



Presentation on **Why Tamil Nadu?**

Competitive strengths and Opportunities

by

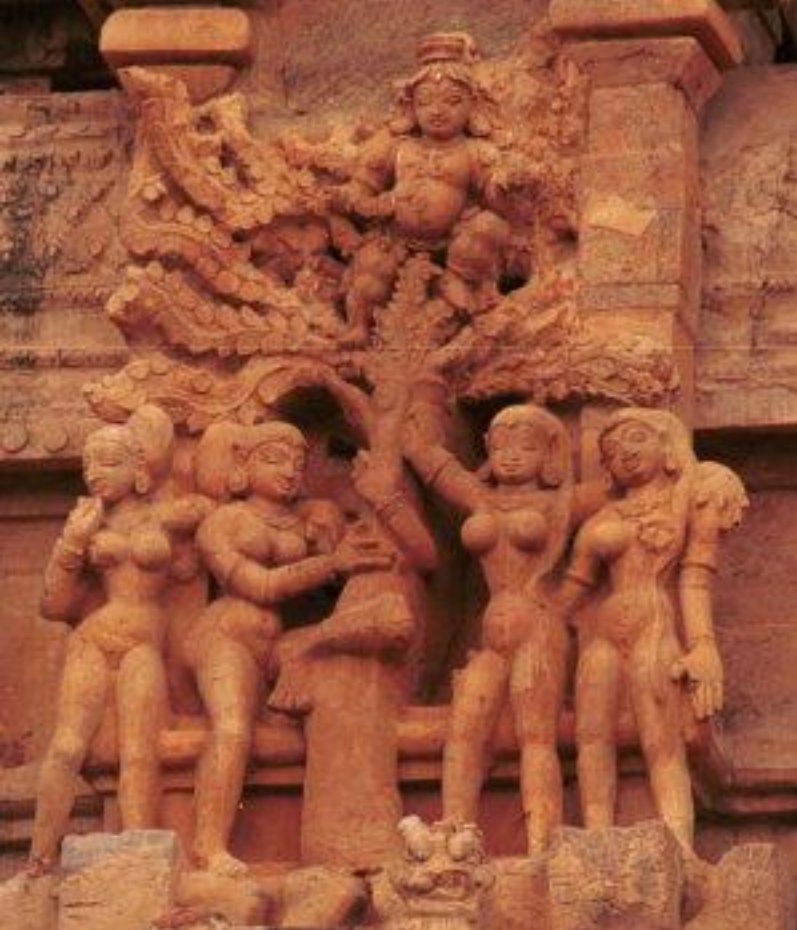
M Velmurugan IES
Executive Vice Chairman
Guidance Bureau
Industries department
Government of Tamil Nadu



Presentation structure

- **About Tamil Nadu – Economic Profile**
- **Infrastructure development in Tamil Nadu**
- **Opportunities in Tamil Nadu for Foreign Investors**
- **What Government offers?**



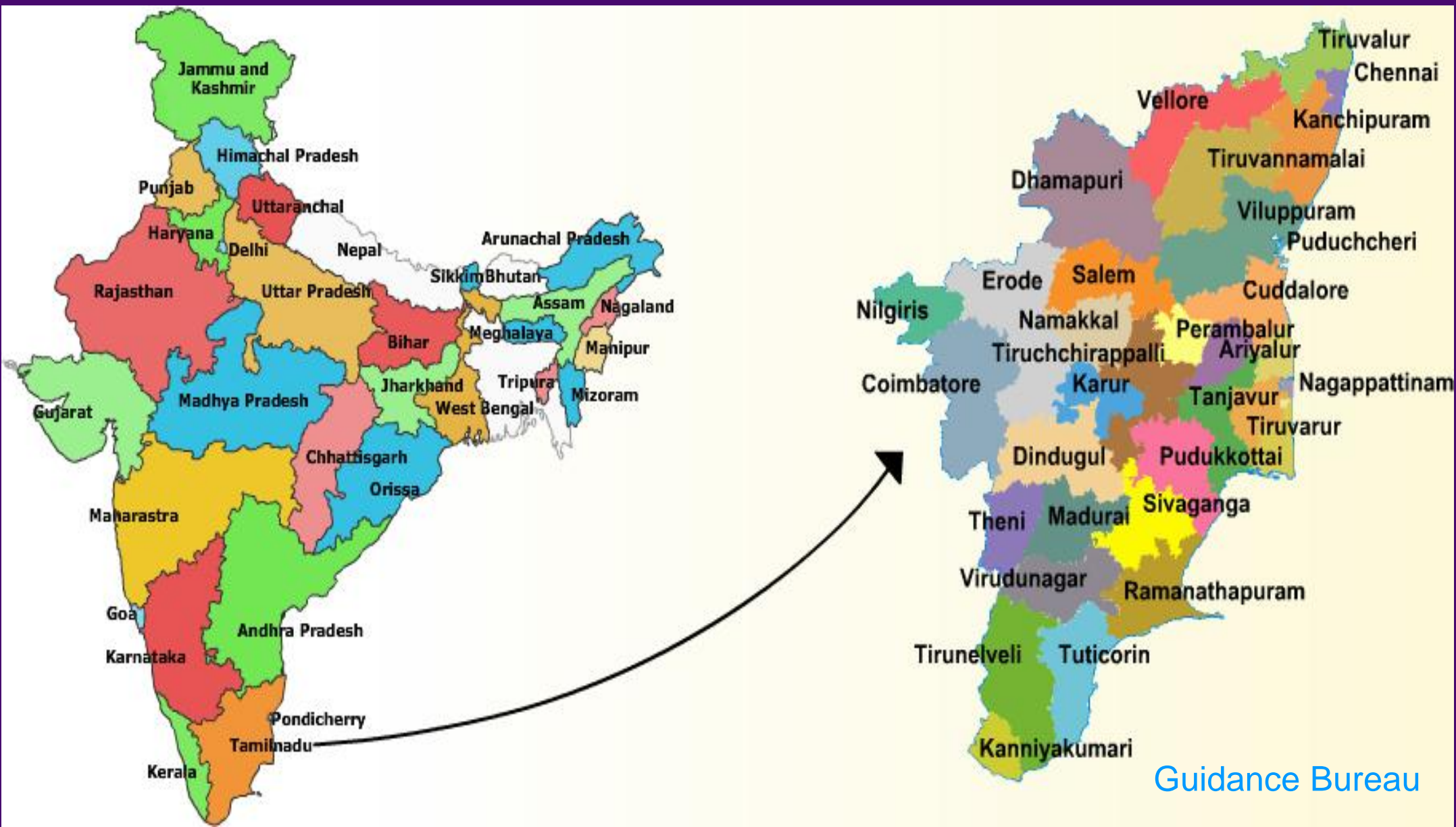


Tamil Nadu Economic Profile



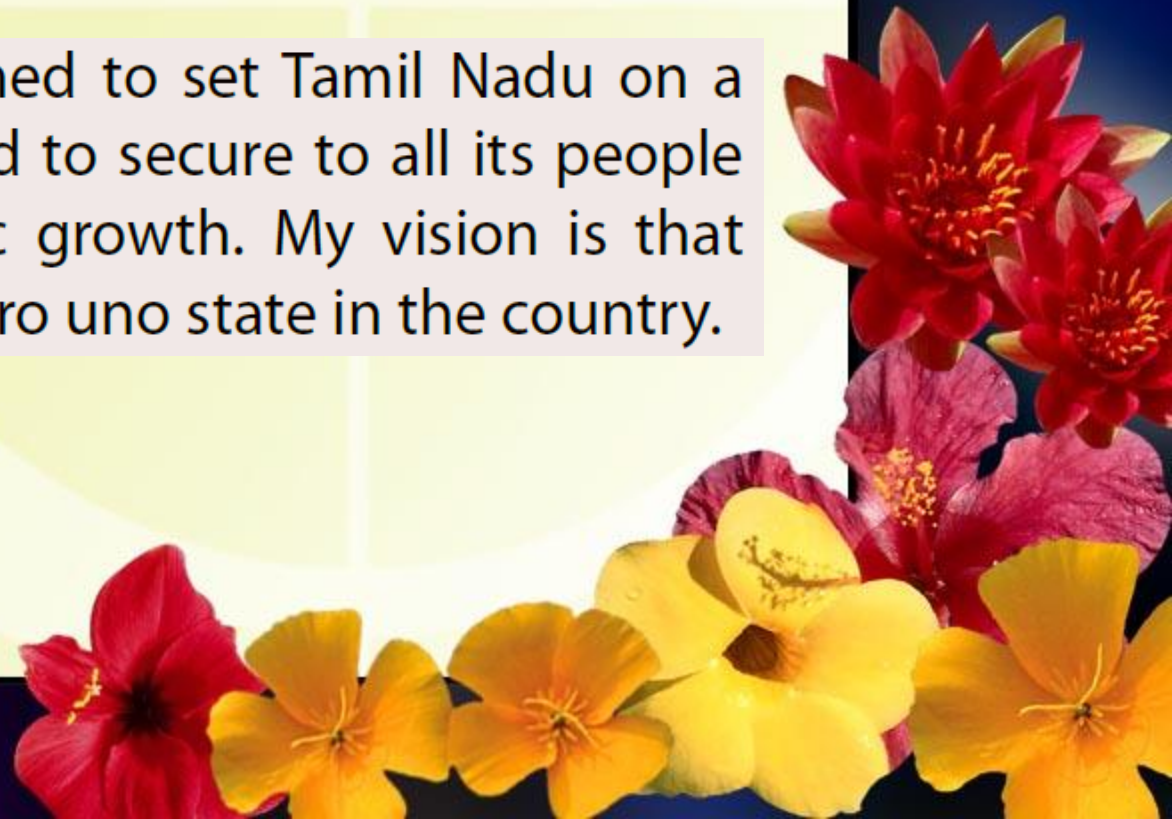
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Tamil Nadu – The Destination of Choice of Foreign Investors





My Government is determined to set Tamil Nadu on a high growth trajectory and to secure to all its people the benefits of rapid economic growth. My vision is that Tamil Nadu should be the numero uno state in the country.



Vision 2023: Theme

- *The vision for Tamil Nadu for 2023 is to become India's most prosperous and progressive state with no poverty, and where its people enjoy all the basic services of a modern society and live in harmonious engagement with the environment and with the rest of the world.*
- Vision 2023 Tamil Nadu ("Vision 2023") sets the plan for infrastructure development for the state to reach the desired outcomes by 2023. The three outcomes of Vision 2023 are:
 - The per capita income of Tamil Nadu's residents will reach \$ 10,000¹ per annum (at 2010 prices) – the present median income of Upper Middle Income countries - by 2023,
 - Tamil Nadu will attain a high standard of social development, with the Human Development Index of the state matching those of developed countries by 2023, and
 - Tamil Nadu would provide to its residents, high quality infrastructure all over the state comparable with the best in the world.



Theme #5:

Healthy investment climate

- **More than two-thirds of the financing has to come from non state governmental sources, particularly the private sector**
- **Improving the standing of Tamil Nadu on the investment climate sweepstakes is one of the key planks of Vision 2023**
- **The key to being internationally competitive is highly efficient and responsive governance.**
- **Attaining a top three position in Asia would tantamount to benchmarking Tamil Nadu with countries such as South Korea, Thailand and Malaysia, which are ranked 8, 17 and 18 respectively in the world by International Finance Corporation in its study on Ease of Doing Business**



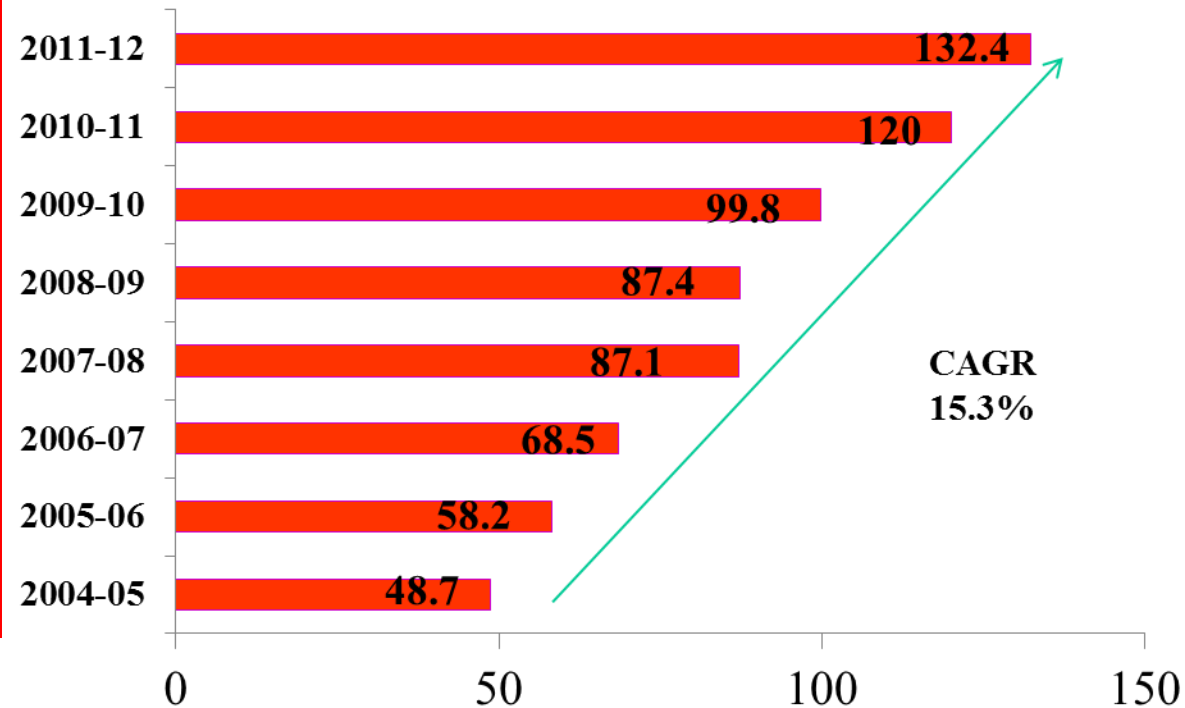
Tamil Nadu: The Preferred Destination

- **One of Top three fastest growing states in India**
- **Most urbanized state of India**
- **First in number of factories – 26122**
- **First in number of workers employed in factories sector – 1774019**
- **Third in Gross Industrial output**
- **Third in Net value Addition**
- **First in annual turn-out of Engineering graduates and technicians**
- **One of Top Three FDI destinations in India**
- **More Cost effective than even China – according to Nokia**
- **Sriperumpudur – India's largest Electronics cluster with World's largest mobile hand-sets manufacturing plant**
- **Chennai – the largest automobile cluster hub and poised to become one among World's Top 10 auto clusters**

Tamil Nadu GSDP Growth in US\$ Billion

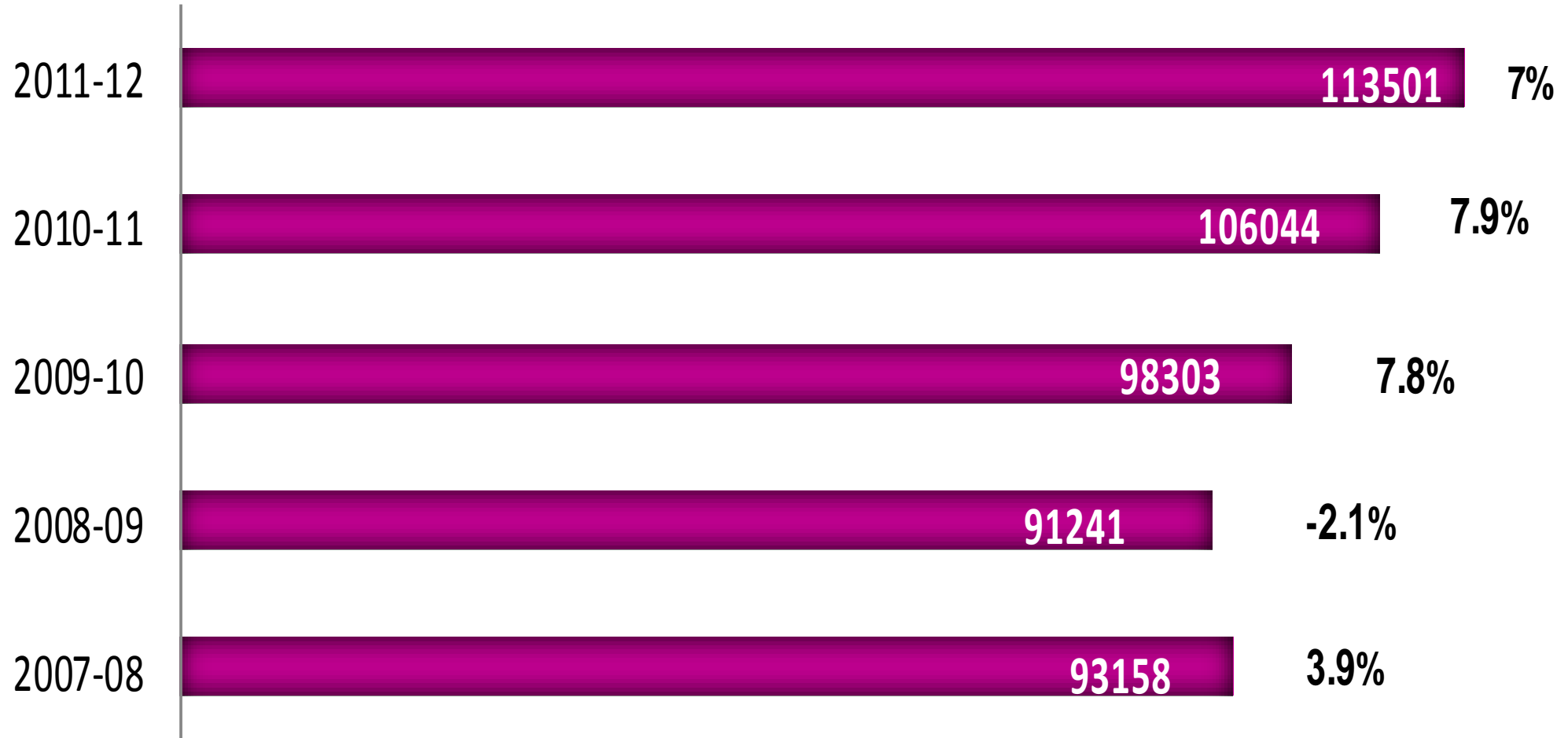
- At current prices, the Gross State Domestic Product (GSDP) of Tamil Nadu was about US\$ 132.4 billion in 2011-12
- The GSDP increased at a CAGR (Compound Annual Growth Rate) of 15.3% between 2004-05 to 2011-12

Tamil Nadu GSDP in US\$ Billions



Source: CMIE

Tamil Nadu Industry Growth rates at constant prices



Chennai: The Hi-Tech Industrial Ecosystem

Automobile & Auto Components



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(Government of Tamil Nadu)

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Chennai: The Hi-Tech Industrial Ecosystem

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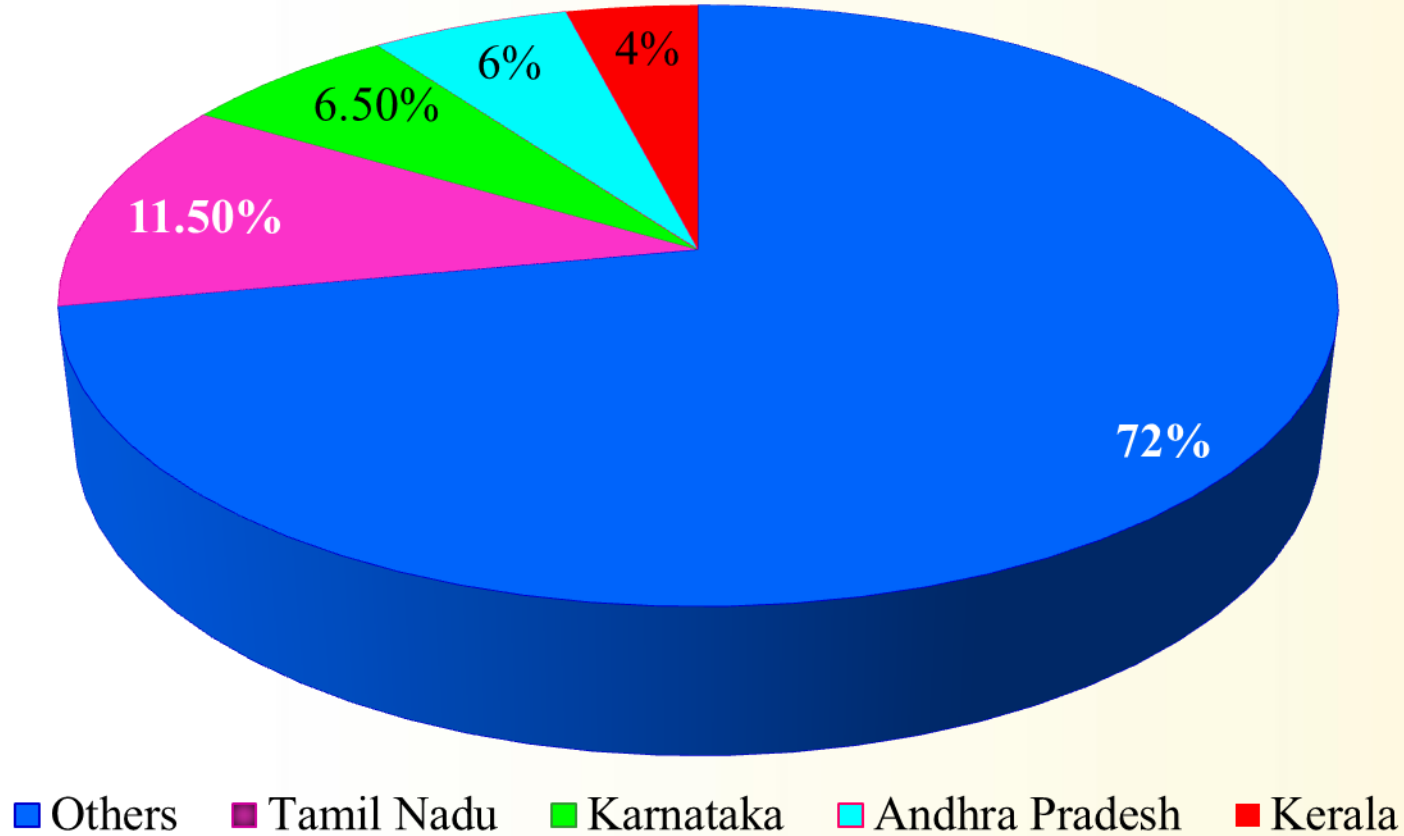


Information Technology

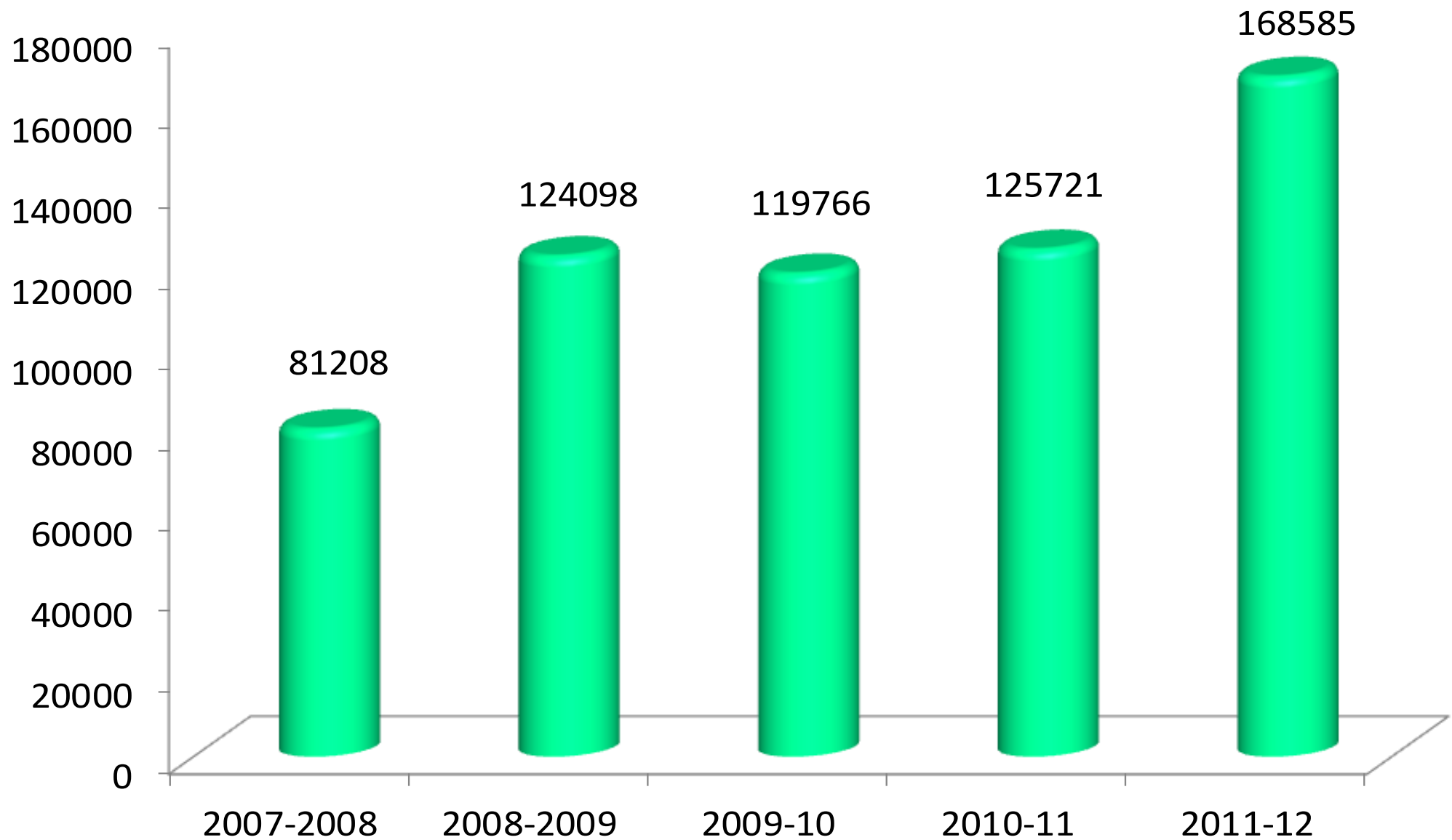


Share of Southern India Exports- State-wise in India's exports

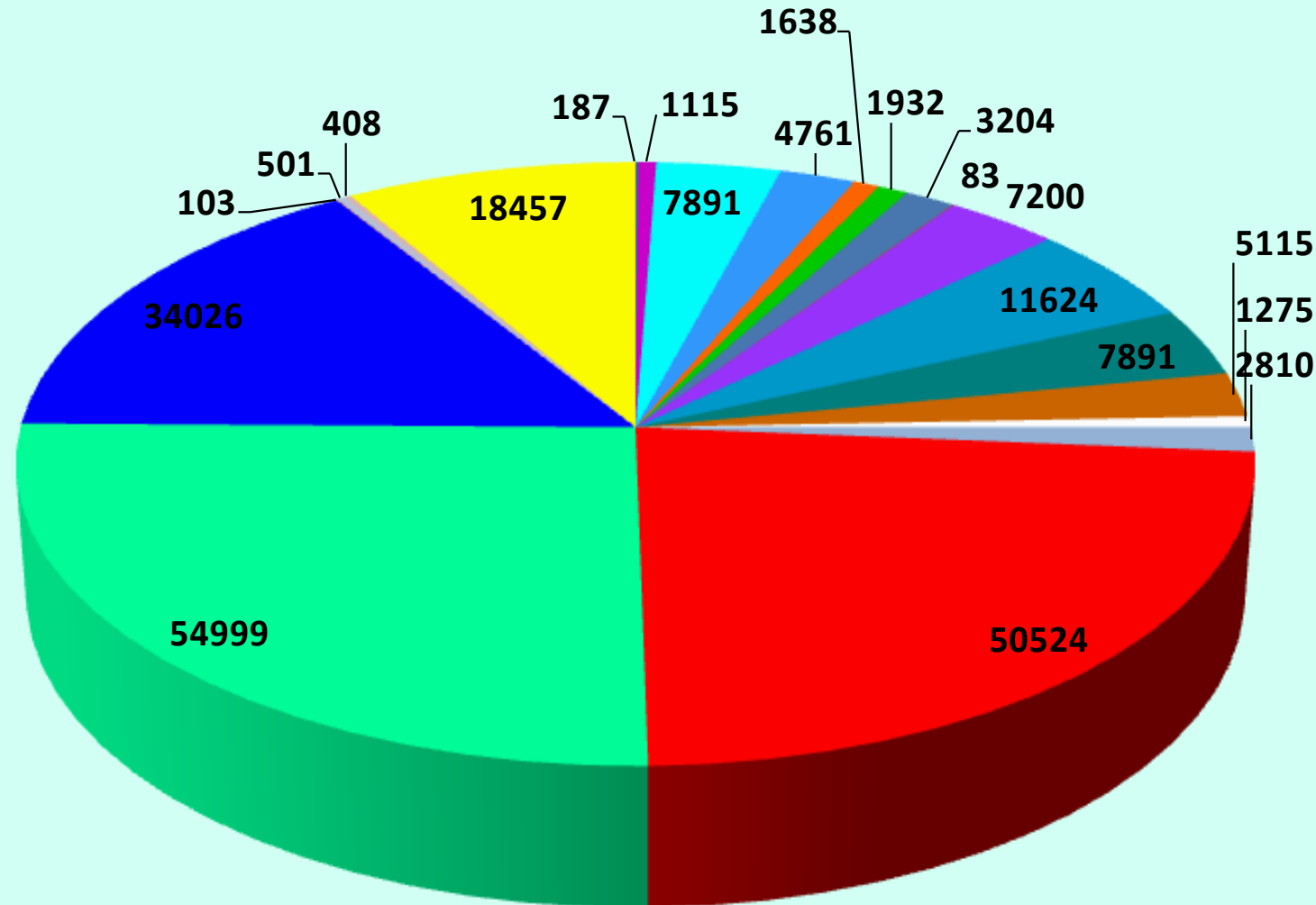
2011-2012



Exports from Tamil Nadu Rs. crores



Exports from Tamil Nadu 2011-12 (Rs. In crores)



- Tea
- Coffee
- Agricultural & Processed Foods
- Tobacco & Tobacco
- Cashew & Cashew Nut Shell Liquid
- Spices
- Marine Products
- Sports Goods
- Ores & Minerals
- Finished Leather & Leather Goods
- Drugs, Pharma, Fine Chemicals, Cosmetics
- Chemicals & Allied Products
- Gems & jewellery
- Plastic & Linoleum Products
- Engineering Goods
- Computer Software & Elec. Goods
- Textiles & Readymade Garments
- Silk Goods
- Coir & Coir Manufactures
- Carpets & Handicrafts
- Other Commodities



Tamil Nadu: Strengths and Opportunities



The Tamil Nadu Advantage: Six Sigma

Fastest growing Prefecture
Average Growth rate: above 10%

Mature Industrial base:
Leader in automobiles & parts,
Electronic hardware,
Textiles, IT, etc

Excellent Port Logistics

Well-developed
Infrastructure: Power, roads,
communication, etc

Cost competitiveness:
Cheaper than China

Largest producer of skilled
Manpower In India

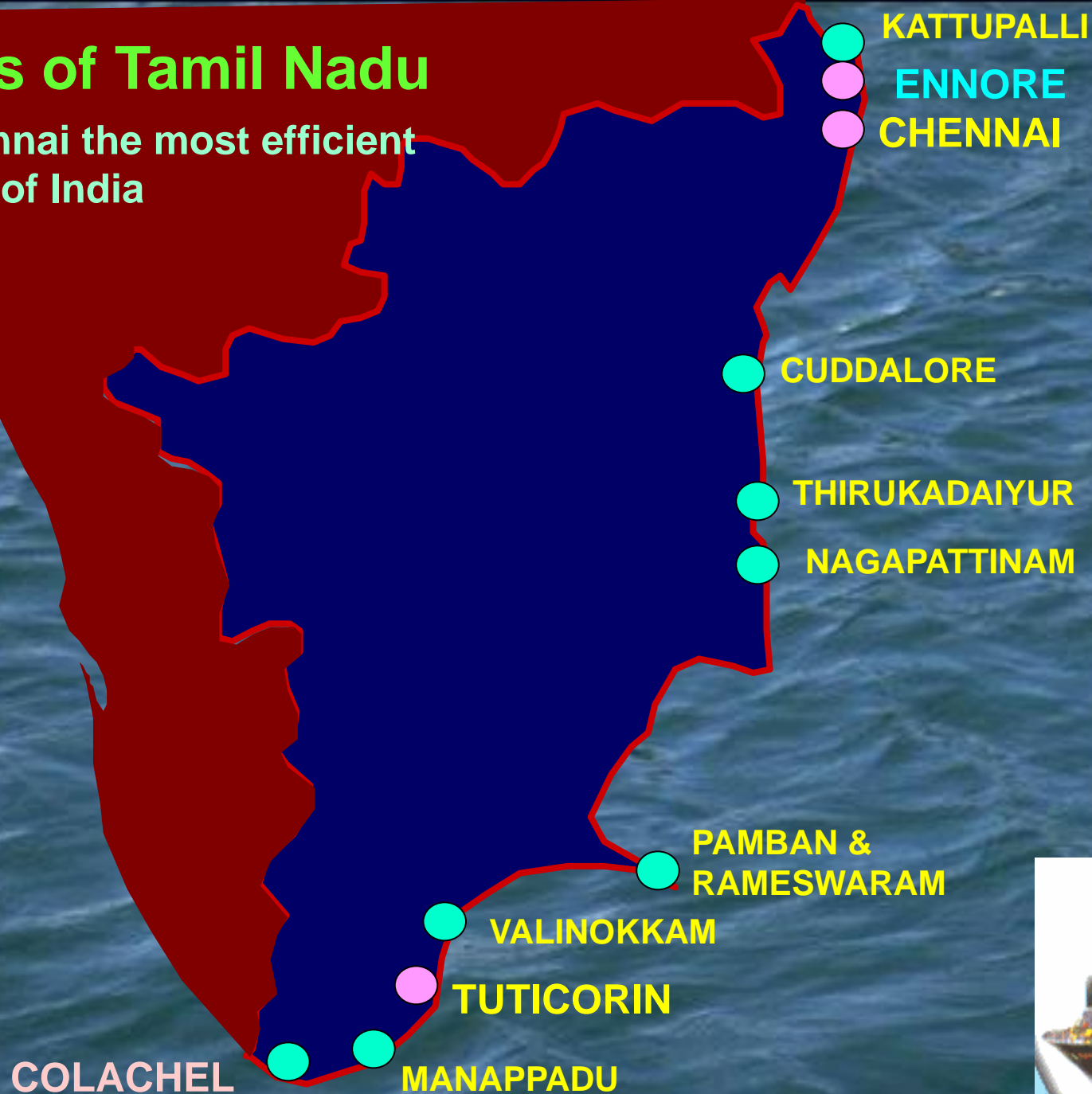


Infrastructure Profile of Tamil Nadu

- Tamil Nadu - the most Urbanised state
- Tamil Nadu rated one of Top Three states in terms of Infrastructure development - CMIE index of Infrastructure development
- Power generating capacity: about 18083 MW - second largest
- Communication: Largest Bandwidth and High Teledensity - highest in India
- 19 Industrial Parks, 92 Special Economic Zones - Third largest
- High Road density
- Port logistics: 4 modern sea ports, 20 minor ports
- Well-developed social infrastructure: Health care, education, Housing, etc

Ports of Tamil Nadu

Chennai the most efficient
port of India



Tamil Nadu: **Strategic Locational Advantage**



Mercer Cost of Living survey 2011

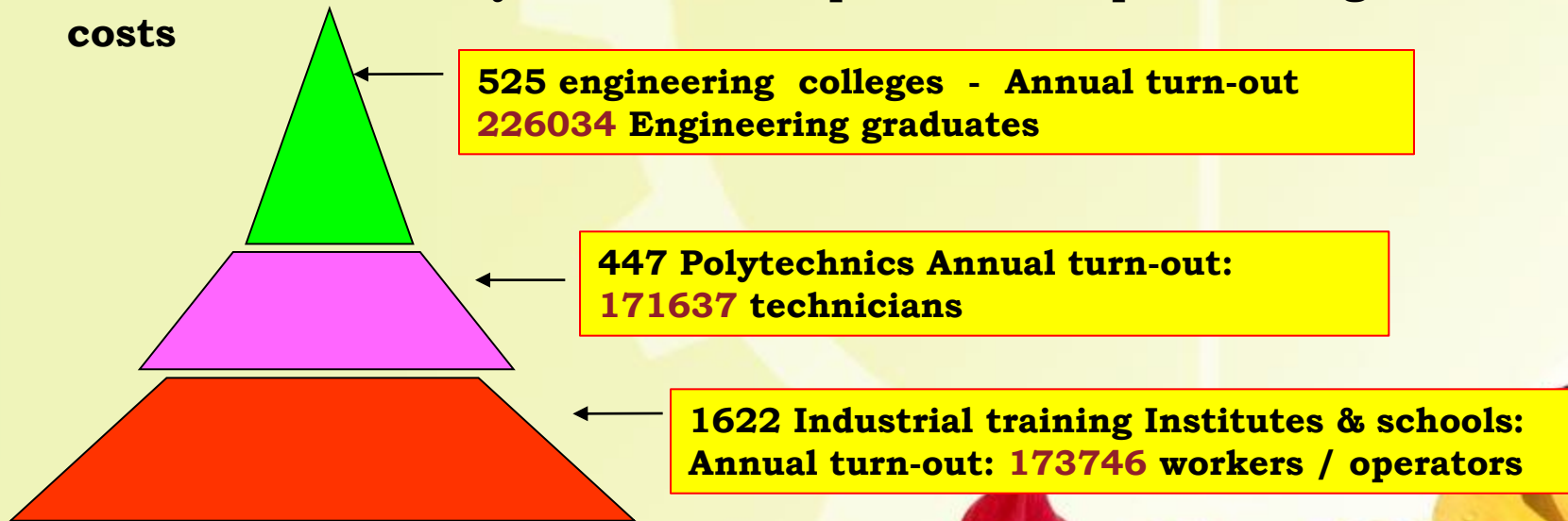
- Chennai – ranked one of the cheapest cities among 214 cities in the World in terms of cost Living
- Wage & Salary cost linked to Cost of living
- Lower cost of Living imply lower wage costs
- Chennai offers 25% to 50% wage cost saving when compared to competing locations in India and China

Rankings		City	Country
March 2011	March 2010		
1	1	Luanda	Angola
2	2	Tokyo	Japan
4	4	Moscow	Russia
6	6	Osaka	Japan
7	8	Zurich	Switzerland
8	11	Singapore	Singapore
9	8	Hong Kong	Hong Kong
10	21	São Paulo	Brazil
11	19	Nagoya	Japan
12	29	Rio de Janeiro	Brazil
14	24	Sydney	Australia
18	17	London	United Kingdom
19	14	Seoul	South Korea
20	16	Beijing	China
21	25	Shanghai	China
27	17	Paris	France
32	27	New York City	United States
52	78	Taipei	Taiwan
77	55	Los Angeles CA	USA
85	85	New Delhi	India
95	89	Mumbai	India
180	190	Bangalore	India
194	195	Chennai	India
213	212	Managua	Nicaragua
214	214	Karachi	Pakistan



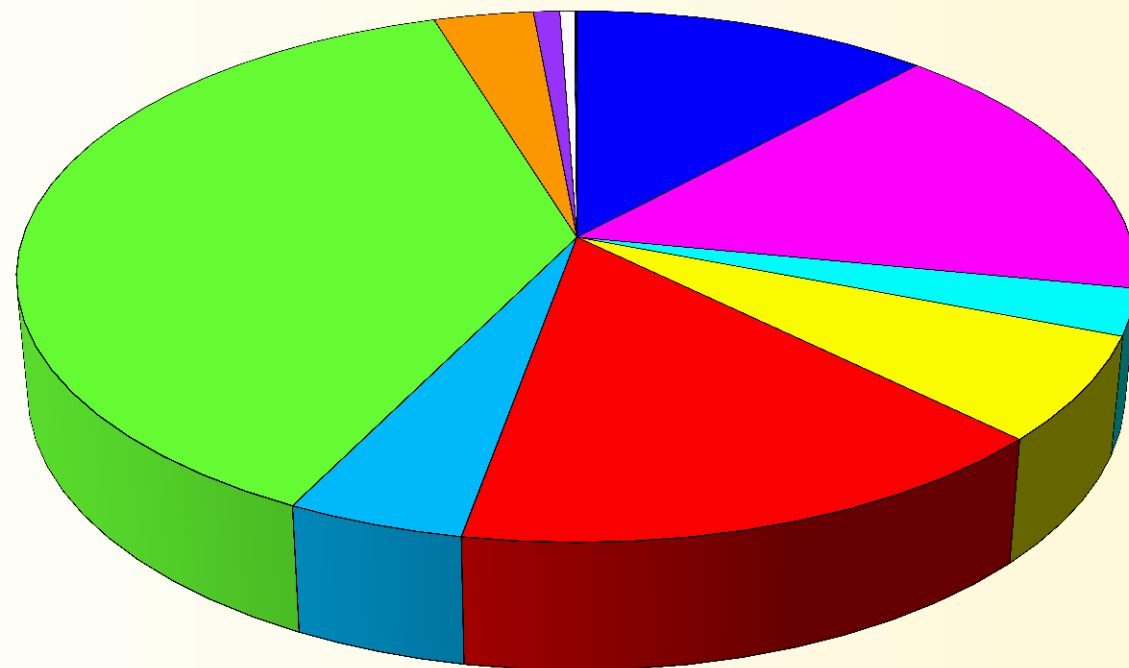
Investment in Human Resources Development

- Tamil Nadu – pioneer in promoting Technical education in Private sector
- Annual Turn-out: More than 1.0 million Graduates (Engineering, Arts & Science), Diploma holders and ITI workers
- Private Institutions account for more than 80% of annual turn-out
- Improving Literacy rate: 81.4%
- Abundant availability of skilled manpower at competitive wage costs



Tamil Nadu Power: Current Installed capacity - June 2012

	Capacity in MW	%
Hydel capacity	2191	12.12
Thermal – coal based	2970	16.42
Gas based	516	2.85
Private sector (IPP)	1180	6.53
Central share	2861	15.82
others	824.65	4.56
Wind Power	6970.62	38.54
Cogeneration	610.00	3.37
Biomass	161.15	0.89
Small Hydel projects	90.05	0.49
Solar	10.0	0
Waste to energy	4.25	0
Grand Total	18083.48 MW	



- Hydel capacity
- Thermal – coal based
- Gas based
- Private sector (IPP)
- Central share
- others
- Wind Power
- Cogeneration
- Biomass
- Small Hydel projects
- Solar
- Waste to energy



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Renewable (clean) energy constitutes 43.39% of the above total capacity

New power projects: Capacity addition programme

Name of the project	Capacity in MW	Estimated COD
North Chennai Thermal Power Project (NCTPP) Stage II, Unit I	600	March 2013
North Chennai Thermal Power Project (NCTPP) Stage II, Unit – II	600	Nov 2012
Kudnankulam Nuclear Power project (state share)	454	Jan 2013
Mettur Thermal Power Project Stage III	600	Dec 2012
NTPC TNEB JV Project (NTECL) at Vallur 3 x 500 MW Unit I	500	Oct 2012
NTPC TNEB JV Project (NTECL) at Vallur 3 x 500 MW Unit II	500	Dec 2012
NTPC TNEB JV Project (NTECL) at Vallur 3 x 500 MW Unit III	500	Oct 2013
NLC TNEB JV Project (NTPL) at Tuticorin (2 x 500 MW) Unit I	500	Oct 2013
NLC TNEB JV Project (NTPL) at Tuticorin (2 x 500 MW) Unit II	500	Nov 2013
Total capacity addition within 2012 and 2013	4754	

Apart from the above, Solar power capacity addition planned during 2012-13: 1000 MW



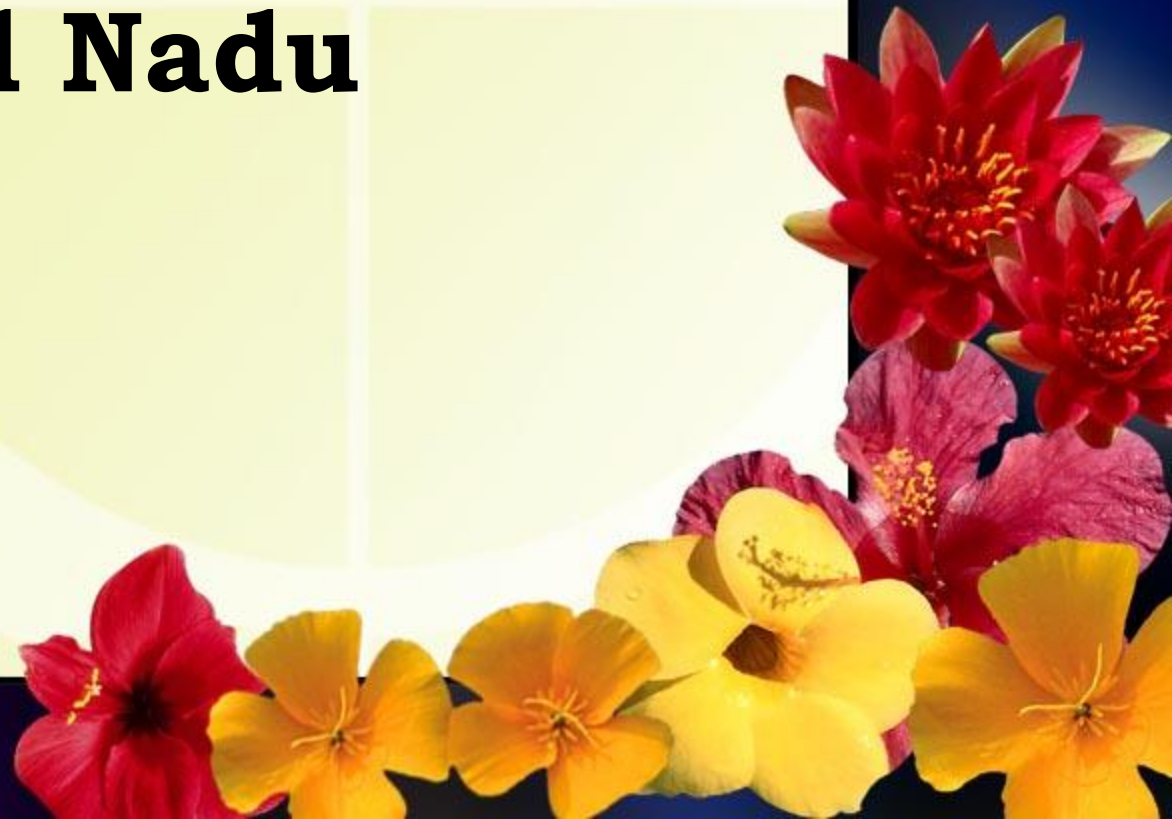
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Other power projects planned

Name of the project	Capacity in MW	Estimated COD
2 x 800 MW Uppur Thermal Power Project	1600	Dec 2015
North Chennai Thermal Power Project - Stage III (1x800MW)	800	Dec 2015
1X660 Supercritical Ennore Thermal Power Station Expansion Project	660	Dec 2015
Tuticorin Thermal Power Project (1 x 800 MW)	800	Dec 2015
Cheyur Ultra Mega Thermal Power Project (4000 MW)	4000	2016-17
Udangudi Super Critical Thermal Power Project (2 x 800 MW)	1600	2016-17
	9460	



Opportunities in Tamil Nadu



Some Specific Potential areas

- **Electronics hardware**
- **Software development and support services**
- **Automobiles and components**
- **Biotechnology & Pharmaceuticals**
- **Petrochemicals & Chemicals**
- **Infrastructure projects**
- **Textiles, Leather, etc**





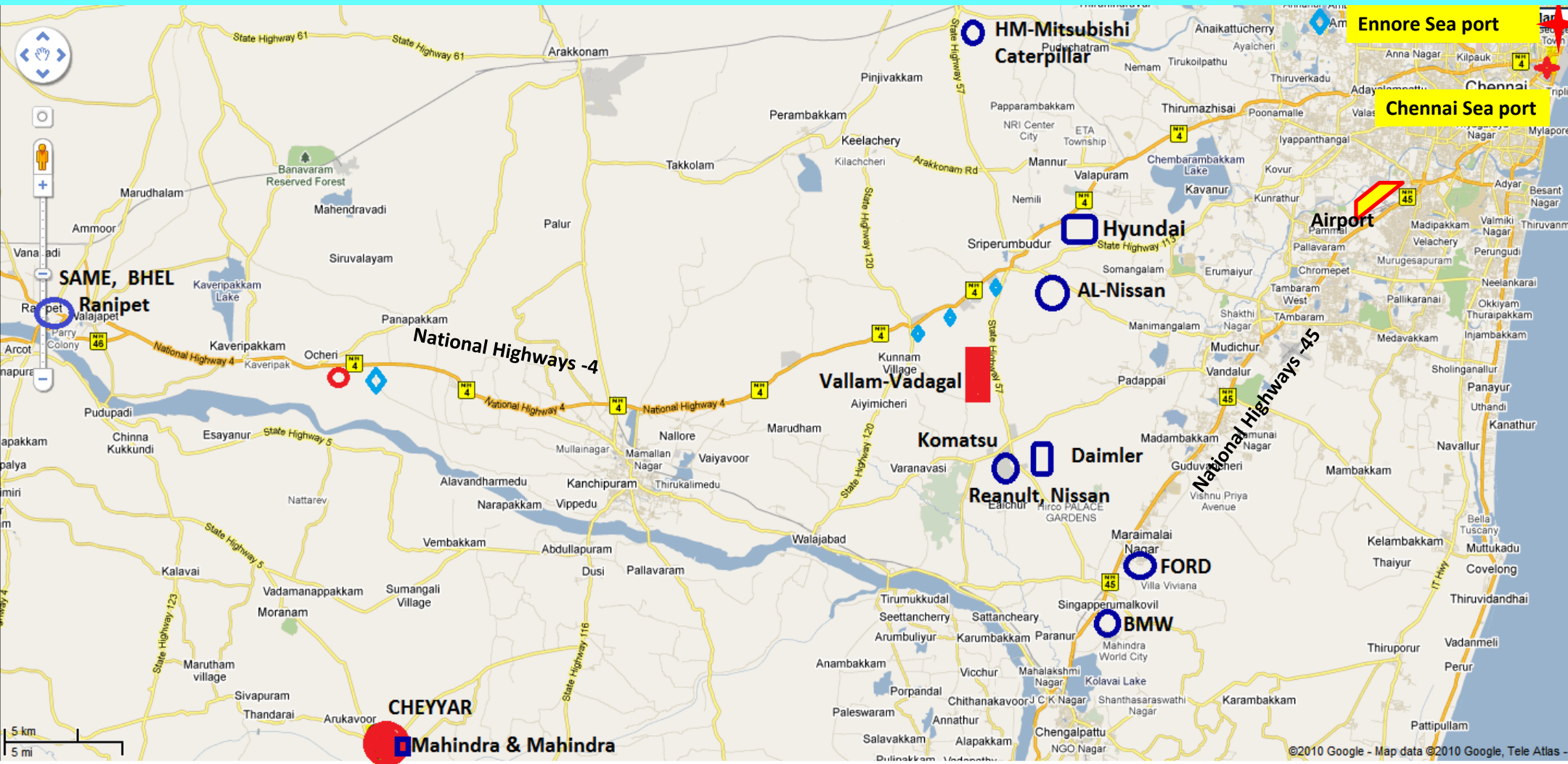
Automobile and auto component industry in Tamil Nadu



Chennai Installed capacity

Name of the company	Product	Installed Capacity	Land allotted
Ford (2 plants)	Cars	2,00,000	360 acres
Hyundai (2 plants)	Cars	7,00,000	537 acres
Nissan	Cars	2,00,000	640 acres
Renault	Cars	2,00,000	
BMW	Cars	40,000	40 acres
Mahindra and Mahindra	SUVs and Cars	1,50,000	450 acres
HM-Mitsubishi	Cars	40,000	120 acres
Daimler	Commercial Vehicles	71,000	389 acres
Ashok Leyland	Commercial Vehicles	1,00,000	260 acres
AL-Nissan	Commercial Vehicles	1,90,000	400 acres
TAFE	Tractors	60,000	
TVS Motor	Motorcycles	***	
Royal Enfield	Motorcycles	***	
Caterpillar, Komatsu, Doosan *** Earthmoving machinery			

Locations of Automobile projects in Chennai



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Automobile Industry in Chennai

- Chennai - the largest auto cluster in India
- Installed annual capacity of Chennai:
 - Cars: 13,80,000 (1.38 million)
 - SUV: 1,50,000
 - Commercial Vehicles: 361,000
- Chennai is one of Top 10 centres in the world for automobile manufacturing
- Chennai has the best eco system of for automobile manufacturing
 - Largest auto components cluster - 35% of India's capacity
 - Largest pool of skilled manpower for automobile industry
 - Port Logistics from 3 ports
 - Advanced Testing, R&D and Homologation facilities
 - Attractive Fiscal incentives including VAT refund
 - Cost competitiveness



Auto components industry in Tamil Nadu

- **Tamil Nadu accounts for 35% of India's auto components production**
- **Chennai – the largest auto components cluster in India**
- **High level of indigenization achieved in the vehicle industry – Ford, Hyundai, Nissan, Ashok Leyland, etc (more than 80%)**
- **About 350 Tier I and II suppliers and more than 3000 SME Tier III and IV suppliers in Chennai**
- **Some of the big names are: Visteon, Delphi, Robert Bosch, Lear, Hwashin, Motherson, Unipress, Valeo, Mando, etc., have large manufacturing facilities in Tamil Nadu.**
- **Three Chennai based industrial groups namely TVS, Rane and Amalgamations Groups constitute more than 22% of India's components production.**
- **Seven companies in Chennai have won prestigious Deming awards, GM Supplier of the Year, etc.**
- **Tyre manufacturing: Chennai has two plants of MRF, one each of Apollo Tyres, Michelin, Dunlop and J.K.Tyres – Total capacity: 2400 MT per day – the largest in India**
- **Mother plants operate on “Just-In-Time” principle, Government of Tamil Nadu has promoted Vendors' Parks along adjacent to the mother plants by Nissan, Daimler, Renault, etc., These Vendors' Parks a large number of vendors projects.**



Car Exports From Chennai Port



Chennai Automobile Value Chain

- Chennai offers the eco system in the entire value chain of automobile industry including:
 - Asia's largest R&D and Vehicle design centre in Mahindra Worldcity, Chennai
 - Daimler R&D centre for Vehicle design
 - Ashok Leyland R&D and Technical centre
 - Visteon R&D centre
 - Renault & Nissan R&D centre
 - Hyundai vehicle Development
 - Ford Technical support centre
- Chennai has the state of art National Automobile Testing and R&D centre

Electronics & Consumer durables industry in Tamil Nadu

Name of the company	Products manufactured	Investment US \$ Million	Current employment
Nokia	Mobile Handsets	320	28,500
Foxconn (Hon Hai), Taiwan	Electronic components	210	6,500
Flextronics, USA	Electronic Hardware	150	2,000
Sanmina-SCI, USA	Electronic Hardware	95	1,800
Samsung, South Korea	Consumer durables	260	1400
Motorola, USA	Mobile Handsets	75	650
DELL Computers, USA	Computers	60	750
BYD, China	Electronic components	90	4000
Bosch-Siemens	Consumer durables	75	(Under construction)
Videocon	Consumer durables	175	(Nearing completion)
Wintek, Taiwan	LCD Monitors	60	650
Nokia-Siemens	Base station for Mobile communication	65	450



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Nokia plant in Sriperumbudur, Chennai – World's largest plant for Mobile Phones manufacturing

Opportunities in Electronics Industry

- ▶ **Chennai has emerged as the largest Electronic Hardware manufacturing and exporting hub in India.**
- ▶ **Some of the Fortune 500 companies which have set up manufacturing facilities in Chennai neighborhood include: Nokia, Motorola, DELL Computers, Samsung, Foxconn, Sanmina-SCI, Flextronics, and Nokia-Siemens besides more than 30 components suppliers.**



- ▶ **Nokia signed a MoU in April 2005 for establishing one plant for manufacture mobile hand-sets with an investment of Rs.675 crores. Today, Nokia plant in Chennai has become World's largest mobile hand-sets manufacturing facility.**

- ▶ **The total Investment in Electronics hardware industry in Tamil Nadu is estimated to be about Rs.11500 to 12000 crores employing about 40000 workers.**

Opportunities in Agro and Food processing

- Tamil Nadu has diverse agro-climatic conditions and endowed with rich agro resource potential.
- One of top three producers of a variety of fruits (4.83 million MT) and vegetables (6.15 million MT) in India that offers substantial potential for value-addition
- Second largest producer of poultry and dairy products in India
- Spices bowl – Annual production: 851,000 MT offering potential for investment in oleoresin and natural colour extraction
- Tamil Nadu – major exporter of agro and marine products to East Asia and Middle East – about US \$ 550 million
- Herbal valleys: Annual produce of a variety of herbs and medicinal plants :150,000 MT
- Opportunities for herbal based medicinal & cosmetics products

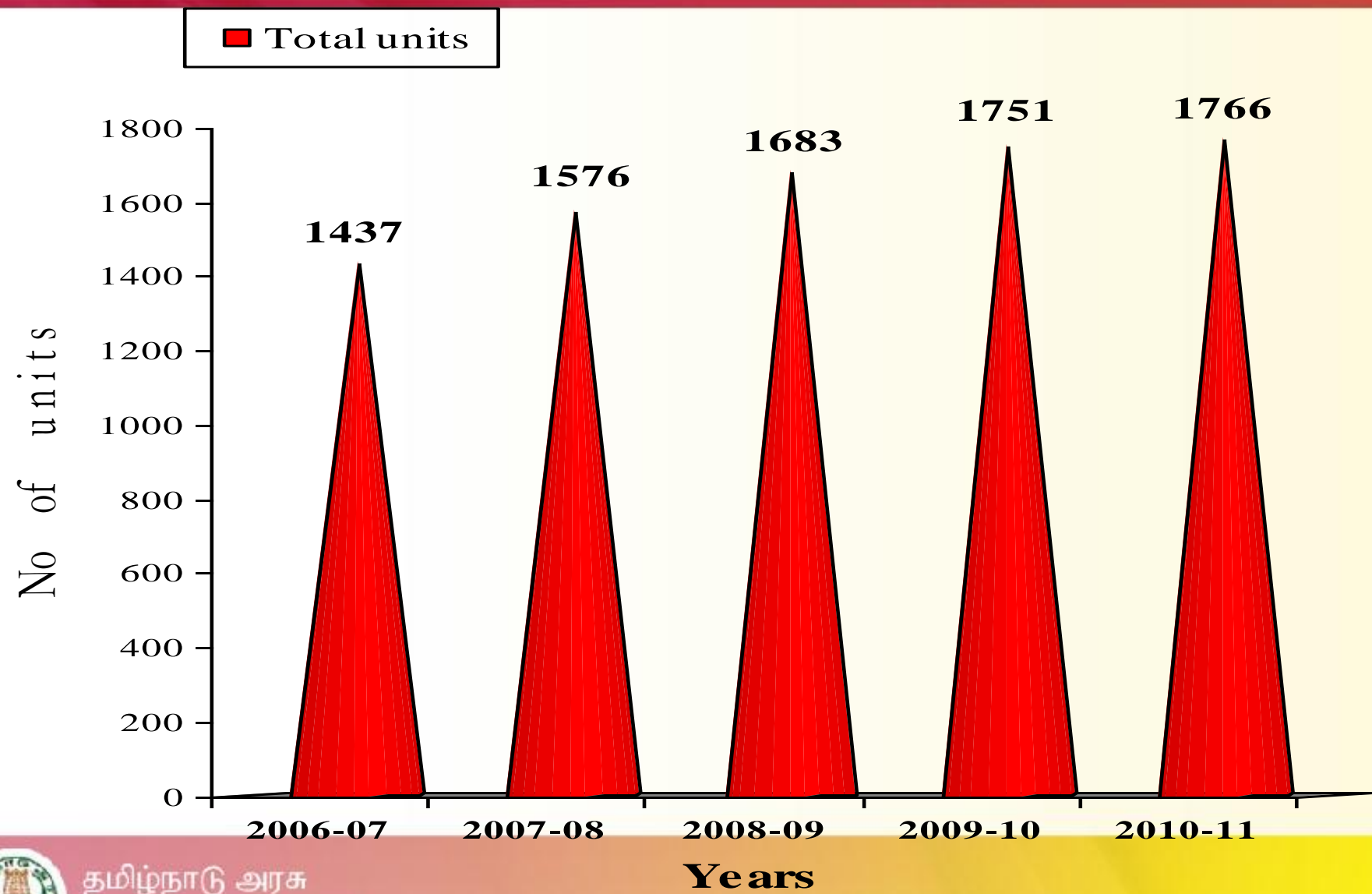


New IT Parks in Chennai

- TIDEL Park
- TIDCO-Ascendas IT park
- At present, under Fast Track clearance mode, more than **266 IT Parks** in the private sector in Chennai have been cleared totaling an area of **131 million sq.ft.**
- **34 IT SEZs**

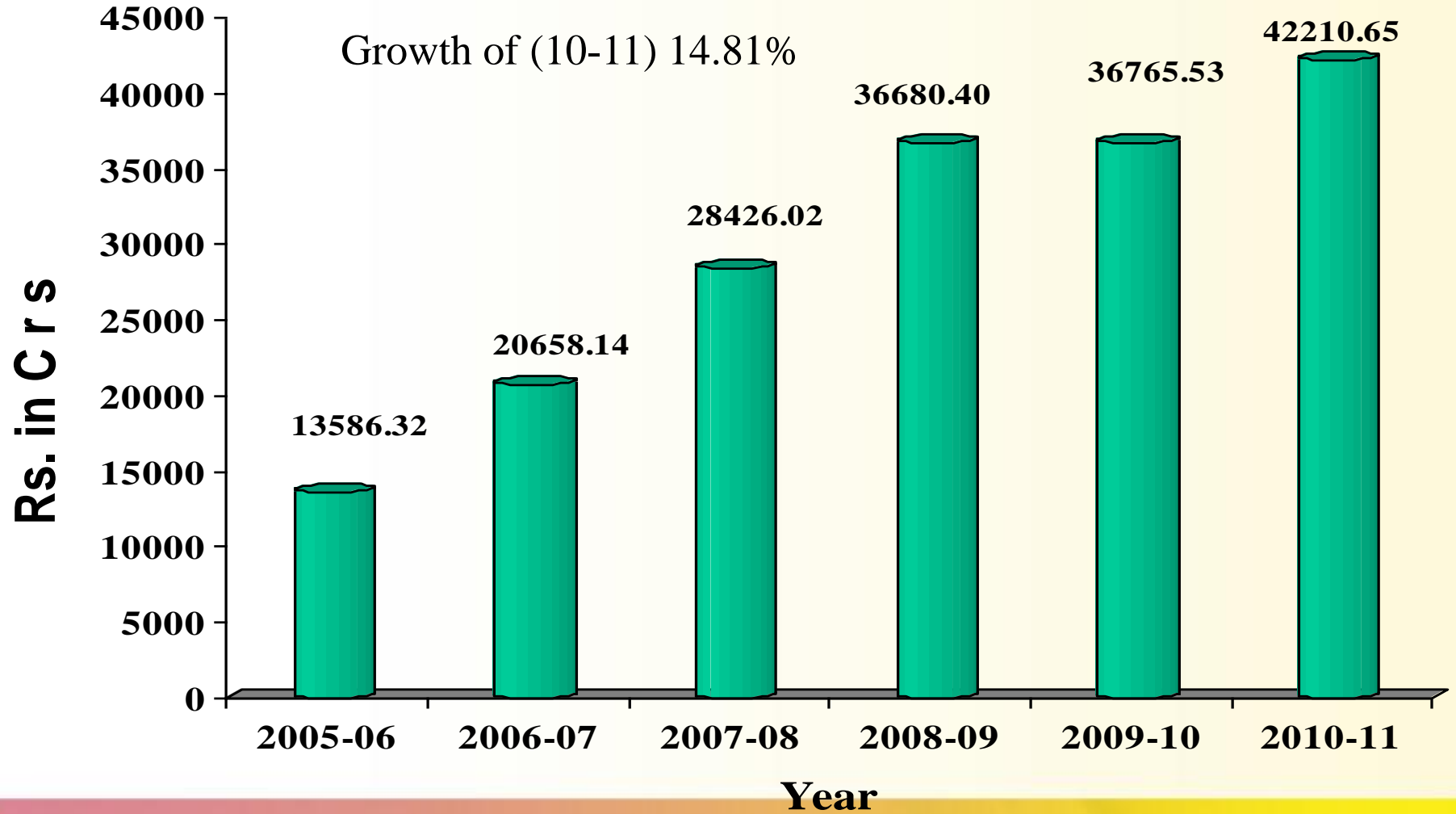


Performance of Industry Software Growth in Tamil Nadu



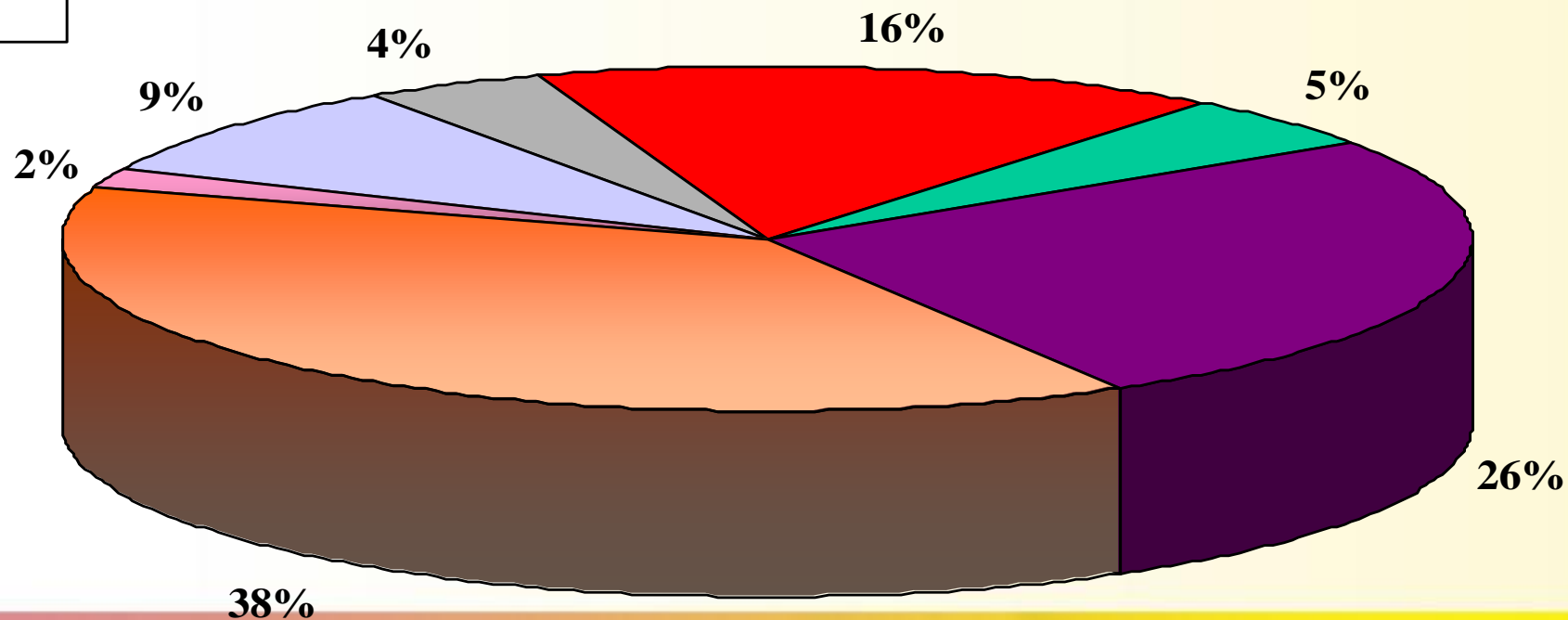
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IT Export Growth Tamil Nadu & Pondicherry

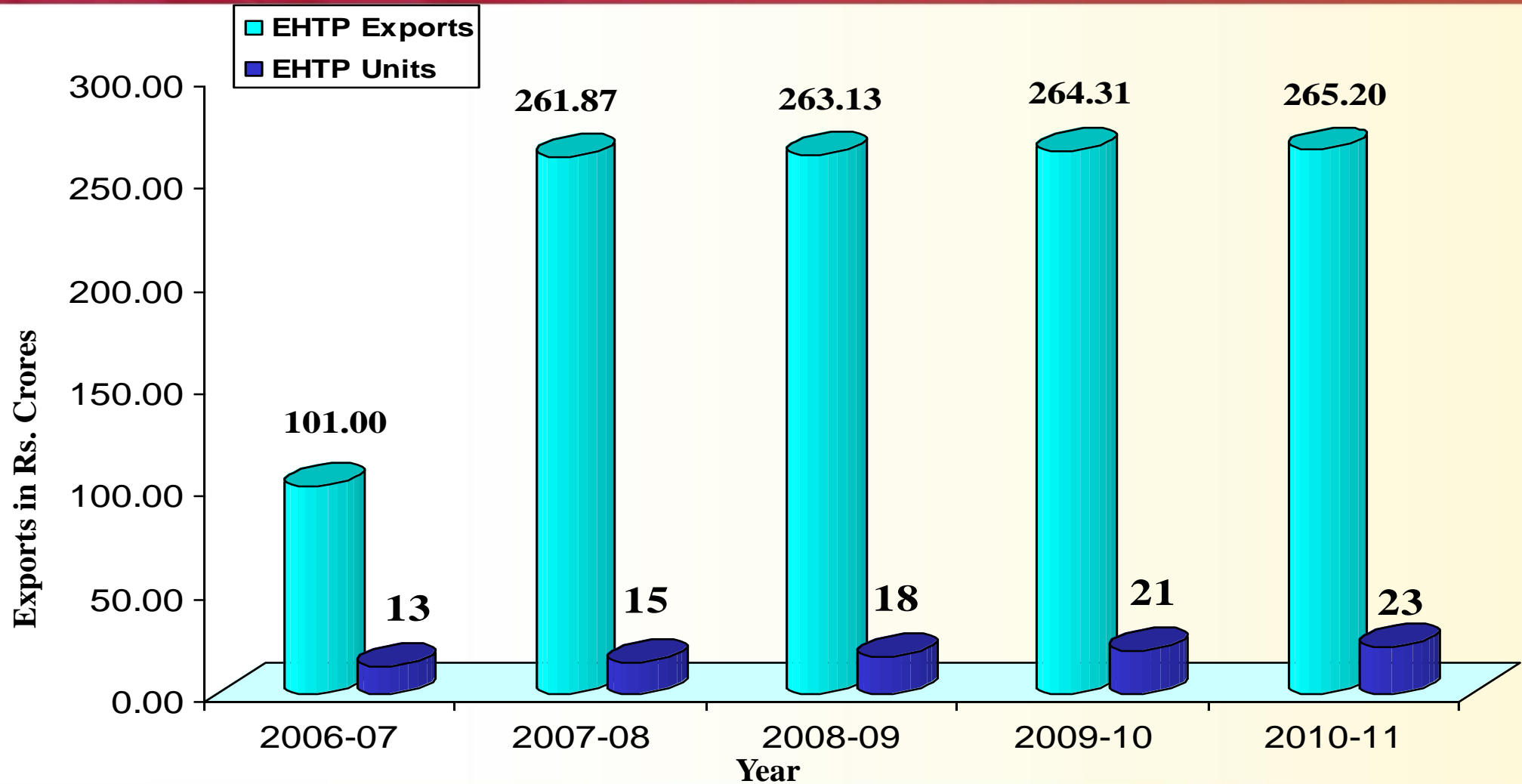


Export from Tamil Nadu & Pondicherry (STPs) during 2010-11

- Application Software
- Engineering Software
- Product Development
- System Software
- ITES
- Onsite consultancy
- Others



EHTP units- Hardware Exports from Tamil Nadu

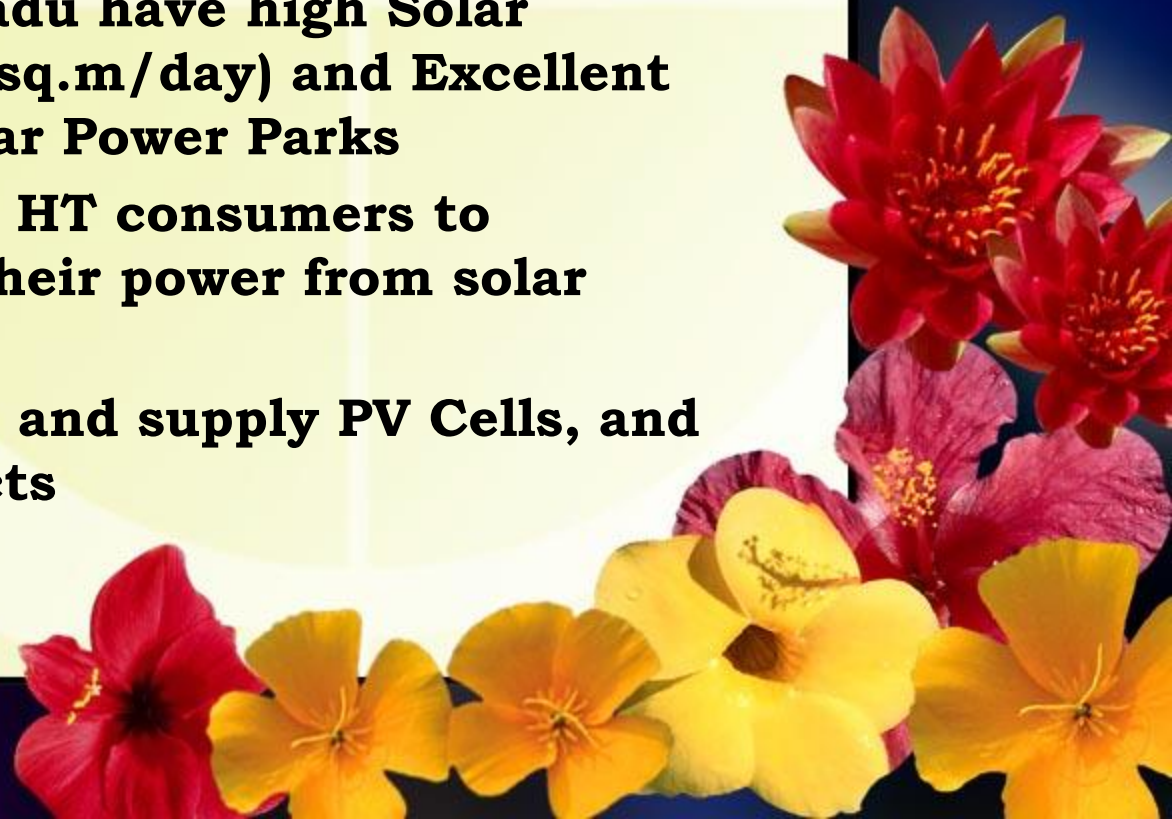


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Nokia, Chennai is India's largest exporter of hardware. However, its exports are not accounted against Tamil Nadu

Opportunities in Renewable Energy

- **State Government has announced Tamil Nadu Solar Energy Policy 2012 targeting to create 3000 MW within next 3 years**
- **Tamil Nadu offers the excellent potential for wind and solar power generation**
- **Southern districts of Tamil Nadu have high Solar Radiation intensity (5.8 kwh/sq.m/day) and Excellent opportunities to establish Solar Power Parks**
- **New Solar Policy mandates all HT consumers to mandatorily purchase 6% of their power from solar power producers**
- **Opportunities to manufacture and supply PV Cells, and wind generators to new projects**

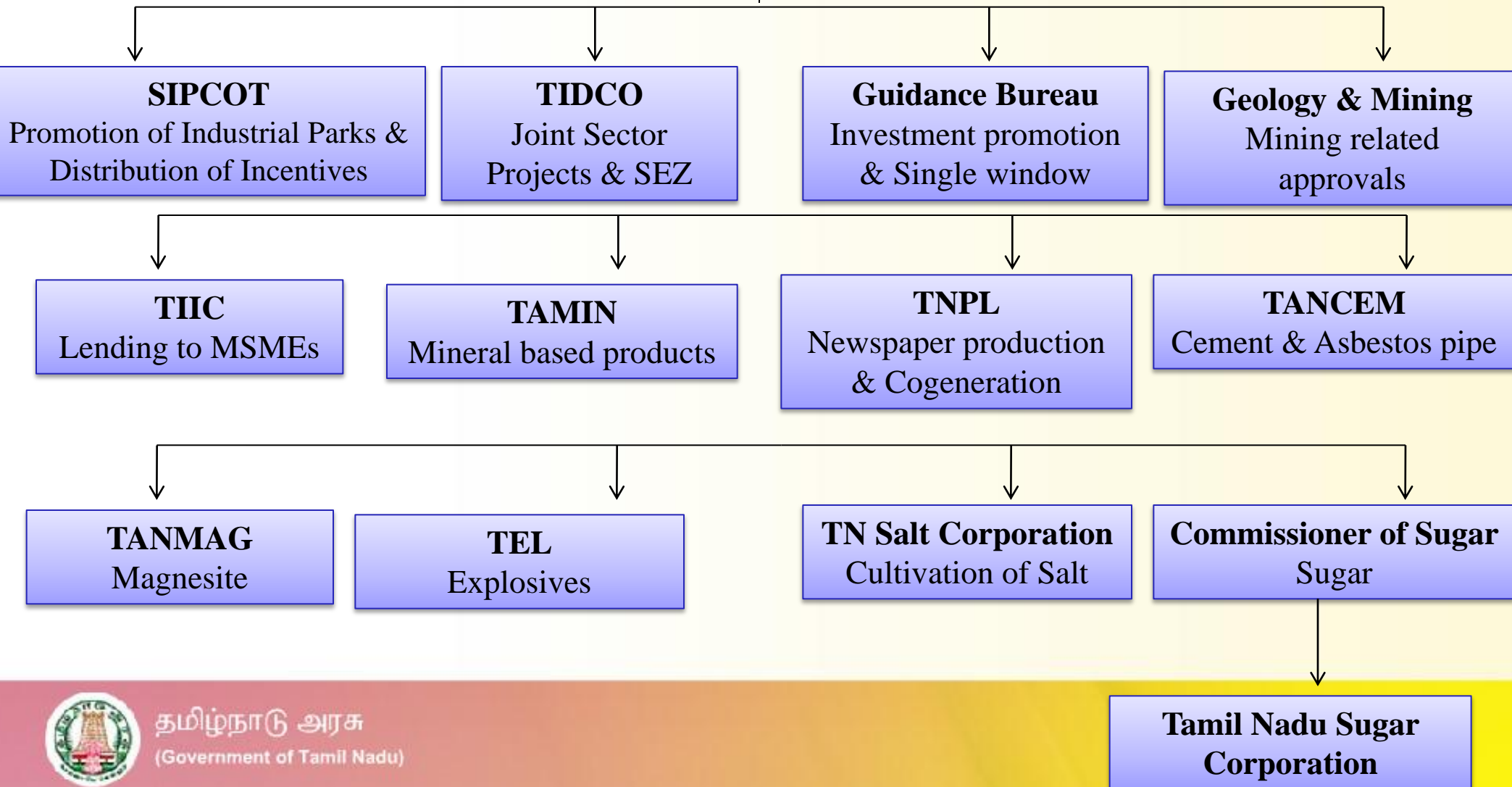


Government of Tamil Nadu support to Investors



Institutional mechanism to facilitate investors

Industries Department





What Government offers?

- ▶ Land - in Industrial Parks
- ▶ Structured Incentives package of support for projects depending on investment size
- ▶ Quality and reliable infrastructure support including Power and Water supply, roads, communication, waste disposal, etc
- ▶ Single Window Facilitation & In-principle composite approval on a fast-track mode within 30 days.
- ▶ Dedicated Project Facilitation Committee will be formed by Government that will escort project.



Incentives offered by Government

- **50% Stamp duty concession on Land from SIPCOT**
- **Electricity tax exemption and Capital subsidy depending on Investment and employment**

Investment in eligible fixed assets Rs. crores	Status	Investment Period
350 to 1500	Mega project	3 years from date of MoU
1500 - 4000	Super-Mega project	5 years from date of MoU
Above 4000	Ultra-Mega project	7 years from date of MoU

- **Environment protection Infrastructure subsidy @ Rs.3 Million or 25% whichever less for establishing ETP for treating effluents.**
- **Package: For investments exceeding Rs.3500 million (about US \$ 70 million) made in Eligible Fixed assets within Investment Period, then:**
 - **Attractive incentives in the form of Investment Promotion soft loan at 0.1% interest based on Net output VAT +CST accruals for X number of years depending on size of investment and direct employment**
- **Other Federal Government incentives:**
 - **SEZ based fiscal incentives**
 - **Export related incentives**

Single Window facilitation

- **Transparent & time bound approval process**
- **Single Window facilitation of Guidance Bureau for obtaining clearances on Fast track mode and facilitation. Government of Tamil Nadu will assist in getting Composite NoC within a 30 to 45 days period after submission of necessary documents.**
- **Common Application form**
- **Following state level agencies are covered in this Single window Facilitation:**
 - **Town & Country Planning (DTCP) – for Building Plan**
 - **Fire Services – Fire safety NoC**
 - **Chief Inspector of Factories – Factories drawing approval**
 - **Electrical Inspectorate – Electrical safety NoC**
 - **TNPCB – Environmental clearance under water & Air Pollution acts**
 - **Water supply by SIPCOT**
 - **Power supply by TNEB**
 - **Boilers registration (if applicable)**





Summation

- **Stable Government and no political risks**
- **Pro-active government policies**
- **Sound infrastructure base**
- **Excellent Port Logistics and Communication**
- **Strong auto components base**
- **Abundant skilled manpower**
- **Peaceful living condition, strong enforcement of law & order**
- **Harmonious Industrial Relations**
- **Matured Eco system with about 35 Fortune 500 companies in the neighbourhood**
- **Very attractive Fiscal incentives**
- **Lower operating costs & High Profitability**



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Welcome to Tamil Nadu
the land of abundant opportunity



Thank You

