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Services trade: Govt preparing database to strengthen sector

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The Centre is banking on a new study on services trade to strengthen its hand in the ongoing trade negotiations as well as gather data to map the sector better.

For the first time, the commerce department has commissioned a study to measure the trade restrictiveness in services and create a database pinpointing the challenges faced by specific services industries.

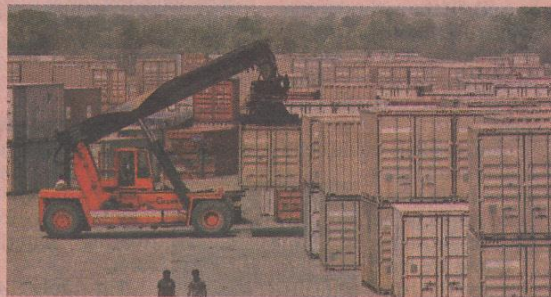
The government has increasingly pushed its services trade, with an aim to diversify exports at a time when merchandise trade has been repeatedly hit by global volatility.

However, New Delhi's plans to strike trade deals with other nations on services trade has been heavily resisted as protectionism has risen.

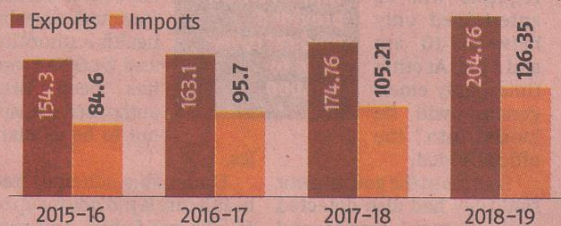
Being prepared by the Indian Institute of Foreign Trade (IIFT), the study includes the creation of an index that will take on the Services Trade Restrictiveness Index (STRI) brought out by the Organisation for Economic Co-operation and Development (OECD).

Strengthening position

The STRI index has long been used at global fora to point out the challenges to the services sector in India, and negate New Delhi's push for a services trade facilitation pact at the World Trade Organization (WTO). The STRI compiles



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Source : Services Trade Restrictiveness Index (STRI) by OECD

regulations in 36 OECD countries, along with developing nations like Brazil, China, Indonesia, Russia, South Africa and India.

"The data seems to have been generated by rather arbitrary procedures and reflects a developed country bias. Also, it disproportionately focuses on whether foreign direct investment is allowed in certain sectors," said Manoj Pant, director of IIFT.

Senior commerce department officials say the new index will give India a stronger position on the negotiating table when it comes to ongoing talks regarding the Regional Comprehensive Economic

Partnership (RCEP) deal.

"The ASEAN bloc has repeatedly shied away from discussing services for RCEP. Our services trade has the potential to benefit these nations at a time when the trade is becoming integrated with the goods trade. A detailed study confirming this has the potential to break the deadlock on RCEP, especially since it will show that India is not only a services exporter but also a valuable market," a senior commerce department official said.

Even on India's submission to the World Trade Organization (WTO) for a trade facilitation agreement on serv-

ices, a comprehensive database will help India explain the benefits of streamlined rules for services trade to other nations, he added.

Services in focus

The services trade is restricted by both border measures, as well as by internal regulatory procedures. "Since these procedures are harmonised through mutual recognition agreements (MRAs) with other nations, the index will be a guide map to facilitate more MRA signings with foreign governments, an external affairs ministry official said.

India's overall services exports stood at \$205.79 billion in 2018-19, with \$125.46 billion worth of services imports.

The government had unveiled big plans for the services sector last year when the commerce department had notified 12 'Champion' services sectors such as information technology, logistics and financial services, among others.

Subsequently, sectoral action plans and schemes for these sectors are being prepared while the Cabinet has also approved a dedicated fund of ₹5,000 crore to support sectoral initiatives.

The government has also pushed digital, engineering and health services, even as software services have continued to bag the biggest share of exports, followed by business and tourism services.