

Kerala

MARCH
2013

GOD'S OWN COUNTRY



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- ❖ Kerala – An Introduction
- ❖ Infrastructure Status
- ❖ Business Opportunities
- ❖ Doing Business in Kerala
- ❖ State Acts & Policies



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Kerala Factfile



Source: Maps of India

- Kerala is located along the coastline, to the extreme South-West of the Indian peninsula, flanked by the Arabian Sea on the West and the mountains of the Western Ghats on the East. The state has a coastline of 580 km.
- Kerala has the highest literacy rate among all the states in the country. Malayalam is the most commonly spoken language. Hindi, English and Tamil are the other languages used.

- Kochi, Kozhikode, Kollam, Thrissur, Alappuzha, Palakkad, Thalassery, Ponnani and Manjeri are some of the key cities in the state.
- There are 44 rivers flowing through Kerala, the major ones being the Periyar (244 km), the Bharathapuzha (209 km), and the Pamba (176 km).

| Parameters | Kerala |
|---|--------------------|
| Capital | Thiruvananthapuram |
| Geographical area (sq km) | 38,863 |
| Administrative districts (No) | 14 |
| Population density (persons per sq km)* | 859 |
| Total population (million)* | 33.38 |
| Male population (million)* | 16.02 |
| Female population (million)* | 17.36 |
| Sex ratio (females per 1,000 males)* | 1,084 |
| Literacy rate (%)* | 93.9 |

Sources: Kerala at a Glance, Government of Kerala Website, www.kerala.gov.in

*Provisional Data – Census 2011

Kerala in Figures ... (1/2)

| Parameter | Kerala | All-States | Source |
|--|-------------|-------------|--|
| Economy | | | |
| GSDP as a percentage of all states' GSDP | 4.0 | 100 | CMIE, 2010-11, current prices |
| Average GSDP growth rate (%)* | 15.0 | 15.9 | CMIE, 2004-05 to 2010-11, current prices |
| Per capita GSDP (US\$) | 1,763.6 | 1,324.3 | CMIE, 2010-11, current prices |
| Physical Infrastructure | | | |
| Installed power capacity (MW) | 3,836.4 | 211,766.2 | Central Electricity Authority, as of January 2013 |
| Wireless subscribers (No) | 32,245,228# | 864,720,186 | Telecom Regulatory Authority of India, as of December 2012 |
| Broadband subscribers (No) | 931,560 | 13,350,938 | Ministry of Communications & Information Technology, as of December 2011 |
| National Highway length (km) | 1,457 | 76,818 | Ministry of Road Transport & Highways, as of June 2012 |
| Major and minor ports (No)^ | 1+17 | 12 +187 | Indian Ports Association |
| Airports (No) | 3 | 133 | Airport Authority of India |

*Calculated in Indian Rupee Terms
^Minor Ports Include Intermediary Ports
#Including Lakshadweep

Kerala in Figures ... (2/2)

| Parameter | Kerala | All-States | Source |
|--|--------|------------|--|
| Social Indicators | | | |
| Literacy rate (%) | 93.9 | 74.0 | Provisional Data – Census 2011 |
| Birth rate (per 1,000 live birth) | 15.2 | 21.8 | SRS Bulletin (www.censusindia.gov.in), 2012 |
| Investment | | | |
| FDI equity inflows (US\$ billion) | 0.9* | 187.9 | Department of Industrial Policy & Promotion, April 2000 to December 2012 |
| Outstanding Investments (US\$ billion) | 164.1 | 11,318.3 | CMIE (2011-12) |
| Industrial Infrastructure | | | |
| PPP projects (No) | 33 | 881 | www.pppindiadatabase.com |
| SEZs (No) | 20 | 386 | Notified as of January 2013, www.sezindia.nic.in |

PPP: Public Private Partnership, SEZ: Special Economic Zone, SRS: Sample Registration System
*Including Lakshadweep

Advantage Kerala ... (1/2)

Agricultural and IT Centre

Kerala is a leading agricultural state in the country, specialising in rubber, spices and coir production. It has also been promoting knowledge-based industries such as IT/ITeS, computer hardware, and biotechnology.

Policy and Fiscal Incentives

The state offers a wide range of policy and fiscal incentives for businesses under the Industrial & Commercial Policy. Additionally, the state has well drafted sector-specific policies.

Rich Labour Pool

Kerala has a large base of skilled labour, making it an ideal destination for knowledge-based sectors. The state has the highest literacy rate in the country.

Advantage Kerala ... (2/2)

Facilitating Infrastructure

The state has well-developed social, physical and industrial infrastructure and virtual connectivity. Physical infrastructure includes power, airport and port infrastructure.

High Economic Growth

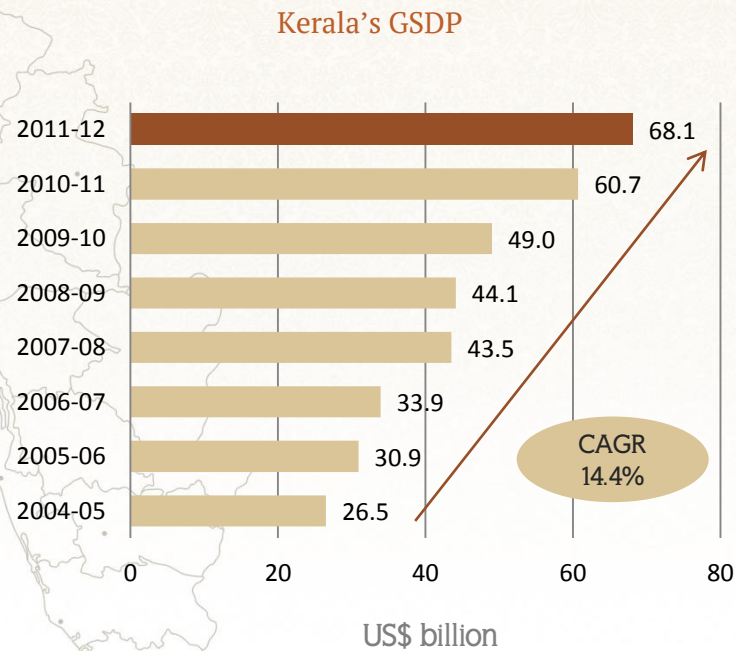
The state's GSDP grew at a Compound Annual Growth Rate (CAGR) of 14.4 per cent between 2004-05 and 2011-12.

Cultural Diversity and Well-Developed Tourism Sector

Known as "God's own Country", Kerala is one of the few states to have marketed its natural beauty successfully to the leisure tourism sector. Its unique heritage and cultural diversity have helped attract tourists from the world over.

Economic Snapshot – GSDP

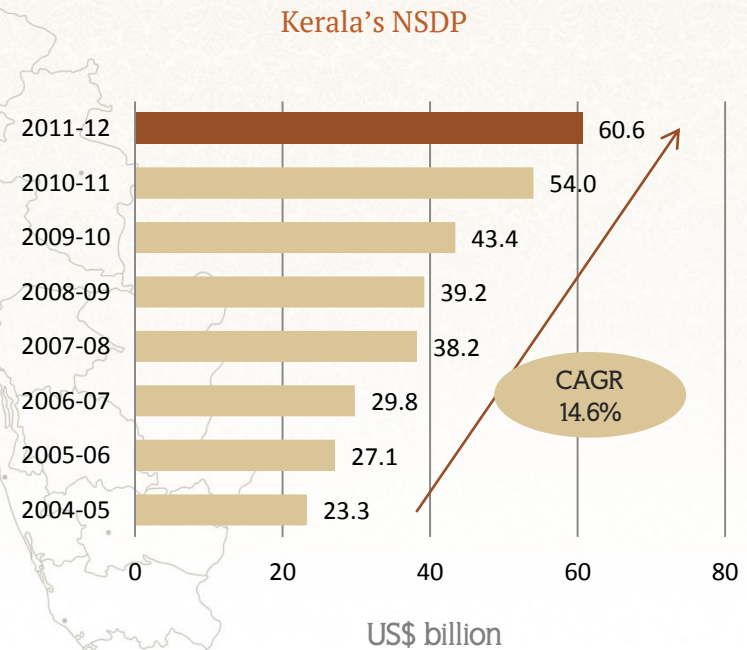
- At current prices, the Gross State Domestic Product (GSDP) of Kerala was about US\$ 68.1 billion in 2011-12.
- The state's GSDP grew at a CAGR of 14.4 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – NSDP

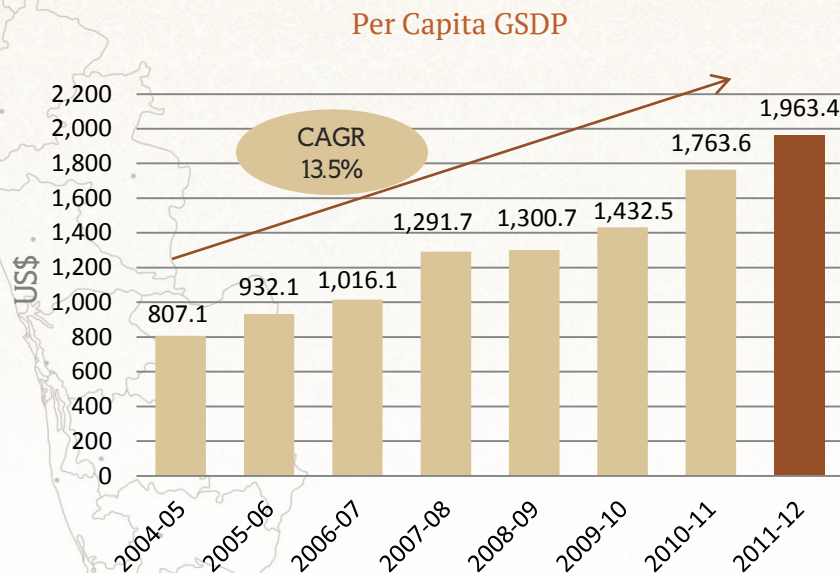
- At current prices, the Net State Domestic Product (NSDP) of Kerala was about US\$ 60.6 billion in 2011-12.
- The NSDP grew at a CAGR of 14.6 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Per Capita GSDP

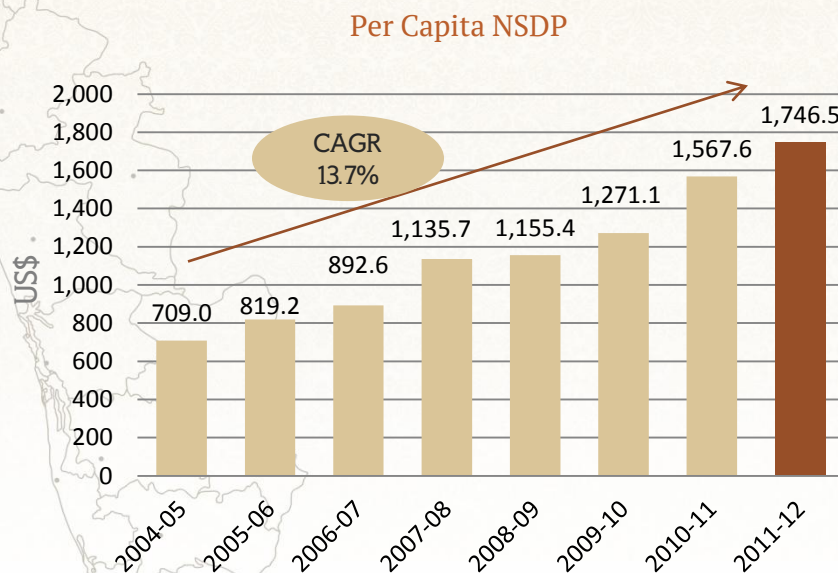
- The state's per capita GSDP in 2011-12 was US\$ 1,963.4 as compared to US\$ 807.1 in 2004-05.
- The per capita GSDP increased at a CAGR of 13.5 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Per Capita NSDP

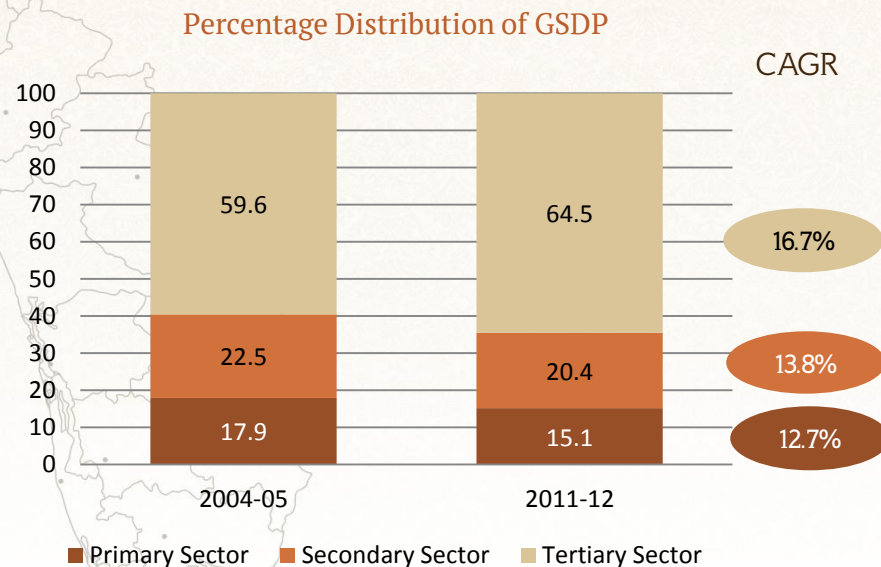
- The state's per capita NSDP in 2011-12 was US\$ 1,746.5 as compared to US\$ 709 in 2004-05.
- The per capita NSDP increased at a CAGR of 13.7 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Percentage Distribution of GSDP

- In 2011-12, the tertiary sector contributed 64.5 per cent to the state's GSDP at current prices. It was followed by the secondary sector at 20.4 per cent.
- The tertiary sector grew at an average rate of 16.7 per cent between 2004-05 and 2011-12; driven by trade, hotels, real estate, finance, insurance, transport, communications and other services.
- The secondary sector grew at an average rate of 13.8 per cent during the period 2004-05 and 2011-12. Its growth was driven by manufacturing, construction and electricity, gas & water supply.
- The primary sector grew at an average rate of 12.7 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Agricultural Production

- Agriculture and allied sectors contributed 10.6 per cent to the GSDP of Kerala in 2010-11.
- Kerala enjoys monopoly in pepper production in the country. The state contributed around 94.3 per cent to the total pepper production in 2010-11.
- India is the fourth-largest producer of natural rubber and Kerala accounts for around 90.0 per cent of the total rubber production in the country.
- In 2010-11, the agriculture income of the state was estimated to US\$ 3,535.3 million.

| Crop | Annual Production (P) in 2010-11 (metric tonnes) |
|-----------------|---|
| Tapioca | 2,360,081 |
| Rubber | 770,580 |
| Rice | 522,739 |
| Banana | 483,667 |
| Other Plantains | 353,772 |
| Arecanut | 99,909 |
| Coffee | 65,650 |
| Tea | 57,107 |
| Pepper | 45,267 |
| Cashewnut | 34,752 |
| Ginger | 33,197 |
| Cardamom | 7,935 |
| Turmeric | 6,216 |
| Coconut | 5,287* |
| Pulses | 2,908 |

Source: Economic Review of Kerala, 2011

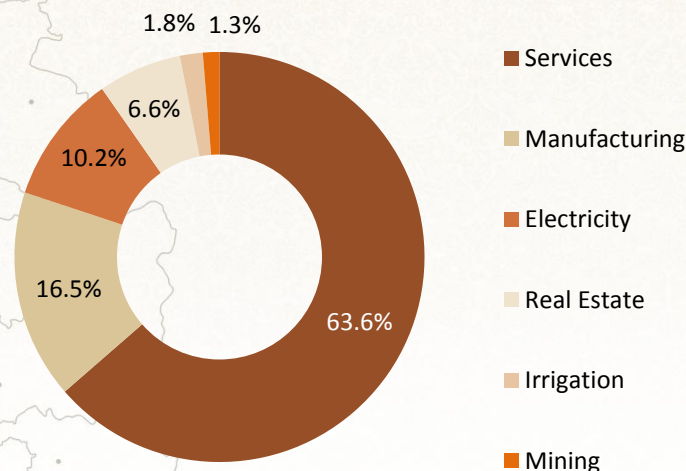
P: Provisional

*Million Nuts

Economic Snapshot – FDI Inflows & Investments

- According to the Department of Industrial Policy & Promotion (DIPP), the cumulative FDI inflows to the state from April 2000 to December 2012 amounted to US\$ 900 million (including Lakshadweep).
- In 2011-12, the outstanding investments in the state amounted to US\$ 164.1 billion.
- Of the total outstanding investments, the services sector accounted for around 63.6 per cent followed by manufacturing sector (16.5 per cent).
- Some of the recent investments in the state have been the KINFRA International Apparel Parks Ltd (KIAP) at Thiruvananthapuram, KINFRA Film and Video Park at Thiruvananthapuram, International Convention Centre Complex (ICCC) at Thiruvananthapuram, Technocity (Phase-IV expansion programme of Technopark in Thiruvananthapuram), Technopark Phase-III and a deep water port at Vizhinjam, near Thiruvananthapuram.

Break up of Outstanding Investments by Sector (2011-12)



Source: CMIE

Economic Snapshot – Export Trends

- Historically, Kerala has been a major exporter of commodities such as tea, cashew kernel, sea-food, coir products, spices and coffee.
- In 2010-11, the total quantity of exports from Cochin port was 3.4 million tonnes.

Exports from Kerala (through Cochin and Trivandrum Ports) – 2010-11

| Commodity | Quantity (MT) | Value (US\$ Million) |
|----------------|---------------|----------------------|
| Cashew Kernels | 64,298 | 329.1 |
| Sea Food | 169,408 | 390.6 |
| Coir Products | 131,046 | 89.2 |
| Coffee | 84,792 | 151.2 |
| Tea | 111,366 | 95.7 |
| Spices | 81,079 | 66.0 |

Source: Economic Review of Kerala, 2011
MT: Metric Tonnes

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Physical Infrastructure – Roads



Source: Maps of India

- Kerala has 151,652 km of road length with nearly 1,457 km of National Highways.
- The state is well-connected to its neighbouring states and other parts of India through nine National Highways.

- Agencies maintaining roads in the state include the Public Works Department (PWD), panchayats, municipalities, corporations, the departments of forests, irrigation, railways and the Kerala State Electricity Board (KSEB).
- PWD roads constitute 15.3 per cent of the total road network.
- The Kerala State Transport Project (KSTP) was established in June 2002 to improve the 1,600 km of state roads and 77 km of inland-canals with the use of geographic information system.
- As of September 2012, The Kerala State Road Transport Corporation (KSRTC) provides road transport services in Kerala and operates 6,202 buses.

| Road Type | Road Length (km) |
|----------------------|------------------|
| National Highways | 1,457 |
| State Highways | 4,342 |
| Major District Roads | 18,900 |

Sources: Economic Review of Kerala, 2011,
Ministry of Road Transport & Highways

Physical Infrastructure – Railways



Source: Maps of India

- Kerala is well-connected to the other parts of the country via the railways. As of March 2011, it had a railway network of 1,257 km with around 200 railway stations.
- The State Government has appointed Kerala State Industrial Development Corporation Ltd (KSIDC) as nodal agency for developing a project to establish a North-South High Speed Rail Corridor (HSRC) to facilitate smooth and speedy passenger movement between various cities and towns in the state.
- Railway divisions at Thiruvananthapuram, Palakkad and Madurai jointly carry out railway operations in Kerala.

Sources: Economic Review of Kerala, 2011,
Kerala State Industrial Development Corporation Ltd

Physical Infrastructure – Airports



Airport

Source: Maps of India

- The state has three airports, handling both domestic and international flights. They are located at Thiruvananthapuram, Kochi and Kozhikode.
- Together, the airports handled 47,285 international flights, carrying 6.4 million passengers and 36,285 domestic flights, carrying 3.3 million passengers, in 2011-12.
- The Cochin International Airport Limited (CIAL) is the first green field airport in India, set up in the Public Private Partnership (PPP) mode.
- CIAL is developing 450 acre of area around the airport as an aerotropolis to support the IT/ITes Technopark with residential and commercial space.
- A new terminal at Thiruvananthapuram airport has been inaugurated in February 2011.
- Construction of the proposed International airport at Kannur, spread over 2,000 acres, is started.

Physical Infrastructure – Ports

- There are 18 ports in Kerala, of which Cochin is the major port and besides that, there are three intermediate and 14 minor ports.
- In 2011-12, the total trade volume handled at the Cochin port was 20.09 Million Tonnes (MT), registering an increase of 12.4 per cent compared to the previous year.
- The Cochin port handled 4.7 Million Tonnes Per Annum (MTPA) of containers during 2011-12.
- Kerala is constructing the Vizhinjam deep-water international container trans-shipment terminal at Vizhinjam, 17 km south of Thiruvananthapuram, under the Public Private Partnership (PPP) mode.

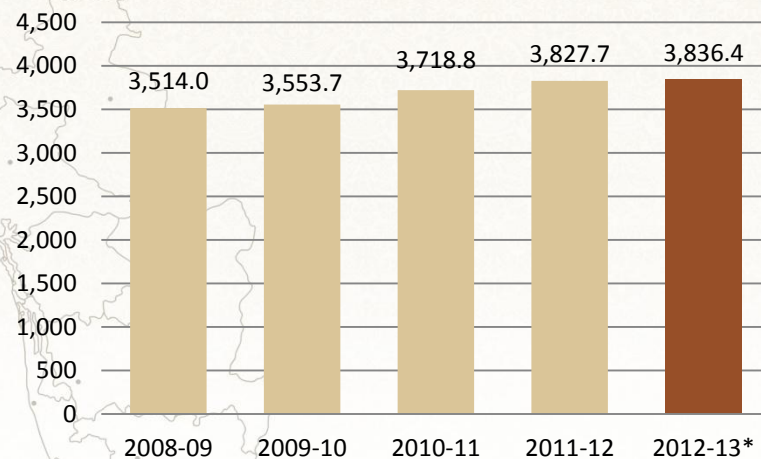
| Ports | |
|--------------------|---|
| Major Ports | <ul style="list-style-type: none"> • Cochin |
| Intermediate Ports | <ul style="list-style-type: none"> • Neendakara • Alappuzha • Kozhikkode |
| Minor Ports | <ul style="list-style-type: none"> • Vizhinjam • Valiyathura • Thankasserry • Kayamkulam • Manakkodam • Munambam • Ponnani • Beypore • Vadakara • Thalasserry • Manjeswaram • Neeleswaram • Kannur • Azhikkal • Kasaragode |

Sources: Cochin Port Trust,
Kerala Ports, www.keralaports.gov.in

Physical Infrastructure – Power ... (1/2)

- As of January 2013, the state had a total power generation installed capacity of 3,836.48 MW which consisted of 2,287.51 MW under state utilities, 1,353.10 MW under centre utilities and 195.87 MW under private sector.
- Of the total power generation installed capacity, 1,687.94 MW was contributed by thermal power and hydropower contributed 1,881.50 MW. Nuclear and renewable power contributed 95.60 MW and 171.44 MW, respectively.
- Kerala's state utilities produces 82.2 per cent of its energy through hydroelectric power plants, and the remaining 17.8 per cent through thermal and renewable power generation plants.
- Kerala is among the Indian states to have 100 per cent rural electrification.

Installed Power Capacity (MW)



Source: Central Electricity Authority
*As of January 2013

Physical Infrastructure – Power ... (2/2)

- The Kerala Government has planned in 2009 to set up power projects with total capacity of 4,000 MW in the next 10 years. This would help in reducing energy shortage and in promoting new industrial investments.
- Kerala State Electricity Board (KSEB) manages the state's power generation, transmission and distribution. It has 9.3 million consumers in the state.
- The Energy Policy of Kerala lays down the need to develop renewable energy sources and provides government support for the same.
- In 2010-11, per capita consumption of power in the state was 519.29 kWh.

Power Generating Stations in Kerala

- Hydel Plants Under KSEB: 24
- KSEB Thermal Plants: 2
- Central-Sector (NTPC) Owned Thermal Plant: 1
- Private Hydel Stations: 2

Physical Infrastructure – Telecom

- Kerala had a teledensity of 100.76# per cent as compared to an all-India average of 73.34 per cent, as of December 2012.
- The state has 1,243 telephonic exchanges. About 98.0 per cent of Kerala's telephone exchanges have Internet connectivity through the National Internet Backbone (NIB).
- VSNL has an international communication gateway at Kochi, with two high-speed submarine cable landings (SEA-ME-WE-3 and SAFE), offering 15 Gigabit per second (Gbps) bandwidth.
- According to Telecom Regulatory Authority of India (TRAI), Kerala had nearly 32.24 million# wireless subscribers and 3.09 million# wire-line subscribers, as of December 2012.
- The state is planning to build a telecom city near Technopark at Thiruvananthapuram with an investment of around US\$ 208.6 million.

Telecom Infrastructure (December 2012)

| | |
|----------------------------|------------|
| Wireless Subscribers# | 32,245,228 |
| Wire-line Subscribers# | 3,094,549 |
| Broadband Subscribers | 931,560* |
| Post Offices | 5,058^ |
| Telephone Exchanges | 1,243* |
| Teledensity (in per cent)# | 100.76 |

Sources: Telecom Regulatory Authority of India, Department of Telecommunications Annual Report 2011-12, Ministry of Communications and Information Technology, India Post

*As of December 2011

^As of January 2013

#Including Lakshadweep

Some of the Major Telecom Operators in Kerala

Bharat Sanchar Nigam Limited (BSNL)

Bharti Airtel

Aircel Limited

Vodafone Essar

IDEA Cellular

Tata Teleservices

Reliance Communications

Source: Telecom Regulatory Authority of India

Development Projects: Urban Infrastructure

- Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 11 projects worth US\$ 220 million have been approved in the period 2006-2010 for the development of urban infrastructure in Thiruvananthapuram and Kochi.
- JNNURM projects have been sanctioned for improvement of water supply, sewerage, solid-waste management and drainage etc.
- The Kerala Sustainable Urban Development Project (KSUDP) is an Asian Development Bank assisted project covering the five municipalities of Thiruvananthapuram, Kochi, Kozhikode, Kollam, and Thrissur. With an investment of US\$ 221.2 million, the project focuses on urban infrastructure improvement, community upgrading, local government infrastructure development and capacity building and implementation assistance.
- Kerala Water Authority (KWA) is responsible for the design, construction, execution, operation and maintenance of most of the water supply schemes and also for the collection and disposal of the waste water in Kerala.
- “Kudumbashree”, the State Poverty Eradication Mission, is involved in “Clean Kerala Business” to collect door-to-door household waste and process it for economic benefit.

Source: JNNURM, Ministry of Urban Development

Development Projects: Key Public Private Partnership Project ... (1/2)

→ Kerala has around 33 PPP projects, spread across sectors such as airports, roads, tourism, urban infrastructure and ports.

| Project Name | Sector | PPP Type | Contract Authority | Project Cost (US\$ million) |
|---|-------------------|-------------|--|-----------------------------|
| Cochin International Airport | Airports | BOO | Airport Authority of India | 63.2 |
| Coimbatore Bypass Road | Roads | BOT-Toll | Department of Road Transport and Highways | 20.7 |
| Development of Water Supply Project at Bekal Kasargod District | Tourism | BOT-Annuity | Bekal Resorts Development Corporation | 3.5 |
| Development of New Bridge Connecting Mattancherry and Willingdon Island at Cochin | Roads | BOT-Toll | The Greater Cochin Development Authority | 5.6 |
| Development of a Super-Market at Vadakara | Urban Development | BOT-Annuity | Vadakara Municipality | 3.1 |
| Development of Resorts at Bekal Kasargod District | Tourism | BOO | Bekal Resorts Development Corporation (BRDC) and Kerala Tourism Development Corporation (KTDC) | 11.4 |
| Kochi Metro-Rail Project | Urban Development | BOT-Annuity | Kerala Industrial Infrastructure Development Corporation | 663.9 |

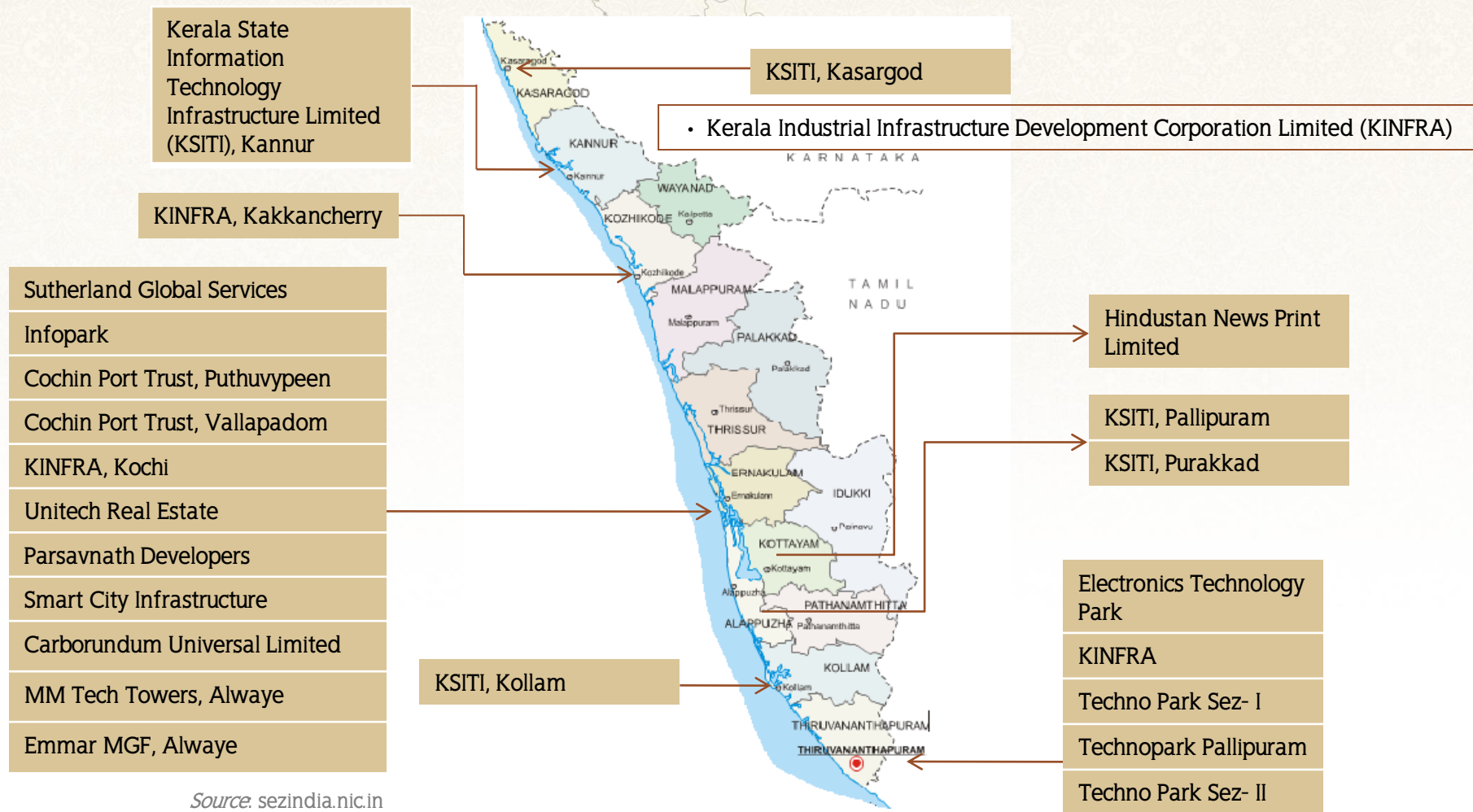
BOT: Build-Operate-Transfer, BOO: Build-Own-Operate
Source: www.pppindiaatabase.com

Development Projects: Key Public Private Partnership Project ... (2/2)

| Project Name | Sector | PPP Type | Contract Authority | Project Cost (US\$ million) |
|--|-------------------|-------------|---|-----------------------------|
| Six-Laning of Vadakkancherry Thrissur Section | Roads | BOT-Toll | National Highways Authority of India (NHAI) | 135.3 |
| Thrissur-Edapalli | Roads | BOT-Toll | NHAI | 65.1 |
| Trivandrum City Road Improvement Project | Urban Development | BOT-Annuity | Kerala Road Fund Board | 72.3 |
| Vallarpadam Container Transshipment Terminal | Ports | BOT | Cochin Port Trust | 441.8 |
| Vizhinjam Port International | Ports | BOT-Annuity | Directorate of Ports, Government of Kerala | 1,128.0 |
| Four-Laning of Karnataka and Kerala Border to Kannur section | Roads | BOT-Toll | NHAI | 253.8 |
| Four-Laning of Walayar-Vadakkancherry section | Roads | BOT-Toll | NHAI | 149.6 |
| Kannur-Kuttipuram Package-2 | Roads | BOT-Toll | NHAI | 287.9 |
| Kannur-Kuttipuram Package-1 | Roads | BOT-Toll | NHAI | 299.7 |

Source: www.pppindiadatabase.com
BOT: Build-Operate-Transfer

Development Projects: SEZs



Source: sezindia.nic.in

Social Infrastructure – Education ... (1/2)

- Kerala has the highest literacy rate among all states in the country. The state has a literacy rate of 93.9 per cent according to the provisional data of Census 2011; the male literacy rate is 96.0 per cent and the female literacy rate is 92.0 per cent.
- About 30.0 per cent of total students are enrolled in government schools, 61.0 per cent in government-aided private schools and 9.0 per cent in unaided private schools.
- Girl students constitute around 49.2 per cent of total student enrolment in schools in the state.

| Literacy Rate (%) | |
|-------------------|------|
| Total | 93.9 |
| Male | 96.0 |
| Female | 92.0 |

Source: Census 2011 (Provision Data)

| Kerala Primary Education Statistics (2010-11) | |
|---|---|
| Schools (No) | Lower Primary: 6,784 Upper Primary: 2,986 High Schools: 2,874 |
| School Dropout Rate (%) (2009-10) | Lower Primary: 0.38 Upper Primary: 0.32 High School: 0.85 |
| Pupil-Teacher Ratio | 26:1 |

Source: Economic Review of Kerala, 2011

Social Infrastructure – Education ... (2/2)

- Kerala is home to several premier institutions such as:
 - Indian Institute of Management, Kozhikode
 - Indian Institute of Space Science and Technology, Thiruvananthapuram
 - National Institute of Technology, Calicut
 - National University of Advanced Legal Studies, Kaloor
 - Central Institute of Fisheries Nautical and Engineering Training, Kochi
 - Central Institute of Fisheries Technology, Cochin
 - Central Marine Fisheries Research Institute, Ernakulam
 - Institute of Human Resource Development, Thiruvananthapuram

| Educational Infrastructure (2011) | |
|-----------------------------------|---------|
| Schools | 12,644* |
| Universities | 13^ |
| Engineering Institutions | 142 |
| Arts and Science Colleges | 189 |
| Polytechnics | 49 |

Sources: Economic Review of Kerala, 2011,
University Grants Commission
*As of March 2011
^As of August 2011

Social Infrastructure – Health

- The state has good health infrastructure comprising 835* Primary Health Centres, 25 Dispensaries, 230 Community Health Centres and 5,403 Sub-Centres.
- As of 2011, there were 1,255 medical institutions with 37,750 beds under the Directorate of Health Services.

Health Infrastructure as of 2011

- Primary Health Centres: 835*
- Community Health Centres: 230
- District/Taluk/Women and Children Hospitals: 103
- Dispensaries: 25
- T.B. Clinics/Centres: 17
- Grant-In-Aid Institutions: 29
- Leprosy Control Units: 3
- Sub-Centres: 5,403

Source: Economic Review of Kerala, 2011
*Including Medical College Hospital Centres

Health Indicators as of 2011

| | |
|----------------------------------|------|
| Birth Rate* | 15.2 |
| Death Rate* | 7.0 |
| Infant Mortality Rate** | 12 |
| Life Expectancy at Birth (years) | |
| Male | 71.4 |
| Female | 76.3 |

Sources: Sample Registration System (SRS) Bulletin 2012
(www.censusindia.gov.in)

*Per thousand persons

**Per thousand live births

Cultural Infrastructure ... (1/2)

- Kerala has been rated as one of the “Thirteen Paradises of the World” by National Geographic Traveller; it has been promoted as “God’s Own Country”.
- Health and wellness tourism in ayurvedic medicine has grown tremendously in the recent past.
- Temples in Kerala such as Guruvayoor and Sabarimala are major religious attractions.

| Popular Tourist Locations | |
|---------------------------|--|
| Beaches | Kovalam, Varkala, Marari, Bekal and Kannur |
| Backwaters | Kumarakom, Alappuzha, Kollam, Kochi and Kozhikode |
| Hill Stations | Ponmudi, Munnar, Wyanad and Vagamon |
| Wildlife Reserves | Periyar Wildlife Sanctuary, Eraviikulam National Park, Thattekad Bird Sanctuary Parambikulam Wildlife Sanctuary |

Source: Department of Tourism, Government of Kerala

Cultural Infrastructure ... (2/2)

- Art and culture are being fostered and promoted through various bodies, such as, the following:
 - Kerala Sahitya Academy – to promote Malayalam literature
 - Kerala Sangeetha Nataka Akademi – to promote traditional arts
 - Kerala Lalithkala Academy – to promote painters and sculptors
 - Kerala Folklore Academy – to promote Kerala folklore
 - Kerala State Chalachitra Academy – academy for motion pictures
 - Kerala Kalamandalam – to teach traditional dances.
- The cities of Kerala have modern amenities for recreation such as golf courses, shopping malls, theatres, café-lounges, resto-bars, etc.

Industrial Infrastructure

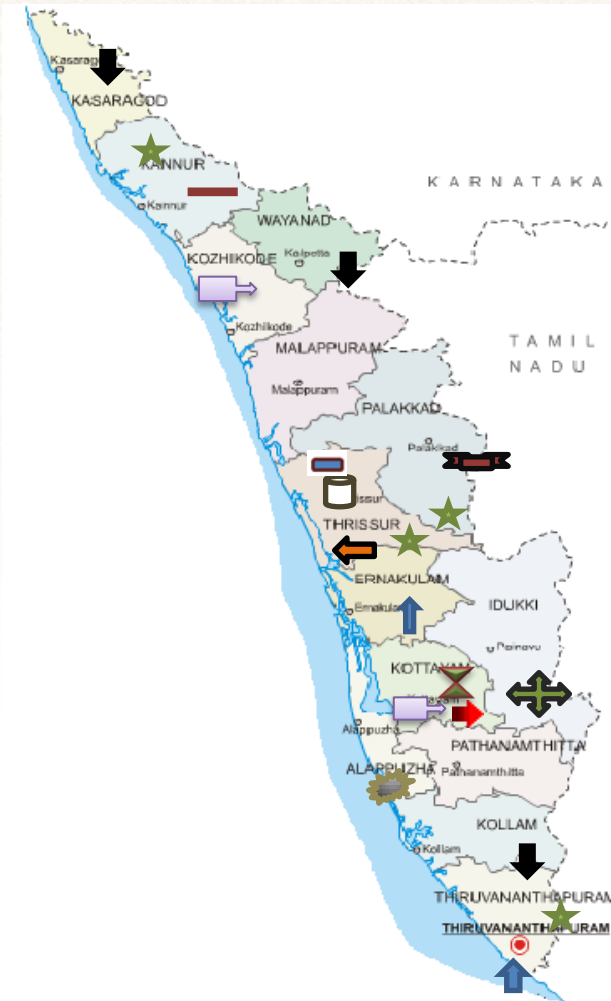
- The state has 29 SEZs with formal approvals and 20 notified SEZs. A cyber-park, spread over a 68 acre campus, is being developed in Kozhikode.














| Infrastructure | Project Description |
|------------------------|---|
| Technopark | <ul style="list-style-type: none"> • The Technopark at Thiruvananthapuram is spread over 300 acres. • Technopark currently hosts over 245 IT and ITeS companies, employing over 32,000 IT professionals. • Technopark Phase-II has been declared an SEZ by the Government of India. • Technopark will become a 14.54 million sq ft technology park, once its Phase-III is complete. Technopark's Phase-III development is being implemented as an IT/ITeS SEZ, spread over 92 acres. • As part of the Phase-IV, named Technocity, Technopark is developing 450 acres of land in Pallippuram, 5 km north from the main campus on the National Highway-47 to Kollam. |
| Infopark | <ul style="list-style-type: none"> • The Infopark at Kochi is best suited for ITeS due to its proximity to the submarine optical-cable landings. • The total land available with Infopark is 98.25 acres, of which 75 acres has been notified as an SEZ by the Ministry of Commerce, Government of India. |
| Special Economic Zones | <ul style="list-style-type: none"> • Apart from the SEZs in Technopark and Infopark, the other SEZs in Kerala include the KINFRA Electronics Park SEZ in Kalamassery; a multi-product SEZ at Kochi; two port-based SEZs at Vallarpadam and Puthuvypeen, at Kochi; a food processing SEZ near Calicut; a pulp and paper SEZ at Kottayam and a non-conventional energy sources SEZ at Kalamassery. |

Industrial Infrastructure - Industrial Clusters ... (1/2)

| District | Industries |
|--------------------|---|
| Kannur | Handlooms, Powerlooms, Beedi |
| Alappuzha | Coir Products |
| Idukki | Agriculture and Forest-based |
| Thiruvananthapuram | Handlooms, IT |
| Thrissur | Powerlooms, Handlooms, Textile, Timber, Tile, Canning |
| Palakkad | Powerlooms, Sericulture |
| Kollam | Minerals and Mining |
| Kozhikode | Rubber |
| Wayanad | Minerals and Mining |
| Kasargod | Minerals and Mining |
| Kottayam | Rubber, Food Products, Engineering |
| Ernakulam | IT |

Industrial Infrastructure - Industrial Clusters ... (2/2)



| Symbol | Industries |
|---|------------------------------|
|  | IT |
|  | Engineering |
|  | Minerals and Mining |
|  | Handlooms and Powerlooms |
|  | Textile |
|  | Tiles |
|  | Canning |
|  | Coir Products |
|  | Agriculture and Forest-based |
|  | Sericulture |
|  | Rubber |
|  | Food Products |
|  | Beedi |

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Key Industries

- KINFRA, KITCO Limited (formerly, Kerala Industrial and Technical Consultancy Organisation Limited), the Directorate of Industries and Commerce, and the Small Industries Development Corporation are jointly responsible for the development of industrial infrastructure in the state.
- Kerala's traditional industries include handloom, cashew, coir and handicrafts.
- In terms of industrial growth, the state's average growth from 2005-06 to 2010-11 was 15.6 per cent at current prices.
- The total number of functional micro, small and medium enterprises registered in Kerala was 194,908 as of March 2011. With a total investment of US\$ 1.9 billion, these units employed 941,981 people and produced goods and services worth US\$ 35.98 billion.

- To make Kerala a premier global hub for economic activity and create awareness among the investors regarding potential in the state, a global investors meet "Emerging Kerala" was held in Kochi in September, 2012.

Key Industries in Kerala

- Handlooms and Powerlooms
- Rubber
- Bamboo
- Coir
- Khadi and Village Industry
- Sericulture
- Seafood and Other Marine Products
- Cashew
- Beedi
- Mining
- Tourism
- Food Processing
- Spices and Spice Extracts
- IT & Electronics

Key Industries – Coir

- Kerala accounts for 95.0 per cent of the total coir and coir products produced in India.
- The coir industry provides employment to 350,000 persons.
- Almost 80.0 per cent of the coir factories in the state are in the Alappuzha district.
- The state has three coir parks, two at Alappuzha and one at Perumon, in Kollam.
- The Coir Co-operative Marketing Federation (COIRFED) is the apex federation of 842 primary coir co-operatives societies.
- The US is the largest importer of coir products from India followed by the Netherlands, the U.K, Germany, Italy, Spain etc.
- The Department of Coir Development, Government of Kerala is organising the world's largest expo on Kerala coir and natural fibre products – “Coir Kerala 2013”, from February 01-05, 2013 at Alappuzha.

Source: Economic Review of Kerala, 2011

Key Industries – Handloom and Powerloom

- Handloom industry employs about 100,000 people and ranks second among the traditional industries of the state in terms of providing employment.
- The handloom industry in the state is mainly concentrated in the districts of Thiruvananthapuram and Kannur and in some parts of Kozhikode, Palakkad, Thrissur, Ernakulam, Kollam and Kasaragod.
- Around 94.0 per cent of the total number of looms are under the cooperative sector, the rest being under industrial entrepreneurs.
- At the end of March 2011, there were 648 registered Primary Handloom Weaver's Co-operative Societies (PHWCS), consisting of 167 factory-type societies and 481 cottage-type societies.
- The overall production of handloom cloth by handloom industry of Kerala was 25.55 million metres in 2010-11, valued at US\$ 40.0 million.
- The four integrated powerloom co-operative societies in the state at Calicut, Wayanad, Neyyattinkara and Kottayam have been accelerated by providing budgetary support.
- The Calicut Integrated Powerloom Co-operative Society Ltd, has been converted as a textile park comprising all the segments of a composite mill i.e., weaving, processing and garment making. Here semi automatic powerlooms, automatic looms and highly sophisticated machines are operational.

Source: Economic Review of Kerala, 2011

Key Industries – IT ... (1/2)

- Kochi is connected by two submarine cables and satellite gateways that directly support cities including Bengaluru, has emerged as a unique IT destination.
- The state has Technopark at Thiruvananthapuram and Infopark at Kochi. A cyberpark at Kozhikode is under construction.
- The state also has many private IT parks such as Smart City-Kochi, L&T Park-Kochi, Leela Info Park-Trivandrum, Brigade Park-Kochi and Muthoot Pappachan Technopolis-Kochi.
- In 2010-11, the state's software exports made by registered units through Software Technology Parks of India (STPI) was US\$ 454.6 million.
- There are three operational IT/ITeS SEZs in the state, one of them is situated at Kochi and other two of them are at Trivandrum.

Some of the Key Players

- Tata Consultancy Services
- Infosys
- iGATE Patni
- RR Donnelley India Outsource Pvt Ltd

Key Industries – IT ... (2/2)

Tata Consultancy Services



- Tata Consultancy Services (TCS) is among the largest providers of IT and Business Process Outsourcing (BPO) services in India. TCS employed more than 238,583 IT consultants in 42 countries and had a revenue of US\$ 10.17 billion in 2011-12.
- TCS provides IT consulting and services in banking, financial services, healthcare and life sciences, insurance, manufacturing, media, entertainment, transportation, travel and hospitality, retail, utilities and energy resources. TCS has its software development and training centre at Technopark, in Thiruvananthapuram.

Infosys



- Established in 1981, Infosys employs around 153,761 people. The company has a revenue of US\$ 6.99 billion in 2011-12. It is engaged in IT consulting, modular global sourcing, process re-engineering, and BPO services.
- The company has operations in Australia, China and US, and marketing and technological alliances with Informatica, IBM, HP, Microsoft, Oracle, etc. Infosys has offices in 29 countries and development centres in India, China, Australia, UK, Canada, Japan, etc. Infosys has a centre at Technopark, Thiruvananthapuram.

Collabera



- Collabera is a fast growing, end-to-end information technology services and solutions provider working with leading global 2,000 organizations from the banking & financial services, communications, media, manufacturing, retail, energy and utilities domains. The company employs over 7,000 professionals across more than 25 offices and four world-class delivery centers in the US, UK, India, Singapore and Philippines. The company has an office at Technopark, Trivandrum.

RR Donnelley India Outsource Pvt Ltd



- Founded in 1995, RR Donnelley Global BPO employs 7,700 people in 28 delivery and 41 onsite operation centres across nine countries.
- It is a subsidiary of RR Donnelley (RRD) which is a global provider of integrated communications, business services and supply chain solutions. RR Donnelley is a US\$ 11 billion, Fortune 300 company with around 65,000 employees across the world. The company has an office at Technopark, Trivandrum.

Key Industries – Electronics ... (1/2)

- The self-contained Electronics Technology Park at Technopark, Trivandrum, has been instrumental in attracting global electronics manufacturers.
- The state has the availability of skilled and semi-skilled workers for the electronics industry.
- The Electronic Hub proposed at Kochi is a prestigious project of Government of Kerala to promote electronic hardware manufacturing units and assembling units, R&D centres and for supporting infrastructure for the same.
- The Electronic Hub is a high priority area, which will promote a large number of small, medium and large scale industries in the state and will form a National Investment & Manufacturing Zone (NIMZ) for production of electronic hardware items.

Key Players

- Traco Cable Company Limited
- Transformers and Electricals Kerala Ltd (TELK)
- Kerala State Electronics Development Corporation Ltd (Keltron)

Key Industries – Electronics ... (2/2)

Traco Cable Co Ltd



→ Traco Cable Company Limited commenced operations in 1964, manufacturing high quality cables and wires in technical collaboration with Kelesey Engineering Co Ltd, Canada. TRACO currently meets the needs of public sector undertakings in India, such as, railways and the electricity boards of various states. The company has its head office at Kochi with factories at Ernakulam, Kannur and Thiruvalla.

Transformers and Electricals Kerala Ltd (TELK)



→ TELK was incorporated in 1963 under an agreement with the Government of Kerala, Kerala State Industrial Development Corporation and Hitachi Limited, Japan. TELK manufactures transformers, bushings and tap changing gears. The factory and corporate office is located at Angamally, near Kochi.

Kerala State Electronics Development Corp (Keltron)



→ Founded in 1973, Keltron is a state-owned electronic enterprise, employing around 1,800 people and has 10 production centres. Keltron provides technical manpower to major organisations such as Oil and Natural Gas Corporation Limited (ONGC). The company's products are aerospace electronics, security & surveillance systems, intelligent transportation systems, strategic electronics products, IT solutions, IT infrastructure solutions, process automation, ID card project, power electronics, electronic components and TE units.

→ Keltron is headquartered in Thiruvananthapuram and has training centres in 30 locations across Kerala.

Key Industries – Tourism

- Tourism is a primary economic activity in Kerala. The sector contributes about 9.0 per cent to the GDP of the state.
- In 2011, total number of foreign and domestic tourists visiting the state were 733,000 and 9,381,500, respectively.
- Kerala Tourism has won many national and international awards. The state has been voted the 'Best Asian Holiday Destination 2010' by SmartTravelAsia.com ahead of other destinations such as Bali, Phuket and Maldives.
- Some of the popular tourist destinations in Kerala include beaches of Kovalam, Varkala, Marari, Bekal and Kannur; backwaters of Kumarakom, Alappuzha, Kollam, Kochi and Kozhikode; and hill stations of Ponmudi, Munnar, Wayanad and Wagamon.
- Kerala also has a number of well known wildlife reserves, including the Periyar Wildlife Sanctuary, the Eravikulam National Park, the Thattekkad Bird Sanctuary and the Parambikulam Wildlife Sanctuary.
- The state tourism department is developing eco-friendly, rural tourism packages in Kumarakom, Wayanad, Kovalam and Muziris heritage circuit.

Source: Economic Review of Kerala, 2011

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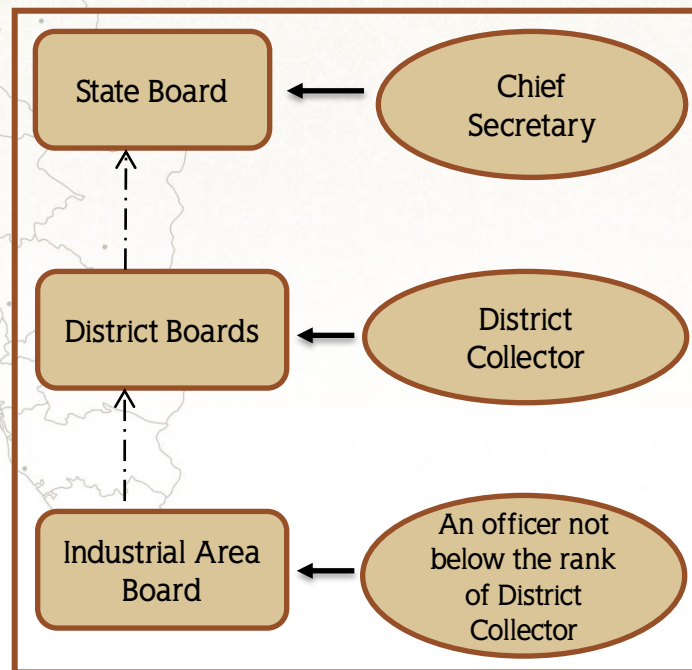
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Three-Tier Single-Window Clearance

- A Single-Window Clearance Mechanism (SWM) was established in June 2000, with the intention of expediting clearances for new industrial projects.
- A state-level board, headed by the Chief Secretary, issues clearances within a timeframe of 45 days to medium and large scale industries.
- KSIDC is the single point of contact and convenor of the State Board.
- District-level Boards have been constituted for issuing clearances required by small scale industries.
- The District Collector of the respective district is the Chairman and General Manager of the Board; the District Industries Centre (DIC) is the convenor for such Boards.

→ Industrial Area Boards have also been set up in various industrial areas of the state for clearance of projects; an officer, not below the rank of District Collector, is the chairman of each Board, with the Designated Authority of the Industrial Area as the Convenor.

SWM Structure in Kerala



Source: KSIDC

Key Investment Promotion Offices ... (1/2)

| Agency | Description |
|--|--|
| Kerala Industrial Infrastructure Development Corporation (KINFRA) | <ul style="list-style-type: none"> The aim of the organisation is to speed up industrial growth in Kerala through infrastructure support. It operates industrial parks in various sectors. It has three newly operational parks – Kera Park (at Trissur), a Spices Park (at Idukki), and a Rubber Park (at Pathanamthitta). KINFRA's four upcoming projects include a Marine Park (at Beypore), a Technology Park (at Ramanattukara), a Food Park (at Wayanad) and an Industrial Park (at Palakkad). |
| KITCO Limited (formerly, Kerala Industrial and Technical Consultancy Organisation Limited) | <ul style="list-style-type: none"> The organisation is involved in providing technical consultancy assistance to banks by appraisal of projects for priority sector lending and to entrepreneurs in the Small Medium Enterprises (SMEs) sector by way of preparation of project reports & market studies and by conducting training programmes for entrepreneurship development. |
| Directorate of Industries and Commerce | <ul style="list-style-type: none"> It is the implementing agency for the Department of Industries, Government of Kerala. It provides infrastructure facilities for small scale sector by acquiring land and developing facilities such as road, water supply, electricity and civil works. |
| Small Industries Development Corporation | <ul style="list-style-type: none"> It provides infrastructure facilities for the small scale sector through its major- and mini-industrial estates. |

Key Investment Promotion Offices ... (2/2)

| Agency | Description |
|---|---|
| <p>Kerala State Industrial Development Corporation (KSIDC): the Single-Window Clearance and Monitoring Agency</p> | <p>Purpose:</p> <ul style="list-style-type: none"> Formed in 1961 with the objective of promoting, stimulating, financing and facilitating the development of large and medium scale industries in Kerala. Acts as a promotional agency, involved in catalysing the development of physical and social infrastructure required for the constant growth of industry. <p>Composition:</p> <ul style="list-style-type: none"> Consists of a group of professionals from various fields, including engineering, management, finance and law. Services offered include project lending, single-window clearance, equipment purchase loans and consultancies. |

Contact List

| Agency | Contact Information |
|---|--|
| Directorate of Industries and Commerce | Vikas Bhavan P O Thiruvananthapuram Kerala-695 033 Phone: 91-471-2302 774 Fax: 91-471-2305 493 E-mail: tvn_dindust@sancharnet.in |
| Kerala State Industrial Development Corporation Limited (KSIDC) | T C XI/266, Keston Road, Kowdiar, Thiruvananthapuram-695 003 Phone: 91-471-2318 922 Fax: 91-471-2315 893 E-mail: ksidc@vsnl.com |
| KITCO Limited | P B No 4407, Puthiya Road, NH Bypass, Vennala, Cochin-682 028 Phone: 91-484 -4129 000 / 2805 033 Fax: 91-484 -2805 066 E-mail: mail@kitco.in |
| Kerala Industrial Infrastructure Development Corporation (KINFRA) | KINFRA HOUSE, TC 31/2312 Sasthamangalam, Trivandrum-695 010 Phone: +91-471-2726 585 Fax: +91-471-2724 773 E-mail: kinfra@vsnl.com |
| Kerala Small Industries Development Corporation | Housing Board Building, 6th Floor, Santhi Nagar P B No 50 Thiruvananthapuram- 695 001 Phone: 91-471-2330 401, 2330 413, 2330 818, Fax: 91-471- 2330 904 E-mail: sidcoho@yahoo.com |

Key Approvals Required

| Approvals and Clearances Required | Departments to be Consulted | Mechanism and Estimated Time |
|--|---|--|
| Incorporation of the Company | Registrar of Companies | <p>Single-Window Clearance: The state single-window facility clears investment proposals in 45 to 60 days on an average; the single-window mechanism helps obtain all approvals necessary for the investment proposals within the specified timeframe.</p> |
| Registration, Industrial Entrepreneurs Memorandum, Industrial Licences | District Industries Centre for small scale industries and KSIDC for large and medium industries | |
| Allotment of Land | State Department of Industries/KSIDC/KINFRA | |
| Permission for Land Use | State Department of Industries, Kerala Town and Country Planning Department | |
| Environment Approval for the Site | Kerala State Pollution Control Board and Central Ministry of Environment and Forests | |
| No-Objection Certificate and Consent under Water and Pollution Control Act | Kerala State Pollution Control Board | |
| Approval of Construction Activity and Building Plan | Kerala Town and Country Planning Department | |
| Sanction of Power | Kerala State Electricity Board (KSEB) | |
| Registration under State's Sales Tax Act and Central and State Excise Act | Sales Tax Department, Central and State Excise Departments | |

Cost of Doing Business in Kerala

| Cost Parameter | Cost Estimate | Source |
|--|--|--|
| Industrial Land (per sq m) | US\$ 33 to US\$ 190 (Kochi) | Industry Sources |
| Five Star Hotel | US\$ 142 to US\$ 415 per room per night | Leading Hotels in the State |
| Office Space Rent (per sq ft) | US\$ 0.6 to US\$ 3 per month | Industry Sources |
| Residential Space Rent (2,000 sq ft house) | US\$ 350 to US\$ 750 per month | Industry Sources |
| Power (per kWh) | Commercial and Industrial: US 6.5 cents to US 16 cents | Kerala State Electricity Board |
| Labour (minimum wages per day) | US\$ 2.4 to US\$ 7.6 | Ministry of Labour and Employment, Government of India |
| Water (1,000 litres) | Commercial and Industrial: US 22 cents to US 55 cents | Kerala Water Authority |

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State Acts & Policies ... (1/2)

Kerala Tourism Policy 2012

Objectives

- To create enabling environment for investment.
- To market Kerala as a visible global brand in domestic and international markets.
- To ensure quality visitor experience.

[Read more](#)

Kerala Small Hydro Power Policy 2012

Objective

- To harness green and clean natural resource in the state for environmental benefits and energy security.

[Read more](#)

Kerala IT Policy 2012

Objective

- To plan, develop and market the state as the most preferred IT/ITeS investment/business destination in India.

[Read more](#)

State Acts & Policies ... (2/2)

Industrial & Commercial Policy 2011 (Draft)

Objectives

- To promote Kerala as a prime destination for industrial investments with environmental protection.
- Revamp Kerala into an entrepreneurial state by encouraging private investment in all sectors particularly in agro processing, services & commerce and new emerging sectors.

[Read more](#)

SEZ Policy 2008

Objective

- To make Kerala's economy more export-oriented by giving various exemptions and concessions.

[Read more](#)

Kerala Biotechnology Policy 2003

Objective

- The policy focuses on catalysing the development and application of biotechnology while taking advantage of the state's resources and keeping global requirements in perspective.

[Read more](#)

Annexure

Exchange Rates

| Year | INR equivalent of one US\$ |
|---------|----------------------------|
| 2004-05 | 44.95 |
| 2005-06 | 44.28 |
| 2006-07 | 45.28 |
| 2007-08 | 40.24 |
| 2008-09 | 45.91 |
| 2009-10 | 47.41 |
| 2010-11 | 45.57 |
| 2011-12 | 47.94 |

Average for the year

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