



**GOVERNMENT OF KERALA  
KERALA STATE PLANNING BOARD**

**FOURTEENTH FIVE-YEAR PLAN  
(2022-2027)**

**WORKING GROUP ON ATTRACTING INVESTMENT  
FOR MEDIUM AND LARGE INDUSTRIES**

**REPORT**

**INDUSTRY AND INFRASTRUCTURE DIVISION  
MARCH 2022**



## FOREWORD

Kerala is the only State in India to formulate and implement Five-Year Plans. The Government of Kerala believes that the planning process is important for promoting economic growth and ensuring social justice in the State. A significant feature of the process of formulation of Plans in the State is its participatory and inclusive nature.

In September 2021, the State Planning Board initiated a programme of consultation and discussion for the formulation of the 14th Five-Year Plan. The State Planning Board constituted 44 Working Groups, with more than 1200 members in order to gain expert opinion on a range of socio-economic issues pertinent to the plan. The members of the Working Groups represented a wide spectrum of society and includes scholars, administrators, social and political activists and other experts. Members of the Working Groups contributed their specialized knowledge in different sectors, best practices in the field, issues of concern, and future strategies required in these sectors. The Report of each Working Group reflects the collective views of the members of the Group and the content of each Report will contribute to the formulation of the 14th Five-Year Plan. The Report has been finalized after several rounds of discussions and consultations held between September and December 2021.

This document is the Report of the Working Group on “Attracting Investment for Medium and Large Industries”. The Co-Chairpersons of Working Group were Prof. Ravindra Gettu, IIT Madras and Shri. Dr. K. Ellangovan IAS, Principal Secretary, Industries Department. Shri. V. Namasivayam, Member of the State Planning Board co-ordinated the activities of the Working Group. Shri. Joy N.R, Chief, Industry & Infrastructure Division was the Convenor of the Working Group and Shri. Tomy Joseph, Deputy Director, Industry & Infrastructure Division was Co-Convenor. The terms of reference of Working Group and its members are in Appendix I of the Report.

Member Secretary



## PREFACE

Industrial development is crucial for the growth of any nation. Expansion of industry and services are essential for economic development and growth, as these are major enablers of productivity increase. Kerala has succeeded in creating the right environment for the flow of private capital, into industrial sector.

As part of formulation of 14th Five Year Plan, State Planning Board constituted 44 Working Groups under different development sectors with experts/ academicians/administrators from different fields. Accordingly a Working Group on Attracting Investment for Medium and Large Industries was constituted with Prof. Ravindra Gettu, IIT Madras and Shri. Dr.K.Ellangovan IAS, Principal Secretary, Industries Department as Co-Chairpersons for evolving suitable approaches for Attracting Investment for Medium and Large Industries during 14th Five Year Plan.

The committee met once and conducted a review of 13th Five Year Plan Programme and made detailed deliberations on issues, present situation, strategies and prospects of Medium and Large Industries of Kerala and delivered thoughts for a scientific, concrete and realistic plan to be pursued in 14th plan period.

We are very grateful to all members of the Committee for their participation and valuable contributions and suggestions/recommendations in the Working Group. I am very grateful for the invaluable contribution rendered by Sri. V. Namasivayam, Member, State Planning Board in drafting and formulating the report. Special reference is mentioned for the valuable services received from Er. Joy N.R, Chief (Industry & Infrastructure Division) (Convenor), Shri. Tomy Joseph, Deputy Director (Co-Convenor), Shri. T G Pradeep, Research Assistant, Industry & Infrastructure Division, Shri. Riyas K. Basheer, Associate Professor, Centre for Management Development (CMD), Shri. Vysakh Udayan, Research Associate, Centre for Management Development (CMD) and officers of State Planning Board for conducting meetings and co-ordinating the materials from the different members and the preparation of the report.

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Prof. Ravindra Gettu,  
IIT Madras

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## ABBREVIATIONS

ADB	Asian Development Bank
BPCL	Bharat Petroleum Corporation Limited
BPE	Bureau of Public Enterprises
CD Ratio	Credit Deposit Ratio
CII	Confederation of Indian Industries
CIPAM	Cell for IPR Promotion and Management
CMD	Centre for Management Development
DIC	District Industries Centre
DMIC	Delhi Mumbai Industrial Corridor
DPIIT	Department for Promotion of Industry and Internal Trade
EoDB	Ease of Doing Business
EPZ	Export Promotion Zone
EV	Electric Vehicle
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
GIC	Government of Singapore Investment Corporation
GIS	Geographic Information System
GSK	GlaxoSmithKline
ICC	Investment Clearance Cell
ICDs	Inland Container Depots
ICT	Information Communication Technology
IILB	India Industrial Land Bank
IMCs	Integrated Manufacturing Clusters
IMF	International Monetary Fund
IPR	Intellectual Property Rights
IPRS	Industrial Park Rating System
IRR	Internal Rate of Return
IT	Information Technology
ITES	Information Technology Enabled Services
ITIs	Industrial Training Institutes
JV	Joint Venture

KBIP	Kerala Bureau of Industrial Promotion
KFC	Kerala Financial Corporation
KINFRA	Kerala Industrial Infrastructure Development Corporation
KSIDC	Kerala State Industrial Development Corporation Limited
K-SWIFT	Kerala Single Window for Fast & Transparent Clearance
LEADS Index	Logistics Ease Across Different States Index
M&As	Mergers & Acquisitions
MII	Make in India
MMLH	Multi Modal Logistics Hub
MNEs	Multinational Enterprises
MoU	Memorandum of Understanding
MRO	Maintenance, Repair and Operations
MSMEs	Micro, Small and Medium Enterprises
NASSCOM	National Association of Software and Service Companies
NBFC	Non-Banking Financial Company
NICDIT	National Industrial Corridor Development and Implementation Trust
NID	National Institute of Design
NRKs	Non Resident Keralites
NSWS	National Single Window System
ODOP	One District One Product
PMG	Project Monitoring Group
PPP	Public Private Partnership
PPP-MII	Public Procurement Preference to Make in India
PSUs	Public Sector Undertakings
R&D	Research & Development
RBI	Reserve Bank of India
RIAB	Public Sector Restructuring and Internal Audit Board
SEZ	Special Economic Zone
SWOT	Strengths, Weaknesses, Opportunities and Threats
TIES	Trade Infrastructure for Export Scheme
UNCTAD	United Nations Conference on Trade and Development
US	United States
VCF	Venture Capital Fund

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## EXECUTIVE SUMMARY

At the Government of India level, the Department for Promotion of Industry and Internal Trade (DPIIT) is formulating, organising and managing action plans for manufacturing sectors, while the Department of Commerce (DoC) is guiding force for the service sectors; which has resulted in a huge increase in FDI/national investment in India. Adopting or adapting these action plans according to the State specific features and issues could be a first step. We need not copy the “Make in India” pattern/plans as such for our State. The ODOI and ODOP programmes of the Government of Kerala are welcome moves in this regard.

Enduring efforts for facilitating Investment and implementing the action plans will help in identifying potential investors. NORKA/KDISC can provide assistance to various Undertakings/Missions abroad and other States within the Country for organising measures, conferences/workshops, road-shows and various other promotional activities to encourage/attract investment in the State. Showcasing the Ease of Doing Business policy of the State will definitely help in promoting FDI in Kerala. For Business/Industrial development and attracting substantial investments in the State, this could need restructuring, popularisation, removal of existing bottlenecks if any and validation of the existing systems and procedures (in areas regarding start-ups, providing attractive infrastructure facilities, reduction/exemptions for a few years in levies, CESS and taxes, interventions in insolvency/liquidity issues, providing financial/banking support, IPR aids, behavioural/attitudinal changes of all concerned officials and introduction of incentive schemes for good performance).

Centres for Business Development should be set up across the State to attract all kinds of investments and they should be in a position to create a shelf of projects that could earn considerable revenue and provide large employment opportunities. Otherwise, the existing DICs should pitch in and tune themselves to perform at this level. Investor guidance and nurturing/hand holding should be an integral part of the action plan.

In short, the State should be in a position to ensure investors on a favourable investor friendly climate, a reasonably long-term steady/established and lucid/balanced/cogent economic policy, assure availability of the required raw materials/infrastructure framework or means for their easy imports with a very limited burden, etc. Adoption/availability of the state-of-the-art technologies, specialised/skilled work force, etc., would be additional factors for attracting investments.

Easing of regulations on Interstate Commerce will definitely improve industrialisation, industrial friendliness and attract large investments (both National and Foreign). For achieving this an action plan for discussions among all the States in the Country, conduct of workshops/seminars across India involving all stakeholders, etc., should be taken up at the top most levels to ensure confidence among investors and attract funds for industrial growth. The present policy of “Ease of Doing Business” by the Government of Kerala is a right step in this direction. Simplification of various existing Acts and Rules, Improving Governance, bringing transparency in the processes and implementation are all welcome

actions. But still improvements can be made to make the State more industrial friendly and attract investments in the sector.



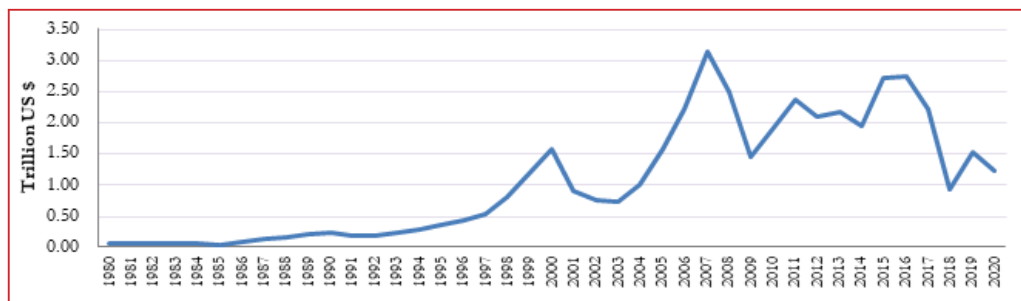
## CHAPTER 1

# AN ANALYSIS OF GLOBAL RESOURCE FLOWS WITH SPECIAL FOCUS ON INVESTMENT ATTRACTION TO KERALA INDUSTRIES

### Global Investment Trends

1. Foreign Direct investment (FDI) refers to the investment by a foreign direct investor, resident in one economy in an enterprise resident in another economy (foreign affiliate). FDI inflows comprise capital provided by a foreign direct investor to a foreign affiliate, or capital received by a foreign direct investor from a foreign affiliate. The FDI flows are calculated on a net basis, and in cases of reverse investment or disinvestment, FDI may be negative.
2. The Global level Foreign Direct Investment (FDI) has grown to US\$ 3.13 Trillion during 2007 from US\$ 0.05 Trillion during 1980. Following the global financial crisis FDI has sharply declined to US\$ 2.48 Trillion in 2008, as the capacity of companies to invest has weakened due to reduced access to financial resources and their propensity for investing worsened because of collapsed growth prospects and heightened risks. In 2016, the FDI flows touched US\$ 2.74 Trillion mainly driven by the increase in equity in the form of cross-border Mergers and Acquisitions (M&A) in high-income economies.
3. The lockdowns around the world in response to the COVID-19 pandemic slowed down existing investment projects, and the prospects of Multinational Enterprises (MNEs) to re-assess new projects. As a result, Global FDI flows fell by 18 per cent in 2020 to US\$ 1.23 Trillion from US\$ 1.51 Trillion in 2019. The decline skewed towards developed economies, where FDI inflows fell sharply by 59 per cent to US\$ 329 Billion in 2020, a level last seen in 2003. The global level Foreign Direct Investment position (Net inflows) for a period of twenty years from the year 1980 to 2020 is represented in Figure 1.

**Figure 1:** Global Foreign Direct Investment inflows from 1980-2020  
(BPO current in Trillion US \$)



Source: World Bank Database (International Monetary Fund (IMF), Balance of Payments database, supplemented by data from the United Nations Conference on Trade and Development and official national sources)

4. The investment in FDI is generally categorised into Cross-border M&As, investment in Greenfield projects and International project finance deals. These types of investments are crucial for the development of productive capacity and infrastructure and for the prospects for a sustainable recovery. In Developed Economies all the three factors were declining during 2020 as compared to 2019 (value of International project finance deals fell by 28 per cent, value of Greenfield projects declined by 16 per cent and value of Cross-border M&As by 11 per cent). In Developing and Transition Economies Cross-border M&As has improved whereas Greenfield projects and International project finance deals has declined.
5. The impact of the pandemic on global investment trends was immediate and concentrated in the first half of 2020. In the second half, cross-border M&As and international project finance deals partly recovered (although the recovery was concentrated in developed economies). In contrast, greenfield investment continued its negative trend throughout 2020 and into the first quarter of 2021. The details of cross-border M&As, announced greenfield projects and international project finance deals by group of economies comparing the years 2019 and 2020 is presented in Table 1.

Table 1 Type of FDI by Group of Economies during the year 2019 and 2020

Group of Economies	Type of FDI	Value (in Billion US \$)		Growth Rate (%)	Number		Growth Rate (%)
		2019	2020		2019	2020	
Developed Economies	Cross-border M&As	424	379	-11	5802	5225	-10
	Green field projects	346	289	-16	10331	8376	-19
	International project finance	243	175	-28	543	587	8
Developing Economies	Cross-border M&As	82	84	2	1201	907	-24
	Green field projects	454	255	-44	7240	4233	-42
	International project finance	365	170	-53	516	443	-14
Transition Economies	Cross-border M&As	1	12	716	115	69	-40
	Green field projects	46	20	-58	697	371	-47
	International project finance	26	21	-18	59	31	-47

Source: World Investment Report, 2021

6. The slowdown in project activity (across greenfield, project finance and cross-border mergers and acquisitions) resulted in a large drop in new equity flows. Lower earnings also affected reinvestment; the profits of the largest MNEs plunged by 36 per cent on average. For example, reinvested earnings of foreign affiliates in the United States fell by 44 per cent. However, FDI in South Asia rose by 20 per cent to US\$ 71 billion, driven mainly by strong M&As in India.
7. Table 2 provides Foreign Direct Investment inflows by top 10 host economies during 2020. It indicates that United States of America and China are the two countries with highest FDI inflows during 2020. India ranked fifth among the top ten in terms of global FDI inflows (US \$ 64 Billion).

Table 2-Foreign Direct Investment inflows by top 10 Host Economies - 2020

Rank 2020	Economy	Value (Billion US \$)	Ratio to GDP (%)
1	United States of America	156	0.70
2	China	149	1.00
3	China, Hong Kong SAR	119	34.10
4	Singapore	91	26.80
5	India	64	2.40
6	Luxembourg	62	84.80
7	Germany	36	0.90
8	Ireland	33	8.00
9	Mexico	29	2.70
10	Sweden	26	4.90

Source: Handbook of Statistics, 2021, UNCTAD

8. The countries like China, Luxembourg and Japan are topped in terms of FDI outflows during 2020. The details of Foreign Direct Investment outflows by top 10 home economies during 2020 are provided in Table 3.

Table 3-Foreign Direct Investment outflows by top 10 Home Economies-2020

Rank 2020	Economy	Value (Billion US \$)	Ratio to GDP (%)
1	China	133	0.90
2	Luxembourg	127	173.50
3	Japan	116	2.3
4	China, Hong Kong SAR	102	29.20
5	United States of America	93	0.40
6	Canada	49	3.0
7	France	44	1.7
8	Germany	35	0.9
9	Korea, Republic of	32	2.0
10	Singapore	32	9.6

Source: Handbook of Statistics, 2021, UNCTAD

### India's Foreign Investment & External Trade

9. In India FDI has increased by 27 per cent to US\$ 64 billion during the year 2020. Amid India's struggle to contain the COVID-19 outbreak, robust investment through acquisitions in ICT (software and hardware) and construction bolstered FDI. Cross-border M&As surged 83 per cent to \$27 billion, with major deals involving ICT, health, infrastructure and energy.

10. Large transactions included the acquisition of Jio Platforms by Jaadhu (a subsidiary of Facebook (United States)) for US\$ 5.7 billion, the acquisition of Tower Infrastructure Trust by Brookfield (Canada) and GIC (Singapore) for US\$ 3.7 billion and the sale of the electrical and automation division of Larsen & Toubro India for US\$ 2.1 billion. Another megadeal was Unilever India's merger with GlaxoSmithKline Consumer Healthcare India (a subsidiary of GSK United Kingdom) for US\$ 4.6 billion has also contributed. The largest Greenfield project announced by a Russian MNE Novolipetsk Steel's US\$ 508 million is in India.
11. The Production Linkage Incentive scheme, designed to attract manufacturing and export-oriented investments in priority industries (e.g. automotive and electronics) can drive a rebound of investment in manufacturing. India opened investment in the coal mining industry to non-coal companies, which are now allowed to bid for coal mines. The country also liberalized the digital news media industry and the defence sector: foreign ownership is now allowed up to 26 per cent through the government approval route in the former industry and up to 74 per cent under the automatic route in the latter. In March 2021, India increased the FDI ceiling on insurance companies from 49 per cent to up to 74 per cent. The foreign investment inflows to India during the year 2020-21 and 2021-22 (Apr-Jan) is given in Table 4:

Table 4-Foreign Investment Inflows to India

Particulars	2020-21	2021-22 Apr-Jan
<b>1.1 Net Foreign Direct Investment (1.1.1-1.1.2)</b>	43955	31515
<b>1.1.1 Direct Investment to India (1.1.1.1-1. 1.1.2)</b>	54927	45017
1.1.1.1 Gross Inflows/Gross Investments	81973	69662
1.1.1.1.1 Equity	61088	50756
1.1.1.1.1.1 Government (SIA/FIPB)	948	1620
1.1.1.1.1.2 RBI	51597	35340
1.1.1.1.1.3 Acquisition of shares	7091	12602
1.1.1.1.1.4 Equity capital of unincorporated bodies	1452	1194
1.1.1.1.2 Reinvested earnings	16935	14635
1.1.1.1.3 Other capital	3950	4271
1.1.1.2 Repatriation/Disinvestment	27046	24646
1.1.1.2.1 Equity	26983	23589
1.1.1.2.2 Other capital	63	1057
<b>1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3-1.1.2.4)</b>	10972	13502
1.1.2.1 Equity capital	5583	7326
1.1.2.2 Reinvested Earnings	3013	2567
1.1.2.3 Other Capital	6688	6043
1.1.2.4 Repatriation/Disinvestment	4313	2434
<b>1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3-1.2.4)</b>	36137	-6958
<b>1.2.1 GDRs/ADRs</b>		
<b>1.2.2 FIIs</b>	38725	-4923
<b>1.2.3 Offshore funds and others</b>	-	-
<b>1.2.4 Portfolio investment by India</b>	2589	2035
<b>TOTAL FOREIGN INVESTMENT INFLOWS</b>	<b>80092</b>	<b>24557</b>

Source: Reserve Bank of India (RBI)

12. External trade recovered strongly in 2021-22 after the pandemic-induced slump of the previous year, with strong capital flows into India, leading to a rapid accumulation of foreign exchange reserves. The resilience of India's external sector during the current year augurs well for growth revival in the economy. However, the downside risks of global liquidity tightening and continued volatility of global commodity prices, high freight costs, coupled with the fresh resurgence of COVID-19 with new variants may pose a challenge for India during 2022-23.
13. Owing to the recovery of global demand coupled with revival in domestic activity, India's merchandise exports and imports rebounded strongly and surpassed pre-COVID levels during the current financial year. The revival in exports was also helped by timely initiatives taken by Government. USA followed by UAE and China remained the top export destinations in April-November, 2021, while China, UAE and USA were the largest import sources for India. Despite weak tourism revenues, there was significant pickup in net services receipts during April-December, 2021 on account of robust software and business earnings, with both receipts and payments crossing the pre-pandemic levels.
14. The value of exports by India during the April-November period of 2021-22 has declined to US \$ 265.7 billion as compared to US \$ 291.8 billion during April-March period of 2020-21. Among the top 10 export commodities petroleum products possesses the highest value of export (US \$ 39.5 billion) during April-March period of 2021-22. This is followed by Pearl, Precious & Semiprecious stones (US \$ 18.1 billion), Iron & Steel (US \$ 15.9 billion) and Drug Formulations & Biologicals (US \$ 12.4 billion). The top 10 export commodities of India during 2019-20, 2020-21 and 2021-22 (April-March) are given in Table 5.

Table 5-Top 10 Export Commodities in India

*(Billion US \$)*

Sl. No.	Sector	2019-20	2020-21	2021-22 (Apr-Nov)
1	Petroleum products	41.3	25.8	39.5
2	Pearl, Precious & Semiprecious stones	20.7	18.1	18.1
3	Iron & Steel	9.3	12.1	15.9
4	Drug Formulations & Biologicals	15.9	19.0	12.4
5	Gold and other precious metal jewellery	13.7	6.6	7.6
6	Organic Chemicals	8.3	7.6	7.4
7	Electric Machinery & Equipment	9.0	8.1	6.4
8	Aluminium and Aluminium products	5.1	5.8	6.1
9	Products of Iron & Steel	7.0	6.6	5.4
10	Marine products	6.7	6.0	5.4
	<b>Total</b>	<b>137.1</b>	<b>115.8</b>	<b>124.1</b>
	<b>India's Total Exports</b>	<b>313.4</b>	<b>291.8</b>	<b>265.7</b>

Source: Department of Commerce, Government of India

15. The total value of imports by India during the April-November period of 2021-22 has declined to US \$ 381.4 billion as compared to US \$ 394.4 billion during April-March period of 2020-21. Among the top 10 import commodities, crude petroleum has the highest value of US \$ 73.3 billion during April-March period of 2021-22. This is followed by Gold (US \$ 33.2 billion), Petroleum products (US \$ 24.1 billion) and Pearl, Precious & Semiprecious Stones (US \$ 19.2 billion). The top 10 import commodities of India during 2019-20, 2020-21 and 2021-22 (April-March) are given in Table 6.

Table 6 - Top 10 Import commodities in India

*(Billion US \$)*

Sl. No.	Sector	2019-20	2020-21	2021-22 (Apr-Nov)
1	Petroleum: Crude	102.7	59.5	73.3
2	Gold	28.2	34.6	33.2
3	Petroleum Products	27.8	23.2	24.1
4	Pearl, Precious & Semiprecious Stones	22.5	18.9	19.2
5	Coal, Coke and Briquettes	22.5	16.3	18.9
6	Electronics Components	16.3	15.3	14.5
7	Vegetable Oils	9.7	11.1	12.2
8	Organic Chemicals	12.2	11.1	11.2
9	Computer Hardware & Peripherals	9.0	10.4	9.7
10	Plastic Raw Materials	10.4	9.7	9.5
	<b>Total</b>	<b>261.3</b>	<b>210.1</b>	<b>225.9</b>
	<b>India's Total Imports</b>	<b>474.7</b>	<b>394.4</b>	<b>381.4</b>

*Source: Department of Commerce, Government of India*

16. The Computer Software & Hardware sector attracts the highest FDI Equity inflow during 2020-21 to US \$ 26.1 billion followed by Automobiles, Services, Trading and Telecommunications sectors. The top five sectors in terms of highest FDI Equity Inflow together accounts US \$ 17.6 billion during the first half of 2021-22 as compared to US \$ 35.8 billion during the year 2020-21. The top five sectors attracting highest FDI Equity inflow during 2019-20, 2020-21 and 2021-22 (First Half) are given in Table 7. The sector wise FDI Equity Inflows to India by Sectors are provided in Appendix II.

Table 7 - Top 5 Sectors attracting highest FDI in Equity inflows

*(Billion US \$)*

Sl. No.	Sector	2019-20	2020-21	2021-22 (H1*)
1	Computer Software & Hardware	7.7	26.1	7.1
2	Automobile Industry	2.8	1.6	4.9
3	Services**	7.9	5.1	3.2
4	Trading	4.6	2.6	2.1
5	Telecommunications	4.4	0.4	0.4
	<b>Total</b>	<b>27.4</b>	<b>35.8</b>	<b>17.6</b>

Source: Economic Survey 2021-22

\*-H1-First Half

\*\*-. Services sector includes Financial, Banking, Insurance, Non-Financial/ Business, Outsourcing, R&D, Courier, Tech.

17. The countries such as Singapore, United States of America, Mauritius, Netherlands and Japan are the top five countries contributing as FDI Equity Inflows in India. Singapore tops the list with an FDI Equity investment of US \$ 17.4 billion during 2020-21 followed by United States of America (US \$ 13.8 billion) and Mauritius (US \$ 5.6 billion). Table 8, indicated top five countries investing in the form of FDI Equity during 2019-20, 2020-21 and 2021-22 (First Half) is given in Table 8.

Table 8 - Top 5 Countries Investing in India- FDI Equity Inflows

*(Billion US \$)*

Sl. No.	Sector	2019-20	2020-21	2021-22 (H1)
1	Singapore	14.7	17.4	8.1
2	U.S.A	4.2	13.8	4.6
3	Mauritius	8.2	5.6	4.3
4	Netherlands	6.5	2.8	2.1
5	Japan	3.2	2.0	0.8
	<b>Total</b>	<b>36.9</b>	<b>41.6</b>	<b>20.0</b>

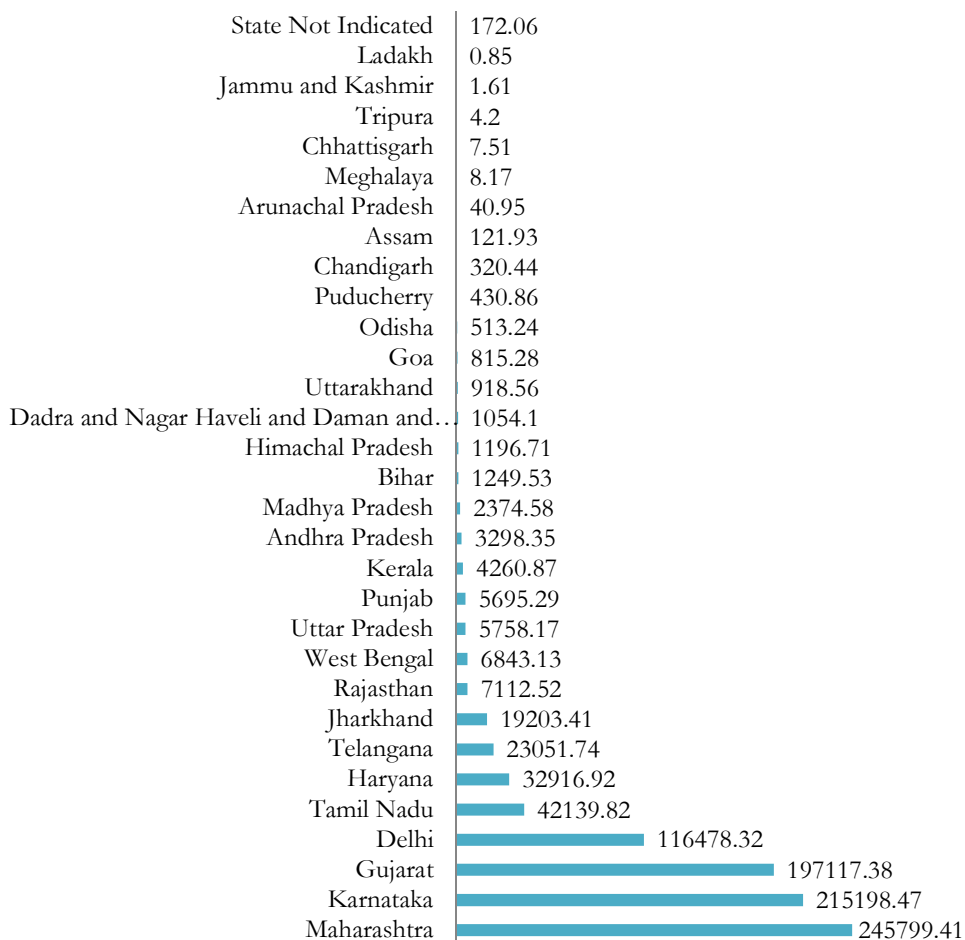
Source: Economic Survey 2021-22

\*-Includes Inflows under NRI Schemes of RBI

18. The total FDI Equity Inflow to India from October 2019 to December 2021 amounts to ₹9,34,104.38 Crore. Maharashtra accounts for the highest FDI Equity inflow amounts to ₹2,45,799.41 Crore (26.38% of total inflows) followed by Karnataka amounts to ₹2,15,198.47 Crore (23.06%) and Gujarat amounts to ₹1,97,117.38 Crore. Kerala holds 13th position with ₹4,260.87 Crore which accounts only 0.45% of the total FDI Equity Inflow to India during October 2019 to December 2021. The

cumulative State wise FDI Equity Inflows to India from April 2000 to December 2021 are given in Figure 2 and in Appendix III.

Figure 2 - Statewise FDI Equity Inflows to India from April 2000 to December 2021 (Rs. in crores)



Source: FDI Database, Department for Promotion of Industry and Internal Trade (DPIIT)

### Comparison of Kerala with Industrially Progressed States in India

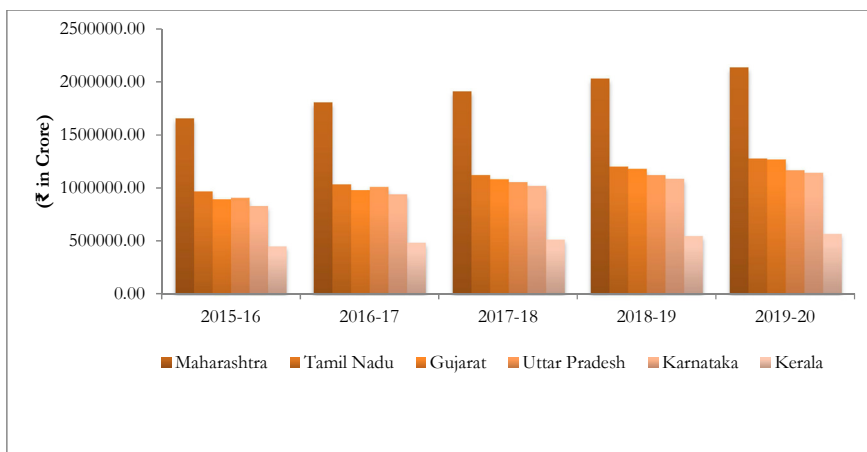
- In this section, an attempt has been made to compare Kerala with five industrially progressed States in India viz. Maharashtra, Tamil Nadu, Gujarat, Uttar Pradesh and Karnataka in terms of certain factors of economic growth. During 2019-20 the Gross State Domestic Product (GSDP) of Maharashtra has grown by 29% to ₹21,34,065 Crore as compared to ₹16,54,283.61 Crore during 2015-16. Tamil Nadu has the second highest GSDP which has increased by 32.14% to ₹12,78,558.72 Crore during



2019-20 as against ₹9,67,562.46 Crore during 2015-16. Gujarat has the third highest GSDP which has increased by 41.87% to ₹12,68,956.63 Crore during 2019-20 as against ₹8,94,465.34 Crore during 2015-16.

20. Similarly, Uttar Pradesh and Karnataka has recorded an increase of 28.47% and 37.98% in GSDP during 2019-20 to ₹11,66,817.47 Crore and ₹11,43,781.27 Crore respectively when compared to 2015-16. The GSDP of Kerala during 2019-20 has increased by 26.02% to ₹5,68,635.52 Crore as compared to ₹4,51,210.02 Crore during 2015-16. The Gross State Domestic Product (GSDP) at constant price from the year 2015-16 to 2019-20 (Base 2011-12) of Kerala and the five States are given in Figure 3. The GSDP at Constant Price of all States is given in Appendix IV.

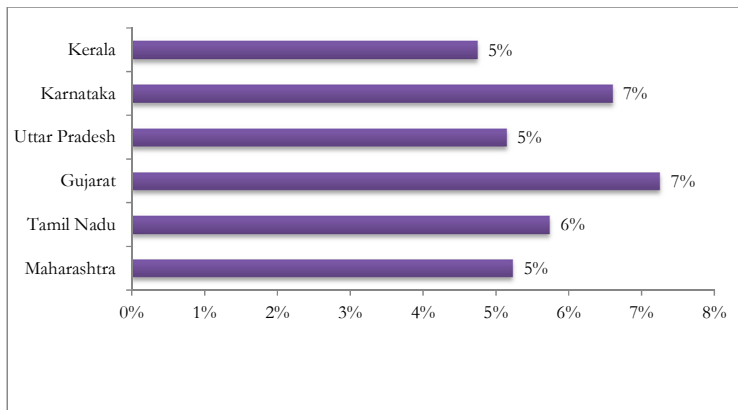
Figure 3 -The Gross State Domestic Product (GSDP) at constant price from the year 2015-16 to 2019-20



Source: Reserve Bank of India (RBI)

21. The Compound Annual Growth Rate (CAGR) of GSDP of Kerala and Other States from 2015-16 to 2019-20 is given in Figure 4.

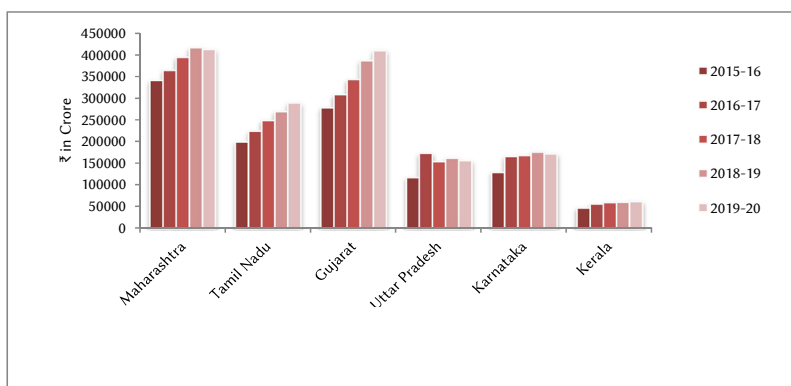
Figure 4 - Compound Annual Growth Rate (CAGR) of GSDP of Kerala and Other States from 2015-16 to 2019-20



Source: Reserve Bank of India (RBI)

22. The Compound Annual Growth Rate (CAGR) of Gross State Value Added (GSVA) by Manufacturing sector from 2015-16 to 2019-20 is 8% in States such as Tamil Nadu and Gujarat. The States like Uttar Pradesh and Karnataka has recorded CAGR of 6%, whereas Maharashtra the State with highest GSVA by manufacturing has registered a CAGR of 4% only. The CAGR of Kerala in GSVA by manufacturing is 5%. The GSVA by Manufacturing Sector during 2015-16 to 2019-20 is given in Figure 5.

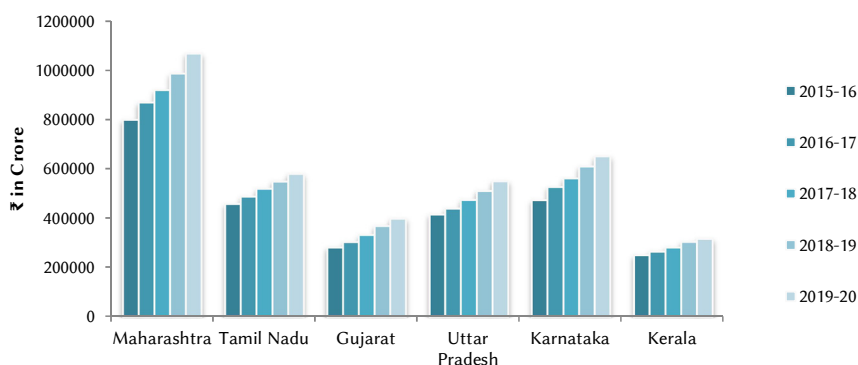
Figure 5 - The GSVA by Manufacturing Sector during 2015-16 to 2019-20



Source: Reserve Bank of India (RBI)

23. The Compound Annual Growth Rate (CAGR) of Gross State Value Added (GSVA) by Service sector from 2015-16 to 2019-20 is 7% in States such as Gujarat and Karnataka. The States such as Maharashtra and Uttar Pradesh has recorded CAGR of 6%, whereas Tamil Nadu has registered a CAGR of 5%. The CAGR of Kerala in GSVA by service is also 5%. The GSVA by Service Sector during 2015-16 to 2019-20 is given in Figure 6.

Figure 6 - The GSVA by Service Sector during 2015-16 to 2019-20



Source: Reserve Bank of India (RBI)

24. The Gross Capital Formation from 2009-10 to 2018-19 by Kerala and Other States is given in **Table 9**.

Table 10 -The Gross Capital Formation from 2009-10 to 2018-19

Sl. No.	Year	(₹ in Lakh)					
		Maharashtra	Tamil Nadu	Gujarat	Uttar Pradesh	Karnataka	Kerala
1	2009-10	4515856	3391755	6426290	1544002	3181862	525719
2	2010-11	6559793	4372326	6798395	2042676	3557442	432473
3	2011-12	6215589	-1848971	7520567	2545483	4099326	396740
4	2012-13	6320435	4196426	7205634	3261084	3373519	379559
5	2013-14	6647883	4204053	7718121	1781548	2901679	823877
6	2014-15	6221659	1282962	8997896	1785627	2023483	582183
7	2015-16	5728189	4236751	7966166	1743460	2556890	1059951
8	2016-17	4683305	4500894	11581192	2189850	2595321	1378297
9	2017-18	6644687	3875005	7946587	1864619	2955372	652914
10	2018-19	8147601	4886573	8895514	2971102	3673197	758482

Source: MOSPI, Annual Survey of Industries (ASI)

25. The Net Fixed Capital Formation from 2009-10 to 2018-19 of Kerala and Other States is given in **Table 10**.

Table 10 - The Net Fixed Capital Formation from 2009-10 to 2018-19

Sl. No.	Year	(₹ in Lakh)					
		Maharashtra	Tamil Nadu	Gujarat	Uttar Pradesh	Karnataka	Kerala
1	2009-10	1313392	1466499	2033847	238956	1986172	176282
2	2010-11	1759599	957818	2464836	522502	1793007	88059
3	2011-12	2410131	1477502	2929781	1067206	2199273	70367
4	2012-13	3268165	1425275	2549787	1584436	1742671	102354
5	2013-14	2804108	1453991	4709374	506746	913544	598960
6	2014-15	2495438	-884541	7286599	538692	523881	404416
7	2015-16	1342632	1598468	5345197	630139	814596	766389
8	2016-17	825986	1186977	5930701	502057	606935	870598
9	2017-18	1314811	470805	2300135	310599	592043	183020
10	2018-19	2205815	567537	2634278	578883	980096	315446

Source: MOSPI, Annual Survey of Industries (ASI)

## Export Preparedness of Kerala

26. Export Preparedness Index, 2020 prepared by NITI AAYOG aims to assess the readiness of the states, in terms of their export potential and their performance. The main objective of the Index is to inculcate competition among all states in India. The specific objectives of the Index are:

- Bring favourable export promotion policies.
- Ease regulatory framework to prompt subnational promotion of exports.
- Create necessary infrastructure for exports.
- Help in identifying strategic recommendations for improving export competitiveness.

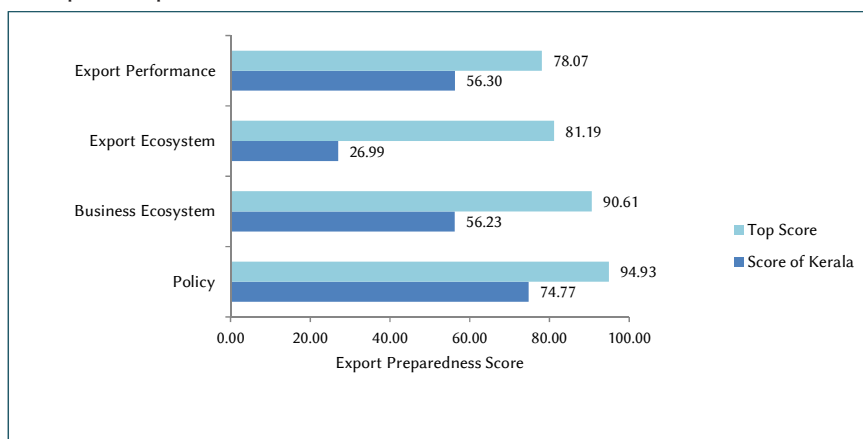
27. It attempts to provide with an extensive framework for the continual assessment of export readiness of Indian States and the Union Territories. The structure of the frame-

work is as follows:

- A. Policy (Kerala's Rank – 10th)
- B. Business Ecosystem (Kerala's Rank – 10th)
- C. Export Ecosystem (Kerala's Rank – 18th)
- D. Export Performance (Kerala's Rank – 4th)

28. Kerala ranked 10th position in the Index with a total score of 54.11. However, there are several factors yet to be progressed by the State in order to improve the position of the State. In light of the above, this section tries to analyse the position of Kerala in Export preparedness with a view to create infrastructure for an enabling environment for exports. Gujarat tops in the Index (75.19), followed by Maharashtra (75.14) and Tamil Nadu (64.93). The parameter wise score of Kerala comparing with the top score

Figure 7 - Export Preparedness of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

in the Index is graphically represented here (Figure 7).

## Policy

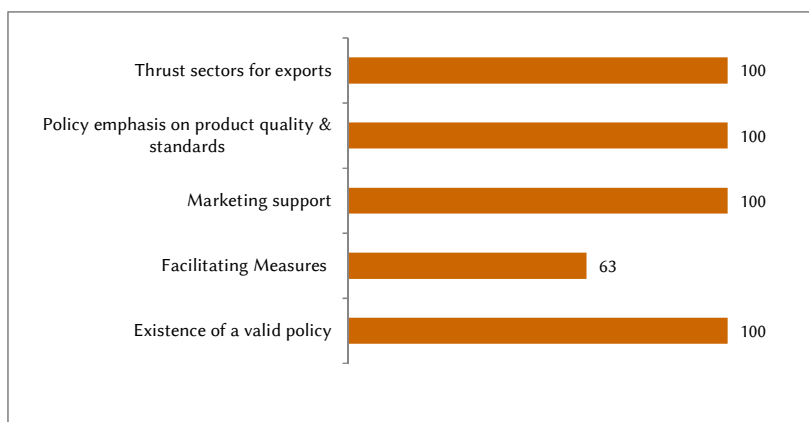
29. A comprehensive trade policy provides a strategic direction for exports and imports. Kerala has a score of 74.77 in policy, represents that it has enabling policy measures to steer export-led growth. The Policy consists of following sub-components:

- Export Promotion Policy (Kerala Score - 89.86)
- Institutional Framework (Kerala Score – 59.68)

30. Kerala perform well in Export Promotion Policy as existence of a valid policy, marketing support, policy emphasis on product quality & standards and thrust sectors for exports scored a perfect 100. However, the export facilitating measures has scope for further improvement (Figure 8).

31. Kerala scored less on Institutional Framework when compared to Export Promotion Policy (59.68). It implies that while State has identified specific export promotion measures, it had not focused equally on building policy infrastructure required to implement the policy vision. Kerala has scored 100 among factors such as appointment of

Figure 8 - Export Promotion Policy-Score of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

full-time Export Commissioner, existence of State-Centre co-ordination cell, grievance redressal and international access. State can further improve the score in institutional framework through focusing on export promotion councils and newsletters for exporters. Absence of Empowered Committee may come under the consideration of the Government (Figure 9).

Figure 9 - Institutional Framework Score of Kerala



Figure 9: Institutional Framework-Score of Kerala

Source: Export Preparedness Index, 2020, NITI AAYOG

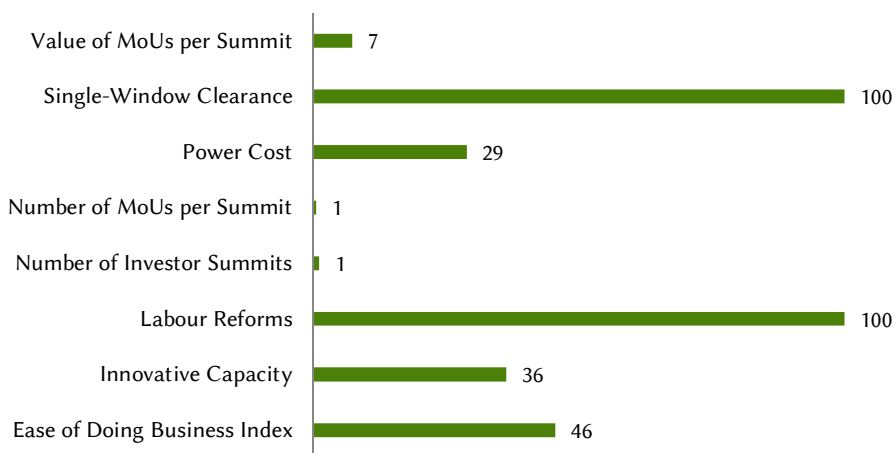
## Business Ecosystem

32. An efficient business ecosystem can help Kerala to attract investments and create an enabling infrastructure for individuals to initiate start-ups. Availability of such investment facilitating factors enables production units to enhance their production capacities and foster future growth of their existing exporting capacities. The Business Ecosystem consists of following sub-components:

- Business Environment (Kerala's Score – 55.44)
- Infrastructure (Kerala's Score – 48.39)
- Transport Connectivity (Kerala's Score – 58.03)
- Access to Finance (Kerala's Score – 63.07)

33. Kerala's development strategy must have essential determinants to nurture a business environment that attracts investment and fosters growth through good governance and balances between the levels of protection and incentives. The State has scored well in Business Environment Single Window Clearance and Labour Reforms, whereas ease of doing business index, Innovative capacity and power costs scores lower in the Business Environment component of the Index. The lowest score in the Business Environment component was for number of investor summits, number of MoUs per summit and value of summit, indicates that Kerala needs to co-ordinate more sector specific investor summits aiming more investment for the State (Figure 10).

Figure 10 - Business Environment Score of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

34. The index strongly recommends for improving export infrastructure through improving power availability, internet facilities and cluster strength in Kerala. The number of industrial parks and industrial corridors in the State has to increase suitably for promoting exports as it has scored less in the Index (Figure 11).

Figure 11 Infrastructure - Score of Kerala

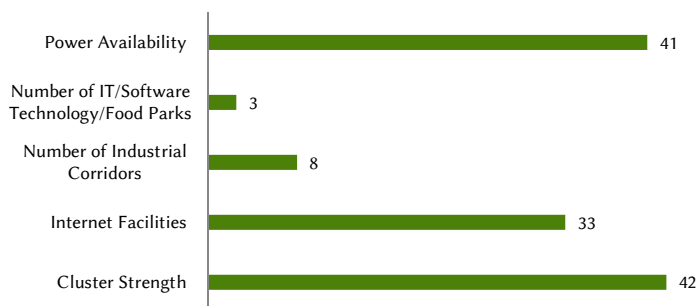
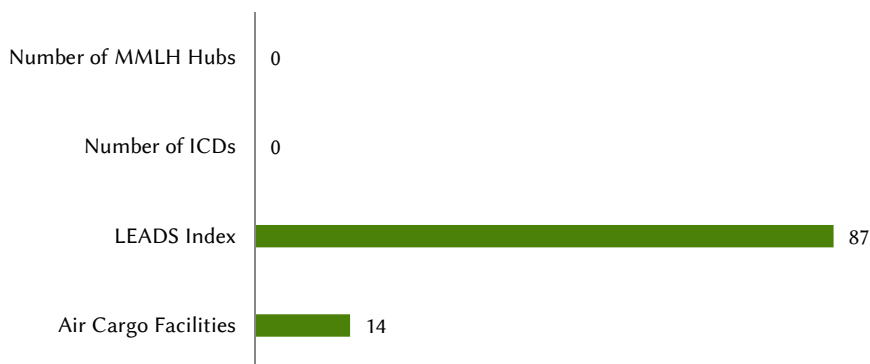


Figure 11: Infrastructure-Score of Kerala

Source: Export Preparedness Index, 2020, NITI AAYOG

35. Transport Connectivity component of the Index suggests that Kerala should have well-established air-cargo facilities, multimodal logistic hubs as well as inland container depots. This enables smooth transport of goods and State can attract major investments. The higher score of Kerala in LEADS (Logistics Ease Across Different States) index has helped it to score 87 in this Index. However, the index suggests that the number of MMLH (Multi Modal Logistics Hubs) and number of ICDs (Inland Container Depots) to be strengthened by State (Figure 12).

Figure 12 - Transport Connectivity-Score of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

36. In Business Ecosystem, in access to finance Kerala has scored 100 for loan schemes for exporters but it scored low on banking facilities (23) followed by export credit to exporters (16). State Government can look at export credit to enhance the accessibility of finance for the exporters (Figure 13).

Figure 13 - Accessibility of Finance-Score of Kerala

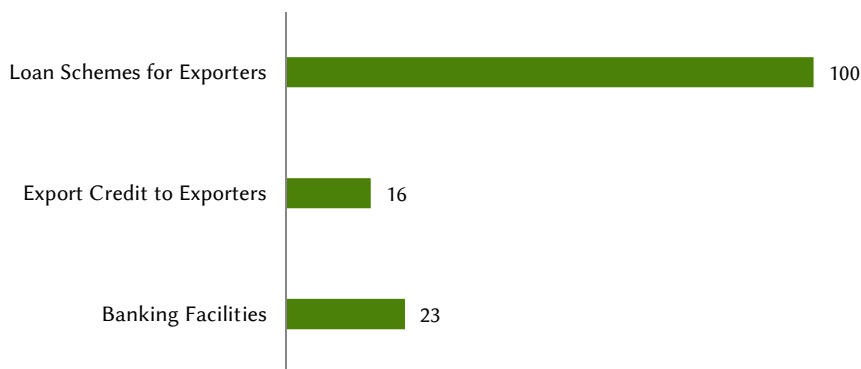


Figure 13: Access to Finance-Score of Kerala

Source: Export Preparedness Index, 2020, NITI AAYOG

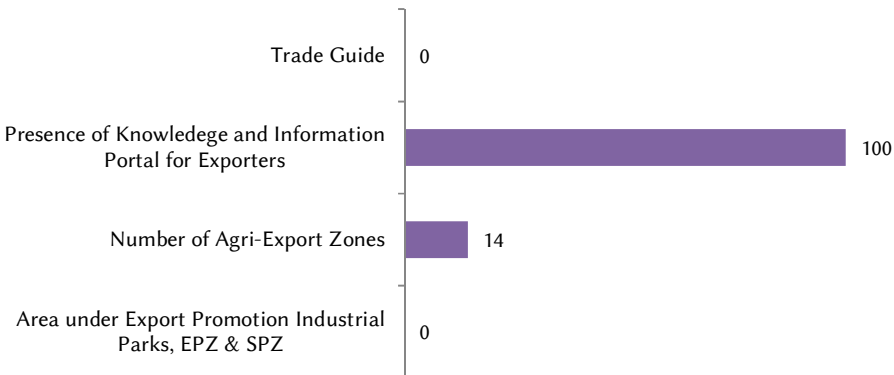
### Export Ecosystem

37. Export Ecosystem aims to create an enabling ecosystem to support different firms to increase productivity and boost competition. The export ecosystem has the following sub-components.

- Export Infrastructure (Kerala's Score – 42.73)
- Trade Support (Kerala's Score – 3.13)
- R&D Infrastructure (Kerala's Score – 19.38)

38. Kerala can enhance their export competitiveness by plugging the gaps in export infrastructure. It has scored 100 in presence of knowledge and information portal for exporters. Providing designated areas for trade centres and trade guide are initiates need to undertake by the State Government towards developing export infrastructure. The Index also suggests that Kerala can also focus on developing and increasing the number of Agri-Export Zones as well as area under export promotion industrial parks, EPZ and SEZ (Figure 14).

Figure 14 Export Infrastructure - Score of Kerala

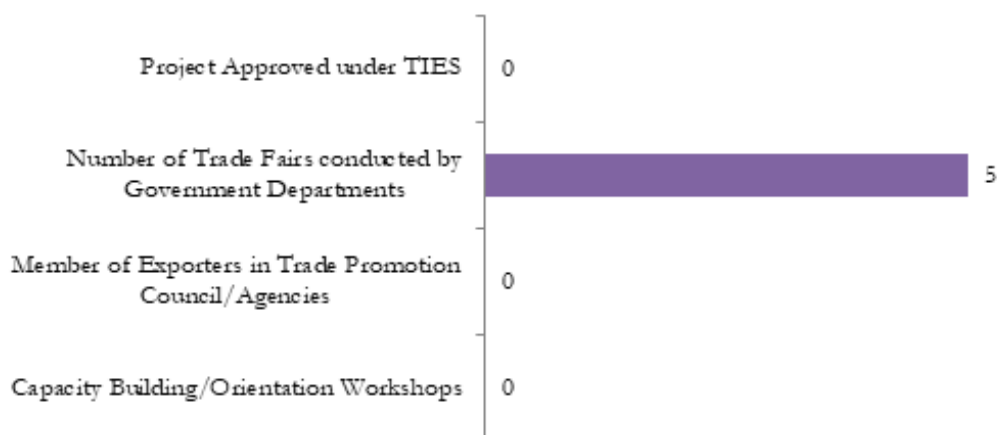


Source: Export Preparedness Index, 2020, NITI Aayog

39. Kerala has lower score in the Index for Trade Support. Kerala may have strategic policy interventions to guide exporters and to create platform for exporters to highlight their products and interact with new partners. State Government may initiate workshops on capacity building and disseminate knowledge amongst exporters (Figure 15).



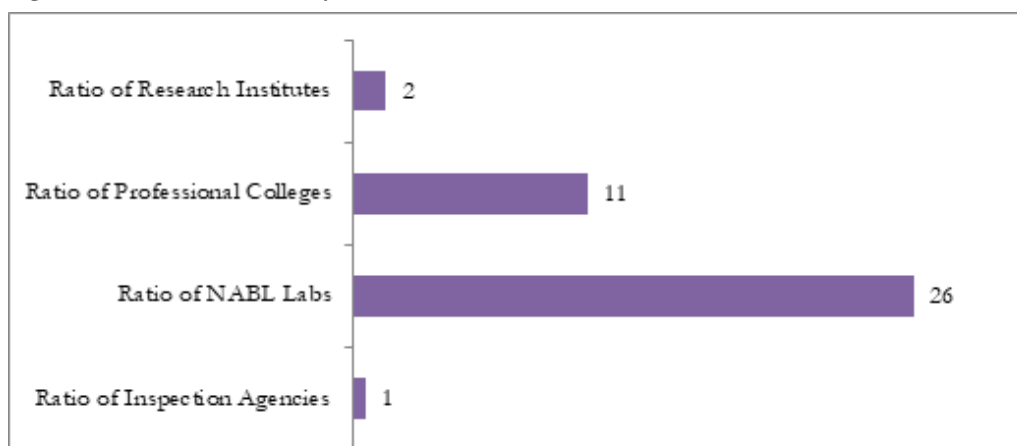
Figure 15 Trade Support-Score of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

40. Research & Development infrastructure plays a vital role in pushing exporters to enhance the quality of products in tune with international standards. The Index suggests that Kerala has to explore the possibility of State Government with private sector in overall R&D spending. This would in turn provide greater employment opportunities, leading to greater innovation and a higher volume of exports (Figure 16).

Figure 16 Research & Development infrastructureScore of Kerala



Source: Export Preparedness Index, 2020, NITI Aayog

### Export Performance

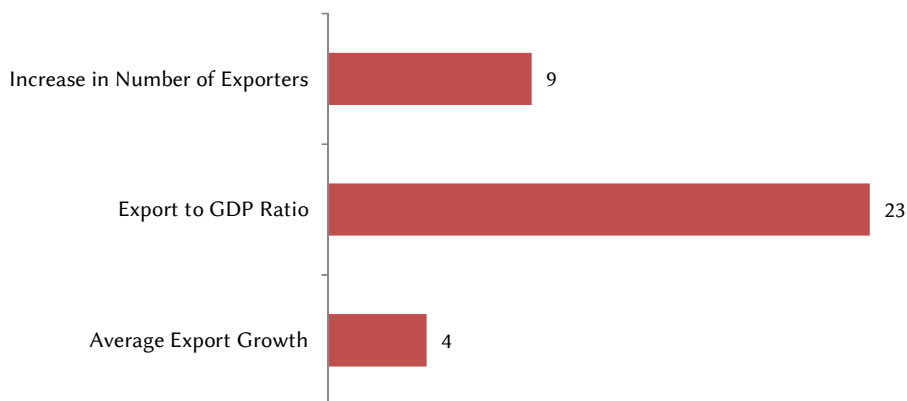
41. Export performance has two sub-components:

- Growth and Orientation (Kerala's Score – 12.60)
- Export Diversification (Kerala's Score – 100)

42. The Index indicates that Growth and Orientation in Export by the State has to im-

prove the number of exporter's in the State and increase the export to GDP ratio. These measures will in turn help for export growth (Figure 17).

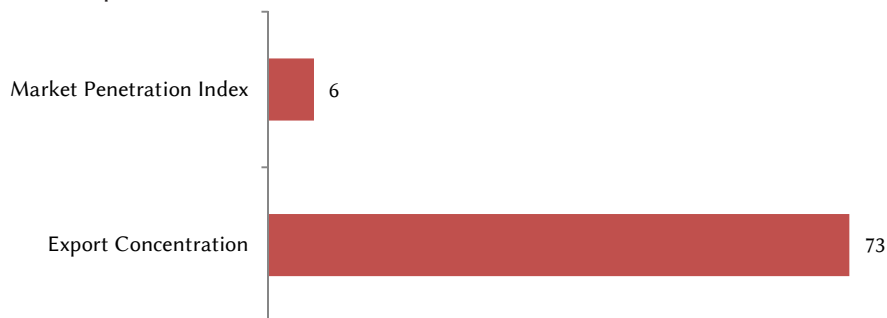
Figure 17- Growth and Orientation - Score of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

43. Export diversification measures both the dispersion of export value across an exporter's products and the extent to which exports from a State reach already proven markets. Better trade value concentration and market diversification protect the exporting unit from external sThocks. Kerala has shown better performance in Export Concentration with a score of 73 in the Index. In terms of Market Penetration the State has scored only 6 in the Index (Figure 18).

Figure 18 - Export diversification - Score of Kerala



Source: Export Preparedness Index, 2020, NITI AAYOG

### **13th Five-Year Plan Approaches**

44. The 13th Five-Year Plan focused on the following aspects towards attracting investments to Kerala industries:

- Develop Industrial Infrastructure
- Develop Investment Financing and Investment Models
- Develop Human Resources
- Ease of Doing and promotional Initiatives [Conduct of Expos/Conferences/ Investment Meets/Business Facilitation services]
- Innovations Accelerations [Seed funding, Incubation & Mentoring]
- Research and Development and Technology Induction
- Investment facilitation through agencies like KSIDC, KINFRA, KBIP and DIC.
- Develop Institutes for capacity building



## CHAPTER 2

### APPRAISAL OF STATE INTERVENTION

#### **Policies/Facilitating Mechanisms of Government of India**

45. The Department for Promotion of Industry and Internal Trade (DPIIT) is the Nodal Department for formulation of policy of the Government on Foreign Direct Investment (FDI). It is responsible for maintenance and management of data on inward FDI, based upon the remittances reported by the Reserve Bank of India (RBI). With a view to attract higher levels of FDI, Government has put in place a liberal policy on FDI, under which, FDI up to 100%, is permitted, under the automatic route, in most sectors/activities. Significant changes have been made in the FDI policy regime in the recent times to ensure that India remains an increasingly attractive investment destination.
46. DPIIT is a single point interface of the Government to facilitate investors for Foreign Direct Investment through approval route. In this regard a new portal ([http:// www. fifp.gov.in](http://www.fifp.gov.in)) has been created and the portal facilitates as a single window clearance of applications. It plays an active role in investment promotion and facilitation through dissemination of information, on opportunities in India by advising prospective investors about investment policies and procedures and opportunities.

#### **Make in India (MII)**

47. The Make in India (MII) initiative was launched on September 2014 to create a conducive environment for investments. It is aimed at fostering innovation, building world class infrastructure, and making India a hub for manufacturing, design, and innovation. It was one of the first 'Vocal for Local' initiatives that showcased India's manufacturing prowess to the world.
48. MII programme has identified 24 industrial sectors which has potential to become self-reliant by strengthening its domestic manufacturing. These are Air Conditioners, Electronics, Textiles, Furniture, Leather and Footwear, Fisheries, Agro Produce (Potato & Mango), Ready to Eat, Agro Chemicals, Auto Components, Aluminium, Steel, Set top Boxes, EV Components and Integrated Circuits, Ethanol, Ceramics & Glass, Robotics, Drones, Televisions, Closed Circuit Cameras, Toys, Medical Devices, Sporting Goods & Gym Equipment and Bicycles & E-cycles.

#### **National Intellectual Property Rights (IPR) Policy**

49. The roadmap for intellectual property in India sets forth based on the National IPR Policy, approved on 12th May 2016. The Policy recognizes the abundance of creative and innovative energies that flow in India, and the need to tap into and channelize these energies towards a better and brighter future for all. The National IPR Policy is a vision document that aims to create and exploit synergies between all forms of intellectual property (IP), concerned statutes and agencies. It sets in place an institutional mechanism for implementation, monitoring and review. It aims to incorporate and adapt global best practices to the Indian scenario. In pursuance of the National IPR

Policy, a specialized professional body for IPR Promotion and Management (CIPAM), was created under the aegis of DPIIT, which has been instrumental in taking forward the objectives and visions of the Policy.

### **National Design Policy**

50. The National Design Policy was approved by the Government on 8th February, 2007. It aims promotion of Indian design through a well-defined and managed regulatory, promotional and institutional framework. It also offers setting up of specialized Design Centres of “Innovation Hubs.
51. The Design Clinic Scheme project being implemented by National Institute of Design (NID) across the country is intended to improve the manufacturing competency of the MSMEs through design intervention to their products and services and to provide them design edge in the global market.

### **Ease of Doing Business (EODB)**

52. Ease of Doing Business is aimed at improving overall business regulatory environment in the country by streamlining the existing regulations and processes and eliminating unnecessary requirements and procedures. The 8 key areas on which Ease of Doing Business focus are: Starting a Business, Urban Local Body Services, Land Reform Enabler, Land Administration and Property Registration Enablers, Obtaining Approval for Construction, Paying Taxes, Miscellaneous and Grievance Redressal/Paperless Courts and Law & Order.

### **Investment Promotion and International Cooperation**

53. DPIIT plays an active role in investment promotion and facilitation through dissemination of information, on opportunities in India by advising prospective investors about investment policies and procedures and opportunities. It also coordinates with apex industry associations for improving its international cooperation.

### **Development of Logistics Sector**

54. Government of India with a view to bring about reduction in the logistics cost has introduced several measures. It has engaged regulatory infrastructure or services bottlenecks in freight logistics and easing them through industry engagement and inter-ministerial coordination

### **Project Monitoring Group (PMG)**

55. DPIIT with support from Invest India co-ordinate Project Monitoring Group (PMG) for resolving issues and bottlenecks and fast tracking the setting up and commissioning of large infrastructure projects in Public and Private sectors.

### **Invest India**

56. Invest India has been set up as a Joint Venture (JV) Company between DPIIT, Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industry (CII), National Association of Software and Service Companies (NASSCOM) and various State Governments. Invest India is the National Investment Promotion and Facilitation Agency of India and acts as the first point of reference for in-

vestors in India. Invest India provides multiple forms of support such as market entry strategies, deep dive industry analysis, partner search and location assessment policy advocacy with decision makers.

### **Start-up India**

57. Start-up India is a flagship initiative of the Government of India, intended to catalyse start-up culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. The Start-up India Action Plan was launched on 16th January 2016 with the objective of supporting entrepreneurs, building up a robust start-up ecosystem and transforming India into a country of job creators instead of job seekers.

### **Industrial Corridors**

58. Government of India is developing various Industrial Corridor Projects as part of National Industrial Corridor programme aimed at development of futuristic industrial cities in India. It aims at competing with the best manufacturing and investment destinations in the world. The program is aimed at providing multi modal connectivity with complete “plug and play” infrastructure till the plot level along with building resilient and sustainable future ready cities. Delhi Mumbai Industrial Corridor (DMIC) Project is the first Industrial Corridor project in this regard. National Industrial Corridor Development and Implementation Trust (NICDIT) facilitates

### **One District One Product (ODOP)**

59. One District One Product (ODOP) initiative is a transformational initiative to foster balanced regional development across all districts of the country with the objective of identifying and promoting the production of unique products in each district in India that can be globally marketed.

### **National Single Window System (NSWS)**

60. Government of India initiated Investment Clearance Cell (ICC) to provide “end to end” facilitation and support to investors, including pre-investment advisory, provide information related to land banks and facilitate clearances at Centre and State level.

### **India Industrial Land Bank (IILB)**

61. The India Industrial Land Bank (ILB) is a GIS-based portal which serves as a one-stop repository of all industrial infrastructure related information. Currently, the ILB has approximately 4000 industrial parks mapped across an area of 5.5 Lakh hectare of land, serving as a decision support system for investors looking for land for industrial purposes.

### **Industrial Park Rating System (IPRS)**

62. Industrial Park Rating System (IPRS) is an exercise for recognizing best performing parks, identifying interventions and serving as a decision support system for investors and policy makers. IPRS is done by DPIIT in association with Invest India and Asian Development Bank (ADB). The Report of Industrial Park Rating released by the DPIIT on October, 2021 has assessed 41 Industrial Parks as “Leaders”, 90 Industrial Parks have been rated as “Challenger” while 185 have been rated as “Aspirers”.

## Public Procurement

63. The Public Procurement (Preference to Make in India) Order, 2017 (PPP-MII Order 2017) was issued aim to create an assured domestic market for manufacturers, who are genuinely 'Make in India', thereby encouraging utilization of Indian material resources for the provision of goods required for public procurements.

## Other States Initiatives

64. Maharashtra, a leader in developed and emerging sectors in India is also the highest contributor to nation's economy. It is famous in terms of its industrial growth, export performance, FDI attractiveness and for improving services based on the feedback from industries. Some of the major industrial policies and incentives offered by the Maharashtra Government are provided in Box 1.

### Box 1 - Industrial Policies & Incentives of Government of Maharashtra

- **Industrial Policy 2019:** It aims to augment the manufacturing ecosystem of Maharashtra through fiscal and non-fiscal interventions including enhanced ease of doing business.
- **Package Scheme of Incentives 2019:** It provides for taluk-wise area classification based on level of industrial development, describes eligibility criteria for industries and lists all fiscal incentives available to industries.
- **Logistics Parks Policy 2018:** It aims to make Maharashtra a part of the global supply chain, upgrade from traditional warehousing to provider of fully integrated value-added logistic services.
- **Electric Vehicles Policy 2021:** It aims to support adoption of sustainable and clean mobility solutions in Maharashtra and make the state leading investment & manufacturing destination for Electric Vehicles ecosystem.
- **Electronics Policy 2016:** It aims to promote manufacturing of electronics products, develop a vibrant ecosystem of R&D, design, engineering, and innovation in electronics in the State.
- **Textile Policy 2018:** It aims to promote manufacturing of electronics products, develop a vibrant ecosystem of R&D, design, engineering, and innovation in electronics in the State.
- **FinTech Policy 2018:** The aim of the policy is to set up a Global FinTech Hub in Mumbai Metropolitan Region in order to establish Mumbai as one of the top FinTech Centers in the world.

Source: Maharashtra Industrial Development Corporation (MIDC)



65. Tamil Nadu, the second largest economy of the country and it aims to develop futuristic industrial cities in Tamil Nadu, which can compete with the best manufacturing and investment destinations in the world. It has all its districts covered under industrial corridor projects, a unique feature of the State. A glimpse of Tamil Nadu Industrial Policy 2021 and details of incentives offered by the State are provided in Box 2:

#### Box 2 - Tamil Nadu Industrial Policy 2021

- The Policy serves as a critical instrument that will help achieve Tamil Nadu's Vision 2023. Tamil Nadu's Vision 2023 is a roadmap for state's development, encompassing themes like economic prosperity, inclusive growth, etc.
- **Scope of the Policy:** It is applicable for projects establishing or expanding industrial units, industrial parks, R&D projects, warehousing and logistics except those specified in the negative list. The policy is valid till 31.03.2025.
- **Approach:**
  - Achieve inclusive and balanced regional growth,
  - Accelerate industrial growth through incentives and facilitation measures
  - Promote resilient industrial development that aligns with environmental sustainability,
  - Develop an innovation ecosystem and promote investment in technology adoption,
  - Encourage FDI & exports, etc.
- **Incentives for Industries:**
  - Structured Package
  - Incentives for Sunrise Sector
  - Incentives for Industrial Parks
  - Incentives for R&D Projects
  - Incentives for Logistics Infrastructure
  - Incentives for FDI

Source: The Tamil Nadu Industrial Investment Corporation Limited (TIIC)

#### State Government Sponsored Schemes & Programmes

66. During 13th Five Year Plan period, the State Government has provided an amount of ₹2680.27 Crore for the implementation of schemes under Medium and Large Industries Sector.
67. Kerala State Industrial Development Corporation (KSIDC), Kerala Industrial Infrastructure Development Corporation (KINFRA), Public Sector Restructuring and Internal Audit Board (RIAB), Centre for Management Development (CMD), Bureau of Public Enterprises (BPE) are the major Government agencies involved in the development of Medium and Large Industries Sector of the State.

68. Agency wise Outlay and Expenditure during the 13th Five Year Plan is as follows

Sector/ Subsector	Annual Plan 2017-18		Annual Plan 2018-19		Annual Plan 2019-20		Annual Plan 2020-21		Annual Plan 2021-22	
	Outlay	Expt.	Outlay	Expt.	Outlay	Expt.	Outlay	Expt.	Outlay	Expt.
BPE	0.40	0.364	0.75	0.00	0.75	0.44	0.95	0.19	0.95	0.18
KSIDC	96.27	159.05	134.35	76.57	116.01	15.90	109	84.32	109	48.74
KINFRA	111.32	55.02	96.00	34.83	107.03	20.60	92.53	85.14	302.53	175.88
CMD	3.10	1.82	1.30	1.27	1.29	0.75	1.29	0.99	1.29	1.29
RIAB	1.86	1.86	3.50	3.50	3.50	2.10	3.50	3.07	5.50	4.71
Rejuvenation and Revival of viable Public Sector Units	270	157.71	297.35	140.52	299.35	100.28	260.79	213.21	248.79	182.62
<b>TOTAL</b>	<b>482.95</b>	<b>375.82</b>	<b>533.25</b>	<b>256.69</b>	<b>527.93</b>	<b>140.07</b>	<b>468.06</b>	<b>386.92</b>	<b>668.06</b>	<b>413.42</b>

Source: Planspace and Accounts

## 69. Vision of the Industrial Policy 2018

The vision of the Industrial Policy is to transform Kerala into a vibrant investment destination with an effervescent Entrepreneurial society through inclusive, eco-friendly and sustainable economic growth with the creation of employment opportunities with reasonable wages. Kerala aims to become one of the top 10 ranking states in the country as far as Ease of Doing Business is concerned.

## 70. Objectives of the Industrial Policy 2018

- Empower people and generate employment for sustainable overall development through industrial growth.
- Simplify regulatory procedures and provide time bound approvals and clearances for setting up new enterprises.
- Strengthen existing industries and make them more efficient.
- Mobilize MSMEs particularly in rural areas to achieve employment generation and utilization of local resources.
- Ensure greater national and international investment in industrial sector.
- Facilitate PSUs and other production units 'so as to attain their set objectives'.
- Ensure higher value addition of the locally available resources.
- Create employment opportunities for skilled human resources within the State.
- Encourage NRK investors, prospective young entrepreneurs, women entrepreneurs, and ex-servicemen interested in setting up business.
- Improve industrial, allied and axillary infrastructure through public and PPP modes.
- Ensure sufficient land availability through land acquisition, land pooling and Private Industrial Parks/Estates.
- Provide trunk infrastructure for pooled industrial land, Private Industrial Parks/Estates.
- Accelerate development of industrial clusters in the State in line with Nation-

al Manufacturing Policy, Petroleum, Chemicals and Petrochemical Investment Regions, Electronic Manufacturing Clusters, MSME Cluster Development Programme.

- Strengthen the services on Commerce sectors and create employment for the skilled and semi-skilled manpower in the State.
- Introduce globally accepted standards in Technology, Quality and Management to rejuvenate the Public Sector Enterprises in the State.
- Encourage environment friendly practices in enterprises.
- Adopt participatory approach in Industrial and Infrastructure investments.
- Ensure a space for Kerala in national and international markets through increased production of high-quality products at reasonable price.
- Enhance technical skills of young generation for improving their employment opportunities.
- Ensure respectable wages and income for those engaged in traditional manufacturing activities.
- Increase in industrial development through the development of the logistic sector.

71. Kerala is an investor friendly State and it strives to create conducive environment to attract major investments and to improve the Ease of Doing Business in the State. Being a most advanced society in the country, Kerala with highest literacy rate in country, highest life expectancy, least population growth, lowest infant mortality serves as a role model for developing countries. The skilled workforce of Kerala makes use of the opportunities of the global economy makes the State a human resource pool, driven by a variety of quality educational and research institutions.
72. The Government of Kerala has been pro-active in taking up many initiatives to energise and stimulate the business environment in the State. It has rolled out many policy reforms to clear hurdles for investment and to accelerate industrial growth of Kerala.

### **Ease of Doing Business**

73. State Government with a view to improve the business environment of the State has undertaken with specific emphasis on simplification of the existing Acts & Rules and introduction of Information Technology to make governance more efficient, effective, transparent and user-friendly. The main aim has been to identify specific areas for improvement in various aspects of doing business in the State. It has passed the Kerala Investment Promotion and Facilitation Act, 2018 for the creation of an enabling environment for establishing and running enterprises in the State. Another two important legislations promulgated by the State Government as part of EODB liberalizations are:
  - The Kerala Micro Small and Medium Enterprises Facilitation Act, 2019: To exempt all projects having capital investments up to Rs 10 Crores and not falling under red category as notified by Pollution Control Board from licenses, approvals, permits etc. under various Acts for the first three years.
  - The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Act, 2019: To strengthen existing Single Win-

dow Boards at State, District and Industrial Parks by bringing amendments to the Kerala State Single Window Clearance Boards and Industrial Township Area Development Act, 1999.

### **Single Window Interface for Fast & Transparent Clearance (K-SWIFT)**

74. The Single Window Interface for Fast & Transparent Clearance (K-SWIFT) is an on-line clearance mechanism (SWIFT) aimed at facilitating clearances from departments/agencies concerned for setting up and running of an enterprise in the State. Single Window Clearance Boards have also constituted at State, District and Industrial Park levels. Investment Promotion and Facilitation Cells are set up at the State and District levels to address investor queries and grievances.

### **Industrial Land Banks**

75. There are Industrial Land Banks in Kerala controlled and operated by various Governmental Agencies for setting up industries with a view to attract huge investments to the State. The Major Industrial Land Banks under the control of infrastructure development sector State Government PSUs are as follows:
- KINFRA Industrial Park, Kollam – 1.03 Acres – For General Industries
  - KINFRA Small Industries Park, Pathanamthitta – 2 Acres – For General Industries
  - KINFRA Petrochemical Park, Ernakulam – 131 Acres – For Petrochemical
  - KINFRA Integrated Industrial Park, Palakkad – 5.39 Acres – For General Industries
  - KINFRA Defence Park, Palakkad – 33 Acres – For Defence Sector
  - KINFRA Industrial Parks, Kannur – 63.50 Acres – For General Industries
  - KSIDC Industrial Growth Centre, Alappuzha – 194.76 Acres - For General Industries
  - KSIDC Mega Food Park, Alappuzha – 84.03 Acres – For Seafood Industries
  - KSIDC Investment Zone, Palakkad – 34.05 Acres – For General Industries
  - KSIDC Calicut – 140 Acres – For Hi-tech Industries
  - KSIDC Kannur – 160 Acres – For Hi-tech Industries
76. Apart from the above Industrial Land Banks, District Industries Centre (DIC) under the Department of Industries & Commerce hold land banks for industrial purposes in all districts of Kerala except for Wayanad.

### **Invest Kerala Portal**

77. The e-portal launched by Government of Kerala is an industry investment guide for investors to explore the State's potential and unique investment opportunities. It has been designed to improve Kerala's investment ecosystem. It helps entrepreneurs from different parts of India and abroad set up and run businesses in Kerala in a congenial environment.

### **Invest Kerala Helpdesk**

78. The Investor Facilitation Call Centre "Invest Kerala Helpdesk" functions as a help desk to provide clarifications and support to Investors seeking to establish and run enter-

prises in the State. State Government entrusted Kerala State Industrial Development Corporation Limited (KSIDC) for operationalizing the helpdesk.

**Investment Meets/Expos**

79. The KSIDC Limited has conducted various Investment Meets/Expos on behalf of the State Government. The major initiatives of the KSIDC in this regard are:

- Confederation of Indian Industry (CII)-Conference on Ease of Doing Business in South India
- Investor Connect webinar series
- Stakeholder outreach programme to improve the Ease of Doing Business environment in the State
- Special Investment Promotion Task Force
- Investor meet at Trivandrum
- YES 3D 2017



## CHAPTER 3

### SWOT ANALYSIS

80. An attempt to identify and analyse internal strengths and weaknesses and external opportunities and threats with a view to suitably formulate and organize present and future strategic objectives with a view to attract investment to Kerala industries has been presented in this chapter.

Figure 19: Strength, Weaknesses, Opportunities and Threats of Industrial Investment in Kerala



81. Kerala State has followed a path of development with greater emphasis on the spread of education and health services, on infrastructural facilities and on welfare measures then on the productive sectors of agriculture and industry. Despite changes in Governments the pattern of development did not undergo much changes results. As a result of the course of development, so followed, Kerala occupies a pre-eminent position among the states in India in several social indicators determining quality/standard of life/living.
82. State Government in not in a position to make for productive investment, due to lack of resources. The State is caught in a High Unemployment and Lack of Resources trap. It is also caught in a High Consumption (relative to growth) and Low Investment trap. The paradox can be explained by the fact that the growth of services sector, the increase in wages across casual and skilled labour in the unorganised sections in Gov-

ernment and in modern Government and Private industry, coupled with remittances from abroad, sharply increased the disposable income available for consumption.

### Strengths

83. **Favourable Government Policies:** The positive achievements of Kerala's development so far like the agrarian reforms, a literate and educated labour force, better health conditions and availability of transport and communications and other physical infrastructure, throughout the State form an ideal base for rapid economic growth of the economy. Such pre-conditions are developed in the State through the favourable policies adopted by the State Government.
84. **Availability of Qualified Manpower:** The progress made by successful industrial units in the State shows that if management is good and able to motivate the labour, the workers of Kerala are able to learn new skills quickly and to increase productivity. If rapid industrialization takes place here, a number of professionals working abroad will be willing to come over and work in such industries. Since senior management is one of the critical elements in modern industry, this is a major strength.
85. **Better Social & Health Indicators:** The Social and Health related indicators of the State is much progressive than the other industrially progressed States in the Country.
86. **Favourable SDG Index:** According to the Economic Survey tabled in the parliament on Monday, Kerala topped NITI 's Sustainable Development Goal (SDG) index. Kerala came first on the index with a score of 75.
87. **Growing Start-up Industries:** Start-ups are the heart and soul of any ecosystem. Kerala has around 2900 Plus Start-ups working in various sectors spread across its 14 districts. Our Start-ups work in wide range of sectors including Artificial Intelligence, Hardware, Healthcare, Fin tech, Bio Technology etc. They have raised a total of around ₹2000 crore investments from various funding agencies.
88. **High Foreign Remittances:** A large number of competent professionals from Kerala are employed in industry throughout the country and abroad.

### Weaknesses

89. **Less availability of natural raw materials:** Except for the minerals sands of the Travancore region, Kerala does not have iron, coal and other major mineral deposits or oil deposits which could have led to the establishment of large industries and the evolution of an industrial culture. What this implies is that Kerala should set up such industries as are foot-loose as well as those in which value-added is high and generally follow the path of industrialization that countries/regions without raw materials have adopted successfully.
90. **Lack of high Industrialization:** The State Government is able to make very little contribution to the or the scope for State Government's direct investment in industry is severely limited. Whatever funds are available are inadequate even to deal with the rehabilitation and modernisation of existing units.
91. **Lack of Entrepreneurial Culture:** Unlike other industrially progressed States, Kerala has not had an entrepreneurial class interested in industrial investment in preference to other professions or business.



92. **Over Interference of Trade Unions:** The primary objective of trade unions is to promote and protect the interests of its members. However, over interference in industrial projects by Trade Unions are unfavourable and unsupportive for industries to flourish.
  93. **High Wage Rates:** The Wage Rates prevailing in the industrial sector is high when compared to other States. Fixing wage rates without setting benchmarks may end up in chaos.
  94. **High Land Cost/Land Availability:** Large extend of land is required for huge industrial projects. The Kerala Land Reforms Act, 1963 clause 81 (3) (b) exempts land holding above 15 Acres for industrial purposes. However, the exemption has to be approved by a District Committee consisting of District Collector, Deputy Collector (Land Reforms) and General Manager (DIC). The exemption is a tedious process and most of them may not get approval from the Committee. In order to tackle the issue the industries department has seek the government to change this process and provide conditional exemption for investors within a specified timeframe to hold land for industrial purposes. Conversion of paddy land is a policy issue in the State. However, State like Andhra Pradesh has given permission to produce Shrimps in the paddy fields (brackish waters). Such an initiative gives momentum for the export of marine products. In Kerala an average of 1 Acre land may cost around Rs. 2.00 Crore. In such a circumstance a 50 Acre project may have land cost around Rs. 100.00 Crore. In fact, such kind of investment will never have good cash flows and the Internal Rate of Return (IRR) of the project would be zero or negative. Considering the fact, the Working Group should focus on availing land for large projects at concessional rate and Government may absorb the cost of it. He suggested that the State Planning Board should give more allocation under capital head for buying land and giving at a subsidized rate.
  95. **Lack of Job Opportunities for Youth:** At the social level there is a strong pressure from unemployed youth for creation of employment opportunities. If channelized on right lines, their pressure can be a major force for changing the work ethic and for insistence from the unemployed that there should be no disruption of work at any time, so that more and more employment opportunities can be created. The young workforce of Kerala may capacitate with new skillsets and disciplines to work in high technology industries in order to address the issue of lack of job opportunities. For this to achieve large-scale up-gradation of ITIs and Polytechnics with Techno labs are required. Technology Skill Certification Centres with international standard provide skill certification programmes to address the skill gap of our workforce looking to work abroad.
  96. **High Disguised Unemployment:** Disguised unemployment present in the State and it occurs due to the low productivity and too many workers are filling too few jobs.
- Opportunities**
97. **High Per Capita Consumption:** The high consumer base of Kerala facilitated by remittances has resulted in making it a State with high per capita consumption in both rural and urban areas.
  98. **Ports in developing Stage:** Geographically, Kerala is positioned in a strategic location

and our Ports which are in developing stage provides us with immense opportunities for port & logistics based activities.

99. **Growing Social Overhead Capitals (SOCs) through KIIFB:** Kerala Infrastructure Investment Fund Board (KIIFB) is playing active role in the State through mobilising and channelling funds for facilitating planned, hassle-free and sustainable development of both physical and social infrastructure.
100. **Innovation Ecosystem being developed by K-DISC:** The Kerala Development and Innovation Strategy Council, (K-DISC) aims at bringing out path-breaking strategic plans that reflect new directions in technology, product and process innovations, social shaping of technology and creating a healthy and conducive ecosystem for fostering innovations in the State.
101. **Transport Infrastructure:** Total road length in Kerala is 2,38,773.02 km. This includes classified and non-classified roads as stipulated by Indian Road Congress. Road density in Kerala is 548km per 100 sq. km, which is roughly three times the national average. Apart from this Railways and Ports of Kerala is also strengthening.

#### **Threats**

102. **Changing Climatic Conditions:** Kerala is facing a major issue due to the change in climatic conditions. The change in climate conditions is mainly due to the land-use change, urbanisation, development activities and population density of the state.
103. **High Density of Population:** Kerala's density of population as per 2011 census is 860 persons per sq. km while the density of population in Tamil Nadu is 555 and Karnataka 319.
104. **Resource Abundance and Industrial Friendliness of other States:** The aggressive industrialization policies of other States, with a plethora of incentives and package of concessions along with some inherent advantages, pose a major threat to attempts at industrialisation here, unless countervailing measures are taken. In the light of the need for sharply increasing productive investment there is need for major changes in attitudes, policies and practices. Attitude once developed are slow to change. Similarly, Government policies and approaches once adopted are slow to change. Inability to change old attitudes, policies and practices is a major threat.

## CHAPTER 4

### FINDINGS AND RECOMMENDATIONS

#### **Views and finding of the Working Group**

105. Most of the deliberations in the Working Group have focused on enhancing the positive trends in Industrialization of Kerala. It also provides valuable inputs to identify the issues affecting our investment and proposed new sectors for attracting investment.
106. The Working Group raised its concern that State should rank and perform well in business and industry related rankings of Government of India, as it is major indicator of public perception. Government should also develop and pilot similar ranking frameworks using industry specific parameters.
107. The Working Group noted that two external factors i) Non-state actors (Examples: Labour Disputes and Awareness Problems) and ii) Low productivity deter potential investors from entering into the State in which State Government or Departments have little role to interfere. Broader policy interventions are required for addressing the non-state actors. The Productivity or Output in Kerala compared to other States is not matching with the higher wage rates prevailing here. Availability of land for industrial purposes is another major factor deterring attracting huge investments to the State.
108. The State cannot be compared with other States such as Tamil Nadu, Andhra Pradesh, Madhya Pradesh or Karnataka where huge tracts of land available for industrial purposes. In order to address this issue the Industries department has taken steps to acquire land for industrial purposes. As part of this, the Department of Industries and Commerce has set up two Integrated Manufacturing Clusters (IMCs) in the Kochi-Bangalore Industrial Corridor. One cluster is at Palakkad (2000 Acres of land available) and another cluster at Kochi (500 Acres of land available). Kochi has immense potential to develop as a Global City for Trade and Financial Services whereas Palakkad cluster is suitable for high value added products. Industries Department has to identify unutilized land owned by PSU's that can be utilized for industrial purpose. Also take steps to identify unutilized land owned by Local Self Government Department, to be utilized for industrial purpose. The State should seriously consider providing land at reasonably competitive rates to industries (without much adversely affecting the viability of the project).
109. Working Group has also evolved new sectors having potential to create highly skilled jobs and can attract investment. These include Health care & Pharmaceutical industry, Life sciences, Aviation (Maintenance, Repair and Operations (MRO)), Port and Ship Building and Logistics. Kerala is pioneer in electronic hardware manufacturing and has huge potential for manufacturing Semi-Conductors and Electric Vehicle Battery manufacturing. Being a Consumer Economy the State has the opportunity of exploring and attracting Fast Moving Consumer Goods (FMCG) industries to the State. State should facilitate Multi-National FMCG conglomerates to set up their units in Kerala. Kerala can also explore the opportunities put forward by E-Commerce business by building huge warehouses, multi-model logistic parks and cold chains, which can

be rented to potential investors. Being a consumer State with regard to Automobile industry, Government should initiate steps to implement manufacturing facilities for Automobile sector, for which discussions to be done with leading automobile manufacturers.

110. The Working Group also devolved on creating industry-academia linkages so for to align and equip the skill of the workforce in Kerala to the need of such high value and high technology industries. The participation rate of women work force need to increase in such sectors thereby we can address the gender balance issues associated with unemployment in Kerala.
111. Kerala should promote its success stories on infrastructure development and about new industrial initiatives of the State with a view to pull out the perception in the minds of both foreign and investors from other States regarding difficulties in setting up industrial units in the State. The Bharat Petroleum Corporation Limited (BPCL) strategy of investing Rs. 30,000 Crore without a single loss time due to strike is a classic example in this case. Planned investments with strategic approach can minimize the external disturbances affecting an industrial project.
112. Productivity is a serious concern in Kerala because of the fact that the output, level of skill and discipline of our workforce does not match with the high compensation prevailing in the State. The high land value or land cost in Kerala affects the viability of most of the projects. In order to make new business projects profitable and economically viable the focus of the State Government must be on high value addition industries that will multiply by its value. The Petrochemical Park set up by KINFRA is one such initiative in this line.
113. The per capita consumption of paint in the State is higher and we have raw materials required for setting up paint manufacturing units which is a non-polluting industry need to be explored by the State. The State should also explore the possibility of developing Gas based industries. The feedback of our investors regarding industrial friendliness of the State to the outside world is crucial. Therefore, the Government may take them into confidence and try to address their gaps. The State need to increase the share of contribution from the manufacturing sector to the GDP otherwise it will be a major concern in the long run.
114. There is immense scope of consumer goods industries for Kerala. FICCI has suggested for setting up an FMCG park in the State. There is also immense scope for export processing industries, roofing sheets industry as well as cold chains in the State. The Academia is willing to provide Research & Development support to industries. However, the industries are not raising any concerns against it. We need to address this issue and have to create more employment opportunities to stop outflow of our human resources.
115. The Working Group also focused on high technology industries as we are not able to bear low wage industries. Globally the nature of industries has changed which demands us to formulate a sharply focused industrial policy narrowly defining the type of industries and industrial requirements of the State. Life sciences and Pharmaceutical Research industries are of peculiar scope in the State.

116. Linkages with Universities, Investors, Potential Entrepreneurs and Diasporas are essential for high technology industries to flourish. The KELTRON Center located at Velayambalam in Thiruvananthapuram may convert into a High End Electronic Design Center and it can facilitate as an incubator.
117. The contribution of Export Zone in Kochi is about 1.74% of the total contribution made by all Export Promotion Zones in the country. It has been found that the share of export of Electronics, IT and ITES were relatively more whereas high value industries such as Gems and Jewellery does not add much to the export figures.
118. The challenges of attracting investments to industries in the State may be addressed through a proactive role of State Government. Land availability above 15 Acres for industrial purposes for private players is a major deterrent in Kerala. Large industries in Kerala are primarily in the domain of PSUs in the State such as BPCL, Refineries, Cochin Shipyard and State PSUs. The Petrochemical Park and Electronic Park coming up at Kochi are classic examples of industries gravitating around Government institutions. Government should identify suitable sectors with a focused kind of approach and offer platforms to attract new industries to the State. The State has to focus on high value and high tech sector's capable of attracting investors and also to support existing units to scale up and address the issues they face.

### **Role of Government**

119. The challenge before the State Government is to offer gainful employment to the youth of the State. To meet this challenge the Government aims to create an enabling environment for Knowledge based Technology Entrepreneurship in the State. There are approximately 2 Lakh youngsters coming out of technical education institutions every year in the State. Many of these young professionals can become entrepreneurs. Kerala Government seeks to create a new generation of job providers rather than job seekers. Poor marketing, support infrastructure and absence of focus on local resource based enterprises are the major challenges facing the industrial sector in Kerala.
120. The Finance related issues affecting the industry and investment climate of Kerala is that it is not exploring the finances from the Venture Capital Fund (VCF). The Credit Deposit (CD) Ratio of the State will continue to be in a disadvantageous position unless we attract large-scale investment to the State. The traditional view of lending has outdated and the State has to focus on innovative finance. KSIDC being an NBFC may explore the possibility of engaging into diversified financial instruments and have to float funds into the economy as a venture capitalist thereby minimalizing the risk faced by the government and KSIDC. Financial institutions like KFC and KSIDC should start working on innovative finances. Interest subvention for huge infrastructure projects as a policy decision would be a huge incentive for the investors also shall be explored. The rate of interest for loan schemes such as CM Special Assistance Scheme in KSIDC 7% where as in KFC it is 5% only. Efforts to be taken to avoid such disparities in the interest rate of the Financial Institutions of the Government for the same schemes and bring parity in the interest rates and similar incentives being given as part of attracting investment.

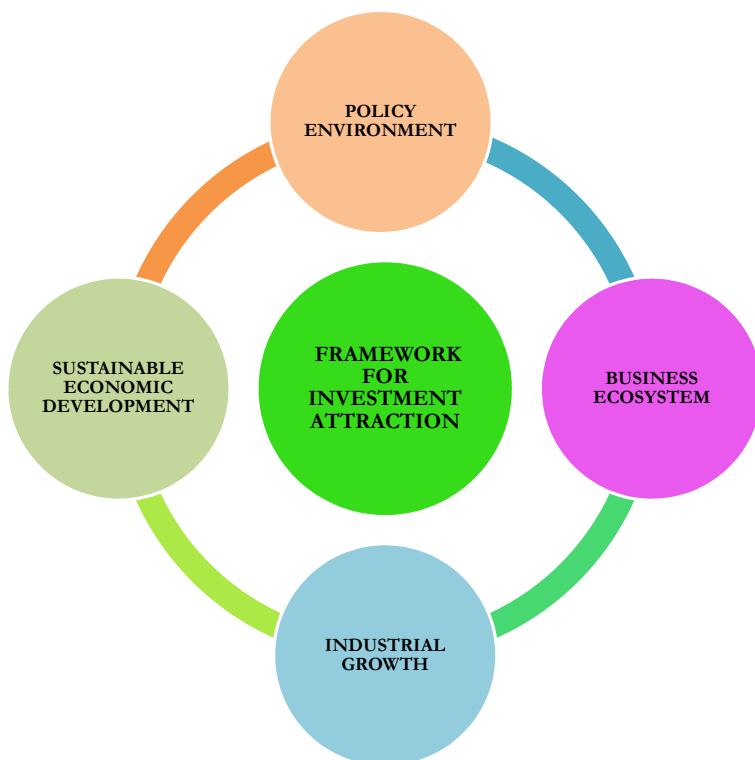
121. The young workforce of Kerala may have to be capacitated with new skillsets and disciplines to work in high technology industries. This can curtail a major Human Resource related issue faced by the State. For this to achieve this large scale upgradation of ITIs and Polytechnics with Techno labs are required. Technology Skill Certification Centres with international standard provide skill certification programmes to address the skill gap of our workforce looking to work abroad.
122. The role of Government is to project and propose business models to the outside world. High profiled niche marketing strategies can also adopt to attract investments from abroad. Government may promote an Investment Promotion Board a separate agency to look after investment policy of the State and to identify sectors for attracting investment.

## CHAPTER 5

### ROADMAP FOR 14TH FIVE-YEAR PLAN

123. The vision of the State Government is to transform Kerala into an investor friendly destination through inclusive, eco-friendly and sustainable economic growth, with focus on creation of employment opportunities. The positive achievements of Kerala's development during the last 66 years are ideal factors for the rapid growth our economy. In such a context, the Working Group proposes for a broader framework comprising policy environment, business ecosystem, industrial growth and sustainable economic development (Refer Figure 20).

Figure 20 - Framework for attracting Industrial Investment to Kerala



#### I. POLICY ENVIRONMENT

124. Policy is a broader framework within which an investor can look in for a wide range of possibilities and prosperities present for investing the money. The Industrial and Commercial Policy 2018 is a major policy intervention of the State Government to adopt effective measures to transform Kerala into an investor friendly destination. The Kerala Micro, Small and Medium Enterprises Facilitation Act, 2019 is another major policy initiative of the Government for facilitating operations of MSMEs. The State Government may also formulate appropriate sector specific policies with the objective

to increase the flow of industrial investments and to create an enabling environment for investing in Kerala. Such policies may be periodically revised from time-to-time and be supportive for the industries through its entire life cycle of investment. The policies may also be capable of addressing issues faced by industries and investors during operations.

125. Focus Sectors is an integral part of policy environment, which gives investors to choose sectors of their interest. State Government may formulate vibrant high value sectors for attracting investment based on a rigorous academic exercise and research. The current grouping of sectors is as follows:

<b>KSIDC Website Grouping</b>	<b>Invest Kerala Website Grouping</b>
a. Information Technology	a. Life Sciences
b. Food Processing	b. Electronics
c. Spices	c. Handlooms
d. Ayurveda	d. Rubber
e. Electronics	e. Food Processing
f. Handlooms	f. Coir
g. Apparels & Garments	g. Traditional Sectors
h. Coir	h. Ayurveda
i. Traditional Sectors	i. Marine Processing
	j. Tourism
	k. Petrochemical

126. The Working Group proposes a range of sectors in which opportunities present in form of an institutional mechanism to support the industry or the growing importance of sector. A list of sectors is shown in **Table 12**.
127. Effectiveness of any policy is highly correlated to the efficiency of the institutional mechanism responsible to facilitate for it. Currently the State Government agencies like Kerala State Industrial Development Corporation Limited (KSIDC), Kerala Industrial Infrastructure Development Corporation (KINFRA), Kerala Financial Corporation (KFC) and Kerala Bureau of Industrial Promotion (K-BIP) are in the forefront for facilitating infrastructure development, channelizing investments and promoting industries. In order to attract more investment to the State these institutions may have to be strengthened through appropriate policy intervention.
128. Academic institutions may support Government in formulating policies for industrial investment.



**Table 12** - Details of new Industrial sectors proposed by the Working Group

Sl. No.	New Sectors	Opportunities
	<b>MANUFACTURING &amp; PROCESSING INDUSTRIES</b>	
1	Agriculture Machineries	▪ Expertise of PSUs like METIND/KAMCO/KAIC
2	Automobiles	▪ Demand of automobile products worldwide
3	Cement	▪ Presence of institution like KAL
		▪ Expertise of PSUs such as MCL/TCL
4	Ceramics	▪ Expertise of PSUs like TKCL/KCCPL
5	Chemicals & Fertilizers	▪ Presence of major chemical industries like KMML, TCC, TTP & FACT
		▪ Possibility of diversification to downstream industries like paint manufacturing
6	Defence Products	▪ Presence of institutions like Brahmos and VSSC
		▪ Expertise of KELTRON in manufacturing defence products
7	Electricals	▪ Expertise of PSUs like TELK/KEL/TRACO/UNILEC
8	Electronics	▪ Brand image and expertise of KELTRON in electronics business
		▪ Growing Semiconductor industry
9	Food Processing/Marine Processing/Meat products/Wine Processing	▪ KINFRA Mega Food Park
		▪ Presence of marine products processing institutions like MIDCON/MATSYAFED/KSCADC/CIFT
		▪ Presence of PSUs like MPI/KEPCO in meat products processing
10	Gems & Jewellery	▪ High Internal Rate of Consumption
		▪ Possibility of starting a Silver Park
11	Leather & Footwear	▪ Presence of institution like KIAP
12	Oil & Gas	▪ Presence of CPSE like BPCL Kochi
		▪ New Petrochemical park of KINFRA
		▪ Possibility of developing gas based industries
13	Pharmaceuticals	▪ Expertise of industries like KSDP/USHADHI
14	Sea Transport	▪ Expertise of KSINC in water transport
		▪ Sea transport vessel manufacturing expertise of Kerala
15	Steel	▪ Expertise of PSUs like SILK/SIFL/AUTOKAST
16	Textile	▪ Expertise of PSUs like KSTC/TSML/SITARAM/HANVEEV and Spinning & Weaving Mills in the Co-operative Sector
17	Timber Products	▪ Expertise of PSU like FIT
		▪ Availability of good quality timber
18	Toys	▪ High demand of quality products
19	Plantation/Forest Produce	▪ Presence of PSUs like OPIL/RPL/PCKL/SFCK/VAFPCL/ARALAM
		▪ High demand of spices industries
	<b>SERVICE INDUSTRIES</b>	
20	Construction Development	▪ Presence of institution like KIIFB and Private Players/builders of Kerala
21	Consultancy Services	▪ Possibility of developing new service industries
22	Financial/Banking/Testing & Analysis/FinTech	▪ Expertise of financial institutions like KSFE/KFC/KIIFB/Private players
		▪ Growing demand of the sector
23	Hotel, Tourism and Hospitality	▪ Brand image of Kerala Tourism/Large no. of experienced private players
24	Information Technology	▪ Presence of IT Parks
		▪ Presence of PSU like KSITIL
25	Traditional Sectors	▪ Coir/Bamboo/Handicrafts and related PSUs

## II. BUSINESS ECOSYSTEM

129. A conducive business ecosystem plays a crucial role, hence the State Government may focus on developing a robust industrial infrastructure in the State ensuring regional balance. It shall comprise of:

- ❖ Industrial Corridors
- ❖ Industrial Hubs
- ❖ Industrial Parks

- ❖ Special Economic Zones (SEZs)
- ❖ Export Promotion Zones (EPZs)
- ❖ Electronics Hardware Technology Parks (EHTPs)
- ❖ Software Technology Parks (STPs)
- ❖ Integrated Manufacturing Clusters (IMCs)
- ❖ Private Players Zones or Foreign Investment Zone (For Eg: SUPA)
- ❖ Standard Design Factories

Promote Research & Development (R&D) institutional – Innovation Ecosystem

- ❖ Technology Transfer enabled Technology development
- ❖ Deferred payment/land cost subsidy for allocating land for industrial purposes
- ❖ Benchmarking on HR cost
- ❖ Investment by Start-ups on IT/Non-IT sectors
- ❖ Interventions on power tariff for industrial purposes
- ❖ RM procurement support through Kerala PSUs – Mapping of Resources
- ❖ Intensive Industrialization support programme
- ❖ Attract investments to environment friendly industries
- ❖ Speedy approval and statutory clearances
- ❖ Accelerate growth of industrial clusters/common facility centres/industrial parks
- ❖ Address issues of raising productivity, value addition and quality improvement

Promotion of Micro, Small and Medium Enterprises (MSMEs)

- ❖ Promote enterprise & cluster development
- ❖ Technology modernization & market infrastructure
- ❖ Promote Agro & Food processing industries
- ❖ Women Entrepreneurship Development
- ❖ Create Awareness on Entrepreneurship
- ❖ Conduct Entrepreneurship Development Programmes

Strengthen the Public Sector Undertakings (PSUs)

- ❖ Technology Upgradation and Diversification
- ❖ Promote Market Capitalization through listed companies

Promotion of Traditional industries

- ❖ Promote production and partial mechanization
- ❖ Identify Niche markets and promote high value products
- ❖ Conduct skill development programmes

### **III. INDUSTRIAL GROWTH**

130. In order to achieve Industrial Growth the following aspects may be considered.

- ❖ Identify need/opportunity and Unique Selling Propositions (USPs)
- ❖ Identify Niche Markets
- ❖ Develop the market and customer engagement
- ❖ Build internal as well as external teams
- ❖ Create agreement with partners with due diligence
- ❖ Trade Promotion Councils & trade support (Export)

- ❖ Investor Guidance
- ❖ Financial Instruments/Tools for Investing
- ❖ Develop Capital market and Money market
- ❖ Strengthen Website/Newsletters/Trade Shows
- ❖ Networking Events

#### **IV. SUSTAINABLE ECONOMIC DEVELOPMENT**

131. In order to achieve sustainable economic growth the following aspects may be considered.

- ❖ Sustainable economic development through planned Industrial Growth
- ❖ Cyber physical platforms and Networking based industries
- ❖ Re-investing of Resources

## Key Recommendations

132. The key recommendations of the Working Group with a view to attracting investment to Kerala are as follows:

**Table 13 – Key recommendations of the Working Group**

Sl. No.	Key Recommendations
1	Develop Focus Sector having High Value products
2	Facilitate Multi-National FMCGs to set-up manufacturing facilities in the State
3	Develop a new approach for allotting land for industrial purposes for major projects
4	Strengthening of Institutions/Agencies facilitating industrial investment in the State
5	Promote Government-Academia-Industry linkage for Technology Upgradation for the industries in Kerala
6	Take measures to increase productivity of the workforce and benchmarking of Wages prevailing in the Industries in the State
7	Promote Export-Oriented industries in the State
8	Adopt measures to attract Angel Investors to the State
9	Setting up of Investment Promotion Board
10	Promote Investment Newsletter, Export Promotion Councils
11	Setting up of Empowered Committee for promoting Investment
12	Organize Investor Summits in the State
13	Improve innovative capacity of the State
14	Improve Export Infrastructure of the State by creating a Trade Guide, increasing number of Agri-Export and increasing area under export promotion
15	Create Multi Modal Logistics Hubs and Inland Container Depots
16	Adopt measures to ease banking facilities and export credit for exporters
17	Adopt measures to improve market penetration index
18	Improve R&D infrastructure in the State by promoting research institutes, NABL Labs and Inspection Agencies
19	Efforts to be taken to channelize investments from Overseas Business Community (NRK) for which a suitable institutional mechanism to be put in place
20	All possible efforts should be taken by promotional agencies like KSIDC to leverage on the strength of DPIIT Schemes for attracting investment and also to work closely with well developed institution like Invest India, CII, FICCI, ASSOCHAM, WAIPA, etc.
21	All possible efforts to be made for attracting, establishing, retaining, expanding and linking private investments and offer relevant support services to investors in different stages of their investment cycle. With this objective in mind promotional agencies to handhold domestic as well as foreign investors.
22	With regard to attracting investments from abroad country specific promotional events, road shows and other similar campaign to be undertaken after assessing the quantum of FDI inflow from leading countries to the State and also assessing the leading countries collaborating with Kerala based Companies

## Measures to be taken for Attracting Investment

133. Need for an aggressive policy for industrialisation: Kerala should adopt an aggressive approach to industrialisation in the coming years and this the lead should be given by the Government by making it clear to all its department and agencies and to the public that, subject to the laws of the country and the State, nothing will be allowed to come in the way of speedy industrialisation.

134. Need for a consensus: The progress made by the State in social services was achieved because there was a consensus amongst all political parties and groups about the need

for the spread of education and health services. If there is similar consensus regarding attracting investment, progress in that area will also be as rapid and notable as in education and health.

135. Role of State Promotional Agencies: The promotional agencies should pursue projects with as many entrepreneurs as possible inside and outside Kerala.
136. Keralite Industrialists to be attracted: Special efforts may be made to attract industrialists/entrepreneurs from Kerala, who have established successful industries in other states and abroad. Substantial investment by a number of them will lead to a climate in which other investors will also be attracted.
137. Package of Incentives: All states are announcing newer and newer packages of incentives for industrial investment. It is necessary to work out a new set of incentives in Kerala. It is needless to emphasise that early issue of orders, timely payments and faithful implementation of the concessions and incentives announced are more important than the quantum of incentives themselves. One point considering tax concessions for new units is that it is only through rapid industrialisation that the States revenues can be substantially increase in the future.

### **Streamlining Foreign Direct Investments to Kerala**

138. The ratio of restrictive or regulatory measures over measures aimed at liberalization or facilitation of investment should be lower to attract more investments in the form of FDI into the State. Kerala need to continue to embrace policies to promote or facilitate investment. It must have the following strategic interventions:
  - New investment promotion measures
  - New financial tools for investment attraction
  - New investment incentives
  - Streamlined administrative procedures for FDI

### **Framework for Investment Promotion**

139. Investment promotion refers to all the activities that undertake to attract FDI to an economy and encourage foreign investors to continue to invest and expand. Kerala should have an Investment Promotion Framework comprising the following aspects.

**Investment Facilitation:** Competitive positioning, Image Building/Breaking, Create Awareness and Investment Prospecting

**Post-Investment Services:** Product Development, After-Care, Suppliers development and Monitoring & Evaluation

**Strategy and Organization:** Identifying National Policy, Setting Objectives, Sector specific Market Strategy and Setting the Organization

### **Focus on Export Oriented Industries**

140. The success of today's advanced economies rests on sustained economic growth closely tied to structural transformation. At its core, this involves two sets of combined and cumulative processes: a vertical shift in the production structure from the primary sector to manufacturing (and on to high-end services) on the one hand, and a more horizontal shift of resources from lower- to higher-productivity and more capital-in-

tensive activities within and across both sectors. Together, these processes have, in almost all successful development experiences, facilitated a more diversified structure of economic activity, raised productivity and led to an improvement across a broad set of social indicators. More diversified economies are also less vulnerable to external shocks, which are likely to disrupt the growth and transformation process.

141. Kerala's development strategy must have rising exports as an integral component, since exports constitute one of the four aspects (the other three being human resources, investments, and governance) upon which our country has relied on to accelerate its growth since the economic reforms of the 1990s.
142. In this regard, the State Government shall identify the possibility to develop a conducive environment for export-orientated industries. Efforts shall be put in to increase the reach of the export footprint which will strengthen the export ecosystem at State Level.

### **International Co-operation**

143. State Government shall explore International Co-operation for industrial partnerships through both bilateral and multilateral arrangements intended to stimulate the investments in Kerala. In this regard Government can coordinate with apex industry associations like Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), the Associated Chambers of Commerce and Industry (ASSOCHAM), etc. in their activities relating to international cooperation.

### **References**

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2. Handbook of Statistics 2021, United Nations Conference on Trade and Development
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4. Innovations in Foreign Direct Investment Attraction, Inter-American Development Bank
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7. Economic Review 2022, Government of Kerala
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10. Export Preparedness Index 2020, NITI AAYOG
11. Foreign Trade Statistics, Ministry of Commerce & Industry Commercial Intelligence (CI) Division

## APPENDIXES

### Appendix I

#### Industries Sector- Working Group I

#### PROCEEDINGS OF THE MEMBER SECRETARY STATE PLANNING BOARD

(Present: Sri Teeka Ram Meena IAS)

Sub:- Formulation of Fourteenth Five Year Plan (2022-27) – Constitution of Working Groups on **Attracting Investment for Medium and Large Industries** - reg.

Read: -1. Note No.297/2021/PCD/SPB dated: 27/08/2021

2. Guidelines on Working Groups

**ORDER No. 951/2021/SPB/I & I/ DD Dated 24 /9/2021**

As part of the formulation of Fourteenth Five Year Plan, it has been decided to constitute various Working Groups under the priority sectors. Accordingly, the Working Group on **Attracting Investment for Medium and Large Industries** coming under industry sector is hereby constituted with the following members. The Working Group shall also take into consideration the guidelines read 2<sup>nd</sup> above in fulfilling the tasks outlined in the ToR for the Group.

#### Co-Chairpersons

1. Dr. K. Ellangovan, IAS, Principal Secretary, Industries Department, Government of Kerala. mail id- prlsecy.ind@kerala.gov.in. 9446001265, 0471-2327499, 2518455
2. Prof. Ravindra Gettu, IIT Madras gettu@iitm.ac.in, 9144-22578060, 9144-22574252

#### Members

1. Dr. Jayan Jose Thomas Professor, IIT Delhi, jayanjthomas@gmail.com, 01126597318
2. Dr. Beena P L, Associate Professor, Centre for Development Studies email beena@cds.edu 0471-2774202
3. Sri. Sanjay M Kaul IAS, Chairman and Managing Director, Kerala Financial Corporation, mail id: mdoffice@kfc.org 0471-2737501
4. Sri. M G Rajamanickam IAS, Managing Director, Kerala State Industrial Development Corporation (KSIDC) mail id: md@ksidcmail.org 0471-2318992
5. Sri. L B Prabhakar, MD & CEO, Canara Bank, Chairman, State Level Bankers Committee sibckerala@canarabank.org 0471-2331302, 0471-2331051
6. Sri. Santhosh Koshy Thomas, Managing Director, Kerala Industrial Infrastructure Development Corporation (KINFRA). Mail id- kinframd@gmail.com, 0471-2726585

7. Dr. G. Suresh, Director, Centre for Management Development (CMD), mail id – sureshgnair@gmail.com, 0471-2320101
8. Sri. P Sreekumar, Director, Bureau of Public Enterprises (BPE). Mail id- planningbpedept@gmail.com 0471-2517215
9. Dr. RAshok Chairman, RIAB. riab@riabonline.org 0471-3921244, chairman@riabonline.org 0471-2738500
10. Sri. K Inbasekar IAS, Director, Mining and Geology Department. director.dir.dmg@kerala.gov.in, 04712556790
11. Sri Althaf Jehangir CEO & Executive Director NeST Group – althaf.jehangir@nestgroup.net
12. Sri. V Noushad , Managing Director, VKC Footwear VKC tower NH17 Kozhikode 0495-2482112 email- vknoushad@gmail.com 9495001004
13. Sri Prasad Panicker, Director Nayara Energy Limited and former Executive director BPCL- email- panicker.prasad@gmail.com 9495001004
14. Representative of FICCI, Kerala Council-
15. Representative of CII, Kerala Council-
16. Sri. P K Mayan Mohammed, Managing Director, Western India Plywood mail id - westernply@gmail.com 0497-2778151

### **Convener**

Sri. Er. Joy N R, Chief, Industry and Infrastructure Division, State Planning Board, chiefindustry@gmail.com, joynr\_spb.ker@nic.in, chiefindustry.spb@kerala.gov.in, Mob: 9447000868

### **Co-Convener**

Sri. Tomy Joseph, Deputy Director, Industry and Infrastructure Division, State Planning Board, mob- 9846365394

### **Terms of Reference**

1. Evaluate the factors currently impacting the ease of doing business ranking of Kerala. Propose measures for improvement that are in keeping with Kerala's requirements for equitable and balanced industrial economic growth.
2. Propose sectors that are likely to attract major investors while being in consonance with our general policy objectives. Propose methods of attracting such investment.
3. Propose targets and a concurrent monitoring system for large industry and industrial investments in Kerala, and a mechanism for continuous engagement with investors in this field.



4. Evaluate the current policies and programs to promote the manufacturing of electronic hardware.
5. Recommend proposals to enhance existing hardware facilities as well as promoting new emerging areas in electronics manufacturing.

#### **Terms of Reference (General)**

1. The non-official members (and invitees) of the Working Group will be entitled to travelling allowances as per existing government norms. The Class I Officers of GoI will be entitled to travelling allowance as per rules if reimbursement is not allowed from Departments.
2. The expenditure towards TA, DA and Honorarium will be met from the following Head of account of the State Planning Board '3451-00-101-93'- Preparation of Plans and Conduct of Surveys and Studies.

Sd/-

**Member Secretary**

To

The Members concerned

Copy to

PS to VC  
PA to MS  
CA to Member (V Namasivayam)  
Sr. A.O, SPB  
The Accountant General, Kerala  
Finance Officer, SPB  
Sub Treasury, Vellayambalam  
Accounts Section  
File/Stock File

Forwarded / By Order

Chief (Industry &Infrastructure Division)

Convener

## Appendix II

### Sector Wise FDI Equity Inflows to India - From April 2000 to December 2021

Sl. No.	Sector	Amount of FDI Inflow		% of Total Inflows
		₹ in Crore	In Million US \$	
1	Services sector (Finance, Banking, Insurance, Non-Fin/Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other)	549068.92	92412.61	16.13
2	Computer software & hardware	546365.82	81307.76	14.19
3	Telecommunications	226448.40	38250.51	6.68
4	Trading	217494.31	33192.21	5.79
5	Automobile industry	199740.42	31809.87	5.55
6	Construction (infrastructure) activities	178410.04	26309.25	4.59
7	Construction development (Townships, housing, built-up infrastructure and construction development projects)	127749.36	26174.56	4.57
8	Drugs & pharmaceuticals	107820.71	19197.40	3.35
9	Chemicals (other than fertilizers)	109349.81	19091.69	3.33
10	Hotel & tourism	99300.97	16300.50	2.85
11	Metallurgical industries	94577.59	16102.18	2.81
12	Power	89036.25	15842.53	2.77
13	Non-conventional energy	71870.08	11208.89	1.96
14	Food processing industries	68999.91	10945.62	1.91
15	Electrical equipments	64912.94	10522.58	1.84
16	Information & broadcasting (including print media)	58449.87	9624.36	1.68
17	Petroleum & natural gas	42091.91	7981.92	1.39
18	Consultancy services	49258.19	7793.26	1.36
19	Hospital & diagnostic centres	48567.20	7728.63	1.35
20	Education	51949.73	7471.58	1.30
21	Industrial machinery	36535.02	6153.16	1.07
22	Cement and gypsum products	30865.45	5488.26	0.96
23	Sea transport	30507.99	4920.26	0.86
24	Textiles (including dyed, printed)	23925.59	3930.33	0.69
25	Miscellaneous mechanical & engineering industries	20836.93	3881.38	0.68
26	Fermentation industries	23706.63	3867.30	0.68
27	Retail trading	26314.05	3752.68	0.66
28	Rubber goods	20506.93	3353.40	0.59
29	Electronics	19214.86	3198.66	0.56
30	Air transport (including air freight)	20846.00	3175.96	0.55
31	Mining	17646.92	3004.28	0.52
32	Prime mover (other than electrical generators)	15396.18	2532.18	0.44
33	Agriculture services	13730.95	2470.60	0.43
34	Medical and surgical appliances	14736.96	2357.18	0.41

Sl. No.	Sector	Amount of FDI Inflow		% of Total Inflows
		₹ in Crore	In Million US \$	
35	Soaps, cosmetics & toilet preparations	14133.41	2230.87	0.39
36	Printing of books (including litho printing industry)	14212.92	2134.67	0.37
37	Ports	6730.91	1637.30	0.29
38	Paper and pulp (including paper products)	9196.97	1627.24	0.28
39	Glass	8404.51	1303.65	0.23
40	Railway related components	7507.71	1227.69	0.21
41	Diamond, gold ornaments	7028.77	1201.56	0.21
42	Machine tools	5694.93	1031.66	0.18
43	Vegetable oils and vanaspati	6185.53	1029.64	0.18
44	Ceramics	4631.12	892.43	0.16
45	Agricultural machinery	4414.53	733.38	0.13
46	Fertilizers	4087.65	711.87	0.12
47	Earth-moving machinery	3047.26	516.14	0.09
48	Commercial, office & household equipments	2528.67	453.27	0.08
49	Scientific instruments	1812.44	296.94	0.05
50	Boilers and steam generating plants	1630.81	264.27	0.05
51	Sugar	1469.12	239.39	0.04
52	Leather, leather goods and pickers	1260.65	219.48	0.04
53	Timber products	1218.78	201.90	0.04
54	Tea and coffee (processing & warehousing coffee & rubber)	876.25	163.35	0.03
55	Glue and gelatin	987.85	153.41	0.03
56	Dye-stuffs	598.65	100.55	0.02
57	Industrial instruments	458.93	89.14	0.02
58	Photographic raw film and paper	273.76	67.29	0.01
59	Coal production	119.19	27.73	0.00
60	Defence industries	79.00	12.51	0.00
61	Mathematical, surveying and drawing instruments	39.80	7.98	0.00
62	Coir	22.05	4.07	0.00
63	Miscellaneous industries	69571.54	12874.24	2.25
	<b>Sub Total</b>	<b>3494456.60</b>	<b>572807.16</b>	
	<b>RBI's-NRI Schemes (2000-2002)</b>	<b>533.06</b>	<b>121.33</b>	
	<b>Grand Total</b>	<b>3494989.66</b>	<b>572928.49</b>	

*Source: Fact Sheet on Foreign Direct Investment, Department for Promotion of Industry and Internal Trade (DPIIT)*

### Appendix III

#### State Wise FDI Equity Inflows to India - From October 2019 to December 2021

Sl. No.	Sector	Amount of FDI Inflow		% of Total Inflows
		₹ in Crore	In Million US \$	
1	Maharashtra	245799.41	33418.94	26.38
2	Karnataka	215198.47	29214.16	23.06
3	Gujarat	197117.38	26539.86	20.95
4	Delhi	116478.32	15865.96	12.52
5	Tamil Nadu	42139.82	5707.82	4.51
6	Haryana	32916.92	4449.48	3.51
7	Telangana	23051.74	3124.40	2.47
8	Jharkhand	19203.41	2644.52	2.09
9	Rajasthan	7112.52	965.43	0.76
10	West Bengal	6843.13	922.31	0.73
11	Uttar Pradesh	5758.17	785.55	0.62
12	Punjab	5695.29	778.73	0.61
13	Kerala	4260.87	574.27	0.45
14	Andhra Pradesh	3298.35	450.86	0.36
15	Madhya Pradesh	2374.58	321.27	0.25
16	Bihar	1249.53	167.09	0.13
17	Himachal Pradesh	1196.71	160.74	0.13
18	Dadra and Nagar Haveli and Daman and Diu	1054.10	143.60	0.11
19	Uttarakhand	918.56	123.91	0.10
20	Goa	815.28	112.27	0.09
21	Odisha	513.24	69.52	0.05
22	Puducherry	430.86	58.66	0.05
23	Chandigarh	320.44	43.15	0.03
24	Assam	121.93	16.50	0.01
25	Arunachal Pradesh	40.95	5.55	0.00
26	Meghalaya	8.17	1.10	0.00
27	Chhattisgarh	7.51	1.01	0.00
28	Tripura	4.20	0.56	0.00
29	Jammu and Kashmir	1.61	0.22	0.00
30	Ladakh	0.85	0.12	0.00
31	State Not Indicated	172.06	23.28	0.02
	<b>Gross-Total</b>	<b>934104.38</b>	<b>126690.84</b>	

*Source: Fact Sheet on Foreign Direct Investment, Department for Promotion of Industry and Internal Trade (DPIIT)*

## Appendix IV

### State wise Gross State Domestic Product at Constant Prices (Base 2011-12) – From 2015-16 to 2019-20

*₹ in Crore*

Sl. No.	State/Union Territory	2015-16	2016-17	2017-18	2018-19	2019-20
1	Maharashtra	1654283.61	1807045.75	1914621.42	2033314.31	2134065.02
2	Tamil Nadu	967562.46	1036762.12	1125793.44	1204667.36	1278558.72
3	Gujarat	894465.34	981341.96	1086569.73	1183019.75	1268956.63
4	Uttar Pradesh	908241.31	1011500.52	1057747.12	1123981.96	1166817.47
5	Karnataka	831329.91	941774.05	1022862.08	1089270.96	1143781.27
6	West Bengal	609544.67	653415.93	694980.32	739081.86	784424.06
7	Rajasthan	563339.53	596745.51	624830.93	655713.44	688714.34
8	Andhra Pradesh	498606.26	540211.77	594736.53	623732.37	668847.89
9	Telangana	464542.44	507946.10	557409.76	612147.56	648595.04
10	Delhi	475622.50	511765.24	542015.02	573134.88	613842.70
11	Madhya Pradesh	418735.74	470669.16	497147.65	529424.99	580406.17
12	Kerala	451210.02	485301.54	516189.76	549672.93	568635.52
13	Haryana	413404.79	456709.11	487273.84	517079.99	559705.00
14	Punjab	330051.93	352720.56	375405.61	397601.37	413578.18
15	Odisha	292228.93	337348.06	361516.74	386395.48	412374.80
16	Bihar	296488.18	318797.45	344027.83	381382.53	409644.60
17	Chhattisgarh	190583.77	213704.78	220135.69	237694.90	249875.03
18	Jharkhand	174881.15	193173.92	210587.30	229274.47	238395.43
19	Assam	191109.00	202080.84	219919.37	231039.57	237844.28
20	Uttarakhand	152698.73	167703.25	181042.76	191483.59	199718.48
21	Himachal Pradesh	96274.06	103055.00	109406.27	116570.09	122283.89
22	Jammu and Kashmir	97001.34	100198.68	106584.19	116351.89	119042.90
23	Goa	46090.86	51249.24	52652.69	57406.49	53099.57
24	Tripura	26786.90	30537.59	33092.78	36753.96	40207.13
25	Chandigarh	24932.24	26917.21	28479.68	29597.05	31234.51
26	Meghalaya	20638.42	21730.23	22564.33	23718.85	25189.59
27	Puducherry	19060.24	20477.96	22308.18	22918.58	25009.37
28	Manipur	16423.68	17081.92	18750.74	19300.42	20673.01
29	Sikkim	14369.50	15397.27	17673.36	18624.97	19700.17
30	Nagaland	14660.49	15649.92	16439.83	16867.71	18120.84
31	Mizoram	12323.59	13595.21	14757.78	16073.40	18033.61
32	Arunachal Pradesh	14240.46	14893.71	15574.01	16619.94	17916.40
33	Andaman and Nicobar Islands	5092.08	5751.96	6464.45	6866.99	7198.44