

# APPOLO STUDY CENTRE

## Test - 1

### UNIT VI INDIAN ECONOMY

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<p>Nature of Indian Economy - Five Year Plans - Planning commission &amp; NITI Aayog</p>	<p>11<sup>th</sup> std Economics</p>	<p>Unit 9 - Development Experiences in India</p>
<p>Structure of Indian Economy &amp; Employment Generation - Land Reforms &amp;</p>		<p>Unit 10 - Rural Economics</p>
<p>Agriculture Application of Science &amp; Technology in Agricultur - Industrial Growth - Rural Welfare Oriented Programmes - Social Sector Problems - Population, Education, Health, Employment, Poverty</p>		<p>Unit 11 - Tamil Nadu Economy</p>

## 11<sup>th</sup> std Economics

### 9. Development Experiences in India

#### Introduction

At the time of Independence in 1947, India was a typically backward economy. Owing to poor technological and scientific capabilities, industrialization was limited and lop-sided. Agricultural sector exhibited features of feudal and semi-feudal institutions, resulting into low productivity. Means of transport and communications were underdeveloped. Educational and health facilities were grossly inadequate and social security measures were virtually non-existent. In brief, the country suffered from the twin problems of rampant poverty and widespread unemployment, both resulting in low standard of living.

The year 1991 is an important landmark in the economic history of post-independent India. The country went through a severe economic crisis in the form of serious Balance of Payments problem. Indian economy responded to the crisis by introducing a set of policies known as Structural Reforms. These policies were aimed at correcting the weaknesses and rigidities in the various sectors of the economy such as Industry, Trade, Fiscal and Agriculture.

#### Meaning of Liberalization, Privatization and Globalization (LPG)

The triple pillars of New Economic Policy are Liberalization, Privatization and Globalization (LPG)

<b>Impacts of Liberalisation</b>	
<b>Positive Effects</b>	<b>Negative Effects</b>
Increase In Foreign investment	Increase in Unemployment
Increase In production	Decrease in Tax Receipt
Technological advancement	
Increase in GDP growth rate	

#### Liberalization:

Liberalization refers to removal of relaxation of governmental restrictions in all stages in industry. Delicensing, decontrol,

deregulation, subsidies (incentives) and greater role for financial institutions are the various facets of liberalization.

**Privatization:**

Privatization means transfer of ownership and management of enterprises from public sector to private sector. Denationalization, disinvestment and opening exclusive public sector enterprises to private sector are the gateways to privatization.

**Globalization:**

<b>Impacts of Globalisation</b>	
<b>Positive Effects</b>	<b>Negative Effects</b>
Expansion of market	But thought Completion
Development of infrastructure	Rise in Monopoly
Higher living Standards	Discourage Domestic Forms
International Co-operations	Increase in inequality

Globalization refers to the integration of the domestic (Indian) economy with the rest of the world. Import liberalization through reduction of tariff and non-tariff barriers, opening the doors to Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are some of the measures towards globalization.

**Arguments in favour of LPG**

- a. Liberalization was necessitated because various licensing policies were said to be deterring the growth of the economy.
- b. Privatization was necessitated because of the belief that the private sector was not given enough opportunities to earn more money.
- c. Globalization was necessitated because today a developed country can grow without the help of the under developed countries. Natural and human resources of the developing countries are exploited by the developed countries and the developing economies are used as market for the finished goods of the developed countries. The surplus capital of the developed countries are invested in backward economies. Obsolete and out dated technologies of the developed countries

can be easily sold to poor under developed countries. Ultimately, the rich countries can grow further at the cost of developing economies.

### **Arguments against LPG**

- a. Liberalization measures, when effectively enforced, favour an unrestricted entry of foreign companies in the domestic economy. Such an entry prevents the growth of the local manufacturers.
- b. Privatization measures favour the continuance of the monopoly power. Only the powerful people can sustain in business markets. Social justice cannot be easily established and maintained. As a result, the disparities tend to widen among people and among regions.
- c. As globalization measures tend to integrate all economies of the world and bringing them all under one umbrella; they pave the way for redistribution of economic power at the world level. Only the already well-developed countries are favoured in this process and the welfare of the less-developed countries will be neglected. The economic crises of the developed countries are easily spread to the developing economies through trade.

### **The following are the major changes after 1991:**

1. Foreign exchange reserves started rising.
2. There was a rapid industrialization.
3. The pattern of consumption started improving (or deteriorating).
4. Infrastructure facilities such as express highways, metro rails, flyovers and airports started expanding (but the local people were thrown away).

The benefits of this growth in some sectors have not reached the marginalized sections of the community. Moreover, the process of development has generated serious social, economic, political, demographic and ecological issues and challenges. Development brings benefits, but which section gets this benefit depends on socioeconomic structure of the society.

Despite all these initiatives in the Indian economy, a large section of the people of India continue to face basic economic problems such as

poverty, unemployment, discrimination, social exclusion, deprivation, poor healthcare, rising inflation, agricultural stagnation, food insecurity and labour migration. However, for these problems, Government policies alone cannot be blamed. As new institutional economists suggest, the values, beliefs, norms etc. of the individuals also matter.

### **Disinvestment**

Disinvestment means selling of government securities of Public Sector Undertakings (PSUs) to other PSUs or private sectors or banks. This process has not been fully implemented.

### **Relative Position of on Indian Economy**

(This discussion is suitable for a particular period only, there may be changes afterwards)

- According to International Monetary Fund, World Economic Outlook (October-2016), GDP (nominal) of India in 2016 at current prices was 42,251 billion. India contributed 2.99% of total world's GDP in exchange rate basis. India shared 17.5 percent of the total world population and 2.4 percent of the world surface area. India was now 7th largest economy of the world in 2016.
- India was at 3rd position after China and Japan among Asian countries. India shared 8.50% of total Asia's GDP (nominal) in 2016.

### **Industrial Sector Reforms**

The Prime Minister of India announced the new industrial policy on July 24, 1991. The new policy radically liberalized the industrial policy itself and de-regulated the industrial sector substantially. The primary objectives of the industrial policy were to promote major industries from the clutches of bureaucrats, to abolish restrictions on foreign direct investment, to liberate the indigenous enterprise from the restrictions of MRTP Act, to maintain a sustained growth in productivity and employment and also to achieve international competitiveness.

### **Important Initiatives by the Government towards Industrial Policy**

The policy has brought changes in the following aspects of industrial regulation:

1. Industrial Delicensing
2. De reservation of the industrial sector
3. Public sector policy (de reservation and reform of PSEs)
4. Abolition of MRTP Act
5. Foreign investment policy and foreign technology policy.

<b>Industrial De regulation</b>	
<b>Before 1991</b>	<b>After 1991</b>
Industrial licensing for all commodities	Licensing restricted to alcohol, drugs etc.,
Private Sector not allowed in many industries	Only defence, energy, railway for public sector large scale privatization, disinvestment
Controls on price fixation and distribution	Market allowed to determine prices

1. **Industrial Delicensing policy:** the most important objective of the new industrial policy of 1991 was the end of the industrial licensing or the license raj or red tapism. Under the industrial licensing policies, private sector firms had to secure licenses to start an industry.
2. **De reservation of the industrial sector:** Previously, the public sector was given reservation especially in the capital goods and key industries. Under industrial deregulation, most of the industrial sectors were opened to the private sector as well. Under the new industrial policy, only three sectors viz., atomic energy, mining and railways will continue as reserved for public sector. All other sectors have been opened for private sector participation.
3. **Reforms related to the Public sector enterprises:** Reforms in the public sector were aimed at enhancing efficiency and competitiveness of the sector. The government identified strategic and priority areas for the public sector to concentrate. Loss making PSUs were sold to the private sector.
4. **Abolition of MRTP Act:** The New Industrial Policy of 1991 has abolished the Monopoly and Restrictive Trade Practices Act 1969. In 2010, the Competition Commission has emerged as the watchdog in monitoring competitive practices in the economy. The

policy caused big changes including emergence of a strong and competitive private sector and a sizable number of foreign companies in India.

5. **Foreign investment policy:** Another major feature of the economic reform was red carpet welcome to foreign investment and foreign technology. This measure has enhanced the industrial competition and improved business environment in the country. Foreign investment including FDI and FPI were allowed. In 1991, the government announced a specified list of high-technology and high-investment priority industries wherein automatic permission was granted for foreign direct investment (FDI) up to 51 % foreign equity. The limit was raised to 74 percent and subsequently to 100 percent for many of these industries. Moreover, many new industries have been added to the list over the years. Foreign Investment Promotion Board (FIPB) has been set up to negotiate with international firms and approve foreign direct investment in select areas.

### **Impact of LPG on Agricultural Sector Reforms**

Since the inception of economic reforms, Indian economy has achieved a remarkable rate of growth in industry and service sector. However, this growth process bypassed the agricultural sector, which showed sharp deceleration in the growth rate (3.62 % during 1984/85 - 1995/96 to 1.97 percent in 1995/96 - 2004/05). The sector has recorded wide variations in yield and productivity and there was a shift towards cash crop cultivation. Moreover, agricultural indebtedness pushed several farming households into poverty and some of them resorted to extreme measures like suicides.

### **Crop Insurance**

Agriculture in India is highly prone to risks like droughts and floods. It is necessary to protect the farmers from natural calamities and ensure their credit eligibility for the next season. For this purpose, the Government of India introduced many agricultural schemes throughout the country. The Pradhan Mantri Fasal Bima Yojana (Prime Minister's Crop Insurance Scheme) was launched on **18 February 2016**. It envisages a uniform premium of only 2 % to be paid by farmers for Kharif crops

and 1.5 % for Rabi crops. The premium for (annual) commercial and horticultural crops will be 5 %

### Cold Storage

India is the largest producer of fruits and second largest producer of vegetables in the world. In spite of that per capita availability of fruits and vegetables is quite low because of post-harvest losses which account for about 25% to 30% of production. Besides, quality of a sizable quantity of produce also deteriorates by the time it reaches the consumer. Most of the problems relating to the marketing of fruits and vegetables can be traced to their perishability. Perishability is responsible for high marketing costs, market gluts, price fluctuations and other similar problems. In order to overcome this constraint, the Government of India and the Ministry of Agriculture promulgated an order known as “Cold Storage Order, 1964” under Section 3 of the Essential Commodities Act, 1955. However, the cold storage facility is still very poor and highly inadequate.

### Post Harvest measures

The annual value of harvest and post-harvest losses of major agricultural produce at national level was of the order of Rs.92,651 crores, calculated using production data of 2012-13 at 2014 and wholesale prices, estimated by the Indian Council of Agricultural Research (ICAR).

Food Items Waste (%)	
Crops	Cumulative wastages (%)
Cereals	5-6
Pulses	6 - 8
Oil seeds	3-10
Fruits &Vegetables	5-16
Milk	1
Fisheries (in land)	5
Fisheries (Marine)	10
Meat	3
Poultry	7

Source: Ministry of Food Processing Industries, GoI, 2016



## **Kisan Credit Card Scheme**

A Kisan Credit Card (KCC) is a credit delivery mechanism that is aimed at enabling farmers to have quick and timely access to affordable credit. It was launched in 1998 by the Reserve Bank of India and NABARD. The scheme aims to reduce farmer dependence on the informal banking sector for credit - which can be very expensive and suck them into a debt spiral. The card is offered by cooperative banks, regional rural banks and public sector banks. Based on a review of the working of the KCC, the government has advised banks to convert the KCC into a smart card cum debit card.

In order to reduce wastage of agricultural produce and minimize post-harvest losses, the Ministry of Food Processing Industries (MoFPI) has implemented various components of Central Sector Schemes, namely:

Mega Food Parks; Integrated Cold Chain; Value Addition Preservation Infrastructure; Modernization of Slaughter house Scheme for Quality Assurance; Codex Standards; Research and Development and Other promotional activities.

Further, the GoI extended support to arrest post harvest losses of horticulture and non-horticulture produce and to provide integrated cold chain and preservation infrastructure facilities from the farm gate to the consumer or from the production site to the market since 2008-09. However, the improvement is not visible for it is not substantial.

## **Agricultural Produce Market Committee**

Agricultural Produce Market Committee (APMC) is a statutory body constituted by state government in order to trade in agricultural or horticultural or livestock products.

### **Functions of APMC**

1. To promote public private partnership in the ambit of agricultural markets.
2. To provide market led extension services to farmer.

3. To bring transparency in pricing system and transactions taking place in market in a transparent manner.
4. To ensure payments to the farmers for the sale of agricultural produce on the same day.
5. To promote agricultural activities.
6. To display data on arrivals and rates of agricultural produce from time to time into the market.

### **Agrarian Crisis after Reforms**

- a. High input Costs: The biggest input for farmers is seeds. Before liberalisation, farmers across the country had access to seeds from state government institutions. The institutions produced own seeds and were responsible for their quality and price. With liberalization, India's seed market was opened up to global agribusinesses. Also, following the deregulation many state government institutions were closed down in 2003. These hit farmers doubly hard: seed prices shot up, and fake seeds made an appearance in a big way.
- b. Cutback in agricultural subsidies: Farmers were encouraged to shift from growing a mixture of traditional crops to export oriented 'cash crops' like chill, cotton and tobacco. Liberalisation policies reduced the subsidies on pesticide, fertilizer and elasticity. As a result prices have increased by 300%. However, the prices of agricultural goods have not increased to that extent.
- c. Reduction of import duties: With a view to open India's markets, the liberalization reforms also withdrew tariffs and duties on imports. By 2001, India completely removed restrictions on imports of almost 1,500 items including food. As a result, cheap imports flooded the market, pushing prices of crops like cotton and pepper down.
- d. Paucity of credit facilities: After 1991 the lending pattern of commercial banks, including nationalised bank drastically changed. As a result, loan was not easily adequate. This has forced the farmers to rely on moneylenders who charge exorbitant rate of interest.

## Trade Reforms:

- Trade Policy Reforms: The main features of the new trade policy as it has evolved over the years since 1991 are as follows:
  - Free imports and exports: Prior to 1991, in India imports were regulated. From 1992, imports were regulated by a limited negative list. For instance, the trade policy of 1 April 1992 freed imports of almost all intermediate and capital goods. Only 71 items remained restricted. This would affect the domestic industries.
  - Rationalization of tariff structure and removal of quantitative restrictions: The Chelliah Committees Report had suggested drastic reduction in import duties. It had suggested a peak rate of 50 percent. As a first step towards a gradual reduction in the tariffs, the 1991-92 budget had reduced the peak rate of import duty from more than 300 percent to 150 percent. The process of lowering the customs tariffs was carried further in successive budgets. This also affected the domestic industries.

## Export and Import Policy

The Government of India, Ministry of Commerce and Industry announced New Foreign Trade Policy on 01st April 2015 for the period of 2015-2020.

### Salient Features of “EXIM POLICY (2015-2020)”

The new EXIM policy has been formulated focusing on increasing in exports scenario, boosting production and supporting the concepts like Make in India and Digital India.

- Reduce export obligations by 25% and give boost to domestic manufacturing supporting the “Make in India” concept.
- As a step to Digital India concept, online procedure to upload digitally signed document by CA/CS/Cost Accountant are developed and further mobile app for filing tax, stamp duty has been developed.

- Repeated submission of physical copies of documents available on Exporter Importer Profile is not required.
- Export obligation period for export items related to defence, military store, aerospace and nuclear energy to be 24 months.
- EXIM Policy 2015-2020 is expected to double the share of India in World Trade from present level of 3% by the year 2020. This appears to be too ambitious.

### Special Economic Zones

With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances, absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

As part of the economic reforms, the system of taking over land by the government for commercial and industrial purposes was introduced in the country. As per the Special Economic Zones Act of 2005, the government has so far notified about 400 such zones in the country. Since the SEZ deprives the farmers of their land and livelihood, it is harmful to agriculture. In order to promote export and industrial growth in line with globalisation the SEZ was introduced in many countries

### History of SEZ in India

<p>First ever export processing zone (EPZ) in Asia was set up by government of India in Kandla in 1965.</p>	<p>Based on the success of Kandle EPZ in the beginning of eighties, seven more EPZs were set up in Bombay, Noida Surat, Madras, Falta, Visakapattinam</p>	<p>To invite larger foreign investments in India, these EPZs were converted into special Economic Zones (SEZs) in the year 2000 under a new policy announced by the Government of India.</p>
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India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. The broad range of SEZ covers free trade zones, export processing zones, industrial parks, economic

and technology development zones, high-tech zones, science and innovation parks, free ports, enterprise zones, and others.

### **Major Objectives of SEZs**

1. To enhance foreign investment, especially to attract foreign direct investment (FDI) and thereby increasing GDP.
2. To increase shares in Global Export (International Business).
3. To generate additional economic activity.
4. To create employment opportunities.
5. To develop infrastructure facilities.
6. To exchange technology in the global market.

### **Main Characteristics of SEZ**

- a. Geographically demarked area with physical security
- b. Administrated by single body/ authority
- c. Streamlined procedures
- d. Having separate custom area
- e. Governed by more liberal economic laws.
- f. Greater freedom to the firms located in SEZs. As a result, they need not respect the Government's rules and regulations. The social and environmental impacts were disastrous.

### **Fiscal Reforms**

A key element in the stabilization effort was to restore fiscal discipline. It means reduction of fiscal deficit to the extent of just 3% of GDP, as suggested by Fund Bank Policies. In this way, the budget aimed at containing government expenditure and augmenting revenues; reversing the downtrend in the share of direct taxes to total tax revenues and curbing conspicuous consumption. Some of the important policy initiatives introduced for correcting the fiscal imbalance were: reduction in fertilizer subsidy, abolition of subsidy on sugar and disinvestment of a part of the government's equity holdings in select public sector undertakings. Gradually expenditures on welfare measures were reduced; taxes on corporate sectors were reduced; and taxes on poor people were increased.

## Goods and Services Tax (GST)

Goods and Services Tax (GST) is defined as the tax levied when a consumer buys a good or service. It is proposed to be a comprehensive indirect tax levied on manufacture, sale and consumption of goods as well as services. GST aims to replace all indirect taxes levied on goods and services by the Indian Central and State governments. GST would eliminate the cascading effect of taxes on the production and distribution of goods and services. It is also a “one-point tax” Unlike VAT which was a multipoint tax.

The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017. The motto is one nation, one market, one tax.

### Current GST Rates in India

#### Advantages of GST

- Removing cascading tax effect
- Single point tax
- Higher threshold for registration
- Composition scheme for small business
- Online simpler procedure under GST
- Defined treatment for e-commerce
- Increased efficiency in logistics
- Regulating the unorganized sector

### Monetary and Financial Sector Reforms

Monetary reforms aimed at doing away with interest rate distortions and rationalizing the structure of lending rates. The new policy tried in many ways to make the banking system more efficient. Some of the measures undertaken were:

- a. **Reserve Requirements:** Reduction in statutory liquidity ratio (SLR) and the cash reserve ratio (CRR) were recommended by the Narasimham Committee Report, 1991. It was proposed to cut down the SLR from 38.5 percent to 25 percent within a time span

of three years. Similarly it was proposed that the CRR be brought down to 3 to 5% over a period of four years.

- b. Interest Rate Liberalisation: Earlier, RBI controlled (i) the interest rates payable on deposits, (ii) the interest rates which could be charged for bank loans.
- c. Greater competition among public sector, private sector and foreign banks and elimination of administrative constraints.
- d. Liberalisation of bank branch licensing policy in order to rationalize the existing branch network.
- e. Banks were given freedom to relocate branches and open specialized branches
- f. Guidelines for opening new private sector banks.
- g. New accounting norms regarding classification of assets and provisions of bad debt were introduced in tune with the Narasimham Committee Report.

## Conclusion

There is no doubt that the Indian economy recorded ample achievements in some sectors after new economic policy. If the size of an economy provides the first impression of a country's political and economic strength, then India has indeed grown since 1991. In dollar terms, India's GDP crossed the \$2-trillion mark in 2015-16. Currently, the country is ranked ninth in the world in terms of nominal GDP. Once India was rebuked for its "Hindu rate of growth", a term used by Raj krishna to refer to low rate of economic growth. The GDP growth rate of India is very much appreciated. This growth is also due to changes in accounting system. That is why the increased GDP growth rate has failed to alleviate the miseries of the common people and to reduce the socio, economic and environmental imbalances. The basic problems of unemployment, poverty ill-health and inequalities remain unsolved.

## 10. Rural Economics

### Introduction

Rural Economics deals with the application of economic principles in understanding and developing rural areas. In general, rural areas are geographical areas located outside towns and cities. According to the Census of India, the basic unit for rural areas is the revenue village. Rural economy refers to villages, and rural community refers to people living in villages. Rural areas have problems like backwardness of agriculture, low income, low employment opportunities, poverty, low infrastructural development, low illiteracy, low labour productivity, lower prices of agricultural products, surplus labour force, larger population, high level of migration and high dependency on natural resources and nature. According to the 2011 Population Census, there are 6,40,867 villages in India and 68.84 percent of the 121 crore total population live in rural areas.

### Features of Rural Economy

Main characteristics of rural economy are:

1. **Village is an Institution:** The Village is a primary institution and it satisfies almost all the needs of the rural community. The rural people have a feeling of belongingness and a sense of unity towards each other.
2. **Dependence on Agriculture:** The rural economy depends much on nature and agricultural activities. Agriculture and allied activities are the main occupation in rural areas.
3. **Life of Rural People:** Lifestyles in villages are very simple. Public services like education, housing, health and sanitation, transport and communication, banking, roads and markets are limited and unavailable. Rural people rely much on faith, superstitions and traditional cultural practices. The standards of living of majority of rural people are poor and pitiable. In terms of methods of production, social organization and political mobilization, rural sector is extremely backward and weak. In recent years, the incidence of alcohol drinking has gone up.



4. **Population Density:** Population density, measured by number of persons living per sq. km is very low and houses are scattered in the entire villages.
5. **Employment:** There exists unemployment, seasonal unemployment and underemployment in rural areas. Unemployment refers to the situation of people with willingness and ability to work but is not getting employed. Underemployment also called disguised unemployment is the situation of people employed in excess, over and above the requirement. Disguised unemployment is a situation Where people work but no increase in production. Both the situations are common in rural areas.
6. **Poverty:** Poverty is a condition where the basic needs of the people like food, clothing and shelter are not being met. According to the 2011-12 estimates, About 22 crores of people in rural areas are poor and live below the poverty line.
7. **Indebtedness:** People in rural areas are highly indebted owing to poverty and underemployment, lack of farm and non-farm employment opportunities, low wage employment, seasonality in production, poor marketing network etc. A famous British writer Sir Malcolm Darling (1925) stated that 'A n Indian farmer is born in debt, lives in debt, dies in debt and bequeaths debt'. Since formal loan facilities are not available to the villagers, they depend on local money lenders who, like a parasite, squeeze the villagers. Hence the villagers commit suicide frequently.
8. **Rural Income:** The income of the rural people is constrained as the rural economy is not sufficiently vibrant to provide them with jobs or self - employment opportunities. Large proportion of labourers and skilled persons are underemployed and the scope for increasing their income is limited.
9. **Dependency:** Rural households are largely dependent on social grants and remittances from family members working in urban areas and cities.
10. **Dualism:** Dualism means the co existence of two exteremely different features like developed and underdeveloped, organised and unorganised, traditional and modern, regulated and unregulated, poor and rich, skilled and unskilled and similar contradicting situations in a region. These characteristics are very common in rural areas.

11. **Inequality:** The distributions of income, wealth and assets are highly skewed among rural people. There are number of historical, social, economic and political reasons behind the existence of inequality. Landlords and landowners dominate the rural activities. Land, livestock and other assets are owned by a few people
12. **Migration:** Rural people are forced to migrate from villages to urban areas in order to seek gainful employment for their livelihood. This character of the development gives rise to the formation of cities. Enmity and Lack of basic amenities in rural areas also push the people to migrate to urban areas. This is called 'double poisoning' by Schumacher, one side villages are empty, on the other side towns are congested. His book is "Small is Beautiful" describes the dangers of the present kind of development.

### Meaning of Rural Development

Rural Development is defined as an overall improvement in the economies and social well-being of villagers and the institutional and physical environments in which they live. According to the World Bank, 'Rural Development is a strategy designed to improve the economic and social life of a specific group of people - rural poor'. In short, rural development is a process of improving the rural areas, rural people and rural living.

### Need for Rural Development

Rural development is very urgent in the context of the overall growth and development of Indian economy due to the following reasons.

1. A major share of population lives in rural areas, and their development and contributions are very much supportive for the nation building activities. India cannot be developed by retaining rural as backward.
2. The rural economy supports the urban sectors by way of supplying drinking water, milk, food and raw materials. Hence, the backwardness of the rural sector would be a major impediment to the overall progress of the economy.

3. Improvements in education, health and sanitation in villages can help avoid many urban problems namely, begging, rack picking and road side slumming.
4. Development of agriculture and allied activities are necessary for providing gainful employment in rural areas and improving overall food production.
5. The evils of brain-drain and rural-urban migration can be reduced if rural areas are developed.
6. In order to better utilise the unused and under-utilised resources, there is a need to develop the rural economy.
7. Rural development should minimise the gap between rural and urban areas in terms of the provision of infrastructural facilities. It was called as PURA by former President Abdul Kalam.
8. In order to improve the nation's status in the global arena in terms of the economic indicators like Human Development Index (HDI), Women Empowerment Index (WEI), Gender Disparity Index (GDI), Physical Quality of Life Index (PQLI) and Gross National Happiness Index (GNHI) should be given due attention.

### **Problems of Rural Economy**

Rural areas are facing number of problems relating to, 1) People, 2) Agriculture, 3) Infrastructure, 4) Economy, 5) Society and Culture, 6) Leadership and 7) Administration.

The problems of rural economy are discussed below.

1. **People Related Problems:** The problems related to individuals and their standard of living consist of illiteracy, lack of technical knowhow, low level of confidence, dependence on sentiments and beliefs etc.
2. **Agriculture Related Problems:** The problems related to agriculture include 1.Lack of expected awareness, knowledge, skill and attitude, 2.Unavailability of inputs, 3.Poor marketing facility, 4.Insufficient extension staff and services, 5.Multidimensional tasks to extension personnel, 6.Small size of land holding, 7.Sub-division and fragmentation of landholdings, 8.Absence of infrastructure to work and stay in rural areas, 9.Primitive technology and low adoption of modern technologies 10. Reduced

public investment and absence of role for farmers in fixing the prices for their own products.

3. **Infrastructural Related Problems:** Poor infrastructure facilities like, water, electricity, transport, educational institutions, communication, health, employment, storage facility, banking and insurance are found in rural areas.
4. **Economics related Problems:** The economic problems related to rural areas are: inability to adopt high cost technology, high cost of inputs, under privileged rural industries, low income, indebtedness and existence of inequality in land holdings and assets. In fertile areas, a few absentee landlords own large area and they do not evince greater Interest in improving the performance of agriculture.
5. **Leadership Related Problems:** The specific leadership related problems found in rural areas are: Leadership among the hands of inactive and incompetent people, self-interest of leaders, biased political will, less bargaining power and negation skills and dominance of political leaders.
6. **Administrative Problems:** The rural administrative problems consist of political interference, lack of motivation and interest, low wages in villages, improper utilization of budget, and absence of monitoring and implementation of rural development programme.

Rural poverty, rural unemployment, rural industries, micro finance, rural health and sanitation and rural infrastructures are the issues that are considered for detailed discussion.

## Rural Poverty

Rural poverty refers to the existence of poverty in rural areas. Poverty in India has been defined as the situation in which an individual fails to earn sufficient income to buy the basic minimum of subsistence. Poverty line is a hypothetical line based on income or consumption levels that divides the population as people below poverty line and above poverty line. On the basis of recommended nutritional intake, persons consuming less than 2,400 calories per day in rural areas are treated as they are under rural poverty.

As per the Planning Commission estimates, the percentage of people living below poverty in rural areas was 54.10 which accounted for 33.80 per cent during 2009-10. Poverty is deepest among members of scheduled castes and tribes in the rural areas. In 2005 these groups accounted for 80 per cent of rural poor, although their share in the total rural population is much smaller. In 2015, more than 80 crores of India's people lived in villages. One quarter of village population (22 crores people) live below the poverty line. India is the home to 22 per cent of the world's poor. It is needless to state that the country has been successful in reducing the proportion of poor people, in spite of increasing of population.

### Causes for Rural Poverty

Various forces responsible for rural poverty are highlighted below:

1. The distribution of land is highly skewed in rural areas. Therefore, majority of rural people work as hired labour to support their families.
2. **Lack of Non-farm Employment:** Non-farm employment opportunities do not match the increasing labour force. The excess supply of labour in rural areas reduces the wages and increases the incidence of poverty.
3. **Lack of Public Sector Investment:** The root cause of rural poverty in our country is lack of public sector investment on human resource development.
4. **Inflation:** Steady increase in prices affects the purchasing power of the rural poor leading to rural poverty.
5. **Low Productivity:** Low productivity of rural labour and farm activities is a cause as well as the effect of poverty.
6. **Unequal Benefit of Growth:** Major gains of economic development are enjoyed by the urban rich people leading to concentration of wealth. Due to defective economic structure and policies, gains of growth are not reaching the poor and the contributions of poor people are not accounted properly.
7. **Low Rate of Economic Growth:** The rate of growth of India is always below the target and it has benefited the rich. The poor are always denied of the benefits of the achieved growth and development of the country.

8. **More Emphasis on Large Industries:** Huge investment in large industries catering to the needs of middle and upper classes in urban areas are made in India. Such industries are capital-intensive and do not generate more employment opportunities. Therefore, poor are not in a position to get employed and to come out from the poverty in villages.
9. **Social Evils:** Social evils prevalent in the society like custom, believes etc. increase unproductive expenditure.

### Remedial Measures to Rural Poverty

Since rural unemployment and rural poverty are interrelated, creation of employment opportunities would support elimination of poverty. Poverty alleviation schemes and programmes have been implemented, modified, consolidated, expanded and improved over time. However, unemployment, begging, rag picking and slumming continues. Unless employment is given to all the people poverty cannot be eliminated. Who will bell the cat?

<b>Poverty Eradication Schemes</b>	
<b>Schemes</b>	<b>Year of launch</b>
20 Point Programme	1975
Integrated Rural development Programme(IRDP)	1976
Training Rural Youths for Self- Employment (TRYSEM)	1979
Food for Work Programme (FWP)	1977
National Rural Employment Programme (NREP)	1980
Rural Landless Employment Guarantee Programme(RLEGP)	1983
Jawahar Rozgar Yojana(JRY)	1989
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	2006

<b>Development Schemes</b>	
Pradhan Mantri Adarsh Gram Sadak Yojana (PMAGSY)	2010
Bharat Nirman Yojana	2005
Indira Awas Yojana	1985

Jawaharlal Nehru National Urban Mission (JNNURM)	Renewal	2005
Rajiv Awas Yojan (RAY)		2009
National Rural Health Mission		2005
National Rural Livelihood Mission		2011
National Food Security Scheme		2013

## Rural Unemployment

Unemployment is a situation in which a person is actively searching for employment but unable to find work at the prevailing wage rate. It is a tragic waste of manpower and underutilisation of human resources. As long as there is unemployment, social problems cannot be stopped; and, economy cannot achieve development.

Peter Diamond, Dale Mortensen and Christopher Pissarides shared 2010 Economics Nobel prize for jobs study. Their model, called DMP model, helps us understand how regulation and economic policies affect unemployment, job vacancies and wages.

As on 4th October 2016, rural unemployment was 7.8 per cent which is less than urban unemployment (10.1 per cent) and all India unemployment rate (8.5 per cent). Rural unemployment in India are categorised into three classes: (i) Open Unemployment (ii) Concealed Unemployment or Under employment and (iii) Seasonal Unemployment. In **Open Unemployment**, unemployed persons are identified as they remain without work. This type of unemployment is found among agricultural labourers, rural artisans and literate persons. In **Concealed Unemployment**, it is difficult to identify who are under employed; for many are employed below their productive capacity and even if they are withdrawn from work the output will not diminish. It is also called Disguised Unemployment or Under employment. This type of unemployment is found among small and marginal farmers, livestock rearers and rural artisans. This kind of unemployment situation is more serious in villages than in urban areas. Disguised unemployment in rural India is 25 per cent to 30 per cent. In **Seasonal Unemployment**, employment occurs only on a particular season supported by natural circumstances and the remaining period of a year the rural people are unemployed or partially employed. In seasons like ploughing, sowing, weeding and harvesting there is scarcity of labour and in the rest of the

year there is unemployment. It is pathetic to note that a farmer who cultivates one crop in a year usually goes without a job for almost 5 to 7 months and ultimately commit suicide.

According to the Agricultural Labour Enquiry Committee Report,  
“the extent of under employment is on the average, 82 days of unemployment in a year for 84 per cent of agricultural labours.”

## Causes for Rural Unemployment

Causes for rural unemployment in India are discussed below:

- 1. Absence of skill development and employment generation:**  
Lack of Government initiatives to give required training and then to generate employment opportunities.
- 2. Seasonal Nature of Agriculture:** Agricultural operations are seasonal in nature and depend much on nature and rainfall. Therefore, the demand for labour becomes negligible during off-season. So, non-farm employment opportunities must be created.
- 3. Lack of Subsidiary Occupation:** Rural people are not able to start subsidiary occupations such as poultry, rope making, piggery etc. due to shortages of funds for investment and lack of proper marketing arrangements. This restricts the employment opportunity and rural family incomes. Government must arrange funds for these people. However, as now they pay huge interest to the local money lenders, for they are unable to get loans from formal sources.
- 4. Mechanization of Agriculture:** The landlords are the principal source of employment to the farm labour. Mechanization of agricultural operations like ploughing, irrigation, harvesting, threshing etc. reduces employment opportunities for the farm labour.
- 5. Capital-Intensive Technology:** The expanding private industrial sector is largely found in urban areas and not creating additional employment opportunities due to the application of capital intensive technologies. Government must establish firms to absorb surplus labour power.
- 6. Defective System of Education:** The present system of education has also aggravated the rural unemployment problem. Large number of degree-producing institutions has come in the



recent years. Students also want to get degrees only, not any skill. Degrees should be awarded only on the basis of skills acquired. The unemployed youth should get sufficient facilities to update their skills.

## **Remedies for Rural Unemployment**

In order to reduce rural unemployment in the country there is a need to take integrated and coordinated efforts from various levels. A few remedial measures are listed below:

1. **Subsidiary Occupation:** To reduce the seasonal unemployment rural people should be encouraged to adopt subsidiary occupations. Loans should be granted and proper arrangements should be made for marketing their products.
2. **Rural Works Programme:** Rural Works Programme such as construction and maintenance of roads, digging of drains, canals, etc should be planned during off-season to provide gainful employment to the unemployed.
3. **Irrigation Facilities:** Since rainfall is uncertain irrigation facilities should be expanded to enable the farmers to adopt multiple cropping. The increased cropping intensity creates additional demand for labour.
4. **Rural Industrialization:** To provide employment new industries should be set up in rural areas. This will open new fields of employment and also change the attitude of rural people towards work. For this, government has to do something. Private sector would not take up this responsibility.
5. **Technical Education:** Employment oriented courses should be introduced in schools and colleges to enable the literate youth to start their own units.

## **Rural Industries**

Rural industries embrace all industries which are run by rural people in rural areas. These industries are based primarily on the utilization of locally available raw materials, skills and small amount of capital. The rural industries can be broadly classified into a) cottage industries, b) village industries, c) small industries, d) tiny industries and e) agro-based industries.

**Cottage Industries:** Cottage industries are generally associated with agriculture and provide both part-time and full-time jobs in rural areas. The important characteristics of this type of industries are as follows:

1. These industries are carried out by artisans in their own homes at their own risk and for their own benefit. Artisans may combine this work with another regular job.
2. No or little outside labour is employed. Normally, the members of the household provide the necessary labour.
3. These industries are generally hereditary and traditional in character.
4. No or little power is used.
5. These industries usually serve the local market and generally work on the orders placed by other industries.

Examples of cottage industries are mat, coir and basket making industries. The principal cottage industries of India are hand-loom weaving (cotton, silk, jute, etc.) pottery, washing soap making, conch shell, handmade paper, horn button, mother-of-pearl button, cutlery, lock and key making industries.

**Village Industries:** Village industries are traditional in nature and depend on local raw-material. They cater to the needs of local population. Examples of village industries are gur and khandsari, cane and bamboo basket, shoe making, pottery and leather tanning. These are almost similar to the cottage industries.

**Small Scale Industries (SSIs):** Most small scale industries are located near urban centres. They produce goods for local as well as foreign markets. Examples of such small scale industries are manufacture of sports goods, soaps, electric fans, foot wear, sewing machines and handloom weaving.

SSIs are also known as Micro, Small & Medium Enterprises (MSMEs). They are defined and categorized by the Micro, Small & Medium Enterprises Development Act, 2006. The Act categorizes different scale of industries on the basis of investment in plant and

machinery in case of manufacturing industries and on the basis of investment in equipment in case of service sector industries.

**Agro-based Industries:** These industries are based on the processing of agricultural produce. Agro-based industries may be organised on a cottage-scale, small-scale and large-scale. These industries tend to develop household settlements around them as they employ more labour on a regular basis. Examples are textile, sugar, paper, vegetable oil, and tea and coffee industries.

### **Rural Indebtedness**

Rural indebtedness refers to the situation of the rural people unable to repay the loan accumulated over a period. Existence of the rural indebtedness indicates the weak financial infrastructure of our country, in reaching the needy farmers, landless people and the agricultural labourers.

The farmers borrow loan for various purposes like agricultural operations, supporting the family in the lean season or purchase of equipment's in the recent years, expenses on celebrations, liquor consumption and medicines go on increasing without any limit. Due to lower income, the villagers are unable to repay the loans or pay the pending interest on the principal amount.

According to the Government of India's Socio Economic and Caste Census (SECC), 2015, around 73 per cent of households in India are rural. Of these, 18.5 per cent are scheduled caste households and 11 per cent belong to the scheduled tribe category.

The data of the National Sample Survey Organisation (NSSO, 2002-03) reveals that only about 30 per cent of the poor borrowers get credit from the formal banks. According to the All India Debt and Investment Survey (AIDIS) 2002, the share of institutional credit has declined from 66.3 per cent in 1991 to 57.1 percent in 2002, with a corresponding increase in informal channels of credit (RBI, 2006).

## **Features of Rural Indebtedness**

Nearly three fourth of rural families in the country are in debt. The amount of debt is heavier in the case of small farmers. Cultivators are more indebted than the non-cultivators. Most of the debts taken are short term and of unproductive nature. The proportion of debts having higher rates of interest is relatively high. Most of the villagers are indebted to private agencies particularly money lenders.

## **Causes for Rural Indebtedness**

The causes for rural indebtedness may be summarized as below:

1. **Poverty of Farmers:** The vicious circle of poverty forces the farmers to borrow for consumption, cultivation and celebrations. Thus, poverty, debt and high rates of interest hold the farmer in the grip of money lenders.
2. **Failure of Monsoon:** Frequent failure of monsoon is a curse to the farmers and they have to suffer due to the failure of nature. Therefore, farmers find it difficult to identify good years to repay their debts.
3. **Litigation:** Due to land disputes litigation in the court compels them to borrow heavily. Being uneducated and ignorant they are caught in the litigation process and dry away their savings and resources.
4. **Money Lenders and High Rate of Interest:** The rate of interest charged by the local money lenders is very high and the compounding of interest leads to perpetuate indebtedness of the farmer.

## **Measures to Remove Rural Indebtedness**

Several remedial measures have been introduced to reduce rural indebtedness. It includes regulation of money lenders, development of rural banks, Regional Rural Banks (RRBs), Micro Finance, formation of Self Help Groups (SHGs), Primary Cooperative Banks and Land Development Banks, Crop Loan Schemes, Lead Bank Schemes, Micro Units Development and Refinance Agency Bank (MUDRA), promotion of subsidiary occupation, of farm employment opportunities, skill development programmes and so on. However, the interest rate charged

plus transaction cost for poor people and Self-Help Groups are much higher as compared to that for rich people. For instance, education loan is costlier than car loans.

### **Regional Rural Banks (RRBs)**

Regional Rural Banks came into existence based on the recommendation made by a working group on rural banks appointed by the Government of India in 1975. RRBs are recommended with a view to developing rural economy by providing credit and other facilities particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. RRBs are set up by the joint efforts of the Centre and State Governments and commercial banks. At present, there are 64 Regional Rural Banks in India. The RRBs confine their lending's only to the weaker sections and their lending rates are at par with the prevailing rate of cooperative societies.

### **Micro Finance**

Micro finance, also known as micro credit, is a financial service that offers loans, savings and insurance to entrepreneurs and small business owners who do not have access to traditional sources of capital, like banks or investors. The goal of micro financing is to provide individuals with money to invest in themselves or their business. Microfinance is available through micro finance institutions, which range from small non-profit organizations to larger banks. In India, Non-Government Organizations (NGOs) play a pivotal role in the development of micro finance service. Microfinance industries in India have grown vastly in the last two decades. In 2009, the total number of micro finance institutions in India was around 150 (Tripathi, 2014).

### **Self-Help Groups (SHGs)**

Self Help Groups are informal voluntary association of poor people, from the similar socio-economic background, up to 20 women (average size is 14). They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. They save small amounts Rs.10 to Rs.50 a month. The savings are kept with a bank. After saving regularly for a minimum of 6 months, they lend small amounts to their

members for interest. Based on their performance, they are linked with the bank for further assistance under SHG Bank Linked Programme (SBLP) started in 1992. It is a holistic programme of micro-enterprises covering all aspects of self-employment, organization of the rural poor into self Help groups and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

In 2009-10, the number of new SHGs having credit-linked with banks was 1.59 million and a bank loan of Rs.14,453 Crores was disbursed to these SHGs. Further, the number of SHGs which maintained savings accounts with banks at the end of March 2010 was 6.95 million.

The main objective of this programme is to bring the beneficiaries above the poverty line by providing income generating assets to them through bank credit and government subsidy. NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date. The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern regions like Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. These SHGs have helped the Banks to accumulate more funds. Actually the banks charge higher interest for the SHGs than car owners.

Under NABARD SHG Linkage Programme, SHGs can borrow credit from bank on showing their successful track record of regular repayments of their borrowers. It has been successful in the states like Andhra Pradesh, Tamil Nadu, Kerala and Karnataka during 2005-06. These States received approximately 60 per cent of SHG linkage credit (Taruna and Yadav, 2016).

### **Major Features of SHGs are**

1. SHG is generally an economically homogeneous group formed through a process of self-selection based upon the affinity of its members.
2. Most SHGs are women's groups with membership ranging between 10 and 20.
3. SHGs have well-defined rules and by-laws, hold regular meetings and maintain records and savings and credit discipline.

4. SHGs are self-managed institutions characterized by participatory and collective decision making.

### **Micro Units Development and Refinance Agency Bank (MUDRA Bank)**

It is a public sector financial institution which provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to Micro, Small and Medium Enterprises (MSMEs). It was launched on 8th April 2015.

Mudra Bank

Micro Units Development and Refinance Agency

Regulate and Refinance and Micro finance Institutions

### **The principal objectives of the MUDRA Bank are the following**

1. Regulate the lender and the borrower of microfinance and bring stability to the microfinance system.
2. Extend finance and credit support to Microfinance Institutions (MFI) and agencies that lend money to small businesses, retailers, self-help groups and individuals.
3. Register all MFIs and introduce a system of performance rating and accreditation for the first time.
4. Offer a Credit Guarantee scheme for providing guarantees to loans being offered to micro businesses.
5. Introduce appropriate technologies to assist in the process of efficient lending, borrowing and monitoring of distributed capital.

### **Rural Health, Nutrition and Sanitation**

Health is an important component for ensuring better quality of life. Large masses of the Indian poor continue to fight hopeless and constantly losing the battle for survival and health. Indian rural people are suffering with various epidemics such as small pox, cholera, malaria, typhoid, dengue, chicken guniyya, etc. This is mainly due to lack of medical facilities, deep ignorance and poverty. Indian Constitution clearly lays down that “States shall regard the rising of the level of nutrition and standard of living of its people and improvement of public health as among its primary duties”. To meet this constitutional

directive. Several programmes for nutrition have been implemented. These include Supplementary Feeding Programmes including Mid Term Meal Programme, Nutrition Education through Printed Media and Television and Compulsory Fortification of Common Salt with Iodine. Still in terms of health standard, Sri Lanka is better than India, and in India, Kerala is better than Tamil Nadu.

### **National Rural Health Mission**

The National Rural Health Mission (NRHM) was launched on 12th April 2005, to provide accessible, affordable and quality health care to the rural population, especially the vulnerable groups. NRHM seeks to provide equitable, affordable and quality health care to the rural population, especially the vulnerable groups.

NRHM focuses on Reproductive, Maternal, New-born, Child Health and Adolescent (RMNCH+A) Services. The emphasis here is on strategies for improving maternal and child health through a continuum of care and the life cycle approach.

### **Rural Infrastructure**

#### **Rural Housing**

House is one of the basic needs of every family. Provision of better housing facilities increases the productivity of labour. The housing problem is getting aggravated due to rapid adaptation of nuclear families. Housing does not mean provision of house alone but also proper water supply, good sanitation, proper disposal of sewage etc. The problem of housing can be tackled by the development of low cost technology in house construction, provision of adequate housing finance and provision of land sites to landless workers in rural areas. As per the NSSO data, 38 per cent of the households lived in with one room while another 36 per cent lived with two rooms.

### **Rural Market**

Road Market refers to the infrastructure created to buy and sell the products produced in rural areas and also to purchase the needed products and farm inputs produced in urban and other regions. The



rural marketing is still defective as farmers lack bargaining power, long chain of middlemen, lack of organisation, insufficient storage facilities, poor transport facilities, absence of grading, inadequate information and poor marketing arrangements.

Rural roads in India constitute 26.50 lakh kms, of which 13.5 percent of the roads are surfaced.

India's road network is one of the world's largest. The road length of India increased from about 4 lakh kms in 1950-51 to 34 lakh kms at present (2018).

## **Rural Roads**

Road transport is an important constituent of the transport system. Rural roads constitute the very life line of rural economy. A well-constructed road network in rural area would bring several benefits including the linking of remote villages with urban centres, reduction in cost of transportation of agricultural inputs and promotion of marketing for rural produces. It helps the farmers to bring their produce to the urban markets and to have access to distant markets and other services.

## **Rural Electrification**

Rural Electrification refers to providing electrical power to rural areas. The main aims of rural electrification are to provide electricity to agricultural operations and to enhance agricultural productivity, to increase cropped area, to promote rural industries and to lighting the villages. In order to improve this facility the supply of electricity is almost free for agricultural purpose in many states and the electricity tariff charged in rural areas is kept very low. In India 99.25% of villages were electrified at the end of March 2017. As on 31.03.2017, 100 percent electrification was achieved in villages of 20 States/UTs namely, Chandigarh, Delhi, Haryana, Himachal Pradesh, Punjab, Rajasthan, Daman & Diu, D & N Haveli, Goa, Gujarat, Maharashtra, Andhra Pradesh, Kerala, Lakshadweep, Puducherry, Tamil Nadu, Telangana, Andaman & Nicobar Island, Sikkim and Tripura.

The factors hindering the progress of rural electrification in India are:

1. Lack of Funds: The generation and transmission of power involves huge expenditure and the fund allocation is low.
2. Inter-state Disputes: As there are inter-state disputes in managing power projects, power distribution is affected.
3. Uneven Terrain: As rural topography is uneven without proper connection, developing new lines are costlier and difficult.
4. High Transmission Loss: Transmission loss in power distribution is almost 25 per cent in rural areas.
5. Power Theft: Unauthorized use and diversion of power are evil practices adopted by affluent people that hinder the rural electrification process.

## Requirements for Rural Development

Slater Villages: Gilbert Slater, the first professor of economics at Madras University, published his book, *Some South Indian Villages*, in 1918 following a survey of some villages like Vadamalaipuram (Ramnad), Gangaikondan (Tirunelveli), Palakkuurichi (Tanjore) and Dusi (North Arcot) in Tamil Nadu by his students. It was subsequently done by different groups of researchers in the 1930s, 1950s, 1960s, and two of the villages only in the early 21st century. The resurveys became an important historical record. They provided a baseline for several later revisits to his villages, and have inspired many successors. Much of our knowledge of rural change depends on these studies.

1. Efforts need to be made to raise farm and non-farm rural real incomes.
2. Investment in basic infra-structure and social services need to be increased.
3. Coordinated and integrated programmes for solving the present problems and to achieve sustainable development need to be designed.
4. Persons and leaders with an understanding of reality of rural problems and with the required foresight vision should be consulted while designing development programmes.

## Conclusion

Crucial steps to strengthening the rural economy are already being taken through various policies. These steps include investments in areas

ranging from health, information technology, education, infrastructure and small business. The Administration is committed to building on these unprecedented measures in the months and years to come. PURA (Provision of Urban facilities for Rural Areas) needs to be given due emphasis, without which Indian villages cannot prosper.

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## 11. Tamil Nadu Economy

### Introduction

The economic and social development of states in India are not uniform. Wide regional disparities exist. The western region and southern regions are better of than the other regions. Tamil Nadu is geographically eleventh largest and population wise third largest. Tamil Nadu fares well with many achievements. It stands to second in terms of contribution to GDP, third highest in terms of per capita income, investment, Foreign Direct Investment (FDI) and industrial output. It has been ranked as the most economically free state by the Economic Freedom.

In the social and health sector also Tamil Nadu's performance is better than many other states and better than national average in terms of health, higher education, IMR and MMR.

### Highlights of Tamil Nadu Economy

- Growth of SGDP in Tamil Nadu has been among the fastest in India since 2005.
- Poverty reduction in Tamil Nadu has been faster than that in many other States.
- Tamil Nadu contains a smaller proportion of India's poor population.
- Tamil Nadu is the second largest contributor to India's GDP.
- Tamil Nadu ranks 3rd in Human Development Index (source: UNDP-2015)
- Tamil Nadu ranks 3rd in terms of invested capital (Rs.2.92 lakh crore) and value of total industrial output (Rs.6.19 lakh crore).
- Tamil Nadu ranks first among the states in terms of number of factories with 17% share and industrial workers (16% share) of the country.
- Tamil Nadu is placed third in health index as per the NITI AAYOG report.
- Tamil Nadu has a highest Gross Enrolment Ratio in higher education.
- Tamil Nadu has the largest number of engineering colleges
- Tamil Nadu has emerged as a major hub for renewable energy.

- Tamil Nadu has highest credit Deposit Ratio in commercial and Cooperative banks.
- has highest ranks first on investment proposals filed by MSMEs.

### **Performance of Tamil Nadu Economy**

Some of the States like Gujarat and Maharashtra seem to perform well in some of the economic indicators. Kerala tops in literacy IMR and MMR. In recent years Tamil Nadu's performance is outstanding and far ahead of all other states in the spheres of health, higher education, growth of MSMEs, poverty alleviation and employment generation.

### **Tamil Nadu is placed third in health index**

The Tamil Nadu state has come third after Kerala and Punjab in a health index report. The neo natal mortality rate is 14 lower than that of many other states and that the under 5 mortality has dropped from 21 in 2014 to 20 in 2015

- Healthy States, Progressive India Report, (2018) -NITI AAYOG The reasons for the relative success of Tamil Nadu lie in extending social policies to cover most of the population. For instance the Public Distribution System, midday meals and public health infrastructure have near universal coverage.

### **Natural Resource**

#### **Water Resources**

Tamil Nadu is not endowed with rich natural resources compared to other States. It accounts for three per cent of water sources, four per cent of land area against six per cent of population. North East monsoon is the major source of rainfall followed by South West monsoon. There are 17 river basins in Tamil Nadu. The main rivers are Palar, Cheyyar, Ponnaiyar, Cauvery, Bhavani, Vaigai, Chittar, Tamiraparani, Vellar, Noyyal Siruvani, Gundar, Vaipar, Valparai etc. Wells are the largest source of irrigation in Tamil Nadu (56%).

<b>Water Resources</b>	
<b>Source of Irrigation</b>	<b>Numbers</b>
Reservoirs	81

Canals	2239
Tanks	41262
Tube Wells	3,20,707
Open Wells	14,92,359

## Mineral Resources

Tamil Nadu has a few mining projects based on Titanium, Lignite, Magnesite, Graphite, Limestone, Granite and Bauxite. The first one is the Neyveli Lignite Corporation that has led development of large industrial complex around Neyveli in Cuddalore district with Thermal power plants, Fertilizer and Carbonisation plants. Magnesite mining is at Salem from which mining of Bauxite ores are carried out at Yercaud and this region is also rich in Iron Ore at Kanjamalai. Molybdenum is found in Dharmapuri, and is the only source in the country.

Mineral Resources		
Mineral	Reserve(Tonnes)	National Share
Lignite	30,275,000	87%
Vermiculite	2,000,000	66%
Garnet	23,000,000	42%
Zircon	8,000,000	38%
Graphite	2,000,000	33%
Ilmenite	98,000,000	28%
Rutile	5,000,000	27%
Monazite	2,000,000	25%
Magnesite	73,000,000	17%

## Population

Tamil Nadu stands sixth in population with 7.21 crore against India's 121 crore as per 2011 census. However, Tamil Nadu's population is higher than that of several countries according to UN Report.

### Population

State / Country	Population(in Crore)
Tamil Nadu	7.2
U.K.	6.5
France	6.5
Italy	5.9
South Africa	5.6
Spain	4.7

Sri Lanka	2.1
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(Source: Projections published by the United Nations in the 2017 Revision of World Population Prospects.)

### Density

The density of population which measures population per sq.km is 555 (2011) against 480 (2001). Tamil Nadu ranks 12th in density among the Indian States and overall it is 382 for India.

### Urbanisation

Tamil Nadu is the most urbanized state with 48.4% of urban population against 31.5% for India as a whole. The State accounts for 9.61% of total urbanites in India against 6% share of total population.

### Sex ratio (Number of female per 1000 males)

Balanced sex ratio implies improvement in quality of life of female population. The sex ratio in Tamil Nadu is nearing balance with 995 which is far better compared to most of the States and all India level. Tamil Nadu stands third next only to Kerala state and Puduchery Union Territory in sex ratio.

#### Sex Ratio

S. No	Indicator	Tamil Nadu	India
1.	IMR	17	34
2.	MMR	79	159
3.	Life Expectancy		
	Total	70.6	67.9
	Male	68.6	66.4
	Female	72.7	69.6
4.	Literacy Rate		
	Total	80.33%	74.04 %
	Male	86.81%	82.14 %
	Female	73.86%	65.46 %
5.	Sex Ratio	995	940

### Infant Mortality Rate (mortality before completing 1 year)

Tamil Nadu is well ahead of national average and other states in IMR. According to NITI AAYOG, the IMR is 17 (per 1000) for Tamil Nadu which is just half of national average of 34 as on 2016.

**Maternal Mortality Rate (MMR) (Mother's death at the time of delivery per 1 lakh)**

Tamil Nadu has a good record of controlling MMR, ranking third with 79 (Kerala 61, Maharashtra 67) against national average of 159 again half of the national average [NITI AAYOG].

### **Life Expectancy at birth**

The average period that a person may expect to live is called life expectancy. However, life expectancy in India still falls short of most developed and developing nations.

### **Literacy**

The literacy rate of Tamil Nadu is Is higher than in many States

### **Gross State Domestic Product (GSDP)**

Just like GDP, the Gross State Domestic Product refers to the total money value of all the goods and services produced annually in the State.

Tamil Nadu is the second largest economy in India with a GSDP of \$ 207.8 billion in 2016-17 according to the Directorate of Economics and Statistics, Tamil Nadu. The GSDP of Tamil Nadu is equal to the GDP of Kuwait on nominal term and GDP of UAE on PPP terms.

The GSDP of Tamil Nadu is far higher compared to many countries as shown below. This is mainly due to population effect. Per capita GSDP would be better for inter country or interstate comparisons. Tamil Nadu may go below if per capita GSDP is considered for comparison.



### Gross State Domestic Product

State / Country	GSDP /GDP (Billion)
Tamil Nadu-GSDP	\$ 207.8
Iraq-GDP	\$ 171
New Zealand-GDP	\$ 184
Sri Lanka-GDP	\$ 81

### Sectoral Contribution

The tertiary sector (service sector) is the major contributor to Tamil Nadu's GSDP at 63.70%. The secondary sector (Industry) contribution is gradually on the rise and now it is 28.5%. Agriculture occupies a prominent position in occupation but its contribution to GSDP is declining and now it is just 7.76%. This means that the tertiary and secondary sectors have grown faster, the agricultural sector has grown slow. Agriculture sector provides employment and food to larger proportion of Indians and Tamils. But, the same sector is growing slowly means it is not good. With this trend sustainable development may not be possible.

### Per capita Income

The Per capita GSDP of Tamil Nadu also (\$ 2,200) which is higher than that of many other States in India. Per capita GSDP of Tamil Nadu is nearly 1.75 times higher than the national average, as per 2018 data. In term of ₹ the per capita income in Tamil Nadu was ₹ 1,03,600 in 2010-11 and it has increased to ₹ 1,88,492 in 2017-18 as per the Budget figures 2018.

### Per capita income

State / Country	Per capita Income (in USD)
Tamil Nadu	2200
India	1670
Nigeria	2175
Nicaragua	2151
Pakistan	1443
Bangladesh	1358
Zimbabwe	1029
Nepal	729

The Per capita income of Tamil Nadu among the southern States is given below:

**Per capita Income (2015-16)**

State	PI
Tamil Nadu	1,57,116
Kerala	1,55,516
Karnataka	1,46,416
Telangana	1,58,360
Andhra Pradesh	1,37,000

### **Agriculture**

Tamil Nadu, with seven agro climatic zones and varied soil types is better suited for the production of fruits, vegetables, spices, plantation crops, flowers and medicinal plants. The State is the largest producer of loose flowers and the third largest producer of fruits. Tamil Nadu has historically been an agricultural State. At present, Tamil Nadu is the India's second biggest producer of rice, next only to West Bengal. The state is one of the major producers of turmeric. It is also the leading producer of Kambu, Corn, Groundnut, Oil seeds and Sugarcane. It ranks first in production of plantation crops and banana and coconut, second in rubber and cashew nut, third in pepper and fourth in sugarcane.

The gross cropped area under all crops was 58.97 lakh hectares in the year 2013-14. The area under food crops account for 72.9% and that of non-food crops is 27.1%. Among the food crops paddy takes a major share. Among the non-food crops, groundnut and coconut take a major share.

Net sown area has been gradually declining; and, rural land, labour and capital are moving towards urban projects. As a result, villages are emptied and cities are over-crowded and congested, leading to spatially unbalanced bulging.

### **Food grain Production**

Rice production dominates among food grain production with 79.49 lakh tones on 2014-15 followed by millets at 40.79 lakh tons. There is significant jump in pulses production from 3.59 lakhs ton in 2011-12 to

7.67 lakh ton in 2014-15. There may be changes in these statistics. Hence updation is unavoidable.

### Productivity Position of Tamil Nadu and India

The Government of Tamil Nadu lays emphasis on agricultural production and productivity. As a result, Tamil Nadu tops in productivity, in food crops as well as non-food crops, among the States in India.

**Table 11.8 Productivity Position of Tamil Nadu**

Crop	Position of Tamil Nadu at National Level
Maize	1
Cumbu	1
Total Oilseeds	1
Cotton	1
Coconut	2
Rice	2
Sugarcane	3
Sunflower	3
Jowar	3
Coarse cereals	4
Total Pulses	8

Tamil Nadu ranks first in maize cumbu, groundnut, oil seeds and cotton second in rice and coconut, third in sugarcane, sunflower and jowar.

### Industry

Chennai is sometimes referred to as the Health Capital of India or the Banking Capital of India, having attracted investments from International finance Corporation sand the World Bank. It is also called as Detroit of Asia.

Tamil Nadu has a network of about 110 industrial parks/estates that offer developed plots with supporting infrastructure. Also the Government is promoting other industrial parks like Rubber Park, TICEL Park for Biotechnology, Siruseri IT Park and Agro Export Zones.

The heavy engineering manufacturing companies are centered around the suburbs of Chennai. Chennai boasts of global car manufacturing giants as well as home grown companies.

Karur is known for its bus body building which contributes 80% of South Indian bus body building. TNPL is the Asia's largest eco-friendly paper mill. Salem is called as steel city and has many sago producing units and mineral wealth. Sivakasi is the leader in printing, fireworks, safety matches production in India. It contributes to 80% of India's total safety matches production and 90% of India's total fireworks production. Thoothukudi is the gateway of Tamil Nadu. It is a major chemical producer next only to Chennai.

## **Textiles**

Tamil Nadu is the largest textile hub of India. Tamil Nadu is known as the "Yarn Bowl" of the country accounting for 41% of India's cotton yarn production. The textile industry plays a significant role in the Indian economy by providing direct employment to an estimated 35 million people, and thereby contributing 4% of GDP and 35% of gross export earnings. The textile sector contributes to 14% of the manufacturing sector. From spinning to garment manufacturing, entire textile production chain facilities are in Tamil Nadu. About half of India's total spinning mill capacity is in Tamil Nadu. The western part of Tamil Nadu comprising Coimbatore, Tirupur, Erode, Dindigul and Karur has the majority of spinning mills manufacturing cotton/polyester/blended yarn and silk yarn used by garment units in Tamil Nadu, Maharashtra etc. Yarn is also exported to China, Bangladesh etc. Tirupur known as "Knitting City" is the exporter of garments worth USD 3 Billion. Karur is the major home for textile manufacturing (Curtain cloth, bed linens, kitchen linens, toilet linens, table linens, wall hangings etc.) and export hub in India. Erode is the main cloth market in South India for both retail and wholesale ready-mades.

## **Leather**

Tamil Nadu accounts for 30 per cent of leather exports and about 70 per cent of leather production in the country. Hundreds of leather and tannery industries are located around Vellore, Dindigul and Erode.

Every year the State hosts the India International Leather Fair in Chennai.

## **Electronics**

Chennai has emerged as EMS Hub of India. Many multi - national companies have chosen Chennai as their South Asian manufacturing hub.

## **Auto motives**

Chennai nicknamed as “The Detroit of Asia” is home to a large number of auto component industries. Tamil Nadu has 28% share each in automotive and auto components industries, 19% in the trucks segment and 18% each in passenger cars and two wheelers.

## **Cement Industry**

Tamil Nadu ranks third in cement production in India (First Andhra Pradesh, Second Rajasthan). Among 10 largest cement companies in India as on 2018, Ramco Cement and India Cement find prominent place. And also Tamil Nadu stands second in number of cement plants with 21 units against 35 units in Andhra Pradesh.

## **Fire works**

The town of Sivakasi is a leader in the areas of printing, fireworks, and safety matches. It was fondly called as “Little Japan” by Jawaharlal Nehru. It contributes to 80% of India’s fireworks production. Sivakasi provides over 60% of India’s total offset printing solutions.

## **Other Industries**

One of the global electrical equipment public sector companies viz BHEL has manufacturing plants at Tiruchirappalli and Ranipet. The Tamil Nadu State Government owns the Tamil Nadu Newsprint and Papers (TNPL), the world’s biggest bagasse-based paper mill in Karur. Tamil Nadu is a leading producer of cement in India and with manufacturing units located at Ariyalur, Virudhunagar, Coimbatore and Tirunelveli. The region around Salem is rich in mineral ores. The

country's largest steel public sector undertaking, SAIL has a steel plant in Salem.

Coimbatore is also referred to as "the Pump City" as it supplies two thirds of India's requirements of motors and pumps. The city is one of the largest exporters of jewellery, wet grinders and auto components and the term "Coimbatore Wet Grinder" has been given a Geographical indication Thoothukudi is known as "Gateway of Tamil Nadu". Thoothukudi is the major chemical producer in the state. It produces the 70 per cent of the total salt production in the State and 30 per cent in the country.

### Sivakasi-A fireworks manufacturing hub

- Sivakasi is a town in Virudhunagar District of Tamil Nadu
- World renowned for firework Production
- Accounts for USD 50 Million exports of safety Matches, printing and Firework in 2013-14

#### Production in 2012 - 13 (USD Million)



90% India's Fire Work Production	450 Firework factories
0.5 Million direct employment	0.2 Million indirect employment
60% of safety match Production	4500 match units

### MSMEs

The Micro, Small and Medium Enterprises are defined under the MSMED Act 2006. The enterprises are classified as Manufacturing and Service enterprises based on the investment in plant and machinery and equipment (excluding land and building) the classification of Micro, Small and Medium Enterprises is given in Table- 11.11.

Tamil Nadu accounts of 15.07% Micro, Small and Medium Enterprises (MSMEs) in the country ( the highest among all States) with 6.89 lakhs registered MSMEs. Producing over 8000 varieties of product for a total investment of more than Rs.32,008crore.

MSMEs produce a wide variety of products in almost all sectors. Te prominent among them are the engineering, electrical, chemicals, plastics, steel paper, matches, textiles, hosiery and garments sector. Around 15.61 lakh entrepreneurs have registered, providing employment opportunities to about 99.7 lakhs persons with total investment of Rs. 1,68,331 crore.

## Energy

Tamil Nadu tops in power generation among the southern States as seen in following table. Installed capacity of power utilities in States in southern region

Energy		
State	Units	Ranks
Tamil Nadu	26,865 MW	I
Karnataka	18,641 MW	II
Andhra Pradesh	17,289 MW	III
Telungana	12,691 MW	IV
Kerala	4,141 MW	V
	<b>79,627 MW</b>	

(Source: Central Electricity Authority, Ministry of Power, Government of India.  
Retrieved Jan.2017.)

Tamil Nadu is in the forefront of all other Indian States in installed capacity. Muppandal wind farm is a renewable energy source, supplying the villagers with electricity for work. Wind farms were built in Nagercoil and Tuticorin apart from already existing ones around Coimbatore, Pollachi, Dharapuram and Udumalaipettai. These areas generate about half of India's 2,000 megawatts of wind energy or two percent of the total power output of India.

## Nuclear Energy

The Kalpakkam Nuclear Power Plant and the Koodankulam Nuclear Power Plant are the major nuclear energy plants for the energy grid.

### Nuclear Energy

Units	Existing Installed capacity (2018)
Kudankulam	1834 MW (2 x 917)
Kalpakkam	470 MW (2 x 235)

### Thermal Power

In Tamil Nadu the share of thermal power in total energy sources is very high and the thermal power plants are at Athippattu (North Chennai) Ennore, Mettur, Neyveli and Thoothukudi. The generation of power under various sources is given below.

#### Thermal Power

Source	Million Units	%
Thermal	13304	49.52
Hydel	2203	8.20
Nuclear	986	3.67
Others (Wind Solar)	10372	38.61
<b>Total</b>	<b>26865</b>	<b>100.00</b>

### Hydel Energy

There are about 20 hydroelectric units in Tamil Nadu. The prominent units are Hundah, Mettur, Periyar, Maravakandy, Parson Valley etc.

### Solar Energy

Tamil Nadu tops in solar power generation in India as seen in following table. Southern Tamil Nadu is considered as one of the most suitable regions in the country for developing solar power projects.

#### Solar Energy

Ranking	States	Total capacity(MW) 2017
1	Tamil Nadu	1590.97
2	Rajasthan	1317.64
3	Gujarat	1159.76
4	Telangana	1073.41



5	Andhra Pradesh	979.65
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## Wind Energy

Tamil Nadu has the highest installed wind energy capacity in India. The State has very high quality of of shore wind energy potential of the Tirunelveli coast and southern Toothukudi and Rameswaram coast.

## Services

Banking, insurance, energy, transport and communication fall under tertiary sector i.e., services.

## Banking

In Tamil Nadu, Nationalised banks account for 52% with 5,337 branches, Private Commercial Banks 30% (3,060) branches, State Bank of India and its associates 13% (1,364), Regional Rural Banks 5% (537) branches and the remaining 22 foreign bank branches.

Total deposits of the banks in Tamil Nadu registered an year-on year increase of 14.32% by March 2017 and touched Rs. 6,65,068.59 crores. Total credit of the banks in Tamil Nadu registered a year-on year increase of 13.50% by March 2017 and touched Rs. 6,95,500.31 crores. The share of Priority Sector Advances stands at 45.54% as against the national average of 40%. The percentage of Agricultural advances to total advances as at the end of March 2017 works out to 19.81% as against the national average of 18%. Banks in Tamil Nadu have maintained one of the highest Credit Deposit Ratio of 119.15% in the country whereas this ratio is 77.5% at the national level.

## Education

### a. School Education

Tamil Nadu is grouped among high Gross Enrolement Ratio (GER) States. It ranks third next only to Kerala (81%) and Himachal Pradesh (74%). The all India average is 43% and the world average is 59%.

Gross Enrolment Ratio is 118.8% for primary level(class 1-5); 112.3% for upper primary level (class 6-8), 62.7% for secondary level (class 9-10), 49.26% at Higher Secondary level (class 11-12). This has been possible mainly due to the supply of free food, cloth, foot-wear, scholarship, laptop etc.

### Tamil Nadu's primary education statistics 2016-17

Number of schools	Primary	35,414
	Middle	9,708
	High and Higher Secondary	12,911

### b. Higher Education

In Gross Enrolment Ratio under higher education (Tertiary level) Tamil Nadu continues to be at the top level well ahead of other states. The GER is 46.9% in Tamil Nadu which is far higher against national average and all other States This higher GER is thanks to the distribution of free food, cloth, footwear, laptop and scholarship.

#### Gross Enrolment Rate %

State	2016-17
Tamil Nadu	46.9
Maharashtra	30.2
Uttar Pradesh	24.9
Odisha	21.0
Bihar	14.4
All India	25.2

Tamil Nadu has 59 Universities, 40 Medical colleges, 517 Engineering colleges, 2,260 Arts and Science colleges, 447 Polytechnics and 20 dental colleges. Tamil Nadu produces nearly four lakh engineering and polytechnic students every year, the highest in the country.

### Educational Loans

As far as educational loans disbursed by Public Sector Banks under priority sector are concerned, 20.8% of the total amount was disbursed in Tamil Nadu between 2013-14 and 2015-16. Andhra Pradesh

was second with 11.2% of the total loan amount followed by Maharashtra (10.2%).

Of the total amount of educational loans disbursed by Private Banks during the same period, Kerala accounted for 37.8% followed by Tamil Nadu with 24.8%. Both Karnataka & Kerala together accounted for more than 60% of the total educational loan amount by Private Banks.

## **Health**

Tamil Nadu has a three - tier health infrastructure comprising hospitals, primary health centres, health units, community health centres and sub-centres. As of March 2015, the State had 34 district hospitals, 229 sub-divisional hospitals, 1,254 primary health centres, 7,555 Sub-centres and 313 community health centres.

## **Communication**

Maharashtra has the highest number of internet subscribers in the country at 29.47 million, followed by States like Tamil Nadu, Andhra Pradesh and Karnataka. According to government data, India had a total of 342.65 million internet subscribers at the end of March, 2016. Tamil Nadu had 28.01 million subscribers, while its neighbor's Andhra Pradesh and Karnataka had 24.87 million and 22.63 million, respectively.

## **Transport**

Tamil Nadu has a well-established transportation system that connects all parts of the State. This is partly responsible for the investment in the State. Tamil Nadu is served by an extensive road network in terms of its spread and quality, providing links between urban centres, agricultural market-places and rural habitations in the countryside. However, there is scope for improvement.

### **a. Road**

There are 28 national highways in the State, covering a total distance of 5,036 km. The State has a total road length of 167,000 km, of which 60,628 km are maintained by Highways Department. It ranks second in India with a share of over 20% in total road projects under operation in the public-private partnership (PPP) model.

### **b. Rail**

Tamil Nadu has a well-developed rail network as part of Southern Railway, Headquartered at Chennai. The present Southern Railway network extends over a large area of India's Southern Peninsula, covering the States of Tamil Nadu, Kerala, Puducherry, minor portions of Karnataka and Andhra Pradesh. Tamil Nadu has a total railway track length of 6,693 km and there are 690 railway stations in the State. The system connects it with most major cities in India. Main rail junctions in the State include Chennai, Coimbatore, Erode, Madurai, Salem, Tiruchirapalli and Tirunelveli. Chennai has a well-established Suburban Railway network, a Mass Rapid Transport System and is currently developing a Metro system, with its first underground stretch operational since May 2017.

### **c. Air**

Tamil Nadu has four major international airports. Chennai International Airport is currently the third largest airport in India after Mumbai and Delhi. Other international airports in Tamil Nadu include Coimbatore International Airport, Madurai International Airport and Tiruchirapalli International Airport. It also has domestic airports at Tuticorin, Salem, and Madurai, which connect several parts of the country. Increased industrial activity has given rise to an increase in passenger traffic as well as freight movement which has been growing at over 18 per cent per year.

### **d. Ports**

Tamil Nadu has three major ports; one each at Chennai, Ennore, and Tuticorin, as well as one intermediate port in Nagapattinam, and 23 minor ports. The ports are currently capable of handling over 73 million metric tonnes of cargo annually (24 per cent share of India). All the

minor ports are managed by the Tamil Nadu Maritime Board, Chennai Port. This is an artificial harbour and the second principal port in the country for handling containers. It is currently being upgraded to have a dedicated terminal for cars capable of handling 4,00,000 vehicles. Ennore Port was recently converted from an intermediate port to a major port and handles all the coal and ore traffic in Tamil Nadu.

## Tourism

Tamil Nadu has since ancient past been a hub for tourism. In recent years, the state has emerged as one of the leading tourist destinations for both domestic and foreign tourists. Tourism in Tamil Nadu is promoted by Tamil Nadu Tourism Development Corporation (TTDC), a Government of Tamil Nadu undertaking. The State currently ranks the highest among Indian States with about 25 crore arrivals (in 2013). The annual growth rate of this industry stood at 16 per cent. Approximately 28 lakh foreign and 11 crore domestic tourists visit the State.

<b>Tourist arrivals in India 2016</b>	
<b>Domestic tourist visits to States /UTs</b>	<b>Foreign tourist visits to States /UTs</b>

## Unemployment and Poverty

National average of unemployment rate stands at 50 and Tamil Nadu ranks 22nd with unemployment rate of 42 per 1000. There are different kinds of unemployment with different economic implications. All those aspects need to be studied to fully understand the employment situation.

Tamil Nadu is one of India's richest states. Since 1994, the state has seen a steady decline in poverty. Today, Tamil Nadu has lower levels of poverty than most other States in the country. After 2005, Tamil Nadu was among India's fastest growing states, with growth being driven mainly by services.

## Conclusion

The Tamil Nadu economy which is not rich in natural resources has good record of agricultural growth, industrial progress, infrastructural development and good record of robust growth of service sector especially banking, education, transport and tourism. It occupies top three ranks in health index, education, development of MSMEs. It has a good record of poverty alleviation and employment generation. However, India in general and Tamil Nadu in particular need to work more to eliminate female foeticide, reduce the population living in slums, sleeping on roadsides, beggars and rag pickers. Development is meaningless as long as the above eyesore continues.

<b>Population Growth in Tamil Nadu: At a Glance (2011 Census)</b>	
Total Population	72138958
Male	36158871
Female	35980087
Crude birth rate (per thousand)	15.7
Crude death rate (per thousand)	7.4
Growth Rate (per thousand)	8.3
Districts with Highest Population	(Chennai, Kancheepuram, Vellore and Thiruvallur)
Districts with Lowest Population	(Perambalur, The Nilgiris, Ariyalur and Theni)
Population Density (per sq km)	555 (2011), 480 (2001)
Maximum Density	Chennai (26903); Kanyakumari (1106)
Minimum Density	The Nilgiris (288); Thiruchirappalli (602)
Sex Ratio (per 1000 males)	995 females (2011) 987 females (2001)
District with Highest Sex Ratio	The Nilgiris (1041 females) Thanjavur (1031 females) Nagapattinam (1025 females)
District with Lowest Sex Ratio	Theni (900 females) Dharmapuri (946 females)
Child Sex Ratio (0-6 age group)	946 female children (2011) 942 female children (2001)
District with Highest Child Sex	The Nilgiris (985), Kanyakumari (964)

Ratio	
District with Lowest Child Sex Ratio	Cuddalore (896); Ariyalur (897)
Literacy Rate	80.33% (2011) 73.45% (2001)
Male Literacy	86.81% (2011) 82.33% (2001)
Female Literacy	73.86% (2011) 64.55% (2001)
District with Highest Literacy	Kanyakumari (92.14%); Chennai 90.33%
District with Lowest Literacy	Dharmapuri(64.71%) Ariyalur (71.99%)

