

## 10. TAMILNADU AND GLOBALISATION

*“There appears to be a definite nexus between privatisation, export oriented development, decline in employment opportunities and environmental degradation.”*

- Tamilnadu People’s Manifesto, 1996

In mid-1991, faced with problems of low economic growth, a heavy external debt burden and a balance of payment crisis, the Government of India took recourse to a Structural Adjustment Programme, devised by IMF / World Bank. The New Economic policy was duly taken up by the States of India. Tamilnadu has been a frontline State lined up for the onslaught of the new trend.

The States in India have been classified into three categories:

- **Reform-oriented States:**  
Andhra Pradesh, Gujarat, Karnataka, Maharashtra and **Tamilnadu**
- **Intermediate Reformers:**  
Haryana, Orissa and west Bengal
- **Lagging Reformers:**  
Assam, Bihar, Kerala, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh

Out of a total of 3281 100% export-oriented units in the country, as many as 2228 or 68% were located in the 5 reform-oriented States. The Southern States accounted for more than 34% of the investment proposals approved in 1998. Among the reform-oriented States, Andhra Pradesh and Tamilnadu are said to have implemented reforms on a wider scale than the others in the category.

*“There seems to be a definite nexus between privatisation, export-oriented development, decline in employment opportunities and environmental degradation”*

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In software exports, Tamilnadu (along with Karnataka and Maharashtra) is in the lead. While Bangalore and Mumbai were traditionally the choice locations of software companies, the last few years have seen the emergence of Chennai (along with Hyderabad, Pune and Gurgaon) as a prominent software centre where both Indian companies and multinationals have located their operations.

In addition, several foreign companies have located their back office operations in Chennai (along with Bangalore and Pune). Abundant supply of labour, low wages, cheap satellite communications and the Internet have been instrumental in the decision of foreign firms to establish their back office operations in India.

### **Foreign & Private Investments**

*“ The estimation of private sector investment at the State level bristles with the problem, mainly due to paucity of data”*

**- Ninth Five Year Plan Tamilnadu : 1997-2002**

Over the last decade, the Government of Tamilnadu has followed a very liberal and pro-big industry policy and hence the State is rapidly attracting large numbers of foreign and domestic firms. The State has moved to third place in its bid to attract foreign investment. Between August 1991 and January 1997, FDI approvals in Tamilnadu involved Rs 54.7 billions in 812 projects.

The State govt. has given the single-window clearance system additional powers by empowering the chief executives of the various industrial complexes, growth centres and industrial estates in the public and private sectors to grant all clearances from various Govt. departments. Additionally, via a new law, “The Industrial Township Area Development Authority Act of 1997”, the govt. has granted powers of single-window clearance to an authority in case of every industrial township and industrial park. Furthermore, to speed up the process of setting up private industries, the govt. has permitted them to go ahead with construction of factories without waiting for the plan approval from the local body.

Acquisition of private land for major industrial projects was fraught with delays before The Acquisition of Land for Industrial Purposes Act of 1997 was passed by the State legislature. As expected, this has resulted in speedy land acquisition for large projects. These measures have made Tamilnadu more investor-friendly and an attractive destination for FDI and domestic private investment.

Tamilnadu Govt. has multiplied efforts to attract foreign investment into the local IT industry. In 1998, the State announced a far-reaching, industry-friendly IT policy and set up a State-level IT task Force to implement it. All these efforts have paid off: Software exports have zoomed from nowhere to over \$300 millions in 1998. The State's ambitious target for IT hardware alone for the year 2002 is set at \$1.25 billions. If this target is reached, the region's contribution will represent about 30% of the entire Indian hardware production. A 1999 NASSCOM Report rates Chennai as the most favoured destination for IT companies in India.

Tamilnadu has attracted several automobile manufacturers such as Ford, Mitsubishi and Hyundai. Near Chennai, an auto-ancillary park is coming up that will help enhance the availability of world-class auto components to multinational manufacturers in Tamilnadu and neighbouring States.

At the end of April 1998, as per CMIE estimates, total investments committed in major industrial projects in Tamilnadu was Rs 72,345 crores. The distribution of investments by ownership was as shown below:

Joint Sector	Rs 7,256 crores
Indian Private investments	Rs 30,000 crores
Co-op Private Investments	Rs 30 crores
Foreign Private Investments	Rs 35,060 crores

- Ninth Five Year Plan Tamilnadu : 1997-2002

Major Multinational Companies are establishing strong roots in the State. Among the major investments have been:

<b>Company</b>	<b>Investment</b>	<b>Product</b>
Ford Mahindra	Rs 1,700 crores	Cars
Hyundai	Rs 3,800 crores	Cars
Dupont Thapar	Rs 625 crores	Nylon 6.6 tyres
Saint Gobain	Rs 450 crores	Float Glass
Norsk Hydro	Rs 375 crores	PVC pipes
Mitsubishi	Rs 350 crores	Cars

Independent Power projects (IPPs) for infrastructure have been licensed in a big way by the State Govt. As per Planning Commission estimates, private investment of more than Rs 62,000 crores is proposed in Tamilnadu for undertaking these IPPs, and “we can safely assume to have Rs 20,000 crores of private investment”.

For example, the 330.5 mw power project has been planned at the cost of Rs 1,175 crores at Pillaiperumanallur in Nagai district and will have 29% equity holding by Marubeni Corporation, Japan, 26% from El Paso Energy Corporation, USA and 20% from PSEG Global, USA.

Hospitality giants like Hilton, Marriet and Holiday Inn are starting 5 star hotels at Chennai and major cities.

Privatisation and foreign investment in the development of major and minor ports in Chennai, Ennore, Cuddalore, Cheyyur, Colachel and other places have been taken up in a big way.

2000 acres have been acquired at Nanguneri in Tirunelveli district to set up the 700-crores Special Economic Zone (SEZ), meant to specialize in IT, electronics and Pharma companies and products.

Sterlite Industries Ltd has been coming increasingly under pressure from the courts and environment groups for causing environmental degradation. The Dupont Corporation of USA is a similar offender as it uses technology, which is not only outdated in its parent country, but also environmentally unsafe.

## Externally Aided Projects

Externally Aided Projects constitute very substantial portions of the investment plan outlay of the State in recent years.

Over the 8<sup>th</sup> Plan period, as much as 25% of the total State Plan expenditure was in externally aided projects (Rf. Ninth Five Year Plan, Tamilnadu).

World Bank is the major funding agency supporting major projects such as the Tamilnadu Urban Development Project, The Tamilnadu Water Supply and Sanitation Project, The Chennai Metropolitan Water Supply and Sanitation Project, The Tamilnadu Integrated Nutrition Project and The Tamilnadu Agricultural development Project, besides financing expansion programmes of the Tamilnadu Newsprint and Papers Limited etc.

The Asian Development Bank has been involved in controversial schemes such as the North Madras Thermal Project and the East Coast Road Project.

Other multilateral and bilateral agencies such as EEC, DANIDA, SIDA, IFAD and OECF support several projects in the State.

*“Our concern is on the increasing tendency to replace State’s specific projects with All-India Multi-State Externally Aided Projects, which takes away substantially large investments from the State. This is especially true in a number of social sectors, where the primary responsibility is that of the State Government”*

- Ninth Five Year Plan Tamilnadu : 1997-2002

***There has been the increasing tendency to replace State’s specific projects with All-India Multi-State Externally Aided Projects. This is especially true in a number of social sectors***

<b>Externally Aided Projects</b>	<b>1999-2000</b>	<b>2000-2001</b>
	<b>(Rupees in lakhs)</b>	
<b>WORLD BANK PROJECTS</b>		
Technician Education Project	3812.93	-
Agri.Human Resources Dev. Project	3624.81	548.44
Water Resources consolidation Projects	24170.18	21982.71
Chennai Metro Water Supply & Sanitation Project	11120.28	8597.72
Forestry Research and Education	205.00	150.00
National Hydrology Project	961.45	936.00
Third Chennai Water Supply Project	-	0.01
TN Road Sector Project	2000.00	3000.00
TN Urban Development Project Phase II	1004.90	11944.00
<b>Asian Development Projects</b>		
Power Projects – N.Chennai Thermal Scheme	6255.22	6800.00
<b>European Economic Community Projects</b>		
Modernisation of Tanks (Phase II)	995.31	0.02
<b>OECD – Japan</b>		
Renovation Project	5853.00	0.01
Tamilnadu Afforestation project under OECD	9858.44	10705.83
<b>Swedish International Development Agency</b>		
SIDA Assisted ICDS	169.71	-
Implementation of 'Seri 2000' Schemes	13.87	19.88
<b>DANIDA Projects</b>		
Comprehensive Water shed Development Project	929.94	955.30
Training of farm women in Agriculture (Project I & II)	626.00	597.62
Livestock development in Pudukottai District	222.21	288.98
Integ. Rural Sanitation and Water Supply Project	806.28	1055.63

(Appendices to the Budget Memorandum, 2000-2001 )

## Globalisation & Social Development

What has it all meant for the overall social development of Tamilnadu?... How has this process affected the lives of the weaker sections in Tamilnadu? What is the possible future scenarios, given the strengthening of this process?....

There have been no serious efforts, either on the Government's side or by private agencies, to constantly monitor and assess the impact of globalisation in Tamilnadu, vis-à-vis Social development concerns and the interests of the weaker sections of Tamilnadu.

There have been some micro case studies in terms of impacts, such as violation of human rights, degradation of environment, alienation of land etc...

For example, a study conducted by the Tamilnadu women's collective in Madurai, Dindigul and Ramanathapuram districts showed that an estimated 5,000 acres of land had been sold by individuals to business houses in 1998.

Coastal studies have shown very accurately as to how the arrival of big companies have led to serious destruction of livelihoods of fishing communities and to environmental degradation.

But it's more than clear that the process of "economic reforms" has widened the social and economic inequalities in the country. Tamilnadu is no exception. Given its already warped economic development pattern (stress on service sector at the expense of others), this process of emphasis on big industry, IT industry and export-oriented stress has surely led to a greater inequalities and greater impoverisation among vast sections of Tamil society.

The worst result has been in the field of employment generation. As the data in previous chapters have shown, Tamilnadu has had no systematic programme to make employment generation as a priority of economic development. Added to that, now the extra stress on capital intensive and labour-reducing industries, the employment scene in the State is becoming a serious concern.

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The government's promise of providing a job per household due to acquisition of about 6,000 acres in and around Sriperumpudur, to accommodate multinational companies, was not followed through. The rider to this commitment was that employment would be given 'provided the persons concerned had the right professional and educational qualification'. It was not possible for villagers to have the correct credentials or training to take up work with multinationals operating in the area. ("THE HINDU", 8/2/2000).

### **Globalisation and dalits**

The Worst affected are the dalits and tribals of the State. The already existing heavy burden of unemployment and underemployment among vast sections of these people have been made worse by the new policies, as brought out so forcefully by the 9<sup>th</sup> Plan working group:

*"The members of the group were of the unanimous view that the recent phenomenon of globalisation, liberalisation and the dis-investment policies announced by the Government in the name of privatisation has imparted a severe blow to the employment opportunities of the members of SC and ST. Statistics prove that there would be considerable reduction in the employment opportunities in general and very steep decrease of jobs to be filled for the reserved category in particular"*

**- TN Working group on SCs & STs (9<sup>th</sup> plan)**

### **Globalisation and women**

*"The worst victims of globalisation are women in the Third world. In terms of food and health insecurity, the women of the South pay the highest price. Whenever new technologies are introduced they lose out in knowledge, skills and livelihoods."*

**- Sindhu Menon**



Successive Human Development Reports of UNDP have referred to the growing 'feminization of poverty'. Globalisation, even while increasing employment for women, concentrates them in low status, low paying jobs, thus increasing their poverty. And within a poor household, women members are usually worse off than male members, because of 'gender based differences in food consumption and other entitlements (like health care, education etc).

There is hardly any data in Tamilnadu and India explaining how globalisation affects women's employment in rural and urban areas or in formal and informal sectors.

Globalisation often results in a process of 'feminization of labour', and among women, greater marginalisation of older and poorer, unskilled women too.

Export processing zones, free trade zones and factories employ young girls in a big way, since it is cheaper and flexible. Women are also willing to work as casual, subcontracted, temporary or home-based workers.

In a situation of labour laws being waved and any extra welfare benefits denied, globalisation also results in women being displaced by women of a younger age group, usually unmarried. For example, studies among fisher-women engaged in marketing fish have shown how with the arrival of mechanized trawlers, results in the disappearing of traditional marketing operations, while giving rise to a fish processing industry, open young women workers, who are usually not wives and daughters of traditional fishermen!

But in the long run, the general tendency of globalisation towards casualization of labour, under the pretext of making it more flexible, has its most damaging effects on women in general.

*"Globalisation is a gendered process which is re-structuring social relations on a large scale. It intensifies women's work, yet dis-empowers them by segmenting them to casualised, low paid, unskilled and non-unionised work"*

**- Sindhu Menon**

## **Globalisation and other weaker sections**

The points raised above in terms of dalits, tribals and women, hold good equally to other vulnerable sections like unorganized labour, coastal communities and children. We need to concretely and continuously monitor the effect of globalising process in Tamilnadu on these sections.

Large scale closing down of small scale industries all over Tamilnadu, superceded by big companies and multinationals are playing havoc in the lives of labour, organized and unorganized. With no safety network to protect them, labourers are being thrown to the streets literally, as evidenced by constant reports in daily newspapers.

The coastal communities of Tamilnadu have been, as it were, under a siege, over the last decade. Shrimp farms, mega ports, theme parks, petro-chemical industries, East Coast Road, big trawlers... all these and more have made the very survival of traditional coastal communities a question mark.

While theoretical debates regarding positive vs negative effects of globalisation, social development of the weaker sections of Tamilnadu – women, dalits, tribals, children, fisherfolk and labour – has taken a back seat, except for big promises and palliative measures. On the future of these sections of Tamilnadu lies the real social development of Tamilnadu. And public policy needs to be redrawn keeping the interests of these sections at the centre.

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