

Industries Department

Policy Note – 2008-2009

Demand No. 27

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INTRODUCTION

The main objective of the Government is to achieve development, growth, welfare and equitable distribution. The Government is working tirelessly for achieving these objectives. We recognize the fact that the Global realities have undergone sea change ever since India embarked upon the Policy of Liberalization. We have also been attracting substantial investment from foreign countries by way of Foreign Institutional Investment (FII) as well as Foreign Direct Investment.

The investment scenario in the State is very buoyant due to the transparent and proactive approach of the Government. The State has emerged as the front-runner in attracting new investments in Manufacturing sector. Within the manufacturing sector, sun-rise industries like Electronic Hardware, Automobiles and components, apart from traditionally strong industries like Textiles & Garments, Leather products, etc, are the prime-movers of the manufacturing sector in Tamil Nadu. The vision of the Government is to make Tamil Nadu as the hub for Global Manufacturing.

At present, state-wise Investment details are published by Centre for Monitoring Indian economy (CMIE) and Secretariat for Industrial Assistance (SIA) in Department of Industrial Policy & Promotion (DIPP), Ministry of commerce and Industry, Government of India.

SIA had till April 2006 approved in respect of Tamil Nadu **Rs.141552 crores** in new industrial projects falling under Industrial Entrepreneur Memorandum (IEM); Letter of Intent (LOI) and Industrial License (IL) categories; whereas, this figure stood at Rs. **185640** crores at the end of January 2008. This implies an incremental investment of **Rs.44088 crores** during the period May 2006 to January 2008. This incremental investment accounts for 23.7% of total investment since Aug 1991. This shows a lot of vibrancy and energy in the last twenty months.

The Centre for Monitoring Indian Economy (CMIE) also reports investment in the pipeline into different states. According to CMIE, in May 1996, the Investment in the pipeline in Tamil Nadu was Rs.90650 crores; whereas, in April 2001, it shot up to Rs.157903 crores. Similarly, in June 2006, it was only **Rs.173529 crores**. According to CMIE, in March 2008, the Total Investment in Tamil Nadu shot up to **Rs.348704 crores**. Thus, the incremental investment committed in Tamil Nadu during July 2006 to March 2008 was **Rs. 175175 crores**. *This implies more than 100% increase in pipeline of Investments in the last 2 years.*

Due to the sustained efforts taken by this Government, Tamil Nadu has already emerged as a hub for Automobile and Auto component industries, Electronic hardware and Software. We will continue to give special thrust to attract more industries in these sectors. At the same time full importance will be given to all other kind of industries especially, traditional industries like Textile, Garment, Leather, Sugar, etc. The Government have signed 14 Memoranda of Understanding which would bring an investment of Rs.18483 crores and provide direct and indirect employment to 1,49,140 persons. The Memoranda of Understanding signed by the present Government include renowned companies like Renault-Nissan, Hyundai, Dell Computers, Motorola, Samsung, Signet-Solar etc. The Memoranda of Understanding with Ashok Leyland-Nissan and Moser Baer are proposed to be

signed shortly. In the calendar year 2008 itself, Government is targeting to sign 25 MoUs with an investment in excess of Rs.30,000 crores.

From the above, it may be seen that Automobiles and Electronic hardware have been as the major focus areas attracting substantial investments.

We recognize that increasing levels of income in the country create more demand for manufactured goods. On one hand investments within the Country will increase substantially to meet this increasing demand. On the other hand, a lot of Foreign Direct Investment will also be coming. We will like to create the necessary infrastructure and eco system to attract a substantial part of this investment. The vision of this Government is to make Tamil Nadu the manufacturing hub for the whole country.

Manufacturing sector is important also because of the potential, it offers in providing jobs not only to highly qualified and skilled workers but also to semi skilled and unskilled workers. We recognize that the youth from different parts of the State particularly semi urban and rural areas are yearning for an improved standard of living by getting employment in organized sector.

Similarly, the Government, wants the fruits of industrialization to reach all parts of the State. Of course, Chennai is a major engine for growth in Tamil Nadu. Naturally, Chennai will continue to be a major magnet for attracting investments to Tamil Nadu. In addition, the Government would like to create at least two more powerful magnets to attract investments and spur growth - one for south and one for west. Further, with a view to move industrialization to moffusil areas, the Government have decided that structured package of assistance will be available for investment in eligible fixed assets of over Rs.250 crores in a period of 3 years as against Rs.350 crores in case of Chennai, Tiruvallur, Kancheepuram Districts.

In today's liberalized environment of the country, the instrument of licensing is no longer available to the Government to channalise investments to Backward Districts. The only way to do so would be, to create infrastructure / and also make available developed industrial land; to simplify the process of setting up industries in such regions. The Government have therefore decided to give special attention to Southern Districts. The package to attract investment in Southern Districts will improve the speedy completion of the programme to provide 4 laning of National Highway from Madurai to Thoothukudi; Madurai to Tirunelveli. Similarly, the Government will take up with Government of India to quickly expand the Airport at Madurai and Thoothukudi. Efforts will also be taken up with the Government of India to improve the efficiency of Thoothukudi Port by introducing mechanization and improve the draught so that ships carrying larger cargo load can also be berthed there. Further, efforts would be taken up with the Government of India to provide international connectivity for Madurai and Thoothukudi Airports. Simultaneously, SIPCOT will be developing at least 4 - 5 new Industrial Estates with 1000 – 2000 acres of land at strategic locations. Already the Southern Districts have good availability of trained man power. It is expected that all these measures will in due course convert south Tamil Nadu as an Industrial destination of choice for major investors from India and Abroad.

It is worth mentioning that the present Government during its earlier tenure in 1996-2001 had initiated to develop Sriperumbudur and neighbouring areas into a

fine Industrial Hub. The seed which was sown by this Government has now yielded fruits. In that sense we wholeheartedly welcome the large number of investments which are gravitating towards Sriperumbudur and its neighbouring areas. We also recognize, that in due course, Sriperumbudur will emerge as a major Industrial Township of the Country. It is anticipated that more than 2,00,000 jobs would be created in this Industrial area in the next five years and correspondingly the population living and seeking physical and social infrastructure will also increase. The Government will like to make available necessary infrastructure to see that Sriperumbudur continues to attract major investments from all over the world.

The Foreign Direct Investments are important for two reasons. Firstly, they bring with them new technology & work culture, which in turn helps to improve earning capacity and performance of local workers. Secondly, their presence adds to the Brand value of Tamil Nadu as a favoured destination for investment. The Government would therefore like to make well focused efforts to attract investment from other countries. We will welcome investment from all the countries. At the same time, it has to be recognized that those countries from where major industries have already made investments in Tamil Nadu would yield better dividend if attention is focused on them. It is expected that in coming years, Tamil Nadu may be able to attract major investments from USA, Japan, Germany, France, Finland and Korea. For this purpose the Government will establish with the Embassies and the Consulates of these countries in India and will try to receive delegation from these countries in Tamil Nadu and send similar delegations to these countries with a view to attract investment.

Wherever sufficiently large number of investors from any country in the world desire to make investment in Tamil Nadu, the Government would also establish Industrial Estates specifically catering to that particular country. This initiative is expected to be specially helpful for those industries which do not have huge wherewithal like a Multi National and therefore seek to increase their in a foreign land by the presence, in the neighbourhood of other industries from their own country.

It is obvious to the Government that the benefits of rapid industrialization should percolate to all sections of society and all regions of the State. This will happen, only if industries of different sizes needing different resource base are encouraged to spring up at different geographical locations. To achieve this in addition to providing the physical and social infrastructure for different regions of the State, it will be equally important to simplify the procedures for setting up an industry. It is often felt that procedures involving purchase of land, registering the land, changing land use, obtaining the planning permission, obtaining the building permission, etc., require considerable time and effort. In order to give an impetus to industrialization in Tamil Nadu, the Government will introduce a Legislative Bill, which would facilitate speedier setting up of business. Similarly, the process of single window clearance both at the State level and at the District level will be considerably speeded up.

The Policy of creating Special Economic Zones (SEZs) was brought by the Government of India as well as the State Government to improve the cost competitiveness of the Indian manufacturers for export purpose. Establishment of SEZ in carefully selected strategic location would therefore create huge employment potential for the youth of Tamil Nadu and also create global Brand Equity for the

products manufactured in Tamil Nadu. The procurement of land for SEZs is a sensitive issue and the Government have generally taken care not to resort to forced acquisition of land for this purpose. The Government would like to ensure that SEZs become a source of prosperity to the common people of the area and not an instrument for harassment of poor farmers.

We continue to give our best attention to the traditional industries in the State. The Government have recently come out with a New Industrial Policy. The main objective of the policy is to create additional 2 million jobs by 2011; to raise the contribution to GSDP by the manufacturing sector from 21% to 27% by 2011 and to double the exports from Tamil Nadu to Rs.140000 crores. The Policy aims to spread the impact of industrialization throughout the State by following multiple strategies. This would include giving to industrial clusters; establishing industrial corridors and industrial estates at improvement of infrastructure etc.

The Government would also like to impress upon corporate sector that they have to carry out the Corporate Social Responsibility. The Government would therefore like to urge the industry to take up projects of community welfare around their factory premises. In fact, such a clause has been introduced in all the new Memoranda of Understanding. Some of the companies have already responded to this by coming forward to help in upgrading the facilities in Government Hospitals and Educational Institutions.

TAMIL NADU INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Since its incorporation in 1965, TIDCO has been promoting industrial development in the state mainly by fostering public-private partnerships. Joint Ventures promoted by TIDCO with well known industrial houses and individual entrepreneurs span a diverse range of manufacturing and infrastructure initiatives. TIDCO has over the years, promoted as joint ventures more than 100 projects in various fields such as Iron & Steel, Petrochemicals, Fertilizers and Chemicals, Automobiles, Floriculture, Electrical & Electronics, Communication, Power, Engineering, Leather, SEZs and Infrastructure development.

In recent years, in line with the changing business and industrial environment, TIDCO has diversified its activities towards creating infrastructure and state-of-the-art facilities to ensure continued foreign and domestic investment inflows to the State. TIDCO identifies and also assists entrepreneurs identify viable business opportunities that benefit the local economy and population through inflow of substantial capital and employment generation. TIDCO's involvement in projects through equity investment and facilitation provides a stable platform for speedy realization of the projects. Titan Industries, Tamilnadu Petroproducts, Tamil Nadu Road Development Corporation, TICEL Bio Park, Mahindra World City and Ascendas IT Park are some of the examples of TIDCO's industrial and infrastructure initiatives.

TIDCO's vision is to remain an effective and efficient developer and facilitator of industries and industry specific infrastructure in the state of Tamil Nadu, to achieve balanced development across the state and accelerate growth of the local economy and society. The projects which have been already planned will involve an investment of over Rs. 30200 crores and will provide employment to over 4 lakh persons.

PROJECTS UNDER IMPLEMENTATION AND CONSIDERATION

SHIPYARD-CUM-MINOR PORT COMPLEX IN TIRUVALLUR DISTRICT.

TIDCO is implementing a global size shipyard complex together with a captive port in Kattupalli Village near Ennore port in Tiruvallur District in association with M/s. Larsen & Toubro Limited at a cost of Rs.3068 crores. The project components include building of commercial ships including Very Large Cargo Carriers, defence ships, submarines, off shore platform etc. The shipyard complex will promote several ancillary units for manufacture of components and spares. The project is expected to be completed by March 2010 and will generate employment for about 10,000 persons.

NAGARJUNA OIL CORPORATION LIMITED.

TIDCO in association with Nagarjuna Oil Corporation Limited is implementing a Petroleum Refinery Project of 60 lakh tones p.a. capacity in Cuddalore Taluk of Cuddalore District at a cost of Rs. 4790 crores. The project is scheduled to go on stream in 2010 and will provide direct employment for 1000 persons and indirect employment for 10,000 persons. The company has recently achieved financial

closure. The work is expected to start in the near future. This project will give a big boost to the local economy by triggering growth in down stream industries.

IT-ITES SEZ AT TARAMANI (BEHIND TICEL BIO-PARK)

TIDCO is implementing a state-of-the-art ITES SEZ with about 4.00 million sq.ft. built up space on 26.64 acres of land in Thiruvanmiyur village in Chennai District and, Kottivakkam Village in Kancheepuram District. The project will be implemented through a joint venture with M/s. DLF Limited. The estimated cost of the project is Rs.1500 crores. The project is expected to go on stream by the second quarter of 2009 and provide employment for about 50,000 persons.

IT-ITES SEZ AT TARAMANI

TIDCO is implementing a state-of-the-art SEZ for IT-ITES with an Integrated International Convention Centre on 25.27 acres of land in Kanagam village and Thiruvanmiyur Village in Chennai District. The project would have minimum built up space for IT&ITES and commercial activities of about 4 million sq.ft., and an Integrated International Convention Centre to seat 1500 delegates along with 275 Serviced Apartments and Suites. The consortium led by M/s. TATA Reality & Infrastructure Limited are the joint venture partner for implementing this project. The project is estimated to cost Rs.3000 crores; go on stream by third quarter of 2009 and provide employment to over 50,000 persons.

SECTOR SPECIFIC SEZ FOR IT/ITES AT SHOLINGANALLUR.

TIDCO is establishing a IT-ITES SEZ at Sholinganallur, Tambaram Taluk, Kancheepuram district through a joint venture with Nuziveedu Seeds Limited (NSL), Secunderabad, to build about 73 lakh sq.ft. for ITES Space, residential, retail and a 150 room hotel in an area of 66 acres of land; at an estimated cost of about Rs.1500 crores. This project will generate employment for about 25,000 persons.

PERAMBALUR SEZ PROJECT .

TIDCO is establishing a multi product SEZ at Perambalur through a joint venture with M/s. GVK Industries Limited, Hyderabad, at an estimated cost of Rs. 1000 crores. The land procurement for the project is expected to be completed shortly and construction is expected to commence by end of 2008. This project will attract investments upto Rs.5,000 crores and generate employment for 50,000 persons.

SEZ PROJECT IN KRISHNAGIRI DISTRICT .

TIDCO proposes to establish a multi product SEZ in Krishnagiri District through its joint venture viz. M/s. GMR Krishnagiri SEZ Limited, formed by M/s. GMR Infrastructure Limited, the JV partner. The project cost for creating infrastructure

was estimated at Rs. 2300 crores. Land procurement for the project is in progress. This SEZ is expected to generate employment for about 70,000 persons over 8-10 years period in IT/ITES, Pharmaceuticals, Apparels, Electronics and Food processing Industries.

NANGUNERI SEZ IN TIRUNELVELI DISTRICT.

TIDCO has proposed to establish a Multi Product Special Economic Zone (SEZ) in Nanguneri Taluk of Tirunelveli District through its Joint Venture Company viz., AMRL International Tech City Limited (AMRL). M/s. AMRL Construction and its associates are the JV Partners. The JV agreement was signed between TIDCO and AMRL Construction in the presence of Hon'ble Chief Minister on 10.4.2008. Government of India granted formal approval for implementing this SEZ project in May 2007 and the final notification from the Government of India is awaited. The project cost is estimated at Rs.630 crores and the project would generate employment for about 70,000 persons when it is fully commissioned. The construction activities at site will commence in April 2008.

ENNORE SEZ PROJECT.

TIDCO proposes to establish a multi product SEZ at Ennore on about 3186 acres adjacent to Ennore Port at a cost of Rs.630 crores. The target Industries identified include Auto Ancillary, Finished leather, Electronics, Apparels and Heavy / light Engineering Goods industries.

VIRUDHUNAGAR MULTI-PRODUCT SEZ PROJECT

TIDCO proposes to establish a multi product SEZ in Virudhunagar at an estimated cost of Rs. 500 crores. The project will generate employment for about 50,000 persons. TIDCO is in the process of identifying a joint venture partner for implementing the project.

AGRI EXPORT ZONE FOR CASHEW.

An agreement was signed between APEDA, GOI, Agriculture department, GOTN for setting up an Agri Export Zone for Cashew at Cuddalore district covering Cuddalore, Thanjavur, Perambalur, Pudukottai and Sivaganga districts.

A Private promoter has been identified. TIDCO in association with the private promoter is implementing the AEZ Cashew Project at a cost of Rs.16.54 crores. The trial exports have commenced. Around 3000 small and marginal farmers will benefit under the scheme.

COLD STORAGE FOR EGGS AT NAMAKKAL

TIDCO proposes to establish Cold Storage facilities at Namakkal at a cost of Rs.10 crores for storing 10 crore eggs per day. TIDCO is in the process of identifying a joint venture partner for implementing this project

PETROLEUM CHEMICALS AND PETROCHEMICALS INVESTMENT REGION.

A proposal has been prepared by TIDCO to establish a Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) in Cuddalore and Nagapattinam district of Tamilnadu as per the PCPIR policy launched by Ministry of Chemicals and Fertilizers, Government of India. The proposal is awaiting Government of India clearance. The PCPIR proposal sent to Govt. of India includes investment of Rs.6,189.00 crores by Govt. of India and State Government in Road, Rail and Marine development and utilities source creation in the designated areas in the Cuddalore and Nagapattinam District.

STATE INDUSTRIES PROMOTION CORPORATION OF TAMIL NADU LIMITED

State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) was incorporated in the year 1971 under the Indian Companies Act 1956. The over all vision of SIPCOT is to make available fully developed Industrial plots in different parts of the State in such a manner as to help in making Tamil Nadu the hub for global manufacturing. Towards this, SIPCOT aims to develop Land Bank of about 20000 acres over a period of five years. The Land Bank will be spread over the whole State.

SIPCOT is focusing on development of new Industrial complexes / parks with special infrastructure facilities all over the State, particularly on the proposed Industrial Corridors. There has been a significant increase in the allotment of lands to industrial units resulting in huge investment and employment potential over the last two years. SIPCOT has allotted altogether 3396 acres of land to as many as 305 industrial units during 2006-08 providing employment opportunity to about 99000 persons.

Past Achievements - Over view Industrial Complexes/Parks/Growth Centres:-

SIPCOT has so far developed 10 industrial complexes viz., Ranipet, Hosur, Gummidipoondi, Tuticorin, Cuddalore, Pudukottai, Manamadurai, Bargur, Nilakottai, Cheyyar, 4 Industrial parks at EPIP(GPD), Irungattukottai, Siruseri and Sriperumpudur and 3 Growth Centres viz., Perundurai, Gangaikondan, Oragadam, spread over 12 Districts.

Promotion of Sector Specific Special Economic Zones:-

Keeping in tune with the changing industrial scenario, to attract foreign direct investments, SIPCOT has actively promoted seven sector specific special economic zones in the industrial Complexes / Parks / Growth centres mainly focusing on Electronic/Telecom Hardware SEZ at Sriperumbudur (570.92 acres), Electronic Hardware SEZ at Oragadam (347.66 acres), Engineering sector SEZ at Perundurai (263.19 acres), Transport Engineering Goods SEZ at Gangaikondan (255 acres), Automobiles Ancillary SEZ at Cheyyar (255 acres), Footwear SEZ at Irungattukottai (153.65 acres) and Leather sector SEZ at Ranipet (260 acres).

Since inception, SIPCOT has acquired 22847.22 acres of land, of which the total allottable area is 18534.24 acres. SIPCOT has so far allotted 13315 acres to 1651 units.

2575 acres of land was acquired between 2006 and 2008. It is also worth mentioning that bulk of the Land Bank (9159.47 acres) was built by SIPCOT during 1996 to 2001. In fact, this Land Bank came in extremely handy to aggressively push industrialization in the State during the succeeding years.

Financial performance:

The performance has been improved significantly from the year 2006-07. The total turnover for the year 2007 increased to Rs.329.90 Crores from Rs.169.15 crores and earned a net profit of Rs.56.69 crores. Due to increased turnover SIPCOT declared a dividend of 20% in the year 2006-2007 and registered a record turnover of Rs.441.78 Crores with a net profit of Rs. 72.14 Cores in the year 2007-08 maintaining 20% dividend.

Rs.in Crore

31 st March	2001	2002	2003	2004	2005	2006	2007	2008
Income	37.83	34.75	39.07	56.11	106.64	169.15	329.90	441.78
Net Profit/ Loss	(23.59)	(11.76)	(29.15)	0.57	2.97	23.18	56.69	72.14
Dividend						5.79	11.58	11.58

Future Projects and Schemes:

a) Expansion schemes:

SIPCOT has taken up expansion of Irungattukottai Industrial Park (Pillaipakkam) over an extent of 1122.27 acres and Expansion of Oragadam Growth Centre (Oragadam - Sennakuppam) in an extent of 977.81 acres and these two schemes would be completed before June 2008.

SIPCOT has taken up the expansion scheme of Cheyyar Industrial Park over an extent of 2300 acres and the initial stage of acquisition work has been commenced.

SIPCOT has taken up the expansion scheme of Perundurai Growth Centre over an extent of 1256 acres.

SIPCOT has taken up the expansion of Oragadam Expansion-I over an extent of 350 acres in Vadakkupattu village etc, and Expansion-II of Oragadam over an extent of about 650 acres in Mathur village etc.,

b) Land Bank

SIPCOT is taking action to identify and acquire about 20000 acres of land within a period five years to create a land bank with quality infrastructure including social infrastructure. The investigation wing at SIPCOT has identified land area of about 23000 acres covering the various districts of Kancheepuram, Vellore, Thiruvallur, Krishnagiri, Dharmapuri, Erode, Salem, Madurai, Virudhunagar, and Tuticorin. Lands proposed to be acquired for the creation of industrial parks shall be as far as possible barren, non-irrigated and dry land.

Implementation of Special Schemes:

Industrial Corridors of Excellence:-

SIPCOT is developing Chennai- Sriperumpudur – Ranipet Corridor as an Industrial Corridor of Excellence with SEZs, IT parks, Social Infrastructure etc., as a

first phase and Ranipet - Hosur as a second phase and for these projects the reputed consultants are being finalized for preparation of Corridor Development Plan and offer received are under evaluation.

Similarly another Industrial Corridor from Madurai – Tuticorin, Madurai to Tirunelveli and Coimbatore – Salem would be formed to connect the new industrial complexes/Town ships/Ports.

Nano Tech Park:

SIPCOT will develop Nanotechnology Park in cluster form in an area of 25 acres or above in SEZ / DTA format for the following locations in collaboration with Universities and R&D Centres located in its vicinity.

- ❖ at SIPCOT Industrial park, Siruseri near Chennai for Chip Assembly and Testing, Bio-medical, Bio-technology, Electronic Hardware/ Auto-components and Health.
- ❖ at Coimbatore for Agriculture, Animal Husbandary, Forest, Environment and Solar cell technology.
- ❖ at Trichy for Heavy Engineering, Food Processing and at Karikudi for Chemical.
- ❖ at Madurai for Opto-Technology, Electrical Components, Communication Engineering, Rubber Industries and Building Components.

Water Augmentation Project near Chennai on DBOOT:

SIPCOT has proposed to set up a Tertiary Treatment and Reverse Osmosis Plant near Koyambedu under DBOOT basis using sewerage water from CMWSSB and the treated water will be supplied to the industries in SIPCOT industrial parks of Irungattukottai, Oragadam and Sriperumpudur. SIPCOT is in the process of preparing a bid document by engaging a consultant experienced in DBOOT/BOOT contracts in consultation with CMWSSB for selecting a private operator to implement the project.

Special Infrastructure in Apparel Park in Iruganttukottai

SIPCOT has allotted 123.83 acres of land at SIPCOT Irungattukottai Industrial Park to form an Apparel Park. ASIDE has sanctioned a grant of Rs.7.00 crores to provide special infrastructure facilities at this park, which includes working womens hostel, creche, multi purpose centre, design, testing centre etc., All these facilities will be created.

OFF DOCK Container Freight Station (CFS):

The Chennai Port Trust has proposed to develop OFF DOCK CFS Facility with rail connectivity to the Port and National highways at Pillaipakkam SIPCOT Complex. The proposed Railway siding from Ambattur to Sriperumpudur has been proposed to be extended further to this land.

Environmental Protection:

Hazardous Waste Treatment, Storage and Disposal Facility (HWTSDF) has been created at EPIP, Gummidipoondi SIPCOT Complex over an extent of 66 acres of land (as per G.O.Ms.No.67 Environment & Forest Dept. Dt.17.5.2005) and initially allotted an extent of 26.91 acres of land to M/s. Industrial Waste Management Association (IWMA) for the purpose. M/s. IWMA has established the facility and commenced operations.

SIPCOT has also earmarked 50 acres of land for establishment of HWTSDF at SIPCOT Complex Perundurai and accorded permission to M/s. IWMA to carry out the Environmental Impact Assessment (EIA) study for the site proposed for HWTSDF.

Structured Package of Assistance:

New Manufacturing facilities established in any Districts other than Chennai, Thiruvallur and Kancheepuram with an investment in eligible fixed assets of over Rs. 250 Crores in a period of 3 years would be eligible for a Structured Package of Incentives. In case of Chennai, Thiruvallur and Kancheepuram Districts, the minimum investment will be Rs.350 Crores.

This package will be extended to expansion projects within the existing manufacturing facility also. The Structured Package contains the major concessions / incentives viz., Soft Loan / VAT reimbursement, Investment Promotion Subsidy, State Capital Subsidy, Critical Infrastructure Subsidy, Training Subsidy etc.,

SEZ through Public Private Partnership (PPP) model:

SIPCOT will develop a Sector Specific SEZ for the manufacture of Engineering goods like pumps, motors and foundry in an area of 250 acres near Coimbatore as a Public Private Partnership Project with the Indian Chamber of commerce and other industrial associations located at Coimbatore.

TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

1. The Tamilnadu Industrial Investment Corporation Limited (TIIC) provides financial assistance by way of term loan for purchase of land, plant and machinery and construction of building for setting up of new industrial units as well as for expansion / modernisation/ diversification of the existing units anywhere in Tamilnadu. It also provides loan for service sector projects like hospitals, hotels, tourism related projects, etc.

TIIC has so far assisted 1,00,763 units with a cumulative sanction of Rs. 5,827.48 crores till 31.3.2007. The total employment generated during 2007-08 is around 20650. TIIC has continued its onward march by making a net profit of Rs.6 crores (provisional) during the financial year 2007-08.

2. Advantages of availing assistance from TIIC over Commercial Banks :

TIIC helps first generation entrepreneurs to establish an industrial venture and grants loan on liberal terms such as nominal collateral, lesser promoter's contribution and longer repayment period with fixed rate of interest. In addition, TIIC facilitates the release of the eligible subsidies offered by State Government and Central Government to the beneficiaries.

3. Schemes operated by TIIC :

- 3.1. In order to continue the pace of industrial promotion in the State, TIIC provides assistance to Micro / Small Enterprises, Medium Enterprises and for Large Industries. About 90% of the assistance goes to MSME sector; Of this, about 40% goes to the first generation entrepreneurs. The salient features of some of the important schemes operated by TIIC are detailed below

3.2. Micro Small Enterprises Funding (MSEF) Scheme :

TIIC has introduced a new scheme called Micro Small Enterprises Funding (MSEF) Scheme during August 2007 for the benefit of first generation entrepreneurs to set up a new unit and for existing units going in for expansion / modernization. The overall project outlay should not exceed Rs.50 lakhs and the promoter's contribution will be 20% as against normal norm of 33.3%

3.3. Technology Upgradation Fund (TUF) Scheme for Textile Industry:

The Government of India launched a Technology Upgradation Fund Scheme during 1999 for textile and jute industries. Under this scheme eligible interest subsidy and capital subsidy for the machinery acquired are released to the individual units.

During 2007-08 the scheme was kept in abeyance by Ministry of Textiles, GOI from 1.4.2007 and only in November 2007, announcement on its continuation was made. Still assistance to the tune of Rs.16.08 crores was released during 2007-08.

3.4. Wind Power Projects :

TIIC has extended assistance for about 76 wind mills with an investment of Rs. 141.00 crores in the last 6 years and they generate about 40 MW of power.

4. **Agency for Disbursal of Subsidy:**

TIIC has been appointed as a Nodal Agency for various subsidy schemes of State Government and Central Government.

- i. At present all capital subsidies under NAMT Scheme are released to the beneficiaries by TIIC.
- ii. The mega subsidies for medium and large scale industries (other than subsidies considered by SIPCOT under structured package) are being released through TIIC.
- iii. Back ended interest subsidy at 3% p.a. is considered for SSI units which are undertaking Technology Upgradation and Modernisation, ISO Certification etc.
- iv. Government of India has nominated TIIC as a Nodal agency for release of **Credit Linked Capital Subsidy** for SSI units assisted by TIIC who are undertaking Technology Upgradation and Modernisation. Capital subsidy at 15% on investment made under machinery subject to a ceiling of Rs.15 lakhs is considered.
- v. Government of India has included TIIC as Nodal agency for release of **Food Processing subsidy** in respect of TIIC units which undertake food processing activity. Capital subsidy at 25% on the cost of plant and machinery subject to a ceiling of Rs.50 lakhs will be considered under this scheme.

1. The performance of TIIC in the last 8 years is given below :

2. **Action plan proposed for the year 2008-09 :**

The Corporation has projected the sanction and disbursement of loan during 2008-09 at Rs.750.00 crores and Rs.450.00 crores respectively. By 2010 it aims to achieve Rs.1000.00 crores in sanction and Rs.500.00 crores in disbursement.

The Corporation is also aiming for a reduction in net NPA from 13% to 10% by March 2009.

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TAMIL NADU NEWSPRINT AND PAPERS LIMITED

Government of Tamil Nadu established Tamil Nadu Newsprint and Papers Limited (TNPL) in the year 1979 as a Public Limited Company under the Companies Act 1956 to manufacture Newsprint and Printing & Writing Paper using bagasse, a sugarcane waste, as the primary raw material.

Mission Statement:

“To be the market leader in the manufacture of world class eco-friendly papers, adopting innovative technologies for sustainable development”

TNPL has emerged as the acknowledged leader in India's paper industry with the credential of being the world's largest bagasse based paper mill and the largest paper mill in the country in a single location. TNPL has been consistently achieving higher production and higher capacity utilization.

Estimated Profit for 2007-08 and Target for 2008-2009 :

The estimated profit before tax for the year 2007-08 is Rs 167 crore. The target profit before tax for the year 2008-09 is set at Rs 206 crore.

Initiatives taken in 2007 - 2008:

- The Mill Development Plan (MDP) at a cost of Rs. 565 crore will be completed in May 2008.
- TNPL has so far raised pulpwood plantation in 29,962 acres through farm forestry and captive plantation scheme including 10,616 acres brought under cultivation during the current year upto 31.03.2008.
- TNPL has set up a state-of-the-art Clonal Propagation and Research Centre (CPRC) with infrastructure such as Tissue Culture Laboratory for producing about 1.5 crore high quality Hybrid mother plants per annum. The saplings raised here will be distributed to the farmers at very cheap rates and the Eucalyptus / casurina raised by farmers will be purchased by TNPL. It is expected that the farmers will earn about Rs.8000/- per acre per annum from the dry land through this initiative.

Plan of action for the year 2008-09:

- Mill Expansion Plan for increasing the paper production capacity from 245000 tonnes per annum to 4,00,000 tonnes per annum at a cost of Rs.725 crore to be taken up for implementation during the year 2008-09 and completed by March 2010.
- Life Cycle Extension of the first Paper Machine installed during the year 1985 to be taken up for implementation during the year 2008-09 at a cost of Rs.65 crore and completed by November 2008.

- Setting up of a 400 tonnes per day Mini Cement plant at a cost of Rs.45 crore, for converting the mill generated waste materials, lime sludge and fly ash into high grade cement, to be taken up for implementation during the year 2008-09 and completed by March 2010. When implemented, this would be the first plant in the paper industry producing high grade cement from mill generated waste materials. This will also improve the environment standards in the area.
- Development of an Information Technology Park of about 4 lakh square feet in the vacant land of 63.5 grounds in the Industrial Estate at Ambattur, Tiruvallur District to be taken up for implementation through BOOT basis during 2008-09 and completed by March 2010

Wind Farm for Green Power:

TNPL installed its first Wind Farm of 15 MW capacity during 1993-94 at Devarkulam and Perungudi in Tirunelveli District. Since then, TNPL has increased the Wind Farm capacity to 35.50 MW in stages. TNPL has invested Rs.150 crore in setting up wind farms. The wind power generated is exported to the State grid.

- **Welfare of community :**

TNPL has established a trust in the name of 'TNPL Arakkodai' with a corpus of Rs 1 crore for providing community development measures. In addition the company has spent about Rs 50 lakh towards company development measures during the year 2007-08.

Drawing inspiration from the concern of the Government for the welfare of community, TNPL has set apart Rs 1.05 crore, highest ever amount, for activities under Corporate Social Responsibility during the year 2008-09.

TAMILNADU CEMENTS CORPORATION LIMITED

Tamil Nadu Cements Corporation Limited (TANCEM) is a multi-product, multi-locational organization with an annual turnover of about Rs.265 crores. Cement is the principal product of the company. The other products are Asbestos Sheet and Stoneware Pipes. TANCEM a wholly owned Government Company has been entrusted with the responsibility of exploiting limestone from various mines on behalf of Government of Tamil Nadu for the manufacture of cement.

Vision: To serve Public Interest by supplying the products to Government Departments and general public at reasonable price, creating infrastructure, improving the housing stock and providing sustainable employment opportunities in economically backward areas.

TANCEM has been given the responsibility to purchase cement from private cement manufacturers to meet the requirement of Rural Development and Panchayat Raj Department. TANCEM has been instrumental in obtaining a firm price of Rs.220 per bag of 43 Grade OPC.

MEASURES TAKEN BY GOVERNMENT OF TAMIL NADU TO CONTROL CEMENT PRICES:

With a view to make cement available at a reasonable price to the general public the Government of Tamil Nadu has initiated several measures.

In view of the various initiatives of Government of Tamil Nadu, the following streams of cement supply are currently available:

1. Consumers who are building houses with less than 1000 sq. feet can purchase upto 400 bags of PPC cement @ Rs.200/- per bag in the Godowns of Tamil Nadu Civil Supplies Corporation. Cement upto 25 bags is sold at Rs. 200/- per bag for undertaking repairs without any conditions. This concessional cement supply is being done by the private cement companies in response to the steps taken by the Hon'ble Chief Minister to make cement available at reasonable prices. The private manufacturers have committed to make available 20 lakh bags of cement every month.
2. Imported Cement is being sold to general public, Builders, Government contractors through MMTC on High Seas basis at the CIF price of Rs.160/- per bag, subject to a minimum order size of 500 MT per consignment.
3. TANCEM is also importing cement directly and selling on High Seas basis at CIF price of Rs.160/- per bag at Chennai and Tuticorin Ports. TANCEM has made arrangements for sale on High Seas even for a minimum quantity of 24 MT or 480 bags (1 container load) to help consumers requiring small quantities of cement.

4. Imported 43 Grade OPC is sold at Rs.220/- per bag to general public, Builders, Government contractors through Tamil Nadu Civil Supplies Corporation.

Significant achievements during the year 2007-08

During the year 2007-08, TANCEM has earned a net profit of Rs.15.75 Crores (provisional) as against a net profit of Rs. 6.33 Crores during the year 2006-07.

Action plan for 2008-09 :

Besides modernization of Alangulam at a cost of Rs. 82 Crores, during the year 2008-09, it is proposed to implement, at a cost of Rs.4.72 Crores, various measures identified for energy conservation, reduction in cost of production & enhancement of clinker and cement production. The company plans to improve the financial performance and emerge out of sickness atleast in the financial year 2008-09.

Blue Metal Jelly crusher will be installed in Alangulam to reduce the mining cost and enhance the profitability by converting the waste rejects to various sizes of blue metal required for Road and Building infrastructure programmes.

During 2008-09, it is being planned to restore the high grade limestone bearing mines by fulfilling the statutory measures prescribed by Director General of Mines safety.

In view of the growing demand for stoneware pipes required for Under Ground Sewerage schemes, the unit at Vridachallam will be modernized by installing Gasifier for firing which will reduce fuel consumption.

Physical & Financial Performance of TANCEM units for the year 2007-08 (Provisional)

Sl no	Name of the unit	2007-08 (Provisional)				
		Prod. MT	Sales MT	Cap.Uti %	Gross Turn over *	Net Profit/ Loss *
1	Ariyalur Cements	532800	531315	107.00	19547.00	2195.96
2	Tamilnadu Asbestos Sheets, Alangulam	24645	27538	86.47	1847.00	47.97
3	Alangulam Cements	139195	141657	48.00	5088.00	(-)582.78
4	Stoneware Pipe Factory, Vridhachalam	1056	1062	14.66	47.00	(-)50.61
5	Corporate Office				--	130.00

*Rs. in lakhs

The loss incurred by Tamil Nadu Asbestos (Pipes) Unit at Mayanur for the year 2007-08 is Rs.165.37 lakhs (provisional). The net profit for the year 2007-08 is Rs. 1575.17 lakhs (Provisional).

The financial performance of TANCEM during last 7 years furnished in bar chart

reveals the changing fortunes of the company and it is expected that the company will emerge out of sickness positively in the financial year 2008-09.

TAMIL NADU MINERALS LIMITED

Tamil Nadu Minerals Limited (TAMIN) was established on 6th April 1978. Its main objective is scientific exploitation of various mineral deposits, value addition, marketing and to provide employment opportunity in rural areas.

TAMIN exploits and markets black, white, paradiso and other colour granites and major minerals like Graphite, Quartz, Feldspar, Limestone, Silica Sand and Vermiculite with special focus on quality products and customer's satisfaction.

As per the unaudited accounts of the year 2007-08, the sales turnover of TAMIN is Rs.115 crores, which is a record performance.

The Budget Estimate of sales turnover for the year 2008-09 is fixed as Rs.125 Crores.

GROWTH THROUGH EXPANSION, DIVERSIFICATION AND VALUE ADDITION.

1. EXPANSION OF MINING AND QUARRYING ACTIVITIES.

TAMIN has, as its mission, continuous search for new and more granite deposits and Industrial Minerals.

TAMIN proposes to go in for garnet sand mining and marketing and has filed mining lease applications which are under process.

2. INCREASING CAPACITY OF INDUSTRIAL UNITS

TAMIN at present operates the following Industrial Units.

Sl. No.	Name of the Unit	Activity
1.	TAMIN Granites, Manali, Chennai	For production of granite building slabs and monuments.
2.	TAMIN Granites Tile Plant, Madhepalli, near Krishnagiri	For production of granite tiles (100% Export oriented Unit)
3.	Granite Tiles Unit, Soolamalai, near Krishnagiri	For production of granite Tiles (for domestic sales)
4.	Graphite Beneficiation Plant, Sivaganga	For production of graphite concentrates
5.	Indian Standard Sand Unit, Ennore, Chennai	For processing Silica Sand to BIS specification for using in cement testing
6.	Vermiculite Exfoliation Unit, Ambattur, Chennai (An ISO 9001:2000 Unit)	For production of Exfoliated Vermiculite

TAMIN has undertaken modernisation of its Manali Unit at a cost of Rs.20 Crores as sanctioned in G.O.MS.No.95 Industries (MME1) Department, dt: 15.4.2008. This will generate a production capacity of 1,50,000 M² of exportable quality of granite building slabs per year conforming to latest International standards. TAMIN will, in future, setup more modern units to increase its capacity for production of value added products like building slabs, tiles and monuments.

3. DIVERSIFICATION

- i. TAMIN has called for Expression of interest from parties for setting up a State-of-the-Art Graphite Unit under Joint Venture to produce high purity graphite concentrates and colloidal graphite of above 97% Fixed Carbon. Eight parties have responded and the process of assessing their capabilities and capacities is in progress. Further action will be taken on the basis of this process.
- ii. TAMIN has carried out the Exploration work and pilot mining to assess the deposit of Molybdenite at Velampatti South Block in the Harur Taluk, Dharmapuri District. A sum of Rs.6.84Crores has been spent on exploration. TAMIN proposes to explore, mine and beneficiate in

association with a joint venture partner, who will be selected by a transparent process.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS.

The company has a total manpower of about 1655 employees. The long pending issue of wage talks with workers' unions was amicably settled in September 2007 and a bilateral settlement was entered into with all the Unions severally. The settlement provides for increased wages and benefits. Promotions were given to all workers for the first time in 20 years. This has ushered in good Industrial relations, peace and harmony.

TAMILNADU MAGNESITE LIMITED

TAMILNADU MAGNESITE LIMITED (TANMAG) was established in January, 1979. The Company processes the Magnesite excavated from the mines and produces Dead Burnt Magnesite and Lightly Calcined Magnesite.

2. Sales Performance of the Company

The Sales Performance of the Company for the five years from 2003-04 to 2007-08 is as follows:-

Year	Sales Value (Rs.in Crores)
2003-04	25.05
2004-05	34.64
2005-06	35.18
2006-07	42.80
2007-08	48.08

3. Plan of Action for the year 2008-09

The production and sales targets for the year 2008-2009, are as follows:-

Sales

(Metric Tonnes)

Raw Magnesite	1,31,000	1,31,000
Dead Burnt Magnesite	34,500	34,500
Lightly Calcined Magnesite	17,000	17,000

Production

For 2007-08, TANMAG is expected to make a profit of Rs.290.35 lakhs (unaudited).
For 2008-09 also the profitability is expected to be at the same level._

TAMIL NADU INDUSTRIAL EXPLOSIVES LIMITED

Tamil Nadu Industrial Explosives Limited (TEL) was incorporated in February 1983. TEL's factory is situated at Katpadi, Vellore District over an extent of 750 acres. At present 700 employees are working in the Company.

In January 2004, the Government of India, prohibited the possession, sale and use of the NG explosives. NG explosives was the main business of TEL, the ban on its use affected the performance of TEL adversely, resulting in the Company making continuous losses from 2003-04 onwards.

During 2006-07 the Company achieved a turnover of Rs.2433.93 lakhs. but incurred a loss of Rs.1695.83 lakhs. For current year the turnover is expected to be Rs.2019.25 lakhs and the loss is Rs.1504.04 lakhs.

STATUS OF NEW PROJECTS UNDERTAKEN BY TEL :-

1. MMAN PROJECT :-

In order to better utilise the machineries in the NG plant and the surplus man power, a project for the manufacture of Mono Methyl Amine Nitrate based explosives was implemented. Trial production was taken during February 2008. After overcoming some initial technical process related problems, the commercial production is expected to commence shortly.

2. 2 EHN PROJECT :-

For similar reasons another project for the manufacture of 2 EHN, a chemical used as an additive in diesel, was undertaken. The civil works for this project have been completed. The difficulties experienced in importing some of the machinery have been sorted out now and the trial production and commercial production of 2 EHN is expected to commence during 2008-2009.

3. MAXAM PROJECT :-

TEL has also entered into a technology agreement with MAXAM Corporation (formerly known as UEE), Spain an internationally renowned explosives manufacturing Company, for the development and production of new products using Maxam Technology and to market them both domestically and for the export market, through a Joint Venture Marketing Company.

These initiatives are expected to help TEL in coming out of the present difficult situation faced by it because of the ban on NG explosives.

SOUTHERN STRUCTURALS LIMITED

Southern Structurals Limited (SSL) was originally formed in the Private Sector in the year 1956 with the main objective of manufacturing Railway Wagons, Mining Equipments and Steel Structures, etc. SSL has been incurring 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. After prolonged efforts to rehabilitate the Company proved unsuccessful, the Bankers took over the physical possession of Company's assets under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and informed the same to BIFR. Since the Bankers took over the physical possession of the Company's assets 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 4 employees are re-engaged on retainer basis to carry out the residuary works. On 31.12.2007 Government sanctioned Rs.1200.38 lakhs towards One Time Settlement to the Consortium of Bankers and as such the assets are released from hypothecation.

Steps will be taken in 2008-2009 to put the assets of the Company to productive use. Expression of interest for this purpose will be invited soon.

TAMIL NADU SALT CORPORATION LIMITED

Established in 1974, Tamil Nadu Salt Corporation Limited (TNSC) manufactures Industrial Grade Salt (IGS), Iodised Salt (IS) and Double Fortified Salt (DFS containing Iron and Iodine) at its Mariyur Valinokkam Salt Complex, Valinokkam, Ramanathapuram District.

2. The Corporation has leased 5,524 acres of salt lands from the Government of Tamil Nadu of which the effective area available for salt production is 4,825 acres. So far, 3,210 acres have been developed for salt production with 835 crystallisers yielding a production potential of about 175,000 TPA. The Corporation employs directly and indirectly about 1100 local labourers and its activities support the employment of another 150 persons approximately.

3. Tamil Nadu Salt Corporation Limited (TNSC) has grown substantially in production and in marketing activities over the past few years. Sales of Industrial Grade Salt take a large share of production output. TNSC has aggressively marketed Iodised Arasu Salt through PDS in Tamil Nadu.

4. The Government have introduced in 2007-08 a scheme for supply of Double Fortified Salt (Iron & Iodine) for school going children through Noon Meal Programme in order to reduce iron deficiencies in this vulnerable category.

5. Under 'Namak Mazdoor Awaz Yojana' Scheme of Government of India, construction of 250 dwelling units for salt labourers at Valinokkam has been completed.

6. Financial Performance

TNSC has been earning profits from 1990-1991. During the year 2007-2008, after payment of additional royalty of Rs.292.06 lakhs to the Government, profits after tax are likely to be Rs.64.70 lakhs (unaudited) on an estimated turnover of Rs. 21.40 crores which represents about 22 per cent increase over the previous year's turnover of Rs.17.60 crores.

TAMIL NADU INDUSTRIAL GUIDANCE AND EXPORT PROMOTION BUREAU

Government of Tamil Nadu constituted Tamil Nadu Industrial Guidance and export Promotion Bureau (shortly called as Guidance Bureau) with the objective of “attracting major new investment proposals” into Tamil Nadu in January 1992.

The primary objectives of Guidance Bureau are :

1. To attract major industrial projects into Tamil Nadu.
2. To function as Single Window Documentation Centre for major investment proposals.

During the year 2006-07, Guidance Bureau handled 45 major investment proposals with a total investment of Rs.6662 crores.

Some of the major projects include:

Motorola, USA	Mobile phones and related peripherals	135
DELL Computers, USA	Computers	135
Growth Link Limited, Taiwan	Footwear	300
Apollo Tyres	Tyres	450
Samsung India Electronics	Colour TVs & Monitors (one SEZ & One DTA)	82
Tessolve, USA	Semi Conductor	1000
Caparo	Auto components	300
Aspocomp Electronics (I) Pvt. Ltd.	Printed Circuit Boards	694
Perlos	Plastic parts for mobile phones	124
Mahindra & Mahindra	Product Development and Research Centre	548
Salcomp Manufacturing India Pvt. Ltd.	Mobile phone chargers	120
Laird Technologies Pvt.Ltd.	Mobile accessories	101
GKN Driveline India Limited	Automobile components	100
Wintek Technology (India) Private Ltd.	Liquid Crystal Module (LCM)	161

During the year 2007-08, Guidance Bureau handled 46 major investment proposals with a total investment of about Rs.19000 crores.

Some of the major projects include:

(Rs. in crores)

Signet Solar, USA	Semi Conductor	2000
Renault – Nissan Consortium	Cars	4500
Moser Baer	Solar Fab	2000
Hyundai Motors India Limited	Cars Expansion	4000
Thyssenkrupp, Germany	Auto Components (crankshaft)	350
Allison Transmissions, USA	Transmission	350
Delphi, USA	Automobile components	188
Sanmina, USA	Electronic Hardware	225
Nokia Siemens Networks Private Ltd.	Base Station Controllers & Networking equipment	320
M/s. NM Tyres P. Ltd.	Pneumatic tyres	430
Hansen Drives Ltd.	Gear Units for Wind Turbines	1500

DEPARTMENT OF GEOLOGY AND MINING

The mineral wealth of a country and its mineral based industries richly contribute to the nation's economy. Depending upon its constituents, minerals are classified as metallic and non-metallic minerals. Tamil Nadu is endowed with few metallic mineral deposits viz., Iron Ore, Bauxite and non-metallic deposits viz., Limestone, Magnesite, Beach placers etc. Tamil Nadu is also rich in fuel minerals like Oil and Natural Gas. Minerals are non-renewable and wasting assets, which are to be scientifically exploited and judiciously utilized without detriment to the environment. The activities of mineral exploration and exploitation should always be result oriented and towards economic growth.

2. The following are the primary functions of the Department of Geology and Mining.

- (i) Mineral exploration and evaluation of various mineral deposits occurring in the State.
- (ii) Carrying out geo-technical studies in the Hill tracts of Nilgiris and Kodaikanal
- (iii) Mineral administration
- (iv) Augmenting mineral revenue to the state exchequer

Mineral Exploration and Evaluation of various mineral deposits occurring in the State

The reserves of crude oil proved in Cauveri basin, falling in the districts of Nagapattinam, Tiruvarur and Thanjavur play an important role in the industrial development of Tamil Nadu and the Natural Gas reserves proved in Ramanathapuram district resulted in setting up the power plants using gas as a fuel both by Tamilnadu Electricity Board and in private sector. As a result of detailed prospecting operations carried out in the State, two major cement plants under public sector were commissioned by TANCEM. The Department has also reassessed various limestone formations in the state for major cement plants in Tamil Nadu, under private sector. The Magnesite of Tamil Nadu is considered as the best in the world market in refractory industry. Heavy minerals are occurring in the form of beach placers along the coast line of Bay of Bengal and also as stream sediments along stream and vari courses. The quartz and feldspar and silica sand deposits, occurring in the state are mainly used in glass and ceramic industries. Fireclay is mainly used in the manufacture of stoneware pipes, ceramic tiles and bricks. Graphite available in Sivagangai district is exploited by Tvl. TAMIN. In addition, there is a great potential for Black and multi coloured granite and are in great export demand. The granite is a main source of earning foreign exchange.

In order to enable the department to find out new sources of minerals, the State Government have now accorded sanction for a separate exploration wing in the Directorate, Chennai headed by a Deputy Director with adequate funds. Necessary staff have been deployed exclusively for undertaking mineral exploration in hitherto unexplored remote areas of the State of Tamil Nadu. The exploration work will be taken up shortly.

Geo-technical studies in the Hill tracts of the Nilgiris and Kodaikanal

The Geo-Technical Cell prepares feasibility reports and offer suggestions and clearances for any construction activity in the hill areas. The Geotechnical Cell also helps the country planners in selecting land slide free areas for developmental activities by individual site studies. In addition, areas prone to land slides are identified and safety and stability measures are suggested to safeguard human lives and property. The Geotechnical Cell examines suitability of sites from landslides angle, such as construction of check dams, industrial sites and Housing sites and for development schemes in the districts of the Nilgiris and Dindigul. The Geotechnical Cell has issued 704 site clearances during 2007-2008.

MINERAL ADMINISTRATION:

29 district offices of the Department (except Ariyalur & Thiruvavur) are functioning, headed by a Deputy Director / Assistant Director. The District office performs mineral administration work under the administrative control of respective District Collector and under the over all control of the Director of Geology and Mining.

The mineral administration activities includes

- a) granting of mineral concession for both major and minor minerals in accordance with the relevant provisions of the Act and Rules.
- b) regulation of mining operations so as to ensure conservation and development of minerals.
- c) collection of royalty / seigniorage fee and
- d) enforcement on illicit quarrying and transportation of minerals.

The details on existing mining leases and their extent for important minerals are furnished below:

Sl No	Name of the mineral	Patta land	Extent (in hecets)	Government land	Extent (in hecets)	Patta & Government land	Extent (in hecets)	Total no. of Mining Leases	Total Extent (in hecets)
1	Oil and Natural Gas	-	-	14	279.01 Sq. Km.	-	-	14	279.01 Sq. Km.
2	Lignite	-	-	1	259.00 Sq. Km	-	-	1	259.00 Sq. Km
3	Limestone	326	3254.01.0	83	2438.04.5	13	1025.33.5	422	6717.39.0
4	Garnet sand with associated minerals.	55	174.23.0	13	248.43.5	2	152.95.0	70	575.61.5
5	Bauxite	3	20.51.5	3	400.10.5	-	-	6	420.62.0
6	Black Granite	109	210.61.7	88	902.48.1	-	-	197	1113.09.8
7	Colour granite	198	406.26.0	33	374.97.5	-	-	231	781.23.5

AUGMENTATION OF MINERAL REVENUE TO THE STATE EXCHEQUER.

The Department has collected mineral revenue of Rs.552.46 crore during the year 2007-2008. A statement showing the revenue realization from 2003-2004 to 2007-2008 for various minerals is given below showing steady increase of revenue.

(Rupees in lakh)

Sl. No	Name of the Mineral	2003-04	2004-05	2005-06	2006-07	2007-08
1.	Oil and Natural Gas	7076.42	9691.51	14183.39	17313.63	15626.21
2.	Lignite	9909.75	9932.87	10477.54	10041.61	12724.52
3.	Limestone	5664.85	6494.70	7163.90	7893.60	8511.71
4.	Garnet sand	225.25	24.30	73.65	114.47	601.61
5.	Granite	3123.73	3455.23	3200.35	4641.00	351.20
6.	Bauxite	125.06	129.31	149.97	158.06	221.07
7.	Others	10490.10	6741.08	10083.20	8762.63	17209.67
Total		36615.16	36469.00	45332.00	48925.00	55245.99

SUGAR INDUSTRY

1. Sugar Scenario:

The Sugar Industry is the second largest Agro based industry which has successfully contributed to the rural economy. India is the second largest sugar producer in the world. Tamil Nadu is one of the major sugar producing States in the country and it contributes 9% to 10% of the total production of sugar. Our State stands first in the sugarcane productivity at the rate of 110 MTs per hectare. Out of 40 sugar mills in Tamil Nadu, 16 are in Co-operative Sector, 3 are in Public Sector and 21 are in Private Sector. However, at present 37 mills out of 40 are in operation. The Madurantakam Sugar Mills in Co-operative Sector, Madura Sugars in Public Sector and Arunachalam Sugars in Private Sector are not working from 2001-02, 2002-03 and 2003-04 season respectively. The Government plans to revive the non operative mills in Co-operative and Public Sector Sugar Mills.

2. Government's Vision:

The Sugar Industry in the state of Tamil Nadu effects large number of farmers, consumers, transporters and entrepreneurs. The Government on one hand is committed to improve the quality, production and productivity of sugarcane crop through improved hybrid varieties of cane and improved water, pest and fertilizer management, and on the other hand envisages improved sugar manufacturing processes, timely crushing, better recovery and optimum utilization of byproducts.

3. Performance of Sugar Industry:

During the 2006-07 crushing season, all the 37 operating mills in the state have crushed 274.49 L.M.T. sugarcane as against 231.46 LMT of cane in 2005-06 season. The sugar production during 2006-07 season was 25.39 LMT against the previous season's 21.38 LMT. The capacity utilization of all the sugar mills during 2006-07 season was 144% as against 125% of the previous season.

The Co-operative and Public Sector Sugar Mills have crushed 87.88 LMT of cane in 2006-07 season and produced 8.09 LMT of sugar with an average sugar recovery of 9.20%. These 17 working mills as on 31.03.2008, have crushed 41.77 LMT of cane and produced 4.05 LMT of sugar with an average sugar recovery of 9.70%.

Major Achievements of Sugar Industry in Tamil Nadu are as follows:

- New Sugar mills were established as per revised guidelines, to facilitate modernization
- Tripartite meeting were conducted to announce enhanced State Advised Price.
- 100% sugarcane transport charges are borne by Coop. and Public Sector Sugar Mills.

- Timely disposal of cane cultivated in non operating sugar mills to other mills, was ensured.
- The quantum of cane crushed by the Co-operative & Public Sector Sugar Mills at 87.88 LMT during 2006-07 season is highest in the decade.
- The average cane crushed by all the Co-Operative and Public Sector sugar mills per crop day in 2006-07 season has improved to 37128 MT as against previous seasons 33677 MT.
- The power exported to the grid at 280.60 lakh units during 2006-07 season is highest in the history of cogeneration plants of Co-operative Sugar Mills.

4. BY-PRODUCTS:

(i) Bagasse and Co-generation :

Bagasse is a by-product of sugar industry which is used as fuel to generate electricity to operate the mills. Co-generation is increasingly resorted for optimal utilization of bagasse produced in sugar mills. The surplus bagasse is being sold to Tamil Nadu Newsprint and Papers Limited and to other users.

Tamil Nadu is the pioneer in the establishment of co-generation plants in our country. Out of 21 Private Sector Sugar Mills, 18 Sugar Mills have already established co-generation plants to the total capacity of 366.60 MW. In Co-operative Sector, 3 mills have co-generation plants with the total capacity of 20 MW.

The Government of Tamil Nadu has decided to establish co-generation plants in all the 17 Co-operative and Public Sector Sugar Mills at an approximate cost of Rs.925.00 Crores through the Tamil Nadu Electricity Board and the proposed additional capacity would be to the tune of 185 MW. A consultant has been selected for preparation of Detailed Project Report (DPR).

ii) Molasses :

Molasses is an important by-products of sugar mills, utilized for production of alcohol and downstream chemicals and cattle feeds.

Co-operative and Public Sector Sugar Mills in Tamil Nadu produced 3.98 LMT of molasses during 2006-07 season.

(iii) Distilleries

In Tamil Nadu, fourteen distilleries with licensed capacity of 21.06 crores litre per annum are in operation. In addition to this during 2007-08, eight Private distilleries have been permitted to expand their capacity to produce additionally 6.23 crores litres of Alcohol per annum.

The distilleries in the Co-op. Sugar Mills namely Salem and Amaravathi Co-op. Sugar Mills produced 221.46 lakh litres of Alcohol during the year 2006-07.

(iv) Ethanol:

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

AWARDS

• The National Federation of Co-operative Sugar Factories (NFCSF), New Delhi has declared 3 awards for the 2006-07 season to the Tamil Nadu Co-operative Sugar Mills as given below:

- (i) The first prize for overall performance for Kallakurichi-II Co-operative Sugar Mill.
- (ii) The second prize for best cane development for Salem Co-operative Sugar Mill.
- (iii) The second prize for best financial management for Cheyyar Co-operative Sugar Mill.

KALAINAR M.KARUNANIDHI
CHIEF MINISTER