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## THE ROLE OF SERVICE SECTOR IN DEVELOPED AND DEVELOPING ECONOMIES

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**Abstract:-**The service sector plays prominent role both in developed economies and developing economies. Most of the economies from 1950 onwards, depending up service sector the developed economies like US, UK and JAPAN, BRAZIL are depending on service sector. Even the developed economies like INDIA and CHINA and other economies are giving more importance to service sector. The employment opportunities in service sector is gradually increased. Even the business opportunities in service sector gradually increased. The service sector activities are comes under Transports, Warehousing, entertainment media, Financial services, Insurance, Banking, Telecommunication, etc..., This paper explains about how service sector impacting on to improve our economy. How service sector impacting on developed economies and developing economies etc.,

**Keywords:** Service Sector, developed economies service sector, developing economies service sector.

### INTRODUCTION:

There are basically three sectors in every economy they are 1) Agricultural sector 2) Industrial sector 3) Service sector. In India huge amount of GDP has been generating from Service sector which include Financial services, Insurance, Education, Mass & Entertainment media, hospitality, Information technology, BPO(Business Process Outsourcing), Storage, warehousing, Transportation, etc., The mentioned areas are the service sector areas, from where economy has been generating. In India the total population around 123 Crores, in 2012 year statistics nearly 56.9% is GDP is generating from service sector. Even from well developed economies from 1951-2010, the most of the situations economy has been generating from service sector. Even well developed economies like INDIA and CHINA and Other economies have been depending upon Service sector. In early starting stages of the economy most of the economies are equal priorities for manufacturing sector, when years are passing the economy slowly turned into towards service sector. In India information technology is in considerable state because, the GDP generating from Information technology (IT) is high. It has been providing huge number of employment opportunities also. In India from Industrial sector it is around 25.8%, and from Agricultural sector it is 17.6%. In India the dependents in Agricultural sector is high as compared with service sector and industrial sector. This could be the main reason why economy of the country still it is in developing status. If the dependents in Agricultural sector turns either to industrial sector (or) service sector, the Per capita income of the people would increase which results to improve the standard of living of the people. The Growth rate in GDP of every country is essential to avoid problem like balance of payment. There are many government national and international reports will explain about the Indian economy from 1951-2012, how it is developing and in from which areas the economy of the country is depending. The developed and developing nations economy is mainly depends up on service sector. UK and US and JAPAN and BRAZIL and INDIA and CHINA and Other economies main ly depends on service sector.

REVIEW OF LITERATURE

According to web results in India there basically three sectors which plays prominent role to develop economy. Among three sectors service sector plays prominent role not only in India but also even in developed economies also. India's huge GDP derived from service sector nearly 56.9% as per 2012 statistics.[1]

According to some analysis, in India the highest service sector growth can be seen in Metropolitan cities, like Delhi, and Chandigarh, and very less growth rate can be seen in Arunachal Pradesh, and Chhattisgarh. Even in the Kerala the growth rate of service sector is also high. Even compared with world economy the service sector from India is in high growth. The export from service sector to other countries is also high [2].

According to Government of India Planning Commission New Delhi March 2008, the growth rate of service sector is high especially in service sector the growth rate of information technology has been growing very rapidly.[3].

According to some analytical frame work service sector performance is high not only in developing economies it is also high in well developed economies. The well developed economies like US and UK and JAPAN and BRAZIL countries GDP is mainly depends on the service sector. Even in INDIA and CHINA the economy of the country is depends on service sector [4].

According to some research papers the service sector activities are Transports, Storage, Telecommunication, hospitality, financial services, banking, insurance, warehousing, and other allied activities are playing prominent role to develop economy from 19th century to 20th century [5].

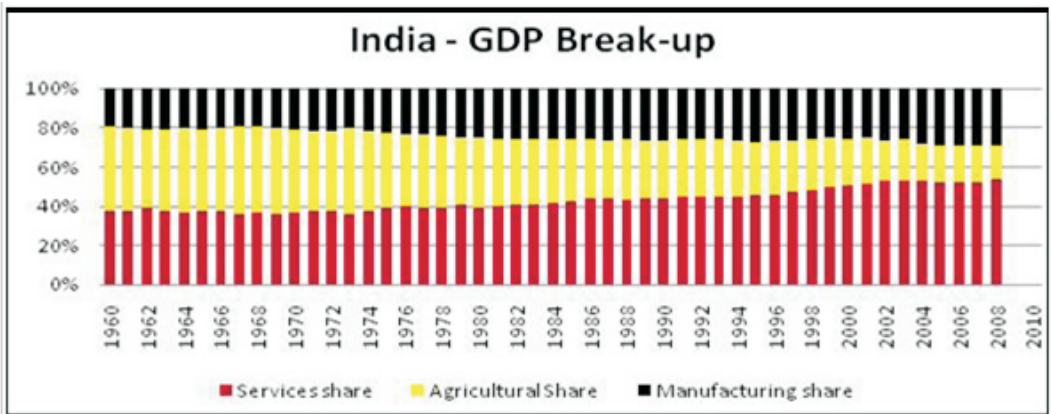
OBJECTIVES

- To understand the impact of service sector in developed and developing economies
- To do comparative analysis, by comparing different developed and developing economies
- To understand the final result how it is impacting on entire economy.

STATEMENT OF THE PROBLEM

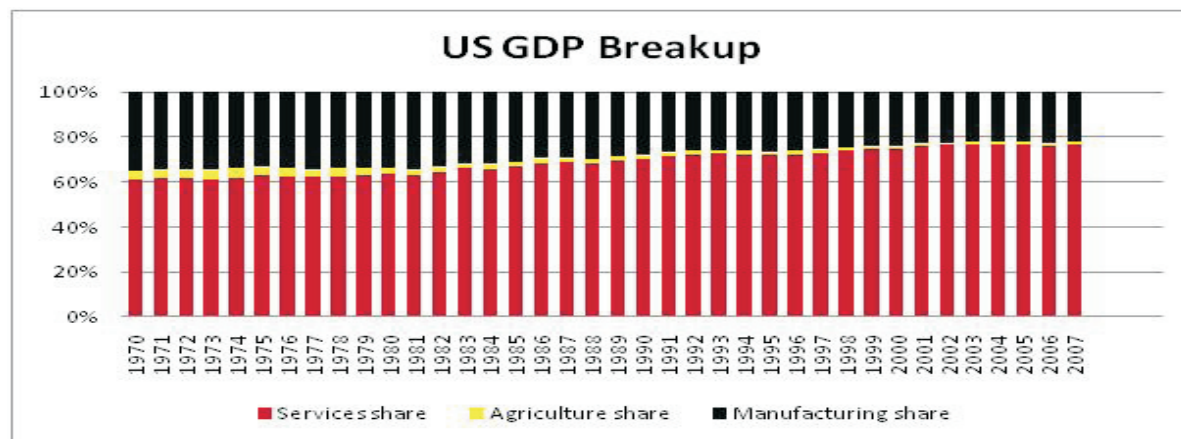
A study on the comparative analysis regarding the impact of service sector in developed and developing economies.

RESULTS AND DISCUSSIONS



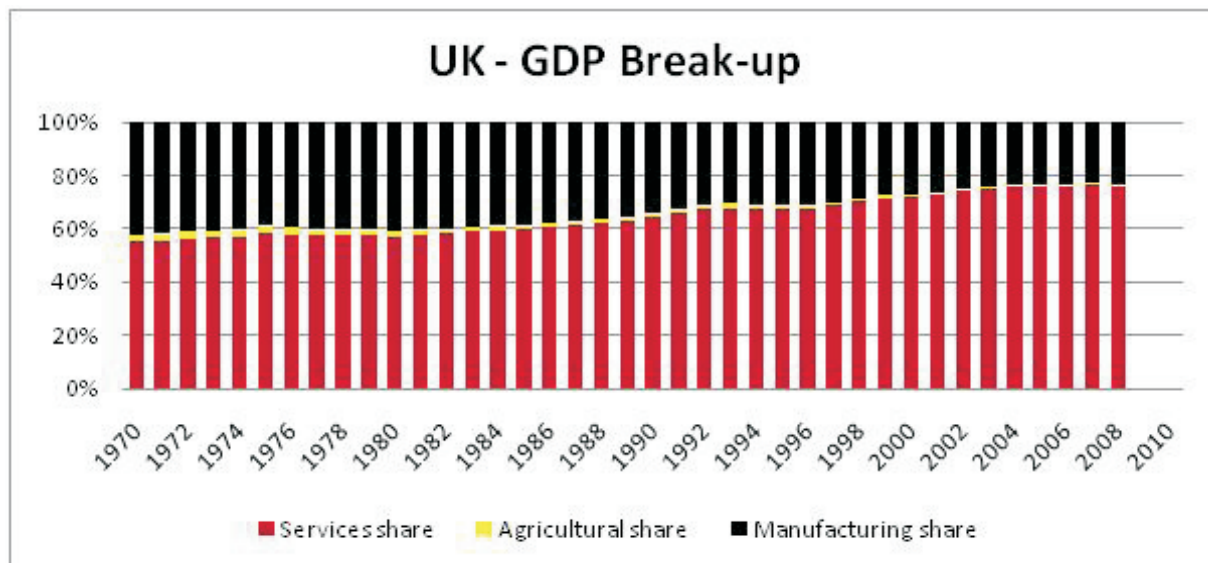
Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi Centre Current Version: October 2011

In India also, there is a same trend which Developed economies are following, like US and UK and BRAZIL. In India in the year of 1960 the share contributed from Service and manufacturing sector is almost same. The importance to service sector is gradually increasing from 1960 to 2010. From the year of 2012 it is mainly depends up on service sector. This is around 60%. There is a considerable factor which we have to understand the population of the India is around 123 crores, the dependents in agricultural sector is high, and the dependents in service sector is less. The most of the GDP to economy is generated from service sector, but not from agricultural sector and industrial sector. In agricultural sector the dependents are increasing, which reviles low PERCAPITA INCOME. To avoid this kind of problem the dependents in agricultural sector should decrease and dependents in service sector should gradually increase. When dependents in service sector gradually increased, the PERCAPITA income of the economy also gradually increase.



Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi Centre Current Version: October 2011

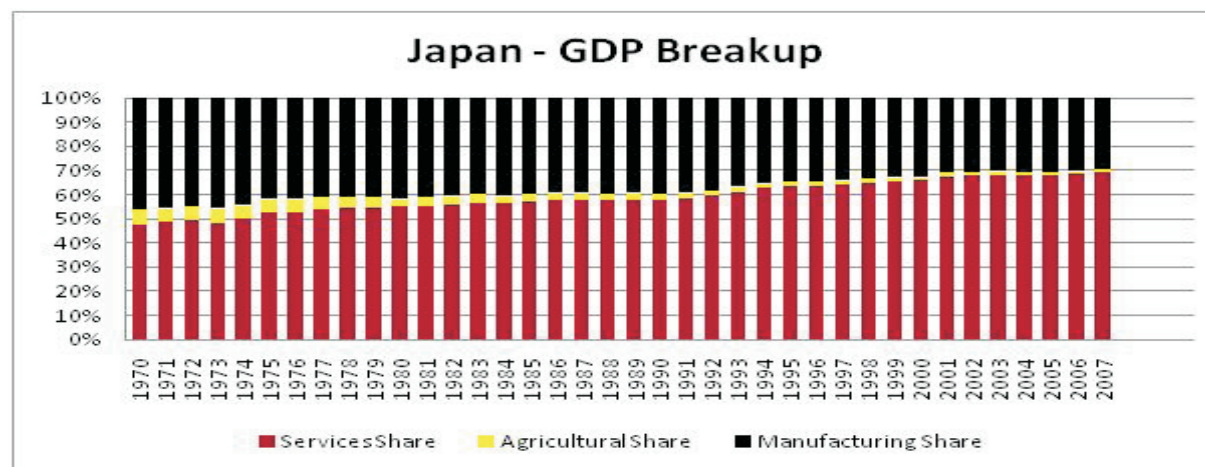
In world economy most of the countries are depending up on sector like Banking, education, hospital, tourism, media and entertainment, insurance, information technology, financial services, trade, transportation, storage, warehousing , and activities are playing prominent to increase economy. Even in well developed economies also this service sector plays prominent role. Even in US GDP from the year 1970 to up to the year of 2013 , the US economy is mainly depends up on service sector , immediate priority sector is manufacturing sector which stands in second position in the GDP of US.



Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi Centre Current Version: October 2011

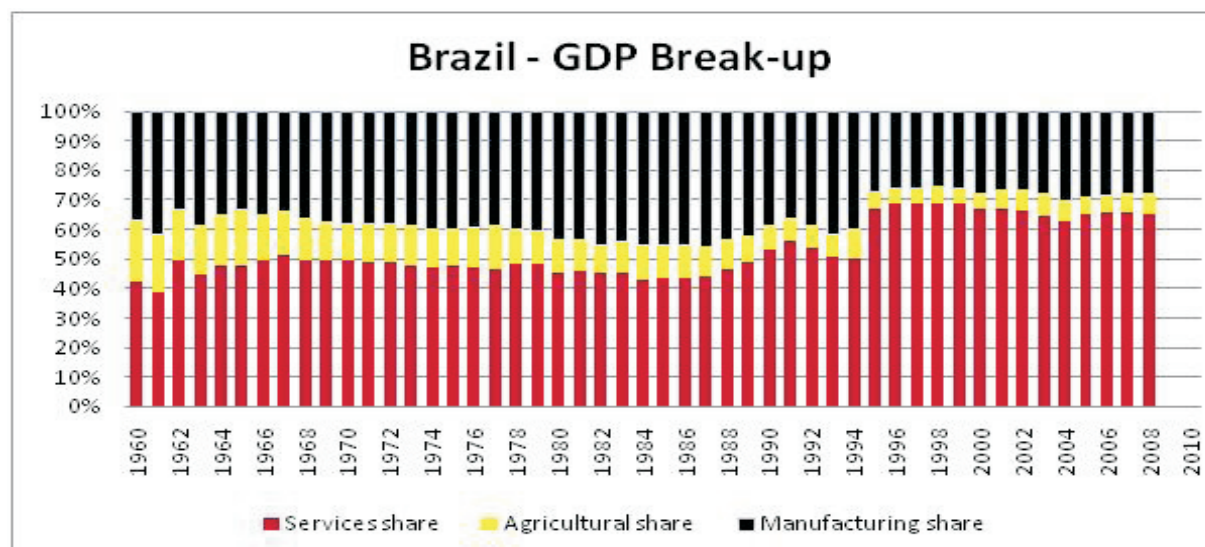
Even the UK economy also, from the year of 1970 to 2013 the GDP of the country is mainly depends up Service sector , and the next priority goes to Manufacturing sector and third priority goes to Agricultural sector. I explains that the well developed economies like US and UK mostly it is depends up on service sector. The GDP growth rate of UK around 60% in the year of 1986, which explains the importance of service sector in the developed economies.





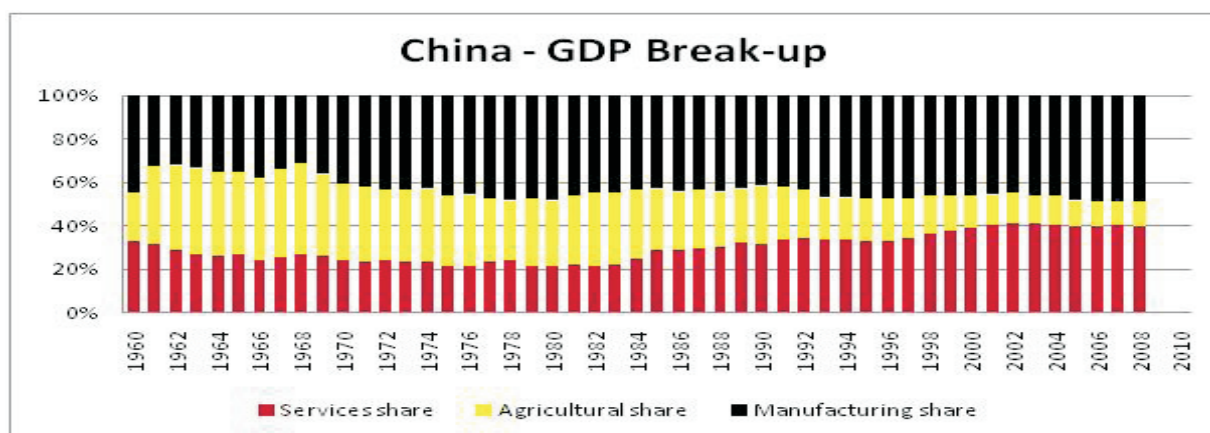
Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi  
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Even technology wise strengthened economy, like Japan and its economy also mainly depends up on service sector in the year of 1986, which is around 60% this scenario explains about most of the economies in the world economies like US, UK and JAPAN is mainly depends up on service sector, but there is a considerable factor which is population in the country. If the dependents in agricultural sector and industrial sector is high, it is mere waste. The population and dependents in the sector is also considerable.



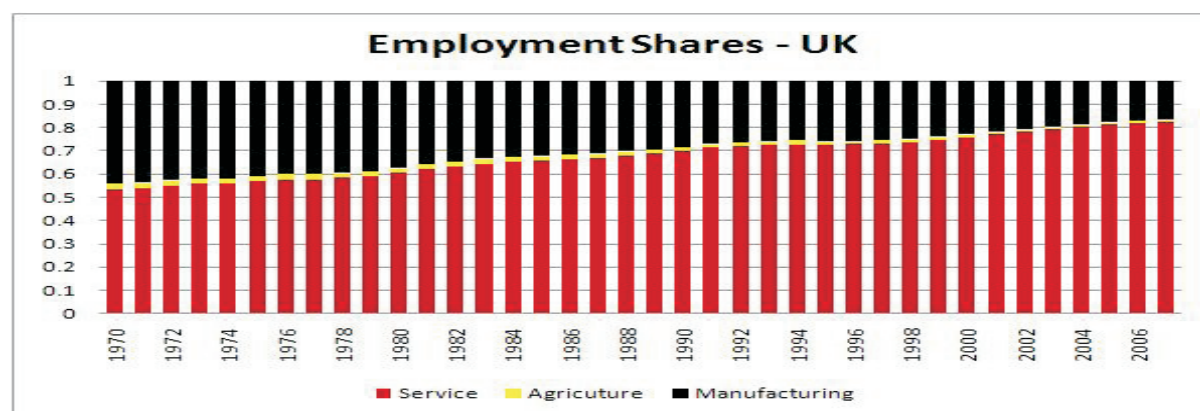
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In Brazil economy also service sector plays prominent role. In the year of around 1996 the economy of the Brazil is 60%, and there is drastic change in the year of 1998 compared with previous with the year of 1996. The final result tells that the economy of the Brazil in the year 2008 mostly depends up on service sector which touch around 70%.



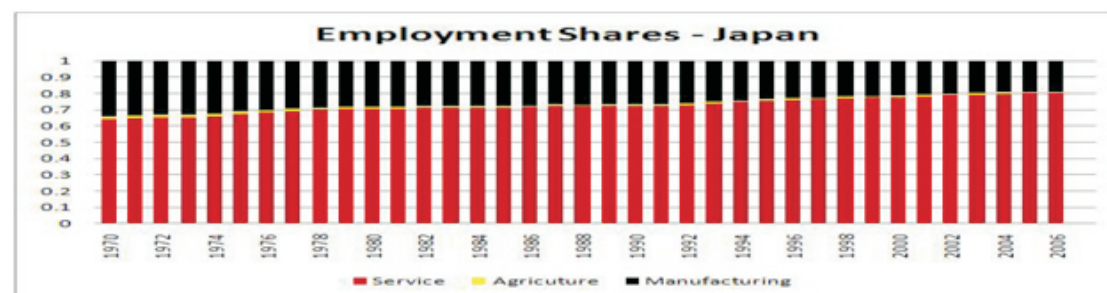
Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi Centre Current Version: October 2011

In the case of China, it is different case from the year 1960 there are certain ups and downs in the economy. In 1982 the GDP dependency in service sector is decreased compared to all other years. Specially the china economy is mainly depends up on manufacturing sector. The china economy dependency in manufacturing sector is high, this trend will explains that china mainly depends up on manufacturing sector, whereas US and UK and BRAZIL economies are mainly depends up on service sector.



Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi Centre Current Version: October 2011

The philosophy can be seen even in UK also. The employment opportunities are gradually increased in the service sector, which strengthen the economy of the country. In most of the developed economies the service sector plays prominent which resulted even in providing employment opportunities. The employment opportunities increased from 1970 to 2006 this may trend from 2006 to 2013 also. There is a philosophy where there is no, employment problems that countries economy gradually increase. So, the service sector has been providing employment opportunities which enhance the GDP of the country, which enhance the PERCAPITA INCOME of the people.



**Sources: On the Growth of the Services Sector: Satya P.Das and Anuradha Saha Indian Statistical Institute - Delhi Centre Current Version: October 2011.**

Even the technology wise strengthened economies GDP also depends up on the service sector. The JAPAN GDP is developing from 1970-2006. The service sector performance is maximum in the year of 2006 which is around 0.7%, which explains about service sector performance is high not only in developed economy but also in developing economy.

#### FINDINGS

The developed economies are giving more preference to service sector  
Even in developed and developing economies are giving more priority to service sector  
The impact of service sector is in terms of employment can be seen both in developed economy and developing economies.

#### RECOMMENDATIONS

Economic developing is happening through service sector only, this result in to neglecting other sectors. Economic development should happen in all areas.  
Employment generation should be there in all areas, not only in service sector but also in Agricultural sector and industrial sector.

#### CONCLUSION

The economic progress of the nation not only depends on service sector but also in other sectors like Primary and secondary. Most of the economies are giving preference to service sector, but not other sectors. Which results, the percapita income of the people who depends on other sector is decreasing. The economy progress should be there in all areas.

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