

Summary of amendments in the Administrative Approval of India BPO Promotion Scheme (IBPS) dated 21.12.2020

Sl. No	Amendment	Remark/Impact
1	<p>Following clauses have been added in Para 10 “Performance and Exit Management”:</p> <p>(e) If a company has more than one unit under IBPS of which, all units have commenced operation and generated employment (PF verified) but could not claim VGF for any unit due to not meeting minimum employment target or closing operations for any reason, then BSD would not be forfeited for units which have generated PF verified employment, considering the intent and spirit of the scheme otherwise BSD would be forfeited.</p>	<p>Earlier clause 10.(c) – <i>“If a company has more than one units under IBPS of which some units are operational while some units remain non-operational, then in such case the BSD for non-operational seats equivalent to operational seats may be released, while beyond it the BSD would be forfeited for non-operational seats”</i>.</p> <p>As per 10.(c) quoted above, EMD/BSD could not be returned to a company having multiple units where all units commenced but subsequently closed or failed to claim VGF. Now with addition of clause 10.(e), this desirable condition can be fulfilled.</p>
2	<p>(g) The units which have run their operations for 3 years, submitted all the progress reports but could not attain minimum employment target to claim VGF but having average employment (PF verified) of at least 10% of employment target from commencement, would be considered for refund of BSD and be provided VGF on pro-rata basis on their average monthly employment from commencement of operation.</p>	<p>As per the original criteria, a unit had to attain at least 50% of their employment target to claim any VGF installment. The criterion was relaxed to 33.3% during COVID-19.</p> <p>However, with this amendment the BPO units will be financially benefited which have successfully run operation for 3 years but could only generate less employment (at least 10%) for VGF claim.</p>
3	<p>(h) The units which have run their operation for 3 years, submitted all the progress reports but could not attain minimum employment target to claim VGF and having average employment (PF verified) less than 10% of employment target from commencement, could only be considered for refund of BSD.</p>	<p>The units which have successfully run their operation for 3 years but could not claim VGF due to lesser employment (less than 10%) shall be benefited. EMD/BSD of such units shall be returned.</p>

4	<p>(i) The BPO Unit will be obligated to furnish quarterly performance report, inter alia, indicating the average monthly employment in the Unit. At the stage of release of Bank Guarantee, average employment of last three years will be calculated. In the event of the BPO Unit has increased the level of employment (based on which the VGF amount was released), it would be considered for release of additional VGF and/or special incentive (if applicable) as final settlement amount within the cap of overall support under the scheme. In the event of BPO Unit not meeting the employment target (based on which the VGF was released), the STPI would be at liberty to invoke the bank guarantee on pro-rata basis.</p> <p>STPI need to verify the employment generation for ITeS operations of the unit under IBPS at the time of refund of BSD and pro-rata settlement after 3 years.</p>	<p>In Capex model (till RFP round 4), the BPO units receive 2 VGF instalments based on employment generated up to first one year. Now through this amendment, the units which have generated more employment over the period of 3 years, than at the time of VGF instalment claim shall be benefited.</p>
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