

#### 4.1. Large and Medium Industries

Tamil Nadu is one of the major industrialised states in India. During the post reforms period, it has emerged as a hub for automobile and auto components, textiles, leather, cement, sugar and engineering goods. According to the advanced provisional estimates for 2007-08, manufacturing sector contributed almost 20% to Tamil Nadu's GSDP (at constant prices) posting a growth rate of 8.61% compared to previous year (2006-07). The Government in its "New Industrial Policy 2007" has proposed to create an additional 2 million jobs by 2011. The mission statement envisages acceleration of human development in Tamil Nadu by maximizing investment, output, growth, employment and manufacturing competitiveness through infrastructure and human resources development in industries and services sectors.

Index of Industrial Production								
Month	Mining		Manufacturing		Electricity		General	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
April	145.7	144.2	145.4	165.1	133.7	141.1	143.5	160.7
May	149.8	148.1	154.8	168.8	142.5	138.3	152.7	163.3
June	157.8	137.5	161.5	171.8	135.3	129.0	157.2	164.0
July	137.6	188.3	171.2	175.7	139.5	140.3	165.2	170.4
August	137.2	139.1	166.9	172.2	134.3	133.0	160.8	165.0
Sept	141.5	135.1	172.7	174.3	123.5	126.5	163.9	165.5
Average								
Apr-Sept	144.9	148.7	162.1	171.3	134.8	134.7	157.2	164.8
Growth Rate (%) over the corresponding period of previous year								
Apr-Sept	4.4	2.6	3.6	5.7	4.8	-0.1	3.8	4.8

Source: Directorate of Economics & Statistics

During the first six months (April to Sep.) of the current year (2008-2009), Index of Industrial Production (IIP) registered a growth rate of 5.7% compared to the 3.6% during the same period last year. In the next six months (Oct.'08 to March '09), the industrial growth is expected to record more or less the same rate in spite of the slow down at the global level.

## **Foreign Direct Investments**

Foreign Direct Investments (FDI) impact investments, technology transfers, employment generation and labour skills, environment and export competitiveness. Tamil Nadu during the post reforms period has emerged as a major recipient of investment and the most favoured investment destinations due to the inherent strength and competitive advantages with proactive Government Policies.

According to the SIA (Secretariat for Industrial Assistance, Department of Industrial Policy Promotion) Statistics, Tamil Nadu has during the first five months (April'08 to August'08) attracted 108 investment proposals to tune of Rs.8215 crore generating employment of 43497 persons in which Foreign Direct Investment accounts for approximately 50%.

The automobile industry has undergone sea change transformation with a range of new players across the segments- Passenger Cars, commercial vehicles and two wheelers. In the domain of Passenger Cars, auto Majors Suzuki, Daewoo, Peugeot, Fiat-Uno, General Motors, Mercedes and Ford have setup projects. The automotive and auto components industry is expected to grow at a rate of 8% to 13%, 15% to 17% and 12.5% to 15% in production, sales and exports respectively in the current year (2008-09) compared to previous year (2007-08).

Tamil Nadu is a major player in the garment exports business. Tiruppur accounts for a significant share in Indian exports of readymade garments. The growth rate of the sector has been robust continuously due to low labour cost, local availability of different varieties of yarns and fabrics and abundant entrepreneurial talents.

In Tamil Nadu, food processing and floriculture have been identified as thrust sectors. The state is very rich in herbs, fruits, vegetables and spices and is a major exporter of these products to Europe, East Asia & U.S.A. The Government has also established a Bio-tech park in Chennai. There is an abundant availability

of highly skilled manpower from eminent institutions in Tamil Nadu in this sector.

Further, Tamil Nadu has 40 sugar mills, 16 are in the co-operative sector, 3 in public sector, 21 in private sector. Sugar industry is an important component of industrial scenario in Tamil Nadu. It generates direct and indirect employment to several lakh of agricultural labourers and people in rural areas are involved in the work of cultivation, harvesting, transport and other services. Out of 40 sugar mills in the state, 37 are in operation with an installed crushing capacity of 1.07 lakh cane tonnes per day. According to the CMIE (Centre for Monitoring Indian Economy), sugar production during 2007-08 stood at 24.89 lakh metric tonnes as against 25.39 lakh metric tonnes achieved in the previous year registering a fall of 2%.

The Government of Tamil Nadu is taking steps to modernise the sugar mills under its control by installing new machineries and supplying laptops and simputers to the office staff and cane assistants.

In pharmaceuticals, Tamil Nadu has become an ideal location for contract manufacturing, global sourcing base, process engineering for products going off patents and manufacture of generic and other bulk drugs. Orchid Pharmaceuticals, Dadha Pharma, Malladi, Citadel are some of the major companies which have set up units in the State.

According to the survey conducted by the Confederation of Indian Industries (CII), in the year 2008-2009, the Chemicals & Fertiliser industry is expected to grow at a rate of 10%, 10-12% and 25 -30% in terms of production, sales and exports respectively compared to the last year (2007-2008).

### **State Public Sector Undertakings**

#### ***Tamil Nadu Industrial Development Corporation Limited (TIDCO)***

Tamil Nadu Industrial Development Corporation Limited facilitates investments in industrial and infrastructural projects in Tamil Nadu with a vision to make Tamil Nadu a number one state in India. It promotes Special Economic

Zones (SEZ) and Agriculture Economic Zones (AEZ) through joint ventures. The major projects of Tamil Nadu Industrial Development Corporation Limited are shipyard-minor port complex in Thiruvallur district, Nagarjuna Oil Corporation Ltd., Information Technology Enabled services (ITES) at Taramani & Sholinganallur. SEZ projects in Perambalur, Krishnagari, Nanguneri, Ennore and Virudhunagar, AEZ for cashews at Cuddalore, cold storage for eggs at Namakkal and Petroleum, Chemicals and Petro Chemicals in Cuddalore and Nagappattinam districts.

***State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)***

State Industries Promotion Corporation of Tamil Nadu Limited promotes industries to make Tamil Nadu the hub for global manufacturing. It concentrates on development of new industrial complexes/ parks with special infrastructure facilities. It has developed 10 industrial complexes in Ranipet, Hosur, Gummidipoondi, Tuticorin, Cuddalore, Pudukottai, Manamadurai, Nilakotai, Cheyyar, industrial parks at Siruseri, Irungattukottai and Sriperumbudur and 3 growth centres at Perundurai, Oragadam and Gangaikondan. The State Industries Promotion Corporation of Tamil Nadu Limited has proposed to acquire 20,000 acres of land during the next five years to create a land bank with quality infrastructure including social infrastructure. It has been acquiring and allotting land for the industrial units for the rapid industrialization of the State. Further, it has proposed to expand Irungattukottai and Cheyyar Industrial Parks and Oragadam and Perundurai Growth centres in the current year.

***Tamil Nadu Industrial Investment Corporation Limited (TIIC)***

Tamil Nadu Industrial Investment Corporation Limited has been assisting the entrepreneurs to develop new industrial units by way of term loan for purchase of land, plant and machinery. It is also assisting for expansion, modernisation and diversification of the existing units. It provides assistance to Micro, Small & Medium Enterprises (MSME) and large industries in which 90% is earmarked for MSME sector. For the benefit of first generation entrepreneurs to set up new units, it has launched a scheme called Micro, Small Enterprises Funding Scheme subject to an overall project outlay of Rs.50 lakh. Under the

Government of India sponsored Technology Upgradation Fund for textiles, it has released assistance to the tune of Rs.16.08 crore during 2007-08. It has been identified as the nodal agency to release all subsidies viz. capital subsidy, mega subsidy, back-ended internet subsidy, credit link capital subsidy and food processing subsidy to the industrial units.

### ***Tamil Nadu Newsprint and Papers Limited (TNPL)***

Tamil Nadu Newsprint and Papers Limited has emerged as the acknowledged leader in India's paper industry with the credential of being the world's biggest bagasse based paper mill and the largest paper mill in the country in a single location. It has been consistently achieving higher production and higher capacity utilisation. It has proposed to expand production capacity from 2.45 lakh tonnes per annum to 4.00 lakh tonnes during 2008-09.

Tamil Nadu Newsprint and Papers Limited also plans to set up a mini cement plant by converting the mill generated waste materials, slime sludge and fly ash into high grade cement. It proposes to develop an IT park in the industrial estate at Ambattur through BOOT basis.

### **Information Technology**

Tamil Nadu has emerged as a major hub for software development and has the potential to become an Information Technology corridor to South East Asia. The software exports from Tamil Nadu have been growing at a rate of 35%-40% per annum. At the same growth rate, the software export from the state is expected to cross Rs.40000 crore during 2008-09.

### ***Information Communication Technology (ICT) Policy of Tamil Nadu - 2008***

Tamil Nadu has been amongst the top three states in terms of ICT investments and production. It has an 11% share, at US \$ 5.7 billion of the total Indian ICT production of US \$ 51 billion. By the year 2011, it aspires to capture a 25% share of Indian ICT production which would enable to create 0.8 million direct employment and 2.2 million indirect employment. The State proposes to

achieve this vision by creating a knowledge driven eco system, leveraging entrepreneurship and promoting socially inclusive growth.

Renowned IT and ICT companies such as TCS, Infosys, WIPRO, Satyam, HCL, Pentafour, Cognizant and multi national companies like Matsushita have set up their base in Chennai.

### ***Tamil Nadu State Wide Area Network - TNSWAN***

TNSWAN is the first state wide network in India to have become operational from December 2007. It provides connectivity backbone for the State and has established 708 Points of Presence (POP) linking the State headquarters to every district, taluk and block headquarters. Currently, horizontal connectivity to offices located within the premises where the POP's are located are being established with the local area network connectivity.

### ***Free colour Television sets***

The objective of the scheme of free distribution colour television sets (CTV) to households not having CTV is to sensitize the people on the policies and programmes of the Government and to create awareness about the happenings in and around the country.

The procurement and distribution of CTV has been entrusted to ELCOT and procurement is done through a committee comprising of legislators in order to ensure transparency. In the first phase, 30,000 CTV sets were procured and distributed. Subsequently 25 lakh and 34.25 lakh CTV were procured and distributed during the second and third phase respectively. Further, tenders have been finalised in order to procure 40 lakh CTV in the fourth phase. This scheme is proposed to be continued until each household owns a CTV in the State.

### **Plan outlay for 2009-10**

An outlay of Rs. 356.17 crore is approved for Large & Medium sector including Information and Technology sector for the year 2009-2010. Of this, an outlay of Rs.150.00 crore is set apart for Scheduled Caste Sub Plan.