

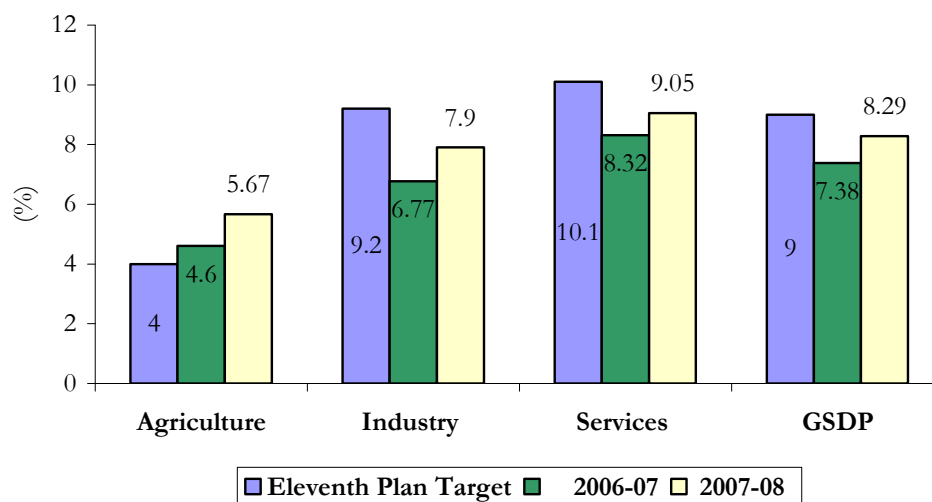
1. Annual Plan 2009-10 – An Overview

The Annual Plan 2009-2010, the third year of the Eleventh Five Year Plan has been formulated based on broad objective of the Eleventh Plan viz., to achieve steady and sustainable growth of the economy, coupled with social justice. With this objective, Tamil Nadu has been surging ahead steadily and emphatically to become one of the most socially and economically progressive States in the country. The following paragraphs give a brief review of the progress made in the crucial sectors of the economy during the year 2007-08 and the anticipated growth rates during 2008-09 and the priorities for the year 2009-10 along with the outlay for the different sectors.

1.1. Tamil Nadu Economy Economic Growth

The state has resolved to grow at the rate of 9% on par with that of the country during the Eleventh Plan period with a growth rate of 4% in Agriculture, 9.2% in Industries and 10.1% in Services sectors. The sectorwise performance of the state during 2006-07 and 2007-08 against the Eleventh Plan Target is given below:

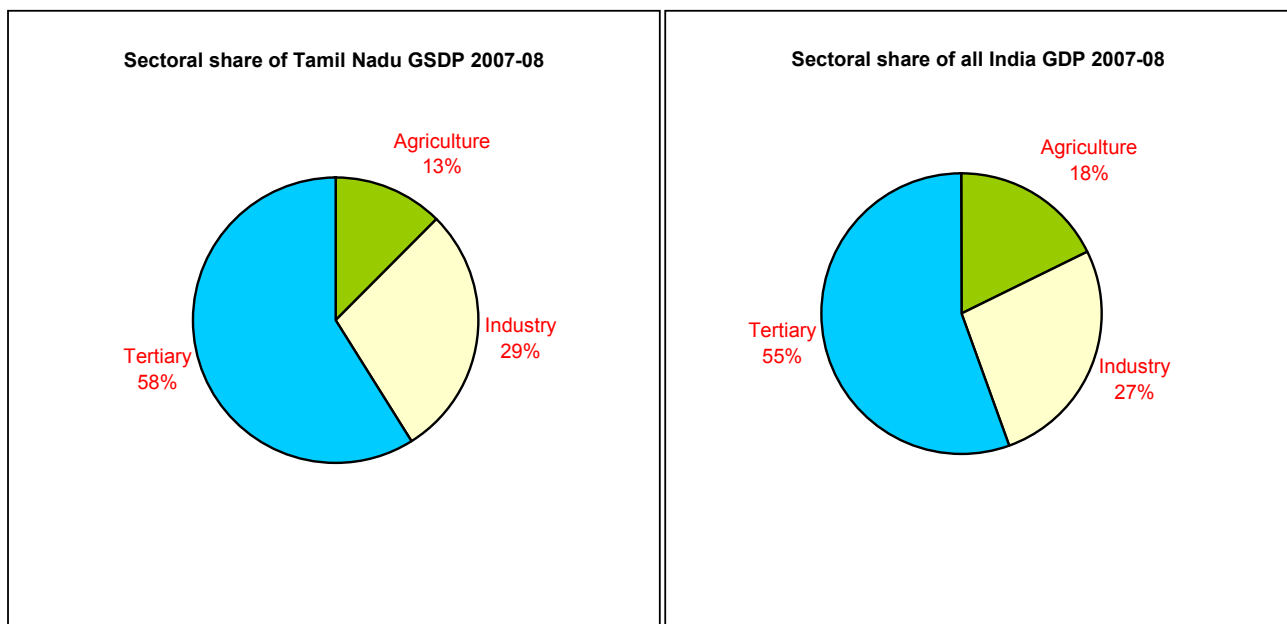
Performance of State Economy



The State showed an overall growth rate of 8.29% during the first year of the Eleventh Plan, i.e. 2007-08. The Agriculture sector registered a growth rate of 5.67%, higher than the growth rate achieved in 2006-07 and the Eleventh Plan target. While analyzing the other components of primary sector, it is worth mentioning that the forestry and fishery sectors showed higher growth reversing the negative growth recorded during 2006-07. Similarly, industries and services sectors have also shown positive growth rate during 2007-08. Though the manufacturing and mining performed well during 2007-08 the generation of electricity was a little lower than expected. The Services sector registered a growth of 9.05% in 2007-08 against the growth of 8.32% achieved in 2006-07. Among its sub-sectors, Communication (16.30%), Real Estate, Ownership of Dwelling and Business Services including software services (11.24%) showed a significant growth during 2007-08.

Sectoral Shares

The sectoral composition of GSDP of Tamil Nadu in the year 2007-08 is similar to that of the country. The contributions by the agriculture, industry and tertiary sectors to the GSDP were 13%, 29% and 58% respectively, while the corresponding figures of all India were 18%, 27% & 55%.



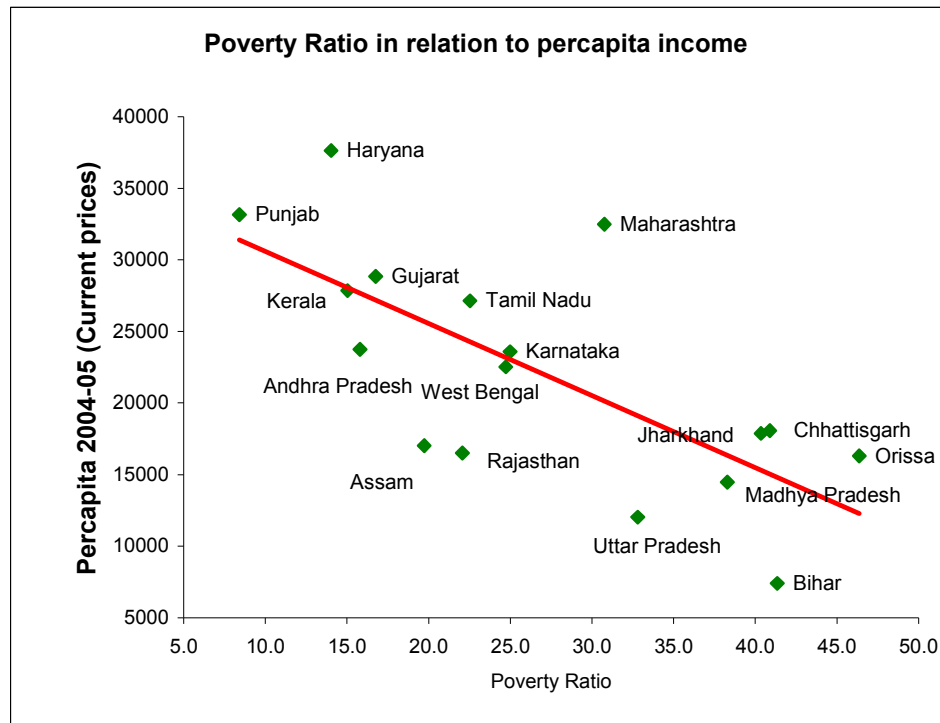
The per capita income (1999-2000 prices) for Tamil Nadu is estimated to attain a level of Rs. 27879 during 2007-08 as compared to the estimates of Rs. 25898 for the year 2006-07. It grew at the rate of 7.7% during 2007-08 as compared to 2006-07. For all India, the per capita income is estimated at Rs.24321, which is lower than Tamil Nadu, with a growth rate of 7.8% during 2007-08 as compared to the previous year.

Poverty

While 22.5% (145.62 lakhs) of the Tamil Nadu Population was estimated to live below poverty line, there is almost equal distribution among the rural (22.8%) and Urban (22.2%) areas. This position is slightly better than that of the Country as a whole. Reinforcing this, in the recently released report on India State Hunger Index, by the International Food Policy Research Institute (IFPRI), Tamil Nadu has been placed in the Hunger Index between Guinea and Pakistan whose ranks are 60 and 61 out of the 88 countries, while India has scored 66th rank.

The figure below presents the simple association between the poverty ratio and the per capita income. The association between these two variables can be assumed strong in view of the fact that lower the income, higher will be the poverty ratio. However, the figure shows that a few states deviate from the predicted line. While Kerala, Karnataka and West Bengal have almost the expected level of per capita income for their poverty level, states like Andhra Pradesh and Madhya Pradesh have a little lower income than expected based on their poverty level. However, states like Tamil Nadu, Punjab, Gujarat, Chattisgarh and Jharkhand have more per capita income for their poverty level, while Bihar, Orissa, Maharashtra, Haryana, Assam and Rajasthan, Uttar Pradesh do not show any definite association between these two variables. Tamil Nadu is not on expected line, hence, given its higher per capita income, it should be able to reduce poverty ratio substantially through concerted efforts.

As per the Millennium Development Goal, Tamil Nadu should reach around 17% poverty ratio by the year 2015, while the Eleventh Plan targeted to achieve the same level by 2012.



As per the above figure, one may conclude that to reach the 17% poverty level, the state should concentrate further on poverty alleviation programmes and the state rightly does so.

The Poverty Alleviation Programmes carried out in Tamil Nadu include Tamil Nadu Rural Employment Guarantee Scheme (TNREGS), Indira Awaas Yojana, Tamil Nadu Empowerment And Poverty Reduction (Vazhndhu Kaatuvom) Project, Mahalir Thittam, Swarna Jayanti Gram Swarozgar Yojana (SGSY), Swarna Jayanthi Shahari Rozgar Yojana (SJSRY), and Anaithu Grama Anna Marumalarchi Thittam (AGAMT).

The TNREGS is being implemented in all the districts and so far it has generated 8 crore mandays of employment to the rural masses. The Self Help

Group (SHG) movement has become very vibrant and has spread across all districts. As on 31.8.2008, there are 3,70,312 SHGs with 59,24,992 members with a total savings of Rs.1825.14 crore.

State is implementing the universal public distribution system. Stabilising foodgrain prices and providing food security to poor and vulnerable groups are prime concerns of the public distribution system implemented in Tamil Nadu. Accordingly, Re.1/- per Kg. rice scheme is under implementation in the State through the Public Distribution System. To control the prices of essential commodities like pulses, edible oil etc., a special scheme was launched on 14.4.2007 supplying toor dhal, black gram dhal and palmolein oil at subsidised prices through PDS. Besides these commodities, rava and maida are also distributed. In addition to all these commodities, from October 2, 2008, Tamil Nadu Government is providing 10 grocery items at subsidised rates through PDS. All these measures are bound to bring down the proportion of population below poverty line significantly.

Employment

The Eleventh Plan has set a target of creating 2 million additional jobs in Tamil Nadu. In the last two years a number of Memoranda of Understanding have been signed for establishing various industries, which will provide direct and indirect employment to more than one lakh persons. Efforts are being taken to set up Special Economic Zones (SEZs) at various places in Tamil Nadu. Employment opportunities in the State will increase significantly once all these SEZs become functional. The development of IT sector in Coimbatore, Madurai, Trichy, Tirunelveli and Salem will generate large scale employment opportunities and its benefits shall reach all parts of the State. Small and Medium Industries sector is expected to grow at an annual rate of 10% and generate additional direct and indirect employment opportunities for 10 lakh persons during the Eleventh Five Year Plan period. Necessary steps have been taken to enhance the skills of the unemployed youth so that they are able to take advantage of the large number of employment opportunities, which are opening up in the state. These efforts in the

State will increase the employment and bring down the unemployment, which was 12.3% during 2004-05.