

STATS WINDOW

The Pacific Business Review International has taken an initiative to start a section which will provide a snapshot of major Global & Indian economic indicators and industry review alternatively.

A snapshot of the section in upcoming issues is hereunder:

May 2015	Economy at a Glance (Global & Indian)
June 2015	Telecom Sector: Global Scenario
July 2015	Economy at a Glance (Global & Indian)
Aug. 2015	Hospitality Sector: Global Scenario
Sept. 2015	Economy at a Glance (Global & Indian)
Oct. 2015	Education industry: Global Scenario

Indian Service Industry

Introduction

The service industry forms a backbone of social and economic development of a region. It has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. Its growth rate has been higher than that of agriculture and manufacturing sectors. It is a large and most dynamic part of the Indian economy both in terms of employment potential and contribution to national income. It covers a wide range of activities, such as trading, transportation and communication, financial, real estate and business services, as well as community, social and personal services.

The Economic Survey for 2014-2015 said that India's [services sector](#) clocked double digit growth rate of 10.6 per cent as per the Advance Estimate during the current financial year, as compared to 9.1 per cent in the last fiscal (FY 2013-14).

"Contributing almost 72.4 per cent of the growth in the [GDP](#), in the year 2013 India had the second fastest growing

services sector, next only to China," the survey notes.

This sector accounts for more than half of India's Gross Value Added (GVA) growth and including Construction, a borderline Service, the Services share is 59.6 per cent with a growth rate of 8.1 per cent.

Interestingly, the services sector has the highest share (54.6 per cent) in the gross capital formation (GCF) of ` 35.4 lakhs in 2013-14. This is owing to the GCF in real estate, ownership of dwelling and professional services at 20.1 per cent, though the share has fallen in the last two years, followed by trade and repair services (10.6 per cent) and public administration and defence (10.6 per cent) where there is improvement in shares. The growth rate of services GCF at 3.1 per cent has also been higher than the total GCF growth of 1.4 per cent. Infact, the positive GCF growth in services led to positive growth in total GCF as GCF growth in agriculture and industry was negative at - 0.3 per cent and - 0.6 per cent respectively. GCF growth in manufacturing was even more negative at - 5.4 per cent.

Table 1 : Share and Growth of India's Services Sector (GVA at basic price)

	(per cent)				
	GVA			GCF	
	2012-13	2013-14	2014-15 ^a	2012-13	2013-14
Total Services	50.0 (8.0)	51.3 (9.1)	53.0(10.6)	53.8 (-1.9)	54.6 (3.1)
Trade, repair, hotels, and restaurants	11.3 (10.3)	12.0(13.3)	18.7 (8.4) *	9.6 (46.9)	11.5 (21.2)
<i>Trade & repair services</i>	10.2 (11.1)	11.0(14.3)		8.6 (59.9)	10.6 (23.5)
<i>Hotels & restaurants</i>	1.1 (3.3)	1.1 (3.9)		0.9 (-15.6)	0.9 (-0.3)
Transport, storage, communication & services related to broadcasting (of which)	6.6 (8.4)	6.6 (7.3)		6.8 (-4.1)	5.5(-16.4)
<i>Railways</i>	0.8 (18.0)	0.8 (9.3)		1.1 (11.0)	1.2 (5.6)
<i>Road transport</i>	3.3 (7.5)	3.2 (5.0)		2.5 (-16.6)	1.6(-35.8)
<i>Air transport</i>	0.1 (-5.9)	0.1 (6.0)		0.2 (-11.4)	0.0(-72.4)
Financial services	5.9 (6.7)	5.8 (6.4)	20.9(13.7)^	1.3 (-9.8)	1.1(-10.6)
Real estate, ownership of dwelling & professional services	13.6 (9.8)	14.0 (8.5)		22.7 (-15.1)	20.1(-10.2)
Public administration and defence	6.0 (3.2)	6.0 (4.9)	13.4 (9.0) [#]	8.5 (1.7)	10.6 (26.3)
Other services	6.6 (6.2)	6.9(10.7)		4.9 (4.2)	5.8 (20.3)
Construction	8.7 (-4.3)	8.3 (2.5)	8.0 (4.5)	5.8 (-11.5)	5.4 (-4.4)
Total Services (+ construction)	58.7 (6.0)	59.6 (8.1)	61.0 (7.1)	59.6 (-3.0)	60.0 (2.4)
TOTAL GVA / GFC	100.0 (4.9)	100.0 (6.6)	100.0 (7.5)	100.0 (-0.7)	100.0 (1.4)
GDP (market price constant 2011-12)	(5.1)	(6.9)	(7.4)		

Source : Central Statistics Office (CSO).

Growth in Service Sector

Services recorded a major growth in first quarter of 2014-

2015 among which trade, hotels transportation and communication were the major contributors in growth of services.

Graph1: Contribution to GDP

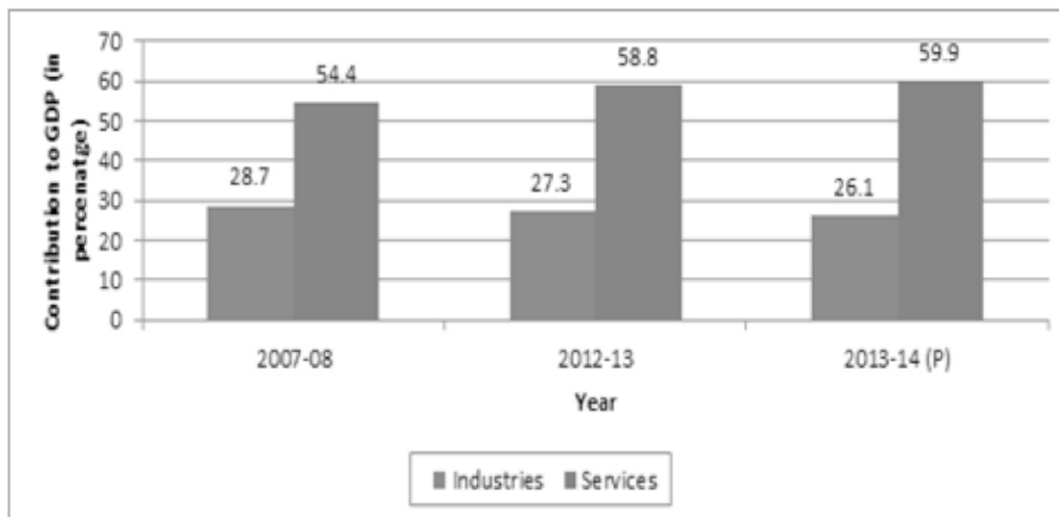
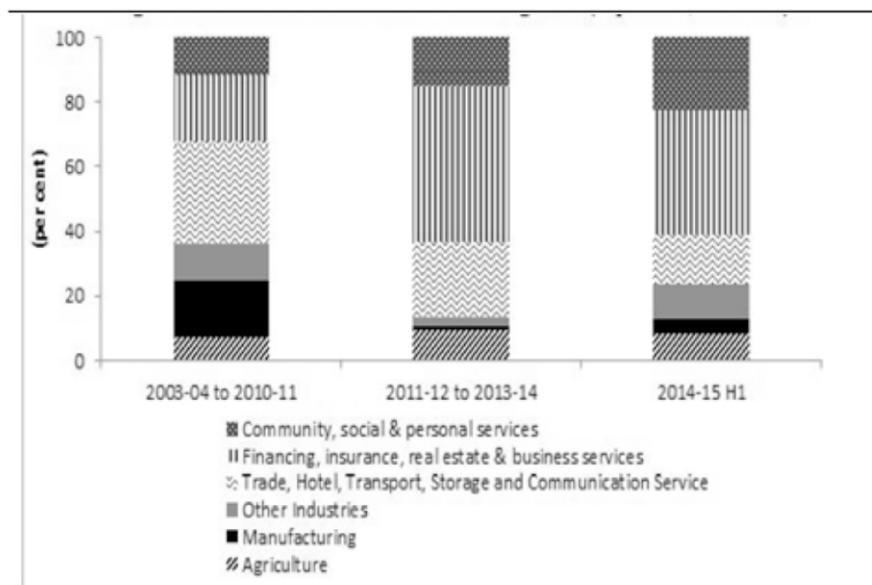


Table 2: Sectoral Growth rates in Indian economy (percent y-o-y at constant prices)

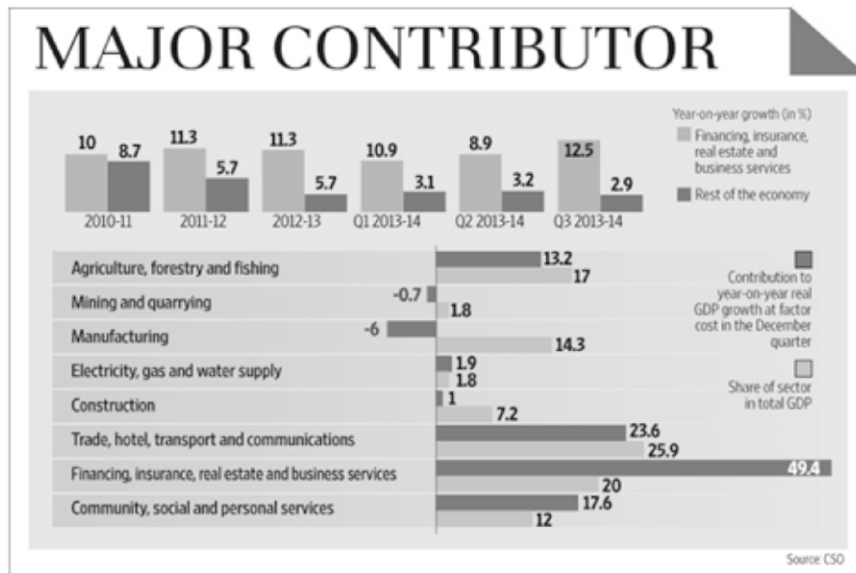
Items	2013-14		2014-15		
	H1	H2	Q1	Q2	H1
Agriculture, forestry & fishing	4.5	4.9	3.8	3.2	3.5
Industry	1.1	-0.3	4.2	2.2	3.2
Mining & quarrying	-2.0	-0.8	2.1	1.9	2.0
Manufacturing	0.1	-1.5	3.5	0.1	1.8
Electricity, gas & water supply	5.8	6.1	10.2	8.7	9.5
Construction	2.7	0.7	4.8	4.6	4.7
Services	6.8	6.8	6.8	7.1	6.9
Trade, hotels, transport & communication	2.6	3.4	2.8	3.8	3.3
Financing, insurance, real estate and business services	12.5	13.2	10.4	9.5	10.0
Community, social & personal services	6.8	4.4	9.1	9.6	9.4
GDP at factor cost	4.9	4.6	5.7	5.3	5.5

Source: Central Statistics Office (CSO)

Graph 2 : Sector Wise Contribution to GDP Growth

Financing, insurance, real estate and business services have been the most dynamic sectors in the economy for 10 consecutive quarters till Q1 2014, growing by 10% in H1 2014-2015. The sector has accounted for about 14.6% of the GDP in 2003-2004, contributing about 20.7% of the total growth of the economy during the high growth period from 2003-2004 to 2010-11.

When growth decelerated sharply during the three-year period 2011-2012 to 2013-2014, the contribution of the sector went up to 48.2%. In keeping with these trends, the sector contributed more than 38% of the total GDP growth during H1 2014-2015.



The services sector with an around 57 per cent contribution to the gross domestic product (GDP), has made rapid strides in the last few years and emerged as the largest and fastest-growing sector of the economy. Besides being the dominant sector in India's GDP, it has also contributed substantially to foreign investment flows, exports, and employment. India's services sector covers a wide variety of activities that have different features and dimensions. They include trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, & business services, community, social and personal services and services associated with construction. Services in India are emerging as a prominent sector in terms of contribution to national and states' incomes, trade flows, foreign direct investment (FDI) inflows, and employment.

The compound annual growth rate (CAGR) of services sector GDP was 8.5 per cent for the period 2000-01 to 2013-14.

As per the data the growth of india's services-sector in terms of gross domestic product (GDP) has been higher than that of overall GDP between the FY01- FY14. Services constitute a major portion of India's GDP with a 57 per cent share in GDP at factor cost (at current prices) in 2013-14, an increase of 6 per cent points over 2000-01.

The shift from primary and secondary activities to tertiary activities by the citizens of a country indicates that it is on the path of progress. The growth in the services sector can be attributed mostly to the emergence of the Indian Information Technology (IT) and IT enabled Services (ITeS) sectors as well as e-commerce.



Market Size

The services sector in India comprises a wide range of activities such as transportation, logistics, financial, business process outsourcing services, healthcare, trading, and consultancies, among many others.

According to the data provided by International Data Corporation (IDC), the total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017 growing at a compound annual growth rate (CAGR) of 5.2 percent.

The growth in the ITeS sector has resulted in increasing competition between the different brands in the e-commerce sector. As a result, it is expected that the e-commerce sector will generate close to 150,000 jobs within the next 2-3 years.

The logistics sector in India which was valued at US\$ 101 billion in 2013 is expected to grow by 10 per cent per annum to reach US\$ 136 billion by 2016, according to Mr R Dinesh, Chairman, CII Institute of Logistics Advisory Council and Joint Managing Director, TVS Sons Ltd.



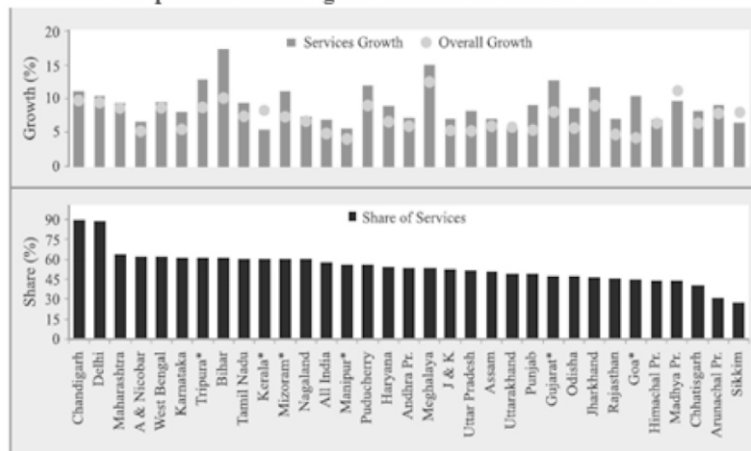
State-wise Comparison of Services

The services sector is the dominant sector in most states of India with a share of more than 40 per cent in the gross state domestic product (GSDP) in 2013-14 except for Arunachal Pradesh and Sikkim. Chandigarh is at the top with a share of 88.4 per cent followed by Delhi with 87.7 per cent. The major services in most of the states with high share are trade, hotels, and restaurants followed by real estate, ownership of

dwellings and business services. Banking and insurance has an important share only in a few states/ union territories (UT) like Delhi, Maharashtra, and Chandigarh. In 2013-14, Bihar had the highest services growth of 17.3 per cent

and Uttarkhand the lowest of 5.5 per cent. Bihar has been consistently showing double-digit growth in the services sector in the last five years due to high growth in trade, hotels, and restaurants.

Graph 3: Share and growth of service sector in 2013-14



Source: Computed from CSO data.
 Note: Share at current prices, growth rate at constant (2004-05) prices;
 * indicates 2012-13 data; Andhra Pradesh-undivided.

Foreign Investments

The Indian services sector has attracted the highest amount of FDI equity inflows in the period April 2000-December 2014, amounting to about US\$ 41,755.46 million which is about 18 per cent of the total foreign inflows, according to the Department of Industrial Policy and Promotion (DIPP).

Some of the developments and major investments by companies in the services sector in the recent past are as follows:

- Zomato has acquired Cibando, one of Italy's largest restaurant search services. With this acquisition, the company has a presence in 20 countries. Zomato further aims to widen its international presence by entering 15 more countries in 2015.
- The private security services industry in India is expected to register a growth of over 20 per cent over the next few years, doubling its market size to Rs 80,000 crore (US\$ 12.94 billion) by 2020.
- Snapdeal.com has acquired gifting recommendation technology platform Wishpicker.com. The acquisition will enable Snapdeal to further personalise user experience and drive conversions through intelligent recommendations.
- The Government of India has awarded a contract worth Rs 1,370 crore (US\$ 221.63 million) to Ricoh India Ltd and Telecommunications Consultants India Ltd (TCIL) to modernise 129,000 post offices through automation.
- Global online food delivery marketplace Foodpanda has acquired TastyKhana in India. Now, Foodpanda will have a selection from over 2,500 restaurants in 10 cities.
- Taxi service aggregator Ola plans to scale up operations to 100 cities from 19 currently. The company, which is looking at small towns for growth, also plans to invest in driver eco-system, such as training centres and technology upgrade.

Table 3: FDI equity flows in the service sector

Ranks	Sector	Value (in US \$ million)			Percentage to total	Growth rate	
		2013-14	2014-15 (Apr. to Nov.)	Cumulative (Apr. 2000- Nov. 2014)		2013-14	2014-15 (Apr. to Nov.)
1	Services sector (financial & non-financial)	2225	1847	41307	17.5	-54.0	24.9
2	Construction development #	1226	703	24009	10.2	-8.0	-20.9
3	Telecommunications *	1307	2472	16635	7.0	329.9	7390.9
4	Computer software & hardware	1126	862	13679	5.8	131.7	62.9
5	Hotel & tourism	486	544	7662	3.2	-85.1	180.4
	Total top five services	6370	6428	103291	43.7	-37.6	105.8
	Total FDI inflows	24299	18884	236465	100	8.4	22.2

Source: Based on Department of Industrial Policy and Promotion (DIPP) data.

Note: # indicates township, housing, built-up infrastructure; * indicates radio paging, cellular mobile, basic telephone services.

The ambiguity in classifying FDI in different activities under the services sector continues. The combined FDI share of financial and non-financial services under services sector, construction development, telecommunications, computer hardware and software, and hotels and tourism can be taken as the best estimate of services FDI, though it could include some non-service elements. This share is 43.7 per cent of the cumulative FDI equity inflows during the period April 2000-November 2014. In 2013-14, FDI inflows to the services sector (top five sectors including

construction) declined sharply by 37.6 per cent to US\$ 6.4 billion, though overall FDI inflows grew by 8.4 per cent.

However, during 2014-15 (April to November), the FDI inflows to services grew by 105.8 per cent compared to 22.2 per cent growth in overall FDI inflows. The total FDI inflows to the top five services in the first eight months of this year are higher than for the whole of 2013-14 owing to major inflows in telecommunications

Several measures have been outlined in the Union Budget

2014-15 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure; fillip to industry and infrastructure, fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; measures for promotion of Foreign Direct Investment (FDI) in selected sectors, including defence manufacturing and insurance; and, steps to augment low cost long-term foreign borrowings by Indian companies. Fiscal reforms have been bolstered further by the recent deregulation of diesel prices. The launch of 'Make in India' global initiative is intended to invite both domestic and foreign investors to invest in India. The aim of the programme is to project India as an investment destination and develop, promote and market India as a leading manufacturing destination and as a hub for design and information. The programme further aims to radically improve the Ease of Doing Business, open FDI regime, improve the quality of infrastructure and make India

a globally competitive manufacturing destination.

India's Services Trade

India's share in global exports of commercial services increased to 3.2 per cent in 2013 from 1.2 per cent in 2000. Its ranking among the leading exporters in 2013 was sixth. After witnessing high growth during 2002-03 to 2008-09 with a CAGR of 31.2 per cent, and a pick up and good growth in 2010-11 and 2011-12 in the aftermath of the global financial crisis, export growth of services decelerated in 2012-13 to 3.4 per cent. In 2013-14 services exports grew by 4.0 per cent to US\$ 151.5 billion and services imports declined by 2.8 per cent to US\$ 78.5 billion resulting in net services of US\$ 73.0 billion with 12.4 per cent growth. In the first half of 2014-15, services exports grew by 3.7 per cent to US\$ 75.9 billion and import of services grew by 5.0 per cent to US\$ 39.9 billion, resulting in net services growth of only 2.4 per cent.

Table 4 : India's service trade

	Value (US\$ bn) 2013-14	Share (per cent) 2013-14	Export growth rate (per cent)			
			2012- 13	2013- 14	2013- 14 H1	2014- 15 H1
Total services exports	151.5	100	3.4	4.0	3.4	3.7
Transport	17.4	11.5	-5.1	0.3	-2.1	8.5
Travel	17.9	11.8	-2.5	-0.4	4.8	18.0
Construction	1.3	0.9	24.9	33.3	37.2	36.0
Financial, insurance, & pension services	8.8	5.8	-16.5	22.2	23.3	-11.8
Telecommunications services	2.4	1.6	2.0	43.0	38.4	-22.2
Computer services	69.4	45.8	5.9	5.4	5.6	5.1
Other business services	28.5	18.8	15.8	0.1	-0.1	-3.9
<i>R & D services</i>	1.1	0.8	17.0	24.0	9.7	6.3
<i>Professional & consulting services</i>	15.5	10.2	26.0	10.4	7.1	-6.7
<i>Technical, trade-related, & others</i>	11.8	7.8	6.8	-12.2	-8.6	-1.4
Net services exports	73.0	—	1.4	12.4	12.6	2.4

Source : RBI's Balance of Payments (BoP) data (BPM-6).

India's Services Employment

The pattern of the sectoral share of employment has changed over the last two decades with the share of agriculture falling and of industry and services rising steadily. Services share in employment at 28.5 per cent in 2011-12 is higher than in industry at 24.4 per cent. Among the different services sectors, from 1993-94 to 2011-12, there was continuous increase in employment share in trade, hotels, and restaurants; transport, storage, and communication; and

financial, insurance, real estate and business services. Employment share in community, social, and personal services has fallen continuously except in 2011-12 when there was an increase compared to 2009-10 and 2004-05. Employment elasticity has increased for both services and industry in 2009-10 to 2011-12 compared to 2004-05 to 2009-10, though industry had relatively higher employment elasticity. Among services, employment elasticity was the highest in 'financial, insurance, real estate, and business services' and 'transport, storage, and communication'

Table 5 :Sector-wise Employment Trends (UPS)

	Absolute number(million)					Employment elasticity			
	(Share in percent given in parentheses)								
	1993-94	1999-00	2004-05	2009-10	2011-12	1993-94 to 1999-00	1999-00 to 2004-05	2004-05 to 2009-10	2009-10 to 2011-12
Agriculture	204.3 (61.1)	214.7 (58.5)	226.8 (54.5)	220.5 (51.6)	204.4 (47.1)	0.3	0.7	-0.2	-0.5
Industry	53.5 (16.0)	61.7 (16.8)	81.0 (19.5)	93.1 (21.8)	106.1 (24.4)	0.4	0.9	0.3	0.9
Services	76.6 (22.9)	90.6 (24.7)	108.0 (26.0)	113.7 (26.6)	123.9 (28.5)	0.3	0.5	0.1	0.5
Trade, hotels, and restaurants	26.8 (8.0)	34.1 (9.3)	46.5 (11.2)	48.4 (11.3)	50.5 (11.6)	0.4	0.8	0.1	0.3
Transport, storage, and communication	11.0 (3.3)	15.0 (4.1)	18.7 (4.5)	19.9 (4.6)	22.8 (5.2)	0.5	0.4	0.1	0.6
Financial, insurance, real estate and business services	3.7 (1.1)	4.8 (1.3)	7.5 (1.8)	9.4 (2.2)	10.7 (2.5)	0.5	1.6	0.4	0.6
Community, social, and personal services	35.1 (10.5)	36.7 (10.0)	35.3 (8.5)	36.1 (8.4)	39.9 (9.2)	0.1	-0.2	0.1	1.1
Total	334.4 (100.0)	367.0 (100.0)	415.7 (100.0)	427.4 (100.0)	434.4 (100.0)	0.2	0.4	0.1	0.1

Source: Based on data from National Sample Survey Office (NSSO) different round reports and CSO.

Note: Employment elasticity is calculated by CAGR method, Employment elasticity = (CAGR employment) / (CAGR GDP at FC constant 2004-05 prices) for the respective period. UPS- usual principal status

Major Services: Overall Performance

Some available indicators of the different services in India for 2014-15 show reasonably good performance of tourism, telecom, aviation, and railways. Estimates of the Centre for Monitoring Indian Economy (CMIE) derived from limited firm-level data indicates improved performance in retail

trading, aviation, telecom, and transport logistics. Other estimates like the HSBC's services PMI (Purchasing Managers Index) data indicate improvement in services sector growth in the current year as the reading was above 50 in all months since May 2014 and it was at 52.6 in November 2014, 51.1 in December 2014 and 52.4 in January 2015.

Table 6: Performance of India's Services Sector: Some Indicators

Sector	Indicators	Unit	Period		
			2009-10	2013-14	2014-15
Aviation	Airline passengers (domestic and international)*	Million	77.4	103.7	(68.0)74.9 [†]
Telecom	Telecom connections (wireline and wireless) [‡]	Million	621.3	933.0	(910.1)964.2 [†]
Tourism	Foreign tourist arrivals [‡]	Million	5.2	7.0	7.5
	Foreign exchange earnings from tourist arrivals [‡]	US \$ billion	11.1	18.4	19.7
Shipping	Gross tonnage of Indian shipping [‡]	Million GT	9.7	10.5	10.3 [‡]
	No. of ships [‡]	Numbers	1003	1213	1209 [‡]
Ports	Port traffic	Million tonnes	850.0	975.7	(725.9)775.2 [‡]
Railways	Freight traffic by railways [‡]	Million tonnes	887.8	1051.6	(767.2)806.4 [‡]
	Net tonne kilometres of railways [‡]	Billion	600.5	665.8	(478.9)506.9 [‡]
Storage	Storage capacity	Lakh MT	106.0	105.6	103.1 [†]
	No. of warehouses	Numbers	487	471	470 [†]

Sources: Telecom Regulatory Authority of India (TRAI), Ministry of Tourism, Ministry of Shipping, Ministry of Railways, Directorate General of Civil Aviation, Central Warehousing Corporation.

Notes: * calendar years, for example 2009-10 for 2009; [†] As on 31 March of ensuing financial year; [‡] data from 2009-10 to 2012-13 is on carried basis, while that for 2013-14 and 2014-15 is on originating basis; * foreign airlines included for international passenger; [†] data is upto November 2014; [‡] data is upto December 2014; data in parentheses are for same period of 2013-14. GT=gross tonnage; MT=metric tonnes.

Performance in Services: International Comparison

During 2001-13 the CAGR of world commercial services exports was 10 per cent, with India at the top among the top fifteen largest economies at 20.1 per cent followed by China at 16.5 per cent. In 2013, the US\$ 4.6 trillion world commercial services exports grew by 5.6 per cent. Services

exports of the United States, the largest exporter of commercial services, grew by 5 per cent while they decelerated for China to 7.5 per cent and India to 3.6 per cent due to decline in exports of transport services by 3 per cent in both countries. Services imports of India fell by 2.7 per cent and China's grew by 17.6 per cent.

Table 7: Performance in Services: International Comparison

Country	Rank in GDP		Services growth rate (per cent)			Share of services						Services export growth (per cent)		
	Over all	Ser- vices	Y-o-Y		CAGR 2001-13	in GDP		in employment		in total exports		Y-o-Y		CAGR 2001-13
			2001	2013		2001	2013	2001	2013	2001	2013	2001	2013	
US	1	1	2.1	1.7	1.8	77.6	78.6	75.0	81.2	27.2	29.5	-3.6	5.0	7.7
China	2	2	10.3	8.3	10.7	40.5	46.1	27.7	35.7	11.0	8.5	9.1	7.5	16.5
Japan	3	3	1.3	0.8	0.7	69.0	72.4	63.9	69.7	13.6	16.9	-6.9	2.0	7.1
Germany	4	4	3.1	0.1	0.9	68.8	68.4	64.6	70.2	12.8	16.5	5.6	7.8	10.7
France	5	5	2.0	0.6	1.4	74.7	78.5	69.9	74.9	19.8	29.0	-0.5	9.7	9.5
UK	6	6	3.4	2.0	2.2	73.6	79.2	73.8	78.9	30.1	35.1	-0.8	1.5	7.9
Brazil	7	8	1.8	2.1	3.5	67.1	69.4	59.4	62.7	13.0	13.4	-2.7	-1.7	12.9
Italy	8	7	2.3	-1.3	0.2	70.5	74.4	63.1	68.5	18.9	17.6	2.1	6.1	5.6
Russia	9	10	3.3	2.0	5.1	55.6	59.8	58.6	62.3	9.9	11.0	17.3	11.2	4.0
India	10	11	7.5	6.7	8.7	51.3	57.0	24.0	28.1	27.9	32.5	4.8	3.6	20.1
Canada	11	9	3.5	1.8	2.5	65.9	70.4	74.7	76.5	12.7	14.6	-3.6	0.0	6.2
Australia	12	12	3.7	2.5	3.0	69.9	69.7	74.2	75.5	21.8	17.1	-8.9	-0.1	9.4
Spain	13	13	4.0	-1.1	2.3	65.3	73.9	62.0	74.9	32.2	31.5	6.0	6.1	8.4
South Korea	14	15	5.0	2.9	3.7	59.0	59.1	62.6	76.4	16.3	16.6	-4.9	1.3	15.7
Mexico	15	14	1.1	2.4	3.2	57.7	58.9	56.1	61.9	7.2	4.9	-7.5	21.3	11.8
World			2.5	2.1	2.5	68.8	66.0	39.1	45.1	19.4	19.8	0.1	5.6	9.9

Source : Computed from UN National Accounts Statistics for GDP, World Bank and ILO database for employment and WTO database for Services Trade.

Notes : Rank and share are based on current prices (2013); growth rates are based on constant prices (US\$); construction sector is excluded in services GDP; for employment data in 2013, the available data of nearest preceding years is used.

Road Ahead

India is today one of the most vibrant global economies, on the back of robust banking and insurance sectors. The country is projected to become the fifth largest banking sector globally by 2020, as per a joint report by KPMG-CII. The report also expects bank credit to grow at a compound annual growth rate (CAGR) of 17 per cent in the medium term leading to better credit penetration. Life Insurance Council, the industry body of life insurers in the country also projects a CAGR of 12–15 per cent over the next few years for the financial services segment.

Services sector growth is governed by both domestic and global factors. The sector is expected to perform well in

FY16. Some improvement in global growth and recovery in industrial growth will drive the services sector to grow 7.4 per cent in FY16 (FY15: 7.3 per cent). The performance of trade, hotels and restaurants, and transport, storage and communication sectors are expected to improve in FY16. Loss of growth momentum in commodity-producing sectors had adversely impacted transport and storage sectors over the past two years. The financing, insurance, real estate and business services sectors are also expected to continue their good run in FY16. The growth performance of the community, social and personal services sector is directly linked with government expenditure and we believe that the government will remain committed to fiscal consolidation in FY16.