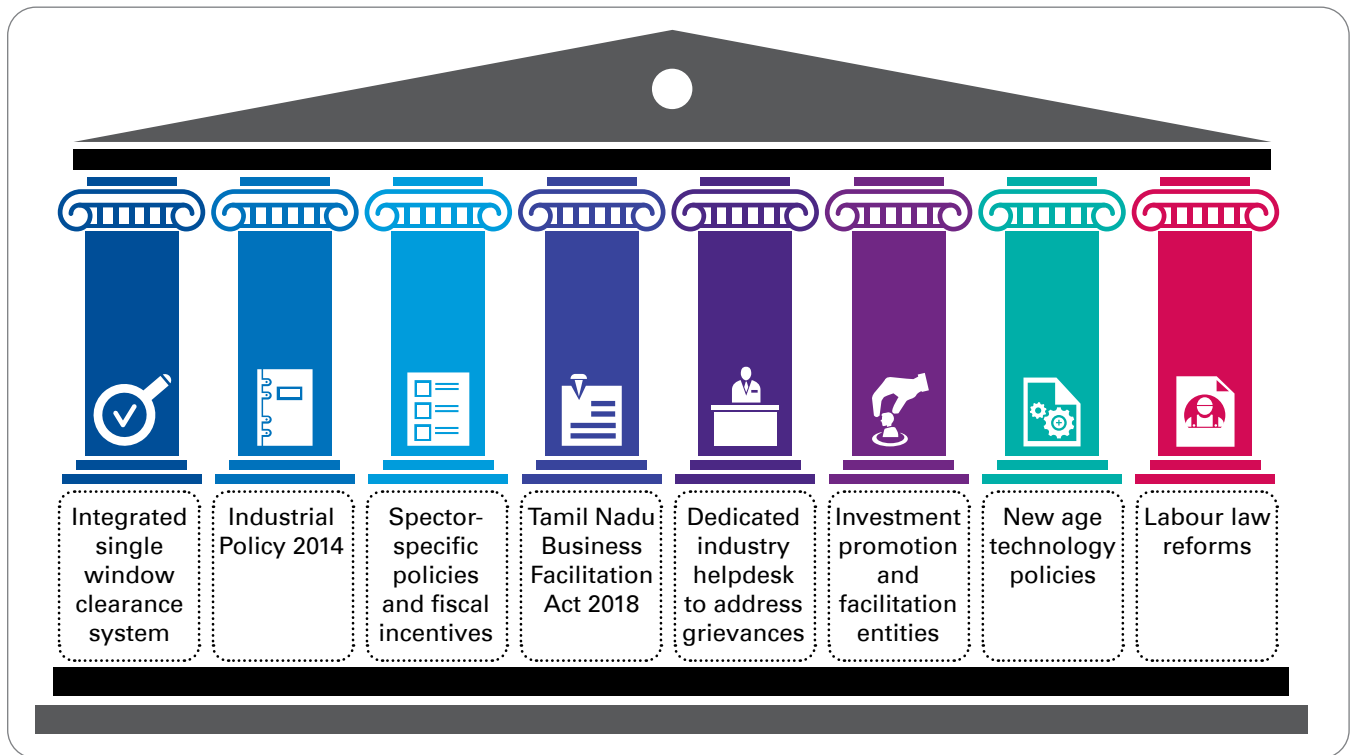


## Enabling regulatory environment

Commitment to industrial development with a favourable regulatory environment for investors<sup>52,53</sup>



### Single window clearance system

Tamil Nadu has established a two-tiered single window clearance mechanism to avoid procedural delays and accord all pre-project clearances at the state government level. The state is planning to launch a newer version of the portal, covering 190 services across 33 departments by mid-2021, to enhance faceless approvals.<sup>54</sup>

In November 2020, the state approved a proposal to digitise the clearance process for telecommunication and infrastructure provider companies in the state.

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**Tamil Nadu has a strong potential to leapfrog multi-folds in the ease-of-doing-business index and lot of progress is being made in that direction. The focus could be to leverage on technology and look at areas such as time bound online approvals/licenses, speedy dispute resolutions etc.**

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**C.K. Ranganathan,**

Chairman and Managing Director,  
CavinKare Pvt. Ltd.

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## Robust Industrial Policy

### Highlights of the Industrial Policy, 2014<sup>55</sup>

Structured package (> USD70 million investment) on a case to case basis

**SGST  
reimbursement**

**Capital  
subsidy**

**Payroll  
subsidy**

**Training  
subsidy**

Structured package (> USD70 million investment) on a case to case basis

**Stamp duty  
concession**

**Capital  
subsidy**

**Environmental  
promotion infra  
subsidy**

**Electricity tax  
exemption**

50 per cent to industries located in SIPCOT parks

Subsidy up to USD0.3 million (INR22.5 million)  
50 per cent additional subsidy for industries setup in SIPCOT industrial parks

Subsidy of USD42,857 (INR0.3 million) or 25 per cent of capital costs, whichever is less

Electricity tax exempted up to five years

The government is also working on a new industrial policy offering Goods and Services Tax (GST) regime-compatible incentives. Around INR25 billion has been provided for payment of industrial incentives in the 2020-21 Budget estimates.<sup>56</sup>

## Business Facilitation legislations

Under the investor-friendly policy, the state government has set up a nodal agency at state and district levels to guide and handhold investors/entrepreneurs. It has simplified the registration and inspection processes, and specified timelines for approvals and penalty provisions. The policy has also introduced reforms to the state labour laws, including permitting women to

work night shifts and exempting start-ups from the inspection under six labour laws for five years.

Other features included technology adoption for paperless and time bound delivery of service and Geographic Information System (GIS) to identify land earmarked for industrial use with details related to availability of electricity, roads and water.

## Dedicated investor helpdesks

Tamil Nadu has both country and sector-specific helpdesks to provide support related to grievance redressal, incentive disbursement, approvals and operational issues within 30 working days on a best efforts basis. Since its inception in 1992, the Guidance Bureau (now called Guidance) garnered more than 300 major investment proposals (as of December 2019) and acted as a nodal agency for two major Global Investors Meet (GIM) hosted by Tamil Nadu in 2015 and January 2019.<sup>57</sup>

In a bid to bring in more investors, the agency appointed a 40-member team in March 2020 to convert MoUs signed during the two GIMs into actual investments. The team will also track sector-specific investments and help potential investors with getting clearances and scouting for land.<sup>58</sup>

Since April 2020, Tamil Nadu has signed over 70 MoUs worth over Rs 56,000 crores.

## Investment friendly institutions

### Key entities that support investors and encourage investment<sup>59</sup>

- Land allocation
- Provides transport and utilities infrastructure facilities
- Promotes industrial estates
- Offers export marketing assistance
- Promotes skill development centers.

**State Industries  
Promotion Corporation  
of Tamil Nadu  
(SIPCOT)**

- Provides comprehensive information on regulations, policies, opportunities to investors
- Assists investors in getting all pre-project clearances
- Facilitates projects during implementation phase by undertaking troubleshooting
- Monitors implementation of Foreign Investment proposals.

**Tamil Nadu  
Industrial  
Development  
Corporation  
(TIDCO)**

- Channelizes appropriate incentives and services for the development of MSMEs
- Provides term finance for industries
- Working Capital Term Loans
- Operation of various schemes such as Equipment Finance Scheme, Solar Power Projects Scheme, Corporate Loan Scheme.

**Tamil Nadu  
Industrial Investment  
Corporation (TIIC)**

- Acts as nodal investment promotion agency
- Offers single window facilitation, industry locational support, sector-specific desks, country desks
- Bizbuddy - investor helpdesk

**Guidance  
Tamil Nadu**

### **New age technology policies**

The state has introduced several policies on digital technologies, such as Tamil Nadu Safe and Ethical Artificial Intelligence Policy, 2020 (to provide a roadmap for policymakers to adopt AI-based solutions), Tamil Nadu Blockchain Policy, 2020 (to promote blockchain in e-governance), and Tamil Nadu Electronics Hardware Manufacturing Policy (aimed at increasing the state's electronic output to USD100 billion and account for a quarter of India's total electronics exports to the world by 2025).<sup>60</sup>

### **Labour reforms**

Parliament of India passed four labour codes (three in 2020 and one on minimum wages in 2019), after a consolidation of 29 central labour laws.<sup>61</sup> This could make the hiring process easier for employers, reduce worker strikes, weaken trade unions, promote fixed-term employment and offer a rudimentary security net for the unorganised workforce.

The state in June 2020 notified the draft Tamil Nadu Rationalisation of Forms and Reports under Certain Labour Laws Rules, 2020, aiming to simplify various procedures involved in Tamil Nadu Contract Labour (Regulation and Abolition) Rules, 1975, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) (Tamil Nadu) Rules, 1983, and the Tamil Nadu Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2006.

