

# Contribution of the Service Sector to Income and Employment in the North Eastern States of India

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## *Abstract*

*Using data from the Central Statistical Organization (CSO) and the National Sample Survey on Employment and Unemployment, in this paper we analyze the structural transformation of the states in the North-Eastern region (NER) of India. It is observed that the share of the tertiary or service sector has steadily increased and currently contributes more than 50 percent of the Gross State Domestic Product (GSDP) in most states. Out of the different broad categories of services, it is public administration that has a substantial share. In terms of providing employment the most important sub-sectors are retail trade, public administration and education. Public administration and defence provide employment to a substantial number of workers in most states in NER. Judging from the direction of change during the period 1993-94 to 2017-18 the implication is clear. With a saturated government sector, it is petty retail that will assume more importance in the share of employment implying that the service sector will be dominated by the segment of high employment and low earnings activities. However, with the right kind of investment in infrastructure and a system of incentives, the NER can be a hub for a high value service sector.*

**Keywords:** Northeastern India, service sector, structural transformation, dualism

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