



Ministry of Commerce & Industry



Confederation of Indian Industry



Global Exhibition on Services

Concept Note

Global Exhibition on Services (GES) - Concept Note

The Government of India, Ministry of Commerce and Industry in association with Confederation of Indian Industry (CII) and Services Export Promotion Council, (SEPC), is organizing the Global Exhibition on Services from 23 to 25 April 2015 at ITPO, New Delhi. The main objective of the Global Exhibition is to position India as a leader in the Services Sector to rest of the World, to tap the potential for services' exports and to draw further investment into India in the services sector. The Exhibition will enhance strategic cooperation and develop synergies to strengthen multilateral relationships between India and the rest of the world in the Services Sector.

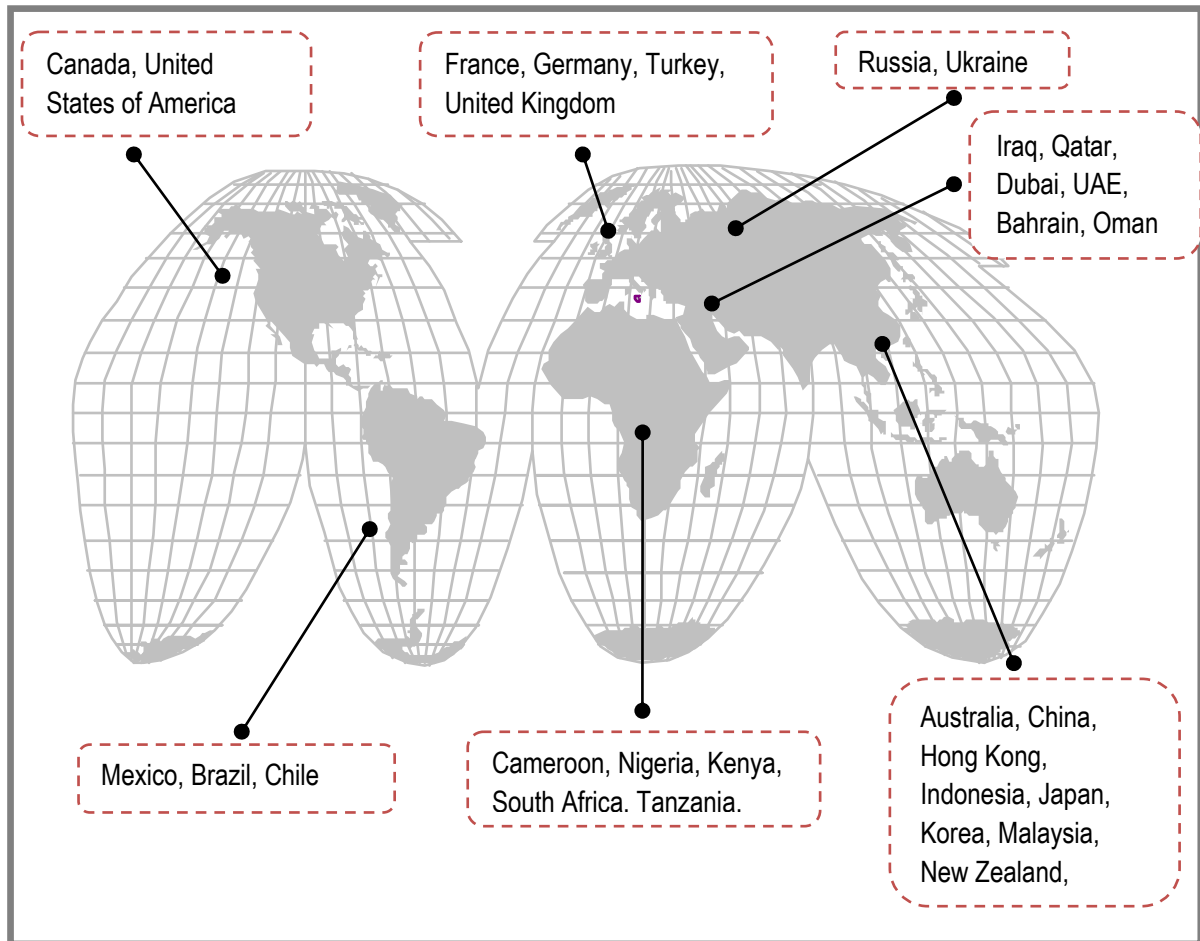
The First Global Exhibition on Services will be a global platform to showcase the inherent strength of services sector in India with focus on the following Sectors:

Focus Sectors

	IT and Telecom	Global Exhibition on Services April 2015
	Tourism	
	Media and Entertainment	
	Healthcare	
	Logistics	
	Professional Services	
	Education	
	Energy and Environment	
	R&D	
	Space and Satellite	

Participation in this Exhibition is expected from foreign governments, service providers, and Indian state governments. All these stakeholders are expected to deliberate on issues of concern and to devise ways to take global services trade to a higher level. The Exhibition would be a meeting place for countries, for global service sector players to forge new business relationships and enhance international trade in services.

The focus countries for the Global Exhibition on Services are:



India is already collaborating with some of these countries and negotiating trade and services agreement.

Highlights of the Exhibition on Services

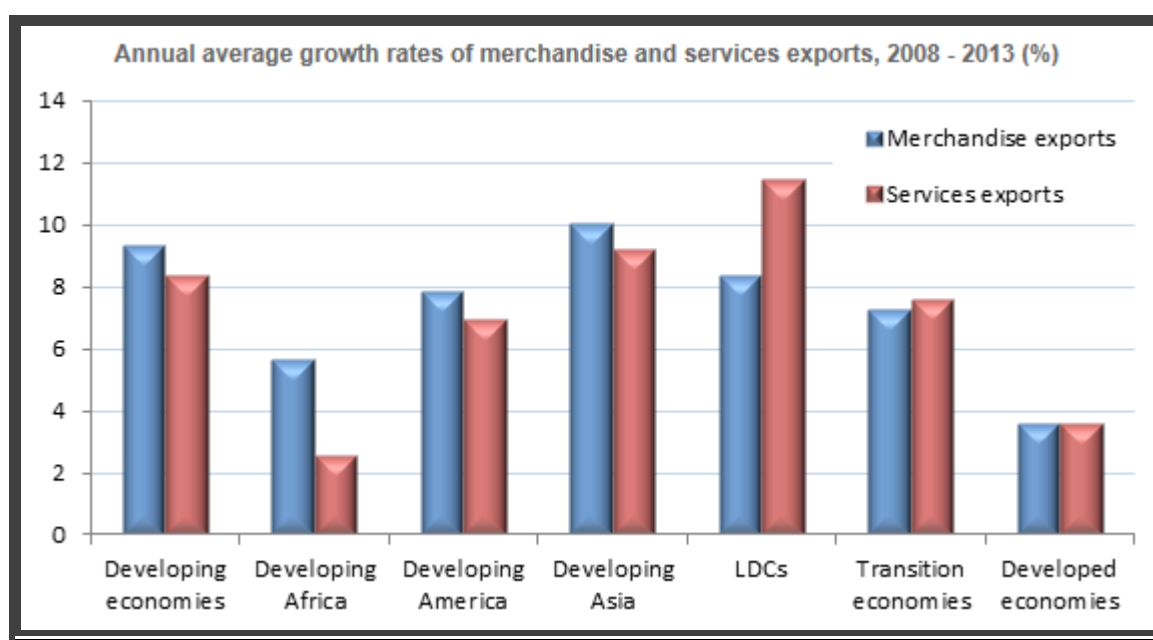
1. Participation from national and international government and business leaders and corporates
2. International players with common goals, countries to interact and showcase their strengths
3. Multi-pronged approach to meetings, seminars, discussions
4. Dedicated Seminars and B2B meetings / match making
5. Facilitate deliberations on barriers to services trade
6. Promote international cooperation in services

Services Sector International

Trade in services recorded a 5 per cent global increase in 2013. Services are increasingly being traded internationally, reaching 4.7 trillion dollars of global exports in 2013 and recording a 5 per cent annual growth (current prices).

The most dynamic services sectors between 2008 and 2013 were computer and information services (9.1 per cent annual average growth), followed by personal, cultural and recreational services (8.per cent), then by other business and professional services (6.8 per cent). It is in computer and information services sector that developing economies record highest growth rates: 13 per cent on average annually since 2008, compared with 7.5 per cent for developed countries.

World services GDP grew from 2.7 per cent to 3.8 per cent in 2012 with a 65.9 per cent share in the US\$ 72.7 trillion world GDP (at current prices). Services share in employment is only 44.0 per cent in 2012. World services export growth grew robustly from 2011 to 2013 with a CAGR of 9.9 per cent. As per the UNCTAD Investment Report 2014, the global foreign direct investment (FDI) flows in 2013 at US\$ 1.45 trillion grew by 9 percent.



¹Figure 1

¹ Figure 1 Source: UNCTAD and WTO

Services Sector India

As the world economy is showing signs of recovery, it is becoming imperative for India to tap domestic and also international demand to become a market for economic development. The services sector plays an increasingly important role in the world economy and is extremely crucial in a country's growth and development.

The services sector in India contributes 57 percent to India's GDP.

India's Services Sector

Services in India has emerged as a prominent sector in terms of contribution to national and states' incomes, trade flows, FDI inflows, and employment. The services sector has matured and plays a distinctive role in the growth of the India economy.

- CAGR: India has the second fastest growing services sector with its CAGR (compound annual growth rate) at 9.0 per cent, just below China's 10.9 per cent, during the last 11-year period from 2001 to 2012
- GDP: Among the world's top 15 countries in terms of GDP, India ranked 10th in terms of overall GDP and 12th in terms of services GDP in 2012
- Growth: The growth rate of India's services sector of 6.8 percent in the year 2013-14 was marginally lower than that in the previous year of 2012-13.
- FDI: FDI inflows to the services sector (top five sectors including construction) declined sharply by 37.6 per cent to USD 6.4 billion
- Employment: The share of the services sector in employment has gone up from 19.7 percent in 1993-94 to 26.8 percent in 2012-13
- Indian Exports in Services: India's share in world services exports, which increased from 0.6 per cent in 1990 to 1.1 per cent in 2000 and further to 3.3 percent in 2013, has been increasing faster than its share in world merchandise exports.

India's Services Sector: Details

The share of services in India's GDP rose 56.5 per cent in 2012–13. During FY 2014–15, it is projected that the sector would grow at a healthy 5.6 percent.

The share and growth of the Services sector in India is shown as per table below:

	2000-01	2011-12 [®]	2012-13 [*]	2013-14 ^{**}
Trade, hotels, & restaurants	14.5 (5.2)	17.4 (1.2)	17.2 (4.5)	24.0 (3.0)[#]
Trade	13.2 (5.0)	15.9 (1.0)	15.8 (4.8)	—
Hotels & restaurants	1.3 (7.0)	1.5 (3.8)	1.4 (0.5)	—
Transport, storage, & communication	7.6 (9.2)	7.3 (9.4)	7.5 (6.0)	—
Railways	1.1 (4.1)	0.7 (7.5)	0.8 (0.3)	—
Transport by other means	5.0 (7.7)	5.4 (8.6)	5.6 (6.6)	—
Storage	0.1 (6.1)	0.1 (2.9)	0.1 (8.6)	—
Communication	1.5 (25.0)	1.1 (11.2)	1.1 (6.5)	—
Financing, insurance, real estate, & business services	14.1 (3.5)	16.5 (11.3)	17.2 (10.9)	18.5 (12.9)
Banking & insurance	5.4 (-2.4)	5.7 (12.9)	5.9 (11.8)	—
Real estate, ownership of dwellings, & business services	8.7 (7.5)	10.7 (9.9)	11.4 (10.0)	—
Community, social, & personal services	14.7 (4.6)	13.8 (4.9)	14.3 (5.3)	14.5 (5.6)
Public administration & defence	6.5 (1.9)	5.9 (4.2)	6.0 (3.4)	—
Other services	8.2 (7.0)	7.8 (5.4)	8.2 (6.8)	—
Construction	6.0 (6.1)	8.2 (10.8)	8.1 (1.1)	7.8 (1.6)
Total services	51.0 (5.1)	54.9 (6.6)	56.3 (7.0)	57.0 (6.8)
Total services (including construction)	57.0 (5.2)	63.1 (7.1)	64.4 (6.2)	64.8 (6.2)
Total GDP	100.0 (4.1)	100.0 (6.7)	100.0 (4.5)	100.0 (4.7)

Source: Central Statistics Office (CSO).

IT-BPM Industry

Industry exports expected to reach USD 84-87 billion with a growth rate of 12-14 per cent, domestic revenues to grow by 13-15 per cent and reach INR 1180-1200 billion; SMAC (Social media, mobility, analytics, and Cloud) technologies to fuel growth; future of industry is a complete blend of services, products, solutions and platforms.

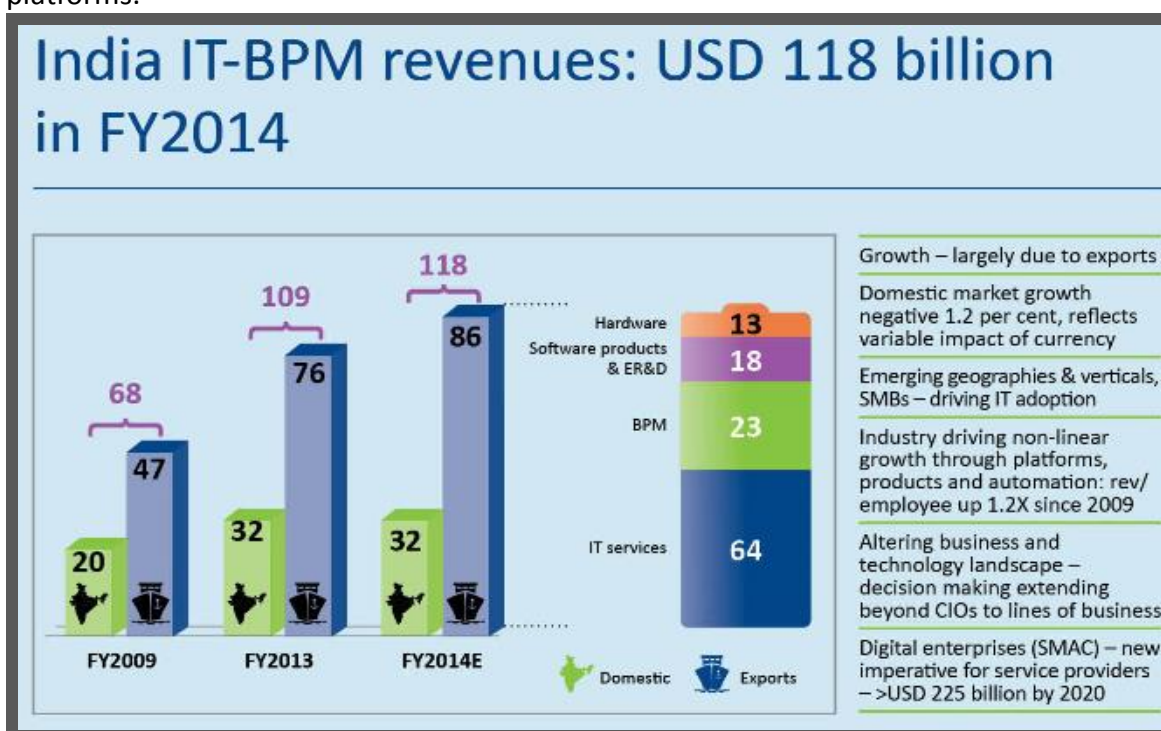


Figure 2²

² Source: Nasscom Resource Center

Media & Entertainment

The Indian Media and Entertainment (M&E) Industry is one of the most vibrant and exciting industries in the world. The media and entertainment industry grew by 11.8 per cent to INR 918 billion in 2013 from INR 821 billion in 2012 and is projected to grow at a CAGR of 14.2 per cent to reach INR 1786 billion by 2018.

In 2013, the Indian Media & Entertainment (M&E) industry registered a growth of 11.8 per cent over 2012 and touched INR 918 billion. For projections till 2018, digital advertising is expected to have the highest CAGR of 27.7 per cent while all other sub-sectors are expected to grow at a CAGR in the range of 9 to 18 per cent. Overall, the industry is expected to register a CAGR of 14.2 percent to touch INR 1785.8 billion by 2018.

The India E&M industry generated INR 1,120 billion in revenue in 2013, an increase of 19% over previous year. The largest segment, India's television industry, continued its strong growth momentum with revenue increasing from INR 366 billion in 2012 to INR 420 billion in 2013, representing year-on-year growth of about 15 per cent. This growth was led by an increase in subscription revenue, driven by the ongoing process of digitization. Internet access and internet advertising have been the fastest growing segments with annual growth rates of 47 per cent and 26 per cent, respectively.

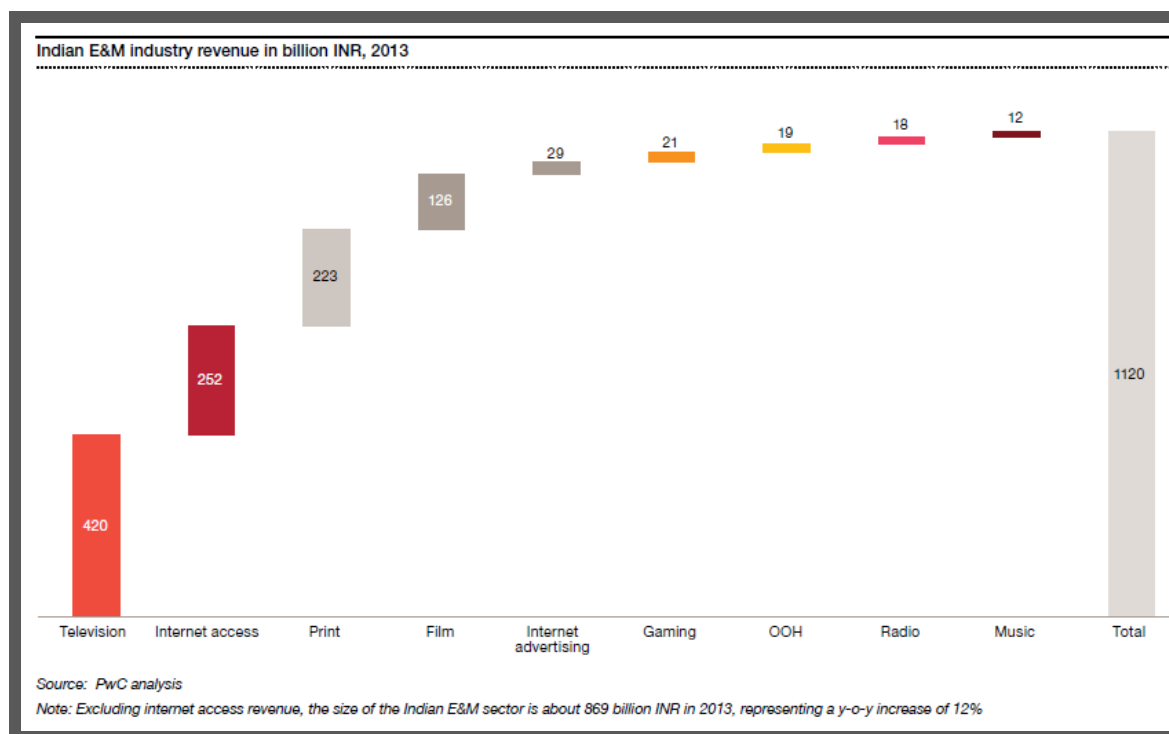


Figure 3³

³ Source: India Entertainment and Media Outlook 2014, PwC

Education

The Indian education sector is one of the largest sunrise sectors contributing to the country's economic and social growth. The Indian education system, considered as one of the largest in the world, is divided into two major segments of core and non-core businesses. While, schools and higher education for the core group, the non-core business consists of pre-schools, vocational training and coaching classes. The education sector in India is evolving, led by the emergence of new niche sectors like vocational training, finishing schools, child-skill enhancement and e-learning. India has emerged as a strong potential market for investments in training and education sector, due to its favorable demographics (young population) and being a services-driven economy. Indian education sector's market size in FY12 estimated to be USD 71.2bn is expected to increase to USD 109.8 billion by FY15 due to the expected strong demand for quality education. The market grew at a CAGR of 16.5 per cent during FY05-FY12.⁴

Higher education is of vital importance for the country, as it is a powerful tool to build knowledge-based society of the 21st Century. It is estimated that the market size of the Indian education sector will increase to INR 602,410 crore (US\$ 100.23 billion) by FY 15 from INR 341,180 crore (US\$ 56.77 billion) in FY12 as a result of strong demand for quality education with increase in awareness about the importance of education.

Healthcare

As per industry reports, healthcare is poised to grow at an estimated annual rate of 19 per cent to reach USD 280 billion by 2021 with India being recognized as a destination for world class healthcare. During the last decade the private sector grew to become the major provider of healthcare services. Its share of beds increased from 49 per cent in 2002 to 63 per cent in 20102. As per NSSO 2008, the private sector accounted for 60 percent of all in-patient admissions and 78 percent of out-patient consultations³. Private diagnostics market is growing at 20 per cent and the pharmaceuticals market at around 15 per cent per annum.

The Indian healthcare industry, growing at a CAGR of 15 per cent is expected to touch US\$ 250 billion by 2020. Driving growth factors are rising population, increasing disposable income, increasing lifestyle related health issues, cheaper treatment costs, thrust in medical tourism, improving health insurance penetration, government initiatives and focus on public private partnership (PPP) models. Most Indian metros have hospitals with world-class infrastructure, processes and outcomes. However, 70

⁴ Source: MarketResearch.com

per cent of the healthcare infrastructure is confined to the top 20 cities of India. In order to reach the remaining population, innovations both in healthcare products and delivery are required.

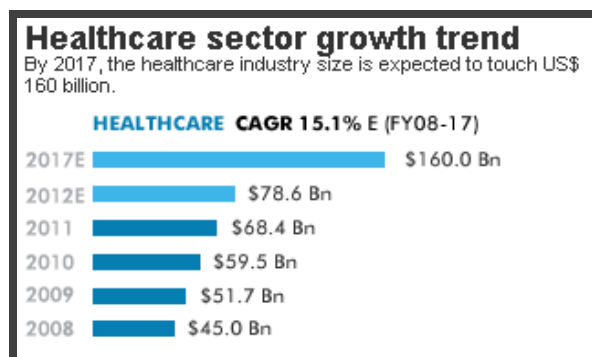


Figure 4⁵

Tourism

According to a recent annual report by the World Travel and Tourism Council (WTTC), 2014 is expected to be a year of “above-average growth” for travel and tourism in India. WTTC’s Annual Economic Impact Report 2014 for India shows travel and tourism’s economic contribution is expected to grow by 7.3 percent this year, outperforming the general economy by 2.5 percentage points. Revenue from domestic tourism is expected to increase by 8.2 percent this year compared to 5.1 percent in 2013, the report noted.

The direct contribution of Travel & Tourism to GDP in 2013 was INR 2,178.1 billion (2.0 per cent of GDP). This is forecast to rise by 7.5 per cent to INR 2,340.6 billion in 2014. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.

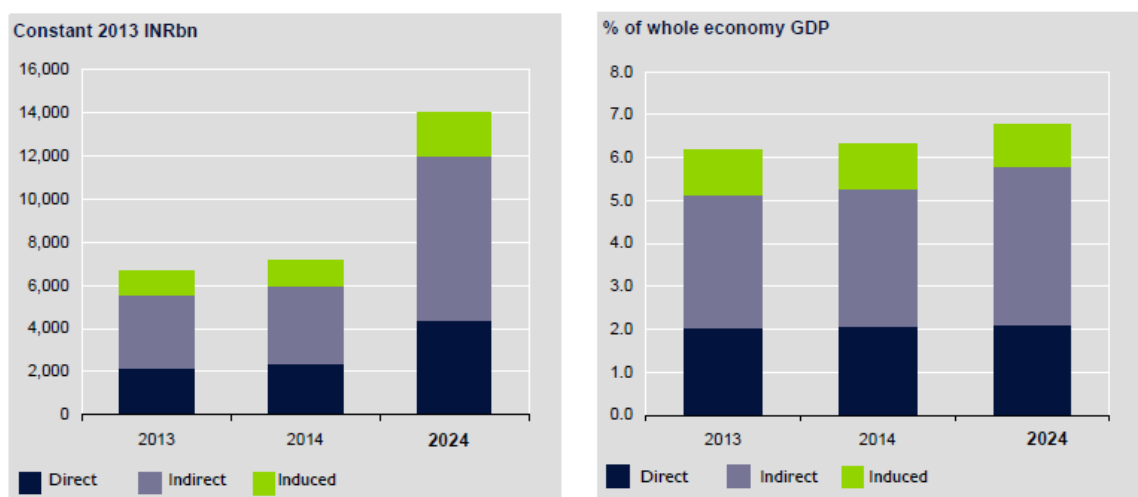
Tourism contributes to 6.6 per cent of GDP and created 39.5 million jobs in 2012. While the direct contribution to GDP is estimated at INR 2222 billion in 2013, the total contribution is estimated at INR 7416 billion in the same year.⁶

The direct contribution of Travel & Tourism to GDP is expected to grow by 6.4 per cent pa to INR 4,346.4bn (2.1 per cent of GDP) by 2024.

⁵ Source: IBEF

⁶ KPMG Travel and Tourism Sector Report

INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO GDP



¹ All values are in constant 2013 prices & exchange rates

Figure 4⁷

Foreign exchange earnings from tourism was INR 94,487 crore with a growth of 21.8 per cent vis-à-vis INR 77,591 crore during 2011. Tourism is a potent engine for socio-economic development.

R&D

Among business services, R & D occupies second position in India's GDP. Its growth has been consistently high at near 20 per cent in the last few years; in 2012-13 growth has been at 20.8 per cent. The US\$ 1.6 trillion global gross expenditure on R&D (GERD) in PPP (purchasing power parity) terms for 2014 projected by Battelle and R&D magazine is a more than US\$ 50 billion increase over the previous year. In this enormous activity, India's share is around 3 per cent with GERD projected at US\$ 44 billion, which is around five times lower than that of China.

The Gross expenditure on R&D (GERD) in the country has been consistently increasing over the years and has doubled from INR 24,117.24 crores in 2004-05 to INR 53,041.30 crores in 2009-10. It is estimated to be INR 62,053.47 crores in 2010-11 and INR 72,620.44 crores in 2011-12.

India's per capita R&D expenditure has increased to INR 451/- (US\$ 9.5) in 2009-10 from INR 217/- (US\$ 4.8) in 2004-05. In terms of PPP\$, India's GERD increased from 16.6 billion PPP\$ in 2004-05 to 30.8 billion PPP\$ in 2009-10. It is estimated to be 33.3 billion PPP\$ in 2010-11 and 36.7 billion PPP\$ in 2011-12. World GERD increased from 851.6 billion PPP\$ in 2004-05 to 1276.9 billion PPP\$ in 2009-10. It is estimated to be 1366.3

⁷ Source: World Travel and Tourism Council, Travel and Tourism Economic Impact 2014 India

billion PPP\$ in 2010-11 and 1461.9 billion PPP\$ in 2011-12. India's share in World GERD increased to 2.4 per cent in 2009-10 from 1.9 per cent in 2004-05. It is estimated to increase to 2.5 per cent in 2011-12.

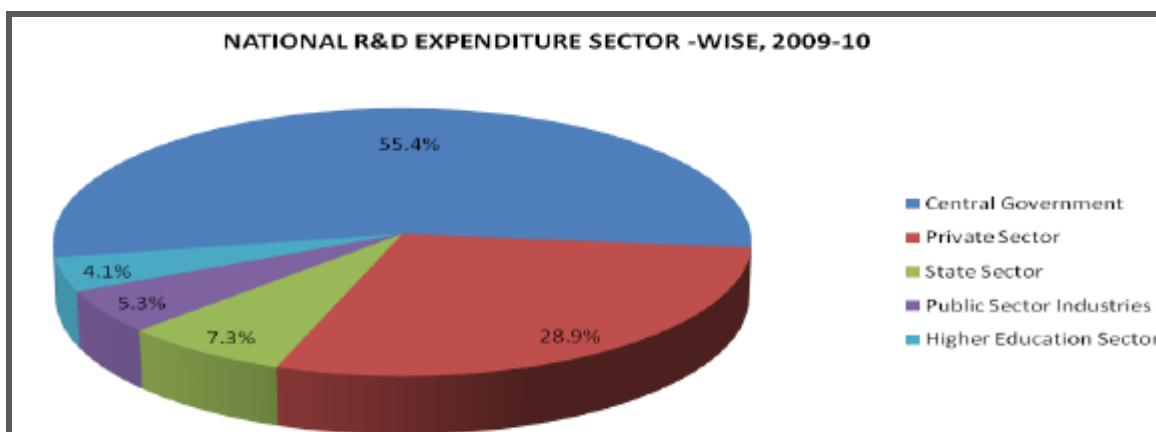


Figure 5⁸

India was the eight-largest country in terms of R&D investments in 2013, with investments in the sector likely to increase to US\$ 44 billion in 2014 from US\$ 40 billion in 2012. The country's share of global R&D spending rose to 2.7 per cent in 2013 from 2.6 per cent in the previous year. The number of multinational corporation (MNC) R&D centers in India has increased at a compound annual growth rate (CAGR) of 14.4 per cent to 1,031 during the first half of 2013. Bengaluru has 39 per cent of MNC R&D centers; Mumbai and Pune both have 19 per cent.

India's Services Sector: Outlook

The services sector in India is robust and growth of services of services-sector GDP is higher than that of overall GDP during 2010-01 to 2013-14. The time has come to focus further on this sector with quick reforms and removal of barriers and regulations.

⁸ Source Department of Science and Technology, Government of India