

## CHAPTER 3

# STATE ECONOMY

State Domestic Product (SDP) is the total value of goods and services produced during any financial year within the geographical boundaries of a state. Also called the state income, the SDP is always calculated or estimated in monetary terms and is instrumental in the evaluation of per capita income. It serves as an indicator for measuring the economic prosperity of the state and to study the structural changes taking place in the economy. SDP estimates over a period of time reveal the extent and direction of the changes in the level of economic development. The Sectoral Composition of Gross State Value Added (GSVA) gives an idea about 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 the formulation of plans for overall economic development. The major share of income of National Capital Territory of Delhi is from the service sector, which is treated as the growth engine for fast-developing states in the Indian Union.

### 2. Estimates at Current Prices

Gross State Domestic Product (GSDP) of Delhi at current prices estimated at ₹ 615605 crore, during 2016-17, showed a growth of 11.76 per cent over the preceding year. The GSDP of Delhi at current prices increased to ₹ 690098 crore during 2017-18, indicating a growth of 12.10 per cent. The advance estimate of GSDP of Delhi during 2018-19 is likely to attain a level of ₹ 779652 crore, which is at a growth of 12.98 per cent over 2017-18. Net State Domestic Product (NSDP) of Delhi at current prices during 2016-17 was estimated at ₹ 557740 crore, recording a growth of 11.43 per cent over the previous year. The NSDP of Delhi at current prices increased to ₹ 625795 crore during 2017-18, which is at a growth of 12.20 per cent over the previous year. The advance estimate of NSDP of Delhi during 2018-19 is likely to attain a level of ₹ 708615 crore, which is estimated to grow at 13.23 per cent over 2017-18.

### 3. Estimates at Constant Prices (Base Year 2011-12)

- 3.1 Gross State Domestic Product of Delhi (GSDP) at constant prices recorded at ₹ 511504 crore, during 2016-17, showed a growth of 7.54 per cent over the preceding year. The GSDP of Delhi at constant prices increased to ₹ 554908 crore during 2017-18, indicating a growth of 8.49 per cent. The advance estimate of GSDP of Delhi at constant prices during 2018-19 was recorded at ₹ 602708 crore at a growth of 8.61 per cent over 2017-18. Net State Domestic Product (NSDP) of

Delhi at constant prices during 2016-17 was estimated at ₹ 461476 crore, recording a growth of 6.89 per cent over the previous year. The NSDP of Delhi at constant prices increased to ₹ 499674 crore during 2017-18 at a growth of 8.28 per cent over the previous year. The advance estimate of NSDP of Delhi during 2018-19 at constant prices was calculated at ₹ 542035 crore, which is estimated to grow at 8.48 per cent over 2017-18.

3.2 As a general phenomenon observed in most urban economies, Delhi also indicates the same trend of higher share in the Service Sector. The percentage distribution of Gross State Value Added (GSVA) of Delhi at 2011-12 prices showed a declining trend of the agriculture and allied sector, marginal increase in the tertiary sector and an upward trend in the secondary sector. More clearly, the percentage contribution of agriculture sector to GSVA of Delhi at 2011-12 prices reduced from 3.49 per cent in 2011-12 to 2.31 per cent in 2018-19. During the same period, the contribution of the secondary sector to GSVA of Delhi at constant prices increased from 13.09 per cent to 14.13 per cent. On the contrary, the percentage contribution of the service sector to the GSVA of Delhi at 2011-12 prices increased from 83.42 per cent in 2011-12 to 83.56 per cent in 2018-19.

3.3 The information regarding Gross State Domestic Product and Net State Domestic Product of Delhi during the last eight years, both at current and 2011-12 prices, has been presented in Statement 3.1.

### Statement 3.1

#### GSDP & NSDP OF DELHI – CURRENT AND 2011-12 PRICES

(₹ Crore)

S. No.	Years	GSDP at market prices		NSDP at market prices	
		Current	Constant (2011-12)	Current	Constant (2011-12)
1.	2011-12	343798	343798	314650	314650
2.	2012-13	391388	366628	357400	334193
3.	2013-14	443960	392908	404841	356528
4.	2014-15 (4 <sup>th</sup> RE)	494803	428355	448487	387639
5.	2015-16 (3 <sup>rd</sup> RE)	550804	475623	500524	431730
6.	2016-17 (2 <sup>nd</sup> RE)	615605	511504	557740	461476
7.	2017-18 (1 <sup>st</sup> RE)	690098	554908	625795	499674
8.	2018-19 (AE)	779652	602708	708615	542035

Source: - Directorate of Economics and Statistics, Government of NCT of Delhi.

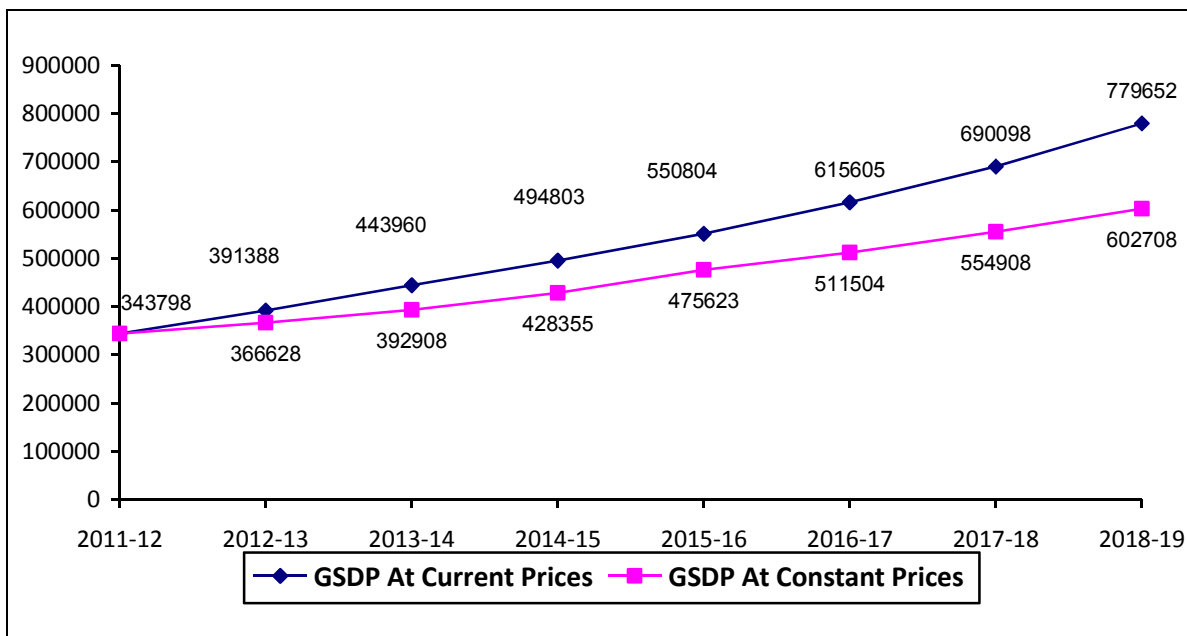
Note: - (4<sup>th</sup> RE) - Fourth Revised Estimates, (3<sup>rd</sup> RE)- Third Revised Estimates, (2<sup>nd</sup> RE) - Second Revised Estimates, (1<sup>st</sup> RE) - 1<sup>st</sup> Revised Estimates, (AE) - Advance Estimates.

3.4 GSDP of Delhi, both at current and constant prices (2011-12), has been depicted in Chart 3.1

**Chart 3.1**

**GSDP OF DELHI- CURRENT AND CONSTANT PRICES**

(₹ Crore)



3.5 The percentage growth of GSDP and NSDP of Delhi during the last seven years, both at current and 2011-12 prices, has been presented in Statement 3.2.

**Statement 3.2**

**GROWTH OF GSDP & NSDP OF DELHI – CURRENT AND CONSTANT PRICES**

(In %)

S. No.	Years	GSDP at market prices		NSDP at market prices	
		Current	Constant (2011-12)	Current	Constant (2011-12)
1.	2012-13	13.84	6.64	13.59	6.21
2.	2013-14	13.43	7.17	13.27	6.68
3.	2014-15	11.45	9.02	10.78	8.73
4.	2015-16	11.32	11.03	11.60	11.37
5.	2016-17	11.76	7.54	11.43	6.89
6.	2017-18	12.10	8.49	12.20	8.28
7.	2018-19	12.98	8.61	13.23	8.48

Source: - Directorate of Economics and Statistics, Government of NCT of Delhi.

## 3.6 Brief Methodology to Estimate State Domestic Product

3.6.1 **The Primary Sector** of the economy extracts or harvests products from the earth. The primary sector includes production of raw materials and basic foods. Activities associated with the primary sector include agriculture (both subsistence and commercial), mining, forestry, farming, grazing, hunting and gathering, fishing and mining and quarrying. The packaging and processing of raw materials associated with this sector is also considered to be a part of this sector. The estimates of GSVA for Agriculture, Forestry & Fishing are compiled by the production method, except for the operation of the government irrigation system, for which the income method is followed. Estimates of GSVA in the Mining & Quarrying industry are compiled from the annual financial statement of the companies for non-departmental enterprises and private corporate enterprises, extracted from the MCA21 database.

3.6.2 **The Secondary Sector** of the economy includes those economic sectors that create a finished, usable product: this includes manufacturing, construction and electricity, gas, water supply and other utility services. This sector generally takes the output of the primary sector and manufactures finished goods or where they are suitable for use by other businesses, for export, or sale to domestic consumers. For the purposes of estimation of GSVA, manufacturing activities are classified into two broad segments, namely - 'Organised Manufacturing' and 'Unorganised Manufacturing'. Estimates for Organised Manufacturing have been derived using the annual accounts of Non-Departmental Enterprises (NDE), private corporate sector from the MCA database and quasi-corporations as covered by ASI. Unorganised manufacturing consists of household enterprises. The effective labour input method has been used for the compilation of category-wise estimation of GVA of unincorporated manufacturing enterprises from the NSS 67<sup>th</sup> Round Survey on Unincorporated Enterprises, 2010-11 and NSS 68<sup>th</sup> Round Employment-Unemployment Survey, 2011-12. The GSVA estimates in the Electricity sub-sector have been prepared using the income method. The estimates are based on the analysis of annual accounts of the State Electricity Boards and other electricity undertakings located in the state. The estimates of GSVA with respect to Gas are compiled through the enterprise approach. The estimates of GSVA for Water Supply are compiled for public and private sectors separately, by following the income method. The estimates of GSVA for Remediation and Other Utility Services have been compiled by aggregating the estimates for recycling, remediation, sewerage and other waste management services. The estimates of accounted construction for the entire economy have first been compiled through the commodity flow approach. The estimates for private corporations have been prepared using information on the financial parameters of non-government companies from the MCA21 database, provided by the Ministry of Corporate Affairs.

3.6.3 **The Tertiary Sector** has a pivotal role in Delhi's economic development and constitutes a major part of its economy, both in terms of employment potential and its contribution to State Income. The sector covers a wide range of activities from the most sophisticated in the field of Information and Communication Technology to simple services pursued by unorganized/informal sector workers, such as, vegetable sellers, hawkers, rickshaw pullers, etc. In terms of industrial categories, this sector inter-alia includes sub-sectors like Trade; Hotels and Restaurants; Transport; Storage; Communication; Financial Services; Real Estate, Ownership of Dwelling & Professional Services; Public Administration; and other services including Education, Medical and Health. GSVA for the Public Sector segment has been obtained through economic analysis of annual reports/accounts. The estimates of private corporate estimates have been compiled using the MCA 21 database and NSS Surveys results.

#### 4. Per Capita Income

- 4.1 The per capita income of Delhi at current prices reached the level of ₹ 328985 in 2017-18 as compared to ₹ 298832 in 2016-17 and ₹ 273301 in 2015-16. The advance estimate of per capita income of Delhi at current prices during 2018-19 have been estimated at ₹ 365529. The annual growth rate of per capita income of Delhi at current prices during the last seven years (2013-19) was configured to be 11.45 per cent, 11.15 per cent, 8.70 per cent, 9.50 per cent, 9.34 per cent, 10.09 per cent and 11.11 per cent over the previous years respectively.
- 4.2 The per capita income of Delhi at constant prices was estimated at ₹ 262682 in 2017-18, as compared to ₹ 247255 in 2016-17, registering a growth of 6.24 per cent. The advance estimate of per capita income of Delhi at constant prices during 2018-19 is estimated to reach ₹ 279601, registering an annual growth of 6.44 per cent over the previous year.
- 4.3 Delhi's per capita income was almost three times the national average, both at current and constant prices. The information regarding per capita income of Delhi and India during the last eight years has been presented in Statement 3.3.

### Statement 3.3

#### PER CAPITA INCOME OF DELHI & INDIA DURING 2011-12 TO 2018-19

(In ₹)

YEAR	CURRENT PRICES (Base Year 2011-12)		CONSTANT PRICES (Base Year 2011-12)	
	DELHI*	ALL INDIA	DELHI*	ALL INDIA
2011-12	185361	63462	185361	63462
2012-13	206590	70983	193175	65538
2013-14	229619	79118	202216	68572
2014-15 (4 <sup>th</sup> RE)	249589	86647	215726	72805
2015-16 (3 <sup>rd</sup> RE)	273301	94797	235737	77659
2016-17 (2 <sup>nd</sup> RE)	298832	104659	247255	82931
2017-18 (1 <sup>st</sup> RE)	328985	114958	262682	87623
2018-19 (AE)	365529	125397	279601	91921

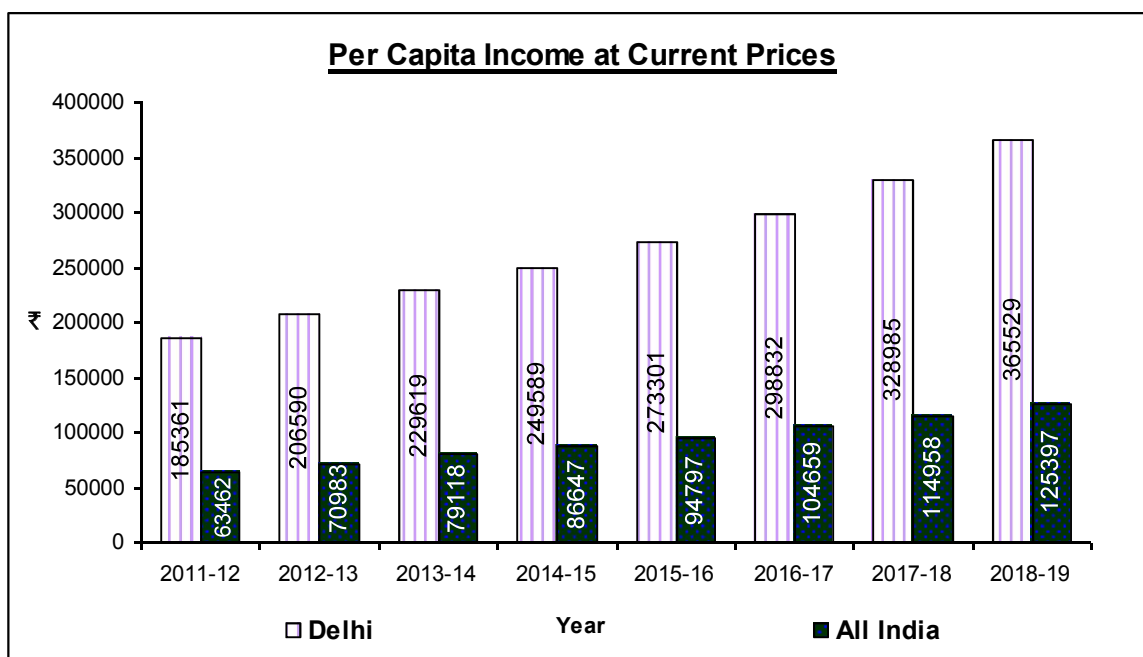
Source: - Directorate of Economics and Statistics, Government of NCT of Delhi.

Note: - (4<sup>th</sup> RE) - Fourth Revised Estimates, (3<sup>rd</sup> RE)- Third Revised Estimates, (2<sup>nd</sup> RE) - Second Revised Estimates, (1<sup>st</sup> RE) - First Revised Estimates, (AE) - Advance Estimates.

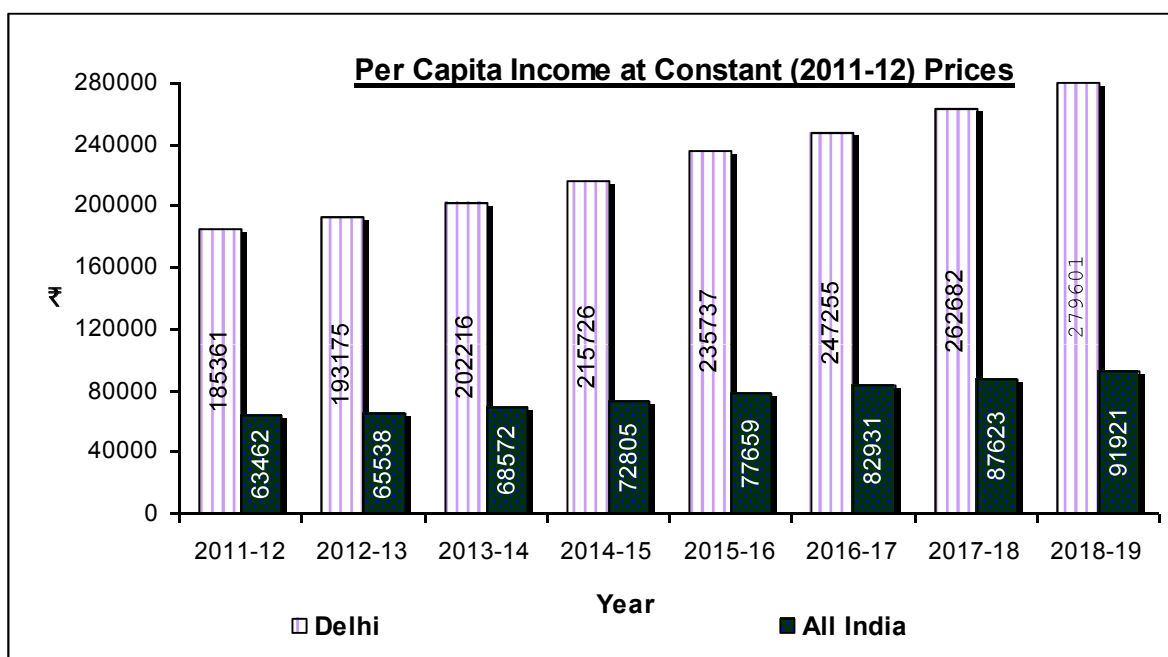
\* Projected on the basis of results of Population Census 2011 (Provided by CSO, Govt. of India)

- 4.4 It may be inferred from Statement 3.3 that the per capita income of Delhi at current prices increased from ₹ 185361 in 2011-12 to ₹ 365529 in 2018-19, recording an annual average growth rate at 10.19 per cent. During the same period, the per capita income of Delhi at constant prices increased at 6.06 per cent per annum. The information regarding per capita income of Delhi and India during the last eight years, both at current and constant prices, has been depicted in Chart 3.2.1 and 3.2.2 respectively.

**Chart 3.2.1**  
**PER CAPITA INCOME OF DELHI AND INDIA AT CURRENT PRICES**



**Chart 3.2.2**  
**PER CAPITA INCOME OF DELHI AND INDIA AT CONSTANT PRICES**



4.5 The growth rate of per capita income of Delhi and the national level, both at current and constant prices, is presented in Statement 3.4.

### Statement 3.4

#### GROWTH RATE OF PER CAPITA INCOME OF DELHI AND INDIA FROM 2012-13 TO 2018-19

S. No.	Years	Delhi		India	
		Current	Constant (2011-12)	Current	Constant (2011-12)
1.	2012-13	11.45	4.22	11.9	3.3
2.	2013-14	11.15	4.68	11.5	4.6
3.	2014-15	8.70	6.68	9.5	6.2
4.	2015-16	9.50	9.28	9.4	6.7
5.	2016-17	9.34	4.89	10.4	6.8
6.	2017-18	10.09	6.24	9.8	5.7
7.	2018-19	11.11	6.44	11.1	6.1

Source: - Directorate of Economics and Statistics, Government of NCT of Delhi.

## 5. Sectoral Composition of GSVA

- 5.1 In what is observed as a general phenomenon in most urbanized cities in the world, Delhi is also showing the same result - the major contribution to income is from the service sector. The analysis of sector-wise contribution in Gross State Value Added also clearly reveals this fact. The contribution of the primary sector (comprising agriculture, livestock, forestry, fishing, mining & quarrying) to the total GSVA is continuously showing a deteriorating trend during the last eight years, with some minor deviations. The contribution from the secondary sector showed an increasing trend during the last five years. The composition of GSVA at current and constant prices (2011-12) in three different sectors viz, primary, secondary and service sectors of Delhi during 2011-18 has been presented in Statement 3.5.



### Statement 3.5

#### SECTORAL COMPOSITION OF GSVA (at Basic Prices) IN DELHI- CURRENT AND CONSTANT (2011-12) PRICES

S. No.	Years	(₹ Crore)							
		Primary		Secondary		Tertiary		Total	
		₹ Crore	%	₹ Crore	%	₹ Crore	%	₹ Crore	%
1	2011-12								
	a. Current	10585.42	3.49	39682.08	13.09	252964.99	83.42	303232.49	100.00
	b. Constant	10585.42	3.49	39682.08	13.09	252964.99	83.42	303232.49	100.00
2	2012-13								
	a. Current	10048.44	2.93	48498.08	14.17	284041.02	82.90	342587.54	100.00
	b. Constant	9061.01	2.82	45118.64	14.06	266752.79	83.12	320932.43	100.00
3	2013-14								
	a. Current	12741.36	3.29	54262.39	14.07	318927.16	82.64	385930.91	100.00
	b. Constant	10621.54	3.10	47802.34	13.99	283200.89	82.91	341624.77	100.00
4	2014-15								
	a. Current	12115.29	2.79	53246.72	12.26	368879.09	84.95	434241.10	100.00
	b. Constant	11129.20	2.96	45154.35	12.01	319564.22	85.03	375847.77	100.00
5	2015-16								
	a. Current	9987.11	2.09	65194.32	13.62	403600.12	84.29	478781.54	100.00
	b. Constant	11534.36	2.80	55107.47	13.41	344275.62	83.79	410917.45	100.00
6	2016-17								
	a. Current	9265.14	1.74	73504.26	13.79	450191.15	84.47	532960.54	100.00
	b. Constant	10879.00	2.47	60082.29	13.67	368708.75	83.86	439670.05	100.00
7	2017-18								
	a. Current	10522.76	1.77	82924.31	13.92	502502.12	84.31	595949.19	100.00
	b. Constant	12376.37	2.60	65185.12	13.70	398226.30	83.70	475787.79	100.00
8	2018-19								
	a. Current	12675.36	1.88	94022.48	14.00	565122.94	84.12	671820.78	100.00
	b. Constant	11886.35	2.31	72878.81	14.13	431064.06	83.56	515829.22	100.00

Source: - Directorate of Economics and Statistics, Government of NCT of Delhi.  
Totals may not tally due to rounding off.

- 5.2 As evident from Statement 3.5, more than 80 per cent of Delhi's income was from the service sector, less than 15 per cent from the secondary sector and less than 4 per cent from the primary sector during 2011-12. More clearly, the contribution of the primary sector, which was 3.49 per cent during 2011-12, has come down to 1.88 per cent in 2018-19 at current prices. Contrary to this, the contribution of the tertiary sector, recorded at 83.42 per cent in 2011-12, increased to 84.12 per cent

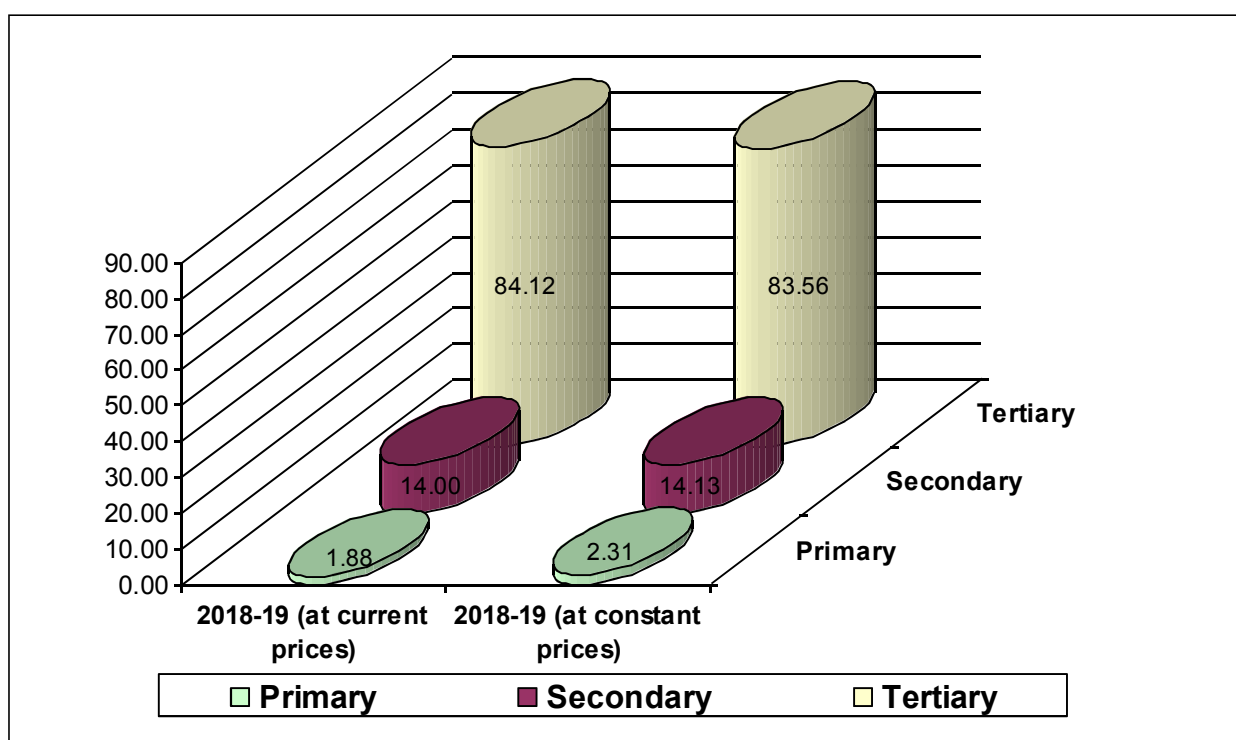
in 2018-19 at current prices. The contribution of the secondary sector to the income of Delhi increased from 13.09 per cent in 2011-12 to 14.00 per cent in 2018-19.

5.3 The sectoral composition of Gross State Value Added of Delhi during 2018-19 at current and constant prices (2011-12) has been depicted in Chart 3.3.

**Chart 3.3**

**SECTOR-WISE COMPOSITION OF GSDVA OF DELHI AT CURRENT AND CONSTANT (2011-12) PRICES**

(In %)



5.4 Other statistical information pertaining to the Gross State Domestic Product of Delhi is presented in table 3.1 to table 3.4.