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'T.N. has highest revenue deficit among election-bound States'

It accounts for 9% of India's economy, says report

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Tamil Nadu has the highest revenue deficit among the poll-bound States, according to a report. It stood at ₹65,994 crore, as per the revised budget estimate for 2020-21.

In terms of size of the economy, Tamil Nadu's economy is the largest among these States (third largest in India), followed by West Bengal (sixth), Kerala (11th), Assam (17th) and Puducherry (26th). Together, they account for around 20% of India's economy, according to a Care Ratings report on the economic and financial profile of the States and the Union Territories headed for elections.

At ₹19 lakh crore, Tamil Nadu accounts for 9% of India's economy, it said.

Assam has witnessed a revenue surplus in 2020-21, as per the revised estimates for the year, while Puducherry had a revenue surplus for 2019-20 and is yet to announce the Budget for 2021-22, the report said. The financial position of West Bengal and Kerala is also stressed, with revenue deficit of ₹34,345 crore and ₹24,206 crore in 2020-21, respectively, the report said.

According to the report, Assam has witnessed the highest average economic growth of 8.6% during the four-year period to 2019-20. West Bengal and Puducherry's economy grew on a par with the national average, while at 6.3%, Kerala's economic growth was lower than the national average due to the devastating floods of 2018 and 2019.

States' report card

Among the poll bound States/UTs, Assam had the highest average economic growth rate (8.6%) in FY16-20, followed by Tamil Nadu (8%)

| State | Average Economic Growth Rate in % (FY16-20) | Inflation for Feb. 2021 (%) | Unemployment Rate for Feb. 2021 (%) |
|-------------|---|-----------------------------|-------------------------------------|
| Assam | 8.6 | 6.5 | 3.4 |
| Tamil Nadu | 8 | 7.2 | 4.8 |
| Puducherry | 6.7 | 8 | 5.8 |
| West Bengal | 6.7 | 5.3 | 6.2 |
| Kerala | 6.3 | 4.9 | 4.3 |
| All India | 6.7 | 5 | 6.9 |

Source: CARE Ratings report data sourced from Budget documents, RBI, CMIE, PRS Legislative

The services sector accounted for 51% or over half of the Tamil Nadu's economic output, followed by industry (38%) and agriculture (11%) for 2020-21, Care Ratings said. Tamil Nadu's economic growth averaged 8% from 2016 to 2020, above the national average of 6.7%.

Unemployment rate

The unemployment rate in Tamil Nadu in February 2021 was 4.8%, lower than the national average of 6.9%, it added. The unemployment rates in other four States were also below the national

average, it added. This could be on account of the State-level measures being undertaken to provide employment opportunities to its population. The process has also been driven by the upcoming elections when more effort is put to create jobs, Care said.

In February 2021, Tamil Nadu's inflation stood at 7.2%, above the national average of 5%. The inflation was 4.9% for Kerala, 5.3% for West Bengal, 8% for Puducherry and 6.5% for Assam.

Although Tamil Nadu has a high quantum of outstanding debt (₹4.85 lakh crore in FY21), it is perceived as being sustainable as it is within the prudential limit, while debt burden of West Bengal and Kerala are above the limits, the report said.