

CHAPTER 8

INDUSTRY AND MINING

The Eleventh Five Year Plan of Kerala has given clear indications on the path of industrial development to be pursued in the state. The *Draft Approach Paper* prepared by the State Planning Board had also clearly spelt out the character and content of this industrial development. Though Kerala's achievement in Human Development is commendable, there is a general feeling among planners and policy makers that the development of the productive sectors till now is not adequate to sustain this Human Development. This suggested that it is high time that Kerala adopted a different approach to development, particularly in the Industry and Infrastructure sectors. The *Draft Approach Paper* had stated this different approach in these words:

“the government must be directly engaged, through larger plan outlays, through the enactment of appropriate policies, and through the enactment of appropriate policies, and through the innovation of appropriate organisational forms, in the primary, traditional and social sectors; it must also be engaged in industry, in information technology, in bio-technology, and in the commercial segment of the tertiary sector, but with a view also to creating the right environment for the flow of private capital in to these sectors”. (p.5)

8.2 While this looks ideal, the state of Kerala cannot independently pursue its preferred pattern of development but operate within the overall framework of industrial development in the entire country. In short, Kerala is always facing a number of constraints imposed by the approach of the Central Government to industrial development. Kerala has also its own local constraints such as scarcity of land, high density of population and demand for fair wages and working conditions.

8.3 The Industrial sector in Kerala consists mainly of traditional industries and a few modern industries. Besides we now have new emerging areas like Information Technology (IT) and IT Enabled Services (ITES) and bio-technology. Since the bulk of industrial workers in the state are employed in traditional industries like Coir, Cashew, Handlooms and Beedi and Cigar making, top priority has to be given to revive, modernise and strengthen them to face the increasingly competitive market conditions. At the same time considering the large stock of educated unemployed, the development of modern industries has also to be encouraged. There is also a need to promote skill development to equip the unemployed to get gainful employment. Though private capital and entrepreneurs including Non-Resident Keralites (NRKs) are willing to start new industries in the state they are confronting certain constraints like non-availability of land for industrial purpose, high land prices, lack of adequate infrastructure like roads and power, and, bureaucratic delays in getting government clearance on projects. Besides, objections from environmental activists and misgivings about some uncertainty in industrial relations add to woes of private investors in Kerala. We have been trying to remove these constraints as fast as possible to make Kerala an investor-friendly state. During the year under review most of the loss making state PSUs have achieved a turn around due to implementation of timely revival packages, one time settlement of liabilities, infusion of professional management and a fairly high degree of autonomy in decision making at the corporate level.

8.4 Traditional industries over the last few decades have witnessed substantial informalisation of production. In some of the traditional industries cooperative societies have

been set up in large numbers with government assistance. But the onset of policies of liberalisation, stagnant demand, curtailment of state support on account of fiscal squeeze, failure to modernise production processes and also to diversify and improve quality of production have combined to push the traditional industries in to serious crisis. As a result, the condition of the workers has remained abysmal with low wages, uncertain employment, unhygienic conditions of work environment and weakening of collective bargaining strength of the working class and their trade unions. Therefore, during the year the state has taken a number of steps to tackle these problems facing the traditional industries and then to promote their development. The absence of timely state support will affect thousands of workers, mostly women workers who constitute the main work force in some of these traditional industries. Taking the distress that has been caused to the traditional industries by the recent global economic crisis, the Planning Board held discussions with industry representatives. In the light of that, we have provided substantial plan funds during 2008-09 and also in 2009-10 to give relief to these industries.

8.5 During the Eleventh Plan the GOI seems to be eager to implement the “*Cluster Approach*”. Under this scheme a number of producing units/employers would be brought together *under* a Cluster to enable them to share common resources and thereby enjoy some economies of scale. Though the idea looks attractive, one must treat it with utmost caution, The State Planning Board’s view is that it can, in practice, even damage this sector and small producers. This is because the cluster approach is ‘*not going to be in addition to the earlier pattern of assistance, but in lieu of it*’. In short, financing such clusters entails a virtual curtailment of assistance to units that may fall outside of the clusters or units which, for various reasons of geographical distance or differential levels of technology and product character and quality cannot join the clusters.

8.6 The spatial pattern of production units in Kerala’s traditional industries is its uniqueness of decentralisation with dispersal of units and differential nature of linkages with narrow distinctions between and primary and secondary occupations. As a result, the Cluster Approach is likely to exclude a very large number of production units, particularly those which are organised as cooperatives. The State Planning Board believes that these cooperatives can bring about technological upgradation and product diversification and value addition on their own if they are provided with adequate state support to revive and strengthen them. There is also an urgent need for improvement in the quality in their management and improvement. State regulation of conditions of work and wages in these traditional industries also has to be given high priority.

8.7 Kerala has significant comparative advantage with regard to developing IT/ITES and biotechnology sector activities. The state has high literacy, educated and skilled manpower, cheapness of land and rich bio-diversity and amiable climate. During the Eleventh Plan we would be taking steps to further exploit these advantages by providing this sector maximum possible state/plan support and funding. Besides, we are trying to promote private investment in this sector. But one serious constraint has been providing infrastructure necessary for attracting greater inflow of private investment.

8.8 Regarding infrastructure development Kerala has witnessed some public debate. This debate has mainly centred around the issue of land acquisition. Being a densely populated region, polluting industries are not suited and the high public consciousness on environmental issues has led to public resistance. Being land scarce, land prices in Kerala are relatively very high. The demand for land for housing is also high. This has led to intricate land speculation and entry of land grabbers and real estate mafia. In the context of setting up Special Economic Zones (SEZs), the public’s fears on land acquisition have gained momentum. However, after serious

deliberations, the State Planning Board has expressed its views on this after taking in to account the long term dimensions of the issue.

8.9 In this context the *Draft Approach Paper* had stated:

“A firm conceptual distinction must be drawn between land needed for productive enterprise and land demanded for property speculation This distinction is often difficult to draw in practice, not just because the motives of the investors are not clear, but because the motives are themselves mixed. Those setting up productive enterprises also in practice wish to acquire some additional land close to their enterprises for future capital gains.....But precisely because the distinction between the land needed for productive enterprise and land needed for speculation is difficult to draw, it becomes all the more necessary to draw it. The basic rule must be: while land acquisition is admissible for the former, it is not for the latter”. (p.24)

8.10 The Planning Board also recognises a third category of demand for land, and that for construction, housing and real estate which must be distinguished from land acquisition and infrastructure, which sometimes is a euphemism for real estate business. The *Draft Approach Paper* had this to say on this:

“This demand too is difficult to distinguish in practice from productive demand on the one hand and speculative demand on the other. In the case of this demand, the rule will have to be a mixed one: land acquisition may or may not be admissible”. (p.25)

8.11 In recent times, lots of agricultural land in Kerala have been converted for non-agricultural uses affecting not only agricultural production, but also creating environmental hazards. In this context the State Planning Board’s view is that this kind of conversion can be allowed only when it is *“absolutely necessary for the development of the state”*. To ensure this, the Board had proposed that *“whenever any such proposal comes to the government, it should be made public and the government should invite applications from any other interested agents who may wish to offer a better, more competitive, or more attractive proposal. This ensures transparency and is an approximation to the system of tenders that used to be followed until bilateral deals became more prevalent than competitive bidding”.... “the government may take the best offer or put together a package by combining parts drawn from the different offers, or step in with its own ideas, including its own direct engagement, and begin negotiations on that basis. The government may even decide to acquire land for the project and keep it with itself, instead of handing it over to the private agents.”* (p.25)

8.12 This was the practice that Kerala had followed in the past and the best example of this had been that of the Technopark for IT development. According to the Planning Board, this is a superior model to what is followed in some other states, since it cuts out land speculation. In this context the State Planning Board has stated:

“....once the project has been put together, it must go to a Standing Committee, with representation from the peasantry, from the political sphere, from legal and economics professions, and from the government, which would re-look at the project not in isolation but in its totality, including the possible impact on employment and food security, and either clear the project, or send it back to the government for further examination. The project deal can be signed only after all these stages have been cleared.” (p.25)

8.13 The Board also emphasised on ensuring adequate compensation to the peasants whose land is acquired. Since giving *“land for land”* acquired is difficult in Kerala, one should think of

“cash for land”. Even in such cases cash compensation should be not only adequate, but the displaced peasants must also be offered employment in the project.

“Where the nature of the project is such that employment cannot be offered, an additional compensation over and above the value of the land must be offered. The Standing Committee must satisfy itself that the compensation is adequate and that the arrangements for paying compensation are foolproof. This would ensure that the bright prospects for industrialisation that exist in the state are not thwarted by social discord and unrest at peasant displacement.” (p.26)

8.14 Unfortunately, till this review is prepared, the views of the State Planning Board have not received adequate attention they deserved. As a result, the issue of land acquisition for industrialisation as well as infrastructure development continues to be a great irritant in Kerala.

8.15 In the context of policies of economic liberalisation pursued by the GOI, for infrastructure development the *Public-Private-Partnership (PPP)* and *External Funding* routes are being strongly advocated and promoted by most states. One argument behind this is the inadequacy of resources available with the states. But according to the State Planning Board, substantial amount of funds are available from the central government under its various Flagship Programmes and other schemes which must first be tapped. *“Much of these funds come in the form of grants; and much of these funds paradoxically goes abegging....A state like Kerala facing fiscal strains cannot afford to let central government assistance lie idle”.* (p.26)

8.16 Till now Kerala could not adequately tap NRK funds for the development of the state, though these funds through the expenditure route have stimulated demand for consumer goods. But due to lack of proper linkages between this demand and the production structure in the state, it has not reflected in domestic economic growth. Various schemes for tapping NRK funds for development, particularly infrastructure have been discussed. Setting up of a Bank and starting Joint Ventures (JVs) are some of them. There are doubts about their commercial viability and the nature of sections of the community who will benefit from them. In this connection, one needs to draw a distinction between ‘*collective consumption*’ and ‘*private consumption*’, the former benefiting the entire community and the latter benefiting selected sections of community. This debate is particularly important in the case of infrastructure projects. Those projects that serve collective consumption can be financed from budgetary resources, while private sources can provide for the remaining.

8.17 Historically, the backbone of modern industry in Kerala was laid by public sector enterprises (PSUs). The performance of these PSUs has shown a fluctuating trend, some achieving a turnaround in recent years, while others running in to recurring losses. The *Draft Approach Paper* was of the view that *“loss making enterprises are ipso facto inefficient or constitute an economic mill-stone around the state’s neck”.* (p.27) The state which is already facing severe fiscal strain, cannot afford this loss for ever. At the same time the state cannot simply close them down or sell their assets at whatever price they can fetch in the market involving the neo-liberal route of ‘privatising the PSUs’. The Planning Board, therefore, believes in implementing a long term plan for restructuring the loss making PSUs on a case-by-case basis. Restructuring and revival packages have to be formulated for PSUs and for this we have provided funds for them.

8.18 A recent report, *Performance of State Level Public Enterprises in Kerala, 2008-09*, released by the Industries Department said:

“In spite of the global financial meltdown and consequent domestic recession, the Public Sector Undertaking, administered by the Industries Department of the Government of Kerala, have registered excellent growth and commendable performances during 2008-09. There is an increase of 16 percent in the turnover and 111 percent increase in profit compared to the previous year. This is achieved when the Indian industrial sector has registered a growth rate of 2.4 percent as per the Index of Industrial Production. During the last three years of the LDF Government, these units had increased their turnover and the sector as a whole was making profits continuously. This demonstration is significant because under the immediately preceding UDF rule, the PSUs were collapsing and it was increasing losses. It was the agenda of that government to close down and privatise these companies. Twenty five companies were earmarked for closure/disinvestments and specific Government Orders were issued for that purpose. Hundreds of workers were given Voluntary Retirement (But in many cases the dues to the workers so retired were not paid properly and this government had to take the responsibility of making payments to such workers) There were strong public opinion against the anti-PSU stand of the government and employees of these companies, irrespective of their political affiliation, rallied behind the save PSU agitation. The strong protests by the workers and the left parties have prevented the UDF government from selling out the public properties. However, many companies became dormant due to massive VRS and deliberate management inefficiency” (p.1)

8.19 The present Government in contrast to the previous Government has taken a very supportive stand, strongly backed by the State Planning Board, and had made financial provision in each year’s budget. In 2009-10 Budget, Rs.50 crores have been provided for the *rejuvenation and revival of viable PSUs*. The question of viability will be examined by the Planning Board on a case by case basis. In addition to this, directions are given to the Kerala Financial Corporation to fund modernisation projects of the PSUs as a loan at 8.5 percent interest rate. This process is ongoing and the funds are being allotted to the companies. Besides the VRS dues (Rs.29.80 crores), the PSUs also have problems relating to One Time Settlement with banks/financial institution (Rs.60.45 crores), Modernisation/Revival/restructuring (Rs.43.19 crores) and Working Capital/holding on operations (Rs.27.54 crores), the total commitment amounting to Rs.160.98 crores during the period 2006-09.

8.20 The performance of the PSUs can be improved by initiatives like imparting professional management skills to managerial staff, regular monitoring of performance, systematic and scientific annual budgeting, strengthening of auditing, harnessing the synergy of PSUs through organising their operations on terms of mutual benefits, combined sourcing of raw materials and components, business collaboration with Central PSUs/Government, and, merger and amalgamation. The Government also has plans to re-open closed units and regaining their assets For instance, the Trivandrum Spinning Mills that was handed over to the official liquidator was got released through High Court and the same is transferred to the Kerala State Textile Corporation Ltd., to start as an open-end spinning mill with installation of modern machineries. The other notable effort at reopening of closed PSUs is the Kerala Soaps and Oils Ltd., with the help of the Kerala State Industrial Enterprises Ltd at a cost of Rs.7.05 crores. Steps have been initiated to get release of the property of KELTRON Power Devises Ltd., and KELTRON Rectifiers Ltd., and the petitions for the same are under consideration of Kerala High Court.

8.21 The Government began announcing Awards to best performing of CEOs of PSUs since 2006-07. Besides Awards are being given for best efforts to PSUs that abate industrial pollution and for best industrial reporting to journalists. Around 13 PSUs have initiated Modernisation Plans involving a total project cost of Rs.186.14 crores. During 2009-10 Government has provided Rs.55.97 crores for this.

8.22 In spite of state support and the initiatives taken to strengthen the PSUs and improve their performance, they are facing some major threats. The global financial meltdown has badly hit both domestic demand and export demand. The prices of many products have declined. Domestic competition has become tougher and PSUs find it difficult to compete with private sector units. The hike in power tariff and unexpected load shedding has hit power-intensive PSUs like Travancore Cochin Chemicals Ltd. The hike in prices of raw materials has upset the calculations of PSUs like the Travancore Titanium Products Ltd. In addition this PSU is threatened by an order from the Pollution Control Board to immediately install equipments to reduce pollution costing several crores of rupees... Some PSUs are still struggling with obsolete technology that pushes productivity to unimaginably low levels. Kerala textile mills in the public sector are also extremely vulnerable to unstable market conditions.

8.23 The Industries Department, however, is optimistic about the future of PSUs on account of the new initiatives taken by it for increasing productivity, strengthening market network, modernisation and implementing Best Practices in corporate governance. The Department in its projections for 2009-10 has said that the number of profit making companies will increase to 32, total production and total turnover will reach Rs.2124 crores and Rs.2421 crores respectively, raising the Net profit to Rs.212 crores. The PSU network is fairly large and varied with operations in areas like Chemicals, Ceramics and Refractories, Developmental and Infrastructure, Electrical Equipment, Electronics, Engineering, Textiles, Traditional Industries, and, Wood and Agro-based. It calls for systematic planning, professional management, dedicated workforce, modern technology, high productivity and product quality, and the state's budgetary support.

8.24 One neglected area of industrialisation in Kerala has been the development of Small and Medium Enterprises (SMEs) and rural industrialisation. The *Draft Approach Paper* prepared by the State Planning Board had highlighted the great potential for the Chinese Initiative on Township and Village Enterprises. Given the large amount of plan funds available with LSGs, availability of experts at the local level, a vast local market, and high consumption propensity, these Enterprises could flourish in the state. Potential local entrepreneurs could also be encouraged to start such Enterprises or mobilised under cooperatives. This is an area which needs greater attention.

8.25 We also need to establish strong linkages between SMEs and large Enterprises with in the state. Presently, large enterprises in Kerala source their requirements of ancillaries and spare parts from small scale industries located in other states. Considering this the State Plan provided funds to encourage ancillary production in the SME sector. But lack of initiative from the State Department of Industries turned this proposal a virtual non-starter.

8.26 According to the State Planning Board, Keralites have adequate proven "entrepreneurial spirit". The large inflow of foreign remittances and high density of banking and lending institutions in the state can act as a good stimulant for self-employment. Kerala is well known for high level of educated unemployment and it is not possible for the state to provide employment to them. The intake in public services is very low and the only alternative available to the unemployed is either seek self-employment opportunities at home or migrate to destinations outside the state and the country. Bio-technology, IT are sectors offering self-employment opportunities to the educated unemployed, if properly supported by bank loans. This matter has been raised with the State Level Bankers' Committee and a noticeable improvement in the credit-deposit ratio has been recorded in recent times. The Planning Board has also initiated a Flagship Programme on organising Multi Purpose Job Clubs being implemented by the Labour, Employment and Training Department. Noticeable progress has been achieved under this Programme. Programmes for skill upgradation are also being implemented by the Employment

and Training Department through setting up more ITIs and modernising the existing ones. Large amount of central assistance and support from LSGs may contribute to skill development in the state.

8.27 Regarding the future course of industrial development, the State Planning Board is of the view that state *“must create a conducive atmosphere for private investment in industry and IT sectors, not by unrolling a red carpet indiscriminately for any project that comes its way, but by ensuring that such investment is not followed by social strife; and this requires careful monitoring of land use and of the compensation paid to those who lose land. It must ensure that all sources of funds from the central government, under schemes like the JNNURM and NREGS, are fully utilised for building up infrastructure in the state.”* [Draft Approach Paper, p.35]

8.28 The allocation for industries sector in the Five Year Plans was consistently around 10 – 12% of the State Plan since the Fifth Plan onwards. But in the Tenth Plan only 5.54% of the State sector outlay was allocated to Industry and Minerals and IT sectors together. This was a serious setback to the pace of industrial development. The XI Plan wanted to reverse this trend and improve upon it in spite of the fiscal constraints. A welcome change in the industry sector is the emergence of an investor-friendly climate and the spirit of whole hearted cooperation from the working class.

8.29 Aiming to achieve and sustainable economic growth through rapid industrialisation and big leap in commercial activities, with out affecting ecology and environment and to create large-scale employment opportunities for the people of Kerala and ensuring them fair wages and converting Kerala in to an investment friendly destination is the vision of the Industrial and Commercial Policy announced by the Government of Kerala during 2007. The Industrial Policy, IT Policy, establishment of INKEL are all intended towards the enhancement of investment in the State especially in the industrial sector with the objective of creating more income and employment. The role of Government has been changed from a provider to that of a facilitator for industrial investment particularly for attracting private investors to the State.

Industrial Growth

8.30 The overall national industrial sector achieved a growth rate of 8.5 per cent in spite of a slowdown in the first half of 2007-08. But in 2008-09 there was a sharp slowdown as a consequence of successive shocks, the most important being the knock-on effects of global financial crisis. The pace of slowdown accelerated in the second half of 2008-09 pushing down the over all growth of the sector to 2.4 per cent as per the Index of Industrial Production. Manufacturing growth was placed at 2.3 per cent in 2008-09 as compared to 9 per cent in 2007-08. Mining grew at 2.3 per cent in 2008-09 as against 5.1 per cent in 2007-08.

8.31 As against this national scenario, the experience of Kerala was not bad. During the period 2000-1 to 2008-09 the industrial growth in Kerala recorded was positive except in 2001-02 when it registered a negative growth of 2.88 per cent at current prices. See Table 8.1. The average growth rate for the period 2000-01 to 2007-08 was 4.64 per cent and 9.02 per cent at constant and current prices respectively. The contribution manufacturing sector to GSDP at constant and current prices are 8 per cent and 7.59 per cent respectively during 2008-09.

Table - 8.1
Growth of manufacturing sector in Kerala (GSDP)

Year	Contribution to GSDP (Rs. Lakhs)		Growth Rate (%)	
	At constant Prices	At current prices	At constant prices	At current prices
2000-01	680170	703404	2.01	5.50
2001-02	649950	683278	-4.44	-2.88
2002-03	680869	734199	4.76	7.45
2003-04	718735	818580	5.56	11.49
2004-05	753166	912523	4.79	11.48
2005-06	805882	1009504	7.00	10.62
2006-07	914367	1197663	13.46	18.64
2007-08	951056(P)	1315550(P)	4.01	9.84
2008-09	1026851(Q)	1481561(Q)	8.00	12.62

Source: Dept. of Economics and Statistics
P: Provisional Q: Quick Estimates

Index of Industrial production (IIP)

8.32 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 from 1980-81 to 1993-94.

8.33 The General Index for the year 2006-07 increased to 261.30 from 208.31 in 2005-06 showing an increase of 25 percent. Negative growth was recorded in products such as jute & other vegetable fibre textiles. All other items showed positive growth. The index of industrial production for the period 2005-06 and 2006-07 is given in Appendix 8.1.

Industrial Disputes

8.34 During 2008-09, 3143 industrial disputes were registered. At the end of the year, there were 5962 cases along with the pending disputes of previous year which is less than 6.6% of previous year. A total of 3192 disputes were settled during the year under review. Due to strike and lockout 74264 workers were affected which led to loss of 1246572 man days. Details of industrial disputes for the period 2002-03 to 2008-09 are given in Appendix 8.5

Commodity Export

8.35 The quantity of the reported six export commodities recorded low levels of volume and value/growth in 2008-09 as compared to last year, 2007-08. Tea recorded low growth (4.07%), Cashew Kernels (26.45%), Coir products (36.75%), Spices (31.96%), Coffee (33.11%) and Sea food (16.90%). Details of the six major commodities exported from Kerala (through Cochin Port) during 2007-08 and 2008-09 are given in Table 8.2.

Table - 8.2
Export from Kerala (through Cochin Port)

(Rs. Crore)

Sl.No	Commodity	2007-08		2008-09	
		Quantity (MT)	Value	Quantity (MT)	Value
1	Tea	71472	335.95	68564	378.73
2	Cashew Kernels	77458	1480.70	56967	1715.65
3	Coir products	124213	1308.13	78563	496.97
4	Spices	70521	1124.60	47985	398.86
5	Coffee	94384	1381.56	63130	711.67
6	Sea food	108653	1519.82	90286	1389.62

Source: Cochin Port Trust.

Joint Stock Companies.

8.36 The total number of Joint Stock Companies in Kerala as on March 2009 is 17200 in which 1649 are public limited and 15551 are private limited. This shows an increase of 1233 companies. During 2008-09, 1819 companies were newly registered in the State of which 1781 were private limited and 38 were public limited. Only 5 Public limited Companies and 3 private companies were transferred to other states during 2008-09. Details of Joint Stock Companies working in Kerala are given in Appendix 8.19.

Central Sector Investment

8.37 An amount of Rs. 20746.25 crores has been projected as the central sector investment in Kerala as on the end of March 2008, as against total central investment of Rs.862204.37 crores. This constitutes 2.41 per cent. While considering the All India investment, Maharashtra stood first and Kerala ranked as 19. Details of Central Sector Investment in selected States are given in Appendix 8.7. During 2007-08, Government of India invested 67.91 per cent of the funds in 10 Enterprises as detailed in Table 8.3.

Table - 8.3
Details of Central Sectors Investment in Kerala

(Rs. in crore)

Sl. No	Name of Enterprise	Investment in terms of Gross Block	Share of Total Real Investment (%)
1	Oil & Natural Gas Corporation Ltd	134185.77	15.56
2	Bharat Sanchar Nigam Ltd	127247.74	14.76
3	NTPC Ltd	75846.33	8.80
4	Indian Oil Corporation Ltd	66002.48	7.66
5	Power Grid Corporation Of India Ltd	44175.23	5.12
6	Steel Authority Of India Ltd	33312.28	3.86
7	Nuclear Power Corporation of India Ltd	30441.10	3.53
8	National Hydroelectric Power Corporation Ltd	28035.49	3.25
9	Hindustan Petroleum Corporation Ltd	22886.00	2.65
10	National Aviation Company of India Ltd.	22627.19	2.62
	Total Top Ten	584759.61	67.91
	Total Gross Block	862204.37	100.00

Source: Public Enterprises Survey 2007-08

State Level Public Sector Enterprises

8.38 Public Sector Enterprises in Kerala are among the largest employment providers in the organized sector. In connection with the revival of PSUs under the Industries Department, Government is taking steps to restructure and revive the SLPEs by a comprehensive policy initiative through up-gradation of technology, performance contract agreement, inter PSUs tie ups, capacity building and effective corporate governance.

8.39 In spite of the global financial meltdown and consequent domestic recession, the Public Sector Undertakings, administered by the Industries Department of the Government of Kerala, have registered excellent growth during 2008-09. There was an increase of 16 per cent in the turnover and 111 per cent increase in profits compared to the previous year. During the last three years, these units had increased their turnover and the sector as a whole was making profits continuously.

8.40 There is a commendable growth in the performance of the PSU during the last three years. There was an overall loss of Rs. 69.64 crores in 2005-06 which transformed to a profit of Rs. 169.45 crores in 2008-09.

8.41 There are 63 PSUs under the Industries Department out of which, 17 have remained closed for long periods. Five are welfare corporations and four are developmental agencies. Thirty seven companies are directly engaged in manufacturing activities.

8.42 During 2008-09, 28 companies have made cash profits. Seven companies have crossed Rs.100 crores turnover and 124 companies have achieved an all time high turn over during 2008-09. Six companies have achieved all time high profit during that year.

8.43 During 2007-08, turnover of profit making units was Rs.1,533.66 crores and they registered a profit of Rs.122.24 crores. There is a significant increase in turnover and profit of the profit making units in 2008-09 compared to the previous year. The turnover and profit of the profit making units in 2008-09 is Rs.1,867.96 crores and Rs. 222 crores respectively. There is an increase of 21.8 per cent in the turnover and 81.61 per cent increase in profit. During the period of economic recession and decline in industrial production, this is great achievement. However, in certain sectors, like Textiles, Traditional and Welfare, similar improvements are not visible.

8.44 The PSUs were showing a trend of growth, both in respect of turnover and profit, performances compared to the performance during the preceding years. The performance of PSUs under Industries Department for 2007-08 and 2008-09 are given in Table 8.4.

Table - 8.4
Turnover and Profit /Loss of PSUs under the Ministry of Industries – 2008-09

(Rs. in lakh)

Sl. No	Company	Turnover		Profit / Loss	
		2007-08	2008-09	2007-08	2008-09
1	Malabar Cements Ltd	21,296.34	25283.22	3,604.67	4370.80
2	Kerala State Industrial Development Corporation Ltd	2,832.00	309500	2,307.00	2292.00
3.	Transformers and Electricals Kerala Ltd	20,547.99	23402.12	915.01	3614.00
4	The Kerala Minerals and Metals Ltd	34,101.00	45870.96	900.07	7084.29
5	Kerala State Electronics Development Corp	14,634.51	16046.74	842.12	1900.00
6	Steel and Industrial forgings	5,818.78	6524.65	800.00	895.34
7	Travancore – Cochin Chemicals Ltd	10,858.00	13581.81	705.07	15.42
8	Kerala State Industrial Enterprises Ltd	1,349.65	1849.07	655.55	586.21
9	Kerala Electrical & Allied Engineering Company Ltd	10,096.72	10594.43	450.04	251.74
10	The Kerala Ceramics Ltd	1,069.03	994.60	180.50	101.31
11	Kerala Small Industries Development Corporation Ltd	5,179.76	10110.70	179.51	284.43
12	United Electrical Industries Ltd	3,965.00	4928.27	130.00	93.44
13	Kerala Clays & Ceramic Products Ltd	529.52	658.47	119.94	202.60
14	Travancore Sugars & Chemicals Ltd	963.77	N.A	88.50	N.A
15	Steel Complex Ltd	3,039.38	4032.27	65.04	57.82
16	Handicrafts Dev. Corp. (Kerala) Ltd	1,112.40	1136.16	50.72	59.51
17	Keltron Crystals Ltd	92.60	176.94	47.43	1.27
18	Keltron Magnetics Ltd	595.31	787.59	37.90	1.71
19	The Travancore Cements Ltd	3,111.36	3655.68	35.00	144.00
20	Forest Industries (Travancore) Ltd	625.85	680.26	35.00	9.65
21	Traco Cable Company Ltd	4,725.79	5719.75	24.83	44.43
22	Kerala State Bamboo Corporation Ltd	1,423.24	12225.04	21.38	16.20
23	The Metal Industries Ltd	225.30	401.34	10.05	58.00
24	Steel Industries Kerala Ltd	1,894.45	1925.03	9.87	48.68
25	Keltron Component Complex Ltd	2,540.60	2649.91	4.00	55.76
26	KELPALM	9.11	5.64	3.66	2.01
27	Keltron Resistor's Ltd	185.43	171.24	1.38	1.01
28	Kerala Artisans Development Corporation Ltd	408.00	608.57	-3.00	0.13
29	Travancore Titanium Products Ltd	10,590.69	8232.31	-52.72	-961.72
30	Keltron Electro Ceramics Ltd	353.88	680.80	- 73.960	8.15
31	Sitaram Textiles Ltd	796.71	745.48	-117.10	-118.27
32	Alleppey Co-operative Spinning Mills	329.38	316.91	168.65	-146.71
33	Autokast Ltd	1,437.26	1588.54	-195.57	-441.61
34	Kerala State Drugs & Pharmaceuticals Ltd	890.37	1252.39	-218.95	-163.37
35	The Malappuram Co-operative Spinning Mills	1,955.40	1816.49	-230.68	-213.56
36	The Trichur Co-operative Spinning Mills Ltd	1,003.40	800.00	-293.23	-303.27
37	Kerala State Textile Corporation Ltd	3,723.04	3161.63	-346.35	-456.69
38	The Quilon Co-operative Spinning Mills Ltd	531.15	736.82	-348.78	-341.63
39	The Cannannore Co-operative Spinning Mills Ltd	945.72	1082.42	-369.85	-376.71
40	Kerala Automobiles Ltd	2,215.76	1267.83	-397.51	-459.41
41	Kerala State Handloom Dev. Cop Ltd	1,013.36	1010.00	-443.80	-434.63
42	HANTEX	1,590.00	1693.79	-993.00	-836.93
	Total	181,150.40	210500.87	8,031.15	16945.40

Source:RIAB

8.45 The reasons noted for the good performance are:-

- Bringing in Professional Management

In order to get experts at the top level professionals the appointment system was changed and a selection board was constituted and appointments were made through open advertisement and interviews. For capacity building of the second line management, training programmes were implemented under the aegis of Restructuring and Internal Audit Board (RIAB), an annual training calendar is prepared and the officers are given training with the help of external subject experts.

- One Time Settlement (OTS)

Many PSUs owed short term and long term loans to banks and other financial institutions, the pay back of which was not timely and proper which resulted in huge arrears and strained relations with the lenders. Consequently, these agencies withdrew from financing the PSUs and their operations were adversely affected. The Government took special steps to settle this issue once and for all. High level discussions were held and a One Time Settlement (OTS) scheme was implemented which has brought a big change in the financial positions of these companies as they could clean their balance sheets and restart operation afresh.

- Performance Monitoring

For the last three years, a monthly review of performances of the PSUs is being done every month. The Minister, Secretaries, Chairman and Secretary of RIAB attended these reviews. The monthly review has proved to be an effective tool for improving the performance of the companies. Decisions taken are given to them by the end of the meeting itself. RIAB makes a meticulous follow up and offers assistance for the execution of the decisions.

- Performance Recognition

From 2006-07 onwards, awards are presented to CEOs who produce exemplary performance. A PSU which takes steps to reduce pollution and reduce costs of production are also awarded. In addition to this, a media person who makes significant contribution to industrial reporting is also awarded. The awards are distributed in a high profile public function attended by top dignitaries. This system of recognizing the performances has helped to boost up the morale of the employees and has developed a healthy competition amongst the companies.

- Annual Budgeting

There was no proper budgeting system for PSUs although they were statutorily and technically bound to make one for each year. The Government realized that this practice was to be dispensed with if they had to organize and streamline their production. From 2007-08 onwards a proper practice of making budget in advance was implemented. On the basis of suggestion made by RIAB the companies were able to prepare a realistic budget and fix quarterly and monthly targets. Annual Budget meets were organized in March in which the companies present their final budget.

- Strengthening of Auditing

It was a matter of serious concern that there were huge arrears in the auditing of accounts in PSUS. The internal auditors in many companies had not brought out the real issues and in some companies they were giving tacit consent to wrong practices of the management. To address this issue the Government prepared a panel of Chartered Accountants and directed the companies to appoint internal auditors only from this panel with

a direction to change them after three years. In almost all operating units the internal units are now up to dates.

- **Harnessing Synergy**

Since many companies were operating in similar fields, combined sourcing of raw materials, providing technical support and avoiding competitions with each other could be achieved. Financial assistance is being provided by well off companies to those which are in need of money. Preference was given to other PSUs in case of sale/purchase of products and services. In 2006-07 a PSU conclave was conducted wherein the idea of mutual cooperation between PSUs under all the departments, a Central PSUs, was mooted which was well received. Memoranda of Understanding for business tie-ups were signed between the companies and their Government customers. These steps helped to maintain a continuous supply chain and ensured markets.

- **Merger and Amalgamation**

A proposal to merge companies with similar line of production and to harness further synergy is under serious consideration. This will reduce the overhead expenses; improve cooperation in sectors, technology, manpower, marketing and finance. Moreover, a bigger organization will be more capable to meet the challenges of markets. Initially it can be by way of acquisition/transfer of shares. There are plans to amalgamate electrical companies and Minerals companies. Similarly there are also plan to transfer part of government shares in certain PSUs to other PSUs the modalities of which are being worked out.

- **Re-opening of Closed Units and Regaining of Assets**

As of 2006 May, there were 17 units which were closed for a very long time. Some were ordered to be liquidated by the BIFR. In some cases the liabilities over weighed the assets. The Government prepared a plan to regain the assets of those companies, which were under liquidation and to make use of such assets for industrial purposes. Thiruvananthapuram Spinning Mills that was handed over to the official liquidator was released through the High Court and the same has been transferred to Kerala State Textiles Corporation Ltd., and reopened as an open-end spinning mill. Modern machineries have been installed there and full scale commercial production will be possible this year.

- **Budgetary Support**

The Government took a very supportive stand and made financial provision in each year's budget. In 2009-10 budget Rs. 50 crore has been provided for the rejuvenation and revival of viable PSUs. In addition to this, directions are given to Kerala Financial Corporation to fund modernization projects of the PSUs as loan at 8.5 per cent interest. This process is ongoing and the funds are being allotted to the companies.

- **Business Collaboration with the Central PSUs/Government**

An innovative idea of the Government was to associate with Central PSUs for the revival and modernization of State level enterprises and for technology up-gradation and better professional management of these companies. The State Government has a limitation in investing huge amounts in new projects for modernization and technology up-gradation. To overcome this, tying up with Central PSUs that has a similar synergy is useful. Four companies have been given the go-ahead to tie up the Central PSUs or Central Government agencies. They are TELK-NTPC, SCL-SAIL, KEL-BHEL, and SILK-AUTOKAST-RAILWAYS. KELTEC, a company primarily doing machine work was taken over by the M/s Brahmos in 2007.

8.46 The global financial meltdown has adversely affected the export sector as well as domestic demand. Huge increase in the prices of certain raw materials has badly affected certain companies last year. The textile sector, like in other states in the country, is facing a severe crisis. A majority of the companies are still using obsolete technology and the productivity of such companies is terribly low. Also, there are financial constraints to take up mega

modernization plans. Shortage of effective manpower is affecting the efficient operations of many companies. Lack of management skills, weak marketing network, tough competition in the market etc. attribute to the weak functioning of the units.

8.47 Fifteen companies are going in for modernization projects with the help of Government assistance. Many other companies are in the process of modernization with their self generated funds and with the support of Kerala Financial Corporation. Government have taken it as a policy to plough back a certain percentage of the profit of the company for modernization. Details of Financial Assistance sanctioned to PSUs during 2008-09 are given in Table 8.5

Table - 8.5
Details of Financial assistance sanctioned to PSUs during 2008-09

Sl. No	Company	Amount released by Government (as on 31.3.2009)
A	For OTS	
1	Kerala State Electronics Development Corporation Ltd	1250.00
2	Steel Industries Kerala Ltd	52.39
3	Autokast Ltd	613.77
4	QETCOS	138.32
5	Travancore Plywood Industries	33.46
	Sub Total (A)	2087.94
B	For revival and rejuvenation	
1	Kerala State Textile Corporation Ltd	338.29
2	Steel Industries Kerala Ltd	100.00
3	Travancore Titanium Products	700.00
4	Kerala Automobiles Ltd	315.00
5	Kerala State Drugs & Pharmaceuticals	700.00
	Sub Total (B)	2153.29
C	For VRS dues	
1	Steel Industries Kerala Ltd	37.87
2	Kerala State Detergent & Chemicals Ltd.	513.23
3	Travancore Plywood Industries Ltd	39.62
	Sub Total (C)	590.72
D	Working Capital	
1	Autokast Ltd	263.00
2	Traco Cable Co. Ltd.	450.00
3	Travancore Plywood Industries Ltd	7.75
4	Kerala Ceramics Ltd.	41.30
5	Handicrafts Dev. Corporation Ltd.	50.00
	Sub Total (D)	812.05
	Grand Total (A+B+C+D)	5644.00

Source: RIAB

Micro, Small and Medium Enterprises – (MSMEs)

8.48 With the enactment of the MSMED Act, 2006 which came into force on the 2nd October 2006, the system of SSI registration has been done away with and the new system of filing of Entrepreneurs Memorandum (EM) has been introduced. Also the earlier concept of “Industries” has been changed to “Enterprises”. Classification of enterprises under MSMED Act 2006 is given in Box 8.1.

Box. 8.1**Classification of Enterprises under MSMED Act 2006.**

- (a) Enterprises engaged in the manufacture or production of goods is classified as
- (i) a micro enterprise, where the investment in plant and machinery does not exceed Rs. 25.00 lakh.
 - (ii) a small enterprise, where the investment in plant and machinery is more than Rs. 25.00 lakh but does not exceed Rs. 5.00 crore or
 - (iii) a medium enterprise, where the investment in plant and machinery is more than Rs. 5.00 crore, but not exceed Rs. 10.00 crore
- (b) Enterprises engaged in providing or rendering of services is classified as
- (i) a micro enterprise, where the investment in equipment does not exceed Rs. 10.00 lakh.
 - (ii) a small enterprise, where the investment is more than Rs. 10.00 lakh but does not exceed Rs. 2.00 crore or
 - (iii) a medium enterprise, where the investment in equipment is more than Rs. 2.00 crore but does not exceed Rs. 5.00 crore.

8.49 MSME sector plays a pivotal role in terms of economic growth and employment generation. This sector attributes a lot towards domestic needs and export marketing by producing varieties of products ranging from traditional to high tech. Though the volume of production of MSME sector is very large, the quality of production, diversification of products, energy consumption, environmental effects have always been a concern.

8.50 The challenges of the MSME sector has increased manifold as the global downturn in the business cycle threatened domestic growth and employment. However, the proactive role of the state government have helped the sector to achieve a fairly high growth in the sector.

8.51 The total number of working Small Scale Industry / MSME units registered in Kerala as on 31st march 2009 is 204381. Out of these, 7068 are promoted by SCs, 1433 by STs, 44116 by women and 151764 by others. The total investment is Rs.656849.48 lakh, the total number of employment generated is 770971 and value of goods and services produced is Rs.1390054.68 lakh. District wise details of working Small Scale Industry / MSME units registered in Kerala as on 31.03.2009 are given in Appendix 8.20.

8.52 During 2008-09, MSME sector in Kerala recorded a declining trend in terms of the number of new enterprises that filed Memorandum, employment growth, value of goods produced and investment compared to the previous year. The number of new enterprises that filed Memorandum during 2008-09 was 8421 as against 11186 in 2007-08. The declining trend was also reflected in employment, production and investment in the MSME sector. During the year 2008-09, 8421 new enterprises have filed memorandum, under MSME Part II with an investment of Rs.56594.83 lakh providing employment to 48111 persons. Out of the new enterprises that filed memorandum, 234 are promoted by SCs, 19 by STs, 2811 by women and 5357 by others. The value of goods and services produced during the period is Rs.132155.38 lakhs. Details of enterprises that filed memorandum during 2008-09 under the Act is given in Table 8.6. and Figure 8.1.

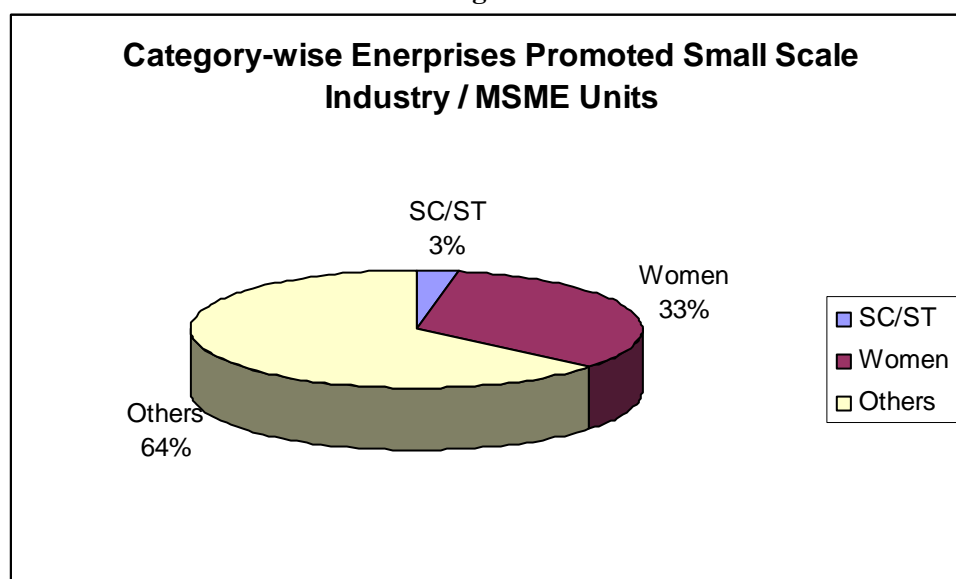
Table - 8.6

District-wise Details of MSME New Units that Filed Memorandum under Part 2 Registered in Kerala 2008-09 (as on 31.03.09)

Sl. No	District	Number of SSI units promoted by					Total Investment (Rs. lakh)	Value of goods and services produced (Rs lakh)	Employment provided (Nos)
		SC	ST	Women	Others	Total			
1	2	3	4	5	6	7	8	9	10
1	Thiruvananthapuram	11	1	164	384	560	2792.83	8326.47	4638
2	Kollam	5	0	241	342	588	5813.84	10565.16	6538
3	Pathanamthitta	8	0	125	89	222	859.32	1347.20	902
4	Alappuzha	0	0	91	150	241	1781.48	4158.74	1470
5	Kottayam	9	1	170	229	409	3644.00	10734.00	2453
6	Idukki	20	3	114	300	437	2107.22	6403.97	3056
7	Ernakulam	30	8	367	1133	1538	17795.33	41337.64	9932
8	Thrissur	129	0	486	838	1453	6607.00	12171.00	4933
9	Palakkad	12	1	168	274	455	4298.19	8132.76	2672
10	Malappuram	3	0	170	257	430	2618.40	8663.15	2324
11	Kozhikode	2	0	54	350	406	1650.11	7902.42	2243
12	Wayanad	1	0	27	101	129	402.94	1046.96	827
13	Kannur	4	5	456	539	1004	4718.28	9860.91	4155
14	Kasaragod	0	0	178	371	549	1505.89	1505.00	1968
	Total	234	19	2811	5357	8421	56594.83	132155.38	48111

Source : Directorate of Industries & Commerce.

Fig. 8.1



8.53 An analysis of the performance of the enterprises that filed memorandum reveals that number of new enterprises, investment, production and employment recorded down turn decline during 2008-09 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. During the current year (as on 30.09.2009) 3873 new enterprises have filed memorandum with an investment of Rs. 25490.82 lakh providing employment to 21980 persons. District-wise details of enterprises filed memorandum in Kerala during 2009-10 (as on 30.09.2009) are given in Appendix 8.21.

Prime Minister's Employment Generation Programme (PMEGP)

8.54 Government of India have introduced a new credit linked subsidy programme called PMEGP from 2008-09 by merging the two schemes viz., PMRY and REGP, which were in operation till 31.03.2008. The Khadi and Village Industries Commission (KVIC) was approved as the nodal agency for implementation of the scheme at National level and State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and Banks in the State level. During 2008-09, a target of 708 numbers of units was allocated to District Industries Centers. The selected beneficiaries will have to undergo two weeks mandatory training before the disbursement of the loan. Accordingly, 104 persons got trained under this programme during 2008-09.

Box. 8.2

Eligibility Conditions of beneficiaries under PMEGP.

- Any individual above 18 years of age.
- There will be no income ceiling.
- For setting up of project costing above Rs. 10.00 lakh in the manufacturing sector and above Rs.5.00 lakh in business/service sector, the beneficiaries should possess at least VIII standard pass as educational qualification.
- Assistance will be available only for new projects.
- Self Help Groups, Institutions registered under Societies Registration Act, Production co-operative societies, Charitable Trusts are also eligible for getting assistance under PMEGP.
- Existing units and the units already availed Government subsidy are not eligible.

8.55 District wise details of loan sanctioned under PMEGP during 2008-09 and 2009-10 (as on 30.09.09) are given Appendix 8.22 & 8.23.

Industrial Co-operative Societies.

8.56 The total number of Industrial Co-operative Societies registered as on September 2009 is 1846. Of these, 30 new societies were registered during 2008-09 and 6 are registered in 2009-10. The total number of working industrial co-operative societies as on 31.03.2009 was 671. Out of these, 124 societies are promoted by Scheduled Caste entrepreneurs, 63 by Scheduled Tribe entrepreneurs and 225 by women and 259 by others. The details of working industrial co-operative societies in Kerala as on 31.03.2009 are given in Appendix 8.24.

Bank Credit to SSI/MSME Sector.

8.57 The total bank credit outstanding to various sectors by the commercial banks in Kerala at the end of March 2009 was Rs. 82819.00 crore as against Rs.75305.00 crore in the previous year. The flow of credit to MSME sector showed an increase of 21 percent from Rs. 6674.00 crore in 2007-08 to Rs. 8095.00 crore in 2008-09. The percentage share of SSI sector in the total bank credit showed a slight increase from 9 to 10 in the same period. The details of bank credit to various sectors are given in Appendix 8.25.

Food Processing

8.58 Food processing industry has been recognized as a potential area for development of enterprises in Kerala. Kerala Industrial Infrastructure Development Corporation (KINFRA) is the nodal agency for the promotion of food processing industry in the State. KINFRA has set up a number of food based theme parks in the State.

8.59 Two Food Processing Parks has already been set up by KINFRA, one at Kakkanchery near Kozhikode and the other at Mazhuvannur near Ernakulam. A third Food Park at Adoor has been completed on February 16th 2009 and now opened for allotment. KINFRA has also set up a joint venture project for seafood pre-processing activity viz., Sea Food Park India Private Ltd at Aroor in Alappuzha with Marine Products Export Development Authority (MPEDA) and Sea food Exports Association of India (SEAI). This park is also in operation. Details of Food Processing Units in KINFRA Parks during 2008-09 are given in Table 8.7.

Table - 8.7
Details of Food Processing Units in KINFRA Parks during 2008-09

Sl. No:	Name of Park	Total area acquired (acres)	No. of units	Area allotted (acres)	Investment (Rs. lakh)	Employment (Nos)
1	Kinfra Small Industries Park, Mazhuvannur, Ernakulam	65	1	0.20	24.00	10
2	Kinfra Small Industries Park, Thumba, Thiruvananthapuram	40	2	0.51	170.67	48
3	Kinfra Small Industries Park, Wayanad	50	4	2.45	186.33	92
	Total	155	7	3.16	381	150

Source: KINFRA, Thiruvananthapuram.

8.60 The details of Food Processing units in KINFRA Parks since inception up to March 2009 are given in Table 8.8.

Table - 8.8
Details of Food Processing units in KINFRA Parks as on March 2009

Sl No.	Name of Park	Total Area acquired (acres)	Area allotted (acres)	No.of Units	Investment (Rs. lakh)	Employment (Nos)
1	Kinfra Small Industries Park, Mazhuvannur, Ernakulam	65	14.00	22	1952.49	881
2	Kinfra Small Industries Park, Thumba, Thiruvananthapuram	40	2.86	8	515.70	150
3	Food Processing Park, Kakkancherry, Malappuram	60	11.04	12	3251.60	358
4	Kinfra Small Industries Park, Koratty, Thrissur	30	1.30	3	142.09	59
5	Kinfra Small Industries Park, Thalasserry, Kannur	50	0.44	2	88.00	21
6	Kinfra Small Industries Park, Kasaragod	60	8.96	7	899.51	307
7	Kinfra Small Industries Park, Kalpetta, Wayanad	50	4.26	11	511.08	173
	Total	355	42.86	65	7360.47	1949

Source: KINFRA, Thiruvananthapuram.

Box. 8.3

Grand Kerala Shopping Festival (GKSF)

GKSF is the largest shopping festival in Asia. The festival conducted every year from 1st December to 15th January. The very objective of this festival is to make the State as an international shopping destination over a period of 5 years and create employment to develop traditional centres. Now in its third year this festival started on 1st December 2009 and closed on 15th January 2010. Through this festival it is intended to transform the State into a hub for international shopping experience and thereby launch “shopping tourism” in the State. It is the only event in the world, where a government is promoting trade and commerce by offering mega prizes. It is organized jointly by the Directorate of Grand Kerala Shopping Festival (Under Tourism Department) and the Directorate of Industries and Commerce.

Handloom Industry

8.61 Handloom Industry is a major traditional industry of Kerala and this sector stands second to the coir sector in providing employment to about 1.00 lakh persons. Handloom industry in the State is mainly concentrated in Thiruvananthapuram and Kannur districts and in some parts of Kozhikode, Palakkad, Thrissur, Ernakulam, Kollam and Kasaragod districts.

8.62 The industry is dominated by co-operative sector with 94% looms followed by industrial entrepreneurs. This sector consists of factory type and cottage type societies. The largest number of co-operative societies is in Thiruvananthapuram district which accounts 53% of the total and the lowest in Wayanad and Pathanamthitta districts. The district wise details of handloom societies in the State are given in Appendix 8.26.

8.63 Department of Economics & Statistics has conducted a survey on Handloom sector and the report has been published in 2009 and the results / findings is given in the box 8.4.

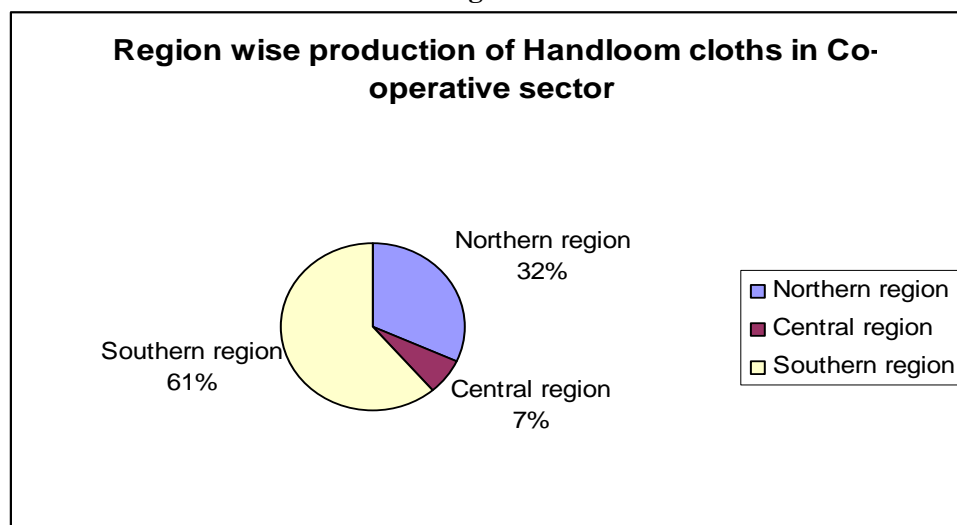
Box 8.4
Handloom Survey Results

- | | |
|-----------------------------------------------------------------------------------|-------|
| • Total number of looms | 17479 |
| • Looms supplied by societies | 5652 |
| • Looms supplied by other agencies | 281 |
| • Looms set up with the assistance of weaver's own fund | 11546 |
| • Total number of families engaged in the industry | 45040 |
| • Only 16179 families find their livelihood from weaving or weaving related works | |

8.64 The total number of primary handloom weavers co-operative societies remained at 676 by the end of March 2009, out of which, 150 were factory type and 526 were cottage type societies. The corresponding figure by the end of March 2008 was 155 and 603 respectively. Out of the total, 78 co-operative societies (12 percent) are registered exclusively for women weavers.

8.65 The major products in handloom sector of the State are dhothis, furnishing material, bed sheets, grey saree and lungi, which accounts 67 percent of the total production in the industry. The Southern region in the State produces 61 per cent of the handloom cloths followed by the North (32 percent) and Central region (7 percent). Region wise production of Handloom cloths in the co-operative sector are given in Fig.8.2

Fig 8. 2



8.66 The over all production of handloom cloth by handloom industry in Kerala decreased from 70.88 million metres in 2007-08 to 20.20 million metres in 2008-09. Of the total production, 94 per cent is contributed by the co-operative societies and the remaining 6 per cent is from the entrepreneurial sector. The total value of production also marked a sharp decline from Rs.318.96 crore in 2007-08 to Rs.146.38 crore in 2008-09. The number of weavers declined from 132974 to 67268 during the same period. The number of women weavers was contracted from 28098 to

24873 during the same period. Similarly, the total number of employment generated during the period declined from 598.04 lakh man days to 66.94 lakh man days. The production and productivity under handloom industry in Kerala for the last 2 years are given in Appendix 8.27.

8.67 The year 2008-09, Kerala Handloom Industry has witnessed a very strong downturn in growth due to global recession not only impacted the export but also its domestic and external demand. The policies of liberalization, downturn demand, failure to modernize production process, lack of diversification of products, higher level migration of handloom workers have combined to push the handloom industry into a serious crisis. Active involvement of the State government through larger plan outlays and effective implementation of revival packages (budgetary support) and programmes protected this traditional industry to a certain extent.

Box No. 8.5
Promotion of Handloom

“KERALATHANIMAYKKU KAITHARI”, 9 new project declared by State Government for the promotion of handloom industry. According to the scheme all government officials would wear handloom clothes on Saturday and one more week days in a week.

8.68 Procurement and marketing of handloom fabrics are being undertaken by two State level Organizations viz., Hantex and Hanveev. Kerala State Handloom Weaver’s Co-operative Society (Hantex) is the apex body of handloom co-operatives established for distribution of required inputs to primary co-operative societies, procurement, processing and marketing of goods produced by the member societies. The number of primary societies registered under Hantex remained steady at 469 during 2008-09 as in previous year. The value of yarn purchased is Rs.494.74 lakh and the value of yarn distributed is Rs. 488.80 lakh during 2008-09 as against Rs. 450.32 lakh and Rs. 472.97 lakh during the previous year. The value of cloth produced decreased to Rs. 832.20 lakh in 2008-09 as against of Rs. 833.96 lakh in 2007-08. The total sales turnover marked a slight increase by 2 per cent as compared to the previous year. The accumulated loss of Hantex is Rs.9005.63 lakh. Hantex conducted 20 exhibitions to increase sales during the year under review as against 10 exhibitions during the previous year. The working results of Hantex are given in Appendix 8.28.

8.69 Kerala State Handloom Development Corporation (Hanveev) which started functioning in 1968 is another agency for the up-liftment of traditional handloom weavers in the unorganized sector in handloom industry. The Corporation has three regional offices (Thiruvananthapuram, Ernakulam and Kannur) and three pre-loom processing units at Nemom, (Thiruvananthapuram), Chittur (Palakkad), and Kalliassery (Kannur). The sales turnover of the Corporation has been increased from Rs. 1326.80 lakh in 2007-08 to Rs. 1345.46 lakh in 2008-09. The accumulated loss has also increased from Rs. 3576.29 lakh in 2007-08 to Rs.4156.64 lakh in 2008-09. The working results of Hanveev are given in Appendix 8.29.

8.70 The details of production, accumulated loss etc. of Hanveev from 2000-01 to 2008-09 are given in Table 8.9.

Table - 8.9
Performance of Hanveev from 2000-01 to 2008-09

Year	Production		Sales Turnover (Rs. Lakh)	Accumulated Loss (Rs. Lakh)
	Quantity (lakh meters)	Value (Rs. Lakh)		
2000-01	19.11	797.00	2032.22	785.48
2001-02	8.48	354.00	1688.00	992.65
2002-03	8.20	335.00	990.00	1441.29
2003-04	12.30	515.74	1640.85	2085.64
2004-05	15.93	772.51	1603.84	2753.42
2005-06	16.88	686.56	1486.65	3008.44
2006-07	10.10	491.00	1501.45	3132.49
2007-08	13.07	607.00	1326.80	3576.29
2008-09	12.76	690.00	1345.46	4156.64

Source: Directorate of Handloom & Textiles and Hanveev.

Powerloom

8.71 There were 4120 powerlooms in the State during 2008-09, of which 844 looms were in co-operative sector. The number of powerloom co-operative societies declined from 33 in 2007-08 to 22 in 2008-09. Similarly, the production of cloth by powerloom societies declined from 80 lakh meters to 35.90 lakh meters during the period. Details on the production and productivity of powerloom industry are given in Appendix 8.30.

Handicrafts

8.72 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 started in 1964 with the objective of uplifting the standard of living of artisans by marketing their products produced by the primary co-operatives and implementing welfare schemes, with the assistance from State and Central Governments. During 2008-09, the society procured handicrafts worth Rs.162.00 lakh and the sales turnover was Rs. 280.00 lakh.

8.73 Handicrafts Development Corporation is procuring and marketing handicraft products by giving fair returns to the artisans through its Kairali emporia spread all over India. The sales turnover of Corporation increased to Rs.1136.63 lakh in 2008-09 from Rs.1104.29 lakh during 2007-08. It made a profit of Rs.59.51 lakh during 2008-09. Handicrafts Development Corporation is one of the State channelising agencies of National Backward Classes Finance and Development Corporation (NBCFDC). The Corporation provides loans to OBC groups of artisans / member of artisans family below double the poverty line for starting small business, carpentry, blacksmith, weaving, grocery shops, pottery, tailoring, jewel making etc.

8.74 The Corporation is implementing cluster projects under Baba Ambedkar Hasta shilpa Vikas Yojana (ADVY) sanctioned by the Ministry of Textiles, Government of India. The following are the identified artisans' clusters.

1. Hand Embroidery Crafts, Thiruvananthapuram.
2. Bamboo and Cane Crafts, Kollam.
3. Lace Crafts, Kollam.
4. Coconut shell and stem Crafts, Kozhikode.
5. Bell Metal Crafts, Alappuzha.
6. Bamboo and Cane Craft, Malappuram.

8.75 Out of the above six clusters, first state of base line survey had been completed and in second phase, technological intervention had been implemented in four clusters.

8.76 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 the activities of trade fairs and marketing centres. The sales turnover of the Corporation during 2008-09 was Rs. 522.33 lakh as against of Rs. 194.26 lakh in 2007-08. The loss of the Corporation has also declined from Rs. 7.58 lakh in 2007-08 to Rs.1.09 lakh in 2008-09. KADCO has also been nominated as one of the State channelising agencies for the implementation of schemes announced by the National Backward Classes Finance and Development Corporation (NBCFDC).

Bamboo Industry

8.77 Bamboo Species in Kerala is a major bio diversity source which accounts for 19% of the total bamboo distributed in India. Bamboo industry in Kerala is providing livelihood to a majority of tribes and other weaker sections of the society, majority of which are women.

8.78 Kerala State Bamboo Corporation was set up in 1971 with the objective to develop and promote Industries based on bamboo, reed, cane and rattan, provide financial, technical assistance and guidance to the bamboo workers / artisans. The major activities of the Corporation are collection of good quality reeds from Government forest, distributes the reeds to the registered bamboo mat weavers of the Corporation on credit basis and to procure woven mats, thus providing employment and means of livelihood to the weaker section of the society. During 2008-09, the Corporation has taken up a new project viz., Flattened Bamboo Boards with support of the Central Agency – National Mission on Bamboo Application. This project has been commissioned and production started on trial basis during 2008-09. As part of diversification, Corporation have initiated an innovative project viz., Bamboo Flooring Tiles Project with the financial support of Central and State Governments. During 2008-09, the total turnover of the Corporation was Rs. 1225.04 lakh including Rs. 909.11 lakh towards sale of bamboo ply and Rs. 192.19 lakh through bamboo mats. The accumulated loss of the Corporation during 2008-09 is Rs.1084.90 lakh as against of Rs. 1101.10 lakh in 2007-08. The profit of the Corporation has declined from Rs. 21.38 lakh to Rs. 16.20 lakh.

Coir Industry

8.79 Coir Industry is an agro based traditional rural industry in India and largely confined to coconut producing states. Indonesia, Philippines, India, Brazil and Thailand are the major coconut producing countries in the world. Even though India has only the third place in coconut production it has the first place in coir production. A significant share of world coir production

comes from India. In Kerala, coir industry occupies foremost place among the traditional industries in the state mainly concentrated in the rural areas especially through the coastal belt of the State. It provides employment to 3.80 lakh persons and as many as 76 per cent are women.

8.80 The Coir Industry consists of three major sub sectors viz, fibre extraction sector, spinning sector and weaving sector. Govt have given more emphasis on Coir Industry by considering the special features and problems faced by it and the possibility of providing greater employment to the people especially rural women. 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 competitions with similar products of natural as well as synthetic origin both in the domestic and international market. Non professional management system in the co-operative sector, reluctance to adopt mechanizations, shortage of raw materials, unhygienic working conditions, unprecedented rise in prices of fibre, absence of proper R & D, lack of value addition etc. are the major problems being faced by this industry. Hence, modernization and technology upgradation, incentives for private investment, coir co-operatives and workers, proper procurement of husks, diversification of coir products and identification of demand of the market etc. are the major thrust areas for the comprehensive development of the Coir Industry.

8.81 This Industry is mainly dominated by the co-operatives sector in Kerala. Coir yarn producers, product manufacturers, public sector undertakings, exporters, co-operative societies and workers are the major stakeholders of the industry. The Government of Kerala have been extending all help to these stake holders for the comprehensive development of the sector. Kerala State Co-operative Marketing Federation (Coirfed) is an apex federation in the Coir sector and Kerala State Coir Corporation (KSCC) and Foam Mattings (India) Ltd. (FOMIL) are the two public sector undertakings in the coir sector in Kerala.

8.82 The Kerala State Coir Co-operative Marketing Federation (COIRFED) is an apex federation in the coir co-operative sector consisting of 819 primary coir co-operative societies. The main objective of the federation is procurement of the entire produce of the member societies and marketing this through its sales outlets. It also engages in manufacture of value added products. At present Coirfed has two factories engaged in the manufacture of value added products – one producing rubberized coir products and the other producing rubber backed door mats, floor tiles etc. It has four defibering units.

8.83 As a part of the forward integration programme of Coirfed a PVC Tufted Coir Product Manufacturing Unit has been sanctioned by the Government of India under the Industry Infrastructure Upgradation Scheme with a cost of Rs. 10 crore. This helps in the consumption of more coir yarn produced by the member Societies and help to support the Primary Coir Societies and to fulfill the objectives of Coirfed. In addition to this commissioning of a new project viz. Coir Pith Briquettes Units are under progress. Coirfed is also implementing the Swarnajayanthi Grama Swarojgar Yojana (SGSY) Project of Government of India for an amount of Rs. 14.80 crore which is a backward integration programme to improve the infrastructure facility for better performance using the latest technology for capacity building of member Societies. During 2008-09, the sales turnover of the Coirfed was Rs.1421.78 lakh as against Rs. 1214.44 lakh in 2007-08. The apex federation has been running in loss and facing financial crisis for the last few years. As many as 449 Coir Co-operative Societies are in operation, 163 Co-operative Societies are under liquidation, 183 societies are dormant and 25 societies have not started working.

8.84 The public sector undertakings viz. Kerala State Coir Corporation (KSCC) and Foam mattings (India) Ltd (FOMIL) have been implementing many pilot projects. These organizations are running in loss due to acute shortage of fibre and dependence on other states, lack of value

added products and poor export, lack of new design with the changing taste of consumers, lack of innovative marketing and R&D activities. During 2008-09, the annual sales turnover of KSCC Ltd was Rs.3393.09 lakh as against Rs. 1350.30 lakh during 2007-08 and that of FOMIL was Rs.559.47 lakh during 2008-09 as compared to the sales turnover of Rs. 663.03 lakh during the previous year. The accumulated loss of the KSCC and FOMIL during the year 2008-09 was Rs.23.44 lakh and Rs.22.88 lakh respectively. Due to introduction of purchase price stabilization scheme, modernization/rehabilitation/diversification schemes etc. KSCC Ltd could reduce its loss from Rs. 90.02 lakh in 2007-08 to Rs. 23.44 lakh in 2008-09. In order to strengthen the domestic marketing of coir products KSCC and FOMIL have opened 244 and 270 Co-operative outlets respectively. During 2008-09, as part of the scheme to provide modern ratts to spin at least three different varieties of coir fibre to all the Co-operatives, as on August 2008, as many as 3320 ratts for 200 societies were given, 6810 employees got trained. The details of various types of Coir Co-operative Societies, their activities, district wise details of Co-operative societies are shown in Appendices 8.31, 8.32 & 8.33.

8.85 Among the items of export coir fibre, coir pith, rubberized coir and curled coir have shown an increase in terms of percentage of growth in quantity and value and coir rugs & carpet, coir (other sorts), coir yarn, coir geotextiles, Coir rope, handloom mat and mattings, power loom mat and mattings and tufted mats have recorded a decrease. Export of coir and coir products from India during the year 2008-09 was 199924.93 tonnes valued at Rs. 63997.43 lakh as against 187566.74 tonnes valued at Rs. 59288.08 lakh in 2007-08. This recorded an increase of 7 % in quantity and 8 % in terms of value over the export achieved during 2007-08. The export during the period under review has achieved 107% over the target fixed by the Ministry of MS & ME. USA is the largest importer of coir products from India followed by Germany, U.K, Netherland etc. Due to present financial crises arising out of recession, the export and domestic marketing of the coir products have come down. It creates a direct impact on the status of living of the coir workers and affected the cash flow and economy of the coastal village. Item wise export of coir and coir products from India during 2007-08 and 2008-09 are shown in Appendix 8.34.

8.86 National Coir Research and Management Institute (NCRMI) has been conducting research for the development of new coir technologies like that of CIRCOT for cotton and NIRJAFT for jute. NCRMI has created a brand logo for the coir products of the State viz, "Kerala Coir -Golden Yarn of God's Own Country" for improving market at the National and International levels. The institute also conducts training activities on coir spinning and product sector. As part of popularization of Coir products organized a campaign in the State with a slogan 'Oru Veettil Oru Coirulpannam' (one coir product in each home) during Onam season.

Khadi & Village Industries

8.87 Khadi and Village Industries Board 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.

8.88 During 2008-09, the Board received an amount of Rs. 5.50 crore under plan and Rs. 20 crore under non plan of which Rs. 5 crore was towards special rebate on retail sale of Khadi. Khadi and Village Industries Commission has also released an amount of Rs. 109.02 lakh as grant to the Board for its various programmes. The Khadi Board has spent an amount of Rs. 26.53 crore which constitutes 99.78 per cent of the amount received for the year 2008-09.

8.89 A major scheme of the Khadi and Village Industries Commission for employment generation is the Prime Minister's Employment Generation Programme - a new credit linked subsidy programme by merging of Prime Minister's Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP). Under this programme, the Board disbursed margin money grant of Rs. 102.10 lakh to 45 projects and generated employment opportunities to the tune of 314 persons during 2008-09. The Board has also conducted District Level Awareness Camps and exhibitions under PMEGP scheme.

8.90 During the year 2009-10 up to 30.09.09 an amount of Rs. 222.65 lakh has been disbursed as margin money grant to 89 projects which has created 645 employment opportunities. The annual target of margin money grant is Rs. 637.14 lakh to 531 projects and it is expected to generate 5308 employment opportunities.

8.91 The Board could produce goods worth Rs. 12624.82 lakh and sell goods for Rs. 14359.88 lakh by providing employment to 153498 persons during 2008-09. The details of value of production, sales, employment and wages paid are given in Appendix 8.37.

8.92 The Board has 226 sales outlets for Khadi and village Industries goods (Khadi Grama Soubhagya 44 Nos, Khadi Soubhagya 45 Nos, Grama Soubhagya 135 Nos and mobile sales van 2 Nos.) and sold goods worth Rs. 1866.50 lakh during 2008-09. The Board has also conducted Onam sales, Silk Fest under Grand Kerala Shopping Festival – 2009 and State Level Khadi Exhibitions. As part of popularizing Khadi/Handloom cloth and clothes the State Government has exhorted citizens to wear Khadi / Handlooms clothes in schools and offices once in week. District wise annual sales for the year 2008-09 are given in Appendix 8.38.

8.93 During the period under review, the Board constructed 2 worksheds and 2 boiling sheds, training imparted to workers in ready made garments and bee keeping, purchased 100 Nos of 8 spindle Charkas for replacing the same with 7 spindle Charkas, computerized Khadi Board and sales outlets and also gave subsidy / incentives to Khadi workers. During 2008-09 production incentive for Rs. 115.98 lakh has been disbursed to 8233 Khadi workers. A remarkable achievement has been made under Special Employment Generation Programme. Under this, as may as 1157 units were set up each in every Grama Panchayat with the total cost of Rs. 5.25 crore and disbursed an amount of Rs. 1.75 crore towards subsidy and created 2238 nos. of employment opportunities also.

Sericulture

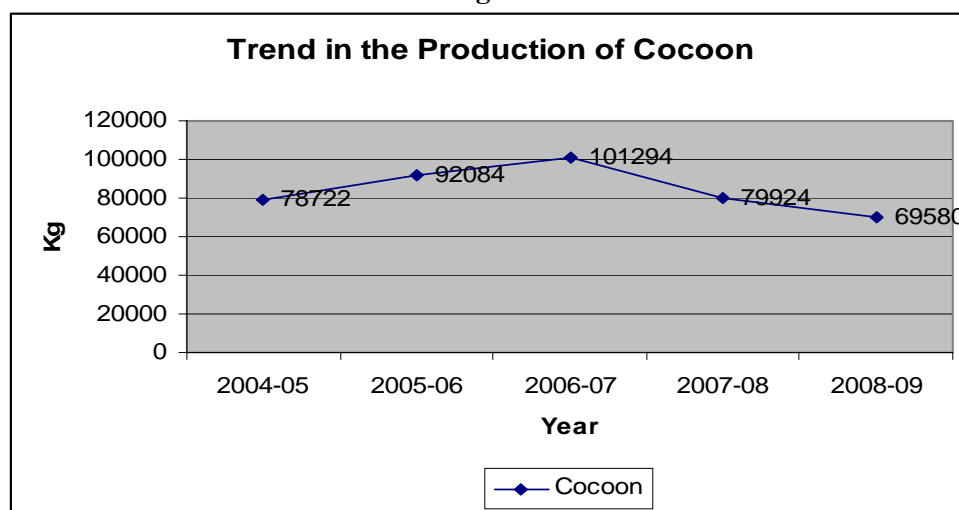
8.94 Sericulture is an agro based industry promoted as a subsidiary occupation in the State. Kerala State Sericulture Co-operative Federation Ltd (SERIFED) is the nodal agency for promoting sericulture activities. It is an apex body of Sericulture Co-operative Societies formed with the objective of developing sericulture and silk industry in the State through the members of Co-operative Societies.

8.95 Serifed has given more emphasis on creating awareness and motivating people to adopt sericulture as a means for livelihood and increasing earnings. For this, Serifed has contemplated several schemes to popularize sericulture such as subsidy for plantation, equipment, rearing shed, irrigation, vermi composting, incentive for cocoon production, insurance coverage for bivoltine silk worm crop etc. The year wise performance in terms of mulberry plantation, number of farmers covered, disease free layings (DFLs) distributed, cocoon and raw silk production are shown in Table 8.10.

Table - 8.10

STATUS OF SERICULTURE					
Year	Mulberry Plantation in Acre	No. of Farmers	DFLs Distributed (Nos)	Cocoon Production (Kg)	Raw Silk Production (Kg)
1	2	3	4	5	6
2004-05	454	748	187035	78722	4112
2005-06	365	546	210155	92084	3761
2006-07	552	782	240462	101294	2771
2007-08	304	556	177380	79924	2690
2008-09	307	525	140085	69580	2713

Fig 8.3



8.96 During 2008-09, the Cocoon production declined to 69580 Kgs as against 79924 Kgs in 2007-08, while the raw silk production increased to 2713 Kgs during 2008-09 as compared to the achievement of 2690 Kgs during the previous year. As much as 307 acres of land were used for mulberry cultivation by 525 farmers. During the period under review an amount of Rs 36.60 lakh was earned through the sale 32251.85 Kgs of cocoon through the open Cocoon market at Palakkad and Malappuram. During 2008-09, an amount of Rs. 59.44 lakh has been sanctioned to 660 farmers covering 354 acres as financial subsidy/assistance. For various CDP schemes CSB sanctioned an amount of Rs. 60.67 lakh to Serifed during 2008-09 and under RKVY an amount of Rs. 43.00 lakh was also received. For the first stage insurance coverage for the mulberry Plantation and Silk Worm Rearing sheds was introduced during 2008-09.

8.97 As a new source of income, Serifed started the supply of twisted dyed silk yarn to Hanveev during 2008-09 by supplying 394.13 Kgs for an amount of Rs. 10.80 lakh. The Silk Craft unit produced and supplied various Silk handicraft items to Handicraft Development Corporation, CSB etc. The district wise details of physical achievements during 2007-08 and 2008-09 are shown in appendix 8.39.

Cashew Industry

8.98 Cashew is an important commercial horticulture crop of India. The important cashew growing states in India are Kerala, Karnataka, Goa, Maharashtra, Tamil Nadu, Andhra Pradesh, Orissa and West Bengal. Maharashtra is the top among the states with high production and

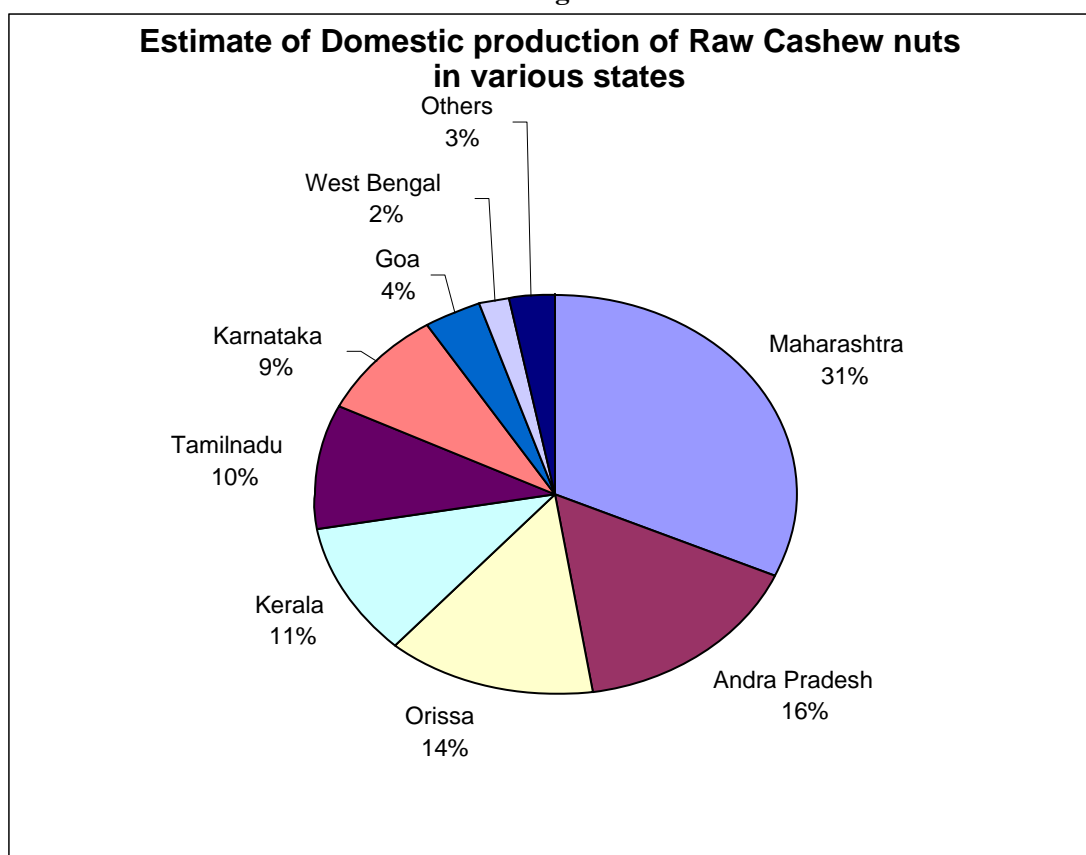
productivity. Kerala has a long tradition both in cashew cultivation and cashew nut processing. But the raw nut production is far from the requirement. The production of raw cashew nuts in Kerala has declined from 78000 MT in 2007-08 to 75000 MT in 2008-09. An estimate of domestic production of raw cashew nuts in various states during 2008-09 is given in Table 8.11 and Fig 8.4

Table - 8.11
Estimate of domestic production of raw cashew nuts in various states

States	2008-09		
	Area (hectares)	Production (MT)	Share of Production (%)
Maharashtra	170000	225000	31
Andra Pradesh	182000	112000	16
Orissa	137000	95000	14
Kerala	70000	75000	11
Tamilnadu	131000	68000	10
Karnataka	107000	60000	9
Goa	55000	30000	4
West Bengal	11000	11000	2
Others	30000	19000	3
Total	893000	695000	100

Source: Cashew Export Promotion Council, Kochi. & DCCD, Cochin.

Fig 8. 4



8.99 The total export of Cashew Kernels from India during 2008-09 was 109523 MT, valued at Rs. 2988.40 crore which registered a decrease of 4 percent in terms of quantity and an increase of 31 percent in terms of value as compared to the previous year. Similarly, the export of cashew kernels from Kerala during 2008-09 registered a decrease of 8 percent in terms of quantity and an increase of 23 percent in terms of value as compared to the previous year of 2007-08. Nearly 57 percent of total exports of India are from Kerala. The major markets for Indian Cashew Kernels during 2008-09 were USA, Netherlands, UAE, Japan etc. The details of export of cashew kernels from Kerala and India from 2000-01 to 2008-09 are given in Table 8.12 and Fig 8.5.

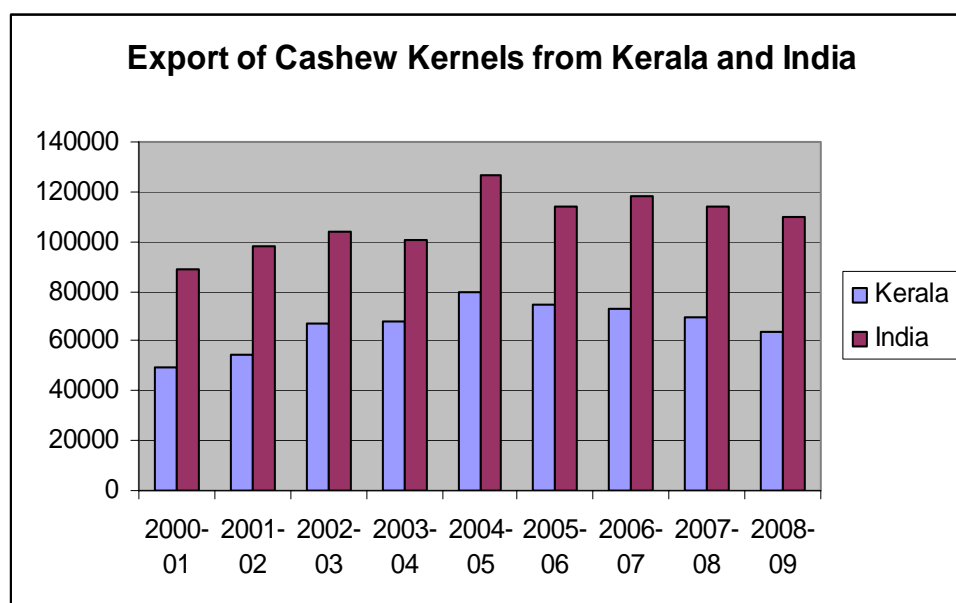
Table - 8.12
Export of Cashew Kernels from Kerala and India from 2000-01 to 2008-09

(Quantity: MT, Value: Rs. Crore)

Year	Kerala		India		Share of Kerala (per cent)	
	Quantity	Value	Quantity	Value	Quantity	Value
2000-01	49874	1152	89155	2050	56	56
2001-02	54717	971	98203	1789	56	54
2002-03	66859	1217	104137	1933	64	63
2003-04	68119	1205	100828	1804	68	67
2004-05	79950	1716	126667	2709	63	63
2005-06	74376	1623	114143	2515	65	65
2006-07	72861	1505	118540	2455	61	61
2007-08	69298	1395	114340	2289	61	61
2008-09	63729	1716.52	109523	2988.40	58	57

Source: Cashew Export Promotion Council, Kochi.

Fig 8.5



8.100 The Kerala State Cashew Development Corporation (KSCDC) and Kerala State Cashew Workers Apex Co-operative Society (CAPEX) are the two State agencies engaged in the 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 consist of processing of raw cashew nuts into kernels and export cashew kernels and cashew shell liquid. Raw nuts are mainly imported. During 2008-09, the Corporation could provide employment for 209 days as against 165 days in 2007-08. Total sales turnover of the Corporation increased from Rs.6117.55 lakh in 2007-08 to Rs.12665.46 lakh in 2008-09, showed an unprecedented growth of 107 per cent. In the current year (2009-10), Corporation could provide employment for 133 days as against the target of 287 working days and the sales turnover of the corporation is 8470.01 lakh as on 30.09.2009. The performance of KSCDC by the last 8 years is given in Table 8.13.

Table - 8.13
Performance of Kerala State Cashew Development Corporation

Period	working days in factories	Turnover (Rs. lakh)	Loss (Rs. lakh)
2001-02	23	5083.69	2995.24
2002-03	NA	164.61	3033.54
2003-04	17	1222.31	1782.30
2004-05	67	3587.13	297.16
2005-06	230	9100.89	3968.17
2006-07	195	6381.84	1205.83
2007-08	165	6117.55	909.67
2008-09	209	12665.46	563.49

Source: KSCDC

8.101 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 5934 workers. The society could provide employment for 210 days in 2008-09 as against 115 days in 2007-08. The total sales turnover of the CAPEX increased from Rs. 1158.02 lakh in 2007-08 to Rs.3671.87 lakhs in 2008-09, recording 217 percent of growth. In the current year (2009-10), CAPEX could provide employment for 158 working days as against the target of 230 working days as on 30.09.2009.

8.102 An analysis of the performance of KSCDC and CAPEX showed that these agencies have made remarkable achievement during 2008-09 in terms of providing employment for over 200 days, sales turnover, value addition etc. However, these agencies are still in back to procure domestic raw cashew nuts in time. In order to procure raw cashew nuts in time, the agencies have to explore the possibility of maximum working capital through financial institutions.

8.103 As part of promotion of Organic Cashew Cultivation in Kerala, during 2008-09, Kerala State Agency for the expansion of Cashew Cultivation (KSACC) distributed 5067 cashew grafted plants of high yielding varieties developed by the Kerala Agricultural University free of cost to the farmers and other public in Kollam and Alappuzha districts. In Kannur district, 8 Panchayats

were identified for promotion of cashew cultivation and 20,000 cashew grafted plants were distributed free of cost. Financial assistance was also given to the farmers at Rs. 65/ per plant and an amount of Rs. 13 lakh was utilized.

8.104 Financial assistance of Rs. 54.60 lakh was given to the farmers living in the fringe areas of Reserve Forests and cashew cultivation was carried out through Vana Samrakshana Samithis of Kozhikode and Kannur Forest divisions, planting 84000 cashew grafts. Besides, financial assistance was given to the State Public Sector Undertakings like State Farming Corporation Kerala Ltd., Punalur and Rehabilitation Plantation Limited Punalur for planting 90 hectares and 9 hectares respectively in their estates using cashew grafts of high yielding varieties.

8.105 During 2008-09, KSACC had submitted a mega project viz., 'Sustainable Cashew Nut Production in Kerala'. The main objective of the project is to expand the area under cashew cultivation in Kerala, by which the domestic production of raw cashew nuts can be increased to meet the industry raw material requirement. The total proposed cost of the project was Rs.95.60 crore which was approved by National Horticulture Mission, Government of India with a financial assistance of Rs. 57.83 crore to be carried out in 4 years. The major components of the project are Creation of nurseries, Establishment of new cashew gardens (10000 ha), replanting / rejuvenation of senile plantation (10000 ha), Organic farming (2000 ha), Technology dissemination and front line demonstration, Creation of Water resources (1000 ha), Pollination support through beekeeping (2000 units), Regional seminars and workshops, Farmers training and technology transfer and Post Harvest Management. During 2009-10, KSACC has so far achieved 3631 hectare planting through out the State.

Beedi Industry

8.106 Beedi Industry in Kerala is concentrated in Kozhikode, Kannur and Kasaragod districts. The Kerala Dinesh Beedi Workers Central Co-operative Society limited is the only agency in the State to promote beedi industry in the organized sector. During the period under review (2008-09), the society procured raw materials worth Rs.7 crore and 126.21 crore (numbers) of beedi were produced. The sales turnover of the society during 2008-09 was Rs.32.5 crore as against of Rs.40 crore during 2007-08. The society provided employment to 9486 workers and Rs. 21.12 crore was paid as wage during 2008-09. The society started a Dinesh Garment unit in 2006-07. During 2008-09, the unit procured raw materials worth Rs. 20 lakh and the sales turnover of the unit was Rs. 76 lakh.

8.107 As part of product diversification programme, the society started a Dinesh Garment unit, Dinesh Umbrella unit and Dinesh Foods. During 2008-09 the Dinesh Garment unit provided employment to 175 workers and Rs. 31 lakh was paid as wage. Similarly, the sales turnover of Dinesh Foods and Dinesh Umbrella were Rs. 380 lakh and Rs. 60 lakh respectively.

Industrial Promotion

8.108 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) Kerala Financial Corporation (KFC) (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) Kerala Small Industries Development Corporation (SIDCO) (8) MSME Development Institute (formerly SISI) (9) Kerala Industrial and Technical Consultancy Organization (KITCO) (10) Kerala Bureau of Industrial Promotion (K-bip) and (11) Centre for Management Development (CMD)

Industrial Financing

8.109 Kerala Financial Corporation (KFC) is one of the oldest Industrial Financing Agencies in the State and it has been providing finance to a large number of projects and enterprises. It has sanctioned 593 projects at a total cost of Rs. 37314 lakh. Out of this Rs.29339 lakh has been disbursed for 465 projects. This includes 158 SSI units for Rs. 6209 lakh. Details are given in Appendix 8.42. During the financial year the total recovery was Rs. 26925 lakhs. The net profit of the Corporation is Rs. 1170 lakhs.

Small Industries Development Bank of India (SIDBI)

8.110 Small Industries Development Bank of India (SIDBI) is the principal financial institution for the promotion, financing and development of SME industries. 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 small scale units.

8.111 SIDBI, Kochi sanctioned Rs. 1043 crore and disbursed Rs. 912.09 crore under its various schemes of assistance during 2008-09 to small scale sector including service sector in the State.

8.112 The Rural Industries Programme (RIP) of SIDBI aims at creation of rural employment through enterprise promotion in rural and semi urban areas and addresses problems such as rural unemployment, urban migration, under utilization of know-how etc. This programme has been implemented in the districts of Malappuram, Wayanad, Thrissur and Palakkad.

8.113 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 5 awareness campaigns with SIDBI for the Stakeholders. A total of 200 bankers and 6 stakeholders participated in the programme. Under CGTMSE programme 5247 proposals to the tune of Rs. 9710.83 lakh were approved by the banks during 2008-09.

Kerala State Industrial Development Corporation (KSIDC)

8.114 Kerala State Industrial Development Corporation (KSIDC) is a Government agency for industrial and investment promotion in Kerala, formed 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 physical and social 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.

8.115 Over the years KSIDC has promoted many pioneers in the corporate sector including KELTRON, Hindustan Latex Ltd, Kerala Minerals and Metals Ltd, Tate Tea Ltd, Harrison's Malayalam Ltd, Kerala High-tech Industries (present Brahmos Aerospace Trivandrum), Regional Cancer Centre, Malabar Cements, Kerala State Drugs & Pharmaceuticals Ltd, Excel Glasses Ltd, Kerala Automobiles Ltd., Cochin Stock Exchange, Cochin International Airport Ltd, BSES Kerala Power Ltd. Kerala Ayurveda Pharmacy Ltd., Lakeshore Hospital and Research Centres etc. In a nutshell, KSIDC is a single point contact for investments to the State and acts as a brand ambassador of the State spreading its industrial ethos besides being an interface between Kerala and outside world.

8.116 KSIDC Consulting Services (KCS) leverages its deep understanding of business processes in Project Development, Management and Fund Management to help clients to identify opportunities for new business and growth. The KCS offers services in a variety of consulting areas such as Project identification, Project Report, Market Survey, Technology tie – ups and Turn key Project Management Services etc.

8.117 During the year 2008-09, KSIDC had assisted 5 projects with a total investment of Rs. 38 crores, and direct employment potential for 272 persons. Since its inception in 1961, the corporation has assisted 501 units with an outlay of Rs. 5305 crores.

8.118 During the reference year, KSIDC sanctioned financial assistance to 11 projects with an estimated investment of Rs. 281 crores. When completed, these projects can provide direct employment to 1666 persons. 35 projects with an aggregate cost of Rs. 995 crores were under implementation as on 31st March 2009. These projects will be providing an employment to 9074 persons. The total financial sanctions (comprising share capital and loans) for various industries during the reference year amounted to Rs. 95 crores. Total disbursement during the year was Rs. 47 crores including share and loan. Since 1961, the corporation has disbursed a total of Rs. 975 crores by way of equity, loan etc. The Corporation's total recovery of principal and interest on loans from its assisted units amounted to Rs. 50 crores during 2008-09. The operating profit of the Corporation for 2008-09 was Rs.22 crore, same as last year. Details are given in Appendix 8.40

Industrial Investment Promotion & Facilitation Programme

8.119 KSIDC, the premier promotional agency of the State has been undertaking different types of industrial investment and promotional efforts like Entrepreneur Meets, Industrial Festivals, Seminars, Symposiums, Workshops, NRI Meet, Road Shows, Industrial visits to foreign countries, Exhibitions, printing of brochures and display hoardings etc.

8.120 Since inception of the present ministry, KSIDC has been actively involved in carrying out various promotional activities which could attract many mega projects in the State and such efforts led to a very good industrial relation and peace in Kerala. To meet the above objectives, the following initiatives have been undertaken during the period.

- i) Life Science Park, Thiruvananthapuram
- ii) Titanium Complex, Chavara, Kollam
- iii) Kochi-Kasaragod-Palakkad(KKK)-Industrial Corridor along the Gas Pipeline
- iv) Islamic Financial Institutions, Kochi
- v) Supplementary Gas Infrastructure, Kerala
- vi) Screwpine Industry Development Programme, Kodungalloor

Industrial Growth Centres (IGC)

8.121 KSIDC has already implemented full-fledged Industrial Growth Centre in Alappuzha, Malappuram, Kozhikode and Kannur Districts. With the increasing demand for industrial plots, KSIDC has moved the Government for acquiring 362 acres adjacent to IGC, Kannur. KSIDC is active in developing the Light Engineering Park in 43 acres of land in Palakkad. The Corporation has also chalked out programmes for setting up Industrial Corridors and Gas Pipe Line from Kochi-Kasaragod and Kochi-Palakkad.

INDUSTRIAL INFRASTRUCTURE

Kerala Industrial Infrastructure Development Corporation (KINFRA)

8.122 Kerala Industrial Infrastructure Development Corporation (KINFRA) was set up by an Act of the State Legislature in February 1993, aiming at accelerating the industrial development of the State by providing infrastructure facilities to industries. KINFRA's thrust has been to facilitate the development of industrial infrastructure in the State, and as such it has successfully completed more than a decade of excellence in this field.

8.123 KINFRA has been focusing on industrial infrastructure development, specifically aimed at the economic development of the industrially backward regions of the State, by setting up industrial Parks/Townships/Zone etc. which provide all the facilities required for the entrepreneurs to start an industry. The industrial Parks developed by KINFRA have facilities like developed land or built up space, dedicated power, continuous water supply, communication facilities etc. in addition to supporting social infrastructure facilities like administrative block, bank, post office, round the clock security etc. thus providing a ready made manufacturing environment for easy start up of industrial units with minimum time and cost.

8.124 KINFRA has developed small industrial parks in the State including joint venture projects. It is the Nodal Agency for the Central Ministry of Food Processing Industries. It is also appointed as the nodal agency of the State for implementing "Assistance to States for Infrastructure Development of Exports and Allied Activities "(ASIDE). Government of Kerala has appointed KINFRA as the Nodal Agency for Kannur International Airport and National Institute of Fashion Technology (NIFT) at Kannur.

8.125 The completed projects of KINFRA are:

- KINFRA International Apparel Park, Menamkulam, Thiruvananthapuram (45 acres)
- KINFRA Film & Video park, Thiruvananthapuram (50 Acres)
- KINFRA Export Promotion Industrial Park (KEPIP), Kochi (180 Acres)
- KINFRA Food Processing Park, Kakkancherry, Malappuram (60 Acres)
- KINFRA Neo Space, Kakkancherry, Malappuram (85,000 Sq.ft.)
- KINFRA Small Industries Park, Menamkulam, Thiruvananthapuram (40 Acres)
- KINFRA Small Industries Park , Mazhuvannur, Ernakulam (65 Acres)
- KINFRA Small Industries Park, Koratty, Thrissur (30 Acres)
- KINFRA Small Industries Park, Kalpetta, Wayanad (50 Acres)
- KINFRA Small Industries Park, Thalasserry, Kannur (50 Acres)
- KINFRA Small Industries Park, Seethamgoli, Kasaragod (60 Acres)
- KINFRA Small Industries Park, Kunnamthanam, Pathanamthitta (36 Acres)
- KINFRA Small Industries Park, Adoor, Pathanamthitta (35 Acres)

- KINFRA Food Processing Park, Adoor, Pathanamthitta (50 Acres)
- Expansion of KINFRA International Apparel Park, Thiruvananthapuram under APES scheme
- Agro Food Business Incubation Centre, Kakkancherry
- Kottayam Port & Container Terminal

The Joint Venture Projects of KINFRA are:

- Rubber Park, Irapuram, Ernakulam (60 acres)- JV with Rubber Board
- Sea Food Park, Aroor – JV with MPEDA & KINFRA with Sea food exporters association
- Western India KINFRA Ltd. Palakkad – JV with Kalpaka Infrastructure Pvt. Ltd.
- ICICI-KINFRA (I-KIN)- JV with ICICI ltd.
- KINESCO, Kakkannad-JV with NTPC Electrical Supply Co.Ltd.

The Ongoing Projects are:

- Biotechnology Park, Kalamassery, Ernakulam (50 acres)
- KINFRA Integrated Textile Park, Palakkad
- KINFRA Textile Centre, Nadukani, Kannur (126 acres)
- KINFRA SEZ for Animation & Gaming at KINFRA Film & Video Park, Thiruvananthapuram (25 acres)
- International Animation School at KINFRA Film & Video Park, Thiruvananthapuram
- SEZ for Electronics Industries at KINFRA Hi-Tech Industries Park, Kochi
- SEZ for Food Processing Industries at KINFRA Food Processing Park, Kakkancherry
- Advanced Technology Park, Puzhakkalpadam, Thrissur

8.126 In addition to this, steps are being taken for the land acquisition for starting new 14 projects. Thus KINFRA has completed infrastructure development in 12 key industrial sectors with world-class infrastructure in 16 Industrial Parks, of which 9 are catering exclusively to the Small and Medium Enterprises sector. It has promoted investment in the State and created investment friendly climate with its parks, contributing significantly to the State's economy. In this regard 360 Industrial units have been allotted land in the various Industrial Parks of KINFRA with total committed investment of Rs.49823 lakh with direct employment of 16524. KINFRA has also successfully implemented a Single Window Clearance system in all the Parks. This system operating in the Parks are helping the investors to establish their units without any hassles. Details of allotment, investment and employment in KINFRA Industrial parks as on 31-12-2009 is given in Table 8.14.

Table - 8.14
Allotments in KINFRA Industrial Park as on 31.12.2009

Sl.No	Name of the Park	No. units	Area Allotted		Investment (Rs. lakh)	Employment (Nos)
			Land (Acre)	Built-up Space(sq.ft)		
1	KINFRA Small Industries Park, Trivandrum	56	22.05	NA	2737.15	1293
2	KINFRA International Apparel Park Trivandrum	17	19.58	291856	10579.60	5083
3	KINFRA Film and Video Park, Trivandrum	16	26.25	24215	12677.17	4302
4	KINFRA Export Promotion Industrial Park, Cochin	10	55.97	NA	14052.85	2983
5	KINFRA Small Industries Park, Mazhuvannur, Ernakulam	58	92.97	NA	6415.37	1863
6	KINFRA Small Industries Park, Koratty	28	392.82	NA	4853.58	640
7	KINFRA Food Processing Park, Kakkancherry	33		52052	1108.33	758
8	KINFRA Small Industries Park, Thalassery	33	34.56	NA	4075.99	1024
9	KINFRA Small Industries Park, Seethangoli	51	248.38	NA	6829.98	893
10	KINFRA Small Industries Park, Kalpetta	24	9.35	NA	2598.48	443
11	KINFRA Neo Space, Malappuram	25	28.14	NA	8465.20	824
12	KINFRA Park, Palakkad	7	707.71	NA	2785.00	300
13	KINFRA High Tech Park Kalamassery	12	195.19	4260	104110	14
14	KINFRA Small Industries Park Kunnamthanam	12	6.49	NA	56.41	48
15	KINFRA Food Processing Park, Adoor	1	0.55	NA	70.00	18
16	KINFRA Small Industries Park, Adoor	2	0.35	NA	115.00	48
17	KINFRA Textile Centre, Kannur	10	11.70	NA	251.05	170
	Total	395	1852.04	372383	181781.16	20704

Source: KINFRA, Thiruvananthapuram

Industrial Development Plots / Areas

8.127 Directorate of Industries & Commerce (DIC) provides infrastructure facilities for small scale sector by acquiring land and developing it into DP/DA with facilities like land, road, water supply, electricity etc. At present there are 39 DPs/DAs under DIC having a total acquired area of 2680.84 acres and allottable area of 2175.81 acres. Besides, one DP is transferred to KSIDC and another one to KINFRA. Out of the total area, 2018.86 acre is allotted to industrialists in which, 1770 number of units are working as on 31.03.09 and 332 units closed. Details are given in Appendix 8.46.

8.128 The total number of Mini Industrial Estates under DIC as on 31.03.09 is 86 and the total number of SSI units established in these estates is 786. Out of the total number of 934 sheds, 799 sheds were allotted to 610 working units. The total number of employees under these units is 4023. The district wise details of industrial estates, number of employees etc. are given in Appendix 8.47

Kerala Small Industries Development Corporation (SIDCO)

8.129 The Kerala Small Industries Development Corporation provides infrastructure facilities such as land, workshed, water supply arrangements, power connections, distribution of raw material assistance, etc for strengthening the SSI sector in the State 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 681 working units in these estates. These working units provided nearly 5808 employment opportunities. Besides, there are 36 mini industrial estates under SIDCO as on 31.03.09 and the total number of sheds is 427. Out of 319 units sanctioned in these estates 261 are working and 58 units closed. The turnover during 2008-09 was Rs. 101 crores. Details of Industrial estates and mini industrial estates under SIDCO are given in Appendix 8.49 and 8.50.

MSME Development Institute (formerly Small Industries Service Institute - SISI)

8.130 The prime motto of MSMED Institute is to provide timely and adequate techno-economic and managerial assistance to prospective and existing entrepreneurs. It acts as a technology resource centre, training centre, service provider of industry, implementing agency of MSME schemes and assistance of Government of India. The thrust area of Institute's activity during 2008-09 has been the development of industries through the time tested cluster development model. A total of 14 clusters are assisted in the state. The institute has conducted tailor made programme of entrepreneurship, such as 34 motivation campaigns, 7 EDPs, 33 entrepreneurship skill development programmes, Special Skill Development Courses, Educational Seminars and awareness programme during 2008-09

Centre for Management Development (CMD)

8.131 The Centre for Management Development (CMD) was established in 1979 under ACT XIII of the "Travancore-Cochin Literary, Scientific and Charitable Societies Act 1955". It is an autonomous institution sponsored by the Government of India. The main objectives of CMD are to enrich management policies and practice through studies, training, research and publications. Centre for Management Development (CMD) taken up various studies/research activities during 2008-09 for Government of India, Government of Kerala and other agencies. It continues to provide professional support to RIAB. The major activities undertaken by CMD during 2008-09 are given in Box No. 8.6.

Box No. 8.6**Major activities of CMD**

- Monitoring of Rashtriya Sam Vikas Yojana (RSVY in Wayanad and Palakkad)
- Study on financial inclusion. Indebtedness of farmers and Non farmers causes of farmers suicides sponsored by SLBC.
- Studies for BPE
- Review of Public Enterprises in Kerala – 2008-09
- Studies for Coir Board, Ministry of Micro small and medium enterprises, Government of India.
- Assessment of pre-project information of Intensive Dairy Development Programme for Malabar Regional Co-operative Milk Producers Union Ltd.,
- District Perspective Plan for Kasargode District
- Management Development Programmes and Micro Enterprises Development
- Vocational Training Programmes for the beneficiaries of SGSY.
- Capacity Building Programmes for State Horticulture Nurseries.

Cluster Development

8.132 K-BIP is co-ordinating the Cluster Development activities through out the State in association with Directorate of Industries and Commerce. For Micro, Small & Medium Enterprises, Government of India has sanctioned an amount of Rs. 123.20 lakh for conducting bench mark study in 20 selected clusters in the State and the study has been completed. K-BIP is also co-ordinating the implementation of setting up of Common Facility Centers (CFCs) in clusters as per MSME EDP scheme of Government of India. For this an amount of Rs. 1993.48 lakh for 7 clusters has been sanctioned by Government of India with a total cost of Rs. 3314.41 lakh of which Government of Kerala share in Rs. 651.09 lakh. K-BIP conducted two orientation training programme in cluster development and management to training programme for the officials of Department of Handloom and Textiles and for cluster leaders. 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 36 food processing and allied units from the State and outside the State. Out of this, NCHC has successfully audited and certified 21 food processing units and the remaining is under progress.

8.133 The Bamboo Mission under K-BIP organized Bamboo Fest 2008 during 2008-09 in which artisans, research institutions, machinery suppliers from Kerala and outside were participated. The National Bamboo Mission, Government of India sanctioned an amount of Rs. 48.58 lakh during 2008-09 for the development of nurseries, training, post harvest treatment facility, retail outlets etc. K-BIP organized Malabar Crafts Mela 2008, Kerala Agri Food Business Show and Beypore Fest 2008 in association with department of Industries and Commerce.

Special Economic Zone

8.134 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 Economics 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.,

Cochin Special Economic Zone (CSEZ)

8.135 The Cochin Special Economic Zone (CSEZ) is one of 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. Spread over an area of 103 acres in the newly emerging Kakkanad, mere five kilometres away from the city center, on the Cochin Seaport Airport Highway, it is well connected to the National Highway Network.

8.136 CSEZ is a multi product zone with 98 working units and 19 under implementation units as on 31.10.2009, in sectors as varied as electronic hardware, software, engineering, readymade garments, food processing, plastic and rubber products, gem & jewellery manufacturing and with more than 11200 employees, making it the single employment destination in the State. Both Multi National Corporations and domestic corporate have set up their units in the Zone. Export during 2008-09 was of Rs.11, 549.04 crore during 2008-09 as against Rs.4651.40 crore during 2007-08 registering a growth of 148 per cent over the previous year. The massive jump in export performance was due to few units of gem and jewellery coming into operation in full swing.

8.137 CSEZ stands out amongst the SEZ in India as 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 admeasuring 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 35m³ 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.

8.138 During 2008-09, 68 EOU's have been in operation and another 17 are under implementation in Kerala. Exports from EOU's of Kerala were Rs.1162.29 crore during 2008-09 as against Rs. 1082.63 crore in 2007-08.

8.139 CSEZ being the only multi sector SEZ in the State and the land area stands fully utilized. In order to meet the growing demand for SEZ space from manufacturers, a proposal for expansion of the Zone by notifying another 125 acres of land in Cherthala Taluk, presently in the hands of KSIDC, has been mooted.

8.140 Seven more Special Economic Zones have been notified in Kerala during 2009-10 in addition to eight Special Economic Zones notified previously. Four of the newly notified Special Economic Zones at Kollam, Alappuzha, Pallippuram and Kannur are being developed by Kerala State Information Technology Infrastructure Ltd. and the others by Electronic Technology Park-Technopark at Thiruvananthapuram, Carborandum Universal Ltd, at North Thrikkakkara and TCG Infrastructure Holding Ltd. at Thrikkakkara. The industry wise export performance of units in CSEZ 2004-05 to 2008-09 in shown in Table 8.15.

Table - 8.15
Industry – wise export performance of units in csez 2004-05 to 2008-09

Sectors	No. of Exporting Units as on 31.10.2009	Export Performance (Rs. Lakhs)				
		2004-05	2005-06	2006-07	2007-08	2008-09
Electronic Hardware	8	29771	32794	33000	26480	35452
Electronic Software	25	1083	1388	4903	12087	14529
Garments	4	2287	5536	9267	11965	20102
Gem & Jewellery	6	2641	2587	21894	382447	1049148
Plastic & Rubber	8	2817	2665	4340	2792	2690
Engineering	10	3707	5752	6078	5647	7260
Food & Agro Products	9	5491	6562	13088	12904	12375
Others	28	15919	12116	11182	10818	13348
Total	98	63716	69600	103752	465140	1154904

Source: Cochin Special Economic zone

Mining

8.141 Kerala is rich in deposits such as heavy mineral sand, china clay, iron ore graphite, bauxite, silica sand lignite lime shell etc., But mining activities are large scale based on mainly to four minerals, such as heavy mineral sand, china clay, silica sand limestone and graphite. About 90 percent of the total value of mineral products in the State is lying covered by heavy mineral sand and china clay. Department of Mining and Geology has undertaken exploratory drilling for china clay in the following areas.

I Kollam District: A detailed exploration by drilling for china clay at Kanjirakode area adjacent to the mine of M/s. Kerala Ceramics Ltd. A total of six boreholes were drilled to a cumulative meterage of 321.5 m. The average thickness of clay horizon is 18 m. A reserve of about 2.67 million tonnes of china clay is estimated over an area of 7.3 hectares.

II Kasaragod District: Eleven boreholes were drilled and a cumulative depth of 488 m was achieve in Kommangal padavu area. The thickness of clay horizon is 8 to 20 m. A tentative reserve of 4 million tonnes of china clay is estimated over an area of 0.5 sq.km. Another two more areas four more boreholes were drilled over an area of one square kilometer to prove the quality and quantity of deposits in Mappilacherry area and in Erikulam area also Four more bore holes were drilled in the land owned by the company in order to assess the quality and quantity of clay deposits.

III Kannur District: As per the request of M/s Kerala Clays and Ceramics Products Ltd. Vol-90 drilling machine and its accessories were shifted to Kannapuram and started drilling. One borehole was drilled to a cumulative depth of 29.5 m. The average thickness of clay is 13.5 m. Also reconnaissance survey on china clay was conducted in Kokkanam, Koolippara are of Peralam and Karivellur villages

8.142 A preliminary investigation has been also done as per the request of M/s KCCP Ltd. in Kadamkali area in Payyannur village, Thalipparamba Taluk in Kannur district. A total area of 0.925 sq.km has been covered. It was noticed that in an approximate area of 0.0686 sq.km the thickness of lime shell layer varies from 0.2 m to 0.5 m with an overburden of 1m.

8.143 During 2008-09 the survey for minor mineral quarries in Kottayam and Alappuzha Districts were continued. A total of 591 minor mineral quarries/crusher units in Kanjirappally, Changanassery, Kottayam, Vaikom taluks in Kottayam Districts were surveyed. In Alappuzha District a total 128 minor mineral quarries were inspected and collected data for survey.

8.144 The Department inspected nine location viz. Aaranmula, Chenganur, Edanadu, Iraviperur, Koyippuram, Kozhencherry, Nedumprayar, Nellukal and Vallamkul recommended by Geological Survey of India for Auger drilling on Pamba river basin. Nine locations of Palaeo-channels were identified in Pamba river basin. Seventeen more location were inspected and preliminary assessment on the availability of sand resource was carried out in Periyar river basin and eight location were identified in Bharatappuzha river basin.

8.145 The Environmental Impact Assessment (EIA) studies in the china clay mining areas of Mangalapuram, Thonnakkal and Sasthavattom areas of Thiruvananthapuram District was continued. A joint field work was carried out in the china clay mines falling under the EIA study area along with the Scientists of National Institute of Interdisciplinary Science and Technology (NIIST). NIST has requested Government to extend the period of EIA in order to collect data pertaining to one more summer season. Another study report was submitted to Government on Poomala dam in Thrissur District related to desiltation and utilization of silt an alternate raw material for tile industries.

8.146 As part of Kerala State Science, Technology and Environment (KSCSTE) funded project “Development of Depository of Resource Planning and Management capacity building spatial and non-spatial Digital Data (DDRPMDD)” projected completed the data entry of 1671 quarries and 108 crushers in Thiruvananthapuram and Kollam Districts. Various activities in connection with the GIS projects are going on the entire State.

Investigation for Iron ore in Kozhikode and Malappuram Districts

8.147 Reconnaissance Survey for iron ore was carried out in Nanminda, Nadavallur, Eliyotimala, Alampara, Periyamala, Adukkumala, Thalayad and Kallanod are of Kozhikode District and Karuvarakundu and Pandallur areas of Malappuram District.

Collection of survey details of graphite bearing area

8.148 The survey details of graphite bearing areas of Kallurkadu panchayat was collected and the data was transferred to cadastral map and a report was also prepared

Investigation for Lime shell deposits in Vembanad Lake

8.149 As per the request and assistance of M/s. Travancore Cements Ltd. Kottayam, and investigating for finding out lime shell deposits in Vembanad lake was carried out. By the first and second stage of investigation it was found that the average thickness of lime shell in the area was found to .60 m and a reserve of about 56080 metric tonnes of lime shell was tentatively estimated.

Mineralogy and Gem Testing Lab/Chemical Laboratory

8.150 During 2008-09 3250 gemstones were certified in the lab and the testing fee of Rs 9.54 lakh was collected. Eight thin section were also prepared for petrographic studies and a total of 263 mineral/rock samples were analyzed, in which 16 samples were analyzed on payment basis.

Investigation for Gold

8.151 Steps are being taken for a detailed investigation for gold in Maruda area in Nilambur, Malppuram District. Government of India had already sanctioned this project at an estimated cost of Rs. 177 lakh with 15% of the cost should be borne by State Government.

8.152 During 2008-09 the Gem testing laboratory has tested 3250 gem stones by collecting Rs. 9.53 lakh which is more than twice that of 2007-08. During 2007-08 the Department has collected revenue of Rs.31.08 crores which constituted 17.4% increase against the revenue collections of 2006-07. For the year 2008-09 the department collected a revenue Rs.35.49 crores upto March 2009. The revenue collection for the last 5 years is given in Table 8.16 and District wise revenue collection during 2008-09 is given in Appendix 8.55

Table 8.16
Details of Revenue collection for the period from 2004-05 to 2008-09
(Rs. Crore)

Year	Major Minerals	Minor Minerals	Total
2004-05	6.57	13.77	20.34
2005-06	7.33	16.27	23.60
2006-07	6.54	19.93	26.47
2007-08	7.05	24.03	31.08
2008-09	7.59	27.90	35.49

Source: Mining & Geology Department.