

PERFORMANCE OF SERVICES SECTOR IN INDIA DURING 1992-93 - 2011-12

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Abstract

The services sector, also referred as the tertiary sector, is the largest of the three constituent sectors in terms of contribution to GDP in India. The services sector comprises of trade, hotels and restaurants, transport storage, communication, financing, insurance, real estate and business services community services (Public administration and defence), and other services. The services sector provides service of final consumption nature as well as intermediate nature, the latter accounting for a major share. Substantial part of service such as transport and communication is in the form of intermediate inputs of production of other goods and services. In recent decades, the services sector has been performing much better than agriculture and industry in India and in many other developing countries as well according to standard literature, services sector experienced an accelerated growth only after a certain level of development in agriculture and then in industry. Hence, the present paper aims to focus on services sector in India.

Keywords: *GDP, Public administration and defence, goods and services, services sector, Gross Domestic Product, economic survey*

Introduction

The services sector, also referred as the tertiary sector, is the largest of the three constituent sectors in terms of contribution to GDP in India. The services sector comprises of trade, hotels and restaurants, transport storage, communication, financing, insurance, real estate and business services community services (Public administration and defence), and other services. The services sector provides service of final consumption nature as well as intermediate nature, the latter accounting for a major share. Substantial part of service such as transport and communication is in the form of intermediate inputs of production of other goods and services.

Services are those activities benefits or satisfactions which are offered for sale. The service sector is also known as the tertiary sector. It comprises trade, hotel, Transport and communication, financing, insurance, real estate and business services, Public administration and defence and other services.

Generally productivity in the tertiary sector is as high as in the secondary Industries and some time ever higher than in the latter hence transfer of population From primary industries to secondary and eventually activities is considered a reliable Index of economic progress.

Services Sector in India

In recent decades, the services sector has been performing much better Than agriculture and industry in India and in many other developing countries as Well according to standard literature, services sector experienced an accelerated Growth only after a certain level of development in agriculture and then in industry

Importance of Services Sector

The time is not far away when the world will witness the dominance of services sector. Though non-existent in the pre-world war era, the world is experiencing the rise of service sector with a faster pace, surpassing the growth of agricultural and manufacturing. This vibrant change is evidenced everywhere in the world.

Objectives of the Study

To measure the performance of the services sector in terms of Gross Domestic Product and to examine the variables that determines the performance of the services sector.

Sources of Data and Methodology

To study the performance of services sector in India This work has got its own methodology. Sources only secondary data are not originally collected rather obtained from published sources. The data were collected from economic survey, central statistical organization from the year 1992-93-2011-2012. One of the objectives at this study is to estimate growth pattern of Service Sector GDP. The best measure available for such an exercise is the annual growth rate model.

Table 1
Gross Domestic Product Contribution of Service Sector in India
 At constant 2004-05 prices (` crore)

Year	Trade, hotel transport and communication	Financing insurance real estate and business services	Public administration defence and other service	Total services sector	Growth rate (%)
1992-93	256897	181320	196332	634549	5.69
1993-94	274682	201568	205101	681351	7.37
1994-95	301997	209401	209742	721140	5.83
1995-96	342536	226348	225157	794041	10.10
1996-97	370200	240354	243288	853842	7.53
1997-98	398109	268495	263486	930090	8.92
1998-99	428613	289440	289085	1007138	8.28
1999-00	476088	314990	328771	1119849	11.19
2000-01	506742	329271	343963	1179976	5.36
2001-02	550383	352792	357984	1261159	6.88
2002-03	596906	380081	372048	1349035	6.96
2003-04	663432	402243	392121	1457796	8.06
2004-05	727720	437174	411361	1576255	8.12
2005-06	815407	492340	440426	1748173	10.90
2006-07	910084	561063	452823	1923970	10.05
2007-08	1009520	628124	483917	2121561	10.26
2008-09	1085125	703629	544497	2333251	9.97
2009-10	1197213	769883	610096	2577192	10.45
2010-11(Q)	1330455	849995	637675	2818125	9.34
2011-12(A)	1479748	927546	675213	3082507	9.38

Source: CSO. Economic Survey 2011-12

A: Advance estimates Q: Quick estimates.

Table 1 explains that GDP contribution of services sector in constant (2004-05) prices. Sub-sector growth increases every year, as a same time growth rate per cent changes in year by year. The growth rate of 2009-10 is 10.45 per cent which is a growth when we compare to the previous year. In 2011-12 the growth rate again decreases to 9.38 per cent.

Table 2
Gross Domestic Product Contribution of Service Sector in India
 At current 2004-05 prices (` crore)

Year	Trade, hotel transport and communication	Financing insurance real estate and business services	Public administration defence and other service	Total services sector	Growth rate (%)
1992-93	136250	87495	94507	318252	15.37
1993-94	160990	105686	106090	372766	17.12
1994-95	192142	119442	118663	430247	15.42
1995-96	231175	143791	140190	515156	19.73
1996-97	273135	158637	166469	598241	16.12
1997-98	313093	180642	193188	686923	14.82
1998-99	358538	210593	236123	805254	17.22
1999-00	399094	251145	273013	923252	14.65
2000-01	441785	274940	294459	1011184	9.52
2001-02	490290	315689	317513	1123492	11.10
2002-03	542132	356089	341496	1239717	10.34
2003-04	623246	400056	371288	1394590	12.49
2004-05	727720	437174	411361	1576255	13.02
2005-06	846606	493102	459151	1798859	14.12
2006-07	998379	586595	505121	2090095	16.19
2007-08	1150044	691464	573790	2415298	15.55
2008-09	1310845	845369	703895	2860109	18.41
2009-10	1485476	962186	885314	3332976	16.53
2010-11(Q)	1755531	1170522	1020616	3946669	18.41
2011-12(A)	2084171	1395853	1179672	4659696	18.06

Source: CSO. Economic Survey 2011-12

A: Advance estimates Q: Quick estimates.

Table 2 explains that GDP contribution of services sector in current price. Sub-sector growth increases every year, as at the same time growth rate per cent changes year by year. The growth rate of 1995-96 is 19.73 per cent which is a growth when we compare to the previous year. In 2011-12 the growth rate again decreases to 18.06 per cent.

Findings

- During the 20 years, the services sector has increased year by year. The total services sector GDP growth of Rs. 3082507 crores for constant price in 2011-12. Growth rate was 9.38 percent in decrease in past year.
- The total services sector GDP growth of Rs. 4659696 crores for current price in 2011-12. Growth rate was 18.08 percent in increase in past year.
- Government motivated in services sector in India. As same time agricultural and industry growth is very poor, so government to give equal contribution of three sector in India.

Conclusions

This is final stage of conclusion in this analysis made the researcher comes to the conclusion that today, the services sector has come to occupy the dominant position in the economy because of their rapid growth and the fortune of the services is now arithmetical. But India has become a services economy only by default and by distortion. The performance of services sector alone cannot guarantee economic well-being. When an economy grows, it having more night clubs cannot ensure growth, observed a distinguished economist a few decades ago. That is the truth about the services sector even today.

The urban based tertiary sector may not materially improve the lot of poverty stricken millions living in rural areas, for which more reliance should be placed on primary as well as on the secondary sector. And the growth of the services should be linked to the growth of output in agriculture and industry. Then only the autonomous development of the services sector that we have witnessed will be healthy phenomenon which will result in real GDP growth and economic development.

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