



Growth Performance of Andhra Pradesh Compared with the Indian Average: An Empirical Analysis, 2014-15 to 2024-25

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Abstract

This study examines the real economic growth performance of Andhra Pradesh in comparison with India during 2014-15 to 2024-25. The analysis uses constant-price Gross State Domestic Product (GSDP) growth for Andhra Pradesh and constant-price Gross Domestic Product (GDP) growth for India, drawing primarily on the Government of Andhra Pradesh Socio-Economic Survey 2024-25 and official national accounts data. The findings indicate that Andhra Pradesh recorded an average real growth rate of approximately 7.22% during the study period, compared with 6.04% for India, giving the state an average growth advantage of about 1.19 percentage points. Andhra Pradesh grew faster than the national economy in six of the eleven years examined. Its highest growth rate was 12.16% in 2015-16, while its lowest growth rate was 1.52% in 2020-21. During the COVID-19 shock in 2020-21, Andhra Pradesh maintained positive growth, whereas India's GDP contracted by 5.8%. However, the state's growth weakened during 2018-19 and 2019-20 and remained below the national growth rate during much of the post-pandemic recovery. In 2024-25, Andhra Pradesh recorded a strong recovery, with real GSDP growth of 9.24% compared with India's 6.4%. Sectoral analysis shows that agriculture, industry and services have all contributed to the state's economic performance. The study concludes that sustaining Andhra Pradesh's growth advantage will require productivity enhancement, industrial diversification, productive infrastructure, agricultural diversification, stronger services and investment in human capital.

Keywords: andhra pradesh; economic growth; gsdp; india; regional development; sectoral growth

1. Introduction

Economic growth is one of the main indicators used to assess the performance of a state economy. For a state such as Andhra Pradesh, growth in Gross State Domestic Product is particularly important because the state has a large agricultural base, a growing services sector, significant coastal resources and potential for industrial and infrastructure development. Andhra Pradesh was reorganised in 2014 following the bifurcation of the former undivided Andhra Pradesh. The period after bifurcation therefore provides an important setting for examining the state's economic performance. The state had to operate with a new administrative structure and a different economic base while developing infrastructure,

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Published: 23 July 2026

DOI: <https://doi.org/10.70558/IJLBS.2026.v1.i3.261027>

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attracting investment and expanding employment opportunities. A useful way to judge this performance is to compare Andhra Pradesh's growth with India's overall growth. A state growing at 8% may appear to be performing well, but the interpretation becomes clearer when India's economy is growing at 6% or 9% in the same year. This paper therefore focuses on the difference between the real growth rate of Andhra Pradesh and the real growth rate of India.

The analysis covers 2014-15 to 2024-25. The main comparison uses constant-price growth rates reported in the Andhra Pradesh Socio-Economic Survey 2024-25. The choice of constant prices is important because current-price growth can increase simply because prices have risen. Real growth is more useful when the objective is to determine whether the volume of economic activity has actually increased. The central research question is whether Andhra Pradesh grew faster than the Indian economy after 2014 and what factors help explain the differences in its growth performance.

2. Review of Literature and Background

Regional economic growth in India is influenced by differences in natural resources, infrastructure, human capital, industrial structure, agricultural productivity and public investment. States do not follow identical growth paths even though they operate within the same national economic and policy environment. Gross State Domestic Product is the state-level counterpart of national GDP. MoSPI provides guidelines to state Directorates of Economics and Statistics for the estimation of GSDP so that state estimates follow broadly consistent concepts and methods. Individual states compile their estimates using state-specific data sources.

Andhra Pradesh's economic structure has traditionally had a significant agricultural component. The state has substantial irrigation potential, horticulture, fisheries and livestock activity. At the same time, services such as trade, transport, financial services and communications have become increasingly important. The state's post-bifurcation development strategy has also placed emphasis on infrastructure and investment. The Andhra Pradesh Industrial Development Policy 2024-29 reports strong expansion in current-price GSDP and identifies manufacturing, logistics, ports and other sectors as important areas for future investment.

The present study focuses on constant-price growth because it provides a better basis for comparing changes in real economic activity across years.

3. Objectives of the Study

1. To examine the real economic growth of Andhra Pradesh between 2014-15 and 2024-25.
2. To compare Andhra Pradesh's GSDP growth with India's GDP growth.
3. To identify the years in which Andhra Pradesh grew faster or slower than India.
4. To examine the contribution of agriculture, industry and services to Andhra Pradesh's growth.

5. To identify major factors associated with the state's growth performance and discuss policy implications.

4. Research Questions

1. What was the average real growth rate of Andhra Pradesh during 2014-15 to 2024-25?
2. Was Andhra Pradesh's average growth higher than India's average growth?
3. How did the growth gap between Andhra Pradesh and India change over time?
4. Which sectors contributed most to the state's economic performance?
5. What factors help explain Andhra Pradesh's stronger or weaker performance in particular years?

5. Research Methodology

The study follows a descriptive and comparative research design. The main source is the Socio-Economic Survey 2024-25 of the Government of Andhra Pradesh, supported by national accounts information from the Ministry of Statistics and Programme Implementation.

Real growth is measured using constant-price GSDP for Andhra Pradesh and constant-price GDP for India. The annual growth rate is calculated as:

$$\text{Growth Rate} = ((Y_t - Y_{t-1}) / Y_{t-1}) \times 100$$

where Y_t represents real GSDP or GDP in year t .

The study also calculates a simple growth differential:

$$\text{Growth Differential} = \text{AP Growth} - \text{India Growth}$$

A positive value means Andhra Pradesh grew faster than India in that year. The average annual growth rate is calculated as the arithmetic mean of the annual growth rates in the study period.

An important limitation is that GDP and GSDP estimates are revised as new information becomes available. India's national accounts have also moved to a new 2022-23 base year. Therefore, the main comparison in this paper uses the 2011-12 constant-price series reported consistently in the Andhra Pradesh Socio-Economic Survey 2024-25 rather than mixing different statistical series.

The results also show a return to faster growth in 2024-25. Andhra Pradesh's estimated real GSDP growth of 9.24% was 2.84 percentage points above India's 6.4%. The sectoral data suggest that agriculture played a major role in this acceleration, while services continued to grow at a relatively strong rate. These results point to the importance of sectoral composition, cyclical conditions and state-specific economic activity in explaining the annual growth gap.

The descriptive results show a clear but uneven growth advantage for Andhra Pradesh. The state's average real growth rate over 2014-15 to 2024-25 was about 7.22%, compared with 6.04% for India. The difference of 1.19 percentage points is meaningful over a long period, but the annual figures show that the advantage was concentrated in particular years. Andhra

Pradesh recorded its largest positive growth differential in 2020-21, when its economy grew by 1.52% while India's economy contracted by 5.8%. Excluding this exceptional pandemic year would reduce the measured average advantage, so the overall result should not be interpreted as uninterrupted outperformance.

6. Andhra Pradesh and India: Growth Comparison

The following table presents the annual real growth rates used in the analysis.

Table 1. Real Growth of Andhra Pradesh and India, 2014-15 to 2024-25

Year	AP GSDP Growth (%)	India GDP Growth (%)	AP minus India
2014-15	9.20	7.40	+1.80
2015-16	12.16	8.00	+4.16
2016-17	8.34	8.30	+0.04
2017-18	10.09	6.80	+3.29
2018-19	5.36	6.50	-1.14
2019-20	3.70	3.90	-0.20
2020-21	1.52	-5.80	+7.32
2021-22	7.14	9.70	-2.56
2022-23	6.51	7.00	-0.49
2023-24	6.18	8.20	-2.02
2024-25	9.24	6.40	+2.84
Average	7.22	6.04	+1.19

Source: Government of Andhra Pradesh, Socio-Economic Survey 2024-25. Calculations by author.

Table 2. Sectoral Growth in Andhra Pradesh at Constant Prices

Sector	2023-24 Growth (%)	2024-25 Growth (%)
Agriculture	-1.58	10.70
Industry	7.52	6.58
Services	7.71	8.53
GSDP	6.18	9.24

Source: Government of Andhra Pradesh, Socio-Economic Survey 2024-25.

7. Growth Performance During 2014-15 to 2017-18

The first four years of the study period were relatively strong for Andhra Pradesh.

In 2014-15, real GSDP growth was 9.20%, compared with 7.40% for India. The difference was 1.80 percentage points. The strongest performance came in 2015-16, when Andhra Pradesh recorded real growth of 12.16%, compared with 8.0% for India. The 4.16 percentage-point gap was the largest positive difference in the period before the pandemic.

Growth remained relatively high in 2016-17 at 8.34%, almost identical to India's 8.30%. In 2017-18, Andhra Pradesh again recorded strong growth of 10.09%, while India grew by 6.8%.

The early period therefore shows a pattern of relatively rapid expansion. Agriculture, services and industrial activity all contributed to the state's economy, although their performance differed from year to year.

8. The Slowdown: 2018-19 and 2019-20

The growth picture changed after 2017-18. Andhra Pradesh's real growth declined from 10.09% in 2017-18 to 5.36% in 2018-19. India also slowed, but its growth rate of 6.5% remained above Andhra Pradesh's. In 2019-20, Andhra Pradesh's growth declined further to 3.70%, while India's growth was 3.90%. The slowdown indicates that the state's earlier high growth rate was not automatically sustainable. The sectoral composition helps explain some of this movement. Agriculture, industry and services experienced different growth rates across these years. Industrial activity was weak around 2019-20, while services remained an important source of output. The decline also coincided with a broader slowdown in the Indian economy, so the change cannot be interpreted entirely as a state-specific problem.

9. COVID-19 and the 2020-21 Performance

The year 2020-21 is the most unusual observation in the series. India's real GDP contracted by 5.8%, while Andhra Pradesh recorded positive real GSDP growth of 1.52%. This does not mean Andhra Pradesh escaped the economic effects of the pandemic. Economic activity was disrupted, mobility was restricted and several services were affected. The state nevertheless recorded a small positive growth rate. One factor was the relative importance of agriculture and allied activities. Agricultural production is less directly dependent on physical mobility than sectors such as tourism, hospitality and some urban services. Andhra Pradesh's agricultural base therefore provided some support to overall output. The national economy experienced a much sharper contraction because the pandemic affected a large number of sectors simultaneously. The 2020-21 comparison should therefore be interpreted carefully. It does not by itself prove a permanent productivity advantage for Andhra Pradesh.

10.. Post-Pandemic Recovery

Economic growth recovered in 2021-22. Andhra Pradesh recorded real growth of 7.14%, while India grew by 9.7%. The national economy therefore grew faster during the first major year of recovery. In 2022-23, Andhra Pradesh recorded 6.51% growth compared with 7.0% for India. In 2023-24, the AP survey series reports Andhra Pradesh's real growth at around 6.18%, compared with 8.2% for India. There is some variation across releases because state and

national estimates are revised over time. This is a normal feature of national and state income accounting and is one reason the source and statistical series should always be identified when growth comparisons are made.

11. Andhra Pradesh's Strong Recovery in 2024-25

The latest year in the AP Socio-Economic Survey 2024-25 shows a significant improvement. Andhra Pradesh's real GSDP growth was estimated at 9.24%, compared with 6.4% for India. This produced a growth advantage of about 2.84 percentage points. The sectoral figures provide useful context. Agriculture grew by 10.70% in 2024-25 after contracting by 1.58% in 2023-24. Industry grew by 6.58%, while services grew by 8.53%. The largest change occurred in agriculture. Agricultural GVA moved from a contraction of 1.58% in 2023-24 to growth of 10.70% in 2024-25. Services also grew faster, from 7.71% to 8.53%. Industrial growth moderated slightly from 7.52% to 6.58%. The 2024-25 acceleration was therefore associated with a strong agricultural recovery and continued services growth.

12. Sectoral Structure of Andhra Pradesh's Economy

Agriculture continues to play a major role in Andhra Pradesh. The state has substantial agricultural land, irrigation systems, horticulture, fisheries and livestock activity. Agriculture affects rural employment and household incomes, but agricultural output can vary because of rainfall, water availability, crop prices and weather. Industry is important for sustained long-term growth. Andhra Pradesh has opportunities in manufacturing, food processing, pharmaceuticals, electronics, renewable energy, ports and logistics. Industrial growth was 6.58% in 2024-25 according to the AP survey. Services are another major component of the state economy. Trade, transport, communications, financial services, real estate, public administration and other services contribute substantially to GVA. Services grew by 8.53% in 2024-25. The sectoral evidence suggests that Andhra Pradesh needs a diversified growth structure. Agriculture can support rural incomes, industry can create productive non-farm employment and services can support urban and knowledge-based activities.

13. Andhra Pradesh Compared with the Indian Average

The main finding of the study is that Andhra Pradesh's average real growth was higher than India's during 2014-15 to 2024-25. The calculated averages are 7.22% for Andhra Pradesh and 6.04% for India. The advantage was not constant. Andhra Pradesh performed particularly well in 2014-15, 2015-16 and 2017-18. It also had a large relative advantage in 2020-21 because the state recorded positive growth while India contracted. The state performed below India during much of the post-pandemic recovery. India grew faster in 2021-22, 2022-23 and 2023-24 in the AP survey's constant-price series. Andhra Pradesh returned to a higher growth rate in 2024-25. This pattern suggests that Andhra Pradesh has the capacity to grow faster than the national economy, but maintaining that advantage requires more than a few high-growth years.

14. Discussion

Several factors help explain Andhra Pradesh's growth performance. Agriculture provides some stability but also creates volatility. Its importance helped the state during the pandemic shock, but agricultural output remains sensitive to weather and water conditions. Services provide a

relatively stable source of expansion. Higher-productivity services such as information technology, finance, professional services, logistics and business services can strengthen the state's growth base. Industrialisation is central to long-term growth. A stronger manufacturing base can increase investment, exports and non-farm employment. Andhra Pradesh's coastline and port network provide opportunities for trade and port-linked industrial development. Infrastructure affects the cost of economic activity. Roads, ports, electricity, digital connectivity, industrial parks and urban infrastructure can improve the conditions for private investment. Human capital also matters. Workers need skills suited to modern agriculture, manufacturing, logistics, information technology and professional services. Education, technical training and health therefore remain relevant to productivity growth.

15. Policy Implications

First, Andhra Pradesh should maintain agricultural productivity while reducing excessive dependence on agricultural fluctuations. Irrigation efficiency, crop diversification, storage, food processing and market access can increase the value generated from agriculture.

Second, manufacturing needs sustained attention. The state can focus on sectors in which it has location advantages, including food processing, electronics, pharmaceuticals, renewable energy, logistics and port-linked industries.

Third, infrastructure investment should be connected to productive economic activity. Ports and industrial corridors are most useful when they are linked to manufacturing clusters, logistics networks and export-oriented businesses.

Fourth, services growth should move towards higher-productivity activities. Information technology, finance, professional services, education, healthcare, logistics and digital services can provide opportunities beyond traditional trade and public administration.

Fifth, growth should be evaluated alongside employment and household income. GSDP is an important measure of output, but per capita income, employment, labour productivity, poverty and inequality should also be studied.

16. Limitations of the Study

The study has several limitations. GDP and GSDP estimates are revised when improved data become available, so growth rates reported in earlier surveys may differ from later estimates. India's national accounts have also moved to a new 2022-23 base year, and the new series revises historical estimates. The main comparison in this paper therefore uses the 2011-12 constant-price series reported consistently in the AP Socio-Economic Survey 2024-25. The study is mainly descriptive. It identifies patterns and possible explanations but does not establish causal relationships between specific government policies and GSDP growth. Finally, GSDP measures economic production but does not capture every dimension of development. Employment quality, inequality, environmental sustainability and household welfare require separate analysis.

17. Conclusion

Andhra Pradesh performed better than the Indian economy on average during 2014-15 to 2024-

25 when measured using the constant-price growth rates reported in the Andhra Pradesh Socio-Economic Survey 2024-25. The state's average real GSDP growth was approximately 7.22%, compared with 6.04% for India. The difference was not uniform across the period. Andhra Pradesh performed strongly during the early post-bifurcation years, slowed during 2018-19 and 2019-20, and experienced a much smaller decline than India during the COVID-19 shock. It then lagged national growth during much of the post-pandemic recovery before recording 9.24% growth in 2024-25. Agriculture, industry and services have all contributed to the state's economy, but their growth rates vary considerably. The strong agricultural recovery in 2024-25 played an important role in the state's acceleration, while services continued to provide a significant source of growth. The main challenge for Andhra Pradesh is to make high growth more consistent. That requires stronger industrialisation, productive infrastructure, agricultural diversification, higher-quality services and investment in human capital. A sustained growth advantage would be more meaningful if it is accompanied by higher productivity, better employment opportunities and continued increases in per capita income.

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