



STATE PROFILE OF KERALA 2014-15

MSME DEVELOPMENT INSTITUTE, THRISSUR



MICRO, SMALL AND MEDIUM ENTERPRISES

सूक्ष्म, लघु और मध्यम उद्यम

भारत सरकार

Government of India

सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय

Ministry of Micro, Small & Medium Enterprises

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FOREWORD

MSME-Development Institute, Ministry of MSME, Government of India, Thrissur, Kerala has prepared the 20th updated edition of the State Profile as a part of MSME-DO action plan for the year 2014-15.

The report provides an insight in to the various aspects of the State like General Characteristics, Resources including material or human resources, Infrastructure available etc. The findings of a study on the Status of Traditional, Small, Medium and Large scale industries in Kerala also have been incorporated. Other areas included in the report are the functions & services rendered by various State and Central government Institutions /Agencies engaged in the Industrial Development of the State, Schemes and Incentives for MSME sector, different policies of Government of Kerala in respect to industrial environment, statutory formalities, a gist of important key economic parameters etc. A list of industrial items having scope in this state has also been suggested in the report.

I take this opportunity to express my sincere thanks to all Central and State Govt. agencies and NGOs specially the Directorate of Industries & Commerce, State Planning Board for their valuable advice and assistance rendered in the preparation of this Report.

I take this opportunity to record my sincere appreciation for the efforts put in by Shri. K.C. Johnson, Asst. Director (Stat).

I hope the report would be a useful reference to the planners and investors who are interested in the industrial development of Kerala.

**Thrissur
31-03-2015**

**(S. PANIKKASSERY)
Director**

KERALA DISTRICT MAP



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KERALA DISTRICT MAP

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CHAPTER-1

GENERAL CHARACTERISTICS OF THE STATE

1.1 INTRODUCTION

Kerala has been an enigma to the Economists and Social Scientists. While the Economy has moved from the almost stagnant situation in the 1960s and 70's to the slow growth in Nineties, the State has been in the fore front of social development indicators in India. Though, post liberalisation phase has seen significant growth in secondary and territory sectors like IT, Tourism, entertainment, internet and mobile services, airlines, banking, insurance etc. the growth has not been commensurate with social development indicators.

Kerala is a small state, tucked away in the south west corner of India. It represents only 1.18 percent of the total area of India but has 2.76% of the total population of the country which was 3.10 percent during the 2001 census. It is separated from the rest of the peninsula by natural geographic boundaries.

Kerala may be divided into three geographical regions (1) high land (2) mid land and (3) low land. The high lands slope down from the Western Ghats, which rise to an average height of 900m, with a number of peaks over 1,800 m in height. This is the area of major plantations like tea, coffee, rubber, cardamom and other species.

The mid land lies between the mountains and the low lands. It is made up of undulating hills and valleys. This is an area of intensive cultivation - cashew, coconut, areca nut, cassava, banana, rice, ginger, pepper, sugarcane and vegetables of different varieties are grown in this area.

The 'Western Ghats' with their rich primeval forests having a high degree of rainfall, form the eastern boundary and extend from the north to Kanyakumari in the south. The entire western border is caressed by the Arabian Sea. Between these natural boundaries lies the narrow strip of land extending from Kasargode in the north to Parasala in the south.

Located at north latitude between 8° 18` and 12° 48` and east longitude between 74° 52` and 77° 22` , with an area of 388863 sq. km lying between the Arabian Sea on the West and Western Ghats on the East, Kerala has the following to its credit:

- Highest literacy rate in India.
- Highly skilled human resources with low operating cost.
- Human Development Index at par with the West.
- Ranked best in India in terms of Physical Quality of life Index.
- An efficient public transport system.
- Information Technology becoming a key area of economic excellence.
- Best Public Health care system in India.
- Tourism has grown to be a front line industry with Government support and private management.

However the fact that Higher Economic Growth is necessary not only to generate higher tax revenue but also to sustain the advances made in social sector and in order to allocate more resources by the State to the welfare activities for the poor and needy has yet to be widely acknowledged in the State.

In order to generate higher economic growth, investments are required for creating high quality infrastructure, skilled human capital, technology up-gradation and enterprise promotion. The Micro and Small Enterprises plays an important role in the balanced and holistic industrial development of the State. It generates employment and value to products and services through utilizing available resources in the State. Kerala is one of India's most globalized states, with a high dependence on exports, remittances and tourism. The recession in the Euro zone, the weak pace of expansion of the United States and the slowing growth in all emerging countries has dampened Kerala's exports and reduced tourist flows. Fluctuating global commodity prices cause uncertainty for Kerala's exporters. Food and fuel prices have remained high resulting in cost push inflationary conditions. Saudi Arabia's Nitaquat policy has resulted in uncertainty, regarding further opportunities for nonresident Keralities working abroad, and concern over further widening of unemployment.

Kerala, being a sub-sovereign entity, is affected by developments in the rest of the country. India has been beset with low growth; fall in infrastructure investment, weak business confidence, high interest rates, wide current account deficit, high domestic inflation, rapidly depreciating currency and inability to manage the fiscal deficit within targeted limits. These factors have a deep impact on Kerala, as the state is dependent on other states for much of its consumption requirements, including essentials like food grains, electricity and other basic goods. Inflationary conditions and supply side bottlenecks have a greater impact on Kerala due to the fact that Kerala is situated far away from major production centres and logistics are weak.

During 2013, monsoons have been bountiful, causing Kerala's water bodies to fill up on the one hand but also resulting in damage to property in coastal and riverine areas, making the fishermen community even more vulnerable. The potential adverse implications on farmers in the Western Ghat regions due to the recommendations of the Kasturirangan report are also a matter of concern to the state. The fall in revenue collections during the current year has significantly added to the fiscal stress of the state, since expenditure on salaries, pension and interest payments cannot be cut down drastically, to compensate for low revenue.

Various efforts made by the Government in 2013-14 to improve the welfare of the people include continued emphasis on decentralized governance, special packages for vulnerable communities, minorities and people in backward regions, substantial allocation for education and health, and a focused effort at skill up gradation. All sectors, agriculture, industry, infrastructure and services have been given due priority through a variety of initiatives. Implementation difficulties, primarily in large infrastructure projects, have been mainly on account of inability to acquire land, issues relating to resettlement and rehabilitation of project affected people, and capacity constraints, including skilled manpower shortage, in various Implementing Agencies. Efforts have been made to capture difficulties in implementation through real-time monitoring and taking appropriate corrective action.

The quick estimate of Gross State Domestic Product (GSDP) at factor cost at constant (2004- 05) prices is ₹ 2,21,84,990 lakhs during 2012-13 as against the provisional estimate of ₹ 20495672 lakhs during 2011-12, registering a growth rate of 8.2 per cent in 2012-13 compared to nearly 8 per cent in 2011-12. At current prices the Gross State Domestic Product is estimated at ₹ 34933832 lakhs (quick estimate) during 2012-13 as against the provisional estimate of ₹ 30790606 lakhs during 2011-12 showing a growth rate of 13.4 per cent.

As per the quick estimates in 2012-13, the per capita Gross State Domestic Product at constant (2004-05) prices was ₹ 63491 as against provisional estimate of ₹ 59052 in 2011-12, recording a growth rate of 7.5 per cent in 2011-12. At current prices, the per capita GSDP in 2011-12 was ₹ 99977 registering a growth rate of 12.7 per cent over the previous year's estimate of ₹ 88713. It shows that during the period 2008-09 to 2012-13, the per capita state income at constant prices was higher than the per capita national income.

Despite making several attempts at fiscal consolidation, the improvements attained in key deficit indicators during the period 2002-03 to 2010-11 could not be sustained in 2011-12 and 2012-13 due to various external and domestic compulsions. Though the global and national economy shows some signs of recovery from economic recession, impact of the slowdown on all sectors of the economy and its downward pressure on growth are still visible. This has an adverse impact on buoyancy of revenues. Along with this, persistent high level of inflation has pushed up Government expenditure. Fiscal consolidation targets in 2011-12 and 2012-13 were therefore not achieved. This period was characterized by large increase in committed expenditure on account of salaries, pensions, increased devolution to LSGs and increased payments for welfare schemes and subsidies necessitated by pro-poor policies of Government. One of the remarkable features during this period was considerable growth in capital expenditure even amidst fiscal constraints created by rise in revenue expenditure. Growth in overall expenditure during 2011-12 was phenomenal at 31.21 per cent owing to absorption of carry forward liabilities of salaries and pension revision. In 2012-13 growth in expenditure again moderated to the level of 16.37 per cent. In 2011-12 Revenue Deficit - GSDP ratio increased to 2.55 per cent and in 2012-13 it reached the level of 2.57 per cent. Fiscal Deficit-GSDP ratio during this period stood at 4.07 per cent and 4.13 per cent respectively.

The level of prices for essential commodities and services determine the well being of the people. A modest increase in the price level is acceptable, sometimes even desirable. Kerala being a consumer state faces high volatility in commodity prices as a result of heavy dependence on neighbouring states for consumption goods. Due to the cost-push and demand-pull factors, the economy has very high inflation, which adversely affects the welfare of the people, especially the vulnerable communities.

One of the major problems that exist in Kerala is unemployment. There is an increase in labour supply due to the increase in the number of women work seekers in various sectors from the decade of 1970's, which resulted in rapid rise in unemployment

in Kerala. Further the growth of educated manpower has increased the demand for white-collared jobs. As there is a lack of job opportunities in our state, which ensure high wages, many are immigrating especially to Gulf countries. Migration of people to foreign countries results in inflow of remittances into the state, which is one of the important drivers of our economy. However, emigration also has several drawbacks and adverse impacts on the domestic economy.

The third annual Employment & Unemployment Survey conducted by the Labour Bureau, an organisation under the Ministry of Labour & Employment during October 2012 - May 2013 confirmed the findings of NSSO survey (2011-12) that, among the larger Indian States, Kerala has the highest unemployment rate under all approaches. For example, Unemployment rate in Kerala for persons of age 15 years and above as per UPSS approach was 9.6 per cent, behind three small States of Sikkim (12.2 per cent), Arunachal Pradesh (10.2 per cent) and Goa (9.9 per cent). According to the CDS approach, Kerala's Unemployment Rate was 10.2 per cent and the four small States which have higher UR than Kerala was Sikkim (12.9 per cent), Tripura (12.7 per cent), Arunachal Pradesh (11.6 per cent) and Goa (11.2 per cent).

The Kerala State Self Entrepreneurship Development Mission (KSSEDM) aims at inculcating entrepreneurial confidence among the youth of the State through a process of selecting persons with aptitude and earnestness, training them meticulously and enabling them to avail of finance on easy terms from Banks/Financial Institutions. The youth will be given opportunities in the agriculture and IT sectors. In a Panchayat-level scheme aimed at educated unemployed youth, KSSEDM providing training and soft loans to 10 select entrepreneurs in each Panchayat up to ₹ 20 lakh to start an enterprise.

Non resident Keralites play a vital role in the development of the state. Their contribution to the development can be seen at family level, community level and state/country level. At family level it has improved household earnings, food, health, housing and educational standard and at state/country level higher foreign exchange and accelerated economic growth are the result. It is estimated that more than 22.8 lakh emigrants from Kerala are living abroad and that of Kerala emigrants who returned and are living in Kerala is to be 11.5 lakh. The total Non-Resident Keralites is estimated to be 35 lakh. The trend of emigration from Kerala shows that the number of emigrants to 100 households increased from 21 from 1998 to 29 in 2011. The return migrants to the same fraction for the corresponding period is nearly 12 to 15 and the Non-Resident Keralites to the 100 household is increased from 33 to 44 respectively.

The growth performance of the agriculture and allied sector has been fluctuating across the plan periods. It witnessed a negative growth rate of 1.3 per cent in XIth Five Year Plan while a positive growth of 1.8 per cent in Xth Plan period. But there has been a turnaround in 2012-13, with the quick estimate indicating a growth rate of 4.39 per cent over the previous year, the sub sector wise growth rate being agriculture (5.62per cent), forestry and logging (1.26 per cent) and fisheries (-2.79 per cent). The revival is reported mainly due to the dynamism in the livestock sector.

Although the share has fallen to 8.95 per cent of GSDP, the robust performance of the sector in line with others is a matter to cheer considering the agrarian nature of the state and the role that it plays in providing livelihood to the people.

At the national level during Twelfth Five Year Plan, it has been targeted to improve the efficiency of irrigation projects by at least 20 per cent from the existing level of 30 per cent. Irrigation development should be given more priority for the completion of medium irrigation projects and to utilize the created potential for the cash crops of the State. Rice is the major crop benefited through irrigation infrastructure in the State. Even in the case of this crop, the incremental yield, which the irrigation support could bring, is not significant. With the fast changes taking place in the farm front of Kerala with notable reduction in the area under rice cultivation, even the distribution systems already developed for gravity irrigation to service rice cultivation now require realignment. Investments in irrigation are changing globally in response to changes in environment and experience with previous projects. Increased water scarcity has shifted the focus from exploitation of water resources and building infrastructure to improvement of water use efficiency. The source development along with area wide micro irrigation systems is an option for the state in most of the agro-ecological zones.

Though meat production is increasing over the years, it cannot cater to the demand fully. Poultry meat production decreased from 184000 tonnes in 2011-12 to 128842 tonnes in 2012-13. The major reason for the decrease was due to the ban on poultry birds entering the State from neighbouring States due to the outbreak of bird flu in Karnataka. The meat production other than poultry meat increased from 242000 tonnes in 2011-12 to 272152 tonnes in 2012-13 registering an increase of 12.46 per cent over the previous year. The per capita availability of meat per day in Kerala during 2012-13 was 32.89 gms (Poultry meat 10.57 gms and meat other than poultry meat 22.32gms). Kerala has not exploited the potential of meat production. Regional projects with appropriate buy back arrangement have to be prepared for the improvement of meat production in the state.

During 2012-13 a total of 4886 lakh litres of milk was procured by the DCS in the state of which 3079 lakh litres were sent to the dairies and 1768 lakh litres were marketed locally by the societies. The procurement by the DCS is only about 15 -16 per cent of the total estimated production. The average milk procured per day by APCOS during the year 2012-13 was 875 MT against the previous year average of 787 MT. The procurement/day/society during 2012-13 was 369 litres and during 2011-12 it was 344 litres. The MILMA Federation is importing milk from the neighbouring states during lean periods when the internal supplies used to shrink. The procurement of milk by dairy under KCMMF stood at 3188.14 lakh litres against the sale of 4332.27 lakh litres during 2012-13 showing a wide gap between procurement and supply.

Industry has been performing sub-optimally in the country in recent times. During April- October, 2013, at the All India level, there was negative growth of 2.7 per cent and 0.3 per cent in Mining and Manufacturing over the same period in the previous year. Only the electricity sector showed a growth of 5.3 per cent in this period. Taken together, Industry (mining, manufacturing and electricity) remained stagnant. Negative growth was observed in Food products, Wood products, Rubber and Plastics Products, Basic metals and various machinery items. Capital goods industry showed a negative growth of 0.2 per cent in April- October 2013. This dismal performance of industry, due to a variety of reasons including low business expectations and high interest rates, has critical implications on Kerala, which is dependent on the supply of industrial inputs, intermediary goods and final consumption goods from the rest of the country. Any supply bottlenecks can push up input as well as output prices. Further, Kerala's own industry, especially export oriented industry will also be dampened if industry in the rest of the country (and world) is stagnant, as there will be less demand for Kerala's goods.

Adequate and affordable capital is critical for development of the economy. Kerala boasts of a well-developed banking infrastructure. Commercial, Nationalised, Co-operative banks and a large number of grameen banks have sprung up within the state. Although, Kerala has only 1.18 per cent of the total land area, it has 4 per cent of bank branches. This indicates that people of the state are highly financially literate. Kerala has largest number of bank branches among the semi urban areas in the country. At the end of March 2013, Kerala had total 5207 branches and there was an increase of 424 branches compared to March 2012. As on June 2013, total number of bank branches has also increased to 5262. Despite Kerala's small size, this is on par with large states like Bihar, Punjab and Rajasthan. As on March 2013, banks in Kerala increased disbursement of advances to ₹ 171712 crore over the previous year's figure of ₹ 151525 crore (13.3 per cent). Maharashtra is a topmost state for disbursing the advances in the country.

The Micro, Small and Medium Enterprises (MSME) sector is fast emerging into a major income generating and employment providing sector in Kerala with relatively lower investment. Kerala is one of the main centres of MSMEs in the country. As per the MSME 4th Census 5.62 per cent of all India share of MSME enterprise is in Kerala. MSME sector can lead the State economy by increasing exports through quality production techniques and products. Government provides various schemes in MSME sector, targeting various social groups as SC, ST, Women, Youth, and Physically Handicapped etc. In Kerala, Government and banks are providing lot of facilities for MSME Sector.

Within the MSME Sector there is a significant increase of Micro Enterprises, both in terms of working enterprises and employment. There are over 6000 various MSME products ranging from traditional to high-tech items which are manufactured in this sector.

MSMEs play a critical role in innovation, and have ability to experiment with new technologies on small scales. However, they often suffer from funds, lack of entrepreneurial spirit, inability to take technology developments risks and face the difficulty of attracting skilled manpower. The industries coming under this sector are handicrafts, handloom, khadi, food processing industries, garment making and textile industries, industries related to coir/wood/bamboo/plastic/rubber/ leather/ clay products etc.

In Kerala, shortage of power is the prime obstacle in starting new initiatives in the industrial field. The need for power is increasing and the production of power should also be increased accordingly. Monsoon is essential to sustain the hydropower base in the state and the shortage in rainfall usually creates power crisis. Hydel energy is the most reliable and dependable source in Kerala. Of the total installed capacity of 2881 MW during 2012-13, hydel contributed the major share of 2053 MW (71%); while 793 MW was contributed by thermal projects including NTPC at Kayamkulam (Kerala's dedicated thermal station) and Kanjikode wind farm, Palakkad has contributed 2MW. Wind Energy from IPP is 33 MW. Additional capacity generated during 2012-13 was only 8 MW (0.28%) that is 2881 MW in 2012-13 against 2873 MW in 2011-12.

Kerala has the highest effective literacy rate of 94 per cent among Indian states. It was 90 per cent during 2001 census. Kottayam tops with 97.2 per cent and Pathanamthitta is just behind with 96.5 per cent. Wayanad has the least literacy rate of 89 per cent and Palakkad is just above with 89.3 per cent. Even the lowest literacy rate

of Wayanad (89) is higher than national rate of literacy (72 per cent). All districts have a score above 90 except Palakkad (89.3) and Wayanad (89). The difference between the lowest and the highest value is just 8.2. When compared with the literacy rate of 2001, all the districts are showing better performance.

Kerala has made remarkable strides in terms of Health indices like Infant Mortality rate, birth rate, death rate, expectancy of life at birth etc. It is a difficult task to further improve upon these achievements and to even sustain the already gained achievements. Further, the State is facing an uphill task of non-communicable diseases like diabetes, coronary, heart disease, renal disease, cancer and geriatric problems. Emerging new public health problems like chikungunia fever, dengue fever, leptospirosis, swine flu (HINI) etc. also are a major concern. Other than these there are newer threats to the health scenario of the state, to mention a few mental health problems, suicide, substance abuse and alcoholism, adolescent health issues and rising number of road traffic accidents. Another concern is the re-emergence of some diseases like Malaria and Cholera. To tackle these concerted and committed efforts with proper inter sectoral co-ordination is essential.

Annual Plan (2013-14) of the State is formulated based on specific guidelines. While formulating the plan, critical review of the performance of ongoing schemes during 2012-13 was held. The recommendations of the respective Working Groups were also considered for formulating new schemes. In order to avoid proliferation of schemes, attempts have been made to reduce the number of schemes and wherever possible, schemes having similar nomenclature have been proposed under a single head as an 'umbrella' scheme. Care has also been taken to drop unproductive schemes. Likewise, as a step towards Gender Responsive Budgeting, efforts were made to categorise specific need based programmes to address the concern of women/girls.

With subdued growth at global and national levels, there is little room for optimism regarding Kerala's own growth prospects in the short run. Nevertheless, both GSDP growth and per capita income growth in Kerala are at levels higher than that of All India as a whole. However, high inequality between regions and communities within Kerala and the lack of adequate land, labour and quality infrastructure continue to be a problem giving rise to social tensions, inflationary trends and rampant unemployment. Though not debt stressed, the State finances are not enough to provide relief to all those sections of the society, who need welfare measures. After accounting for committed expenditure in the form of salaries, pensions and interest payments, the Government is forced to rely on borrowed funds for public expenditure. Since there are legal limits on

the amount that can be borrowed, there appears to be no option but to reduce unproductive expenditure, reduce evasion and administrative costs in revenue collection and encourage the private sector to provide some services at a regulated cost and quality of service. It would be in the interest of the National Government to provide adequate assistance to Kerala to face various second-generation challenges such as preserving the environment, ageing population, high educated unemployment, mounting life style diseases and migration related concerns. This is because the challenges faced by Kerala today and the efforts made to mitigate them will serve as a model for other states, who are likely to face similar problems in coming years.

* * * * *

CHAPTER-2

RESOURCES

2.1 POPULATION

Administrative Units: During Census 2011, there were 14 districts, 63 taluks, 520 towns and 1018 villages in the State of Kerala. The corresponding figures for Census 2001 were 14 district, 63 taluks, 159 towns and 1364 villages. There was an increase of 361 towns and a decline of 346 villages in Census 2011 as compared to Census 2001. The administrative units were frozen as on 31.12.2009 for the purpose of Census taking.

Population : The total population of Kerala as per Census 2011 is 3,34,06,061 with 1,60,27,412 males and 1,73,78,649 females. The most populated district in Kerala is Malappuram (Population: 41,12,920) and the least populated district is Wayanad (Population: 8,17,420). Among the States of India; Kerala stands at 12th position in terms of population.

Growth Rate: The decadal rate of growth of population in Kerala during 2001-2011 has been worked out as 4.91%. Decadal rate of growth of population during 1991-2001 was 9.43%. Malappuram district is reported to have the highest growth rate of 13.45% and the lowest as well as negative growth rate is reported in Pathanamthitta district (-2.97%). Idukki district also has a negative growth of population (-1.79%). Twelve taluks in the Central Travancore area, spanning in four districts, have shown fall in population.

Households and Household Size: The total number of households in Kerala as per Census 2011 is 78,53,754. The average household size is 4.3 persons per household whereas, in 2001 the same was 4.7. Malappuram district with 5.2 as average household size is at the top while Pathanamthitta district with 3.7 has the lowest household size.

Table 2.1.1
Population and Decadal Change by residence: 2011 (PERSONS)

State/ District Code	State/District	Population 2011			Percentage Decadal Change		
		Total	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6	7	8
32	Kerala	3,34,06,061	1,74,71,135	1,59,34,926	4.9	-25.9	92.8
01	Kasaragod	13,07,375	7,98,328	5,09,047	8.6	-17.7	117.8
02	Kannur	25,23,003	8,82,017	16,40,986	4.7	-26.3	35.3
03	Wayanad	8,17,420	7,85,840	31,580	4.7	4.6	6.6
04	Kozhikode	30,86,293	10,13,721	20,72,572	7.2	-43.0	88.2
05	Malappuram	41,12,920	22,95,709	18,17,211	13.4	-29.8	410.2
06	Palakkad	28,098,934	21,33,124	6,76,810	7.4	-5.7	89.8
07	Thrissur	31,21,200	10,24,794	20,96,406	4.9	-52.0	149.7
08	Ernakulam	32,82,388	10,48,025	22,34,363	5.7	-35.7	51.3
09	Idukki	11,08,974	10,56,929	52,045	-1.8	-1.4	-9.6
10	Kottayam	19,74,551	14,09,158	5,65,393	1.1	-14.8	88.6
11	Alappuzha	21,27,789	9,79,643	11,48,146	0.9	-34.2	84.8
12	Pathanamthitta	11,97,412	10,65,799	1,31,613	-3.0	-4.0	6.3
13	Kollam	26,35,375	14,48,217	11,87,158	1.9	-31.7	154.8
14	Thiruvananthapuram	33,01,427	15,29,831	17,71,596	2.1	-28.6	62.3

Source: Census 2011.

Density of Population (persons per sq. km.): Density of population of Kerala is 860 persons per sq. km. as per Census 2011 where as that of India are 368. In 2001

Table 2.1.2
Density of Population (per Sq.Km.) by residence: 2001-2011

State/District Code	State/District	Density of Population(per Sq. Km. 2001)	Density of Population (per Sq.Km. 2011)
1	2	3	4
32	Kerala	819	860
01	Kasaragod	604	657
02	Kannur	812	366
03	Wayanad	366	384
04	Kozhikode	1,228	1,316
05	Malappuram	1,021	1,157
06	Palakkad	584	627
07	Thrissur	981	1,031
08	Ernakulam	1,012	1,072
09	Idukki	259	255
10	Kottayam	885	895
11	Alappuzha	1,492	1,504
12	Pathanamthitta	468	452
13	Kollam	1,038	1,061
14	Thiruvananthapuram	1,476	1,508

Source: Census 2011.

the density of Kerala was 819. The district of Thiruvananthapuram with 1508 persons per sq. km. is reported to have the highest density and the district of Idukki with 255 persons per sq. km. is having the lowest density.

Proportion of Population: In Kerala 1,74,71,135 persons have been reported living in Rural area (52.30% of total population) and 1,59,34,926 (47.70% of total population) live in Urban area. In 23001, share of urban population was only 25.96%. While 68.07% persons in Ernakulam district live in urban area only 3.86% of the population of Wayanad district lives in urban area.

Table2.1.3

Proportion of Rural and Urban population: 2001-2011

State/District Code	State/District	Proportion 2001		Proportion 2011	
		Rural	Urban	Rural	Urban
1	2	3	4	5	6
32	Kerala	74.0	26.0	52.3	47.7
01	Kasaragod	80.6	19.4	61.1	38.9
02	Kannur	49.7	50.3	35.0	65.0
03	Wayanad	96.2	3.8	96.1	3.9
04	Kozhikode	61.8	38.2	32.8	67.2
05	Malappuram	90.2	9.8	55.8	44.2
06	Palakkad	86.4	13.6	75.9	24.1
07	Thrissur	71.8	28.12	32.8	67.2
08	Ernakulam	52.4	47.6	31.9	68.1
09	Idukki	94.9	5.1	95.3	4.7
10	Kottayam	84.7	15.3	71.4	28.6
11	Alappuzha	70.5	29.5	46.0	54.0
12	Pathanamthitta	90.0	10.0	89.0	11.0
13	Kollam	82.0	18.0	55.0	45.0
14	Thiruvananthapuram	66.2	33.8	46.3	53.7

Source: Census 2011.

Sex Ratio (Number of Females per 1000 Males): As per results of Census 2011, the sex ratio of the State of Kerala is 1084. When compared to 2001 Census, sex-ratio has improved by 26 points. The highest sex ratio is in Kannur district (1136) where as the lowest sex ratio is reported in Idukki district (1006). All district of Kerala show positive sex ratio or in other words more females than males. Among the States, Kerala stands first in terms of Sex ratio.

Table 2.1.4

Sex Ratio (number of females per 1000 males) by residence: 2001-2011

State /District Code	State/District	Sex Ratio 2001			Sex Ratio 2011		
		Total	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6	7	8
32	Kerala	1,058	1,059	1,058	1,084	1,078	1,091
01	Kasaragod	1,047	1,042	1,070	1,080	1,059	1,113
02	Kannur	1,090	1,067	1,112	1,136	1,072	1,171
03	Wayanad	995	995	994	1,035	1,034	1,051
04	Kozhikode	1,057	1,059	1,055	1,098	1,091	1,102
05	Malappuram	1,066	1,067	1,061	1,098	1,096	1,101
06	Palakkad	1,066	1,068	1,056	1,067	1,068	1,063
07	Thrissur	1,092	1,096	1,079	1,108	1,099	1,112
08	Ernakulam	1,019	1,014	1,024	1,027	1,021	1,029
09	Idukki	993	992	1,012	1,006	1,005	1,036
10	Kottayam	1,025	1,022	1,038	1,039	1,034	1,051
11	Alappuzha	1,079	1,087	1,060	1,100	1,108	1,094
12	Pathanamthitta	1,094	1,095	1,078	1,132	1,132	1,126
13	Kollam	1,069	1,075	1,042	1,113	1,128	1,096
14	Thiruvananthapuram	1,060	1,070	1,042	1,087	1,111	1,068

Source: Census 2011.

Child Population (0-6 YEARS): The child population of Kerala according to Census 2011 is 34,72,955. In absolute number, Malappuram district is reported to have the highest child population (5,74,041) and Wayanad district with a child population of 92,324 is having the lowest number of children. The growth rate of child population at the State level is 8.44%. The district having the highest growth rate of child population is Malappuram (4.08%) while Pathanamthitta district with -23.76% is having the lowest growth rate in respect of child population. Except Malappuram in all other district the child population declining.

Table 2.1.5

Child Population (0-6 years) and proportion by residence: 2011 (PERSONS)

State / D t. code	State/ District	Child Population (0-6 years)			Proportion of Child Population					
					2001			2011		
		Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6	7	8	9	10	11
32	Kerala	34,72,955	18,23,664	16,49,291	11.9	12.1	11.3	10.4	10.4	10.4
01	Kasaragod	1,55,807	91,832	63,975	13.2	13.4	12.5	11.9	11.5	12.6
02	Kannur	2,74,318	95,223	1,79,095	11.6	12.0	11.3	10.9	10.8	10.9
03	Wayanad	92,324	88,727	3,597	13.3	13.4	12.8	11.32	11.3	11.4
04	Kozhikode	3,35,645	1,14,602	2,21,043	12.1	12.0	12.2	10.9	11.3	10.7
05	Malappuram	5,74,041	3,20,051	2,53,990	15.2	15.3	14.8	14.0	13.9	14.0
06	Palakkad	3,02,297	2,31,892	70,405	12.2	12.3	11.2	10.8	10.9	10.4
07	Thrissur	3,03,950	1,00,977	2,02,973	11.2	11.3	10.7	9.7	9.9	9.7
08	Ernakulam	3,04,242	93,614	2,10,628	10.9	10.9	10.9	9.3	8.9	9.4
09	Idukki	1,05,641	1,00,459	5,182	11.9	11.9	12.0	9.5	9.5	10.0
10	Kottayam	1,74,486	1,25,143	49,343	10.9	10.9	10.8	8.8	8.9	8.7
11	Alappuzha	1,92,046	89,414	1,02,632	10.7	10.6	10.9	9.0	9.1	8.9
12	Pathanamthitta	96,837	86,181	10,656	10.3	10.3	10.3	8.1	8.1	8.1
13	Kollam	2,54,260	1,37,559	1,16,701	11.3	11.3	11.3	9.6	9.5	9.8
14	Thiruvananthapuram	3,07,061	1,47,990	1,549,071	11.4	11.8	10.6	9.3	9.7	9.0

Source: Census 2011.

Child Sex Ratio (0-6 Years) (Girls per Thousand Boys): As per Census 2011, the State of Kerala has a child sex ratio of 964. In 2001 child sex ratio was 960. Among the districts, Pathanamthitta district with 976 and Thrissur district with 950 are witnessing the highest and the lowest child sex ratio respectively.

Table 2.1.6

Child Sex Ratio (0-6 years) by residence: 2001-2011

State / District Code	State/District	Child Sex Ratio (0-6 Years) 2001			Child Sex Ratio (0-6 years) 2011		
		Total	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6	7	8
32	Kerala	960	961	958	964	965	963
01	Kasaragod	959	960	957	961	966	954
02	Kannur	962	963	960	971	966	974

03	Wayanad	959	959	972	965	965	959
04	Kozhikode	959	959	958	969	967	971
05	Malappuram	960	961	949	965	964	966
06	Palakkad	963	964	957	967	969	959
07	Thrissur	958	954	969	950	956	947
08	Ernakulam	954	955	954	961	959	961
09	Idukki	969	968	988	964	964	974
10	Kottayam	962	959	978	964	963	968
11	Alappuzha	956	957	953	951	955	947
12	Pathanamthitta	967	967	966	976	977	973
13	Kollam	960	962	951	973	973	972
14	Thiruvananthapuram	962	966	954	964	965	962

Source: Census 2011.

Literates (Age 7 years and above): A person aged 7 years and above who can both read and write with understanding in any language is treated as literate in Census (Effective Literacy). Total number of literates in Kerala as per Census 2011 is 2, 81,35,824.

Effective Literacy Rate

Effective Literacy Rate is
$$\frac{\text{Number of Literate Persons aged 7 and above} \times 100}{\text{Population aged 7 and above}}$$

a) Total Literacy Rate: Among States/UTs Kerala occupies 1st position in terms of literacy. The effective literacy rate of the State of Kerala is Census 2011 is 94.00% (Rural-92.98%, Urban – 95.11%). In 2001, literacy rate of Kerala was 90.86% . There has been an increase of 3.14% points in the effective literacy rate (2.94% points in rural areas and 1.92% points in urban areas) during the last decade. Kottayam district has recorded the highest literacy rate (97.21%) and Wayanad district with 89.03% is having the lowest literacy. All India literacy rate is 72.99%.

b) Male Literacy: Male literacy rate has increased by 1.87% points and the male literacy rate works out to be 96.11% (Rural – 95.35%, Urban – 96.95%) The highest male literacy rate in rural areas is returned in Kottayam (97.97%) while the lowest is returned in Palakkad (92.36%). In urban areas, the lowest male literacy rate is returned in Wayanad (94.31%) and the highest in Kottayam (98.24%). All India male literacy rate is 80.89%.

Table 2.1.7

Literacy Rates by Sex for State and Districts : 2001 and 2011

State/ District Code	State/District	Literacy rate*					
		Persons		Males		Females	
		2001	2011	2001	2011	2001	2011
1	2	3	4	5	6	7	8
32	Kerala	90.86	93.91	94.24	96.02	87.72	91.98
01	Kasaragod	84.57	89.85	90.36	93.93	79.12	86.13
02	Kannur	92.59	95.41	96.13	97.54	89.40	93.57
03	Wayanad	85.25	89.32	89.77	92.84	80.72	85.94
04	Kozhikode	92.24	95.24	96.11	97.57	88.62	93.16
05	Malappuram	89.61	93.55	93.25	95.78	86.26	91.55
06	Palakkad	84.35	88.49	89.52	92.27	79.56	84.99
07	Thrissur	92.27	95.32	95.11	96.98	89.71	93.85
08	Ernakulam	93.20	95.68	95.81	97.14	90.66	94.27
09	Idukki	88.69	92.20	92.33	94.84	85.02	89.59
10	Kottayam	95.82	96.40	97.34	97.17	94.35	95.67
11	Alappuzha	93.43	96.26	96.27	97.90	90.82	94.80
12	Pathanamthitta	94.84	96.93	96.41	97.70	93.43	96.26
13	Kollam	91.18	93.77	94.43	95.83	88.18	91.95
14	Thiruvananthapuram	89.28	92.66	92.64	94.60	86.14	90.89

* Literacy rate is the percentage of literates to population aged 7 years and above
Source: Census 2011.

c) Female literacy: The female literacy rate has increased significantly by 4.35% points during the last decade and the same is 92.07% as per Census 2011 (Rural – 90.81%, Urban – 93.44%). In female literacy rate, Kottayam district tops with 96.48% and Wayanad district with 85.07% is at the bottom. The highest female literacy rate in rural areas has returned in Kottayam (96.37%), while the lowest is returned in Palakkad (84.56%). In Urban areas, the lowest female literacy rate is returned in Wayanad (88.40%) and the highest in Kottayam (96.75%). All India female literacy rate is 64.64%.

Gender gap in literacy

It is significant to note that the gap in literacy rate among males and females has reduced from 6.52% in 2001 to 4.04% in 2011. Kottayam district with 1.49% has the lowest gender gap in literacy and the district of Kasargod has the highest gap in literacy 7.56%. Among States/UTs. Meghalaya is the only State with 3.07% gap in literacy which is less than that of Kerala. All India gap in literacy is 16.25%.

Scheduled Caste Population: The total Scheduled Caste Population returned in Census 2011 is 30,39,573. Out of this 18,18,281 are in rural areas and 12,21,292 are in urban areas.

- a) In terms of proportion, the Scheduled Caste population constitutes 9.1% of the total population of the State. The proportion during the last Census was 9.8%. There has been a decrease in proportion of 0.7% during the last decade. The highest proportion of Scheduled Caste has been recorded in Palakkad (14.37%) and the lowest in Kannur (3.30%).
- b) The Scheduled Caste population in absolute numbers has decreased by 84,368.
- c) The highest number of Scheduled Castes population has been recorded in Palakkad (4,03,833) and the lowest in Wayanad (32,578)
- d) In terms of gender composition, there are 14,77,808 male Scheduled Caste population (Rural – 8,83,819 and Urban – 5,93,989) and 15,61,765 female Scheduled Caste population (Rural – 9,34,462 and Urban – 6,27,303) Sex ratio of SC population in Kerala is 1057.

Table 2.1.8

District wise distribution of Scheduled Caste population in 2011

Sl. No.	District	Total	Male	Female	Rural	Urban
KERALA		3039573	1477808	1561765	1818281	1221292
1	Thiruvananthapuram	372977	178589	194388	179917	193060
2	Kollam	328263	157801	170462	208474	119789
3	Pathanamthitta	164465	78942	85523	151844	12621
4	Alappuzha	201211	97183	104028	111931	89280
5	Kottayam	153909	75503	78406	119360	34549

6	Idukki	145486	72399	73087	143340	2146
7	Ernakulam	268411	131573	136838	102403	166008
8	Thrissur	324350	156480	167870	121839	202511
9	Palakkad	403833	197451	206382	322951	80882
10	Malappuram	308266	151557	156709	192270	115996
11	Kozhikode	199191	97279	101912	75490	123701
12	Wayanad	32578	16406	16172	30378	2200
13	Kannur	83350	40260	43090	23562	59788
14	Kasargod	53283	26385	26898	34522	18761

Source: Census 2011

Scheduled Tribe Population: The total Scheduled Tribe population returned in Census 2011 is 4,84,839. Out of this 4,33,092 are in rural areas and 51,747 in urban areas.

Table 2.1.9
District wise distribution of Scheduled Tribe population in 2011

Sl. No.	District	Total	Male	Female	Rural	Urban
KERALA		484839	238203	246636	433092	51747
1	Thiruvananthapuram	26759	12624	14135	20022	6737
2	Kollam	10761	5195	5566	7663	2875
3	Pathanamthitta	8108	3947	4161	2961	445
4	Alappuzha	6574	3175	3399	19698	3613
5	Kottayam	21972	10974	10998	19698	2274
6	Idukki	55815	27995	27820	55243	572
7	Ernakulam	16559	8349	8210	8324	8235
8	Thrissur	9430	4362	5068	5859	3571
9	Palakkad	48972	24314	24658	47023	1949
10	Malappuram	22990	11272	11718	18247	4743
11	Kozhikode	15228	7429	7799	9555	5673
12	Wayanad	151443	74476	76967	148215	3228
13	Kannur	41371	20141	21230	36302	5069
14	Kasargod	48857	23950	24907	46094	2763

Source: Census 2011

- a) In terms of proportion, the Scheduled Tribe population constitutes 1.45% of the total population. The proportion during the last Census was 1.14%. Thus there has been an increase of 0.36% in the proportion during the last decade. The highest

proportion of Scheduled Tribe has been recorded in Wayanad (18.53%) and the lowest in Thrissur (0.30%).

- b) The Scheduled Tribe Population in absolute numbers has increased by 1,20,650.
- c) The highest number of Scheduled Tribe has been recorded in Wayanad (1,51,443) and the lowest in Alappuzha (6,574).
In terms of gender composition there are 2,38,203 male Scheduled Tribe population (Rural – 2,13,208 and Urban – 24,995) and 2,46,636 female Scheduled Tribe population (Rural 2,19,884 and Urban -26,752). Sex ratio of ST population in Kerala is 1035.

It is worthwhile mentioning that the list of Scheduled Tribes in Kerala had undergone changes during the decade 2001-2011 resulting change in proportion of Scheduled Tribes.

2.2 LABOUR FORCE

Workers: As per Census 2011, the total number of workers (who have worked for at least one day during the reference year) in Kerala is 1,126,19,063. Out of this 84,51,569 workers are males and 31,67,494 are females. There is an increase of 13,35,176 workers during the decade 2001-2011.

Work Participation Rate: The percentage of workers to total population (WPR) in Kerala according to Census 2011 is 34.78%. Compared to 2001 Census, an improvement of 2.48% is observed in WPR. The highest WPR is in Idukki (46.56%) and the lowest in Malappuram (25.83%). Among males, the Work Participation Rate is 52.73%. In 2001 the same was 50.20%. Highest Male Work Participation Rate is observed in Idukki (60.00%) and the lowest in Malappuram (45.82%). Among females the work participation rate is 18.23%. In 2001, the same was 15.38%. Highest Female Work Participation Rate is observed in Idukki (33.20%) and lowest in Malappuram (7.63%).

Table 2.2.1
Percentage distribution of main workers in Kerala (2011)

Sl.No	Item	Sex	Total	Rural	Urban
1	2	3	4	5	6

1	Area in Sq. Kms.		38852.00	31,253.20	7,598.80
2	Total households		78,53,754	41,49,641	37,04,113
3	Total population (incl.) Institutional and houseless population	P	3,34,06,061	1,74,71,135	1,59,34,926
		M	1,60,27,412	84,08,054	76,19,358
		F	1,73,78,649	90,63,081	83,15,568
4	Population in the age group 0-6	P	34,72,955	18,23,664	16,49,291
		M	17,68,244	9,27,888	8,40,356
		F	17,04,711	8,95,776	8,08,935
5	Scheduled caste population	P	30,39,573	18,18,281	12,21,292
		M	14,77,808	8,83,819	5,93,989
		F	15,61,765	9,34,462	6,27,303
6	Scheduled Tribe Population	P	4,48,839	4,33,092	51,747
		M	2,38,203	2,13,208	24,995
		F	2,46,636	2,19,884	26,752
7	Literates	P	2,81,35,824	1,45,49,320	1,35,86,504
		M	1,37,04,903	71,32,430	65,72,473
		F	1,44,30,921	74,16,890	70,14,031
8	Total workers	P	1,16,19,063	63,41,957	52,77,106
		M	84,51,569	45,07,501	39,44,068
		F	31,67,494	18,34,456	13,33,058
9	Main workers	P	93,29,747	49,30,191	43,99,556
		M	71,29,828	37,43,078	34,36,750
		F	21,49,919	11,87,113	9,62,806
(i)	Cultivators	P	5,44,932	4,81,651	63,281
		M	4,65,546	4,10,532	55,014
		F	79,386	71,119	8,267
(ii)	Agricultural Labourers	P	9,19,136	7,60,632	1,58,504
		M	6,29,092	5,10,300	1,18,792
		F	2,90,044	2,50,332	39,712
(iii)	Household Industry workers	P	1,98,281	1,04,642	93,639
		M	1,32,111	68,889	63,222
		F	66,170	35,753	30,417
(iv)	Other workers	P	76,67,398	35,83,266	40,84,132
		M	59,53,079	27,53,357	31,99,722
		F	17,14,319	8,29,909	8,84,410
10	Marginal Workers	P	22,89,316	14,11,766	8,77,550
		M	12,71,741	7,64,423	5,07,318
		F	10,17,575	6,47,343	3,70,232
(i)	Cultivators	P	1,25,321	1,05,378	19,943
		M	81,360	68,349	13,011
		F	43,961	37,029	6,932
(ii)	Agricultural Labourers	P	4,03,714	3,22,371	81,343
		M	2,28,903	12,79,994	48,909
		F	1,74,811	1,42,377	32,434
(iii)	Household Industry workers	P	74,741	46,285	28,456
		M	32,504	20,508	11,996
		F	42,237	25,777	16,460
(iv)	Other workers	P	16,85,540	9,37,732	7,47,808
		M	9,28,974	4,95,572	4,33,402
		F	7,56,566	4,42,160	3,14,406
11	Non-workers	P	2,17,86,998	1,11,29,178	1,06,57,820
		M	75,75,843	39,00,553	36,75,290
		F	1,42,11,155	72,28,625	69,82,530

Source: Census of India 2011

Main and Marginal Workers

- a) In Census 2011, out of the 1,16,19,063 workers, 93,29,747 are main workers and the remaining 22,89,316 are marginal workers. The percentage of main workers among the total workers in Census 2011 is 80.30% against 80.01% in Census 2001.
- b) The percentage of main workers among the male workers is 84.95% and that among female workers is 67.87%. The percentage of male main workers has increased from 83.20% to 84.95% in Census 2011. On the other hand, the percentage of female main workers has reduced from 70.54% to 67.87% in Census 2011. Ernakulam reported the highest percentage of main workers (84.96%) as per Census 2011 and a minimum of 74.13% recorded in Alappuzha.
- c) For the first time, in Census 2011, the marginal workers, i.e. workers who worked for less than six months during the reference year, have been sub divided in two categories, namely, those worked for less than 3 months and those worked for 3 months or more but less than six months. Amongst the 22,89,316 marginal workers 18,28,203 (79.85%) worked for 3 to 6 months whereas 4,61,113 (20.14%) persons worked for less than 3 months. Percentage share of persons worked for 3 to 6 months is slightly higher in urban areas (81.20%) than in rural areas (79.42%). Whereas for persons worked for less than 3 months, the share is higher in rural areas (20.58%) than in urban areas (18.80%)

Categories of Economic Activities of the Workers:

- a) The broad categories of economic activities, also known as fourfold classification of the workers are Cultivators (CL), Agricultural Labourers (AL), working in Household Industries (HHI) and Other Workers (OW).
- b) In Census 2011, out of 1,16,19,063 workers, 6,70,253 (5.77%) are cultivators and 13,22,850 (11.39%) are Agricultural Labourers. Thus 17.16% of workers are engaged in agricultural activities compared to 22.80% of Census 2001. Of the remaining workers 2,73,022 (2.35%) are in Household industries and 93,52,938 (80.50%) are Other Workers.

- c) During the decade 2001-2011, the Census results show a fall of 53,902 in cultivators and a decrease of 2,98,001 in Agricultural Labourers. The Household Industries have also shown a decrease of 96,645 however other workers have increased by 17,83,724.
- d) In Census 2011, the percentage of male Cultivators decreased to 6.47% from 7.75%. Among the females, the percentage of Cultivators has reduced to 3.89% from 4.85%.
- e) In Kerala Iuka has reported the highest share of Cultivators with 19.54% and Wayanad has reported the highest share of Agricultural Labourers with 29.88%. Kasaragod has the highest workers in Household Industry with 5.29% and Kozhikode has the highest share of Other Worker at 89.04%

Table 2.2.2

Total Workers 2011 and Work Participation Rate for 2001 and 2011 Rural and Urban.

State/ Dt code	State/ District	Total Workers 2011			Work Participation Rate					
		Total	Rural	Urban	2001			2011		
					Total	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6	7	8	9	10	11
32	Kerala	1,16,19,063	63,41,957	52,77,106	32.3	32.5	31.6	34.8	36.3	33.1
01	Kasaragod	4,62,998	3,00,809	1,62,189	34.7	35.3	32.4	35.4	37.7	31.9
02	Kannur	8,24,116	3,22,381	5,01,735	31.9	34.0	29.8	32.7	36.6	30.6
03	Wayanad	3,40,077	3,28,034	12,043	39.5	39.5	40.8	41.6	41.7	38.1
04	Kozhikode	9,48,981	3,16,246	6,32,735	27.9	27.4	28.7	30.7	31.2	30.5
05	Malappuram	10,62,424	6,13,162	4,49,262	24.1	24.1	24.4	25.8	26.7	24.7
06	Palakkad	10,42,340	8,06,903	2,35,437	36.1	36.5	33.9	37.1	37.8	34.8
07	Thrissur	10,95,727	3,79,199	7,16,528	32.1	32.2	31.9	35.1	37.0	34.2
08	Ernakulam	12,49,343	4,17,997	8,31,346	36.0	37.5	34.2	38.1	39.9	37.2
09	Idukki	5,16,363	4,98,624	17,739	43.2	43.7	33.7	46.6	47.2	34.1
10	Kottayam	7,35,735	5,39,176	1,96,559	32.9	33.3	30.8	37.3	38.3	34.8
11	Alappuzha	8,04,471	3,71,442	4,33,029	34.3	33.8	35.6	37.8	37.9	37.7
12	Pathanamthitta	3,92,794	3,51,835	40,959	29.7	29.9	27.3	32.8	33.0	31.1
13	Kollam	9,12,025	5,12,817	3,99,208	32.1	32.2	31.2	34.6	35.4	33.6
14	Thiruvananthapuram	12,31,669	5,83,332	6,48,337	32.4	32.4	32.5	37.3	38.1	36.6

Source: Census of India 2011

2.3. LAND USE PATTERN

The total geographical area of the State is 3886287 Ha. Geographical area in Kerala has been classified according to thirteen different uses of land during 2012-13 which is presented in Table 2.3.1. The net area under cultivation during the year 2012-13 was 2048109 Ha, which occupies 52.70% of the total area in the State. The total cropped area is 2591734 Ha during the year 2012-13.

Data on land use pattern of Kerala for the year 2012-13 is given in Table 2.3.1. Out of a total geographical area of 3886287 ha. net sown area is 52.70 per cent. Forest occupies 27.83 per cent. The net sown area has increased slightly by 7977 Ha. compared to the previous year. The share of total cropped area in the total geographical area is 66.69 percent. But it marked a decline of 70023 ha during 2012-13 over the previous year. The share of land under non-agricultural uses out of total geographical area was 10.30 percent in 2011-12 and has increased to 10.36 per cent in 2012-13, in absolute terms 2653 ha. There was a decline in the area under current fallow by 312 ha and also decrease in the area under fallow other than current fallow (1835 ha) during 2012-13 over 2011-12. The area under cultivable waste increased by 1159 ha and barren and uncultivated land declined by 1198 ha.

TABLE 2.3.1
Land use Pattern in Kerala

Sl.No	Classification of land	2011-12	2012-13	Percentage of Geographical area	Change in area between 2011-12 and 2012-13	
					Actual	Percentage
1	Total Geographical Area	3886287	3886287			
2	Forest	1081509	1081509	28		
3	Land put to non agricultural uses	399924	402577	10	2653	1
4	Barren and uncultivated land	17552	16354	0.4	-1198	-7
5	Permanent Pastures and Grazing land	85	118	0.003	33	39
6	Land under miscellaneous tree crops	3366	2799	0.1	-567	-17
7	Cultivable waste	95437	96596	2	1159	1
8	Fallow other than current Fallow	57670	55835	1	-1835	-3
9	Current Fallow	77056	76744	2	-312	0
10	Net area sown	2040132	2048109	53	7977	0
11	Area sown more than once	611625	543625	14	-78000	-13
12	Total cropped Area	2661757	2591734	67	-70023	-3
13	Cropping Intensity (%)	130.47	127			

Source: Directorate of Economics and Statistics

Table 2.3.2 CLASSIFICATION OF AREA ON THE BASIS OF LAND UTILISATION 2012-13 (Area in Hectares)

Sl No	District	Total Geographical Area	Forest:	Land put to non agricultural uses	Barren and uncultivated land	Permanent Pastures and Grazing land	Land under miscellaneous tree crops	Cultivable waste	Fallow other than Current Fallow	Current Fallow	Marshy Land	Still Water	Water Logged Area	Social Forestry	Net area sown	Area sown more than once	Total cropped Area
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Thiruvananthapuram	210701	49061	29767	134		24	257	517	3357	0	4342	94	50	130360	23962	154322
2	Kollam	248788	81138	26731	212		96	2043	1080	4272	11	7581	610	88	123711	32053	155764
3	Pathanamthitta	265277	155214	16125	180		125	1784	2631	4577		2698	165	118	81659	18060	99719
4	Alappuzha	141011		22522	23		64	15680	1928	2898	33	12144	328	29	85361	18926	104287
5	Kottayam	220442	8141	26459	1317		143	5685	3305	5835		6360	159	98	162939	39113	202052
6	Idukki	435328	198413	12610	1807		189	2455	1216	2047		10480	1	1355	205664	52478	268142
7	Eranakulam	305026	70517	40819	469		137	10304	9429	11565	29	10310	209	105	151662	12105	163767
8	Thrissur	302019	103519	37445	406		241	8814	8133	8795	1	6328	320	147	128651	48529	177180
9	Palakkad	447584	136257	43690	2175		716	25215	14152	15380		15022		378	194599	96595	291194
10	Malappuram	355446	103417	45189	938		275	5951	5288	8138		5047	64	180	179978	50310	230288
11	Kozhikode	234641	41386	28945	763		119	2580	1341	2015	5	3879	382	34	153184	50091	203275
12	Wayanad	212966	78787	10932	112		37	997	863	2363		3904	13	59	114899	55714	170613
13	Kannur	297112	48734	30604	1601		257	6215	2084	2202	96	6395	360	71	193584	29279	222863
14	Kasaragod	199166	5525	27655	6217		373	8535	2188	2298		4291	18	108	141858	6410	148268
	State	3886287	1081509	402577	16354	118	2799	96596	55835	76744	189	99789	2840	2828	2048109	543625	2591734

Source: The estimates are based on survey conducted in the Revenue Land (as per village records) Directorate of Economics and Statistics

Table 2.3.2 provides details on utilization of land, district wise, under different classification.

1. Forest: Forest represents all actually forested area as the lands classed or administered as forest under any legal enactment dealing with forest. The forest area of the State during 2012-13 was 10,81,509 Ha which is 27.83% of the total geographical area of the State. Idukki district with an area of 1,98,413 Ha under forest is the highest among districts in the State.

2. Land put to Non-Agricultural use: The land put to use for purposes other than agriculture such as building, pathways, roads, canals, rivers, bus stands, railways, local reservoirs, swamps etc. are brought under this category. Area under this classification is 4,02,577 Ha accounting for 10.36% of the State's geographical area. In Malappuram district about 45,189 Ha (11.22%) put into non-agricultural uses is the highest followed by Palakkad district with an extent of 43,690 Ha (10.85%).

3. Barren and uncultivable land: Land which cannot be brought under cultivation unless at a high cost whether such land is in isolated blocks or within cultivated holdings, such as mountains, deserts, hills etc are classified as barren and uncultivable land.

The total land comes under this category is 16,354 Ha which represents 0.42% of the total geographical area of the State. Kasaragode district alone accounted for 6,217 Ha which is 38% of the states barren and uncultivable land.

4. Permanent pastures other grazing land:- All grazing lands, whether they are permanent pastures or meadows are considered as permanent pastures and other grazing lands. An extent of 118 Ha which is only 0.003% of the geographical area of the State falls under this category.

5. Land under miscellaneous tree crops :-All cultivable lands, which is not included under net area sown, but is put to some agricultural use such as land under casuarine, thatching grass and other groves for fuel etc. are come under this category. Out of the total geographical area, land under miscellaneous tree crops and groves not included in the net area sown and it occupies only 2799 Ha (0.07 %).

6. **Cultivable waste:** These include land available for cultivation but not taken up for cultivation or abandoned after a few years for one reason or the other. Such lands may be either fallow or covered with shrubs or jungles, which are not put to any use. They may be assessed or unassessed and may lie in isolated blocks or within cultivate holdings. Lands once cultivated but remaining uncultivated for five years or more in succession shall also be included in this category. The total area under cultivable waste during 2012-13 is 96,596 Ha ie, 2.5 % of the total geographical area of the State. The area under this category is highest in Palakkad district accounting 25,215 Ha.

7. **Fallow other than current fallow** : Land which were taken up for cultivation but have been temporarily put off cultivation for a period of not less than one year but not more than five years due to abject poverty of the cultivators, inadequate supply of water, silting of canals and rivers etc are treated as other fallow land. The total area under other fallow land during 2012-13 accounts 55,835 Ha which is 1.4% of the total geographical area. The land under this category was highest in Palakkad district with 14,152 Ha followed by Ernakulam district with 9,429 Ha during 2012-13.

8. **Current fallow:** Land that is kept fallow off out of the net area sown during the previous year is classified as current fallow for the reporting year. The area under this category during 2012-13 is 76,744 Ha. i.e. 1.97% of total geographical area.

9. **Marshy land:** Land which gets permanently or periodically inundated by water and characterized by vegetation which includes grasses and weeds. Out of the total geographical area only 189 Ha come under marshy land during the year 2012-13. Kannur district with 96 Ha ranked first contributing 51% to the total marshy land of the State.

10. **Still water:** The land under still water is broadly the land occupied by water bodies like rivers, lakes, ponds, reservoirs, backwater, canals, tanks including nature made deeps in which water stands still for most part of the period. This is the land on which there is no vegetative growth of any kind. Out of the total geographical area of 38,86,287 Ha, 99,789 Ha of land constituting 2.6 % is land under still water. The land under still water is highest in Palakkad district and the area is 15,022 Ha.

11. **Water logged area:** It is the land where water is at/ near the surface and stands for most part of the year. It is generally found in low lying areas and it excludes lakes, ponds and tanks. The total water logged area for the year 2012-13 is 2,840 Ha. It is the 0.07% of the total geographical area of the State.

12. **Social Forestry** : The land under social forestry is the land in which the trees are planted by the side of railway lines, road side, river and canal banks with a view to meeting the fuel and the fodder needs of the rural population and to serve the broader goals of soil conservation and provision of shed shelter for crops. It 2,828 Ha of land comes under social forestry. The land under social forestry is highest in Idukki district (48%) followed by Palakkad district (13%).

13. **Net Area Sown:** Net area sown represents the area sown under the first crop during the year. Area cultivated during any part of the agricultural year should come under net area sown. In calculating the net area sown, area sown more than ones will be counted only once. Out of 3886287 Ha of total geographical area, 20,48,109 Ha of land constituting 52.7% is cultivated once with various crops during the year 2012-13. It is increased by 0.39% when compared with the previous year.

14. **Total Cropped Area (Gross Area Sown)**

The gross area sown represents the total area cultivated under all food and non-food crops including the area sown more than once during the year 2012-13. According to this concept the area under various crops in the same plot can be more than the actual area. The gross area sown during 2012-13 was 25,91,734 Ha as against 26,61,757 Ha in 2011-12. The gross area is decreased by 2.63% over the previous year.

15. **Area Sown more than once**

This represents the difference between the gross area sown under all crops and the net area sown during the agricultural year. The area sown more than once during 2012-13 is 5,43, 625 Ha as against 6,21,625 Ha in 2011-12.

2.4 AGRICULTURE

Agricultural crops in the state are broadly classified as food crops and nonfood crops. Food crops are cereals & millets, sugar crops, spices & condiments, fresh fruits, vegetables, etc. The major non-food crops are rubber, betel leaves, lemon grass, etc. Another classification of crops is seasonal crops, annual crops and perennial crops which are based on their life time.

Paddy, pulses and grains include the category of Food grains. The total area under cultivation of food grains during 2012-13 is 2,00,740 Ha. The area of food grains decreased 5% during 2012-13 compared with the previous agricultural year 2011-12. Also on comparing with 2001-02, 41% area decreased during 2012-13.

The total area under cultivation of food grains during 2012-13 is 200740 Ha which is 7.76% of the total cropped area. Table 2.4.1 details the Area, Production and Productivity of the Principal Crops for the period 2011-12 and 2012-13.

Table 2.4.1
Area, Production and Productivity of the Principal Crops for the period
2011-12 and 2012-13

Sl. No.	Crops	Area (Ha.)		Production (MT)		Productivity (Kg./Ha.)	
		2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	Rice	208160	197277	568993	508299	2733	2577
2	Pulses including Tur	3668	2948	3128	3246	853	1101
3	Pepper	85335	84707	37501	46298	439	547
4	Ginger	6908	4505	37125	22064	5374	4898
5	Turmeric	2970	2628	7946	6904	2675	2627
6	Cardamom*	41600	41600	10222	10222	246	246
7	Areca nut	104548	101775	121623	118233	1163	1162
8	Banana	59069	61011	514054	515607	8703	8451
9	Other Plantains	48747	48859	330634	351315	6783	7190
10	Cashew nut	54052	52086	36743	37919	680	728
11	Tapioca	74498	69586	2547399	2458515	34194	35331
12	Coconut	820867	798162	5941	5799	7237	7265
13	coffee**	85359	85359	68175	68175	799	799

14	Tea \$	37028	30205	57904	62963	1564	2085
15	Rubber #	539565	545000	798940	800050	1931	1903

*Production of Coconut in Million Nuts, Productivity in numbers. Source; Directorate of Economics and Statistics. # Rubber Board, productivity based on tapped area. *Spices Board. ** Coffee Board. \$Tea Board*

2.5 LIVE STOCK

Total milk production in the state which was 24.20 lakh tonnes in 2003 declined to 21.11 lakh tonnes in 2004 and then began to increase in the subsequent years. It increased to reach to 25.37 lakh tonnes in 2009-10 and to 26.43 lakh tonnes in 2010-11. Even then the gap between requirement and production continues to remain unfavourable. At the same time, over the period, at national level the milk production has been continuously increasing. Contribution of Kerala to national milk production which was 2.4 percent during 2003-04 showed a declining trend and reached 2.25 percent by 2009-10 and then to 2.76 percent during 2012-13. Kerala ranks 13th position in India with 27.16 lakh MT in 2011-12. The gap between the production and requirement of egg is increasing at an alarming rate. Concerted efforts of the State to increase the egg production have begun to show signs of improvement. Poultry farming for egg production with purchased feed are uneconomic in Kerala. Poultry rearing on commercial lines is therefore largely confined to broiler production. The egg production which was 2054 million in 1999-2000 continuously declined till 2005-06, but began to increase in 2006-07 and that trend maintained in succeeding years. Compared to previous year egg production increased to 1705 million numbers during 2011-12.

The average annual growth rates of milk in Kerala and India for the period from 2002-13 are given in Table 2.51

Table 2.5.1

Average Annual Growth Rate of Milk Production (%)

Sl. No.	Year	Kerala	India
1	2002-03 to 2006-07(Xth Plan Period)	-4.64	3.99
2	2007-08 to 2011-12(XI Plan Period)	5.11	4.40
3	2012-13	2.76	3.54

Source: Economic Review 2013

The live stock resource of the state as per the livestock census 2012 is given in Table 2.5.2, 2.5.3 and 2.5.4. Table 2.5.2 shows that the total cattle population of the state is 1322937.

Table 2.5.2

Cattle population as per Census 2012 Provisional

Variety	Male	Female	Total
Indigenous	12527	63506	76033
Cross variety	135458	1111446	1246904
Total	147985	1174952	1322937

Source: Cattle Census 2012

Table 2.5.3 depicts the declining trend cattle population over the period.

Table 2.5.3

Number and Percentage Distribution of Indigenous and Cross Breed Cattle in 2012 and the Previous Years

Sl. No	District	2003			2007			2012		
		Indigenous	Crossbred	% distribution of CB	Indigenous	Crossbred	% distribution of CB	Indigenous	Crossbred	% distribution of CB
1	Kerala	387182	1735271	81.76	118872	1621245	93.17	76033	1246904	94.25

Source: Cattle Census 2003, 2007, 2012

The current status of livestock population is given in Table 2.5.4. It shows that the availability is far less than the requirement.

Table 2.5.4.

Live stock population 2012.

Live stock	Population 2012
Cattle	1322937
Goat	1242822
Pigs	55784
Elephant	731
Rabbits	229774

Dogs			921380		
Fowls			8982883		
Ducks	Ducks		Desi	341324	639132
			Improved	297808	
	Drakes		Desi	87419	192599
			Improved	105180	
	Ducklings		Desi	61329	163349
			Improved	102020	
Turkey		Male		19898	51313
		Female		31415	
Quail			165188		
Other poultry			373293		
Hen			825648		
Broiler			11704375		
Duck			568226		
Other			270365		
Cocks		Desi	759038	1598005	
		Improved	838967		
Hen		Desi	2242016	5344423	
		Improved	3102407		
Chicken		Desi	782644	2040455	
		Improved	1257811		

Source: Livestock Census 2012

2.6 FISHERIES RESOURCES

In Kerala, fishing Industry occupies an important position in its economy. Kerala's share in the national marine fish production is about 20-25%. The water resources of this state comprise of a coastline of 590 km length having a continental shelf area of the sea adjoining the Kerala state is 39,139 sq.kms. Fisheries sector contribute 3% of the GSDP of the state. Table 2.6.1 shows the contribution of Fisheries to GSDP of Kerala over the period 2004-2013.

Table 2.6.1

The contribution of Fisheries to GSDP of Kerala over the period 2004-2013.

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12(P)	2012-13(Q)
GSDP of Kerala (₹ In Lakhs)	181422	248196	264409	263431	268413	323461	340990	377018	511478
GDP of All India (₹ In Lakhs)	2715200	3169900	3518200	3893100	4407300	5037000	5727100	6686200	7805300
%contribution of Kerala to All India	6.68	7.83	7.52	6.77	6.09	6.42	5.95	5.64	6.55
Growth rate of Kerala over previous year (%)		36.81	6.53	-0.37	1.89	20.51	5.42	10.57	35.66
Growth rate of All India over previous year(%)		16.75	10.99	10.66	13.21	14.29	13.790	16.75	16.74
%Contribution of Fishing Sector of Kerala to GSDP of Kerala	1.52	1.81	1.72	1.450	1.32	1.39	1.29	1.22	1.46
% Contribution of Fishing Sector of India to All India GDP	0.91	0.93	0.89	0.85	0.83	0.82	0.79	0.80	0.83

Source: Directorate of Economics and Statistics

Coastal line of Kerala covers 590 Kilometers. There are 6 Marine fishing harbours, 14 fish landing centers and 222 fishing villages in the state. About 0.54% of the total population of the state is fishermen. Marine fish catching is carried out through Traditional and Mechanical boats. There exist 14 FFDAs (Fish Farmers Development Agency) and 6 BFFDAs (Brackish Water Fish Farmer's Development Agency) in the State. These agencies are formed to provide guidelines to promote Inland fish cultivation in the state. In Kerala there are 44 rivers covering an area of 85000 hectares, 53000 ponds and bunds covering area more than 27000 hectares, 9 fresh water lakes, 53 reservoirs

and brackish water area of 46000 hectares. The polders of Kuttanadu having a water spread of 35000 ha and 17000 ha of kole lands of Thrissur are also very ideal for various aquaculture development activities. The last year production of inland fish was estimated at around 75000 tonnes.

As per the population census 2011, the fisher folk population in Kerala is 10.02 lakh covering 7.71 lakh in coastal area and 2.31 lakh in inland sector. It is also estimated that about 74100 people are engaged in fishery – allied activities. These fishermen of the state contribute about 9 per cent of the GSDP from the agriculture sector which gives the significance of the sector to the state economy. The total fishermen population in Alappuzha district is 1.68 lakh which is the highest fishermen populated district, followed by Thiruvananthapuram (1.65 lakh) and Ernakulam (1.33 lakh). The Gross State Domestic Product of the State has increased by about 69 per cent during the period from 2005-06 to 2012-13 and the share of fisheries sector in the State Domestic Product has declined from 1.3 to 0.82 per cent in the same period. The share of Primary Sector in GSDP has also declined from 17.1 to 9.3 per cent. Table 2.6.2 shows district-wise distribution of fishermen population in Kerala (2011 Census)

Table 2.6.2

District-wise Distribution of Fishermen Population in Kerala (2011 Census)

S. No.	District	Male	Female	Children	Total	Male	Female	Children	Total	Marine & Inland Total
1	2	3	4	5	6	7	8	9	10	11
1	Thiruvananthapuram	61261	54120	48120	163501	439	509	434	1382	164883
2	Kollam	38210	32316	18940	89466	13215	12440	7979	33634	123100
3	Alappuzha	42352	38659	26193	107204	24491	23472	12627	60590	167794
4	Pathanamthitta	0	0	0	0	912	792	369	2073	2073
5	Kottayam	0	0	0	0	9611	9124	5685	24420	24420
6	Idukki	0	0	0	0	261	264	166	691	691
7	Ernakulam	28126	26366	16463	70955	23258	22746	16428	62432	133387
8	Thrissur	27489	27697	15768	70954	7769	7104	4479	19352	90306
9	Palakkad	0	0	0	0	847	832	855	2534	2534
10	Malappuram	30472	24778	22647	77897	1771	1542	834	4147	82044
11	Wayanad	0	0	0	0	74	80	76	230	230
12	Kozhikode	37345	32575	24994	94864	4090	4309	3350	11749	106613
13	Kannur	20104	18269	15615	53988	2369	2505	1346	6220	60208
14	Kasaragod	16781	15844	9795	42420	386	366	170	922	43342
	State	302140	270624	198485	771249	89493	86085	54798	230376	1001625

Source: Census 2011

2.7 FOREST

The estimated forest area (provisional) in Kerala is 11033.3875 sq.km. This includes 9078.1591 sq.km. of reserve forests, 116.6831 sq.kms. of proposed reserves and 1838.5453 sq.km. of vested forests. An area of 244.37 sq.km has been excluded from the total area which includes KDHP resumed area-97 sq.km, Chinnakkanal unreserve-47 sq.km, Pallivasal unreserve-79 sq.km, and revenue land-21.37 sq.km. In Kerala forests fall in two bio-geographic zones of Western Ghats and the West Coast, and are rich in bio-diversity and vital for environmental protection and considered to be a repository of rare and endangered flora and fauna. The forest area in Kerala (11033.39 sq.km.) is 28.40 per cent of the geographical area of the state which is higher than the national average of 19.5%.

Forest plantation constitutes the major source of raw materials to the forest based industries. The total area covered by forest plantation of various species is about 1.81 lakh ha. Teak is the major species planted having 74183 ha (41%) followed by eucalyptus 13566 ha (7.5%). Of the total forest plantations, the area covered by hard wood species is 77443 ha 161 (42.8%), softwood species is 33164 ha (18.3%), bamboo and reeds is 6805 ha (3.8%), plantation crops is 1882 ha (1%) and mixed plantation is 61810 ha (34.1%). Major forest produce includes timber, reeds, bamboo and firewood. The quantity of timber produced in 2007-08 was 48628 cum (round log). The number of bamboos and reeds produced were 11.51 lakh and 143.52 lakh respectively.

2.8 MINING AND MINERALS

The mineral resources in the State and its contribution to the State's economy are insignificant. Major minerals in the State are beach sands comprising Illuminate, Monazite, Zircon, China clay, Tile clay, Lime shell, Lime stone, Bauxite, Silica sand, Graphite, Silica sand, Quartz etc., which are being explored and exploited by the State Department of Mining and Geology, Kerala Mineral Exploration and Development Project and Kerala State Mineral Development Corporations. Mining leases for major minerals and quarrying leases for minor minerals are major sources of revenue from this sector. The total area covered by mining leases of major minerals in the State is 120.7854 Ha. Production and Royalty of Major and Minor Minerals in Kerala during 2012-13 are given below:

Table 2.8.1
Production and Royalty of Major and Minor
Minerals in Kerala during 2012-13

Sl.No.	Mineral	Royalty(₹ Lakh)	Production (Tons.)
1	2	3	4
Major Minerals			
1	China Clay	108.53	434122
2	Ilmanite	265.68	128349
3	Rutile	77.07	50
4	Zircon	148.33	7919
5	Sillimanite	14.24	40
6	Silica Sand	125.97	88092
7	Lime shell/Seashell	27.39	43471
8	Lime Stone	353.92	560829
9	Bauxite/Laterite	104.45	107684
10	Graphite	0.45	696
11	BR Ilmanite	5.84	50
12	Quartz	1.5	3488
Minor Minerals			
1	Granite Building Stone	2436.42	15227651
2	Granite Dimension Stone	49.8	1245
3	Laterite	331.3	2070632
4	Lime/Sea Shell	2.4	4805
5	Brick Clay	151.53	1515293
6	Ordinary Sand	318.7	31887036
7	River Sand	262.94	2629391

Source: Dept. of Mining and Geology.

2.9 SERICULTURE

SERIFED with the support of the Central Silk Board had implemented SERISREE project. Under the scheme, a total of 236 units were established by 944 beneficiaries and produced 15.81 MT of cocoon and generated 1504 employment opportunity. An amount of ₹ 10.00 lakh was spent for various sericultural activities under Rastriya Krishi Vikas Yojaya (RKVY). Apart from this several other schemes like training programme, maintenance of existing mulberry garden, crop insurance support, payment of cocoon production incentives, mechanization of existing mulberry gardens and provided various subsidies for planting material, equipment, rearing shed, irrigation, etc. for the development of the sector.

2.10 TOURISM

Economic contribution of tourism in Kerala

Tourism activities have wider impact on the economy in terms of creating jobs and income for the households through tourists spending in the local economy. The direct contribution of the industry is explicit in Foreign exchange earnings and domestic tourist earnings. Tourism industry is a major contributor of foreign exchange earnings of the state. The foreign exchange earnings during the year 2012-13 were ₹ 4571.69 crores. Domestic tourist earnings for the year 2012-13 were ₹ 10883 Crores. The tourism industry in broader terms has great indirect multiplier impact in the economy through backward and forward linkages and also induced impact through spending of benefitted households and firms in the economy. Total Revenue (including direct & indirect means) from Tourism during 2012-13 was ₹ 20430 Crores, showing an increase of 7.31 per cent over the previous year's figure. The details of Tourism earnings from the year 2008 to 2012 are shown in Table 2.10.1.

Table 2.10.1
Earnings from Tourism (2008-2012)

Year	Foreign Exchange Earnings (₹in crores)	Earnings from Domestic Tourists (₹in crores)	Total Revenue generated from Tourism (Direct & Indirect) (₹in crores)
2008	3,066.52	6,832.13	13,130.00
2009	2,853.16	7122.18	13,231.00
2010	3,797.37	9282.68	17,348.00
2011	4,221.99	10131.97	19,037.00
2012	4,571.69	10,883.00	20,430.00

Source: Tourism Department.

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CHAPTER-3

SOCIO-ECONOMIC STATUS

3.1 EDUCATION

As literacy development is concerned, Kerala has the distinction of being a historic state in India so far. Kerala's literacy rate is comparable to the most advanced regions of the world. Kerala's literacy rate which was only 47.18% in 1951 has almost doubled to 93.91% in 2011. The male, female literacy gap which was 21.92% in 1951 has narrowed down to 4.04% in 2011.

There were 12627 schools in Kerala during 2012-13. Out of these 4619(36.58%) were government schools, 7152 (56.64%) were aided schools and 856 (6.78%) were unaided schools. In the state, during 2010-11, 57.55% of total schools were aided schools, 35.62% government schools and 6.83% unaided schools. Compared to government upper primary and high schools more number of LP schools are functioning under government sector. Aided schools outnumber government schools in all sections.

Malappuram District has the largest number of schools (1,472Nos.) in the state followed by Kannur (1,293Nos) and Kozhikode Districts (1,237Nos). Malappuram District has also the largest number of Government (543 Nos) and Un-aided schools (145 Nos) in the State. But largest number of aided schools is functioning in Kannur district (967 Nos).

994 schools in the state are offering syllabus other than the one prescribed by the state government. These include 842 CBSE schools, 108 ICSE schools, 30 Kendriya Vidhyalaya and 14 Jawahar Navodayas. One Jawahar Navodaya Vidhyalaya schools each is functioning in all the districts. One Jawahar Navodaya Vidhyalaya each is functioning in all the districts.

3.2 HEALTH

Health status is generally measured in terms of mortality indications like Death Rate, Infant Mortality Rate, life expectancy etc. Mortality indicators show that health status of Kerala is far advanced and higher than the All India average and even comparable with developed countries. The basic health indicators of Kerala and India are given in the table 3.2.1 below:

Table 3.2.1**Basic Health Indicators in Kerala and India during 2007 & 2012**

Sl.No.	Health Indicators		Kerala		India	
			2007	2012	2007	2012
1	Birth rate ('000 population)		15	14.8	23.8	22.1
2	Death rate ('000 population)		6.4	7	7.6	7.2
3	Infant mortality rate ('000 population)		14	13	58	47
4	Child mortality rate 0-4 years ('000 population)		3	2	17	15
5	Maternal mortality rate (per lakh live birth)		110	81	300	212
6	Total fertility rate (children per woman)		1.7	1.7	2.9	2.6
7	Couple protection rate (in percent)		72.1	62.3	52	52
8	Life at birth	Male	70.9	71.4	61.8	62.6
		Female	76	76.3	63.5	64.2
Total			73.45	74	62.7	63

Source: Directorate of Health Services

3.3. HOUSING STATUS

The results of survey of National Sample Survey Office during 2012 gives comparative details on housing status in various states. It points that 85.4% of the households in rural Kerala were living in pucca houses against the all India level of 65.8%, whereas the report says that 90.8% of urban households in Kerala were living in pucca houses and the national average is higher at 93.6%. At the same time houses with good ventilation in rural areas of Kerala are 505 per 1000 houses, whereas for India it is 263 per 1000. This points out that in the matter of housing stock Kerala is far better than the national averages. Even then there are a lot of things remaining undone. Table 3.3.1 gives Comparative Details on Housing Status

Table 3.3.1**Comparative Details on Housing Status**

State/UT	Number per 1000 households living in a house with					
	Pucca Structure		Semi-pucca structure		Good ventilation	
	Rural	Urban	Rural	Urban	Rural	Urban
Kerala	854	908	129	80	505	529
All-India (2012)	658	936	246	50	263	471

Source: National Sample Survey Office

Safe and secure shelter is one of the basic needs of human being and right to shelter has been recognized as a fundamental human right in international covenants. The investment in housing has multiplier effects on the economic growth of the country. The building sector generates demand for building materials, expansion of transport network and employment opportunities for skilled and unskilled workers. It is estimated that overall employment generation in economy on account of additional investment in the construction/housing industry is eight times that of the direct employment. In the Kerala scenario, the cost of labour and material components in the construction of a building can be reasonably apportioned in the ratio 2: 3

According to the general survey conducted in 2007, it was estimated that the projected demand was 10.84 lakh housing units in the State. Based on this survey, the housing stock of the State was 69,85,419 units and the current stock is estimated at 75 lakh residential units. The projected demand for the new population upto the end of the 12th plan period is 6.5 Lakhs. Apart from this there is a need for reconstruction of 5.5 lakh units of dilapidated houses. The State has to undertake the task of constructing 12 lakh Housing units, of which around sixty percent is meant for the economically weaker sections of the society. Considering an amount of ₹ 2 Lakhs for the construction of residential unit, it is estimated that a total amount of ₹ 15000 crores is needed as investment in the Housing Sector for Economically Weaker Section and disadvantaged groups. In view of this Government of Kerala has evolved a Housing Policy 2011.

Kerala is known for its unique settlement pattern with independent houses on individual plots scattered across the habitable areas. Due to its distinctive social, geographic and climatic conditions, the trend has been to build houses in small garden lands creating tremendous pressure on lands. In order to ease this situation, an integrated habitat approach to housing is needed taking into account issues of spatial planning, including water supply, sanitation and waste disposal. It is crucial to integrate these aspects into planning of a housing scheme if the growing ecological crisis and manmade disasters are to be avoided and the health epidemics mitigated. This approach is compatible with involvement of people in planning and constructing houses.

3.4 POVERTY ERADICATION

Kerala is seeking to achieve a breakthrough in participating poverty reduction through local governments and Kudumbasree programmes implemented by the State Poverty Eradication Mission through the local governments. The state specific poverty

line 2011-12 for Kerala is fixed at monthly per capita income of ₹1018 for rural areas and ₹ 987 for urban areas which is above the per capita income of 23 other states. The corresponding figures for Karnataka, Tamil Nadu and Andhra Pradesh are ₹ 902 for rural and ₹1089 for urban, ₹880 for rural and ₹ 937 for urban and ₹ 860 for rural and ₹ 1009 for urban respectively. For each State the urban poverty line for 2011-12 is derived by updating 2004-05 poverty line using price indices specifically constructed for 2004-05 and 2011-12. Rural poverty line is then derived from urban poverty line of the respective State by applying urban-rural price differential. For the first time, Kerala's rural poverty line is higher than urban poverty line.

3.5 STATE INCOME

State Income

The quick estimate of Gross State Domestic Product (GSDP) at factor cost at constant (2004- 05) prices is ₹ 2,21,84,990 lakhs during 2012-13 as against the provisional estimate of ₹ 20495672 lakhs during 2011-12, registering a growth rate of 8.2 per cent in 2012-13 compared to nearly 8 per cent in 2011-12 . At current prices the Gross State Domestic Product is estimated at ₹ 34933832 lakhs (quick estimate) during 2012-13 as against the provisional estimate of ₹ 30790606 lakhs during 2011-12 showing a growth rate of 13.4 per cent.

The quick estimate of Net State Domestic Product (State Income) at factor cost at constant prices (2004-05) is ₹19607691 lakhs during 2012-13 compared to the provisional estimate of ₹18081208 lakhs during 2011-12, recording a growth rate of 8.4 per cent in 2012-13. At current prices the State Income is estimated at ₹ 30933162 lakhs (quick estimate) in 2012-13 compared to the provisional estimate of ₹ 27206498 lakhs during 2011-12. The growth rate of State Income at current prices is 13.7 per cent in 2012-13 compared to 16.7 per cent in 2011-12. Table 3.5.1.

Table 3.5.1

State Domestic Product and Per Capita Income of Kerala

Sl. No	Item	Income (₹ in Lakhs)			Growth Rate (Per cent)	
		2010-11	2011-12 (P)	2012-13 (Q)	2011-12(P)	2012-13(Q)
1	Gross State Domestic Product					

	a) At Constant (2004-05) prices	18985071	20495672	22184990	7.96	8.24
	b) At Current prices	26377330	30790606	34933832	16.73	13.46
2	Net State Domestic Product					
	a) At Constant (2004-05) prices	16717844	18081208	19607691	8.15	8.44
	b) At Current prices	23317749	27206498	30933162	16.68	13.70
3	Per Capita State Income (₹)					
	a) At Constant (1999 2000) Prices	55082	59052	63491	7.21	7.52
	b) At Current Prices	76529	88713	99977	15.92	12.70

Source: Department of Economics and Statistics
P: Provisional Estimate, Q: Quick Estimate
Source: Economic Review 2012

Per Capita State Income

As per the quick estimates in 2012-13, the per capita Gross State Domestic Product at constant (2004-05) prices was ₹ 63491 as against provisional estimate of ₹ 59052 in 2011-12, recording a growth rate of 7.5 per cent in 2011-12. At current prices, the per capita GSDP in 2011-12 was ₹ 99977 registering a growth rate of 12.7 per cent over the previous year's estimate of ₹ 88713. During the period 2008-09 to 2012-13, the per capita state income at constant prices was higher than the per capita national income.

Sectoral Distribution of Gross State Domestic Product

During 2012-13, the contribution from primary, secondary and tertiary sectors to the GSDP at constant prices (2004-05) was 9.3 per cent, 23.9 per cent and 66.7 per cent respectively. At current prices, the primary, secondary and tertiary sectors contributed 15.1 per cent, 25 per cent and 59.9 per cent respectively to the GSDP during 2012-13. This difference in sectoral share between constant and current prices shows that inflationary trends in the primary sectors are much higher than in the secondary and tertiary sector.

While analysing the sectoral distribution of state income for the year 2012-13, it is seen that the contribution from primary sector and tertiary sector are decreasing. But secondary sector is showing an increase of 23.9 per cent from 21.8 per cent. The analysis of annual sectoral growth rate of Gross State Domestic Product shows that

secondary sector recorded the highest rate of growth 18.83 per cent in 2012-13 at constant (2004-05) prices followed by tertiary sector (5.46 per cent) and primary sector showed a 4 per cent. The push factor for the growth of the secondary sector is mainly because of the growth in the construction sector which showing an increase to 25.3 per cent in 2012-13 from 9.21 per cent in 2011-12. At current prices, the secondary sector recorded a growth rate of 25.5 per cent, tertiary sector 11.2 per cent and primary sector 5.3 per cent in 2012-13.

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CHAPTER – 4

INDUSTRY

4.1 INTRODUCTION

The strategic intent for the 12th Five Year Plan (2012-17) of the State is to lay the foundation for creating an economy which is productive, competitive, sustainable and inclusive. The benefits arising from a set of core initiatives being planned across the different sectors of the economy, if implemented with a high sense of urgency and passion, will be spread beyond the next five years. Such benefits, if nurtured well, will reinforce each other and put the State's economy on a firm footing to harness the opportunities that national and international development will offer. The approach to the 12th Plan in a way should be looked at as the first step towards the achievement of the vision capturing the goals indicated above for the development of the State by 2030.

In order to cherish the desired foundation it is necessary to have some basic infrastructure to work with. Therefore let us see how the industrial economy of the state was towards the end of Eleventh Five Year Plan.

The growth of manufacturing sector in the state has been curbed due to the high cost for skilled labor, the rapidly propelling land prices and the preference of the local population for white collar jobs. Also being a traditionally service oriented economy with a high density of population, the state hasn't been able to find a balanced growth strategy for manufacturing sector. The state has been successful to some extent in ensuring private capital in these sectors. Village and traditional industries have been revived and rejuvenated for healthy growth thereby bringing substantial relief to lakhs of workers depending on them for their livelihood. Medium and large industry sector have also witnessed substantial hike in public investment and with its help the KSIDC and KINFRA have initiated the setting up of mega projects. The loss making State PSUs have initiated steps for generating decent profits. For the manufacturing sector to sustain in Kerala it should aim at bringing about environmentally sustainable practices, better waste management technology, sensible use of water and forest resources, and follow a stringent quality and environment norms.

4.2 INDUSTRIAL GROWTH

In Kerala the manufacturing sector registered a growth rate of 12.4 per cent at current prices during 2012-13 compared to the growth rate of 15.4 per cent in the previous year. The contribution of income from manufacturing sector to GSDP at constant and current prices during 2012-13 was 7.7 per cent and 7.6 per cent respectively. The income from manufacturing sector to GSDP and its growth rates from 2007-08 to 2012-13 are given in Table 4.2.1. The per centage contribution of Manufacturing sector to GSDP from 2007-08 to 2013-14 did not show a definite trend. A drastic decline can be observed during 2009-10 and after that there was an increase, which again declined during 2011-12 and an improvement is found during 2012-13 but again dipped during 2013-14, the quick estimates point out.

Table – 4.2.1
Growth of manufacturing sector in Kerala (GSDP)
(Base Year 2004-05)

Year	Contribution to GSDP (₹lakhs)		Growth Rate (%)	
	At constant prices	At current prices	At constant prices	At current prices
2007-08	1316450	1508223	17.76	22.67
2008-09	1344072	1735690	2.1	15.08
2009-10	1348502	1756980	0.33	1.22
2010-11	1507836	2047096	11.82	16.51
2011-12(P)	1573287	2361839	4.34	15.38
2012-13(Q)	1717092	2655432	9.14	12.43
2013-14 (projected)	1813976	2983668	5.64	12.36

Source: Dept. of Economics and Statistics

P: Provisional Q: Quick Estimates

Our effort is much needed to succeed in creating the right environment for the flow of private capital in to these sectors. Kerala has to be made an attractive investment destination. While all this is being done, we are aware that the State of Kerala cannot independently pursue its preferred pattern of industrial development, but must operate within the overall framework of industrial development in the country which is decided by the Govt. of India. This is the greatest challenge that the industry and mining sector should face.

The Index of Industrial production measures the impact of development in the field of industrial sector over a period of time in the State in comparison with a selected previous year. It gives a comprehensive view of the industrial development of the State. So far the index used to cover only the production in the manufacturing and electricity generation and transmission sectors in the State. But now the mining and quarrying industry also falls within the purview of IIP. In order to ensure more accuracy and better reliability of the data, the base year has been shifted to 2003-04.

4.3 INDEX OF INDUSTRIAL PRODUCTION (IIP)

The General Index for the year 2006-07 increased to 255.471 from 208.31 in 2005-06 showing an increase of 22.64 percent. Negative growth was recorded in products such as jute & other vegetable fibre textiles and other manufacturing industries. All other items have shown positive growth. The index of industrial production for the period 2005-06 & 2006-07 is given in Table 4.3.1.

Table 4.3.1

Index of Industrial Production 2005-06 & 2006-07 Base Year 1993-94

Sl. No.	Item	Weight	Index for	
			2005-06	2006-07
1	2	3	4	5
1	Mining & Quarrying	0.51	169.129	173.598
2	Manufacture of food products	20.09	158.411	183.310
3	Manufacture of beverages, tobacco, etc	2.27	363.816	393.608
4	Manufacture of cotton textiles	5.88	135.251	189.025
5	Manufacture of wool, silk etc	0.09	272.333	272.333
6	Manufacture of jute & other vegetable fiber textiles	0.62	110.058	74.437
7	Manufacture of textile products & fibers	0.16	249.521	383.533
8	Manufacture of wood and wood products	1.26	73.82	84.497
9	Manufacture of paper and paper products	5.6	235.172	253.274
10	Manufacture of basic chemicals and chemical products	17.9	248.855	302.235
11	Manufacture of rubber, plastic, petroleum etc	27.86	215.13	276.151
12	Manufacture of non-metallic mineral products	3	259.533	306.425
13	Basic metals and alloys	2.47	212.206	300.236
14	Manufacture of metal products and parts	0.55	184.139	217.409
15	Manufacture of Machinery and equipments	4.74	292.606	340.118
16	Other manufacturing industries	0.15	254.804	236.454
17	Electricity generation, transmission and distribution	6.85	172.966	208.589
General Index		100.00	208.31	255.471

Source: Directorate of Economics & Statistics, Tvp.m.

4.4 COMMODITY EXPORT

Major share of trade operations in Kerala is being conducted through Cochin Port. Pepper, cashew, coir and coir products, tea, cardamom, ginger, spices and spices oil and marine products are the main items of trade. During 2012-13, the total traffic handled by Cochin Port declined by 1.2 per cent and reached 198.5 lakh MT. It was 200.9 lakh MT during 2011-12. Import during this period increased to 160.1 lakh MT from the previous year level of 157.8 lakh MT. Exports meanwhile declined to 38.3 lakh MT from 43.1 lakh MT of 2011-12. The fall in exports was 11 percent in quantitative terms. But due to higher price per unit there was an increase of 7 per cent in the value of exports.

All commodities except sea foods and coir products exported through Cochin Port showed a decreasing trend during 2012-13. Export of tea declined further by 15.3 per cent in 2012-13 than the slight 0.2 per cent decline of 2011-12. Export of Cashew Kernels decreased by 5.8 per cent, coffee by 30.1 per cent and miscellaneous items by 9.4 per cent. The exports of spices nosedived by 93.4 per cent during 2012-13. However, coir products export increased by 15 percent and sea food by a thin rate of 1.9 per cent. Details of the major commodities exported from Kerala (through Cochin and Trivandrum Port) during 2010-11 and 2012-13 are given in Table 4.4.1

Table 4.4.1
EXPORT OF COMMODITIES THROUGH COCHIN AND TRIVANDRUM PORTS
DURING 2010-11 to 2012-13
(Quantity in MT and Value in ₹crore)

Commodity	2010-11			2011-12			2012-13		
	Qty	Value	Growth Rate (%)	Qty	Value	Growth Rate (%)	Qty	Value	Growth Rate (%)
1	5	6	7	8	9	10	11	12	13
Tea	111366	436.14	-3.10	111137	464.68	-0.21	94165	516.02	-5.27
Cashew Kernels	64298	1500.08	18.45	71187	2215.80	10.71	67067	1982.68	-5.79
Sea Foods	169408	1780.30	22.67	207107	2673.11	22.25	210986	2803.95	1.87
Coir Products	131046	406.93	-25.59	122521	400.49	-6.51	140882	556.47	14.99
Spices	81079	300.89	-0.87	114669	873.54	41.43	7550	374.55	-93.42
Coffee	84792	689.20	175.47	115359	1146.29	36.05	80674	902.18	-30.07
Miscellaneous	2762061	11807.19	-7.94	3568925	12795.79	29.21	3232651	14836.58	-9.42
Total	3404050	16920.73	-5.34	4310905	20569.70	26.64	3833975	21972.43	-11.06

Source: Cochin Port Trust

Imports through Cochin port continued to increase during 2012-13 also. It reached at the level of 160.1 lakh MT during 2012-13 from 157.80 lakh MT of 2011-12, marking a slight increase of 1.5 per cent. Fertilizers and raw materials, iron and steel and machinery, newsprint, raw cashew nut, P.O.L etc. are the main items of import. However, there was no food grains import during 2012-13 through Cochin port. Import of miscellaneous items including P.O.L alone has increased during 2012-13 at the rate of 2.5 per cent, resulting in the rise of total imports. Import of fertilizers and raw materials decreased by 18 per cent and that of iron, steel and machinery by 70.5 per cent, newsprint by 24 percent and raw cashewnut by 1.2 per cent.

Coastal as well as foreign exports from Cochin port declined during 2012-13 by 5.5 per cent and 14.0 per cent respectively. Coastal export decreased from 14.9 lakh MT of 2011-12 to 14.1 lakh MT in 2012-13, while foreign exports decreased from 28.25 lakh MT in 2011-12 to 24.29 lakh MT in 2012-13. On the other hand both coastal and foreign import increased marginally by 0.73 per cent and 1.8 per cent respectively during 2012-13.

4.5 STATE LEVEL PUBLIC SECTOR ENTERPRISES

Public Sector Enterprises have played a very important role in the industrialisation and the overall development. State Public Sector Enterprises are one of the largest employers in the organised sector in the state.

Public Sector Restructuring and Internal Audit Board (RIAB) constituted in 1993 executes State Owned Enterprise Reform Initiatives. Performance planning and monitoring of PSUs, Enterprise reconstruction, Capacity building / Recruitments in PSUs and Governance advisory support are the major responsibilities.

During the 11th plan period certain key policy initiatives like budgetary support, Strategic tie-ups, Induction of professional Management, one time settlement of outstanding issues, sales tax amnesty scheme etc. were taken by the State Government to improve the performance of State units. Strategic tie ups with the central public sector undertakings were introduced in order to develop synergy and better technology and managerial system developments.

Various strategies were introduced for the revival of SLPEs such as performance management, capacity building, enhancing productivity, due diligence and asset

reconstruction. Performance Management strategies like online monitoring systems, monthly reviews by the Minister in charge and institution of rewards were other notable initiatives.

Capacity Building Strategies that were initiated included professionalization of boards, transparency in selection of CEOs, Board level Committees for Succession Planning, continuous training at all levels and trade union participation in evolving operational strategies. No less important was the introduction of better financial accountability. As a result, performance of the PSUs underwent tremendous change. The major Initiatives in PSUs during 2012-13 are the following.

- 1 For ensuring transparency in purchases, e-procurement was introduced from August 2012 in PSUs for all purchases above ₹ 1 lakh. Purchase worth ₹ 293.67 crores were made through e-procurement.
- 2 E-payment was introduced as part of the e-procurement system.
- 3 To co-ordinate all the activities of PSUs and Departments, a web based MIS portal was launched by Keltron.
- 4 For speedy and timely completion of audit and for ensuring transparency in accounting, ERP system is being introduced in all PSUs.
- 5 Various social and welfare measures for education, health, basic necessities like drinking water etc are being implemented by Malabar Cements Ltd., Kerala Minerals and Metals Ltd, Transformers and Electricals Kerala Ltd, Kerala State Industrial Development Corporation Ltd, Steel and Industrial Forgings Ltd and Kerala State Industrial Enterprises Ltd, as part of Corporate Social Responsibility initiatives of these PSUs.
- 6 An MoU was signed with SAIL for a project worth ₹ 3250 crore for increasing the production of the new Titanium Sponge plant of Kerala Minerals and Metals Ltd, to 10000 MT.
- 7 Keltron has set up Solar Power Panels in various jails. Establishment of solar panel by profit making PSUs is under progress.

- 8 Kerala Cashew Development Corporation has started production of Chocolate coated cashew, a value added product. One Time Settlement with banks is under progress for settlement of long pending dues of cashew development and CAPEX.

There are 44 PSUs under the Industries Department, of which 37 are in the manufacturing sector and 7 in the non-manufacturing sector. Sector wise number of PSUs is shown in in Table 4.5.1

Table 4.5.1
Sector wise number of Companies as on 31-3-2013

Sl. No.	Category	No. of Units
1	Chemical	7
2	Ceramics & Refractory	2
3	Developmental and Infrastructural	4
4	Electrical Equipments	4
5	Electronics	3
6	Engineering	5
7	Textiles	9
8	Traditional and Welfare	9
9	Wood and Agro Based	1
Total		44

Source: economic Review 2012-13.

During 2012-13, 22 PSUs have registered profit and 22 registered loss. The performance trend of PSUs during the last 5 years is given in Table 4.5.2. During 2013-14 (up to October 2013) PSUs have recorded a turnover of ₹ 1508.94 crore and a net loss of ₹ 90.05 crore. During 2012-13, PSUs have recorded a net profit of ₹ 75.25 crore. Details of PSU-wise turnover and profit/loss during 2012-13 are shown in Table 4.5.3. The number of loss making PSU's have reduced from 26 to 22 and turned to profit making units. But the net profit has reduced from ₹ 222.87 crore to ₹ 75.25 crore, indicating higher cost of inputs.

Table 4.5.2
Performance Trend of PSUs under Industries Department
(₹ Crore) during 2008-09 to 2012-13

PARTICULARS	2008-09	2009-10	2010-11	2011-12	2012-13
Profit Making Units					
Number of Units	16	21	20	18	22
Value of Production	774.33	1271.85	1640.77	1872.2	1829.98
Turnover	1277.89	1491.87	1993.13	2282.35	2152.42
Profit made by the profit Making units	189.79	294.27	223.23	334.53	208.83
Loss Incurring Units					
Number of Units	22	16	16	26	22
Value of Production	695.19	608.65	471.34	768.07	541.9
Turnover	747.83	666.53	524.15	868.25	605.85
Loss made by the loss making units	-71.86	-46.61	-39.99	-111.66	-133.58
Total					
Number of Units	38	37	36	44	44
Value of Production	1469.52	1880.5	2112.11	2640.27	2371.88
Turnover	2025.72	2158.4	2517.28	3150.6	2758.27
Net Profit/Loss(-)	117.93	247.66	183.24	222.87	75.25

Source: RIAB.

Details of PSU-wise turnover and profit/loss during 2012-13 are shown in Table 4.5.3. The Kerala Minerals and Metals Ltd. have made the highest profit.

Table 4.5.3
Turnover and Profit/Loss of PSUs under the Ministry of Industries – 2012-13
(₹ Crore)

Sl. No.	Company	2012-13	
		Turnover	Net Profit/Loss
1	Malabar Cements Ltd.	221.81	47.98
2	Kerala State Industrial Development Corporation Ltd.	68.37	55.23
3	Transformers and Electrical Kerala Ltd	148.07	2.17
4	The Kerala Minerals and Metals Ltd.	545.22	66.15
5	Kerala State Electronics Development Corporation	308.47	11.49
6	Steel and Industrial forgings	46.17	0.08
7	Travancore Cochin Chemicals Ltd.	162.58	0.22
8	Kerala State Industrial Enterprises Ltd	36.48	7.09
9	Kerala Electrical and Allied Engineering Co. Ltd.	66.19	-7.41
10	The Kerala Ceramics Ltd.	2.03	- 4.87
11	Kerala Small Industries Development Corporation Ltd	253.15	4.15
12	United Electrical Industries Ltd.,	2.46	- 4.06
13	Kerala Clays & Ceramic Products Ltd.	6.86	1.02
14	Steel Complex Ltd.	32.09	-6.63
15	Handicrafts Dev. Corp. (Kerala) Ltd.	17.09	-0.65

16	The Travancore Cements Ltd.	23.14	0.25
17	Forest Industries (Travancore) Ltd.	15.41	0.70
18	Traco Cable Company Ltd.	47.29	-5.86
19	Kerala State Bamboo Corporation Ltd.	13	-3.19
20	The Metal Industries Ltd.	3.95	-0.04
21	Steel Industries Kerala Ltd.	27.14	1.25
22	Keltron Component Complex Ltd.	60.87	0.11
23	KELPALM	0.64	0.03
24	Kerala Artisans Development Corporation Ltd.	13.33	0.07
25	Travancore Titanium Products Ltd.	163.00	1.24
26	Autokast Ltd.	20.33	-5.16
27	Kerala State Drugs & Pharmaceuticals Ltd.	13.398	0.07
28	The Trichur Co-operative Spinning Mills Ltd.	12.84	-3.04
29	Kerala State Textile Corporation Ltd.	67.48	-9.62
30	Kerala Automobiles Ltd.	7.18	-6.63
31	Kerala State Handloom Dev. Corp. Ltd	16.06	-6.98
32	Alleppey Co-operative Spinning Mills	10.16	-0.48
33	Keltron Electro Ceramics Ltd.	11.95	1.15
34	Sitaram Textiles Ltd.	13.01	0.01
35	The Malappuram Co-operative Spinning Mills	21.73	-3.92
36	The Quilon Co-operative Spinning Mills Ltd.	16.58	-0.51
37	Cannanore Co-op. Spinning Mills Ltd.	16.04	-1.99
38	KINFRA	12.99	8.16
39	CAPEX	69.66	-20.39
40	Texfed	1.32	-0.41
41	Kerala State Mineral Development Corporation Ltd.	0.37	0.03
42	Trivandrum Spinning Mills Ltd.	7.85	-3.09
43	Kerala State Cashew Development Corporation Ltd.,	125.38	-34.7
44	HANTEX	29.11	-3.98
Total		2758.24	75.20

Source :RIAB

4.6 MICRO SMALL AND MEDIUM ENTERPRISES (MSMES)

The Micro, Small and Medium Enterprises (MSME) sector contributes significantly to manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of total exports of the country. The sector is estimated to employ about 69 million persons in over 26 million units throughout the country. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by MSMEs in the country. It is well known that MSME sector provides maximum opportunities for both self-employment and jobs, outside agriculture sector. The inclusiveness of the sector is underlined by the fact that nearly 50% of the MSMEs are owned by disadvantaged groups of society.

Planning Commission constituted the Working Group on Micro, Small & Medium Enterprises (MSMEs) Growth for the 12th Five Year Plan (2012-17). The terms of reference of the Group was carrying forward the recommendations of the Prime Minister's Task Force and suggest specific action plan and milestones to be achieved within the 12th Plan period. Further, the terms of reference of the Group also includes suggestions to address problems of Un-organized Sector and formulate proposals/schemes to facilitate overall growth of the MSME sector.

A framework for the report of the Working Group was developed in the first meeting of the Group and 11 Sub-Groups were constituted for detailed study of important focal areas to identify the bottlenecks and suggest facilitation needed to overcome them. In its second meeting the Working Group decided to give the recommendations on following thematic verticals:

- i. Finance, including credit.
- ii. Infrastructure.
- iii. Technology.
- iv. Marketing & Procurement.
- v. Skill Development & Training.
- vi. Institutional Structure

The MSME sector of India is today at the gateway of global growth on the strength of competitive and quality product range. However, facilitation from the Government is required to minimize transaction costs of technology upgradation, market penetration, modernization of infrastructure etc. History shows that only with persistent and effective Government support in these areas the SMEs of countries like Japan, Korea etc. emerged as global players. The PM's Task Force has already taken significant initiatives in this regards. The recommendations of this Working Group for the 12th Plan period will be vital enabler towards implementation of the initiatives of the Task Force through participative, transparent and scalable policies and schemes of the Government of India.

The importance and contribution of the micro, small and medium enterprises (MSME) sector to the economic growth and prosperity is well established. Their role in terms of employment generation, upholding the entrepreneurial spirit and innovation has been crucial in fostering competitiveness in the economy. It can lead the State economy by acquiring exports through quality production techniques and products. MSME is fast

emerging into a major income generating and employment providing sector in Kerala and India in general. The major advantage of the sector is its employment potential with less investment. As per recent statistics, MSME sector is employing nearly 45% of India's total work force. Hence Government and banks are providing lot of facilities for MSME sector.

MSME sector has shown consistent growth in terms of number of Entrepreneurs Memorandum (Part II) filed every year. Number of EM-II filed during 2007-08 at the District Industries Centres (DICs) across the country was 1.73 lakh which increased to 1.93, 2.14, 2.38, 2.83 and 3.22 lakh during 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 respectively with a growth rate of more than 11% every year till 2010-11, whereas in year 2011-12 and 2012-13 growth rate was around 19% and 14%, respectively.

As far as Kerala is concerned, state ranks 8th in descending order of EM-II filed during 2012-13 at all India level. From 2007-08 to 2011-12 state ranked at 8th, 4th, 7th, 8th, and 9th position respectively, whereas our neighbouring state Tamil Nadu consistently stood at 1st place except for 2007-08, when it was in second position. Gujarat was at 6th position during 2007-08 but managed consistently to second position till 2012-13. Table below shows the position of Kerala with respect to MSMEs vis a vis all India Level.

Table 4.6.1

Distribution of Number, Rank, Growth Rate and Percentage Share of EM-Part II filed by the MSMEs at DICs under Directorates of Industries of Gujarat, Tamil Nadu, Kerala and All India Level during 2007-08 to 2012-13 (Provisionally Revised Estimates).

Position as on: 2nd August, 2013

Sl. No.	State	Particulars	Number of EM-II filed					
			2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Gujarat	No	13,185	17,866	19,992	27,939	51,781	68,235
		Rank	6	3	3	2	2	2
		Growth rate	35.50	11.90	39.75	85.34	31.78	35.50
		Percentage share	7.62	9.24	9.33	11.72	18.31	21.22
2	Tamil Nadu	No	27,209	32,049	41,799	57,902	70,639	90,974
		Rank	2	1	1	1	1	1
		Growth rate	17.79	30.42	38.52	22.00	28.79	17.79
		Percentage share	15.73	16.58	19.51	24.29	24.97	28.29
3	Kerala	No	11,068	15,935	12,013	10,194	10,020	13,051

		Rank	8	4	7	8	9	8
		Growth rate	43.97	-24.61	-15.14	-1.71	30.25	43.97
		Percentage share	6.40	8.24	5.61	4.28	3.54	4.06
All-India			172,999	193,286	214,285	238,406	282,839	321,563

Though Kerala is lagging behind Tamil Nadu and Gujarat, there are a lot yet to be done to improve the present lot of MSMEs in Kerala. As such MSME sector has been provided special support by the Government. MSME contributes greatly towards domestic needs, export marketing and foreign exchange earnings by producing varieties of products ranging from traditional to modern. Being the volume of production of MSME sector is very large, the quality of production, diversification of products, energy consumption, and environmental effects were considered all through.

District wise details of MSME units registered in Kerala as on 31.03.2013 are given in Table 4.6.2

Table 4.6.2
District wise details of Enterprises filed Memorandum under Part II registered in Kerala during 2012-13(as on 31.3.2013)

Sl. No.	District	No. of MSME units Promoted by					Total Investments (₹ in lakhs)	Value of goods and services produced (₹ in lakhs)	Employment generated (Nos)
		SC	ST	Others	Total	Women			
1	2	3	4	5	6	7	8	9	10
1	Thiruvananthapuram	70	15	1397	1482	381	18747.37	40091.81	9360
2	Kollam	32	3	1199	1234	382	14759.62	20661.49	6215
3	Pathanamthitta	50	3	804	857	314	8061.16	9423.84	4201
4	Alappuzha	55	4	1029	1088	317	12498.1	36087.01	6397
5	Kottayam	20	4	753	777	288	11585.26	32083.66	5400
6	Idukki	8	3	182	193	50	5249.09	7447.85	1138
7	Ernakulam	18	4	1856	1878	298	41471.9	179355.86	17400
8	Thrissur	48	2	1384	1434	358	19426.28	47606.39	8210
9	Palakkad	27	2	697	726	156	12326.21	56294.36	4577
10	Malappuram	24	7	848	879	104	9643.19	24725.93	4596
11	Kozhikod	33	3	1005	1041	169	15632.35	44554.2	6664
12	Wayanad	9	10	349	368	104	3296.74	30969	1690
13	Kannur	12	3	631	646	141	8889.84	81165.83	4078
14	Kasaragod	7	3	430	440	60	3464.3	10957.32	2038
TOTAL		413	66	12564	13043	3122	185051.41	621424.55	81964

Source: Directorate of Industries & Commerce.

The number of new enterprises filed E M Part II under MSMED Act 2006 during the year 2012-13 was 13043. Out of which 413 MSMEs are by SC, 66 by ST and 3122 by Women. The number of new enterprises that filed Memorandum during 2012-13 shows

18 per cent increase against 11079 of the previous year. Investment on the sector decreased by 3 per cent from ₹ 190642.75 lakh of the previous year to ₹ 185074.41 lakh in 2012-13 while employment generated increased by about 4 per cent from 79181 to 81964. The value of goods and services produced in 2012-13 has been increased by 6 per cent ie, ₹ 621424.55 lakh over ₹ 584985.35 lakh in the previous year.

While analyzing the performance of the MSMEs, it is evident that number of new enterprises, investment, production and employment recorded an upward trend during 2012-13 from that of the previous year. District wise analysis reveals that Ernakulam occupies highest position in terms of value of goods produced, investment made and employment provided and Wayanad has the lowest position in total investments and Idukki has the lowest position in value of goods and services produced and employment generated. During the current year (as on 30.11.2013) 9048 new enterprises have filed memorandum with an investment of ₹ 134207.07 lakh providing employment to 54707 persons. Table 4.6.3 gives district wise details of enterprises which filed memorandum under Part II in Kerala during 2012-13 upto 30-11-2013.

Table -4.6.3
District wise details of Enterprises filed Memorandum under Part II registered in Kerala during 2013-14 (Upto 30-11-2013)

Sl. No.	District	No. of MSME units Promoted by					Total Investments (₹ in lakhs)	Value of goods and services produced (₹ in lakhs)	Employment provided (Nos)
		SC	ST	Others	Total	Women			
1	2	3	4	5	6	7	8	9	10
1	Thiruvananthapuram	61	13	898	972	217	13598.6	21011.67	6140
2	Kollam	19	6	596	621	177	9028.65	15074.12	3316
3	Pathanamthitta	69	2	574	645	210	8880.98	29374.65	4008
4	Alappuzha	32	1	668	701	208	4741.25	18550.57	3452
5	Kottayam	13	4	442	459	105	8251.68	23848.85	2867
6	Idukki	12	4	156	172	39	5174.41	8828	1606
7	Ernakulam	18	6	1515	1539	286	28702.16	86046.06	12302
8	Thrissur	28	2	815	845	183	13435.22	69147.69	4608
9	Palakkad	30	6	734	770	159	13395.08	27998.79	4154
10	Malappuram	28	2	678	708	86	8221.33	26364.36	3476
11	Kozhikode	27	1	599	627	110	9654.5	55802.8	3957
12	Wayanad	3	5	194	202	48	1978.43	5802.99	909
13	Kannur	9	2	442	453	90	6517.39	14398.34	2447
14	Kasaragod	6	3	325	334	56	2627.39	7074.83	1465
	Total	355	57	8636	9048	1974	134207.07	409323.72	54707

Source: Directorate of Industries & Commerce

The total number of MSMEs registered in Kerala as on 31.3.2013 is 219444 against 205987 in the previous year indicating a growth of about 7 per cent. Out of the total MSMEs, 4 per cent are promoted by SCs, approximately 1 per cent by STs and 25 per cent by women entrepreneurs. The total investment was ₹ 1212674 lakh in 2012-13

against ₹ 1083169 lakh in the previous year, with an increase of almost 12 per cent and the total number of employment generated was 1103126 indicating more than 8 per cent over the previous year which was 1021162. Details of enterprises are given in Table 4.6.4

Table 4.6.4

Districtwise details of working MSME Units Registered in Kerala upto 2012-13(as on 31.03.2013)

SI No	District	No. of MSME units Promoted by					Total Investments (in lakhs)	Value of goods and services produced (Tin lakhs)	Employment generated (Nos)
		SC	ST	General	Total	Women			
1	2	3	4	5	6	7	8	9	10
1	Thiruvananthapuram	1082	204	28434	29720	7366	121533.3	285428.91	144168
2	Kollam	1053	68	13818	14939	5567	82132.54	171991.51	104703
3	Pathanamthitta	604	45	8208	8857	3439	44385.14	106497.41	49447
4	Alappuzha	472	87	15995	16554	5073	85982.91	141520.23	92381
5	Kottayam	443	181	22435	23059	6294	105530.6	244854.06	77853
6	Idukki	384	164	4306	4854	2106	38637.98	1286917.44	26883
7	Ernakulam	505	187	27736	28428	6417	255871.4	856326.6	192156
8	Thrissur	1232	115	27552	28899	5883	122657.1	259659.2	114965
9	Palakkad	1271	121	13322	14714	3342	100089.4	344655.65	65860
10	Malappuram	420	90	10998	11508	1873	62820.35	138020.72	50714
11	Kozhikod	535	83	16728	17346	2973	94433.7	221182.91	81674
12	Wayanad	76	144	2987	3207	1298	16842.06	58725.91	16628
13	Kannur	170	71	10883	11124	2328	56505.24	175178.56	52195
14	Kasaragod	158	95	5982	6235	1457	25252.16	46035.68	33499
TOTAL		8405	1655	209384	219444	55416	1212674	4336994.79	1103126

Source: Directorate of Industries & Commerce

Growth of MSME over the period 2007-08 to 2012-13 shows a dismal picture. During 2007-08 there was 11186 MSME units were registered providing employment to 116189 persons with an investment of ₹189760.31 lakhs and it generated an output of ₹588100.13. If we go through the Table 4.6.3 we can see that the consequent years witnessed a steep decline in the growth and even for today it has not fully recovered the fall. Year wise details of MSME units registered in Kerala during the period 2005-06 to 2012-13 are given in Table 4.6.5.

Table 4.6.5
Year wise details of MSME units registered in Kerala during the period
2007-08 to 2012-13

Sl. No.	Year	No. of units	Total investment (in lakhs)	Value of goods and services produced (in lakhs)	Employment provided (Nos.)
1	2007-08	11068	189760.31	588100.13	116189
2	2008-09	15935	56594.83	132155.38	48111
3	2009-10	12013	73046.34	255894.6	60876
4	2010-11	10194	145365.53	13616293.7	84878
5	2011-12	110020	190642.75	584985.35	79181
6	2012-13	13051	185051.41	621424.55	81964

Source: Directorate of Industries & Commerce

4.7 PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

Government of India introduced PMEGP Scheme, ie, credit linked subsidy programme from 2008-09 by merging the two schemes viz, PMRY and REGP. The Khadi and Village Industries Commission (KVIC) was approved as the nodal agency for implementation of the scheme at national level. In Kerala, State KVIC Directorate, State Khadi and Village Industries Board (KVIB), District Industries Centres (DICs) and bankers are the agencies for implementation of the scheme. A target of 568 number of units were allocated to DICs and 2480 applications were received during the year 2012-13, 123% increment compared to 1112 during 2011-12. The banks sanctioned 1304 applications about 53% more than 851 in the previous year and provided Margin Money of ₹1513.44 lakh which is 30% more than ₹ 1162.13 lakh in 2011-12. Details are given in Table 4.7.1.

Table 4.7.1

District Wise Progress Report of PMEGP during 2012-13

SI No	District	Target	No. of applications received	No. of applications selected by DTFCs	Margin Money Involved (₹ in lakhs)	No. of applications sanctioned by banks	Margin Money sanctioned And released (₹ in lakhs)	No. of persons given EDP training
1	2	3	4	5	6	7	8	9
1	Thiruvananthapuram	44	270	254	450.75	113	113.66	10
2	Kollam	42	357	196	358.52	93	97.16	44
3	Pathanamthitta	34	187	173	195.17	147	138.11	88
4	Alappuzha	28	193	181	427.99	89	154.5	66
5	Kottayam	32	165	152	372.48	108	136.53	30
6	Idukki	48	191	177	292.24	86	94.09	57
7	Eranakulam	38	153	153	195.05	100	108.22	15
8	Thrissur	40	135	135	203.39	90	116.11	60
9	Palakkad	42	126	125	227.99	97	122.09	12
10	Malappuram	48	128	108	165.53	72	96.95	64
11	Kozhikode	42	143	112	180.16	65	80.99	38
12	Wayanad	52	159	149	906.47	79	69.96	16
13	Kannur	36	162	119	204.35	87	88.31	10
14	Kasaragod	42	111	111	206.88	78	96.76	57
Total		568	2480	2145	4386.97	1304	1513.44	567

Source: Directorate of Industries & Commerce, Thiruvananthapuram.

4.8 INDUSTRIAL CO-OPERATIVE SOCIETIES

In Kerala, the total number of working Industrial co-operative societies as on 31.3.2013 was 621 against 582 in the previous year. Out of which, 151 Societies were registered by women. The details of working industrial cooperative societies in Kerala as on 31.03.2013 are given in Table 4.8.1.

Table 4.8.1

Working Industrial Co-operative Societies in Kerala as on 31.03.2013 (Nos.)
Key: G: General, W: Women

SI.No.	District	Industrial Co-operative Societies (Registered) in Kerala during the year 2012-13					Total No. of working Societies 31.03.2013				
		G	SC	ST	W	Total	G	SC	ST	W	Total
1	2	3	4	5	6	7	8	9	10	11	12
1	Thiruvananthapuram	3	-	-	-	3	53	38	2	31	124
2	Kollam	Nil	Nil	Nil	Nil	Nil	33	18	1	0	52
3	Pathanamthitta	Nil	Nil	Nil	Nil	Nil	5	6	0	3	14

4	Alappuzha	Nil	Nil	Nil	Nil	Nil	6	20	7	16	49
5	Kottayam	-	1	-	-	1	16	12	0	14	42
6	Idukki	Nil	Nil	Nil	Nil	Nil	2	0	2	2	6
7	Eranakulam	1			Nil	1	25	0	3	17	45
8	Thrissur	2			1	3	30	5	0	10	45
9	Palakkad	1			Nil	1	19	9	3	8	39
10	Malappuram	Nil	Nil	Nil	Nil	Nil	11	8	0	12	31
11	Kozhikode	Nil	Nil	Nil	Nil	Nil	17	1	0	1	19
12	Wayanad	Nil	Nil	Nil	Nil	Nil	8	3	9	4	24
13	Kannur	Nil	Nil	Nil	Nil	Nil	77	8	2	27	114
14	Kasaragod	Nil	Nil	Nil	Nil	Nil	10	1	0	6	17
	Total	7	1	0	1	9	312	129	29	151	621

Source: Directorate of Industries & Commerce, Tvpm.

4.9 BANK CREDIT TO MSME SECTOR.

Banks are said to be agents of social transformation. To meet this end Reserve Bank of India devised many plans for the development of this priority sector. RBI issued a master circular with the enactment of MSMED Act 2006, to all Scheduled Commercial Banks stating that the bank loans to micro and small enterprises, both Manufacturing and Service are eligible to be classified under Priority Sector advance and provide direct finance to manufacturing enterprises, loans for food and agro processing, Service Enterprises, Export Credit, Khadi and Village Industries Sector (KVI) and rehabilitation of sick Micro and Small Enterprises. Public sector banks have been advised to open at least one specialised MSME branches in each district for lending to MSME Sector.

As per State Level Bankers' Committee (SLBC) report, the highest body of bankers in the State, the outstanding bank credit to various sectors by the commercial banks in Kerala at the end of March 2013 was increased by 17 per cent ie. ₹ 175087 crore against ₹ 149293 crore in the previous year. The outstanding flow of credit to MSME sector was ₹ 23563 Crore which shows an increase of 14 per cent from ₹ 20593 crore in 2012-13. The status of flow of credit to various sectors is given in in Table 4.9.1.

Table 4.9.1
Outstanding Advances to Various Sectors by Commercial Banks in Kerala
(₹ Crore)

Sl. No.	Year(as at March)	Priority Sector Advances					Non Priority Sector Advances	Total Advances
		Total	Agriculture	MSEs	% to total	Other Priority Sector		
1	2	3	4	5	6	7	8	9
1	2008	44078	15991	6674	15	21413	31227	75305
2	2009	48387	15959	8095	17	24333	34432	82819
3	2010	58204	21786	11758	20	24660	38783	96987
4	2011	71145	27439	16894	24	26812	50837	121982
5	2012	85606	36209	20593	24	28804	63687	149293
6	2013	99318	45055	23563	24	30700	75769	175087

Source: State Level Banker's Committee, Kerala.

4.10 FOOD PROCESSING

Kerala Industrial Infrastructure Development Corporation (KINFRA) aims at accelerating the industrial development of the State by providing infrastructure facilities to industries. The Industrial Parks developed by KINFRA have facilities like developed land or built up space, dedicated power, continuous water supply, communication facilities etc.

KINFRA has completed over the past 19 years, 21 themes based Industrial Parks in Kerala in areas such as garments, infotainment, marine/seafood, rubber, exports, food processing, etc. Some of the notable achievements are the successful completion of India's first International Apparel Park at Trivandrum; India's first Export Promotion Industrial Park at Ernakulam; India's first Infotainment Park, the Film & Video Park at Trivandrum and India's first Food Processing Industrial Park at Malappuram.

KINFRA has developed Joint Venture Projects like India's first Rubber Park (a JVC with the Rubber Board) at Kochi, India's first Seafood Processing Park (a JVC with MPEDA) at Alappuzha and Western India KINFRA Ltd. (a JVC with Western India Services & Estates) at Palakkad. A Joint Venture Company between KINFRA and ICICI, known as I-KIN, has been set up to identify and facilitate the development of infrastructure projects in the State and another company between KINFRA and NTPC, Electrical Supply Co. Ltd. (KINESCO) for distribution of power to KINFRA Parks in the State.

Government of Kerala has nominated KINFRA as the Nodal agency for State Food Processing Mission in Kerala. The mission has released assistance of ₹ 3.08 crore to food processing units in the State of Kerala from 2012-13. KINFRA also act as the Nodal Agency of the State for implementing "Assistance to States for Infrastructure Development of Exports and Allied Activities" (ASIDE) of Department of Commerce, Government of India. Government of Kerala has appointed KINFRA as the Nodal Agency for the National Institute of Fashion Technology (NIFT) at Kannur and land acquisition programme for Kannur Airport. The details of units in KINFRA Parks since inception up to March 2013 are given in Table 4.10.1.

Table 4.10.1
Allotments in KINFRA Industrial Park as on 07/11/2013

SI No	Name of Park	Year of commencement	Total area (Acres)		Investment (₹ Lakhs)	Employment (No.)
			Acquired	Allotted		
1	KINFRA Small Industries Park, Thumba, Trivandrum	2000	93	30.57	3779.15	1489
2	KINFRA International Apparel park, Thumba, Trivandrum	1998		22.28	13603.1	4000
3	Kinfra Film and Video park, Kazhakkutam, Trivandrum, Special Economic Zone	1999	50	24.25	8281.91	3625
		2005	25 acres, 100000 sq.ft	2 acres, 85470 sq.ft	9976	1569
4	KINFRA Export Promotion Industrial Park, Kakkanadu	1996	180	49.74	12156.85	763
5	KINFRA Bio Technology Incubation Centre, HITECH Park, Kalamassery, KINFRA HITECH Park, Kalamassery	2009	15000	6436	854.25	275
		2007	243	154.35	2918.46	150
6	KINFRA Small Industries Park, Mazhuvannur, Ernakulam	2002	64.89	43.48	8499.27	1445
7	KINFRA small Industries Park, Koratty, Thrissur	2003	33.66	19.19	3564.78	627
	SDF, Koratty, Thrissur,	2011	38000 sq.ft	19973	393.77	92
8	KINFRA Food Processing Park, Kakkanchery, Malappuram	2000	72	31.25	11203	6333
10	KINFRA Small Industries Park, Seethangoli, Kasaragod	2002	278.82	253.3	7908.99	1353
11	KINFRA Small Industries Park, Kalpetta, Wayanad	2005	50	28.4	5163	573
12	KINFRA Neo Space, Malappuram	2003	85762 sq.ft	52068 sq.ft	1164	809
13	KINFRA Integrated Industrial & Textile Park, Palakkad	2003	1134.05	907.52	64097	10431
14	KINFRA Small Industries Park, Adoor, Pathanamthitta	2009	85	15.6	2638.35	266
15	KINFRA Food Processing Park, Adoor, Pathanamthitta	2009		12.41	5951.96	671
16	KINFRA Textile Centre, Nadukani, Kannur	2009	124.85	24	500	25
17	KINFRA Small Industries Park, Kunnamthanam, Pathanamthitta	2009	25.31	10.15	2415.43	388
18	KINFRA Small Industries Park, Piravanthoor	2013	15	Nil	800	34884
A Total					165869.27	34884
Joint Venture Projects						
19	KINFRA Rubber Park, Airapuram, Ernakulam District	2004	100	50	2400	300
20	Seafood Park, Aroor, Alappuzha	2006	10	10	1800	2000
21	Wise Park, Palakkad	2000	200	125	2000	500
B Total					6200	2800
A+B Total					172069.27	37684

Source: KINFRA, Thiruvananthapuram

Food processing industry has been recognized as a priority sector in Kerala due to its potential for future growth, diversification and possibility of generating substantial employment. Kerala Industrial Infrastructure Development Corporation (KINFRA) has been playing a proactive role for the promotion of food processing industry in the State. KINFRA has adopted 'Theme based parks' in the State. KINFRA has set up industrial parks to suit the specific needs of the food processing sector.

KINFRA Food Processing Park at Kakkancherry, Special Economic Zone (Food Processing) at Kakkancherry, Food Processing Zone in KINFRA Small Industries Park, Mazhuvannur, KINFRA Food Processing Park at Adoor and Seafood Park India Private Ltd at Aroor are the five Food Processing Industries parks already set up by KINFRA.

New Initiatives of KINFRA in Food Processing

- Marine Park in Beypore for Seafood pre-processing activity.
- Kera Park in Thrissur for Coconut based Industries.
- Spices Park in Idukki for Spice Processing Industries.
- Integrated Food Zone (Mega Food Park) in Wayanad
- Mega Food Park in Kinaloor under the new Mega Food Park Scheme of Ministry of Food Processing Industries, Government of India.

4.11 PROMOTIONAL EVENTS 2013

1. 'E-TENDERING'

The Department of Industries and Commerce has introduced '**E-TENDERING**' for procurement of various items for Public Sector Undertakings (PSUs) and other Organisations functioning under the Department. 'E-Tendering' System shall be adopted for implementing approved CFC projects under the MSE-CDP Scheme of the Ministry of MSME, Government of India also, considering the advantages of the system.

2. Facilitation Council

The Government of Kerala established the Micro and Small Enterprises Facilitation Council, having jurisdiction in the whole State of Kerala.

3. Food Hospitality World 2014 Exhibition

Participated in the Food Hospitality World 2014 Exhibition organised at KTPO, White Field, Bangalore from June 12 to 14, 2014. The Event was organised by Global Fairs & Media Pvt. Ltd. in association with Hannover Milano Fairs India and the Indian Express Group Limited. Kerala Bureau of Industrial Promotion (K-BIP) was the Coordinating Agency on behalf of Department of Industries & Commerce, Government of Kerala for the participation of Kerala State and setting up the Kerala State Pavilion in the Food Hospitality World 2014 Exhibition.

12 Nos. fully converted stalls were availed by K-BIP for setting up the Kerala State Pavilion in the Exhibition. Space was provided, free of cost, for Small & Medium Enterprises (SMEs) from Kerala to display their products / technologies.

The MSMEs from Kerala like Nikasu Frozen Foods International, Gopal Refineries & Oil Mills (RG Group), Saico Food Products & Spices, Nambiyattukudy Agro Industries, Keratech (P) Ltd., Dinesh Foods, Techno Consultancy Services, COPS, St. Jude Industries, Manjilas Food Tech Pvt. Ltd. (Double Horse) and Ruchipriya / Priya Instant Foods / Gramashree Foods displayed their products and technologies in the Kerala State Pavilion.

4. Food Hospitality World 2014, Mumbai.

Participated in the Food Hospitality World 2014, the Exhibition and B2B Trade Show exclusively for Food Processing, Hospitality & Allied Sectors. It was organised at MMRDA Grounds, Bandra Kurla Complex, Mumbai from January 23 to 25, 2014. The Event was organised by Global Fairs & Media Pvt. Ltd. in association with Hannover Milano Fairs India and the Indian Express Group Limited.

150 Sq.Mt. raw space for setting up the Kerala State Pavilion was booked for the Exhibition. The space was converted to a full fledged Kerala State Pavilion with the participation of MSMEs and Government Agencies from Kerala.

Kerala Bureau of Industrial Promotion (K-BIP) was the Coordinating Agency on behalf of Department of Industries & Commerce, Government of Kerala for the participation of Kerala State and setting up the Kerala State Pavilion.

5. Kerala Bamboo Fest 2012 Kochi.

The Department of Industries & Commerce, Government of Kerala in association with Kerala State Bamboo Mission (KSBM) and Kerala Bureau of Industrial Promotion (K-BIP) organized the 9th edition of 'Kerala Bamboo Fest' (Kerala Bamboo Fest 2012) at Jawaharlal Nehru International Stadium Ground, Kaloor, Kochi from December 6 to 9, 2012.

6. Kerala Crafts Fair 2013, Kochi.

The Department of Industries & Commerce, Government of Kerala organised the KERALA CRAFTS FAIR 2013 at Rena Event Hub and Koker's Media City, Kaloor, Kochi from December 20 to 24, 2013.

7. Pro Foods Pro Pack 2013, Sri Lanka

The Sri Lanka Food Processors' Association (SLFPA) together with Lanka Exhibition and Conference Services. Pvt. Ltd organised the 12th edition of Pro Foods Pro Pack & Ag-Biz 2013 Exhibition from 23rd to 25th August 2013 at the Sirimavo Bandaranaike Memorial Exhibition Centre (SBMEC), Colombo, Sri Lanka.

Pro Foods Pro Pack 2013 featured a Kerala Pavilion coordinated by Department of Industries, Government of Kerala through Kerala Bureau of Industrial Promotion (K-BIP) profiling 16 Units from the food & beverages and food processing sector in Kerala.

8. KERALA AGRI FOOD PRO MEET 2013

The Department of Industries & Commerce, Government of Kerala organised Kerala Agri Food Pro Meet 2013 exclusively for the Agriculture, Food Processing & Allied Sector from February 17 to 19, 2013 at Jawaharlal Nehru International Stadium Ground, Kaloor, Ernakulam, Kerala.

4.12 HANDLOOM INDUSTRY

Kerala's textile industry comprises traditional handloom sector, weaving and spinning sector.

The Handloom Sector in Kerala stands second to the coir sector in providing employment among the traditional industries of the State. The Handloom Industry in the State is mainly concentrated in Thiruvananthapuram and Kannur District and in some parts of Kozhikode, Palakkad, Thrissur, Ernakulam, Kollam and Kasaragod Districts. The Industry is dominated by the Co-operative sector, covering 94 per cent of total looms.

The remaining 6 per cent of Handlooms units are owned by Industrial entrepreneurs. The Co-operative sector consists of factory type and cottage type societies. There were 664 registered Primary Handloom Weavers Co-operative Societies in the State as on November, 2013, indicating a 12 per cent increase from March 2012. Of the 664 registered Primary Handloom Weavers Co-operative Societies, 153 are factory type and 511 are Cottage type societies. Of these 664 societies, 431 are in working condition as on November 2013. Details are given in Table 4.12.1

Table 4.12.1.

Number of Handloom Co-operative Societies by Type in Kerala

SI No.	Item	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
a	Factory type:	-	-				
1	Working	109	109	110	108	108	102
2	Dormant	47	48	40	41	39	36
3	under liquidation	17	17	15	16	17	13
4	Not started working	2	2	2	2	2	2
	Total (a)	175	176	167	167	166	153
b	Cottage type:						
1	Working	263	260	260	260	259	329
2	Dormant	111	112	117	117	113	71
3	under liquidation	40	40	41	41	43	101
4	Not started working	11	11	11	11	10	10
	Total (b)	425	423	429	429	425	511
	Total 6 (a+b)	600	599	596	596	591	664

Source: Directorate of Handlooms & Textiles, Tvpm.

The major varieties of products produced in the handloom sector of the State are dhothis, furnishing material, bed sheets, shirting, saree and lungi. These items contribute about 67 per cent of the total production of handlooms sector. About 80 per cent of the major items are produced in the southern region followed by Northern region (12 per cent) and Central region (6 per cent). Of the total production, nearly 95 per cent is contributed by the co-operative sector.

The following major schemes were introduced in Annual Plan 2012-13 for the development of Handloom sector.

1. Self Employment under Handloom Sector

The aim is to attract new generation entrepreneurs by providing training, marketing support and margin money to set up units.

2. Weavers / allied workers motivation programme

The scheme aims to motivate weavers / allied workers to enhance production by providing attractive incentives.

3. Establishment of Handloom Village and Integrated Handloom Village

The aim is to provide assistance to build infrastructure for establishing Handloom Villages and Integrated Handloom Villages in the state to showcase the rich old craftsmanship, evolution of the industry, and the processes/ activities involved in making handloom products.

The total value of production shows an increase of 10 per cent from 202.14 crores in 2011-12 to 222.87 crores in 2012-13. The total number of weavers employed has increased from 49930 in 2011-12 to 50433 in 2012-13. The number of women employed is also increased from 20784 in 2011-12 to 21434 in 2012-13. The total number of employment generated has increased from 90.32 lakh man days in 2011-12 to 105.86 lakh man days in 2012-13.

Promotional measures of handloom sector

Promotional measures of handloom sector such as procurement, sales and marketing of handloom fabrics are being undertaken by two state level organisations namely Hantex and Hanveev.

Hantex is the apex society of handloom co-operative societies in the state. Number of PHWCS registered under Hantex is 504.

Issues in the Handloom sector (Kerala).

1. Low productivity due to lack of technology intervention & poor market segmentation
2. Competition from cheap power loom fabrics and dumping of cheap fabric from outside state.
3. Lack of emphasis on quality and innovative designs of handloom products in market.
4. Lack of product diversification in accordance with new trends.
5. Difficulty in getting workers due to low wages & difficulty to avail credit facility.
6. Lack of working capital and fluctuation in hank yarn price.
7. Weak performance of apex societies and organizations.

Hantex is the apex society of handloom co-operative societies in the state. Number of PHWCS registered under Hantex is 504. Despite grants and loans being given to the society, the organisation is running at an accumulated loss of ₹ 398.11 as per the balance sheet of the year 2012-13. The working results of Kerala State Handloom Weavers Co-operative Society Ltd. from 2009-10 to 2012-13 is given in Table 4.12.2.

Table 4.12.2

Working Results of Kerala State Handloom Weavers Co-operative Society Ltd. (HANTEX)

SI No	Particulars	Provision (₹ In lakh)			
		2009-10	2010-11	2011-12	2012-13
1	Paid up capital (as at the end of the year)	2020	2620	3070.00	3670
2	Total Borrowing (as at the end of the year including interest) Principal	4106.43	4131.43	4001.43	4051.43
	Interest	4398.53	4875.08	5558.85	5735.54
3	Gross Block (as at the end of the year)	118.11	123.16	125.38	127.43
4	Value of production through clusters & sponsored societies (as at the end of the year)	898.72	1493.87	1623.90	
5	Income through sales of products (as at the end of the year)	1674.46	2170.32	2844.92	2910.73
6	Other Income			11.44	12.31
a	Export of handloom cloth by KSHDC	Nil	Nil	Nil	
b	Grants, MDA, interest, processing charges etc	283.08	820.26	534.98	236.48
7	Expenditure on Raw Materials			2283.17	2318.84
a	Yarn	1415.09	1793.92	2283.17	603.12
b	Dyes and Chemicals				6.27
c	Fabrics				1709.45
8	Expenditure on personal payments	436.7	420	630.40	572
9	Provision of Depreciation	5	5	5.00	5
10	Expenditure towards interest and bank charges	474.55	476.55	474.50	500
11	Other Expenses	211.65	232.88	152.07	105
a	Trading Expenses	54.3	64.43	33.44	155
b	Administration and selling expenses	157.35	168.45	103.84	110
12	Stock differential	12.97	85.46	128.98	-208.21
13	Net profit (+) Net loss (-)	-567.96	43.34	-420.11	-398.11
Accumulated loss at the end of the year		-9494.27	-9450.93	-9871.20	-10269.31

Source: Directorate of Handlooms & Textiles, Tvpm.

Hanveev assist handloom weavers outside the co-operative fold by providing necessary raw materials at reasonable price and making arrangements for marketing their products. This organization is also running in losses and the net loss at the end of 2012-13 is ₹ 623.11 lakhs. Hanveev conducted 30 exhibitions during 2012-13 and the sales turnover was ₹ 1646.29 lakh. The working results of Hanveev from 2009-10 to 2012-13 is given in Table 4.12.3

Table 4.12.3.

**Working Results of Kerala State Handloom Development Corporation (HANVEEV)
(₹ in lakhs)**

SI No.	Particulars	2009-10	2010-11	2011-12	2012-13
1	2	3	4	5	6
1	Paid up capital (as at the end of the year)	1808.28	2208.28	2500	2500
2	Total Borrowing (as at the end of the year including interest)	3901.44	4104.2	4022.12	4242.34
3	Gross Block (as at the end of the year)	472.32	482.04	494.14	494.38
4	Value of production through clusters & sponsored societies (as at the end of the year)	128.36	58.36	67.05	76.23
5	Income through sales of products (as at the end of the year)	1716.37	1376.14	1176.08	1646.29
6	Other income: -				
a	Export of handloom cloth by KSHDC	Nil	Nil	Nil	
b	Grants, M D A, Interest, Processing charges etc.	165.47	182.83	117.06	76.98
7	Expenditure on Raw Materials				
a	Yarn	387.54	373.74	393.06	274.56
b	Dyes and Chemicals	23.04	20.63	16.92	20.84
c	Fabrics	840.44	867.92	584.96	709.92
8	Expenditure on personal payments	664.64	620.90	910.54	843.57
9	Provision of Depreciation	22.34	16.12	19.17	17.27
10	Expenditure towards interest and bank charges	201.71	201.51	179.07	180.24
11	Other Expenses				
a	Trading expenses	217.64	210.04	197.36	226.5
b	Administration and selling expenses	176.81	189.58	221.15	260.42
12	Stock differential	78.48	463.45	427.14	187.03
13	Net Profit (+), Net loss(-)	-122.5	-478	-770.09	-623.11
14	Accumulated loss at the end of the year	4218.68	4697.69	5265.8	5888.9

Source: Directorate of Handlooms & Textiles, Tvpm.

The Integrated Handloom Development Scheme is a centrally sponsored Scheme introduced to the growing competitiveness in the textile industry both at the national and international markets and the free trade opportunities emerging in the post MFA environment. A growing need has been felt for adopting a focused yet flexible and holistic approach to the sector to facilitate handloom weavers to meet the challenges of a globalised environment. A need has also been felt to empower weavers to chart out a sustainable path for growth and diversification in line with the emerging market trends. The Integrated Handlooms Development Scheme (IHDS) is an attempt to facilitate the sustainable development of handloom weavers located in and outside identified handloom clusters into a cohesive self managing and competitive socio - economic unit.

Development of Clusters having Loom-age 300 – 500

It is intimated that a maximum of ₹ 60.00 lakh per cluster will be provided for a period of 3 years depending upon the requirement. The components of IHDS eligible for financial assistance are baseline survey, formation of consortium, raw material support, design development etc.

Assistance for individual weavers for basic input and construction of workshed will also be provided in a cluster having loom-age of 300-500 subject to the condition that the expenditure under these components will be within 25% of the maximum project cost of ₹ 60.00 lakhs per cluster.

Government of India has sanctioned 24 projects submitted by Kerala under the component viz. Cluster Development Programme of the scheme and released the 1st and 2nd installment. Out of the 24 clusters sanctioned, 20 Clusters are working well; the remaining 4 were wound up.

IHDS – Development of Group Approach

Handloom Weavers who are not covered by clusters will be benefited by a Group Approach. A Group should have more than 10 weavers, which can be in the form of SHG, PWCS and other independent/individual weavers in groups. Assistance to such a group of weavers will be provided for basic inputs, skill up gradation, construction of work shed etc. 192 groups are identified in the State for getting benefits under the Group approach for development of handlooms. 21 Groups are approved by Government of India and released the 1st and 2nd installment.

Integrated Handloom Cluster Development Scheme (IHCD)

This is a scheme to facilitate sustainable development to handloom weavers located in identified clusters into a cohesive, self managing and competitive socio-economic unit. The scheme will address the requirements of the cluster in a coordinated and comprehensive manner.

Of the 20 handloom clusters identified throughout the country for development under the IHCD scheme, one is from Kerala i.e. Thiruvananthapuram cluster. Hanveev is the implementing agency.

Textile Sector

The Textile Industry in Kerala is spread over in public sector as well as in Co-operative Sector and there exist thirteen Spinning Mills jointly in the public / co-operative sector.

Kerala State Co-operative Textile Federation (TEXTFED) has 7 Co-operative Spinning Mills in its member fold. Five of them are administered by the Government and two have elected boards. Due to various reasons consequent to globalization spinning industry was facing deep crisis and the Mills in Co-operative Sector slipped into the huge accumulated losses amounting to ₹ 132.52 crore. From 2006 onwards the Government interfered in the day-today activities of these mills and turnaround the units in a big way enforcing financial as well as technical discipline.

The main handicaps faced by the Mills were the lack of working capital and availability of raw materials. The Government through a centralized purchase system interfered in this area and pumped ₹ 7 crore and is now procuring cotton for the entire textile sector through professionally constituted committee comprising of RIAB, TEXTFED and KSTC. Also the sale of Yarn carried out through depot system is being monitored by the same committee. Due to this raw material cost was brought down heavily and sufficient savings in this area accelerated revenue and turnover.

An amount of about ₹ 43 crore have already been provided to these mills in the Eleventh Five Year Plan Period, including the NCDC approved revival packages of Malappuram and Cannanore Co-operative Spinning Mills. The 4 spinning mills under KSTC show a declining trend in production. The first phase modernisation of Malappuram and Cannanore Co-operative Spinning Mills have been completed and second phase modernisation has started.

The Co-operative Spinning Mills in the State were formed with a social objective to provide raw material support to the traditional handloom weavers of the state. This support has been stopped in 1999. Instead an integrated approach for the industry has been put in place with establishment of three hank yarn production centres by the Government at Cannanore, Alleppey and Trichur Co-operative Spinning Mills to provide raw material support to the weavers.

The Co-operative Spinning Mills in the State were formed with a social objective to provide raw material support to the traditional handloom sector in Kerala. But from

1999 onwards due to various reasons this has been stopped. The Government took up the issue seriously and to have an integrated approach for the industry decided to establish three hank yarn production centres in the State. Now Cannanore Co-operative Spinning mills, Alleppey Co-operative Spinning Mills and the Trichur Co-operative Spinning Mills have hank yarn production centres established with an outlay of ₹ 2.00 crore each.

Powerloom

Kerala consumes cloth to the tune of ₹ 2000 crores every year. As part of promoting weaving initiatives of the state for domestic as well as export market, the four integrated power loom co-operative societies in the state at Calicut, Wayanad, Neyyattinkara and Kottayam have been accelerated by providing budgetary support. In the power loom sector there are 21 working co-operative societies. Out of the 963 powerlooms in the State, 68 per cent are in the co-operative sector and the rest in the private sector. Comparing the figures for 2011-12 and 2012-13 it is noted that the production of cloth and the value of production has declined in the case of Co-op Sector, and increased in the case of the rest.

Details on the production and productivity of powerloom industry for the year 2009-10 to 2012-13 are given in Table 4.13.1.

Table 4.13.1.
Production and Productivity under Powerloom Industry

SI No.	Items	2009-10	2010-11	2011-12	2012-13
1	Total No. of Powerlooms in the state	540	532	536	963
2	No. of looms in the Co-operative Sector	500	492	496	651
3	Percentage of 2 to 1	93	92	93	68
4	No. of looms in the unorganized/private/corporate sector	40	40	40	312
5	No. of powerloom co-operative societies in the state	16	16	17	21
6	No. of members in the co-operative sector	1487	1504	1504	2387
7	No. of members in the corporate/unorganised/private sector	10	10	10	310
8	No. of women employed in Powerloom sector	271	242	242	280
9	No. of women employed in cooperative sector	556	556	570	288
10	No. of women employed in	39	39	32	56

	Corporate /unorganised/private sector				
11	Co-operative sector				
a	Production of cloth (lakh meters)	27.94	26.40	27.65	21.61
b	Value of Production (₹Lakh)	132.03	163.75	377.22	247.58
c	Productivity (Metre/loom)	1643.88	1662.52	2128.4	3719.57
12	Corporate/unorganised/private sector				
a	Production of cloth (lakh metres)	0.311	0.32706	0.17445	22.56
b	Value of Production (₹Lakh)	8.07	7.89	3.12	2206.51
c	Productivity (Metre/loom)	1000	1067	582	332.15
13	Total(co-operative and Corporate/ unorganised/private sector)				
a	Production of cloth (lakh metres)	28.252	26.72406	27.82045	44.17
b	Value of Production ₹Lakh)	140.1	171.64	380.34	2454.09
c	Productivity (Metre/loom)	2643.88	2729.52	2710.4	4946.33

Source: Directorate of Handloom & Textiles, Tvpm.

The five integrated power loom co-operative societies in the state at Calicut, Wayanad, Neyyattinkara, Kottayam and Malappuram have been accelerated by providing budgetary support.

The Calicut Integrated Power loom Co-operative Society Ltd. has been converted as a textile park comprising all the segments of a composite mill i.e., weaving, processing and garment making. Here semi automatic power looms, automatic looms and highly sophisticated machines are working. The value added products manufactured from these units are being exported through merchant vendors to Europe and other parts of the world. They manufacture terry towels, high quality home furnishings, shirts, dothies, blazers etc. for domestic as well as export market.

A modern processing unit to process yarn for both handloom and power loom with modern facilities is functioning in this project. A garment making unit with state of art technology and professionally trained manpower is also working in this project.

Wayanad, the most remote district in Kerala which is lacking industrial initiatives has been looked into and rehabilitation cum industrial project is functioning. As part of it, a handloom production centre has been started in Thirunelli for tribal women folk and training for the first batch has been completed and for another batch is ongoing. This will be converted as an employment generating centre in handloom for adivasi women. Integrated Power loom Co-operative Societies in Neyyattinkara and Kottayam has also been activated and are in the process of production of grey cloth and some conversion orders for export market. The sizing unit functioning at Kottayam is activated as a common facility centre for all the integrated power loom Co-operative societies in the state.

To market the products manufactured by the above power loom Co-operatives, Texfed set up a marketing and distributing system by spending ₹ 90.00 lakhs by establishing a high tech show room in Kozhikode.

Handicrafts

Handicraft industry is one of the traditional industries of Kerala, providing employment to artisans. Eighty per cent of these artisans are from socially and economically backward classes. Kerala has the tradition of making beautiful handicrafts with ivory, bamboo, palm leaves, seashells, wood, coconut shells, clay, cloth, coir, metals, stone, lacquer ware and so on. Many old handicraft classics can be seen in palaces, old heritage homes and museums in the State.

Kerala State Handicrafts Apex Co-operative Society (SURABHI), Handicrafts Development Corporation and Artisans Development Corporation are the major promotional agencies in the handicraft industry. SURABHI is the apex organization of primary handicrafts co-operatives established with a view to uplift the artisans by marketing the product produced by the primary co-operatives and implementing welfare schemes with the assistance from State and Central Governments.

Handicrafts Development Corporation of Kerala is engaged in procuring and marketing handicraft products by giving fair returns to artisans through SMSM Institute and Kairali Emporia spread all over India. At present it is having a net work of 19 such sales emporia. HDCK also owns a Common Facility Service Centre (CFSC) at Thiruvananthapuram where lot of artisans are provided with the facilities for the development of crafts. The Kerala Artisans Development Corporation (KADCO) is one of the State agencies to provide assistance to artisans for establishing production units, promoting marketing of products and providing employment opportunities through schemes of trade fairs and marketing centres.

SURABHI conducted 6 exhibitions participating hundreds of artisans and carried out sales through its 16 showrooms inside and outside Kerala. The turnover of the society during the year 2012-13 was ₹ 293.50 lakh. During 2013-14 the society conducted 5 exhibitions and the total turnover is ₹143 lakh. KADCO conducted 4 Grihastha training programmes for about 400 female handicraft workers and provided loan to 98 artisans under NBCFDC loan scheme. Through Service & Supply scheme which is benefited to more than 100 units and above 3000 artisans, KADCO made a turnover of ₹ 13.29 Crore and a profit of ₹ 22.53 lakh in the year 2012-13.

The Kerala Artisans Development Corporation (KADCO) was established in 1981. It is one of the State agencies to provide assistance to artisans for establishing production units, promoting marketing of products and providing employment opportunities through schemes of trade fairs and marketing centres.

4.15 BAMBOO INDUSTRY

The Kerala State Bamboo Corporation Ltd. was established in 1971 in Kerala to develop and promote industries based on bamboo, reed, cane and rattan. Kerala State Bamboo Corporation's main activity is collection of good quality reeds from Government forests and distributing these reeds to the registered mat weavers of the Corporation, throughout the State of Kerala, on credit basis and procuring woven mats made of these reeds at reasonable prices, thus providing employment and regular means of livelihood to these weaver sections of the society. Bamboo mats, bamboo ply, flattened board, flooring tiles are the main products. It is an ISO 9001-2000 certified company now. Bamboo/Reeds industry is one of the age-old traditional industries of our state. Since inception KSBC is endeavoring for the upliftment of the socially and economically backward classes of the society by generating employment and reasonable income for them.

The importance of bamboo as an eco-friendly raw material capable of meeting multifarious needs of the people at large is gaining global acceptance. From a raw material known as the "poor man's timber" bamboo is currently being elevated to the status of "the timber of the 21st century". A unique feature of the Kerala bamboo scene is that 67.3 % of the extracted bamboo comes from home gardens rather than from the forests. Table 4.15.1 gives a stock of bamboo in different regions of forests in Kerala.

Table 4.15.1
Stock of Bamboo in different regions of forests in Kerala

Circle	Total area (km ²)	Bamboo stock (Dry)(Tonnes)	Yrly availability (Tonnes)	Per cent
Northern region	1,522. 74	807,151.00	67,262.59	30.68
Olavakode region	2,230. 98	895,130.80	74,594.25	34.03

Central region	1,723. 79	234,205.70	19,517.15	8.91
High range region	2,820. 51	122,726.80	10,227.23	4.66
Southern region	2,828. 44	571,232.00	47,602.67	21.72
Total	11,126.46	2,630,446.3	219,203.89	100.00

Source: Kerala State Bamboo Corporation Ltd.

As part of diversification, Corporation has initiated an innovative project viz. Bamboo Flooring Tiles Project with the financial support of Central and State Governments.

The Kerala State Bamboo Mission was constituted in 2003 with the broad aim of marshalling the scattered resources of the State adopting a focused approach to revitalize the Bamboo Sector thereby promoting value addition, enhancing income generation and alleviating poverty. The mission supported the skill up gradation training programme to 30 numbers of tribal youth for 30 days at Attappadi, Palakkad.

An outlay of ₹ 60.00 lakh is proposed for the scheme Development of Bamboo related Industries in the Annual Plan 2013-14 for the upliftment of the industry. The scheme intends to promote Bamboo industry by providing training to Artisans in this sector, development of new technology/products, increasing sale of Bamboo products by conducting exhibitions and participating in national and international fairs, etc.

4.16 COIR INDUSTRY

Coir Industry is a major traditional industry in Kerala in terms of the employment generation and foreign exchange it earns. It provides livelihood to nearly 3.75 lakh people. Government has given more emphasis on Coir Industry by considering the social features and problems faced by it. Kerala accounts for about 85% of the total production of coir in the country. The availability of coconut husks, the basic raw material, the natural retting facilities present in the lakes, lagoons and backwaters of Kerala and the traditional expertise of the people of the state were the reasons for the concentration and growth of the industry in the state, especially in the coastal area. The Coir Industry is classified into four sectors viz: Retting and Fibre Extraction Sector, Spinning Sector, Manufacturing Sector and Export Sector.

India produce significant share of coir to the world market. Among the states in India, Kerala is the largest producer of coconuts contributing to 45% of the total production but only a meager portion of husk is being used for producing coir fibre. Even after a number of initiatives taken by the Government for the betterment of the sector, it remains as a sick traditional industry struggling for its survival due to the competition with similar products of natural as well as synthetic origin both in the domestic and export markets.

Coir, which is environment friendly, is an important product in the industrial, construction and household sectors. This strongest natural fibre, continues to struggle at the low end of the commodity market primarily due to poor value addition, diversification, technological refinement and inadequate policy intervention. Appropriate mechanization in all areas of processing viz. defibering, spinning, weaving, etc. has to be brought in to improve productivity and reduced drudgery.

Kerala State Coir Corporation is implementing in Purchase Price Stabilization Scheme (PPSS) in Coir Sector. Under the scheme the Kerala State Coir Corporation will directly procure coir products from Small Scale Producers. Mats & Mattings Co-operatives and alike are there by avoiding middle men.

Major Institutions in Coir Sector

1) Foam Mattings (India) Limited

In FOMIL the accent is on technology, infrastructure and machinery, which are visible from its quality products. Great care is taken to maintain the world class standards of FOMIL production facilities. The latex backing plant, which were imported from Denmark, is one of its kinds in India. It has a capacity to latex back up to 3.3 million sq.m. of matting 4 metre width, per annum on three shift basis. Company is providing employment to 163 persons. Sales turnover to FOMIL during 2012 -13 is ₹ 622.38 lakh.

2) Coirfed

The Kerala State Co-operative Coir Marketing Federation Ltd. 679 (Coirfed) is the apex federation of primary coir co-operative societies spread all over Kerala. The main

objective of the federation is the procurement of the entire product of the member societies and marketing the same through its sales outlet throughout the country and thereby providing fair wages and subsistence to the poor coir workers of Kerala. At present Coirfed has two factories engaged in the manufacture of value added products – One producing rubberized coir products and the other rubber backed coir mats. Coirfed has 4 Defibering Units.

3) Kerala State Coir Corporation

The Kerala State Coir Corporation Limited was established in 1969 to cater the needs of the Small Scale Coir Manufacturer by providing them manufacturing and marketing opportunities. It has three production units in Kerala. Establishment of one more unit in Adoor, is in progress. Kerala State Coir Corporation has vast infrastructure in terms of land and buildings. However the productivity of employees, material and money is not high enough to compete with private entrepreneurs. The cost of production is the main component which needs to be brought down. To make the product of Coir Corporation competitive in market, the assistance of technically and professionally competent personnel is needed in every department. The compensation /salary package offered is not found lucrative to attract the best hands to this industry.

4) National Coir Research & Management Institute

The National Coir Research & Management Institute, strengthen the Research & Development activities of Coir Sector to enable the industry to produce more value added and new design products at a reasonable, but competitive price. The National Coir Research & Management Institute has developed a Mini Defibering machine capable of defibering 3000-4000 husk per day. These machines supplied to coir co-operative societies on 100% subsidy and private sector at 50% subsidy and 60 per cent on SHG. Around 198 defibering machines were supplied on demand.

Major development activities

Major development activities in the sector during the period of report are as follows: -

(a) The Coir Development Department has organized “Coir Kerala 2013” an international event on coir and natural fibre products at Alappuzha. This fair witnessed participation of buyers from 52 countries apart from those within India

b) Debt Relief Schemes for Co-operative Sector / Entrepreneurs

Government of Kerala implemented a scheme to provide one time assistance as debt relief to coir co-operatives/entrepreneurs in the coir sector for the settlement of loan availed to set up coir industry. The Government support is to nullify loan arrears subject to certain limits. During the year 2012-13, an amount of ₹ 1,30,000/- has been sanctioned to 2 societies and ₹ 12,57,047/- to 60 small scale producers is under the scheme.

c) Working Capital Assistance to Coir Co-operative

The major issue of the Coir Co-operatives is shortage of working capital. In order to overcome the hurdle the Government of Kerala has released an amount of ₹ 8,96,92,648/- to 440 Coir Co-operative Societies as working capital assistance during 2012-13.

d) Husk Collection Scheme

The major hurdle in the coir sector is the shortage of sufficient quantity of husk and also poor mechanism to collect the husk. Government of Kerala has launched a scheme of husk collection. Under the scheme, the activity of collecting husk is done through Coir Co-operative Societies and Consortia. The husk collection scheme was modified and under the modified scheme revolving fund to the tune of ₹ 1,00,000/- can be sanctioned to societies engaging in the collection of husk for their use. And the worker, who collects the husk will be given a financial assistance as incentive. Under the scheme 3,73,28,380 Nos. of husk has been collected during 2012-13.

e) Cluster Development Programme

An amount of ₹ 46,89,950/- is released to 4 societies, Coirfed and Kerala State Coir Corporation during 2012-13, under the scheme.

f) Production and Marketing Incentive

An amount of ₹ 300 lakh has been sanctioned and released to 278 societies under the scheme during the period 2012-13.

g) Marketing Development Assistance

An amount of ₹ 8 crore has been released as follows during the period of report in Table 4.16.1

Table 4.16.1
Market Development Assistance

SI No	Institutes	Amount in ₹
1	Coir Societies	4453690/-
2	Kerala State Coir Corporation	49789030/-
3	Foam Mattings (India) Ltd	2360938/-
4	Coirfed	23396342/-
Total		80000000/-

h) Income Support Scheme

Government of Kerala introduced a scheme ensuring at least ₹ 210/- as wages per day for the works in the yarn sector providing a portion of the wage directly for the year 2012-13. Under the scheme the enhanced portion of wage will be released direct to the bank account of the coir workers, by utilizing Government fund. The wage increased to ₹ 260/- from 01.05.2013 onwards. The major schemes in the coir sector for the year 2013-14 is presented in the Table 4.16.2 below. A total of ₹ 9588.85 lakhs is allotted for implementation of various schemes listed as per col. 2 against the objective listed in col.3

Table 4.16.2
Major Schemes in the Coir Sector 2013-14

SI No	Schemes	Objective	Allocation (₹ in lakhs)
1	2	3	4
1	Regulated Mechanization of Coir Industry	Modernisation of Coir Industry and enhancement of production	6858.85
2	Marketing and publicity	Organising trade fairs at State National and International	950.00
3	Price Fluctuation Fund	Stabilization of price of coir fibre yarn and coir products	1500.00
4	Coir Geo Textiles Development Programme	Implementing pilot projects inclusion of Geo textiles as a standard Engineering material	30.00

5	Cluster Development Programme	Formation of clusters as per direction from Government	250.00
Total			9588.85

The major challenges and its remedial measures are listed in the Table 4.16.3.
The major hurdle is lack of adequate and continuous supply of good quality fibre.

Table 4.16.3
Challenges and Remedial Measures in Coir Sector

Sl No	CHALLENGES IN COIR INDUSTRY	REMEDIAL MEASURES REQUIRED
1	Husk Procurement not achieved as desired, Shortage of Fibre in the State. Frequent hike in price of Fibre in neighbouring States	Strengthening of Husk collection and Fibre Production
2	Health and environment issues in traditional method in retting and husk beating Low Productivity	Mechanisation in Fibre Extraction, spinning and weaving sector
3	Competition from synthetic and other cheaper substitutes	Diversification in Coir production. Focus on Coir Geo-textiles
4	Lack of professional management system	Skill and Technology Development for coir workers Modernisation and Technology up gradation in spinning and product development
5	Migration of workers to construction and other areas	Introducing home concept in spinning sector Strengthening Cluster based activities in Coir Sector from clusters Strengthening support institutions and R & D Providing financial assistance to purchase land for selected societies, Revival of dormant Coir Co-operative

Retting of husks in conventional manner is also another challenge. Retting of coir is conventionally carried out in the backwaters by steeping the husk for a period of about 6-12 months. During the process there is release of polyphenols into the water which is a source of pollution in the backwaters

In the modern coir retting unit, the husk is crushed and introduced into an RCC tank. Saline water is poured and re-circulated to force the polyphenols into the water. After a particular time, the water is drained out and fresh water is added. At this stage

the bacterial innoculum coirret is also added. Water is drained out and another batch of water is added and allowed to stand. The water is drained out after a particular time. The water drained out at various stages will contain polyphenols which can be recovered for various uses. The treated fibre can be dried and processed. The ret liquor is subjected to reverse osmosis. The water obtained can be utilized in the reactor for steeping. The polyphenols that are separated can be lyophilized and are found to possess antibacterial properties as well as anti fouling properties which can be utilized for various purposes.

With the Coir retting process discussed above, high quality golden fibre inherent with high strength can be extracted. With the new methodology adopted for retting the environmental impact caused due to old retting process in the back waters can be totally removed. Coir board is in the final stage of introducing modern coir retting process as a viable commercial venture in a large scale.

Details of coir co-operative societies, working as well as dormant and their strength as on 31-3-2012 and 31-3-2013 in Kerala are shown in Table 4.16.4

Table 4.16.4
Coir Co-operative Societies in Kerala

Sl. No	Type of Society	No. of Societies as on 31.3.2012	No. of Societies as on 31.3.2013
1	Primary Co-operative Societies (Yarn Sector)		
a)	Working	378	382
b)	New Societies which have not started working	1	106
c)	Dormant Societies	106	93
	Total (1)	485	581
2	Manufacturing Societies (Mats & Mattings)		
a)	Working (started production)	30	31
b)	"New Societies which have not started working	3	3
c)	Dormant Societies	19	17
	Total (2)	52	51
3	Small Scale Producers Co-operative Societies		
a)	Working	52	53
b)	New Societies which have not started working	4	3
c)	Dormant Societies	3	6
	Total (4)	59	62
4	Husk Procurement and distribution Societies		
a)	Working	1	1
b)	New Societies which have not started working	0	
c)	Dormant Societies	2	
	Total (4)	3	1
5	Fibre Societies (DF Mill Societies)		
a)	Working	12	24

	b)	New Societies which have not started working	11	12
	c)	Dormant Societies	55	36
		Grand Total	78	7
6		Total No. of Coir Co-operative Societies		
	a)	Working	473	491
	b)	New Societies which have not stated working	19	124
	c)	Dormant Societies	185	152
	d)	Societies under liquidation	165	187
		Grand Total	842	954

Source: Coir Board, Cochin

Among the items of export from India, coir fibre, coir rugs & carpets curled coir & coir pith have shown an increase both in terms of quantity and value when compared to the previous year. The items such as handloom mats, tufted mat handloom mattings, coir geo-textile, coir rope, and rubberized coir have shown a decrease both in terms of quantity and value over to the previous year. The items coir yarn and coir other sorts have shown an increase in value even though the quantity have decreased. USA continues the largest importer of coir and coir products from India followed by Netherland, U.K, Germany, Italy, and Spain etc. Year 2012-13 witnessed an increase exports through Cochin port to the extent of ₹ 556.47 crores and same for the 2011-12 was ₹ 400.49 crore, an increase of ₹156 Crores. Export of Coir Products through Cochin Port during 2009-10 to 2012-13 is given in Table 4.16.5.

Table 4.16.5
Export of Coir Products through Cochin Port during 2009-10 to 2012-13

(Quantity in M.T, Value in ₹ Crore)									
Sl No.	Commodity	2009-10		2010-11		2011-12		2012-13	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	2	5	6	7	8	9	10	11	12
2	Coir Products	176105	530.51	131046	406.93	122521	400.49	140882	556.47
	Total	176105	530.51	131046	406.93	122521	400.49	140882	556.47

Source: Economic Review 2013

The National Coir Research & Management Institute (NCRMI), the State Government Organization is looking after the research and development of Coir Sector, acting as a nodal agency for coordinating the technological, commercial and academic developments in the entire gamut of activities related to the coir sector in Kerala.

“Kerala Coir – the Golden Yarn of God’s Own Country” is the brand logo for Kerala Coir. As part of popularization of coir products Government have organized a campaign

'Oru Veettil Oru Coir Ulpannam' during Onam season and declared 2010 as 'Coir Year'. The Coir Development Department also conducted coir fests/exhibitions at Alappuzha and Kozhikode.

4.17 KHADI & VILLAGE INDUSTRIES

Khadi and Village Industries Board (KVIB) is the statutory body vested with the responsibility of organizing, developing and promoting Khadi and Village Industries in the State. It carries out its activities through co-operative societies, registered institutions and departmental units by availing financial assistance from State Government, Khadi Commission and Nationalized Banks.

Khadi & Village Industries play a substantial role in generating employment in rural areas with minimum investment. These industries use eco-friendly, local resources and generate higher employment opportunities. The Kerala Khadi and Village Industries Board is a statutory body constituted by the Act IX of 1957 Legislative Assembly. It is vested with the responsibility of organizing, developing and promoting Khadi and Village Industries in the State. Co-operative Societies, registered institutions and departmental units carry out activities of the Board by availing financial assistance from State Government, Khadi Commission and Nationalised Banks. The Board has achieved 100 per cent financial targets in 2012 and 2013.

Activities during the year 2012-13

The State Government had provided and released a sum of ₹ 1185 lakh under plan during the year 2012-13. In addition to this, an amount of ₹ 96 lakh has been received from State Government towards Modernisation of Khadi Sector under re-appropriation and ₹ 2000 lakh has been received from the State Government towards Income Support Scheme. The Board had also received ₹ 2094.84 lakh under Non-Plan Administrative Expenses. An amount of ₹ 550 lakh has been received towards Special Rebate on retail sale of Khadi throughout the year and a sum of ₹ 600 lakh has been received towards Special Rebate on retail sale of Khadi on Festival Seasons (for 108 days) under Non-Plan during the year 2012-13. The Khadi and Village Industries Commission had released an amount of ₹ 829.86 lakh (ie ₹ 824.76 lakh as Margin Money Grant and ₹ 5.10 lakh for Publicity) to the Board under Prime Minister's Employment Generation Programme (PMEGP).

Performance of Khadi Sector during 2012 and 2013

Under Prime Ministers Employment Generation Programme (PMEGP)

An amount of ₹ 829.86 lakh was disbursed as margin money grant for 374 projects. These generated 335 jobs under Special Employment Generation programmes, 2365 units were set up with total cost of ₹2665 lakh and an amount of ₹ 200 lakh was given as a subsidy. Goods worth ₹ 29052.18 lakh were produced and goods for ₹ 33830.96 lakh were sold by providing employment to 248528 persons.

Under the expansion and modernisation of sliver project of Ettukudukka in Kannur, a new carding machine and a simplex machine have been purchased and installed.

Goods worth ₹ 3464.19 lakh has been sold through 216 sales outlets of Khadi & Village Industries. An amount of ₹ 20 crore has been received from Government under Income Support Scheme and disbursed to 11,193 artisans in the Khadi Sector. Goods worth ₹ 560.48 crore has been produced through the aided units of the Board and provided employment to 1,60,202 person.

Table 4.17.1

Major Schemes in the Khadi sector 2013-14

SI No	Scheme	Outlay (₹ in lakh)
1	Establishment and strengthening of Departmental Khadi production Centres	335.00
2	Production / Festival Incentive to Khadi Spinners and Weavers. Establishment of new Khadi sales outlets, Modernisation & Computerization of existing sales outlets and Godowns to Khadi Board	241.55
3	Special Employment Generation Programme	450.00
Total		1026.55

Source: Economic Review 2013.

The strategy for achieving growth during the 12th plan is to develop product-wise clusters of Khadi and Village Industries products and to develop their domestic as well as export market. Other strategies include introducing innovations in design and technology, creation of entrepreneurship and growth in manufacturing in rural non-farm

sector to prevent migration by enhanced allocation for Prime Ministers Employment Generation programme. The major schemes implemented during the period under review were the following.

- **Prime Minister's Employment Generation Programme (PMEGP)**

An amount of ₹ 829.86 lakh was disbursed as margin money grant for 374 projects. These generated 335 jobs under Special Employment Generation programmes, 2365 units were set up with total cost of ₹2665 lakh and an amount of ₹ 200 lakh was given as a subsidy

Goods worth ₹ 29052.18 lakh were produced and goods for ₹ 33830.96 lakh were sold by providing employment to 248528 persons.

- **Special Employment Generation Programme**

Under Special Employment Generation Programme, as many as 567 units were set up each in every Grama Panchayat with the total cost of ₹ 254.23 lakh and disbursed an amount of ₹ 83.59 lakh towards subsidy and created 1055 employment opportunities.

During 2010-11 the Khadi Board disbursed an amount of ₹ 219.15 lakh as production incentive to 9909 Khadi workers and under income support scheme disbursed the entire amount of ₹ 10 crore to 10927 artisans in Khadi sector for supplementing their low income. Apart this, constructed 4 worksheds and 3 boiling sheds, renovated a handmade paper unit at Elanthur in Pathanamthitta, revitalized 10 departmental khadi production centres, 5 khadi co-operative societies and charitable institutions, installed 100 new charkhas and looms, repaired 50 nos. of charkhas and 10 nos. of looms, etc.

During the period under review, the Khadi Board could sell goods for ₹ 3464.19 lakh through 212 sales outlets. Compared to the previous year there is a marginal increase in the sales. The details of district wise annual sales for the year 2011-12 & 2012-13-11 are given in Table 4.17.1.

Table 4.17.1.

District wise details of Departmental Sales outlets and Sales under Kerala Khadi & Village Industries Board for the Year 2011-12 & 2012-13.

(₹ in lakhs)

SI No	Name of District	No.of Sales Outlets During 2011-12	Sales During 2011-12	No.of Sales Outlets During 2012-13	Sales During 2012-13
1	Thiruvananthapuram	19	295.41	18	297.18
2	Kollam	16	186.33	15	202.13
3	Pathanamthitta	7	86.81	7	109.17
4	Alappuzha	15	167.15	14	178.69
5	Kottayam	16	156.27	16	191.06
6	Idukki	3	71.40	3	89.85
7	Ernakulam	12	416.78	11	451.18
8	Thrissur	19	170.61	18	176.10
9	Palakkad	18	178.71	19	197.59
10	Malappuram	12	50.95	14	73.26
11	Kozhikode	32	259.46	32	241.13
12	Wayanad	3	22.47	1	23.37
13	PKC (Kannur, Kasargod)	44	1074.86	44	1233.48
Grand Total		216	3137.21	212	3464.19

Source: Khadi and Village Industries Board, Thiruvananthapuram

The Board has also conducted publicity, Onam Melas, District Level Awareness Camp and Exhibitions under PMEGP scheme. As part of popularizing Khadi/Handlooms clothes, the State Government has exhorted citizens to wear it in schools and offices once in a week.

4.18 SERICULTURE

The Kerala State Sericulture Co operative Federation (SERIFED), Kerala, India has launched a poverty eradication project in the state, through intensive promotion of sericulture among the people Below Poverty Line. The federation receives financial support from the Swarnjayanti Gram Swarozgar Yojana (SGSY) of the Government of India. Under the SGSY, assistance is given to the poor families living below the poverty line in rural areas for taking up self employment. The persons taking up self-employment are called swarozgaris. They may take up the activity either individually or in groups, called the Self-Help Groups. For successful self-employment, it is necessary to take up the right activity. For this purpose, 4 to 5 activities are selected in each Block with the help of officials, non-officials and the Bankers. These are called 'Key Activities', and should be such that they give the Swarozgaris an income of ₹ 2000 per month, net of Bank loan repayment.

The SERISREE project is formulated by SERIFED by following the example of the KUDUMBASREE project run by the state government. The major objectives of the project

are to eradicate poverty through promotion of gainful employment and additional income generating opportunities through sericulture, to ensure economic empowerment of rural women and small & marginal farmers, to ensure sustainable development of sericulture industry, to exploit available natural resources to the best advantage of sericulture sector, to promote lease farming in the State as there is not sufficient cultivable land under the ownership of people below poverty line, to provide necessary technological support for the stabilisation of the activity, to popularise small scale sericulture farming ie, homestead sericulture farming system, to effectively utilise wasteland of Institution/Estates/Government etc.

The project includes five major components viz. Assistance for Establishment of Mulberry Kissan Nurseries, Assistance to Individual Sericulturists, Establishment of Chawki Rearing-cum- Input Service Centres, Setting up of Disinfection Squad and Establishment of Silk Reeling Infrastructure. These five components are expected to complement each other and serve as a strong back bone to the scheme implementation by way of creating a congenial circumstance for wholesome development of the sericulture industry in the rural sector involving BPL families. The total project cost is ₹ 14.32 crores. The basic unit is designated as a Field Operating Unit (FOU), consisting of four BPL beneficiaries together managing one acre mulberry cultivation and silkworm rearing. Since the BPL beneficiaries can't be expected to possess own land, the cultivation will be taken up in leased land. A financial assistance to the tune of nearly ₹ 1 lakh is proposed under various heads for each FOU. Later Self Help Groups are constituted by such five FOUS, forming a group of 20 members. It is expected that the SERISREE project will be a turning point in Kerala's sericulture.

Under the project it is expected to bring in 1000 acres of fresh mulberry plantations and a matching cocoon production. The entire activity is proposed to create employment opportunities to the tune of 59 lakhs man days in three years.

Kerala State Sericulture Co-operative Federation (Serifed) was established as a nodal agency for implementing sericulture activities in the State. Sericulture in Kerala is based on small-holdings, low investment and family labor oriented; moderate income generating and a subsidy oriented one. The major strategies of Serifed during 2008-09 are promotion of new mulberry varieties suitable for Kerala conditions, cluster approach of sericulture development of potential areas, active involvement of local self Government institutions, development of 100% Bivoltine sericulture, implementation of women empowerment scheme etc.

4.19 CASHEW INDUSTRY

India is the largest producer, processor, exporter, and the second largest consumer of cashew in the world which is an important commercial horticulture crop. India's processing capacity of cashew far exceeds its production of raw nuts, with only half of the cashews processed in the country being produced domestically. The industry is highly dependent on imported raw-materials for value addition and the export marketing is highly competitive which the most unfortunate situation is. One of the key factors in favour of expanding the cashew industry in India is the stable price in the International market when compared to other nuts.

Importance of Cashew industry

The Cashew Industry in Kerala is a Traditional Industry mainly concentrated in Kollam District and is mainly controlled by private sector. The industry has a long history of employing large numbers of workers in decentralised units. The industry is highly labour intensive which employs more than 3,00,000 workers, barely literate and majority of them are women. The skills of these workers do not include any entrepreneurial capacities and Cashew processing is a highly labour-intensive activity which includes grading and packaging of finished products.

The Kerala State Cashew Development Corporation (KSCDC) and Kerala State Cashew Workers Apex Co-operative Society (CAPEX) are the two agencies of the State engaged in cashew processing sector in Kerala. CAPEX with headquarters in Kollam is the apex body of cashew workers primary societies engaged in the procurement of raw cashew nuts and marketing the processed kernels. The Society owns 10 factories. There are about 6300 workers. The Kerala State Cashew Development Corporation (KSCDC) has 30 factories with about 18000 workers. The Corporation processes raw cashew nuts and produces value added products. The Corporation could provide employment for 202 days in 2012-13.

Kerala State Agency for the Expansion of Cashew Cultivation (KSACC)

Kerala State Agency for the Expansion of Cashew Cultivation (KSACC) was constituted by Government of Kerala to overcome the crisis of diminishing trend in shortfall of area under cashew cultivation in the State. Since 2008, KSACC has been

organizing promotional activities in cashew cultivation and distributing cashew grafts of high yielding varieties and financial assistance to farmers and institutions in the State. KSACC is the nodal agency for the cashew cultivation activities in Kerala, approved by NHM (National Horticulture Mission). The area, production and productivity of cashew in Kerala showed a sharp increase during 2011-12 when compared to previous years.

An additional 19000 ha has been brought under the canopy of the project and implemented by the KSACC during the period 2008-09 to 2012-13. In spite of all these promotional boost, the area under cashew diminished further to 43848 ha and production to 35000 MT. involving more than 100000 farmers and a good number of institutions. Assistance was also given for establishing apple processing units.

Cashew Export Promotion Council of India (CEPCI)

The Cashew Export Promotion Council of India (CEPCI), a non-profit making company, was established at Kollam, Kerala with the object of promoting exports of cashew kernels and cashew nut shell liquid from India. The council operates plan schemes for GOI, and offers various services to its member exporters. The council has set up a Laboratory and Technical Division of international standards which is recognised as an approved Research Centre for Doctoral research by Kannur University and University of Kerala. The service of CEPC Lab is available to cashew industry as well as entire food processing industry in India and abroad. The lab analysed 4373 samples during 2012-13 and 69 trainees underwent the training Programmes conducted by the lab.

Cashew Sector in Annual Plan -2012-13 & 2013-14

Major Initiatives and Objectives

1. Cultivation of Organic Cashew and Establishment of a Raw-nut Bank

For the establishment of cashew gardens and organic cashew cultivation in the available land and also to establish a Raw nut Bank to ensure steady supply of nuts for processing and promotion of the cultivation of organic cashew nuts.

An amount of ₹ 410.00 lakh was provided in the Annual Budget 2012-13.

2. Modernisation of Cashew Sector Including Brand Building

New scheme proposed in the Annual Plan 2012-13 incorporating the existing schemes Rejuvenation of cashew Industry, Upgradation of Facilities and Modernisation of Cashew factories, Modernisation of Cashew Factory Sheds, Expansion of Domestic market for cashew/Market Development & International Brand Building for cashews. The objectives were upgradation and modernization of cashew factories, construction and renovation of Godown sheds and factory sheds upgradation of procurement centres and international brand building of cashews.

An amount of ₹ 6090.00 lakh was provided in the Annual Budget 2012-13, of which ₹3790.00 lakh is for KSCDC and ₹ 2300.00 lakh is for CAPEX.

Major Initiatives of Annual Plan 2013-14

Modernisation and Partial Mechanisation of Cashew Factories and Brand building.

The main objectives of the scheme were to enhance the production output and productivity of the factories of Kerala State Cashew Development Corporation Ltd. and CAPEX by introducing partial mechanisation in the production process by installing Shelling, Peeling and Grading machinery which runs in parallel with workers and to achieve maximum capacity utilization in addition to the modernization and upgradation of infrastructure facilities of factories and brand building in Kerala, India and in international markets. ₹ 4170.00 lakh to KSCDC and ₹ 2530.00 lakh to CAPEX were provided.

Achievements

- During the period, Modernization of Cashew factories were done in all levels.
- Value added products were produced through Value addition units.
- Continuous Employment was given to workers of KSCDC & CAPEX with good ESI facilities and other benefits.
- Established branded products in domestic and international markets.
- The Area of production of cashew enhanced to 43848 ha and rate of growth of production of raw nuts and the productivity per hectare were improved.

The total export of Cashew Kernels from India during 2012-13 was 100105 MT, valued at ₹ 4046.23 crore. Similarly, the total export of cashew kernels from Kerala during 2012-13 was 53624 MT valued at ₹ 2138.47 crore. Nearly 53 percent of total

exports of India are from Kerala. The details of export of cashew kernels from Kerala and India from 2007-08 to 2012-13 are given in Table 4.19.2

Table 4.19.2

Export of Cashew Kernels – Kerala & India (2007-08 to 2012-13)
(Qty: MT, Value ₹ Crore)

Year	KERALA*		INDIA		Share of Kerala (%)	
	Quantity	Value	Quantity	Value	Quantity	Value
2007-08	69298	1395.02	114345	2289.02	60.60	60.94
2008-09	63730	1716.52	109523	2988.4	58.19	57.44
2009-10	61698	1635.79	108120	2905.82	57.06	56.29
2010-11	56578	1478.67	105755	2819.39	53.50	52.45
2011-12	68655	2295.84	130869	4383.82	52.46	52.37
2012-13	53624	2138.47	100105	4046.23	53.57	52.85

*Export through Cochin Port. Source: The Cashew Export Promotion Council of India

The Kerala State Cashew Development Corporation (KSCDC) and Kerala State Cashew Workers Apex Co-operative Society (CAPEX) are the two agencies of the State engaged in cashew processing sector in Kerala. The KSCDC has 30 factories spread out in the districts of Thiruvananthapuram, Kollam, Alappuzha, Thrissur and Kannur. There are about 18000 workers and majority of them are women. The main activities of the Corporation consists of processing of raw cashew nuts into kernels and marketing cashew kernels and value added products like cashew soup, cashew vita, cashew bits and cashew powder. The performance of KSCDC for the last 6 years is given in Table 4.19.3. The total turnover as on as on 30.09.2013 is ₹ 8142 and loss incurred is ₹ 2673. The total employment is 16551 with 122 working days.

Table 4.19.3.

Performance of Kerala State Cashew Development Corporation

Period	No. of Factories	Total Employment	working days in factories	Turnover (₹lakh)	Loss (₹lakh)
2007-08	30	18586	165	6198	6849
2008-09	30	18448	209	12788	7774
2009-10	30	18240	284	17948	6254

2010-11*	30	18918	282	21259	245
2011-12*	30	18205	288	27068	296
2012-13*	30	17215	202	12258	470
2013-14 (as on 30.09.2013)*	30	16551	122	8142	2673

Source: Economic Review 2012

4.20 BEEDI INDUSTRY

Beedi Industry in Kerala is concentrated in Kozhikkode, Kannur and Kasaragod. The Kerala Dinesh Beedi Workers Central Co-operative Society Ltd. was the only agency in the State to promote beedi industry in the organized sector. During the period under review, the society concentrated on the upliftment of units for the diversified products for the rehabilitation of about 7000 beedi workers under the society.

As part of product diversification programme, the Society started a Dinesh Garment unit, Dinesh Umbrella unit and Dinesh Foods. Dinesh Garment unit, Thana, Kannur provided employment to 150 workers. Two more units of Dinesh Garment at Chala, Kannur and Cheruvathur, Kasargod which will provide employment to 250 workers were initiated functioning with training to workers and the development activities of Dinesh Cocunut milk unit is also started.

4.21 INDUSTRIAL PROMOTION

Promotional institutions and public sector manufacturing units are given prime focus under the programmes of medium and large industries. Government of Kerala assists the industrial units by providing financial assistance, infrastructure and training / consultancy services. Government encourages all sorts of investments on mutually beneficial terms which will positively contribute for the growth of the economy, employment generation and increase in tax revenue. Important agencies /departments engaged in industrial promotion in the State are the following:

- (1) MSME Development Institute (formerly SISI)
- (2) Kerala State Industrial Development Corporation (KSIDC)
- (3) Small Industries Development Bank of India (SIDBI)
- (4) Kerala Industrial Infrastructure Development Corporation (KINFRA)
- (5) Infrastructure Kerala Ltd (INKEL)
- (6) Directorate of Industries and Commerce (DIC)

- (7) Khadi & Village Industries Commission (KVIC)
- (8) Khadi & Village Industries Board (KVIB)
- (9) Kerala Small Industries Development Corporation (SIDCO)
- (10) Kerala Financial Corporation (KFC)
- (11) Kerala Industrial and Technical Consultancy (KITCO)
- (12) Kerala Bureau of Industrial Promotion (K-Bip) and
- (13) Centre for Management Development (CMD).

4.22 INDUSTRIAL FINANCING

Kerala Financial Corporation (KFC) is a trend setter and path breaker in the field of long term finance, playing a major role in the development and industrialisation of Kerala.

The main objective of KFC is the rapid industrialization of the state by extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector. Corporation can give financial assistance for setting up of new units and for the expansion / modernization / diversification of existing units in both manufacturing and service sectors. Table 4.22.1 shows the progress of the working of Kerala Financial Corporation for the last five years. During 2012-13 the cumulative loans disbursed is ₹ 464523.36 lakhs and the profit after taxation is ₹ 6682.62.

Table 4.22.1
Progress of the Working of Kerala Financial Corporation at a Glance
(₹ lakh)

Year	Loans sanctioned cumulative	Loans disbursed cumulative	Loans - outstanding	Profit before taxation	Profit after taxation
1	2	3	4	5	6
2008-09	358554.05	284157.96	58981.79	-7629.56	-7636.14
2009-10	419055.82	326110.99	82830.41	4664.65	3460.67
2010-11	469358.58	370474.51	112481.4	6169.77	5059.21
2011-12	523184.55	416931.92	123983.89	6263.42	5046.75
2012-13	589076.77	464523.36	140142.96	8743.43	6682.62

Source: KFC

The Corporation is the first PSU in Kerala and first SFC in India to initiate Corporate Social Responsibility activity. As part of its Corporate Social Responsibility, KFC has set up KFC-CARE (Centre for Assistance and Rehabilitation) to rehabilitate and serve the marginalized sections of the community.

Kerala Financial Corporation (KFC) has been providing finance to a large number of projects and enterprises. The Corporation has sanctioned net 627 applications including 163 MSME applications with a disbursement of ₹ 62581.86 lakhs which includes MSME sanctions of ₹ 11275.47 lakhs. Table 4.22.2 gives details of the loan operations during 2012-13. The number of newly assisted units for the year 2012-13 is 159 and the amount disbursed is ₹ 8675.97 lakhs. Table 4.22.2 gives the details of the loan operations during 2012-13. The number of newly assisted units for the year 2012-13 is 159 and the amount disbursed is ₹ 8675.97 lakhs.

Table 4.22.2

Kerala Financial Corporation: Loan Operations during 2012-13 (₹ lakhs)

SI No	Particulars	SSI (MSME)		Others		Total	
		No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8
1	Application pending as on 1.4.2012	4	108.00	10	2040.00	14	2148.00
2	Application Received during 2012-13	193	15368.55	514	59754.34	707	75122.89
3	Total application for consideration	197	15476.55	524	61794.33	721	77270.89
4	Application withdrawn/ rejected or otherwise disposed off	17	2116.62	45	7541.65	62	9658.27
5	Application Sanctioned (Gross)	170	12817.93	473	53342.69	643	66160.62
6	A. Application cancelled/reduced out of current year's sanction	2	18.40	2	250.00	4	268.40
	B. Application cancelled/reduced out of previous year's sanction	5	1524.06	7	1786.30	12	3310.36
	C. Total cancellation/ reduction (6A+B)	7	1542.46	49	2036.30	16	3578.76
7	Application sanctioned effectively (5-6A)	168	12799.53	471	53092.69	639	65892.22
8	Net Sanctions (5-6C)	163	11275.47	464	51306.39	627	62581.86
9	Amount disbursed along with number of newly assisted units	159	8675.97	393	38915.47	552	47591.44
10	Application pending sanction as on at the end of the period	10	542	6	910.00	16	1452.00

Source: KFC

The Corporation has now emerged as a financial supermarket giving the customers a wide range of products and services. The Corporation is one of the best State Financial Corporations in the country with a competent tech savvy team of professional at the core of services. Corporation also provides Working Capital finance

and Short Term Finance apart from schemes focused at the weaker sections of the society. Modernisation schemes for MSMEs are one of the innovative schemes introduced to suit changing customer requirements. KFC has also set up KFC Consultancy Division with a view to render excellent Consultancy Services to the Clients as a Total Solution provider. KFC has also made a small beginning to nurture and develop a new managerial cadre that can dream, envision and create a new future. Instead of entrepreneurs approaching KFC, officers will reach the entrepreneurs in order to sanction financial assistance to various commercial and industrial projects. KFC has already started a marketing wing for this, and officers at the regional and district level will assist in the process.

A task force had been formed to sort out issues of long-standing loans that are very old and without assets. The gross NPA of the Corporation will be reduced below 4 per cent in this fiscal year. In order to mobilise more funds, KFC will associate with banks and institutions like HUDCO, and would also tap the financial market.

It will also start an innovation incubation center for assisting the new-generation entrepreneurs and young businessmen. For traditional sectors, integrated development clusters of enterprises will be formed.

KFC will also start village adoption scheme with the help of village panchayat offices in various villages. Project offices will be opened in selected villages.

Kerala Financial Corporation (KFC) provides long term finance, primarily to Micro, Small and Medium Enterprises (MSME), both in manufacturing and service sectors. Government of Kerala is the major shareholder with more than 97 per cent and the balance is held by SIDBI, LIC, SBT and others.

Kerala Financial Corporation has achieved substantial growth in terms of sanction, disbursement and recovery of financial assistance with the operational profit making a significant leap crossing the ₹ 100 crore mark for the first time in the history of the Corporation. KFC has emerged as the best performing public sector undertaking in Kerala. It also ranks No. 1 amongst all State Financial Corporations in the country in terms of profitability and low level of non productive assets (NPAs). The Corporation earned the highest ever profit of ₹ 66.83 crore during the FY 2012-13. The Non-Performing Assets are at the lowest level.

The Corporation sanctioned financial assistance of ₹ 625.82 crore during 2012-13 (16.3% growth over previous year). An amount of ₹ 475.91 crore was disbursed to various industrial units during 2012-13 (2% increase over previous year).

4.22 SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

Small Industries Development Bank of India (SIDBI) was set up on April 2, 1990 under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities.

It also acts as the nodal agency for the scheme sponsored by Government of India in this regard. It also extends indirect financial assistance by way of refinance facilities to primary lending institutions viz., KFC, KSIDC and Commercial Banks against their loans granted to MSME units. The business domain of SIDBI consists of MSME units, which contribute significantly to the national economy in terms of production, employment and exports.

The P&D initiatives of SIDBI have crystallised over the years and are now oriented to serve rural entrepreneurs and youth, particularly women through programmes to empower them and motivate them to undertake entrepreneurial ventures. SIDBI operates a number of schemes for the development of MSMEs.

The Rural Industrial Programme (RIP) of SIDBI aims at creation of rural employment through enterprise promotion in rural and semi urban areas and aims at solving problems such as rural unemployment, urban migration, under utilization of know-how etc. Based on the modifications suggested in the "Package for Promotion of Micro and Small Enterprises", the Credit Guarantee Fund Trust for Small Industries (CGTSI) has been renamed as "Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)". In accordance with the direction from CGTMSE, MSMED Institute conducted awareness campaigns with SIDBI for the Stakeholders.

4.23 KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION (KSIDC)

Kerala State Industrial Development Corporation (KSIDC) is a Government agency for industrial and investment promotion in Kerala. Established in 1961 with the objective of promoting, stimulating, financing and facilitating the development of large and medium scale industries in Kerala, KSIDC acts as a promotional agency involved in catalyzing the development of infrastructure required for constant growth of industry in the State. It offers professional guidance and support for potential investors through a comprehensive set of services that include developing business ideas, identifying viable projects, providing financial assistance, guidance and assistance for implementation. KSIDC has a proven track record of attracting a commendable volume of investment to the State.

Kerala State Industrial Development Corporation Ltd. (KSIDC) has the main objective of promoting, stimulating, financing and facilitating the development of large and medium scale industries in Kerala. KSIDC has sanctioned projects involving a capital investment of ₹ 2172 crores with direct term loan assistance of ₹ 54 crores in the financial year 2012-13. The new projects are expected to generate employment for 10,000 persons directly and indirectly. The Corporation has also registered an all-time record of ₹ 54.20 crores profit before taxes (provisional) and an income of ₹ 63.72 crores. The disbursements also touched an all-time high record of ₹ 118.49 crores.

During the year 2012-13, KSIDC initiated various industrial and infrastructure projects which are strategically important to Kerala's industrial and economic development. The cumulative investments in these projects are expected to be around ₹ 1, 00,000 crore. Major projects developed by KSIDC are listed below.

Major Projects Promoted by KSIDC for Industrial Development

- Electronic Hardware Park at Kochi – a world class manufacturing and R&D facility for Electronic Sector.
- Life sciences park for setting up state-of-the-art manufacturing and R&D facility for Biotechnology, Nano Technology, Contract Research etc.
- Titanium Sponge Project at Kollam
- Supplementary Gas Infrastructure Project
- Coconut Industrial Park, Kuttiyadi
- Organic Industrial Park, Kodungallor.

The physical and financial performance during 2012-13 are given in Table 4.23.1

Table 4.23.1

Physical & Financial Performance of KSIDC during 2012-13

Sl. No.	Particulars	2012-13
---------	-------------	---------

A	Physical	
1	Projects Completed	
a.	No. of projects	21
b.	Aggregate cost (₹ crores)	592
c.	Employment (Nos.)	1954
2	Projects under implementation (31-3-2013)	
a.	No. of projects	29
b.	Aggregate cost (₹ crores)	3181
c.	Employment (Nos.)	8192
3	Projects cleared by KSIDC Board	
a.	No. of projects	7
b.	Aggregate cost (₹ crores)	2172
c.	Employment (Nos.)	1043
4	MoUs signed with private parties	
a.	No. of projects	Nil
b.	Estimated aggregate cost
B	Financial (₹ crores)	
a	Gross sanction	54
b	Disbursement	118
c	Recovery	72
d	Operating profit	40

Source: Economic Review 2012-13

During the year 2012-13 KSIDC had assisted 54 projects with an investment of ₹ 2172 crore. The projects can provide employment to 1043 persons.

KSIDC, as a facilitator and financier for industries, offers wide ranging assistance in industrial promotion. The key areas of our focus include:

- Identification of Investment Ideas
- Translating ideas into concrete proposals
- Feasibility Study, Project Evaluation
- Financial Structuring, Loan Syndication
- Assisting in Central and State Govt. Clearances
- Development and Administration of Growth Centers
- Industrial and Infrastructure development

So far, KSIDC has promoted more than 650 projects in the State with an investment outlay of ₹ 5155 crores providing employment to approximately 72500 persons.

The other projects promoted by KSIDC, which will contribute to the industrial advancement of the state, include the Kochi- Coimbatore Industrial Corridor, 1,200 MW Gas based Thermal Power Project at Cheemeni, Kasaragode, Electronic Hardware Park at

Kochi, a world class manufacturing and R & D facility for Electronic sector. A Life Sciences Park for setting up state of the art manufacturing and R& D facility for Biotechnology, Nanotechnology, Contract Research etc., City Gas Distribution Project for supplying compressed natural gas for automobile and piped natural gas for domestic use, Oceanarium, an underwater Aquarium & Marine Research Centre and a Titanium Sponge plant etc. are some of the other major projects promoted by the Corporation. NIRDESH, The National Institute for Research and Development in Defence Ship building, a composite R & D facility for ship building, ancillarization, equipment design etc is being set up by the Ministry of Defense, Government of India at Beypore with the support of KSIDC.

KSIDC is also initiating new activities like Skill Training & Entrepreneurship Program – STEP Mission to make Kerala a hub of Vocational and entrepreneurial skills, Development by developing a pool of Trainers, Training institutions and Agencies, enhancing employability and entrepreneurial capabilities of the youth in order to have better economic employment opportunities, leading to sustainable Economic Growth and Development.

4.24 INDUSTRIAL GROWTH CENTRES (IGC)

As per scheme announced by the Central Government, Government of Kerala has entrusted Kerala State Industrial Development Corporation Ltd (KSIDC) for developing and managing Industrial Growth Centres in various locations in the state. Accordingly KSIDC has acquired /purchased land at four industrially backward locations in the following districts

1. Kannur-Valiyavelicham(Kuthupramba)
2. Kozhikode-Kinalur(Baluserry)
3. Malappuram-Panakkad(Malappuram)
4. Alappuzha-Pallippuram(Cherthala)

The Industrial Growth Centres at the above locations are under various stages of development and basic infrastructural facilities such as road, water, power, telecommunication etc are already put in place. Steps are being taken to improve the facilities further.

Industrial plots are available at these Growth Centres and entrepreneurs can get the same for setting up industrial units, on long lease for a period of ninety years. The

units coming up in the IGC are supported by Single Window Clearance Mechanism of State Govt.

Modalities of allotting plots in the IGCs

1. The applicant shall submit "Application for Registration for allotment of Plots" in the prescribed form, duly filled in.
2. On scrutiny of the particulars furnished, preliminary selection will be made and if found eligible, a letter will be issued intimating about the lease premium payable and other terms and conditions of plot allotment.
3. The applicant is then required to submit a detailed application form duly filled in (Form furnished along with the Intimation letter) along with all particulars and 10% of Lease premium as EMD, for final consideration.
4. On scrutiny of the detailed application form, if found eligible, Allotment letter will be issued and the allottee is required to pay the prescribed lease premium.
5. The lease period is for thirty years out of which the initial two years is Licence period. After paying the Lease premium, a Licence agreement will be executed thereafter the allottee will be permitted to enter in to the plot to commence construction activities.
6. After paying the lease premium in full and after completing the project implementation (within the licence period of two years), the allottee shall be entitled to get a lease on the property for the remaining 28 years (Nominal annual lease rent is payable for this period).
7. The allottee is permitted to mortgage the lease right on the plot for availing financial assistance from banks. During Licence period a tripartite agreement may be signed for this purpose.

4.25 INDUSTRIAL INFRASTRUCTURE

4.25.1 KERALA INDUSTRIAL INFRASTRUCTURE DEVELOPMENT CORPORATION (KINFRA)

Kerala Industrial Infrastructure Development Corporation (KINFRA) aims at accelerating the industrial development of the State by providing infrastructure facilities to industries. The Industrial Parks developed by KINFRA have facilities like developed land or built up space, dedicated power, continuous water supply, communication facilities etc.

KINFRA has completed over the past 19 years, 21 themes based Industrial Parks in Kerala in areas such as garments, infotainment, marine/seafood, rubber, exports, food processing, etc. Some of the notable achievements are the successful completion of India's first International Apparel Park at Trivandrum; India's first Export Promotion Industrial Park at Ernakulam; India's first Infotainment Park, the Film & Video Park at Trivandrum and India's first Food Processing Industrial Park at Malappuram.

KINFRA has developed Joint Venture Projects like India's first Rubber Park (a JVC with the Rubber Board) at Kochi, India's first Seafood Processing Park (a JVC with MPEDA) at Alappuzha and Western India KINFRA Ltd. (a JVC with Western India Services & Estates) at Palakkad. A Joint Venture Company between KINFRA and ICICI, known as I-KIN, has been set up to identify and facilitate the development of infrastructure projects in the State and another company between KINFRA and NTPC, Electrical Supply Co. Ltd. (KINESCO) for distribution of power to KINFRA Parks in the State.

Government of Kerala has nominated KINFRA as the Nodal agency for State Food Processing Mission in Kerala. The mission has released assistance of ₹ 3.08 crore to food processing units in the State of Kerala from 2012-13. KINFRA also act as the Nodal Agency of the State for implementing "Assistance to States for Infrastructure Development of Exports and Allied Activities" (ASIDE) of Department of Commerce, Government of India. Government of Kerala has appointed KINFRA as the Nodal Agency for the National Institute of Fashion Technology (NIFT) at Kannur and land acquisition programme for Kannur Airport.

The upcoming major projects of KINFRA is given in the Table 4.25.1.1

Table 4.25.1.1
Up Coming Projects

Sl. No	Name of the Park	Place
1	Kinfra Marine Park	Beypore , Kozhikode
2	Kinfra Advance Technology park	Ramanattukara Kozhikode
3	Kinfra Mega Food Park	Wayanad
4	Kinfra Industrial Park	Ottapalam, Palakkad

The details of projects funded under ASIDE scheme of Govt. of India in Kerala is given in Table 4.25.1.2. there are 23 projects completed and 2 projects under implementation. The completed projects are with cost of ₹ 12843.32 lakhs and it was implemented by various agencies like KINFRA, MPEDA, KSIDC, etc.

Table 4.25.1.2

DETAILS OF PROJECTS FUNDED UNDER ASIDE SCHEME OF GOVT. OF INDIA IN KERALA

SI No	Name of the Projects	Implementing Agency	Total Project cost (₹ in lakhs)	Aside Assistance (₹ In lakhs)	State Govt. stake (₹ in lakhs)	Private Sector (₹ in lakhs)	Amount Disbursed (ASIDE) ₹ in lakhs	Project Status
1	Setting up of 30 Nos. of Pre-Processing centre 2002-03	MPEDA	900	90	360	450	90	Completed
2	Up-gradation of Cochin Fishing Harbours 2002-03	MPEDA	170	170	---	---	170	Completed
3	Up-gradation of MPEDA Laboratory 2002-03	MPEDA	140	140	---	---	140	Completed
4	Setting up of a full fledged Laboratory at Aroor 2002-03	SEAI	350	315	---	35	315	Completed
5	Water supply scheme for KINFRA food Park 2002-03	KINFRA	725	362.5	362.5	---	362.5	Completed
6	Expansion of Trivandrum Air Cargo Complex	KSIE	391	195.5	195.5	---	195.5	Completed
7	Augmentation of testing Laboratory at CEPC, Kollam 2002-03	CEPC	100	100	---	---	100	Completed
8	Electronic Weigh Bridge at Cochin Port 2002-03	CPT	10	10	---	---	10	Completed
9	Animation Zone in KINFRA Film & Video Park 2003-04	KINFRA	1603	800	803	---	800	Completed
10	Up-gradation of Munambam Fisheries Harbour 2005-06	MPEDA	227	227	---	---	227	Completed
11	Up-gradation of Electricity Distribution system in the town of Export excellence at Cherthala Taluk 2004-05	SEFAI	20	12.75	---	7.25	12.75	Completed
12	Development of Infrastructure facilities at industrial estate changanacherry 2004-05	RPSIA	40	36	---	4	36	Completed
13	Screw pine craft export promotion in Thrissur Dist 2005-06	KIDS	25.32	19.32	---	6	19.32	Completed
14	Setting up of an	KPACT	936	740	---	196	740	Complete

	ICD at Kottayam 2005-06							d
15	Construction of 11KV Feeder line from Chellanam Substation to the sea Food & peeling shed Units at Ezhupunna Panchayat 2007-08	SEAI	85	63.75	---	21.25	63.75	Completed
16	Augmentation of infrastructure facilities at KINFRA Export promotion industrial park 2006-07	KEPIP	1150	751.77	398.23	---	751.77	Completed
17	External Infrastructure development of Hi-tech Park Kalamassery (1st Phase) 2005-06	KINFRA	1935	1935	---	---	1935	Completed
18	Enhancement of Infrastructure facility of SEZ at KINFRA Film and Video Park, Thiruvananthapuram 2007-08	KINFRA	900	600	300	---	600	Completed
19	Additional infrastructure facilities at Air cargo Complex at Calicut 2006-07	Kerala State Industrial Enterprises	310	155	155	---	155	Completed
20	Export based Apparel Park in Industrial Growth Center, Kannur 2007-08	KSIDC	700	350	350	---	350	Completed
21	Rural export promotion apparel park, Thalikulam 2009-10	Thalikulam Vikas Trust	535	412		123	412	Completed
22	Dyeing and Winding Plant in Textile Centre, Kannur (KTC) 2009-10	KINFRA	1065	900	165	---	900	Completed
23	Truck Parking Terminal Wellington Island	Wellington Island Parking Yard Pvt Ltd	526	288	---	238	288	Completed

ASIDE PROJECTS UNDER IMPLEMENTATION

SI No	Name of the Projects	Implementing Agency	Total Project cost (₹ in lakh)	Aside Assistance (₹ in lakhs)	State Govt. stake (₹ In lakhs)	Private Sector or stake (₹ In lakh)	Amount Disbursed (ASIDE) ₹ in lakhs	Balance to be paid	Project Status
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1	Rural Export Promotion Apparel Park, Rajakumari, Idukki	Kinfra International Apparel Park	700	300 (08.03. 2011)	400	Nil	300	Nil	Under implem entation
2	Container Freight Station at Eloor, Kalamassery, Kochi	KSIE	4600.98	1000	3600.98		1000	Nil	Under implem entation

Source: KINFRA, Trivandrum.

4.26 INDUSTRIAL DEVELOPMENT PLOTS / AREAS

This is an ongoing scheme for the upgradation and modernisation of existing DA/DPs, such as creating improving common infrastructural facilities, providing power and water facilities, providing solid & liquid waste management system, construction and maintenance of internal roads and other common facilities, and completion of works already taken up in the existing DA/DPs. The development works will be undertaken with beneficiary contribution under cost sharing ratio of 70:30 between Government and beneficiary.

An outlay of ₹ 130.00 lakh is earmarked in the Annual Budget 2013-14 for implementing the scheme.

Out of 38 DA/DPs under the Directorate of Industries & Commerce has in the State, 3 DA/DPs at Veli (Thiruvananthapuram), Poovanthuruthu (Kottayam) and Kanjikode (Palakkad) are proposed to be upgraded during the year 2013-14 under the Scheme Upgradation and modernization of existing DA/DPs. The total project cost for each of this DA/DP would come to ₹ 1000 Lakh and the contribution of the State comes to ₹ 400 Lakh. A total amount of ₹ 1200 Lakh is required for this project. The DPRs for the remaining DA/DPs are proposed to be undertaken in the next financial year.

During the year 2013-14, a token provision of ₹ 200.00 lakh is earmarked as the State Contribution for the upgradation of 3 DA/DPs in the Annual Budget. A small portion of this is proposed to be utilised for the preparation of DPRs of the remaining DA/DPs.

Directorate of Industries and Commerce (DIC) is providing and developing infrastructure facilities for MSME sector in the state. At present there are 38 DA/DPs under DIC having a total acquired area of 2478.51 acre. A total of 2176 working units are working in these DA/DPs which was 2019 in the previous year. DAs/DPs under District Industries Centres as on 31st March 2013 is given in Table 4.26.1

Table 4.26.1

DAs/DPs under District Industries Centres as on 31st March 2013

District	Name of DA/DP	Total area acquired (acres)	Allotable area (acres)	Area allotted (acres)	Total No. of Units	No. of working units
1	2	3	4	5	6	7
Thiruvananthapuram	DA Veli	108.635	88.285	88.285	164	159
	DP Manvila	27.53	22.69	22.69	45	41
Kollam	DP Mundakkal	20.667	18.088	18.088	53	50
	DACHathannoor	20.75	18.53	14.31	1	1
Pathanamthitta	DP Kunamthanam	20.94	15.37	14.96	53	52
Alapuzha	DA Kollakadavu	16.22	15.47	15.47	44	36
	DP Chengannur	5.51	4.28	4.28	19	14
	DP Punnapra	57.28	53	53	70	60
	Coir Park 1Cherthala	23.4	21.2	21.2	11	8
	Coir Park 2Cherthala	17.06	16.54	16.54	5	3
	DA Aroor	15.8	12.33	12.33	58	50
	CIE Aroor	47.17	41.78	41.78	25	22
Kottayam	DP Poovanthuruthu	41.25	37.32	37.32	209	199
	DP Athirampuzha	1	0.86	0.86	10	10
	DP Vaikom	3.75	3.25	3.25	13	12
Idukki	DP Muttom	5	4.58	4.58	12	9
	MIE DP Muttom	0.05	0.05	0.05	5	5
Ernakulam	DA Aluva	57.82	54.91	54.91	96	94
	DA Edayar	435.29	376.7	376.7	368	354
	DA Angamaly	219.52	214.52	214.52	57	54
	DA Vazhakulam	15.26	12.16	12.16	51	49
	D P Angamaly	31.91	26.62	26.62	59	56
	DP Kalamassery	78.12	64.74	64.74	178	174
Thrissur	DP Athani	48.286	43.286	43.286	83	81
	DP Kunnankulam	3.0035	2.1	2.1	22	21
	DP Ayyankunnu	29.32	21.6	21.6	37	37
	DP Velakkode	24.066	21.866	21.866	27	27
	Puzhakkalpadom	51.41	40 acres of land transferred to KINFRA			
Palakkadu	DPPuthussery	134.15	129.99	129.99	64	53
	NIDA Kanjikodu	532.8	513.44	513.44	229	211
	DP Kappur	18.26	16.29	15.46	5	5
	DP Shornur	17.72	17.12	7.5	2	0
Malappuram	FIE Manjeri (Payyanad)	16.19	6.79	5.21	26	22
Kozhikode	DP Westhill	12.63	10.33	10.1	36	32
	Thamarassery	20.43	Not yet developed			
Wayanad	Nil					

Kannur	DP Andoor	59.31	46.61	46.61	167	152
Kasaragod	DA Ananthapuram	108	86.4	73.03	2	0
	DP Ananthapuram	104.5	73.5	65.5	13	9
	DPChattanchel	28.5	22.05	21.3	16	14
Total		2478.5075	2134.645	2095.635	2335	2176

Source: Economic Review 2013

The total number of Mini Industrial estates under DIC as on 31.3.2013 is 88 and the total number of units is 753. (94 and 780 as on 31.03.2012), out of which 659 units are working. The total number of employees under these units is 3153. The Income generated from these units is ₹ 2908.96 lakh. (2012 -Out of which 663 units were working. The total number of employees under the units was 3345. The Income generated from these units amounted to ₹ 11952.86 lakh during 2011-12.) The district wise details of industrial estates, number of employees etc., are given in Table 4.26.1

Table 4.26.1

Mini Industrial Estates under District Industries Centre as on 31st March 2013

Sl.No.	District	No. of Industrial Estates	Total No. of SSI Units	No. of working units	Total Employment (Nos.)	Income Generated (₹In Lakh)
1	2	3	4	5	6	7
1	Thiruvananthapuram	6	35	28	100	7.28
2	Kollam	5	36	30	175	525.00
3	Pathanamthitta	2	18	16	52	80.00
4	Alappuzha	7	46	39	89	34.72
5	Kottayam	10	96	89	303	900.00
6	Idukki	4	38	32	1	6.28
7	Eranakulam	16	130	115	1145	235.00
8	Thrissur	10	128	118	354	1.21
9	Palakkad	6	42	39	210	8.00
10	Malappuram	5	36	36	114	111.47
11	Kozhikode	8	85	71	325	-
12	Wayanad	Nil	Nil	Nil	Nil	Nil
13	Kannur	4	29	24	215	1000.00
14	Kasaragod	5	34	22	70	-
Total		88	753	659	3153	2908.96

Source: Directorate of Industries & Commerce.

4.27 KERALA SMALL INDUSTRIES DEVELOPMENT CORPORATION (SIDCO)

Kerala Small Industries Development Corporation was established for strengthening the Small Scale Sectors in the State. It provides infrastructure facilities such as land, work shed, water, distribution of scarce raw materials, marketing the products etc. by setting up of industrial estates, mini industrial estates and industrial parks. Execution of construction works for Industries department and public sector undertakings are the other activities of SIDCO. There are 17 major industrial estates and nearly 7.94 units are working in these estates. These working units provided nearly 6350 employment opportunities. Besides, there are 36 mini industrial estates under SIDCO as on 31.03.11 and the total number of sheds is 421. Out of 316 units sanctioned in these estates, 255 are working and 63 units closed. The details of Major Industrial Estates under SIDCO as on 31st March 2013 is given in Table 4.27.1. The total area acquired is 24068.02 cents and it accommodates 848 working units and provides employment to 7239 persons.

Table 4.27.1

Major Industrial Estates under SIDCO as on 31st March 2013

SI No.	District	Name of Industrial Estate	Total area acquired (cents)	Allot table area (cents)	Total area allotted (cents approx.)	No. of work ing Units	No. of emplo yees in workin g units	No .of clo se d units	Total No. of units	No.of sheds allotted to workin g units	Incom e gener ated in 2012-13 (in lakhs)
1	2	3	4	5	6	7	8	9	10	11	12
1	Thiruvananthapuram	Pappanamcode	1853.97	1514.97	1514.97	67	780	7	74	39	
2	Kollam	Umayanallor	2603.43	2147.00	2138.00	83	417	3	86	47	
		Karunagappally	863.00	754.00	737.00	28	162	2	30	19	
3	Alappuzha	Cherthala	894.00	775.00	742.00	25	260	0	25	19	
		Kollakadavu	1878.86	1272.00	1238.00	47	420	2	49	35	
4	Kottayam	Changanacherry	1422.00	1099.50	1099.50	63	1000	1	64	34	
		Ettumanoor	2920.00	2188.30	2133.30	72	1250	1	73	59	
5	Ernakulam	Mudickal	458.76	401.39	401.39	14	53	1	15	22	
		Palluruthy	185.00	143.00	143.00	8	60	0	8	7	
6	Thrissur	Ollur	2956.00	2302.25	2298.56	124	876	2	126	51	
		Kallettumkara	500.00	450.00	450.00	17	270	2	19	20	
7	Palakkad	Olavakkode	2174.00	1810.21	1652.21	44	240	2	46	49	
		Karakkad	1084.00	790.80	788.80	44	368	0	44	22	
8	Malappuram	Manjeri	492.00	436.14	436.14	26	175	0	26	20	
9	Kozhikode	West Hill	1255.00	922.50	922.50	59	350	2	61	42	
10	Kannur	Palayad	844.00	660.00	660.00	48	272	1	49	11	
11	Kasaragod	Kasaragod	1684.00	1573.00	1533.19	79	286	3	82	40	
Total			24068.02	19240.06	18888.56	848	7239	29	877	536	326.8

Table 4.27.2 provides details on Mini Industrial Estates under SIDCO as on 31st March 2013. The total area acquired is 35.85 acres and total number of working units is 285 provides employment to 604 persons.

Table 4.27.2
Mini Industrial Estates under SIDCO as on 31st March 2013

Sl. No	District	Name of Industrial Estate	Total area of IE (acres)	Total area allotted (Cents)	No. of working Units	No. of employees in working units	No. of closed units	Total No. of units	No. of sheds allotted to working units	Income generated in 2012-13 (₹ in lakhs)
1	2	3	4	5	6	7	8	9	10	11
1	Thiruvananthapuram	Ulloor	1.00	100.00	10	22	1	11	10	
		Anad	1.00	100.00	8	19	2	10	8	
		Vellanad	0.76	76.00	4	8	6	10	4	
		Varkala	1.10	1.10	8	15	3	11	9	
2	Kollam	Chithara	1.00	96.00	7	17	1	8	12	
		Thirikkovilvattom	0.97	89.00	6	14	1	7	12	
		Chadayamangalam	0.76	70.00	5	11	1	6	12	
3	Alappuzha	Kadakarapally	1.25	115.00	10	23	1	11	11	
		Mararikulam	1.06	101.00	10	21	2	12	10	
4	Pathanamthitta	Pandalam	0.95	87.00	6	14	2	8	8	
5	Kottayam	Nattakam	1.00	57.00	9	20	1	10	11	
		Ayarkunnam	1.00	89.00	7	15	1	8	11	
		Pampady	1.00	97.00	4	10	1	5	9	
5	Idukki	Olamattom	1.00	100.00	7	14	0	7	12	
		Kodikulam	1.00	62.00	4	9	1	5	8	
		Adimali	1.00	88.00	4	10	0	4	12	
7	Ernakulam	South Vazhakulam	1.00	70.00	12	25	1	13	11	
		Piravam	1.00	50.00	6	13	3	9	9	
		Kothamangalam	1.00	80.00	5	11	1	6	10	
		Edathala	1.00	60.00	8	17	0	8	10	
		Rayamangalam	1.00	50.00	8	17	0	8	12	
8	Thrissur	Mala	1.00	100.00	10	22	0	10	12	
		Kattur	1.00	100.00	12	25	0	12	13	
		Arimpur	1.00	100.00	11	23	0	11	12	
9	Palakkad	Ottapalam	1.00	86.00	11	21	1	12	12	
		Vaniyamkulam	1.00	92.00	12	25	0	12	12	
		Pattambi	1.00	96.00	10	20	0	10	12	

10	Malappuram	Edavanna	1.00	100.00	6	13	1	7	12	
		Oorakam	1.00	96.00	8	17	1	9	12	
		Kokkoor	1.00	100.00	6	12	3	9	12	
11	Wayanad	Sulthan Bathery	1.00	100.00	10	21	0	10	10	
12	Kozhikod	Kadalundi	1.00	100.00	9	19	0	9	11	
		Perambra	1.00	100.00	6	12	6	12	7	
13	Kannur	Baliyapattom	1.00	100.00	5	10	2	7	10	
		Taliparamba	1.00	100.00	12	22	0	12	12	
14	Kasargod	Kanhangad	1.00	100.00	9	17	0	9	11	
Total			35.85	3108.10	285	604	43	328	381	39.87

Source: Economic Review 2013

Table 4.27.3 gives details on Industrial Estates and Infrastructure & Development of SIDCO from 2007-08 to 2012-13 under various heads on Number of Estates Sheds available, Sheds occupied and MSE units Working as well as defunct, idle or closed.

Table 4.27.3

Industrial Estates and Infrastructure & Development of SIDCO

Sl. No.	Activities	Unit	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	2	3	4	5	6	7	8	9
1	Number of Estates	Nos	17	17	17	17	17	17
2	Sheds available	Nos	540	540	540	540	540	540
3	Sheds occupied	Nos	436	540	540	540	540	540
4	SSI units	Nos	694	786	778	721	808	877
	(i) Working	Nos	573	687	687	690	729	805
	(ii) Defunct, idle or closed	Nos	121	99	91	31	79	72
	(iii) Others	Nos	0	0	0	0	0	0

Source: Economic Review 2013

4.28 CENTRES FOR MANAGEMENT DEVELOPMENT (CMD)

The Centre for Management Development (CMD) is a leading, self supporting autonomous institution, which provides Research, Consulting and Training support to the Development Agencies, Corporate and the Government, at the national, state and local levels. Established in 1979 under ACT XIII of the "Travancore-Cochin Literary, Scientific and Charitable Societies Act 1955", it is sponsored by the Government of Kerala, as an independent, professional registered society.

In the training front, CMD, in collaboration with the Bureau of Public Enterprises, Government of Kerala conducted Management Development Programmes for Officers / Managers of the Public Enterprises on the following topics:

- Project Formulation and Management
- Finance for Non Finance Managers
- Behavioral Lab: Developing Managerial Competencies and
- Leadership Skills for Management of Change

Micro Enterprises Development Programmes (MEDPs) is an initiative for promotion of sustainable livelihood through vocational training in the State of Kerala. The programme is carried out in association with the local self government institutions in the State. The trainees were selected from rural villages in association with the local self government institutions and the majority of them were women. Other than these, CMD also conducted twelve Skill Development Training Programmes for Kudumbashree members in Palakkad, and a skill development programme sponsored by the Ministry of Sciences and Technology, New Delhi.

4.29 CLUSTER DEVELOPMENT

The Kerala Bureau of Industrial Promotion (K-BIP) is coordinating the Cluster Development, Directorate of Industries and Commerce. It coordinates the implementation of setting up of Common Facility Centers (CFCs) in clusters as per MSME EDP scheme of Government of India. Government of India has released financial assistance of ₹ 633.07 lakh for 2 clusters with a total cost of ₹ 952.30 lakh of which Government of Kerala share is ₹ 208.50 lakh and the work for establishment of CFC is in the final stage. Further, for setting up of CFC's in 4 clusters, an amount of ₹ 979.90 lakh has been sanctioned by Government of India with a total cost of ₹ 1507.87 lakh of which Government of Kerala share is ₹ 300.43 lakh. The National Centre for Hazard Analysis Critical Control Point (HACCP) Certification in association with K-BIP has initiated the process of auditing and certification of 39 food processing and allied units from the State and outside the State. Out of this, NCHC has successfully audited and certified 24 food processing units and the remaining is under progress.

4.30 SPECIAL ECONOMIC ZONE

Special Economic Zone provides high quality and world class infrastructure designed to render cost of products, delivery, logistics and transactions competitive on global basis. The special policy disseminated by the Central Government provides for setting up of SEZs in the public, private, joint sector or by State Governments. The units operating in Special Economic Zones are excluded from the sectoral restrictions prevalent in the conventional manufacturing sector. Apart from this, these units also enjoy other benefits like single-window clearance, 100 percent exemption of income tax for the first five years, self certification of activities exempted from routine customs check etc.

4.31 COCHIN SPECIAL ECONOMIC ZONE (CSEZ)

The Cochin Special Economic Zone (CSEZ) is one among the seven Government of India owned Special Economic Zones set up as a multi-product Export Processing Zone to boost exports from the State. The Cochin Export Processing Zone was converted into a Special Economic Zone in November 2000.

CSEZ is a multi-product zone with 108 working units and 18 under implementation units as on 30.9.2011, in sectors as varied as electronic hardware, software, engineering, readymade garments, food processing, plastics and rubber products gem and jewellery manufacturing with more than 12000 employees. It is the single largest employment destination in the State. Both multinational corporations and domestic corporate have set up their units in the Zone. Export during 2010-11 was to the tune of ₹ 18311.97 crore as against ₹17099.07 crore during 2009-10 registering a growth of 7.09%.

CSEZ stands out amongst the SEZs in India having the best infrastructure for attracting investors globally. A 25 MVA 110/11 KV substation and RMU based power distribution system, Integrated Water management system comprising 1.8 MLD water supply operations and 1.2 MLD Common Effluent Treatment Plant, a warehouse measuring an area of 24000 sq. ft for the temporary storage requirements of CSEZ units are some of the facilities offered in the Zone. The Zone has an efficient drainage network and an incinerator for disposal of solid waste within the Zone. The Zone also has a 35 m3 capacity bio-gas plant to treat vegetable / seafood waste.

Besides operating the Central Government owned CSEZ, the jurisdiction of the Development Commissioner extends to new SEZs being set up in Kerala and Karnataka and also the 100% Export Oriented Units (EOUs) in Kerala, Karnataka, Lakshadweep and Mahe. During 2010-11, 78 EOU have been in operation with another 10 units under implementation in Kerala. Export from EOU of Kerala was ₹ 1317.27 crore during 2010-11 as against ₹ 1270.15 crore in 2009-10. The sector – wise Export performance of units in CSEZ for 2011-12 is shown in Table 4.31.1.

Table 4.31.1
Sector -wise export performance of units in CSEZ during 2011-12

Sl.No.	Name of the Sector	Exports (₹ in Crores)	DTA Sale (₹ in Crores)
1	AGRO & FOOD	161.52	0.96
2	ELECTRONICS HARDWARE	468.16	86.68
3	ENGINEERING	109.51	6.37
4	GARMENTS	3.12	0.00
5	GEM & JEWELLERY	28473.69	0.00
6	IT AND ITES	385.07	0.04
7	MISCELLANEOUS	114.81	63.99
8	PLASTIC AND RUBBER PRODUCTS	58.37	11.13
9	SERVICES	7.74	0.00
10	TEXTILES & GARMENTS	120.95	70.87
11	TRADING	195.37	2.61
	Total	30098.31	242.65

Source: CSEZ Kakkanad

The sector – wise employment position of units in CSEZ for 2011-12 is shown in Table 4.31.1.

Table 4.31.2
Sector -wise employments of units in CSEZ during 2011-12

Sl. No	Name of the Sector	Employments		
		Male	Female	Total
1	AGRO & FOOD	212	329	541
2	ELECTRONICS HARDWARE	2,093	382	2,475
3	ENGINEERING	493	329	822
4	GEM & JEWELLERY	98	37	135
5	IT AND ITES	3,718	1,458	5,176
6	MISCELLANEOUS	580	590	1,170
7	PLASTIC AND RUBBER PRODUCTS	239	253	492
8	SERVICES	75	16	91
9	TEXTILES & GARMENTS	502	767	1,269
10	TRADING	81	62	143
	Total	8,091	4,223	12,314

Source: CSEZ Kakkanad

The State's SEZ policy

The state's SEZ policy contains a dozen conditions, mainly to ensure the welfare of workers and to curb the real estate interest of the developers. The state government has insisted that 70 per cent of the land should be utilised for industrial purpose. This is a major shift from the Centre's policy, which stipulates that only 50 per cent of the land needs to be used for industry.

The other highlights of Kerala's SEZ policy are:

- Supplementary facilities — housing, entertainment etc — to be exclusively dedicated for employees of that particular SEZ only.
- Reclaimed paddy fields would not be given SEZ status.
- The state would not acquire land for establishing private sector SEZs.
- Sales tax exemption for SEZ units would be limited to 10 years only.
- SEZs would be brought under the purview of labour laws, factories act and other welfare schemes.
- SEZ ventures would not be exempted from any electricity incentives.
- All applicants must sign individual agreements with the government, declaring their willingness to abide by the state SEZ policy.

4.32 MINING

Kerala State is endowed with a number of occurrences / deposits of minerals such as Heavy Mineral Sands (Ilmenite, Rutile, Zircon, Monazite, Sillimanite), Gold, Iron Ore, Bauxite, Graphite, China Clay, Fire Clay, Tile and Brick Clay, Silica Sand, Lignite, Limestone, Limeshell, Dimension Stone (Granite), Gemstones, Magnesite, Steatite etc. However, mining activities on large scale are confined mainly to a few minerals – Heavy Mineral Sands, China Clay and to a lesser extent Limestone/ Limeshell, Silca Sand and Granite. In fact, Heavy mineral sand and China Clay contribute more than 90% of the total value of major mineral production in the State. However, 75% of the mineral revenue comes from the minor minerals.

The State owns mineral deposits like placers, china clay (Kaolin), limestone, limeshell, silica sand, bauxite, graphite, iron ore, granite etc. The major mineral based industries like Indian Rare Earths Ltd., Chavara, Kerala Minerals and Metals Ltd., Chavara, Malabar Cements, Walayar, Travancore Cements Ltd., Kottayam, Kundara

Ceramics, Kollam, English Indian Clays Ltd. (EICL), Thiruvananthapuram, Excel Glass Industry, Alappuzha, Kerala Clays and Ceramic Products Ltd., Pazhayangadi, Kannur are some of the mineral based industries working in the State since several years. The resources of beautiful ornamental granites in the State are being exported to different countries.

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CHAPTER- 5

INFRASTRUCTURE

INTRODUCTION

Infrastructure is often referred to as the building blocks for growth and development of an economy. Unless there are adequate and affordable transport facilities, mobility of people as well as that of goods and services is severely constrained. Poor logistics increases costs within the State and results in unequal economic and social benefits to hilly and remote areas. Availability of affordable energy is a pre-requisite for well being of people as well as for the economy to function seamlessly. Rapid and smooth communication through effective use of telecommunication and Information Technology is essential to ensure that Kerala's advantages as a globally connected State are fully tapped.

Transport sector plays a pivotal role in the overall development of the country which enables social, cultural and trade development between countries. Transport infrastructure consists of fixed installations necessary for transport, such as roads, railways, airways, waterways, canals, pipelines, and terminals. Terminals may be used both for interchange of passengers and cargo and for maintenance. Kerala holds a good transport system.

Presence of quality infrastructure is vital for social, economic and industrial development of the country. The Transport infrastructure in Kerala largely consists of roads, railways, air and inland water. Roads occupy a prime position because even for using other modes of transport, roads are needed. Transport infrastructure of the State consists of 2.43 lakh Km of road, 1148 Kms of Railways, 1687 Kms of Inland Waterways and 111 statute miles of Airways and 18 Ports.

THE 12TH FIVE YEAR PLAN APPROACHES TO INFRASTRUCTURE.

1. Roads, Bridges and Transport

a) There is a need to undertake planned development of State highways, important major District roads and city roads in the State. Such planned developments will include geometrical improvement, junction widening, re-laying the roads after proper design and giving maintenance contracts. The Twelfth Plan envisages 25000 KM road development

and maintenance; Creation of corpus fund for the development of 1000 KM of State highways and external assistance will be used for planned development of major roads during the Plan.

b) The State needs to provide a dedicated source of funding for road development such as fuel cess or reasonable revenue from Motor Vehicle Tax to form a corpus fund.

c) A system of annual revision of Schedule of Rates will be undertaken by an Empowered Committee chaired by Chief Secretary.

d) City Road Improvement Project will cover more cities beyond Thiruvananthapuram, Kochi and Kozhikode.

e) Quality Control will be given higher priority. PWD will develop Quality Control Cells for super check through sampling and use of standardized labs to check quality of all large works and a certain percentage of smaller works.

f) For major road widening projects, green field roads and by passes, the State will develop a policy for commercial utilization of land as well as providing developed land to the owners whose land is being acquired. Government will develop policy and rules on this issue to facilitate development of bypasses, major widening of roads and green field roads.

g) A task force will be set up with the objectives of identifying methods for ensuring long term durability of roads in Kerala and for improving road safety. The committee will also look into the possibility of using rubber and waste plastic to strengthen road surfaces and make them more durable.

2. Port and Inland Waterways

a) State Maritime Board will be set up through an enactment.

b)

b) Minor Ports under Port Department including Azheekal, Beypore, Ponnani, Kollam-Thankasseri, Vizhinjam and Kodungallur will be developed with new port facilities, support infrastructure, upgradation of existing facilities along with installation of modern and efficient handling equipments. The PPP mode will be utilized for the purpose.

c) Vizhinjam International Transshipment Container Terminal will be developed with all infrastructural facilities.

3. Inland Waterways

Adequate infrastructure support will be provided for the development of coastal waterways and inland waterways for Cargo and Passenger transportation. There will be a time bound plan of action for the development of all possible waterways with the support of Inland Waterways Authority of India. PPP ventures will also be supported. The focus areas will be land acquisition, net removal, dredging, side protection of canals etc.

4. KSRTC and Motor Vehicles Department

- For reducing congestion in roads parking facilities will be provided wherever land is available.

- Automated enforcement system will be introduced for avoiding accidents.

- A restructuring plan for KSRTC will be developed. A national management and consultancy institution will be engaged for this task.

5.1 ROAD

The roads in Kerala are maintained by National Highways / Public Works Department (R&B), Local Bodies, Department of Irrigation, KSEB, Department of Forests, Railways etc. Other agencies dealing with transport sector are National Transportation

Planning and Research Centre (NATPAC), Motor Vehicles Department, Kerala State Road Transport Corporation (KSRTC), Kerala Transport Development Finance Corporation (KTDFC) and Roads & Bridges Development Corporation of Kerala(RBDCK).

On the road front, traffic has been growing at a rate of 10 to 11 percent every year, resulting in excessive pressure on the roads of the State. Total road length in Kerala during 2012-13 increased to 243373.398 Kms. Road density in the State is 390 Km/100 sq.km and it is ahead of the national average of 131 km/100 sq.km. The length of road per lakh population is 728 km. The roads maintained by different Panchayats have also increased by 72.92 percent in 2012-13.

The most important challenge in the road sector involves building all weather roads connecting each and every village. Even though Kerala is comparatively better placed than most other States, as regards road length, the condition of many of these roads is very poor. Therefore, the main emphasis under road development in Kerala has been on improvement and upgradation of existing roads rather than construction of new roads. The investment need in the road sector is of high magnitude that is beyond the resources available with the Government. Therefore, there is an imperative need to motivate private and other non-governmental agencies/corporate sectors to participate in road construction and upgradation of selected highways.

5.1.2 STATE HIGHWAYS AND MAJOR DISTRICT ROADS

All major arterial roads which provide mobility is with the PWD (R&B) consist of 4342 Km State Highways and 27470 Km Major District Roads, which shows the length of SH & MDR during the year.

Of the 14 districts in the State Kottayam has the major share of PWD roads with the length of 3449.301Km and Wayanad has the lowest share with 1029.305 Km. The district wise, surface wise and category wise length of road maintained by PWD (R&B) as on 31-3-2013 is given in Table 5.1.2.1.

Table 5.1.2.1.

District-wise and Category-wise Length of Roads Maintained by PWD (R&B) as on 31-3-2013

Sl.No	Name of District	State Highways	Major District Roads	Other District Roads	Village Roads	Total
1	2	3	4	5	6	7
1	Thiruvananthapuram	180.360	2420.430	0.000	0.000	2600.790
2	Kollam	123.790	2055.570	0.000	0.000	2179.360
3	Alappuzha	170.841	1303.120	0.000	0.000	1473.961
4	Pathanamthitta	249.194	1790.570	0.000	0.000	2039.764
5	Kottayam	406.531	3042.770	0.000	0.000	3449.301
6	Idukki	998.372	1853.390	0.000	0.000	2851.762
7	Ernakulam	325.206	2815.550	0.000	0.000	3140.756
8	Thrissur	374.033	1681.73	0.000	0.000	2055.763
9	Palakkad	245.987	1926.800	0.000	0.000	2172.787
10	Malappuram	374.764	2301.130	0.000	0.000	2675.894
11	Kozhikode	377.173	2063.930	0.000	0.000	2441.103
12	Wayanad	128.955	900.350	0.000	0.000	1029.305
13	Kannur	244.665	2013.230	0.000	0.000	2257.895
14	Kasaragode	141.780	1301.380	0.000	0.000	1443.160
TOTAL LENGTH (in Kms)		4341.651	27469.950	0.000	0.000	31811.601

Table 5.1.2.2

District-wise, Surface-wise & Category-wise length of roads maintained by Kerala PWD as on 31-03-2013

Sl. No	District	State Highways				Major District Roads				Total Roads
		CC	BT	WBM	Others	CC	BT	WBM	Others	
1	2	3	4	5	6	7	8	9	10	11
1	Thiruvananthapuram	0.000	180.360	0.000	0.000	0.000	2377.212	12.978	30.240	2600.790
2	Kollam	0.000	123.790	0.000	0.000	0.000	2048.673	6.897	0.000	2179.360
3	Alappuzha	0.000	170.841	0.000	0.000	0.000	1228.042	39.785	35.293	1473.961
4	Pathanamthitta	0.000	249.194	0.000	0.000	0.000	1741.407	29.650	19.513	2039.764
5	Kottayam	0.000	406.531	0.000	0.000	0.000	2939.663	25.640	77.467	3449.301
6	Idukki	0.000	978.372	0.000	20.000	0.000	1633.133	22.407	197.850	2851.762
7	Ernakulam	0.000	325.206	0.000	0.000	0.464	2645.726	60.715	108.645	3140.756
8	Thrissur	3.391	370.642	0.000	0.000	0.000	1666.730	15.000	0.000	2055.763
9	Palakkad	0.000	230.237	1.250	14.500	0.000	1867.110	40.690	19.000	2172.787
10	Malappuram	0.000	374.764	0.000	0.000	0.000	2147.990	122.650	30.490	2675.894
11	Kozhikode	0.000	377.173	0.000	0.000	0.000	2049.490	14.440	0.000	2441.103
12	Wayanad	0.000	126.955	2.000	0.000	0.000	856.568	23.600	20.182	1029.305
13	Kannur	2.800	241.865	0.000	0.000	0.000	1968.711	4.386	40.133	2257.895
14	Kasaragod	0.000	141.780	0.000	0.000	0.000	1276.230	25.150	0.000	1443.160
Total		6.191	4297.710	3.250	34.500	0.464	26446.685	443.988	578.813	31811.601

Source : PWD

CC: Cement Concrete

BT: Bituminous Surface

WBM: Water bound Macadam

Others: Mud & Earthen Roads

Analyzing the PWD roads it reveals that only 6.655Km is cement concrete, 22174.503 Km is black topped and 447.238 Km water bound macadam. The black topped surface contributes 95.4 percentages.

As on 31.03.2013 there were 2240 bridges and 51360 culverts on the PWD roads. Of them 85 Nos of bridges need reconstruction/renovation and 1591 culverts are not in good condition. Major Activities of PWD (R&B) during 2012-13 is given in Table 5.1.2.3.

Table 5.1.2.3.
Major Activities of PWD (R&B) during 2012-13

Sl. No	Length of Roads Completed/ Constructed	Length in Kms.
1	Resurfacing of State Highways	308.60
2	Resurfacing of MDR	1721.36
3	Resurfacing of Rural Roads	147.56
4	Resurfacing of BM & BC completed	960.82
Total		3138.34

Sl. No	Bridges Completed	No.
1	State Highways	3
2	Major District Roads	40
3	NABARD Assisted	15
4	Anti-recession Stimulus Package	25
Total		83

Source: Economic Review 2013

Government of Kerala vide has made it mandatory to follow Indian Road Congress (IRC) standards and Ministry of Road Transport & Highways (MoRTH) specification for road works in Kerala. Kerala Public Works Department Manual has also been revised and the revised Edition 2012 has been brought effective with effect from 01.04.2012.

Out of the total road length of 177466.257 Km held by Panchayats, 52636.277 Km (29.66%) are black topped and 77223 Km (43.5%) are graveled. Agency wise distribution of road length during 2012-13 is given in table 5.2.1.4.

Table 5.2.1.4.
Agency wise distribution of State roads in Kerala
during 2012-13

Sl.No	Name of Department	Length (Km)	Percentage
1	Panchayats	177466.257	72.92
2	PWD (R&B)	31811.601	13.07
3	Municipalities	18411.870	7.57
4	Corporations	6644.000	2.73
5	Forests	4575.770	1.88
6	Irrigation	2611.900	1.07
7	PWD (NH)	1524.00	0.63
8	Others (Railways, KSEB)	328.000	0.13
	Total	243373.398	100.00

Source: Economic Review 2013

Table 5.2.1.3 shows National Highways in Kerala with their old number and new number, name of the roads and their length in Kerala.

Table 5.2.1.4
National Highways in Kerala

Sl .N o	New NH No.	NH Name	Existi ng NH No.	Portion in Kerala	Length in Kerala (Km)
1	2	3	4	5	6
1			47	Edappally – Kaliyakkavila	
2	66	Panavel - Kanyakumari	17	Thalappadi - Edappally	669.437
3	85	Kochi – Tondi Point	49	Bodimettu - Kundannoor	167.61
4	183	Dindigul - Kottarakkara	220	Kottarakkara - Kumily	190.3

5	544	Salem - Ernakulam	47	Valayar - Edappally	160
6	744	Tirumangalam - Kollam	208	Kollam - Kazhuthuritty	81.28
7	766	Kozhikode – Mysore (Kollegal)	212	Kozhikode - Muthanga	117.6
8	966	Ferokh - Palakkad	213	Ferokh - Palakkad	125.304
9	966A	Kalamassery - Vallarpadam	47C	Kalamassery - Vallarpadam	17
1 0	966B	Kundannoor - Willington Island	47A	Kundannoor - Willington Island	5.92
TOTAL					1534.45 1

Source: Government of Kerala PWD

The growth of vehicle population in Kerala is 17 percent over the previous year. The number of motor vehicles having valid registrations as on 31.03.2013 is 80,48,673 as against 68,65,539 in the previous year. The newly registered vehicles comes to 11,57,416 during 2012-13. In the case of personal vehicles a faster growth rate has been recorded over the previous year. An analysis of growth of Motor vehicles and its impact on local development in the State during the last eight years reveals that vehicle population has increased from 31,22,082 lakh in 2005 to 80,48,673 lakh in 2013, (157.8%) while only marginal increase has been achieved in the augmentation of road length.

The objective of the transport policy is to evolve a conducive transport regime for Kerala state geared to meet requirements of faster mobility, safety, access to social and economic services and minimizing the impact of negative externalities.

The vision of the Government in Transport sector is for shaping a modern, efficient, economical and safer transportation system, connecting various growth regions in the state, to meet the faster mobility needs of all Keralaites by 2025.

The mission states that the Government will endeavor for taking concerted, continuous and long term efforts for ' achieving safe, economical and fast transport system for moving people and goods in the state by integrating different modes of transport according to their economic advantages with respect to cost, speed, low carbon emission and travel comforts'.

TRANSPORT POLICY STATEMENT

The present transport system in the state was evolved by piece meal process, which remains under connected and uncoordinated. It is characterized by high operating cost, inefficiency and high accident risk.

The situation is likely to worsen in future due to increase in population, urbanization and demand for personalized transport.

In order to achieve the stated policy objective it is necessary to revamp public transportation system to increase its share from existing 33% of total passenger traffic to 80% in 2025 and reduce dependency on personal transport and increase share of railways in interstate and intercity transport and that of buses in intra state and intra city transport.

The strategy adopted is that Government will encourage rail based transport system for inter city travel which is cost effective and environment friendly.

Encouragement will be given for investment in rail based metro or mono rail systems in congested intercity routes.

The Government will encourage public sector KSRTC with more autonomy to enhance efficiency in operation.

The operational structure of KSRTC and that of the private stage carriages will be further streamlined to attract commuters towards public transport.

Public transport will get preferential treatment in the tax structure as compared to personalized transport.

5.2 RAILWAYS

In service sector, Indian Railways play very significant role for upliftment of Indian economy. Indian railway is the world's fourth largest rail network and second

largest rail network under the single management in Asia. India is the 7th largest country in terms of its geographical size. The long-distance road network is very poorly developed in most parts of India. Bulk of long distance traffic is carried by the Indian Railways, as a result. Indian Railways therefore, forms the backbone of public transport in India.

Railways are essentially the cause for Industrial upsurge in the nation and it still remained the largest employment provider for the huge population of the country. The total length of track used by Indian Railways is about 111599 Km and the total route length is 64215 kms. The State total Railway route has a length of 1257 Km and covers 13 Railway routes. The Railway Divisions at Thiruvananthapuram, Palakkad and Madurai jointly carry out Railway Operations in Kerala. The following three new Train services were started from Kerala during 2013.

The new trains are New Delhi- Trivandrum weekly express and two MEMU trains in the Ernakulam- Kollam route. One will be through Kottayam and the other through Alapetty.

Trivandrum-Kozhikode Jan Shatabdi Express will be extended till Kannur. Kozhikode- Shornur passenger will be extended till Trichur. Kochuveli- Lokmanya Tilak express will be made bi-weekly.

Kochi Metro

Kochi Metro Rail Project (KMRP) is the flagship project of the Government of Kerala designed to cure the transportation woes of Kochi City. The Project is implemented through the Kochi Metro Rail Ltd (KMRL) which is a Special Purpose Vehicle having joint ownership of Government of Kerala and Government of India with equity participation. The Union Government gave sanction for the project in July 2012 at a total cost of ₹ 5181.79 Crore. The Kochi metro connecting Aluva-Pettah will be completed in three stages, and each stage will be approximately 8 Kms and the stations proposed are 22 numbers.

The first phase of the Metro Rail Project is 25.612 Kms from Aluva to Petta. An agreement was signed between KMRL and DMRC on 23rd May 2013 delineating the roles, responsibilities and obligations of KMRL and DMRC in the implementation of the project. A tripartite agreement has also been linked by Government of Kerala,

Government of India and Kochi Metro Rail Ltd. DMRC is entrusted with the implementation of this project.

Thiruvananthapuram and Calicut Monorail Corporation

Thiruvananthapuram and Calicut Monorail Corporation intended to set up a Mass Rapid Transit System in both the cities and M/s Wilbur Smith Associates and M/s NATPAC have been engaged for conducting the feasibility study of the project. M/s Delhi Metro Rail Corporation (DMRC) has prepared the detailed project reports for Kozhikode Monorail Project from Medical College Junction to Meenchantha touching Kozhikode Railway Station and the proposed length extends to 14.2 Kms with 15 stations. The Government has accorded Administrative Sanction for an amount of ₹ 1991 Crore for the phase I of Kozhikode Monorail and incorporating a special purpose vehicle viz, Kerala Monorail Corporation Limited and M/s DMRC as the General consultant for Kozhikode and Thiruvananthapuram Monorail Projects.

The alignment of the monorail will be along the middle of the PWD road and will be fully elevated and the Stations and Platforms will be above the road. All Stations will have elevated and stations at Medical College, Mananchira and Railway Station will have escalators. The trains will consist of 3 cars with the carrying capacity of 525 passengers. The trains will be driverless but may also be operated with drivers. The phase I of Thiruvananthapuram Monorail Project covering a distance of 22.537 Kms with 19 stations from Technocity to Karamana at an estimated cost of ` 3178 crore including taxes and duties based on April 2012 price level.

Sector wise Annual Growth Rate of GSDP- Kerala with respect to Railways is shown in Table No.5.2.1

Table No.5.2.1
Sector wise Annual Growth Rate of GSDP- Kerala from Railways

Year	2004 - 05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12(P)	2012-13(Q)
GDP of Kerala (₹ In Lakhs)	54765	56042	57065	54462	75680	83551	82141	88213	77161
GDP of All India (₹ In Lakhs)	2916200	3133900	3483200	3823500	4116100	4476300	4740400	5096300	5111200
%contribution of Kerala to All India	1.88	1.79	1.64	1.43	1.84	1.87	1.73	1.73	1.51

Growth rate of Kerala over previous years (%)	-	2.33	1.83	-4.21	38.45	10.40	-1.69	7.39	-12.53
Growth rate of All India over previous years (%)	-	7.47	11.15	9.77	7.65	8.75	5.90	7.51	0.29
% contribution of Railways Sector of Kerala to GSDP of Kerala	0.46	0.43	0.40	0.35	0.47	0.47	0.43	0.43	0.35
% contribution of Railways Sector of India to All India GDP	0.98	0.96	0.98	0.98	0.99	0.99	0.96	0.97	0.93

Source: Economic Review 2013

Table shows only a marginal increase in annual growth rate during 2012-13 at constant prices compared to previous years.

5.3 PORTS

The Kerala state lies in the south west corner of the Indian peninsula. It has a coastal length of 585 km and the state has an average width of about 60 km with one major port at Cochin and 17 non major ports. The non major ports are under the administration of Government of Kerala. Government of Kerala intends to provide a boost to coastal shipping with the development of ports. Kerala state has got the Ghats in the east and the Arabian Sea on the west. The forest area in the east and coastal area in the west are environmentally very sensitive areas. The midland and coastal lowland are thickly populated. The physical and geographical features of Kerala and shortage of land causes main hardships for port development and industrialization in Kerala. The geographical location of Kerala is very close to international shipping route. There are seventeen minor ports in Kerala, out of which three are considered as intermediate ports based on berthing, cargo handling and storage facilities available in them. These have contributed much to the development of industry, trade, commerce and agriculture in the country.

5.3.1 COCHIN PORT

Cochin Port is the only major port in Kerala. It is spread over 827 hectares. It has a water frontage of 7.5 Km. The port has connectivity to hinterland through NH 47, NH 17 and NH 49. Rail links to the Konkan and Southern Railway also give key rail access to its hinterland. An Inland Waterway connecting Kollam and Kottappuram on either side is being developed by the Inland Waterways Authority of India. During 2012-13, foreign cargo traffic decreased by 1.51% to 132.28 lakh tonnes from 134.31 lakh tonnes in the preceding year. During the year 2012-13, 1368 vessels called at the Port as against 1386 vessels in the preceding year registering a decrease of 1.30% in the shipping activity. The total traffic handled by the Port during the year recorded a decrease of 1.22% to 198.45 lakh tonnes as against 200.91 lakh tonnes handled in the preceding year. Total number of passengers arrived at and sailed from Cochin Port during the year was 128775 and 121274 respectively as against 145892 and 117705 in the preceding year.

Coastal cargo traffic have also decreased by 0.65% to 66.17 lakh tonnes from 66.60 lakh tonnes. Total import traffic handled during the year recorded an increase by 1.46% to 160.11 lakh tonnes from 157.80 lakh tonnes in the preceding year.

Total export traffic handled during the year showed a decrease of 11% to 38.34 lakh tonnes from 43.11 lakh tonnes in the preceding year. During the year the tonnage of container cargo (excluding tare weight of containers) handled increased by 3.9% to 38.79 lakh tonnes from 37.33 lakh tonnes in the preceding year. Total number of containers handled showed a decrease to 334925 TEUs during the year from 337053 TEUs handled in the preceding year indicating a decrease by 0.63%

Vallarpadam International Container Transshipment Terminal

The Prime Minister of India laid the foundation stone for Vallarpadam International Container Transshipment Terminal in 1995. Completion of this prestigious project would make the Cochin port a major hub port in the Indian Ocean region.

Regarding the construction of ICTT at Vallarpadam, Soil stabilization work with stone columns and band drains commenced and is in progress. Supporting infrastructure project namely stage-II capital dredging for providing 14.5 m draft at ICTT, National High Way connectivity at a route length of 17.2 kms and Rail connectivity with route length of 8.86 Km are at various stages of execution. Capital dredging was completed on

1st November 2012 and clearing the area is in progress. The progress achieved upto 31/03/2013 with respect to four lanes connectivity is 84%. National Highways Authority of India is expected to complete the work by May 2014.

5.3 INLAND WATER TRANSPORT

Inland Water Transport is a fuel efficient and environment friendly mode of transportation. India is richly endowed with navigable waterways, comprising rivers, canals, backwaters, creeks, etc. The Inland Waterways Authority of India has been established for the development and regulation of Inland waterways for shipping and navigation and for related matter. The Inland Waterways Authority of India Act, 1985, empowers the Government to declare waterways with potential for development of shipping and navigation as National Waterways. Currently, three waterways have been declared as National Waterways of which National Waterway 3(Kollam – Kottapuram stretch of West Coast Canal along with Champakara and Udyogmandal Canals (205 km)) is in Kerala.

Also, in order to provide an impetus to the development of Inland water transport modes, an Inland Water Transport Policy has been announced. It includes several fiscal concessions and guidelines for encouraging private sector participation in development of infrastructure and ownership and operation of Inland vessels. IWAI is also authorized for joint ventures and equity participation in BOT projects.

State of Kerala is endowed with numerous backwaters and it is one of the States in India, where waterways are successfully used for commercial Inland Water Transport. The transportation is mainly done with country craft and passenger vessels. There are 41 navigable rivers in Kerala. The total length of the Inland Waterways in the State is 1687 Kms. The main arterial waterway in the state is West Coast Canal. The West Coast Canal connects the Hosdurg in the north to Thiruvananthapuram – Poovar in the South and is about 590 Km including 47 Km. uncut portion from Badakara to Azheekal.

The Inland Canals play an important role in the economy of the state as they interconnect the rivers, on the banks on which are situated places of commercial and industrial importance and also give a connection from interior places to the West Coast Canal System which can be broadly divided in to three sections as below,

1. Neeleswaram to Kottappuram 348 Km

2. Kottappuram to Kollam (NW III) 168 Km
3. Kollam to Kovalam 74 Km

The canal portion from Thiruvananthapuram to Ponnani and then along Bharathappuzha River upto Shornur is known as Thiruvananthapuram – Shornur Canal (TS Canal). As part of a programme for developing Waterways by the central Government, length of 168 Km of Waterway from Kollam to Kottappuram of West Coast Canal including Udyogamandal and Champakara Canals were declared as National Waterway No. III.

Inland Waterways Authority of India is carrying out various developmental works viz. Capital dredging for providing 2 m Least Available Depth (LAD), width of 38/32m, 24 hours navigational facilities and terminals equipped with mechanical cargo handling equipment.

Capital dredging work of Udyogamandal canal has been completed and the stretch is fully navigable and in Champakara canal, the work of dredging has been completed and the stretch is fully navigable except a small shoal at Thevara which could not be completed due to local issues.

Government agencies engaged in the development of Inland Water Transport in the State are Coastal Shipping and Inland Navigation Department (CSIND), State Water Transport Department (SWTD) and Kerala Shipping and Inland Navigation Corporation Ltd. (KSINC).

5.5 AIRPORTS

Kerala has three Air Ports at Thiruvananthapuram, Kochi and Kozhikode handling both International and Domestic flights. Thiruvananthapuram and Kozhicode Air Ports are owned by Government of India and Kochi Air Port is owned by Cochin International Air Port Ltd (CIAL), a company set up by Government of Kerala with Public Private Participation.

5.5.1 Kozhikode International Air Port:

Table 5.5.1.1

Traffic Statistics for Calicut International Airport for 6 Years

SINo	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Aircraft Movement (International+ Domestic) (in Numbers)	13,105	15,263	19,432	17,615	16809	16,300
2	Passenger Movement (International + Domestic) (in Numbers)	11,33,622	13,32,747	16,79,095	18,63,869	20,61,098	22,09,924
3	Total Freight (International + Domestic) (in Tonnes)	11,461	9,394	12,919	17,500	21,742	25,592

The following are the major achievements of Kozhikode International Air Port during 2012-13

1. New international arrival block and extension of apron to be awarded.
2. Security hold area of international terminal building augmented
3. CNS/ATM Automation 24Hours basis operations started
4. New Approach Control Frequency 119.150MHz and SMC Frequency 121.625MHz commissioned
5. Airport Emergency Medical Center Augmented
6. Airport Medical Inspection Room established in coordination with M/s ANGEL (Active Network Group for Emergency Life Support)
7. RESA provided for RWY 10/28
8. Extension of ARFS for CAT IX compliance is completed
9. Airport is re-certified with ISO 9001: 2008 and ISO 14001: 2004 for another 3 year ending 24-12-2014
10. New Car Parking System is in force with effect from 01st January 2012
11. CSI rating of 84%
12. Augmentation of Passport Control Counters enabling efficient facilitation
13. Airport Director and his team, Calicut International Airport was awarded with Special Achievement Award by Shri K.C. Venugopal, Hon'ble Minister of State for Civil Aviation

5.5.2 Cochin International Airport Limited

The Cochin International Airport Limited has posted a record profit (after tax) of 124.42 crores during the 2013-14 fiscal which is up by 11.68 % that of last year. Daring the oddity of setbacks in aviation sector in other parts of the country, CIAL increased its total revenue margin by 17.9 %. The total revenue of the company during last financial year was at ₹306.5 crores with a profit after tax of ₹111.41 crores. The board of directors recommended a dividend of 18 per cent. It was 17 % at last fiscal. Owing to the success of company's efforts of diversification, this year's figure also shows that 44.8 percent of the revenue (₹161.99 crores) comes from non traffic sector. CIAL has been showing consistent growth since its inception and paying dividend unfailingly since 2003-04 and the total pay-out as dividend has reached 114 % as on 2012-13. It handled more than 5.3 million passengers in the last fiscal. As part of CIAL's effort to provide international class service to passengers in a cost effective manner, it now embarked on an ambitious project of building a new international terminal at a cost of Rs 850 crores; which is expected to be completed by February 2016.

The airport handled 5.39 million passengers in 2013-14 fiscal, which is 10.01 % above that of the 2012-13 fiscal. Also notable is that, international passengers exceeds the domestic passengers, a trend which shows the potentials of the airport. 3.271m is the figure of international passengers who used the airport while 21.19 m is the figure of the domestic passengers. CIAL has recorded 11.49 % growth in international passengers and 7.8 % growth in domestic passengers. In 2013-14, the airport recorded 47072 aircraft movements which is higher by 13.32 percent of what have had in previous financial year.

CIAL cargo division is also recorded growth in the last fiscal. The total tonnage increased by 17 percent compared to the last fiscal. CIAL handled 54440.0 ton of cargo this year against that of 46530.3 ton last year. The perishable cargo has witnessed a growth rate of 22.19 percent, thanks to the high end air-conditioned ware house built by CIAL a few years ago.

Kerala Chief Minister Oommen Chandy on Saturday (1st February 2014) laid the foundation stone for a new international terminal of the Cochin International Airport Limited, which will make it one of the best airports in India. The 1.5 million-square-feet terminal to be built at a cost of Rs8bn and more than three times bigger than the existing one, will be capable of handling 4000 passengers at the peak hour.

The airport launched an 18-hole golf course, aviation security raining institute, a solar power plant, a new 32,000 sq. ft. duty free warehouse and a golf academy.

Today, the airport records 181 international aircraft movements and 232 domestic aircraft movements in a week, handling 11,000 passengers a day. More than 33,000 people are visiting airport every day. The domestic terminal with 100,000 sq-ft area has passenger handling capacity of 400 incoming and 400 outgoing passengers an hour. Once the new facility is ready, the existing international terminal too will be added to this.

5.5.3 Kannur Air port

The State's prestigious Greenfield airport project named 'KANNUR INTERNATIONAL AIRPORT' will be coming up close to Mattannur in Kannur district of Kerala State. It is only 20 kms away from Kannur city, and 2 kms from Mattannur on Kannur – Mattannur – Mysore road. The Airport will have a runway length of 3400 meters. The orientation of the runway is 07/25, which permits obstacle free approach.

The current status of Kannur International Airport

1. GOVERNMENT APPROVAL

- 1 ENVIRONMENTAL CLEARANCE
Ministry of Environment & Forest granted necessary Environmental clearance for the project, vide MoEF letter no. nil dated 19th July 2013.
- 2. STATUS OF CLEARANCES FROM MINISTRY OF DEFENCE (MoD), MINISTRY OF HOME AFFAIRS (MHA) AND DGCA
- Ministry of Defense, GOI renewed its NOC on 28th September, 2012 for a period of 5 years.
- Ministry of Home Affairs accorded security clearance for the proposed airport vide letter dated 12th October 2012.
- DGCA accorded site clearance of the proposed airport vide its letter dated 17th August 2012.
- Master plan submitted to DGCA and other concerned authorities.
- Security vetting first inspection carried out by Regional Deputy Commissioner of Security, BCAS along with IB, Customs, CISF, Local Police & KIAL, Officials on 19th November 2013.

- Keezhallur Gramapanchayat accorded clearance vide its letter no. A5-3860/13 dated 19 October 2013.
- Mattannur Municipality accorded clearance vide its letter no. E2-11681/13 dated 4 November 2013.
- Pollution Control Board "Consent to commence the Work" was received on 12 December 2013
-

2. Detailed Project Report Completed by Project consultants

Detailed project report (DPR) has been completed by project consultants M/s AECOM & CRISIL consortium.

3. Land

An extent of 1276.03 acres has been acquired for Kannur International Airport project as on 7 October 2010, out of 1284 acres notified. Remaining land is expected to be taken over soon.

4(1) Notification for additional 783 acres has been published. M/s KINFRA nodal agency for land acquisition are already in the process of acquiring Phase three land.

5.6 COMMUNICATIONS

Kerala provides high international connectivity and instant data transfer facilities. Investment bases such as Technopark even provide an in-campus dedicated satellite earth station, which offers global information links that are quite inexpensive.

What is more, Kerala is one of the only two locations in India where both the optic fibre submarine cables SEA-ME-WE-3 and SAFE converge, giving superb Global Connectivity at unbelievably low rates.

In addition, Kerala not only has the highest tele-density, but also the highest penetration of optic fibre cable in the country. Kerala also comes across as the cell phone circle with the highest density in India, with an unparalleled connectivity across 70 different towns. Even in the most remote part of Kerala, state-of-the-art digital exchanges provide voice communication to every nook and corner of the world.

5.6.1 POSTAL SERVICE

Kerala Postal circle includes the entire State of Kerala, the Union Territory of Lakshadweep and Mahe under the Union Territory of Puducherry. Kerala is the only postal circle where every village has at least one post office. As on 31.09.2013, there are 5066 post offices in the circle, of which 1506 are Departmental post offices and 3560 Extra Departmental post offices. On an average each post office in the State serves an area of 7.69 Sq.km and a population of 6607 as against the national average of 21.21 sq.km and a population of 7175 people. 83 percent of the post offices are in the rural areas.

Major Activities of Kerala Postal Circle during 2012-13 up to 30.09. 2013

- All the 1506 departmental post offices in the Circle are computerised
- Providing new e-based and value added services
- Introduction of International Speed Post or EMS - a facility available from India to 99 countries
- Two new parcel products of India "Express Parcel" and "Business Parcel" introduced
- Introduction of Logistics Post Air to the customers for getting end to end services on the logistics value chain for faster transmission /delivery of their consignments
- Tie up with Kerala State Government for Corporate e-post
- i. Tie up with Commissioner for Entrance Exam for selling Application forms under Retail post
- ii. Tie up with director, LBS Centre for Science & Technology
- iii. Kerala Water Authority under e-payment
- iv. BSNL under e-payment
- v. Tie up with Local Self Government for tax collection

5.6.2 TELECOMMUNICATION

Kerala Telecom circle serves the whole of Kerala State, the Union Territory of Lakshadweep and part of Union Territory of Pondicherry (Mahe). The Circle has 11 major SSAs and one minor SSA of Lakshadweep. It was in this State that all the telephone exchanges were made automatic for the first time in the whole country. Status of Telecom Sector in Kerala as on 31.03.2013 is given in Table 5.6.2.1

Table 5.6.2.1**Status of Telecom Sector in Kerala as on 31.03.2013**

Sl.No	No. of Telephone Exchanges	1266
1	Equipped Capacity	9920944
2	Working Connections	10661427
3	Average No. of Telephone per Sq.Km	274
4	Telephone Density	334 per 000 population
5	Telephone density (Rural)	230 per 000 population
6	Telephone density (Urban)	626 per 000 population
7	Market share of BSNL in Kerala	32.64

All the Panchayats and all the villages in the Circle have been provided with public telephones. There is wide network of over 46775 Public Telephones for easy access to the average public and the same has become very popular among the people. The State has a modern telecom network spanning its length and breadth and comprises of state-of-the-art Digital switches interconnected by reliable Optical Fibre/Microwaves/Satellite media. The State is served by 1266 automatic exchanges all of which are Digital electronic.

BSNL has launched WIMAX (Wireless Broadband Service) service with mobility for the first time in the State with 450 towers covering all the SSA Head Quarters. In the (Code Division Multiple Access (CDMA) front, BSNL Kerala has already implemented all India roaming facility and Evolution Data Optimal (EVDO) services offering High Speed Internet Access at affordable rates.

The major achievements of BSNL as on 31.03.2013

- The total number of Telephone connections working is around 107 lakh (Landline 29 lakh, WLL 2.75 lakh and Mobile 75.45 lakh)
- There are 614998 Broadband Customers are available in the Circle. Broadband service is 'on demand' in almost all Exchanges
- 245060 3G connections have been provided
- 15480 WIMAX connections provided
- 20484. 017 RKM of OF cable has been laid
- 844 Colleges are covered under National Mission for Education Project (NME) and about 9260 broadband connections have been provided
- BB connectivity to 1656 Akshaya Centres are provided

- BB Kiosks have been provided at 363 locations under USOF
- Provided 872 VPNoBB connections to Grama Panchayats and 1100 Village offices in twelve districts
- Provided about 935 BB connections to Kudumbasree Offices and 472 connections to NREGS
- Provided about 652 Combined VPN connections to Excise Department and 566 connections to Kerala Police

5.6.3 PASSPORT AND EMIGRATION

13 PSKs in the State of Kerala are located at Thiruvananthapuram, Neyyattinkara, Kollam, Kochi, Aluva, Alappuzha, Kottayam, Thrissur, Kozhikode, Vadakara, Kannur, Payyannoor and Malappuram.

The first Passport Office in Kerala was set up in Kochi in 1975 followed by Kozhikode in 1978, Thiruvananthapuram in 1992 and Malappuram in 2006 in response to fast growing demand for passports in the State. The number of passports issued by four Passport Offices in Kerala rose from 6.17 lakh in 2006 to 7.46 lakh in 2011 – a rise of nearly 21%. They also rendered 90 thousand miscellaneous services last year. The work relating to emigration of Indian citizens from India to other countries for employment and return of emigrants is the responsibility of the Ministry of Overseas Indian Affairs. Office of the Protector of Emigrants, Cochin is under the supervision and control of the Protector General of Emigrants, Ministry of Overseas Indian Affairs, New Delhi.

5.7 ENERGY

Energy plays a vital role in the socio-economic development and human welfare of a State. Apart from its contribution to economic development, it contributes significantly to revenue generation, employment and enhances the quality of life. Per-capita power consumption is considered as an indicator for measuring the standard of living of the society. Making available the required quantity of power at affordable price is the responsibility of the state. The possibility of tapping non-conventional sources of energy and private participation in energy development, conserving depleting reserves and controlling rising prices are thrust areas. Development of the power sector is the key to the economic development.

Power Sector in Kerala

In Kerala, shortage of power is the prime obstacle in starting new initiatives in the industrial field. The need for power is increasing and the production of power should also be increased accordingly. Monsoon is essential to sustain the hydropower base in the state and the shortage in rainfall usually creates power crisis. Hydel energy is the most reliable and dependable source in Kerala. Of the total installed capacity of 2881 MW during 2012-13, hydel contributed the major share of 2053 MW (71%); while 793MW was contributed by thermal projects including NTPC at Kayamkulam (Kerala's dedicated thermal station) and Kanjikode wind farm, Palakkad has contributed 2MW. Wind Energy from IPP is 33 MW. Additional capacity generated during 2012-13 was only 8 MW (0.28%) that is 2881 MW in 2012-13 against 2873 MW in 2011-12. The Table 5.7.1 depicts detail of energy source and its installed capacity in Kerala as on 31-3-2011.

Table 5.7.1

Energy Source in Kerala from 2008 to 2013

Sl No.	Source of Energy	Installed Capacity (MW)				
		2008-09	2009-10	2010-11	2011-12	2012-13
1	Hydel: KSEB	1888.10	1893.00	1997.80	2008.80	2010.05
2	Thermal: KSEB	234.60	234.60	234.60	234.60	234.6
3	Wind: KSEB	2.03	2.03	2.03	2.03	2.03
4	NTPC	359.58	359.58	359.58	359.58	359.58
5	Thermal: IPP	178.93	188.93	188.93	198.93	198.93
6	Hydel: Captive	33.00	33.00	33.00	33.00	33.00
7	Hydel: IPP	0.00	7.00	10.00	10.00	10.00
8	Wind: IPP	21.90	28.05	31.65	32.85	32.85
Total		2718.14	2746.19	2857.59	2879.79	2881.04

Source: Economic Review 2013

Power development activities in the state are carried out mainly through four agencies viz, Kerala State Electricity Board (KSEB), Agency for Non-conventional Energy and Rural Technology (ANERT), Electrical Inspectorate and Energy Management Centre (EMC).

Kerala State Electricity Board (KSEB) is the driving force behind development of the state of Kerala. KSEB has been responsible for the generation, transmission and supply of electricity in the state, with particular mandate to provide electricity at affordable cost to the domestic as well as for agricultural purposes.

In order to comply with the provisions of Electricity Act 2003 and the Government of India directives, the Kerala Government notified a transfer scheme through which all

assets and liabilities of KSEB are vested with the State Government. These Assets and Liabilities now vested with the Government are to be re-vested in a fully owned government company incorporated under the Indian Companies Act, 1956.

Based on the above Govt order, a new company named Kerala State Electricity Board Limited has been incorporated on 14th January 2011 for the re-vesting of assets and liabilities of KSEB now vested with the Govt. Government holds the entire shares of the Company and the members of the Board are appointed as Directors of the Company. On 31.10.2013, the Govt. has notified the second transfer scheme for re-vesting the functions, assets and liabilities of the KSEB to the new company.

Total installed capacity of power in the state as on March 2013 is 2881 MW, of which the contribution of state sector is 2246.68 MW (78%), central sector 359.58 MW (12%) and private sector 274.78 MW (10%).

During the year 2012-13 the peak demand reached 3268 MW and there was huge gap in the availability against requirement. This was on account of various factors like the reduction in inflow due to poor monsoon, high cost of naphtha and Low Sulphur High Stock (LSHS), reduction in availability of Central Generating Stations (CGS) etc. The maximum demand increased from 2765 MW during 2008-09 to 3268 MW (18% increase) during 2012-13.

With the hike in the consumption of energy, the State's power quota from the central pool has enhanced from 1267 MW to 1292.06 MW as on March 2013. The poor yield from hydel reservoirs, high cost for thermal power and increased demand for power created a situation of Negative Surplus Power during 2012-13. The negative situation occurred mainly due to the drastic reduction in hydel generation. At the same time the total requirement increased to 19879.7 MU in 2012-13 from 18946.29 MU (4.92% growth) in the previous year against the power availability of 16197.69 MU resulted a negative surplus of 3682 MU.

The domestic category consumers showed a growth rate of more than 3% from 8324961 in 2011-12 to 8573938 in 2012-13. Per capita consumption shows an increase of more than 4.94% i.e. 595 kWh in 2012-13 against 567 kWh in 2011-12. Growth of other agricultural pumping, Licensees (Bulk supply) also increased substantially over the year. During 2012-13, 16838.2 MU of energy amounting to ₹ 744697 lakhs was sold showing an increase of 656.57MU as compared to the previous years (16181.6 MU amounting to ₹ 581782 lakhs).

THE 12TH FIVE YEAR PLAN APPROACH TO ENERGY SECTOR

1. Capacity Augmentation

Kerala's installed capacity is presently around 2680 MW but the maximum power availability is only 2090 MW. During the 12th Plan, the target will be to double the installed capacity through installation of new gas based and super critical plants. The IPP concept will be encouraged to provide more resources for development of capacity, hydel power other than SHPs (300 MW) and Renewable Energy (RE) (700 MW) and also from energy conservation measures. A Task Force will be set up for preparing a time bound strategy paper on the manner and forms in which new generation opportunities can be seized.

2. Energy conservation/Savings/efficiency activities

'Energy saved is equivalent to energy produced' concept will be aggressively pursued during the 12th Plan.

3. Reducing AT & C losses

It is targeted to reduce AT & C losses to a sustainable level of 13% by the end of 12th Five Year Plan period largely through timely implementation of RGGVY and R-APDRP flagship schemes.

4. Reinventing KSEB

Managerial efficiency and productivity will be sought to be enhanced with the help of management institutions.

THE 12TH FIVE YEAR PLAN APPROACH TO INDUSTRY, IT AND SERVICES

1) MSME Sector

Incubators - As part of development and support to the MSME Sector a network of multi industry incubators in reputed engineering and management institutions and major parks under the IT department and KINFRA will be set up

The Cluster Development program will have to be strengthened and new clusters set up

10 new entrepreneurial units will be sought to be set up in each Panchayat every year, working jointly with Local Self Government Institutions. They will be provided with mentor support in the initial years

MSMEs need to be looked at as one of the major areas that will help solve our unemployment problems.

2) Food Processing

The potential of the food processing sector, both for domestic and export markets, needs to be exploited, setting up clusters of food processing units. The promotion of the existing food parks will get priority. This should lead to tripling of production in the Plan period.

PPP projects will be encouraged for setting up cold chains, including warehousing facilities at ports and airports

3) Industrial Infrastructure

The various parks set up by Kinfra, KSIDC and the Industries Department will be restructured so that their assets can be leveraged using public funding for setting up new parks and strengthening existing parks.

New Parks will also be set up under PPP

Government will endeavour to identify other land available with public sector units and with government department so that a land bank is available for setting up new industrial infrastructure in the PPP mode.

4) Traditional Industries

Traditional Industries such as Coir, Handloom, Handicrafts, Khadi and Cashew play a substantial role in generating employment in rural areas with minimum investment. With a view to ensure sustainability and to revamp the traditional sectors, thrust will be given for enhancing export earnings, technology upgradation, product diversification / value addition, market promotion and skill development.

5) Pollution free Industries

In order to preserve the ecology of the state, high priority will be given to the establishment of the requisite industrial infrastructure for the purpose. The State will not encourage the setting up of polluting industries.

6) Mineral Development

Technology and capital support will be provided for effective value addition of rare mineral resources like ilmenite, thorium and monazite.

7) Entrepreneurs

Entrepreneurs are the well-spring of societal growth.

Entrepreneurs create new enterprises, productive employment and, therefore ensure material well –being of society

The most important initiative for accelerating the pace of economic expansion in the State is creating such an enabling entrepreneurial ecosystem. Components of a pro-enterprise socio –economic – cultural environment include:

- Simplified procedure for start up or expansion or closure

- Low administrative burdens and compliance cost
- Availability of quality human resources
- Helpful labour climate
- Availability of different kinds of funding instruments
- A network of industry incubators in different industries with strong scientific support to enable young entrepreneurs to develop concepts into commercially viable projects

Close liaison will be established with successful entrepreneurs in Kerala to help them grow and diversify.

8) Labour

The system of resolving labour disputes, which is widely noted to have been working well, leaves scope for further improvement in the 12th Plan.

The focus of the Plan will be on overcoming negative publicity by way of special efforts to disseminate the fact of peaceful management labour relations in the State. Innovative programmes will be evolved for resolving disputes that give rise to such adverse publicity

The gender gap in industrial training will be bridged by starting Women ITIs in four uncovered districts

Thorough overhauling and integration of all self employment and entrepreneurship development programmes will be an area of focus

Restructuring and integration of labour welfare fund boards after proper consultation with stake holders will be an objective of the Plan. Appropriate programmes to address problems related to the in-migrants from other States will be ensured

In view of increasing safety risks and occupational hazards, safety education and practices will be given special emphasis in the Plan. One occupational health centre will be established in the State.

9) Skill Development

12th Five Year Plan is being designed with key focus on policy interventions which would aid in building sustainable enterprises, leading to job creation and improving the livelihood of the masses.

The key focus would be to produce maximum number of trained people who will be able to fulfill the global demand for skilled labour.

It is proposed to initiate a registration portal for skilled labour with the help of Akshaya and IT department so that people can effectively utilize the services of various types of skilled labourers.

A mission mode approach would be followed for addressing the unemployment problem for educated unemployed through skill development and other means. This will be implemented with joint participation of public and private sectors and Panchayats

Training programmes will be conducted with help of National Skill Development Corporation and Entrepreneurial Development Institute of India to make educated youth capable of becoming entrepreneurs

A master plan for skill development will be prepared with particular emphasis on using the advantage Kerala has of broad band connectivity to every village.

10) Information technology

IT in the 12th Plan would have a three pronged thrust

Increasing the service delivery capability of Government with the use of IT:

a) E Governance initiatives across all sections of Government and Local Self Government

b) Better utilization of Akshaya Kendras as service delivery points

The existing assets of IT parks will be leveraged to mobilize public funding for more parks and expansion of existing parks, including setting up parks in new areas away from the major IT centers of the State and to facilitate the growth of the IT Industry by at least 10 times during the Plan period

IT will be used as a tool for promoting tourism and industry showcasing Kerala as a place to live in and work from.

11) Science and Technology

- a) High quality research and development will be encouraged to take Kerala to a higher level in original research and cutting edge Technologies
- b) Technology development in India and abroad will be effectively showcased to facilitate development of science and technology based industries
- c) Schemes will be introduced to reward and honour scientists who make significant contributions in developing new concepts, theories, products and technologies. Such awards will be subject to rigorous peer evaluation and scrutiny by leading scientists.
- d) The marine brackish water and fresh water resources of the State need to be researched and developed systematically as they hold the potential for commercial utilisation on a very large scale. In the 12th Plan, special attention will be given to marine biotechnology.

12) Tourism

Kerala tourism is a major development segment and a well known global brand. To sustain tourism in the highly competitive market, we need to ensure quality experience to the visitors while benefiting society and industry. Promotion of private entrepreneurs, development of quality man power etc are needed to support the industry.

The Tourism sector visualizes a growth rate of 12%. To achieve this objective, the thrust areas identified during Twelfth Plan are,

1. To ensure quality visitor experience:- The thrust areas include infrastructure plans for all major existing tourist centres, infrastructure and development of tourist facilities in less known areas, private participation in infrastructure projects and scientific waste management in major destinations through local bodies

2. To promote Kerala as a visible global brand :- Participation in international and domestic fairs, conducting international and domestic road shows and fairs and using print and electronic media for promotion are envisaged at under the scheme.

3. To create enabling environment for Private investment:- The procedure for approvals and clearances will be simplified and necessary support given for growth of private investors.

4. To ensure community participation and benefits:- Multi stake holder mechanisms involving public, private, and local community in tourism planning and development, roll out of responsible tourism initiatives to other destinations, and ensuring strong backward linkages for tourism to rely on local produce and local skills are other initiatives planned.

5. Quality of human resource in tourism service delivery will be improved by providing qualified manpower.

6. Providing and augmenting infrastructure facilities in the existing tourist hubs like Kovalam, Kumarakom, Munnar, Wayanad, Bekel etc. This will include establishment of seaplane services for which the necessary infrastructure will be provided under the Plan, while the service itself will be left to public or private sector agencies.

7. Forest tourism will be developed and encouraged with the help of the Department of Forest and Wildlife.

8. One museum will be developed in each district to showcase Kerala's unique art, culture and history and to attract tourists from all over. The help of the Government of India and, where possible, of the private sector will be taken.

9. The tourism potential of hill and plantation areas will be fully exploited to develop more options for tourists.

10. More budget packages will be developed to attract domestic tourists.

12. New destination with special emphasis on Malabar region will be identified and promoted.

13. Non-Resident Keralites

The Department of NORKA will liaise with Ministry of External Affairs, Ministry of Overseas Indian Affairs and with Missions abroad to maintain regular contact with Non-Resident Keralites.

The problems of in-migrants from amongst Non-Resident Keralites will be addressed through convergence of existing schemes and, where necessary, by evolving new schemes.

The Department of NORKA and KSIDC will develop new investment opportunities for Non-Resident Keralites and support them in the task of establishing new enterprises in Kerala.

Major expansions in allocation, improvement of existing schemes and introduction of new ones are urgently required for addressing problems of NRKs especially in view of the possible global economic slow-down and consequent crisis in destination countries.

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CHAPTER- 6

INSTITUTIONAL SUPPORT AND INCENTIVES

6.0 CENTRAL GOVERNMENT ORGANISATIONS AND THEIR FUNCTIONS

There are number of Central Government Institutions functioning in the State for promotion and development of Small Scale Industries. Brief details of these Institutions are given below:

6.1 MSME-Development Institute, Thrissur

MSME Development Institute is a field outfit of Ministry of MSME Government of India rendering techno-economic and managerial assistance to entrepreneurs. It conducts skill up-gradation courses to the personnel employed by small industries through its Workshop in trades like Welding - TIG, MIG & STIC, Machine shop Practice, CNC Lathe Programming and Operation, Fruit and Vegetable Preservation, Training in Leather and Footwear manufacturing. The Workshop also renders common facility services in General Engineering, Machine Shop, Welding, Footwear making, Leather Goods making and Fruit and Vegetable Preservation etc.

Apart from the above, specialized short-term training courses are conducted by the Institute in various disciplines like Industrial Management, Financial Management, Marketing Management, Quality and Inventory Control, Accounting Procedures and Labour Law, Export Packaging etc. Entrepreneurial Development and Skill Oriented Training Programmes are also organized in association with Technical Institutions and NGOs. Depending upon the need Seminars, Open House Discussions, Motivation Campaigns, Awareness Programmes on ISO-9000, Pollution Control, Energy Conservation, Quality Control, Modernisation etc. are also organised by the Institute.

6.1.1 MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP)

DC (MSME) launched MSE-CDP for holistic development of selected MSEs clusters through value chain and supply chain management on co-operative basis.

SCHEMES OF DCMSME

1. FINANCIAL ASSISTANCE FOR ISO-9000/ 14000/ HACCP CERTIFICATION

- Conducting Seminars/ training programme to bring awareness among the Entrepreneurs for Quality up-gradation, Quality Management System etc. The Institute reimburses Micro & Small units @ 75% of the eligible cost or ₹75,000/- whichever is less for obtaining ISO-9000/ 14000/ HACCP Certification.

2. VENDOR DEVELOPMENT PROGRAMME

- Identify potential items for development in Micro & Small Scale Sector in consultation with Large and Medium Scale establishments for the purpose of Vendor Development.
- To organize Buyer-Seller Meets/ Vendor Development Programme & Industrial Exhibition to provide marketing support to Micro & Small Enterprise Sector.

3. CREDIT LINKED CAPITAL SUBSIDY SCHEME FOR MSMEs (CLCSS)

- @ 15% upto ₹15 lakh maximum subsidy for adopting approved technology through Institutional finance.

4. EXPORT PROMOTION – PARTICIPATION IN INTERNATIONAL TRADE FAIR.

- Under the scheme, financial assistance is provided to Micro & SSI units upto ₹1.25 lakhs. The unit may avail once in a year for single person.

5. CLUSTER DEVELOPMENT PROGRAMME (MSECDP)

- Undertake Detail Survey of Clusters & Diagnostic Study
- Identify the MSEs Cluster
- Checkout the strategy for developing Cluster and to make it competitive
- Implement the action plan
- Creating of Common Facility in the Cluster
- Assist State Government for developing Cluster

- Assist Associations and other Agencies for Cluster Development
 - Financial assistance for soft interventions, hard intervention, infrastructure development etc. to MSEs cluster upto ₹25 lakhs, ₹9 crores & ₹10 crores respectively.
6. CREDIT GUARANTEE TRUST FUND SCHEME FOR MICRO & SMALL ENTERPRISES (CGTMSE)
- The credit facilities which are available to be covered under the scheme are both term loans and working capital facility upto ₹100 lakhs per borrowing unit, extended without any collateral security or third party guarantee, to new or existing micro & small enterprise. The guarantee cover available under the scheme is to the extent of 75% of sanctioned amount of the credit facility. The extent of guarantee cover is 80% for (i) micro enterprise for loan upto ₹5 lakhs (ii) MSEs operated and/ or owned by women.
7. NATIONAL AWARDS TO MSMEs
- Outstanding Entrepreneurship
 - Quality Products
 - Research & Development Efforts
 - Lean Manufacturing
8. FINANCIAL ASSISTANCE UNDER NATIONAL MANUFACTURING COMPETITIVE PROGRAMME (NMCP)
1. Marketing Support / Assistance to MSMEs (Bar Code)
 - Reimbursement of 75% of the onetime registration fee and 75% of the first three years annual fees.
 2. Support for Entrepreneurial and Managerial Development of SMEs through incubators
 - Financial assistance upto ₹6.25 lacs per incubatee
 3. Enabling Manufacturing Sector to be competitive through Quality Management Standard & Quality Tech. Tools (QMS/QTT).

- Introduction of Course Modules in 1800 ITI's/ Technical Institutions ₹425 lakh per year.
 - Product Professional study upto ₹2.5 lakhs (50%)
 - Technical exposure visit upto ₹7.5 lakhs per association
 - Procurement of samples/ technical details upto ₹25 lakhs (50%)
 - Product development by technical bodies upto ₹5 lakhs (62.5%)
 - Popularization of improved products upto ₹1.5 lakhs (75%)
 - 100 MSMEs would be assisted @ ₹1.5 lakhs/ unit for covering costs of Diagnosis Study and for implementation of QMS/ QTT Tools.
 - International Study Mission ₹1.5 lakhs (62.5%)
4. Building Awareness on Intellectual Property Rights (IPR) for MSME
- Assistance for Grant on Patent/ GI Registration
- (i) Domestic Patent ₹0.25 lakhs
 - (ii) Foreign Patent ₹2 lakhs
 - (iii) GI Registration ₹1 lakh.
5. Lean Manufacturing Competitiveness Scheme for MSMEs
- Upto 80% charge of Consultant
6. Design Clinic Scheme for design expertise to MSMEs Manufacturing Sector (DESIGN).
- Reimbursement of 60% fees of designer
 - Upto ₹15 lakhs for a group of 4 MSME's & above.
 - Upto ₹9 lakhs for a group of 3 MSME's
7. Marketing Assistance & Technology Up-gradation Scheme in MSMEs.
- Technology Up-gradation in Packaging, upto ₹8 lakhs for group of 10 units.
 - Skill up-gradation/ Development for modern marketing techniques, upto ₹4.8 lakhs/cluster

- New Markets through State/ District level local exhibitions/ Trade fair upto ₹20 thousand/ unit
- Corporate Governance, practices, upto ₹0.45 lakh/unit
- Reimbursement to ISO 1800/ 22000/ 27000/ certification, upto ₹1 lakh/ unit in each case.

8. Technology and Quality Up-gradation Support to MSMEs

- Subsidy upto ₹ 10 lakhs (25%) for adoption of Energy Efficient technology by MSEs.
- National/ International Product Certification ₹ 1.5 lakh for National and ₹ 2 lakh for International Certification.

9. Promotion of ICT in Indian Manufacturing Sector (ICT)

- For preparation of feasibility report ₹ 1 lakh/ cluster.
- For Detail Project report ₹ 2 lakhs/ cluster
- For e-Readiness Centre 40% of project cost.
- Upto ₹ 0.75 lakh/ unit for procurement of software & hardware.

9) MSME-MDA.

- a) Participation in International Fairs.
- b) Purchase & Price preference scheme.

10) Integrated Infrastructure Development (IID) Scheme

11) Assistance to Entrepreneurship Development Institutes.

12) Scheme to Support 5 Selected University/Colleges to Run 1200 Entrepreneurship Clubs p.a.

13) TREAD Scheme

14) Scheme of Micro Finance Programme

SCHEMES OF MINISTRY OF MSME.

1. Prime Minister Employment Generation Programme (PMEGP)
 - ₹ 25 lakhs and ₹ 10 lakhs for manufacturing and service enterprise, respectively
 - Subsidy from 15 to 35% depending upon eligibility.
2. Scheme on International Cooperation
 - Reimbursement upto ₹ 25 lakhs is available to Association Members for their participation in the International Fairs/ Exhibition/ Conference etc.
3. Domestic /International Trade Fair.
 - Financial Assistance upto ₹ 1.2 lakhs.

6.2 NATIONAL SMALL INDUSTRIES CORPORATION LIMITED

The National Small Industries Corporation (NSIC) is a Central Agency functioning for the cause of SSIs and arranges machinery on hire purchase, enlist units under single point registration programme, provide machinery/equipment under leasing scheme and organizes a number of technical training courses through its Prototype Development Centres located throughout the country in addition to conducting EDPs and short term training courses on Information Technology.

The various assistance schemes operated by NSIC are detailed below.

- i) Equipment/machinery leasing scheme for expansion, modernisation, diversification and technological upgradation of SSI sector.
- ii) Single point registration scheme for participation in Central Govt. Store Purchase Programme for marketing SSI products.
- iii) Hire purchase scheme, for purchase of machinery for establishing SSI units.

iv) Composite Term loan Scheme for assistance to tiny units. CTL is granted for acquisition of land and building, machinery and equipment and working capital to tiny units with total assistance raised to ₹ 25 lakhs.

v) Internal and external marketing of SSI products are carried out by the following methods.

a) **Consortia approach** – by pooling the SSI units producing same products are associated in the form of consortia and NSIC explores market and secure orders for bulk quantities. The incidental jobs connected with the execution of orders are also carried by NSIC.

b) **Tender Marketing** – On behalf of SSTs, NSIC participate in bulk local tender and global tender of Central and State Govt. and suitably help SSTs compete for orders.

c) **NSIC Marketing Development Centres – NSIC Shoppe** – are Centers functioning throughout the country play a catalytic role in providing exposure of SSI products and assist in direct and indirect marketing etc.

vi) Prototype Development and Training Centres for promoting Technical Skill.

vii) Hire Purchase Scheme 1997 for women entrepreneurs

6.3 OTHER SIDO OFFICES AND THEIR FUNCTIONS

The other two organizations functioning under SIDO in Kerala are Directorate of Small Entrepreneurs Promotion And Training Institute, Ettumanoor and Small Entrepreneurs Promotion And Training Institute, Thiruvalla

a) DIRECTORATE OF SMALL ENTREPRENEURS PROMOTION AND TRAINING INSTITUTE, ETTUMANOOR

The erstwhile Directorate of Production Centre, Ettumanoor in Kottayam District is re-named as Directorate of Small Entrepreneurs Promotion and Training Institute (D-SEPTI) with effect from 1/12/99 and imparts technical training to educated unemployed youth and inculcate in them entrepreneurial culture.

**b) SMALL ENTREPRENEURS PROMOTION AND TRAINING INSTITUTE,
THIRUVALLA**

Small Entrepreneurs Promotion and Training Institute (SEPTI) Manjadi, Thiruvalla is a SIDO field outfit established in 1994. Its prime function is to educate and motivate entrepreneurial culture among technically qualified unemployed youth with special reference to electrical technology, conducting Skill Development Training Programme for technically qualified persons, developing entrepreneurship among educated unemployed youth and build confidence in them to set up small production ventures with the ultimate objective of generating employment opportunities in addition to conducting training programmes on Information Technology, Fire fighting and other sponsored programmes for Govt., Semi-Govt. and Autonomous Bodies.

6.4 OTHER INSTITUTIONS

6.4.1 SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA.

The Small Industries Development Bank of India (SIDBI) – a subsidiary of IDBI was established under an Act of Parliament in 1990 as principal financial institution for promotion, development and financing of industries in small scale sector in India and to co-ordinate the functions of institutions engaged in these activities. SIDBI's assistance to MSME sector is channelised mainly by way of refinance through primary lending institutions (PLI) like commercial/co-op and regional Rural Banks, State Financial Corpn. and State Industrial Development Corporations etc. SIDBI refinances these institutions to the extent of the assistance they provide. Beneficiaries have to directly approach PLIs for this purpose. The role played by SIDBI for development of MSME sector is channelised through:

- (i) Indirect assistance to Primary Lending Institutions (PLIs.)
- (ii) Direct assistance to small units
- (i) Development and support services

1. INDIRECT ASSISTANCE

Indirect assistance is extended by way of refinance, granting of Line of Credit (LoC) in lieu of refinance to and rediscounting of bills of PLIs including banks, SFCs, SIDCs, etc.

2. DIRECT ASSISTANCE

Dispensed through SIDBI's 38 Regional Branch Offices spread across the country under several tailor-made schemes.

SIDBI Directly Finances for:

- Setting up new MSME Units, small hotels, hospitals & nursing homes, tourism related activities and modernization / expansion / diversification / technology upgradation of existing units.
- Marketing development projects, which enlarge the domestic and international marketability of MSME products.
- For developing infrastructure for MSMEs.
- MSME Units for acquiring ISO-9000 Series Certifications.
- MSME Units engaged in exports by way of pre-shipment and post-shipment credit in rupee and foreign currency.
- Leasing and hire purchase companies for offering leasing / hire purchase facilities to MSME units.

SIDBI Directly Discounts

- Bills of manufacturer-seller in MSME sector for selling either equipments or components.

3. SIDBI OFFERS FINANCIAL ASSISTANCE TO:

- MSME units under Technology Development and Modernization Fund (TDMF) Scheme.
- MSME units in the textile and jute sector for taking technology upgradation and modernization under Technology Up-gradation Fund Scheme (TUFS)
- Tanneries in MSME sector for taking up modernization under the Tannery Modernization Scheme (TMS).
- 12 per cent capital subsidy on loans advanced to MSME units by scheduled commercial banks and NSIC under Credit Linked Capital Subsidy Scheme.
- Short term loans to State Electricity Boards to facilitate their purchases from MSMEs and effect payment in time. Discounting of invoice of MSMEs supplying their products to large purchaser companies in the public/private sector.

- Support to obtain credit rating from accredited credit rating agencies.
- Direct factoring services (in select centers) to MSMEs.

4. SIDBI's FOREIGN CURRENCY ASSISTANCE INCLUDES

- Loans to import equipment by existing export-oriented MSME units and new units having definite plans for entering export markets.
- Loans to execute confirmed export orders by way of pre-shipment credit/letter of credit and post-shipment credit facilities.
- Pre-shipment and Post-shipment Credit in Rupees to exporting MSMEs for greater flexibility.

5. SIDBI's VENTURE CAPITAL SUPPORT INCLUDES

- Assistance to small scale entrepreneurs using innovative indigenous technology and expertise.
- Contribution to corpus of other venture funds.
- Promotion of State level venture capital fund and a National Venture Fund for Software and IT Industry (NFSIT), dedicated to small scale units in Software/IT industry.

6. DEVELOPMENT AND SUPPORT SERVICES.

Development and support services are extended through NGOs (Non-Governmental Organisations), Technology Institutions, Entrepreneurship Development Institutes, Management Institutes, etc. Corpus support, loans and grants are provided to such institutions who implement the programmes of SIDBI.

7. DEVELOPMENT AND SUPPORT SERVICES OF SIDBI ARE FOCUSED AT:

- Enterprise Promotion with emphasis on Rural Industrialisation.
- Human Resource Development to suit the MSME needs.
- Technology Up-gradation.
- Quality and Environment Management.
- Marketing Promotion and
- Information Dissemination.

8. ENTERPRISE PROMOTION IS SUPPORTED THROUGH MICRO CREDIT SCHEME

Under this Scheme, assistance is extended to well managed Non-Governmental Organizations (NGOs) for on-lending purposes to rural poor, especially women for taking up income generating activities in non-farm sector. NGOs extend need-based credit to members of well-organized Self Help Groups (SHGs). Support is also extended for capacity building of NGOs.

9. RURAL INDUSTRIES PROGRAMME

SIDBI supports identified implementing agencies at district level to offer a comprehensive package of inputs like information, motivation, training and credit backed by technology and market linkages to facilitate grounding of small scale enterprises by rural entrepreneurs.

10. MAHILA VIKAS NIDHI

It is a special fund for empowerment of women under which assistance is provided to accredit NGOs for providing training and employment opportunities to women, especially rural poor through setting up of Training-cum-Production Centres.

I ENTREPRENEURSHIP DEVELOPMENT PROGRAMME

This programme aims at training entrepreneurs to obtain necessary information, motivation and guidance for setting up their own enterprises. Specialised Entrepreneurship Development Agencies are supported to conduct programmes for specific target groups such as rural youth, women, SC/ST, Ex-servicemen, etc.

II. HUMAN RESOURCES DEVELOPMENT OF THE MSME'S IS PURSUED THROUGH

- * Small Industries Management Programme (SIMAP) and
- * Skill-cum-Technology Upgradation Programme (STUP)

While SIMAP is aimed at providing MSMEs a trained cadre of managers, STUP seeks to offer skill development opportunity to owners/senior managers of MSMEs. The reputed

management/ technical institutes are provided corpus support to conduct these programmes.

III. PROGRAMMES FOR TECHNOLOGY UPGRADATION INCLUDE

- * Technology upgradation in identified industry clusters.
- * Technology Transfer
- * Quality improvement

IV. QUALITY AND ENVIRONMENT MANAGEMENT PROGRAMMES INCLUDE

- * Support to programmes and workshops on quality management techniques and assistance to create awareness among the MSMEs for abatement of environmental pollution.

V. MARKETING PROMOTION INITIATIVE INCLUDE

- * Support to MSMEs to participate and display their products at national and international marketing fairs/exhibitions

VI. INFORMATION DISSEMINATION

- * For promoting new units by identification and publicity of viable project ideas and business opportunities through project profiles. Udyog Sadhana Radio and TV Programmes.
- * Publication of SIDBI Report on Small Scale Industries Sector on an annual basis.
- * Publication of theme-based Reports relevant to MSMEs such as Technology for Small Scale Industries – Current Status and Emerging Needs
- * Product specific sectoral studies to assess the impact of policy changes.

The following new schemes have also been introduced with a view to facilitate credit flow to MSME Sectors:

- 1 Credit Guarantee Fund Scheme for Small Industries.
- 2 Credit Linked Capital Subsidy Scheme for Technology Upgradation of MSMEs.
- 3 SIDBI National Programme on Innovation & Incubation for Small Industries.
- 4 Venture Capital Fund for Small Industries.

- 5 Refinance Scheme for Term Loans granted by SFCs/SIDCs to Industrial concerns other than Small Scale Sector.

(Details of the above Schemes can be had from the SIDBI Office at Kochi)

6.4.2 BUREAU OF INDIAN STANDARDS

The Bureau of Indian Standards, the national standards body of India, was established in the year 1947 under the popularly known name Indian Standards Institution (ISI). The ISI was set up as a registered society, under a Government of India resolution to induct the culture of standardization and quality in the Indian industry. In 1986 the government recognized the need for strengthening this National Standards Body due to fast changing socio-economic scenario and according it a statutory status. Thus came the Bureau of Indian Standards Act 1986 and on 1 April 1987, the newly formed BIS took over the staff, assets, liabilities and functions of the erstwhile ISI. Through this change over, the Government envisaged building of the climate of quality culture and consciousness and greater participation of consumers in formulation and implementation of National Standards. BIS has a network of offices throughout India with at least one office in almost every state.

The objectives of BIS are

- Harmonious development of standardization, marking and quality certification.
- To provide new thrust to standardization and quality control.
- To evolve a national strategy for according recognition to standards and integrating them with growth and development of production and exports.

The major functions of the Bureau of Indian Standards are as follows:

1. **Formulation of standards** for products and services by bringing together and coordinating various interest groups like manufacturers, consumers, technical experts, testing personnel and others interested. The standards so prepared are known as Indian Standards (IS) and are legal documents. The first Indian Standard formulated was for the National Flag (IS 1). So far BIS has published about 17000 Indian Standards covering various products, codes of practices, terminology, etc. for various industrial and economic sectors. Indian Standards are used not only by the industry, but also by

Governments, students, consumers and regulatory authorities. The standards are priced publications and are available from the offices of the Bureau.

2. **Product Certification Scheme** is a scheme whereby manufacturers producing products as per relevant Indian Standards are permitted to use the Standard Mark of the Bureau (the popular ISI mark) on their products after obtaining a license from the Bureau. At present there are about 13000 licenses being operated all over India and abroad for about 1000 products. The pre-requisites for obtaining a license are the manufacturer has necessary manufacturing and testing facility and agrees to follow the quality assurance scheme of the Bureau in addition to payment of necessary fees as stipulated. The license is initially granted for a period of one year, which is renewable for subsequent periods based on performance of operation. The scheme is voluntary in nature for most products. However, the government has made ISI marking compulsory for 136 products, which affect health and safety of consumers or are products of mass consumption.

3. **Quality System Certification (ISO 9001 Certification)**: The Bureau operates the Quality Management System certification for organisations based on the ISO 9001: 2000 standard published by the International Organisation of Standardization (ISO). Being a member of ISO the standards of ISO can be adopted in toto by the Bureau and can be published as IS/ISO standards. Accordingly, the ISO 9000 series of standards have been adopted and are published as the IS/ISO 9000 series of standards. The certification is for the systems implemented by an organisation and not for the product. The Standard requires implementation of systems in all relevant activities and functions within an organisation that goes to satisfy the needs of customers. The standard also requires that the organisation shows continual improvement by defining specific objectives and measuring the same in its activities. The certification being operated by the Bureau is accredited by the Dutch Council of Accreditation – Raad voor Accreditatie (RvA), the HACCP (Hazard Analysis and Critical Control Point) programme for the food industry which envisages identification and control of hazards – physical chemicals or biological – is also covered in QMS Certification Scheme if so desired by any organisation.

4. **Environment Management System Certification**: The Certification scheme is based on the ISO 14001 standard which as in the case of ISO 9000 standards has been adopted as IS/ISO 14001. The thrust of the standard is ensuring that organisations meet the legal requirements of environmental protection and has systems whereby they control and improve upon measures that will lead to healthier environments.

5. **Hall Marking of Gold Jewellery:** India is the largest consumer of gold and the purchaser of gold. Jewellery is the common consumer. The scheme was launched on 11th April 2000 at the behest of the Government of India with a view to ensure standards of purity and prevention of adulteration and thereby protect the consumer. The certification of purity of gold jewellery is done in accordance with the Indian Standard IS: 1417 Grades of gold and gold alloys jewelry /artifacts – fineness and hall marking. The Standard is equivalent to the International Standard. The scheme is voluntary in nature.

In addition to the above certification schemes, the Bureau is also operating the schemes of Ecomark, which is a system for marking of Environment friendly products and also certification scheme for importers of products. Other activities of the Bureau include operation of:

1. **Rajiv Gandhi National Quality Award** instituted in 1991, with a view to encouraging Indian manufacturing and service organisations to strive for excellence and giving special recognition to those who are considered to be the leaders of quality movement in India. This award is intended to generate interest and involvement of Indian industry in quality programmes, drive our products and services to higher levels of quality and equip our industry to meet the challenges of domestic and international markets.

2. **WTO – TBT Enquiry Point:** The Government of India, Ministry of Commerce has designated BIS as the enquiry point under the Agreement on Technical Barriers to trade of the World Trade Organisation (WTO). According to the agreement, the Enquiry Point issues notifications on proposed technical regulations and certification systems in India to WTO, Geneva. Parties in other member countries wishing to make comments on the above notifications can obtain copies of the text from the Enquiry Point.

For further information / purchase of Indian Standards please contact;

BUREAU OF INDIAN STANDARDS
Thiruvananthapuram Branch Office.
TC 14/1421, University P.O. Thiruvananthapuram –695 034 Phones: 0471-2322117,
2327215, 2322104
Fax: 0471-2322117, 2327215
E-mail: bistbo@vsnl.com
Website: www.bis.org.in

6.5 STATE INDUSTRIES DEPARTMENT AND OTHER ORGANISATIONS

A number of State Govt. agencies are functioning in the State for promotion and development of industries. Functions of few important institutions are detailed below:

6.5.1 DIRECTORATE OF INDUSTRIES AND COMMERCE

All programmes of assistance to MSMEs are implemented by Director of Industries and Commerce, Thiruvananthapuram who allocates and co-ordinates various activities for industrial development that includes organizing exhibitions, fairs, issue of various licenses, certificates, marketing of products, implementation of various quality control orders, selection and recommendation of MSME units for State and National Awards, liaison with Central Govt./Agencies, implementation of various Central Govt. programmes etc. The District Industries Centres located at all the district headquarters come directly under the jurisdiction of Director of Industries and Commerce and ensure smooth implementation of various industrial development programmes.

6.5.2 DISTRICT INDUSTRIES CENTRE

District Industries Centres (DICs) provide all assistances under one roof for setting up MSMEs and cottage industries at pre and post investment stages. It assists entrepreneurs by way of providing techno-economic and managerial services, taking into consideration their techno-economic potentialities and resource background. It helps in identification of entrepreneurs, product selection, registration, project report preparation, raw material selection, infrastructure facilities, coordination of credit facilities, quality control, entrepreneurial training, marketing assistance etc. The details of assistances rendered are given in the incentives portion.

6.5.3 KERALA STATE SMALL INDUSTRIES DEVELOPMENT CORPN. LTD.

Kerala SIDCO, an agency for promotion and development of MSME sector allots industrial sheds and space for setting up MSMEs in industrial estates, mini industrial estates situated in various districts, distributes essential raw materials like iron and steel, IPCL products, titanium dioxide, paraffin wax, cement and non-ferrous metals, PVC materials, furnishing materials etc., marketing various kinds of lubricants, bitumen of IOC. marketing MSME products such as wooden/steel/plastic furniture, office equipment/ laboratory chemicals, lab equipment/ hospital furniture / hospital equipment / electronic and electrical items etc., Assist MSME units in Govt. Stores Purchase Programme. At

present SIDCO has included to its list 27 items of MSMEs for Govt. Purchase. SIDCO participates in tenders floated by Central and State Govt. Departments / Organisations on behalf of MSME units. Other services of SIDCO include setting up industrial parks, factoring services and marketing consumer products etc. These are aimed at helping MSME units for tackling their financial and marketing problems. Under factoring service, SIDCO collect payments of supplies made by MSMEs to various Govt. Departments / Organizations under a pre-conceived agreement. To participate in this scheme, MSMEs have to abide by the rules and regulations framed by SIDCO. The consumer products marketing scheme endeavors to strengthen marketing of MSME products in association with Development Societies.

Regd. Office:

Santhinagar Thiruvananthapuram -695 001
Phone: +91-471-2330613 (5 lines)
Fax : +91-471 - 2330904

Raw Material & Marketing Division:

Gandhinagar, Kochi - 20
Phone: +91-484-2311651 (3 lines)
Fax: +91-484 – 2316077

6.5.4 KERALA FINANCIAL CORPORATION

The Kerala Financial Corpn (KFC), incorporated in 1953 under the State Financial Act, is a Pioneer Agency for providing financial assistance to industrial units engaged in manufacturing or service activities. Principal objective of the Kerala Financial Corporation is to extend Term Loan assistance for establishing new industrial units or to extend credit assistance for meeting part of the cost of expansion / diversification / modernisation of existing units, in small scale or medium sectors.

Initially, the corporation had only a single scheme for extending term loan assistance to the segments in MSME or Medium Scale Sectors. Over the years it has introduced various loan schemes to suit various requirements of promoters. Scheme has been introduced for application ranging from short term to long term and equity type assistance. The repayment span varies from 2 years to 10 years. Service sectors like Tourism, Transport, Hospital etc. and industrial sectors are also eligible for assistance.

For meeting the requirements of the existing well managed, profit making units, scheme such as Working Capital Term Loan, Short Term Funds, Revolving Fund & Modernisation Funds are available.

- Registered companies (private or public) and co-operative societies can be given loans upto ₹20 crores and others upto ₹ 8 crores.
- The Corporation can give financial assistance to all types of industries for manufacturing/ service activities where the project cost for such loans does not exceed ₹10 Crores. The unit (existing / new) should necessarily be in Kerala.

6.5.5 KERALA INDL. & TECH. CONSULTANCY ORGANISATION LTD. (KITCO)

The main objective of KITCO was to provide quality advice and consultancy service at an affordable price mainly to SMEs for identifying, planning and formulating their projects and to the FIs and banks for a systematic appraisal of industrial finance proposals. Therefore, the basic thrust in the initial years was in Project Consultancy, namely preparation of project reports, appraisal reports, techno-economic feasibility studies, market surveys, etc. The emphasis was also on the development of entrepreneurship in the State. The organisation also built up its strengths in conducting special studies like Industrial Potential Surveys sponsored by the State Government, IDBI, etc. The company, in addition, offered management consultancy services for improving organisational efficiency and productivity. Subsequently, the Company diversified its activities into various related fields like detailed engineering & project execution, asset valuation, energy audits, skill certification, etc.

For a Company whose primary objective was to serve SMEs, income was moderate in the initial years. With the eventual change in the business mix and the client profile, the Company has since been able to make substantial progress on the income front and its turnover crossed ₹400.0 lakh during the year 2004-05.

6.5.6 KERALA INDUSTRIAL INFRASTRUCTURE DEVELOPMENT CORPORATION (KINFRA)

Kerala Industrial Infrastructure Development Corporation (KINFRA) provides infrastructure for industrial development. It has set up technology banks, technology parks and IIDCs (Integrated Industrial Development Centres) that include joint venture projects also. The Industrial parks have facilities like developed land, power supply, water supply, communication facilities etc. in addition to supporting infrastructure like Bank, Post Office, Security, etc., thus providing a conducive environment for setting up industrial units with minimum time and cost.

6.5.7 KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD.

The Kerala State Electronics Development Corporation is offering the following training programmes for development of MSMEs in the state.

1. Keltron is conducting 'O' level and other courses related to information technology.
2. Provides implant training facilities to those undergoing professional courses and assist in entrepreneurship development.
3. Keltron have plating shop, phosphating plant and transformer winding and fabrication shop in its equipment complex with which it serves the needs of entrepreneurs.
4. Provides Tool fabrication facility to Entrepreneurs through its Central Tool Room at Sreekariyam Provides technical support for development of ancillary units like coil winding within the state.

6.5.8 CENTRE FOR MANAGEMENT DEVELOPMENT (CMD)

Centre for Management Development is actively involved in Entrepreneurship Development through Training, Consultancy, Research and Publication. Some of the important training programmes that the Centre offers for prospective and existing entrepreneurs are given below:

1. Entrepreneurship Awareness Programme
2. Entrepreneurial Development Programme
3. Skill Development Programme
4. Management Development Programme
5. Trainers Training Programme
6. Small Industries Management Assistant Programme
7. Seminars and Workshops

6.5.9 KERALA BUREAU OF INDUSTRIAL PROMOTION

Kerala Bureau of Industrial Promotion (K-BIP) was constituted under the Industries Department during the year 1991 as an autonomous body of the State Government. It is

envisaged for promoting the potential business opportunities of the State to the foresighted entrepreneurs and to highlight the ideal business climate prevailing in Kerala. K-BIP works in close co-ordination with similar promotional agencies like KSIDC (Kerala State Industrial Development Corporation), KINFRA (Kerala Industrial Infrastructure Development Corporation), Technopark etc for the uplift of the industrial development giving specific attention to the strategic advantages, the various Governmental supports and other incentives offered in the different sectors of the industry.

K-BIP provides operational flexibility and acts as support mechanism for the Industries Department of the State Government. The Bureau also functions as an interface between the prospective entrepreneurs and other State agencies.

K-BIP is the linkage between national and international agencies for technology up-gradation, technology development and technology management for the various sectors. Recently, K-BIP has signed an MOU with Asian and Pacific Centre for Transfer of Technology (APCTT) of UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific), which enables K-BIP to utilize the services of APCTT to promote Small & Medium industries in the State. The MOU envisages them to have an understanding with the APCTT to facilitate the Technology up-gradation and Technology Transfer Services for the rural enterprises.

K-BIP is the repository of information regarding MSMEs, Infrastructure and Technology databases. K-BIP acts as nodal agency to stimulate interest among the lesser-known industrial organisations to participate in trade fairs and similar events by providing them suitable platforms to highlight and market their products and services.

The major activities of the Bureau are:

<ul style="list-style-type: none"> • To collect, process and disseminate information/ data on investments opportunities in industry, commerce, trade and other related areas in the State of Kerala or for the benefit of present and prospective entrepreneurs
<ul style="list-style-type: none"> • To identify prospective entrepreneurs and motivate them in establishing industrial units and other productive ventures in the State
<ul style="list-style-type: none"> • To help entrepreneurs plan projects in terms of: - Choice of Product, Technology, Plant and Machinery and Location. - Preparation of Project Profiles, Market Survey Reports and Project Reports.
<ul style="list-style-type: none"> • To organize training programmes, workshop, etc. for the benefit of entrepreneurs in general and specific target groups in particular.
<ul style="list-style-type: none"> • To undertake or arrange to undertake general or specific studies in the problems of small-scale industries in Kerala and to evolve strategies for combating such problems.
<ul style="list-style-type: none"> • To co-ordinate the extension and promotional activities of all institutions involved in the industrial development of the State.

<ul style="list-style-type: none"> • To publish literature in the form of papers, case studies, reports, brochures, pamphlets, periodicals, digests, journals, project profiles; model project reports and distribute them to present and prospective entrepreneurs and other relevant institutions.
<ul style="list-style-type: none"> • To establish, develop and support centres for documentation, maintenance and supplying of data, projects and information, which may be useful to industries, Government and entrepreneurs.
<ul style="list-style-type: none"> • To establish, maintain or manage offices, bureaus, counters, conference halls anywhere in India required furthering the cause of industrial development of Kerala.

6.5.10 NATIONAL CENTRE FOR HACCP CERTIFICATION (NCHC)

National Centre for HACCP Certification (NCHC) is a quality organisation of Government of Kerala providing professional & cost effective assessment, audit and certification of Hazard Analysis Critical Control Point (HACCP) System for food industry and other food-related vendors.

HACCP (Hazard Analysis Critical Control Point) is an internationally accepted technique for preventing microbiological, chemical and physical contamination along the food supply chain.

The HACCP technique does this by identifying the risks, establishing critical control points, setting critical limits, and ensuring control measures are validated, verified and monitored before implementation. The effective implementation of HACCP will enhance the ability of companies to: protect and enhance brands and private labels, promote consumer confidence and conform to regulatory and market requirements. All businesses involved in the food supply chain from producers to retailers can use HACCP.

6.5.11 KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION LTD. (KSIDC)

KSIDC helps in establishing any large-scale or medium-scale industry in the State from identifying the viable projects, providing financial assistance and helping through the entire project till implementation and the running of the industry. KSIDC is the government agency for industrial promotion, financing and facilitating in Kerala.

Considering the tremendous potential for the IT industry in the State, KSIDC evolved a special financial package to promote the sector.

- New IT units are eligible for an Investment Subsidy @ 20% of fixed Capital Investment, subject to a maximum of ₹ 25 lakhs. KSIDC will process and release the eligible subsidy against this. (Fixed Capital Investment includes land, buildings, plant & machinery, utilities and miscellaneous fixed assets.)
- 75 % of the eligible subsidy is included in the means of finance as Subsidy Loans, to reduce the minimum promoter's contribution in the project. The Subsidy Loan is given at the term loan rate, for a period of 1 year and will be adjusted against subsidy released from Government.
- Units are eligible for an initial moratorium up to 2 Years, as per the special package.

A Venture Capital Fund with a corpus of Rs 20 Crores has been formed jointly by the Small Industries Development Bank of India (SIDBI), Kerala State Industrial Development Corporation Ltd. (KSIDC) and Kerala Financial Corporation (KFC). IT units can avail venture capital assistance from the fund, if they are otherwise eligible.

6.6 INCENTIVES AND ASSISTANCE FROM STATE INDUSTRIES DEPARTMENT

The State Govt. assistance is channelised through the Industries Department and District Industries Centres. Assistances and incentives available to entrepreneurs through the Directorate of Industries and Commerce and District Industries Centres are given below:

1. State Investment Subsidy.

i) State Investment Subsidy (General)

- 10% on fixed capital investment limited to ₹ 5 lakhs
- Additional 5% subsidy to SC/ST, women, physically handicapped persons subject to a limit of ₹ 1 lakh.
- Units that have installed renewable sources of energy systems are eligible for additional investment subsidy @ 15% subject to a maximum of ₹ 5 lakhs.
- Additional subsidy of 10% subject to a maximum of ₹25000 for installation of pollution control devices in diesel generators.

ii) State Investment Subsidy for Thrust Industries – eligible for 15% subsidy on fixed capital investment limited to ₹ 15 lakhs.

iii) State Investment Subsidy on Information Technology Industries – Units are eligible for subsidy @ 20% of the fixed capital investment subject to a maximum of ₹25 lakhs

iv) State Investment subsidy is provided to units in Idduki, Wayanad and notified industrial Growth Centres and Industrial Parks – 10% of fixed capital investment subject to 10 lakhs (for thrust industries 25% of the fixed capital investment subject to a maximum of ₹25 lakhs). Units undertaking expansion, diversification and modernisation are also eligible for investment subsidy at the revised rates. However, expansion, diversification or modernisation must result in, at least, 25% increase in plant and machinery on gross block basis. Expansion in capacity should also increase by at least 25% to avail the investment subsidy.

II. Women Industries Programme

The Govt of Kerala has special schemes of financial assistance to Women Entrepreneurs, brief details of which are as under:

Scheme of Grant-in aid is given:

- To meet equipment cost
- To meet cost of construction of building.
- To meet rent of building.
- To meet cost of building under hire purchase.
- To meet salary of MD/Secretary/Technical expert/Manager.
- To meet stipend of trainees

The Department stipulated certain general conditions like registration, non-functioning for more than six months etc., for giving grant-in-aid.

III. Margin Money Scheme

All registered MSME units other than those categories of industries included in negative list shall be eligible for assistance under this scheme. Under the scheme soft loan is given to entrepreneurs for setting up MSME units to raise the required equity

(Margin) insisted upon by financial institutions. Maximum limit under the scheme is ₹ 2.5 lakhs under term loan and working capital put together shall be limited to 20% of the project cost. The promoter will have to raise a minimum of 10% of the project cost and of working capital. The loan is repayable in 16 equal quarterly instalments and first instalment of repayment falls due three months after the date on which the last instalments of margin money loan falls due. Loans sanctioned under this scheme shall carry an interest of 9% per annum.

IV) Margin money loan to Non-resident Indians (NRIs)

Technically qualified Non-Resident Keralites are eligible to avail this scheme to start MSMEs. The maximum limit for MML is ₹ 5 lakhs. The interest rate chargeable is 11.5% per annum and repayment to be made in 24 equal quarterly instalments.

V) Prime Ministers Employment Generation Programme (PMEGP)

Government of India have introduced a new Credit linked Subsidy Programme called Prime Ministers Employment Generation Programme (PMEGP) by merging the two schemes PMRY and REGP which were in operation till 31.03.2008, from 2008-09 onwards. KVIC was approved as the nodal agency for the implementation of the scheme at National Level and KVIC, Directorate, KVIB, DICs and Banks in the State Level. The loans will be released through Banks and are permitted to charge normal rate of interest. The maximum cost of the project/unit admissible under manufacturing sector is ₹25 lakh and in business/service sector is ₹10 lakh. The selected beneficiaries will have to undergo two weeks mandatory training before the disbursement of the loan. Beneficiaries who have attended similar types of training earlier are exempted from the training. Steps being taken to implement the scheme in the State and necessary directions were given to the General Managers to initiate action on PMEGP.

VI Sick Unit Revival Scheme

A unit is declared sick due to erosion in the net worth due to accumulated cash loss to the extent of 50% or more of its peak net worth during the preceding two years is eligible for assistance under revival scheme. The following assistances are available to sick units.

- Margin Money Loan.
- Cost of Rehabilitation.

- Sales Tax exemption (only for those units registered as sick before 1.1.2000).
- Start-up Expenses.
- Suitable assistance for rescheduling the following
 - a) Other dues
 - b) Revenue recovery
 - c) Electricity dues

VII Marketing Support and Price Preference

Earnest Money Deposit (EMD) exemption and price preference of 15% to MSE units are available.

VIII Green Channel Counter

Green channel counters function at DICs whose prime function is to settle various pending issues with various departments/agencies concerning industrial development.

IX Other assistances

The following assistances are also available from Industries Department:

- Priority in getting power connection.
- Organising fairs and exhibition etc.

X Registration of units under Co-op sector

For development of traditional industries like handicrafts and handloom, MSME/Cottage units are registered in Co-op sector. The incentives and assistance like share participation by Govt. Grant for land and building, machinery; managerial grant, revitalization subsidy rebate for marketing etc. are available to such units. For development of Coir industry, a coir project office is also functioning in the State.

XI Single Window clearance

Single Window Clearance Boards and Industrial Townships Act 1999 enacted by the Govt. of Kerala provide special provision for speedy issual of various licenses, clearances and certificates etc. required for setting up MSMEs. Applications received by the board would be disposed off within 60 days of its receipt. Single Window Clearance boards function at State Level and District level.

XII Kerala State Entrepreneur Development Mission

During 2011-12 Govt. of Kerala have launched an innovative programme viz; Kerala State Entrepreneur Development Mission, aimed at providing self-employment to one lakh youths through 10,000 new ventures. It aims to launch 2,000 ventures every year and providing employment to 20,000 persons annually. Kerala Financial Corporation (KFC) is the nodal agency for the scheme.

Salient Features

- The objective is to bringing down the level of unemployment and to build entrepreneurship culture among the youth of the State.
- The scheme is proposed to be implemented with the participation of Public, Private Sectors and Panchayats.
- The prospective entrepreneurs will be selected based on their capability and project ideas.
- Candidates' minimum qualification is higher secondary/vocational training.
- Orientation programmes will be organized for the registered applicants at Block, District, Municipality, Corporation levels to explain the features and eligibility criteria of the scheme.
- The applicants will be evaluated on their aptitude, qualification, skill, project ideas, project feasibility and available infrastructure facilities.
- After selection, entrepreneurship training will be organized in batches in collaboration with various training institutes like Entrepreneurship Development Institute, KITCO, RSETI (set up by NABARD), Centre for Management Development etc.
- Upon successful completion of training, groups/individuals would be eligible for financial assistance under the scheme. The interest free loan assistance to a group of five persons will be limited to 90% of the total project cost subject to the ceiling of ₹20 lakh. The ceiling will be reduced for smaller groups on pro rata basis.

- The financial burden of interest on the loans would be borne by the Government. Technocrats who are not members of groups will be considered on individual basis for a maximum financial assistance of ₹10 lakh.
- The loan will be repayable in a maximum period of 5 years with the initial moratorium of one year.
- The Government will bear the entire interest burden on the loans provided to the selected and trained entrepreneurs under the mission who set up the units successfully.
- For financing the principal amounts, assistance of banks, NABARD and other financial institutions will be taken. Government will provide guarantee to Kerala Financial Corporation for raising funds from financial institutions.
- For training of the selected entrepreneur, the funds would be mobilized from various agencies like NABARD, National Skill Development Corporation, SC/ST Development Department, Labour Department and other similar institutions. Balance amount will be provided by the Government.

XIII Multipurpose Service Centres/Job Clubs

The scheme is intended for the establishment of Multipurpose Service Centres/Jobs Clubs formed by groups of qualified and registered unemployed persons. The scheme is implemented through the Employment Exchanges in the State. The District Employment Officer with the help of Employment Officer concerned will select candidates for the scheme from the Live Register of Employment Exchanges and form groups of candidates who have got same type of qualification after ascertaining their willingness. Thereafter entrepreneurial training is imparted to these groups. The maximum amount of loan admissible to each group will be ₹ 10 lakh depending upon the nature of the project; of which 10% of the project cost will have to be paid by the group members as beneficiary contribution. 25% of the loan amount subject to a maximum of ₹ 2.00 lakh will be given as subsidy. Altogether 65 job clubs were granted a total subsidy of ₹ 94.78 lakh in 2010-11.

INDUSTRIAL & COMMERCIAL POLICY 2011 KERALA GOVERNMENT

Government will bestow highest priority to attract investments from domestic as well as foreign investors in various sectors of the State to accelerate inclusive economic growth, development and employment opportunities in a sustainable manner.

Kerala is in the seventh position in the Country in terms of per capita income and the Policy envisages the State to achieve the position in the top three States in the Country. Compared to other States in the Country, poverty in Kerala is comparatively low, thanks to high NRI remittances in the State. It is making a substantial contribution in creating demand in trade, commerce and services in the State. However, the recent developments in the West Asian Regions and North Africa (WANA) demand for employment to locals in those Countries would have a long term impact on migration of workers from Kerala. Hence, need to focus on internal growth and development of the State by creating conducive environment through appropriately designed policy interventions focusing on Economic growth and development of the State. The Industrial and Commercial Policy 2011 will strive to convert Kerala State into an entrepreneurial society from a wage earning society. Creating and nurturing SMEs would be the path to make Kerala a growth oriented enterprising society.

Vision

Endeavour to transform Kerala into a vibrant entrepreneurial society with faster, inclusive and sustainable economic growth in order to achieve global standards in every domain.

Objectives

Kerala economy is transforming into a service economy with high inward remittance and skilled technical human resources. Development of more enterprises by fortifying the skilled human capital and promoting investments including domestic as well as foreign in all the sectors to entail in the total economic development of the State through employment generation and export oriented business is the major objective:

- To promote Kerala as a prime destination for industrial investments with environmental protection.

- Revamp Kerala into an entrepreneurial State by encouraging private investment in all sectors particularly in Agro Processing, Services & Commerce and new emerging Sectors.
- Mobilize establishment of Micro and Small Enterprises particularly in rural areas to achieve employment generation and utilization of local resources.
- Create a policy framework to encourage enterprises as against wage employees.
- Create cordial environment for ensuring the utmost value addition of the locally available resources.
- Market Kerala as a competitive investment destination for Foreign & Domestic Investments in Services, emerging industrial sectors (Biotechnology & Nanotechnology) and employment for skilled Human resources within the State.
- Improve infrastructure through PPP mode for industrial infrastructure.
- Accelerate industrial clusters in the State.
- Augment Services & Commerce sector to create in house employment to the skilled and semi skilled manpower in the State.
- Introduce globally accepted standards in Technology, Quality and Management to rejuvenate the Public Sector Enterprises in the State.
- Encourage environment friendly practices in enterprise development.

Strategy

- To launch Mass Media Campaign to highlight the benefits of entrepreneurship.
- To set up sector specific industrial parks with incubation centres in all sectors in distributed location to reach overall development of the Society.
- To develop quality industrial infrastructure in the State through State Agencies in PPP mode with the participation of NRIs, NRKs, Foreign and Domestic Investors.
- To develop Demand based and Market Driven Skill Training and Entrepreneurship

Development Programme in a Mission Mode.

- To implement Services & Commerce led growth strategy for the development Kerala economy.
- To establish Common Facility Centres for Industrial Cluster Development Programme with the support from Government of India.
- To upgrade the present industrial infrastructure facilities in Development Areas, Development Plots etc. to global standards.
- To thrive skill development and technology up gradation to increase productivity in the Traditional sector.
- To introduce new technology, professional marketing and integrated quality management techniques in Traditional Sectors like Khadi & Handloom for the up gradation of the present Units to enhance productivity.
- To provide Marketing support to Traditional Sector to broaden its reach globally.
- To adopt and introduce latest technology for the extraction and value addition of minerals with the help of Central Agencies.
- To develop a system to enable industry institution linkage for technology development and management.
- To creates an effective Single Window Clearance mechanism for speedy approval and statutory clearances to new Enterprises.

1. Large Industries

Large industries in the State have significant potential because of good infrastructure facilities available in the State like power, transport system, airports, ports and availability of rare minerals. However, availability of land and its high price are the major hurdles faced by the State in the implementation and execution of large industries.

Government will encourage suitable Industries that are non-polluting, environmental / eco friendly and employment oriented that have the potential to pay wages at par with the living standards of Kerala.

- Government will ensure environmental protection with the support of State Pollution Control Board and other related Government Agencies.
- Government will encourage polluting industries to be relocated to other places from inside city limit / municipal limit / metropolitan areas as done in National capital.

2. Micro Small and Medium Enterprises

The importance and contribution of the MSME sector to the economic growth and prosperity is well established. Their role in terms of employment creation, upholding the entrepreneurial spirit and innovation has been crucial in fostering competitiveness in the economy. It can lead the State economy by acquiring exports through quality production techniques and products.

Government will promote new industrial parks with quality infrastructure like roads, power, water, waste management etc. and to upgrade the infrastructure facilities in existing Parks. New DAs / DPs through PPP mode will be encouraged.

- Promote new industrial parks with quality infrastructure like roads, power, water, waste management etc. and to upgrade the infrastructure facilities in existing Development Areas / Development Plots.
- Promotion of new DAs / DPs through PPP mode.
- Multi storied industrial estates in all Districts with priority allotment for MSEs.
- Protection from power tariff hikes for new Micro and Small industrial units for a period of three years from commencement of commercial production.
- New Scheme for providing equity assistance to new Units in place of State Investment Subsidy and margin money loan scheme.
- Exemption for payment of EMD and security deposit and price preference to MSME may be continued for a period of 5 years.

- Price preference for SMEs in the State for PSU / LSG procurement will be institutionalised.
- Scheme for the rehabilitation / revival of sick MSMEs.
- An easy exit Scheme for MSMEs will be introduced.
- Negative list of MSMEs will be reviewed and revised.
- Creation of a web based portal to assist entrepreneurs and facilitate speedy and time bound processing of all applications related to MSMEs.
- Common branding and promotion of MSME products will be encouraged.
- Industrial Adalats will be organised regularly at District / State level with a view to understand the problems of MSMEs and to settle pending issues.
- Skilled workers data bank to ensure adequate supply of workers to industrial units.
- Women industry will be treated as thrust industry category.
- Capacity building programmes for the Departmental Officers to equip them in the emerging scenario.
- E-governance and E-commerce will be strengthened to provide better services to entrepreneurs and to increase the efficiency and effectiveness of MSMEs.
- Institutional support to MSMEs will be strengthened.
- Multi storied industrial estates will be promoted in all Districts with priority allotment for MSEs.
- Government will create an online system to assist and facilitate entrepreneurs in speedy and time bound processing of applications and to address their grievances.

3. Services & Commerce

Services & Commerce Sector dominates Kerala economy. Though Services and Commerce sector in the State is showing a steady growth, the high potential of the sector has not been effectively utilized, despite the fact that its contribution to SGDP is much higher than the manufacturing sector. This can be effectively utilized for enterprises development and job creations. Thus, in order to shape Kerala to a new model of development for faster economic growth, the Government will give equal importance to the Services & Commerce Sector.

- Government will design and develop Services led growth strategy for Kerala focusing on Health, Education, IT, Tourism, Ayurveda, Logistics, Transport, Financial services, Communication, Retail, knowledge based & Non Polluting Industries.
- Government will strive to introduce demand and market driven curriculum in professional institutions for developing skilled and efficient manpower for Service and Commerce sectors and will strive to set up Institute of Retail management.
- Government will initiatives sector specific training centres in Mission mode through PPP. Government will promote Incubation Centres in each sector / location for promoting enterprises in innovative business models in the State.

4. Traditional Industries

To redress the misalignment between output and employment, it is necessary to ensure that Traditional Sector becomes an economically viable activity with improved income prospects. At the same time dependence on Traditional Sector will have to be reduced by a shift to alternate employment opportunities especially in rural areas. Many Nations in the world have been able to improve the income and living standards of their people by ensuring shift in their labour force from Traditional areas to more productive sectors through appropriately designed policy interventions. Traditional Industries such as Cashew, Coir, Handloom, Handicrafts and Khadi play a substantial role in generating employment in rural areas. Social considerations will guide the Government policy for development of these sectors.

- Thrust will be given to industries using eco friendly, local resources and generating higher employment opportunities.

- Adequate support like wages / retirement benefits to be advocated for needy workers in these sectors.
- Promote usage of Khadi and Handloom Products.
- Wide marketing campaigns for traditional products.

Khadi & Handlooms

Khadi and Handlooms have become a part of our culture, tradition and symbol of freedom movement. In spite of years of support in several areas, it is noticed that the capacity is decreasing in these sectors. It is also noticed that the young generation is not showing interest in continuing with the profession of their parents in these sectors as it is seen generally as less remunerative and less fashionable. In spite of the heavy subsidies and rebates, the prices of Khadi and Handloom products are high compared to cheap mill made polyester fabrics which has become the common dress material for the poor. We need to reestablish the pride in wearing Khadi and Handloom products. We also need to create awareness about the need to pay more for this organic healthy fabric and make them to be fashionable. Government will introduce innovative programmes to support the niche products in Khadi and Handlooms. It will be targeted to the up market clientele.

- Extension / exposure programmes towards betterment of skills, knowledge and technology in order to ensure quality of product, improved efficiencies and enhanced productivity levels.
- The existing handlooms will be modernized so as to enhance the loom productivity.
- Mechanisation in pre-loom activity will be promoted.
- The concept of 'Integrated handloom village township development' will be promoted in handloom industry where the area of concentration of weavers is large.
- Encourage weavers to produce innovative as well as value added products in global standards so as to enable the products to compete in National & International markets.

- The weavers will be oriented through grass root level extension / exposure programmes towards betterment of their skills, knowledge and technology in order to ensure quality of products.

Handicrafts

- Scheme for creation of new designs for innovative products in Handicrafts sector.
- Professional marketing facilitating injection of private investments.
- Innovative approach for marketing support to ethnic handicrafts of the State.
- Skill Development Training to improve the workmanship of artisans / craftsmen.

Bamboo

- Government will facilitate incorporation of new technologies for innovative handicrafts products and skill development.
- Government will encourage R&D in this sector to promote utilization of bamboo in industrial applications.

Cashew

Cashew Industry contributes significantly towards foreign exchange earnings and sustaining employment for women workers in certain geographical areas. Government will support the industry and will strive for full employment and reasonable wages to these workers.

Beedi

As a result of greater awareness of health hazards of smoking, use of Beedi is coming down. Government will provide special assistance for Beedi workers to find alternate employment options and to generate income.

5. Public Sector Undertakings

Kerala has largest number of Public Sector Undertakings (PSUs) than in any State in India. Most PSUs in Kerala are still relevant for economic / social objectives and as nucleus for spin-off of downstream & upstream industries. Government will support the PSUs for better Public-Private balance and social responsibility. No PSU will be privatized.

- Government will strengthen PSUs through Comprehensive enterprise specific modernization / diversification / expansion packages and re-structuring. Participation of reputed State and Central Government organizations will be continued.
- Government will initiate steps to fruitfully utilize Excess or unused land & other resources of the PSUs for industrial purpose through Govt. Agencies.
- Productivity and profit linked incentive schemes will be implemented.
- Transparency will be improved in the functioning of PSUs by monitoring of PSUs in an effective manner without interfering in their day to day management.
- Kerala Public Enterprise Selection Board will be constituted to select CEOs and Directors in the State PSUs in order to ensure transparency, professionalism and fairness in selection.
- The role of RIAB will be strengthened so that it functions as an effective watch dog to ensure proper functioning, monitoring and evaluation and feedback on the performance of PSUs.
- Boards / Management of PSUs will be professionalized.
- Cordial relations with Trade Unions and stakeholders will be ensured.
- Social responsibility schemes in the manner adopted by the Government of India will be implemented.
- Better wage structure will be ensured to attract professionals in PSUs.
- Linkage with National PSUs will be encouraged.

6. Emerging Industries

Kerala has been entering into new and emerging industries specially the Food Processing, Forest Based Industries, Biotechnology and Nanotechnology based industries etc. which are generating more employment avenues and quality products. Government will encourage investment in these sectors for employment generation, environment friendly nature, economic growth & development.

Food Processing

Kerala produces cardamom, pepper, coffee, tea, coconut, marine products, fresh water fish, Milk etc. Government will promote processing and marketing of these products in the State.

- Government will develop adequate Infrastructure and specialized storage facilities for food based products, provide world class technology and market support for promotion of organic food products.
- Cluster Development Programme in Food Processing Sector will be encouraged.

Forest based Industries

- Environmental friendly industrial development is the new Global trend. Government will not encourage enterprises which use forest wood as raw materials. Redeemable wood / plantation based wood (bamboo, softwood, plywood etc.) industries should be seen as a green alternative and will be promoted.

High Tech Industries

- The cutting-edge technologies in the arenas like medicine, industry, environment, agriculture, power, construction etc. can revolutionize High Tech Industries sectors. The major hurdle for development in these sectors in India is commercialization of innovations based on these technologies. Bio Technology and Nano Technology have tremendous potential in the new and emerging high tech arena and Government will promote investment in development of specialized parks and technology incubation facility for the development and commercialization of new products.

7. Mining & Geology

Mining is generally seen as a destructive activity. Hence, steps will be taken towards conservation, preservation and selective utilization of mining resources. Safety and security of people / workers will get high priority.

- Effective utilization of scarce mineral resources in the State through value addition will be given high priority. A Natural Mineral Research Institute will be set up for Research and Development in mineral sector in the State.
- Mining of Rare Earth will be allowed only in the Public Sector and strictly for value added products.

8. Industrial Infrastructure

Kerala is rapidly urbanizing and urbanization leads to better and higher economic growth. As a step towards industrial development, the State will focus on industrial infrastructure at par with the Global Standards. The quality infrastructure is the major determinant for improving the quality of life and attracting investments in the State.

- Government will promote private investments including FDIs for world class infrastructure development in the State.
- Government will encourage setting up industrial Units in dedicated industrial parks where necessary infrastructure facilities like power, water, roads, ETP, etc. are readily available.
- Government will encourage SPVs / Joint ventures between KSIDC / KINFRA and private partners to develop the required industrial infrastructure.
- Government will develop appropriate mechanism to facilitate speedy supply of water, power and other utilities in Industrial parks and Growth Centres.
- The role of INKEL will be expanded to promote industries & infrastructure projects within Kerala by attracting investments from the public especially from NRKs.
- Government encourages SEZs. A new SEZ Policy will be formulated in line with the existing policy of Government of India.

9. Investment Promotion

Kerala will create a strategy to integrate its economy with four major players in the region. a) Rest of India b) Middle East c) South East Asia d) Sri Lanka (North, West, East, South). It will develop a planned strategy to create long term business relationships with these players. The State needs to connect with the rest of the Country to attract investments, tourists, shoppers, professionals, patients and students. This will make the State into a preferred destination for travel, shopping, health, education and recreation and will return Services and professionals. Necessary growth oriented policies, governance models, systems etc. will be adopted.

- Kerala State traditionally had been a wage earning society. The great challenge before the Government is to convert Kerala into an Entrepreneurial Society. Government will promote entrepreneurial culture among the people of the State in a Mission mode.
- In order to facilitate Investment in Mega projects, a High level Council will be formed to arrive at consensus among the political parties and civil society leaders.
- Single Window Clearance system will be revamped and made more effective by including all Enterprises in this. An online system will be introduced to expedite clearances in a time bound manner.
- Government will encourage investments in environment friendly, employment generating, and growth oriented sectors.
- Massive Awareness Campaigns will be launched to educate the public about the positive aspects of industrial development economic growth and entrepreneurship and its relevance in large societal welfare.

Conclusion

To conclude, Kerala Industrial and Commercial Policy 2011 will help develop and promote industrial development in the State for income generation, employment promotion and economic development with environment friendly ventures and investor friendly guidelines. The Policy strives to give equal importance to development of Commerce and Services for higher GDP growth. There is appropriate thrust on the promotion and development of Traditional Sector industries to achieve equitable social development and to move towards an inclusive society. Wherever there is no separate Policy by the State, appropriate Government of India Policy will be followed.

STATUTORY FORMALITIES TO BE OBSERVED WHILE SETTING UP OF INDUSTRIAL UNITS

Consent from various departments is statutory before venturing into the project. The following licenses are compulsory irrespective of the nature of the activity.

1. License from the Local bodies for:

- i) Construction of the building
- ii) Installation of Plant & Machinery

Application with building Plan (3 Nos.) Tax receipt, document of ownership/rent and fee @ ₹10/-sq./ft.

2. License from the Department of Factories and Boilers for:

- i) Approval of factory building
- ii) Registration under sec 6,7 and 85 of Factories Act

Application in Form No.1 with fee, flow chart, plan signed by the occupier and draughtsman, no. of workers noted in each room (specify), Copy of the approval of PCB etc.

3. No Objection Certificate from the Kerala State Pollution Control Board

Application in the prescribed form with fee based on investment, site plan, affidavit in stamp paper (₹50), plant lay out with effluent treatment plant, effluent treatment plant flow diagram, process flow diagram, analysis reports on set back between the boundary & the structure shall be indicated, effluent water, emissions, air & sound level, etc.

4. No Objection Certificate from Director of Mining & Geology

Application as per KMMC Act should be submitted to the District Geologist in Form No.B

5. No Objection Certificate from the District Medical Officer

Application in the prescribed form with court fee stamp of ₹5/- covering letter of the Secretary of Local Body, site plan, (2 copies) tax receipt, ownership certificate/rent deed (copy), NOC from neighbours in 100m radius (in stamp paper of ₹100/-) in favour of DMO), building plan, location sketch with in 100m radius etc.

6. Fire & Safety Approval from the District Fire & Safety Officer

Arrange of fire safety provisions should be installed as per guidelines for the Fire & Safety approval.

Clearness

An entrepreneur has to obtain several clearances or permissions depending upon the nature of his unit and products manufactured.

1. Product Specific Clearances
2. Environment & Pollution Related Clearances
3. Regulatory or Taxation Clearances
 - i) Registration under value added Tax Act – Commercial Tax Officer of area concerned
 - ii) Registration under Central Excise Act-Superintendent of Central Excise or his nominee of the area
 - iii) Payment of Income Tax- ITO of the area concerned
 - iv) Registration of Firm, Partnership deed-Inspector General of Registration, Vanchiyoore, Thiruvananthapuram
 - v) Calibration of Weights & measures-Legal Metrology inspector of the area
 - vi) Power connection-Designated Officer(AE/AExE) of State Electricity Board of the area
 - vii) Employees strength exceeding 10 with power connection or 20 without power-Chief Inspector of Factories

Product Specific Clearances

- i. Establishing a Printing Press-District Magistrate
- ii. License for Cold Storage Construction-Designated Official in State
- iii. Pesticides-Central/State Agricultural Department-Ministry of Agriculture
- iv. Drugs and Pharmaceuticals-Drug license from State Drug Controller
- v. Safety Matches/Fire works-License under Explosives Act from Directorate of Explosive, Nagpur
- vi. Household Electrical Appliances-License from Bureau of Indian Standards
- vii. Wood working industry State Empowerment Committee Chief Forest Conservator as Chairman
- viii. Milk Processing & Milk Products manufacturing units-Approval under Milk and Milk products Order from State Agriculture Department
- ix. Fruits & Vegetable Processing Sector – The Food Safety and Standards Authority of India under the Food Safety and Standards Act, 2006 registration from the Ministry of Food Processing Industries GOI
- X. Food Processing Industries-PFA License from the Local Body concerned

CHAPTER- 7

INDUSTRIAL POTENTIALITY IN THE STATE

7.1 INTRODUCTION

A number of material resources available in the State like the coconut and its bi-products, rubber, cashew, spices, plantains and fruit items are under-utilized due to various socio-economic reasons. However, shortage is felt for forest resources like wood, honey and herbal plants, which are not sourced properly and made use of for economic gains. Rice production declined during the last year due to diversion of vacant land for unproductive purposes. However, the bi-products like hay and rice-bran etc. could be better utilised for production of feed, rice-bran oil etc. However, global trade situations have also affected adversely, to some extent, a wide spectrum of economic activities of the State.

7.2 POTENTIAL INDUSTRIES

The State is endowed with a variety of natural resources in the area of Agriculture, Information Technology, Bio Technology, Fisheries, Dairy Sector, Forest, Food Processing, Rubber and Chemical Industries, etc. Kerala being a consumer State, a number of demands based items having scope for development especially in the field of Electronics, Electrical, Fruit Processing, etc., can be identified for industrial development. Repairing and Servicing Industries are now catching up demand and the economy of the State largely depends on these sectors. Industries in the area of Software Development, Biotechnology, Simple Chemical and Engineering Goods also can flourish in the State using modern technology, skill and quality service to customers.

Considering the immense potential, resources and infrastructure facilities available, there exists scope for development of a number of industries in the State. The State is endowed with a large number of Agricultural products like Coconut, Tapioca, Plantains, Cashew, Coffee, Tea, Rubber, Fruits like Pineapple, Mango, Papaya, Spices and Forest Products etc. Livestock, Milk and Milk products also can prosper in the State. There has been oft-repeated mention that most of the resources available in the State have not been utilized for industrial purposes to the optimum level due to divergent socio-economic factors and constraints. Due to improved training facilities available and the better infrastructure facilities for that, there exist prospects for a number of skill-based industries.

With the setting up of KINFRA Parks for Information Technology, Textile, Food Processing, Fish Processing, Coir, Rubber, Electronic, Export Promotion, TV & Video etc., infrastructure resources improved substantially, in recent years, and that would act as an impetus for a healthy and sound industrial growth. Electric power that would be generated by the commissioning of various ongoing projects would take care of the future demand – undoubtedly a healthy symptom for growth of industries based on the Resources and Demands.

7.3 LIST OF ITEMS HAVING SCOPE IN KERALA

A list of items, not exhaustive, having scope for development in the State is given below:

A RESOURCE BASED INDUSTRIES

I. Agricultural Products

1. Refined Coconut Oil
2. Coconut Milk/Cream
3. Desiccated Coconut
4. Arecanut Processing
5. Coconut Shell Products (Handicraft Item)
6. Coconut Shell Powder
7. Coir Products
8. Spices and Curry Powder
9. Modern Rice Mill
10. Tapioca Chips
11. Beaten Rice
12. Banana Powder
13. Coffee Powder
14. Flower Mill
15. Dehydrated Green Pepper
16. Oleoresins/Spices Oils/Essential Oils
17. Supari
18. Copra Processing.
19. Sagu Rice.

II Fruit and Vegetable Products

1. Ready to serve Fruit Beverages
2. Vegetable Pickles
3. Fruit Preservation
4. Jack Fruit Processed Products
5. Ice Cream
6. Mushroom Processing
7. Banana Powder

III. Rubber Based

1. Rubber Moulded Goods
2. Centrifuged Latex

3. Rubber Mats
4. Rubberised Coir Products
5. Rubber Sheets
6. Rubber Chappals
7. Rubber Wood Treatment
8. Wood Seasoning, Panel, Doors etc.
9. Wooden Furniture

IV Chemical/Mineral

1. Mineral Water
2. Tyre Retreading
3. Corrugated Paper Boxes
4. Woven Sacks
5. Water for Injection
6. Washing Soap
7. Detergent Powder
8. Plastic Moulded Items
9. Anodising
10. Plastic Reprocessing
11. Paints and Primer
12. Perfumes and Lotions
13. Toilet Soap
14. Surgical Cotton
15. Printing Ink
16. Cycle Tyre and Tubes
17. Disposable Cups and Plates
18. Water Storage Tank
19. PVC Chappals
20. Screen Printing
21. Prefabricated Building Materials
22. Decoration of Glass and Ceramic Wares
23. Glazed Tiles
24. Marble Cutting and Polishing
25. Stoneware Pipes
26. Spectacle Frames
27. Cement Concrete Blocks
28. Chalk Crayons
29. Computer Stationery Items
30. Prawn Culture
31. Aqua culture
32. Ornamental Fish

V Mechanical

1. Agriculture Implements
2. General Engineering and Fabrication
3. Automobile Repairing and Servicing
4. LPG Cooking Range
5. Interior Decoration
6. Industrial Knives
7. Stainless Steel Watch Strap
8. Steel Furniture
9. Fibre Glass Products
10. Artificial Jewellery
11. Aluminum Doors and Windows
12. Rolling Shutter

13. Wheel Balancing (Automatic)

VI Electrical/Electronics

1. Emergency Lamp
2. Inverters
3. Uninterrupted power supply (UPS)
4. Electronic Toys
5. CFL Ballast
6. Small Transformers
7. Uruli Roaster
8. Other electronic items
9. PVC Wires
10. Tube light fittings
11. Auto & GLS Lamps
12. Computer Software
13. Voltage Stabilizer
14. Bottle Coolers

B Demand Based

1. Cattle Feed
2. Poultry Feed
3. Bone Meal
4. Fish Meal
5. Readymade Garments
6. Sanitary Napkins
7. Artificial and Fresh Flower Bouquet
8. Hosiery Items
9. Umbrella
10. Biscuits
11. Fish Processing
12. Fish Pickles
13. Meat Processing
14. Other Meat Products.

C Skill Based Industries

1. Bell Metal Products
2. Synthetic Gem Cutting and Polishing
3. Diamond Cutting
4. Flower Nursery
5. Soft Toys
6. Beauty Parlour
7. Electronics Items (Rep. & Servicing Centre)
8. Orchid Culture
9. Wooden Handicrafts
10. Aranmula Kannadi
11. Carved Furniture
12. Handicraft Items made out of Sea Shells
13. Block Printing
14. Thazhappai/Kutta/Muram etc.
15. Fashion Designing
16. Carving of Idols and Statues out of Stone
17. Leather Chappals.

18. School Bags (Rexine)
19. Children Shoes.
20. Dog Belts.
21. Screen printing.
22. Simple Chemical items like liquid soap, Phenoil, Liquid Blue.
23. 2/3 Wheelers Repairing & Servicing Shop.

* * * * *

CHAPTER-8

WHOM TO CONTACT AND FOR WHAT

SI No	Activity	Address
1.	Identification of Project Ideas, Technical Consultancy, Product Selection and Assistance in Preparing Project Report, Feasibility Report, Market Survey.	Micro, Small & Medium Enterprises Development Institute (Ministry of MSME, Government of India) Kanjany Road, Ayyanthole P.O. Thrissur – 680 003 (Kerala) e-mail: sisi_trctcr@sancharnet.in e-mail: dcdi-thrissur@dcmsme.gov.in website: www.sisikerala.org website: www.msmedithrissur.gov.in Phone: 2360536, 2360686 Fax: 0487-2360216
		Kerala State Industrial Development Corporation, Kowdiar, Thiruvananthapuram Tel: 318922 Website: www.ksidc.org .
		K-bip Kerala Bureau of industrial information, Sree Ganesh, 9/2197, Kurup's Lane Sasthamangalam P.O. Thiruvananthapuram 2311882 Website: www.keralaindustry.org .
		Central Food Technological Research Institute CFTRI Mysore-570 020 Ph. 0821-2514534 Fax. 0821-251545 E.mail: ttbd@cftri.res.in . Web. www.cftri.com
		Kerala Industrial & Technical Consultancy Organisation Limited (KITCO) PB No. 1820 Ravipuram, M.G. Road, Kochi-682016 Ph. 0484-2354180, 2360409, Fax. 484-21374580 e.mailkitco@kitco-cochin.com web. www.kitco-cocin.com
		National Institute of Small Industry Extension Training, Yousufguda, Hyderabad-500 045 Ph. 040-23608544, Fax. 040-23608547 E.mail. webmaster@niset.org Web. www.niset.org
		Central Electrochemical Research

		Institute Karaikudi-630006 Tamil Nadu Ph. 04565-227550 to 9 fax.04565-227713/227779 e.mail. director@cecri.res.in web. www.cecri.res.in
		Khadhi & Village Industries Board Vanchiyoar, Thiruvananthapuram-695035 Ph. 0471-2471696 Fax. 0471-2472113 e.mail dirkerala@keralakhadi.org web. www.keralakhadi.org
		Community Canning and Preservation Centre Peace Home, TC No. 26/930. Panavila Junction, Thiruvananthapuram-695001 Ph. 0471-2331239 web. www.wed.nic.in
		Central Institute of Plastic Engineering and Technology TVK Industrial Estate, Guindy, Chennai-600 032 Ph. 044-22343960 E.mail. cipethq@vsnl.com . web. www.cipetindia.com
		Central Institute of Medicinal and Aromatic Plants PO Cimap, Near Kukrail Picnic Spot, Lucknow-226 015 Ph. 0522-2359623 Fax. 0522-2342666 e.mail. director@cimap.res.in web. www.cimap.res.in
		National Institute of Industrial Research, Kamala Nagar, P.O. Box. No. 2162, New Delhi- 110007 Ph. 011-23843955 Fax. 011-23841561 e.mail. niir@vsnl.com . Web. www.niir.org
		Weavers Service Centre, Madena Complex, 1 st and 2 nd Floor, South Bazaar, Kannur002 Ph. 0497-2700937 Fax. 0497-2711085
2	Micro, Small and Medium Enterprise Registration	Director Directorate of Industries and Commerce Vikas Bhavan P.O. Thiruvananthapuram. Kerala-695033 Phone +91-471-2302774 Fax. No. +91-471-2305493 Website: www.keralaindustry.org/Promotional_DI&C.htm

3.	Registration of Small Scale Industries (Provisional/ Permanent SSI Registration)	Assistant District Industries Officers/Industries Extension Officers of Taluk Industries Offices of the concerned area. or District Industries Centres.
4.	Letter of Intent/ Industrial Licenses for items placed under compulsory Licence and to issue industrial entrepreneurs memorandum (IEM) for manufacture of items not covered under compulsory Industrial Licence and MSME sector	Secretariat for Industrial Assistance, Udyog Bhavan, New Delhi-110 011 Ph. -11-3011983 Fax. 011-3011034 E.mail. jsindmss@ub.nic.in Web. www.indmin.nic.in
5.	Promotional & Financial Assistance for setting up Medium and Large Scale Industries	Managing Director Kerala State Industrial Development Corporation, (KSIDC) Kowdiar, Thiruvananthapuram, Kerala Ph. 0471-2318922, Fax. 0471-2315893 e.mail ksidc@vsnl.com . www.ksidc.org
6	Company formation and Registration of firms (proprietorship/partnership firms)	Registrar of Firms (I.G. of Regn.) Near Collectorate, Vanchiyoar, Thiruvananthapuram-695035 Ph. 0471-2463597, 2471458
7.	Private Ltd//Public Ltd. Companies Registration of firms	Registrar of companies, M.G. Road, Ernakulam Ph. 0484-2361424 E.mail roc.ern@sb.nic.in web. www.nic.in/dea
8.	Registration under ESI Act (applicable for units employing 20 or more workers)	Employees State Insurance Corporation, Panchadeep Bhavan, North Swaraj Road, Thrissur-680 020 Ph. 0487-2331241 fax. 0487-2338441 E.mail esitcr@ker.nic.in web www.esic.nic.in
9.	Training in industrial Management and Entrepreneurial Development	MSME-DI, Thrissur Centre for Management Development Thycaud, Thiruvananthapuram-14 Tel: 0471-2320101(3 lines) Industries Department The Director Small Entrepreneurs Promotion & Training Institute, P.B. No.7 Ettumannur, Kottayam – 680 631 Small Entrepreneurs Promotion & Training Institute (SEPTI), Thiruvalla Institute for Management Development 34/1874-A, 1 st Floor, Mettepadath Bldg. Mamangalam, Kochi – 682 025 Palghat Management Association

		Management House, Marutharode, Palakkad
		DICs of respective Districts Kerala Small Industries Development Corporation of respective Districts
10	Local Body License	Local Bodies / (Contact respective district DIC for details)
11	Marketing & product information	Technical Resource Centre, MSME-DI, Thrissur
		NSIC Ltd., Thrissur, Ernakulam and Thiruvananthapuram
		KSIDCO of respective Districts
12	ISI Marks and Allied Details	Bureau of Indian Standards Door No.14/11421 Palayam Thiruvananthapuram, Ph.0471-2327215
13	Testing of Products & Allied Information	The Chairman, Kerala Productivity Council Post Box No.8, HMT Road, Kalamassery – 683 104 Tel: 2855526
	Research and Testing Laboratories	Regional Testing Centre, 65/1 G S T Road, Guindy, Chennai – 32 Tel: 044-2343634
	Testing	MSME-TI, Ministry of MSME Manjadi P.O, Tiruvalla 689 105 phone: 0469 2701336, Fax:04692738465 e-mail: septivla@sancharnet.com
14	Chemical & Food Based Industries Metallic, Mineral, etc.	Central Electrochemical Research Institute, Ernakulam- 680 017
		Regional Research Laboratory, Pappanamcode Thiruvananthapuram-695 019
15	Food Processing and Chemicals	Government Analysis Laboratory Malaparamba, Calicut
		Government Analysis Laboratory Near Civil Station, Kakkanad, Ernakulam
16	Food Processing, Cashew, Spicesb Products, Herbs, Marine Products, Beverages, Fruits and Vegetables, Serials and Pulses	CEPC Laboratory The Cashew Export Promotion Council of India Post Box No. 1709, Chittoor Road Ernakulam South, Cochin – 682 016 Tele: 2361549, 2370973
17	Agmark	State Agmark Grading Laboratory Laboratory Building Nalanchira P.O., Thiruvananthapuram
18	C-MET & Materials	Centre for Materials for Electronics Technology, Mulamkunnathukavu Thrissur – 680 581 Tele: 2201757,

		2201156-59 Fax: 0487-2201347 email: krdayas@cmet.gov.in, krdayas@hotmail.com
19	Chemical Drugs & Standards	The Technical Officer Central Drugs, Standard Control Organisation, Customs House, Ernakulam Chemical Examiners Laboratory Thiruvananthapuram
20	Electronics, ERTL, DE, CEDIT	Electronic Research and Development Centre, Vellayambalam, Thiruvananthapuram Electronic Regional Test Laboratory Vellayambalam, Thiruvananthapuram Electronics Regional Test Laboratory (South) Standardization Testing & Quality Certification Directorate Department of Electronics Govt. Of India Vellayambalam, Thiruvananthapuram – 695 033 Centre for Electronics Design and Technology of India (CEDIT) Calicut
21	Medical Research (Ayurveda Research Institute)	Ayurveda Research Institute Poojappura, Thiruvananthapuram
22	RRL	Regional Research Institute, Poojappura, Thiruvananthapuram
23	RCL	Regional Conservation Laboratory (Archaeology) Thiruvananthapuram
24	RRI	Rubber Research Institute of India Rubber Board, Kottayam – 9, Kerala
25	Kerala State Productivity Council	Kerala State Productivity Council Productivity House, P.B. No.8 HMT Road, Kalamassery-683 104 Tele: 2855526, 2855367
26	CUSAT	Cochin University of Science & Technology Cochin University P.O. Cochin – 682 022 (Kerala) Phone: 0484-2555039
27	Technical Development	Director General of Technical Development Udyog Bhavan New Delhi through Industry Department
28	For Registration of Factory Act	Inspector of Factories of the respective Districts

29	For Clearance under Pollution Control Rules	Chairman, Kerala State Pollution Control Board, Palamood Junction Pattom Palace P.O. Thiruvananthapuram – 695 004 Tel: 2438133, 2438154, 2438152 Pollution Control Board in respective Districts
30	Khadi Village Industries	Director, Khadi and Village Industries Board, Vanchiyoar, Thiruvananthapuram
31	Dairy Development	The Director, Dairy Development Government of Kerala, Valiathura Thiruvananthapuram
32	Horticulture Development	The Director Kerala State Horticultural Products Development Corporation Poojappura Thiruvananthapuram
33	Coir/Coconut based Industry Promotion	The Director Coconut Development Board Kerala Bhavan, Kochi – 682 011 Telephone: 2354216 Coir Board, M G Road, Ernakulam
34	Spices based Industry Promotion	The Director The Spices Board Government of India P.Box No.2277 Palarivattom By-Pass Junction Cochin -25 Tele: 2333602
35	Rubber	The Director Rubber Board Ministry of Commerce Government of India, Kottayam Tel: 0481-2578311-7 Lines
36	Rubber Park	Rubber Park India (Pvt.) Ltd. Kochi 5 th Floor, Penta Tower, Kochi Developing infrastructure facilities for industrial park exclusively for rubber and rubber wood based industries E.mail: rubberpark@vsnl.com
37	Handloom & Textiles	The Director Handloom & Textiles Government of India Thiruvananthapuram
38	Fisheries	The Director of Fisheries Department of Fisheries Government of Kerala Secretariat, Thiruvananthapuram

39	Extend refinance facilities to Banks for extending term loans for setting up of small village and tiny industries in the rural areas. Also extend grant assistance to registered voluntary agencies, charitable institutions to take up promotion schemes.	NABARD General Manager National Bank for Agriculture & Rural Development Thiruvananthapuram E.mail : nabtvm@vsnl.com Website: www.nabard.org
40	NIESBUD Organising EDPs, holding Seminars, conducting Trainers Training Programmes, etc.	National Institute for Entrepreneurship and Small Business Development, New Delhi-110 020 Ph. 6826533, 6826505. Fax. 11-6826811
41	The Coconut Development Board	The Coconut Development Board Govt. of India, Min. of Agriculture, Kera Bhavan Cochin-16 Ph. 2369248, 2362237
42	Approval of Factory Building, Factory registration and renewal of licences	Kerala State Pollution Control Board, Trivandrum-4 Ph. 0471-2318153 Fax. 2318152 E.mail: kspcb@keralapcb.org Website: www.keralapcb.org
43	Approval of High Voltage and Medium Voltage installations, installations of Generator of 50 Kilo Watts and above.	Chief Electrical Inspectorate, Housing Board Bldg. Trivandrum-1
44	Principal financial institution for the promotion, financing and development of industries in the small scale sector and for co-ordination of the institution engaged in similar activities.	SIDBI General Manager Small Industries Development Bank of India, M G Road, Ravipuram Cochin – 682 015 Tel: 2366788
45	Provides direct financial assistance for setting up medium large industrial projects to Ltd. Companies in public, joint or private sector or Co-operative Societies, for projects with capital cost of over ₹ 300 lakhs only	Industrial Finance Corporation of India (IFCI) PB No. 4265 Br. Office Panampilly Nagar Kochi-36 Tel. 0484-2311174
46	NCJD To provide and create necessary infrastructural facilities and conditions conducive to the development of jute, jute products and Diversified jute products.	National Centre for Jute Diversification (NCJD) CIT Scheme VIII (in) Titadange, Calcutta-700 067 Ph. 351-3269/3373/9818 Fax. 33-351-3270
47	ANERT To gather and disseminate useful knowledge in various fields of renewable energy sources, Energy Conservation and rural Technology.	ANERT, Pattom PO, Trivandrum

48	IREDA Promoting , developing and extending financial assistance for Projects relating to Renewable Energy and Conservation	Indian Renewable Energy Development Agency Ltd. Lodi Road, N, New Delhi 110 003
49	KINFRA Provides infrastructure across the state and woo potential investors across the world.	Kerala Industrial Infrastructure Development Corporation, KINFRA House, 32/2312, Sasthamangalam, Trivandrum-695010 Ernakulam, Ph. 2415796, Fax. 2424877 KINFRA – Small Industries Parks (K-BIP) are located at Thumpal in Trivandrum, Mazhuvannur in Ernakulam, Thalassery in Kannur, Seethangoli in Kasargod, Kakkancherry in Malappuram Koratty in Thrissur, Kalpetta in “Wayanad, Kunnammthanam in Pathanamthitta SEZ for Animation and Gaming in TVPM, SEZ for Electronics, Kochi
50	KSIDC Merchant banking equipment leasing. short term loans, loans and short term corporate loans, equipment refinance, venture sourcing project appraisal and feasibility, Management consultants.	Kerala State Industrial Development Corporation Limited Trivandrum: Keston Road, Kowdiar, Kerala - 695 003 India Phone: 0471-2318922 Fax: 2315893 Cochin: II Floor Choice Towers, Manorama Junction, Kerala – 682 016 Phone: 0484-2323010, 2323101 Fax: 2323011 E-mail: ksidcko@vsnl.net.in WebSite: www.ksidc.org Kochi, Choice Towers, Kochi-682016
51	KVIC Provides assistance for Khadi Units/Individuals.	Registration of Khadi and Village Industrial Co-operative Society
52	Coir Board	Director of Coir Development, Coir Bhavan, Trivandrum Tel. 322046 Fax. 0821-2517233
53	BIS	Bureau of Indian Standards, Palayam, Trivandrum-34 Ph. 2327215/2339174 E mail tb0@bis.org.in , website: www.bis.org.in
54	Operates various schemes to assist the sea food industries	MPEDA
55	DGS&D Rate Contract under Govt. Stores Purchase Programme.	Director General of Supplies and Disposals Madras-6
56	AGMARK For AGMARK Registration.	Adviser, Agricultural Marketing, 6 th Cross Road, W. Island, Cochin.
57	AGMARK Agmark Quality Certification of dal oil, ghee, honey, spices	Agricultural Marketing Adviser, Directorate of Marketing and Inspection, Faridabad-121001

58	Industrial Development Bank of India Provides technical and administrative assistance for promotion or expansion of industry. Extends direct assistance to Public Limited Companies and Co-operative societies and to private limited Companies in exceptional cases for financing new projects and also for expansion and diversification of existing ones. Normally assistance is confined to projects with investments over ₹300 lakhs. Provides soft loan assistance for modernization. Operates Technical Development Fund Scheme.	IDBI, Panampilli Nagar, Kochi-36 Ph. 0484-2318889
59	IFCI Provides direct financial assistance for setting up medium large industrial projects to Ltd. Companies in public, joint or private sector or Co-operative Societies, for project with capital cost of over ₹ 300 lakhs only. Industrial Finance Corporation of India	PB No. 4265 Panampilly Nagar Kochi-36
60	ICICI Assists Industrial enterprises by providing finance in both rupees and foreign currencies in the form of loans or medium term loans or equity participation etc.	Industrial Credit and Investment Corporation of India Madras-18 Ph. 044-4364621-28 Fax: 4330097 Website www.icicibank.com
61	Arrange for essential imports of raw materials other than those supplied by MMTC Import of non-ferrous raw materials like Tin, Tin waste, Aluminium ingot, EC grade Alu Zinc, Copper ingot, Sulphur etc.	State Trading Corporation of India (STC) Ltd. New Delhi
62	KFC Consultancy service for project ideas, selection and development liaison, surveys and feasibility reports. Finances for seed capital and Term Loans for industrial units, hospital, Genset Etc. Assistance to Women Entrepreneurs (Mahila Udyog Nidhi) Schemes for Technocrafts SC/ST. Single Window Scheme provides term loan and working capital to new tiny & SSI units Equipment Leasing Scheme. ISO 9000,II Discounting scheme.	Kerala Financial Corporation Vellayambalam, Thiruvananthapuram - 695033 E-mail : kerfinco@sancharnet.in Tele :0471 - 2318319 Fax : 0471 – 2318541 KINFRA KINFRA house 14/1026, Vellayambalam, Thiruvananthapuram, Kerala-695 010, Ph:0471-324285 Fax:0471-324473. E-mail: KINFRA@giasmd01.vsnl.net.in
63	Provides technical and administrative assistance for promotion or expansion of industry. Extends direct assistance to Public Limited Companies and Co-operative societies, and to private limited Companies in exceptional cases for financing new projects and also for expansion and diversification of	Industrial Development Bank of India (IDBI) Br. Office: Panampilli Nagar, Kochi-36 Ph. 0484-2318889,

	existing ones. Normally assistance is confined to projects with investments over ₹ 300 lakhs. Provides soft loan assistance for modernisation, Operates Technical Development Fund Scheme.	2322157/58/2312964 Fax. 2319042 Website: idbi.com Head Office IDBI Tower WTC Complex, Cuffe Parade Mumbai-400 005
64	CFTRI Providing Technical advice in setting up of Food based industries and is responsible for Education, Training and Research in the area of Food, Science and Technology.	CFTRI, Chalevamba Mansion, Mysore, Karnataka-570 020
65	FPO mark and subsidy for food processing industries.	Ministry of Food processing Industries, Govt. of India Panchasheel Bhavan New Delhi
66	Fruit Products Order (FPO) License.	Dy. Director, Fruit and Vegetables Preservation, Madras-6 Office, The Food and Nutrition Board, 15, Haddows Road Chennai-600 006
67	Conducts Management Development Programmes. Entrepreneur Development Programmes, Management Research etc.	Centre for Management Development(CMD) CV Raman Pillai Road Thycaud, Trivandrum-14 Ph. 2328737.2331253
68	Provides a range of Credit risk (Commercial risk and Political risks) insurance covers to exporters against loss in export of goods and services. Offers guarantees to banks and financial institutions to enable exporters to obtain better facilities from them. Feedback export about foreign buyers	. Export Credit Guarantee Corporation of India Ltd/ (EGC) 682016 HDFC House, MG Road, Ravipuram, Kochi-15 Ph. 2359457.2359437 Fax. 0484-2359016
69	Helps to revive and rehabilitate Sick Industrial Units.	Board for Industrial and Financial Reconstruction (BIFR), II Floor Ansai Chambers, II Bhikaji Came Place RK Puram, New Delhi-110066
70	Import of non-ferrous raw materials like Tin, Tin waste, Aluminium ingot, EC grade Alu Zinc, Copper ingot, Sulphour etc.	The Minerals and Metals Trading Corporation of India (MMTC) Ltd. New Delhi
71	Promoting developing and extending financial assistance for Projects relating to Renewable Energy and Conservation	ANERT, Pattom PO Trivandrum.

ADDRESSES OF SOME PROMOTIONAL AGENCIES OF THE STATE GOVT.

Business Development

Manager - Business Development
Technopark Campus
Thiruvananthapuram - 695 581
Phones: 0471-2700 222
Fax: 0471-2700 171. E.mail: response@technopark.org

General Manager

Kerala Bureau of Industrial Promotion

'Sri Ganesh', TC IX/2197 Kurup's Lane,
Sasthamangalam P.O., Thiruvananthapuram - 695 010
Phone: 0471-2311882, Fax: 2311883
E-mail: bureau@vsnl.com

Bureau of Indian Standards

Thiruvananthapuram Branch Office
TC/14/1421 University P.O.
Thiruvananthapuram-695034
Phone: 0471-322117, 327215, 322104
Fax: 0471-322117, 327215
E.mail bistbo@vsnl.com, Website: www.bis.org.in

KITCO Limited

P.B. No. 1820, Ravipuram
M.G. Road, Cochin-682016, Kerala
Phone: 0484-354180/360409, 382408
Fax No. 0484-374580
E.mail kitco@kitco-cochin.com

Natural Centre for HACCP Certification

'Sri Ganesh' TC IX/2197
Kurup's Lane, Sasthamangalam
Thiruvananthapuram – 695 010
Tel. 0471-2311882, Fax. 0471-2311883
E.mail info@haccpindia.org
website: www.haccpindia.org, www.keralaindustry.org

Directorate of Coir Development

Nandanam, Palayam
Thiruvananthapuram
Phone: 047-322046, 0471-322046
www.keralaindustry.org/kerala_coirp.htm

SIDCO

Santhinagar

Thiruvananthapuram-695001

Phone: 0471-330613, Fax:0471-330904

www.keralaindustry.org/promotional_SIDO

Director

Directorate of Industries and Commerce

Vikas Bhavan P.O., Thiruvananthapuram

Kerala – 695 033

Phone 0471-2302774, Fax. No.0471-2305493

www.keralaindustry.org/Promotional_DI&C.htm

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Annexure – I

The National Strategy for Manufacturing

The National Common Minimum Programme of the Government of India 2004 had prescribed certain basic principles of governance which sought to ensure a growth of 7 to 8 percent in terms of GDP. It also states that the growth should be in a manner that generates employment so that each family is assured of a safe and viable livelihood.

A high level of 8 to 10 percent GDP growth and providing gainful employment annually to over eight million boys and girls will be possible, only when the different elements of the economy are competitive both in terms of quality and costs. In addition, a careful balance has to be maintained between the three segments of the economy- Agriculture, Industry and Services. In the recent years certain imbalances have crept in largely due to manufacturing activities not having kept pace with the needs. Manufacture constitutes a major portion of the industrial sector and unless the manufacturing activities remain competitive such a balanced growth is not possible. Manufacture also drives the global business contributing to over 75 percent of Indian exports. If India has to play a larger role in global market, manufacturing in India should receive greater attention.

The National Manufacturing Competitiveness Council set up by the Government in 2004 as a part of the National Common Minimum Programme is one of the instruments to help this balanced and accelerated growth. If we have to aim at a viable livelihood to all sections of the society a higher GDP growth of 8 to 10 percent is very essential sustained over a longer period of 10 years or more.

The share of "manufacturing" in the GDP had remained stagnant for over 15 years since 1990 at around 17 percent. This has been the cause for worry. This has, in effect, curtailed the opportunities for increased employment for people coming out of agriculture and from the rural and semi-urban background which constitute the bulk of the Indian population. To unleash the creative energies of Indian entrepreneurs, businessmen, scientists, engineers and other professionals and to create the right type of employment the manufacturing operations will have to grow faster than other sectors. The share of "manufacturing" should be raised to 30 to 35 percent of the GDP by year 2020.

Keeping this objective in mind the NMCC has brought out this "National Strategy for Manufacturing - 2006" which is intended to serve as a guideline for future work. The decade 2006-2015 is the Decade of Manufacturing for India. We should aim at achieving an average growth rate of 12 to 14 percent in respect of manufacturing. It is now necessary that the recommendations of the NMCC are implemented with a sense of urgency to achieve our desired objectives.

Manufacturing has been recognized as the main engine for economic growth and creation of wealth and accordingly, emphasis was placed on growth of industry in most of our Five Year Plans. However the share of manufacturing has been stagnating at a low level of 17% of GDP for over two decades. One of the major reasons for the reduced level of contribution by Manufacturing has been the inability of the country to build and maintain competitiveness needed to meet the global challenges as well as to develop a larger domestic market through low cost production. The negative impact of protection given to Indian industry through the aegis of licensing until 1991 has not yet worn off.

The average annual growth of the GDP was 5.8% during 1980s and it went up to a little more than 6% during the 1990s. While the contribution of agriculture to the GDP decreased from 31.3% in 1991 to 22.1% in 2003, the contribution of services increased from 41.9% in 1991 to 51% in 2003. The contribution from Industry had, however, remained stagnant around 27% of GDP between 1991 and 2003 which included the manufacturing component of about 17 percent. The share of manufacturing sector within the industry sector has shown only a marginal improvement from 15.8% in 1991 to 17% in 2003. In comparison some of the East Asian economies have recorded a share of manufacturing ranging from 25% to 35% of their GDP.

India's share in the global trade is less than 1%, which is much below the potential. Manufactured goods form three-fourths of all exports from India. Five manufacturing sectors viz., Gems and Jewellery, Textiles and Garments, Engineering Goods, Chemicals, Leather and Leather Goods account for over 75% of India's manufacturing exports. The two trading blocks, US and EU, receive more than 50% of exports from India.

Manufacturing is crucial to the Indian economy. The effect of improvement in manufacturing sector goes far beyond the goods provided by it. Manufacturing sells goods to other sectors and in turn buys materials and services from them for its growth

and development. Manufacturing spurs demand for everything from raw materials to intermediate components. It impinges on software to financial, health, accounting, transportation, and other services in the course of doing business.

Needless to say that manufacturing sector has to carry the major burden of increasing employment opportunities in the coming decades directly or indirectly. This is particularly valid for the unemployed coming from rural and agricultural sectors. Growth of manufacturing sector lends greater support to Agriculture through more intensive efforts on agro-based Industries. It also creates strong multiplier effects in the services sector in areas like traditional trading, financial services, transport etc. Therefore, the overall employment effect of manufacturing would have to include the indirect generation of employment in the services sector. Besides, within the service sector those of the sub-sectors that are linked to the manufacturing directly need to be concentrated upon as they provide substantial job opportunities. It is, therefore, necessary that robust growth of the manufacturing sector is ensured for creating overall growth and employment possibilities in the economy.

The backlog of unemployment is estimated to be more than 34 million in 2005. It is expected that over the next twenty years, the total proportion of workforce involved in agriculture is likely to decline from 56 per cent to about 40 per cent, and this would call for finding substantial non-farm employment opportunities. While service sector would provide high quality employment opportunities which are, indeed essential in the growth process, it is likely to benefit only a fraction of the job seekers entering the market. From the year 1990 or so the employment intensity of the growth process of the Indian economy as well as of manufacturing has been declining. The employment elasticity for manufacturing which was at 0.59 between 1983 to 1987 had fallen to 0.38 between 1983 to 1993 and further to 0.33 in the period 1993 to 1999. Increases in capital intensity as well as increase in labour productivity are the important causes for this phenomenon.

For over twenty years, powerful developments globally as well as within the country have impacted on Indian manufacturing sector. First is the substantial reduction in trade barriers across the globe and in India, particularly in respect of manufactured goods. Second is the technology revolution that is taking place impacting on productivity and lowering of costs and the third is the emergence of low cost manufacturing hubs -

China and other South East Asian countries. All these meant that the Indian economy and the manufacturing sector in particular, have to necessarily adjust to these challenges. Economic reforms introduced in India particularly since 1991 are aimed at making the Indian economy and Indian industry more efficient and competitive. The Indian economy continues to be progressively liberalized leading to its greater integration into the global economy. Liberalization and globalization have provided unprecedented opportunity for the growth and expansion of the industry in general and the manufacturing sector in particular. At the same time the Indian industry is also faced with stiff competition from imports due to progressive tariff reduction.

The manufacturing sector in India, for all these reasons, grew annually only at an average of 6.3% during 1991 to 2003 as against over 12% in China. The low levels of manufacturing growth in the above period had its adverse impact on the balanced growth of the economy and on employment generation. Given the background, improving competitiveness alone will enable the Indian Industry to take full advantage of globalization and grow at a healthy rate. There is no denying that India possesses a comparative advantage in many respects. With its experienced work force, large pool of scientists, engineers and managers, reasonable endowment of natural resources and a large domestic market India has the potential to emerge as a major manufacturing hub for the global market. This can materialize quickly only with improvement in the competitiveness of its Industry. Rising productivity is the key to maintaining and improving competitiveness of manufacturing. Innovation is the driver of productivity. Productivity gains in turn ensure economic growth as well as higher standard of living. Rising productivity would help provide goods at lower costs, improve the purchasing power of the common man, and thus accelerate the domestic demand. Thus, competitiveness is central to robust growth of the manufacturing sector; in turn the Manufacturing sector is crucial for the overall growth of the economy as well as for providing jobs to the large work force entering the job market every year, particularly from the rural areas.

Annexure II

National Entrepreneurship Policy

Entrepreneurs shape economic destiny of nations by creating wealth and employment, offering products and services, and generating taxes for governments. That is why entrepreneurship has closely been linked to economic growth in the literature on the subject. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be major source of competitiveness in an increasingly globalising world economy. Therefore, most governments in the world strive to augment supply of competent and globally competitive entrepreneurs in their respective countries. While developed nations have a reasonably good pace of entrepreneurial supply, most developing countries suffer from dearth of such entrepreneurs. This is one of the reasons for the poverty in developing countries, despite their rich resource endowments.

India has been growing at a relatively high rate in the last few years, and is likely to be the largest economy in the world by 2050. Unlike most of the developed economies, India is a young country with about 63 per cent population currently being in the working age group of 15 to 59 years. This is a plus factor in its favour as studies have found that nascent entrepreneurship prevalence rates are highest in the 25-34 age groups. But, this demographic dividend could prove to be its albatross if we are not able to engage our youth in creative pursuits through developing appropriate skills, including entrepreneurship skills. As of now, only about 5-6 per cent youth have access to some kind of skills.

The Indian society, by and large, has a distinct preference for service/decent job, that provides economic security and access to power that be. Youth get exposure to this kind of pro-service culture since childhood. They grow up with a job-oriented mind-set, and seldom think of entrepreneurship as a career. Our educational system also rarely exposes the students to entrepreneurship; prepares them for a job instead. Even if someone with a high entrepreneurial aptitude wants to set up a business, she/he is discouraged by a host of adverse factors: lack of adequate access to information on setting up and operating a business, procedural hurdles, lack of start-up funds, lack of adequate networks and mentoring support, difficult access to technology, lack of a supportive system, operational difficulties, and the nightmare about the consequences of failure. These factors loom large and hinder the emergence of entrepreneurship, in adequate measure. In view of these considerations, the Government of India has decided to formulate a National Entrepreneurship Policy with the overarching aim to augment the supply of entrepreneurs.

It is often argued that while every entrepreneur is self-employed, every self-employed person is not an entrepreneur. By and large, Entrepreneurship Policies across

the globe do not regard self-employment as 'entrepreneurship'. Rather, entrepreneurship has some element of innovation and growth potential. Entrepreneurs bring productivity gains through innovations and enhance competitiveness. Entrepreneurship Policy strives to promote and strengthen the requisite competence to this end.

The role of entrepreneurship is not confined only to creation of enterprises, but also includes creation of the capacity to produce wealth, jobs and income, which are the most direct indicators of economic development. In fact, underdevelopment is not because of the lack of natural resources but because of the absence or inadequate supply of entrepreneurs.

While there always is an autonomous supply of entrepreneurs in all parts of the world, in the developing countries it falls short of the quantity that is necessary to adequately exploit resources to generate wealth and employment. There are also issues pertaining to the quality of entrepreneurs. The quality of whatever little autonomous supply of entrepreneurs these developing countries have is also rather suspect. This is amply reflected in the high (close to 40%) industrial sickness in these countries, including India.

India needs opportunity-driven competent entrepreneurs, who set up sustainable enterprises, create employment, and generate wealth, whereas most entrepreneurs in developing countries are 'necessity driven' 'forced entrepreneurs'. They enter into the realm of business as they have no option to earn their livelihood from any other source. As a result, whenever the economy does well, the size of self-employed category invariably shrinks, as these self-employed 'pseudo' entrepreneurs move to jobs that provide financial security and decent earning, which, as self-employed, they will seldom earn. The question is; where will this supply of 'opportunity driven' entrepreneurs come from? How will potential entrepreneurs acquire competence and global competitive edge?

The need of the hour, therefore, is to augment the supply of well-groomed opportunity and innovation driven entrepreneurs, rather than 'factor' or 'necessity' driven self-employed. We must create job providers in larger numbers rather than job seekers. It will help redress the twin problems viz. unemployment and poverty. This requires concerted efforts. Youth should start looking at entrepreneurship as a lucrative career. The Government realises that there is a need to 'catch them young'. This requires inculcating entrepreneurial values and skills in them at a young age. This may also require introducing entrepreneurship in the education system. There is also a need to inculcate entrepreneurial temper in society at large to make all walks of life entrepreneurial, to make India an entrepreneurial nation wherein entrepreneurship becomes a way of thinking, a way of life.

It is argued that there must be a mechanism in place that leads to a high rate of inflow of new entrepreneurs who in turn create new enterprises. The questions being raised are of the quality and quantity of entrepreneurs who could take advantage of the emerging opportunities in the wake of liberalization and globalization of the economies. India unfortunately is deficient on both counts. Across the world, business processes have undergone a sea change in the post liberalisation era. It would be difficult to meet the level of competition with traditional family owned business processes. There is a need to modernise businesses so that they become globally competitive. Entrepreneurship needs to be made a revolution. Therefore, the Government has decided to refocus on promotion of entrepreneurship in the country, in a strategic manner, through a comprehensive 'National Entrepreneurship Policy'.

The vision of the National Entrepreneurship Policy is to place India in the comity of front ranking entrepreneurial and innovative nations.

The mission of the entrepreneurship policy is to create an eco-system in India wherein opportunity based and innovative entrepreneurship germinates, sustains and grows leading to creation of a more dynamic and 'entrepreneurial economy'

Objectives of the Entrepreneurship Policy to the overall objective of the 'National Entrepreneurship Policy' is to create conducive conditions that augment continuous flow and emergence of opportunity driven entrepreneurs. The specific objectives of the Policy are to:

- i. trigger an entrepreneurial culture and inculcate entrepreneurial values in society at large and influence the mind-set of people towards entrepreneurship;
- ii. create awareness about the charms of being an entrepreneur and the process of entrepreneurship, especially among youth;
- iii. encourage more dynamic start-ups by motivating educated youth, scientists and technologists to consider entrepreneurship as a lucrative, preferred and viable career;
- iv. support early phase of entrepreneurship development including the pre-start-up, nascent as well as early post start-up phase and growth enterprises;
- v. broaden the base of entrepreneurial supply by meeting specific needs of under-represented target groups like women, minorities, socially and economically backward communities, scheduled castes and scheduled tribes and under-represented regions to achieve inclusive, balanced and sustainable growth of entrepreneurship in the country;
- vi. facilitate creation of social enterprises to address the needs of the population at the 'bottom of the pyramid';

- vii. ensure adequate availability and flow of information to potential entrepreneurs, eliminate entry and exit barriers, create a business friendly, non-threatening and conducive regulatory and policy environment to reduce administrative burden related to compliances of various kinds; and
- viii. Create an eco-system by evolving an institutional framework and organisational structure to achieve the above objectives.

To achieve the above stated objectives, the Government will follow a multi-pronged strategy:

- (i) Sensitising, Promoting and Igniting Entrepreneurship
- (ii) Creating and Fostering Entrepreneurship
- (iii) Nurturing Entrepreneurship
- (iv) Recognising and Celebrating Entrepreneurship
- (v) Institutionalising the Entrepreneurship Movement

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Annexure III

Report of the Inter-Ministerial Committee for Boosting Exports from MSME Sector

MSMEs contribute significantly to employment generation and development of rural areas. MSME sector is one of the key drivers for India's transition from an agrarian economy to an industrialized economy. Around 50% of MSMEs in India are owned by underprivileged groups, which show how MSMEs contribute to improve the entrepreneurial skills and economic empowerment. MSMEs feed local consumer markets and international value chains.

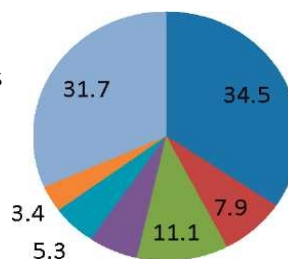
As per information in the annual report of MSME 2012-13, MSMEs account for a large share of industrial units which can be seen from the fact that in the year 2011-12, the total number of enterprises in MSME Sector was 447.73 lakhs with total employment of 1012.59 lakhs. MSMEs are accordingly also effective vehicles of employment generation. The estimated numbers of enterprises and employment have increased at an annual compound growth rate of 28.02% and 26.42% respectively. MSMEs contribution to rural development can be observed from the fact that 200.19 lakhs of the working enterprises were located in rural areas, which accounted for 55.34% of the total working enterprises in MSME sector; whereas 161.57 lakhs (44.66%) of the working enterprises were located in urban areas. The sector currently produces more than 6,000 quality products, ranging from handloom saris, carpets and soaps to pickles, auto and machine parts targeting both domestic and international markets. Provided necessary support, MSMEs are likely to experience a high growth path, and the share of MSMEs in the country's GDP is expected to touch double-digits by the end of this decade, from the current 8.72 per cent.

Role of MSMEs in Indian Exports

The share of MSMEs in India's total exports was estimated to be around 43 per cent in 2011-12. The share of the top six commodities which account for about 70% of total MSME exports is as shown below:

Share of Top Six Products in MSME Exports

- 34.5 Pearls, Precious stones, Metals, Coins etc.
- 7.9 Electrical, Electronic Equipments
- 11.1 Articles of Apparel and Accessories
- 6.1 Pharmaceutical Products



Source: Ministry of MSME, Annual report 2012-13

Out of the major products of MSME exports, gems and jewellery show a decline of 3.5% as compared to the previous year. Electronic items show a decline of 9.27% in 2012-13. Readymade garments of all textiles show a decline of 5.76% in 2012-13. Engineering goods as a total group show a decline of 3.1%. However, drugs and pharmaceuticals had shown an increase of 10.3% and basic chemicals had shown an increase of 10.93%.

Even in the first three months of the current year 2013-14, engineering goods export shows a decline of 6.29% as compared to April-June, 2012. Electronic goods show a decline of 13.25%, gems and jewellery show a decline of 13.13%, basic chemicals show marginal decline. However, readymade garments of all textiles are indicating a positive trend of 11.1%, cotton yarn/fabrics/made ups and handloom products show 13.29% increase, leather and leather manufactures show 8.4% increase and marine products exhibit a 27.8% increase in exports.

The main markets for the 20 most-exported MSME product groups, which accounted for more than 90 per cent of MSME exports from 2009 to 2012, include the USA, European Union (EU), UAE, Turkey, Singapore, Hong Kong, Israel and Saudi Arabia. The MSME sector accounts for around 45 per cent of total manufacturing output. MSME sector has about 36 million working enterprises and 80 million employments throughout the country. It has been continuously growing at a rate of 12-13% per annum, far above the large sector. The MSME sector contributes about 45 per cent of the manufacturing output and 43 percent of the total exports of the country, and 8.72 per cent of the country's GDP. MSME exports have expanded at an annual average growth rate of 11.0% during 2007 to 2011. For the period 2009-12, MSME exports are estimated at US \$ 325 billion. MSME exports mainly consist of pearls, precious stones,

metals, electrical, electronic equipment, pharmaceutical products, organic chemicals, articles of iron & steel etc. As per the information received from the ministry of MSME, for the year 2011-12, MSME exports are estimated at US \$ 131 billion constituting 43% of total exports of the country. Participation in exports gives MSMEs exposure to global trends, and stimulates innovative ideas and designs.

Major issues concerning the MSME sector

Although Indian MSMEs are a diverse and heterogeneous group, they face some common problems, as follows: -

- a. Lack of availability of adequate and timely credit. The major dependence for some sectors (eg. handicrafts) is for larger working capital requirement, which directly impacts their production cycle
- b. High cost of credit, with interest rates of 14-16%.
- c. Collateral requirements being insisted upon by banks
- d. Limited access to equity capital for MSMEs
- e. Marketing is one of the critical areas where MSMEs face problems including product differentiation, brand building, customized tailor-made services, clientele building, after sales servicing etc. Many entrepreneurs are not entering in the field of exports due to lack of market knowledge, availability of a growing domestic market, and the complexities of international trade. Limited scale of operations leads to low production capacity (and consequent low exportable surplus), which is related to the maximum limits for capital investment for definition of MSME
- f. Problems of designing, packaging and product display due to limited capacities-financial and human
- g. Inadequate infrastructure facilities, including power, water, roads, etc. which are however not unique for MSMEs, but impact manufacturing more than services
- i. Low technology levels and lack of access to modern technology.
- j. Lack of skilled manpower
- k. Absence of a suitable mechanism which enables the quick revival of viable sick enterprises and allows unviable entities to close down speedily.
- l. Lack of coordination among the various organizations involved in the promotion of MSMEs, including organizations of the State Governments, and poor linkages with the institutional stakeholders in the private sector. There is also duplication of programmes run by various Ministries for the same target group

- m. Lack of reliable and updated data base to help in monitoring the development initiatives and formulation of appropriate schemes to meet the differential needs of the heterogeneous beneficiaries.
- n. Non availability of raw materials at a competitive cost, very often due to low volumes
- o. High transaction costs and procedural delays leading to high fixed costs.
- p. Policy and procedural issues.

The committee made the following recommendations for boosting the export from MSME sector.

Availability and Cost of Credit

The cost of credit and credit availability is perhaps one of the most important factors for MSMEs. Availability of credit at internationally competitive rates is a major issue facing the MSMEs in India.

Marketing Support

The need for better marketing and brand development was recognized to be a major impediment in increasing exports. There is a need to focus more on the marketing needs of the MSMEs to enhance their exports, many of which may not involve cost to the exchequer.

Productivity/Technology/Skill Upgradation of MSMEs

It is through Labour Law Modifications, Enhancement of CLCSS, Design Support, Research/Resource Centres, Process/ Product Development Centres, Tool Rooms, Common Facilities Centres, Compilation of Skill Development Schemes, Linkages with Technical Institutions, Technology Acquisition Scheme, and Enhancing Innovation.

Duties/Indirect Taxes/Incentives Related Issues

There is a need to have a supportive duty and incentive structure for the MSME sector, so that the manufactured product is at a competitive price at the international level. Products of MSMEs need more incentives as MSMEs have a limited resource base. While the Committee recognizes the fact that incentives can be only short term stop gap arrangements, nevertheless, the Committee also recognizes that the MSME units need more hand-holding and better risk mitigation.

Infrastructure

Good infrastructure facilities ensure the proper delivery and safety of the exported product alongwith savings in time and cost. There is a need to allow export consignments under Duty Drawback/FTP incentive schemes, on a 24*7 basis, so as to ensure faster delivery of export product. The congestion in ports may hamper the export efforts of MSMEs. No Detention of Export Consignments.

According to FTP provisions, no export consignment shall be detained at ports. Uninterrupted power supply to the export-oriented MSME clusters/ industrial parks may be ensured, as it would increase working hours and labour productivity and therefore exportable surplus. Locating MSME clusters close to the National Highway or railway corridors was suggested so as to ensure facilitation for boosting exports. . In view of the significant gaps in infrastructure, increased funding for ASIDE along with a prioritized list of projects needs to be ensured.

Institutional Framework

The institutional framework to support MSMEs is essential for their all-round development and contribution to the exports of the country. They are Focus On MSMEs, a facilitation council should be set up to take up the matter of unpaid invoicing in exports on their behalf at a subsidized cost, there is a need to strengthen the existing mechanism and co-ordination between Customs & DGFT to avoid delay of export consignments, in order to guide MSMEs, the export Associations need to be more pro-active and these Associations must regularly update/inform the MSMEs regarding the export related schemes, procedures and facilities of the Government.

Sector Specific Issues

The Committee consulted the industry associations of the specific sectors having high export potential.

Specific Market Related

There are various problems faced by MSMEs in some specific markets like EU, USA and other markets. They include Transit Period for Sight Bills, Focus Market Scheme Expansion, Export of Agrochemicals, Remittances from Third Countries, Export Promotion in East Europe, and Review of FTAs.

General Recommendations

It includes Redefinition of MSME, Incorporation of Employee Number in MSME Definition, and Promoting MSME Exports in Defence Sector.

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Annexure IV

NATIONAL MANUFACTURING POLICY

The Government of India has announced a national manufacturing policy with the objective of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. It also seeks to empower rural youth by imparting necessary skill sets to make them employable. Sustainable development is integral to the spirit of the policy and technological value addition in manufacturing has received special focus.

Inadequate physical infrastructure, complex regulatory environment and inadequate availability of skilled manpower have constrained the growth of manufacturing in India.

Recognizing that the manufacturing sector has a multiplier effect on the creation of jobs, even in allied sectors, the government has brought out this policy.

The policy is based on the principle of industrial growth in partnership with the States. The Central Government will create the enabling policy frame work, provide incentives for infrastructure development on a Public Private Partnership (**PPP**) basis through appropriate financing instruments, and State Governments will be encouraged to adopt the instrumentalities provided in the policy.

Economic reforms unveiled in 1991, have brought about a structural shift enabling the private sector to assume a much larger role in all sectors of economy. However, the growth of GDP in India has largely been enabled by a dynamic growth in the services sector.

The increasing gap in the sectoral share and the productivity of the manufacturing sector, between India and some Asian economies indicates that we have not been able to fully leverage the opportunities provided by the dynamics of globalization.

This also has attendant socio economic manifestations in terms of over dependence of a large section of the population on agriculture for its livelihood, disguised unemployment and urban unemployment. India has a favourable demographic profile with over 60% of population in the working age group of 15-59 years. For a country with the largest young population in the world, this creates a challenge of significant magnitude. Over the next decade, India has to create gainful employment opportunities for a large section of its population, with varying degrees of skills and qualifications. This

will entail creation of 220 million jobs by 2025 in order to reap the demographic dividend. The manufacturing sector would have to be the bulwark of this employment creation initiative. Every job created in manufacturing has a multiplier effect of creating two to three additional jobs in related activities. Therefore, a thrust on manufacturing is integral to the inclusive growth agenda of the government.

Developments of Indian manufacturing sector calls for deepening and recalibrating of economic reforms that would strengthen the sector and make it grow faster and become an engine of inclusive growth.

Government of India decided to bring out the National Manufacturing Policy to bring about a quantitative and qualitative change with the following six objectives:

- i. Increase manufacturing sector growth to 12-14% over the medium term to make it the engine of growth for the economy. The 2 to 4 % differential over the medium term growth rate of the overall economy will enable manufacturing to contribute at least 25% of the National GDP by 2022.
- ii. Increase the rate of job creation in manufacturing to create 100 million additional jobs by 2022.
- iii. Creation of appropriate skill sets among the rural migrant and urban poor to make growth inclusive.
- iv. Increase domestic value addition and technological 'depth' in manufacturing.
- v. Enhance global competitiveness of Indian manufacturing through appropriate policy support.
- vi. Ensure sustainability of growth, particularly with regard to the environment including energy efficiency, optimal utilization of natural resources and restoration of damaged/ degraded eco-systems.

In order to achieve these goals:-

- i. Foreign investments and technologies will be welcomed while leveraging the country's expanding market for manufactured goods to induce the building of more manufacturing capabilities and technologies within the country;
- ii. Competitiveness of enterprises in the country will be the guiding principle in the design and implementation of policies and programmes;
- iii. Compliance burden on industry arising out of procedural and regulatory formalities will be reduced through rationalization of business regulations.
- iv. Innovation will be encouraged for augmenting productivity, quality, and growth of enterprises; and
- v. Effective consultative mechanism with all stake holders will be instituted to ensure mid-course corrections.

The following industry verticals will be given special attention:

- i. **Employment intensive industries:** Adequate support will be given to promote and strengthen employment intensive industries to ensure job creation. Special attention will be given in respect of textiles and garments; leather and footwear; gems and jewellery; and food processing industries.
- ii. **Capital Goods:** A robust economic growth would necessitate a strong demand for capital goods. Such growth would create a strong and continuing demand for capital goods. The capital goods industry, which is the mother industry for manufacturing has not grown at the desired pace. A special focus will be given to machine tools; heavy electrical equipments; heavy transport, earth moving and mining equipments.

Time bound programmes will be initiated for building strong capacities with R&D facilities and also to encourage growth and development of these capacities in the private sector while strategically strengthening the public sector to complement the private initiatives where essential.
- iii. **Industries with strategic significance:** A strategic requirement of the country would warrant the launch of programmes to build national capabilities to make India a major force in sectors like aerospace; shipping; IT hardware and electronics; telecommunication equipment; defence equipment; and solar energy. Mission mode projects will be conceptualised in each of these sectors, recognizing the fact that a mission on solar energy has already been launched under the National Action Plan on Climate Change.
- iv. **Industries where India enjoys a competitive advantage:** India's large domestic market coupled with a strong engineering base has created indigenous expertise and cost effective manufacturing in automobiles; pharmaceuticals; and medical equipment. The concerned ministries will be formulating special programmes to consolidate strong industry base to retain the global leadership position.
- v. **Small and Medium Enterprises :** The SME sector contributes about 45% to the manufacturing output, 40% of the total exports, and offers employment opportunities both for self-employment and jobs, across diverse geographies. A healthy rate of growth shall be ensured for the overall growth of the manufacturing sector as also the national economy by policy interventions in areas like manufacturing management, including accelerated adoption of Information technology; skill development; access to capital; marketing; procedural simplification and governance reform.

The National Manufacturing Competitiveness Programme, being implemented by M/o MSME will be strengthened, and the recommendations of Task Force on MSME for creation of a separate fund with SIDBI, strengthening of NSIC, modification of lending norms and inclusion of lending to MSMEs under 'priority sector' lending will be given due regard in taking appropriate measures.

vi. **Public Sector Enterprises:** Public Sector Undertakings, especially those in Defence and Energy sectors, continue to play a major role in the growth of manufacturing as well as of the national economy. A suitable policy framework will be formulated in this regard to make PSUs competitive while ensuring functional autonomy.

Specific policy instruments have been conceptualized to achieve the objectives stated above. These instruments broadly cover the following areas: -

- i. Rationalization and simplification of business regulations;
- ii. Simple and expeditious exit mechanism for closure of sick units while protecting labour interests;
- iii. Financial and institutional mechanisms for technology development, including green technologies;
- iv. Industrial training and skill up gradation measures;
- v. Incentives for SMEs;
- vi. Special Focus Sectors;
- vii. Leveraging infrastructure deficit and government procurement - including defence;
- viii. Clustering and aggregation : National Investment and Manufacturing Zones (NIMZs);
- ix. Trade Policy.

RATIONALIZATION AND SIMPLIFICATION OF BUSINESS REGULATIONS

On an average, a manufacturing unit needs to comply with nearly 70 laws and regulations. Apart from facing multiple inspections, these units have to file sometime as many as 100 returns in a year. This kind of compliance burden puts-off young entrepreneurs and they are not willing to take up an entrepreneurial role. As a result, a large number of people who could have been self employed and would contribute to further employment and enhance economic activity, end up accepting jobs much below their potential.

EXIT MECHANISM

Continuation of non-viable businesses leads to locking of funds and capital assets, which can be more productively deployed for generation of higher output, incomes and employment. An expeditious exit mechanism is therefore essential for investments locked up in businesses. The National Manufacturing Policy seeks to introduce policy measures to facilitate the expeditious redeployment of assets belonging to non viable units, while giving full protection to the interests of the employees.

TECHNOLOGY ACQUISITION AND DEVELOPMENT

Technology development and upgradation is critical to attaining the stated objectives of the Policy. Going up the technology ladder is the quickest way to become globally competitive and ensure sustained growth of the manufacturing sector. This will depend not just on development of indigenous technological expertise, but also on the ability to make crucial technology acquisitions in the global market.

In today's world, green technology is not a choice but an imperative for sustainable development. Availability of affordable technologies has always been a constraint on our manufacturing growth. Adoption and/or adaptation of these technologies entail costs which are substantial especially for SMEs. Hence, there is a need for supporting adoption of green technologies and resource conservation practices.

INDUSTRIAL TRAINING & SKILL UPGRADATION MEASURES

It is estimated that between 2007 and 2017, 85 million persons will be added to the labour force. The growth of total employment during this period, based on the assumptions about employment elasticity and sectoral GDP growth rates, is estimated at 116 million. With incremental job opportunities in agriculture being negative, entire projected increase in workers will be accommodated in the manufacturing and services sectors. Additional job opportunities in manufacturing alone are estimated at 24.5 million during 2006-17. All these jobs would require sector and skill specific trained workforce. Since only 6% of the Indian workforce receives any form of vocational training currently, there is a pronounced 'skill gap' both in terms of quality and quantity. Overall skill gap would be significantly larger than the incremental workforce as even the existing workforce would need retraining/skill specific training. Recognizing the urgency of interventions needed to address both the qualitative and quantitative gaps in skill

development, the National Manufacturing Policy proposes to create a three tier structure for skill development, namely:

- i. Skill building among large number of minimally educated workforce;
- ii. Relevant vocational and skill training through establishment of ITIs in PPP mode;
- iii. Specialized skill development through establishment of Polytechnics;
- iv. Establishment of Instructor's Training Centre in each NIMZ.

SMALL & MEDIUM ENTERPRISES

The Small and Medium Enterprises (SME) contribute significantly to the manufacturing output, employment and exports of the country. It is estimated that, in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country. The sector is estimated to employ about 59 million persons in over 26 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products, ranging from traditional to high-tech items, which are being manufactured by the SMEs in India. The MSME sector provides the maximum opportunities for both self-employment and jobs after agriculture sector. One of the major challenges faced by SMEs is inadequate access to adequate and timely finance, mainly due to lack of financial information and non-formal business practices. They are largely dependent on promoters' resources and loans from financial institutions and banks. Establishment of a service entity for collection and payment of statutory dues of SMEs will alleviate the compliance burden of laws and regulations by the SMEs.

SPECIAL FOCUS SECTORS

While the proposals in this policy paper are sector neutral, it is proposed to identify special focus sectors where India can be cost competitive and which would generate maximum employment. These sectors would need sector specific policy interventions. Some of these sector specific policy interventions are already in place. Their efficacy would need to be examined and wherever necessary additional measures would need to be introduced. The priority sectors as identified in the Planning Commission and NMCC papers are: -

- a) Employment intensive industries like textiles and garments; leather and footwear; gems and jewellery; and food processing.

- b) Capital goods like machine tools; heavy electronic equipment; heavy transport, earth moving and mining equipment; high technology equipment like telecom, power, ICT and electronic hardware.
- c) Strategic industries like aerospace; shipping; IT and electronic hardware; renewable energy; solar, wind etc; defence equipment.
- d) Industries where India enjoys a comparative advantage like automotive; pharmaceuticals.

LEVERAGING INFRASTRUCTURE DEFICIT AND GOVERNMENT PROCUREMENT

Government procurement is a major policy instrument for strengthening manufacturing industry and development of technological competence. Historically many countries have used it in their path to development. Some countries have resorted to it in response to the recent economic crisis.

CLUSTERING AND AGGREGATION: NATIONAL INVESTMENT AND MANUFACTURING ZONES

The National Investment and Manufacturing Zones (NIMZs) will be developed as integrated industrial townships with state-of-the art infrastructure and land use on the basis of zoning; clean and energy efficient technology; necessary social infrastructure; skill development facilities, etc., to provide a productive environment to persons transitioning from the primary sector to the secondary and tertiary sectors. These NIMZs would be managed by SPVs which would ensure master planning of the Zone; pre-clearances for setting up the industrial units to be located within the zone and undertake such other functions as specified in the various sections of this policy. To enable the NIMZ to function as a self governing and autonomous body, it will be declared by the State Government as an Industrial Township under Act 243 Q(c) of the Constitution. In sum, the NIMZs would be large areas of developed land, with the requisite eco-system for promoting world class manufacturing activity. They would be different from SEZs in terms of size, level of infrastructure planning, and governance structures related to regulatory procedures and exit policies.

TRADE POLICY

Trade policy impacts significantly on the domestic production level and profile. The import and export regime, whether tariffs or export promotion measures constitute important policy instruments which shape a country's production profile. With increasing globalization and international engagement, it is critical that these policy instruments be aligned carefully so that domestic manufacturing is not adversely impacted.

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Annexure V

SOME KEY ECONOMIC INDICATORS

Sl. No.	Select Macroeconomic Indicators for 2012-13	Actuals 2012-13
1.	Real GDP growth rate at factor cost (%)	5.0
	a. Agriculture & Allied Activities	1.9
	b. Industry	1.2
	c. Services	6.8
2.	Average WPI-Inflation (%)	7.4
3.	Exchange Rate (Rs./US\$ end period)	54.4
	(Rs./US Dollar as on 19.8.2013)	62.35
4.	10-year Central Govt. Securities Yield (% end period)	8.0
5.	Export (growth rate in %)	-1.0
6.	Import (growth rate in %)	0.5
7.	Trade Balance (US\$ billion)	-195.7
8.	Current Account Deficit (% of GDP)	4.8
9.	Central Government Fiscal Deficit (% of GDP)	4.9

Source: RBI, Macro Economics and Monetary Developments, 1st Quarter Review.

Growth Rate of GDP at Factor Cost (at 2004-05 prices) (in %)

Industry	2007-08	2008-09	2009-10	2010-11 ^A	2011-12@	2012-13 *	2013-14 (PE)
I. Agriculture	5.8	0.1	0.8	8.6	5.0	1.4	4.7
II. Industry	9.7	4.4	9.2	7.6	7.8	1.0	0.4
Mining & quarrying	3.7	2.1	5.9	6.5	0.1	-2.2	-1.4
Manufacturing	10.3	4.3	11.3	8.9	7.4	1.1	-0.7
Electricity, gas & water supply	8.3	4.6	6.2	5.3	8.4	2.3	5.9
Construction	10.8	5.3	6.7	5.7	10.8	1.1	1.6
III. Services	10.3	10.0	10.5	9.7	6.6	7.0	6.8
GDP at factor cost	9.3	6.7	8.6	8.9	6.7	4.5	4.7
*: First revised estimate, @: Second revised estimate, ^A : Third revised estimate, PE: Provisional estimate.							

Source: Central Statistics Office.

Employment & Unemployment Indicators 2011-12 (Per Thousand)

	Rural			Urban			Rural + Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
Usual Principal Status									
Labour Force Participation Rate	547	181	368	560	134	356	550	168	364
Worker Population Ratio	535	176	359	542	125	342	537	161	354
Proportion Unemployed	12	5	8	18	9	14	13	6	10
Unemployment Rate	21	29	23	32	66	38	24	37	27
Usual Status (PS +SS)									
Labour Force Participation Rate	553	253	406	563	155	367	556	225	395
Worker Population Ratio	543	248	399	546	147	355	544	219	386
Proportion Unemployed	10	4	7	17	8	13	12	5	9
Unemployment Rate	17	17	17	30	52	34	21	24	22
Current Weekly Status									
Labour Force Participation Rate	545	215	383	561	148	363	549	196	377
Worker Population Ratio	526	207	370	539	138	347	530	188	364
Proportion Unemployed	18	8	13	22	10	16	19	8	14
Unemployment Rate	33	35	34	38	67	44	35	42	37
Current Daily Status									
Labour Force Participation Rate	534	180	361	555	136	354	540	168	359
Worker Population Ratio	504	169	340	528	125	335	511	156	339
Proportion Unemployed	29	11	20	27	11	19	29	11	20
Unemployment Rate	55	62	57	49	80	55	53	66	56

Source: NSSO report (68th round) Employment and Unemployment Situation in India, 2011-12.

Annexure VI

Fourth MSME Census Report 2006-07 Comparison between Kerala, Tamil Nadu and India

Some of the important key economic parameters pertaining to the states Kerala, Tamil Nadu and India are placed below for easily arriving at the state of art of the State.

Table 1
No. of working enterprises and number of persons working in it as per 4th MSME Census 2006-07

Sl. No	State	No. of working enterprises			Employment		
		lakhs	%share	Rank	lakhs	%share	Rank
1	Kerala	1.50	9.60	1	6.21	6.68	1
2	Tamil nadu	2.34	14.95	4	14.26	15.32	6
3	India	15.64	100		93.09	100	

Table 2
Total Output and Fixed Assets wrt Kerala, Tami Nadu and India
4th MSME Census 2006-07

Sl. No	State	Output			Fixed Assets		
		₹ Crore	%share	Rank	₹ Crore	%share	Rank
1	Kerala	24122.65	3.41	12	17217.10	3.83	7
2	Tamil nadu	65281.95	9.23	3	43296.16	9.64	3
3	India	707510.27	100		449138.40	100	

Table 3
Total Input, GVA and Net Worth wrt Kerala, Tami Nadu and India
4th MSME Census 2006-07

Sl. No	State	Total input		GVA		Net Worth	
		Crore	%share	Crore	%share	Crore	%share
1	Kerala	14163.88	3.19	9958.77	1.41	17954.16	4.32
2	Tamil nadu	38465.19	8.67	26816.76	3.79	39914.81	9.61
3	India	443313.70	100	264196.57	100	415303.41	100

Table 4
Total Investment in Plant & Machinery and Export wrt Kerala,
Tami Nadu and India 4th MSME Census 2006-07

Sl. No	State	Investment in Plant & Machinery			Export		
		₹ Crores	%share	Rank	₹ Crores	%share	Rank
1	Kerala	3408.90	3.25	9	2279	3.36	2
2	Tamil nadu	11112.59	10.58	3	10049	14.80	9
3	India	105025.00	100		67914	100	

Table 5
Percentagewise distribution of working enterprises by type (Rural) and Percentagewise distribution of enterprises having nature of activity wrt Kerala, Tami Nadu and India 4th MSME Census 2006-07

Sl · N o	State	Percentagewise distribution of working enterprises by type(Rural)			Percentagewise distribution of enterprises having nature of activity		
		Micro	small	Medium	Mfr	Service	Repair
1	Kerala	99.11	0.85	0.03	72.01	19.15	8.85
2	Tamil nadu	97.20	2.70	0.10	47.43	38.94	13.64

Table 6
Statewise Percentagewise distribution of entrepreneurship profile (Rural)

Sl. No	State	Enterprises owned by							
		Female	Male	Total	SC	ST	OBC	Others	Total
1	Kerala	26.92	73.08	100	4.56	0.87	56.04	38.53	100
2	Tamil nadu	28.00	72.00	100	9.57	1.13	74.63	14.68	100

Table 7
Statewise distribution of employment by type of gender/social category

Sl No	State	Female	Male	Total	SC	ST	OBC	Others	Total
1	Kerala	226110	395313	621423	52273	8223	322911	238016	621423
2	T N	493338	932718	1426056	216596	46071	790494	372895	1426056

Table 8
Distribution of Population: Census 2011

State	Population 2011			
	Persons (%)	Male (%)	Female (%)	Rank
1	2	3	4	5
Kerala	3,33,87,677 (2.76)	1,60,21,290 (2.57)	1,73,66,387 (2.96)	12
Tamil nadu	72138958 (5.96)	36,158,871 (5.80)	35,980,087 (6.14)	6
India	1,21,01,93,422 (100)	62,37,24,248 (100)	58,64,69,174 (100)	*

Table 9
Distribution of Decadal Growth Rate of Population, Sex Ratio, and Density: Census 2011

State	Percentage decadal growth rate of population		Sex- Ratio* (Number of Females per 1000 Males)		Population density per sq. km.	
	1991-01	2001-11	2001	2011	2001	2011
1	6	7	8	9	10	11
Kerala	+9.43	+4.86	1058	1084	819	859
Tamil nadu	+11.19	+15.60	986	995	480	555
India	21.54	17.64	933	940	325	382

Table 10
Literacy percentage Kerala Tamil Nadu and India: Census 2011

State	Literacy percentage		
	Persons (%)	Male (%)	Female (%)
1	2	3	4
Kerala	2,82,34,227 (93.91)	1,37,55,888 (96.02)	1,44,78,339 (91.98)
Tamil Nadu	52413116 (80.33)	28314595 (86.81)	24098521 (73.86)
India	74.04	82.14	65.46

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