Chapter - III

Economy

A. Introduction

The economic base of Chennai City had shifted from trade and commerce to administration and services by the early part of the 20th Century. In the post-Independence period, manufacturing became an important sector and CMA continues to be the most important industrial area in the State. Recent trend shows that the economic structure of the City is tertiarised with growing contribution by Information Technology/Information Technology Enabling Service/Business Process Outsourcing Industries.

B. Current Scenario

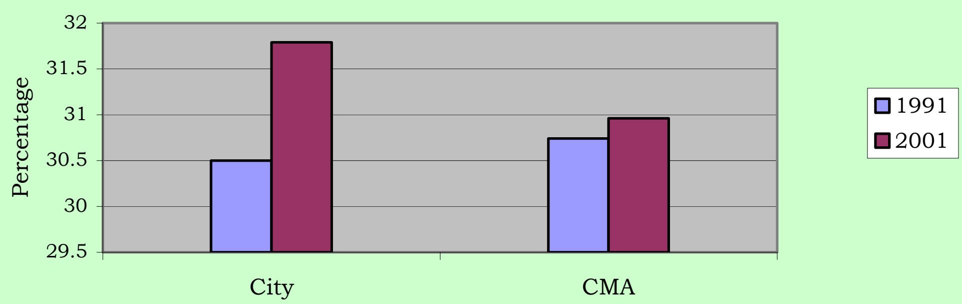
3.2 Occupational Structure: The comprehensive profile of employment in CMA has been made on the basis of secondary sources including Census data. The participation rate i.e. proportion of main workers to the population of CMA was 30.74percent in 1991 and 30.96percent in 2001. The corresponding figures for Chennai City were 30.50 percent in 1991 and 31.79percent in 2001. The number of marginal workers both in Chennai City and in CMA is negligible.

Table No. 3.1: Participation Rate 1991 and 2001

Year	City	CMA
1991	30.50	30.74
2001	31.79	30.96

Source: Census of India

Fig No. 3.1: Participation Rate - Chennai City and CMA

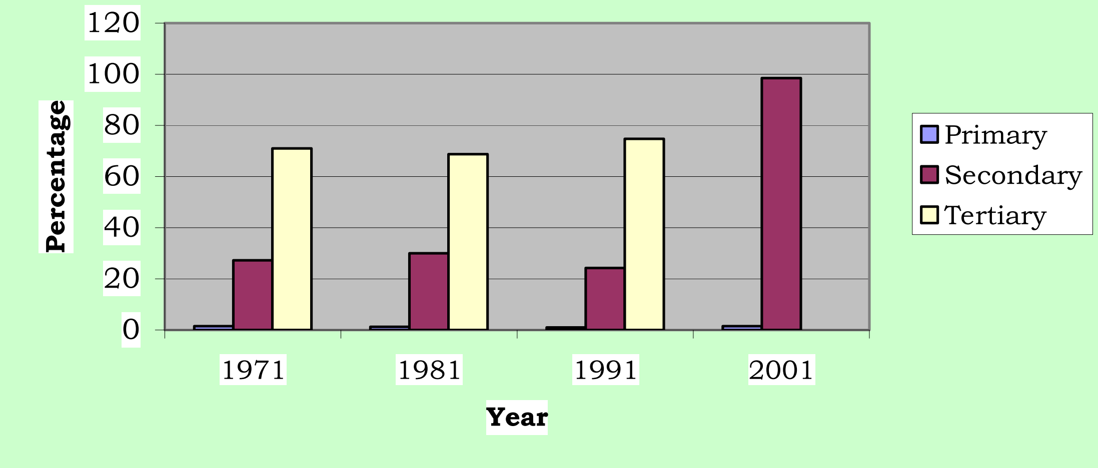


3.3 The workers in primary activity constitute 6.52 percent in CMA and 1.05 percent in City 1991. In 2001, it was 2.91 percent and 1.52 percent respectively in CMA and Chennai City indicating that the primary activities are on the decline in the peripheral areas due to the emergence of manufacturing and new economy industry. The workers in primary activity are dwindling and it is negligible compared to total, both in Chennai City and in CMA with more than 90 percent of the people engaged in the tertiary sector. The percentage of non- workers was 65.73 percent in City and 69.14 percent in CMA during 2001.

<table>
<tr><th colspan="6">Table No. 3.2: Trend of percentage of occupational structure for the City</th></tr>
<tr><th>Sl. No.</th><th>Occupational structure</th><th>1971</th><th>1981</th><th>1991</th><th>2001</th></tr>
<tr><td>1</td><td>Primary</td><td>1.55</td><td>1.34</td><td>1.00</td><td>1.50</td></tr>
<tr><td>2</td><td>Secondary</td><td>27.37</td><td>30.00</td><td>24.30</td><td rowspan="2">98.50</td></tr>
<tr><td>3</td><td>Tertiary</td><td>71.08</td><td>68.66</td><td>74.70</td></tr>
</table>

Source: Census of India

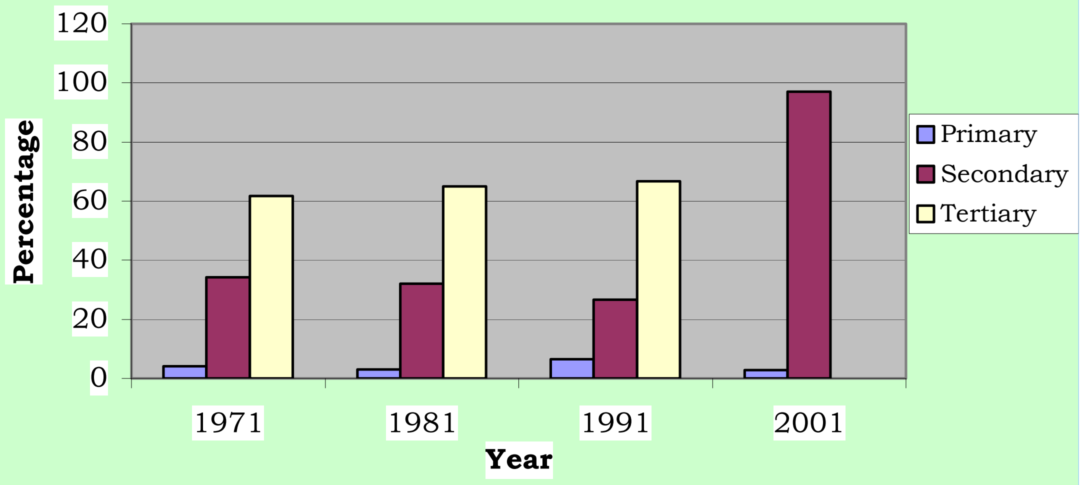
Fig. No. 3.2: Trend of the Occupational Structure- Chennai City



<table>
<tr><th colspan="6">Table No.3.3: Trend of occupational structure for the CMA</th></tr>
<tr><th>Sl. No.</th><th>Occupational structure</th><th>1971</th><th>1981</th><th>1991</th><th>2001</th></tr>
<tr><td>1</td><td>Primary</td><td>4.01</td><td>3.0</td><td>6.5</td><td>2.9</td></tr>
<tr><td>2</td><td>Secondary</td><td>34.21</td><td>32.0</td><td>26.7</td><td rowspan="2">97.1</td></tr>
<tr><td>3</td><td>Tertiary</td><td>61.78</td><td>65.0</td><td>66.8</td></tr>
</table>

Source: Census of India

Fig. No. 3.3: Trend of Occupational Structure CMA



3.4 Tables above clearly reveal that a shift in the economic structure of the City as well as the CMA has taken place from manufacturing to services with IT and other services on fast tract.

Table No. 3.4: Occupational structure CMA _ 1991 and 2001

1991			2001		
Component	**City**	**CMA**	**Component**	**City**	**CMA**
Total Workers	1173062	1675512	Total Workers	1488364	2519278
Main Workers	1171739	1669213	Main Workers	1380757	2284457
Main Cultivators	883	19778	Main Cultivators	15149	33170
Main Agriculture Labourers	199	70085	Main Agriculture	5849	33390
Fishing & Forest	9982	15422	Main House Hold	25836	43394
Mining	1245	3484	Main Others	1333923	2174503
Manufacturing House hold	7683	20271	Marginal workers	107607	234821
Manufacturing & others	275916	423253	Marginal Cultivators	2026	5728
Main Construction	74856	104913	Marginal Agricultural	1233	22681
Main Trade	300928	372672	Marginal House Hold	5156	10511
Main Transport	125853	166648	Marginal Others	99192	195901
Main Others	374194	472687	Non Workers	2855281	4859201
Marginal Workers	1323	6299			
Non Workers	2668334	3753958			

Source: Census of India

Income estimates

3.5 Chennai City alone accounts for 10.94 percent of the State income. The income in the areas of Kancheepuram and Thiruvallur District, which fall within CMA, based on proportion of population, roughly, has been estimated at 2.8 percent and 2.5 percent respectively. These show that CMA accounts for 16.21 percent of the State income from all sectors.

Employment

3.6 The following is the distribution of employment in public and private organised sector in Chennai District and Kancheepuram districts.

Table No. 3.5: Employment of organized sector in Chennai, Kancheepuram (including Thiruvallur District)

Year	Chennai Dist.			Kancheepuram & Thiruvallur Districts		
	Public	Private	Total	Public	Private	Total
2000-01	281287	102358	383645	100491	124626	225117
2001-02	316553	94674	411227	108013	136234	244247
2002-03	314743	64914	379657	109678	132298	241976
2003-04	322961	69280	392241	100163	112341	212504
2004-05	323221	68785	392006	81032	118461	199493

Source: Commissionerate of Employment & Training, Chennai

3.7 In Chennai District, over these years from 2000, employment in the organized public sector was increasing whereas in private sector it was decreasing with little variance in the total employment figures in this organized sector.

3.8 Chennai and adjoining Kancheepuram (including Thiruvallur) Districts together contribute about 26 percent of employment in organized sector to the State total in 2002-03. Of the total public sector employment, the employment opportunity in Chennai and Kancheepuram District are 20 percent and 7 percent respectively in 2002-03. The percentage of the same in private sector in Chennai and Kancheepuram District is 7.8 and 15.9

Informal Sector

3.9 Informal sector generally denotes the activities and services, which are readily associated with low wages and low level of skills. The informal sector comprises broadly the following groups:

- Self-employed traders, hawkers and family based workers

- Employees and workers in predominantly low wage paying sectors like rickshaw pulling, repair of bicycles, personal services, etc.
- Employees and workers in comparatively better wage paying occupation such as construction, manufacturing and repair activities.

3.10 From the Census data of 2001, it is estimated that the employees in informal sector would be about 10 lakhs in Chennai City.

Fisheries

3.11 There are 146 fishing villages with one fishing harbour and 64 fish landing centres located in the 3 districts comprising CMA. The total fisher folk population of these districts (1,38,669) forms about 18% of the marine fisher folk population of the State. There are about 18,500 male and 5,500 female fisher folk employed in fishery and other allied activities. As many as 5,111 mechanising fishing crafts and 1931 non mechanized fishing crafts are plying around the Chennai coast for fishing activity. The average annual marine fish production of these districts is about 30,000 tonnes. The quantity of fish and fishery products exported from Chennai port during 2005-06 was 45,246 tonnes worth about Rs.1382.55 crores.

Tourism

3.12 Chennai and its surrounding areas have a number of places to attract domestic and foreign tourists. While the number of domestic tourists visiting Chennai increased from 5.5 million in 2004 to 7.31 million in 2006, the number of foreign tourists increased from 0.43 million to 0.56 million during the same period. This trend is likely to continue since there is greater eagerness among people to see places of interest and travel has become affordable.

Distribution of Industries

3.13 Industries have been developed along important transport corridors in all directions, north, west and south.

North

In the north, large industrial units are located at Ennore, Thiruvottiyur and Manali. Industrial estates are located at Madhavaram, Kodungaiyur and Gummipoondi.

West

Important industrial locations in the west include Ambattur, Padi and Sembiam. Integral coach factory at Perambur and heavy vehicles factory at Avadi are important industries under public sector. Many small and medium scale industries are located at Ambattur, Villivakkam, Thirumazhisai, Poonamallee and Noombal. Thermal power plant is located at Basin bridge. Hyundai car factory at Sriperumbudur, Hindustan Earth Movers at Thiruvallur and automobile industries at Irugattukottai are other important industries.

South

In the south most of the industries are located along the G.S.T Road (NH45). Simpson, Addison and TVS industries are located in the heart of the City along Anna Salai. Madras Export Processing Zone (MEPZ) spread over an area of 105 hectares is located at Tambaram. Leather tanneries and leather-based industries are located near Tambaram. Industrial estate for leather goods is being developed at Thirumudivakkam.

3.14 Large-scale automobile engineering, glass and ceramic industries are located at Maraimalai Nagar. Mahindra Industrial Park developed over an area of 520 hectares is located near Chengalpattu along the GST Road.

Eminence of Chennai

3.15 Chennai has emerged as a major export hub for cars. Government of India has decided to establish a new testing and homologation center near Chennai. Chennai and its neighbouring districts account for about 20 percent of small-scale industries in Tamil Nadu. Small scale industries in metals, rubber and plastic products, metal products, electrical machinery, transport equipments, leather and fur products and non-metallic mineral products are predominant in the CMA.

Share of Sales Tax

3.16 Share of sales tax is an important index to reflect the economic stability. CMA accounts for three-fourth of the total sales tax collection in the State. The percent share of the CMA has increased from 69 percent in 1994 – 95 to 76 percent in 2003-04.

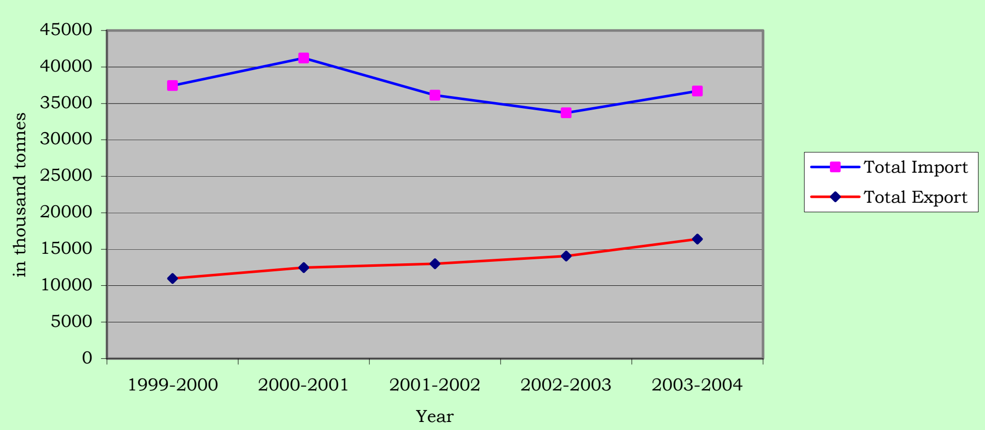
Banking

3.17 Banking operations form a vital pointer to indicate the economic process of a city. The statistical handbook 2005 indicates that Chennai and the other two districts accounted for only about 11% of the total number of banks in the State for the financial year 2004-05. However, they accounted for about 50% of the total deposits in the State. This is considered a great accomplishment of the metropolitan city.

Exports and Imports

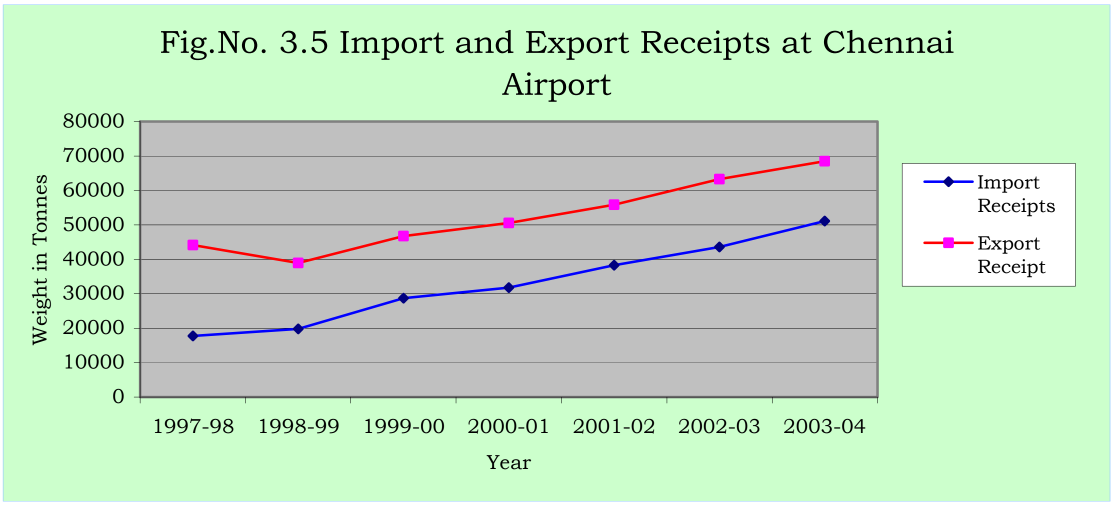
3.18 Principal items of imports through Chennai harbour are petroleum, oil, lubricants, fertilizers, food, grains and fibers. Main items of export are ore (primarily iron ores), granite stones, quartz, Barites, hides and skins, chemical and cotton goods. Export of principal commodities registered an average growth rate of 10.0 per cent since 1999 – 2000. However, the growth rate of the import has experienced a declining trend. The declination of the import itself is an index of the economic buoyancy of the region. The following figure shows the trend of export and import through the Chennai port. The port handled about 60 per cent of the total cargo handled by the State. Number of containers handled increased by about 67 percent during the last five years.

Fig.No.3.4 Total Export and Import-Chennai Port



3.19 Currently Ennore Port is operating with 2 coal berths catering to thermal coal requirements of North Chennai Thermal Power Station (NCTPS), Mettur and Ennore Thermal Plants of TNEB. The present traffic at Ennore port is over 10 million tones per annum. The Port is expanding in a major way by developing liquid cargo, LNG, additional coal, iron ore, car and container terminals with additional ten berths. By 2011, the Ennore Port will have a capacity to handle 70 million tonnes of cargo including 1.5 million TEU containers besides 2 lakhs cars.

3.20 The Chennai Airport handled about 21 lakh international and 25 lakh domestic passengers and 1.19 lakh tonnes of international and 0.35-lakh tonnes domestic cargo during the year 2003-04. International passenger traffic had increased about four-fold between 1991 and 2004. During the same period domestic passenger traffic had increased twofold. Major exports are textiles and leather. Electronic goods have constituted major import item. The proposed expansion and modernisation of the airport will have a greater positive impact on the economy of the CMA.



Information Technology

3.21 Chennai has been a preferred destination for IT / ITES industries. Chennai is one of the few metropolitan cities, where FSI is used as a tool to provide incentive. This coupled with excellent infrastructure facilities such as world-class highways; uninterrupted power supply and good telecommunication have helped the situation. The Tidel Park I and the IT Park at Siruseri have already been developed. IT space to an extent of 0.25 million sq.m. through public and private sector has been initiated to meet the increasing demand of national and international clients. The ELCOT Infrastructure Ltd., a special purpose vehicle for the Knowledge Industrial Township at Sholinganallur along the IT corridor has initiated the process. Further, to meet the increasing demand, steps have been taken to establish Tidel Park II with a floor space of 0.15 million sq.m. In addition, TIDCO, IL & FS and Mahindra are developing another IT park in an area of 680 hectares near Chengalpattu under public private partnership.

Below Poverty Line (BPL) population

3.22 The Department of Economics and Statistics (DES) has estimated the Below Poverty Line (BPL) population. Table 3.21 presents the BPL from the period 1993-94 to 1999-2000. The BPL in Chennai City, Kancheepuram and Thriuvallur districts and Tamil Nadu were 9.58%, 13.2% and 19.18% respectively. It is encouraging to note that the BPL in the City has declined from 31.58 percent in 1993-94 to 9.58 percent in 1999-2000.

Table No. 3.6: Below Poverty Level Population				
	1993-94		1999-2000	
	BPL Population (in lakhs)	% of BPL	BPL Population (in lakhs)	% of BPL
Chennai District	9.55	31.58	3.93	9.58
Kancheepuram District and Thiruvallur District	12.09	27.00	7.43	13.21
Tamil Nadu	170.52	31.66	113.34	19.18

C. Employment Projection:

3.23 The percentage of workers as per 2001 Census works out to 54.6 % out of the male population and 18.26 % out of the female population. It is assumed that in future years by 2011, 87.5 % of male and 30% of the female eligible working population will be willing to work and for them jobs would have to be created. Similarly this % for male and female is assumed as 90% and 33% for 2016, 92.5% and 36% for 2021 and 95% and 40% for the year 2026, considering the improvements in the education level, aptitude, willingness to work etc in future years. Based on the above criteria, projection of demand for jobs upto 2026 has been made and tabulated in the Table below.

Table No: 3.7: Employment Projection CMA_2026 (in lakhs)				
	2011	2016	2021	2026
Population	88.71	99.66	111.98	125.82
Eligible Workers 15-60 (69.15%)	61.34	68.92	77.43	87.01
Eligible Male Workers (52%)	31.90	35.84	40.26	45.24
Eligible Female Workers (48%)	29.44	33.08	37.17	41.76
Male Willing to Work	27.91	32.25	37.25	42.98
Female Willing to Work	8.37	10.64	13.41	17.19
Total	36.28	42.89	50.65	60.17
Additional jobs to be created	10.09	16.70	24.47	33.99
Male Willing to Work %(assumed)	87.5 %	90.0 %	92.5 %	95.0 %
Female Willing to Work % (assumed)	30.0 %	33.0 %	36.0 %	40.0 %

D. Policies and Strategies

Survey:

3.24 A comprehensive study of CMA economy and employment profile should be taken up to identify the activities and initiatives, both in the formal and informal sectors, that can accelerate employment and income generation for the poor and low income groups.

Employment in primary sector:

3.25 A minimum primary component is needed within the CMA. Therefore, the strategy is to discourage conversion of fertile agricultural land into urban uses. Departments of agriculture and horticulture can prepare action plans for diversification and modernisation of agriculture in line with this strategy.

Industrial development:

3.26 Promotion of industries is an indispensable requirement for strong economic base of the CMA. Therefore, the following efforts may be initiated to stimulate industrial development.

(a) A study can be undertaken to assess the scope for expansion of existing industries and developing new industries.

(b) Essential infrastructure as per standards can be provided for prospective potential industries by concerned government agencies in designated locations to stimulate industrial growth.

(c) Process of obtaining clearance for industrial units can be simplified by making the single window system more effective.

(d) Numbers of unskilled and semi-skilled workers are bound to rapidly increase due to distress migration from rural areas and saturation of agriculture sector. Therefore, vocational educational institutions in the CMA have to be strengthened and reoriented to meet the market demand.

(e) Small-scale industrial sector is a powerful tool to generate more industrial employment. Therefore, infrastructure facilities may be upgraded for industrial estates and relief measures can be initiated to rehabilitate viable sick units. The system of common application form and the single window clearance can be extended to small-scale industries.

(f) Three corridors - Sriperumbudur, Mamallapuram and Gummidipoondi have been identified for major industrial development. These areas have good accessibility and infrastructure for industrial development. Parts of these area lie outside the CMA. Therefore, it calls for joint planning and inter-institutional co-ordination.

(g) Industrial estates at Sholinganallur and Perungudi for computer hardware and software can be started early.

(h) Concerned government agencies have to expedite Ennore SEZ and identify other suitable places for SEZ locations.

(i) Existing Trade Centre at Nandambakkam has to be upgraded and expanded to meet the increasing demand.

(j) Cluster concept for industries to be promoted.

(k) Steps to upgrade infrastructure facilities in the existing industrial clusters and estates have to be taken in order to improve competitiveness of industry.

(l) To make available adequate supply of developed land for manufacturing and quality space for high technology industries and startups, land banks have to be developed for industrial parks in and around CMA with quality infrastructure including social infrastructure like housing, business centres, skill development centres etc.

(m) Development of Chennai - Manali - Ennore Corridor and Chengalpattu - Sriperambudur - Ranipet Corridor into industrial corridors of excellence to be expedited.

(n) Inclusive industrial development should be promoted by giving due opportunity in skill development and employment covering differently-abled persons also.

Promotion of informal sector

3.27 The National Policy for Urban Street Vendors confers legal status on vendors and insists on creation of hawking zones and establishment of participatory mechanism for orderly conduct of urban vending activities. Local bodies within the CMA may institute action accordingly, within the framework of the SMP.

Promotion of Service Sector

3.28 Attention should be given to the service sector such as health, education and recreational facilities and municipal/local body services, which would not only increase employment opportunities but also improve standard of living in this metropolis.

Central Business District

3.29 Thriving CBD is an asset to the city and it will not be desirable to reduce its importance. At the same time, it should be seen that it functions to its capacity and contributes to the city economy. The decongestion measures taken to shift some of the wholesale activities to planned locations with all infrastructures as envisaged in the First Master Plan have to continue and the other remaining CBD activities, especially service related activities, should be encouraged to continue therein.

Development of Fisheries

3.30 Ornamental fish breeding may be permitted as a cottage industry in the Primary Residential Zone. It may also be included in the list of cottage industries as it has been earning foreign exchange for the State.

3.31 Chennai is the transient centre for fish trade between neighboring states and other places in T.N. through which nearly 200 tonnes of fishes are traded every day. So there is a necessity for wholesale market and retail trade market with cold chain facilities for hygienic handling and maintaining the quality till the fish reaches the consumer.

3.32 The lakes and ponds in CMA may be protected from encroachment and provided for fish culture activities so that fish production will increase.

Private investment

3.33 Though adequate lands are zoned for industrial and commercial activities in this Master Plan, where land use reclassifications are sought for employment generating activities, (taking into account the normal process of examining with reference to environmental impact, compatibility with the uses around etc.) its processing should be speeded up and such developments should be encouraged. Government agencies should also periodically review the demand for serviced plots for industrial developments, identify lands, develop industrial estates and make available the serviced plots to private individuals and groups.

Encouragement to film industry:

3.34 Chennai is the base for the South Indian Film Industry and in the western part of Chennai City a number of studios are located. The film industry makes about 300 movies a year including movies in other Southern Indian languages apart from Tamil movies, giving employment to a large number of people. This industry also needs government attention for provision of adequate infrastructure for its growth.

Promotion of tourism:

3.35 Tourists can contribute substantially to the economy of the State. Construction of a state-of- the- art convention centre, organizing a *sun-et-lumiere* at Rajaji Hall, opening an exhibition ship near Anna Memorial, establishment of a butterfly park and night safari at Vandalur. Establishing an arts gallery in fine arts college etc., are some of the projects that Tourism Dept. have in mind. As part of the tourism infrastructure development at National level with the assistance of ADB through GOI, tourism infrastructure in Chennai circuit is proposed to be developed. This may be implemented on a time-bound basis.

E. The Plan

3.36 The plan has set apart lands in different parts of CMA recognising the existing industrial activities and proposing lands for new industrial developments through land use zoning.

3.37 About 9% of the CMA has been zoned for industrial use zone. In addition about 14% of the lands in CMA are zoned as commercial and mixed residential wherein industries upto 50 HP are permissible in commercial and up to 30 HP are permissible in mixed residential use zone. Other employment generating activities such as shopping centres, offices and other commercial activities can be located in MR, commercial and other higher order use zones. Adequate lands have been zoned taking into account the future requirements / demand up to the year 2026 following the principles of zoning.

3.38 Parameters for regulation of industrial and commercial developments and related matters that will support sustainable industrial developments are incorporated in Development Regulation in Volume II.

F. Monitoring and Review

3.39 A committee to be known as " Economy, Employment and Investment Planning Committee" with representation of Government and non-government stakeholders and experts will be constituted to monitor the implementation of policies and strategies in this sector and to initiate such studies and assemble such information as needed for the purpose. This committee will meet atleast once in three months or as many times as needed. It will draw up detailed terms of reference for its work in consultation with the concerned stakeholders.

3.40 This committee may work through special working groups created for the purpose for the different sub-sectors under it.