



RSTV-BIG PICTURE SUMMARY

New Rules for Other Service Providers

GS PAPER II: Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Introduction:

- Nearly a year-and-a half after the Telecom Regulatory Authority of India had suggested **relaxations of registration, submission of bank guarantee and other norms for other service providers (OSP)** in the business process outsourcing (BPO) and information technology-enabled services (ITes).
- The Ministry of Communications announced the **simplified guidelines for business process outsourcing (BPO) and IT-enabled services (ITES) players** to reduce the compliance burden for the industry.
- It is aimed at providing a strong impetus to the industry and positioning India as one of the most competitive IT jurisdictions in the world.

What are OSPs?

- OSPs or other service providers are companies or firms, which provide secondary or tertiary services such as telemarketing, telebanking or telemedicine for various companies, banks or hospital chains, respectively.
- The sector required **minimal investment** but gave great returns in business, which prompted a large number of individuals and companies to float other service providing firms.

Why did OSPs require to register themselves in India?

- Since most of these firms used leased telephone lines, which in turn used the telecom spectrum auctioned by the Department of Telecommunications (DoT), the **new telecom policy of 1999** suggested that **all OSPs register themselves so that the government could keep a check on the usage of its resources.**
- Registration was made **mandatory to ensure that firms did not establish fake OSPs**, which swindled customers under the garb of providing telebanking and other such sensitive services.

Why have these guidelines been changed?

- These regulations had **become obsolete** as they were introduced at a time when data was a precious commodity and internet was new.



- Due to lack of advanced technology, Telecom department wanted to ensure that the OSPs were not misusing data.
- To prevent the spread of Covid-19 pandemic, the government decided to go for a complete nationwide shutdown, owing to this, the **OSP, were unable to provide services to their clients** such as banks and hospitals, which were under the category of essential services.
- In order **to facilitate work-from-home** for such OSPs, the DoT completely changed the guidelines and allowed permanent work from home or work from anywhere in India for OSP employees.

How will the new guidelines help OSPs?

- It will make Business Process Outsourcing (BPOs) and ITes firms **operation economical** by cutting down on the cost of location, rent for premises and other ancillary costs such as electricity and internet bills.
- The doing away of registration norms will also mean that there will be **no renewal of such licenses** and therefore will invite foreign companies to set up or expand their other service providing units in India.
- Data-based OSPs completely out of the ambit of BPOs would mean that it **can allow employees to opt for freelancing for more than one company** while working from home, thereby attracting more workers in the sector.
- It has **done away** with many **compliance requirements** that includes reporting obligations, furnishing of bank guarantees and publication of network diagrams or a diagrammatic representation of how the computers of the firms are linked to each other.
- The new guidelines also do away with the need to furnish any bank guarantees for any of their location in India.

What are the positive implications of this move?

- The new rules will create a **friendly-regime for work from home** and work from anywhere, while removing several reporting and other obligations for such companies.
- It will help in **improving the ease of doing business** for such firms as they will not need prior permission from the government to commence operations.
- It will provide a **massive boost to employment and encourage more investments** in the sector, with more firms setting up business in the absence of compliance burden.
- As OSPs will no longer have to invest on an office set up that will in turn cut on rent for premises, electricity, internet bills and other such **ancillary costs easing business**.
- **Reduce regulatory compliance burdens and associated costs**, as the existing companies no longer have to renew their licenses and foreign companies can come to India and set up service providing units at a lesser cost.
- By making the data-based OSPs exit the ambit of BPOs, they are encouraged to function like any other service firm without inconvenient and strict guidelines like the presence of an agent on a location.



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- These guidelines are expected to **remove all red tape governing** these companies and make it easier for them to do business in India.
- It is likely to further **strengthen India's position as the back office to the world.**

<https://www.financialexpress.com/jobs/working-for-bpos-and-ites-heres-how-new-guidelines-by-dot-for-other-service-providers-will-ease-functioning/2125156/>

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