

An Outline of Tamil Nadu Economy

UNIT-I Introduction

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Urbanization Meaning

Tamil Nadu is one of 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.

What is urbanization? What are the reasons for urbanization? Explain impact of urbanization on environment and mention possible measures to mitigate it's effect.

Urbanization is a process in which population moves from rural to urban areas which leads to overburden on urban infrastructure and resources.

Reasons for urbanization

Employment

Employment is one of the factors which brings rural population to urban areas. The reduced employment chances in rural areas has caused this trend.

Ex: Industrial growth in urban areas.

Health and education

Urban areas are well equipped to cater to health and education needs of the population. This attracts large scale population towards cities.

Ex: Treatment in larger hospitals.

Improve standard of living

Natural disaster like drought and flood results in people losing their livelihood. Such people are forced to move towards cities in search of better life.

Ex: Migration of farmers from drought prone Vidarbha region.

Impact of urbanization on environment

Poor air and water quality

The major effect of urbanization is felt on air and water resources. Large scale pollution due to increasing population has resulted in water and air being polluted.

Waste management

Large scale waste is generated daily from urban regions. Processing and handling such wastes is a large challenge to city management. Mismanagement can result in waste accumulation and causes pollution.

Energy consumption and wastage

Owing to large population, large amount of energy is consumed on a daily basis. The side effect of such large scale consumption is pollution and wastage.

Measures to tackle excessive urbanization

➤ **Distributed wealth creation** can help in generating employment and creating wealth across the state. This will prevent people from migrating towards urban areas.

➤ **Resources** and **services** like better **health, education** and **Infrastructure** in rural areas can reduce migration trends.

Various Causes of Urbanization

1. Industrialization

Industrialization is a trend representing a shift from the old agricultural economics to a novel non-agricultural economy, which creates a modernized society. Through the industrial revolution, more people have been attracted to move from rural to urban areas on account of improved employment opportunities.

The industrialization has increased employment opportunities by giving people the chance to work in modern sectors in job categories that aids to stir economic developments.

2. Commercialization

Commerce and trade play a major role in urbanization. The distribution of goods and services and commercial transactions in the modern era has developed modern marketing institutions and exchange methods that have tremendously given rise to the growth of towns and cities.

Commercialization and trade come with the general perception that the towns and cities offer better commercial opportunities and returns compared to the rural areas.

3. Social Benefits and Services

There are numerous social benefits attributed to life in cities and towns. Examples include better educational facilities, better living standards, better sanitation and housing, better health care, better recreation facilities, and better social life in general.

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On this account, more and more people are prompted to migrate into cities and towns to obtain a wide variety of social benefits and services which are unavailable in rural areas.

4. Employment Opportunities

In cities and towns, there are ample job opportunities that continually draw people from rural areas to seek a better livelihood.

Therefore, the majority of people frequently migrate into urban areas to access well-paying jobs as urban areas have countless employment opportunities in all developmental sectors such as public health, education, transport, sports and recreation, industries, and business enterprises.

Services and industries generate and increase higher value-added jobs, and this leads to more employment opportunities.

5. Modernization and Changes in the Mode of Living

Modernization plays a very important role in the process of urbanization. As urban areas become more technology savvy together with highly sophisticated communication, infrastructure, medical facilities, dressing code, enlightenment, liberalization, and other social amenities availability, people believe they can lead a happy life in cities.

In urban areas, people [also embrace changes](#) in the modes of living namely residential habits, attitudes, dressing, food, and beliefs. As a result, people migrate to cities and the cities grow by absorbing the growing number of people day after day.

6. Rural-urban Transformation

As localities become more fruitful and prosperous due to the discovery of minerals, resource exploitation, or agricultural activities, cities start emerging as the rural areas transform into urbanism. The increase in productivity leads to economic growth and higher value-added employment opportunities.

This brings about the need to develop better infrastructure, better education institutions, better health facilities, better transportation networks, the establishment of banking institutions, better governance, and better housing.

As this takes place, rural communities start to adopt the urban culture and ultimately become urban centers that continue to grow as more people move to such locations in search of a better life.

Effects of Urbanization on Our Cities

1. Positive Effects of Urbanization

Urbanization yields several positive effects if it happens within the appropriate limits. Some of the positive implications of urbanization, therefore, include the creation of employment opportunities, technological and infrastructural advancements, improved transportation and communication, quality educational and medical facilities, and improved standards of living. However, extensive urbanization mostly results in adverse effects. Below listed points are a few of them.

2. Housing Problems

Urbanization attracts people to cities and towns which leads to a high population increase. With the increase in the number of people living in urban centers, there is a continued scarcity of houses.

This is due to insufficient expansion space for housing and public utilities, poverty, unemployment, and costly building materials which can only be afforded by a few individuals.

3. Overcrowding

Overcrowding is a situation whereby a huge number of people live in a small space. This form of congestion in urban areas is consistent because of overpopulation and it is an aspect that increases day by day as more people and immigrants move into cities and towns in search of a better life.

Most people from rural or undeveloped areas always have the urge of migrating into the city that normally leads to congestion of people within a small area.

4. Unemployment

The problem of joblessness is highest in urban areas and it is even higher among educated people. It is estimated that more than half of unemployed youths around the globe live in metropolitan cities.

And, as much as income in urban areas is high, the costs of living make the incomes seem horribly low. The increasing relocation of people from rural or developing areas to urban areas is the [leading cause](#) of urban unemployment.

5. Development of Slums

The cost of living in urban areas is very high. When this is combined with random and unexpected growth as well as unemployment, there is the spread of unlawful resident settlements represented by slums and squatters.

The growth of slums and squatters in urban areas is even further exacerbated by fast-paced industrialization, lack of developed land for housing, a large influx of rural immigrants to the cities in search of a better life, and the elevated prices of land beyond the reach of the urban poor.

6. Water and Sanitation Problems

Because of overpopulation and [rapid population](#) increase in most urban centers, it is common to find there are inadequate sewage facilities.

Municipalities and local governments are faced with serious resource crisis in the management of sewage facilities. As a result, sanitation becomes poor and sewages flow chaotically, and they are drained into neighboring streams, rivers, lakes, or seas.

Eventually, communicable diseases such as typhoid, dysentery, plague, and diarrhea spread very fast leading to suffering and even deaths. Overcrowding also highly contributes to [water scarcity](#) as supply falls short of demand.

7. Poor Health and Spread of Diseases

The social, economic and living conditions in congested urban areas affects access and utilization of public health care services. Slum areas in particular experience poor sanitation and insufficient water supply which generally make slum populations susceptible to communicable diseases.

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Environmental problems such as urban pollution also cause many health problems namely allergies, asthma, infertility, food poisoning, cancer and even premature deaths.

8. Traffic Congestion

When more people move to towns and cities, one of the major challenges posed is in the transport system. More people means an increased number of vehicles which leads to traffic congestion and vehicular pollution.

Many people in urban areas drive to work and this creates a severe traffic problem, especially during rush hours. Also as the cities grow in dimension, people will move to shop and access other social needs/wants which often cause traffic congestion and blockage.

9. Urban Crime

Issues of lack of resources, overcrowding, unemployment, poverty, and lack of social services and education habitually lead to many social problems including violence, drug abuse, and crime.

Most of the crimes such as murder, rape, kidnapping, riots, assault, theft, robbery, and hijacking are reported to be more prominent in the urban vicinities. Besides, poverty-related crimes are the highest in fast-growing urban regions. These acts of urban crime normally upset the peace and tranquility of cities/towns.

Solutions to Urbanization

1. Building Sustainable and Environmentally-friendly Cities

Governments should pass laws that plan and provide [environmentally sound cities](#) and smart growth techniques, considering that people should not reside in unsafe and polluted areas.

The objective here is to build [sustainable cities that embrace improved environmental](#) conditions and safe habitats for all urban populations.

Governments should also encourage sustainable use of urban resources and support an economy based on the sustainable environments such as investment in green infrastructure, sustainable industries, recycling and environmental campaigns, pollution management, [renewable energy](#), [green public transportation](#), and [water recycling](#) and reclamation.

2. Provision of Essential Services

Urban stakeholders must ensure all populations within the urban areas have access to adequate essential social services namely education, health, sanitation and clean water, technology, electricity, and food.

The objective here is to provide and implement employment opportunities and wealth creation activities so that people can earn a living to pay for the maintenance of the services.

Subsidies can also be availed by the government to lower the costs of basic healthcare, basic education, energy, education, [public transportation](#), communication systems and technology.

3. Creation of More Jobs

To lessen the negative effects of rapid urbanization while at the same time conserving natural ecosystems, private investments should be encouraged so as to [utilize natural resources](#) and create more job opportunities.

Tourism promotion and the sustainable exploitation of natural resources can create more jobs for urban populations. Subsidies and grants may as well be provided to foreign and private investment in [environmentally friendly development](#) projects that encourage job creation.

4. Population Control

Key stakeholders in urban areas must provide campaigns and counseling for effective medical health clinics and family planning to help reduce the high rates of population growth.

Medical health clinics oriented towards family planning options must be made accessible across the entire urban area with the objective of controlling diseases and population growth.

Resource Endowments

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%).

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 Karadikuttam in Madurai district.

Demographic trends

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.

Density

The density of population which measures population per sq.km is 555 in 2011 against 480 in 2001. Tamil Nadu ranks 12th in density among the Indian States and 382 is the national average.

Urbanisation

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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.

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

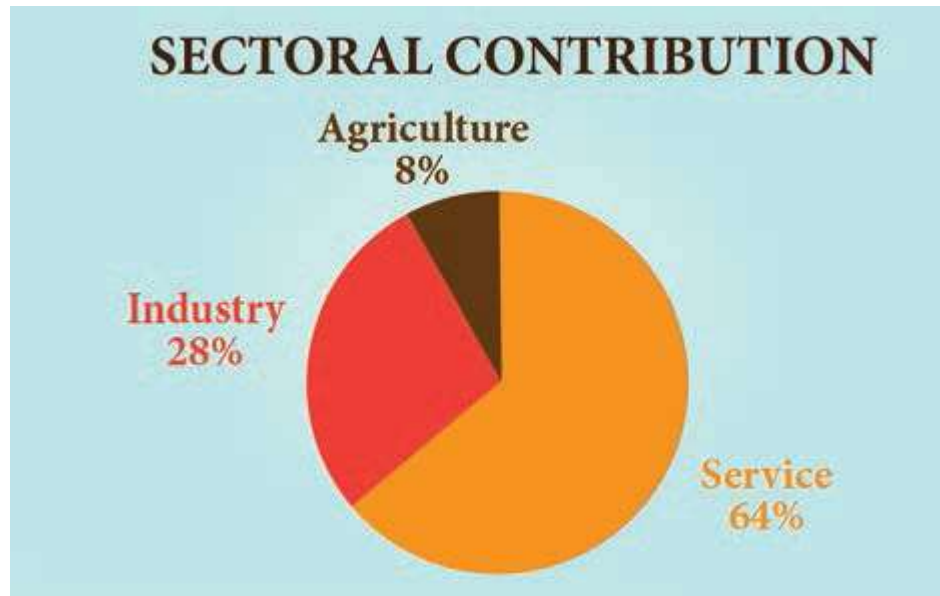
Gross State Domestic Product (GSDP)

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 intercountry or interstate comparisons. Tamil Nadu may go below if per capita GSDP is considered for comparison.

Sectoral Contribution



The tertiary sector (service sector) is the major contributor to Tamil Nadu's GDP 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 GDP 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. The Per capita income of Tamil Nadu among the southern States is given below: