

# **KERALA INDUSTRIAL & COMMERCIAL POLICY 2018**

**July 2018**



**Government of Kerala**

## TABLE OF CONTENTS

1.	Preface	4
2.	Vision	6
3.	Objectives	6
4.	Strategy and Approach	8
5.	Infrastructure Development	9
6.	Main Sectors	11
6.1	Agro & Food Processing	11
6.2	Garments and Textiles	11
6.3	Electronics	11
6.4	Bio Technology & Nano Technology	12
6.5	Wood Processing	12
6.6	Mining	12
6.7	Petrochemical Complex in Kochi	13
6.8	Export oriented production	14
6.9	Ayurveda, Rubber, Footwear Industry and Gem & Jewellery	14
7.	Micro Small & Medium Enterprises	14
7.1	Financial Incentives	14
7.2	HouseHold Nano Enterprises	14
7.3	Food and Agriculture Industries	15
7.4	E – Commerce Portal	15

## TABLE OF CONTENTS

7.5	Price Preference	15
7.6	Timely payment to Small Enterprises	15
7.7	Vendor Registration Scheme	15
7.8	Dovetailing with Government of India Schemes	16
7.9	Kerala Institute of Entrepreneur Development (KIED)	16
8.	Industrial Cluster development	16
9.	Traditional Sectors	16
9.1	Handlooms	16
9.2	Khadi & Rural Industries	17
9.3	Handicrafts	17
9.4	Bamboo	18
10.	Public Sector Undertakings	18
11.	Entrepreneurship Development	19
11.1	Start-Ups	19
11.2	Women Entrepreneurs	20
12.	Non Resident Keralites	20
13.	Skill Development	21
14.	Investment Promotion	21
15.	Commerce & Services	22
16.	Ease of doing business and single window clearance	23
17.	Logistic Sector	24
18.	Coir	24
19.	Cashewnut	25
20.	Conclusion	26

## 1. PREFACE

- 1.1 The industrial growth in the last decade was based on the Industrial Policy introduced by the LDF Government in 2007. But a new Industrial Policy was declared by the UDF Government in 2015 which needs timely changes and new approach. Due to the limitations like density of population and shortage of land compared to other States, importance will be given for environment friendly and less polluted type of new industries.
- 1.2 The industrial sector, whose growth in the State during 1980-90 was high, declined subsequently. The globalization policy implemented by the Central Government in the early 1990s impacted the industrial sector adversely. The traditional sectors were also affected. Small-scale industries could not withstand the competition in the market and had to face severe problems. The failure in attracting large-scale investment in the private sector and the absence of investment in emerging sectors retarded industrial growth. The global recession which followed worsened the situation.
- 1.3 Micro Small and Medium Industries play an important role in the social and economic progress of the State. In addition to better connectivity facilities, communication networks, skilled human resources, Kerala have superior basic facilities for industry leading to the growth of MSME sector. Moreover, more than 50% of this sector belongs to the village sector which will facilitate an important role in providing employment for the youth and socially backward people.
- 1.4 The Central Government demonetized the Rs.500 and Rs.1000 notes vide notification of 08/11/2016. This unexpected action adversely affected the industrial sector of Kerala, especially the MSMEs and created a major crisis in the construction sector, making the life of people of Kerala miserable. Amidst all these challenges, a comprehensive and proactive approach for the industrial growth is adopted.
- 1.5 Of the 18 lakh workers in manufacturing in Kerala, 3.8 lakhs are in the factory sector/organized manufacturing and 14.2 lakhs in the unorganized manufacturing.
- 1.6 The high literacy levels in Kerala and the skilling programmes offers a manpower pool that can promote industrial growth in Kerala. The high levels of consumption in the State compared to the rest of India, with the ratio of per capita consumption expenditure in rural Kerala being twice that of rural India and for urban Kerala being 1.3 times that of urban India, offers a ready market for industrial activity in the State. Kerala's geo-strategic location, sitting astride the international maritime

highway between the East and the West, with seaports like Vallarpadam and the upcoming Vizhinjam, provides a unique opportunity for export oriented industry in the State. The 3 international airports with the upcoming Kannur airport, and the powerful and vocal Kerala diaspora abroad, bolsters this advantage. Kerala however has high density of population, so that getting large tracts of land for industry is a challenge. Industrial estates or zones are becoming increasingly relevant as habitation spreads more and more across the State. The State has been able to step up its power availability by 30% by entering into 25 yearlong power purchase agreements, so that power is no longer a constraint for industry in Kerala. The Industrial power tariffs in the State are the lowest in South India and one of the lowest in India.

- 1.7 The manufacturing sector contributes only 7.5% of the GDP of Kerala in 2011 – 12. This is less compared to the contribution of manufacturing sector to Gross Domestic Production (GDP) for India (15.8% in 2011-12) and China (31% in 2012). Though the manufacturing sector contributes only 7.5% of the GDP of Kerala, in 2011-12, 14% of the employment of the State is provided by this sector. Comparing this with India, the manufacturing sector contributes to 16% of the GDP and 13% of employment. This shows the slight imbalance in the structure of manufacturing industries in Kerala.
- 1.8 As part of privatization policy of the Central Government, it has initiated steps to disinvest the shares held in profit-making public sector undertakings and to sell off loss making undertakings. The NITI Aayog has prepared the list of undertakings that have to be disinvested or privatized. The Central Government has decided to disinvest and withdraw from joint ventures with the State Government like BHEL-EML, SAIL-SCL, TELK-NTPC. This approach against the State Government has created panic among the workers regarding their future livelihood. The privatization of FACT is underway. When it was decided to privatize Instrumentation Ltd, in the interest of the State the State Government decided in-principle to take over the Palakkad unit and is proceeding accordingly. 25% of the shares in Cochin Shipyard, a project which was announced for the Southern Region in the Second Five Year Plan, is being disinvested. The Kochi unit of Hindustan Organic Chemicals Ltd, a Central PSU, is under the threat of closure. The closure of HOCL which supplies the raw material, Phenol, to industrial units like Bamboo Corporation will cause serious crisis. The existence of HIL and HNL are in danger with the abolition of import duty. Though Kerala is entitled for more than 3% of the investment in Central PSUs based on the ratio of population, the investment here is yet to reach that level. It fell to 1.98% in 2014-15 from 2.06% in 2011-12. It will reduce further on account of the closure of

existing Central PSUs in the State. The Central PSUs are facing crisis not because of loss or disruption of work due to strike by workers but only because of the privatization policy of the Central Government. Against this background, the Government of Kerala will take strong steps to retain and protect the Central PSUs.

- 1.9 Privatizing the public sector is a fall out of the globalization policy. The policy of Left Democratic Front Government in Kerala is to protect the public sector. As a result, 13 Public Sector Undertakings which were loss making during the previous Government have been turned around. The loss incurred by PSUs, which was Rs.131.60 crores in 2015-16, was reduced to Rs.71.34 crores in 2016-17. Moreover, opportunities are being created to strengthen the MSMEs. Steps have also been taken to implement the Industrial Corridor project, a project which holds great promise for Kerala. Forty cashew factories which were closed have been re-opened due to the efforts of the Government. Government has been able to create an investor-friendly atmosphere and favorable approach in 2016-17 in Kerala.
- 1.10 The Government aims to create employment opportunities and rapid economic development of the State to match the expectations of the educated young generation. This can be achieved by nurturing the existing industries and by starting new industries in public sector and in private sector. The main focus of the Industrial & Commercial Policy is to adopt effective measures to convert Kerala into an investor-friendly destination. Along with that traditional industries will also be protected. This policy aims at environment-friendly and for the sustainable use of natural resources.

## 2. VISION

To transform Kerala into a vibrant investment destination with an effervescent entrepreneurial society through inclusive, eco-friendly and sustainable economic growth with the creation of employment opportunities with reasonable wages. Kerala aims to become one of the top 10 ranking states in the country as far as Ease of Doing Business is concerned.

## 3. OBJECTIVES

The Policy aims to:

- 3.1 Empower people and generate employment for sustainable overall development through industrial growth.

- 3.2 Simplify regulatory procedures and provide time bound approvals & clearances for setting up new enterprises.
- 3.3 Strengthen existing industries and make them more efficient.
- 3.4 Mobilize MSMEs particularly in rural areas to achieve employment generation and utilization of local resources.
- 3.5 Ensure greater national and international investment in industrial sector.
- 3.6 Facilitate PSUs and other production units so as to attain their set objectives.
- 3.7 Ensure higher value addition of the locally available resources.
- 3.8 Create employment opportunities for skilled human resources within the State.
- 3.9 Encourage NRK investors, prospective young entrepreneurs, women entrepreneurs, and ex- servicemen interested in setting up business.
- 3.10 Improve industrial, allied and ancillary infrastructure through public and PPP modes.
- 3.11 Ensure sufficient land availability through land acquisition, land pooling, and Private Industrial Parks/ Estates.
- 3.12 Provide trunk infrastructure for pooled industrial land, Private Industrial Parks/ Estates.
- 3.13 Accelerate development of industrial clusters in the State in line with National Manufacturing Policy, Petroleum, Chemicals and Petrochemical Investment Regions, Electronic Manufacturing Clusters, MSME-Cluster Development Programme.
- 3.14 Strengthen the Services & Commerce sectors and create employment for the skilled and semi-skilled manpower in the State.
- 3.15 Introduce globally accepted standards in Technology, Quality and Management to rejuvenate the Public Sector Enterprises in the State.

- 3.16 Encourage environment-friendly practices in enterprises.
- 3.17 Adopt participatory approach in industrial and infrastructure investments.
- 3.18 Ensure a space for Kerala in national and international markets through increased production of high-quality products at reasonable price.
- 3.19 Enhance technical skills of young generation for improving their employment opportunities.
- 3.20 Ensure respectable wages and income for those engaged in traditional manufacturing activities.
- 3.21 Increase in industrial development through the development of the logistic sector.

#### 4. STRATEGY AND APPROACH

- 4.1. While Kerala's educated and skilled work force is quick to learn and adapt to new production techniques, Kerala offers an eco-system where economic activity can be undertaken in a socially and environmentally responsible manner. Hence, it is proposed to implement the practice of ethical manufacturing, which is value addition without exploitation of labour including child labour and other repressive practices, and in harmony with the environment.
- 4.2. An Empowered Committee (comprising high level officers and technical experts) with adequate powers will be constituted to monitor and suggest amendments and to intervene in times of need in the functioning of concerned Departments and Agencies. This Policy aims to eliminate corruption and inefficiency and to move forward by ensuring transparency and efficiency. Online facilities will be created for entrepreneurs and department heads for monitoring licensing and other statutory certification process.
- 4.3. A Committee comprising of General Manager of the respective District Industries Centre as the Convenor and representatives from DIC, Industry Association and Trade Union of the Area will be constituted in all Industrial Parks / Estates / Areas in order to sort out any dispute between the entrepreneur and the labour.
- 4.4. Interactive meetings at regular intervals will be organised with the Hon. Minister and Senior Government officials and the entrepreneurs.

- 4.5. Encourage logistic skill development and employment which is having high potential for growth.

## 5. INFRASTRUCTURE DEVELOPMENT

A sound infrastructural foundation is the key to the overall socioeconomic development of a State. This acts as a magnet for attracting additional investment into a State and thus provides a competitive edge to it over other States. Availability of adequate and efficient infrastructural set up not only promotes rapid industrialization but also improves the quality of life of the people. The following are proposed in the policy.

- 5.1. Government will jointly develop industrial infrastructure with Local Bodies so as to effectively leverage idle land available with them and promote industrial activity at grassroots level.
- 5.2. The terms and conditions of the existing allottees of industrial land shall continue. But in respect of new allotments after notification of this Policy, Industrial plots / sheds shall henceforth be allotted through a transparent process without any discrimination. Investors will be allowed to exit from their investments in industrial estates. Existing allottees of plots in industrial development plots and areas who wish to exit will have to surrender the allotted land; and this land can be allotted to other entrepreneurs.
- 5.3 Government will encourage private industrial estates. Government will consider for private industrial estates with minimum land requirement of 15 acres in urban areas and 25 acres in rural areas. But once the land is acquired for this purpose, it should not be utilized for non-industrial activities. When the area of land exceeds 250 acres, 10% of the land can be utilized for other purposes like schools, hospitals, apartment complex, etc.
- 5.4 Existing industrial areas and estates will be provided budgetary support in a phased manner to upgrade their basic infrastructure.
- 5.5 Arrangements will be made for providing uninterrupted water supply from water sources to industries. Rain water harvesting shall be made mandatory for all industries and water recycling by industries will be encouraged.
- 5.6 Sliding Scale Method will be introduced and calculated for land allotment / transfer with advantage to the entrepreneurs depending on the duration of the industry he has run. The same method will be applicable for land on lease also.
- 5.7 The pricing of the Industrial Land will be reviewed on a regular basis by a Committee with Secretary (Industries), Secretary (Revenue) and Secretary (Finance) with Director (Industries & Commerce) as Convenor.

- 5.8 Special assistance will be provided for setting up of Effluent Treatment Plant (ETP).
- 5.9 Suitable land will be identified and acquired in Malabar area for industrial development utilising Natural Gas, LNG pipe line based industry, coastal economic zone etc.
- 5.10 Trade Commodity Centres will be set up at Ramanattukkara in Kozhikode, Puzhakkalpadam in Thrissur and Kochi.
- 5.11 Government will encourage creating Logistics Zones in every Industrial Parks.

#### **5.12 Industrial Parks**

Industrial parks either by the Government or with private equity on a PPP mode suitable to various industries would be established. Basic facilities that would immediately be available in such parks would include:

- 5.12.1 Power supply on priority basis to the enterprises.
- 5.12.2 Uninterrupted water supply from water sources for production activities
- 5.12.3 Suitable approach roads and connectivity to NH/ State roads, railway stations, airport etc would be established for enterprises in Industrial parks.
- 5.12.4 Appropriate common effluent treatment plants would be established.
- 5.12.5 Common facility and utility centres would be established.
- 5.12.6 Common skill development centre specific to the Park will be set up as a part of the Industrial park.
- 5.12.7 Skill Development Centres will be constituted in association with the Industry Associations in different sectors like quarry, textiles etc.

#### **5.13 Industrial Corridors**

Industrial corridors with features of Special Economic Zones would be established near important State/ National Highways taking into consideration the availability of resources and opportunities.

#### **5.14 Multipurpose Industrial Zones**

Multipurpose industrial zones that aim at establishing a group of big and small industrial parks in the outskirts of State/ National Highways would be encouraged.

- 5.15 Following incentives will be provided to enterprises coming under recognized industrial park/zones:

- 5.15.1 100 % stamp duty / registration fee exemption for all allotments.

5.15.2 Environmental Protection Infrastructure Subsidy: Dedicated Effluent Treatment Plants (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy.

5.15.3 Incentivizing additional employment generation: 75% of the statutory employer contribution for additional employees over and above 31-03-2017 level will be borne by Government for 3 years.

## 6 MAIN SECTORS

### 6.1 AGRO & FOOD PROCESSING

Kerala has traditionally been a home to industry adding value to the spices, fish and other agricultural products that abound in the State.

Government will work closely with Government of India and its Commodity Boards to promote production of value added products in the Marine, Processed Foods, Coir, Coconut, Tapioca and Spices sector. Industrial Parks with specialized infrastructure shall be set up in various parts of the State.

### 6.2 GARMENTS AND TEXTILES

Government will set up dedicated textile parks with full-fledged textile processing facilities like dyeing and winding plants and effluent treatment facilities at Kannur and Thiruvananthapuram. This sector has been in existence since long. The textile sector extending from the traditional handloom units to modern mechanized units comprising the entire value chain of yarn manufacturing, garment manufacturing and value added manufacturing will be developed. Yarn manufacturing sector will be modernized and integrated based on the report of P. Nandakumar Committee. Women will be given opportunity, wages and work schedule at par with men as practiced in IT industry.

### 6.3 ELECTRONICS

In order to fuel the growth of electronics sector, Government will facilitate the setting up of following infrastructure facilities:

- 6.3.1 Electronics Hardware Park at Amballur Ernakulam.
- 6.3.2 State of the art Electronics Incubator at Infopark Cochin.
- 6.3.3 Defence Park for high end defence/aerospace/ electronics at Palakkad
- 6.3.4 Electronic manufacturing cluster at Kakanad.

- 6.3.5 The capabilities of KELTRON will be strengthened and focus in the Defence sector.
- 6.3.6 The State will facilitate creation of local design capabilities in identified specific areas like auto electronics, printed electronics, etc.

#### 6.4 BIOTECHNOLOGY AND NANOTECHNOLOGY

6.4.1 KSIDC will establish a Life Sciences Park in Thiruvananthapuram with world class infrastructure facilities for life science based industries. The Park would provide developed plots for large and Integrated Bio-IT companies to set up their campuses and ready-to-use modular offices, wet and dry lab space for big and small startup companies.

6.4.2 The Park will also have ultra-modern facilities such as a cGMP compliant bioprocess facilities for commercialization of concepts. The park will be a focal point for convergence of research innovation and skill development to further advance the frontiers of science.

6.4.3 Nanotechnology, the technology of the twenty first century has widespread opportunities. Government will provide special consideration and support for the industries based on Nanotechnology, Artificial Intelligence, Semiconductor Fabrication, etc.

#### 6.5 WOOD PROCESSING

6.5.1 In order to strengthen the wood processing industries, Government will promote the International Furniture hub. Support will be given to wood processing industries for marketing their products in domestic and international market.

6.5.2 More Furniture clusters will be encouraged to bring together the unorganized sector of furniture manufacturers in the State. Mechanization will be encouraged to overcome the deficiencies of skilled manpower.

#### 6.6 MINING

6.6.1 The mining of rare earths will be restricted to the public sector. Use of mineral wealth in the Chavara – Thottapally belt shall be taken up in a planned and holistic manner on the basis of a master plan to produce value added products without endangering the livelihood of the coastal communities and the environment. A large modern plant will be set up to produce Titanium metal without confining to Titanium

pigment alone. The technology required for this will be tied up through joint ventures with reputed entities in this field.

6.6.2 The Department of Mining & Geology will be modernized with extensive use of Information Technology.

6.6.3 A Natural Resources Corporation will be set up and developed to ensure the availability of sand, stone etc. at a reasonable price for the general public and at market price for large-scale construction works.

6.6.4 To solve the crisis being faced by the construction sector, steps will be taken to recover sand through desilting from reservoirs, to ensure working of quarries in compliance with environmental norms, and to develop alternative materials, in addition to encouraging the use of green construction technologies for reducing energy consumption.

6.6.5 Strong steps will be taken against the monopolistic hiking of price of cement, steel and paints by large players.

6.6.6 Steps will be taken to arrange clay from dams and other places for Clay based industries. Clay will be made available by undertaking mining in an environment-friendly manner without losing the top soil and by avoiding water logging in paddy fields. Steps will be taken to locate clay deposits from paddy land which were filled before 2008, with the help of remote sensing and other advanced technologies.

6.6.7 Pre-fab construction technology: Encouragement to pre-fab construction technology which when compared to the traditional construction know-how is less expensive and needs less time for completion and to promote such technology based industries, maximum ten acres of land against 50% of the current lease rate for a period of fifteen years.

## 6.7 PETROCHEMICAL COMPLEX IN KOCHI

A Propylene Derivatives petrochemical complex for specialty propylene derivatives-based products, such as acrylic acids and acrylates used in plastics, paints, coatings, adhesives, inks and textiles shall be set up in Kochi on 600 acres of land to be taken over from FACT utilizing the 5 lakh tones of propylene expected from the expansion project of the Kochi Refinery.

## 6.8 EXPORT ORIENTED PRODUCTION

Kerala will leverage on its seaport and airport connectivity to facilitate production for the international market. Government will dovetail its incentives to facilitate Special Economic Zones, Export Oriented Units and units making use of other DGFT run schemes.

## 6.9 AYURVEDA, RUBBER, FOOTWEAR INDUSTRY AND GEM & JEWELLERY

Government considers Ayurveda, Rubber, Footwear Industry and Gem & Jewellery at par with other Thrust Sectors.

# 7 MICRO SMALL & MEDIUM ENTERPRISES

## 7.1 FINANCIAL INCENTIVES

7.1.1 Government will launch a special support mechanism to revive incipient sick units. Entrepreneur Support Scheme (ESS) will be introduced for Plastic waste Recycling, Bio-Degradable Plastics and Renewable energy based MSMEs.

7.1.2 Loans at affordable interest rates will be made available from Kerala Financial Corporation for MSMEs.

7.1.3 Medical equipment manufacturing, Sports goods manufacturing, Printing equipment manufacturing, Photography / Videography equipment manufacturing and manufacturing of similar items having high market potential will be encouraged and facilitated.

7.1.4 The details of closed industries will be prepared and special focus will be given for reopening or diversification.

## 7.2 HOUSEHOLD NANO ENTERPRISES

Government will promote decentralized manufacturing in homesteads. This will enable people to work from homes, with flexi hours, without neglecting their families. It will help foster an industrial climate in the State at the grassroots. An advantage of such a development will be that environmental issues will be avoided to certain extent. Special incentives will be given for mother units that supply raw materials/components to such Nano units and marketing under a common brand name will be promoted. Power for such units using upto 5 HP shall be charged only at domestic tariff. Licensing from Local

Bodies for such house-based non-polluting units shall be exempted. Special exemptions from VAT shall be extended to clusters of these units.

### 7.3 FOOD AND AGRICULTURE INDUSTRIES

There is a large market for agro-based products in Kerala. The average per capita consumption expenditure of rural Kerala is twice that of rural India (based on National Sample Survey 2010-12). The demand in Kerala for several consumer items is largely met by import from other areas. Projects will be made for developing units in Kerala to take advantage of these opportunities, especially in the food and agriculture sectors. Food and agro-based traditional industries and tourism development must go hand in hand for the overall growth so that the State gets worldwide recognition. Lessons shall be drawn in this regard from the experience of places like Thailand, Vietnam, Malaysia, where tourism sector worked successfully along with agriculture and agro-based industries.

### 7.4 E-COMMERCE PORTAL

E-commerce portals will be developed as a virtual showroom for handicraft and other Kerala specific products. Govt. will provide adequate marketing support to MSME's through subsidies and incentives for participation in National & International Trade fairs and B2B meets. Special measures will be taken for branding of handicrafts and ethnic products.

### 7.5 PRICE PREFERENCE

Goods manufactured by MSMEs located in the State will be allowed price preference of 15% in purchases by Govt. Departments and State PSUs.

### 7.6 TIMELY PAYMENT TO SMALL ENTERPRISES

Government Departments and PSUs purchasing goods and services from MSMEs shall be required to make payments within 45 days of acceptance of supplies. The mechanism under the Director of Industries & Commerce for this purpose shall be strengthened.

### 7.7 VENDOR REGISTRATION SCHEME

To reduce transaction cost of doing business, MSMEs registered with NSIC under a single point vendor registration scheme, shall be facilitated by providing them tender forms free of cost, exempting from payment of earnest money during purchases by all Government Departments and State owned PSUs.

## 7.8 DOVETAILING WITH GOVERNMENT OF INDIA SCHEMES

Government of India schemes like Credit Guarantee Fund Trust Scheme, Credit linked Capital Subsidy Scheme for Technology Upgradation, National Manufacturing Competitiveness Programme, Marketing Assistance Scheme, Lean Manufacturing Scheme & various promotional schemes of Ministry of MSME and other Ministries will be suitably dovetailed for the benefit of MSME. A separate cell under the Chairmanship of Director of Industries & Commerce will be set up for creating awareness, and to co-ordinate & monitor implementation of Government of India Schemes / Programmes.

## 7.9 KERALA INSTITUTE OF ENTREPRENEUR DEVELOPMENT (KIED)

KIED will be elevated to the status of an institution providing skill development and research facilities as per the needs of the industry.

## 8 INDUSTRIAL CLUSTER DEVELOPMENT

8.1 Formation of Industrial Clusters will be encouraged enabling the MSMEs to reduce cost of inputs, promote building strong brands and marketing that are required to compete in the market.

8.2 Government will provide the matching contribution of 20% of the total Project cost towards setting up Common Facility Centres in the State under MSE-CDP Scheme.

## 9 TRADITIONAL SECTORS

Schemes will be implemented for developing strategies for effective marketing of the innovative new products produced by traditional industries. Modernization will be implemented in traditional industries for overall expansion of these industries and increasing value addition per worker without laying off workers.

### 9.1 HANDLOOMS

9.1.1 Adequate income support in addition to wages and reasonable social security benefits will be ensured for the workers in the sector. The handloom sector will be developed. Government will promote usage of khadi and handloom products through marketing campaigns. Handloom cloth for uniforms shall be distributed to school children upto Class VIII to sustain production in the sector.

9.1.2 The handloom co-operatives will be strengthened and re-organized to ensure sustained employment. The handloom product will be branded and marketability

improved. Efforts will be made to provide yarn at a concessional rate to the co-operatives. Productivity of Hantex and Hanveev will be increased.

9.1.3 Extension / exposure programs towards betterment of skills, knowledge and technology in order to ensure quality of product, improved efficiencies and enhanced productivity levels shall be introduced.

9.1.4 The concept of 'Integrated Handloom Village' will be promoted in handloom industry where the concentration of weavers is large to produce innovative as well as value added products of global standards enabling the products to compete in National & International markets.

9.1.5 Handloom rebate will be restricted to handloom fabrics that are manufactured in Kerala and the rebate will be granted promptly.

9.1.6 Indian Institute of Handloom Technology (IIHT) will be upgraded to support the growth of traditional handloom textile industry.

## 9.2 KHADI & RURAL INDUSTRIES

9.2.1 Government will introduce innovative programmes to promote niche products under khadi and village industries by engaging prominent designers or design institutions.

9.2.2. To encourage and sustain the sector, automation will be implemented in line with the principles of Khadi so as to ease the drudgery and increase productivity. It is intended to thereby increase the minimum wages of laborers. Special branding will be introduced to ensure quality of Khadi products. Schemes will be formulated in association with Local Self Govt. Institutions for promoting the sector. Rebate in the Khadi sector will be paid promptly for khadi products made in Kerala.

## 9.3 HANDICRAFTS

9.3.1 Government will strengthen Handicrafts sector through cluster approach. Special measures will be taken for the promotion of Souvenirs in association with Tourism Department. Products of traditional industries will be made mandatory at hotels like heritage hotels who avail incentive and subsidies for tourism development.

9.3.2 Government will implement ASHA scheme to transform the artisans into entrepreneurs. ASHA Scheme will provide financial incentives for work sheds, equipment, acquisition of newer technology/ designs, etc. Organized and unorganized group employees will be given encouragement through Integrated Handicraft

Development project. Action shall be taken on the basis of the Justice Sankaran Committee report to strengthen the handicrafts sector.

#### 9.4 BAMBOO

Government will promote industrial scale production of various products from raw bamboo. Government shall facilitate technology support to artisans to develop value added products. The Kerala State Bamboo Mission will spearhead various activities for the promotion of industries based on Bamboo, reed and rattan. The use of bamboo in housing and furniture will be encouraged. Bamboo will be promoted as an alternative for wood and wide spread planting of Bamboo under national rural employment generation scheme shall be taken up.

### 10 PUBLIC SECTOR UNDERTAKINGS

PSUs should be transformed from purely profit-making ventures to institutions extending support to high end technology based private entities. There is need to increase the intensity of relationship between State's economy and PSUs. For this, raw material should be collected from the State itself and measures will be taken to help and support the development of ancillary and downstream industries.

10.1 The development and rejuvenation of PSUs will be a focus area of the Government. Professional Managers will be appointed to oversee the operations of PSUs. A permanent Public Enterprises Selection Board shall be set up for selecting top management cadre in a transparent manner. Convergence and mergers of PSUs manufacturing similar products will be undertaken to bring about efficiency in their operations.

10.2 Efforts will be undertaken to make all public sector undertakings profitable.

10.3 Each PSU will undertake expansion utilizing their own profits. Production of Malabar Cements will be doubled. Grey cement production will be started in Travancore Cements. Capacity of Travancore-Cochin Chemicals will be doubled. Steps shall be taken for taking electricity on open access basis.

10.4 Based on the availability of raw materials and depending upon the market, PSUs will expand their operations to other States and foreign countries.

10.5 Procedures will be streamlined for the purchase of raw materials and marketing of products.

10.6 Participation will be given to technical experts and employees on the Board of Directors of PSUs.

10.7 Contributory pension will be introduced for employees of PSUs based on the profit of the Company.

10.8 Necessary steps will be taken to produce products required by various Departments, through PSUs.

10.9 Central Public Sector: The Central Govt. will be approached to strengthen the Central PSUs in the State. The co-operation between Central and State PSUs will be strengthened.

10.10 To accelerate industrial development in Kerala, efficiency and human resources competence of all industry related institutions needs to be increased. Introducing training programs to achieve efficiency of the workers through changing their attitude to work with new changes in global management sector is indispensable. As a part of this, skill development training programmes will be organised to all higher level officials of the industry related institutions. A specific syllabus will be prepared for the conduct of such skill based training programmes.

10.11 Central Public Sector: Government of India will be compelled for the modernization and expansion of the central public sector enterprises in the State and efforts will be taken for the cooperation between the Central and State public sector enterprises. Steps will be taken to safeguard central public sector enterprises in the State like Instrumentation Limited, BHEL-EML, HNL from the threat of closure.

## 11 ENTREPRENEURSHIP DEVELOPMENT

### 11.1 START-UPS

11.1.1 The Kerala State Industrial Development Corporation will be transformed into an umbrella organization to foster entrepreneurship development across all sectors with an impetus on non-IT sectors. Knowledge-hub incubators will be set up in association with leading educational institutions to support the start-ups. KSIDC will extend seed fund assistance to innovative ventures/potential startups promoted by Young Entrepreneurs, subject to a maximum of Rs 25 lakhs per venture or 90% of the initial cost of the project, whichever is lower. Sector specific mentoring sessions will be conducted for young innovators across various sectors. Startup coming under Startup India scheme will be given an extended period of one year over and above the Central Government scheme.

11.1.2 Government proposes to envisage a Contributory Pension Scheme through a Trust for entrepreneurs who have run the industry and want to retire from the same.

11.1.3 Enterprises of Transgenders / Differentially abled will be encouraged and Units offering opportunities to such groups will be prioritized.

## 11.2 WOMEN ENTREPRENEURS

'Women Entrepreneur Mission' (WE Mission) will spread the spirit of entrepreneurship among the women of the State and will motivate more women to become entrepreneurs and encourage the existing ones to scale up. WE Mission will extend continuous monitoring, mentoring support, regular exposure visits to successful units, easy funding support to eligible first generation women entrepreneurs for scaling up of their activities, incubation and infrastructure support and facilitate participation of women entrepreneurs in national and international trade fairs to enable them to build business networks and market linkages. Specific percentage will be earmarked for women entrepreneur in all industrial parks.

## 12 NON RESIDENT KERALITES

12.1 India holds the largest emigrant group among the countries in the world. Moreover, India is the largest country in the world for Worker's Remittances. In 2015, the NRI remittances were 68910 million dollars. This comes to approx. 12.45% of the Workers Remittances in the world. Comparing to all other countries, this income is one the largest one in the sector. Hence promotion is needed in this area to increase the income flow of foreign currency.

12.2 Major portion of the NRI's returned to the native land are in expectation with further livelihood and are in a state of compulsion to work further. Even the well settled are also interested to continue with some employment instead of keeping idle. Their earnings and labor skills are the hands on wealth for their rehabilitation. Comparing to the other States, increased wages and lack of skill labours are the difficulties in their entry to the labour core in our State. Cost of land, rent of buildings and other related expenses are the obstacles in the areas like Agriculture based sectors, Industry, Service, etc. To ensure the investment of NRIs and their rehabilitation, the prime need is to solve the problems of overpriced cost of land and increased rent. To solve such problems, industrial related information technology, organic technology, agro processing parks, etc. of Government of Kerala will be utilized.

12.3 The industrial as well as commercial organizations established abroad by the industrialists can provide employment to the skilled NRIs to some extent. Identifying such areas and providing skill development will be examined. In addition to that utilizing their skills to cooperate with similar establishments in the State will be encouraged. Experts and experienced professionals will be engaged in enterprises in Kerala on contract basis for the recognized sectors.

12.4 Government will provide training and facilitation for rehabilitation of NRIs coming back from abroad through capacity building for enterprise creation. 5% of allotable area in industrial estates will be reserved for them.

### 13 SKILL DEVELOPMENT

13.1 Government would like to reiterate that employment opportunities for all the youth can never be created in the Government sector. The focus necessarily has to be on creating a congenial climate for employment generation in the private sector. Employment generation is a key objective of Industrial Policy. Schemes will be started for providing 10 lakh new employments through career guidance and skill development.

13.2 ED Clubs will be formed in Educational Institutions enabling young entrepreneur to utilize and link with Startup ventures and Incubation Centers of the DIC.

Industry Institution links shall be fostered so that the content of teaching and research becomes more industry focused. Educational Institutions will be encouraged to allow their labs to become NABL accredited so that the labs can be used in their spare time by industry. Teachers in technical educational institutions will be allowed to take up industrial consulting so that industries can benefit from technical expertise and the content of teaching is more industry focused. This will enable the students to get in-depth knowledge about industries.

### 14 INVESTMENT PROMOTION

14.1 Government acknowledges that the best ambassadors for investment in the State are its existing investors. Government therefore pledges to safeguard the interests of existing investors.

14.2 To protect industrial investors from regulatory excesses, Government will create a Committee of Secretaries under the Chief Secretary, which shall address and redress individual cases of existing industrial units within a specified period of time. Government hopes that this will increase confidence of potential investors in the State.

14.3 A composite application form is designed for getting permission from various departments to start an industry. By introducing this system, one can use the composite application form for getting sanctions without approaching different departments with their separate application forms. For transparency and timely clearances, KSWIFT (Kerala Single Window Interface for Fast and Transparent Clearance) will be introduced.

14.4 Online building permits from urban local self government institutions for construction will be introduced. Schemes for online submission of building plan applications and related records will also be introduced. Such schemes will improve the investment friendly climate of the State and will encourage the existing and prospective entrepreneurs for easeful investments.

## 15 COMMERCE & SERVICES

15.1 Commerce and Service sectors will be considered as Thrust Sector Industry. Retail sector in the State will be strengthened. A trader friendly approach will be initiated and tribunal cases will be settled on a fast track basis. The possibility of setting up Kerala Institute of Retail Management will be explored.

15.2 A Commerce Mission will be set up whose objectives will include:

15.2.1 To promote and foster retailing in the State. Promotional events will be conducted along with the Dept. of Tourism.

15.2.2 Support and assistance will be provided to enterprises to participate in major trade fairs and expositions in India and abroad.

15.2.3 Opportunity will be provided for Kerala businessmen/ Entrepreneurs to learn more about national & international markets. Enterprise delegations from the State will be facilitated to visit national & international business forums to have trade and business meetings for entering mutually beneficial business relationship.

15.2.4 To market products, services and technologies produced by the enterprises in Kerala directly to the national & international buyers.

15.2.5 Sector Specific Exhibitions will be organized inside the State for the promotion of products from sectors like Food Processing, Handlooms & Textiles, Handicrafts, Wood Furniture, Bamboo, etc. and products of Kerala Soaps.

15.2.6 To start project consultancy services.

15.2.7 To provide foreign investors facilitation services.

15.2.8 Government will consider rationalizing the power tariff for commercial establishments.

15.2.9 State Level and District Level Awards for the best retailer / wholesaler will be introduced.

15.2.10 Government will constitute a Trade Promotion Council for development of Commerce & Services sector.

15.3 Government will set up industrial galas in all 14 districts of the State. Government will promote value addition of locally available resources by organising sector specific melas. Special consideration to Women entrepreneurs for space allocation in such sector specific melas.

## 16 EASE OF DOING BUSINESS AND SINGLE WINDOW CLEARANCE

16.1 Self-Certification based approval regime will be implemented in the State for enterprises belonging to the white and green category of classification.

16.2 Third party certification for industries will be considered as deemed approval for starting an enterprise in the State.

16.3 A time bound schedule with maximum time limit of 30 working days for clearances will be considered.

16.4 Standard operating procedures of investors' applications will be published in advance.

16.5 Steps will be taken to standardize the term of licenses being issued by all Departments / Agencies initially for 5 years.

16.6 All licenses from concerned departments / agencies will be deemed to have been issued post completion of the time period as mentioned in the Right to Services Act.

16.7 A provision for certificate validation of all clearances / approvals will be provided in the web portal.

16.8 Kerala State Single Window Clearance & Industrial Township Act, 1999 will be expanded to establish a dedicated physical office and an online clearance mechanism for the State.

16.9 A special cell will be set up at Kerala State Industrial Development Corporation Ltd. (KSIDC) to act as a nodal office and involve the concerned departments wherever necessary. It is proposed to set up investment promotion and facilitation center – project management unit.

16.10 To make this system effective at the District level, a committee will be formed headed by Dist. Collector comprising of officers of various Departments.

16.11 A common web portal will be launched for all the clearances required and shall be linked to all relevant Departments / Agencies.

16.12 A dedicated online payment system to be incorporated to the web portal linking the same to the State Treasury and other nationalized banks.

16.13 Steps will be taken to display the availability of land for industrial purpose in the State in the proposed web portal.

## 17.0 LOGISTIC SECTOR

By reducing the logistic expenditure, increase in industrialisation and employment can be attained which in turn reduces the cost of the products in our State.

17.1 Now the logistic industry is in a state of transformation. Alertness in the consumer needs, growth in e-commerce etc. highlights the importance of domestic logistic industry.

17.2. The Industries Department will take the lead role in developing a Logistics Hub in the commercial capital of the State i.e. in Kochi in 100 acres of land where all the activities relating to transport, logistics and goods distribution, both for National and International transit will be carried out.

17.3 The Logistics Hub is expected to reduce logistics cost substantially and it will also lead to large scale employment generation in the State especially in the micro small and medium enterprise sector.

## 18. COIR

18.1 Though coir industry was once the monopoly of Kerala, it has now moved to other States to a large extent. There are two main reasons for this. Large scale mechanization in the coir sector has significantly increased the production of coir and coconut husk, resulting in price reduction. Coir pith, the byproduct of coconut husk, has become a commercial

commodity rather than a waste material. In Kerala, seasoned coir pith is not suitable for agriculture purposes because of its increased salinity and moisture content. These are the factors that badly affected the competitiveness of our State compared to other States. More than one lakh people still depend upon the coir sector, the largest traditional sector. It is sure that more and more will turn to this sector if provided with proper remuneration on a permanent basis. Our long term goal is to overcome these barriers and strengthen this industry.

18.2 For this a two pronged strategy is being implemented. Complete modernization is one among this. A problem that arises from increasing mechanization is the reduction of job opportunities for traditional workers. Coirfed and Coir Corporation will ensure a minimum wage to procure the products produced by the traditional coir sector as a remedial measure. Though the coir storage was 65,000 ton in 2015-16, it has crossed one lakh ton in 2016-17. The production is targeted to cross two lakh ton in the coming years. Coir products are procured and stored by Coir Corporation. Kerala aims at producing coir commodities cost nearly Rs.200 crores instead of Rs.70-80 crores at present.

18.3 Efforts have been initiated to explore new commercial utility for coir products and to expand the local market for these products. The use of coir as geo textiles will be increased for better water and soil conservation. The local market for this will be considerably increased through MNREGA. If this is successful, the entire coir procured by Coirfed will be converted into coir net and used for water and soil conservation. This will be included under employment guarantee scheme and will help in meeting the aim of Hairtha Keralam. The duties of Coir Development Offices are being restructured in accordance with this.

18.4 100 coir mills will be established in 2017-18 to solve the shortage of coconut husk. A coir equipment factory will develop the necessary equipment. In 2017-18 new factories for coir mattress and coir composite board will be started. Efforts will be taken to ensure 200 days work in a year for coir workers.

## 19. CASHEW NUT

19.1 Eight Lakh metric tons of raw cashew nut is required per year for the smooth running of more than 800 cashew nut factories in Kerala, which employs more than 3 lakh women. But only 80,000 metric ton is produced in Kerala. Shortage of raw cashew is the main constraint faced by this industry. To solve this crisis Govt. of Kerala will take up a massive cashew planting scheme to increase supply, and directly import cashew avoiding mediators. For this the below mentioned measures will be taken.

19.2 Govt. plans to increase cashew cultivation on plantation basis on all available land in Kerala. It is planned to take up ultra high density planting of the most modern breed of cashew nut with high yielding capacity in suitable locations.

19.3 At present, the commercial needs are met by the importing raw cashew. Intense competition has badly affected this industry as raw cashew dealers act as mediators in imports. In order to solve this problem and to ensure employment for more than 3 lakh women, Govt. will import raw cashew directly from foreign countries by setting up a Special Purpose Vehicle under the name of Kerala Cashew Board. The main aim of Cashew Board will be to make good quality raw cashew available at fair price and on a continuing basis to PSUs like Cashew Development Corporation and CAPEX as well as private cashew processing units and to market processed cashew nut.

19.4 Government has also decided to partially modernize cashew factories without displacing workers in this sector.

## 20. CONCLUSION

20.1 Growth and righteous distribution are the key objectives of Industrial Policy.

20.2 Secular Kerala, corruption-proof Kerala, developed Kerala is the vision of this Government. To attain this vision, employment opportunities in expectations of the educated youth are to be ascertained. For this, new industries and modern agriculture methods are to be developed on a fast track basis. Along with this all those who are employed in the traditional sectors are to be protected to attain total social security. For the growth of manufacturing sector and suitable employment opportunities for educated youth; sectors like IT based industries, service oriented Tourism industries, skill based light engineering industries, value added industries from Kerala's natural products, etc. needs to be given prime importance.

20.3 The growth rate of Kerala as per recent figures was 8% in 2015-16. Economy of a State without steady growth is undesirable and unsustainable. Hence the need of the hour is to increase the employment opportunities, production (to transform the production eco system). To attain a growth rate of 10% in the next 2 years a major transformation is required across all sectors, especially in the industrial sector.

20.4 The main objective is to ensure environment-friendly financial growth, high level of skill development and respectable employment opportunities. This objective can be

attained only through the growth of productive forces in the Kerala economy, utilizing science and technology available in the agriculture and industrial sector.

20.5 The challenge before the State Government is to offer gainful employment to the youth of the State. It will be Government's endeavor to reorient attitudes among the 2 Lakh odd youngsters coming out of the technical education institution every year to create an entrepreneurial mindset instead of looking to Government for employment. Government seeks to create a generation of job providers rather than job seekers. It is Government's hope that this document will lay down the blueprint to achieve the same.

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