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## The Contribution of Service Sector for Making India as Viksit Bharat

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### Introduction:

India is at a turning point in its history. By 2047, India is posed to be a US\$30 trillion economy with all attributes of a developed nation. Today itself Indian economy is fifth largest economy in the world followed by America, China, Germany and Japan. Actually GDP serves as a key metric for assessing the magnitude of a nation's economy. On this basis, it is expected Indian Economy will be the world Third largest economy by 2047.

Since Independence of Indian economy was known as agrarian economy due to large share of agricultural sector in national income. Today itself Indian economy has drastically changed. There were effective implementation of five-year plan and New Economic policy. So as the contribution of agriculture section in Gross domestic product has rapidly declined and the contribution of service sector has contributing maximum share of GDP. Share of primary (comprising agriculture, forestry, fishing, and mining & quarrying), secondary (comprising manufacturing, electricity, gas, water supply & other utility services, and construction), and tertiary (services) sectors have been estimated as 19.62 percent, 25.66 percent, and 54.72 percent. Viksit Bharat@2047 is India's ambitious vision to become a developed nation by 2047, marking the 100th year of its independence. This ambitious vision encompasses four key objectives: Economic Growth, Social Progress, Environmental Sustainability, and Good Governance. The Viksit Bharat@2047 vision is built on four pillars: Yuva (Youth), Garib (Poor), Mahila (Women), and Kisan (Farmers). The government aims to create an "Amrit generation" that prioritizes national interest and civic sense.

Prime Minister Narendra Modi underscored their role, stating, "Youth power is both the agent of change and also the beneficiaries of change". Through platforms like the *Voice of Youth*, the initiative seeks to channel the creativity, energy, and ideas of the younger generation, aligning their aspirations with the nation's development goals and fostering a future of innovation, progress, and self-reliance. An important announcement has been made to turn the vision of Viksit Bharat 2047 into a reality. Demographically, India is as young as compare of any other nation. With more than half of India's population under 25 years of age. In 2023, about 25% of India's population was between 0 and 14 years old, 68% was between 15 and 64 years old, and 7% was over 65 years old. The average age of an Indian in 2020 was 29 years. In terms of employment, service sector is providing around 31.46% of total employment. This paper is highlighting the contribution of service sector in India become Viksit Bharat on 2047.

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**Keywords:** *Introduction, Current Status of Service Sector, Progress of Service Sector.*

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**Objective of Paper:**

The paper “the contribution of service sector for making India as Viksit Bharat” is based on the following objectives.

1. To discuss the theme of Viksit Bharat
2. To understand the contribution of service sector
3. To forecasting the expectation from service sector that help nation to become Viksit Bharat on 2047.

On the basis of above objectives:-,The paper is intends to take review of service sector in Indian economy as well as how it support indian economy developing economy to developed economy. Of course,the paper is also underlined the significance of Indias Young workforce.

**Sources of Information:**

The paper “the contribution of Service sector for making India as Viksit Bharat” is based on the Secondary Information .The Paper has refereed various printing and published materials which have available in different mode like website, internet, book, Magazine and Newspaper.

**Analysis of paper:** This paper has analysed various aspects of service sector that helpful our nation to become developed country in the world .An analysis has been done at two level.

A) Current Scenario of the service Sector

B) Detail Analysis of Sub-services of Service Sector.

**Current Scenario of the Service Sector:**

Services value added accounts for about 62 per cent of the global GDP. Services have been the growth engine for middle-income countries like China, Thailand, and India in the last decade. Presently, the Euro area is reeling under a slowdown but is expected to improve in 2025 on the back of improving services activity. India’s share in global services exports has been steadily rising for the last two decades. This has helped compensate the impact of oscillation in the share of merchandise exports in global merchandise exports to some extent. In 2023, the United States led global services exports with a dominant 13 per cent share, followed by the United Kingdom with 7.4 per cent, Germany with 5.5 per cent and Ireland, China, and France, each accounting for approximately 5 per cent. India ranks seventh globally, representing a 4.3 per cent share in the global services export. The service sector is divided into the following sub-sectors: (i) trade, repair, hotels and restaurants, (ii) transport, storage, communication & services related to broadcasting, (iii) financial services, (iv) real estate, ownership of dwelling & professional services, (v) public administration and (v) other services.

Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman has mentioned that the service sector has been fuelling growth both domestically and globally. Therefore service Sector is called ‘Old War Horse’. The critical role of services exports in strengthening India’s external balance and the increasing ‘servicification’ of the industrial sector adds to its importance to the Indian Economy’. (GOI, Economic Survey 2024-25). The service sector also provides employment to approximately 30% of the workforce. Services also contribute indirectly to the GDP through the ‘servicification’ of manufacturing, i.e., increasing utilization of services in manufacturing production and post-production value addition.

At the international level, India’s share in global services exports has been steadily rising for the last two decades. This has helped compensate the impact of oscillation in the share of merchandise exports in global merchandise exports to some extent. India ranks seventh globally, representing a 4.3% share in the global services export.

India remained amongst the top five major countries in terms of growth in services exports. India's services export growth accelerated to 12.8% .Computer services and business services exports account for around 70% of India's services exports. Indian Railways (IR) is the fourth largest network in the world. Passenger traffic of Indian Railways achieved a growth of 8 per cent over the previous year.

Road transport generates the highest Gross Value Added within transport services. During 2023, road transport accounted for 78 per cent of the total GVA of transport services. Enhancing user convenience on national highways is central to the growth of road transport. India is the fastest-growing aviation market globally. To accommodate the substantial growth in air traffic, Indian airlines have placed amongst the largest orders for aircraft globally.

Further, the Economic Survey 2024-25 highlights that, Drone service business also increased in this context government of India started 140 remote pilot training organisations, 18,862 remote pilot certificates issued, 26,659 registered drones, and 82 approved drone models, India has seen a notable rise in drone activities.

Inland water transport holds great untapped potential as a means for the transport of goods and passengers. As of October 2024, the country has 26 operational waterways of more than 4,800 km. The government is also putting efforts into promoting river cruise tourism on national waterways. Table 01, throwing the light on the performance of the service sector in terms of US\$ billion. In the year 2020-21 India has got highest 100 US\$ billion through the export of software services and for the import, there was spend highest 49.5 Billion on financial services.

**Table-01, Services Trade Performance by sub-sector(Value (US\$ Billion))**

| <b>Total Services Exports</b> | <b>2019 -20</b> | <b>2020 -21</b> | <b>Total Services Imports</b> | <b>2019 -20</b> | <b>2020 -21</b> |
|-------------------------------|-----------------|-----------------|-------------------------------|-----------------|-----------------|
| Travel                        | 30              | 8.5             | Travel                        | 22              | 11.5            |
| Transportation                | 21              | 21.9            | Transportation                | 24.3            | 19.8            |
| Insurance                     | 2.4             | 2.4             | Insurance                     | 1.7             | 2.1             |
| Software Services             | 93.1            | 100             | Software Services             | 8.5             | 1.0             |
| Business Services             | 45.7            | 49.2            | Business Services             | 46.9            | 10.3            |
| Financial Services            | 4.7             | 4.3             | Financial Services            | 2.9             | 49.5            |
| Communication                 | 2.7             | 2.4             | Communication                 | 1.3             | 1.4             |

Source Indian Economic Survey ,2022-23)

### **Detail Analysis of Sub-services of Service Sector:**

The services sector of India remains the engine of growth for India's economy and contributed 55% to India's Gross Value Added at current prices in 2024. India is a unique emerging market in the globe due to its unique skills and competitive advantage created by knowledge-based services. The Indian services industry, which is supported by numerous government initiatives like smart Cities, clean India, and digital India is fostering an environment that is strengthening the services sector. The sector has the potential to open up a multi-trillion-dollar opportunity that might stimulate symbiotic growth for all nations. Of these few services performance are given as below.

#### **1) Tourism:**

India being one the most popular travel destinations across the globe has resulted in the Indian tourism and hospitality industry emerging as one of the key drivers of growth among the

services sector in India. The tourism industry in India has significant potential considering that Tourism is an important source of foreign exchange in India similar to many other countries. With a total area of 3,287,263 sq. km extending from the snow-covered Himalayan heights to the tropical rain forests of the south, India has a rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. This provides a significant opportunity to fully exploit the potential of the tourism sector. The government has taken steps to boost investments in facilitate spiritual tourism with states like Uttar Pradesh developing tourist circuits and Uttarakhand and West Bengal enhancing infrastructure for pilgrims. According to WTTC, India is ranked 10th among 185 countries in terms of travel & tourism's total contribution to GDP in 2019. In 2021, the travel & tourism industry's contribution to the GDP was US\$ 178 billion

## **2) Real Estate: Building the Economy:**

The real estate sector is one of the most globally recognized sectors. It comprises of four sub-sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodation. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. In India, the real estate sector is the second-highest employment generator, after the agriculture sector. According to the Economic Times Housing Finance Summit, about three houses are built per 1,000 people per year compared with the required construction rate of five houses per 1,000 population. The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

## **3) Telecommunication:**

India is the world's second-largest telecommunications market with a total telephone subscriber base stood at 1,203.69 million and has registered strong growth in the last decade. The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth of the Indian telecom sector. The Government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework, which has ensured the availability of telecom services to consumers at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms has made the sector one of the fastest growing and the top five employment opportunity generator in the country. As of May 2024, the wireless subscribers base stood at 1,168.95 million. As of May 2024, the wireless subscriber base of Jio stood at 474.61 million, followed by Bharti Airtel 387.76 million, Vodafone Idea 218.15 million, and BSNL 86.32 million. The number of wired broadband subscriptions stood at 41.31 million as of May 2024. The aggregated data consumed as of December 2023, was 50,00,047 GB..

## **4) Patent services:**

India's start-ups are in the IT/ knowledge-based sector. Intellectual property, specifically patents are key to this knowledge-based economy. There has been gradual increase in the filing and granting of patents in India. The number of patents filed in India has gone up from 39,400 in 2010-11 to 45,444 in 2016-17 to 58,502 in 2020-21 and the patents granted in India has gone up from 7,509 to 9,847 to 28,391 during the same time period. The share of Indian residents in total applications has increased and it was 40 per cent in 2020-21. Consequently, India's ranking in Global Innovation Index has climbed 35 ranks, but the number of patents granted in India is still a fraction compared to patents granted in China, USA, Japan, and Korea.

**5) Startups:**

Startups in India have grown remarkably over the last six years, most of these belong to the services sector. During 2021, the Government recognised over 14,000 new startups. As a result, more than 61,400 startups have been recognised in India as of January 10, 2022. Figure 9 & Figure 10 show the spread of startups in Indian districts. During 2021, 555 districts had at least one new startup. Over the recent years, Delhi has replaced Bangalore as the startup capital of India. Over 5,000 recognised startups were added in Delhi while 4,514 startups were added in Bangalore. With a total of 11,308 startups, Maharashtra has the highest number of recognised startups.

**6) The Development of Space services:**

Since independence, the Indian space program has grown drastically. The Indian Space Research Organization (ISRO), capabilities have been developed in the space sector across all domains. This includes indigenous space transportation systems; space assets comprising of fleet of satellites catering to the needs of earth observation, satellite communication, meteorology, space science & navigation; ground infrastructure and a host of operational programs related to the applications of space technology to the common uses of the society.

**Conclusion:**

This paper has highlighted the significance of service sector in India. Since independence, service sector expand from Education, health to Space Start up and patent. It has large scope for the new opportunities which have ready to meet the needs of young generation. This young generation is the asset of Viksit Bharat. No doubt, Agriculture is essential, secondary sector is also important but service sector is increased with day by day not in domestic market but at in an abroad. The key role of service sector is to improve the life style, socio and Economic status of the people .

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