

Invisible Account

6.11 Invisible flows continued to be buoyant in 2000-01 and were a source of immense strength to the current account. Gross invisible receipts rose by 13.6 per cent from US \$30.31 billion in 1999-2000 to US \$34.45 billion in 2000-01. This respectable growth in invisible receipts was attributable to the continued buoyancy in private transfers and software service exports. Private transfer receipts expanded to US \$12.87 billion in 2000-01 from US \$12.29 billion in 1999-2000. Private transfer receipts remain augmented by the inclusion, since 1996-97, of local redemption of non-resident deposits. Private remittances account for the bulk of private transfer receipts. At present, they constitute about 65 to 70 per cent of the private transfer receipts.

6.12 Software service exports, included under miscellaneous receipts category of non-factor services, have emerged as the second largest item of invisible receipts. Software service exports had grown at an annual rate of about 52.5 per cent during the five years ended 1999-2000. The growth momentum was sustained in 2000-01, when they recorded a growth of 57 per cent from US \$4.02 billion in 1999-2000 to US \$6.3 billion in 2000-01. Software exports can be in physical

forms or non-physical forms. All software exports in physical forms are captured in DGCI&S data of merchandise exports of goods. Receipts on account of software exports in non-physical forms (called software service exports) are recorded under computer services of “miscellaneous receipts” of non-factor services.

6.13 Growth of tourism receipts in 2000-01 was sluggish at only 4.3 per cent from US \$3.04 billion in 1999-2000 to US \$3.17 billion, against the marginal increase of about 1.4 per cent in 1999-2000. However, tourism receipts, net of payments, recorded a decline of US \$0.6 billion in 2000-01, reflecting a higher outgo on travels abroad coupled with subdued tourist arrivals in India.

6.14 Gross invisible payments recorded a sharp increase of about 32 per cent in 2000-01 to US \$22.66 billion from US \$17.17 billion in 1999-2000, mainly due to rising outgo on account of technology related payments, payments for financial services, management services, office expenses, advertising, royalties, and license fees. Reflecting the trends in receipts and payments, the net surplus on the invisible account was lower at US \$11.79 billion in 2000-01 compared with the net inflow of US \$13.14 billion in the previous year.