



# **Country Practice in compilation of International trade for Goods and Services**

Regional Workshop on International Trade Statistics  
Ashgabat, Turkmenistan

DGCI&S  
Ministry of Commerce & Industry  
Government of India

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# Implementation of IMTS 2010

- **Scope and time of recording**
  - For Import: Out of Charge stage
  - For Export: Let Export Order stage
- **Specific Guidelines**
  - Change of Ownership: At present no provision to identify such goods separately. Require special Customs procedures
  - Exclude but record separately: No provision to record separately maintenance & repair, waste& scrap, goods entering illegally or destroyed in transit
  - Exclude Goods temporarily admitted or dispatched : temporary import/export are not identified and thus not excluded.
- **Trade system**
  - Statistical Territory is co-terminus with Economic Territory as generalized System of Trade is followed.
  - Include and identify separately Re imports and re-exports : Presently not possible to identify re-imports/ re-exports separately
- **Commodity classifications**
  - HS Codes(8-digit) of 2012 used for collection, compilation and dissemination of trade statistics.
  - SITC is not used.



## Implementation of IMTS 2010

- **Valuation**
  - FOB value is taken for Exports & CIF value for Imports; efforts on to generate imports on FOB basis
  - Insurance and Freight charges to be generated separately.
  - RBI Monthly Exchange Rate notified is used for conversion.
- **Quantity measurement**
  - report quantity information in WCO standard units of quantity and net weight on all trade transactions.
- **Partner country**
  - For Import, country of consignment and for Export, country of destination recorded.
  - Efforts are made to obtain imports by country of origin from customs.
- **Mode of transport**
  - Compile and disseminate international merchandise trade statistics by mode of transport at commodity level.
- **Data compilation strategies**
  - Customs records are used as main data source.
  - Limited use of non-Customs data sources like Monthly Electricity data collected from respective departments.
- **Data quality and metadata**
  - no quality report generated at present.
  - Bilateral reconciliation studies with major trading partners.
  - Metadata covers concepts & definitions, data source, data transmission, goods for inclusion/exclusion, negative list, dynamic revision policy etc.



## Inclusion of Goods

- *Non-monetary gold:*
- *Banknotes and securities, and coins not in circulation*
- *Goods traded on government account*
- *Humanitarian aid including emergency aid*
- *Goods for processing with or without change of ownership*
- *Returned goods*
- *Goods dispatched or received through postal or courier services*
- *Goods under financial lease*
- *Ships and aircrafts:*
- *Goods delivered to or dispatched from offshore installations*
- *Goods received or sent abroad by international organizations*
- *Goods in electronic commerce*
- *Used goods*
- *Waste and scrap*
- *Mobile equipment that moves outside the country of residence of its original owner*



## Exclusion of Goods

- *Monetary gold*
- *Issued banknotes and securities and coins in circulation*
- *Non-financial assets, ownership of which has been transferred from residents to non-residents without crossing borders*
- *Goods for military use*
- *Direct Transit Trade*
- *Transshipment Trade*
- *Passenger Baggage*



## Need for reducing Bilateral Asymmetry

- Asymmetries in official international trade statistics have been the focus of deliberations by trade statisticians in various bilateral, regional and international forums.
- Report entitled “Measurement of International Trade and economic globalization” of UN Secretary-General to UNSC in its 45<sup>th</sup> Session in 2014 stated the following:
  - Measuring trade in terms of value added on the basis of official data requires the availability of national supply-use tables and national input-output tables
  - In order to construct an inter-country input-output model, data from different countries must be harmonized.
- The report acknowledged that this is a complex process and one of the main tasks is the reconciliation of differences in bilateral trade data for both goods and services.



## Reasons for discrepancy

- The following are believed to be the main reasons for bilateral asymmetry in trade data. To identify the reasons for these disparities, the areas that need to be reviewed are:
  - Coverage
  - Trade system applied
  - Time of recording
  - Interpretation and application of commodity classification
  - Valuation
  - Partner country attribution
  - Other sources of discrepancy

## INDIA'S TRADE DATA WITH KAZAKHSTAN (Value in million USD)

Year	Bound for Kazakhstan			Bound for India		
	India Export	Kazakhstan Import	Difference (Exp – Imp)	India Import	Kazakhstan Export	Difference (Exp – Imp)
2012	271.53	351.63	-80.10	435.33	330.85	-104.47
2013	258.89	259.87	-0.98	923.50	1083.34	159.84
2014	168.98	241.71	-72.73	336.43	220.07	-116.36

Difference in India's export and Kazakhstan's import figures, which were as high as US \$ 80.13 billion in 2012 have reduced to only US \$ 0.98 million in 2013. The difference can be explained by the fact that India's export and Kazakhstan's import figures are compiled on the basis of FOB and CIF prices.



## INDIA'S TRADE DATA WITH KYRGYZSTAN (Value in million USD)

Year	Bound for KYRGYZSTAN			Bound for India		
	India Export	Kyrgyzstan Import	Difference (Exp – Imp)	India Import	Kyrgyzstan Export	Difference (Exp – Imp)
2013	37.12	26.00	-11.11	0.64	0.68	0.04
2014	36.15	NA	---	0.48	NA	---
2015	30.07	22.86	-7.21	1.57	1.23	-0.33

Difference in India's export and Kyrgyzstan's import figures, which was more than US \$ 11 million in 2013, have reduced to US \$ 7.21 million in 2015. Part of the difference can be explained by the fact that India's export and Kyrgyzstan's import figures are compiled on the basis of FOB and CIF prices.

There is some fluctuation in the difference between Kyrgyzstan's export and India's import numbers. But the variation is within permissible limits.

# INDIA'S TRADE DATA WITH OTHER CIS COUNTRIES

(Value in million USD)

Export:

COUNTRY	2013	2014	2015
TAJIKISTAN	45.0	60.0	31.6
TURKMENISTAN	52.4	100.6	80.8
UZBEKISTAN	112.7	169.1	109.1

Import:

COUNTRY	2013	2014	2015
TAJIKISTAN	0.5	3.6	9.8
TURKMENISTAN	12.7	15.5	46.5
UZBEKISTAN	35.0	38.9	56.8

## INDIA'S TRADE DATA WITH UAE (Value in million USD)

Year	Bound for UAE Countries			Bound for India		
	India Export	UAE Import	Difference (Exp – Imp)	India Import	UAE Export	Difference (Exp – Imp)
2013	31935.23	24418.68	-7516.54	33086.68	29844.42	-3242.25
2014	33157.27	22088.02	-11069.24	27220.80	20316.86	-6903.94

UAE is major entry point port for trade in CIS countries from India

The difference in India's export and UAE's import from India has increased between 2013 and 2014. In 2014, the difference of export minus import increased to more than US \$ 11 billion.

The difference in UAE's export and India's import which had also seen fluctuations between 2013 and 2014, increased close to US \$ 6.9 billion in 2014

## Data Elements of UNComtrade

### EXPORT:

1. Month and Year
2. Mode of Data
3. Commodity Code
4. Commodity Description
5. City Code for last known destination.
6. Unit of commodity
7. Quantity figure for present month
8. Value figure for present month
9. Country Name
10. Quantity figure for cumulative months
11. Value figure for cumulative months

### IMPORT:

1. Month and Year
2. Mode of Data
3. Commodity Code
4. Commodity Description
5. City Code for country of consignment
6. Unit of commodity
7. Quantity figure for present month
8. Value figure for present month
9. Country Name
10. Quantity figure for cumulative months
11. Value figure for cumulative months



# External Trade Indices

- Quarterly and fiscal year (ending March 31) unit value indices and volume index numbers of imports and exports
  - by commodity group and section of SITC, Rev 3
  - by total
- Sources of information : Customs Data
- Index Calculation methods
  - Unit Value: Paasche
  - Volume : Laspeyres
- Indices not seasonally adjusted.
- Base year : 1999-2000



## External Trade Indices

- Release dates
  - Indices for each quarter are released after release of the 8-digit trade statistics.
  - Indices for the fiscal year are released within two months of the release of the 8-digit trade statistics.
- Revision Policy
  - A study Report submitted by Indian Statistical Institute, Kolkata for :
    - Selection of Base year
    - Commodity Basket revision
    - Reviewing the methodology for Index Computation



## Dissemination of Trade Statistics

- Press Note for the month is being released around the 15<sup>th</sup> of the succeeding month
- “Foreign Trade Statistics of India (Principal Commodities and Countries)” is currently being published within one month
- The detail 8-digit commodity-wise Monthly Statistics of Foreign Trade in India (MSFTI) within 2 months
- Selected Statistics of the Foreign Trade of India.
- State-wise Export data disseminated to states for compilation of Export strategies
- The dissemination is done through Web portal in [www.dgciskol.gov.in](http://www.dgciskol.gov.in). Payment for the data can be made through Debit card and net banking.
- EXIM ANALYTICS Dashboard launched in May 2016 to enable data users access export and import highlights in figures and graphs.



## Quality of Data- Issues and Challenges

- Reducing delay in transmission of data from Customs to DGCI&S.
- Reporting of Quantity in non-standard units.
- Incorrect capture of ITC(HS) in export/import documents; mismatch in commodity code & description
- Development of suitable mechanism with Customs to ensure complete coverage of trade data
- Improving the quality of state level estimates of exports.
- Validate the invalid country & commodity codes
- Convert quantities reported in other units to standard units.
- Exclude items outside the purview of FT data
- Smoothen unit values by changing quantity figures in case of inconsistency.
- Sensitization workshops with exporters, importers, CHAs to improve data quality
- Dynamic Data Revision Policy & Data Privacy Policy introduced





# Availability & Limitations of Services Trade Data

## Availability

- Services trade data is generated from Foreign Exchange Transactions Electronic Reporting System (FETERS) implemented under the Foreign Exchange Management Act and other surveys (annual) by RBI.
- ITRS data is supplemented with information from other agencies like NASSCOM, STPI, Airline Companies, Commercial banks etc.
- RBI conduct annually Survey on Computer Software & Information Technology Enabled Services Exports.
- RBI provides aggregate level statistics following the standard classification as stipulated under BPM 6
- Release of provisional aggregate monthly data with a lag of 45 days, more disaggregated data covering 63 services on a quarterly basis and detailed BoP data with break-up of broad heads in an annual article titled “Invisibles in India’s BOP”.

## Limitations

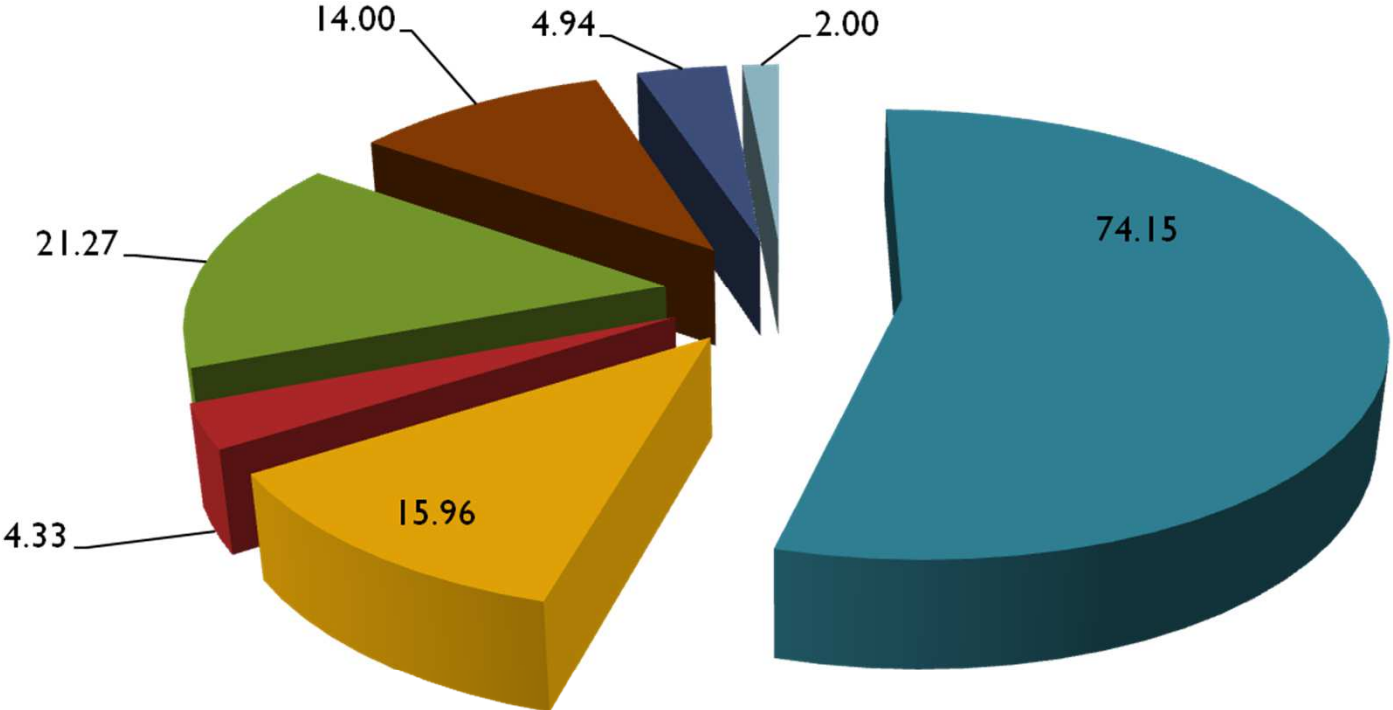
- Department of Commerce(DOC) requires disaggregated data as per the GNS/W/120 list. This classification has 11 categories and 165 sub-categories
- Not possible to generate disaggregate level information for individual services categories utilizing the information collected through FETERS.
- RBI does not compile and publish country-wise information on services trade.
- It is not possible to generate trade statistics by mode of delivery of services from FETERS data.



## DOC's Engagement with RBI & CSO

- Additional purpose codes introduced by RBI under FETERS.
- RBI has been sharing partner country-wise data for internal use of DOC
- Expert Committee constituted by CSO to review the existing database on international trade in services recommended:
  - Strengthening ITRS with expansion of code structures to meet immediate data requirements at disaggregated level
  - Supplementing ITRS with enterprise survey similar to the system adopted by many developed countries
- DGCI&S completed two pilots on Health and Education.
- Studies provided DGCI&S valuable inputs for finalization of survey instruments & identify problems in preparing sampling frame
- Provisions made in the Sixth Economic Census(EC) to collect information on exporting unit of goods or services with 10 or more workers
- Seven sectors - **Software, Travel, Transportation, Business Services, Financial Services, Communication Services & Insurance** together contribute to around **90% of India's total services trade**.
- Health & Education services are potential sectors for generation of employment and revenue

**Export of selected services during 2015-16 (in USD Billion)**



- Software Services
- Professional Services
- Telecommunications Services
- Travel
- Transport
- Financial Services
- Insurance



## Identification of Nodal Agency & Sectors

- DGCI&S declared as the nodal agency for compilation of services trade statistics on September 30, 2015.
- Technical Group (TG) constituted by DOC identified the following sectors for regular compilation of services trade statistics:
  - IT & IT enabled services
  - Tourism
  - Telecom
  - Education
  - Health
  - Professional Services like Accountancy/Legal/Architectural services,
  - Services provided by midwives, nurses, physiotherapists & paramedical personnel etc.
  - Audiovisual
  - Management Consultancy
  - Logistics
  - Insurance
- Pilot studies completed in sectors like Health, Education, Telecommunication, Audiovisual, Professional, Logistics



## Major Challenges for Data Collection

- Almost eighty percent of India's services sector is unorganized – how to capture the data? **Absence of a Business Register** for conduct of survey
- What should be the **legal framework**? Should the existing Collection of Statistics Act, 2008 be amended or a new regulation for services data collection be enacted?
- Data collection through **regulatory authorities** in sectors like Telecom, Insurance
- **Classification, measurement and concordance** – should we use **CPC or GNS/W/120**
- Survey requires **industry participation**. Removing apprehension & ensuring **data confidentiality** to **reduce non – response**
- Which **kind of survey** to be adopted for data collection – **on-line or face-to-face**?
- Should we conduct **generic surveys on regular basis** to collect and compile data on major services categories as is the practice followed in some of the countries like Australia, Singapore, UK, New Zealand etc.



## Work in Progress / Issues under Examination

- Medical Value Travel Survey launched
- Use of administrative data for compilation of exports of IT & ITeS sector under Mode 1 from Special Economic Zones(SEZ) & Software Technology Park of India(STPI)
- Collection of services trade data through Annual Survey of Services launched by CSO
- Updating survey frame for 5 sectors – Education, Professional, Audiovisual, Logistics & Telecom before launch of country wide survey
- Developing a single format for on-line collection of data for selected services
- Mandatory allotment of IEC code for services exports & imports – need for amendment to the Foreign Trade Development Regulation(FTDR Act)

### Outcome

- Plan of action as envisaged will help to generate sector specific data by Cross classifications, like services category, mode of supply & trading partner
- Till such time data from alternative source is available, existing arrangement of dissemination of data on international trade in services by RBI to continue.



**THANK YOU**