

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:3273

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INDIAN OUTSOURCING INDUSTRY

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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether some countries have banned outsourcing of jobs to India;
- (b) if so, the details thereof and its likely impact on Indian Business Process Outsourcing (BPO) Industry;
- (c) the action taken by the Government of India in this regard; and
- (d) the steps taken and concessions given/being given to BPO Industry in the country?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(SHRI GURUDAS KAMAT)

(a): As per available information no country has banned outsourcing of jobs to India. However, according to a recent Executive Order by the Governor of Ohio, a state in the USA, no public funds should be spent on services provided offshore from an location. (outside of the USA)

(b): The move against offshoring in Ohio, USA is a concern to India. However, as per National Association of Software Services Companies (NASSCOM), the Indian IT industry do not foresee any significant impact as a result of this order since public funded projects represent a small fraction in the overall demand for offshored services.

(c): India's concerns have been taken up with the US side in the India-US Trade Policy Forum as well as in other bi-lateral engagements with the US side.

(d) : Government extends several incentives for Information Technology Sector in the country. Under Software Technology Parks (STP) scheme, approved units are allowed to import goods required by them for carrying on software export activities as per the Foreign Trade Policy. In addition, the tax benefit to units located in Software Technology Parks under the provision of Section 10A of the Income Tax Act, 1961 is available upto 31.03.2011 (assessment year 2011-12). Also, an IT SEZ unit, which would start operation by March 2014, would be eligible for tax benefits for a period of 15 years.