India's Services Sector: Insights from GVA Trends

Prelims: *Current events of national and international importance | Economy*

Why in news?

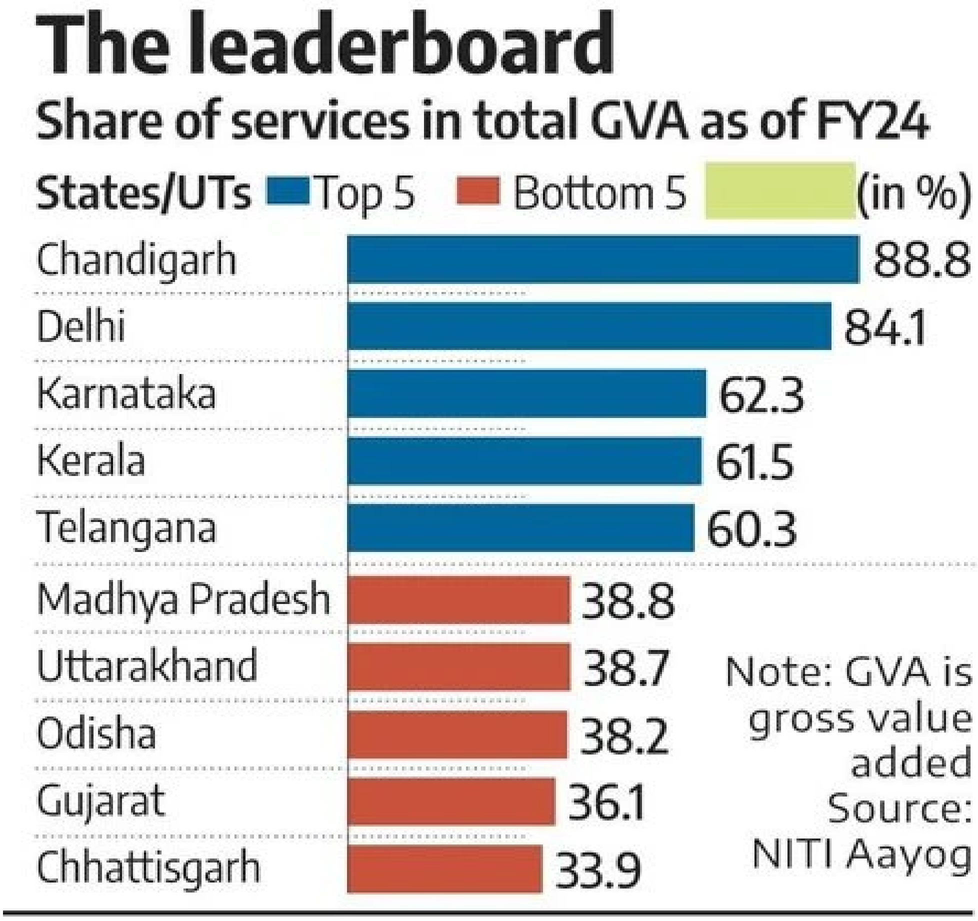
NITI Aayog releases twin reports on India's Services Sector: Insights from GVA and Employment Trends and State-level dynamics.

- **Released by –** NITI Aayog.
- It is India's ***1st dedicated state-level assessments*** of output in the services sector, going beyond aggregate trends.
- The report only used 22 major states/UTs for the analysis.

> ***GVA*** *is the total value of goods and services produced in an economy, broken down by sector or industry. It is calculated as the difference between an industry's output and its intermediate consumption.*

Key Findings of report

- **Share of services in GVA, 2023-24 –** For **all -India level** - stood at 54.5 %.
- **Among states** – Karnataka has the highest share (62.3%), followed by Kerala (61.5%) and Telangana (60.3%).
  - Real estate, ownership of dwellings & professional services – biggest contributor in the share of GVA of all these 3 states.
  - Bihar (58%) has a high share of services in the **GSVA**, despite having very low per capita income.



- **Among UT –** Highest in Chandigarh (88.8%), followed by Delhi (84.1%).
  - In Chandigarh – Trade & repair services (35.4%), followed by 'real estate, ownership of dwellings & professional services' (25.7%), 'financial services' (15.9%), 'public administration' (7.7%), and 'other services' (6.8%).
  - In Delhi – Real estate, ownership of dwellings & professional services (31%), financial services (19%), transport & storage' sector (13.7%).
- **Income & service link –** The report emphasizes a strong correlation between **high per capita income and a service-oriented economy**.
- It notes that richer states and UTs tend to host more dynamic and marketable services, which in turn drive long-term economic growth.
- **Geographic flexibility –** Services are less dependent on location than manufacturing, allowing remote or landlocked states to benefit.
- With strong investments in broadband, e-governance, and skills, lagging regions can

skip traditional industrial stages and advance into modern, knowledge-based service economies.

Reference

Business Standard |India's Services Sector: Insights from GVA trends

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