5. **Industries and Minerals**

**Large Industries**

Tamil Nadu is one of the well-developed states in terms of industrial development and it continues to attract huge investments. Logistical advantages due to presence of three major seaports, international and domestic airports, quality of human resources, a peaceful industrial climate and a positive work culture have added value to State's industrial world. It has a diversified industrial base ranging from automobiles, textiles, leather, petro-chemicals and information technology. The State's business-friendly policies and pro-active initiatives have played a key role in this resurgence. In the post-liberalization era, the State has emerged as one of the fore-runners in attracting a large amount of domestic and foreign investments in all critical areas.

According to the Annual Survey of Industries 2010-11 (Provisional), Tamil Nadu is the leading State in terms of employment generation with 16.01 lakh persons employed and number of factories 36848 (nos.) in the registered manufacturing sector. The gross output of the State increased to Rs.472318 crore in 2009-10 from Rs.375810 crore in 2010-11. It accounted for 10 percent of India's industrial output and contributed a considerable share to the country's industrial production.

The industrial sector contributed 30.68 per cent to Tamil Nadu Gross State Domestic Product (GSDP). During 2011-12 the growth of industry sector slowed down to 6.12 percent when compared to 9.16 percent in 2010-11. In the State economy, the share of manufacturing sector is 20.74 percent during 2011-12. A number of investors including Fortune 500 companies have proposed to establish their manufacturing base in Tamil Nadu. The State will continue to strengthen the Manufacturing sector to make the State a hub of the manufacturing sector by attracting investment in key sectors. It is in the forefront of establishing special economic zones and industrial parks. Tamil Nadu is a leading manufacturer in automobile, auto parts, textiles and hosiery goods, Paper, etc. Special emphasis is laid on the sunrise sectors such as bio-technology, nano technology, solar and clean energy.
To enhance the State’s attractiveness to investors, more thrust is given to the investments in the infrastructure sector to provide basic infrastructure assurances. Vision Tamil Nadu 2023 envisaged the plan for infrastructure development for the State and the strategies to develop the required facilities, by which the State will be amongst India’s most economically prosperous States by 2023.

Tamil Nadu Infrastructure Development Board has been established to meet the infrastructure requirements and attract private investments by the enactment of the Tamil Nadu Infrastructure Development Act 2012. The Board will play the role of a nodal agency to coordinate government initiatives in the infrastructure sector.

In terms of Foreign Direct Investments (FDI), Tamil Nadu ranks fourth at the national level, which is about 5 percent of FDI received in India as per the SIA Newsletter published by Department of Industrial Policy and Promotion (DIPP) of Ministry of Commerce and Industry, GoI. Apart from automobiles, food processing and electronics, the State has also emerged as a major player in newer horizons like software and bio-technology. The State will focus on other sectors identified as growth engines of manufacturing in India viz., Aerospace, Defence, Electronics, Chemicals, Pharmaceuticals, where it is not exactly a leader.

In order to accelerate the pace of industrialization, new set of policies on industries, automobile and auto components, bio-technology, aerospace, pharmaceuticals, nano-technology and land acquisition is on the anvil, which will address the infrastructural gaps, skilled manpower availability etc., so as to make the industrial sector vibrant for achieving better growth.

During the first eight months (April to November) of the year 2012-13 the Index of Industrial Production (IIP) registered a negative growth of 0.3 percent compared to the corresponding period over the previous year.
Automotive industry has undergone drastic transformation with a range of new players across the segments - passenger cars, commercial vehicles and two wheelers. Auto majors viz., Ford, Hyundai, BMW, Daimler, Renault-Nissan, HM-Mitsubishi, Ashok Leyland, Yamaha, Eicher Motors, etc., have substantial presence in Tamil Nadu. The southern cluster near Chennai is bigger with 35% of revenue share. Tamil Nadu is a major manufacturer of electronic hardware and has attracted leading projects from global companies like, Dell, Motorola, Samsung, Nokia, Moser Baer, etc. The State is also a leading exporter of electronic goods.

Textile Industry has significant presence in the national and state economy providing massive employment in the State. There are 1997 mills and about 4000 hosiery units and garment units in this State. There are 22.24 million spindles in Tamil Nadu (46.10% of India's capacity). Tiruppur accounts for a significant share in Indian exports of ready made garments.

There are 44 sugar mills functioning in Tamil Nadu, of which, 16 sugar mills in the cooperative sector, 2 in the public sector and 26 in private sector. In the co-operative sector, 3 co-generation plants are functioning with a total installed capacity of
12.50 MW in three sugar mills. Along with the co-generation programme, 12 sugar mills will be modernized on energy efficiency parameters of the sugar manufacturing process.

**State Public Sector Enterprises**

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

Tamil Nadu Industrial Development Corporation Ltd (TIDCO), in its role as the prime development agency of the Government of Tamil Nadu, endeavours to achieve a balanced, rapid and continual industrial growth in the State and takes up projects in collaboration with the private sector. Important joint ventures of TIDCO are Titan Industries, TIDEL Park, TICEL Biopark, Mahindra World City, Ascendas IT Park and IT Expressway.

TIDCO and Larsen and Toubro Ltd. have completed the Phase-I of the Shipbuilding Yard and Port Complex in Kattupalli, Thiruvallur district with a total investment of is Rs.3,375 crore in the first phase. The second phase of the project with an additional investment of about Rs.1,300 crore will be taken up during the current year and will be completed by the year 2015. Other major projects undertaken are:

- 6 million tonnes per annum Petroleum Refinery Project in partnership with Nagarjuna Oil Corporation Limited, Cuddalore district at a cost of Rs.9,660 crore
- Construction of Bio-Technology Park-II for catering to the needs of Bio-Tech Research and Development, with a built up area of 6.13 lakhs sq.ft. at a cost of Rs.150 crore
- Liquefied Natural Gas (LNG) Import Terminal near Ennore Port for Rs.4320 crore jointly with Indian Oil Corporation(IOC) Limited
Floating Storage and Regasification Unit (FSRU) for LNG imports in Cuddalore/Nagapattinam districts and building a trunk gas transmission line (Salem to Cuddalore) in association with Gas Authority of India Ltd (GAIL) India Limited

Setting up of Solar Power Parks around 1000 MW of solar power projects in phased manner in different locations. TIDCO will collaborate with M/s. Raasi Green Earth Energy Pvt. Ltd., for setting up 100 MW Solar Plants in 500 acres in Paramakudi Taluk, Ramanad district

State Industries Promotion Corporation of Tamil Nadu (SIPCOT) concentrates on development of new industrial complexes/ parks / growth centres with special infrastructure facilities. It has so far developed 19 industrial complexes and established Special Economic Zones. In order to attract foreign direct investment and promote exports, sector specific SEZs have been promoted in its complexes/ parks/ growth centres in Sriperumbudur, Oragadam, Perundurai, Gangaikondan, Irungattukottai, Ranipet and Bargur. SIPCOT is in the process of creating a Land Bank of an additional 25,000 acres to attract more industries to the State. It is proposed to introduce special package of incentives for encouraging investments for the development of the industrially backward districts of southern Tamil Nadu. This is expected to attract more investments facilitating economic development and creating more jobs in the southern region.

Tamil Nadu Industrial Investment Corporation Limited (TIIC) provides financial assistance for setting up of new industrial units and for expansion/modernization/diversification of existing industries in Tamil Nadu. It provides assistance to both Micro, Small & Medium Enterprises (MSME) and large industries, of which, 90% is earmarked for MSME sector. TIIC has been identified as the nodal agency to release all subsidies viz., capital, mega subsidy, back-ended interest, credit linked capital, etc., to industrial units.

Tamil Nadu Newsprint and Papers Limited (TNPL) is the largest paper mill in India with an installed capacity of 4 lakh tonnes per annum in the year 2011. It manufactures newsprint and printing and writing paper using bagasse as the primary
raw material. It is also under the process of setting up a mini cement plant by converting the mill generated waste materials, slime sludge and fly ash into high grade cement, installation of Delinked Pulp Plant, revamping of Steam and Power System, etc. The new initiatives aims at setting up a Tissue Paper Plant of 100 TPD and developing a pulpwood plantation in about 1000 acres in the effluent water affected lands on the Noyyal river banks in Tiruppur, Erode and Karur districts.

Tamil Nadu is one of the leading States in the resource of Lignite, Garnet, Magnesite, Quartz, Feldspar, Clay, Limestone, Bauxite, Graphite and Granite. The Department of Geology and Mining is involved in investigation and evaluation of new minerals by adopting modern technologies and setting up of mineral based industries. The exploration wing is carrying out investigation for molybdenum, gold, silver, platinum group of elements, cobalt, nickel, etc., in Salem and Namakkal districts. The State ensures scientific mining without affecting environment, regulation of mining operation for the conservation and development of minerals, prevention of illicit mining and transportation of minerals and thereby enhancing the revenue prospects of the state. TAMIN, a state public sector enterprise has been engaging in the exploitation, procuring and marketing of granite raw blocks, granite products, major minerals and mineral based products.

Information Technology

Information Technology sector has become one of the key sectors for the Indian economy because of its economic impact. The sector is responsible for creating significant employment opportunities in the economy. Although global uncertainties persist, the IT sector has been able to grow due to its ability to adapt to changing business environment. Tamil Nadu is a leading State in Information and Communication Technology (ICT) enabled Governance, by successfully implementing various e-Governance programmes of the State Government. Tamil Nadu has scientific and social infrastructure and skilled human resources, which are prerequisite for attracting IT investments. The export growth in the IT sector in Tamil Nadu has increased from Rs.20658 crore during the year 2006-2007 to Rs.48,000 crore during the year 2011-12.
ELCOT, Government of Tamil Nadu enterprise created for the promotion of electronic industry and is an Information Technology arm to provide support to various departments in the area of IT, e-Governance, providing internet connectivity and capacity building. ELCOT is the nodal agency for hardware procurement, software development, major turnkey projects of the State and major projects of the Department of Information Technology, GoI. Tamil Nadu State Wide Area network (TNSWAN) and Tamil Nadu State Data Centre (TNSDC) have been established by ELCOT.

The Tamil Nadu e-Governance Agency (TNeGA) functions to spearhead the e-governance initiatives of the Government departments in the State. It aims to develop State-wide Rollout of e-District Programme, Common Service Centres, Capacity Building (CB), Tamil Nadu Geographical Information System (TNGIS) and State Portal. Realizing the basic needs of the common man, Government would provide all Government Services to his locality through common service delivery outlets like common service centres, Internet kiosks, special counters, mobile phones, etc.

ELCOT is promoting Information Technology Parks in Tier I and Tier II cities. Information Technology buildings and Infrastructure facilities developed in Chennai and tier-II cities namely Trichy, Coimbatore, Madurai, Tirunelveli, Hosur and Salem have created 18.5 lakh sq. ft. of office space. ELCOT promoted IT SEZs have been branded as 'ELCOS EZ' and have started their operations at Chennai, Coimbatore and Trichy. The operationalisation of the ELCOS EZ in Tier II cities will create huge employment opportunities and thereby improve the economic condition of the people. Thrust will be given for setting up Electronic Hardware manufacturing Industry in ELCOS EZ. In order to attract more investments and promote IT exports, a comprehensive IT industry-friendly Information Communication Technology Policy is on the anvil. It will lay emphasis on attracting foreign direct and domestic investments and creation of employment opportunities with the establishment and growth of the ICT sector in Tier II and Tier III locations of Tamil Nadu.
In order to improve productivity levels within Government and provide visible parameters and a clear vision for Governance, an elaborate e-Governance policy is being formulated. To spur growth in hardware development, thrust will be given for setting up Electronic Hardware manufacturing Industry in ELCOSEZ. Special incentive package will be considered for starting Electronic Hardware manufacturing industry. Government is in the process of formulating an exclusive Policy on Electronic Hardware Manufacturing.

TNSWAN has been established with an estimated cost of Rs.181.69 crore. Under Phase I, technical and financial assistance was provided for establishing SWAN to connect State headquarters upto the block via district headquarters in a vertical structure. Under Phase II, horizontal connectivity requirement for the faster TNSWAN connectivity has been proposed.

Tamil Nadu State Data Centre (TNSDC) is one of the core e-Governance backbone infrastructure under National e-Governance Action Plan (NeGP). It will facilitate the Government departments in the consolidation of services, applications and infrastructure to provide efficient electronic delivery of Government to Government (G2G), Government to Citizen (G2C) and Government to Business (G2B) services. State Data Centre would provide many functionalities viz., Tamil Nadu State Wide Area Network (TNSWAN), Common Service Centre (CSC) and Internet.

Common Service Centres has been created for Government to deliver public, private and social services for the benefit of the rural population in the remotest corners of the country through a combination of IT-based as well as non-IT based services and will offer web-enabled e-governance services in rural areas.

**Plan Outlay for 2013-14**

An outlay of Rs.51.45 crore is proposed for the Large and Medium Industries sector (including Minerals) during the year 2013-14.
Micro, Small and Medium Enterprises (MSME)

Micro, Small and Medium Enterprises (MSME) is a vibrant sector in the Indian Economy, in terms of employment, industrial production and exports. The sector accounts for 45% of the manufacturing output and 40% of the total exports of the country. There are 7.6 lakh registered MSMEs in the State with a total investment of about Rs.39,438 crore and provided employment to 52.99 lakh persons at the end of the year 2011-12.

Tamil Nadu has a diversified manufacturing sector and is well known for its traditional industries such as textile, hosiery and leather industries. In the present status, the MSME sector forms the backbone of the manufacturing sector in Tamil Nadu. The Commissionerate of Industries and Commerce is the nodal agency for implementing various schemes, laying emphasis on the development of micro, small and medium enterprises in the state.

Capital subsidy scheme introduced for MSME aims to provide 15% capital subsidy on the value of eligible plant and machinery for establishment of Micro manufacturing enterprises, subsidies for establishment of MSMEs coming up in 251 industrially backward blocks and special capital subsidy of 15% on the plant and machinery extended to the thrust sectors such as Electrical and Electronic Industry, Leather and Leather goods, Auto parts and components, Drugs and Pharmaceuticals, Solar Energy Equipment, etc.

The Unemployed Youth Employment Generation Programme (UYEGP) aims to mitigate the unemployment problem of the educated youth in socially and economically weaker sections of the society by way of self-employment through setting up of micro enterprises in manufacturing, service and business sectors. In this scheme, the maximum financial assistance for manufacturing / Service / Business activities is Rs.5 lakh, Rs.3 lakh and Rs.1 lakh respectively, including 15% subsidy of the Government on the Project Cost. The promoter’s contribution is 10% and 5% of the project cost in respect of General category and Special category respectively. Any individual above 18
years and with a minimum educational qualification of pass in VIII standard is eligible to benefit under the scheme. The upper age limit for the General Category is 35 years and upper age limit is 45 years for the Special Category comprising SC/ ST/ BC/ MBC/ Minority/ Women / Ex-servicemen/ Differently abled/ Transgender. So far 9648 application were forwarded to the banks with the subsidy component to the tune of Rs.31.52 crore. Sanction of loan has been issued by financial Institutions for 1668 beneficiaries with a subsidy to the tune of Rs.5.14 crore.

New Entrepreneur-cum-Enterprise Development Scheme (NEEDS) is implemented from the year 2012-2013, to assist educated youth to become first generation entrepreneurs. They will be given entrepreneur training and will be assisted to avail of term loans from Banks/Tamil Nadu Industrial Investment Corporation (TIIC) with capital subsidy at 25% of the project cost not exceeding Rs.25 lakh and soft loans with 3% interest subvention. Around 1,000 entrepreneurs will be trained each year under this scheme of which, at least 50% of the beneficiaries will be women.

State/District level Awards to Micro and Small Entrepreneurs and banks leading in credit finance to Micro Industries will be given for the Best Entrepreneur, Best Agro based Industries, Best Quality and Exporter and Best Women Entrepreneur. The Honorable Chief Minister’s Award is also proposed to banks based on their performance in assisting financially to MSMEs.

MSME-Cluster Development Programme under the ages of Ministry of MSME, the contribution of which will not exceed 90% of the total project cost, subject to a ceiling of Rs.15 crore per project including Rs.25 lakh for capacity building activities in the cluster where no fixed asset is acquired of formed. For the product based cluster approved under MSE-CDP of Government of India, the State unit is participating by contributing the State Government share upto 10% of the Project cost.

Tamil Nadu Investment Promotion Programme (TNIPP) with the assistance of JICA, will commence during 2013-2014. The TNIPP aims at easing some bottlenecks faced by the investors, mainly by policy changes and by correcting infrastructural
inadequacies. This will facilitate the investment flow of around Rs.770 crore for investment in small and medium infrastructure projects over three years.

**Handlooms and Textiles**

Handloom, Powerloom, Spinning, Processing, Garment and Hosiery are the various sectors of the Textile Industry in Tamil Nadu. The Handloom Industry in the State, with its long tradition of excellence in craftsmanship, has the pride for its unique Handloom woven products like Silk Sarees, Cotton Sarees, Furnishing Materials, dhoties, lungies, towels, etc. There are 3.19 lakh Handlooms - 2.07 lakh handlooms are functioning under Handloom Weavers' Cooperative Societies and the rest are outside of the cooperative fold in Tamil Nadu, which provide employment to about 6.08 lakh weavers. Tamil Nadu ranks second in the Powerloom Sector in the country. Tamil Nadu has 4.58 lakh powerlooms. During the year 2011-2012, nearly 7,200 Million Sq. metres of powerloom fabric have been produced by powerloom sector in Tamil Nadu. Tamil Nadu is emerging as one of the attractive centres, after the consolidation of the hosiery sector. There are about 12,645 hosiery units in India, of which, 2,500 units are located in Tiruppur providing employment to around 3.20 lakh persons.

The Department of Handlooms and Textiles promotes the socio-economic well being of the weavers and implements various welfare and development schemes. Financial assistance is provided towards Rebate to promote the sale of handloom cloth by reducing the cost considerably, so as to compete with powerloom and mill made clothes in the market. Free Distribution of Sarees and Dhoties is implemented on the eve of Pongal festival every year. The Government of Tamil Nadu has enhanced the pension payable under the Tamil Nadu Co-operative Handloom Weavers Old Age Pension Scheme from Rs.400 to Rs.1,000 per month and Tamil Nadu Co-operative Handloom Weavers Family Pension Scheme from Rs.550 to Rs.1,000 per month. This enhancement order would benefit 18,646 Handloom Weavers under the Old Age Pension Scheme and 1,549 weaver families under the Family Pension Scheme.
Under the Mahatma Gandhi Bunkar Bima Yojana Scheme, the total premium to be paid to Life Insurance Corporation would be Rs.330 per weaver/ per annum, of which, Rs.150/- will be contributed by the Government of India, Rs.100 will be contributed by Life Insurance Corporation of India and Rs.80 being the weaver contribution will be paid by the State Government on behalf of the weavers.

The State Government will participate in the "Revival, Reform and Restructuring Package for Handloom Sector" implemented as a shared scheme between the Central (80%) and State Governments (20%). Individual weavers and joint liability groups which have taken loans from Co-operative Societies for weaving purposes will benefit under the scheme. Under this scheme, 962 Weavers Cooperative Societies will get revived in the State.

Integrated Handloom Development Scheme, a centrally shared scheme, aims at facilitating sustainable development of handloom weavers located in identified handloom clusters into a cohesive, self-managing and competitive socio-economic units. The Cluster Development Programme aims to facilitate the overall development of handloom weavers located in the clusters to become self-reliant and competitive socio-economic units within and outside the Co-operative fold. Under this scheme, financial assistance to the tune of Rs.60 lakh is provided to various components such as skill upgradation, purchase of new looms and accessories, setting up of dyeing units, common facility centers, etc., for a period of 3 years. Under this scheme, so far 52 Handloom Clusters have been sanctioned for the State. "Group Approach" component of Integrated Handloom Development Scheme envisages benefitting those Handloom Weavers, who are not covered under the clusters. Under this scheme, the Government of India have sanctioned 271 Group Approach Projects for Tamil Nadu at a total project cost of Rs.19.15 crore. Under this scheme, 13,621 weavers are deriving the benefits.

Marketing Incentive is given on the sale of handloom products to maintain price competitiveness in the market and the assistance is available to the State Handloom Corporations, Apex Co-operative Societies, Primary Weavers Co-operative Societies and National Handloom Organisations. The quantum of financial assistance provided
under Marketing Incentive Scheme shall be 10% of the average sales turnover of the previous 3 years.

**Sericulture**

Sericulture is an agro-based industry and the State is well known for its traditional silk sarees and dhoties woven on handlooms. It occupies fourth position in the country in silk production. The annual silk production in Tamil Nadu is around 1200 metric tonnes. With the implementation of many development schemes in the State, sericulture activity was introduced into the plains of the State. Kancheepuram, Arni, Kumbakonam, Salem, Coimbatore, Madurai and Tirunelveli are important weaving centres in Tamil Nadu. Tamil Nadu Co-operative Silk Producers Federation, TANSILK, an apex co-operative body, with headquarters at Kancheepuram and branches at Kancheepuram, Arni, Kumbakonam, Salem, Erode and Coimbatore is functioning for the purchase of raw silk and ready silk and supplying it to the Handloom Weavers Co-operative Societies and other weavers. At present 20,165 farmers are involved in Sericulture in Tamil Nadu, cultivating 31,362 acres of mulberry. This gives employment opportunities to nearly 1.5 lakh People.

**Khadi & Village Industries**

Khadi and Village Industries sector in the State provides livelihood for a large section of rural poor with low investment using locally available resources. The sector comprises of units run by Khadi & Village Industries Board (KVIB), units run by Sarvodaya Sanghs and other Khadi & Village Industries Commission (KVIC) certified institutions and those run by individual artisans/SHGs in rural areas. KVIB has set up number of rural spinning centres and textile centres to improve linkages in this sector. The main products are cotton, silk and polyastra varieties. There are about 6969 charkhas and 3898 looms in the State engaged in khadi production. The major khadi silk clusters are in Kumbakonam, Salem and Kancheepuram areas. The major village industries promoted by KVIB are Leather products, Beekeeping, Oil and soap industry, Pottery, Handmade paper, Palmgur and Carpentry and Black smithy. Palm Industry provides livelihood for the poor artisans engaged in Palm industry which generates
large scale employment opportunities with minimum investment, by using the raw material from the Palmyrah trees.

**Tamil Nadu Handicrafts Development Corporation Limited (TNHDC)**

TNHDC Ltd is an apex body incharge of handicrafts sector in the State with objectives of marketing handicrafts, skills upgrading of artisans, improving quality and productivity of products and encouraging innovative designs. The Corporation markets its products under the trade name 'POOMPUHAR' through its All-India network of 18 showrooms spread within as well as outside Tamil Nadu. The Corporation conducts exhibitions at various places and through its network of showrooms, sells products produced by the artisans.

**Plan Outlay for 2013-14**

The outlay proposed for Village & Small Industries sector for the year 2013-14 is Rs.823.83 crore.