

Tamil Nadu's Fourth Auto Cluster Takes Shape with VinFast EV Plant

Category: Business

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Once celebrated for its pearl fisheries, Thoothukudi has grown into a major port city and a cornerstone of Tamil Nadu's maritime trade. For generations, its docks shipped cotton yarn, salt and dried fish, sustaining the local economy.



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industrial corridor in the south

Now the city stands on the brink of another transformation. VinFast's 400-acre electric vehicle assembly plant in the SIPCOT industrial park has been launched on August 4, backed by an initial \$500 million investment and a phase-one capacity of 50,000 vehicles annually. The project is expected to reshape Thoothukudi's industrial identity and anchor a new phase of growth in southern Tamil Nadu.

VinFast Plants Stakes in Southern Tamil Nadu

Founded in 2017 as part of Vietnam's Vingroup conglomerate, VinFast rapidly became the country's top-selling car brand by 2024, its all-electric SUVs earning recognition in North America, Europe and Southeast Asia.

India, with its fast-growing EV market and supportive policies, was the next logical step. After evaluating 15 sites across six states, VinFast chose Tamil Nadu for its port access, strong infrastructure, skilled workforce, and a proactive government committed to building the state's first all-electric vehicle cluster.

The new plant will integrate welding, painting and final assembly under one roof, with the first vehicles-the premium VF 6 and VF 7 designed for Indian buyers-expected to roll out later this year. It forms the centerpiece of VinFast's broader plan for India, which is focused on building a comprehensive EV ecosystem. As part of this strategy, the company is partnering with RoadGrid and myTVS to establish hundreds of service centers, working with BatX Energies on battery recycling to create a sustainable closed-loop process, and collaborating with 13 dealer groups to launch 35 dealerships in 27 cities, ensuring wide sales coverage from day one.

"VinFast is committed to making EVs more accessible while contributing to economic growth through investment and local job creation," a company spokesperson said, positioning the

brand as a '**global premium EV**' that remains within reach of Indian consumers.

Tamil Nadus Blueprint for EV Clustering

VinFast's investment fits Tamil Nadu's plan to expand EV manufacturing and push growth beyond its crowded northern hubs. Over the past four years, the state has drawn INR 7.51 trillion in investment, with southern districts now capturing nearly a third, a marked shift from the historical dominance of the north.

Faced with the choice of expanding congested hubs or building new ones, officials opted for the latter. Thoothukudi stood out for its port access, abundant land and trained labor pool, offering a clear export edge.

Under the plan, Thoothukudi is set to become Tamil Nadu's first all-electric automotive cluster and its fourth major auto hub, joining Chennai, Coimbatore, and Hosur. Common facilities for motor, power electronics, and battery production are in development, with a third for vehicle testing under review. An EV Taskforce is steering the initiative, coordinating with industry players to create a complete supply ecosystem.

A parallel effort is underway to prepare the workforce. Through the state's flagship "**Naan Mudhalvan**" program, hundreds of students have completed three weeks of training in technical, aptitude and communication skills, and VinFast has already taken on about 200 graduates. The company is shaping its staff with a hybrid 80-20 model in which the majority are local freshers or trainees, supported by a smaller group of experienced professionals. Together with its suppliers, the plant is expected to generate 3,000 to 3,500 direct jobs, raising wages and offering steady employment.

The effect is certain to extend well beyond the factory floor, since studies suggest that every job in auto manufacturing can

generate another four to 11 positions, whether in component suppliers, transport and logistics, or in the shops and services where automotive workers spend their paychecks.

Economic Ripples Beyond the Factory Gates

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Its trajectory echoes other cities reinventing themselves, yet its scale and pace stand out, driven by state planning and VinFast's ambitions. Once known for pearls, Thoothukudi may soon be celebrated for thousands of battery-powered vehicles bound for markets worldwide.

