



GOVERNMENT OF KERALA

**TENTH FIVE YEAR PLAN
2002-2007**

**REPORT OF THE PLAN COMMITTEE ON
INDUSTRY AND INFORMATION TECHNOLOGY**

**STATE PLANNING BOARD
THIRUVANANTHAPURAM
OCTOBER 2002.**

ACKNOWLEDGEMENT

The Record of the Plan Committee on Industry and Information Technology was evolved with the active participation of both the official and non-official members who effectively contributed to the deliberations spread over several hours at three sittings. The recommendations of the Committee have been made against the backdrop of the current economic scenario, specially in the industrial sector and taking into account the resource constraints on the State Government. Needless to stress, for accelerating the pace of industrial development, concerted efforts, far more intensive than in the past, are required and that is the major challenge before the State. While expressing my gratitude to the members of the Committee for their valuable contributions, I acknowledge with great appreciation the sincere efforts put in by the Chief, Shri.B. Chandrachoodan Nair and his team in providing the backup data and completing the Report

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1. INTRODUCTION

The State Planning Board in its order No.5826/2001/IND/SPB dt.15/10/2001 constituted a Plan Committee on Industry & Information Technology with Shri.T.K.A.Nair as its chairman. Copy of the above order which also gives the composition of the Committee and Terms of Reference is given in Annexure – 1.

The sectors covered by the Committee are:

1. Village & Small Scale Industries
 - (i) Small Scale Industries
 - (ii) Handloom & Powerloom
 - (iii) Handicrafts
 - (iv) Coir Industry
 - (v) Khadi & Village Industries
 - (vi) Sericulture
 - (vii) Cashew Industry
- II. Medium & Large Industries
- III. Information Technology
- IV. Mining

The Committee at its first meeting held on 24.10.2001 constituted the following working Groups.

1. Working Group on Village & Small Scale Industries with Shri.L. Radhakrishnan, Secretary, Industries as Chairman
2. Working Group on Large & Medium Industries with Shri. Jiji Thomson, Managing Director, KSIDC as Chairman

3. Working Group on Service Sector with Shri.Jiji Thomson, Managing Director, KSIDC as Chairman
4. Working Group on Bio Technology, Agro and Food Processing with Secretary, Information Technology as Chairperson Shri.Ajaykumar, Secretary, Industries as Chairman
5. Working Group on Information Technology with Smt.Aruna Sundararajan, Secretary, Information Technology, as Chairperson.

The Tenth Plan is pursued as a Reform Plan and as a Resource Plan. Reform plan envisages a re-look at the various institutions and structures to mould them into more appropriate forms. These appropriate forms are decided by the aspirations of the people as they gain from their previous experience. It seeks a comprehensive approach redefining the role of the key players, Government and private. An effective and judicious consumption of potential resources is to be attempted to. The broad approach to the 10th Five Year Plan center around the following objectives.

- ☒☒Reduction in unemployment and elimination of poverty
- ☒☒Reversal of the present near stagnant trend in the industrial sector with bold and positive initiatives to attract investment by creating a favourable investor-friendly climate.
- ☒☒Effective utilisation of the assets already created.
- ☒☒The evolution of a growth strategy targeting the educated youth for reduction in unemployment.
- ☒☒Promotion of a new generation of skill-based small scale industries.
- ☒☒Large scale infusion of technology into traditional sectors to reposition them in the current competitive environment.
- ☒☒Tapping the potential in knowledge based sectors like information technology and bio technology
- ☒☒Capacity building to enhance the skill development at all levels
- ☒☒Drastic structural changes in the department/institutions to reorient them functioning in the changed context.

☞☞ Changing the systems and procedures to make them investor friendly

The Plan Committee decided to focus on the following aspects for attaining the objectives of the Tenth Plan.

☞☞ Technology Upgradation and modernisation specially on the traditional sectors like coir and handlooms which are highly employment oriented but facing more threats

☞☞ Enhance Government/private sector collaboration both in, promotional and project implementation tasks

☞☞ Concept of incubation for the promotion of knowledge based industry

☞☞ Special thrust on identification of gaps in infrastructure and evolving an integrated approach and schemes for bridging them

☞☞ Critical evaluation of ongoing programmes with a view to rationalising them for optimal benefits

☞☞ Creation of awareness about the urgent need to change the procedure-oriented work culture at different levels in Government

The Plan Committee held its second meeting on 12/11/2001 and the Working Group reports were presented by the chairmen concerned.

For finalising the recommendations of the Plan Committee a meeting of the Chairmen and convenors of Working Groups was held on 24th December 2001. The following members did not attend any of the meetings.

1. Sri.Vijay Nair
2. Dr.C.B.Krishnadas Nair
3. Sri Kalro
4. Sri.Ramaswami
5. Sri.V.K.Mathews
6. Sri.R.Sivaramakrishnan

2. AN OVERVIEW OF THE INDUSTRIAL SECTOR

The premier economic development indicator of a nation is its real Gross Domestic Product (GDP). Therefore it has paramount importance in the overall development process of the country. For India latest estimates show that the real GDP growth was only 6% in 2000-2001 as is compared to 6.4% and 6.6% respectively for the years 1999-2000 and 1998-1999. This trend indicates that the country's GDP growth rate has been coming down over the last few years. Such deceleration in growth rate is mainly attributed to significant slow down in agriculture and allied sectors. The yard stick of measuring industrial growth, index of industrial production, over a period of 3 to 5 years shows the sign of recovery in one year followed by a slow down in the next year.

Within the country, there are disparities in the development performance of various sectors among States. Kerala is known for its social sector development compared to other States in the country. Within the State, the social sector is much ahead of the other sectors in terms of physical progress and related aspects. However this remarkable feat has been achieved in the context of low economic development coupled with industrial backwardness. The major impediment to the poor overall performance of the economy is attributed to the sluggish growth of the industrial sector. Details regarding the growth rate of the various sectors of economy and their contribution are given in tables 1 and 2. The contribution of the primary sector has shown a declining trend. At the same time the contribution of the secondary sector to the GDP is the least compared to other major sectors such as agriculture and the service sector. The contribution of the manufacturing sector is as low as 19.82 percent. The manufacturing sector recorded negative growth in 1994-95.

Table – 1
Percentage Growth Rate of Important Sectors from 1990-2000

Year	Current Prices			Constant Prices		
	Agriculture & Allied Sectors	Industrial Sector	Tertiary Sector	Agriculture & Allied Sectors	Industrial Sector	Tertiary Sector
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1990-91	14.75	9.60	16.71	15.13	0.43	5.80
1991-92	48.30	16.58	9.31	3.19	1.57	1.05
1992-93	4.16	20.03	19.88	0.57	10.63	11.25
1993-94	11.60	12.83	18.78	4.16	15.65	13.74
1994-95	22.34	8.39	20.48	8.18	-1.93	4.35
1995-96	22.20	21.54	18.16	2.28	0.96	6.10
1996-97	12.17	14.31	19.88	2.74	0.65	7.94
1997-98*	14.80	19.83	15.97	1.46	2.26	6.66
1998-99*	14.92	12.97	18.11	3.93	3.29	6.69
1999-00	14.98	12.65	19.70	-	-	-
@						

* Provisional

@ Quick Estimate

1990-91 to 1993-94 base year 1980-81

1994-95 to 1999-2000 base year 1993-94

Table – 2
Contribution of Different Sectors to Gross State Domestic Product

Year	Constant Prices (Base year 1993-94)		
	Primary (Percentage)	Secondary (Percentage)	Tertiary (Percentage)
(1)	(2)	(3)	(4)
1994-95	30.95	21.06	47.99
1995-96	29.35	21.47	49.18
1996-97	28.99	20.65	50.36
1997-98*	28.14	20.18	51.68
1998-99*	27.78	19.82	52.40

* Provisional

Government of India is targeting an overall annual growth rate of eight percent for the country. For achieving this overall annual growth rate in industrial sector should grow at the rate of 10%.

The State is in the grip of severe financial crisis as can be seen from the white paper on the State's finances. Hence the Plan Committee has taken into account the difficulties presently encountered by Government in mobilising investment in new programmes and projects. Against this background the Working Groups were requested to give priority, inter alia, to externally aided projects and centrally sponsored projects and finding out ways and means to attract private investment.

3. A CRITICAL REVIEW OF THE NINTH PLAN

The Ninth Five Year Plan earmarked an outlay of Rs. 1125.86 crores for the Industry and Minerals sector which accounted for 11.15% of the total state sector outlay and 7.04% of the total state plan outlay including the allocation to local bodies.

Priority areas in the sector included development of small scale industries through provision of adequate infrastructure support, common facility centres, marketing facilities, investment subsidies etc. while formulating the Plan it was envisaged that the small scale industry sector would receive substantial share in the plan allocation of the local bodies also. On traditional industries focus was on modernisation, infrastructure support, training, marketing, provision of credit facilities etc, with a view to enhance production and tap the export potential and generate more employment. Restructuring and consolidation of the existing public sector units, and making them more competitive was the primary concern on the large and medium industries sector. The role of Government as a facilitator rather than a direct financier was accorded more emphasis. With a view to attract more investment in the industries sector, promotional institutions like KSIDC, KINFRA, TECHNOPARK, KFC, SIDCO etc. were sought to be activated. Efforts were also made for creation of an environment conducive to attract adequate private capital investment and to make Kerala an investor friendly state. The following table provides the details of year-wise outlay and expenditure under various subsectors during the Ninth Plan.

Table – 3
NINTH FIVE YEAR PLAN 1997-2002 – OUTLAY AND EXPENDITURE

(Rs. Lakhs)

Serial No.	Sector/Sub Sector	IX Plan Outlay (1997-2002)	1997-98		1998-99		1999-2000		2000-01		2001-2002	
			Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure
1		2	3	4	5	6	7	8	9	10	11	12
A.	Village & Small Industries											
1.	Small Scale Industries	25900.00	2990.00	3194.63	2345.00	2277.92	2655.00	2755.49	2784.00	2156.67	3195.00	2853.22
2.	Handloom & Powerloom	8000.00	1222.00	1203.11	1300.00	1508.73	1300.00	1223.32	1400.00	829.09	1084.00	761.59
3.	Handicrafts	1000.00	288.00	312.24	145.00	135.00	190.00	113.45	190.00	64.94	117.00	186.89
4.	4. Coir Industry	10000.00	1587.00	3096.54	1600.00	2319.87	1600.00	1504.88	2300.00	1719.90	1337.00	2099.82
5.	Khadi & Village Industries	2000.00	346.00	253.00	275.00	275.15	275.00	285.76	425.00	300.00	355.00	204.00
6.	Sericulture	2000.00	600.00	600.00	500.00	50.00	250.00	125.00	250.00	187.50	250.00	125.00
7.	Cashew Industry	2000.00	100.00	0.00	150.00	100.00	550.00	50.00	600.00	412.50	458.00	458.00
	Sub Total – A	50900.00	7133.00	8659.52	6315.00	6566.67	6820.00	6057.90	7949.00	5670.60	6796.00	6688.52
B.	Medium & Large Industries	60186.00	13800.00	14333.66	15910.00	16828.31	15560.00	15549.18	15565.00	6049.03	12200.00	9219.74
C.	Biotechnology for Industrial Development (*)	500.00	0.00	0.00	75.00	-	0.00	-	0.00	-	-	-
D.	Information Technology	-	-	-	-	-	100.00	-	1600.00	21.68	2250.00	1090.00
E.	E. Mining	1000.00	200.00	121.54	200.00	61.08	140.00	59.96	106.00	56.77	101.00	47.36
	Total A+B+C+D+E	112586.00	21133.00	23114.72	22500.00	23556.06	22620.00	21667.04	25220.00	11798.08	21347.00	17045.62
	(*) Transferred to S&T from 1999-2000											

* Provisional

Performance under the various subsectors is analysed in the following paragraphs.

4. VILLAGE AND SMALL INDUSTRIES

4.1 Small Scale Industries

The Ninth Plan targeted to set up 87000 new SSI units in the State and to create employment opportunities for 4.35 lakh persons. The achievement under this is shown below.

Table – 4
Performance of SSI Sector

Year	No. of Units Registered	Investment (Rs. crores)	Employment Generated	Value of Output (Rs. crores)
1997-98	19547	428.65	70263	1118.29
1998-99	19736	302.10	71632	1156.02
1999-2000	20006	397.53	72042	1166.23
2000-2001	20073	416.65	74708	1227.59
2001-2002*	21000	500.00	89000	1400.00

* Target and anticipated achievement only.

Provision of investment subsidy, seed capital loan, development of industrial areas/plots, sick unit rehabilitation, assistance to industrial co-operatives etc. were the major schemes implemented under SSI sector during the Ninth Plan. An amount of Rs.5119.13 lakhs was spent under state investment subsidy during the first four years of the Ninth Plan. Expenditure under seed

capital loan amounted to Rs.1945.30 lakhs. An extent of 112.74 acres of land has been acquired at a total cost of Rs.451.60 lakhs during the same period and the process for acquisition of another 366.19 acres is in progress. The Industrial co-operatives also accounted for substantial expenditure, ie. about Rs.485 lakhs during the same period. The Women Industries Programme which was one of the major schemes of the D I & C, was transferred to the local bodies. But the same could not be implemented as envisaged. The schemes like industry varsity linkages, rehabilitation of women in socially condemned occupation, industry facilitation council, productivity council, tool room etc. are suggested to be dropped or merged with other schemes, since these could not bring the desired result.

4.2 Handloom and Powerloom

The handloom industry, which provides employment to about 1.25 lakhs weavers, was accorded due priority in the Ninth Plan. The Ninth plan outlay for the sector was Rs.80 crores. But inspite of all efforts, the handloom sector witnessed slackness during the Ninth Plan period. Eventhough marginal increase in production could be achieved, the number of working looms has been on the decrease. The performance of commercial activities of many of the co-operative societies and marketing organisations like HANTEX and HANVEEV was not satisfactory. The accumulation of stock, loss of mandays, under economic performance of primary societies, etc. are clear evidences, showing the movements in a wrong direction of the programmes and schemes over the years. Problems like competition from cheep powerloom fabrics, cloths dumped from neighbouring states, scarcity of quality yarn, cost escalation of dyes, chemicals and yarn and lack of adequate market avenues have also been reported as obstacles in the path of development of the sector. While evaluating the schemes, which were clubbed together, only in certain components has any considerable expenditure been incurred.

The analysis indicates that either certain components were not very relevant or important or that implementation of these components being difficult, money was spent for other components for which expenditure could be easily booked: for example under the scheme development of handloom through primary co-operatives, out of 12 schemes only three were implemented. This suggests the need to reorient the schemes for the benefit of the handloom workers.

There are also a number of schemes where State Government is funding the losses incurred by primary societies, Hantex and Hanveev although these schemes are indicated as share participation, share capital and grant for research development, modernisation etc. Under the present circumstances the relevance as well as feasibility of continuing the state funded schemes to fund losses indirectly would have to be re-examined. The Central Government has integrated several components of schemes together into Deen Dayal Hathkargha Protsahan Yojana (DDHPY) which is to be funded equally by the state and Central Government with the balance of the financial requirements to be provided as loans by banks and financial institutions.

Most of the Welfare schemes for handloom workers need to be continued considering the fact that these sectors are very badly hit by the crisis in the industry as well as falling incomes and market shares on account of mechanization and globalization of the textiles market.

4.3 Handicrafts

The Ninth Plan earmarked an outlay of Rs.10 crores for the implementation of various programmes aimed at the development of handicrafts. Out of this, Rs.5 crores was intended for extending assistance to Apex organizations viz. SURABHI, Kerala State Bamboo Corporation, Handicrafts Development Corporation and Kerala Artisans Development Corporation towards promotional activities. Special emphasis was given to improve the working of

the primary societies and revival of as many viable societies as possible by providing necessary support. But most of the schemes intended for the same could not be implemented as envisaged eg. Grant to Handicraft Co-operative Societies, training in handicrafts, house cum workshed, craft development centre etc.

The functioning of the Apex organisations needs to be evaluated and re-oriented in order to ensure that the benefit goes to the craftsmen ultimately. Funding these organisations for specific projects must be encouraged instead of providing lumpsum grants.

4.4 Coir Industry

The Coir Industry, which engages about 4 lakh workers, has always been accorded a high priority among the traditional industries. At present production of coir is being undertaken mainly through 508 Co-operative Societies. Agencies involved in the production of coir products and marketing activities include COIRFED, Kerala State Coir Corporation and Foam Mattings India Ltd. About 97% of the total outlay earmarked to this sector is meant for giving financial assistance to Coir Co-operatives by way of loan, grant, interest, subsidy and share capital. But most of them are running on loss due to various problems. An amount of Rs. 1475 lakhs was spent towards revival of sick units. The scheme viz. Integrated Coir Development Project which was started during the VIII Plan with a view to modernise the sector, also proved to be a failure due to several problems related to power supply, machinery etc. The performance of the promotional agencies also was not up to the desired level. Activity linked funding with close monitoring is suggested instead of spreading the limited assistance thinly over a number of schemes. Attempts at promoting coir geotextiles also were not a success and the relevant schemes need to be re-oriented in the light of the experience gathered in implementing them.

4.5 Khadi and Village Industries

Major programmes implemented under this sector include infrastructure development for major projects, interest subsidy and margin money, establishment of marketing outlets, setting up of sliver projects, introduction of spinning frames etc. A close analysis of the utilisation of the plan funds reveals that a major portion of the outlay goes for construction activities, running of the federations etc rather than for the benefit of the actual spinners and weavers who still remain low-paid compared to workers in other sectors. Hence schemes for the ultimate benefit of the spinners and weavers must be accorded more emphasis than on huge construction projects.

4.6 Sericulture

Sericulture, a programme ambitiously introduced during the VIII Plan with high expectations with regard to generation of employment, mulberry cultivation, cocoon and silk production continued to receive priority in the IX plan also with SERIFED as the nodal agency for implementation. But the achievements fell short of the targets. During the IX Plan the original target was set for 25000 acres of mulberry cultivation involving 50,000 farmers which was later revised to 17,500 and 35,999 respectively. The achievements however were limited to 7311 acres and 10,750 farmers, 175 tons of cocoon and 11.18 tons of raw silk. Major drawbacks observed include unfruitful expansion of mulberry area, underutilisation of mulberry garden, low productivity of mulberry leaf and cocoon, poor cocoon quality, lack of value addition processing, lack of privatisation in post cocoon activities, inadequacy of technical manpower in pre-cocoon sector, inadequate infrastructure, poor functioning of sericulture societies, high establishment cost etc. A total Rs.1850 lakhs was provided for sericulture under the various Annual Plans during the IX Plan. During these years the establishment cost of SERIFED has mounted up and plan outlay is mainly utilised for the same only, leaving virtually nothing for the conduct of the programme. The

establishment cost comes to over Rs.250 lakhs per year, which is very high. The scheme needs to be critically reviewed in the light of practical lessons learnt in implementation.

4.7 Cashew Industry

Plan outlay for development of cashew industry is mainly utilised through the two main state agencies viz. Kerala State Cashew Development Corporation and Kerala State Cashew Workers Apex Industrial Co-operative Society (CAPEX). The former manages 14 factories with 22,000 workers and the latter 10 factories with 5000 workers. Both the agencies are working on loss. The accumulated loss of CAPEX stood at Rs.40 crore as on 31.3.2000 and that of the Corporation at Rs.1.26 crore as on 31.3.2000. Needless to stress, drastic measures on a sustained basis are required to improve the status of cashew industry.

5. MEDIUM AND LARGE INDUSTRIES

Assistance towards major industrial promotional institutions and manufacturing industrial units are the components covered under plan scheme. KSIDC, KFC, KINFRA, KEREXIL and KSIE were the agencies, which were provided funds for industrial promotion activities during the IX Plan period.

During the first four years of the IX plan a total of 158 projects with a total cost of Rs. 1391 crores were completed with the assistance of KSIDC which also signed MOUs with private parties for Rs.3579 crores out of which Rs.1310 crores came from NRI participation. The KSIDC has also set up four growth centres in Kannur, Malappuram, Kozhikode and Alappuzha as a centrally sponsored scheme. Government of India has released Rs.20 crores and State Government has spent Rs.26.37 crores during the first four years

and an amount of Rs.10 crore has been earmarked for the year 2001-2002. The scheme is expected to be completed within next two years.

The total financial sanctions by KFC amounted to Rs.1288.62 crores; and disbursement was Rs. 1067.33 during the IX Plan.

The Kerala Industrial Infrastructure Development Corporation (KINFRA) was set up to provide specific infrastructure facilities for new industries. Number of projects taken up so far by KINFRA is 19 out of which 7 have already been completed and another 7 are expected to be completed by the end of 2001-02. As such 5 projects with a total cost of Rs.30 crores will be spilled over the Tenth Plan. However industries have started functioning only in four centres with an investment of Rs.196 crores. The State Government expenditure on KINFRA projects during the first four years amounted to Rs. 75.26 crores and outlay for 2001-02 is Rs.12 crores.

Towards restructuring/revival of PSUs, Government have spent an amount of Rs. 281.15 crores during the first four years and Rs.54 crores has been earmarked for 2001-02. A total of 32 institutions were extended assistance under this scheme towards one time settlement, VRS, margin money and modernisation.

6. INFORMATION TECHNOLOGY

Government of Kerala's IT Policy was announced in 1998 and consequently, the Department of IT was constituted to co-ordinate, monitor and facilitate the initiatives to implement the objectives envisaged in the IT policy. The policy focus was mainly on (1) diffusion and dissemination of information technology (2) enhancement of information technology industry base (3) creating a robust state information infrastructure and (4) human resource development for IT.

An amount of Rs.39.50 crores was earmarked for the last three years of the IX plan towards various programmes under IT Department. Major schemes so far undertaken include establishment of 'FRIENDS' (Fast Reliable Instant Efficient Network for Disbursement of Services) with a view to enable a smooth and transparent citizen – Government interface, 'PEARL'(Package for Effective Administration of Registration), IT enabled service habitat of GCDA complex etc. with a view to develop human resource in IT within the state Government has already set up the Indian Institute of Information Technology and Management – Kerala (IIITM) as a world class centre of excellence for advanced learning in IT.

The Electronics Technology Parks – Kerala (TECHNOPARK) which was the primacy initiative of the state to promote Information Technology ventures is now functioning under the IT Department. The Campus of Kariavattom today comprises of 143.64 acres. An area of 56.08 acres was acquired in Akkulam as a support campus. So far Technopark has constructed 5,32,000 sq.ft. area for industrial modules and the construction of 6,00,000 sq.ft. is in progress. The Technopark has given 11.85 acres of land on long lease to 9 companies and some of them have constructed own buildings to the extent of 1,06,700 sq.f.t. area. Apart from the industrial modules built up space to the extent to 1,41,500 sq.f.t. of area have been constructed for other purposes like park centre, restaurant and cafeteria, guest house, club house and utility complex. Government of Kerala has invested an amount of Rs.80.80 crores during the period from 1990-91 to 2000-01 of which Rs.31.10 crores was during the IX plan period. At present 55 companies are functioning in the campus. Total investment of these companies amounts to Rs.147.55 crores offering employment to 6,800 persons, of which 55% is accounted for by women. The Technopark has been a success and has great potential for further expansion and development in spite of the deficiencies in the physical and social infrastructure of the city of Thiruvananthapuram.

7. MINING

The Directorate of Mining and Geology and Kerala State Mineral Development Corporation are the main agencies in the field in Kerala. The former is responsible for administration of mineral legislation, surveys and exploration of minerals and the latter, in detailed investigation/exploration, mining and processing including value addition and marketing. About 8 schemes are being implemented under plan of which mineral investigation and Kerala Mineral squad are the major areas. Considering the mineral resource endowment of the State there is great potential for the development of the sector which has largely remained under utilised.

8. TENTH PLAN PROPOSALS

Keeping in view the sea changes in the economic scenario of the country in the context of international developments in all spheres of activities, a total reorientation of the State's basic approach and strategies is critical to accelerate the pace of industrial development. Very briefly the Committee makes the following broad recommendations for provision of sector-wise outlays and for reorientation/introduction/implementation of plan schemes.

8.1. Small Scale Industries

Plan committee recommends a package of financial incentives, technical and marketing support and entrepreneurial training using the limited plan resources from Government as seed money and by attracting funding from financial institutions and private parties. Abandonment of the practice of disbursement of untied grants for the development agencies is strongly recommended. Funding based on viable programmes and projects is recommended instead of untied grants. The salient features of the recommendations are development based on clusters, establishment of technology incubation centres, establishment of an early warning

system for sickness prevention. Even though the committee discussed the abolition of subsidies the consensus was on continuing them for the time being as the industrial policy 2001 envisages subsidy for attracting private investment. The investment subsidy may be administered through the Panchayat Raj Institutions with funds specifically earmarked for the purpose in their plan/budget allocations.

8.2 Handicrafts

The Apex Organisations need to be supported based on specific viable projects only. Entrepreneurial assistance scheme in Handicraft/Artisanal sector should be implemented with assistance from National Backward Class Finance And Development Corporation and other similar agencies in order to ensure maximum benefits through integrated approach.

8.3 Coir

The major schemes recommended are:

Market development assistance with central aid, marketing grant for publicity, exhibitions and show rooms, interest subsidy and appropriate mechanisation deserve special attention along with schemes for modernisation and technology upgradation.

Attracting private entrepreneurs to the coir sector now dominated by co-operatives should be one of the crucial strategies for the sub sector. Modernisation and technology upgradation should indeed be given the greatest thrust for the production of value added products from coconut fibre which will enable the industry to be repositioned.

8.4 Handlooms & Powerlooms

Major recommendation is a gradual shift from handloom to powerloom. NCDC assistance should be sought only for projects, which are viable and need not be proposed up with Government guarantees.

8.5 Khadi & Village Industries

The programmes of the Khadi & Village sector need to be re-oriented to remove the disparity between the spinning and weaving sectors. Schemes and specific strategies aimed at creation of innovative designs in tune with the market demand, standardisation of quality, incentives for private sector investments in production and marketing are recommended. The Kudumbasree model of development deserves to be encouraged for creating massive employment.

8.6 Sericulture and Cashew

A total reorganisation of Sericulture is recommended. The approach of Serifed should be reoriented to promote intensive mulberry cultivation and its effective and economic usage, integrated development of sericulture and silk industry through clusters and infusion of private investment in processing silk from reeling to weaving on commercial basis.

Cashew industry should be supported only for completing the modernisation programmes already initiated.

8.7 Medium & Large Industries

As the Enterprises Reforms Committee is working on reforms of PSUs the Plan Committee did not go deep into the subject. But the Committee is of

the firm view that the restructuring process should start most urgently in a time bound manner and disinvestment proceeds must be utilised for restructuring PSUs including provision for VRS and retraining and multi skilling of staff and workers.

The Kerala State Industrial Development Corporation must be transformed into the Kerala State Industrial and Investment Promotion Board for promoting and catalysing private and public investments in industry and physical and social infrastructure in the State.

A technology development centre must be established within KSIDC for servicing private entrepreneurs both in the small, medium and large sectors.

Government may do away with investment subsidies for Large and Medium industry and utilise the available resources for upgradation of basic infrastructural facilities and catalysing investment in infrastructure and industry.

8.8 Service Sector

Service sector is one of the most vibrant sectors of the State's economy. Specific schemes/projects for bridging gaps in the infrastructure for different segments of the service sector must be evolved on priority and included in the plan. At the same time sub sector-wise analysis of the legislative and procedural aspects of their functioning be initiated for identifying constraints and realising their full growth potential.

8.9 Information Technology

Technology incubation centres for development of IT industries should be established for promotion of IT enabled services and related sectors. An

integrated IT network, covering both front end and back end computerisation enabling efficient E-governance is recommended. Kerala should be developed as a most investor friendly IT destination.

10. Mining

The Department of Mining and Geology should be supported for investigation and exploration activities on large-scale with the induction of appropriate tools and skills so that the potential for development can be identified and tapped.

9. RECOMMENDATIONS

Against the background of the ongoing processes of industrial development and taking into account the potential for growth and the constraints the Committee makes the following recommendations for accelerating industrial development in the State.

✍✍The Plan Committee recommends that industry sector may be provided with a minimum 15% of the total plan allocation in order to enable the State to honour its commitments and proceed with the implementation of projects and schemes already in hand and take up a few new initiatives.

✍✍As declared in the Industrial Policy 2001 Industrial development zones may be promoted with private participation. Government may provide only the seed money for initiating the programme. An amount of Rs.500 crores may be required for development of those Zones. A provision of Rs. 50 crores may be made for the first two years.

✍✍Strong linkages between District Industries Centres and Local Self Government Institutions may be established for the effective

implementation of the programmes undertaken by the Department of Industries. Appropriate institutional mechanisms may be created for the purpose.

✍✍The development of the small scale industries including rural/tiny units may be pursued through greater involvement of the Local Self Government Institutions. The Local Self Government Institutions may be made responsible for the payment of subsidy (based on the prescribed eligibility criteria) to them out of their plan allocation and budgetary provision.

✍✍The gaps in infrastructure, which hinder industrial development must be identified urgently and necessary steps initiated in filling them. Time bound action must be insisted upon the agencies, which are entrusted with the tasks.

✍✍The KSIDC may be re-modeled into an Industrial and Investment Promotion Board/Corporation for catalysing public/private investment in physical and social infrastructure development.

✍✍Technology development centre may be established for the promotion of hi-tech industry as well as others, which have high growth potential.

✍✍The traditional sector specially coir and handloom need upgradation and modernisation. These sectors provide employment on a massive scale and hence need special attention in technology upgradation and modernisation. Hi-tech development centres in these sectors need support on a sustained basis.

✍✍The restructuring process must be initiated urgently with a time bound programme and the proceeds of disinvestment may be used for facilitating restructuring through VRS and introduction of training

programme for multi skilling and skill upgradation of employees and staff of PSUs.

Information Technology, bio-technology and food processing deserve special attention for development as thrust areas. For promoting IT and BT based industries Technology Incubation Centres may be set up with adequate funds within institutions of excellence like the IIITM-K. Appropriate mechanism may be created within these institutions for administering the Technology Incubation fund.

Provision may be made for the expansion of the Technopark at Thiruvananthapuram and for setting up new facilities at Kochi for developing IT.

Every Department should have IT sub component in its plan and earmark 5% of its budget for IT enabled activities/services in governance. The Planning Board for harmonizing the IT enabled services of different departments may evolve appropriate institutional mechanisms; so that there is an integrated approach and no duplication of efforts and facilities.

Provision under State Plan/budget may be specially made for those schemes, which can attract support from Government of India and funding agencies.

Government may consider doing away with investment subsidy for Large & Medium Industries.

For the promotion of industrial development in the State, Government should concentrate on upgradation of basic infrastructural facilities especially in the cities of Thiruvananthapuram, Kochi and Kozhikkode. Schemes for the integrated infrastructure development of these cities

may be prepared on priority and posed for funding by multi national agencies like the World Bank/IMF/ADB. The proposed Kerala State Industrial and Investment Promotion Board may be entrusted with the task.

☞☞Department of industries is to be reoriented in its functioning to act as a facilitator in attracting investment in the industrial sector. Officers and staff to be suitably trained to take up new challenges.

☞☞Government should identify a nodal department for development of bio - technology and entrust it with the task of evolving suitable schemes for implementation.

☞☞The direct road linkage from Thiruvananthapuram Airport to Technopark campus must be completed on priority in order to exploit the full potential of the facility.

☞☞Programme funding rather than untied grants to the development agencies is recommended.

☞☞The Department of Industries may identify ongoing schemes, which have become outdated and utilise the money, man power and infrastructure for implementing the proposed new projects. This exercise may be started urgently and its progress monitored closely.

☞☞A bamboo development policy may be evolved and specific schemes taken up for implementation.

Annexure - 1
STATE PLANNING BOARD
PROCEEDINGS OF THE MEMBER SECRETARY

Dated: 15/10/2001.

Sub: - State Planning Board – Constitution of Plan Committee on
Industry and Information

Technology – Orders issued.

Ref: - Decision of the Planning Board meeting held on 31/7/2001

ORDER NO 5826/2001/IND/SPB

The State Planning Board at its meeting held on 31/7/2001 resolved to constitute Plan Committees to assist formulation of Tenth Five Year Plan for various development sectors. Accordingly a Plan Committee on Industry and Information Technology under the chairmanship of Shri.T.K.A.Nair, Chairman, Public Enterprises Selection Board, Government of India is constituted.

The constitution of the committee is as follows.

- | | | | |
|----|---|---|----------|
| 1. | Sri.T.K.A.Nair
Chairman
Public Enterprises Selection Board
Govt. of India
New Delhi | - | Chairman |
| 2. | Sri.Vijay Nair
Director
Regional Research Laboratory
Pappanamcode, Thiruvananthapuram | - | Member |
| 3. | Dr.C.B.Krishnadas Nair
Former Chairman & Managing Director,HAL
SOQ, HAL Senior Officers's enclave
Old Madras Road
Bangalore – 560 091 | - | Member |
| 4. | Sri.P.N.Venkatachalam
M.D., State Bank of Travancore
Thiruvananthapuram | - | Member |
| 5. | Sri.Kalro
Director
IIM, Kozhikkode | - | Member |
| 6. | Sri.Ramaswami
M.D., KITCO,
P.B.No.1829, M.G.Road,
Kochi – 682 016 | - | Member |

- | | | | |
|-----|---|---|--------|
| 7. | Sri.P.Rudran
General Manager
SIDBI, Ernakulam | - | Member |
| 8. | Dr.G.M. Nair
Head of Dept. of Botany
(Expert in Bio Technology)
University of Kerala
Karyavattom Campus
Thiruvananthapuram | - | Member |
| 9. | Sri.C.G.Jolley
Chairman
Confederation of Indian Industry
Southern Region (Kerala)
Ernakulam | - | Member |
| 10. | Sri. John K. Mathew
President
The Kerala State Small Industries Association
Karakkat Road
Ernakulam, Cochin - 682016 | - | Member |
| 11. | Dr.P.M.Mathew
Director
Institute of Small Enterprises and Development
ISED house, ISED Road
Vennala, Kochi – 682 028 | - | Member |
| 12. | Sri.R.P.Lalaji
Chief Executive Officer
Seaview Support System
Pamba, Technopark Campus
Thiruvananthapuram – 695 581 | - | Member |
| 13. | Sri.V.K.Mathews
Chief Executive Officer
IBS Software Services Pvt. Ltd.,
Nila, Technopark
Thiruvananthapuram – 695 581 | - | Member |
| 14. | Dr.Krishnakumar
Department of Entamology
(Expert in Sericulture)
Agriculture University
Vellayani, Thiruvananthapuram – 695 522 | - | Member |
| 15. | Sri.Abraham J.Tharakan
Managing Director
Amalgam Food Ltd.
Amalgam house
Bristow Road
Wellington Island
Ernakulam, Kochi | - | Member |

16.Sri.R.Sivaramakrishnan Manager (Projects) Aspinwall Geotech Ltd. Alleppey	-	Member
17.Representative of Central Silk Board Bangalore	-	Member
18.Sri.John Mathai, IAS Principal Secretary to Government Industries Department Govt. of Kerala	-	Member
19.Sri.R.C.Chowdhary, IAS Special Officer for Restructuring of PSUs RIAB, Kowdiar T.C.5/2384 Thiruvananthapuram - 3	-	Member
20.Sri.L.Radhakrishnan, IAS Secretary to Govt. Industries Department Govt. of Kerala	-	Member
21.Sri.Ajai Kumar, IAS Secretary to Government Industries Department and Managing Director, Keltron	-	Member
22.Smt. Aruna Sundararajan, IAS Secretary to Government Information Technology	-	Member
23.Smt. Asha Thomas, IAS Director of Industries & Commerce Thiruvananthapuram	-	Member
24.Sri.Jiji Thomson, IAS Managing Director, KSIDC	-	Member
25.Sri.Balakrishnan M.D., Metropolitan Engg. Works Thiruvananthapuram	-	Member
26.Sri.Rajiv Vasudevan C.E.O., Technopark, Thiruvananthapuram	-	Member
27.Mr.Padmanabhan Nair Director Mining & Geology Government of Kerala	-	Member
28.Sri.N.Balakrishnan Nair (formerly Managing Director Capex, Hanveev, Coirfed) Director, C-DOCT Thiruvananthapuram	-	Member
29.Dr. Gnanaharan Project Co-ordinator	-	Member

Kerala Forest Research Institute
Peechi

30.Sri.B.Chandrachoodan Nair - Convener
Chief, State Planning Board
Pattom, Thiruvananthapuram -4

The Broad Terms of Reference of the Plan Committee will be the following:

1. Brief summary of the policies and priorities of the Department.
2. A quick evaluation of the various schemes implemented during the last five years highlighting the achievements and shortfalls.
3. Listing of schemes, which have to be dropped or merged.
4. Outlining priorities for investment in the next five years with justification.
5. Role of private investment or partnership with the private sector and outsourcing of some items of work.
6. Managerial innovations possible.
7. Changes required in Acts, Rules and procedures with a view to ensuring simplicity, efficiency, transparency and accountability.
8. Capacity building of staff, proposals for retraining and deployment (Extent to which staff is surplus and proposals for VRS) Details of the present staff (those under Plan and non-plan) and the nature of their work may be given.
9. Merger of existing public agencies (departments) and improving performance of institutions including Societies, Boards, Commissions and Committees.
- 10.Role of local Governments, wherever possible Public and People's participation.
- 11.Resource mobilization including channeling of credit from financial institutions, getting external aid and collection of user charges. The possibility of savings through improving efficiency and economy measures may be outlined.
- 12.Measuring performance, improving, monitoring and arrangement for concurrent evaluation.
- 13.Toning up operation and maintenance arrangements in relation to institutions, public assets etc.
- 14.Present modes and levels of subsidy and proposals for rationalization and targeting.
- 15.Need for investment in Science & Technology including IT and R&D requirements.
- 16.Improving interface with public.
- 17.Desirable standards/levels of services/infrastructure to be provided. The existing standards/levels, the gap and modes and cost of filling the gap.
- 18.Linkages required with other departments/services.
- 19.Policy changes required to give effect to proposals and consequent needed changes in laws, if any.

The Chairman of the committee may decide upon working groups to be formed for various sub sectors if necessary. The Committee is expected to submit its report by the end of December 2001.

The non-official members of the Planning Committee will be eligible for TA and Daily Allowance as applicable to Class I officers of the Government of Kerala. The expenditure on this account will be met from the provision under the Head of Account '3451-101-93 Surveys and Studies of State Planning Board' in the current year's budget.

S.M.Vijayanand
Member Secretary
State Planning

Board

To
The persons concerned

Copy to

- (1) The Accountant General Kerala (A&E) with C/L
- (2) The Sub Treasury Officer, Vellayambalam
- (3) All Divisions and Sections
- (4) P.S. to V.C.
- (5) PA to M.S.
- (6) CA to A.O.
- (7) Stock file

Forwarded/By Order

B.Chandrachoodan Nair,
Chief, Industry & Infrastructure
Division,
State Planning Board.