Mobile : + 91 9246342909
E-mail: bhanu@escindia.com

Chennai Office:
Ms. Subbulakshmi
Electronics and Computer Software
Export Promotion Council,
1st Floor, A-South
Tidel Park , 4 Canal Bank Road
Taramani
Chennai 600 113
Mobile: +91 9840081640
E-mail: escc@vsnl.net

Bangalore Office:
Mr. Prakash Sainani
Regional Representative
Electronics and Computer Software
Export Promotion Council,
# 395, Second Floor, Puttanhali Circle,
J.P. NAGAR, 7th Phase,
Thimmaiah Road , Miller Tank Bed,
Bangalore - 560 078
Mobile : + 91-998-0141525
E-mail: prakash.esc@gmail.com
escb@vsnl.net

Kolkata Office:
Electronics and Computer Software
Export Promotion Council,
Ground Floor, Building No. DN 53, STP-
II Building
Salt Lake City ,
Kolkata- 700091
E-mail: esck@vsnl.net

ESC Representative Office:
Mr. Kamal Vachani
Regional Director
Al Maya Group
P.O. Box 8476 ,
Dubai , UAE
Tel.: 9714-2822555, 2821555
Fax: 9714 - 2826660
E-mail: kamalvdb@emirates.net.ae

CESC is finalising plans to conduct separate trade delegations of small and medium sized IT enterprises to France and Spain being part of the ESC migration strategy for emerging markets that would help diversify India’s overall IT export basket.

These two countries can open up access to about 20 countries each, with French and Spanish interface.
The council is in the process of helping SME network with representatives of emerging markets who are keen to work with Indian companies. The demand is quite huge and has the potential to insulate against the fluctuation in the US market, which now contributes to about 61% of total IT exports. The nature of business and demand varies from one region to another.

NASSCOM Offices

Delhi
International Youth Centre
Teen Murti Marg
Chanakyapuri
New Delhi 110 021
Email: info@nasscom.in

Mumbai
Samruddhi Venture Park
Ground Floor, Office # 14-15
Central MIDC Road
Andheri East
Mumbai 400 093
Email: mumbai@nasscom.in

Bangalore
607, 5th Floor, Oxford Towers,
Airport Road, Kodihalli
Bangalore 560 008
Email: bangalore@nasscom.in

Pune
Koregaon Park
404-405, Metro House,
4th Floor,
Opp. Tata Management Training Centre,
Mangaldas Road,
Pune 411 001
Email: pune@nasscom.in

Kolkata
Webel Bhawan,
Block EP & GP,
Sector - V, Bidhannagar
Kolkata 700 091

Chennai
Ameen Manor
Flat G1, Ground Floor
138, Nungambakkam High Road
Near Indian Oil Corporation
Nungambakkam
Chennai 600 034
Email: chennai@nasscom.in

Hyderabad
Unit 105, 1st Floor,
Maximus 2B,
Raheja MindSpace,
Madhapur,
Hyderabad 500081
Email: hyderabad@nasscom.in
CHAPTER 12

Tips for Software Exporters
Software exports are an opportunity with great potential. But global competition, rapidly changing technology and the extremely time sensitive nature of the market make this a very challenging field. While capital investment required might not be very huge, selective investment in the right kind of technology and resources is extremely crucial. If not your venture could become burdened with technology and resources that are obsolete worldwide.

Hence a thorough knowledge of both the business and technology dynamics of the market you are addressing is extremely essential. One needs to study the market, identify a niche and then pitch for business armed with the requisite resources and skills. It would be very helpful if the person in charge of the software export venture also has software development experience thus facilitating the overall management of software projects. Most software exporters from India may get most of the work done in India, but ensure that a few of their employees/representatives are also located close to the client (often on the client’s premises). Local presence helps in your marketing efforts, gaining new business, ensuring smooth communication with the client (faceless transactions often create miscommunication). Such local presence also helps once the software is ready and has to undergo site testing. In fact during these stages members of the core development team are required to travel abroad and work from the client’s site for months together.

While local presence is a good idea, one should balance this against the costs incurred. It is prohibitively expensive to open up a separate office in countries like the US. The decision to do so should be justified by the volume of current and potential business. Alternatives for smaller exporters include working through local marketing associates, associating with larger software houses, travelling abroad from time to time, visiting relevant exhibitions and fairs.
Fast response times, strict adherence to deadlines, commitment to quality, adequate documentation are some of the other requirements for software development for exports markets. In fact some software work is downloaded to India from countries on the other half of the globe (like the US for instance) in order to exploit the time difference. This ensures that the work goes on round the clock somewhere on the globe, while the team in the US works during their day, the team in India takes over as night falls in the US and day breaks in India. Such projects are extremely relevant where the customer requires round the clock service. In this area it is possible to work in this manner since software can be transferred over data lines. Hence one essential link for every software house is access to a datacom link. Such lines can be bought individually by software houses (dedicated lines) or they can be shared with other organisations. Software Technology Parks across the country provide such shared access to datacom lines from their centralised facilities.

Apart from some of the above factors relating specifically to software exporters, one also needs to pay attention to those factors affecting exporters in general – these include government policies (both of the Indian government as well as the countries to which one exports), international political and business issues, financial and stock markets, foreign exchange fluctuations, bonafides of customer, etc

Opportunities

- Embedded software
- Offshore product development partnership.

Global ISVs, are constantly under pressure to supplement their development teams, rebalance their development priorities and reduce costs. An Indian back-end is well suited to help them overcome many of the problems.

This opportunity is still untapped and offers a creative way for India to extend its core skills in the product arena.
Development and delivery of specialised components
New technology trends and changing customer demands are pushing developers to move to more open, modular product architectures. Though this is still a nascent trend, India could ride this wave and develop niche offerings which would be in with larger product families globally.

Product acquisition and enhancement
Pioneered by a few Indian companies, acquisition and enhancement of mature products is emerging as a powerful route for India Inc., to leap-frog into the product game.

Shrink wrapped product development
A few companies have been able to succeed in this effort. The requirements are client proximity, deep domain knowledge, a product mind-set and skill-set.

The IT Services market is estimated, as on Nov 04, as US $ 60 bln/yr.

Approximately $ 3 bln is outsourced from abroad. India has a good chance of tapping Japanese market, especially because our software and ITES exports to US and Canada has reduced by 2.1 percent in 03-04 from 02-03, and also our share by exports to Japan and other SE Asian countries has risen in 03-04 by 5.36 percent over 02-03.

IT firms strengthening ranks for China battle
Top Indian IT companies plan to hire some 15,000 people for their Chinese operations. China has become a tough battleground for Indian IT firms, as they face increasing competition from the local industry. But this has not stopped Indian majors from expanding their operations and increasing their headcount there.

China’s software industry is expected to grow at a CAGR of 22% in 2012. It is estimated that China’s ITES market will reach $7 billion by 2014 from the present $4 billion. According to the National Bureau of Statistics, the Chinese government spent over $36 billion on IT infrastructure in 2011.
CHAPTER 13

INCOME TAX BENEFITS
Income Tax sops are applicable only if exports are rendered in foreign exchange. Under Sec 10B of IT Act.

The following export incentives are available under the Income Tax Act:

1. Ten Year Tax Holiday in respect of Newly Established Industrial undertaking in Free Trade Zones, Electronic Hardware Technology Parks and software Technology Parks as well as Special Economic Zones. [Section 10A]. Here Computer Programmes include processing or management of electronic data.

2. Ten Year Tax Holiday in respect of Newly Established 100 percent Export Oriented Units. [Section 10B]

3. Tax Holiday upto 31st March 2010 for Newly Established units on export of Handmade Articles or things, which are of artistic value and which requires the use of wood as the main raw material. [Section 10BA]

The following export incentives have been withdrawn with effect from 04 - 05:

1) Deduction in respect of profits and gains from projects outside India [Section 80HHB]
2) Deduction in respect of export turnover  [Section 80BBC]
3) Deduction in respect of earnings in Forex  [Section 80HHD]
4) Deduction in respect of export of computer software [Section 80BBE]
5) Deduction in respect of export of Film Software etc. [Section 80BBF]

The direct and indirect incentives available to ITES providers established under the various schemes of the Government are outlined below:
Direct Tax Incentives
Deduction in respect of profits derived from export of computer software. According to the provisions of section 80BHE of the Income tax Act, 1961 (“Act”), the profits derived from export/transmission outside India of computer software or provision of technical services outside India in connection with development/production of computer software, are exempt from tax, upto a specified limit. The percentage of profits that can be claimed as a deduction under section 80BHE of the Act is as follows:

Deduction under sections 10A/10B of the Act in respect of profits derived from the export of computer software.

The following undertakings are eligible to claim deduction in respect of profits derived from export of computer software under the provisions of sections 10A/10B of the Act.

Defining computer software

For the purpose of the section 10A/10B/80BHE computer software means

* Any computer program recorded on any disc, tape, perforated media or other information storage device;

* Any customized electronic data or any product/service of a similar nature notified by the Board which is transmitted from India to a place outside India by any means The Central Board of Direct Taxes (“CBDT”) has notified the following information technology enabled services that would be eligible for tax holiday as mentioned above:

1. Back-office operations
2. Call Centers
3. Content Development or Animation
4. Data Processing
5. Engineering and Design
6. Geographic Information Systems Services
7. Human Resource Service
8. Insurance Claim Processing
9. Legal Databases
10. Medical Transcription
11. Payroll
12. Remote Maintenance
13. Revenue Accounting
14. Support Center and
15. Web-site Services

Indirect tax benefits available to ITES units established under STP/SEZ units

* Customs duty is applicable on the import of goods into India. STP SEZ units can make duty free import of specified goods including capital goods required by the units for their activities. Secondhand capital goods (except laptops and PCs) may also be imported duty free. Accordingly, goods such as computers, peripherals, laptops, servers, networking equipment, video projection system, storage medium (such as floppies, CDs, data tapes, etc.), office equipment (such as facsimiles, copiers, telephone systems, modular furniture, etc.) can be imported into India by such units without payment of customs duty. The above-mentioned customs exemption is subject to certain specified conditions.

* Import of eligible equipment can be made by a STP/SEZ unit free of cost or on loan from clients or on a lease basis.

* In case of equipment purchased locally from the manufacturers in India, the excise duty exemption can be availed on the purchases made by an STP/SEZ unit, subject to fulfillment of applicable conditions which may vary based on facts.

* Under certain circumstances, supplies received by an STP/SEZ unit from local manufacturers could be regarded as “deemed
“export” and will be eligible for certain benefits under the EXIM Policy. Therefore, benefits available to the local manufacturers should be factored in at the time of negotiation for procurement of goods from the local suppliers.

* Reimbursement of Central Sales Tax (CST) paid on goods procured within India can be claimed, subject to conditions, though it may be difficult for a service unit to avail this benefit.

* Duty free goods are required to be used within the unit (i.e. the area bonded by the Customs authorities). Exemptions may be possible by following prescribed procedures and obtaining necessary approvals, depending on the need and the circumstances.

In recognition of the potential of the IT sector to transform the Indian economy, and to provide the requisite impetus, certain service tax exemptions have been extended to the sector. Specifically, call centers and medical transcription centers have been exempted from service tax. Further, service tax is not applicable on export of services.

As per Budget 08-09 amendment of 29th March 08, STPI scheme will get one more year of IT exemption upto 31st March 10.
CHAPTER 14

The IT Policy of the Government

The Government has recognised the importance of IT in India’s exports. They have formulated the new IT policy via the PM’s IT Task force. The IT Task Force has prepared three documents that extensively detail the evolution and the future of the Indian IT industry and also the recognition of the fact that communications infrastructure has to play an important part in the development of this industry. The thrust of the government policies (current and the future) are aimed at achieving three basic objectives:

- to make India a Global IT Superpower
- by being a front-runner in the age of Information Revolution and transform every facet of human life to bring about a knowledge based society in the twenty-first century

To accomplish these basic objectives the IT policy has made recommendations in the following areas:

1. Info-Infrastructure Drive: Accelerate the drive for setting up a World class Info Infrastructure with an extensive spread of Fibre Optic Networks, Satcom Networks and Wireless Networks for seamlessly interconnecting the Local Informatics Infrastructure (LII), National Informatics Infrastructure (NII) and the Global Informatics Infrastructure (GII) to ensure a fast nation-wide onset of the INTERNET, EXTRANETs and INTRANETs.

2. Target ITEX - 50: With a potential 2 trillion dollar Global IT industry by the year 2008, policy ambiance will be created for the Indian IT industry to target for a $ 50 billion annual export of IT Software and IT Services (including IT-enabled services) by this year, over a commensurately large domestic IT market spread all over the country.

New Service tax refund system soon for software exports: CBEC

The Central Board of Excise and Customs (CBEC) is set to issue a new methodology to ease refund of service tax for software exports. Meanwhile, the Board is also readying the introduction of a negative list for service tax from July 1, 2012.
Industry says that since refund is getting delayed, it is better to provide a simplified mechanism similar to Cenvat, whereby, exemption will be provided to exporters in the proportion of their exports to total sales.
CHAPTER 15
TRADE FAIRS

CeBIT Hannover 2013 Hannover, Germany Tuesday, March 05, 2013

For the latest trade fairs please visit
http://www.escindia.in
APPENDICES

List of STPI jurisdictional areas

APPENDIX - I

SOFTWARE TECHNOLOGY PARKS OF INDIA

JURISDICTION OF DIRECTORS OF STP’S

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<th>AREA/JURISDICTION</th>
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<tr>
<td>1.</td>
<td>Director-in-charge</td>
<td>Maharashtra &amp; Goa</td>
</tr>
<tr>
<td></td>
<td>STPI-PUNE, Unit No 35 &amp; 18</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electronics Sadan No. II, M IDC Bhosari Block</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pune 411026</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tel No. 0212-329834/329835, 329836 (F) 329833</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:stpp@stpp.soft.net">stpp@stpp.soft.net</a></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Director</td>
<td>Uttar Pradesh, Delhi</td>
</tr>
<tr>
<td></td>
<td>STPI-NOIDA</td>
<td>Haryana, Himachal</td>
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<tr>
<td></td>
<td>IInd Floor, Block IV</td>
<td>Punjab, Madhya Pradesh</td>
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<tr>
<td></td>
<td>Ganga Shopping Complex</td>
<td>Jammu &amp; Kashmir and</td>
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<tr>
<td></td>
<td>Noida - 201301</td>
<td>Changiarh</td>
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<tr>
<td></td>
<td>Tel No. 5425318, 556616</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax No. 536616</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Director</td>
<td>Karnataka, Pondicherry</td>
</tr>
<tr>
<td></td>
<td>STPI-BANGALORE</td>
<td>and Andaman &amp; Nicobar</td>
</tr>
<tr>
<td></td>
<td>Block - III, Multi storied Complex</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Keonics Electronics City, Hosur Road</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bangalore - 561229</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tel No. 080-8520633/8520444/85209859 Fax No. 080-8520958</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Director</td>
<td>Andhra Pradesh</td>
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<tr>
<td></td>
<td>STPI- HYDERABAD</td>
<td>Tamil Nadu</td>
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<tr>
<td></td>
<td>407, Maitri Vanam Complex</td>
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<tr>
<td></td>
<td>Sanjeeva Reddy Nagar Post</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hyderabad - 500038</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tel No. 040-291477/290817/291896 Fax No. - 290652</td>
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<tr>
<td>5.</td>
<td>Director -in-charge</td>
<td>Bihar &amp; Orissa</td>
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<tr>
<td></td>
<td>STPI- BHBANESHWAR</td>
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<tr>
<td></td>
<td>Priyadarshini Market, (Iind Floor)</td>
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<td></td>
<td>CRF Square, Nayapalli</td>
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<tr>
<td></td>
<td>Bhubaneshwar - 751012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tel No. 0674-407260/407269/407270 Fax No. 0674-4033669/407261</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:manas@stpbh.soft.net">manas@stpbh.soft.net</a></td>
<td></td>
</tr>
</tbody>
</table>
6. Director
STPI- GANDHINAGAR
Haveli
A/78/7 Flatted Factory shed
Electronics Estate GIDC
Gandhinagar 382044
Tel No. 02172-27207, 31571, 381419
Fax - 02172-27207
Email - ajay@stpg.soft.net

7. Director
STPI-THIRUVANANTHAPURAM
P B No. 51, J V Centre, Bakery Jn.
Thiruvananthapuram 695034
Tel No. 0471-324621
Fax No. 0471-330037
Email: sru@stpt.net

8. Director-in-charge
STPI-KOLKATA
SDF Building
Salt Lake Electronics Complex
Block GP, Sector V
Bidhannagar
Kolkata - 700091
Tel No. 033-3219668/495997
Fax No. 033-3219664

9. Director
STPI-JAIPUR
2, Kanakpura Industrial Area
Sirsi Road
Jaipur - 302012
Tel No. 0141-351981, 352926
Fax No 0141 - 312701

Please refer to Handbook of Procedures FT Policy 04-09 for the following.
Format of Legal Agreement for setting up STP unit.
Format of application for import of goods.
Format for approval from STP Director for import of capital goods
Format of application for enhancement of Capital Goods limit.
Format of application for CST reimbursement.
APPENDIX
LIST OF INSPECTION AND CERTIFICATION AGENCIES

1. Alex Stewart International Corpn.
   Geyssendorfferwes 54,
   3008 6K Rotterdam
   PO Box 53062, 3000 HB Rotterdam

2. Alfred H Knight Ferous Ltd.
   Eccleston Grange, Prescot Road
   St. Helens, Merseyside
   WA 10 300 UK

3. Bureau of Indian Standards
   9, Bahadurshah Zafar Marg
   New Delhi - 110002
   Tel : 3317991/3310131/3311375
   Tlx : 031-65870
   Fax : 3314062

4. Bureau Veritas
   17, bis, Place des Reflets
   La Defense
   92400 Courbevoie
   Cedex 44
   92077 Paris-La-Defense

5. Bureau Veritas
   44, Arcadia, NCPA Marg
   Nariman Point
   Mumbai - 400021
   Tel : 2021466/2021279/2043559/
       2856121/2856122
   Tlx : 011-84582 BUVE IN
   Fax : 022 2023097

6. Det Norske Veritas
   201-D, Poonam Chambers
   “A” Wing, Dr. Annie Besant Road
   Worli
   Mumbai - 400018
   Tel : 2185614/1080/7107
   Tlx : 022-4925267/4927978
   Fax : 4954409

7. Director General
   STQC Directorate
   Department of Electronics
   Electronics Niketan
   6, CGO Complex
   New Delhi - 110003
   Tel : 4362831
   Tlx : 65103/66536/66590
   Fax : 4363083

8. Gulf Inspection Agencies
   P.O. Box 24993
   Safat (13110)
   Kuwait

9. Indian Register Quality Systems
   52-A Adi Shankaracharya Marg
   Opp. Powai Lake
   Mumbai - 400072
   Tel : 022- 5793627 (4 Lines)
       : 5787124
   Fax : 022-5793611

10. Inspectorate Griffith Ltd.
    2, Perry Road
    Withan Essex CMB 3TU
    England

11. Japan Quality Assurance Organisation
    (Nihon Hinshitsu Hosho Kiko)
    1-9-15, Akasaka, Minato-ku
    Tokyo 107
    Japan
    Tel : 81-3-3583-9001
    Fax : 81-3-3583-9002

12. KPMG
    Centre Point, Centre I, Floor
    30, World Trade Centre,
    Cuffe Parade
    Mumbai - 400005
APPENDIX

List of Important Bodies Associated with Software Exports:

Electronics & Computer Software Export Promotion Council
PHD House, 3rd Floor, Ramakrishna Dalmia Wing, Opp. Asiad Village,
New Delhi – 110016, Tel: 011 – 6965103/6964463 Fax: 011 – 6510632/6853412
Email: esc@giasdl01.vsnl.net.in

58, Nehru Place
New Delhi - 110019
Tel. No. 6435703/5720, 6452807/2903
Tlx. 031-71069 SETH IN
Fax 91-11-6427582

18. Shin Nihon Ketei Kyokai
Keikyu No. 2 Building
Takanawa 3-Chrome
Minato-ku, Tokyo 108, Japan
Tlx 2423486KENTEIJ
Fax 81-3-3449-2814

19. Societe General De Surveillance Sa
Mineral Services
Place Des Alpes, 1
P.O. Box 898
CH-1211 Geneva 1

20. Superintendence CD of India
Everest House 7th Floor
46-C, Chowringhee Road
Calcutta - 700071

21. TUV India Pvt. Ltd.
Jiji House
Damodardas Sukhadwala Marg
Mumbai - 400001
Tel.No. 2416411 / 242062 / 2850662
Fax 2850662
APPENDIX
LIST OF SERVICES

SECTORS AND SUB-SECTORS
BUSINESS SERVICES

A. Professional services
   a. Legal services
   b. Accounting, auditing and book keeping services
   c. Taxation services
   d. Architectural services
   e. Engineering services
   f. Integrated engineering services
   g. Urban planning and landscape architectural services
   h. Medical and dental services
   i. Veterinary services
   j. Services provided by midwives, nurses, physiotherapists and paramedical personnel
   k. Others

B. Computer and related services
   a. Consultancy services related to the installation of computer hardware
   b. Software Implementation services
   c. Data processing services
   d. Database services
   e. Others

C. Research and development services
   a. R&D services on natural sciences
   b. R&D services on social sciences and humanities
   c. Interdisciplinary R&D services

D. Real estate services
   a. Involving own or leased property
   b. On a free or contract basis

E. Rental/Leasing services without operators
   a. Relating to ships
   b. Relating to aircraft
   c. Relating to other transport equipment
   d. Relating to other machinery and equipment
   e. Others
F. Other business services
   a. Advertising services
   b. Market research and public opinion polling Services
   c. Management consulting service
   d. Services related to management consulting
   e. Technical testing and analysis services
   f. Services incidental to agricultural, hunting and forestry
   g. Services incidental to fishing
   h. Services incidental to mining
   i. Services incidental to manufacturing
   j. Services incidental to energy distribution
   k. Placement and supply services of personnel
   l. Investigation and security
   m. Related scientific and technical consulting services
   n. Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment)
   o. Building cleaning services
   p. Photographic services
   q. Packaging services
   r. Printing, publishing
   s. Convention services
   t. Others

2. COMMUNICATION SERVICES
   A. Postal services
   B. Courier services
   C. Telecommunication services
      a. Voice telephone services
      b. Packet switched data transmission services
      c. Circuit switched data transmission services
      d. Telex services
      e. Telegraph services
      f. Facsimile services
      g. Private leased circuit services
      h. Electronic mail
      i. Voice mail
      j. On line information and data base retrieval
k. Electronic data interchange (EDI)
l. Enhanced/ value added facsimile services including store and forward, store and retrieve
m. Code and protocol conversion
n. On line information and/or data processing (including transaction processing)
o. Others

D. Audio visual services
   a. Motion picture and video tape production and distribution service
   b. Motion picture projection service
   c. Radio and television services
   d. Radio and television transmission services
   e. Sound recording
   f. Others

E. Others

3. CONSTRUCTION AND RELATED ENGINEERING SERVICES
   a. General construction work for building
   b. General construction work for Civil Engineering
   c. Installation and assembly work
   d. Building completion and finishing work
   e. Others

4. DISTRIBUTION SERVICES
   a. Commission agents’services
   b. Wholesale trade services
   c. Retailing services
   d. Franchising
   e. Others

5. EDUCATIONAL SERVICES
   a. Primary education services
   b. Secondary education services
   c. Higher education services
   d. Adult education
   e. Other educational services
6. ENVIRONMENTAL SERVICES
   a. Sewage services
   b. Refuse disposal services
   c. Sanitation and similar services
   d. Others

7. FINANCIAL SERVICES
   a. All Insurance and Insurance related services
      a. Life, accident and health insurance services
      b. Non life insurance services
      c. Reinsurance and retrocession
      d. Services auxiliary to insurance (including brokering and agency services)

B. Banking and other Financial Services (excluding insurance)
   a. Acceptance of deposits and other repayable funds from the public
   b. Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction
   c. Financial leasing
   d. All payment and money transmission services
   e. Guarantees and commitments
   f. Trading for own account or for account of consumer, whether on an exchange, in an over the counter market or otherwise, the following:
      -- money market instruments (cheques, bills, certificates of deposits, etc.)
      -- derivative products including, but not limited to, futures and options
      -- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc. transferable securities
      -- other negotiable instruments and financial assets, including bullion
   g. Participation in issue of all kinds of securities, including under writing and placement as agent (whether publicly or privately) and provision of service related to such issues
   h. Money binding
   i. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services
   j. Settlement and clearing services for financial assets, including securities, derivative products and other negotiable instruments
k. Advisory and other auxiliary financial services on all the activities listed in article 113 of MTN. TNC/W/50, including credit reference and analysis, investment and portfolio research and advise, on acquisitions and own corporate restructuring and strategy

l. Provision and transfer of financial information and financial data processing and related software by providers of other financial services

HEALTH RELATED AND SOCIAL SERVICES
(Other than those listed under LA. h j.)
   a. Hospital services
   b. Other human health services
   c. Social services
   d. Other

9. TOURISM AND TRAVEL RELATED SERVICES
   a. Hotels and Restaurants (including catering)
   b. Travel agencies and tour operators services
   c. Tourist guides services
   d. Others

10. RECREATIONAL, CULTURAL AND SPORTING SERVICES
    (Other than audio visual services)
    a. Entertainment services (including theatre, live bands and circus services)
    b. News agency services
    c. Libraries, archives, museums and other cultural services
    d. Sporting and other recreational services E. Others

11. TRANSPORT SERVICES
    A. Maritime Transport Services
        a. Passenger transportation
        b. Freight transportation
        c. Rental of vessels with crew
        d. Maintenance and repair of vessels
        e. Pushing and towing services
        f. Supporting services for maritime transport
    B. Internal waterways transport
        a. Passenger transportation
        b. Freight transportation
        c. Rental of vessels with crew
        d. Maintenance and towing services
        e. Supporting services for internal water ways transport
C. Air Transport Services
   a. Passenger transportation
   b. Freight transportation
   c. Rental of aircraft with crew
   d. Maintenance and repair of aircraft
   e. Supporting services for air transport

D. Space Transport

E. Rail Transport Services
   a. Passenger transportation
   b. Freight transportation
   c. Pushing and towing services
   d. Maintenance and repair of rail transport equipment
   e. Supporting services for rail transport services

F. Road Transport Services
   a. Passenger transportation
   b. Freight transportation
   c. Rental of Commercial vehicles with operator
   d. Maintenance and repair of road transport equipment
   e. Supporting services for road transport services

G. Pipeline Transport
   a. Transportation of fuels
   b. Transportation of other goods

H. Services Auxiliary to all Modes of Transport
   a. Cargo handling services
   b. Storage and warehouses services
   c. Freight transport agency services
   d. Others

I. Other Services not Included elsewhere

National Association of Software and Service Companies (Nasscom)
International Youth Centre,
1 Circular Road, Chanakyapuri, New Delhi - 110016,
email:nasscom@nasscom.org
## SOFTWARE EXPORTS

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<td>List of Inspection and Certification Agencies for ISO 9000</td>
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<td>3</td>
<td>List of other important bodies associated with promotion of software exports</td>
<td>53</td>
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<td>4</td>
<td>List of Services</td>
<td>54</td>
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</tbody>
</table>
Students and Exporters must please note that they should check with the authorities regarding the functioning of any of the various schemes enumerated in the following chapters. This is because additions, deletions and amendments to such promotional schemes are quite common. The general procedure for exports which are common for all export categories such as documentation, marketing, finance, etc have not been covered here, as they are given in greater detail in the main course materials.