

## **STP/EHTP Scheme**

Software Technology Parks (STPs) are export oriented projects catering to the needs of software development for exports. STPs can be set up by the Central Government, State Government, Public or Private Sector Undertakings or any combination thereof. An STP may be an individual unit by itself or it may be one of such units located in an area designated as STP Complex by the Ministry of Information Technology. The Government has already set up Software Technology Parks at Pune, Bangalore, Bhubaneswar, Hyderabad, Thiruvananthapuram, Gandhinagar and Noida. In these Parks all the required facilities are made available. The STP Scheme is administered by the Ministry of Information Technology.

2. For encouraging exports of electronic hardware items including hard disk drives, computers, television, etc., such parks have been developed by the Ministry of Information Technology. An Electronic Hardware Technology Park (EHTP) may be an individual unit by itself or a unit located in a area designated as EHTP Complex. As in the case of STP Scheme, the EHTP Scheme is also administered by the Ministry of Information Technology.

3. Under STP Scheme, a software development unit can be set up for the purpose of development of software, data entry and conversion, data processing, data analysis and control data management or call centre services for exports. Under EHTP Scheme, a unit can be set up for the purpose of manufacture and development of electronics hardware, or electronics hardware and software in an integrated manner for exports. The policy provisions for STP and EHTP Schemes are substantially the same as those applicable to the general EOU Scheme. Thus, the provisions of EXIM Policy regarding importability of goods, DTA sale, clearance of samples, sub-contracting, inter-unit transfer, repairs, re-conditioning and re-engineering, sale of unutilized material, debonding etc. are more or less same for STP/EHTP units as well as general EOUs. However, considering the special requirements of the software/hardware development sector, some specific provisions have been made for the STP/EHTP units in the EXIM Policy as well as in the Customs notifications governing the Scheme, which may be referred to.

4. To implement STP scheme, the Government has issued two notifications, namely, 138/91-Cus, dated 22-10-1991 (for units located in Software Technology Park Complexes) and 140/91-Cus, dated 22-10-1991(for stand

alone software development units ) allowing duty free import of specified goods to such units. In respect of EHTP scheme, notification Nos 95/93-Cus, dated 2-3-1993 (for units located in Electronic Hardware Technology Park Complexes) and 96/93-Cus, dated 2-3-1993 (for stand alone electronic hardware units) allow duty free import of specified goods to such units. To enable such STP /EHTP units to procure specified goods from DTA without payment of duty, a notification No. 1/95-CE, dated 4-1-1995 has been issued. The sector specific provisions in respect of STP/EHTP units are as follows:-

- (i) EHTP/ STP units are allowed to make DTA sale of software through data communication/ telecommunication links. This is subject to the condition that the Director of STPI (Software Technology Park of India) certifies the valuation of such software sold in DTA. (Circular No. 54/98-Cus, dated 31-7-1998).
- (ii) STP units are allowed to import telematic infrastructure equipments for creating a central facility for export of software without payment of duty. The central facility so developed by STP units for transmission of data / software for export are allowed to be utilised by other STP units and units in DTA for export of software. In case of EHTP unit, such facility is not available. However, agency/society authorised to set up the EHTP Complex is allowed to create a central facility for use by EHTP units located within such Complex.
- (iii) Under STP scheme, the units are allowed to render consultancy services for development of software “on site” abroad and consultancy fees received by such units in convertible foreign currencies is deemed to be exports for the purposes of fulfillment of export obligation under the Scheme.
- (iv) The STP units are allowed to use the computer system for the purpose of training including commercial training provided the unit has achieved the prescribed NFEP. However, computer terminals are not allowed to be installed outside the bonded premises for the purpose of imparting training. In case of EHTP, the units are allowed to use computer system for imparting training to the workers only.

The provisions at serial (i), (iii) and (iv) are also applicable to the software development units under general EOU scheme operating under notification Nos. 53/97-Cus, dated 3-6-1997 and 1/95-CE, dated 4-1-1995.

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