Composition of Service Sector in India.

In India, the national income classification given by CSO is followed. In the national income accounting in India, service sector includes the following —

i) Trade, hotels and restaurants.

a/ Trade

b/ Hotels & Restaurants.

ii) Transport, storage & communication.

a/ Railways.

b/ Transport by other means.

c/ Storage.

d/ Communication.

iii) financing, insurance, real estate & buisness services.

a/ Banking & Insurance.

b/ Real estate &/Ownership of dwellings. & buisness services.

iv) Community, social and personal services.

a/ Public administration & Defence (PA & D)

b/ Other services.

Broadly speaking the composition of service sector can broadly be defined into two categories —

1. Economic Services, which includes various types of transport such as rail transport, road transport, air transport, water transport etc. Indian rail way system is first in Asia and fourth in the world after USA, Russia, Canada.

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Storage service is provided by both govt. & private sector. Central warehousing corporation (CWC), FCI & the govt. units which provide storage facilities. Again there are providing cold storage facilities mainly provided by the private authorities.

Communication is the vital service of an economy. It Includes postal telegraphs, telecommunication, info. & broadcasting etc. Indian state communication network is one the largest in Asia.

. Trade service comprises both the domestic & foreign trades. There are several public sector units like state trading corporation minerals & metals trading corporation. special economic goals (SEG) give sufficient support to increase ~~too~~ foreign trade in India.

Nowadays, several private sector units are also being qualified to enlarge international trade. Hotel industries are mainly run by private entrepreneurs. However both the private & govt. body are equally responsible to increase tourism service in India.

Development of banking service is the major indicator of economic growth in India apart from RBI, all the commercial banks including both public & private sector banks are performing a true role for the countries development. There are several non banking financial institutions like NABARD, ICICI, IDBI etc. Moreover there are several public insurance units like LIC, GIC etc and private insurance ~~like~~ unit like

TATA, AIG, Birla, Sunlife etc.

Trends and Performance in Service.

Unit - IV.

Role / Contribution of Service Sector in Indian Economy.

The importance of services sector in India has been increasing continuously decade after decade. With the continuous enlargement of services sector, both in relations of volume and diversity, the status of services sector is increasing at a high speed.

i. Growth in GDP : The contribution of total service sectors in India's GDP, which is organised by trade, hotels, transport, storage and communications, banking, insurance, real estate, community and personal services increased to 55.39% in 2020.

ii. Services Sector Generate Employment : The significance of services sector can also be realised from its support towards generation of employment in India. Even though the primary sector (mainly agriculture) is the leading employer (around 60% of population) followed by the services sector (approximately 23% of the population). The share of services sector is increasing over the years and this way of the primary sector has been decreasing.

iii. Contribution in Services Trade : The services sector is also contributing an important role in raising the volume of exports in India. Thus country is moving towards a services-led export growing in the recent years.

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iv. Contribution towards Human Development : Service sector plays significant contribution towards human development in our country. Therefore, services sector has been rendering certain valuable services, for example educational facilitates, health services, IT and IT enabled services (ITes), skill development, tourism, sports, and cultural services etc. which are mostly responsible for human empowerment and expansion of quality of life of the people.

V. Services sector growth and FDI Inflows : Modest progress of services sector has made sufficient scope for the smooth inflow of FDI into the country. FDI also plays a significant role in the dynamic growth of the service sector. On the optimistic side, at global level, medium term prospects for services are normally better than those manufacturing sector with global investment in the services sector anticipated to grow relatively faster.

vi. Contribution towards Development of communication and Infrastructure : Services sector has also been contributing a significant role in developing escalating and management of infrastructure with a special highlighting on development of transportation and communication services. In India the significant development of infrastructural facilities in quite high.

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vii. Contribution towards Development of IT and ITes : The services sector has also play a signifant role in the continuous growth of its IT and IT enabled services (ITes) sector and thus helping the economy of the country to achieve higher growth both in terms of GDP share, employment, exports etc. The IT and ITes sector of the India has developed an image of a young and has earned abrand identity in this sector.

viii. Contribution towards Development of Social Services: Services sector is also playing a significant role in the development and growth of some social services like sports, cultural services etc. Sports encourages physical fitness & develops human personality which also played an essential role in national identity, community bonding and international bonding. To meet the objective of protective and encouraging all forms of art and culture, avariety of activities are being undertaken by the Government of India.

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Government Initiatives and Achievements in Service Sector

The Government of India identifies the significance of promoting growth in services sectors and provides numerous incentives in wide variety of sectors such as [healthcare,

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tourism, education, engineering, communications, transportation, information technology, banking, finance and management.

Prime Minister Narendra Modi has specified that India's main concern will be to work towards Trade Facilitation Agreement (TFA) for services, which is expected to help in the smooth movement of professionals.

The government of India has approved a few initiatives in the recent past years. Some of these are as given below:

- Under the Mid-Term Appraisal of Foreign Trade Policy (2015-20), the Government of India increased incentives providing under Services exports from India Scheme (SEIS) by 2%.

- Central government is working to eliminate many trade barriers to services and tabled a draft legal text on Trade facilitation in services to the World Trade Organisation (WTO) in 2017.

Achievements

Following are the achievements of the govt. of India in the past four years:

India got rank 24 in 2018 from 137 in 2014 on the

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World Bank's Ease of doing buisness - " Getting Electricity" ranking.

- five times more growing in major ports traffic between years 2014-18, compared to year 2010-14.
- Govt. of India six time increase in spending on telecommunication infrastructure & services in India - from: Rs 9,900 crores (US $ 1.41 billion) during 2009-14 to Rs. 60,000 crores (US $ 8.55 billion) (actual + planned) during 2014-19.
- A total 11 projects worth Rs. 824.80 crore (US$ 127.98 million) were sanctiond under the SwadeshDarshan scheme of India.
- A achievement of govt. that highest ever revenue was generated by Indian IT firms at US $ 167 billion in 2017-18.

Conclusion.

India is distinct for the rapid growth of its service sector such as high tech information technology, communications and buisness services. Services Sector has emerged as the most rapid growth sector in the Indian Economy, particularly since the last ten years. It is contributing significantly to GDP, trade, FDI inflows and employment. There are inequalities in access of services and a major section of the poor in India donot have basic services like health and education. India's export also face competition in a few services sector. If the new reforms &

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regulations are implemented it will enhance the productivity and effectiveness of the service sector & also improve India's global competitive and trade in services at the universal level. Service sector will also help in achieving the objective of overall growth of the economy in the future.