



A Comparative Study On Industrial Productivity In Tamil Nadu And Kerala

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Abstract

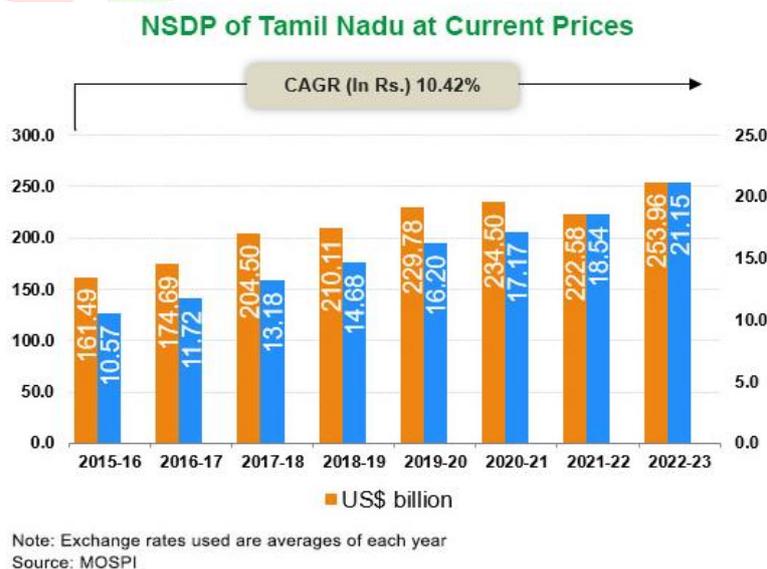
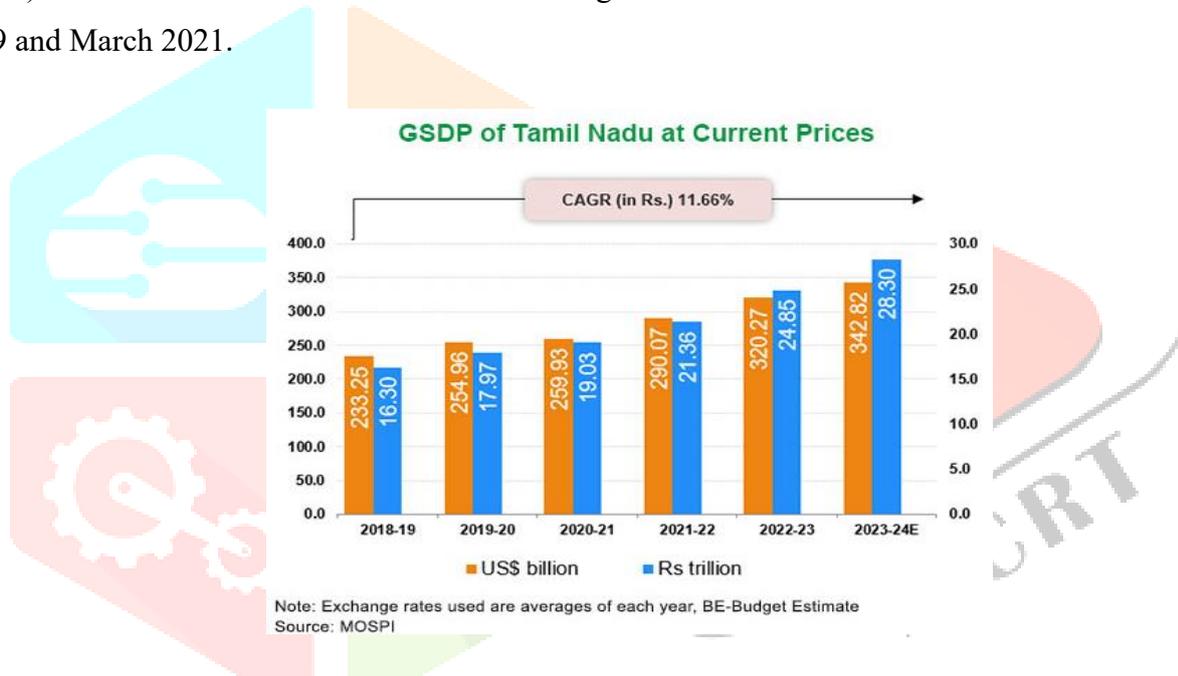
Industries fuel economic growth and enhance the productivity which raise the standard living in the nation. The index of industrial production (IIP) is an index which gives details about the growth of various sectors in an economy including mining, electricity and manufacturing industries. which helps to measure the short-term changes in the volume of production of industrial products. However, the research on industrial productivity sheds light on the performance of Tamil Nadu' industrial production in comparison with the state of Kerala' industrial production for the period of 2022 – 23 to 2023 – mid of 2024. The methodology incorporates secondary data analysis acquired from the official state government websites. The analysis revealed that Tamil Nadu' productivity was 155units index, while was 96.94 units index for 2022 – 23. In 2023 – 24 the Tamil Nadu's was 150.4 units index while for Kerala its 93.43 units' index. The findings imply the Tamil Nadu had performed better in mining, manufacturing and electricity sectors. In 2023 – 24 Kerala' manufacturing industry has performed better.

Keywords: Index of industrial production, Kerala, mining, manufacturing, electricity

INTRODUCTION

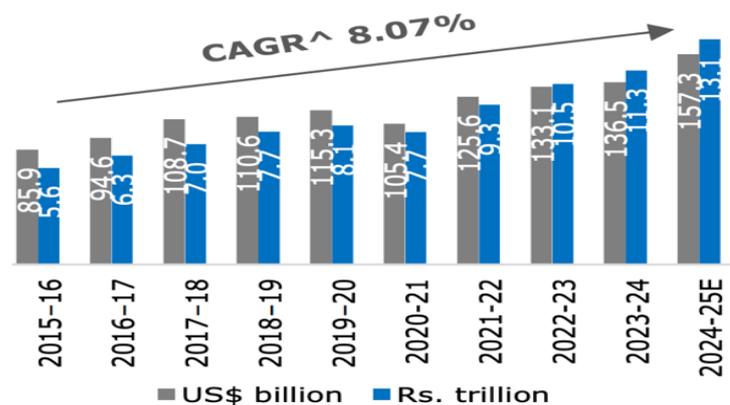
Industrial productivity is the ability to produce more without the need to increase the amount of capital and work involved. It is related to the ability to use resources more efficiently and intelligently. Industrial productivity is directly related to how much is produced with the given resources that are available for that purpose. It includes everything from the acquisition of raw materials to the logistical process of products that are already produced. Industrial Status of Tamil Nadu, Tamil Nadu is the 4th largest state of India, it has

a diversified manufacturing sector and features among the leaders in several industries like automobiles and auto components, engineering, pharmaceuticals, garments, textiles, leather, chemicals, plastics etc. The state also stands 1st among the states in terms of no of factories and industrial workers. Tamil Nadu Industrial Development Corporation Ltd (TIDCO), State Industries Promotion Corporation of Tamil Nadu (SIPCT), Tamil Nadu Industrial Investment Corporation Limited (TIIC), and Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) are jointly developing industrial infrastructure in the state. Between 2015 – 16 and 2020 – 21, Tamil Nadu's economy grew steadily, with its total output (GSDP) increasing by 10.56 per cent yearly to ₹19.43 trillion (US\$ 265.49 billion). Its net income (NSDP) also grew at a similar rate to ₹17.50 trillion (US\$ 239 billion). In 2020-21, services like IT and banking contributed the most to the economy 54.26 per cent, followed by industries 32.39 per cent. As of May 2021, Tamil Nadu had a power generation capacity of 33.71 GW. The state's exports included US\$ 30.02 billion in goods in FY20 and US\$ 26.16 billion in FY21, while IT and tech-related exports reached ₹1.39 lakh crore (US\$ 19.9 billion) in 2018-19. Tamil Nadu also attracted foreign investments worth US\$ 3.33 billion between October 2019 and March 2021.



The government introduced policies to attract investments, like the Industrial Policy 2021, which aims to bring in ₹10 lakh crore (US\$ 137.8 billion) and create 20 lakh jobs by 2025. Major investments worth ₹52,257 crore (US\$ 7.14 billion) were approved in January 2021. Infrastructure development is a key focus, with projects to improve cities, roads, and tourism, supported by initiatives like the Tamil Nadu Urban Flagship Programme and the National Infrastructure Pipeline. Tamil Nadu leads in governance, ranking first in the Good Governance Index 2019, and is a top destination for tourists, with over 6 million foreign visitors in 2019. Agreements with companies like Flipkart and international partnerships further highlight its success as a growing investment hub.

GSDP of Kerala at Current Prices



Note: - * till June 2024, P- Provisional, E- Estimate, RE- Revised Estimate, GSDP - Gross State Domestic Product, GSV - Gross State Value Added, Source: Directorate of Economics and Statistics of State, Department for Promotion of Industry and Internal Trade (DPIIT)

Industrial Status of Kerala, Kerala is a famous tourist spot known for its beautiful nature, rich culture, and diversity, attracting people from all over the world. In 2018, BBC Travel named it the top destination for foreign travellers. Kerala also does well in business, ranking second in the World Bank's Investment Climate Index due to its good infrastructure and skilled workers. Traditional industries like handloom, cashew, coir, and handicrafts are still important. The state's economy is growing fast, with its income (GSDP) expected to reach ₹13.11 lakh crore (US\$ 157.3 billion) in 2024 – 25, growing by 8.84% annually since 2015 – 16. By August 2024, Kerala's total power capacity was 6,876.71 MW, coming from thermal, hydro, renewable, and nuclear energy.

Between 2019 and mid – 2024, the state received US\$ 1.01 billion in foreign investments. Kerala exported goods worth US\$ 1.87 billion from April to August 2024, including marine products worth US\$ 1 billion in 2023. It also grows large amounts of fruits, vegetables, and other crops. The state has 25 Special Economic Zones (SEZs) and major technology parks like Technopark in Thiruvananthapuram, Info Park in Kochi, and Cyberpark in Kozhikode, which support its IT and electronics industries.

STATEMENT OF THE PROBLEM

Both Tamil Nadu and Kerala have seen significant growth in their industries in over recent years, but there is a lack of detailed studies comparing their industrial productivity. Tamil Nadu is well – known for its strong manufacturing industries, which play a big role in the state's economy. On the other hand, Kerala has a more industrial landscape, with a focus on services like tourism and IT, as well as agricultural – based industries. Even though the two states have different industries, there hasn't been much research comparing their productivity level. This study takes a closer look at the previously and unexplored sections of the economy.

OBJECTIVES OF THE STUDY

The paper aims to analyse and compare the levels of industrial productivity in Tamil Nadu and Kerala across the key sectors such as mining, manufacturing and electricity.

DATA DESIGN

The study adopts a quantitative approach. The research design is one of the descriptive type using averages, trends etc. It is also a comparative study that takes into account of the secondary data pertaining to the States of Tamil Nadu and Kerala. The descriptive statistics was used – mean and central tendency in particular.

METHODOLOGY

The paper is based on the secondary sources of data. The data was obtained from the Central Government and Tamil Nadu Government & Kerala Government sites. Ministry of statistics and programme implementation Index of industrial production (IIP), Directorate of Economics and Statistics, Tamil Nadu Index of industrial production (IIP) for August – September 2023, Kerala State Planning Board 2024 Monthly Index of Industrial Production and India Brand Equity Foundation (IBEF).

LIMITATIONS

- Tamil Nadu's data for the time period of 2023 – 2024 is incomplete and data were only available for the months April to September.
- The data was hard to access and the source websites were restricted by the Government of the state.

ANALYSIS & INTERPRETATION

Index of Industrial Production is an economic indicator that measures the level of industrial production in the economy over the given time. It is used to track the performance of various sectors of the industry including manufacturing, mining and electricity generation. The base year for IIP is 2011 – 2012. It used by the government agencies for policy making purposes.

India's average index for the Mining sector increased from 108.6 in April – September 2022 – 23 to 118.1 in 2023 – 24, showing more mining activity. Similarly, the Manufacturing sector improved, with its average index rising from 134.0 to 141.6 during this time. The Electricity sector grew significantly, with its index going up from 193.2 to 204.9, showing more energy production. Overall, the General Index, which measures all sectors together, went from 135.1 to 143.2, showing growth across industries.

In September 2023, Mining had the highest year – on – year growth at 11.5 per cent, followed by the General Index at 5.8 per cent, Electricity at 9.9 per cent, and Manufacturing at 4.5 per cent. For the April – September period, Mining again had the highest growth at 8.7 per cent, followed by electricity (6.1 per cent), Manufacturing (5.7 per cent), and the General Index (6.0 per cent). These numbers show a positive trend in industrial activity for 2023 – 24 compared to the previous year. Electricity production consistently performed well, showing strong growth in energy generation.

INDEX OF INDUSTRIAL PRODUCTION - SECTORAL

(Base: 2011-12=100)

Month	Mining (14.372472)		Manufacturing (77.63321)		Electricity (7.994318)		General (100)	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Apr	116.6	122.6	131.6	138.8	194.5	192.3	134.5	140.7
May	120.4	128.1	134.6	143.1	199.9	201.6	137.8	145.6
Jun	113.7	122.3	136.8	141.6	196.9	205.2	138.3	143.9
Jul	101.1	111.9	135.0	141.8	188.9	204.0	134.4	142.5
Aug	99.6	111.9	131.3	143.5	191.3	220.5	131.5	145.1
Sep*	100.0	111.5	134.6	140.6	187.4	205.9	133.8	141.6
Oct	112.6		128.5		169.3		129.5	
Nov	122.7		137.5		166.7		137.7	
Dec	132.6		144.9		179.4		145.9	
Jan	136.1		145.5		186.6		147.4	
Feb	129.2		137.6		174.0		139.3	
Mar	154.2		147.5		188.0		151.7	
Average								
Apr-Sep	108.6	118.1	134.0	141.6	193.2	204.9	135.1	143.2
Growth over the corresponding period of previous year#								
Sep*	5.2	11.5	2.0	4.5	11.6	9.9	3.3	5.8
Apr-Sep	4.3	8.7	6.9	5.7	10.8	6.1	7.1	6.0

* Figures for Sep'23 are Quick Estimates.

NOTE: Indices for the months of Jun'23 and Aug'23 incorporate updated production data.

#The growth rates over corresponding period of previous year are to be interpreted considering the unusual circumstances on account of COVID 19 pandemic since March 2020

In Tamil Nadu, industrial performance during April – September 2023-24 was mixed. The Mining sector saw a big drop, with its average index falling by 11.8 per cent, though it showed a small recovery of 2.2 per cent in September. Manufacturing improved slightly on average but declined by 2.9 per cent over the period, with a small drop of 0.5 per cent in September. The Electricity sector faced a 3.0 per cent overall decline, but in September, it grew strongly by 10.6 per cent due to higher power demand.

The General Index, which reflects all industries, dropped by 3.0 per cent during this period but remained almost unchanged in September, with a very small decrease of 0.1 per cent. The early months of 2023 – 24, especially from April to June, saw widespread declines, particularly in Mining and Manufacturing. However, the Electricity sector showed strong growth in September, helping to reduce its overall decline. The slight drop in the General Index indicates ongoing struggles in industry, but the strong demand for energy is a positive sign.

INDEX OF INDUSTRIAL PRODUCTION – TAMIL NADU
(Base: 2011-12=100)

Month	Mining		Manufacturing		Electricity		General	
	2022 – 23	2023 – 24	2022 – 23	2023 – 24	2022 – 23	2023 – 24	2022 – 23	2023 – 24
April	102.0	87.7	156.0	145.1	164.1	190.7	153.9	143.9
May	101.6	87.8	156.2	144.4	160.6	163.0	153.9	142.5
June	112.8	87.7	157.2	153.7	176.2	166.1	155.8	151.2
July	113.0	103.4	160.9	158.7	164.0	150.7	158.9	156.0
August	104.8	91.6	155.2	156.9	150.7	160.2	152.9	154.1
September	91.6	93.6	157.7	156.9	151.7	167.8	154.6	154.4
October	95.4		137.4		160.5		136.2	
November	79.7		145.8		159.8		143.3	
December	82.3		150.7		162.3		148.0	
January	93.8		140.8		161.0		139.3	
February	100.2		142.4		160.2		141.1	
March	118.4		155.4		191.1		154.8	
Average								
Apr – Sep	104.3	92.0	157.2	161.6	155.0	150.4	155.0	150.4
Growth over the corresponding period of previous year								
September*	-12.8	2.2	2.5	-0.5	3.3	10.6	2.0	-0.1
Apr – Sep*	8.5	-11.8	23.5	-2.9	7.8	3.0	22.4	-3.0

Note: *Figures for September'23 are Provisional

In Kerala, industrial performance in the first half of 2023-24 showed an overall positive trend, with the Index of Industrial Production (IIP) rising from 83.7 in 2022-23 to 93.4 in 2023-24, indicating growth in industrial output. However, there were fluctuations in some months, particularly in April (from 94.2 to 86.4) and August (from 113.1 to 94.3), highlighting some variability in performance. The mining sector saw growth, with the average index rising from 79.0 to 87.6, and a significant improvement in August, where the index jumped from 74 to 90.4. The manufacturing sector also showed strong performance, with the index increasing from 103.3 to 108.2, reaching its highest growth in July, with an index of 122.8.

In contrast, the electricity sector faced significant challenges, with its average index dropping sharply from 106.3 to 59.5. The decline was especially steep in July and August, when the index fell from over 97 and 148.1 to just 54.4 and 54.9, respectively. This downturn in electricity production had a notable negative impact on Kerala's overall industrial performance in those months. While the state's industrial output grew overall, the struggles in the electricity sector highlighted an area of concern, affecting performance during certain periods.

INDEX OF INDUSTRIAL PRODUCTION – KERALA
(Base: 2011-12=100)

Month	Mining		Manufacturing		Electricity		General	
	2022 – 23	2023 – 24	2022 – 23	2023 – 24	2022 – 23	2023 – 24	2022 – 23	2023 – 24
April	87.7	79.5	99.7	93.6	84.2	72.2	94.2	86.4
May	82.2	95.9	109.2	108.8	89.7	86.5	100.6	101.5
June	79.5	101.4	102.2	100.3	87.7	55.9	95.4	89.5
July	71.2	71.2	103.9	122.8	97.7	54.4	97.8	98.8
August	74	90.4	107.8	111.0	148.1	54.9	113.1	94.3
September	79.5	87.7	97.4	113.5	130.6	33.2	103.1	90.1
October	38.4		104.4		90.3		91.7	
November	87.7		103.6		68.3		92.7	
December	68.5		113.1		65.8		95.3	
January	117.8		101.7		60.0		93.7	
February	106.8		104.2		62.5		94.3	
March	60.3		112.4		56.1		91.3	
Average								
Apr – Sep	79.0	87.6	103.3	108.2	106.3	59.5	83.7	93.4

Note: *Figures for September'23 are Provisional

CONCLUSION

This analysis clearly compares the industrial sectors of Tamil Nadu and Kerala, highlighting the strengths and challenges of each state. Tamil Nadu stands out because of its diverse industries, strong manufacturing, and policies that encourage large-scale industrial growth, making a major contribution to both the state and national economies. Tamil Nadu focuses on industries like automotive, textiles, engineering goods, and healthcare, establishing itself as an important part of India's industrial scene. On the other hand, Kerala's industrial growth has been more modest, mainly focusing on small – scale industries and the export of agricultural products like spices, cashews, and coir. Although Kerala has made progress in improving infrastructure, exports, and skills, its industrial base remains limited, especially in large-scale manufacturing. Kerala's industrial policies have mainly concentrated on services and niche sectors, like IT and tourism, which has slowed its overall industrial growth. The key difference in industrial strategy – Tamil Nadu focusing on manufacturing and Kerala on services – explains why Tamil Nadu is more industrially advanced. Tamil Nadu's proactive approach with public-private partnerships, investments in infrastructure, and emphasis on skill development has created a strong environment for industrial growth. This approach supports the state's goal to make a significant contribution to India's economic growth in the future.

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