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 ≥ 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 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
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