Chapter IV

Industrial Promotion Agencies in Kerala - An Overview
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CHAPTER IV

Industrial Promotion Agencies in Kerala - An Overview

4.0 Introduction

The study of the role of an industrial promotion agency will be incomplete if we do not consider the contributions of the other agencies in this field. This chapter (IV) is a very brief but vivid description of the various Industrial Promotion Agencies in Kerala and their work for the industrialization of the State.

As the very name implies, the Industrial Promotion Agencies are agencies formed for the purpose of initiating, promoting and developing industrial enterprises. These agencies act as mediators between the Government, Local, State, Central and the industrial entrepreneurs. They help the industrial enterprises in their proper performance. In order to industrialize a state or a nation, the role of the Industrial Promotion Agencies cannot be underestimated.

Kerala is an industrially backward state. Her industrial sector consists of the traditional industries, the many medium and a few large scale industries in the public and private sectors. The Directorate of Industries and Commerce play a significant role in industrializing the State.

4.1 Directorate of Industries and Commerce

The Directorate of Industries and Commerce co-ordinates the industrial development activity in the various sectors – tiny, small, medium and large –
throughout the State helping the entrepreneurs to acquire the required infrastructure and providing financial incentives and concessions on industrial investments.

4.2 Industrial Promotion Agencies

In order to revitalize the economy and to give a fillip to the industrial growth in the State, the Government of Kerala has established various industrial promotion agencies. There are several agencies directly involved in promoting the industries in Kerala. Besides the Government Departments and the Government Holding Companies engaged in the development of the different categories in industries, there are specialized Corporations sponsored by the State Government, assigned with the task of industrial promotion, especially in the private and joint sectors. The main agencies include.

1. Kerala State Financial Corporation (KFC)
2. Kerala State Industrial Development Corporation (KSIDC)
3. Kerala Industrial and Technical Consultancy Organization (KITCO)
4. Kerala Small Industries Development Corporation (SIDCO)
5. Kerala State Industrial Products Trading Corporation Limited (KSIPTC)
6. Centre for Management Development (CMD)
7. Kerala State Export Trade Development Council (KSETDC or KEREXIL)
8. Electronics Technology Parks – Kerala (TECHNOPARK)
9. Kerala Bureau of Industrial Promotion (K-BIP)
10. Kerala Industrial Infrastructure Development Corporation (KINFRA)

11. Kerala Information Technology Services Society (Kerala IT Mission)

In addition to the above, there are some institutions which have their base at the Central Level. They too act as industrial promotion agencies in Kerala. These agencies are:

1. Small Industries Development Bank of India (SIDBI) and
2. Software Technology Parks of India, Thiruvananthapuram (STPI-T)

The State Department of Industries and Information Technology and the various Industrial Promotion Agencies have been vested with the power to initiate and facilitate the smooth start-up of business ventures. The agencies also offer comprehensive consultancy and support services to the prospective investors. A brief profile of the above Industrial Promotion Agencies in Kerala is given below.

4.2.1 **Kerala State Financial Corporation (KFC)**

The KFC has been established in 1953 under the State Financial Corporations Act of 1951, for providing term loans to the small and the medium scale industries in the State to support and promote industrialization. The Corporation has now achieved the status of Category ‘A’. As a result of its excellent performance during the financial year 1995-96, it joined the elite list of the top six State Financial Corporations in the country. The KFC leads and guides Kerala’s industry towards a new heaven and new earth. An ISO 9002 certified
organization, it is the single largest term loan provider in the small and medium sector of the State.

4.2.2 Kerala State Industrial Development Corporation Ltd (KSIDC)

The KSIDC has been established in 1961, (21st July) with the objective of organizing, stimulating and assisting the industrial development of Kerala. It continues to promote, finance and develop large and medium scale industries in the State. The nodal agency for domestic and foreign investments in the State, it has devised special promotion packages for the IT industry.

4.2.3 Promotional Role

The promotional role of the KSIDC consists of

- Identification of Profitable Investment areas.
- Conversion of Ideas into Concrete Proposals
- Financial Assistance
- Feasibility Study, Technology Sourcing, Project Evaluation
- Financial Structuring, Loan Syndication
- Ensuring Central and State Government Clearances
- Development of Infrastructure
- Total Project Management Support
- Development and Administration of Growth Centres
- Support Services and
- Conducting Seminars, Symposium and Meets.
4.2.4 Kerala Industrial and Technical Consultancy Organisation (KITCO)

The KITCO is a public sector consultancy organization established in 1972 by the Industrial Development Bank of India (IDBI) in association with the Government of Kerala, other national and State level financial institutions and banks with a view to rendering consultancy services to industries and other entities.

The KITCO offers consultancy from concept to commissioning. This total consultancy includes counselling in project selection, preparation of detailed project reports, complete engineering, procurement and project management services including start-up and commissioning. Another area where the KITCO has excelled is in the Human Resources Development (HRD).

4.2.5 Kerala Small Industries Development Corporation (SIDCO)

The SIDCO is a promotional agency, wholly owned by the Government of Kerala, set up in the year 1975. This corporation is rendering lots of assistance to the small scale industries (SSIs) in the State. At present the activities of the SIDCO include the distribution of the raw materials, through its Raw-materials Division to the SSI units; the marketing of the SSI products, through its Marketing Division, Sales Emporia and Marketing Centres; maintenance of 17 industrial estates and 36 mini industrial estates. It has introduced some new schemes such as one Industrial Park in each Assembly Constituency, Factoring Service Scheme for discounting bills of the SSIs and the Consumer Products Marketing Scheme for strengthening the direct marketing of consumer products of the SSIs.
4.2.6 Kerala State Industrial Products Trading Corporation Ltd (KSIPTC)

The Kerala State Industrial Products Trading Corporation Limited is a trading company incorporated on 4th August 1978. It functions under the Industries Department of the Government of Kerala. Its main activity is confined to the trading of the products manufactured by the Travancore Titanium Products Ltd.

4.2.7 Centre for Management Development (CMD)

CMD was registered on 17th July 1979 under the Travancore Cochin Literacy, Scientific and Charitable Societies Registration Act 1955. It is an autonomous body of the Government of Kerala formed with the main objectives:

(i) To foster, improve and develop a suitable system of management for the different types of enterprises in the public, joint, co-operative and private sectors to fulfil their objectives.

(ii) To evolve an effective management system in all the sectors of the economy such as the industrial, the agricultural, the housing, energy, health care, transportation and education.

(iii) To develop managerial competence in the various functional areas of management like production, engineering, personnel, finance and marketing.

4.2.8 Kerala State Export Trade Development Council (KSETDC)

It is the nodal agency for export promotion activities. It has been established in 1987. It assists small-scale industries in finding new markets by
providing them with the opportunity to participate in international trade fairs in India and abroad.

4.2.9 Electronics Technology Parks – Kerala (TECHNOPARK)

TECHNOPARK is organized as a society under the Travancore Cochin Literacy, Scientific and Charitable Societies Act, 1955. The society was registered with the Registrar on 28th July 1990. It has been established to create the infrastructure and environment required for setting up high technology Electronics Manufacturing Units and Research, Design, Development and Trading establishments.

Began in 1990, the TECHNOPARK started its construction in 1992 and the first company moved into the campus in 1994. As of July 2001, the campus hosts 55 international and domestic companies with a total investment of Rs. 147.55 crores, employing 6815 qualified persons. It holds ISO-9002 Certification for the creation and marketing of infrastructure and support services for Information Technology (IT) Companies.

4.2.10 Kerala Bureau of Industrial Promotion (K-BIP)

The K-BIP was constituted under the Industries Department as a support wing on 13-02-1991. It is an autonomous body of the State Government and functions as an interface between prospective investors and the various State agencies, guiding the entrepreneurs through every step right from the conception of the project to its completion. The Bureau works in close co-ordination with similar promotional agencies like the KSIDC, the KINFRA and the TECHNOPARK for the up-lift of promotion of the State’s industrial
development, giving specific attention to the strategic advantages, the various
governmental supports and other incentives offered to the different sections of the
industry.

4.2.11 Kerala Industrial Infrastructure Development Corporation (KINFRA)

The Kerala Industrial Infrastructure Development Corporation was set up
in 1993 with the major objective of providing the facilities required for setting up
industries by the development of Industrial Parks, Townships and Zones. The
KINFRA does offer comprehensive assistance right from project identification to
the establishment of the Industry on a sound-footing.

4.2.12 Kerala Information Technology Services Society (Kerala IT Mission)

The name of the Kerala IT Mission, which functions under the IT
Department, has been changed to the Kerala Information Technology Services
Society. It was constituted in August 1999 under the Department of the
Information Technology, for providing technical and managerial support to the
various initiatives taken by the IT Department. From September 1st 2000, it has
been functioning as an autonomous body registered under the Travancore Cochin
Literacy, Scientific and Charitable Societies Act 1955. The funds for the society,
at present, are obtained as grant–in–aid from the Government of Kerala.

The Government of Kerala announced its 1st IT Policy in 1998 and the
Department of Information Technology was constituted to co-ordinate, monitor
and facilitate the initiatives to implement the objectives as envisaged in the IT
policy. Subsequently, a new IT policy has been announced on 5th December
2001. This document endeavours to delineate a Strategy for harnessing the
opportunities and the resources offered by the Information Technology for the comprehensive social and economic development of the State.

4.2.13 Software Technology Parks of India, Thiruvananthapuram (STPI-T)

The Software Technology Park of India was set up in June 1990, as an autonomous society under the Department of Electronics (DoE). It offers feasible facilities to the software exporting units, right from single window clearances to the reliable high speed data communication (HSDC) services and provides industry-friendly interface between software exports and the Government.

4.3 Special Efforts of the Government of Kerala

In order to promote the industries in the State, the Government of Kerala has come up with a policy statement aimed at sustained industrial growth.

4.3.1 Information Technology Policy 1998

Kerala is a fertile land for the growth of the IT industry. The Government realizes the significance and potential of this sector in the economic development of the state, in terms of its potential to generate opportunities and employment, with very little pressure on land, environment and other resources. With this in mind, the Government of Kerala has come up with the Information Technology Policy, 1998. Again in 2001, Information Technology Policy was modified for the speedy growth of IT Industry in Kerala.

4.3.2 Industrial Policy 2001

The Industrial Policy, 2001, aims to accelerate the industrial growth in the State by attracting a steady stream of investment in industry, infrastructure and core strength sectors by creating a congenial investment climate in the State. The
Government has its commitment to the Industrial Promotion Agencies like the TECHNOPARK, the KINFRA, the SIDCO, the KSIDC etc, towards meeting their functional requirements in promoting the industrialization of the economy.

### 4.3.4 Industrial Policy 2007

The Government of Kerala has formulated a new Industrial policy in 2007.

### 4.4 Software Technology Parks of India - Thiruvananthapuram (STPI-T)

The Software Technology Parks of India (STPI) was set up in June 1990, as an autonomous society under the Department of Electronics (DoE). Now under the Ministry of the Information Technology, the STPI comes under the direct control of the Ministry. In order to provide a conducive environment and to give a boost to software exports, DoE, the Government of India has launched the Software Technology Park (STP) Scheme. The STPs are India’s answer to the challenges of the Information Technology.

The STPI offers State – of – the art facilities to software exporting units right from the single window clearances to the high speed data communication (HSDC) services and it provides industry-friendly interface between software exporters and the Government. The STP scheme is a 100 percent export-oriented scheme, aiming at the development and export of software using data communication links or through physical media including the export of professional services, IT enabled services and video animation. The STP can be a virtual software development unit or it can be all infrastructural complex, set up for providing the necessary support to the STP units.
4.5 Conclusion

“With the setting up of a number of industrial, finance and development corporations, since independence, all the gaps in the field of industrial finance, in India, have been bridged”¹.

This brief analysis of the performance of the various promotion agencies in Kerala indicates that these institutions have performed their role to a satisfactory level. But it has to be pointed out that they have to go a long way still to fill the gaps in the field of industrial finance and development in Kerala. The other industrial promotion agencies should also go a further ahead to make our State a more industrialized one.

References