

Speech delivered by Selvi J Jayalalithaa, Hon'ble Chief Minister of Tamil Nadu during the CONNECT 2011 at Chennai Convention Centre, Nandambakkam, Chennai on 21.12.2011

Good Afternoon to you all.

First of all I must thank Mr. S. Ramadorai for his most inspiring and encouraging address. He has told us all very clearly that Tamil Nadu has the potential to become a global leader in many sectors and that Chennai has all the attributes needed to become a global city and he has also laid out a road map for us to follow to achieve these goals. I request him to please send us a copy of his speech so that we may implement all his brilliant suggestions.

I still remember the first edition of CONNECT launched in the year 2001 which I inaugurated. I participated in this event again in 2002, and yet again in 2005. This underlines the importance that my Government accords to this event and to the promotion of the Information Technology industry in Tamil Nadu.

I am glad to participate once again in this annual event jointly launched by the Government of Tamil Nadu and CII. CONNECT is one of the Flagship events, of the Government of Tamil Nadu and the CII. It is a premier annual Conference cum Exposition on Information and Communication Technology that has been attracting world-wide participation.

I am delighted to know that the theme of this 2011 edition of Connect is "Towards Innovation and Emerging Entrepreneurship – Tamil Nadu leads the way". I congratulate the organizers for choosing this theme, which is very relevant in the present context.

Technological revolutions sometimes bring unexpected opportunities for countries. India, a relative laggard among developing countries in terms of economic growth, seems to have found such an opportunity in the IT revolution as an increasingly favoured location for customized software development. India's success in software has led to speculation about whether other developing countries can emulate its example, as well as whether this constitutes a competitive challenge to software Industries in the developed world.

Today, the whole world lauds the dazzling performance of India in Information Technology. IT provides the unique opportunity to India to overcome the Nation's historical disabilities, created by its colonial legacy in the past. IT is now enabling us to catch up with the developed world. It is considered as a great leveller that can bridge the "North-South Divide" in this highly polarized world of "haves and have-nots".

It is now commonplace to say that the 21st Century will be the "Knowledge Century". Peter F. Drucker, the famous Management Guru said: "Today knowledge has power. Knowledge controls access to

opportunity and advancement". Throughout the developed world, we have moved from "man power" to "mind power." We have moved from the use of physical muscle to the use of mental muscle. Knowledge becomes power when we put it to use. Intellectual capital is the most valuable of all factors of production. What exactly do we mean when we say this? I believe that this proposition implies that it is not military power or economic power that will in fact determine a Nation's place in the world now in the making, but its "brain power". Brain power should of course be reflected in a country's economic competitiveness. IT prowess is synonymous with the brain power that places India in the vanguard position. Truly, the 21st century belongs to us.

Before I proceed with the rest of my speech, I would first like to commend the role played by our IT industry and our IT professionals in bringing India on to the world map, and being counted as one of the knowledge powers of the world. This is not an achievement, which came about overnight. This is the result of years of investment enterprise and hard work – by individuals, by academic institutions, and by IT enterprises.

The rise of India as an economic power, particularly as an IT power, figures today in the discourse of all seminars, conferences and writings, all over the world. Whereas, the economic development of India has been multifaceted the role of IT in breaking traditional mindsets about India's capabilities; our ability to make world-class products; and to compete on an equal footing is truly remarkable and it is probably the single biggest reason for India today occupying so much "Mind Space" among the investment community in the world. Our Indian IT enterprises have risen to the challenge and proved that they are indeed globally competitive. Our share of world exports has gone up because of IT. India has to be more economically engaged with the world.

The service sector has been the most dynamic sector of the Indian economy. Not only has it been growing much faster than the other sectors, but it has enabled the Indian economy to be less dependent on the vagaries of the monsoon. It has also been one of the most important contributors to the growth of our trade.

According to A.T. Kearney's Global Services Location Index 2011, India is ranked First among 50 nations with an overall score of 7.01; followed by China with a score of 6.49. According to A.T. Kearney, India has emerged as the Leader both in terms of "Financial attractiveness" as well as "People's skills and availability."

Today, India has emerged as the fastest growing and one of the largest IT markets in the Asia-Pacific according to an IDC study. While China excels in manufacturing, India is far ahead of China in the field of IT. A study report of McKinsey on China's software outsourcing sector revealed that it will be many years before China poses a threat to its

continental rival India in this arena. This commendable performance of IT has given all of us a sense of pride in the international forums.

The Indian information technology (IT) industry has played a key role in putting India on the global map. Thanks to the success of the IT industry, India is now a power to reckon with.

Over the past few years, the Indian information technology (IT) and IT enabled Services (ITeS) industry has been on a steady growth trajectory. The IT industry alone has played a pivotal role in placing India on the world map, as a major, knowledge-based economy and outsourcing hub. The major sub-segment that entails Business Process Outsourcing (BPO), is re-inventing itself and experiencing a paradigm shift from being a volume-oriented proposition to a value-oriented proposition by expanding its scope of services and providing substantial high-end solutions in the areas of Data Analytics, Legal Process Outsourcing, etc.

The IT-BPO sector in India had aggregated revenues of 88.1 billion US Dollars in FY2011, generating direct employment for over 2.5 million people, as the industry continued its journey on the core themes identified for the next decade – Diversification, Transformation, Innovation and Inclusion. The share of the IT-BPO industry in the total Indian exports (merchandise plus services) increased from less than 4% in 1998 to 26% in 2011.

According to a report prepared by McKinsey for NASSCOM, called 'Perspective 2020: Transform Business, Transform India' released in May 2009, the exports component of the Indian industry is expected to reach 175 billion US Dollars in revenue by 2020. The domestic component will contribute 50 billion US Dollars in revenue by 2020. Together, the export and domestic markets are likely to bring in 225 billion US Dollars in revenue, as new opportunities emerge in areas such as, public sector and healthcare, and as geographies including Brazil, Russia, China and Japan opt for greater outsourcing.

Today, the IT-BPO sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living, and diversity among others.

To sum up, the Indian Information Technology Sector continues to be one of the sunshine sectors of the Indian economy showing rapid growth and promise.

Within India, Tamil Nadu has carved out a pride of place. Not long ago, the popular perception of Chennai was that it is a coffee loving conservative city. From this perception, Chennai has now transformed itself into the San Jose of India with state-of-the-art IT parks. Chennai

has indeed come a long way. With one new company coming up every week, Chennai is all set to become the country's IT capital. Many major players have already set up shop here and many more are willing to join the bandwagon.

Tamil Nadu has a rich capital of human resource endowments capable of meeting the needs of modern industry. The State ranks primary with an annual turnout of nearly 1,92,000 engineering graduates and an equal number of trained polytechnic students offering immense scope for the establishment of knowledge based industries and services. Tamil Nadu is the most "technically powerful knowledge State" in the country, especially after Anna University has become the world's largest technical university, comprising about 500 engineering colleges. I understand that Anna University produced about 25 per cent of India's engineers and nearly 10 per cent of the world's engineering graduates. Abundant availability of skilled manpower at relatively lower wage costs coupled with harmonious and peaceful industrial relations, confer distinct advantages on Tamil Nadu making the State the most preferred investment destination.

IT has powered the transformation of Tamil Nadu into a modern economy, clearly making it India's eastern gateway to the World, not just South Asia. Tamil Nadu has emerged very strong as a global leader in some specific verticals of the ITES sector. These are Banking, Financial Services and Insurance (BFSI), Health Systems Management, Computer Aided Designing (CAD) and Computer Aided Engineering (CAE). In 2010-11, Software exports from STPI units in Tamil Nadu have touched 42,100 crore rupees. If we include exports from IT SEZ units, it is estimated to be above 50,000 crore rupees. Though the IT revolution started some time ago in the country, it was in Chennai that the IT and BPO sectors set the stage for yet another revolution that accelerates self-sustenance in rural India. I am glad that apart from Chennai, other Tier II cities in Tamil Nadu have significantly improved their export performance.

Within our Software exports, the focus is primarily on the High-end of the value-addition spectrum. About 49% of Tamil Nadu's IT exports constitute System and Application software, while BPO constitutes only 12%. This is a clear reflection of the climb-up in value-chain and maturity achieved by the IT industry in Tamil Nadu. This is the saga of Tamil Nadu. Tamil Nadu and Chennai have become the destination of choice for IT investments. At present, Tamil Nadu has over 1800 software & ITES exporters, including over 210 foreign wholly owned subsidiaries and MNC companies in Software development. The World Bank's only back-office outside Washington is in Chennai. Apart from this, Chennai is the hub for international financial institutions, like Stanchart, Citibank, ABN Amro Bank, etc., who all have very large scale operations in Chennai catering to the Asia-Pacific region.

Tamil Nadu offers a reliable communication infrastructure, which is

considered as the back-bone of the IT industry. Chennai is the landing point for two submarine cables that link Chennai with the rest of the World. The total bandwidth available is over 13.52 terabits per second, the largest any Indian city has at present.

Tamil Nadu has been rated as a "Leader" State in e-readiness and e-governance. Information Technology today is recognized as an effective tool for catalyzing the activities in efficient governance and in developing human resource. The ubiquitous mouse has a special place in the Indian psyche. It is revered as the vehicle of Lord Ganesha, the remover of all obstacles. Today, in the arena of Governance, its Pentium powered avatar reigns supreme in the hands of an increasingly literate janata. As the era of Digital Economy evolves the concept of good Governance assumes greater significance.

Today, Tamil Nadu has emerged as the destination of choice for investors. Several independent studies have rated the investment climate in the State highly. It is therefore no surprise that Tamil Nadu has become a major recipient of foreign investments. Tamil Nadu remains as one of the top three destinations in attracting FDI in India. It is, therefore, encouraging to note that investors are displaying their growing faith in the immediate and medium term prospects of Tamil Nadu not to mention the robust outlook for the long term. It will be the endeavour of the State Government to sustain and stabilize this environment of optimism. On this occasion, I invite you to have faith in Tamil Nadu. The State Government is committed to renewing the people's faith in good governance and in a socially just and equitable process of development.

As Mr. Orison Swett Marden said: "Success is not measured by what you accomplish, but by the opposition, you have encountered and the courage with which you have maintained the struggle against overwhelming odds." I have a vision or a dream to make Tamil Nadu numero uno in terms of all round development. Dreams come true when you act to turn them into realities. A goal properly set is halfway reached. Leadership is the capacity to translate vision into reality. As Mr. Tommy Lasorda said: "The difference between the impossible and the possible lies in a person's determination."

To achieve this dream, my Government proposes to bring out a New Information Technology & ITES Policy that will engender many avant-garde features. This will catapult Tamil Nadu to the numero uno position. My Government is committed to providing an investor-friendly Industrial Policy framework to provide a healthy and productive environment. I invite investors to Tamil Nadu - the land of great opportunity endowed with immense potential and reiterate the commitment of my Government to establishing a strong and vibrant Tamil Nadu as a new growth model in India.

In Tamil Nadu, the opportunities are immense. This Government

believes in being pro-active and being an enabler. We would like to be a State with the right attitude towards investors. Tamil Nadu is a State that delivers and we need partners who can see growth both in the old and the new economy and participate in the generation and creation of wealth.

Once again, I congratulate the organizers of Connect 2011.

Thank You.

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