

NEWSLINE

Bringing Growth Back in India

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Editorial

IT-BPO Industry Expects Growth on Several Fronts

The prevailing global economic uncertainty, and continued upheavals, particularly in the Euro zone, are finally having an impact on India. Over the last few quarters, the country has been facing challenges resulting from the volatile external environment, such as the weakening rupee. Internally too, there is negative sentiment arising out of high inflation, low industrial production and policy paralysis.

There are growing concerns that this scenario may spell the end of India's growth run. The IT-BPO industry, however, does not share in this pessimism. Rather, it remains extremely positive about achieving and even bettering the growth targets set by NASSCOM. In this issue of Newline, we speak to a few industry CEOs, to understand the mood of the sector and the opinions of the thought leaders in particular.

Newline, this month also, has news about the recommendations made by NASSCOM to the Government of India, to boost e-Commerce, particularly B2C transactions in the country.

We additionally talk about the milestones achieved by NASSCOM's National Skills Registry (NSR) which has emerged as a reliable reference mechanism for IT-BPO employers and facilitates their recruitment processes.

The article on Offshore Software Development Centres (OSDCs), meanwhile, focuses on how these facilities have matured into strategic partners for customers and emerged as the extended marketing and R&D arms of these organisations.

We look forward to hearing from you about some of these issues, so do write in with your comments.

Sangeeta Gupta
Sr Vice President, NASSCOM

Bringing Growth Back in India

The Indian IT-BPO industry talks about how India's growth story is far from over, and how the current scenario is more the exception, rather than the rule.

Over the past few months, there has been a lot of talk about India's declining Gross Domestic Product (GDP) figure, the falling Q-o-Q growth rate, the significant reduction in industrial production and an overall decrease in the inflow of Foreign Direct Investment (FDI). Existing global economic conditions, and what is being referred to as a policy paralysis in India, are contributing to a sluggish environment. The recent lowering of India's outlook to negative from stable by global rating agencies Standard & Poor's and Fitch, is adding to the negative sentiment.

The question everyone seems to be asking today is whether India's growth story is over. According to the Indian IT-BPO industry, this is clearly not so.

"The country's growth story is not over. There's a long way to go. However, there is no doubt we have hit an avoidable slowdown," says Manu Parpia, Managing Director, Geometric Ltd. In Parpia's opinion, external factors like the European situation and the Indian Government's ambiguity on foreign/Indian investments, have had an impact.

"Examples include the Vodafone tax case, FDI in retail, disallowance of exploratory expenses for Reliance, etc. The image projected is that a commitment from the government and the rule of law can be given the go through by 'executive fiat'. Furthermore, many decisions, such as coal for power organisations, and acquisition of land are not being taken," Parpia adds.

Sunil Bhatia, Chief Executive Officer and Managing Director, Blue Star Infotech Ltd. agrees with Parpia that India's growth is far from over. "We have hit a road bump which may last for four to six quarters, but the best for India is yet to come," he states. According to Bhatia, the reasons for the downslide are primarily self-inflicted wounds caused by politics and policy paralysis, which have resulted in stalling of reforms and growth measures. This, in turn, has created market uncertainty.



In the view of Hanuman Tripathi, Group Managing Director, Infrasoft Technologies Ltd., India's growth story cannot be over, particularly because the country is continuing to notch up 5-6 per cent growth in GDP, which is faster than most Western countries, and considering the size of India's population, better than that of most emerging markets. "While the growth numbers are below estimation, they are not down and out," Tripathi says.

Tripathi believes that the United Progressive Alliance (UPA) Government has gone slow on the country's fiscal reforms and international priorities. In addition, several scams and the launch of many investigations have created fear in the administrative machinery regarding decision making. "These operating conditions have caused a slowdown in policy issues and the liberalisation process. The slowdown in the Western markets and the rupee drumming down have destroyed our internal sentiment. High petrol cost has increased input costs. The general price increase in last two years, has hit very hard," Tripathi comments.

Getting growth back

The general consensus within the industry is that India can get growth back on track by fixing its internal issues, streamlining decision making and providing a clear sense of direction.

"There is a need to act on multiple fronts. A united political will, supported by a strong push for market and regulatory reforms, where capital and private sector is welcomed, will succeed in unleashing the entrepreneurial spirit in India and bring back growth," states Sunil Bhatia.

According to Hanuman Tripathi, India can bring the growth back by checking price rise and reducing the cost of living index consistently, especially petrol

prices. "It needs to focus on major policy issues like FDI in retail and aviation, and the goods and service tax. Furthermore, India must state its stance clearly and walk the talk on the subject of corruption in public life. Constantly communicating to Foreign Fund Investors (FFIs) that the country remains investor-friendly, is a must. Finally, reforms driven within a timetable will correct the negative slide," Tripathi says.

Growth and the Indian IT-BPO industry

While India's growth story appears to be under a cloud, the IT-BPO industry expects to maintain a healthy momentum at 11-14 per cent in IT exports during 2012-13. NASSCOM, which is sticking to this growth forecast for the next 12 months, says it will review its guidance in October, depending on the

global economic scenario. At the same time, according to NASSCOM, domestic revenues will witness a 13-16 per cent growth in rupee terms.

IT budget cuts by customers in the US and Europe, which account for the bulk of India's IT-BPO export revenues, have restrained the growth of India's major players. Several large IT-BPO organisations such as TCS and Wipro are waiting for deal closures in the April-June quarter to decide on whether they will meet or beat NASSCOM's guidance.

Overall, India's IT services grew at 16.7 per cent in 2011-12, higher than the 16.3 per cent growth recorded in 2010-11. The country's share of global sourcing also increased by 3 per cent, rising to 58 per cent in the last fiscal.

What's working for India

- **India is not merely exports-driven or a pure services economy. It has a healthy mix of domestic consumption and exports on one side and production and services on the other. Hence, its internal demand itself is high and will continue to aid raw material purchase, employment and building of new infrastructure, the three most important ingredients in enhancing a nation's growth**
- **There is a lot of unexplored potential in rural India, and that itself can be an economy booster**
- **When compared to the issues faced by Western countries, India does not have unreal assets valuation. Its national assets are real and valued below par**
- **India does not have a comparable burden of social security bills in terms of healthcare or unemployment protection, although if not put to use appropriately, National Rural Employment Guarantee Act (NREGA) funding can go this way**
– Hanuman Tripathi, Infracsoft Technologies

Research

OSDCs: From Project Work to End-to-end Product Partnerships

Offshore Software Development Centres (OSDCs) in India have come into their own, playing an important and supportive role for Independent Software Vendors (ISVs) and other enterprise customers with the need for customised solutions.

Indian OSDCs are helping organisations to meet their demands to lower costs, improve time-to-market, integrate emerging technologies into their offerings, and introduce innovations and upgrades on-the-fly.

From providing support on projects, OSDCs have matured into strategic partners for customers, undertaking end-to-end product ownership, and becoming the extended marketing and R&D arm for them. Deep knowledge of the products of their clients has also enabled Indian OSDCs to introduce innovations in these offerings, including Frameworks and Accelerators, spurring product launches.

A 2012 research by NASSCOM, 'OSPD Market in India: Delivering Competitive Differentiators' indicates that

OSDCs: From Project Work to End-to-end Product Partnerships

while most MNCs have offshored their software product development to their Global In-house Centres (GICs), third-party OSPDs (Offshore product developers) are also drawing business, and making a significant contribution.

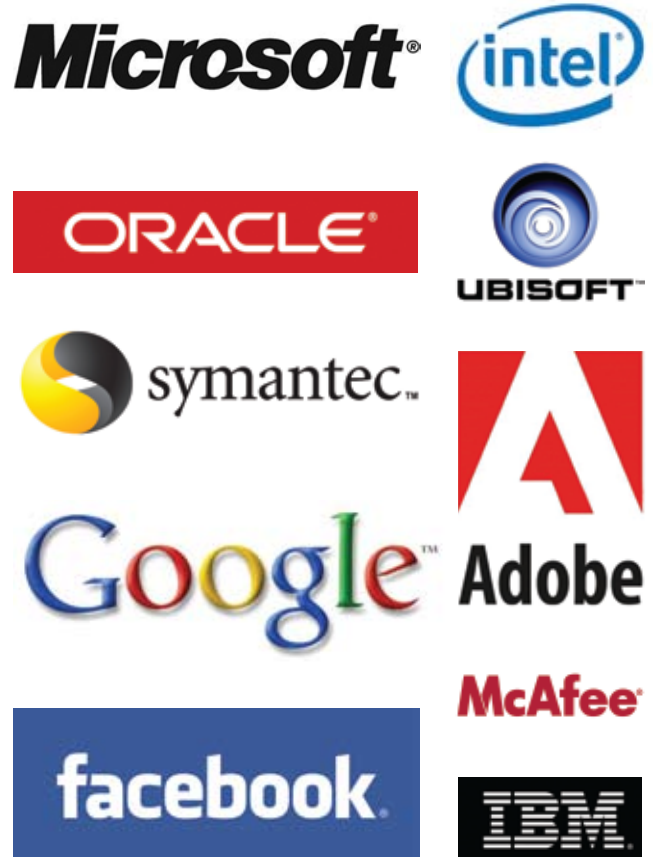
It also shows that:

- Organisations in India are taking up all aspects of the software product lifecycle – R&D, prototyping, development, testing, maintenance, support and development of next generation products
- Consulting services, including the creation of a product roadmap, and co-innovation of products is also on the agenda of Indian OSDCs
- Indian OSDC exports stood at USD 1.2 billion, with 4-7 players accounting for the bulk of the revenues, and the US and Europe markets, for around 80 per cent of the turnover
- The sector is being driven by emerging segments such as cloud computing, mobility, social media and big data analytics

While until now, it has been predominantly enterprise customers that are offshoring their product development. The emergence of the cloud, the new delivery paradigm, will enable the Indian OSDCs to address the SME markets as well.

Unlike a few years ago, when Indian OSDC firms focused on providing product support, helpdesk and testing services, they have now moved up the product value chain, with OSPD firms becoming a core part of the software products development teams of their clients. They are enabling ISVs to enter new global markets, design products for specific customers (SMEs), and tune clients to emerging technologies.

The key differentiators for OSPDs going forward will be IP-led innovation (where they will enable ISVs to offer



a larger number of product releases, at lower costs, and quicker time-to-market. The other edge will be vertical-specific solutions aimed at addressing certain gaps.

Key trends shaping the Indian OSPD industry:

Then and now

- *Move from project-based work to end-to-end product ownership*
- *Move to emerging technologies such as cloud computing, mobility, e-Commerce, big data and social media*
- *Move from traditional – time and material and fixed pricing models, to outcome-based pricing (risk-rewards pricing and revenue-sharing happening slowly)*
- *Move from low-end services to high-end, high on domain expertise services*

Growth strategies adopted by OSDCs

Organisations are:

- *Meeting demand gaps by developing IP that addresses client pain points*
- *Offering niche, vertical-specific products in SaaS and enterprise mobility space*
- *Providing value-added services such as consulting and developing technology roadmaps for users*
- *Entering into joint ventures and undertaking mergers and acquisitions to quickly scale, access new customers and geos, and access specific skills*
- *Setting up delivery centres in non-traditional emerging locations and nearshore locations*

NSR: Building Reliability Into the Recruitment Process of the IT-BPO Industry

The National Skills Registry (NSR) for knowledge professionals, a global standardised best practice to address personnel identity and background verification for the Indian IT-BPO industry, has made significant progress in providing benefits to the sector.

NSR has emerged as a full service, national-level initiative, that is drawing support and participation from 118 leading organisations, accounting for over 70 per cent of the existing IT-BPO workforce.

Highlights

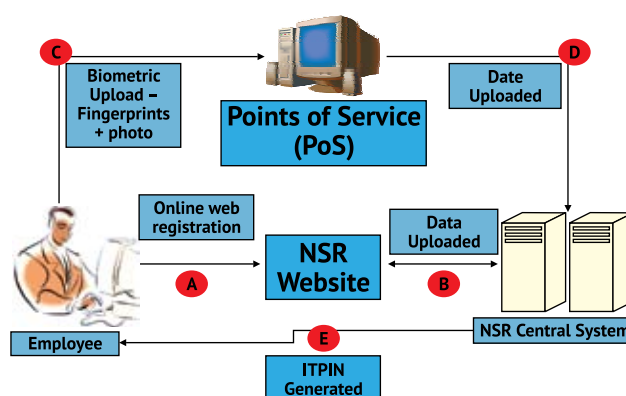
- Over 11.44 lakh individuals have recorded details on the NSR website
- Over 7.37 lakh individuals have submitted fingerprints/photographs
- Over 120 permanent Points of Service (PoS) setups have become functional in 20 Indian cities
- 17 background verification organisations have been empanelled to authenticate the credentials of those enrolled

The registry, which was institutionalised by NASSCOM as a part of its Trusted Sourcing Framework, centred around engagement, education, enactment and enforcement, is providing a reliable reference mechanism to IT-BPO employers.

At the employee end, it was found that around 25-30 per cent of the individuals were providing incorrect qualification data. A standardised, inexpensive approach was needed for conducting background checks to ensure an acceptable level of reliability, and that is exactly the function that the NSR performs.

The NSR undertakes the following:

- Records only objectively verifiable data of an individual to create a profile. One person has one profile



- Independently checks the data using NSR empanelled background checking organisations
- Give the right to individuals to allow or restrict access to their profiles. It can be accessed by organisations subscribing to NSR only if they have been authorised by the individual
- Password controls an individual's access to his/her profile
- Allows subscriber organisations to access profiles of individuals using their Digital Signature Certificates, in a secure manner

Incidentally, the NSR is being constantly upgraded, based on recommendations and feedback from NASSCOM member organisations. The effort is on to improve the registry by introducing changes and new features into it based on the feedback by members.

The NSR is managed and hosted by the decade-old National Security Depository Ltd., which manages large nation-wide databases, servicing 10 million investors.

Both member and non-member organisations of NASSCOM can subscribe to the NSR for a fee.

To know more about NSR, contact:

K S Viswanathan, Vice President, NASSCOM
 email: ksv@nasscom.in

Disruptions Facing the IT-BPO Industry

'Is the IT-BPO industry headed for a disruption?' is an issue that is being discussed by analysts, business leaders and sector watchers today.

The fact is that a number of technology and business trends are making an appearance on the horizon of the IT-BPO industry, that have the potential to change it forever. These trends, including big data, mobility, cloud computing and social media, which are beginning to gain momentum, have an implication for the IT-BPO industry.

Keeping this in view, NASSCOM's Regional Council for Haryana hosted a special session on the subject, drawing stalwarts from the sector to deliberate on the issue. Some of the best known names and faces of the IT-BPO industry, congregated in Gurgaon for an animated discussion on the four key disruptions that would change the IT landscape in India. Raman Roy, Chairman and Managing Director, Quattro; Pramod Bhasin, Non-Executive Vice Chairman and former President and CEO of Genpact; Arvind Pandey, Partner and Director, the Boston Consulting Group (BCG); Pavan Vaish, CEO, IBM Daksh; Subinder Khurana, Cognizant and Nitin Seth, Country Head at Fidelity Worldwide Investment were a few who moderated the session.

Arvind Pandey of BCG got the ball rolling by speaking about the disruptive trends, that offered more

opportunities than threats. The move to the digital economy, the fundamental shift in all relationships and the increasing touch points between organisations and their customers, were all having an impact on the IT-BPO industry landscape, he said. Pandey added that it was important for CIOs and CEOs of organisations to harness these mega trends, and tune themselves to the paradigm shifts taking place within the sector.

When invited to speak about the four key trends, and Genpact's response to them, Pramod Bhasin said, though the organisation was still unsure where it was headed in these areas, it did see a huge opportunity. He talked about how, in the recent past, Genpact had been acquiring organisations in segments such as social media, etc., to expand its repertoire of capabilities and competencies, and successfully leverage the emerging trends.

"We see big data and social media coming together. While cloud-based platforms will impact some of the Indian IT-BPO industry's traditional businesses, there will be opportunity in many other areas. Around 20-30 per cent of our existing business is derived through big data analytics, the cloud and social media, etc.," Bhasin informed.

According to Raman Roy of Quattro, the Cloud will be the game changer for the mid-market. The global services organisation – which offers business and knowledge services to over 130 enterprise clients, over 11,000 Small and Medium Businesses (SMBs) and Small Office, Home Office (SOHOs) customers and more than 400,000 retail customers – draw close to 80 per cent of its revenues from new technology. "We will continue to use the cloud to offer services to mid-market customers at good price points," he stated.

Pavan Vaish of IBM Daksh felt that trends like big data had the potential to transform the technical support industry. "Analysis of big data can enable service providers to solve the technical challenges faced by their customers." Vaish added that while it was not possible to cost-effectively set up 50-people call centres earlier, today, this was easy. "By using cloud-based infrastructure, and making it available on a 'per-transaction' basis, even small and medium BPO service providers can offer these



services to clients. They can conveniently host their solutions off-the-cloud," he said.

Subinder Khurana of Cognizant, meanwhile talked about how Management Information Systems (MIS) of old had transformed into Decision Support Systems and these into big data. "Going forward, it will not be so much about the volume of data, but rather the velocity of data. The future will lie in execution. The software will execute the business process, it will execute the analytics," he said.

All the speakers highlighted the need for differently skilled talent, that could work in these new environments, stating that creating a pipeline of highly specialised people that could leverage these emerging opportunities would be a big challenge for the industry.

"Is the worker of tomorrow in the works in India today?" asked Raman Roy.

The role of the government in the future, according to the panellists, would lie in building capacity

(in areas such as analytics, where there were shortfalls), in creating a level playing field for large and small organisations, controlling cyber crime, creating a regulatory framework protecting the privacy of customer information, etc. It was felt that the Indian Government needed to create an ecosystem that could incubate the future Intels and Microsofts of the world.

Future watch

- *Big data, mobility, cloud computing and social media will account for growing percentages of the revenues of IT-BPO organisations*
- *The combination of these four technologies will lead to a technology revolution, positioning technology as a commodity, like electricity*
- *The cloud will be used for both B2C and B2B business*
- *New business models will come up*
- *IT will become agile – gearing up and becoming scalable in days, rather than weeks and months*
- *The future will be about IT-led, cloud-led data services*

Interview



In Conversation with...

"NASSCOM is working with key stakeholders to evolve the agenda for India's balanced, inclusive growth."

Krishnakumar Natarajan
Vice Chairman, NASSCOM

What are the key trends that will shape the growth and evolution of the Indian IT-BPO industry within the country's domestic market?

Indian enterprises are realising the power of technology in transforming their businesses. We have a unique advantage because we have no legacy systems. Some of the new trends like cloud computing, mobility and Software-as-a-Service (SaaS), analytics and

big data are going to change the way in which Indian enterprises deploy technology and run their businesses.

What are the kinds of innovations that the sector needs to introduce for local customers?

There is a need for a variety of innovations to make technology adoption far more impactful. While many of the current solutions in

these emerging areas address the needs of customers in Western markets, there is a requirement to innovate for Indian consumers and offer them relevant services and products. Innovations will also be required in the business models, where increasingly customers are wanting service vendors to be expertise-led and share the risks and rewards of technology deployment. The use of technology will also spread from the metros to

Tier I and Tier II cities and towns and innovative go-to-market approaches need to be evolved for reaching these customers.

What is NASSCOM doing to help its members evolve an agenda focused around the inclusive, balanced growth of India?

NASSCOM is working with key stakeholders to evolve the agenda for India's balanced, inclusive growth. The benefits of technology should reach all levels of consumers, and citizen services offered 24x7 across the country, ought to help reduce the digital divide. NASSCOM is working closely with the government to make this happen. It is also trying to ensure that key programmes like the UID have far reaching impact, and reach their benefits to the right people. NASSCOM is also working to expand the domestic market so that the advantages of technology touch a larger number of enterprises, including the Small and Medium Businesses (SMBs).

Balanced development also requires the industry to be spread across a wider spectrum of locations, and NASSCOM is working with a

number of stakeholders to make this a reality.

What are some of the regulatory changes that NASSCOM will be calling for, to create a climate conducive for drawing ICT investment and making India a preferred IT-BPO investment destination?

The policy advocacy efforts of NASSCOM have always been driven by the need to create a globally competitive industry and it has been very successful in its efforts to drive this in close partnership with the government.

NASSCOM will continue to drive policy approaches which will help the Indian IT-BPO industry maintain and strengthen its leadership. NASSCOM also believes that the next phase of growth for the industry will be catalysed by new segments, such as product organisations, internet businesses, mobility organisations, among others. NASSCOM is working to create a platform which will enable a number of these organisations to become successful. The nature of policies that NASSCOM will be

lobbying for, range from capital for entrepreneurship to market development policies, to a legal framework for IP-related areas.

What will NASSCOM work on in the year ahead, to spur capacity building, so that India can leverage its demographic dividend?

The industry has a huge advantage that it has scale, and there will be a large number of young people who will be entering the work force. NASSCOM is playing a key role in working with the academic world in enhancing curriculum and teaching methods. It is also working to promote innovative models of Public Private Partnerships for institutions focused on talent and capacity building for the IT-BPO industry. NASSCOM is also leading the way by creating testing platforms like NAC and NAC-Tech for the IT-BPO industry, that are helping in capacity expansion for the sector. The above efforts, coupled with initiatives to take the industry to Tier II and Tier III towns, will spur more balanced development. It will also enable IT-BPO organisations to leverage the huge pools of talent available outside the metros.

CSR

Rural BPO 2.0: Impact Sourcing

The IT-BPO industry will add 160,000-180,000 new employees this year. Where will they come from?

At Letibunga, Uttarakhand, 30 kilometres from Nainital, business is booming for Bali, the local *tea wala*. For years, he sold tea from a small stand, earning about ₹ 1,000 per month. Recently, he opened a full-fledged shop with seating capacity for 10. He is now making ₹ 8,000-10,000 per month!

What is the reason behind this significant growth, in the middle of nowhere?

The answer is B2R Technologies, a small firm that has established a BPO centre in Letibunga. The organisation handles legal processes and publishing work. The result is employment for dozens of local residents, and generation of money in the village economy. B2R stands testimony to the claim, that the IT-BPO industry indirectly creates four jobs for every single job!



B2R itself is growing rapidly, having acquired 13 new clients in two years, and expanding from 5-11 centres.

The Indian IT-BPO industry has over the years evolved into a dynamic, knowledge-oriented sector that has become one of the most significant growth drivers for the country's economy. As the BPO sector continues to mature and evolve new models, organisations are getting increasingly focused around 'responsible business' while addressing ever-increasing employment costs in urban areas.

The NASSCOM Foundation is working to address these issues with initiatives targeted at increasing long-term employment in the BPO sector for those with limited opportunities – basically, what is being termed as 'Impact Sourcing'.

The NASSCOM Foundation and NASSCOM are working to study and grow the ecosystem, and ensuring that growth is profit-driven (IS can reduce costs by around 40 per cent compared to typical urban BPOs and bring down attrition from 40-60 per cent to 8-12 per cent). They are additionally promoting the secondary positive social impacts of livelihood creation. The Impact Sourcing opportunities identified so far are:

- BPOs (typically 50-500 seaters) located in underserved locations where the purpose is to utilise local talent for running processes. These organisations are often called 'Rural BPOs', though a more accurate term is Impact Sourcing Service Providers (ISSPs), that operate in non-urban areas and underserved urban areas
- Mainstream BPO organisations subcontracting work to ISSPs in alternate locations for cost-effectiveness
- Mainstream BPOs setting up their own ISSPs in locations with limited opportunities for employment
- BPO organisations directly hiring the underserved (the excluded, the disabled, the less educated, and

vocationally trained youth) who are capable of high performance

The Foundation's work to support Impact Sourcing is divided into three pillars:

Map the market, find what works

An in-depth 'market mapping' of 24 of the most active ISSPs in India to assess capabilities, strengths, challenges has been largely completed. Ongoing are interviews with mainstream BPOs to understand engagement models, concerns and successes in IS. The Foundation is also looking at the myriad skill development techniques used by ISSPs, comparing them to mainstream BPO techniques, and developing best practices and capturing learnt. This work is being conducted with the assistance of Castling Consulting.

Deep dive case studies

With over 5,000 ISSP seats across India, organisations with a range of clients and business models are enjoying success. However, the overall growth has been slow. The Foundation is conducting two in-depth case studies to document and illustrate the ways that successful ISSPs can address their most obstinate challenges.

Knowledge dissemination and sector promotion

Using best practices and lessons learnt, the Foundation is working with Monitor Inclusive Markets (MIM) to engage with the IS sector, international donors and potential clients. In this way, it is creating a business case for Impact Sourcing and the opportunities for investment in the sector. Vendor meet-ups are also being used to link ISSPs with interested BPOs and clients.

ISSPs still need to build capacity. Several forward-thinking, mainstream BPOs can provide extremely valuable middle management and domain expertise training to ISSPs.

In the coming months, ISSPs will continue to make news across India and internationally as they scale and become more prominent fixtures in the wider BPO spectrum. NASSCOM and the NASSCOM Foundation are eager to help member organisations position themselves at the cutting-edge of Impact Sourcing.

For more information, or to contribute to the Foundation's research, contact Brett Sedgewick, VP for Programmes, at brett@nasscomfoundation.org.

Moving India Into a Cash, e-Commerce-driven Economy

Steps the government can take.

The Indian e-Commerce industry is on a growth path, with the ₹ 46,000 crore sector expected to grow at 50 per cent year-on-year.

The Indian department of financial services, a part of the Finance Ministry, formed a committee earlier this year to examine the challenges constricting the growth of the e-Commerce industry in India and look at how the vision of a vibrant online payment sector could be realised. NASSCOM, a part of this Online Payment Advisory Group, submitted its recommendations in March 2012.

NASSCOM's suggestions to catalyse e-Commerce

Key among the recommendations made by NASSCOM was the suggestion regarding the lowering of the transaction rate on debit cards and the offering of tax concessions on online payments.

NASSCOM stated that the Reserve Bank of India should determine the interchange rate going forward and that it should be much lower for debit card transactions and flat for low value transactions. Currently, Indian banks are charging the same interchange or transaction fee of 1-2 per cent on both debit and credit card payments. NASSCOM had argued that the fee on debit cards should be reduced because of the lower risk involved compared with credit cards, as the transactions happen immediately, a move also endorsed by the RBI.

NASSCOM and the Online Payment Advisory Group had additionally recommended that:

- The government introduce a 2 per cent tax incentive on products bought online, to encourage merchants and consumers to purchase over the Net, and even make small value transactions
- That technology be harnessed to reduce return and dropout rates of transactions, thereby broadening the base of e-Commerce users
- That an online receipt repository be created that stores all online transaction receipts and can be accessed through mobile phones or the internet.

This will help customers track their payments and improve their confidence in e-Commerce

Based on the recommendations made by NASSCOM and the Online Payment Advisory Group, and in consultation with all the stakeholders, RBI has decided to cap the Merchant Discount Rate (MDR) for transactions undertaken with debit cards as under:

- a. Not exceeding 0.75 per cent of the transaction amount for value up to ₹ 2,000
- b. Not exceeding 1 per cent for transaction amount for value above ₹ 2,000

This directive, meanwhile, issued under section 18 of the Payment and Settlement Systems Act, has become effective from July 1, 2012.

India's e-Commerce market

- *India today has over 100 million internet users*
- *The sector is being driven by several stakeholders – public utilities, banks, travel sites, etc.*
- *The sector is creating a large number of entrepreneurs and new business models*
- *Online payments are critical for building a cashless economy in the country*
- *In China, internet usage costs are only around USD 10 (around ₹ 560) per month, while India's internet costs, currently stand at USD 25-30 per month!*



NASSCOM Strengthens Connect with Emerging Organisations at Chennai Conclave

Over the recent years, NASSCOM has strengthened its engagement with the small and medium players within the IT-BPO industry, helping build an enabling ecosystem conducive to their evolution.

In order to aid in their growth and improve the global competitiveness of these organisations, NASSCOM has launched several initiatives under the umbrella of its Emerge Forum. The forum has grown into a powerful voice of the SME sector, a platform that allows them to interact with each other and their larger peers, share experiences, and gain insights into vertical-specific issues, business challenges, industry best practices and technology adoption.

Emergeout Conclave, the flagship annual conference held under the aegis of NASSCOM and the Emerge Forum, is considered a 'must attend' event for the smaller ICT organisations and start-ups. This time around, the one-day meet was rolled out in Chennai, providing a plank for technology providers to interact with fellow organisations, experts and customers.

As with most Emerge initiatives, the conference was focused around the following:

- Understanding the unique requirements of start-ups
- Suggesting solutions to overcome their time and resource constraints
- Enabling SMEs to leverage growth opportunities
- Ingraining an 'innovation mindset' in their culture
- Helping SMEs tap into white spaces by developing niche, vertical-specific products
- Enabling start-ups to harness the mega trends of demographics, innovation, collaboration, trade rebalancing and inclusion, to move to the next phase of growth

It was pointed out at the conclave that growth within the IT-BPO market, driven by factors such as government

initiatives to deliver IT-led citizen services and increased automation of processes, had caused SMEs to invest in developing their own intellectual property. These organisations were also leveraging technology to improve efficiencies and maintain differentiation.



The rise of Chennai

Picking Chennai, meanwhile, as the location for the conference, reflected the city's growing importance as an IT-BPO investment destination. Contrary to popular perception, Chennai is a vibrant place for technology start-ups though it may not figure high on the list for angel and venture capital investments, compared to Bengaluru or Mumbai or Delhi. This is because entrepreneurs in Chennai prefer to keep the ownership closely held, at least until the business attains a certain level. The positives of Chennai, apart from a significant, readily available talent base, include loyalty among employees and a culture of innovation.

On the sidelines of the Emergeout Conclave, NASSCOM hosted a roundtable to discuss the merits of Chennai. The discussion featured representatives of six start-ups including Sphata Systems, Ascenders Technologies, INXS Technologies, Kallos Solutions and Uniphore Software Systems. The session, moderated by Som Mittal, President, NASSCOM, highlighted the skilled manpower advantage offered by Chennai, which was the result of the large number of technical educational institutions based in the city.

Chennai, which shot into fame for its IT software and services, has now positioned itself strongly as a product development location.

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