

ELECTIONS

Assembly Elections | Tamil Nadu has highest revenue deficit among poll-bound States

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Four States, Puducherry account for 20% of national economy

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

In terms of size of the economy, Tamil Nadu's economy is the largest (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 States and 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 FY21 as per revised estimates for 2020-21, while Puducherry had a revenue surplus for FY20 and is yet to announce the budget for FY22, 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 FY21 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 FY20. West Bengal and Puducherry's economy grew on 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.

The services sector accounted for 51% or over half of the Tamil Nadu's economic output, followed by industry 38% and agriculture at 11% for FY21, Care Ratings said. Tamil Nadu's economic growth averaged 8% during FY16-2020, above the national average of 6.7%, it added. 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.

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