

# Statistics on External Trade in Computer Services -India case-

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# To present..

- Overview
- BoP Framework of Accounting
- Compilation & dissemination of ST in BoP statistics
- Some Data Views and features of BoP statistics
- Features of IT & ITES
- Survey findings
- Way forward

# Overview

- Contribution of Services to India's GDP  $\geq$  55%
  - share in GDP is steadily rising over the years
- In total Goods + Services External Trade
  - Services exports constitutes (app) 30%
  - Services imports constitutes (app) 13%
- Balance of Trade
  - Positive for services
  - Negative for merchandise (goods)

# Framework of Accounting

- Foreign Exchange Management Act (FEMA) 1999 regulates all forex transactions
  - All banks to report their forex transactions to central bank (RBI) thru periodic returns
  - Forex transactions are routed thru Authorized Dealers and Full-Fledged Money Changers (FFMC) licensed under the FEMA
- Reserve Bank of India introduced an electronic reporting system for foreign exchange transactions in October 1997 called FET-ERS (Foreign Exchange Transactions – Electronic Reporting System)

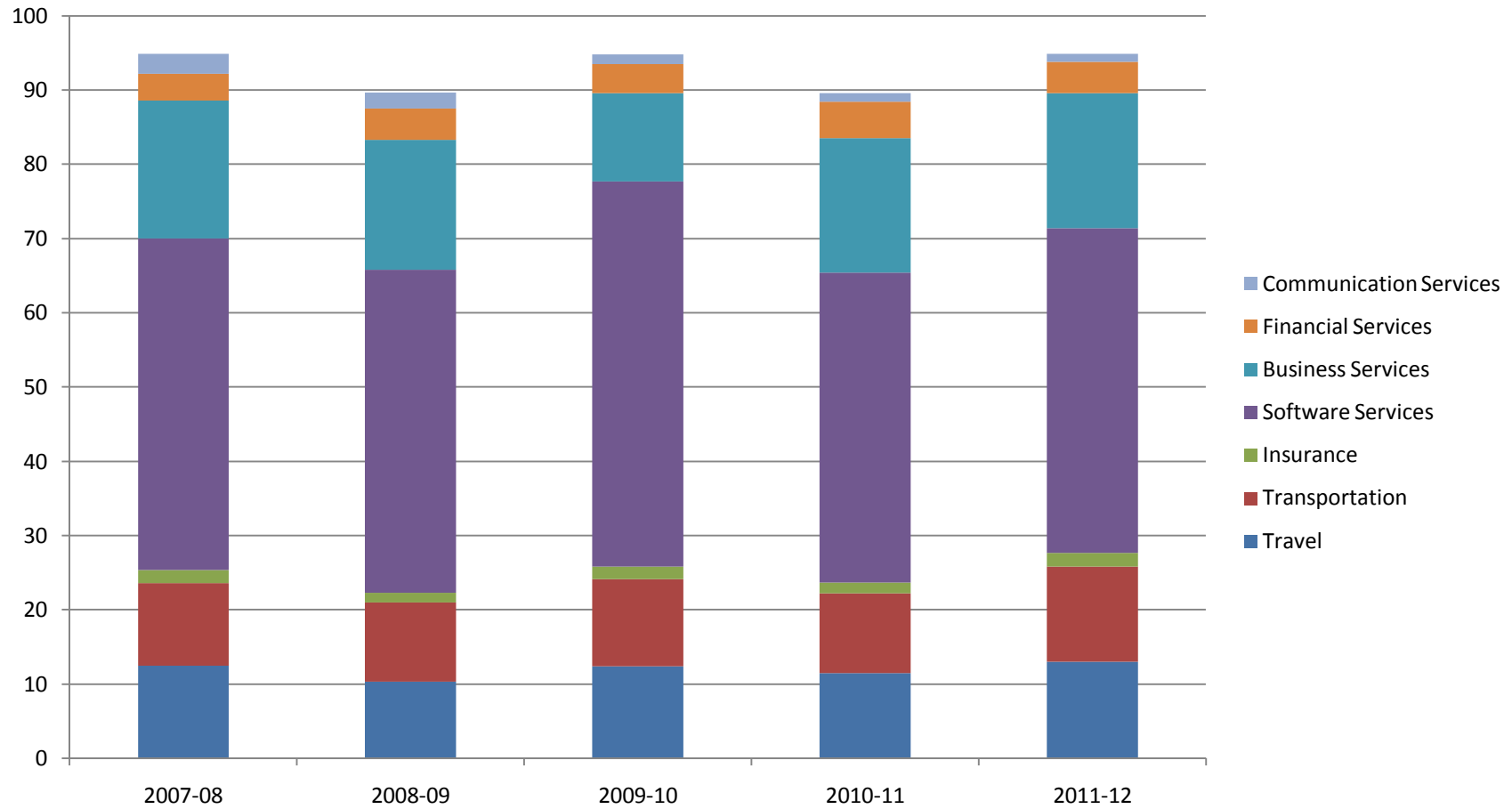
# Compilation of Services Trade (ST)

- The concepts, classifications and compilation procedure of trade in services
  - As per the standards set out in IMF's BPM 6, 2009
  - EBOPS classification adapted to capture the important items in India's international transaction in services
  - A number of new purpose codes were introduced with a view to collecting data separately for a number of emerging business services from 2004-05
    - new purpose codes of 5 characters are endorsed by the International Transaction Reporting System (ITRS) of the IMF

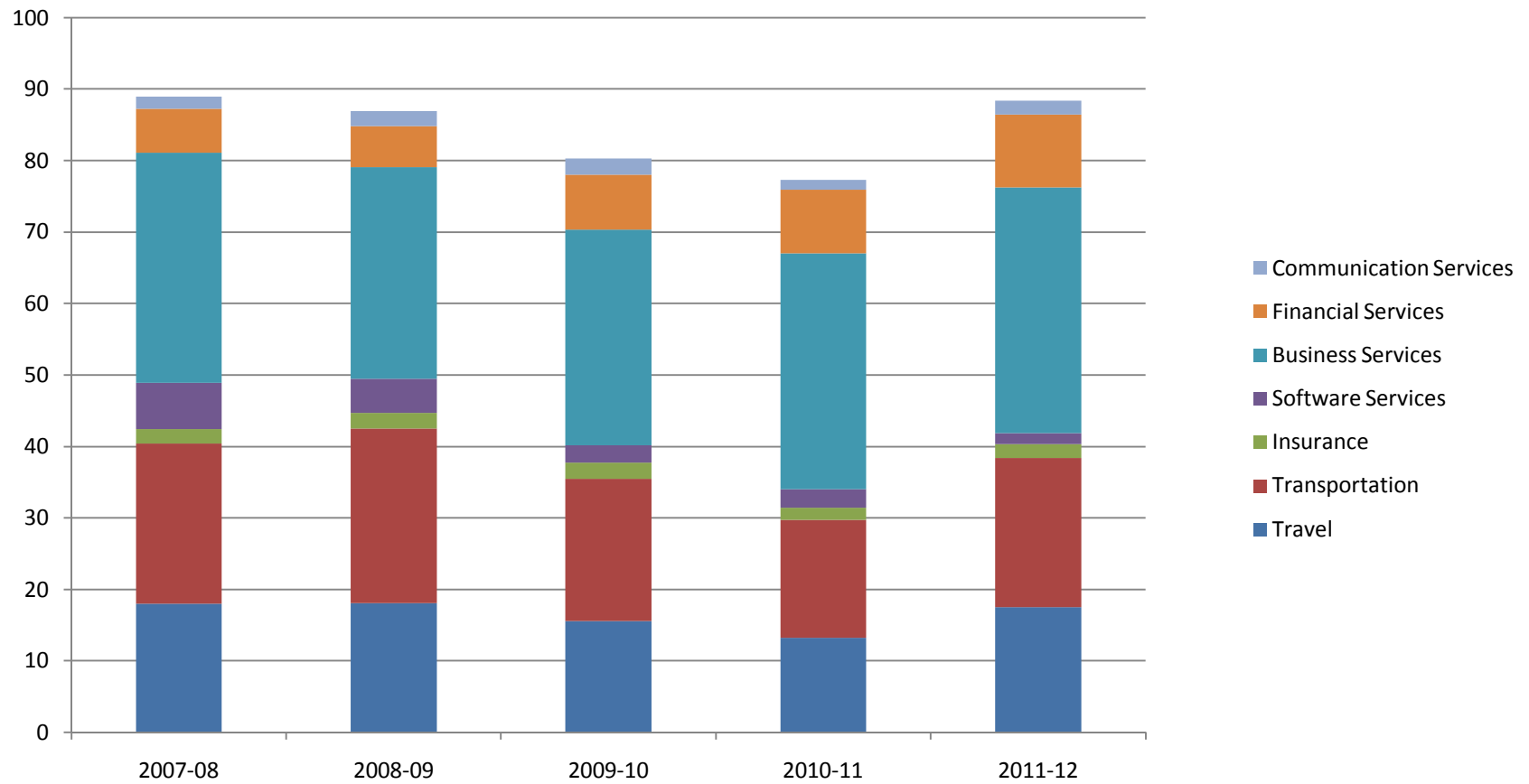
# Dissemination of BoP Statistics on ST

- 3-stage dissemination
  - Monthly release on India's international trade in services (total value of exports and imports) with a lag of 45 days
  - Quarterly release covering major components like transport, travel, insurance, G.n.i.e and miscellaneous with a lag of 3 months
  - Annual release "Invisibles in India's BOP" in RBI's monthly Bulletin provides disaggregated data on services once data are firmed up

# % Share of Services Export



# % Share of Services Import





# Computer Services Trade in BoP statistics

- In India's BOP, this category is presented separately under the heads 'Communication', 'Software', and 'News Agency'.
  - Data on credits and debits under each category is captured through FETERS.
  - 'Computer Services' data are presented as 'Software Services' and
    - credit data are sourced from 'NASSCOM' due to deficiencies in FETERS data.
    - Data on debit side of Software Services are from FETERS.

# Broadening Database

- Shift to Concept of IT and ITES from 'Computer services'
- Annual survey on software and IT exports services introduced on regular basis from September 2008
  - Latest survey relates to the period April 2010 – March 2011
- IT & ITES services exports are first classified into two major categories, namely,
  - Computer Services and
  - ITES/BPO services

# IT & ITES categories

<b>Computer Services</b>	<b>Information Technology Services</b>
	Software Development      Product
<b>ITES/BPO services</b>	<b>BPO Services</b>
	Engineering Services

Companies providing a combination of these services were classified under 'Others'

# Software Product categories

- Software products include
  - own software products license revenues,
  - Resale of software and
  - Offshore Product Development
  - Others

# BPO service categories

- BPO services consists of twelve different types of activities, namely,
  - Customer interaction services,
  - Finance and Accounting, auditing, book, keeping and tax consulting services,
  - HR Administration,
  - Procurements and logistics,
  - Legal services,(including IP management services),
  - Business and corporate research,
  - Animation,
  - Gaming,
  - Medical transcription,
  - Document Management,
  - Content development and management and publishing,
  - Pharmaceuticals and biotechnology.

# Engineering service categories

- Engineering services is composed of four major categories, namely,
  - Embedded Solutions,
  - Product Design Engineering (mechanical, electronics excluding software),
  - Industrial automation & enterprise asset management and
  - Architectural & other technical services

# Information collected

- Receipt data in Indian Rupee as well as US \$
  - By type of activity
  - By type of service (on-site/off-site)
- Export earnings from different destinations
- Export earnings by the four GATS modes of supply
- Software business of foreign subsidiaries/ associates of Indian companies (foreign affiliates)
  - Foreign Affiliates Trade in Services (FATS) statistics

# Some findings

- India's export of software services and ITES/BPO services during 2011-12 is estimated at Rs. 2,484.3 billion (US\$ 51.8 billion)
- Shows annual growth of 14.5 % over 2010-11
- Of the total software services exports
  - Computer Services accounted for 75.2%
  - ITES/BPO services 24.8 per cent
- Growth of computer services exports during 2011-12 slowed down to 16.8 % from 26.2 % in the previous year
- Growth of BPO services exports rose to 8.0 % in 2011-12 from 0.2 % in 2010-11



# Way forward

- Direct data collection from SEZ and STPI units
  - Streamlining online systems for unregistered SEZ units
  - Establishing new mechanisms for STPI units
- Pooling of data from different sources:  
classification of IT and IT enabled services differ
  - Annual Survey of Trade in Computer services data
  - SOFTEX data
  - STPI data
- FET-ERS data by GATS mode

Thanks