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The policy framework and strategies for sustainable industrial development in Kerala: An exploration

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Abstract

Kerala is making rapid strides on its manufacturing front and the micro, small, and medium industrial enterprises operating in the State have acquired global competence in quality and in the ability to deliver its best. The Industrial and Commercial Policy of the Government attempts to transform the State into a vibrant entrepreneurial society with innovative strategies and practices needed for its inclusive, environment-friendly, and sustainable economic growth. The Government has successfully implemented various schemes for better improving the industrial environment of the State through the development of exemplary industrial infrastructure, promoting innovations and entrepreneurship, and providing basic skill development mechanisms. The State has to take adequate steps for nurturing entrepreneurial skills, helps in the acquisition of new capacities, and promotes research and development attuned to the industrial needs of the economy so as to raise its productivity. It is in the context, the paper attempts to evaluate the industrial and commercial policy of the State in terms of its vision, objectives, strategy, and some innovative mechanisms.

Keywords: Industrial policy, sustainable industrial development, entrepreneurship, Kerala startup mission, WE mission Kerala, Kerala perspective plan 2030

1. Introduction

The Industrial and Commercial Policy of the State strives to make Kerala a growth-oriented enterprising economy. It aims at the rapid industrialisation of the economy with big leap in commercial activities so as to achieve high and sustainable economic growth, with specific thrust to social objectives and without affecting its ecology and environment. The policy attempts to revamp Kerala into an entrepreneurial State by encouraging the focused development of certain sectors and has identified some thrust areas which need specific attention in promoting the overall and rapid industrial development of the State. The Government promotes the setting up of incubation centres in each sector so as to encourage innovative enterprises and business models in the State. Having been recognised the importance of industrial development; the Government has evolved various strategies to initiate an element of dynamism in the growth process so as to make the State a leading industrial destination in India. The Government attempts to energise the industrial sector of Kerala through reviving the traditional industries, restructuring public sector undertakings, and providing an impetus to the MSME sector through sufficing investments, technology upgradation, diversification, and modernisation so as to transform Kerala into a vibrant entrepreneurial society through inclusive, eco-friendly, and sustainable economic growth^[1].

2. New Horizons and Paradigms in Kerala's Industrial Economy

The present global scenario facilitates Kerala to source latest technology and practices for value addition, productivity, cost competitiveness, scale economies, and consistency in quality. The Government attempts to capitalise the opportunities for the benefit of its manufacturing sector and is at the same time prepares to encash the global boom in its service sector to strengthen the overall industrial as well as economic development of the State. Having been recognised the relative role of State Level Public Enterprises (SLPEs) in

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¹ Government of Kerala (2015). Kerala Industrial and Commercial Policy (Amended) 2015. Thiruvananthapuram: Department of Industries and Commerce.

employment generation, market intervention, and improved service delivery, the Government formulates comprehensive enterprise specific modernisation or diversification or expansion packages for the growth and sustenance of potentially viable enterprises in the State. Most Public Sector Undertakings (PSUs) in Kerala are relevant for economic as well as social objectives and as nucleus for the spin-off of downstream and upstream industries.

Kerala has been entering into new and emerging industries such as food processing, forest-based industries, biotechnology and nanotechnology based industries, and knowledge-based industries. The Government provides adequate infrastructure, world class technology, and market support for the promotion of the food processing industry by recognising its immense potential in the industrial economy of the State. It encourages forest-based industries and promotes the non-resource depleting and environment-friendly industrial development in Kerala. Biotechnology and nanotechnology have tremendous potential in the new and high tech arena of the State and hence the Government promotes the development of specialised parks and technology incubation facilities for the development and commercialisation of such products. The cutting edge technologies in arenas like agriculture, power, construction, medicine, information technology, environment, etc. can revolutionise the high-tech industrial base and economy of Kerala. The importance and contribution of the MSME sector to the economic growth and prosperity of the State is also well established in terms of their role in employment generation, fostering of competitiveness, and upholding of the entrepreneurial spirit and innovation in the economy.

The Government attempts to set up a State Level Task Force which will coordinate the efforts of the Department of Industries and Commerce and other development agencies for the integral development of biotechnology, nanotechnology and other knowledge-based industries. The Kerala State Industrial Development Corporation (KSIDC) facilitates the setting up of a world class Life Science Park called the 'Bio 360 Life Science Park' at Thiruvananthapuram to attract investments and innovation in the emerging areas such as biotechnology, nanotechnology, pharmaceuticals, and medical devices, especially in its core activities like research and development, manufacturing, and technical development. The park will advance science to new frontiers and will bring together science, academia, research institutions, technology, and companies working in such fields. Its industry-specific infrastructure includes incubation centres, ready-to occupy built-up modules and other support services for corporates and start-ups in these sectors to move forward.

Given the realities of the rapidly changing economic landscape, entrepreneurship opportunities have emerged as an important source of meeting the aspirations of the youth. Accelerating entrepreneurship, especially based on novelties and innovations is crucial for the large scale employment generation in the domestic economy of Kerala. The Kerala Startup Mission, a pioneer champion in the industrial scenario of Kerala with a vision to support and nurture technology startups in the State is designed to provide a springboard to budding entrepreneurs who wish to launch themselves into the world of technology-based business and career. The entrepreneurs' bright and innovative ideas to develop a product or service using advanced technology

solutions can find a fertile ground in the Kerala Startup Mission^[2].

Having been recognised women entrepreneurs as one of the key areas of the industrial growth of Kerala, the Kerala State Industrial Development Corporation (KSIDC) has embarked upon a path-breaking initiative called the 'WE Mission Kerala' which aims at scaling up the women-led endeavours through comprehensive support measures. It is an initiative to identify, promote, and provide a complete range of support to women entrepreneurs for scaling up their business ventures. It is targeted at developing a new culture of entrepreneurial thinking among the women in Kerala and is being executed in association with the Kudumbasree, MSME Development Institute, and the Confederation of Indian Industry (CII). Thus, it can be observed that an all inclusive approach to strengthen the entrepreneurship development scenario of the economy which is competent, quality conscious, market savvy, innovative, and has globally competitive entrepreneurs, needs to be carefully mentored and encouraged for promoting rapid industrialisation and thus the overall economic development of the State.

3. The Industrial and Commercial Policy of the Government

The industrial and commercial policy of the State attempts to convert Kerala into an entrepreneurial society from a wage earning society. It aims at the rapid industrialisation of the economy with big leap in commercial activities so as to achieve high and sustainable economic growth, with specific thrust to social objectives and without affecting its ecology and environment. It attempts to energise the industrial sector of Kerala through reviving the traditional industries, restructuring public sector undertakings, and providing an impetus to the MSME sector through sufficing investments, technology upgradation, diversification, and modernisation. The industrial growth of the State for the last decade was based on the industrial policies introduced in 2001 and 2007. The post-liberalisation phase of the economy has seen significant growth in the secondary and tertiary sectors and hence the Government felt the need for making some amendments in the existing policies by adopting a more innovative and pragmatic approach in its operational framework. Thus, the vision, objectives and strategy of the Industrial and Commercial Policy of the State, as amended in the year 2015 is summed up as follows:

3.1 Vision

To achieve high and sustainable economic growth, with specific thrust to social objectives, through rapid industrialisation and big leap in commercial activities, without affecting ecology and environment and to create large scale employment opportunities for the people of Kerala and ensuring them fair wages and to convert Kerala into an investment friendly destination^[3]. Further, to transform Kerala into a vibrant entrepreneurial society through inclusive, eco-friendly, and sustainable economic growth^[4].

² <http://www.startupmission.kerala.gov.in>. Retrieved on 1st January, 2017.

³ Industrial and Commercial Policy 2007. Department of Industries and Commerce, Government of Kerala.

⁴ Kerala Industrial and Commercial Policy (Amended) 2015. Department of Industries and Commerce, Government of Kerala.

3.2 Objectives

The Industrial and Commercial Policy is committed to advance industrial growth, ensure employment generation, and to achieve overall economic development of the State. The major objectives of the policy are:

1. Simplify the regulatory procedures for setting up and operating industrial enterprises.
2. Generate massive employment in the industrial, commercial, and service sectors.
3. Introduce globally accepted standards in technology, quality, and management to rejuvenate the Public Sector Enterprises in the State.
4. Strengthen the State Level Public Enterprises (SLPEs) by technological upgradation, diversification, efficient management, and synergising them with Central Public Sector Undertakings.
5. Make the traditional industries competitive by modernisation, value addition, and skill development.
6. Promote and support the Micro, Small and Medium Enterprises (MSMEs) as an ancillary to large scale industries as well as a self sustaining entity considering its role in employment generation and utilisation of local resources.
7. Convert Kerala into a favoured destination for manufacturing, agro processing, health services, knowledge-based industries and services.
8. Accelerate and strengthen the growth in the services and commerce sectors to make Kerala a major business hub.
9. Make use of the abundant and highly rich mineral resources of the State to the fullest extent protecting environment and ecology and restricting the mining activity in the Public Sector.
10. Ensure sufficient land availability through land acquisition, land pooling, and industrial parks/estates.
11. Provide trunk infrastructure for pooled industrial land and industrial parks/estates.
12. Accelerate development of industrial clusters in the State in line with the National Manufacturing Policy as well as the Cluster Development Programmes.
13. Ensure high value addition of the locally available resources and encourage environment-friendly practices in industrial enterprises.
14. Develop Kerala as a global centre of excellence with state-of-the-art education and skill sets and prepare a pool of multi skilled, technically competent individuals and organisations.
15. Adopt a participatory approach and attract enough capital investments on mutually beneficial terms and improve the industrial, allied, and ancillary infrastructure through Public Private Partnerships (PPP).

3.3 Strategy

The Government is intended to achieve these objectives by modernising the traditional industries, developing world class infrastructure, providing adequate quality power and water, supporting the introduction of world class technology in the existing industries, optimising the utilisation of natural resources, bringing in Central investments, attracting private capital on mutually beneficial terms and making use of the potential of rich human resources. The major strategy of the Industrial and Commercial Policy of the State include:

1. To implement a 'services and commerce-led growth strategy' for the sustainable development of Kerala economy.
2. To establish proper mechanisms and safeguards to address the various needs of infrastructure creation and investment promotion in the State.
3. To develop quality industrial infrastructure in the State for attracting industrial investments, with benchmark of global standards through State agencies in Public Private Partnership (PPP) mode with the participation of Non-Resident Indians (NRIs), Non-Resident Keralites (NRKs), and other foreign and domestic investors.
4. To introduce new technology, professional marketing, and integrated quality management techniques in the traditional industrial sectors of the economy so as to upgrade and enhance their productivity, and to broaden their reach globally.
5. To create knowledge/technology based high quality and value added branded products in the traditional sector through technological upgradation, professional marketing, and modernising management.
6. To strengthen the business network of the traditional industries to focus on high end products so as to exploit the potential of domestic and international markets.
7. To introduce the tracking and traceability system by the marketing agencies of the traditional products to promote quality production and ensure the timely release of product prices.
8. To promote the Micro, Small, and Medium Enterprises (MSME) as an important instrument in the balanced and holistic industrial development of the State.
9. To upgrade and restructure the infrastructure facilities available in the Development Areas/Plots, Industrial Clusters, and the Small Industrial Parks with the avowed objective of encouraging the growth of MSMEs situated therein.
10. To create an MSME Equity Participation Fund for encouraging start-ups in the Kerala State Industrial Development Corporation (KSIDC) and the Kerala Financial Corporation (KFC).
11. To organise Industrial Adalats at the District or State level with a view to understand the problems of MSMEs and to settle pending issues.
12. To implement the productivity and profit linked incentive schemes in the Public Sector Undertakings (PSUs) and to strengthen them through a set of comprehensive enterprise-specific modernisation or diversification expansion packages and restructuring.
13. To obtain capital investments and technological support to the State Level Public Enterprises (SLPEs) from the Central Public Sector Undertakings, R&D institutions, and other Central and State level organisations and to have business tie-ups with global players on mutually beneficial terms.
14. To restructure, diversify, modernise, and infuse expertise in management in potentially viable SLPEs.
15. To transfer the assets of closed down or unviable PSUs to other operating PSUs or infrastructure development agencies of the Government to utilise it for other feasible industrial purposes.

16. To ensure cordial relations with the trade unions and other stakeholders through meaningful dialogues so as to achieve peaceful industrial relations in PSUs.
 17. To promote the Corporate Social Responsibility (CSR) initiatives by the PSUs within their financial capabilities and as prescribed by the norms of the Company Act.
 18. To make use of the mineral wealth of Kerala in a more scientific manner and adopt and introduce latest technology for their extraction and value addition.
 19. To create an effective Single Window Clearance Mechanism to provide hassle-free procedures and the speedy approval and statutory clearances for new enterprises.
 20. To expand, upgrade, and modernise the existing Development Areas, Development Plots, Industrial Estates, and Growth Centres to meet the changing requirements of the industry.
 21. To encourage the setting up of industry-specific clusters and to promote the setting up of industrial units in dedicated industrial parks spread across the State.
 22. To develop adequate mechanisms to facilitate speedy supply of water, uninterrupted power, especially conventional energy sources, and other utilities in Industrial Parks or Growth Centres to upgrade them to global standards.
 23. To set up Industrial Corridors and promote Cluster Development in select sectors and in potential locations with sufficient financial, technical, and managerial support to sustain the cluster base.
 24. To establish Multi-storied Standard Design Factories in the available lands in existing industrial parks and estates in view of the acute land scarcity in the State.
 25. To establish and sustain Common Facility Centres for the Industrial Cluster Development Programme with the support of Government of India.
 26. To set up sector-specific industrial parks with incubation centres in all sectors in distributed locations for the overall development of the economy.
 27. To notify the existing industrial parks or estates as Industrial Area under the Kerala State Single Window Clearance Board and the Industrial Township Area Development Act.
 28. To facilitate the development of Industrial Development Zones (IDZs) around the logistics hubs of Thiruvananthapuram, Kochi, Kozhikode, and the upcoming international airport at Kannur to enable industrial infrastructure and transform them into major manufacturing and trading destinations of South India.
 29. To evolve a new model of creating knowledge, employment, and wealth through innovation and entrepreneurship and to set the State an example for the rest of the country.
 30. To develop certain demand-based and market-driven skill training and entrepreneurship development programmes in a mission mode, especially suitable for the manufacturing and knowledge-based industries.
 31. To promote entrepreneurship through institutional mechanisms and mass participation and launch comprehensive mass media campaign to highlight the benefits of entrepreneurship.
 32. To transform the Kerala State Self Entrepreneurship Development Mission (KSSDM) now functioning in the Kerala Financial Corporation into an umbrella organisation covering entrepreneurship development across different sectors and departments.
 33. To provide the industrial cooperatives customised support to strengthen and expand their operations.
 34. To encourage the eco-friendly and green initiatives in the existing and new enterprises and to promote initiatives so as to attract and channelise substantive investments in the green and clean industries into the State.
 35. To promote investments in the development of specialised industrial parks and technology incubation facilities for the development and commercialisation of innovative products in areas like biotechnology, nanotechnology, pharmaceuticals, biomedicines, and life sciences.
 36. To develop a system to enable industry institution linkage for technology development and management and to thrive skill development to increase productivity in the industrial sector.
 37. To channelise the expertise of institutions of excellence in the fields of science and technology, management, skill development, taxation, and allied areas for the industrial growth of the State.
 38. To constitute expert bodies to identify and attract Foreign Direct Investments which generate meaningful employment, help technological advancement, and contribute for the growth of the economy.
 39. To develop a system to monitor the proper and timely implementation of various Central schemes and to tap maximum Central assistance for the development of industries and commerce in the State.
 40. To encourage e-commerce/m-commerce in the State for the provision of quality products, commodities, and services at competitive rates, by associating with leading e-commerce service providers/portals in the country.
 41. To develop sustainable mechanisms to have continuous interaction with industry associations and other trade bodies to assimilate the state of industries and commerce for taking appropriate remedial measures.
 42. To set up a permanent interaction forum for the media, industry and trade, and the Government to project Kerala as an investor friendly State and to convert it into an entrepreneurial society focused on economic growth and social justice.
 43. To involve all stakeholders including local population, right from the initial phase of industrial and infrastructure projects so as to increase transparency, understanding, and acceptability of the projects.
 44. To launch massive awareness campaigns to educate the public about the positive aspects of industrial development, economic growth, and entrepreneurship, and its relevance in large societal welfare.
- Thus, it can be seen that the policy will help develop and strengthen the business ecosystem of the State on more solid and sustainable grounds. It enables the industrial development of the economy for income generation, employment promotion, and economic development with environment-friendly ventures and investor-friendly guidelines. The policy strives to give equal importance to the development of the commerce and services industry for higher GDP growth. There is appropriate thrust on the promotion and development of traditional sector industries

to achieve equitable social development and to move towards an inclusive society. Decisive steps are being taken by the Government to strengthen the various implementing agencies to ensure that the schemes are effectively executed in a time bound manner.

4. Industrial Initiatives under the Kerala Perspective Plan 2030

The Kerala Perspective Plan (KPP) 2030 is a strategic articulation of the development vision, mission, goals and objectives of the State, prepared by the Kerala State Planning Board in 2015. It provides a strategic framework of resources, competencies, and capacities for sustainable and inclusive growth and sets the benchmarks for Kerala to achieve in line with the best regional and international practices. It explicitly spells out certain action plan for the industrial development of the State. The mission outlined is to evolve Kerala into a knowledge-driven competitive economy with the spirit of entrepreneurship, innovation, social inclusion, tolerance, and diversity. The major measures or schemes initiated in the integration with the Kerala Perspective Plan^[5] include:

1. Improving infrastructure in the existing Development Areas/Plots.
2. Construction of multi-storied Industrial Estates.
3. Assistance for promoting Industrial Areas/ Plots in the private sector.
4. Infrastructure investments in PPP mode.
5. Promoting mutual trust between Government and entrepreneurs through partnerships.
6. Involve real world entrepreneurs.
7. Promote private investments.
8. Develop eco-friendly Industrial Parks.
9. Encourage technology upgradation and productive innovation.
10. Promotion of Microfinance.
11. Promotion of better entrepreneurial learning in an informal learning environment.
12. Increase the visibility and emphasise the role of entrepreneurship in creating new jobs.

5. Conclusion

The Government has adopted several key measures to stimulate the growth process and to cater to the specific needs of the industrial sector. Creating centres of educational excellence, harnessing the multiplier effects industrial and infrastructure investments and the high value service sector activities will capitalise the comparative factor advantages of the State so as to speed up its process of industrialisation. The policy initiatives are designed in the backdrop of increasing multifaceted globalisation of production systems, especially, in terms of technology transfers and development of physical infrastructure for higher economic as well as industrial growth. However, Kerala requires a much more focused approach towards spearheading innovation, entrepreneurship, and skill development in the economy. It has sufficient potential for much faster economic development through rapid industrialisation in the context of the globalised world and knowledge society; provided there is a change in the

mindset of the people, Government, political parties, civil society and the media.

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