



Statistics on Trade in Services in India

Sumit Roy

RESERVE BANK OF INDIA

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Framework

Balance of Payments Statistics

- India's Balance of Payments (BoP) statistics are published regularly since 1948.
 - Reserve Bank of India (RBI) is responsible for collection, compilation and dissemination of BoP Statistics.
 - BoP is compiled using the administrative data under controlled regime where Authorised Dealer banks / customs are major primary source of data.
 - The concepts, classifications and compilation procedure of trade in services – as per the standards set out in IMF's prescriptions (BPM / EBOPS)
 - A working group on Balance of Payment Manual for India (2010) made recommendations relating to various issues on implementing the changes introduced in the IMF's latest manual BPM6.
 - BPM6 format presentation published for 2010-11.
 - Further classification (splitting of purpose codes) to be introduced from the next financial year.
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Components of services accounts in BoP

Statistics on International Trade in Services

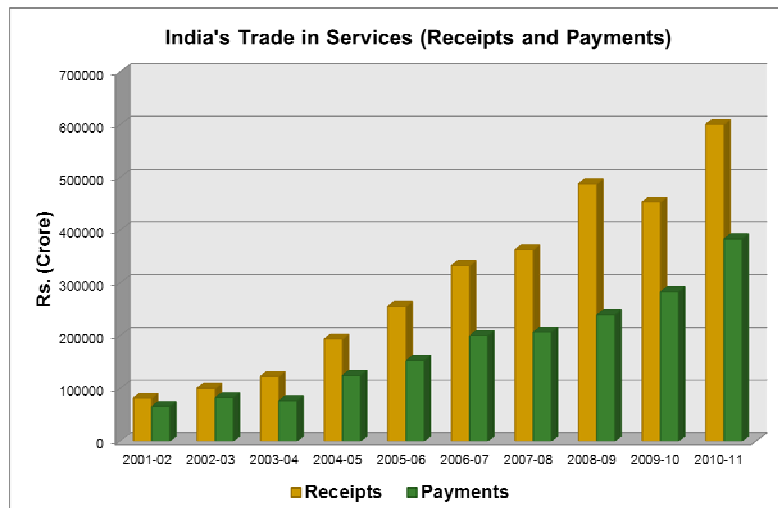
- Statistics of International Trade in Services in India is a BoP component
- RBI is the key source of data on trade in services.

Services

- Travel
- Transportation
- Insurance
- G.n.i.e.
- Miscellaneous (Construction, Royalties and license fees, Personal, cultural and recreational services etc.)

Of which :

- Software Services
- Business Services
- Financial Services
- Communication Services





Data Sources

- AD Banks report to the Reserve Bank under **Foreign Exchange Transaction – Electronic Reporting System (FET-ERS)**, which is the primary source of trade data in services

- Trade in software export services - NASSCOM , STPI
 - National Association of Software and Services Companies (NASSCOM)
 - Software Technology Park in India (STPI)

- Other major sources of data:
 - Different central ministries especially Ministry of Tourism
 - Airline Companies
 - Indian as well as various embassies/consulates



FET-ERS – An Overview

- A centralized system, designed and developed by RBI to capture all foreign exchange transactions reported by Authorized Dealer bank branches on fortnightly basis.

- Use of **purpose codes** (both receipt and payment sides) based on the services account's categories and sub-categories.

- Transactions are reported under different purpose codes based on the nature of transaction(s) giving the break up of purpose, transaction date, currency, country, amount, etc.

- Non export transactions below ` 5 lakh are reported in consolidated form under a separate purpose code.

- Unclassified Receipts are classified based on a survey of transactions (through ADs) – **Unclassified Receipt Survey**.

- BoP estimates under different heads / sub-heads (including services accounts)



Coverage and Compilation Methodology

■ Transportation

- Transportation account represents receipts and payments made for carrying both goods and passengers across the border.

- **Receipts** covers:
 - estimated freight included in exports
 - receipts of surplus freight/passenger fare by Indian shipping as well as Indian airline companies operating abroad
 - purchases on account of operating expenses of foreign shipping and foreign airline companies operating in India
 - purchases on account of operational leasing (with crew) of shipping and airline companies
 - receipts on account of other transportation services



Transportation contd...

- **Payments** includes:
 - payments for surplus freight/ passenger fare by foreign shipping and airline companies operating in India
 - payment for operating expenses of Indian shipping and airline companies operating abroad
 - freight on imports and exports of shipping and airline companies
 - operational leasing (with crew) of shipping and airline companies
 - booking of passages abroad by shipping and airline companies
 - receipts on account of other transportation services

- The freight and insurance on exports are estimated based on the results thrown up by a survey conducted by the RBI.
- The share of freight and insurance on exports estimated at **3.8%** and **0.5%**, respectively.
- To comply with EBOPS / BPM6, purpose codes for freight and passengers are to be split under **FET-ERS** from new financial year



Coverage and Compilation Methodology

■ Travel

- “travel” represents all expenditure by foreign tourists in India on the receipts side and all expenditure by Indian tourists abroad on the payments side.

- **Receipts** includes:
 - Purchases towards travel (Includes purchases of foreign TCs, currency notes etc over the counter, by hotels, hospitals, Emporiums, Educational institutions etc. as well as amount received by TT/SWIFT transfers or debit to Non-Resident account).

 - Travel receipts at present are estimated based on data on tourist arrivals available from the Ministry of Tourism, Government of India multiplied by the estimated per capita expenditure of foreign tourists



Travel contd..

- new purpose codes to be introduced on the receipts side under FETERS to capture health- and education-related services

- **Payments** side covers:
 - payments for business travel
 - travel under basic travel quota
 - pilgrimage, medical treatment
 - education and other travel, including international credit cards



Coverage and Compilation Methodology

■ Insurance


- **Receipts** covers:
 - receipts on account of freight insurance (i.e., relating to import and export of goods)
 - premium on life and non-life policies
 - reinsurance premium from foreign insurance companies
 - receipts on account of settlement of claims and auxiliary services (commission on insurance)
- The reverse holds good for **Payments** under Insurance services
- As per BPM6, “insurance services” has been re-classified as “insurance and pension services”.
- A separate code is being introduced to capture the “pension services “ to comply with the IMF’s BPM6 categorization of “insurance and pension services”.



Coverage and Compilation Methodology


■ Software (computer) services

- **Receipts** covers:
 - hardware consultancy and implementation
 - software consultancy and implementation
 - database and data processing charges
 - Repair and maintenance of computers and software
- Data sourced from NASSCOM is used which includes both IT services and ITES-BPO services
- **Payments** includes the payments captured in r/o. all the above items under FET-ERS
- Survey on *Computer Software and Information technology services exports* conducted annually – collect information on ITES/BPO services (Engineering, BPO) and computer services (IT services and Software product development)



Mapping of Coverage of Services: BPM5, BPM6 and India's BoP

	BPM5/EBOPS	India's BoP @	BPM6
1	Transportation Sea/Air/Other transport * Passenger/freight/other	Yes Yes (Article) Yes (BOPSY)	Same as BPM5 ^, but includes postal and courier services under all modes; Passenger further broken to payable by seasonal/border workers, etc.
2	Travel Business Seasonal and border workers/Others Personal Health/Education/Others	Yes Yes, FETERS (debit) No Yes, FETERS (debit) Yes, FETERS (debit)	Same as BPM5, but further break-up for business and personal in terms of goods, local transport, accommodation, food, and others
3	Communications services Postal and Courier (separately)/Telecommunications	Yes Yes (BOPSY)	No separate category Telecom clubbed with computer & information; Postal & courier with transportation separately
4	Construction services Abroad/in the compiling economy/services provided/purchases by construction companies	Yes (Only compiling economy)	Same as BPM5, but Construction Abroad/ and in the reporting economy only
5	Insurance services Life insurance & pension funding/freight/ reinsurance Other direct insurance/ auxiliary services	Yes Yes (except pension) Yes (FETERS)	Insurance & pension services ^ Direct insurance/ reinsurance/ auxiliary insurance/ pension and standardised guarantees
6	Financial Services Financial intermediation except investment banking/ investment banking and related services/ services auxiliary to financial intermediation	Yes Yes (FETERS) Yes (FETERS) Yes (FETERS)	Same as BPM5, but Explicitly charged and others/ and Financial intermediation services indirectly measured (FISIM) only
7	Computer and information services Computer services Information services Of which News agency/others	Yes (as software) No No Yes	Telecommunications, computer and information services (Separately only the three) Part of information



8	Royalties and licence fees Franchises and similar rights/Others	Yes Yes (FETERS)	Same as BPM5 ^, but renamed as Charges for the use of intellectual property n.i.e
9	Other business services Merchanting and other trade-related services/ Operational leasing services/ Misc. business, professional & technical services #	Yes Yes (Article) Yes (Article) Yes (Article)	Same as BPM5 ^, but Research and development/ Professional and management consultancy/ Technical, trade-related and other business services S
10	Personal, cultural and recreational services Audiovisual and related services/ Other personal, cultural and recreational services Of which Educational/health/others	Yes Yes (FETERS) Yes (FETERS) No	Same as BPM5 ^ Same as BPM5 Same as BPM5 No
11	Govt. services n.i.e	Yes	Same as BPM5, but Govt. goods and services n.i.e ^
New	-	-	Manufacturing services on physical inputs owned by others -Goods for processing in reporting -Goods for processing abroad
New	-	-	Maintenance and repair services n.i.e
	Total 11 Categories	Total 11 Categories	Total 12 Categories



Mapping of BoP Category of Services with Modes of Supply

Supply Mode	BoP Service Categories
Mode 1 Cross-border supply	Transportation, communication services, insurance services, financial services, royalties and licence fees Part of: computer and information services, other business services, and personal, cultural and recreational services
Mode 2 Consumption abroad	Travel (excluding goods bought by travellers)
Mode 3 Commercial presence	Construction services
Mode 4 Presence of natural persons	Part of: computer and information services, other business services, and personal, cultural and recreational services; labour-related flows (under supplementary information)

- The BPM Working Group has recommended collection of certain additional statistics such as (i) Foreign Affiliate's Trade Statistics (FATS) covering the number of enterprises, value added, sales, exports, imports, etc.; (ii) complete FDI statistics; and (iii) compilation of statistics on trade in services by the partner country, to comply with Mode 3, MSITS.



Publications of India's Trade in Services

- The '*Reserve Bank of India monthly Bulletin*' publish quarterly and annual data (as part of BoP statistics) on India's trade in broad categories of services such as Travel, Transportation, Insurance, Government services not included elsewhere, Software, Communication, Financial Services, Other Business Services etc. The data is published with a lag of one quarter.
- An article on "Developments in India's Balance of Payments" covering a detailed analysis of trade in services is published quarterly in the RBI monthly bulletin.
- Monthly data (aggregated) on Trade in Services is posted on the RBI site since April 2011 with 45 days' lag
- The monthly bulletin can be accessed online through the link <http://rbi.org.in/scripts/publications.aspx?publication=Monthly>



Thank you

