Inclusive and Sustainable Development through Service Sector Growth in India

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Abstract *The eleventh five year plan target of achieving inclusive growth envisages the involvement of people and their participation in the development process of all the three sectors of economy i.e. agriculture, manufacturing and service. As the economy grows the contribution of service economy becomes relatively more important. In 1991 when the policy changes were introduced by the government, globalization of Indian economy started with the opening of various sectors in view of creating and adding value to the GDP. In the age of globalization & societal transformation, the composition of GDP has witnessed shifting trends. Today India is projected as the most potential and growing economy of the world not only in terms of market size but also in terms of technological development thanks to the reforms which are responsible for the service led economic development. The growth experience of Indian economy has witnessed structural changes which are reflected in eleven five year plans. The growth and development in service economy during last two decades after reforms has been very thrilling as a consequence of the reforms adopted and implemented by the government. During 2000-09 period, the growth rate of services in India was 8.9% which is just next to China (10.5%). If this potential is properly tapped, the inclusive growth target can be achieved at a faster pace.*

Keywords *Service Sector, Growth Rate, Sustainable Growth*

INTRODUCTION

The eleventh five year plan target of achieving inclusive growth envisages the involvement of people and their participation in the development process of all the three sectors of economy i.e. agriculture, manufacturing and service. As the economy grows the contribution of service economy becomes relatively more important. In 1991 when the policy changes were introduced by the government, globalization of Indian economy started with the opening of various sectors in view of creating and adding value to the GDP. In the age of globalization & societal transformation, the composition of GDP has witnessed shifting trends. Today India is projected as the most potential and growing economy of the world not only in terms of market size but also in terms of technological development thanks to the reforms which are responsible for the service led economic development. The growth experience of Indian economy has witnessed structural changes which are reflected in eleven five year plans. The growth and development in service economy during last two decades after reforms has been very thrilling as a consequence of the reforms adopted and implemented by the government. During 2000-09 period, the growth rate of services in India was 8.9% which is just next to China (10.5%). If this potential is properly tapped, the inclusive growth target can be achieved at a faster pace.

RESEARCH PROBLEM

The Eleventh Plan focuses on inclusive growth recapitulates the need of faster inclusion and sustainable growth in the next five year plan to fulfill the commitment made in the Millennium Development Goals (MDG) by UNO. Though India managed to keep herself intact from the global economic slowdown in 2008, the urgency to sustain that growth rate and augment its momentum becomes inevitable in the present context because of increased aspirations, competition and differentiation in competence in every walk of life by the organisations at world level and India is no exception to this fact. Still a lot of challenges are to be addressed to pick up the path of growth trajectory which is yet to gain the required acceleration. With the advent of technological innovation equipped with the blue revolution particularly in IT and communication space, the role of service sector has become of utmost importance not only to the Indian economy but the target of inclusive and sustainable growth has shown tremendous potential in the decades to come.

OBJECTIVES

The paper has been authored in view of the following objectives:

- To review the progress of service led economic growth of India

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- To identify the sectors contributing to the growth of service economy
- To know the level and intensity of service sector and sub-sector contributing to the more inclusive and sustainable growth
- To explore the potential of service sector for meeting the MDG set by UNO
- To address the challenges for achieving sustainable growth

HYPOTHESIS

Based on the objectives mentioned above, the following hypotheses are assumed:

- Service sector has contributed in the growth of economy during the last twenty years
- The export is also driven by growth in services economy during the period of observation
- There are various sectors which contribute more in the growth of services sector

METHODOLOGY

The paper is based on the analysis of secondary data available from the authentic sources obtained from Government reports, reports and studies by various institutions of national and international repute.

NATURE AND SOURCES OF DATA

This paper is empirical in nature and the data collected is secondary which include WTO reports, UNDP reports, Planning Commission documents, Authentic information from various sectors of industry, Economic surveys, mid-term reviews and appraisal of planning commission,Working group reports, expert group reports on various sectors by government and other organisations.

TOOLS OF ANALYSIS

The data so collected is summarized and represented in tabular forms using mathematical and statistical tools and techniques as and wherever required. Compound annualized growth rates are computed using suitable formula for the same.

DATA ANALYSIS AND FINDINGS

After analysis of data the major findings are observed as follows and the whole paper is divided in the following sections as described below:

COMPONENTS OF SERVICE SECTOR

As a tertiary sector service sector plays an important role in the GDP of a country. The growth associated with development caused by service sector has the ability to transform a developing country to a developed one.

The classification of service has been done by the Central Statistical Organisation (CSO) as under:

Trade, Hotels, and Restaurants

Trade includes; wholesale & retail trade in commodities both produced at home (including exports) and imported purchase & selling agent, brokers and auctioneers. Hotels and restaurants include; Service rendered by hotel & other lodging places, restaurant, cafes & other such places.

Transport, Storage, and Communication

Transport includes; Road, railways, water, air transport & service incidental to transport.

Storage includes; warehousing and cold storages Communication includes; Postal, money order, telegrams, telephones, overseas communication services.

Financing, Insurance, Real Estate, and Business Services

Insurance (Life, postal life & non life); Banks (banking department of RBI. Post office saving bank, NBFI, employees' PF), business services, dwelling real estate and legal services.

Community, Social and Personal Services

Community services include; Education, research, scientific medical, health, religious & other community services. Social and personal services include; Domestic laundry, barber, beauty shops, tailoring and others.

Recreation, entertainment, radio, television, broadcast, sanitary services are other services. According to General Agreement on Trade in Services (GATS) the service trade is classified as: Commercial service, Transport, Travel, Insurance & financial services, Computer, IT, communication and other communication services. Thus, service is anything which is characterized by economic motive, intangibility, contractual nature of market transaction, industry like, heterogeneity of activities, storability, transportability, and skill oriented.

SERVICE SECTOR IN FIVE YEAR PLANS

After independence, the economic planning was instumentalised through five year plans by planning commission. First plan (1951-56) emphasized on mass mobilization of idle rural, labor & land reforms. Under this plan service sector was not dominating but focused on improving the agricultural productivity with some concern for manufacturing of capital equipments. In the second plan (1956-61) investment in public sector undertaking (PSU) was the area of concern to meet the objective of socialist pattern of society and generate enough employment potential. In the third plan (1961-66) period, the emphasis was on infrastructure development and small scale cottage village industry. Thus, the first phase of economic planning was characterized by growth oriented development strategy. After the gap of three year that is during planned holidays, it was realized that sustained industrialization is not possible without rating rational wage structure. The fifth plan (1974-79) was oriented towards fulfilling the minimum needs of people a focus to reduce poverty. The trend continued the sixth & seventh plan too, where much emphasis was put on infrastructure development with reappraisal of import substitution. It was the eighth plan which gave reorientation to the earlier strategy of planned economy to market driven economy which cares service as catalyst for change. This was an era of indicative planning where state will be the facilitator for economy. From 1991 onwards there were structural changes made in the economy which include; opening of various sectors of economy, allowing FDI to attract capital and talent, disinvestment of PSUs, financial sector reforms including banking, insurance, stock market etc. and telecom sector reforms which not only fuelled the growth but also envisaged service oriented economy driven by technology and IT (table 2). Due to reforms during the period 2000-09 the growth rate of economy was 6.4% which was 4.4% during 1990-2000 (table 1) but the growth rate of service sector is more than the overall growth rate during the period (table 2, 3,4 &5).

SERVICE SECTOR CONTRIBUTION TO GDP

From the figures and data given in the Annexure at the end (table 3, 4 &5) and it is evident that the contribution of service sector has been on an increase plan after plan. In the first five year plan, the contribution was only 31.55% which increased to 54.9% during 2008-09. Even it has gone up-to 64.55% according to a study (Nirvikar Singh).

The GDP driven by service sector has accelerated from 7.3% in the Eighth Plan to 7.9% in the Ninth Plan and to 9.3% in the Tenth Plan. The Eleventh Plan expectation was that GDP arising in the services sector would grow at an average rate of 9 to 11 per cent per annum. In the first year of the Plan, growth was 10.5 per cent and in the second 9.8 per cent. Overall, for the Eleventh Plan period, GDP arising in the service sector is likely to average around 9.5 percent. Within the services sector, trade, hotels & restaurants which account for nearly 17 per cent of aggregate GDP has shown sustained growth of 10 to 11 per cent over the past several years, while transport, storage & communication which accounts for nearly 8 per cent of the total GDP has grown far more rapidly, by 12–15 per cent in the Tenth Plan, and 12–13 per cent in the first two years of the Eleventh Plan, due to the rapid growth of economic activities in these areas. Finance, real estate & business services, which include the Information Technology business experienced a high growth in recent years and is expected to continue on a similar trajectory in the remaining years of the Eleventh Plan. Although there was a slump in growth in these sectors in 2008-09, particularly in the case of trade, hotels and restaurants, it has shown a recovery in 2009-10. These sectors of the economy are expected to expand at a rate of over 10 per cent in 2010-11 and pick up slightly in the subsequent year (table 3 &5, Mid Term appraisal, XI Plan).

Performance of Service Sector in States

The performance of service sector in various states has also been outstanding in various states the growth of service (over previous year) in the states of Bihar, Orissa, Jharkhand, Chhattisgarh, Arunachal Pradesh, Sikkim, Rajasthan and Madhya Pradesh have outperformed the expected growth rate in eleventh plan (Table 4).The growth of various sub sectors of service sector has also shown an increasing trend as obvious from the table 5.The growth of business, finance, real estate and personal and community services have grown at faster pace. It is evident from the data that the service sector has become an effective instrument of inclusive growth.

SERVICE SECTOR IN REFORMS PERIOD

During the reforms period the service contribution has increased significantly but if we look at the sub sector growth within the service sector, only few subsectors are performing well i.e. IT, communication, BPO and ITES (table 3 & 7). The answer is not far from reality as the reforms have already accelerated the Indian economy towards achieving a target of a sustained and stable growth despite the global financial turmoil of US in 2008.The policy initiatives by the government are major drivers of this shifting growth pattern contributed by service sector. It would be very difficult to analyse and summarize each reform and its repercussion on Indian economy, it is quite necessary to give a brief account of the transformation in business, consumer orientation, social schemes and e-governance initiatives are some of the growth drivers. Another driver of this service driven growth on Indian economy is the reforms in the telecommunication sector. Now India ranks third in world in terms of network size with tele-density of 64.34 and 764.77 million telephone subscribers and wireless telephone connections 729.28 million. Broadband subscribers grew from 0.18 million in 2005 to 10.71 million as at the end of November 2010. The number of Internet and broadband subscribers is expected to increase to 40 million and 20 million, respectively by 2010 (Economic Survey, 2011).

Generation of Employment in Service Sector

One of the necessary ingredients of inclusive growth is the demographic dividend (i.e. the employability to the young working population between age group of 15-59 years). With a contribution of 55 per cent share in GDP and an annualized growth rate of 10 per cent, the service sector is estimated to have the potential for creating 40 million jobs and generating additional $ 200 billion annual income by 2020. The sector has the unique opportunity to grow due to its labour cost advantage reflecting one of the lowest salary and wage levels in the world, coupled with a rising share of working age population.

Potential of Service Sector in Indian Economy

The growing importance of service sector is not only witnessing domestic demand but also there is a huge international market for the service providers in various spheres where Indian skilled professionals have competitive advantage as discussed below:

Accounting, Auditing, and Book-Keeping Services

The accounting profession in India is highly developed with the potential to become internationally more competitive. As per the WTO data, in the $33.76 billion other business services exports by India in 2008, the share of legal, accounting, management, and public relations services was 17.4 per cent and in the $21.06 billion imports of other business services by India, their share was 17.9 per cent. Event the MSME sector in India requires qualified professionals in accounting, auditing and cost management operations with an increasing scope for these professionals by foreign firms (Economic Survey, 2011-12).

Entertainment and Media Services

One of the sectors which has consistently outperformed the GDP growth year after year is the Entertainment and Media Services Sector which is expected to grow at a compound annual growth rate (CAGR) of 19% till 2010 and beyond during the 11th Plan period. This sector comprises Television (CAGR - 42%), Films (19%), Radio (1%), Music (2%), Print Media (31%), Live entertainment (2%) and Advertising (3%). It is a sector in which the demand grows faster than income. Hence, there lies enormous scope for this sub sector of services.

Knowledge Process Outsourcing (KPO)

Knowledge Process Outsourcing (KPO) services are much in demand and outsourced to foreign countries which include; animation and simulation services, data research and analytics, and litigation services. The potential employment in KPO exists in the services such as; intellectual property research, medical content and services, pharmaceutical services, writing/content development services, database development services and end-to-end logistic invoice services (Report of the High Level Group on Services Sector, Planning Commission,2008)

Legal Services

Liberalization has opened new dimensions to banking, telecom, insurance, power, civil aviation, and transportation with inclusion of private parties and PPP, and the Indian legal professionals have acquired experience in areas related to taxation, mergers and acquisitions, joint ventures, IPRs, FDI, and special economic zones. In addition to these, corporate restructuring, mergers, acquisitions and IPRs are the areas where Indian lawyers have expertise and still a lot of potential is foreseen in imminent future.

Consultancy and Advisory Services

One of the emerging areas for the Indian service providers is the consultancy which can be in engineering and management. The consultancy and advisory services include agriculture, banking and financial services, chemicals, education, energy, entertainment, environment, governance, public administration and policy, hospitality, infrastructure, project management, manufacturing, real estate, retail, information technology, telecommunications, transport etc. Both Indian management and engineering consultancy markets have although small share in world market but higher growth rate. Capacity building including skills and institutional support is required for this inclusion.

Construction Services

The construction industry has added 8% to the GDP during 2010-11 and employs more than 35 million people in direct or indirect employment.

Retail

The Indian retail sector is now worth about $500bn a year which will become $900 bn in 2014, but it is heavily underdeveloped. In urban areas 90% of the retail sector is unorganised while rural retail has negligible presence but with a vast scope. Now the government has opened the sector in single brand retailing and multi brand retailing is under consideration .Recently restrictions on foreign investment, allowing overseas retailers to own 51% of outlets as long as they sell only single brand goods. This policy of retail will not only boost up the competition but also can serve the consumers in offering suitable price of products through organized retailing.

Health, Education and Tourism

Similarly there is a lot of scope in health services because of cost effective and quality treatment by Indian medical professionals and health tourism can also augment the fact. Domestic and international travels and tourism attract tourists but revenue. During 2010-11 the foreign tourist arrivals was 5.58 million with foreign exchange earnings of US $ 14193 million. For educational inclusion, more central universities, IITs, IIMs and NIITs have been established which are going to boost the services sector providing skills required to be employed and promoting entrepreneurial environment conducive for the growth of the sector.

SECTOR AS AN INSTRUMENT OF FINANCIAL INCLUSION

Financial sector reforms initiated in the early phase of nineties are a morale booster in the sense that with the opening up more and more bank branches with technology driven banking practices (82485 branches), the integration of IT and ITES has gained momentum thereby giving a push to the service led growth. Competition with foreign and private sector banks is marked by the public sector banks with the zeal to introduce new technology based on IT and soft services. The concept of universal banking providing all kinds of services with the support of computer based IT services i.e. DMAT, ATM, Credit card, trading in stocks, portfolio management etc. The 11th Plan (2007-12) targets for financial inclusion by bringing a vast unbanked population to the ambit of banking services is also a commendable initiative to a service driven growth trajectory. By March 2012, the government plans to connect 73000 villages for financial inclusion target thereby giving a boost to the banking services with IT support.

With the participation of foreign and private players in insurance sector after the implementation of Malhotra Committee recommendations, there has been a stiff competition to provide efficient services by the private players with innovative products. The Indian insurance has a total of 47 insurance companies including life (23) as well as general (24) (non life) insurance companies. Among financial sector reforms the reforms related to insurance have shown tremendous results in terms of life and non life insurers' growth and still a lot of potential lies in whole insurance segment. Bankassurance schemes initiated by banks with their insurers are becoming popular day by day.

The insurance density {ratio of premium (in US Dollar) to total population} of life insurance sector had gone up from USD 9.1 in 2001 to USD 47.7 in 2009. Similarly, insurance penetration {ratio of premium (in US Dollars) to GDP (in US Dollars)} of life sector had gone up from 2.15 per cent in 2001 to 4.60 percent in 2009. The penetration of non-life insurance sector in the country remains near-constant for the last 9 years at around 0.60 per cent. However, there is a marginal increase in density, which has increased from USD 2.4 in 2001 to USD 6.7 in 2009 (Swiss Re, Excerpts from IRDA Reports).In life insurance business India ranks 9th among the 156 countries. The life insurance premium in India grew by 10% (inflation adjusted). However, during the same period, the global life insurance premium had contracted by 2%. The share of Indian life insurance sector in global market was 2.45% during 2009, as against 1.98% in 2008. The Non life insurance sector witnessed a marginal growth of 1.6% during 2009. However, Its performance was better when compared to global non life premium, which contracted by 0.1% during the same period. The share of Indian non life insurance premium in global non life insurance premium remained very low at 0.465 and India ranked 26th in global non life insurance premium.

TRADE IN SERVICES

Trade in service (export and import) of India during thirteen years of observation depicts that computer/IT accounts for 41% and 22% change respectively (table 7) which has been possible with the increased demand of Indian software and IT professionals. In commercial service trade the export during the period of observation has increased upto 1400% while the import in the same category has only 450% rise during the period.

The future of Indian IT/BPO sector is very bright. According to NASSCOM latest projections, Japan's share in Indian IT is expected to increase to 4.4% in 2020 from 0.7%. India alone is expected to grow from $10 bn to $ 50 bn. The BRIC (Brazil, Russia, India & China) is expected to grow four times to $ 400bn by 2020 with china accounted for half of it. In past 5 years the rate of outsourcing from France and German has been higher than from the USA.

During the thirteen years of observation, the service export has almost tripled the export (in terms of percentage) than the merchandise export while the merchandise import is increasing more than the service import (table 7 & 8). IT export of America and UK may decrease 16.5% and 6.2 % respectively but IT export of other countries like Rest of Europe, Asia Pacific, Japan and middle East & South Africa may increase 1.6%, 12.80%, 3.70% and 2.4% respectively(NASSCOM).

SOCIAL SCHEMES OF GOVT: MAJOR DRIVING FORCE OF SERVICE SECTOR

The growing middle class of India is also one of the major growth drivers of service led economy. It is estimated that 70 million Indians in a population of about 1 billion now earn a salary of $18,000 a year, a figure that is set to rise to 140 million by 2011. Many of these people are looking for more choice in where to spend their new-found wealth. Also there are 600 million rural people whose income is on the rise due to variety of programmes and policies of the government e.g. MNREGA and other poverty alleviation programmes. It is estimated that nearly Rs. 1,50,000 crore is released every year as monetary remuneration to the workers under this scheme which is causing increased consumption of services. There is a shift in the consumption pattern during the last two decades. Now consumers are changing their priorities i.e. a large part of their needs are fulfilled by private spending in health care (Rs. 150000 crore), mobile phone and talk time (Rs. 120000 crore), jewellery and watches (Rs. 118000 crore), transport (Rs. 11500 crore), education including tuition, coaching for entrance tests(Rs.48000 crore), consumer durables and electronics(Rs. 55000 crore) and domestic travel and tourism(Rs. 60000 crore) in the year 2009. This shifting paradigm has given retail sector an emerging potential status.

SUGGESTIONS AND FUTURE SCOPE OF STUDY

Despite tremendous potential of service sector in India, there are some issues and challenges which need to be addressed. These are— limit of FDI allowed, trade in services, issues related to taxation, foreign exchange, patents, skewed growth, requirement of skilled workforce, capacity building, employability in service sector vis. a vis. agriculture and manufacturing. It may be concluded from the above discussion that India's potential for service economy is matchless as there is burgeoning middle class with enhanced aspirations, changing consumption pattern, growing retail, emerging domestic & international market for IT/ITES, Govt. initiatives like introduction of UID, social schemes, e-governance, new verticals of service subsectors (lifestyle based consumer services like personal care, health care, private coaching, sports etc.) and expected BPO/KPO lead in future. With the revival of US economy and potential market of Indian IT-BPO sector in different parts of the world and the rise in domestic demand, the service led economy will definitely propel into higher trajectory in near future. Hence, service sector has emerged as an effective instrument to achieve the target of inclusive growth with the inclusion of states and various subsectors by opening employment and entrepreneurial opportunities for the people with required skills.

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ANNEXURES

Table 1 Showing Growth Rates of Indian Economy During Different Periods

Year	Growth rate
1960-1980	3.5%
1980-1990	5.4%
1990-2000	4.4%
2000-2009	6.4%

Source: CSO

Table 2 Showing the Share of Different Sectors in GDP (%)

Plan Periods	Agriculture	Manufacturing	Service
First Plan (1951-56)	51.89	16.56	31.55
Second Plan (1956-61)	48.30	18.83	32.88
Third Plan (1961-66)	44.49	21.69	33.82
Fourth Plan (1969-74)	45.03	22.12	32.86
Fifth Plan (1974-79)	40.47	24.21	35.31
Sixth Plan (1980-85)	36.63	25.84	37.53
Seventh Plan (1985-90)	32.23	27.21	40.56
Eighth Plan (1992-97)	30.03	26.97	42.99

Source: National Accounts Statistics (CSO)

Table 3 Showing Performance of Service Sector (in Terms of Growth Rate and Weight to GDP) During Five Year Plans

	Average for plan period					XI Plan				Weight of the sector in GDP			
	VII Plan (1985-90)	VIII Plan (1992-97)	IX Plan (1997-2002)	X Plan (2002-07)	Expectation (XI Plan) (2007-12)	Annual (2007-08)	Annual (2008-09)	Annual (2009-10)	Likely (2007-12)	(1984-85)	(1994-95)	(2004-05)	(2008-09)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Growth over period in percentage per annum									Measured at current prices			
Agriculture & allied activities	3.0	4.8	2.5	2.3	4.0	4.7	1.6	0.2	3.0	32.5	28.5	18.9	17.2
Mining & Quarrying	9.0	3.6	4.0	6.0	10 to 11	3.9	1.6	10.6	6.3	2.8	2.5	2.9	2.4
Manufacture	6.3	9.5	3.3	9.3	--do--	10.3	3.2	10.8	8.5	16.6	16.7	15.3	15.6
Electricity, water & gas supply Construction	9.1	7.2	4.8	6.8	--d0--	8.5	3.9	6.5	6.9	1.9	2.7	2.1	1.6
Trade, hotels & restaurants	6.6	9.3	7.5	9.6	9 to 11	9.5	5.3	9.3	7	12.3	13.2	16.1	16.2
Transport, storage & communication	6.4	7.7	8.9	13.8	9 to11	13	11.6	9.3	12.3	5.2	7.0	8.4	7.9
Finance, realty & business services	10.0	7.0	8.0	9.9		13.2	10.1	9.7	10.5	10.9	12.0	14.7	16.2
Personal & community services	6.9	5.6	7.7	5.3		6.7	13.9	5.6	8.2	13.0	12.6	13.9	14.6
Aggregate GDP	5.7	6.5	5.5	7.8	9	9.0	6.7	7.4	8.1	100	100	100	100
Industry	6.6	7.3	4.3	9.4	10-11	9.5	3.9	9.3	8.2	26.0	26.8	28.0	28.2
Services	7.4	7.3	7.9	9.3	9-11	10.5	9.8	8.5	9.6	41.5	44.7	53.1	54.9

Source: Mid Term Plan Appraisal, Planning Commission, GOI

Table 4 Showing Economic Performance of the States in the Services Sector (Growth Over Period in Per Cent Per Annum)

(Per cent Averages for Plan Periods XI Plan VII Plan VIII Plan IX Plan X Plan Expectation)

Sr.No.	State	VII Plan (1985-90)	VIII Plan (1992-97)	IX Plan (1997-02)	X Plan (2002-07)	XI Plan Expectation (2007-12)	2007-08 (yearly)	2008-09 (yearly)
1.	Andhra Pradesh	11.1	5.8	7.5	8.9	10.4	8.0	9.6
2.	Assam	4.5	4.4	3.9	7.3	8.0	9.1	6.9
3.	Bihar	5.7	4.9	6.9	7.3	8.0	15.0	16.6
5	Chhattisgarh	6.8*	5.6	5.9	6.8	8.0	11.9	11.6
6	Delhi	10.2	5.8	7.1	10.2	NA	14.4	NA
7	Goa	7.4	11.5	2.8	10.5	9.0	17.0	NA
8	Gujarat	8.2	9.0	7.8	10.1	10.5	13.3	NA
9	Haryana	9.5	6.7	10.6	11.8	12.0	13.5	11.2
10	Himachal Pradesh	9.3	5.1	8.4	8.7	7.5	5.9	7.6
11	Jammu & Kashmir	4.6	6.0	5.6	5.7	6.4	6.3	NA
12	Jharkhand	5.7*	1.5	6.9	7.9	8.0	9.6	7.7
13	Karnataka	7.8	8.5	8.7	9.0	12.0	11.9	8.7
14	Kerala	5.7	7.9	7.9	10.0	11.0	12.6	7.0
15	Madhya Pradesh	6.8	5.3	5.0	4.2	7.0	8.2	NA
16	Maharashtra	8.2	8.5	7.6	9.5	10.2	9.5	NA
17	Orissa	8.2	5.1	6.7	10.1	9.6	8.9	13.6
18	Punjab	5.2	5.7	6.3	6.0	7.4	7.4	7.6
19	Rajasthan	11.3	7.7	6.3	7.7	8.9	12.0	10.4
20	Tamil Nadu	8.2	8.7	7.2	8.9	9.4	8.2	7.6
21	Uttar Pradesh	7.7	5.1	4.1	5.5	7.1	8.0	7.9
22	West Bengal	4.2	8.0	8.6	7.8	11.0	9.3	9.0
	North- Eastern Hill States							
1	Arunachal Pradesh	8.7	5.3	9.4	6.3	7.2	7.5	10.1
2	Manipur	7.1	5.4	4.6	3.3	7.0	6.6	7.0
3	Meghalaya	9.9	4.5	6.8	6.2	7.9	6.3	6.5
4	Mizoram	NA	NA	7.9	5.0	8.0	5.7	5.9
5	Nagaland	5.9	4.8	4.6	4.5	10.0	NA	NA
6	Sikkim	14.8	6.4	9.7	7.7	7.2	7.7	8.0
7	Tripura	11.2	8.7	7.9	7.7	8.0	6.2	NA

Source: Mid Term Appraisal, XI Five Year Plan, GOI

Note: * In these periods, growth rate taken to be that for parent State before division

Table 5 Showing Growth Rate Within the Services Sector (%)

	Sixth Plan	Seventh Plan	Eighth Plan	Ninth Plan	Tenth Plan
Trade	5.3	6.5	9.1	7.3	9.3
Hotels & Restaurant	5.4	6.9	11.2	9.3	9.0
Railways	2.8	5.7	1.9	4.7	7.7
Other Transport	6.9	7.0	8.4	6.0	11.4
Storage	3.5	1.8	2.4	2.2	5.6
Communications	6.7	5.3	14.1	21.8	22.1
Banking & Insurance	7.5	13.4	8.2	9.0	9.3
Real Estate	7.3	8.1	6.1	7.2	8.3
Public Administration	6.1	7.9	3.9	8.5	5.2
Other services	3.9	6.0	7.0	7.0	7.6

Source: National Accounts Statistics

Table 6 Showing Employment Statistics (Disaggregated)

	Sectoral Share (million) 1999-2000	Sectoral Share (%) 1999-2000	Sectoral Share (million) 2004-05	Sectoral Share (%) 2004-05	Elasticity
Agriculture, forestry & fishing	237.56	59.8	267.57	58.4	1.52
Mining & quarrying	2.27	0.6	2.74	0.6	0.82
Manufacturing	48.01	12.1	53.51	11.7	0.34
Electricity, gas and water supply	1.28	0.3	1.37	0.3	0.33
Construction	17.62	4.4	25.61	5.6	0.88
Trade, Hotels & restaurant	37.32	9.4	47.11	10.3	0.59
Transport, storage & communication	14.69	3.7	17.38	3.8	0.27
Financing, insurance, real estate and business services	5.05	1.3	6.86	1.5	0.94
Community, social and personal services	33.20	8.4	35.67	7.8	0.28
All Services excl. construction	90.26	22.8	107.02	23.4	---
Total	397.0	100	457.82	100	0.48

Source: C Rangarajan et al (2007), 'Revisiting Employment and Growth', ICRA Bulletin - Money & Finance Vol 3(2); data sourced from NSSO 2004-05, based on 61st Round Survey.

Table 7 Showing Structure of Service Export- Import of India

	1995		2008		Increased/ decreased in %	
	Export	Import	Export	Import	Export	Import
Commercial service export ($ million)	6763	10062	102562	56053	+1416.52	+457.08
Transport (%)	28.0	57	11.0	24	-17.1	-33
Travel (%)	38.2	10	11.5	17	-26.7	+7
Insurance & financial services (%)	2.5	6	5.5	8	+3	+2
Computer, information communication & other communication services (%)	31.4	28	72.0	50	+40.6	+22

Source: World Bank WDI 2010

Table 8 Showing Structure of Merchandise Export & Import of India

	1995		2008		Increased/ decreased in %	
	Export	Import	Export	Import	Export	Import
Merchandise export ($ millions)	30630	34707	179073	291598	+484.63	+740.17
Food (%)	19	4	10	2	-9	-2
Agriculture raw material (%)	1	4	2	2	+1	-2
Fuels (%)	2	24	18	39	+16	+15
Ores and metals (%)	3	7	6	6	+3	-1
Manufactures (%)	74	54	63	47	-11	-7

Source: World Bank WDI 2010