

Output Measurement of Services: Case Studies of Medical Care and Retail Trade in India

Probir Karar and Smriti Karar Mukhopadhyay

The sectoral composition of the Indian economy has undergone a structural shift over the years. It is best exemplified in changes in the shares of GDP contributed by agriculture, industry and service sectors. From a primary agro-based economy during the early years of planning, the Indian economy has emerged as predominant in the services sector during the last couple of decades. This note has tried to shed lights on this 'service-led' growth from the angle of official data base and its estimation procedures. It has been argued that appropriate data and proper estimation procedures can explain and even alter the conclusions drawn previously, particularly in the case of phenomenal growth of services sector in the few decades.

I Introduction

The sectoral composition of the Indian economy has undergone a significant structural shift over the years. It is best exemplified in changes in the shares of GDP contributed by agriculture, industry and service sectors. From a primary agro-based economy during the early years of planning, the Indian economy has emerged as predominant in the services sector during the last couple of decades. Services contributed a major portion of India's GDP with a 57 per share in it at factor cost (at current prices) in 2013-14. Including construction, their share was 64.8 per cent. The Compounded Annual Growth Rate (CAGR) of services- sector with GDP at 8.5 per cent for the period 2000-2001 to 2013-2014 had been higher than the 7.1 per cent CAGR of overall GDP during the same period. Thus, services become the leading sector of the Indian economy, accompanied by agricultural deceleration and industrial stagnation in 2000s. This note tries to throw lights on this so-called 'service-led' growth from the angle of official data base and its estimation procedures. It may be argued that appropriate data and proper estimation procedures explain and even alter the conclusions drawn previously, particularly in the case of phenomenal growth of services sector in India in the past few decades.

Probir Karar, Associate Professor of Economics, Bhairab Ganguly College, Belghoria, Kolkata 700056, West Bengal, Email: probirkarar@gmail.com

Smriti Karar Mukhopadhyay, Assistant Professor of Economics, Department of Science and Humanities, Ideal Institute of Engineering, Kalyani Silpachal, Kalyani, Nadia 741235, West Bengal, email: smriti.karar@gmail.com