



INDIAN INSTITUTE OF TECHNOLOGY GUWAHATI
SHORT ABSTRACT OF THESIS

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SHORT ABSTRACT

Using data from secondary sources, this thesis examines the trend and pattern in the growth, and factors contributing to the services sector growth in India. This study is carried out with the help of various econometric tools under parametric as well as non-parametric framework in addition to simple arithmetic tools such as percentage, ratio and growth rate. The findings of the study reveal that among the sub-sectors within the broad category of the services sector, financing, insurance, real estate and business services is the largest contributor while transport, storage and communication registered the highest growth rate compared to the other sub-sectors during the sample period of the present study. The study finds per capita income as the major driver of services segments like transport by other means, railways, banking and insurance, real estate and business services and public administration and defence. Similarly, export is found to be one of the significant determinants of trade, hotel and restaurant, communication, real estate and business services, public administration and defence and other services. However, the effect of splintering (i.e. the use of services as intermediary inputs in other sectors) in driving services sector is found to be statistically insignificant. The banking services in India have registered moderate growth in its productivity during the sample period considered in the study. It is observed that growth in productivity of public sector banks is higher compared to banks owned by the private sector and the foreign banks. In the examination of possible explanatory factors of productivity growth in banking services, ratio of non-interest income to total asset is found to be significant and positive while ratio of intermediary cost to total asset, and the size of deposit affect the productivity growth negatively. The results of the study indicate considerable growth in the penetration of telecommunication services in India. The study also observes inter-state variation in the growth of telecommunication services among different states in India. However, the inter-state variation in telecommunication services has been declining over time. The regression analysis carried out to examine the probable determinants of telecommunication services suggests that per capita income, education, the size of the service sector in the economy, and network externality are significant determinants of telecommunication services across states in India.