

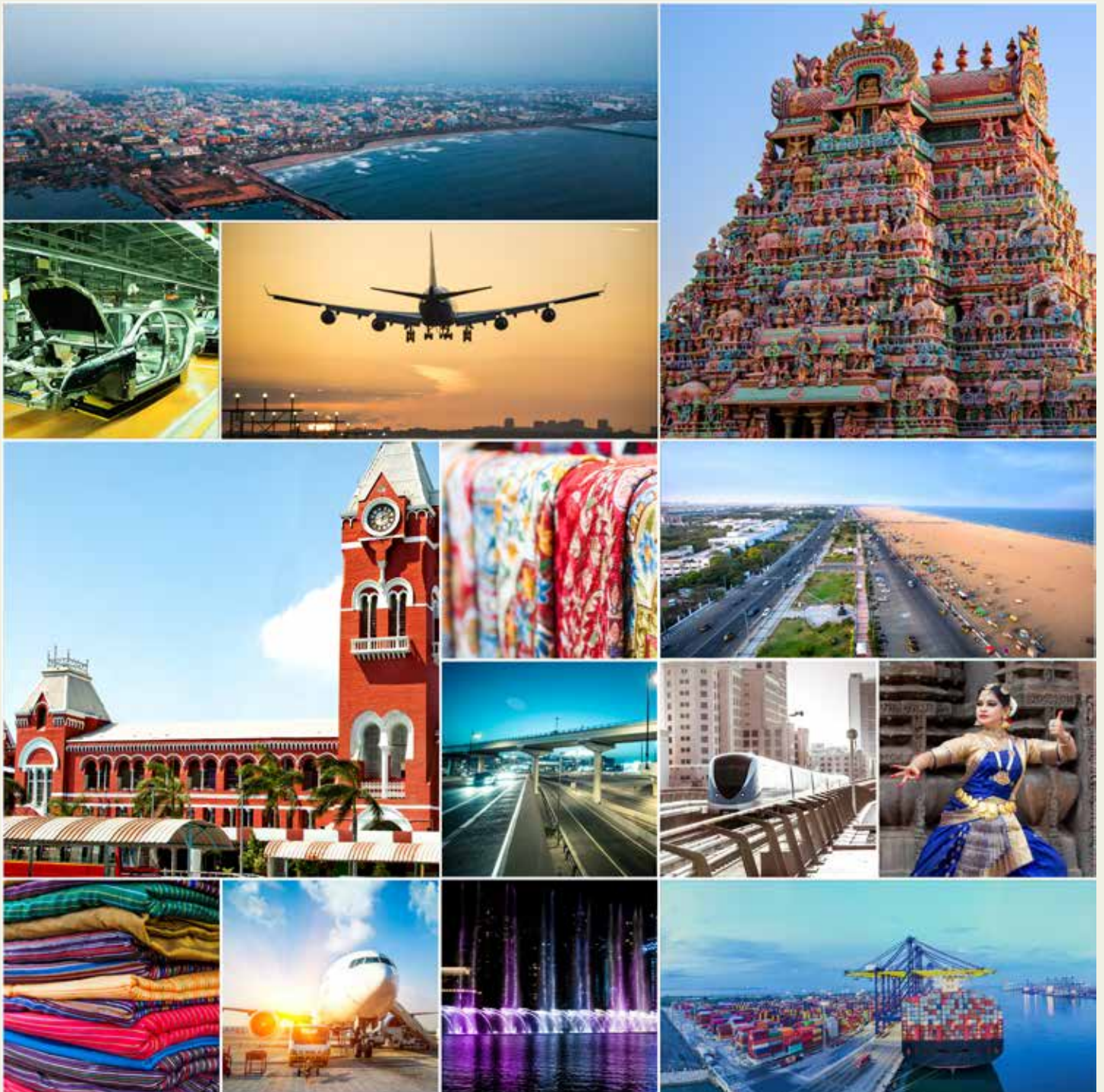
Tamil Nadu

Unveiling Economic Dynamism and Future Potential

2024

This report delves into Tamil Nadu's current economic status and provides recommendations for a future ready state.

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Foreword



► **Shishir Baijal**
Chairman and Managing Director - Knight Frank India

Tamil Nadu is a powerhouse in India's economic landscape, known for its resilience and innovative spirit. Our shared vision for the state revolves around inclusivity, resilience, and a dedicated focus on sustainable development. From manufacturing to services, the various sectors driving Tamil Nadu's economy highlight the importance of a comprehensive growth strategy. According to Knight Frank research, Tamil Nadu economy is expected to reach a remarkable USD 2.6 trn by 2047. The scale demands collective efforts from all sectors and this report not only reviews the current situation but also outlines crucial strategies for Tamil Nadu's future.

As we delve into the intricacies of this report, particularly the advisories on policy, tourism promotion, and infrastructure development, it is evident that our success lies in strategic foresight and proactive measures. The proposed retail sector policy, the emphasis on efficient implementation of RERA, and the promotion of tourism are intended to drive commitment to creating an environment conducive to growth and prosperity.

Urbanization, an inevitable outcome of Tamil Nadu's ambitious growth ambitions, necessitates comprehensive urban planning. The projected surge in the urban population, coupled with the demand for housing and infrastructure, requires careful consideration and strategic initiatives. Our commitment to smart urban planning, green infrastructure, and mixed-use zoning reflects our dedication to creating sustainable, livable cities.

The report also underscores the critical role of the services sector, manufacturing, and the need for additional industrial land to support economic aspirations. The rising demand for office space and the focus on enhancing the manufacturing sector align with our commitment to fostering a diverse and thriving economic landscape.

In conclusion, the state's progress relies on collaboration between the public and private sectors, policymakers, and every citizen dedicated to Tamil Nadu's prosperity. I urge you to consider the insights and strategic recommendations in this report and join us in the shared responsibility of steering Tamil Nadu toward a future marked by sustainable growth, innovation, and inclusive development.



► **R. Ilankovan**
President
CREDAI Tamil Nadu.

Ladies and Gentlemen ,

Welcome to STATECON 2024 that is presented to you with a theme of conservatism to cosmopolitanism . I am genuinely delighted to share my message with each and every one of you. Tamilnadu , a vibrant state that stands top in economic growth, aspires to achieve \$1 Trillion economy soon as practicable. The recent Global Investors Meet held in Chennai witnessed several big-ticket investments across the state , which has kick started the ambitious goal .

Real estate , being one of the top contributors to the state's economy, is a sector that will synonymously align with the state's ambitions. With Hosur in the west and Tuticorin in south have received significant investment proposals ,new markets such as these are emerging instantaneously, and growth is expected at a rapid pace .

STATECON 2024 shall precisely address on what is required for the industry in order to meet the growth demand including AI in real estate , construction trends , emerging asset classes, alternative funding options etc . I firmly believe that STATECON enables developers to remain prepared for the much sought after growth in Real Estate sector in Tamil Nadu .

In our pursuit of progress, let's navigate the delicate balance from conservatism to cosmopolitanism, fostering innovation while preserving the essence of our foundation.

Together, let us build a future that harmonizes tradition and global perspectives.

As I pass my gratitude to the Members of CREDAI Tamil Nadu , Sponsors and Organisers of the event, I wish STATECON 24 a grand success and assure that the august audience gain the best comprehension of knowledge and much needed networking opportunities.

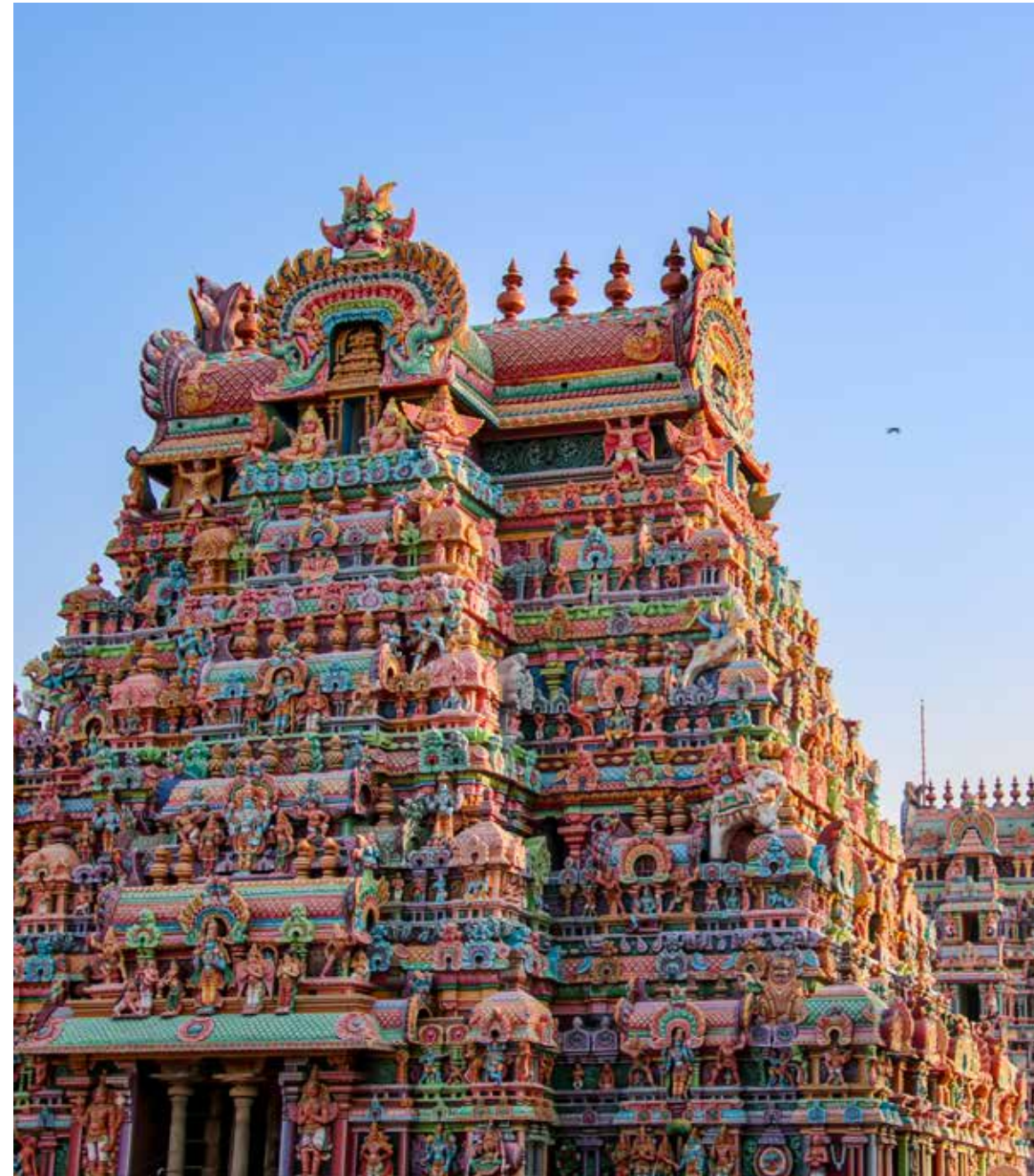


► **Habib W.S**
Chairman, Statecon'24

In the ever-evolving tapestry of Tamil Nadu's growth, the Statecon conference emerges as a pivotal force, anchored in the ethos of "Conservatism to Cosmopolitanism." Following the resounding success of the Global Investor's Meet, CREDAI Tamil Nadu Statecon 2024 stands poised to fuel the state's onward march towards progress and development.

Statecon has always served as a vibrant confluence of ideas, bringing together visionaries, thought leaders, and stakeholders committed to shaping Tamil Nadu's destiny. With a focus on embracing cutting-edge technologies such as spatial tech and artificial intelligence in real estate, as well as exploring alternate funding mechanisms and emerging asset classes, the diverse sessions promise an enriching exploration of the avenues propelling Tamil Nadu's brilliant future.

As we embark on this collective journey, let CREDAI Tamil Nadu Statecon be the catalyst that propels prosperity and growth in the cultural heartland of Tamil Nadu, fostering a landscape that thrives on innovation, inclusivity, and sustainable development. Together, let us pave the way for a brighter and more dynamic future for our beloved state.



Tamil Nadu

Key Economic Indicators

Tamil Nadu, India's second-largest economy, contributes approximately 6% to the country's population. With a robust Gross State Domestic Product (GSDP) of USD 0.29 trn in FY 2023, the state has experienced consistent growth, averaging around 11% over the past decade.

The economic development in Tamil Nadu has been marked by a commitment to social inclusivity and regional distribution. The state's per capita income stands at 1.75 times that of the national average, reflecting a focus on inclusive growth. The poverty rate in Tamil Nadu is notably low at 2.20%, compared to the national average of 14.96%. Moreover, the state has achieved regionally distributed growth, with approximately 50% of the GSDP spread across 25% of its districts, a remarkable feat compared to peer states.

Tamil Nadu's economic landscape is characterized by diversity, with the tertiary sector contributing 53%, followed by the secondary sector at 34%, and the primary sector at 13% of the GSDP. The state has proven attractive for Foreign Direct Investment (FDI), garnering significant inflows totalling USD 9.85 bn between October 2019 and September 2023. Furthermore, in the realm of private equity, Tamil Nadu has successfully attracted investments amounting to USD 4.86 bn from 2018 to the present. The recently concluded Tamil Nadu Global Investors Meet (GIM) on January 8, 2024, holds the promise of ushering in proposed investments of approximately USD 81 billion, with projections of creating 2.69 mn prospective jobs in the state. This underscores Tamil Nadu's robust economic trajectory and its appeal as an investment destination.

Governance in Tamil Nadu is characterized by effectiveness and efficiency, evident in its leapfrogging from 18th position to the 3rd in the Ease of Doing Business rankings. This achievement is attributed to the state's single-window offering, providing 140+ Government-to-Business (G2B) services. The state also demonstrates a commitment to sustainable development, securing the 3rd rank in the Sustainable Development Goals (SDG) India Index. With respect to individuals investing in the stock market Tamil Nadu state has an investor base of 4.7 mn investors and assets under management as of December 2023 is around USD 28.7 bn (of which 59% is in equity).

In terms of agriculture, Tamil Nadu is India's 8th largest state having cultivable land, with a range of crops cultivated, also contributing significantly to milk, egg, and meat production. The state ranks 3rd in marine production, 13th in inland production, and accounts for around 11% of the national export.

Industrially, Tamil Nadu is a powerhouse with a diverse range of industries including food processing, textiles, leather, machinery, auto, chemicals, electronics, footwear, metals, and non-metals. It holds the distinction of being the most industrialized state in India, boasting around 45,000 registered factories.

Finally, Tamil Nadu is a key player in the services industry, particularly in IT & allied services and BFSI. The state's rich natural resources and cultural heritage makes it a popular tourist destination, further contributing to its economic vibrancy.

6%

Tamil Nadu, India's second-largest economy, contributes approximately 6% to the country's population

1.75

The state's per capita income stands at 1.75 times that of the national average

USD 81 billion

Is the value of the proposed investments attracted during TN-GIM 2024

1.75

The state's per capita income stands at 1.75 times that of the national average

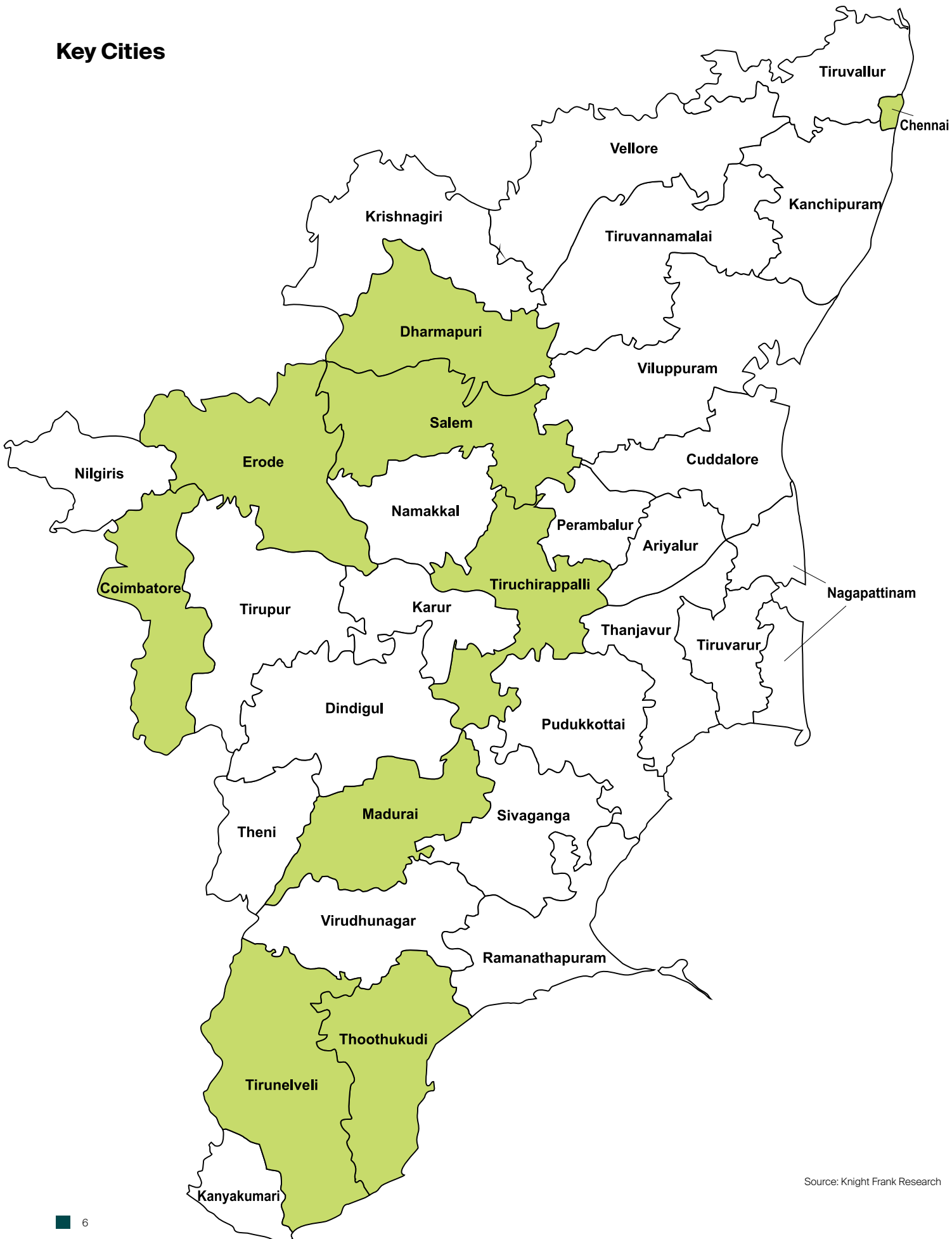
45,000

Registered factories, most industrialised state in India

2.69 mn

Prospective job opportunities in the state

Key Cities



Source: Knight Frank Research



Chennai, the capital city of Tamil Nadu, India, is a vibrant metropolis known for its rich cultural heritage, economic prowess, and diverse urban landscape. Chennai is a major economic hub, with a robust industrial base spanning sectors like automobile manufacturing, information technology, healthcare, and finance. The city is home to the Chennai Silicon Valley, a prominent IT corridor, and is a key player in India's automotive industry. The city boasts prestigious educational institutions, including the Indian Institute of Technology Madras (IIT Madras), Anna University, and the Madras Medical College. Chennai's academic institutions contribute significantly to research and innovation.

Today, Chennai boasts a robust infrastructure, great facilities, and a modern lifestyle. As part of the Smart Cities Mission, Chennai has undertaken initiatives to enhance urban living. Projects include the development of smart infrastructure, improved public services, and the integration of technology for efficient governance. These include initiatives such as the developing of a pedestrian plaza, remodelling of primary roads, multi-level car parks, parking management systems, lanes for bicycles, and an intelligent traffic management system. Chennai is a dynamic city that seamlessly blends tradition with modernity, making it a cultural, economic, and technological powerhouse in South India.



Coimbatore, often dubbed the 'Manchester of South India', is a vibrant city in Tamil Nadu, recognized for its industrial prowess, educational institutions, and pleasant climate. The city has evolved into a significant manufacturing hub, particularly for the textiles, engineering, and automobile industries. The city is a key centre for producing machinery, automobile components, and textile products, hosting over 25,000 industries, including textile mills, foundries, and automobile manufacturing units. Beyond its industrial and educational identity, Coimbatore boasts a rich cultural heritage and various tourist attractions. In the timeline of Coimbatore's development, the city has emerged as the second-largest software producer in Tamil Nadu, following Chennai. The software development sector is poised for growth with the launch of TIDEL Park Coimbatore and other private IT parks in the vicinity. While the IT industry in Coimbatore is nascent compared to its established textile and manufacturing sectors, notable companies such as Tata Consultancy Services, Cognizant Technology Solutions, Robert Bosch, Dell, KGISL, and CSS Corp Pvt Ltd have made their mark. Coimbatore is steadily gaining prominence as an IT and BPO city, earning a 17th place rank among global outsourcing cities.

As one of the 12 smart cities in Tamil Nadu, The Coimbatore Smart City has implemented various projects, encompassing water restoration, energy conservation, water supply, solid waste management, model roads, smart surveillance, and social and infrastructure development. The Coimbatore Smart City initiatives include an integrated plan connecting and developing the ecosystems of eight lakes, revitalizing them with parks, botanical gardens, open public spaces, and zoological parks. Solar-powered, smart streetlights are being installed citywide to enhance efficiency, particularly for public transport, leading to smart traffic solutions and reduced congestion.



Madurai

Madurai, one of India's oldest cities, is characterized by its rich cultural heritage, historical significance, and recent strides in modern development. The city has seen improvements in infrastructure, including transportation, healthcare facilities, and commercial spaces, while preserving its cultural and historical identity. Dominant industries in Madurai include textiles with the city being renowned for hand-woven silk sarees. The city houses a skilled talent pool, nurtured by esteemed educational institutions such as Madurai Kamaraj University and Thiagarajar College of Engineering. Its logistical connectivity has been enhanced with improvements in transportation infrastructure, including an expanded airport and upgraded road networks, facilitating smoother intra-city and inter-city travel. In the past two years, the state government has invested USD 87.5 mn in infrastructure development, underlining its commitment to progress. The city's cultural richness, historical significance, and economic activities make it a unique and dynamic place in the state of Tamil Nadu.

Madurai is making strides as a smart city, adopting initiatives to integrate technology for efficient governance and improved urban living. As part of the Smart Cities Mission program, the city has initiated a comprehensive range of projects to enhance urban living and infrastructure. These include the development of infrastructure and basic amenities at the Mattuthavani fruit market, implementation of smart LED streetlights, the reconstruction of the Periyar bus stand and shopping complex, creation of a heritage pathway, and the construction of 'smart roads' on four Masi streets. Additionally, the city is focused on the Vaigai riverfront development, construction of a multi-level car parking facility, improvement of water supply distribution through area-based development (ABD), the establishment of a convention centre at Tamukkam, and the construction of an underground drainage system in 15 wards situated to the north of the Vaigai River.



Hosur

Hosur, strategically located on the Karnataka-Tamil Nadu border, has emerged as a thriving industrial town with diverse sectors. Recognized for its industrial significance, it hosts various industries including manufacturing, automobiles, and engineering, drawing both domestic and international investments. Situated just 35 km from Bangalore, the town has become an industrial hub, particularly in the automobile sector. Major players like Stellantis, Ashok Leyland, TVS Motors, Caterpillar, Ather Energy, Schaeffler and Titan have established their presence in Hosur.

As part of its economic transformation, rapid urbanization is contributing to the town's growth. The automotive industry is expanding, with the State Industrial Promotion Corporation (SIPCOT) developing a third industrial estate that includes an electric vehicle (EV) park. The Hosur-Krishnagiri-Dharmapuri (HKD) industrial belt is being developed as an EV centre, solidifying Hosur's position as an emerging hub for electric vehicles.



Thoothukudi

Thoothukudi, commonly known as Tuticorin, stands as a vital port city in Tamil Nadu and is celebrated for its bustling seaport, fostering domestic and international trade. Thoothukudi's industrial significance is closely tied to the V.O. Chidambaranar Port (formerly Tuticorin Port), a major Indian port with transformative plans for international container transshipment through the USD 0.85 bn Outer Harbour Project, capable of handling four million TEUs of containers. At the same time, the Tuticorin airport is being expanded with the acquisition of 1,000 acres of land, construction of a new terminal building, and addition of night landing facilities. The aim is to strengthen air connectivity not only to Chennai but also to major cities like Bengaluru, Hyderabad, Mumbai, and Delhi, thereby enhancing regional accessibility and fostering economic growth. The city's economic landscape is diversifying with the Tamil Nadu government's announcement of a 1,000 acre furniture park, attracting interest from overseas and Indian firms. Furthermore, an MoU with a private company for green hydrogen and green ammonia production signifies substantial fresh investments in the region.

Thoothukudi Smart City Limited (TSCL) is strategically prioritizing key sectors like roads, water supply, solid waste management, and robust IT infrastructure to bolster the city's safety and security. The Smart City initiatives include noteworthy projects such as the smart water supply & distribution management system, LED smart lights, multi-level car parking, public transit corridor improvement (old Bus Stand Redevelopment), development of Pearl Beach, Roach Park & Beach Road, sanitation initiatives like Buckle Canal screening, and the creation of open spaces.



Salem

Salem, the fifth-largest urban agglomeration in Tamil Nadu, stands as a major industrial, commercial, and cultural centre. Notable for its diverse industries such as textiles, steel, automobiles, and electronics, the city is also a significant agricultural hub known for rice, sugarcane, and cotton production. Surrounded by scenic hills, Salem combines natural beauty with rapid industrial growth, fostering both small-scale and large-scale industries. Salem hosts two major steel plants: Salem Steel Plant (SSP) established in 1981 under Steel Authority of India Limited (SAIL), and JSW Steel Ltd., Salem Works, a leading producer of special alloy steel. Salem District, characterized by its geographical wonders and thriving culture amid hills and hillocks, is a notable region.

The Salem Smart City initiative aims to position the city as a commercial and industrial hub with a diverse economic base, prioritizing equal opportunities for all residents. The Smart City Mission encompasses several projects, including South Asia's largest research institute for livestock, Tamil Nadu's first and largest bus port, a two-tier bus stand, modernization of the railway junction, airport expansion, zoological park enhancement, road infrastructure improvement, and the expansion of industrial parks, including a mega textile park. Salem Smart City is dedicated to delivering high-quality services through cutting-edge technology and embracing new urbanism principles.



Tiruchirappalli

Tiruchirappalli, commonly known as Trichy, is a dynamic city in Tamil Nadu, India, celebrated for its rich cultural heritage, historical significance, and contemporary industrial growth. The city serves as an educational hub with institutions like the National Institute of Technology (NIT) and Bharathidasan University contributing to its academic vibrancy. In recent years, Trichy has witnessed significant industrial growth, particularly in the manufacturing sector. The city is renowned for its manufacturing units, including the Bharat Heavy Electricals Limited (BHEL) complex, which is a major contributor to India's power generation equipment. The city's infrastructure facilities position it as a central base for exploring the region. Trichy's excellent road, rail, and aviation connections, along with its strategic location on the banks of the Cauvery River, make it the fourth-largest city in Tamil Nadu. Trichy is among the cities being developed under the Smart Cities Mission. Projects include multi-level car parking, Purathana Park near Rockfort, and smart surveillance.

In terms of recent developments, Trichy is set to undergo significant changes with the Tidel Park project unfolding in two phases with an aim to enhance the region's status as a technology and commerce hub. Additionally, a new ring road project has been proposed, further contributing to the city's infrastructure development. Furthermore, the allocation of land for an aerospace industrial park by SIPCOT positions the city as a key player in the Tamil Nadu defence industrial corridor. Land has also been allotted to Tamil Nadu Small Industries Development Corporation (TANSIDCO) to promote the micro, small, and medium enterprises (MSME) sector. The city's diverse economy encompassing manufacturing, educational services, and tourism, plays a pivotal role in the state's overall economic landscape.



Erode

Erode, a Smart City in Tamil Nadu, India, is known for its turmeric cultivation and textile manufacturing. Home to Perundurai SIPCOT Industrial Park, Erode boasts a diverse industrial landscape, encompassing textile, hosiery, dyeing, foundry, leather, engineering, and chemical industries. 54 projects launched under the Smart Cities Mission have witnessed significant progress, with 41 of them completed and 13 underway. These projects encompass various initiatives including biomining of solid waste, road improvement, rural youth skill development, enhanced transportation facilities, rural employment guarantee, and integrated school education. Erode's Smart City endeavours are paving the way for sustainable and efficient growth.



Tirunelveli

Tirunelveli, a city in the southern part of Tamil Nadu, is a region known for its rich history, cultural heritage, and diverse economic activities. The city is an agricultural and industrial hub, with a significant focus on agriculture, including the cultivation of crops like paddy and cotton. Tirunelveli is also known for its production of palm jaggery and is an essential player in the state's agro-based economy. Tirunelveli is currently witnessing noteworthy industrial expansions, particularly in sectors like cement, chemical carbide, modern rice milling, and cotton mills along Madurai Road and in Pettai.

Under the Tirunelveli Smart City Mission, the Special Purpose Vehicle (SPV) has identified key development focuses. These encompass proactive environmental protection, positioning the city as a vibrant destination for tourism and leisure, adopting low-carbon practices, enhancing mobility and accessibility, ensuring equitable development, implementing smart trunk infrastructure, and embracing technology for an inclusive urban environment. This strategic vision reflects Tirunelveli's commitment to holistic and sustainable urban development, incorporating technology, inclusivity, and environmental considerations for the benefit of its residents and visitors alike .



Dharmapuri

Dharmapuri is known for its agricultural prominence, especially in the cultivation of horticultural crops like mangoes and tamarind. The region's fertile soil contributes to its success in agriculture. Dharmapuri is a major horticultural belt in the state that accounted for 12% of the area cultivating fruits in the state. Almost all vegetables and fruits are cultivated here.

Key cities and highlights

City	Key Highlights
Chennai	Capital City, Educational Institutions, Robust Industrial Base (Automobiles, Textiles, Engineering), IT parks, 2 of India's major Ports (Ennore Port and Chennai Port)
Coimbatore	Manufacturing (Textiles, Engineering, Automobiles and Components), Universities, Cultural & Tourist Attractions, IT Parks
Dharmapuri	Agricultural Prominence (Mangoes and Tamarind)
Erode	Agriculture (Turmeric) and Manufacturing (Textile, Hosiery, Dyeing, Foundry, Leather, Engineering, Chemical industries).
Hosur	Industrial Significance (Automobiles and Engineering), Proximity to Bangalore
Madurai	Temple City, Manufacturing (Textiles, Hand-woven Silks), Educational Institutions
Salem	Manufacturing (Textiles, Steel, Automobiles, Electronics)
Thoothukudi	A Major Port (port city)
Tirunelveli	Agricultural (Paddy, Cotton, Palm Jaggery), Manufacturing (Cement, Chemical Carbide, Modern Rice Milling, Textiles)
Tiruchirappalli	Manufacturing (Engineering), Educational Institutions

Source: Knight Frank Research

Key State Nodal Agencies and Policies

Key State Nodal Agencies

Several state-owned entities jointly work to develop industrial infrastructure in Tamil Nadu, including the Tamil Nadu Industrial Development Corporation Ltd (TIDCO), State Industries Promotion Corporation of Tamil Nadu (SIPCOT), Tamil Nadu Industrial Investment Corporation Limited (TIIC), and Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO).

Guidance

Guidance serves as the pivotal agency for investment promotion and streamlined facilitation in Tamil Nadu, acting in accordance with the Tamil Nadu Business Facilitation Rules. Its core mission involves positioning Tamil Nadu as the premier investment destination, enhancing the ease and cost-effectiveness of business operations, and providing comprehensive support across the entire investment cycle. Offering a suite of services, including assistance in obtaining industrial approvals, business support, policy formulation, expansion facilitation, an investor helpdesk (Biz Buddy), location assessment, and a single-window clearance system, Guidance acts as a central hub for investors. Notably, the agency's successful track record includes attracting over 580 major

investment proposals, with a cumulative investment exceeding USD 75.6 bn as of November 30, 2023, underscoring its pivotal role in fostering business growth and development in the state.

Tamil Nadu Industrial Development Corporation Ltd (TIDCO)

Tamil Nadu Industrial Development Corporation Limited (TIDCO) is instrumental in driving significant industrial and infrastructure projects in Tamil Nadu, characterized by substantial investments and numerous employment opportunities. Serving as the nodal agency for key initiatives like the Chennai Bengaluru Industrial Corridor (CBIC), Chennai Kanyakumari Industrial Corridor (CKIC), Western Corridor (Kochi Bangalore Industrial Corridor), and Defence Industrial Corridor, TIDCO plays a pivotal role in fostering strategic growth.

TIDCO has actively engaged in numerous joint venture projects spanning diverse sectors including chemicals, fertilizers, pharmaceuticals, textiles, iron and steel, auto components, food & agro, floriculture, engineering, petroleum, and petrochemicals. The Corporation has been a driving force behind crucial infrastructure projects such as IT/ITeS parks, bio-tech parks, special economic zones (SEZ), and road development projects.

Some notable successful joint ventures facilitated by TIDCO include partnerships with Titan Industries Ltd for watches & lifestyle products, SPIC Ltd for fertilizers, TANFAC Industries Ltd for chemicals, Tamil Nadu Petroproducts Ltd for petrochemicals, Tanflora Infrastructure Park Ltd for cut flowers, JSW Steels Ltd for steel pellets, Indian Oil LNG Pvt Ltd for LNG, Mahindra World City SEZ for IT & ITeS, apparel & automobile sectors, Ascendas IT Park (Chennai) Ltd, TIDEL Park Ltd, TIDEL Park Coimbatore Ltd for the IT & ITeS sector, TICEL Bio Park Ltd for biotechnology, Marine Infrastructure Developer Pvt Ltd for Kattupalli Port, L&T Shipbuilding Ltd for shipbuilding, Tamil Nadu Road Development Company & IT Expressway for roads, and Chennai Trade Centre for the exhibition centre.

Registered with the Reserve Bank of India as a non-banking financial company, TIDCO adopts diverse joint venture models tailored to each project's unique requirements. The Corporation has promoted 122 successful joint ventures across manufacturing, infrastructure, and services, contributing significantly to investments, job creation, and the development of industrial ecosystems. These ventures have played a pivotal role in the overall socio-economic development of regional clusters and the state. TIDCO continues to evolve to meet the changing needs of the industrial ecosystem, particularly with the emergence and rapid growth of sunrise and knowledge-based sectors.

TIDCO's key initiatives and projects to support the emerging industrial needs are:

- Development of Fintech City
- Development of TIDEL Neo's across Tier 2 and Tier 3 cities
- Development of Multi-Modal Logistics Parks at Chennai and Coimbatore
- Nodal agency for Tamil Nadu Defence Industrial Corridor (TNDIC)
- Nodal agency for the Greenfield Airport at Parandur
- Nodal agency for the implementation of Petroleum and Natural Gas Pipeline projects and the City Gas Distribution network
- Nodal agency for coordination in the logistics sector

State Industries Promotion Corporation of Tamil Nadu (SIPCOT)

State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) is a government-owned industrial land development agency in the Indian state of Tamil Nadu. SIPCOT is responsible for promoting industrial growth by providing comprehensive infrastructure facilities and services for industries to set up and operate in designated industrial areas and estates in Tamil Nadu.

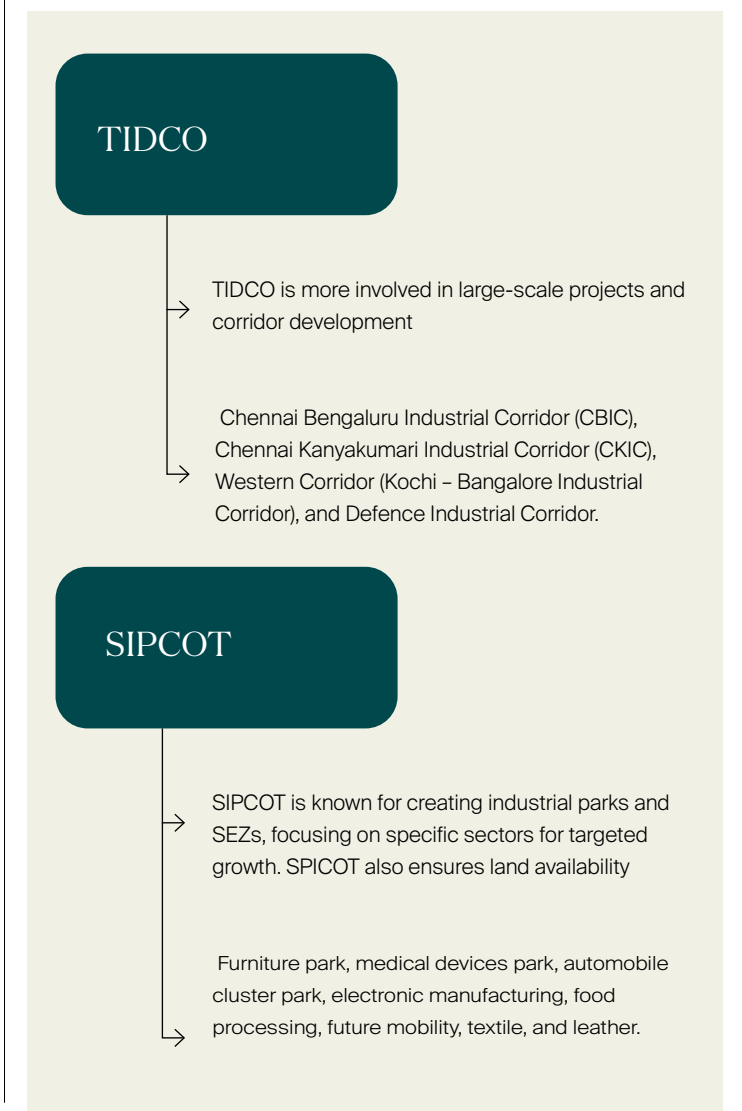
Over the years, SIPCOT has played a pivotal role in the development of 28 industrial parks, including 6 special economic zones (SEZs), spanning across 16 districts and covering approximately 38,538 acres. These industrial parks are equipped with essential infrastructure, featuring well-connected road networks, efficient stormwater drainage systems, reliable water supply and storage facilities, fully functional administrative offices, robust surveillance systems, green cover development, and well-maintained open space reservation (OSR) areas, emphasizing a harmonious balance between the industry and the environment. In addition to the 28 existing industrial parks, SIPCOT is in the process of establishing 7 new ones, over a total area of 6,035 acres for which the land

acquisition is nearing completion.

In recent times, SIPCOT has taken proactive measures to promote emerging sectors within the state, including furniture, medical devices, electronic manufacturing, food processing, future mobility, textiles & leather. These sector-specific parks are envisioned as key contributors to the industrial growth of Tamil Nadu.

Looking ahead, SIPCOT aims to establish a substantial land bank of 45,000 acres over the next five years, encompassing both upcoming and proposed industrial parks. The focus will be on industrially backward districts, ensuring that the land bank meets the demands of prospective investors and entrepreneurs, thereby furthering the industrial landscape of Tamil Nadu.

In summary, SIPCOT plays a crucial role in attracting investments to the state. By offering a well-planned and infrastructure-rich environment in its industrial parks, it encourages businesses to establish their presence in Tamil Nadu.



Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO)

Tamil Nadu Small Industries Development Corporation Limited (SIDCO) was established as a Government of Tamil Nadu undertaking with the aim of promoting and providing assistance to micro, small, and medium enterprises (MSMEs) in the state. SIDCO actively engages in the maintenance of 41 government industrial estates and 87 industrial estates established on its own, totalling 127 industrial estates across Tamil Nadu. The key activities of SIDCO include the establishment and upkeep of industrial estates, distribution of raw materials, provision of marketing assistance, promotion of private clusters and common facility centres, and facilitating MSMEs' access to technology, inputs, best practices, capital, and markets.

Tamil Nadu Industrial Investment Corporation Limited (TIIC)

Tamil Nadu Industrial Investment Corporation Limited (TIIC) stands as the pioneering state level development financial institution with a primary focus on meeting the financial requirements of micro, small & medium enterprises (MSME) in the state. Over 90% of TIIC's assistance is directed towards the MSME sector, with 40% specifically benefiting first-generation entrepreneurs. As of March 31, 2023, TIIC has cumulatively sanctioned USD 2.81 bn for 130,472 units, reflecting its significant contribution to fostering entrepreneurship and supporting the growth of MSMEs in Tamil Nadu.



Key State Policies

Tamil Nadu boasts a diverse and comprehensive set of state policies aimed at driving development across various sectors. Here's a brief overview of some key policies formed recently in the past 2 years.

Policy	Special Feature
Tamil Nadu Data Centre Policy 2021	It provides incentives to projects with an investment of over USD 61 mn and those that meet at least 30% of their energy requirement with renewable energy sources.
Tamil Nadu Life Sciences Policy 2022	The policy will boost investments into the life sciences sector covering medical devices & textiles, biotechnology & bio-services, pharmaceutical & nutraceutical industries. The policy aims to attract investments worth USD 2.44 bn and generate 50,000 jobs in 5 years.
Tamil Nadu R&D Policy 2022	This policy will support the development of research parks, centres of excellence and innovation hubs through a mix of incentives, regulatory support, and linkages, in order to attract scientific R&D and global capability centres (GCC) investments.
Tamil Nadu Footwear & Leather Products Policy 2022	The policy aims to attract USD 2.44 bn in investment and generate around 20 mn jobs by 2025. The policy has special provisions for cluster-based development.
Tamil Nadu Electric Vehicles Policy 2023	The policy supports supply side (GST reimbursement and capital subsidy) and demand side initiatives (waivers, amendments to existing bylaws). Specific support to charging infrastructure, and ecosystem development has also been targeted.
Tamil Nadu Ethanol Blending Policy 2023	To improve farmer income, revive the sugar industry and to attract investments worth USD 0.61 bn. In the molasses/grain-based ethanol production capacity.

Special Scheme for Technical Textiles, MMF Yarn from Recycled Products, MMF Fabric & Apparel Manufacturing 2023	An extension of TNIP 2021, it offers incentives for new/expansion projects, including capital subsidies for technical textiles and MMF fabric over a 10-year period.
Aerospace and Defence Industrial Policy 2023	The policy addresses regulatory frameworks, integrated infrastructure development, technology adoption, and skill development to position Tamil Nadu as a preferred destination for trade and commerce. Additionally, tailor-made fiscal incentives are provided to encourage private participation and enhance sector efficiency.
Tamil Nadu Logistics Policy & Integrated Logistics Plan 2023	The policy addresses regulatory frameworks, integrated infrastructure development, technology adoption, and skill development to position Tamil Nadu as a preferred destination for trade and commerce. Additionally, tailor-made fiscal incentives are provided to encourage private participation and enhance sector efficiency.
City Gas Distribution Policy 2023	The CGD Policy shall pave way for ensuring speedy implementation of CGD infrastructure by the seven-government authorised CGD entities with effective coordination by TIDCO.
Tamil Nadu Tourism Policy 2023	It aims to attract USD 2.44 bn investments over the next 5 years, employ 25 mn people & skill 0.3 mn people. Additionally, special guidelines for adventure tourism, caravan tourism, camping sites & homestays have been released.
Semiconductor and Advanced Electronics Policy 2024	The policy aims to make Tamil Nadu a hub for semiconductors and advanced electronics. It focuses on developing exclusive policies for these sectors and training youth for this industry. The state government offers up to 50% of additional financial incentives to semiconductor projects selected under the Centre's USD 10 bn chip subsidy plan.

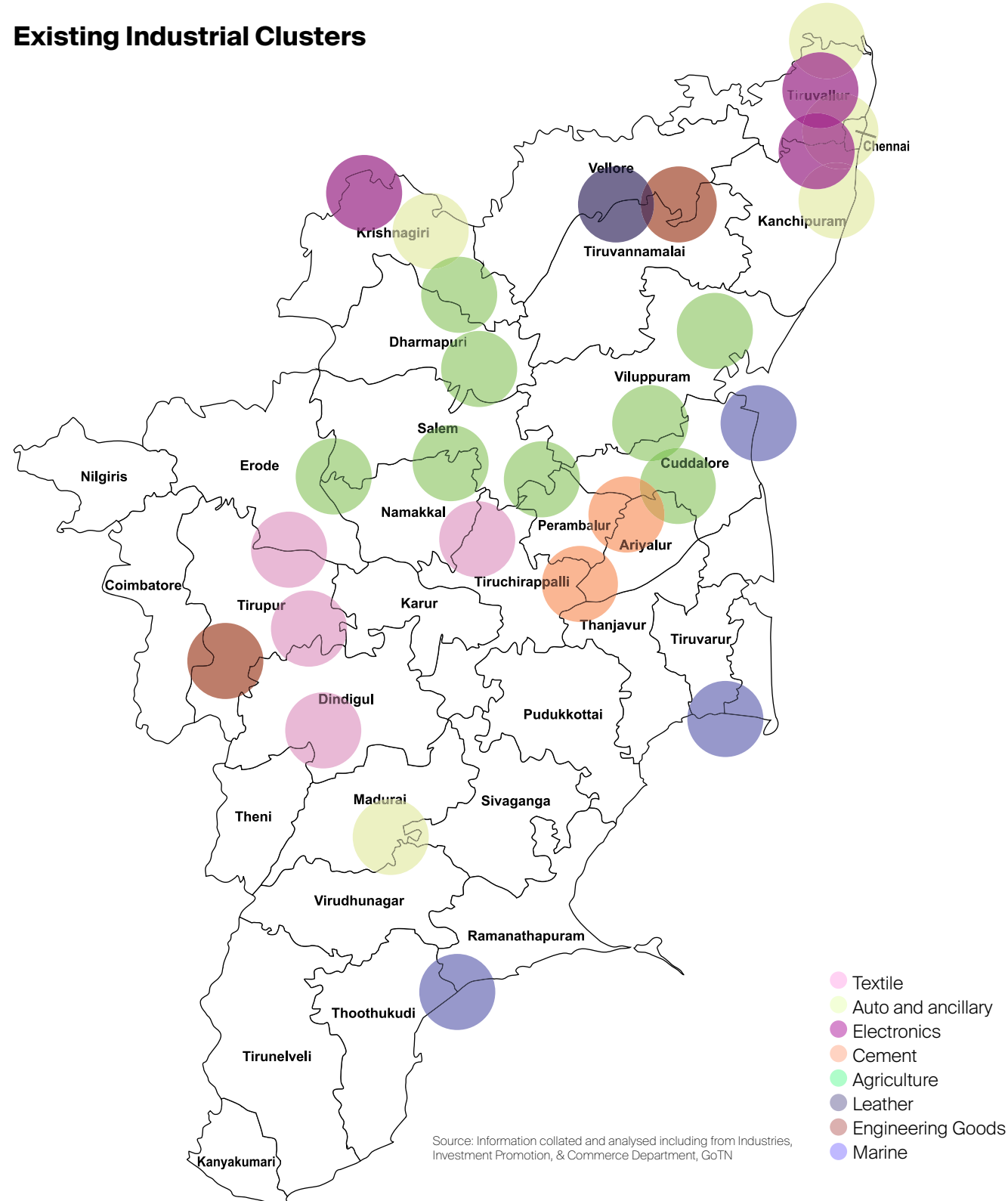
Source: Knight Frank Research



Manufacturing Base and Industrial Clusters

Tamil Nadu stands out as an economically diverse state, demonstrating exceptional prowess across various manufacturing sectors. Notably, it has consistently excelled in key industries such as automobiles and auto components, food products, textiles, apparel, leather goods, machinery, engineering goods, electronics, basic metals, chemicals, and rubber products. This broad range of successful sectors underscores Tamil Nadu's economic resilience and prominence in the manufacturing landscape.

Existing Industrial Clusters



Automobiles and Auto Components

Tamil Nadu has firmly established itself as a major hub for the automobile industry, attracting both national and international players. Chennai, recognized as a vital automotive centre, has acquired the moniker 'Detroit of Asia' owing to its flourishing automotive companies. The city retains its status among the world's top 10 car manufacturing centres. Notably, an automotive cluster has been established in the Sriperumbudur region, featuring key players such as Hyundai Motor India Limited, India Yamaha Motor Private Limited, Eicher Motors Limited, Renault Nissan Automotive India Private Limited, Daimler India Commercial Vehicles Private Limited, Mobis India Limited, Mando Hella Electronics Automotive India Private Limited, Schwing Stetter India Limited, among others. Hosur houses prominent manufacturers like Ashok Leyland and TVS Motors. The Coimbatore region is also developing into an auto component manufacturing cluster. The Namakkal-Tiruchengode belt in western Tamil Nadu is known for its truck body building industry. Several crucial components in the automotive supply chain including air suspension systems, brake systems, and wiper motors, are manufactured by companies like Lucas TVS, Wheels India, Sundram Fasteners, Sundaram Clayton, and Brakes India in the Ambattur-Padi industrial cluster in Chennai. The industry is providing direct and indirect employment to approximately 13.1 mn people.



Electric Vehicles

In recent years, Tamil Nadu has earned the title of 'EV capital of India', attracting major players such as Ola Electric, Ather Energy, Simple Energy, and Switch Mobility, among others, to establish their manufacturing bases in the state. The state is also responsible for manufacturing 70% of India's electric 2-wheelers. The revised EV policy launched in February 2023 aims to further strengthen the state's position in the electric vehicle sector. Hyundai Motor India has committed a significant investment of USD 2.44 bn over 10 years to advance use of electric vehicles and modernize its vehicle platform. Mahindra & Mahindra is expanding its R&D operations in Coimbatore, and Mitsubishi Electric India is establishing a manufacturing plant in Chennai. VinFast too is expected to invest USD 1.95 bn to set up an integrated electric vehicle factory in Thoothukudi.

In line with the growing emphasis on transforming mobility systems towards cleaner, safer, and sustainable alternatives, SIPCOT proposes to establish a Future Mobility Park on 300 acres at Shoolagiri, Krishnagiri District, at an estimated cost of USD 0.04 bn. This park aims to promote industrial units to manufacture electric vehicles, drones, autonomous

vehicles and their components, advanced cell manufacturing, power electronics, sensors & PCBs, and electric motors. The British High Commission (BHC) has assisted in preparing a Conceptual Master Plan for the development of the Future Mobility Park. Additionally, SIPCOT is developing an E-Vehicle Park on 300 acres at Manallur, to support the Government of Tamil Nadu's vision of creating an EV ecosystem in the state. This park aims to attract investments from OEMs of vehicles, battery manufacturers, and component manufacturers in the EV space.

Tamil Nadu is targeting USD 6.1 trn in investments in the EV sector, with a goal to create 0.15 mn new jobs and become a preferred destination for EV manufacturing in South-East Asia. Coimbatore, Tiruchirappalli, Madurai, Salem, and Chennai have been identified for development as EV hubs.



Textile and Garment Clusters

Tamil Nadu stands as a textile powerhouse, dominant in spinning, handloom weaving, power loom weaving, processing, knitwear, and garmenting. Its influence extends beyond India, and it is recognized globally for its craftsmanship and distinctive offerings. The state significantly contributes to the national economy hosting 893 large and medium textile mills out of 2,049 in the country which include cooperative spinning mills, national textile corporation mills, and composite mills. Notably, the textile sector in Tamil Nadu ranks third in FDI reception in India, with about 75% of power loom products earmarked for global exports, especially to the European market where there is a growing demand for processed cotton fabric and organic clothing. It leads the nation as the foremost producer of cotton yarn (~40%) and contributes significantly to India's textile business.

Coimbatore, known as the 'Manchester of South India', is at the forefront of textile cluster development, housing the most spinning mills. Tamil Nadu's prominence as the largest producer of cotton yarn extends to regions like Erode and Salem, with numerous power loom units. A textile cluster has been established in Perundurai with Jay Jay Mills Limited, KPR Mills, Premier Polyweave Private Limited, Sri Kannapiran Mills Limited, Amarjothi Spinning Mills Limited amongst others. Tiruppur has emerged as a dynamic cluster responsible for nearly 80% of the country's cotton knitwear exports, making it a global leader. It has attracted leading garment exporters, transforming it into one of the most dynamic clusters. Traditional artisanal clusters like Madurai and Kanchipuram specialize in silk and cotton handloom sarees, adding to the state's rich textile landscape.

Tamil Nadu's commitment to textile development is further underscored by its status as the state with the maximum number of functional Textile Parks in India. The upcoming PM Mega Integrated Textile Regions and Apparel (PM MITRA) Park in Virudhunagar District is a testament to this commitment. With an estimated infrastructure investment of USD 0.24 bn, the park will provide plug-and-play facilities, an effluent treatment plant, and testing facilities. Upon completion, it is poised to generate employment opportunities for 0.2 mn people, contributing significantly to the economic development of southern Tamil Nadu.

Engineering

Tamil Nadu stands as a prominent hub for precision engineering, hydraulic manufacturing, and heavy engineering, hosting several global manufacturers specializing in capital goods and heavy electrical equipment. The state holds the 2nd position in the national production of both general-purpose and special purpose machinery and ranks 4th in the production of heavy electrical equipment. Contributing significantly to the country's overall output, Tamil Nadu accounts for 19% of the national production in general-purpose and special-purpose machinery, and 8% in heavy electrical equipment.

The general engineering cluster in Hosur has been reinforced with key players such as Ashok Leyland Limited, Titan Industries Limited, Terex, WEG, and Prestige. Chennai has emerged as a heavyweight in the field serving as a hub for global manufacturers in capital goods and heavy electrical equipment segments. The region's growth as a robust manufacturing sector has been pivotal in nurturing the engineering industry's capabilities in product development and advanced manufacturing technology. Tamil Nadu's engineering landscape spans the entire spectrum of industrial machinery, meeting the demands of the construction industry. The state benefits from a robust technical education infrastructure, ensuring a consistent influx of trained human resources each year.

Electronics

Tamil Nadu has positioned itself as a major player in the electronics hardware manufacturing and export sector, securing the top spot in the export of electronic goods with exports exceeding USD 5.3 bn in the fiscal year 2022-23. The state's proactive promotion of electronics system design and manufacturing (ESDM) has increased the value addition within its borders, providing lucrative opportunities for investors to establish manufacturing facilities.

In Kancheepuram District, two sector-specific special economic zones (SEZs), namely the multi-sector SEZ in Oragadam and the multi-sector SEZ in Sriperumbudur, are dedicated to the electronic hardware sector. Sriperumbudur hosts a prominent electronics cluster featuring major companies like FIH India Developer Private Limited, Flextronics Technologies India Private Limited, Samsung India Electronics Private Limited, Dell India Private Limited, Salcomp Manufacturing India Private Limited, Sanmina SCI Technology India Private Limited, and Nokia Solution & Networks India Private Limited. Notably, Foxconn and Pegatron, suppliers for Apple, have facilities in Sriperumbudur, assembling high-end Apple phones. Tata Electronics, with a plant in Hosur on the Tamil

Nadu-Karnataka border, is also involved in the outsourcing of iPhone enclosures for Apple.

Demonstrating a commitment to the state, Foxconn has signed a significant deal with the Tamil Nadu government, involving a substantial USD 0.2 bn investment to manufacture mobile phone components, creating 6,000 jobs. This initiative highlights Tamil Nadu's proactive approach to cultivating a thriving ecosystem for electronics manufacturing, positioning itself as a key player in this dynamic sector. With a strategic vision, Tamil Nadu aims to build a USD 100 bn electronics system design and manufacturing industry within the next five years. Leveraging its well-developed manufacturing system, the state has emerged as a major electronics hardware manufacturing and exporting hub in the country.

To support the anticipated growth, SIPCOT plans to develop two electronics manufacturing clusters at Manallur in Tiruvallur District (469.09 acres), and Pillaipakkam in Kancheepuram District (379.30 acres). These clusters, established under the EMC 2.0 scheme of the Ministry of Electronics and Information Technology (MEITY), Government of India, will offer world-class infrastructure, common facilities, amenities, and Ready Built Factory/Plug and Play facilities to attract global electronics manufacturers and their supplier ecosystem..

Semiconductors

Tamil Nadu's semiconductor industry is rapidly advancing with key players shaping its trajectory. SPEL Semiconductors Limited, based in Maraimalai Nagar, Chennai, stands as a leading facility for wafer sort, IC assembly, and test subcon services. IGSS Ventures, a Singapore-based company, has invested significantly in a semiconductor fabrication unit in Tamil Nadu, contributing to job creation and economic growth. Polymatech, operating in Oragadam near Chennai, has been actively manufacturing semiconductor chips since 2019. The state's electronics manufacturing services (EMS) hub further supports the semiconductor ecosystem, attracting global companies for manufacturing and research. KLA Corporation has established two state-of-the-art facilities in Chennai, emphasizing research and talent development for semiconductor solutions.

Additionally, Qualcomm's announcement of a new design centre in Chennai, focusing on wireless connectivity solutions and 5G cellular technology, underscores the state's importance in the global semiconductor landscape. With the semiconductor sector poised to benefit from the automotive industry's shift to electric vehicles and increasing demand from emerging technologies, Tamil Nadu's strategic initiatives position it as a significant player in this critical industry.

Leather and Footwear

The state of Tamil Nadu is recognized for its leather industry, offering a diverse range of products such as shoes, bags, wallets, belts, jackets, and various accessories. The state hosts numerous established and emerging leather companies, specializing in various facets of leather production, including tanning, processing, design, and finishing. With close to 600 tanneries, Tamil Nadu is a key centre for the leather industry in India. The sector predominantly transforms semi-finished leather into finished and

value-added products for export. Tamil Nadu commands a significant share in India's leather landscape, representing 60% of the country's leather tanning capacity and contributing 38% to the production of leather footwear, garments, and components. Impressively, the state holds a 45% share in India's total leather exports and contributes 2% to the global supply of finished leather.

Various leather and tannery facilities are concentrated in areas around Vellore, including Ranipet, Ambur, and Vaniyambadi. Additionally, clusters of leather processing thrive in Peranampattu, Tiruchirappalli, Dindigul, Perambalur, Erode, and Chennai. It is worth noting that the state is a hub for manufacturing of leather footwear brands and is associated with several global fashion brands like Louis Vuitton, Giorgio Armani, Gucci, Clarks, Cole Haan, Daniel Hechter, Bugatti, Prada, Zara, Coach, Tommy Hilfiger, Hush Puppies, Ecco, Johnston & Murphy, Hugo Boss, Pierre Cardin, etc. These brands have chosen Tamil Nadu as their manufacturing base, often sourcing raw materials from the state.

The state is also trying to establish itself in the non-leather footwear sector. Pou Chen Corporation and Feng Tay, who manufacture shoes for major global brands like Nike, Adidas, Timberland, and New Balance are setting up manufacturing units in Kallakurichi and Tiruvannamalai districts respectively. Crocs has already begun manufacturing since November 2023. The launch of the Tamil Nadu Footwear and Leather Products Policy 2022 has been instrumental in bringing in investment projects worth at least USD 0.27 bn in this sector. Going forward, SIPCOT is planning to establish a mega leather, footwear & accessories cluster in Panapakkam, Ranipet District, covering 300 acres with a project cost of USD USD 0.03 bn. Additionally, an SEZ for the footwear manufacturing sector is also in the works at Panappakam.

Food Processing and Agriculture

Tamil Nadu has firmly established itself as a key player in the agro and food processing sector, boasting around 24,000 SMEs and 1,100 medium to large units actively contributing to the industry. The state capitalizes on its competitive edge, leveraging abundant agro resources, a growing demand base, and excellent access to both domestic and international markets. It stands out as a leading producer of various agricultural products, including rice, maize, sugarcane, mango, banana, turmeric, coconut, groundnut, cashew, tea, coffee, dairy, egg, and poultry.

Supported by robust irrigation infrastructure, incorporating rivers, canals, and wells, Tamil Nadu ensures consistent agricultural production. The state embraces advanced technologies like drip irrigation and precision agriculture. The agriculture sector significantly contributes 15% to Tamil Nadu's economy, with a consistent annual food grain production of 11 mn metric tonnes. Notably, Tamil Nadu holds a 7.2% share in India's food processing output and boasts the second-highest number of food processing units.

The Government of Tamil Nadu is proactively establishing eight agro-processing clusters and six mega food parks, showcasing its commitment to bolster its presence in this crucial sector. SIPCOT is leading this initiative with the establishment of mega food parks in Manapparai (138 acres), Tindivanam (158 acres), and Theni (152 acres), with primary focus on

MSME units. The Ministry of Food Processing and Industry, Government of India, has designated these food parks as Mega Food Parks. NABARD has sanctioned term loans of USD 13.4 mn for the Manapparai Food Park, USD 16.9 mn for Theni Food Park, and USD 10.4 mn for Tindivanam Food Park for infrastructure development.

Defence

Tamil Nadu is rapidly positioning itself as a significant hub for defence and aerospace manufacturing, with plans for the first-ever Defence Industrial Corridor underway. The state hosts defence manufacturing PSUs and ordnance factories, fostering the growth of numerous SMEs in the defence supply chain. Notably, investments totalling approximately USD 413 mn have been announced in the Tamil Nadu Defence Corridor. The 250-acre TIDCO Aerospace Park, expandable to 500 acres, serves as a crucial asset in this ecosystem. Additionally, the establishment of an Aircraft MRO (Maintenance Repair Overhauling) facility in Krishnagiri and an upcoming MRO facility in Chennai is set to further propel industry growth. Commercial aircraft MRO is essential for maintaining aircraft airworthiness, ensuring safe transportation. Collaboration between Taneja Aerospace & Aviation Limited (TAAL) and Air Works India for an aviation infrastructure agreement at TAAL's private licensed airfield in Hosur adds a strategic dimension to the state's aerospace capabilities

Services Industries

Tamil Nadu's services sector is a cornerstone of its economic vibrancy. The state is a prominent IT and BPO hub with Chennai as a key destination for global tech companies. In addition, Tamil Nadu boasts a robust presence in the BFSI sector, supported by major financial institutions. The state's rich cultural heritage attracts tourists, fostering growth in the hospitality and tourism services. Furthermore, Tamil Nadu prioritizes education and healthcare, housing premier institutions and advanced medical facilities. Overall, the services industry in Tamil Nadu plays a central role in the state's economic prowess and contributes to its status as an Indian economic powerhouse.

Information Technology (IT)/ IT Enabled Services (ITeS) and GCCs

Tamil Nadu stands as the fourth-largest state in India for IT/ITeS output, contributing approximately 9% to the sector. The state's IT landscape is fortified by Chennai and four other emerging IT hubs. Additionally, Tamil Nadu hosts over 160 Global Capability Centres (GCCs), constituting about 10% of the national count.¹ Chennai, recognized for its cost-effectiveness and high engineer output (0.2 mn engineers per year), is experiencing substantial growth, especially in the Software as a Service (SaaS) sector, with a remarkable 24% compound annual growth rate (CAGR). The GCC market is projected to double by FY 2030, potentially adding USD 45 bn in revenue.¹ Tamil Nadu's strategic advantages, including favourable policies, fibre availability, proximity to data centres, and reliable power, further enhance its appeal for IT and related industries. The Siruseri IT cluster, home to major players like TCS, Cognizant, and Hexaware, is evolving into a data centre hub, featuring prominent companies such as NPCI, Sify, Nxtra Data, and Equinix. This development positions Tamil Nadu as a key player in the evolving IT landscape of India.

¹NASSCOM GCC report 2023

Hospitality and Tourism

Tamil Nadu stands out as a popular tourist destination, drawing a significant 494.9 mn domestic visitors and hosting 6.9 mn foreign tourists. With a rich tapestry of attractions including 33,046 ancient temples, five UNESCO World Heritage sites, and 412 ASI monuments, the state is a treasure trove of history and culture. Its 1,000 km coastal line features pristine beaches, complemented by ecotourism and wildlife sites. Accommodations cater to diverse preferences and budgets, offering luxurious stays in tourist hotspots and budget-friendly options in bustling cities. As of April 30, 2022, the state boasts 187 approved hotels across various categories, ensuring adherence to set standards regulated by the Tourism Departments of the Central and State Governments. Here are some highlights of Tamil Nadu tourism:

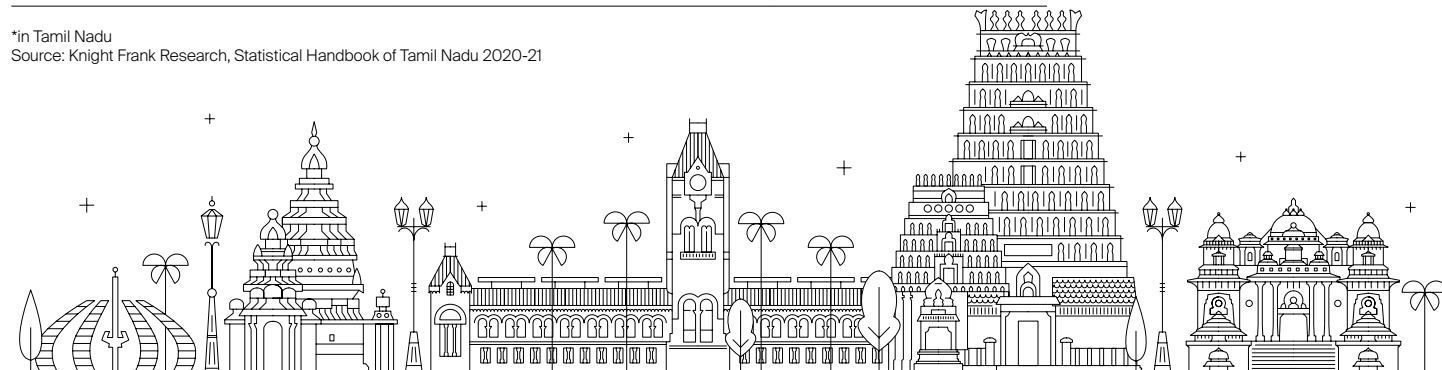
- **Temples and Heritage Sites :** Tamil Nadu is home to some of the most significant and ancient temples in India. The temples in cities like Chennai, Madurai, Kanchipuram, and Thanjavur showcase exquisite Dravidian architecture and intricate carvings. The Brihadeshwara Temple in Thanjavur and Meenakshi Amman Temple in Madurai are particularly famous.
- **Cultural and Artistic Heritage:** The state is a hub of classical arts and music. Chennai, the state capital, hosts the annual Margazhi Music and Dance Festival, attracting artists and enthusiasts from around the world. Bharatanatyam, a classical dance form, has its roots deeply embedded in Tamil Nadu.

- **Hill Stations:** Tamil Nadu boasts picturesque hill stations like Ooty, Kodaikanal, and Yercaud. These destinations offer a pleasant climate, lush greenery, and opportunities for trekking and nature walks.
- **Beaches:** The coastal areas of Tamil Nadu feature beautiful beaches. Marina Beach in Chennai is one of the longest urban beaches globally, offering a relaxing environment and vibrant street food culture. Other notable beaches include Kanyakumari, Mahabalipuram, and Rameswaram.
- **Wildlife Sanctuaries:** The state is home to several wildlife sanctuaries and national parks. Mudumalai National Park and Guindy National Park provide opportunities for wildlife enthusiasts to observe diverse flora and fauna.
- **Culinary Delights:** Tamil Nadu is renowned for its unique cuisine. From crispy dosas and spicy Chettinad curries to filter coffee, the state offers a diverse range of culinary delights that cater to different tastes.
- **Festivals:** The state celebrates various festivals with grandeur. Pongal, a harvest festival, is one of the most significant celebrations. The vibrant and colourful festivals showcase the cultural richness of Tamil Nadu.
- **Handicrafts and Silk:** Tamil Nadu is known for its silk weaving industry. Kanchipuram silk sarees, in particular, are famous for their craftsmanship. The state is also known for traditional handicrafts like bronze sculptures, Tanjore paintings, and stone carvings.

Key tourist cities and major attractions

City	% of Tourism Footfall*	Major Attraction
Chennai	8-9%	Beaches, Temples
Coimbatore	4-5%	Hill Stations, Temples
Cuddalore	4-5%	Beaches, Monuments
Dindigul	5-7%	Hill Stations
Kancheepuram & Chengalpattu	6-7%	Buddhist centres
Kanyakumari	5-6%	Beaches, Sunrise/Sunset
Madurai	6-7%	Temples
Nilgiri	2-3%	Tea Farms, Biosphere Reserves
Thanjavur	4-5%	Temples, Agricultural
Tiruchirappalli	7-8%	Temples, Monuments

*in Tamil Nadu
Source: Knight Frank Research, Statistical Handbook of Tamil Nadu 2020-21



The introduction of Tamil Nadu's inaugural Tourism Policy signifies a monumental step toward establishing tourism as a major economic sector in the state. With a focus on increasing revenues for the local economy, supporting communities, and fostering sustainable growth, the policy aims to create a robust tourism ecosystem. Emphasizing safety, high-quality experiences, and a conducive environment, the policy targets the development of 12 priority tourism segments, ranging from adventure and cultural tourism to medical and wellness tourism. This comprehensive approach underscores Tamil Nadu's commitment to becoming a thriving and diverse tourism destination.

Education

Education and a skilled workforce are pivotal contributors to Tamil Nadu's growth trajectory. The state has strategically invested in building robust social infrastructure, positioning it as a front-runner in human capital. With a labour force participation rate (LFPR) of approximately 63%, Tamil Nadu takes pride in its commitment to high-quality education, hosting 22 of the top 100 Indian universities. This emphasis on education is reflected in the state's substantial pool of skilled workers, constituting about 38% of its labour distribution, a remarkable figure compared to the national average of 11%.

Annually, Tamil Nadu produces approximately 145,000 engineering and 115,000 Industrial Training Institute (ITI) graduates, contributing significantly to its skilled workforce. The state's educational focus is further evidenced by impressive gross enrolment ratios (GER) across various levels, surpassing national averages. The literacy rate of 80.33% positions Tamil Nadu as the eighth highest among all states, showcasing substantial progress from 2001.

Moreover, the state houses prestigious academic and research institutions like IIT Madras, Anna University, NIT Trichy, and others, further elevating its stature in education and research. This commitment to fostering human capital underscores Tamil Nadu's vision for sustainable and inclusive development.

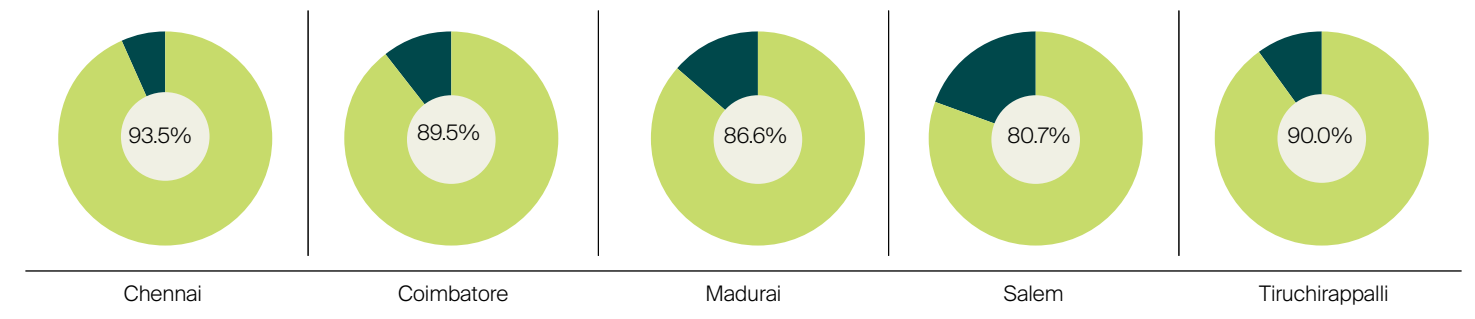
Healthcare

Tamil Nadu stands as a beacon of advanced healthcare in India, boasting a remarkable network of 582 government hospitals in urban areas as of 2021. The state takes pride in its commitment to ensure that quality healthcare reaches every citizen, blending accessibility with cutting-edge medical services. This dedication is strongly reflected in both government-run and private hospitals.

Chennai, often referred to as the health capital of India, attracts a substantial influx of health tourists, both domestic and international, accounting for 45-50% and 40% respectively. The city's status is fortified by its ranking as the second-best in Niti Aayog's Composite Health Index (CHI). With the third-highest number of medical colleges in the country, Chennai stands as a hub for medical education and expertise.

Tamil Nadu's healthcare system shines with a high doctor-patient ratio of 4 doctors per 1000 people, a significant improvement compared to the national ratio of 1.34. This places it on par with leading countries like Norway and Sweden. The state also boasts 1 bed per 935 people, double the national average, underscoring its robust healthcare infrastructure. This commitment to healthcare excellence positions Tamil Nadu as a leader in ensuring the well-being of its residents.

Literacy rate in different districts



Source: Knight Frank Research, Census 2011



Infrastructure

Tamil Nadu's robust infrastructure plays a pivotal role in driving its economic and social development. The state boasts excellent connectivity through an extensive network of roads, airports, and railways, supporting both industrial growth and enhancing the quality of life for residents. Notably, all districts in the state are covered under industrial corridors showcasing a comprehensive approach to development. With the second-largest coastline in the country and three major ports accounting for approximately 21% of India's capacity, Tamil Nadu is a significant player in maritime trade. As a leading power generator, the state has the third-highest installed power capacity in India with a noteworthy 53% share of renewables, the second highest in the country. Additionally, Tamil Nadu excels in telecom infrastructure, with one of the largest bandwidth availabilities at 15 TBps. This extensive infrastructure network serves as the backbone of the state's industrial and commercial endeavours, ensuring seamless connectivity and accessibility.



Airports Infrastructure Projects: Tamil Nadu

7%

Tamil Nadu as a percent of the country's aircraft movements

7%

Tamil Nadu's share in the country's total passenger movements

11%

Tamil Nadu's share in total freight movement

Key Infrastructure Projects: Tamil Nadu

Tamil Nadu's airports play a significant role in the aviation landscape of India constituting 7% of the country's aircraft movements, 7% of total passenger movements, and 11% of the total freight.

Chennai International Airport

Airport provides both domestic and international connectivity and is located off GST Road, 16 km from the CBD. The Chennai airport comprises two terminals, the Kamaraj Terminal, which handles domestic flights connecting 20 destinations across the country and the International Terminal, named Anna Terminal, which connects major destinations like London, Frankfurt, Dubai, Muscat, Bahrain, Dhahran, Jeddah, Singapore, Kuala Lumpur and Sri Lanka. Chennai is currently serviced by 33 international and 19 domestic airlines. Chennai airport has handled 18.1 mn passengers and over 2,21,712 metric tonnes of cargo during the period April-November 2023.

Coimbatore International Airport

Located in Peelamedu, Coimbatore, serves as a crucial air transportation hub in the region. The airport is well-connected and facilitates domestic and limited international flights, contributing significantly to the air travel needs of the city and its surrounding areas. With its strategic location and modern facilities, Coimbatore International Airport plays a vital role in enhancing regional connectivity and promotes economic activities in the western part of Tamil Nadu. There are 7 airlines flying from Coimbatore to 15 airports around the world.

Tiruchirapalli International Airport

Commonly known as Trichy Airport, is located approximately 5 km south of the city centre of Tiruchirapalli. It serves as a key aviation facility for the central part of the state. This airport has grown in importance, offering domestic and limited international flights, contributing to improved air connectivity for the region. There are 7 airlines flying from Tiruchirappalli to 23 airports around the world.

Madurai International Airport is located about 12 kilometers from the city centre, providing convenient air connectivity to and from the region. The airport has both domestic and international terminals. There are 5 airlines flying from Madurai to 12 airports around the world. There are 5 airlines flying from Madurai to 12 airports around the world.

Madurai International Airport

Is located about 12 km from the city centre, providing convenient air connectivity to and from the region. The airport has both domestic and international terminals. There are 5 airlines flying from Madurai to 12 airports around the world.

Tuticorin Airport

Is situated in Vagaikulam, approximately 16 km northeast of the city centre of Thoothukudi. One airline flies from Tuticorin to 2 airports in India, Chennai and Bangalore.

Salem Airport

Is situated in Kamalapuram, approximately 15 km northeast of the city of Salem. The airport primarily serves as a base for the Indian Air Force, and also handles limited civilian operations. The airport has basic facilities for passengers, including a terminal building with waiting areas and check-in counters. There are 2 airlines flying from Salem to 4 airports in India (Chennai, Bangalore, Cochin and Hyderabad).

The Parandur Greenfield International Airport

The Parandur Greenfield International Airport is a strategic project planned to bolster the airport infrastructure in Chennai, Tamil Nadu. Positioned near the town of Parandur in the Kanchipuram district, this greenfield airport aims to complement the services of the existing Chennai International Airport. Spanning approximately 5,000 acres, the Parandur Airport is designed to handle a substantial annual passenger capacity of 60 mn. Strategically located about 60 km from the city center and connected to the Bangalore-Chennai Expressway, it seeks to enhance Chennai's global connectivity. The airport will feature two runways, terminal buildings, taxiways, a cargo terminal, and other amenities with an estimated investment of USD 2.44 bn, contributing significantly to meet the growing demand for air travel in the region. The anticipated completion date is 2028.

Airport Statistics

	Apr-Mar 23	Apr- Nov 23	Apr-Mar 23	Apr- Nov 23	Apr-Mar 23	Apr- Nov 23
	Aircraft Movements (Int & Dom) (Unit: in Nos)		Total Passengers (Int and Dom) (Unit: in mn nos)		Total Freight (Int & Dom) (Unit: in Metric Tonnes)	
Chennai International Airport	1,37,693	97,070	18.6	14.0	3,42,737	2,21,712
Coimbatore International Airport	17,642	12,288	2.6	2.0	8,381	5,684
Tiruchirapalli International Airport	7,828	9,139	1.5	1.1	6,357	4,331
Madurai International Airport	11,119	8,189	1.1	0.9	2,872	2,216
Tuticorin Domestic Airport	3,232	234	0.2	0.1	2	0
Salem Domestic Airport	97	2,048	0.0	0.0	0	3
Total	1,77,611	1,28,968	24.0	18.1	3,60,349	2,33,946
As a % of India	7%	7%	7%	7%	11%	11%

Source: AAI, Knight Frank Research





Ports

Chennai Port

Chennai Port, situated on the southeastern coast of India, is a vital maritime gateway and one of the major ports in the country. Serving as a key trade hub, it facilitates the import and export of goods, contributing significantly to the region's economic activities. The port is strategically located, providing easy access to the Bay of Bengal. Chennai Port handles a diverse range of cargo including containers, bulk cargo, and liquid cargo. With modern infrastructure and efficient handling facilities, the port plays a crucial role in promoting trade and commerce, both domestic and international. It serves as a pivotal link in the maritime network, supporting the economic growth of Chennai and the surrounding regions.

Ennore Port

Ennore Port, officially known as Kamarajar Port Limited, is located in Chennai, along the Coromandel Coast of the Bay of Bengal. Established to augment the capacity of the nearby Chennai Port, Ennore Port has emerged as a significant maritime facility. The port is well-equipped to handle bulk cargo, including coal, iron ore, and other dry bulk commodities. It also has facilities for handling containers, making it a versatile port catering to different trade needs. One of the distinctive features of Ennore Port is its dedicated coal terminal, which plays a crucial role in handling coal imports for power generation and industrial purposes. Ennore Port's development reflects the state's continuous efforts to enhance maritime infrastructure and facilitate trade in the Chennai metropolitan area.

VO Chidambaranar Port

VO Chidambaranar Port, formerly known as Tuticorin Port, is located along the southeastern coast of India. It is one of the major ports in the country and plays a crucial role in facilitating maritime trade and commerce. The port is well-equipped to handle various types of cargo, including containers, liquid bulk, dry bulk, and general cargo. It has modern infrastructure including deep draft berths and advanced handling facilities, making it a key player in the maritime trade of the region. The port's strategic location on the east coast makes it an essential gateway for trade, connecting India to international markets. It serves as a vital link for both import and export activities, contributing significantly to the economic development of Tamil Nadu and the surrounding regions. The port has witnessed continuous development and expansion to meet the growing demands of trade and commerce. It plays a pivotal role in the logistics chain, supporting industries, and fostering economic growth in the southern part of India.

Port Statistics (in mn tonnes)

		Actual 2021-22	Provisional Apr-Dec 22
Chennai Port	Existing /Operational	48.6	36.3
Ennore Port	Existing /Operational	38.7	32.6
V. O. Chidambaranar Port	Existing /Operational	34.1	27.7

Source: Ministry of Ports, Shipping and Waterways Annual Report 2022-23

Trunk Infrastructure: Road and Rail Network

Road

Tamil Nadu state has a robust road network of national and state highways. An effective and secure road infrastructure is not merely a prerequisite for economic growth but also plays a pivotal role in elevating the overall well-being of the populace. A well-organized road network acts as a catalyst for development across crucial sectors like agriculture, industry, mining, energy, and tourism, thereby enhancing competitiveness, productivity, and overall efficiency. This infrastructure is essential not only for economic prosperity but also for achieving social objectives, ensuring that all citizens have access to vital services and amenities. Recognizing its paramount importance, the Government of Tamil Nadu has been deeply committed to advancing road infrastructure projects, considering them as instrumental pathways to achieve economic and societal development goals.



Classification of Roads	Length (in kms)
State National Highways Wing	1,677
National Highways	National Highway Authority of India
	5,128
Total	6,805
State Highways	12,291
Major District Roads	12,034
Other District Roads	42,057
Total length of roads other than NH	66,382
Overall Total	73,187

Railways

The state of Tamil Nadu boasts a well-established railway network with major junctions at key locations such as Chennai, Coimbatore, Katpadi, Madurai, Salem, Erode, Dindigul, Karur, Nagercoil, Tiruchirapalli, and Tirunelveli. Covering a substantial track length of 5,952 km and hosting 532 railway stations, Tamil Nadu's railway infrastructure is a vital component of its transportation system. The Nilgiri Mountain Railway, acknowledged as a UNESCO World Heritage Site, connects Ooty in the hills with Mettupalayam in the foothills, offering a scenic and iconic journey. Additionally, the Pamban Bridge, a century-old engineering marvel spans the sea, linking Rameswaram in Pamban Island to the mainland, showcasing the state's rich railway heritage.



Multi-Modal Logistics Parks

The creation of Multi Modal Logistics Parks (MMLP) is encouraged to enhance connectivity and streamline logistics movement in the state. These initiatives aim to reduce the overall cost of logistics by developing MMLPs at strategic locations.

The Multi Modal Logistics Park (MMLP) at Mappedu, Chennai is among the first projects to be chosen for implementation under the grand scheme of 'Bharatmala Pariyojna' of the Government of India. The development spans an expansive 184.27 acres. This project has been awarded to Reliance Industries Limited and operates under the National Master Plan, fostering large scale state-of-the-art infrastructure projects through a Public-Private Partnership (PPP) model. A dedicated Government Special Purpose Vehicle (SPV) has been established featuring collaboration between the Central Government, State Government, National Highways Logistics Management Limited, Rail Vikas Nigam Limited, Chennai Port Authority, and Tamil Nadu Industrial Development Corporation. With an estimated project cost of USD 0.17 bn and a concession period of 45 years, the SPV aims to provide 4-lane NH connectivity spanning 5.4 km and a new rail siding to the MMLP site spanning approximately 10.5 km. The MMLP's development will unfold in three phases with an anticipated developer investment of USD 0.10 bn. The targeted timeline for Phase 1 is slated for completion in 2025 i.e. within two years, leading to commencement of commercial operations. Strategically located around 52 km from Chennai Port, 80 km from Ennore Port, and 87 km from Katupalli Airport, the MMLP in Chennai is poised to become a pivotal logistics hub in the southern region. Over a horizon of 45 years, it is estimated to handle 7.17 mn metric tonnes (MMT) of cargo.

Coimbatore and the surrounding areas, known for their diverse manufacturing industries, are set to benefit from the upcoming modern logistics facilities. The park, spanning 100 to 120 acres in Coimbatore district, aims to address the logistics needs of both foreign trade and domestic cargo movement. The Tamil Nadu Industrial Development Corporation will identify the land, while two private companies prepare a detailed project report. The National Highways Authority of India (NHA) will be responsible for developing the necessary infrastructure. The logistics park will include warehouses and ensure proximity and access for air, rail, and road cargo movement, with the selection of land considering various factors.

India's first MMLP will be in Tamil Nadu

Name	Status
Chennai Multi Modal Logistics Park	Upcoming
Coimbatore Multi Modal Logistics Park	Upcoming

Industrial Corridors

Tamil Nadu stands as a unique example in India, being the only state where all its districts are encompassed within industrial corridor projects. TIDCO takes on the pivotal role of a designated nodal agency, orchestrating the coordination of industrial and infrastructural development across these corridors in collaboration with various government agencies.

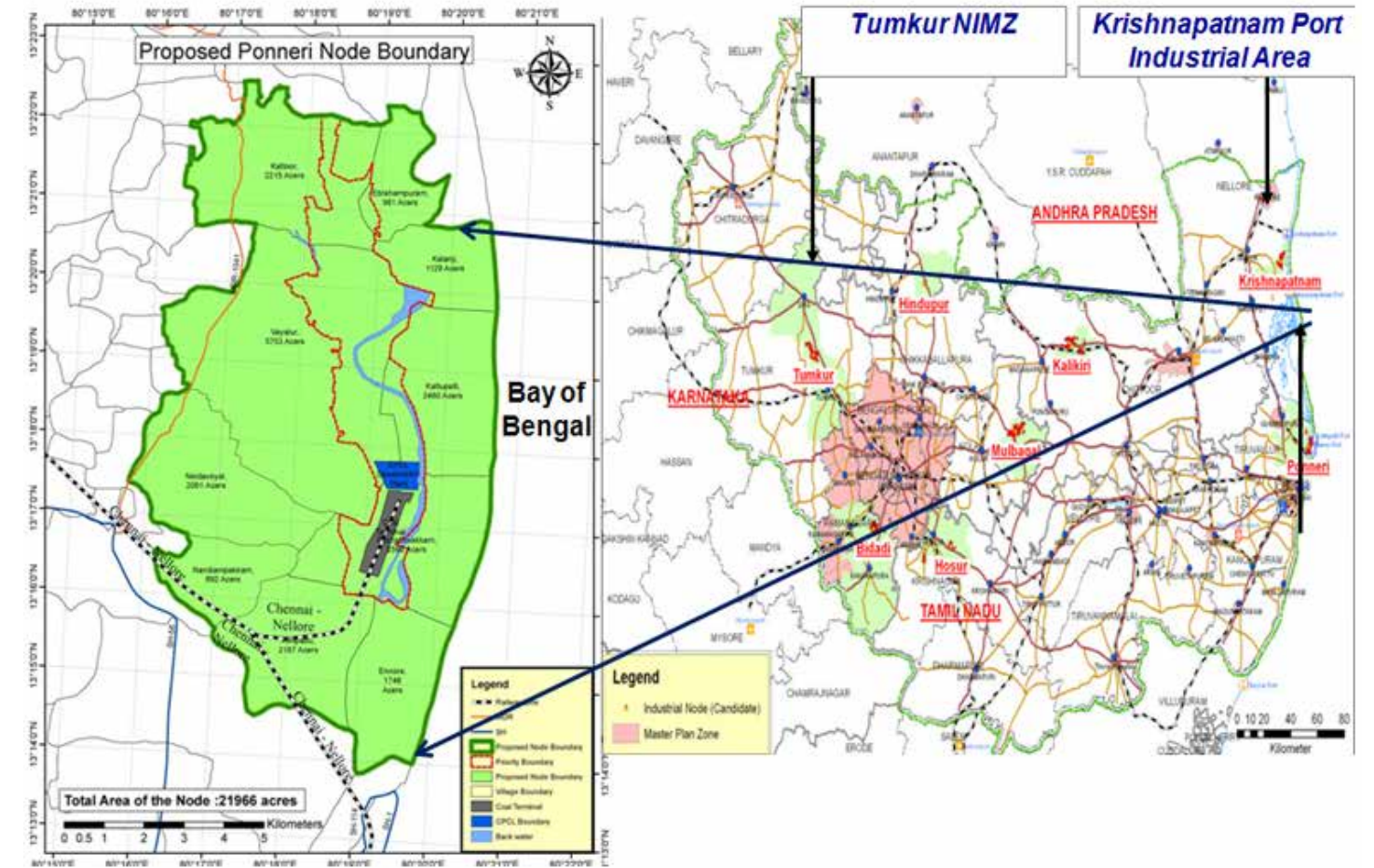
Name	Status
Chennai Bengaluru Industrial Corridor	Upcoming
Chennai Kanyakumari Industrial Corridor	Upcoming
Kochi – Coimbatore – Bengaluru Industrial Corridor	Upcoming
Tamil Nadu Defense Industrial Corridor	Upcoming

Only state where all its districts are encompassed within industrial corridor projects

Chennai Bengaluru Industrial Corridor

The CBIC is under development with three nodes identified: Tumakuru in Karnataka, Krishnapatnam in Andhra Pradesh, and Ponneri in Tamil Nadu. The project was approved by the Government of India on 30th December 2020. These nodes are scheduled to be developed by 2026. Chennai Bengaluru Industrial Corridor (CBIC) is planned to achieve accelerated development and regional industry agglomeration in the states of Tamil Nadu, Karnataka and Andhra Pradesh.

Chennai Bengaluru Industrial Corridor



Source: TIDCO



Chennai Kanyakumari Industrial Corridor

The CKIC is also under development. The project aims at improving about 589 km of state highways. The land acquisition for the project is in progress.

Source: TIDCO

Kochi – Coimbatore – Bengaluru Industrial Corridor

This corridor is an extension of the Chennai Bengaluru Industrial Corridor (CBIC) to Kochi via Coimbatore. The land acquisition for the proposed Kochi-Bengaluru Industrial Corridor is in progress. Additional major nodes include Salem, Namakkal, Erode, Karur, Tiruppur, Coimbatore and the Nilgiris.



Source: Guidance

Tamil Nadu Defence Industrial Corridor:

This initiative aims to leverage the state's existing industrial capabilities, skilled workforce, and infrastructure to enhance and fortify the defence manufacturing sector, fostering innovation and economic growth in the region. Tamil Nadu's strategic location and robust industrial landscape make it an ideal hub for the Aerospace & Defence industry. With the largest number of factories in the country, the state offers a well-established supply chain for sourcing a wide range of products and services in this sector. Diversified clusters, strategically located across Tamil Nadu will contribute to the corridor's success.

Hosur

Major Industry

TEAL, TAAL, Airworks, Ashok Leyland

Industry Capability

MRO & Automobiles

Chennai

Major Industry

HVF, OCFV, L&T Defence Shipyard, TVS Sundaram Defence, Ashok Leyland

Industry Capability

Automotive, Armoured vehicles, Precision manufacturing and Electrois

Salem

Major Industry

Aerospace Engineers Pvt Ltd, Salem Steel Plant

Industry Capability

Technical textiles, Polymers & General Engineering

Truchirappalli

Major Industry

BHEL, TREAT, Ordnance factory, HAPP

Industry Capability

Fabrication and General Engineering

Coimbatore

Major Industry

L&T Missile and Aerospace Division, LMW, ROOTS, PRICOL

Industry Capability

General engineering, Space technology & Precision manufacturing

Source: TIDCO

Metro Rail

Chennai Metro Rail Project

Chennai Metro Rail ridership count is increasing day by day and it has touched a new record of 8 mn passengers during November 2023. This equates to about 0.26 mn passengers travelling by the metro on a daily basis. Passengers use various modes of ticketing: the QR ticketing system, the Travel Card Ticketing system, and the NCMC Singara Chennai Card.

Phase I

Phase I and the extension of the metro rail project envisaged the creation of two initial corridors along the routes mentioned below, which have been completed and are operational.

About 55% of the corridors in Phase I are underground and the remaining are elevated. Of 32 stations, 13 are elevated stations, and the remaining 19 are underground stations. There are inter corridor interchange stations in Alandur (elevated) and Chennai Central (underground).



Name	Status
Chennai Metro Rail	Operational: Phase 1 and Extension Upcoming: Phase 2
Coimbatore Metro Rail	Upcoming
Madurai Metro Rail	Upcoming

Corridor	Routes	Length
Corridor 2		
Washermanpet to Chennai airport	Washermanpet – Mannadi – High Court – Chennai Central – Government Estate – LIC – Thousand Lights – AG-DMS – Teynampet – Nandanam – Saidapet – Little Mount – Guindy – Alandur – Nanganallur – Meenambakkam – Chennai airport	23.085 km
Corridor 2		
Chennai Central – St. Thomas Mount	Chennai Central – Egmore – Nehru Park – Kilpauk – Pachaiyappas College – Shenoy Nagar – Annanagar East – Anna Nagar Tower – Thirumangalam – Koyambedu – CMBT – Arumbakkam – Vadapalani – Ashok Nagar – Ekkatuthangal – Alandur – St. Thomas Mount	21.961 km
Total		45.046 km

Source: Chennai Metro Rail, Knight Frank Research

Phase I Extension:

The Phase 1 Extension from Washermanpet to Wimco Nagar is commissioned and opened for public. Phase I Extension consists of 9 stations and an elevated depot within which 7 stations are elevated, and the remaining 2 are underground.

Corridor	Routes	Length
Corridor 1		
Wimco Nagar to Washermanpet	Wimco Nagar – Tiruvottiyur – Kaladipet – Toll Gate – New Washermanpet – Ton-diarpet – Thiyagaraya College – Washermanpet Metro	9.05 Km
Total		9.05 Km

Source: Chennai Metro Rail, Knight Frank Research

Phase II:

The phase-2 of Chennai metro will be open to the public in phases between 2025 and 2028.

Routes for the Phase II

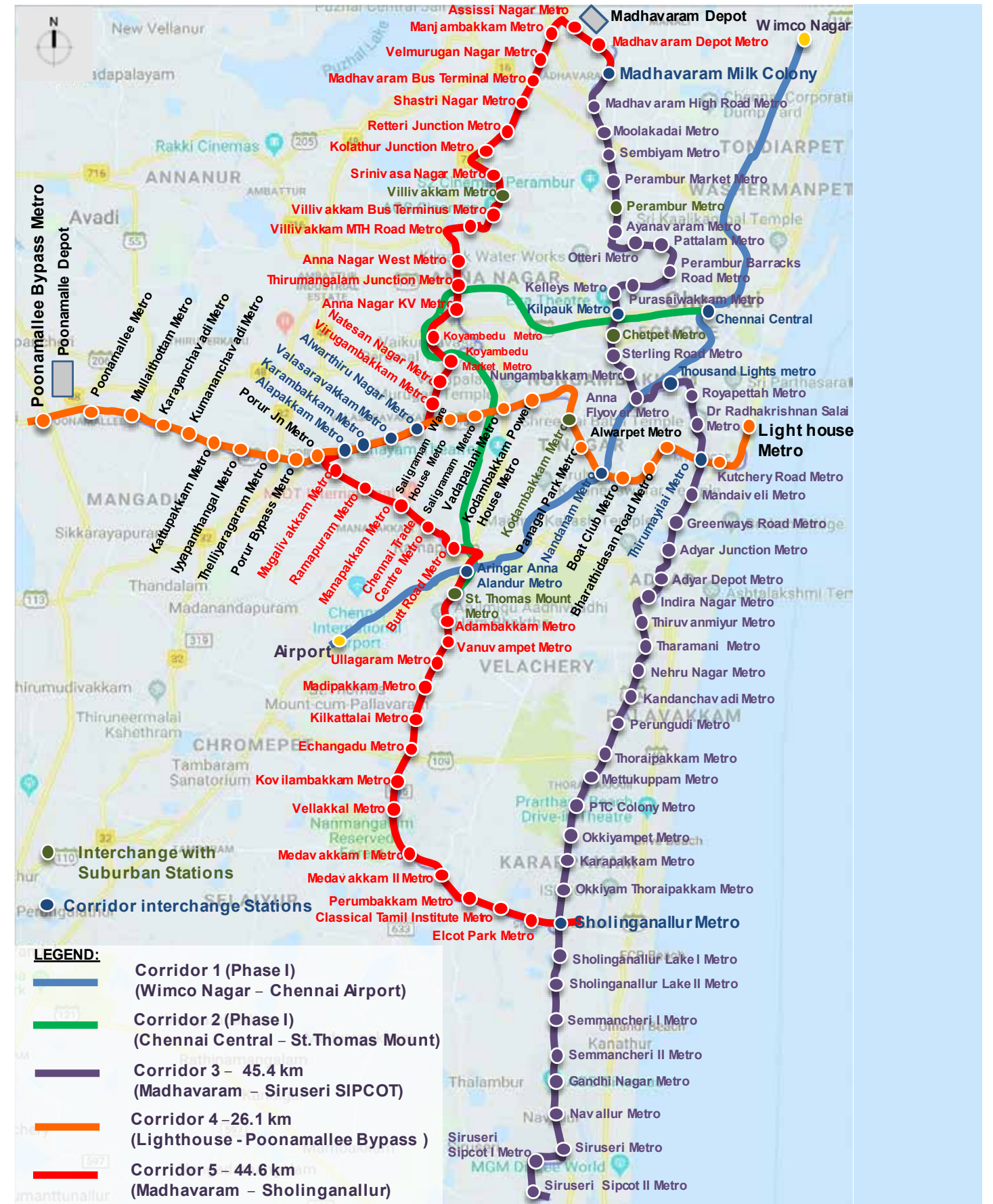
Corridor	Routes	Length
Corridor 3		
Madhavaram – SIPCOT	Madhavaram Milk Colony – Madhavaram High Road Metro - Moolakadai – Sembiyam – Perambur Market – Perambur Metro – Ayanavaram – Otteri – Pattalam – Perambur Barracks Road – Purasaiwakkam High Road – Kelleys – KMC – Chetpet Metro – Sterling Road Junction – Nungambakkam – Gemini – Thousand Lights – Royapettah Metro – Radhakrishnan Salai Junction – Thirumayilai Metro - Mandaiveli – Greenways Road Metro – Adyar Junction – Adyar Depot – Indira Nagar – Thiruvanniyur Metro – Tharamani Metro – Nehru Nagar – Kandhanchavadi – Perungudi – Thoraiyakkam – Mettukuppam – PTC Colony – Okkiyampet – Karapakkam – Okkiyam Thoraiyakkam – Sholinganallur – Sholinganallur lake I – Sholinganallur Lake II – Semmencheri I Metro – Semmencheri Metro II – Gandhi Nagar – Navalur – Siruseri – SIPCOT I – SIPCOT 2	T: 45.8 km UG: 26.7 km
Corridor 4		
Lighthouse – Poonamallee Bypass	Poonamallee Bypass – Poonamallee Bus Terminus – Poonamallee Metro - Mullai Thottam – Karayan Chavadi – Kumanan Chavadi – Kattupakkam – Iyyapanthangal Bus Depot – Thelliyaragaram Metro – Porur By Pass – Porur Junction - Alapakkam Junction – Karabakkam Junction – Valasaravakkam – Alwarthirunagar - Saligramam Warehouse Metro – Saligramam Metro - Vadapalani – Kodambakkam Power House – Kodambakkam Metro – Panagal Park – Nandanam – Boat Club Metro - Bharathidasan Road – Alwarpet – Thirumayilai – Kutchery Road – Lighthouse	T: 26.1 km UG: 10.1 km
Corridor 5		
Madhavram – Sholinganallur	Madhavaram Milk Colony – Madhavaram Metro - Assissi Nagar – Manjambakkam – Velmurugan Nagar – MMBT – Shastri Nagar – Retteri Junction – Kolathur Junction – Srinivasa Nagar – Villivakkam Metro – Villivakkam Bus Terminus – Villivakkam MTH Road – Anna Nagar West Depot – Thirumangalam – Kendriya Vidyalaya, Anna Nagar – Koyambedu Metro – Market Metro – Natesan Nagar Metro – Virugambakkam Metro – Alwarthirunagar – Valasaravakkam – Karambakkam – Alapakkam Junction – Porur Junction – Mugalivakkam – Ramapuram – Manapakkam Metro - Chennai Trade Centre – Butt Road – Alandur – St. Thomas Mount – Adambakkam – Vanuvampet – Ullagaram Metro – Madipakkam Metro – Kilkattalai – Echangadu – Kovilambakkam – Vellakkal – Medavakkam I Metro – Medavakkam II Metro – Perumbakkam – Classical Tamil Institute Metro – Elcot – Sholinganallur	T: 47 km UG: 5.8 km
Total		118.9 km

Note: UG is underground | Source: Chennai Metro Rail, Knight Frank Research

Number of Stations for the Phase 2 Route

Corridors	Elevated Stations	Underground Stations	Total Stations
C-3 Madhavaram to SIPCOT	20	30	50
C-4 Lighthouse to Poonamallee Bypass	18	12	30
C-5 Madhavaram to Sholinganallur	41 +1(at Grade)	6	48
Total Stations			128

Note: UG is underground | Source: Chennai Metro Rail, Knight Frank Research



Source: CMRL

Key Infrastructure Projects: Chennai Specific

Chennai's economic growth is bolstered by robust infrastructure. The city features a well-connected transportation system highlighted by an expanding metro network, extensive roadways, and a growing airport. The presence of industrial corridors and ports enhances logistical capabilities, supporting various industries. Despite these strengths, challenges pertaining to traffic management and the need for sustainable public transportation persist, especially due to the city's growing population. Continued investments and strategic planning are crucial to address these challenges and ensure Chennai's infrastructure aligns with its economic aspirations.

Roads and public transport

The city is well connected with all the important commercial centres of the state. Of the total road length of 2,847 km in Chennai city, the length of the National Highway is 29.70 km and that of the State Highway is 17.50 km. Chennai Metropolitan Development Authority has laid the foundation for a new mofussil bus terminus in Kilambakkam near Vandalur at a cost of USD 48.2 mn.

Road

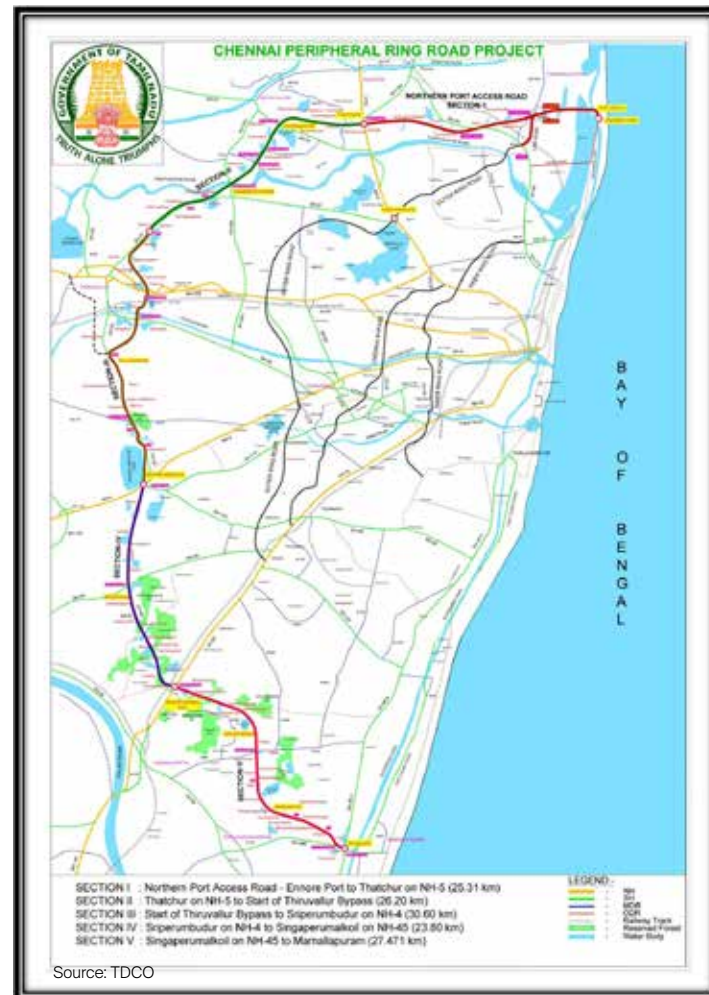
The road transport system is well developed in the city. The intra-city transportation services are provided by the government-owned Metropolitan Transport Corporation (MTC). In recent times, MTC has introduced many new luxury services such as low floor vestibule buses, semi deluxe, 2+1 AC sleeper buses, economic AC seater buses. The Chennai Mofussil Bus Terminus that has all the intercity buses is the major transportation facility in the city.

Peripheral Ring Road

The Highway Department has proposed the formation of Chennai Peripheral Ring Road (PRR) to provide better connectivity around the city and efficient commercial transportation by enhancing port connectivity. It is to be developed in five different sections starting at Ennore Port and ending at Poonjeri Junction near Mamallapuram, running about 133.38 km. The five sections are as follows:

1. Ennore Port – NH5, Thatchur – 25.31 Km.
2. NH, 5 Thatchur – Thiruvallur Bypass – 26.20 Km
3. Thiruvallur Bypass – NH, Sriperumbudur – 30.60 Km
4. NH 4, Sriperumbudur – NH 45, Singaperumalkoil – 23.80 Km (Completed)
5. NH 45, Singaperumalkoil – Poonjeri Junction near ECR - 27.47 Km

The total cost of the project is USD 1.59 bn and it will be funded for different sections by different institutions such as Japan International Co-operative Agency, Asian Infrastructure Development Bank, OPEC Fund for International Development etc.



Rail

Chennai is well connected with other parts of the country by rail. Chennai Central is the city's main railway station with more than 100 trains departing and arriving every day. Chennai Egmore is the second rail terminal. Located just 1 km away from Central, it provides train connections to most parts of Tamil Nadu. The commuter rail system in CMA is operated by the Southern Railways that consists of three major corridors radiating from the city centre:

Railways consists of three major corridors radiating from the city-centre:

- Chennai Beach-Tambaram BG line running south-west
- Chennai Central-Thiruvallur BG line running west
- Chennai Central-Gummidipoondi BG line running north

These lines account for 1,150,000 commuter trips per day. While the first two corridors carry intercity passengers on separate dedicated lines, the third corridor carries both commuters and intercity passengers on the same lines. In addition, the Phase 1 and Phase 2 of the Mass Rapid Transport System is currently in operation, traversing a length of more than 15 km covering the residential and IT corridors on the south-eastern side of the city.

Mass Rapid Transit System (MRTS)

The MRTS project involves three phases of development of which Phase I and Phase II are already complete. Phase I of the Chennai Mass Rapid Transit System covers the distance from the Chennai Beach to Thirumayilai.

Phase II of the Chennai Mass Rapid Transit System from Thirumayilai to Velachery is operational. The Phase II extension of MRTS from Velachery to St. Thomas Mount (length of 5 km) is being developed.

Phase	Length (elevated) in km	Route	Stations	Sanction	Opening
Phase I	8.55 (5.80)	Chennai beach-Thirumayilai	8	1984	1997
Phase II	11.16 (7.84)	Thirumayilai-Velachery	9	1998	Nov-07
Phase II Extension	5 (5)	Velachery-St. Thomas Mount	3	2007	Est 2024

Source: Chennai Metropolitan Development Authority

Summarising the upcoming major infrastructure initiatives undertaken by the government

Project	Project cost (USD bn)	Project status	Scheduled completion
Chennai Metro Phase II	8.44	Construction work has commenced from November 21, 2020. It involves three corridors. Corridor 3 - Madhavaram to SIPCOT Corridor 4 - Light House to Poonamallee Bypass Corridor 5 - Madhavaram to Sholinganallur	2026
Mass Rapid Transit System (MRTS) (Phase I and II - Operational)	1.66	Phase II Extension completion is due	2024
New Airport	2.44	Government had finalised the location for the new airport. Land acquisition is in progress	2028
Peripheral ring road (PRR) - Ennore to Mamallapuram	1.59	Land acquisition is in progress. Connecting Ennore Port and Mamallapuram via Thatchur, Thamaraiakkam, Sriperumbudur, Singaperumalkoil. Section I bidders identified	2025
Chennai - Bangalore Highway	2.07	It is a four-lane expressway which starts at Hoskote in Karnataka and ends at Sriperumbudur in Tamil Nadu. Currently, bidders are identified for the project.	2024
Chennai Port - Maduravoyal Expressway	0.72	It is a double decker elevated corridor connecting Chennai Port and Maduravoyal. Currently, revised DPR preparation is under progress by NHAI. Total length of the corridor is about 18.3 Km	2025
ECR widening	0.37	Widening of the stretch between Mahabalipuram & Puducherry into four lane.	2024
Chennai - Kanyakumari Industrial Corridor	0.79	Construction works in progress	2024
Total Investments	18.06		

Source: Knight Frank Research



Chennai Real Estate

Chennai stands as the epicenter of real estate activity in Tamil Nadu, characterized by significant advancements and a flourishing property landscape. Renowned for its robust economy, port-centric enterprises, and a well-established foundation in automobile, engineering, and manufacturing industries, Chennai has been a pioneer in fostering the growth of the IT/ITeS sector in India. The completion of TIDEL Park along Old Mahabalipuram Road (OMR) in 2000 marked a milestone in the city's journey towards becoming a hub for information technology and business process outsourcing.

Residential Real Estate

The **Central Chennai Zone** stands as the commercial heart of the city, hosting the headquarters of major corporations and financial institutions. Notable for being a bustling retail hub, it features iconic tourist attractions such as the Marina Beach and the Fort St. George. Dominated by service industries such as financial services, banking and insurance, retail, tourism, and government offices, this zone holds a unique status as the city's business district. Its specialty lies in its rich cultural and historical significance, offering potential for further tourism development and improved public transportation infrastructure.

The **West Chennai Zone** emerges as an evolving IT corridor, blending established industries with new players and transforming into an educational hub. With institutions like Anna University and SRM Institute, the zone is shaping into a centre for learning. Dominated by significant industries, including automobile manufacturing with companies like Nissan and Renault, engineering with L&T, food processing featuring Britannia, and a notable presence of IT giants like TCS and Cognizant. The speciality of this zone lies in its successful transformation from a predominantly industrial identity to a diversified zone actively attracting IT investments and focusing on the development of a skilled workforce.

The **South Chennai Zone** stands out as a vibrant IT hub and knowledge centre, fostering a cosmopolitan atmosphere. It is home to renowned IT parks such as the TIDEL Park and SP Infocity, attracting major multinational corporations like Infosys and Wipro. Dominated by the IT and IT-enabled Services sector, the zone also hosts significant activities in pharmaceuticals and biotechnology, particularly in areas like Taramani and Sholinganallur. Furthermore, it boasts a robust presence in automobile manufacturing with industry giants like Hyundai and BMW, along with notable contributions in engineering from companies like Ashok Leyland. The zone's speciality lies in being a leading IT hub in India, featuring thriving healthcare and engineering sectors, and offering a unique blend of modern infrastructure and historical landmarks.

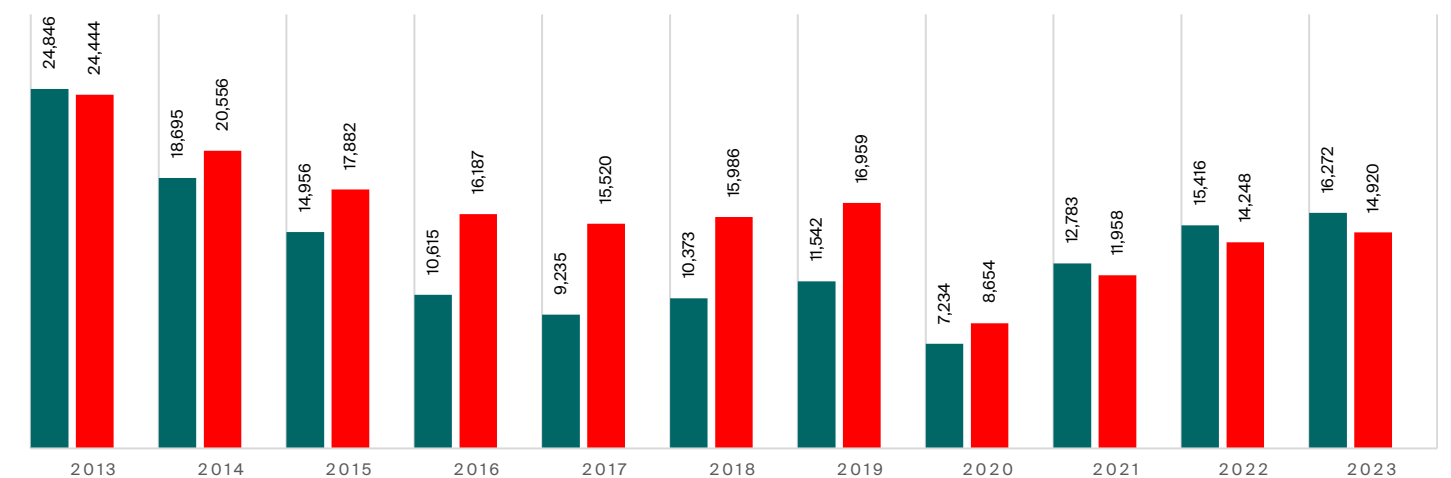
The **North Chennai Zone** serves as a pivotal industrial powerhouse and is a crucial port city, positioned as the gateway to the sea. Boasting proximity to major ports like Ennore and Kamarajar, the zone is characterized by heavy industries, including prominent players like Indian Oil Corporation with oil refineries and L&T Shipyard and Hindustan Shipyard with heavy industries. Additionally, the region plays a vital role in logistics and warehousing. It serves as the industrial backbone of Chennai and is a key link in the city's supply chain. However, the zone holds significant potential for sustainable industrial development, emphasizing its strategic importance in Chennai's economic landscape.

The Chennai residential market has exhibited a 5% YoY increase in residential sales, reaching 14,920 units in 2023. Despite the recovery path observed since the waning of the pandemic, the market has yet to surpass its pre-COVID numbers. However, with the continued momentum, sales are expected to be back at their pre-COVID levels in the coming few quarters. During H2 2023, sales increased by 6% to 7,770 units.

Developers launched 16,272 units in 2023, marking a 6% increase from the number of units launched in 2022. Most of the launches were concentrated in the southern and western micro-markets during 2023 representing 61% and 28% of the total launches respectively. In terms of ticket size, launches in the affordable and mid categories increased by 22% and 10% YoY respectively, while there was a 17% decline in launches in the luxury segment.

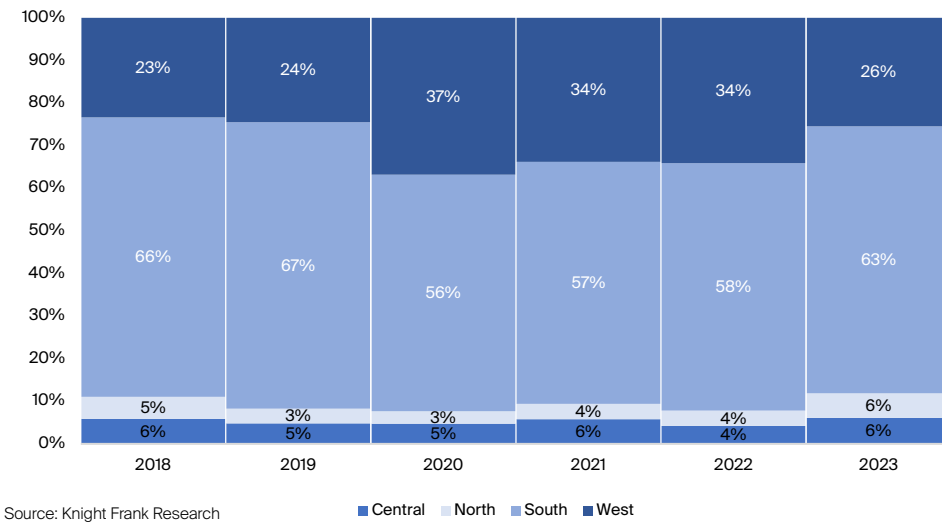
Sales in the Chennai residential market was predominantly concentrated in the south and west micro-markets. Notably, locations along the Old Mahabalipuram Road (OMR) and Grand Southern Trunk (GST) Road in the south micro-market, and areas such as Porur, Valasaravakkam, and Poonamalle in the west, accounted for the second highest share of homebuyer interest. Both these zones are well-connected to the city's main office and IT hubs.

Launches and sales trend (No of Units)



Source: Knight Frank Research

Trends in housing demand in Chennai (Micro-Market Wise)

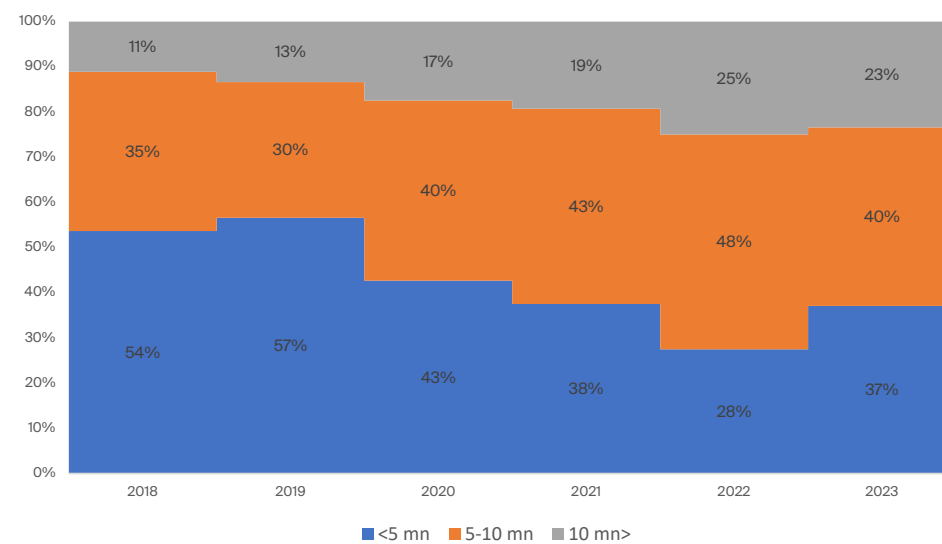


Source: Knight Frank Research

Chennai's booming manufacturing, hospitality, and logistics sectors are attracting a large workforce, leading to an increased demand for affordable housing. In 2023, the mid-segment properties, priced between INR 5-10 mn remained predominant, comprising 40% of sales. The affordable or <INR 5 mn segment followed closely, contributing 37% of total sales, an increase from 28% in 2022. Annual sales in the affordable housing segment in Chennai also increased sharply by 41% YoY during 2023. This indicates strong traction among first-time buyers and budget-conscious individuals, highlighting the widening appeal of affordable housing options in Chennai.

Houses in the luxury segment priced above INR 10 mn, constituted 23% of the total sales during 2023 and witnessed a 2% YoY reduction during the year. Notably, a niche group of buyers in Chennai are seeking larger spaces and enhanced amenities which has contributed to the demand for luxury apartments.

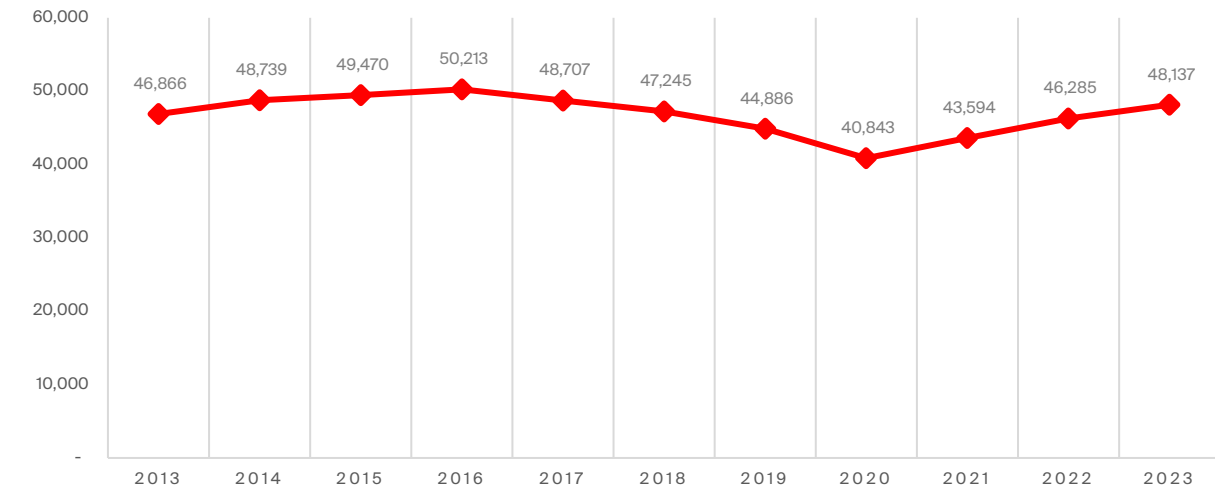
Trends in housing demand in Chennai (Price Segment Wise)



Source: Knight Frank Research

Prominent central locations in Chennai, including Anna Nagar, T. Nagar, and Adyar, remain premium real estate areas. Since the pandemic, the market has been in recovery mode, with the South and West Zones experiencing price appreciation. In 2023, there has been a steady 4% YoY increase in property prices in Chennai, showcasing the resilience and stability of the city's real estate market and indicating sustained demand.

Average residential price movement (INR per sq m)



Source: Knight Frank Research

Residential price movement in select locations

Location	Micro-market	Price range in H2 2023 in INR/sq m (INR/sq ft)	12-month change	6-month change
Anna Nagar	Central	1,35,626 - 1,50,696 (12,600 - 14,000)	6%	1%
Kilpauk	Central	1,40,578 - 1,64,689 (13,060 - 15,300)	9%	2%
Kolathur	North	62,431 - 65,660 (5,800 - 6,100)	5%	2%
Perambur	North	71,247 - 73,400 (6,619 - 6,819)	3%	3%
Perumbakkam	South	48,782 - 57,049 (4,532 - 5,300)	1%	1%
Kelambakkam	South	43,056 - 44,821 (4,000 - 4,164)	1%	1%
Porur	West	60,278 - 69,966 (5,600 - 6,500)	-5%	-1%
Mogappair	West	76,963 - 84,497 (7,150 - 7,850)	5%	1%

Chennai's status as a major commercial and industrial hub, coupled with its emergence as an IT hub, has spurred substantial job opportunities, fostering an improved demand for residential properties in the city. The ongoing improvement in market conditions and the plethora of upcoming projects are expected to sustain and elevate housing demand in Chennai over the coming quarters.



Commercial Real Estate: Office

Chennai has seen a significant rise in its rank in All India office transaction numbers, climbing from 6th place in 2018 to 2nd place in 2023. The city boasts more than 25 IT parks strategically located throughout its major areas, coupled with excellent connectivity to various transportation modes. The favourable business climate, marked by robust infrastructure, SEZs, high literacy rates, efficient transportation, and government support, has contributed to steady industry growth, generating both direct and indirect employment opportunities.

All India* Office Transactions (mn sq m)

	Mumbai	NCR	Bengaluru	Pune	Ahmedabad	Chennai	Hyderabad	Kolkata	All India
2018	0.7	0.7	1.2	0.6	0.1	0.3	0.7	0.1	4.4
2019	0.9	0.8	1.4	0.6	0.1	0.5	1.2	0.1	5.6
2020	0.6	0.4	1.1	0.3	0.1	0.4	0.6	0.1	3.7
2021	0.4	0.6	1.1	0.4	0.1	0.4	0.6	0.1	3.5
2022	0.6	0.8	1.4	0.6	0.2	0.5	0.6	0.1	4.8
2023	0.7	0.9	1.2	0.6	0.2	1.0	0.8	0.1	5.5

Source: Knight Frank Research | Note: 1.1 square metre (sq m) = 10,764 square feet (sq ft)

*All India/country denotes top eight cities viz., Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, National Capital Region and Pune

Global Capability Centres (GCCs) played a pivotal role, contributing approximately 56% of transactions in 2023, with major corporations like Hapag-Lloyd, UPS, Deloitte, Oppo, Citibank, Bank of America, and Fidelity leading the way. GCC-driven transactions witnessed an impressive 176% YoY growth during the same period.

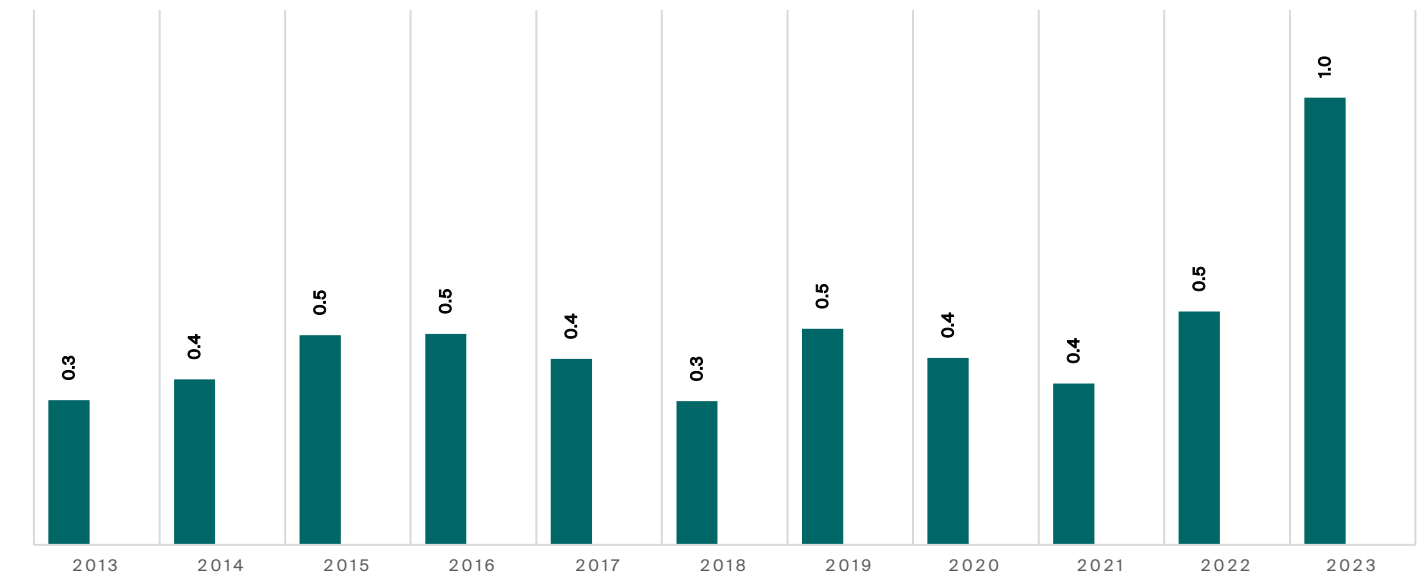
Companies catering to the Indian market, leased 19% of the office space in Chennai in 2023, marking a notable 23% YoY increase. Most of these occupiers were in the IT/ITeS and BFSI sectors.

Flexible workspace operators experienced a substantial 77% YoY increase in transaction volumes in 2023, demonstrating the sustained relevance

and appeal of flexible workspaces in Chennai's commercial real estate landscape, even though their overall share declined slightly from 16% in 2022 to 15% in 2023.

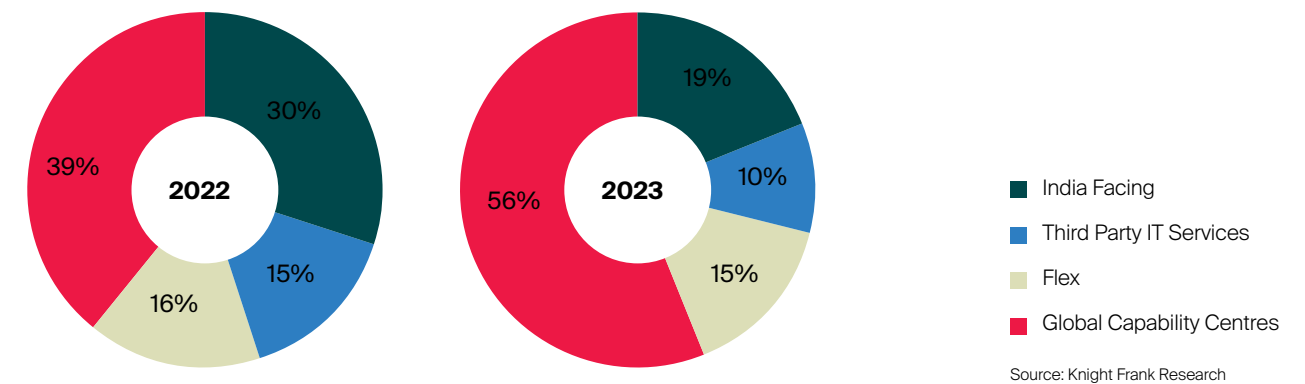
Companies engaged in outsourcing services to clients abroad, particularly in the Third-Party IT services domain constituted 10% of total transactions in 2023, experiencing a 28% YoY increase in volume, despite a slight decline in their overall share compared with 2022.

Chennai Leasing Activity (mn sq m)



Source: Knight Frank Research | Note: 1.1 square metre (sq m) = 10,764 square feet (sq ft)

End-use split of transactions in 2022 and 2023



Source: Knight Frank Research

Select transactions in 2023

Sr No	Tenant	Zone	Type of Industry	Business Orientation	Area (Sq m)
1	Bank of America	SBD OMR	BFSI	GCC	1,02,192
2	Shell	SBD	Manufacturing	GCC	52,745
3	Citibank	SBD	BFSI	GCC	46,730
4	Qualcomm	SBD OMR	Manufacturing	GCC	41,806
5	Hitachi - ABB	SBD	Other Service Sectors- Engineering	GCC	25,177
6	HDFC Bank	SBD	BFSI	India Facing	23,937
7	Vestas	PBD OMR & GST	Manufacturing	GCC	23,226
8	Dow Chemicals	SBD	Manufacturing	GCC	21,700
9	Smartworks	SBD OMR	Flex Space - Managed Space	Flex	16,444
10	Indiqube	SBD	Flex Space - Co Working	Flex	14,762

Source: Knight Frank Research | Note: 1.1 square metre (sq m) = 10,764 square feet (sq ft)

The majority of office leasing activities have been occurring in the SBD OMR and SBD zones in Chennai. During 2023, ~80% of the transactions took place in the SBD OMR and SBD zones. Office leasing in the **Central Business District (CBD) zones**, including prominent areas like Anna Salai, RK Salai, Nungambakkam, Greams Road, Egmore, and T Nagar, faces constraints in terms of further development. The limited availability of land and reduced scope for new developments pose challenges to the expansion of office parks in these established CBD zones. This restriction on potential growth has resulted in developers choosing alternative business districts and suburban areas for the development of modern office spaces.

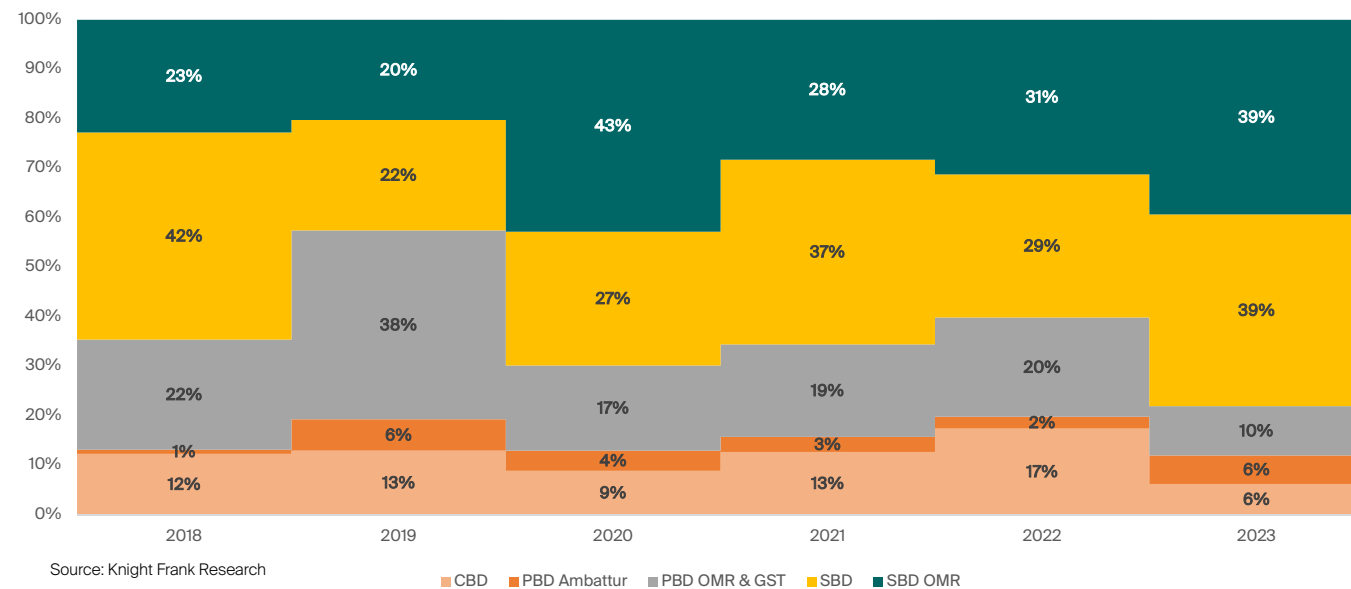
Over the years, the **Secondary Business District (SBD)** along the Old Mahabalipuram Road (OMR) in Chennai has experienced a surge in occupier activity, particularly in key locations like Taramani, Kandanchavadi, Perungudi, and Kottivakkam. This heightened interest is attributed to the development of prominent IT parks such as Tidel, RMZ Millenia, SP Infocity, Ramanujan IT City, and Ascendas International Tech Park. Kandanchavadi, with its strategic location and excellent connectivity, has become a sought-after area for office spaces, witnessing increased leasing activities. Similarly, Taramani has emerged as a hotspot for office leasing, offering a diverse range of spaces to accommodate various business needs. Perungudi, known for its proximity to residential areas and good connectivity, is a preferred location for businesses, contributing to the overall occupier activity in the region. Kottivakkam, situated along the OMR, is also experiencing a rise in leasing, providing a variety of office

spaces to cater to the growing demand. This robust occupier activity underscores the significance of the SBD OMR zone as a thriving business hub in Chennai.

The formation of the **Secondary Business District (SBD)** stems from the convergence of diverse industries in the zone, providing a robust economic backbone and source of job opportunities and economic prosperity across multiple sectors. Encompassing areas like Guindy, Porur, and Nandambakkam, the SBD hosts prominent office parks such as RMZ One Paramount, DLF IT Park, and Olympia Tech Park. Leasing activities in the Mount-Poonamallee Road, Porur, Guindy, and Nandambakkam zones have consistently increased, driven by multiple factors. The introduction of metro rail connectivity has been a key driver making areas like Poonamallee more accessible to city residents and reducing travel times. Additionally, the affordability of rentals compared to those in SBD OMR further contributes to the heightened interest in real estate in this thriving business district. The SBD's diverse economic landscape and strategic connectivity underline its significance as a dynamic hub for sustained growth and development.

Peripheral Business District (PBD) – OMR and Grand Southern Trunk Road (GST) and PBD – Ambattur are upcoming business districts which is poised to gain traction in the coming years.

Zone wise leasing activity



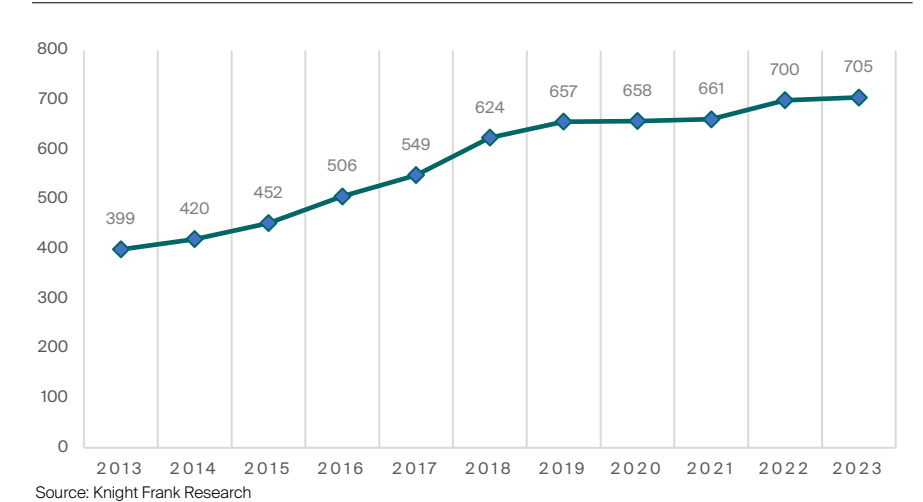
Business District Classification

Business district	Micro markets
Central Business District (CBD and off CBD)	Anna Salai, RK Salai, Nungambakkam, Greams Road, Egmore, T Nagar
Suburban Business District (SBD)	Mount – Poonamallee Road, Porur, Guindy, Nandambakkam
SBD – Old Mahabalipuram Road (OMR)	Perungudi, Taramani
Peripheral Business District (PBD) – OMR and Grand Southern Trunk Road (GST)	OMR beyond Perungudi Toll Plaza, GST Road
PBD – Ambattur	Ambattur

Chennai has witnessed a consistent upward trend in office rentals over the years, driven by robust leasing momentum, increased occupier confidence, and the introduction of new office spaces with upgraded specifications and focus on sustainability. In 2023, office rentals in Chennai recorded a 6% YoY increase, with the SBD OMR area experiencing the most significant surge. However, the per square foot rentals in Chennai are still lower than most of the tier 1 cities, and due to the availability of space the market is offering massive economies of scale to Indian and Global occupiers.

The Chennai office market is underpinned by a robust economy, skilled workforce, well-established infrastructure, and relatively lower occupancy costs. These factors consistently attract occupiers to the region. The substantial growth in transaction volumes underscores the enduring vibrancy and allure of Chennai's commercial real estate sector, solidifying its status as a dynamic hub for business and leasing activities. Additionally, the market's affordability, as measured in INR per square foot per month, positions Chennai favourably amongst peer markets, highlighting a balanced and competitive pricing structure in the regional commercial real estate landscape.

Chennai - Weighted Average Office Rentals (INR/sq m)



Business district-wise rental movement

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD	700 - 1,023 (65 - 95)	7%	5%
SBD	807 - 969 (75 - 90)	8%	5%
SBD OMR	861 - 1,044 (80 - 97)	7%	7%
PBD OMR and GST Road	538 - 700 (50 - 65)	2%	4%
PBD Ambattur	323 - 431 (30 - 40)	-5%	-5%

Source: Knight Frank Research

Commercial Real Estate: Retail

Chennai, being one of India's major employment hubs, provides an exceptional urban lifestyle characterized by excellent healthcare, top-tier academics, abundant green spaces, and a diverse culinary experience. The city has witnessed substantial industrial and infrastructural development, contributing to its vibrant retail landscape that seamlessly blends traditional and contemporary cultures. From clothing and accessories to electronics and home decor, Chennai's shopping destinations cater to various tastes and budgets. The retail sector in the city benefits from a flourishing digital ecosystem. Chennai's strategic location and high-speed internet further enhance its appeal, attracting substantial investments from national and international brands. With a rich retail environment, the city stands out as a shopper's paradise.

Shopping Malls

As of H1 2022, India boasts a total mall stock of 8.6 mn sq m (92.9 mn sq ft) distributed among 271 operational malls in key markets like Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, National Capital Region (NCR), and Pune. In this landscape, Chennai contributes 0.7 mn sq m (7.5 mn sq ft) to the operational mall stock, ranking just behind NCR, Mumbai, and Bengaluru. The city hosts 18 operational shopping malls, primarily located in the Central and South Zones, featuring prominent names such

as Express Avenue Mall, Phoenix Market City, Spectrum Venus Mall, The Marina Mall, VR Chennai, and Ampa Sky Walk.

With respect to categorization, 39% of the operational malls in Chennai fall under the Grade A category, 36% are classified as Grade B, and 25% fall under Grade C.

Despite concerns about disorderly mall construction leading to vacant spaces in various cities, Chennai exhibits the lowest vacancy rate at 9.9%, outperforming other major cities in the country.

Chennai Shopping Malls

All India	8.6 mn sq m
Of which Chennai	0.7 mn sq m
Chennai shopping malls	
Grade A	39%
Grade B	36%
Grade C	25%
Vacancy	9.9%

Highstreets

In a comprehensive study conducted by Knight Frank Research, 30 high streets were examined during 2023, with two of them from Chennai: Anna Nagar and Nungambakkam High Road. The research includes a performance index ranking these high streets based on factors like accessibility, physical infrastructure, parking availability, trading density, and spending quotient. Anna Nagar secured a noteworthy position, ranking 6th in the Top 10 High Street Ranking, while Nungambakkam High Road was positioned at 25th among of the 30-highstreets ranked countrywide.

The study also highlights the mix between modern and non-modern retail arenas on Indian high streets, revealing that Chennai boasts a significant concentration of modern retail areas, holding a 66% share, which is the second highest in the country.

Chennai Shopping Malls

All India	5.7 mn sq m
Of which Chennai	0.4 mn sq m
Modern Retail Arena	
All India	44%
Chennai	66%

Source: Knight Frank Research

Chennai Highstreet rental movement

High Street	Average Rents in INR/sq m/month (INR/sq ft/month)
Anna Nagar	1,615 - 1,884 (150 - 175)
Nungambakkam High Road*	2,045 - 2,583 (190 - 240)

Note: The store which retails known International/Indian brands and the store which provides a purchase invoice is defined as a modern retail arena.

* including Khadar Nawaz Khan Street, Rutland Gate and Wallace Garden streets nearby

Warehousing

Warehousing transaction activity in the Chennai market has demonstrated resilience, with the 3PL (Third-Party Logistics) sector leading in occupier transactions. Despite a YoY decline of 11%, decreasing from 0.47 mn sq m (5.1 mn sq ft) in FY 2022 to 0.42 mn sq m (4.5 mn sq ft) in FY 2023, the current transaction volumes are still higher than any previous period except FY 2022. Chennai's historical significance as a thriving trade centre during the British era, its coastal location, and the presence of major ports like the Chennai Port and the Ennore Port have contributed to its development as a key trading hub. The city's proximity to the sea has also made it a preferred base for heavy industries, particularly the automobile industry, textile production, and other heavy manufacturing sectors, driving industrial and warehousing demand. Recent additions to the warehousing demand drivers include e-commerce and retail players. Warehousing activity in Chennai is concentrated in three main clusters: the city's south-west and western edge, its northern belt, and its southern portion.

The Sriperumbudur-Oragadam cluster, situated between the Grand Southern Trunk Road (GST Road/Chennai-Trichi Highway) in the south and the Poonamallee High Road (Mumbai Highway) in the west, includes storage facilities in the Mannur-Thiruvallur belt encompassing Mevalurkuppam, Mappedu, Mannur, Polivakkam, and Thiruvallur. Renowned for manufacturing, especially in the automotive and ancillary production industries, this cluster emerged as the primary hub, representing 50% of all warehousing transactions in Chennai during FY 2023. Notably, transactions related to the 3PL space dominated within the Sriperumbudur-Oragadam cluster, constituting 47% of the occupier share.

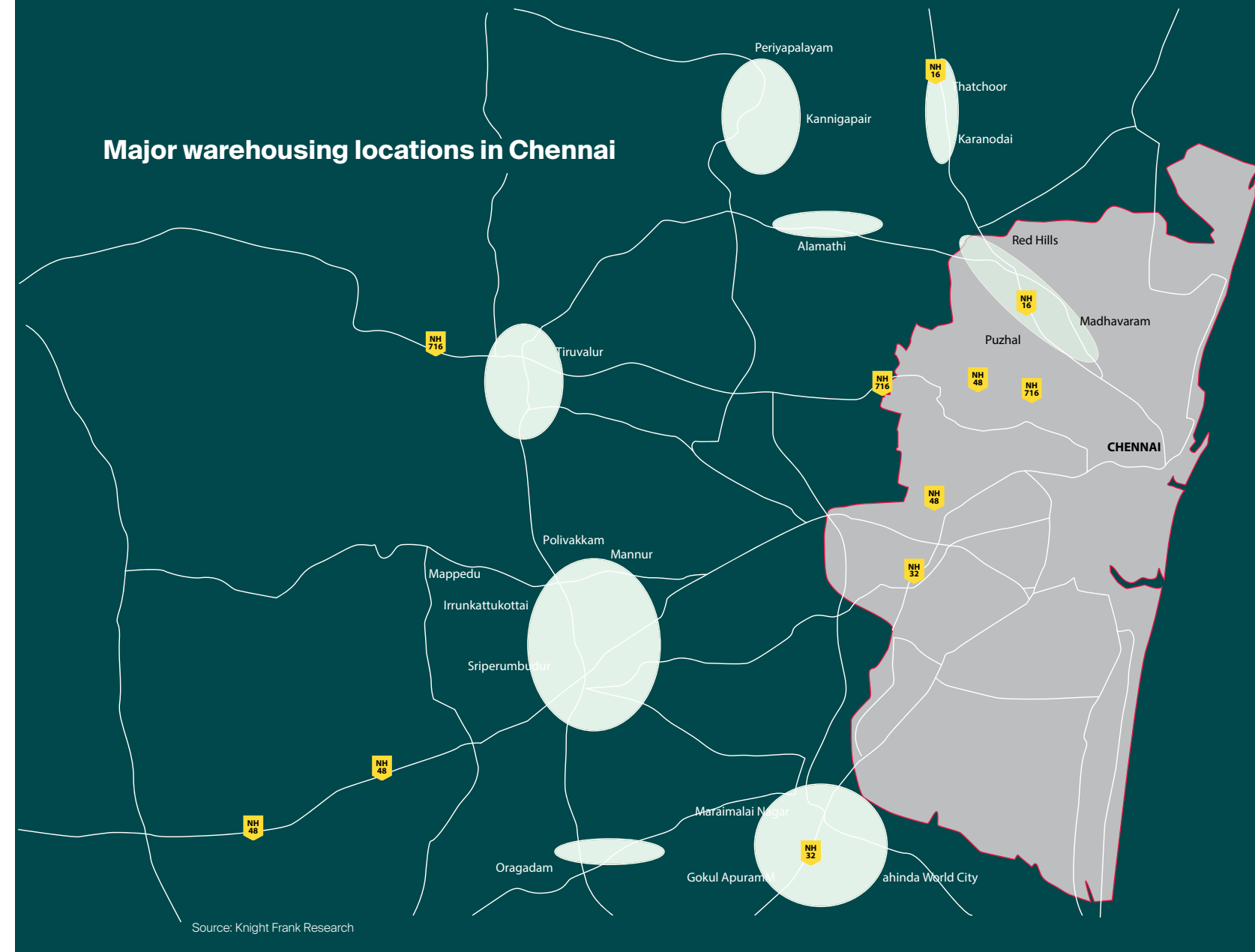
The NH 16/GNT Road-Periyapalayam cluster encompasses locations in the North Chennai along the Grand Northern Trunk Road (GNT Road/Chennai-Srikakulam Highway/NH 16). Traditionally an industrial belt, this cluster has recently become a focal point for e-commerce businesses,

FMCG companies, and major 3PL players, particularly along the NH 16/ GNT Road-Redhills belt. In FY 2023, this cluster represented 37% of all warehousing transactions in Chennai. Notably, transactions related to the 3PL space dominated within the NH 16/GNT Road-Periyapalayam (North Chennai) cluster, constituting 56% of the occupier share.

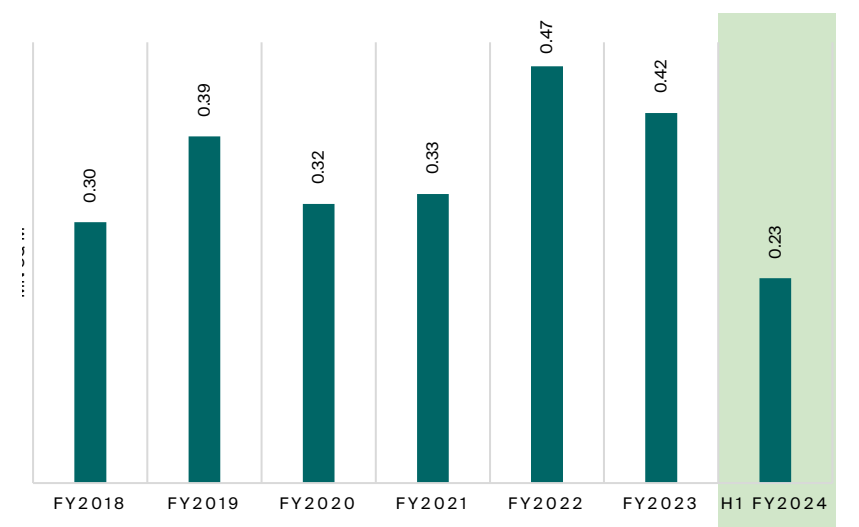
The GST Road-Maraimalai Nagar cluster comprises storage facilities in Chennai's southeast, encompassing areas such as Chengalpattu, Sengundram Industrial Area, and Maraimalai Nagar. Serving both new industrial demand in the city and spillover demand from the Sriperumbudur-Oragadam cluster, this cluster represented 13% of all warehousing transactions in Chennai during FY 2023.



Major warehousing locations in Chennai

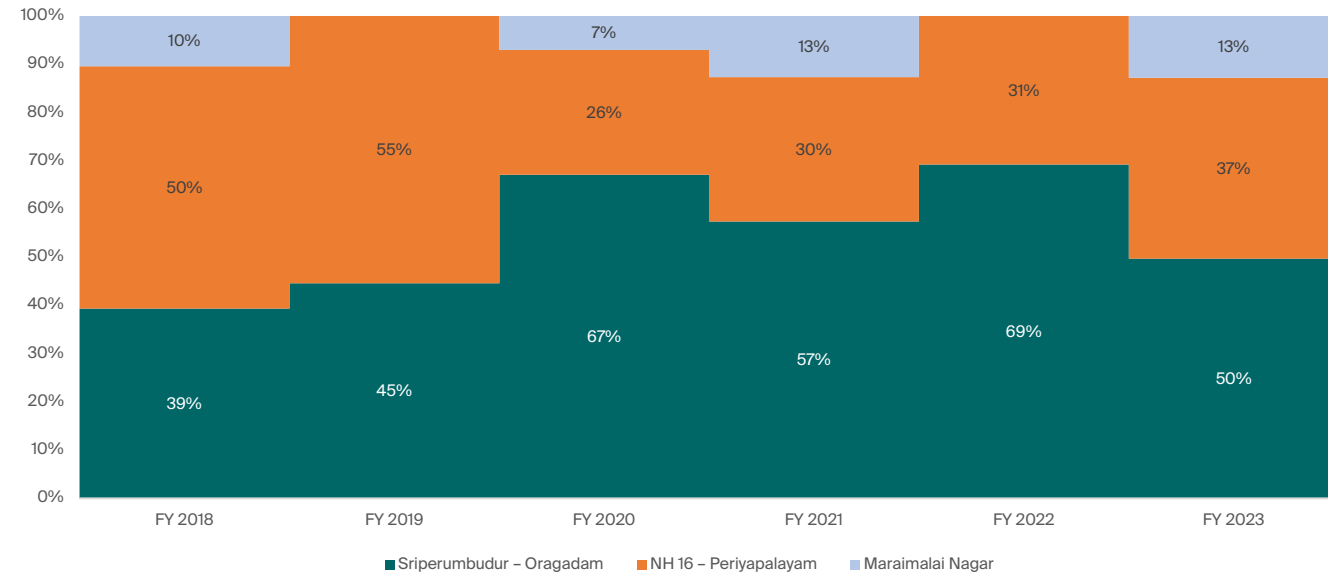


Chennai Warehousing Market Leasing Volumes (mn sq m)



Source: Knight Frank Research

Cluster-split of transaction



Source: Knight Frank Research

Classification of warehousing locations into major clusters

Warehousing cluster	Major warehousing locations
Sriperumbudur-Oragadam cluster	Irrungattukottai, Sriperumbudur, Oragadam and other locations on the in-roads branching from Sriperumbudur. Mevalurkuppam, Mappedu, Mannur, Pollivakkam and Thiruvallur
NH 16/GNT Road-Periyapalayam cluster (North Chennai)	Periyapalayam Road, Thatchoor, Gumudipoondi. NH 16/GNT Road-Redhills Belt: Includes Madhavaram, Manali, Red Hills, Puzhal, Karanodai, Alamathi and Pochettipedu
GST Road-Maraimalai Nagar cluster	Maraimalai Nagar, in and around Mahindra World City, Sengundram Industrial area, Chengalpattu

Source: Knight Frank Research

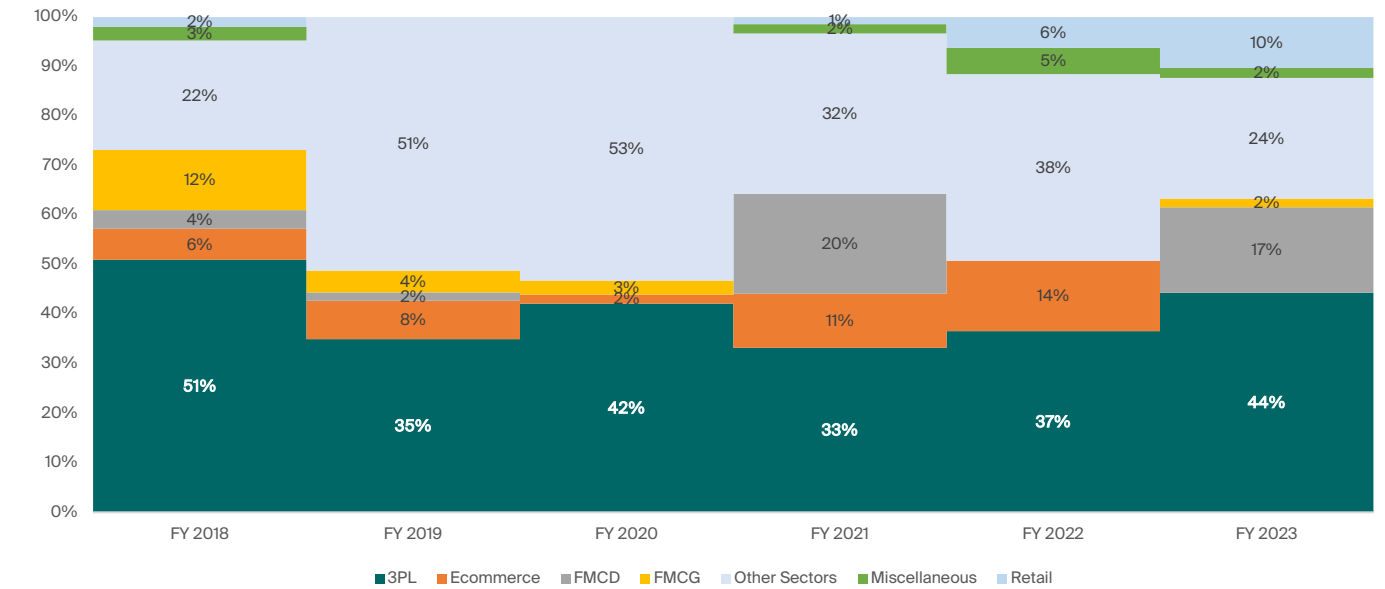
Select warehouse projects

Warehouse project	Warehouse cluster
Logos Park	Sriperumbudur-Oragadam Cluster
Indospace	Sriperumbudur-Oragadam Cluster
CCI Logistic	Sriperumbudur-Oragadam Cluster
Sammera Group	NH 16/GNT Road-Periyapalayam Cluster
House of Hiranandani	NH 16/GNT Road-Periyapalayam Cluster
Welspun	NH 16/GNT Road-Periyapalayam Cluster

Source: Knight Frank Research

The annual transactions are diversified across industries, with 3PL businesses leading at 44%, followed by manufacturing at 24%, and FMCD (Fast-Moving Consumer Durables) at 17%. This shift is driven by changing consumer behaviour and the growing importance of efficient supply chain management, vendor relationships, and inventory management, prompting companies to outsource their logistics needs and boosting the 3PL sector's growth.

Industry-split of transaction volume



Source: Knight Frank Research

Notes:

- Warehousing transactions data includes light manufacturing/assembly.
- Other Sectors - These include all manufacturing sectors (automobile, electronics, pharmaceutical, etc.) except FMCG and FMCD.
- Miscellaneous - These include services such as telecom, real estate, document management, agricultural warehousing, and publishing.

In FY 2023, the space taken up for warehousing storage purposes constituted 89% share of the transactions as compared with 69% share recorded during FY 2023. The industrial segment which undertakes various kinds of light to heavy manufacturing activities in warehousing parks accounted for 11% share of transactions, lower than the 31% share recorded in the previous financial year. This can be attributed in part to the lower take-up by manufacturing companies whose share of transactions has also dropped from 38% in FY 2022 to 24% in FY 2023.

Transaction share by end-use of space

FY 2022 transactions share by end-use



FY 2023 transactions share by end-use



Notes:

- Warehousing transactions: These refer to storage activity.
- Industrial transactions: These refer to manufacturing activity.

Source: Knight Frank Research

Both land rates and rentals have remained stable during FY 2023 as compared with the rates and rentals observed during FY 2022.

Land rate and rents during FY 2023

Warehouse cluster	Location	Land rate	Grade A	Grade B
		(INR mn/acre)	Rent in INR/sq m/month (INR/sq ft/month)	Rent in INR/sq m/month (INR/sq ft/month)
Sriperumbudur-Oragadam cluster	Sriperumbudur	20-25	237 - 269 (22 - 25)	226 - 258 (21 - 24)
	Oragadam	20-30	248 - 280 (23 - 26)	226 - 258 (21 - 24)
	Mappedu	10-15	172 - 205 (16 - 19)	161 - 183 (15 - 17)
	Mannur	17-23	205 - 237 (19 - 22)	183 - 205 (17 - 19)
	Irungattukottai	40-45	237 - 269 (22 - 25)	215 - 248 (20 - 23)
	Pollivakkam	15-18	205 - 226 (19 - 21)	194 - 226 (18 - 21)
NH 16/GNT Road -Periyapalayam cluster (North Chennai)	Cholavaram	13-16	194 - 237 (18 - 22)	172 - 215 (16 - 20)
	Red Hills	15-17	215 - 248 (20 - 23)	194 - 237 (18 - 22)
	Karanodai	17-22	215 - 248 (20 - 23)	194 - 237 (18 - 22)
	Madhavaram	80-100	226 - 258 (21 - 24)	205 - 237 (19 - 22)
	Puzhal	60-80	215 - 258 (20 - 24)	205 - 237 (19 - 22)
GST Road-Maraimalai Nagar cluster	Periyapalayam	13-16	172 - 194 (16 - 18)	172 - 194 (16 - 18)
	In and around Mahindra World City	25-27	248 - 280 (23 - 26)	248 - 280 (23 - 26)
	Maraimalai Nagar	40-45	237 - 280 (22 - 26)	237 - 258 (22 - 24)

Source: Knight Frank Research

Moving ahead, the anticipated growth in demand from the 3PL and manufacturing sectors aligns with the government's emphasis on expanding India's manufacturing and industrial capabilities. Chennai, with its robust automobile and industrial foundation, is poised to benefit from this overarching trend. Notable large-scale investments, announced in the Tamil Nadu Global Investors Meet 2024 will exemplify the momentum in this direction. The demand for warehousing is expected to rise, supported by conducive physical infrastructure and connectivity across key locations in and around the city and the state.

Data Centres

The hyper growth of the data centre industry was driven by growing demand for data storage and cloud services. Chennai has emerged as a key destination for investors looking to establish data centres, owing to its strategic location, access to undersea cable landing stations and optic fibre network connectivity. With the highest internet speeds in the country, availability of submarine cable landing infrastructure, abundant land supply, green energy options, supportive government policies, and a skilled workforce, Chennai is positioned to be a regional data centre hub for South Asia. The city's robust digital ecosystem fuels the demand for top-notch data infrastructure, and it is also favoured as a disaster recovery site for companies with primary IT infrastructure in other Indian cities.

Acknowledging the importance of being a knowledge centre state, the Tamil Nadu state government has released a state specific policy. The Tamil Nadu Data Centre Policy 2021, effective April 1, 2021, to March 31, 2026 is designed to position Tamil Nadu as the preferred choice for data centre investors. Offering incentives to projects with investments exceeding USD 61 mn and utilizing at least 30% renewable energy the policy allows facilities to procure power from Tamil Nadu Generation and Distribution Corporation with a 100% subsidy on the associated tax for five years. Moreover, the policy fosters research and development, innovation, entrepreneurship, and advocates for the establishment of eco-friendly data centres.

Market data of Data Centres in Chennai as of Q3 2022

	IT Power MW
Live Capacity	56
Under Construction Capacity	70
Committed Capacity	182
Early-Stage Capacity	222

Source: Knight Frank Research, DC Byte

	IT Power MW	Colocation	Self-build
Chennai	442		33

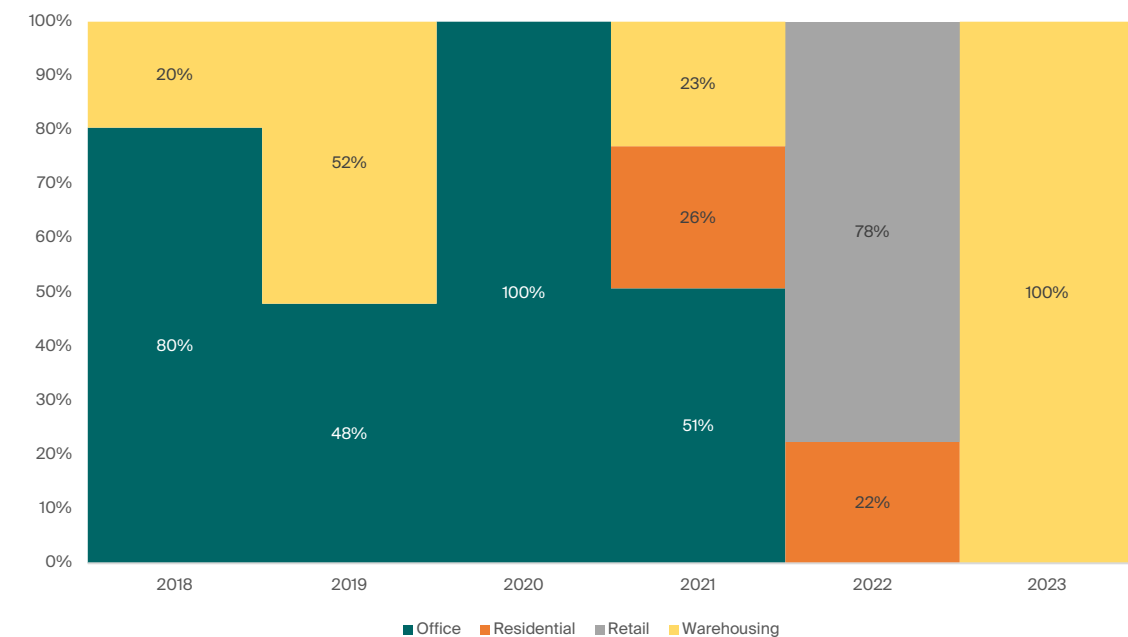
The data centre landscape in Chennai is witnessing significant growth, propelled by the proactive measures outlined in the Tamil Nadu Data Centre Policy. The market is dynamic, characterized by key players adopting strategies like mergers, acquisitions, and partnerships to expand their market share. Notable participants include Reliance Industries, Nextra Data Limited, CtrlS, STT Telemedia, and Sify Technologies, among others.

Major telecom companies like Bharti Airtel, Vodafone, and Reliance have established their data centres in strategic locations like Siruseri. NTT Ltd, a global IT infrastructure company, has invested around USD 350 mn in a hyperscale data centre named Chennai 2, boasting a 35 MW IT load capacity. Upcoming ventures by Colt Data Centre Services and Reliance's collaboration with Brookfield Asset Management and Digital Realty for a 20-MW greenfield data centre further emphasize Chennai's emerging prominence in the data centre domain.

PE investments inflows in Chennai

Chennai's real estate sector has witnessed substantial private equity investments, particularly in the thriving warehousing and office space segments. Cumulatively, investments attracted since 2018 are to the tune of USD 4.04 bn. Renowned entities such as Piramal Fund, Blackstone, Temasek, Ascendas-Firstspace, LOGOS, Apollo Management, Goldman Sachs, Brookfield, Canada Pension Plan Investment Board, Ascendas, Avigna Group, Tamil Nadu Shelter Fund, Kotak Realty, GIC, and Welspun One have actively participated in these investments. The involvement of foreign PE investors, especially from Singapore, the US, and Canada, underscores the global interest and confidence in Chennai's real estate market. These investments align with the city's growth trajectory and contribute to its stature as a key destination for real estate development and investment.

Segregation of PE investments in Chennai

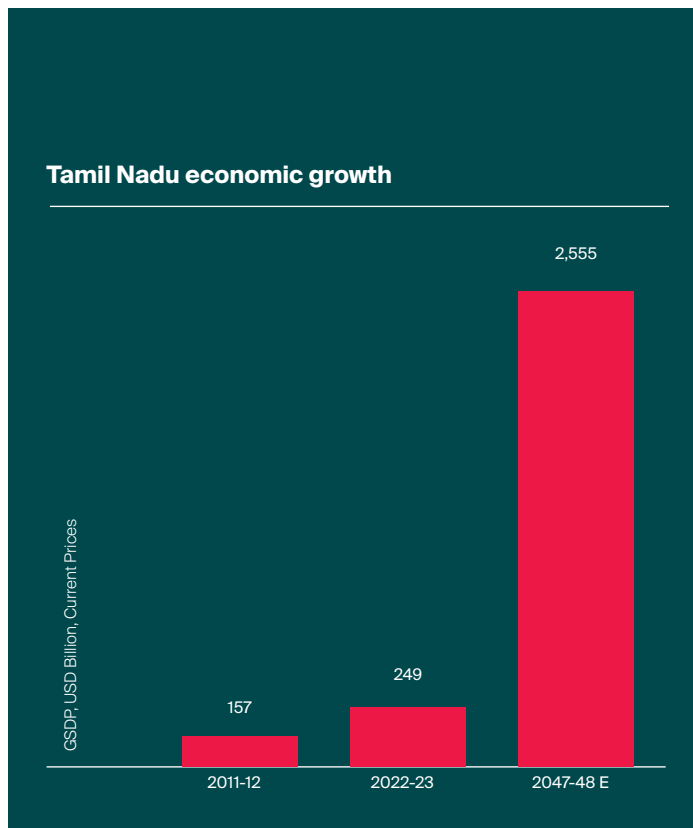


Source: Knight Frank Research, Venture Intelligence



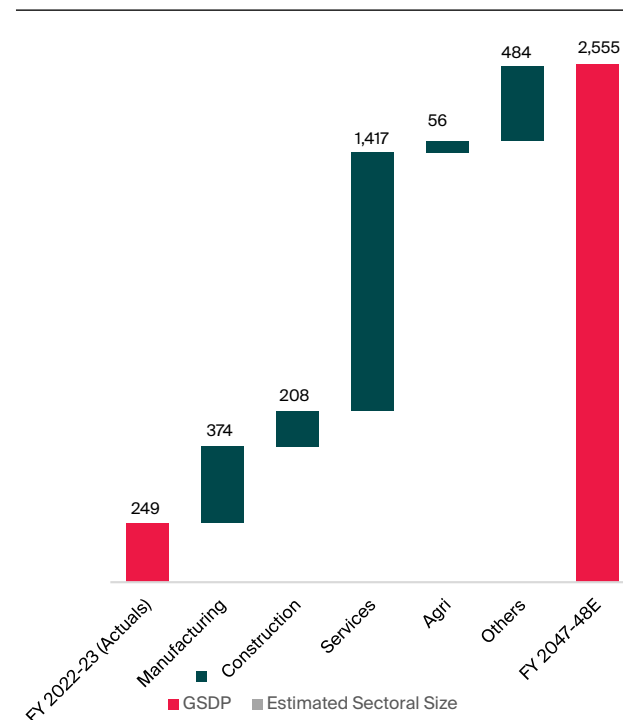
Tamil Nadu Mapping Economic Prospects

Tamil Nadu stands as the second-largest state economy in India, contributing 8.8% to the nation's GDP. In FY 2023, the state GDP is estimated to have expanded to USD 294 bn. Over the 10-year period before the onset of the COVID-19 pandemic (FY 2009-2019), Tamil Nadu's economy experienced an average annual growth rate of 11%. At this pace of growth, FY 2047-48, when India attains its centenary of independence, Tamil Nadu's Gross State Domestic Product (GSDP) is likely to expand to USD 2.6 tn, resulting in the state being one of the key contributors to India's overall economy.



Source: RBI, Knight Frank Research

Projected Sectoral size by FY 2047-48 (USD bn)



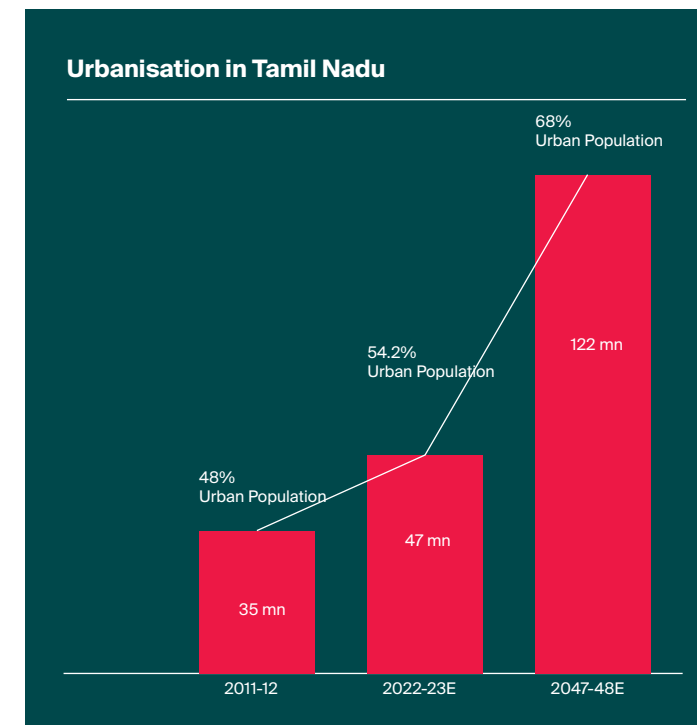
Source: RBI, Knight Frank Research; Note: Others include sectoral output from non-food grain agricultural production such as fisheries, animal husbandry, banking and insurance, industry etc.

The sustainable and optimum economic growth in the state of Tamil Nadu will necessitate an overall growth encompassing all key sectors. Agriculture, services, manufacturing, and others play crucial roles in driving the state's economic prosperity. Presently, the services sector stands out as the primary catalyst, contributing 53% to the overall economic growth of Tamil Nadu.

Based on our evaluation, we have outlined the anticipated growth in the key sectors of manufacturing, construction, services, agriculture, etc. Assuming the continuation of the current growth trajectory, by FY 2047-48, the sectors are expected to expand at the pace outlined below.

The state's growth ambitions are set to drive the need for expanding economic activities into tier 2 and 3 cities of Tamil Nadu, accentuating the pace of urbanization. This trend is expected to significantly boost the construction sector, encompassing real estate and infrastructure development. As of FY 2022-23, the size of Tamil Nadu's construction sector is estimated to be USD 32 bn, contributing 11% to the state's overall economy. Projected at the current growth rate, this sector is poised to expand to USD 208bn by FY 2047-48.

At present, Tamil Nadu holds the distinction of being the most urbanized state in India with 48% of its population residing in urban areas according to the Census of 2011. By the year 2047, it is anticipated that 68% of Tamil Nadu's population will be urbanized. This translates to an estimated 35 mn households residing in urban cities, surpassing the projected average for India which is estimated to be 51%¹. Vast urbanisation in the state would necessitate the development of smart cities, increased economic activities, job creation resulting from such developments, and enhancements in interstate connectivity through infrastructure



Source: Census, Knight Frank Research. Note: 2011 data is as per census, 2023 and 2047 are Knight Frank estimates.

development.

Burgeoning urban population will generate a demand for housing in the cities across income segments, with a larger concentration in the lower income group. As per our estimates, between 2024 and 2047 Tamil Nadu would need an additional 20 mn urban houses. To address this demand for urban housing there is a crucial need for comprehensive urban planning. This planning should prioritize the long-term sustainable development of cities in Tamil Nadu, while also maximizing their economic potential.

The expansion of economic activities will generate employment opportunities across sectors, which in turn will generate a demand for office real estate. Already, Tamil Nadu is an attractive destination for companies across categories such as Information technology, manufacturing, Global Capability Centres (GCCs) etc to establish their workspaces in the state. Currently, the state has the most operational SEZs in the country i.e. 50 out of 270 SEZs, which include both IT and non-IT SEZs, generating vast employment opportunities. As of FY 2022-23, Tamil Nadu had 1.4 mn employees registered with the EPFO². Considering this as a proxy indicator, to reach the potential state GDP estimate of USD 2.6 tn in FY 2047-48, the formal employment in the state is estimated to rise to 19 mn. This would necessitate a requirement of 1.2 bn sq ft of office space in Tamil Nadu³.

The manufacturing sector accounts for 19% of the state's economy and is estimated to expand to USD 374 bn by FY 2047-48. To aid this quantum of manufacturing sector growth, there will be a requirement of 2,25,728 ha (24,297 mn sq ft) of industrial land. As of 2021, Tamil Nadu has 19,520 ha (2,101 mn sq ft) of industrial land.

To meet the economic aspirations, it is pivotal for state infrastructure to set the stage for future development. Currently, Tamil Nadu has 73,187 km of road network, multiple ports and airports which add to the state's connectivity. The state government has mapped the future infrastructure requirement, as is being witnessed in the initiation/ announcement of various infrastructure projects in the state⁴. Currently, the state government of Tamil Nadu has been allocating 4.8% of its GSDP towards the Capital expenditure (CapEx), which largely includes allocation towards infrastructure development in the state⁵. To achieve its projected economic growth of USD 2.6 tn by the FY 2047-48, it is essential to enhance the allocation for capital expenditure (CapEx) to 5.7% of the GSDP. Over the cumulative period spanning from FY 2025- 48, the state should undertake a total CapEx of USD 111bn.

¹India Real Estate Vision 2047, Knight Frank Research

²EPFO, Government of India

³Includes office requirements for public, private and multinational agencies.

⁴Details mentioned in the infrastructure chapter of this report.

⁵At a national level, the Indian government allocated 61% of its capital expenditure towards infrastructure development in FY2022-23.



Advisory to be a future ready state and capitalise on opportunities

With the groundwork laid and projections contemplated for the state, it is pertinent to delve into specific aspects that could accelerate the growth rate or strategically influence key vectors for the state's advancement.

I. Advisory on Policy

Introduction of a State level Retail focused policy

The retail industry, acting as a vital bridge between businesses and consumers, holds profound significance in shaping the very fabric of daily existence. Beyond mere transactions, its pivotal role unfolds in multifaceted ways. Economically, retail fuels growth by providing consumers with a diverse array of goods and services, contributing significantly to increased consumer spending and overall economic expansion. Locally, the industry's impact is felt as small retailers and intermediaries support the community by sourcing goods and services from the surrounding area, creating a positive economic ripple effect. Employment generation emerges as a hallmark, offering diverse career opportunities that engage 8% of the total workforce. Furthermore, the retail sector's robust presence fortifies India's national economic foundations, contributing over 10% to the GDP. In essence, the retail industry is not merely a conduit for commerce but a dynamic force propelling societal and economic growth, embodying its role as an essential linchpin in the nation's progress.

For Tamil Nadu to realize its ambitious target of achieving a USD 1 trn economy by 2030, a strategic imperative lies in the introduction of a targeted retail-focused policy. While the state has successfully implemented sectoral policies that have catalysed growth in specific industries, a dedicated retail development policy is essential to unlock the full economic potential. Given Tamil Nadu's status as the textile capital of the nation, a well-crafted retail policy can harness this strength, creating a symbiotic relationship that propels both the retail sector and the state's economic landscape forward. Such a policy would not only stimulate economic growth by fostering employment opportunities and encouraging entrepreneurship but also contribute significantly to achieving the broader economic milestones set for Tamil Nadu.

Ideally the Tamil Nadu retail policy should be proposed keeping in mind the following objectives which can help the state harness its true potential.

Objectives:

Job Creation and Economic Growth: The policy should aim to generate employment opportunities and foster economic growth by promoting the expansion of the retail sector, acknowledging its significant role as a major employer.

Entrepreneurship Promotion: The policy should encourage the establishment of new retail ventures, fostering a culture of self-reliance and local business development.

Women's Empowerment: Sops and incentives to empower women which should aim to facilitate increased participation and leadership roles within the retail industry to foster inclusivity and gender equality should be inculcated in the policy.

MSME Growth: Recognizing the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in retail, the policy should provide an environment conducive for the growth of these enterprises, thereby fostering the establishment of diverse retail outlets.

Revenue Contribution: Ultimately the policy should aim to enhance the contribution of the retail sector to the state exchequer, ensuring a sustainable and mutually beneficial partnership between the government and retailers.

Implementation Strategies:

Skill Development Programs: Introduce skill development initiatives to enhance the capabilities of the workforce in the retail sector, ensuring a skilled and efficient labour pool.

Financial Incentives: Provide financial incentives and support to budding entrepreneurs and MSMEs in the retail sector, facilitating the establishment and growth of new retail businesses.

Women-Centric Initiatives: Implement targeted programs and incentives to encourage women to actively participate in and lead retail enterprises.

Technology Integration: Encourage the adoption of technology in retail operations, promoting efficiency, innovation, and a seamless shopping experience for consumers.

Monitoring and Evaluation: Establish a robust monitoring and evaluation framework to assess the impact of the policy, ensuring its effectiveness in achieving the outlined objectives.

Stricter implementation of RERA

The Real Estate (Regulation and Development) Act, 2016 (RERA) was enacted to regulate the real estate sector, promote transparency, and protect the interests of homebuyers. Tamil Nadu has implemented RERA through the Tamil Nadu Real Estate Regulatory Authority (TNRERA). However, there's always room for improvement.

To benchmark against the best, we can look at Maharashtra, which is considered to have the most active RERA implementation with the highest project registrations. Here are some strategies TNRERA could consider:

Active Online Portal: Maharashtra's MahaRERA has an active online portal that is regularly updated with information about registered projects and agents. TNRERA could ensure its online portal is equally active and user-friendly.

Timely Redressal of Complaints: Since the inception of the RERA Act, the MahaRERA has successfully resolved 15,423 complaints solidifying its position among the top three states proficient in addressing homebuyer's grievances and complaints. TNRERA could aim to resolve complaints in a timely manner to increase buyer confidence.

Quality Assurance Framework: MahaRERA has introduced a Quality Assurance Framework, which ensures that quality issues or defects in construction are addressed right at the initial stage. This framework involves phase-wise inspection of the quality of projects by third-party agencies. Like MahaRERA, TNRERA could also consider implementing a Quality Assurance Framework to ensure the quality of construction in real estate projects.

Increase Transparency and Accountability: While TNRERA has made significant strides in ensuring transparency and accountability, there is always room for improvement. Learning from MahaRERA's practices could help in this regard.

Engage More with Stakeholders: Regular engagement with various stakeholders, including developers, buyers, and real estate agents, can help TNRERA understand their concerns and improve its regulations and processes accordingly. Regular updates to the regulations and adaptation to the changing needs of the real estate sector can help TNRERA become more effective in regulating the sector.

II. Advisory on Promotion of Tourism

Tamil Nadu, renowned for its cultural heritage and diverse landscapes, holds significant tourism potential. Despite attracting 501.7 mn tourist arrivals (DTAs and FTAs), the state seeks to enhance its tourism sector

further. The recent Tamil Nadu Tourism Policy 2023 is a positive step, yet the state can benefit from global best practices in tourism promotion for increased revenue and visitor engagement. Here are some strategies:

Strategic Promotion: Strategic Promotion involves the development of targeted approaches to promote key tourist attractions through various channels. This includes the identification of unique selling points, effective storytelling, and utilizing diverse marketing platforms to reach a wider audience. The goal is to create compelling narratives that capture the essence of Tamil Nadu's tourist destinations, enticing potential visitors and fostering a positive perception of the region. Effective strategic promotion is essential for maximizing the visibility and appeal of Tamil Nadu's tourism offerings.

Influencer Marketing: Collaborate with influencers who can promote Tamil Nadu's tourist destinations to their followers.

Improve Infrastructure: Improving infrastructure is a crucial step in enhancing the overall tourist experience in Tamil Nadu. With plans to upgrade infrastructure at 300 tourist sites, the Tamil Nadu government aims to create a more accessible, comfortable, and attractive environment for visitors. This includes investments in transportation, accommodation, amenities, and other essential facilities. By prioritizing infrastructure development, Tamil Nadu seeks to not only meet the needs of existing tourists but also to attract more visitors by offering a seamless and enjoyable travel experience.

Leverage Partnerships: Tamil Nadu can maximize its impact in tourism by fostering partnerships with the private sector and engaging with international collaborators. Collaborations with private entities can bring in expertise, innovation, and investments to enhance the tourism sector. Additionally, embracing sustainable tourism practices is essential to preserve the environment and safeguard cultural heritage. By integrating sustainability into tourism initiatives, Tamil Nadu can attract conscientious travellers and contribute to the long-term well-being of its destinations.

Improve Ease of Doing Business: To boost tourism, Tamil Nadu should prioritize improving the ease of doing business in the sector. This involves fostering collaboration among stakeholders to streamline processes, enact investor-friendly changes, and implement policy tweaks that facilitate tourism-related activities. A conducive business environment will attract more investments and contribute to the overall growth and development of the tourism sector in the state.

Strategic hotel development: Strategic hotel development is crucial for Tamil Nadu's tourism growth. The state should focus on establishing luxury hotels in tourist hotspots and promoting branded hotels in industrial cities for Meetings, Incentives, Conferences, and Exhibitions (MICE) tourism. With the upcoming surge in manufacturing and the influx of foreign companies, encouraging known branded hotels in Tier 2 and 3 cities like Tuticorin, Erode, and Hosur will cater to long-stay guests. Additionally, developing luxury and ultra-luxury hotels in popular tourist destinations such as Madurai, Coimbatore, Kodaikanal, Tirunelveli and the Nilgiris will attract high-spending tourists, both domestic and international. This diversification in accommodation options will contribute significantly to the state's tourism sector.

As per our (Knight Frank Research) estimates by 2047, Tamil Nadu could potentially welcome 4.96 mn tourists. With effective strategies and concerted efforts, the state has a substantial opportunity to elevate its tourism sector, leading to increased state revenue and economic growth.

III. Advisory on Infrastructure and Housing Development

Infrastructure development is a pivotal enabler for economic growth, connectivity, and overall liveability. While the Tamil Nadu government has made substantial investments in ongoing and upcoming projects, there are specific measures that can further enhance the existing infrastructure:

Regular Debottlenecking of Ports: Efficient functioning and systematic debottlenecking are crucial aspects for the optimal operation of Tamil Nadu's ports. With the state being endowed with three major ports, a well-defined and periodic debottlenecking process becomes essential. This involves a systematic identification and resolution of any bottlenecks or constraints in port operations. Streamlining processes, optimizing resource allocation, and enhancing logistical efficiency are key components of this debottlenecking strategy. By addressing operational challenges, the ports can ensure smoother functioning, which, in turn, promotes increased trade activities, economic growth, and overall competitiveness in the maritime sector.

Regular Debottlenecking of Airports: Similar, to ports, airports also benefit from regular debottlenecking efforts. This involves identifying and addressing issues that may hinder the optimal functioning of airports, such as streamlining security procedures, improving baggage handling systems, and enhancing passenger services. This ensures that airports can handle increasing passenger volumes efficiently.

Stress on Enhancing Stormwater Infrastructure Implementation across Tamil Nadu: Given the geographical diversity of Tamil Nadu, with varying climatic conditions, there is a need to emphasize the enhancement of stormwater infrastructure especially in Tier 2 and 3 cities. This involves the construction and maintenance of systems to manage rainwater, preventing flooding and waterlogging during heavy rainfall. Effective stormwater infrastructure contributes to disaster resilience and overall urban planning.

These measures collectively contribute to the robustness of Tamil Nadu's infrastructure, fostering economic development, ensuring smooth transportation of goods and people, and enhancing the overall quality of life for residents. Regular reviews and improvements in these areas will be crucial for sustaining and amplifying the positive impact of the state's infrastructure initiatives.

Smart Urban Planning: Smart Urban Planning refers to the use of technology and data to improve urban life. It involves the use of integrated, responsive smart tech systems connected to the Internet of Things. Real-time data from people, devices, and infrastructure in these cities are analyzed to enhance sustainable resource usage, city services and operations, and overall liveability. In the context of Tamil Nadu, the state has already embarked on the journey of smart urban planning. Under the Smart Cities Mission of the Government of India, twelve cities in Tamil

Nadu have been identified for development into smart cities. These cities are Chennai, Coimbatore, Dindigul, Erode, Madurai, Salem, Thanjavur, Thoothukudi, Tiruchirappalli, Tirunelveli, Tiruppur, and Vellore. However, it's a continuous process that requires regular updates and revisions to adapt to the ever-changing dynamics of the city and its region.

- **Green Infrastructure:** Incorporate more green spaces and parks into city planning. This not only enhances residents' quality of life but also contributes to stormwater management, reduction of heat islands, and improved air quality.

- **Mixed-Use Zoning:** Encourage mixed-use development to minimize the need for transportation, reducing carbon emissions. This involves creating zones with residential, commercial, and industrial purposes within the same area.

- **Public Transportation:** Invest in and promote public transportation in Tier 2 and 3 cities to decrease reliance on private vehicles, alleviating traffic congestion and lowering carbon emissions.

- **Energy Efficiency:** Advocate for renewable energy sources and energy-efficient buildings through policies and incentives.

- **Water Management:** Enhance water conservation and wastewater management practices, including the construction of stormwater drains and wastewater treatment plants.

- **Innovation and Technology:** Embrace innovation and technology, including smart city initiatives, to enhance resource efficiency and improve urban quality of life.

- **Resilience and Adaptation:** Design infrastructure with resilience against climate change impacts and develop emergency response plans for natural disasters.

These strategies collectively contribute to the creation of more sustainable, efficient, and liveable urban spaces in Tamil Nadu.

Provision of housing facilities for workers: The State should endeavour to provide housing facilities for workers, akin to hostel accommodations, which can serve as a crucial factor in attracting and retaining a skilled workforce. Here's a breakdown of the key considerations and benefits:

Site Selection: Identify strategic locations near industrial zones or manufacturing hubs where there is a demand for a labour force. Proximity to workplaces reduces commuting time and enhances convenience.

Amenities and Infrastructure: Develop comprehensive infrastructure with amenities such as living quarters, common areas, recreational spaces, and essential services like healthcare and grocery stores. This ensures a holistic living environment for workers.

Affordability: Design housing solutions that are affordable for the target demographic. Implementing cost-effective construction methods and utilizing available resources can contribute to affordability.

Migration Attraction: Offering on-site housing can indeed attract migrant workers, as it provides a ready-made solution to the accommodation challenge often faced by those relocating for employment. This can significantly ease the transition for workers.

Community Building: Foster a sense of community within the housing facilities. This can be achieved through communal spaces, events, and initiatives that encourage social interaction and camaraderie among residents.

Safety and Security: Prioritize safety and security measures to ensure the well-being of residents. This includes secure premises, well-lit areas, and emergency response systems.

Regulatory Compliance: Adhere to local building codes and regulations to ensure the legality and safety of the housing facility. Engage with local authorities for necessary approvals.

Employer Involvement: In some cases, employers may take an active role in providing or facilitating worker housing. This can be done independently or through partnerships with housing developers.

Public-Private Partnerships: Explore opportunities for collaboration with government bodies or private developers to enhance the scale and efficiency of housing projects.

By addressing these aspects, the development of worker housing can contribute not only to the attraction of a skilled labour force but also to the overall well-being and satisfaction of workers, fostering a positive and productive work environment.

Concluding Remarks

Tamil Nadu stands at the forefront of India's economic resurgence, strategically positioned to capitalize on a confluence of positive factors. The global economic recovery, bolstered by the 'China + 1' strategy, has propelled the state's manufacturing sector into becoming a key player attracting major investments, particularly in the electronics industry. Government led reforms and infrastructure initiatives like Bharatmala and Sagarmala have fortified Tamil Nadu's business environment, enhancing its economic prospects. The state's commitment to digital transformation aligns seamlessly with India's broader technological shift, fostering growth in the IT sector. A skilled workforce and resilience in vital sectors such as engineering and automobiles, underscores Tamil Nadu's economic stability. Furthermore, its active participation in global trade agreements with the demographic dividend further solidify its role as a significant contributor to India's economic future. As Tamil Nadu navigates these favourable tailwinds, it cements its position as a key economic player, as an established state with respect to the technology integration and way of life, and as a frontrunner in harnessing India's manufacturing prowess.

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