

GLOBAL INVESTORS HOPING TO DRIVE INDUSTRIAL GROWTH IN INVESTORS – FRIENDLY STATE OF TAMILNADU - AN OVERVIEW OF GLOBAL INVESTORS’ MEET, 2015

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Abstract

The present article focuses on an overview of Global Investors’ Meet, 2015. Global Investment on Indian Industry is complex and competitive with little constancy. A Global Investment operation is one which, upon thorough analysis promises safety of principal and an adequate return. The Tamilnadu Government has managed to attract several Investors as part of its largest-ever investment promotion exercise. Investors from Korea, Japan, Australia, France, Canada, Italy, Singapore, Malaysia, England, Moresis are participated in GIM on 9th & 10th Sept’15 at Chennai. The state got Rs.242 lakh crore and 98 MOU’s in the meet very successfully. To overcome regional imbalance, Govt. has announced healthy policies to start industries in southern Districts. The present Government offered tremendous potential, said Mr. Adani, Chairman of Adani Group. Will all the proposals convert into Reality? The question in the minds of analysts. In this month, already inaugurated three industries in different places of Tamilnadu state, worth of Rs.2, 568 crores. But the past history of Tamilnadu, a great mismatch between promises and investments were happened. In 2014, realized from proposal were 17.13% only. The percentage of investment realized every year from 2011 onwards has generally increased over time. At present, Tamilnadu stands second rank to National contributions. Hence, investors in all over the world hoping to drive industrial growth in Tamilnadu. It is purely depends on 80% in the hands of policies of state and 20% in the hands of central Government.

INTRODUCTION

Global Investment is the sacrifice of certain present value for the uncertain future reward. It entails arriving at numerous decisions such as type, mix, amount, timing, grade etc., of investment and disinvestment. Further, such decision-making has not only to be continuous but rational too. A Global Investment operation is one which, upon thorough analysis promises safety of principal and an adequate return. Global Investment, as production over a period of time, is not capital. The main purpose of Global Investment is not only to conserve foreign exchange, but also to encourage greater International commercial activities, so that the Government could earn more foreign exchange. We briefly about foreign Investment and the several facilities extended by the Government in realizing foreign exchange, Industrial growth, employment opportunities through this channel.

The Tamilnadu Government has managed to attract several investors as part of its largest-over investment promotion exercise. While many existing players are committing new investments in expanding operations, many new players from India and abroad have chosen to locate their operations in Tamilnadu.

Under the aegis of Tamilnadu Global Investors Meet 2015, the government has managed to attract Investments across sectors. Some of the largest investments are in Oil and Gas, Automobiles and Electronics, according to people close to the development.

The new players investing thousands of crores and other large Investors and medium scale Investors shown in Table.1

New Investors	Other large and medium scale investors	
Kharafi Group	Mahindra & Mahindra	Yes Bank
Timah Group	Ford	VinMN Aerospace
Delta Electronics	MRF	Hindustan
KEF	ITC	Amway
	India Yamaha	Wipro
	TVS Motor	Cognizant
	TICEL	
	MRF	
	Adani Group	
	HCL	
	Sun Edison	

Interestingly, the Government has managed to attract investments in various industrial clusters to ensure balanced development. So far, most large manufacturing investments have been made in and around Chennai. So, places like Hosur, Krishnagiri, Tiruchi, Pudukkottai and Tuticorin will house some new investments and will generate many jobs.

AIMS OF GLOBAL INVESTORS MEET

The ultimate aim of Global Investors' Meet in Tamilnadu to make state of Tamilnadu the new growth model.

The largest recipients of foreign investments, Maharashtra and Tamilnadu are ranked eight and twelve with less than 50% scores. "The ranking reflect the ease of doing business by small and medium enterprises" said world bank country Director Onno Ruhl. In order to improve ranking of World Bank, Tamilnadu has targeted investments worth over Rs. 1 lakh crore.

Tamilnadu contributions to National Development has to improve from the present levels like 11% - TN's contribution to India's Industrial output, 16% state's share in India's Industrial workforce, 17% share in number of factories, higher than that of any other state, 18% highest number of technical Universities in the country & TN's 8.4% GSDP is the second largest contributor to India's GDP.

As evidence of the state's progress in delivering on policy pronouncements 84 of the 217 projects and programmes of Tamilnadu State Vision 2023 development plan had commenced and to attain the rest in the plan.

To attract Global audience, the number one from number two ranked achieved by Tamilnadu among state economics, the rise of per capita Income above the national average, rapid infrastructure growth and evolution of an industry ecosystem.

The percentage of investment realized every year has to increase every year. Investments realized as a % of proposals in Tamilnadu as 12.04% in 2011 and 17.13% in 2014.

The present Government has managed to overcome the big challenge of ensuring balanced industrial development across the state. Fifty percent of Rs. 1.04 lakh-crore investments committed for the Southern Districts.

The focus of Tamilnadu Global Investors' Meet 2015 might have been to bag big Investments', but it is the micro, small, and medium size enterprises that provides jobs for a chunk of under – privileged communities in India.

Tamilnadu Government has attract more amount of Investments on infrastructure like power, ports, transports, energy, communication, banking, medical & health care, information technology etc.,

The Korean community, Japanese community, Australians, investors of different community of France, Canada, Italy, Singapore, Malaysia, England, Moresis are possible cross – culture destination services in Tamilnadu.

INVESTMENT TARGET MET

Asserting that Tamilnadu is a 'sound Investment' Ms. Jayalalitha, chief minister viewed. GIM to be a success, as the investment target of Rs.1 lakh crore 'has already been exceeded'.

Chief Minister of Tamilnadu has inaugurated projects worth as mentioned in Table.2

SI No.	Name of the Industry	Project (Rs. in Crore)	Area of Project
1.	The India Yamaha two wheeler unit	1,600	Kancheepuram
2.	TVS Motor Sundaram clayton Units	800	Hosur
3.	TICEL Biopark	168	Taramani

The red carpet rolled out to the Global Investors has worked magic as Tamilnadu has attracted Rs. 242 lakh crore, more than double the Investment targeted for its first ever Global Investors Meet (GIM). The details of investment on different sectors are given in the following table No.3.

Department	No. of MOU's	Investment (Crore)	Employment
Industries	50	1,04,286.00	1,14,455
Energy	15	1,07,136.00	15,850
MSME	*	16,532.67	-
IT	17	10,950.00	2,05,500
Textiles	10	1,954.83	65,010
Animal Husbandry	04	500.00	500
Agriculture	02	800.00	68,750
Total	98	2,42,160.00	4,70,065

*10,073 MOUs signed in 32 Districts.



INVESTMENT IN TOP GEAR

The chairman, executives, founders of various sectors expressed their happiness in addressed at GIM on possibility of Investment in Tamilnadu more and more for the coming five to six years.

“We are old time investors in the state and over the years Tamilnadu has become a home for us now. I have come here as brand ambassador for Tamilnadu.” – **Anand Mahindra, CMD, Mahindra Group.**

“I spent more than 10 years in Tamilnadu when I was young. We will be making Rs. 2,500 crore investment here as soon as we get some clearances” – **Y.C. Deveshwar, Chairman, ITC Group.**

“Of the total 1.10 lakh HCL employees 75,000 are in India and of this 35,000 are in Tamilnadu. This state is always close to my heart as I belong to this place.” – **Shiv Nadar, HCL Foundar.**

“ We are planning to invest Rs.800 crore in the next three years. The Investments will happen ar hosur. This includes the BMW investments also”. – **Venu Srinivasan, Chairman, Sundaram, Clayton Group.**

“Tamilnadu offers tremendous potential for the Group. Already the company is setting up a 650-MW solar plant which will be the largest in the world and it will be operational **by March 2015.**

“We are now investing in port and non-renewable power projects (thermal) and we are looking at investing around Rs.15,000 – 20,000 crore in the state” – **Gautam Adani, Chairman, Adani Group.**

“Our mission is to be in three cities – Mumbai, Bangalore and Chennai. Our investors are mainly small and medium companies”. – **Munee Kurauchi, Chairman, Japan – India Business Co-operation Committee.**

“The company will invest Rs. 12,000 crore to 14,000 crore in the next five years for setting up the projects. Of the 2 GW planned, 1.2 GW will be solar and the rest will be wind energy”. – **Pashupathy Gopalan, President & MD, Asia Pacific, Sun Edison.**

REGIONAL IMBALANCE OVERCOME

The present Government has managed to overcome the big challenge of ensuring balanced Industrial development across the state. The Government got about fifty percent of Rs. 1.04 lakh crore investments committed for the southern Districts. Such manufacturing investment led projects that would help create direct and indirect jobs but also improve the quality of life in the region. The government intent to give a push to the development of the Madurai – Thoothukudi Industrial corridor could be a big step as the project proposes to create manufacturing, agribusiness, tourism and other zones with a hope to attract huge investment down south.

Tremendous Potential

Mr. Adani, Chairman of Adani Group said that Tamilnadu offered tremendous potential and that the company was setting up a 650 MW solar plant, which will be the largest in the world and will be operational by March 2016.

- Tamilnadu Government promising faster clearances of project proposals and improving infrastructure, especially in the power sector.
- State for being among the first to create an investor facilitation cell
- Union ministers, Nirmala Sitharaman & Pon. Radhakrishnan to provide full support to the various infrastructure projects under CM's Vision Tamilnadu 2023.
- TN tops all states in 8 out of 9 parameters such as economy, road, power & health (Assocham Report 2015)
- Preetha Reddy, Exective Vice-Chairperson, Appollo Hospitals said Tamilnadu is one of the best places for investors, especially with work culture and integrity.
- Counselling system for starting business in Tamilnadu is attracting more.
- Land bank have 42,000 acres of land for starting Industry in southern Districts and some attractive concessions announced to the investors if started industries in south area of Tamilnadu.
- TN Govt. plan to give some privileges, benefits like tax concession to the investors invest their amount in southern Districts of Tamilnadu.
- Engineering & Technology cluster to start in Hosur with me help of Central Govt.

- Yes Bank will open its largest service operations centre in Chennai and invest over Rs.120 crore in setting up the facility said Rana Kapoor, MD & CEO of Yes Bank.
- Tamilnadu for extending support to the up gradation of Colachel as a major port
- There is a proposal to manufacture an indigenous Regional Transport aircraft from companies setting up shop at the park.
- Ms.Sitharaman said the 560 Km Chennai – Bengaluru industrial corridor, the development of Ponneri as an industrial node and the completion of the conceptual plan for the Kolkata – Tuticorin (East Coast Corridor) all indicated robust prospects for the state.
- Industrial park to be established in near Chennai at a worth of Rs.400 crores by Mahindra Life Space Developers.
- Since 2011 to till date no scarcity in supply of Electricity across the state in both urban and rural areas. The new plans, policies and MOU's are developed to produce electricity from all sources in more within the state.
- Quality manpower supplied from IIT & other Engineering colleges of more than 500 in Tamilnadu.

CONCLUSION

After careful analysis of feedback obtained from the participants of various companies about Global Investors Meet 2015 are positive and encourage able to the investors. They are:

“No major industry has come to southern Districts in the past 30 to 40 years. Land is mostly unsuitable for cultivation. Large industries will be a game changer”. – **Karumuttu T. Kannan, Industrialist.**

“The Government and the industry have worked together. The ecosystem here is very conducive for growth and this has been widely understood”. – **Mallika Srinivasan, Chairman & CEO, TAFE.**

“When we came here, we did a risk assessment and Chennai had all that we wanted – a huge talent pool and best medical colleges. We saw potential”. – **Suneeta Reddy, MD, Apollo Hospitals.**

“The onus is on us to deliver and the companies need to set up the projects. We are confident of converting the proposed investment into reality”. – **C.V. Sankar, Industries Secretary.**

About all, few negative comments in the Global Investors Meet, We pointed that the views of Muneo Kurauchi, Chairman, Japan-India business corporation committee addressing at the inaugural session of Global Investors' Meet as slow pace of Chennai Metro Rail is a matter of concern. Moreover he says Tamilnadu Growth depends on power and ports.

A very big question in the minds of analysts, will all the proposals convert into Reality? It depends on lot of factors including the time for clearances.

Mr. Pronab sen , Chairman, National Statistical Commission states that “ the centre plays only a 10% role by framing policies and the remaining 90% of attracting investments depends on the state Government. In that sense it is good to host such events and show potential”.

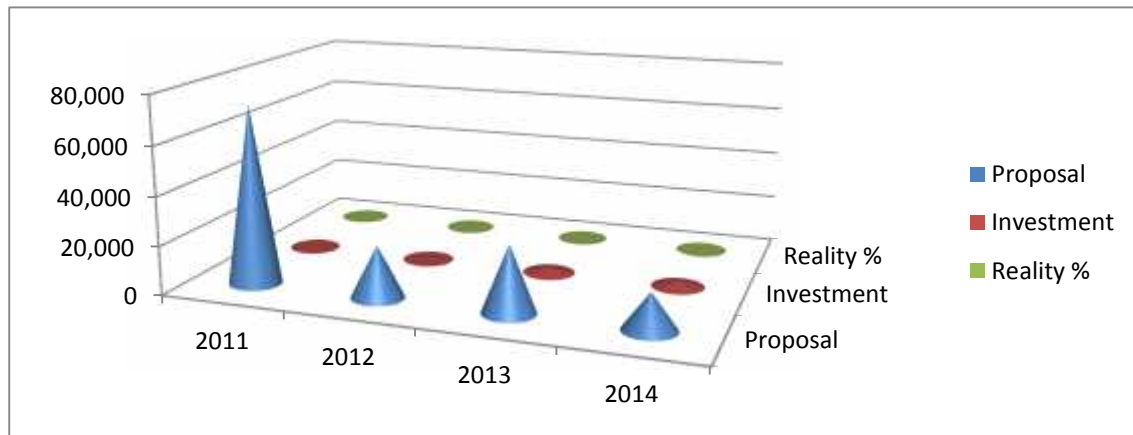
Mr. Partha Mukhopadhyay, centre for policy research, said, “When a state announces investment proposals, we need see in what time frame. A mere statement alone would not mean much. If an HCL says it is going to investment of Rs.6,600 crore in next 5 years, such an investment depends on lot of factors like their demand from the clients”.

Sunil Kumar Sinha, Principal Economist and Director, public finance, India Ratings & Research, “The MOU's are a mere expression of interest to invest. Converting into reality depends on lot of factors including the time it takes to take clearances”. Also Dr. Sinha said, the ground situation matters – factors such as stretched balance sheets and bank not wanting to lend also plays a part in investment not converting into reality. This is particularly true of big-ticket riskier investments like power. In the past, Tamilnadu did not need an investor summit, said L. Somasundaram, Economic analyst. Things had changed, he said, with the state facing stiff competition from other states. Gujarat, Madhya Pradesh, Chattisgarh and west Bengal all have had investors summits of late. But, he said from MOU to commencement of operations is a long drawn process.

Value of MOUs signed during Investors summits:

Chhattisgarh	- 2012	- Rs. 1.22 lakh crore
Madhya Pradesh	- 2014	- Rs. 5.89 lakh crore
Gujarat	- 2015	- Rs. 25 lakh crore
West Bengal	- 2015	- Rs. 2.42 lakh crore
Tamilnadu	- 2015	- Rs. 2.42 lakh crore

Investments Realized as a % of proposals



In Tamilnadu a great mismatch between promises and investments since 2011. The maximum rate of reality was 15% in last five years. The following table of content exhibits past unhealthy experience.

Year	Proposal(crore)	Investment(crore)	Reality in %
2011	73,298	235	0.3
2012	21,253	524	2.4
2013	27,380	2,292	8.3
2014	14,956	2,500	15

We conclude,

1. The percentage of Investment realized every year has generally increased over time.
2. The numbers of IEMs promised over time has lessened
3. The numbers of IEMs realized over time has slightly been constant.

All the above results of analyze that the Global Investors hoping to Drive Industrial Growth in Tamilnadu is purely depends on the State Government role by framing policies with the help of the Government of India to satisfies their needs and demands in time. The appointed facilitators should take care project proposals and prepare feasibility report of each expected projects through conducting survey on field.

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