



# CSE332

Unit3:- Export promotion schemes:  
Software Technology Parks (STPs),  
Special Economic Zones (SEZ) Scheme

# Export Promotion

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- A set of **government policies, strategies, and activities** designed to encourage businesses to sell their goods and services to **foreign markets**.
- The aim is to increase the **volume of exports**, improve the **quality of products**, and make products **more competitive** in the global market.
- Export Promotion plays a **vital role in the economic development of any country**. It helps a country expand its trade beyond domestic borders and increases its income.

# Importance of Export Promotion in Economic Growth

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- Boosts Foreign Exchange Earnings
- Economic Growth
- Job Creation
- Industrial Development
- Global Competition
- Technology Transfer
- Diversification of Products

# How Export Promotion Helps the Economy

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- Increases production capacity
- Enhances business reputation globally
- Attracts Foreign Direct Investment (FDI)
- Creates new business opportunities
- Improves the quality of goods through international standards

Export Promotion is one of the **strong pillars of economic growth**

- Software Technology Parks (STPs)
- Special Economic Zones (SEZs)
- Other schemes (brief mention): EPCG (Export Promotion Capital Goods Scheme), MEIS (Merchandise Exports from India Scheme), SEIS (Service Exports from India Scheme).

# STP (Software Technology Park)



- An **export promotion scheme** launched by the Government of India in **1991** to promote **software exports** from the country.
- It is a 100% **Export Oriented Scheme** specially designed for the **IT and IT-enabled Services (ITES)** sector.
- The scheme is managed by **Software Technology Parks of India (STPI)**, which is an autonomous body under the **Ministry of Electronics and Information Technology (MeitY)**.

# Objective of STP Scheme

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- Promote software exports from India.
- Develop IT infrastructure in the country.
- Encourage the growth of small and medium IT enterprises (SMEs).
- Boost foreign exchange earnings through software and IT-enabled services.

# Benefits of STP Scheme

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- Export Incentives- Exemption from customs duty and excise duty.
- Single-Window Clearance - Quick approvals for company registration and infrastructure setup.
- Foreign Exchange Earnings- Helps increase India's foreign exchange reserves.
- Technology Development- Encourages the development of high-end software and IT services.



# How Does the STP Scheme Work



## Registration Process:

- Companies need to register with Software Technology Parks of India (STPI).
- Submit a business proposal with details of software exports.

Approval Process: The business proposal is reviewed and approved by the Director of STPI.

Setting up Operations: Once approved, the company can set up its office inside an STP Unit or Campus.

Export Obligations: The company must export 100% of its software services and report regular export earnings to STPI.

# Infrastructure Provided by STPs



- Ready-to-use office spaces
- High-speed internet connectivity
- Power backup
- Conference rooms
- IT Support Services
- Data Communication Facilities

# Impact of STP on Indian Economy



- IT sector contributes 8% to India's GDP (as of 2023).
- India is a large exporter of software services in the world.
- More than 4,300 companies registered under STPI.
- IT exports from STPs have crossed ₹5 lakh crore annually.
- Employment generation for 4.47 million people in the IT sector.

# Popular STP Locations in India

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- STPI Bengaluru - Infosys, Wipro, TCS
- STPI Hyderabad - Microsoft, Google, Oracle
- STPI Pune - Cognizant, Capgemini
- STPI Chennai - HCL, Zoho
- STPI Noida - Adobe, Paytm

# Special Economic Zones (SEZ)



- Geographically defined areas where businesses enjoy special economic regulations and incentives compared to the rest of the country.
- These zones are set up by the government to promote exports, attract foreign investment, and boost economic growth.

# Purpose of SEZ

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- Promote export-oriented growth
- Attract foreign direct investment (FDI)
- Generate employment opportunities
- Improve infrastructure development
- Boost the manufacturing sector

# Features of SEZ

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1. Tax Benefits: 100 % Income Tax exemption for the first 5 years, exemption from GST and other indirect taxes.
2. Fast and easy approvals for business operations
3. Infrastructure Facilities: High-quality roads, power supply, and water facilities
4. 100% FDI is allowed in manufacturing and service units

# SEZs in India



SEZ Name	Location	Sector
Kandla SEZ	Gujarat	Multi-product
Noida SEZ	Uttar Pradesh	IT & Electronics
Chennai SEZ	Tamil Nadu	Electronics & Hardware
Navi Mumbai SEZ	Maharashtra	IT & Services
Cochin SEZ	Kerala	Multi-product



# Advantages of SEZ

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- Attracts foreign investments
- Improves employment opportunities
- Boosts export earnings
- Modern infrastructure
- Encourages technology transfer

# Difference between STPs and SEZs



Aspect	Software Technology Parks (STPs)	Special Economic Zones (SEZs)
Definition	STPs are technology parks established to promote <b>software and IT-enabled services (ITES)</b> exports.	SEZs are designated geographical areas that promote <b>export-oriented growth in various sectors</b> , such as IT, manufacturing, and services.
Purpose	Promote <b>software and IT services</b> exports by providing infrastructure and tax benefits.	Boost <b>exports, attract foreign investments, and generate employment</b> in various sectors.
Sector Focus	Specifically focused on <b>IT and IT-enabled services</b> .	Covers <b>multiple sectors</b> such as IT, electronics, manufacturing, pharmaceuticals, and textiles.
Geographical Area	No fixed boundary – companies can operate from their own premises by registering under the STP scheme.	SEZs are <b>physically demarcated areas</b> with special facilities and infrastructure.
Export Obligation	Companies must export <b>100% of their software services</b> .	SEZ units must export at least <b>51% of their production</b> .
Tax Benefits	Income tax exemption for <b>up to 10 years</b> under Section 10A of the Income Tax Act.	Income tax exemption for <b>first 5 years</b> and other tax benefits under SEZ Act, 2005.



FDI Policy	100% FDI allowed in IT and ITES.	100% FDI allowed in SEZs across various sectors.
Infrastructure	Provides <b>high-speed data communication facilities</b> and IT infrastructure.	Provides <b>comprehensive infrastructure</b> including roads, power, water, and communication.
Land Acquisition	No land acquisition required as companies can operate from their own locations.	SEZs are developed on <b>acquired land</b> with special government permissions.
Governance Body	Managed by <b>Software Technology Parks of India (STPI)</b> under the Ministry of Electronics and Information Technology.	Governed by the <b>Ministry of Commerce and Industry</b> under SEZ Act, 2005.
Eligibility	Only IT and software-related companies can register.	Companies from <b>multiple sectors</b> like IT, manufacturing, biotech, and pharma can operate.
Employment Generation	Focuses on <b>skilled IT professionals</b> .	Generates employment in <b>both skilled and unskilled sectors</b> .