



Tamil nadu

Promoting Cluster development

Cluster Infrastructure Development

Quality of infrastructure in industrial clusters in Tamil Nadu would be upgraded through a *Cluster development action plan* in collaboration with the industry. Departments of Municipal Administration, Rural Development, Local bodies, Highways, TNEB, Town & Country Planning, Industries & Commerce would be involved in this exercise.

Funds under various schemes of Government of India such as IIUS, TCIDS, etc., would be fully dovetailed to meet these special needs.

Sector-level strategies: Manufacturing Automotive industry

In order to attract large investments in the automobile manufacturing sector, the State Government has already announced an *ultra-mega integrated automobile projects policy*.

This policy is applicable to automobile projects investing Rs 4000 crores or more in eligible fixed assets.

A Special Economic Zone for auto-components will be set up near Chennai in about 300 acres. Facilities for training in high technology in auto-components would also be set up in this SEZ.

Polytechnics and ITIs around Chennai, Hosur and Coimbatore would be oriented for automotive sector.

Engineering Industry

To further strengthen exports, an Engineering Goods Special Economic Zone in about 250 acres for pumps, motors and foundry would be promoted near Coimbatore as a PPP project with the local industry by SIPCOT.

Semiconductor, Electronic Hardware & Nanotechnology industry

A Centre of excellence in chip and electronic hardware design will be promoted in Anna University in collaboration with the electronic industry and Government.

A Nano-Technology Research Centre is being set up in Bharathiar University and will be supported by State Government for promoting Research and Development.

A group of Polytechnics and Industrial Training Institutes (ITIs) around Chennai would be converted into special skill development centres for electronic hardware manufacturing in collaboration with industry.

Leather Industry

A footwear SEZ, with design centre and training facilities, is being set up in Sriperumbudur by SIPCOT in 150 acres of land. In addition, a *Leather Products SEZ* would be set up in the Chennai-Ranipet corridor by SIPCOT.

A high technology environment-friendly *Leather Processing Complex* of international standards would be setup at a suitable location.

Textiles sector

Though Tamil Nadu is pre-eminent in spinning and knitwear, there is need to promote integrated textile units in processing, weaving and garmenting. Hence, State Government will announce a *Policy for Integrated Textile Units* shortly.

Chemicals, Petrochemicals and Fertiliser industry

Steps would be taken to make Natural Gas available from Krishna-Godavari basin and also from the Cochin LNG terminal through TIDCO and other private gas suppliers.

Restrictions in use of methanol as a feedstock in chemical industries have been hampering its regular and wider use. Necessary deregulation to enable chemical industries to freely use methanol would be considered.

Petrochemical Projects Investment Region (PCPIR) at Ennore or Cuddalore will be set up using PCPIR policy recently announced by Government of India.

Cement Industry

Government would take all steps to enable effective use of fly ash by the cement industry from all sources, including TNEB.

Clinker grinding units would be encouraged in the State.

Exploration of new limestone resources would be given special thrust.

Drugs and Pharmaceuticals industry

A specialized drugs and pharmaceuticals duster would be developed as part of the Nanguneri SEZ. This would offer state-of-the-art environment protection facilities.

A Pharma SEZ would be set up on the east coast with hi-tech environmental control systems to

enable zero pollution.

Life Sciences Industry

Taking into account the fast growing importance of specific sub-sectors such as bio-pharma, bio-services, bio-manufacturing and bio-agriculture in the biotechnology sector, an updated

Life Sciences Policy will be announced.

A state-level *Life Sciences Innovation Fund* will be created by TIDCO. Necessary guidelines in this regard will be issued separately. Funds from other sources such as Technology Development Board of Ministry of Science and Technology, Department of Biotechnology, Ministry of Agriculture, etc., of Government of India, funding from Multilateral institutions and other sources would also be leveraged.

A *ten year programme* to harness the potential of education institutions in the State of Tamil Nadu to generate *high quality life sciences students* will be developed duly involving academia, industry and available international expertise.

Agro and agro-processing industry

Support for agro industry would focus on increasing returns to farmers, while maximising value addition of agro products. The goal is to raise share of processed foods in the food market from 1% to 10% and value addition levels from 7% to 30%. Support for this sector will comprise of promotion of agro processing, agro infrastructure development such as cold chains in the PPP mode covering agriculture, meat, fisheries, poultry, etc., while also enabling improvement of quality of processed foods to world standards. This initiative will promote investments in production of quality planting material or breeds, processing of cereals, pulses, fruits, vegetables, milk, meat and fish, etc., as well as quality packaging technology. The following will be the key strategies involved in promoting agro-processing industry:

- Directorate of Agricultural Marketing and Agri-Business will be the nodal agency for agro-processing industries in Tamil Nadu and serve as a *single window clearance agency* for agro-processing industry in the State, including statutory clearances and provision of necessary incentives. An *Export Promotion CeZZ* will be created within the Directorate to guide and provide assistance to exporters.
- Incentives will be provided for creation of agro-processing infrastructure such as terminal markets, specialised commodity markets, transport, cold chain, warehousing, abattoirs, R&D units and food parks.
- Agro processing clusters will be promoted in industrial parks and special economic zones keeping in view value-addition of meat and seafood (Ramanathapuram), Poultry products (Namakkal), Turmeric (Erode), Sago (Salem), Bananas (Trichy), Mangoes (Krishnagiri), Cashew (Panruti), Palm Products, Medicinal plants and seafood (Thoothukudi), Milk products, Grapes (Theni), etc. A comprehensive infrastructure development plan will be drawn up and implemented over 5 years to provide road and air connectivity to marketing centres, agro-food parks and Agri Export Zones.

Special Agro Economic Zones will be promoted for value added activities like food

processing, agro based industries, dairy products, etc., to generate large scale employment for semi-skilled and unskilled persons.

- As a follow up of notification of the Wine (Manufacture) Rules in 2006, a *Wine manufacturing policy* will be announced to enable development of grape cultivation and winery industry in the State.
- Quality power will be provided to agro processors.
- Cultivation of high value crops through scientific and high technology cultivation will be in given special thrust. For such cultivation, exemption from Land Reforms Act will be granted on case to case basis for setting up mega orchards of 50 Hectare and above.
- Contract farming by agro processors will be encouraged to give better return to the farmers.
- Flower processing and floriculture units will be encouraged.
- Agri Biotechnology and Agri Nanotechnology will be promoted for enhancing productivity, quality and value addition.
- Manufacture of micro-irrigation systems, green house components, shadenets, farm machinery and other agro equipment will be incentivised and FDI in these sectors will be encouraged.
- Production of quality and predigree planting materials, seeds and breeding materials will be recognised as a agro-processing industry and provided incentives under this policy.
- Better post harvest management, quality assurance and certification systems will be promoted to enable better shelf life and value of agro products.
- Human resource development in the agri-business sector will be given priority to by training of extension staff, farmers and processors.
- Appropriate weather forecasting mechanism including automatic weather stations where necessary will be set up to reduce unpredictability in agricultural production. Further, Government will test pilot a variety of insurance schemes to cover the risk of primary producers.

Incentives

All incentives available for manufacturing industries under the Industrial Policy would be applicable to agro-industries and manufacturing of agri-machinery and micro-irrigation equipment. Efforts will also be taken to fully utilize the benefits available under the schemes of Government of India as well as enable agro units to access such Gol funding support. All concessions under the State Policy would be available in addition to the concessions offered by Government of India in the agro-processing sector, subject to both Govt, of India and Govt, of Tamil Nadu subsidies not exceeding 50% of project cost.

- **Standalone SME** cold storages for agro processing will be provided power tariff subsidy of 30%, 20% and 10% in the first, second and third year of commercial operation.
- 100% exemption from payment of Electricity Tax would be provided for all new agro-processing units for a period of 5 years from the date of commercial production.
- **SMEs** involved in Agro and Food Processing will be provided support for getting HACCP and other international safety related certification for export purposes of at 50% of the cost incurred for obtaining quality certification mark from a certifying agency recognised by State Government/ Central Government, subject to ceiling of Rs. 5.00 lacs.
- Vehicles transporting perishables will be labelled "green transport" and will be given speedy clearances at check posts.
- Primary producers who commit to install micro-irrigation systems will be given priority in provision of free electricity connections. Overriding priority for free electricity connection will be given to **small** and marginal farmers if they join together to form a cluster of 20 hectares and above and undertake to jointly set up, own and manage the common irrigation systems using micro-irrigation technology.

Government will give 50% subsidy on planting material for jatropha and other bio- fuel crops and extend the subsidy available to agro-processing industry to bio-fuel and bio-diesel extraction plants. Further, jatropha seed will be exempted from purchase tax and jatropha oil will be exempted from VAT for a period of 10 years from the date of commercial production.

Sugar Industry

State Government has issued guidelines for establishment of Integrated Sugar Complexes consisting of sugar mills, co-generation plants and distilleries in all future projects. Existing sugar mills will be encouraged to put up such facilities in their complexes.

Establishment of ethanol units in sugar mills would be encouraged.

Biofuel industry

Government of India have launched Ethanol blended petrol (EBP) scheme. Oil Companies would be encouraged to effectively implement this scheme, leading to better returns for farmers and profitability of sugar mills. State Government will also encourage use of ethanol as fuel and increase of blending ratio of ethanol to petrol.

Suitable support and encouragement would be extended to investors willing to set up ethanol units through *sugarcane and grain-based routes*. This would enable better returns for dry land farmers who cultivate sago, millets, etc.

Service Sector Strategies Service Sector Opportunities

The largest employment, after the agriculture sector, is generated by services sector, like real

estate and construction services, financial services, IT enabled services, Business Process Outsourcing (BPO), Engineering Process Outsourcing (EPO), Aircraft Maintenance, Repair and Overhaul (MRO) services, Digital and Media services, etc. Though services sector is directly related to growth in manufacturing sector, it is still necessary to identify bottlenecks in each sub-sector and accelerate the pace of investments and employment generation.

Construction Industry

A fee-based *single window clearance mechanism* would be put in place, like GUIDANCE bureau, for all major construction projects covering clearances required from several Government departments. An e-governance package would be evolved for this single window clearance mechanism for construction industry.

A *pilot Construction Cluster Park* will be established with space for large industries as well as **SMEs** in the construction related industries and services.

Mass training of unskilled and semi-skilled workers for construction industry will be taken up in collaboration with Construction Industry Development Council (CIDC) through ITIs and Polytechnics.

Other Services

State Government will promote aircraft Maintenance, Repair and Overhaul (MRO) services in Tamil Nadu as part of Chennai airport expansion and modernisation.

The printing cluster at Sivakasi will be supported with necessary infrastructure, including a center of excellence in R & D and training in association with industry.

Export Promotion Export goals

In Tamil Nadu, exports in 2005-2006 was Rs 66,856 cr (USD 14.5 billion). *This Industrial Policy aims at doubling exports to reach US \$ 30 billion in 2011* leading to additional employment for 10 lakhs persons by 2011.

Export Facilitation

State Level Export Promotion Committee (SLEPC) functioning under Chairmanship of Chief Secretary with membership of FIEO, Export councils, leading export associations and officials provides facilitation and support for exports.

Industries Commissioner & Director of Industries and Commerce will be designated as "*State Exports Commissioned*" to coordinate with various departments of State and Central Government in connection with exports, facilitate exports and work towards procedural simplification of export documentation formalities.

The existing Export Guidance Cell in each District Industries Centre will be upgraded into a "*District Export Promotion Cell* in collaboration with FIEO. This arrangement would facilitate accelerated disposal of various clearances required by exporters.

A Comprehensive Trade Information Portal with network connectivity to all District

Industries Centres would be set up by Directorate of Industries & Commerce in collaboration with FIEO.

"Industrial Cluster Export Promotion Committee" would be established for each major export cluster in the State under Chairmanship of a State Level Officer to address various administrative, procedural or infrastructure issues faced by exporters, settle local problems and forward larger policy and macro issues to SLEPC for decisions.

100% EOU's will be declared as *public utility* under Industrial Disputes Act.

Government of Tamil Nadu will request Government of India to increase funding to exporting States under ASIDE keeping in mind increase in number of Special Economic Zones and EOUs in the State and pressure on infrastructure.

Labour reforms

Overlapping of shifts will be permitted automatically without need for any approval if it is less than 30 minutes. Necessary exemption would be given under section 58(2) of the Factories Act, subject to conditions.

Environment Protection

Environmental clearances

An *E-governance package* would be implemented by TNPCB for speedy processing of environment clearances.

TNPCB will grant clearance for "red" category industries on compliance of relevant norms within 60 days. Consent for "orange" and "green" categories will be given in 15 days from date of application. An online application and clearance mechanism will be developed for green and orange categories.

Cluster based facilities

Dyeing, leather tanning and industries that pollute would be encouraged to locate only within approved clusters with common environment management facilities.

Hazardous waste management

Hazardous Waste Treatment, Storage and Disposal Facility (HWTSDf) will be set up at Gummidipoondi, Oragadam, Perundurai, Cuddalore, Karur and Tiruppur.

Carbon credit system

TNPCB and TIIC will encourage industries from Tamil Nadu to benefit from Joint Implementation, Clean Development Mechanism and Emissions Trading mechanisms through active dissemination and facilitation.

Conclusion

Government of Tamil Nadu will take necessary steps to achieve the mission set forth in this policy, especially in ensuring that share of the manufacturing sector rises to over 30% of

GSDP by 2015, as seen in developed countries.