
Trade in Services and Economic Development

PushpaSuryavanshi
Assistant Professor- Commerce
Dr. H.G.V.V. Sager
surya.nregs@gmail.com

ABSTRACT: The services sector in the most important sector for most developing economics. It is the largest contributor to gross domestic product. Production and employment since it is such an important sector developing economics need to identify their comparative advantage in services and potential export markets, Gives the potential for development enhancing and poverty-alleviating trade in services. Including as promoted through in General Agreement on trade in services (GATS) the better integration of developing countries (DCS) in the global services economy should be of priority for government across the world and the international Community as a whole. Developing economics have a comparative advantage in labour services. They have an advance of low and semi-skilled labour that is a major into tourism, construction and transport services. Developing economics can improve their export revenues by specifically identifying these restrictions and where a movement of labour in required, promote the benefits to potential export mare lets of services to trade liberalization. As developing economics remove their restrictions, their

services sectors develop, primarily funded by foreign direct investments and they become major exports .A key finding sailing from the modeling simulations is that both developed and developing countries benefit from the services trade liberalization, with the developing countries standing to benefit more than the developed Countries.

INTRODUCTION:

Trade also called good exchange economy to transfer the ownership of goods from one person or entity to another by getting something in exchange from the buyer. The economic and Trade Performance of an economy is dependence the efficiency of its services sector. Not only do economics divine the bulk of their employment and income from the services sector, but also many services-financial telecommunications and transport are vital intermediate inputs for other sectors. Developing Economies benefit from liberalization by gaining market access and exporting those services in which they have a relative strength or comparative advantage. The greatest benefits will come from liberalizing all services market domestic and

foreign improving the quality of infrastructure, improving the skills and education of the workforce improving access to regional and export markets improving transparently in decision making eliminating sovereign risk and maintaining and open trade and investment regime.

TRADE DEFINITION:

Trade also called goods exchange economy in to transfer the ownership of goods from one person on entering to another by getting something in exchange from the buyers.

SERVICES DEFINITION:

The term services cover a heterogeneous range of intangible of products and activities that are difficult to encapsulate within a simple definition. Services are also often difficult in separate from goods with they may be associated in varying degrees.

“Services are not separate entries over which ownership rights can be established.”

TRADE SERVICES:

Trade in services refers to the role and delivery of an intangible product, Called a services between a producer and consumer. The services sector is the input important sector from most developing economies. The main restrictions ;on services suppliers that

are preventing developing economics from realizing these benefits are limits on foreign direct investment, stringent licensing requirements and restrictions on expending operations.

HISTORY:

Trade originated with human communication in prehistoric times. Trading was the main facility of prehistoric people who bartered goods and services from each other before the ination of the modern day Currency. Trade services was founded in 1931 to of for an information platform to the electrical suppliers, industry consisting of product and pricing information, organized in to a common easy to used format on which the markets Trading partners could conduct business paten Halson dates the history of long distance commerce from Erica 150,000 years ago. Trade is believed to have taken place throughout much of the exchange of obsidian and flint during the Stone Age.

INTERNATIONAL TRADE:

International trade is the exchange of good and services across national borders. In most countries, it represents a significant part of GDP. While international trade has been present throughout much of history (See) Silk “Road, Amber Road), its economic social, and political importance have increased in recent centuries, mainly because of industrialization, advanced transportation, globalization, multinational corporations and outsourcing. In

fact it is probably the increasing prevalence of international trade that is usually meant by the term "globalization".

OBJECTIVES OF THE STUDY:

1-This study is therefore, to develop an economic model that adequately deals with services trade another to the model to quantify the possible economic benefits the services and investments liberalization.

2- The study of should provide a comprehensive analysis of the strategic for each of the services sectors and explore strategies to respond to the challenges.

3-Present situation trade services an analysis.

4-To study Trade services benefits in all areas.

5-Impact of environment Development with the help of trade services.

6-To Study the trade services to a commercial.

7-To study the scope of standing services for all areas.

RESEARCH METHODOLOGY:

The study will also carry leasing groom success stories of various Trade services in the all areas,

REVIEW OF LITERATURE

Secondary data collection

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CLASSIFICATION OF TRADE SERVICES AND REPORTING STATUS OF BPMS COMPONENTS AND SUPPLEMENT EMENTARY ITEMS AS OF OCTOBER 1997 AND JULY 2010

Services description	Number of reporters			
	Exports		Imports	
	1997	2010	1997	2010

Total commercial services	146	182	147	181
Transport	141	169	147	170
<u>Sea transport</u>	42	114	48	127
Passenger transport on sea	13	45	18	44
Freight transport on sea	31	78	42	113
Supporting, auxiliary and other services	31	87	31	80
<u>Air transport</u>	49	128	48	131
Passenger transport by air	39	100	43	113
Freight transport on air	22	80	26	99
Supporting, auxiliary and other services	33	100	26	89
<u>Other transportation</u>	39	90	35	89
Passenger	22	63	19	52
Freight	28	72	27	80
Other transportation	27	68	24	61
Travel	141	171	145	170
<u>Business travel</u>	24	101	34	110
<u>Personal travel</u>	39	127	47	132
Health-related expenditure	4	48	13	69
Education-related expenditure	10	62	25	79
Other personal travel	29	107	37	110
Other Commercial services	141	169	147	170
Communications services	57	156	57	157
Construction	30	100	36	119
Insurance services	89	148	131	164
Financial services	38	122	40	131
Computer and information services	16	112	19	132
Royalties and License fees	46	112	63	137
Other business services	134	153	143	157
<u>Machining and other trade-related services</u>	36	89	31	89
<u>Operational Leasing</u>	20	79	29	88
<u>Miscellaneous business professional and technical services</u>	64	126	66	136
Legal,accounting,management,consulting and public relations	12	73	19	89
Advertising,market,research and public opinion polling services	14	69	16	77
Research and development services	10	47	11	49
Architectural, engineering and other technical services	11	56	12	59
Agriculture, moaningand on-site processing services	6	37	5	43
Other services	41	101	42	108
Personal,Culture and recreational services	20	104	27	108
<u>Audio-visual and related services</u>	11	62	16	63
<u>Other personal,cultural and recreational services</u>	13	75	15	75

Source: WTO (Reported data for 1994 to October 1997 and for 2007 in July 2010)

BENEFITS SERVICES:

(1)**Liberalization**the greatest benefits from liberalization are achieved through domestic

reform or liberalization one's own services sector, irrespective of the efforts of other governments to liberalize their services sector.

(2) Provide lower price of goods, quality goods and increase. In the number of service suppliers increase the choice of services for consumers and businesses.

(3) Economic performance an efficient services infrastructure is a precondition for economic success. Services such as telecommunications, banking insurance and transport supply strategically important inputs for all sectors, goods and services.

(4) Development Access to world-class services helps exporters and producers in goods and services they are setting.

(5) Consumer savings There is strong evidence in many services, not least telecoms, that liberalization leads to lower prices, better quality and wider choice for consumers, such benefits, intern, work their way through the economic system and help to improve supply conditions for many other products.

(6) Faster innovation countries with liberalized Countries with liberalized services markets have seen greater product and process innovation.

(7) Greater transparency and predictability A Counters commitments in its WTO services schedule amount to a legally binding guarantee that foreign firms will be allowed to supply their services under stable conditions.

(8) Technology transfer services commitments at the WTO help to encourage foreign direct investment.

LIBERALIZATION EFFICIENCY AND THE DOMESTIC SERVICES SECTOR:

The greatest benefits from liberalization are achieved through domestic reform or liberalizing one's own services sector, irrespective of the efforts of other Governments to liberalize their services sectors. There is substantial empirical evidence to show that significant benefits accrue to those economies undergoing trade liberalization, whether it is in the traditional area of good or the important growth area of services. Liberalization increases competition, lowers prices and improves the quality of services. Competition, especially international competition, is the best guarantee that domestic services suppliers are and will remain efficient. Competition forces services suppliers to reduce waste improve management and become more efficient. An increase in the number of services suppliers increases the choice of services for consumers and businesses. Economic growth is the increase in the market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real/gross domestic product or real GDP of more importance is the growth of the ratio of GDP to population (GDP per capita) which is also called per capita income.

ECONOMIC DEVELOPMENT:

- Development is a qualitative change, which entails changes in the structure of the economy, including innovations in instructions, behavior and technology.

- Growth is a quantitative change in the scale of the economy-in terms of investment, output consumption and income.

Economic development and economic growth is not necessarily the same thing. First development is both a prerequisite to and a result of growth. Development, moreover, is prior to growth in the sense that growth cannot continue long without the sort of innovations and structural changes noted above. But growth, in turn, will drive new changes in the economy, causing new products and firms to be created as well as countless small incremental innovations. Economic developments fundamentally about enhancing nation's factors of productive capacity, land, labour, capital and technology etc. By using its resources and powers and powers to reduce the risks and costs, which could prohibit investment, the public-sector often has been responsible for setting the stage for employment-generating investment by the private sector. The public sector generally seeks to increase incomes, the number of jobs, and the productivity of resources in regions, states, counties, cities, towns and neighborhoods.

CONCLUSION:

Developing a sustainable services sector is vital for all countries. Given its relative resilience, and economic importance, the development of the services sector, particularly infrastructure services, is indispensable for realizing robust economies, higher economic growth and welfare improvement. Infrastructure and other dynamic sectors can contribute to poverty alleviation and human development, thereby furthering

the achievement of the Millennium Development Goals (MDGs). Developing country integration in the global services economy, through new export opportunities, needs to be supported and facilitated.

The economic modeling results put the importance of liberalization or removing restrictions on services into perspective. The similar to those from liberalizing services are similar to those from liberalizing agriculture and manufacturing combined. The projected real income gains for developing economies are expected to be US\$ 130 billion. The largest gains will accrue to those economies with the greatest restrictions.

Gaining market access to foreign services markets is important for developing economies, but relatively greater real-income gains will be achieved by liberalizing services. Indecently of other liberalization introduces services suppliers to the pressures and opportunities of international competition, which forces them to allocate resources efficiently to their most productive uses for economic development. These benefits of liberalizing independently are not confined to the services sector. Some services sectors-telecommunications, Financial and transport-not only provide final consumer services, but also are essential inputs for the production of other goods and services,

The effects of restrictions on trade in services are complex and recent economic modeling provides an indication of the real-income gains, but more research is needed, there are a large and varied number of restrictions on trade in services, and it is often difficult to capture all the effects of restrictions on the prices and costs of services. General

equilibrium models also need to be developed further to incorporate more detailed services trade data and accurately simulate price and cost effects. Liberalization is beneficial for an economy, but this raises issues about the pace and sequencing of reform. The right environment also needs to be developed to foster liberalization. In the services sector, an adequate regulatory framework is needed, which is lacking in many developing countries, in order to provide certainty for foreign services suppliers and to encourage investment in in-restructure.

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