

ADVANTAGE TAMIL NADU

INDIA'S EASTERN GATEWAY TO THE WORLD

Interviewed by Carol Andrade

As the chief minister of one of India's most progressive states, what is your vision for it?

My vision is to make Tamil Nadu the numero uno State in India. I want Tamil Nadu to join the new big league - Brazil, Malaysia, Russia and Ireland so that boundless opportunities are available to our people, enabling them to lead a life of their choice. I look forward to realizing this dream of providing a life for our people in which happiness abounds for all. It is a vision of making available choices and opportunities for the poor, the deprived and those disadvantaged.

I would like to see poverty banished from Tamil Nadu. We are targeting a sharp reduction in poverty, from the estimated level of 21.12% of the population living below the poverty line in 1999-2000, to less than 10% by 2010. My vision is to get to the Millennium Development Goals by 2010. Growth and good governance will help me realize this vision.

My vision is for the Farm Sector in Tamil Nadu to be completely modernized with a focus on crop diversification, efficient use of water, adoption of new technologies, using IT for knowledge dissemination and better market access.

It is my vision that the comprehensive approach set out in Tamil Nadu's New Industrial Policy 2003 will take Tamil Nadu to its rightful position as India's leading manufacturing state.

Tamil Nadu is already doing extremely well in the Social Sectors. My vision is that Tamil Nadu should rank among the developed nations in the Human Development Index.

My vision is that Tamil Nadu should achieve all round development leading to prosperity for our people.

A Harvard University study into the IT revolution taking place in the State a short while ago, called Tamil Nadu a gateway to South Asia. Why do you think Tamil Nadu and Chennai are drawing so much attention for new investments in ITES and BPO ventures? What would you say to the investors who look at TN as an investment destination?

IT has powered the transformation of Tamil Nadu into a modern economy. Tamil Nadu is clearly India's eastern gateway to the world, - not just South Asia. Chennai, the capital city of Tamil Nadu, earlier known as Madras, is well recognized as a destination of choice for ITES and BPO ventures.

Tamil Nadu's IT Policy 2002 is a trailblazer. Let's talk of the unique selling propositions (USPs) of Tamil Nadu. I would like to demarcate them into human resources and infrastructure. Tamil Nadu has the finest IT human resources with world class technical skills and capabilities. Besides, this work force is disciplined and dedicated with the lowest attrition rates. Telecom connectivity is on par with the best currently available world wide. The submarine Optical Fibre Cable (OFC) network linking Chennai with Singapore - i 2 i - has one of the world's largest bandwidth of 8.4 Terabits per second (Tbps). A second submarine cable

with a bandwidth of 5.4 Tbps is also being commissioned. Bandwidth is not a barrier and Chennai is great for connectivity. Besides, the state is surplus in energy, has an excellent road network and port facilities, health care and housing facilities. All these are in a business enabling ecosystem of perfect maintenance of law and order and industrial peace, competitive tax structure, developed services sector and stable policies - these are some of the USPs of Tamil Nadu. These have catapulted Chennai to the position of the second

Services, Infosys, WIPRO and Sathyam all have major centers at Chennai. Chennai is thus the new bustling hub in the IT Sector.

We are putting in place world class infrastructure to support the huge growth taking place. A new 6 lane IT Express Way is being built leading to a new Knowledge Industry Township. Lapped by the Bay of Bengal, Tamil Nadu's Bay Area will rival the Bay Area in California. Several multinational companies like Xansa, Office Tiger, IBM have all established operations at Chennai. Now Chennai

is after a detailed evaluation of countries all across the world and all the cities within India. Chennai is thus home to very many multinational companies. We plan to strengthen this trend.

I am concentrating on building world class infrastructure.

A new Highway Development Project with an outlay of US \$ 450 million supported by a credit from the World Bank of US \$ 348 million, is now under execution. Tamil Nadu has 3 major ports and we propose to develop more minor ports. Chennai has an international airport linking

female foeticide.

I have also implemented the innovative Girl Child Protection Scheme, with an endowment in the name of the girl child, thus providing the family the security and the feeling that the girl child is never to be regarded as a liability.

Gender equity can never be a reality unless women are empowered to be in a position to earn their livelihood. The Self Help Group movement, which I launched in 1992, has now taken firm roots and covers nearly 3 million women. They have

our labour laws have not only to provide greater operational flexibility to the businesses in the State, but at the same time protect the basic rights of the work force.

How effective has e-governance been in simplifying the life of the common man, since it was introduced?

Basically the goal is good governance. Tamil Nadu is already ranked number one among Indian states in providing public services. A recent study by Samuel Paul and others published in the Economic and Political Weekly February 28, 2004, gives Tamil Nadu the first rank in the provision of public services. The "India Today" study published on 16th August, 2004, ranks Tamil Nadu as number one among the larger Indian states with a population of more than 50 million and 4th overall among all states. I know we cannot rest on our laurels.

E-governance provides a new opportunity to provide services to our people with less transaction time and costs. The initiatives we have taken have worked very well - land records, registration of documents, payments to public utilities, property tax administration - all these have been made easier for the common man. Thus we have been able to leapfrog age old barriers in providing services to the people and E-governance has shown the way. The TNSWAN (Tamil Nadu State Wide Area Network) we are building will make things move even faster. I see E-governance as a great new opportunity to modernize the way we work and provide better access to public services.

Tamil Nadu is beautiful, with its beaches and temples and heritage sites. What does it have for the younger traveller?

Tamil Nadu's Tourism Sector had not received due priority earlier. Not only has my Government given a fillip to tourism infrastructure development in the State by making adequate budgetary provisions, but we have also announced numerous incentives to encourage the involvement of the private sector in tourism development. A comprehensive and professional Tourism Development Plan has been launched.

I agree with you that Tourism is indeed the hidden jewel in Tamil Nadu's crown. We have to polish it and make it luminous. This is precisely what we are doing right now. There is no question that the Tourism sector in Tamil Nadu offers great potential for growth and employment.

The tourism fundamentals of Tamil Nadu are strong and sound. The State is home to a large number of heritage temples and monuments, rich in sculpture, architecture and imposing in their size and grandeur. To add diversity to the tourism destinations, Tamil Nadu has excellent beaches, pristine hill stations at Ooty, Kodaikanal and Yercaud and wildlife sanctuaries. There are surprises galore which provide a totally new experience such as the quaint Chettinadu houses and cuisine, the mangroves of Pichavaram, the Thanjavur paintings and some breathtaking scenic spots at Valparai and Topslip. Tamil Nadu is a gourmet's delight. What has been missing is proper marketing, which we are now addressing.

Tamil Nadu is home to a large industrial and manufacturing base. It is also the health capital of India. It is thus a natural home for holding conventions and exhibitions. Chennai has an impressive Trade Centre to facilitate this with a new auditorium complex, which will be ready shortly. The tourism package covering Chennai can include visits to the famous temples at Kancheepuram, Mamallapuram and the nearby beaches. Business conferences with a dash of tourism for 3 to 4 days are easily possible. Chennai is easily linked with Colombo, Maldives and Andamans and offers an exciting new circuit to even a jaded tourist who has seen it all.

The SKAL Conference held at Chennai in October 2003 was indeed an eye opener. The entire Tourism fraternity congregated at Chennai and learnt more about the rich and varied fare offered by Tamil Nadu. They were greatly impressed by the excellent facilities and the splendour that Tamil Nadu's rich heritage offers. I am sure this will be the stepping-stone for a huge increase in tourist arrivals in Tamil Nadu.

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Happiness for All



Chief Minister of Tamil Nadu, Selvi J Jayalalithaa

largest exporter of software and IT Services registering US \$ 1.8 billion for the year ending March 2004.

Chennai is already home to the back offices of the World Bank, Standard Chartered Bank, ABN AMRO and Citibank. Big Indian IT majors like Tata Consultancy

is the place to come to, if ITES and BPO are on your agenda.

What would you describe as Tamil Nadu's greatest strengths when it comes to attracting business in the form of FDI?

Tamil Nadu has emerged as the most attractive destination in India for Foreign Direct Investment. This is certainly because of the economic reforms that my Government has undertaken. These state level economic reforms that I have launched consist of four broad components - restructuring public finances to focus on infrastructure development, specific improvements to the investment climate, focus on poverty reduction through better targeting and convergence and above all good governance. We have

most countries. Tamil Nadu has a tremendous rail network. Tamil Nadu has the best energy supply system in India. In Tamil Nadu, the infrastructure actually works and we plan to make it the best.

Our new policy framework is now firmly in place. The State level economic reforms are underway. Our efforts to improve the investment climate and the infrastructure to make Tamil Nadu globally competitive are paying rich dividends. If you are coming to India, as you must, Tamil Nadu has to be your choice of destination.

Tamil Nadu's record on the human development front has been phenomenal, especially when it comes to the plight of women and issues like female infanticide. Would you like to comment on this?

Well into her second stint, Selvi J Jayalalithaa, Hon'ble Chief Minister of Tamil Nadu, answers questions on where the State is going, why it is an attractive bet for global investors, and where it is headed in the future.

launched these economic reforms in the firm belief that these are necessary to take Tamil Nadu on a higher growth trajectory strengthened by FDI.

I am confident that Tamil Nadu will emerge as a global manufacturing base for automobiles and auto components, leather goods, textiles, engineering and a host of other manufactured products. My purpose in enunciating a new Industrial Policy 2003 is to strengthen Tamil Nadu's competitiveness as a global manufacturing hub.

Yes, you are right. Tamil Nadu is certainly a destination of choice for FDI. In 1995, in my first term as Chief Minister, Ford came to Chennai in Tamil Nadu. Since then Tamil Nadu has not looked back. It is already home to both Ford and Hyundai in the automobile sector and is verily the Detroit of South Asia. Saint Gobain, the global glass giant, has been very happy with its Tamil Nadu operations and has announced its expansion programme in the State after a detailed evaluation. The World Bank has decided to locate its permanent Back Office at Chennai and my Government has facilitated this. This

Yes, indeed. I am very proud of the significant achievement of Tamil Nadu in human development. Among Indian states, Tamil Nadu stands third in the Human Development Index. With the steps we are now taking to accelerate growth and at the same time strengthen the delivery of services to the poor, I am confident that Tamil Nadu will make further rapid strides reaching developed country levels in the Human Development Index. I stand strongly for gender equity. I was the first to open an All Women Police Station in 1992 in my earlier term of office. Today we have 195 All Women Police Stations, one for every operational Police Sub-Division. This has enabled women to have access for redressal of grievances without fear or hesitation. Together with Mobile Counselling Centres this has been a major step towards establishing gender equity in the real sense. I abhor the practice of female infanticide and female foeticide. I introduced the innovative Cradle Baby Scheme in 1992, to eradicate the practice of female infanticide. The entire administration has now been geared to put an end to the practice of

organized themselves into 178,571 groups. They have been able to save U.S. \$ 115 million and have accessed credit to the extent of U.S. \$ 186 million. You will be surprised to see the bustling activity, especially in the rural areas of the State.

Tamil Nadu is the pioneer in providing nutrition support to the poor and disadvantaged. In fact we launched a state-wide programme as early as in 1982 to protect every child from malnutrition. Tamil Nadu has shown the way for the rest of the country with its comprehensive nutrition coverage implemented at an annual cost of U.S. \$ 150 million covering 7.8 million children.

Tamil Nadu is truly blessed with high quality human resources. Tamil Nadu has 252 engineering colleges with an annual turnout of about

80,000 engineers and this is the highest in the country. Tamil Nadu's 203 polytechnics have a turnout of about 56,000 diploma holders. It ranks number one in India. Growth in the manufacturing and services sector is contingent on the quality of locally available manpower, the investment climate and labour laws. I believe that

Back offices boom

In the "back office of the world," the attrition rate is surprisingly low because "work is worship"



TIDEL Park

The locals are fairly smug about their "work is worship" culture. They take their jobs seriously. No skipping around like they do in other metros, sometimes within the training period. The statistics prove it.

The attrition rate for BPOs in Mumbai, Hyderabad and Bangalore could be as high as 50 to 100 per cent, with employers running like hamsters on wheels to maintain the strength of the force, offering all kinds of perks and blandishments. Fancy offices, game rooms, swanky cafeterias, mandatory goofing-off breaks, training in self-development on the job.

In Tamil Nadu (and Chennai in particular), there is a certain gravitas to the situation, coming largely from the employees who take the whole thing very seriously. Conditions are excellent, born of the incentives offered by government to investors in this sector, employees reap the benefits - and largely stay put. This means that the attrition rate for BPOs in Chennai is about 13 per cent, according to the state IT department.

It's a hot destination alright for Business Process Outsourcing (BPO). Several companies are already well-established here and are expanding their bases to cater to the needs of overseas operating markets. Ramping up is the buzz word. Hardly surprising when one considers that at stake is a market set for explosive growth which is expected to reach \$20 to \$25 billion in the next five years. Tamil Nadu is aiming at a 20 per cent share.

As a consequence, besides treating the BPO as an engine of growth, the government is looking at benchmarking best practices not with other states in India, but those in the rest of the world. In 2003, out of the total \$2.6 billion in ITES exports in India, Tamil Nadu contributed nearly 5 per cent. The only way for the state to go is up.

There are plenty of incentives offered to IT companies by the government. Tidel Park and SIPCOT Park are already bywords for excellence in infrastructure. The other mantra making the rounds is KIT, or the Knowledge Industry Township park.

The National Association of Software and Services Companies (NASSCOM) set up the ITES BPO Forum in Chennai in June 2003, with the idea of pushing IT sectors even more forcefully. But it does not restrict BPO development to call centers, urging the government to include highly diversified ITES and itself taking up issues relating to infrastructure, education, training and telecommunications.

Location	South East India
Area	130,058 sq km
Coastline	1,000 km
Climate	Equatorial, tropical
Temperature	43.8 deg. Celsius (Max) 13.1 deg. Celsius (Min)
Language	Tamil/English
Capital	Chennai (Madras)
Population	62.11 million
Sex ratio	1000:986
Literacy rate	73.47 per cent
Workers	44.78 per cent
SDP (2000-2001)	\$29 billion
Per capita income	\$466
Total Road Length	150,000 km
No. of Universities	25
Engineering Colleges	252
Electrification	100 per cent

Tamil Nadu Profile