

Course– Indian Economy, ECON(H)221

Lecture 35: Service Sector in India



Topics to be Discussed

- Service Sector in India



Services



Service Sector in India

- include trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, & business services, community, social and personal services and services associated with construction.
- Services in India are emerging as a prominent sector in terms of contribution to national and states' incomes, trade flows, foreign direct investment (FDI) inflows, and employment.
- The services sector with more than 50% contribution to the gross domestic product (GDP), has made rapid strides in the last few years and emerged as the largest and fastest-growing sector of the economy.

Major Sectors in Services in India

- Information Technology
- Trade
- Education
- Financial services
- Media, Hospitality, accommodation and food services
- Entertainment, culture and recreation
- Transportation and warehousing
- Communication
- Healthcare & social assistance
- Tourism
- Public utilities
- Real estate and leasing
- Public administration and defence
- Business support services
- Professional, scientific and technical services

Key Drivers of Growth in the Service Sector

- Low cost of operation and tax advantages
- Rapid industrialization and growth of IT parks
- Supportive government policies
- Availability of technically skilled manpower and readily available resources in the country.
- Rapid introduction of IT technologies in major sectors such as telecommunication
- Strong growth in export demand
- Use of new technologies like cloud computing

India's Service Trade

- India has 3.2 % share in global service exports in 2013
- India ranks 6th in the world among leading services exporters in 2013
- Service trade has been a major source of financing India's trade deficit in recent years
- Computer services constituted the highest share in service exports followed by other services including professional and consulting services, technical and trade related services, travel , transport etc.

Thank you

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