

AN OVERLOOK INTO GROWTH OF TAMIL NADU MANUFACTURING SECTOR 2008-2019

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Abstract

The fourth-largest state in India is called Tamil Nadu. It has a diverse manufacturing sector and is a leader in a number of sectors, including engineering, pharmaceuticals, clothing, textiles, leather, chemicals, plastics, and autos and auto components. This study focused on the manufacturing production in Tamil Nadu Annual Growth Rate. The study reveals that Even though the situation is good for the manufacturing sector development of Tamilnadu, it is not free from the lacking. Insufficient power supply to the industries is utmost important problem of Tamilnadu. It can be overcome by capacity addition through taking up new projects. In the modern scenario conventional energy will not be adequate for future projects. Government and the public should fetch the alternate energy sources to overcome the crisis of this sector.

Keywords: Tamil Nadu, Manufacturing sector, industrial development, Tamil Nadu Economy.

Introduction

Studies on the impact of industrial production on economic development were common. Few states have ever been able to grow and amass wealth without investing in their industrial production, and the economy often grows faster in countries with strong and thriving industrial sectors. That is to be expected given the manufacturing sector's intense focus on labour and exports. The word "industry" is mainly used to denote industrial production in Tamil Nadu and many other emerging states. This is so because the most dynamic sector of the economy is industrial output. Industrial production has come to be seen as a key and potent tool in the process of global development.

The fourth-largest state in India is called Tamil Nadu. It has a diverse manufacturing sector and is a leader in a number of sectors, including engineering, pharmaceuticals, clothing, textiles, leather, chemicals, plastics, and autos and auto components. In terms of the number of factories and industrial workers, it is ranked #1 among the states. The State Industries Promotion Corporation of Tamil Nadu (SIPCOT), the Tamil Nadu Industrial Investment Corporation (TIIC), and the Tamil Nadu Small Industries Development Corporation (TANSIDCO) are working together to build the state's industrial infrastructure. The predicted gross state domestic product (GSDP) for Tamil Nadu in 2022–2023, at current exchange rates, is Rs. 24.85 trillion (US\$ 320.27 billion). The state's GSDP increased between 2015–16 and 2022–23 at a CAGR of 11.27%.

Review of Literature

Shankaran (2015) made an attempt to assess the various dimensions of industrial development of Tamil Nadu, India. To examine the performance of the industrial economy of Tamil Nadu, statistics have been collected from Annual Survey of Industries, published by Central Statistical Organization, Government of India. The variables administered in this work to evaluate the

performance of agro based and non agro based manufacturing industries of Tamil Nadu include number of factories, productive capital, employment, value of output and value added. This study covers the period of three decades from 1980-81 to 2010-11, so as to understand the effects of the new economic policy. Further, the entire study period has been classified into two folds as pre reform period (1980-81 to 1990-91) and post reform period as (1991-92 to 2010-11). Collected statistics are deflated using wholesale price index to overcome the price fluctuation. The result obtained using annual compound growth rate reveals that almost all the variables express the same level of growth in both agro and non-agro related industries. But, owing to extraordinary performance of chemical based industries the value added of non- agro related industries reveal a dramatic growth. Mention should be made that the growth of employment has shown a negative sign during the reform period. Hence, it is suggested that the policy makers should frame the effective and suitable policy considering the employment generation. Such kind of strategies will give a new life not only to India but also all the developing countries.

Palani (2019) focused on the industrial production in Tamil Nadu, it is based on an annual growth rate and natural energy of the resources on industries. It concentrates on the dynamic component of the economy in the overall development process. And compared to analyzed the year 2001-2009, Nigerian economy and increase at about 7 percent, and the growth rate increased to about 8-9 per centum in 2003 through the financial calamity. Tamil nadu would be classified as industrially is a well-developed country. Yet a lot of efforts have been taken considered into the industrial production process. The second five-year plan objective has been given more emphasis on increasing industrial production. The annual growth rate of industrial production, mining, and quarrying increased as 2.16 percent, manufacturing sector production 1.94 percent, electricity 5.35 percent, and general industrial production 2.31 percent during the year 2016. Since 2005-2015 the industrial production average growth rate is not increasing continuously. Hence the government needs to give more significance to get stable industrial growth rate in future. So the present research paper would like to analyze the industrial sector production.

The development of industrial sector plays a pivotal role in economic uplift. It raises the productive capacity of the people and creates ever-increasing employment opportunities. The people thus can have more goods and service: leisure and better health denied the previous generations. Industrial development reduces dependence on agricultural exports to earn badly-needed foreign exchange. An industrialized nation is always economically stronger and thus capable of defending itself against any aggression. Tamilnadu is the most industrialized state of India with over 40,000 factories, the most for any state in India and have the country's largest industrial work force. Tamil Nadu has carved for itself a pride of place in the manufacture of a number of products like textiles & garments, leather products, automobiles and auto parts, light & heavy engineering including fabrication, electronic hardware, granite products, cement, sugar, etc apart from software development and IT enabled Services (ITES). Keep this in this view the aim of the study is to study the problems and prospects of industrial sector in Tamil Nadu. The study reveals that Even though the situation is good for the industrial health of Tamilnadu, it is not free from the lacking. Insufficient power supply to the industries is utmost important problem of Tamilnadu. It can be

overcome by capacity addition through taking up new projects. In the modern scenario conventional energy will not be adequate for future projects. Government and the public should fetch the alternate energy sources to overcome the crisis of this sector. (Hussain 2017)

Statement of the problem

This study focused on the manufacturing production in Tamil Nadu Annual Growth Rate. On a deeper level, the research aims to acquire a better understanding of the Annual Growth Rate of industrial production.

Objective

1. To analyze the annual growth rate of industrial production in Tamil Nadu.
2. To examine Analysis of Variance in Growth of Manufacturing Sector in Tamil Nadu

Research Methodology

For the present study, the secondary data source has been collected from the RBI data handbook of statistical on the Indian economy. To find the annual growth rate has been computed for this study.

Findings of the study

The current study has examined the growth rate of Tamil Nadu from the year 2008 to 2019. Result of the findings is been discussed in this section.

Table-1
Number of employees Growth rate in Tamilnadu

Year	Tamilnadu
2008-09	55.74
2009-10	51.76
2010-11	43.22
2011-12	43.12
2012-13	43.46
2013-14	43.92
2014-15	45.97
2015-16	51.71
2016-17	53.84

2017-18	55.45
2018-19	55.41

Source:Estimated

From the above table it can be identified that for the state Tamil Nadu the highest growth in the number of employees per factor was attained in the year 2008-09 with the rate of 55.74 and lowest rate was seen in the year 2011-12 with the rate of 43.12.

The below tables -2 shows the details pertaining to fixed capital per factory of Tamil Nadu from the year 2008-2019.

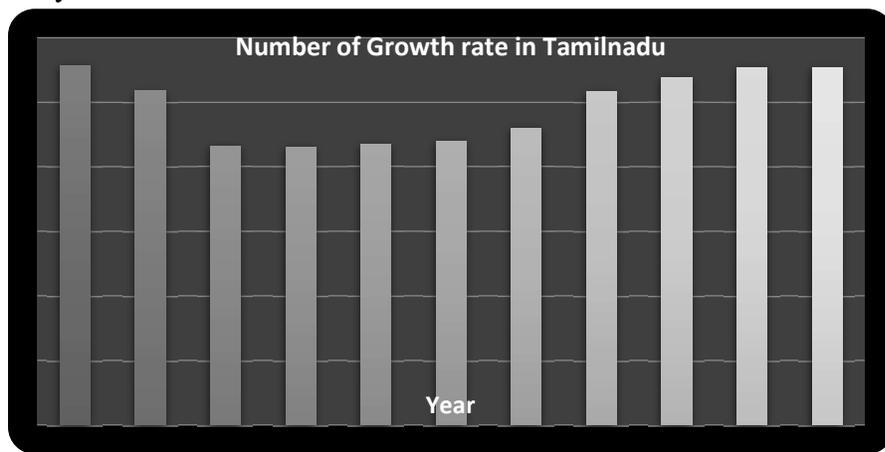


Figure-1

Table-2

Fixed capital Growth rate in Tamilnadu

Year	Tamilnadu
2008-09	374.35
2009-10	491.61
2010-11	401.56
2011-12	436.40
2012-13	507.86
2013-14	724.53
2014-15	584.29
2015-16	637.44

2016-17	759.60
2017-18	734.49
2018-19	741.57

Source: Estimated

From the above table it can be identified that for the state Tamil Nadu the lowest growth in the fixed capital per factor was attained in the year 2008-09 with the rate of 374.35 and highest rate was seen in the year with the rate of 741.57.

The table-3 shows the net value added per factory in case of Tamil Nadu between these study period 2008-2019.

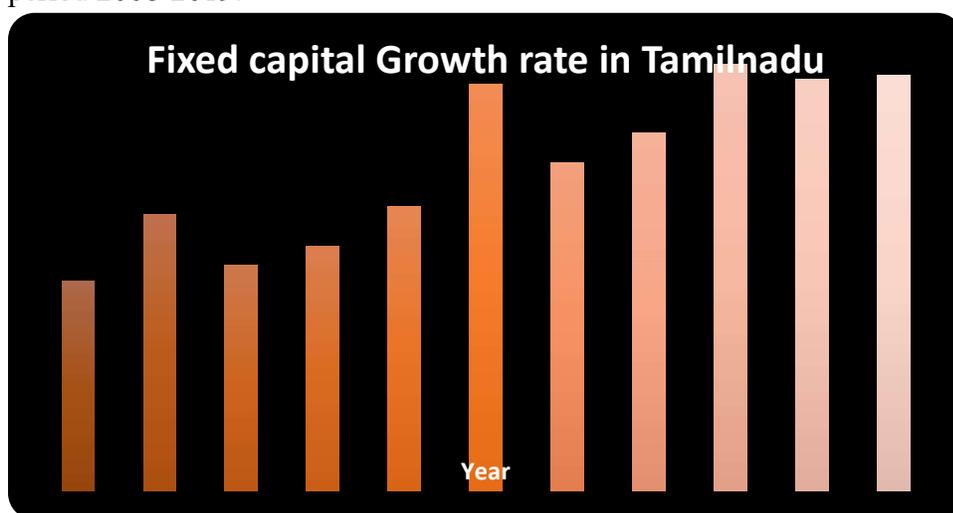


Figure-2

Table-3

Net value added Growth rate in Tamilnadu

Year	Tamilnadu
2008-09	152.03
2009-10	221.08
2010-11	195.38
2011-12	401.88
2012-13	247.81
2013-14	233.33

2014-15	231.97
2015-16	291.98
2016-17	316.73
2017-18	362.60
2018-19	369.25

Source: Estimated

From the above table it can be identified that for the state Tamil Nadu the lowest growth in the net value added per factor was attained in the year 2008-09 with the rate of 152.03 and highest rate was seen in the year 2011-12 with the rate of 401.88.

The details related to fixed capital per worker in manufacturing sector of Tamil Nadu was studied from the period 2008-2019 and the result is been given in the following table-4.

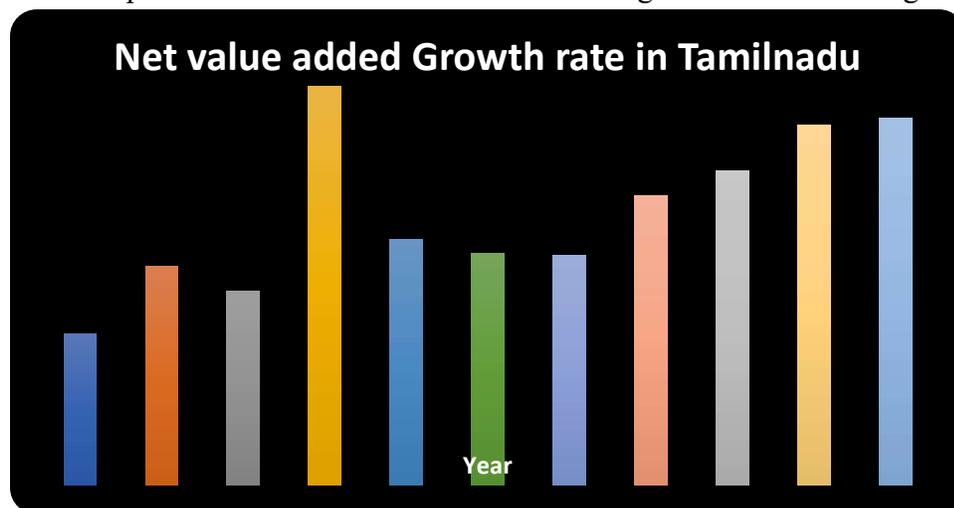


Figure-3

Table -4
 Fixed capital Growth rate in Tamilnadu

Year	Tamilnadu
2008-09	175421.4
2009-10	2309168
2010-11	342354
2011-12	374406.7

2012-13	430806
2013-14	616681.4
2014-15	481388
2015-16	460176.2
2016-17	525160
2017-18	500542.2
2018-19	510344.5

Source: Estimated

From the above table it can be identified that for the state Tamil Nadu the lowest growth in the fixed capital per worker was attained in the year 2008-09 with the rate of 175421.4 and highest rate was seen in the year 2013-14 with the rate of 616681.4. The capital output ratio for manufacturing sector of Tamil Nadu from the period 2008-2019 was studied in the table -5.

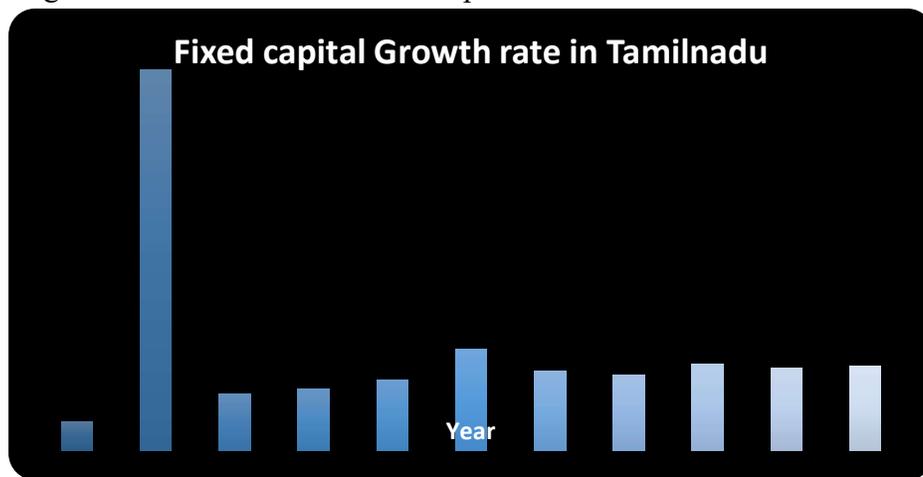


Figure -4

Table- 5
 Capital output ratio Growth in Tamilnadu

Year	Tamilnadu
2008-09	0.33
2009-10	0.35
2010-11	0.31

2011-12	0.26
2012-13	0.30
2013-14	0.40
2014-15	0.32
2015-16	0.34
2016-17	0.37
2017-18	0.32
2018-19	0.37

Source: Estimated

From the above table it can be identified that for the state Tamil Nadu the lowest growth in the capital output ratio was attained in the year 2011-12 with the rate of 0.26 and highest rate was seen in the year 2013-14 with the rate of 0.40.

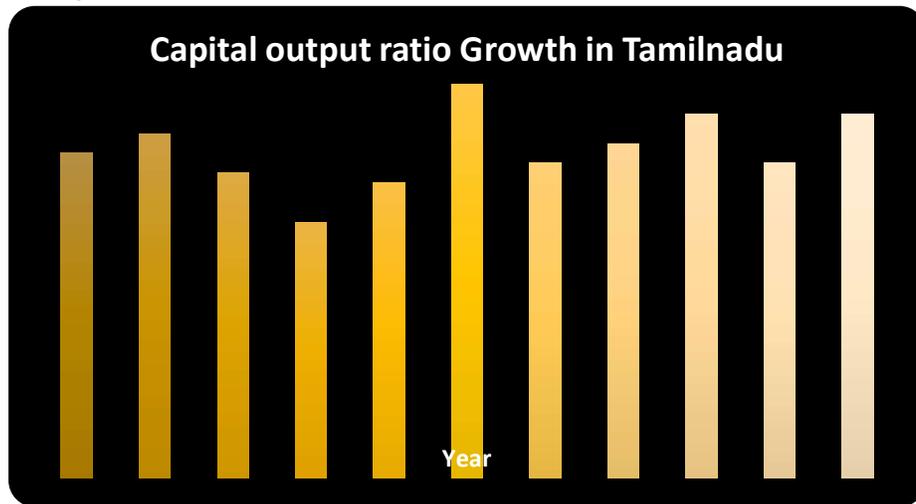


Figure-5

One-Way ANOVA is used to find the association between output and growth of manufacturing sector in Tamil Nadu is given in the below table -6.

Table -6

Analysis of Variance in Growth of Manufacturing Sector in Tamil Nadu

		Sum of Squares	Df	Mean Square	F	Sig.
Number of employees Growth rate	Between Groups	4.261	8	0.533	59.214	0.017
	Within Groups	0.018	2	0.009		
	Total	4.279	10			
Fixed capital Growth rate	Between Groups	6.075	8	0.759	57.402	0.017
	Within Groups	0.026	2	0.013		
	Total	6.101	10			
Net value added Growth rate	Between Groups	8.305	8	1.038	18.616	0.052
	Within Groups	0.112	2	0.056		
	Total	8.417	10			
Fixed capital Growth rate	Between Groups	3.739	8	0.467	798.384	0.001
	Within Groups	0.001	2	0.001		
	Total	3.740	10			
Number of Factories	Between Groups	799570.869	8	99946.359	267767.078	0.000
	Within Groups	0.747	2	0.373		
	Total	799571.616	10			

Source: Estimated

The above table shows the output of One –way ANOVA, the significance (p- value) value is 0.000, which is below 0.05 therefore; there is a statistically significant (at 1% level) difference between the means of the employees in manufacturing sector, capital, value added, capital per worker and number of factories. Thus, the result shows there is a statistical difference between output and the selected independent variable.

T test was used in the study to understand the contribution the manufacturing sector in the state Tamil Nadu in Table-7.

Table -7
One-Sample Test of manufacturing sector in Tamilnadu

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				e	Lower	Upper
employees	18.735	10	0.000	3.69509	3.2556	4.1346
capital	26.012	10	0.000	6.12615	5.6014	6.6509
valueadded	18.652	10	0.000	5.15960	4.5433	5.7759
capitalperworker	71.082	10	0.000	13.10646	12.6956	13.5173
factories	0.899	10	0.390	76.61847	-113.3470	266.5839

From the above it can be understood that employees (P=0.000), capital (P=0.000), Value added (p=0.000), capital per workers (p=0.000) are statistically significant at 1 percent level of significance. This showed that the above sent variables are statistically significant in the growth of manufacturing sector in Tamil Nadu.

Conclusion

Production of commodities or services that are related to them is referred to as industry. One of the main sources of income in every economy is the industrial sector, which grows in accordance with the policy decisions made by the government and the advanced infrastructure built through a partnership between the government and the general public. The manufacturing sector has grown to be important for economic growth. With more than 40,000 factories, Tamilnadu is India's most

industrialized state. Tamils in Tamilnadu also employ the nation's largest industrial workforce and are among the country's most successful industrialists. Despite being favorable for Tamilnadu industrial health, the situation is not perfect. Tamil Nadu's manufacturing sector has greater role in the development of India.

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