

2.13. Industries

Industries- Medium & Large

2.13.1. The Industrial Policy of the State is focused on stimulating industrial development and attracting FDI. It is aimed at consolidation of the existing industrial base, facilitating new manufacturing capacity and is designed to meet challenges of globalisation and demand for new areas of development. Though Tamil Nadu in general, and Chennai in particular have enjoyed special positions in the manufacturing sector owing to natural and historical advantages like ports, international airport, skilled and affordable manpower, institutional and manufacturing base, etc., the State Government is aggressively planning to position Tamil Nadu, as competition between States to attract FDI intensifies, as a manufacturing and outsourcing hub for South Asia. Consultation and partnership with industry, strengthening of infrastructure and public sector, labour and fiscal reforms, rationalization and simplification of investment procedures are some of the key strategies. The State Government plans to facilitate new manufacturing capacity additions in the face of booming Indian economy, besides encouraging Foreign Direct Investment into manufacturing and infrastructure. The State has launched an initiative to engender private public partnerships (PPP) by creating a positive business and regulatory environment, enabling flow of substantial domestic and foreign capital for infrastructure building, especially in Special Economic Zones, industrial townships, satellite towns, etc.

2.13.2. In the Budget speech for the year 2006-07, it has been announced that a new Industrial Policy will be announced in the current year, apart from setting up an Industrial Task Force under the Chairmanship of the Hon'ble Chief Minister. The Task Force will not only focus on new initiatives but also address the problems of the existing industries. A High Level Committee has been formed to identify infrastructure projects and to pursue implementation with the goal of transforming Chennai and its surroundings into a World class investment destination. The other parts of the State will also receive equal attention. Industrial hubs and IT Parks will be set up in

Tier II cities. The growth potential of the various regions will be fully harnessed. For instance, the petroleum and natural gas resources in the eastern part of the State consisting of the erstwhile Thanjavur and its nearby districts offer great opportunities. Efforts will be made to tap these resources for meeting the energy requirements of the State and to set up gas based industries. Similarly, industrial development will be speeded up by utilising the lignite resources in districts like Cuddalore and Perambalur through new investments. The strengths of the farm sector, especially in areas like fruits and vegetables, can form the base for promotion of agro-base industries.

2.13.3. The State-owned Corporations have been entrusted with the task of developing infrastructure and providing institutional, financial escort support to boost industrial growth of the State. The activities of the major Corporations are given below.

Tamil Nadu Industrial Development Corporation (TIDCO)

2.13.4. Tamil Nadu Industrial Development Corporation (TIDCO) was established as a Government of Tamil Nadu Enterprise in 1965 to promote large and medium scale industries in Tamil Nadu. The method adopted by TIDCO is to set up new joint venture projects in the manufacturing sector in association with co-promoters from the private sector. As on 31.3.2006, there were 14 joint sector, 24 associate sector, 2 escort sector projects under production with a total TIDCO's investment of Rs.190.86 crore. With the liberalization of industrial licensing and controls, TIDCO's focus has now shifted more towards promoting infrastructure projects. TIDCO identifies investments opportunities in the infrastructure sector and takes steps to implement such projects. The TIDEL Park in Chennai and the East Coast Road from Chennai to Pondicherry are examples of this approach of TIDCO. TIDCO has also supported ventures through venture capital funds set up in association with other financial institutions. Some of the important projects of TIDCO are given below.

Tamilnadu Trade Promotion Organisation

2.13.5. A World Class state-of-the-art multi-purpose conference hall cum Convention Centre at the Chennai Trade Centre has been set up by TNTPO, joint venture of TIDCO and India Trade Promotion Organisation.

Tamil Nadu Road Development Company Limited (TNRDC)

2.13.6. TIDCO has set up the Tamil Nadu Road Development Company Limited (TNRDC) in 1998, as a joint venture with the IL & FS to promote roads based on collection of user charges. After successful completion of the ECR, TNRDC has formed a subsidiary company namely IT Expressway Limited (ITEL) to implement the IT Corridor Project from Madya kailash in Chennai to Siruseri covering a distance of 20 Kms. and the ECR link road of 2.2 Kms. The estimated cost of this project is Rs. 149 crore (excluding land cost), which includes Tamilnadu Government grant of Rs. 21.5 crore and ASIDE grant of Rs. 12.5 crore. The work on this project is in progress.

Nagarjuna Oil Corporation Ltd.

2.13.7. To augment the oil refining capacity of the State, Nagarjuna Oil Corporation Ltd (NOCL), a joint venture of TIDCO and Nagarjuna Group was set up. The company is constructing a 60 lakh tonnes per year capacity of petroleum refinery project in Cuddalore district with a total investment of Rs. 4790 crore. It is expected to be commissioned in 2008.

Tamilnadu Industrial Park (Rubber) Ltd.

2.13.8. Tamilnadu Industrial Park (Rubber) Ltd. a joint venture of TIDCO is implementing a product specific industrial zone for Rubber goods manufacturing units in Kanyakumari District and offer comprehensive facilities for attracting modern rubber processing industries and a testing and certification facility. This project has been approved as a product specific Special Economic Zone by Government of India.

Winery Project

2.13.9. For establishing a Winery cum Grape spirit unit in Cumbum valley and Nilakottai areas of Theni and Dindigul districts, the draft rules/

regulatory framework for Winery industry are under preparation by the concerned Department of the Government.

Ascendas IT Park –Phase II

2.13.10. On completion of First Phase for 5,40,000 sq. ft, Ascendas IT Park (Chennai) Limited, a Joint Venture Company between TIDCO and Ascendas, Singapore has commenced work for second phase for construction of building for 7,30,000 sq.ft at an estimated cost of Rs. 190 crore. This project is expected to be completed in 2007 and provide employment for about 8,000 persons.

Tamil Nadu Iron Ore Mining Corporation Limited (TIMCO)

2.13.11. A new escort sector company, viz., Tamil Nadu Iron Ore Mining Corporation Limited (TIMCO) has been formed for mining the low grade iron ore available in Kanjamalai in Salem District and Kauthimalai/Vediappanmalai in Thiruvannamalai Districts. A promoters Agreement was signed by TIDCO with Jindal Vijayanagar Steel Limited to implement the projects at a cost of Rs. 400 crore for Iron Ore Mining, Beneficiation and Pelletisation which will be used as raw material for Southern Iron & Steel Company Limited, another Joint Venture Company of TIDCO. Government of India have been requested to accord necessary approval to mine iron ore in the land already identified including forest land.

Special Economic Zones

2.13.12. TIDCO is also promoting industrial Parks and Special Economic Zones. The Mahindra Industrial Park Project (now known as Mahindra World City) was launched in the year 1997-98 near Chengalpattu. Similarly the Ennore SEZ Co Ltd (ESCO) has been formed to implement a SEZ Project near Ennore at about 2500 acres of land. TIDCO has received “in-principle” approval from Government of India for establishing a multi product Special Economic Zone in an area of about 1055 Hectares in the Hosur and Denkanikotta taluks of Krishnagiri District. Action is being taken to implement the Nanguneri Special Economic Zone approved by Government of India at a project cost of Rs. 640 crore.

State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)

2.13.13. The State Industries Promotion Corporation of Tamil Nadu has given a thrust to industrial development in backward and underdeveloped areas. It has developed industrial complexes at Ranipet, Hosur, Pudukottai, Manamadurai, Cuddalore, Thoothukudi, Cheyyar and Gummidipoondi, (including an Export Promotion Industrial Park). Industrial Parks at Irungattukottai, Sriperumbudur and Siruseri IT Park. Further, two industrial complexes at Nilakottai and Bargur, one industrial park at Cuddalore and 3 industrial growth centres at Gangaikondan, Perundurai and Oragadam have been taken over by SIPCOT on merger of TACID and SIPCOT. SIPCOT is implementing the following special infrastructure development schemes:

- ? Establishment of Food Park at Nilakkottai, Dindigul District.
- ? Establishment of Apparel Park at Irungattukkottai.
- ? Implementation of an Industrial Water Supply Project for SIPCOT Industrial Parks at Irungattukottai and Sriperumpudur.
- ? Hazardous Industrial Waste Disposal Project at Gummidipoondi SIPCOT Industrial Complex, Oragadam and Perundurai Growth Centre.
- ? Establishment of an Integrated Textile Processing Park at Cuddalore Industrial Complex (Phase III)

Tamil Nadu Industrial Investment Corporation Limited (TIIC)

2.13.14. The Tamil Nadu Industrial Investment Corporation Limited (TIIC), a premier State Level Financial Institution is playing a catalytic role in the promotion and development of industries particularly small & medium industries in the State of Tamil Nadu. Since inception, the Corporation has considered financial assistance to 98,963 units for a sum of Rs.5370.45 crore for the period upto 31.3.06 and employment generated in the last five years is around 71,145. The Corporation's major lending operations are covered by term loan assistance to eligible Small Scale Industrial / Medium Industrial units and Transport sector and also to enable self-employment of first generation entrepreneurs. TIIC in addition to the general term loan is

also providing assistance under National Equity Fund, SEMFEX (Self Employment for Ex-servicemen) Scheme, Mahila Udaya Nidhi (MUN) schemes for Women Entrepreneurs. Technology Upgradation Fund (TUF) for Textile and Jute Industries, Assistance for ISO certification. The assistance to Computer Training, IT sector projects, besides service sector funding like Warehousing, Nursing home, Conventional centres, Commercial complexes, Hotel industry etc., are also considered. TIIC is the only State Finance Corporation in the country which has been authorised to operate as Nodal agency by the Government of India for sanction and disbursement of Credit Link Capital Subsidy scheme for Technology Upgradation of SSI units.

The Tamil Nadu News Print Limited (TNPL)

2.13.15. The Tamil Nadu News Print Limited (TNPL) was established in 1976 to manufacture 50,000 tonnes of Newsprint and 40,000 tonnes of printing and writing paper using bagasse as the primary raw material. The company directly employs 1741 person and provides indirect employment to 5000 persons. TNPL has been a major player in the area of non-conventional energy. TNPL has set up a 15 MW wind farm at Devarkulam and Perungudi in Tirunelveli district. Recently, the total wind farm capacity has been increased to 21.75 MW and the company supplied 286.68 lakh units of power to TNEB. TNPL is also in the process of developing wild sugarcane cultivation as an alternative to conventional bagasse which would require less water and is suitable for large-scale cultivation.

Sugar Industry

Sugar Industry in Tamil Nadu is an important agro-based industry and plays an important role in the economic development of the State and more particularly in rural areas. Sugar Industry provides large scale direct and indirect employment for several lakh of farmers and agricultural labourer involved in cultivation and harvesting of sugarcane besides employment in Transport and other services. There are 38 Sugar Mills in Tamil Nadu, of which 16 are in Cooperative Sector, 3 in Public Sector and 19 in Private Sector. The total crushing capacity of the 38 factories in Tamil Nadu is 1,04,550 Tonnes Crushing per Day (TCD) and about 180 lakh tonnes per

annum. During 2006-2007 crushing season, the 35 Sugar mills, excluding the 3 non working mills, have programmed to crush about 241.93 Lakh Tonnes of cane and produce 22.98 Lakh Tonnes of Sugar with an average recovery of 9.50%.

2.13.16. The sugar mills utilize bagasse (sugarcane waste) after crushing, to generate steam to run the mills. Surplus bagasse is being supplied to the Tamil Nadu News Print and Papers Ltd. for the manufacture of newsprint and paper. The steam which is generated during sugar production is also utilized for generating electricity. Cogeneration scheme has been implemented in 3 Sugar Mills in the Cooperative Sector with power production of 20 MW and in 15 sugar mills in the Private Sector with power production of 300 MW These plants are exporting surplus power to the Tamil Nadu Electricity Board grid.

2.13.17. Ethanol blending programme is implemented by the Oil companies in nine districts. The requirement of ethanol to supply 5% ethanol blended petrol throughout the State is 625 lakh ltrs. For the year 2005-2006, the State Government has allotted 185.34 lakh litres of Ethanol for blending programme. Since the Ethanol blending programme is implemented successfully, the Central Government has requested the State Government to extend the scheme to another 20 districts for the year 2006-2007.

Information Technology

2.13.18. The key elements which have made Tamil Nadu an important player in the field of IT area are availability of skilled and educated man power, comparatively higher standards of educational institutions, reasonably good infrastructure and lower cost of operation. Apart from these, the presence of an international airport and seaport in Chennai has also helped the growth of IT industry in Tamil Nadu. Information Technology has opened up tremendous opportunity for the promotion of software exports and services in recent times, particularly, in terms of employment opportunities, reduction in cost of providing services and improved competitiveness of old economy industries, enhancement of efficiency,

transparency and responsiveness in governance and digital connectivity between rural and urban areas.

2.13.19. Tamil Nadu was the first state in India to announce an IT Policy in the year 1997 which was instrumental in bringing the Information Technology revolution to Tamil Nadu. Tamil Nadu has witnessed substantial growth in IT, ITES, BPO and IT Hardware manufacturing sectors in the past few years. The Software exports from Tamil Nadu had touched Rs.14,115 Crore during 2005-06. The depth and range of the IT sector can be gauged from the wide based portfolio of its export basket - Application Software and System Software (70%); IT Enabled Services (ITES) and Business Process Outsourcing (BPO) (13%); Communication Software, VLSI Design and Web Solutions (8%); IT Consultancy (6%) and Product Development (3%).

2.13.20. The number of Software Units in the State is also growing rapidly. So far 1437 Software units have established their facilities. The rapid rise in the number of national and international players that have chosen to establish their business establishments and manufacturing facilities as well as the expansion of the activities of the established firms in this State is a firm indication that Tamil Nadu has emerged as a preferred destination for domestic as well as foreign direct investment. Leaders in the Indian IT sector like Tata Consultancy Services (TCS), Infosys, Wipro, Satyam, HCL, Patni Computers, I-Flex, Polaris and Hexaware as well as a galaxy of international majors - Accenture, Verizon, Xansa, Office Tiger, Standard Chartered Bank, ABN Amro, Alcatel, Cognizant Technology have established their operations in Tamil Nadu. To add to the leadership role that the State has in the Software sector, large international Hardware manufacturers like NOKIA, Foxcon, Flextronics and Motorola have already located their facilities in Tamil Nadu.

2.13.21. With a view to consolidate the gains made so far and to propel the industry into a higher growth trajectory, the Government of Tamil Nadu has decided to formulate a new Information Technology Policy. This policy will comprehensively cover all sectors of the IT industry-Software, IT Enabled Services, Business Process Outsourcing, Product Development, Knowledge

Process Outsourcing etc. A separate policy for IT Hardware manufacturing will also be formulated. These policy initiatives will put in place the required environment for an all round growth of the “Knowledge Economy”. The Government, considering the need to tap the huge potential of Information Technology to bring the rural areas also into the IT network, proposed to establish connectivity on high bandwidth that can accommodate multiple user and service interfaces during the XI Plan. The IT parks and other infrastructure being provided by the State Government to boost IT development in the State are as follows:

- ? TIDEL Park in Chennai established in the year 2000 with 1.28 million sq. ft space at State of the art technology
- ? A second TIDEL Park TIDEL Park-II being developed at Taramani in Chennai.
- ? A 1000 acres IT park developed by the State Industries Promotion Corporation of Tamil Nadu) in Siruseri village, 20 km south of Chennai, for allotment of land to IT Companies.
- ? The 1700 acres Mahindra Industrial Park, a joint venture of TIDCO, IL&FS and Mahindras, 25 km south on the Chennai Airport on the National Highway near Chengalpattu .
- ? IT Park on the lines of TIDEL Park proposed in Tier II cities like Coimbatore and other cities like Madurai, Trichy, Salem and Tirunelveli.
- ? IT corridor along old Mahabalipuram Road to develop knowledge Industry Township.
- ? Construction of a World Class Expressway on the IT Corridor in Chennai.
- ? Proposed establishment of a National Centre of Excellence called "Indian Institute of Information Technology, Design and Manufacturing" by the Human Resources Development Ministry of the Central Government meeting international standards at Chennai.

2.13.22. Tamil Nadu Government is committed to harness e-Governance as an enabler for ushering in a new era of digital governance where services will

be delivered to the citizens through convenient and easily accessible delivery channels for creation of a model “e-Governed State” in the country. Towards this an e-Governance Directorate has been created under Information Technology Department, which will be instrumental in helping the departments in providing better accountability, enforceability, transparency, increased efficiency in service delivery to the citizens.

2.13.23. *Tamil Nadu State Wide Area Network (TNSWAN)* is a project jointly implemented by the Government of Tamil Nadu and the Government of India aimed at providing backbone connectivity utilizing the 2 Mbps free bandwidth provided by the Public/Private Communication Providers (PCPs) linking State Headquarters at Chennai with all the 30 District Headquarters as well as linking Districts Headquarters to the Divisional Headquarters, Taluk Headquarters and Block Headquarters. The project will be ready by December 2006.

2.13.24. The Government has launched an unique scheme of free distribution of Colour Television sets to the households not having them. This scheme was commenced in the first week of September 2006. A provision of Rs.750 crore has been made in the Revised Budget 2006-07, apart from the expenditure of Rs.9 crore for 30,000 Colour Television sets procured and distributed in the first phase. The Government is committed for continuing for implement the scheme in the year 2007- 08 also.

2.13.25. *The Electronics Corporation of Tamil Nadu Limited (ELCOT)* incorporated in 1977 as a wholly owned undertaking of the Government of Tamil Nadu has engineered itself as the IT enabling company promoting institutions like TIDEL, etc. for creating specific infrastructure for IT and ITES investments. It is also acting as the Nodal Agency for implementing the IT policy of the Government of Tamil Nadu.

2.13.26. *Tamil Nadu Virtual University* provides Internet based educational resource and opportunities for the Tamil Communities living in different parts of the globe as well as others interested in learning Tamil and acquiring knowledge of the history, art, literature and culture of the Tamils. TVU offers Certificate Courses in three levels (Basic, Intermediate and

Advanced) and B.A. Programme in Tamil. So far, nearly 12.62 lakh people have visited theTVU website. About 2249 students from 58 countries have registered for the Certificate Programme and 2613 students for the B.A.Tamil Degree. It has 16 Coordinating Centres in 12 countries.

2.13.27. An outlay of Rs.123.46 crore has been provided for Large & Medium Industries (inclusive of Information Technology) for the year 2007-08.