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Research Paper

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IMPACT OF GLOBALISATION ON SERVICE SECTOR OF INDIAN ECONOMY

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ABSTRACT

Globalisation describes a process by which regional economies, societies and cultures have become integrated through a global network of communication, transportation and trade. The term is sometimes used to refer specifically to economic globalisation. The integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. The main important objectives of the study to study the impact of Globalisation on Service Sector and to know the sectoral shares of Gross Domestic Product in Export from India. Globalisation generally means integrating economy of our nation with the world economy. The economic changes initiated have had a dramatic effect on the overall growth of the economy. The economic changes also heralded the integration of the Indian economy in to the global economy. In 1990-91 the import was 8.8 per cent, it was declined next year. But 2008-09 it was increased at 29 per cent.

KEYWORDS: *Globalisation, Liberalisation and Export.*

INTRODUCTION

Globalisation describes a process by which regional economies, societies and cultures have become integrated through a global network of communication, transportation and trade. The term is sometimes used to refer specifically to economic globalisation. The integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Globalisation as a spatial integration in the sphere of social relations. One of the most encompassing and growing areas of activity is the service sector today. Traditionally we have been thinking only of finance, insurance, transport, communication and tourism in the service sector. In the last two decades it is evident, the service sector has expanded rapidly all over the world, and through by comparison in India the growth has not been so pronounced. In fact, India has lagged behind even compared to some countries in South Asia.

OBJECTIVES OF THE STUDY

Following are the main important objectives of the study. They are as follows:

1. To study the impact of Globalisation on Service Sector
2. To know the sectoral shares of Gross Domestic Product in Export from India

METHODOLOGY OF THE STUDY

The study on Impact of Globalisation on Service sector of Indian economy is exclusively based on the secondary data only. The secondary data collected from the Economic Survey Reports and Hand Book of Statistics on Indian Economy, referred journals like Southern Economist, Economic and Political Weekly, Yojana, etc. The period of study is from the year 1991-2015. The statistical tools used in the present study are the collected data in the form of tables and percentage changes.

IMPACT OF GLOBALISATION ON INDIAN SERVICE SECTOR

The globalisation of service has taken place with substantial expansion in trade and Foreign Direct Investment (FDI) in services. Now the service sector accounts for nearly 40 per cent of the world stock of FDI and 50 per cent of world FDI flows, the bulk of it being among developed countries. In the last decade's world exports of commercial services kept pace to the growth in merchandise exports at an average rate of 6 per cent per year. India's place in the globalisation of services can be seen from the fact that in 1999-2000. India's total services trade was estimated at about $ 30 billion.

The first objective of the study is to find out the impact of globalisation on service sector.

Table No: 1 Foreign trade of India during nineties

Year	Exports	Imports	Trade Balances
1990 – 1991	5.8	8.8	-3.0
1991 – 1992	7.3	8.3	-1.1
1992 – 1993	7.8	10.2	-2.4
1993 – 1994	8.3	9.8	-1.5
1994 - 1995	8.3	11.1	-2.8
1995 - 1996	9.1	12.3	-3.2
1996 - 1997	8.9	12.7	-3.8
1997 - 1998	8.7	12.5	-3.8
1998 - 1999	8.3	11.5	-3.2
1999 - 2000	8.4	12.4	-4.0
2000 - 2001	9.8	13.0	-3.2
2001 - 2002	9.4	12.0	-3.2
2002 - 2003	9.4	12.0	-2.6
2003 - 2004	10.3	12.8	-2.5
2004 - 2005	9.6	13.6	-4.1
2005 - 2006	8.9	12.5	-3.6
2006 - 2007	25.3	27.3	-2.0
2007 - 2008	14.7	20.4	-5.70
2008 - 2009	21.8	29.0	-12.1
2009 - 2010	18.2	28.1	-9.90
2010 - 2011	19.5	23.4	-3.90
2011 - 2012	21.8	22.4	-0.80
2012 - 2013	19.6	21.9	-2.30
2013 - 2014	19.7	22.3	-2.60
2014 - 2015	20.1	23.5	-3.40

Source: Reserve Bank of India - Annual Report

The above table shows that a picture of the Indian foreign trade in the nineties. The decade has been 1990-91 the exports was 5.8 per cent and imports was 8.8 per cent. In 1992-93 the exports was decreased at 7.8 per cent and imports was increased at 10.2 per cent. In 1994 to 2015, the imports of foreign goods and services was increased at high level position. But exports are decreasing and increasing situation. During 2006-07 the exports is greater position at 25.3 per cent and imports in 27.3 per cent. It is the high level stage in foreign trade. So, the trade balance is deficit. This can be explained with the help of the following diagram.

REASONS FOR LOW EXPORT GROWTH RATE

At the eve of independence, India's share in the world trade was 2.2 per cent that has fallen down to 0.6 per cent in the year 1995 another even when she became the founder member of the WTO. This share rose to 9 per cent in the year 2003; but despite all efforts she could not attain the target of 1 per cent that is sought for.

There was a significant deceleration in India's export growth during the post-WTO period. On an average basis, India's exports in this period increased at the rate of 10.72 per cent per annum, which was lower than 12.25 per cent achieved in the pre-WTO period. India's import bill surged up at the rate of 12.08 per cent per annum during the post-WTO period. This rate was higher than that for export in the same period and far above the rate of growth in imports of 8.27 per cent per annum in the pre-WTO period. As a result, India's trade deficit more than doubled in the post-WTO period rising to $8.3 billion from an annual average of $3.6 billion in the pre-WTO period.

The second objective of the study is to find out the sectoral share of gross domestic product in export of India.

Table No: 2 Sectoral Shares in GDP during 1990-91 to 2014-15

Year	Agriculture	Industry	Services	Total
1990 - 1991	59.19	13.29	27.52	100
1991 - 1992	54.74	16.61	28.65	100
1992 - 1993	48.12	19.91	31.97	100
1993 - 1994	41.82	21.59	36.59	100
1994 - 1995	34.92	24.49	40.59	100
1995 - 1996	34.08	23.93	41.99	100
1996 - 1997	34.17	23.74	42.09	100
1997 - 1998	33.54	23.69	42.71	100
1998 - 1999	32.94	24.35	42.95	100
1999 - 2000	30.58	25.47	43.69	100
2000 - 2001	30.86	25.45	43.77	100
2001 - 2002	29.03	25.20	46.46	100
2002 - 2003	27.49	24.51	47.88	100
2003 - 2004	26.30	24.63	57.0	100
2004 - 2005	24.01	23.26	52.9	100
2005 - 2006	24.56	23.18	52.9	100
2006 - 2007	23.01	21.01	55.9	100
2007 - 2008	24.97	21.70	53.1	100
2008 - 2009	22.68	19.64	57.2	100
2009 - 2010	22.43	17.17	60.4	100
2010 - 2011	22.31	16.77	60.92	100
2011 - 2012	22.35	15.91	61.74	100
2012 - 2013	22.17	15.47	62.36	100
2013 – 2014	24.97	21.70	53.1	100
2014 - 2015	22.17	15.47	62.36	100

Source: Central Statistical Office, GOI

The above table shows that the sectoral shares in GDP in 1990-91, the agriculture sector was 59.19 per cent, industrial sector was 13.29 per cent and service sector was 27.52 per cent. The agriculture sector was highest position in this year. In 1993-94 the agriculture sector was 41.82 per cent, But the industrial sector was declined at 21.59 per cent. Service sector was slowly incre4ased at 36.59 per cent. In 2000-2001, the service sector was highly increased at 43.69 per cent, and the next year it was also increased. During 2009-2010 the service sector was 60.4 per cent. But the agricultural and industrial sector was declined at 22.43 per cent and 17.17 per cent respectively. In 2012 - 13 the agriculture sector was 22.17 per cent, industrial sector was 15.47 per cent and service sector was 62.36 per cent. The service sector was highest position in 2014 - 2015.

FINDINGS OF THE STUDY

India during nineties the foreign trade decades has been 1990-91 the exports was 5.8 per cent. It was very low. But 2006-07 the export has increased 25.3 per cent. In 1990-91 the import was 8.8 per cent, it was declined next year. But 2008-09 it was increased at 29 per cent. During 2009-2010 the service sector was 60.4 per cent. But the agricultural and industrial sector was declined at 22.43 per cent and 17.17 per cent respectively. In 2014 - 15 the agriculture sector was 22.17 per cent, industrial sector was 15.47 per cent and service sector was 62.36 per cent. The service sector was highest position in 2014 - 2015.

CONCLUSION

Deceleration in the rate of growth of India's exports under the post-WTO period could be attributed to both domestic and external factors. At the domestic level India has not been able to remove completely the supply constraints in the forms of procedural and bottlenecks, distortions in product and factor markets, and infrastructural shortages, as well as slow growth rate of agricultural sector. Externally, exports have suffered due to the persistence of protectionist sentiments in the developed countries in the guise of technical standards, environmental and social concerns, tariff escalation and tariff peaks. Such barriers have been particularly stiffer in areas where India has a comparative advantage such as agriculture, textiles and leather products.

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