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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2018-19)**

SIXTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

**[Action Taken by the Government on the Observations/Recommendations of the Committee
contained in their Fifty-third Report (Sixteenth Lok Sabha) on
'Expansion of Rural BPOs and challenges faced by them']**

FIFTY-EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2018/Pausha, 1940 (Saka)

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contained in their Fifty-third Report (Sixteenth Lok Sabha) on 'Expansion of Rural BPOs and
challenges faced by them']**

Presented to Lok Sabha on 02.01.2019

Laid in Rajya Sabha on 02.01.2019



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2018/Pausha, 1940 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2018-19)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Shri Hemant Tukaram Godse
6. Shri Shyama Charan Gupta
7. Dr. Anupam Hazra
8. Smt. Hema Malini
9. Dr. J. Jayavardhan
10. Shri P. Karunakaran
11. Shri Virender Kashyap
12. Shri Harinder Singh Khalsa
13. Dr. K.C. Patel
14. Shri Raosaheb Patil Danve
15. Smt. R. Vanaroja
16. Shri Paresh Rawal
17. Dr. Bharatiben D. Shyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas C. Tadas
21. Shri Nagendra Pratap Singh Patel

Rajya Sabha

22. Shri Raj Babbar
23. Dr. Subhash Chandra
24. Shri Suresh Gopi
25. Shri K.G. Kenye
26. Shri Santiuse Kujur
27. Shrimati Kahkashan Perween
28. Dr. K.V.P. Ramachandra Rao
29. Dr. Vinay P. Sahasrabuddhe
30. Shri Beni Prasad Verma
31. Shri Binoy Viswam

Secretariat

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri Y.M. Kandpal | - | Director |
| 2. | Dr. Sagarika Dash | - | Additional Director |
| 3. | Shri Abhishek Sharma | - | Executive Assistant |

Committee constituted w.e.f. 1st September, 2018 *vide* Bulletin Part-II Para No. 7324 dated 18th September, 2018.

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2018-2019), having been authorised by the Committee, present this Fifty-Eighth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-third Report (Sixteenth Lok Sabha) on 'Expansion of Rural BPOs and challenges faced by them' of the Ministry of Electronics and Information Technology.

2. The Fifty-third Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 9th August, 2018. The Ministry of Electronics and Information Technology furnished their Action Taken Notes on the Observations/Recommendations contained in the Fifty-third Report on 5th December, 2018.

3. The Report was considered and adopted by the Committee at their sitting held on 28th December, 2018.

4. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold in Chapter-I of the Report.

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Fifty-third Report of the Committee is given at Annexure-II.

New Delhi;
28 December, 2018
07 Pausha, 1940 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the Observations/Recommendations of the Committee contained in their Fifty-Third Report (Sixteenth Lok Sabha) on the subject 'Expansion of Rural BPOs and challenges faced by them' relating to the Ministry of Electronics and Information Technology.

2. The Fifty-Third Report was presented to Lok Sabha on the 09 August, 2018 and also laid in Rajya Sabha, the same day. It contained 13 Observations/ Recommendations. Replies of the Government in respect of all the Observations/Recommendations have been received from the Ministry of Electronics and Information Technology and are categorized as under:-

(i) Observations/Recommendations which have been accepted by the Government:-

Para Nos. 2, 5, 6, 8, 10, 11, 12 and 13

Total : 08
Chapter II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government replies:-

Para No. NIL

Total : NIL
Chapter III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-
Para Nos. 1, 3, 4, 7 and 9

Total : 05
Chapter IV

(iv) Observations/Recommendations in respect of which replies of the Government are interim in nature:-

Para No. NIL

Total : NIL
Chapter V

3. **The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Notes on the Observations/Recommendations contained in Chapter-I of this Report should be furnished to them at an early date.**

4. The Committee will now deal with action taken by the Government on some of their recommendations.

(Recommendation Sl. No. 1)

5. The Committee note that Business Process Outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider. Business Process Outsourcing (BPO) and Knowledge Processing Outsourcing (KPO) are the two major components of the outsourcing industry in India. BPO-ITeS by definition is set of processes which does not require a physical presence but uses Information Technology to deliver the services. The Indian BPO-ITeS industry caters to a multitude of industry verticals globally. The major sectors which the industry caters to include Banking & Financial Services (BFSI), Manufacturing, Telecom, Healthcare, Retail, Utilities, and Travel & Tourism. As per NASSCOM, the total Indian IT/ITeS exports for the Financial Year 2016-17 is USD 117 billion in which USD 26 billion is from BPOs. For the FY 2017-18, the projected total IT/ITeS exports is USD 151.50 billion which includes USD 27.50 billion from BPOs. As per NASSCOM, India is the largest BPO base in the world with 3,500 firms. More than 90% firms are located in the metro cities and the remaining are located in rest of the India. Even though NASSCOM is keeping an account of the BPO industry and as per their data India is the largest BPO base in the world with 3500 firms, it is worrisome to note that the Ministry of Electronics & Information Technology (Meity) are not maintaining data on location-wise breakup of BPO firms in India and they are relying on the data provided by NASSCOM. The Committee are of the view that formulation of policy for this sector and implementation of

schemes would necessarily require that genuine data about the industry is maintained. It is of utmost importance that the Ministry should strive for its own data base to facilitate strategic growth of this potential sector. There is a need to strengthen and consolidate the market-share of India in the global BPO industry and in order to achieve this objective Meity should maintain data regarding the BPO industry in India. This will not only give a clear picture of the dimension of growth of this sector but also facilitate timely intervention of Government.

6. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

"The database of IT/ITeS companies working in BPO sector registered under Companies Act resides with Ministry of Corporate Affairs. Further, the Telecom Enforcement Resource and Monitoring (TERM) Cells of Department of Telecommunications (DoT), Ministry of Communications register call centres/BPOs as Other Service Providers (OSPs) throughout the country in their respective jurisdiction. The OSP means a company providing Application Services like call centre, Tele-banking, Tele-medicine, Tele-education, Tele-trading, e-commerce, network operation centre and other IT Enabled Services, by using Telecom Resources provided by Authorised Telecom Service Providers. "

7. **The Committee had observed that formulation of policy for BPO sector and implementation of schemes thereby would necessarily require that genuine data about the sector is maintained. The Ministry of Electronics & Information Technology (MeitY) had informed the Committee that they are not maintaining data on location-wise breakup of BPO firms in India and they are relying on the data provided by NASSCOM. The Committee had, therefore, recommended that the Ministry should strive for its own data base to facilitate strategic growth of this potential sector. It is disheartening to note that the Ministry have not spelt out anything on whether they are planning to have their own database on BPO/ITeS sector in India. Instead, they have stated that the database of IT/ITeS companies working in BPO sector registered under Companies Act resides with Ministry of Corporate Affairs and Call Centers/BPOs are registered as Other Service Providers (OSPs) by the Telecom Enforcement Resource and Monitoring (TERM) Cells of Department of Telecommunications**

(DoT), Ministry of Communications. The Committee are already aware of existence of such data which is scattered across multiple organizations. The Ministry, being the nodal agency responsible for policy relating to BPO sector, cannot depend on their data for an overall trend on BPO-ITeS industry, as data from agencies like NASSCOM are often industry backed and may not reflect the true picture. The Ministry should have their own database which can act as a single repository of authentic industry data on the developments in the BPO sector. This will not only facilitate the Government for formulating policy on the sector but also to intervene positively as and when required for the strategic growth of the sector. The Committee, therefore, reiterate that instead of depending on external agencies for data on BPO sector, the Ministry should create and maintain their own database for BPO-ITeS sector in India.

(Recommendation Sl. No. 3)

8. The Committee note that BPO/ITeS accounts for about 23% (USD 26 billion) of the foreign exchange earned by the Indian IT-ITeS sector in FY 2016- 17. The Committee also note that the revenue generated by Indian BPO industry during the last 5 years has increased from USD 21.5 billion in FY 2012-13 to an estimated USD 30.1 billion in FY 2016-17. The employment generated by BPOs during the last 5 years in India has increased from 9,45,000 in 2012-13 to an estimated 11,52,000 in 2016-17. The Committee find that while the employment generated during the last 5 years has increased, this has increased only marginally and does not match the huge potential in this sector for employment generation. The Committee, therefore, recommend that the scope for generation of employment in the sector should be suitably explored and leveraged by the Government to provide the much needed employment opportunities to unemployed youth in India. Efforts should be made to tap the employment potential of this industry and Committee may be apprised of the extent of employment generated by BPO industry, particularly in the aftermath of the initiation of the above two schemes.

9. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

" One of the main objectives of the BPO Promotion Schemes is to create employment opportunities for the youths in Tier-II/III cities of the country. Presently the operational units of IBPS and NEBPS have reported employment to ~18,000 persons. In order to enforce employment generation in Tier-II/III cities, disbursement of financial support to these units have been directly linked to the employment generation. The employment opportunities would increase as these units acquire more business and new units become operational. "

10. **The Committee had recommended that the scope for generation of employment in the BPO/ITeS sector should be suitably explored and leveraged by the Government to provide the much needed employment opportunities to unemployed youth in India. Efforts should be made to tap the employment potential of this industry. The Committee also desired to know the extent of employment generated by BPO industry, particularly in the aftermath of the initiation of the above two schemes. The Ministry have informed that presently the operational units of IBPS and NEBPS have reported employment to 18,000 persons. In order to enforce employment generation in Tier-II/III cities, disbursement of financial support to these units have been directly linked to the employment generation. The employment opportunities would increase as these units acquire more business and new units become operational. The Committee observe that while the BPO sector has huge potential for employment generation, Ministry's statistics of employment to only 18,000 people is very discouraging. This reaffirms Committee's belief that BPO sector in India has not been able to generate widespread employment opportunity, which the sector is capable of. Sincere efforts have to be made to tap the employment potential in the BPO/ITeS sector in India. The Committee impress upon the Ministry to have a relook at the sector and make all out efforts in employment generation which is one of the main objectives of the BPO Promotion Schemes. The Committee may be apprised of the extent of business promoted by the new units with progress in both the schemes and the amount of employment generated due to the ongoing schemes relating to BPO.**

(Recommendation Sl. No. 4)

11. The Committee note that though both the schemes were initiated to attract a large number of BPOs, the initial response to NEBPS and IBPS has not been very encouraging. The Ministry have informed that the investment in BPO/ITeS sector depends on client preferences as the industry is client driven. They have been reviewing the BPO schemes periodically based on the feedback and consultations with stakeholders. After the recent amendments to the BPO schemes in August, 2017, the response has been encouraging in the subsequent round of bids conducted during November, 2017. In IBPS scheme, response has been received for approximately 17,000 additional seats while in NEBPS scheme, response has been received for 550 additional seats. The Committee find that after technical and financial evaluation, till now In-Principle Approval (IPA) for 31,732 seats has been issued to 127 companies resulting in setting up of 180 units under IBPS as against a target of 48,300 BPO/ITeS seats till 31st March, 2019 and in NEBPS, IPA for 2060 seats has been issued to 13 companies resulting in setting up of 19 units as against a target of 5000 BPO/ITeS seats till 31st March, 2019. Further, as disbursement of financial support under IBPS and NEBPS is reimbursement based post commencement of operation, and directly linked to employment generation by the units, till now no funds have been released to the units. Till now, under IBPS, 31,732 seats have been allocated against a target of 48,300 by March 2019 & in NEBPS, 2060 seats have been allocated as against a target of 5000 seats by March 2019. With almost 8 months remaining, the achievement in IBPS & NEBPS stands at mere 66% and 41% respectively. While expressing their displeasure over the poor performance of the schemes, the Committee feel that there is still a lot of ground to be covered. The Committee, therefore, recommend that the hurdles in implementation of the schemes may be addressed and urgent necessary steps may be taken to ensure that the targets in both the schemes are achieved within the specified timeframe.

12. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

"The disbursement of financial support under IBPS and NEBPS is reimbursement based post commencement of operation, and directly linked to employment generation by the units. Till now financial support has been disbursed to the 9 units (amounting to a total of ₹ 1,95,52,839.80/-) and disbursement claim of 11 units are being processed (amounting to a total of ₹ 3,45,91,378.17/-)

In order to achieve the targets under the schemes and successful implementation consultation with various stakeholders have been done from time to time. Some of the issues raised by the companies during the consultation and actions taken to achieve the targets of the schemes are as under:

- (i) Business & Infrastructure support- The matter has been taken up with IT Secretary of State Governments and their support was solicited. Further, BPO/ITeS services have been included on GeM platform so that BPO units under the schemes can avail business opportunities from Govt. organizations.
- (ii) Incentive for rural operations: Special incentives for units setting up BPO/ITeS operations at locations other than State capital has been provided.
- (iii) Incentive for diversity & inclusion- Special incentive for units encouraging employment to women and differently abled persons has been provided.
- (iv) Incentive for local entrepreneurs: Special incentives to the units promoting local entrepreneurs (Domicile of respective State/UT) has been provided.
- (v) Inclusion of operational expenditures: As per industry feedback most of the industry works in operation expenditure based model from new locations as there is uncertainty about perception of client towards location and risk of quality delivery from newly setup unit. In order to support and accommodate these newer business models, operational expenditures are covered under eligible support and outsourcing of operations are also allowed.
- (vi) Removal of cap of maximum seats to one bidder in a State: In IBPS, the maximum number of seats for a bidder in a state are limited to 1/3rd seats. In NEBPS the limit for one bidder is maximum 1500 seats. In order to attract big companies to setup operations at their desired locations, these caps of seats to one bidders in a State has been removed."

13. While expressing their displeasure over the poor performance of the NEBPS and IBPS schemes, the Committee had recommended that the hurdles in implementation of the

schemes may be addressed and urgent necessary steps may be taken to ensure that the targets in both the schemes are achieved within the specified timeframe. The Ministry have informed that so far financial support amounting to Rs. 1.95 crore has been disbursed to 9 units and disbursement claims of 11 units amounting to Rs. 3.46 crore are being processed. The Committee are given to understand that several issues *viz.* business & infrastructure support for the units, incentivizing rural operations, diversity & inclusion of workforce, promoting local entrepreneurship, inclusion of operational expenditure and removal of cap of maximum seats to one bidder in a State etc. have emerged during the periodic consultation with stakeholders and these have been addressed by the Ministry. From this, the Committee are inclined to conclude that inspite of the changes made in both the NEBPS and IBPS schemes and steps enumerated above, the performance of both the schemes continues to remain poor and non-satisfactory. The Committee, therefore, reiterate that the hurdles in implementation of the schemes may be identified and addressed urgently so that there is considerable improvement in the schemes and they achieve their intended objectives.

(Recommendation Sl. No. 7)

14. The Committee note that on the issue of major challenges involved in expansion of BPOs in the rural areas, Meity has consulted all the concerned 24 stakeholders including NASSCOM BPM Council which has representation from large, medium and small BPO companies operating from urban and rural areas. Further, the consultation with prospective bidders who expressed interest to setup BPO/ITeS operations under IBPS at EoI stage were also held to seek their comments/suggestions. The major issues which came up during consultations with various stakeholders included need for business and infrastructure support, security for women employees working in odd hour shifts, need for special incentives for setting up rural operations, generating women's employment, providing employment opportunities to differently abled persons and for promotion of local entrepreneurs. During the Study Visit of the Committee to Guwahati in November, 2015, the Committee had visited a BPO company-Serco and were apprised of the numerous challenges involved in expansion of

BPOs in rural areas with particular reference to the North East. The Ministry have tried to address these concerns by raising them in their discussions with State Governments' IT Departments and incorporating provisions for special incentives to units providing employment to women, differently-abled persons, setting up operations at rural locations and units set up by local entrepreneurs having domicile of respective State/UT. While appreciating the Ministry's efforts to address the issues raised by stakeholders during the consultation process, the Committee impress upon the Ministry to devise and incorporate a continuous feedback mechanism into the BPO promotion schemes wherein the existing/emerging concerns of the units are registered and appropriately addressed in an effective manner. There may also be a mechanism of consultation with State Governments on local issues such as incentivizing allotment of land/office space for setting up of BPOs etc.. Such a mechanism would not only make the schemes responsive to the ground realities but also ensure that the intended objectives of the schemes are fully realized.

15. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

" May please refer reply against observation no. 4. Further, Management Committee of BPO schemes has been constituted for monitoring and reviewing the scheme on a regular basis involving members from MeitY, State IT Departments, Integrated Finance division, MeitY and STPI. The management committee oversee all aspects related to effective implementation of the Scheme, like Request For Proposal (RFP) document, bid management process, award of IPA, approval of VGF disbursement claims etc. STPI, the implementing agency of the schemes is facilitating all the existing and prospective BPO/ITES units under the BPO promotion scheme for their queries and concerns pertaining to benefits admissible under the scheme and take up the matter before management committee for necessary approvals. "

16. In response to Committee's recommendation for devising and incorporating a continuous feedback mechanism into the BPO promotion schemes wherein the existing/emerging concerns of the units are registered and appropriately addressed in an effective manner, the Ministry have informed that they have constituted Management Committee of BPO schemes for monitoring and reviewing the scheme on a regular basis

which include members from MeitY, State IT Departments, Integrated Finance division and STPI. This Management Committee oversees all aspects related to effective implementation of the Scheme such as Request For Proposal (RFP) document, bid management process, award of IPA, approval of VGF disbursement claims etc. Moreover, the implementing agency of the schemes i.e. STPI, is facilitating all the existing and prospective BPO/ITES units under the BPO promotion scheme for their queries and concerns pertaining to benefits admissible under the scheme and take up the matter before Management Committee for necessary approvals. While these efforts are appreciable, the Committee feel that a continuous feedback mechanism in-built into the schemes will be a more effective mechanism which will take care of the needs of the BPOs. The Ministry have not taken any initiative for devising such a feedback mechanism. It is because of this reason that there is a mismatch between the efforts of the Ministry on the one hand and response of the bidders on the other which reflects in the poor achievement of targets of the schemes. The Committee, therefore, reiterate their earlier recommendation and impress upon the Ministry to put in place a feedback mechanism which will make the schemes more responsive and effective.

(Recommendation Sl. No. 9)

17. The Committee note that even though the ITeS industry in India has grown rapidly in the recent past there has been no comprehensive strategy on skill development and training aspect. Thus, while National Institute of Electronics & Information Technology (NIELIT), an autonomous society of MeitY, has launched courses in the Customer care and banking sector to equip the students with the knowledge required to function as professionals in the ITeS-BPO industry, the Ministry of Skill Development and Entrepreneurship has its own charter of objectives and activities. As per NASSCOM, Indian colleges and universities in the states of Andhra Pradesh, Telangana, Haryana, Maharashtra, Madhya Pradesh, Uttar Pradesh and West Bengal are running BPM Foundation Skills and Qualification Packs (QP), Job standards based programs including Global Business Foundation Skills (GBFS), Finance & Accounting, Analytics, etc. As per NASSCOM, World ISO Standards body has adopted India's inputs for ISO 30105 as

the International standard for the BPM Industry. This was led by Bureau of Indian Standards having broad highlights such as provision for an overarching standard for all aspects of ITeS-BPO industry. The Committee feel that there is a need to lay more emphasis on skill and training for the growing Indian IT sector and in turn for the BPO sector. There is a need to have an integrated approach rather than scattered and piecemeal initiatives. The Committee desire that all the existing initiatives for skill development are synergized and made more specialized so as to help this sector expand and meet the needs of the industry. The Ministry should explore the option of setting up a dedicated university/institution in collaboration with industry associations and/or broaden the scope & mandate of existing institutes eg. NIELIT to cater to the needs of ITeS-BPO industry matching with International Standards to cater to training requirements of all the aspects of outsourcing/BPO industry in India and take initiatives in this direction.

18. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

"As regard the skill development & training, National Institute of Electronics & Information Technology (NIELIT), an autonomous society of MeitY has launched courses to equip the students with the knowledge required to function as professionals in the ITES-BPO industry. Further, NIELIT has also been requested to ensure that its courses on ITeS/BPO to be in compliance with international standards (e.g. ISO-30105, ISO-27001, ISO 9001:2008) to cater to training requirements of all the aspects of outsourcing/BPO industry in India."

19. **While observing that there is a need to lay more emphasis on skill and training for the growing Indian IT sector and in turn for the BPO sector and the need to have an integrated approach rather than scattered and piecemeal initiatives, the Committee had desired that the Ministry should explore the option of setting up a dedicated university/institution in collaboration with industry associations and/or broaden the scope & mandate of existing institutes eg. NIELIT to cater to the needs of training requirements in ITeS-BPO industry in India. In their Action Taken Notes, the Ministry have replied that National Institute of Electronics & Information Technology (NIELIT), an autonomous society of MeitY has**

launched courses in skill development & training to equip the students with the knowledge required to function as professionals in the ITeS-BPO industry and NIELIT has also been requested to ensure that its courses on ITeS/BPO are in compliance with international standards. The Committee find the Ministry's reply silent on whether the courses offered by NIELIT are sufficient/adequate to cater to the huge training requirement in the large and growing BPO/ITeS sector in India. The reply is also silent on whether there is a need to have a dedicated university/institution in collaboration with industry associations. The Committee therefore, reiterate that the Ministry should explore the option of setting up a dedicated university/institution in collaboration with industry associations and/or broaden the scope & mandate of existing institutes such as NIELIT to cater to the training requirements of ITeS-BPO industry. In this regard, the Committee also reiterate their earlier recommendation that NIELIT, being a specialized institute for skill development and training in the field of Electronics, IT and allied verticals, may be considered for granting the status of 'Institute of national importance'.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Sl. No.2)

The Committee note that the Ministry of Electronics and Information Technology (Meity) have launched two schemes (i) India BPO Promotion Scheme (IBPS) and (ii) North East BPO promotion Scheme (NEBPS) under the Digital India Programme for creation of jobs in BPO/ITeS Sector and secure balanced regional development and for creation of employment opportunities particularly in small cities/towns including rural areas. The India BPO Promotion Scheme provides financial support upto 1 lakh per seat over a period of three years, in the form of Viability Gap Funding (VGF) to establish 48300 BPO/ITeS seats. Similarly, under the North-East BPO Promotion Scheme financial support upto 1 lakh per seat is provided over a period of three years in the form of Viability Gap Funding (VGF), with an outlay of Rs. 50 crore to establish 5000 BPO/ITeS seats. The duration of both the Schemes is upto 31st March, 2019 and Software Technology Parks of India is the nodal agency for implementation of the Scheme. The Committee further note that even though there was a sound BPO industry which had been growing all through along with IT enabled services, the Ministry never thought of a positive intervention to incentivize this sector so as to tap its rich potential. It is only recently, the Ministry have introduced these two Schemes. When asked about the delay in such intervention the Ministry have informed that BPO industry growth has been limited to leader cities viz. Bengaluru, Chennai, Delhi-NCR, Hyderabad, Kolkata, Mumbai, and Pune which together contributes for 85% revenue of IT industry. However, BPO operations cost in these Leader cities is increasing. There is availability of talent pool and higher retention rate at Tier-II/III cities and it provides distributed delivery model. There is competition from upcoming countries in BPO segment e.g. Philippines, etc. The BPO schemes were formulated by the Government keeping these considerations in mind. The Committee feel that the Ministry should have made a foray into this sector much in advance to identify the difficulties and challenges associated with this sector and encourage this sector parallelly alongside the growth

in ITeS sector. Nonetheless, the Committee appreciate the intent of the Government in formulating the BPO schemes such as wider dispersal of IT industry into Tier II/III cities and creation of employment opportunities for youth in their native place across the States and reduce migration to leader cities etc. and desire that focus should be given to rural, hilly and remote areas for setting up of BPO units and necessary steps should be taken for successful implementation of both the schemes so that they are able to fulfill their intended objectives within the specified time-frame.

Reply of the Government

The Committee has rightly pointed out that the allocation of Rs. 6000 crore against the proposed allocation of Rs. 9953 crore, are not sufficient keeping in view the mandate and role of the Ministry. Although there is an increase of about Rs.1961 crore (around 48%) in the overall allocation, yet a sizeable portion (more than 50%) of the additional allocation is earmarked/attributable to two schemes, viz. Pradhan Mantri Digital Saksharta Abhiyan (PMGDISHA) and Promotion of Digital Payments. However, Ministry would ensure optimum utilization of funds during 2018-19 and also make sure that no critical programme is affected due to lack of funds.

Till 31.03.2011, IT/ITeS companies registered under STP scheme were provided benefits under section 10A of the income tax, while the benefits under SEZ scheme are still being provided.

The BPO Promotion Schemes aims to create employment opportunities and dispersal of BPO/ITeS industry beyond metros. Further, the schemes promote setting up of BPO/ITeS operations in small cities/towns/rural areas, hilly regions as under:

- (i) Special Incentive (5% of eligible financial support) provided to the units setting up BPO/ITES operations at locations other than the State Capital.
- (ii) Special Package for Hilly Region (Himachal Pradesh, Uttarakhand and Jammu & Kashmir): In hilly regions eligible companies are allowed to bid for minimum 50 seats instead of 100 seats in other States.

- (iii) Special Incentive (5% of eligible financial support) provided to the units setting up BPO/ITES operations as a consortium with local entrepreneur (Domicile of State/UT).

To facilitate the approved units in setting up of operations and successful implementation of the schemes, support from State IT Departments were solicited. A dedicated login has been provided to State IT Departments on Web Portal of BPO Schemes through which they can update offerings of their State IT policy and also track the progress of approved units in their State.

(Recommendation Sl.No.5)

The Committee note that North East BPO Promotion Scheme (NEBPS) had been initiated under Digital India Programme in January 2015 to incentivize BPO/ITeS operations in North East Region (NER). The scheme provides financial support up to Rs. 1 lakh per seat over a period of three years in the form of Viability Gap Funding (VGF) with an outlay of Rs. 50 crore to establish 5000 BPO/ITeS seats. The duration of the scheme is up to 31st March, 2019, however, the disbursement of VGF would continue beyond this period. The Committee further note that after seven rounds of bidding, In Principle Approval (IPA) was issued to successful bidders for a total of 1610 seats to set up 12 units out of which 7 units reported commencement of operations to STPI with initial employment to 723 persons. After the recent amendments to the BPO schemes in August, 2017, during next round of bids conducted in Nov., 2017 response has been received for about 550 additional seats. Till now, 2060 seats under NEBPS have been allocated to successful bidders which are 41% of the targeted 5000 seats to be allocated by 31st March, 2019. The Committee note with concern that this scheme was initiated in Jan, 2015 to establish 5000 BPO/ITeS seats in about by March, 2019. However, after passage of three years, the achievement so far has been a mere 41%. It remains to be seen whether 59% of the remaining seats can be allocated in the next one year to fulfill the target of 5000 BPO/ITeS seats by March, 2019. The Committee, therefore, exhort the Ministry to take all measures to improve achievement in the scheme within the stipulated time frame.

Reply of the Government

Till now after ten rounds of bidding of NEBPS, 2,335 seats have been allocated to successful bidders resulting in setting up of 26 units across 6 States of NER. Out of these, 8 units have reported commencement of operations for a total of 925 seats. In order to achieve the target under NEBPS various promotional activities has been carried out by STPI in coordination with State IT Departments. Further, after consultation with carious stakeholders amendments have been made from time to time which includes:

- Operational Expenditure (OpEx) covered within the cap of ₹ 1lakh/seat.
- Outsourcing of operations is allowed
- 10% Advance on Commencement.
- Scheme Open for 365 days
- Minimum 25 Seats/ location
- Eligibility to entities registered under LLP Act 2008

The Request For Proposal (RFP) for eleventh round of bidding has been published on 06.11.2018 by STPI.

(Recommendation Sl. No.6)

The Committee note that India BPO Promotion Scheme (IBPS) had been initiated under Digital India Programme in December, 2015 for promotion of BPO/ITeS operations across the country including small towns and rural areas. The scheme provides financial support up to Rs. 1 lakh per seat over a period of three years in the form of Viability Gap Funding (VGF) to establish 48,300 BPO/ITeS seats. The duration of the scheme is up to 31st March, 2019, however, the disbursement of VGF would continue beyond this period. The Committee further note that after four rounds of bidding, In Principle Approval (IPA) was issued to successful bidders for a total of 18,160 seats to set up 110 units out of which 69 units reported commencement of operations to STPI with initial employment to 8427 persons. After the recent amendments to the BPO schemes in August, 2017, during next round of bids conducted in November 2017, response has been received for approx. 17,000 additional seats. Till now, 31,732 seats under IBPS have been allocated to successful bidders which is 66% of the targeted

48,300 seats to be allocated by 31st March, 2019. The Committee note with concern that this scheme was initiated in December 2015 to establish 48,300 BPO/ITeS seats in about 3.25 years' time i.e. by March 2019. However, after passage of 2.5 years the achievement so far has been just 66%. The Committee note that with less than one year to go, in order to fulfill its objectives, 34% of the seats have to be allocated under the scheme to fulfill the target of 48,300 BPO/ITeS seats by March, 2019. The Committee urge the Ministry to take the necessary steps to ensure that the entire quota of 48,300 seats is allocated by March, 2019.

Reply of the Government

Till now after seven rounds of bidding of IBPS, 43,430 seats have been allocated to successful bidders resulting in setting up of 225 units across 20 and 2 UTs across the country. Out of these, 138 units have reported commencement of operations for a total of 26,602 seats. In order to achieve the target under IBPS various promotional activities has been carried out by STPI in coordination with State IT Departments. Further, after consultation with various stakeholders amendments have been made from time to time which includes:

- Operational Expenditure (OpEx) covered within the cap of ₹ 1lakh/seat.
- Outsourcing of operations is allowed
- Bank Guarantee reduced to 10% from 100%
- 10% Advance on Commencement.
- Scheme Open for 365 days rather than only at the time of bidding.
- Increase in allotted seats for States/UTs in case of demand
- Removal of cap on number of seats per bidder in a State
- Minimum 25 Seats/ location allowed instead of minimum 100 seats/location, while the minimum seats to bid is kept 100.
- Eligibility to entities registered under LLP Act 2008

The Request For Proposal (RFP) for eighth round of bidding has been published on 06.11.2018 by STPI.

(Recommendation Sl. No.8)

The Committee are constrained to note that while the Government has approved the National Policy on Information Technology in 2012, the Ministry still has no separate policy for Outsourcing and BPOs. The State IT Departments are amongst the stakeholders of IBPS and NEBPS and members of IBPS Management Committee. Separate login have been provided to the State IT Departments on IBPS Web portal to track progress of units under the scheme in their State, and update offerings of their IT Policies. The scheme provides viability Gap Funding directly to the eligible companies. The Committee further note that IBPS has received very encouraging response in some of the States such as Andhra Pradesh, Tamil Nadu, Maharashtra and Jharkhand. However, presently, there is no National BPO policy which can be uniformly implemented by the State Governments and the endeavour so far has been to take the BPO movement further and expand its reach to smaller towns across the country only through these two schemes. In view of the fact that the Indian BPO/ITeS industry generated an estimated revenue of USD 30.1 billion during 2016-17 with a share of 23% in Indian IT-ITeS exports valued at USD 26 billion and provided employment to 11.52 lakh persons, it is high time that the Government should consider framing a dedicated policy for Outsourcing/BPO sector in coordination with State Governments to chalk out a future roadmap for the sector covering inter-alia minimum wages in the Outsourcing/BPO sector in India etc. There needs to be an evaluation whether all the aspects of Outsourcing/BPO sector are adequately addressed within the ambit of National Policy on Information Technology, 2012, or whether there is a need to have a separate National Outsourcing/BPO Policy to cater to specific needs of the sector. The Ministry may also think in the line of issuing general guidelines for BPO sector to States for promotion of BPOs.

Reply of the Government

The BPO Promotion Schemes launched by MeitY aims to incentivize BPO/ITeS operations across the country particularly in small cities/towns. The motive of BPO Promotion Schemes is dispersal of BPO/ITeS industry and creation of employment opportunities. The aspects of BPO/ITeS sector are covered under IT Policy. Almost all the State Governments has their own IT/BPO policy to promote BPO/ITeS operations in their State. Further, State IT Departments are one of the stakeholders of BPO Promotion Schemes, during consultation it was opined that each State may come up with combined package which include benefits of BPO Promotion Schemes and State IT/BPO Policy in order to promote BPO/ITeS operations in each State. Some of the States like Haryana has already implemented this.

(Recommendation Sl.No.10)

The Committee note that India is a major destination for BPO delivery, including for processes that require strong English speaking skills. While many countries want to learn and emulate the success of India, there has been limited success. The industry has competition from Asian countries such as Philippines, Malaysia, and China; South Africa; East European countries such as Poland and Ireland; and countries in Latin America such as Mexico and Brazil. Due to global considerations such as visa restrictions and change in policy by major markets such as USA, UK, and Europe as well as entry of new countries such as Philippines and Vietnam in the BPO arena, the Indian BPO industry is facing newer challenges to keep-up its growth. Noting that with 85% of the revenue of IT industry being generated from leader cities viz. Bengaluru, Chennai, Delhi-NCR, Hyderabad, Kolkata, Mumbai, and Pune leading to increasing migration to these cities resulting in escalating BPO operations cost in these cities, the Committee feel that introduction of BPO promotion schemes i.e. NEBPS and IBPS would go a long way in addressing these issues by providing a large talent pool, ensuring higher retention rate at Tier-II/III cities and offering a distributed delivery model to check large scale migration to leader cities. At the same time, the Committee note that the scope and ambit of the schemes are very limited which barely covers the target group. The Committee also note that

presently, the schemes do not have any provision for support to existing BPOs desirous of expansion and it is felt that the Ministry should relook at revamping the schemes to provide support for expansion of existing BPOs. The Committee recommend that the scope and reach of both the schemes are widened so that Indian BPO/ITeS sector remains internationally competitive for a long time to come and continues to generate the much needed employment opportunities for the youth. There is also a need to study the Outsourcing/BPO policies in other countries which are giving a tough competition to Indian Outsourcing/BPO sector and incorporate the best practices of those countries in the ongoing schemes to make them suitably attuned to the emerging scenario in the global Outsourcing/BPO industry.

Reply of the Government

The BPO Promotion Schemes does allow expansion. However, the schemes does not allow expansion of BPO/ITeS operation at the same location because these schemes are envisaged as a Viability Gap Funding (VGF) financial support scheme with an objective to attract new investment in IT-ITES sector to secure balanced regional growth and expand the base of IT industry across the country. Further, SFC recommended IBPS subject to the condition that “Scheme should neither allow expansion of operation of BPO Company at the same city nor shifting of operations”.

India is the leader in BPM/ ITeS industry having 38% revenue share in global market. Presently over 2500 companies are serving across 80 countries and provide direct employment to over 11 lakh persons. National Association of Software and Services Companies (NASSCOM) has been requested to share the best practices with respect to outsourcing/BPO policies of the countries which are giving tough competition to India, for appropriate incorporation in existing BPO Schemes. However, Ministry would set up a working group to study and gain field experience on the Outsourcing/BPO policy of such countries.

(Recommendation Sl. No.11)

The Committee note that the location and nature of BPO/ITeS operations is client driven and mainly depend on client preferences. The availability of infrastructure such as power, bandwidth, roads and air connectivity, availability of trained manpower, accommodation and local transport, and general infrastructure for better quality of life such as health, education and entertainment are some key parameters for consideration by the industry to expand in tier II/III locations. While appreciating that in order to address these challenges, IBPS and NEBPS provides financial support for setting up BPO/ITeS operations and these issues are discussed with the IT Departments in the States/UTs, the Committee feel that instead of solely relying on overseas markets, due emphasis must be laid on catering to the domestic market and increase the revenue from domestic operations in the overall revenue of Outsourcing/BPO industry in India. The Committee would like to be apprised of the progress made in the proposal of offering BPO/ITeS services through GeM portal and how such an arrangement can help the BPO/ITeS units located in rural and remote areas in procuring Government business.

Reply of the Government

To facilitate online procurement of BPO/ITeS services required by various Government Departments / Organizations / PSUs these services are being on-boarded to GeM platform. Initially, data updation/back office operations service and data digitization services have been made available on GeM. The units under IBPS and NEBPS have been informed about the GeM platform and facilitated to register on GeM, so that they can avail business opportunities from Government organizations. A workshop on GeM was also conducted in May 2018 in which about 20 companies of IBPS and NEBPS have participated & GeM officials have explained the working and on-boarding process. A workshop for NEBPS was also held in August 2018 during the launch of Vision Document for Digital North East at Guwahati. The units located in rural and remote areas can also register on GeM platform to offer their products/services and get business opportunities from Government organizations.

(Recommendation Sl. No.12)

The Committee note that safety and security of women working in oddhour shifts is amongst the major challenges being faced by the BPO sector in India. Some of the steps taken by BPO companies to ensure women safety at workplace include provision of Company owned/facilitated transport for women employees working after 8PM and before 6AM, real-time monitoring of cabs/GPS installed in cabs/transport vehicles to ensure those vehicles stay within the prescribed routes and alarms/distress calls on deviations, provision of Company provided security guard if a women employee is coming to work/ leaving from work after 10 pm, investment in route planning, safety apps etc. to ensure the employees know the driver, the designated route, stops, etc. with a 24/7 transport centre manning the various vehicles, regular workshops to create awareness about safety aspect of women and constitution of Committees on prevention of sexual harassment, e-learning portals to educate on handling sexual harassment, and mechanism to handle instances. The Committee feel that besides these initiatives option of creating suitable accommodation/hostel for women employees in Outsourcing/BPO sector may also be explored. While encouraging the steps being taken to ensure women safety at BPO workplaces, the Committee recommend that due emphasis must be given to create a conducive environment at workplace so that women employees do not have to face safety or security related issues at their workplaces in the Outsourcing/BPO sector in India.

Reply of the Government

As per NASSCOM, in order to create a conducive environment at workplace so that women employees do not have to face safety or security related issues following measures have been taken by IT/BPO industry:

- (i) Prevention of Sexual Harassment at Work places: Committee's as prescribed by Vishaka guidelines have been setup in organisations to deal and prevent Sexual harassment. This committee is responsible for independently handling any complaints on sexual harassment at the workplace.

- (ii) Security arrangements at Office Premises: Office premises are electronically & personally guarded by security guards, which prohibit entry to unauthorized personnel and premises are under surveillance using CCTV camera.
- (iii) Safe Commuting – Travelling to Work from Home & Back
- (iv) Emergency Response Systems: 24x7 Emergency helpline number and other important numbers are displayed in the cabs to report emergency. • Some companies have patrolling vehicles for night
- (v) Measures for safe hiring: Guards and Drivers are hired from licensed agencies who maintain diligent records of these employees.
- (vi) Creating Awareness: Self defence training for the women employees by professional trainers to help them get trained in handling emergency situations.
- (vii) Feedback Mechanism: Well defined process for seeking feedback from employees through an easy to use web interface. Secrecy of individual identity is assured and maintained when providing such feedback.

(Recommendation Sl. No.13)

The Committee note that great deal of awareness is required to attract investors to avail the facilities under the BPO promotion schemes. The Ministry have advised STPI, the implementing agency for IBPS & NEBPS to conduct promotional activities in coordination with State IT Departments to attract investors, sensitize prospective bidders before the publication of RFP, and adopt Digital Marketing strategy using social media and other platforms to ensure wider publicity for the Schemes. The Committee recommend that adequate publicity must be given to the two schemes to ensure that all the entities desirous of setting up rural BPOs are aware of the facilities offered to them by the Government.

Reply of the Government

The various promotional activities like workshops, road shows, seminars etc. have been conducted from time to time by MeitY, STPI in coordination with State IT Department to create

awareness about the offerings of the schemes among industry and entrepreneurs. Digital Marketing strategy using social media and other platforms are also used to ensure maximum advertising for the Scheme.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

-NIL-

CHAPTER IV
OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRE
REITERATION

(Recommendation Sl. No. 1)

The Committee note that Business Process Outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider. Business Process Outsourcing (BPO) and Knowledge Processing Outsourcing (KPO) are the two major components of the outsourcing industry in India. BPO-ITeS by definition is set of processes which does not require a physical presence but uses Information Technology to deliver the services. The Indian BPO-ITeS industry caters to a multitude of industry verticals globally. The major sectors which the industry caters to include Banking & Financial Services (BFSI), Manufacturing, Telecom, Healthcare, Retail, Utilities, and Travel & Tourism. As per NASSCOM, the total Indian IT/ITeS exports for the Financial Year 2016-17 is USD 117 billion in which USD 26 billion is from BPOs. For the FY 2017-18, the projected total IT/ITeS exports is USD 151.50 billion which includes USD 27.50 billion from BPOs. As per NASSCOM, India is the largest BPO base in the world with 3,500 firms. More than 90% firms are located in the metro cities and the remaining are located in rest of the India. Even though NASSCOM is keeping an account of the BPO industry and as per their data India is the largest BPO base in the world with 3500 firms, it is worrisome to note that the Ministry of Electronics & Information Technology (Meity) are not maintaining data on location-wise breakup of BPO firms in India and they are relying on the data provided by NASSCOM. The Committee are of the view that formulation of policy for this sector and implementation of schemes would necessarily require that genuine data about the industry is maintained. It is of utmost importance that the Ministry should strive for its own data base to facilitate strategic growth of this potential sector. There is a need to strengthen and consolidate the market-

share of India in the global BPO industry and in order to achieve this objective Meity should maintain data regarding the BPO industry in India. This will not only give a clear picture of the dimension of growth of this sector but also facilitate timely intervention of Government.

Reply of the Government

The database of IT/ITeS companies working in BPO sector registered under Companies Act resides with Ministry of Corporate Affairs. Further, the Telecom Enforcement Resource and Monitoring (TERM) Cells of Department of Telecommunications (DoT), Ministry of Communications register call centres/BPOs as Other Service Providers (OSPs) throughout the country in their respective jurisdiction. The OSP means a company providing Application Services like call centre, Tele-banking, Tele-medicine, Tele-education, Tele-trading, e-commerce, network operation centre and other IT Enabled Services, by using Telecom Resources provided by Authorised Telecom Service Providers.

Comments of the Committee (Please see Para No.7 of Chapter I)

(Recommendation Sl. No.3)

The Committee note that BPO/ITeS accounts for about 23% (USD 26 billion) of the foreign exchange earned by the Indian IT-ITeS sector in FY 2016- 17. The Committee also note that the revenue generated by Indian BPO industry during the last 5 years has increased from USD 21.5 billion in FY 2012-13 to an estimated USD 30.1 billion in FY 2016-17. The employment generated by BPOs during the last 5 years in India has increased from 9,45,000 in 2012-13 to an estimated 11,52,000 in 2016-17. The Committee find that while the employment generated during the last 5 years has increased, this has increased only marginally and does not match the huge potential in this sector for employment generation. The Committee, therefore, recommend that the scope for generation of employment in the sector should be suitably explored and leveraged by the Government to provide the much needed employment

opportunities to unemployed youth in India. Efforts should be made to tap the employment potential of this industry and Committee may be apprised of the extent of employment generated by BPO industry, particularly in the aftermath of the initiation of the above two schemes.

Reply of the Government

One of the main objectives of the BPO Promotion Schemes is to create employment opportunities for the youths in Tier-II/III cities of the country. Presently the operational units of IBPS and NEBPS have reported employment to ~18,000 persons. In order to enforce employment generation in Tier-II/III cities, disbursement of financial support to these units have been directly linked to the employment generation. The employment opportunities would increase as these units acquire more business and new units become operational.

Comments of the Committee (Please see Para No. 10 of Chapter I)

(Recommendation Sl. No.4)

The Committee note that though both the schemes were initiated to attract a large number of BPOs, the initial response to NEBPS and IBPS has not been very encouraging. The Ministry have informed that the investment in BPO/ITeS sector depends on client preferences as the industry is client driven. They have been reviewing the BPO schemes periodically based on the feedback and consultations with stakeholders. After the recent amendments to the BPO schemes in August, 2017, the response has been encouraging in the subsequent round of bids conducted during November, 2017. In IBPS scheme, response has been received for approximately 17,000 additional seats while in NEBPS scheme, response has been received for 550 additional seats. The Committee find that after technical and financial evaluation, till now In-Principle Approval (IPA) for 31,732 seats has been issued to 127 companies resulting in setting up of 180 units under IBPS as against a target of 48,300 BPO/ITeS seats till 31st March, 2019 and in NEBPS, IPA for 2060 seats has been issued to 13 companies resulting in setting up

of 19 units as against a target of 5000 BPO/ITeS seats till 31st March, 2019. Further, as disbursement of financial support under IBPS and NEBPS is reimbursement based post commencement of operation, and directly linked to employment generation by the units, till now no funds have been released to the units. Till now, under IBPS, 31,732 seats have been allocated against a target of 48,300 by March 2019 & in NEBPS, 2060 seats have been allocated as against a target of 5000 seats by March 2019. With almost 8 months remaining, the achievement in IBPS & NEBPS stands at mere 66% and 41% respectively. While expressing their displeasure over the poor performance of the schemes, the Committee feel that there is still a lot of ground to be covered. The Committee, therefore, recommend that the hurdles in implementation of the schemes may be addressed and urgent necessary steps may be taken to ensure that the targets in both the schemes are achieved within the specified timeframe.

Reply of the Government

The disbursement of financial support under IBPS and NEBPS is reimbursement based post commencement of operation, and directly linked to employment generation by the units. Till now financial support has been disbursed to the 9 units (amounting to a total of ₹ 1,95,52,839.80/-) and disbursement claim of 11 units are being processed (amounting to a total of ₹ 3,45,91,378.17/-)

In order to achieve the targets under the schemes and successful implementation consultation with various stakeholders have been done from time to time. Some of the issues raised by the companies during the consultation and actions taken to achieve the targets of the schemes are as under:

- (i). Business & Infrastructure support- The matter has been taken up with IT Secretary of State Governments and their support was solicited. Further, BPO/ITeS services have been included on GeM platform so that BPO units under the schemes can avail business opportunities from Govt. organizations.
- (ii). Incentive for rural operations: Special incentives for units setting up BPO/ITeS operations at locations other than State capital has been provided.

- (iii). Incentive for diversity & inclusion- Special incentive for units encouraging employment to women and differently abled persons has been provided.
- (iv). Incentive for local entrepreneurs: Special incentives to the units promoting local entrepreneurs (Domicile of respective State/UT) has been provided.
- (v). Inclusion of operational expenditures: As per industry feedback most of the industry works in operation expenditure based model from new locations as there is uncertainty about perception of client towards location and risk of quality delivery from newly setup unit. In order to support and accommodate these newer business models, operational expenditures are covered under eligible support and outsourcing of operations are also allowed.
- (vi). Removal of cap of maximum seats to one bidder in a State: In IBPS, the maximum number of seats for a bidder in a state are limited to 1/3rd seats. In NEBPS the limit for one bidder is maximum 1500 seats. In order to attract big companies to setup operations at their desired locations, these caps of seats to one bidders in a State has been removed.

**Comments of the Committee
(Please see Para No. 13 of Chapter-I)**

(Recommendation Sl. No.7)

The Committee note that on the issue of major challenges involved in expansion of BPOs in the rural areas, Meity has consulted all the concerned 24 stakeholders including NASSCOM BPM Council which has representation from large, medium and small BPO companies operating from urban and rural areas. Further, the consultation with prospective bidders who expressed interest to setup BPO/ITeS operations under IBPS at EoI stage were also held to seek their comments/suggestions. The major issues which came up during consultations with various stakeholders included need for business and infrastructure support, security for women employees working in odd hour shifts, need for special incentives for setting up rural operations, generating women's employment, providing employment opportunities to differently abled persons and for promotion of local entrepreneurs. During the Study Visit of the Committee to Guwahati in November, 2015, the Committee had visited a

BPO company-Serco and were apprised of the numerous challenges involved in expansion of BPOs in rural areas with particular reference to the North East. The Ministry have tried to address these concerns by raising them in their discussions with State Governments' IT Departments and incorporating provisions for special incentives to units providing employment to women, differently-abled persons, setting up operations at rural locations and units set up by local entrepreneurs having domicile of respective State/UT. While appreciating the Ministry's efforts to address the issues raised by stakeholders during the consultation process, the Committee impress upon the Ministry to devise and incorporate a continuous feedback mechanism into the BPO promotion schemes wherein the existing/emerging concerns of the units are registered and appropriately addressed in an effective manner. There may also be a mechanism of consultation with State Governments on local issues such as incentivizing allotment of land/office space for setting up of BPOs etc.. Such a mechanism would not only make the schemes responsive to the ground realities but also ensure that the intended objectives of the schemes are fully realized.

Reply of the Government

May please refer reply against observation no. 4. Further, Management Committee of BPO schemes has been constituted for monitoring and reviewing the scheme on a regular basis involving members from MeitY, State IT Departments, Integrated Finance division, MeitY and STPI. The management committee oversee all aspects related to effective implementation of the Scheme, like Request For Proposal (RFP) document, bid management process, award of IPA, approval of VGF disbursement claims etc. STPI, the implementing agency of the schemes is facilitating all the existing and prospective BPO/ITES units under the BPO promotion scheme for their queries and concerns pertaining to benefits admissible under the scheme and take up the matter before management committee for necessary approvals.

Comments of the Committee (Please see Para No. 16 of Chapter-I)

(Recommendation Sl. No.9)

The Committee note that even though the ITeS industry in India has grown rapidly in the recent past there has been no comprehensive strategy on skill development and training aspect. Thus, while National Institute of Electronics & Information Technology (NIELIT), an autonomous society of MeitY, has launched courses in the Customer care and banking sector to equip the students with the knowledge required to function as professionals in the ITeS-BPO industry, the Ministry of Skill Development and Entrepreneurship has its own charter of objectives and activities. As per NASSCOM, Indian colleges and universities in the states of Andhra Pradesh, Telangana, Haryana, Maharashtra, Madhya Pradesh, Uttar Pradesh and West Bengal are running BPM Foundation Skills and Qualification Packs (QP), Job standards based programs including Global Business Foundation Skills (GBFS), Finance & Accounting, Analytics, etc. As per NASSCOM, World ISO Standards body has adopted India's inputs for ISO 30105 as the International standard for the BPM Industry. This was led by Bureau of Indian Standards having broad highlights such as provision for an overarching standard for all aspects of ITeS-BPO industry. The Committee feel that there is a need to lay more emphasis on skill and training for the growing Indian IT sector and in turn for the BPO sector. There is a need to have an integrated approach rather than scattered and piecemeal initiatives. The Committee desire that all the existing initiatives for skill development are synergized and made more specialized so as to help this sector expand and meet the needs of the industry. The Ministry should explore the option of setting up a dedicated university/institution in collaboration with industry associations and/or broaden the scope & mandate of existing institutes eg. NIELIT to cater to the needs of ITeS-BPO industry matching with International Standards to cater to training requirements of all the aspects of outsourcing/BPO industry in India and take initiatives in this direction.

Reply of the Government

As regard the skill development & training, National Institute of Electronics & Information Technology (NIELIT), an autonomous society of MeitY has launched courses to

equip the students with the knowledge required to function as professionals in the ITES-BPO industry. Further, NIELIT has also been requested to ensure that its courses on ITes/BPO to be in compliance with international standards (e.g. ISO-30105, ISO-27001, ISO 9001:2008) to cater to training requirements of all the aspects of outsourcing/BPO industry in India.

**Comments of the Committee
(Please see Para No. 19 of
Chapter-I)**

CHAPTER V
OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE
GOVERNMENT ARE INTERIM IN NATURE

-NIL-

New Delhi;
28 December, 2018
07 Pausha, 1940 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2018-19) HELD ON 28TH DECEMBER, 2018**

The Committee sat on Thursday, the 28th December, 2018 from 1015 hours to 1040 hours in Committee Room No. '62', Parliament House, New Delhi.

PRESENT

Shri Anurag Singh Thakur – Chairperson

MEMBERS

Lok Sabha

2. Shri L. K. Advani
3. Shri Shyama Charan Gupta
4. Dr. Sunil Baliram Gaikwad
5. Shri Virender Kashyap
6. Dr. K. C. Patel
7. Shri D. K. Suresh
8. Shri Nagendra Pratap Singh Patel

Rajya Sabha

9. Smt. Kahkashan Perween
10. Dr. Vinay P. Sahasrabuddhe
11. Shri Binoy Viswam

SECRETARIAT

- | | | | |
|----|-----------------------|---|---------------------|
| 1. | Shri Y.M. Kandpal | - | Director |
| 2. | Dr. Sagarika Dash | - | Additional Director |
| 3. | Smt. Geeta Parmar | - | Deputy Secretary |
| 4. | Shri Shangreiso Zimik | - | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee convened to consider and adopt the following four Draft Action Taken Reports:-

- I. xxxxx.....xxxxx.....xxxx.....xxxxx.....xxxxx.....xxxx.....xxxxx.....xxxxx.....x
xxx.....xxxxx;
- II. xxxxx.....xxxxx.....xxxx.....xxxxx.....xxxxx.....xxxx.....xxxxx.....xxxxx.....x
xxx.....xxxxx;
- III. xxxxx.....xxxxx.....xxxx.....xxxxx.....xxxxx.....xxxx.....xxxxx.....xxxxx.....x
xxx.....xxxxx; and
- IV. Action Taken Report on the Fifty-third Report on 'Expansion of Rural BPOs and Challenges Faced by them' of the Ministry of Electronics and Information Technology.

3. The Committee, thereafter, took up for consideration the above said Reports and after due deliberation adopted the same without any modifications.

4. The Committee, then, authorised the Chairperson to finalise and present the Action Taken Reports to the House during the current session of Parliament.

The Committee, then, adjourned

xxxxx.....Matters not related to Report.

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THEIR FIFTY-
THIRD REPORT
(SIXTEENTH LOK SABHA)**

[Vide Paragraph No. 5 of Introduction]

(i) Observations/Recommendations which have been accepted by the Government		
Rec. Sl. Nos.: 2, 5, 6, 8, 10, 11, 12 and 13		
	Total	08
	Percentage	61.54
(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government		
Rec. Sl. No.: Nil		
	Total	Nil
	Percentage	0.00
(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration		
Rec. Sl. Nos.: 1, 3, 4, 7 and 9		
	Total	05
	Percentage	38.46
(iv) Observations/Recommendations in respect of which the replies of the Government are of interim in nature		
Rec. Sl. No.: Nil		
	Total	Nil
	Percentage	0.00