2. MACRO ECONOMIC AGGREGATES

Gross State Domestic Product

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

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 2004-05, in place of the previous series with base year 1999-2000. Accordingly, base year for the state has also been revised and information on the State Domestic Product has been presented in the new series of base year 2004-05.

State Domestic Product (SDP) is usually estimated by 'Income originating approach, wherein incomes 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 prepared both at current and constant prices.

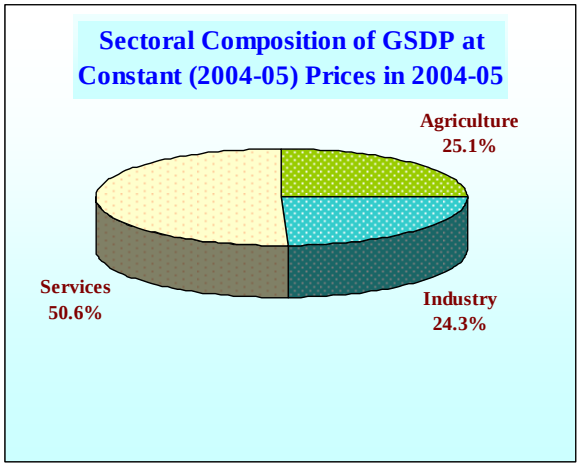
These estimates of economy over a period of time reveal the extent and direction of the changes in the levels of economic development. Sectoral composition of SDP gives an idea of the relative position of different sectors in the economy over a period of time which not only indicates the real structural 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 standard of living of the people in the State. These are referred as estimates of Per Capita Income (PCI).

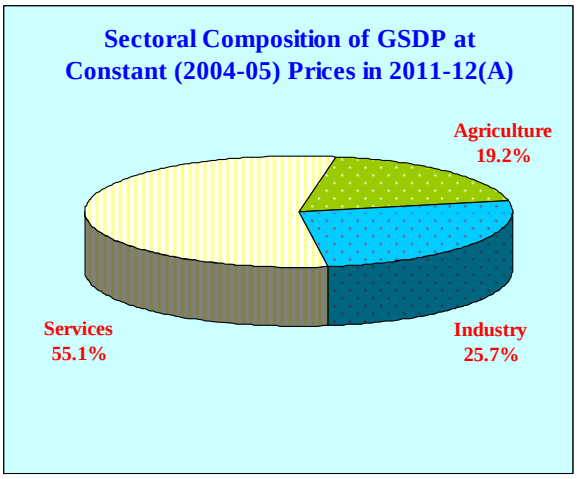
During the 11th Five Year Plan (2007-08 to 2011-12), the State could register an average growth rate of 8.33% against the Nation's GDP growth rate of 7.94%.

The GSDP at constant (2004-05) Prices for the year 2011-12 (Advance Estimates) is estimated at Rs.4,07,949 crores as against Rs.3,81,942 crores for 2010-11 (Quick Estimates) indicating a growth of 6.81%. The corresponding sectoral growth rates are (-)1.54% in Agriculture sector, 7.33% in Industries sector and an impressive growth of 9.80% 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 and the shift was 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%. The sectoral contribution, during the past few years has shown a structural shift. In 2011-12, the share of agriculture in the GSDP declined to 19.2% and the services sector was the gainer whose contribution has moved up to 55.1%. The Industry sector has not shown much variation and it continues to hover around the 25% mark.



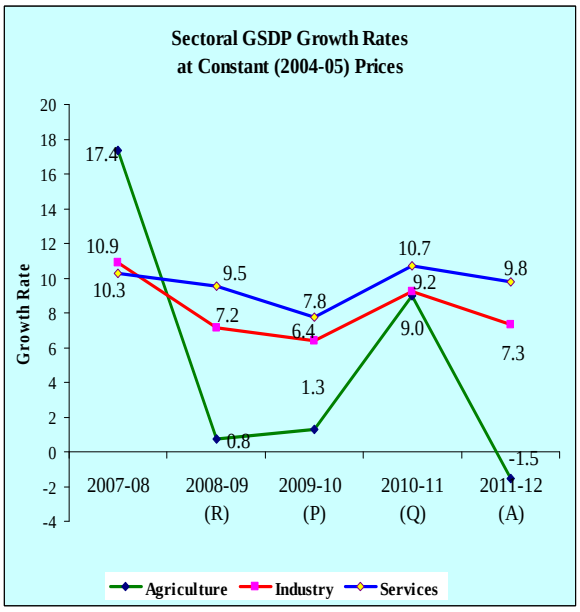


Agriculture sector which showed great resilience posting impressive growth rates in the recent past, as per the Advance Estimates of GSDP for 2011-12 has shown a growth of (-)1.54%. Deficit rainfall and unfavourable seasonal conditions prevailed in most parts of the State was largely responsible for the slide. Within Agriculture sector, Agriculture (incl. Horticulture) has registered a negative growth rate of 9.96 percent due to decline in foodgrains and groundnut production. Among the sectors allied to Agriculture, the Livestock and Forestry & Logging sub-sectors have respectively registered moderate growth rates of 6.93% and 2.81% while substantial increase in the production of fresh water prawns helped the Fishing sector post an impressive growth rate of 17.04 % during 2011-12.

Industry sector comprising of Mining & Quarrying, Manufacturing (Registered and Unregistered), Electricity, Gas & Water Supply and Construction, registered a growth rate of 7.33 per cent during 2011-12. Among the sub-sectors, Registered Manufacturing showed relatively better performance.

Services sector, with its consistently surging share in the GSDP, continued to be the engine for pushing the overall growth. Services sector comprising of 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 9.80 per cent during the year 2011-12. Among the sub-sectors, Communication, Banking & Insurance and other services have shown impressive growth.

To envision the growth path, the sector wise growth rates of GSDP at Constant (2004-05) prices from 2007-08 to 2011-12 are depicted below.



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 2011-12 are shown in Annexures – 2.1 to 2.8.

GSDP of Andhra Pradesh and GDP of All India:

The 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#	3,47,344	6.0	45,07,637	8.4
2010-11$	3,81,942	10.0	48,85,954	8.4
2011-12@	4,07,949	6.8	52,22,027	6.9

*Revised , # Provisional, $ Quick, @ Advance
Source:-Directorate of Economics and Statistics, Andhra Pradesh and C.S.O., New Delhi.

Per Capita Income:

The Per Capita Income is an indicator of the standard of living of the people. As per the Advance estimates of 2011-12, the Per Capita Income of Andhra Pradesh at current prices increased to Rs.71,540 from Rs.62,912 in 2010-11 registering a growth of 13.7 percent. The Per Capita Income at constant (2004-05) prices, has also gone up from Rs.40,366 in 2010-11 to Rs.42,710 in 2011-12 registering a growth rate of 5.8 per cent.

The 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#	52,814	14.0	46,117	13.1
2010-11$	62,912	19.1	53,331	15.6
2011-12@	71,540	13.7	60,972	14.3

*Revised , # Provisional, $ Quick, @ Advance
Source:-Directorate of Economics and Statistics, Andhra Pradesh and C.S.O., New Delhi.

The Net State Domestic Product (NSDP) and Per Capita Income (PCI) of Andhra Pradesh at current and constant (2004-05) prices and Net Domestic Product of All India at current and constant (2004-05) prices from 2004-05 to 2011-12 are presented in Annexure-2.9.

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 reside inside the district or outside owning that income. The Gross District Domestic Product from 2004-05 to 2009-10 (Q) both at current and constant (2004-05) prices are given in Annexures-2.10 and 2.11 and District Per Capita Income in Annexures-2.12 and 2.13. The Gross Value Added of Agriculture, Industry and Services sectors at current and constant (2004-05) prices are given in Annexures 2.14 to 2.19 respectively.

Gross Fixed Capital Formation

The growth of the productive capacity of the economy of a state depends on its rate of capital accumulation and it 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 net addition of the assets created during the year.

The 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 non-availability of the stocks information in most of the industry groups of private sector. 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 Supra-regional sub-sectors data by the CSO.

Gross Fixed Capital Formation in Andhra Pradesh for the year 2009-10 (provisional) at current prices is Rs.1,34,415 crores as against Rs.1,23,671 crores in 2008-09 reflecting a growth rate of 8.69 percent. During 2009-10, the GFCF at national level is Rs.20,41,759 crores as against Rs.18,21,099 crores in 2008-09 showing a growth rate of 12.12 percent. GFCF of A.P and All India from 2004-05 to 2009-10 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

Year	Andhra Pradesh		All India	
	GFCF (Rs.Crs)	Growth Rate	GFCF (Rs. Crs)	Growth Rate
2004-05	58,136	--	9,31,028	--
2005-06	72,363	24.47	11,20,293	20.33
2006-07	86,917	20.11	13,43,774	19.95
2007-08	1,10,574	27.22	16,41,673	21.17
2008-09	1,23,671	11.84	18,21,099	10.93
2009-10 (Provisional)	1,34,415	8.69	20,41,759	12.12

Source: Directorate of Economics and Statistics, Hyderabad and C.S.O., New Delhi.

Gross Fixed Capital Formation as a percentage to Gross State Domestic Product at current Prices is one of the indicators to measure the productive potential of the investments made during the year at state level.

The pattern / trends of investments from 2004-05 to 2009-10 are shown in Table 2.4.

Table 2.4
GFCF as Percentage of GSDP/GDP

Year	Andhra Pradesh	All India
2004-05	25.87	31.33
2005-06	28.27	33.04
2006-07	28.87	33.99
2007-08	30.31	35.83
2008-09	28.98	34.34
2009-10 (Provisional)	27.41	33.52

Source: Directorate of Economics and Statistics, Hyderabad and C.S.O., New Delhi.

Gross Fixed Capital Formation by type of institutions i.e., public and private participation in creation of assets since 2004-05 to 2009-10 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.Crores)

Year	Andhra Pradesh		All India	
	Public	Private	Public	Private
2004-05	14,104 *(24.26)*	44,032 *(75.74)*	2,24,108 *(24.07)*	7,06,920 *(75.93)*
2005-06	19,123 *(26.43)*	53,240 *(73.57)*	2,71,342 *(24.22)*	8,48,951 *(75.78)*
2006-07	23,903 *(27.50)*	63,014 *(72.50)*	3,39,617 *(25.27)*	10,04,157 *(74.73)*
2007-08	32,566 *(29.45)*	78,009 *(70.55)*	4,01,326 *(24.45)*	12,40,347 *(75.55)*
2008-09	36,718 *(29.69)*	86,953 *(70.31)*	4,80,698 *(26.40)*	13,40,401 *(73.60)*
2009-10 (P)	38,475 *(28.62)*	95,940 *(71.38)*	5,43,337 *(26.61)*	14,98,422 *(73.39)*

Source: Directorate of Economics and Statistics, Hyderabad and C.S.O., New Delhi.

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 2009-10. Industry group wise GFCF in A.P from 2004-05 to 2009-10 is shown in Annexure-2.15.

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