

工業団地委員会
October 4, 2011

Requesting cooperation for improvement of infrastructure for industrial zones and companies coming into Tamil Nadu state (especially Chennai)

Dear Sir/Madam

While exploring opportunities to enter into India, many Japanese companies are considering Tamil Nadu as one of the destinations and the state government is also proactive in pursuing activities to invite such companies, as a result of which there are many companies who have already entered into Chennai.

For instance in a report of JETRO, among the Japanese companies entered into India within last one year, the number of companies entered into Tamil Nadu (especially Chennai) was the highest and this reflect the fact that this region is becoming a major region for automotive and other industries. Also, it is believed that this trend will continue.

However, in the outskirts of Chennai, Tamil Nadu, the availability of industrial land for Japanese companies is very limited, as a result of which the current situation is that there are companies who wants to enter but there is no land available. Moreover, there is a growing sense of strong dissatisfaction of each of the Japanese companies who have already forayed in, as despite of their appeal for infrastructure improvement, there have been almost no steps taken by the state government to address the same. It is apprehended that these will have negative impact on the growth of the Japanese companies already located in Tamil Nadu state.

This situation is publicly known and there have been many cases reported where the Japanese companies have decided to enter into other states or other country. The current situation may not only become an issue resulting in shrinkage in the growth of Tamil Nadu state itself but it can also be said that this may also lead into a problem which the concerned authorities of Japanese government promoting Southern Corridor, may not be able to overlook.

In view of the above mentioned situation, the executive committee of the industrial park has decided to study and analyze the current situation and would represent opinion of all Japanese companies while seeking cooperation from Tamil Nadu state government.

【1】 After having a meeting with the SIPCOT on 12th August, the current situation has been studied. The consequence drawn is the following list of industrial parks wherein, manufacturing companies can enter and those which are being developed.

Name of Industrial park	Status	Land availability as on date	Nature of business	Remarks
1.Pillaipakkam	Existing	Approx 40 ~ 50Acres	Mostly automotive	Around 40 acres of land is available in this Nissan Supplier`s park , Phase – II.
2.Thervoy Kandigai	New	40 acres	Multiproduct	
3.Vallam Vadagal	Upcoming	Excess of 1000 acres	Multiproduct	Some portion of this land is under litigation,
4.Veppur Mathur (near Oragadam)	Upcoming	600 Acres	Multi project	Currently Land acquisition is underway.Plan to complete in approx 4 ~6 months from now.
5.Cheyyar Phase 2	Upcoming	1000 Acres	Multi product	Currently some formalities are pending.SIPCOT shall handed over the entire land shortly.

In Oragadam and Sriperumbudur area which are sought after by automotive part companies, the only area is the 40 to 50 acres located in above mentioned 1.Pillaipakkam, and that too will be sold out soon. The others 3.Vallam Vadagal, 4.Veppur Mathur are still being developed and selling of those are yet to start. We request cooperation from the state government to periodically disclose the forthcoming development schedule to the industrial park executive committee.

1. We request / recommend the following 4 points to Tamil Nadu State (SIPCOT, etc.)

- (1) **Periodic update of information from the Tamil Nadu state government about the availability of land for industrial parks.**
- (2) **Proactively disclose such updated information**
- (3) **Apart from the above, to disclose the forthcoming development schedule of industrial park and available land.**
- (4) **Quarterly conference aimed at sharing the above information between GoTN (SIPCOT and Guidance Bureau etc.) and JCCIC.**

On the other hands following is the list of projects which are being developed as private industrial parks.

Name of Industrial park	Status	Land availability as on date	Nature of business	Remarks
6.Sojitz Motherson Industrial Park by Sojitz, Motherson group	Developing	285 acres	Mostly automotive	

7.Omega Project by Ascendas, Mizuho, Nikki (JGC)	Developing	400 acres (Phase-I)	Multiproduct	Township Project (total 1,400 acres)
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It is expected that both of these projects will play an important role, especially toward the entry of Japanese SMEs into Tamil Nadu state. We expect full support and cooperation from the Tamil Nadu state government towards smooth development of these two industrial parks.

2. We request / recommend the following

(5) Overall support from the Tamil Nadu state government for the smooth progress of industrial parks being developed by each Japanese company.

【2】 Request for infrastructure improvement for the companies who have already entered
Delay in the infrastructure development is an issue which the manufacturing companies who have already entered into Tamil Nadu state are facing today.
Specially regarding the much needed improvements in electricity, water, road, communication, though during the lease agreement it was promised by SIPCOT that satisfactory environment will be created, there are many aspects which are incomplete and neglected.

Such infrastructure problems are not only becoming an impediment to production efficiency of the companies but also it has become a factor for considerable increase in the production cost.
This current situation is becoming widely known as a negative input for entry of Japanese companies into Tamil Nadu state and there are cases of such companies who decided to enter either into other states of India or entered into ASEAN or other surrounding countries while dropping the idea of investing in India.
It is essential to recognize that, for Tamil Nadu and also for India, such delay or incompleteness of infrastructure development is becoming deterring factor for the investment from foreign companies.

As regards infrastructure related to electricity, road, port, we request you to look at the recommendations made by the dedicated subcommittee of the JCCI-Chennai. However, we request you to clarify the concrete steps for improvement along with the planning and schedule of the same.

3. We request / recommend the following

- (6) Tamil Nadu state government's immediate attention for the development of basic infrastructure (water supply, sewerage, drainage, electricity supply, etc.) in the public industrial parks of SIPCOT, etc., where already Japanese companies have entered in.**
- (7) Further, we request the Tamil Nadu state government to focus on such basic infrastructure development in the industrial parks which will be developed henceforth.**

