



**Speech delivered by
Selvi J JAYALALITHAA Hon'ble Chief Minister of Tamil Nadu
at the National Council Meeting of the
Confederation of Indian Industry in Chennai on 5.7.2011**



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Published by :
DIRECTOR,
INFORMATION & PUBLIC RELATIONS DEPARTMENT,
CHENNAI

Special Publication No. 2

Tamil Arasu

July 2011

Published by :

Director,

Information & Public Relations Department,

Chennai

Printed by :

TAMILARASU PRESS

110, Anna Salai,

Chennai - 600 002.

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I am happy to be with you today on the occasion of the National Council Meeting of the CII. It is hardly 50 days since my Government assumed charge. The development agenda of the Government of Tamil Nadu envisages a great role for the captains of industry.

I understand that the origin of the CII dates back to 1895 when 5 engineering firms, all members of the Bengal Chamber of Commerce and Industry, joined hands to form the Engineering and Iron Trades Association (EITA) that underwent a transformation over time and emerged as the most visible business association in India. CII has been our active partner in fostering business in Tamil Nadu.

I am glad to know that CII has chosen the theme **“Business for Livelihood”** for the year 2011-12. This

converges the fundamental themes of spreading growth to disadvantaged sections of society, building skills for meeting emerging economic compulsions, and fostering a climate of good governance.

My Government has the common man as the focal point and improving his standard of living is the central theme of our economic policy.

The famous British economist, Lord Nicholas Kaldor once said that the success of any economic system depends ultimately on the mind-set of the people who make the crucial decisions of a nation's life. All those who have accomplished great things have had a great aim, have fixed their gaze on a goal which was high, one which sometimes seemed impossible to achieve. This applies equally to successful industrialists like you, who have achieved great accomplishments in your own fields as well as to persons like us who head governments with the people's mandate. Together we need to strive to improve the life of the common man and make our great Nation an economic powerhouse.

According to various forecasts and projections, the medium and long term prospects of India look very promising. Jim O'Neill of Goldman Sachs propounded the famous BRIC thesis in 2001. Goldman Sachs argues that the economic potential of BRIC nations, namely, Brazil, Russia, India, and China is such that they could become the four most dominant economies by the year 2050. The BRIC thesis, defended in the paper "*Dreaming with BRICs: The Path to 2050*", recognizes China and India, respectively, as becoming the dominant global suppliers of manufactured goods and services while Brazil and Russia would become similarly dominant as suppliers of raw materials. This report predicts a massive rise in the size of the middle class in these nations. In 2025, it is calculated that the number of people in BRIC nations earning over \$ 15,000 per capita may reach over 200 million. According to Goldman Sachs, if India continues to maintain the growth rate of over 8.5%, the Indian GDP is set to surpass Canada by 2015, Italy and France by 2020, UK and Germany by 2025 and Japan by 2030. By 2030, India is set to become the third largest economic powerhouse and by 2050, India's GDP will be very close

to that of the United States. India is set to claim its rightful place in the global economic arena. To sum up, the medium and long term prospects of India appear very encouraging.

However, at present, notwithstanding high growth rates, we still have the problem of poverty and inequitable distribution of income and wealth. I am as always, deeply concerned about this high incidence of poverty.

In 2000, the UN General Assembly had set eight goals for development, known as *Millennium Development Goals*, to be achieved by 2015. They are: eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, combat HIV and other diseases, ensure environmental sustainability and develop global partnership for development. All these are extremely important development targets. In the Millennium Development Goals (MDG), the most important issue is the issue of defeating poverty and making life better for a larger number of people. In 2001, when my Government assumed office, I adopted these Millennium Development Goals as our charter and initiated a number of policy

reforms. I announced a 15-point programme to alleviate and eradicate poverty which was my dream. A dream becomes a reality when action is taken towards its achievement. As a result, there was a significant improvement in poverty reduction. According to a study by the Oxford Poverty and Human Development Initiative published in 2010 using a Multi-dimensional Poverty Index (MPI) that was computed based on 2005-06 data, Tamil Nadu made significant progress in poverty reduction and was ranked ahead of states like Maharashtra, Gujarat, Andhra Pradesh, Karnataka, etc. My dream is to totally eradicate poverty and unemployment in Tamil Nadu. These goals are more ambitious than even the Millennium Development Goals. We are confident of achieving MDG targets before 2015. Growth and good governance are essential to realize this vision.

Sir Winston Churchill while delivering a speech at Harvard University in 1943 said and I quote: **“The empires of the future are the empires of the mind”**. When my government took over, I had set for ourselves a goal of making Tamil Nadu the “numero uno” among

Indian states. I hold this vision very dear to me and I am confident that my government will achieve poverty eradication.

Traditionally, Tamil Nadu has been in the vanguard of industrialised states with a strong presence in the manufacture of engineering and auto components, textiles, leather, sugar, etc. In the pre-liberalisation era before 1991, the industrialisation programme was heavily dependent on the licenses granted by the Central Government and the investment of Central PSUs. However, in the post liberalisation era, since July 1991, with the dismantling of the License Raj, the States had to take the initiative to foster the pace of industrialisation. In this environment, taking cognizance of the prevailing spirit of competition among the various States in attracting investments, Tamil Nadu was one of the earliest to seize the initiative and announced its Industrial Policy 1992, that became the cornerstone and laid the foundation for the growth of the Manufacturing Sector in the State. This policy facilitated the automobile industry revolution in Tamil Nadu by attracting major projects like Ford,

Hyundai and BMW. These major automobile projects triggered a multiplier effect by attracting a large number of auto ancillary industries.

To give an impetus to industrial development and to create an industry-friendly environment to enable the State to achieve the No.1 position in industrialisation in India, the State brought out a pragmatic and far sighted Industrial Policy in 2003 that had a number of avant-garde features. This policy paved the way for the Electronics revolution in Tamil Nadu by attracting Nokia, Foxconn, Flextronics, etc. The Nokia project in Chennai has become the world's largest mobile handset manufacturing facility. Chennai has become the leader in India in both automobile and electronic hardware manufacturing. This success bears ample testimony to the efficacy of the Industrial Policies of 1992 and 2003 introduced by my Government, during my two earlier tenures as Chief Minister.

In a survey titled “*Asian Region of the Future – 2005/06*” conducted by **fDi** magazine, a specialist global foreign/inward investment title from the renowned Financial Times (FT) group, Tamil Nadu was declared

the winner state. Tamil Nadu had edged out the other states and provinces in other Asian countries to claim the title. Tamil Nadu took the first place followed by New South Wales in Australia. **fDi** magazine ranked Tamil Nadu first in the all-important category of “Best FDI potential”. This is a significant achievement accomplished by my Government.

According to the Centre for Monitoring Indian Economy (CMIE), Tamil Nadu was a front-runner in attracting investments in manufacturing. According to CMIE, during 2001-2003, Tamil Nadu was a top ranking State in attracting investments in the Manufacturing Sector. It remained as one of the leading states in manufacturing till 2006. However, subsequently, in recent years, the performance of Tamil Nadu in attracting investments declined. My Government which took over recently is launching a reinvigorated struggle to boost the pace of industrialisation in Tamil Nadu.

The Union Planning Commission is currently formulating the XII plan to be launched from 2012 to 2017. During the XI plan, the average growth rate of our

GDP is estimated to be 8.2%. The discussion paper on the approach to the XII plan indicates that the desired growth rate is 9.0% to 9.5%. This would warrant at least 11% to 12% growth in the Manufacturing Sector during the XII plan period, implying the need to step up the investment flows into industry and infrastructure. Therefore, one of the immediate tasks before our Government is to improve the investment climate of Tamil Nadu and make our State the most favoured investment destination. **Lord Keynes** famously observed that, and I quote: “*Investment is an act of faith*”. Ever since my Government took over, I am witnessing a very enthusiastic response from the Corporate world in making investments in Tamil Nadu. It is, therefore, encouraging to note that investors are once again displaying their growing faith in the immediate and medium term prospects of Tamil Nadu, not to mention the robust outlook for the long term. It will be the endeavour of my Government to sustain and stabilize this environment of optimism. On this occasion, I invite you to repose faith in Tamil Nadu. Our Government is committed to renewing the people’s faith in good

governance and in a socially just and equitable process of development.

Globalization has opened vast vistas of opportunities for Tamil Nadu and to reap greater benefits from globalization, the central challenge lies in improving the investment climate — that is, in providing sound regulation of industry, including the promotion of competition; overcoming bureaucratic delay and inefficiency and improving the quality of infrastructure. My Government effectively responded to this need in 1991 and 2001 and we will continue to do so. *“If we don’t change, we don’t grow. If we don’t grow, we aren’t really living”* said **Gail Sheehy** and our government strongly believes in this axiom. My Government was one of the open-minded State Governments which initiated the reform process in the early nineties.

Let me again reaffirm my Government’s commitment to providing an enabling environment conducive to the growth of the Corporate Sector in our State. My Government is aware of the many challenges industry faces, like the infrastructure deficits. We will do everything

possible to help industry overcome these challenges. I am aware of the nervousness in some sections of the corporate sector, arising out of some recent unfortunate power cuts. During 2001-2006, Tamil Nadu had a comfortable power situation. I take this opportunity to assure you that my Government is seized of this issue and we are taking efforts on a war footing to correct the situation. Very soon, we will be able to make our State a power surplus State once again.

While the 20th century economy was driven by capital accumulation, manufacturing technologies and labour power, the 21st century is defined by knowledge and human capital. It is now commonplace to say that the 21st Century will be the “**Knowledge Century**”. What exactly do we mean when we say this? I believe that this proposition implies that it is not military power or economic power that will in fact determine a nation’s place in the world now in the making, but it is its “brain power”. In this setting, Tamil Nadu is ideally positioned with abundant intellectual and human resource capital and is emerging as a “Knowledge-driven” economy in the new Millennium.

Tamil Nadu has a rich capital of human resource endowments capable of meeting the needs of modern industry. The State ranks first with an annual turnout of nearly 1,92,000 engineering graduates and an equal number of trained polytechnic students offering immense scope for the establishment of knowledge based industries and services. Tamil Nadu is the most “technically powerful knowledge State” in the country, especially after Anna University has become the world’s largest technical university comprising about 500 engineering colleges. Abundant availability of skilled manpower at relatively lower wage costs, coupled with harmonious and peaceful industrial relations confer distinct advantages on Tamil Nadu, making the State, the most preferred investment destination.

Tamil Nadu is a leading State in India when it comes to the Manufacturing Sector and this is chiefly because of the steadfast existence of the automobile and component industry. Chennai is a promising pitch for vehicles and auto parts exports and this City produces practically everything that moves – from bicycles to battle tanks and

everything in between, including motorcycles, cars, tractors, earth-moving equipment, trucks and even rail road coaches. Chennai is set to emerge as one among the Top Five Global auto clusters. My vision is to make Chennai the world's largest auto cluster.

My Government proposes to bring out a **“Vision Document 2025”** that will meet your expectations. This Document will contain clear-cut policies for promoting investments in infrastructure like power, ports, ship building etc. There will be special emphasis on Renewable Energy like solar power.

I take this opportunity to exhort the galaxy of industrialists who have gathered here to invest in Tamil Nadu. Tamil Nadu will be your ideal platform to generate wealth. We believe opportunities are meant to be exploited. Prosperity is everybody's business. The concerns are common between us. The State has a vision, which is to generate economic activity and add to the quality of life. This can happen only if all of us convert potential into opportunities and opportunities into prosperity.

Economic development starts with your first move. The State Government will act as a catalyst in fulfilling your dreams. This is a State that delivers and we need active partners who can see growth both in the old and the new economy and participate in the generation and propagation of wealth.

Our Government is committed to making Tamil Nadu a new growth model among Indian States. I invite you all to be active partners in realizing my vision of making Tamil Nadu ***Number One*** among the Indian states in all spheres of development.

I wish this National Council meeting all success.

Thank You.