Input-Output Analysis of Tertiary Sector in India

(Abstract)

Abstract of Thesis
submitted to the Faculty of Social Sciences of
PUNJABI UNIVERSITY, PATIALA
in fulfilment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY
IN
ECONOMICS

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DEPARTMENT OF ECONOMICS
PUNJABI UNIVERSITY, PATIALA
2013
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As the economy moves from lower to higher stages of development, there occurs a shift from simpler to more modern and complicated techniques of production on the one hand and from primary to secondary and/or to tertiary sectors on the other. The excess growth of tertiary sector coupled with state-of-the-art technology has got its own implications, for the future development patterns of the system. In India, the share of tertiary sector in the gross domestic product has already crossed the fifty five percent mark. The excessive growth of tertiary sector and its effect on economic growth, employment and sustainability of the system has become a matter of concern. In this context, the work is an attempt to do the input-output analysis of tertiary sector in India.

Input-output framework has been used to study the underlying structural relationships of the economy, in general, and the tertiary sector, in particular. First, the analysis has been carried out at aggregate level and then it has been elaborated, at sixty sector disaggregate level.

The thesis that emerges from the above analysis is that the emerging structure of the Indian economy is characterized by greater integration of the sectors and sub-sectors and has lead to a widespread tertiarization in the system. From final consumption-oriented system, the economy is shifting to rigor of processing, as displayed by the rise in intermediate consumption. Inter-sectoral linkages are improving over time, but the emerging tertiary sector is still loosely connected with rest of the sectors on the backward and forward front. Excessive tertiaization of the Indian economy is the result of higher value addition, per unit of output.