



Guidelines for Other Service Providers (OSPs)

Why in News

Recently, the **Department of Telecommunications (DoT)** has eased the norms for **Other Service Providers (OSPs)**.

- The OSP guidelines were **earlier liberalised in November 2020** in order to **encourage the BPO (Business Process Outsourcing) industry** in India. The new guidelines have been simplified even further, offering greater ease of business and regulatory clarity.

Key Points

▪ Business process outsourcing (BPO):

- BPO is a **business practice** in which an organization **contracts with an external service provider** to perform an essential business task.
 - BPO offers several benefits, such as lower costs, global expansion, and higher efficiency, while some of the drawbacks include security issues, hidden costs, and overdependence.
- 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 **Indian Information Technology (IT) - BPO industry** was worth \$37.6 billion in 2019-2020, and has the potential to rise to \$55.5 billion over the next four to five years.

▪ Important Features of New Policy:

- **Distinction between Domestic and International OSPs has been removed.** A BPO centre with common Telecom resources will now be able to serve customers located worldwide including in India.
 - Now, the **interconnectivity between all types of OSP centres is permitted.**
- The **Electronic Private Automatic Branch Exchange (EPABX)** of OSPs can now be **located anywhere** in the world.
- **Removed the requirement of OSPs submitting their reports** to the DoT on a period basis.
 - Such service providers will have to self-regulate and maintain a call data record, a usage data record and a system log for all customer calls for a certain time period.
 - They will also have to abide by the data security norms prescribed by the Centre.
- **Other Provisions:**
 - Exempted OSPs from requirement of any registration.
 - No Bank Guarantees were to be furnished.
 - Work from Home and Work from Anywhere was also permitted.
 - Penalties for violations were removed altogether reaffirming the trust the Government has in business.

▪ **Expected Benefits:**

- The guidelines will make it easier for BPOs and ITes firms in **cutting down on the cost** of location, rent for premises and other ancillary costs such as electricity and internet bills.
- The companies will **no longer have to carry the additional compliance burden** of providing the details of OSP employees to the DoT, as they are **recognised as extended or remote agents**.
- The doing away of registration norms will also mean that there will be no **renewal of such licenses**. This will **invite foreign companies** to set up or expand their other service providing units in India.
- It will allow employees to **opt for freelancing for more than one company** while working from home, thereby attracting more workers in the sector.

▪ **Other Steps Taken to Promote BPO Industry:**

- [Atma Nirbhar Bharat](#)
- [Electronics Manufacturing Productivity Linked Incentive scheme](#)
- [Scheme of Electronic Manufacturing Cluster](#)
- [PLI scheme for Telecom Equipment](#)
- [Ease of Doing Business in IT & Telecom](#)
- [Spectrum Sharing & Trading](#)
- [Delicensing of certain frequency bands](#)
- **VNO licenses**

Note: A **Virtual Network Operator (VNO)** License is a smaller subset of the Internet Service Provider (ISP) license. ISPs who wish to do ISP business only in a particular district or state can opt for a VNO license instead of an ISP license due to the cost effectiveness of VNO compared to an ISP license.

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