



Software Technology Parks of India

(An Autonomous Society under Ministry of Electronics & Information Technology(MeitY), Govt. of India)

Ganga Software Technology Complex, Sec – 29, Noida – 201303. UP

Phone: 0120-2470502 Fax: 0120-2470403

E-mail: do@noida.stpi.in Website: www.noida.stpi.in

Dear STP Prospect,

At the outset let me take this opportunity to introduce us to your esteemed organization.

Software Technology Parks of India (STPI), an autonomous society, has been set up under the Ministry of Electronics and Information Technology, Government of India, with the objective of promoting export of computer software from the country.

The Software Technology Park (STP) scheme is a 100% export oriented scheme for the development and export of computer software & services using data communication links or in the form of physical media including the export of professional services. The major attraction of this scheme is single point contact service to the STP units.

Our endeavor is to provide conducive environment to the software exporters and create an impetus to the Software exports industry in India.

We aim at making India the most preferred country in the world for all types of software resources and services.

At STPI, we understand importance of your time and resources. To enable you to have clarity on the scheme procedure, a ready reckoner is being sent herewith to you. It will guide you to prepare the application conforming to the requirements.

I am sure the information will be of use to you. I would also like to assure you of our prompt services.

Thanking you,

Yours faithfully,

Sd/-

Director
STPI-Noida



**Ready
Reckoner
For STP
Registration**

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STP Scheme

The 100% Export Oriented Unit scheme (STP scheme) is for setting up of software development and IT enabled services unit in India for 100% Export.

The STP scheme is administered by the respective STPI Directorates.

Highlights of STP Scheme

- 100% Customs duty exemption on imports
- Equipment can also be imported on loan or lease basis.
- All relevant equipment/goods including second hand equipment can be imported (except prohibited items)
- 100% excise duty exemption on indigenous procurement.
- Central Sales Tax reimbursement on indigenous purchases.
- Green card enabling priority treatment for Government clearances / other services.
- 100% foreign equity investment in the companies permissible under the 'Automatic Route' of RBI.
- Sales in the DTA (Domestic Tariff Area) up to 50% of the foreign exchange earned by the unit.
- Software units may also use the computer system for training purpose (including commercial training).

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Procedure to become STP Member

The application form is available free of charge. The application form can also be downloaded from our website www.noida.stpi.in. The company has to give the presentation. The agenda of the presentation structure is available here alongwith the checklist of documents.

Guidelines to complete the Application Form

Important aspects of the application form are:

1. Company profile
2. Capital structure
3. Pattern of Shareholding in the paid up capital
4. Projection for capital goods requirement
5. Manpower Projections
6. Export Earnings
7. Foreign collaborations.
8. Area of expertise.
9. Estimated time frame for commencement of operation and exports
10. Communication requirement
11. Space requirement / Built –up land.

Others:

1. Kindly read the application form thoroughly
2. Fill up all the details as required
3. Put initials on each page

List of Enclosures

Following copies of documents shall be the enclosures.

1. **Memorandum & Articles of Association**
For registered units (Public and Private Limited).
2. **Partnership Deed**
For partnership firms.
3. **Board Resolution**
 - Board resolution copy mentioning the willingness to get registered with STPI as 100% exporting firm. Also, mention the name of the authorized signatory to sign all relevant documents.
 - For maintaining separate books of accounts for the unit under STP Scheme as per Para 6.11.1 and Para 6.32 of Foreign Trade Policy - chapter 6.
 - For maintaining distinct identity as per Para 6.32 of Foreign Trade Policy- Handbook of Procedures - chapter 6.

This is not applicable in case of Partnership Firm or Proprietary concern.

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4. **Permanent Account Number** – Enclose copy.

If is not available, Please apply to Income Tax Office of the respective area. The application form for PAN No. is available in the offices of Income Tax. Download the same from <http://www.incometaxdelhi.nic.in/>. The acknowledged copy of application should be enclosed.

5. **Importer-Exporter Code (IEC)** – Enclose copy.

If not available, apply to Director General of Foreign Trade (DGFT).

Following documents are required for IEC application –

- a. Covering letter on letter head of the firm to DGFT.
- b. Application Form consisting of
 1. Appendix 1-A
 2. 2-A duly attested by the banker on the photograph.
 3. One extra photograph.
- c. Demand Draft for Rs.1,000/- in favour of ‘Joint Director General of Foreign Trade, Delhi’.
- d. Banker Certificate.
- e. Copy of Permanent Account Number (PAN)
- f. Declarations on Company letterhead:
 - There is no non-resident interest / investment in the Firm / Co.
 - The Proprietor / Partner / Director / Karta of the Firm / Co. is/are not associated as Proprietor / Partners / Directors / Karta in any other Firm/Co. which is in the caution List of RBI.
 - I/We hereby certify that none of the director / Partner / Proprietor / Karta of the Firm / Co. is a Director / Partner / Proprietor / Karta of the Firm/Co. which has come to the Adverse notice of DGFT.
- g. In case of NRI interest / investment – submit copy of RBI approval.
- h. The acknowledged copy of application to DGFT should be enclosed.

6. **Banker’s Certificate**

A certificate from your bank covering duration of maintaining company account with the Bank.

7. **RBI Permission in case of Foreign Equity**

100% foreign equity investment in the companies is permissible under the ‘Automatic Route’ of RBI. The company has to intimate RBI and a copy should be submitted to STPI.

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8. **Form 32 giving List of Directors on Board**

Submit Copy of Form 32 certified by Registrar of Companies.

Applicable in case of Private / Public Ltd companies.

9. **List of Directors / Partners with specimen signature**

List of Directors / Partners of the company with names, addresses, contact nos, email, specimen signature.

For proprietary concern, details of proprietor.

10. **Project Report**

The format can be downloaded from the website. Following are some important aspects to be covered in the Project Report:

1. Background of company and promoters
2. Area of expertise in software development and IT-enabled services
3. Profiles of key personnel in the organization
4. Strengths and achievements of the company like potential market for software products project developed by the company and in-house expertise in the area of specialization
5. Financial arrangements and feasibility of the proposed setup
6. Marketing tie-up, if any
7. Export performance for last three years in cases of existing firms & last years Balance Sheet
8. Export Orders in hand / in pipeline / under registration.
9. Brochures of the software products / company or Annual Report for the previous year
10. Space Requirement / Built up Land
11. Manpower: Type of people working
 - Project Manager
 - Project Leader
 - Senior Programmer
 - Junior Programmer/Operators
12. Wage Bill

11. **Export Order with Foreign Client**

STP registration can also be obtained even without submitting the export order. But, it is preferable to have export order in hand at the stage of STP registration. If available, submit copy of any of the following

- Export order
- Contract
- Purchase Order
- Agreement signed with the foreign client.

Company may also provide the details of the export orders in pipeline in case of non availability of any firm order in hand.

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12. Proof of Premises

STP firm can operate from owned or leased/rental premises.

- For owned premises, submit Sale deed.
- For leased/rental premises, submit Leave and License Agreement.
- Floor plan of the proposed STP premises to be attached.

13. List of proposed Plant & Machinery in Three Copies

List of proposed Plant & Machinery signed by authorized person on the company letterhead. The projections viz. Imports and Indigenous purchases mentioned in the list should be as per the application form.

14. Application Processing Fees and Annual Service Charges effective from January 2010

Application processing fees and 3 years advance Annual Service Charges considering your projected export turnover.

Service Charges for STP Unit w.e.f. Jul 2012				
	Export Turnover for the Year	Existing Annual Service Charges (INR) per annum	Service Tax	Total amount (INR)
1	Up to Rs. 25 Lakhs	8,000.00	989.00	8,989.00
2	Above Rs. 25 lakhs to 50 Lakhs	16,000.00	1,978.00	17,978.00
3	Above Rs. 50 Lakhs to 3 crore	55,000.00	6,798.00	61,798.00
4	Above Rs. 3 crore to 10 crore	1,10,000.00	13,596.00	1,23,596.00
5	Above Rs.10 crore to 25 crore	2,25,000.00	27,810.00	2,52,810.00
6	Above Rs. 25 crore to 50 crore	2,50,000.00	30,900.00	2,80,900.00
7	Above 50 crore to 100 crore	3,50,000.00	43,260.00	3,93,260.00
8	Above Rs. 100 crore to 500 crore	5,75,000.00	71,070.00	6,46,070.00
9	Above Rs.500 crore to 1000 crore	6,00,000.00	74,160.00	6,74,160.00
10	Above Rs. 1000 crore	6,50,000.00	80,340.00	7,30,340.00

Note : Service Charges are subject to change, please visit website for the latest one

The payment should be in form of Demand Draft in favor of Software Technology Parks of India, Noida.

Note: While filling up the projections etc., it is suggested that the applicant should be in touch with STPI officials for proper guidance for submission of application

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Following are the Mandatory Requirement of STP Registration

1. Legal Agreement with STPI.
2. Custom Bonding.
3. Minimum Export Obligation.
4. Commencement of Commercial Production.
5. Reports.

1. Legal Agreement with STPI

Legal Agreement is mandatory as Commitment for fulfillment of Terms and Conditions of Letter of Permission. It will be executed for granting five years of operations. The Legal Agreement will be executed on Rs. 100/- Stamp Paper. It should be signed by the duly authorized person in STP premises.

2. Custom Bonding

Every STP firm is required to get its premises (the STP location) custom bonded either it avails the benefits of Customs Duty (Import) /Excise Duty (Indigenous) exemption or not.

At present, custom bonding is a mandatory requirement.

Units operating under the STP scheme, require a private bonded warehouse license under section 58 of the Customs Act 1962 & with bond manufacturing facility under section 65.

Procedure for Custom Bonding

Application for Custom Bonding is to be made to the Jurisdictional Asst. Commissioner of Customs in the prescribed format Customs will issue "Private Bonded Warehouse License".

The application should be submitted with the copies of the following documents :

1. Application for Custom Bonding.
2. Copy of STPI - Noida Letter of Permission.
3. Copy of Green Card issued by STPI Noida.
4. List of proposed Plant & Machinery of Capital Goods attested by STPI.
5. Agreement with STPI for Export Commitment.
6. Process of Manufacture (Software Development Process).
7. Self Removal Procedure (S.R.P.) approval request letter.
8. Supplementary Terms and Conditions, duly accepted by us on Rs. 100/- Stamp Paper to be notarise.
9. Solvency Certificate.

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10. B – 17 Bond on Rs. 100/- Stamp Paper to be notarise.
11. Affidavit on Rs. 100/- Stamp Paper to be notarise.
12. Insurance for Fire & Burglary. (Policy in the name of Commissioner of Customs, Noida/Gurgaon/Delhi, A/c – Company name with STP Unit address.)
13. Bank Guarantee.
14. Declaration for Custom.
15. Memorandum and Articles of Association.
16. Lease Agreement of Premises or Ownership supporting details
17. Ground Plan of Premises.
18. List of Directors with Specimen signatures
19. Copy of Importer Exporter Code No. (IEC)
20. Copy of Permanent Account No. (PAN No.).
21. Authorized Signatory Board Resolution / Authority Letter.

B-17 Bond.

It is a general bond to be executed with surety / security. The B-17 Bond has to be executed at 25% of the custom duty value. Where the units are unable to give surety they can execute the bond with the security for 5% of the value of the bond in the form of Bank Guarantee on stamp paper of Rs. 100/-

Solvency certificate for Rs.10 Lacs from Bank - It is a certificate issued by the banker of the STP firm in lieu of a Rs.10 Lacs Fixed Deposit Account maintained by the unit with the banker stating the financial fitness of the company up to the limit of Rs.10 Lacs to meet the financial obligation if any without any obligation or liability on the banker.

Affidavit on Rs.100/- stamp paper - An affidavit is an undertaking given by the STP firm to Customs stating that none of the Directors or Partners or CEO's or Proprietor is/are involved in Customs & Excise duty evasion cases or any other smuggling activities'

Supplementary Terms and Conditions to Customs by the unit, printed on Rs.100/- stamp paper.

Inspection of Premises

Before issuing the Bond License, an inspection of premises is conducted by Customs. The requirement for issuing the Bond License under Section 58 and 65 of Customs Act 1962 are :

Adequate arrangement for light

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All windows, ventilation, space to be properly barred/secured with strong shutters that can be fastened firmly from inside.

Arrangement for locking door firmly from security point of view.

Precaution against fire.

Dry & Airy

Insurance Policy favoring Commissioner of Customs for the Bond value covering Fire and Burglary.

Single door Entry and Exists.

3. Minimum Export Obligation

The Minimum Export Performance on the STP unit on Net Foreign Exchange terms will be as follows :

As per the Foreign Trade Policy 1st Sept 2004 – 31st March 2009

The unit shall be a positive net foreign exchange earner. Net Foreign Exchange Earnings (NFE) shall be calculated cumulatively for a period of five years from the commencement of production according to the formula given below. Items of manufacture for export specified in the Letter of Permission (LOP)/ Letter of Intent (LOI) alone shall be taken into account for calculation of NFE.

$$\text{Positive NFE} = A - B > 0$$

Where

NFE is Net Foreign Exchange Earning.

- A) is the FOB value of exports by the EOU/EHTP/STP unit; and
- B) is the sum total of the CIF value of all imported inputs and the CIF value of all imported capital goods, and the value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings during the first five year period or any other charges. "Inputs" mean raw materials, intermediates, components, consumables, parts and packing materials

4. Commencement of Commercial Production

STP firm has to commence it's commercial production within the stipulated time frame according to the application form. After commencing the operations, the STP member should intimate in writing to STPI.

5. Reports

Export Import Performance report :

1. Monthly Basis.
2. Quarterly Basis.
3. Annually Basis.
4. Any other reports as and when required.

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On Going Activity – STPI Certification

During the STP membership duration (five years), STPI will offer the following services :

- **Issuance of certificates & Permission**

Import Certificate, Excise exemption, Procurement certificate, Transfer of Capital goods, Capital Goods (CG) Enhancement, Change of Name, Change of Location, Expansion of STP Location, Permission for DTA Sales, Permission for Re-export, Permission for De-bonding, etc.

- **Approval of Contracts / Export Orders etc. with foreign clients.**

- **Software Exports Certification.**

- **CST Reimbursement.**

- **Various circulars guidelines etc. on website**

This document should not be treated as a manual. Foreign Trade Policy, Handbook of Procedures etc. should also be referred while applying for necessary approvals etc.