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India's Service Sector - Shaping Future of Indian Retail Industry

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Abstract

The Purpose of my Research Paper is to focus on potentiality and strength of India's Service Sector in shaping Business through Retail Sector. The distinct characteristics of services are intangibility, perishability, inseparability, variability, ownership, simultaneity; quality measurement etc. This study is to discover the remarkable changes in Service Sector and its overall impact in structuring Business through Retail Sector. As Service plays vital and crucial role in the pace growth of Indian Economy, this research paper also depict the role of services in Modern Economy, reasons for the growth of Services in India with addition of analyzing the transformation in this Sector. With its emerging nature it has become the fastest-growing sectors on the global landscape and hence it has made substantial contribution towards global output as well as employment generation. According to Adrian Payne four factors i.e. economic, political, social and demographic changes are responsible for stimulating growth in service sector. They are: demographic, social, economic and political changes. With around 1.2 billion population India's Services share to Total GDP for the year 2012-2013 is 59.29% and Retail sector contributes by 14 % to 15 % of its GDP for Indian Economy. My research paper will put emphasize on how Retail Industry get empowered by this "Tertiary Sector" and implication on FDI (Foreign Direct Investment) .The research also calls attention to the related case study in order to develop business in retail industry. The purpose of this paper is to examine the characteristics of the retail service sector in India and underlines its future prospects.

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1. Introduction

A Service is a form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything. Philip Kotler and Bloom define services as, “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”

The distinct characteristics of services are intangibility, perishability, inseparability, variability, ownership, simultaneity, quality measurement etc.

Examples of Business Services

Table 1.1 Various example of Business Services

Retailing	Courier Service	Hotel	Restaurant
Advertising	Education	Airlines	Consultancy
IT Service	Banking Services	Medical Services	R&D Services
Education	Legal Services	Maintenance	Investment Advising
Beauty Saloon	Theme Park	Marketing Research	Accounting & Tax

Various Business Sectors (Table 1.1) in India is growing at a faster rate and strengthens our Indian Economy by contributing 59.29 % to total GDP (Gross Domestic Product) (2012-2013). Post Independence in the financial year of 1951-1952 it was about 29.63% share to total GDP which further accelerated by 43.91% during post liberalization period (1991-1992). Retail Industry accounts for 14 – 15 % GDP for Indian Economy and estimated to be US\$ 500 billion and is expected to rise about US\$ 2500 billion in 2016. Overall different Service Sectors in India generates employment and create stability in the market as well as in global economy.

2. Research Objectives

- To identify the role of Service Sector in Strengthen the Indian Economy.
- To evaluate the reasons for the remarkable growth of Service Sector.
- To observe the growth of Indian Retail Service Sector and the scenario of FDI in Retail Industry.
- To visualize future prospects of Services in India’s Retail Sector.

3. Literature Review

With increasing growth of GDP percentage in Service Sector and empowering our economy through employment generation, providing varieties of services, creating competition through different market segmentation and ultimately lead to customer satisfaction tremendous demand for service sector is increasing day by day. Lovelock (1983) provides a series of classification which together illustrates the complete nature of services and provides

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