



## A Comparative Study on Sectorwise Performance in Tamilnadu

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### ABSTRACT

The structural composition of the state economy has remained more or less the same over the past few years. Tamil Nadu has been performing well on the economic front with its GSDP at \$46.11 billion in 2005-2006 to a growth of \$150 billion in 2014-2015. It has been growing at a compound annual growth rate (CAGR) of 9.26 per cent from 1999-2000 onwards. The growth of the state is driven by all the three sectors with primary sector contributing almost 13.7 percent to the total GSDP for the year 2005-2006 to 2014-2015. The contribution of secondary sector to overall GSDP was 29.5 per cent during 10 years of study, out of which success has been mainly in the manufacturing sector. The services sector accounted for 63 per cent in the GSDP during 2005-2006 to 2014-2015. The objective of the present study is to know about the overall performance of Tamil Nadu economy in three sectors and its sub sectors.

### KEYWORDS :

### Introduction

Tamil Nadu has the second largest economy in India with a GSDP of Rs.9767 billion (US\$150 billion) in 2014-2015 when it grew at 14.34 per cent. Per capita GDP of Tamil Nadu was \$1,622 in the year 2010-2011, the sixth highest in India. As the most industrialized state of India, Tamil Nadu is also the most urbanized, accounting for 9.6 per cent of the urban population while only comprising 6 per cent of India's total population according to the 2011 census. Services contribute to 45 per cent of the economic activity in the state, followed by manufacturing at 34 per cent and agriculture at 21 per cent. Government is the major investor in the state with 51 per cent of total investments, followed by private Indian investors at 29.9 per cent and foreign private investors at 14.9 per cent. Tamil Nadu has a network of about 113 industrial parks and estates offering developed plots with supporting infrastructure. It has been ranked first by the Economic Freedom Rankings for the States of India.

### Objective of the Study

- To study the contribution of the sectors in GSDP
- To know the performance of Tamil Nadu economy in three sectors.
- To find out the growth of sub sectors of Primary, Secondary and Tertiary sector.

### Need for the Study

Tamil Nadu is the second largest economy in India its major share depends only on three sectors. Though the three sectors displayed positive growth they could not help to maintain the tempo of overall growth rate in the last ten years. The primary sector was able to rebound from the loss of production that occurred due to weather conditions. The secondary sector experienced a marginal pick-up and steep decline and tertiary sector witnessed a decelerated growth in the Tamil Nadu economy.

### Data Source and Methodology

The study aims to know about the Performance of Tamil Nadu Economy in three sectors from 2005-2006 to 2014-2015. The nature of the study is both descriptive and analytical in nature. This study consists of secondary data related to Performance of Primary Sub-sectoral Income, Performance of Secondary Sub-sectoral Income and Performance of Tertiary Sub-sectoral Income published in the hand books and statistical reports. The study covers the period of 10 years from 2005-06 to 2014-2015. The period has been selected on the basis of availability of data. To make statistical tools of analysis Growth Rate is used in the study.

### Gross State Domestic Product

Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication. In Tamil Nadu, 48 per cent of the population is living in urban areas. Tamil Nadu ranks first in terms of urbanization amongst large States.

### State Domestic Product in Three Sectors

The performance of Gross State Domestic Product in Three sectors and its growth rate is explained in Table 1.

**Table 1 Performance of Gross State Domestic Product in Three Sectors (in Rs. crores)**

Year	GSDP Income	Primary		Secondary		Tertiary		
		Growth Rate	In-come	Growth rate	Income	Growth rate	Income	Growth rate
2005-06	249,587	-	24675	-	57126	-	106275	-
2006-07	287,530	15.20	27793	12.64	62527	9.45	118982	11.96
2007-08	305,157	6.13	25899	-6.81	63936	2.25	128703	8.17
2008-09	321,793	5.45	25401	-1.92	64572	0.99	138506	7.62
2009-10	356,632	10.83	28777	13.29	89022	37.86	155740	12.44
2010-11	403,416	13.12	35279	22.59	105299	18.28	217736	39.81
2011-12	433,238	7.39	38728	9.78	130392	23.83	264118	21.30
2012-13	447,944	3.39	34777	-10.20	133078	2.06	280088	6.05
2013-14	480,618	7.29	37297	7.25	127159	-4.45	306162	9.31
2014-15	514,261	7.00	38042	2.00	138603	9.00	309223	1.00

Source: Directorate of Economics and Statistics, 2015.

All the three major sectors displayed positive growth during the study period. The primary sector was able to rebound from the loss of production that occurred during the previous year due to adverse weather conditions. The growth of secondary sector at 9.45 percent during 2006-2007 had experienced a marginal pick-up from 37.86 per cent during 2009-2010. The steep and unprecedented decline of 10.20 per cent posted by the primary sector during 2012-2013 pulled down the overall growth rate of the State economy during the year. The secondary and tertiary sectors that witnessed a decelerated growth of 2.06 per cent and 6.05 per cent respectively in 2012-2013 could not help to maintain the tempo of overall growth rate as in the year 2011-2012.

### Performance of Primary Sub-sectoral Income

Tamil Nadu has historically been an agricultural state, while its advances in other fields launched the state into competition with other areas. Tamil Nadu is also the leading producer of kam-bu, corn, rye, groundnut, oil seeds and sugarcane in India. At present, Tamil Nadu is India's second biggest producer of rice. The town of Namakkal is a major poultry hub of India and Erode is one of the major producers of turmeric in India. The performance of Allied sectors of Agriculture in Tamil Nadu during 2005-2006 to 2014-2015 is shown in Table 2.

**Table 2**  
**Performance of Primary Sub-sectoral Income**  
**(in Rs. crores)**

Year	Forestry and Logging	Growth Rate	Fishing	Growth Rate	Agriculture & Allied Activities	Growth Rate	Mining & Quarrying	Growth Rate
2005-06	632	-	2270	-	20791	-	982	-
2006-07	596	-5.69	2315	1.98	23837	14.65	1045	6.41
2007-08	601	0.83	2312	-0.12	22165	-7.01	1050	0.47
2008-09	608	1.16	2194	-5.10	21530	-2.86	1069	1.80
2009-10	618	1.64	2312	5.37	24759	14.99	1088	1.77
2010-11	927	50	2719	17.60	29729	20.07	1904	75
2011-12	1949	110.24	2748	1.06	36673	23.35	2055	7.93
2012-13	2015	3.38	2777	1.05	32600	-11.10	2177	5.93
2013-14	2098	4.1	2796	0.68	34988	7.32	2309	6.06
2014-15	2139	1.95	2851	1.96	35337	0.99	2332	0.99

Source: Directorate of Economics and Statistics, 2015.

**Table 3**  
**Performance of Secondary Sub-sectoral Income**  
**(in Rs. crores)**

Year	Manufacturing				Construction	Growth Rate	Electricity, Gas & Water Supply	Growth Rate
	Registered	Growth rate	Un-registered	Growth Rate				
2005-06	25463		12181		16470		3012	
2006-07	28377	11.44	13536	11.12	17909	8.74	2704	-10.23
2007-08	29523	4.04	14371	6.17	18298	2.17	1744	-35.50
2008-09	30104	1.97	14654	1.97	18912	3.36	902	-48.28
2009-10	43650	45.00	16119	10.00	20803	10.00	1082	19.96
2010-11	56745	30.00	20954	30.00	30259	45.45	1190	9.98
2011-12	62079	9.40	26640	27.14	41934	38.58	1739	46.13
2012-13	62637	0.90	25055	-5.95	41021	-2.18	4365	151.01
2013-14	65506	4.58	26202	4.58	41522	1.22	3929	-9.99
2014-15	66816	2.00	28612	9.20	42352	2.00	4322	10.00

Source: Directorate of Economics and Statistics, 2015.

The overall GSDP of the secondary sector increased from Rs.1,30,392 crore during 2011-2012 to Rs.1,33,078 crore during 2012-13 registering a growth of 2.06 per cent. This was mainly due to the growth rate of 1.12 per cent recorded by manufacturing sub-sector which is the major contributor to the secondary sector. The growth rate of secondary sector during 2013-14 improved slightly to 3.07 per cent from 2.06 per cent during 2012-2013. The slow acceleration was mainly due to the negative growth in the sub-sector "Electricity, Gas and Water Supply" (9.98 per cent). The other two sectors viz., "Electricity, Gas and Water Supply" and "Construction Activities" could not give the secondary sector a real boost due to their lower weight among the sub-groups.

#### Performance of Tertiary Sub-sectoral Income

Services contribute to 45per cent of the economic activity in the state, followed by manufacturing at 34per cent. The performance of tertiary sub-sectoral income of Tamil Nadu state during 2005-2006 to 2014-2015 is depicted in Table 4.

**Table 4**  
**Performance of Tertiary Sub-sectoral Income**  
**(in Rs. crores)**

Year	Transport, Storage & Communication			Trade, Hotels & Restaurants	Banking & Insurance	Real estate, Ownership of Dwelling & Service	Public Administration	Other Services	
2005-06	1894	10962	97	7627	32591	13969	14270	7847	17019
2006-07	2065 (9.03)	11487 (4.79)	108 (11.34)	8893 (16.60)	36666 (12.50)	16779 (20.11)	15441 (8.21)	9141 (16.49)	18403 (8.13)
2007-08	2194 (6.25)	12241 (6.56)	111 (2.78)	10612 (19.33)	40625 (10.80)	17942 (6.93)	16467 (6.64)	9199 (0.63)	19312 (4.94)

Agriculture plays an instrumental role in the growth process i.e. its part in serving the end of development by assisting in the growth of other sectors, in particular, manufacturing, which are viewed as the locomotives for economic development. Thus, growth in agriculture encourages growth elsewhere. Agricultural production was the best ever with food grain production exceeding 100 lakh tonnes mark during 2011-2012. During the year 2013-2014, the primary sector registered a growth of 7.24 per cent and recovered from the negative growth of 10.20 per cent in 2012-2013. This could be made possible mainly due to a hefty growth rate of 8.22 per cent recorded by the agriculture sub-group. In spite of the growth rate recorded by "Forestry & Logging" (3.44per cent), "Fishing" (1.03per cent) and "Mining & Quarrying" (5.95per cent), they could not compensate the loss in the income of the agricultural and allied activities due to their low weight among the sub-groups. It is worth mentioning that mining and quarrying, fishing and forestry activities need to be sustainable without any over exploitation and over extraction.

#### Performance of Secondary Sub-sectoral Income

Tamil Nadu ranks next only to Maharashtra in terms of contribution of the manufacturing sector to net state domestic product (NSDP). Micro and small industries account for 95 per cent of industrial units, 40 per cent of the output of the manufacturing sector and 35 per cent of the state's exports. The performance of secondary Sub-sectoral Income of Tamil Nadu is given in Table 3.

2008-09	2370 (8.02)	12767 (4.30)	110 (-0.90)	12694 (19.62)	41925 (3.20)	19189 (6.95)	16934 (2.84)	10816 (17.58)	21700 (12.37)
2009-10	2207 (-6.88)	21703 (69.99)	121 10.00)	13963 (10.00)	41883 (-0.10)	19962 (4.02)	18288 (8.00)	11573 (7.00)	26040 (20.00)
2010-11	2573 (16.58)	23873 (10.00)	145 19.83)	14683 (5.16)	54502 (30.13)	21558 (7.99)	53143 (190.59)	13032 (12.61)	34227 (31.44)
2011-12	2625 (2.02)	25113 (5.19)	162 11.72)	17834 (21.46)	72162 (32.40)	37113 (72.15)	54787 (3.09)	14980 (14.95)	39342 (14.94)
2012-13	2637 (0.46)	25832 (2.86)	159 -1.85)	19122 (7.22)	74158 (2.77)	41806 (12.64)	61793 (12.79)	14312 (-4.46)	40269 (2.36)
2013-14	2649 (0.46)	27783 (7.55)	169 6.29)	20365 (6.50)	79596 (7.33)	47093 (12.64)	71056 (14.99)	15137 (5.76)	42314 (5.08)
2014-15	2714 (2.45)	26561 (-4.40)	170 0.59)	21383 (5.00)	83168 (4.49)	48505 (2.99)	75319 (6.00)	15742 (4.00)	43583 (3.00)

Source: Directorate of Economics and Statistics, 2015.

The tertiary notched up 9.31 per cent growth during 2013-2014 as compared to 6.05 per cent during 2012-2013 and 8.77 percent during 2011-2012. The growth in sub-sector of banking and insurance (12.65per cent) and Real Estate, Ownership of Dwelling and Business Services (14.99per cent) had mainly contributed to the accelerated growth of the tertiary sector.

### Concluding Observation

Acceleration in economic growth is indispensable for various reasons. In recent years, the pace of economic growth is slowing down in all the three sectors – frequent occurrence of droughts on farm front wrecked havoc on the fortunes of agriculture. Manufacturing recession is visible both at all India and in the State. Tertiary sector which was the main spring of aggregate economic growth has been manifesting an insipid growth in recent couple of years which has incapacitated the tertiary sector to prop up the economy in the event of agriculture having not fared well. The economy has metamorphosed into tertiary's-led one from primary-producing one. Vast variations and discrepancies are noticed across the districts and sectors, as seen through the prism of district income and per capita real income. These angularities need to be ironed out.

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