

POLICY BRIEFS

India's Export of Selected BPO Services: Understanding Strengths and Weaknesses

Meenakshi Rajeev and B P Vani

This research work evaluates and brings out the strengths and weaknesses of India as a player in BPO service segment vis-à-vis its competitors. The strengths are: wage advantage, availability of skilled manpower, good work ethics, technology know-how and time advantage; and the weaknesses are: inability to market, attrition rate, lack of cultural affinity and higher telecom costs.

Policy suggestions:

- While the major strength of Indian BPO industry is the availability of cost-effective manpower, ironically, it has been observed that the major challenges faced by the industry in India are also mainly HR-related. This industry requires youth specifically trained through focused educational curriculum and not mere degree holders. This area needs to be strengthened.
- A determined effort is necessary to reduce infrastructural bottlenecks like roads, uncertain power supply or high costs of telecommunication. Bandwidth tariffs are still much higher compared to our competitors.
- Development of two and three-tier cities is extremely important. The survey reveals that the cost of operating from such smaller locations can be even 40 per cent lower than the metros.
- Lack of data protection laws in the country is also restricting Indian access to the market.
- Today, off-shoring services provided by India are mostly rule-based low-end call centre and data processing work. Outsourced work in Intellectual Property Rights (IPR)-intensive areas such as clinical research, engineering design and legal research is the way ahead for Indian BPO companies.
- On the international front, some of the barriers India faces in this segment are mode-4 (immigration) related constraints and recognition barriers. Most BPOs send their employees abroad for training and face visa-related problems.