



TAMIL NADU INDUSTRIAL POLICY 2014

Industries Department
Government of Tamil Nadu



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TAMIL NADU INDUSTRIAL POLICY 2014

AT A GLANCE

- The Vision 2023 Tamil Nadu document unveiled by the Hon'ble Chief Minister of Tamil Nadu on 22.3.2012 charts out a crucial road map for the growth of manufacturing with an annual growth rate of 14% and a total investment of Rs.15 lakh crore by 2023 covering all the major sectors of the State economy. A major thrust for Infrastructure Development is proposed.
- Tamil Nadu is already strong in the major industrial sectors of automobiles, auto components, engineering goods, leather, textiles, Information Technology and Bio Technology and the New Policy aims to maintain and improve the competitive edge of the State to make Tamil Nadu the Manufacturing Hub of the country and one of the Top Three destinations for investment in Asia.
- The main strategies for achieving the goals of the policy are the focus on infrastructure, prioritising core sectors of future development with emphasis on advanced technology, skill development, a modified Structured Package of Assistance and balanced regional development with a renewed thrust on the Southern Districts of the State.

TAMIL NADU INDUSTRIAL POLICY 2014

1. PREAMBLE

1.1 The State of Tamil Nadu has always been in the forefront of economic growth in the country. The State has made impressive strides over the years to carve out a niche for itself in the fields of engineering, automobiles, textiles, leather, Information Technology, electronic hardware and hi-technology industries and the Gross State Domestic Product (GSDP) stood at Rs.4,51,313 crore at constant prices in 2012-13¹. The industrial GSDP of Tamil Nadu grew at an impressive rate of 9.60% from the year 2005-06 to 2012-13 at constant prices.*

1.2 The Vision 2023 Tamil Nadu document envisages Tamil Nadu to be the most prosperous and progressive State with no poverty by the year 2023. Towards achieving this major goal, manufacturing sector is assigned the key role of energizing the economy and creating a virtuous circle of enhanced competitiveness, efficiency and vibrancy in all sectors and galvanize the citizen and other stake holders towards reaching the targets in unison. Under this strategy, one of the 10 thrust areas identified in the document is acceleration in the economy and achievement of long term goals by increasing the share of manufacturing in the State economy at the annual rate of 14% ultimately reaching the target of 22% by 2023.

1.3 To maintain its position as a progressive State, the Government has recently taken proactive steps like the release of Vision 2023 Tamil Nadu document, formulation of Tamil Nadu Infrastructure Development Act, Rules and Regulations, along with Tamil Nadu Transparency in Tenders (Public Private Partnership and Procurement) Act and Rules. The United Nations Report on Probity in Public Procurement has recognised Tamil Nadu as the first State to have a legislative frame work to deal with Public Private Partnership procurement. Recognising the importance of quality infrastructure, the Tamil Nadu Infrastructure Development Fund (TNIDF) and a Project Preparation Fund (PPF) have also been set up and in 2013-2014, Rs.2000 crore has been provided for the Tamil Nadu Infrastructure Development Fund and Rs.200 crore for the Project Preparation Fund.

1.4 Traditionally, Tamil Nadu has been in the vanguard of industrialization among the Indian States. The State has had a strong presence in textiles, engineering, automobile production and auto components manufacture and recently in Information and Bio Technology sectors.

¹Source : Union Planning Commission, Government of India

* Source: Central Statistical Organisation (CSO), Government of India

Tamil Nadu has always been a safe haven for the investors owing to a favourable business climate, excellent infrastructure for trade and investment, outstanding law and order maintenance, peaceful industrial relations and healthy socio-economic reforms.

1.5 Among the Indian States, Tamil Nadu is now ranked:

- First in the number of factories
- First in the number of workers employed in the factories sector
- Third in Gross Industrial Output and
- Third in Net Value Addition

1.6 More than 3000 foreign JVs and 100% foreign subsidiaries including Ford, Hyundai, Saint Gobain, Nokia, Motorola, Dell, Renault-Nissan, and Daimler, in addition to major local manufacturers like Ashok Leyland, TVS group, Titan, Murugappa group, cement companies etc., have manufacturing bases in Tamil Nadu with a Foreign Direct Investment (FDI) of over \$ 10.0 billion. Tamil Nadu is increasingly becoming the choice of destination for foreign investors, which provides them with a global reach. Ranked among the top three Indian States in terms of Purchasing Power Parity (PPP), Tamil Nadu is a dream come true for all those looking for a rich cultural heritage, a highly productive work force, excellent infrastructure and cost-effective operations. Each of these facts is substantiated by an enviable track record.

1.7 *Tamil Nadu is to-date the only State to attract seven automobile giants-Ford, Hyundai, Mitsubishi, Daimler, Nissan, Renault and BMW. As on date, Chennai, the capital of Tamil Nadu and the Detroit of South Asia, has an installed capacity to produce 13,80,000 cars and about 3,50,000 commercial vehicles each year.*

1.8 Caterpillar, USA and Komatsu, Japan chose Chennai to establish their large earth moving equipment manufacturing plants. Chennai is now emerging as one of the “Top 10” Global Automobile manufacturing centres. The State is also the preferred choice for over 350 large auto component manufacturers accounting for more than 35% of India’s auto components production.

1.9 A comparison of the total operating costs across various investment destinations in India would place Tamil Nadu ahead of the rest and in a very favourable position to offer investors opportunities they would find hard to resist. Chennai serves as the most cost effective production base for export markets by many MNCs.

1.10 Tamil Nadu is known as a major exporter of Leather and Leather Goods, Textiles and Garments, Automobiles and Components, Engineering Goods, Castings, Pharmaceuticals, Spices, Agro-Products, Marine Products, Electronic Hardware and, of course, Software.

1.11 Tamil Nadu offers an abundance of relevant skills, robust IT infrastructure and easily available real estate. Chennai is the choice of international finance majors as well - Stanchart, World Bank, Citibank and ABN-AMRO Bank have set up their back office operations in the city. BPOs and off-shore operations have also preferred to operate from Chennai. With more than 1,780 IT / IT Enabled Services (ITES) companies, over 3,75,000 professionals and annual IT exports of Rs.50,000 crore, Chennai, with its IT Bay Area, towers over other major cities as an IT and ITES powerhouse².

1.12 Tamil Nadu has an enrolment of over 1,82,000 graduate engineers from 553 engineering colleges, 1,20,000 diploma holders from 501 polytechnic institutes, 9,05,000 science and arts graduates, and over 35,000 software engineers³. The State is blessed with a talent pool of keen minds, well-honed expertise and specialized educational institutions like Anna University (the World's largest engineering university), Indian Institute of Technology, Madras, the National Institute of Technology, Trichy and the Madras Institute of Technology and many other private institutions that serve as *alma mater* to some of the sharpest brains in the country, from where a legion of top notch engineers gear up to take on the world. The Government has set up the Indian Institute of Information Technology at Srirangam near Tiruchirappalli recently to take higher technical education to the next level for the coming decades.

1.13 The State also complements its skilled manpower with salubrious working conditions, a peaceful industrial climate, committed workforce and extremely competitive wage rates that offer substantial cost savings. *In short, when it comes to human resources, Tamil Nadu is the "Number 1" in skilled manpower availability.*

1.14 The installed capacity of conventional energy sources in Tamil Nadu is 11,415 MW. Tamil Nadu is the undisputed Leader in wind power generation with an installed capacity of 7,145 MW. The renewable energy capacity of the Tamil Nadu is 30% of the total installed renewable energy capacity in the country. The State has recently unveiled the Solar Policy proposing to add 3000 MW solar power by 2015.

² Source : IT Department Policy Note 2013-2014

³Source: Higher Education Department Policy Note 2013-2014.

⁴Source : Tamil Nadu Maritime Board

1.15 With the second largest coastline in the country of around 1076 kms, a network of 3 major ports and 23 minor ports⁴ that includes India's most efficient container port at Chennai, Tamil Nadu has effectively harnessed the might of the oceans to provide the perfect gateway for investors to reach out to the world. Its climate favours year-round port operations.

1.16 Travelling within Tamil Nadu or to any other part of the world from the State has been made extremely convenient, through extensive connectivity in the skies, on land and across the waters. 650 plus direct international flights a week and passenger traffic of over 4.50 million per year make Chennai's international airport the perfect launch pad, with excellent connectivity to Europe, USA, the Gulf and East Asia⁵.

1.17 Be it apparel or leather, food or textile processing, biotechnology or IT, the State Government of Tamil Nadu has developed industry-specific parks that help promote products from each industry. In the Private Public Partnership (PPP) mode, the Government of Tamil Nadu has promoted the *Mahindra World City*, a modern self-contained industrial park, on the outskirts of Chennai. This is India's first operational Special Economic Zone (SEZ) created with world class infrastructure, offering Plug and Play facilities.

2. THE NEED FOR A NEW INDUSTRIAL POLICY

In the post-liberalisation era, Tamil Nadu introduced Industrial Policies in 1992, 2003 and 2007. The Vision 2023 Tamil Nadu document which lays out the road map of development for the State, aims to achieve a consistent economic growth rate of 11% per annum in a highly inclusive manner and to identify and remove the bottlenecks in development, prioritise critical infrastructure projects, and work to propel the State of Tamil Nadu to the forefront of development. The document identifies 10 themes for the State which includes inclusive growth, world class infrastructure and healthy investment climate. The Vision 2023 Tamil Nadu document envisages a 14% annual growth in the manufacturing sector and an investment of Rs.15 lakh crore in the next 10 years. In order to attain the growth targets fixed for the respective economic indicators, the formulation of a New Industrial Policy has become imperative.

3. OBJECTIVES

1. To position Tamil Nadu as the most preferred State for manufacturing, with a reputation for efficiency and competitiveness and to attract incremental investments of over 10% every year in Manufacturing.

⁵ Source : Airports Authority of India

2. To achieve an annual average growth rate of 14% in the manufacturing sector in Tamil Nadu.
3. To raise the investment in infrastructure from the existing 4-5% of the GSDP gradually to 10% by 2015 and further to 11.5% from 2019 as envisaged in the Vision 2023 Tamil Nadu document.
4. To make Tamil Nadu the innovation hub and the knowledge capital of India, on the strength of world class institutions in various fields and the best human talent
5. To enhance Tamil Nadu's position in high technology industries including aerospace, nano technology etc.,
6. To achieve rapid industrialisation of the Southern districts of Tamil Nadu
7. To achieve inclusive and sustainable industrial development in Tamil Nadu
8. To create gainful employment opportunities for an additional 2.0 million persons before 2016
9. To double exports from Tamil Nadu by 2016.

4. APPROACH

Keeping the above objectives in mind, this Policy adopts a multi-pronged approach of :

- (i) providing world-class infrastructure,
- (ii) special emphasis on priority sectors like automobiles, bio-technology, electronic hardware and aerospace
- (iii) improving the quality of human resources and
- (iv) providing attractive incentives to the investors.

5. STRATEGY

5.1 INFRASTRUCTURE:

5.1.1 Recognising that world class infrastructure, both industrial and social, is a prerequisite for rapid industrialisation, the Government of Tamil Nadu aims at creating and upgrading the existing infrastructure to world standards. Towards this end, the Tamil Nadu Infrastructure Development Board, headed by the Hon'ble Chief Minister, has been constituted and the State has released the Vision 2023 Tamil Nadu document, outlining the growth trajectory for the next decade.

5.1.2. The Government of India, on its part, has initiated action to prepare a comprehensive master plan for the Chennai - Bengaluru Corridor which will identify the infrastructural bottlenecks in this region and the projects required to remove them, with the assistance of the Japanese International Corporation Agency(JICA).

5.1.3 Tamil Nadu is already endowed with a relatively better infrastructure among the Indian states. However, rapid industrialisation and growing urbanisation require a further impetus to investment in infrastructure. Taking note of this, the State Government has initiated steps to address the issues of power availability, land for industries, skilled manpower, roads and ports, industrial water etc. To achieve the targeted growth rates during the XII plan period (2012–2017), substantial investments are needed to create additional capacities in various components of infrastructure. The following are the targets for capacity addition during the XII plan period:

- To invest not less than US \$ 30 billion, through private and public sectors, in infrastructure development
- To increase the power generation capacity adequately to meet the future demand by commissioning Mega and Ultra Mega Power Projects
- To establish a land bank of at least 53,000 acres throughout the State
- To augment industrial water supply
- To augment capacities for handling and safe disposal of industrial effluents and solid wastes
- To establish Corridors of Excellence
- To improve Port connectivity; to upgrade the minor ports at Nagapattinam, Colachel, Cuddalore and Manappadu as major ports and to upgrade other ports as Intermediate ports
- To augment social infrastructure like housing, health care, technical education/skill development, etc. to support the manufacturing sector.

5.1.4 Specifically, the Government will endeavour to implement the following flagship infrastructure projects, in public or private sector:

- An aeropark
- A logistics hub close to the Airport
- A Biotechnology Enterprise Zone
- A Heavy Engineering Hub
- Four Special Investment Regions for Manufacturing industries
- High-speed passenger trains in the Chennai-Coimbatore, Chennai – Madurai – Kanniyakumari and Madurai – Salem – Bangalore sectors
- Industrial Corridor of Excellence between Madurai – Tirunelveli – Thoothukudi
- Creating Expressways, widening major national highways and four-laning of major State Highways
- Peripheral Ring Road and Outer Ring Road for Chennai and other major cities
- A Liquefied natural Gas (LNG) Terminal and gas transmission and distribution pipeline infrastructure

5.1.5 In terms of the various components of Infrastructure, the strategy will be as follows:

5.2 Power:

5.2.1 The Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) has embarked on an ambitious plan to augment the generating capacity by 6200 MW in the next few years. The State Government has also been encouraging the development of renewable energy in a big way, with particular emphasis on wind and solar power. The Government has already unveiled the Solar Energy Policy, 2012 to lead the country by generating 3000 MW of Solar power by 2015⁶. The endeavour of the Government is to make the State power surplus once again.

5.2.2 For the industries, the Government would offer the following incentives relating to Power supply :

5.2.2.1 **Power supply to Industries:** All units with demand of more than 10 MVA will be provided with reliable supply at 110 KV or 230 KV level depending on the eligibility. Uninterrupted power supply will be given to the projects if the same is covered by MoU or Government Order (non-MoU).

5.2.2.2 **Inclusion of Investment made in captive power plants:** Captive power plants will be treated as eligible fixed assets for the purpose of the structured package of assistance. "Captive Power Plant" for this purpose means a power plant set up to generate electricity primarily for the units' own use.

5.2.2.3 **VAT refund on Capital Goods for establishing captive power plants:** Refund of 50% of the VAT paid on purchase of capital goods exclusively for captive power generation within the construction period, provided they are manufactured in Tamil Nadu.

1.3 Water:

Promotion of desalination plants and waste water treatment and recycling plants: Developers of Industrial parks/ SEZs/ Industry clusters, etc. will be provided incentives to set up desalination plants/ waste water treatment and recycling plants. Also, the Government will encourage industries to undertake large waste water treatment and recycling plants on the Public Private Partnership (PPP) mode for treating urban sewage to industrial grade water. The industries will be encouraged to adopt measures for rainwater harvesting system to recharge the aquifers in the industrial area.

⁶Source: Tamil Nadu Solar Energy Policy 2012.

5.4 Road/Rail Network :

5.4.1 Road – High Speed Rail Corridor with Industrial Hubs: The Government will endeavour to create high-speed rail corridors with support from Government of India to connect major cities of Tamil Nadu. Development nodes will be formed all along the proposed corridors.

5.4.2 Widening of State Highways: The Government has taken the initiative to augment the road capacity in tune with the growing needs of development. The Comprehensive Road Infrastructure Development Programme (CRIDP) is a flagship scheme wherein Government of Tamil Nadu has sanctioned Rs.14,872 crore for widening and improvements in 50,610 km roads and 2,020 number of culverts, bridges and protective works to develop the road infrastructure facilities since 2004–2005. As of March 2013, 95% of State Highways in Tamil Nadu are multi-lane.

During 2013–2014 alone, the Government has sanctioned Rs.3,286 crore under CRIDP for undertaking various road projects. The Government has provided Rs.2,500 crore for widening of 1,697 km roads and improvement of 3,529 km roads and construction of 229 culverts, bridges etc.

5.4.3 Industrial Corridors of Excellence: The Government in collaboration with the Government of India will implement the Chennai- Bengaluru Industrial Corridor. Similarly, the Government will also promote an Industrial Corridor along Madurai –Tirunelveli – Thoothukudi. The Corridors will have excellent road and rail connectivity, specific investment regions and other industrial and social infrastructure like townships, schools, hospitals etc.

The Oragadam Industrial Corridor Project to provide infrastructure in the vast developing industrial corridor in Oragadam near Chennai has led to the 4-laning of the Vandalur–Wallajabad road as well as Singaperumal Koil – Sriperumbudur road and further improvements are being done for ensuring better connectivity to the industrial areas at a cost of over Rs.600 crore.

5.4.4 Access Roads: The Government will create an Industrial Infrastructure Corpus Fund and earmark a sum of Rs.100 crores annually for the provision of access roads to industrial parks promoted by SIPCOT, TIDCO and their SEZs and approved private industrial parks.

5.4.5 Promotion of Truck Terminals: The State Industries Promotion Corporation of Tamil Nadu(SIPCOT) will promote Truck terminals in all their major industrial parks. In the case of Private Industrial Parks, the Developer will be mandated to provide adequate Truck Parking Bays.

5.4.6 The Government will build a Chennai Peripheral Ring Road with 8-lanes and 2 service lanes on both sides covering a length of 162 km which will connect Mamallapuram to Ennore Port with links to NH 45, NH 4, NH 205 and NH 5. The construction cost of the Ring Road is assessed as Rs. 6500 crore. Japan International Cooperation Agency (JICA) has expressed its willingness to fund the project. Construction of this road will enhance connectivity between various ports and serve the industrial hinterland adjoining the Chennai City.

5.5. Seaport:

5.5.1 **Minor Port Development on PPP mode:** 13 of the 23 minor ports in the State have been offered to the Private sector for establishment of captive facilities. The Government will facilitate up-gradation of the minor ports at Nagapattinam, Colachel, Cuddalore and Manappadu into all weather deep sea ports and the other ports as Intermediate ports.

5.5.2 **Port connectivity:** The Government in collaboration with the National Highways Authority of India (NHAI) and the Government of India will improve the connectivity to the Chennai and Ennore Ports. The Government will speed up the implementation of the Chennai Outer Ring Road Project (Phase II) and the Northern Port Connectivity Road, providing a direct access to the Ennore and Kattupalli ports from the National Highways No. 5.

5.5.3 **Multi-level car parking facility:** The Government will facilitate construction of Multi-Level Car Parking Terminals in all the seaports.

5.5.4 **Container handling facilities in Ennore and Chennai ports:** The Government will take up with Government of India to expedite establishment of the Container Terminal in Ennore Port and the Mega Container Terminal in Chennai Port.

5.5.5 **Third Port for Chennai:** Currently, M/s Larson & Toubro (L&T) in collaboration with TIDCO has established India's largest ship building facility along with a Port in Kattupalli, Ponneri taluk, north of Chennai. This Port also has container handling facilities apart from other berths and marine infrastructure including ship lifting required for ship building.

5.5.6 **LNG Terminal and Gas Grid:** The Tamil Nadu Industrial Development Corporation (TIDCO) has signed an agreement with Indian Oil Corporation Limited (IOCL) to establish a Liquefied Natural Gas (LNG) Terminal at Ennore Port, near Chennai through a joint venture. The vaporised LNG will be supplied

to Power Plants, Petroleum Refineries, Fertilizer Plants and other user industries, Transportation and Domestic sectors. This TIDCO/IOCL Joint Venture will also construct Gas pipeline infrastructure to carry about 20 million cubic metres of vaporised LNG to various demand centres in the State.

5.6 Rail Connectivity:

5.6.1 Ministry of Railways will be persuaded:

- To provide sub-ways for pedestrian crossing at congested locations
- To provide fast trains to Maraimalai Nagar Industrial area
- To increase the frequency of trains in the industrial belts.

5.6.2 Rail link between Avadi and Guduvancherry : -

To provide rail link for the benefit of highly industrialised areas falling between Avadi and Guduvancherry and to decongest the area, the State Government and the Southern Railways have initiated the process for establishment of broad-gauge rail link between Avadi and Guduvancherry passing through the important industrial areas in Sriperumbudur and Oragadam with a spur line (1.5 Km) from Sriperumbudur to Irungattukkottai.

5.6.3 **Strengthening Rail connectivity to Chennai and Ennore ports:** The Government will take up de-bottlenecking the rail connectivity to Chennai and Ennore Ports for speedier movement of cargo to these ports.

5.7 Waste Disposal:

Provision of waste disposal facilities: The Government will facilitate hazardous waste disposal facilities in all major Industrial parks and SEZs.

5.8 Tamil Nadu Infrastructure Development Board :

The Government accords high priority to augment the infrastructure of the State and accordingly, Tamil Nadu Infrastructure Development Board (TNIDB) has been constituted in 2013 under the Chairmanship of Hon'ble Chief Minister to function as an institutional framework for conceptualisation, prioritisation, sanction and speedy implementation of critical infrastructure projects.

5.8.1 High Power Infrastructure Monitoring Committee:

A High Power Infrastructure Monitoring Committee will be formed under the Chairmanship of Chief Secretary, which will

- approve Industrial Parks and related infrastructure
- act as Single window Committee and accord in-principle composite approval to all Public Private Partnership (PPP) projects which are not covered by the

TNIDB

- consider conversion of land use from agricultural or any other zoning classification to “Industrial use”
- address all policy issues relating to infrastructure projects
- formulate and approve Special Investment Regions
- facilitate inter-sector linkages
- decide on the extent of Government support and
- resolve process-related issues.

5.8.2 This apex committee will function as the single window system and the first contact for setting up any infrastructure project on PPP mode.

5.9 **Tamil Nadu Infrastructure Fund:**

A Viability Gap Funding (VGF) mechanism at the State level has been introduced for PPP projects in infrastructure. This will be available for infrastructure projects which have not availed the National VGF from Government of India.

5.10 **Special Investment Regions:**

The Government will promote a minimum of 4 Special Investment Regions in the North, South, West and Central districts of Tamil Nadu.

5.11 **Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR):**

The Government will endeavour to implement and commission the PCPIR in Cuddalore and Nagapattinam districts before 2015 after getting necessary approval from the Government of India. Also, efforts will be made to promote one more PCPIR in the southern coastal districts of Tamil Nadu.

5.12 **Heavy Engineering Hub:**

A manufacturing hub for Heavy Engineering products and components will be established in Thiruvallur District, north of Chennai Metropolitan area.

5.13 **Land**

5.13.1 **Creation of Land Bank:** The Government will create a Land Bank of at least 53,000 acres for the promotion of Industrial parks.

5.13.2 The Government will make available lands to major investments from its existing developed industrial parks and also endeavour to arrange for lands following inclusive methods like land pooling, which will benefit both the land owner and the industry.

5.14 Industrial Parks

5.14.1 **New Industrial Parks:** Government will promote at least one or more new industrial parks in all the districts of Tamil Nadu through SIPCOT, TIDCO, SIDCO or through private sector.

5.14.2 To accelerate industrial growth in Southern Districts, Government has already permitted SIPCOT to establish new industrial parks in 9 Southern Districts viz., of Pudukkottai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari. An Industrial Park is already being set up at Madurai.

5.14.3 **Bio-Park:** Biotechnology and Information Technology, have been frequently referred to as the technologies of 21st century. Tamil Nadu was one of the few States which saw its potential early and formulated a separate Biotechnology Policy a decade ago. The State established its first biotechnology incubation park, the TIDCO Centre for Life Sciences (TICEL) Biotechnology Park I in Chennai with technical collaboration from Cornell University, USA which became operational in November, 2004 and remains fully occupied to-day. A Biotechnology Core Instrumentation Facility is being established at TICEL II, with the state-of-the art equipment for Microbiology, Molecular Biology, fermentation, downstream processing, purification and Analytical & Animal Cell Culture facilities. Special focus will be continued to be given for development of this sector.

5.14.4 **Provision of Power Sub-station:** If the power requirement in an Industrial Park is in excess of 25 MVA, TNEB will provide a sub-station (230 KV SS/110 KV SS depending on the power requirement) at its cost. The land for the sub-station will be provided by the Developer agency free of cost.

5.14.5 **Upgradation of Infrastructure in existing Industrial Parks and estates:** A corpus fund “Industrial Park Infrastructure Maintenance Fund” will be created with an annual contribution of Rs.100 crore.

5.14.6 **Social and supporting Infrastructure:** It is proposed to reserve 10% of the Land area for promotion of social infrastructure like housing, service apartments, hospitals, restaurants, etc., in the industrial parks.

5.14.7 **Promotion of common facilities:** The Industrial Estate Developer agencies will be encouraged to promote common Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP) apart from providing a site for solid waste disposal.

5.14.8 **Reservation of land for promotion of MSME Projects:** The

Government has already issued orders for allotment of a minimum of 20% of the total area of land for MSME units in all the Industrial Estates to be developed by SIPCOT through Small Industries Development Corporation(SIDCO) .

5.14.9 **Exclusive Solar Manufacturing Facilities:** The Government of Tamil Nadu will promote integrated solar generation and manufacturing parks which will house the entire ecosystem for solar manufacturing including wafer, cell and module making, and Balance of System(BoS) component manufacturing and lands will be identified for development of these exclusive solar manufacturing parks⁷.

6. PRIORITY SECTORS

6.1 The Government will give a special thrust to:

- Automobile and Auto components Sector
- Renewable Energy Equipment manufacturing Industries.
- Aerospace industry and
- Bio-technology and Pharmaceuticals Sector.

6.2 The Government has formulated specific policies for these sectors aimed at creating enabling infrastructure and offering special incentives. Further, Aerospace industries will be given special importance and a specific policy will be formulated for this sector.

7. SKILL DEVELOPMENT

7.1 **Tamil Nadu Skill Development Corporation:** The Tamil Nadu Skill Development Mission implemented through a society has been reorganised as a Special Purpose Vehicle(SPV) with participation from private sector under section 25 of the Companies Act, 1956 as a body corporate in the name, Tamil Nadu Skill Development Corporation for providing skill training through different departments.

7.1.1 Thrust will be given for creating a skilled and balanced workforce with a special focus to enable women to enhance their employability. The Government will take the lead in partnering with the industry in developing a curriculum for the industrial training institutes to make their graduates industry-ready. Technical institutes and polytechnics will be incentivised to align themselves with the industry needs and organise skill development programmes jointly to improve the employability of their students.

⁷Source: Tamil Nadu Solar Energy Policy 2012.

7.1.2 Industry-Institution Collaboration: A framework for industry-institution collaboration and public-private partnership for ITIs, Polytechnics and Engineering colleges will be formulated. The Government will facilitate setting up of Technology Parks within and around Higher Learning Institutions and Universities.

7.1.3 Cluster level skill development: This Initiative will focus on specific existing clusters in the auto, leather, textiles, and electronic hardware sectors. A Cluster Human Resources (HR) Skills Development Committee will be established in each major cluster with the membership of engineering colleges, polytechnics, ITIs, arts and science colleges in the vicinity and the participating industries to set targets for training and the revision of course content of these institutions.

7.1.4 Training Subsidy: The Government will offer training subsidy as an incentive on a case to case basis taking into account the capacity of employment generation and the potential for significant improvement of skills.

7.2 Inclusive Development:

7.2.1 As envisaged in the Vision 2023 Tamil Nadu document, Tamil Nadu will exhibit a highly inclusive growth pattern and will be a poverty free state with opportunities for gainful and productive environment for all those who seek it, and will provide care for the disadvantaged, vulnerable and the destitute in the State.

7.2.2 Industries employing differently -abled persons would be incentivised suitably, by supporting skill development programs to enable their productive employment.

8. TECHNOLOGY DEVELOPMENT

8.1 Technology Incubation centres: Realising that technology is a key element contributing to productivity, quality, competitiveness and market acceptability of products and that technology and business incubators have emerged as useful instruments for innovation, the Government will encourage development of “Centres of Excellence and Innovation,” in areas such as chip and electronic hardware design, leather product design and automotive design in collaboration with academic institutions of excellence, industry and Government of India to develop a pool of Technocrats. The centres will also network with Angel Investors and Venture Capitalists (VCs) to provide mentoring and financial support to the start-ups. The centre will enable the tenant companies to gradually mature over a period of 2-3 years and then shift to a commercial place for transacting actual business.

8.2 **Subsidy for Quality certification / Patent registration:** The Government will reimburse 50% of the expenditure incurred by the industrial units subject to a maximum of Rs.1.00 lakh, in getting the BIS, ISO 9000 / 14000 or any other national or international certification or patent registration.

8.3 **Promotion of R&D:** In order to encourage Research and Development in manufacturing sector, companies investing in R & D facilities will be incentivised as follows:

8.3.1 For capital goods to be used in setting up hi-technology R & D centers VAT would be zero rated. Such capital goods shall not be used for commercial production and be used exclusively for R & D.

9. FINANCIAL SERVICES CENTRE

Appreciating the significance of the contribution of the Services sector to the growth of the manufacturing sector, Government has planned to set up an exclusive Integrated Financial Services Centre which shall house leading national and international financial intermediaries including banks, insurance companies, mutual funds, consultants, brokerages etc.

10. INVESTMENT PROMOTION

Tamil Nadu Investment Promotion Programme: The Tamil Nadu Investment Promotion Programme has been launched in the state with financial assistance from JICA to further improve the investment climate through strengthening the policy framework and enhancing the quality of urban infrastructure.

11. EXPORT PROMOTION

Tamil Nadu is a major exporter of a variety of manufactured goods like automobiles, auto components, Engineering goods, Textiles and Garments, Leather products, Electronic Hardware, Chemicals, etc., apart from Software and Support services. Tamil Nadu's exports stood at a value of Rs.1,80,179 crore during 2012-2013⁸. The Government has set a target to double the exports by 2016.

12. LABOUR SECTOR INITIATIVES

Flexibility in labour laws will be adopted without compromising labour welfare. Subject to applicable labour laws and within the parameters of the Industrial Employment (Standing Orders) Act, 1946 (Central Act 20 of 1946), flexibility in employment conditions including flexible working hours for women and shorter

and longer duration of working hours, 24x7 operations (3 shifts), employment of women in the night shifts and flexibility in hiring contract labour will be permitted.

13. MULTI-STOREYED BUILDINGS APPROVAL

Industrial buildings exceeding 15 mts height but not exceeding 2 floors will not be treated as Multi-Storeyed Buildings (MSBs, attracting declaration of MSB areas and application of special rules for MSBs under the Town and Country Planning Act). An additional Floor Space Index (FSI) incentive of 50% will be given for non-MSB flatted tiny, small and medium scale industries.

14. SINGLE WINDOW MECHANISM

14.1 To avoid procedural delays in getting statutory clearances from various authorities, the Government of Tamil Nadu has established a Single Window facilitation mechanism under the Guidance Bureau to accord in-principle composite approval for pre- project clearances at the State Government level. A Committee headed by the Chief Secretary will monitor the progress of final approvals of all such cases.

14.2 The Tamil Nadu Industrial Development Corporation (TIDCO) will be mandated to facilitate various Infrastructure projects including Power, Port development, SEZ, waste treatment, handling and disposal, etc.

15. INCENTIVES FOR MANUFACTURING SECTOR

15.1 Manufacturing units other than those belonging to categories listed in **Annexure- A** will be eligible for incentives under this policy.

15.2 For the purpose of administering the fiscal incentives, the districts of the state are classified as follows :

A - Chennai, Tiruvallur and Kancheepuram(3 districts)

B - Other than A & C (20 districts)

C - Southern Districts(9 districts)

15.2.1 **“Southern Districts”** for this purpose means the Districts of Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari

⁸ Source : Federation of Indian Export Organisation(FIEO)

15.3 For the purpose of administering the fiscal incentives, the following are 4 categories of different investment ranges along with the employment criteria:-

“Mega Project” means a manufacturing project, new or expansion, located in A & B category districts with the following investment ranges and creating the employment stipulated therein.

Category	Investment Range (Rs. in crore)	
	A	B
Mega Projects	Above 500 - 1500 creating an employment of 300 in 3 years	Above 350- 1000 creating an employment of 200 in 3 years

“Super Mega Project-A” means a manufacturing project, new or expansion, located in A & B category districts with the following investment ranges and creating the employment stipulated therein.

Category	Investment Range (Rs. in crore)	
	A	B
Super Mega A	Above 1500 -3000 creating an employment of 400 in 5 years	Above 1000 - 2000 creating an employment of 300 in 5 years

“Super Mega Project-B” means a manufacturing project, new or expansion, located in A & B category districts with the following investment ranges and creating the employment stipulated therein.

Category	Investment Range (Rs. in crore)	
	A	B
Super Mega B	Above 3000 - 5000 creating an employment of 600 in 6 years	Above 2000 - 4000 creating an employment of 500 in 6 years

“Ultra Mega Project” means a manufacturing project, new or expansion, located in A & B category districts with the following investment ranges and creating the employment stipulated therein.

Category	Investment Range (Rs. in crore)	
	A	B
Ultra Mega	Above 5000 creating an employment of 700 in 7 years	Above 4000 creating an employment of 600 in 7 years

Note : The investment range and employment criteria are different for C districts (Southern Districts) and these are defined separately in the Policy.

15.4 The investment period will be reckoned from the date of executing an MoU with the Government or any other date, as may be defined by the Government.

15.5 Government will approve higher incentives /concessions and relax the conditions mentioned in the policy for deserving cases giving due weightage to investment, direct and indirect employment generated and potential for attracting further investment through vendors and ancillaries.

15.6 New manufacturing facilities set up by an existing company within the existing facility (or) in a new site (or) in an adjacent vacant site for manufacturing a product already being manufactured in the existing unit or an entirely new product, would be treated as an expansion unit for the purpose of incentives under the policy, subject to preservation of production volume/value in the older unit.

15.7 Industrial units in existence in Tamil Nadu for over 10 years will be given suitable extra benefits for expansion projects over and above the normal structured package of incentives, subject to investing the minimum level of investment mentioned above.

15.8 Employment criteria is a mandatory condition to claim fiscal incentive.

15.9 Eligible Fixed Asset(EFA) is defined at Annexure - B. The components of an approved Industrial Park is mentioned at Annexure - C. The definition for Direct Employment or Direct Job is at Annexure - E.

15.10 The clause 15.4 to 15.9 are general in nature and applicable to all the three categories of districts uniformly.

16. STANDARD INCENTIVES

All major industries in categories A&B districts will be eligible for the following standard incentives:

16.1 **Capital Subsidy and Electricity Tax Exemption:** Irrespective of the location of the project, new or expansion manufacturing units will be given a back-ended capital subsidy and electricity tax exemption on power purchased from the Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) or generated and consumed from captive sources based on employment and investment in fixed assets /eligible assets as the case may be, made within the investment period as detailed below:

Investment in fixed assets/eligible fixed assets (Rs. in crore)	Direct employment (in numbers)	Capital subsidy (Rs. in crore)	Electricity tax exemption (in number of years) from date of commercial production
5 - 50	100	0.30	2 years
50 - 100	200	0.60	3 years
100 - 200	300	1.00	4 years
200 to 500	400	1.50	5 years
500 - 1500	600	1.75	5 years
1500 -3000	800	2.00	5 years
3000 and above	1000	2.25	5 years

16.1.1 New or expansion manufacturing units located within SIPCOT Industrial parks in respect of A & B districts will be provided an additional capital subsidy of 50% over and above the eligible limit, enumerated in the table above.

16.1.2 New or expansion manufacturing units located outside the SIPCOT Industrial Parks in B & C districts will be provided an additional capital subsidy of 10% and 25% respectively over and above the eligible limit, enumerated in the table above.

16.2 **Stamp Duty concession:** 50% Exemption from Stamp duty on lease or sale of land meant for industrial use shall be offered for projects located in Industrial parks promoted by SIPCOT in A and B category districts. In the case of Ultra Mega projects, it will be 100%, irrespective of location. Normal registration charges will however apply in these cases. For computation of stamp duty, property in such industrial parks would be valued at actual land or building value paid by the manufacturing units to such industrial park.

16.3 **Environmental Protection Infrastructure subsidy:** Dedicated Effluent Treatment Plants (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy of Rs.30 lakhs or 25% of capital cost of setting up such ETP/ HWTSDF, whichever is less.

Individual Manufacturing Units adopting Zero Effluent or Waste Water Discharge, Clean Development Mechanism and Emissions Trading Mechanism will be given a higher amount of subsidy on a case-to-case basis.

17. STRUCTURED PACKAGE OF INCENTIVES

Apart from the above standard incentives, Mega, Super-mega A, Super-mega B and Ultra-mega projects will be eligible for a structured package of incentives as detailed below (For A & B category districts) if they satisfy both the investment and the minimum employment criteria fixed for each category.

Investment Category	Investment Range (Rs.in crore)		Fiscal Incentives Offered
	A Districts	B Districts	For A & B group districts
Mega	Above 500 - 1500 creating an employment of 300 in 3 years	Above 350- 1000 creating an employment of 200 in 3 years	Net output VAT+CST paid will be given as Investment promotion subsidy/ soft loan for 10 years from the date of commercial production with a ceiling of 80% of investment made in EFA within the investment period. In respect of expansion projects the cap will be 70%. Base volume principle and sliding scale will be applied.
Super Mega A	Above 1500 -3000 creating an employment of 400 in 5 years	Above 1000 - 2000 creating an employment of 300 in 5 years	Net output VAT+CST paid will be given as Investment promotion subsidy/ soft loan for 12 years from date of commercial production with a ceiling of 90% of investment made in EFA within the investment period. If ceiling is not reached within 12 years, addl. period up to 6 years will be considered In respect of expansion projects the cap will be 80%. Base volume principle and sliding scale will be applied. Refund of VAT paid on capital goods will be given as subsidy during the investment period. However, this subsidy will be included for capping of incentive based on Net Output VAT+CST

<p>Super Mega B</p>	<p>Above 3000 - 5000 creating an employment of 600 in 6 years</p>	<p>Above 2000 - 4000 creating an employment of 500 in 6 years</p>	<p>Net output VAT+CST paid will be given as Investment promotion subsidy/softloan for 14 years from date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. If ceiling is not reached within 14 years, addl. period up to 7 years will be considered</p> <p>In respect of expansion projects the cap will be 80%. Base volume principle and sliding scale will be applied. Refund of VAT paid on capital goods will be given as subsidy during the investment period.</p> <p>However, this subsidy will be included for capping of incentive based on Net Output VAT+CST.</p>
<p>Ultra Mega</p>	<p>Above 5000 creating an employment of 700 in 7 years</p>	<p>Above 4000 creating an employment of 600 in 7 years</p>	<p>Gross output VAT and CST paid will be given in the form of Investment Promotion Subsidy/softloan for 16 years (or) till the cumulative availment of the gross Output VAT+CST paid by the Company reaches 100% of eligible investment within the investment period, whichever is earlier.</p> <p>Input VAT refund as Investment Promotion subsidy for a period concurrent with the period of output VAT+CST refund or softloan.</p> <p>Refund of VAT paid on Capital Goods and tax paid on Works Contract will be given as subsidy during investment period. However, these two subsidies will be included for the ceiling fixed for Gross Output VAT+CST based incentive.</p> <p>In respect of expansion projects, the cap will be 80%. Base volume principle and Sliding scale will be applied.</p>

17.1 Incentivising additional employment generation:

An additional 10% output VAT+CST paid will be given as Investment Promotion subsidy/soft loan to the investors if they double the committed employment levels within the investment period, which is capped to the investment made in the EFA during the Investment period. This additional incentive will be applicable for 'B' and 'C' category districts only.

17.2 Employment Based Incentives: With a view to encourage employment intensive industries to set up their projects in Tamil Nadu, the current scheme of offering employment based package of incentives will continue.

In case, a project qualifies for any investment based package of incentives also, as per this policy, the choice will be left to the investing company to choose either the investment based package or employment based package. This should be a one time choice and should be exercised in the beginning itself.

17.3 The investment period may be extended by the Government in deserving cases, for valid reasons.

17.4 In the case of Investment Promotion Soft loan, the cap will be the one fixed for the respective categories/class. In the case of Investment Promotion subsidy, the cap will be half of the one fixed for the respective category/class. For softloan, the interest charged will be 0.1% per annum. The project/company may exercise an one time option for availing either Investment Promotion softloan or subsidy before the commencement of the commercial production.

18. INTER-DEPARTMENTAL COMMITTEE

An Inter-Departmental Committee will be constituted under the Chairmanship of the Principal Secretary to Government, Industries Department to consider the applications for sanction of incentives listed in this Policy. This Committee will include Secretaries of various departments like Finance, Energy, Commercial Taxes and Labour. The Committee at its discretion may invite any other Government department /agency as an Invitee. The Guidance Bureau will be the convenor of this Committee.

19. IMPLEMENTATION OF INCENTIVES

The State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) and Tamil Nadu Industrial Investment Corporation (TIIC) are mandated to act as the implementation agencies for the various incentives listed out in this Policy as per the level of investments.

20. MECHANISM FOR DISBURSAL OF INCENTIVES

A suitable mechanism that ensures speed and transparency for disbursement of incentives will be put in place.

21. CASHLESS MECHANISM

Efforts will be made to evolve a cashless mechanism considering practical difficulties, if any, faced by the Companies in receiving the incentives in the present system followed.

22. SPECIAL PACKAGE FOR SOUTHERN DISTRICTS

22.1 With a view to ensure that the fruits of industrialisation reach the southern districts of Tamil Nadu, Industries set up in the southern districts will be eligible for a special package which will be higher than the package available for the rest of the State as detailed below:

“**Mega Project**” means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated.

Category	Investment Range (Rs. in crore)
Mega Projects	Above 200 - 500 creating an employment of 100 in 4 years

“**Super Mega Project-A**” means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated.

Category	Investment Range (Rs. in crore)
Super Mega A	Above 500-1500 creating an employment of 250 in 5 years

“**Super Mega Project-B**” means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated.

Category	Investment Range (Rs. in crore)
Super Mega B	Above 1500 - 3000 creating an employment of 350 in 6 years

“**Ultra Mega Project**” means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated.

Category	Investment Range (Rs. in crore)
Ultra Mega	Above 3000 creating an employment of 500 in 7 years

22.2 Incentivising additional employment generation: This additional incentive will be given as enumerated in para 17.1.

22.3 Standard incentives: All major industries set up in these districts will be eligible for the following standard incentives :

22.3.1 Capital Subsidy and Electricity Tax Exemption: New or expansion manufacturing units established in Southern districts will be given a back-ended capital subsidy and Electricity Tax exemption as enumerated in para 16.1.

22.3.2 Stamp Duty concession: 50% Stamp duty concession shall be offered for lands purchased/leased for the projects located in areas **other than** Industrial parks promoted by SIPCOT. In the case of Ultra Mega projects and the projects located in SIPCOT Industrial Parks, this will be 100%. Normal registration fees will, however, apply. For computation of stamp duty, property in such industrial parks would be valued at actual land or building value paid by the manufacturing units to such industrial park.

22.3.3 Environmental Protection Infrastructure subsidy: Dedicated Effluent Treatment Plants (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy of Rs.30 lakhs or 25% of capital cost of setting up such ETP/ HWTSDF, whichever is less.

Individual Manufacturing Units adopting Zero Effluent or Waste Water Discharge, Clean Development Mechanism and Emissions Trading Mechanism will be given a higher amount of subsidy on a case-to-case basis.

22.4 Structured Package of Incentives: Apart from the standard incentives mentioned above, Mega, Super-mega A, Super-mega B and Ultra-mega projects set up in these districts will be eligible for a structured package of incentives as detailed below:

Investment Category	Investment Range (Rs.in crore)	Fiscal Incentives offered
Mega	Above 200 to 500 creating an employment of 100 in 4 years	Net output VAT+CST paid will be given as Investment Promotion subsidy/ soft loan for 10 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale.
Super Mega A	Above 500 -1500 creating an employment of 250 in 5 years	Net output VAT+CST paid will be given as Investment Promotion subsidy/ soft loan for 12 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. If ceiling is not reached within 12 years, additional period upto 6 years will be given. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale. Refund of VAT paid on capital goods will be given as subsidy during the investment period.
Super Mega B	1500 - 3000 creating an employment of 350 in 6 years	Net output VAT+CST paid will be given as Investment Promotion subsidy/ soft loan for 14 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. If ceiling is not reached within 14 years, additional period upto 7 years will be given. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale. Refund of VAT paid on capital goods will be given as subsidy during the investment period.

Ultra Mega	Above 3000 creating an employment of 500 in 7 years	<p>Refund of gross output VAT and CST will be given in the form of Investment Promotion Subsidy for 16 years (or) till the cumulative availment of the gross Output VAT+CST paid by the Company reaches 100% of eligible investment within the investment period, whichever is earlier.</p> <p>Input VAT refund as Investment Promotion subsidy for a period concurrent with the period of output VAT/CST refund or soft loan.</p> <p>Refund of VAT paid on Capital Goods will be given as subsidy during investment period.</p> <p>Refund of tax paid on Works Contract will be given as subsidy during investment period.</p> <p>In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale.</p>
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Investments made below Rs.200 crores are also be eligible for receiving VAT related fiscal incentives as follows:

Investment within 3 years	Soft loan given would be equal to VAT paid in the
Rs. 50 – 100 crores	First 3 years from the commencement of commercial production
Rs. 100 – 200 crores	First 4 years from the commencement of commercial production

22.5 Other Incentives:

22.5.1. SIPCOT will acquire and allot lands for starting new industries in Southern Districts where lands in SIPCOT parks are not available. For this, the minimum area required by the investing company shall be atleast 25 acres and the investment should be more than **Rs.50 crores**. **The lands required by the company shall be barren, non-irrigated and dry land to the extent possible. Land requirement with more than 10% wet lands will not be entertained.**

22.5.2 The state shall allocate necessary funds **for the industrial infrastructure development** of the Southern districts to create common infrastructure like roads, water supply etc.,

22.5.3 **Uninterrupted power supply** will be given to the projects set up in the Southern Districts if they are covered by MoU or Government Order (non-MoU)

22.6 Special package of incentives to the new investments from the existing / prospective entrepreneurs setting up industries in existing / new SIPCOT Industrial Parks in Southern Districts.

In order to encourage new investments in the new / existing SIPCOT Industrial Parks in Southern Districts, Government has recently announced a special package of incentives covering allotment of lands in SIPCOT Industrial Parks at subsidised rate, Stamp duty concessions, Additional capital subsidy, Special fiscal incentives etc., in G.O.Ms. No.177, Industries (MIB1) dated 08.10.2013 (Annexure-D).

22.6.1 The incentives offered in the above Government Order will cover the southern districts of Madurai, Pudukottai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari.

ANNEXURE - AList of industries **ineligible** for incentives

1. Sugar mills
2. Edible oil industries
3. Rice, wheat and flour mills
4. Mineral water and aerated soft drinks
5. Alcoholic beverages
6. Fertiliser and animal feed manufacture
7. Mining and beneficiation
8. Steel re-rolling, steel fabrication, stainless steel utensils
9. Tobacco processing, cigarette or Beedi manufacture
10. Timber or wood processing
11. Servicing or repair facilities
12. Services sector
13. Cement Industry
14. Power Generation Projects
15. Any other industries as may be notified by Government from time to time.

ANNEXURE – B

Definition of EFA.

“Eligible Fixed Assets” shall mean land (including development cost such as fencing, construction of internal roads and other basic infrastructure facilities), permanent buildings, plants, indigenous machineries & equipments, newly imported and equipments, computer equipments, material handling equipments (like forklifts, cranes, etc), tools, dies, moulds, jigs and fixtures and similar production tools owned and used within the plant or elsewhere within Tamil Nadu, appliances, electrical installations, pollution control and quality control and laboratory equipments, fixtures, tubes, pipes, fittings and storage tanks, to the extent paid by the project.

The term also includes the waste treatment facilities, transformers, generators, captive power plants etc., and other supportive facilities installed for use in the premises including installation charges. All fixed Assets should have been paid for and should be owned by the project. All the Fixed Assets (except tools, dies, moulds, jigs and fixtures and similar production tools) should be used and installed only within the Project Site.

Upto 20% of total eligible assets will be allowed for the Investment made in captive power plants (including windmills / solar farms), provided 50% of power is for captive consumption(refer clause 5.2.2.3 also). The said term “Eligible Fixed Assets” **excludes** Intangible Assets*.

* **“Intangible Assets”** shall mean Technical know-how fees, R & D expenditure, pre-operative expenses, planning fees, expenditure on design and development of products and prototypes etc.,

Eligible Investment shall mean and comprise of eligible fixed assets plus the investment made on the following:-

- The cost of development of the location of the Eligible Unit which the unit has to incur under the project.
- The Tooling acquired by the Mega Project and given to various Vendors /ancillary units of the Mega Project within the State limited to a maximum of 5% of the total plant and machinery of the Mega Project.

ANNEXURE – C

Components of an Approved Industrial Park

1. Criteria for approval

- (a) Minimum area 250 acres in legal possession of applicant
- (b) Should be meant primarily for manufacturing activities
- (c) Should have provision for at least 5 major manufacturing units and 20 SMEs
- (d) Should not have more than 10% wet land or double crop land
- (e) Should not include (for contiguity) more than 5% of Government land
- (f) Should be at least 50 km away from Chennai city limits

2. Processing area: not less than 65% of total area

Industrial plots for manufacturing
Ready built sheds for industrial use
R&D Centres
Testing & Certification Centres
Pathways and Roads

3. Non-Processing Area: not more than 35% area**• Business related non-processing area – not more than 20% of total area**

Office space for business support to processing area
Customs bonded warehouses and ICDs
Convention Centres
Business centres – financial services
Education and Skill training centres related to processing area
Guest houses for use by businesses in processing area

• Social Infrastructure – not more than 15% of total area

Housing
Schools
Hospitals
General purpose education and training institutions
Entertainment & shopping centres
Open spaces, roads and pathways



ANNEXURE - D

ABSTRACT

Industries – Announcement made by the Hon'ble Chief Minister in the Tamil Nadu Legislative Assembly – Sanction of Special package of incentives to the new investments from the existing / prospective entrepreneurs setting up industries in existing as well as new SIPCOT Industrial parks to be developed in 9 Southern Districts in Tamil Nadu – Orders – Issued.

Industries (MIB.1) Department**G.O.(Ms)No.177****Dated : 08.10.2013**

விஜய, புரட்டாசி, 22
திருவள்ளூர் ஆண்டு 2044

Read :

1. G.O. (Ms) No.15, Industries (MIB.1)Department dated 04.02.2008
2. G.O. (Ms) No.180, Industries (MIB.1) Department dated 30.09.2008
3. From the Principal Secretary/Chairman and Managing Director, SIPCOT, D.O. Letter No.C&MIS/Rule-110 Announcement/ 2013, dated 15.05.2013.
4. G.O.(D) No.98, Industries (MIG.1) Department, dated 11.07.2013

ORDER:

In the G.O. first read above Government have announced formulation of New Industrial Policy, 2007. As per the Policy, Manufacturing Industries are eligible to receive incentives mentioned therein only if they make investment of the range mentioned below:

Category	Range
Mega Projects	Rs.350 – Rs.1500 crores (Chennai, Kancheepuram and Tiruvallur Districts) Rs. 250 crores – Rs.1500 crores (other than Chennai, Kancheepuram and Tiruvallur)
Super Mega Projects	Rs. 1500 crores & above
Ultra Mega Projects	Rs. 4000 crores & above

2. In the G.O second read above, orders were issued sanctioning a special package of incentives for the Industrial development of Southern districts viz., Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari in Tamil Nadu.

3. During the 2013-2014 Budget Session, the Hon'ble Chief Minister has made an announcement on 7.5.2013 in the Tamil Nadu Legislative Assembly inter-alia that to create industrial growth in the Southern part of Tamil Nadu, an Industrial Park each in 9 southern districts viz., Pudukottai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Thirunelveli, Thoothukudi and Kanniyakumari will be set up and that in order to encourage the new investments from the existing and prospective entrepreneurs to set up industries in the new / existing SIPCOT industrial parks, the following special package of incentives will be given:

1. Land allotment will be made by SIPCOT at 50% subsidized rate. The subsidy component will be directly remitted to SIPCOT by Government.
2. 100% exemption from Stamp duty on registration of lease deed
3. Capital Subsidy will be increased from 1.5 to 2 times
4. Creation of all infrastructure facilities required for industries
5. Reduction in the minimum investment required for getting VAT based incentives from the present level of Rs.50 crores to Rs.10 crores.

4. In the letter 3rd read above, the Principal Secretary/Chairman and Managing Director, SIPCOT has requested the Government to issue orders to implement the announcement of the Hon'ble Chief Minister.

5. Accordingly, in the G.O. 4th read above, Government have issued orders giving 'in -principle approval' for the establishment of industrial parks in the 9 southern districts viz. Sivagangai, Ramanathapuram, Pudukottai, Dindigul, Theni, Virudhunagar, Thoothukudi, Tirunelveli and Kanniyakumari by SIPCOT.

6. Accordingly, the following Special Package of incentives will be offered to the new investments from the existing and prospective entrepreneurs, who intend to set up industries in the existing as well as in the new Industrial Parks to be developed by SIPCOT in the 9 Districts:

- a. For new manufacturing facilities or expansion projects to be set up in the existing (or) new SIPCOT Industrial Parks in these Districts, land allotment will be made by SIPCOT at 50% subsidized rate. The 50% subsidy component will be borne by the Government and directly reimbursed to SIPCOT by the Government.
- b. New manufacturing facilities or expansion projects to be set up in the existing (or) new SIPCOT Industrial Parks in these Districts, will be eligible for 100% exemption from Stamp duty on lease or sale of land meant for industrial use.

- c. For new manufacturing facilities or expansion projects to be set up in the existing (or) new SIPCOT Industrial Parks in these Districts, the back ended Capital Subsidy based on employment provided and investment made in eligible fixed assets as per the New Industrial Policy 2007 will be increased from 1.5 to 2 times.
- d. New manufacturing facilities or expansion projects set up in existing (or) new Industrial Parks of SIPCOT in these Districts with an investment in eligible fixed assets of less than Rs. 250 crores in a period of 3 years from the date of sanction order, Memorandum of Understanding or any other date to be fixed by Government (investment period), will be given a soft loan equivalent to the net output VAT+CST paid to the Government, in the following manner:

Sl. No.	Investment within 3 years	Soft loan given would be equal to VAT + CST paid by the Company in the
1.	Rs.10 crores - Rs.100 crores	First 3 years from commencement of its commercial production.
2.	Rs.100 crores - Rs.200 crores	First 4 years from commencement of its commercial production.
3.	Rs.200 crores - Rs.250 crores	First 5 years from commencement of its commercial production.

- e. Infrastructure facilities required for industries will be created by the Government.

7. New manufacturing facilities or expansion projects to be set up in the existing (or) new SIPCOT Industrial Parks in these Districts, will also be eligible for other concessions / incentives like electricity tax exemption, environment protection infrastructure subsidy, etc as per the orders second cited and the Industrial Policy in force provided, if they meet the required criteria mentioned therein for availing those concessions / incentives.

8. This order issues with the concurrence of Finance department vide its U.O. No. 54142 / Ind. / 2013, dated 04.10.2013.

(BY ORDER OF THE GOVERNOR)

**N.S. PALANIAPPAN
PRINCIPAL SECRETARY TO GOVERNMENT**

To
The Principal Secretary/Chairman and Managing Director,
State Industries Promotion Corporation of Tamilnadu Limited,
19-A, Rukmani Lakshmipathy Road, Egmore, Chennai – 8.

The Principal Secretary to Government,
Finance Department, Chennai – 9.

The Principal Secretary to Government,
Commercial Taxes & Registration Department, Chennai – 9.

The District Collectors,
Sivagangai/Ramanathapuram/Pudukottai/Dindigul/Theni/
Virudhunagar/Thoothukudi/Tirunelveli and Kanniyakumari

The Director of Information & Public Relations, Chennai-9.

The Executive Vice Chairman,
Guidance Bureau,
19-A, Rukmani Lakshmipathy Road, Egmore, Chennai – 8.

Copy to:

The Special Programme Implementation Department, Chennai-9.

Finance (BPE/Inds.) Department, Chennai-9.

Commercial Taxes & Registration Department, Chennai – 9.

Office of the Hon'ble Chief Minister, Chennai-9.

Office of the Minister (Industries), Chennai-9.

Industries (MIA,MID,MIE,MIF,MIG and Budget) Department, Chennai-9.
SF/SC's.

// FORWARDED BY ORDER //

Signed/-
Section Officer

ANNEXURE - E

Direct Employment or Direct Job shall mean all jobs that are performed by employees who are on the rolls of the respective companies which will include contract labour engaged in production line. It will however not include casual labourers. The percentage of contract labourers engaged should not exceed 30%.

**INDUSTRIES DEPARTMENT**

(Government of Tamil Nadu)

Secretariat, Fort St. George, Chennai - 600 009.

Tel : +91-044-25671383 Fax : +91-044-25670822 E-mail : indsec@tn.gov.in



Industries Department
GOVERNMENT OF TAMIL NADU

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