

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2061
ANSWERED ON:19.08.2013
EXPORT OF SERVICES
Singh Shri Bhola

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the exports from the services sector has increased in comparison to the export of commodities during the last three years and the current year;
- (b) if so, the details thereof and the reasons therefor, year and sector-wise;
- (c) whether the Government has laid down specific policies for the promotion of export from the services sector;
- (d) if so, the details thereof including the policies being followed in this regard; and
- (e) whether India ranks seventh in the global export of services and if so, the steps taken/being taken by the Government to boost export from the services sector along with the outcome thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

(a) and (b) The details of services exports and merchandise exports of India for last three years as per RBI data are given below. As per the details, it can be observed that in FY 2010-11 services exports (including travel, transportation, insurance, software services, business services, financial services, communication services etc) increased in percentage points in comparison to merchandise exports. In FY 2011-12, growth percentage of service exports is less than merchandise exports. However, in FY 2012-13 growth percentage of service exports is more than merchandise exports from India.

| (US\$ million) | | | | |
|----------------------|---------|---------|---------|--|
| India's Exports | 2012-13 | 2011-12 | 2010-11 | |
| (P) | (P) | (PR) | | |
| Services Exports | 143482 | 142325 | 132880 | |
| Growth in % | | | | |
| (over previous year) | 0.81% | 7.10% | 38.35% | |
| Merchandise Exports | 303154 | 309774 | 250468 | |
| Growth in % | | | | |
| (over previous year) | -2.13% | 23.67% | 37.25% | |

(Exports details for FY 2013-14 are not available on RBI website)

(c) and (d): Government of India has taken a number of measures to boost export of services. The Foreign Trade Policy (FTP), 2009-14 of the Government of India aims at accelerating the growth of export of services so as to create a powerful and unique 'Served from India' brand. Service providers (barring those who earned forex remittance from activities other than rendering services, for example, equity or debt participation, donation, repayment of loans or those services not originating from India, e.g. forex earned by airlines/shipping lines from routes which do not touch India at all, etc.) are entitled to Duty Credit Scrip under Served from India Scheme (SFIS) equivalent to 10% of free foreign exchange earned during current financial year. Service exporters who are also engaged in manufacturing activity can use their SFIS duty credit scrip for importing/domestically sourcing of capital goods.

In addition, all service exports are also entitled to the benefits under EPCG (Export Promotion Capital Goods Scheme) Scheme and Export and Trading House status, Market Development Assistance Scheme and other benefits as offered under FTP, 2009-2014. EPCG scheme allows import of Capital Goods for pre-production, production and post- production at zero Customs duty and covers manufacturer exporters, merchant exporter tied to supporting manufacturer and Service Providers. MDA scheme is administered by Ministry of Commerce & Industry for the promotion of exports including services exports. SEPC registered members are eligible for financial assistance under MDA Scheme.

(e) India stands at 6th rank worldwide in export of commercial services, as per latest World Trade Report 2012 released by WTO. USA, UK, Germany, China and France are the only 5 countries which are ahead of India in export of commercial services. (May kindly see (a) to (d) above for the steps taken by the government to boost Export from Services Sector along with the outcome thereof).