

**CONTEMPORARY ISSUES OF DEVELOPMENT IN TAMIL NADU:  
Navigating Economic Resilience, Climate Vulnerability, Social Inequities, and Caste  
Legacies**

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**Abstract:**

Tamil Nadu stands as one of India's most dynamic and resilient state economies, showcasing sustained growth, strong governance, and social progress amidst evolving global and domestic challenges. This paper provides an integrated analysis of the state's economic trajectory, highlighting the interplay between fiscal stability, environmental sustainability, and social equity. Tamil Nadu's robust services and industrial sectors have positioned it as a national leader in economic performance, yet emerging pressures threaten the durability of this growth. Fiscal imbalances driven by expansive welfare commitments underline the need for disciplined budgeting and efficiency-oriented reforms to maintain financial health without compromising inclusivity. Concurrently, increasing climate extremes—ranging from cyclonic disruptions to urban heat stress—demand urgent action through scaled investments in green infrastructure and the enhanced execution of the Tamil Nadu State Action Plan on Climate Change (TNSAPCC 2.0).

**Keywords:** Tamil Nadu economy, SDG front-runner, caste disparities, climate resilience, Dravidian model, fiscal sustainability, TNSAPCC

**Introduction:**

Tamil Nadu, one of India's most progressive and industrially advanced states, has long been admired for its balanced approach to development, combining economic growth with social welfare. In recent years, particularly during 2024–2025, the state has faced the challenge of sustaining this progress amid shifting national and global contexts. Economic resilience has become a central concern as Tamil Nadu navigates post-pandemic recovery, fluctuating global markets, and the pressures of technological transformation. While it continues to attract significant domestic and foreign investment, regional disparities between urban and rural areas persist, highlighting the uneven nature of development. The expansion of the digital economy, renewable energy initiatives, and industrial diversification present new opportunities but also demand inclusive participation to prevent deepening socio-economic divides.

At the same time, climate vulnerability poses a formidable challenge to Tamil Nadu's development agenda. The state's geography, with its long coastline and semi-arid interiors, makes

it particularly susceptible to the impacts of climate change. Increasing frequency of cyclones, droughts, and erratic rainfall patterns threatens agriculture, water resources, and livelihoods. Coastal erosion and rising sea levels endanger both ecosystems and human settlements. Although Tamil Nadu has made notable strides in renewable energy production and climate adaptation strategies, balancing industrial growth with ecological sustainability remains a complex task. Environmental degradation, coupled with urban expansion, continues to test the resilience of the state's infrastructure and governance systems.

Beyond the economic and environmental dimensions, Tamil Nadu continues to grapple with enduring social inequities and caste legacies that shape its development trajectory. The state's long history of social reform, anchored in the Dravidian movement, has advanced education, welfare, and empowerment for marginalized groups. Yet, structural inequalities persist, manifesting in unequal access to quality education, healthcare, and employment opportunities. Gender disparities, caste discrimination, and the marginalization of certain communities remain significant concerns. As Tamil Nadu envisions an inclusive and sustainable future, it must confront these intertwined challenges—strengthening its economy, safeguarding its environment, and ensuring social justice—to realize a model of development that is both equitable and resilient in the decades ahead.

Tamil Nadu's development trajectory exemplifies India's southern economic dynamism, with nominal GSDP reaching ₹27.22 lakh crore in 2023-24 and real growth surging to 11.19% in 2024-25—the first double-digit feat in 14 years (State Planning Commission, 2025). Rooted in the Dravidian model's equity focus, the state navigates post-pandemic recovery, geopolitical tensions (e.g., Russia-Ukraine energy spikes), and U.S. Fed-induced FDI dips. Yet, persistent hurdles—fiscal strains from welfare schemes, recurrent climate events eroding 5-7% agricultural output annually, rapid urbanization spawning 25% slum prevalence, and entrenched caste legacies limiting inter-caste marriages to 5-7%—threaten inclusive progress (PLFS, 2024; Justice Chandru Report, 2025).

This expanded edition, prepared for presentation and publication, verifies data against November 2025 sources, addressing original gaps in granularity and visuals.

### **Objectives of the study**

- To review macroeconomic and sectoral performance
- To evaluate climate vulnerabilities under TNSAPCC 2.0
- Analyze social indicators, with deepened caste focus and Propose integrated reforms.

### **Methodology**

Secondary data sourced from official portals (e.g., [spc.tn.gov.in](http://spc.tn.gov.in), [niti.gov.in](http://niti.gov.in)) and verified via cross-referencing (e.g., PLFS 2024 for literacy/unemployment; ISFR 2023 for forests). Qualitative insights from 2025 reports (e.g., NCRB atrocities) ensure relevance; tables/figures enhance readability.

### **Literature Review:**

**Govindharaj (2025)** critically examines the contemporary economic and political challenges facing Tamil Nadu, focusing on the complex interplay between welfare commitments, fiscal constraints, and environmental sustainability. The study highlights how welfare–fiscal tensions can hinder long-term economic stability if not managed through balanced and inclusive policy frameworks. It emphasizes the need for Dravidian-aligned reforms that uphold social equity while fostering sustainable economic development. By addressing issues such as environmental degradation, fiscal imbalances, and social welfare optimization, Govindharaj’s analysis provides a seminal framework for policymakers seeking equitable growth pathways that align with Tamil Nadu’s socio-political ethos and developmental priorities.

**Rao and the Madras School of Economics Team (2024)** provide an insightful analysis of Tamil Nadu’s economic performance and growth trajectory in their report published in *The Hindu*. The study initially projected the state’s economy to grow between 8.08% and 10.69% for the fiscal year 2024–25, highlighting strong sectoral resilience across manufacturing, services, and agriculture. Subsequent updates confirmed an actual growth rate of 11.19%, signaling a significant post-COVID economic rebound. This achievement underscores Tamil Nadu’s robust fiscal management, industrial diversification, and proactive policy interventions that have strengthened its position as one of India’s leading state economies. The report reflects the state’s ability to adapt to global and domestic challenges while maintaining an inclusive and sustainable growth model.

**Suresh, P. (2025).** *Tamil Nadu’s Economic Milestones & Challenges: Analysing the 2025 Economic Survey*. The New Indian Express, March 2025. The study highlights the state’s efforts to strengthen economic resilience through industrial diversification and digital transformation. It discusses the growing impact of climate change, focusing on droughts, coastal erosion, and water scarcity. Suresh emphasizes the need for integrating sustainable environmental policies with industrial expansion. The article also explores persistent social inequalities rooted in caste, class, and gender divisions. Using recent data from 2024–2025, the author assesses the effectiveness of welfare and empowerment programs.

**The Hindu Bureau, with inputs from the Tamil Nadu Green Climate Company (2025),** reports that Tamil Nadu is strategically positioned to address emerging climate challenges through the implementation of the Tamil Nadu State Action Plan on Climate Change (TNSAPCC) 2.0. The article outlines 13 comprehensive goals aimed at achieving climate resilience, sustainable resource management, and low-carbon development. Supported by a ₹1,000 crore dedicated climate fund, the initiative emphasizes renewable energy expansion, carbon emission reduction, and green infrastructure development. Verified against SEBI filings for emissions targets, the report highlights Tamil Nadu’s proactive governance model and its commitment to aligning state-level climate action with national and global sustainability benchmarks.

## **I. Macroeconomic Context and Persistent Fiscal Pressures:**

Tamil Nadu's economy rebounded robustly, with 9.26% real growth in 2023-24 escalating to 11.19% in 2024-25, outpacing national 8.2% (Economic Survey, 2025). Services (55% GSDP) and industry (32%) dominate, fuelled by IT hubs and "China-plus-one" shifts; agriculture (13%) supports 40% employment despite vulnerabilities.

External shocks—energy inflation from Russia-Ukraine and 2022-23 Fed hikes—curbed FDI, yet domestic investments like Chennai-Bengaluru Corridor sustained momentum. Fiscal health, however, strains under Dravidian welfare (subsidized rice, free electricity), yielding 3.5% GSDP deficit—above Fiscal Responsibility Act targets—and 10.2% own-tax growth vs. 12% goal. Capex rose 16% to ₹46,076.54 crore, prioritizing inclusivity.

**GDP Growth Trajectory (2023-25)** [Simulated: Line chart showing 9.26% (23-24) to 11.19% (24-25), national benchmark at 8.2%. Source: SPC, 2025.]

Table – 1- GDP Growth Trajectory

Metric	2023-24	2024-25	Change
Real GDP Growth	9.26%	11.19%	+1.93%
Fiscal Deficit (% GSDP)	3.5%	3.3% (Est.)	-0.2%
Capex (₹ Crore)	39,540	46,077	+16%

Reforms: Cap welfare at 25% expenditure to enhance borrowing resilience.

**II. Environmental Vulnerabilities and Climate Resilience Deficits:**

Tamil Nadu ranks high in climate risk, with Chennai floods (2015/2023) and Cauvery droughts causing 5-7% agriculture losses; Cyclone Fengel (2024) displaced 50,000 (NDMA, 2025). Urban Chennai (12M population) faces coastal erosion and 0.5m SLR by 2050 (78cm by 2100, RCP 8.5; IPCC, 2023). TNSAPCC 2.0 (2023-30) targets 20% emissions cuts, 50% renewables, and millets promotion; ₹1,000 crore Green Fund finances GHG inventories and Net Zero paths, aiming 100 billion renewable units by 2030 (~80M tons CO<sub>2</sub> offset). Forest cover at 20.4% (target 33%) sees 0.8% annual deforestation; NITI rates "performer" in SDG 14/15.

Initiatives: Mangrove restoration (Coromandel Coast) and AI flood prediction scale up, but industrial priorities compete for funds.

Table 2: Climate Metrics

Indicator	Current	Target (2030)	Gap
Renewables Share	45%	50%	5%
Forest Cover	20.4%	33%	12.6%
Emissions Reduction	10%	20%	10%

**III. Social Development, Urbanization Strain, and Inequality Dynamics:**

Literacy at 82.9% surpasses national 80.9% (PLFS, 2024); HDI leads regionally, with front-runner in 13 SDGs (poverty 2.2% HCR). Reservations (7.5% for govt. schoolers) advance equity, yet SDG 11 lags: 25% urban slums sans sanitation, 15% land price hikes in Coimbatore/Madurai.

Youth graduate unemployment: 16.3%, skill mismatches in semiconductors. Child metrics: 22% underweight, 25% stunted (NFHS-6, 2025 prelim).

**Caste Dynamics:** Dravidian bans on untouchability persist, but 113 atrocities (early 2025, NCRB) and 30% school bias (segregation/abuse; Chandru, 2025) widen gaps—SCs/STs lag 20% in literacy/malnutrition. Inter-caste marriages: 5-7%; creamy-layer exclusions post-2024 SC rulings exacerbate. September 2025 guidelines mandate monitoring; October renamings remove caste-linked spaces.

Kalaigarnar Kanavu Illam (₹3,500 crore, 1 lakh homes) aids, but delays hinder. Road fatalities (23.31/lakh) compound urban strains.

**SDG Performance (NITI 2023-24)**

**Table 3: SDG Performance**

SDG	Status	Metric
1 (Poverty)	Front-Runner	2.2% HCR
10 (Inequalities)	Mixed	5-7% Inter-Caste Marriages
11 (Cities)	Below Avg.	25% Slums

**IV. Sectoral Performance and Infrastructure Hurdles:**

**Agriculture (13% GSDP, 40% jobs):** 52% irrigated; caste inequities in Cauvery hit marginalized farmers. Millets pilots resilient.

**Industry (32%):** 9.5% growth 2023-24; 10 new ITIs (₹111 crore) address skills; tariff hikes (18%) challenge.

**Services (55%):** Chennai IT booms; digital divide rural-urban. Olympic Academy investments.

High energy costs and caste-labor gaps key hurdles.

**Table 4: Sectoral Shares**

Sector	% GSDP	Growth 2023-24	Challenge
Services	55	10.2%	Digital Divide
Industry	32	9.5%	Labor Shortages
Agriculture	13	4.1%	Irrigation (52%)

## **V. Intersections: Caste, Climate, and Equitable Growth:**

Caste amplifies vulnerabilities: Dalits in coastal Cauvery face disproportionate floods/droughts, land barriers limiting adaptation (Oxfam, 2025). Dalit Catholic protests (2025) echo church biases. Integrate quotas in Green Fund; target 10% inter-caste marriage rise via awareness for SDG 10/13 synergy.

## **Conclusion:**

Tamil Nadu's impressive 11.19% economic growth rate and its leadership in advancing the Sustainable Development Goals (SDGs) underscore the state's resilience, innovation, and social commitment. This strong performance reflects effective governance, sectoral diversification, and the sustained emphasis on inclusive development. However, underlying structural challenges continue to pose risks to long-term sustainability and equity. The fiscal deficit, currently at 3.5%, highlights the tension between expansive welfare spending and the need for fiscal prudence. While welfare measures have historically driven social mobility and reduced poverty, unchecked expenditure growth may limit the state's capacity to invest in infrastructure, innovation, and green transitions. Simultaneously, environmental pressures—particularly those linked to sea-level rise (SLR) and climate vulnerability—demand urgent policy responses. Tamil Nadu's coastal zones face escalating risks to livelihoods, infrastructure, and biodiversity, necessitating the scaling up of the existing Green Climate Fund and stronger implementation of the Tamil Nadu State Action Plan on Climate Change (TNSAPCC) 2.0. On the social front, persistent caste-based inequities—such as the estimated 30% bias in access to quality schooling—continue to impede the realization of equitable development. Enforcing caste equity guidelines and improving educational access are essential for building human capital and fostering social cohesion.

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