CHAPTER II

INDUSTRIAL PROMOTION AGENCIES - AN OVERVIEW

2.0. Introduction 19
2.1. Meaning and Definition 19
2.2. Importance of Industrial Promotion Agencies 20
2.3. Government Initiatives 22
2.4. Promotional Role of Government 23
2.5. Agencies and Schemes of Government of India 26
2.6. Government’s role to Promote Small Scale Industries 28
2.7. Categories of Promotional Agencies 29
2.8. Industrial Promotion Activities of Government of Kerala 32
2.9. Kerala’s Ranking Among 18 Indian States 40
2.10. Special Efforts of Government of Kerala 41
CHAPTER - II
INDUSTRIAL PROMOTION AGENCIES - AN OVERVIEW

2.0. INTRODUCTION

In this Chapter the meaning and definition of Industrial Promotion Agencies, their importance, government initiatives in this respect, categories of promotional agencies, their profile etc., are given.

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

2.1. MEANING AND DEFINITION

Industrial Promotion Agencies can be defined as agencies formed and reared mainly by any Government - Local, State or/and Central - for the initiation, promotion and development of industrial enterprises - small scale, medium scale and large scale - with the ultimate object of industrialisation.

"Promotion starts with the conception of idea from which the business is to be evolved and continues down to the point at which the business is fully ready to begin operations as a concern." (Harry G. Guthmann, 1966).

The assistance offered by Industrial Promotion Agencies may be in the form of giving all government level support for forming the industries by extending single window clearance facilities, giving financial assistance of varied maturities - short-term, medium-term and long-term-providing raw materials especially materials which are scarce to the promoted units, providing technical assistance, providing developed land, ready-made
buildings/built-up modules together with adequate infrastructure, common facilities and other facilities.

2.2. IMPORTANCE OF INDUSTRIAL PROMOTION AGENCIES

Industrial Promotion Agencies are the pillars of any nation. They may be described as the nation builders in the sense that the future of a nation vests with the degree of Industrialisation takes place in that nation. "Industrialise or Perish" is the order of the day. How far a nation is industrialised, its economic development is based on that. Industrialisation often has been regarded as synonymous with development. (Richard Goode, 1986). Industrialisation of a nation can be boosted up only with the interference of Industrial Promotion Agencies.

Generally, Industrial Promotion Agencies extend various sorts of assistance to the entrepreneurs-present and prospective. The activities and services of Industrial Promotion Agencies are pervasive; their services are needed for an enterprise throughout its life time i.e., from the conceptualisation of project ideas, feasibility studies, formulation of strategies, implementation of the project, its growth, expansion and diversification.

Whatever be the size and nature of an industrial organisation, it requires the assistance and services of industrial promotion agencies. The assistance offered by Industrial Promotion Agencies may be generally of two types :-

i) Financial and ii) Non-financial. Non-financial assistance itself may take two main divisions:

a) Infrastructural and b) Non-infrastructural

i) Financial Assistance

As far as an industrial enterprise is concerned, the financial assistance from Industrial Promotion Agencies is very important. For the performance of industrial production three types of finances are needed, namely i) Short term (one year or a little more), ii) Medium-term (5 to 7 years or a little less), and iii) Long-term (more than 5/7 years).
There are three all India development banks, namely, Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), and Industrial Credit and Investment Corporation of India (ICICI); three investment institution, namely, Life Insurance Corporation of India (LIC), Unit Trust of India (UTI) and General Insurance Corporation of India (GIC); eighteen State Financial Corporations (SFCs); and twenty-six State Industrial Development Corporations (SIDCs) (A.N. Agarwal, 2000).

ii) Non-Financial Assistance

Non-financial assistance is as important as financial assistance as far as an industrial enterprise is concerned. Non-financial assistance itself may take two main forms—infrastructural assistance and non-infrastructural assistance.

a) Infrastructural Assistance

As far as every State or Nation is concerned infrastructure plays a prominent role in setting up new and new enterprises. If the infrastructure facilities like power, transportation, communication and water supply are lacking in a particular place, no new enterprises can be attracted to such place unless otherwise such facilities are provided and supplied. Normally, the provision of infrastructure facilities must be arranged by the Government itself. When there is budget constraints, the government cannot provide such facilities at the required level. Now, there is a tendency to arrange for infrastructure facilities by private participation on BOT (Build Operate and Transfer) basis. The most effective way to industrialise a particular region or state or nation is by providing adequate infrastructure facilities in that region or state or nation. Provision of infrastructure is a costly affair; and "there are no free lunches". (Montek Singh Ahluwalia, 1999). Infrastructure need to be priced. "The correct approach is nobody can have infrastructure if somebody does not pay" (Ibid). Hence, industrial units utilising the infrastructural facilities should contribute their due share. "Quality infrastructure makes people willing to pay." (Micko Nishimizu, 1999).
2.3 GOVERNMENT INITIATIVES

At the time of independence, India was basically an agrarian economy with a weak industrial base, low level of savings and investment, and near absence of infrastructural facilities. The government's intervention in various sectors of the economy was inevitable as private sector had neither the necessary resources in terms of funds, managerial and technical skill, nor the will to undertake risks involved in large and long gestation period projects.

Public Enterprise is an instrument of self reliant economic growth through a sound agricultural and industrial base and for overcoming economic and social backwardness. (Laxmi Narain, 1998). Pandit Jawaharlal Nehru is the father of Public Enterprise ideology in India.

2.4. PROMOTIONAL ROLE OF GOVERNMENT:

The tempo of industrial activity in any country owes to a great deal to the promotional activities of the Government. Government's promotional role can be studied with reference to the following aspects: fiscal policies, industrial policies, finance for industry, provision of infrastructure facilities, extension activities, government's purchase policy, the role of
public sector, provision of essential raw material for industry, etc. (N.K. Senagupta, 1997).

(a) Fiscal policy

According to Arthur Smithies, fiscal policy means, "a policy under which the government uses its expenditure and revenue programmes to produce desirable effects and to avoid indesirable effects on the national income, production and employment" (Taneja M. L et al., 1996). Fiscal policy consists of (a) taxes, (b) public borrowing, (c) public expenditure and (d) deficit financing.

(b) Industrial Policy

Industrial Policy Resolutions passed by the Government of India from time to time have reflected government's concern for paving the way for an industrial climate in the country. Industry Policy Statements have been made from 1948 onwards and a new Industrial Policy in 1991, which had various objectives.

The Industrial Policy Resolutions were:-

i. Industrial Policy Resolution of 1948;
ii. Industrial Policy Resolution of 1956;
iii. Industrial Policy Statement of 1973;
v. Industrial Policy Statement of 1980;
vi. Liberalisation measures of 1985 and 1988;
vii. Industrial Policy of 1990; and

(c) Finance for Industry

The industrial finance pertains to the financial system that provides financial resources for the conduct of industrial activities. For the performance of industrial activities, three types of finance are needed; viz. (i) short-term, (ii) medium-term and (iii) long-term.
After independence government felt that the absence of institutional frame for providing long term and medium term credit to industry was a major obstacle in the way of India's rapid industrial development. Starting with the establishment of the IFCI in 1948, Government had created a number of development banking institutions at the all India and at State levels for supplying long term and medium term credit depending upon the needs of the industries.

Besides Development Finance Institutions (DFIs), there are some Investment Institutions also eg. UTI, LIC etc.

Financial assistance is provided directly or indirectly also by National Small Industries Corporation (NSIC); State Small Industries Development Corporations (SSIDCS) and Khadi and Village Industries Commission (KVIC).

The Industrial Development Bank of India (IDBI) is the apex institution, which coordinates the activities of various institutions.

(d) Provision of Infrastructure Facilities

Indian Economy has been experiencing bottlenecks in infrastructure development. Development of infrastructure includes facilities for uninterrupted supply of power, fuel, etc. transport and communication, roads, water supplies, bridges, irrigation facilities etc.

All the state governments in India usually through their State Industrial Development Corporation (SIDCs) and Infrastructure Development Corporations (IDCs) have set up agencies for such infrastructure development. In Kerala, Kerala Industrial Infrastructure Development Corporation (KINFRA) has been established in the year 1993 and through its PARKS developed in various locations of the State, provides land-developed and not developed-and built-up modules with all infrastructure, common facilities and other facilities.

(e) Extension Activities

The extension activities of the Government should imply research into possible in-
vestment areas, project identification and project preparation, entrepreneurial guidance, entrepreneurial training programmes, technical consultancy, etc. The Bhat Committee has recommended that the State Governments as also the Indian Investment Centre (IIC) should extend entrepreneurial guidance programmes. It also recommended consultancy organisations at the state level on the model of KITCO and NEITCO started by the International Finance Corporation (IFC).

An important aspect of government's extension role is the productivity movement in India. The National Productivity Council (NPC) with its regional offices and the Local Productivity Councils (LPCs) are engaged in programmes designed to arouse productivity consciousness and to improve management practices and introduce work study, better production processes, production control, cost control, material handling, work lay out etc.

(f) Role of Public Sector

Public sector is the whole realm of industrial or business activities under the government, where as a public enterprise is an individual corporate entity owned or/and managed by government-Central, State or local government. A new approach to the Public Sector was visualised in 1991 Industrial Policy Resolution (IPR).

(g) Government's Purchase Policy

Whatever industrial development took place in our country before independence it was largely due to the purchase policy of the government from the beginning of the last century, more particularly during the two world wars. After independence the import substitution policy of the Government and the general policy of Government's purchasing agencies like 'Directorate General of Supplies and Disposals (DGS&D) to prefer indigenously manufactured products have been key factors in stimulating industrial activity. A number of industries have grown up largely on the basis of Government requirements.

(h) Providing Raw materials

In the interest of balanced industrial growth government has taken on itself the duty
of allocating essential raw materials or scarce imported materials to industry. This enables many units scattered all over the country to get a minimum allocation of the essential inputs which might have been totally denied to them in a system of allocation through the market mechanism. (N.K. Sengupta, 1997). The promotional role of government has attained wider dimensions after the Liberalisation Policy which was promulgated in 1991.

2.5. AGENCIES AND SCHEMES OF GOVERNMENT OF INDIA

The following agencies and schemes have been set up by the Government of India so as to boost up the industrialisation of the nation.

i) Secretariat for Industrial Assistance (SIA)

SIA has been set up by Government of India in the Department of Industrial Policy and Promotion in the Ministry of Industry to provide a single window for entrepreneurial assistance, investor facilitation, processing all applications which require government approval, assisting entrepreneurs and investors in setting up projects (including liaison with other organisations and state governments) and in monitoring the implementation of Project Specific Committees/Boards and decisions are taken in a time bound manner. These committees include the Project Approval Board (PAB) for foreign technology agreement cases; the Board of Approval (BoA) for 100% Export Oriented Units (EOUs); the Licensing Committee (LC) for industrial license, the Inter-Ministerial Committee for Electronic Software and Electronic Hardware Technology Park Sectors (EHTPs & STPs), Empowered Committee for granting concession under the Income Tax Act for Industrial Model Towns, Industrial parks etc.

ii) The Investment Promotion and Infrastructure Development Cell: (IPIDC)

This is a specially created Cell with the following main functions:-

(i) Dissemination of information about investment climate in India.

(ii) Investment facilitation.

(iii) Development and distribution of publicity material and information.
(iv) Organising meetings, symposiums, seminars on investment promotion.

(v) Match-making services for investment promotion.

(vi) Co-ordination of progress of infrastructure projects such as in the power, telecom, ports and roads sector.

(vii) Projects on Industrial model towns, Industrial parks etc.

(viii) Specific promotion of Investment including foreign direct investment in the infrastructure sector.

(ix) Dissemination of specific information on sectoral policies and guidelines about the infrastructure sector.

(x) Secretariat to Business Ombudsperson.

(xi) Project Monitoring Wing.

(iii) Foreign Investment Promotion Board (FIPB)

To promote accelerated growth in the industrial sector and to increase inflow of Foreign Direct Investment into the country, as also to provide appropriate institutional arrangements, transparent procedures and guidelines for investment promotion and to consider and recommend proposals for foreign investment (other than those eligible for automatic approval by the Reserve Bank of India), the Government of India have constituted this Board chaired by the Secretary (Department of Industrial Policy and Promotion), Government of India.

iv) Integrated Infrastructure Development (IID) Scheme

Pursuant to policy measures for promoting and strengthening small, tiny and village enterprises announced from August 1991, the scheme of Integrated Infrastructure Development (IID) (including technology back up) for small scale industries in Rural/Backward areas has been prepared. The scheme envisaged to set up 50 IID centres in backward districts/rural areas in the country, excluding those districts covered under the scheme of
growth centres to promote cluster of small scale and tiny units, to create employment opportunities and develop export.

v) Development of Growth Centres.

With a view to accelerating the industrial growth and giving a strong impetus to the industrialisation of backward areas, the idea of development of growth centers has been mooted for, the Government announced this package in June 1988. The Growth Centres envisaged would act as magnet for attracting industries to backward areas.

To begin with, at least 100 such growth centres would be selected and developed over a period of about five years. Thereafter, the development of growth centres would be further expanded so that over 10 to 15 years since the introduction of this scheme most of the backward areas of the country would be covered. The ultimate objective will be to develop one growth centre in each of the 430 and odd districts in the country.

2.6. Government's role to Promote Small Scale Industries.

Government plays a crucial role in promoting and protecting Small Scale Industries Sector. Both Central and State governments articulate their own policies to encourage the Small Scale Sector in India. Development of Infrastructure, provision of power, fuel, finance, development of industrial plots etc. are the direct contribution of government for developing Small Scale Industrial Sector. Ever since the 1956 IPR was declared, the Small Scale Sector has been motivated to be developed as a complementary industrial sector. Small Industries Development Organisation (SIDO), Small Industries Service Institute (SISI), Small Industries Development Bank of India (SIDBI), District Industries Centres (DICs) and a host of other development and tool room institutions as well as financial institutions provide assistance to SSI sector.

vi). District Industries Centres

The Industrial Policy Statement of 1977 proposed the setting up of a district level institution called DIC. The DICs programme was launched in 1978 to provide a focal
point for the promotion of small, tiny, village and cottage industries and to provide services and support to the decentralised industries under one roof. The main thrust of this programme is on the development of such industrial units in rural areas and small towns as it would create larger employment opportunities.

The main objective of the DIC programme is to develop and promote small, tiny and cottage industries and to generate greater employment opportunities especially among rural backward areas. DIC is a centrally sponsored programme but the expenditure is shared by the central and state governments on 50:50 basis.

"DIC is a focal point for the promotion of Small Scale Industries. It provides all services and support to the industrial sector under single a roof at pre-investment, investment and post-investment stages." (M. Zakriah Baig, 2000-01).

2.7 Categories of Promotional Agencies

Following are the main categories of promotional agencies:-

(a) Governmental Agencies/Governments
(b) Co-operative Institutions
(c) Joint Sector Institutions
(d) Private Promotional Agencies
(e) Other Promotional Agencies

(a) Governmental Agencies/Governments

The governments Central and/or State have played a crucial role in the promotion of industrial and commercial companies during the period of planned economy in India. They have emerged as big entrepreneurs. "Government is giving top priority to the development of infrastructural industries by encouraging foreign investment in telecom, roads, ports and power sectors. A number of fiscal incentives have been introduced to facilitate the flow of capital in this area. The creation of the Infrastructure Development Company will be instrumental in the speedy growth of this sector." (India, 1998).
Development Finance Institutions (DFIs) established with the help of the government to fill in the gaps in industrial finance and to promote the objectives of planning, cater to the needs of large and small industries. The institutions supplying industrial finance are the Industrial Development Bank of India (IDBI); Industrial Finance Corporation of India (IFCI); Unit Trust of India (UTI), General Insurance Corporation of India (GIC); Industrial Reconstruction Bank of India (IRBI); State Finance Corporations (SFCs); and State Industrial Development Corporations (SIDCs) (A.N. Agarwal, 2000).

(b) Co-operative Institutions

Co-operative Institutions are also acting as Promoters. The main object behind the establishment of the National Federation of Industrial Co-operatives, which was established in 1966, is to provide adequate assistance to the industrial co-operatives for their development and growth, which includes the import, purchase, distribution and sale of raw materials, components and parts and equipment etc. and marketing of the finished products at home as well as abroad (T.N. Hajela, 1985)

(c) Joint Sector Institutions

In pre-independence days, the princely States of Hyderabad and Mysore had promoted several enterprises with equity participation of general public. In post independence period, a number of companies were floated by the government in collaboration with private sector specially for the import of foreign technology and capital for some industrial enterprises like Cochin Refineries, Madras Refineries and Madras Fertilizers. Indigenous entrepreneurial and managerial resources were utilised in Air-India (1947) and there was mobilisation of resources from the public in the case of the Gujarat State Fertilizer Company (1965) (S.K. Misra and V. K. Puri, 2000).

(d) Private Promotional Agencies

Generally private promotional agencies form industries for their own sake. They initiate new enterprises, incorporate and expand old ones and at times effect combinations of competing or complementary enterprises. Eg. Tata, Birla, etc.
(e) Other Promotional Agencies

i. NASSCOM

The Delhi based National Association of Software and Services Companies (NASSCOM) is India’s quasi-governmental software industry promotion organisation. The Computer Policy of 1984, probably for the first time, explicitly acknowledged the importance of Software Development and underlined the need for institutional and policy support. The policy called for the setting up of a separate Software Development Promotion Agency (SDPA) under the Department of Electronics (DoE) (K.J. Joseph and K. N. Harilal, 2001).

ii) IREDA

The Indian Renewable Energy Development Agency (IREDA) Limited established in March 1987 is a pioneering institution involved in the development and promotion of renewable energy use in the country. "IREDA was established with the main objective of promoting, developing and financing renewable energy technologies and energy efficiency projects for sustainable development" (The Financial Express, 2001).

iii) IGA Tech Industrial Electronics Pvt. Ltd. Cochin

Indo Gulf American Technology (IGA Tech) is a business venture promoted by a group of professional NRIs from America, Gulf Countries and Australia to promote Industrialisation in India especially in Kerala with a specific view to do business in Industrial Electronics-Power Electronics and Industrial Automation.

The Company started operations in Uninterrupted Power Supply (UPS) field to carve the niche market of top class higher end market of Industrial UPS as well as the domestic UPS for home PCs.

Promotional Function of Merchant Banker.

Merchant banker acts as a promoter of various industrial enterprises. As a promoter, he helps the entrepreneur in conception of an idea, identification of projects, its location, obtaining many sanctions / approvals from various State and Central Government
departments including license and registration under Industrial Development and Regulation Act (IDRA) and many other enactments, preparation of project feasibility reports, ensuring availability of raw-materials, skilled labour, tax incentives and concessions (Dr. R.M. Srivastava, 1996).

2.8 Industrial Promotion Activities of Government of Kerala

Kerala is an industrially backward state. The industrial sector of Kerala consists of traditional industries, 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 industrialising the State.

Directorate of Industries and Commerce

The Directorate of Industries and Commerce co-ordinates industrial development activity in 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.

The services of the Director of Industries and Commerce (DI & C) are stated below:

1. Co-ordinates all industrial activities of the State.

2. Implements schemes as envisaged in the Industrial Policy.

3. Develops small scale industries in a planned manner.

4. Acts as an interface between small scale industrialists and governments.

5. Monitors the implementations of plan schemes executed by the General Managers of the District Industries Centres.

6. Keep database of small scale industrial units in Kerala.

7. Organises technology clinics, entrepreneurship development programmes.

8. Participates in fairs, exhibitions etc., for exhibiting the products of small scale units.
9. Provide common facility to entrepreneurs engaged in the manufacture of Rubber and Plastic through Common Facility Service Centres at Changanacherry and Manjeri.

10. Co-ordinates the activities of Coir Development and Handloom and Textiles.

11. Issues essentiality certificates for controlled items of raw materials.


In order to revitalise the economy and give a fillip to the industrial growth in the State, government of Kerala established various industrial promotion agencies. There are several agencies directly or indirectly involved in promoting industries in Kerala. Besides Government Departments and Government Holding Companies engaged in the development of different categories of industries there are specialised 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 Organisation (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. Small Industries Service Institute (SISI) and

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

In addition to the above, there are some institutions which are having its base at the Central Level are also acting 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 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 are outlined below:

**1. Kerala State Financial corporation (KFC).**

KFC has been established in 1953 under the State Financial Corporations Act of 1951 for providing term loans to small and medium scale industries in the State to support and promote industrialisation. The Corporation achieved the status of Category A State Financial Corporation (SFC) as a result of its excellent performance during the financial year 1995-96 thus joining the elite list of the top six State Financial Corporations in the country. KFC guides Kerala's industry towards a new horizon. An ISO 9002 certified organisation, KFC is the single largest term loan provider in the small and medium sector in the State. Its schemes focuses the following segments:

- Small and medium scale industries;
- Long-term and short-term loans;
- Transport industry;
- Hospitals and Nursing Homes;
- Providing technical knowledge;
- Technology Development and upgradation;
- Health Clubs;
- Fast food service units;
- Petrol bunks;
- Upgrading SSI units to enable ISO 9000 certification;
- Working capital to tour operators, etc.

KFC would finance infrastructure projects including information technology parks,
bio-technology parks, industrial parks, roads and buildings up to Rs. 5Crores by way of Loans (K. Sankaranarayanan, 2001).

2. Kerala State Industrial Development Corporation Ltd (KSIDC)

KSIDC has been established in 1961, (21st July) with the objective of organising, stimulating and assisting industrial development of Kerala. It continues to promote, finance and develop large and medium scale industries in the State. KSIDC, the nodal agency for domestic and foreign investments in the State, has devised special promotion packages for the IT industry. The support services rendered by a multi professional team with exposure to wide range of industries include: Project Identification, Technology and Manpower Sourcing, Obtaining clearances from the State and Union Governments, Finance structuring and loan syndication, Infrastructure tie-ups, project management support etc.

3. Kerala Industrial and Technical Consultancy Organisation (KITCO)

KITCO is a public sector consultancy organisation established in 1972 by 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.

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 KITCO has excelled is Human Resources Development (HRD). A number of training programmes for skill upgradation, entrepreneurship development, management development, technology upgradation, etc. have been conducted by KITCO. It has also conducted a number of techno-economic and socio-economic studies like Industrial Potential Surveys, etc. Asset Valuation and Energy Management are other fields where KITCO has been active.
4. Kerala Small Industries Development Corporation (SIDCO)

SIDCO is a promotional agency, wholly owned by Government of Kerala, set up in the year 1975. This corporation is rendering all kinds of assistance to small scale industries (SSIs) in the State. At present the activities of SIDCO are; the distribution of raw materials, through its Raw-materials Division to SSI units; marketing of SSI products, through its Marketing Division/Sales Emporia/Marketing Centres; maintenance of 17 industrial estates and 36 mini industrial estates and civil works for Industries Department and some other governmental agencies. SIDCO is also running 11 production units which undertake various kinds of job works in metal and wood, bus body building, bricks manufacturing, etc. Civil, Electrical and infrastructure development works are carried out by them on agency basis. SIDCO has introduced new schemes such as one Industrial Park in each Assembly Constituency, Factoring Service Scheme for discounting bills of SSIs and Consumer Products Marketing Scheme for strengthening the direct marketing of consumer products of SSIs.

5. 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 is functioning under the Industries Department of Government of Kerala. Its main activity is confined to the trading of the products manufactured by M/s. Travancore Titanium Products Ltd. The entire share capital of the company is held by the State Government. The total paid up share capital of the company is Rs. 33.90 lakhs. It has been making profits since 1979 and paying dividend from 1981-82 onwards. Since 1998-'99 the rate of dividend has been 100 percent.

6. 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 Government of Kerala formed with the main objective: (i) To foster, improve and develop suitable system of management for different types of enterprise in the public, joint, co-
operative and private sector to fulfil their objectives.

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

   iii) To develop managerial competence in various functional areas of management like production, engineering, personnel, finance, marketing, R&D etc

7. *Kerala State Export Trade Development Council (KSETDC) OR (KEREXIL)*

   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 the opportunity to participate in international trade fairs in India and Abroad.

8. *Electronics Technology Parks-Kerala (TECHNOPARK)*

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

   Conceived in 1990, TECHNOPARK started 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 creation and marketing of infrastructure and support services for Information Technology (IT) Companies.

9. *Kerala Bureau of Industrial Promotion (K-BIP)*

   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 entrepreneur 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 KSIDC, KINFRA,
TECHNOPARK, etc. for the uplift of the industrial development giving specific attention to the strategic advantages, the various governmental supports and other incentives offered in the different sections of the industry. Its main objective is to collect, process and disseminate information/data on investments opportunities in industry, commerce, trade and other related areas in the State of Kerala for the benefit of present and prospective entrepreneurs.

10. Kerala Industrial Infrastructure Development Corporation (KINFRA)

Kerala Industrial Infrastructure Development Corporation was set up in 1993 with the major objective of providing facilities required for setting up industries by the development of Industrial Parks/Townships/Zones, etc. KINFRA offers comprehensive assistance right from project identification. The corporation’s gamut of services include:- Venture Counsel; Technology sourcing, evaluation and tie-ups; Capital sourcing, incentives and benefits; Marketing Research and Management Consultancy; Identifying expansion and diversification opportunities, etc.

KINFRA is developing the industrial parks for setting up industrial units based on availability of raw-materials and natural resources of the region. These industry specific parks provide world-class infrastructural facilities and thus minimise lead time for operations. Eleven Projects of KINFRA are under various stages of implementation and seven Projects have already been completed (Economic Review, 2000).

11. Small Industries Service Institute (SISI)

Small Industries Service Institute is a field level agency of Small Industries Development Organisation (SIDO) functioning under Government of India. This has been established with the objective of providing Techno-Economic and Managerial Consultancy Services to the existing and prospective small-scale industries in Kerala and the Union Territory of Lakshadweep. A Nucleus cell under the administrative control of SISI, Thrissur is functioning at Amini Island of Lakshadweep to cater to the needs of SSI entrepreneurs in the island. SISI offers a wide variety of consultancy services as well as
training programmes for the promotion and development of small-scale industries. The major services rendered by it include: project assistance, modernisation and technology upgradation, ancillary development programme, training/skill development programmes, quality awareness / upgradation programmes, managerial / export assistance, economic research information services, studies on energy conservation and pollution control and motivation programmes.

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. The Mission Group on Information Technology was constituted in August 1999 under the Department of Information Technology for providing the technical and managerial support to the various initiatives taken by the IT Department. From September 1st, 2000, the Mission Group on IT is functioning as an autonomous body registered under the Travancore Cochin Literary, Scientific and Charitable Societies Act, 1955. The funds for the society at present, is obtained as grant-in-aid from the Government of Kerala.

The Government of Kerala had 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 in December 5th 2001. This IT policy document endeavours to delineate a Strategy for harnessing the opportunities and the resources offered by Information Technology for the comprehensive social and economic development of the State.

13. Small Industries Development Bank of India (SIDBI)

SIDBI is a wholly owned subsidiary of Industrial Development Bank of India (IDBI) and it commenced its operations on April 2, 1990. SIDBI is operating through its Head Office at Lucknow and a network of five Regional Offices and 33 Branch Offices all over the Country. The Kerala unit of SIDBI is established at Ernakulam.
Setting up of Small Industries Development Bank of India (SIDBI) marked the fulfilment of a long felt need to have a separate institution at the national level exclusively to cater to the requirements of the small scale sector in the country. SIDBI is designed to function as the principal financial institution for promotion, financing and development of industry in the small-scale sector and to co-ordinate the functions of institutions engaged in similar activities. The role envisaged is wide ranging. The range of assistance comprises promotional, financing and extension support, which will be made available through appropriate schemes to cover setting up of new projects and expansion, diversification, modernisation and rehabilitation of existing units.

14. Software Technology Parks of India-Thiruvananthapuram (STPI-T)

The Software Technology Parks of India was set up in June 1990, as an autonomous society under the Department of Electronics (DoE). To provide a conducive environment as well as to give boost to the software exports, DoE, Government of India has launched Software Technology Park (STP) Scheme. Now under the Ministry of Information Technology, the STPI comes under the direct control of the Ministry. STPI offers state of the art facilities to software exporting units, right from single window clearances to reliable high speed data communication (HSDC) services and provides industry friendly interface between software exporters and Government.

The STP Scheme is a 100% export oriented scheme aimed at 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 etc.

2.9. Kerala's Ranking among 18 Indian States

Kerala is possessed with a wide range of advantages and it offers numerous advantages to investors. A study conducted by the Confederation of Indian Industry (CII) across 18 states in India, on the attractiveness of the states in attracting investments, rated Kerala as the third best in the country in overall ranking. The following table reveals this.
Table 2.1 Kerala's Ranking in respect of various variables.

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Variables</th>
<th>Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Law and Order</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Education, Health and Expenditure</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Social Sector</td>
<td>2</td>
</tr>
<tr>
<td>4.</td>
<td>Affluence</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>Infrastructure Penetration</td>
<td>5</td>
</tr>
<tr>
<td>6.</td>
<td>Investment Attractiveness</td>
<td>5</td>
</tr>
<tr>
<td>7.</td>
<td>General Achievement</td>
<td>6</td>
</tr>
<tr>
<td>8.</td>
<td>Finance</td>
<td>6</td>
</tr>
<tr>
<td>9.</td>
<td>Labour</td>
<td>8</td>
</tr>
<tr>
<td>10.</td>
<td>Investment Climate</td>
<td>13</td>
</tr>
<tr>
<td>11.</td>
<td>Overall Composite Rank</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: CII sponsored study in September 2000

It is evident from the CII study that Kerala's rank is relatively low with regard to investment climate (13): Labour (8); Finance (6); General Achievement (6); Investment Attractiveness (5) and Infrastructure penetration (5). Maharashtra and Gujarat have been categorised as the "Best Investment Climate" States. Delhi and Punjab states are categorised as the "Medium Investment Climate" States. The Government of Kerala through its series of Policy Documents - Industrial policy 1998, Information Technology Policy 1998, Information Technology Policy 2001, Industrial Policy 2001 and Labour policy 2001 - tries to make Kerala a good investor friendly State.

2.10. SPECIAL EFFORTS OF GOVERNMENT OF KERALA

(i) Industrial Policy 1998

In order to promote industries in the State, the Government of Kerala has come up with a policy statement aimed at sustained industrial growth. The main objectives of the Industrial Policy 1998, can be summed up as:

(i) Accelerated industrial growth rate (up to 9%) in the State.

(ii) Creation of more ready-made infrastructure facilities.

(iii) Attracting domestic & foreign private investment subject to the existing laws for the same.
(iv) Creation of a management culture and maintenance of cordial industrial and labour relations.

(v) Necessary assistance for marketing of industrial products, and

(vi) Simple transparent procedures of investment.

ii) Information Technology Policy 1998

Kerala is a fertile ground for the growth of the IT industry. Government realises 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 little pressure on land, environment and other resources. This is one of the most people friendly and environment friendly industries of modern times.

The policy statement addresses the following components,

(a) Increased application of information technology in all walks of life.

(b) Enhancing the IT industry base so as to make Kerala a very fertile location for ventures in information technology.

(c) Creating a robust state in information infrastructure.

(d) Human Resource Development for Information Technology.

iii) Information Technology Policy, 2001

The Government has set the following immediate objectives for the promotion of the IT industry in the State:-

1. To establish Kerala as a leading IT destination in the country within the next five years.

2. To provide a nurturing and enabling environment conducive to the vigorous growth of the local IT industry in the State.

3. To significantly enhance direct and indirect employment creation in the IT sector.

4. To attain a minimum growth level of 100% every year in IT.
5. To significantly accelerate the levels of investment inflows including foreign capital into the hardware, software and ITES sectors.

6. To aggressively promote the State as the destination of choice for emerging IT business opportunities including IT Enabled Services, new media products and E-services to establish ITES as the definitive core competence of the State.

7. To develop Kochi as an international media and ICT hub.

8. To consolidate and expand Technopark, Trivandrum as a leading software and HR centre in the Region, and

9. To provide the physical and institutional environment for the growth of SOHO and decentralised IT business.

iv) Industrial Policy 2001

The Industrial Policy 2001 aims to accelerate the industrial growth in the State by attracting steady stream of investment in industry, infrastructure and core strength sectors by creating a congenial investment climate in the state. The growth in the industrial sector is contingent and possible only on massive investment. Such investment should come from private domestic and foreign direct investment (FDI) as the government of Kerala is not in a position to make more and more investment in industrial sector through its budgets. The government has its commitment to the Industrial Promotion Agencies like TECHNO PARK, KINFRA, SIDCO, KSIDC etc. towards meeting their functional requirements in promoting industrialisation of an economy.

The ultimate goals of the Industrial Policy 2001 are indicated below:-

(i) Enhanced and sustained industrial growth and generation of higher employment in industry.

(ii) Creation and maintenance of an investment friendly climate and facilitation of measures to maximise global and local investment in industry.
(iii) Maximisation of private investment in infrastructure development with government investment only in areas / functions where private investment can not be attracted.

(iv) Elimination of all restrictive labour practices, ensuring cordial industrial relations and establishment of a new work culture, with productivity orientation and productivity linked wages.

(v) Special legal dispensation enabling a more liberalised environment within notified industrial zones, parts and estates.

(vi) Nurturing the scarce entrepreneurial talent for the sustainable creation of wealth with special emphasis on technically qualified persons, those from business community, women and disadvantaged sections.

(vii) Co-ordination of industry with the educational system in order to produce and update the particular knowledge and skills required by industry from time to time.

(viii) Re-engineering of government's delivery mechanism (departments and agencies as well as systems and procedures) to make them responsive, result oriented and transparent.

(ix) Special development of sunrise sectors including information technology, biotechnology, food and agro processing, infrastructure and service with high growth potential.

(x) Maximisation of value addition within the state for indigenous produce and minerals and intensive growth (particularly export-oriented) of Kerala's products and services.

(xi) Industrial development in a manner compatible with energy conservation and environmental concerns.

(xii) Ensuring cost effectiveness and accountability by restructuring public enterprises.

(xiii) Providing a social safety net for those who are adversely affected by industrial restructuring.
(xiv) Reducing government involvement in commercial activities and industrial production gradually.

(xv) Empowerment of the traditional sector to face up to global challenges by appropriate technology, productivity improvement design / development and marketing.

v) Labour Policy 2001

The following are the labour policy highlights :-

(i) Creative measures to attract public and private investment.

(ii) 15 lakh new jobs in the coming 5 years.

(iii) A unified and consolidated legislation for social security schemes.

(iv) New social security schemes for workers in the unorganised sector.

(v) Social Security Cards for workers.

(vi) Unified and beneficial management of funds of Welfare Boards.

(vii) Reprioritisation of allocation of funds to benefit vulnerable workers.

(viii) Model employer - employee relationship.

(ix) Long-term settlement based on productivity.

(x) Vital industries and establishments declared as 'public utilities'.

(xi) Special conciliation mechanism for projects with investments of Rs. 150 crores or more.

(xii) Industrial Relations Committees in more sectors.

(xiii) Labour Law Reforms in tune with the times. Empowered body of experts to suggest required changes.

(xiv) Referenda for recognition of trade unions.

(xv) Statutory amendments for expanding and streamlining the mechanism of Labour Judiciary.
(xvi) Amendments to Industrial Disputes Act in tune with the times.

(xvii) Efficient functioning of Labour Department.

(xviii) More labour sectors under Minimum Wages Act.

(xix) Child Labour Act to be aggressively enforced.

(xx) Modern medical facilities for workers.

(xxi) Rehabilitation package for displaced workers.

(xxii) Restructuring the functioning of employment exchanges. Computerization and updating of database.

(xxiii) Revamping of curriculum and course content in industrial training.

(xxiv) Joint Cell of Labour Department and Industries. Department to study changes in laws and rules.

(xxv) Kerala Institute of Labour and Employment to be upgraded.

(xxvi) Policy Progress Monitoring Team to review progress of implementation of policy.

For the efficient running of any policy requires the follow up procedures; otherwise many of the schemes offered may remain in papers only. Awareness creation as to the number and purpose of schemes is very important. Earlier the funds set apart for the various schemes had not been fully utilised and benefited by the beneficiaries concerned because of the ignorance of the eligibility criteria of various Schemes and Funds in operation in the State. In our State the Government itself has constituted a monitoring cell for processing the application forms for incentives of varied types and its timely dispersal to the parties concerned so as to keep the promise of the government and to attract newer and newer entrepreneurs to such Schemes.