Relaxation to ITeS Sector

Why in news?

The Centre has decided to relax the rules governing call centres and Business Process Outsourcing (BPO) units.

What were the previous rules?

- The 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.
- Since then there have been major changes in technology and evolution of different networking architectures for setting up call centre networks.

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.
- These changes could be a game changer for India’s IT-enabled services sector.

What is the current significance?

- Ongoing pandemic-led lockdown has disrupted the way IT companies function as more than 85% of the workforce stays at home.
- From a centralised architecture, ITeS companies have had to restructure their entire organisation.
- Under this delivery model, costs related to real estate and managing offices will go down.
- But higher spending will go into collaboration and other productivity tools.

- In this context, the decision to allow call centre employees to work from anywhere allows for tapping into talent across geographies.

What will be the benefits?

- 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

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