

UNCTAD Expert Meeting on Results from Pilot
Surveys on Exports of ICT-enabled Services
*Indian survey - implementation, preliminary results and
next steps*

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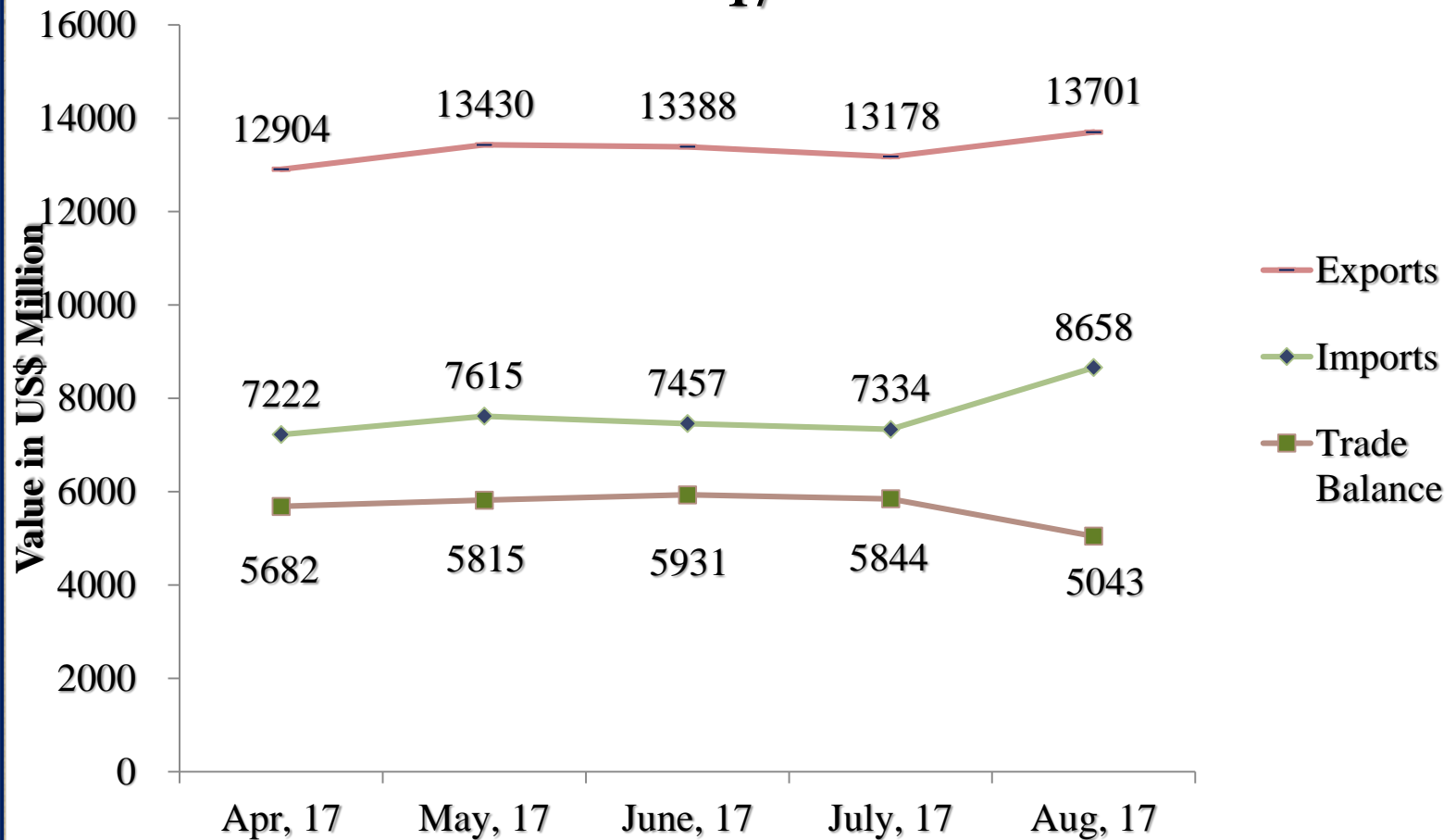
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India's Trade in Services – Current Scenario

- India's services export increased from \$ 151.5 billion in 2013-14 to 160.7 billion in 2016-17. The CAGR of services export (2016-17 over 2013-14) is estimated at 2.3%.
- In August 2017, India's Services export was US\$ 13.7 billion as compared to US\$ 13.4 billion in August 2016, registering a positive growth of 2.39%.
- During April- August, 2017 it was US\$ 66.6 billion as compared to US\$ 65.8 billion during the corresponding period of the previous year, registering a positive growth of 1.15%.
- India's services import also increased from US\$ 85.7 billion in 2015-16 to US\$ 95.7 billion in 2016-17 and during the current year (Apr-Aug 2017) the value of import was US\$ 38.3 billion.
- India has thus maintained a **favourable trade balance in services trade**: US\$ 65.2 billion in 2016-17 and US\$ 28.3 billion in the current year (April-August 2017).

India's Trade in Services – Recent Trends

Fig 1: Trend of Services Trade during April, 17 to August, 17

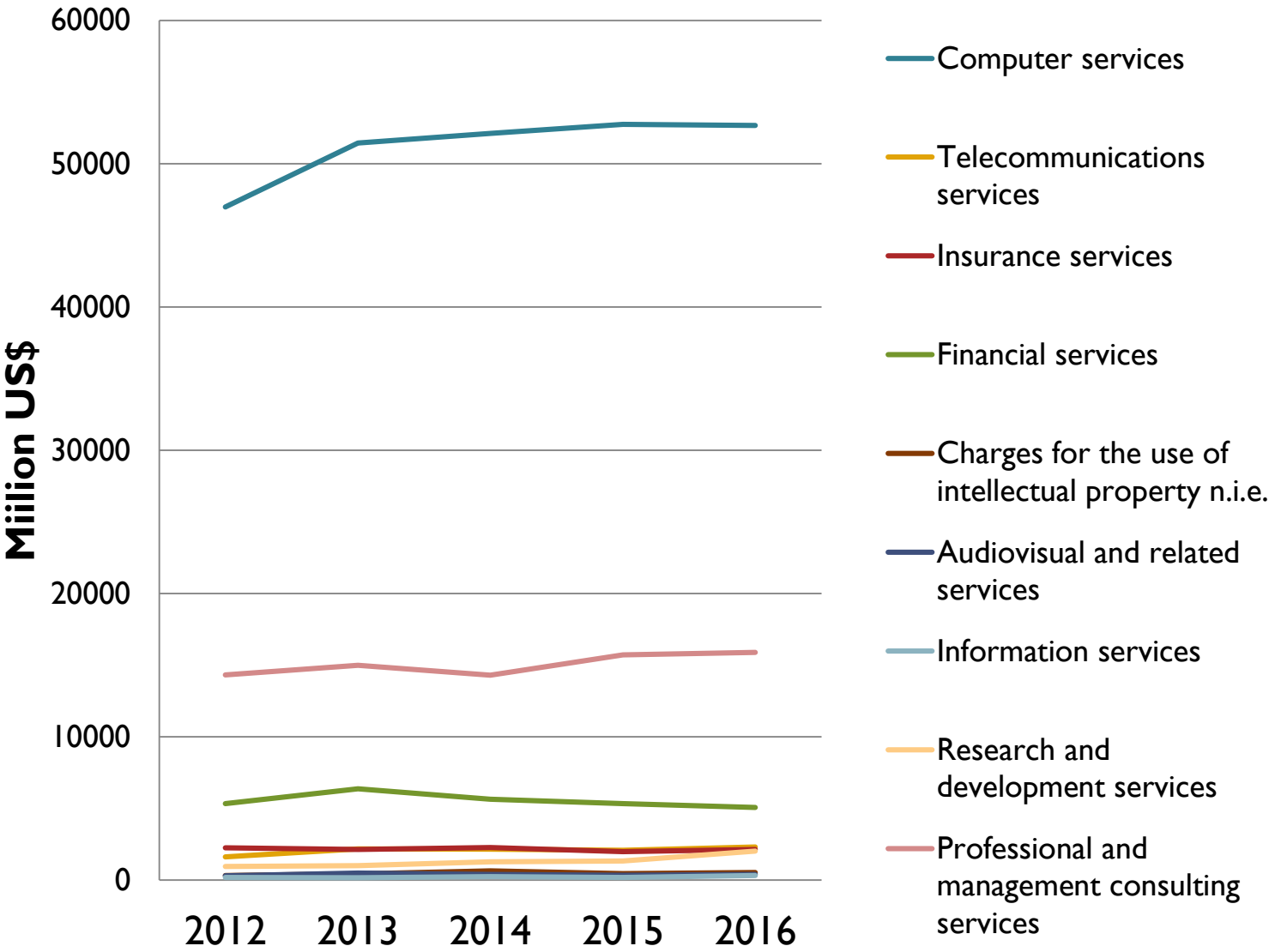


India's Export of ICT and ICT- enabled Services to the World (US \$ million)

Indicator	2012	2013	2014	2015	2016
ICT Services	48618	53629	54293	54849	54995
Computer services	46995	51449	52130	52761	52680
Telecommunications services	1623	2180	2163	2088	2315
Potential ICT Services	23697	25657	24817	25403	26415
Insurance	2258	2144	2281	1985	2145
Financial services	5352	6376	5645	5344	5083
Charges for the use of intellectual property n.i.e.	321	446	659	467	529
Audiovisual and related services	303	505	406	346	407
Information services	183	177	242	196	323
Research and development services	954	1019	1276	1341	2038
Professional and management consultancy services	14326	14990	14308	15724	15890

Source:WTO

India's Export of ICT and ICT- enabled Services to the World

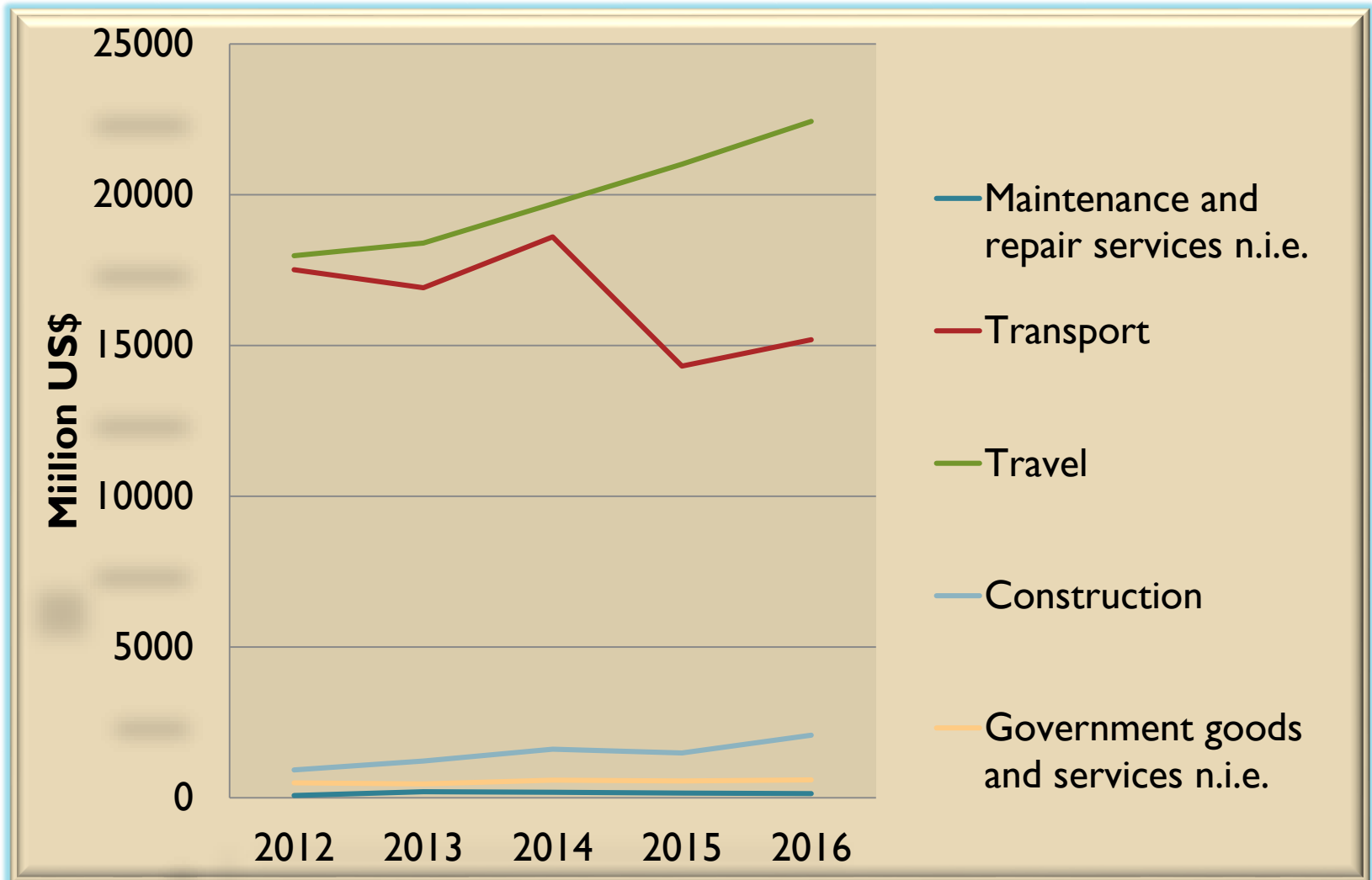


India's Export of Not potentially ICT- enabled Services to the World (US \$ million)

Indicator	2012	2013	2014	2015	2016
Not potentially ICT-enabled Services	36973	37194	40678	37534	40429
Maintenance and repair services n.i.e.	77	201	186	158	136
Transport	17507	16916	18597	14319	15192
Travel	17972	18397	19700	21013	22428
Construction	922	1219	1613	1483	2078
Government goods and services n.i.e.	495	461	582	561	595

Source:WTO

India's Export of Not potentially ICT- enabled Services to the World



Services Trade in India – Importance and Data Sources

- As per the Balance of Payment (BOP) data published by the Reserve Bank of India (RBI), Telecommunications, Computer and Information services, Business services, Travel, Transport and Insurance services contribute to more than 92% of India's services export.
- Analysis based on WTO data shows that ICT and ICT-enabled services export contribute to about 50 percent of the total services exports in India.
- Hence there is a growing interest in accurately measuring the data in this sector for necessary policy intervention by Directorate General of Foreign Trade (DGFT), Department of Commerce, Government of India in order to promote export in services in general and ICT and ICT-enabled services in particular.
- The Reserve Bank of India (RBI) provides aggregate level statistics on services trade following the standard classification as stipulated under the IMF's Balance of Payment Manual, Version 6 (BPM 6).
- More disaggregated quarterly data on invisibles receipts/payments covering 63 services categories, including IT and ITeS, are released by RBI through press releases. However, this also does not meet the demand for disaggregate level services trade statistics –by partner country and mode of delivery.

Data Generation for ICT and ICT- enabled Services Trade in India

- There are several classifications in use by different agencies for classifying IT & ITeS services for generation of data:
 - SOFTEX Form – Classifies software exports into 6 different categories
 - Annual Survey of RBI – Classifies software & IT services exports into 34 different categories
 - STPI - Classifies software & IT services exports into 27 different categories
 - Technical Group constituted by Department of Commerce - Recommended classification of IT & ITeS into 21 different categories
- The major sources of data in this sector are:
- BOP data released by RBI every month.
- Annual survey of RBI on Computer Software and Information Technology enabled services exports carried out since 2002-03.
- STPI annual reports
- SEZ data by Department of Commerce

Data Generation for ICT and ICT- enabled Services Trade in India

- Following the recommendations of the BPM 6, the survey collects and compiles information on 4 major categories of IT-enabled services:
 - IT Services
 - ITES/Business Process Outsourcing (BPO) Services
 - Engineering Services
 - Software Products
- RBI compiles and publishes figures on exports of computer software and IT-enabled services for (i) groups of countries and (ii) mode of delivery.
- However, the survey does not cover other important categories of ICT-enabled services like Telecommunications, Information services, Insurance, Licensing services, Sales & marketing services, and Education and training services.
- Data generation in these categories is still a distant reality, though five pilot surveys on trades in Telecommunications, Audiovisual, Logistics and Professional Services and Health Services have been carried out in India to collect mode-wise and country-wise trade in services data.

Pilot Survey on ICT-enabled services in technical collaboration with UNCTAD

- A pilot survey to collect international trade data in ICT-enabled services was launched in July 2017 in technical collaboration with UNCTAD after a training workshop organized at DGCI&S, Kolkata .
- The UNCTAD classification of 9 categories of services has been adopted in this survey with minor deviations in financial services and exclusion of insurance services.
- The survey is to provide information on both country wise and mode wise export for the **8 sub-sectors of the ICT- enabled services**.
- **Financial services has been kept outside the coverage** of the present survey as RBI is conducting an annual survey on international trade in banking services and collects fairly disaggregate level information on this category.
- In the current survey, information on financial services are being collected from those units who along with other ICT-enabled services also provide financial services.

Pilot Survey on ICT-enabled services in technical collaboration with UNCTAD

- In view of the complexity involved in collection of information for insurance sector and also because of the fact that the usual concept of mode of supply does not appropriately apply to this sector, it has been decided **not to cover insurance services** in the present survey.
- The **reference period** for the survey is the financial year 2016-17 (April 2016 to March 2017).
- The survey is being conducted under the **legal framework** of Collection of Statistics Act (CSA) 2008 that makes statutorily obligatory on part of the respondents to furnish the information called for within the prescribed time.
- The CSA 2008 also guarantees the confidentiality of the information provided and there are **legal penalty provisions** available under the Act to deal with non-compliance .

Sampling Frame

- The first and foremost requirement for conduct of a survey is the availability of a business register or the complete list of units engaged in exports of services.
- Non-availability of a business register in India is a major challenge in conduct of a countrywide survey.
- Sector specific frames have been prepared by collating basic information like name of unit, address, contact details, website address etc. from a number of sources, but still not exhaustive.
- Information collected in this way has been updated before beginning the survey to capture the latest changes in address as well as contact details of the existing units.
- The sampling frame (list of units) has been prepared with inputs from RBI, STPI, NASSCOM and several other sources.

Survey Design and Conduct of the Pilot Survey

- A mixed approach of covering census and sampling sector adopted.
- Units are covered 100% for Census sector and sampling units are chosen following simple random sampling without replacement (SRSWOR) for Sampling sector; Category -wise survey design in next two slides.
- The selected enterprises have been issued notices under the CSA 2008 and encouraged to self-compile on the basis of the guidelines issued and submit information to DGCI&S within one month from the date of the receipt of the notice, followed by telephonic persuasion and issue of reminders for submission of information expeditiously.
- Field investigators are not available now to be sent for collection of information to those enterprises that are unable to self-compile for submission of the information. Recruitment of 34 field personnel in 7 large cities is in progress now after approval by DGFT /DoC.
- A total of 2600 units were initially proposed to be covered in the survey.

Survey Design: census/sample

Category of service	Principle followed for dividing into census/sample
Telecommunications	Enterprises are ranked in descending order of value of exports (as provided by the RBI from ITRS database) and the enterprises (starting from the highest contributor)
Engineering, related technical services and R&D	Enterprises having a cumulative contribution of 90% to the total value of exports are regarded as 'census' units. The remaining enterprises are included in the 'sample' sector.
Education and Training	

Survey Design: census/sample

Category of service	Principle followed for dividing into census/sample
Computer services (including computer software)	Top 100 enterprises from NASCOMM's member list having a cumulative contribution of 70% to the total value of exports are included in 'census' sector. Apart from this, STPI units which are not members of NASCOMM are also regarded as 'census' units. The remaining enterprises are included in the 'sample' sector.
Sales and marketing services, not including trade and leasing services	
Information services	
Management, administration and back office services	
Licensing services	

Progress of ICT-enabled Services Survey 2016-17

- Out of the originally proposed 2600 units, notices could be served to only 2485 in 7 subsectors.
- As on 20 Nov 2017, the overall response is only 1426 (57%) as exhibited in the following table.

Category of Services	Notices Delivered	Reply Received
Audio Visual	84	40
Education	154	85
Engineering	143	73
Telecom	65	41
IT	776	488
STPI	1082	623
Financial	181	76
Total	2485	1426

Timeline originally proposed for the survey

Activity	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
Issue of notices	Active	Active	Light	Light	Light	Light	Light	Light	Light	Light
Completion of data collection	Light	Light	Active	Active	Active	Active	Active	Light	Light	Light
Scrutiny, validation of data and generation of tables	Light	Light	Light	Light	Light	Light	Light	Active	Active	Light
Report writing and release of results	Light	Light	Light	Light	Light	Light	Light	Light	Light	Active

Challenges and Issues

- Survey on trade in services requires a pre-established business directory. Absence of a business directory for all the covered sectors is a major hindrance for conduct of surveys in the area of services trade. **FIEO (Federation of Importers and Exporters Organisation) and Export Promotion Councils working under Department Commerce should be taken on board for updating sectoral frames.**
- Non-availability of a proper frame severely affects the design of the survey, issue of notices and the precision of the survey estimates.
- Reluctance of industry and trade associations like CII and FICCI to share their Members 'lists. Moreover, all those registered with associations and councils do not necessarily trade.
- A number of enterprises do not understand the modes of services trade. Others who know do not collect detailed information on international trade by sub-sectors and by modes of supply.
- Some of the respondents pointed out that raised concerns about sharing financial information without permission from higher authorities.
- Online survey is given least priority in the absence of a regulatory framework and other technical issues like slow server speed, etc.

Main take-aways from the pilot survey in India

- All stakeholders should be involved before launching of pilot survey
- Country ownership of the survey is vital; it should not be UN led.
- Motivation of the organisation conducting the survey is vital for success of the survey; it should not be too much single person dependent but commitment of the whole organisation ensured.
- Monitoring and evaluation of survey should have be an integral part of the project, in the absence of which the original survey timeline from June 2017 to March 2018 is not likely to be met.
- Absence of administrative and financial approval for conduct of the pilot survey makes it difficult to tract the progress of the survey and document the observations/lessons learnt.
- Survey capability in terms of technical expertise and available manpower resources for the field work hinders the handholding of informants companies, which has a telling effect on the progress of survey.
- Collection of Statistics Act 2008 is still persuasive, with rare instances of penalty imposed on non-respondents; so some other regular form of returns on services trade should be devised for capturing data.
- Because of the advent of Goods & Services Tax (GST) regime effected since July 2017 has also impact on response to the online survey.

Way Forward

- Data collection capability of DGCI&S through surveys is being strengthened; as an interim measure, DGFT/DoC has approved the engagement of 34 retired field personnel from NSSO, MoSPI in the major cities of Bengaluru, Mumbai, Chennai, Delhi, Kolkata, Hyderabad and Ahmadabad, where Services trade are predominant.
- The process of engaging retired field personnel to supervise ICT-enabled services exports and other surveys has been initiated and deployment likely from January 2018.
- As an alternative to setting up Regional units of DGCIS, a proposal to strengthen NSSO Field Offices through creation of infrastructure and manpower is also under discussion with the MOSPI.to undertake services trade surveys.
- At the request of DoC, NSSO has launched in September 2016 a nationwide survey on services trade in its 74th round to capture values of exports and imports by top 5 partner countries and top 5 types of services; the survey is to be completed in June 2017 and estimates are expected to be released by the end of Aug 2018.
- Quarterly data on exports of IT & IT enabled services based on data from STP units is expected to be compiled by DGCI&S from the first Quarter of 2017-18 for only Mode I delivery of services.

Way Forward

- Based on the National Product Classification for Services Sector 2010, GST Council has notified 567 Service Accounting Codes (SAC) for classifying services under GST framework, launched in India from 1st July 2017.
- Compilation of Export and Import of Services through the returns of GSTR 1 & GSTR 2 is likely to bring uniformity in classification of services trade and reduce data gaps to a large extent in future.
- GSTR 1 provides details of outward supplies of goods and services while GSTR 2 provides the data on import of service.
- With some suggested modifications to GSTRs, it is possible to capture SAC wise and country wise information of services export and import on a monthly/annual basis.
- The GST Network (GSTN) has provisions for registering all enterprises carrying out export and import of both goods and services; this will pave the way for developing a sector wise business directory and once this is done, it would be possible to launch a Generic Survey to estimate India's overall services exports by partner country and mode of supply annually.
- Quarterly data on exports of IT & IT enabled services based on data from STP units is also expected to be compiled by DGCI&S from the first Quarter of 2017-18 for only Mode I delivery of services.



Thank You