



A Study on Trends in Per Capita Income in Tamil Nadu Vis-A-Vis India

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ABSTRACT

One of the indicators of economic development is the real per capita income and its growth rate. A developed country having a higher rate of per capita income growth does not have economic ills like poverty and unemployment. Further, Per capita income is also used as a crude measure of economic welfare. Though population growth also considered as an influencing factor, it is the growth of an economy determines the per capita income and the real per capita income is influenced by the rate of increase price (Inflation). In this respect an analysis was made on the growth of per capita income in Tamil Nadu and it was compared with all India figure. The data were taken from reports of Central Statistical Organisation, Economic Survey of Tamil Nadu and Department of Economics and Statistics, Government of Tamil Nadu. The analysis revealed that both at current prices and constant prices Tamil Nadu has shown a better performance compared to all India figure during the period 2004-05 to 2014-15

KEYWORDS

Introduction

One of the indicators of economic development is the real per capita income and its growth rate. A developed country having a higher rate of per capita income growth does not have economic ills like poverty and unemployment. Further, Per capita income is also used as a crude measure of economic welfare. Though population growth also considered as an influencing factor, it is the growth of an economy determines the per capita income and the real per capita income is influenced by the rate of increase price (Inflation). World Bank's definition of middle income families to be those with per capita income between \$10 to \$50 per day. An estimate shows that India's middle income group would double by 2015 over 2010 levels, and grow by an additional 500 million people by 2025. This would make it, with China, the world's largest middle income market. Hence, there is a scope to analyse the trend of per capita income at the country and state levels to get a few influences.

Objective

- To analyse the trends of per capita Income in South India
- To examine / analyse the trends in the growth rate of per capita income in Tamil Nadu

Data and Methodology

The data were collected from the report of Central Statistical Organisation, Economic Survey of Tamil Nadu and Department of Economics and Statistics, Government of Tamil Nadu.

The study covered a ten years period from 2004-05 to 2013-14. The analysis was done through Annual Growth Rate (AGR).

Per capita Income

Per capita income is the amount of income being earned by a person in a certain region. In other words, it is defined as the mean income of people in an economic unit such as a city or a country. It can be calculated by taking measure of all sources of income in aggregate (like GDP) and dividing it by the total population. The per capita income is often calculated to measure standard of living in a country. This way it helps to locate the development status of the nations.

In 2012-13, the per capita income of India was Rs. 5,729 per month at current prices. The World Bank has ranked India at 120th position out of 164 nations. The annual per capita income amounted to Rs. 68,747. However, the annual per capita income rose to Rs. 74,920 in 2013-14 showing a growth of 10.4%. Although the per capita income is low, the size of average household and the consequent household incomes are higher. In 2011, there was an average of about 4.9 people per household in the country.

State wise

State wise per capita income was analysed with using Annual Growth Rate. The south Indian states were selected and compare with All India level.

Table 1 State Wise Per Capita Net State Domestic Product at Current Prices (2004-05 Series)

SNo	State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	Andhra Pradesh	25321	28539	33135	39727	46345	51114	62148	69742	78958	88876
	In percentage		12.7	16.1	19.9	16.7	10.3	21.6	12.2	13.2	12.6
2	Karnataka	26882	31239	35981	42419	48084	51364	62251	68053	76578	84709
	In percentage		16.2	15.2	17.9	13.4	6.8	21.2	9.3	12.5	10.6
3	Kerala	31871	36276	40419	45700	53046	60226	67652	78387	88527	N.A.
	In percentage		13.8	11.4	13.1	16.1	13.5	12.3	15.9	12.9	N.A.
4	Tamil Nadu	30062	35243	42288	47606	54137	64338	78473	89050	98628	112664
	In percentage		17.2	20	12.6	13.7	18.8	22	13.5	10.8	14.2
	All-India	24143	27131	31206	35825	40775	46249	54021	61855	67839	74380
	In percentage		12.4	15	14.8	13.8	13.4	16.8	14.5	9.7	9.0

Source : Central Statistical Organization, New Delhi

The table 1 shows that there has been some disparity among states over the average income like Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. In 2013-14, Tamil Nadu had highest per capita income 14.2 percentages it was higher than the all India level. During the study period, all the states are having fluctuations in their per capita income but to compare with the All India level, all the states having more per capita income.

Table 2 Per capita Income- Tamil Nadu vs. All India

Year	Tamil Nadu				All India			
	At Current prices		At Constant Prices		At Current Prices		At Constant prices	
	Per capita Income (Rupees)	Growth rate (%)	Per capita Income (Rupees)	Growth Rate (%)	Per capita Income (Rupees)	Growth Rate (%)	Per capita Income (Rupees)	Growth rate (%)
2004-05	30062	-	30062	-	24143	-	24143	-
2005-06	35243	17.23	34126	13.52	27131	12.38	26015	7.75
2006-07	42288	19.99	39166	14.77	31206	15.02	28067	7.89
2007-08	47606	12.58	41314	5.48	35825	14.80	30332	8.07
2008-09	54137	13.72	43193	4.55	40775	13.82	31754	4.69
2009-10	64338	18.84	47394	9.73	46249	13.42	33901	6.76
2010-11	78473	21.97	53507	12.90	54151	17.09	36342	7.20
2011-12	89050	13.48	57093	6.70	61564	13.69	38037	4.66
2012-13	98628	10.76	58360	2.22	68757	11.68	39168	2.97
2013-14	112664	14.23	62361	6.86	74920	10.44	39961	2.84

Source: Central statistical Organization, New Delhi.

Per capita income at 2004-05 constant prices stood at Rs. 62,361/- in Tamil Nadu during 2013-14, whereas it was RS.30,062/- during 2004-05. The per capita income almost doubled during the reference period. At all India level, the per capita income was at Rs.39,961/- during 2013-14 as against Rs.24,143/-. Tamil Nadu's per capita income was well above the all India average in table 2.

Conclusion

The analysis revealed that both at current prices and constant prices Tamil Nadu has shown a better performance compared to all India figure during the period 2004-05 to 2014-15. At the same time, during the study period, all the states are having fluctuations in their per capita income but compared with the All India level, all the states having more per capita income.

References

1. Central statistical Organization, New Delhi.
2. Department of Economics and Statistics, Chennai