



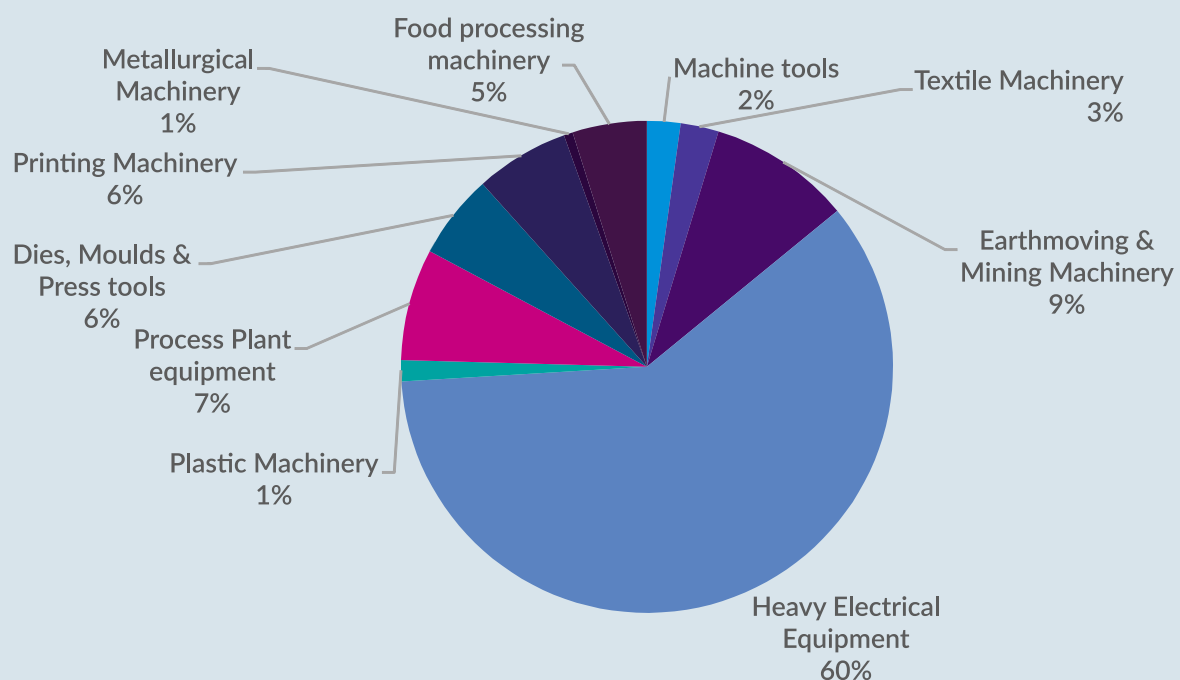
Heavy Engineering Sector Profile India Scenario



Overview

10%	Contribution of capital goods sector to manufacturing in India
~8.4 million	Employment currently provided by the sector
USD 40.85 billion	Total production of capital goods sector in 2016-17
~30 million	Estimated employment generation by this sector by 2025

Percentage Share In Production Sub-sectors In 2016-17



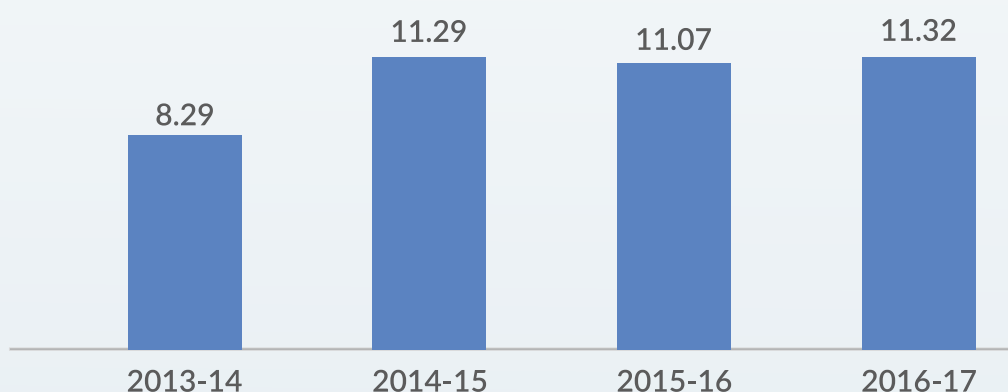
- Indian heavy electrical equipment (60%) is the largest sub-sector of heavy engineering in terms of production followed by earthmoving & mining machinery (9%) and process plant machinery (7%)
- The overall capital goods sector grew at a CAGR of 6.7% between 2013-14 and 2016-17

FDI & Trade scenario

USD 7.53 billion	FDI inflow received in electrical equipment between April 2000 and June 2018
100%	FDI is allowed under the automatic route in the electrical machinery sector
USD 4.92 billion	FDI inflow received in industrial machinery between April 2000 and June 2018

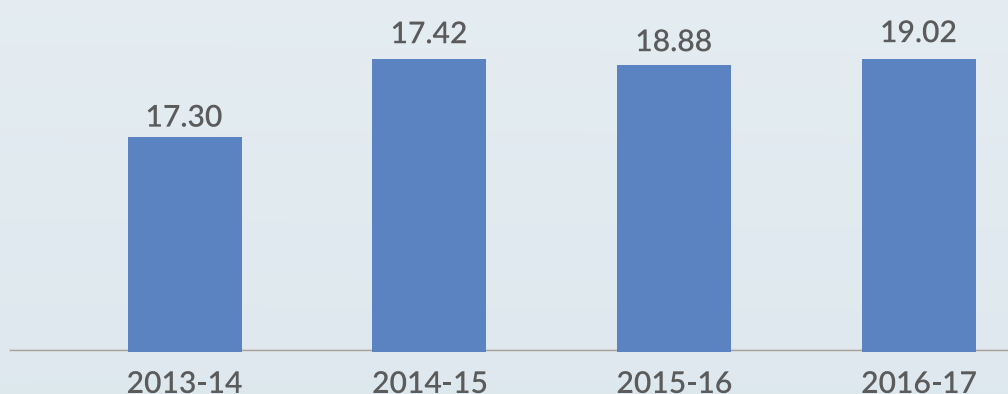
Heavy engineering exports from India grew at a CAGR of ~11% between 2013-14 and 2016-17

Year - wise exports from India (USD billion)



Heavy engineering Imports by India grew at a CAGR of 3.2% between 2013-14 and 2016-17

Year - wise exports from India (USD billion)



National Capital Goods Policy 2016

Objectives of National Capital Goods Policy 2016



Increase in total production of capital goods to
~INR 750,000 crore by 2025

Increase in total employment to
~30 million by 2025



Increase in share of domestic production
in India's capital goods demand
from 60% to 80% by 2025

Increase in share of exports to 40% of
total production by 2025



Enhance availability of skilled manpower with
higher productivity in the capital goods sector
by training ~50 lakh people by 2025

Improve 'technology depth' in capital goods
sub - sectors by increasing research intensity
in India from 0.9% to at least 2.8% of GDP



Promote growth and build capacity of SMEs
to compete with established
domestic and international firms

Tamil Nadu **Scenario**



Overview (1/2)

3rd

Rank in India in general purpose and special purpose machinery production

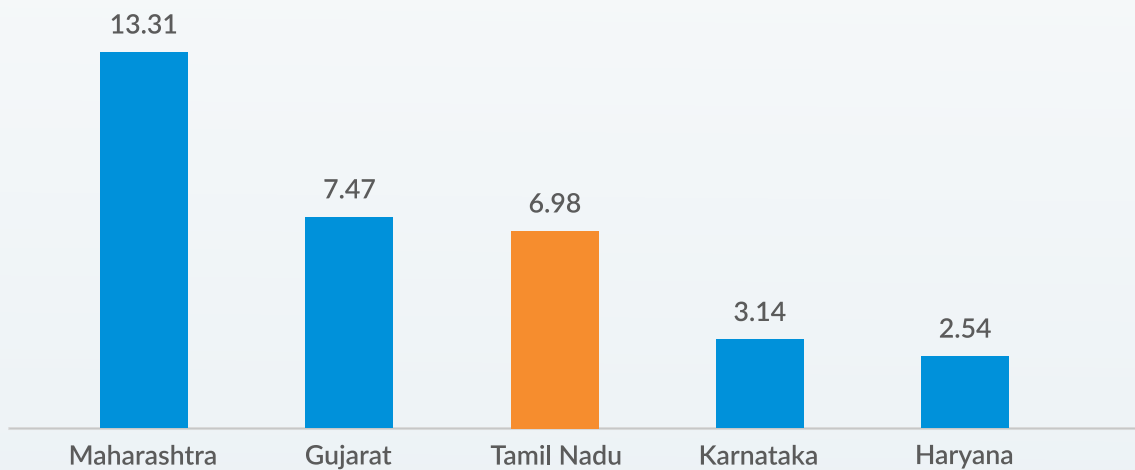
5th

Rank in India in heavy electrical machinery sector



Employment provided to 250,000+ people by nearly 3000 units

State - wise output of machinery and equipment n.e.c. in 2015-16 (USD billion)



Source: ASI 2015 - 16

Overview (2/2)

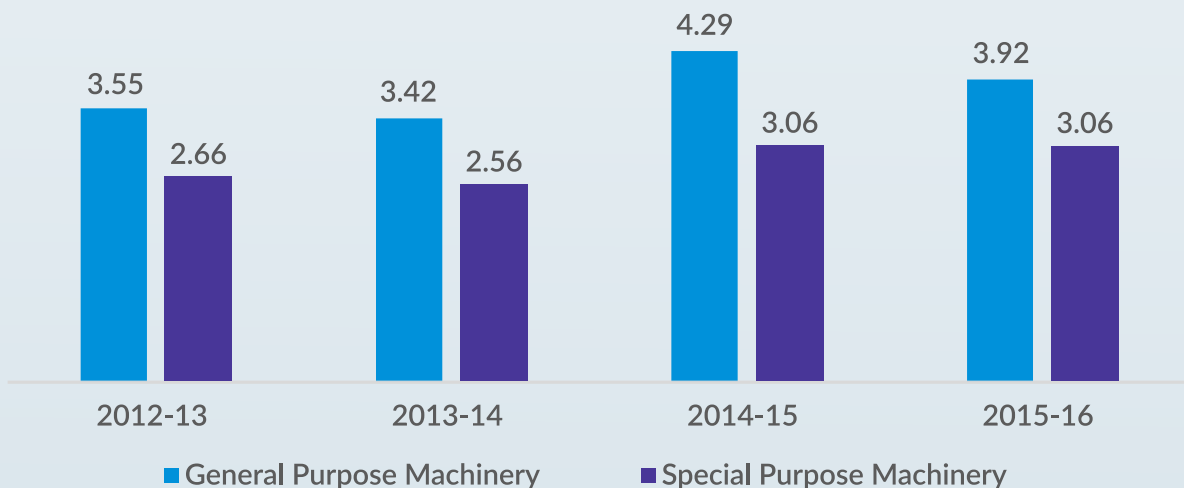
15.72%

Contribution to India's total general purpose machinery output

15.97%

Contribution to India's total special purpose machinery output

Year - wise output of machinery and equipment n.e.c. in Tamil Nadu (USD billion)

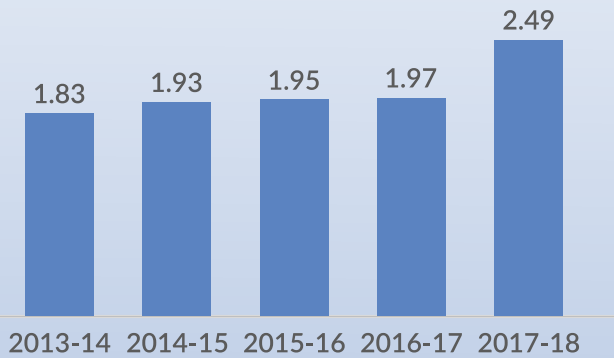


Source: ASI 2015 - 16

Exports from Tamil Nadu

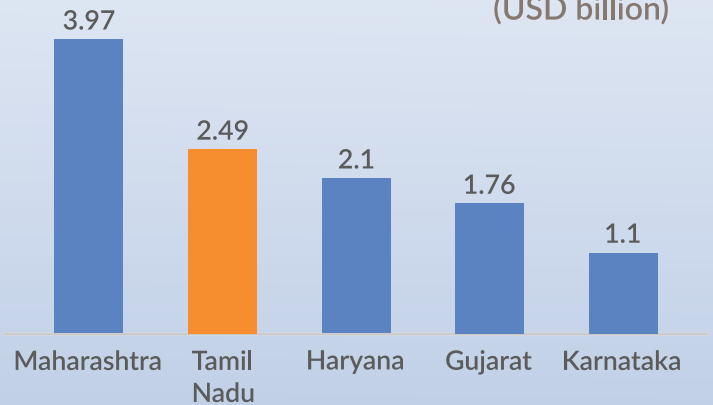
Heavy engineering exports from Tamil Nadu grew at a CAGR of 8% between 2013-14 and 2017-18

Heavy engineering exports from Tamil Nadu (USD billion)



Tamil Nadu ranked 2nd in India in heavy engineering exports in 2017-18

State-wise comparison of heavy engineering exports in 2017-18 (USD billion)



Industrial Machinery (36% of the total heavy engineering exports), electric machinery and equipment (32%) and ATM, injecting moulding machinery, etc. (22%) were the top three exported commodities from Tamil Nadu in 2017-18

Source: DGCIS

Chennai - A heavy engineering hub

'Detroit of Asia'

Annual roll out of over 3 million vehicles

Presence of top heavy engineering companies in and around Chennai

Presence of robust domestic customer base

Contributes 35% to India's auto parts production

One of the leading cities in manufacturer of auto ancillaries / auto parts

Coimbatore

A leader in heavy engineering product manufacturing

- Coimbatore accounts for USD 307.69 million worth of domestic pumps
- Coimbatore's motor and pump industry supplies over 40% of India's requirements
- Produces 150,000 employable graduates every year
- contributes 21% of manufacture of castings in India
- 700+ wet grinder manufacturers
- Accounts for 75% of total wet grinders manufactured in India

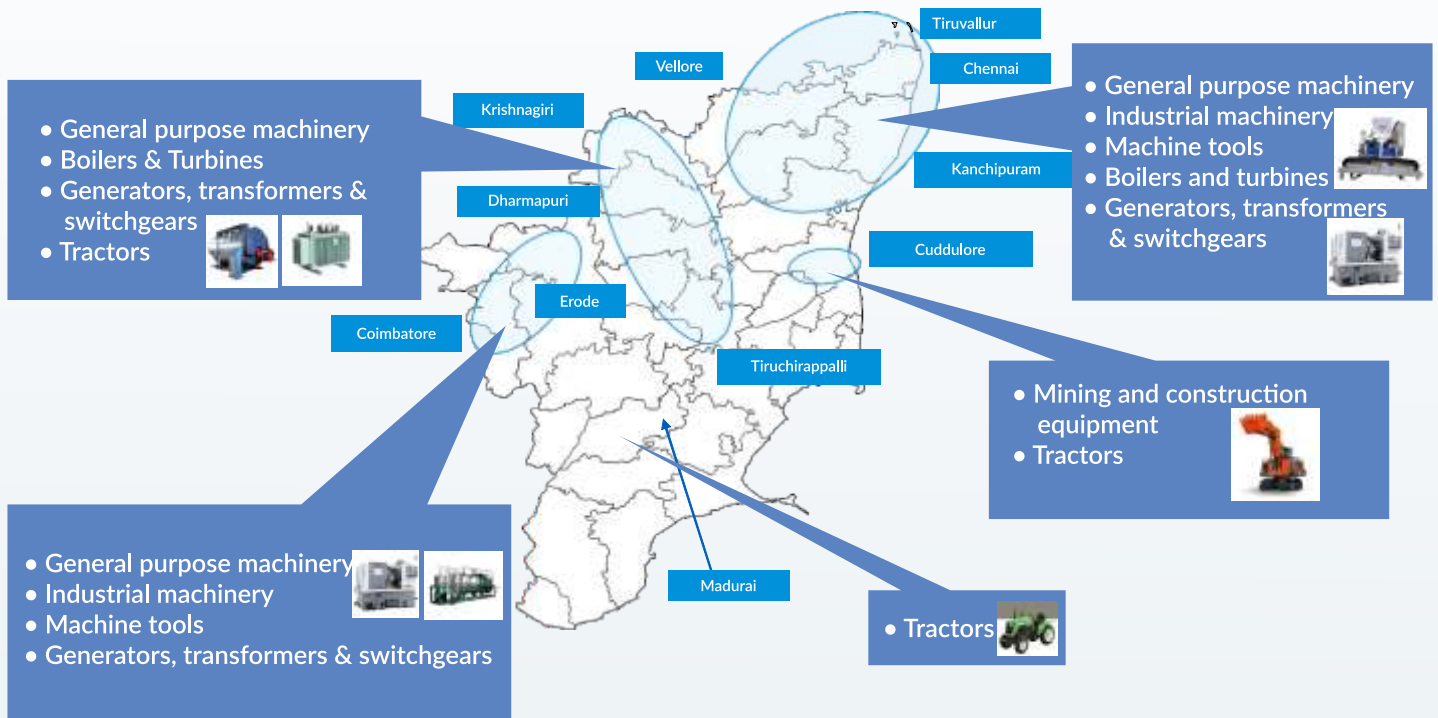
Major Players



Infrastructure **Support**



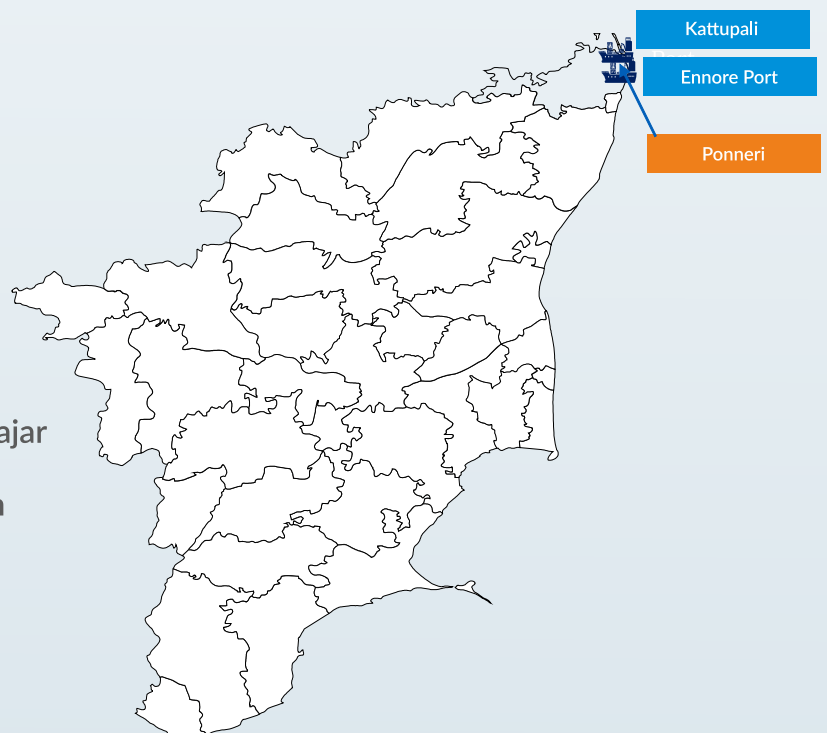
Heavy engineering clusters



Supporting Infrastructure (1/2)

Heavy engineering Industrial Park in Ponneri Taluka of Tiruvallur District

- Spread across an area of 700 acres
- Focus sectors
 - Shipbuilding
 - Auto & Electrical components
- Road connectivity with Ennore Kamarajar port and Kattupalli port
- Expected to attract investments worth INR 6500 crore in 10 years
- Estimated employment generation of 42,000 people in 10 years



Source: Government of Tamil Nadu

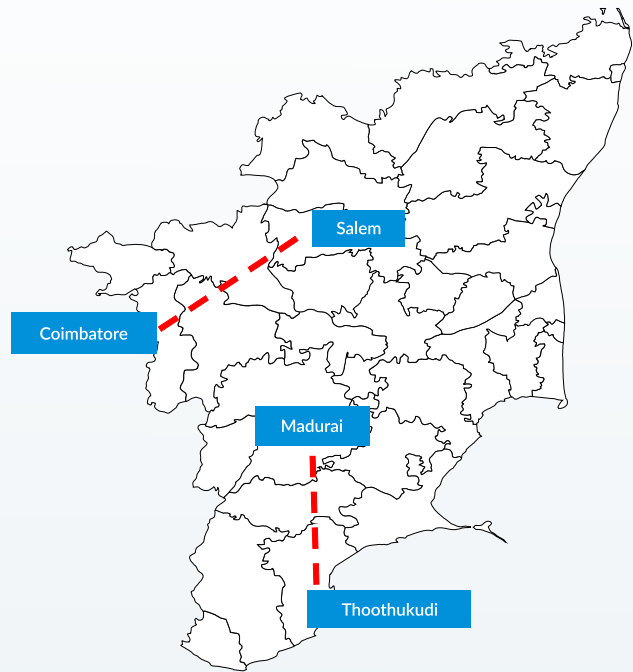
Supporting Infrastructure (2/2)

Coimbatore - Salem Industrial Corridor

- Manufacturing and business investment region I & II
- Focus sectors: Heavy engineering industries, precision tools & logistics

Madurai - Thoothukudi Industrial Corridor

- Manufacturing and Business Investment Region (MBIR) - I
- Manufacturing zones, industrial parks, and warehouses & logistics centres



Source: Government of Tamil Nadu

Abundant Skilled Manpower

Tamil Nadu has the highest number of technical universities in the country

400,000

Approximate number of engineers and graduates added to the state's talent pool every year from 1900+ colleges

Centres of Excellence (CoE)

- The State Government is setting up world class institutions as Centres of Excellence (CoE) in the following domains:
 - Automotive
 - Solar and clean technology
 - Construction
 - Aerospace
- Tamil Nadu has a total of 88 government and 484 private ITIs
- Industrial training is imparted in 39 engineering trades and 17 non-engineering trades
- 385 self financing industrial schools to fulfill local demand of industries for skilled labour

Source: Government of Tamil Nadu



Specific Opportunities



Investment opportunities

Government of Tamil Nadu has earmarked USD 607 million over next 2 years for development of heavy engineering sector

- Heavy machinery manufacturers may explore setting up of their units for manufacturing machineries for
 - Auto & auto components
 - Textiles
 - Food processing
 - Heavy electrical equipment
 - Printing
- Development of Heavy Engineering Industrial Parks with common facilities such as waste water treatment plants, plug & play facilities, R&D centres, testing facilities, etc.
- Development of dedicated MSME Parks with a focus on heavy engineering sector



Government Policy Support



Category	Investment Range (INR crores) (Area wise)		
	A Districts (Chennai, Tiruvallur, Kancheepuram)	B Districts (Other than A & C)	C Districts (Southern districts)
Mega Projects	Above 500 - 1500 and creating an employment of 300 in 3 years	Above 350 - 1000 and creating an employment of 200 in 4 years	Above 200 - 500 and creating an employment of 100 in 4 years
Super Mega A	Above 1500 - 3000 and creating an employment of 400 in 5 years	Above 1000 - 2000 and creating an employment of 300 in 5 years	Above 500 - 1500 and creating an employment of 250 in 5 years
Super Mega B	Above 3000 - 5000 and creating an employment of 600 in 6 years	Above 2000 - 4000 and creating an employment of 400 in 6 years	Above 1500 - 3000 and creating an employment of 350 in 6 years
Ultra Mega	Above 5000 and creating an employment of 700 in 7 years	Above 4000 and creating an employment of 600 in 7 years	Above 3000 and creating an employment of 500 in 7 years

“Southern Districts” means the Districts of Theni, Dindigul, Madurai, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari

Standard Incentives

Capital Subsidy

- Subsidy ranging from INR 30 Lakhs to INR 2.25 crores
- 50% additional subsidy for industries set up in SIPCOT industrial parks (other than southern districts)
- For investments made in B & C category districts, an additional 10% & 25% subsidy for industries located outside the SIPCOT industrial parks

Stamp duty concession

- 50% to industries located in SIPCOT parks in A & B districts and 100% in the case of southern districts

Stamp duty concession

- 50% to industries located in SIPCOT parks in A & B districts and 100% in the case of southern districts

Environmental Promotion Infrastructure Subsidy

- Subsidy of INR 30 lakhs or 25% of capital cost whichever is less
- Apart from the above, industries adopting Zero Effluent or Waste Water Discharge, Clean Development Mechanism and Emissions Trading Mechanism will be given a higher amount of subsidy

Electricity tax exemption

- Period of exemption depends upon the quantum of investment and the employment criteria prescribed

Incentives for Industrial Promotion in Southern Districts

- Higher fiscal benefits
 - SIPCOT will allot lands at 50% of the cost in its existing and new industrial parks
 - SIPCOT will acquire & allot Land for new ventures in case SIPCOT Industrial parks are not available
 - 50% exemption from Stamp Duty for land privately purchased by investors; 100% exemption in case of units in SIPCOT Industrial Parks
 - 25% additional back ended capital subsidy; linked to investment and employment in the case of industries located outside SIPCOT Industrial Parks
-

Investment Promotion Facilitators - Key Contacts

TN Industrial Guidance and Export Promotion Bureau
19-A, Rukmani Lakshmipathy Road, Egmore, Chennai-600 008
Phone: 91-44-2855 3118 Website: www.investingintamilnadu.com

Tamil Nadu Industrial Development Corporation Limited (TIDCO)
19-A, Rukmani Lakshmipathy Road, Egmore, Chennai-600 008
Phone: 91-44-2855 4421
E-mail: cmd.tidco@nic.in
Website: www.tidco.com

State Industries Promotion Corporation of Tamil Nadu (SIPCOT)
19-A, Rukmani Lakshmipathy Road, Egmore, Chennai-600 008
Phone: 91-44-2855 4787
E-mail: sipcot@md3.vsnl.net.in
Website: www.sipcot.c

Tamil Nadu Industrial Investment Corporation Limited (TIIC)
New no: 692, Anna Salai, Nandanam, Chennai-600 035
Phone: 91-44-2433 1203
Fax: 91-44-2434 7209
E-mail: ho@tiic.in
Website: www.tiic.org

Tamil Nadu Urban Infrastructure Financial Services Ltd.
19, T P Scheme Road, Raja Muthaipuram, Ramakrishna Nagar.
R A Puram Chennai – 600 028
Phone: 91-44-24643103
E-mail: md@tnuifsl.com
Website: www.tnuifsl.com

Electronics Corporation of Tamil Nadu Limited (ELCOT)
692, M.H.U. Complex, II Floor, Anna Salai, Nandanam, Chennai-600 035
Phone: 91-44-6551 2330
E-mail: secyit@tn.nic.in
Website: www.elcot.in

Tamil Nadu Small Industries Development Corporation (TANSIDCO)
Thiru Vi Ka Industrial Estate, Chennai - 600 032
Phone: 91-44-2250 1461, 2250 1422, 2250 0185, E-mail: sidco@vsnl.com
Website: www.sidco.tn.nic.in