

Diversity, transition major drivers of state's industrial growth: Industries secy

About 40 per cent of all EVs manufactured in India come from Tamil Nadu

BS REPORTER

As Tamil Nadu gears up for a global investors' meet on January 7 and 8, Industries Secretary V Arun Roy said while addressing the *Business Standard* Tamil Nadu Round Table 2023 that the two biggest strengths of the state are its industrial ecosystem, which has always been on the forefront of transitions, and diversity in the industry.

An example is the shift from internal combustion engines (ICEs) to electric vehicles, in which the state is a leader. "Our industrial ecosystem has always been at the forefront of transitions. A good example will be the automobile sector. At one point, we used to pride ourselves as the Detroit of Asia because of our dominance in ICEs. When the EV ecosystem took shape and gathered strength, we were able to transition smoothly towards the EV ecosystem as well," said Roy.

At present, seven in every 10 electric two-wheelers made in India are manufactured in Tamil Nadu, and about 40 per cent of all EVs manufactured in India come from the southern state. Leading original equipment manufacturers (OEMs) — Ola Electric, TVS Motor, Ather Energy, and Ampere Vehicles — have their EV manufacturing

facilities in the state and the sector is expected to create 150,000 jobs by 2025.

Roy said that diversity in size and sector are key components of growth in industry in the state. "When I look at the industrial ecosystem of the state, there are a few things that stand out. One is its diversity, we are not a state dependent on one or two industries. There is huge diversity in manufacturing, as well as the services sector. Within manufacturing itself, we have automobile, leather, textile, general engineering, renewable energy components, and so on," he said.

Another factor that he highlighted was the size of the sector.

"It is not just large industries, we have a very dynamic and deep-rooted micro small and medium enterprises (MSMEs) ecosystem. We have the second-highest number of registered MSMEs in the

country. MSMEs themselves are so diverse that there are MSMEs that are at the lower end of the system and are so technologically advanced," Roy added. The state reportedly has more than 5 million MSMEs. Roy indicated that one of Tamil Nadu's strengths has been skilled manpower and the state has the highest gross enrolment ratio in the country, almost double the national average.

"It is always a challenge to meet the employment needs of a more educated workforce. Our boys and girls are no longer satisfied with just electronic assembling. Their aspirations are to take managerial and research and development positions, which means our ecosystem also needs to

grow in every sector. From assembly we need to move towards higher value addition-oriented, more research-oriented, and more GCC kind of industries," he said.

Roy added that the state has the highest number of factories and industrial labour force in

the country.

"The industrial sector contributes around 34 per cent to our state's economic growth. In fact, it is a virtuous cycle, the industrial sector has contributed to economic growth and economic growth has contributed to industrial growth," he said.

Tamil Nadu is the second-largest economy in India, and Roy said that it has been growing consistently. "We were able to maintain a growth rate of 6-8 per cent across the years and in most years, ahead of the national growth rate.

Tamil Nadu's economy, powered by the industrial sector, is one of the great growth engines of our nation," he added. According to the government, the state's performance during the Covid-19 pandemic was a perfect symbol of the resilience of its economy.

"Even during Covid, when the entire nation shut down, we took special measures to ensure that the vital industries continued to function. As a result, even when the country had a negative growth rate, Tamil Nadu had a plus 1 per cent growth rate. That is because we kept the essential production alive and we were one of the first states to bounce back," Roy said.

Roy highlighted that in engineering, where new opportunities have opened up, the state is aiming for a leadership position. Also, in areas such as renewable energy components' manufacturing, wind blade manufacturing, and solar cell manufacturing, Tamil Nadu is ready to grab the opportunities and be on top, he said.

PHOTO: PRATAP VINAYAGAM

V ARUN ROY

SECRETARY,
DEPARTMENT OF
INDUSTRIES,
INVESTMENT PROMOTION
AND COMMERCE

“

OUR BOYS AND GIRLS ARE NO LONGER SATISFIED WITH JUST ELECTRONICS ASSEMBLING. WE NEED TO MOVE TOWARDS HIGHER VALUE ADDITION-ORIENTED, MORE RESEARCH-ORIENTED, AND MORE GCC KIND OF INDUSTRIES

”