

Services exports rise record 27% in FY23

Services imports grow 22%; surplus at \$142 bn

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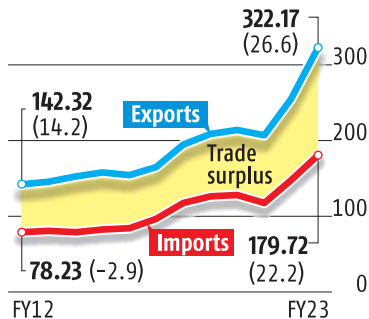
India's services exports shot up by a record 26.6 per cent in 2022-23 (FY23) to \$322 billion, according to data released by the Reserve Bank of India (RBI) on Tuesday, thus closing the gap with merchandise exports that grew only 6 per cent to \$447 billion in the same period.

Services imports, on the other hand, grew 22.2 per cent to \$179.7 billion, leading to a services trade surplus of \$142.5 billion. With a \$267 billion merchandise trade deficit in the last financial year, the country ended up with a cumulative trade deficit (or net exports) of \$124.5 billion.

India's services exports range from information technology (IT) 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 balance of payment data includes transport, travel, construction, insurance and pensions, financial services, telecommunications, computer and information services, and

TRACKING SERVICES TRADE TREND (in \$ billion)

Figures in brackets YoY chg (in %) 400



Source: RBI

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, accounting for 24 per cent of the total services exports in the first nine months (April-December) of FY23, from 19 per cent in FY14. Turn to Page 6 ▶

by IDBI Bank.

Civil Aviation Minister Jyotiraditya Scindia spoke in defence of the airline. "It is unfortunate that this operational bottleneck has dealt a blow to the airline's financial position. The government of India has been assisting the airline in every possible manner. The issue has also been taken up with the stakeholders involved."

Exports rise...

This category includes legal services; accounting, auditing, book-keeping, tax consultancy services; management consulting, managerial and public relations services; and advertising, market research, and public opinion polling services. Kotak Institutional Equities in a report released in April said that expanding global capability centres (GCC) in India were driving growth in business services. "India's large supply of requisite labour pool and large wage differential with

developed markets will likely provide adequate labour supply for growth in business services exports from India. The top-down macro factors look very favourable. Meanwhile, we await more clarity on the bottom-up composition of these exports, given the sharp jump in exports over the past few quarters," it added.

While global headwinds have severely dented merchandise exports, experts believe services exports may also be adversely impacted during FY24.

The government has set a target of \$2 trillion combined exports of goods and services by 2030. According to the World Trade Organization data for 2021, India has a share of 4 per cent in global commercial services exports and 3.52 per cent in global commercial services imports. In merchandise trade, India has a share of 1.77 per cent in world exports and 2.54 per cent in world imports.

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