

DEVELOPMENT OF MAJOR INDUSTRIES IN TAMILNADU - A SURVEY

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Abstract

Tamilnadu Developed States in terms of industrial development and in the post liberalization era, the State has emerged as one of the front-runners by attracting a large number of domestic foreign investments. Next for the agriculture sector, the Industrial sector is the largest employer. The growth in manufacturing and services sectors, has fed and in turn benefited from the rise in the standard of living of the people in the state. The state is ranked third in the country with respect to per capita state income, which has grown at a Compound Average Growth Rate of 5 percent. The state also has a share of 9.1 percent Market Potential Value in the country, which reflects a high buying power and capacity of the market to absorb new products and services. There has been a significant increase in the proportion of the population in the middle-income group. The services sector is the dominant contributor to the Net State Domestic Income. The industrial sector is a driver of economic growth. The industrial sector is important in terms of its contribution to Gross State Domestic Product (GSDP) and employment. This sector, which is vital in Stimulating growth of the economy is closely interconnected with primary and tertiary sectors through its forward and backward linkages. Industrial policy initiatives in the State are designed in the backdrop of the increasing multifaceted globalization of production systems, especially, in terms of technology transfers and the development of physical infrastructure for higher growth. Recognizing the importance of industry, Tamil Nadu formulated the dynamic New Industrial Policy 2003 and evolved strategies to make the State a leading industrial destination in India.

Keywords: industrial development, liberalization era, service sector, manufacturing sector, GSDP, New Industrial Policy

The New Industrial Policy has its focus on optimal use of resources, up gradation of managerial skills and administrative, technical improvement and modernizations in the fields of manufacturing and infrastructure sectors for higher growth in Tenth Five Year Plan Period. In the Information Technology sector, the State is a leader. Chennai has become a hub of the software industry. Beside Information Technology, the State has made strident progress in the automobile sector and is poised to record significant growth in the Textile Sector in view of the abolition of the Textile Quota regime. The performance of the industry during the review year showed a spectacular rebound and registered a growth rate of 8.2 percent. The positive growth in all the three sub sectors was contributing to a higher industrial growth, though electricity clocked at 3.0 percent only machinery (12.3%).

Leather Industry

The growth of the leather industry in the state of Tamil Nadu is due to the large tannery base established here over the last two centuries. Currently, the annual turnover of the industrial sector, including tanneries, shoe factories, garment and leather goods, making units is Rs.4, 500 crores, of which Rs.2, 750 crores is the income from export. During 2016-2017 export of leather and leather products reached Rs.9,000 crore as against a foreign exchange of Rs.6,952 crores during 1999 -2000. According to the Tamil Nadu New Industrial Policy 2003, the state accounts for 70 per cent of leather tanning capacity in India and 38 per cent of leather footwear and components. The exports from Tamil Nadu are valued as about US \$ 762 million, which accounts for 42 per cent of Indian leather exports.

Paper Industry

Tamil Nadu is an important paper producer in the country. Paper production in the State for the period of 2016-2017 was 3.97 lakh tonnes registered a growth of 6.77 percent as against the corresponding period of the preceding year, sharing 14.90 percent of paper production at the National level. Compared with the major paper produced States, Tamil Nadu is placed second next to Andhra Pradesh. Tamil Nadu News Prints Papers Ltd., a Public Sector Undertaking of Tamil Nadu is manufacturing news prints, printing and writing papers having high sales performance. This paper industry entered into a tie up arrangements with six sugar mills to use biofuels on a substantial basis. It has maintains 'zero stock balance' and earning the highest profit among the SPUs over the years.

Chemical & Plastic Industry

The Chemical industry in India accounts for a turnover in excess of Rs.48, 000 crores and is one of the fastest growing sectors of the economy. The sector contributes 13 per cent to the State's GDP and constitutes 8per cent of the total exports of the country.

Textile Industry

The textile industry occupies a prominent place in the economy in terms of its contribution to industrial output, generation of employment and earnings of foreign exchange. The textile industry in the State until recently faced hardships like a general recession in the textile sector, fluctuation in the market trend, inadequate quality of cotton supply, paucity of funds and technological existence of obsolescence in many items and WTO induced post quota market changes. Consequently, the textile industry recorded modest growth. As of 2004-05 (April - January) the spun yarn production in the State was in the order of 1053.2thousand tones and 71.6 million sq.mts. Of mill made fabrics registered a growth of 9.06 per cent and 7.47 per cent respectively as compared to the Corresponding period of the previous year.

Sugar Industry

Sugar Industry in Tamil Nadu is an important Agra based industry. It plays a vital role in the economic development of the State and particularly in rural areas. The Sugar Industry provides large scale direct employment to several thousands and indirect employment to several lakhs of farmers and agricultural laborers in the rural areas who are involved in cultivation of sugar cane, harvesting, transport and other services. There are 34 Sugar mills in Tamil Nadu, of which 16 are in cooperative sector and 18 in the private sector.

Fertilizer Industry

The total number of fertilizer industries in the State had declined to 12 during 2016-17 with the exit of two phosphate industries. The installed capacity of these industries had also marginally declined to 13.02 lakh tonnes from the previous level of 13.07 lakh tonnes. However, on the production front, there was a slight improvement over the previous year because both nitrogen and phosphate industries marginally improved in their production performance. The production of fertilizer industries in the State witnessed a growth of 3.19 percent in the reviewing year and, production increased from 9.39 lakh tonnes in 2016-17 from 9.10 lakh tonnes in 2015-2016. In contrast, at the National level the fertilizer production declined to 141.74 lakh tonnes in 2016-17 from 144.09 lakh tonnes in 2015-2016 registering a negative growth of 1.63 per cent.

Cement Industry

The production performance of cement industry in the State is encouraging. The operational efficiencies of cement industries have improved because of concerted efforts taken by major industries through the process of mergers and acquisition of small and medium ones During 2016-17 the cement production in the State increased to 126 lakh tonnes from 122.91 lakh tones for the period of 2015-2016 registering a growth of 2.52 per cent and the capacity utilization was realized at 87 per cent. Tamilnadu has a share of 10.1 per cent in the total capacity and contributed 10.04per cent cement production at the National level during, 2016-17.

Small- Scale Industries (SSIs)

The SSI sector occupies a pivotal place for its contribution to industrial production, employment generation, export and State income. During 2015-2016 SSI units were given permanent registration and total number of SSI increased to 4.89 lakh SSI units with an investment of Rs.14397.31 cores and employment to 35.26lakh persons produced Rs.99496.77 crores worth of output. The State shared 4.13 per cent of SSI units, 24.94 per cent of output and 12.09 per cent of employment at the national level. As on 28.02.05, Rs. 7523.22 lakhs were sanctioned to 18127 educated unemployed youths under the PMRY Scheme.

The SSI units are wired between the two extremes of tiny village industries on one side and high-tech information technology and biotech units on other side. The promotion of small scale industrial sector becomes inevitable due to its inherent merits such as low capital intensity, short gestation period, high employment potential, capability to induce dispersal of industrial activities and widening of the entrepreneurial base.

The state in its Industrial Policy of 1992 had initiated several policy measures such as technology development fund and introduction of a system to monitor the prompt payment of dues to SSI units by State public sector enterprises and boards and measures including capital investment subsidy, power tariff concessions, sales tax waiver deferrals, the creation of venture capital fund etc. As on 2013-2014 there are totally 4.20 lakh registered SSI units functioning in the State including 29,445 newly registered units. These units employ 26.67 lakh persons in different production functions and produce Rs.70, 987 crores worth of goods and services.

Specific Investment Opportunities

It is seen the following industries can attract the maximum amount of investments in the state of Tamilnadu during 2001-2005

- Software & Electronics
- Automotive Projects
- Bio- Technology and pharma
- Hi-Tech Agro Food processing Petrochemicals
- Roads and Minor port development
- Development of industrial parks and real estate
- Tourism and Satellite Township projects

A further analysis of the same will be done to identify the major location for investment and outline the characteristics of growth of some of the important sectors. The concluding this shows that there is tremendous growth in the capital employed in the industries Tamilnadu. Along with growth in the capital employment there must be commensurate growth in the output produced. In the government accords funds, subsidies grants and financial assistance which will lead to the better then of the growth of industry in Tamilnadu.

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