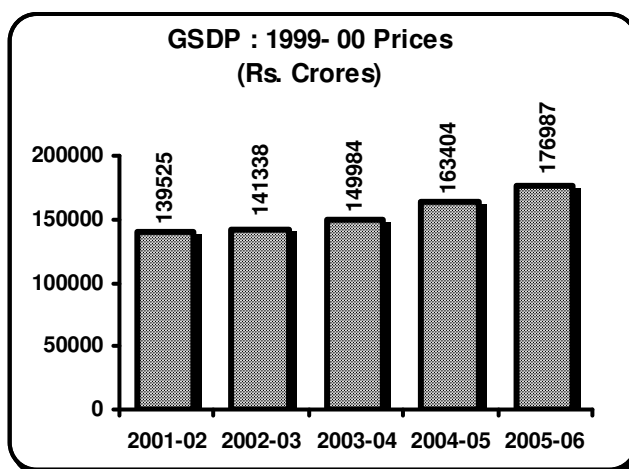


2. STATE INCOME

In order to capture the dynamic changes taking place in the economy, the base year for National Income Estimates has been revised from 1993-94 to 1999-2000. Correspondingly the base year of the State income estimates also has been revised.

Performance of Gross State Domestic Product:

The overall growth process of the State Economy was sustained in 2005-06. The Gross State Domestic Product (GSDP) at factor cost at constant prices (1999-2000) increased from Rs.163404 crores in 2004-05 to Rs.176987 crores in 2005-06 registering a growth of 8.31 per cent compared to 8.95 per cent achieved in the previous year. At current prices, the GSDP rose from Rs.196680 crores to Rs.219649 crores by recording a growth of 11.68 per cent.



All the three sub-sectors viz. primary, secondary and tertiary performed satisfactorily during 2005-06 both at current and constant prices.

Table – 1: Sectoral Growth of Gross State Domestic Product at Factor Cost – Tamil Nadu (1999-2000 New Series)

(Rs. crores)

Year	At Current Prices							
	Primary		Secondary		Tertiary		GSDP	
	Income	Growth Rate(%)	Income	Growth Rate(%)	Income	Growth Rate(%)	Income	Growth Rate(%)
1999-2000	23361	--	39245	--	70778	--	133384	--
2000-01	24957	6.83	43014	9.61	77398	9.35	145369	8.99
2001-02	24822	(-)0.54	40468	(-)5.92	83641	8.07	148931	2.45
2002-03	21105	(-)14.97	45338	12.03	91100	8.92	157543	5.78
2003-04(RE)	21808	3.33	51718	14.07	101433	11.34	174969	11.05
2004-05(QE)	26718	22.51	58094	12.33	111868	10.29	196680	12.41
2005-06(AE)	30124	12.75	65040	11.96	124485	11.28	219649	11.68
At Constant (1999-2000) Prices								
1999-2000	23361	--	39245	--	70778	--	133384	--
2000-01	24587	5.25	41368	5.41	74544	5.32	140499	5.33
2001-02	24104	(-)1.96	37916	(-)8.34	77505	3.97	139525	(-)0.69
2002-03	19650	(-)18.48	40859	7.76	80829	4.29	141338	1.30
2003-04(RE)	19499	(-)0.77	44078	7.88	86407	6.90	149984	6.12
2004-05(QE)	22374	14.75	46645	5.82	94385	9.23	163404	8.95
2005-06(AE)	24616	10.02	50403	8.06	101968	8.03	176987	8.31

Note: RE - Revised Estimates, QE - Quick Estimates; AE - Advanced Estimates.

Source: Directorate of Economics and Statistics, Chennai - 6.

Per Capita State Income:

Per capita income, a measure of standard of living of the people, increased from Rs.22480 in 2004-05 to Rs.24135 in 2005-06 at constant prices registering a growth of 10.03 per cent. At current prices, it increased from Rs.27040 to Rs.29924 showing a growth of 10.67 per cent. The annual average rate of growth in per capita income for the six year period from 2000-01 to 2005-06 was 4.26 per cent in real terms and 7.60 per cent at market prices.

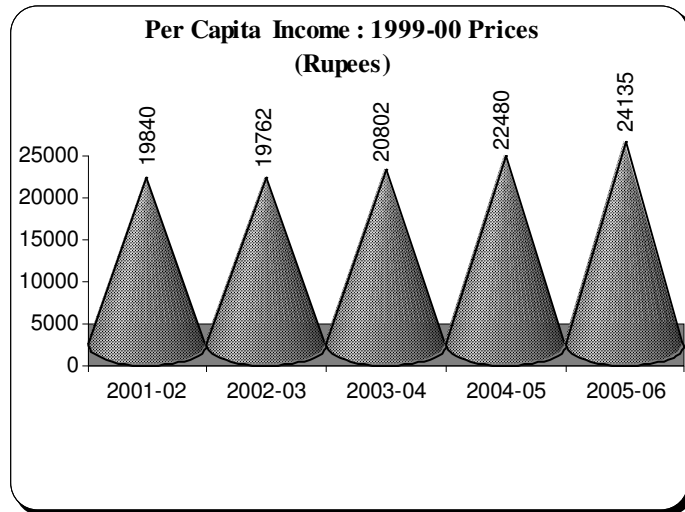


Table – 2: Trend in Per Capita Income (1999-2000 Series)

Year	At Current Prices		At Constant Prices	
	Per Capita Income	Growth Rate (%)	Per Capita Income	Growth Rate (%)
1999-2000	19353	-	19353	-
2000-01	20868	7.83	20189	4.32
2001-02	21108	1.15	19840	(-) 1.73
2002-03	22016	4.30	19762	(-)0.39
2003-04 (RE)	24283	10.30	20802	5.26
2004-05 (QE)	27040	11.35	22480	8.07
2005-06 (AE)	29924	10.67	24135	10.03
AAGR		7.60		4.26

Note: RE - Revised Estimates, QE - Quick Estimates, AE - Advanced Estimates.

Source: Directorate of Economics and Statistics, Chennai - 6.

Sectoral Performance :

Primary Sector:

The share of primary sector to GSDP was 13.91 per cent in 2005-06. However, the declining trend noticed in the contribution of primary sector to GSDP has been the subject of intense debate. The causes for this decline can to a considerable extent be attributed to severe droughts during 2001-02, 2002-03 and 2003-04 and inadequate public investment in agriculture. The primary sector in the State economy had a turnaround in 2004-05 and it expanded to 2005-06. The income originated in primary sector at constant prices increased from Rs.22374 crores in 2004-05 to Rs.24616 crores in 2005-06, registering a growth of 10.02 per cent over 14.75 per cent achieved in the previous year. Within the four sub-groups of primary sector, agriculture and allied activities is the largest component which registered a growth of 7.81 per cent thanks to the normal rainfall during South West monsoon followed by bountiful rainfall in the North-East monsoon period of 2005-06 and good storage level in all the dams and irrigation tanks including Mettur Dam. Among the other three sub-sectors, 'forestry and

logging' declined by 0.71 per cent and 'mining and quarrying' registered a growth of 4.45 per cent. Income generation from fishing sub-sector which was negative during the past few years turned positive and recorded an impressive growth in the review year.

**Table – 3: Primary Sector : Sub-Sectoral Income (GSDP)
at Constant (1999-2000) Prices –Tamil Nadu**

(Rs. Crores)

Sub-Sector	2003-04 (RE)		2004-05 (QE)		2005-06 (AE)	
	Income	Growth (%)	Income	Growth (%)	Income	Growth (%)
Agriculture & Allied Activities	15928	(-)1.60	19035	19.51	20521	7.81
Forestry & Logging	596	(-)5.33	594	(-)0.31	589	(-)0.71
Fishing	1983	(-)2.08	1690	(-)14.76	2404	42.23
Mining & Quarrying	992	22.58	1055	6.35	1102	4.45
Primary Sector	19499	(-)0.77	22374	14.75	24616	10.02

*Note: RE - Revised Estimates, QE - Quick Estimates, AE - Advanced Estimates.
Source: Directorate of Economics and Statistics.*

Secondary Sector:

The contribution of secondary sector to overall GSDP was 28.48 per cent during 2005-06. The secondary sector sustained its growth momentum in 2005-06 by registering a robust growth of 8.06 per cent. The income in the secondary sector increased from Rs.46645 crores in 2004-05 to Rs.50403 crores during 2005-06. The registered and unregistered units of manufacturing sub-group, the major constituent of secondary sector consolidated its growth at 9.32 per cent. The electricity and water supply sub-group which registered an unprecedented growth in 2002-03 due to revenue subsidy to TNEB from the Government experienced a negative growth of 30.14 per cent in 2003-04 due to increase in cost of production per unit and decrease in revenue. However this sub-group registered a growth of 7.82 per cent in 2004-05 and 4.95 per cent in 2005-06. The construction group registered a growth of 5.18 per cent in 2005-06 over the growth of 1.08 per cent in 2004-05.

**Table – 4: Secondary Sector : Sub-Sectoral Income (GSDP)
at Constant (1999-2000) Prices –Tamil Nadu**

(Rs, Crores)

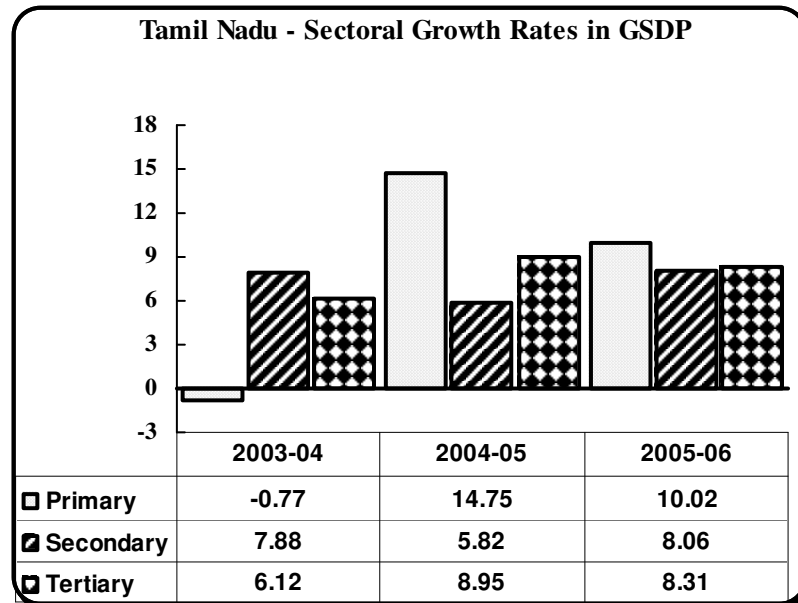
Sub-Sector	2003-04 (RE)		2004-05 (QE)		2005-06 (AE)	
	Income	Growth (%)	Income	Growth (%)	Income	Growth (%)
Manufacturing						
Registered	19660	16.41	21399	8.84	23394	9.32
Unregistered	10642	5.63	11147	4.74	12186	9.32
Electricity, Gas & Water Supply	2592	(-)30.14	2795	7.82	2933	4.95
Construction	11184	9.81	11304	1.08	11890	5.18
Secondary Sector	44078	7.88	46645	5.82	50403	8.06

*Note: RE - Revised Estimates, QE - Quick Estimates, AE - Advanced Estimates.
Source: Directorate of Economics and Statistics.*

Services Sector:

The services sector with a substantial share of 57.61 per cent in the GSDP during 2005-06, achieved a growth of 8.03 per cent, sustaining the momentum of growth from 2001-02 onwards. The income in the services sector increased from Rs. 94385 crores in 2004-05 to Rs. 101968 crores in 2005-06. The robust growth in 2005-06 was driven by the 'trade, hotels and restaurants', 'transport', 'storage' and 'communication', 'financing and insurance' and 'real estates and business services'. All these sub-sectors had recorded an impressive growth. 'Trade, hotels and restaurants,' the largest sub-group of services sector increased its income from Rs.27340 crores in 2004-05 to Rs.28949 crores in 2005-06 registering a growth of 5.88 per cent. It is further observed that a fluctuating trend in the gross value of output in private unorganized, part of commodity producing sectors viz., 'agriculture', 'manufacturing unregistered' directly influencing the gross value of output in 'trade, hotels and restaurants'.

'Transport, storage and communication' recorded a growth of 10.17 per cent. Within this subgroup, 'transport by other means' earned an income of Rs.10548 crores registering a growth of 10.04 per cent over the previous year. The 'communication' sub-sector which is growing rapidly registered a growth of 10.88 per cent due to spectacular increase in cellular subscriber base and growth in broad band connection and increase in business of process outsourcing, information technology enabled services and software exports. During 2005-06, a growth of 8.43 per cent was observed in 'banking, insurance and real estates' supported mainly by bank deposits, insurance premium and development in real estate activities. 'Community, social and personal services' showed a growth of 7.47 per cent in 2005-06. While the sub-sector 'other services' registered a growth of 5.31 per cent, 'public administration' witnessed a robust growth of 11.65 per cent due to increase in revenue expenditure and plan expenditure on social services and pension payments. In the recent past, the growth in the services sector played a crucial role in sustaining the overall growth in the economy. This is significant, keeping in view the sluggish performance of the primary sector and modest growth in the secondary sector.



**Table - 5 : Tertiary Sector : Sub-Sectoral Income (GSDP)
at Constant (1999-00) Prices – Tamil Nadu**

(Rs. crores)

Sub-Sector	2003-04 (RE)		2004-05 (QE)		2005-06 (AE)	
	Income	Growth (%)	Income	Growth (%)	Income	Growth (%)
1. Trade, Hotel & Restaurants	25480	13.85	27340	7.30	28949	5.88
2. Transport, Storage & Communication	16125	11.14	17584	9.05	19372	10.17
2.1. Railways	1545	5.11	1656	7.24	1796	8.43
2.2. Transport by other means	9068	7.03	9586	5.71	10548	10.04
2.3 Storage	78	1.96	83	6.03	87	5.69
2.4 Communication	5435	21.01	6259	15.16	6940	10.88
3. Financing, Insurance, Real Estates & Bussiness Services	23565	5.56	25957	10.15	28388	9.36
3.1. Banking & Insurance	11864	3.29	13103	10.44	14207	8.43
3.2. Real Estate, Ownership of Dwellings & Business Services	11701	7.97	12854	9.86	14181	10.32
4. Community, Social & Personal Services	21237	(-) 1.75	23503	10.67	25259	7.47
4.1. Public Administration	7006	0.69	7995	14.11	8926	11.65
4.2. Other Services	14230	(-) 2.91	15509	8.98	16332	5.31
Tertiary Sector	86407	6.90	94385	9.23	101968	8.03

Note: RE - Revised Estimates, QE - Quick Estimates, AE - Advanced Estimates.

Source: Directorate of Economics and Statistics.

Box-1

Brief Note on Preparation of Estimates of District Domestic Product

The availability of district-wise basic data required for estimation of income at the district level is still not satisfactory in any of the States in India. The data in respect of commodity producing sectors, viz., primary sectors and manufacturing (registered) sector, is fairly available but in respect of remaining sectors, it is very scanty. As such, it is decided that wherever district-wise basic data are available, the same may be utilised to compute the district income estimates following the State level methodology. In case of non-commodity producing sectors, where district-wise basic data are not available, the State level estimates may be allocated to the districts on the basis of suitable district-wise indicators. Further, in some of the commodity producing sectors, though district-wise production data are available, the corresponding prices are not available. In such cases, district-wise production and State average prices may be utilised for preparation of District income estimates. Similarly, wherever certain ratios / norms, yield rates, etc. are used for the State estimates and which are normally not available at the district level, the State level ratios / yield rates, etc. may be utilised for district income estimates also. Broadly the methodology of computation of sectoral estimates is the same as adopted for estimates of State Domestic Product (SDP).

Source: An excerpt from Joint paper on the Methodology for Preparation of Estimates of District Domestic Product by Directorate of Economics and Statistics, Karnataka and Uttar Pradesh.

Structural Transformation:

In the developed and matured economies, both the secondary and tertiary sectors account for a major share in GDP, with relatively low share from agriculture sector. Over the years, the State economy too has been experiencing an improvement in the contribution of industry and services sectors to the overall GSDP. The share of primary sector in overall State Domestic Product has gradually declined from 43.51 per cent in 1960-61 to 23.42 per cent in 1990-91 and plummeted to 13.91 per cent in 2005-06. In contrast, the share of secondary sector has increased from 20.27 per cent in 1960-61 to 30.31 per cent in 1990-91 and has been more or less constant and was 28.48 per cent in 2005-06. The share of services sector has steadily increased from 36.22 per cent in 1960-61 to 43.48 per cent in 1990-91. The upward movement was sustained and the share rose to 57.61 per cent in 2005-06.

Table – 6 : State Economy : Structural Changes

Sl. No.	Sectors	Sectoral and Sub-sectoral Share (%)						
		1960-61	1970-71	1980-81	1990-91	1999-2000	2002-03	2005-06
1.	Primary Sector	43.51	34.79	25.92	23.42	17.51	13.90	13.91
1.1.	Agri. & Allied Activities	42.46	32.78	24.56	21.85	15.12	11.45	11.59
1.2.	Forestry & Logging	0.54	0.62	0.24	0.73	0.47	0.45	0.33
1.3.	Fishing	0.38	0.57	0.63	0.31	0.45	1.43	1.36
1.4.	Mining & Quarrying	0.13	0.82	0.49	0.53	1.45	0.57	0.62
2.	Secondary Sector	20.27	26.88	33.49	33.10	29.42	28.91	28.48
2.1.	Manufacturing - Registered.	6.85	9.68	14.95	16.22	13.03	11.95	13.22
2.2.	Manufacturing – Unregistered	7.91	10.16	12.47	7.95	6.86	7.13	6.89
2.3.	Electricity, Gas and Water Supply	0.17	0.31	0.43	2.03	2.81	2.63	1.66
2.4.	Construction	5.34	6.73	5.64	6.90	6.72	7.21	6.72
3.	Tertiary Sector	36.22	38.33	40.59	43.48	53.06	57.19	57.61
3.1.	Trade, Hotels and Restaurants	16.55	15.81	16.87	16.51	15.40	15.84	16.36
3.2.	Railways	0.20	0.27	0.35	0.37	1.06	1.04	1.01
3.3.	Transport by other means	2.49	4.16	4.40	4.31	5.76	5.99	5.96
3.4.	Storage	--	--	0.13	0.08	0.06	0.05	0.05
3.5.	Communication	0.35	0.64	0.95	0.93	1.94	3.18	3.92
3.6.	Banking & Insurance	1.56	2.11	3.25	5.77	7.21	8.13	8.03
3.7.	Real Estate and Business Services	3.96	4.02	4.99	5.53	6.63	7.67	8.01
3.8.	Public Administration.	0.97	1.66	3.56	4.26	5.40	4.92	5.04
3.9.	Other Services	10.14	9.66	6.09	5.72	9.60	10.37	9.23
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Department of Economics and Statistics, Chennai - 6.

The experience in the growth of services sector since 1960-61 and the rate of growth between 1960-61 and 2005-06 showed that it has imparted much needed resilience to the economy, particularly in times of adverse shocks observed in the primary and secondary sectors.

In the development process, the share of services sector in GSDP has surpassed that of primary and secondary sectors within a short period is indeed noteworthy. From a theoretical perspective, orthodox theorizing posits the transition of the economy from primary sector led development to the secondary sector led growth and finally to the services sector led growth. This is a typical characteristic of transition to a mature economy. The Tamil Nadu economy mirrors a similar characteristic exhibited by the Indian economy wherein the services sector led growth in a sense leapfrogged growth in the secondary sector. Further, there are certain methodological issues in the accurate estimation of the contribution of various sectors forming part of the services sector.

Policy Implications in the Services Sector:

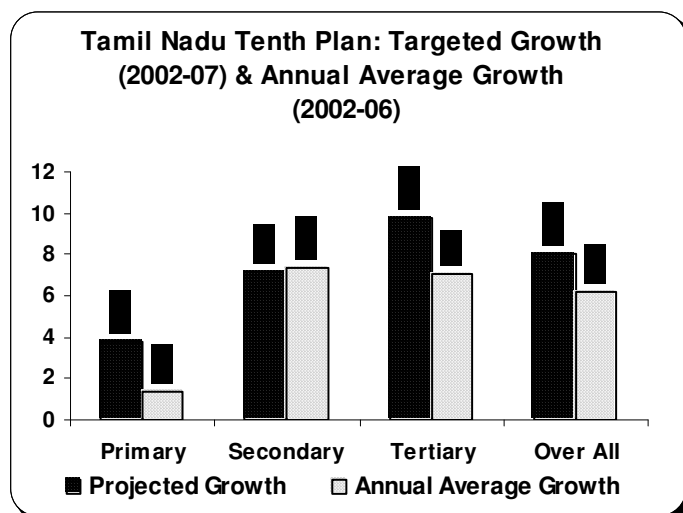
The continued expansion of activities taking place in the services sector has wider implications in the structure of production, employment, trade, fiscal prospects of the State economy are what follows:

- The growing share of the services sector needs a policy initiatives towards introducing greater competition and efficiency so as to ensure its sustained contribution to exports especially in software and to higher long term growth.
- The increase in the production possibility of both primary and secondary sector owing to the result of research and technological upgradation which will shift employment opportunities from these sectors to services sector leads to migration from rural to urban will increase the social cost burden of the government.
- The services sector has a vast tax potential which is mostly unexploited and its growth has long term implications for fiscal policy of the State economy.

Mid-Term Appraisal of State Domestic Product - Tenth Five Year Plan (2002-07) :

The State economy in the Tenth Five Year Plan 2002-07 envisaged an annual target growth rate of 8 per cent. Sector-wise the annual growth rate was computed at 3.79 per cent for primary sector, 7.12 per cent for secondary sector and 9.77 per cent for tertiary sector.

During the first four years of the Tenth Plan period (2002-06) the overall annual average growth of State Domestic Product was 6.17 per cent. The State economy was able to surpass the Plan target (8% per annum) only in two years, i.e. 8.95 per cent in 2004-05 and 8.31 per cent in 2005-06. In the first two years of the X Plan period the State could witness only 1.30 per cent (2002-03) and



6.12 per cent (2003-04) owing to poor performance in the primary sector in both the years. The State would achieve the plan target of 8 per cent in the overall State Domestic Product in 2006-07 since there is a revival in agriculture front and higher growth in secondary sector.

The primary sector registered an annual average growth rate of 1.38 per cent in the first four years of the Tenth Plan against the target of 3.79 per cent due to the occurrence of droughts during 2002-03 and 2003-04 whereas the secondary sector achieved the growth of 7.38 per cent which was marginally higher than the plan target of 7.12 per cent in view of the performance of both manufacturing registered (9.34%) and unregistered (6.32%). The services sector witnessed 7.11 per cent growth against the target of 9.77 per cent per annum.

During the Tenth Five Year Plan period the State is likely to register an overall growth of 6.14 per cent as against the targeted 8 per cent due to slippages in the services sector.

**Table - 7 : Tenth Five Year Plan – Tamil Nadu
Sector-wise Growth Targets and Achievements**

Sector	(Percentage)	
	Targeted Growth Rate (2002-07)	Annual Average Growth Rate (2002-06)
1. Primary Sector	3.79	1.38
Agriculture and Allied Activities	4.00	0.98
Forestry and Logging	3.00	1.29
Fishing	1.50	5.61
Mining and quarrying	0.40	10.04
2. Secondary Sector	7.12	7.38
Manufacturing		
Manufacturing - Registered	8.00	9.34
- Unregistered	2.50	6.32
Electricity, Gas and Water Supply	6.00	18.01
Construction	10.50	4.52
3. Tertiary Sector	9.77	7.11
Trade, Hotels and Restaurants	6.50	7.25
Railways	6.00	5.51
Transport by other means	10.00	6.16
Storage	2.00	0.23
Communication	11.15	14.51
Banking and Insurance	14.00	9.56
Business Services	9.30	8.32
Public Administration	10.00	4.66
Other Services	9.50	4.22
Overall Gross State Domestic Product	8.00	6.17

Source: 1. Tenth Five Year Plan - Tamil Nadu State Planning Commission.
2. Directorate of Economics and Statistics, Chennai.

Tamil Nadu vis-a-vis Major States:

The annual average growth rates in real terms for 15 major States representing nearly 90 per cent of population is computed for respective State Domestic Products with 1993-94 base to keep the homogeneity of base year. It revealed that varying degrees of reforms and policy implementation in different States have yielded variations in growth performance among States. Gujarat stands first in the annual average growth rate with 7.48 per cent and Tamil Nadu with 5.52 per cent ranked ninth in that order. The State-wise per capita Net State Domestic Product (NSDP) exhibits significant variation. States like West Bengal (5.58%), Karnataka (5.34%), Gujarat (5.32%), Andhra Pradesh (4.81%), Kerala (4.80%), Rajasthan (4.77%) and Tamil Nadu (4.22%) have the high growth rate in per capita income compared to other States. The disparity in the growth rate of per capita income between the States is due to differences in private investment and public expenditure, differing in the distribution of State Government expenditure, concerned State policies etc.

**Table - 8 : Tamil Nadu vis-a-vis Major States
AAGR for GSDP and Per Capita Income at 1993-94 Prices**

State	GSDP (Rs. crores)			Per Capita Income (Rupees)		
	1993-94	2004-05	AAGR	1993-94	2004-05	AAGR
Andhra Pradesh	57867	109193	5.99	7416	12352	4.81
Assam	15143	22118	3.52	5715	6721	1.50
Bihar	22812	36882	5.17	3037	3773	2.81
Gujarat	49194	107033	7.48	9796	16878	5.32
Haryana	22131	43502	6.37	11079	16872	3.94
Karnataka	41079	85724	6.96	7838	13820	5.34
Kerala	26326	50935	6.22	7983	13321	4.80
Madhya Pradesh	37971	60324	4.53	6584	8238	2.33
Maharashtra	113320	208253	5.77	12183	17864	3.63
Orissa	18537	31706	5.15	4896	7176	3.74
Punjab	30248	48532	4.40	12710	16756	2.56
Rajasthan	32970	66853	7.00	6182	9853	4.77
Tamil Nadu	57549	103248	5.52	8955	13999	4.22
Uttar Pradesh	80451	127560	4.3	5066	6138	1.81
West Bengal	53424	113206	7.07	6756	12271	5.58

Source: Central Statistical Organisation, New Delhi.

An analysis of GSDP of major States at 1993-94 prices (1999-2000 base year data is not available) between two end period viz. 1993-94 and 2004-05 reveals that the structural changes moving in favour of services sector. The share of primary sector of concerned States have been dwindling considerably during 2004-05 when comparing to 1993-94. Among the major states, the contribution of services sector in 2004-05 was more pronounced in Kerala with 64.59 per cent followed by Maharashtra (58.85%), West Bengal (56.67%) and Tamil Nadu (56.04%), whereas Bihar (40.19%) and Punjab (37.07%) were having highest contribution in primary sector. The highest share of 39.08 per cent in secondary sector was found in Gujarat followed by 30 per cent in Tamil Nadu for the corresponding period. It was observed that during 1993-94, the share of primary sector in Assam, Bihar, Haryana, Madhya Pradesh, Orissa and Uttar Pradesh was well ahead of services sector. The share of secondary sector of major states in both the periods was almost stable with either marginal increase or decrease. The technological changes and increase in per capita income are reasons for structural change in the economy of major States.

Table - 9 : Structural Changes in Major States

(Percent)

State	1993-94			2004-05		
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
Andhra Pradesh	35.73	21.92	42.35	27.18	22.96	49.93
Assam	46.87	14.93	38.20	34.53	17.01	48.45
Bihar	48.78	9.93	41.29	40.19	11.73	48.07
Gujarat	25.46	35.77	38.77	18.45	39.08	42.45
Haryana	42.44	26.24	31.32	28.19	27.45	44.35
Karnataka	36.32	25.40	38.27	19.41	27.98	52.61
Kerala	30.58	20.62	48.80	14.71	20.69	64.59
Madhya Pradesh	43.19	21.15	35.66	29.65	27.60	42.74
Maharashtra	20.16	32.77	47.07	11.93	29.22	58.85
Orissa	44.95	19.78	35.27	35.83	19.58	44.59
Punjab	46.13	21.76	32.10	37.07	23.48	39.45
Rajasthan	36.27	24.96	38.77	28.82	27.57	43.61
Tamil Nadu	24.79	33.69	41.52	13.96	30.00	56.04
Uttar Pradesh	39.80	21.45	38.75	33.40	23.61	42.98
West Bengal	33.84	23.02	43.14	23.12	20.21	56.67
All India	33.54	23.69	42.77	22.81	24.78	52.41

Source: Central Statistical Organisation, New Delhi.

A brief account on the Revised Base Year (1999-2000) for National Accounts Statistics:

The Central Statistical Organisation (CSO) has introduced the New Series of National Accounts Statistics (NAS) with base year 1999-2000 for computing the National Income in the place of previous series with base year 1993-94.

Guiding Principles for New Series* :

The three major components influencing the present revision exercise at the National level are:

- Revision of base year to a more recent year for meaningful analysis of the structural changes in the economy;
- Complete review of the existing data base and methodology employed in the estimation of various macro-economic aggregates including choice of the alternative databases on individual subjects and
- To the extent feasible, implementing the recommendations of the System of National Accounts (1993 SNA) prepared under the auspices of the Inter Secretariat Working Group on National Accounts comprising of the European Communities (EUROSTAT), International Monetary Fund (IMF), Organisation for Economic Cooperation and Development (OECD), United Nations and World Bank.

Improvements in the Coverage of New Series:

The improvements in terms of coverage in the new series in the GDP estimates have mainly been inclusion of production of Salt through seawater evaporation, toddy, goat milk, buffalo and camel milk having economic value and not presently covered in the production data, duck eggs and meat production from unregistered slaughtering. Capital expenditure incurred on seven new tree crops during the gestation period and

* New Series of National Accounts Statistics Base Year 1999-2000, CSO, New Delhi.

installation of wind energy have also been included. Economic activities like other private communication, renting of machinery and other equipments without operator, social work with accommodation and recreation and cultural and supporting activities, have been taken into account as per the latest available data from the NSS 55th and NSS 57th rounds

Gross Domestic Product- All-India (Base Year 1999-2000):

At the national level, the Gross Domestic Product at factor cost at constant (1999-2000) prices had registered a higher growth of 9 per cent in 2005-06 as against 7.52 per cent in 2004-05. The gross domestic product increased from Rs. 2389660 crores in 2004-05 to Rs. 2604532 crores in 2005-06. At current prices, the GDP increased to Rs. 3250932 crores from Rs. 2855933 crores for the corresponding period exhibiting a robust growth of 13.83 per cent. The growth rate of 9 per cent in the GDP at constant prices in 2005-06 had attributed by the higher growth rates achieved in 'agriculture, forestry and fishing' (6.02%), manufacturing (9.09%), construction (14.23%), 'trade, hotels & restaurants'(8.18%), 'transport, storage, & communication' (13.90%) 'financing, insurance, real estates & business services'(10.94%) and 'community, social & personal services'(7.72%).

Table – 10 : Gross Domestic Product at Constant (1999-2000) Prices- All India
(Rs. Crores)

Year	Primary		Secondary		Tertiary		Total	
	Income	Growth Rate (%)	Income	Growth Rate (%)	Income	Growth Rate (%)	Income	Growth Rate (%)
1999-2000	488109	-	410646	-	887771	-	1786525	-
2000-01	488183	0.02	438372	6.75	938217	5.68	1864773	4.36
2001-02	516865	5.88	450723	2.82	1005324	7.15	1972912	5.80
2002-03	486489	(-) 5.88	481758	6.89	1079486	7.38	2047733	3.79
2003-04	531900	9.33	519323	7.80	1171368	8.51	2222591	8.54
2004-05	535330	0.64	571077	9.97	1283253	9.55	2389660	7.52
@								
2005-06	566275	5.78	628900	10.13	1401860	9.24	2604532	9.00
*								
AAGR		2.63		7.39		7.92		6.51

Note: @- Provisional Estimates; * - Quick Estimates.

Source: Central Statistical Organisation, New Delhi.

The overall growth rate of GDP at the national level was moderate at 3.79 per cent in 2002-03 due to the negative growth in primary sector (-5.88%). The annual average growth rate for the period of six years (2000-06) showed that the GDP grew at the rate of 6.51 per cent at constant prices. At the sectoral level, the tertiary sector grew by 7.92 per cent, the secondary sector by 7.39 per cent and primary sector by 2.63 per cent. It may be noted that services sector, the driver of the economy had sustainable steady growth rate since 2000-01. The services sector and the secondary sector have pulled up the economy despite an erratic growth rates observed in the primary sector.

During the first four years of the Tenth Plan Five Year Plan, the National economy grew at the rate of 7.21 per cent fell short of the 8 per cent target.

Per Capita National Income :

As per the new series the per capita income (per capita net national product at factor cost) registered a growth of 7.45 per cent in real terms during 2005-06 compared to 5.66 per cent achieved in the previous year.

Table – 11 : Per Capita Income - All India

(Rupees)

Year	At Current Prices		At Constant Prices	
	Income	% change	Income	% change
1999-2000	15839	-	15839	-
2000-01	16648	5.11	16133	1.86
2001-02	17800	6.92	16762	3.90
2002-03	18899	6.17	17075	1.87
2003-04	20936	10.78	18263	6.96
2004-05	22946	9.60	19297	5.66
2005-06	25716	12.07	20734	7.45
AAGR		8.44		4.62

Source : Central Statistical Organisation, New Delhi.

The per capita income increased to Rs.20734 in 2005-06 as against Rs.19297 in 2004-05. At current prices, it increased to Rs.25716 from Rs.22946 exhibiting a growth of 12.07 percent for the corresponding period. The annual average growth rate of per capita income from 2000-01 to 2005-06 posted at 4.62 per cent in real terms and 8.44 per cent at current prices. Both at current and constant prices, the growth rates of per capita income are fluctuating over the years.