

## India versus Indiana: Who Is Exploiting Whom?

In 2003, the state of Indiana submitted a request for proposals to upgrade the state's computer systems. Specifically, the computer systems used to process unemployment claims.. Guess who won? Tata America International, which is the U.S.-based subsidiary of India's Tata Consultancy Services Ltd. Tata's bid of \$15.2 million came in \$8.1 million lower than that of its closest rivals, Deloitte Consulting and Accenture Ltd., which are both based in New York City. No Indiana firms submitted bids, because upgrading the state's computer systems was too big of a job for them to handle.

In other words, an Indian consulting firm won the contract to upgrade the computer systems in Indiana's unemployment department! You couldn't make this up. Indiana was outsourcing the very department that was supposed to protect the people of Indiana from the effects of outsourcing.

Tata was planning to send some sixty-five contract employees to work in the Indiana Government Center, alongside eighteen state workers. Tata also said it would hire local subcontractors and do some local recruiting, but most workers would come from India to do the computer overhauls. Once the computer overhauls were completed, the new system was "supposed to speed the processing of unemployment claims, as well as save postage and reduce hassles for businesses that pay unemployment taxes," the Indianapolis Star reported on June 25, 2004.

You can probably guess how the story ended. "Top aides to then-Governor Frank O'Bannon had signed off on the politically sensitive, four-year contract before his death [on] September 13, [2003]," the Star reported. But when word of the contract was made public, Republicans made it a campaign issue. It became such a hot political issue that Governor Joe Kernan, a Democrat who had succeeded O'Bannon, ordered the state agency, which helps out-of-work Indiana residents, to cancel the contract. Governor Kernan also put up some legal barriers and friction to prevent such a thing from happening again. He also required the contract to be broken up into smaller bites that Indiana firms could bid for, which was good for Indiana firms, but very costly and inefficient for the state.

The Indianapolis Star reported that a check for \$993,587 was sent to pay off Tata for eight weeks of work, during which it had trained forty-five state programmers in the development and engineering of up-to-date software: "'The company was great to work with,' said Alan Degner, Indiana's commissioner of workforce development."

(Acknowledgements: "The World is Flat" by Tom Friedman)

**Question** (This is the question that is given to students to prepare)

Who is the exploiter and who is the exploited in this India-Indiana story?