

INDUSTRIES DEPARTMENT

POLICY NOTE – 2007-2008

INTRODUCTION

Tamil Nadu's economy has witnessed remarkable growth in the past one year. This growth has been especially remarkable in the manufacturing sector. Basic reasons for this exceptional industrial growth are well known. Due to progressive policies of Government of India, the Indian economy has grown rapidly. Business friendly policies and proactive initiatives of the State Government have contributed to economic resurgence of the State.

State Government's focused policy and support are key factors behind setting up of important industries in Tamil Nadu. Owing to setting up of new industries in the past one year, multi faceted development has taken place and in continuation of that, employment opportunities and investment have increased. Services sector, industrial infrastructure like roads, water supply, railways, industrial parks have received special attention of the Government. Special Economic Zones (SEZ) have become key drivers of the State economy.

In the last 12 months, MoUs have been signed by the State Government through Industries Department with 8 industrial houses/multinational companies for setting up of Industrial projects to the tune of Rs.6985 crores. Of these, substantial investments have been made in Electronic and Automobile sectors. Due to investments in these two sectors, Chennai has become a prime investment destination in India. Investment of Rs.4,000 crores by M/s. Mahindra and Mahindra in joint venture with Renault of France and Nissan of Japan in the Automobile Sector is the crown among proposed investments. All these MoU projects are under various stages of rapid implementation.

Transparent procedures of the Government, fast decision-making, ability to remove bottlenecks, single window clearance for implementation of projects have been key factors behind speedy implementation of projects and investor confidence. Various new industrial projects, including those of domestic industrial houses, are at different stages of implementation.

The outcome of the industrialization is to achieve the economic development through employment generation and increase of production. The 8 MoUs which have been signed during the last one year will generate direct employment opportunities for 37,000 persons and indirect employment opportunities for 60,000 persons. Thus, such large employment opportunities are being created in very short time for the first time in Tamil Nadu. As a consequence of the industrialization, demand for skilled manpower has multiplied several fold. The State Government is encountering this challenge in a focused manner and is dutifully engaged in creating large number of employment opportunities for the youth of Tamil Nadu.

The Special Economic Zone policies of the Central and State Governments are key factors in economic development and employment generation. Multinational companies, instead of setting up their industries elsewhere, have set up their industrial projects in the SEZs in India, especially in Tamil Nadu. Multinational Companies like Motorola, Dell, Samsung, Growth-Link, Nokia and Flextronics, have set up their high technology projects in SEZs in Tamil Nadu. Government of India have so far accorded permission for setting up of 46 SEZs in Tamil Nadu. Of these 46, 12 have been accorded in-principle approval, 21 have been accorded formal approval and the remaining 13 have been notified. (Out of the notified 13 SEZs, 3 have already become operational. Apart from these, 5 SEZs which were notified prior to the Central SEZ Act of 2005 are already in operation. Hence, there are totally 8 operational SEZs in Tamil Nadu). Apart from the above 46 SEZs, 21 SEZ applications are under the consideration of the State Government and 28 applications are under the consideration of the Government of India.

The Government is very conscious of the fact that agriculture is the core sector of the State. Hence, acquisition of wet lands for SEZs being promoted by SIPCOT and TIDCO is avoided. On the same lines, the Government is not taking up land acquisition work for SEZs promoted by private companies.

Only through such major service and manufacturing sectors, employment opportunities can be provided to lakhs of unemployed youths. Hence, promotion of manufacturing activities through SEZs is critical. It is important to take up this development process to backward areas of the State. Because of this, dry lands have been identified for setting up of SEZs in backward areas of the State like Perambalur, Hosur and Virudhunagar. By setting up of SEZs in such backward areas of the State, these economically backward areas can achieve speedy economic development. Moreover, additional employment opportunities would be generated by setting up of such SEZs in dry and waste lands.

The investors in the SEZs are interested in development of ancillary industries for component and sub-assemblies manufacturing. These SEZs form the basis for growth of the manufacturing sector.

TAMIL NADU INDUSTRIAL DEVELOPMENT CORPORATION LIMITED (TIDCO)

Tamil Nadu Industrial Development Corporation (TIDCO) was established in 1965 to promote large and medium scale industries in Tamil Nadu to enable Government to play a major role in promoting industries. TIDCO is now focusing its attention on developing Special Economic Zones, IT Parks and other infrastructure projects. Tamil Nadu Road Development Company and Tidel Park are successful initiatives of TIDCO. TIDCO is also focusing its attention on manufacturing, mining, agri processing and other sectors.

In pursuance of Government's goal of dispersing industrial growth to all parts of the State, implementation of TIDCO's joint venture with Jindal Vijay Nagar Steel Limited to undertake mining of low grade iron ore deposits of Thiruvannamalai District is being speeded up. The mining lease applications are being expeditiously processed by the Government.

In the Budget Speech for 2007-08, Government has announced setting up of a cashew processing unit in Panruti at an investment of Rs.17 crores. For implementing this project, TIDCO Board has approved joining hands with Ms. Sattva Agro Expo Private Limited, for implementing the project at a cost of Rs.16.54 crores. Apart from setting up a cashew processing plant, the project would involve setting up of Common Processing and Pack House Nursery, new varieties, Demonstration farm, storage and testing labs and collection centers. The project is expected to be commissioned in a year and will benefit about 3000 cashew farmers.

After completion of the East Coast Road project, the Tamil Nadu Road Development Company (a joint venture of TIDCO) has taken up the implementation of the IT corridor project. This project involves a world class six lane road from Madhya Kailash junction to Siruseri for a distance of 20 Kilometers with an ECR link road of 2.2 Kilometers. Due to vigorous efforts of the Government, work in this project is now being speeded up. This highway will be extended from Siruseri to Mahabalipuram in Phase II.

On completion of first Phase of the 5,40,000 sq.ft., Ascendas IT Park (Chennai) Ltd., a Joint Venture Company between TIDCO and Ascendas of Singapore, work has commenced on the second phase for construction of 7,30,000 sq.ft. of IT space at an estimated cost of about Rs.190 crores. This project is expected to be completed in July 2007. It will provide employment for about 8000 Software professionals. The company has proposed to commence the third phase of the project for providing a space of about 6,00,000 sq.ft at an estimated cost of about Rs.167.50 crores in the current year.

Nagarjuna Oil Corporation Ltd (NOCL), a joint venture of TIDCO & Nagarjuna Group, is establishing a 60 lakhs tonnes per year capacity of petroleum refinery project in Cuddalore District with a total investment of Rs.4790 crores. This will be the single largest joint venture investment ever in the State. The company has now achieved equity closure. A consortium of banks led by Industrial Development Bank of India has sanctioned Term Loans. The project construction is expected to commence in the current year.

For the implementation of the multi product Special Economic Zone (SEZ) near Ennore in Tiruvallur District, in about 3000 acres of lands adjoining the Ennore port, TIDCO has completed the Project Information Memorandum, Topographical & Contour Surveys and Soil Investigations. The comprehensive master plan document for this project has also been completed. Government of India has now agreed for the transfer of 1800 acres of salt lands for this project. The cost of developing this

SEZ has been estimated at Rs.630 crores. This SEZ will include Auto Ancillary, Finished Leather, Electronics, Apparels and Heavy/Light Engineering Goods industries.

Apart from this, two more multi product SEZs are being implemented by TIDCO in Krishnagiri and Perambalur Districts. The Perambalur SEZ was announced in the Budget Speech for 2006-2007. The selection of co-promoter for each of these two projects is now underway through open and competitive bidding process. The land acquisition process for Perambalur SEZ has already been initiated. As regards the SEZ in Krishnagiri, the wet lands which were earlier proposed to be included have now been replaced by dry lands. The proposals in this regard are under consideration in Government.

Government of India had granted "in principle" approval for establishing multi product Special Economic Zone at Nanguneri in Tirunelveli District. The promoters, after taking possession of about 2100 acres, are in the final stages of procuring the balance 410 acres to fulfil the minimum area required for multi-products SEZ. Application has now been submitted to Government of India for Formal Approval to implement this project. The cost of development of this project is estimated at Rs.1025 crores. If the project is implemented, the projected exports and employment generation over a period of ten years is expected to be Rs.9000 crores and 50,000 persons respectively.

The second TIDEL Park announced by the Government in the Budget Speech for 2006-07 is being implemented by TIDCO. The IT complex will be of 25 lakh square feet in 26.39 acres of land at Taramani in Chennai. The project will be developed as a Joint venture project with Private sector participation. The selection of joint venture partner is being done through a transparent tendering process. The estimated cost of the project is Rs.850 crores. This project is expected to provide employment to about 25,000 software professionals. Proposal for this Special Economic Zone has been sent to Government of India for approval.

A MoU was signed between TIDEL Park Limited and ELCOT on 8.9.2006 for implementing Coimbatore IT Park. The Hon'ble Chief Minister of Tamil Nadu has laid the Foundation Stone for Coimbatore IT Park on 24.02. 2007 and announced that the park would be ready by end 2008. Government have now decided that this project would be implemented as a Joint Venture between TIDCO and ELCOT. The project cost would be Rs.300 crores and it will have 10 lakh sq.ft. of built-up space. This IT park would provide direct employment for 10,000 IT professionals and 2,000 people would get indirect employment .

STATE INDUSTRIES PROMOTION CORPORATION OF TAMIL NADU LIMITED (SIPCOT)

The State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) was formed in the year 1971, to promote industrial growth in the State and to advance term loans to medium and large industries. Consequent on the transfer of term lending operation of SIPCOT to Tamil Nadu Industrial Investment Corporation in the year 2000, SIPCOT is pursuing its objectives for promotion of industrial parks and other infrastructure projects. The goal is to facilitate the establishment of balanced growth and dispersal of industries in the State.

Thus SIPCOT is now primarily focusing on (a) Development of industrial complexes/parks/growth centers with basic infrastructure facilities (b) Establishing sector-specific Special Economic Zones (SEZs); (c) Implementation of Special infrastructure Projects; and (d) Follow-up, monitoring and recovery of term loans given prior to the year 2000.

SIPCOT has formed Industrial Complexes at Ranipet, Hosur, Manamadurai, Pudukkottai, Cuddalore, Gummidipoondi, Thoothukudi, Bargur, Nilakottai, Cheyyar; Industrial Parks at Irungattukottai, Sriperumpudur and Siruseri and Industrial Growth Centres at Perundurai, Oragadam and Gangaikondan. Since its inception, SIPCOT has acquired a total area of 23909 acres of land, of which the total allotable area is 19018 acres. SIPCOT has so far allotted 11460 acres to 1530 units.

Promotion of Special Economic Zones

Keeping in tune with the changing industrial scenario, SIPCOT has been very active in promoting sector-specific Special Economic Zones in the State, besides allotting land to reputed manufacturers to set up their own SEZs and SEZ units. SIPCOT is establishing its first sector-specific Hi-tech Special Economic Zone in Sriperumpudur over an area of 468.74 acres. SIPCOT has allotted a total area of 351.85 acres to global Companies like Dell Computers, Samsung Electronics, Motorola, Foxconn, TAPP Semiconductors Limited to set up their manufacturing facility here.

SIPCOT is also establishing a Footwear SEZ at Irungattukottai over 153.65 acres and it is nearing completion. SIPCOT is taking action to set up an Automotive SEZ in Cheyyar over an extent of 260 acres.

M/s. Feng Tay Group of Companies of Taiwan through its Indian subsidiary company, namely, Cheyyar SEZ Developers Private Limited is setting up a Footwear SEZ at Cheyyar Industrial Complex for which SIPCOT has allotted 275 acres. The project will provide employment to about 5000 persons, of which nearly 70% will be women. Most of the employment will be for the local people.

Projects in other areas

SIPCOT has allotted an extent of 118.66 acres of land in Sriperumpudur Industrial Park (Phase-II) to Caparo Engineering India Private Limited for setting up their auto components manufacturing facility. Additional land is now being allotted to Caparo Vehicle Products India Private Limited of Caparo Group for setting up their second facility at Oragadam Growth Centre. SIPCOT has allotted 135 acres of land at Oragadam Growth Centre to M/s. Apollo Tyres Limited for setting up their factory for manufacturing Radial Tyres.

Implementation of Special Schemes

The Ministry of Heavy Industry, Government of India is setting up a Global Automotive Testing and Research Centre at Oragadam Industrial Park of SIPCOT at an estimated cost of Rs.470 crores. SIPCOT has allotted 304 acres of land to this prestigious project. The foundation stone for this project was laid by the Hon'ble Prime Minister of India in November 2006.

SIPCOT is taking steps to create Industrial Corridors of Excellence with infrastructure of world class standards, to enable the formation of Industrial Parks, Special Economic Zone, Information Technology Parks and Integrated townships.

Proposals for 2007-2008

- Owing to heavy demand for land from Overseas Investors and Indian Entrepreneurs, SIPCOT has taken up expansion of Irungattukottai Industrial Park over an extent of 1122.27 acres and expansion of Oragadam Growth Centre in an extent of 977.81 acres. The land acquisition is in progress.
- SIPCOT has plans to acquire additional 4000 acres to create a land bank.
- SIPCOT has identified about 900 acres near Madurai Airport for establishing an Industrial Park.

TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED (TIIC)

Tamil Nadu Industrial Investment Corporation Limited (TIIC) is the premier State level Financial Institution in the State. The Company was formed in the year 1949 under Indian Companies Act for providing financial assistance by way of term loans for purchase of land, plant and machinery and construction of buildings for setting up of new industrial units as well as for expansion, modernisation and diversification of existing units anywhere in Tamil Nadu.

Schemes operated by TIIC

TIIC operates schemes such as National Equity fund, Self Employment for Ex-servicemen, Mahila Udhaya Nidhi for Women Entrepreneurs etc. Apart from these, Technology Upgradation Fund (TUF) is operated by TIIC with the objective of modernization of textile units. Salient features of some important schemes operated by TIIC are detailed below:

National Equity Fund (NEF) Scheme

This scheme mainly aims to provide equity support to small entrepreneurs, particularly first generation entrepreneurs, to establish new projects and to expand existing projects. SSI units whose project cost does not exceed Rs.50 lakhs can avail of assistance under this scheme. During 2006–2007, TIIC has provided assistance to 344 units amounting to about Rs.72 crores under this scheme.

Technology Upgradation Fund (TUF) Scheme for Textile Industry

This scheme provides encouragement to Textile Industries for upgradation of technology and modernization of production facilities. Under this scheme, loan is extended by TIIC for purchase of equipments and machinery approved by Government of India. For modernization of power loom industry in SSI category, CLCSS-TUF Scheme offers 20% capital subsidy subject to a ceiling of Rs.20 lakhs or 5% interest subsidy, whichever is beneficial (as against 12% in the past). In 2006–2007, TIIC provided assistance to 33 units to the tune of about Rs.40 crores under this scheme.

Small and Medium Enterprises Fund (SME Fund)

This fund has been created by Small Industries Development Bank of India (SIDBI) for encouraging growth of Small and Medium Enterprises (SME) sector in our country. Under this scheme, TIIC sanctions loans at reduced rate of interest of 12% p.a. for Industries, including modernization and technology upgradation. 775 cases have availed benefit under this scheme during the last year.

Wind Mill Scheme

Wind Mills in Tamil Nadu produce around 3000 MW of Power. TIIC has acquired expertise in funding this sector. To suit needs of different clients, TIIC is operating two schemes viz., General Term Loan Scheme, where upto 75% of the project cost is funded and Equipment Finance Scheme where upto 85% of the cost of equipment and allied expenses are funded for wind power projects. TIIC has a special lending rate of 12.5% p.a. for wind energy projects for captive consumption or sale to TNEB. During 2006–2007, TIIC provided assistance to 7 units amounting to about Rs.8 crores under this scheme.

Subsidy schemes operated by TIIC

TIIC is operating various subsidy schemes of the Govt. of India and Govt. of Tamil Nadu for benefit of entrepreneurs. Main objective of this scheme is to reduce their financial burden in setting up of industries or expansion and modernization of existing units in the State.

Credit Linked Capital Subsidy Scheme (CLCSS)

TIIC is one of the operating agencies for CLCS scheme for technology upgradation of small scale industrial units covering 45 sectors, wherein 15% of the machinery cost is provided as capital subsidy, subject to a maximum of Rs.15 lakhs.

Government of Tamil Nadu has extended back-ended interest subsidy assistance for (a) term loans obtained for technology upgradation/ modernisation, (b) term loans obtained under National Equity Fund Scheme, and (c) term loans obtained for ISO certification and Research & Development. Under this scheme, a maximum of 3% reduction in interest rate is given as back-ended interest subsidy.

Measures for improvement:

The Corporation has simplified its draft legal documents to help borrowers availing of financial assistance.

The Corporation has introduced a simplified application form for all loans and advances for benefit of prospective entrepreneurs.

Performance for the year 2006-07 and projection for 2007-08

In 2006-07, the sanction, disbursement and recovery of loans were Rs.467 crores, Rs.320 crores and Rs.367 crores respectively. For the current year, the Corporation has projected a sanction of Rs.650 crore, disbursement of Rs.350 crore and collection of Rs.318 crore. One Time Settlement Scheme for non-performing units will be extended for 2007-08 also. TIIC has obtained I.S.O. 9001 : 2000 certificate for establishment of quality Management systems in the Corporation.

TAMIL NADU NEWSPRINT AND PAPERS LIMITED (TNPL)

Tamil Nadu Newsprint and Papers Limited (TNPL) was promoted by the Government of Tamil Nadu in 1979 under the Companies Act, 1956. The objective of the company is to produce newsprint and printing and writer paper using bagasse, as the primary raw material with the aim of protecting the forest cover. The Plant was established with an initial capacity of 50,000 MT of Newsprint and 40,000 MT. of

printing and writing paper at a cost of Rs.239 crore and it started commercial production in 1985.

After expansion of capacity (1996) and upgradation of paper machines, (2003) the total production capacity of TNPL now is 2,30,000 MT. TNPL is the largest paper mill in India in a single location. In terms of production capacity of printing and writing paper, it ranks second in the country. Action has been taken for increasing the production to 2,45,000 MT per annum. The achievement in production is expected by July this year.

During 2006-2007 TNPL produced 2,31,161 MTs. of newsprint and printing and writing paper and achieved a capacity utilization of 100.5%. As compared to the last year, the Company has produced 44,407 MTs of copier paper and achieved a growth of 18% over the previous year. The expected profit before tax is Rs.125 crore.

TNPL has cumulatively exported 2,91,587 MT of printing and writing paper upto 31.3.2007 and earned a foreign exchange of Rs.893 crore. This includes export of 52712 MT of paper valued at Rs.182 crore made during 2006-2007. TNPL is confident of improving the export sales during 2007-2008.

In pursuance to the announcement made by the Hon'ble Chief Minister on the floor of the Assembly on 23.8.2006, TNPL has installed 6 Nos. of Wind electricity power generators with a capacity of 1.25 MW each during 2006-07 in Tirunelveli District at a cost of Rs.40 crore. All the six Wind Mills are generating power since 29.3.2007. The capacity of Wind Electricity Generators has been increased from 28 MW to 35.5 MW till March 2007. The company has produced 1509.63 lakhs units of surplus power valued at Rs.41.04 crores from the Turbo generators and wind farm and distributed this power to the Tamil Nadu Electricity Board.

For improving the environmental standards, TNPL has installed a bio/methanation plant to utilise the methane gas. Consequently the emission of methane gas from the bagasse wash water into the atmosphere causing air pollution is avoided. Further, in the year 2006-2007, TNPL produced 51.62 lakh cubic metre of methane gas, saving the usage of 3097 kilo litre of furnace oil valued at Rs.6.44 crore. The CII (Confederation of Indian Industries) has recognized this innovative project and bestowed on TNPL an award for Excellence in Energy Management.

During 2006-07, the company raised pulp wood plantation in 10,013 acres through Farm Forestry and Captive Plantation Programmes to meet its raw material requirement.

TNPL has provided direct employment to 1735 persons and indirect employment to nearly 5000 persons.

TAMIL NADU CEMENTS CORPORATION LIMITED (TANCEM)

Tamil Nadu Cements Corporation Limited (TANCEM) was formed in 1976 as a fully owned subsidiary company of Tamil Nadu Industrial Development Corporation Limited (TIDCO) by taking over the Cement Plant at Alangulam from TIDCO. TANCEM subsequently established a Cement Plant at Ariyalur in 1979, an Asbestos Cement Sheet Plant at Alangulam in 1981 and an Asbestos Cement Pipe Plant at Mayanur in 1984. It has also taken over the defunct Stoneware Pipe Unit from Tamil Nadu Ceramics Limited in 1989. Thus TANCEM has become a multi-product and multi-locational organization. TANCEM has become a fully owned Government Company in 1994. TANCEM has been supplying a major portion of its production to the Government departments and Government agencies.

The Alangulam Cement Works has two kilns, of which one is being operated now. Owing to limited availability of clinker and outdated wet process technology, the unit could achieve only 50.03% capacity utilization in 2006-07. Though renovation of machinery is being done in few areas to restrict losses, the permanent solution lies in modernization of plant by converting the existing wet process technology into dry process.

The Ariyalur Cement Works has achieved 106.62% capacity utilization and recorded a net profit of Rs.12.94 crore in 2006-2007 as against 3.93 crore in the previous year.

TANCEM has undertaken renovation/ replacement of pollution control systems at a cost of Rs.2 crore to satisfy the pollution control norms. TANCEM is considering a proposal to enhance the capacity of the Ariyalur Unit. TANCEM's gross sales turnover of Cement during 2006-07 was Rs.238 crore.

The Asbestos Sheet Unit has achieved 94.50% capacity utilization in 2006-07. The Gross sales turnover in 2006-07 was Rs.18.32 crores.

The Asbestos Pipe Unit at Mayanur is not functional now. TANCEM had introduced a Voluntary Retirement Scheme to the employees with the permission of the Government. A small section of the employees have challenged the closure of the plant in the High Court of Madras.

In the year 2006-07, TANCEM has earned a net profit of Rs.4.85 crores. However, the accumulated losses as on 31.3.07 is Rs.62.73 crores.

TAMIL NADU MINERALS LIMITED (TAMIN)

Tamil Nadu Minerals Limited (TAMIN), an undertaking of the Government of Tamil Nadu, was established in April, 1978. It is consistently exploiting and marketing large deposits of black, white, paradiso and other colour granites and

major minerals like Graphite, Quartz, Feldspar, Limestone, Silica Sand and Vermiculite. Main objective of TAMIN is scientific exploitation of workable resources of mineral deposits available in Tamil Nadu in a commercial manner. TAMIN provides employment opportunities to the rural people.

Sales Turnover

TAMIN has achieved a sales turnover of Rs.102 crores during the year 2006–2007 (unaudited). Sales turnover of Rs.125 crores is anticipated for the year 2007–2008.

Industrial Units of TAMIN

TAMIN has established 6 industrial units as follows:-

1	TAMIN Granites at Manali, Chennai	:	For production of granite building slabs, wall panels, monuments etc.
2	TAMIN Granites Tile Plant, Madhepalli, near Krishnagiri	:	For production of granite tiles for Exports sales
3	Granite Tiles Unit, Soolamalai, near Krishnagiri	:	For production of granite tiles for Local sales
4	Graphite Beneficiation Plant, Sivaganga	:	For production of graphite flakes
5	Indian Standard Sand Unit, Ennore	:	For processing silica sand to ISI specification for using in concrete testing
6	Vermiculite Exfoliation Unit, Ambattur, Chennai	:	For production of Exfoliated Vermiculite

Central Workshop at Salem

TAMIN took over Tamil Nadu Agro Industries workshop at Salem and converted it as a full fledged Central Workshop for repairing TAMIN's earth moving machineries and vehicles by TAMIN engineers, diploma holders and workers from other divisions of TAMIN.

The Central Workshop has become a Government approved workshop with all facilities like washing, repairing, painting etc., of machineries and vehicles of TAMIN.

Vocational Training Centre

TAMIN has established a Vocational Training Centre at Trichy for imparting training to the Officers, Staff and mining workers of TAMIN by the faculty members of reputed organizations.

TAMIN Show Room

TAMIN has set up a showroom at Vadapalani, Chennai to promote local sales of the granite products like granite slabs and granite tiles produced in TAMIN Granites factories.

Plan of action proposed

(i) Operating of Quarries

TAMIN is operating 39 black quarries and 38 Colour granite quarries in the year 2006-2007. TAMIN has proposed to operate 82 granite quarries in the year 2007 – 2008.

ii) TAMIN Granites, Manali

TAMIN has proposed to revamp its existing granite cutting and polishing factory TAMIN Granites, Manali with modern gangsaws and other machineries so as to enhance the production capacity of this unit.

iii) Coal mining in other States

Under the Government of India's coal dispensation scheme, TAMIN has submitted its application for allocation of coal blocks at Talcher, Orissa.

TAMIL NADU MAGNESITE LIMITED (TANMAG)

Tamil Nadu Magnesite Limited (TANMAG), was incorporated in January, 1979 as a Public Sector undertaking to extract Magnesite from the Mines situated in Kurumbapatti Reserve Forest Area. The company processes the mineral excavated from the Mines and produces Dead Burnt Magnesite (DBM) at the Rotary Kiln Plant and the Lightly Calcined Magnesite (LCM) at the Shaft Kiln Plant. The Mining lease granted to the company is expiring in August, 2008. The company has already initiated steps for renewal of the mining lease by complying with the provisions laid down under Forest Conservation Act.

The performance of the company for the year 2006-2007 as compared with the Budget Estimate are as follows:-

	Production		Sales	
	(Quantity in Metric Tonnes)			
	Target	Achieved	Target	Achieved
Raw Magnesite	85,000	99,248	85,000	97,470
Dead Burnt Magnesite	31,000	33,859	31,000	36,621
Lightly Calcined Magnesite	12,000	14,729	12,000	14,216

The production and sales targets for the year 2007-2008 are as follows

	Production	Sales
	(Metric Tonnes)	
Raw Magnesite	1,10,000	1,10,000
Dead Burnt Magnesite	35,000	35,000
Lightly Calcined Magnesite	14,000	14,000

Due to the revival of the Steel Industry, the demand for DBM has increased in the last three years and the production has exceeded the installed capacity (30,000 tonnes) of the Rotary Kiln Plant. Further, the demand for LCM has also increased; the company has been exporting Lightly Calcined Magnesite to various countries like Netherlands, Ethiopia, Germany, Bangladesh and Sudan.

During 2006-2007 TANMAG has made a profit of Rs.262.30 lakhs. For 2007-08 also, the profitability is expected to be at the same level.

TAMIL NADU INDUSTRIAL EXPLOSIVES LIMITED (TEL)

Tamil Nadu Industrial Explosives Limited (TEL) was established in 1983. Its factory is situated in Katpadi, Vellore District. It started its commercial production in 1986.

Due to the ban on Nitroglycerine explosives from 1.4.2004, the performance of the company was adversely affected and incurred losses in the last three years.

In order to improve the performance, TEL has implemented a project in the current year 2006-07 for manufacture of Monomethyl Amine Nitrate (MMAN) based explosives at a cost of Rs.88.00 lakhs. TEL has also initiated action to implement another project for manufacture of 2 EHN, a chemical at a cost of Rs.95.00 lakhs. Commercial production of 2 EHN project is expected to commence in June 2007.

TEL has also entered into agreement with MAXAM Corporation, (formerly known as UEE), Spain, a well known explosives manufacturing company, for marketing TEL's products through a marketing Joint Venture Company. These initiatives are expected to help TEL in coming out of the present difficult situation being faced because of the ban on NG explosives.

For maintaining Quality, Health, Safety and Pollution free environment, TEL has obtained ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 certifications.

SOUTHERN STRUCTURALS LIMITED (SSL)

Southern Structurals Limited (SSL) was formed in the private sector in the year 1956 for manufacturing Railway wagons, Mining equipment and Steel structures. When the factory was closed in 1969-1970, the Government took over the management in 1971 to safeguard the interest of the employees. SSL had been operating on continuous losses since 1988-89. As the net worth of the company became negative, it was referred to the Board for Industrial and Financial Reconstruction (BIFR) in 1992. BIFR sanctioned a rehabilitation scheme in January 1998. However, due to stiff competition in the market, recession, and certain other reasons, consequent to the failure of the rehabilitation scheme, BIFR entrusted the responsibility to SBI to change the management. No viable offers were received for the change of management. In the meantime, the bankers took possession of the company's assets under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI Act 2002) and informed the same to BIFR. Hence, the BIFR abated the case in its meeting held on 17.11.2005.

All the 737 employees were relieved under VRS introduced by the Government. 12 employees who did not opt for VRS were retrenched. Only 5 employees are re-engaged to carry out the residuary works.

TAMIL NADU SALT CORPORATION LTD (TANSALT)

Government of Tamil Nadu set up Tamil Nadu Salt Corporation Limited (TNSC Ltd.) in the year 1974 under the Companies Act. This company undertakes the production of salt and salt based bye-products. It manufactures Industrial Grade Salt and other Fortified Salts, viz., Iodised "Arasu" salt and Double Fortified Salt at its Mariyur Valinokkam Salt Complex, Ramanathapuram District.

Tamil Nadu Salt Corporation continues to supply Iodised salt to Noon Meal Centres through Public Distribution system in Tamil Nadu. Further, the Corporation has expanded marketing activities for its iodised salt in Karnataka and Andhra

Pradesh. By its marketing efforts, the Corporation has been able to contribute to the elimination of iodine deficiency disorders among the common people in the Southern States.

TNSC is also presently manufacturing Double Fortified Salt (DFS) i.e. salt with iron and iodine based on the technology given by Micronutrient Initiative (MI), Canada. DFS is being supplied in seven Goitre-prone districts and also to some noon meal scheme centers. TNSC has been supplying DFS for the Mid-day Meal Scheme in Union Territory of Puducherry from July 2006. TNSC has also started supplying DFS to Mid-Day meal centers and hotels / institutions run by Government of Andhra Pradesh through their Fair Price Shops from December 2006. Soon, TNSC will be supplying DFS to the Government of Karnataka for their Mid-day Meal Programme through Karnataka Food and Civil Supplies Corporation Limited, soon.

TNSC has already taken steps to manufacture Bromine from its surplus salt bittern through Public – Private participation at a cost of about Rs.2 crores at its Valinokkam Salt Works. The project has created employment for 50 persons in this backward area, besides giving additional income to the Tamil Nadu Salt Corporation.

Under “Namak Mazdoor Awaz Yojana Scheme” (NMAY) of Government of India, construction of 250 dwelling units for salt labourers at Valinokkam have been taken up by the Tamil Nadu Salt Corporation.

TAMIL NADU INDUSTRIAL GUIDANCE AND EXPORT PROMOTION BUREAU (GUIDANCE BUREAU)

Tamil Nadu Industrial Guidance and Export Promotion Bureau (shortly called as “Guidance Bureau”) was constituted under “Societies Act” to give certain financial autonomy to enable to organization to embark on Investment Promotion activities. At the time of inception in 1990-91, Government ordered that Guidance will be funded by a corpus fund of Rs.25 lakhs created by an annual contribution of Rs.5 lakhs each by five organizations namely, TIDCO, SIPCOT, TIIC, ELCOT and SIDCO. With this budgetary support, Guidance Bureau undertakes following functions :

Functions of Guidance Bureau

- To attract industrial projects and promote investments in Tamil Nadu.
- To function as Single Window Facilitation and Documentation Centre for major investment proposals.
- Provide comprehensive information support to investors about federal and State Government policies, infrastructure support, taxation, investment opportunities, etc.
- To function as Tamil Nadu NRI Consortium cell to facilitate NRI investments in the State.

- To monitor implementation of Foreign Investment proposals approved by Government of India.
- Make Power Point presentations to investors' delegations, conferences, Joint Business Councils, etc. about competitive advantages and investment opportunities in Tamil Nadu.
- Convene review meetings to follow up implementation major investment proposals and facilitate & escort projects during implementation phase by undertaking trouble shooting.

During the year 2006-07, Guidance Bureau handled 19 major investment proposals with a total investment of Rs.9189.59 crores. Guidance took considerable efforts to attract these investment proposals.

Guidance Bureau provides single window clearances as a fee-based service. It currently charges for each project is as follows :-

i)	Projects with investment less than Rs.100 crores	Rs.3,00,000
ii)	Projects with investment between Rs.100-300 crores	Rs.5,00,000
iii)	Projects with investment above Rs.300 crores	Rs.7,00,000

Guidance Bureau has generated revenue of Rs.98,21,500 as single window service charges in 2006-2007.

DEPARTMENT OF GEOLOGY AND MINING

Minerals constitute the back bone of a Nation's economy. It is necessary to exploit them scientifically and judiciously. The Geology wing which was functioned as a part of Department of Industries and Commerce was mainly engaged in carrying out mineral exploration. In order to bring the entire mineral administration under a single authority, the Department of Geology and Mining was formed as a separate department during the year 1983. The primary functions of the Department are as follows:

- I. (a) Mineral Exploration and Evaluation of various Mineral Deposits in the State.
- (b) Carrying out Geo-Technical Studies in the Hilly Terrains of Nilgiris and Kodaikanal Hill Ranges.
- II (a) Mineral Administration
- (b) Augmenting Mineral Revenue to the State Exchequer

III Promotional activity

I. (a) Mineral Exploration and Evaluation of various Mineral Deposits in the State.

The Government authorized the Department to undertake reappraisal of limestone deposits in Southern and Western Districts of Tamil Nadu. Initially the investigation work has been carried out in Sathankulam Taluk of Thoothukkudi District and found that the CaO content in these areas ranges from 32% to 45% and a reserve of 85,92,000MT of Kankary limestone is inferred in the area.

In the second stage, comprehensive investigation work in Parapadi and Illankulam villages of Nanguneri Taluk in Tirunelveli District has been taking in the year 2006-2007. The chemical reports reveal that the CaO content of Limestone is ranging from 10.81% to 52.15%. The work is being continued.

(b) Carrying out Geo-Technical Studies in the Hilly Terrains of Nilgiris and Kodaikanal Hill Ranges.

The Geo-Technical Cell prepares geo-technical reports and gives suggestions gives on the feasibility for construction activity in the hilly areas. The Geo-Technical Cell carry out the area surveying and helps the planners in selecting the area for developmental activities. It identified the areas prone to land slides and helps to safeguard lives of people and property in hilly areas.

The Geo-Technical cell examines the suitability of the sites from landslide point of view for various purposes, such as Construction of Buildings, Check Dams, Industries and developing mining works. During 2006-2007, this cell 916 and 15 sites in Nilgiris and Kodaikanal areas respectively.

II. (a) Mineral Administration

The District Offices are functioning in the incharge of Deputy Director or Assistant Director under the control of the respective District Collector and the overall control of the Commissioner / Director of Geology and Mining.

The mineral administration activities includes (a) Mineral concession for Granting Mining lease for both Major and Minor Minerals in accordance with the relevant provisions of the Act and Rules; (b) regulation of mining operations and ensure conservation and development of Minerals; (c) Collection of Royalty / Seigniorage Fee; and (d) Prevention of illicit quarrying and transportation of Minerals. The Commissioner and Director of Geology and Mining is vested with the powers for grant of mineral concession in respect of major minerals occurring in patta lands. In respect of Government Lands, the State

Government is vested with the powers for the grant of mineral concessions. In respect of Granites the powers for Grant of Quarry Lease is vested with the Government irrespective of the classification of lands. The District Collectors are empowered to grant leases for common use minor minerals in both the patta and poramboke lands.

The Commissioner of Geology and Mining is the Appellate Authority for disposing of appeals preferred against the orders of the District Collectors in respect of all minor minerals. The Government have vested the powers to the Commissioner of Geology and Mining for according approval of mining plan in respect of granite. Similarly in respect of 29 notified major minerals, the officers in the rank of the Additional Director/Joint Director of the Department of Geology and Mining have been empowered to accord approval of Mining Plan.

(b) Augmenting Mineral Revenue to the State Exchequer

The revenue receipt collected by this department during the year 2006-2007 is Rs.469.01 Crores (March Revenue unreconciled). This stupendous growth from Rs.2.83 Crores in the year 1983-84 is because of the effective mineral administration of the department.

III Promotional Activity

The department has participated in the Third International Stone Monument Fair at Chennai in January 2007 which was inaugurated by the Honorable Chief Minister on 03.01.2007. It was an ideal platform to show case the Granite potentiality of our State. The Department has exhibited various types of Granites available in Tamil Nadu and distributed Brouchers to Visitors.

SUGAR INDUSTRY

Sugar Industry in Tamil Nadu is an important agro based industry. The Sugar Industry has lot of impact on the rural economy. It provides large scale direct and indirect employment to several lakhs of farmers, agricultural labourers and other people in the rural areas who are engaged in the cultivation of cane, harvesting, transport and other services.

There are 38 sugar mills in Tamil Nadu. Out of these, 16 are in Co-operative Sector and 19 in the Private Sector. Apart from these, the Tamil Nadu Sugar Corporation Ltd., a Public Sector Company set up in 1974 under the Companies Act is operating 3 Public Sector Sugar Mills, namely Arignar Anna Sugar Mills, Perambalur Sugar Mills and Madura Sugars. However, at present 35 mills out of the total of 38 are functional. Of the 16 Co-operative Sugar Mills, the Madurantakam Co-operative Sugar Mills has stopped its crushing from 2001-02 season and implemented Voluntary Retirement Scheme for its employees. Madura Sugars in the

Public Sector is not working from the 2002-03 season and Arunachalam Sugar Mills in Private Sector is not working from 2003-04 season. Due to the suspension of crushing in the above 3 mills, the crushing capacity in the State has come down from 1,14,050 to 1,07,800 Tonnes per day.

During 2006-07 crushing season, all the 35 operating mills have programmed to crush about 269.75 lakh tonnes of cane as against 231.46 lakh tonnes crushed in 2005-06 and to produce 25.75 lakh tonnes of sugar with an average recovery of 9.55% as against 21.38 lakh tonnes sugar produced in 2005-06 with an average recovery of 9.24%.

Co-operative& Public Sector Sugar Mills

In 2005-06 season, the cane crushed was 62.68 lakh tonnes with an output of 5.87 lakh tonnes of sugar.

For the 2006-07 crushing season, of the 19 Co-operative/ Public Sector Sugar Mills, only 17 sugar mills could take up crushing. Madurantakam Co-operative Sugar Mills and Madura Sugar Mills could not go for crushing. As on 31.3.2007, these mills have crushed 46.70 lakh tonnes of cane and produced 4.54 lakh tonnes of sugar with an average recovery of 9.73%.

Bagasse

The sugar mills use bagasse, a bye product as fuel to generate steam to run the mills. Surplus bagasse is being sold to Tamil Nadu News Print and Papers Ltd. and others through tender.

Co-generation

In the Co-operative Sector, M.R. Krishnamurthi Co-operative Sugar Mills (Sethiathope), Cheyyar Co-operative Sugar Mills (Anakavoor) and Subramania Siva Co-operative Sugar Mills (Harur) have co-generation facilities. The total capacity of these 3 co-generation units is 20 MW. The power generated by them is utilized in the sugar factories. Besides they also export surplus power to the Tamil Nadu Electricity Board grid. In the Private Sector, co-generation scheme has been implemented in 15 sugar mills and the total power production is 297.10 MW and surplus power is exported to Tamil Nadu Electricity Board grid.

Further, as per the announcement already made by the Hon'ble Chief Minister in 2006-07, the State Level Advisory Committee has cleared the establishment of cogeneration plant with a capacity of 6 MW in Kallakurichi-II Co-operative Sugar Mills. This project is now in tendering stage.

Molasses

Co-operative and Public Sector Sugar Mills in Tamil Nadu produced 2.71 lakh tonnes of molasses during 2005-06 season. For the 2006-07 season, the production of molasses in these mills is expected to be around 3.65 lakh tonnes. The molasses production up to 31.3.2007 during 2006-07 season is 1.94 lakh tonnes. The total molasses production upto 31.3.2007 by all the Sugar Mills in Tamil Nadu during the 2006-2007 season is 12.13 lakh metric tonnes.

Distilleries:

In Tamil Nadu, 10 sugar mills are having distilleries attached to the mills. Of the 10 distilleries, 2 Distilleries in the Co-operative sugar mills viz. Salem and Amaravathi Co-operative Sugar Mills produced 83.13 lakh litres of Alcohol during 2005-2006 and 221.49 lakh litres Alcohol upto 31.3.2007 in the 2006-2007 crushing season.

Ethanol:

In Tamil Nadu, the total Ethanol production capacity is 640 lakh litres per annum. 3 Ethanol plants are being established at Salem and Amaravathy Co-operative Sugar Mills and M/s. E.I.D. Parry (I) Ltd, Nellikuppam. After commissioning of these three Ethanol plants, the total annual ethanol production capacity in our State would be 910 lakh litres. The Ethanol required for supply of 10% Ethanol blended gasohol in our State is 1250 lakh litres.

KALAINAR M. KARUNANIDHI
CHIEF MINISTER