

Contributing forces in achieving foreseeable Industrial and Services Sector Growth Rates and their impact on GDP in the Sultanate of Oman

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Abstract

In the Gulf region, the Sultanate of Oman, has reported around 4.31% of economic growth rate in the year 2022 over the previous year 2021. It is evident that the country has been able to achieve the growth rates projected in the planning process. The industrial policies have been relevant for both national and international investors, so they are able to materialize their operational plans successfully in the year 2022. The Sultanate of Oman is an oil dependent economy and is extensively diversifying its economic resources towards achieving sustainable industrial and services sector growth. Achieving a growth rate of 3.09% in the year 2021 could have been assisted by growth rates in household consumption, 16.8% and retaining capital investments in 20 billion US, dollars, keeping inflation rates in the range of 1.5 – 2.8% maximum. In addition to these factors, there must be other contributing forces like growth in industrial productivity, services sector contribution for the GDP, contribution of manpower resources, innovation index and the government policies towards sustaining industrialization and promoting new ventures through entrepreneurship schemes. Achieving 2040 Vision is very important for the Sultanate of Oman. The country's vision 2040 achievement depends on the growth in contributing forces in GDP.

Thus, research must be carried out essentially to find the relationship between GDP and the contributing factors such as industrial production and services sector contribution and other related variables to predict a model for the GDP. This model can be developed through regression analysis. An attempt would be made here to develop a model for estimating the GDP of the Sultanate of Oman based on the secondary data available on other contributing forces such as household consumption, capital investments, inflation rates, industrial production in US \$, Services Sector contribution in US \$ etc.

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An initial analysis reveals that GDP in (US \$) is correlated with capital investments with 0.31 positively and with household consumption at 0.18 positively. Thus, it is evident that there are contributing forces for the GDP achieved in US \$ and economic growth rates maintained. A detailed analysis on correlation and regression analysis would be systematically done in this research paper and a prediction regression model would be developed as an outcome of this research.

Keywords: Industrial Production, Services sector contribution, GDP, Predictive Model, Regression