**Report on**

# Service Exports Reporting Form

**DG**CIS

**Directorate General of Commercial Intelligence and Statistics**
**Ministry of Commerce and Industry**
**Government of India**

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# Service Exports Reporting Form

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**Index**

## Acronyms

| | |
|---|---|
| DGCIS | Directorate General of Commercial Intelligence and Statistics |
| DOC | Department of Commerce |
| DTA | Domestic Tariff Area |
| EXIM | Export Import |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act |
| FTP | Foreign Trade Policy |
| FY | Financial Year |
| GATS | General Agreement on Trade in Services |
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross Domestic Product |
| GST | Goods and Services Tax |
| GVA | Gross Value Added |
| HSN | Harmonized System of Nomenclature |
| ICT | Information and Communication Technology |
| INR | Indian Rupee Rate |
| IT | Information Technology |
| ITRS | International Transaction Reporting System |
| MAI | Market Access Initiative |
| MDA | Market Development Assistance |
| MoC | Ministry of Commerce and Industry |
| MSITS | Manual on Statistics of International Trade in Services 2010 |
| NSDL | National Securities Depository Limited |
| OECD | Organisation for Economic Co-operation and Development |
| Q1 | Quarter 1 |
| Q2 | Quarter 2 |
| Q3 | Quarter 3 |
| RBI | Reserve Bank of India |

| | |
|---|---|
| SAC | Service Accounting Code |
| SCC | Service Classification Code |
| SERF | Service Export Reporting Form |
| SEZ | Special Economic Zone |
| SFTP | Secured File Transfer Protocol |
| STPI | Software Technology Parks of India |
| UNCTAD | United Nations Conference on Trade and Development |
| USD | United States Dollar |
| WCO | World Customs Organization |
| WTO | World Trade Organisation |
| RPG | Role-Playing Games |

## Chapter 1
## Introduction

### 1.1 Export in Services

Exports of services means the sales of services provided to non-resident importers. It corresponds to the services for which payment is made directly to an enterprise by a non-resident entity (including a foreign affiliate of the enterprise). Exports include services provided by an enterprise or its employees working abroad, or some other resident entity on whose behalf the enterprise receives payment. Exports exclude services that are provided to non-residents by the enterprise and paid for through other unrelated resident entities.

Today, Services have become more tradable and are being more traded. In fact, Services exports contribute significantly to Indian economy. In terms of Gross Value Added (GVA) at current prices, the export of goods and services together is negative in 2019-20 over 2018-19 but the export of service is still positive. The export of goods has shown a decline of 3.1% in 2019-20 over 2018-19 whereas the export of service has shown a growth of 3.8%. *(Press Note on First Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation for 2019-20, National Statistical Office, Ministry of Statistics and Programme Implementation)*

On comparing over period, the growth of export of services was only 3.8% in 2019-20 over 2018-19 whereas the growth was 15.8% in 2018-19 over 2017-18, 14.2% in 2017-18 over 2016-17. *(Press Note on First Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation for 2019-20, National Statistical Office, Ministry of Statistics and Programme Implementation)*

Services are intangible, because of their character. Trade in services has more constraints than trade in goods. That's why the need to generate disaggregated level services trade data has increased significantly but the statistical system for classifying and capturing these international transactions lags behind.

Trade in goods, i.e. export of goods has a simple clause that it needs to cross the boundaries of the country. However, services need not necessarily cross the borders of a country for trade to take place. This makes it a challenge to measure export in services. In several cases, services are consumed abroad. On the other hand, there are a number of services that require the physical proximity of supplier & customer, means they are non-transportable like availing the service of barber where the customer has to visit a barber shop.

The Export of Service rules owes its origin to GATT (General agreement on Tariffs and Trade). In the early 1970's, a need was felt to regulate the rules in certain areas like agriculture, services, IPR, etc., across the world. Hence in the 8th round of GATT i.e. the Uruguay Round, negotiations were carried on in the area of Services which led to the General Agreement on Trade in Services (GATS). The GATS constitutes the first set of legally enforceable disciplines and rules at the multilateral level established to cover international trade in services. To tackle the complexity involved in trade in services, GATS defines services in four different types of modes:

Mode 1: Cross-border supply- services supplied from the territory of one country into the territory of another,

Mode 2: Consumption abroad - services supplied in the territory of a nation to the consumers belonging to another nation,

Mode 3: Commercial Presence - services supplied through any type of business or professional establishment of one country in the territory of another (i.e., FDI), and

Mode 4: Presence of natural person – services supplied by nationals of a country in the territory of another.

A veritable source of information for all matters related to measuring of service statistics is the Manual on Statistics of International Trade in Services 2010 (MSITS) which has been brought out by United Nations Statistical Commission in collaboration with bodies like Eurostat, OECD, WTO etc.

In the recent years, the Government of India has taken some important step for the improvement of service-based export. The Foreign Trade Policy included setting up of Services Export Promotion Council for promoting the Indian service sector in the foreign market. Government of India has also introduced Market Development Assistance (MDA), Market Access Initiative (MAI) scheme, proactive EXIM Policy and EXIM Bank schemes. Government also provides exemption on service tax for export of consultancy services.

**1.2 Export in Services of Information and Communications Technologies (ICTs)**

Information and communications technologies (ICTs) have emerged as the main enabling factors in the export of services across the world. ICT and ICT enabled services are the major contributing factor to services exports in India as per RBI data. Telecommunication, Computer & Information Services along with Other Business Services account for about 90% of service exports value in 2020-21. Services trade is evolving from basic call centres, simple software coding, and generation of digital content to more complex business process such as system design and R&D (UNCTAD, 2009, 2012). It is, therefore, crucial that policymakers gain the ability to characterize and quantify services imports and exports in more detail and with more precision than the current statistical system allows. India, with its rapid growth in the ICT sector coupled with the dominant position it holds in world services trade, is no exception to this demand.

ICT-enabled services, as defined by UNCTAD, are "services products delivered remotely over ICT networks". This has been used for the purpose of collection of information in the present survey. The following 10 categories of services are identified as potentially ICT-enabled services:

    i.    Telecommunications
    ii.    Computer Services (including computer software)
    iii.    Sales and marketing services, not including trade and leasing services
    iv.    Information services

   v.   Insurance services
  vi.   Financial services
 vii.   Management, administration and back office services
viii.   Licensing services
  ix.   Engineering, related technical services and R&D
   x.   Education and training services.

## 1.3 Data Sources for export of services in India

### Reserve Bank of India (RBI)

In India, the Reserve Bank of India (RBI) is the agency compiling & disseminating services trade data. It publishes data on services trade in its regular publication, 'Reserve Bank of India Bulletin' on the basis of information collected through the International Transaction Reporting System (ITRS) implemented under the Foreign Exchange Management Act (FEMA). Apart from this, the RBI has also been conducting annual surveys on (i) Computer Software & Information Technology Enabled Services Exports' since 2002-03 and (ii) International Trade in Banking services to enable compilation of disaggregated level statistics of trade in services for these two sectors.

### Special Economic Zone (SEZ)

A Special Economic Zone is a dedicated zone wherein businesses enjoy tax and easier legal compliances. SEZs are located within a country's national borders. However, they are treated as a foreign territory for tax purposes. In India, the SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February, 2006, providing for drastic simplification of procedures and for single window clearance on matters relating to central as well as state governments. The main objectives of the SEZ Act are:

- generation of additional economic activity
- promotion of exports of goods and services
- promotion of investment from domestic and foreign sources
- creation of employment opportunities
- development of infrastructure facilities

Services exports are a significant portion of overall exports from SEZs. The SEZ Units are exporting various types of services such as Software, Support, ITeS, Research, Maintenance, Logistics, and Warehousing etc.

### Software Technology Parks of India (STPI)

Software Technology Parks of India was established and registered as an Autonomous Society under the Societies Registration Act 1860, under the Ministry of Electronics and Information Technology, (the then Department of Electronics) Government of India on 5th June 1991 with an objective to implement STP Scheme,

set-up and manage infrastructure facilities and provide other services like technology assessment and professional training.

SEZ and Software Technology Parks of India (STPI) are the also the key agencies for generating national level service sector exports figure for ICT enabled services on regular basis.

## 1.4 Formation and Objective of SERF Committee

Previously there was no structured mechanism for collection of information about the service exports being done by Special Economic Zone (SEZ) Units. Softex Forms prescribed by RBI do not cover the entire gamut of services and filing timelines result in delay in compilation of data for reporting. In order to compile information, it was manually collected by Specified Officer from Zones and this information is only aggregated, summarized information.

In order to identify the mechanism to facilitate and ensure, collection of structured, comprehensive information in a timely manner, a Committee was formed by SEZ Division, Ministry of Commerce and Industry, under Chairmanship of Shri L B Singhal (Development Commissioner, Noida SEZ) and with members from Reserve Bank of India (RBI), Director General of Commercial Intelligence & Statistics (DGCI&S), Software Technology Parks of India (STPI) and NSDL to formulate a process for reporting of all Service Exports being performed by SEZ entities in 2018.

The objective of forming the committee was ensuring comprehensive reporting of all Service Export Invoices. The Committee considered the issues and recommended that an online facility needs to be provided to all SEZ Units to report the details of all service exports on a monthly basis through SEZ Online System. The recommendation of the committee was accepted by SEZ Division, Ministry of Commerce and Industry and NSDL was requested to implement the same. The SERF module was developed and made effective from September 2018.

## SERF module features

Some important features of the SERF module are detailed below:

- It is a completely online form and does not require submission of signed documents (unless specifically requested by DC Office).
- The module primarily relies upon Self-Declaration framework for developing estimates of overall exports from services sector.
- It will enable all SEZ entities to submit details of all Service Export Invoices issued during previous month.

## Service Export Reporting Form Format

The Service Export Reporting Form along with detailed information on the variables involved is at Annex I. The SERF has been divided into four section/ parts, viz. Part A - General Information Section, Part B - Service Exports (IT & IT enabled

Services), Part C - : Service Exports other than IT & IT enabled Services, and Part D - Exporter Declaration.

## 1.5 Service Accounting Codes (SAC) or Service Classification Codes (SCC)

SAC (Services Accounting Code) are used for the identification of the service. Like goods, services are also classified uniformly for recognition, measurement and taxation. Codes for services are called SAC or SCC. SERF uses the SAC provided under the GST regime. The reporting units are required to map the services being exported with the applicable SAC or SCC. The codes are available at 6 digit level. The number of codes at 5-digit level are around 52.

## 1.6 Data from SEZ & STPI – Current Scenario

All kinds of service exports taking place through SEZ or STPI or DTA units are being captured through SERF and the whole data, irrespective of whether they are ICT enabled or otherwise, available with SEZ or STPI are being shared with DGCIS. However, the service exports by units not registered under anyone of them cannot be captured currently.

SEZ shared the final data with only positive values for the financial year 2020-21. STPI and SEZ shares the monthly data. Presently monthly data is shared with DGCI&S from STPI and SEZ through email and soon a secured file transfer protocol (SFTP) to share the data on monthly basis would be set up by STPI and SEZ.

This report is based on the data provided by SEZ and STPI for financial year 2020-21. A broad summary is given below:

| Total Count of Records and Total value in Rs. Cr. for FY 2020-21 from SEZ and STPI | | | | |
|---|---|---|---|---|
| **Type** | **Count** | **Value (Rs. Cr.)** | **% Share in Records** | **% Share in Value** |
| **SEZ** | 2212476 | 519390.95 | 63.16 | 50.88 |
| **STPI** | 1290435 | 501337.67 | 36.84 | 49.12 |
| **Total** | **3502911** | **1020728.62** | **100.00** | **100.00** |

**Chapter 2**
**Software Services**

DGCIS identified seven codes as software services codes among the list of SCC/SAC codes. They are as below:

| Service Classification Codes for Software | Service Classification Code Description |
|---|---|
| 997331 | Licensing services for the right to use computer software and databases. |
| 998313 | Information technology (IT) consulting and support services |
| 998314 | Information technology (IT) design and development services |
| 998315 | Hosting and information technology (IT) infrastructure provisioning services |
| 998316 | IT infrastructure and network management services |
| 998319 | Other information technology services n.e.c |
| 998434 | Software downloads |

This chapter concentrates on the exports of software services (at 6-digt level) done through SEZ and STPI based on the 7 identified codes.
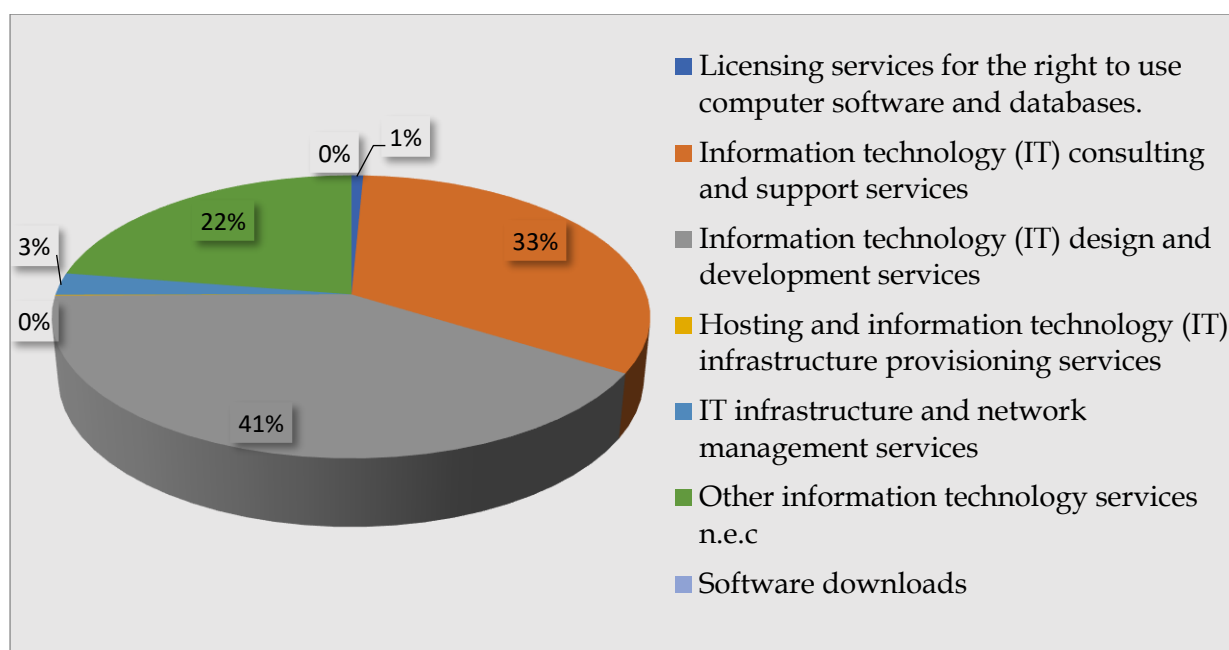
**2.1 Export of Software Services captured through SERF**

Out of the total exports reported by SEZ and STPI, % share in value of the 7 identified codes i.e software exports is about 85%.It may be noted in this context that in SEZ, 998313, 998314, 998315, 998316 & 998319 are reported only in 6-digit but 99733 (Licensing services for the right to use intellectual property and similar products) & 99843 (On-line content services) are reported in 5-digit level. STPI however reports all of the 7 codes at 6-digit level. It is observed from services export data received from STPI in SERF format that more than 90% of Services export value within 99733 is attributed to software code 997331. Similarly, more than 90% of services export value within 99843 is attributed to software code 998434. Hence, the services export data received in code 99733 and 99843 from SEZ are aggregated at code level 997331 and 998434. This may result in slight overestimation of software export value in totality reported in the study.

The major contributors in the total value of exports of software services done through SEZ & STPI are IT design and development services and IT consulting and support services. Together they account for about 74% of the total value.

| Table 2.1.1: Value of Export (SEZ and STPI combined) of Software Services (7 SCC) | | | | |
|---|---|---|---|---|
| Sl. No. | Service Classification Codes for Software | Service Code Description | Value of Export in | |
| | | | INR (Million) | USD (Million) |
| 1 | 997331 | Licensing services for the right to use computer software and databases. | 63920.77 | 865.08 |
| 2 | 998313 | Information technology (IT) consulting and support services | 2868745.09 | 38714.57 |
| 3 | 998314 | Information technology (IT) design and development services | 3562313.72 | 48062.79 |
| 4 | 998315 | Hosting and information technology (IT) infrastructure provisioning services | 8331.60 | 112.28 |
| 5 | 998316 | IT infrastructure and network management services | 220062.31 | 2967.64 |
| 6 | 998319 | Other information technology services n.e.c | 1951064.05 | 26326.47 |
| 7 | 998434 | Software downloads | 716.07 | 9.66 |
| Total for 7 codes | | | **8675153.61** | **117058.48** |
| Total for all codes | | | **10207286.16** | **137717.78** |

**Chart 2.1.1: Percentage of Value of Export according to the 7 Service Classification Codes**

**2.2 Country-wise export of software services**

The major end user of the software services is the United States. The export of software services to the United States is 57%. The export of software services to the United Kingdom is only 12% and rest 31% to other countries. The Chart 2.2.1 represents the top 10 country-wise percentage of export of software services.

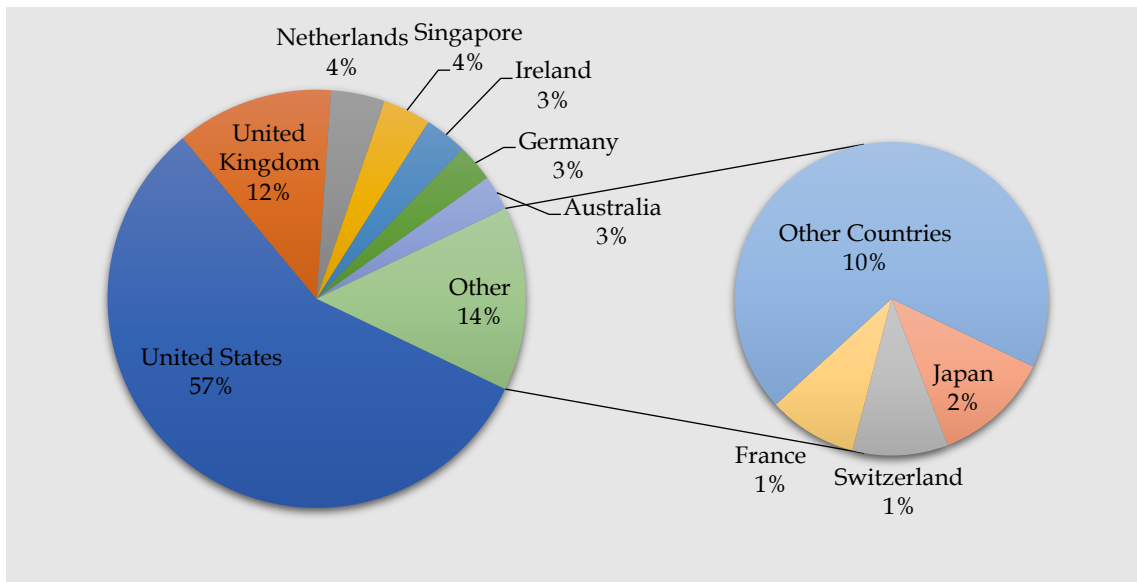**Chart 2.2.1: Country-wise (top 10) percentage of Export of Software Services**



| Table 2.2.1: Country-wise value of export (in INR and USD) for software services | | | |
|---|---|---|---|
| **Sl. No.** | **Country Name** | **Value of Export in** | |
| | | **INR (Million)** | **USD (Million)** |
| 1 | United States | 4931205.53 | 66553.58 |
| 2 | United Kingdom | 1054232.48 | 14213.88 |
| 3 | Netherlands | 361880.76 | 4891.73 |
| 4 | Singapore | 321597.82 | 4336.50 |
| 5 | Ireland | 289026.21 | 3895.74 |
| 6 | Germany | 249848.23 | 3374.90 |
| 7 | Australia | 234779.72 | 3164.22 |
| 8 | Japan | 148626.69 | 2007.57 |
| 9 | Switzerland | 121302.26 | 1635.10 |
| 10 | France | 113264.40 | 1527.23 |
| 11 | Other Countries | 849389.52 | 11458.02 |
| **All Countries** | | **8675153.61** | **117058.48** |

**2.3 Export of Software Services by Invoice Type**

The Invoice type of most of the exports of software services belong to Software Export (Offsite) (about 83% of value). The % of service exports other than IT and IT enabled services are almost negligible and % of royalty from export of software services is nearly zero. It may be noted here that Invoice Type "Service Exports Other than IT & IT enabled Services" for software services is reported only from SEZ.

| Table 2.3.1: Export of Software Services by Invoice Type | | |
|---|---|---|
| Invoice Type | Value of Export in | |
| | INR (Million) | USD (Million) |
| Software Exports (Offsite) | 7176269.22 | 96865.61 |
| Software Exports (Onsite) | 1326021.93 | 17871.20 |
| Service Exports Other than IT & IT enabled Services | 172331.32 | 2314.47 |
| Royalty from Software | 531.14 | 7.21 |
| **Total** | **8675153.61** | **117058.48** |

**Chart 2.3.1: Percentage of export of software services by invoice type**



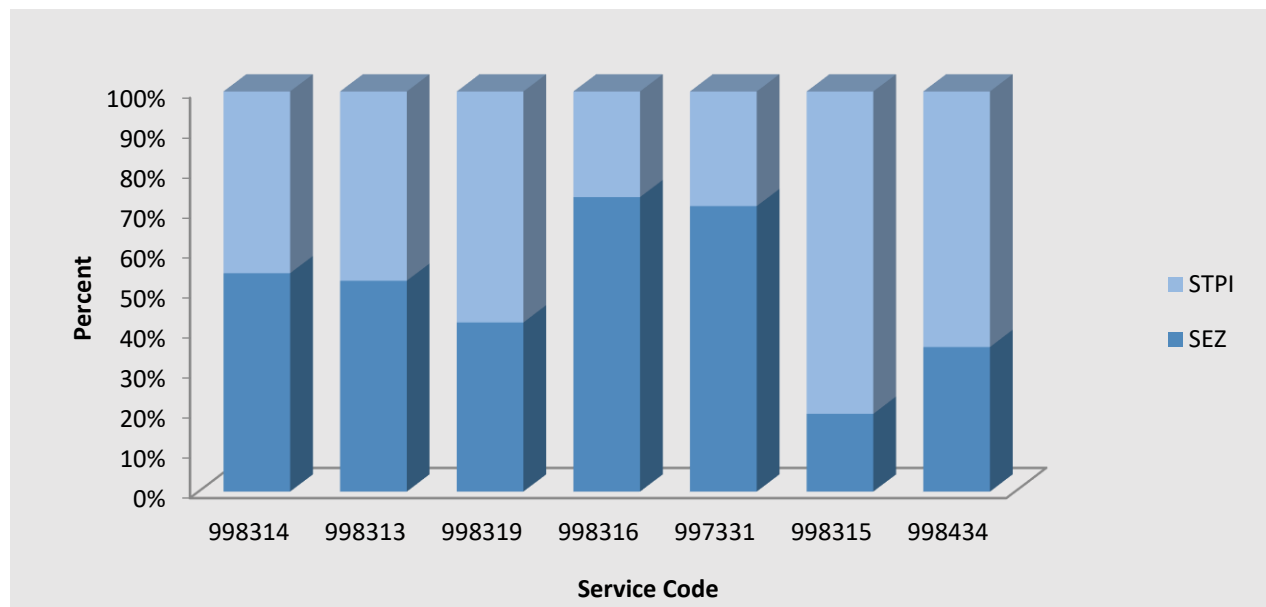*Note: Royalty from export of software services by invoice type is negligible.*

**2.4 Share of SEZ and STPI in Export of Software Services**

Chart 2.4.1 depicts that the share of SEZ in the total value of software export for the service codes 998316 (IT infrastructure and network management services), 997331 (Licensing services for the right to use computer software and databases), 998314 (Information technology (IT) design and development services) and 998313 (Information technology (IT) consulting and support services ) is more, whereas, for the service code 998315 (Hosting and information technology (IT) infrastructure provisioning services), 998434 (Software downloads), 998319 (Other information technology services n.e.c) the share of STPI is more.

Table 2.4.1, 2.4.2 and 2.4.3 shows the Value of Software Export for SEZ and STPI combined, SEZ and STPI respectively for the seven service codes, viz 998314, 998313, 998319, 998316, 997331, 998315, 998434 at 6 digit level.

**Chart 2.4.1: Percentage share of SEZ and STPI in Value of Software Exports**



| Table 2.4.1: Value of Software Exports – SEZ and STPI Combined | | | |
|---|---|---|---|
| Service Code | Service Code Description | Value In Export | |
| | | INR (In Million) | USD (In Million) |
| 998314 | Information technology (IT) design and development services | 3562313.72 | 48062.79 |
| 998313 | Information technology (IT) consulting and support services | 2868745.09 | 38714.57 |
| 998319 | Other information technology services n.e.c | 1951064.05 | 26326.47 |
| 998316 | IT infrastructure and network management services | 220062.31 | 2967.64 |
| 997331 | Licensing services for the right to use computer software and databases. | 63920.77 | 865.08 |
| 998315 | Hosting and information technology (IT) infrastructure provisioning services | 8331.60 | 112.28 |
| 998434 | Software downloads | 716.07 | 9.66 |
| **Total** | | **8675153.61** | **117058.48** |

| Table 2.4.2: Value of Software Exports - SEZ | | | |
|---|---|---|---|
| **Service Code** | **Service Code Description** | **INR (In Million)** | **USD (In Million)** |
| 998314 | Information technology (IT) design and development services | 1944583.12 | 26232.68 |
| 998313 | Information technology (IT) consulting and support services | 1512132.7 | 20402.78 |
| 998319 | Other information technology services n.e.c | 825154.16 | 11128.57 |
| 998316 | IT infrastructure and network management services | 161881.2 | 2184.04 |
| 997331 | Licensing services for the right to use computer software and databases. | 45566.26 | 617.19 |
| 998315 | Hosting and information technology (IT) infrastructure provisioning services | 1611.28 | 21.83 |
| 998434 | Software downloads | 258.51 | 3.49 |
| **Total** | | **4491187.23** | **60590.58** |

| Table 2.4.3: Value of Software Exports - STPI | | | |
|---|---|---|---|
| **Service Code** | **Service Code Description** | **INR (In Million)** | **USD (In Million)** |
| 998314 | Information technology (IT) design and development services | 1617730.60 | 21830.11 |
| 998313 | Information technology (IT) consulting and support services | 1356612.39 | 18311.79 |
| 998319 | Other information technology services n.e.c | 1125909.90 | 15197.90 |
| 998316 | IT infrastructure and network management services | 58181.11 | 783.59 |
| 997331 | Licensing services for the right to use computer software and databases. | 18354.51 | 247.89 |
| 998315 | Hosting and information technology (IT) infrastructure provisioning services | 6720.32 | 90.44 |
| 998434 | Software downloads | 457.56 | 6.17 |
| **Total** | | **4183966.39** | **56467.90** |

**Chapter 3**
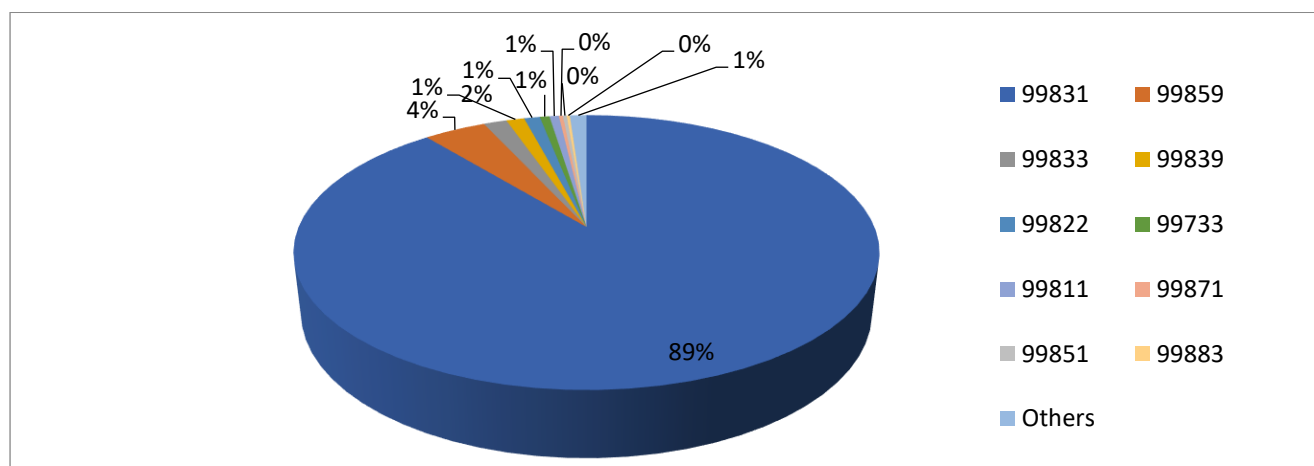**Export of Services at 5 Digit Service Accounting Code**

This chapter analyses the data at 5-digit level concentrating on total export of services including both software as well as other than software services.

**3.1 Export of Services including both software as well as other than software services (At 5 Digit Level)**

Table 3.1.1 shows the total value of export of Services including both software as well as non-software services (of top 10 SCC codes at 5-digit level) in INR million and USD million. It indicates that the more than 89% of value of export of services through SEZ and STPI is from Management consulting and management services; information technology services (Service code 99831), 4% is from other support services (Service code 99859) and 6% is from the rest. Detail description of the codes are given in Annexure-2.

| Table 3.1.1: Total Value of Export of Services (Including software and non-software) | | | | |
|---|---|---|---|---|
| Sl. No. | Service Code | Service Code Description | Value of Export in | |
| | | | INR(Million) | USD(Million) |
| 1 | 99831 | Management consulting and management services; information technology services. | 9089383.81 | 122643.44 |
| 2 | 99859 | Other support services | 419173.57 | 5654.03 |
| 3 | 99833 | Engineering services | 155974.27 | 2104.40 |
| 4 | 99839 | Other professional, technical and business services. | 122515.72 | 1642.41 |
| 5 | 99822 | Accounting, auditing and bookkeeping services | 105942.77 | 1430.27 |
| 6 | 99733 | Licensing services for the right to use intellectual property and similar products | 64775.55 | 876.58 |
| 7 | 99811 | Research and experimental development services in natural sciences and engineering. | 63922.02 | 861.14 |
| 8 | 99871 | Maintenance and repair services of fabricated metal products, machinery and equipment | 26651.77 | 359.16 |
| 9 | 99851 | Employment services including personnel search/referral service & labour supply service | 25805.22 | 348.30 |
| 10 | 99883 | Wood and paper manufacturing services | 21218.70 | 284.38 |
| 11 | Others | | 111922.76 | 1513.65 |
| Total | | | 10207286.16 | 137717.78 |

**Chart 3.1.1: Share of Value of Export of Services including non-software services of top 10 SCC codes (At 5 Digit Level)**
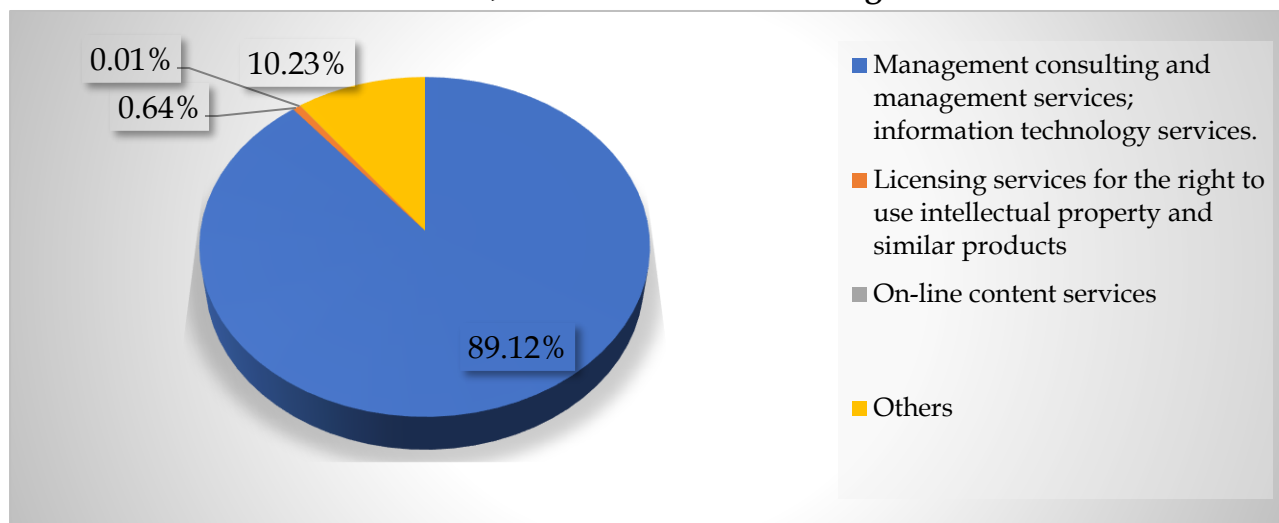


**3.2 Export of Services (those corresponding to 7 identified codes for software services)**

| Sl. No. | Service Code | Service Code Description | Value of Export in | |
|---|---|---|---|---|
| | | | INR (Million) | USD (Million) |
| 1 | 99831 | Management consulting and management services; information technology services. | 9089383.81 | 122643.44 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 64775.55 | 876.58 |
| 3 | 99843 | On-line content services | 922.84 | 12.45 |
| **Total** | | | **9155082.21** | **123532.47** |

Table 3.2.1: Value of Export of Services of 99831, 99733 and 99843 at 5 Digit Level (SEZ & STPI Combined)

It may be noted that 99831 comprises of seven 6-digit codes, 99733 comprises of nine 6-digit codes and 99843 comprises of five 6-digit codes. Out of these 21 codes, 7 codes have been identified at 6 -digit level as codes relevant to software services (997331, 998434, 998313, 998314, 998315, 998316, 998319, and 99834). These 7 identified codes, however, comprise of 95% of the total value of 21 codes.
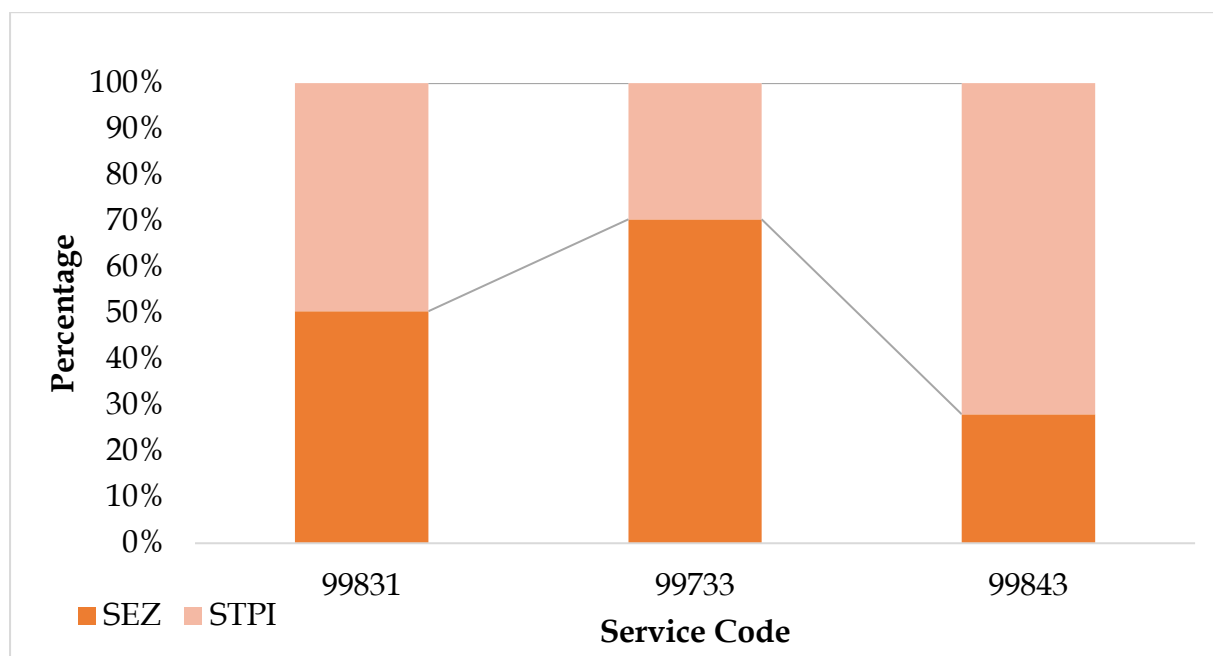
**Сhart 3.2.1 Share of 99831, 99733 and 99843 at 5-Digit level and the others**



## 3.3 Contribution of SEZ and STPI in Export of Total Services

Chart 3.3.1 depict that the value of export for the service code 99831 (Management consulting and management services; information technology services) has equal share from SEZ and STPI. Whereas for the service code 99733 (Licensing services for the right to use intellectual property and similar products), contribution from SEZ is more than the STPI and for service code 99843 (On-line content services), it is vice-versa.

**Chart 3.3.1: Source-wise Share of Export of Services of 99831, 99733 and 99843**

| Table 3.3.1: Value of Export of Services of 99831, 99733 and 99843 through SEZ | | | | |
|---|---|---|---|---|
| **Sl. No.** | **Service Code** | **Service Code Description** | **Value of Export in** | |
| | | | **INR (Million)** | **USD (Million)** |
| 1 | 99831 | Management consulting and management services; information technology services. | 4580692.15 | 61794.71 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 45566.26 | 617.19 |
| 3 | 99843 | On-line content services | 258.51 | 3.49 |
| **Total** | | | **4626516.91** | **62415.39** |

| Table 3.3.2: Value of Export of Services of 99831, 99733 and 99843 through STPI | | | | |
|---|---|---|---|---|
| **Sl. No.** | **Service Code** | **Service Code Description** | **Value of Export in** | |
| | | | **INR (Million)** | **USD (Million)** |
| 1 | 99831 | Management consulting and management services; information technology services. | 4508691.66 | 60848.73 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 19209.29 | 259.39 |
| 3 | 99843 | On-line content services | 664.33 | 8.96 |
| Total | | | **4528565.29** | **61117.08** |

| Table 3.3.3: Share of Export of Services through SEZ and STPI of Top 3 SCC codes | | | | |
|---|---|---|---|---|
| **SCC** | **Service Code Description** | **Type** | **INR (In Million)** | **USD (In Million)** |
| 99831 | Management consulting and management services; information technology services. | STPI | 4508691.66 | 60848.73 |
| | | SEZ | 4580692.15 | 61794.71 |
| 99859 | Other support services | STPI | 270701.96 | 3648.66 |
| | | SEZ | 148471.61 | 2005.37 |
| 99833 | Engineering services | STPI | 23246.96 | 312.87 |
| | | SEZ | 132727.31 | 1791.53 |

**Chart 3.3.2: Comparative study of source-wise Share of Export of Services of top 3 SCC codes at 5-digt level**
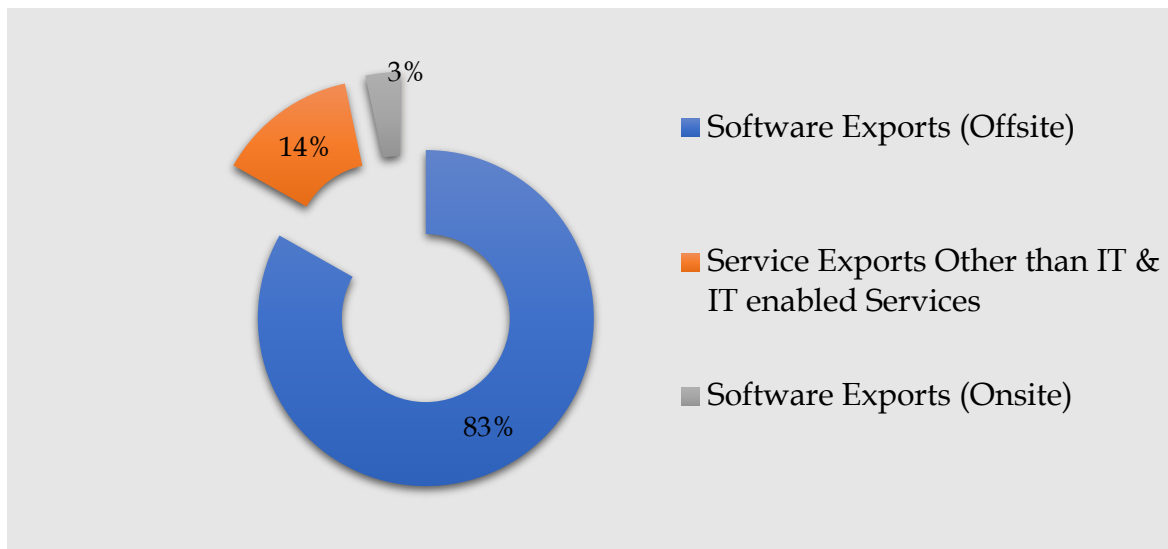


Thus, it can be seen that for Engineering Services (99833) the share of SEZ is almost 85% of the total export of Engineering Services. Management consulting and management services; information technology services (99831) have equal share from SEZ and STPI whereas for other support services (99859) contribution of STPI is more.

**3.4 Export of Total Services by Invoice Type**

The export of Total Service by Invoice type is majorly (83%) through Software Export (Offsite). The Onsite software export is only 3% which is negligible and royalty from export of software is nearly zero. The distribution is similar to export of software services.

| Table 3.4.1: Export of Total Services by Invoice Type | | |
|---|---|---|
| **Invoice Type** | **Value of Export in** | |
| | **INR (Million)** | **USD(Million)** |
| Software Exports (Offsite) | 8489751.72 | 114577.15 |
| Service Exports Other than IT & IT enabled Services | 1377417.79 | 18562.39 |
| Software Exports (Onsite) | 339357.08 | 4567.95 |
| Royalty from Software | 759.57 | 10.29 |
| **Total** | **10207286.16** | **137717.78** |

**Chart 3.4.1: Percentage of Export of Total Services by Invoice Type**



*Note: Royalty from export of software services other than software is negligible.*

## Chapter 4

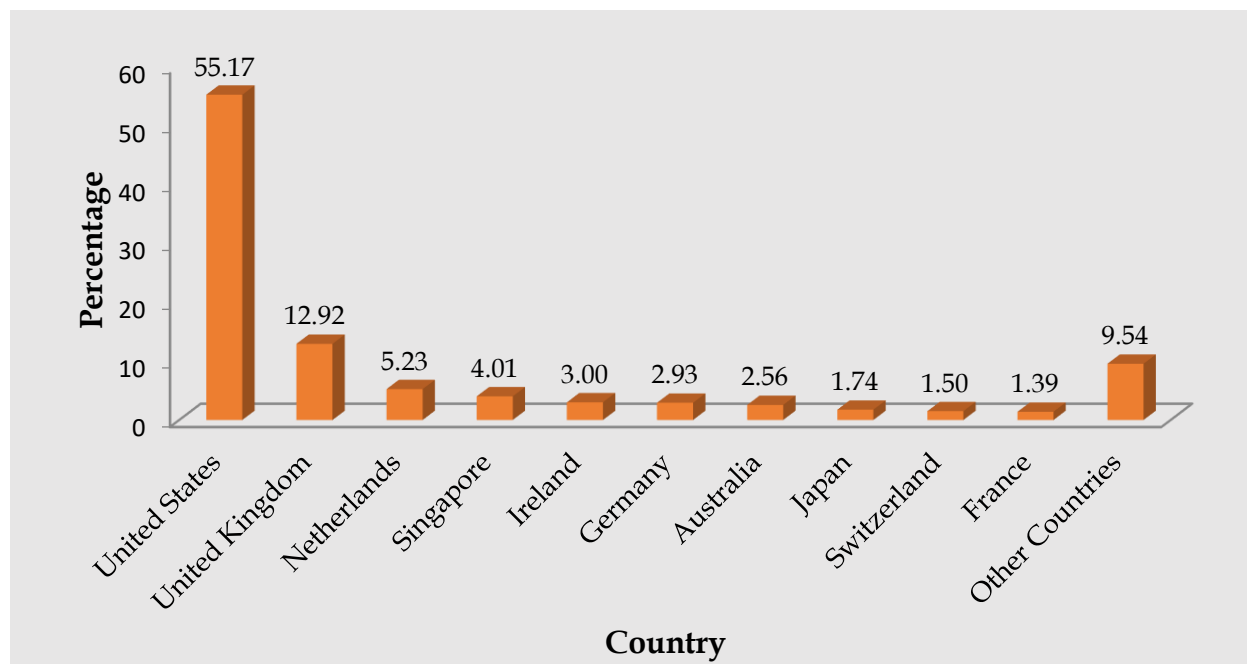## Country Profile of Export of Services

Trade in Services refers to the sale and delivery of an intangible product, called a service, between a producer and consumer. Trade in services that takes place between a producer and consumers that are, in legal terms, based in different countries are called International Trade in Services.

### 4.1 Country-wise export of services through SERF

United States is the major end user of services exported from India through SEZ & STPI followed by United Kingdom. The export of total services through SEZ and STPI to the United States is 55%. The export of services to United Kingdom is 13%, Netherlands 5% and the rest to other countries (value wise). The export of software services to the United States is 57% and services other than software to the United States is 49%.
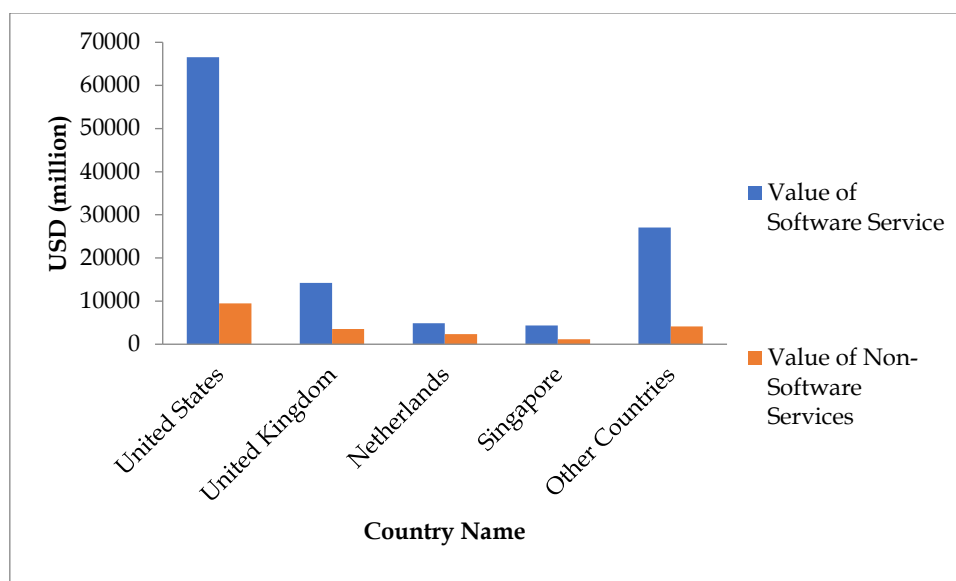
| Table 4.1.1 shows the country-wise value of export (in INR and USD) for total services through SEZ and STPI including software as well as non-software services | | | |
|---|---|---|---|
| Sl. No. | Country Name | Value of Export in | |
| | | INR (Million) | USD (Million) |
| 1 | United States | 5631305.75 | 76005.74 |
| 2 | United Kingdom | 1318897.89 | 17782.18 |
| 3 | Netherlands | 534321.88 | 7205.17 |
| 4 | Singapore | 409769.63 | 5525.50 |
| 5 | Ireland | 305950.79 | 4124.25 |
| 6 | Germany | 298689.08 | 4033.25 |
| 7 | Australia | 260893.23 | 3516.43 |
| 8 | Japan | 178026.01 | 2403.67 |
| 9 | Switzerland | 153311.66 | 2066.72 |
| 10 | France | 142364.85 | 1919.35 |
| 11 | Other Countries | 973755.40 | 13135.51 |
| **All Countries** | | **10207286.16** | **137717.78** |

**Chart 4.1.1 Country-wise percentage of export of total services through SEZ and STPI including software as well as non-software services for Top 10 Countries**



The chart above clearly depicts that the USA remains the top destination of India's export of both software services and non-software services. The other three top countries are United Kingdom, Netherlands and Singapore.

**Chart 4.1.2: Country-wise Value of Export of Software and Non- Software Services**

| Table 4.1.2: Export of Software Services to Top 4 and Other Countries | | | |
|---|---|---|---|
| Sl. No. | Country Name | Value of Export in | |
| | | INR (Million) | USD (Million) |
| 1 | United States | 4931205.53 | 66553.58 |
| 2 | United Kingdom | 1054232.48 | 14213.88 |
| 3 | Netherlands | 361880.76 | 4891.73 |
| 4 | Singapore | 321597.82 | 4336.50 |
| 5 | Other Countries | 2006237.02 | 27062.79 |
| All | Total | 8675153.61 | 117058.48 |

| Table 4.1.3: Export of Non-Software Services to Top 4 and Other Countries | | | |
|---|---|---|---|
| Sl. No. | Country Name | Value of Export in | |
| | | INR (Million) | USD (Million) |
| 1 | United States | 700100.21 | 9452.16 |
| 2 | United Kingdom | 264665.41 | 3568.30 |
| 3 | Netherlands | 172441.12 | 2313.44 |
| 4 | Singapore | 88171.81 | 1189.00 |
| 5 | Other Countries | 306709.69 | 4135.80 |
| All | Total | 1532088.24 | 20658.70 |

The chart below clearly shows that the United States is the main end user of export of services with more than 50% share in both Value of Export of Software related Services and Total Export of Services.

**Chart 4.1.3: Share of United States, United Kingdom, Netherlands, Singapore and Other Countries in Value of Export of Software Services and Total Export of Services**
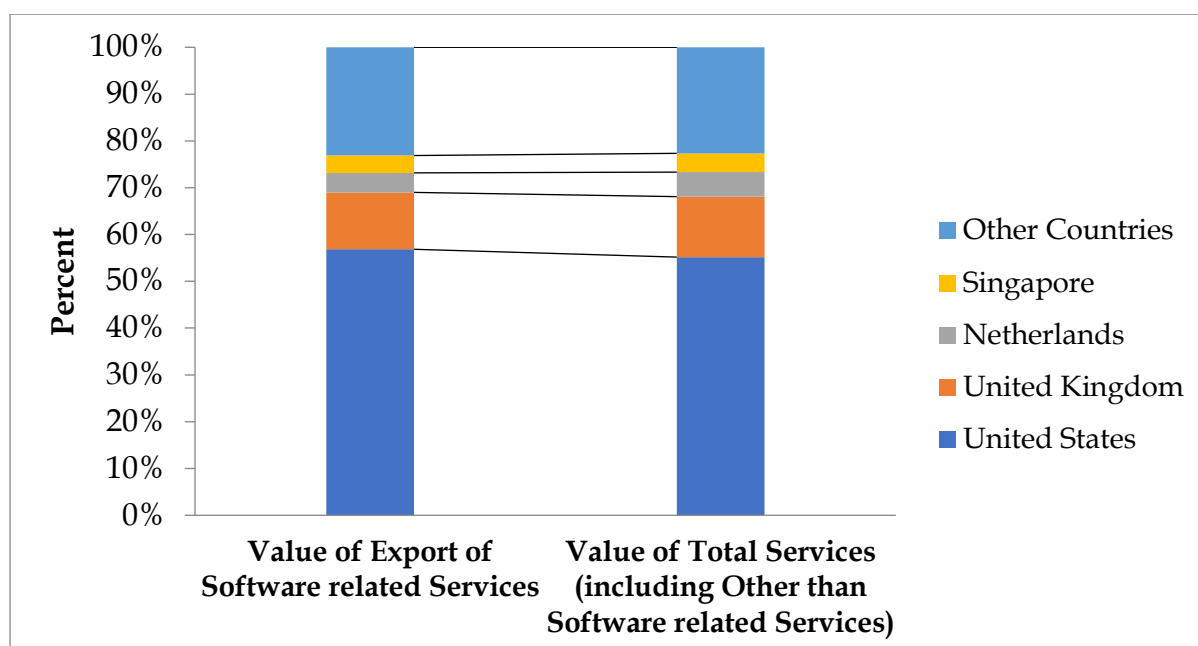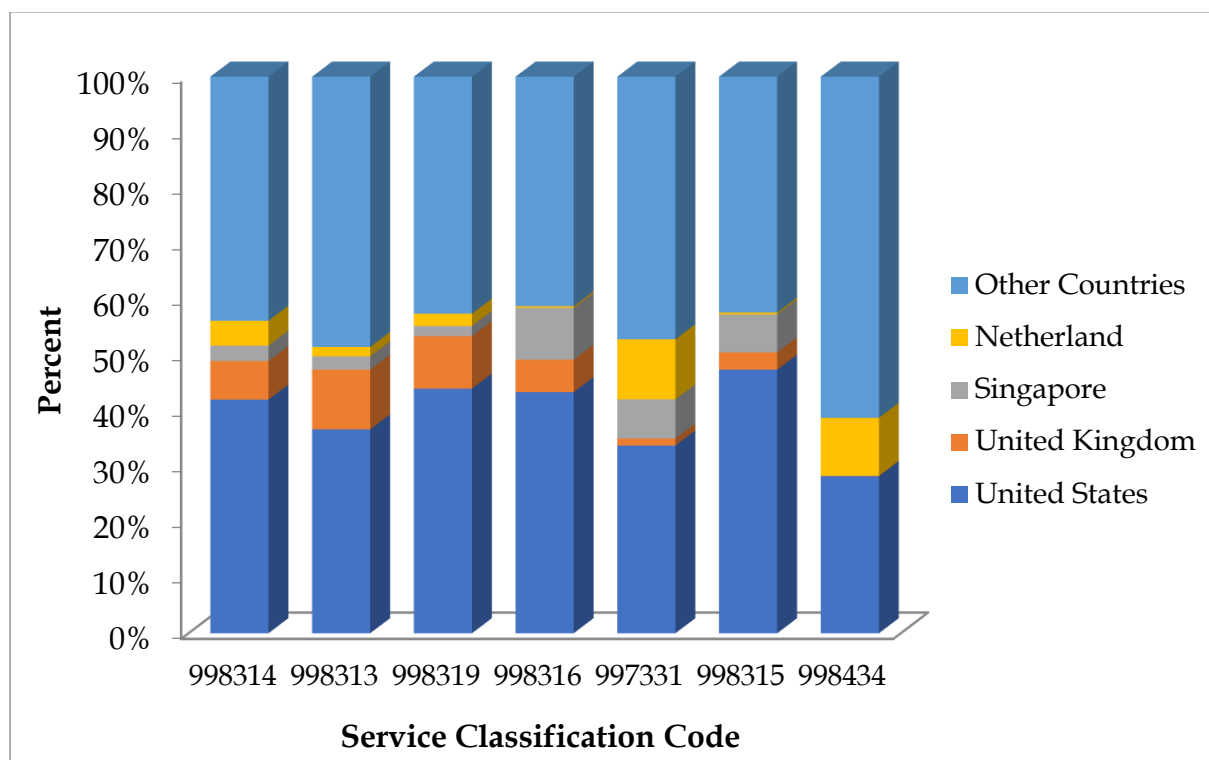
**Chart 4.1.4: Share of Export of Software related Services for top 4 countries and other countries**



It is clear from the chart 4.1.4 that the share of the value of export of software services in all the related service codes is highest from United States. For the service code 998434 (Software downloads), the share of Netherland is negligible and share of Singapore is zero.

Chart 4.1.5 shows the comparison of United States, United Kingdom, Netherlands and Singapore for Total value of Export of Other than Software related Services for top 7 seven SCC codes namely for 99859 (Other support services), 99822 (Accounting, auditing and bookkeeping services), 99833 (Engineering services), 99839 (Other professional, technical and business services), 99837 (Market research and public opinion polling services), 99811 (Research and experimental development services in natural sciences and engineering) and 99851 (Employment services including personnel search/referral service & labour supply service).

**Chart 4.1.5: Comparison of countries for Total value of Export of Other than Software related Services at 5-digit level (for seven common codes)**
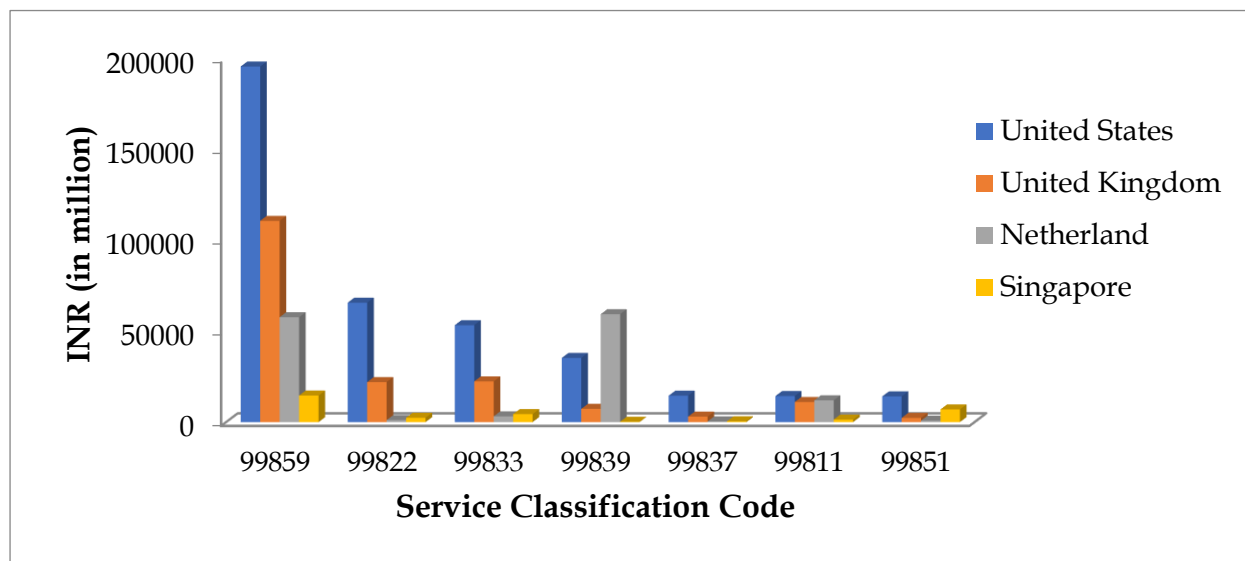


Table 4.1.4 to 4.1.7 shows the Value of Export of Software related Services and Value of Export of Top 10 Other than Software related Services at 5-Digit level for the financial year 2020-21 for the top four countries i.e. United States, United Kingdom, Netherlands and Singapore.

**United States**

| Sl. No. | Service Code | Service Code Description | Value of Export in | |
|---|---|---|---|---|
| | | | INR (Million) | USD (Million) |
| 1 | 99831 | Management consulting and management services; information technology services. | 5145943.64 | 69451.51 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 35267.96 | 477.81 |
| 3 | 99843 | On-line content services | 404.49 | 5.46 |
| **Total value of Export of Software related Services at 5-digit level** | | | **5181616.09** | **69934.77** |
| 1 | 99859 | Other support services | 195726.08 | 2640.34 |
| 2 | 99822 | Accounting, auditing and bookkeeping services | 65740.36 | 887.99 |
| 3 | 99833 | Engineering services | 53356.01 | 719.65 |
| 4 | 99839 | Other professional, technical and business services. | 35333.99 | 477.59 |
| 5 | 99871 | Maintenance and repair services of fabricated metal products, machinery and equipment | 15858.78 | 215.28 |
| 6 | 99837 | Market research and public opinion polling services | 14569.18 | 197.03 |
| 7 | 99811 | Research and experimental development services in natural sciences and engineering. | 14362.99 | 193.54 |
| 8 | 99851 | Employment services including personnel search/referral service & labour supply service | 14162.71 | 191.11 |
| 9 | 99823 | Tax consultancy and preparation services | 10770.08 | 144.93 |
| 10 | 99711 | Financial services (except investment banking, insurance services and pension services) | 6734.01 | 90.49 |
| **Total value of Export of other than Software related Services at 5-digit level** | | | **449689.66** | **6070.97** |
| **Grand Total (including Other than Software related Services)** | | | **5631305.75** | **76005.74** |

Table 4.1.4: Value of Export of Software related Services and Value of Export of Top 10 Other than Software related Services at 5-Digit level for United States

**United Kingdom**

| Sl. No. | Service Code | Service Code Description | Value of Export in | |
|---|---|---|---|---|
| | | | INR (Million) | USD (Million) |
| 1 | 99831 | Management consulting and management services; information technology services. | 1119691.28 | 15096.60 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 1404.28 | 18.88 |
| 3 | 99843 | On-line content services | 3.81 | 0.05 |
| **Total value of Export of Software related Services at 5-digit level** | | | **1121099.37** | **15115.53** |
| 1 | 99859 | Other support services | 110781.15 | 1491.24 |
| 2 | 99833 | Engineering services | 22383.01 | 302.23 |
| 3 | 99822 | Accounting, auditing and bookkeeping services | 22032.53 | 296.92 |
| 4 | 99811 | Research and experimental development services in natural sciences and engineering. | 11085.14 | 149.24 |
| 5 | 99839 | Other professional, technical and business services. | 7308.83 | 98.64 |
| 6 | 99841 | Telephony and other telecommunications services | 4855.55 | 65.34 |
| 7 | 99837 | Market research and public opinion polling services | 3027.59 | 40.92 |
| 8 | 99851 | Employment services including personnel search/referral service & labour supply service | 2328.88 | 31.47 |
| 9 | 99871 | Maintenance and repair services of fabricated metal products, machinery and equipment | 2194.24 | 29.55 |
| 10 | 99541 | Construction services of buildings | 1573.47 | 21.18 |
| **Total value of Export of other than Software related Services at 5-digit level** | | | **10228.13** | **139.94** |
| **Grand Total (including Other than Software related Services)** | | | **1318897.89** | **17782.18** |

Table 4.1.5: Value of Export of Software related Services and Value of Export of Top 10 Other than Software related Services at 5-Digit level for United Kingdom

**Netherlands**

| Table 4.1.6: Value of Export of Software related Services and Value of Export of Top 10 Other than Software related Services at 5-Digit level for Netherlands | | | | |
|---|---|---|---|---|
| Sl. No. | Service Code | Service Code Description | Value of Export in | |
| | | | INR (Million) | USD (Million) |
| 1 | 99831 | Management consulting and management services; information technology services. | 376253.88 | 5083.39 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 11189.59 | 151.50 |
| 3 | 99843 | On-line content services | 94.44 | 1.28 |
| **Total value of Export of Software related Services at 5-digit level** | | | **387537.91** | **5236.17** |
| 1 | 99839 | Other professional, technical and business services. | 59411.58 | 789.63 |
| 2 | 99859 | Other support services | 57721.02 | 780.89 |
| 3 | 99811 | Research and experimental development services in natural sciences and engineering. | 11971.13 | 161.13 |
| 4 | 99871 | Maintenance and repair services of fabricated metal products, machinery and equipment | 6717.61 | 88.97 |
| 5 | 99834 | Scientific and other technical services | 4020.27 | 54.27 |
| 6 | 99833 | Engineering services | 3190.67 | 43.11 |
| 7 | 99822 | Accounting, auditing and bookkeeping services | 1141.19 | 15.35 |
| 8 | 99832 | Architectural services, urban and land planning and landscape architectural services | 975.39 | 13.20 |
| 9 | 99851 | Employment services including personnel search/referral service & labour supply service | 803.75 | 11.19 |
| 10 | 99837 | Market research and public opinion polling services | 383.64 | 5.17 |
| **Total value of Export of other than Software related Services at 5-digit level** | | | **232.52** | **3.14** |
| **Grand Total (including Other than Software related Services)** | | | **534321.88** | **7205.17** |

**Singapore**

| Sl. No. | Service Code | Service Code Description | Value of Export in | |
|---|---|---|---|---|
| | | | INR (Million) | USD (Million) |
| 1 | 99831 | Management consulting and management services; information technology services. | 368316.64 | 4966.32 |
| 2 | 99733 | Licensing services for the right to use intellectual property and similar products | 7282.35 | 98.31 |
| 3 | 99843 | On-line content services | 0.38 | 0.01 |
| **Total value of Export of Software related Services at 5-digit level** | | | **375599.36** | **5064.64** |
| 1 | 99859 | Other support services | 14616.69 | 197.07 |
| 2 | 99851 | Employment services including personnel search/referral service & labour supply service | 6972.71 | 93.85 |
| 3 | 99833 | Engineering services | 4445.23 | 59.83 |
| 4 | 99822 | Accounting, auditing and bookkeeping services | 2381.60 | 32.04 |
| 5 | 99731 | Leasing or rental services concerning machinery and equipment with or without operator | 1908.28 | 25.88 |
| 6 | 99811 | Research and experimental development services in natural sciences and engineering. | 1405.97 | 19.12 |
| 7 | 99715 | Services auxiliary to financial services (other than to insurance and pensions) | 687.44 | 9.31 |
| 8 | 99711 | Financial services (except investment banking, insurance services and pension services) | 649.75 | 8.89 |
| 9 | 99837 | Market research and public opinion polling services | 435.00 | 5.86 |
| 10 | 99839 | Other professional, technical and business services. | 226.54 | 3.07 |
| **Total value of Export of other than Software related Services at 5-digit level** | | | **441.07** | **5.95** |
| **Grand Total (including Other than Software related Services)** | | | **409769.63** | **5525.50** |

Table caption (above table): **Table 4.1.7: Value of Export of Software related Services and Value of Export of Top 10 Other than Software related Services at 5-Digit level for Singapore**

**Chapter 5**

**Comparison with data from RBI**

5.1 Reserve Bank of India publishes data on service statistics. They also conduct a survey on the ICT enabled services. National Accounts Division uses RBI data in their GDP calculation. ICT and ICT enabled services are the major contributing factor to services exports in India as per RBI data. Telecommunication, Computer & Information Services along with Other Business Services account for about 90% of service exports value in 2020-21. Other Business Services also includes a number of codes that correspond to ICT enabled services.

5.2 RBI, however, publishes data according to purpose codes whereas SERF data is available for Service Classification Codes (SCC) codes used in GST. An attempt was made to study plausible relationships among the RBI Purpose Codes and SCC and it turned out that for majority of the SCC, the relationships with Purpose Codes are many to many, thus making it difficult to reach at any objective conclusion about correlation between Purpose Codes and SCC. RBI Purpose Codes are quite broad in terms of scope of coverage in a sense that one Purpose Code may cover a range of service activities for which no explicit correspondence/ identification is available.

5.3 A comparison study between Software Services Export data received from SEZ & STPI (in terms of SCC viz. 997331,998313,998314, 998315, 998316, 998319 and 998434) and RBI Purpose Code on "Computer Services (including Computer Software)" (viz., P0801, P0802, P0803, P0804 and P0807) wise data for the Financial Year 2020-21 is given below:

| Table 5.3.1: Total Count of Records and Total value in Rs. Cr. for FY 2020-21 from SERF SCC relating to Software Services Export | | |
|---|---|---|
| **SCC** | **Count** | **Value (Rs. Cr.)** |
| 997331 | 4639 | 6392.08 |
| 998313 | 764633 | 286874.51 |
| 998314 | 1261959 | 356231.37 |
| 998315 | 3305 | 833.16 |
| 998316 | 46314 | 22006.23 |
| 998319 | 1018273 | 195106.41 |
| 998434 | 206 | 71.61 |
| **Total** | **3099329** | **867515.36** |
| Note: SCC descriptions are given in Annexure 3 | | |

| Table 5.3.2: Total Count of Records and Total value in Rs. Cr. for FY 2020-21 from RBI Purpose Codes relating to Purpose Group 'Telecommunication, Computer & Information Services' except P0805 & P0806 | | |
|---|---|---|
| **Purpose Code** | **Count** | **Value (Rs. Cr.)** |
| P0801 | 33804 | 840.34 |
| P0802 | 1982481 | 147151.62 |
| P0803 | 311130 | 36650.27 |
| P0804 | 68247 | 4552.71 |
| P0807 | 285027 | 790476.48 |
| **TOTAL** | **2680689** | **979671.42** |
| Note: Purpose Codes descriptions are given in Annexure 3 | | |

**Table 5.3.3: Comparison between Software Services Export data received from SEZ & STPI and RBI on "Computer Services (including Computer Software)" wise data for the Financial Year 2020-21 from Table 5.3.1 and Table 5.3.2**

| Broad Comparison | SEZ & STPI SCC for Software Services Export | RBI Purpose Codes on Computer Services (including Computer Software) | Percentage of Col. (2) with respect to Col. (3) |
|---|---|---|---|
| Count of Records | 3099329 | 2680689 | 115.62 |
| Value in INR | 867515.36 | 979671.42 | 88.55 |

But if the comparison is restricted to the RBI Purpose Codes on Computer Services (including Computer Software) with Software related SCCs, then we see from Table 5.3.3 that, during 2020-21, value-wise seven Software Services Export related SCCs viz., 997331,998313,998314, 998315, 998316, 998319 and 998434 contributed to almost 90% of the total values of five purpose Codes viz. P0801, P0802, P0803, P0804 and P0807 which may be treated as the 'Core Software Purpose Codes' within the broad Purpose Group 'Telecommunication, Computer & Information Services'.

5.4 Further, if we compare SEZ and STPI data for FY 2020-21 with RBI DATA relating to 'Telecommunication, Computer & Information Services' then the following is observed.

**Table 5.4.1: Total Count of Records and Total value in Rs. Cr. For FY 2020-21 from SEZ and STPI**

| Type | Count | Value (Rs. Cr.) |
|---|---|---|
| **SEZ** | 2212476 | 519390.95 |
| **STPI** | 1290435 | 501337.67 |
| **Total** | **3502911** | **1020728.62** |

| Table 5.4.2: Total Count of Records and Total value in Rs. Cr. for FY 2020-21 from RBI Purpose Codes relating to Purpose Group 'Telecommunication, Computer & Information Services' except P0805 & P0806 | | |
|---|---|---|
| Purpose Code | Count | Value (Rs. Cr.) |
| P0801 | 33804 | 840.34 |
| P0802 | 1982481 | 147151.62 |
| P0803 | 311130 | 36650.27 |
| P0804 | 68247 | 4552.71 |
| P0807 | 285027 | 790476.48 |
| Total | 2680689 | 979671.42 |

| Table 5.4.3: Total Count of Records and Total value in Rs. Cr. for FY 2020-21 from RBI Purpose Codes relating to Purpose Group 'Telecommunication, Computer & Information Services' | | |
|---|---|---|
| Purpose Code | Count | Value (Rs. Cr.) |
| P0801 | 33804 | 840.34 |
| P0802 | 1982481 | 147151.62 |
| P0803 | 311130 | 36650.27 |
| P0804 | 68247 | 4552.71 |
| P0805 | 224818 | 440.98 |
| P0806 | 794012 | 1634.73 |
| P0807 | 285027 | 790476.48 |
| P0808 | 90873 | 19527.73 |
| P0809 | 569 | 480.56 |
| TOTAL | 3790961 | 1001755.42 |

| Table 5.4.4: Percentage of Count and Value of Table 5.4.2 and Table 5.4.3 w.r.t Table 5.4.1 | | |
|---|---|---|
| % w.r.t Table 5.4.1 | % of Count | % of Value |
| Table 5.4.2 | 76.53 | 95.98 |
| Table 5.4.3 | 108.22 | 98.14 |

It is observed from Table 5.4.4 that RBI Purpose Codes relating to 'Telecommunication, Computer & Information Services' except P0805, P0806, P0808 & P0809 cover around 77% and 96% of total records and values of services exported respectively. These Purpose Codes may be treated as the 'Core Software Purpose Codes'. The above percentages will increase to around 108% and 98% respectively of total records and values of services exported through SEZ and STPI when we take into consideration all the RBI Purpose Codes relating to 'Telecommunication, Computer & Information Services'. Thus, it appears that services exported through SEZ and STPI are represented quite well through RBI Purpose Codes relating to Purpose Group 'Telecommunication, Computer & Information Services' (both including as well as excluding Purpose Codes P0805, P0806, P0808 & P0809).

5.5     Though mapping is quite difficult between service codes and purpose codes, on a broader level, SEZ/STPI data appears to be in conforming to the RBI data. This would mean that the country information obtained from SERF data may represent the total scenario with respect to ICT services. However, obtaining mode-wise data still remains a major challenge.

## Chapter 6

### Explaining the SERF data

6.1     SERF was implemented in the year 2018-19 but it took some time to stabilize and for SEZ and STPI to share data in standard format to DGCIS. Till date the data received from SEZ and STPI comes in different format, though the main variables remain the same. One of the major differences between the data received from SEZ and STPI is that the data is available at 6-digit level for all codes from STPI. However, data is received at 5-digit level from SEZ for most of the codes. This makes it difficult to carry out a 6-digit level study on the overall data. However, the codes 998313,998314,998315,998316 & 998319 are reported at 6-digit level by SEZ also.

6.2     Thus, out of the 7 codes identified by DGCIS as Software codes, 5 codes are available at 6-digit level from both SEZ and STPI but 2 codes namely 99733 and 99843 are available at 5-digit level from SEZ. However, it has been observed from services export data received from STPI that more than 90% of services export value within the 5-digit level code 99733 is attributed to software code 997331. Similarly, more than 90% of services export value within 99843 is attributed to software code 998434. Hence, for the services export data received in code 99733 and 99843 from SEZ are aggregated at code level 997331 and 998434. This may result in slight over estimation of software export value reported in the study.

6.3     In case of service statistics, the most challenging part is to get the data for the different modes of services namely

Mode 1: Cross-border supply- services supplied from the territory of one country into the territory of another,

Mode 2: Consumption abroad - services supplied in the territory of a nation to the consumers belonging to another nation,

Mode 3: Commercial Presence - services supplied through any type of business or professional establishment of one country in the territory of another (i.e., FDI), and

Mode 4: Presence of natural person – services supplied by nationals of a country in the territory of another.

In SERF data there is a field denoting invoice type wherein the types are specified as Software Exports (Offsite), Software Exports (Onsite), Service Exports Other than IT & IT enabled Services and Royalty from Software. Going by the wordings, Software exports (Offsite) may represent Mode 1 whereas Software exports (onsite) may represent Mode 3 & 4. However, it may be difficult to assign Mode 2 to any one of them. Further, exporters may be reporting in an overlapping fashion, making it difficult to say that the mappings will be one-to-one.

6.4 For the value field, there are two fields reported in SERF. One is the software export value whereas the other is net realisable value. Software export value is the gross value of invoice whereas net realisable value is the value after all applicable deductions are adjusted, if any. There can be certain value which could be deducted by the entity which is procuring services on account of certain expenditure ex. duties, taxes. Thus, net realisable value = software export value – deductible value. Further, an invoice amendment facility is provided by SEZ and STPI whereby the entity can declare an amended details of an invoice submitted earlier. In case the value of invoice needs to be reduced/cancelled, the entity has the provision of declaring negative value in net realisable value. The occurrence of such cases, however, is very rare. This value is shared with DGCIS also for the updating the records. Further, at the end of the financial year, the final updated values are once again shared by SEZ. However, such gross and net realisable value figures in INR are not available from STPI side. Hence, for the reported value we are considering the gross value i.e the software export value. This is because the details of the deductions for a software export transaction and its reconciliation thereafter are rather difficult to follow up properly. Such updated figures are mostly reported on a much later date, making it further difficult to reconcile.

6.5 The data contains country reported as IN i.e INDIA. The reason behind it is that there can be SERF invoice declarations by SEZ entity where the service invoice is raised for services provided to some other SEZ. In those cases, SEZ would mention country code as IN. In case the service contract is with Indian company, they will file the SERF declaration in INR. There are few other cases where the SEZ entities submitting "Cargo Handling Charges" invoices has declared client country as "IN" and currency in "INR".

6.6 For the purpose of generating reports, all records with country code as "IN" has been excluded irrespective of the currency code of the transaction reported with the assumption that these transactions might have occurred either with an Indian firm or with a foreign firm but for domestic consumption only (in case currency code is INR).

| Table 6.6: Percentage of Records with COUNTRY CODE='IN' for FY 2020-21 | | | |
|---|---|---|---|
| **Source** | **COUNTRY_CODE='IN'** | **TOTAL RECORD** | **Percentage** |
| SEZ | 179116 | 2391592 | 7.49 |
| STPI | 471 | 1290906 | 0.04 |
| Total | 179587 | 3682498 | 4.88 |

## Service Exports Reporting Form
## Service & Software Export Reporting Form

### Part A: General Information Section

| Request ID | | | |
|---|---|---|---|
| Name & Address of Exporter (SEZ/STPI unit) | | IEC Code | |
| | | GSTIN | |
| LOA Number | | LOA Date | |
| SEZ Name/STPI Directorate | | Location & Port Code for SEZ | |
| Date of submission | | Reporting Month | |

### Part B: Service Exports (IT & IT enabled Services)

### B1: Software Exports (Offsite)

| Sr. No. | Client Name | Client Address | Country | Contract/ Agreement No. & Date | Software Type* | Invoice No. | Invoice Date | Currency | Value of Software Exports | Deduction (if any) | Net Realizable Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| | | | | | | | | | | | |

### B2: Software Exports (Onsite)

| Sr. No. | Client Name | Client Address | Country | Contract/ Agreement No. & Date | Software Type* | Invoice No. | Invoice Date | Currency | Value of Software Exports | Deduction (if any) | Net Realizable Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| | | | | | | | | | | | |

### B3: Royalty from Software

| Sr. No. | Client Name | Client Address | Country | Contract/ Agreement No. & Date | Software Type* | Invoice No. | Invoice Date | Currency | Royalty Value | Deduction (if any) | Net Realizable Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| | | | | | | | | | | | |

### Part C: Service Exports other than IT & IT enabled Services

| Sr. No. | Service Code* | Service Category Name | Client Name | Client Address | Country | Contract/ Agreement No. & Date | Invoice No. | Invoice Date | Currency | Value of Export | Deduct-ion | Net Realizable Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

* Code for Service Export Category will be available as a master value

Part D: Exporter Declaration

As per instructions/circulars/public notice issued in this regard, we are submitting herewith the details of all the invoices issued by SEZ /STPI Unit towards export of services. It is submitted herewith that these services exports pertain directly to the SEZ/STPI Unit and are eligible to be considered as exports of the SEZ/STPI Unit and export proceeds will be realized in accordance with the norms stipulated by RBI from time to time.

Place …………………… Date …………………………… Name & Designation ………………………

Annexure-II

Details of top 10 Services Accounting Code (SAC) and 3 identified software services codes mentioned above

SAC (Services Accounting Code) are used for the identification of the service. Like goods, services are also classified uniformly for recognition, measurement and taxation. Codes for services are called Services Accounting Code or SAC.

For example, Legal documentation and certification services concerning patents, copyrights and other intellectual property rights—998213. The first two digits are same for all services i.e. 99. The next two digits (82) represent the major nature of service, in this case, legal services. The last two digits (13) represent detailed nature of service, i.e., legal documentation for patents etc.

Software Service Accounting Code

The Service Classification Codes (SCC) relating to Software Export in Software Export Reporting Format (SERF) from SEZ and STPI are as follows:

| Description of Software Service related SCC | |
|---|---|
| SCC | Description |
| 997331 | Licensing services for the right to use computer software and databases. |
| 998313 | Information technology (IT) consulting and support services |
| 998314 | Information technology (IT) design and development services |
| 998315 | Hosting and information technology (IT) infrastructure provisioning services |
| 998316 | IT infrastructure and network management services |
| 998319 | Other information technology services n.e.c |
| 998434 | Software downloads |

The 5-digit codes related to the 7 codes are as below:

1.     99831: Management consulting and management services; information technology services.

Services Accounting Codes 99831 is used for the Management consulting and management services; information technology services, under Goods and Service Tax classification. This service comes under heading Other professional, technical and business services. This service code includes
 i)  coordination and supervision of resources in preparing, running and completing a project on behalf of the client;

ii) project management services, which can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, coordination of subcontractors' work, inspection and quality control, etc;

iii) project management services that include management and office management services, with or without the provision of their own staff; other information technology services n.e.c.

This service code does not include construction project management services (998339).

2.      99733: Licensing services for the right to use intellectual property and similar products.

Services Accounting Codes 99733 is used for the Licensing services for the right to use intellectual property and similar products under Goods and Service Tax classification. This service comes under heading Leasing or rental services with or without operator.

This service code includes licensing services for the right to use other kinds of intellectual property products, such as architectural and engineering plans, industrial designs etc.

3.      99843: On-line content services.

Services Accounting Codes 99843 is used for the On-line content services under Goods and Service Tax classification. This service comes under heading Telecommunications, broadcasting and information supply services.

This service code includes games that are intended to be played on the Internet such as role-playing games (RPGs), strategy games, action games, card games, children's games; software that is intended to be executed on-line, except game software; mature theme, sexually explicit content published or broadcast over the Internet including graphics, live feeds, interactive performances and virtual activities; content provided on web search portals, i.e. extensive databases of Internet addresses and content in an easily searchable format; statistics or other information, including streamed news; other on-line content not included above such as greeting cards, jokes, cartoons, graphics, maps

This service code does not include software downloads (998434), on-line gambling services (999692) and adult content in on-line newspapers, periodicals, books, directories (998431).

Other Top 10 Service Accounting Code

1.  99859: Other Support Services

This service comes under heading Support services.

This service code includes business brokerage and appraisal services other than for real estate; business services of intermediaries and brokers; specialist advice other than for real estate, insurance and engineering (specialist services in art, specialist services for courts of law, etc.); services by agencies and agents on behalf of individuals seeking engagements in motion pictures, theatrical productions, modelling or other entertainment or sports attractions; placement of books, plays, artwork, photographs, etc., with publishers, producers, etc.; issue of reduced-price coupons and gift stamps; management services for copyrights and their revenues (except from films); management services for rights to industrial property (patents, licences, trademarks, franchises, etc.); auctioning services other than in connection with legal procedures; reading of electric, gas and water meters; data preparation services; specialized stenotype services such as court reporting; public stenography services; other business support services not elsewhere classified.

This service code does not include maintenance of electricity, gas and water meters (996911, 996912, 996921), services related to advertising and sales promotion (99836), management services for motion picture rights (999614), art facilities operation services (999623), management services for artistic rights (999629) and sports events organization services (999651).

2. 99833: Engineering Services

This service comes under heading Other professional, technical and business services.

This service code includes services of assuming overall responsibility for the successful completion of a construction project on behalf of a client, including organizing the financing and the design, requesting tenders, and performing management and control functions; project management services provided by engineers or architects.

This service code does not include general construction services (99541, 99542).

3. 99839: Other professional, technical and business services

This service comes under heading Other professional, technical and business services.

This service code includes drafting services (detailed layouts, drawings, plans and illustrations of buildings, structures, systems or components from engineering and architectural specifications, done by architectural draftsmen or engineering technicians); compilation services of facts and information (i.e. databases), n.e.c.

4. 99822: Accounting, auditing and bookkeeping services

This service comes under heading Legal and accounting services.

This service includes financial auditing services, accounting & bookkeeping services, payroll services and other similar services n.e.c.

5.  99811: Research and experimental development services in natural sciences and engineering.

    This service comes under heading Research and development services.

    This service code includes basic and applied research services and experimental development services related to agricultural techniques, fruit culture, forestry, stock breeding, fisheries, etc.

6.  99871: Maintenance and repair services of fabricated metal products, machinery and equipment

    This service comes under heading Maintenance, repair and installation (except construction) services.

    This service code includes

    i.   maintenance and repair services of medical, precision and optical instruments like irradiation, electromedical and electrotherapeutic equipment, such as magnetic resonance imaging equipment, medical ultrasound equipment, pacemakers, hearing aids, electrocardiographs, electromedical endoscopic equipment, irradiation apparatus, orthopedic and prosthetic devices, instruments and apparatus for measuring, checking, testing and navigating and other purposes such as aircraft engine instruments, automotive emissions testing equipment, meteorological instruments, physical, electrical and chemical properties testing and inspection equipment, surveying instruments, radiation detection and monitoring instruments, professional photographic, cinematographic and optical instruments;

    ii.  repair, maintenance and rewinding services of electric motors, generators and transformers; maintenance and repair services of electricity distribution and control apparatus; maintenance and repair services of other electrical equipment n.e.c.; repair of fishing nets (also mending), ropes, riggings, canvas and tarps, fertilizer and chemical storage bags; repair or reconditioning of wooden pallets, shipping drums or barrels, and similar items; repair of pinball machines and other coin-operated games

7.  99851: Employment services including personnel search/referral service & labour supply service

This service comes under heading Support services.

8.  99883: Wood and paper manufacturing services

This service comes under heading Manufacturing services on physical inputs (goods) owned by others.

This service code includes pulp, paper and paperboard manufacturing services, corrugated paper and paperboard manufacturing services and other paper article manufacturing services

9.  99837: Market research and public opinion polling services

This service comes under heading Other professional, technical and business services.

This service code includes investigation services designed to secure information on public opinions regarding social, economic, political and other issues. This service code does not include public relations services (998312).

Annexure III

| A. 2-digit RBI Purpose Group | |
|---|---|
| Gr. No. | Purpose Group Name |
| 01 | Exports (of Goods) |
| 02 | Transport |
| 03 | Travel |
| 05 | Construction Services |
| 06 | Insurance and Pension Services |
| 07 | Financial Services |
| 08 | Telecommunication, Computer & Information Services |
| 09 | Charges for the use of intellectual property n.i.e |
| 10 | Other Business Services |
| 11 | Personal, Cultural & Recreational services |
| 12 | Govt. not included elsewhere (G.n.i.e.) |
| 13 | Secondary Income |
| 14 | Primary Income |
| 15 | Others |
| 16 | Maintenance and repair services n.i.e |
| 17 | Manufacturing services |

B. The RBI Purpose Codes relating to Purpose Group 'Telecommunication, Computer & Information Services' are as follows:

| Description of RBI Purpose Group 'Telecommunication, Computer & Information Services' | | |
|---|---|---|
| Purpose Group | Purpose Code | Description |
| Telecommunication, Computer & Information Services | P0801 | Hardware consultancy/implementation |
| | P0802 | Software consultancy/implementation (other than those covered in SOFTEX form) |
| | P0803 | Data base, data processing charges |
| | P0804 | Repair and maintenance of computer and software |
| | P0805 | News agency services |
| | P0806 | Other information services- Subscription to newspapers, periodicals, etc. |
| | P0807 | Off-site Software Exports |
| | P0808 | Telecommunication services including electronic mail services and voice mail services |
| | P0809 | Satellite services including space shuttle and rockets, etc. |

C. The RBI Purpose Codes relating to Purpose Group 'Other Business Services' are as follows:

| Description of RBI Purpose Group 'Other Business Services' | | |
|---|---|---|
| Purpose Group | Purpose Code | Description |
| Other Business Services | P1002 | Trade related services – commission on exports / imports |
| | P1003 | Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies |
| | P1004 | Legal services |
| | P1005 | Accounting, auditing, book keeping services |
| | P1006 | Business and management consultancy and public relations services |
| | P1007 | Advertising, trade fair service |
| | P1008 | Research & Development services |
| | P1009 | Architectural services |
| | P1010 | Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services. |
| | P1011 | Inward remittance for maintenance of offices in India |
| | P1013 | Environmental Services |
| | P1014 | Engineering Services |
| | P1015 | Tax consulting services |
| | P1016 | Market research and public opinion polling service |
| | P1017 | Publishing and printing services |
| | P1018 | Mining services like on–site processing services analysis of ores etc. |
| | P1019 | Commission agent services |
| | P1020 | Wholesale and retailing trade services. |
| | P1021 | Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies |
| | P1022 | Other Technical Services including scientific/space services. |
| | P1099 | Other services not included elsewhere |

## Exports of Services through Special Economic Zone and Software Technology Parks of India
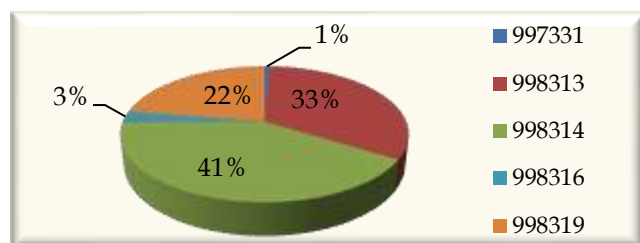
Services have become more tradable and are being more traded. In fact, Services exports contribute significantly to Indian economy. In terms of Gross Value Added (GVA) at current prices, the export of goods and services together is negative in 2019-20 over 2018-19 but the export of services is still positive.

Data Sources for export in services in India are RBI, SEZ and STPI. All kinds of service exports taking place through SEZ or STPI or DTA units are being captured through SERF and the whole data, irrespective of whether they are ICT enabled or otherwise, available with SEZ or STPI are being shared with DGCIS.

| Total Count of Records and Total value in Rs. Cr. for FY 2020-21 | | |
|---|---|---|
| Type | Count | Value (Rs. Cr.) |
| SEZ | 2212476 | 519390.95 |
| STPI | 1290435 | 501337.67 |
| **Total** | **3502911** | **1020728.62** |

It implies that both the sources are almost equally significant.

**Export of Software Services captured through SERF for 7 Service Classification Code:**



*Note: Since, for SCC 998315 (Hosting and information technology (IT) infrastructure provisioning services) and 998434 (Software downloads), the share is almost zero, therefore, not shown in he chart.*

**Country-wise export of software services**: The major end user of the software services is the United States. The export of software services to the United States is 57% followed by United Kingdom, Netherlands and Singapore. Similar trend is followed for export of total services including software as well as non-software services.



**Invoice Type distribution of Software Services:** The export of Software Service by Invoice type is mostly for Export (Offsite) (about 83% value wise) (INR 7176269.22 million).
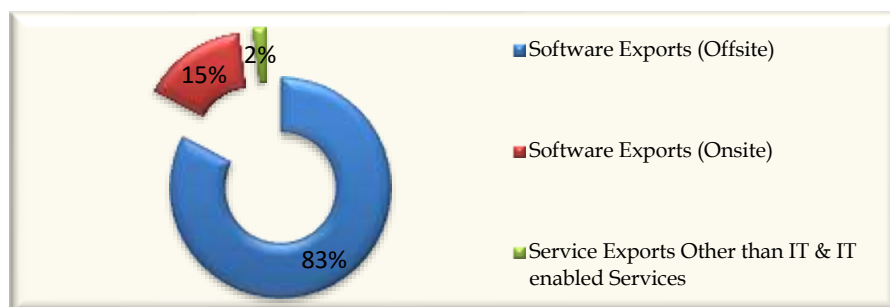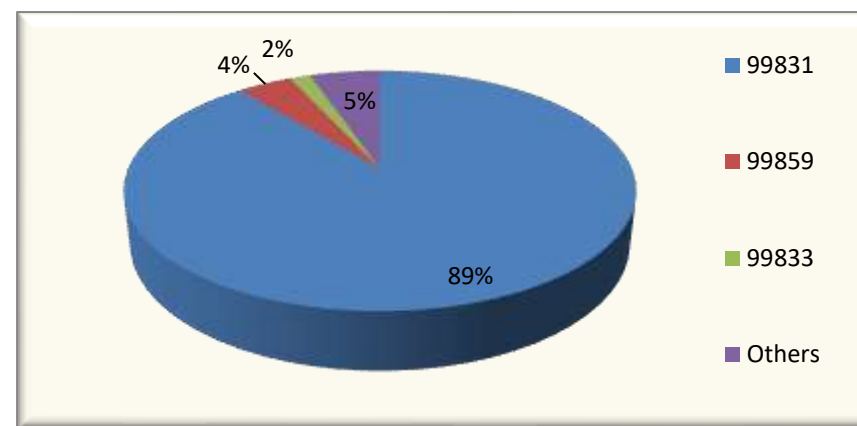
6 digit Service Classification Codes - 997331: Licensing services for the right to use computer software and databases; 998313: Information technology (IT) consulting and support services, 998314: Information technology (IT) design and development services; 998315: Hosting and information technology (IT) infrastructure provisioning services; 998316: IT infrastructure and network management services; 998319: Other information technology services n.e.c; 998434: Software downloads.

**Export of Total Services including both software as well as other than software services:** More than 89% of value of export of total services, including both software and other than software services, through SEZ and STPI is from Management consulting and management services; information technology services (Service code 99831) (INR 9089383.81 million).

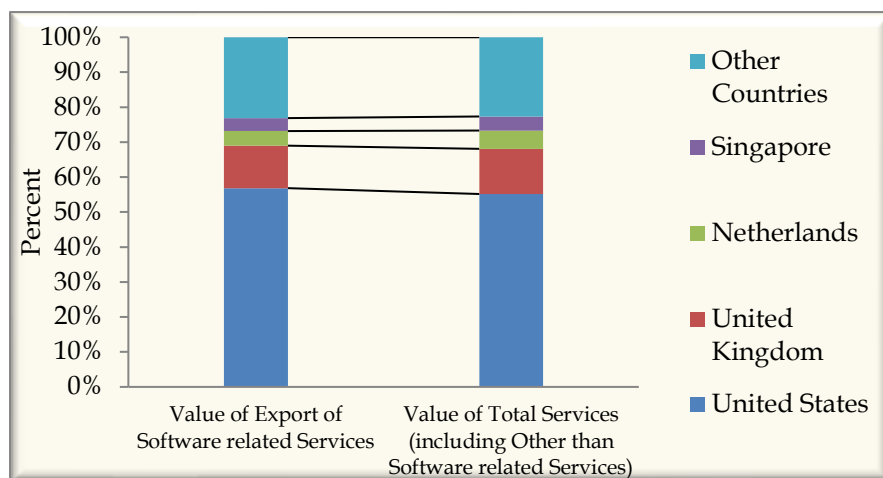United States is the main destination of India's export of both software services and non-software services.

**Share of Value of Export of Total Services including non-software services of top 3 SCC codes (At 5 Digit Level)**
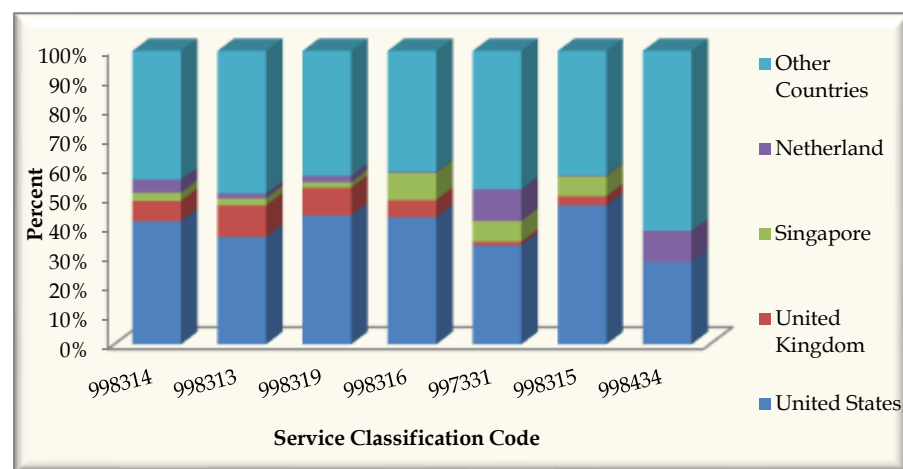


*Note: 99831 (Management consulting and management services; information technology services), 99859 (Other support services), 99833 (Engineering services)*

**Share of United States, United Kingdom, Netherlands, Singapore and Other Countries in Value of Export of Services and Total Export Services:** United States is the main end user of export of services with more than 50% share in both Value of Export of Software related Services and Total Export of Services.

6 digit Service Classification Codes - 997331: Licensing services for the right to use computer software and databases; 998313: Information technology (IT) consulting and support services, 998314: Information technology (IT) design and development services; 998315: Hosting and information technology (IT) infrastructure provisioning services; 998316: IT infrastructure and network management services; 998319: Other information technology services n.e.c; 998434: Software downloads.

**Service Code Wise Share of Export of Software related Services for top 4 countries and other countries**



6 digit Service Classification Codes - 997331: Licensing services for the right to use computer software and databases; 998313: Information technology (IT) consulting and support services, 998314: Information technology (IT) design and development services; 998315: Hosting and information technology (IT) infrastructure provisioning services; 998316: IT infrastructure and network management services; 998319: Other information technology services n.e.c; 998434: Software downloads.