AN OVERVIEW OF THE GROWTH AND PERFORMANCE OF SERVICES SECTOR IN INDIA: A POST LIBERALISATION ANALYSIS

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Abstract

Purpose - The service industry forms the backbone of social and economic development of a country. It has emerged as the largest and fastest-growing sectors of the Indian economy, making higher contributions to national income and employment. The services sector is second only to agriculture in terms of employment both in the national economy and in the majority of states. While evaluating the performance & contribution of services sector in Indian economy, various economic indicators like share in national and states' GDP, employment, imports and exports, etc. indicates the effectiveness of the services sector for Indian economy.

Methodology - The present study is confined to 21 years time period i.e. from 1992-93 to 2012-13. The study is further divided into two periods, namely period I i.e. from 1992-93 to 2002-03, called as early phase of the post-liberalization and period II i.e. from 2003-04 to 2012-13, called as lateral phase of post-liberalization. The secondary data has been analyzed with the help of various statistical techniques such as mean, standard deviation, compounded annual growth rate (CAGR), skewness, range, coefficient of variation and student't' test. Further, auto-regressive integrated moving average (ARIMA) model has also been applied using relevant econometric techniques to identify the major variables which have an impact on the growth of services sector in India.

Research Limitations - Addressing the data problems in the services sector is another area where there is need for early consolidation of isolated efforts. By addressing these challenges of various sub-sectors through better and coordinated strategies can lead to exponential gains for the economy.

Originality/value - India's services sector is like an uncharted sea with plenty of opportunities and new challenges. The era of economic liberalisation has ushered a rapid change in service industry. As a result, over the years, India has been witnessing a transition from agriculture-based economy to a knowledge based economy. All this shows that services

hold immense potential to accelerate the growth of an economy and promote the general well-being of people. They have the capacity to generate substantial employment opportunities in the economy as well as increase its per capita income. Without them Indian economy would not have acquired a strong and dominating place on the world platform.

Keywords - Exponential Gain, National Income, Organised Employment, Annual Imports and Exports

INTRODUCTION

Economic development has been associated with structural changes in the national economies. On the path of its economic development, India has reached a level where there is predominance of service sector and it has become the mainstay of the growth process especially over the last two decades the well-known sequence of structural transformation from agrarian economy to a predominantly service economy. Services sector has emerged as the largest and fastest-growing sectors of the Indian economy, making higher contributions to national income and employment. It is second only to agriculture in terms of employment both in the national economy and in the majority of states. While evaluating the performance & contribution of services sector in Indian economy, various economic indicators like share in national and states' GDP, employment, imports and exports, etc. indicates the effectiveness of the services sector for Indian economy.

With the introduction of Industrial Policy Statement in July 1991, the growth rate of the Indian economy which stood at 3.5 per cent per annum during 1951-79, 5.0 percent per annum during 1980-91, in fact accelerated to 6.1 per cent per annum during 1992-2000 (IDR, 2002). Service sector has been growing at a fast rate contributing 64% to GDP in 2009 from 50% in 1991. This growth has been much faster than manufacturing sector which has remained more or less steady contributing 14% to GDP in 1991 to 15% in 2009 (Hussaini, 2011). The tertiary sector emerged as the major sector of the economy both in terms of growth rates as well as its share in GDP in 1990s. It is to be noted here that while agriculture and manufacturing sectors have experienced phases of deceleration, stagnation and growth, the tertiary sector has shown a uniform growth trend during the period 1950-51 to 1999-2000 (Joshi, 2008). However, during 1999-2000 to 2004-05 period employment elasticity of growth has registered an increase from 0.15 to 0.51. With the exception of one sub-sector of tertiary sector i.e. transport, storage, communication all other sub-sectors of services sector exhibited an increasing trend in employment elasticity and thereby overall elasticity of employment increased from 0.15 to 0.51 (Mitra, 2008).

Datta (2001) points out that the service sector's contribution to GDP has increased steadily over time and it has established itself as the largest sector of the Indian economy. While he notes the importance of some of the subsectors like transport in the context of growth and thus includes it in the secondary sector, he also shares the view that the growth of other subsectors like public administration and defense is neither necessarily related to the demand of the development process, nor is it related to the need for improvement in overall efficiency in a developing economy.

The Service Sector in India has played a central role in this growth story. Indian service sector has experienced unprecedented growth during the last two decades. Service-led growth is a common phenomenon in the theory of economic growth (Clark, 1940; Kuznets, 1957; Chenery, 1960). But traditionally, the service-led growth has been associated with the tertiary phase of growth, where a major part of the demand for service comes from the developed manufacturing sector (the secondary sector). With industrialization, the secondary sector became a major contributor to GDP followed by the tertiary and primary sector and the economies transformed into developed nations in a time period of 75 to 100 years (Kuznets, 1973). Thereafter, they registered "deindustrialisation" with the services sector as a major contributor to GDP followed by secondary and primary sector (Papola, 2005).

Sarkar and Mazumdar (2008) point out that the growth of the ICT sector has led to the emergence of a "New Economy" in India, which has been a generator of new jobs for technical persons, and has been helping to earn foreign exchange through exports and attracting foreign investment. Though it is predominantly an urban activity in rural areas, the telecommunication segment of ICT does provide employment, and further, the wage level of the ICT workers is found to be higher than non-ICT workers. Bhattacharya and Mitra (1997) based on their cross country analysis noted that trade openness did not have any significant effect on the relative size of the service sector in total employment though at the disaggregate level of this sector showed some positive effect. Presumably increasing international trade shifted workers from activities with a high incidence of low productivity component to more specialized commercial activities. The growth rate of service sector has been higher than that of agriculture and manufacturing sector. Though all three sectors of the economy have seen tremendous growth during the last sixty-two years and have contributed to the GDP growth rate, the growing importance of service sector particularly in the aftermath of reforms is a sign of India's being projected as superpower of future.

In India, the national income classification given by Central Statistical Organization is followed. In the National Income Accounting in India, service sector includes the following:

1. Trade, hotels and restaurants (THR)
    - 1.1 Trade (distribution service)
    - 1.2 Hotels and restaurants
2. Transport, storage and communication
    - 2.1 Railways
    - 2.2 Transport by other means
    - 2.3 Storage
    - 2.4 Communication
3. Financing, Insurance, Real Estate and Business Services
    - 3.1 Banking and Insurance
    - 3.2 Real Estate, Ownership of Dwellings, Business and Legal Services
4. Community, Social and Personal services
    - 4.1 Public Administration and defense (PA & D)
    - 4.2 Other services (Personal and Community services)

OBJECTIVES OF THE STUDY

The service industry forms the backbone of social and economic development of a country. It has emerged as the largest and fastest-growing sectors of the Indian economy, making higher contributions to national income and employment. The services sector is second only to agriculture in terms of employment both in the national economy and in the majority of states. The present paper has been focused on evaluating the performance & contribution of services sector in Indian economy during the post-liberalisation period i.e. from 1992-93 to 2012-13. This study also intends to examine the impact of various macro-economic indicators like share in national and states' GDP, employment, annual exports, FDI inflows, etc. and thereby indicates the effectiveness of the services sector for Indian economy.

RESEARCH METHODOLOGY

The present study is exclusively based on secondary data. The relevant data has been collected from RBI bulletins, SIA newsletters (DIPP), Economic Surveys (Government of

India), Handbook of Statistics on Indian Economy, etc. The period of study is confined to 21 years time period i.e. from 1992-93 to 2012-13. The study is further divided into two periods, namely period I i.e. from 1992-93 to 2002-03, called as early phase of the Post-liberalization and period II i.e. from 2003-04 to 2012-13, called as lateral phase of Post-liberalization period. The secondary data has been analyzed with the help of various statistical techniques such as mean, standard deviation, compounded annual growth rate (CAGR), skewness, range, coefficient of variation and student't' test. Further, auto-regressive integrated moving average (ARIMA) model has also been applied using relevant econometric techniques to identify the major variables which have an impact on the growth of services sector in India.

ANALYSIS OF THE PERFORMANCE OF SERVICES SECTOR IN INDIA

Service sector is the fastest rising sector around the world, providing more than 60 percent of world's output. India's recent growth has been led by the vitality of its services sector particularly high-end knowledge-intensive service exports with well-buffeted background of huge quality human. The services sector has in recent decades been performing much better than agriculture and industry in India and in many other developing countries as well. With the development of the economy, the contribution of service sector in national income or gross domestic product GDP has been growing progressively. The sectoral dis-aggregation of national income shows that the services sector has been growing relatively faster than other two sectors- primary and secondary throughout the post-independence period of the Indian economy (Kulshreshtha and Singh, 1998).

The services sector has been the major growth propeller of the Indian economy with the highest sectoral contribution in India's Gross Domestic Product (GDP). Service sector in India has emerged as a prominent sector in terms of its contribution to national and states incomes, trade flows, FDI inflows, and employment. Thus, the impact of various macro-economic parameters thereby indicating the effectiveness of the services sector such as share in national and states' GDP, employment, annual exports, FDI inflows etc. has been analysed during the post-liberalisation period.

(1) Composition of Services Sector Annual Exports

Services sector in India has emerged as a prominent sector in terms of its contribution to national and states incomes, trade flows and FDI inflows. This sector has matured considerably during the last few years and Indian economy has a distinctive role to play in services sector especially among the fast growing developing countries. Table 1.1 exhibits the trend and growth in annual exports of the software services during the early and lateral-phase of the post-reform period. The greatest increase in software exports during the early-reform phase has been in 2002-03 (Rs. 9,094 crores) with a CAGR of 33.70%, whereas during the lateral-reform phase the maximum increase has been during 2011-12 (Rs. 64,000 crores) with a CAGR of 19.64%. This indicates higher services exports resulted during the early-phase of the post-liberalisation period.

Table 1.1: Composition of Software Services Annual Exports (Rs. Crores)

Software Exports during Early-Phase (1992-93 to 2002-03)				Software Exports during Lateral-Phase (2003-04 to 2012-13)			
Year	**Annual Exports**	**Increase/ Decrease**	**Annual Growth Rate (AGR) %**	**Year**	**Annual Exports**	**Increase/ Decrease**	**Annual Growth Rate (AGR) %**
1992-93	1750	—	—	2003-04	56949	+ 14237	33.33
1993-94	2386	+ 636	36.34	2004-05	78750	+ 21801	38.28
1994-95	3808	+ 1422	59.60	2005-06	105000	+ 26250	33.34
1995-96	6375	+ 2567	67.41	2006-07	146000	+ 41000	39.05
1996-97	9329	+ 2954	46.34	2007-08	175000	+ 29000	19.86
1997-98	13789	+ 4460	47.81	2008-09	227834	+ 52834	30.19
1998-99	18032	+ 4243	30.77	2009-10	241950	+ 14116	6.20
1999-00	24580	+ 6548	36.31	2010-11	262500	+ 20550	8.49
2000-01	28212	+ 4632	18.84	2011-12	326500	+ 64000	24.38
2001-02	33618	+ 5406	19.16	2012-13	342298	+ 15798	4.84
2002-03	42712	+ 9094	27.05				
CAGR	**33.70%**			**CAGR**	**19.64%**		

Source: Director General of Commercial Intelligence and Statistics (DGCI&S), Kolkata.

(2) Composition of GDP Growth in Services Sector

Economic development has been associated with structural changes in the national economies. On the path of its economic development, India has reached a level where there is predominance of service sector and it has become the mainstay of the growth process especially over the last twenty years. The decade-wise growth rate of services sector over the last five decades has always been above the growth rate of aggregate output in the Indian economy. With the acceleration of the aggregate growth rate over the last two decades, there has been a corresponding increase in the growth rate of the services sector. Table 2.1 examines the composition of growth in the services sector during the post-liberalisation period. It can be observed that among major services sectors, computer software and telecoms have registered the highest exponential growth of 17.67% and 11.78% respectively during 1992-2003 which falls down to 8.74% and 8.82% during the lateral phase of post-liberalisation period. The table also depicts the coefficient of variation in computer software and telecommunications much higher during 1992-2002 at 80.72% and 34.84% in comparison to the lateral-phase of post-liberalisation period at 25.92% and 27.78% respectively and thereby depicts a significant variation during the early-reform phase.

Table 1.2: Composition of GDP Growth in Services Sector
(Rs. Crores)

Sectors	Early Phase of Post-Liberalisation [1992-93 to 2002-03]				Lateral Phase of Post-Liberalisation [2003-04 to 2012-13]				't' value
	Mean	Stand. Deviat	Expon Growth	COV %	Mean	Stand. Deviat	Expon Growth	COV %	
Computer Software	33357.64	26926.8	17.67%	80.72	162138.2	42027.9	8.74%	25.92	8.443*
Telecoms	23865.73	8314.5	11.78%	34.84	53392.7	14834.7	8.82%	27.78	5.698*
Hotel and Tourism	14598.09	4315.8	8.97%	29.56	35125.7	8344.5	8.03%	23.76	7.183*
Housing and Real Estate	82611.64	15537.6	5.75%	18.81	157008.2	32168.1	6.81%	20.49	6.854*
Banking and Insurance	107333.2	23537.1	6.76%	21.93	212737.1	43585.6	6.74%	20.48	6.989*
Total GDP Contribution	1988477	387900.2	5.97%	19.51	4080972	953567.2	7.86%	23.37	6.706*

Note: * Denotes significant at 1% level
Source: Economic Survey of India & Handbook of Statistics on Indian Economy.

Moreover, the computed't' value of all major service sectors including computer software, telecoms, hotel & tourism, housing & real estate and banking & insurance is much higher showing a significant difference at 1% level and thereby depicts a statistically significant difference in their mean values during the early and lateral phase. Therefore, the outlook for services sector in India is bright and sustained growth is expected across all the key components of services sector aided by several factors such as growing domestic demand, investment in capacity addition, increasing supply deficit in other countries and favourable government regulations. All this makes the service industry an attractive sector for investment and offers significant growth potential both in the domestic as well as exports market.

(3) FDI Composition of Services Sector

The services sector has contributed most to the Indian GDP and has played a dominant role in the Indian economy with a 57.3 per cent share in the GDP and a growth of 10.1 per cent in 2009 -10 (Economic Survey 2010-2011, RBI). This shows that the services sector in India accounts for over half of the country's GDP in real estate and business services, community services (public administration and defense) and other services. It can be observed from the table that among major service sectors, the highest mean FDI equity inflows during the period 2003-12 has been in telecoms, which accounts for nearly Rs. 5,367 crores of total FDI inflows along with the exponential growth of 2.42% followed by housing & real estate and computer software with Rs. 4,870 crores and 4,833 crores of mean FDI inflows along with 8.89% and 4.48% of exponential growth rate respectively. The table also depicts coefficient of variation in telecoms and computer software much higher during 1992-2002 at 128.09% and 116.38% in comparison to the lateral-phase of post-liberalisation period at 83.99% and 64.77% respectively and thereby depicts a significant variation during the early-reform phase. Moreover, the computed‘t’ value of all major service sectors except hotel and tourism is much higher showing a significant difference at 1% level and thereby depicts a statistically significant difference in their mean values during the early and lateral phase. This shows the role of services sector in attracting major foreign investment inflows and thereby contributing towards the development of Indian economy since liberalisation.

Table 1.3: FDI Composition of Services Sector
(Rs. Crores)

Sectors	Early Phase of Post-Liberalisation [1992-93 to 2002-03]				Lateral Phase of Post-Liberalisation [2003-04 to 2012-13]				‘t’ value
	Mean	Stand. Deviat	Expon Growth	COV %	Mean	Stand. Deviat	Expon Growth	COV %	
Computer Software	670.18	779.99	6.65%	116.38	4833.60	3130.87	4.48%	64.77	4.277*
Telecoms	803.18	1028.83	2.54%	128.09	5367.80	4508.78	2.42%	83.99	3.273*
Hotel and Tourism	83.63	59.91	9.04%	71.64	3157.20	5362.65	4.72%	169.85	1.906
Housing and Real Estate	n.a.	n.a.	n.a.	n.a.	4870.50	5102.27	8.89%	104.76	n.a.
Banking and Insurance	n.a.	n.a.	n.a.	n.a.	3100.50	2272.84	3.39%	73.31	n.a.
Total FDI Inflows	9739.45	5669.13	2.75%	58.21	85393.80	52505.54	2.39%	61.49	4.761*

Note: * Denotes significant at 1% level
Source: DIPP, Federal Ministry of Commerce and Industry, Govt. of India.

(4) Composition of Organised Employment in Services Sector

The analysis of the sectoral composition of organised employment for the period 1992-2013 brings out the fact that there has taken place 'tertiarization' of the structure of production and employment in India. During the process of economic growth over the years 1992-93 to 2012-13, the Indian economy has experienced a change in production structure with a shift away from agriculture towards industry and tertiary sector. The sectoral distribution of workforce in India reveals that structural changes in terms of employment have been slow in India as according to NSSO estimates, the primary sector continued to absorb 46% of the total workforce even in 2011-12, followed by tertiary and industrial sectors (29.7% and 24.3%) respectively. There has been disproportionate growth of tertiary sector, as its share in employment has been far less when compared to its contribution to GDP. It can be observed from the table that within the services sector, the employment growth rate during the lateral-phase (2003-2012) has been highest in hotel and tourism which accounts for 1.84% along with mean employment of 1,83,200 employees followed by housing and real estate with 1.12% of exponential growth along with mean employment of 5,98,400 employees respectively. The table also depicts coefficient of variation in hotel & tourism and housing & real estate much higher during 1992-2002 at 6.60% and 6.71% in comparison to the lateral-phase of post-liberalisation period at 4.01% and 3.94% respectively and thereby depicts a significant variation during the early-reform phase. Moreover, the computed't' value of all major service sectors except banking and insurance is much higher showing a significant difference at 1% level and thereby depicts a statistically significant difference in their mean values during the early and lateral phase.

Table 1.4: Composition of Organised Employment in Services Sector (in Lakh Persons)

Sectors	Early Phase of Post-Liberalisation [1992-93 to 2002-03]				Lateral Phase of Post-Liberalisation [2003-04 to 2012-13]				't' value
	Mean	Stand. Deviat	Expon Growth	COV %	Mean	Stand. Deviat	Expon Growth	COV %	
Hotel and Tourism	1.7255	0.1139	- 0.74%	6.60	1.8320	0.0733	1.84%	4.01	2.519*
Housing and Real Estate	5.4509	0.3655	1.89%	6.71	5.9840	0.2357	1.12%	3.94	3.925*
Banking and Insurance	10.601	0.1496	1.32%	1.41	10.558	0.4481	- 0.10%	4.24	0.301
Total Organised Employment	276.81	4.425	- 0.08%	1.60	280.06	12.525	1.46%	4.47	0.808*

Note: * Denotes significant at 1% level
Source: Ministry of Labour and Employment, Director General of Employment and Training (DGE&T).

(5) Analysis of the Impact of FDI on Organised Employment in Services Sector

Many developing countries want to increase the share of modern or formal sectors in their employment. One way to accomplish this goal is to encourage the entrance of foreign firms through FDI route. These MNCs are typically relatively large, with high productivity and good access to foreign markets, and therefore can be better at creating jobs than domestic firms. FDI has the potential to generate employment, raise productivity, transfer skills and technology and contribute to the long-term economic development of the world's developing countries. The Indian government continues to put more efforts in attracting higher FDI inflows as it seems to be a general perception that FDI inflows contribute to increase employment opportunities in the country. Therefore, an empirical analysis has been applied to study the impact of FDI on organised employment in services sector. For this purpose, the performance of three major sectors in terms of their organised employment and FDI inflows has been analysed for a period of twenty one preceding years from 1992-93 to 2012-13. Further, three single-equation models with organised employment of specific industry as endogenous variable and four exogenous variables as one period lag in endogenous variable, foreign direct investment (FDI), one period lag in FDI and time-trend have also been estimated. In most of the econometric relationships, very often, endogenous variable responds to exogenous variable with a lapse of time. Accordingly, in all three equations, FDI with one period lag and a time lag in organised employment have been taken as exogenous variables, whose model specification is given as follows:-

$$\text{EMPL. H\&T}_{(t)} = \alpha_{01} + \alpha_{11}\,\text{EMPL. H\&T}_{(t-1)} + \alpha_{12}\,\text{FDI}_{(t)} + \alpha_{13}\,\text{FDI}_{(t-1)} + \alpha_{14}\,t + u_1$$

... (Eq^n. 1.1)

$$\text{EMPL. Real}_{(t)} = \alpha_{02} + \alpha_{21}\,\text{EMPL. Real}_{(t-1)} + \alpha_{22}\,\text{FDI}_{(t)} + \alpha_{23}\,\text{FDI}_{(t-1)} + \alpha_{24}\,t + u_2$$

... (Eq^n. 1.2)

$$\text{EMPL. Bank}_{(t)} = \alpha_{03} + \alpha_{31}\,\text{EMPL. Bank}_{(t-1)} + \alpha_{32}\,\text{FDI}_{(t)} + \alpha_{33}\,\text{FDI}_{(t-1)} + \alpha_{34}\,t + u_3$$

... (Eq^n. 1.3)

where, EMPL. H&T; Real; Bank = Organised Employment in Hotel & tourism, Real estate and Banking,

$FDI_{(t, t-1)}$ = Foreign Direct Investment to the industry concerned in current as well as one period lag,

α_{01}, α_{02} and α_{03} are constants,

α_{11}, α_{12}, α_{13}, α_{14}, α_{21}, α_{22},....., α_{31}, α_{32}, α_{33}, are estimated parameters,

and; u_1, u_2 and u_3 are stochastic disturbance terms.

Table 1.5: Estimating impact of FDI on Organised Employment (1992-2013): Regression Results

Equations / Statistics	Eq. 1.1	Eq. 1.2	Eq. 1.3
Constant	32474.42 (37261.69)	282817.52* (111497.09)	70421.82 (145017.77)
α_1	0.835* (0.235)	0.459 (0.224)	0.937* (0.136)
α_2	0.490 (0.693)	1.467 (1.557)	2.843 (3.731)
α_3	0.867 (2.869)	– 0.960 (1.548)	2.811 (3.738)
α_4	– 287.91 (612.12)	2593.08 (1654.83)	– 717.01 (1136.37)
R^2	0.668	0.850	0.807
SER	6670.89	15996.48	16124.43
SSR	6.675E+8	3.838E+9	3.900E+9
F-Statistic	7.547*	21.235*	15.669*
Akaike information Criterion	6.675E+8	3.838E+9	3.900E+9
Schwarz Criterion	6.675E+8	3.838E+9	3.900E+9
D.W. Statistics	2.331	2.317	2.081
Log Likelihood	– 3.338E+8	– 1.919E+9	– 1.950E+9

Note: (i) Eqs. 1.1, 1.2... 1.3 shows impact of FDI on Organised Employment in Hotel & Tourism, Housing & Real Estate, and Banking & Insurance.
(ii) Figures in parenthesis are standard errors.
(iii) * denotes statistically significant at 5% level of significance.

The table portrays impact of FDI inflows on organised employment in major service industries of Indian economy by using the time series data from 1992-2013. The estimated regression result of equations 1.1, 1.2 and 1.3 is highly disquieting in total and shows that FDI inflows do not exert any independent influence on the employment growth of these major industries. Furthermore, the direction of causation is not from FDI to organised employment growth. Facts show that in case of Eq. 1.2, coefficient of employment and one-period lag in employment is found to be insignificant at 5% level of significance, which thereby depicts that FDI inflows towards housing & real estate have not been conducive towards the employment growth of this industry. Moreover, regression coefficients of Eqs.1.1 to 1.3 also reveals that specific FDI assistance to the industries like banking and insurance, hotel & tourism has not made any significant impact on the employment growth rate of these industries during 1992-2013.

The table also reveals Durbin-Watson statistic values to estimate the auto-correlation between various regression equations. D-W statistic value of all regression models lies from 2.1 to 2.3, which thereby indicates a negative autocorrelation for Eqs. 1.1, 1.2 and 1.3. Moreover, the AIC and Schwarz criterion (BIC) estimates of Eq.1.2 and 1.3 are considered as best fit linear unbiased estimators, which henceforth indicates the better performance of housing & real estate and banking & insurance sector. Thus, analysis shows that net effect of FDI on employment is limited and ambiguous. Moreover, FDI inflows have mainly entered into capital-intensive industries like chemicals, automobiles, pharmaceutical, power, etc. may also be a plausible reason on why they did not have an employment enhancing effect.

RESEARCH LIMITATIONS

Despite tremendous potential of service sector in India, there are some issues and challenges which need to be addressed. These are – measurement of output, productivity, employability in service sector, non-availability of data or availability of data after a time lag, etc. By addressing these challenges through better and coordinated strategies can lead to exponential gains for the economy.

CONCLUSION

India’s services sector is like an uncharted sea with plenty of opportunities and new challenges. The era of economic liberalisation has ushered a rapid change in service industry. As a result, over the years, India has been witnessing a transition from agriculture-based economy to a knowledge based economy. All this shows that services hold immense potential to accelerate the growth of an economy and promote the general well-being of people. They have the capacity to generate substantial employment opportunities in the economy as well as increase its per capita income. Without them Indian economy would not have acquired a strong and dominating place on the world platform.

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