

Institutional Arrangements to Integrate Trade in Goods & Services

by

Amitava Saha
Director, DGCIS, India

TRADE STATISTICS & DGCIS

- ❖ The Directorate General of Commercial Intelligence & Statistics (DGCIS) under the Department of Commerce & Industry in the Ministry of Commerce, Govt. of India is the nodal agency in India for collection, compilation and dissemination of India's Trade Statistics and Commercial Intelligence.
- ❖ Genesis of DGCI&S can be traced back to the Statistical Branch which was established in the then Finance Department of the Govt. of India in 1862.
- ❖ Work relating to compilation and publication of foreign trade statistics got systematized with the formation of DGCI&S in 1905.

TRADE STATISTICS & DGCIS

- ❖ Started with the aim of compilation of official statistics for the entire country. Since 1905 engaged in commercial intelligence activities also.
- ❖ In 1925 the two wings (Commercial Intelligence & Statistics) were merged and the Directorate General of Commercial Intelligence and Statistics came into being.
- ❖ Sir W.W. Hunter was the first DG.

COMPONENTS OF FOREIGN TRADE

- ❖ Two components of foreign trade
 - International Merchandise Trade
 - International Trade in Services
- ❖ While International Merchandise Trade Statistics is compiled by DGCIS, the Statistics of International Trade in Services is being compiled and disseminated by the Central Bank (Reserve Bank of India) as a component of Balance of Payment (BOP) Statistics.

CONCEPTUAL FRAMEWORK

- ❖ The methodology and procedure followed for compilation of International Merchandise Trade Statistics is as per the recommendations of the United Nations Statistical Commission, contained in the **International Merchandise Trade Statistics Revision 2 (IMTS, Rev.2): Compilers Manual**.
- ❖ The concepts and procedure followed for compilation of Trade in Services component is drawn from the **Manual on Statistics of International Trade in Services (MSITS)**

COMMODITY CLASSIFICATION

- ❖ Indian Trade Classification (Harmonized System) codes: ITC (HS) - 2007 revised as per Customs Tariff Act in consonance with the changes effected by World Custom Organization (WCO) w.e.f. January 2007
- ❖ Now followed for commodity classification with effect from April 2008.

COMMODITY CLASSIFICATION

- ❖ This new classification comprises of 99 chapters (including Ch. 77 reserved for future use and Ch. 99 left blank meant for country specific use). However, for providing statistical information on Sample Goods, Returned Goods etc. Chapter 99 is being used by DGCIS.
- ❖ The ITC(HS)-2007 consists of
 - 1225 HS heading represented by 4 digit codes,
 - 5063 HS sub-heading represented by 6 digit codes
 - 1304 items in 8 digit codes

SOURCES OF FOREIGN TRADE DATA

- ❖ The main sources for the statistics of India's foreign trade are the Customs and Central Excise authorities at the Indian ports, the land customs stations and Special Economic Zones (SEZs).
- ❖ The primary basis for registration of these statistics are the declarations made by exporters and importers in Shipping Bills and Bills of Entry respectively, which are submitted by them to the Customs authorities at the ports.

TRADE DATA CAPTURING (1)

- ❖ The Shipping Bills for exports and Bills of Entry for imports form the source document for preparation of trade returns, commonly known as 'Daily Trade Returns' (DTR) which is transmitted by the customs authority to the DGCI&S for processing and presentation of statistics on foreign trade.

TRADE DATA CAPTURING (2)

- ❖ The Customs Authority transmits these Bills in two different modes, namely,
 - On-line processing system of Electronic Data Interchange (EDI) and
 - Non-EDI mode.
- ❖ The EDI data are transmitted to DGCI&S on-line through Indian Customs EDI Gateway (ICEGATE)

TRADE DATA CAPTURING (2)

- ❖ The Non-EDI data is transmitted in two different ways - electronically through e-mail or CD.
- ❖ The rest of the data is received through manually typed/ handwritten format directly from the customs formations.

SPECIAL ECONOMIC ZONES

- ❖ Special Economic Zones of India are considered to be independent economic territory, within the economic territory of India for the purpose of merchandise trade.
- ❖ Any goods (merchandise) entering/leaving the SEZ are following the procedure similar to the Customs procedure but processed by the SEZ authority (under the administrative control of the Ministry of Commerce & Industry).

SERVICES TRADE - INTERNATIONAL TRANSACTIONS REPORTING SYSTEMS

- ❖ The primary source of data on India's trade in services is the Foreign Exchange Transaction Electronic Reporting System (FET-ERS) developed by Reserve Bank of India.
- ❖ Under FETERS, foreign exchange transactions for both receipts and payments (goods and services) giving the break-up of purpose, transaction date, currency, country, amount, etc. are reported to the RBI by Authorized Dealer banks on regular intervals.

INTERNATIONAL TRANSACTIONS REPORTING SYSTEMS

- ❖ These data are then supplemented with information gathered from a number of other agencies, like,
 - National Association of Software and Services Companies (NASSCOM),
 - Software Technology Park of India (STPI),
 - Airline Companies,
 - Financial intuitions, commercial banks,
 - Different central ministries, Indian as well as various embassies/consulates etc.

DISSEMINATION OF FOREIGN TRADE DATA

- ❖ One of the major responsibility of DGCIS is to disseminate the Foreign Trade Statistics
- ❖ Two ways of data dissemination
 - Publication of data in pre-specified format
 - Generation of data from database as per user's requirement.

Publications

- ❖ Quick Estimate within the following month
- ❖ Foreign Trade Statistics of India (Principal Commodities by Countries): Macro level data release: within 2 months

DISSEMINATION OF FOREIGN TRADE DATA

Publications

- ❖ “Monthly Statistics of the Foreign Trade of India” within 4 months of receipt of data
- ❖ “Statistics of Foreign Trade of India by Countries” quarterly

DISSEMINATION OF FOREIGN TRADE DATA

❖ 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.

DISSEMINATION OF FOREIGN TRADE DATA

- Press release of monthly data (aggregated) on Trade in Services by RBI. The data is posted on the RBI website every month since April 2011.
- 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.
- However, data on export & import of services by (i) type of service rendered and partner country, (ii) type of service, partner country & mode of supply are not published in these publications.

ON-LINE DATA DISSEMINATION

- ❖ India's foreign trade data is also disseminate to the users on-line through DGCIS website: www.dgciskol.gov.in
- ❖ This is a unique data dissemination procedure of the National Statistical System.

THE NEED FOR INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH BASED SERVICES TRADE STATISTICS

- ❖ The Department of Commerce under the M/o Commerce & Industry is the nodal department for formulation & implementation of import & export trade policy related to goods as well as services trade.
- ❖ The DoC requires data on services trade on a regular basis for
 - Valuation of offers & commitments in negotiations
 - Assessment of trade in services
 - Emergency safeguard measures
 - Compensation & suspension of concessions etc.

THE NEED FOR INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH BASED SERVICES TRADE STATISTICS

- ❖ Although the RBI is the sole agency for compilation and dissemination of India's services trade data, the services trade statistics released by the RBI suffers from a number of drawbacks like
 - Data by type of service rendered and partner country as well as mode of supply are not available.
 - Data on all major EBOPS categories are not published etc.
- ❖ There is no nodal agency with a mandate to standardize the concepts & definitions, classifications and other methodological issues related to the services sector.

THE NEED FOR INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH BASED SERVICES TRADE STATISTICS

- The gamut of services sector is quite wide & complex and each category of services has its own unique characteristics. Thus, in the absence of a nodal agency it is almost impossible to sort out issues relating to definitions, classifications, etc.
- In the absence of availability detailed services trade statistics, the DoC often encounters difficulty to negotiate specific commitments & monitor their economic impact for each type of service.
- Non-existence of a nodal agency for supply of foreign trade data compounds the problem further.



THE NEED FOR INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH BASED SERVICES TRADE STATISTICS

- ❖ In view of this the Central Statistics Office (CSO) under the M/o Statistics & Programme Implementation in consultation with the stakeholders (especially, the Department of Commerce) has constituted an expert committee with the following terms of references:
 - ❖ To study in detail the international practices and procedures followed by national organizations relating to statistics of trade in services.



THE NEED FOR INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH BASED SERVICES TRADE STATISTICS

- ❖ To develop a framework for collection and compilation of statistics on trade in services with specific references to:
 - Exploring the possibility of conduct of periodic Benchmark Surveys and Other Surveys,
 - Identification of Important Services categories for which surveys are to be undertaken,
 - Preparation of frame(s),
 - Identification of Agencies for undertaking the field work ,

THE NEED FOR INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH BASED SERVICES TRADE STATISTICS

- ❖ To develop a framework for collection and compilation of statistics on trade in services with specific references to:
 - Determining the Periodicity of the surveys,
 - Identification of a Nodal Agency for overall coordination and compilation of statistics on service trade,
 - Conduct of pilot surveys for finalization of survey instruments
- ❖ The expert group desired DGCIS to take a pro-active role in development of the framework in collection and compilation of services trade statistics to meet the requirement of the DoC.

THE PROCESS OF INTEGRATION

- ❖ Because of inherent wide diversity in the services sector, it is not possible to adopt uniform methodology for collection & compilation of services trade statistics.
- ❖ The surveys/data collection mechanisms should be sector specific, i.e., for each sector a separate survey/methodology at suitable periodicity should be conducted/followed.
- ❖ Identical survey instruments can also not be used for collection of information for a number of service categories.

THE PROCESS OF INTEGRATION

- ❖ Therefore, there is need to develop sector/category specific methodology for each service category.
- ❖ Timely and reliable information at aggregate level on a number of major contributors to the country's total services trade , like
 - Financial Services
 - Insurance Services
 - Software Services
 - Transportation etc.are available either with the country's central bank or administrative ministries.

THE PROCESS OF INTEGRATION

- ❖ However, statistics of foreign trade on a number of other increasingly becoming important services categories like
 - Tourism/Travel
 - Health Services
 - Educational Servicesare not available.
- ❖ For many of these services, the non-availability of administrative data requires development of institutional mechanisms through conduct of periodic surveys.

THE PROCESS OF INTEGRATION

- ❖ DGCIS is currently in the process of conduct of two pilot surveys on international trade in
 - Health Services
 - Education Services
- ❖ The field work for the pilot survey on international trade in health services has already begun and is likely to be completed by December 2011. The survey on educational services will be started soon.

THE PROCESS OF INTEGRATION

- ❖ These two exercises are expected to help in
 - Preparation and finalization of suitable survey instruments
 - Preparation of Sampling frame
- ❖ After the completion of these exercises, methodology for conduct of regular and benchmark surveys will be finalized.



THE PROCESS OF INTEGRATION

- ❖ Several other similar exercises covering other important sectors as well as different modes of services are required to be undertaken to develop a framework for collection & compilation of services trade statistics.
- ❖ Currently, the merchandise trade data is exchanged and reconciled with the country's central bank only.



THE PROCESS OF INTEGRATION

- ❖ It is also proposed to develop more such data exchange mechanisms with different administrative ministries/departments to augment the survey data with administrative data and vice-versa for obtaining the complete picture on services trade.

INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH PRODUCTION PROCESS

- ❖ There is an increasing demand to integrate the merchandise trade statistics with the production process.
- ❖ To develop a framework in this direction, it was initially thought that the HS classification would be utilized for codification of all input & output items covering manufactured goods, repair services, gas & water supply etc. in the Annual Survey of Industries (ASI).
- ❖ The Annual Survey of Industries (ASI) is the principal source of industrial statistics in India.

INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH PRODUCTION PROCESS

- ❖ It provides statistical information to assess and evaluate, objectively and realistically, the changes in the growth, composition and structure of organised manufacturing sector comprising activities related to manufacturing processes, repair services, gas and water supply and cold storage.
- ❖ The Survey is conducted annually under the statutory provisions of the Collection of Statistics Act 1953, and the Rules framed there-under in 1959,

INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH PRODUCTION PROCESS

- ❖ The Central Statistics Office (CSO), following the Central Product Classification (CPC), Version 2.0 has recently developed the National Product Classification for Manufacturing Sector ([NPC-MS](#)).
- ❖ The NPCMS is a 7-digit classification
 - 5-digit CPC code + 2-digit to meet national requirement
- ❖ It has
 - 5 sections
 - 40 divisions
 - 190 groups
 - 785 classes and 1501 sub-classes

INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH PRODUCTION PROCESS

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 - ✓ Agriculture, forestry and fishery products
 - ✓ Ores and Minerals; Electricity, Gas and Water

INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH PRODUCTION PROCESS

- **Manufacturing Sector**

- ❖ It has

- 5 sections
 - ✓ **Food Products, Beverages & Tobacco; Textiles, Apparel and Leather Products**
 - ✓ **Other Transportable Goods except metal products, Machinery and Equipment**
 - ✓ **Metal Products, Machinery and Equipment**
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INTEGRATION OF MERCHANDISE TRADE STATISTICS WITH PRODUCTION PROCESS

- ❖ There is a correspondence between CPC, Ver 2.0 (5-digit level) and HS 2007 (6-digit level).
- ❖ This could be effectively exploited to establish a link between merchandise trade statistics and the production process once the survey data for ASI 2010-II are available.



THANK YOU