

CHAPTER 2

STATE DOMESTIC PRODUCT

1. State Domestic Product is a measure, in monetary terms, of the volume of all goods and services produced within the state, during a given period of time accounted without duplication. These estimates serve as a prime indicator of economic prosperity of the State. National Capital Territory of Delhi powered by service sector as a growth engine consistently emerges as a vibrant economy in the country.

ESTIMATES AT CURRENT PRICES

2. Gross State Domestic Product (GSDP) of Delhi at current prices was to the tune of Rs.125282 crore during 2006-07 depicting 18.4 % growth over the previous year. Quick estimates at Rs.143911 crore for 2007-08 indicate 14.9% annual growth at current prices.
3. Net State Domestic Product (NSDP) of Delhi at current prices for the year 2007-08 is estimated to touch Rs. 131884 crore with annual growth of 15.3% over the previous year.

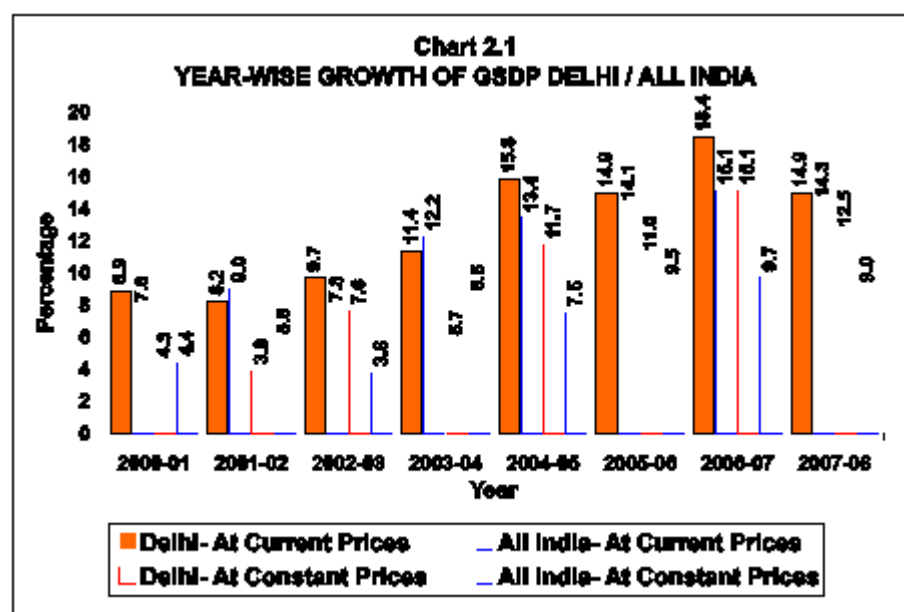
ESTIMATES AT 1999-2000 PRICES

4. GSDP at 1999-2000 prices is expected at Rs.109201 crore for 2007-08 with real annual growth of 12.5% over the previous year as against all India figure of 9.0%. However in real terms annual growth for the year 2006-07 was 15.1% as compared to 9.7% at the national level.
5. NSDP at 1999-2000 prices is expected to be at Rs.100877 crore with 13.0% annual growth for the year 2007-08. However the annual growth for 2006-07 (Rs. 89309 crore) was recorded at 15.4%.
6. The sector wise real growth of GSDP for 2007-08 is expected to be (-) 3.7% in the primary sector, 4.6% in the secondary sector and 14.4% in the tertiary sector.
7. Statement below summarizes the growth picture of GSDP of Delhi for the last five years both at current and 1999-2000 prices.

Statement 2.1

PERCENTAGE GROWTH OVER PREVIOUS YEAR

	2003-04	2004-05	2005-06	2006-07	2007-08
GSDP					
- At Current Prices	11.4	15.8	14.9	18.4	14.9
- At 1999-2000 Prices	5.7	11.7	11.0	15.1	12.5
NSDP					
- At Current Prices	11.3	14.5	15.1	18.6	15.3
- At 1999-2000 Prices	5.4	10.8	11.4	15.4	13.0



GROWTH PATTERN

8. Gross State Domestic Product of Delhi at current prices estimated at Rs.143911 crore during 2007-08, has registered annual compound growth rate of 12.72% over the estimates of Rs. 55220 crore in 1999-2000. Similarly, annual compound growth rate at 1999-2000 prices has been 8.9% for the corresponding period.
9. The Net State Domestic Product at current prices for 2007-08 has been estimated at Rs.131884 crore, indicating an annual compound growth rate of 12.56% over the corresponding estimates of Rs.51175 crore in 1999-2000. At 1999-2000 prices, NSDP is projected at Rs.100877 crore in 2007-08 registering annual compound growth rate of 8.85%.
10. The comparative picture of Delhi vis-a-vis All India is depicted below:

Statement 2.2

PERCENTAGE ANNUAL COMPOUND GROWTH RATE (BETWEEN 1999-2000 & 2007-08)

	DELHI	ALL INDIA
<u>GSDP/GDP</u>		
1. At Current Prices	12.72	11.67
2. At 1999-2000 Prices	8.90	7.26
<u>NSDP/NNP</u>		
1. At Current Prices	12.56	11.42
2. At 1999-2000 Prices	8.85	7.11

BOX 2.1

Brief Methodology to Estimate State Domestic Product

Estimates of State Domestic Product are computed using the production approach / expenditure approach / income approach.

The production approach is adopted for agriculture, livestock, forestry, fishing, mining and quarrying & manufacturing (registered). In this approach, output of the relevant activities is multiplied by wholesale prices to arrive at estimates of state domestic product.

The expenditure approach is followed only for construction activity in the secondary sector. Capital expenditure is taken into account from the budget documents in the case of the public sector, while the expenditure on construction activity in the private sector is based on the consumption of cement and steel.

The income approach is adopted for the remaining economic activities, namely manufacturing (unregistered), electricity, gas and water supply as well as the entire tertiary sector comprising trade, hotel and restaurants, transport, storage, communication, financing, insurance, real estate, business services and public administration including defence and other services. This approach differentiates between two categories, public and private. In the public sector, income is computed by analyzing the budget documents according to economic and purpose classification. To estimate Gross Value Added in the private sector, GVA per worker per annum is multiplied by the projected work force.

PER CAPITA INCOME

11. According to the present series, the per capita income of Delhi at current prices is projected at Rs.78690 in 2007-08 compared to Rs.70238 in 2006-07 and Rs.60951 in 2005-06. The annual growth rates for 2005-06 and 2006-07 are 11.8% and 15.2% respectively. Quick Estimates indicate an annual growth of 12.0% during 2007-08.
12. The per capita income of Delhi at 1999-2000 prices is projected at Rs.60189 in 2007-08 compared to Rs.54821 in 2006-07, registering an annual growth of 9.8%. However in real terms, per capita income at National level has been estimated at Rs.24295 during 2007-08 with annual growth of 7.6% (CSO Estimates).
13. Delhi's per capita income is more than double of the national average, both at current and constant prices as indicated below:

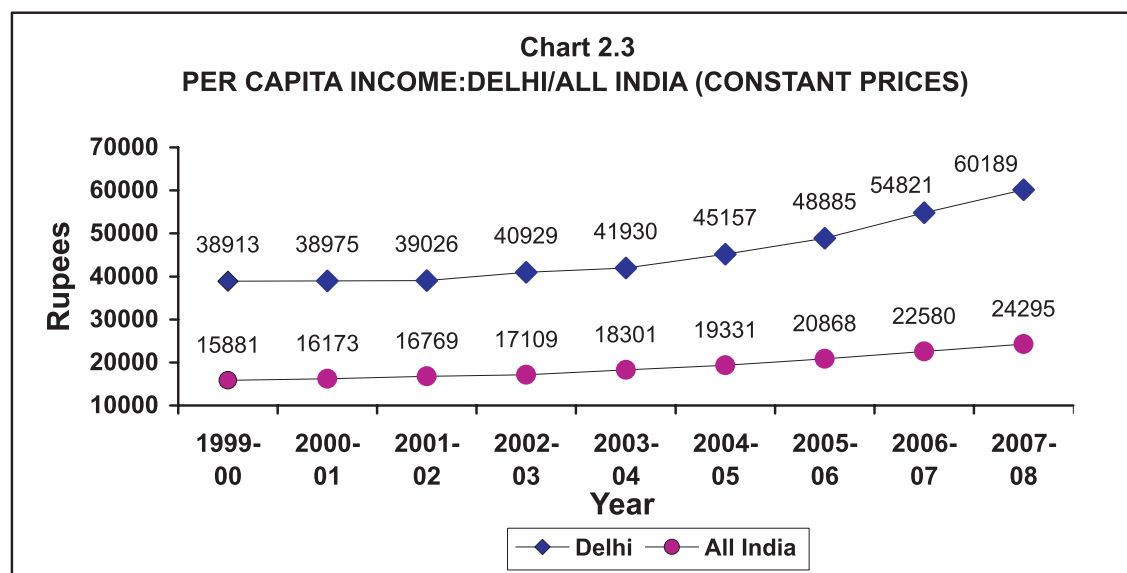
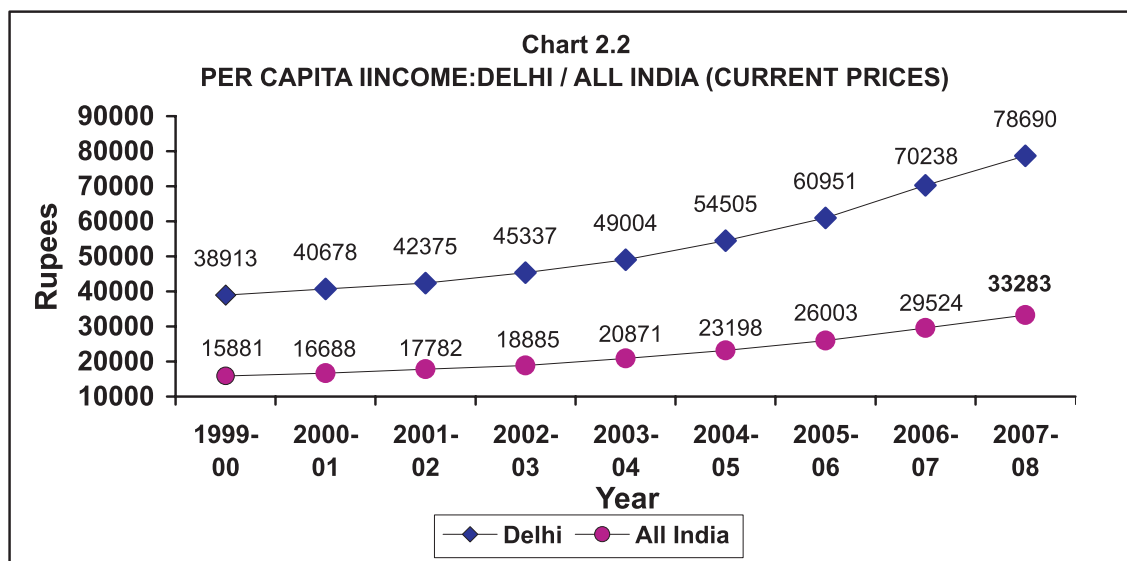
Statement 2.3

PER CAPITA INCOME, DELHI/ALL INDIA

	1999-00	2006-07*	2007-08#	A.C.G.R. 1999-00 to 2007-08
<u>At Current Prices</u>				
Delhi	38913	70238	78690	9.20%
All India	15881	29524	33283	9.69%
<u>At Constant Prices (1999-2000)</u>				
Delhi	38913	54821	60189	5.60%
All India	15881	22580	24295	5.46%

N.B.: * - Provisional, # - Quick, ACGR – Annual Compound Growth Rate

14. The graphical representation is given in Charts 2.2 & 2.3.



SECTORAL COMPOSITION OF GSDP

15. The analysis of sector wise growth in Gross State Domestic Product reveals that contribution of primary sector (comprising of agriculture, livestock, forestry, fishing, mining & quarrying) is showing declining trend, where as the contribution of secondary sector (comprising of manufacturing, electricity, gas, water supply and construction) and the contribution of tertiary sector, also called the service sector (comprising of trade, hotels and restaurants, transport, storage, communication, financing & insurance, real estate,

business services, public administration and other services) are showing mixed trend in the economy of Delhi. The contribution of primary sector which was 1.38% during 1999-2000 has come down to 0.69% in 2007-08 at current prices. The contribution of secondary sector recorded at 18.26% in the base year has enhanced to 20.26% in 2007-08, on the other hand, contribution of tertiary sector worked out to 80.36% in 1999-2000 has declined to 79.05% in 2007-08.

16. Sectoral composition of Gross State Domestic Product at 1999-2000 prices also indicates the same trend as that of current prices but with slight variations in percentages. During 2007-08, contribution of primary, secondary and tertiary sector was 0.65%, 17.21% and 82.14% respectively.

Statement 2.4

SECTORAL COMPOSITION OF GSDP IN DELHI

Sector	1999-2000	2005-06		2006-07		2007-08	
		Current	Constant	Current	Constant	Current	Constant
Primary	1.38	0.85	0.87	0.76	0.76	0.69	0.65
Secondary	18.26	20.50	19.89	20.12	18.49	20.26	17.21
Tertiary	80.36	78.65	79.24	79.12	80.75	79.05	82.14
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

17. The broad reasons for change in the sectoral composition of Delhi Economy may be attributed to the rapid urbanization and consequential reduction in agricultural and allied activities on one hand and substantial increase in activities pertaining to the secondary as well as services sector on the other hand. Regular monitoring of environmental degradation by different Government agencies on the directives of Hon'ble Supreme Court and subsequent closer of polluting industrial units has also resulted in hampering the growth of secondary sector.
18. A comparative picture regarding the shift in sectoral composition of GSDP in Delhi is available in charts 2.4 and 2.5.

Chart 2.4
SECTORAL COMPOSITION OF GSDP, DELHI, 1999-2000

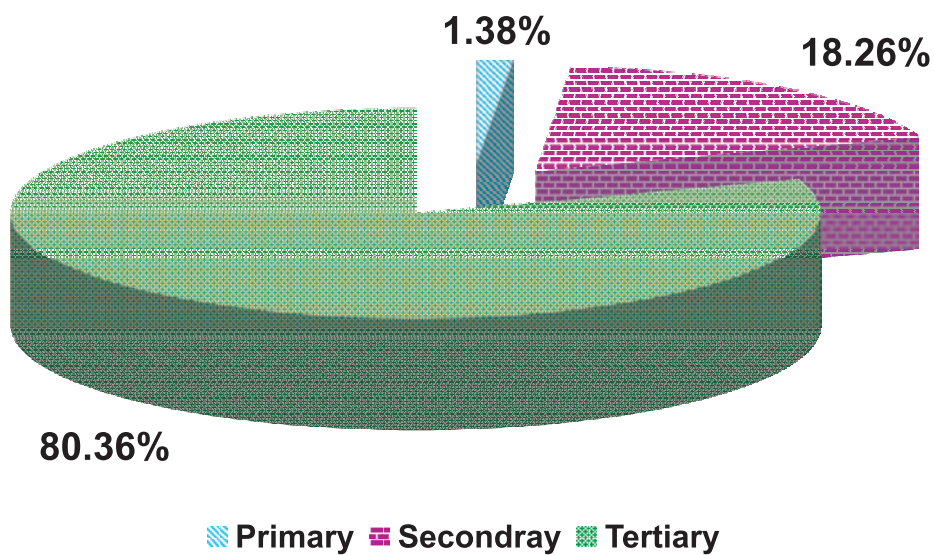
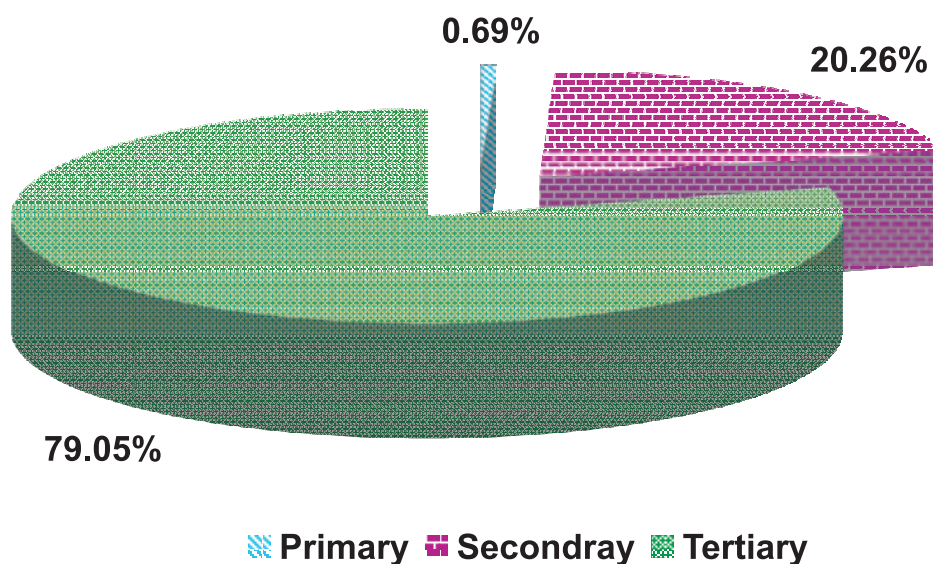


Chart 2.5
SECTORAL COMPOSITION OF GSDP, DELHI, 2007-08



19. Disaggregated scenario of growth of Primary / Secondary / Tertiary Sectors have been depicted in charts 2.6, 2.7 and 2.8 respectively.

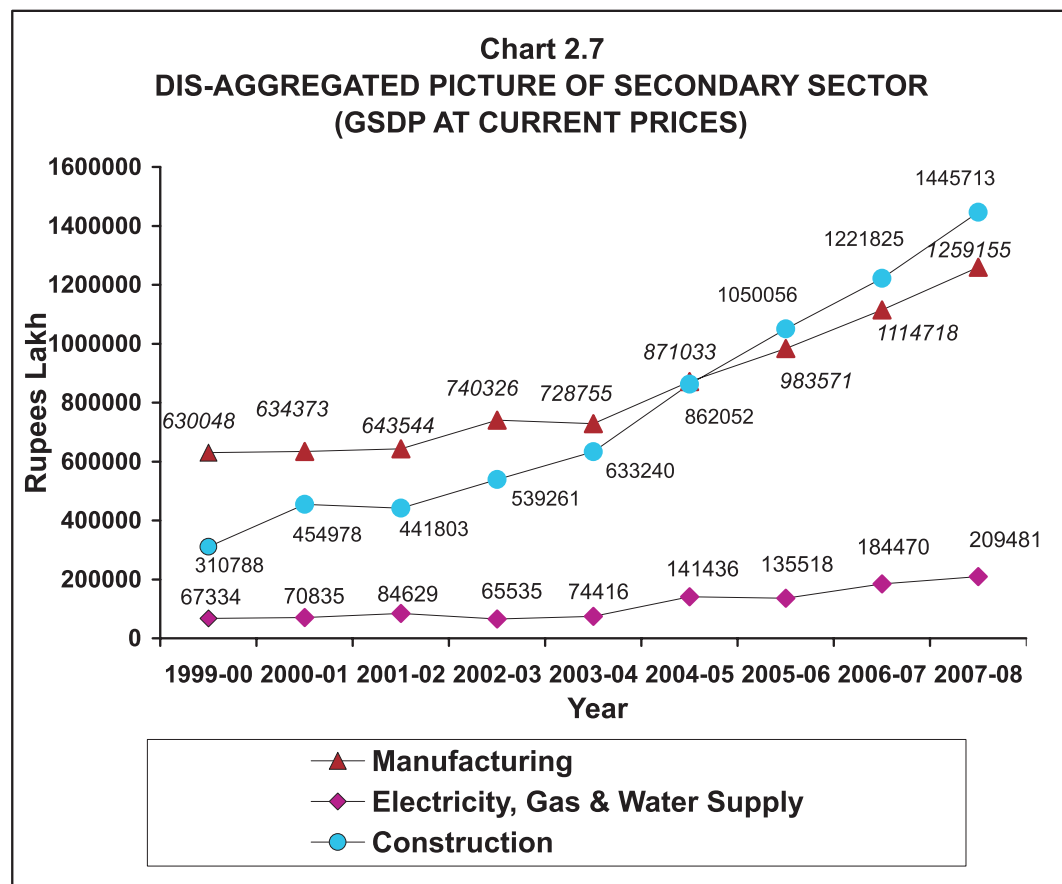
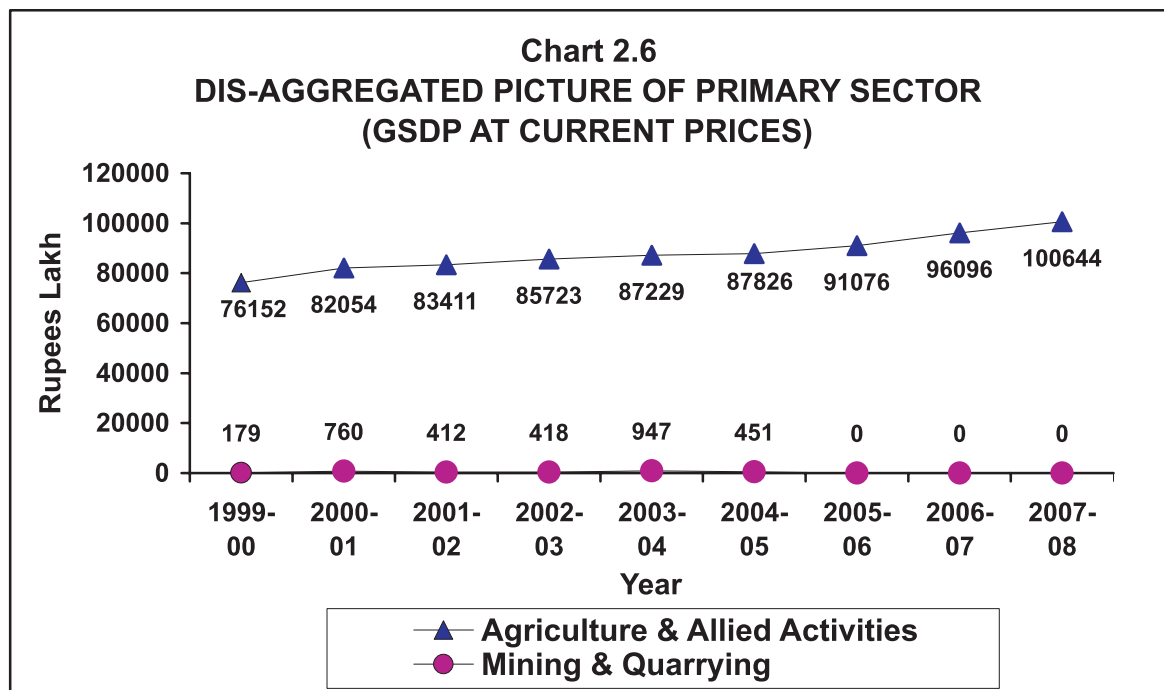


Chart 2.8
DIS-AGGREGATED PICTURE OF TERTIARY SECTOR
(GSDP AT CURRENT PRICES)

