

Invisible account

6.10 Net invisible inflows in 2001-02 at US \$14.05 billion recorded the highest ever inflows in the last decade. The surplus in the invisible account, which has been growing significantly over the years, has become a great support to the current account of BOP. Two significant changes are noticed in the invisible account: the growth rate of India in the receipts of services is much higher than that of Asia and the world and the share of India in the world trade of services is fast rising in the recent past, thus auguring well for the Indian economy. Further, India's remittances are consistently higher by around two times in comparison with China.

6.11 The net non-factor services in 2001-02 at US \$4.2 billion grew at almost 70 percent over 2000-01. Among the non-factor services, the miscellaneous services such as professional services, software and agency charges etc., contributed a net US \$3.77 billion in 2001-02, as compared to US \$2.99 billion in 2000-01, showing an increase of 26.2 percent. The software exports alone increased by 13.1 percent during the period, despite a

marked slowdown in IT trade world over. The net receipts from travel at US \$ 628 million were higher than US \$294 million in 2000-01, despite a decline in tourist arrivals by 14.5 percent in 2001-02.

6.12 The gross receipts from investment income, at US \$ 2.75 billion increased by 16.2 percent over the level of US \$ 2.37 billion in 2000-01, mainly on account of returns from deployment of foreign exchange reserves. The gross payments representing servicing of India's external liabilities at US \$ 5.4 billion were 12.7 percent lower than US \$ 6.19 billion in 2000-01. This was mainly due to softening of interest rates in international financial markets.

6.13 Private transfers, that include dominantly cash remittances, gifts, donations and repatriation of savings, continued to contribute maximum to the invisible account in net terms. However in terms of gross receipts, it is losing its dominant position, as it was in the past, to miscellaneous non-factor services, primarily because of rising export of software services. The net private transfers at US \$12.13 billion in 2001-02 were lower than US \$12.80 billion in 2000-01.