Sourcing towards sustainability - out sourcing sector in India & Impact on economy

Dr. S.R. Hanumantharaya, Assistant Professor, Department of Economics, Government First Grade College, Madhugiri, tumkur District.

Abstract Today , due to globalization economy has branched out to new vista , hence the need to provide service in time has required importance across the globe. Entrepreneurs have long applying outsourcing as a strategy for their entrepreneurial progression. Indian economy has viewed implicit necessity of outsourcing for smaller & medium scaled business. Outsourcing has made a powerful impact on growth & economy. Out sourcing is experiencing a wide expansion because of globalization trends & high demand for economic expansion beyond spatial limits. Overseas economic operation has increased. Customer satisfaction has grown as the primary criteria for economic inputs. Providing in time service to the customer needs without effecting the cost of service provision calls for outsourcing certain services. This paper outlines the importance of outsourcing for business economy & focuses on the important outsourcing hotspots that are emerging in India .

Key words : outsourcing , Providing in time service , economic inputs ,Indian economy impact ,

Introduction: Indian economy is undergoing change the Indian out sourcing industry is expanding ,But Bangalore in Karnataka has been considered a great hot spot of Indian outsourcing industry .Several small cities have been becoming hot spots but there is a need for a careful supervision of creating outsourcing hotspots / There are several linkages in formatting a hotspot such as the infrastructural development , the urban amenities , the technical aid , the technological adaptations etc.

The Concept: Out -sourcing is the practice of handing over control of public services to other companies / outlets including both international & national business companies. In other words outsourcing means taking service support from outside.

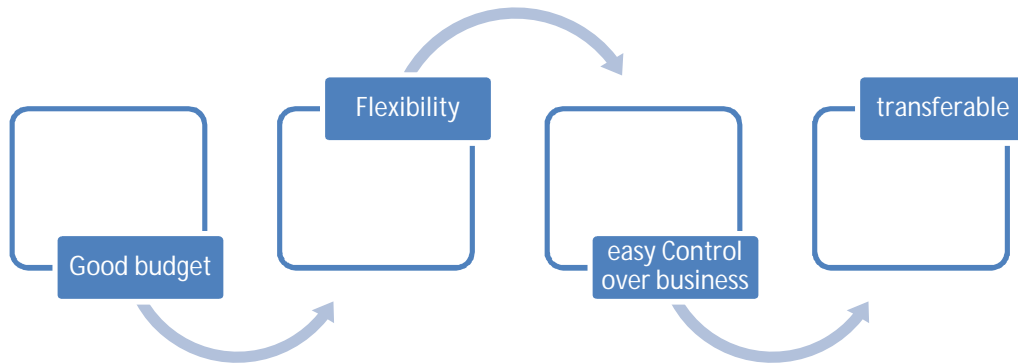**Benefits:** Out sourcing in India is considered beneficial because it offers

1. Out sourcing in India can be covered within good budget

2. Out sourcing in India comes with Flexibility hence it is adaptable to all situations

3. Out sourcing in India is customer friendly all countries , all language people & all types of corporate companies are covered.

4. Out sourcing in India allows the organizations to pay for only the services they need .

5. Out sourcing in India gives them services when they need that is timely services

6. Out sourcing in India reduces the need to hire & train specialized staff

7. Out sourcing in India helps to bring in best services best expertise & reduces capital & operating cost.
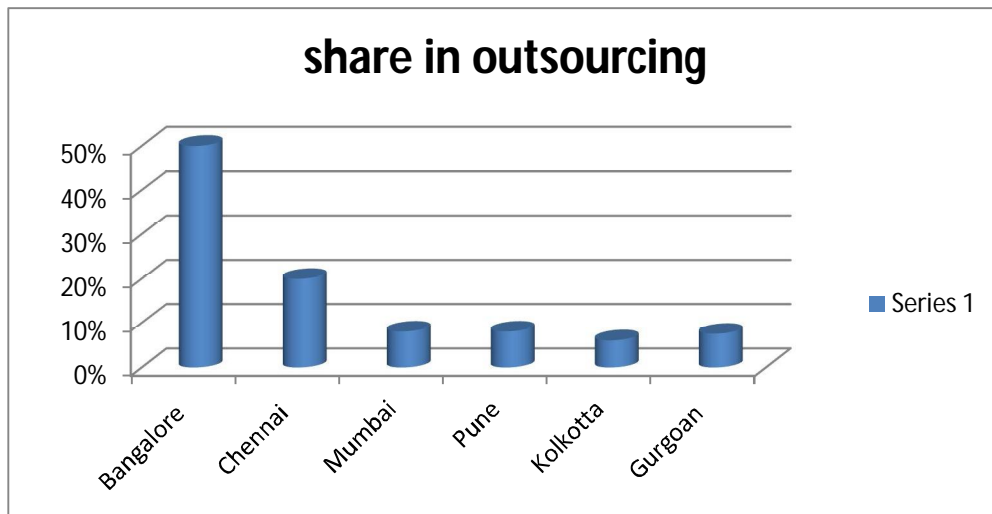
As shown in Chart -1 , Out sourcing is applied in business as it is easier to get

services from outside with cheaper investments.

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        ┌──────────┐    ┌──Flexibility──┐    ┌──────────┐    ┌──transferable──┐
        │          │    │               │    │          │    │                │
        │  Good    │    │               │    │  easy    │    │                │
        │  budget  │    │               │    │ Control  │    │                │
        └──────────┘    └───────────────┘    │over      │    └────────────────┘
                                             │business  │
                                             └──────────┘
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The Indian outsourcing industry : As shown in Chart-1 outsourcing has become popular in India with Indian cities emerging as hotspots for outsourcing. Nearly40 companies demand outsourcing from India every month . Bangalore continues to attract 50% of the demand . Mumbai , , Kolkata ,Gurgoan   are also attract huge outsourcing.

Out sourcing   is experiencing a wide expansion because due to globalization there is a high demand for economic expansion beyond spatial limits. Overseas economic operation has increased. Customer satisfaction has grown as the primary criteria for   economic inputs.

Providing in time service to the customer needs without effecting the cost of service provision calls for outsourcing certain services..

Benefits : Outsourcing helps to

However, with the growth and the maturing of the industry have come several concerns. One of them involves the cost factor and whether outsourcing to India is still profitable. Salaries of Indian professionals are rising and overseas customers are unsure whether the cost savings are attractive enough to send work overseas. Along with this concern is the alarming growth in the current Indian outsourcing Mecca, Bangalore, along with cities like Mumbai. These cities dominate the outsourcing industry in the country. There is so much work pouring into these cities, that there is concern over their capacity in terms of infrastructure, costs, attrition rates, resources, etc, to cater to this growth.

Challenges

1. Industry is facing short term cost pressures in this industry

2. There is a growing pressure on service providers for more flexible pricing contracts

3. There is a challenge of meeting more standardized solutions as there is a growing demand for quality service

4. There is a demand for performance oriented service rather than price oriented service.

5. Outsourcing needs differentiation in service providing

6. More stable price will help this industry

7. There is a challenge of reducing back office costs

8. There is a challenge of better quality control

9. There is a challenge of focusing on increased operational efficiencies

10. There is a challenge of common serve and shared service which is offered just like the outsourcing. Sharing business & IT service will naturally hit the outsourcing industry as sharing of service will naturally cost costs , reduce errors & improves productivity.

11. India is being challenges by the European countries & Latin American countries as new outsourcing hotspots. Brazil & Russia are keenly expanding their markets China has been always a competition for India

12. Cloud management has helped companies Hence consumption based technologies that are delivered through cloud are proven as cost effective are o increasing

Opportunities for outsourcing industry

1. Auto mobile industry has already outsourcing its manufacturing Branded cars are being designed , manufactured & marketed in different places through outsourcing.

2. This has made knowledge power outsourcing a great possibility India has been chose to become a great knowledge outsourcing center KPO .(NASSCOM)

3. English language has made service providing a easy job as Indians are blessed with good language learning capacity. English speaking advocates who can offer legal service support &patent services with good expertise have a great career Few Indian companies have collaborated with American legal firms even though it is a small beginning there has been a great career growth ahead in legal sector.

4. Several FAO fortune 500 companies have registered with India IBM acs tcs etc Their operations are expanding day by day This has given a boost to the Indian outs outsourcing Industry

5. The pharmaceutical industry has a great growth as Clinical research & clinical manufacturing are expanding. Ranbaxy has ties up with GlaxoSmithKline

6. Indian management services had had a great future as India provides IT infrastructure , application operation , IT security & IT solutions

Outsourcing can fulfill many services for a company

1. Database management,

2. Network operations,

3. Help desk,

4. Disaster recovery,

5. Development and maintenance of applications,

6. Data and video communications.

7. Travel services

8. Internal audit

9. Human resources

10. Insurance administration

One of the most commonly outsourced services is payroll. According to a CFO study, payroll and retirement benefits is the second most outsourced function in organizations. National Association of Software & Services Companies (Nasscom), the apex body of India's information technology and business process outsourcing sectors (IT-BPO), India's share in the global outsourcing market rose to 55 percent in 2010 from 51 percent in 2009. Indian technology industry is expected to grow 12% India spends nearly 1% on IT which is lower than the global average of 2.5%. The following services are commonly referred to Indian outsourcing companies

1. Employee leave management

2. Employee performance management

3. Employee workforce analytics management

4. Employee shift management

5. Employee time management

6. Employee attendance management

7. Employee data management

8. Employee recruitment management

Conclusion – Thus Indian economy is undergoing voluminous change following globalization. New arenas of development are breezing in. The Indian out sourcing industry is expanding at a faster rate than expected. But there is a need for a careful supervision of creating outsourcing hotspots .There are several linkages in formatting a hotspot the infrastructural development , the urban amenities , urban congestion , overcrowding etc has to be looked in before planning hotspots.

The contribution of the Major outsourcing hotspots in India

Sl No	Company	Year of establishment	Employees	Head office	Total turn over
1	First Source	2007	26,000	Mumbai, Maharashtra	$138 million
2	HCL BPO	2003	45,000	NOIDA , Uttar Pradesh	$200 million
3	Aditya Birla Minacs	2007	21,000	Bangalore , Karnataka	$438 million
4	Infosys BPO	1981	27,000	Bangalore, Karnataka	$470 million
5	Wipro BPO	2001	26,000	Bangalore , Karnataka	$490 million
6	WNS Global	2001	25,000	Mumbai, Maharashtra	$616 million
7	Aegis	2007	55,000	Mumbai, Maharashtra	$700 million
8	Serco Global	2005	60,000	Gurgoan ,Haryana	$1 billion
9	TCS	2000	33,000	Bangalore , Karnataka	$1 billion
10	Genpact	2008	65,000	Mumbai , Maharashtra	$1.5 billion

Indian outsourcing is more in payroll management which includes

The opportunities are created for Indian youth in plenty but there is a danger of Indian youth being considered for stereotyped jobs rising from outsourcing industry . The brilliance of Indian youth is being wasted in these professions , besides career growth is halted. Thus Indian outsourcing Industry has a great potential only if certain impediments such as infrastructure, congestion, rise in labor costs in metro cities , parallel development of tier II & tier III city development etc are met in time.   India has to look out for competition from Indonesia , Philippines & Thailand as well.

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