

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
STARRED QUESTION NO.*103
TO BE ANSWERED ON: 25.07.2018

PROMOTION OF BPOs

***103. DR. UDIT RAJ:**

Will the Minister of Electronics and Information Technology be pleased to state:

- (a) the achievements of India BPO Promotion Scheme in training and employment till date;
- (b) whether this scheme provides assistance and incentives to huge profit making private institutions/companies/ business houses at the cost of tax payers, if so, the details thereof and the reasons therefore;
- (c) whether small companies and start ups/new entrepreneurs are being discriminated/kept out of incentive sharing in comparison to bigger and established players, if so, the details thereof and the reasons therefore;
- (d) whether the Government intends to put in place an upper limit in the scheme to keep the big players out and whether there is a condition of a minimum turnover requirement, if so, the details thereof and the reasons therefore; and
- (e) the steps being taken by the Government to create level playing field for all in order to support participants/ contenders and also small and new entrepreneurs?

ANSWER

MINISTER FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

- (a) to (e): A Statement is laid on the Table of the House.

**STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED
QUESTION NO. *103 FOR 25.07.2018 REGARDING PROMOTION OF BPOs**

(a): The Government launched India BPO Promotion Scheme (IBPS) and North East BPO Promotion Scheme (NEBPS) under Digital India programme to incentivize setting up of BPO/ ITeS operations across the country, particularly in small town/ cities, to create employment opportunities and promote dispersal of the industry. The BPO Promotion Schemes have allocated about 41,000 BPO/ITeS seats to about 160 companies, resulting in setting up of about 230 units distributed across 115 locations of 26 States & 2 UTs. Out of these, nearly 120 units have started operation for a total of about 23,000 seats distributed across about 60 locations of 21 States & 2 UTs. The direct employment reported by the units under the schemes is over 15,000 at present. The employees in BPO/ITeS sector get trained on industry standard processes to enable them to meet the business requirements of domestic and international clients.

The experience gained thus far in implementation of BPO schemes shows healthy trend relating to employment of women and persons from marginalized section of society indicating digital empowerment in smaller towns and cities.

(b) and (c): No, Sir. The BPO schemes do not discriminate among Units (Companies/ LLPs/ Consortiums) as regards availing benefits. In fact, units of all sizes may avail benefits of BPO Promotion Schemes. The schemes have been formulated with an aim to enable participation of units of all sizes including start-ups and new entrepreneurs. Further, the schemes have an enabling provision of forming consortiums. The schemes promote participation of local entrepreneurs also by way of special incentives. As per the IT industry classification (NASSCOM), 97% of the eligible bidders who participated in the schemes fall under the categories of Small and Emerging units and about 80% seats have been allocated to these units. The small sized and emerging units are classified as having turnover less than USD 10 million, and between USD 10 million and 100 million respectively.

(d) : Yes, Sir. In order to ensure wider and equal participation of the units of all sizes, there is a cap of 5,000 seats per bidder across the country for IBPS and cap of 1,500 seats per bidder across the NE region for NEBPS. A minimum annual turnover requirement of ₹1 crore has been kept to ensure that the prospective bidder has requisite wherewithal to set-up infrastructure and sustain operations. Further, the schemes provide reimbursement based financial support.

(e): A number of steps have been taken to ensure level playing field to all categories of prospective participants/ contenders, and in fact, the Schemes have been designed to ensure the same at every stage of implementation process. Some of the key steps include:

- The minimum turnover of a prospective participant has been kept at ₹1 crore;

- A number of Seat Slabs have been provided for, ranging from small BPO operations (25 seats) to large BPO operations (over 1000 seats);
- At the time of bid evaluation, Lowest Bid in each Seat Slab Category is determined separately to avoid comparison between small and large units/ operations; and
- The requisite Bank Guarantee has been kept at 10% of the admissible financial support, with a further provision of 10% advance at the time of commencement of operations.
