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Programme: MA Economics

- Course Title: TAMIL NADU ECONOMY
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Unit-4

## Service Sector in Tamil Nadu

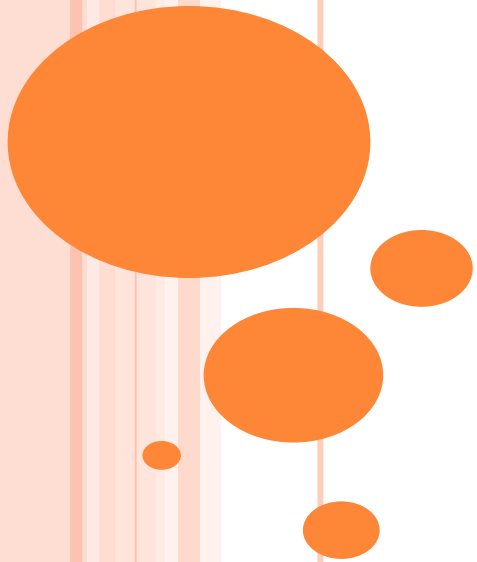
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# UNIT-4: SERVICE SECTOR IN TAMIL NADU



## INTRODUCTION TO SERVICE SECTOR

- The Service sector, also known as the tertiary sector, is **the third tier in the three-sector economy.**
- The Service sector produces intangible goods, more precisely services instead of goods.
- The Service sector is the largest sector of the global economy in terms of value added and is especially important in more advanced economy.



# TRANSPORT SECTOR IN TAMIL NADU


- The transport sector in Tamil Nadu is made up of a public transport system, private buses, and taxis
- Public Transport System: In Tamil Nadu the public transport system covers almost the entire state.
- **Tamil Nadu State Transport Corporation (TNSTC):** The primary public transport bus operator in the state, TNSTC operates buses for intra and inter-state routes, as well as city routes. TNSTC has eight divisions, including the Metropolitan Transport Corporation (MTC) in Chennai.
- **State Express Transport Corporation (SETC):** SETC operates long-distance express services connecting major cities, tourist destinations, and commercial hubs. SETC offers various classes of services, including semi-deluxe, ultra-deluxe, and air-conditioned.



## TRANSPORT SECTOR IN TAMIL NADU

- **Metropolitan Transport Corporation (MTC):** MTC is responsible for public bus transportation in Chennai.
- **Private buses:** Private operators also run a set of buses in different parts of the state.
- The Department of Transport in Tamil Nadu manages the licensing and permits for private buses.
- It also manages other undertakings, including: Tamil Nadu Transport Development Finance Corporation (TDFC), Institute of Road Transport (IRT), Pallavan Transport Consultancy

## RAIL TRANSPORT IN TAMIL NADU

- Tamil Nadu feature excellent rail connectivity extended by the Southern Railway.
  - Established during the 1951, the Southern Railway is one among the 17 railway zones of Indian Railways launched in Independent India.
  - The Southern Railway was formed by uniting three state railways, that is to say, the South Indian Railway Company, the Mysore State Railway and the Madras and Southern Mahratta Railway.
  - Among the six divisions of the Southern Railway, four divisions are located in Tamil Nadu and they are Chennai, Madurai, Salem and Tiruchirappalli.
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## WATERWAY TRANSPORT IN TAMIL NADU

Water transport in Tamil Nadu includes ferries, water taxis, cruise ships, and National Waterways:

**Ferries:** A convenient and affordable way to travel across the city, with scenic views.

**Water Taxis:** A faster and more comfortable way to travel across the city, though more expensive than ferries.

**Cruise Ships:** A popular way to explore the city's waterways, offering a luxurious and comfortable experience.

**National Waterways:** A network of canals that connect ports and rivers.

National Water Ways 4 is a 1095km long waterway that connects Chennai and Ennore ports to Kakinada and Machlipatnam ports in Andhra Pradesh.



## AIR TRANSPORT

- There are three international, one limited international and six domestic airports in Tamil Nadu.
- Chennai airport is the fourth busiest airport by passenger traffic in India.
- The other international airports in Tamil Nadu includes Coimbatore and Tiruchirappalli while Madurai is a customs airport with limited international flights.





# ROLE OF TRANSPORT IN THE STATE ECONOMY

Transportation plays an important role in the development of Tamil Nadu's economy, including:

## •**Employment**

The road transport industry is an employment generator, with every lakh rupees invested in road transport creating jobs for 9.26 people for buses and 16.95 people for trucks.

## •**Public transportation**

Tamil Nadu's public transportation system, which includes state and private buses, taxis, and auto rickshaws, connects almost the entire state and meets the transportation needs of about a quarter of the workforce.

## **Economic Growth:**

Investing in transportation infrastructure can lead to economic growth by increasing access to markets, making transportation more efficient, and encouraging logistics businesses to grow.



## ROLE OF TRANSPORT IN THE STATE ECONOMY

### •**Socio-economic impact**

Improved transportation can reduce travel time and costs, and improve access to key areas.

This can lead to more income and employment opportunities.

### •**Rail network**

Tamil Nadu's rail network is part of the Southern Railway of Indian Railways, which has four divisions in the state.



# ROLE OF POWER SECTOR IN TAMIL NADU ECONOMY

- The power sector plays a crucial role in the Tamil Nadu economy, contributing to the state's growth and development in several ways:

- **Economic growth:**

The power sector is a critical infrastructure for the state's industrial, commercial, and socioeconomic growth. A study by the TERI institute found that electricity consumption in Tamil Nadu is highly correlated with the state's total GSDP.

- **Power to all:**

Tamil Nadu has achieved 100% village electrification and is a leader in providing 24/7 power to all sectors.

- **Renewable energy:**

Tamil Nadu is a leader in the country for adding renewable energy capacity. The state has installed 14 GW of renewable energy capacity, which is 16% of India's total. Tamil Nadu has growth targets to increase its clean energy supply threefold by 2030.

## ROLE OF POWER SECTOR IN TAMIL NADU ECONOMY

- **Subsidies:**

The state government provides subsidies to support poor and marginal consumers, and to eliminate regional disparities.

- **Free electricity:**

The state government provides free electricity of 100 units bi-monthly to all domestic consumers.

Some of the major sources of electricity in Tamil Nadu include:

Kalpakkam Nuclear Power Plant, Ennore Thermal Plant, Neyveli Lignite Power Plant, Virudhachalam Ceramics, and Narimanam Natural Gas Plants.



The banking sector plays a vital role in the economic development of Tamil Nadu, including:

## ROLE OF BANKING SECTOR IN TAMIL NADU ECONOMY

### • **Investment:**

Banks and financial institutions help individuals and businesses accumulate and invest their savings.

### • **Monetary policy:**

Banks influence the interest rate in the money market, which can stimulate economic activity.

### • **Rural development:**

The National Bank for Agriculture and Rural Development (NABARD) provides credit for rural development,

including agriculture, handicrafts, and cottage industries.

### • **Financial services:**

Tamil Nadu is a key player in the financial services industry and is becoming a global FinTech



## ROLE OF IT SECTOR AND COMMUNICATION

- The information technology (IT) sector plays a key role in the economy of Tamil Nadu, contributing around 15% to the state's GDP. The IT sector is also important for the state's goal of becoming a \$1 trillion economy.
- **Job Creation:** IT sector is one of the major job creator in Tamil Nadu.
- **Reducing Cost:** Business can use IT to streamline processes and reduce costs.
- **Facilitating Globalization:** IT can help facilitate globalization.
- **Improving Governance:** IT can make governance more efficient and responsive.
- **Helping Government Agencies:** IT can help government agencies communicate and work together in a better way.
- **Involving Citizens:** IT can be used to involve citizens in creating policies by gathering feedback from public.

