



A Comparative Analysis of the Industrial Policies of Kerala

Sajithkumar P.

Assistant Professor

Dept. of Commerce

G.P.M. Govt. College

Manjeswar

E-mail: sajithpaleri@gmail.com

Abstract:

The article presents a comprehensive comparative analysis of Kerala's industrial policies, focusing on eight key areas such as infrastructure, entrepreneurship, micro, small, and medium-sized enterprises (MSMEs), skill development, thrust sectors, the electronics systems development and manufacturing sector, NRI investment, and traditional industries.

Keywords: Industrial policy, Kerala, infrastructure development, entrepreneurship, MSMEs, skill development, thrust sectors, electronics manufacturing, NRI investment, traditional industries.

Endnotes: The document includes detailed tables summarizing the initiatives and advancements in each policy year under the respective sectors analyzed.

From 2015 to 2023, Kerala has steadily strengthened its industrial sector through strategic policy evolution. This comparative analysis highlights significant advancements and shifts aimed at fostering economic growth and development.

Kerala's industrial policies focused on crucial areas such as infrastructure development, entrepreneurship promotion, MSME support, skill development, thrust sectors, and traditional industries. These policies aim not only to modernize industries but also empower different groups like women entrepreneurs, NRIs, and traditional craftsmen for inclusive growth.



Key initiatives include improving infrastructure, promoting private investments via PPP models, and establishing specialized industrial zones meeting global standards. Efforts like entrepreneurship development missions, skill excellence academies, and MSME support systems underscore Kerala's commitment to nurturing a conducive business environment.

The policies also highlight emerging sectors like electronics manufacturing, biotechnology, AI, and renewable energy, crucial for Kerala's industrial future marked by technological advancements and global competitiveness.

By fostering innovation, enhancing productivity, and integrating into the global economy with streamlined procedures and Industry 4.0 principles, Kerala aims to become a hub of innovation and sustainable industrial growth.

Ultimately Kerala's industrial policies reflect a dynamic approach to leveraging resources, addressing challenges, and achieving sustainable industrial development. Adaptation to evolving economic landscapes and global trends ensures Kerala's path to greater industrial success while ensuring inclusive prosperity for all stakeholders.

The three major industrial policies of Kerala namely industrial policy 2015, industrial policy 2018 and industrial policy 2023 are analyzed in detail in order to depict the improvements and developments in the industrial sector from time to time. The developments, achievements and improvements in the sector are presented on account of a comparative analysis of three industrial policies of the State. The comparative analysis is presented under eight heads which are as follows

- I. Infrastructure
- II. Entrepreneurship
- III. MSMEs
- IV. Skill Development
- V. Thrust Sectors
- VI. Electronics Systems Development and Manufacturing Sector
- VII. NRI Investment
- VIII. Traditional Industries

**Table 1 Infrastructure**

Year	Infrastructure
2015	<ul style="list-style-type: none"> ● Encourage participation of private players in industrial infrastructure development ● Facilitation of development of Industrial Development Zones at Thiruvananthapuram, Kochi, Kozhikode, Kannur so as to ensure the growth and development of manufacturing, agro-based, textile industries, etc. ● Proposal to establish “Knowledge City” in order to promote knowledge-based industries under PPP model. ● Encouraging establishment of industrial units at industrial parks which are inbuilt with required facilities. ● Facilitation of industrial clusters with Common Effluent Facility with financial assistance up to 25% of capital investment.
2018	<ul style="list-style-type: none"> ● Government in collaboration with local bodies intends to develop industrial infrastructure in order to promote industrial activities at the grass root level. ● Encouragement of private industrial estates where minimum land requirement is fixed at 15 acres in urban areas and 25 acres in rural areas. ● Budgetary supports to existing industrial areas and estates. ● Provision of uninterrupted water supply for the industries and to enable water recycling facilities. ● A committee for frequent revision of industrial land pricing. ● Special assistance for setting up Effluent Treatment Plant. ● Identification and acquisition of land for the development of natural gas and pipeline-based industry in Malabar area. ● Proposal to create logistic zones in every industrial park. ● Proposal to establish industrial parks either by government or through PPP model with access to power, transportation, skill development centre, etc. ● Plan to establish industrial corridors near national highways with availability of adequate resources. <p>Multi-purpose industrial zones to be established near national highways.</p>



2023	<ul style="list-style-type: none">● “Industry-Compliant Land Bank” to be established in order to allocate land for startups and MSMEs and also give thrust on establishing land banks in the private sector.
	<ul style="list-style-type: none">● “Infrastructure Development Fund” shall be created for upgradation of infrastructure facilities and also studies will be undertaken to find out the infrastructural gap.
	<ul style="list-style-type: none">● Emphasis is given on clusters of excellence where efforts are undertaken for the upgradation of infrastructure.
	<ul style="list-style-type: none">● “Sector-focused Industrial Parks” to be established for the effective and smooth functioning of various industries such as R&D and logistics, Pharma and chemical, Bio-technology, etc.
	<ul style="list-style-type: none">● Industrial corridors will be developed on a fast track especially Kochi-Bengaluru, Kochi-Palakkad, Kochi-Mangaluru with intention of creating numerous industrial hubs in the state.
	<ul style="list-style-type: none">● Development of industrial township and industrial smart city to attract skilled manpower and generate good infrastructure.
	<ul style="list-style-type: none">● Unified land allotment system is adopted to ensure transparent and investor friendly land allotment.
	<ul style="list-style-type: none">● Regulations on land conversion process are reduced so as to facilitate ease of doing business.
	<ul style="list-style-type: none">● Exemptions are allowed on Land Reforms to promote private industrial parks.
	<ul style="list-style-type: none">● For scaling up of the operations of enterprises spaces in the industrial parks are allotted at subsidized rates.
<ul style="list-style-type: none">● The Logistics Cell at KSIDC is engaged in developing logistics infrastructure so as to strengthen the connectivity between industries.	

Source: *Extracted from Kerala Industrial Policies*

**Table 2 Entrepreneurship**

Year	Entrepreneurship
2015	<ul style="list-style-type: none"> Universities in Kerala decided to give 5% grace marks and 20% attendance to the students who engage in startups.
	Kerala State Self Entrepreneurship Development Mission (KSSDM) will engage in promoting entrepreneurship across sectors in Kerala.
2018	<ul style="list-style-type: none"> Kerala State Industrial Development Corporation (KSIDC) in association with several educational institutions and other agencies are entrusted with the promotion of startups. KSIDC will extend financial assistance to a maximum of 25 lakhs or 90% of the cost of the project.
	Proposes to set up contributory pension scheme for entrepreneurs.
	Priority will be given to the enterprises established by transgenders and differently abled people.
	In order to motivate women towards entrepreneurship Women Entrepreneurship Mission (WE Mission) will be initiated.
2023	<ul style="list-style-type: none"> A congenial entrepreneurial atmosphere to be set up in Kerala for entrepreneurial growth. The objective establishing one lakh MSME units in the year 2022-23 was achieved well ahead of the deadline.
	KIED to play a key role in introducing programmes for new generation entrepreneurs.
	The entrepreneurship fund support and other support will be extended through Kerala Bank, KSIDC, KFC, and KSFE, etc. up to Rs.200 Crore per year.
	A collaborative research will be undertaken to ascertain the innovations and improvements that can be brought in the area of entrepreneurship.
	Digital laboratories will be set up across sectors in the industrial parks.

Source: Extracted from Kerala Industrial Policies

**Table 3 MSMEs**

Year	MSMEs
2015	<ul style="list-style-type: none"> ● “Made in Kerala” brand will be promoted on a high level
	<ul style="list-style-type: none"> ● Infrastructure in industrial clusters will be upgraded for the smooth functioning of MSMEs.
	<ul style="list-style-type: none"> ● MSME equity participation fund will be created with the support of KSIDC and KFC.
	<ul style="list-style-type: none"> ● Regular industrial adalats will be conducted to resolve issues in the sector.
	<ul style="list-style-type: none"> ● 30% investment subsidy to women entrepreneurs who take part in industries in the thrust sectors.
2018	<ul style="list-style-type: none"> ● Government to introduce entrepreneur support scheme to revive sick units.
	<ul style="list-style-type: none"> ● Efforts will be taken to find out shut down industrial units and attempts will be made to reopen and diversify the same.
	<ul style="list-style-type: none"> ● Government to promote home based nano units by liberalizing the licensing norms.
	<ul style="list-style-type: none"> ● In order to tap the opportunities in the agro-based industries, special projects will be developed by taking international models.
	<ul style="list-style-type: none"> ● Special measures will be adopted to provide marketing support to MSMEs through national and international trade fairs and B2B meets.
	<ul style="list-style-type: none"> ● 15% of price preference will be given to the goods produced by MSMEs in the state.
	<ul style="list-style-type: none"> ● Initiatives will be taken to speed up payments to supplies made by local MSMEs to the state.
2023	<ul style="list-style-type: none"> ● KIED will be converted as an institution for facilitating skill development and research.
	<ul style="list-style-type: none"> ● Access to finance for the MSMEs will be improved through cluster financing models and also enabling MSMEs to raise finance through IPOs. Loans and credit facilities will be extended through credit chain financing and use of surrogate guarantees.
	<ul style="list-style-type: none"> ● With the intention of promoting “Made in Kerala” brand, exhibitions are done in national and international trade fairs.
	<ul style="list-style-type: none"> ● Export potential of MSMEs will be improved through participation in international trade fairs and forums.
	<ul style="list-style-type: none"> ● Digitalization of MSMEs.

Source: Extracted from Kerala Industrial Policies

**Table 4 Skill Development**

Year	Skill Development
2015	<ul style="list-style-type: none"> ● In order to facilitate skill development, government has introduced various programmes under Kerala Academy for Skill Excellence (KASE) and also initiated programmes like Additional Skill Acquisition Programme (ASAP).
2018	<ul style="list-style-type: none"> ● KIED will be functioning to impart skill development among existing and nascent entrepreneurs.
	<ul style="list-style-type: none"> ● ED clubs will be established in educational institutions in order to promote start ups and entrepreneurial activities among students.
	<ul style="list-style-type: none"> ● Initiatives will be taken to enable collaboration between educational institutions and industrialists.
2023	<ul style="list-style-type: none"> ● KIED will be offering various courses imparting technical, vocational, and specific skills so that a pool of talent can be created.
	<ul style="list-style-type: none"> ● Industry oriented courses will be started in ITIs, Polytechnics, and Engineering Colleges.
	<ul style="list-style-type: none"> ● Cluster-wise Technical Centres of Excellence shall be established in PPP mode.
	<ul style="list-style-type: none"> ● Multi-Skill Training Centres shall be developed by identifying priority sectors.

Source: Extracted from Kerala Industrial Policies

Table 5 Thrust sectors

Year	Thrust Sectors
2015	<ul style="list-style-type: none"> ● Identifies following industries as the main sectors of the economy;
	<ul style="list-style-type: none"> ● Food processing
	<ul style="list-style-type: none"> ● Biotechnology and Nanotechnology
	<ul style="list-style-type: none"> ● Furniture sector
	<ul style="list-style-type: none"> ● Garment sector



2018	● Agro and food processing
	● Garments and textiles
	● Electronics
	● Wood processing
	● Biotechnology and Nanotechnology
	● Mining
	● Petrochemicals
	● Export oriented units
	● Ayurveda, Rubber, Footwear Industry and Gem & Jewellery
2023	● Aerospace and Defence
	● Artificial Intelligence, Robotics and Other Breakthrough Technologies
	● Ayurveda
	● Biotechnology & Life Sciences
	● Design
	● Electric Vehicles
	● Electronic System Design & Manufacturing
	● Engineering Research & Development
	● Food Technologies
	● Graphene
	● High Value-Added Rubber Products
	● High-tech Farming and Value-Added
	● Plantation Produce
	● Logistics & Packaging
	● Maritime Sector
	● Medical Equipments
	● Nano Technology
	● Pharmaceuticals
	● Recycling & Waste Management
	● Renewable Energy
● Retail Sector	
● Tourism & Hospitality	
● 3D Printing	

Source: Extracted from Kerala Industrial Policies

**Table 6 Electronics Systems Design and Manufacturing Sector**

Year	ESDM
2015	<ul style="list-style-type: none"> ● 20% capital subsidy for new manufacturing units in ESDM sector.
	<ul style="list-style-type: none"> ● Deductions in VAT for ESDM units for five years.
	<ul style="list-style-type: none"> ● Electronics incubator will be set up in the state for undertaking R&D in the electronics sector.
2018	<ul style="list-style-type: none"> ● Electronics Hardware Park will be set up at Amballur Ernakulam.
	<ul style="list-style-type: none"> ● Initiating Electronics Incubator at Infopark Cochin.
	<ul style="list-style-type: none"> ● Setting up of Defence Park for high end defence/aerospace/ electronics at Palakkad
	<ul style="list-style-type: none"> ● Developing Electronic manufacturing cluster at Kakanad
2023	<ul style="list-style-type: none"> ● Foreign collaboration of KELTRON for upgrading the production capacity. Expo of electronic items will be conducted in connection with this.
	<ul style="list-style-type: none"> ● Setting up of Centre of Excellence by government, public sector undertakings and private companies in the electronics sector are promoted on a large scale.
	<ul style="list-style-type: none"> ● Focus is on establishment of R&D ecosystem for creation of intellectual property.

Source: Extracted from Kerala Industrial Policies

Table 7 NRI Investment

Year	NRI Investment
2015	<ul style="list-style-type: none"> ● Thrust is given on channelizing NRI investment to the developmental projects in the state.
2018	<ul style="list-style-type: none"> ● Provision of training and rehabilitation for NRIs/ NRKs who are coming back to home and inculcating entrepreneurial capacity among them for venture initiation.
	<ul style="list-style-type: none"> ● Reserving 5% of area of industrial estates to NRIs for running their units.
2023	<ul style="list-style-type: none"> ● NRI investors will be encouraged to start joint ventures with government.
	<ul style="list-style-type: none"> ● Initiatives will be taken to connect Malayali diaspora and to bring global talent to the state.

Source: Extracted from Kerala Industrial Policies

**Table 8 Traditional Industries**

Year	Traditional Industries
2015	<ul style="list-style-type: none"> ● Government will introduce innovative programmes for promoting Khadi and Village industries and also “Integrated Handloom Village” will be initiated for the collective progress of handloom weavers.
	<ul style="list-style-type: none"> ● Government to incorporate advanced technologies for handicrafts products and skill development.
	<ul style="list-style-type: none"> ● The Kerala State Bamboo Corporation Ltd. to take rigorous efforts for the promotion of industries in this sector and to encourage research and developmental activities in connection with bamboo and related products.
	<ul style="list-style-type: none"> ● Kerala Cashew Development Corporation (CDC) and CAPEX to promote value added products in cashew and to earn better foreign exchange earnings.
2018	<ul style="list-style-type: none"> ● Strengthening of handloom co-operatives, promoting marketing campaigns for handloom products in educational institutions.
	<ul style="list-style-type: none"> ● Rebate for handloom production in Kerala.
	<ul style="list-style-type: none"> ● In order to support the handloom textile industry Indian Institute of Handloom Technology will be upgraded.
	<ul style="list-style-type: none"> ● Handicraft sector will be developed through cluster approach.
	<ul style="list-style-type: none"> ● ASHA scheme to transform the artisans into entrepreneurs.
	<ul style="list-style-type: none"> ● Alternate uses of bamboo will be promoted on a high level.

Source: *Extracted from Kerala Industrial Policies*

Other Highlights of Industrial Policy 2023

- Introduction of the concept of “Industry 4.0” which highlights the automation and use of smart machines in the industrial sector.
- A common platform shall be developed for Bigdata researchers and startups.
- An Investment Facilitation Bureau shall be created to deal with all industrial licenses and clearances.
- Setting up of State Grievance Redressal Committee and District Grievance Redressal Committees by amending the Kerala Industrial Single Window Clearance Boards & Industrial Township Area Development Act, 1999.



- K-SWIFT online portal is developed to encourage paperless procedures concerning the industrial applications, registrations, licensing, etc.
- The Invest Kerala Helpdesk 2.0 will be introduced to simplify the investment decision making process and to smoothen investments.
- A database of existing and potential investors will be created for tracking investment activities.
- A single window system will be set up to interact with investors on investment opportunities.
- The focus of priority sector industries of the state has moved to a novel set of sectors based on their relevance in the economy and it comprises of industries such as Aerospace and Defence, Artificial Intelligence, Robotics and Other Breakthrough Technologies, Ayurveda, Biotechnology & Life Sciences, Design, Electric Vehicles, Electronic System Design & Manufacturing, Engineering Research & Development, Food Technologies, Graphene, High Value-Added Rubber Products, High-tech Farming and Value-Added Plantation Produce, Logistics & Packaging, Maritime Sector, Medical Equipment, Nano Technology, Pharmaceuticals, Recycling & Waste Management, Renewable Energy, Retail Sector, Tourism & Hospitality, 3D Printing.

Kerala's industrial policy evolution from 2015 to 2023 reflects a proactive approach toward building a strong and diverse economic environment. Several important themes that highlight the state's dedication to infrastructure development, entrepreneurship promotion, MSME assistance, skill training, and the identification of thrust sectors are revealed through a thorough comparative study spanning three crucial policy iterations. Every policy iteration has been carefully designed to take advantage of new possibilities and solve current issues, guiding Kerala's economy toward sustainable development and international competitiveness.

Kerala's commitment to inclusive economic growth is exemplified by its consistent support for micro, small, and medium-sized enterprises (MSMEs), which includes programs for community development and skill enhancement. In addition, the state's forward-looking methodology in distinguishing key areas like biotechnology, gadgets producing, environmentally friendly power, and aviation adjusts its modern improvement to worldwide mechanical headways. Kerala ensures a skilled workforce that can meet industry demands through institutions like the Kerala Academy for Skill Excellence (KASE) and industry-specific training initiatives. This comprehensive methodology incorporates social consideration,



natural supportability, and financial advancement, situating Kerala as an information driven economy arranged for future difficulties and valuable open doors. Generally, Kerala's modern arrangements expect to accomplish adjusted development while embracing Industry 4.0 standards, utilizing its assets to support advancement and flexibility in the worldwide modern scene.

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