

BRICS as Stepping Stone for India's Service Trade SectorDr.Shameem C C¹ and Prof.K Jayaprasad²**Abstract**

Service trade is an essential ingredient to economic growth of each country. Since decades, it is an agreeable fact that positive service goods function as an economic backbone for a developing country like India. Service sector not only provides the bulk of employment and income in India but also serves as vital input for producing other goods and services. It gives a good platform of employment opportunities for the skilled youth in India. The paper will be analyses on how far the BRICS service trade relations beneficial for Indian economy.

Key Words

Service Trade Relations, BRICS, and Multilateral System

Introduction

Trade in services is another segment through which the BRICS countries gradually increase their market penetration, even though their performance over the last five years (2005-10) appeared patchy. China, India and Russia have a prominent future in service trade sector than South Africa and Brazil. India especially stands out amongst BRICS countries with its service led growth model (BRICS, 2012b, and p.163). This report shows that India has been actively practicing service trade among the BRICS group, which fosters and reduces trade imbalances between India and other BRICS member states. An efficient service sector is crucial for the growth and competitiveness of individual firm as well as economy (Farancios and Hockman, 2010) and contributes in the growth of economy (Copeland and Mattoo, 2008).

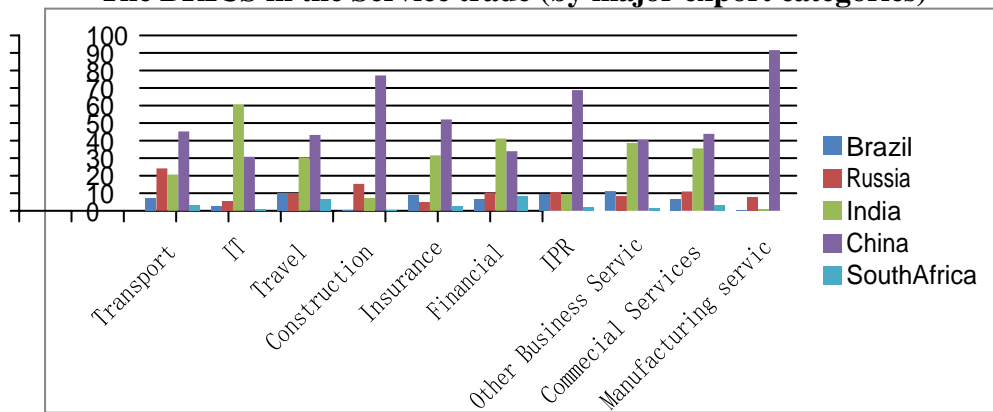
India represents the more diverse service recipients in terms of diversity in suppliers. The annual growth of major exporters of services such as transport, travel, and other commercial services spread across several suppliers when compared to Russia and Brazil. A healthy 37 percent growth by US based providers of transport services to India should also be noted alongside. The below figure demonstrates China to be

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leading the pack in terms of diversity and presence in almost all of the service categories. Russia and India are gradually developing their service capabilities, whilst Brazil has yet to mark in this area of world trade. Note that transport is a major sector where China, India and Russia have lodged 15 percent, 20 percent and 11 percent.

Figure 1
The BRICS in the Service trade (by major export categories)



Source: Summarized from WTO Data 2017, <https://www.tr>

<https://www.tr>

The above figure 1 shows various sectors of service trade in which China leads in commercial service with first position, then India , followed by Brazil, Russia, and South Africa respectively On subject matter regarding Information and Telecommunication (IT) service, India is in the first position and followed by China, Russia, and South Africa. With construction service, China leads with their new technological abundance, and then followed by Russia then India, Brazil and South Africa. We can see that China and India are sharing the first and second position with regard to insurance sector. In the matter of financial service, we can see an Indian monopoly. Finally in IPR fees service, we can see China’s domination among the BRICS group. Moreover the sectors like other business service, China and India competitive with each other. In additionally service trade performance by the BRICS countries makes a strong impact on world trade facilitated by the abundance of rich human resources, high new technological advances, trade and investment openness together with service sector growth

BRICS and Multilateral Service Trade Relations

The total world service exports in comparison to world’s largest regional group like the EU, ASEAN, BRICS, and NAFTA. In the period from 2005 to 2010, the world service export trade increased from 2.47 to 3.91 Trillion USD. The same tendency which can

show in the case of EU is marked from 1.16 to 1.72 Trillion USD. The case of NAFTA, not much differenced but it slightly show up ward tendency from 0.44 to 0.65 Trillion USD in world service exports. In the case of BRICS tendencies are similar, which marked from 0.81 to 0.36 Trillion USD exports in global trade. ASEAN is maintains a stable performances from 0.11 to 0.21 Trillion USD.

During the period 2011 – 2017, world service exports decreased from 4.42 to 3.30 Trillion USD. These tendencies are followed by the EU (from 1.95 to 0.35), BRICS (from 0.45 to 0.52), ASEAN (from 0.25 to 0.35), and NAFTA (from 0.72 to 0.89) Trillion USD. This tendency proves that large level service exports are need for world economy to maintain a stable growth. Moreover the influences of Information Communication Technology (ICT) expand global level to much attention for service trade. The influences of ICT is calibrated the world economy making more stable and flexible growth. The technological sharing between the nation's states, which is more sophisticated to reduce the conflict between nations states. The General Agreement Trade in Service initiated a good platform for service trade, which getting more international accreditation.

The world service imports in comparatively terms with regards of the EU, ASEAN, BRICS, and NAFTA. In the period from 2005 to 2010, world service imports trade increased from

2.41 to 3.81 Trillion USD. The same tendency which can show in the case of EU is marked from 1.04 to 1.50 Trillion USD. The case of NAFTA, not much differenced but it slightly show up ward tendency from 0.39 to 0.53 Trillion USD in world service imports. In the case of BRICS tendencies are similar, which marked from 0.20 to 0.45 Trillion USD imports in global trade. The case of ASEAN is maintaining stable performances from 0.14 to 0.23 Trillion USD.

While examining the period the available data from 2011 to 17, world service imports increased from 4.27 to 4.62 Trillion USD. These tendencies are followed by EU (from 1.65 to 1.96), BRICS (from 0.55 to 0.79), ASEAN (from 0.26 to 0.33), and NAFTA (from 0.57 to 0.68) Trillion USD. This tendency proves that large level service imports are need for the world economy to maintain stable growth. The service imports are reducing the hurdles of financial crisis, and realign the structure of world economy in post financial era. This tendency help-full to world economy for oversight increase

demand and supply of service

trade. This will help for service trade expansion all over the world with support of online business, online market, and advancement of internet facilities.

Table 1
World Service Trade Balance (Values in Trillion USD)

Year	BRICS	ASEAN	EU	NAFTA	Rest of the World
2005	-0.02047	-0.02613	0.117677	0.056554	0.057177
2006	-0.01714	-0.02328	0.161507	0.061223	0.084525
2007	-0.01864	-0.01656	0.20957	0.096687	0.141959
2008	-0.03286	-0.02584	0.218655	0.10154	0.095376
2009	-0.04992	-0.01484	0.190806	0.10138	0.090807
2010	-0.08576	-0.01524	0.223352	0.121954	0.1013
2011	-0.10733	-0.01578	0.296548	0.155199	0.153526
2012	-0.15157	-0.01587	0.310187	0.167754	0.131639
2013	-0.20694	-0.01351	0.33931	0.190703	0.145768
2014	-0.24736	-0.0128	0.353661	0.199525	0.114214
2015	-0.22369	-0.00711	0.306232	0.191378	0.152416
2016	-0.269132	0.01278823	0.257236	0.221174	0.144216
2017	-0.274605	0.01765543	0.339593	0.213672	0.152416

Source: ITC,WTO, UNCTAD trade in service data based on Euro stat IMF, OECD and relevant national statistical authorities statistics,
https://www.trademap.org/Country_SelService_TS.aspx?nvpm=1%7c%7c6757%7c%7c%7c%7cS00%7c1%7c3%7c1%7c2%7c2%7c1%7c3%7c1%7c1

In the above table 1, illustrates the global service trade balance in aggregate level. From the period of 2005 to 2010, global service trade trend has been increasing steadily. In the case of EU, which dominates world service trade balance, an increase from 0.11 to 0.22 Trillion USD is shown during this period. The position covered by NAFTA show steady and increasing tendency from 0.05 to 0.12 Trillion USD of world trade. The BRICS in the initial stage of its institution building, but contribution share decreased from -0.02 to -0.08 Trillion USD in world trade balance. ASEAN’s share of contribution is maintained more or less stable at the level of -0.02 Trillion USD.

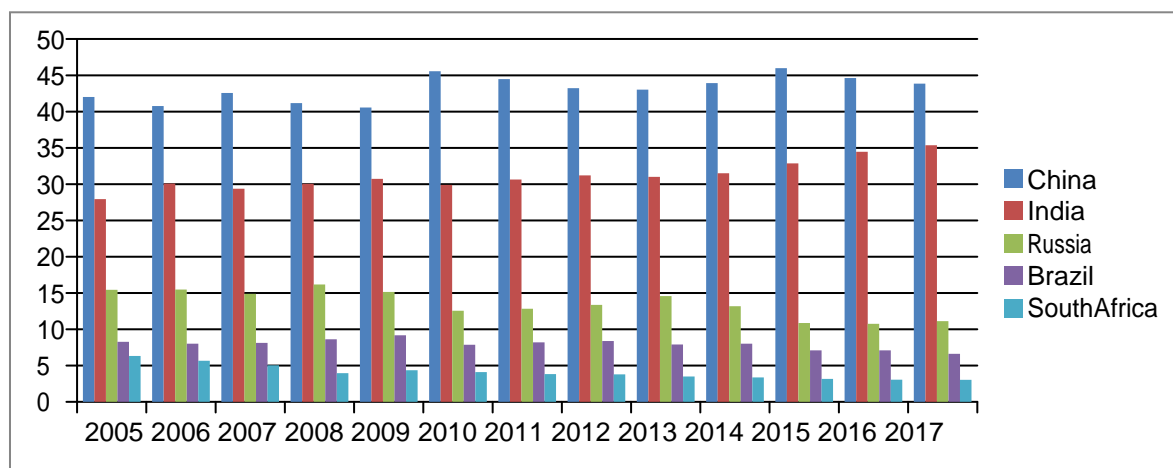
Data from the period of 2011-17 shows that the EU (0.33), Rest of the world (0.15 percent), NAFTA (0.21), BRICS (-0.27), and ASEAN (0.01) had their share of

contribution in service trade balance respectively. This data supports the proposition that global financial crisis had a minimal impact on world service trade balance. The EU and NAFTA groups share a dominant position in world service trade and have been sharing an upward trend. But the BRICS and ASEAN are in hurdles and have been showing downward tendencies in global trade due to lowest demand of their service products in world markets. So that BRICS and ASEAN in the sea shore of trade deficit and rest of the remaining like the EU and NAFTA are the well advance position of trade surpluses in global service trade.

India’s Service Trade with BRICS

BRICS is the finest trade destination with India’s service trade concerns which provides us apparent opportunities to access Chinese, Russian, Brazilian, and South African markets. India gained trade surpluses from this bloc which contributed largely on service exports. The Service exports from India to other BRICS member countries are growing steadily based n the evidence illustrated bellow;

Figure 2
Intra- BRICS Exports (% of Share)



Source: ITC, UNCTAD, WTO trade in services database based on Eurostat, International Monetary Fund, Organization for Economic Co-operation and Development (OECD and relevant national statistical authorities, https://www.trademap.org/Country_SelService_TS.aspx?nvpm=1%7c%7c6757%7c%7c%7c%7cS01%7c1%7c3%7c1%7c2%7c2%7c1%7c3%7c1%7c1)

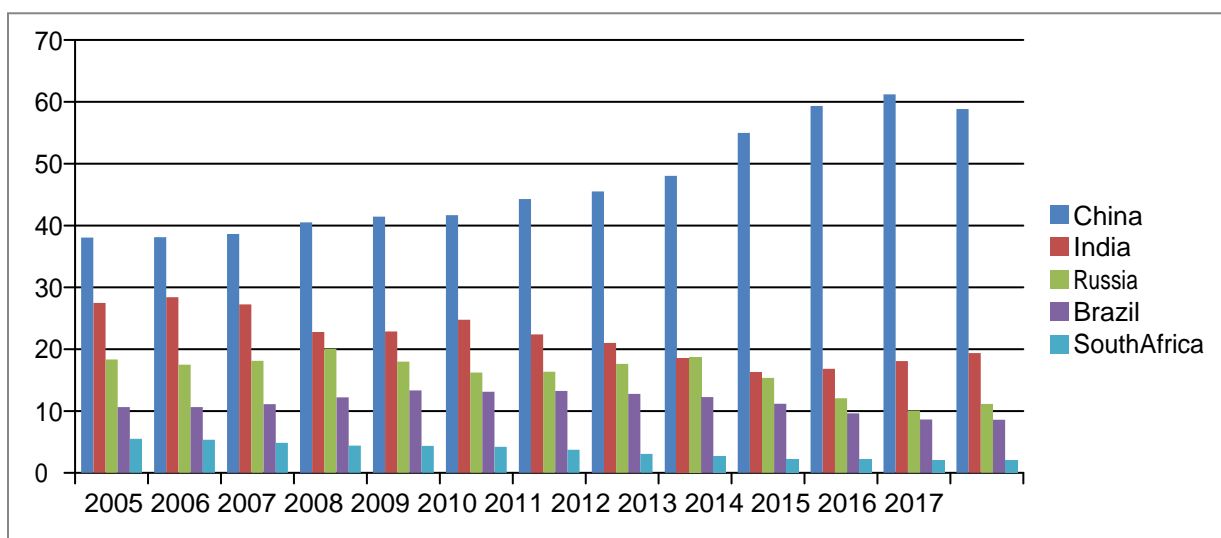
The above figure 2 shows intra-BRICS service exports in percentage bases. China and India have performed positively in last ten years (China’s contribution from 2005 to 2017, are

43.85 percent and 52.77 percent of exports share among the BRICS, India’s exports

share increased from 2005 to 2017, are 27.91 percent and 35.37percent exports share among the BRICS). All other BRICS countries have shown decreasing tendencies with regard to service exports.

The India’s service sector export to BRICS is increasing in periodically. BRICS provides as a good platform and facilitates market accessibility for Indian service sectors. From 2000 to 2007, the share of exports increased from 16.68 to 86.92 Billion USD. India emphasizing more on service sector will help to enlarge employment opportunities of our youths. Moreover Indian engineering and software industries have acquired international competitive capabilitywithitsnewtradepolicies.From2008to2017, share of exports increased from 107.13 up to 183.98(highest) Billion USD. These figures show a forward trend in our service sector which is the backbone of India’s foreign trade. In the case of financial services, telecommunication, computer and information services, personal, cultural and recreational services, India holds first position within BRICS according to data collected till 2015, in sectors like other business services, Insurances and pension’s services, travel services, and commercial services. India holds second position within the BRICS during the yea r2017. Other service areas like manufacturing services physically owned by others, maintenance and repair services, transport, construction, charges for use of IP, etc, India holds third position among the BRICS member countries in 2017.

Figure 3
Intra-BRICS Imports (% of Share)

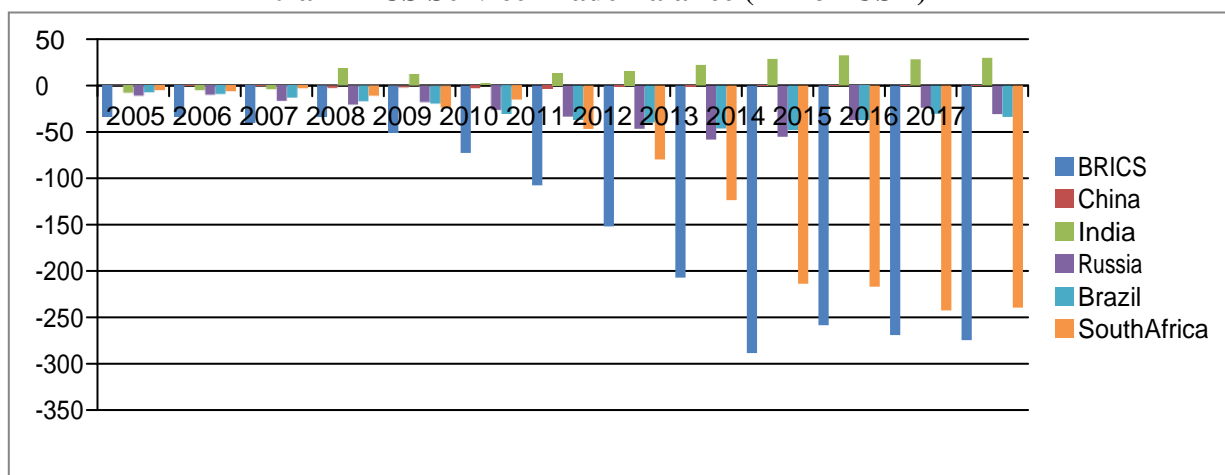


Source: ITC, UNCTAD, WTO joint dataset. Calculations based on national source,
https://www.trademap.org/Country_SelService_TS.aspx?nvpm=1%7c%7c6757%7c%7c%7c%7c%7cS00%7c1%7c3%7c1%7c1%7c2%7c1%7c3%7c1%7c1

The above figure 3 presents the data of intra-BRICS service imports in percentage. China has performed positively with an increasing share in last ten years (China’s contribution from 2005 to 2017, are 40.52 percent and 58.83 percent of imports share contribution within the BRICS). All other BRICS countries have shown decreased tendencies with regard to service imports, with India (19.37 percent), Russia (11.15 percent), Brazil (8.59percent), and South Africa (2.02 percent) respectively in the financial year 2017. India has increased imports from other BRICS countries. Most of the imported service products are comparatively advantaged products which boost our service trade. In the period of 2000 to 2007, it has increased from 19.18 to 70.80 Billion USD. In the period of 2008-17, it made an increase of 88.34 to 154.01 Billion USD. The above figures states India’s active participation in BRICS service sector with regard to imports.

In the case of transports, maintenance and repair services, insurances and pension’s services, financial services, and commercial services, India holds a second position among the BRICS countries in the year 2014. Other services like manufacturing services on physical owned by others, travel, construction, charges for use of IP, telecommunication, computer and information services, Other business services, personal, cultural and recreational services etc. India is holding third position among the BRICS in 2015. India imported more hardware engineering products which boosted our telecommunication industry and software engineering sector. This was the one of the major comparative advantages made to the Indian economy on behalf of BRICS.

Figure 4
Intra BRICS Service Trade Balance (Billion USD)



Source: ITC, UNCTAD, WTO joint dataset. Calculations based on national source, https://www.trademap.org/Country_SelService_TS.aspx?nvpm=1%7c%7c6757%7c%7c%7c%7c%7cS00%7c1%7c3%7c1%7c3%7c2%7c1%7c3%7c1%7c1

In the case of Intra-BRICS service trade balance (Figure 4), the periods of (2005-2010) all members of BRICS countries face on trade deficit. The BRICS total trade deficit marked from 33.50 to 72.59 USD Billion. India is the only one country earned trade surplus marked

12.33 USD Billion in this period.

In the period of (2011-17), Intra-BRICS service trade balance, BRICS total service trade deficit significantly enlarged from 107.57 to 274.64 USD Billion. In the case of India's trade balance with BRICS, it enlarged trade surplus from 13.23 to 29.96 USD Billion. India has an advantage on trade surpluses from last ten years with regard to service trade. In the period of 2000 to 2007, it has increased from -2.50 to 16.12 Billion USD. India's position got worsened in 2000, 2001, and 2003 which lead to heavy trade deficit with BRICS countries. From 2008 to 2013, it increased from 18.78 to 25.69 Billion USD. The trade surplus was highest in 2013 which marked up to 32.71 Billion USD. Later on it decreased in 2014 which marked up to 28.32 Billion USD. It has reached the increased in 2017, reaching up to 29.96 Billion USD.

In the case of telecommunication, computer and information services, commercial services and other business services holding, India held first position among the BRICS in 2014 with regard of trade balance. Travel, construction, charges for use of IP, personal, cultural and recreational services, and government goods gives India a second position among the BRICS nations.

India earned trade surpluses from telecommunication, computer and information services, Commercial services and other business services, maintenance and repair services, financial services, other business services, travel, and construction services in the year 2015. Moreover India earned trade deficit from transport, travel, insurances and pension services, charges for use of IP, Personal, cultural and recreational services, and government goods in the same year.

As Keeler (2012) points out, trade between BRIC countries and North America, Europe and Japan has grown by 300 percent in the past 10 years, while trade among BRICS economies plummeted during the same time period by 1000 percent. Moreover, it is likely to expect further positive trade development among BRICS themselves. According to Gale (2012), BRICS economies currently trade with each other to the value of 322 Billion USD. However, by 2018 this is estimated to reach a value of 500

Billion USD (Castro, 2013).

China plays a significant role in current bilateral trade relations within BRICS. Supporting this, Gale (2012) sites the recently signed trade and investment agreement worth 1 Billion USD between China and Brazil. Furthermore, China also plans to increase mutual trade with India to 100 Billion USD by 2015, and it continues to trade with Russia in areas of energy and oil.

Enhanced development among BRICS's countries is hindered by the self-interest of these countries to gain or maintain economic and political power, at least regionally, and by their own specific internal challenges. Thus, this makes it difficult to create closer ties with each other. There is no single mutual preferential trade agreement (PTA) among BRICS. BRICS's economic relations are based solely on bilateral or trilateral PTAs such as the MERCOSUR and India's Regional Trade Agreement (RTA); the Asia-Pacific Trade Agreement (APTA), where India and China are member countries; and the RTAs among are Brazil, India and South Africa.

BRICS and India have already been strengthening their positions in the current global world for a decade now and have been justifying their existence. This has naturally transmitted a rising interest from academia and is reflected on contemporary international trade research. On one hand, there have been studies of traditional bilateral trade relations and already existing regionally integrated groups such as the analysis of ASEAN and its bilateral trade with India and ASEAN Plus 3 (China, Japan and Korea) discussed by (Chandran, 2010) and (Kim, 2002), respectively. On the other hand, a number of researchers have been focusing on BRICS's intra and inter trade analysis in general or with a special focus on one of the countries in relation to the rest of the group. The latest research devoted to BRICS's trade analysis was by (Havlik et al., 2009), (Castro 2012a, 2012b), (Singh et al., 2011), (Yuan and Zhao, 2011), (Çakir and Kabundi, 2011), and (Sharma and Kallummal,2012).

The trends in bilateral EU-BRIC trade were also studied by (Castro, 2012a, b) with an evaluation of various trade indices such as RCA, trade intensity, complimentarily, similarity and trade introversion. Similar research including further indices such as market share, regional orientation and competitiveness was also elaborated by (Singh et al., 2011). This analysis discusses the idea of BRICS forming a union under a PTA. According to the findings, improving indices for most of the BRICS advocate the establishment of such a PTA among the five countries.

(Yuan and Zhao, 2011) assess BRIC's foreign trade from the perspective of a comparative, statistical and historical analysis. The study focuses on trade in goods, and among others, on its composition and destination market discussion with special implications on China. The analysis shows quite high trade dependencies for BRICS (led by China in contrast to the least dependent Brazil), thus facing a risk of trade volatility that could negatively influence these economies. Based on the findings, most exports from China, South Africa and Russia are concentrated on developed countries, while exports from India and Brazil are focused on developing markets. Regarding imports, apart from Russia, BRICS mostly import from developing markets. The study concludes that even though BRICS are emerging countries with their own problems, they can be complementary and could embrace a new growth model.

Another recent analysis on BRICS's trade with a focus on South Africa was conducted by (Çakir and Kabundi, 2011). Their research is based on shifts in South African trade linkages from the EU and US markets towards emerging economies of the south. Çakir and Kabundi, apply the global VAR model to examine the trade interactions and shock transmissions between South Africa and BRIC countries. The analysis shows export shocks from single BRIC countries having a positive effect on South African imports and output (China and India result in short term impacts, while Brazil and Russia have long-term effects). Simultaneously, import shocks from Brazil and India also have a positive impact on South Africa. Overall, a smaller impact was observed for imports. Çakir and Kabundi also conduct the same analyses for BRIC as a single market. The outcomes of the VAR analysis confirm the growing importance of trade relations between South Africa and the rest of the BRIC group.¹

Sharma and Kallummal (2012) investigate the higher level of trade relations among BRICS and the free trade agreement (FTA). The study tests the impacts of such an agreement made with BRICS and non-BRICS economies using the GTAP model simulation. The removal of the import tariffs scenario would have an overall more or less positive effect on welfare and macroeconomic indicators for all BRICS.² The impact on trade at the aggregate level shows positive signs for exports as well as imports for BRICS and negative for non-BRICS regions. However, a higher positive change in imports than exports would result in a negative trade balance for all member countries apart from Russia.³

The application of a complex general equilibrium method (AGE) and gravity model allows for another trade analysis approach between countries. The AGE model was used by (Moktan and Miriyagalla, 2008) for identifying the trade creation and trade diversion of SAFTA and SAFTA+5, while (Kim, 2002) examines the trade intensity among ASEAN+3 using the gravity model.⁴ Another recent work dealing with the trade issues of Brazil, India and China and the gravity model was also conducted by (Kainulainen, 2011).

In this context, study between India and BRICS more relevant in recent scenario with India gaining trade surpluses out of service trade among the BRICS group. Moreover over all India is getting a better position in merchandise trade and market access within the group. India’s manufacturing sectors are getting complementarities with BRICS member states and bilateral trade between India and BRICS countries show a steady increase on yearly basis. This trend will help in boosting India’s foreign trade there by creating a shift from developing to developed economy.

Major Challenges in Indian Service Trade Sector

There are several challenges facing Indian service sector in recent scenario. Market and policy related issues that can impede the future growth of India’s services exports include:⁵

- 1) Protectionist measures (or the threat of such measures) by our key trading partners;
- 2) Domestic regulatory weaknesses limiting the capacity of domestic service suppliers to provide services;
- 3) Inadequate information and finance to build a case for export

assistance; and Supply side factors include a talent gap and infrastructural constraints.⁶

Table 2

India’s Service Trade Surplus with BRICS Countries (Values in USD Billion)

	IT Services	Financial Service	Travel Service	Construction Services	Other Business Services	SOX Memo Item
2005	15.387318	0.273994	1.30622	-0.256224	4.638206	5.151336
2006	20.193114	0.40707	1.78893	-0.175055	7.559384	11.125204

2007	24.634288	0.14226	2.51056	0.025205	12.562434	16.47792
2008	32.798024	0.74568	2.2261	0.136736	16.677692	18.430488
2009	30.790508	-0.14201	1.82635	-0.270092	10.7177	12.856432
2010	36.891448	-0.9534	4.0001	-0.466764	9.032924	2.54588
2011	43.916496	-2.04728	4.0083	-0.294786	13.41526	13.736968
2012	45.3192	0.00893	5.6299	-0.171969	17.190544	16.07436
2013	49.133156	0.48309	6.8266	-0.17483	18.364944	22.999712
2014	51.348204	1.5296	5.1045	0.4792	20.430256	8.696896
2015	53.879045	2.231154	6.1627	0.52025	18.70723	33.063236
2016	49.408765	0.057264	6.050829	1.128012	21.556893	28.386121
2017	48.794698	-1.311595	8.936427	1.061429	23.568948	29.98085

Source: ITC, UNCTAD, WTO joint dataset. Calculations based on national source, IMF, (OECD) statistics.

http://www.trademap.org/Country_SelService_TS.aspx.

The above collected data illustrated as table 2 shows that Information technological services provide largest share of trade surpluses for India within BRICS. We can see that IT service surpluses increased during the period 2005 to 17 (from 15.38 to 48.79 Billion USD), which boosted our economy in large and overthrew trade deficits in merchandise trade.

The second position held through other business services also increased during the last decade. It marked an increased from 4.63 to 23.56 Billion USD between 2005 and 2017. But in 2015, SOX memo service is gaining the second position by overcoming other business service. From examining the data, it can be verified that the performance of SOX service increased from 2005 to 2017 with an increase from 5.51 to 29.98 Billion USD.

Other business service held third position in terms of trade surpluses in the year 2017, which increased during the period of 2005-17 from 4.63 to 23.56 Billion USD. This state's how other business service contributes to Indian services business in largely. The contribution of travel service in the period of 2005-17 is 1.30 and 8.93 Billion USD surpluses to Indian economy. In the same way financial service surpluses have decreased in the period of 2005- 17 form 0.27 to -1.31 Billion USD and Construction service surpluses has increased during 2005-17 from -0.25 to 1.06 Billion USD respectively. These sectors have greatly influenced our foreign trade relation with BRICS countries, which can be envisaged to be a good platform for Indian service sector.

The above service trade data listed shows that transport service gave more trade deficits to Indian economy from the BRICS's group, which amicably influenced our migration

tendencies to abroad. This statistics is due to the huge Non-resident Indians (NRI's) abroad who are earning foreign money which sends back home, to the Indian economy. Transport sectors like air, sea, and other cross boarder transport have boosted our economy in a positive direction. The above table 6.7 illustrates that the trade deficits increased in last few years, which is in the period of 2005-17 (from 14.34 to 44.63 USD Billion). It was higher in 2014 which touched up to 58.62 USD Billion. This service trade shows that the migration tendency of people towards BRICS nation increased in the last ten years.

The next position is held by Insurance service, which has increased during the period of 2005-17 (1.38 to 3.83 USD Billion) with regard to trade deficits. It was found out that Indian insurance companies are more dependent on Chinese technologies and software. Governments' good and service, personal, cultural, and recreational service holds the next few positions respectively. However it should be taken into account that none of them touched above one USD Billion in last ten years.

Multilateral Trade System and India

India has been actively participating in multilateral trade system since past few decades. India is a major trade destination of global trade with its foreign trade policy focusing on enriching India's interests in a multilateral trade system. The need to ensure that the FTP is aligned with both India's interests during negotiations as well as obliged and committed to various WTO Agreements has been an important consideration in framing this Policy.⁷

During the Doha Round of trade negotiations, India worked towards fulfilling its objectives and to work with like-minded members to remove any asymmetries in the multilateral trade rules which place a developing country at a disadvantaged position, such as the rules relating to public stockholding for food security purposes.⁸

The current WTO rules as well as those under negotiation envisage the eventual phasing out of export subsidies. This is a pointer to the direction that export promotion efforts will have to take place in future, i.e. towards more fundamental systemic measures rather than incentives and subsidies alone.

The three mega agreements that are recurrently being negotiated namely the Trans Pacific Partnership, Trans-Atlantic Trade and Investment Partnership and the Regional

Comprehensive Economic Partnership (RCEP) adds a completely new dimension to the global trading system. India is a party to the RCEP negotiations. The mega agreements are bound to challenge Indian industry in many ways, for instance, by eroding existing preferences for Indian products in established traditional markets such as the US and EU and establishing a more stringent and demanding framework of rules. Indian industry needs to gear up to meet these challenges for which the Government will have to create an enabling environment.

Future Initiatives for Indian Service Sector

The major initiatives that will help in boosting our service sector are listed below. These initiatives are framed with a futuristic outlook, capable of boosting of the Indian economy. The major on-going and future initiatives are discussed below;⁹

- 1) The Department of Commerce is working on ambitious reforms agenda for services. This is being pursued through an inter-ministerial mechanism. Specific services sectors including health, education, tourism, logistics, entertainment and professional services have been identified for internal reforms aimed at enhancing their competitiveness and quality. Apart from identifying policy constraints and required changes in regulations, this diagnostic exercise has helped to identify winners and potential winners which can be nurtured, incentivized and promoted.
- 2) Services liberalization together with obtaining market access through free trade agreements will help remove barriers to export of services in other countries. Efforts will be made to gain effective market access abroad through comprehensive economic partnership agreements with important markets.
- 3) A Global Exhibition on Services (GES) will be held annually. This would be an opportunity to showcase India's strengths in the Services sector.
- 4) Financial assistance for export of services is also being expanded through a new, ambitious, user friendly "Served from India Scheme" being launched as part of the FTP. Efforts are also underway to improve the availability of data on services to facilitate better policy making, effective international engagement and targeted incentives.

The above initiatives are will be boost our service sector and fulfil the dream of skill India.

New Initiatives under Narendra Modi Administration

Several programmes aimed at the expansion of foreign direct investments and

promotion of economic growth have been implemented by the BJP led Narendra Modi government. The major initiatives are as follows:

a) Make in India

Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi (HindustanTimes,25 September, 2014). India would emerge, after initiation of the programme in 2015, as the top destination globally for foreign direct investment, surpassing the USA and China (The Times of India, 30, September, 2015). The Make in India initiative will boost our economy to reduce imports from abroad, which extensively satisfy our domestic demand through mass production. The Government of India makes a platform for the production atmosphere through financial assistance, boosting small scale industries for mass production through subsidized capital investment. This will help to Indian economy to reduce trade deficits with other countries.

b) Digital India

Digital India programme boosts our service sector. In the words of Modi, “technology transforms people’s lives. It empowers and connects. From mitigating poverty to simplifying processes, ending corruption to providing better services, vitality of technology is everywhere. It is an instrument of human progress...”

The Digital India programme was launched on 1stJuly 2015. Prime Minister Narendra Modi said that it is time for India to move mobile governance, to deliver services and facilities through mobile phones and the internet. Digital India is an ambitious programme of the Government of India to empower Indians through the electronic and on-line media and to create a countrywide digital infrastructure to serve the people of the country. The Digital India programme boosts the Indian service trade sector in reaching its full potential.

c) Skill India

This new programme, called ‘Skill India’ encompasses of a multi-skill programme and was launched in March 2015. ‘Skill India’ too is a dream project of Narendra Modi and promotion works have already been initiated.¹⁰ Its goal is to create opportunities, space and scope for the utilization of the Indian youth talent and to develop more of those

sectors which have already been put under skill development since past years and also to identify new sectors for skill development.¹¹ The new programme aims at providing training and skill development up to 500 Million youth of our country by 2020, covering each and every village. Various schemes are also proposed to be achieved as objectives.¹² It is high time that measures are to be taken for the physical and mental development of the youths of the country so that none remains unemployed.¹³ Initiatives as such will open up avenues by which the youth acts responsibly and no one remains idle, because an idle youth is a burden to the economy. ¹⁴ The economy should concentrate on job creation and social security schemes. With this new approach towards skill development, India can definitely move forward towards its targeted results.¹⁵ The Skill India initiative is supposed to make the Indian youth more capable to acquire employment opportunities not only national level but also international level. The above initiatives namely 'Make in India', 'Digital India', and 'Skill India' has had positive influences over the country's service trade sector and generation of employment opportunities.

Conclusion

To concludes with the statement that BRICS played a proactive role in protecting India's interest in multilateral system with regard to developing countries interests. It is certain that the BRICS is capable of resisting Western hegemonic domination in international institutions. In matters of Intra-regional trade, BRICS group gave trade surpluses to Indian economy with regard to service trade. This has positively influenced India's foreign trade which is now closely aligned with BRICS countries. Moreover BRICS countries provide a good market for Indian IT engineering products. The new initiatives like Make in India and Skill India promote our service sector growth, which is backed by the Government of India giving training and skill programmes for our youths. For a country like India, rich manpower and high youth population will result in cheap labor force in service sector, which is the one reason foreign investment flow is larger towards our service sector.

In the context of BRICS trade relation, India gained trade surpluses which erased merchandise trade deficits from this group. Brazil, China, Russia, and South Africa are largely dependent up on Indian IT engineering products. Considering these facts along with the collected statistics proves that India enjoys a favorable position in terms of export with BRICS countries. Moreover technical advantage of service sector is also

favorable to India, leading to a service sector contribution of 9 percent into GDP. The trend is that the Indian youth is more drawn to service sector jobs, which reduced our unemployment rates. Trade liberalization also influenced our service sector which helped to attract foreign investment in our economy. The strategies adopted by recent government are favorable to the service sector which allows tax concession on foreign investors which may influence in future investments. Narendra Modi's 'start up project' also attracted a lot of young Indians thereby encouraging the formation of creative platforms for service business.

The BRICS negotiations have helped to resolve bilateral trade issues among member states. This is also an effective platform for India to solve bilateral trade issues with China, Russia, Brazil and South Africa. The recent two major initiatives taken by BRICS in its summit i.e., The New Development Bank and Contingent Reserve Arrangements (CRA) are beneficial for the Indian economy and supports in reducing financial hurdles formed by foreign trade. Under the CRA, dollar based trade transaction could be overthrown by the implementation of swap currency trade transaction in BRICS intra-regional trade. Countries like India will greatly benefit from reducing dollar trade transaction. The BRICS positively influenced India's foreign trade, which given tremendous trade surplus (service trade) and good market access for Indian exporters. To overall conclude, BRICS trade relations have been found to have benefited the Indian economy and opened up a consistent platform for its service sector.

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End Notes

¹(Cakir 2011, 12)

²(Technical University of Ostrava 2015, 1)

³(Sharma and Kallummal ed. 2012, 10-15)

⁴(Technical University of Ostrava 2015, 2)

⁵(Technical University of Ostrava 2015, 3)

⁶(Technical University of Ostrava 2015, 48)

⁷(DGFT 2015, 2)

⁸(DGFT 2015, 2)

⁹DGFT 2015, 5)

¹⁰(Phukan 04 July 2015, 2)

¹¹(Phukan 04 July 2015, 2)

¹²(Phukan 04 July 2015, 2)

¹³(Phukan 04 July 2015, 3)

¹⁴(Phukan 04 July 2015, 4)

¹⁵(Phukan 04 July 2015, 4)