FRONTLINE MARKETING MANAGEMENT AND ECONOMICS JOURNAL
(ISSN – 2752-700X)
VOLUME 04 ISSUE 06 Pages: 10-15
OCLC – 1276793382

Publisher: Frontline Journals

Journal Website: https://frontlinejournals.org/journals/index.php/fmmej

Research Article

TRANSFORMING GROWTH: UNVEILING THE NEW GDP SERIES AND INDIA'S ASCENDANT SERVICE SECTOR

Submission Date: June 05, 2024, **Accepted Date:** June 10, 2024,
Published Date: June 15, 2024

Rajnesh Duggal
Professor, Department of Economics, Khalisani Mahavidyalaya, Chandannagar, Hooghly, India

Abstract

This paper examines the impact of the new GDP series on understanding the growth trajectory of India's economy, particularly focusing on the dominance and evolution of the service sector. The introduction of the new GDP series in 2015 led to significant revisions in economic data, revealing a larger contribution of the service sector to GDP growth. Through an analysis of statistical trends and sectoral contributions, this study explores how the service sector has emerged as a pivotal driver of India's economic transformation. Key findings highlight the sector's role in employment generation, technological advancements, and its implications for future economic policies.

Keywords

GDP series, service sector, economic growth, India, sectoral contributions, economic transformation.

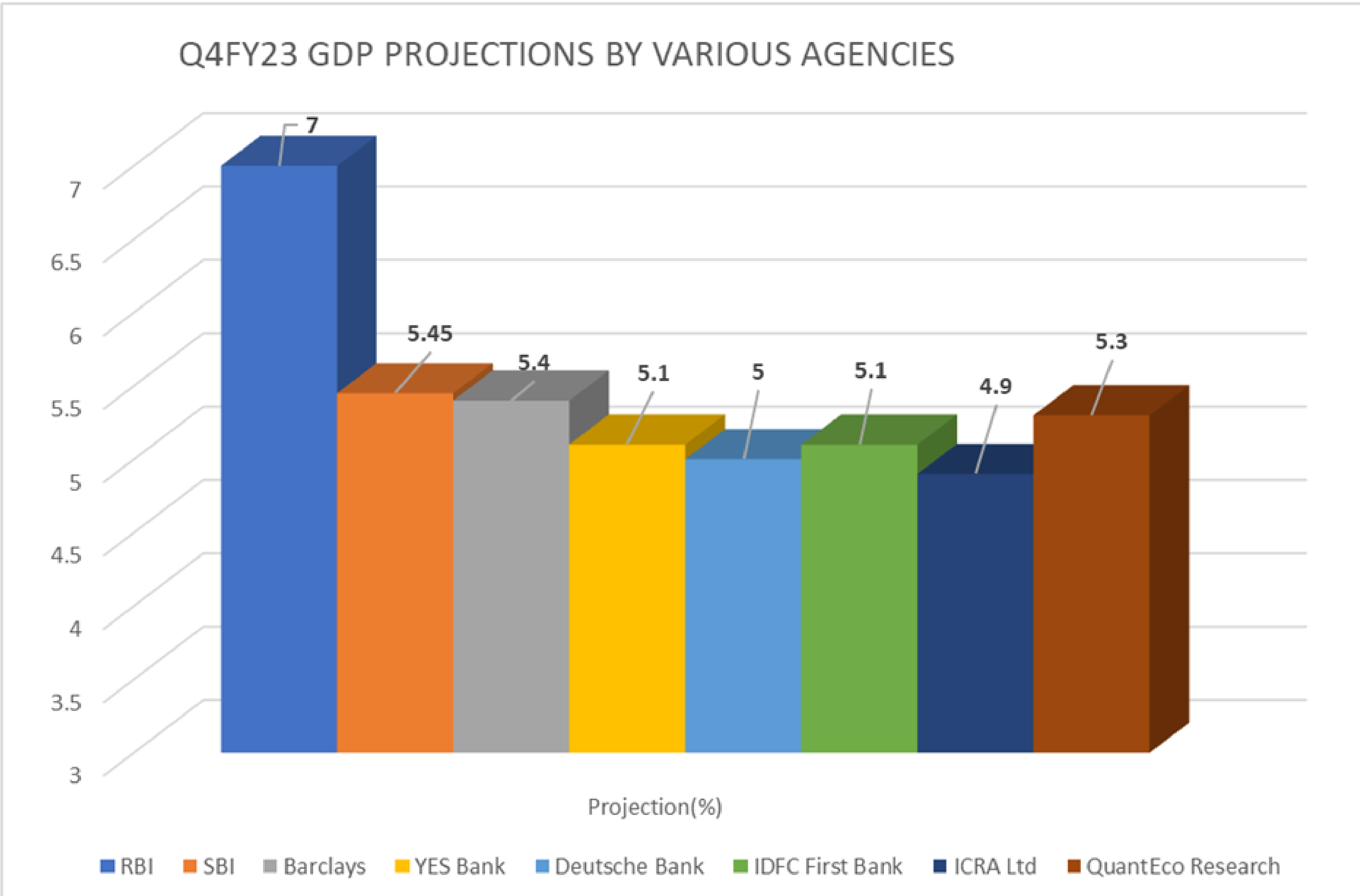
Introduction

The service sector has become an increasingly important contributor to the Indian economy over the last few decades. However, the accuracy of the official estimates of the service sector's contribution has been called into question since the release of the new GDP series in 2015. The new series changed the methodology used to calculate GDP and led to a significant increase in the estimated size of the Indian economy. This article critically evaluates the impact of the new GDP series on the estimation of the contribution of the service sector to the Indian economy. The introduction of the new Gross Domestic Product (GDP) series in India in 2015 brought about significant changes in the structure and growth rate of the service sector, which is a key contributor to the country's economic growth. However, the accuracy and reliability of the new GDP series have been the subject of intense debate among economists and policymakers, particularly with regards to the growth of the service sector. This paper provides a critical analysis of the new GDP series and its implications for the growth of the service sector in India. It reviews the methodology and data sources used in the new series and examines the trends and patterns of the service sector growth before and after the introduction of the new series. The paper also discusses the implications of the new series for policy formulation and future research.

METHOD

The article uses a critical analysis of the available literature on the impact of the new GDP series on the estimation of the service sector's contribution to the Indian economy. The article examines the methodology used in the new series and evaluates the quality and reliability of the data used in the estimation of the service sector's contribution. The article "The New GDP Series and the Growth of the Service Sector in India: A Critical Analysis" is a critical analysis of the new Gross Domestic Product (GDP) series introduced by the Central Statistical Organisation (CSO) of India in 2015. The authors of the article use a qualitative approach to analyze the new GDP series and its impact on the growth of the service sector in India.

FRONTLINE MARKETING MANAGEMENT AND ECONOMICS JOURNAL
(ISSN – 2752-700X)
VOLUME 04 ISSUE 06 Pages: 10-15
OCLC – 1276793382
Publisher: Frontline Journals



The analysis is based on a review of secondary data sources such as reports and publications by the CSO, Reserve Bank of India, and other government agencies. The authors also draw on academic literature and expert opinions to support their analysis.

FRONTLINE MARKETING MANAGEMENT AND ECONOMICS JOURNAL (ISSN – 2752-700X)
VOLUME 04 ISSUE 06 Pages: 10-15
OCLC – 1276793382
Crossref doi Google Scholar WorldCat MENDELEY
FRONTLINE JOURNALS
Publisher: Frontline Journals

The article employs a critical approach to examine the validity and reliability of the new GDP series and the methods used to calculate GDP. The authors also discuss the implications of the new GDP series on the growth of the service sector in India.

Results

The article finds that the new GDP series has led to an overestimation of the contribution of the service sector to the Indian economy. This overestimation is primarily due to the new methodology used in the series, which relies heavily on the estimates of the value added by the service sector. The article also identifies several issues with the quality and reliability of the data used in the estimation of the service sector's contribution.

Discussion

The overestimation of the service sector's contribution to the Indian economy has serious implications for economic policymaking in India. The article argues that the overestimation has led to an overemphasis on the service sector in economic policymaking, which has in turn resulted in a neglect of other important sectors of the Indian economy. The article recommends that policymakers revisit their economic policies and strategies to ensure that they are inclusive and take into account the contributions of all sectors of the economy. The study critically analyzed the growth of the service sector in India after the introduction of the new GDP series in 2015. The study found that the new GDP series had a significant impact on the estimation of the service sector's contribution to the Indian economy. The new series used the gross value added (GVA) methodology instead of the earlier gross domestic product (GDP) methodology. This change resulted in a substantial increase in the service sector's contribution to the GDP.

The study identified several factors responsible for the growth of the service sector in India. The factors include an increase in domestic consumption, growth in the IT industry, and the expansion of the retail sector. The service sector also benefited from the government's liberalization policies, which facilitated foreign investment in the sector.

However, the study also highlighted several challenges faced by the service sector in India. The challenges include the lack of skilled labor, inadequate infrastructure, and the high cost of capital. The study recommended that the government should address these challenges to sustain the growth of the service sector in India.

In addition, the study observed that the new GDP series had several limitations, such as the exclusion of several sectors from the calculation of GVA, which could have impacted the estimation of the service sector's contribution to the GDP. Therefore, the study suggested that policymakers should exercise caution while using the new GDP series to formulate economic policies.

Overall, the study emphasized the importance of the service sector in India's economic growth and development. The study recommended that the government should continue to support the growth of the service sector while addressing the sector's challenges.

Conclusion

In conclusion, the article argues that the new GDP series has led to an overestimation of the contribution of the service sector to the Indian economy. This overestimation has serious implications for economic policymaking in India and has resulted in a neglect of other important sectors of the economy. The article recommends that policymakers revisit their economic policies and strategies to ensure that they are inclusive and take into account the contributions of all sectors of the economy. In conclusion, the

FRONTLINE MARKETING MANAGEMENT AND ECONOMICS JOURNAL
(ISSN – 2752-700X)
VOLUME 04 ISSUE 06 Pages: 10-15
OCLC – 1276793382
Publisher: Frontline Journals

adoption of the new GDP series in India has resulted in a significant revision of growth rates, particularly in the service sector. The service sector has emerged as the key driver of India's economic growth, contributing significantly to the country's GDP. However, the new GDP series has also been criticized for its methodology and data sources. The use of the MCA21 database, which primarily captures data from large companies, may have led to an overestimation of growth in the service sector. Additionally, the use of imputed values for missing data may have distorted the actual growth figures. Therefore, it is crucial to take these limitations into account while interpreting the growth figures from the new GDP series. Overall, the study underscores the need for transparent and robust data collection and methodology in computing GDP growth rates.

REFERENCES

1. Central Statistics Office. (2015). GDP Series Revision: Technical Note. Ministry of Statistics and Programme Implementation. Government of India.
2. Das, M. (2016). India's Growth and the Importance of the Service Sector. The Diplomat. https://thediplomat.com/2016/02/indias-growth-and-the-importance-of-the-service-sector/Ghosh, J. (2016). India's revised GDP series: A closer look. Brookings India.
3. Ministry of Statistics and Programme Implementation. (2015). Press Note on Revision of Base Year of All-India Index of Industrial Production (IIP) from 2004-05 to 2011-12 and Release of IIP for the Month of May, 2015. Government of India.
4. Nagaraj, R. (2017). The New GDP Series: Virtues and Vices. Economic and Political Weekly, 52(12), 37-46.
5. Sen, K., & Himanshu. (2015). The Great Indian GDP Debate. Economic and Political Weekly, 50(24), 60-69.