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Nayli Binti Saidi, student of the international faculty, Kursk State Medical University

e-mail:naylisaidi11@gmail.com

CONTRIBUTION OF ECONOMIC SECTORS TO MALAYSIAN GDP

Abstract: the article describes the agriculture, manufacturing and service sectors of the county's economy. They have direct and significant contribution to gross domestic product (GDP) and job creation, and provides crucial inputs for the rest of the economy, thus having a significant effect on the investment of a country. This article examines the relationship between manufacturing, agriculture, services sectors and GDP per capita. It is found out that manufacturing and service sectors are related to real GDP per capita while agricultural sector did not show a significant relationship towards GDP per capita.

Key words: agriculture, manufacturing, services sectors, GDP, Malaysia

Найли Бинти Саиди, студентка международного факультета Курского государственного медицинского университета

e-mail:naylisaidi11@gmail.com

ВКЛАД СЕКТОРОВ ЭКОНОМИКИ МАЛАЙЗИИ В ВВП

Аннотация: в статье рассматриваются сельское хозяйство, обрабатывающая промышленность и сфера услуг экономики страны. Они вносят прямой и значительный вклад в валовой внутренний продукт (ВВП) и создание рабочих мест, а также обеспечивают важнейшие ресурсы для остальной экономики, оказывая тем самым значительное влияние на инвестиции страны. В данной статье рассматривается взаимосвязь между

производством, сельским хозяйством, секторами услуг и ВВП на душу населения. Установлено, что обрабатывающий и обслуживающий секторы связаны с реальным ВВП на душу населения, в то время как сельскохозяйственный сектор не показал значимой связи с ВВП на душу населения.

Ключевые слова: сельское хозяйство, производство, сфера услуг, ВВП, Малайзия.

Gross domestic product (GDP) is defined as an aggregate measure of production equal to the sum of the gross values added of all resident institutional units engaged in production [1]. The GDP growth rate is the crucial indicator of economic health. If GDP is growing, so will business, jobs and personal income. An increase in GDP, the market value of all the products and services produced annually within a country, contribute to economic growth. The manufacturing and services sectors played dominant roles in the Malaysia's economy, and the contribution of the agricultural sector to economic growth seems to be trivial [2]. Today, Malaysia is a high middle income country with a diversified economy dominated by services (53 % of GDP) and manufacturing (40 %), and agriculture (7 %) following in the distance [6].

Agriculture sector can be generalized into two categories which are industrial commodities and food subsector. Industrial commodities is under the supervision of Ministry of Primary Industries (KPU) provision which is responsible in ensuring high quality production of pepper, palm oil, rubber, cocoa and wood and timber [3]. On another note, Ministry of Agriculture and Agro-based Industry (MOA) must oversee crop production, livestock and fisheries activities. The demand side offers good prospects for Malaysian agriculture. Analyst forecast that food needs will rise at extraordinary rates due to rapid increase in population, rising level of nutrition as income levels will increase and changing in consumption.

Manufacturing can be defined as the production of goods or items by using machines, equipment and labour force. Manufacturing activities vary from handicraft

items to technology gadgets. But, the term is applied to the process of industrial production in which raw materials are transformed into finished goods and ready for sale. Manufacturing sector in Malaysia contributes almost 80 % of overall country's export and besides, Malaysia also known as the 19th largest exporting nation in the world [4].

Service sector is the fastest growing sector in the world GDP, where the sector itself has collectively accounted for about two third of the world services trade. Services required face to face interaction. These include transport, trade, education, health and other government and community services [5]. The process of development usually coincides with a growing role of services in the economy, thus services constitute an increasing percentage of GDP in nearly all developing countries.

Table - Share of economic sectors in GDP from 2008 to 2018

| Years | Agriculture | Industry | Services |
|-------|-------------|----------|----------|
| 2014 | 8.87% | 39.92% | 50.12% |
| 2015 | 8.29% | 38.45% | 52.01% |
| 2016 | 8.46% | 37.68% | 52.53% |
| 2017 | 8.61% | 38.13% | 51.85% |
| 2018 | 7.54% | 38.3% | 52.96% |

This statistic shows the share of economic sectors in the gross domestic product (GDP) in Malaysia from 2008 to 2018. In 2018, the share of agriculture in Malaysia's gross domestic product was around 7.54 percent, industry contributed approximately 38.3 percent and the services sector contributed about 52.96 percent [6].

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