

2.14. Industries

Industries-Medium & Large

Tamil Nadu is one of the well-developed states in terms of industrial development. It has enjoyed a significant position in India's geopolitical space and economic progress. Logistical advantages due to presence of three major seaports, an international airport and several domestic airports, quality of human resources, a peaceful industrial climate and a positive work culture have added value to Tamil Nadu's standing in the industrial world. The State's business-friendly policies and proactive initiatives have played a key role in this resurgence. The State has a diversified industrial profile in the manufacturing sector. Even before the liberalisation wave hit Indian shores, Tamil Nadu had established itself on the industrial map of India as a hub for Automobile and Auto components, Textile, Leather, Cement, Sugar and Engineering industries which contribute significantly to the State's output. In the post-liberalisation era, the State has witnessed a significant growth not only in the automobile sector but also in new knowledge-based industries such as Information Technology (IT), Information Technology Enabled Services (ITES) and Biotechnology. The State has emerged as one of the front-runners in attracting a large amount of domestic and foreign investments in all these areas.

New Industrial Policy

While the State Government is keen on optimising the State's competitiveness in these new growth sectors, the Government is also determined to ensure the revival of the traditional industrial sectors with a declared vision to make Tamil Nadu a regional gateway to Asia and a top-ranking exporter of manufactured goods. The focus of the State policy has been to facilitate and incentivising large mother industries to locate within Tamil Nadu. Balanced development of both traditional and modern industries is emphasized in the new industrial policy. In the traditional industrial sector, promotion of SEZs for

footwear and leather processing, agro-processing and export of agro-products and establishment of co-generation Plants and ethanol units in sugar mills are some of the initiatives stated in the new industrial policy. Promotion of industries in high-tech areas like semiconductor, electronic hardware and nanotechnology are given high priority in the policy statement.

Foreign Direct Investment

Foreign Direct Investment has had a direct and positive impact on industrial growth of the State. Long gestation projects for the strengthening, modernising and reinforcing of infrastructure facilities such as highways connecting airports and sea ports, railways, IT Expressways and communication facilities are the preferred targets for attracting Foreign Direct Investment. The proactive transparent policy, availability of world class infrastructure, conducive industrial atmosphere and abundant supply of skilled and technical manpower have enabled the State to be one of the fore-runners in attracting Foreign Direct Investment into projects which play a major role in overall industrial growth.

Between August 1991 and March 2006, totally 2758 projects have been proposed for the State comprising of 631 technical and 2127 financial projects. The total FDI approval for the state during the reference period was Rs.23094 crore, which accounts for 8.86 per cent of the total amount of Rs.260596 crore proposed at the national level. In terms of amount of FDI approval, the State ranks third, next only to Maharashtra and Delhi.

The major industries in Tamil Nadu are Sugar, Fertilizer, Cement, Paper and Automobile Industries.

Overview of State Public Sector Enterprises

The State Public Sector Undertakings (SPSU) have been engaged in providing industrial infrastructure, financial services, manufacturing and mining etc. apart from playing a significant role in providing the basic services like water supply, transport and

electricity. There are 47 SPSUs functioning in the state. The major ones are Tamil Nadu Newsprint and Papers Limited (TNPL), Tamil Nadu Minerals Ltd., (TAMIN), Tamil Nadu Tea Plantation Corporation Ltd. (TANTEA), Tamil Nadu Industrial Investment Corporation Ltd. (TIIC), Electronics Corporation of Tamil Nadu Ltd. (ELCOT), Tamil Nadu Industrial Guidance and Export Promotion Bureau (Guidance Bureau), etc.

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.

Promotional Agencies – Tamil Nadu

| Sl. No. | Agency | Main Objectives | Activities |
|----------------|---------------|---|--|
| 1. | SIPCOT | Promote medium and large scale industries through developing, marketing and maintaining industrial complexes, parks and growth centres and implementing infrastructure development schemes. | As on 31.3.06, SIPCOT has acquired 22072 acres of land out of which 9622 acres have been allotted to 1410 industrial units. It has developed 17 industrial complexes/parks/growth centres in 12 districts. |
| 2. | TIDCO | Promoting Infrastructure Projects | TIDEL Park – Chennai East Coast Road – Chennai IT Express way- Chennai Naagarjuna Oil Corporation – Cuddalore Mahindra World City – Chengalpattu Ennore SIA Multi Product, SPECIAL INDUSTRIAL AREA (SIA) in Hosur and Denkanikottai Hi-Tech Industrial Park, Nanguneri are some prestigious infrastructure projects of TIDCO |
| 3. | TANSIDCO | 1.Promotes SSI Units by establishing Industrial Estates 2.Distribution of Raw materials 3. Marketing Assistance 4.Strengthening and Developing Infrastructure for Industrial Estates | So far SIDCO has developed 43 Industrial Estates besides managing 35 Government Industrial Estates on agency terms. It distributes raw-materials to SSI units such as iron and steel & potassium chlorate and paper. It assists SSI units to market their products. Infrastructure Upgradation at Hosur Industrial Estate, Ambattur Industrial Estate & Guindy Industrial Estate |

| | | | |
|----|------|---|---|
| 4. | TIIC | Promoting Small Scale Industries through financial assistance | Total disbursement is Rs. 247.34 crore out of loan sanctioned Rs. 350.30 crore during 2005-06. Share of disbursement of SSI sector is 95.35 per cent. Textile industry has the largest share of Rs.88.60 crore and engineering industry Rs.82.22 crore. Expected direct employment to 15461 persons. Cumulative sanction as on 31.3.06 is Rs.5082.45 crore. |
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1. Major investment projects of TIDCO

Tamil Nadu Industrial Development Corporation (TIDCO) promotes large and medium scale industries in Tamil Nadu through new joint venture projects in the manufacturing sector. With the liberalization of industrial licensing and controls, TIDCO has shifted more towards infrastructure projects. It promotes Special Industrial Areas (SIA) and Agricultural Export zones (AEZ) through joint ventures.

The Government of India is planning to establish Petroleum, Chemicals & Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) in the country. A detailed report on two sites in Tamil Nadu has been submitted to Government of India. The PCPIR as and when it is established would attract investments in the Petroleum and Petrochemicals sector upto about Rs. 15,000 crore.

To augment the oil refining capacity of the State, Nagarjuna Oil Corporation Ltd. (NOCL), a joint venture of TIDCO & Nagarjuna Group is constructing a 60 lakh tonnes per year capacity of petroleum refinery project in Cuddalore district with a total investment of Rs. 4790 crore. This is the single largest joint venture investment first in the State.

Tamil Nadu Iron Ore Mining Corporation Limited (TIMCO) is implementing Iron Ore Mining, Beneficiation and Pelletisation projects at a cost of Rs. 400 crore at Kanjamalai in Salem District and Kauthimalai/Vediappanmalai in Thiruvannamalai District.

TIDCO is implementing various investment projects in the year 2007-08 with an estimated outlay of Rs. 107.60 crore. In the year 2008-09, TIDCO proposes to invest a sum of Rs. 5.00 crore.

2. Modernization of Co-operative Sugar Mills

Though Co-operative and Public Sector Sugar Mills expanded their capacity, modernization could not be undertaken subsequently due to poor financial position. Further most of the mills are more than 25 years old and have to be modernized in order to achieve better recovery and better sugar quality. This will enable the mills to get increased realization so that they can pay the cane price to the growers within the stipulated period. In the year 2007-08 a sum of Rs.1.07 crore was allocated for modernisation of the sugar industries and the same is under progress. During the year 2008-09 also it is proposed to undertake modernization work in Sugar Industries to the tune of Rs. 1.36 crore.

3. Capital Subsidy to Mega Industries

TIIC provides financial assistance by way of term loans for purchase of land, Plant and machinery and construction of building for new industrial units as well as for expansion / modernization / diversification of the existing units including to the service sector. It also operates the National Equity Fund (NEF) Scheme and the Technology Upgradation Fund (TUF) scheme as well as various subsidy schemes for the benefit of entrepreneurs to reduce their financial burden in setting up industries and undertaking expansion / modernization of the existing units. TIIC is also implementing the Back Ended Interest Subsidy Assistance Scheme of the state in the following items: a) term loans obtained for technology up gradation / modernization, b) term loans obtained under National Equity Fund Scheme; and c) term loans obtained for ISO certification and Research & Development. A maximum of 3% reduction in interest rate is given as back ended interest subsidy against benchmarked interest rates.

During the year 2007-08 a sum of Rs.5.00 crore was allocated for this purpose. Out of this, a sum of Rs.1.00 crore is anticipated to be disbursed by way of subsidy.

4. Capital Projects of Tamil Nadu Newsprint and Papers Limited (TNPL)

TNPL is producing newsprint and printing and writing paper using Bagasse as the primary raw material. It has already undertaken a major expansion scheme with the financial resources from issue of equity shares and loan from financial institutions and World Bank.

TNPL is also taking major initiatives in the area of non-conventional energy. It has set up a 15 MW wind farm at Devarkulam and Perungudi in Tirunelveli District at a cost of Rs.47.69 crore. TNPL is implementing a Mill Development Plan at a capital outlay of Rs.5.00 crore to achieve further excellence in the environmental standards and to improve the Company's competitive edge in quality and cost of production.

5. Assistance to Guidance Bureau

The functions of the Guidance Bureau are to attract industrial projects and promote investments in Tamil Nadu, to function as Single Window documentation Centre for major investment proposals, provide comprehensive information support to investors about federal and State Government policies, infrastructure support, taxation, investment opportunities, etc and monitor implementation of Foreign Investment proposals proposed by FIPB, Government of India.

Guidance Bureau also assists in investment promotion campaigns conducted in key locations in India and abroad. It also serves as a nodal agency for the ASIDE programme of the Government of India for funding infrastructure projects for export projects or zones. Currently, the Special Industrial Area (SIA) Scheme is also monitored and supported by GUIDANCE, which also assists the

Government in assessing Special Industrial Area proposals before being sent to the Government of India.

Information Technology

Tamil Nadu is emerging as a hub for software, hardware and R&D. The number of Indian and Multinational Companies (MNCs) who have established their presence in TN is a testimony to this. IT exports from the State are rising exponentially and have crossed the USD 3 Billion mark in the year 2006. The thrust of the State in the 11th Plan period is to sustain this momentum and emerge as the most favoured destination for ICT investments. The basic objectives of Information Technology for Tamil Nadu are: a) To establish Tamil Nadu as an Information and Communication Technology (ICT) hub of South Asia by creating a knowledge driven ecosystem, leveraging entrepreneurship and promoting socially inclusive growth to achieve a 25% production share of the Indian ICT industry. b) To develop a culture of entrepreneurship and create business-friendly environment in the State by focusing on nurturing talent among the students, c) To upgrade the ICT infrastructure in the State, so that the benefits of development of ICT is enjoyed by everyone in the State, d) To improve the existing strength of the State like good human resources, presence of R & D, manufacturing and software development activities, better infrastructure and pro-active Government, and focusing on building a sustainable eco system.

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%).

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.

E-Governance for a Smart Society

a) Tamil Nadu State Wide Area Network (TNSWAN)

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 broadband connectivity of minimum 2 Mbps linking State Headquarters at Chennai with all the 30 District Headquarters. The project will also link Districts Headquarters to the Divisional Headquarters, Taluk Headquarters and Block Headquarters. The Project is in an advanced state of completion and is expected to be commissioned by June 2007. Tamil Nadu is among the very few States in India that will have this advanced facility.

b) State Data Centre

A model State Data Centre is being set up in Chennai with assistance from the Government of India. The establishment of this key infrastructure will give a big boost to the implementation of e-Governance projects in the State. The cost of this unique project including infrastructure and operating costs will be Rs.9 crore during the Plan period.

c) Disaster Recovery Centre

A Disaster Recovery and Business Continuity Centre is proposed at Madurai. This is an essential infrastructure for maintaining a data back up for computer based data in the event of a disaster or any other eventuality.

d) Citizen Service Centres (CSCs)

In order to empower the people in the rural areas and to bridge the digital divide, a programme for rural service delivery through Common Services Centres is being under taken with assistance from the Government of India. 5440 CSCs are proposed to be set up on a Public-Private Partnership mode. These CSCs will enable the common man to access a large number of Government as well as private services through the computer at his doorstep.

National e-Governance Programme (NeGP)

Tamil Nadu Government is committed to implement e-Governance in all sectors of the Government. 15 Mission Mode Projects have been selected under the National e-Governance Plan (NeGP) in Tamil Nadu such as Land Records, Commercial Taxes, Registration, Agriculture, Food and Civil Supplies, Health, Panchayats, Education, Treasuries, Municipalities, Transport, Employment, Industries, Social Welfare, Secretariat Computerisation.

Detailed Project Reports (DPR) have been formulated for all the above Projects. The Government proposes to hasten implementation of the Mission Mode Projects under the National e-Governance Plan (NeGP).

Capacity building within the Government at all levels

A scheme to enhance the capacity of Government servants for the implementation of the e-governance projects has been submitted to the Government of India. The Government have proposed formation of e-Governance Training Centre at Chennai. The maintenance and conducting of training to Government employees and officials requires funds, for which an allocation of Rs.0.65 crore is sought for in the Plan. As a first step, the Government will take steps to build skills and manage change in order to make e-Governance sustainable.

Government IT Parks

a) Chennai

A world-class IT facility is being promoted on a joint venture basis at Taramani in Chennai. The estimated cost of the project is Rs. 850 crore. It is expected that work on this project will commence in mid-2007 and will be completed in early 2009. Another project to develop an IT-ITES Park with an Integrated International Convention Centre is also being Planned in Taramani, Chennai. The project is estimated to cost Rs. 800 crore. It is expected to go on stream in January 2009. An IT-ITES SIA developed by ELCOT at Sholinganallur near Chennai is also fast taking shape with large IT Companies commencing construction. Similarly, the IT Park at Siruseri on the outskirts of Chennai, developed by SIPCOT is developing at a fast pace. 62 large and medium sized IT-ITES companies are putting up their facilities at this IT Park. In addition to these, an integrated IT Township spread over 213 acres consisting of IT Buildings as well as Housing and Social amenities will be established on a Public-Private Participation (PPP) mode at Sholinganallur-Perumbakkam Villages in Kancheepuram district, which is on the outskirts of Chennai.

b) IT Park in Coimbatore

An IT-ITES Special Industrial Area (SIA) measuring 29.08 acres has been established at Coimbatore. An extent of 10 acres in

this SIA has been allotted to Ms. WIPRO Ltd. for establishment of an IT facility. Similarly, an extent of 5 acres has been allotted to Ms. TCS Ltd. In the remaining extent, ELCOT and TIDCO (two Public Sector Undertakings of the Government of Tamil Nadu) are jointly putting up an IT Building. The work on this project has commenced and will be ready by early 2009. This Park has been expanded by an additional 32.51 acres of land. An integrated IT campus consisting of IT Buildings as well as Housing and Social amenities will be established on a Public- Private Participation (PPP) mode in a part of the land at this site.

c) IT Parks in Madurai

Two IT-ITES Parks are being established at Madurai, one near Tiruchy, one in Salem and the last one in Tirunelveli. A portion of the land in these parks will be converted as an integrated IT complex consisting of IT buildings as well as housing and social amenities, established on a Public-Private Participation (PPP) mode. The remaining land will be allotted to IT-ITES companies who would like to establish their own campuses.

The Government of Tamil Nadu proposes to constitute a task force comprising representatives from industry, government and industry experts to develop a comprehensive ICT branding and promotion strategy for Tamil Nadu. This would also develop a regional growth strategy for all regions of Tamil Nadu and identify ways and means of promoting Tier 2 and 3 towns. The State will develop a time bound action Plan for implementing this strategy and allocate appropriate resources for implementing this Plan.

Tamil Virtual University

The Government of Tamil Nadu for providing Internet based educational resources established the Tamil Virtual University (TVU). It renders services not only for Tamil speaking communities living in different parts of the globe but also for others interested in learning

Tamil and acquiring knowledge of the history, art, literature and culture of the Tamils.

The Tamil Virtual University offers web based academic programmes leading to award of Certificates and Degrees in Tamil, through its various study centers located in different countries. It offers Certificate Courses in three levels - Basic, Intermediate and Advanced and B.A. Programme in Tamil. The Post Graduate Programme M.A. (Tamil) has been proposed by the Tamil University and the lesson writing is in progress. Tamil Virtual University has also signed a Memorandum of Collaboration with Indira Gandhi National Open University (IGNOU) for sharing their education resources for the students of TVU. Their resources will be used for the optional Language (English, Part – II) of B.A Degree Programme.

The Teaching/Learning methodology adopted for the Academic Programme is E-learning through Internet based lessons with multimedia support. A Virtual Class Room with video conferencing equipments along with a streaming server and high speed internet connectivity have been established in TVU for this purpose.

The TVU has a Digital Library comprising of a rich collection of Tamil Literature and also provides a view window into the culture, history and heritage of the Tamils. The literature content includes more than 300 Tamil books. It has also got Video clippings on folk arts, architecture etc. Thirty Glossaries in different disciplines are also available with more than 2,00,000 technical terms.

Scheme to provide free Colour Television sets

A unique scheme of free distribution of Colour Television sets to the households not having Colour Television Sets was commenced on 15th September 2006. A Committee of Legislators comprising representatives of political parties represented in the Legislative Assembly has been formed to ensure transparency in procurement and proper distribution of Colour Television sets. The

procurement of 30,000 Colour Television Sets through National Competitive Bidding in the first phase and 25 lakh Colour Television Sets through International Competitive Bidding in the second phase was done under the direct supervision and guidance of this Committee. In the first phase, 30,000 Colour TV sets were procured and distributed. The second Phase of free distribution of 25,00,000 Colour Television Sets was launched by the Hon'ble Chief Minister on 15.2.2007. The Government of Tamil Nadu proposes to continue this scheme till all families not owning a Colour TV set are covered.

Plan outlay for 2008-09

An outlay of Rs. 311.53 crore has been approved for Large & Medium Industries (inclusive of Information Technology) for the year 2008-09. Of this, an amount of Rs.225 crore is earmarked for Scheduled Caste Sub Plan (SCSP).