

## CHAPTER 2

# STATE INCOME

### ESTIMATES AT CURRENT PRICES

1. State Income is one of the important parameters used to assess the strength of the economy of a state. Gross State Domestic Product (GSDP) of Delhi at current prices was estimated at of Rs. 80545 crores during 2003-04 indicating 11.8% growth over the previous year. Quick estimates at Rs. 90733 crores for 2004-05 indicates 12.6% growth at current prices.
2. Net State Domestic Product (NSDP) at current prices for the year 2004-05 is estimated at Rs. 83085 crores with growth of 12.4% over the previous year.

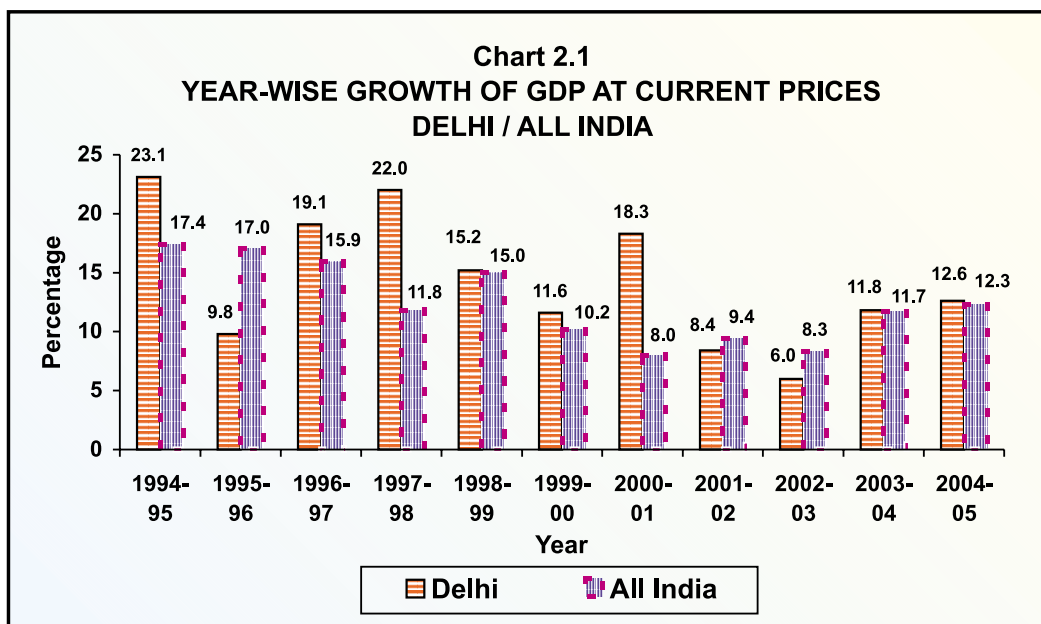
### ESTIMATES AT 1993-94 PRICES

3. GSDP at 1993-94 prices is estimated at Rs. 52652 crores for 2004-05 with real growth of 11.7% over the previous year as against all India figure of 6.9%. However real growth for the year 2003-04 was 9.8% as compared to 8.5% at the national level.
4. NSDP at 1993-94 prices is estimated at Rs.48250 crores with 12.0% annual growth for the year 2004-05. However the annual growth for 2003-04 (Rs. 43063 crores) was recorded at 10.2%.
5. The real growth in sectoral GSDP for 2004-05 is 0.8% in the primary sector, 14.0 % in the secondary sector and 11.3 % in the tertiary sector.
6. It is self evident from the above that Delhi has a strong economy.
7. Statement below summarizes the growth picture of SDP of Delhi for the last four years both at current and 1993-94 prices.

#### Statement 2.1

### PERCENTAGE GROWTH OVER PREVIOUS YEAR

	2001-02	2002-03	2003-04	2004-05
<b>GSDP</b>				
1. At Current Prices	8.4	6.0	11.8	12.6
2. At 1993-94 Prices	4.0	4.7	9.8	11.7
<b>NSDP</b>				
1. At Current Prices	7.9	6.0	11.9	12.4
2. At 1993-94 Prices	3.6	4.7	10.2	12.0



## GROWTH PATTERN

8. Gross State Domestic Product of Delhi at current prices estimated at Rs.90733 crores during 2004-05, has shown an annual compound growth rate of 13.0% over the estimate of Rs. 20992 crores in 1993-94. Similarly, annual compound growth rate at 1993-94 prices has been 7.63% for the corresponding period.
9. The Net State Domestic Product at current prices for 2004-05 has been estimated of Rs. 83085 crores, indicating an annual compound growth rate of 13.17% over the corresponding estimate of Rs. 18967 crores in 1993-94. At 1993-94 prices, NSDP is projected at Rs.48250 crores in 2004-05 registering an annual compound growth rate of 7.74%. The comparative picture of Delhi vis-a-vis All India is depicted below:

### Statement 2.2

#### ANNUAL COMPOUND GROWTH RATE (BETWEEN 1993-94 & 2004-05)

GSDP/GDP	DELHI	ALL INDIA
1. At Current Prices	13.00%	11.23%
2. At 1993-94 Prices	7.63%	5.65%
<b>NSDP/NNP</b>		
1. At Current Prices	13.17%	11.30%
2. At 1993-94 Prices	7.74%	5.62%

## BOX 2.1

### Brief Methodology to Estimate State Domestic Product

Estimates of State Domestic Product are computed using the production approach, expenditure approach and 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

10. According to the present series, the per capita income of Delhi at current prices is projected at Rs.53976 in 2004-05 compared to Rs.49494 in 2003-04 and Rs.45579 in 2002-03. The annual growth rates for 2002-03 and 2003-04 are 2.9% and 8.6% respectively. Quick Estimates indicate an annual growth of 9.1% during 2004-05.
11. The per capita income of Delhi at 1993-94 prices is projected at Rs.31345 in 2004-05 compared to Rs.28824 in 2003-04, registering an annual growth of 8.7%. However in real terms per capita income at National level has been estimated at Rs.12416 during 2004-05 with annual growth of 5.2% (CSO Estimates)
12. Delhi's per capita income is around 2.5 times of the national average, both at current and constant prices as indicated below:

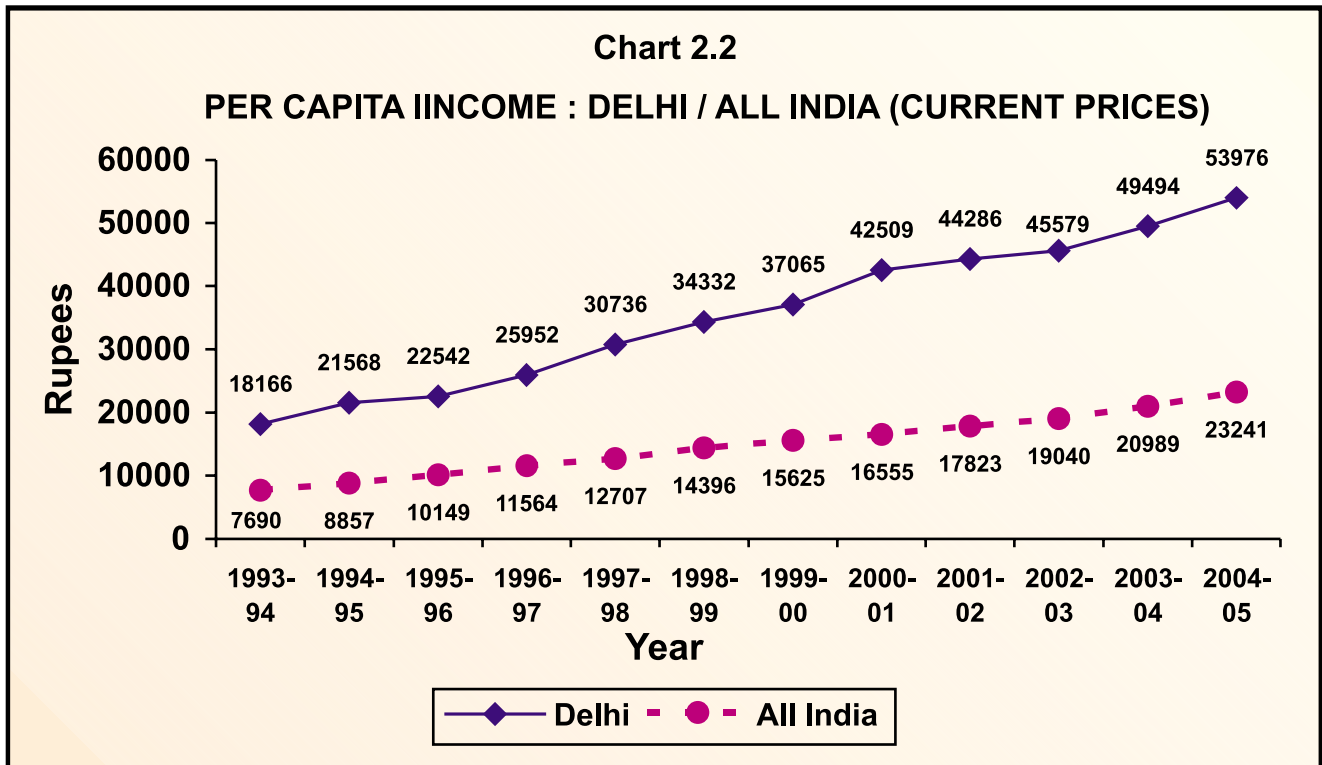
Statement 2.3

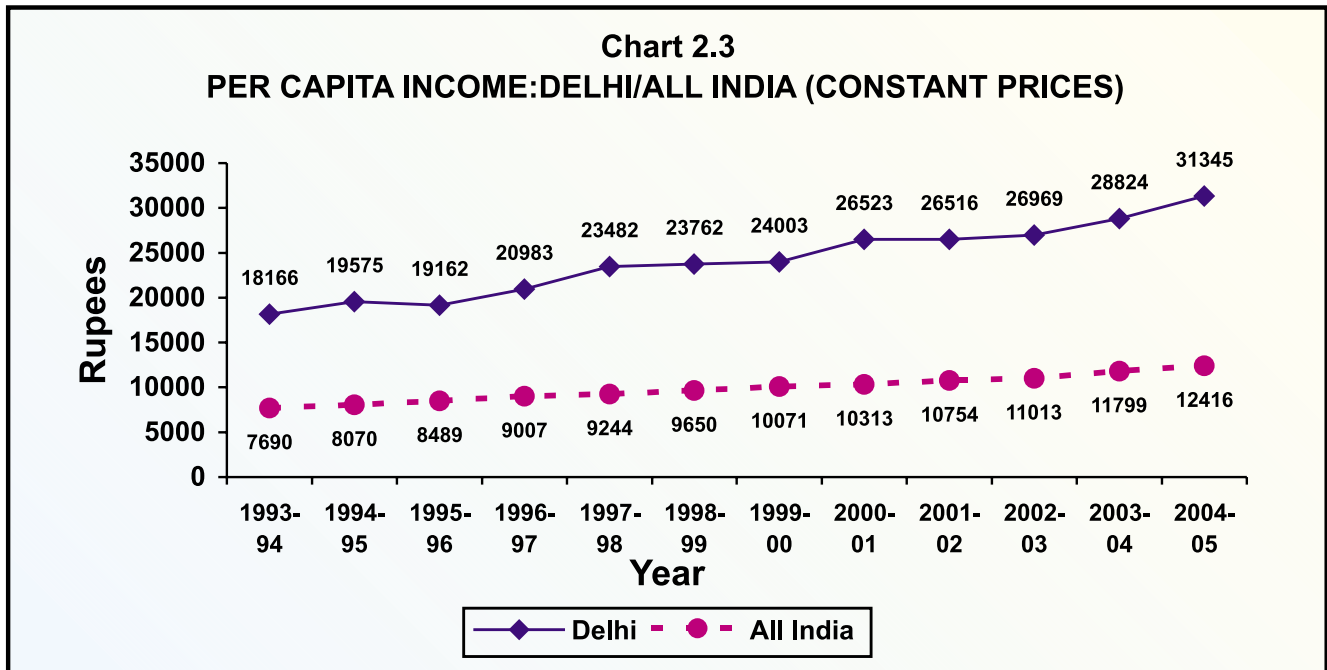
PER CAPITA INCOME, DELHI/ALL INDIA

	1993-94	2003-04*	2004-05#	A.C.G.R. 1993-94 to 2004-05
<b>At Current Prices</b>				
Delhi	18166	49494	53976	9.54%
All India	7690	20989	23241	9.56%
<b>At Constant (1993-94) Prices</b>				
Delhi	18166	28824	31345	4.29%
All India	7690	11799	12416	3.97%

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

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





### SECTORAL COMPOSITION OF GSDP

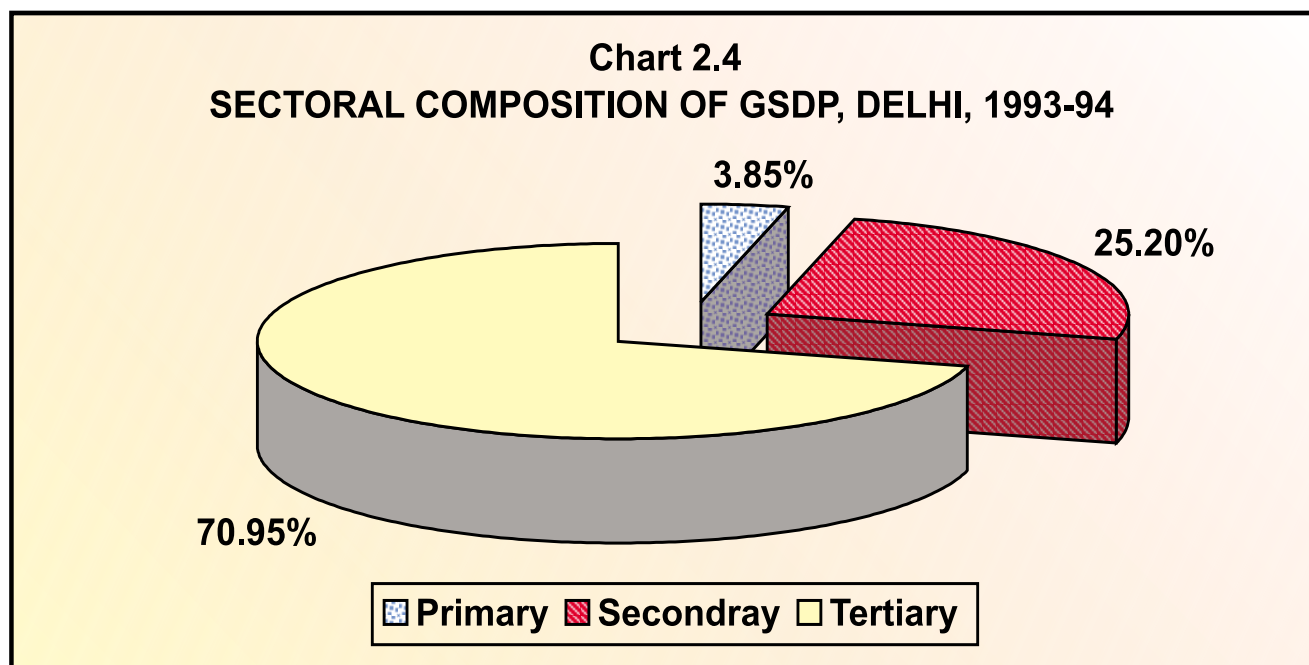
14. The analysis of sectoral growth in Gross State Domestic Product at current prices reveals that contribution of primary sector comprising of agriculture, livestock, forestry, fishing, mining & quarrying and also the secondary sector comprising of manufacturing, electricity, gas, water supply and construction is decreasing. On the contrary, 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, is the major contributor in the economy of Delhi, enhancing regularly. The contribution of primary sector which was 3.85 % during 1993-94 has come down to 1.0% in 2004-05 at current prices. Similarly the contribution of secondary sector recorded at 25.20% in the base year has also declined to 19.86% in 2004-05, on the other hand, contribution of tertiary sector worked out to 70.95% in 1993-94 has enhanced to 79.13% in 2004-05.
15. Sectoral composition of Gross State Domestic Product at 1993-94 prices also indicates the same trend as that of current prices but with slight variations in percentages. During 2004-05 contribution of primary, secondary and tertiary sector was 0.97%, 19.91% and 79.10% respectively.

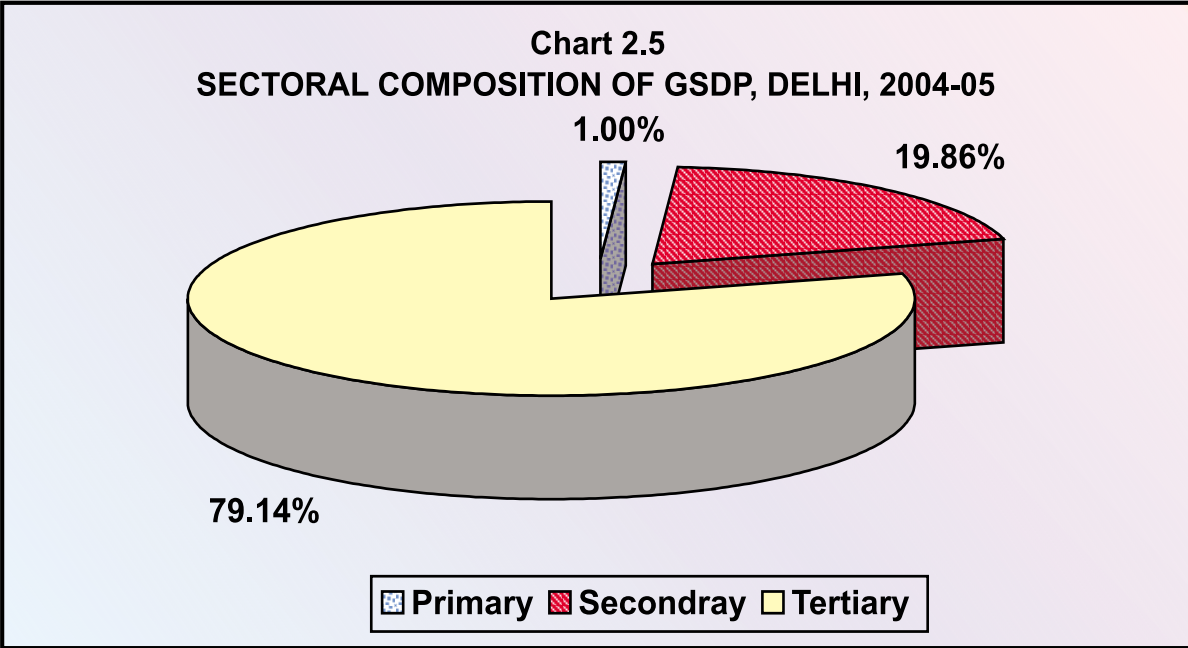
**Statement 2.4**

**SECTORAL COMPOSITION OF GSDP IN DELHI**

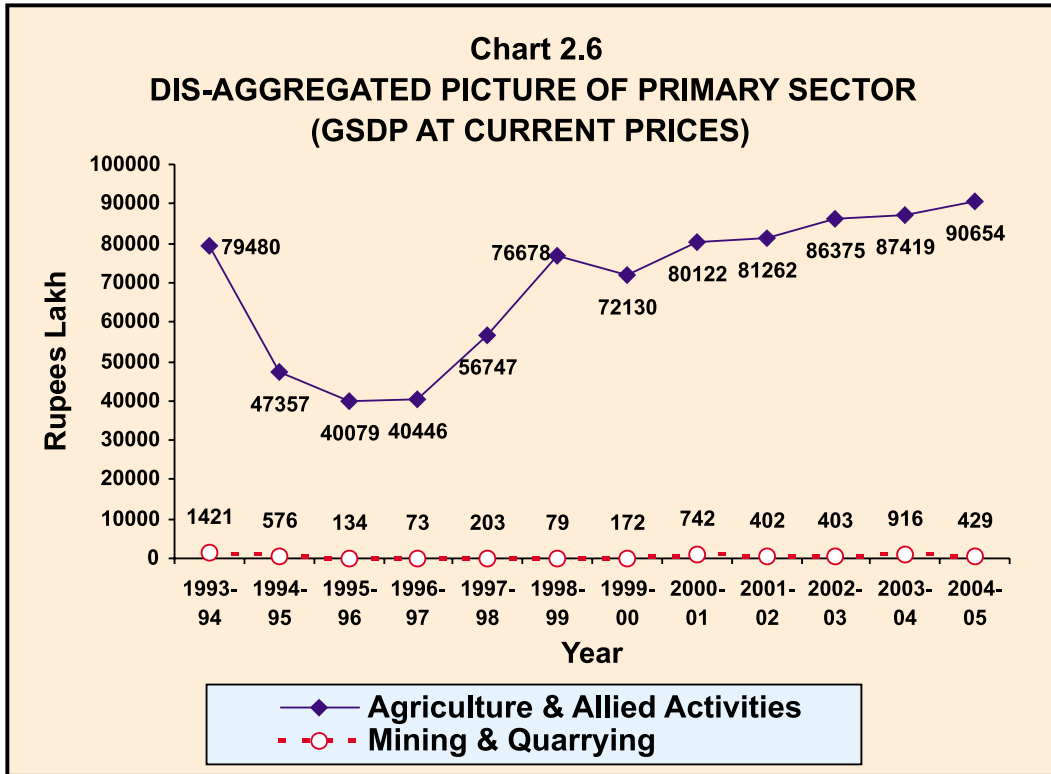
Sector	1993-94	2002-03		2003-04		2004-05	
		Current	Constant	Current	Constant	Current	Constant
Primary	3.85	1.20	1.21	1.09	1.08	1.00	0.97
Secondary	25.20	18.93	20.54	18.67	19.51	19.86	19.92
Tertiary	70.95	79.87	78.25	80.24	79.41	79.14	79.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

16. The 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 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 also contributed to the reduction of output of secondary sector.
17. A comparative picture regarding the shift in sectoral composition of GSDP in Delhi is available in charts 2.4 and 2.5.

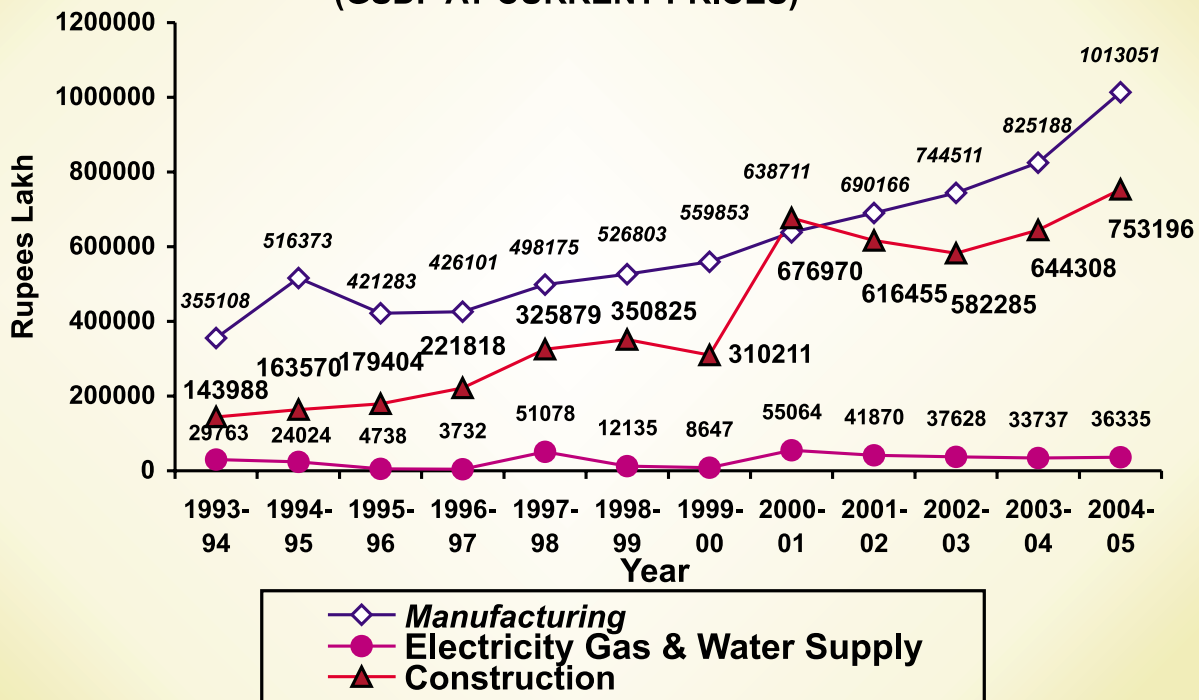




18. Disaggregated picture of Primary / Secondary / Tertiary sectors have been depicted in charts 2.6, 2.7 and 2.8.



**Chart 2.7**  
**DIS-AGGREGATED PICTURE OF SECONDARY SECTOR**  
**(GDP AT CURRENT PRICES)**





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

