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THE JOURNEY OF **INDIAN ECONOMY** **AFTER** **INDEPENDENCE**

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INDIA'S POSITION IN COMMERCIAL SERVICES TRADE

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ABSTRACT

Services sector has become important for many economies in the world and very important particularly for India. It is a large and most dynamic part of the Indian economy both in terms of employment potential and contribution to national income. Indian services sector has emerged as the largest and the fastest growing sector. Services sector remains the key driver of India's economic growth. In this study researcher has tried to focus on leading exporters and importers in world trade in commercial services during 2000 to 2020 and to analyse the India's position in commercial services trade. For analysis researcher used descriptive and analytical research methods. In this study researcher explained top ten leading countries in exports and imports of commercial services in world and India's and world position in exports and imports of commercial services in 2000, 2010 and 2020. In this study compared leading countries, India and world value in US billion dollars, share and annual change in percentage.

Keywords: *Leading Exporters, Importers, World Commercial Services Trade*

INTRODUCTION

Services sector has become important for many economies in the world and very important particularly for India. It is a large and most

dynamic part of the Indian economy both in terms of employment potential and contribution to national income. Indian services sector has emerged as the largest and the fastest growing sector. Services sector remains the key driver of India's economic growth. During the last one and a half decades, agriculture sector's contribution to GDP had witnessed a continuous fall and that of industry became static. In contrast, services sector witnessed a remarkable rise; its share in GDP increased from 43 per cent in 1990-91 to 54 per cent in 2008-09. Services sector was contributing almost 66.1 per cent of its Gross Value Added (GVA) in 2015-16. Interestingly, the services sector has the highest share at 54.6 per cent in the Gross Capital Formation (GCF) of Rs. 35.4 lakhs in 2013-14. This sector is the important net foreign exchange earner and the most attractive sector for Foreign Direct Investment (FDI) inflows in the economy.

Over the three or four decades we found structural change in the economies of most countries, including developing countries and it led to an ever-increasing role of services in production and employment. Because of technological advancement many services easily become tradable. Outsourcing of services supply is helpful to increasing international cooperation and work sharing and progressive liberalisation of services at the national as well as international levels. They are generating new markets for different kinds of services around the world. Services are also an input to industrial production and trade.

In this study researcher has tried to focus on leading exporters and importers in world trade in commercial services during 2000 to 2020 and to analyse the India's position in commercial services trade.

OBJECTIVES OF THE STUDY

1. To study the leading exporters in world commercial services trade
2. To study the leading importers in world commercial services trade
3. To analyse India's position in commercial services trade

RESEARCH METHODOLOGY OF THE STUDY

-This study is purely depending on secondary data. Data is collected from various reference books, research articles, Journals and websites. For analysis researcher used descriptive and analytical research methods.

LEADING EXPORTERS IN WORLD COMMERCIAL SERVICES TRADE

Here researcher explained top ten leading countries in exports and imports of commercial services in world and India's and world position in exports and imports of commercial services in 2000, 2010 and 2020. Here we compared leading countries, India and world value in US billion dollars, share and annual change in percentage.

Table: 1.0 Leading Exporters and Importers in World Trade in Commercial Services, 2000 (Value in US \$ billion dollars, share and annual change in percentage)

Rank	Exporters	Value	Share	Annual % change	Rank	Importers	Value	Share	Annual % change
1	USA	274.6	19.1	10	1	USA	198.9	13.8	13
2	UK	99.9	7.0	-3	2	Germany	132.3	9.2	0
3	France	81.2	5.7	0	3	Japan	115.7	8.1	1
4	Germany	80.0	5.6	1	4	UK	82.1	5.7	-1
5	Japan	68.3	4.8	13	5	France	61.5	4.3	-2
6	Italy	56.7	4.0	-6	6	Italy	55.7	3.9	-3
7	Spain	53.0	3.7	0	7	Netherlands	51.1	3.6	2
8	Netherlands	52.3	3.6	-1	8	Canada	41.9	2.9	9
9	Hong Kong, China	42.1	2.9	4	9	Belgium-Luxembourg	38.3	2.7	6
10	Belgium-Luxembourg	42.0	2.9	4	10	China	35.9	2.5	16
22	India	17.6	1.2	26	19	India	19.9	1.4	16
	World	1435	100.0	6		World	1435	100.0	6

Source: World Trade Statistical Review, 2001

Leading exporters and importers in world trade in commercial services in 2000 and in 2020 shown in Table 1.0, Table 2.0. In 2000 leading countries exports of commercial services value was from US \$ 42 to US \$ 275 billion. Exports of commercial services value of USA was US \$ 274.60 billion in 2000 and its share was 19% in world exports of commercial services. It increased to US \$ 684 billion in 2020 but its share was decreased to 17.2%. There was US \$ 409 billion growth in value of USA. Rank of USA in leading export countries was first in 2000, 2010 and second in 2020. Exports of commercial services value of UK was US \$ 99.90 billion in 2000 and its share was 7% in world exports of commercial services. It increased to US \$ 339 billion in

2020 but its share was increased to 8.5%. There was US \$ 239 billion growth in value of UK. Rank of UK in leading export countries was second in 2000 and third in 2010 and 2020. Exports of commercial services value of France was US \$ 81.2 billion in 2000 and its share was 5.7% in world exports of commercial services. It increased to US \$ 143 billion in 2010 but its share was decreased to 3.9%. There was US \$ 61.8 billion growth in value of France. Rank of France in leading export countries was third in 2000, fifth in 2010. Exports of commercial services value of Germany was US \$ 80 billion in 2000 and its share was 5.6% in world exports of commercial services. It increased to US \$ 232 billion in 2010 its share was increased to 6.3%. There was US \$ 52 billion growth in value of Germany. Rank of Germany in leading export countries was fourth in 2000, and second in 2010. Exports of commercial services value of Japan was US \$ 68.3 billion in 2000 and its share was 4.8% in world exports of commercial services. It increased to US \$ 156 billion in 2020 but its share was decreased to 3.9%. There was US \$ 87.7 billion growth in value of Japan.

Table: 2.0 Leading Exporters and Importers in World Trade in Commercial Services, 2020 (Value in US \$ billion dollars, share and annual change in percentage)

Rank	Exporters	Value	Share	Annual % change	Rank	Importers	Value	Share	Annual % change
1	USA	684.0	13.9	-20	1	USA	436.0	9.5	-23
2	UK	339.0	6.9	-16	2	China	378.0	8.2	-24
3	Germany	305.0	6.2	-11	3	Germany	307.0	6.7	-17
4	China	278.0	5.7	-1	4	Ireland	296.0	6.4	-11
5	Ireland	262.0	5.3	6	5	France	232.0	5.0	-14
6	France	245.0	5.0	-17	6	UK	201.0	4.4	-26
7	India	203.0	4.1	-5	7	Japan	183.0	4.0	-11
8	Singapore	187.0	3.8	-14	8	Singapore	172.0	3.8	-17
9	Netherlands	186.0	3.8	-32	9	Netherlands	169.0	3.7	-36
10	Japan	156.0	3.2	-23	10	India	153.0	3.3	-14
	World	4914	100.0	-20		World	4596	100.0	-21

Source: World Trade Statistical Review, 2021

Rank of Japan in leading export countries was fifth in 2000, sixth in 2010 and seventh 2020. Exports of commercial services value of Italy was US \$ 56.7 billion in 2000 and its share was 4% in world exports of commercial services. It was not among top ten leading

exporters of commercial services in 2010 and 2020. Rank of Italy in leading export countries was sixth in 2000. Exports of commercial services value of Spain was US \$ 53 billion in 2000 and its share was 3.7% in world exports of commercial services. It increased to US \$ 123 billion in 2010 but its share was marginal decreased to 3.3%. It was not among top ten leading exporters of commercial services in 2020. There was US \$70 billion growth in value of Spain. Rank of Spain in leading export countries was seventh in 2000 and eighth in 2010. Exports of commercial services value of Netherlands was US \$ 52.3 billion in 2000 and its share was 3.6% in world exports of commercial services. It increased to US \$ 113 billion in 2010 but its share was 3.7%. There was US \$ 60.7 billion growth in value of Netherlands. Rank of Netherlands in leading export countries was eighth in 2000, ninth 2010. Exports of commercial services value of Hong Kong, China was US \$42.1 billion in 2000 and its share was 2.9% in world exports of commercial services. It was not among top ten leading exporters of commercial services in 2010 and 2020. Rank of Hong Kong, China in leading export countries was ninth in 2000. Exports of commercial services value of Belgium-Luxembourg was US \$ 42 billion in 2000 and its share was 2.9% in world exports of commercial services. It was not among top ten leading exporters of commercial services in 2010 and 2020. Rank of Belgium-Luxembourg in leading export countries was tenth in 2000. Exports of commercial services value of China was US \$ 170 billion in 2010 and its share was 4.6% in world exports of commercial services. It was not among top ten leading exporters of commercial services in 2000. It increased to US \$ 278 billion in 2020 and its share was increased to 7%. There was US \$108 billion growth in value of China. Rank of China in leading export countries was fourth in 2010 and in 2020. Exports of commercial services value of Singapore was US \$ 112 billion in 2010 and its share was 3% in world exports of commercial services. It was not among top ten leading exporters of commercial services in 2000. It increased to US \$ 187 billion in 2020 its share was increased to 4.7%. There was US \$ 75 billion growth in value of Singapore. Rank of Singapore in leading export countries was tenth in 2010 and sixth in 2020. Exports of commercial services value of European Union extra-trade exports was US \$ 983 billion in 2020 and its share was 24.7% in world exports of commercial services. It was not among top ten leading exporters of commercial services in 2000 and 2010. Rank of European Union extra-trade exports in leading export countries was first in 2020.

When we compare India's position with top ten leading export

countries of commercial services we found that, exports of commercial services value of India was US \$ 17.6 billion in 2000 and its share was 1.2% in world exports of commercial services. It increased to US \$ 203 billion in 2020 its share also increased to 5.1%. There was US \$ 185.4 billion growth in value of India. Rank of India in leading export countries of commercial services was twenty second in 2000, seventh in 2010 and fifth in 2020. India has progressed regarding exports of commercial services during 2000 to 2020. Its rank was 22nd in 2000 but by growth in services exports its share upgraded to seventh in 2010 and fifth in 2020. In 2000 as compare to other leading export countries and world, India's annual percentage change was highest, 26%. It was increased to 33% in 2010; this is also highest as compare to leading export countries and world.

Exports of commercial services value of world was US \$ 1435 billion in 2000 and its annual percentage change was 6% in 2000. It increased to US \$ 3977 billion in 2020 its annual percentage change was decreased to -21% in 2020. There was US \$ 2542 billion growth in world exports of commercial services value during 2000 to 2020.

LEADING IMPORTERS IN WORLD COMMERCIAL SERVICES TRADE:

Leading exporters and importers in world trade in commercial services in 2000 and 2020 shown in Table 1.0 and Table 2.0. In 2000 leading countries imports of commercial services value was from US \$ 36 to US \$199 billion. Imports of commercial services value of USA was US \$ 198.90 billion in 2000 and its share was 13.80% in world imports of commercial services. It increased to US \$ 436 billion in 2020 but its share was decreased to 11.7%. There was US \$ 237 billion growth in value of USA. Rank of USA in leading import countries was first in 2000, 2010 and second in 2020. As compare to exports of commercial services value and share we see that imports of commercial services value and share was less of USA. Imports of commercial services value of Germany was US \$ 132.3 billion in 2000 and its share was 9.2% in world imports of commercial services. It increased to US \$ 260 billion in 2010 but its share was decreased to 7.4%. There was US \$ 127.7 billion growth in value of Germany. Rank of Germany in leading import countries was second in 2000, 2010. As compare to exports of commercial services value and share of Germany, we see that imports of commercial services value and share were high. Imports of commercial services value of Japan was US \$ 115.70 billion in 2000 and its share was 8.1% in world imports

of commercial services. It increased to US \$ 183 billion in 2020 but its share was decreased to 4.9%. There was US \$ 67.3 billion growth in value of Japan. Rank of Japan in leading import countries was third in 2000, fifth in 2010 and 2020. As compare to exports of commercial services value and share of Japan, we see that imports of commercial services value and share and rank were high. UK's value, share and rank in imports of commercial services were less as compare to its value, share and rank in exports of commercial services. Imports of commercial services value of UK was US \$ 82.1 billion in 2000 and its share was 5.7% in world imports of commercial services. It increased to US \$ 201 billion in 2020 but its share was decreased to 5.4%. There was US \$ 118.9 billion growth in value of UK. Rank of UK in leading import countries was fourth in 2000, 2010 and 2020. Value, share and rank in imports of commercial services were less of France, except rank in 2020, as compare to its value, share and rank in exports of commercial services. Imports of commercial services value of France was US \$ 61.5 billion in 2000 and its share was 4.3% in world imports of commercial services. It increased to US \$ 129 billion in 2010; its share was decreased to 3.7%. There was US \$ 67.5 billion growth in value of France. Rank of France in leading import countries was fifth in 2000, sixth in 2010. Value and share was less and rank was equal of Italy in imports of commercial services in 2000 as compare to its value, share and rank in exports of commercial services. Imports of commercial services value of Italy was US \$ 55.70 billion in 2000 and its share was 3.9% in world imports of commercial services. It increased to US \$ 108 billion in 2010 but its share was decreased to 3.1%. There was US \$ 52.3 billion growth in value of Italy. Rank of Italy in leading import countries was sixth in 2000 and ninth in 2010. In 2020 Italy was not among top ten leading countries in imports of commercial services. Imports of commercial services value of Netherlands was US \$ 51.1 billion in 2000 and its share was 3.6% in world imports of commercial services. It increased to US \$ 106 billion in 2010 but its share was marginal decreased to 3.0%. There was US \$ 54.9 billion growth in value of Netherlands. Rank of Netherlands in leading imports countries was seventh in 2000 and tenth in 2010. Value, share and rank in imports of commercial services were less of Netherlands, except rank in 2000, as compare to its value, share and rank in exports of commercial services. Canada was not among top ten countries in exports of commercial services and among top ten countries in imports of commercial services in 2010. Imports of commercial services value of Canada was US \$ 41.9 billion in 2000 and its share was 2.9% in world imports of commercial services.

It increased to US \$ 90 billion in 2020 but its share was marginal decreased to 2.4%. There was US \$ 48.1 billion growth in value of Canada. Rank of Canada in leading imports countries was seventh in 2000 and tenth in 2020. Imports of commercial services value of Belgium-Luxembourg was US \$ 38.3 billion in 2000 and its share was 2.7% in world imports of commercial services. Its value and share was less as compared to its value and share in exports of commercial services. China was not among top ten leading countries in exports of commercial services in 2000. Imports of commercial services value of China was US \$ 35.9 billion in 2000 and its share was 2.5% in world imports of commercial services. It increased to US \$ 378 billion in 2020 and its share was also increased to 10.1%. There was US \$ 342.1 billion growth in value of China. Rank of China in leading import countries was tenth in 2000, third in 2010 and 2020. We found high progress of China regarding value, share and rank. Imports of commercial services value of Ireland was US \$ 108 billion in 2010 and its share was 3.1% in world imports of commercial services. Rank of Ireland in leading import countries was eighth in 2010. Imports of commercial services value of Singapore was US \$ 172 billion in 2020 and its share was 4.6% in world imports of commercial services. Rank of Singapore in leading imports countries was sixth in 2020. Singapore was not among top ten leading countries in imports of commercial services in 2000 and 2010. Imports of commercial services value of Korea, Republic of was US \$ 102 billion in 2020 and its share was 2.7% in world imports of commercial services. Rank of Korea, Republic in leading imports countries was ninth in 2020. Korea, Republic was not among top ten leading countries in imports of commercial services in 2000 and 2010.

When we compare India's position with top ten leading import countries of commercial services we found that, imports of commercial services value of India was US \$ 19.9 billion in 2000 and its share was 1.4% in world imports of commercial services. It increased to US \$ 153 billion in 2020 its share also increased to 4.1%. There was US \$ 133.1 billion growth in value of India. Rank of India in leading import countries was nineteenth in 2000, seventh in 2010 and 2020. India has less progressed regarding imports of commercial services, as compare to exports of commercial services during 2000 to 2020. Its rank was 19th in 2000 but by growth in services imports its rank upgraded to seventh in 2010 and 2020. In 2000 as compare to other leading import countries and world, except China, India's annual percentage change was highest, 16%. It was increased to 45% in 2010; this is also highest as compare to leading import countries and world.

Imports of commercial services value of world was US \$ 1435 billion in 2000 and its annual percentage change was 6% in 2000. It increased to US \$ 3510 billion in 2010 its annual percentage change was also increased to 9% in 2010. World imports of commercial services value was increased to US \$ 3729 billion in 2020 and its annual percentage change decreased to minus 22 in 2020. There was US \$ 2294 billion growth in world imports of commercial services value during 2000 to 2020.

Conclusions:

✓ We found regarding leading countries exports and imports of commercial services,

- In 2000, among leading exporters share in world exports of commercial services was highest of USA which was 19.1 per cent and lowest share was of Hong Kong, China and Belgium-Luxembourg which was 2.9 per cent.
- In 2000, among leading exporters highest growth rate was of Japan which was 13.0 per cent and lowest growth rate was of Italy which was -6.0 per cent.
- In 2010, among leading exporters share in world exports of commercial services was highest of USA which was 14.0 per cent and lowest of share was of Singapore which was 3.0 per cent.
- In 2010, among leading exporters of highest growth rate was of India which was 33.0 per cent and lowest growth rate was of UK which was -1.0 per cent.
- In 2020, among leading exporters share in world exports of commercial services was highest of European Union (extra trade exports) which was 24.7 per cent and lowest of share was of Canada which was 2.10 per cent.
- In 2020, among leading exporters less negative growth rate was of China which was minus 1 per cent and highest negative growth rate was of Japan which was minus 23.0 per cent.
- In 2000, among leading importers share in world imports of commercial services was highest of USA which was 13.80 per cent and lowest share was of China which was 2.5 per cent.
- In 2000, among leading importers highest growth rate was of

China which was 16.0 per cent and lowest growth rate was of Italy which was -3.0 per cent.

- In 2010, among leading importers share in world imports of commercial services was highest of USA which was 10.20 per cent and lowest share was of Netherlands which was 3.0 per cent.
- In 2010, among leading importers highest growth rate was of India which was 45.0 per cent and lowest growth rate was of Netherlands which was -1.0 per cent.
- In 2020, among leading importers share in world imports of commercial services was highest of European Union (extra trade imports) which was 24.60 per cent and lowest share was of Canada which was 2.4 per cent.
- In 2020, among leading importers less negative growth rate was of Switzerland which was minus 7 per cent and highest negative growth rate was of UK which was minus 26.0 per cent.

India has both export and import interest in services. With a huge pool of English speaking skilled workforce available at competitive prices, India has created a niche for itself in export of knowledge-based services such as software services and engineering services. India need foreign investment and best management practices in infrastructure services. By country, the US is the largest export destination followed by the UK and other European countries and other English speaking countries like Canada. India imports bulk of its services from the US, the UK, Australia, Germany, Japan, France and Korea.

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