Potentiality Of Kashmir As An IT-BPO Destination: A Comparative Analysis Between Gurgaon And Kashmir

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Abstract

IT-BPO industry has availed the easy obtainable jobs to thousands of educated youth in India with good earnings and high growth opportunities. However, there are some myths about the IT-BPO industry jobs such as workplace harassment, security, unimaginable attrition rate, stress and burnout, impact on health and social life. But all these myths couldn’t stop India to become most favourable IT-BPO destination in the world. Fast money, abundant opportunities, phenomenal lifestyles, choice in working shifts and MNC work environment have made the IT-BPO Industry favourite sector to work for. IT-BPO industry has almost footed in all the big cities of India. In which Gurgaon, Delhi, Noida, Banglore, Mumbai, Pune, Surat, Hydrabad, Chennai, Kolkata and Chandigragh have occupied tier I category in the IT-BPO cities list of India. With the advantage of Geographic location, availability of skilled human resource, world class infrastructure and security system has pushed Gurgaon up as number one IT-BPO destination of the India. Instead of many favourable factors in Kashmir as an IT-BPO destination, it is spotted in tier III IT-BPO cities of India. The researcher carried this study to know potentiality of Kashmir to host IT-BPO industry and to find out where is it lagging behind to become IT-BPO hub like Gurgaon?

Keywords: IT-BPO industry in Kashmir, Indian BPO industry, Kashmir as emerging IT-BPO destination.

1. Introduction

The young IT-BPO industry of India is successful to attract the young and skilled youth into it. This industry emerged as one of the exciting sector to make the career with. This sector is not now limited to calling processes but many high growth and reputed job profiles have been added to it. MBAs, CAs, engineers, doctors and other professionals from reputed colleges and universities are joining this sector for high growth and big earnings. A typical outsourced business has three elements: vendor, client and the project. A client is the person or organization that agrees to get his/its work done by some external person or organisation within a specified set of conditions for an agreed amount of money. The vendor is the entity that handles and performs the client’s work according to already decided conditions. Vendor can be either external entity or subsidiary of the organisation. For example, American Express has opened their subsidiaries in India to handle customer queries 24*7. The project which is the third element of outsourcing business, is the actual work being outsourced.

The IT-BPO industry of India is valued at USD 118 billion in 2013-14 which is almost 10 percent of GDP of the country. India covers almost 64 percent of total Global IT-BPO off shoring market. IT-BPO sector witnessed a rapid growth during last few decades which is the direct outcome of the liberalization of the Indian Telecom sector in 1994. Currently this industry has absorbed more than 2.8 million employees in India. This
industry made it possible to achieve 96.5 percent employment rate in NCR. In NCR, Gurgaon is being considered hub of IT-BPO industry, it hosts more than 100 IT-BPO Multinational companies which is almost 15 percent of total IT-BPO industry of India. The question arises, what makes the Gurgaon favourable place for BPO industry? If the answer is “availability of skilled human resource”. Then why cannot Kashmir be favourite IT-BPO? Kashmir do have more than two Lac skilled unemployed youth. This is almost 10 percent of total employees of the Indian IT-BPO industry. Perhaps the answer of this question lies is some other fact. The researcher tries to find out the reason(s) which hinders Kashmir to become the favourable IT-BPO destination.

2. Objective Of The Study

- To identify the Potentiality of Kashmir as an IT-BPO destination.
- To determine the challenges and core competencies of Kashmir in comparison with Gurgaon to host IT-BPO industry.
- To suggest positive recommendations that may help Kashmir to become favourite IT-BPO destination in India.

3. Research Methodology

3.1 Data Collection Methods

Both the primary and secondary methods of data collection were used. However, the study is mainly dependent on secondary data. The primary data was collected through a structured questionnaire. Secondary data was collected from News Papers, Books, Journals, Magazines, Research papers and Websites.

3.2 Sample Design

Samples were collected randomly from 30 IT-BPO companies in Kashmir and Gurgaon. 50 samples were collected from the operational level employees of the IT-BPO industry of Kashmir and Gurgaon.

3.3 Data Analyses And Interpretation

The collected primary and secondary data was analysed to draw inferences about IT-BPO industry scenario in Kashmir and Gurgaon.

4. Current Scenario Of IT-BPO Industry In Kashmir

In July 2011 IT-BPO took birth in Kashmir when few talented boys started first international call centre at STPI, Rangreth in Jammu and Kashmir. Since then number of IT-BPO companies have started operations at domestic and at Global level. Currently there are more than 30 IT-BPO setups in Kashmir serving customers from India, US, UK and Australia. The growing IT-BPO business in Kashmir is capable enough to provide career options to huge number of unemployed youth of Kashmir. The Essar Group's business process service
provider subsidiary Aegis was the first business firm of its kind to notice the favourable BPO conditions in Kashmir and started two BPO centres in Jammu and Kashmir. These two centres provide jobs almost to two thousand people in the state. The state government has leased 15 kanals (2 acres approx.) of land to the Essar group at subsidised rates to set up the BPOs, to motivate other BPO organisations to invest in the state of Jammu and Kashmir.

Laying the foundation stone for the BPO at Rangreth, Umar Abdullah, CM of Jammu and Kashmir told a gathering that the government by itself could not solve the problem of unemployment but private enterprises should also foot forward to help. "We want BPO industry to be established here, so that young girls and boys can get employment opportunities in their own state. We want youth here to get employed in relevant jobs. The burden of pressure of unemployment that we have on us cannot end by government jobs alone."

Managing director and global CEO, Aegis, Aparup Sengupta, said, "With 32,000 employees across 32 global locations, we believe our responsibility is not just to create employment but also to train human resources and develop their skills. We are proud to extend that same opportunity to the people of J&K so that they can join India's economic mainstream." He believes that the other companies will also invest in the state and added his company will now be able to add Kashmir to its portfolio. "We can grow only when we take Kashmir along with us," he added.

Kashmir is being suggested as one of the cost effective BPO destinations in the country with high availability of skilled human resource. Kashmir’s attractive corporate tax policy also can prove instrumental to attract BPO giants to Kashmir.

**Premier IT-BPO Companies Of Kashmir**

1. Aegis Limited
2. PC Planet
3. PKS Technologies Pvt. Ltd.
4. Musky Software Solutions
5. Webkashmir com
6. Hi End IT Services Pvt. Ltd.
7. Mustafa Zargar Network Consultant
8. Access Infrastructure and Telecommunication Pvt. Ltd.
9. Teletech Services and Solutions Pvt. Ltd.
4.2 BPO Operations Outsourced To Kashmir

4.2.1 International and domestic Voice support
In this category customer care executives solve the queries of national and international customers over the telephone. Currently, BPO industry in Kashmir provides voice support in following areas:
- Technical support.
- Insurance and health services.
- Advertisement and promotions.
- Finance and Banking.
- Travel and hotel management.
- Human resource management.
- IT and Telecommunication etc.

4.2.2 Back office Operations
In this category, executives don’t have any direct interaction with customers. High educated and skilled youth of Kashmir is a best fit to this category. Various back office operations outsourced to Kashmir are:
- Reconciliation, accounts payable and receivable.
- Data Processing Services.
- Business Transaction Data entry like sales / purchase.
- Data feed into Software Program.
- Catalogue Data Entry.
- Conversion from Page maker to PDF format.
- Conversion from Ms-Word to HTML format.
- Webpage designing.
- Content Development and Administration.
- Language Services.

5. Current Scenario Of IT-BPO Industry In Gurgaon
World class infrastructure, Geographic location, literacy rate, road connectivity, airports, security, political stability, regulatory environment etc. have made Gurgaon top IT-BPO destination in India with hundreds of IT-BPO companies, that cover almost 15% of total IT-BPO industry of India. Not only local youth but energetic and talented young employees from all the parts of India and many parts of world are contributing to the IT-BPO industry of Gurgaon. Gurgaon’s BPO sector has made direct and indirect contributions to socio-economic setup, employment and standard of living. IT-BPO industry of Gurgaon has proved instrumental to achieve 96.5 % employment rate in National Capital Region of India (NCR covers Gaziabad, Noida, Gurgaon and Delhi). The IT-BPO companies located in Gugaon are mainly serving customers and clients form
America, Australia, India and Europe. All the clients and customers from these areas of the world have showed delightfulness with the service from vendors based in Gurgaon. Few decades ago Gurgaon was a wasteland, now the corporate taxes collected from Gurgaon prove handy to develop undeveloped areas in the country. Story doesn’t end here every year new IT-BPO companies invest in Gurgaon.

**Major BPO Companies In Gurgaon**

- Concentrix (erstwhile IBM GPS)
- Genpact India Pvt. Ltd.
- United Health Group
- Hero Management Services Ltd.
- Convergys India Services Pvt. Ltd.
- Accenture
- Infosys
- WNS
- Serco
- Mercer
- Aegis
- EXL

**Major IT-BPO operations/processes outsourced to Gurgaon are**

- Asset management services.
- Mortgage services.
- Sales and marketing services.
- Credit card services.
- Web based online education services.
- Insurance and health services.
- E-publishing operations.
- Search engine optimizations processes.
- Advertisement and promotions.
- Graphics and animation operations
- Finance and Banking.
- Travel and hotel management.
- Inventory management.
- Human resource management.
- IT and Telecommunication etc.
- Reconciliation, accounts payable and receivable.
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6. Findings

Analysis of primary and secondary data lead us to following findings:

6.1 Differences Between Kashmir And Gurgaon As An IT-BPO Destination

Political and economic stability: Political and economic stability is the first parameter in choosing a destination for IT-BPO by MNCs. Economically and politically Kashmir is unstable at the moment. Local citizens’ demands and relationship with neighbouring countries has disturbed the business environment in Kashmir. On the other hand Gurgaon is stable politically and economically with very secure and regulated business environment. 94% respondents from Kashmir said political instability is main reason behind less IT-BPO companies in Kashmir, remaining 6% stated the reasons like less support from Government, unwillingness to host MNCs, infrastructure, weather of Kashmir etc.

Infrastructure: Real estate business giants like DLF and Unitech has erected big buildings to provide office spaces to business firms in Gurgaon. On the other hand, land of Kashmir may take decades to see such world class constructions on it. Not only real estate but technological infrastructure of Kashmir is also in developing phase. Hence, infrastructure of Kashmir is not attractive enough for IT-BPO firms to invest in.

Qualitative end: All major IT-BPO service providers of Gurgaon have obtained the ISO 9000 certification. ISO 9000 is being considered important by major clients for outsourcing its operations to vendor. However, almost 90% of IT-BPO service providers located in Kashmir doesn’t have any quality certificate.

Regulatory Environment: 65 percent of responses stated that business environment regulatory system is very weak in Kashmir. That causes unfavourable business environment for new investments and bogs down
existing business setups. 10 percent responses disagreed with this statement and 25 percent were unsure about it. However, in Gurgaon business regulatory system is very strong, which ensure employee welfare and growth in business firms.

6.2 Similarities Between Kashmir And Gurgaon As BPO Destination

Availability of skilled human resource: Both the places do have high educated and skilled people easily available. IT graduates, Foreign language experts, MBAs, CAs etc. are easily available at both places. Every year thousands of fresh graduates become available for corporate sector in Kashmir but unfortunately less private sector makes them move to Gurgaon like places, where jobs are easily available. Gurgaon attracts skilled human resource from all states of India to match the requirement of IT-BPO sector.

Business Processes Outsourced: However, Gurgaon do host hundreds of business processes from clients from various parts of the world. Kashmir is also successful to get many operations outsourced to it. Some common processes between the two locations are: Customer Care, Health Care, Finance, Human Resources management, Payment Services, Content Development and Administration.

Cost Effectiveness: High availability of educated youth in India and high rate of unemployment has benefited IT-BPO firms a lot. Fresh engineers, MBAs and other graduates are ready to join IT-BPO sector even at enumeration of 10-15 thousands rupees per month. Like other places of India, Gurgaon and Kashmir is also sharing the same experience.

Government support: Government of Kashmir and Gurgaon give their best to develop IT-BPO industry at their respective places. However, Government of Kashmir is step ahead in support of development of private sector in Kashmir. They even promised zero corporate tax for those who are ready to invest in Kashmir. 65 per cent of the survey respondents’ responses from Kashmir stated that the government of Kashmir is very supportive for BPO in Kashmir. 15 per cent disagreed while 20 per cent were unsure.

6.3 Challenges For Kashmir As An IT-BPO Destination

Political instability: The biggest challenge for development of IT-BPO industry in Kashmir is political instability. Until and unless Kashmir won’t be politically stable investors won’t be ready to invest in the valley at mass level. However, recent change of Government at central level is considered very constructive for the valley in all the aspects, especially for the industry sector.
Communication and Technological Infrastructure: At present telecommunication in Kashmir is moderately developed. There are some issues with communication and technological infrastructure of Kashmir. In order to become top BPO destination in India, Kashmir needs to concentrate on development of communication and technological infrastructure.

Communication Skills: No doubt Kashmiri youth is very talented and highly educated but majority of Kashmiri people have first tongue influence on their English language. Their accent is tough to be understood by customers from Europe, America, Australia etc. However, this problem can be sorted out by training programmes but it may incur huge cost to the companies.

Lack of BPO Expertise: Kashmir is beginner in BPO sector, hence has less know how of BPO industry. Less number of BPO trained graduates in Kashmir couldn’t help Kashmir to be as competitive as Gurgaon. Both the local investors and youth of Kashmir have little knowledge about outsourcing business. Therefore, local entrepreneurs avoid to invest in this sector. This attitude of Kashmiri investors has impacted the progress of the industry.

Working Pattern: As of now, in Kashmir majority people like to work in day shift only but BPO industry demands 24*7 working pattern. However, Kashmiri youth gradually are adapting the change but it may take time to motivate all those who resist the change due to BPO myths such as digestion disorders, weight loss, high attrition rate etc.

Service Quality: The offshore BPO industry in Kashmir is not as matured as in Gurgaon. IT-BPO firms of Gurgaon with their expertise in the sector are very successful to deliver the high quality to client. Kashmir is new to IT-BPO industry, therefore, at the moment Kashmir couldn’t be as competent as Gurgaon do.

Geopolitical Risks: Border unrest, government policies, terrorism, etc are such circumstances which always make MNCs to say “No” to investments in Kashmir. Kashmir touches borders of two such countries, with whom India doesn’t have very good relation at the moment. MNCs think hundred times before investing in Geographic areas like Kashmir.

Cultural Gap: Cultures of the countries which outsource operations to India such as America, UK, Australia etc. are very different from the culture of Kashmir. Lifestyle, preferences and tastes, thinking process, decision roles etc. of Kashmiri people are different than that of these countries. These countries generally outsource to the countries and cities having cultural proximity to its home country.
**Financial Position:** In a recent survey of Government of India, state of Jammu and Kashmir has been ranked moderately developed state of India. When foreign companies do have option of developed states in India, why would they invest in moderately developed one? Terrorism, political instability, very little industrial sector etc. has dragged the Kashmir financially down.

7. **Suggestions And Recommendations**

After a proper analysis of collected data, researcher comes with following suggestions and recommendation for Kashmir to improve its current situation to become favourable IT-BPO destination:
- Government of Kashmir should develop adequate infrastructure to host IT-BPO operations.
- Central government of India should come forward to bring political stability in Kashmir by solving the issues with neighbours. Central government should also take necessary measures to bring industrial revolution in the Kashmir.
- Accessibility to internet connectivity should be ensured with maximum speed and zero downtime.
- Available skilled human resources need little bend and practical BPO training to become fit for IT-BPO industry.
- People, business firms and government of Kashmir needs to do strategic alliances and integration with well-established International BPO Firms to gain investments and expertise in this sector.
- Kashmir is not being promoted as favourable offshore destination. It should be communicated to create awareness about its potentially to host IT-BPO industry.
- Kashmiri youth should adapt 24*7 working environment. They should be ready to work according to any time zone.
- Education administration of Kashmir should stress to teach neutral accent of English language in schools and colleges, so that the English language of Kashmiri people will be easily understood at global level.

8. **Conclusion**

After deep analysis of data, the researcher reaches to the conclusion that Kashmir is viable as IT-BPO destination in the future not at the present. 75 percent of the respondents from Kashmir were very optimistic about Kashmir’s viability as IT-BPO location in the future (5-10 years) not at the present. Some similarities between Kashmir and Gurgaon as offshore location, clearly indicates that if the challenges in Kashmir would be removed, it can also become favoured IT-BPO destination like Gurgaon. Challenges like weak infrastructure, less BPO trained graduates, regulatory environment, internal disturbances, economic conditions etc. have affected the progress of IT-BPO industry in Kashmir very badly. IT-BPO firms in Gurgaon get enough support from industry association while Kashmir doesn’t get such support. Furthermore, cultural compatibility of Gurgaon to a large extent with foreign countries has helped it to get more offshore business.
At the moment Kashmir is running from the bad phase of the history. Terrorism, internal disturbances, bad socio-economic conditions etc. of Kashmir has resulted in mass unemployment. That in turn, is spoiling the careers of thousands of the talented Kashmiri youth. IT-BPO industry is only immediate way out which can prove instrumental to absorb such a mass unemployed youth in Kashmir. At the moment, good support from union government and state government can help Kashmir to create and maintain important factors of IT-BPO industry. Thus, after overall analysis the researcher demonstrates that Kashmir is not yet an emerging IT-BPO destination.

9. References


