

## Services Sector: A Growth Catalyst for Indian Economy since Economic Reform

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**Abstract :** The purpose of this study is to analyze the role of the services sector in economic development of Indian economy, especially in the post reform period. Due to adoption of liberalization policy in developing economy like India, international transaction in services has been increased at a rapid pace which compensated to the current account of Balance of Payment which was in a pitiable condition. But this increased share of services in GDP is not commensurate with share in employment, which is a matter of great concern for Indian economy. Although the increased share of service in GDP indicates the advanced stage of growth of the economy, but this theory is not applicable in context of Indian economy completely. In the preliminary stage, this study finds a positive correlation between growth of services and export earnings and gross domestic product and this growth of services is not equal in terms of all aspects on Indian economy, and also all components of services has not been increased at an equal rate. This paper seeks to examine the impact of liberalization in post reform era on the growth of services in India. The analysis is done for the period of 1991 to 2013. Data has been collected from the secondary sources, especially from the website of Reserve Bank of India, World Trade Organization, and United Nation Conference on Trade and Development. The data has been analyzed with the help of appropriate statistical tools (Causality Relation and Group t-test).

**Keywords :** export earnings, GDP, gross domestic product, liberalization, services

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