
OPPORTUNITIES AND CHALLENGES IN SERVICE SECTOR (SELF EMPLOYMENT)

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ABSTRACT

In alignment with the global trends, Indian service sector has witnessed a major boom and is one of the major contributors to both employment and national income in recent times. The activities under the purview of the service sector are quite diverse. Trading, transportation and communication, financial, real estate and business services, community, social and personal services come within the gambit of the service industry. They are vital for the country's economic stability. This paper is indented with an aim of gathering the contribution of different service sector contribution and it's their effect on the growth of Indian Economy along with the challenges faced and opportunities available for self employment.

Keywords: Indian Economy, Economic Growth, Economic Survey Report, International markets.

INTRODUCTION

Service sector is the lifeline for the social economic growth of a country. It is today the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector. For most countries around the world, services are the largest part of their economy. The real reason for the growth of the service sector is due to the increase in urbanization, privatization and more demand for intermediate and final consumer services. Availability of quality services is vital for the well being of the economy. In advanced economies the growth in the primary and secondary sectors are directly dependent on the growth of services like banking, insurance, trade, commerce, entertainment, social and personal, etc.

The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

India is a major proponent of liberalizing services both in the World Trade Organization and in its bilateral trade agreements. However, there are some concerns. In the recent past, economic growth and growth of the services sector has slowed down. Growth in employment in services has not been commensurate with the share of the sector in GDP. The Indian economy expanded 7.7 percent year-on-year in the first three months of 2018, higher than a downwardly revised 7 percent advance in the previous quarter and beating market forecasts of a 7.3 percent growth. It is the highest growth rate since the second quarter of 2016, boosted by a jump in investment. Nov 30, 2018

RESEARCH METHODOLOGY

The study focus on Secondary data collected from various books, national & international journals, government reports etc.

MARKET SIZE

The services sector is the key driver of India's economic growth. The sector contributed around 66.1 per cent of its Gross Value Added growth in 2015-16, thereby becoming an important net foreign exchange earner and the most attractive sector for FDI (Foreign Direct Investment) inflows. According to a report by leading research firm Market Research Store, the Indian telecommunication services market is expected to grow by 10.3 per cent year-on-year to reach US\$ 103.9 billion by 2020.

The Indian digital classifieds industry is expected to grow three-fold to reach US\$ 1.2 billion by 2020, driven by growth in horizontal classifieds like online services, real estate and automobiles. Out of overall services sector, the sub-sector comprising financial services, real estate and professional services contributed US\$ 305.8 billion or 20.5 per cent to the GDP. The sub-sector of community, social and personal services contributed US\$ 188.2 billion or 12.6 per cent to the GDP.

The Services sector, with a share of 55.2% in India's Gross Value Added (GVA), continued to be the key driver of India's economic growth contributing almost 72.5% of GVA growth in 2017-18, as stated in the Economic Survey 2017-18 tabled in the Parliament by the Union Minister for Finance and Corporate Affairs, Arun Jaitley.

While the growth of Service Sector as a whole is expected to be at 8.3% in 2017-18, the growth in Services exports was 16.2% in H1 of 2017-18. The Government has taken many initiatives in the different Services which include digitization, e-visas, infrastructure status to Logistics, Start-up India, and Schemes for the housing sector, etc. which could give a further fillip to the Services Sector. India remained the eighth largest exporter in commercial services in the world in 2016 with share of 3.4 per cent. This is double the share of India's merchandise exports in the world at 1.7 percent, as put forth in the Economic Survey 2017-18

MAJOR SERVICES' SECTOR-WISE PERFORMANCE AND SOME RECENT GOVERNMENT POLICIES TO BOOST THE GROWTH OF THE SECTOR ARE AS FOLLOWS

Tourism

India's Tourism sector has been performing well with Foreign Tourist Arrivals (FTAs) growing by 9.7% to 8.8 million and Foreign Exchange Earnings (FEEs) at 8.8% to US\$ 22.9 billion in 2016. FTAs during 2017 were 10.2 million, with a growth of 15.6%, while FEEs from tourism were US\$ 27.7 billion, with a growth of 20.8% over 2016. Domestic tourist visits grew by 12.7% to 1,614 million in 2016 from 1,432 million in 2015. Tamil Nadu, Uttar Pradesh, Andhra Pradesh, Madhya Pradesh and Karnataka were the Top 5 Destination States in 2016.

Various initiatives have been taken by the Government to promote tourism include the introduction of the e-Visa facility under three categories of Tourist, Medical and Business for the citizens of 163 countries; launch of Global Media Campaign for 2017-18 on various Channels; launch of 'The Heritage Trails' to promote the World Heritage Sites in India; launch of International Media Campaign on various international TV channels; Celebration of 'Paryatan Parv' having 3 components namely 'Dekho Apna Desh' to encourage Indians to visit their own country, 'Tourism for All' with tourism events at sites across all states in the country, and 'Tourism & Governance' with interactive sessions & workshops with stakeholders on varied themes. FTAs on e-Tourist Visa grew by 143% to 10.8 lakh in 2016, and further grew by 57.2% to 17.0 lakh during 2017.

IT-BPM

India's Information Technology – Business Process Management (IT-BPM) industry grew by 8.1% in 2016-17 to US\$ 139.9 billion (excluding e-commerce and hardware) from US\$129.4 billion in 2015-16, as per NASSCOM data. IT-BPM exports grew by 7.6% to US\$116.1bn from US\$ 107.8 billion during the same period. E-commerce market is estimated at US\$ 33bn, with a 19.1% growth in 2016-17.

To further promote this sector, many initiatives have been taken, which include the establishment of BPO Promotion and Common Services Centres to help create digital inclusion and equitable growth and provide employment to 1.45 lakh persons, mostly in the small towns; setting up a separate Northeast BPO promotion Scheme with 5000 seats and having employment potential of 15000 persons; preparing the draft Open Data Protection Policy law; besides long-term initiatives like Digital India, Make in India, Smart Cities, e-Governance, push for digital talent through Skill India, drive towards a cashless economy and efforts to kindle innovation through Start-up India.

Real Estate

The Indian Real Estate sector has begun to show signs of improvement with the total FDI of US\$ 257mn in H1 2017, which is more than double the total FDI in 2016 full year. Some of the recent reforms and policies taken by the Government of India related to Real Estate Sector include the Pradhan Mantri Awas Yojana (PMAY) with the government sanctioning over 3.1 million houses for the affordable housing segment in urban regions till November 2017. Of this, about 1.6 million houses have been grounded and are at various stages of construction, and about 0.4 million houses have been built under the mission. PPP policy for affordable housing was also announced on 21st September 2017 for affordable housing segment to provide further impetus to the ambitious 'Housing for all by 2022' mission. Credit Linked Subsidy Scheme (CLSS) under PMAY was extended to the Middle Income Group (MIG) segment, which got included in the scheme from 1st January 2017. With the enactment of Real Estate (Regulation & Development) Act, 2016, it is anticipated that accountability would lead to higher growth across the real estate value chain, while compulsory disclosures and registrations would ensure transparency.

Research & Development

The professional Scientific & Technical activities which include R&D services grew by 17.5% and 41.1% in 2014-15 and 2015-16 respectively. India-based R&D services companies, which account for almost 22% of the global market, grew at 12.7%. However, India's gross expenditure on R&D has been at around 1% of GDP. India ranks 60th out of 127 on the Global Innovation Index (GII) 2017, improving from 66th rank in

2016. Buoyed by the Government's support which includes important Schemes of Different Ministries / Departments, the R&D sector in India is all set to witness robust growth in the coming years. According to a study, engineering R&D market in India is estimated to grow at a CAGR of 14% to reach US\$ 42 billion by 2020. India is also expected to witness strong growth in its agriculture and pharmaceutical sectors as the Government is investing large sums to set up dedicated research centers for R&D in these sectors.

Space

In the case of Satellite Launching, as on March 2017, PSLV successfully launched 254 satellites. Foreign exchange earnings of India from export of satellite launch services increased noticeably in 2015-16 and 2016-17 to Rs 394 crore and Rs 275 crore from Rs. 149 crore in 2014-15. India's share in global satellite launch services revenue has also increased to 1.1% in 2015-16 from 0.3% in 2014-15.

Growth of Service sector after GST

The Goods and Services Tax (GST) launched on July 1, 2017 is likely to have a significant impact on the growth of these services. This is because it substantially affects the valuation of the service categories, their operations in each state via multiple returns filing, and stringent tax compliance. The main challenge for the services sector under GST is the provision for multiple registrations. Previously, services were taxed only by the federal government and could benefit from an optional facility of centralized registration. Services could avail input credits, discharge service tax liability, undergo audits and apply for refunds from a selected single location.

However, the transition into a dual tax structure entails compliance related challenges for service providers operating in more than one state. Under the new tax structure, both the federal government and state government are empowered to collect tax on services.

In other words, the service providers must register with every state government where they have operations. This provision is in particular challenging for the financial, logistics, and IT service providers that have a pan-India presence. Companies offering such services need to have secured separate registration in all 36 states in the country, including union territories, to comply with GST norms. However, with world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, likely recovery in investment levels, and ongoing structural reforms, among others, should be supporting higher growth. On balance, country's economic performance should witness an improvement in 2018-19.

OPPORTUNITIES IN SERVICE SECTOR

- Agriculture Consulting
- Fertilizer Distribution Business
- Soil Testing Lab
- Florist
- Event Management Agency
- Product Branding @ Packaging
- TV & Radio Commercial Consultancy
- Graphic Designing Institute
- Website Designing
- Fashion Design Institute
- Beauty Salon
- Fitness Center
- Appliances Repair Service
- Organic Pest Control
- Automobile Service Station
- Adventure Tourism
- Human Resources Consulting

- Social Media Consulting
- Tutoring
- Wedding Planning
- Market Research Services

CHALLENGES FACED IN SERVICE SECTOR WHEN SELF EMPLOYED

- Having to run all aspects of your business
- Finding the funds to get started and keep growing
- Juggling paid work with building your business
- Building relationships with people who can help you
- Working long hours to meet deadlines or fix problems
- Living with an income that is hard to predict
- Giving up paid holidays and health insurance or paying for your own benefits plan
- Lacking co-workers to share the ups, downs, and workload
- Risking your money on your business
- Dealing with ups and downs in work flow

Self-employment can also come with demands you haven't thought of, such as trying to

- Market your company without the right kind of experience
- Set up systems that will help you run your company better
- Stay on-task without colleagues or supervisors
- Plan your direction and then steer things that way
- Handle tasks you might not enjoy, like bookkeeping or public relations.

CONCLUSION

Self-employment has been a way of creating a larger space in job markets to promote work opportunities for the unemployed people and to empower them financially. It's an effort by policymakers to bring more and more into the fold of mainstream market activities. However, it has been done without giving much thought to the nature and kind of self-employment opportunities that are being created. If done properly and with the right market conditions, self-employment is a great option to bridge the gap that often arises in government efforts to create quality employment opportunities. It helps entrepreneurship opportunities and also helps tackle rising unemployment rates. Most startups or owner managed enterprises end up becoming a part of the unorganized sector of the economy.

There are many opportunities for people who want to start up their own enterprise in service sector; Government is giving all kind of support like financial support, technical support, marketing support, training support etc to new entrepreneurs but due to lack of proper planning and research work most of the plans are not getting executed properly. If proper information, suggestion from experience people and assistance from Government is taken then it will be the best business opportunity for all budding entrepreneurs and they can contribution to the economy.

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