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# Macroeconomics

Writing Assignment 2

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## Introduction

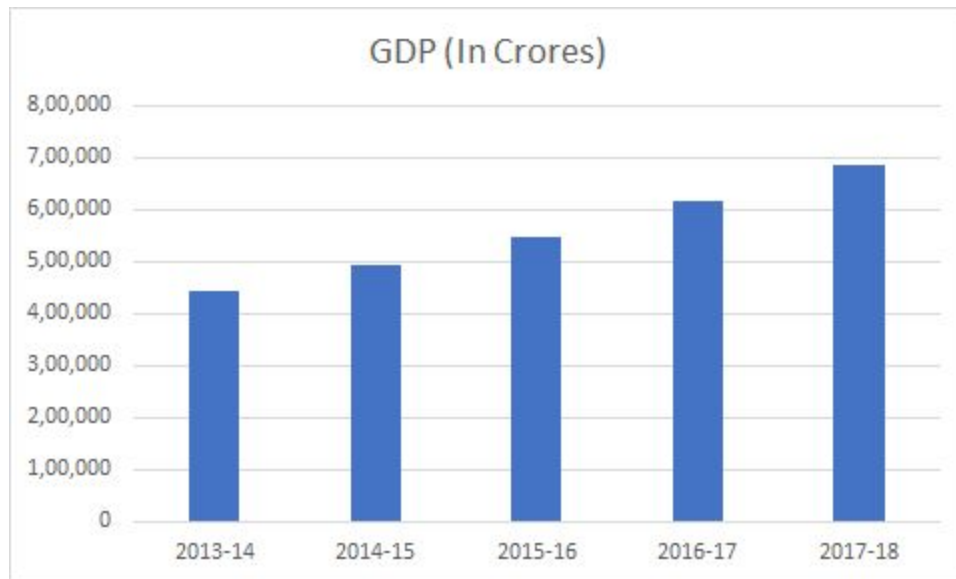
I have taken three prosperous Indian states namely **Delhi, Karnataka and West Bengal** known for their contribution towards the national GDP. The countries with similar GDP statistics are **China, Georgia and Pakistan**.

## Delhi vs China

### GDP of Delhi in the last five years

- Delhi's GDP turns out to be more than \$100 Billion. China's total GDP is about \$20 Trillion.

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP (In Crores)	4,43,960	4,94,885	5,48,081	6,16,826	6,86,017



- The GDP of Delhi has been rising from 4,43,960 in 2013-14 to about 6,86,017 in 2017-18. The increase in GDP has been about 54% during these periods.

### **GDP Growth Rate in the past five years for current prices**

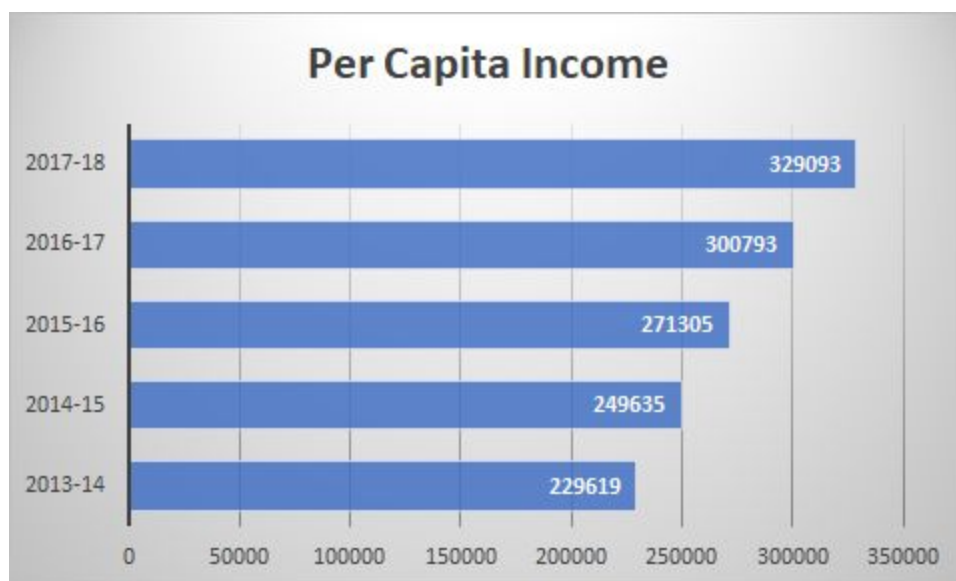
	2013-14	2014-15	2015-16	2016-17	2017-18
GDP Growth Rates at Current Prices (in percentage)	0	11.47	10.74	12.54	11.21

- These values are taken with the base year as 2013-14.
- The growth rates for Delhi are fluctuating and aren't steadily increasing.



## Per Capita Income of Delhi

	2013-14	2014-15	2015-16	2016-17	2017-18
Per Capita Income (in INR)	2,29,619	2,49,635	2,71,305	3,00,793	3,29,093

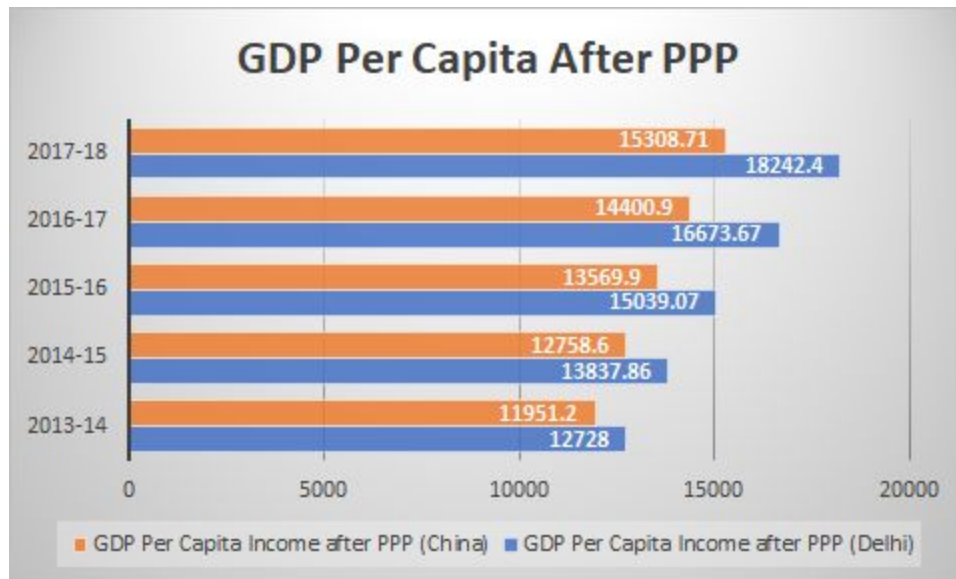


- The Per Capita Income of Delhi measured at constant prices raised from about 2,29,619 in the year 2013-14 to about 3,29,093 in the recent year of 2017-18. After correcting the GDP per capita for PPP, Delhi's GDP per capita turns out to be about \$18500.
- For China, the Per Capita GDP turns out to be about \$18066 which is quite similar with Delhi's GDP.

### **GDP Per Capita of Delhi vs China**

- I used the IMF value to be 18.04 to be conversion value of GDP per capita taking into account the PPP value. So, the table turns out to be :-

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP Per Capita Income after PPP (Delhi)	12728	13837.86	15039.07	16673.67	18242.4
GDP Per Capita Income after PPP (China)	11951.2	12758.6	13569.9	14400.9	15308.71



## Unemployment Rates

- For Delhi, the unemployment rate was about 1.5% during the start of 2018.
- For China, the unemployment rate for the labour force turns out to be 3.82% in 2018.



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## IT Revolution of Delhi

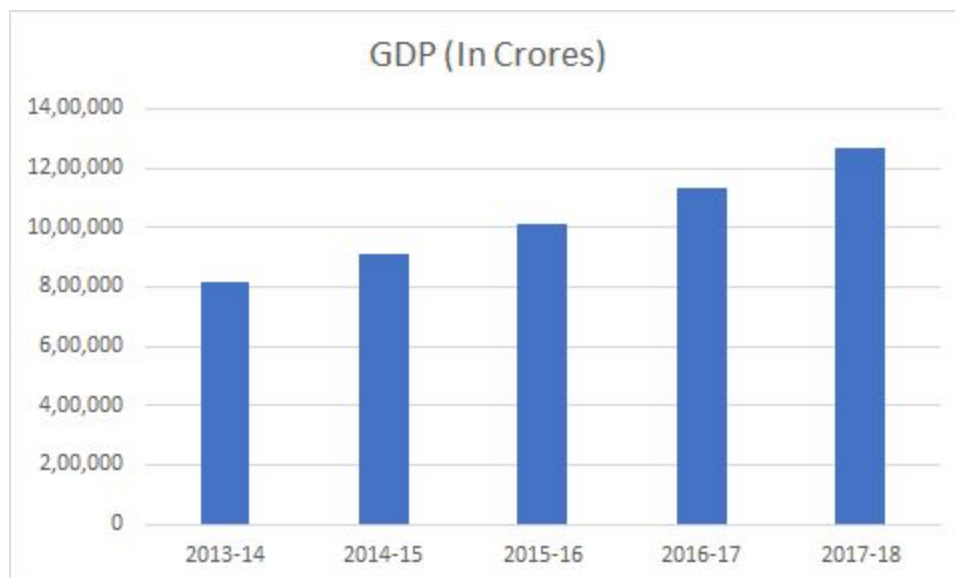
- The IT industry has been flourishing in the regions of Delhi especially in the NCR region. Although, it does not play a significant role in the state's economy as compared to some other southern states like Bengaluru or Hyderabad, it has become a marketplace for some of the tech giants like Google India, HCL Labs, TCS etc. NCR regions like Noida, Gurugram etc. are abodes to most of these companies.
- Software exports from Delhi during the era of IT revolution boosted from 55 Crores in the years 1995-96 to about 150 Crores till the years 1997-98. This contributed to about 2.3% of the entire software being developed in the country. Continuing on the above point, software exports from the above NCR regions were about 15% of the entire software exports in the state which were roughly 1040 Crores of net worth.
- Companies like NASSCOM predicted that keeping the pace of Delhi in mind, it could cross a turnover of \$10 Billion by the year 2007-08. It also estimated that the software sector may lead to the increase in jobs to almost 3 Lakhs in the next three years.
- The revolution also affected Delhi's economy drastically because more than 60% of the labour force is being employed in the service and the industrial sector involving ITES industries too.

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## Karnataka vs Georgia

### GDP of Karnataka in the last five years

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP (In Crores)	8,16,666	9,12,647	10,12,804	11,32,393	12,68,881



- Karnataka's GDP turns out to be more than \$200 Billion. Georgia's total GDP is about \$42 Billion.

### GDP Growth Rate in the past five years for current prices

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP Growth Rates at Current Prices (in percentage)	0	11.75	10.97	11.81	12.06

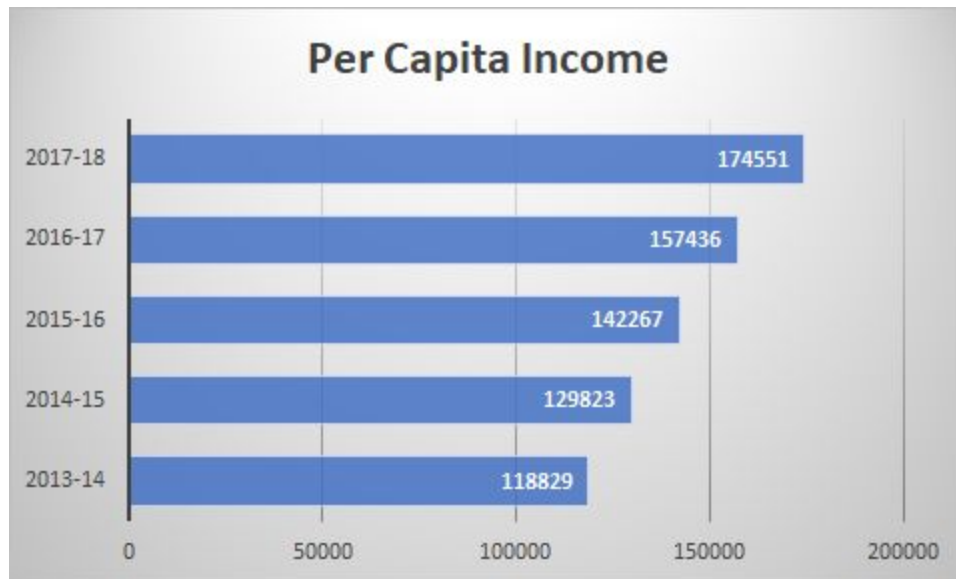


- These values are taken with the base year as 2013-14.
- The growth rates for Karnataka are fluctuating and aren't steadily increasing.



## Per Capita Income

	2013-14	2014-15	2015-16	2016-17	2017-18
Per Capita Income	118829	129823	142267	157436	174551

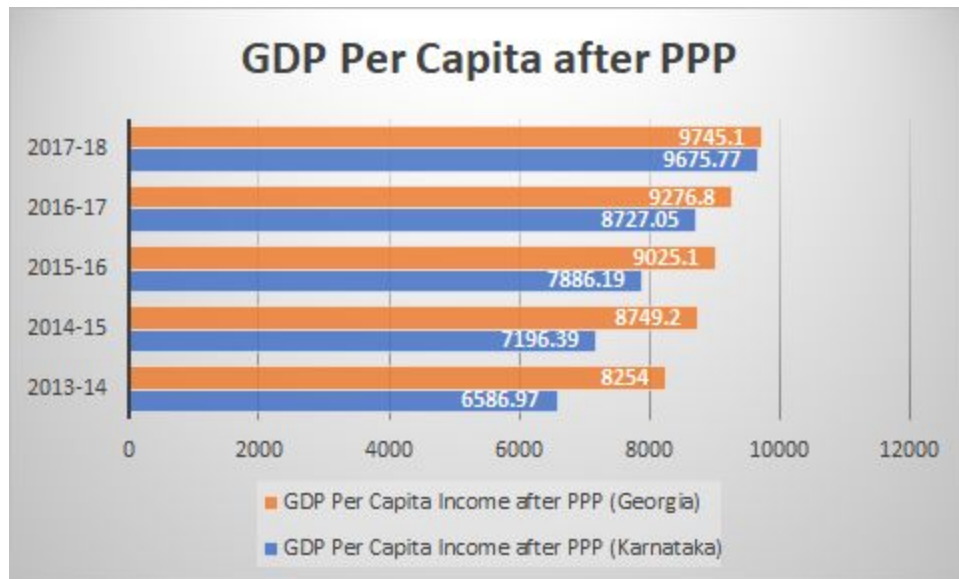


- The Per Capita Income of Karnataka measured at constant prices increased from about 1,18,829 in the year 2013-14 to about 1,74,551 in the year 2017-18. After correcting the GDP per capita for PPP, the GDP of Karnataka turns out to be about \$9830.
- For Georgia, the Per Capita GDP is about \$11481. This tends to be similar to the GDP of Karnataka.

### GDP Per Capita of Karnataka vs Georgia

- I used the IMF value to be 18.04 to be conversion value of GDP per capita taking into account the PPP value. So, the table turns out to be :-

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP Per Capita Income after PPP (Karnataka)	6586.97	7196.39	7886.19	8727.05	9675.77
GDP Per Capita Income after PPP (Georgia)	8254	8749.2	9025.1	9276.8	9745.1



## Unemployment Rates

- For Karnataka, the unemployment rate was about 5.1% in 2018.
- For Georgia, the unemployment rate for the labour force turns out to be 5.7% in 2018.



## IT Revolution in Karnataka

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- Karnataka is regarded as the leader in the IT sectors among the entire states of India. The capital and the hub Bengaluru, also popularly known as the Silicon Valley of India. The state is responsible for generating a total output of more than 500 Billion INR which majorly includes software exports. The results are generated from about 1900+ IT companies located in Bengaluru and other states like Mysuru. It houses one of the software tycoons like Infosys and Wipro.
  - The state promotes research oriented sectors like Indian Space Research Organisation and Bharat Heavy Electricals Limited employing more than 20,000 people. Majority of the automobile companies like Volvo and Toyota have their headquarters in Karnataka. It also has established itself as a manufacturing hub including some of the biggest public sector industries.
  - It primarily focuses on building itself in other domains like Banking, Education Industry with one of the finest universities across India, Biotechnology etc providing better employment opportunities to the citizens. It houses one of the largest biotech cluster which generates a revenue of about 14 Billion involving more than 150 companies.

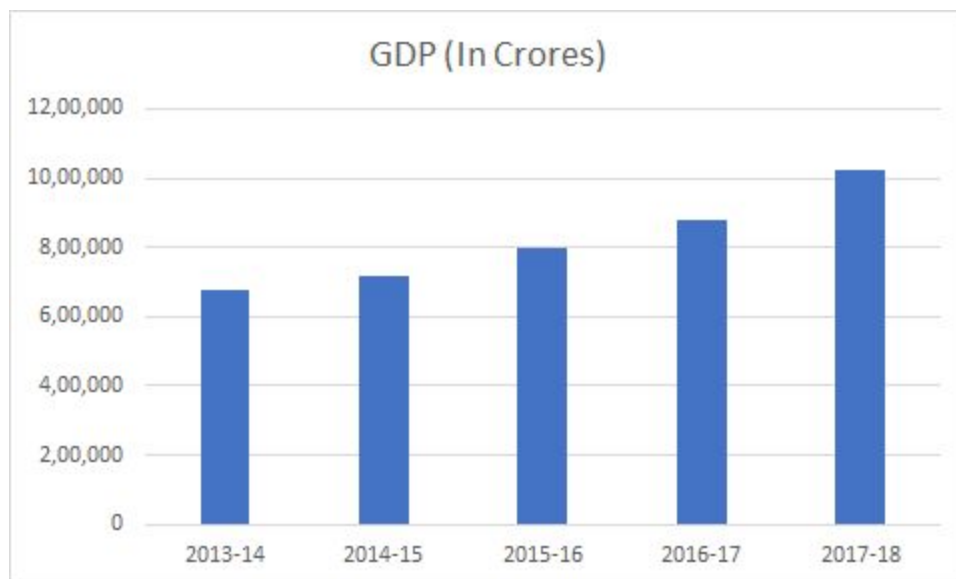
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## West Bengal vs Pakistan

- West Bengal's GDP turns out to be about \$150 Billion. Pakistan's GDP is about \$1.6 Trillion.

### GDP of West Bengal in the last five years

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP (In Crores)	6,76,848	7,18,082	7,97,300	8,79,167	10,20,858



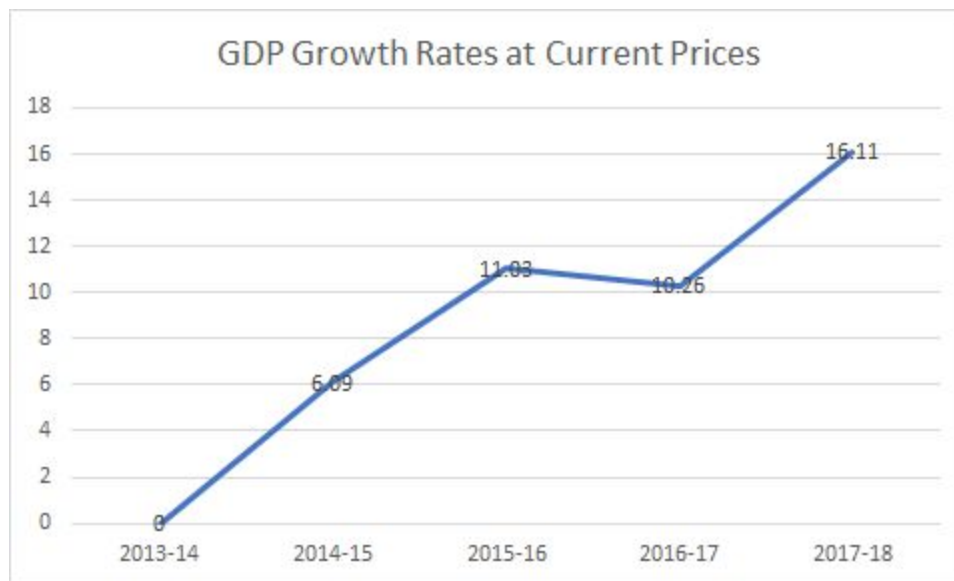
- The GDP of West Bengal / Kolkata has been steadily rising from 6,76,848 in 2013-14 to 7,18,082 in 2014-15 and so on till 10,20,858 by

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almost the end of 2018. The increase in the GDP in these five years has been more than 50%.

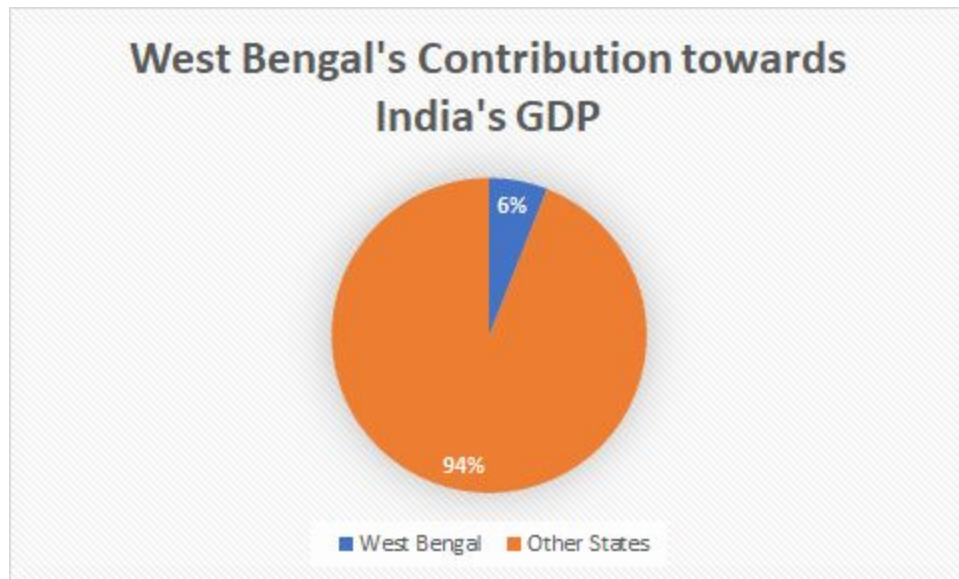
### **GDP Growth Rate in the past five years for current prices**

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP Growth Rates at Current Prices (in percentage)	0	6.09	11.03	10.26	16.11



- These values are taken with the base year as 2013-14.
- West Bengal's GDP increased till 11.03% till 2015-16. It declined till 10.26% in the next year and increased till 16.11% in the year of 2017-18.

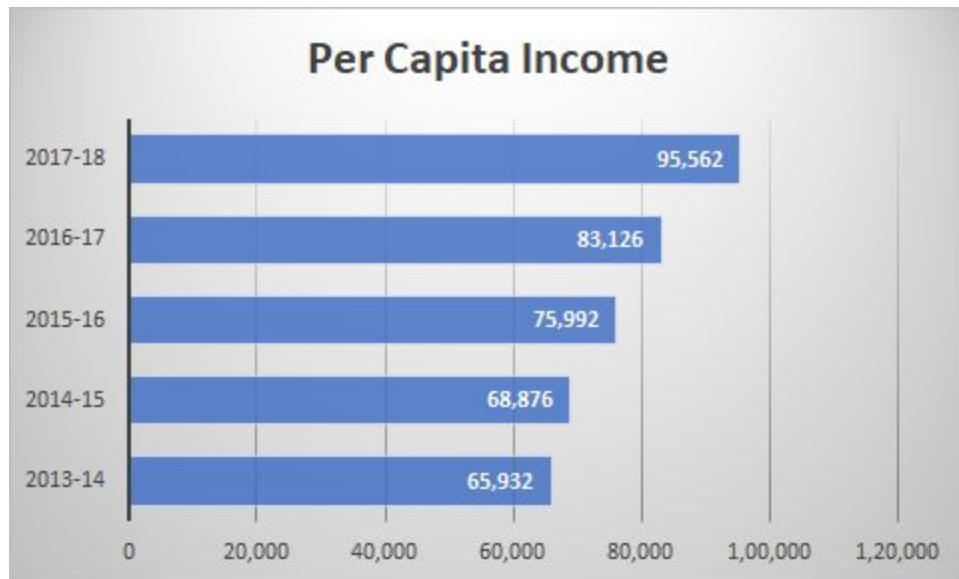
### **Contribution of West Bengal towards India's GDP**



- West Bengal is regarded as the sixth largest economy in India. It holds a GDP rank of 6 among the entire 29 states.
- It is majorly dependent of medium-sized industries and primary jobs like agriculture etc. However, services and other heavy industries have played a major role in enhancing the overall GDP of West Bengal.

### Per Capita Income

	2013-14	2014-15	2015-16	2016-17	2017-18
Per Capita Income	65,932	68,876	75,992	83,126	95,562



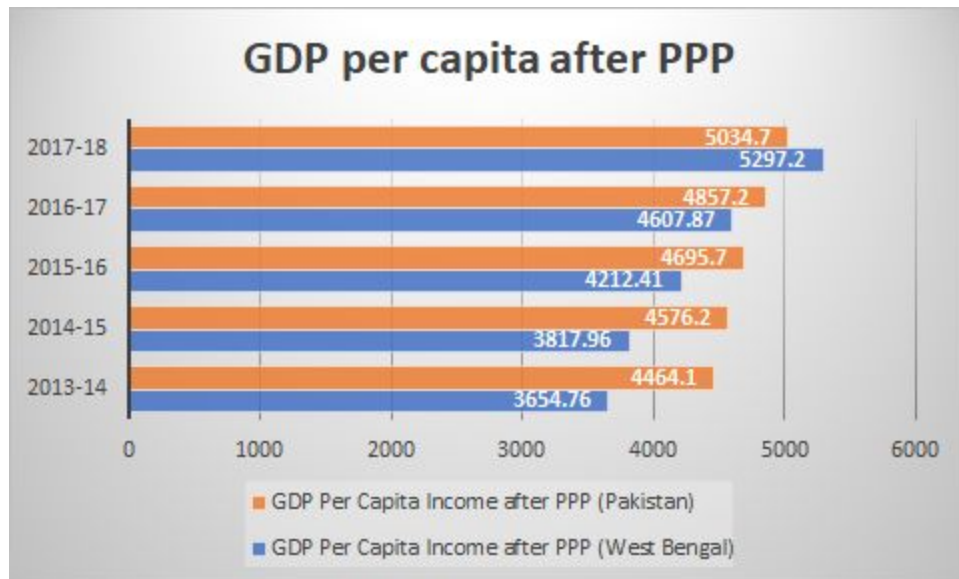
- The Per Capita Income of West Bengal has raised from 65,932 in 2013-14 to all the way up to 95,562 in 2017-18. The increase in the Per Capita income has been about 45%.

### GDP Per Capita of West Bengal vs Pakistan

- I used the IMF value to be 18.04 to be conversion value of GDP per capita taking into account the PPP value. So, the table turns out to be :-

	2013-14	2014-15	2015-16	2016-17	2017-18
GDP Per Capita Income after PPP (West Bengal)	3654.76	3817.96	4212.41	4607.87	5297.2
GDP Per Capita Income after PPP (Pakistan)	4464.1	4576.2	4695.7	4857.2	5034.7





## Unemployment Rates

- For West Bengal, the unemployment rate was about 8.8% by the end of 2018.
- For Pakistan, the unemployment rate for the labour force turns out to be 5.9% in 2018.



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## IT Revolution in West Bengal

- The IT Sector in West Bengal has been majorly focusing on domains like Software Design and Development, Hardware Manufacturing and the production of data chips. The services use research and development, accounting and financial services alongwith services related to employment in an organisation like HR etc. Other high skilled sectors like BPO, construction etc have been also flourished in the entire state especially in the capital.
- Kolkata has been a major place for Foreign Direct Investment especially on the software and the electronics side. This houses giant tech companies like IBM, TCS and other multinational companies. It has become a major hub of the IT Industry across India.
- Due to availability of high quality infrastructure and cheap but talented labour, several digital Drives have been conducted like the laying of optic fibres covering the entire state have been a major reason for West Bengal to have a high economy. The cost of land to manufacture here is cheap hence it becomes easy for companies to set up giant production houses. The inflow of money through various investments keeps the process going. This is because of all these characteristics, West Bengal is now considered in the top five list of IT states in India.

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