

## **Service Sector of Pakistan**

Services sector is the largest and fastest growing sector in the world economy, accounting largest share in total output and employment in most developed countries. The share of services sector in total GDP is 47 percent in low income countries, 53 percent in middle income countries and 73 percent in high income countries.

In case of Pakistan, the shares of services are increasing in all sectors of economy over the period. In fact, the growth rate of services sector is higher than the growth rate of agriculture and industrial sector. The share of the services sector has reached to 58.8 percent in 2014-15. Services sector of our economy has great potential to grow at much higher rate and government is trying to tap this potential sector by providing an enabling environment to economic agents in the country. This sector contains six sub-sectors including: Transport, Storage and Communication; Wholesale and Retail Trade; Finance and Insurance; Housing Services (Ownership of Dwellings); General Government Services (Public Administration and Defense); and Other Private Services (Social Services).

Services sector of the economy has been growing at a much faster rate than commodity producing sector for quite some times. It has continued the same trend in FY 2016 and grew at 5.71 percent against the commodity producing sector growth of 3.29 percent. Services sector also met the planned target and has emerged as the most significant driver of economic growth and contributing a major role in augmenting and sustaining economic growth in the country. The share of the services sector has increased from 56.6 percent of GDP FY 2009 to 59.16 percent in FY 2016. Services sector has witnessed a growth of 5.71 percent in this fiscal year as compared to 4.31 percent last year. Services sector performance remained broad based, as all components of services contributed positively, as Wholesale and Retail Trade grew by 4.57 percent, Transport, Storage and.

During the last ten years, GDP from Services in Pakistan increased to 6261314 PKR Million in 2015 from 5965957 PKR Million in 2014. GDP from Services in Pakistan averaged 5213580.10 PKR Million from 2006 until 2015, reaching an all time high of 6261314 PKR Million in 2015 and a record low of 4324274 PKR Million in 2006. GDP from Services in Pakistan is reported by the State Bank of Pakistan.

## Graphical representation:



SOURCE: WWW.TRADINGECONOMICS.COM | STATE BANK OF PAKISTAN

## Trade in services:

Trade in Services	Jul-Jun FY16		
	Exports	Imports	BOP
<b>Services</b>	<b>5,453,226</b>	<b>7,836,355</b>	<b>(2,383,129)</b>
Maintenance and repair services	2,300	92,540	(90,240)
Transport	989,250	3,041,438	(2,052,188)
Travel	321,140	1,602,630	(1,281,490)
Construction	42,360	119,480	(77,120)
Insurance and Pension services	52,485	254,861	(202,376)
Financial services	88,770	191,910	(103,140)
Charges for the use of Intellectual Property	20,130	183,220	(163,090)
Telecommunications, Computer and information services	779,770	375,890	403,880
Personal, Cultural, and Recreational Services	28,672	8,479	20,193
Government Goods and Services	2,162,590	465,920	1,696,670

Services sector plays dominating role in the economic activity of Pakistan. Share of services sector has been rising gradually over time. There is a dire need to pay attention towards improving advance technical skill and education to the workers to cope with global requirements and more absorption of labor in sophisticated industries, financial institutions, and trade, transport and communication services.

There is also a pressing need to find new avenues of services sector. In order to improve research and development (R&D), technology up gradation and human resource development (HRD), particularly management improvement and reformed policy environment will have to be formulated because the higher growth of service sector gives a new dimension of stability to Pakistan's growth process.