

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

UNSTARRED QUESTION NO:3708
ANSWERED ON:20.03.2013
BPO SECTOR
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

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- (a) the total size and the number of people employed in the Business Process Outsourcing (BPO) sector in the country during the last three years and the current year, year-wise and State-wise;
- (b) whether the Indian BPO sector, especially in the voice-based segment, has been losing its market share due to competition from emerging outsourcing regions such as Philippines, Latin America, Eastern Europe, etc.;
- (c) if so, the market share of the Indian BPO sector in the Global BPO industry during the last three years and the current year and the reasons for fall in market share, year-wise; and
- (d) The details of the steps taken/being taken to consolidate India's position in the BPO sector?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMILINDDEORA)

(a) As per National Association of Software and Services Companies (NASSCOM), the total size and the number of people employed in the Business Process Outsourcing (BPO) sector in the country during the last three years and the current year, year-wise, is as under:-

Size of BPO (Exports + Domestic revenue)

FY2009-10 USD 14.7 billion
FY2010-11 USD 17.0 billion
FY2011-12 USD 19.0 billion
FY2012-13 (E) USD 20.9 billion

E - Estimated Employment (BPO exports)

FY2009-10 FY2010-11 FY2011-12 FY2012-13 (E)
Direct 770,000 826,000 879,000 917,000

As per NASSCOM, the State-wise data is not maintained.

(b) and (c): Exports from BPO sector in India have grown from USD 12.4 billion in FY2010 to USD 17.8 Billion (expected) in FY2013 despite the global economic crisis. As per NASSCOM, in the BPO sector especially voice based segment, revenue of Philippines is increasing but India continues to be the leader with 37% of the world's BPO market. The market share of the Indian BPO sector in the Global BPO industry during the last three years and the current year is as under: -

2009 2010 2011 2012 (E)
Global BPO sourcing market (USD billion) 36-38 40-42 44-46 48-50
India's share (%) 34% 35% 36% 37%

(d): Government extends several incentives to increase the IT-ITES/BPO export revenue. Under the Software Technology Parks (STP) scheme, which is administered by the Software Technology Parks of India (STPI), an autonomous society under Department of Electronics & Information Technology (DeKY), Ministry of Communications & IT, the IT-ITES/BPO units are eligible for various benefits such as Customs Duty exemption on imported goods, reimbursement of Central Sales Tax (CST) and Excise Duty exemptions on procurement of indigenously manufactured goods. Further, the Department of Commerce (DOC), Ministry of Commerce & Industry through Marketing Development Assistance (MDA) and Market Access Initiatives (MAI) Scheme assists

exporters especially Small & Medium Enterprises (SMEs) for export promotion activities abroad. DOC has notified 235 IT-ITES specific Special Economic Zones (SEZs). Currently, the SEZs units are eligible for tax benefits as per Section 10AA of the Income Tax Act for a period of 15 years in a phased manner. The IT-ITES SEZ units are contributing significantly to the growth of export revenues of the sector.