

# Services trade surplus drops to 3-qtr low in Q1

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India's services trade surplus fell to \$36.4 billion in the April-June quarter of 2023-24, the lowest in three quarters, as services export growth slowed down amid the economic downturn in developed economies.

Data released by the Reserve Bank of India (RBI) showed that India's services exports grew by 6.6 per cent to \$80.8 billion, while services imports contracted 1.4 per cent to \$44.4 billion during the same period.

In 2022-23, India's services exports had shot up by a record 26.6 per cent to \$322 billion, thus closing the gap with merchandise exports that grew only 6 per cent to \$447 billion in the same period.

India rose to the seventh position in the ranking of services traders in 2022, boosted by exports of computer services, according to the World Trade Organization (WTO) data. According to the latest World Trade Statistical Review

released on Monday, during the January-April period of 2023, travel services exports from India increased a whopping 206 per cent. While commercial services (23 per cent) and other services (20 per cent) rose significantly, transport services (minus 15 per cent) fell during the same period.

The WTO data showed that the share of India's merchandise exports rose to 1.9 per cent in 2022 from 0.8 per cent in 2003, while China's share rose to 14.8 per cent from 5.9 per cent during the same period.

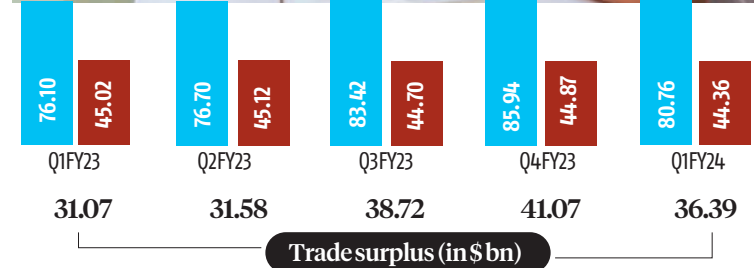
The share of India's merchandise imports rose to 2.9 per cent in 2022 from 1 per cent in 2003, while China's share increased to 10.8 per cent from 5.4 per cent during the same period. Services exports range from information technology to services provided by doctors and nurses abroad.

While the RBI doesn't release

monthly disaggregated services exports data, its classification of services exports released quarterly with the balance of payment data includes transport, travel, construction, insurance and pensions, financial services, telecommunications, computer and information services, and personal, cultural, and recreational services, and other business services.

While software exports dominate India's services exports, 'other business services' exports have seen a strong ramp-up recently due to the mushrooming of global capability centres. This category includes legal services; accounting, auditing, bookkeeping, and tax consultancy services; management consulting, managerial, and public relations services; and advertising, market research, and public opinion polling services.

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Source: Reserve Bank of India