

RESEARCH ARTICLE

CHINA AND INDIA'S PARTICIPATION IN WORLD TRADE OF COMMERCIAL SERVICES

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ABSTRACT

In this paper we analyze the international trade in commercial services of China and India during 2005 to 2015. We find that progressively expansion of global trade in services in China and India today, with share of 6.01 and 3.27 percent in global exports as well as 10.11 and 2.65 percent in global imports of commercial services in the year 2015, and with 15.08 percent and 19.52 percent overall mean growth in exports and imports of commercial services in China in the span of 11 years (i.e. 2005 to 2015), whereas in the same span overall mean growth in exports and imports of commercial services in Indian economy were 12.46 percent and 11.15 percent. Transport and travel account for the magnitude of nearly 50 percent of China economy's exports of commercial services, on an average 19.73 per cent and 31.32 per cent, respectively in since 2005 to 2015, whereas combined share of volume of transport and travel of Indian economy's exports of commercial services, on an average almost 25 per cent and severally 11.78 percent and 12.58 percent, consecutively. Nevertheless, Chinese economy's share in exports of commercial services continues to lag behind in comparison to India in higher-skilled and medium-skilled services, such as insurance and pension services; financial services; telecommunications, computer, and information services; Other business services; and Personal, cultural, and recreational services, on an average 0.32 percent, 3.15 percent, 28.27 percent, 11.12 percent, 0.63 percent, respectively in the corresponding span of study. On the other hand, Indian economy's share in exports of commercial services continues to lag behind in comparison to China in services, like goods-related services; travel; transport, and charges for the use of intellectual property on an average 13.59 percent, 18.74 percent, 7.95 percent, and 0.12 percent, respectively during the study period. It remains challenges to these economies. This paper examines the participation of China and India in world trade of commercial services, with a point of view to seeking the thrust areas for exports of commercial for India and China. Using UNCTAD Handbook of Statistics, UNCTAD Stat., latest trade trends jointly produced by WTO and UNCTAD according to BPM6 presentation and WTO's statistical publication, we first highlight the share of China and India in world trade of commercial services, analyze the China and India's global trade of commercial services. Finally, to structure of China and India exports of commercial services and comparison between them to investigate several parameters being world trade in commercial services of China and India may go ahead in remaining global services.

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INTRODUCTION

Global trade in services has become more important in recent years as headway in technology have made free new devices of endowing services across nations. An efficient services sector is crucial for the growth and competitiveness of an economy. Services have come out as vital economic activities for China and India in nowadays. It not only providing the spacious of employment and income in both of countries, services sector also serves as vital input for producing other goods and services.

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The importance of services is hereby increasingly deemed in the policy agenda spreading from liberalization to promotional endeavours to regulation at national and international levels in the corresponding countries. India's share in world trade of commercial services is lesser in relation to China owing to lack of availability of adequate infrastructure, mainly in those infrastructure facilities which are more important for the world trade of commercial services of India. There should be enhanced trade facilitation so that the welfare gain may be maximized and trade potential abide unscrambled. China and India are the most dynamic economies as well as two demographic enormous countries in the world. The Chinese and India's economies are second and seventh largest in the world in terms of nominal GDP. Other economies in world top 10 are Japan(3), Germany (4), U.K.(5), France(6), Italy(8),

Brazil(9), and Canada (10).The Chinese economy overtook the U.S. economy in terms of GDP based on PPP. However, the difference between the economies in terms of nominal GDP remains large with China's \$11.3 trillion economy. China has transformed itself from a centrally planned closed economy in the 1970s to a manufacturing and exporting hub over the years. The economy of China has long been known for its strong growth, a growth of over 7% even in recent years. However, the country saw its exports projected to grow only by 1.9% in 2016, and total GDP growth has gone down to 6.5% and is projected to slow to 5.8% by 2021. The country's economy is stimulated by an equal contribution from manufacturing and services (45% each, approximately) with a 10% contribution by the agricultural sector. India ranks third in GDP in terms of purchasing power parity at \$8.7 trillion, while its nominal GDP puts it in a seventh place with \$2.25 trillion. The country's high population drags its GDP (PPP) per capita down to \$6,658. India's GDP is still highly dependent on agriculture (17%), compared to western countries. Though, the services sector has up surged in recent years and now accounts for 57% of the GDP, while industry contributes 26%. The economy's strength lies in a limited dependence on exports, high saving rates, favourable demographics, and a rising middle class. India recently overtook China as the fastest growing large economy (IMF'S WEO Database, October 2016).

The services sector in India has outstayed the most vigorous sector in terms of contribution to national and state incomes, trade flows, FDI (Foreign Direct Investment) inflows, and employment. According to the Economic Survey 2015-16, the services sector contributed almost 66.1% of its gross value added growth in 2015-16 occurring the crucial net foreign exchange earner and the most attractive sector for FDI inflows. Nevertheless the slowdown in the post crisis period (2010-14) India demonstrated the fastest service sector growth with a CAGR (Compound Annual Growth Rate) of 8.6% ensued by China at 8.4%. In 2014 India's services sector growth at 10.3% was noticeably higher than China at 8.0%. As per the ILO (International Labour Organization) report on "Global Employment and Social Outlook : Trends 2015" job creation in the coming years will be mainly in the service sector.

Review of literature

Services exports have been a dynamic element of India and China's trade and globalization in recent years. In the year 2000, Share of service sector in Chinese economy was 40 percent of GDP, while participation of service sector in Indian economy was 51 percent. As a result of increase in the year 2015, share of service sector in Chinese and Indian economies reach to 50 percent and 53percent to GDP (WDI, 2016).Services sector remains the key driver of economic growth in India, contributing almost 66.1% in 2015-16 .India's services export grew from 16.8 billion US\$ in 2001 to 155.6 billion US \$ in 2014 which constitutes 7.5% of the GDP making the country the 8th largest services exporter in the world (ES-2015-16). Albeit the internationalisation of services is more recent, outsourcing to India has already had a significant impact on the pattern of international trade in business services and recent studies have shown that there is a large potential for the sourcing of services from China as well as from India (Van Welsum & Reif, 2006).

In the back more than two and a half decades, both China and India have pursued a successive approach to economic reform and opening up the economies. Since the early eighties(i.e.1978) China has adopted a strategy of economic reform and opening up and ten years afterwards (i.e.1991), India has also entered a phase of domestic and external economic liberalisation. In both countries, the process of removing restrictions and making available trade and capital flows to integrate world economies has been a gradual process which has gone with a specific momentum. The ordering has been determined by domestic priorities and constraints, Meanwhile, external pressures by international organisations or partners have proved to be limited.

India experienced an international payment crisis in the year 1990-1991 which guided to a package of measures contemplated by the IMF, but since then, the sequence of reforms has been directed by domestic forces. In China, after 25 years of incremental reforms, the government accepted in 2001 the strong commitments imposed by WTO accession, as a mean to strengthen its strategy of economic modernisation (for a comparison of the reform processes see Aziz et alii, 2006). As they both have a long tradition and great culture, their present emergence in the world economy can be considered as a "come back", a return after a long absence (Singh, 2005). The two countries also display sharp economic differences. India appears institutionally much stronger (Singh, 2005, Aziz et alii, 2006) with a sound banking system, relatively developed capital markets and a strong corporate sector which includes well established private groups with long-established international links (Boillot, 2006; Etienne 2007).This contrasts with China's inefficient state-owned banks, emerging stock markets and recently born private firms. The better quality of most Indian political and economic institutions is well documented in Minefi (2006). Over the long run China and India are on a clear catch-up trajectory which progressively tried to reduce the between their GDP per capita and it remained large till now.

Developed countries have maintained their dominant position in services exports and the rise of large emerging economies has been slower than in manufactured products (Bensidoun and Ünäl-Kesenci, 2007). However after the first wave of manufacturing outsourcing in the eighties and nineties, a second wave has taken place since the nineties, characterised by the outsourcing of services to India (Bardhan and Kroll, 2003). The advances of ICT have made services increasingly mobile and trade liberalisation in services has opened new opportunity for emerging economies to display their comparative advantage in this area (Van Welsum and Reif, 2006). Up to now, India has been the developing country which has taken the most rapidly advantage of this opportunity and has acquired large market shares in "offshorable" services.Services trade appears to have done much better and India has emerged as a global player in some services sectors such as information technology and business process outsourcing, as well as services related to pharmaceuticals. Mode 4- related trade is also important amounting in value terms to over 90 % of total cross-border services exports (Dihel and Kowalski, 2007). A process of export reorientation is clearly underway and a significant shift has taken place towards more advanced, in some cases high-skill intensive, services. Moreover, new services, such as computer and

selected professional services, have emerged in India's exports to a greater extent than in other (developing and BRIC) countries. A more detailed analysis of India's services export performance based on selected trade indicators such as sectoral revealed comparative advantage and intra-industry trade indices performed by Dihel and Kowalski (2007) confirms that India has a strong revealed comparative advantage in *Computer and communication services*. *Travel, Financial and Communication services* feature high levels of intra-industry trade, indicating India's integration into the global service supply chain. Interestingly, trade in *Computer services* in India seem to be entirely an inter-industry phenomenon. In India the question is whether the country can plunge the industrialisation phase (Banga, 2005; Rakshit, 2007; World Bank, 2004). Several reasons support the idea that it is both desirable and possible that the Indian economic growth continue to be driven by services in the long run (Srinivasan, 2006; World Bank, 2004). India enjoys a strong comparative advantage in this area as shown by its rising trade surplus; it should build on this strength and exploit the enormous growth potential of services, given the expanding domestic and world demand, driven by the demand of upper income groups and by the outsourcing strategy of firms associated with the splintering of the production process and liberalisation of international trade. However, the question arises whether India should maintain in the future the growth pattern it has followed in the last twenty years. First, past growth has failed to generate an increase in employment (jobless growth).

The fastest growing services have been those with low potential for employment as well as those with high labour productivity and efficiency gains. The sectors with large potential for employment have recorded a relatively low growth. Second, India's revealed comparative advantage in services may well be the result of the distortions in the economic system and structures. As mentioned above, the development of services has benefited from the fact that the sector was less regulated, more open to FDI, and less constrained by deficient infrastructures. Finally, there is a risk that the demand for skilled labour in rapidly growing export-oriented services may impede the very development of labour-intensive sectors because of the shortage and high wages of skilled labour (Kochhar *et al.*, 2006). In total exports of commercial services, both China and India stand far ahead all other large emerging economies in 2005 to 2015. The overall market share of China increased but remained relatively modest, at 3% in 2005, compared to its position in merchandise exports and 6.01% in 2015. By contrast, India has a world market share in commercial services exports 1.1% in 2005, which is rose to 3.27% in 2015 (UNCTAD Database). In this paper, it has been a humble endeavour to analyze and evaluate the world trade of commercial services of both of economies.

Objectives of the study

This study is planned in the view to examine the participation of China and India in world trade of commercial services particularly, and suggest measures for expanding the services in vulnerable areas to global exports. The main objectives are:

- To analyze and evaluate the China and India in world trade of commercial services in various terms.

- To analyze and evaluate the structure of China and India in world trade of commercial services and comparison between them.

MATERIALS AND METHODS

This study work is primarily based on secondary data, information and literature of international trade. In order to meet the objectives and results of the study concerned, multiple secondary data of world level have been collected through UNCTAD Handbook of Statistics 2015, United Conference on Trade and Development, New York and Geneva; UNCTAD Stat., latest trade trends jointly produced by WTO and UNCTAD according to BPM6 presentation and WTO's statistical publication. Data are interpreted through several statistical tools and techniques such as mean, S.D., and Coefficient of Variation, trend analysis, coefficient of determination, etc.

China and India's participation in overall world trade of commercial services

While we study the India and China's share in world exports of commercial services, it has been noticed that in the year 2005, share of Developing Asia was 17.47 percent in which In which India and China's combined share were 4.1 percent. In the year 2015, Developing Asia continued to play the main role (25.5 per cent), with exports from India and China alone accounting for 9.28 per cent of world exports of commercial services. These two economies ranked first and second as preferred services off-shoring locations. Global trade in commercial services of both economies has been depicted in the Table1, as follows:

Table1 and Figure1 represents the share in percentage terms of world exports and imports in commercial services of India and China for the period of 11 years (viz., 2005 to 2015). It is obvious that in the corresponding span, world exports in commercial services of China were in ranging between 3 percent to 6.1 percent with an average 4.2 percent, whereas participation in world exports of these services of India were in ranging between 1.1 percent to 3.27 percent having an average 2.74 percent. On the imports side, China's share in world commercial services were within a range of 3.32 percent to 10.11 percent and averaging 5.72 percent, while share of India remained in the range of 1.86 percent to 3.09 percent and an average 2.52 percent. It can be easily seen that in the span concerned, the average share of China's exports and imports of commercial services were greater vis-a-vis India's exports and imports of commercial services, which were in excess of an average 1.46 percent and 3.2 percent, respectively. In both economies, the fitted trend line equation suggest a greater weight for exports in India than for exports in China and in case of imports, fitted trend line equation has given higher weight to China.

China and India's net global trade position in commercial services

China has continued to exist a net importer and India has stayed net exporter of commercial services throughout the span of 2005 to 2015. In the year 2005, overall global trade deficit in commercial services of China was US \$ 5373.82 million.

Table 1. China and India's participation in overall world trade of commercial services

Year	Exports of Commercial Services						Imports of Commercial Services		
	China	India	Excess	Developing Asia	Developing Economies	Developed Economies	China	India	Excess
2005	3.00	1.10	1.01	17.47	23.28	74.71	3.32	1.86	1.46
2006	3.18	2.35	0.83	18.28	23.98	73.84	3.57	2.07	1.51
2007	3.55	2.45	1.10	18.93	24.53	73.14	3.85	2.10	1.76
2008	3.65	2.67	0.98	19.56	25.17	72.21	4.09	2.29	1.79
2009	3.44	2.62	0.82	19.66	25.37	72.17	4.30	2.36	1.94
2010	3.99	3.03	0.96	21.94	27.79	69.71	4.92	3.09	1.84
2011	4.60	3.17	1.43	22.86	28.47	68.92	5.93	2.98	2.95
2012	4.49	3.25	1.24	23.65	29.47	67.79	6.49	2.99	3.50
2013	4.33	3.12	1.21	23.65	29.19	67.98	7.19	2.73	4.46
2014	5.53	3.07	2.44	24.56	29.91	67.63	9.18	2.58	6.60
2015	6.01	3.27	2.74	25.49	31.02	66.77	10.11	2.65	7.46
Average	4.2	2.7	2.7	24.5	27.1	70.4	5.7	2.5	3.2

Notes and Source: Data in this table sourced from UNCTAD Stat., which is based on the sixth edition of the IMF Balance of Payments Manual (BPM6) classification of exports and imports by service-category and author's calculations. There with, China excluding Hong Kong SAR of China, Macao SAR of China, and Taiwan Province of China.



Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 1. Share of India and china in world trade in commercial services

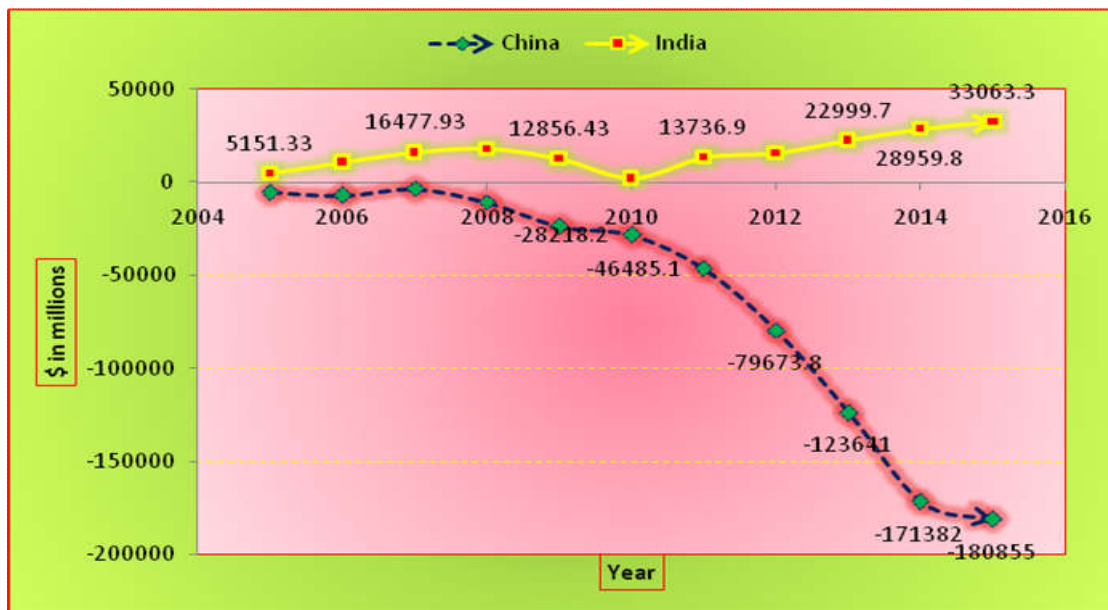
It has widened and reaches to US \$ 180855 million in the year 2015. On the other hand, India has earned global trade surplus of US \$ 5151.33 million in the year 2005, owing to increase more than six times, it reach to US \$ 33063.3 million in the year 2015. China and India's net global trade status in commercial services are set out in the Table2 as follows:

Table 2. China and India's net global trade in commercial services, 2005-2015

Year	China	India
2005	-5373.82	5151.33
2006	-6839.28	11125.2
2007	-3374.7	16477.93
2008	-10800.1	18430.53
2009	-23525.7	12856.43
2010	-28218.2	2545.9
2011	-46485.1	13736.9
2012	-79673.8	16074.3
2013	-123641	22999.7
2014	-171382	28959.8
2015	-180855	33063.3

Note and Source: UNCTAD Stat online database and author's calculations.

Table2 and Figure2 highlight the picture of overall net global trade in commercial services of China and India since 2005 to 2015. In the study span, China's global trade payments of commercial services are greater than receipts, while India's situation is vice-versa. In the corresponding study span, overall global trade deficit (negative net balance) in commercial services of China reflecting in the range of US \$ -3374.7 million to US \$ -180855 million with an average of US \$ -61833.5 million, while India achieved overall global trade surplus (positive net balance) ranging from US \$ 2545.9 million to US \$ 33063.3 million and averaging US \$ 16492.85 million. Trade deficit in commercial services of China is increase persistently excepting the year 2007. Notwithstanding, China's "goods related services" sectors have recorded an increasing surplus on an average US \$ 21511.01 million, but travel, transport and "Other commercial services" sectors of China have generated average trade deficits of US \$ 40377.3 million, US \$ 31430.2 million and US \$ 11537.1 million during study span of 11 years (i.e. since 2005 to 2015). On the other hand, India has recorded an increasing surplus in "Travel" and



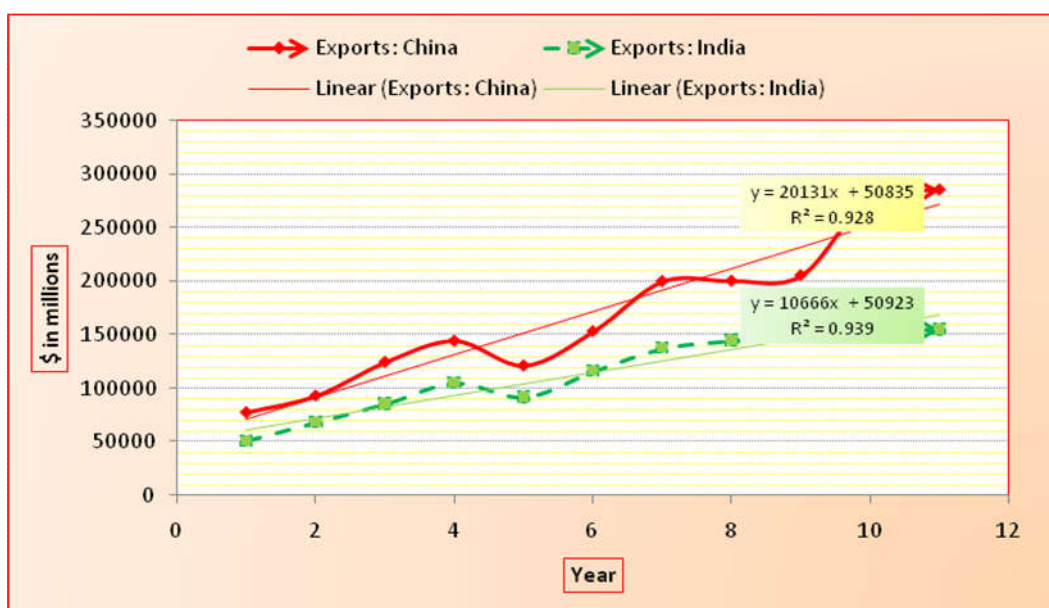
Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 2. China and India's net global trade in commercial services, 2005-2015

Table 3. International trade in commercial services of China and India

Year	Exports			Imports		
	China	India	Excess	China	India	Excess
2005	77974.04	51850.85	26123.19	83347.86	46699.52	36648.34
2006	93492.32	69165.79	24326.53	100331.6	58040.59	42291.01
2007	124894.7	86235.11	38659.59	128269.4	69757.18	58512.22
2008	144676.8	105668.4	39008.4	155476.9	87237.87	68239.03
2009	121613.5	92484.33	29129.17	145139.2	79627.9	65511.3
2010	153605.8	116582.8	37023	181824	114036.9	67787.1
2011	200294.2	137935.3	62358.9	246779.3	124198.4	122580.9
2012	200586	145029.6	55556.4	280259.8	128955.3	151304.5
2013	205778.4	148188.3	57590.1	329419.2	125188.6	204230.6
2014	279422.8	155670.2	123752.6	450805	126710.4	324094.6
2015	285475.5	155288.3	130187.2	466330.2	122225	344105.2

Notes and Source: Data in this table sourced from UNCTAD Stat., which is based on the sixth edition of the IMF Balance of Payments Manual (BPM6) classification of exports and imports by service-category and author's calculations. Moreover, China excluding Hong Kong SAR of China, Macao SAR of China, and Taiwan Province of China.



Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 3. Exports trade in commercial services of China and India

“Other commercial services” categories on an average US \$3762.76 million and US \$43797.11 million, while both transport and goods related services sectors have generated average trade deficits of US \$31058 million per year and US \$24.8 million in the same duration (see appendix). India's share in world trade of commercial services are emphatically to rise in value terms in study span from 2005 to 2015, excepting the contraction in exports and imports in the year 2009 and 2015. The average exports and imports of commercial services remain US \$1,14,918.1 million and US \$98,425.24 million, in which average exports are 1.17 times than exports of commercial services in period of study, while china's exports and imports in commercial services are continuously increased only excepts the year 2009 of global financial crisis. This economy exported and imported on an average US \$1,71,619.5 million and US \$2,33,453 million, having average imports are 1.36 times than exports of commercial services in the corresponding period of study. In this respect, Table 3 is formatted, which is as below:

Table 3 and Figure 2 reflect exports of commercial services, linear trend line of exports data sets, trend line equation of exports of commercial services of India and China from 2005 to 2015 as well as coefficient of determination (r^2) of them. In the corresponding span overall mean, S.D., and C.V. of exports of commercial services of China were US \$171619.5 million, US \$66071.87 million, and 38.5 %, respectively, whereas exports in commercial services of India were US \$ 114918.1 million, US \$34796.75 million, and 30.28 %, consecutively. It is clear that to the point of view of price variability, exports in commercial services of India are more stable rather than exports of commercial services in China. A linear trend lines of exports in commercial services of China and India clearly showing that these have consistently risen over a 11-year period (i.e. 2005 to 2015) excepting the year 2008-09 global economic crisis, in which exports in commercial services of these economies were resilient. Linear trend line of exports of commercial services in China accounts 92.8 percent of the variance while the exports of commercial services in India accounts for 93.9 percent.

The more variance that is accounted for by the trend line equation of exports in commercial services of India are closer the data points will fall to the good fitted regression line. In case of exports in commercial services of China, there is relatively more distance between the fitted line and all of the data points. It is noted here that r-squared is a statistical measure of how close the data are to the fitted regression line. It is also known as the coefficient of determination. Table 3 and Figure 2 exhibit imports of commercial services, linear trend line of imports data sets, trend line equation of imports of commercial services of India and China from 2005 to 2015 as well as coefficient of determination (r^2) of them. In the corresponding span overall mean, S.D., and C.V. of imports of commercial services of China were US \$233453 million, US \$128244.53 million, and 54.93 %, respectively, whereas imports in commercial services of India were US \$ 98425.24 million, US \$29433.51 million, and 29.9 %, consecutively. It is clear that to the point of view of price variability, imports in commercial services of India are extremely stable rather than imports of commercial services in China. A linear trend lines of imports in commercial services of China and India clearly reflecting that these have persistently risen over in 11-years

period (i.e. 2005 to 2015) excepting the year 2008-09. In spite of global economic crisis during the year 2008-09, imports in commercial services of economies concerned were resilient. Linear trend line of imports of commercial services in China accounts 91.6 percent of the variance while the imports of commercial services in India accounts for 85.4 percent. The more variance that is accounted for by the trend line equation of imports in commercial services of China are closer the data points will fall to the good fitted regression line. In case of imports in commercial services of India, there is relatively more distance between the fitted line and all of the data points.

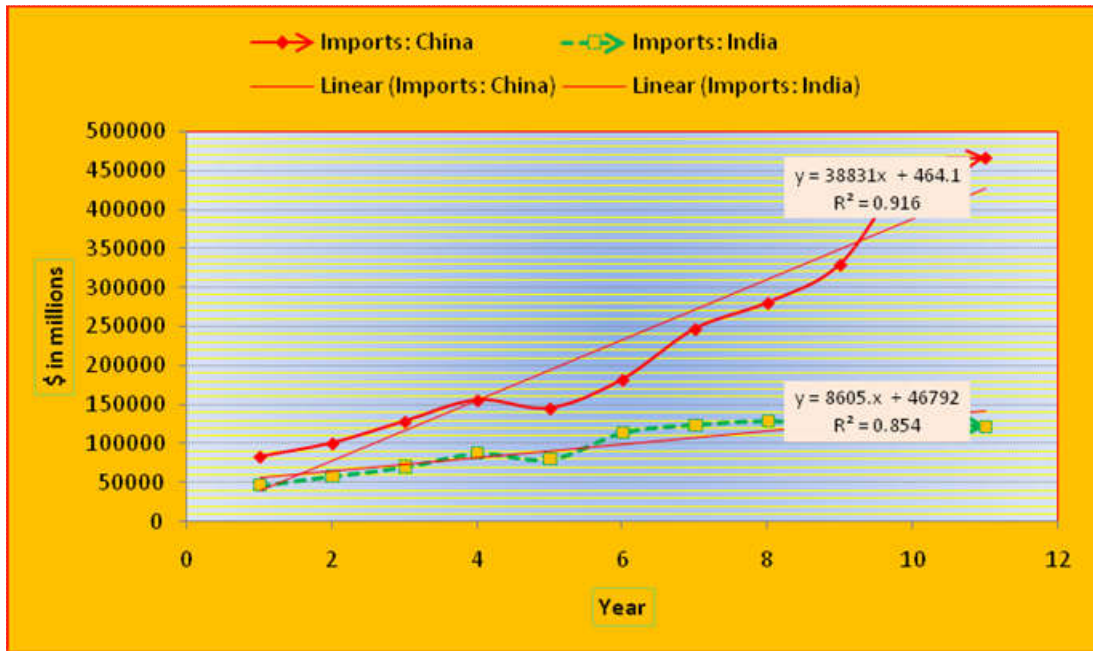
China and India's growth in world trade of commercial services

While we study of China and India's growth in world trade of commercial services in the terms of annual percentage change year-on-year, it is find that China and India's overall growth in exports were 19.90 percent and 33.39 percent and in imports of commercial services were 20.38 percent per year and 24.29 percent per year in the span of 2006. Growth rate is deteriorated in the year 2015 of both of economies, China and India growth rate of exports of commercial services reached to 2.17 percent and -0.25 percent , respectively, whereas growth rate of imports of commercial services fell to 3.44 percent and -3.54 percent, respectively in the corresponding study period. It is worth mentioning here that aggregate growth in global exports of commercial services in developing economies (including China and India) on year-on-year basis in terms of annual percentage change, was 16.62 percent in the year 2006. Owing to deteriorate in the year 2015, reached to -2.64 percent. Although decline in annual percentage change in exports of commercial services in developing economies in the year 2015 is more fewer in relation to developed economies (-7.32 percent), transition economies(-15.47 percent) and whole world(-6.12 percent). Declining in growth rate in global exports of commercial services in china and India are lesser vis-a-vis group of economies and in overall world comparison. Growth in world trade of commercial services of India and China have been highlighted in Table 4 as follows:

Table 4, Figure 5 reflect the growth per year in World trade of commercial services in China and India's economies in the period of 11 years (i.e. 2005 to 2015). In the span of study ,China having on an average higher growth per year vis-a-vis India, in global exports and imports growth in commercial services. Growth rate of China's exports and imports in commercial services on average per year are 15.08 percent, 19.52 percent, where as exports and imports of commercial services growth rate on average per year of India remains 12.46 percent and 11.15 percent.

Structure of Chinese and Indian economies' exports of commercial services

Overall commercial services are classified into four main categories by UNCTAD, comprising goods-related services, transport, travel, and other services. The other services are further classified into eight categories, viz., construction, insurance and pension services, charges for the use of intellectual property not included elsewhere (n.i.e.), telecommunications, computer, and information services, Other business services, . personal, cultural, and recreational services,



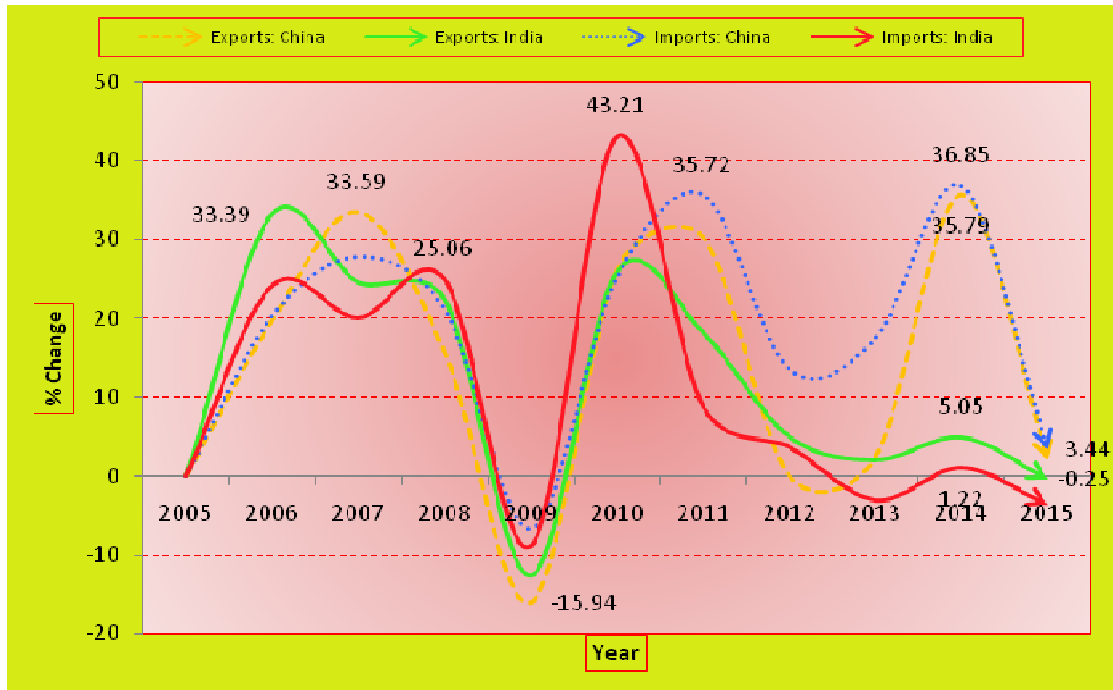
Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 4. Imports trade in commercial services of china and India

Table 4. Growth rate of India and china in overall world trade in commercial services

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Exports											
China ..	19.90	33.59	15.84	-15.94	26.31	30.40	0.15	2.59	35.79	2.17	
India ..	33.39	24.68	22.54	-12.48	26.06	18.32	5.14	2.18	5.05	-0.25	
Excess	-13.49	8.91	-6.70	-3.47	0.25	12.08	-5.00	0.41	30.74	2.41	
Imports											
China ..	20.38	27.85	21.21	-6.65	25.28	35.72	13.57	17.54	36.85	3.44	
India ..	24.29	20.19	25.06	-8.72	43.21	8.91	3.83	-2.92	1.22	-3.54	
Excess	-3.91	7.66	-3.85	2.07	-17.94	26.81	9.74	20.46	35.63	6.98	

Notes and Source: Same as Table3.



Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 5. Growth rate of India and china in overall world trade in commercial services

Table 5. Category-wise share of commercial services in total services' exports in China

Services category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Goods-related services	16.96	15.36	15.89	16.06	17.59	16.31	13.20	12.77	11.23	7.64	8.39
2. Transport	19.66	22.34	24.97	26.43	19.23	22.13	17.69	19.30	18.19	13.63	13.47
3. Travel	37.33	36.09	29.68	28.10	32.37	29.64	24.11	24.82	24.96	37.57	39.82
4. Other Comm. Services	25.41	25.60	29.02	28.95	30.03	31.29	44.63	42.61	45.03	40.78	37.95
I. Construction	3.30	2.93	4.29	7.11	7.72	9.38	7.32	6.08	5.15	5.47	5.81
II. Insurance and pension services	0.70	0.59	0.72	0.95	1.31	1.12	1.50	1.65	1.93	1.63	1.74
III. Financial services	0.19	0.15	0.18	0.22	0.29	0.86	0.42	0.94	1.54	1.62	0.81
IV. Charges for the use of intellectual property n.i.e.	0.20	0.22	0.27	0.39	0.35	0.54	0.37	0.52	0.43	0.24	0.38
V. Telecommunications, computer, and information services	2.96	3.93	4.40	5.38	6.29	6.78	6.92	8.06	8.26	7.19	8.57
VI. Other business services	17.89	17.63	18.91	14.61	13.99	-	28.036	25.31	27.65	24.56	20.38
VII. Personal, cultural, and recreational services	0.17	0.15	0.25	0.29	0.08	0.08	0.06	0.06	0.07	0.06	0.26
Commercial services	99.37	99.39	99.56	99.54	99.23	99.38	99.63	99.51	99.41	99.62	99.63
Govt. goods and services n.i.e.	0.63	0.61	0.44	0.46	0.77	0.62	0.37	0.49	0.59	0.38	0.37
Total Services	100	100	100	100	100	100	100	100	100	100	100

Notes and Source: Same as Table 2.

Table 6. Category-wise share of commercial services in total services' exports in India

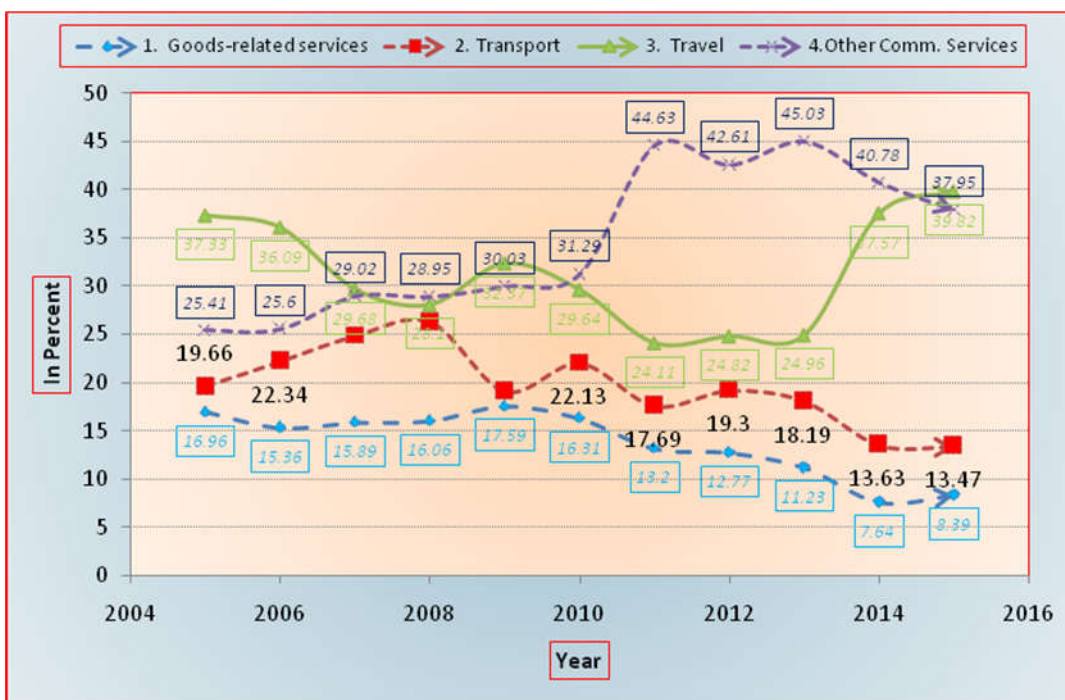
Services Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Goods-related services	-	-	-	-	-	-	-	0.09	0.17	0.25	0.20
2. Transport	12.53	12.46	11.80	12.07	12.09	11.34	12.78	12.03	11.38	11.92	9.20
3. Travel	14.36	12.43	12.40	11.16	11.99	12.38	12.78	12.35	12.38	12.61	13.48
4. Other Comm. Services	72.48	74.71	75.44	76.41	75.48	75.87	74.01	75.19	75.76	74.85	76.75
I. Construction	0.66	0.89	0.87	0.79	0.87	0.45	0.61	0.63	0.82	1.03	0.95
II. Insurance and pension services	1.80	1.60	1.74	1.47	1.63	1.52	1.87	1.55	1.44	1.46	1.28
III. Financial services	2.19	3.39	3.90	4.05	3.89	4.98	4.51	3.68	4.29	3.61	3.42
IV. Charges for the use of intellectual property n.i.e.	0.39	0.09	0.19	0.14	0.21	0.11	0.22	0.22	0.30	0.42	0.30
V. Telecommunications, computer, and information services	32.32	32.33	33.10	34.99	36.64	34.60	34.01	33.53	35.57	35.63	37.00
VI. Other business services	34.90	35.96	35.05	34.30	29.71	29.49	27.83	32.36	31.16	30.27	31.19
VII. Personal, cultural, and recreational services	0.21	0.44	0.59	0.67	2.54	0.83	0.25	0.53	0.83	0.81	0.81
Commercial services	99.37	99.61	99.63	99.64	99.56	99.59	99.57	99.66	99.69	99.63	99.65
Govt. goods and services n.i.e.	0.63	0.39	0.37	0.36	0.44	0.41	0.43	0.34	0.31	0.37	0.35
Total Services	100	100	100	100	100	100	100	100	100	100	100

Notes and Source: Same as Table 2.

and Government goods and services n.i.e. The trade in Government goods and services n.i.e have been kept out of commercial services but is a category of overall services. India's exports to foreign clients included a wide range of services, such as finance and accounting, auditing, book keeping and tax consulting services, customer services, medical transcriptions, and various types of engineering services (embedded solutions, product design, industrial automation and enterprise asset management). Chinese and Indian economies play a significant role in global exports of commercial services. In the year 2005, share of commercial services in total services was 99.37 percent and 99.37 percent, which rise to 99.63 percent and 99.65 percent, respectively in the year 2015. Lot of tourists travel every year from China. Tourism has become a powerful tool for reducing poverty, boosting economic growth, building social progress and ensuring peace in several economies. Category-wise share of commercial services in total services' exports in Chinese economy is exhibited in Table-5 as follows:

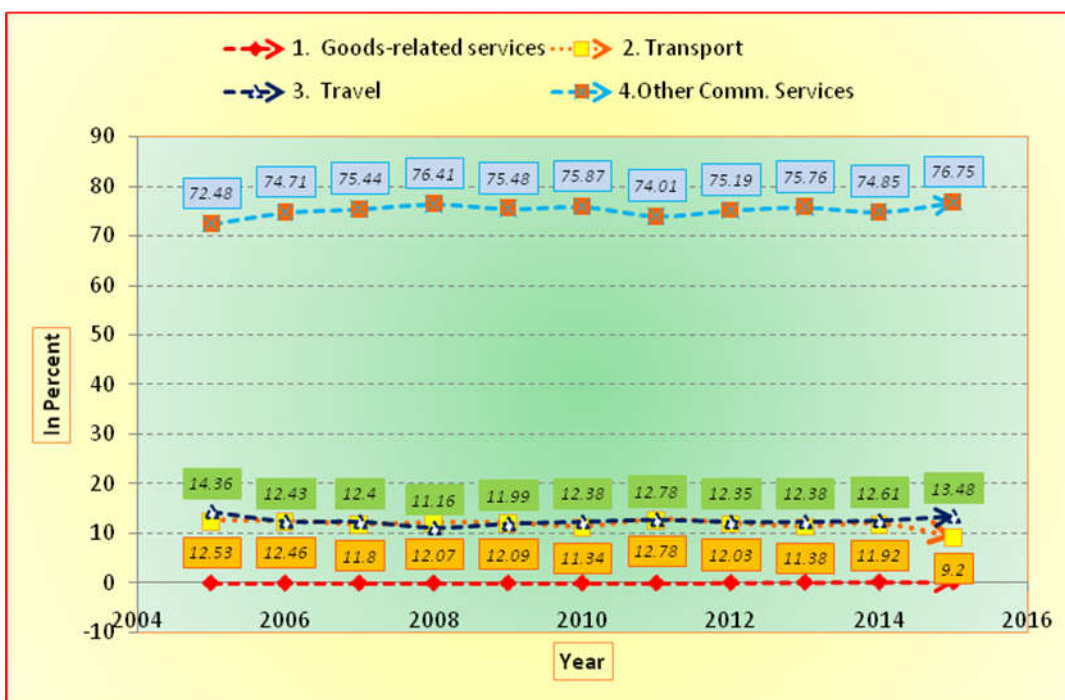
Table 5 and Figure 6 highlight the category-wise share of commercial services in total services exports of China since the span of 2005 to 2015. It is obvious that On an average combined share of transport and travel is 51.05 percent, whereas share of goods-related services and other commercial services occur 13.76 percent and 34.6 percent. While we study the "Other Commercial Services" category in which share of sub-category like "Other business services", "Telecommunications, computer, and information services", and "Construction" separately were on an average 20.9 percent,

6.25 percent, and 5.87 percent, respectively and in aggregate terms 33.02 percent. It is worth mentioning here that "Other business services" cover research and development, professional and management consulting and technical, trade-related and other business services. Construction covers the creation, renovation, repair, or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams, and so forth. It also includes related installation and assembly work. It includes site preparation and general construction as well as specialized services such as painting, plumbing, and demolition. It also includes management of construction projects. Goods-related services encompasses Manufacturing services on physical inputs owned by others and Maintenance and repair services n.i.e. Transport Include all transport services involving the carriage of people and objects from one location to another as well as related supporting and auxiliary services. Also included are postal and courier services. Travel credits cover goods and services for own use or to give away acquired from an economy by non-residents during visits to that economy. Travel debits cover goods and services for own use or to give away acquired from other economies by residents during visits to these other economies. India's share is deficient rather than China's share in exports of commercial services, namely, goods-related services; transport; travel and in sub-category of "other commercial services", viz., construction and charges for the use of intellectual property n. i. e. In the year 2005, share of India's commercial services such as transport and travel in exports of total services were 12.53 percent and 14.36 percent, respectively, rise to 9.20 percent



Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 6. Share of commercial services in total services' exports in China



Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 7. Share of commercial services in total services' exports in India

and 13.48 percent in due course in the year 2015. It has been emerged few share in “goods-related services” since 2012 to 2015. Category-wise share of entire commercial services in exports of total services in India is exhibited in underneath Table 6 as follows:

Table 6 and Figure 7 portray the share of commercial services in exports of total services in India during the year 2005 to 2015. It is apparent that share of commercial services like goods-related services; transport and travel in total services

exports abide on an average 0.18 percent, 11.78 percent and 12.58 percent, respectively, while share of “Other Commercial Services” remained on an average 75.1 percent. Transport and travel account for the magnitude of nearly 50 percent of China economy’s exports of commercial services, on an average 19.73 per cent and 31.32 per cent, respectively in since 2005 to 2015, whereas combined share of volume of transport and travel of Indian economy’s exports of commercial services, on an average almost 25 per cent and severally 11.78 percent and 12.58 percent, respectively. However, Chinese economy’s

share in exports of commercial services continues to lag behind in comparison to India in higher-skilled and medium-skilled services, such as insurance and pension services; financial services; telecommunications, computer, and information services; Other business services; and Personal, cultural, and recreational services, on an average 0.32 percent, 3.15 percent, 28.27 percent, 11.12 percent, 0.63 percent, respectively in the corresponding span of study. On the other hand, Indian economy's share in exports of commercial services continues to lag behind in comparison to China in services, like goods-related services; travel; transport, and charges for the use of intellectual property n.i.e. on an average 13.59 percent, 18.74 percent, 7.95 percent, and 0.12 percent, respectively during the study period.

Current initiatives of India for service sector

In India's Maritime Agenda, the target for the year 2020 is 3130 million tonnes of port capacity with an investment of approximately Rs. 2,96,000/- crore and a vision for coastal shipping tourism and regional development has been prepared with a view to increasing the share of the coastal/inland waterways transport mode from 7% to 10% by 2019-20. media and entertainment services industry has recorded unprecedented growth over the last two decades making it one of the fastest growing industries in India. It is projected to grow at a CAGR of 13.9% to reach 1964 billion rupees by 2019. Digital advertising and gaming are projected to drive the growth of this sector in the coming years. To the point of view of real estate and housing, the Government has announced plans to build six crore houses by the year 2022 under the Housing for All scheme. India's R&D globalization and services market is set to almost double by 2020 to 38 billion US\$. Consultancy Services is emerging as one of the fastest growing service segments in India. Government has taken several initiatives like the Marketing Development Assistance and Market Access Initiative Scheme among others for capacity development of domestic consultants.

To the stand points of IT-BPM Services, India home to a new breed of young start ups has clearly evolved to become the third largest base of technology start ups in the world. Within one year the number of startups have grown by 40% creating 80,000-85,000 jobs in 2015. This emerging sector is set to get up a fillip with the Startup India programme. India Posts is the largest Postal services network in world. The IT Modernization Project of the Department of Posts, with a total outlay of Rs. 4909 crore, involves computerization and networking of all the post offices. Augmenting tourism in India, In the year 2014-15, Government has launched two schemes for thematic development of tourism, these are Swadesh Darshan and National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD). To promote medical tourism, the Government has launched India's Healthcare Portal and Advantage Health Care India.

Conclusions

China and India are the most dynamic economies as well as two demographic enormous countries in the world. Services exports have been a dynamic element of India and China's trade and globalization in recent years. In the year 2000, Share of service sector in Chinese economy was 40 percent of GDP,

while participation of service sector in Indian economy was 51 percent. As a result of increase in the year 2015, share of service sector in Chinese and Indian economies reach to 50 percent and 53 percent to GDP. During the back two and a half decades, both have successfully integrated the world economy. Transport and travel account for the magnitude of nearly 50 percent of China economy's exports of commercial services, on an average 19.73 per cent and 31.32 per cent, respectively in since 2005 to 2015, whereas combined share of volume of transport and travel of Indian economy's exports of commercial services, on an average almost 25 per cent and severally 11.78 percent and 12.58 percent, respectively. However, Chinese economy's share in exports of commercial services continues to lag behind in comparison to India in higher-skilled and medium-skilled services, such as insurance and pension services; financial services; telecommunications, computer, and information services; Other business services; and Personal, cultural, and recreational services, on an average 0.32 percent, 3.15 percent, 28.27 percent, 11.12 percent, 0.63 percent, respectively in the corresponding span of study. On the other hand, Indian economy's share in exports of commercial services continues to lag behind in comparison to China in services, like goods-related services; travel; transport, and charges for the use of intellectual property n.i.e. on an average 13.59 percent, 18.74 percent, 7.95 percent, and 0.12 percent, respectively during the study period.

Suggestions

On the basis of above study work, we may suggest the following measures:

- To achieving more gains through effectively participate in global trade of commercial services, both countries should enhance the mobilisation of national and international resources to remove the upcoming and existing barriers in respective country.
- To take advantage of more market accessibility, the China and India should extend its capacity to world trade in commercial services.
- Both nations must focus on services such as financial, pension, insurance, charges for the use of intellectual property, professional and management consultancy services, and technical, trade-related and other business services. For these purposes they should mobilise more financial resources and more training and skill development programmes.
- It is requirement to Sensible trade negotiating skills as well as appreciating and improved development cooperation between both of countries, other developing countries and developed countries as well.
- China and India should maintain their negotiating capacity and decrepitating their presence in various conferences of UNCTAD once in a every four years at a ministerial level. Both countries should attention on upcoming conference will conduct in 2020.

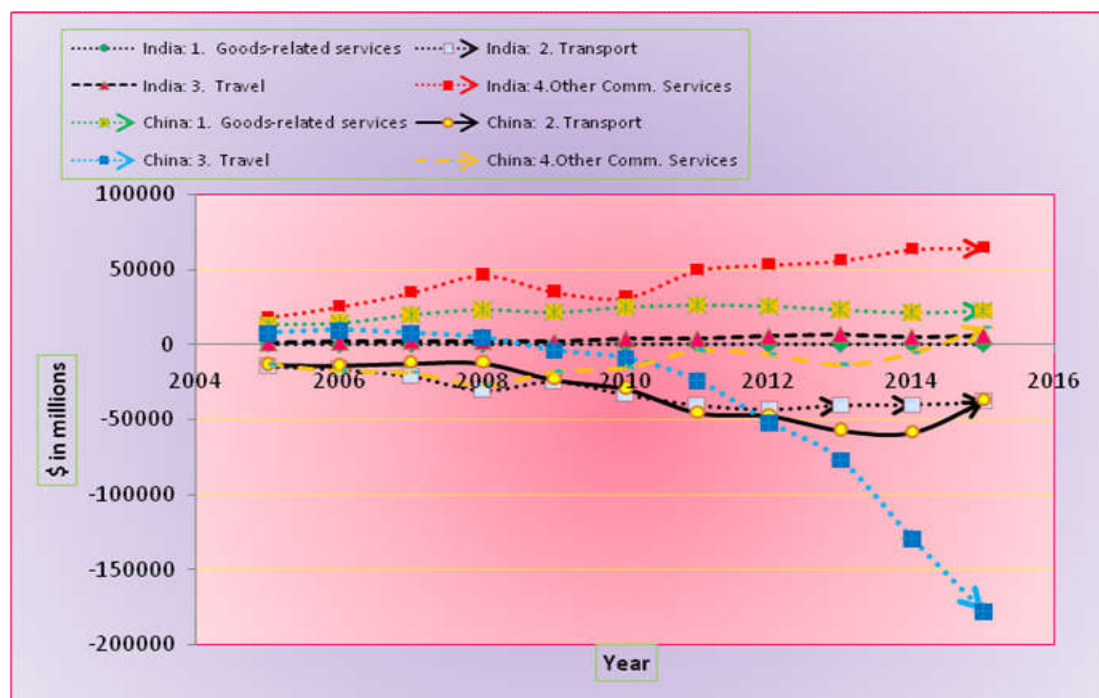
Scope of further research

There is wide scope for conducting study to China and India international trade dynamism. Study can be conducted that how to overcome the challenges in integrating into the multilateral trading system. Several case studies can also be conducted for

both countries that how likely these countries integrating world economy as soon as possible in shortest span and; How these countries enhanced their global trade capacity and export diversification in commercial services?

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Source: Author's elaboration, based on UNCTAD Stat., 2005 to 2015.

Figure 8. India and China's net global trade in commercial services, 2005-2015

Table 7. India's net global trade in commercial services, 2005-2015

Services	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Goods-related services	-	-	-	-	-	-	-	-186.804	-81.1785	137.146	31.6477
2. Transport	-14349.6	-16507.5	-21056.4	-30383.2	-24445.4	-33259.5	-40229	-42964.6	-40228.6	-40263.4	-37951.1
3. Travel	1306.22	1788.93	2510.56	2226.1	1826.35	4000.1	4008.3	5629.9	6826.6	5104.5	6162.8
4. Other Comm. Services	18194.67	25843.81	35023.77	46587.58	35475.48	31805.28	49957.62	53595.84	56482.91	63981.47	64819.76
I. Construction	-256.224	-175.055	25.205	136.736	-270.092	-466.764	-294.786	-171.969	-174.83	479.2	520.2541
II. Insurance and pension services	-1388.96	-1558.05	-1683.67	-2771.3	-2504.65	-3225.24	-3606.43	-4157.32	-3790.88	-3660.84	-3317.39
III. Financial services	273.994	407.07	142.26	745.68	-142.01	-953.4	-2047.28	8.93	483.09	1529.6	2231.154
IV. Charges for the use of intellectual property n.i.e.	-465.854	-785.036	-996.694	-1381.02	-1668.13	-2310.92	-2516.67	-3668.62	-3458.34	-4189.99	-4543.16
V. Telecommunications, computer, and information services	15387.32	20193.11	24634.29	32798.02	30790.51	36891.45	43916.49	45319.2	49133.16	51348.2	53879.05
VI. Other business services	4638.21	7559.38	12562.43	16677.69	10717.7	9032.92	13415.26	17190.54	18364.94	20430.26	18707.23
VII. Personal, cultural, and recreational services	6.179	202.551	340.02	382.135	-1447.85	-3204.98	-0.505	224.957	507.212	-124.27	-126.318
Total Commercial services(net)	5151.33	11125.2	16477.93	18430.53	12856.43	2545.9	13736.9	16074.3	22999.7	28959.7	33063.2
Govt. goods and services n.i.e.	-138.736	-199.602	-100.328	-115.587	-316.433	-216.885	-249.963	-208.359	-606.703	-375.894	-334.97
Total Services(net)	5012.6	10925.6	16377.6	18314.9	12540	2329	13487	15866	22393	28583.9	32728.3

Source: Author's calculations, based on UNCTAD Stat., 2005 to 2015.

Table 8. China's net global trade in commercial services, 2005-2015

Services	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Goods-related services	13306.62	14444.37	19915.4	23315.42	21499.63	25131.6	26339.18	25625.08	23177.6	21305	22561.2
2. Transport	-13027.1	-13353.7	-11951.9	-11911.1	-23005.1	-29046.2	-44874.8	-46949.4	-56678.1	-57915	-37020.1
3. Travel	7536.9	9627.3	7447	4686	-4026.7	-9066	-24121.1	-51949	-76912	-129282	-178091
4. Other Comm. Services	-13190.2	-17557.3	-18785.2	-26890.4	-17993.6	-15237.7	-3828.32	-6400.6	-13229.1	-5490.4	11694.7
I. Construction	973.57	702.92	2467.28	5965.49	3595.15	9422.86	10995.86	8627.2	6772.73	10485.4	6455.2
II. Insurance and pension services	-6650.14	-8276.14	-9760.4	-11360.1	-9705.98	-14027.7	-16720.1	-17270.9	-18096.5	-17880	-4350.4
III. Financial services	-14.245	-746.042	-326.438	-250.884	-286.122	-56.18	102.529	-39.78	-506.16	-409.3	-310.3
IV. Charges for the use of intellectual property n.i.e.	-5163.85	-6429.58	-7849.44	-9748.96	-10635.8	-12209	-13962.8	-16704.9	-20146.4	-21937.4	-20937.8
V. Telecommunications, computer, and information services	102.08	1192.66	2229.56	3146.52	3267.85	6373.9	8873.69	10756.54	9474.42	9424.6	13140.2
VI. Other business services	-2417.5	-4017.2	-5708.5	-14805.3	-4047.3	-	7159.1	8668.9	9909.2	15524.8	18860.8
VII. Personal, cultural, and recreational services	-20.095	15.953	162.569	163.321	-181.183	-247.905	-276.786	-438.909	-635.581	-698.7	-1163
Total Commercial services(net)	-5373.82	-6839.28	-3374.7	-10800.1	-23525.7	-28218.2	-46485.1	-79673.8	-123641	-171382	-180855
Govt. goods and services n.i.e.	-128.175	72.306	-304.26	-253.889	109.716	-192.75	-311.96	-50.147	38.85	-972.8	-1501.5
Total Services(net)	-5502	-6767	-3679	-11054	-23416	-28411	-46797	-79724	-123602	-172355	-182356

Source: Same as Table2.