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STP Scheme

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18. Can we change our STP location after approval ?
19. Does STPI help in finding software professionals or else what are agencies who can help ?
20. What happens if a unit is unable to succeed after trying for a year or so ?
21. [Is it mandatory to get the company registered in India ?](#)
22. Can I convert equipment already imported on loan or free of cost into the equity of the company at a later date if required ?
23. Can we take CST reimbursement as a STP unit?
24. Entities who can set up a unit?

ANSWERS

1. The Software Technology Park (STP) scheme is for providing facilities to IT industry for undertaking software development and IT enabled services for 100% exports using data communication links in the form of physical exports including export of professional services. Individual units can also be allowed to do business in the domestic (Indian) market up to 50% of the exports. STP units can

also undertake commercial training. STP units also regulate the IT business through licensing, acting as a link between the customer and Government authorities and agencies. Under the scheme, IT industries are provided certain concession in duties, levies and taxes.

2. The major attraction of STP scheme is a single point contact service to the STP unit:

- Approval as a STP unit
- Approval for enhancement of capital goods
- Issuance of green card
- Guidance for custom bonding
- Certification of imports
- Certification of exports
- Permission for excise exemption
- Permission for DTA sales
- Permission for re-export
- No objection certificate for change of name
- No objection certificate for change of location
- CST reimbursement

3. Application processing fees and three years advance annual service charges considering your projected export turnover.

Application processing fees :Rs. 2500.00

Service charges on the basis of projected exports :

Below Rs. 50 lakhs per annum	Rs. 15000.00 per annum
Rs. 50 lakhs to Rs. 3 crores per annum	Rs. 50000.00 per annum
Above Rs. 3 crores per annum	Rs. 100000.00 per annum

4. Following can become a STP member :

- An Indian company
- A subsidiary of foreign company
- A branch office of foreign company

In order to become a certified member unit under STP scheme, approval from the competent authority i.e. Director, STPI-Mumbai is required. Following documents are required for obtaining approval :

- Gist of application
- Application in triplicate
- Project report
- Board resolution
- Memorandum or Articles of association
- Export order / contract or MOU
- List of Directors
- Importer - Exporter code number
- Proof of STP location premises (e.g. Leave and licence)
- Valid data communication proof (e.g. Receipt of payment, service acceptance letter)
- Bank certificate

After approval procedure, STP unit has to sign Export Obligation Agreement under STPI and approach the Assistant Commissioner of Customs for bonding your office area under Section 58 & 65 of Customs Act 1962.

5. The obligations on units under the STP Scheme:

- The Development/production shall be carried on in customs bonded area.
- Regular renewal of customs bonding licence.
- Commencement of operations within the gestation period.
- Intimation to STPI about the commencement of operations.
- Fulfillment of obligations as per the Foreign Trade Policy.
- Realisation of amounts due in stipulated period.
- For external borrowings, obtain permissions from Ministry of Finance.

- Maintain separate accounts for the operations of STP unit.
- Maintain prescribed records and documents.
- Obtain Export certification.
- Submit Monthly, Quarterly and Annual reports.
- Payment of duties on debonding of STP unit.

6. STP units can avail of following advantages under STP scheme :

- Custom duty exemption
- Excise duty exemption
- Central Sales Tax reimbursement
- Corporate tax exemption on 90% export turnover as per Section 10A of Income Tax Act.
- Sales in Domestic Tariff Area (DTA) upto 50% of the FOB value of exports permissible.

7. Only projects having a minimum investment of Rs. 1 crore in plant and machinery shall be considered for establishment as EOUs under the scheme.

8. 100% foreign direct investment, NRI-repatriable, NRI-non repatriable, resident holding and combination thereof allowed.

9. Software industry being a non-polluting industry can be set up in any location. The STP unit can be an individual unit by itself or it can be one such unit located in an area designated as STP complex.

10. Surely the location can be changed but with prior approval from STPI.

11. Depending on the pattern of investment the following time frame is involved:

Type of investment	Authority for approval	Time
100% resident holding and 100% FDI under automatic route of RBI	Director, STPI	One Week

12. There are 900 plus units registered from Mumbai under the STP scheme.

13. The obligations on units under the STP Scheme:

- Development of IT Software/ Electronic Hardware for Exports.
- Rendering IT enabled services for software exports.
- Execution of Onsite Consultancy projects at customer site abroad.

14. Yes, STP unit can do the domestic business subject to 50% of foreign exchange earned with prior permission of Director of STPI.

15. Yes, custom bonding of the STP unit is mandatory.

16. Yes, Director-STPI can approve the capital goods limit.

17. Yes, change of company name is possible after STP approval. Certificate from Registrar of Companies needs to be submitted to STPI office.

18. Yes.

19. The STPI does not have an infrastructure to formally help the upcoming STP units. However, through consultants and advertisement in newspapers the required kind of manpower can be found.

20. The unit can cease to become STP member at any moment of time subject to payment of customs and excise duty on the imported and indigenous equipments and the penalty imposed by the appropriate authority under the Foreign Trade Regulatory Act 1992 for non-fulfillment of conditions of approval.

21. Yes, it is mandatory to get the company registered in India with the Registrar of Companies under the Companies Act 1956.

22. There is a provision by which with the approval of RBI the capital goods already imported can be converted into the foreign equity of company.

23. Yes, CST reimbursement can be taken as a STP unit against 'C' Form only.

24. Entities who can set up a unit are :

- Central Government Undertaking.

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- State Government Undertaking.
- State Industrial Development Investment Corporation.
- Cooperative Undertaking.
- Joint Sector Undertaking Joint Sector Undertaking.
- Assisted Sector Undertaking.
- Private Sector Undertaking.
- Individual Promoter/Partnership.
- Conversion from DTA Unit to STP.
- Conversion from EoU to STP.

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