

CHAPTER 3

STATE DOMESTIC PRODUCT

The State Domestic Product (SDP) commonly known as State Income is one of the important indicators to measure the economic development of the State/UT. In the context of planned economic development of the State/UT, State Income and Per Capita Income (PCI) plays a vital role in formulation of policies by policy makers, planners and administrators. These estimates serve as an indicator to assess the status of the economy among the States/UTs in the country as well as overall impact of various developmental programmes implemented by the Government. It gives an overall picture of the economy over a period of time.

The State Domestic Product is defined as the aggregate of the economic value of all goods and services produced within the geographical boundaries of the State/UT, counted without duplication during a specified period of time, usually a year. These estimates are prepared both at Current and Constant (1999-2000) prices. The State Domestic Product estimates at Current prices are obtained by evaluating the goods and services at prices prevailing during the year. The estimates of State Domestic Product at Current prices, over the time do not reveal actual economic growth because these contains the combined effect of (i) the changes in volume of goods and services (ii) the changes in the prices of goods and services. In order to eliminate the effect of price changes or inflation, the estimates of State Domestic Product are estimated by evaluating the goods and services at the prices prevailing in the base year known as estimates at constant(1999-2000) prices.

Brief Methodology to estimate SDP

For the purpose of estimation of State Domestic Product, the state economy is broadly classified into Agriculture, Industries and Services sectors. Estimates of these sectors are prepared individually by adopting one or more of the following approaches.

- (i) Production.
- (ii) Income Approach.
- (iii) Expenditure Approach.

(i) PRODUCTION APPROACH

In this method, the sum of economic value of all goods and services produced within the State/UT during the year is considered after deducting the inputs consumed in the process of production. This approach is followed in Agriculture, Livestock, Forestry, Fishing, Mining & Quarrying and Manufacturing (registered) sectors.

(ii) INCOME APPROACH

The income accrued to the factors of production namely land, labour, capital and entrepreneurship in the form of rent, salaries and wages, interest and profit is taken into consideration in estimation of value added. This approach is being followed in Manufacturing (Un-Registered) Electricity, Gas and Water Supply, Trade, Hotels & Restaurants, Transport, Storage and Communication, Financing, Insurance, Real Estate, Business Services, Public Administration and Other Services.

(iii) EXPENDITURE APPROACH

This method is based on the measurement of Income at the stage of disposal. All that produce is either ultimately consumed or part of it is saved for future consumption or future production of goods and services. Thus, the money value of consumption expenditure plus the saving gives the income. This approach is used in estimating income from construction sector.

The Gross State Domestic Product (GSDP) is estimated for each sector separately both at Current and Constant (1999-2000) prices.

The estimation of Net State Domestic Product (NSDP) is arrived at by deducting the Financial Intermediation Services Indirectly Measured (FISM)

and Consumption of Fixed Capital (CFC) as provided by Central Statistical Organization (C.S.O) for each sector. Sectoral aggregation of Net State Domestic Product divided by the estimated mid-financial year population, provided by the Registrar General of India, gives the Per Capita Income.

Estimates of GSDP & NSDP

The estimates of Gross State Domestic Product (GSDP) over a period of time reveal the changes in the economic development. The estimates of Gross State Domestic Product (GSDP) both at current and constant prices of Andaman and Nicobar Islands for the last seven years and the percentage growth over previous year are presented in the following Table:

Statement 3.1
Gross State Domestic Product at Current and
Constant (1999-2000) Prices of A&N Islands

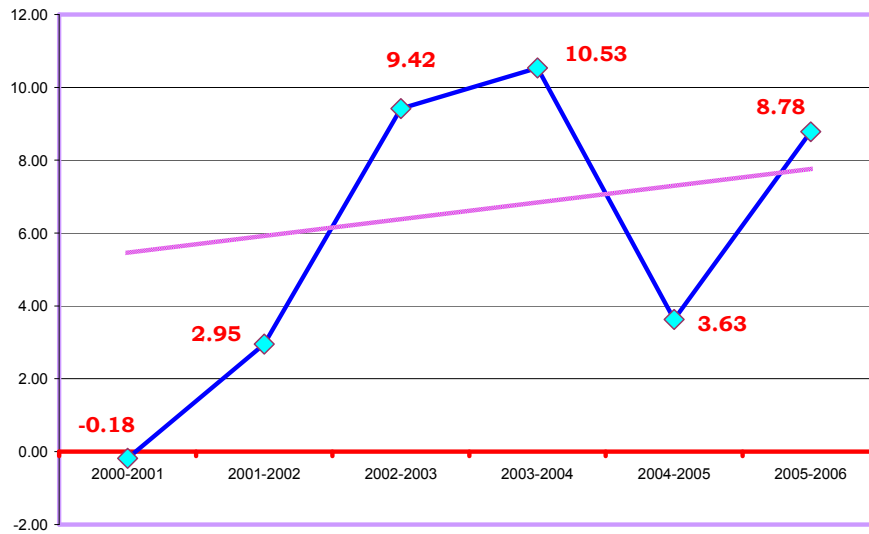
Year	(Rs. in lakhs)			
	GSDP (Current Prices)	% growth over previous year	GSDP (Constant Prices)	% growth over previous year
1999-2000	93857	--	93857	--
2000-2001	98874	5.35	93684	(-)0.18
2001-2002	108168	9.40	96449	2.95
2002-2003	122772	13.50	105530	9.42
2003-2004	139237	13.41	116646	10.53
2004-2005	152971	9.86	120880	3.63
2005-2006(P)	169761	10.97	131491	8.78

(P) – Provisional

The above table shows that the GSDP at current price has increased from 5 to 13% as against 2 to 10% at constant prices. During the year 2004-2005, A&N Islands economy had reduced by 3.55% due to earthquake and tsunami, as the production of Agriculture, Animal Husbandry, Fisheries, and Mining & quarrying product etc. was reduced. On trend line of the following graph, the average growth rate of these Islands has been exposed as 5.78 % during the six years gap between 2000-2001 to 2005-2006.

Chart 3.1

Growth rate of GSDP at Constant Price in A&N Islands



GSDP Comparison of A&N Islands with All India

Statement 3.2

Gross State Domestic Product at Current Price (Rs. in crores)

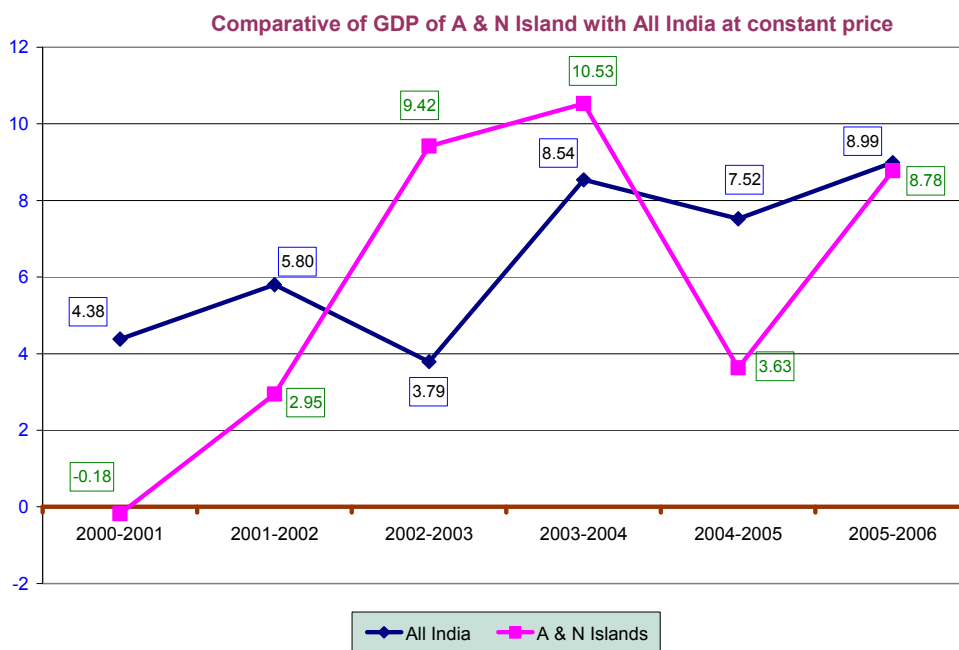
Year	Current Prices			
	All India (GDP)	% of Change over previous year	A&N Islands (GSDP)	% of Change over previous year
1999-2000	1786525	-	938.57	-
2000-2001	1925415	7.77	988.74	5.35
2001-2002	2100187	9.07	1081.68	9.40
2002-2003	2265304	7.86	1227.72	13.50
2003-2004	2549418	12.54	1392.37	13.41
2004-2005	2855933	12.02	1529.71	9.86
2005-2006(P)	3250932	13.83	1697.61	10.97

In the above Table, the All India growth has an average trend of 10.49% at current price, whereas the A& N Islands has an average trend of 10.38% due to reduction of GSDP during 2004-2005.

Statement 3.3
Gross State Domestic Product at Constant Price
 (Rs. in crores)

Year	Constant Prices			
	All India (GDP)	% of Change over previous year	A&N Islands (GSDP)	% of Change over previous year
1999-2000	1786525	-	938.57	-
2000-2001	1864773	4.38	936.84	(-)0.18
2001-2002	1972912	5.80	964.49	2.95
2002-2003	2047733	3.79	1055.30	9.42
2003-2004	2222591	8.54	1166.46	10.53
2004-2005	2389660	7.52	1208.80	3.63
2005-2006(P)	2604532	8.99	1314.91	8.78

Chart 3.2



In the above graph, it is observed that the All India growth has increased from 4.38 % to 8.99 % in six years gap, having the average growth rate of 6.50 %, but in A & N Islands growth has increased from (-) 0.18 % to 8.78% with the average compound growth rate of 5.78%. The average growth rate of Andaman and Nicobar Islands had been adversely affected due to

tsunami in December, 2004. During 2006-2007 growth rate of Andaman and Nicobar Islands has been estimated as 10.79% which is due to greater investment by the Government and NGOs in implementation of rehabilitation programmes to reconstruct the Tsunami affected islands of this Union Territory.

Sectoral Contribution

In keeping with the overall trend in the country, the economic activity in the UT was dominated by the services sector with its contribution estimated at 56.64 percent in 2001-02. The contribution of the primary sector was about 31.16 percent whereas the secondary sector contributed just about 12.20 percent of the GSDP in the UT. There is hardly any manufacturing activity in the UT and for whatever little there is, it is in the wood processing and with the present restriction on the exploitation of forests the activity has also stagnated. The following table shows the sectoral contribution of GSDP from 1999-2000 to 2005-06.

Statement 3.4
Year-wise Sectoral Contribution of GSDP
at Current & Constant Prices

(Rs. in lakhs)

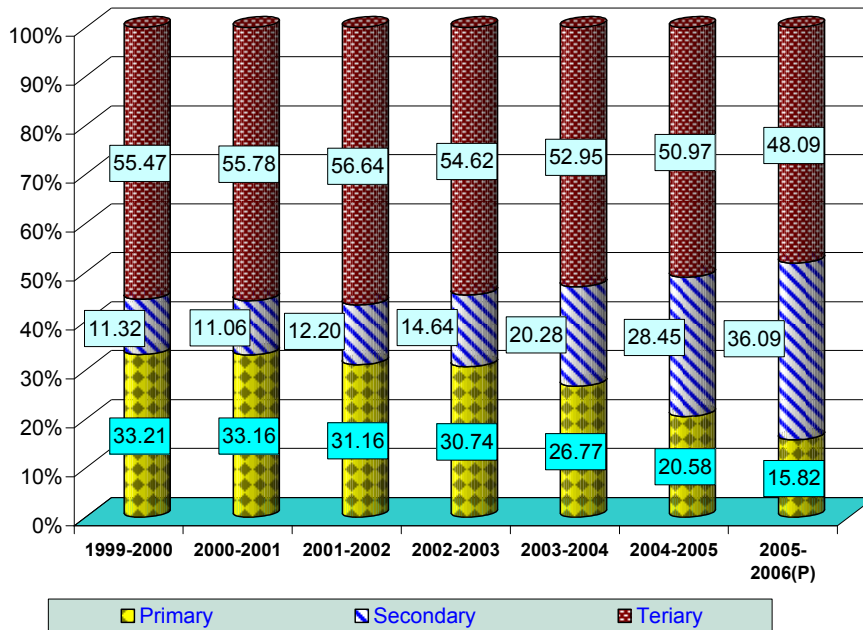
Sectoral Contribution						
Year	Primary		Secondary		Tertiary	
	Current Price	Constant Price	Current Price	Constant Price	Current Price	Constant Price
1999-2000	31166	31166	10624	10624	52067	52067
2000-2001	33712	31070	10705	10360	54457	52254
2001-2002	36272	30055	12536	11766	59360	54628
2002-2003	40689	32435	17106	15450	64978	57644
2003-2004	39739	31233	27066	23652	72431	61760
2004-2005	31508	24872	41608	34387	79855	61621
2005-06(P)	28639	20808	57238	47455	83884	63228

**Sector wise Average Annual Compound Growth Rate of GSDP
at Constant Price(1999-2000 to 2005-06)**

Sector	Average Annual Compound Growth Rate
Primary	(-) 6.51%
Secondary	28.33%
Tertiary	3.29%
Total	5.78%

Chart 3.3

Sectoral wise Contribution of GSDP at Constant Price in A&N Islands.



The Sectoral Contribution of Gross State Domestic Product gives an idea of the relative position of different sectors in the economy over a year of time and indicates the real structural change taking place in the economy. The primary sector contribution has gone down from 33.21% in 1999-2000 to 15.82% in 2005-2006 having annual compound growth rate of (-) 6.51% with in the span of 6 years due to reduction in cutting of forest timber as per the decision of the Supreme Court and reduction of agricultural produce due to submerge of land by Tsunami impact. The contribution of GSDP under Secondary sector has increased from 11.32% in 1999-2000 to 36.09% in

2005-2006 having annual compound growth rate of 28.33% with in the span of 6 years due to post TRP works by NGOs and by Administration especially in the construction sector.

The following table shows the year-wise comparison of GSDP in the UT and GDP of the country in percentage terms.

Statement 3.5
Percentage Contribution of GDP to that of GSDP at Current Price
Under various sectors

Year	Sectoral Contribution					
	Primary		Secondary		Tertiary	
	All India	A&N Islands	All India	A&N Islands	All India	A&N Islands
1999-2000	25.00	33.21	25.31	11.32	49.69	55.47
2000-2001	23.90	34.10	25.79	10.83	50.31	55.08
2001-2002	24.00	33.53	25.04	11.59	50.96	54.88
2002-2003	21.45	33.14	25.83	13.93	52.72	52.93
2003-2004	21.74	28.54	25.55	19.44	52.71	52.02
2004-2005	20.22	20.60	26.08	27.20	53.70	52.20
2005-06(P)	19.66	16.87	26.23	33.72	54.11	49.41

Under secondary sector GSDP at current price of this UT has been increased to 7.49 percentages as compare to GDP of the country in 2005-06.

Chart 3.4

Sectoral Contribution of GDP of All India at Current during 1999-2000

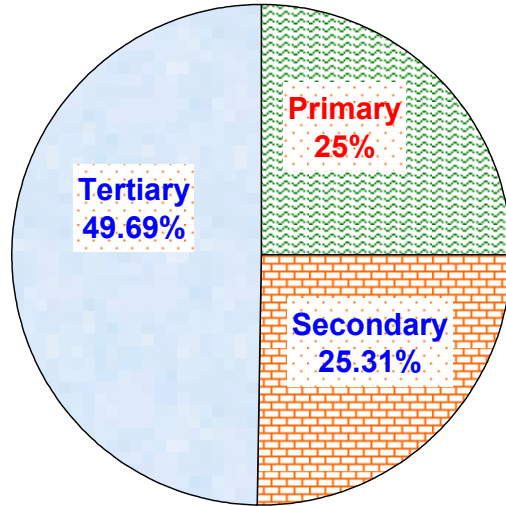


Chart 3.5

Sectoralwise contribution of A&N Islands during 1999-2000

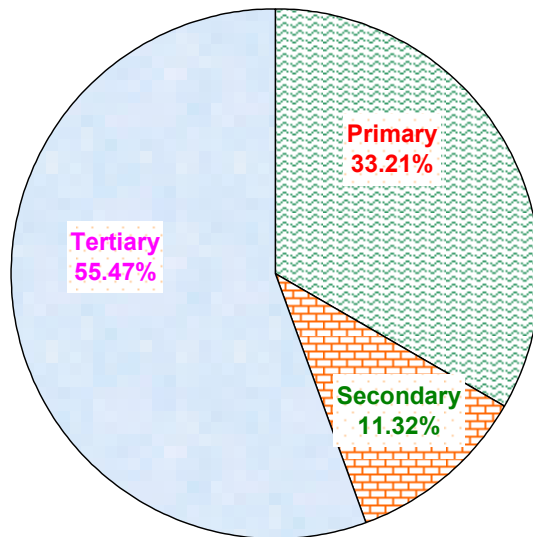


Chart 3.6

Sectoral Contribution of GDP of All India at Current during 2005-2006

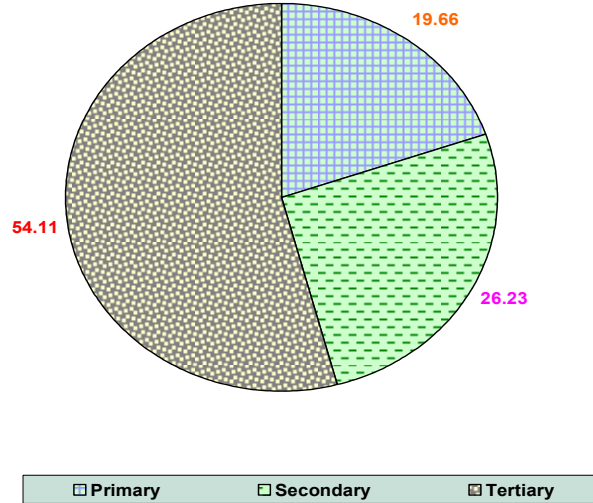
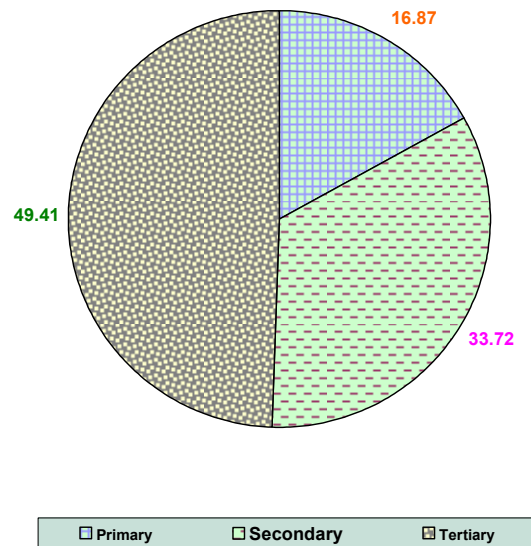


Chart 3.7

Sectoral Contribution of A&N Islands during 2005-06



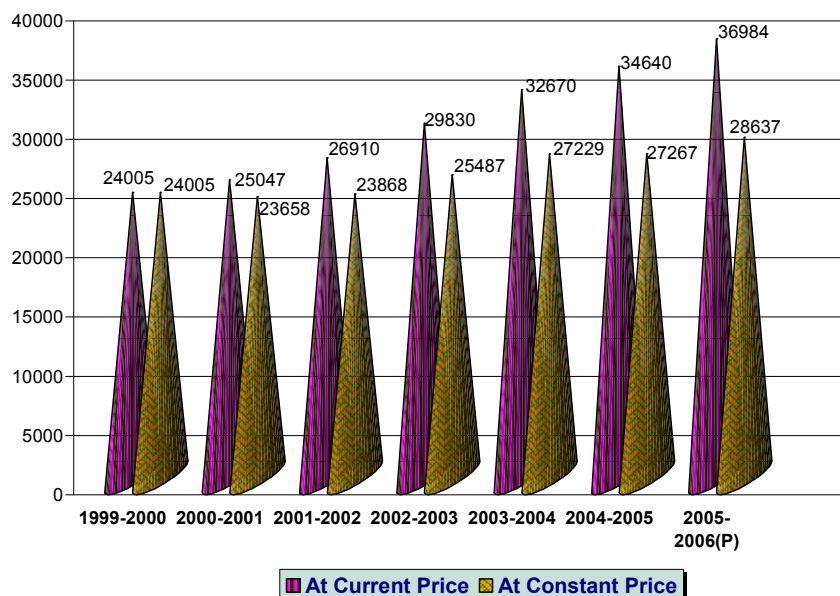
Until 2003-04 the primary sector has shown a steady increase and more than that of All India. This is due to the increase in forest product and fishery sector. The secondary sector which was less than the all India level has started increase during 2004-05 and 2005-06. The Service sector is more or less equivalent that of All India. Similarly the percapita income at current price shows a steady increase in the A & N Islands from 1999-2000. Percapita income at current price and at constant price from 1999-2000 onwards is more than the All India average during this period. The following tables show the percapita income at current & constant price and comparison with All India.

Per Capita Income at Current & Constant price and percentage growth over previous year

(In Rupees)

S.No	Year	Per Capita Income			
		At Current price	% growth over Previous year	At Constant price	% growth over Previous year
1	1999-2000 (base Year)	24005		24005	
2	2000-2001	25047	4.34	23658	(-)1.44
3z	2001-2002	26910	7.44	23868	0.89
4	2002-2003	29830	10.85	25487	6.78
5	2003-2004	32670	9.52	27229	6.84
6	2004-2005	34640	6.03	27267	0.14
7	2005-06(P)	36984	6.77	28637	5.02

PERCAPITA INCOME OF A & N ISLANDS AT CURRENT & CONSTANT PRICE



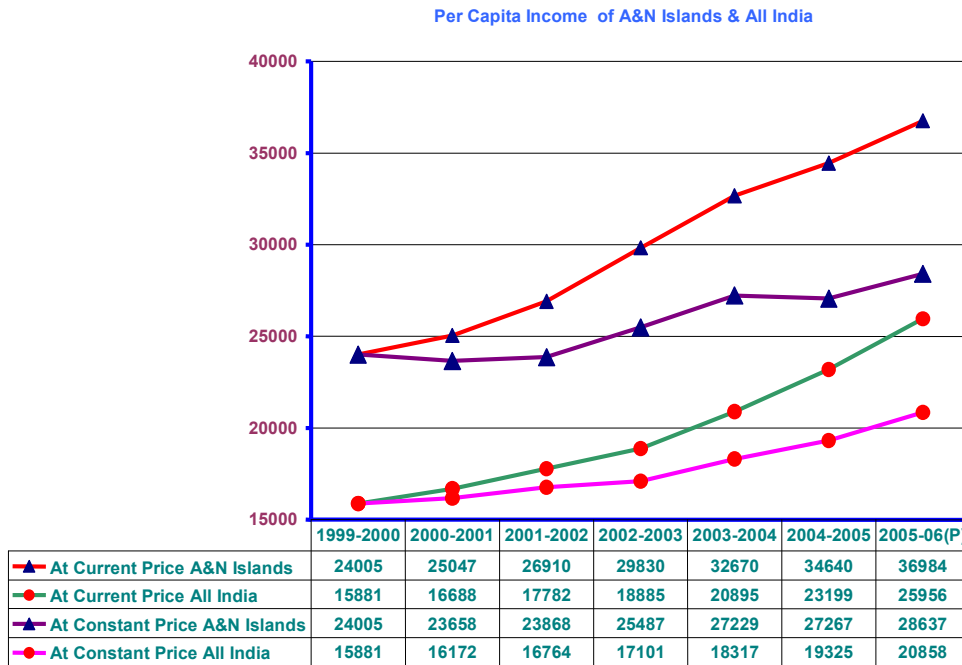
Statement 3.7

Comparison of Per Capita Income of A&N Islands with All India
(In rupees)

S.No	Year	At Current Price		At Constant Price	
		A&N Islands	All India	A&N Islands	All India
1	1999-2000	24005	15881	24005	15881
2	2000-2001	25047	16688	23658	16172
3	2001-2002	26910	17782	23868	16764
4	2002-2003	29830	18885	25487	17101
5	2003-2004	32670	20895	27229	18317
6	2004-2005	34640	23199	27267	19325
7	2005-06(P)	36984	25956	28637	20858

Even though in A&N Islands per capita income at current and constant price show increasing trend in every year there was a reduction at constant price during 2004-2005 due to Tsunami Impact.

Chart 3.9



The A & N Islands constant price per capita income is more than that of All India. All India Per capita income has gradually increased from Rs.15881/ to Rs.20858/-having A.C.G .R of 4.65% with in the span of 6 years while the percapita income of A & N Islands increased from Rs.24005 to Rs.28637 having A.C.G .R of 2.99%