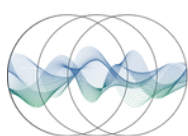


# PRIMER

## SERVICE SECTOR IN PUNJAB

2024-25



**PANJ**

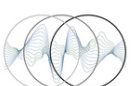
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# SUMMARY

The share of services in Punjab's GSVA is 46%, making it the highest contributor to the state's economy. In addition, the service sector is also the biggest employer in the state. Nearly 49% of the population is engaged in the sector. This primer presents a landscape of current state of affairs of services in Punjab. Data from government sources including Economic Survey, Punjab Government Data, shows that services is a top and emerging sector in Punjab. However, there is still some way for Punjab to cover. The growth rate of Punjab's service sector has slowed down over the years, so much that it only grew by 2% in over a decade.

IT sector, which is a key sub-sector of services, continues to lag behind in the state. Other states appear as the frontrunners in this sector. But Punjab has emerged as a top-runner in financial services. The state has a total of 7295 bank branches, and one of the highest commercial bank branches totalling to 134. Another sector, tourism is emerging as a promising sector in Punjab. The state's tourism, especially domestic tourism, has fast picked up since the Covid years.

Governments across years have tried giving a further push to service sector. Various initiatives related to refund on GST, CLU charges, employment benefits have been granted to attract more investment into the state.



# Overview

Service sector contributes **46%** to Punjab’s economy and employs **41%** of the state’s population, as against the national average of **29%**



## Inter-state comparison

**2nd** rank amongst other states (Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Tamil Nadu, Telangana) in terms of workforce participation in the services sector. Kerala with **46%** of it’s population employed in service sector, tops the list.

## Largest contributor

### Trades, repairs, hotels and restaurants

Mohali, Ludhiana, and Amritsar are biggest contributor to the sub-sector.

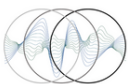
Service sector in Punjab saw a slow growth between 2011-12 and 2023-24. The sector’s contribution to **GSVA** **only grew by 2.1%** in over a decade.



However, the services GSVA grew at an average of **6.1%** while the overall GSVA grew at **4.8%**.

### Quick fact: What is GSVA?

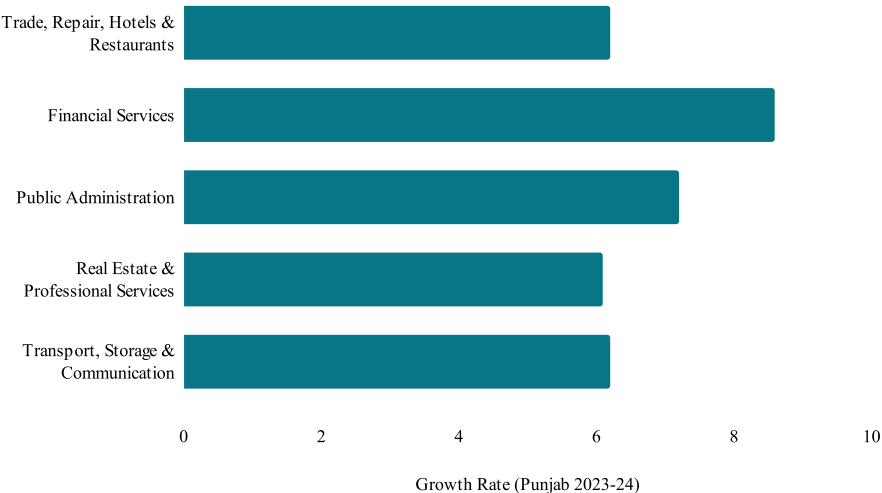
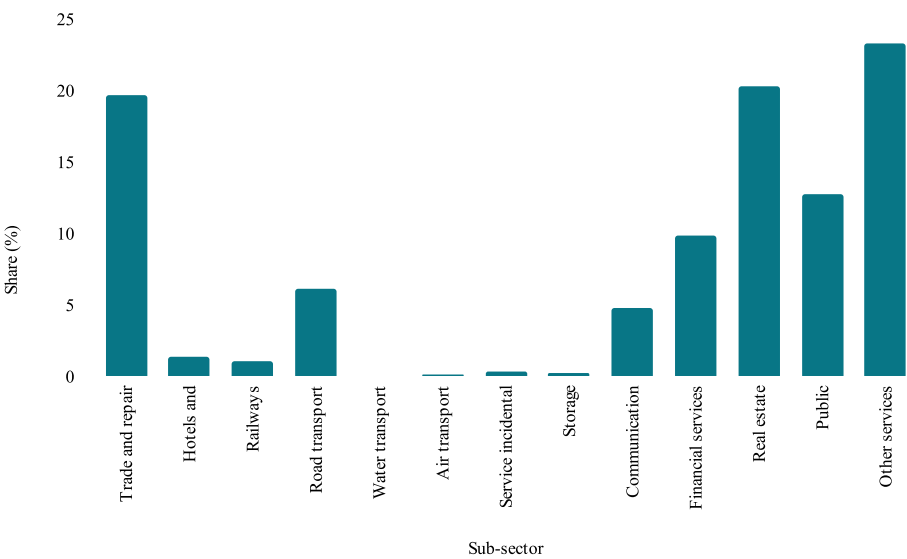
Gross State Value Added (GSVA) is an economic metric that measures the total value of goods and services produced in a state.



# State-wide service performance

## Share of Punjab's Services Sub-Sector

Real estate constitutes as highest share in the state's GSVA. Real estate has a 20.3% share in the state GSVA. This is followed by trade and repairs, with a share of 19.7% in the GSVA.

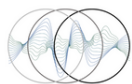
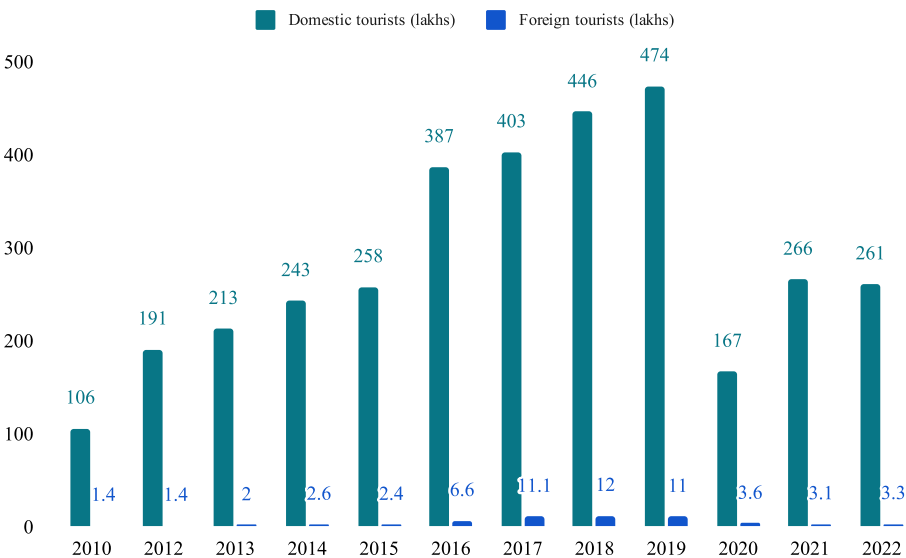


## Growth rate of service sub-sectors

While trade, repair, hotels has the highest share in state GSVA; Financial services has seen the highest growth in FY 2023-24 in Punjab. This is followed by public administration.

## Growth of tourism in Punjab

Domestic and foreign tourism in Punjab have seen a consistent increase, with the exception of 2020 Covid outbreak. Domestic tourism has picked up faster than foreign tourism.

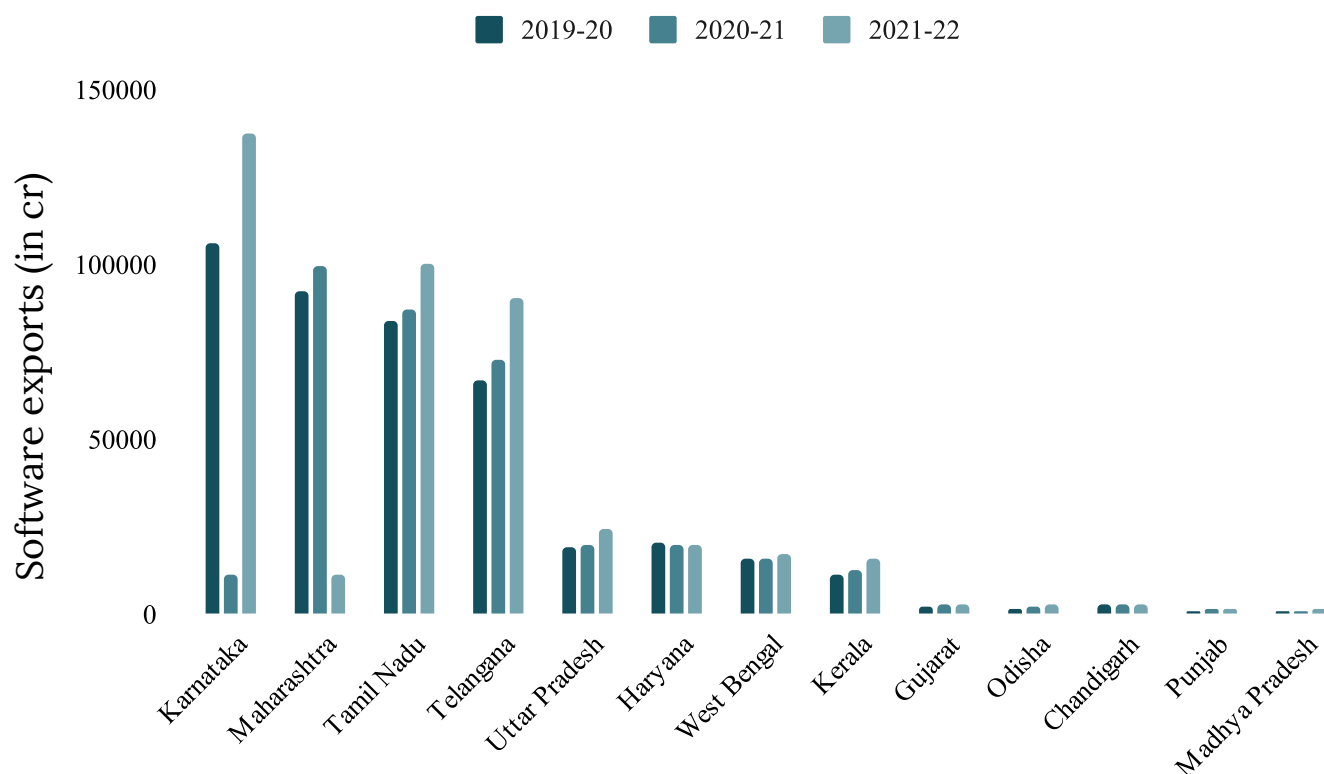
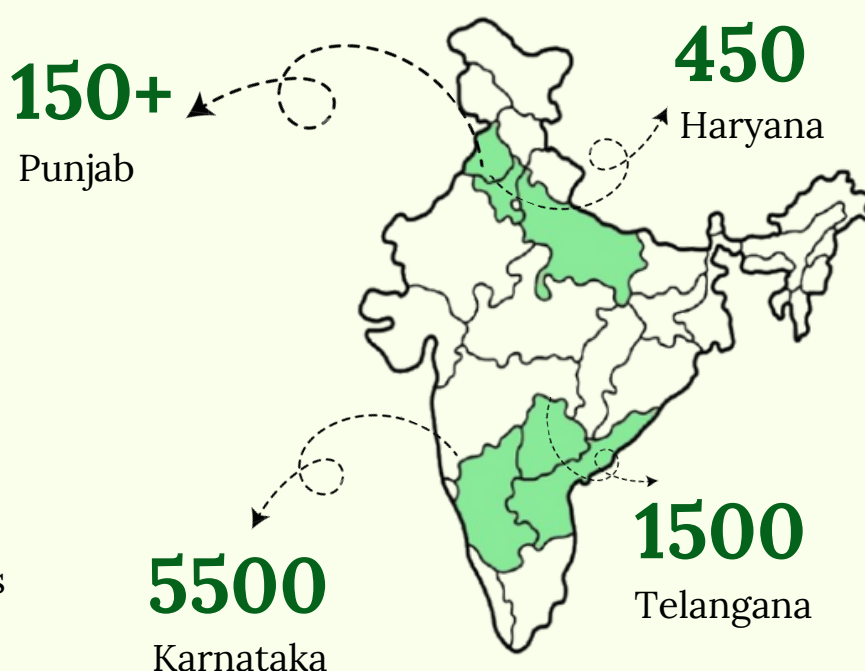


## Comparison with other states

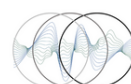
### Number of registered IT/ITes units

Software Technology Park of India (STPI) in Mohali is the biggest STPI in North India. Houses **Neuron** - which is the Centre of Excellence to identify start-ups working on AI/Data analysis.

**Mohali IT city** has nearly 45 companies present in various stages of operationalisation. **35,000+** professionals engaged in IT sector in the Tricity area



Punjab ranked as the **12th** state out of 15 states in terms software exports across three financial years. According to the India Innovation Index 2021, Punjab is an under-performer in this area.



## Select industries overview

### Financial Services

Accounted for a share of **9.9%** in GSVA from services in 2023-24(A)



**4.8%** average growth rate of financial services between 2012-13 and 2023-24 (A) .



15

Private sector  
banks

12

Public sector  
banks

1

Regional  
rural bank

1

Cooperative  
bank

## Government initiatives for select service sub-sectors

### Incentives for tourism industry



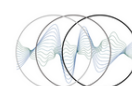
- ✓ 100% exemption from entertainment tax to all new investments in special theme parks/ amusement parks/
- ✓ Hotel constructions which are of 20 years or above shall be exempted from parking places. State government will arrange for dedicated parking spaces

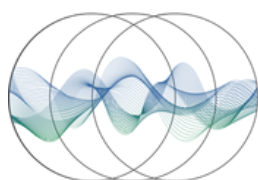
### Incentives for IT industry



- ✓ Capital Subsidy to IT/ITES units- 50% of FCI subject to ceiling of INR 2.5 cr per unit
- ✓ CLU in Agriculture Zone for minimum land area of 50 Acres

**Quick fact:** To boost the tourism sector, the Punjab Government unveiled the Punjab Adventure Tourism Policy 2023 and the Punjab Water Tourism Policy 2023.





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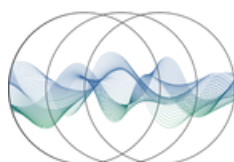
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