



Tamil Nadu Emerging as the destination of choice for investment

Speech delivered by

Selvi J JAYALALITHAA

Hon'ble Chief Minister of Tamil Nadu
during the MOU Signing Ceremony
at ITC Grand Chola, Chennai
on 5.11.2012



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Published by :
Director,
Information & Public Relations Department,
Chennai.

Special Publication No.13

Tamil Arasu

November 2012

Published by :

Director,
Information & Public Relations Department,
Chennai.

Printed at :

TAMIL ARASU PRESS
110, Anna Salai,
Chennai - 600 002.

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Today marks a Red-Letter day in the annals of the industrialisation of Tamil Nadu. Never before has the State Government signed 12 Memorandums of Understanding on a single day. The Government is signing Memoranda of Understanding with four Fortune 500 companies, namely, Hyundai Motors, Nokia, Saint Gobain and Sanmina-SCI, apart from other majors, namely, M/s.Sundaram Clayton Ltd, M/s.Tube Investments of India, M/s.Harsha Group of Companies and M/s.Amway India Enterprises Private Ltd. The total investment envisaged in these 12 Memorandums of Understanding is 20,925 crore rupees, that will generate direct employment for 36,855 persons and indirect employment for about 1 lakh persons. On the 14th of May, 2012, my

Government signed Memorandums of Understanding for five projects, namely, Daimler India Commercial Vehicles Private Limited, India Yamaha Motor Limited, Ashok Leyland-Nissan Motor Company Limited, Eicher Motors Limited and Phillips Carbon Black Limited, with a total investment of over 5,700 crore rupees with a direct employment potential for about 9,500 persons.

I wish to remind you all that in the post-liberalisation era, Tamil Nadu under my leadership was one of the earliest States to seize the initiative and announce its Industrial Policy 1992 which became the bedrock for the foundation of the growth of the Manufacturing Sector in the State. This Policy heralded a growth that facilitated the automobile industry revolution in Tamil Nadu attracting major companies like Ford and Hyundai. These major automobile projects triggered a radial effect attracting a large number of auto ancillary industries. Today, Chennai is one of the global auto hubs, primarily due to the initiatives taken by my



Government between 1991 and 1996. Unfortunately, this momentum was not sustained between 1996 and 2001, when a different Government was ruling the State.

Between 2001 and 2006, my Government took a number of initiatives 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 industrialization in India. My Government 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. Today, Chennai has become the leader in India in both automobiles and electronic hardware manufacturing. This success bears ample testimony to the efficacy of the Industrial Policies of 1992 and 2003, introduced by my Government under my

leadership. Tamil Nadu's Industrial Policy, 2012 is to be released shortly.

During the period between 2001 and 2006, Tamil Nadu became the most favoured investment destination, as we had arduously built up the competitive strengths of the State. With a comfortable power situation and a vast talent pool coupled with prudent fiscal management, Tamil Nadu was the top-notch winner. According to the Centre for Monitoring Indian Economy (CMIE), during the period between September 2001 up to March 2004, Tamil Nadu remained the "numero uno" State, in attracting investments in the Manufacturing Sector.



In a survey titled "Asian Region of the Future - 2005/06" conducted by the FDI magazine, from the renowned Financial Times group, Tamil Nadu was declared as the winner State. Tamil Nadu had edged out the other States and Provinces in other Asian countries to claim the title, a superbly significant achievement.



When my Government assumed office for the 3rd time, in May 2011, we confronted a dismal fiscal position compounded by chronic power shortage, a characteristic legacy I inherit, from the predecessor Government, every time I form the Government. These challenges had eroded our competitiveness making many investors shy away from Tamil Nadu. I have promised to launch a reinvigorated struggle to alleviate poverty by promoting gainful employment opportunities through rapid industrialization. I have set for ourselves the task of regaining our numero uno position.

The world saw an environment of anxiety and a situation of alternating between Investor optimism and pessimism. Though we are largely away from that situation, we are still not confident of the dynamics. There has been a deterioration in the macro economic picture.

I am happy to say that today, Tamil Nadu has been able to reverse its downward spiral by



regaining investors' confidence. It is encouraging to note that investors are 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 the State Government to sustain and stabilize this environment of optimism.



I belong to the category that refuses to get excited over growth projections. I need to see tangible results. In March 2012, I had launched the Tamil Nadu Vision 2023 wherein I had unveiled my dream to make Tamil Nadu 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.

In our 'Tamil Nadu Vision 2023', I have set an ambitious growth target for the Tamil Nadu Gross State Domestic Product (GSDP) to grow at 11% or more per annum - about 20% more than the

expected growth rate of India's GDP over the same period. Given the expected increase in population of 15% over the next 11 years, the increase in per capita income would amount to 6 times over this period. Tamil Nadu is set to increase its per capita income at current prices by 6 times from 73,278 rupees i.e., 1,628 US dollars in 2010-2011, to 4,50,000 rupees i.e. 10,000 US dollars in 2023, in line with the per capita income of Upper Middle Income countries. The Tamil Nadu Vision 2023 places substantial emphasis on inclusive growth by channelling considerable resources to the lowest income groups and ensuring that Tamil Nadu becomes poverty free. One must bear in mind that these growth targets have been set notwithstanding the current global recessionary trends.

The Vision 2023 envisages a growth strategy encompassing 10 strategic initiatives.

Attracting investment is dependent on providing the right environment to run a business efficiently.





While availability of the necessary infrastructure such as power, water, connectivity, port facilities, etc. are the key drivers that attract investments, administrative and procedural issues which result from regulatory and institutional arrangements also play an important role in attracting investments.

The achievement of our Vision 2023 is predicated on devising appropriate strategies to implement various projects and programmes. The Tamil Nadu Vision 2023 has set stretch targets to be achieved, in terms of economic and human development indicators. The Vision envisages infrastructure building to be the tool for delivering growth opportunities. The quantum of investments is of a magnitude not attempted until now by Tamil Nadu, and requires a multi pronged strategy encompassing identification of projects, modes of investment, and the necessary institutional and regulatory structure, etc.

Today, the recessionary trends are resurfacing and threatening to dampen and inhibit global economic prospects.



In June 2012, the reputed global financial services firm “Nomura”, has sharply lowered India’s growth forecast for this fiscal to 5.8 %, way below the Government’s projection, saying the country’s monetary and fiscal policies are at loggerheads.

Notwithstanding negative forecasts, Tamil Nadu is targeting 11% growth for our State economy and 14% in the Manufacturing Sector. Conventional wisdom will say that given the current global recessionary trends, these targets are very ambitious. Little minds are tamed and subdued by misfortune, but great minds rise above them. There are three kinds of people in the world, the wills, the won’ts and the can’ts. The first, the wills, accomplish everything; the second, the won’ts oppose everything; and the third, the can’ts fail in everything. I have always believed in not treading the trodden path but instead in blazing a trail where there is none. The only obstacle in the way of our realization of tomorrow, will be our doubts of today. I believe in moving forward with strong faith and conviction.



Success is underlined by responsibility. Success on any major scale requires that one should accept responsibility. In the final analysis, the one quality that all successful people have, is the ability to take on responsibility. I have vowed to take up the responsibility, of making a perceptible improvement in the life of the common people.

Our Tamil Nadu Vision 2023, warrants provision of world class infrastructure. The total investment needed to enable universal access to infrastructure services over the 11 year period is estimated at 15 lakh crore rupees. I am aware that the State Government alone cannot meet the resource requirements. The major part of the financing for infrastructure has to be obtained from non-governmental sources. Investments in the pipeline in Tamil Nadu stand at 9,25,285 crore rupees in September 2012, as against 7,50,579 crore rupees at the end of March 2011. This implies that Tamil Nadu has attracted an incremental investment of 1,74,706 crore rupees during the last 18 months. If we go





by past trends, this marks a quantum jump in investment flows into Tamil Nadu. This includes a substantial amount of investments in Infrastructure projects such as power generation & distribution, road improvement, water supply augmentation, port development, health care, education, etc. All these will substantially improve the quality and reliability of our infrastructure and strengthen our competitive advantages in attracting investments into the Manufacturing Sector.

According to the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India publication titled SIA Statistics published in June 2012, Tamil Nadu has attracted 4,01,537 crore rupees of investments in the Manufacturing Sector as against 3,33,010 crore rupees at the end of April 2011. The Incremental investment attracted by Tamil Nadu in the 14 months period from May 2011 to June 2012 is 68,527 crore rupees.

This is testimony to the fact that the investment environment in Tamil Nadu is very conducive to growth and expansion. Once again, Tamil Nadu is emerging as the destination of choice for making investments.

While attracting Investments, particularly FDI, my Government firmly believes in being very responsive to its implications. FDI is often a double-edged sword, and the Government needs to handle it, dexterously. FDI in some fields is purely based on private rationality with the underlying principle “Private gain at social loss”. The recent decision of the Government of India to open up our retail business to FDI is one such example, fraught with the danger of destroying our small business ventures that provide jobs to millions of our people. My Government has already opposed this and declared that we will not permit such FDI in retail in Tamil Nadu.

My Government is currently set to introduce new policy reforms that include a New Industrial Policy, Automobile and Auto Parts Policy, Aerospace Industry Policy, Biotechnology Policy and much



more. The Tamil Nadu Solar Energy Policy 2012 promoting solar and wind power projects has been unveiled on the 20th of October, 2012. All these policies have a number of innovative features that will make Tamil Nadu a leader in these areas. For instance, in the Automobile and Auto Parts Policy to be shortly released, I have set a goal to make Chennai, the World's largest auto hub.

My Government is committed to catapulting Tamil Nadu onto a higher growth orbit and developing the State to be on par with some of the middle-income countries like Malaysia, Thailand and South Korea. My Government is confident of attracting over 1 lakh crore rupees of new investments, in the Manufacturing Sector, surpassing all records and achievements made so far. I am confident of making Tamil Nadu the "numero uno" in all spheres of development.

Tamil Nadu is a land of abundant opportunity that places a premium on enterprise and creativity. My Government is committed to creating a hospitable and conducive climate for investment and enterprise. My Government will work hard to

improve the quality of governance, at all levels, and remove barriers to growth and competition. I invite you to make use of the investment and business opportunities that Tamil Nadu now offers. I invite you to be active partners of a new vibrant Tamil Nadu and walk with us in finding new pathways of development and progress.

I take great pleasure in inviting Hyundai Motors India Limited, Indo Rama Group of Companies, ADD Industrial Park (TN) Limited, BGR Energy Group Companies, Harsha Group of Companies, Saint Gobain Glass India Limited, Danfoss Industries Private Limited, Nokia India Private Limited, Sanmina-SCI India Private Limited, Tube Investments of India, Amway India Enterprises Private Limited, and TVS Group of Companies to this momentous and iconic Memoranda of Understanding Signing Ceremony. I wish all our partners phenomenal success in these ventures.

Thank you.





Leading Tamil Nadu on the path of Growth and Glory....

MoU Signing Ceremony

in the presence of

the Hon'ble Chief Minister of Tamil Nadu

Puratchi Thalaivi

Selvi J Jayalalithaa

