

State Plan Related Information on Industry Sector

1. Latest Industrial Policy not yet finalized.
2. Contribution and growth rate registered by Industry sector (Manufacturing sector) to the State Domestic Product and export of industrial products are given in the following Tables.

Table 1

Contribution and Growth of Manufacturing Sector in Kerala (GSDP)
(Modified according to the revised rates & values of CSO, GoI & DES, GoK)

Base Year 1999-2000

Year	Contribution to GSDP (Rs lakh)		Growth Rate (%)	
	at constant prices	at current prices	at constant prices	at current prices
1999-2000	666799	666799
2000-2001	680170	703504	2.01	5.50
2001-2002	649950	683278	-4.44	-2.88
2002-2003	680869	734199	4.76	7.45
2003-2004	718735	818580	5.56	11.49
2004-2005	753166	912523	4.79	11.48
2005-2006 (P)	794598	1019910	5.50	11.77
2006-2007 (Q)	839670	1142838	5.67	12.05

(P) – Provisional, (Q) – Quick

Source: Department of Economics & Statistics

Table 2

Industrial Export from Kerala (Through Cochin Port Trust)

Sl. No.	Commodity	2005-06		2006-07	
		Quantity	Value	Quantity	Value
1	Tea	31985	253.48	88610	540.67
2	Cashew Kernels	80775	1651.12	68179	1504.94
3	Coir Products	73391	7.73	108051	12.36
4	Spices	65321	252.91	36732	942.85
5	Coffee	68960	603.23	92218	690.21

Source: Cochin Port Trust

3. Subsidy for Industrial Development

In order to encourage setting up of industrial units in the State, Government provides State Investment Subsidy to all industrial units as per the following norms.

- i. Subsidy on fixed capital investment to micro and small enterprises for undertaking expansion / modernization/ diversification
- ii. 1/3rd subsidy subject to a maximum of Rs.15000 for loan linked Rural Industrial Development Projects / rural industrial units/ rural micro and small enterprises
- iii. Assistance for acquiring modern equipment for self employment subject to a maximum of Rs.2000/ per beneficiary
- iv. Assistance exclusively for micro and small enterprises started by weaker section - Women and SC/ST for project up to Rs.10.00 lakh. The assistance shall be 50% of project cost as subsidy
- v. Subsidy for pollution Control devices for existing units
- vi. A special incentive by way of 25% of the capital investment for setting up of Common Effluent Treatment Plant jointly by a group of units having the similar effluent subject to maximum of Rs.20.00 lakh
- vii. 25% additional subsidy to the fixed capital investment for the units investing for the production of organic food subject to a maximum of Rs.10.00 lakh
- viii. 10% additional subsidy to the fixed capital investment for the units/ enterprises exclusively engaged in the production of Ethnic Food and exports subject to a maximum of Rs.10.00 lakh
- ix. A special incentive to the tune of 5% of the total capital investment in addition to the State investment subsidy to the unit which provide maximum permanent employment under SSI sector subject to a maximum of Rs.1.00 lakh
- x. Rs.25000 as special incentive to those units for conducting feasibility study through organizations with National / International repute.

State Government gives concession in Sales Tax, Electricity charges and Water charges to new units / sick units on the sale of their finished products at the first point of sale for a period of three to fifteen years.

4. Flow of FDIs

The flow of FDI to Kerala including Lakshadweep from January 2000 to March 2006 comes to Rs. 333.45 crores which constitutes only 0.34% to total FDI inflows and during 2006-07 this inflow is only Rs. 60.72 crores, totaling to Rs. 394.17 crores by diminishing the share of the State to 0.26% compared to 2005-06.

5. Labour Relations

Labour relations in the industrial sector have been showing a steady progress with a decline in industrial disputes and strikes which is creating a more investor – friendly atmosphere. The total number of workers affected due to strike is drastically reduced to

25926 in 2006-07 from 446144 in 2005-06. Man days lost due to strike has also been tremendously reduced to 172163 in 2006-07 from 3224163 in 2005-06.

6. Industrial Infrastructure

In order to stimulate industrial growth, Government of Kerala is providing infrastructure assistance by way of developing Development Areas, Development plots/ Industrial estates, Mini Industrial Estates, Industrial Growth Centres, Industrial Parks etc. Further a company viz. Infrastructure Kerala Ltd (INKEL) was also set up by the Government of Kerala with the unique objective of increasing the pace of industrial infrastructure development in the State which will promote, set up, operate, maintain, sell and deal with infrastructure facilities, projects and ventures including SEZs, industrial parks/ estates, roads, rail and other transport facilities.

7. Power Tariff to Industries

The average power tariff rate on industry (LT) for 2006-07 is 415 paise per unit and for Industry (HT & EHT) it is 394 paise per unit.