



**GOVERNMENT OF KERALA
KERALA STATE PLANNING BOARD**

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

**WORKING GROUP ON
INDUSTRIAL UNITS IN THE PUBLIC SECTOR**

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 this Plan. The members of the Working Groups represented a wide spectrum of society and include 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 fields, 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 finalised after several rounds of discussions and consultations held between September and December 2021.

This document is the Report of the Working Group on “Industrial Units in the Public Sector”. The Co-Chairpersons of Working Group were Prof. R Nagaraj, Visiting Professor Centre for Development Studies (CDS), Thiruvananthapuram and Shri. A P M Mohammad Hanish IAS, Principal Secretary II, Industries Department and 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 III 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 Industrial Units in the Public Sector was constituted with Prof. R Nagaraj, Visiting Professor, Centre for Development Studies, Thiruvananthapuram and Shri. A P M Mohammad Hanish IAS, Principal Secretary II, Industries Department as Co-Chairpersons for evolving suitable approaches for Industrial Units in the Public Sector during 14th Five Year Plan.

The committee met twice and conducted a review of 13th Five Year Plan Programme and made detailed deliberations on issues, present situation, strategies and prospects of Public Sector Enterprises 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 Shri. 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 Industry & Infrastructure Division, (Co-Convenor), Shri. T G Pradeep, Research Assistant, Industry & Infrastructure Division and Sri. 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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Visiting Professor
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ABBREVIATIONS

AI	Artificial Intelligence
ASM	Abstract State Machine
BDL	Bharat Dynamics Limited
BEL	Bharat Electronics Limited
BHEL-EML	Bharat Heavy Electricals Limited-Electrical Machines Limited
BPE	Bureau of Public Enterprises
BSE	Bombay Stock Exchange
CARDT	Centre for Applied Research & Development in Textiles
CDS	Centre for Development Studies
CEO	Chief Executive Officer
CFSs	Container Freight Stations
CMD	Centre for Management Development
CPSEs	Central Public Sector Enterprises
CSR	Corporate Social Responsibility
DPE	Department of Public Enterprises
DPIIT	Department for Promotion of Industry and Internal Trade
DPR	Detailed Project Report
EM	Electromagnetic
ERP	Enterprise Resource Planning
EV	Electric Vehicles
FICCI	Federation of Indian Chambers of Commerce and Industry
GI	Geographical Indication
GIFT	Global Industrial, Finance & Trade
GMP	Good Manufacturing Practice
GST	Goods and Services Tax
HAL	Hindustan Aeronautics Limited
HNL	Hindustan Newsprint Limited
IGCs	Industrial Growth Centres
IIL	Instrumentation India Limited
IIP	Index of Industrial Production

IMFL	Indian Made Foreign Liquor
ISO	International Organization for Standardization
ISRO	Indian Space Research Organization
IT	Information Technology
JV	Joint Venture
KVIC	Khadi and Village Industries Commission
LED	Light-Emitting Diode
MD	Managing Director
ML	Machine Learning
MNEs	Multinational Enterprises
MOSPI	Ministry of Statistics and Programme Implementation
MoU	Memorandum of Understanding
MPEDA	Marine Products Export Development Authority
MT	Metric Ton
NABL	National Accreditation Board for Testing and Calibration Laboratories
NATRiP	National Automotive Testing and R&D Infrastructure Project
NCDC	National Cooperative Development Corporation
NIOT	National Institute of Ocean Technology
NPOL	Naval Physical and Oceanographic Laboratory
NSO	National Statistics Office
NSTL	Naval Science and Technology Laboratory
OE	Open-End
PAT	Profit After Tax
PBDITEE	Profit Before Depreciation, Interest, Taxes, Exceptional & Extraordinary Items
PBT	Profit Before Tax
PESB	Public Enterprises Selection Board
PESRB	Public Enterprises Selection and Recruitment Board
PMEGP	Prime Minister's Employment Generation Programme
PSC	Public Service Commission
PSEs	Public Sector Enterprises
PSUs	Public Sector Undertakings
R&D	Research & Development

RIAB	Public Sector Restructuring and Internal Audit Board
RM	Raw Material
SLPEs	State Level Public Enterprises
SPARK	Service and Payroll Administrative Repository for Kerala
YES	Young Entrepreneurs Summit

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EXECUTIVE SUMMARY

Public Sector Undertakings (PSUs) are units with a corporate form and are wholly or partly owned by the Government. They may be Companies formed under the Indian Companies Act or Corporations registered under specific Acts of the Indian Parliament/respective State Legislative Assemblies. These enterprises are endeavoured for taking up activities of an industrial, manufacturing, trading or allied nature of business on commercial lines. Kerala also have a wide range of PSUs engaged in manufacturing, infrastructure development, promotional, financial, trading, consultancy, agriculture, plantation, livestock, utility and welfare activities. As on 31st March 2021 there are 116 Active PSUs in Kerala. The performance of these PSUs has a profound impact on the budgetary position of the State Government, as the State holds the largest number of public enterprises in the country.

The Working Group has identified 52 units among the active PSUs in Kerala as industrial PSUs. Based on the nature of business, the industrial PSUs are categorized into 14 sectors as Agro-based, Automobiles, Ceramics, Chemicals, Coir, Distilleries, Electrical, Electronics, Steel, Textiles, Wood, Infrastructure Development, Trading & Consultancy and Traditional. These PSUs have together made an operating profit of Rs. 241.35 crore during 2020-21 as against an operating profit of Rs.151.76 crore during 2019-20 (increase of 59.03%). The total contribution made by these PSUs to the State Exchequer amounts to Rs.141.11 crore and towards the Central Exchequer amounts to Rs.400.58 crore during 2020-21.

However, the Working Group has observed that there are several factors affecting the growth of industrial units in Kerala. These include lack of modernization, high cost of production, less price realizations, huge debts, absence of product innovation (R&D), inadequate marketing mechanism and competition prevailing in the market. From industry-to-industry these factors varies with different magnitude and are persisting in most of the PSUs for the past several years. Hence, the Working Group strongly recommends to the State Government to act appropriately to address the challenges faced by the PSUs for ensuring viable and sustainable modern development of PSUs in Kerala.

The Working Group suggests that the Government may revisit the existing management structure along with better pay packages with a view to infuse high level of expertise among the employees of industrial PSUs. Diversification of PSUs producing high value products in accordance with the changes in market climate is another pre-determinant for improving the market reach and profitability of State PSUs. The Working Group recommends that the industrial PSUs in the State shall explore advanced external technologies through collaborations with globally acknowledged R&D institutions (Academia -Industry-Government linkage). It has also noted that the financial condition of industrial PSUs affects its competitiveness and market development role. In such a context, the Working Group proposes before the Government to have a functional area based (Human Resources, Finance, Marketing & Operational) approach while formulating policies and programmes for the development of industrial PSUs in the State

CHAPTER 1

AN OVERVIEW OF PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS (PSUs) WITH SPECIAL FOCUS ON INDUSTRIAL PSUs IN KERALA

1. Public Sector occupies a vital place in the economy of any State and serves as a vehicle to promote a balanced and equitable growth. The State Public Sector Undertakings are the extended arms of the State Government in the task of promotion of economic and social development and covers a wide variety of enterprises undertaking a myriad of activities. The State PSUs in Kerala occupy an important place in the State Economy in terms of investment, employment and spread of economic activity. These enterprises operate in manufacturing, infrastructural developmental, promotional, financial, trading, consultancy, agriculture, plantation, livestock, service, utility and welfare sectors.
2. The business units owned, managed and controlled by the Central or State or Local Government are termed as Public Sector Undertakings (PSUs) or Public Sector Enterprises (PSEs). The Government may either wholly own the public undertakings or the ownership may partly be with the Government and partly with the private industrialists and the public. In any case the control, management and ownership remain primarily with the Government. The term Public Sector Undertaking or Public Sector Enterprise refers to a Government Company which is defined under Section 2 (45) of the Indian Companies Act, 2013 as:

“Government Company means any Company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary Company of such a Government Company”

Trends in Industrial Performance

3. The Index of Industrial Production (IIP) is a short-term economic indicator for measuring growth of industrial production in the country. Table 1, indicates the performance of industries in India in terms of IIP with base year 2011-12.

Table 1 - Value of Index of Industrial Production in India (Base: 2011-12)

Sector	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22*
Mining	102.53	104.90	107.88	109.56	100.98	109.13
Manufacturing	120.95	126.61	131.46	129.59	117.20	129.54
Electricity	141.63	149.17	156.92	158.38	157.58	168.96
Overall IIP	119.97	125.29	130.11	129.02	118.09	129.76

Source: Monthly IIP Database (Base 2011-12), National Statistics Office, MOSPI

*-Upto January 2022

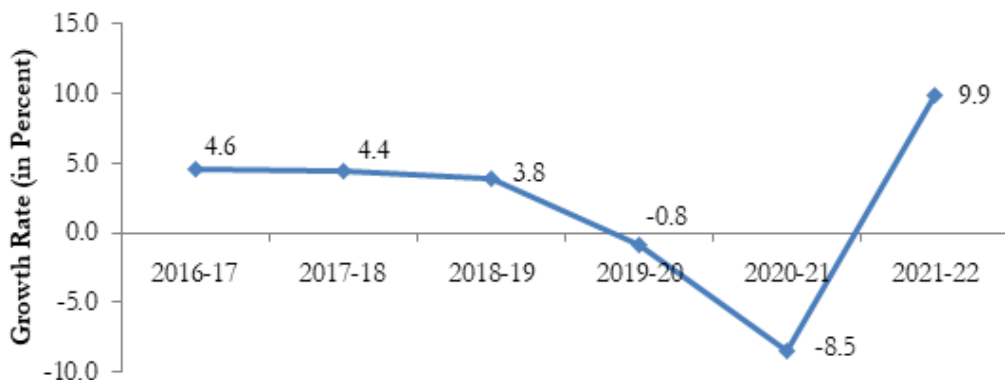
4. The IIP was positive during 2016-17 (4.6%), however has shown a steep decline from 2018-19 end up in negative growth of -0.8 per cent during 2019-20. The impact of the pandemic on the industries is reflected in the negative growth of 8.5 per cent in 2020-

21 (Figure 1). In April-January 2021-22 the IIP grew by 9.9 per cent as compared to the April-March period of the previous year.

Performance of Central Public Sector Enterprises (CPSEs)

- Public Sector have been among the most important instruments of planned development in the mixed-economy model our country followed after the attainment of inde-

Figure 1: Growth Rate of Industrial Production (Base: 2011-12)



Source: National Statistics Office (NSO), MOSPI

pendence, and the debate regarding their performance is of long standing. This section attempts to analyse the performance of Central Public Sector Enterprises (CPSEs) based on the Public Enterprises Survey 2019-20 which is latest in the series.

- Central Public Sector Enterprises (CPSEs) play an important role in economic growth; infrastructure development; fostering healthy market competition. The CPSEs also play a key role in discharging social obligations through their Corporate Social Responsibility (CSR) activities, especially in the field of health, education and skill development. Before India got independence, it had only a few CPSEs. These included the railways, post and telegraph, port trusts, ordnance factories, and a few enterprises like the Government salt factories, quinine factories, etc. which were departmentally managed.
- There were only five CPSEs in 1951, but it grew to 84 by 1969 and to 260 in Financial Year 2011-12. As on 31st March 2019 there are 366 CPSEs of which 256 are only operational. 96 CPSEs are under construction are those enterprises which have reported no operational income. 14 CPEs are under closure or liquidation. Among the 256 active CPSEs, there are 58 listed CPSEs listed on any stock exchange in India. A breakdown of the total number of CPSEs by sector is given in Table 2:

Table 2 - Sector wise total number of CPSEs

Sl. No.	Sector	Number of CPSEs
I.	Agriculture	
1.	Agro-Based	3
II.	Mining & Exploration	
3.	Coal	8
4.	Crude Oil	5
5.	Other Minerals & Metals	11
III.	Manufacturing, Processing & Generation	
6.	Steel	4
7.	Petroleum (Refinery & Marketing)	6
8.	Fertilisers	7
9.	Chemicals & Pharmaceuticals	20
10.	Heavy & Medium Engineering	36
11.	Transportation Vehicle & Equipment	1
12.	Industrial & Consumer Goods	13
13.	Textiles	5
14.	Power Generation	14
IV.	Services	
15.	Power Transmission	13
16.	Trading & Marketing	20
17.	Transport & Logistic Services	23
18.	Contract & Construction and Tech. Consultancy Services	46
19.	Hotel & Tourist Services	6
20.	Financial Services	21
21.	Telecommunication & Information Technology	8
V.	CPSEs under Construction	96
Total		366

8. The Key Financial Highlights of CPSEs for the year 2019-20 is as follows:

- **Total Paid-up Capital** in all CPSEs was ₹3,10,737 crore as on March 31, 2020 as against ₹2,74,652 crore as on March 31, 2019, recording a growth of 13.1%.
- **Total Financial Investments** in all CPSEs was ₹21,58,877 crore as on March 31, 2020 against ₹17,82,878 crore as on March 31, 2019, recording a growth of 21.1%.

- **Net Worth of all CPSEs** increased from ₹12,11,311 crore as on March 31, 2019 to ₹12,35,706 crore as on March 31, 2020, showing an increase of 2.0%.
- **Capital Employed** in all CPSEs was ₹31,16,455 crore as on March 31, 2020 against ₹27,80,247 crore as on March 31, 2019, showing a growth of 12.1%.
- **Total Gross Revenue** from Operations of operating CPSEs during Financial Year 2019-20 was ₹24,61,712 crore as against ₹25,45,697 crore in Financial Year 2018-19, showing a decrease of 3.3%.
- **Net Profit of profit-making** CPSEs stood at ₹1,38,112 crore in Financial Year 2019-20 (171 CPSEs) against ₹1,74,286 crore in Financial Year 2018-19 (179 CPSEs) showing a decrease of 20.8%.
- **Net Loss of loss-incurring** CPSEs was ₹44,817 crore in Financial Year 2019-20 (84 CPSEs) as against ₹31,620 crore in Financial Year 2018-19 (69 CPSEs) showing an increase of 41.7%.
- **Overall Net Profit** of operating CPSEs during Financial Year 2019-20 stood at ₹93,295 crore as against ₹1,42,666 crore during Financial Year 2018-19 showing a decrease of 34.6%.
- **Dividend declared/paid by operating** CPSEs (105) in Financial Year 2019-20 stood at ₹72,136 crore against ₹71,916 crore in Financial Year 2018-19, showing an increase of 0.3%.
- **Contribution of all CPSEs** to Central Exchequer by way of excise duty, custom duty, GST, corporate tax, interest on Central Government loans, dividend, and other duties and taxes stood at ₹3,76,425 crore in Financial Year 2019-20 as against ₹3,78,139 crore in Financial Year 2018-19, showing a decrease of 0.5%.
- **Foreign Exchange Earnings** of CPSEs through export of goods and services stood at ₹1,21,756 crore in Financial Year 2019-20 against ₹1,43,377 crore in Financial Year 2018-19, showing a decrease of 15.1%.
- **CSR Expenditure** of all CSR eligible CPSEs (150) stood at ₹5,088 crore in Financial Year 2019-20 against ₹3,870 crore in Financial Year 2018-19 showing an increase of 31.5%.
- **Market Capitalisation** (M-cap) of 58 CPSEs traded on stock exchanges of India was ₹8.2 lakh crore as on March 31, 2020 as against ₹13.8 lakh crore as on March 31, 2019 showing a decrease of 40%. Market Capitalisation of CPSEs as percentage of total BSE market capitalisation decreased from 9.1% as on March 31, 2019 to 7.2% as on March 31, 2020.

Performance of State Level Public Enterprises (SLPEs) in Kerala

9. The evolution of State Enterprises in Kerala is not a very recent one. The history of State Enterprises in Kerala can be traced to a period prior to the attainment of independence of the country. Prior to 1935, there were virtually no State Enterprises in any part of the Kerala State. It was the former State of Travancore, which took the initiative to establish State owned industries. As capital was shy and entrepreneurial ability was totally absent, Government came forward to take the initiative to establish industries under Government management.

10. Thus in the first half of the 20th century the problem of State initiative in industrial development arose both in the consumer industries and public utility concerns. At first the motive of industrialisation was said to be experimental and later on, to solve the unemployment problem. The Government was of the view that in certain industries private initiative cannot do much to start with unless initial encouragement was given, for example, in the case of rubber manufacturing and mining of china clay. The Travancore Rubber Factory was opened on 17th August 1935 under the full management of the Government. The Government Ceramic concern at Kundara was started in 1940.
11. This section attempts to overview the performance of State PSUs based on the 'A Review of Public Enterprises in Kerala 2020-21', which is latest in the series. The Review covers 153 enterprises of which 31 have either been transferred, merged, closed, taken over, liquidated or been inactive. Out of the 122 enterprises six Companies are newly incorporated and not furnished the data for the Review during 2020-21. Table 3, provides sector wise grouping of the remaining 116 Active SLPEs.

Table 3 - Sector wise grouping of SLPEs in Kerala

Sl. No.	Sector	No. of SLPEs
1	Manufacturing & Production	31
2	Development & Infrastructure	28
3	Services/Trading/Consultancy	20
4	Traditional & Welfare	18
5	Agriculture/Plantation/Livestock	11
6	Financial Services	5
7	Public Utilities	3
	Total	116

12. The Key Financial Highlights of SLPEs in Kerala for the year 2020-21 is as follows:

- No. of Employees: The SLPEs together provided employment to 1,33,369 persons in different categories, including casual/contract employees, during 2020-21 as against 1,29,128 persons during 2019-20.
- Paid up Capital: The total paid up capital of the active enterprises at the end of the year 2020-21 amounts to ₹18,355.99 crore (increase of 7.34% from previous year).
- Investment (Financial): The total investment (financial) in SLPEs during the year 2020-21 is ₹67,619.24 crore (increase of 10.05% from previous year).
- Net Worth: The net worth of all enterprises taken together during 2020-21 is negative at ₹11,630.01 crore (further eroded by 43.23% from the previous year).
- Net Turnover: The Net Turnover (Revenue) achieved by the SLPEs for the year 2020-21 is ₹34,365.24 crore (decrease of 2.86% from the previous year) as against ₹35,376.40 crore for the year 2019-20.

- Operating Profit: The operating profit made by 66 SLPEs during 2020-21 amounts to ₹3,928.17 crore as against operating profit made by 65 enterprises amounting to ₹5,233.17 crore during 2019-20.
- Number of Profit Earning Enterprises: The number of profit earning enterprises during 2019-20 and 2020-21 is 50.
- Amount of Profit (Net Profit): The total amount of profits earned by the 50 SLPEs during 2020-21 amounts to ₹513.79 crore as against ₹883.73 crore in 2019-20.
- No. of Loss Incurring Enterprises: During the year 2020-21, sixty three enterprises have incurred losses as against 64 enterprises during the previous year.
- Amount of Loss (Net Loss): The net loss incurred by the SLPEs during 2020-21 amounts to ₹6,569.25 crore as against ₹2,621.99 crore during the previous year.
- Net Profit/Loss: The net profitability of SLPEs taken together for the year 2020-21 shows a net loss of ₹6,055.47 crore (increase of 248.37%) as against a net loss of ₹1,738.25 crore in the year 2019-20.
- Contribution to State Exchequer: During the year 2020-21, the SLPEs together have contributed an amount of ₹13,327.70 crore (3.00% increase as compared to 2019-20) to the State Exchequer by way of taxes and duties.
- Contribution to Central Exchequer: During the year 2020-21, the SLPEs together have contributed an amount of ₹617.65 crore (32.21% decrease over the previous year) to the Central Exchequer by way of taxes and duties.
- Guarantee Commission Paid: The SLPEs together have paid ₹94.37 crore as Guarantee Commission during the year 2020-21.
- CSR Expenditure: During the year 2020-21, 12 SLPEs have spent a total amount of ₹9.84 crore towards Corporate Social Responsibility activities as against ₹6.33 crore during 2019-20.
- Subsidies/Grants Received: The total amount of financial assistance given by the State Government in the form of subsidies and grants amounts to ₹4,696.62 crore (for 25 enterprises) during 2020-21. The total amount of financial assistance given by the Central Government in the form of subsidies and grants amounts to ₹1,655.14 crore (for 12 enterprises) during 2020-21.
- Dividend: The total dividend declared/proposed by the SLPEs for the year 2020-21 is ₹0.63 crore as against to ₹36.98 crore during the year 2019-20.

Sectoral Overview of Industrial PSUs

13. The Working Group has identified 52 units among the PSUs in Kerala as industrial PSUs. This section tries to analyse the sector-wise performance of industrial PSUs based on the data of A Review of Public Enterprises in Kerala, 2020-21.

MANUFACTURING

Automobiles Sector

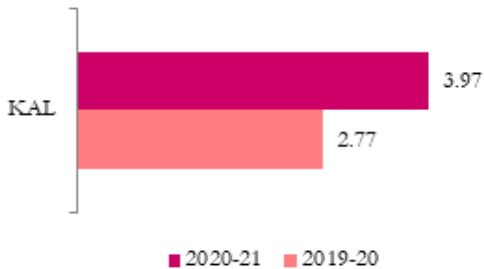
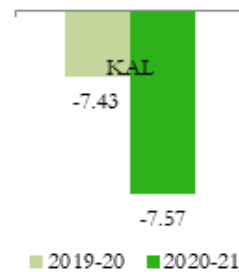
14. The Kerala Automobiles Limited (KAL) is the only PSU in this sector. The total value added by the PSU during 2020-21 is ₹-2.73 Crore mainly due to its higher net loss.

Table 4 - Value Addition by Sector – Automobiles

Name of Enterprise	Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Kerala Automobiles Limited (KAL)	0.41	-1.13	-2.73

15. KAL is engaged in the manufacture of three wheelers suitable for passenger and goods traffic. The increase in sale of E Auto has resulted in increase in revenue of the company during 2020-21. However, the company is in loss for several years as it is not able to optimize its production and marketing strategies. (Refer Figure 2 & 3)

Performance of Automobiles Sector: 2019-20 & 2020-21

Figure 2: Total Revenue (₹ in Crore)**Figure 3: Net Loss (₹ in Crore)**

Ceramics Sector

16. The enterprises in this sector are mainly engaged in mining and processing of china clay.

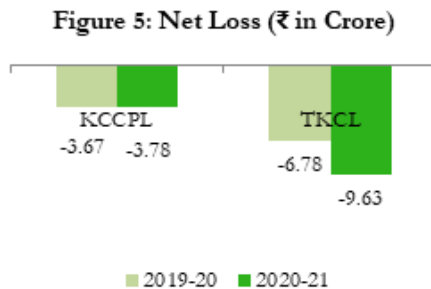
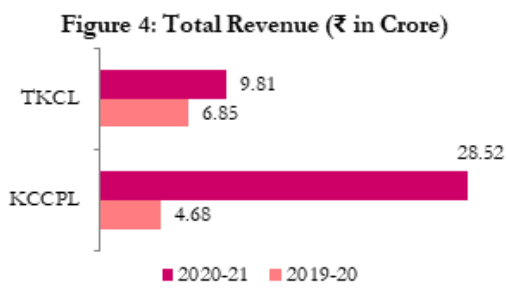
The total value added by ceramics sector PSUs amounts to 8.99 Crore in 2020-21.

Table 5 - Value Addition by Sector - Ceramics

Name of Enterprise	Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
KCCP Limited (KCCPL)	2.97	3.77	4.34
The Kerala Ceramics Limited (TKCL)	3.77	3.32	4.65
Total	6.74	7.09	8.99

17. KCCPL was mainly engaged in processing of china clay and aluminous laterite and the revenue realisations from it were low. Hence, the company has diversified its operational area into multiple activities and has increased the revenue. TKCL produces spray dried kaolin using raw china clay mined from own mines of the company. The revenue of the company has increased during 2020-21. However, the companies in the Ceramics sector are in net loss and the loss has increased during 2020-21 in both PSUs. (Figure 4 & 5)

Performance of Ceramics Sector: 2019-20 & 2020-21



Chemicals Sector

18. Enterprises in this sector mainly produce and sell titanium dioxide products, caustic soda, cement, allopathic and ayurvedic medicines, etc. The total value addition by the seven PSUs in the sector amounts to ₹630.43 Crore during 2020-21. The Kerala Minerals and Metals Limited accounts for 54.88 per cent of the total value addition in the sector.

Table 6 - Value Addition by Sector - Chemicals

Name of Enterprise	Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Kerala State Drugs And Pharmaceuticals Limited (KSDP)	16.10	20.72	40.23
Malabar Cements Limited (MCL)	46.49	42.89	85.01
The Kerala Minerals & Metals Limited (KMML)	380.71	256.98	345.95
The Pharmaceutical Corporation (Indian Medicines) Kerala Limited (OUSHADHI)	59.98	56.20	53.42
The Travancore Cements Limited (TCL)	3.68	3.50	3.81
The Travancore-Cochin Chemicals Limited (TCCL)	113.61	126.02	37.92
Travancore Titanium Products Limited (TTPL)	75.54	61.74	64.08
Total	696.10	568.04	630.43

19. KSDP manufacturing allopathic medicines has engaged into sanitizer manufacturing consequent to the spread of COVID-19 pandemic resulted in increase of its revenue and profit during 2020-21. The profitability of OUSHADHI manufacturing ayurvedic medicines during 2020-21 has declined due to the increase in price of raw materials.
20. MCL has increased its production and sale of cement and subsequently the revenue has increased and company become profitable during 2020-21. TCL producing white cement is in loss since its availability of raw material from nearby sources has stopped.
21. TCCL engaged in manufacturing of caustic soda, chlorine products and sodium chlorate is in net loss during 2020-21 due to less sales realisations from caustic soda.
22. KMML, an integrated titanium dioxide manufacturing enterprise is the highest revenue generating and highest profitable PSU in the sector. The decreased production and sales of titanium dioxide and sulphuric acid has resulted in decreased revenue and increased loss of TTPL. (Refer Figure 6 & 7)

Performance of Chemicals Sector: 2019-20 & 2020-2

Figure 6: Total Revenue (₹ in Crore)

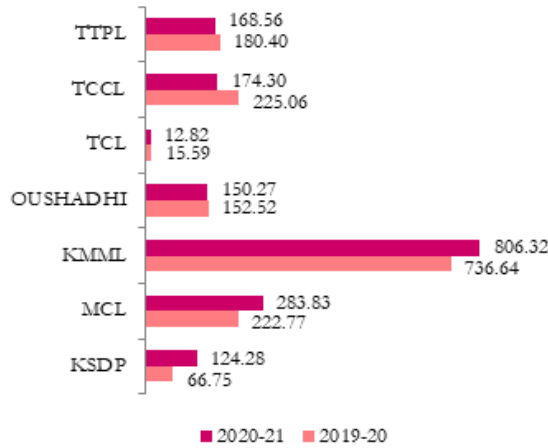
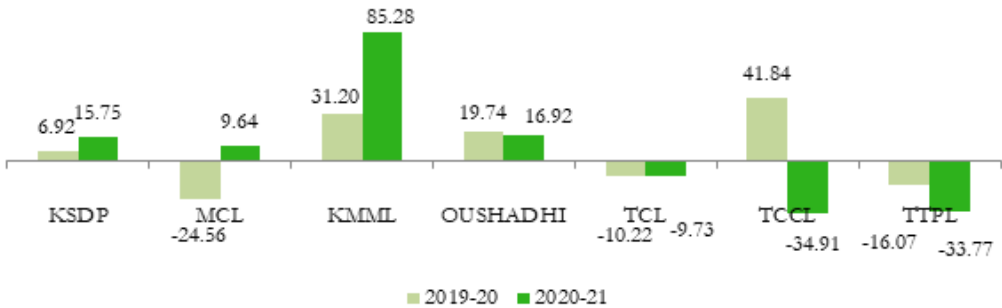


Figure 7: Net Profit/Loss (₹ in Crore)



Coir Sector

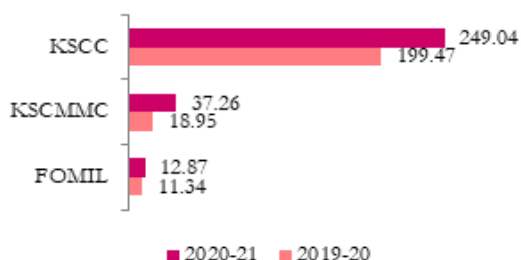
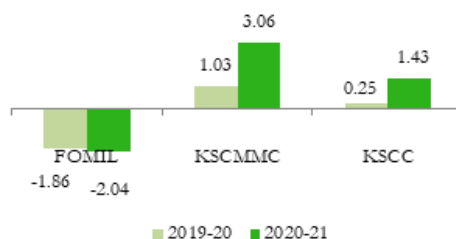
23. The enterprises falling in this sector are mainly engaged in manufacturing of coir products and machineries for manufacturing coir products. The total value added by three PSUs in the sector is ₹19.72 Crore during 2020-21 as compared to ₹12.40 during the year 2019-20. The Kerala State Coir Corporation Limited was the highest value added PSU in the sector with ₹10.11 Crore.

Table 7 - Value Addition by Sector - Coir

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Foam Mattings (India) Limited	(FOMIL)	1.45	2.67	3.73
Kerala State Coir Machinery Manufacturing Company Limited	(KSCMMC)	-0.21	3.39	5.89
The Kerala State Coir Corporation Limited	(KSCC)	5.83	6.34	10.11
Total		7.07	12.40	19.72

24. The FOMIL manufacturing products from coir, jute and sisal has increased its revenue during 2020-21, however has increased the net loss due to higher cost of production. KSCMMC manufacturing coir machineries has increased revenue as well as profit during 2020-21. KSCC engaged in manufacturing of value added coir products has increased its revenue and profit during 2020-21. (Refer Figure 8 & 9)

Performance of Coir Sector: 2019-20 & 2020-21

Figure 8: Total Revenue (₹ in Crore)**Figure 9: Net Profit/Loss (₹ in Crore)**

Distilleries Sector

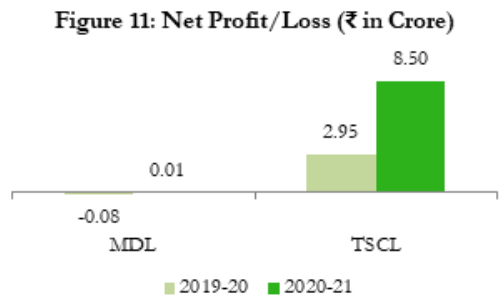
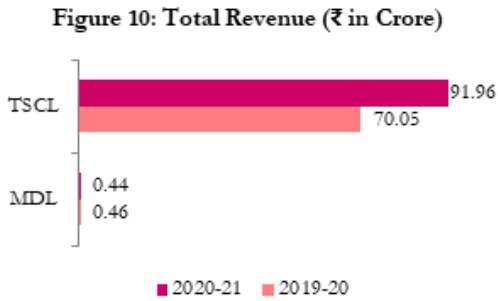
25. The sector comprises industries engaged in manufacturing and processing alcoholic and other spirit products. The total value added by two PSUs in the sector is ₹15.11 Crore during 2020-21. The Travancore Sugars & Chemicals Limited accounts ₹14.71 Crore of the total value addition in the sector during 2020-21.

Table 8 - Value Addition by Sector - Distilleries

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Malabar Distilleries Limited	(MDL)	0.20	0.37	0.41
The Travancore Sugars & Chemicals Limited	(TSCL)	11.87	7.13	14.71
Total		12.07	7.50	15.11

26. The MDL has not yet started manufacturing of IMFL adversely affecting the revenue and profitability of the company. The TSCL producing IMFL and other spirit products has increased its revenue and profit during 2020-21. (Refer Figure 10 & 11)

Performance of Distilleries Sector: 2019-20 & 2020-21



Electricals Sector

27. The enterprises falling in this sector are mainly engaged in manufacturing of the transformers, electric wires, switches, energy meters, etc. The value addition in the sector has declined to ₹72.86 Crore during 2020-21 as compared to ₹136.02 Crore during 2019-20. Transformers and Electricals Kerala Limited has the highest value addition in the sector with ₹33.32 Crore, however is showing a declining trend.

Table 9 - Value Addition by Sector - Electricals

Name of Enterprise	Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Kerala Electrical & Allied Engineering Company Limited (KEL)	31.50	37.00	14.78
Traco Cable Company Limited (TRACO)	28.24	27.21	22.33
Transformers and Electricals Kerala Limited (TELK)	61.93	63.96	33.32
United Electrical Industries Limited (UNILEC)	3.33	7.86	2.43
Total	125.00	136.02	72.86

28. KEL mainly producing transformers and alternators due to the shortage of work orders adversely affected the revenue and it end up in loss during 2020-21. TRACO producing house wiring cables and conductors increased its revenue but doubled its net loss during 2020-21 due to the increase in cost of raw materials. The revenue of TELK manufacturing transformers has decreased due to scarcity of raw materials resulted in loss during 2020-21. The revenue of UNILEC producing switches, energy meters, etc. has decreased and as a result, the net loss of the company has increased. (Refer Figure 12& 13)

Performance of Electricals Sector: 2019-20 & 2020-21

Figure 12: Total Revenue (₹ in Crore)

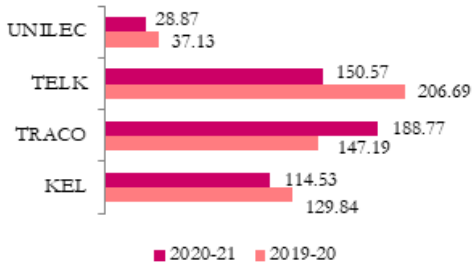
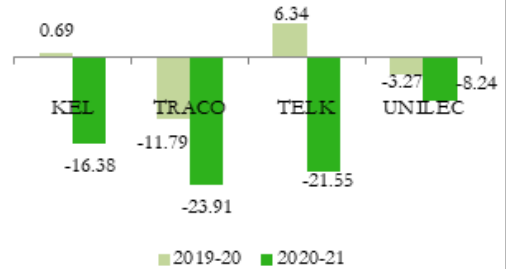


Figure 13: Net Profit/Loss (₹ in Crore)



Electronics Sector

29. The enterprises in this sector provide a wide range of services in the field of electronics. The total value addition by PSUs in the sector has declined to ₹97.09 Crore in 2020-21 as against ₹101.47 Crore during 2019-20. Kerala State Electronics Development Corporation Limited accounts for the highest value addition in the sector (₹70.10 Crore).

Table 10 - Value Addition by Sector - Electronics

Name of Enterprise	Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
KELTRON Component Complex Limited (KCCL)	23.22	24.73	21.96
KELTRON Electro Ceramics Limited (KECL)	2.56	3.43	5.02
Kerala State Electronics Development Corporation Limited (KSEDC)	88.82	73.30	70.10
Total	114.61	101.47	97.09

30. KCCL (manufacturing capacitors) and KECL (manufacturing transducers) both subsidiaries of Kerala State Electronics Development Corporation Limited has increased its revenue during 2020-21. However, KCCL shows a decreased net profit whereas KECL during 2020-21 has turned to profit from loss. KSEDC is the top revenue generating and profitable PSU in the sector. (Refer Figure 14 & 15)

Performance of Electronics Sector: 2019-20 & 2020-21

Figure 14: Total Revenue (₹ in Crore)

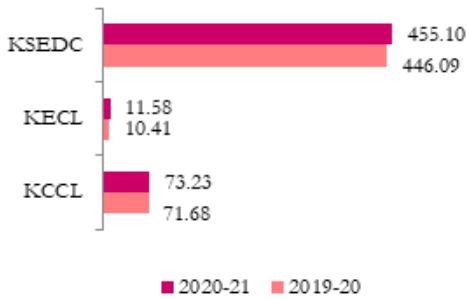
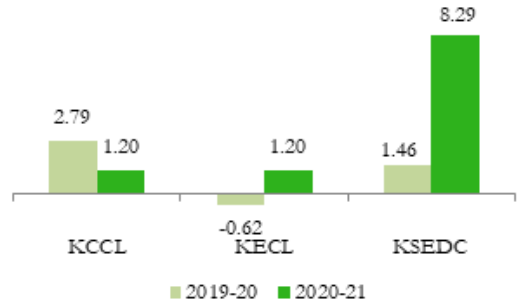


Figure 15: Net Profit/Loss (₹ in Crore)



Steel Sector

31. The enterprises falling within this sector are mainly dealing with ferrous and non-ferrous castings. The total value added by the PSUs in the sector is ₹28.86 Crore during 2020-21 (decrease of 12.06 per cent). The highest value addition in the sector is by Steel and Industrial Forgings Limited (₹16.67 Crore), followed by Steel Industrials Kerala Limited (₹10.38 Crore) and Autokast Limited (₹2.83 Crore). The value addition in SAIL-SCL Kerala Limited is negative, as there is no production activity in the Company since 2016.

Table 11 - Value Addition by Sector - Steel

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Autokast Limited	(AUTOKAST)	1.10	10.98	2.83
SAIL-SCL Kerala Limited	(SAIL-SCL)	-3.85	-0.91	-1.02
Steel and Industrial Forgings Limited	(SIFL)	4.70	12.19	16.67
Steel Industrials Kerala Limited	(SILK)	9.74	10.57	10.38
Total		11.69	32.82	28.86

32. The revenue of AUTOKAST producing steel castings has increased, however the net loss of the company has increased due to increase in cost of raw materials. The net loss of the SAIL-SCL is increasing since the stoppage of production. SIFL producing steel forgings has improved its revenue and profitability during 2020-21. SILK manufacturing steel castings and steel fabricated items is the highest revenue generating and profitable PSU in the sector. (Refer Figure 16& 17)

Performance of Steel Sector: 2019-20 & 2020-21

Figure 16: Total Revenue (₹ in Crore)

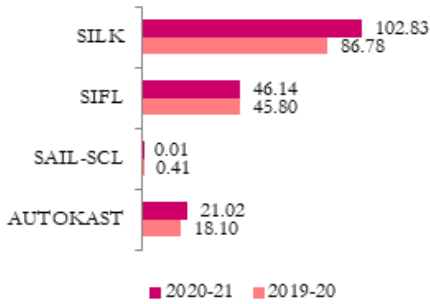
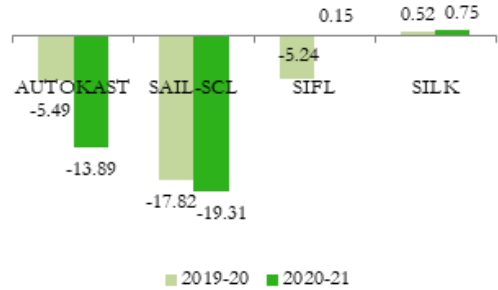


Figure 17: Net Profit/Loss (₹ in Crore)



Textiles Sector

33. The textiles sector PSUs are mainly engaged on yarn production. The total value added by the three PSUs in the sector is ₹23.73 Crore of which Kerala State Textile Corporation Limited has the highest value addition (90.69 per cent of total).

Table 12 - Value Addition by Sector - Textiles

Name of Enterprise	Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Kerala State Textile Corporation Limited (KSTC)	3.20	4.86	21.52
Sitaram Textiles Limited (SITARAM)	0.58	0.53	2.00
Trivandrum Spinning Mills Limited (TSML)	-0.56	-0.22	0.20
Total	3.22	5.16	23.73

34. KSTC is the highest revenue generating PSU in the sector but has incurred huge loss during 2020-21. The revenue of SITARAM and TSML has reduced during 2020-21 but the net loss has decreased in both the cases. (Refer Figure 18 & 19)

Performance of Textiles Sector: 2019-20 & 2020-21

Figure 18: Total Revenue (₹ in Crore)

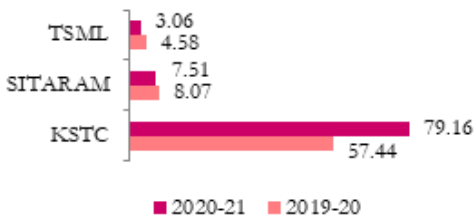
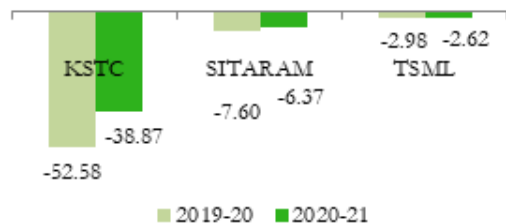


Figure 19: Net Loss (₹ in Crore)



Wood Sector

35. The Forest Industries (Travancore) Limited is the only enterprise falling in this sector. It is mainly engaged in wooden furniture manufacturing. The value addition in the PSU has decreased to ₹2.37 Crore as compared to ₹4.29 Crore during 2019-20.

Table 13 - Value Addition by Sector - Wood

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Forest Industries (Travancore) Limited	(FIT)	4.40	4.29	2.37

36. There is decrease in revenue and the company has turned from net profit to net loss during 2020-21. (Refer Figure 20 & 21)

Performance of Wood Sector: 2019-20 & 2020-21

Figure 20: Total Revenue (₹ in Crore)

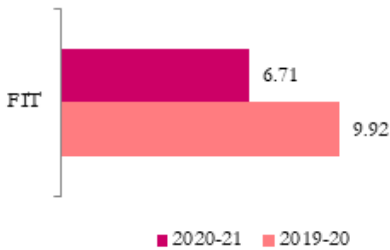
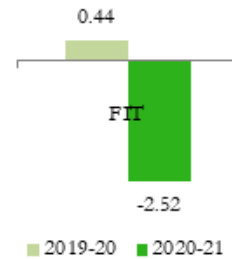


Figure 21: Net Profit/Loss (₹ in Crore)



NON-MANUFACTURING

Infrastructure Development Sector

37. The enterprises falling in this sector are mainly engaged in developing infrastructure required for industrial development in Kerala. The total value added by the PSUs in the sector is ₹131.37 Crore. It is highest in Kerala Industrial Infrastructure Development Corporation (₹58.15 Crore) and Kerala State Industrial Development Corporation Limited (₹46.29 Crore) during 2020-21 together accounts 79.50 per cent of total value added in the sector.

Table 14 - Value Addition by Sector - Infrastructure Development

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Kerala Industrial Infrastructure Development Corporation	(KINFRA)	29.99	506.24	58.15
Kerala Small Industries Development Corporation Limited	(SIDCO)	16.19	6.75	8.64
Kerala State Industrial Development Corporation Limited	(KSIDC)	51.89	54.34	46.29
Kerala State Industrial Enterprises Limited	(KSIE)	12.63	14.05	12.70
KINESCO Power and Utilities Private Limited	(KPUPL)	3.14	5.11	7.02
KINFRA Export Promotion Industrial Parks Limited	(KEPIP)	4.79	5.52	4.23
KINFRA Film and Video Park	(KFVP)	-0.21	0.36	-0.02
KINFRA International Apparel Parks Limited	(KIAP)	-0.45	-0.22	-6.18
Marine Products Infrastructure Development Corporation Limited	(MIDCON)	0.55	0.56	0.55
Total		118.51	592.71	131.37

38. KSIDC and KINFRA are the top profit making PSUs in the sector. Among subsidiaries of KINFRA, the KPUPL, KEPIP and MIDCON are profit making whereas KIAP and KFVP are incurring loss. SIDCO and KSIE are in loss during 2020-21. (Refer Figure 22 & 23)

Performance of Infrastructure Development Sector: 2019-20 & 2020-21

Figure 22: Total Revenue (₹ in Crore)

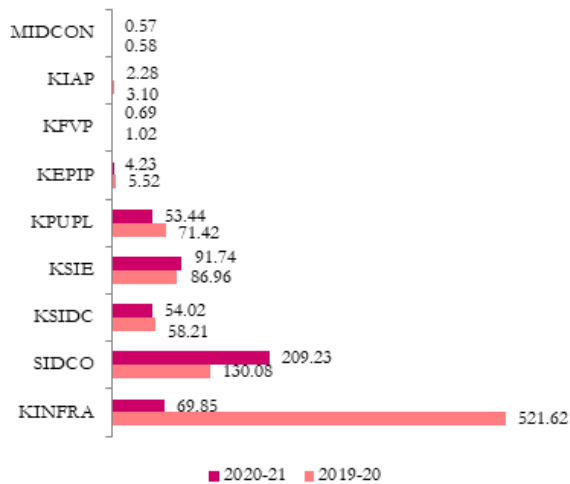
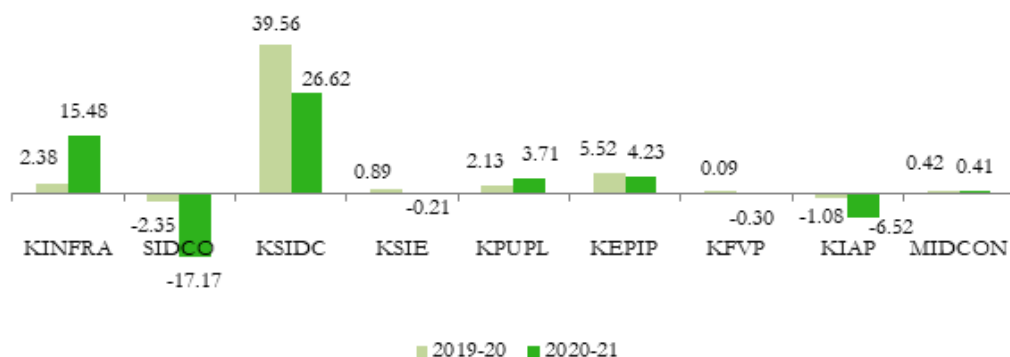


Figure 23: Net Profit/Loss (₹ in Crore)



Trading & Consultancy Sector

39. The enterprises falling in this sector are mainly engaged in trading and consultancy services. The total value addition by PSUs in the sector is ₹7.93 Crore during 2020-21, of which Kerala Cashew Board Limited has the highest value addition of ₹7.70 Crore.

Table 15 - Value Addition by Sector – Trading & Consultancy

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Kerala Cashew Board Limited	(KCB)	3.03	5.64	7.70
Kerala State Mineral Development Corporation Limited	(KEMDEL)	0.00	-0.14	0.23
Total		3.03	5.50	7.93

40. KCB is the highest revenue generating and profitable PSU in the sector. KEMDEL has improved its revenue generation during 2020-21 despite loss. (Refer Figure 24& 25)

Performance of Trading & Consultancy Sector: 2019-20 & 2020-21

Figure 24: Total Revenue (₹ in Crore)

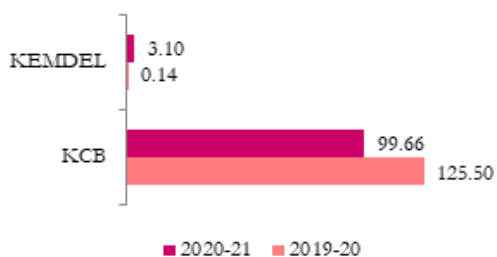
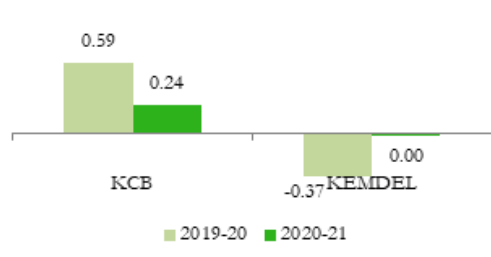


Figure 25: Net Profit/Loss (₹ in Crore)



Traditional Sector

41. The enterprises falling in this sector are traditional industries covering handicrafts, artisans, bamboo, handloom, palmyrah and cashew sector PSUs. The total value addition in the sector is ₹30.41 Crore during 2020-21 (decrease of 58.97 per cent).

Table 16 - Value Addition by Sector – Traditional

Name of Enterprise		Value Added 2018-19	Value Added 2019-20	Value Added 2020-21
Handicrafts Development Corporation of Kerala Limited	(HDCK)	3.72	3.30	0.69
Kerala Artisans Development Corporation Limited	(KADCO)	3.11	2.79	2.30
Kerala Khadi And Village Industries Board	(KKVIB)	0.00	0.00	0.00
Kerala State Bamboo Corporation Limited	(KSBC)	-0.21	-1.05	-2.36
Kerala State Handloom Development Corporation Limited	(HANVEEV)	4.72	3.16	0.45
Kerala State Palmyrah Products Development & Workers' Welfare Corporation Limited	(KELPALM)	0.12	-0.02	0.35
The Kerala State Cashew Development Corporation Limited	(KSCDC)	2.73	66.09	28.98
Total		14.19	74.26	30.41

42. KSCDC and KADCO are the highest revenue generating PSUs in the sector. Except KADCO, all the other PSUs in the sector are loss making. (Refer Figure 26 & 27)

Performance of Traditional Sector: 2019-20 & 2020-21

Figure 26: Total Revenue (₹ in Crore)

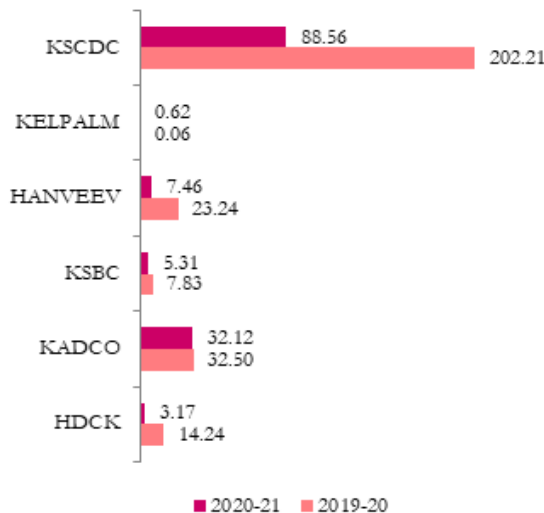
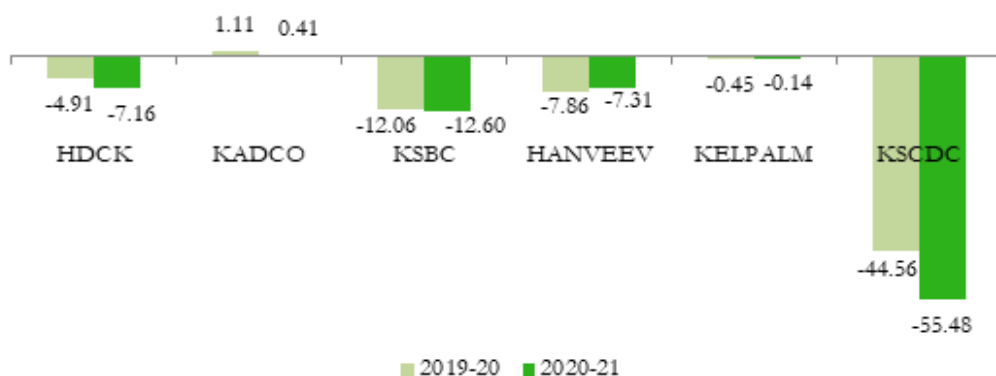


Figure 27: Net Profit/Loss (₹ in Crore)



43. A sector-wise summary of performance of industrial PSUs is provided in Table 16. Annexure I provides key financial results of each sector.

Table 17 - Sector wise summary of performance of industrial PSUs: 2020-21

Sl. No.	Sector	Net Revenue	Total Revenue	Total Expenditure	PBDITEE	PBT	PAT
I. Manufacturing							
1	Agro-based	764.21	793.46	729.55	63.92	46.20	33.81
2	Automobiles	3.95	3.97	10.70	-6.73	-7.57	-7.57
3	Ceramics	36.32	38.32	39.50	-1.17	-13.41	-13.41
4	Chemicals	1675.21	1720.39	1569.56	150.84	83.60	49.19
5	Coir	292.34	299.17	292.54	6.63	3.05	2.45
6	Distilleries	91.96	92.39	81.75	10.64	10.46	8.51
7	Electrical	474.28	482.74	520.65	-37.92	-78.37	-70.06
8	Electronics	533.94	539.91	512.56	27.36	10.46	10.69
9	Steel	168.41	169.99	175.67	-5.68	-32.31	-32.31
10	Textiles	89.12	89.73	98.62	-8.89	-47.86	-47.86
11	Wood	5.53	6.71	7.12	-0.40	-2.52	-2.52
	Sub Total	4135.25	4236.79	4038.20	198.59	-28.25	-69.07
II. Non-Manufacturing							
12	Infrastructure Development	418.97	486.05	412.07	73.98	35.29	26.24
13	Trading & Consultancy	95.18	102.75	95.35	7.40	0.23	0.23
14	Traditional	135.96	137.25	175.88	-38.62	-82.29	-82.29
	Sub Total	650.11	726.06	683.30	42.76	-46.77	-55.82
	Grand Total	4785.36	4962.85	4721.50	241.35	-75.02	-124.89

Note: PBDITEE-Profit Before Depreciation, Interest, Taxes, Exceptional and Extraordinary Items

PBT-Profit Before Tax

PAT-Profit After Tax

CHAPTER 2 APPRAISAL OF STATE INTERVENTION

44. The Plan Intervention by Government of Kerala for supporting Industrial Units in the Public Sector Undertakings (PSUs) for a for a five year period from 2017-18 to 2021-22 is given in Table 19.

Table 18 – Plan Intervention for industrial PSUs from 2017-18 to 2021-22

(₹in Crore)

Sector/ Subsector	Annual Plan 2017-18		Annual Plan 2018-19		Annual Plan 2019-20		Annual Plan 2020-21		Annual Plan 2020-21	
	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
TOTAL	482.95	375.82	533.25	256.69	527.93	140.07	468.06	386.92	668.06	413.42

45. The 13th Five Year Plan and Targets

The 13th Five Year Plan for Kerala for the period 2017-2022 laid out a strategy to achieve a significant leap in industrial production in the State through enterprises in the private, co-operative and public sectors. Kerala envisages to establish a modern industrial sector that builds on the distinctive advantages of the State. Industrial growth in Kerala must make effective use of the skilled labour force in the State as well as the latest advances in the technologies including biotechnology, artificial intelligence and nanotechnology. Given the specific features of the economy and special distribution in the State, growth in Kerala could be led by units that are relatively small.

46. An overview of major achievements

Major highlights of the improved performance of Kerala's manufacturing sector from 2016-17 onwards include a revival in the performance of State PSU's and a continuing vigour in the growth of micro, small and medium enterprises (MSMEs) in the State. Over the last few years, the setting up of mega food parks, cluster based ventures and

cold storages across different regions of Kerala helped the promotion of agro based and food processing industries in the State. The State is setting up industrial parks specifically for the growth of petrochemicals, pharmaceutical, manufacturing and life sciences. There has been particular attention on the growth of defence electronics and light engineering.

47. **Vision of the Industrial Policy 2018**

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.

48. **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 National 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.

49. The State of Kerala has the largest number of public sector enterprises in the country. The PSUs are increasingly under pressure both from the Government and business environment competition to achieve their goals more effectively and efficiently. Government of Kerala had taken several serious initiatives for supporting and sustaining the industrial PSUs in Kerala. These include:

- Formulation of Master Plans for 8 various sectors such as Chemicals, Engineering, Electronics, Ceramics, Textiles, Traditional, Infrastructure and Electronics. (Refer Annexure II)
- Top level intervention against Audit pendency in PSUs and measures to ensure accounts to keep up-to-date.
- Introduction of Public Enterprises Selection Board (PESB) for the selection of Top Management in State PSUs.
- Proposed Public Enterprises Selection and Recruitment Board (PESRB) for the selection of non-PSC post in State PSUs.
- Capital Restructuring - Conversion of Government loan into equity and written off interest.
- Acquisition of Central PSU like Hindustan Newsprint Limited (HNL), Instrumentation India Limited (IIL), Palakkad and BHEL-EML at Kasargod Kerala Paper Products Limited.
- New initiatives like KINFRA Petrochemical Park, Kerala Rubber Company Limited, KINFRA Park on Food Processing, Coffee Park and Coconut Park.

50. A list of major projects implemented in industrial PSUs in the past 10 years.

- Titanium sponge plant at KMML
- Revival of Kerala Soaps and Trivandrum Spinning Mill
- Machining unit of SIFL at Shornur
- Green field projects of Komalapuram Spinning Mills, High-tech Weaving Mill at Pinarayi and Uduma textiles.
- Tool rooms at Kozhikode & Kuttipuram by SIDCO and KELTRON
- Bamboo tiles factory at Nallalom by KSBC
- Non-betalactum plant and LVP/SVP & ophthalmic medicines plant at KSDP
- Cast resin transformer plant at Edarikkode and power transformer plant at Mamala under KEL

- Modernisation of manufacturing facilities of KELTRON units
- Modernisation of production units under SIDCO
- Laptop manufacturing under a JV by KELTRON, KSIDC & UST Global
- Electric Auto by KAL
- Modernisation of spinning mills under NCDC projects
- Revival and modernisation of TKCL, Kundara

CHAPTER 3 MAJOR CHALLENGES & OPPORTUNITIES

51. Several factors affect the performance of industrial PSUs in Kerala. The sector wise major challenges and opportunities available for industrial PSUs are discussed here.

Agro Based Sector

52. METIND is mainly involved in manufacturing and marketing of various agricultural implements and tools required for agro farming, handicrafts and artisans community. The long years of experience, availability of raw materials & human resources, availability of land and growing demand for agricultural implements are advantageous factors of METIND. Despite these factors, the company is facing difficulties due to unplanned production, high dependence on skilled labour, obsolete technology, lack of modernization in manufacturing, poor marketing, high finance cost and high maintenance cost. The challenges and opportunities of the Agro Based sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Lack of innovative methods and modern practices • Competition from open market • Hike in raw material cost • Less market outreach and sales realisations • Availability of cheaper imported alternatives 	<ul style="list-style-type: none"> • Rapid automation and mechanization in the field of agriculture • Brand value of products • Growing demand of agriculture and farming equipment • Experience in manufacturing and marketing of agro machinery • Demand of cattle feed • Scope for developing more viable agro/livestock based products

Automobiles Sector

53. KAL is mainly engaged in the manufacturing and marketing of three wheelers having passenger vehicle and cargo vehicle models. The company is facing constraints because of high cost of raw materials, high cost of production, lack of sophisticated production line and marketability. Despite these factors, the company at present has a favourable market condition with Government support for promoting electric vehicles in view of green mobility, carbon credit and in terms of reducing pollution. The challenges and opportunities of the Automobiles sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Competition from Corporates in the sector • Non-automated production line • Inadequate plant layout • Shortage of skilled manpower • High cost of production • Lack of electric vehicle battery manufacturing technology 	<ul style="list-style-type: none"> • Growing demand of Electric Vehicles (EV) • Experience in 3-wheeler EV industry • Government incentives for E-Vehicles • Dealer network across India and Abroad • Modernized machine shop • Facilitations of National Automotive Board and NATRiP

Ceramics Sector

54. The core activity of KCCPL was mining of china clay, a raw material used for industries like ceramics, pesticides, pharmaceuticals, etc. Besides, the company was also supplying laterite, which is raw material for cement industries, refractory bricks, grinding balls, etc. However, mining activity at two major units of the company had stopped during 2015 consequent to public protest raising environmental concerns. As a result, the company had to discontinue its refractory operations and started incurring loss. During 2020 the company with a view to overcome the adversities has diversified its activities into multiple areas like IT, petrol & diesel pumps, coconut processing unit, high-tech coir de-fibering unit, etc.
55. TKCL has own mines for mining raw clay and then it is refined, chemically treated and spray dried to produce Kaolin, a raw material used by paint, paper, rubber, ceramics and detergent industries. However, the performance of the company has adversely affected by producing low profit margin products, lack of updated plant & machineries and especially higher power & fuel cost. The challenges and opportunities of the Ceramics sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Public protest against mining activities • Lack of modernized production facility • High power and fuel consumption • Lack of profitable products • Huge debts of the past years • Absence of R&D activities • Lack of electric vehicle battery manufacturing technology 	<ul style="list-style-type: none"> • High demand of hydrous and calcined clay • Growing end-user industries • Availability of in-house resources for mining • Availability of land with sufficient clay deposit • Scope for introducing Value Added products • Modernized machine shop • Facilitations of National Automotive Board and NATRiP

Chemicals Sector

56. KSDP was incorporated with the objective of producing and providing vital drugs to Kerala Government hospitals. It manufactures and markets drugs of various formulations including Tablets, Capsules, Liquids and Powders. KSDP faces difficulties like inadequate R&D facility, lack of open market operations, fluctuating raw material cost and competition from spurious players. The company has advantages in terms of price preference for State Government tenders, GMP certified plants, experience in drug formulation business and thrust for health care.
57. MCL is set up with the aim to utilise the limestone deposit in the Pandarethu valley of the Walayar, Palakkad for producing good quality cement. MCL markets the products under the brand names - Malabar Super, Malabar Classic and Malabar Aiswarya. The rise of infrastructure projects and wide network of dealership across Kerala are major advantages of the company. However, the company is facing certain challenges due to limited limestone reserves, old plant and machineries, power intensive manufacturing process and dominance of private sector cement companies.
58. KMML is an integrated titanium dioxide manufacturing unit in Kerala. The manufacturing unit of KMML consists of mineral separation unit, titanium dioxide pigment unit and titanium sponge unit. The company produces ilmenite, rutile, zircon, siliminate and titanium sponge. The different grades of products manufactured by KMML are marketed in the brand name "KEMOX". KMML plans to expand the existing capacity of Titanium Dioxide from 40000 MT to 70000 MT as a short-term objective and later to 1.00 Lakh MT in the long-term. The major constraints faced by the KMML are lack of access to guarded technology, ageing of plant, low economies of scale and competition in the market.
59. TCL currently manufacture white cement and wall putty and its products are marketed in the brand name "vembanad white cement". The gradual reduction in the availability of lime shells in the vembanad lake and also based on the direction from the Honourable High Court of Kerala during 2014 the company stopped dredging activities and started making loss. Currently it imports clinker for producing white cement and wall putty. The other major constraints of the company are out-dated machinery, lack of qualified marketing personnel, high selling price of white cement and stiff competition prevailing in the market. Despite all these factors, TCL has good scope for product diversification with a view to improve its financial position.
60. TCCL is engaged in the business of manufacture of caustic soda (with latest cell membrane technology), liquid chlorine, hydrochloric acid, sodium hypochlorite and sodium chlorate. TCCL is the only Chlor-Alkali industry in the State and it possess upgraded technology, superior quality products, qualified manpower and good connectivity. The major constraints of the company are high energy cost, manpower

cost and high transportation cost.

61. TTPL is currently engaged in manufacturing and marketing of anatase grade and untreated rutile titanium dioxide and other value added products like road marking paints, potassium titanate and special grade titanium dioxide. TTPL has established source of raw material, captive sulphuric acid plant, effluent treatment plant, brand image and product quality. The major challenges faced by the company are absence of cost-effective pollution abatement system, capacity constraints, lack of professional approach to marketing, out-dated instruments, equipment and procedures. The challenges and opportunities of the Chemicals sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Dominance of MNEs and conglomerates • Fluctuating raw material cost • High repair and maintenance cost due to old plant and machineries • Difficulties in procurement of raw materials in certain industries • Market driven selling price • Absence of R&D activities • Lack of electric vehicle battery manufacturing technology 	<ul style="list-style-type: none"> • Quality Assured products • Presence of certified plants • Presence of diversified chemical industries • Presence of products with both brand value and market value • Capacity to compete in open market • Modernized machine shop • Facilitations of National Automotive Board and NATRiP

Coir Sector

62. FOMIL is engaged in the manufacturing and marketing of coir, jute and sisal products. The company caters to the needs of domestic and international markets with a wide range of products such as mattings, doormats, rugs, carpets, tiles and other environment friendly products. FOMIL has modern dye house with all dyeing and bleaching capacity and is able to achieve excellence in coir industry by maintaining a competitive advantage in procurement and operational efficiency.
63. KSCMMC is engaged in development of coir manufacturing equipment and machineries in order to boost the growth of coir industry. Currently the company is engaged in the manufacturing of machineries such as electronic ratt, ASM with Auto feeder, ASM double combing, de-fibering machines, Willowing machines and Winding machines. The high cost of raw materials and high operating expenses are the major problems faced by the company.
64. KSCC is incorporated with the objective of improving coir industry in Kerala, upliftment of coir workers, providing job security and Industrial stability as well as attracting more private and public investment in the coir industry. Currently the corporation is engaged in manufacturing and trading of coir mats & matting, mattresses, geotextiles and allied products. The corporation has been successful in maintaining the market

share for its products by widening the operations through tie up with multinational retail chains. The increasing cost of production and lack of product diversification are the major concerns of the company. The challenges and opportunities of the Coir sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> ▪ Lack of product diversification ▪ High production cost ▪ High cost of raw materials ▪ Low wage rates in the sector ▪ Low productivity 	<ul style="list-style-type: none"> ▪ Growing demand of eco-friendly coir products ▪ Brand image of Kerala coir industry ▪ Scope for developing value added coir products

Distilleries Sector

65. MDL is incorporated with the objective to engage in production of Indian Made Foreign Liquor (IMFL) and other alcoholic and related products, however, commercial production yet to be started. The Company possess license for production of denatured and methylated spirit for industrial use.
66. TSCCL is engaged in the manufacturing of IMFL and provides rectified spirit, methylated spirit and denatured spirit to the hospitals, Government medical colleges, colleges, etc. The IMFL brand produced by the company has good demand in the market. The challenges and opportunities of the Distilleries sector are as follows:

Challenges	Opportunities
Lack of modernisation	High demand of alcoholic products
High cost of raw materials Competitive market	Expertise in distillery business

Electrical Sector

67. TRACO an ISO 9001 company is engaged in manufacturing cables used for electrical transmission and distribution systems, control and signalling systems. The demand for house wiring cables is growing, but TRACO is facing problems due to fluctuating raw material cost, market competitiveness and high production cost.
68. KEL is engaged in the manufacture and sales of transformers, rotating electrical machines, switchgears and heavy structural steel fabrications. KEL has good brand equity in the market and is an approved vendor of Indian Railways. It has also the capability to undertake electrical and infrastructure projects. But the company is facing stiff competition from private players who are equipped with fully automated production lines, optimized design & latest technologies to manufacture products at competitive price and have the ability to diversify their product range upon market demands.
69. TELK, manufacturing power transformers is mainly facing with aggressive pricing by

competitors, highly volatile raw material price and lack of testing & quality inspection facilities. Despite such challenges, TELK has design capability, machining & heavy fabrication capability and expertise in handling turnkey projects.

70. The major products of UNILEC are air break switches, water meters, LED lights, vehicle location and tracking devices, energy meters and motor starters. Except energy meters and motor starters (both conventional type) all other products of the company have good demand in future also. However, operations confined to Kerala, absence of effective market mechanism, absence of an ERP system, delay in updating technology of existing products, etc. are severely affecting the company's performance. The challenges and opportunities of the Electrical sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Competitive market environment • Market driven raw-material price • High cost of production • High transportation cost • Global shifts in Electrical Technology • Lack of R&D and Continuous Improvement 	<ul style="list-style-type: none"> • Favourable Government policies • Good brand name with quality products • Availability of skilled manpower • Adequate land for expansion activities • Growing demand and scope for Export • Adequate design and fabrication facilities
Inadequate marketing support	Expanding Green Energy Technology

Electronics Sector

71. KELTRON is a multi-product organization producing a wide range of products from discrete electronics components to complex equipment and systems. The domain areas of the company include power electronics, defence electronics, space electronics, traffic enforcement & management system and IT Governance. The company has strong manufacturing base for products like Electro Magnetic log, echosounder, underwater telephone systems, processor based ground mines, uninterruptible power supply systems, pneumatic actuators, traffic signal controllers, etc. However, the infrastructure facility of the company has to be modernised with a view to demonstrate it to the outside world for attracting new business projects.
72. KECL is engaged in the manufacturing of underwater transducers/hydrophones and have a clientele base comprising of Naval Physical and Oceanographic Laboratory (NPOL), Bharat Electronics Limited (BEL), National Institute of Ocean Technology (NIOT), Bharat Dynamics Limited (BDL), Naval Science and Technology Laboratory (NSTL), etc. However, the company is facing problems due to the shortage of work force and absence of an R&D wing.
73. KCCL is a leading manufacturer of passive electronic components like aluminium electrolytic capacitors, metallised polypropylene capacitors, resistors and crystals. KCCL is a market leader in the electrolytic capacitor market segment in the country as its products are widely accepted by major equipment manufacturers and consumer

electronic industries in the Government as well as Private sector. Nevertheless, the company is facing issues associated with high cost of raw materials, limited number of RM vendors, less ancillary industries producing raw material in the State, competition from foreign markets, etc. The challenges and opportunities of the Electronics sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Fast changing technology • High dependency on technology partners • High competition from major Asian countries, private players and other MNEs in the sector • Inadequate ecosystem for electronics sector in the State • Lack of a strong electronics supply chain • Low remuneration deterring highly qualified manpower • Lack of NABL certification facility for testing strategic electronic 	<ul style="list-style-type: none"> • Dynamic and Growth oriented sector • Brand value of Kerala's Electronics industry • Favourable procurement guidelines of DPIIT • High profile clients - Power, Space & Defence • Ability to tie up with R&D institutions for new product development • Rising demand of medical electronic products • Developing technologies like Artificial Intelligence (AI) and Machine Learning (ML) • Availability of land for expansion activities

Steel Sector

74. SILK is engaged in the manufacturing and sale of a wide array of products and services like various types of castings, small sea going vessels, ship breaking, fabrication and erection of all types of engineering structures, steel furniture and execution of civil, structural and electro mechanical projects. The strong engineering base, availability of land in prime locations and ability to undertake infrastructure projects are major beneficial factors of the company. However, the SILK is facing difficulties due to lack of product diversification, low productivity, old & out-dated technology and stiff competition from private players in the sector.
75. AUTOKAST manufactures grey iron, spheroidal graphite iron and steel castings. The major factors affecting the company are high lead-time in developing casting, higher fixed costs, unexpected breakdowns, prolonged arrears, high selling price and lack of technological up-gradations.
76. SIFL is equipped to manufacture high pressure application forgings in carbon and alloy steel material, to meet the requirements of oil field equipment manufacturers, thermal power stations, refineries, petro-chemical industries and nuclear plants. SIFL possess an

experienced and highly skilled team of engineers with strong technical know-how, fully fledged in-house manufacturing facility and brand value among customers like Indian Navy, ISRO, Brahmos and HAL. However, dependency on single RM supplier, high overhead cost, unplanned plant layout, lack of modernization and non-availability of high capacity hydraulic press are adversely affecting the performance of the company. The challenges and opportunities of the Steel sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> Increasing logistics cost Less automation in production process Infrastructure and technology Upgradation Lack of focused marketing High competition from private players Skilling and reskilling manpower Low productivity 	<ul style="list-style-type: none"> Wide range of steel consuming industries Availability of skilled labour for fabrication Development of advanced technologies for fabrication process Availability of land

Textiles Sector

77. KSTC is currently engaged in the manufacturing and marketing of cotton/polyester blended yarn through 7 textile units in different parts of Kerala. It also operates a testing lab named Centre for Applied Research & Development in Textiles (CARDT). KSTC has advantages like modernized spinning and weaving mills, qualified technical team and availability of land for expansion projects. The major constraints of the corporation are inability to purchase best quality cotton, low level of modernization and high overhead cost.
78. SITARAM is engaged in the manufacturing and sale of cotton yarn. The company faces difficulties with respect to purchase of cotton, old machineries, obsolete technology and lack of proper repair and maintenance. Despite such aspects, the company has trained labour force, availability of land and scope for product diversification and value additions.
79. TSML is engaged in the manufacturing and sale of 10's OE cotton yarn. The company is facing difficulties due to high transportation cost, conventional technology, low capacity utilization and inability to cope up with technology up-gradations adversely affects the performance of the company. The challenges and opportunities of the Textiles sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> Low modernization index High production cost Low price realisations 	<ul style="list-style-type: none"> Huge demand of textile products Scope for introducing value added products High scope of online sales

- Huge debts
- High Absenteeism
- Huge statutory dues
- Availability of land
- Trained manpower

Dominance of private players

Wood Sector

80. The FIT in the wood sector is mainly engaged in the manufacture of wooden furniture to meet the needs of Government as well as private sector. FITs core strength is reputation of maintaining consistently superior timber in its products, which is available from the Kerala Forest. The conventional production process, lack of modernized designs for manufacturing attractive modern furniture, dearth of better processing equipments and facilities (when compared to private players in the sector), etc. affects the performance of the company. However, the company has the ability to emerge as the most competitive, innovative and sustainable provider of wood and wood based consumable products. The challenges and opportunities of the Wood sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Conventional method of manufacturing • High raw-material cost • High competition from private players • Lack of ISO Certification • Absence of marketing mechanism • Lack of modernisation in design 	<ul style="list-style-type: none"> • Experience in manufacturing wooden furniture • Ability to source good quality timber • Rising demand for wooden furniture • Locational advantage (showroom of FIT is close to NH & Kochi Metro) • Availability of Land for expansion activities

Infrastructure Development Sector

81. KINFRA is a Statutory PSU formed under the Kerala Industrial Infrastructure Development Act, 1993. KINFRA aims at accelerating the industrial development of Kerala through providing infrastructure facilities to industries by setting up Industrial Parks/Industrial Townships/Special Economic Zones, etc., to provide all the facilities required for the entrepreneurs to start an industry. As on 31st March 2021 KINFRA has 1,187 units across the State spread over 31 Parks with an investment of around ₹3,000 crore. The parks have collectively generated employment for 54,842 persons. Out of the 1,187 units, 52 units (9 in Textiles and 43 other multi-industrial units) are not functioning. KINFRA has 3 Special Economic Zones (one at Kakkanchery in Malappuram, one at KINFRA Film and Video Park and one at Electronic Park at Kalamassery). Port based Park is a new initiative of KINFRA in collaboration with FICCI. KINFRA has inaugurated a Mega Food Park at Palakkad and a Defence Park

at Ottapalam. KINFRA has identified 759.99 hectares of land at Palakkad and 220 hectares of land at GIFT (Global Industrial, Finance & Trade) City Kochi as part of its Kochi-Palakkad Industrial Corridor Project. Its projected investment is ₹10,000 crore and is expected to generate 11,000 number of employment opportunities.

82. SIDCO is engaged in encouraging the development and promotion of small-scale industries across the State. The corporation provides assistance for locating the industrial site, infrastructure development, supply of raw materials, etc. to entrepreneurs and industrialists. SIDCO has an infrastructure network of 17 marketing outlets, 14 RM depots, 9 production units, 17 industrial estates, 36 mini industrial estates and 7 industrial parks. The corporation is facing difficulties due to non-availability of fresh land for allotment, huge financial liabilities, lack of technology up-gradation and lack of skilled manpower.
83. KSIDC is mandated for industrial and investment promotion in Kerala. It promotes, facilitates and finances large and medium scale industries and catalyses the development of physical and social infrastructure required for industrial growth in the State. It is the single point of contact for investors who wish to invest in the state. It also acts as a nodal agency for foreign and domestic investments in Kerala. It facilitates clearances, approvals and processes various incentive schemes for starting new business ventures. The corporation has conducted several events such as events ASCEND 2019, Young Entrepreneurs Summit (YES), International Conference and Exposition on Coconut and ASCEND 2020 - Global Investor Summit in order to promote industries in the State. The major projects of the corporation like Life Sciences Park, Medical Devices Park, Electronic Hardware Park, Light Engineering Industrial Park, Mega Food Park, Industrial Growth Centres (IGCs), etc. are under progress.
84. KSIE is engaged in operations related to Air Cargo complexes at Trivandrum and Calicut; International Container Freights Station at Kochi; Kerala Soaps at Calicut; Business centres (5 locations across Kerala); Civil Construction activities, etc. The company is facing constraints due to non-integration of export and import complexes, inadequate security and material handling equipment, high lease rent, competition from other CFSs, etc. Even though the expertise in export-import operations, state of the art infrastructure facilities and the growing demand of air and marine cargo freight services provides a supportive business environment for KSIE.
85. KPUGL is a subsidiary of KINFRA set up with the objective of distribution of power as a licensee in the industrial parks, special economic zones and other industrial projects.
86. KEPIP is a subsidiary of KINFRA formed with the objective of providing infrastructural facilities and services including power stations, water systems, telecommunication network, road and transport network, project counselling and export services, etc. with a view to promote speedy industrialization with specific emphasis on export promotion.
87. KFVP is a subsidiary of KINFRA established with the objective to promote, acquire, own, setup, maintain and provide all infrastructural facilities for the film, video, IT, electronic, multimedia and other cultural industries in the State.

88. KIAP is a subsidiary of KINFRA aimed to promote, acquire, own, setup, maintain and provide all infrastructural facilities for the apparel and small-scale industries.
89. MIDCON (a joint venture of KINFRA and MPEDA) is incorporated to promote and assist for the setting up of infrastructural facilities for seafood processing for export. The challenges and opportunities of the Infrastructure Development sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> ▪ Difficulty in channelizing investments for infrastructure development ▪ Availing land for industrial purposes 	<ul style="list-style-type: none"> ▪ Thrust given for infrastructure development activities in the State ▪ Expertise in trade and industry promotion ▪ Better relationship with industry associations ▪ Capability to develop Industrial Estates/Parks ▪ Ability to undertake mega projects

Trading & Consultancy Sector

90. KCB is engaged in import of raw cashew nuts from various cashew producing African countries like Guinea, Bissau, Mozambique, Ghana, Tanzania, Cot d'Ivoire, etc. and distributing the nuts to the cashew processing units. The major constraints faced by the company are delay in payment by customers, high raw material cost and logistics cost.
91. KEMDEL was incorporated with the objective to establish and function as a nodal agency for acceleration and development of mining and mineral resources of the State. The major activities undertaken by the corporation includes de-silting works for recovery of sand on behalf of Government, purchase and sale of sand from other states, mining and transport of mineral sand, etc. Since extraction of natural resources is an environmentally sensitive subject in the State, the corporation is currently not undertaking mining activities, which adversely affects its performance. However, KEMDEL could play an active role through undertaking infrastructure development projects and by undertaking projects with value addition in minerals. The challenges and opportunities of the Trading & Consultancy sector are as follows:

Challenges	Opportunities
Supply chain constraints	Expertise in procurement
High cost of trading goods	Scope for introducing value addition

Traditional Sector

92. KSBC formed with the objective of supporting Bamboo based industries in the State is actively assisting cottage industries, reed cutters and mat weavers in the bamboo sector.

The Corporation is also engaged in manufacturing and marketing of value added products out of bamboo, reed, cane and rattan. The performance of KSBC is affected due to lack of value added products with high profit margin, high finance cost and competition from products of bamboo industry developed countries. The corporation has the capability for capitalising the market value of bamboo products through introducing modern processing technologies and product innovation strategies.

93. HANVEEV was established with the objective of uplifting the traditional weavers scattered all over the State and to give them uninterrupted work and wages. The corporation is also engaged in the manufacturing and marketing of high quality handloom fabrics. The high selling price of products, levy of GST on handloom products, undercutting of price by competitors and powerloom products, lag in distribution of yarn and procurement of cloth, increase in cost of raw materials, etc., has been adversely affecting the corporation. Some other aspects such as difficulties in introducing technological interventions and reluctance to change of traditional weavers are another major challenges faced by the corporation. Despite all these factors HANVEEV has the capability to capture global demand of hand woven cloths through introducing new production and marketing strategies, creating innovative product basket, developing new design/value addition, modernisation of showrooms, niche marketing, online trading and by providing training to existing weavers.
94. The aim of KADCO is to provide scheme-based support to the artisans in the State and to build an ecosystem in which the artisans can develop their business and expand. The major constraints of the corporation are lack of design improvement, lack of quality control mechanisms, dependence on government sector orders and competition prevailing in the market. However, the high demand of artistic products from domestic as well as international markets, large manufacturer supply chain, inexpensive and locally sourced raw materials and new technologies are favourable conditions for KADCO to improve its business.
95. KELPALM is engaged in promoting cultivation of palmyrah palm, producing and marketing palmyrah products and executing schemes for supporting palmyrah workers. KELPALM is facing difficulties from competitors manufacturing similar products, inferior quality products in the market, lack of infrastructure facilities and lack of modern machineries. Despite this, the corporation possess most of the licenses required for a food processing industry and has the ability to diversify into production of more value added products out of palmyrah palm.
96. HDCK was incorporated for undertaking developmental, marketing and welfare activities in the handicrafts sector. The corporation is facing difficulties due to its narrow market presence, limited brand visibility of products, lack of modernized showroom ambience, competition from low quality substitutes, mechanized substitutes and migration of skilled artisans (especially younger generation) to other lucrative fields. In spite of such challenges, HDCK has advantages like availability of reputed/authentic products (GI products), owing niche market of wooden and sandalwood idols, outlets

located in different parts of the country, skilled artisans and common facility centres to coordinate production activities.

97. KKVIB is a statutory body incorporated under the Kerala Khadi and Village Industries Board Act, 1957 (Act 9 of 1957) of Kerala Legislative Assembly. The Board is responsible for organising, developing and promoting Khadi and Village industries in the State of Kerala. The Board is also implementing Prime Minister's Employment Generation Programme (PMEGP) of Khadi and Village Industries Commission (KVIC). The Board is facing difficulties due to the low wage rates of spinning and weaving workers, less mechanization, lack of product diversification, lack of product innovation and high cost of products. However, KKVIB has advantages of national importance of Khadi products and support from Central and State Governments.
98. KSCDC was incorporated with the objective to ensure employment opportunities to cashew workers, majority of them being underprivileged women from lower economic strata of the society. The corporation is engaged in processing raw cashew nuts and marketing cashew kernels in both domestic and international markets. The corporation is facing difficulties due to less sales realisations of cashew kernels, interest charges of term loans and other financial constraints. The challenges and opportunities of the Traditional sector are as follows:

Challenges	Opportunities
<ul style="list-style-type: none"> • Ensure welfare of artisans and other traditional sector workers • Lack of product/design innovation for identifying and creating high value added traditional products • Lack of R&D initiatives • Absence of economies of scale • Most of the traditional products are high priced • Stressed Balance Sheets (financial burdens) • Low participation rate of younger generation of traditional workers • Less adaptability to change • Drain in knowledge of traditional craftsmanship 	<ul style="list-style-type: none"> • Extensive support from the Government • Availability of skilled artisans, weavers and other traditional workers • Global demand of highly artistic heritage products and innovative craft works • Skill development initiatives of Government • Scope for promoting traditional, cultural & heritage products of Kerala • Scope for branding and increasing brand visibility • Scope of niche marketing, social media marketing & campaigning • Presence of Green products and GI products

- Less market penetration by traditional products
 - Competition from low priced substitutes
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CHAPTER 4 FINDINGS AND RECOMMENDATIONS

Views and findings of the Working Group

99. The Working Group is of the view that the State Government should actively engage in Business, as Public Sector serves a vital role in promoting balanced and equitable socio-economic growth. From the perspective of the Government, the Public Sector has scope for implementing public welfare measures and addressing market failure issues (Example: Market intervention of certain State PSUs during the pandemic period) and for other social requirement).
100. The Public Sector Undertakings (PSUs) have a Market Development role in a way it should perform an anchor role in the economy through facilitating development of small and medium industries for expanded market development in the economy. Kerala have potential for Export Industries as it have the advantage of excellent ports and long coast. Kerala PSUs should also explore the possibility of importing raw materials and export it to the global market. For this purpose available land of Cochin Port may be explored by the State Government.
101. The Cochin Port Trust has extended their support and is willing to provide assistance to PSUs for import and export of their commodities at a lower logistic cost for making the Kerala PSUs internationally competitive. In the global market, Kerala can also explore some niche market. In order to achieve a good market development role the Government should give PSUs functional autonomy. A greater flexibility in taking decision will definitely provide the PSUs with more opportunities.
102. The State Government should act appropriately for the viable and sustainable modern development of public sector units in Kerala. New and innovative sectors, which can produce high value added products using modern technologies, may have to be identified and developed.
103. The successfulness of any industrial unit is largely dependable upon the effectiveness of the management of its Human Resources. Therefore, the State Government should revisit the existing management structure of State PSUs and should take appropriate action for infusing high level of expertise among the employees of the State PSUs. Kerala has introduced Public Enterprises Selection Board (PESB) a professional mechanism for the selection of Managing Directors (MDs). However, the Salary offering to the MDs are not attractive and not market driven. This will results in bringing in some uncompetitive persons to the industry. It is suggested that the top executive of State PSUs should be experienced in handling lean mean professionally run units. Better pay has to be given to the Top Executive as well as for the managerial cadre for managing it, as a profitable professional State Government unit.
104. Profitability of State PSUs is a major issue as most of the PSUs in the Industrial sector are unprofitable and is under a revival stage. Many industrial PSUs in Kerala are facing the problem of inadequate working capital and huge debts of the past. This affects the day-to-day operations of a PSU resulting in decrease of turnover and subsequently

reporting huge net loss at the end of a financial year. If such a trend continued for over a long period, the accumulated loss of a PSU will increase drastically. Lack of working capital is also a hindrance in identifying best possible marketing practices to discover the new market opportunities. For instance, profitability of several profit making PSUs (Eg: KMML and TCC) are due to the price fluctuations of their product in the market. When there is an adverse market condition or downward swing in prices their profitability will also be get affected.

105. Harnessing the market finance is a matter of utmost importance for PSUs in Kerala. The financial state of State PSUs are not strong enough to access market borrowings. This affects competitiveness and market development role of these firms and they could not sell the product to the outside world. The PSUs in Kerala may have access to global financial as well as capital market. Certain standards and financial soundness are required to achieve it. Credit Rating is an option for PSUs to increase their credibility in the market.
106. Diversification of PSUs according to the changes in the market climate is a pre-determinant for improving the marketability of State PSUs. Downstream diversification for PSUs may have to be explored (For example, for the paint industry the major raw material is Titanium Dioxide which is available in our State PSUs. Kerala is a major material source of paint industry and the State Government can set up Paint Manufacturing Units in Kerala as a downstream diversification). The Working Group recommends that PSUs should progress by monetizing its assets, bringing in private participation and thereby contribute in terms of profitability, productivity and job creation.
107. The Working Group highly recommends for Academia-Industry-Government linkage for the modern development of PSUs in Kerala. The Working Group suggests that the State Government may take appropriate measures to explore external technology and for collaborations with globally acknowledged Research and Development (R&D) institutions. The Public Sector can also collaborate with Private Sector with regard to acquiring expertise. Continuous innovation through R&D and technology interventions is an imperative for the PSUs to sustain in the present market condition. This involves certain level of automation, introduction of Enterprise Resource Planning (ERP), etc. into the management.
108. The Working Group observed that the Wage Costs are higher in Kerala. Hence, Capital Intensive Industries using high level of technological inputs and high-value products are more suitable for Kerala rather than Labour Intensive industries. The technology which PSUs use are obsolete or outdated resulting in compromising the competitiveness of the PSU.
109. Development of new and viable sectors is a major requirement, which the State Government should actively consider. The existing sectors may be reviewed and Kerala should explore the sunrise sectors such as Food Processing and IT. Rigorous academic exercise is required to explore new and innovative sectors.
110. Development and Upgradation of industrial infrastructure is a major support need to

be extended by the Government for industrial development.

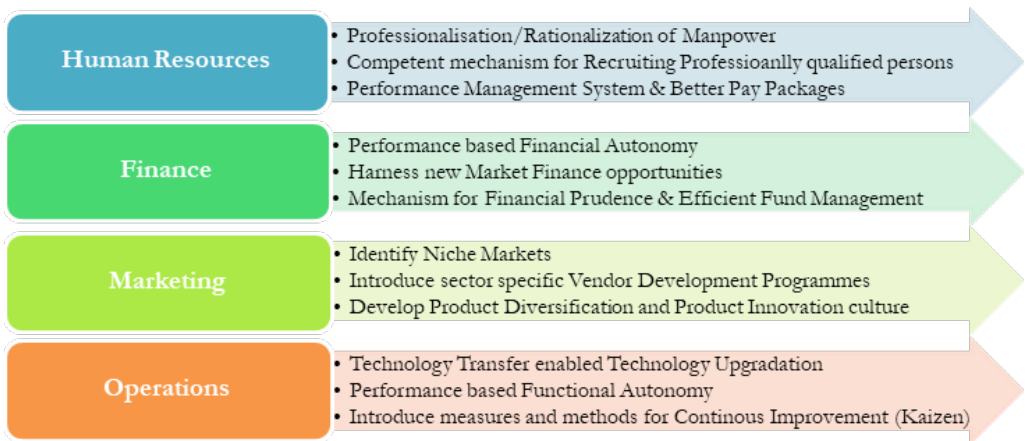
111. Quality Management is another important aspect as many of the PSUs are inefficient in production and maintaining the quality of the product. The PSUs in Kerala are not utilizing their capacity to the fullest.
112. A target oriented system which flows from top management to bottom of the organization may be implemented in the State PSUs. The target oriented system must focus on the level of achievement and incentives may be paid in salary to the employees.
113. The State Government should explore the opportunity to pool PSUs working in similar area for the purpose of a common management with each Company as independent financial segment.

CHAPTER 5 ROADMAP FOR 14TH FIVE-YEAR PLAN

Modern Development of Industrial Public Sector Undertakings (PSUs) in Kerala

114. The industries in the developed nations of the world have undergone significant changes with respect to their manufacturing & production practices. The industrially advanced countries across the globe have adopted these manufacturing & production practices through making continual improvement in their industrial output creation process. As a result, such economies have also progressed towards prosperity and economic growth. Modern development of public sector units in Kerala is possible through the introduction of new and innovative sectors, which can produce high value added products using modern technologies. Kerala PSUs should adopt and make into practice these modern industrial practices with a view to maximize their value of output, a major issue faced by the PSUs in Kerala. The State Government can help them in the process of modernization by facilitating technology transfer from MNEs across the globe. The Government can achieve this with better international cooperation.

Figure 28 - Approach for the Modern Development of Industrial PSUs in Kerala



115. In order to introduce best manufacturing practices for optimizing the required output for industrial growth there is an urgent need to address the internal problems faced by the industrial PSUs spread across different functional areas. Hence, a functional area wise approach for the modern development of industrial PSUs is required. Based on the deliberations made by the members of the Working Group a functional area wise approach has been developed (Refer Figure 30) with a view to help Government in formulating policies & programmes in support of industries and industrial promotion of Kerala.

Policy and programme level recommendations

116. PSUs in Kerala require substantial investment for handholding both technically and

intellectually since they are operating with a great deal of challenges like finding new markets, changing perceptions of the world and social marketing. Hence, the important recommendations of the Working Group are with respect to the following aspects:

Human Resources Recommendations

117. Professionalization or Rationalization of the work force of PSUs is essential and all PSUs shall develop a robust and transparent Performance Management System. Professionalization of the executive cadres of all State PSUs is a vital requirement.
118. There shall be a common recruitment authority for Non-PSC posts in PSUs. To ensure selection of best persons, the level of remuneration in PSUs has to be revised on a par with CPSEs. Uniformity in pay structure among State PSUs may be ensured. There shall be a standardised SPARK like solution for the employees in the PSUs in Kerala to ensure accountability and transparency in employment and wages.
119. There shall be a minimum of two Functional Directors in PSUs, including MD/CEO. Composition of the Board of Directors of State PSUs needs a review especially since Functional Directors are virtually absent in State PSUs.
120. The functioning of the Board shall be professional and part-time Directors (Independent Directors) shall be people who can contribute with their knowledge and expertise to the efficient management of the PSU. Induction of requisite number of Independent Directors with professional competence on the Board suitable to the nature/business of the PSU may be ensured.
121. Frequent transfers reduce the sense of involvement of the MD/CEOs with the enterprise and they are not accountable for their action after they move out from an enterprise. It is therefore suggested that a CEO/MD shall, on appointment, be given a 5 year contract which may be extendable up to his/her superannuation, whichever is earlier. All appointments of MD/CEO/Functional Director level positions in PSUs shall be done through Kerala Public Enterprises Selection Board. Replacement for a CEO/MD, who is due to retire within one year, shall be initiated well in advance to prevent the top post being left vacant and charge arrangements to be discouraged. Ensure a fixed minimum tenure for the Managing Directors/CEOs of the State PSUs to provide stability in the management and decision-making apart from bringing in accountability of these officials. A Managing Director who is selected for a particular PSU may not be transferred to another PSU unless it is in the same category/sector.

Finance Recommendations

122. Performance based Financial Autonomy with accountability and freedom that facilitates timely completion of projects undertaken by the industrial PSUs may be ensured.
123. The PSUs may explore New Market Finance opportunities to access global financial as well as capital market.
124. It is observed that pendency of statutory audit is very high among State PSUs. Delays/non-preparation of accounts/audit are fraught with risk of misrepresentation of facts, fraud and misappropriation. Functioning of Audit Committee also need to be strengthened.
125. Lack of professionally qualified staff in the accounting and finance departments of

these PSUs has been noticed as a major limitation. Financial issues along with audit pendency points to the fact that personnel engaged in Finance department of most of the PSUs are not competent enough with the modern tools of financial management. It also affects Hence, strict and careful measures may be taken to ensure highly qualified and competent professionals in the Finance department of every PSUs.

Marketing Recommendations

126. Identify Niche Markets is a highly profit potential exercise and it can facilitate for strong market demand for products of the PSUs. It also ensures minimal competition.
127. Introduce Vendor Development Programmes in selected industrial PSUs to source the best of raw material available in the market.
128. Introduce Hub and Spoke Model for supporting industrial PSUs in Kerala.
129. Formulate Strategic Planning Cell or Strategic Planning Department in each Public Sector unit to oversee the year-to-year and decade-to-decade progress of the PSU. The Strategic Planning Cell may orient its activities for better market penetration and market development and may also engage into diversification of products and product innovation.

Operations Recommendations

130. Technology Upgradation based on Technology transfer from institutions across the globe is a great deal of challenge for PSUs. The Government may support the industries in this process by creating avenues for technology transfer from MNEs.
131. Detailed supervision of operational matters may be stopped by the Government and more autonomy be given to State PSUs based on the capability of the PSU.
132. Introduce continuous improvement system (Kaizen) in PSUs with a view to reduce costs, faster processing, limited errors, improved stakeholder and supplier relationships, better quality end products, more productive team and happy customers.

General Recommendations

133. Develop viable sectors for modern Public Sector development. Preparation of a perspective plan for Kerala's Industrialization or Public Sector development is a major programme level recommendation. The plan should focus on attracting investors to specific industries for investment.
134. Preparation of Detailed Project Report (DPR) for available land utilization of Cochin Port for the Import of Raw Materials and Export of Value Added Products to the Global Market by the industrial PSUs of Kerala. Proposed for a Seafood Processing Hub at Kochi.
135. Collaboration with Cochin Shipyard Limited with Steel Sector PSUs in Kerala like Steel and Industrial Forgings Limited (SIFL), Steel Industrials Kerala Limited (SILK), SAIL-SCL and Autokast Limited for creating skill resources in these PSUs through sharing of structural steel technology.
136. PSUs which are chronically sick and which are unlikely to be turned around may be considered for winding up. Undertake special studies on the operation of PSUs incurring cash losses continuously and submit comprehensive report to Government

for reviving or closure of such units.

137. The Government may consider merger of PSUs of similar line of business in the interest of economy and efficiency. This will reduce the overhead expenses, improve co-operation in sectors of technology, manpower, marketing and finance. Moreover, a bigger organisation will be more capable to meet the challenges of markets. Initially it can be by way of acquisition/transfer of shares. This is a time-consuming process as a lot of procedural formalities are involved and may also be initiated with the consensus of Trade Unions.
138. Introduction of Corporate Governance systems would pave way for improved managerial and control systems. An evaluation system for assessing the efficacy of corporate governance practices by PSUs may also be developed and implemented as in the case of CPSEs. Government may formulate guidelines on Corporate Governance for State PSUs in line with DPE Guidelines issued by Department of Public Enterprises, Government of India.
139. At present there is no system of MoU signing by the State PSUs with their Administrative Departments/Government as in the case of Central Public Sector Enterprises (CPSEs). It is suggested to introduce MoU System in State PSUs also. MoU is a mutually negotiated agreement between the Management of PSUs and the Government. Through this MoU, the PSU undertakes to achieve the targets set in the MoU at the beginning of the year. The Government continues to exercise control as the principal shareholder over these PSUs in setting the MoU targets and through performance evaluation during and at the end of the year.
140. Academia-Industry-Government linkage is essential for the modern development of PSUs in Kerala.

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3. Expert Committee Report on Study on Formulation of a Common Framework for Pay/Wage Revision of PSUs in Kerala, Finance Department, Government of Kerala
4. Economic Survey 2021-22, Government of India
5. Annual Report 2021-22, Ministry of Heavy Industries and Public Enterprises
6. IIP Database, National Statistics Office
7. Master Plans of Industrial PSUs submitted before the Honourable Minister for Industries, Government of Kerala

APPENDIX - I
Key Financial Results of Industrial PSUs – 2020-21

(₹in Crore)

Sl. No.	Sector	Net worth	Investment (Financial)	Capital Employed	Accumulated Profit (+)/ Loss (-) as on 31st March
1	Agro-based	148.44	118.60	262.76	3.18
2	Automobiles	-78.73	74.58	-15.13	-89.71
3	Ceramics	-102.79	141.02	31.97	-134.84
4	Chemicals	1245.31	459.61	1413.10	138.49
5	Coir	59.42	44.08	63.79	-19.98
6	Distilleries	33.06	4.85	36.59	30.25
7	Electrical	-88.28	389.92	6.03	-451.03
8	Electronics	7.66	344.91	111.61	-237.40
9	Steel	-76.46	326.21	33.40	-293.98
10	Textiles	-458.58	602.90	115.58	-490.20
11	Wood	-18.79	9.87	-9.30	-19.18
12	Infrastructure Development	2304.41	2102.80	4072.65	337.42
13	Trading & Consultancy	48.59	138.39	137.62	-0.77
14	Traditional	-1700.71	371.48	-1480.79	-1922.25
Total		1322.53	5129.24	4779.87	-3149.99

APPENDIX - II

Overview of Master Plan

Sl. No.	Name of the Sector	Short Term Plans		Medium Term Plans		Long term Plans		Expected Turnover on implementation of three phase Master Plan (₹ in Crores)	Expected Employment Generation on implementation of Master Plan (in Nos)
		No. of Projects	Estimated Investment (Rs. in Crores)	No. of Projects	Estimated Investment (Rs. in Crores)	No. of Projects	Estimated Investment (Rs. in Crores)		
1	Chemical	18	1,031.32	14	1,727.01	9	2,159.00	8,835.15	1,993
2	Electrical	25	112.05	18	102.69	9	167	1,767.72	700
3	Engineering	22	143.8	15	170.4	15	532	1,276.00	382
4	Electronics	11	205.5	6	233	10	45	2,363.00	1,522
5	Textiles	44	283.83	44	364.31	34	868.61	1,119.46	-
6	Ceramics and Refractories	9	48.94	8	75.96	2	9.78	220.03	317
7	Traditional and Infrastructural	46	833.86	26	159.95	20	193.34	1,956.96	550
	TOTAL	175	2,659.30	131	2,833.32	99	3,974.73	17,538.32	5,464

APPENDIX - III

Industries Sector –Working Group 3

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 **Industrial Units in the Public Sector**- 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 14/9/2021

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 **Industrial Units in the Public Sector** coming under industry sector is hereby constituted with the following members. The Working Group shall also take into consideration the guidelines read 2nd above in fulfilling the tasks outlined in the ToR for the Group.

Co-Chairpersons

1. Sri. A P M Mohammad Hanish IAS, Principal Secretary II, Industries Department, Government of Kerala mail id-prlsecy2.ind@kerala.gov.in, 9847065506, 0471-2327451, 2518228
2. Prof. R Nagaraj, Visiting Professor, Centre for Development Studies, Thiruvananthapuram. Mob- 9869447664 mail id - nag@igidr.ac.in

Members

1. Sri. Sanjay M Kaul IAS, Chairman and Managing Director, Kerala Financial Corporation, mail id- mdoffice@kfc.org 0471-2737501
2. Sri. L B Prabhakar, MD & CEO Canara Bank, Chairman, State Level Bankers Committee. Mail id- sIBC.kerala@canarabank.org 0471-2331302, 2331051
3. Dr. G. Suresh, Director, Centre for Management Development (CMD), Thiruvananthapuram. Mail id- sureshgnair@gmail.com, 0471-2320101
4. Sri. K Padmakumar, Secretary, RIAB, Government Secretariat, Thiruvananthapuram. Mail id-secretary@riabonline.org, 0471-3921244
5. Sri. Murali Madhavan P ,Rtd. Executive Director, BPCL Kochi. muralimp@gmail.com, 9847186981

6. Sri. V Sreenivasan, Former MD, KEL. mail id- Vs9eddy@gmail.com 9847047805
7. Dr. KRS Krishnan, Rtd. Director (Technical), HLL. Mail id- krs.krishnan@gmail.com 9947772580
8. Sri. Ghana Shyam Nair, Rtd. Vice President, English India Clays Limited. Mail id- ghanashyamnair@gmail.com 9947720001
9. Sri. P. Sreekumar, Director, Bureau of Public Enterprises-
Mail id- planningbpedept@gmail.com 0471-2517215
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11. Sri. M Vinay Kumar, Former Director (Technical), Mangalore Refinery mail id- mvinayakumar.id@gmail.com 9448495199
12. Sri. Goutam Gupta, Advisor, Cochin Port Trust. Mail id- advisor@cochinport.gov.in 0484-2582222,09836298646
13. Prof. TN Krishnan, Professor, IIM Kozhikode. Mail id- tn-krishnan@iimk.ac.in 0495-2809244
14. Sri. Bejoy Bhaskar Director (Technical), Cochin Shipyard Limited email- pro@cochinshipyard.in 0484-2501200
15. Sri. Chandran Pillai, CITU email-kchandranpillai@yahoo.com, 9446550200

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. Suggest measures to build on the available physical assets, expertise, and human resources to transform the technological basis of industrial units in the public sector and place them on a path of sustained modern development.
2. Suggest measures to ensure the continued presence of a robust and viable public sector in the State.

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

(Sd/-)

**Chief
Industry & Infrastructure Division
(Convener)**