

Status of India's Service Sector

Prelims: Current events of national and international importance | Economy

Why in news?

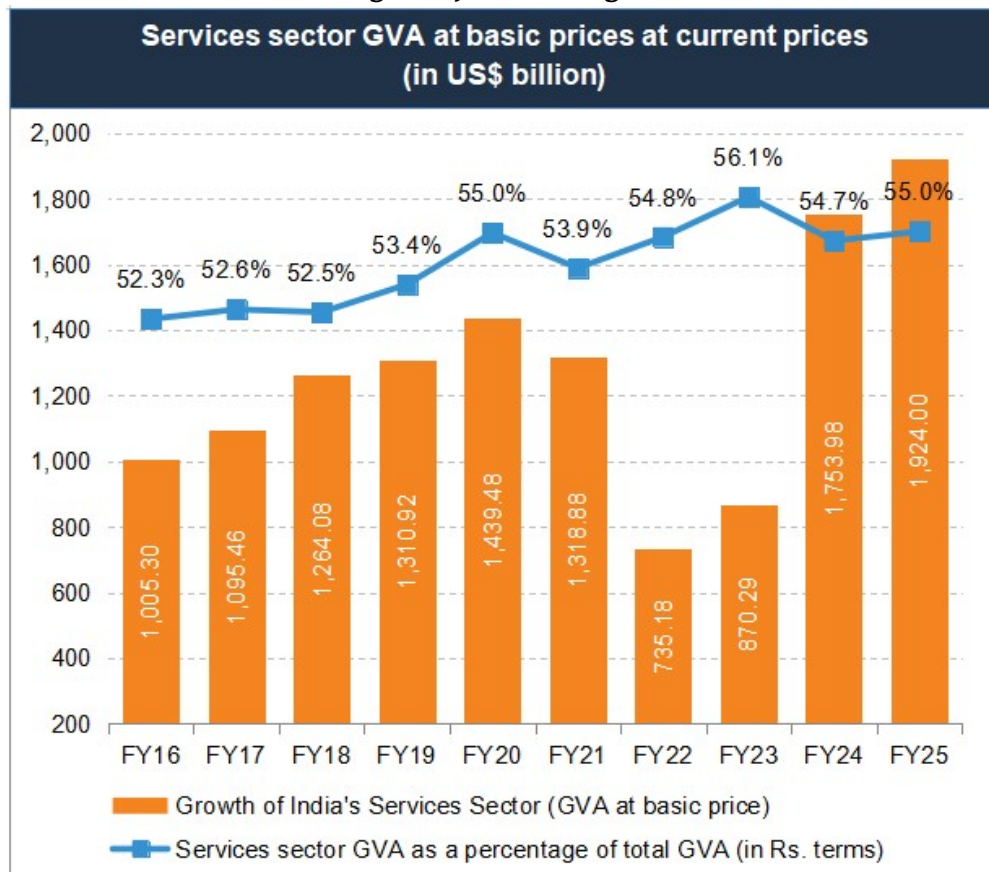
According to National Stock Exchange (NSE) "India rapidly emerging as global hub for services exports".

- The services sector is not only the largest contributor to India's GDP but also a major driver of employment, foreign investment, and exports.

Service sector - Trade, hotels and restaurants, transport, storage and communication, finance, insurance, real estate, business services, community and personal services, and services associated with construction.

- **Compound Annual Growth Rate (CAGR)** - India is ***rapidly emerging*** as a global hub for services exports with a ***CAGR of 14.8%*** over the past 3 decades, outpacing goods exports, which grew at 9.8%.
- **GVA share** - It has ***increased*** its share of Gross Value Added (GVA), rising from 50.6% in FY14 to about 55.3% in FY25, with an average growth of 8.3% since FY23.
- Highlighting India's strong position in global trade, **services exports** stood at approximately US\$ 128 billion in FY26 (April to July 2025), while **imports** were US\$ 65 billion.
- **Global ranking** - India now ranks ***7th in services exports*** globally with a 4.3% share, led by telecom, IT, and business services which contribute nearly 3/4th of total service exports.
- Technology exports ***alone*** crossed \$200 billion in FY25.
- **Global Capability Centres (GCCs)** - India has emerged as the world's largest hub for GCCs.

GCCs are offshore units set up by multinational corporations to handle a wide range of strategic, technical, and operational



Source: IMF, World Bank

functions, evolving from cost-saving back offices to hubs for innovation and high-value work like research and development.

- Their number has risen from 1,430 in FY19 to 1,700 in FY24, and is projected to touch 2,200 by FY30, employing up to 26 lakh professionals.
- **GCC market size** - Expected to expand from \$40 billion in FY19 to \$100 billion by FY30.
- **Fintech sector** - Ranked **3rd globally** in 2025, raising US\$ 889 million, with Bengaluru attracting 55% of investments.
- As of June 2025, India stays in the lead with the fintech adoption rate of 87%, substantially higher than the world average of 67%.
- **Largest FDI inflows** - The service sector is ranked **1st** in attracting Foreign Direct Investment (FDI), as per the Department for Promotion of Industry and Internal Trade.
- **India's projected growth** - As per the World Bank, the real GDP growth at 6.3-6.8%, with nominal growth estimated at around 12%.
- **Future target** - At this pace, India is set to become the world's **3rd**

largest economy by 2027, overtaking Japan and Germany and to emerge as a ***\$5-trillion economy*** over the next few years.

- It will be propelled by robust service exports, a young and expanding workforce, and increasing participation in capital markets.

References

1. [The Hindu | India emerging as global hub for services exports](#)
2. [IBEF | Service Sector](#)

