



Patterns of Growth in Services Sector

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Abstract- India is a vast country. Indian economy is classified in three sectors: Agriculture and allied services, Industrial sector and Services sector. India is the 2nd fastest growing economy after China. India is the 3rd largest economy on the basis of Purchasing Power Parity (PPP) and India is the 7th largest economy as per nominal GDP. Services sector has become important for many economies in the world and very important particularly in India. The services sector forms a backbone of social and economic development of a region. It is a large and most dynamic part of the Indian economy both in terms of employment potential and contribution to national income. Growth of the services sector is also an important aspect of economic development and is strongly associated with income and economic modernization. As an input to the production process, services are playing an increasing important role in manufacturing industries, world over. At world level, manufacturing sector as a whole has grown moderately in production and employment since last decade. This sector has added steam to its growth parameters and it is predicted that this growth rate will accelerate in the coming years, thus resulting in high demand of Indian professionals in both national as well as international markets. Services sector contributed around 60.20 per cent of employment in 1961-65 and 68.35 per cent of employment in 2006-12. The present paper shows components of GDP of various sectors at constant and current prices, GDP of sub-sectors of services sector at current and constant prices, annual compound growth rate at current and constant prices. The study takes time period of 62 years i.e. from 1951 to 2012. This paper aim to show that share of services sector has a favorable effect on the growth of Indian

economy. There has been increase in employment through services sector.

Keywords - Services sector, Growth Domestic Product (GDP), Employment, Annual Compound Growth Rate, Indian Economy.

Introduction

India is a vast country. Indian economy is classified in three sectors- Agriculture and allied, Industry and Services. Agriculture sector includes Agriculture (Agriculture proper and Livestock), Forestry and Logging, Fishing and related activities. Industry includes Mining and Quarrying, Manufacturing (Registered and Unregistered), Electricity, Gas, Water Supply, and Construction. Services sector includes Trade, Hotels, Transport, Communication and services related to broadcasting, Financial, Real Estate and Prof Servs, Public Administration, Defence and other services. The 1990 Gulf war and the resulting surge in oil prices triggered a full-fledged balance of payment crisis which brought growth to a grinding halt in 1991-92 and plunged the economy into considerable disarray. The new Congress Government of June 1991, with Manmohan Singh as finance minister, undertook emergency measures to restore external and domestic confidence in the economy and its management. The rupee was devalued; the fiscal deficit was cut and special balance of payment financing mobilized from the IMF and the World Bank. Even more importantly, the government seized the opportunity offered by the crisis to launch an array of long overdue and wide-



ranging economic reforms. They encompassed external sector liberalization deregulation of industry, reforms of taxation and the financial sector and more commercial approach to the public sector. Blow for a summary of key reforms in 1991-93 (Acharya, 2002).

Liberalization of the economy in the 1990s & encouragement of private investment in industry & infrastructure had induced sustained high growth in the service sector. The emergence of India as one of the fastest growing economies in the 1990s can be attributed to a large extent, on the rapid growth of its services sector. Some services have grown fast in terms of their share of GDP and also in terms of share in trade and FDI (software & telecommunications services). But there are some services, which have grown fast but have not been able to improve their share in international transactions (health & education) while there are some services that have inflect witnessed a growth and also a low share of international transactions (legal services). One reason of fast growth in services is that the income elasticity of demand for services is greater than one. Hence, the final demand for services grows faster than the demand for goods and commodities as income rises. A number of studies undertaken have noted that India's economic growth accelerated nearly three decades ago, i.e. the acceleration in India's economic growth took place around 1980. The share of primary (agriculture and hunting etc.) sector has started declining steadily particularly after 1980-81 and after 1990-91 the extent of decline has been rapidly high. The relative size of the secondary sector also started declining approximately after 1980-81 and 1990-91 the extent of decline has been rapidly high. However, some of the components of services sector have expanded considerably over the year. The sectoral desegregations of national income show that the services sector has grown relatively faster than other sectors. The services sector has been India's most dynamic sector in recent years, with

telecommunications and information technology registering rapid growth. The constraints in the industrial and agriculture sectors and the natural advantage of India in services made it possible to have services led growth of the economy. Services sector growth can also complement growth in manufacturing sector as there are many sectors where complementarily exists between services and manufacturing growth.

Review of literature:

Bhattacharya and Mitra (1990) examine the relative growth rates of commodity and services sectors. They further analyse the relationship between services growth rates by type of activities and income from commodity production and the rest of the economy, and then discuss some of the implications of the widening disparity between services and commodity sector growth rates. In doing so they compare the change in production structure in India with other developing and developed countries and show relative shares of agriculture (and allied), industry (and allied) and services in gross domestic product for selected developing and industrial countries in 1960 and 1981. They also show the relative shares of different sectors in labour force. They use secondary data. The sources of their data are National Accounts Statistics, New Series; and The World Development Report, 1983.

Ansari (1995) the growth in the service sector in India has been linked to the reforms of the 1990s. In the first 3 decades after independence in 1947, India was largely an agrarian economy. The service sector started to grow in the mid-1980s, but growth accelerated in the 1990s when India initiated a series of economic reforms after the country faced a severe balance of payments crisis. Reforms in the service sector were a part of the overall reform program which led to privatization, the removal of FDI restrictions, and streamlining of approval procedures among others.



After the 1990s, the service sector grew. In this respect, India has been considered as an outlier among South Asia and other emerging countries.

Gordon and Gupta (2004) show that on the demand side high growth of services output in the 1990s was mostly due to factors such as increasing input usage of services by other sectors, i.e., higher domestic demand, higher foreign demand for higher services and higher income elasticity for final demand for services. They measure the increasing usage of services in other sectors through changes in the input output coefficients. The matrices for different years show that use of services sector input to industry increased by about 40% between 1970-80 to 1993-94. But the role of elastic final demand for services was found to be difficult to measure since it is difficult to split the growth in private final consumption expenditure into expenditure on goods and that on services. Nonetheless, they use a rough estimate and conclude that there is sharp growth in the final services in the 1990s.

Banga (2005a) undertakes a selective review of both theoretical and empirical studies with respect to some of the conceptual issues regarding the role of services in the growth process of developing countries in the context of rising share of services in total output and employment in the global economy. She identifies the factors that lead to higher use of services in the growth process of developing countries, viz. higher income elasticity of demand for services, structural changes and trade liberalisation along with other reforms and improved technology.

Dasgupta and Singh (2006) In the process of economic growth Kaldor (1967) suggested that it is the manufacturing sector which plays the role of engine of growth, as the potential for productivity growth is the highest in this sector. He, in fact, provided the theoretical rationale for the patterns

of structural change that Kuznets (1955) had observed in the case of the advanced countries during the process of their economic development.

Singh (2006) reviews the recent growth experience of India, identifies the major contributing factors to its pattern of development, and examines the prospects of further “services-led” industrialization in India. The analysis draws on theoretical models as well as case studies of the India’s experience. In doing so, he provides a conceptual framework for the examination of the India’s experience. In particular’ he discusses the nature of services, their distinction from products, and their categorization. He argues that precise nature of the services being considered is important for any analysis of growth impacts, and that one, therefore, has to go beyond broad national income accounts categories to understand the role of services in industrialization. He provides a detailed examination of the contribution of the service sector to growth, and the performance of manufacturing and agriculture. He further examines the potential for spillovers from IT, ITES and other services sectors such as financial services, to the rest of the economy, both in terms of sectors and regions.

Shetty (2007) examines the issues relating to estimation, the issues concerning the quality of the data base and the nature and the extent of data gaps embedded in the estimation of various components of the services sector. He points out that of the seven major industrial categories for which the CSO regularly publishes the GDP series, four comprise the services sector, namely, (1) trade, hotels and restaurants; (2) transport, storage and communication; (3) financing, insurance, real estate and business services; and (4) community, social and personal services. Under each of these categories, there are very many sub-categories such as , “trade”, on the one hand and “hotels and restaurants”, on the other, or “financing”, “real estate” and “business

services”, or in transport, “railways”, “road transport” and “transport by other means”.

Goldar&Mitra (2008) address two sets of issues. The first set is concerned with productivity growth in the services sector and how this has contributed to an accelerated economic growth in India. This part of the analysis is undertaken in the growth accountancy framework. The second set of issues addressed in the study is concerned with growth linkages – how growth in one sector of the economy promotes growth in other sectors. For them a critical question is: which sectors of the economy are playing a lead role and contributing to the growth of other sectors. They try to identify the lead sector which primarily takes on the role of engine of growth.

Jay Kandampully (2009) the service sector will play an important role in economic growth in developing countries like India. However, he said that as income levels increase people will be able to afford more services while they will be spending this additional income on quality services such as education, health, travel etc. On the other hand, small-scale entrepreneurs can step in to meet this need of the people for more and more services with growth in income levels and lifestyle changes while the service sector will provide more employment opportunities than manufacturing sector. Moreover, 80% of the employment opportunities in the U.S. are in the service sector whereas the 3 factors crucial to success for entrepreneurs in the service industry are customer focus, reliability and consistency of services.

G. Ramakrishna (2010) investigates that apart from service sector growth, industry, agriculture and the open policies of 1990s also had positive impact on India's economic growth though, the service sector appears to contribute more.

Objectives of the study:

1. To show the patterns of growth in services sector.

Hypothesis:

The study put forward the following hypothesis:

1. Growth in the share of services sector in GDP has been increasing from 1951-2012.
2. The increasing growth rate in services sector boost Indian Economy.

Sources and Data Collection:

The present study is based on secondary data. In present study direct method of collecting data is not possible, thus study used secondary data which were collected from various published issues. The data of Gross Domestic Product (GDP), employment in services sector and manufacturing sector were collected from various issues Central Statistical Organization (CSO), Reserve Bank of India (RBI) Nation Income Statistics, Centre for Monitoring Indian Economy (CMIE), RBI Annual Reports, Ministry of Labour and Employment, Director General of Employment and Training (DGE&T), National Accounts Statistics.

Patterns of Growth:

When launching 1st five year plan (1951-56) India was faced with three problems, severs food shortage, mounting inflation and the influx of refugees in the wake of partition of the country in 1947. The plan accorded pride of place to programmer for agriculture and community development. In the mid- 1960s, a new technology in the form of high-yielding varieties (HYVs) was introduced for cereals. Apart from the new technology, public investment in agriculture, particularly in irrigation, war stepped up significantly.

Services sector has emerged as the largest and fastest growing sector in the global economy in the last two decades, providing more than 60% of global output and in many countries, even larger share of employment. Growth

in services sector has been cyclical and more stable than growth in agriculture and industry. According to an Indian estimate share of services sector's in the country's GDP is 64.98 per cent in 2012-13, 63.68 per cent in 2011-12 and 63.52 per cent in 2010-11 at constant prices. In 2014 India's services sector growth at 10.3% was noticeably higher than China at 8.0%. As per the ILO (International Labour Organisation) report on "Global Employment and Social Outlook: Trends 2015" job creation in the coming years will be mainly in the services sector. According to IMF and World Bank have by list out in 2016, India's rank 7th, Brazil's 9th rank, Italy's 8th rank, Canada's rank 10th, Korea's rank 11th and Russia's 12th rank.

Table 1.1 and Graph 1.1 show the component of Gross Domestic Product at Constant Prices (at factor cost) from 1950-51 to 2012-13. The share of agriculture and allied activities has declined steadily during the period 1950-51 to 2012-13. Component of GDP of this sector recorded as 53.30 per cent in 1950-51 and 13.95 per cent in 2012-13. When we see the data of mining and quarrying it has to be noted that it's share has been increasing from 1.89 per cent in 1950-51 to 2.68 per cent in 1966-67, but after this period it started declining and come down to 2.57 per cent in 1979-80, thereafter it started increasing and become 3.63 per cent in 1991-92 after that it started declining to 3.09 per cent in 1999-2000 and 1.99 per cent in 2012-13. The relative size of manufacturing sector has increased from 9.22 per cent in 1950-51 to 15.39 per cent in 2012-13. During this time period it increased from 9.22 per cent in 1950-51 to 13.42 per cent in 1966-67, but after this period it started decline and come down to 13.36 per cent in 1971-72, thereafter it started increases and become to 15.37 in 1979-80, thereafter it started declining and become 15.16 per cent in 1988-89 after that it started increasing and become 17.01 per cent in 1996-97 and after that it started declining and become 15.39 per cent in 2012-13. Table and Graph show that the share of

services sector has improved from 35.59 per cent in 1950-51 to 68.67 per cent in 2012-13. Services sector has improved with the effect of IT revaluation.

Table 1.1

Components of Gross Domestic Product at Constant Prices (at factor cost)

(Rs. Crore)

Year	Agriculture & Allied services	Mining & Quarrying	Manufacturing	Services	Total GDP
1950-51	145,052 (53.30)	5,138 (1.89)	25,096 (9.22)	96,842 (35.59)	272,128 (100)
1951-52	147,216 (52.78)	5,772 (2.07)	25,889 (9.28)	100,024 (35.86)	278,901 (100)
1952-53	151,859 (53.08)	5,905 (2.06)	26,789 (9.36)	101,559 (35.50)	286,112 (100)
1953-54	163,553 (53.99)	5,993 (1.98)	28,863 (9.53)	104,497 (34.50)	302,906 (100)
1954-55	168,361 (53.27)	6,250 (1.98)	30,885 (9.77)	110,530 (34.97)	316,026 (100)
1955-56	166,906 (51.38)	6,348 (1.95)	33,304 (10.25)	118,301 (36.42)	324,859 (100)
1956-57	175,980 (51.23)	6,671 (1.94)	35,804 (10.42)	125,084 (36.41)	343,539 (100)
1957-58	168,075 (49.63)	7,105 (2.10)	37,184 (10.98)	126,315 (37.30)	338,679 (100)
1958-59	185,010 (50.78)	7,327 (2.01)	39,026 (10.71)	132,966 (36.50)	364,329 (100)



195 9-60	183,147 (49.17)	7,704 (2.07)	41,676 (11.19)	139,96 8 (37.58)	372,49 5 (100)
196 0-61	195,482 (48.91)	8,857 (2.22)	45,134 (11.29)	150,16 8 (37.58)	399,64 1 (100)
196 1-62	195,647 (47.52)	9,367 (2.28)	48,988 (11.90)	157,73 0 (38.31)	411,73 2 (100)
196 2-63	191,755 (45.56)	10,479 (2.49)	52,554 (12.49)	166,11 5 (39.47)	420,90 3 (100)
196 3-64	196,241 (44.37)	10,789 (2.44)	57,525 (13.01)	177,74 9 (40.19)	442,30 4 (100)
196 4-65	214,343 (45.08)	10,945 (2.30)	61,503 (12.93)	188,69 7 (39.68)	475,48 8 (100)
196 5-66	190,675 (41.43)	12,231 (2.66)	62,074 (13.49)	195,30 4 (42.43)	460,28 4 (100)
196 6-67	187,962 (40.31)	12,519 (2.68)	62,563 (13.42)	203,22 2 (43.58)	466,26 6 (100)
196 7-68	215,914 (42.85)	12,899 (2.56)	62,804 (12.46)	212,29 4 (42.13)	503,91 1 (100)
196 8-69	215,572 (41.72)	13,264 (2.57)	66,283 (12.83)	221,56 5 (42.88)	516,68 4 (100)
196 9-70	229,428 (41.80)	13,919 (2.54)	73,394 (13.37)	232,10 6 (42.29)	548,84 7 (100)
197 0-71	245,699 (42.73)	12,965 (2.25)	75,118 (13.06)	241,25 4 (41.95)	575,03 6 (100)
197 1-72	241,087 (41.52)	13,308 (2.29)	77,573 (13.36)	248,66 7 (42.83)	580,63 5 (100)

197 2-73	228,988 (39.52)	14,094 (2.43)	80,614 (13.91)	255,70 9 (44.13)	579,40 5 (100)
197 3-74	245,479 (40.68)	14,271 (2.36)	84,201 (13.95)	259,50 9 (43.00)	603,46 0 (100)
197 4-75	241,740 (39.60)	14,979 (2.45)	86,655 (14.20)	267,04 1 (43.75)	610,41 5 (100)
197 5-76	272,899 (40.97)	16,795 (2.52)	88,482 (13.28)	287,98 4 (43.23)	666,16 0 (100)
197 6-77	257,131 (38.12)	17,391 (2.58)	96,242 (14.27)	303,80 2 (45.04)	674,56 6 (100)
197 7-78	282,937 (39.05)	17,936 (2.48)	102,232 (14.11)	321,53 1 (44.37)	724,63 6 (100)
197 8-79	289,452 (38.06)	18,423 (2.42)	114,859 (15.10)	337,83 3 (44.42)	760,56 7 (100)
197 9-80	252,475 (34.91)	18,621 (2.57)	111,159 (15.37)	341,03 0 (47.15)	723,28 5 (100)
198 0-81	285,015 (36.60)	20,891 (2.68)	111,376 (14.30)	361,37 1 (46.41)	778,65 3 (100)
198 1-82	298,130 (36.24)	23,745 (2.89)	120,475 (14.64)	380,30 9 (46.23)	822,65 9 (100)
198 2-83	297,293 (35.11)	26,569 (3.14)	124,436 (14.70)	398,36 5 (47.05)	846,66 3 (100)
198 3-84	327,382 (35.86)	27,338 (2.99)	137,168 (15.03)	420,95 8 (46.11)	912,84 6 (100)
198 4-85	332,571 (35.08)	27,658 (2.92)	142,940 (15.08)	444,98 5 (46.93)	948,15 4 (100)



198 5-86	333,616 (33.76)	29,167 (2.95)	147,496 (14.93)	477,81 6 (48.36)	988,09 5 (100)
198 6-87	332,250 (32.22)	32,739 (3.18)	155,600 (15.09)	510,52 2 (49.51)	1,031,1 11 (100)
198 7-88	326,975 (30.62)	33,974 (3.18)	164,314 (15.39)	542,52 6 (50.81)	1,067,7 89 (100)
198 8-89	378,113 (32.15)	39,468 (3.36)	178,275 (15.16)	580,27 4 (49.34)	1,176,1 30 (100)
198 9-90	382,609 (30.62)	42,466 (3.40)	194,033 (15.53)	630,33 0 (50.45)	1,249,4 38 (100)
199 0-91	397,971 (30.22)	46,909 (3.56)	203,295 (15.44)	668,64 9 (50.78)	1,316,8 24 (100)
199 1-92	390,201 (29.24)	48,484 (3.63)	198,419 (14.87)	697,51 0 (52.26)	1,334,6 14 (100)
199 2-93	416,153 (29.63)	48,931 (3.48)	204,551 (14.56)	735,07 5 (52.33)	1,404,7 10 (100)
199 3-94	429,981 (28.97)	49,611 (3.34)	222,124 (14.97)	782,44 9 (52.72)	1,484,1 65 (100)
199 4-95	450,258 (28.53)	54,219 (3.44)	246,161 (15.60)	827,67 9 (52.44)	1,578,3 17 (100)
199 5-96	447,127 (26.37)	57,400 (3.39)	284,221 (16.76)	906,95 1 (53.49)	1,695,6 99 (100)
199 6-97	491,484 (26.87)	57,718 (3.16)	311,226 (17.01)	968,87 0 (52.96)	1,829,2 98 (100)
199 7-98	478,933 (25.06)	63,380 (3.32)	311,385 (16.30)	1,057,1 63 (55.32)	1,910,8 61 (100)

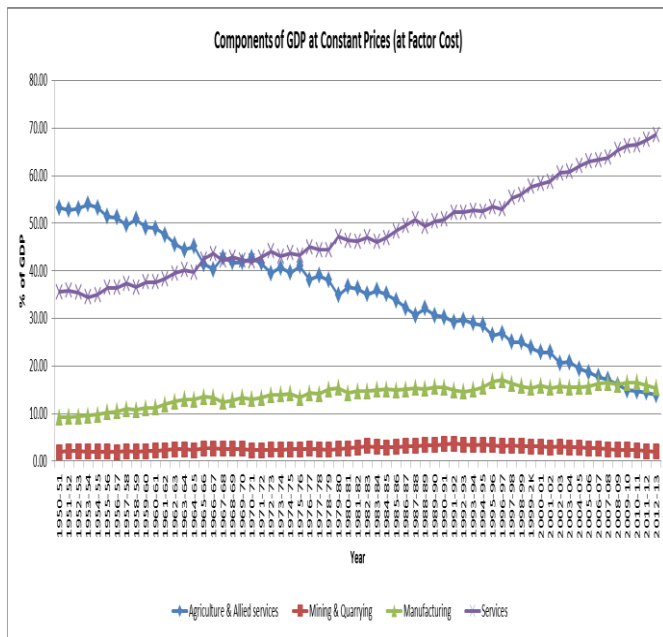
199 8-99	509,203 (24.99)	65,171 (3.20)	321,137 (15.76)	1,142,1 86 (56.05)	2,037,6 97 (100)
199 9-2k	522,795 (23.81)	67,902 (3.09)	338,458 (15.42)	1,266,2 30 (57.68)	2,195,3 85 (1001)
200 0-01	522,755 (22.82)	69,472 (3.03)	363,163 (15.85)	1,335,3 55 (58.29)	2,290,7 45 (100)
200 1-02	554,157 (22.91)	70,766 (2.93)	371,408 (15.35)	1,422,7 32 (58.81)	2,419,0 63 (100)
200 2-03	517,559 (20.58)	76,721 (3.05)	396,912 (15.78)	1,523,9 95 (60.59)	2,515,1 87 (100)
200 3-04	564,391 (20.75)	78,792 (2.90)	422,062 (15.52)	1,654,5 05 (60.83)	2,719,7 50 (100)
200 4-05	565,427 (19.44)	85,028 (2.92)	453,225 (15.58)	1,805,1 10 (62.06)	2,908,7 90 (100)
200 5-06	594,487 (18.66)	86,141 (2.70)	499,020 (15.66)	2,006,3 02 (62.97)	3,185,9 50 (100)
200 6-07	619,190 (17.74)	92,578 (2.65)	570,458 (16.34)	2,208,7 76 (63.27)	3,491,0 02 (100)
200 7-08	655,080 (17.16)	95,997 (2.51)	629,073 (16.48)	2,437,0 56 (63.84)	3,817,2 06 (100)
200 8-09	655,689 (16.09)	98,055 (2.41)	656,302 (16.10)	2,665,5 80 (65.40)	4,075,6 26 (100)
200 9-10	660,987 (14.93)	103,830 (2.34)	730,435 (16.50)	2,932,6 01 (66.23)	4,427,8 53 (100)
201 0-11	713,477 (14.73)	108,938 (2.25)	801,476 (16.54)	3,220,3 42 (66.48)	4,844,2 33 (100)

201 1-12	739,495 (14.37)	108,249 (2.10)	823,023 (16.00)	3,474,0 01 (67.52)	5,144,7 68 (100)
201 2-13	753,610 (13.95)	107,619 (1.99)	831,648 (15.39)	3,709,6 40 (68.67)	5,402,5 17 (100)

Source: Reserve Bank of India's Databook 2014.

Note: Figures in Parentheses are Percentage.

From the above table, we can conclude that the share of agriculture and allied activities steadily declined during the period 1950-51 to 2012-13. The share of mining and quarrying has been fluctuating during this period. The share of manufacturing sector has been increasing during this period while the share of services sector has been continuously improving during the same period.



Graph: 1.1

Graph 1.1 shows that the share of mining & quarrying has been fluctuating during this time period. Manufacturing sector shows a slow increase in its share. The share of agriculture & allied services has been declining sharply but share of services sector has been increasing sharply.

Table 1.2 and Graph 1.2 show the component of Gross Domestic Product at Current Prices (at factor cost) from 1950-51 to 2012-13. The share of agriculture and allied activities has declined steadily during the period 1950-51 to 2012-13. Component of GDP of this sector recorded as 52.34 per cent in 1950-51 and 17.70 per cent in 2012-13. When we see the data of mining and quarrying it has to be noted that it's share has been increasing from 0.76 per cent in 1950-51 to 1.17 per cent in 1962-63, but after this period it started declining and come down to 0.96 per cent in 1973-74, therefore it started increasing and become 2.93 per cent in 1982-83 after that it started declining to 2.21 per cent in 1996-1997 thereafter it started increases and become 2.92 per cent in 2004-05 after that it started declining to 2.36 per cent in 2012-13. The relative size of manufacturing sector has increased from 10.62 per cent in 1950-51 to 13.78 per cent in 2012-13. During this time period it increased from 10.62 per cent in 1950-51 to 14.93 per cent in 1963-64, but after this period it started decline and come down to 14.50 per cent in 1973-74, thereafter it started increases and become to 17.62 per cent in 1979-80 thereafter it started declining and become 16.06 per cent in 1988-89 but after this period it started increases and become 17.84 per cent in 1995-96 thereafter it started declining and become 13.78 per cent in 2012-13. Table and Graph show that the share of services sector has improved from 36.28 per cent in 1950-51 to 66.16 per cent in 2012-13. Services sector has improved with the effect of IT revaluation.

Table 1.2

Component of Gross Domestic Product at Current Prices (at factor cost)

(Rs. Crore)

Ye ar	Agricu lture & Allied	Minin g & Quarr	Manufa cturing	Services	Total GDP
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	service	ying			
19	5,199	75	1,055	3,604	9,933
50	(52.34)	(0.76)	(10.62)	(36.28)	(100)
-					
51					
19	5,369	84	1,170	3,864	10,487
51	(51.20)	(0.80)	(11.16)	(36.85)	(100)
-					
52					
19	5,230	86	1,102	3,964	10,382
52	(50.38)	(0.83)	(10.61)	(38.18)	(100)
-					
53					
19	5,762	87	1,242	4,192	11,283
53	(51.07)	(0.77)	(11.01)	(37.15)	(100)
-					
54					
19	4,902	91	1,288	4,397	10,678
54	(45.91)	(0.85)	(12.06)	(41.18)	(100)
-					
55					
19	4,753	93	1,324	4,715	10,885
55	(43.67)	(0.85)	(12.16)	(43.32)	(100)
-					
56					
19	6,039	113	1,576	5,170	12,898
56	(46.82)	(0.88)	(12.22)	(40.08)	(100)
-					
57					
19	5,914	131	1,679	5,491	13,215
57	(44.75)	(0.99)	(12.71)	(41.55)	(100)
-					
58					
19	6,861	141	1,792	5,938	14,732
58	(46.57)	(0.96)	(12.16)	(40.31)	(100)
-					
59					
19	6,893	150	2,007	6,450	15,500

59	(44.47)	(0.97)	(12.95)	(41.61)	(100)
-					
60					
19	7,256	178	2,337	7,201	16,972
60	(42.75)	(1.05)	(13.77)	(42.43)	(100)
-					
61					
19	7,516	188	2,578	7,614	17,896
61	(42.00)	(1.05)	(14.41)	(42.55)	(100)
-					
62					
19	7,674	225	2,862	8,430	19,191
62	(39.99)	(1.17)	(14.91)	(43.93)	(100)
-					
63					
19	9,031	243	3,264	9,319	21,857
63	(41.32)	(1.11)	(14.93)	(42.64)	(100)
-					
64					
19	11,034	257	3,590	10,562	25,443
64	(43.37)	(1.01)	(14.11)	(41.51)	(100)
-					
65					
19	11,004	297	3,826	11,590	26,717
65	(41.19)	(1.11)	(14.32)	(43.38)	(100)
-					
66					
19	12,801	322	4,185	13,000	30,308
66	(42.24)	(1.06)	(13.81)	(42.89)	(100)
-					
67					
19	16,019	375	4,471	14,625	35,490
67	(45.14)	(1.06)	(12.60)	(41.21)	(100)
-					
68					
19	16,512	400	4,839	15,680	37,431
68	(44.11)	(1.07)	(12.93)	(41.89)	(100)
-					
69					



19	18,059	445	5,573	17,005	41,082
69	(43.96)	(1.08)	(13.57)	(41.39)	(100)
-					
70					
19	18,620	466	6,083	18,591	43,760
70	(42.55)	(1.06)	(13.90)	(42.48)	(100)
-					
71					
19	19,021	489	6,748	20,398	46,656
71	(40.77)	(1.05)	(14.46)	(43.72)	(100)
-					
72					
19	20,921	527	7,498	22,363	51,309
72	(40.77)	(1.03)	(14.61)	(43.58)	(100)
-					
73					
19	27,570	602	9,074	25,343	62,589
73	(44.05)	(0.96)	(14.50)	(40.49)	(100)
-					
74					
19	30,204	858	11,661	30,976	73,699
74	(40.98)	(1.16)	(15.82)	(42.03)	(100)
-					
75					
19	29,937	1,091	12,129	35,371	78,528
75	(38.12)	(1.39)	(15.45)	(45.04)	(100)
-					
76					
19	30,585	1,248	13,421	39,099	84,353
76	(36.26)	(1.48)	(15.91)	(46.35)	(100)
-					
77					
19	36,212	1,380	15,033	43,351	95,976
77	(37.73)	(1.44)	(15.66)	(45.17)	(100)
-					
78					
19	37,217	1,501	17,312	47,035	103,065
78	(36.11)	(1.46)	(16.80)	(45.64)	(100)
-					

79					
19	38,501	1,872	19,824	52,314	112,511
79	(34.22)	(1.66)	(17.62)	(46.50)	(100)
-					
80					
19	48,426	2,334	22,141	61,113	134,014
80	(36.14)	(1.74)	(16.52)	(45.60)	(100)
-					
81					
19	54,583	4,162	26,040	72,120	156,905
81	(34.79)	(2.65)	(16.60)	(45.96)	(100)
-					
82					
19	58,849	5,136	28,431	82,739	175,155
82	(33.60)	(2.93)	(16.23)	(47.24)	(100)
-					
83					
19	70,228	5,754	33,708	95,109	204,799
83	(34.29)	(2.81)	(16.46)	(46.44)	(100)
-					
84					
19	75,731	6,473	37,867	109,677	229,748
84	(32.96)	(2.82)	(16.48)	(47.74)	(100)
-					
85					
19	81,160	6,923	41,983	126,353	256,419
85	(31.65)	(2.70)	(16.37)	(49.28)	(100)
-					
86					
19	87,111	8,071	46,413	144,257	285,852
86	(30.47)	(2.82)	(16.24)	(50.47)	(100)
-					
87					
19	96,905	8,453	52,715	166,095	324,168
87	(29.89)	(2.61)	(16.26)	(51.24)	(100)
-					
88					
19	119,678	11,053	62,131	194,119	386,981
88	8	3	(16.06)	(50.16)	(100)

- 89	(30.93)	(2.86)			
19 89	132,26	12,19	74,932	226,084	445,478
- 90	4	8	(16.82)	(50.75)	(100)
- 90	(29.69)	(2.74)			
19 90	154,35	13,81	85,934	264,590	518,690
- 91	0	6	(16.57)	(51.01)	(100)
- 91	(29.76)	(2.66)			
19 91	180,31	15,14	93,301	309,172	597,927
- 92	3	1	(15.60)	(51.71)	(100)
- 92	(30.16)	(2.53)			
19 92	202,21	17,46	108,09	356,283	684,055
- 93	9	1	2	(52.08)	(100)
- 93	(29.56)	(2.55)	(15.80)		
19 93	234,56	20,30	125,29	414,778	794,951
- 94	6	9	8	(52.18)	(100)
- 94	(29.51)	(2.55)	(15.76)		
19 94	270,10	22,90	154,81	478,525	926,353
- 95	7	7	4	(51.66)	(100)
- 95	(29.16)	(2.47)	(16.71)		
19 95	293,70	25,54	193,57	571,946	1,084,759
- 96	1	2	0	(52.73)	(100)
- 96	(27.08)	(2.35)	(17.84)		
19 96	353,14	28,00	220,57	662,888	1,264,606
- 97	2	1	5	(52.42)	(100)
- 97	(27.93)	(2.21)	(17.44)		
19 97	374,74	33,77	229,40	767,220	1,405,145
- 98	4	7	4	(54.60)	(100)
- 98	(26.67)	(2.40)	(16.33)		
19 98	430,38	36,06	250,37	900,310	1,617,129

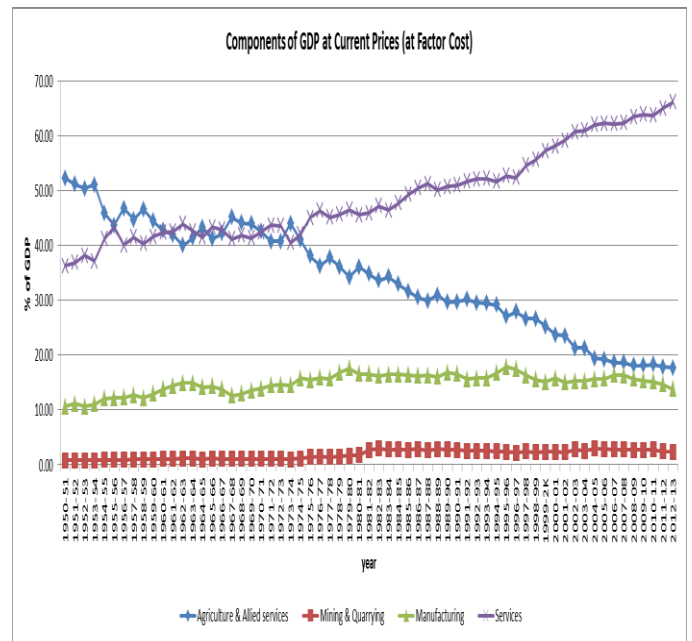
98 - 99	4	2	3	(55.67)	(100)
- 99	(26.61)	(2.23)	(15.48)		
19 99	455,30	41,72	271,25	1,032,465	1,800,747
- 2k	2	5	5	(57.34)	(100)
- 2k	(25.28)	(2.32)	(15.06)		
20 00	460,60	45,86	306,29	1,131,081	1,943,853
- 01	8	8	6	(58.19)	(100)
- 01	(23.70)	(2.36)	(15.76)		
20 01	498,62	48,05	318,49	1,252,882	2,118,053
- 02	0	5	6	(59.15)	(100)
- 02	(23.54)	(2.27)	(15.04)		
2002-03	485,080	62,982	348,534	1,384,611	2,281,207
- 03	(21.26)	(2.76)	(15.28)	(60.70)	(100)
- 03))))
2003-04	544,667	64,121	391,190	1,562,975	2,562,953
- 04	(21.25)	(2.50)	(15.26)	(60.98)	(100)
- 04))))
2004-05	565,427	85,028	453,225	1,805,110	2,908,790
- 05	(19.44)	(2.92)	(15.58)	(62.06)	(100)
- 05))))
2005-06	637,772	94,462	521,669	2,067,493	3,321,396
- 06	(19.20)	(2.84)	(15.71)	(62.25)	(100)
- 06))))
2006-07	722,984	106,787	634,828	2,412,524	3,877,123
- 07	(18.65)	(2.75)	(16.37)	(62.2)	(100)
- 07))))

				2))
2007-08	836,518 (18.60)	124,812 (2.77)	732,720 (16.29)	2,806 (62.34)	4,498 (100)
2008-09	943,204 (18.10)	139,828 (2.68)	818,322 (15.70)	3,311 (63.52)	5,217 (100)
2009-10	1,083,514 (18.07)	159,304 (2.66)	922,151 (15.38)	3,830 (63.89)	5,990 (100)
2010-11	1,306,942 (18.31)	196,092 (2.75)	1,080,750 (15.15)	4,552 (63.79)	7,139 (100)
2011-12	1,465,753 (17.86)	201,076 (2.45)	1,202,086 (14.64)	5,339 (65.05)	8,208 (100)
2012-13	1,644,834 (17.70)	218,910 (2.36)	1,279,966 (13.78)	6,144 (66.16)	9,294 (100)

Source: Reserve Bank of India's Databook 2014.

Note: Figures in Parentheses are Percentage.

From the above table, we can conclude that the share of agriculture and allied activities steadily declined during the period 1950-51 to 2012-13. The share of mining & quarrying and manufacturing has been fluctuating and shows a small increase during this period. The share of services sector has been continuously improving during the



same period.

Graph: 1.2

Graph 1.2 shows that the share of mining & quarrying and manufacturing has been fluctuating and shows small increase during this time period. The share of agriculture & allied services has been declining sharply but share of services sector has been increasing sharply.

Table 1.3 and Graph 1.3 show the share of different sub-sectors within services sector at current prices from 1950-51 to 2012-13. The services sector is composed of four components. The share of construction has been increasing from 7.36 per cent in 1950-51 to 11.23 per cent in 1969-70.

Thereafter, it started declining and reached at the lowest level of 8.83 per cent in 1974-75. Since then, it started increasing continuously and reached at its highest level of 13.47 per cent in 2007-08, and decline to 12.15 per cent in 2012-13. The share of trade, hotels, transports & communication has been 26.68 per cent in 1950-51 and reached at a minimum of 25.06 per cent in 1955-56. Thereafter, it started increasing and reached at 36.45 per cent in 1985-86, 36.95 per cent in 1993-94, and 39.25 per cent in 1996-97 and at its highest level of 40.12 per cent in 2206-07; thereafter it started declining and reached to 38.15 per cent in 2012-13. The share of finance, insurance, real estate and business services has been improving from 34.56 per cent in 1950-51 to 37.17 per cent in 1955-56. Thereafter, it started declining to 30.66 per cent in 1966-67. Since then it started declining continuously and reached at its minimum level of 22.21 per cent in 1998-99. Thereafter it started increasing and reached at 25.60 per cent in 2012-13. Similarly, the share of community, social and personal services has been declining from 30.73 per cent in 1950-51 to 21.41 per cent in 2012-13.

From this analysis we can conclude that trade, hotels, transports and communication is the only sub-sector of the services sector whose share has been continuously increasing from 26.68 per cent in 1950-51 to 38.15 per cent in 2012-13. On the other hand, the share of finance, insurance, real estate and business services sub sector and that of community, social and personal services sub sector have been declining significantly from 34.56 per cent in 1950-51 to 25.6 per cent in 2012-13 and from 30.73 per cent in 1950-51 to 21.41 per cent in 2012-13, respectively.

Table 1.3

Sub sector of Services Sector at Current Prices

(Rs. In Crore)

Year	Const.	Trade, Hotels, Trans.& Com.	Fin., Ins., Real est. etc.	Comm.,So ci. & Per. Services	Total Services
1950-51	267 (7.4)	968 (26.9)	1,254 (34.8)	1,115 (30.9)	3604 (100)
1951-52	305 (7.9)	1,048 (27.1)	1,349 (34.9)	1,162 (30.1)	3864 (100)
1952-53	284 (7.2)	1,055 (26.6)	1,425 (35.9)	1,201 (30.3)	3964 (100)
1953-54	285 (6.8)	1,121 (26.7)	1,537 (36.7)	1,250 (29.8)	4192 (100)
1954-55	316 (7.2)	1,151 (26.2)	1,647 (37.5)	1,283 (29.2)	4397 (100)
1955-56	394 (8.4)	1,192 (25.3)	1,768 (37.5)	1,361 (28.9)	4715 (100)
1956-57	445 (8.6)	1,378 (26.7)	1,917 (37.1)	1,430 (27.7)	5170 (100)
1957-58	409 (7.4)	1,525 (27.8)	2,054 (37.4)	1,503 (27.4)	5491 (100)
1958-59	472 (8.0)	1,667 (28.1)	2,203 (37.1)	1,597 (26.9)	5938 (100)
1959-60	526 (8.6)	1,801 (28.0)	2,364 (36.7)	1,760 (27.3)	6450 (100)
1960-61	680 (9.4)	1,985 (27.6)	2,547 (35.4)	1,989 (27.6)	7201 (100)
1961-62	713 (9.4)	2,145 (28.2)	2,602 (34.2)	2,154 (28.3)	7614 (100)
1962-63	751 (8.9)	2,348 (27.9)	2,987 (35.4)	2,343 (27.8)	8430 (100)
1963-64	860 (9.2)	2,628 (28.2)	3,231 (34.7)	2,599 (27.9)	9319 (100)
1964	1,020	3,084	3,512	2,945	10562



-65	(9.7)	(29.2)	(33.3)	(27.9)	(100)
1965	1,173	3,345	3,796	3,276	11590
-66	(10.1)	(28.9)	(32.8)	(28.3)	(100)
1966	1,382	3,890	4,063	3,665	13000
-67	(10.6)	(30.0)	(31.3)	(28.2)	(100)
1967	1,617	4,445	4,458	4,105	14625
-68	(11.1)	(30.4)	(30.5)	(28.1)	(100)
1968	1,753	4,732	4,772	4,422	15680
-69	(11.2)	(30.2)	(30.4)	(28.2)	(100)
1969	1,957	5,107	5,120	4,822	17005
-70	(11.5)	(30.0)	(30.1)	(28.4)	(100)
1970	2,071	5,627	5,579	5,315	18591
-71	(11.1)	(30.3)	(30.0)	(28.6)	(100)
1971	2,278	6,102	6,117	5,901	20398
-72	(11.2)	(30.0)	(30.0)	(28.9)	(100)
1972	2,483	6,730	6,694	6,456	22363
-73	(11.1)	(30.1)	(29.9)	(28.9)	(100)
1973	2,559	8,057	7,465	7,261	25343
-74	(10.1)	(31.8)	(29.5)	(28.7)	(100)
1974	2,803	10,642	8,390	9,142	30976
-75	(9.0)	(34.4)	(27.1)	(29.5)	(100)
1975	3,502	12,067	9,511	10,290	35371
-76	(10.0)	(34.1)	(26.9)	(29.1)	(100)
1976	4,144	13,066	10,579	11,311	39099
-77	(10.6)	(33.4)	(27.1)	(29.0)	(100)
1977	4,814	14,702	11,540	12,296	43351

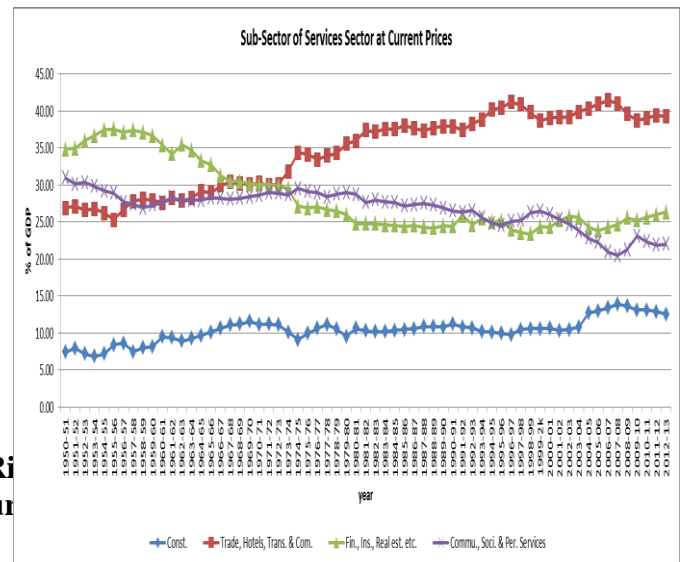
-78	(11.1)	(34.0)	(26.6)	(28.4)	(100)
1978	4,940	16,119	12,448	13,529	47035
-79	(10.5)	(34.3)	(26.5)	(28.8)	(100)
1979	4,985	18,604	13,576	15,149	52314
-80	(9.5)	(35.6)	(26.0)	(29.0)	(100)
1980	6,487	21,968	15,120	17,537	61113
-81	(10.6)	(36.0)	(24.7)	(28.7)	(100)
1981	7,411	26,946	17,835	19,927	72120
-82	(10.3)	(37.4)	(24.7)	(27.6)	(100)
1982	8,403	30,749	20,453	23,134	82739
-83	(10.2)	(37.2)	(24.7)	(28.0)	(100)
1983	9,660	35,716	23,388	26,345	95109
-84	(10.2)	(37.6)	(24.6)	(27.7)	(100)
1984	11,334	41,125	26,907	30,311	109677
-85	(10.3)	(37.5)	(24.5)	(27.6)	(100)
1985	13,228	48,022	30,819	34,284	126353
-86	(10.5)	(38.0)	(24.4)	(27.1)	(100)
1986	15,220	54,272	35,337	39,428	144257
-87	(10.6)	(37.6)	(24.5)	(27.3)	(100)
1987	18,044	61,963	40,387	45,700	166095
-88	(10.9)	(37.3)	(24.3)	(27.5)	(100)
1988	21,040	73,159	46,926	52,994	194119
-89	(10.8)	(37.7)	(24.2)	(27.3)	(100)
1989	24,416	85,630	55,297	60,741	226084
-90	(10.8)	(37.9)	(24.5)	(26.9)	(100)
1990	29,656	100,318	64,598	70,019	264590
-91	(11.2)	(37.9)	(24.4)	(26.5)	(100)

1991	33,332	115,570	79,804	81,366	309172
-92	(10.8)	(37.4)	(25.8)	(26.3)	(100)
1992	38,031	136,250	87,495	94,507	356283
-93	(10.7)	(38.2)	(24.6)	(26.5)	(100)
1993	42,012	160,990	105,686	106,090	414778
-94	(10.1)	(38.8)	(25.5)	(25.6)	(100)
1994	48,278	192,142	119,442	118,663	478525
-95	(10.1)	(40.2)	(25.0)	(24.8)	(100)
1995	56,789	231,175	143,791	140,190	571946
-96	(9.9)	(40.4)	(25.1)	(24.5)	(100)
1996	64,648	273,135	158,637	166,469	662888
-97	(9.8)	(41.2)	(24.0)	(25.1)	(100)
1997	80,297	313,093	180,642	193,188	767220
-98	(10.5)	(40.8)	(23.5)	(25.2)	(100)
1998	95,056	358,538	210,593	236,123	900310
-99	(10.6)	(39.8)	(23.4)	(26.2)	(100)
1999	109,21	399,094	251,145	273,013	103246
-2k	3	(38.7)	(24.3)	(26.4)	5
	(10.6)				(100)
2000	119,89	441,785	274,940	294,459	113108
-01	7	(39.0)	(24.3)	(26.0)	1
	(10.6)				(100)
2001	129,39	490,290	315,689	317,513	125288
-02	0	(39.1)	(25.2)	(25.3)	2
	(10.3)				(100)
2002	144,89	542,132	356,089	341,496	138461
-03	4	(39.2)	(25.7)	(24.7)	1
	(10.5)				(100)
2003	168,38	623,246	400,056	371,288	156297
-04	6	(39.9)	(25.6)	(23.8)	5

	(10.8)				(100)
2004	228,85	727,720	437,174	411,361	180511
-05	5	(40.3)	(24.2)	(22.8)	0
	(12.7)				(100)
2005	268,63	846,606	493,102	459,151	206749
-06	4	(41.0)	(23.9)	(22.2)	3
	(13.0)				(100)
2006	322,42	998,379	586,595	505,121	241252
-07	9	(41.4)	(24.3)	(21.0)	4
	(13.4)				(100)
2007	388,90	1,150,04	691,464	573,790	280420
-08	8	4	(24.7)	(20.5)	6
	(13.9)	(41.0)			(100)
2008	451,03	1,310,84	845,369	703,895	331114
-09	4	5	(25.5)	(21.3)	3
	(13.6)	(39.6)			(100)
2009	500,45	1,481,62	964,937	883,033	383005
-10	8	3	(25.2)	(23.1)	1
	(13.1)	(38.7)			(100)
2010	595,45	1,774,70	1,165,90	1,016,112	455217
-11	4	8	1	(22.3)	5
	(13.1)	(39.0)	(25.6)		(100)
2011	685,20	2,102,55	1,384,48	1,167,520	533976
-12	4	8	1	(21.9)	3
	(12.8)	(39.4)	(26.0)		(100)
2012	767,38	2,409,96	1,617,39	1,352,314	614706
-13	8	5	7	(22.0)	4
	(12.5)	(39.2)	(26.3)		(100)

Source: Reserve Bank of India, 2011-12, Central Statistical Organisation and National Income Statistics.

Note: Figures in Parentheses are Percentage.



Graph: 1.3

From this table we can conclude that the share of finance, insurance, real estate and business services and community, social & personal services has been declining during this period. The share of construction has been increasing but the share of trade, hotels, transportation and communication has been increasing sharply.

Graph 1.3 shows that the share of trade, hotels, transportation and communication has been increasing sharply.

Table 1.4 and Graph 1.4 show the share of different sub-sectors with in services sector at constant prices from 1950-51 to 2012-13. The services sector is composed of four components. The share of construction has been increasing from 14.60 per cent in 1950-51 to at its highest level of 19.52 per cent in 1967-68. Thereafter, it has been fluctuating and decline to 11.29 per cent in 2012-13. The share of trade, hotels, transports & communication has been increased from 31.54 per cent in 1950-51 to 34.65 per cent in 1963-64. Thereafter, it started declining and reached at 34.39 per cent in 1973-74 after that it has been increasing and reached at 36.62 per cent in 1978-79, thereafter it started declining and reached to 34.92 per cent in 1994-95, after that it improved to 40.18 per cent in 2012-13. The share of finance, insurance, real estate and business services has been improved from 23.89 per cent in 1950-51 to 24.26 per cent in 1952-53. Thereafter, it started declining to 17.81 per cent in 1977-78. Since then it started increased continuously and reached at 24.69 per cent in 1993-94. Thereafter it started declining and reached at 23.75 per cent in 2005-06. Since then, it started increased and reached at 27.03 per cent in 2012-13. Similarly, the share of community, social and personal services has been

declining from 29.16 per cent in 1950-51 to 18.80 per cent in 2012-13.

From this analysis we can conclude that the share of trade, hotels, transports and communication sub-sector and that finance, insurance, real estate and business services sub sector have been continuously increasing from 31.54 per cent in 1950-51 to 40.18 per cent in 2012-13 and from 23.89 per cent in 1950-51 to 27.03 per cent in 2012-13, respectively.

Table 1.4

Sub sector of Services Sector at Constant Prices

(Rs. In Crore)

Year	Const.	Trade, Hotels, Trans.& Com.	Fin., Ins., Real est. etc.	Comm., So ci. & Per. Services	Total Services
1950-51	14,251 (14.7)	30,792 (31.8)	23,325 (24.1)	28,474 (29.4)	96842 (100)
1951-52	15,225 (15.2)	31,608 (31.6)	23,863 (23.8)	29,329 (29.3)	100024 (100)
1952-53	14,121 (13.9)	32,641 (32.1)	24,863 (24.5)	29,934 (29.5)	101559 (100)
1953-54	14,557 (13.9)	33,861 (32.4)	25,219 (24.1)	30,860 (29.5)	104497 (100)
1954-55	16,358 (14.8)	36,065 (32.6)	26,140 (23.6)	31,967 (28.9)	110530 (100)
1955-56	19,456 (16.4)	38,700 (32.7)	27,190 (23.0)	32,955 (27.9)	118301 (100)
1956-57	21,693 (17.3)	41,537 (33.2)	27,635 (22.1)	34,219 (27.4)	125084 (100)
1957-58	19,040 (15.1)	42,831 (34.0)	28,679 (22.7)	35,765 (28.3)	126315 (100)
1958-59	21,277 (16.0)	44,965 (33.8)	29,492 (22.2)	37,233 (28.0)	132966 (100)
1959	22,736	47,779	30,619	38,834	139968



-60	(16.2)	(34.1)	(21.9)	(27.7)	(100)
1960	26,295	51,879	31,252	40,741	150168
-61	(17.5)	(34.5)	(20.8)	(27.1)	(100)
1961	27,219	55,259	35,296	42,656	157730
-62	(17.3)	(35.0)	(22.4)	(27.0)	(100)
1962	28,233	58,503	33,693	45,686	166115
-63	(17.0)	(35.2)	(20.3)	(27.5)	(100)
1963	31,680	62,650	34,735	48,684	177749
-64	(17.8)	(35.2)	(19.5)	(27.4)	(100)
1964	34,225	66,890	35,688	51,894	188697
-65	(18.1)	(35.4)	(18.9)	(27.5)	(100)
1965	36,509	68,079	36,766	53,950	195304
-66	(18.7)	(34.9)	(18.8)	(27.6)	(100)
1966	39,510	69,862	37,412	56,438	203222
-67	(19.4)	(34.4)	(18.4)	(27.7)	(100)
1967	42,352	72,852	38,431	58,659	212294
-68	(19.9)	(34.3)	(18.1)	(27.6)	(100)
1968	43,834	76,155	40,305	61,272	221565
-69	(19.8)	(34.4)	(18.2)	(27.7)	(100)
1969	45,196	80,275	41,980	64,655	232106
-70	(19.5)	(34.6)	(18.1)	(27.9)	(100)
1970	45,096	84,205	43,735	68,218	241254
-71	(18.7)	(34.9)	(18.1)	(28.3)	(100)
1971	45,293	86,121	45,989	71,264	248667
-72	(18.2)	(34.6)	(18.5)	(28.7)	(100)
1972	46,357	87,991	47,767	73,594	255709
-73	(18.1)	(34.4)	(18.7)	(28.8)	(100)
1973	43,345	91,686	48,936	75,541	259509
-74	(16.7)	(35.3)	(18.9)	(29.1)	(100)
1974	41,966	97,176	48,779	79,120	267041
-75	(15.7)	(36.4)	(18.3)	(29.6)	(100)
1975	47,948	105,980	52,142	81,914	287984
-76	(16.6)	(36.8)	(18.1)	(28.4)	(100)
1976	52,638	110,697	56,277	84,190	303802
-77	(17.3)	(36.4)	(18.5)	(27.7)	(100)
1977	57,965	118,084	59,032	86,450	321531
-78	(18.0)	(36.7)	(18.4)	(26.9)	(100)
1978	56,672	127,772	63,203	90,186	337833
-79	(16.8)	(37.8)	(18.7)	(26.7)	(100)

1979	53,681	126,751	63,818	96,779	341030
-80	(15.7)	(37.2)	(18.7)	(28.4)	(100)
1980	60,757	133,906	65,041	101,666	361371
-81	(16.8)	(37.1)	(18.0)	(28.1)	(100)
1981	64,084	142,057	70,326	103,842	380309
-82	(16.9)	(37.4)	(18.5)	(27.3)	(100)
1982	59,584	149,903	77,029	111,849	398365
-83	(15.0)	(37.6)	(19.3)	(28.1)	(100)
1983	62,302	157,545	84,585	116,027	420958
-84	(14.8)	(37.4)	(20.1)	(27.6)	(100)
1984	64,976	165,037	90,907	124,065	444985
-85	(14.6)	(37.1)	(20.4)	(27.9)	(100)
1985	68,654	178,195	99,783	131,184	477816
-86	(14.4)	(37.3)	(20.9)	(27.5)	(100)
1986	70,296	188,888	110,295	141,043	510522
-87	(13.8)	(37.0)	(21.6)	(27.6)	(100)
1987	74,325	198,578	118,383	151,240	542526
-88	(13.7)	(36.6)	(21.8)	(27.9)	(100)
1988	79,551	210,405	129,934	160,385	580274
-89	(13.7)	(36.3)	(22.4)	(27.6)	(100)
1989	85,147	226,074	146,088	173,022	630330
-90	(13.5)	(35.9)	(23.2)	(27.4)	(100)
1990	95,184	237,736	155,165	180,564	668649
-91	(14.2)	(35.5)	(23.2)	(27.0)	(100)
1991	97,144	243,178	171,956	185,232	697510
-92	(13.9)	(34.9)	(24.7)	(26.5)	(100)
1992	100,52	256,897	181,320	196,332	735075
-93	6 (13.7)	(35.0)	(24.7)	(26.7)	(100)
1993	101,09	274,682	201,568	205,101	782449
-94	9 (12.9)	(35.1)	(25.8)	(26.2)	(100)
1994	106,53	301,997	209,401	209,742	827679
-95	9 (12.9)	(36.5)	(25.3)	(25.3)	(100)
1995	112,91	342,536	226,348	225,157	906951
-96	1 (12.4)	(37.8)	(25.0)	(24.8)	(100)
1996	115,02	370,200	240,354	243,288	968870

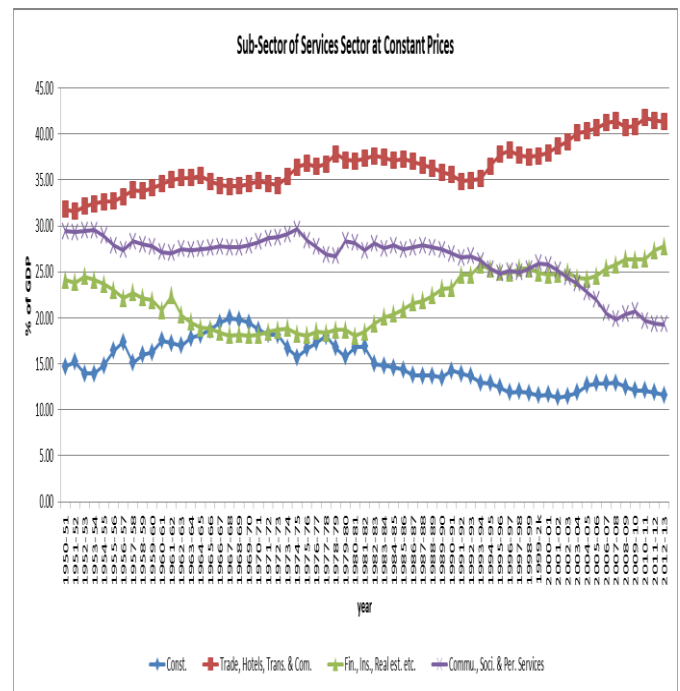
-97	7 (11.9)	(38.2)	(24.8)	(25.1)	(100)
1997	127,07	398,109	268,495	263,486	105716
-98	3 (12.0)	(37.7)	(25.4)	(24.9)	3 (100)
1998	135,04	428,613	289,440	289,085	114218
-99	8 (11.8)	(37.5)	(27.4)	(25.3)	6 (100)
1999	146,38	476,088	314,990	328,771	126623
-2k	0 (11.6)	(37.6)	(24.9)	(25.9)	0 (100)
2000	155,37	506,742	329,271	343,963	133535
-01	8 (11.6)	(37.9)	(24.7)	(25.8)	5 (100)
2001	161,57	550,383	352,792	357,984	142273
-02	4 (11.4)	(38.7)	(24.8)	(25.2)	2 (100)
2002	174,95	596,906	380,081	372,048	152399
-03	9 (11.5)	(39.2)	(24.9)	(24.4)	5 (100)
2003	196,70	663,432	402,243	392,121	165450
-04	8 (11.9)	(40.1)	(24.3)	(23.7)	5 (100)
2004	228,85	727,720	437,174	411,361	180511
-05	5 (12.7)	(40.3)	(24.2)	(22.8)	0 (100)
2005	258,12	815,407	492,340	440,426	200630
-06	9 (12.9)	(40.6)	(24.5)	(21.9)	2 (100)
2006	284,80	910,084	561,063	452,823	220877
-07	6 (12.9)	(41.2)	(25.4)	(20.5)	6 (100)
2007	315,49	1,009,52	628,124	483,917	243705
-08	5 (12.9)	(41.4)	(25.8)	(19.9)	6 (100)
2008	332,32	1,085,12	703,629	544,497	266558
-09	9 (12.5)	(40.7)	(26.4)	(20.4)	0 (100)
2009	354,43	1,197,89	771,905	608,369	293260

-10	6 (12.0)	1 (40.8)	(26.3)	(20.7)	1 (100)
2010	390,69	1,345,66	849,632	634,358	322034
-11	2 (12.1)	0 (41.8)	(26.4)	(19.7)	2 (100)
2011	412,41	1,440,31	948,808	672,469	347400
-12	2 (11.9)	2 (41.4)	(27.3)	(19.4)	1 (100)
2012	430,27	1,532,03	1,030,68	716,645	370964
-13	7 (11.6)	4 (41.3)	(27.8)	(19.3)	0 (100)

Source: Reserve Bank of India, 2011-12, Central Statistical Organisation and National Income Statistics.

Note: Figures in Parentheses are Percentage.

From this table we can conclude that the share of construction and community, social & personal services declined during this period. The share of electricity, gas & water supply and finance, insurance, real estate and business services increased but the share of trade, hotels, transportation and communication increased sharply.



Graph: 1.4

Graph 1.4 shows that share of construction, finance, insurance, real estate and business services and communication, social and personal services has been fluctuating. The share trade, hotels, transportation and communication increased sharply.

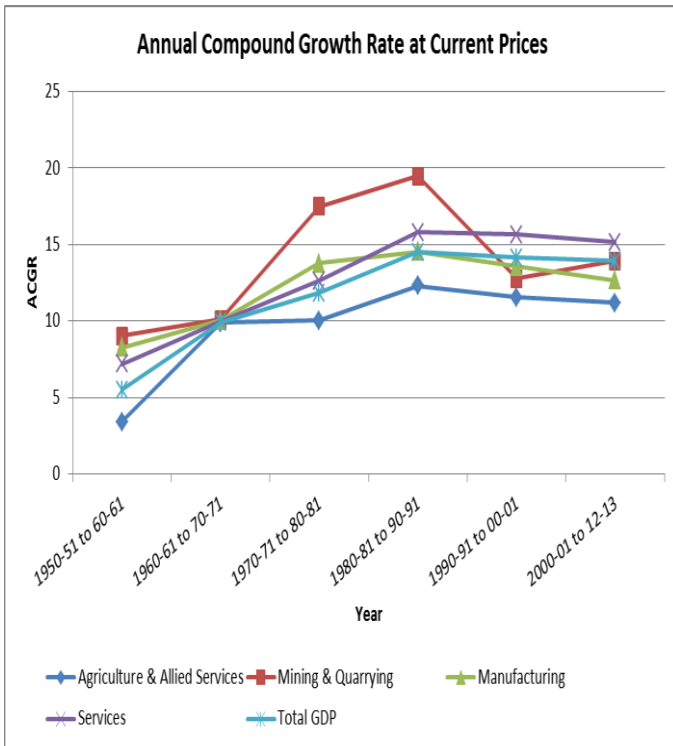
Table 1.5 and Graph 1.5 show the Annual Compound Growth Rate of agriculture & allied services; mining & quarrying; manufacturing; services; and total GDP at current prices in each decade from 1950-51 to 2012-13. This table shows that the ACGR of agriculture & allied services, mining & quarrying, manufacturing and services sectors has highest value of 12.29 percent, 19.46 percent, 14.52 percent, and 15.78 percent, respectively in 1980-81 to 1990-91 decade. Table shows that the ACGR of agriculture & allied services, mining & quarrying, manufacturing and services sectors has lowest value of 3.39 percent, 9.03 percent, 8.28 percent and 7.17 percent, respectively in 1950-51 to 1960-61 decade.

But, during the period 1950-51 to 1990-91 i.e. before the implementation of new economic policy, mining and quarrying were recorded the maximum ACGR (13.93 percent) and after the implementation of new economic policy, the services sector has recorded the highest ACGR (15.37 percent) among the all sectors during the period 1990-91 to 2012-13. It is clear from the table that the ACGR

of GDP was 10.39 percent in first 40 years and 14.01 percent in later 22 years.

Table 1.5
Annual Compound Growth Rate at Current Prices
(Per cent)

Year	Agriculture & Allied Services	Mining & Quarrying	Manufacturing	Services	Total GDP
1950-51 to 60-61	3.39	9.03	8.28	7.17	5.50
1960-61 to 70-71	9.88	10.10	10.04	9.95	9.93
1970-71 to 80-81	10.03	17.48	13.79	12.64	11.84
1980-81 to 90-91	12.29	19.46	14.52	15.78	14.49
1990-91 to 00-01	11.55	12.75	13.55	15.64	14.12
2000-01 to 12-13	11.19	13.91	12.66	15.15	13.92
1950-51 to 90-91	8.85	13.93	11.63	11.34	10.39
1990-91 to 2012-13	11.36	13.38	13.06	15.37	14.01
1950-51 to 2012-13	9.73	13.73	12.13	12.75	11.67



Graph: 1.5

Table 1.6 and Graph 1.6 show the Annual Compound Growth Rate of agriculture & allied services; mining & quarrying; manufacturing; services; and total GDP at constant prices in each decade from 1950-51 to 2012-13. This table shows that the ACGR of agriculture & allied services and mining & quarrying sectors has highest value of 3.39 percent and 8.43 percent, respectively in 1980-81 to 1990-91 decade, but manufacturing and services sectors has highest value of 7.15 percent and 8.89 percent, respectively in 2000-01 to 2012-13 decade. Table shows that the ACGR of agriculture & allied services, manufacturing and services sectors has lowest value of 1.50 per cent, 4.02 per cent and 4.12 percent, respectively in 1970-71 to 1980-81 decade, but mining & quarrying has lowest value of 3.71 percent in 2000-01 to 2012-13 decade.

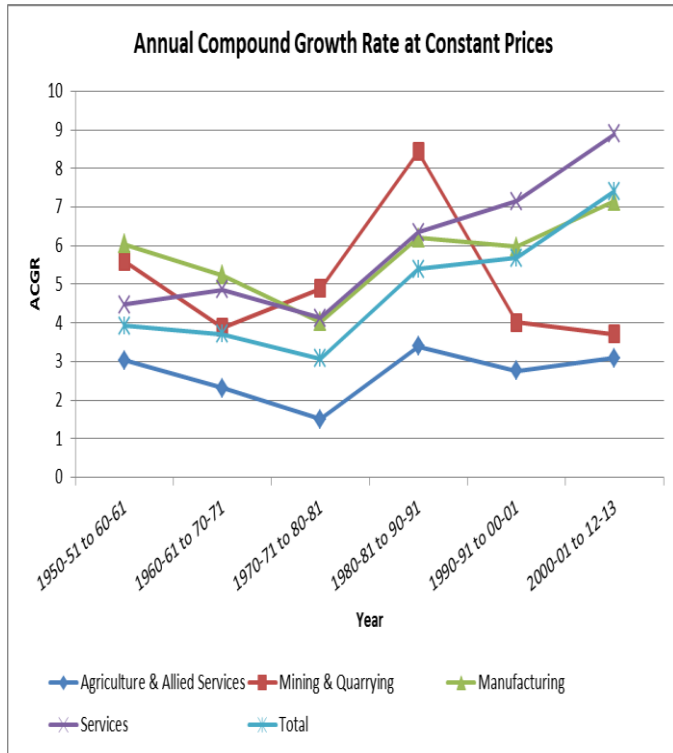
But, during the period 1950-51 to 1990-91 i.e. before the implementation of new economic policy, mining and

quarrying were recorded the maximum ACGR (5.68 percent) and after the implementation of new economic policy, the services sector has recorded the highest ACGR (8.10 percent) among the all sectors during the period 1990-91 to 2012-13. It is clear from the table that the ACGR of GDP was 4.02 percent in first 40 years and 6.63 percent in later 22 years.

Table 1.6

Annual Compound Growth Rate at Constant Prices
(Per cent)

Year	Agriculture & Allied Services	Mining & Quarrying	Manufacturing	Services	Total
1950-51 to 60-61	3.03	5.60	6.04	4.48	3.92
1960-61 to 70-71	2.31	3.88	5.23	4.86	3.71
1970-71 to 80-81	1.50	4.89	4.02	4.12	3.08
1980-81 to 90-91	3.39	8.43	6.20	6.35	5.39
1990-91 to 00-01	2.76	4.01	5.97	7.16	5.69
2000-01 to 12-13	3.09	3.71	7.15	8.89	7.41
1950-51 to 90-91	2.56	5.68	5.37	4.95	4.02
1990-91 to 2012-13	2.94	3.85	6.61	8.10	6.63
1950-51 to 2012-13	2.69	5.03	5.81	6.06	4.94

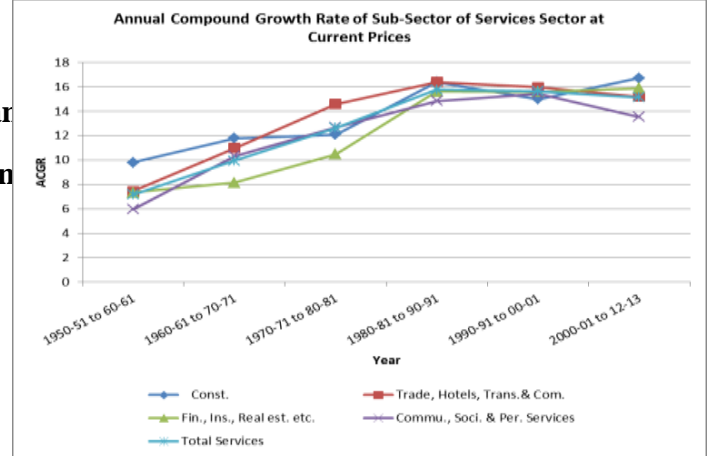


Graph: 1.6

Table 1.7 and Graph 1.7 show the Annual Compound Growth Rate of sub sector of services sector at current prices. All sub sector of services sector have lowest ACGR, i.e. of

Graph 1.7

construction (9.80 percent), trade, hotels, transports and communication (7.45 percent), finance, insurance, real estate and business services (7.34 percent), and community, social and personal services (5.96 percent) in 1950-51 to 1960-61 decade. Sub sector of services sector i.e. construction and finance, insurance, real estate and business services have highest value of 16.73 percent and 15.91 percent in 2000-01 to 2012-13 decade. Sub sector of



services sector i.e. trade, hotels, transports and communication has highest value of 16.40 percent in 1980-81 to 1990-91 decade. The highest ACGR of sub sector i.e. community, social and personal services has 15.45 per cent in 1990-91 to 2000-01.

Table 1.7

Annual Compound Growth Rate of Sub sectors of Services

sector at Current Prices

(Per cent)

Year	Const.	Trade, Hotels, Trans. & Com.	Fin., Ins., Real est. etc.	Commu., Soci. & Per. Services	Total Services
1950-51 to 60-61	9.80	7.45	7.34	5.96	7.17
1960-61 to 70-71	11.78	10.98	8.16	10.33	9.95
1970-71 to 80-81	12.10	14.59	10.48	12.68	12.64
1980-81 to 90-91	16.41	16.40	15.63	14.85	15.78
1990-91 to 00-01	14.99	15.98	15.59	15.45	15.64
2000-01 to 12-13	16.73	15.19	15.91	13.55	15.15

12-13					
1950-51 to 90-91	12.50	12.30	10.36	10.90	11.34
1990-91 to 2012-13	15.94	15.55	15.76	14.41	15.37
1950-51 to 2012-13	13.71	13.44	12.25	12.13	12.75

1950-51 to 60-61	6.32	5.36	2.97	3.65	4.48
1960-61 to 70-71	5.54	4.96	3.42	5.29	4.86
1970-71 to 80-81	3.03	4.75	4.05	4.07	4.12
1980-81 to 90-91	4.59	5.91	9.08	5.91	6.35
1990-91 to 00-01	5.02	7.86	7.81	6.66	7.16
2000-01 to 12-13	8.86	9.66	9.98	6.31	8.89
1950-51 to 90-91	4.86	5.24	4.85	4.73	4.95
1990-91 to 2012-13	7.10	8.84	8.99	6.47	8.10
1950-51 to 2012-13	5.65	6.50	6.30	5.34	6.06S

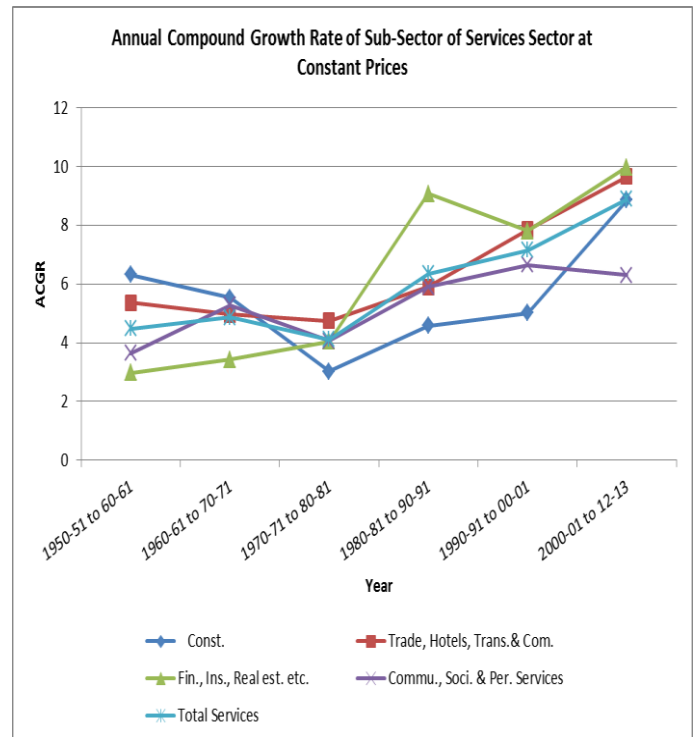
Table 1.8 and Graph 1.8 show the Annual Compound Growth Rate of sub sector of services sector at constant prices. Both sub sectors of construction and trade, hotels, transports and communication have lowest value of 3.03 percent and 4.75 percent, respectively in 1970-71 to 1980-81 decade. Both sub sectors of finance, insurance, real estate and business services and community, social and personal services have lowest value of 2.97 per cent and 3.65 per cent, respectively in 1950-51 to 1960-61 decade. Sub sector of services sector i.e. construction, trade, hotels, transports and communication and finance, insurance, real estate and business services have highest value of 8.86 per cent, 9.66 per cent and 9.98 per cent, respectively in 2000-01 to 2012-13 decade. The highest ACGR of sub sector i.e. community, social and personal services has 6.66 per cent in 1990-91 to 2000-01.

Table 1.8

Annual Compound Growth Rate of Sub sectors of Services sector at Constant Prices

(Per cent)

Year	Const.	Trade, Hotels, Trans.& Com.	Fin., Ins., Real est. etc.	Commu.,So ci. & Per. Services	Total Services
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Graph 1.8

Significance:



The significance of the present study lies in the fact that services sector have become an engine of growth in India, i.e., India is having a services-led growth.

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