

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

UNSTARRED QUESTION NO:3016
ANSWERED ON:12.12.2012
GLOBAL OUTSOURCING MARKET
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether as per the study report of industrial trade organization ASSOCHAM, the share of Indian companies in global outsourcing market has declined considerably;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the shortage of infrastructural facilities and IT professionals in the country is one of the reasons for shifting of Business Process Outsourcing (BPO) jobs to other countries;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to retain increase India's share in global IT and BPO market?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) and (b): No, Sir. As per National Association of Software and Services Companies (NASSCOM), India continues to be the leading global IT-BPO sourcing destination. India's share in global IT-BPO sourcing in the year 2011 was 58% (IT offshoring – 74%, BPO offshoring – 36%) as compared to 55% in the year 2010. In the voice based BPO space, although India has been facing challenges from alternative location, especially Philippines, it has managed to increase its share from 34% in 2010 to 36% in 2011.

(c) to (e): No, Sir. As per NASSCOM, India currently has sufficient talent to meeting existing demand. Government has brought out an Information Technology Investment Regions (ITIR) policy resolution notified in the Gazette of India in May 2008 under which each State / UT in India can set up an integrated township for facilitating growth of IT/BPO and Sunrise Industries with world class infrastructure. Further, Government extends several incentives for Information Technology Sector in the country :

(i) Under Software Technology Parks (STP) scheme, as per the Foreign Trade Policy(FTP) approved units are allowed to import goods required by them for carrying on software export activities without payment of custom duty. Apart from this, the approved STP units can avail CST reimbursement, excise duty exemption on procurement of indigenously available capital goods, components & other specified goods (as per Foreign Trade Policy).

(ii) Besides, software is also exempted from basic customs duty.

(iii) 235 IT-ITES specific Special Economic Zones (SEZs) have been notified across the country, which are contributing to IT-ITES exports. Section 10AA of the Income Tax Act provides for a deduction from the total income of hundred percent of profits and gains derived by a unit located in a SEZ from the export of articles or things or from services for the first 5 consecutive assessment years, of fifty percent for further 5 assessment years and thereafter, of fifty percent of the ploughed back export profit for next 5 years.

(iv) The Department of Commerce, Ministry of Commerce & Industry through Marketing Development Assistance (MDA) and Market Access Initiatives (MAI) Scheme assists exporters for export promotion activities abroad.