



सत्यमेव जयते

Surveys in collecting Services Trade Data

Examples from India

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Outline of the Presentation-

1. Services & Trade in Services – Importance
2. Meta data for measuring Trade in Services
3. Measurement of Services Trade – Data Collection (Indian context)
4. Need for a robust framework of data collection – Survey
5. Survey Instruments-
6. Survey findings-

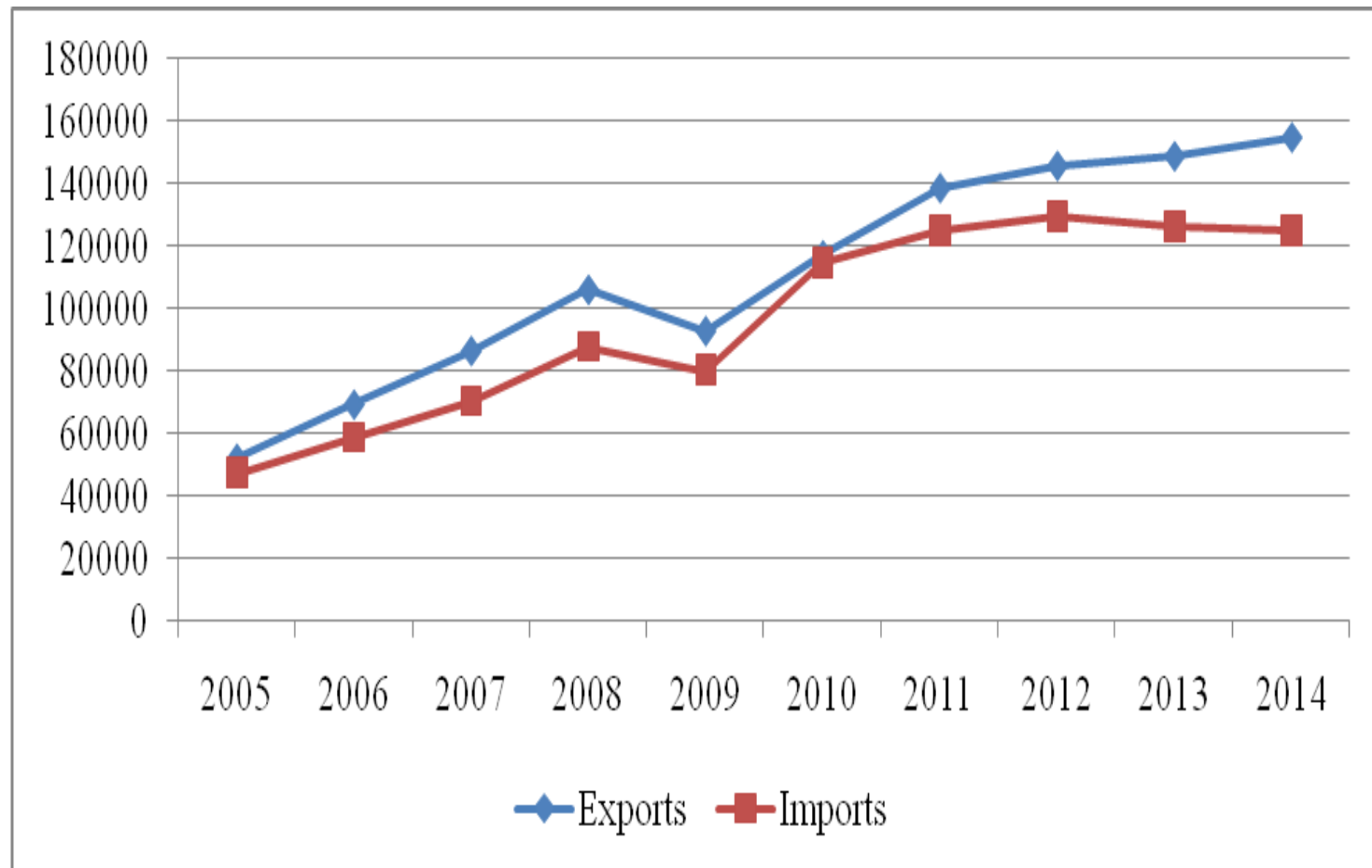
1. Importance of the Services Sector

- ❑ In 2014, the services sector contributed almost 70 percent of global GDP
- ❑ Services trade has a share of 20% in total world trade
- ❑ ILO projects that by 2019, one-third of the global work force will be employed in the services sector
- ❑ Global merchandise trade increased by 2% in value terms in 2013-14 whereas trade in commercial services increased by 6 %
- ❑ The growth in services trade the past two decades has been fueled by factors like penetration of Information Technology, new business models and inclusion of services in the Free Trade Agreements

1.Importance of Services Sector- Indian Context

- ❑ Among developing countries for India, the services sector accounts for 60 percent of India's GDP
- ❑ Trade in services constitutes 27% of India's total trade
- ❑ Liberalisation, economic reforms , high income elasticity of demand for services has been the factors behind the growth of services sectors
- ❑ Technological progress and the presence of highly skilled manpower has led to the growth of IT and ITES services

India's Export and Import of Services (in \$ million)



□ India has been a net exporter of services since 2005

2. Meta data for Services Trade

Level of Disaggregation for Merchandise Trade Data

Total Export
Total Import

Total Export	Commodity1
	Commodity 2

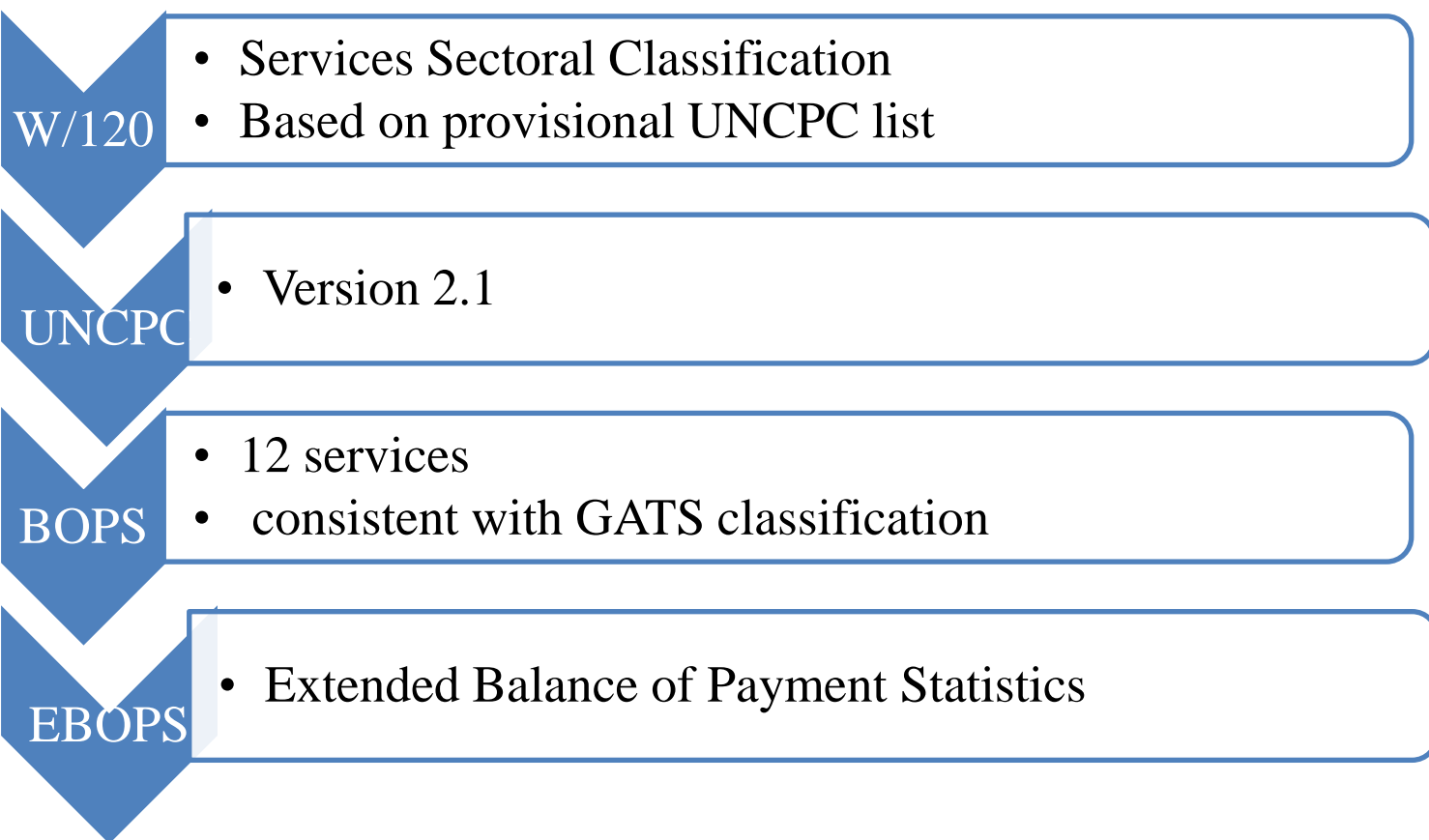
Total Export	Commodity1	Country1
		Country2
	Commodity2	Country3
		Country4

2. Meta data for Services Trade-cont.

Level of Disaggregation for Service Trade Data

Total Export				
Total Import				
Total Export	Total Export	Service 1	Country 1	Mode1
		Services 2		Mode 2
	Country2			
	Service 2			
	Country2			
	Total Export	Service 1	Country 1	
		Service 1	Country 1	
	Country2			
	Country2			
	Service 2			
	Country2			
	Country2			

2. Meta data for Services Trade-Classification



3. Measurement of Services Trade-

ITRS Approach

- International Transaction Reporting System

Enterprise Survey Approach

- Sector Specific enterprise surveys

Mixed Approach (Combination of ITRS & Survey)

❑ Other Data sources

3.Measurement of Trade in Services –Indian Context

- ❑ The Reserve Bank of India collects data on foreign exchange transaction form AD's or banks under the Foreign Exchange Management (FEMA) Act
- ❑ FETERS – Foreign Exchange Transaction Electronic Reporting Systems
- ❑ Captures all transactions relating to exports, imports, non-exports, intermediary exports & intermediary imports
- ❑ FETERS data works as input in compiling Balance of Payment (BOP) Statistics –provide aggregate level statistics of service trade following BPM6 classification
- ❑ Other source of trade data includes data from Ministry of Tourism, CBEC, NASSCOM

3.Limitations of ITRS approach- Indian Context

- ❑ Absence of Bilateral and mode-wise services trade data
- ❑ Indirect Form of reporting- misclassification
- ❑ Deviation from BPM6 recommendations
- ❑ Lack of comprehensive coverage
- ❑ Need for a robust system of services trade data collection- transition to a mixed approach of services trade data collection

4. Setting up of robust system of services trade data collection

- ❑ Expert Committee set up by Central Statistics Office in 2011
- ❑ Recommendations include supplementing ITRS with enterprise surveys
- ❑ Department of Commerce- Technical Expert Committee under the chairmanship DGCIS
- ❑ Objective included identification of relevant services categories and sub categories for compilation of services trade data and conduct surveys

4. Setting up of robust system of services trade data collection-contd.

Sectors identified-

- 1) IT and IT enabled services
- 2) Tourism
- 3) Telecommunication Services
- 4) Education Services
- 5) Medical Services
- 6) Professional Services
- 7) Audio Visual Services
- 8) Logistic Services

5. Survey Instruments

- ☐ **Classification to be adopted-**
- ☐ **Creation of a Business Directory (Sampling frame)**
- ☐ **Designing the Questionnaire**
- ☐ **Determining the mode of the survey-**

5. Survey Instruments- Creating a Business Directory

□ Industry association, regulatory institutions, business councils, professional bodies were consulted to access their member list

□ Companies were selected based on the following criteria-

- Indian companies which are exporter \importer
- Indian Companies having a stake in foreign company
- Indian company having a joint venture
- Subsidiaries of Foreign company
- Indian company sending employee abroad

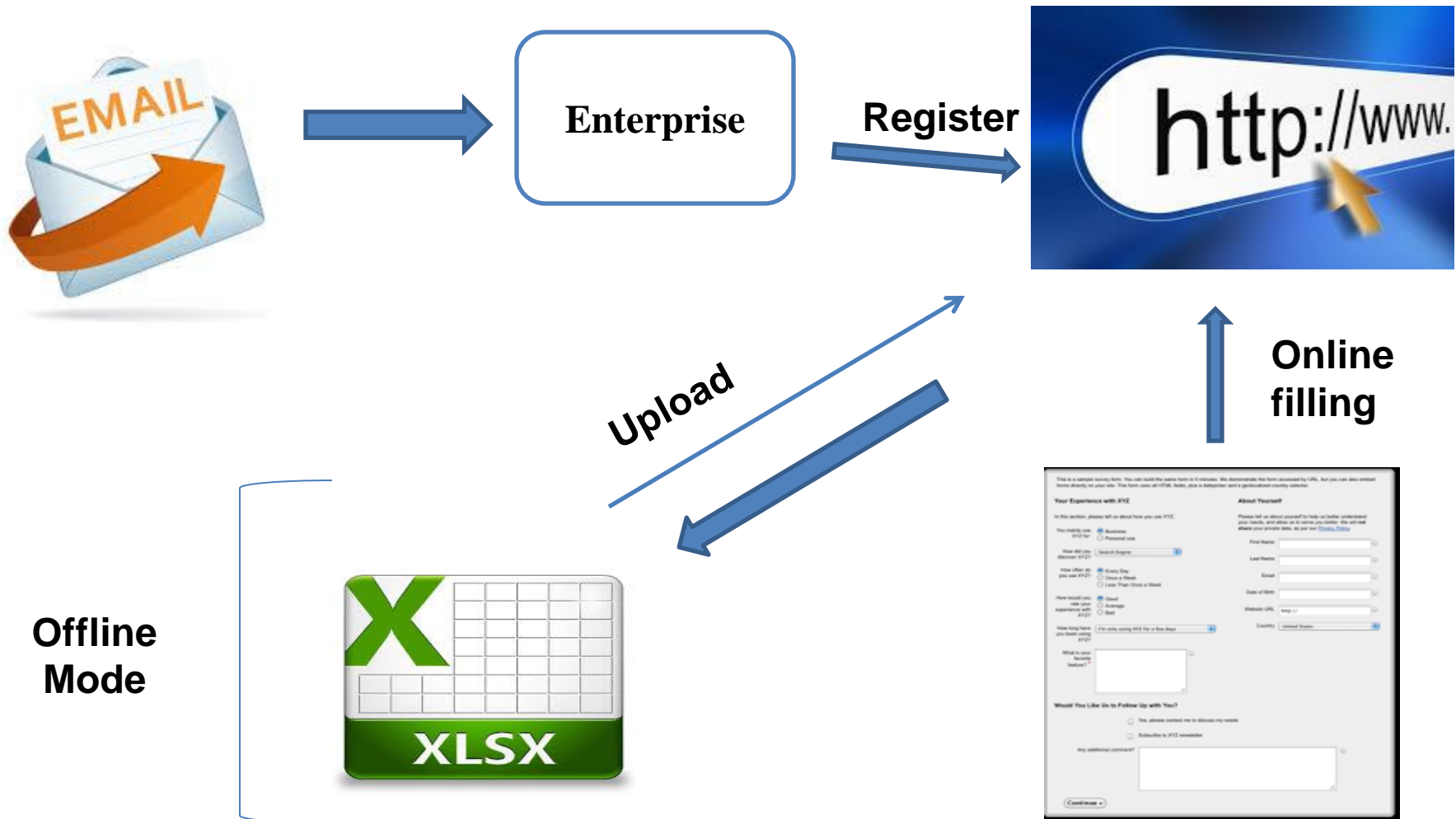
5.Survey Instruments- Creating a Business Directory

- ❑ A database of 581 audio-visual companies across different sub-segment was prepared
- ❑ A directory of 2000 logistics companies providing integrated of specific services was created
- ❑ A list of 20,861 individual, companies and firms were prepared catering to architecture, legal, engineering, consulting, accounting, auditing and book keeping services
- ❑ For the telecommunication sectors 397 companies were listed
- ❑ Business Directory of 23, 846 service providers covering 4 sectors was created.

5.Survey Instruments- Questionnaire Design

- ☐ Questionnaire was designed to covered international trade in services by mode
- ☐ It was designed with questions regarding company name, address, employment, form of operation and turn over
- ☐ The respondents were required to mention sub-sector (UNCPC ver.2) in which they have trade and investment
- ☐ Country-wise receipt and payments of foreign exchange was sought
- ☐ Questions were framed on investment made or received
- ☐ Detailed questions were asked on persons sent or received on business visas and work permits

5. Survey Instruments- Determining the mode of the survey



6. Survey Findings

6.Sectors- Audio-Visual Services

Subsectors include-

1. Motion flim & Video Tape production, distribution-
2. Television broadcast originals and programmes-
3. Radio
4. Post production, sound recording-
5. Animation, Digital Advertising-

- ☐ Major Film exporting country with markets in North America, UK and Middle East
- ☐ Technically skilled work force, low labour cost and sector specific infrastructure –infrastructure facilities

6.Sectors- Logistic Services

Subsectors include-

- Transportation-
 - Maritime Transportation
 - Air Transport
 - Warehousing-
 - Freight Forwarding
 - Value Added Services
-
- ☐ Significant investment has taken place in this sector
 - ☐ India among top 10 WTO member countries in the export and import of logistics services

6.Sectors- Professional Services

Subsectors include-

1. Legal Services-
2. Engineering Services-
3. Accounting Services-
4. Management Consulting-
5. Auditing & Book keeping services

6.Sectors- Telecommunication Services

Subsectors include-

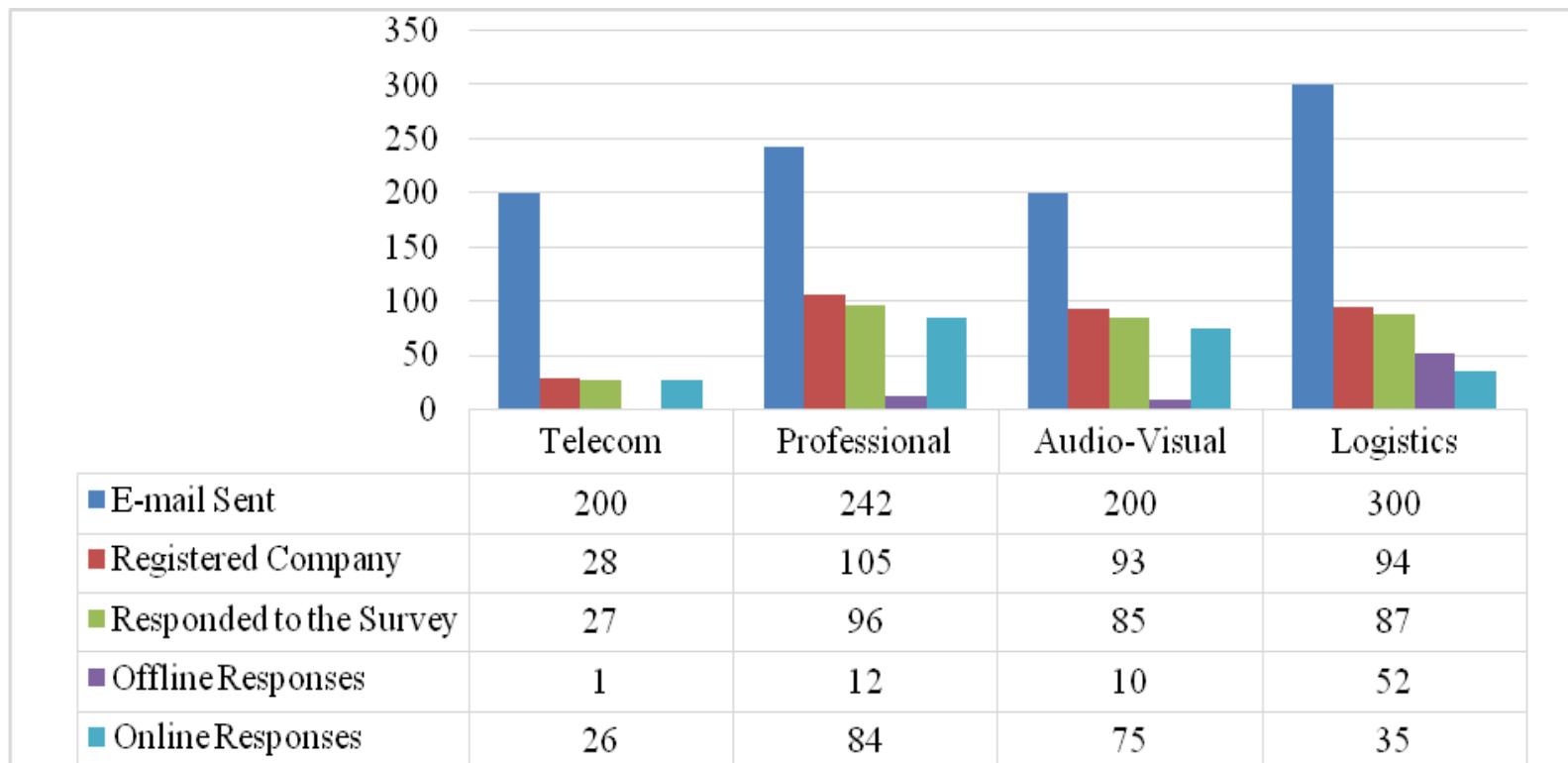
1. Basic Telecomm Services-
2. Internet Services-

- ☐ Domestic Telecom sector accounts for 3% of the GDP
- ☐ The sector is dominated by some major player like MTNL, BSNL, Bharti Airtel, Idea Cellular, Vodafone
- ☐ Indian telecom companies have established their presence abroad directly
- ☐ or through mergers & acquisitions
- ☐ 100% FDI is allowed in the sector

Survey Response-

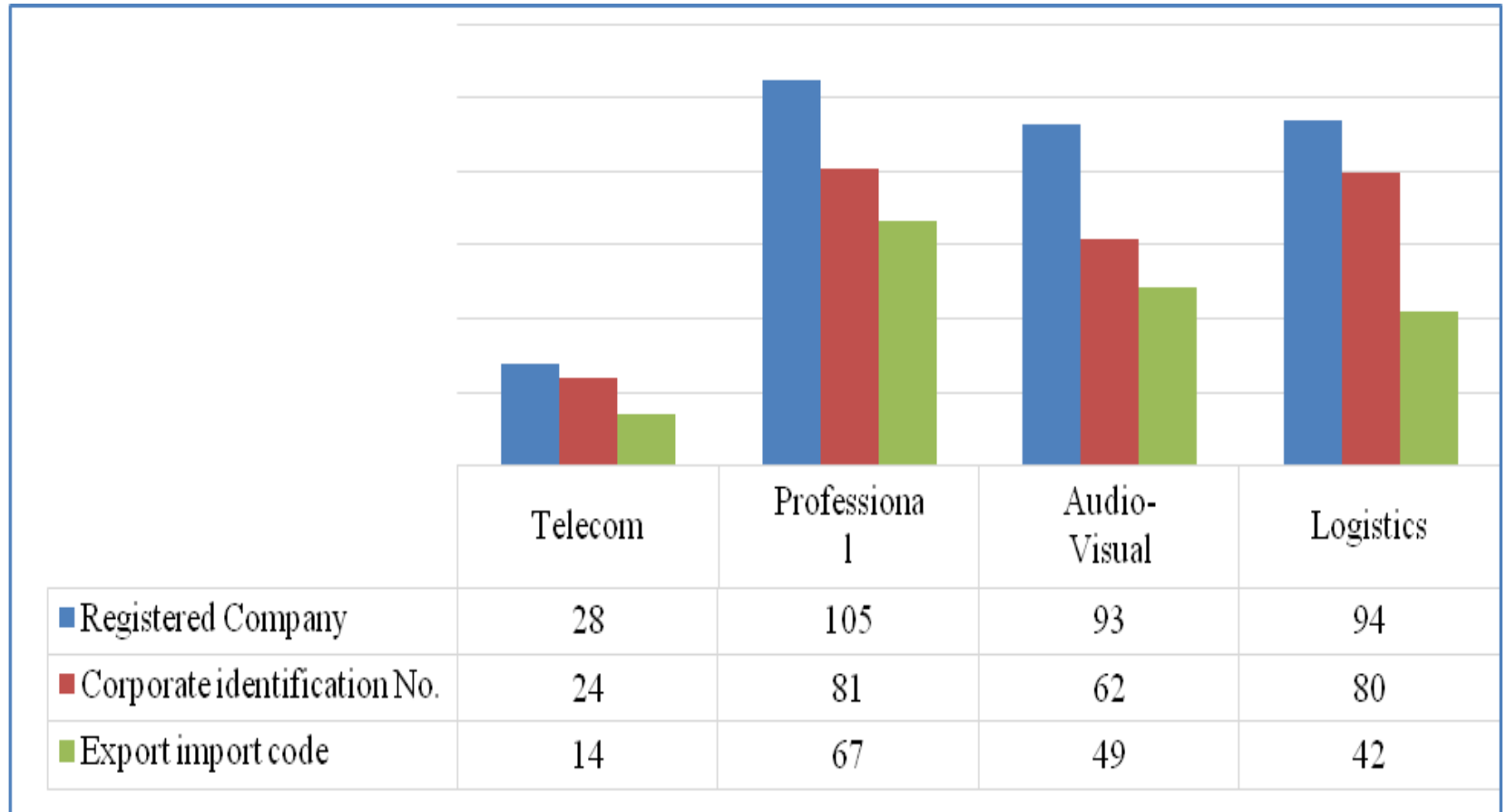
A sample of 942 companies were selected from the Business Directory of 23,846 service providers

Response from the survey-



Survey findings-

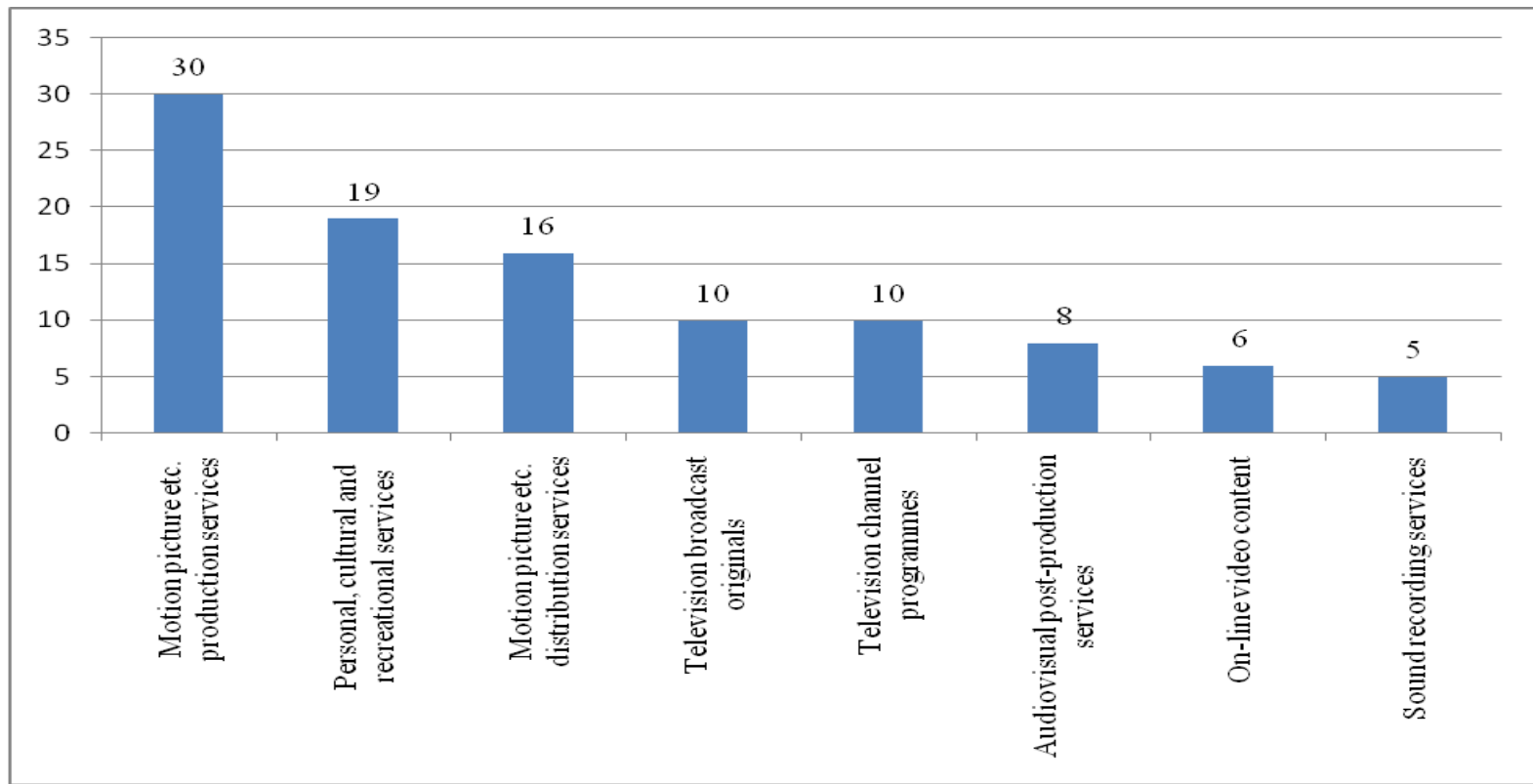
Status of Registered Service providers-



Survey findings- Audio Visual Sector

85 companies out of the sampled 200 responded to the survey

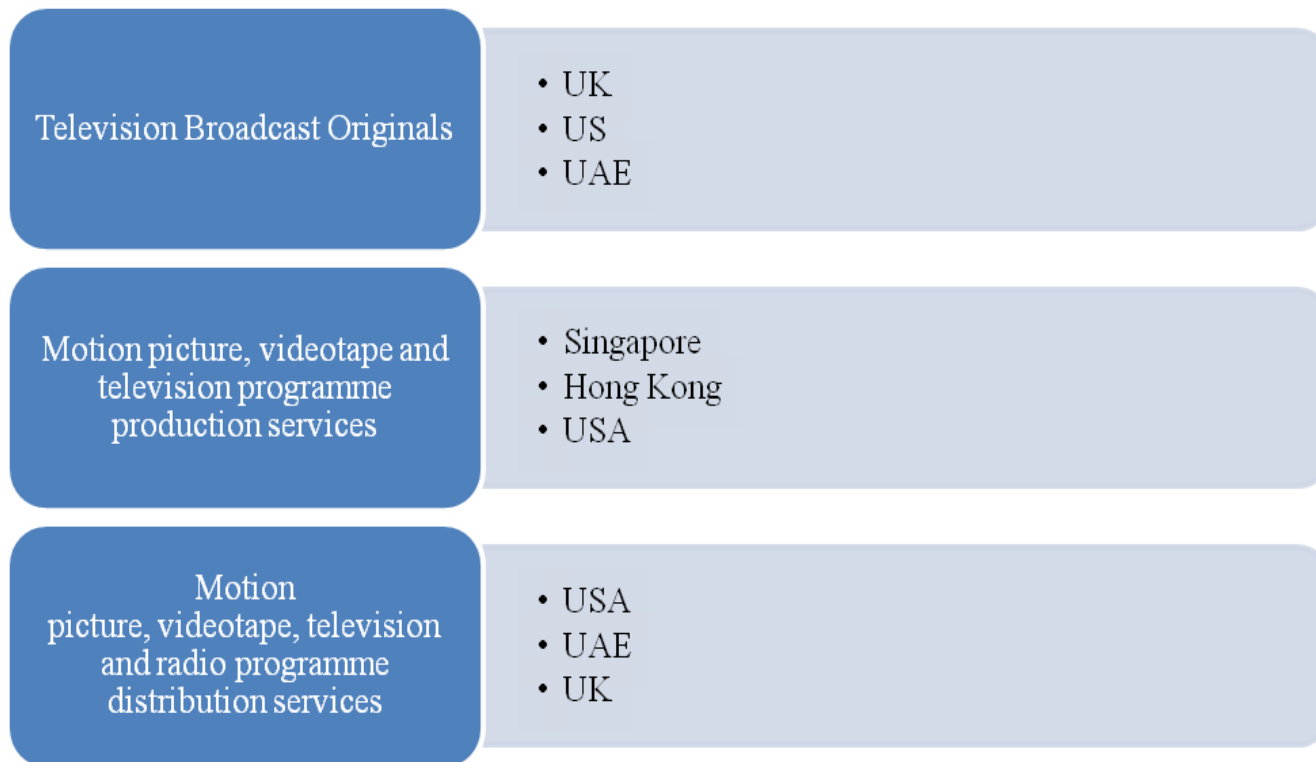
Presence of of Companies in Major Sub-sectors of Audiovisual Services



Survey findings- Audio Visual Sector

US, UK & Singapore were found as top three destination of export as well as source of Import

Top Countries for Trade by Sub-Sectors in Audiovisual Services

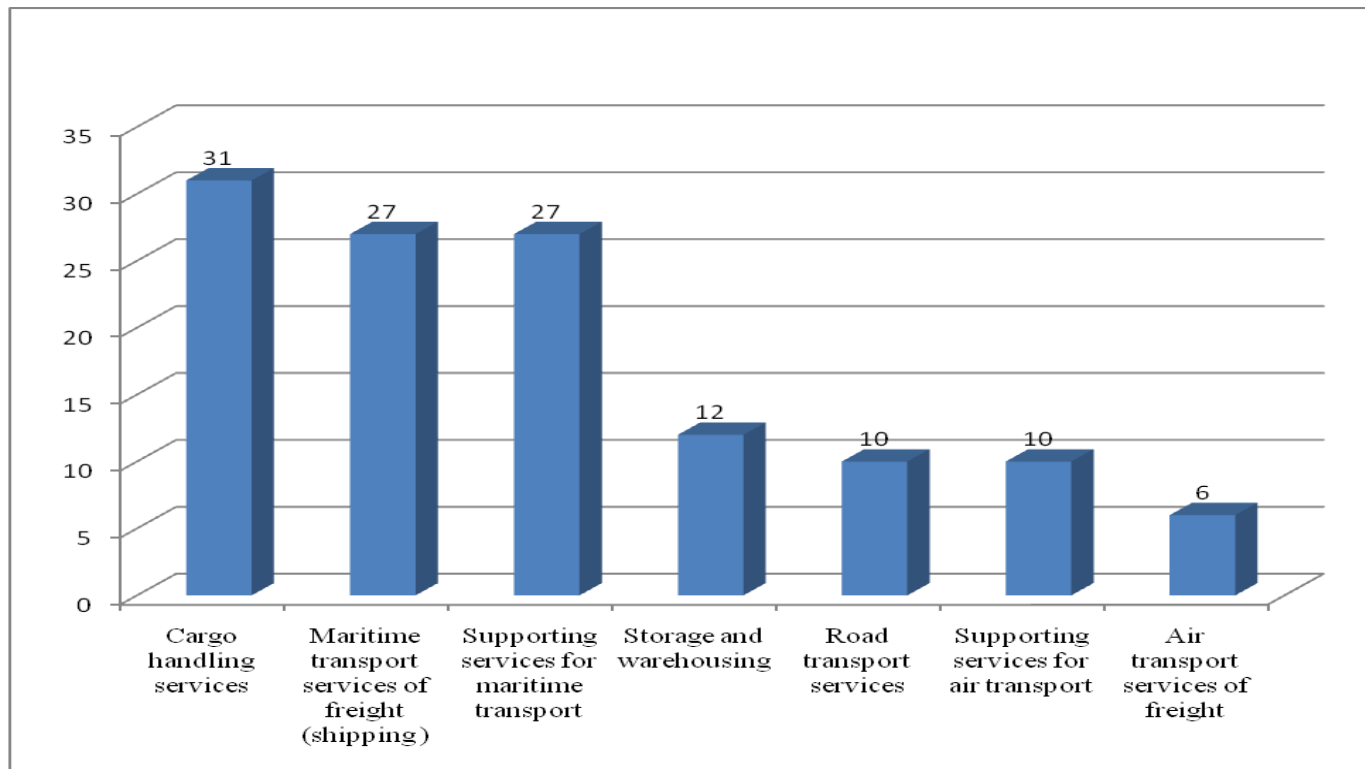


Survey findings- Logistics Services

87 companies responded to the survey with non response from major players

Logistics companies engaged in international trade were operating in multiple sub sectors

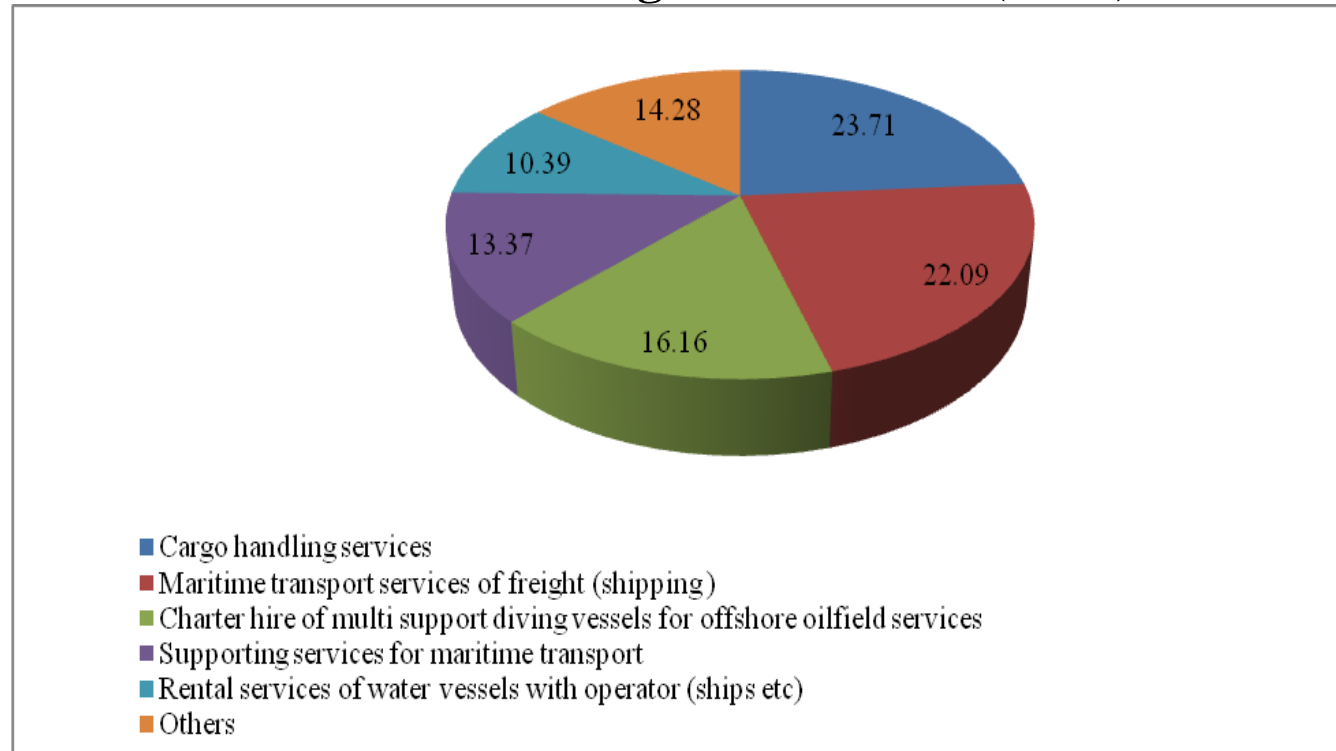
Presence of companies in Major Sub-sector



Survey findings- Logistics Services

Sectoral break-up revealed that 5 subsectors accounted for more than 85% of trade volume

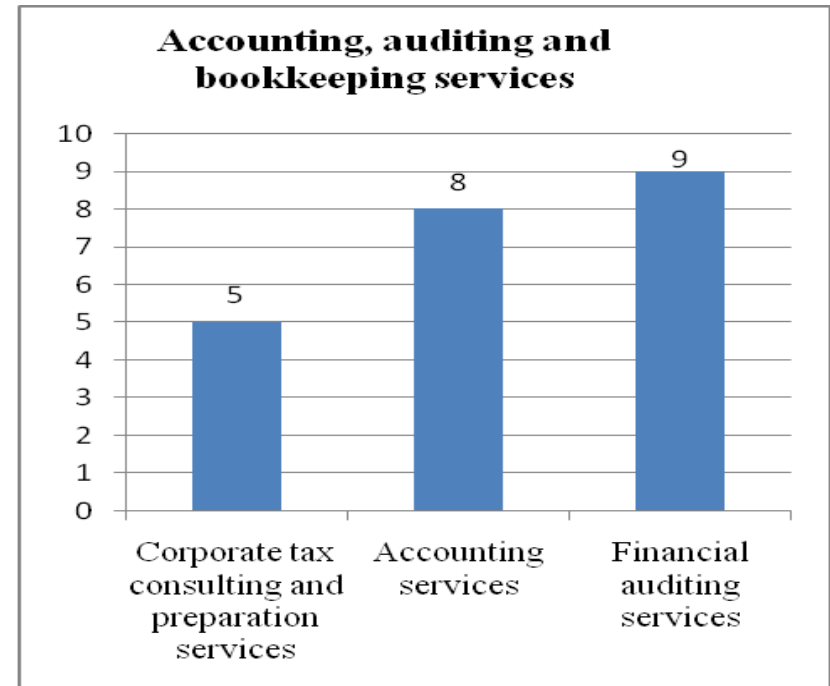
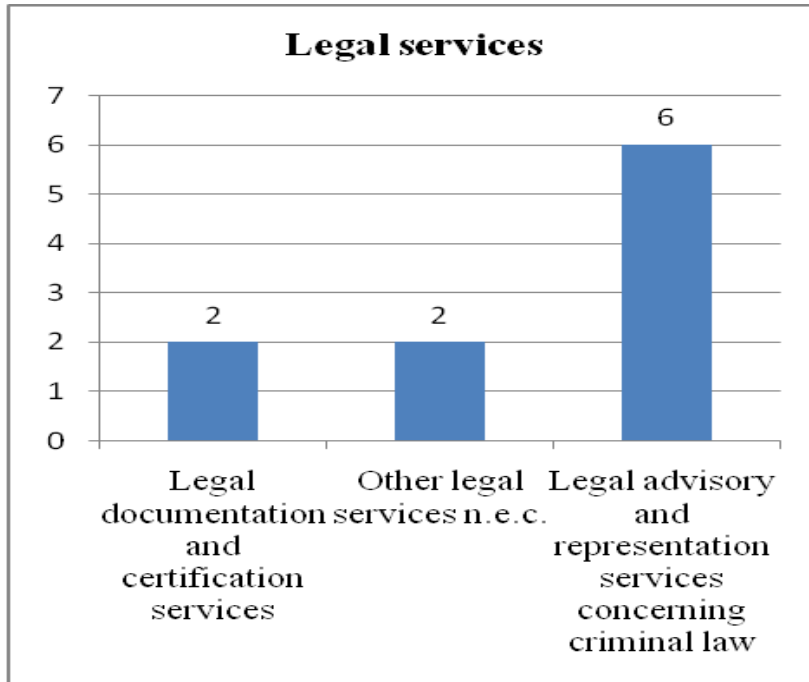
Sub-Sector Share of Trade in Logistics Services (in %)



Singapore, Hongkong, US, UAE & Israel were the top five trading partners

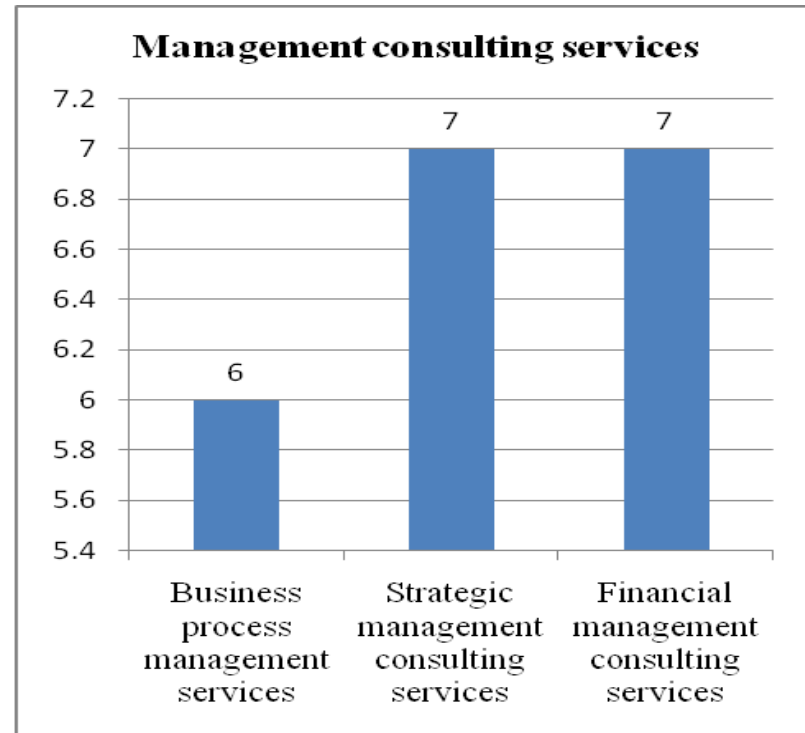
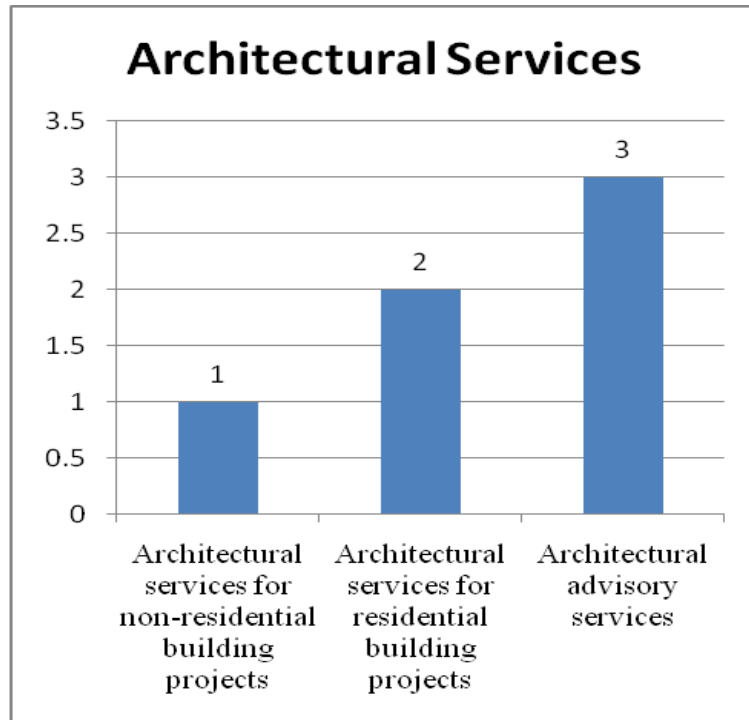
Survey findings- Professional Services

Presence of Companies in Major Sub-sectors of Select Professional Services



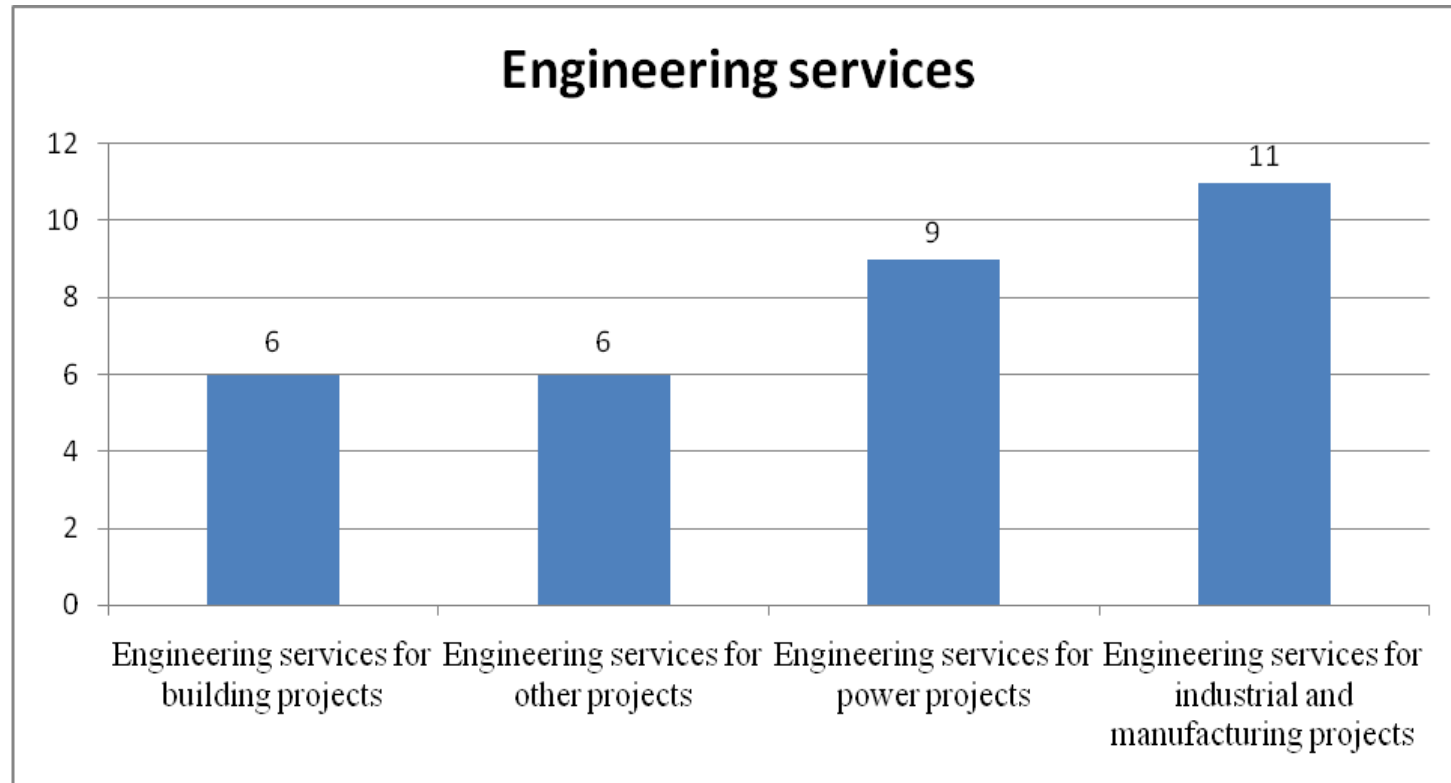
Survey findings- Professional Services

Presence of Companies in Major Sub-sectors of Select Professional Services



Survey findings- Professional Services

Presence of Companies in Major Sub-sectors of Select Professional Services



Survey findings- Professional Services

Survey showed a positive trade balance

Top Ten Countries of Export and Import in Professional Services

Rank	Exports	Imports
1	US	US
2	UK	UK
3	Bangladesh	Singapore
4	Japan	China
5	Germany	UAE
6	Oman	Korea
7	Singapore	Germany
8	Australia	Italy
9	UAE	Hong Kong
10	Indonesia	Finland

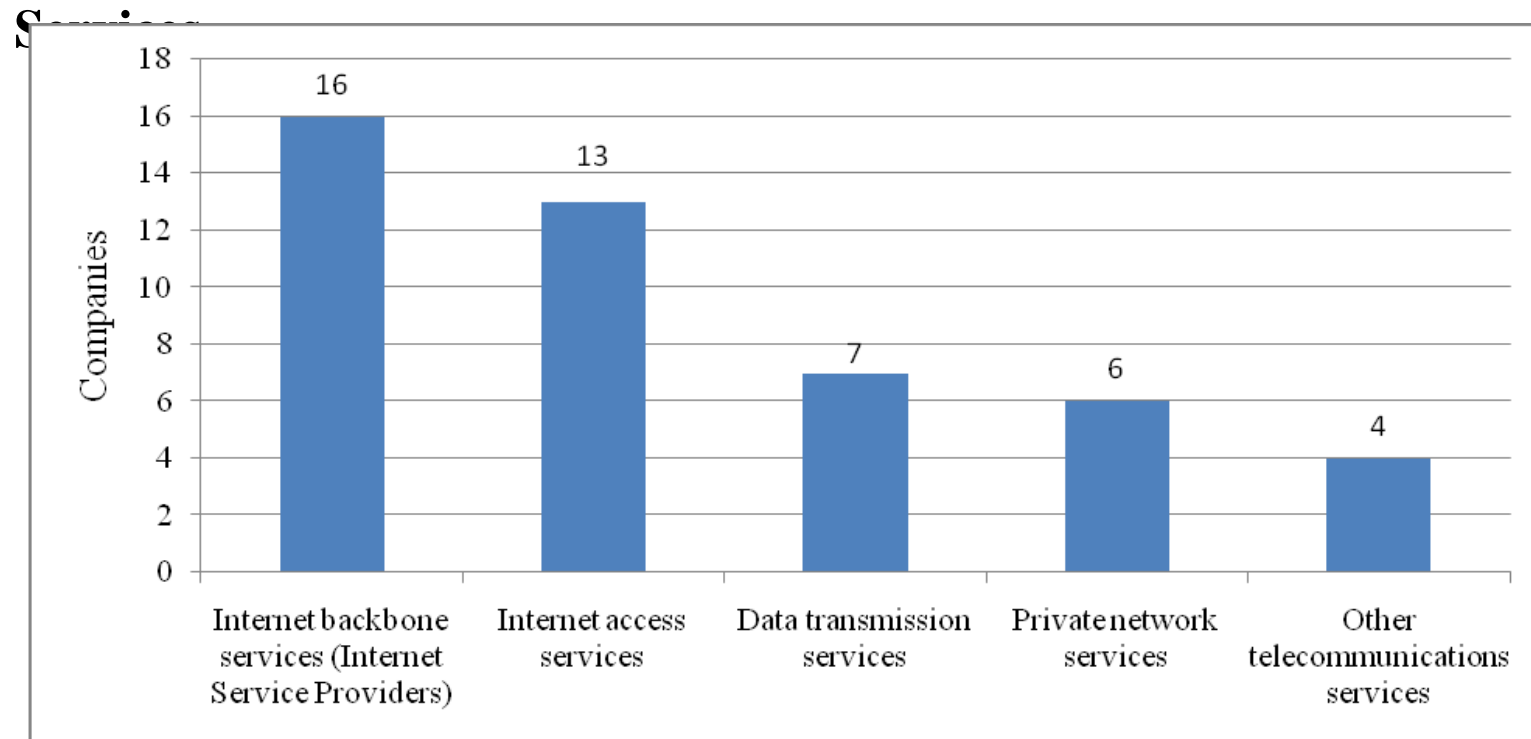
Little information on Mode-4

Survey findings- Telecommunication Services

Significant non response

Reasons- Oligopolistic market, transfer pricing etc

Major Sub-Sectors of Presence of Companies Telecommunication



Issues-

- ☐ Absence of pre established Business Directory
- ☐ Survey Non response
- Lack of proper regulatory framework
- limitations of the Collection of Statistics Act
- ☐ Questionnaire issues

Way forward-

❑ Business Directory-

- Convergence of all stakeholders
- Unique identification of service providers

❑ Need for a regulatory framework for Services Data collection

- Shift from collecting to reporting
- Due care to the confidentiality issue
- Penalty in line with global best practices

Questions
THANK² YOU