

MACRO ECONOMIC AGGREGATES

2 Chapter

Gross State Domestic Product

Gross State Domestic Product (GSDP) is the most popular method of measuring output of the State's economy and is therefore considered a measure of the size of an economy. Also known as State Income, this monetary measure is the sum total volume of all goods and services produced during a given period

of time within the geographical boundaries of the state, accounted without duplication. This is one of the most important single economic indicators used to measure the growth and to study the structural changes taking place in the economy.

The notable feature of growth pattern in the sub-sectors of Agriculture sector inherently reveals a structural shift from the traditional production augmentation to value addition. Gradually, the subsectors of Livestock and Fisheries are likely to dominate the conventional agriculture subsector in terms of value addition. Even within the Agriculture, horticulture is emerging as the predominant stakeholder.

Agriculture sector has approximately added Rs. 15,000 crore during the year to the GSDP. Of this, the Livestock and Fisheries subsectors together are adding a little over Rs. 9,000 crore. In terms of percent contribution to the GSDP, while the share of Agriculture subsector (Agriculture and Horticulture together) more or less remained stagnant over the years hovering around 11%, the combined contribution of the two subsectors, viz., Livestock and Fisheries is more than 11% and is slowly inching ahead.

Andhra Pradesh state is compiling District Domestic Product Estimates to facilitate assessment of development at the district level presenting the sector-wise performance of the Districts. The difference in the pace of growth among the districts helps to identify the backward areas and plan for reduction in regional disparities. With a view to track the development levels at sub district level so as to enable policy making at grassroots level, the government has embarked on compilation of the Mandal Domestic Product (MDP) Estimates on a Pilot basis in two districts, namely, East Godavari and Anantapuram. Compilation of Mandal Domestic Product (MDP) Estimates is under progress in respect of other districts. Andhra Pradesh is the pioneer state in the compilation of estimates at mandal level.

Andhra Pradesh state is envisaging a double digit growth in real terms and identified nearly 40 growth engines spreading across Agriculture, Industry and Services sectors of the economy, which together account for 80% of the total Gross State Domestic Product. Given the long term growth agenda, the state needs to put in greater efforts at cutting edge level to achieve a higher growth rate in the coming years.

Paddy, Maize, Groundnut in agriculture, Chillies, Banana, Mango in horticulture, Milk, Meat and Egg in Livestock and above all Marine and Inland prawn and fish under Fisheries sector are some of the key identified growth engines that are projected to register a quantum jump in value addition.

Action plan to improve the performance of these growth engines by the respective departments and periodical monitoring by means of compiling Quarterly Estimates of GSDP will help to take off the State Economy on growth trajectory.

Capturing structural changes

Over the years, availability of basic data sets has led to reviewing the methodology of estimating the state income from time to time. Periodic updation of data

and shifting base year to a more recent year are being undertaken regularly so that the structural and sectoral shifts taking place in a developing economy can be properly gauged and captured.

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. Similar exercise is done at the sub state level also to arrive at the District Domestic Product.

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).

Change of Base year at the National level

With an objective to incorporate the latest data from various surveys and censuses conducted by State/Central Governments as per latest international standards in order to capture the structural changes that have taken place in the economy, the Central Statistics Office (CSO) introduced the new series of National Accounts Statistics with base year 2011-12, in place of the previous series with base year 2004-05. The states will take up similar base revision exercise after the state specific data sets are provided by the CSO and until that time, the states have to compile the estimates in 2004-05 base only. It requires same base period for making comparison of the state level estimates with the National level estimates.

Compilation of Estimates of GSDP

The state prepares its Gross State Domestic Product (GSDP) estimates as per the methodology suggested by the CSO. The Advance Estimates are compiled every financial year in the month of February with

the available data and these estimates will be revised from time to time as Provisional Estimates, First Revised Estimates, and Second Revised Estimates and finally after reconciliation with CSO as "Third Revised Estimates". These iterations usually take 2 years, as the advance estimates transform to the final(3rd) revised estimates. The data pertaining to Inputs, Consumption of Fixed Capital (CFC), Supra-regional Sectors, Central Non Departmental Commercial Undertakings (CNDCUs), Autonomous Bodies, Central Government Administration etc., is provided by CSO for all States.

State Re-Organisation – Data concerns:

The State reorganisation has resulted in a number of data related problems in compilation of estimates of GSDP at state level. Since state specific data sets for the residuary state of Andhra Pradesh are not yet arrived for some of the subsectors, the estimates in such of the cases are compiled for united Andhra Pradesh and the estimate for 13 districts of Andhra Pradesh have been arrived at with appropriate ratios.

With respect to districts, the Gross District Domestic Product (GDDP) estimates are prepared using available data sets for commodity producing sectors and appropriate indicators for remaining sectors.

Estimates at Constant Prices(2004-05)

The GSDP at constant (2004-05) Prices for the year 2014-15 (Advance Estimates) is estimated at Rs.2,64,521 crores as against Rs.2,46,724 crores for 2013-14 (First Revised Estimates) indicating a growth of 7.21%. The corresponding sectoral growth rates are 5.90% for Agriculture sector, 5.25% for Industries sector and 8.48% in the Services sector.

Sectoral growth scenario:

The sectoral growth scenario reflects an encouraging trend. While the Agriculture and Industry sectors have shown decent growth, the Services sector continued to show its supremacy, registering an impressive growth in excess of 8 per cent. The following are the sector-wise growth achievements.

Agriculture & Allied Sectors

The Advance Estimates for the year 2014-15 at constant (2004-05) prices is estimated at Rs.63,414

crores as against Rs.59,879 crores in 2013-14 registering a growth rate of 5.90 percent as against the previous year's growth of 7.94 percent.

Within Agriculture sector, Agriculture (including Horticulture) has registered a meager growth rate of 0.56 percent. An increase is noticed in the Production of Cotton, Paddy, Onions, Black gram is expected in the current year. Under Livestock sector, increase in the production of Milk, Meat & Egg resulted in registering growth rate of 4.39%.

The increase in the production of marine fish and brackish water prawns helped the Fisheries Sector to register a growth rate of 17.31%. Forestry & Logging Sector too registered a healthy growth rate of 15.4% in 2014-15.

The notable feature of growth pattern in the sub-sectors of Agriculture sector inherently reveals a structural shift from the traditional production augmentation to value addition. Gradually, the subsectors of Livestock and Fisheries will dominate the conventional agriculture subsector in terms of value addition. Even within the Agriculture (proper), horticulture is emerging as the predominant stakeholder.

The International Crops Research Institute for Semi Arid Tropics(ICRISAT) working on the Primary Sector Mission has outlined some of the growth propelling and value addition strategies in the Agriculture and its Allied sectors in its Mission document.

Industry Sector

Industry sector comprises Mining & Quarrying, Manufacturing (Registered and Unregistered), Electricity, Gas & Water Supply and Construction. Index of Industrial Production (IIP) is the key indicator in estimating the sub-sectors of Manufacturing & Electricity, Gas & Water Supply. The contribution of the Industry sector as per Advance Estimates for the year 2014-15 at Constant (2004-05) prices is estimated at Rs.51771 crores as against Rs.49187 crores in 2013-14, depicting a growth rate of 5.25 percent. This is higher than the previous year's growth of 1.02 percent.

Giving fillip to the 'Make in India' initiative of the Govt. of India, Manufacturing subsector- both

registered and un-registered posted significant growth. The Sub-sectors of Mining and Quarrying, Manufacturing Registered, Manufacturing Un-Registered, Electricity, gas and water supply and Construction registered growth rates of 0.21, 5.32, 10.09, 2.09 & 4.99 percent respectively in 2014-15 over the previous year.

Services Sector

Services sector, with its consistently surging share in the GSDP, continued to be the engine for pushing the overall growth. 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 8.48 percent as against the previous year's growth of 9.19 percent. The Advance Estimates for the year 2014-15, the Services sector is estimated at Rs.1,49,336 crores as against Rs.1,37,658 crores in 2013-14.

GSDP at Current Prices:

The Advance Estimates at current prices are derived by using the Implicit Price Deflators(IPD) at sectoral level from the relevant price indices. The GSDP at Current Prices for the year 2014-15 (Advance Estimates) is estimated at Rs.5,20,030 crore as against Rs.4,64,184 crore for 2013-14 (First Revised Estimate). The contribution from the Agriculture sector is Rs.1,43,498 crore, from the Industry sector is Rs.1,07,224 crore while it is Rs.2,69,307 crore from the service sector to the GSDP at current prices.

Agriculture sector is approximately adding Rs. 15,000 crore every year to the GSDP. Of this, the Livestock and Fisheries subsectors together are adding a little over Rs. 9,000 crore. In terms of percent contribution to the GSDP, while the share of Agriculture subsector(Agriculture and Horticulture together) more or less remained stagnant over the years hovering around 11%, the combined contribution of the two subsectors, viz., Livestock and Fisheries is more than 11% and is slowly inching ahead.

Per Capita Income:

As per the CSO guidelines the PCI is estimated by

dividing Net State Domestic Product (NSDP) with midyear projected State population, which was communicated at the time of base year revision. i.e. 2004-05. As per the instructions of CSO, All States have to estimate PCI accordingly, until revision of next base year. The PCI of A.P (Residual) is worked out by dividing NSDP (after deducting the Consumption of Fixed Capital (CFC) from GSDP) with the midyear projected population.

The Per Capita Income is an indicator of the standard of living of the people. As per the Advance estimates of 2014-15, the Per Capita Income of Andhra Pradesh at current prices increased to Rs.90,517 from Rs.81,397 in 2013-14 posting a growth of 11.21 percent. The Per Capita Income at

constant (2004-05) prices, has also gone up from Rs.42, 170 in 2013-14 to Rs.44, 831 in 2014-15 registering a growth rate of 6.31per cent.

Sectoral Composition of GSDP

The sectoral composition of GSDP both at current and constant (2004-05) prices has undergone considerable changes during the past few years and the shift was essentially from Agriculture sector to Services sector. However, it is observed that the contribution of Agriculture Sector in residual A.P. is more than that in united A.P. and it is depicted in the charts 2.1. In 2014-15, the share of Agriculture in the GSDP at Current prices was 27.59%, Industry 20.62% and Services sector 51.79%.

Chart 2.1: Sectoral Composition of GSDP at Current Prices in United Andhra Pradesh – 23 districts - 2013-14 (PE)

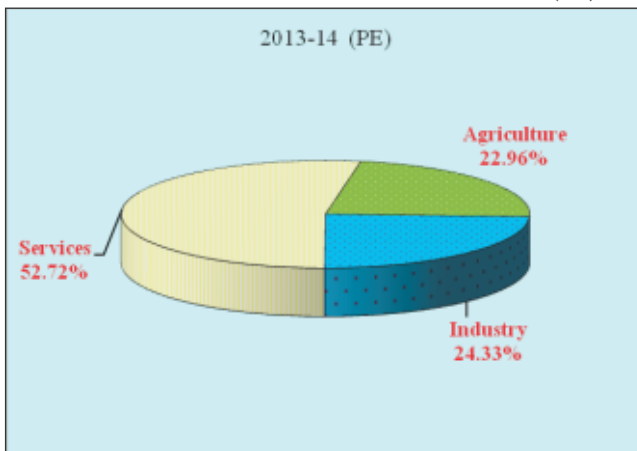


Chart 2.2: Sectoral Composition of GSDP at Current Price in Andhra Pradesh (13 districts)-2014-15(AE)

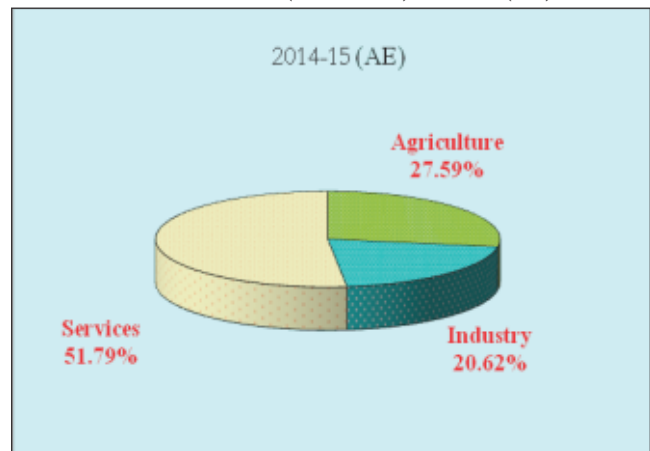
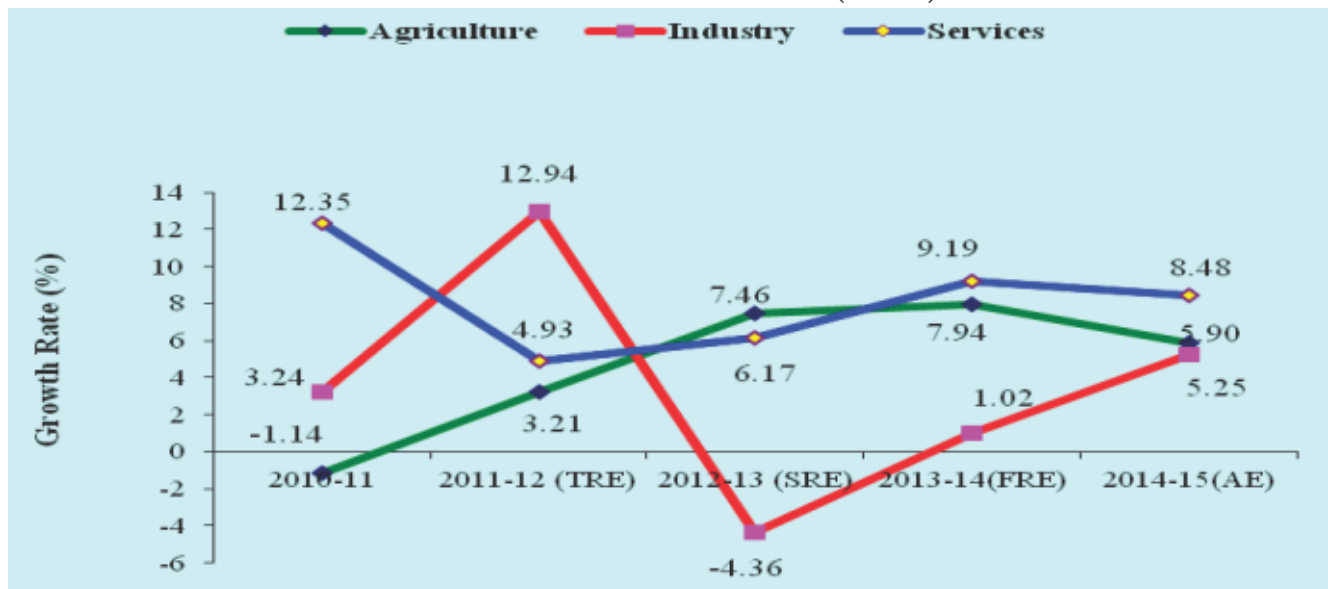


Chart 2.3: Sectoral Growth Rates at Constant (2004-05) Prices



Source : Directorate of Economics & Statistics

Estimates of GSDP, NSDP, Per Capita Income and growth rates both at Current and Constant (2004-05) prices of Andhra Pradesh from 2004-05 to 2014-15 are shown in Annexures-2.1 to 2.6

The Estimates of GSDP & Per Capita Income of Andhra Pradesh from 2011-12(TRE) to 2014-15 (AE) at Current & Constant (2004-05) Prices are given in Table 2.1

Table.2.1: Gross State Domestic Product of Andhra Pradesh

(Value in Rs. Crore)

Sector		2011-12 (TRE)	2012-13 (SRE)	2013-14 (FRE)	2014-15 (A.E)
Current Prices					
Agriculture	Value	95254	114013	129227	143498
	Growth Rate(%)	8.53	19.69	13.34	11.04
Industry	Value	90481	92508	98097	107224
	Growth Rate(%)	20.92	2.24	6.04	9.30
Services	Value	176510	203547	236859	269307
	Growth Rate(%)	12.23	15.32	16.37	13.70
GSDP	Value	362245	410068	464183	520030
	Growth Rate(%)	13.25	13.20	13.20	12.03
Per Capita Income(Rs.)	Value(Rs.)	64773	72301	81397	90517
	Growth Rate(%)	10.28	11.62	12.58	11.20
Sector		2011-12 (TRE)	2012-13 (SRE)	2013-14 (FRE)	2014-15 (A.E)
Constant (2004-05) Prices					
Agriculture	Value	51624	55473	59879	63414
	Growth Rate(%)	3.21	7.46	7.94	5.90
Industry	Value	50911	48690	49187	51771
	Growth Rate(%)	12.94	-4.36	1.02	5.25
Services	Value	118750	126077	137658	149336
	Growth Rate(%)	4.93	6.17	9.19	8.48
GSDP	Value	221285	230240	246724	264521
	Growth Rate(%)	6.25	4.05	7.16	7.21
Per Capita Income	Value(Rs.)	38556	39645	42170	44831
	Growth Rate(%)	2.25	2.82	6.37	6.31

Source : Directorate of Economics & Statistics

Chart 2.2: Gross State Domestic Product at Current Prices (Rs. crore)

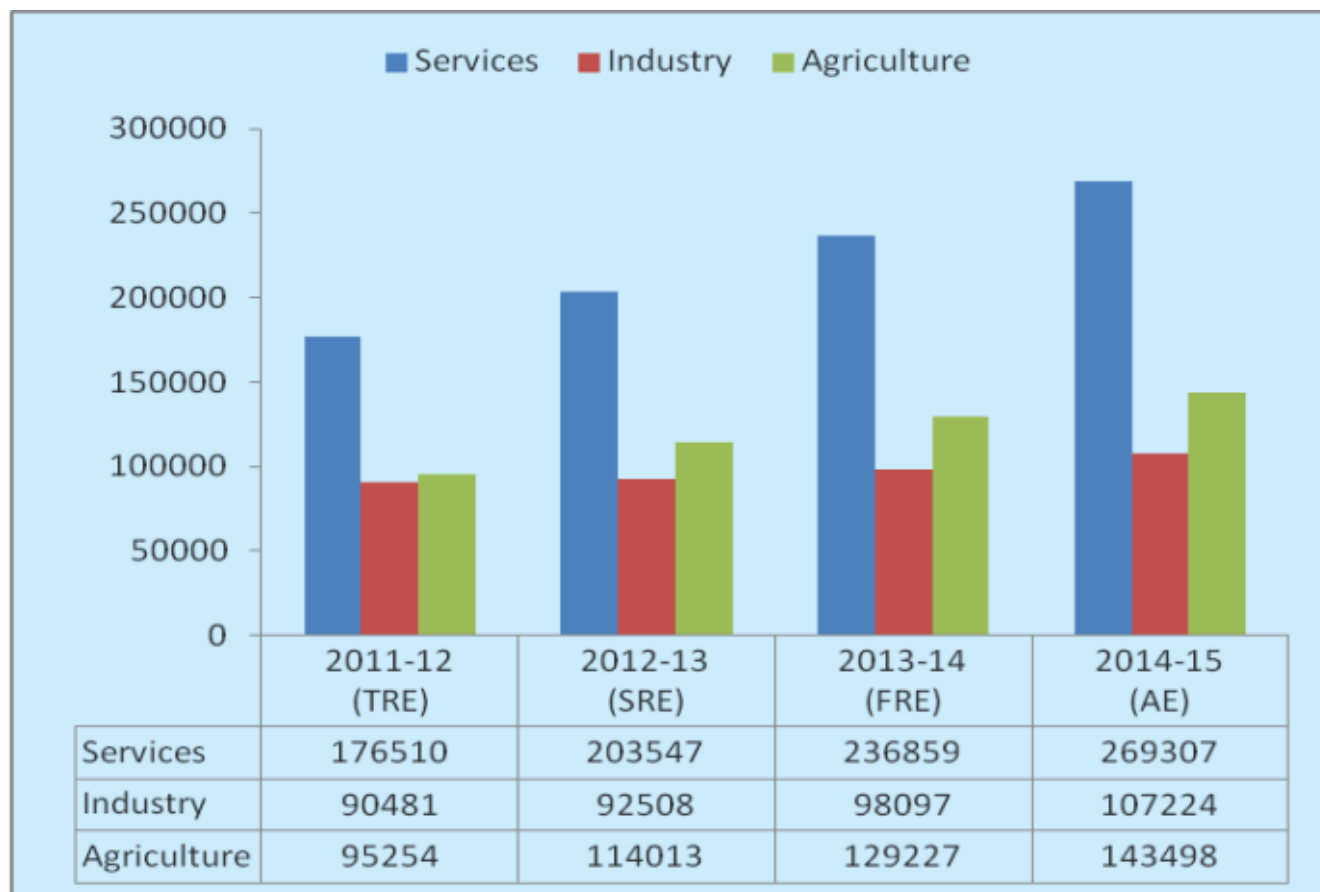
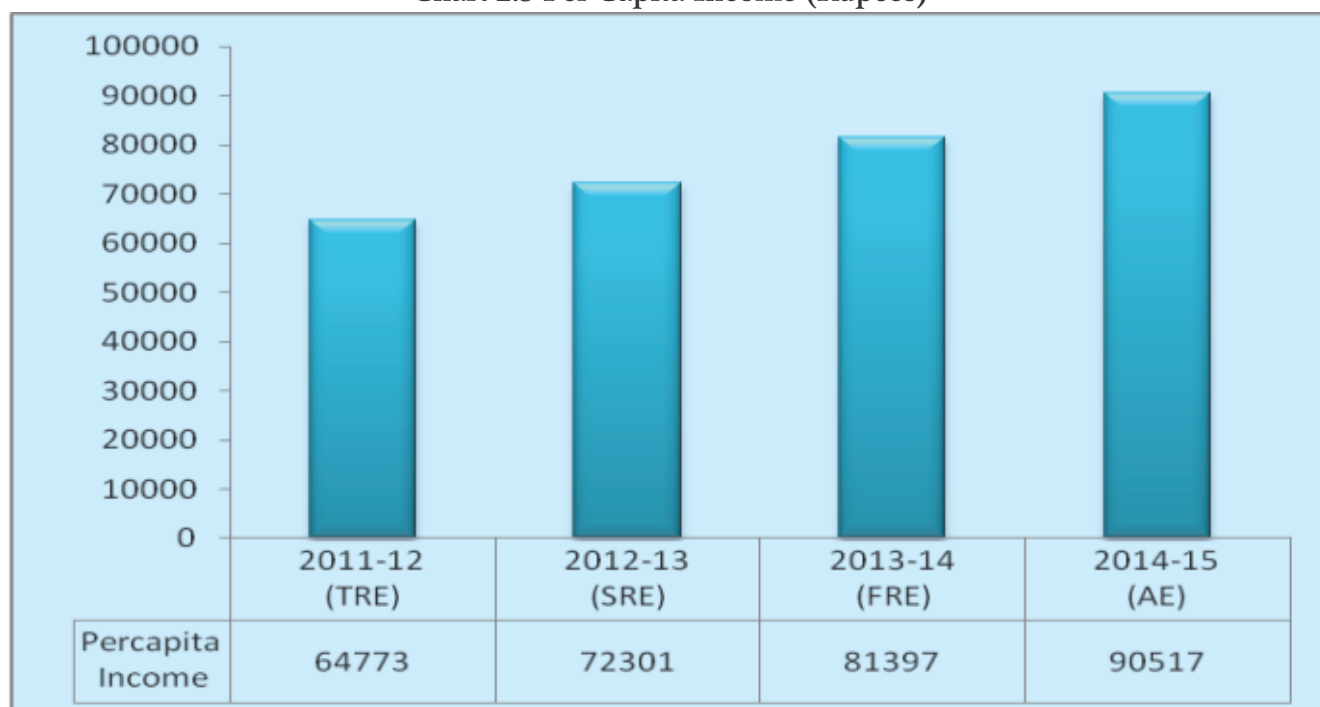


Chart 2.3 Per Capita Income (Rupees)



GDP Estimates at Factor Cost of All India at Current & Constant(2011-12) Prices from 2011-12 to 2014-15 are shown in Annexure-2.7 to 2.11

Table 2.2: The Estimates of GDP & Per Capita Income of All India

(Rs. in Crore)

Item		2011-12 (TRE)	2012-13 (SRE)	2013-14 (FRE)	2014-15 (A.E)
GDP at Factor Cost at Current Prices		8206398	9263138	10487074	11702988
GDP at Factor Cost at Constant(2011-12) Prices		8206398	8609516	9178444	9865247
Growth Rate (%)	Current	-	12.88	13.21	11.59
	Constant	-	4.91	6.61	7.48
Per Capita Income (In Rupees)	Current	64316	71593	80388	88533
	Constant	64316	66344	69959	74193

Source: Directorate of Economics & Statistics

Note: Because of different base periods, the estimates of the States are not readily comparable with All India estimates(new base 2011-12). However, after the state updates its base year from the present 2004-05 to 2011-12, comparison becomes possible.

District Domestic Product /Mandal Domestic Product Estimates

Directorate of Economics & Statistics is compiling District Domestic Product Estimates to facilitate assessment of development at the district level describing the sector-wise performance of the Districts. The difference in the pace of growth among the districts helps to identify the backward areas and plan for reduction in regional disparities.

With a view to track the development levels at sub district level so as to enable policy making at grassroots level, the government has embarked on compilation of the Mandal Domestic Product (MDP) Estimates on a Pilot basis in two districts, namely, East Godavari and Ananthapuramu. Compilation of Mandal Domestic Product (MDP) Estimates is under progress in respect of other districts. Andhra Pradesh is the pioneer state in the compilation of estimates at mandal level.

Despite the methodological and data inadequacies, these estimates of economy at the mandal level will throw light on the relative strengths in respect of the three sectors of the economy. This exercise will help the district administration in developing strategies

for micro planning to focus on the under developed mandals.

Identification of key Growth Engines in the Economy

In fact, Andhra Pradesh state is envisaging a double digit growth and identified nearly 40 growth engines spreading across Agriculture, Industry and Services sectors of the economy, which together account for 80% of the total Gross State Domestic Product. Given the long term growth agenda, the state needs to put in greater efforts at cutting edge level to achieve a higher growth rate in the coming years.

Paddy, Maize, Groundnut in agriculture, Chillies, Banana, Mango in horticulture, Milk, Meat and Egg in Livestock and above all Marine and Inland prawn and fish under Fisheries sector are some of the key identified growth engines that are projected to register a quantum jump in value addition.

Action plan to improve the performance of these growth engines by the respective departments and periodical monitoring by means of compiling Quarterly Estimates of GSDP will help to take off the State Economy on growth trajectory.

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 the fact whether persons owning that income reside inside or outside the district.

As per the District Domestic Product estimates of 2013-14 at current prices, Visakhapatnam stands at first position with a DDP of Rs.65458 crores followed by Krishna (Rs.55472 crores) and East Godavari(Rs.46643crores) districts. Vizianagaram (Rs.16386crores), Srikakulam (Rs.17846crores) and YSR Kadapa(Rs.23643 crores) districts figure in the bottom three positions.

The Gross District Domestic Product from 2004-05 to 2013-14(FRE) both at current and constant (2004-

05) prices are given in Annexures-2.12 and 2.13.

In 2013-14, the districts having highest Per Capita Income at Current Prices are Visakhapatnam (Rs.124162), Krishna (Rs.104897) and West Godavari (Rs.86974) and the districts that have registered lowest Per Capita Incomes are Srikakulam (Rs.57174) , Vizianagaram (Rs.61157) and Chittoor (Rs.64671). District Wise Per Capita Income at Current and Constant (2004-05) Prices are shown in Annexures-2.14 and 2.15.

Sector-wise value addition:

The district-wise Gross Value Added of Agriculture, Industry and Services sectors at current and constant (2004-05) prices are given in Annexure 2.16 to 2.21 respectively.