

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. 101800 crores during 2005-06 depicting 13.2% growth over the previous year. Quick estimates at Rs. 118240 crores for 2006-07 indicate 16.1% annual growth at current prices.
3. Net State Domestic Product (NSDP) of Delhi at current prices for the year 2006-07 is estimated to touch Rs. 108706 crores with annual growth of 17.1% over the previous year.

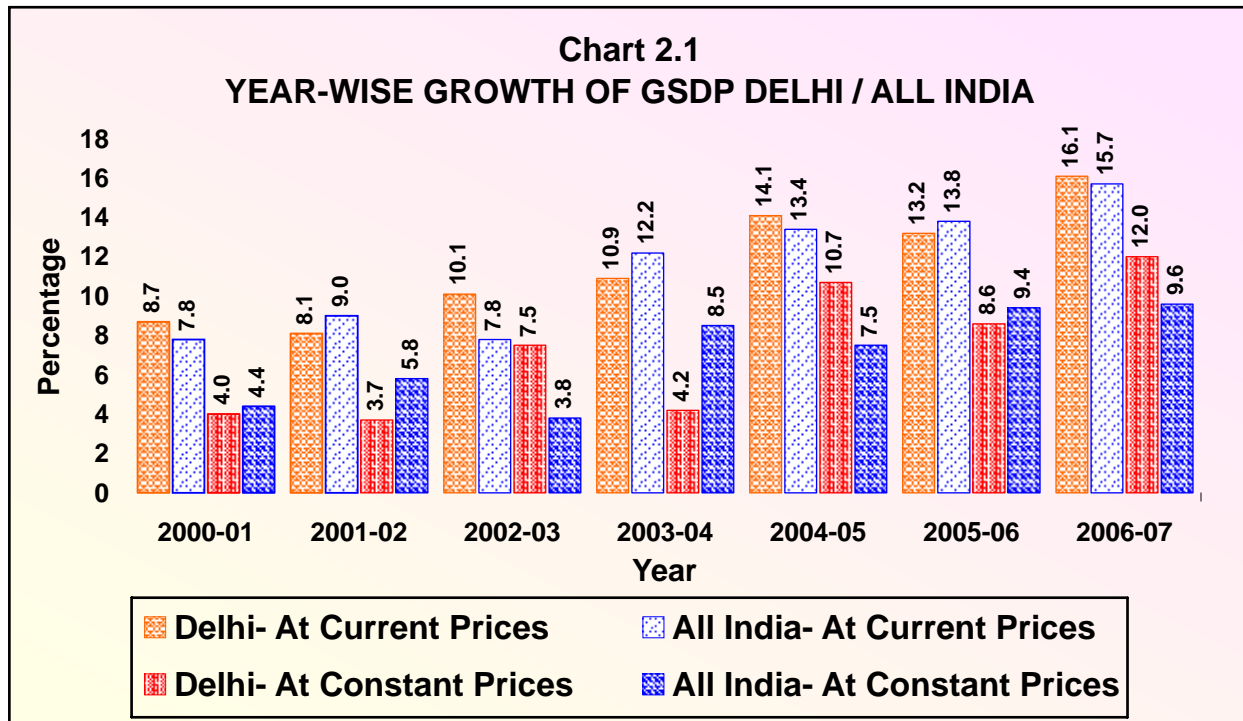
ESTIMATES AT CONSTANT PRICES

4. GSDP at 1999-00 prices is expected at Rs.89487 crores for 2006-07 with real annual growth of 12.0% over the previous year as against all India figure of 9.6%. However in real terms annual growth for the year 2005-06 was 8.6% as compared to 9.4% at the national level.
5. NSDP at 1999-00 prices is expected to be at Rs.82375 crores with 12.5% annual growth for the year 2006-07. However the annual growth for 2005-06 (Rs. 73200 crores) was recorded at 8.8%.
6. The sector wise real growth of GSDP for 2006-07 is expected to be 0.5% in the primary sector, 9.4% in the secondary sector and 12.8% in the tertiary sector.
7. Statement below summarizes the growth picture of SDP of Delhi for the last five years both at current and 1999-00 prices.

Statement 2.1

PERCENTAGE GROWTH OVER PREVIOUS YEAR

	2002-03	2003-04	2004-05	2005-06	2006-07
GSDP					
- At Current Prices	10.1	10.9	14.1	13.2	16.1
- At 1999-00 Prices	7.5	4.2	10.7	8.6	12.0
NSDP					
- At Current Prices	10.2	10.8	13.0	13.2	17.1
- At 1999-00 Prices	7.6	4.0	10.1	8.8	12.5



GROWTH PATTERN

8. Gross State Domestic Product of Delhi at current prices estimated at Rs.118240 crores during 2006-07, has registered annual compound growth rate of 11.56% over the estimates of Rs. 54975 crores in 1999-00. Similarly, annual compound growth rate at 1999-00 prices has been 7.21% for the corresponding period.
9. The Net State Domestic Product at current prices for 2006-07 has been estimated at Rs.108706 crores, indicating an annual compound growth rate of 11.46% over the corresponding estimates of Rs.50859 crores in 1999-00. At 1999-00 prices, NSDP is projected at Rs.82375 crores in 2006-07 registering annual compound growth rate of 7.13%.
10. The comparative picture of Delhi vis-a-vis All India is depicted below:

Statement 2.2

ANNUAL COMPOUND GROWTH RATE (BETWEEN 1999-00 & 2006-07)

	DELHI	ALL INDIA
<u>GSDP/GDP</u>		
1. At Current Prices	11.56%	11.34%
2. At 1999-00 Prices	7.21%	6.98%
<u>NSDP/NNP</u>		
1. At Current Prices	11.46%	11.11%
2. At 1999-00 Prices	7.13%	6.83%

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 and 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.66728 in 2006-07 compared to Rs.58655 in 2005-06 and Rs.53309 in 2004-05. The annual growth rates for 2004-05 and 2005-06 are 9.8% and 10.0% respectively. Quick Estimates indicate an annual growth of 13.8% during 2006-07.
12. The per capita income of Delhi at 1999-00 prices is projected at Rs.50565 in 2006-07 compared to Rs.46239 in 2005-06, registering an annual growth of 9.4%. However in real terms per capita income at National level has been estimated at Rs.22553 during 2006-07 with annual growth of 8.1% (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	2005-06*	2006-07#	A.C.G.R. 1999-00 to 2006-07
At Current Prices				
Delhi	38673	58655	66728	8.10%
All India	15881	25956	29642	9.32%
At Constant (1999-00) Prices				
Delhi	38673	46239	50565	3.90%
All India	15881	20858	22553	5.14%

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

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

Chart 2.2

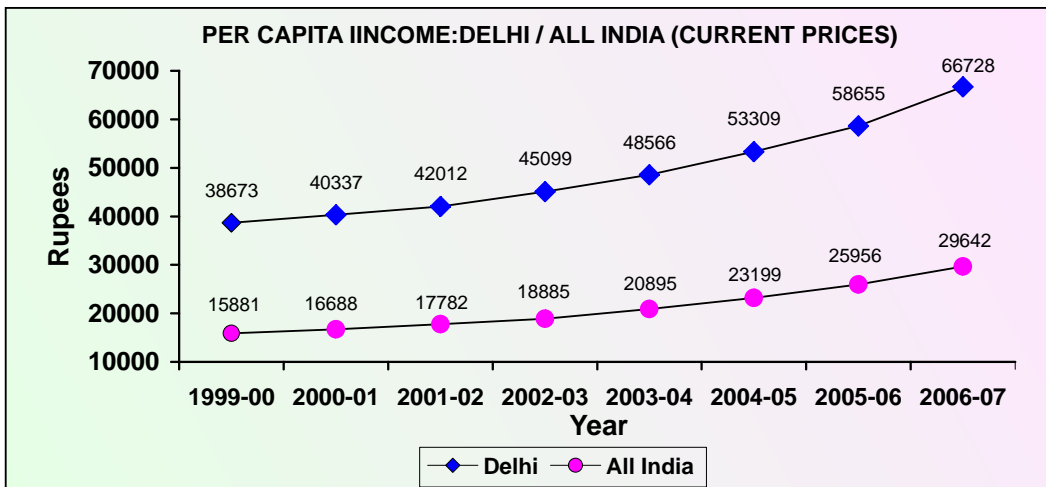
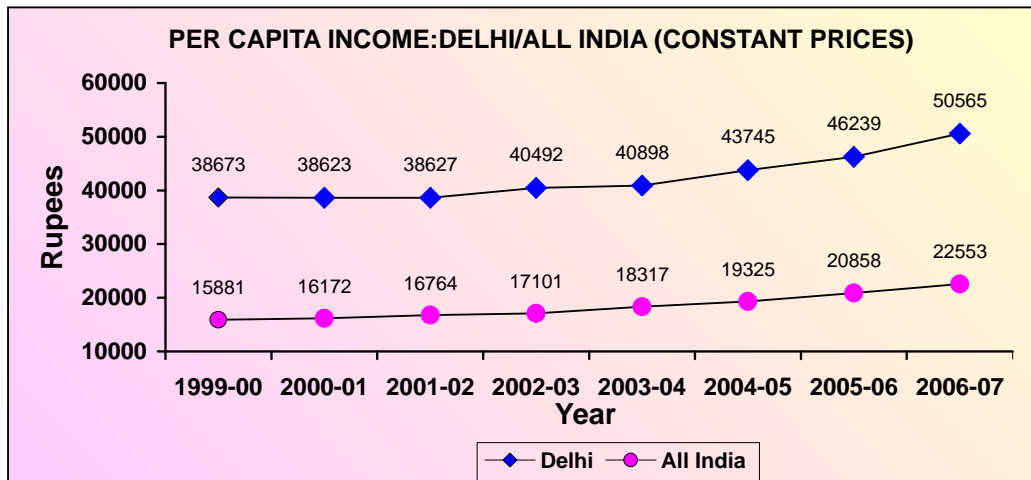


Chart 2.3



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) and the 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) in the economy of Delhi is showing declining trend where as contribution of the secondary sector (comprising of manufacturing, electricity, gas, water supply and construction) is enhancing regularly. The contribution of primary sector which was 1.40% during 1999-00 has come down to 0.81% in 2006-07 at current prices. The contribution of secondary sector recorded at 18.32% in the base year has enhanced to 20.75% in 2006-07, on the other hand, contribution of tertiary sector worked out to 80.28% in 1999-00 has declined to 78.44% in 2006-07.
16. Sectoral composition of Gross State Domestic Product at 1999-00 prices also indicates the same trend as that of current prices but with slight variations in percentages. During 2006-07 contribution of primary, secondary and tertiary sector was 0.82%, 19.77% and 79.41% respectively.

Statement 2.4

SECTORAL COMPOSITION OF GSDP IN DELHI

Sector	1999-00	2004-05		2005-06		2006-07	
		Current	Constant	Current	Constant	Current	Constant
Primary	1.40	0.99	1.05	0.88	0.91	0.81	0.82
Secondary	18.32	20.16	19.72	20.69	20.24	20.75	19.77
Tertiary	80.28	78.85	79.23	78.43	78.85	78.44	79.41
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. 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

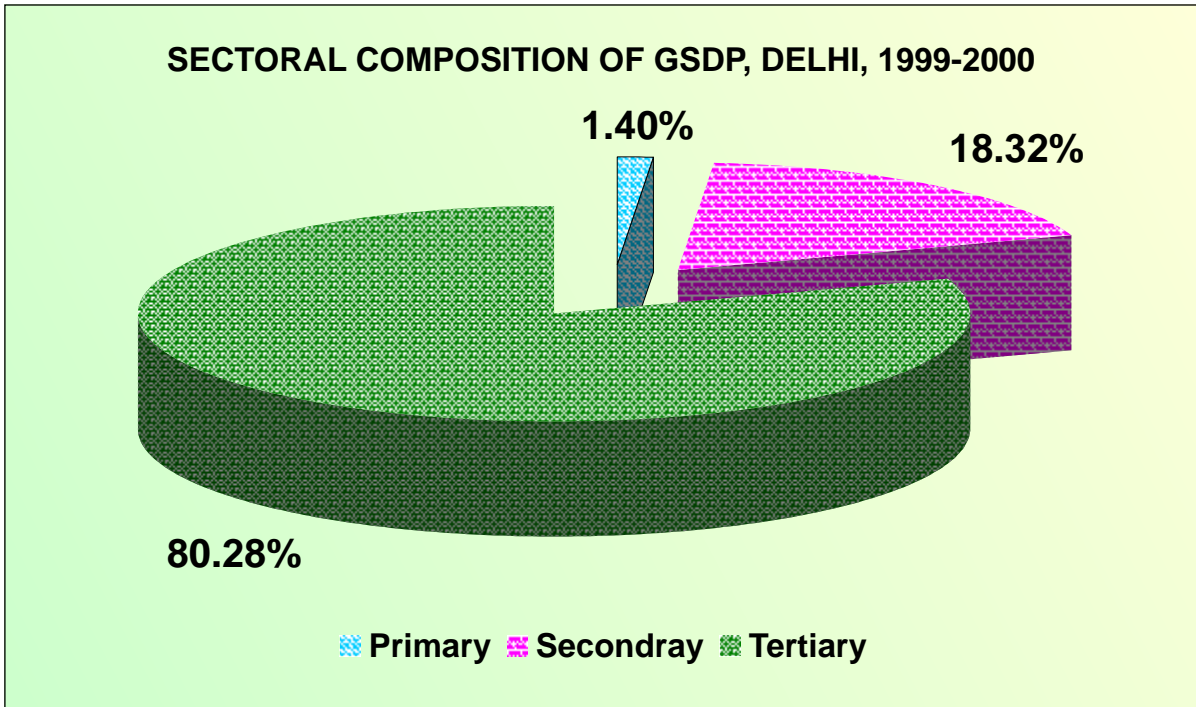
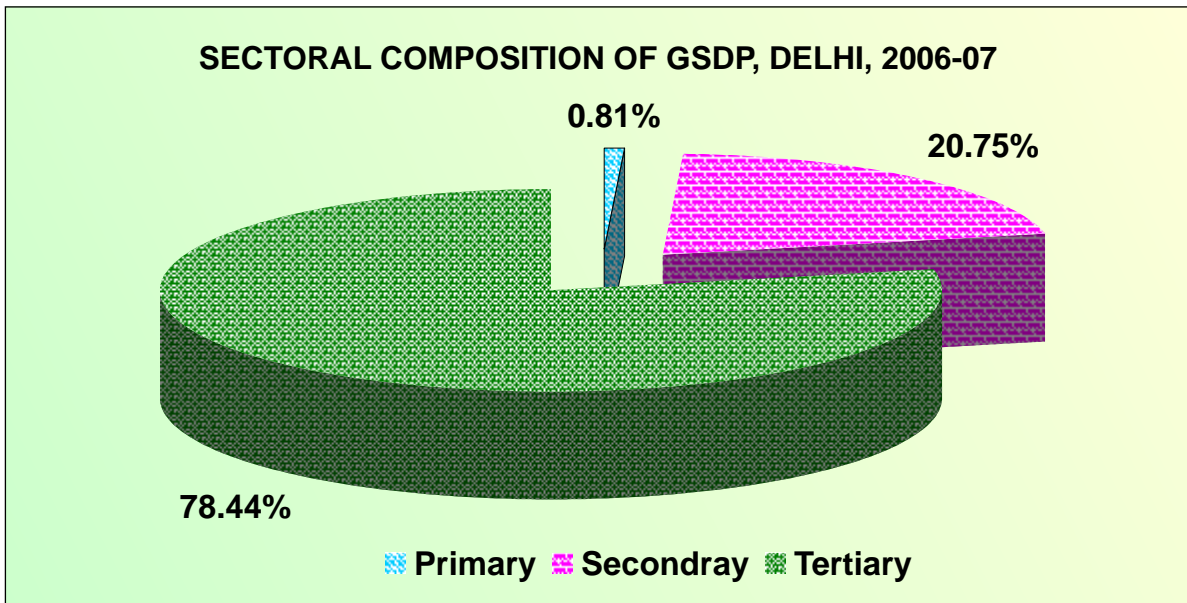


Chart 2.5



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

Chart 2.6

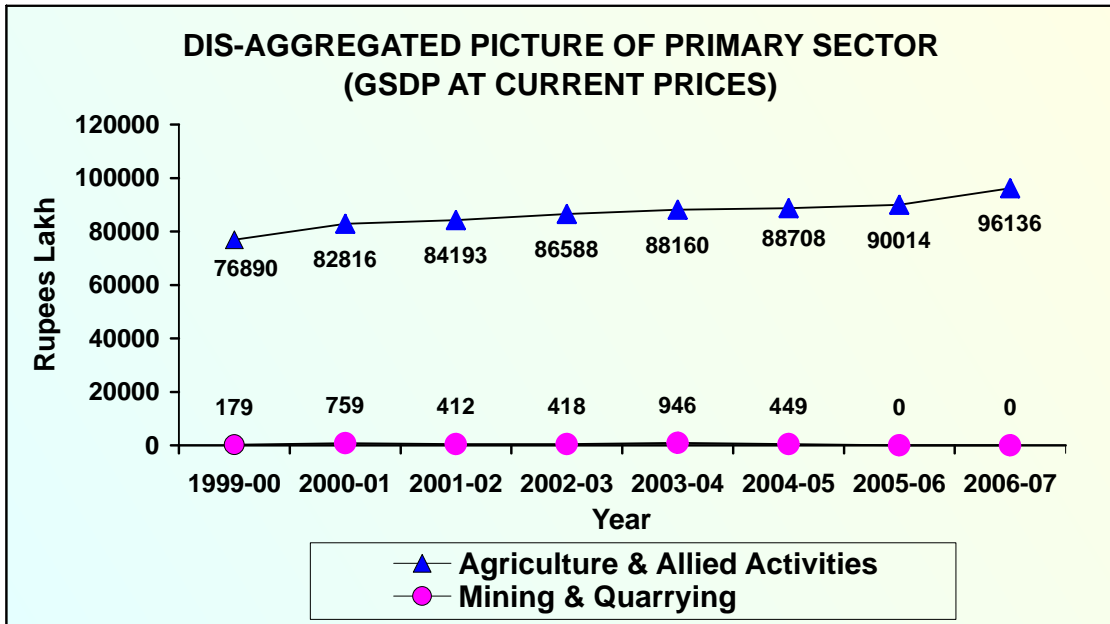


Chart 2.7

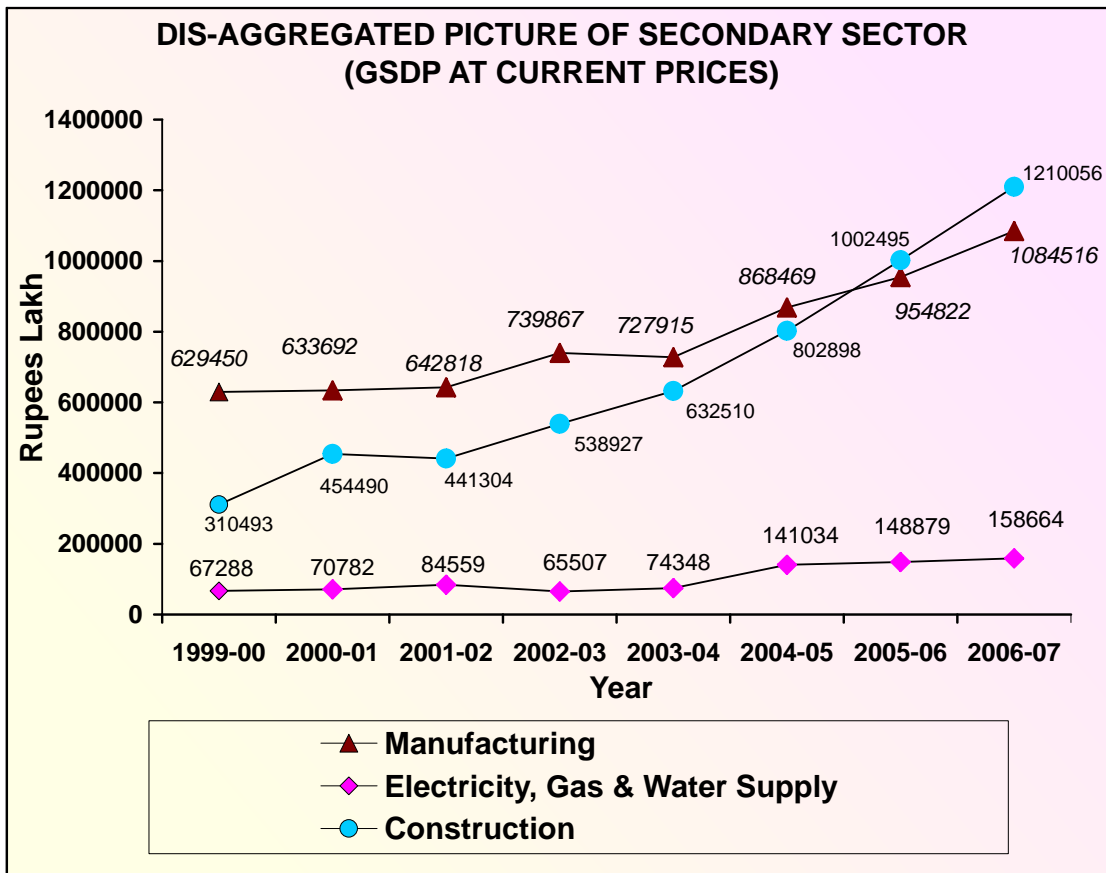


Chart 2.8

