Welcome to Tamil Nadu – Investors’ choice in India
1. About India
2. About Tamil Nadu
3. Tamil Nadu: Competitive advantages
4. Sectoral Opportunities in Tamil Nadu
5. Government support to investors
India - At a Glance

- **Most competitive economy** in South Asia in 2017
- **Only country amongst BRICS & South Asian economies** to feature as a Top reformer in World bank’s Doing Business Initiative
- **3rd Largest startup investor base** in the world
- **Forex Reserves**
  - USD 412.82 billion
  - (As on 25th May 2018)
- **Economy Size**
  - (FY 2017-18)
  - USD 2.78 trillion
- **GDP growth**
  - 6.5% (2017-18)
- **Current account deficit**
  - 1.4% of GDP FY18
- **3rd largest economy in the world** by purchasing power parity (PPP)
- **6th largest economy** in the world by nominal GDP

Various structural reforms initiated are expected to take India’s GDP growth rate to 8% in coming years

India - A favored investment destination

10th preferred investment destination in the world in 2017; jumped one place than 2016

4th preferred investment destination in Asia in 2017

Source: World Investment Report 2018 by UNCTAD
## India’s - Growth Enablers

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing Consumer Demand</td>
<td>Expected to account for 40% of Global Middle Class Consumption by 2050</td>
</tr>
<tr>
<td>Fastest growing retail Market</td>
<td>Retail sector expected to grow by 260% by 2020</td>
</tr>
<tr>
<td>Young Demographic Population</td>
<td>25% of world’s population under 25 years live in India</td>
</tr>
<tr>
<td></td>
<td>65% of India’s population is &lt; 35 years of age</td>
</tr>
<tr>
<td>Expanding Skilled Workforce</td>
<td>Home to 25% of world’s skilled workforce by 2025</td>
</tr>
<tr>
<td>High Competency</td>
<td>World’s 2nd largest pool of scientists and engineers</td>
</tr>
</tbody>
</table>

Source: HLS Global
Electronics industry is the largest and the fastest growing manufacturing industry in the world

India is the world’s 6th largest economy in terms of GDP

USD 59.62 billion

Estimated total production in electronics sector in 2017-18, exhibiting a growth of 22% over the previous year

Nearly 2000 new chips designed per year with 20,000+ engineers working in chip design and verification

Home to companies filing maximum number of patents per year (Qualcomm - 1700)
India: 2\textsuperscript{nd} largest television and smartphone market

Indian television market is expected to cross USD 9 billion by

Over 250 million active unique smartphone users

Source: Task Force Report on ESDM Sector, TRAI Annual Report, IBEF
Indian IT/ITeS: overview

World’s largest sourcing destination with a share of 55% of USD 185-190 billion in 2017-18

Accounted for 9.5% of GDP & emerged as single largest contributor to services exports

Amongst leading employment generators with 3.97 million people being employed, 105,000 added in FY18

3rd largest startup hub in the world with 4,750 units.

Source: NASSCOM, Ministry of Electronics and Information Technology, Govt. of India
Advantage Tamil Nadu

2nd largest State Economy in India – In PPP terms, US $605.26 billion – 32nd largest in PPP terms and bigger than Vietnam, Belgium, Sweden, Norway, Finland, Denmark, New Zealand

GSDP growth rate at constant prices – 7.94% GSDP (FY 16-17); 8.03% expected growth, US$ 207.8 billion (CAGR) – FY 17-18

1st Industrial performance | Investment potential* | Number of Operational Special Economic Zones

Ranks First in terms of Domestic and foreign Tourist arrivals (2016)
## FDI Investment received during April 2000 to March 2018

<table>
<thead>
<tr>
<th>State</th>
<th>April 2000 to April 2011</th>
<th>April 2000 to Mar 2018</th>
<th>Incremental FDI attracted during May 2011 to Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamil Nadu (Incl. Pondicherry)</td>
<td>USD 7,341 million</td>
<td>USD 27,235 million</td>
<td>USD 19,894 million</td>
</tr>
</tbody>
</table>

During the period May 2011-Mar 2018, Tamil Nadu attracted more than 3 times FDI during last 6 years when compared to previous 11 years.

Tamil Nadu ranked 4th in terms of actual FDI inflows during 2017.

In 2017 state received USD 3.48 billion – 7.7% of total FDI received in India.

Source: DIPP, Ministry of Industries and Commerce, GOI, TN Industrial Policy Note 2018-19
Fortune 500 companies in Tamil Nadu

At present, 57 Fortune 500 companies have base in Tamil Nadu

<table>
<thead>
<tr>
<th>Region</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Ford, DELL, Flextronics, Sanmina-SCI, Delphi, Visteon, Caterpillar, Honeywell, Johnson &amp; Johnson, Citigroup, Pepsi, Dow Chemical co., Coca-Cola, Accenture, Hewlett-Packard, Microsoft, IBM, Johnson Controls, Emerson, Terex corporation and Motorola, Boeing</td>
</tr>
<tr>
<td>Japan</td>
<td>Nissan, Mitsubishi, Yamaha, Bridgestone, Hitachi, Komatsu, Panasonic, Toshiba, Mitsui, Marubeni, Fujitsu, Sumitomo, Mizuho, NEC Corporation, MUFG</td>
</tr>
<tr>
<td>Germany</td>
<td>BMW, Daimler, Bosch, Siemens, Bayer, BASF</td>
</tr>
<tr>
<td>France</td>
<td>Renault, Michelin, Saint Gobain, Alstom, PSA</td>
</tr>
<tr>
<td>South Korea</td>
<td>Hyundai, Samsung, POSCO, Lotte</td>
</tr>
<tr>
<td>Finland</td>
<td>Nokia</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Foxconn</td>
</tr>
<tr>
<td>China</td>
<td>Huawei</td>
</tr>
<tr>
<td>Switzerland</td>
<td>ABB</td>
</tr>
</tbody>
</table>
Tamil Nadu has a six sigma advantage for competitiveness

**Fastest growing State economy**
Average Growth rate: about 11%

**Mature Industrial base:**
Leader in automobiles & parts, Electronic hardware, Textiles, IT, etc

**Excellent Port and airport Logistics**
- 3 major ports at Chennai, Kamarajar (Ennore) and VOC (Thoothukudi); ~5 mn TEU capacity in Chennai port cluster;
- Chennai and Kamarajar also serve as auto export hubs

**Well-developed Infrastructure:**
Power, roads, communication, etc

**Manufacturing Total Cost competitiveness**

**Largest producer of skilled Manpower In India**
- Annual Turn-out: More than 1.0 million Graduates (Engineering, Arts & Science), Diploma holders and ITI workers
- Abundant availability of skilled manpower at competitive wage costs
- Harmonious industrial Relations
Focus sectors

- Textiles & Apparels
- Pharmaceuticals & Biotech
- Agro & Food Processing
- Aerospace & Defence
- Renewable Energy
- Infrastructure
- Automobile and Auto components
- Skill Development
- Chemicals & Petrochemicals
- IT & ITeS
- Heavy Engineering
- Electronics & Hardware
Automobile Industry in Chennai

<table>
<thead>
<tr>
<th>Product</th>
<th>Installed capacity</th>
<th>Production 2017-18</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>1.64 Million</td>
<td>1.09 Million</td>
<td>3,13,388</td>
</tr>
<tr>
<td>Trucks</td>
<td>2,18,000</td>
<td>1,08,524</td>
<td>22,814</td>
</tr>
<tr>
<td>Two wheelers</td>
<td>4.82 Million</td>
<td>3.18 Million</td>
<td>0.7 Million</td>
</tr>
</tbody>
</table>

Current production capacity of Chennai

- Three cars produced every minute
- One truck produced every 2 minutes
- One Motorcycle produced every 6 seconds
CHENNAI: INDIA’S LARGEST AUTOMOBILE CLUSTER

Automobile & Auto Components
Tamil Nadu Offers excellent opportunity for investors to set up electronic manufacturing facilities

- Domestic electronic production has increased compared to the imports in 2016-17
- India’s electronic imports would outpace domestic production by 2020, leading to an import requirement of about USD 300 billion
Chennai is second largest electronic hardware manufacturing hub in India

Tamil Nadu’s rank in the computer, electronics and optical products manufacturing accounting for ~16% of national production

Chennai is emerging as a Centre for manufacture of mobile handsets, Telecom equipment, Computers, Base Stations, Laptops, etc

Big Market: Government of Tamil Nadu is procuring 1.6 Million laptops during current year 2018. Excellent potential to supply solar panels

Presence of 20+ electronic hardware technology parks based in major IT centric SEZs of Sriperumbudur, Oragadam, & Mahindra World City

Telecom instruments (38% of the total electronics exports), electronic instruments (33%) and electronic components (11%) were the top three exported commodities from Tamil Nadu (2017-18)
Electronic hardware market

Estimated demand of Electronics System Design and Manufacturing (ESDM) sector in India by 2020 USD 400 billion

Ample forward integration opportunities in industries such as automotive, mobile phones, computer hardware, industrial and strategic electronics, etc.

- Highest automobile & auto components production in India
- Huge smartphone market; Highest tele density in India
- Huge consumer durables demand due to urban agglomeration
- 80.08% literacy rate; high number computer literate people
- India’s first defence corridor in the state will boost the strategic electronics market
### Estimated demand of PCBs in 2018-19 in India


#### Estimated PCB demand by 2019-20 (USD million)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Estimated PCB demand by 2019-20 (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>490</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>723</td>
</tr>
<tr>
<td>Strategic electronics</td>
<td>570</td>
</tr>
<tr>
<td>Industrial electronics</td>
<td>924</td>
</tr>
<tr>
<td>Telecom</td>
<td>471</td>
</tr>
<tr>
<td>Consumer electronics</td>
<td>1670</td>
</tr>
<tr>
<td>Computer Hardware</td>
<td>420</td>
</tr>
<tr>
<td>LED Lighting</td>
<td>840</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6108</strong></td>
</tr>
</tbody>
</table>

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**Xiaomi announced its big move towards PCB local manufacturing by setting up its first SMT (Surface Mount Technology) facility in Tamil Nadu.**

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**PCBs in India – Domestic production vs Imports**

- Domestic production, 30%
- Imports, 70%
Tamil Nadu: The Electronic manufacturing Ecosystem

Electronic Hardware

ALCATEL  Honeywell  NOKIA Connecting People  DELL  FOXCONN  SAMSUNG
ERICSSON  PERLOS  FLEXTRONICS  SIEMENS  DELTA
MOTOROLA  Panasonic  Laird Technologies  Salcomp

Information Technology

ORACLE  ABN-AMRO  Infosys  HCL  Sutherland  WIPRO  EDS
Verizon  Accenture  HSBC  Cognizant  Sify  KANBAY
Tamil Nadu – IT sector Overview

Revenue 2017-18
► Total US$ 18.51 Bn

IT Investments 2017-18
► Total US$ 6.15 Bn
► Grows at 8.55%
► National average is only 7%

Sector growth
► ELCOSEZ developed
► IT/ITeS promotion in major cities

IT exports from state grew at an average growth rate of 18.76% between 2012-13 and 2017-18
Agro and Food Processing opportunities

Contributes ~3% to India’s food grain produce, ~7% to India’s vegetable produce and ~12% to India’s fruit produce

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd</td>
<td>Largest Producer of Poultry &amp; Dairy in India</td>
</tr>
<tr>
<td>3rd</td>
<td>Largest Producer of Tea &amp; Coffee in India</td>
</tr>
<tr>
<td>5th</td>
<td>Largest Producer of Fruits in India</td>
</tr>
<tr>
<td>2nd</td>
<td>Rank in registered Food processing unit factories</td>
</tr>
</tbody>
</table>

- Contributes 7% in India’s food processing output
- One of the largest contributors to Fish production with 7.07 lakh MT (2016)
- Leading Producer of Species and Cashew nuts
Textiles & Apparels – Overview

Tamil Nadu is known as the ‘Yarn Bowl’ of India produces ~40% of total Yarn in India

Tirupur is the biggest Knitting cluster in India known as the ‘Knitting City’

Coimbatore is called the ‘Manchester of South India’

<table>
<thead>
<tr>
<th>Rank</th>
<th>Production of Cotton Yarns</th>
<th>Export of Cotton Yarns</th>
<th>Production of Blended Yarns</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>2nd</td>
</tr>
</tbody>
</table>

Tamil Nadu contributes 1/3rd of the textile business of India

- Tamil Nadu has more than 50% of India’s textile mills
- The State is also a leading producer of Technical textiles with units pre-dominantly situated in Chennai & Coimbatore
- Tamil Nadu - the largest hub of textiles & garment in India with 20% of India’s Export RMG
- State Employs about 35% of the workforce in textiles sector constituting about 28% of total employment in India’s Textile & Garment sector

Textiles* exports from Tamil Nadu (USD billion)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.65</td>
<td>6.69</td>
<td>6.91</td>
<td>6.65</td>
<td>6.7</td>
</tr>
</tbody>
</table>
Leader in Renewable energy sector with a total installed capacity of 11,113 MW as on Mar 2018

Tamil Nadu is among the top markets globally to have large share of renewable power generation

<table>
<thead>
<tr>
<th>Country</th>
<th>Renewable Energy Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamil Nadu</td>
<td>14%</td>
</tr>
<tr>
<td>California</td>
<td>15%</td>
</tr>
<tr>
<td>Texas, US</td>
<td>18%</td>
</tr>
<tr>
<td>Spain</td>
<td>23%</td>
</tr>
<tr>
<td>Ireland</td>
<td>25%</td>
</tr>
<tr>
<td>Germany</td>
<td>26%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>32%</td>
</tr>
<tr>
<td>South Africa</td>
<td>48%</td>
</tr>
<tr>
<td>Denmark</td>
<td>53%</td>
</tr>
</tbody>
</table>

Tamil Nadu gets 14% of its energy needs from renewables

Break-up of renewable energy sources (MW)

- Wind: 8152.39
- Solar: 2034.25
- Biomass Combustion: 688.4
- Co-Generation: 237.67

Tamil Nadu has harnessed around 2,905 million units of Solar energy

Tamil Nadu is promoting Solar Power farms with 3000 MW capacity. Excellent Market Potential to manufacture and supply Solar panels: 51.0 Million Sq.metres demand in 2018-19
What does the State Government offer?

- Land – in different Industrial parks and SEZ
- Structured Incentives package of support
- Infrastructure: Quality Power and Water supply
- Single Window Facilitation & approval on a fast-track mode within 30 days.
Single Window Facilitation for fast track approvals within 30 days

- Single window online portal: www.easybusiness.tn.gov.in
- Receiving electronic payment of fees from enterprises
- Submission of documents for obtaining business approvals
- Tracking & Monitoring the status of applications submitted for processing
- Recording & addressing investor grievances
- All applications are processed as per Business facilitation act
- Clarifications raised by authorities to enterprises and receiving their responses
- Allowing enterprises to download final clearances from the system
Global Investors Meet
GIM-2019

23rd – 24th January 2019
Chennai Trade Centre
Thank You