

Relaxation of Rules for Other Service Providers

Why in news?

The Centre relaxed the rules for governing Other Service Providers

What were the previous rules?

- The existing rules governing the outsourcing companies were introduced in 1999 when the telecom sector was highly regulated.
- The Centre wanted to keep a tab on the voice traffic flowing within various call centres.
- By doing so, it wanted to ensure that no one infringed on the jurisdiction of telecom service providers.

What are the new rules?

- Under the new rules, non-voice processes have been kept out of the definition of other service providers.
- Even for voice based call centres, there is no registration or reporting requirement.
- Other requirements such as deposit of bank guarantees, requirement for static IPs, publication of network diagram, frequent reporting obligations, penal provisions have been removed.

How has the pandemic affected the ITeS Companies?

- The pandemic has increased the pace of technology adoption as clients and their customers move to a digital environment.
- Digital transformation and migration to the cloud have become the need of the hour.
- More than 85% employees of IT companies function from home.
- From a centralised architecture, IT services companies have had to restructure their entire organisation.

How will the current move help?

- The new rules for Other Service Providers (OSPs) seek to create a friendly regime for 'Work from Home' and 'Work from Anywhere' & removing frequent reporting obligations of companies.

- It makes accessing and maintaining data from remote places easier and quicker.
- The costs related to real estate and managing offices will go down.
- This will help in creation of jobs in smaller cities.
- In the old business model, talent had to be relocated from their hometown.
- Now, a qualified person does not have to migrate to work in an MNC.
- Another benefit is the boost it will give to the gig economy.

Source: Business Line

