

Industrial & Commercial Policy 2007

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Department of Industries
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1. INTRODUCTION

- 1.1 The Indian economy is slated to move into an orbit of higher economic growth. Reforms in the banking, agriculture and social sectors and focussed investments in the infrastructure sector hold potential for sustaining economic growth. Indian economic upsurge has thrown open global opportunities for business to expand taking advantage of enormous young workforce and capabilities in assimilation of technological advancements. Industrial & Commercial Policy 2006 -2011 seek to capture these opportunities ,leveraging the strength of the state through creation of an efficient, investor friendly environment supported by coordinated development of infrastructure and sunrise industries.
- 1.2 Kerala has many firsts to its credit. A literate State with high health care and health awareness standards, it has the lowest infant mortality rate among Indian States. Higher education and equal opportunities have further strengthened the status of women in Kerala's society. In terms of per capita income and production, Kerala is lagging behind many of the Indian States, but in terms of Human Development Index and life standard of the people, Kerala is much ahead of most other States in India, and, in fact, in certain development indices it is on a par with some of the developed countries.
- 1.3 The major constraints of the State are the scarcity of the land and capital resources available for industrial purpose and defficiency in quality Power generation and supply. The high social commitment of the Government especially in the Health sector, Education sector, Traditional Industrial sector etc necessiates for a pragmatic approach on the part of Government to judiciously utilize the available resources to the maximum extend possible and also to attract the private / joint venture investments to the State.
- 1.4 The latent knowledge capital available with the State's manpower offers the tantalizing prospects of rapid strides in the global outsourcing scenario, whether it is in the knowledge, business, commercial or trade sectors. In Kerala, Trade and Commerce have not been accorded the prominence it deserves. Recognising the fact that facilitating Trade and Commerce will directly impact the sustainability of the Industrial Sector, this Government will put in place appropriate mechanism, both at the Policy as well as Facilitation level, to make the best use of the emerging scenario.

2. Vision

- 2.1 To convert Kerala into an investment friendly destination and to achieve consistently high economic growth with specific thrust to social objectives, without adversely affecting ecology and environment and to create employment opportunities for the people in Kerala and ensuring them fair wages.

3. Objectives

- 3.1 Convert Kerala into a favored destination for Manufacturing, Agro Processing, Health Services, Knowledge based Industries and Services.
- 3.2 Enabling growth, revival and diversification of State Level Public Enterprises.
- 3.3 Strengthening and modernization of Traditional Industries.
- 3.4 Accelerating the fast growing Services and Commerce sector.
- 3.5 To develop Kerala as a global centre of excellence with state of the art education and skill sets and preparing a pool of multi skilled, technically competent individuals and organizations.
- 3.6 Creation of additional employment of 5 lakh persons in the manufacturing and service sectors.
- 3.7 To sustain industrial and economic growth by facilitating accelerated flow of investment.

4. STRATEGY

- 4.1 To meet the above objectives the strategy for industrialization of the State during the policy period will be as follows:
- 4.2 To develop Industrial infrastructure facilities in various locations of the State through KSIDC, KINFRA, DIC, SIDCO and Private Sector.
- 4.3 To encourage Industrial Corridors / Cluster Development in potential locations.

- 4.4 To restructure and retain potentially viable State Level Public Enterprises (SLPEs).
- 4.5 To focus on Agro Based Industries & products.
- 4.6 To promote / help facilitate establishment of specialized skill development institutions at key locations suitable for the manufacturing, knowledge based industries.
- 4.7 To promote local entrepreneurship through institutional mechanism and mass participation.
- 4.8 To work in coordination with Chamber of Commerce / industry associations and other trade bodies to have continuous feed back on the state of industries and commerce and the support measures required.
- 4.9 To improve investment climate through investment protection, decentralization, facilitation and by creating more growth opportunities.
- 4.10 To attract Foreign Direct Investment with specific criteria.
- 4.11 To ensure time bound clearances from all Departments / Agencies for speedy implementation of Projects.
- 4.12 Exploiting mineral wealth of Kerala in a scientific manner through Public Sector Enterprises.
- 4.13 To move towards a low tax, high growth regime.

5 TRADITIONAL SECTORS

Traditional Sector in Industry is caught in a vicious cycle of subsidy, unremunerative production, substandard quality, low wages and poor image. The New Policy will convert this sector into vibrant high quality, value added, branded products by successfully competing in the discerning customer's world through professional marketing and exploiting the emerging Mall/ Boutique/Retail revolution and will ensure the prosperity of the traditional workers and their families. It will be weaned away from the subsidy culture and equipped to face market forces. Focus is not on

creating subsidy dependent additional capacity but on strengthening the hands of existing players. Modernisation of the traditional sector will be ensured to tap National / International market and to create more employment to local people, especially women.

5.1 Handlooms

- a. Revitalising of Handloom Co-operatives, Hantex and Hanveev and approved cluster / consortium by special economic, technical and managerial support projects for a result based production & marketing and to convert them into agencies of change and growth instead of becoming a drain on resources and a favourite on weavers.
- b. Strengthening, existing Handloom clusters with financial, technical and managerial assistance to sustain the cluster base.
- d. Encouraging establishment of Handloom Industrial Units by master weavers.
- e. Development of regional brands and location specific brands for high quality Handloom Products to meet domestic and international needs.
- f. Development of high quality infrastructure facility for Handlooms for pre-loom processing, loom processing and post-loom processing.
- g. Encouraging domestic usage of Handloom / Khadi products through Mass Campaigns and to bring back to focus the cultural aspects of traditional dressing.
- h. Strengthening quality raw-material distribution system.
- i. Ensuring smooth credit-flow to the sector through Cooperatives and other Institutions.
- j. A common feature noticed among welfare organisations meant for traditional workers is that over a period of time, the welfare of those who have been engaged to deliver welfare service gets precedence over those whom they were expected to serve. This is a disturbing feature and the Government intends to revisit the area to ensure Quality Service at affordable cost to those who are in need of Government support.

5.2 Textile Sector

- a. The Textile Mills in the Public Sector and Co-operative Sector will be re-engineered to make them self-sustainable. Private Sector Mills will be encouraged to expand.
- b. **Technical Textiles** - To capture a reasonable share in the growing prospects for technical textiles worldwide, special efforts will be made.
- c. **Made-Ups** - The made-up sector, which has got immense growth will be encouraged.

5.3 Powerlooms

- a. Special Projects will be launched for technology upgradation of Powerloom.
- b. Clustering of facilities will be extended to achieve highest level of production.
- c. The demonstration-cum training centre of Directorate of Handlooms & Textiles will be upgraded to Kerala Institute of Powerloom Technology with Budgetary Support.

5.4 Handicrafts, Heritage Products & Souvenir Industry

- a. Project based support will be rendered to Apex organizations in the Handicraft sector.
- b. Cluster based Development, modern production tools to reduce costs, targeting the global market and promotion of entrepreneurs in the business of production and marketing of handicrafts will be encouraged.
- c. Skill Development Training and Common Facility Centres for the provision of commonly needed but expensive equipments and professionalism in marketing.
- d. Heritage homes and Souvenir industry for our State will be developed.
- e. Resource and market focus design for handicrafts products.
- f. Industries Department will work closely with Tourism Sector to take advantage of Tourism growth in the State for the development of Traditional Sector.

5.5 Coir

- a. To ensure conversion of minimum 50% husk produced in the State into fiber and to promote raw husk defibering mills in hinterlands in Private sector and Co-operative Sector. Defibering Mills set up under ICDP will be revived. Pollution reduction measures will be implemented effectively and steps will be taken to utilize accumulated Coir Pith by converting it into value added products.
- b. Raw material and Marketing Consortiums of Small Scale producers, Co-operative Societies under Cluster Development Programme.
- c. Accumulated stock of Coir and Coir products will be procured from co-operatives, small scale producers and private producers to protect the producers from depot system.
- d. For conducting Basic Research of Coir fiber, processes, production and operation of modern techniques "National Coir Research and Management Institute" (NCRMI) will be strengthened.
- e. A brand image for Kerala Coir will be created to tap the internal and export market of Coir Products.
- f. Modern coir factories will be set up in Co-operative Sector.
- g. Kerala State Coir Marketing Federation Ltd. (Coirfed), Kerala State Coir Corporation and Foam Matting (India) Limited will be restructured to make it self sustainable.
- h. Special thrust for Geo-textiles Development Programme

5.6 Khadi & Village Industries

- a. Usage of Khadi / Handloom products will be encouraged by all sections in our State. This would help Khadi workers to move away from excessive reliance on undependable Government subsidies.
- b. This Village Industry makes use of the locally available raw materials and helps to build up a strong rural economy in terms of money and wealth. The produce of the Village

Industries are mainly sold by Kerala Khadi and Village Industries Board through its outlets in different part of the State. Special assistance will be provided to the sector to help the rural communities set up industrial Units with minimal investment and yielding good returns through Khadi & Village Industries Board (KVIB).

5.7 Sericulture

Sericulture industry has potential and scope for development in our State. There is considerable progress in the implementation of the scheme during the 10th plan period especially in the cluster based development, involvement of local bodies and cooperatives, emphasis on post cocoon technology. Effective steps will be taken for providing adequate forward and backward linkages by establishing cocoon marketing arrangements in all districts, quality linked cocoon purchased system, arrangements for timely reeling of cocoons, production and sale of silk yarn, fabrics and garments.

5.8 Bamboo

To revitalize the Bamboo sector thereby promoting value addition, enhancing income generation and alleviating poverty in this Sector, various programmes for the cultivation of Bamboo, skill development, design and technology etc. were implemented through the State Bamboo Mission constituted in 2003. With the enactment of the 'Act on Promotion of Tree Plantation in non-forest areas' Bamboo is open to homestead and plantation cultivation, harvesting and utilization. The Government shall continue to support these programmes through the State Bamboo Mission. Also the activities of Kerala State Bamboo Corporation will be strengthened with the support of technology adaptation and development.

5.9 Cashew

The growth of Cashew Processing industry has been substantial over the last two decades with mostly women workers engaged in the cashew processing. Self sufficiency in the raw material, encouragement of technology in cashew processing, creating an organised nature to the industry through higher wages and better living conditions, encouraging quality practices, diversification of products by value addition etc. will be undertaken to strengthen

the sector. Both Public and Private sector will be encouraged to follow modern manufacturing management and marketing methods.

5.10 Beedi

For sustaining the income and employment of the workers, an action plan will be formulated by the Government for creation of alternate employment for the labour employed in Beedi industry.

5.11 Tiles

Thrust will be given for the production of value added products, modernizing of the existing units in the industry and the raw material availability by maximum utilization of the available resources.

5.12 Plantation

Agro based industries are the backbone of the State for its economic growth and the Plantation sector constitutes a very vital role. Government will ensure all measures for the development of this sector by attracting new investments for replanting, switching over to more remunerative / high yielding plants etc. and helping to create a Kerala Brand.

6. STATE LEVEL PUBLIC ENTERPRISES (SLPES)

- 6.1 SLPES in Kerala are marginal players in their structure fields. At the same time, some sectors like Titanium have the potential to create fortune 500 SLPE in Kerala. This Policy hopes to convert that dream to a reality.
- 6.2 Support from Industrial Reconstruction agencies, Banks and FIs will be facilitated under suitable Corporate Debt Restructuring Schemes operating at national level.
- 6.3 Comprehensive enterprise specific restructuring plans will be formulated depending on the nature of the enterprise. Such packages will have a short term survival plan, a medium term restructuring plan and a long term growth and sustainability plan.

- 6.4. Government will facilitate strategic tie-ups with reputed State and Central Government organizations with a view to tap new markets, technology support and appropriate participation in growth and development of SLPEs.
- 6.5. Government will encourage merging of SLPEs having same lines of business.
- 6.6. Government reiterates its commitment to protect productive employment in SLPEs.
- 6.7. Excess / unused land of SLPEs will be utilized for industrial and commercial purposes of the Government after providing for required production line balancing / expansion / diversification of the enterprise, as may be required.
- 6.8. As a step to rationalize the fixed costs with profitability of the SLPEs, suitable Profitability linked incentive schemes and Profit linked incentive schemes will be implemented mapping with the responsibilities of various organizational levels.
- 6.9. Professionals will be appointed as Chief Executive Officers (CEOs) in SLPEs. Selection of CEOs will be done by the Selection Board. CEOs / BODs will be given autonomy to function effectively and to compete with Private Sector.
- 6.10. To facilitate implementation of best practices in Board level, Governance of SLPEs, the Director Boards will be strengthened with representatives of Banks, Professional institutions and domain Specialists.
- 6.11. Constitution of Board level Committees, as per relevant statutes, will be ensured. Moreover a Memorandum of Understanding / Performance Contract System will be introduced in the SLPEs as a part of enterprise specific comprehensive restructuring packages which be binding on the Government, Management and Trade Unions.
- 6.12. For effective monitoring of restructuring plan implementation and performance of SLPEs, an internet based Performance Monitoring System will be set up in Public Sector Restructuring and Internal Audit Board (RIAB).
- 6.13. Constitution of a State Level Core Committee for PSU Restructuring involving bankers with RIAB as the technical secretariat and constitution of similar SLPE level Committees is a step in strengthening the interface between the SLPEs and the Government.

7. MICRO SMALL & MEDIUM ENTERPRISES

- 7.1 District Industries Centres will be made effective for enterprise development in MSMEs.
- 7.2 Funds from the decentralized plan devolved to the local self Government institutions will be effectively leveraged to promote micro and small enterprises.
- 7.3 Government shall focus on nurturing innovative high growth MSMEs with capacity to compete globally on a sustained basis and improve the productivity of the MSMEs.
- 7.4 Government shall create a knowledge based pro enterprise environment that inculcates the appropriate mindset for business, encourages entrepreneurship and innovation and eliminates barriers to organizational growth.
- 7.5 A system of decentralized production, centralized marketing, centralized designing and centralized quality control will be actively pursued.
- 7.6 Priority will be for utilization of unused land of local bodies for setting up MSME.
- 7.7 Government will consider granting SSI Units price preference, exemption of EMD / Security Deposit and free tender forms.
- 7.8 Directorate of Industries and Commerce will be revamped so as to become an effective organization for promotion of MSMEs (Micro, Small and Medium Enterprises).
- 7.9 Joint inspection by all Departments / Agencies on prior notice will be encouraged. Self regulation and Certification would be implemented in the place Inspector Raj.

8. LARGE SCALE ENTERPRISES

- 8.1 All efforts shall be put in to attract massive investments in the large scale enterprises relevant to the State through Private / and through public private partnership from within and outside the country. Govt. proposes to leverage the infrastructure to be created by the proposed Joint Venture Company for this purpose.

- 8.2. All Industrial Units with a capital investment of Rs.100 crores and above will be treated as Mega projects.
- 8.3 Preference will be given to the Units, which use environment friendly technologies and creating employment opportunities to local people.
- 8.4 Government will offer special package of fiscal benefits in deserving cases for specific problems in existing large industries as decided by High Level Committee.

9. MANUFACTURING AND SERVICE SECTORS

- 9.1 Government shall maintain manufacturing and services as twin engines of growth.
- 9.2 Along with manufacturing, the State shall strive to develop into a service hub particularly in business, trade and finance, logistics and distribution, Knowledge based Industries, electronics etc.
- 9.3 The State will attract FDIs including NRIs / NRKs to locate more of their key knowledge intensive activities to Kerala at the same time encouraging local enterprise to embrace more knowledge intensive activities and become world class players.

10. CLUSTER DEVELOPMENT PROGRAMME

- 10.1 The challenges of globalization are being met world over by SMEs through formation of strong industrial clusters. Such clusters will enable them to reduce cost of inputs & marketing, improve quality, and build strong brands that are all required to survive in the competitive world market. Such entities can take up activities like bulk sourcing of raw material, mutual credit guarantee for sourcing loans, common brand creation, marketing, setting up of Common Facility Service Centres, quality testing facilities etc. and thereby enjoy economies of production and contribute to economic development. The various Cluster Consortia are setting up ventures such as common facility centres, raw material banks etc. with financial assistance from Financial Institutions. Government shall endeavor to such initiatives for the development of Small Scale Enterprises in the State.

11. INFRASTRUCTURE DEVELOPMENT

11.1 Creation of an efficient, investor friendly environment supported by coordinated development of infrastructure will provide growth and global competitiveness to ventures in the State. Establishing credibility of the State through transparent functioning and creating investor confidence through a long-term policy framework are expected to make Kerala one of the preferred destinations for domestic and foreign investment. The State roads will be developed on par with the International standards. Public Private Participation will be encouraged for providing industrial infrastructure and utilities.

11.2. Thrust Areas for Future Focus

For the accelerated industrial development and balanced regional development, Government shall adopt an integrated approach to develop industrial & supportive infrastructure in the State through creation of more number of Industrial Parks/Industrial Townships/Industrial Corridors/special Economic Zones.. The major initiatives proposed during the Plan period are:

- a **Mega Industrial Parks:** In order to make Kerala a destination of choice for investors, both global and domestic, the State will help to develop Mega Industrial Parks in selected thrust sectors. Integrated Textile Parks at Palakkad and Mega Food Park at Wayanad are envisaged.
- b **Industrial Townships:** Industrial Townships, which would be compact industrial areas providing necessary support to industrial entrepreneurs and offering world class facilities, will be set up The Palakkad Industrial Township Area Project, Development of Knowledge Cities in Trivandrum, Ernakulam and Palakkad, etc are being envisaged.
- c **Special Economic Zones:** Product specific SEZs including Service SEZs, which suits Kerala condition with industry - specific infrastructure along with all basic and supporting facilities, will be encouraged in the State. KSIDC has initiated setting up of sector specific SEZs at Calicut, Kannur & Malappuram and KINFRA for the development of Gem & Jewellery SEZ, Textile SEZ and Biotechnology SEZs. In order to improve trade KSIDC shall take steps to set up a Free Trade and Ware Housing Zone (FTZ)at Kochi.

- d Industrial Corridors:** Three zones in the State as Industrial Corridors, which would qualify as Commercial Districts are proposed:

IT & ITES Corridor from Kazhakuttom to Kovalam and from Kazakuttam to Kollam along NH Bypass.

Biotechnology & Hitech Electronics Corridor along Seaport – Airport road at Kochi.

Food Processing & Textile corridor from Kanjikode to Walayar along NH at Palakkad.

- e Sector-specific Industrial Parks:** Industrial Parks will be developed in certain selected thrust sectors. Watercraft Park at Kochi, Print Village at Kochi, etc are some of the sector-specific Industrial Parks that will be developed in the coming years.

11.3 Infrastructure Initiatives

Industrial Infrastructure Projects: Thrust will be given for the development of major industrial infrastructure development projects like industrial water supply projects, power supply projects, approach roads and bridges, sewerage and Effluent treatment plants, etc in industrial areas. Assistance available under Viability Gap Funding from Government of India will be tapped to the maximum extend possible.

11.4. Initiatives for Land Acquisition & Land Use

Government will also encourage lease of land for industrial and commercial purpose and equity participation by the landowners for developmental projects. Government will also address the concerns of the landowners on account of their traditional attachment to the land in our society while acquiring land for developmental purposes without affecting the farmers. Government will also encourage sharing of land value appreciation with the landowners by retaining a portion of the acquired land by the existing owners.

- 11.5 Fast Track Mechanism for Land Acquisition** – The Government shall evolve a transparent mechanism for land acquisition and its utilization for the development of infrastructure in the State through Public Private Partnerships.

11.6 Acquisition of adjacent land for future expansion - In order to avoid the problem of non-availability of land for future expansion / implementation of latter phases, the developer will be allowed a 'call option' on buying adjacent land in future by remitting an annual premium to the Government for a fixed period of years and by similar other practices.

While acquiring land for industrial purpose, the market value will be given to the landowner. As far as possible, agricultural land will not be utilised for industrial purposes.

11.7 Land Bank - A major stumbling block in the industrial development of the State is the availability of adequate land. The Government through a new company shall acquire land at strategic locations in the State for the orderly development of industries. These lands will be kept as 'land bank' for future industrial and infrastructure requirements.

11.8 Permission to existing industrial land/ plots to convert to Industrial / Commercial Parks / Estates – Conversion will be allowed for industry established on the concerned land / plot and remained in production for at least 5 years. Any industry, which commenced production, but has been closed due to Court Order / Government Order / declared sick by BIFR will also be considered for conversion, in relaxation of the condition of being in production for 5 years. Land that can no more be used for industrial purpose due to urbanization / pollution etc. will be considered for alternate economic / commercial use.

11.9 Public Private Partnerships for Creation of Infrastructure

To attract massive investments into the State as well as the techno-managerial efficiencies associated with it, Government will promote Public Private Partnerships (PPPs) in infrastructure development. In projects involving PPP, the Private Sector Company shall be selected through a transparent and open bidding process. Government acknowledges the major role private funding can play in infrastructure development with Government support.

11.10 Institutional Mechanisms

Adequate mechanisms and safeguards will be put in place to address to the various needs of infrastructure creation and investment promotion in the State.

11.11 Kerala Infrastructure Development Act aimed at Single Window Clearance, Regulations, Transparency and Approval of Infrastructure Projects will be updated.

11.12 Other Key Inputs

- a. Existing **DA, DP, IE, Growth Centres** etc. will be modernised, expanded and upgraded to meet the requirements of the industry.
- b. Unused land / unused infrastructure facility already allotted will be resumed and reallocated for starting new units.
- c. Distribution of Pattayam for DA / DP plots, SIDCO plots will be given in a speedy and transparent manner as per guidelines.
- d. Industrial plots will not be utilized for non industrial purposes and speculation of land will not be allowed.
- e. Permanent Exhibition Centres will be set up initially in Thiruvananthapuram, Kochi and Kozhikode.

12. FOOD PROCESSING

- 12.1 This sector is regarded as one of the ‘sunrise industries’ of our State. Adequate attention will be given by the Government to position Kerala as a ‘global brand’ and as a ‘safe food destination’ in this pure nature space. To achieve this objective, effective measures will be taken to encourage organic cultivation thereby ensuring reduction in the usage of chemicals and artificial manures.
- 12.2 The activities of National Centre for HACCP Certification (NCHC) and Agency for Development of Food Processing Industries in Kerala (ADFIK) will be strengthened with the aim of achieving this substantial success in the next 3 to 5 years.
- 12.3 The sector will be linked with Tourism Industry for the promotion of ethnic food products of the State.

13. BIOTECHNOLOGY AND NANOTECHNOLOGY

- 13.1 A State level task force shall be set up which will coordinate the efforts of the Department of Industries and other developmental agencies and R&D centres for the integral development of Biotechnology, Nanotechnology and other Knowledge industries in the State.
- 13.2 KSIDC / KINFRA will facilitate setting up of a world class Life Sciences Park to attract FDI in Pharmaceuticals, Medical Devices, biotechnology, Nanotechnology etc especially in core activities like manufacturing, R&D, clinical development.
- 13.3 A Life Science Park will be set up in the State for the promotion of these sectors.

14. MINING & GEOLOGY

- 14.1 Intensive efforts will be made to explore and utilize mineral resources of the State with Private Sector participation without adversely affecting the ecology and environment. Mineral exploration activities for iron ores, high grade china clay, bauxite and other minerals will be streamlined and strengthened.
- 14.2 Mining of mineral sand will be regulated through State / Central Public Sector Undertakings. Manufacture of Value Added products through Private Sector in Mineral Sector will actively encouraged.
- 14.3 Enforcement of Mining Act and Rules will be strengthened.

15. TRADE & COMMERCE

- 15.1 **Government will focus on Trade & Commerce to convert Kerala State in to a world class commercial hub for retail, wholesale services, banking, insurance, healthcare, sports, education, Information Technology, sports etc.**
- 15.2 The Trade and Commerce sector in the State, though contributing much to the employment and economic growth, has not been given its due as a tool for putting the economy on fast-track mode. There exists tremendous scope for growth for the sector and it is ideally suited

for the economic development of the State, considering the fast growing Commercial establishments, Tourism growth and human resources strengths inherent to Kerala.

- 15.3 The Government proposes to merge Kerala Bureau of Industrial Promotion (K-BIP) and Kerala Export Promotion Council (KEREXIL) to make the organization an effective body to promote trade and commerce including exports.
- 15.4 The Trade & Commerce Department will closely work with the urban local bodies to ensure land / space requirement for commercial infrastructure facilities like parking, decongestion of traditional commercial area etc.
- 15.5 A massive shopping festival campaign will be organised with the active participation of retailers, wholesalers, trade associations, media etc. for seeding capital investment in Quality shopping / Commercial infrastructure.

16. INCENTIVES

- 16.1 **Investments into the State should come in due to its inherent strengths and induced environment to sustain growth and profits and not due to its attractiveness of subsidies.**
- 16.2 Incentives will be provided for investments in supporting facilities, like pollution control, effluent treatment facilities etc. and also for establishment of Common Facility Centres. This will be upto 50% of the cost subject to a maximum of Rs. 25 Lakhs irrespective of Small, Medium or Large industries or Commercial establishments.
- 16.3 Special incentives package / facilities to Mega Investments with an outlay of Rs.100 crores and above will be considered on a case to case basis by the High Level Committee chaired by the Chief Minister.
- 16.4 New schemes / incentives which involves subsidy before initiating will be cleared by the State level Single Window Clearance Board, Planning Board and Finance Department.
- 16.5 The existing ban to render incentives to Service sector will be removed by modifying the existing Negative List. A revised list of negative industries will be published.

- 16.6 In line with the MSME Act of Government of India, enterprise and just not industry will be the targets.
- 16.7 Price preference policy for Micro, Small Enterprises will be reintroduced, as stipulated in the Micro Small & Medium Enterprises Development Act and Government of India Policies.

17. SICK UNIT REVIVAL PROGRAMME

Revival of sick units will be intensified in co-ordination with financial institutions. Functioning of the District Level Task Forces will be made extensive and more effective to suggest case-to-case revival proposals.

An initial study by the concerned sick units will be conducted by a team consisting of members from trade union, marketing, sales, production etc. before arriving at a decision for revival.

18. EXPORT PROMOTION INITIATIVES

Special focus will be given for export promotion from the State. Necessary quality standards will be ensured for products being exported.

19. HUMAN RESOURCE DEVELOPMENT

- 19.1 A concerted effort will be made to upgrade the work force to world class skills and development of human resources aimed for the next 20 years with specific focus on skill development.
- 19.2 Management Institutes for Micro Enterprise Development will be established.
- 19.2 Kerala has a very large pool of skilled work force. However, there is a definite need to enhance their skill sets to make them readily employable. In order to achieve this, Govt. will set up a task force to identify the skill sets required and based on the recommendations of the task force, concerted efforts will be taken to upgrade the skills including establishment of finishing schools with the participation of private sector.

20. ENTREPRENEURSHIP DEVELOPMENT

- 20.1 Entrepreneurship Clubs have been established in educational institutions and regular training programs being imparted to nurture the spirit of entrepreneurship among local people.
- 20.2 Government intends a paradigm shift from being an entrepreneurs supply side to creating an entrepreneur demand side. This will be achieved by engaging the services of a reputed consultant to identify the areas for utilizing the entrepreneurship opportunities in the Government / Quasi Government / LSGs / Private sector.
- 20.3 Industry Interface Orientation Programmes for all Department officials will be introduced.

21. LABOUR RELATION

- 21.1 The management will have the right to choose and deploy employees. Government will take initiative in promoting a new management culture through continuous talks with the industrialists and trade unions.
- 21.2 Labour relation and labour welfare are normally inter-linked and the Industries and Labour departments will have to work together for ensuring a healthy industrial climate in Kerala.
- 21.3 Govt. will initiate steps to create congenial industrial relation climate in the State. Regular meetings will be held with managements and trade unions to sort out issues, if any.
- 21.4 Arbitration System shall be implemented if industrial disputes arise, for speedy decisions. Public Sector Advisory Board and Fast Track Labour Courts for Policy making and dispute settlement. Illegal / unhealthy and restrictive practices in the name of Trade Unionism will not be tolerated.

22 INVESTMENT PROMOTION

- 22.1 **Government reiterates that a guaranteed protection of property rights and investment would positively contribute to the growth of the economy, employment generation as well as increase in tax revenue. Government shall firmly deal with any**

illegal and restrictive practices by all agencies that may adversely affect the growth of the industry, trade, commerce and investment.

- 22.2 A well designed strategy will be employed to market Kerala as an investor friendly State to attract domestic & foreign investments into the State. Government will be organising major trade shows and promotional events and will participate in major trade fairs and expositions in India and abroad.
- 22.3 KSIDC will be the nodal agency for promotion of investment in industrial and related sectors with an investment of Rs.5 crores and above. Functioning of KSIDC will be restructured to make it an effective agency for industrial promotion. KSIDC will also be the Secretariat for investment promotion and the High Level Committee for Single Window Clearance. The Secretariat for Single Window Clearance Committee will have officers deputed from the regulatory departments.
- 22.4 Government will explore options for instituting compensation (Insurance) for an investor for a minimum of seven years for production loss due to any problem occurring beyond the control of the investor. This will be examined by the State Level Committee of the Single Window Clearance Board and will be Insurance linked.
- 22.5 Single Window Clearance Board will be given full powers for licensing to establish industrial and commercial activities in the State. The State level Board will be headed by the Chief Minister. The executive powers in the State level will be with Chief Secretary and District level with the District Collectors.
- 22.6 Simplification of rules, regulations and procedural aspects will be speeded up to ensure transparency and speedy service delivery.
- 22.7 The office of the Resident Commissioner in New Delhi will be strengthened and will be made more effective in channelising central investment, tap international development funds and coordinate with India Investment Centre by posting an exclusive senior official.

- 22.8 Unless explicitly stated otherwise, Government of Kerala will generally follow the Policies of Government of India in Industry, Commerce, Investment, Infrastructure, Technology, Mining, Foreign Direct Investments and other related areas.
- 22.9 The Industries Department will act as the Industrial Promotion Agency and the Department / official will ensure clearances / licenses for establishment of Industries & Commerce. They will also be authorised to represent Industry before other Departments / Agencies / Boards / LSGs etc.
- 22.10 A permanent dialogue forum for media, industry & trade and Government will be set up to convert Kerala into an entrepreneurial society focused on economic growth and social justice.
