

MACRO ECONOMIC AGGREGATES

2 Chapter

Gross State Domestic Product

Outcomes on sustained human development depend on several factors such as macroeconomic policies and strategies of the Central and State Governments, particularly relating to health, education and economic growth. The State Domestic Product (SDP) and its related aggregates are important indicators of state economy. Improvement in availability of basic data over the years has helped in reviewing the methodology from time to time for estimating the State Domestic Product, also known as State Income. Updating data from time to time and shifting base year to a more recent year is undertaken regularly so that the structural and sectoral shifts likely to take place in a developing economy can be properly gauged and captured.

The Central Statistics Office (CSO) introduced a new series of National Accounts Statistics with base year 2004-05 in place of the previous series with 1999-2000 base year. This was done to incorporate latest data from various surveys and censuses conducted by State / Central Governments as per latest international standards and to capture the structural changes taking place in the economy. Accordingly, the base year for the state has also been revised and information on State Domestic Product presented in the new series of 2004-05 base year.

The 4th meeting of the Advisory Committee on National Accounts Statistics approved and modified the nomenclature of GDP estimates released at various points of time in a year to alert users about revisions of various estimates of GDP. The changes in the nomenclature are given at the end of the chapter.

The State Domestic Product (SDP) is usually estimated by 'Income originating approach', wherein income generated by the factors of production physically located within the geographical boundaries of the state are aggregated. It represents the value of goods and services produced within the state, counted without duplication during a specific period of time, usually a

year. The estimates of SDP and related aggregates are generally prepared both at current and constant prices.

These estimates of economy over a period of time reveal the extent and direction of changes in the level of economic development. Sectoral composition of SDP gives an idea of the relative position of different sectors in the economy over a period of time which not only indicates the real structural changes taking place in the economy but also facilitates formulation of plans for overall economic development. These estimates when studied in relation to the total population of the state indicate the level of per capita net output of goods and services available or the standard of living of the people in the State. These are referred as estimates of Per Capita Income (PCI).

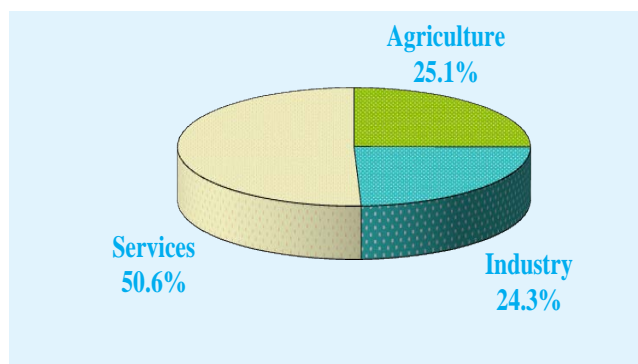
During the 11th Five Year Plan (2007-08 to 2011-12), Andhra Pradesh registered an average growth rate of 8.18% against the Nation's GDP growth rate of 8.02% (at constant prices).

The GSDP at constant (2004-05) prices for the year 2012-13 (Advance Estimates) is estimated at Rs.4,26,470 crore as against Rs.4,05,046 crore for 2011-12 (First Revised Estimates) indicating a growth of 5.29%. The corresponding sectoral growth rates are 1.96% in Agriculture sector, 0.73% in Industry sector and 8.45% in the Services sector.

Sectoral Composition of GSDP

The sectoral composition of GSDP both at current and constant (2004-05) prices has undergone considerable change during the past few years with the shift happening essentially from Agriculture sector to Services sector. In 2004-05, the share of Agriculture in the GSDP at constant (2004-05) prices was 25.1%, Industry 24.3% and Services sector 50.6%. In 2012-13, the share of agriculture in the GSDP declined to 18.7% and Services sector was the gainer whose contribution moved up to 57.7%. The Industry sector has not shown much variation and continues to hover around 24% mark.

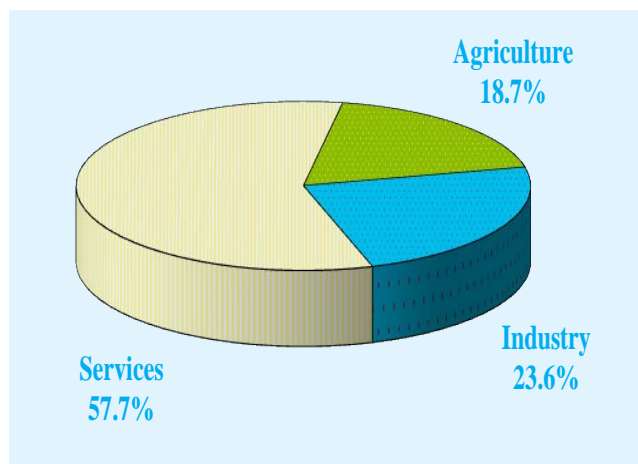
Chart 2.1 : Sectoral composition of GSDP at constant (2004-05) prices in 2004-05



Source: Directorate of Economics & Statistics Department

The Agriculture sector, showed great resilience witnessing impressive growth rates in recent past. As per the Advance Estimates of GSDP for 2012-13, this sector posted a growth of 1.96%. Increase in the production of milk and meat under Livestock sub-sector helped the Agriculture sector to put up this modest growth, despite the Crop sector (agriculture including horticulture) registering a negative growth rate of 2.69% due to decline in food grains production from 184 lakh tonnes in 2011-12 to 171 lakh tonnes estimated for 2012-13. Unfavourable/adverse seasonal conditions prevailing in most parts of the state was largely responsible for the slide. Among the sectors allied to Agriculture, the Livestock and Forestry & Logging sub-sectors registered growth rates of 6.31% and 2.51% respectively, while substantial increase in the production of Inland fish and brackish water prawns helped the Fishing sector post an impressive growth rate of 10.65 % during 2012-13.

Chart 2.2 : Sectoral composition of GSDP at constant (2004-05) prices in 2012-13(A)



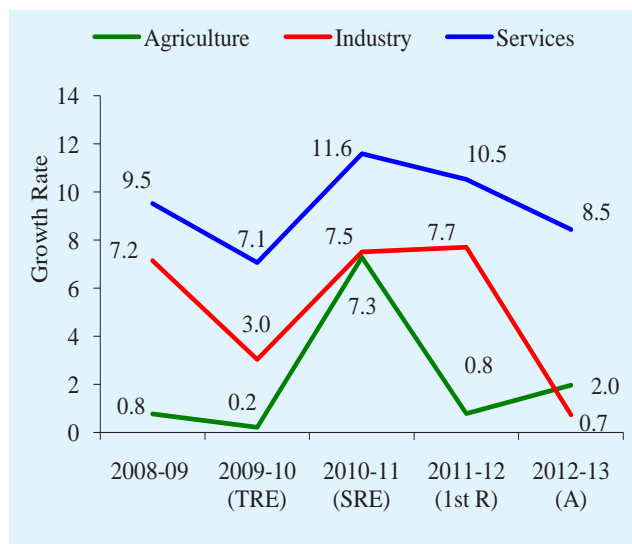
Source: Directorate of Economics & Statistics Department

Industry sector, comprising Mining & Quarrying, Manufacturing (Registered and Unregistered), Electricity, Gas & Water Supply and Construction, registered a growth rate of 0.73% during 2012-13. Shortage in electrical power availability adversely impacted the Manufacturing and Electricity, Gas and Water Supply sectors which have respectively registered negative growth rates of 3.69% and 2.07%. The Construction sector registered a growth rate of 6.85% Mining and Quarrying sector registered a growth rate 5.50%.

Services sector, with its consistently surging share in the GSDP, continued to be the engine for pushing overall growth in the state. Services sector comprising Trade, Hotels & Restaurants, Transport by other means & Storage, Communications, Banking & Insurance, Real Estate & Business Services and Community, Social & Personal services registered a growth rate of 8.45% during the year 2012-13. Among the sub-sectors, Communication, Banking & Insurance and transport by other means & storage have shown impressive growth.

Sector wise growth rates of GSDP at constant (2004-05) prices from 2008-09 to 2012-13 are depicted below to envision the sectoral growth scenario during the last 5 years.

Chart 2.3 : Sectoral GSDP growth rates at constant (2004-05) prices



Source: Directorate of Economics & Statistics Department

Estimates of GSDP/GDP and growth rates both at current and constant (2004-05) prices of Andhra Pradesh and all India from 2004-05 to 2012-13 (A) are shown in Annexures 2.1 to 2.12.

GSDP of Andhra Pradesh and GDP of All India

GSDP of Andhra Pradesh at constant (2004-05) prices and GDP of All India at constant (2004-05) prices are shown in Table 2.1.

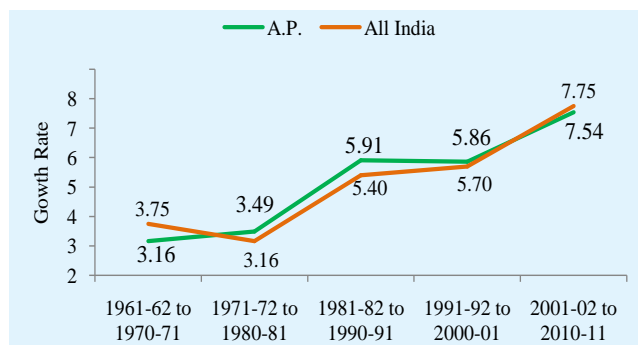
Table 2.1 : GSDP of A.P. and GDP of All India at constant (2004-05) prices

Year	Andhra Pradesh		All India	
	GSDP (Rs.Crs)	Growth Rate (%)	GDP (Rs.Crs)	Growth Rate (%)
2004-05	2,24,713	-	29,71,464	-
2005-06	2,46,210	9.6	32,53,073	9.5
2006-07	2,73,730	11.2	35,64,364	9.6
2007-08	3,06,645	12.0	38,96,636	9.3
2008-09	3,27,731	6.9	41,58,676	6.7
2009-10*	3,42,571	4.5	45,16,071	8.6
2010-11#	3,75,664	9.7	49,37,006	9.3
2011-12\$	4,05,046	7.8	52,43,582	6.2
2012-13@	4,26,470	5.3	55,03,476	5.0

Source: Directorate of Economics and Statistics, Andhra Pradesh and C.S.O., New Delhi.
Note: *Third Revised Estimate, # Second Revised Estimate, \$ First Revised Estimate, @ Advance Estimate.

Andhra Pradesh GSDP and All India GDP growth rates accelerated since 1980s breaking the earlier average growth rate ranging between 3 to 5%. The national economy as well as state economy moved to high growth rates as a result of economic reforms that were initiated. The decadal average annual growth rates of GSDP of AP and GDP of All India at 2004-05 Prices are given in Annexures 2.6 and 2.12.

Chart 2.4 : Decadal average annual growth rates of GSDP of AP and GDP of All India at 2004-05 prices



Source: Directorate of Economics & Statistics Department

Per Capita Income

Per Capita Income is a pointer for the standard of living of people. As per the Advance estimates of 2012-13,

the Per Capita Income of Andhra Pradesh at current prices increased to Rs.77,277 from Rs.68,970 in 2011-12 registering a growth of 12%. The Per Capita Income at constant (2004-05) prices, also gone up from Rs.42,119 in 2011-12 to Rs.44,110 in 2012-13, a growth rate of 4.7%. Year wise details of Per Capita Income of A.P and All India at current prices are given in Table- 2.2.

Table 2.2 : Per Capita Income of A.P. and All India at current prices (in Rupees)

Year	Andhra Pradesh		All India	
	Per Capita Income	Growth Rate (%)	Per Capita Income	Growth Rate (%)
2004-05	25,321	-	24,143	-
2005-06	28,539	12.7	27,131	12.4
2006-07	33,135	16.1	31,206	15.0
2007-08	39,727	19.9	35,825	14.8
2008-09	46,345	16.7	40,775	13.8
2009-10*	51,114	10.3	46,249	13.4
2010-11#	60,703	18.7	54,151	17.1
2011-12\$	68,970	13.6	61,564	13.7
2012-13@	77,277	12.0	68,747	11.7

Source: Directorate of Economics and Statistics, Andhra Pradesh and C.S.O., New Delhi.
Note: *Third Revised Estimate, # Second Revised Estimate, \$ First Revised Estimate, @ Advance Estimate.

Details about the Net State Domestic Product (NSDP) and Per Capita Income (PCI) of Andhra Pradesh and Net Domestic Product of All India at current and constant (2004-05) prices from 2004-05 to 2012-13 are presented in Annexure 2.13.

Gross District Domestic Product:

District Income is defined as the sum total of economic value of goods and services produced within the geographical boundaries of the district, irrespective of whether the person owning that income resides inside or outside the district.

Details about the Gross District Domestic Product from 2004-05 to 2010-11 (SRE) both at current and constant (2004-05) prices are given in Annexures 2.14 and 2.15. Details about District Per Capita Income at factor cost both at current & constant (2004-05) prices are given in Annexures 2.16 and 2.17 respectively. The Gross Value Added by Agriculture, Industry and Services sectors at current and constant (2004-05) prices are given in Annexures 2.18 to 2.23.

Gross Fixed Capital Formation

The growth of productive capacity of the economy of a state depends on its rate of capital accumulation and is assessed by estimating the capital formation of that state. The higher the rate of capital accumulation, the higher would be the growth of the productive capacity of the economy, where as its paucity leads to low level of production with higher cost. Thus Capital Formation assumes paramount importance in the context of policy making by the State and Central Governments. It reveals the potentiality of the investments in the public as well as the private sectors and gives the net addition of assets created during the year.

Estimates of Gross Capital Formation (GCF) consists of Gross Fixed Capital Formation (GFCF) and changes in stock. GFCF is a better indicator than GCF since changes in stock is subject to more fluctuations and also because of the non-availability of information on stocks in most of the private sector industry groups. Hence, the estimates are confined to GFCF rather than GCF at current prices. For measurement of GFCF at State level, expenditure approach is followed as the data on imports and exports of capital goods across the state boundaries and net inflow of resources from outside the State are not available. The GFCF by industry group has been revised from 2004-05 to 2009-10 due to the revision of supra-regional sub-sectors data by the Central Statistics Office.

Gross Fixed Capital Formation in Andhra Pradesh for the year 2010-11 (SRE) at current prices is Rs.1,54,586 crore as against Rs.1,31,333 crore in 2009-10 reflecting a growth rate of 17.71%. During 2010-11, the GFCF at national level was Rs.24,74,464 crore as against Rs.20,55,772 crore in 2009-10 showing a growth rate of 20.37%. Details of GFCF of A.P and All India from 2004-05 to 2010-11 (SRE) at current prices are shown in Table 2.3.

Table 2.3 : Gross Fixed Capital Formation in Andhra Pradesh and All India at current prices

	Andhra Pradesh		All India	
	GFCF (Rs.Crs)	Growth Rate	GFCF (Rs. Crs)	Growth Rate
2004-05	58,798	—	9,31,028	—
2005-06	72,118	22.65	11,20,292	20.33
2006-07	89,234	23.73	13,43,775	19.95
2007-08	1,09,000	22.15	16,41,673	22.17
2008-09	1,22,548	12.43	18,21,099	10.93
2009-10 (TRE)	1,31,333	7.17	20,55,772	12.89
2010-11 (SRE)	1,54,586	17.71	24,74,464	20.37

Source: Directorate of Economics and Statistics, Hyderabad and C.S.O., New Delhi.
Note: TRE: Third Revised Estimate, SRE: Second Revised Estimate.

The Gross Fixed Capital Formation as a percentage to Gross State Domestic Product at current Prices is one of the indicators for measuring the productive potential of investments made during a year at state level. Details about the pattern / trends of investments from 2004-05 to 2010-11(SRE) are shown in Table 2.4.

Table 2.4 : GFCF as Percentage of GSDP and GDP

Year	Andhra Pradesh	All India
2004-05	26.17	31.33
2005-06	28.18	33.04
2006-07	29.64	33.99
2007-08	29.88	35.83
2008-09	27.72	34.34
2009-10 (TRE)	27.54	33.65
2010-11 (SRE)	27.07	34.05

Source: Directorate of Economics and Statistics, Hyderabad and C.S.O., New Delhi.
Note: TRE: Third Revised Estimate, SRE: Second Revised Estimate.

Details of Gross Fixed Capital Formation by type of institutions i.e., public and private participation in creation of assets since 2004-05 to 2010-11 in Andhra Pradesh is shown in Table 2.5.

Table 2.5 : Gross Fixed Capital Formation in A.P and All India at current prices
(Rs. Crore)

Year	Andhra Pradesh		All India	
	Public	Private	Public	Private
2004-05	13,797 (23.47)	45,001 (76.53)	2,24,108 (24.07)	7,06,920 (75.93)
2005-06	17,940 (24.88)	54,178 (75.12)	2,71,342 (24.22)	8,48,950 (75.78)
2006-07	23,857 (26.74)	65,377 (73.26)	3,39,617 (25.27)	10,04,158 (74.73)
2007-08	32,413 (29.74)	76,587 (70.26)	4,01,326 (24.45)	12,40,347 (75.55)
2008-09	36,760 (30.00)	85,788 (70.00)	4,80,698 (26.40)	13,40,401 (73.60)
2009-10 (TRE)	38,258 (29.13)	93,075 (70.87)	5,43,883 (26.46)	15,11,889 (73.54)
2010-11 (SRE)	38,669 (25.01)	1,15,917 (74.99)	6,06,245 (24.50)	18,68,219 (75.50)

Source: Directorate of Economics and Statistics, Hyderabad and C.S.O., New Delhi.
Note: TRE: Third Revised Estimate, SRE: Second Revised Estimate.
Figures in brackets indicate percentage to total.

As seen from the above table, it is observed that creation of assets during the indicated years are more in Private sector as compared to Public sector both in case of Andhra Pradesh as well as All India during 2004-05 to 2010-11. Details about industry group wise GFCF in A.P from 2004-05 to 2010-11(SRE) is shown in Annexure 2.24.

Nomenclature

Present	Modified
Advance Estimates (AE)	Advance Estimates (A)
Updated Advance Estimates (UAE)	Provisional Estimate (PE)
Quick Estimate (QE)	First Revised Estimate (FRE)
Provisional Estimate (PE)	Second Revised Estimate (SRE)
Revised Estimate (RE)	Third Revised Estimate (TRE)