

North East BPO Promotion Scheme

The North East BPO Promotion Scheme (NEBPS) has been approved under Digital India Programme, to incentivize BPO/ITES Operations in North East Region (NER) for creation of employment opportunities for the youths and growth of IT-ITES Industry. The Administrative Approval for implementation of the NEBPS to incentivize establishment of 5000 seats, with financial support upto Rs. 1 lakh/seat in the form of Viability Gap Funding (VGF), with an outlay of Rs. 50 crore (Rupees fifty crore only) has been issued on 30th January 2015. The scheme provides following financial supports:

(a) Capital Support: Up to 50% of one-time expenditure incurred on admissible items subject to an upper ceiling of Rs. 1 Lakh/Seat.

(b) Special Incentives: The following special incentives will be provided within the ceiling of total financial support i.e. Rs. 1 Lakh/seat:

- i. **Training Incentive:** Upto 50% of training expenditure with cap of Rs. 6,000/employee for total regular employees up to the 1.5 times (**employment target**) the number of approved seats of BPO/ITES operation (e.g. For 100 seats BPO/ITES operation, training incentive can be availed for max. 150 regular employees).
- ii. **Incentive for diversity & inclusion:** Special incentive (% of eligible capital support) for Units providing employment to women and persons with disability will be provided as under:

Inclusion & Diversity	Special Incentive (% of eligible capital support)
50% women employment	5%
75% women employment	7.5%
4% employment for persons with disability	2%

- iii. **Incentive for providing employment beyond target:** Special incentive (% of eligible capital support) for units providing employment beyond employment target (1.5 times the number of seats) will be provided as under:

Employment generation	Special Incentive (% of eligible capital support)
2 X no. of seats	5%
2.5 X no. of seats	7.5%
3 X no. of seats	10%

- iv. **Incentive for promoting local entrepreneur:** Special Incentive (5% of eligible capital support) for units setting up BPO/ITES operations as a consortium with local entrepreneur (Domicile of the State where BPO/ITES operations are being established).

A Company, availing financial support under NEBPS, can also avail support under any other Scheme of the Central/State Government concerned **other than similar financial support** availed under NEBPS.

Under the NEBPS, the quantum of capital support shall be determined through an open bid system, subject to overall ceiling of Rs. 1 lakh per seat. This Scheme seeks to incentivize establishment of 5,000 seats in respect of BPO/ITES operations, at an outlay of about Rs. 50 Crore, providing employment opportunities to about 15,000 persons considering three shifts BPO operations.

Objectives:

The objectives of NEBPS are as under:

- (i) Creation of employment opportunities for the local youth in NER, by promoting the IT/ITES Industry particularly by setting up the BPO/ITES operations.
- (ii) Promotion of investment in IT/ITES Sector in NER in order to expand the base of IT Industry and secure balanced regional growth.

Duration:

The benefits under NEBPS would be available till the end of the **12th Five Year Plan i.e. 31.03.2017**. The prospective units can apply under NEBPS upto 31.03.2017, subject to availability of seats. However, considering disbursement schedule of the scheme, disbursement may go beyond 12th Five Year Plan.

Location:

The NEBPS is to be implemented in **all the eight (8) States of NER** viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

Implementing Agency:

The Software Technology Parks of India (STPI), an autonomous society of Department of Electronics & Information Technology (DeitY), Ministry of Communication & Information Technology is the implementing Agency of NEBPS.

Eligibility Criteria(s):

The bidder would be required to meet the following conditions:

- (i) The bidder should be registered in India under The Companies Act, 1956 or The Companies Act 2013 (as amended till date), as applicable.
- (ii) The bidder must be willing to set up BPO/ITES operations, with a minimum of 50 seats capacity at one location (city/town). However, the bidder would be at liberty to quote for a maximum of 1500 seats either (a) at one location (city/town) or (b) at multiple locations (city/town) in the NER.
- (iii) The bidder must commit to operate for a minimum period of 3 years.

(iv) The bidder must furnish an undertaking to take either appropriate premises on lease for at least 3 years or produce the proof of ownership of the premises for setting up BPO/ITES operations at the location referred at (ii) above. [Minimum 4000 Sq Ft for 100 seat or @ 40 Sq Ft per seat].

(v) The bidder should have achieved a minimum average annual turnover during last 3 financial years, as per total number of seats applied under NEBPS, detailed as follows:

Number of seats/bidder	Minimum Average Annual Turnover of last 3 FYs (Rs. in Crore)
50	1
51-100	2
101-500	5
501-1000	10
1001-1500	15

OR

An Entity registered under Companies Act but not able to meet above financial criteria, can form a Consortium with an Indian Company which is able to fulfil above financial eligibility criteria and other conditions. The eligible Indian Company must have at least 26 % equity shareholder in the Consortium and commit to maintain minimum equity shareholding (26%) for at least three years from date of commencement of BPO/ITES operations. The eligible Indian company of the consortium will be considered as bidder and fulfil all the eligibility conditions including turnover criteria and positive net worth.

OR

An entrepreneur or a Society (registered under Societies Registration Act, 1860) can form a Consortium with an Indian Company which is able to fulfil above financial eligibility criteria and other conditions. The eligible Indian Company must have at least 26 % equity shareholder in the Consortium and commit to maintain minimum equity shareholding (26%) for at least three years from date of commencement of BPO/ITES operations. The eligible Indian Company able to meet above financial criteria shall be the lead member of the Consortium or the bidder. (Criteria of Turnover and positive net worth of the eligible Indian company will be considered.)

(vi) The bidder must commit itself to employ at least 1.5 times the number of seats (**employment target**) for period of 3 years, for which the bid is submitted and claim for financial support is to be subsequently made, after the commencement of BPO/ITES operations.

(vii) The bidder should have positive net worth as on 31-03-14 or last audited Financial Year, duly certified by a Chartered Accountant.

(viii) The bidder should not be under a Declaration of Ineligibility for corrupt or fraudulent practices or blacklisted by any of the Government agencies. Self-Declaration should be given by authorized signatory.

Bidding Process and Evaluation of Bids:

The STPI will invite Bids from the eligible companies through Request for Proposal (RFP), who are desirous of setting up BPO/ITES operations in N.E. Region.

A. Application Process:

(i) The companies interested in NEBPS would require to submit its bid in Two-Bid Format as per RFP, viz. Technical and Financial Bids, along with Bid Security Deposit [Bid Security Deposit would be 5000/Seat] sealed separately. The Bidder would be required to put these three sealed envelopes (Technical Bid, Financial Bid and Bid security) in a big envelope duly sealed and send it to the **STPI-HQ by or before the Due Date.**

(ii) In order to allow flexibility to the bidder to choose any location across NER based on business needs and ensure dispersal among bidders comparing their scale of operations, seats across NER has been categorized in Seat Slabs, detailed as under:

Seats Slab (SS) in NER	Number of Seats in a Slab	Minimum Average Annual Turnover of last 3 FYs (₹ in Crore)
SS0	50	1
SS1	51-100	2
SS2	101-200	5
SS3	201-400	5
SS4	401-500	5
SS5	501-1000	10
SS6	1001-1500	15

(iii) Bidder will give one bid in one Seat-Slab only, subject to fulfilling turnover criteria and other terms and conditions.

B. Evaluation Process:

(i) The bids received by the Bid Submission End Date shall be opened by a duly Constituted Committee in the presence of the bidder(s) or their authorized representative(s), who may opt to be present. At this stage, the main Big envelope containing three sealed envelopes of Technical Bid, Financial Bid and Bid Security would be opened. Consequently, the envelope containing the technical bid will be opened. Further, the envelopes containing the Financial bid and Bid Security will be kept securely without opening, after being duly signed by the Committee on the body of the envelopes.

(ii) Consequently, a duly constituted Technical Evaluation Committee will proceed to evaluate the technical bids. Based on this evaluation, technically qualified bidders would be invited to the opening of Financial Bids on a subsequent date. The Financial Bids will be opened by a duly constituted Financial Evaluation Committee in the presence of the bidder(s) or their authorized representative(s), who may opt to be present.

(iii) The financial bids of the eligible bidders shall be evaluated as per the following approach:

(a) The bids under NEBPS will be evaluated in a Round Robin manner as per Seat Slabs.

(b) Bidder will give one bid in one Seat-Slab only, subject to fulfilling turnover criteria and other terms and conditions. However, bidder may choose to setup BPO/ITES operations at a particular location or multiple locations within the NER (minimum 50 seats at one location).

e.g. For 300 seats bid @ ₹ 80,000/Seat the bidder may set up either 300 Seats BPO unit at one location or 100 Seats BPO unit in 3 different locations. The agreement and subsequent disbursement will be made separately for each location.

(c) The lowest bidders (L1) for all Seat Slabs will be determined. Then the bidder claiming the lowest among all Seat Slabs will be declared successful first. Subsequently, the lowest bidder in ascending order from the other Seat Slab in NER will be declared successful in a Round Robin manner.

Example of Round Robin Bidding Methodology

Seat Slab	Bid amount in ascending order		
SS1	S11(Rs. 80K)	S12(Rs. 82K)	S13(Rs. 84K)
SS2	S21(Rs. 75K)	S22(Rs. 78K)	S23(Rs. 80K)
SS3	S31(Rs. 70K)	S32(Rs. 72K)	S33(Rs. 74K)

Order of winning S31, S21, S11 even if S22 < S11

(d) If two or more bidders in a Seat Slab (L1 & L2 or L2 & L3 and so on) bid the same amount, then bidder quoting lesser number of seats will be considered first for ensuring wider dispersal. In case numbers of seats are also same for two or more bidders in a Seat Slab, then the bidder with higher net worth will be considered first.

(e) After completion of one round across Seat Slabs, the second lowest bidder(s) and other bidders of each Seat Slab in the same sequence as determined in first round would be asked to match the lowest bid for capital support for the respective seat-slab and on its acceptance such bids would be treated as successful bids, subject to availability of seats.

(iv) The Successful Bidders will be conveyed In-Principle Approval (IPA) by STPI, enabling it to take consequential steps for starting BPO/ITES operations. These Successful Bidders would be required to enter into an Agreement with the STPI-HQ/STPI Guwahati, within a period of two weeks from the date of issue of the above In-Principle Approval.

Disbursement of Financial Support:

This will be released in 2 installments as under after receiving Performance Bank Guarantee (PBG) of 5% of total approved support amount, subject to fulfillment of all formalities and compliance with various conditions laid down in this scheme:

The first installment shall be upto 50% of the total capital support, to be calculated on pro-rata basis, subject to at least 50% of employment target from commencement of operation and further subject to verification of required proofs/documents and site inspection by STPI. This installment shall be claimed anytime after three months from commencement of operation but not later than six months from commencement of operation.

The Second installment will be calculated on pro-rata basis, subject to meeting at least 50% of employment target from commencement of operation and further subject to verification of required proofs/documents and site inspection by STPI. This installment shall be claimed anytime after the expiry of three months period (but not later than six months) from the date of claim of first installment.

Procedure to calculate employment target for disbursement of capital support: Average monthly employment for the duration from commencement of operation till the time of request for release of capital support will be considered to calculate the eligible capital support for each installment.

e.g. If the unit wins the bid for 100 seats BPO/ITES operation @ Rs. 80,000/seat then the disbursement of capital support in different scenarios will be as under:

S. No.	Achieved average monthly Employment Target (E.T.) at the time of claiming 1 st installment from commencement of operation	Disbursed amount of capital support in 1 st installment (Max. Rs. 40 Lakh)	Achieved average monthly Employment Target (E.T.) at the time of claiming 2 nd installment from commencement of operation	Disbursed amount of capital support in 2 nd installment (remarks) [(X% of E.T. * Total capital support) – disbursed amount in 1 st installment]
I	90% (135 persons against E.T. of 150)	Rs. 36 Lakh	70% (105 persons against E.T. of 150)	Rs. 20Lakh [Rs.28Lakh – Rs. 8 Lakh] (Rs.8 Lakh is deducted against 1 st installment due to shortfall in E.T.)
II	90% (135 persons against E.T. of 150)	Rs. 36 Lakh	90% (135 persons against E.T. of 150)	Rs. 36 Lakh (same as 1 st installment by maintaining the E.T.)
III	60% (90 persons against E.T. of 150)	Rs. 24 Lakh	90% (135 persons against E.T. of 150)	Rs. 48Lakh [Rs. 36 lakh +Rs. 12 Lakh](Rs. 12Lakh is provided against 1 st installment because of increase in employment generation)
IV	90% (135 persons against E.T. of 150)	Rs. 36 Lakh	100% (150 persons against E.T. of 150)	Rs. 44 Lakh [Rs. 40 Lakh + Rs. 4 Lakh] (Rs. 4Lakh is provided against 1 st installment hence unit is able to get full capital support on achieving the 100% E.T.)

Disbursement of Special Incentives:

(a) **Training incentive:** This special incentive is to be provided with/after the disbursement of 2nd installment without Bank Guarantee on production of documentary proofs of employment as stated above subject to fulfillment of other terms and conditions.

The following special incentives (b), (c) and (d) are to be provided after 1 year from commencement of operation without Bank Guarantee on production of documentary proofs as stated above subject to fulfillment of following conditions.

(b) **Incentive for diversity & inclusion:** This incentive will be provided on subject to fulfillment of at least 50% of employment target.

(c) **Incentive for providing employment beyond target:** This incentive will be provided to the units providing employment beyond employment target i.e. 1.5 times the number of seats as stated above.

(d) **Incentive for promoting local entrepreneur.**

Schedule of NEBPS Implementation:

Sl. No	Activity	Time Periods
1.	Award of In-Principle Approval (IPA) to the successful bidder	T0
2.	Signing of Master Service Agreement (MSA)	T1 : T0 to T0+02 weeks
3.	Commencement of BPO/ITES operations	T2 : T0 to T0+06 months T2: T0 to T0 + 09 months (with penalty as per Para 8(i))
4.	Report to STPI about commencement of operation	T3 : T2 to T2+02 weeks
5.	Request for release of financial support (First Installment) as per the agreed amount and submission of Performance Bank Guarantee (PBG)	T4 : T2 + 03 months to T2+06 month
6.	Release of Bid Security Deposit (BSD)/Earnest Money Deposit (EMD)	T5 = T4
7.	Request for release of financial support (Second Installment) along with Training Support as per the agreed amount	T6 : T4 to T4 + 06 months
8.	Request for release of Special Incentives other than Training Support	T7 : T2 +12 months to T2 + 36 months

NEBPS Timelines & Current Status:

NEBPS Approval	30.01.2015	Administrative Approval of NEBPS.
First round of bidding	13.04.2015	Amendment to the Administrative Approval.
	18.04.2015	RFP Published with last date of bid submission as 18.05.2015.
Second round of bidding	12.06.2015	Amendment-II to the Administrative Approval.
	19.06.2015	RFP Published with last date of bid submission as 13.07.2015. After technical and financial evaluation of bids M/s. IKF Technologies Pvt. Ltd. was awarded IPA.
Third round of bidding	06.08.2015	Amendment-III to the Administrative Approval.
	06.08.2015	Consolidated Administrative Approval of NEBPS.
	28.08.2015	RFP Published with last date of bid submission as 30.09.2015.
Fourth Round of Bidding	15.01.2016	Consolidated Administrative Approval of NEBPS
	29.01.2016	RFP Published with last date of bid submission as 29.02.2016
Fifth Round of Bidding	26.04.2016	Consolidated Administrative Approval of NEBPS.
	17.05.2016	RFP Published with last date of bid submission as 17.06.2016

List of Admissible Items for Capital Support under NEBPS:

S. No.	Item Description
1	Servers with OS
2	Software and Hardware per license cost for BPO/ITES operations
3	Networking Equipments (Switches, Routers, Firewalls, Voice/Video Conferencing Gateways)
4	Workstations (Desktop, Laptop, Tablets, IP phones, Headsets)
5	Data Storage

6	Structured Cabling
7	UPS
8	Printer, Copier, Scanner & Projector
9	Refrigerator & Water Purifier
10	Fire & Security Items
11	Computer Furniture
12	Electrical wiring & fittings
13	Central Air-conditioning equipment, air-conditioning System
14	Captive Diesel Generating Set and transformer of capacity commensurate with the actual requirement of the unit , solar power / Non conventional Energy Generation Set (OPTIONAL)*
15	Fax Machine
16	Private automatic branch exchange
17	Data Communication Equipment, Modem & VSA
18	Other misc. goods not exceeding 5 % of the total cost of above items including Tools, kits and spares

* The unit may avail incentive on Generating Set from the State Govt., if needed.

Note: Any item not covered above shall be decided by and permitted by NEBPS Management Committee (NMC).