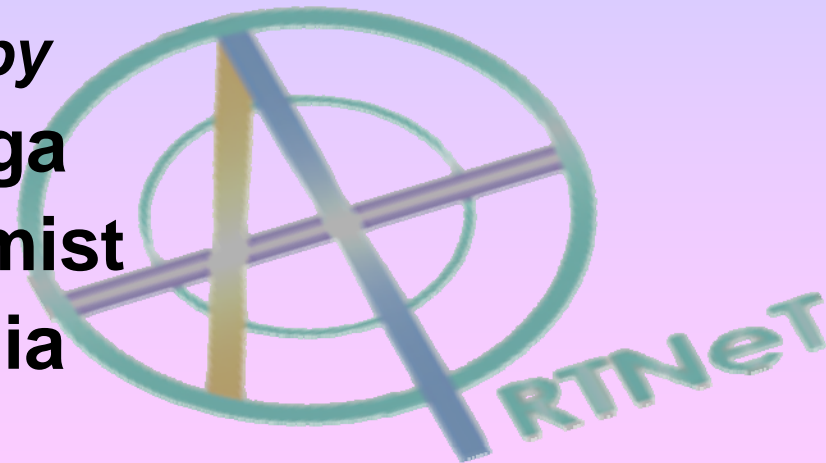


Trade-led Growth in Times of Crisis  
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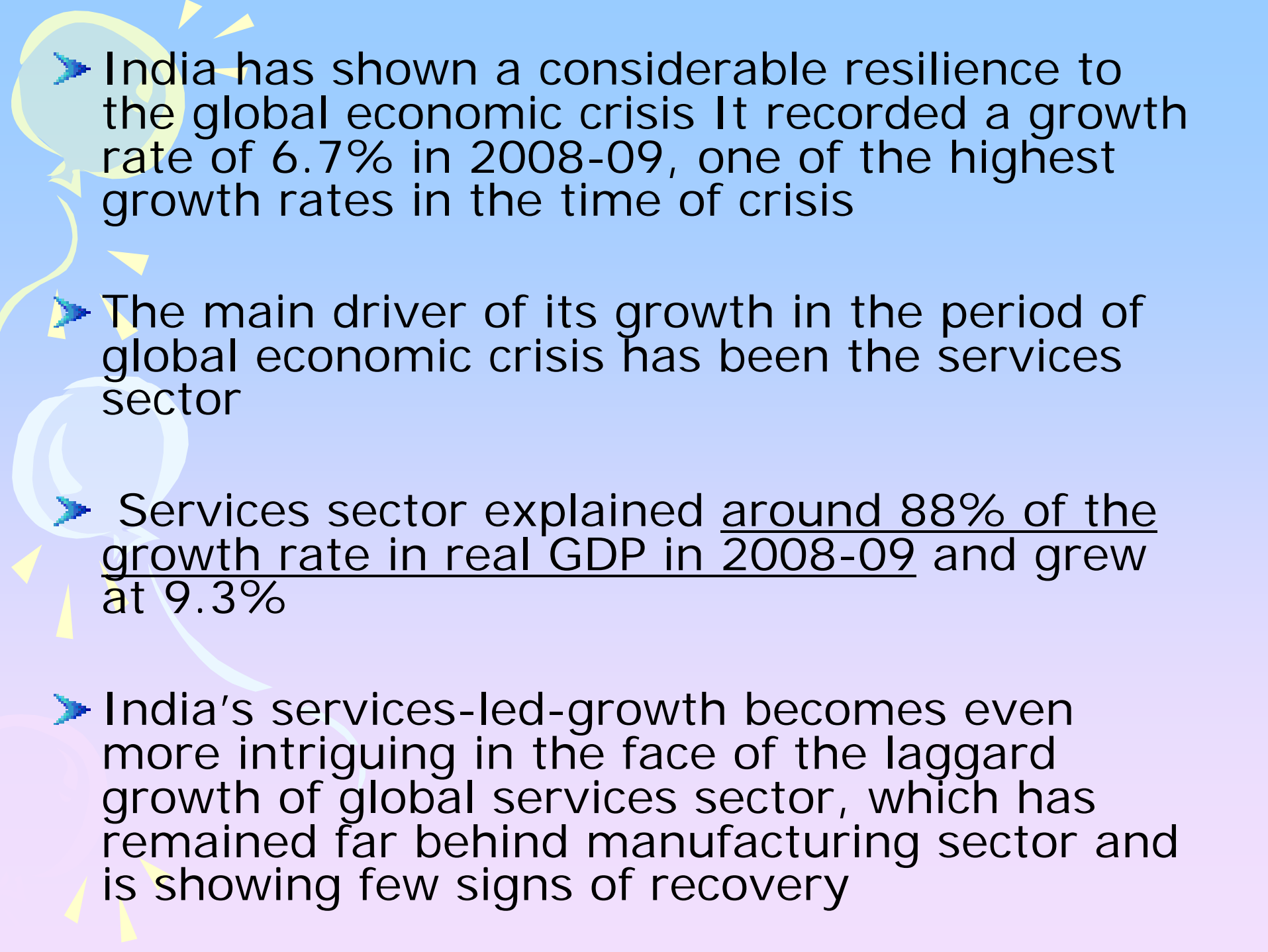
**Global Economic Crisis: Implications and  
Restructuring of Services Sector in India**

*Presentation by*  
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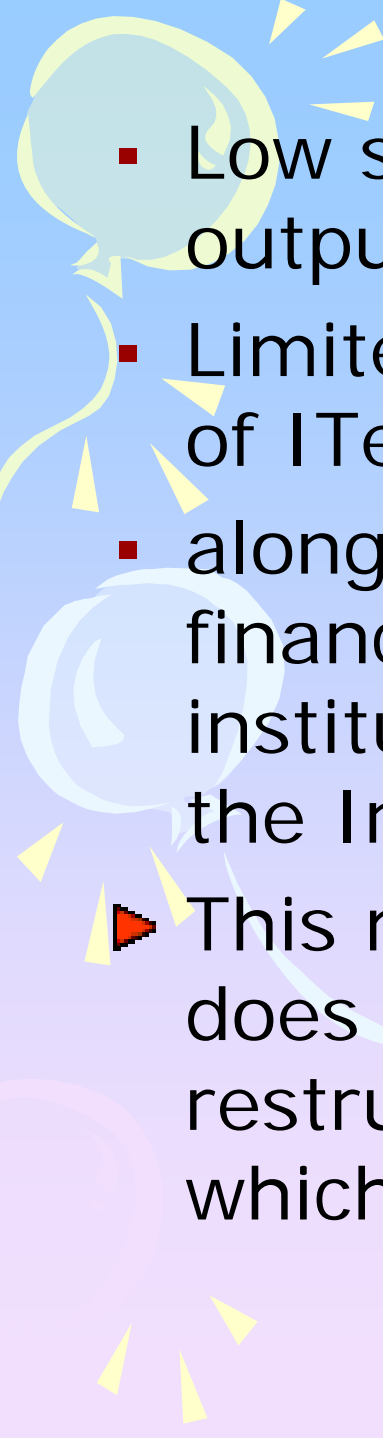


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- India has shown a considerable resilience to the global economic crisis. It recorded a growth rate of 6.7% in 2008-09, one of the highest growth rates in the time of crisis.
  - The main driver of its growth in the period of global economic crisis has been the services sector.
  - Services sector explained around 88% of the growth rate in real GDP in 2008-09 and grew at 9.3%.
  - India's services-led-growth becomes even more intriguing in the face of the laggard growth of global services sector, which has remained far behind manufacturing sector and is showing few signs of recovery.

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- Services sector contributes 64.5% of GDP
  - Of this, exports of services comprise around 16% of the services GDP and has less than 10% share in total GDP.
  - Of this, ITeS-BPO constitute almost 45% of total services exports of India.
  - In 2008-09, exports of this sector increased by 28% from the previous year and reached USD 40.8 billion out of the total services exports of USD 90.1 billion

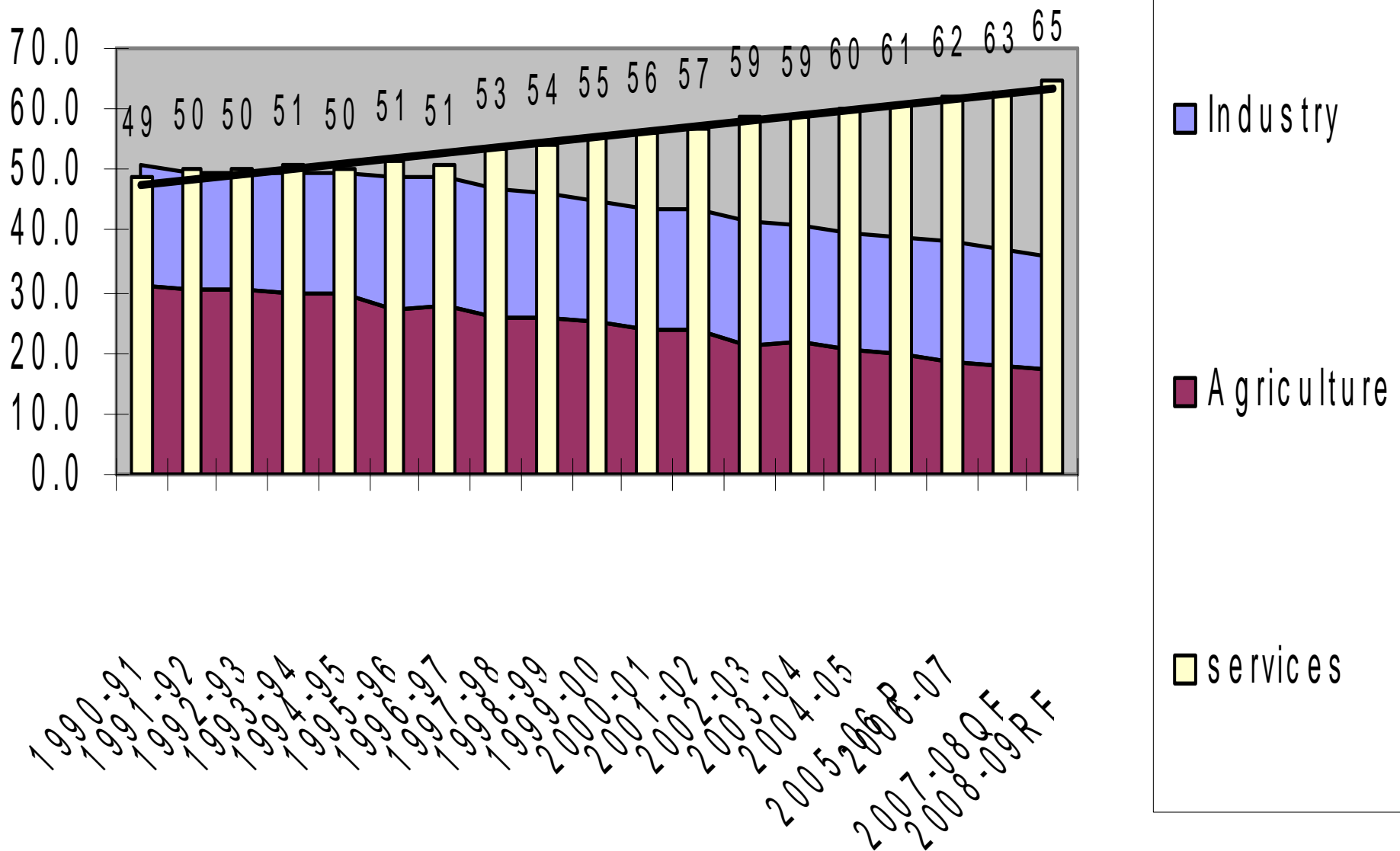
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- Low share of exports of services in total output generated by services sector;
  - Limited impact of global crisis on exports of ITeS-BPO services;
  - along with limited exposure of Indian financial sector to international financial institutions can to a large extent explain the Indian services growth miracle.
- ▶ This macro picture of the services sector does not reflect the dynamics of restructuring of the India's services sector which has taken place over time.



# Objectives

- Analyse the implications of global crisis on India's services sector and the changing composition of this sector
  - Identify key services that impact services growth
  - Role of Domestic Demand and External Demand in Restructuring of the Services
  - Role of Supply side factors—Productivity Growth in Services
  - Policy recommendations on improving productivity growth in key services sectors
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# Change in Sectoral Shares in GDP:1990-91 to 2008-09





# Sectoral Decomposition of GDP Growth

	Growth of GDP at factor cost	Agriculture	Industry	Services
2000-01	4.4	-0.1	1.3	3.2
2001-02	5.8	1.5	0.5	3.8
2002-03	3.8	-1.7	1.3	4.3
2003-04	8.5	2.1	1.2	5.2
2004-05	7.5	0.0	1.7	5.8
2005-06	9.5	1.2	1.6	6.7
2006-07	9.7	0.8	2.1	6.9
2007-08	9.0	0.9	1.4	6.7
2008-09	6.7	0.3	0.5	5.9

