

SUPPORT SYSTEM FOR NANO BUSINESS IN KERALA

COURSE CODE: B23NE04AN

Undergraduate Programme in Nano Entrepreneurship
Ancillary Course
Self Learning Material



SUSTAINABLE
GROWTH



INCLUSIVE
DEVELOPMENT



VIBRANT
ENTREPRENEURSHIP



PROSPEROUS
KERALA



SREENARAYANAGURU
OPEN UNIVERSITY



FROM LOCAL ENTERPRISES
TO A BRIGHTER TOMORROW

SREENARAYANAGURU OPEN UNIVERSITY

The State University for Education, Training and Research in Blended Format, Kerala

SREENARAYANAGURU OPEN UNIVERSITY

Vision

To increase access of potential learners of all categories to higher education, research and training, and ensure equity through delivery of high quality processes and outcomes fostering inclusive educational empowerment for social advancement.

Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

Pathway

Access and Quality define Equity.

Support System for Nano Business in Kerala

Course Code: B23NE04AN

Semester - V

Ancillary Course Undergraduate Programme in Nano Entrepreneurship Self Learning Material (With Model Question Paper Sets)



SREENARAYANAGURU
OPEN UNIVERSITY

SREENARAYANAGURU OPEN UNIVERSITY

The State University for Education, Training and Research in Blended Format, Kerala



SUPPORT SYSTEM FOR NANO BUSINESS IN KERALA

Course Code: B23NE04AN

Semester- V

Ancillary Course

Undergraduate Programme in
Nano Entrepreneurship

Development of the Content

Dr. Sangeetha K. Pratap
Dr. K.X. Joseph
Dr. Radhakrishnan E.K.
Dr. Smarty P. Mukundan
Dr. Hareesh N Ramanathan
Dr. Ajith Kumar R.
Dr. Nisa James
Dr. Umesh U.
Dr. A. Nishad

Development of the Content

Dr Manju C. Mohan

Review and Edit

Dr. Muhammad Abdul Rasheed K.P.

Linguistics

Dr. Swapana N.R.

Scrutiny

Dr. Surya Robert
Dr. Athena Prince

Cover Design

Jobin J.

Co-ordination

Director (IC), MDDC:

Dr. Sajeevkumar G.

Coordinator, Development:

Dr. Anfal M.

Coordinator, Distribution:

Dr. Abdul Razak Kunnathodi



Scan this QR Code for reading the SLM
on a digital device.

Edition
September 2026

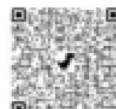
Copyright
© Sreenarayanaguru Open University

ISBN 978-81-688844-1-0



All rights reserved. No part of this work may be reproduced in any form, by mimeograph or any other means, without permission in writing from Sreenarayanaguru Open University. Printed and published on behalf of Sreenarayanaguru Open University by Registrar, SGOU, Kollam.

www.sgou.ac.in



Visit and Subscribe our Social Media Platforms

Dear learner,

I extend my heartfelt greetings and profound enthusiasm as I warmly welcome you to Sreenarayanaguru Open University. Established in September 2020 as a state-led endeavour to promote higher education through open and distance learning modes, our institution was shaped by the guiding principle that access and quality are the cornerstones of equity. We have firmly resolved to uphold the highest standards of education, setting the benchmark and charting the course.

The courses offered by the Sreenarayanaguru Open University aim to strike a quality balance, ensuring students are equipped for both personal growth and professional excellence. The University embraces the widely acclaimed “blended format,” a practical framework that harmoniously integrates Self-Learning Materials, Classroom Counseling, and Virtual modes, fostering a dynamic and enriching experience for both learners and instructors.

The University aims to offer you an engaging and thought-provoking educational journey. The BA Nano Entrepreneurship program is structured to address the growing demand for innovative entrepreneurs, particularly focused on nano businesses. The program’s curriculum is crafted with a balanced blend of theoretical insights and practical exposure, ensuring that learners are equipped to navigate the challenges and opportunities of this dynamic sector. Special attention has been given to the inclusion of real-world examples and case studies, enhancing learners’ understanding of nano entrepreneurship’s unique landscape. Moreover, the curriculum fosters a holistic approach to entrepreneurship that nurtures creativity, innovation, and strategic thinking. Through practical application and industry-driven examples, learner’s will develop the skills necessary to succeed in this cutting-edge field. The Self-Learning Material has been meticulously crafted, incorporating relevant examples to facilitate better comprehension.

Rest assured, the university’s student support services will be at your disposal throughout your academic journey, readily available to address any concerns or grievances you may encounter. We encourage you to reach out to us freely regarding any matter about your academic programme. It is our sincere wish that you achieve the utmost success.



Regards,
Dr. Jagathy Raj V.P.

01-09-2026

Contents

BLOCK 1	The Kerala Industrial Single Window Clearance	
	Boards and Industrial Township	1
Unit 1	Introduction	2
Unit 2	Establishment of Industrial Township	18
BLOCK 2	The Kerala Investment Promotion and Facilitation Act, 2018	36
Unit 1	The Kerala Investment Promotion and Facilitation Act, 2018	37
Unit 2	Grievance Redressal Mechanism	54
BLOCK 3	Kerala Micro Small Medium Enterprises Facilitation Act, 2019	71
Unit 1	Introduction to the Act	72
Unit 2	Kerala Micro Small Medium Enterprise Facilitation Rules, 2020	85
BLOCK 4	Directorate of Industries and Commerce	98
Unit 1	Functions and Duties	99
Unit 2	Facilitation and Support Mechanism	125
BLOCK 5	Kerala Industrial Policy 2023	150
Unit 1	Kerala Industrial Policy 2023	151
Unit 2	Incentives Identified under Kerala Industrial Policy 2023 with Special Focus on Micro/ Nano Business	171
	Model Question Paper Sets	192

BLOCK

1

**The Kerala
Industrial Single
Window Clear-
ance Boards and
Industrial
Township**

Learning Outcomes

After completing this unit, the learner will be able to:

- ◇ explain the purpose of the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999
- ◇ identify the meaning and practical relevance of important terms such as authority, clearance, enterprise, State Board, District Board and Industrial Area Board
- ◇ distinguish the roles of the State Board, District Board and Industrial Area Board in facilitating clearances for enterprises
- ◇ apply the single window clearance idea to a small Kerala-based enterprise by preparing a basic document checklist and compliance pathway
- ◇ recognise when an entrepreneur may use appellate remedies and why truthful disclosure, land-use compliance and environmental responsibility remain important

Prerequisite

Think about a very common situation in Kerala. A person may have a good business idea, a small investment, a rented room or workshop, and support from family or friends. But when the business moves from idea to actual operation, questions begin to arise. Is the land or building suitable? Does the local body require a licence? Is consent needed from the Pollution Control Board? Is an electricity connection enough, or are other approvals needed? This unit starts with that real-life confusion and explains how the single-window mechanism tries to reduce unnecessary movement from office to office.

You do not need prior legal training to study this unit. However, you should have a basic understanding that every enterprise functions within a public system. A business uses land, water, electricity, workers, roads, neighbourhood space and public services. Therefore, the State must balance enterprise promotion with safety, public health, local governance and environmental protection. Read this unit as a practical guide to understand the support system, not as a list of legal sections to be memorised.

Keywords

Single Window Clearance; State Board; District Board; Industrial Area Board; Authority; Clearance; Enterprise; Composite Licence; Deemed Clearance; KSWIFT; Appellate Jurisdiction; Compliance; Industrial Area; Local Self Government; Responsible Enterprise.

Discussion

1.1.1 A Story to Begin: Meera Wants to Start a Nano Food Unit

Meera is a graduate from Malappuram who wants to start a small banana chips and jackfruit chips unit. Her idea is simple: buy local raw materials, process them hygienically, pack them attractively, sell through neighbourhood shops and later use online platforms. At first, she thinks business means only buying a machine, renting a room and printing a label. When she meets an Industries Extension Officer, she realises that even a small unit must consider land-use, building suitability, electricity connection, local body licence, pollution category, fire safety, food safety and possible labour requirements. She is not discouraged, but she is confused. Which office should she approach first? What happens if one office says yes and another office delays? How can a small entrepreneur understand the procedure without losing time and money?

The single-window clearance system is meant to address this kind of problem. It does not mean that laws disappear. It means that the entrepreneur need not run from office to office without coordination. The purpose is to bring concerned departments and authorities into a coordinated decision-making framework. The system tries to convert a scattered approval process into a guided route. For nano businesses, this matters because time, confidence, and cash flow are limited. A three-month delay may not seriously affect a large company with reserves, but it can break the enthusiasm and savings of a first-generation nano entrepreneur.

The word 'single window' should therefore be understood as a governance method. The entrepreneur submits information in a prescribed form, the Board or portal coordinates with departments, and a decision is expected within a time limit. The entrepreneur remains responsible for truthful information, safety, environmental compliance, and lawful land use. But the government system is expected to respond in a timely and transparent manner.



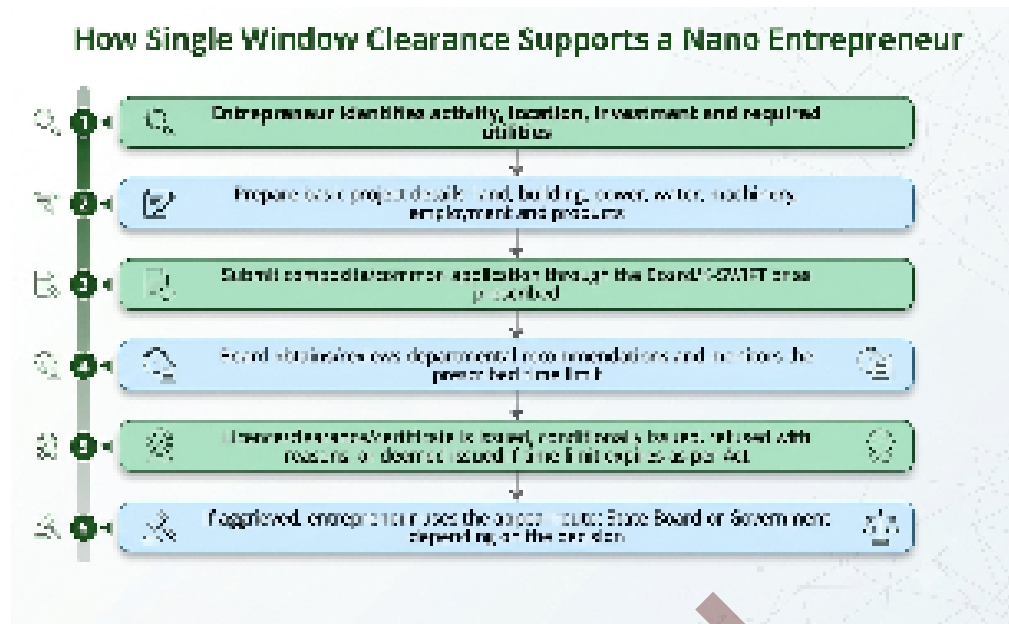


Fig No: 1.1.1: Simplified single window clearance process. *Source: Based on statutory framework and KSWIFT user process.*

1.1.2 Why Kerala Needed a Single Window Clearance System?

Kerala has high human development achievements, strong local self-government institutions, a dense population, environmental sensitivity, and a large number of small entrepreneurs. These strengths also create administrative complexity. A business may interact with a Grama Panchayat or Municipality, the Kerala State Pollution Control Board, the Electrical Inspectorate, the Town and Country Planning Department, the Fire and Rescue Services, the Factories and Boilers Department, the Labour Department, KSEB, the Water Authority, the Mining and Geology Department, or other agencies, depending on the activity. Without coordination, the entrepreneur may receive fragmented directions.

The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 addresses this by establishing boards at the State, District, and Industrial Area levels for speedy issuance of licences, clearances, and certificates. The updated text of the Act shows that the law now covers setting up, running, expanding, diversifying, modernising, and renewing enterprises. This expansion is important because an enterprise does not need support only at the starting stage. It needs support when it grows, changes product line, renews permissions or shifts to new technology.

For a nano entrepreneur, the Act can be seen as a confidence-building framework. It signals that the state recognises enterprise as a legitimate path to livelihood and job creation. It tells the entrepreneur that applications, documents and compliance must be taken seriously. The law creates an institutional route, but the entrepreneur has to prepare a responsible project.

Table No: 1.1.1: Practical meaning of single window clearance for a small enterprise. Source: Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999.

Issue faced by a small enterprise	How the single window idea helps	Responsibility that remains with entrepreneur
Multiple offices	A coordinated Board or online portal collects and processes information	Submit truthful data and required documents
Uncertainty about approvals	Clearances are expected to be processed within a time-bound framework	Track application status and respond to clarifications
Delay or non-response	Deemed clearance or appeal routes may become relevant where law permits	Do not assume exemption from safety, land-use or environmental duties
Expansion or modernisation	The mechanism also covers expansion, diversification, modernisation and renewal	Maintain records from the beginning of business

1.1.3 The Act in Simple Words

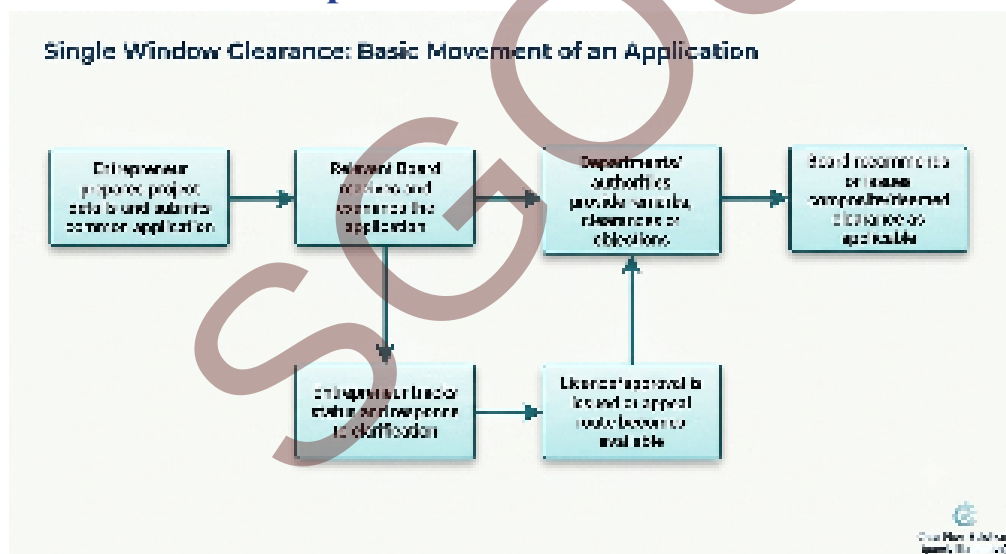


Fig No:1.1.2: Basic application movement under a single window clearance approach. Source: Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 and 2021 Rules.

The title and preamble of the Act show three major purposes. First, the Act seeks the speedy issue of different licences, clearances, and certificates, including renewals. Second, it provides for Single Window Clearance Boards at different levels. Third, it provides for Industrial Township Area Development Authorities for administering industrial township areas. Thus, the Act connects two support mechanisms: procedural support for approvals and locational-governance support for industrial areas.

The phrase ‘speedy issue’ must not be mistaken for automatic approval of every business idea. A dangerous, polluting or unlawful activity cannot demand approval only because it is a business. The Board is expected to consider the application, recommendations and legal requirements. Speed is combined with scrutiny. This is why the Act refers to applications, prescribed forms, fees, authorities, recommendations, decisions, appeals and revocation powers.

You may remember the Act through three questions: Who coordinates? What is coordinated? What remedy is available? The State Board, District Board and Industrial Area Board coordinate. The Act coordinates licences, clearances, certificates, permits, consents, and renewals. Appeal to the State Board or Government is available in specific situations.

1.1.4 Key Definitions Under the Act

Table No: 1.1.2: Important legal terms used in the single window clearance system

Term	Meaning in the Act / Rules	Simple interpretation
Authority	Government department, agency, local body, statutory body or service provider empowered to issue clearances, licences, certificates, permits, consents or renewals.	The office or agency that normally gives a required permission.
Clearance	Various licences, certificates, permits, consents and utility-related approvals needed for setting up, running, expansion, diversification or modernisation.	Permission needed to legally start or operate the unit.
District Board	District Single Window Clearance Board constituted for each district.	The district-level body that coordinates permissions for many small and medium projects.
Industrial Area	A notified industrial area including industrial estates, development plots, mini-industrial estates, industrial parks and growth centres.	A location officially identified for industrial activity.
Enterprise	Undertaking, factory, workshop, workplace, establishment or industry engaged in manufacturing, processing, services, commercial activities, trade or infrastructure investment.	The business unit or proposed business activity.

source: Compiled from definitions in the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999, as amended.

In a legal support system, definitions are not ornamental. They decide who can apply, which office is responsible and what kind of service is covered.

1.1.5 State Board: Composition, Role and Relevance

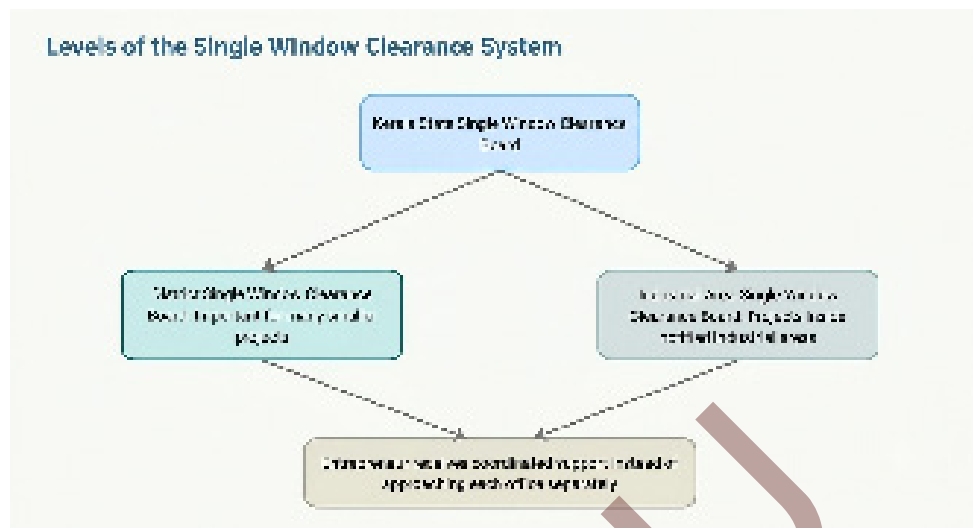


Fig No: 1.1.3: Institutional levels in the single window clearance system. *Source: Prepared from Sections 3, 4 and 5 of the Act.*

The State Board is the highest single window clearance board under the Act. It is called the Kerala State Single Window Clearance Board. It is a body corporate, meaning it has a legal identity, perpetual succession, and a common seal. The Board is not a casual meeting. It is a statutory body created to support speedy issue of clearances under State enactments for enterprises.

The composition of the State Board shows the idea of coordination. The Chief Secretary is the Chairperson. The Principal Secretary in charge of Industries is the Vice Chairperson, and the Managing Director of Kerala State Industrial Development Corporation is the Convener. The Board includes senior officials from departments connected with industry: Industries, Finance, Labour, Local Self Government, Revenue, Taxes, Water Resources, Power, Forests, Environment, Tourism, Health, Investment Promotion and Public Works. It also includes agencies such as KSIDC, the Directorate of Industries and Commerce, KSEB, the Chief Town Planner, the Pollution Control Board, the Electrical Inspectorate, Factories and Boilers, Mining and Geology, and Fire and Rescue Services.

The important message is that industrial clearance is not the responsibility of one department alone. A business location may involve land, local body, power, water, environmental standards, factory safety, labour and fire safety. The State Board brings these perspectives together. For nano businesses, the State Board may seem distant, but the standards and coordination culture it creates affect all levels of business facilitation.

1.1.6 District Board: The Most Relevant Level for Many Nano and Micro Enterprises

The District Board is highly relevant for nano and micro entrepreneurs because it operates at the district level. The Act states that the Government may constitute a District Single Window Clearance Board in each district to speed up the issuance of licences, clearances, and certificates for enterprises with capital investment up to the specified threshold. In the updated Act, the District Board covers enterprises with capital investment up to rupees fifteen crore. For most nano businesses, the investment will be far below this level, making the district facilitation ecosystem practically important.

The District Collector is the Chairperson, and the General Manager of the District Industries Centre is the Convener. This matters because the District Industries Centre is already the field-level institution an entrepreneur approaches for guidance, schemes, and facilitation. The District Board includes the local body representative where a local body licence is required, Pollution Control Board, Electrical Inspectorate, Town and Country Planning, District Medical Officer, KSEB, Factories and Boilers, Fire and Rescue, Forest, Labour, District Panchayat or Urban Development Authority, GST, Water Authority, Tourism, Public Works and Mining and Geology. Their presence reduces the chance of contradictory departmental action.

One may imagine the District Board as a district-level table where the entrepreneur's project is examined from multiple angles. If Meera's banana chips unit is in a suitable building, not in a prohibited land-use zone, with a safe electrical connection, a non-polluting process, and hygienic arrangements, the relevant departments can coordinate. If conditions are needed, they can be clearly stated. If the proposal is not permissible, the reasons can be recorded.

1.1.7 Industrial Area Board: Support Inside Notified Industrial Locations

An Industrial Area Board is constituted for notified industrial areas. Industrial areas may include industrial estates, development areas, development plots, mini-industrial estates, industrial parks and growth centres. Many nano entrepreneurs may begin from home or rented premises, but as business grows, they may look for a shed, plug-and-play facility, common facility centre or industrial estate. At that stage, the Industrial Area Board becomes relevant.

The Industrial Area Board is designed to issue licences, clearances, and certificates quickly for enterprises in the industrial area. The District Collector is Chairperson, and the designated authority of the industrial area is the Convener. The board includes officials from the district-level system, along with the agency that owns or manages the industrial area. This makes sense because problems within an industrial park often involve internal roads, utilities, common infrastructure, waste management, land allotment, and building use.

A nano entrepreneur may not initially think about industrial areas. However, many

nano units become micro enterprises when they improve packaging, quality, machinery and marketing. For example, a home-based herbal product maker may later need a proper production room. A small metal craft unit may need space away from residential complaints. A food unit may need common waste disposal and water facilities. Industrial areas can provide a more predictable environment.

1.1.8 Powers and Functions of the Boards

Table No:1.1.3: How the three Board levels help entrepreneurs

Board level	Typical scope	Why it matters for a small or nano business
State Board	State-level coordination, policy-level facilitation, appellate functions and resolution of higher-level issues.	Useful when a matter cannot be settled at district or industrial area level.
District Board	Clearances for enterprises within the district, especially projects up to the investment limit specified in the Act.	The most practical point of support for a new unit in a village, municipality, or corporation area.
Industrial Area Board	Clearances and coordination for units located in notified industrial areas or parks.	Helpful when the unit is located inside an industrial estate, park or development area.

Source: Prepared from the Act provisions on State Board, District Boards and Industrial Area Boards.

The powers and functions of the boards are the working heart of the Act. They show how an application moves from an entrepreneur to the final decision. The District Board, Industrial Area Board and State Board receive applications in the prescribed form along with required fees, process them through the statutory procedure, take a decision within the time limit, communicate the decision and bind the authorities concerned. The Act also recognises deemed clearance where no clearance, licence, certificate or renewal is issued or rejected within the prescribed time limit.

In simple terms, the Board does four things: receive, coordinate, decide and communicate. Receive means the entrepreneur submits the correct application; Coordinate means the Board involves all relevant departments; Decide means the Board issues, conditionally issues, refuses or allows deemed operation as legally provided; and Communicate means the entrepreneur and authority concerned must know the result. Also, this is a project-management process as much as a legal process.



The State Board also has a policy-related function. It can recommend to Government on policy matters concerning issues faced by entrepreneurs in establishing, developing, diversifying, modernising, implementing, operating or running enterprises and suggest remedial measures to promote investment opportunity. This makes the State Board a channel through which repeated practical problems can become policy reforms.

1.1.9 Composite Licence and Deemed Clearance: Benefits and Caution

The 2018 amendments strengthened the idea of a composite licence. The Board can issue a composite licence upon receipt of the composite application prescribed under the rules, along with recommendations from the concerned departments. The composite licence is binding on the authorities concerned and is valid for a specified period. The updated text also provides for renewal of composite licences for a period of five years at a time, on submission of an application with the prescribed fee, within seven days of receipt of such application.

A composite licence is like a single consolidated permission document generated through a coordinated process. It helps because the entrepreneur does not have to manage many disconnected conversations. However, it is not a shield for wrong information. If an authority later finds false information or non-compliance, it may recommend cancellation, and the Board can cancel the composite licence after a show-cause notice and hearing. This teaches an important business ethic: facilitation and compliance must go hand in hand.

Deemed clearance is another powerful concept. If the relevant Board does not issue or reject the clearance within the prescribed time, the clearance may be treated as issued after the time limit expires. This prevents indefinite waiting. But one should be careful: deemed clearance does not automatically cure illegal land use, environmental violations, unsafe buildings or false declarations. A responsible entrepreneur keeps copies of the application, acknowledgement, proof of payment, correspondence, and evidence that the application was complete.

1.1.10 KSWIFT and Digital Facilitation

Table No:1.1.4: Practical document checklist before using an online single window system

Document / information	Why it is needed	Practical tip
Promoter identity details	For entrepreneur registration and verification.	Keep Aadhaar, PAN, mobile number and email ready before starting.
Project profile	To describe the product/ service, investment, employment and activity.	Write a one-page project summary in simple language.

Land or building details	For checking location, ownership, lease and local body jurisdiction.	Keep deed/lease/rent document, survey number and building details ready.
Power and water requirement	For utility connection and feasibility assessment.	Estimate daily power load and water use realistically.
Pollution/safety category details	To identify whether special approvals are needed.	Check whether the activity is Green, Orange, White or Red category before applying.

Source: Prepared from Form A in the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Rules, 2021 and KSWIFT user guidance.

KSWIFT is Kerala's online single window interface for fast and transparent clearance. The KSWIFT 2.0 User Guide explains process flows for existing users and new users applying for renewals of licences, NOCs, permits and approvals. Existing users log in, view their dashboard, select services/renewals from their projects, choose the department or agency, submit additional information, make payment through e-Treasury or a payment gateway, and track status. New users first sign up through entrepreneur registration and then create or access project services.

For nano entrepreneurs, digital facilitation reduces travel and uncertainty. A dashboard can show applications in draft mode, under process, approved, rejected or returned for clarification. Entrepreneurs can download payment receipts and acknowledgement numbers. The lesson is that entrepreneurs must become digitally literate. A business owner should know how to scan documents, manage email, keep mobile OTP access, save PDFs, check status and respond to clarification requests.

The digital portal is only as good as the data entered. If the entrepreneur provides the wrong survey number, incomplete building details, incorrect electricity requirements, or an unclear product description, the application may be delayed. Therefore, one should prepare the business project carefully before opening the portal.



1.1.11 Appellate Jurisdiction: What if the Entrepreneur Is Aggrieved?

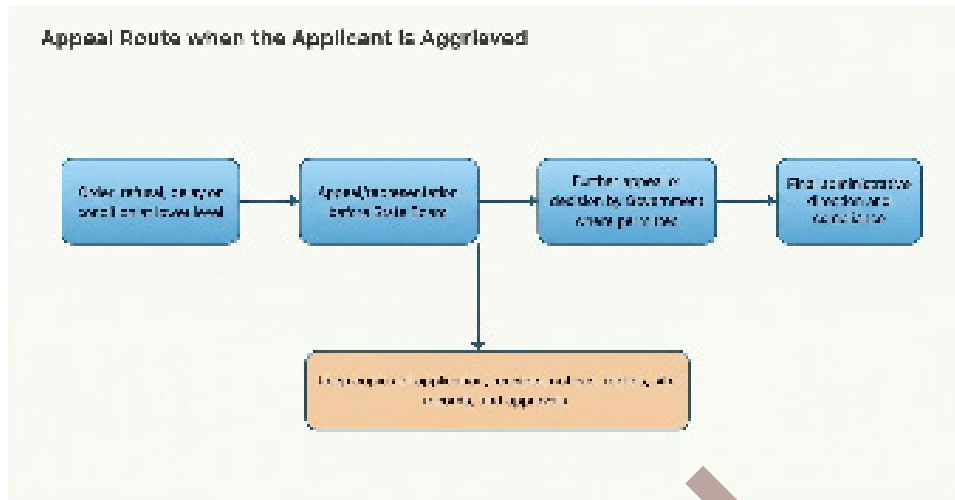


Fig No: 1.1.4: Indicative appeal and record-keeping route for an aggrieved applicant. *Source: Prepared from the appellate provisions of the Act.*

A support system is incomplete without a remedy against refusal, delay, or harsh conditions. The Act provides appellate routes. If a clearance, licence, or certificate applied for before the District Board or Industrial Area Board is refused or issued with conditions, the aggrieved person may file an appeal to the State Board within the prescribed period. The State Board may call for additional details, hear the aggrieved person and the authority concerned, and dispose of the appeal within the statutory period. The State Board's decision on such an appeal is final for that route.

For decisions of the State Board other than matters decided on appeal from the District or Industrial Area Board, an aggrieved person may appeal to the Government within the prescribed period. This provision is important because it places accountability at a higher level. However, appeal should be used responsibly. An entrepreneur should not appeal merely because a lawful condition is inconvenient. Appeal is appropriate when refusal is unjustified, condition is unreasonable, facts are misunderstood, procedure is violated or there is undue delay.

You can think of appellate jurisdiction as a ladder. Decisions of the District Board and Industrial Area Board can go upward to the State Board. Some State Board decisions can go upward to the Government. Documentation is the foundation of appeal. Without copies of application, communications, orders, conditions, site details and supporting documents, an appeal may become weak.

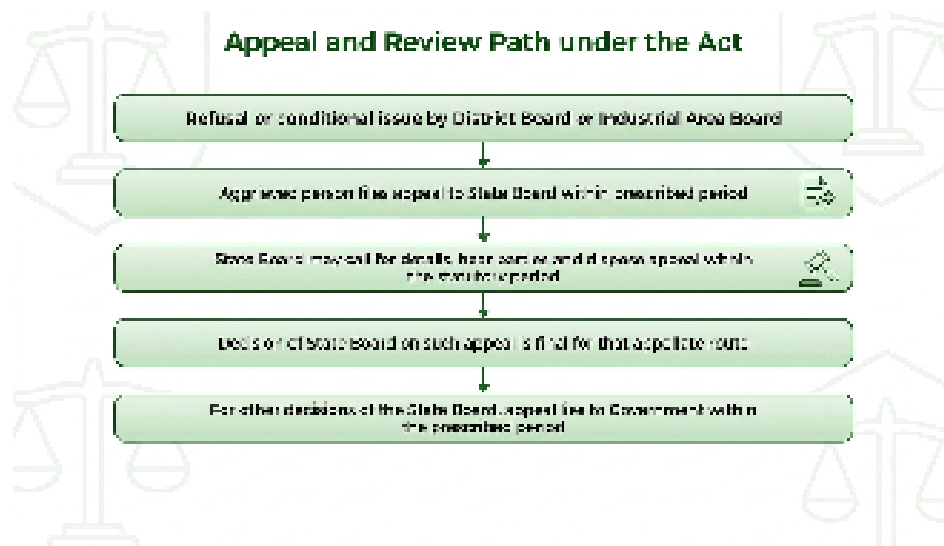


Fig No: 1.1.5: Appeal flow in the single window system. *Source: Author-prepared diagram based on Act 5 of 2000.*

1.1.12 Step-by-step Illustration: Applying the Law to Meera's Nano Food Unit

- ◇ Define the activity clearly: banana chips and jackfruit chips manufacturing, packing and local sale.
- ◇ Check whether the location is legally usable for food processing and whether building permissions are adequate.
- ◇ Estimate investment, machinery, connected load, water use, fuel use, workers, waste generation and product list.
- ◇ Identify possible departments: local body, food safety authority, Pollution Control Board depending on category, electrical safety if required, fire safety depending on building and scale, labour registration if applicable.
- ◇ Approach DIC/Industries facilitation or KSWIFT for guidance and the application route.
- ◇ Submit complete and truthful application with attachments and fees.
- ◇ Track status, respond to clarifications, comply with conditions and preserve all documents.
- ◇ If refused or issued with unreasonable conditions, study reasons and consider an appeal with evidence.

Documentation Checklist Small Enterprise Should Keep Ready

Table 1.1.5: Document readiness checklist for applying through a single window route.

Document / information	Why it is needed	Practical tip
Identity and contact details of promoter	For applicant verification and communication	Use the same mobile number and e-mail throughout the process
Land or building details	To check location, ownership, lease, survey number and local body jurisdiction	Keep copy of deed, lease agreement, tax receipt and building number if available
Project details and investment estimate	To identify sector, size, machinery, working capital and employment	Prepare a simple project note before using the portal
Raw material and product details	To assess nature of activity, environmental category and utility needs	Mention realistic quantity and source
Power, water and waste details	To understand utility requirement and pollution/safety aspects	Do not understate consumption or waste generation
Approvals already obtained	To avoid duplication and support renewal or composite processing	Store certificates in a clearly named digital folder

Source: Adapted from Form A in the 2021 Amendment Rules and KSWIFT user process.

Recap

- ◇ The single window system is a co-ordinated clearance mechanism, not an exemption from all laws.
- ◇ The Act creates Boards at State, District and Industrial Area levels to support speedy processing of clearances.
- ◇ Definitions of terms such as authority, clearance and enterprise decide who can apply and which services are covered.
- ◇ District Boards are especially relevant for many smaller enterprises because they operate closer to the entrepreneur.
- ◇ Composite licence and deemed clearance can reduce uncertainty, but they require truthful disclosure and compliance.

- ◇ KSWIFT gives a digital route for application, payment, tracking, renewal and downloading approvals.
- ◇ Appeal and grievance routes exist, but prevention through proper documents and lawful location choice is better.
- ◇ Entrepreneurship support works best when the entrepreneur keeps records, follows safety norms and respects local concerns.

Objective Questions

1. Which word describes permissions, certificates, licences, permits and consents required for an enterprise?
2. Which Board functions at the State level for single window clearance?
3. Which office usually convenes the District Single Window Clearance Board?
4. Which online platform supports single window clearance services in Kerala?
5. Which document consolidates approvals through the single window mechanism?
6. Which level of Board is relevant inside notified industrial areas?
7. What must an entrepreneur provide honestly in the application?
8. Which remedy is used when an applicant challenges an adverse decision?

Answers

1. Clearance
2. State Board
3. DIC
4. KSWIFT
5. Licence
6. Area
7. Information
8. Appeal



Self-Assessment Questions

1. Explain the meaning of single window clearance in your own words with one local example.
2. Differentiate between State Board, District Board and Industrial Area Board.
3. Why are definitions important in a business-support law?
4. What is the practical importance of composite licence and deemed clearance?
5. How does KSWIFT reduce procedural difficulty for entrepreneurs?
6. Describe the appeal route available in the single window clearance system.

Assignments

1. Prepare a one-page checklist for starting a small food processing unit in your locality, showing possible approvals and documents required.
2. Visit the KSWIFT portal or an official Industries Department website and note five services that may help a new enterprise.
3. Interview a local entrepreneur and identify at least three difficulties faced in obtaining licences or clearances.
4. Create a flow chart showing the movement of an application from submission to approval or appeal.
5. Prepare a sample promoter-information sheet with project name, location, investment, raw materials, products, power and water requirements.
6. Compare two business locations: a residential area and an industrial estate. Explain which may be more suitable for a small manufacturing unit and why.
7. Write a short compliance pledge for a new enterprise covering truthful disclosure, safety, waste management and timely renewal.

Reference

1. Government of Kerala. (2000). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999* (Act 5 of 2000). Kerala Gazette Extraordinary.
2. Government of Kerala. (2021). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Rules, 2021*. Industries Department.
3. Government of Kerala, *Department of Industries and Commerce*. (2023). Kerala Industrial Policy 2023.
4. Kerala State Industrial Development Corporation. (n.d.). *KSWIFT 2.0* user guide.
5. N.S. Arun Kumar v. *Single Window Clearance Board*, W.P.(C) Nos. 20894 & 24917 of 2015 (Kerala High Court, 2016).

Suggested Reading

1. Directorate of Industries and Commerce, *Government of Kerala*. (n.d.). Entrepreneur support and facilitation materials available through official industry portals.
2. Government of Kerala. (2019). *The Kerala Micro Small and Medium Enterprises Facilitation Act, 2019* (Act 16 of 2019). Kerala Gazette Extraordinary.
3. Kerala State Industrial Development Corporation. (n.d.). *KSWIFT*: Online single window clearance mechanism and service guides.
4. Ministry of Micro, *Small and Medium Enterprises*, *Government of India*. (n.d.). Udyam registration and MSME support resources.

Unit 2

Establishment of Industrial Township

Learning Outcomes

After completing this unit, the learner will be able to:

- ◇ Explain the idea of an Industrial Township and why such areas are created for planned industrial development
- ◇ Describe how an Industrial Township is established and how an Industrial Township Authority becomes relevant
- ◇ Identify the role of municipal-type provisions, local services and area-level governance in an Industrial Township
- ◇ Connect industrial township provisions with opportunities for small manufacturing, service and support enterprises
- ◇ Prepare a practical plan for shifting or locating a small enterprise in an industrial estate, park or township-like industrial location

Prerequisite

Imagine a small packaging unit that starts operating in a rented room near the owner's house. At first, the unit handles limited orders, uses basic machinery, and sells locally. Later, orders increase and the unit needs more space. Vehicles must now enter and exit smoothly, workers need safe facilities, waste must be managed properly and customers expect timely delivery. At this stage, the owner begins searching for a more suitable industrial location. This is the practical background of an industrial township or industrial area: it is not merely land, but a planned setting for enterprise activity.

To study this unit, it is helpful to remember that industry needs both freedom and order. Entrepreneurs need space, roads, power, water, drainage, waste systems and administrative support. At the same time, public authorities must ensure safety, local planning, environmental responsibility and orderly development. Industrial Township provisions try to combine these needs by creating a governance structure for industrial areas, with municipal-type functions and special institutional arrangements.

Keywords

Industrial Township; Industrial Township Authority; Industrial Area; Industrial Estate; Municipal Provisions; Area Development; Common Infrastructure; Industrial Cluster; Local Governance; Utility Services; Compliance File; Waste Management; Worker Safety; Inclusive Entrepreneurship.

Discussion

1.2.1 A Story to Begin: From Home Unit to Industrial Location

Arun and Fathima started a small eco-friendly packaging unit in a rented room. At first, they made paper bags for neighbourhood shops. Within two years, they began supplying to bakeries, boutiques and local food producers. Their business needed more space, regular power, proper storage, vehicle access and waste-paper management. Neighbours complained about vehicle movement and cutting-machine noise. The local body asked them to regularise building use. They realised that growth requires not only customers and machines, but also a suitable location and supportive infrastructure.

This is where industrial areas and industrial townships become important. Not every business can grow comfortably inside a residential locality. Industrial estates, parks and townships are meant to provide planned spaces where enterprises can operate with roads, utilities, drainage, waste systems, fire access, common services and administrative clarity. For nano businesses, such locations may be useful during scaling up, group production, cluster activity, or common facility use.

The relevant law is the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999, available on the official India Code website. https://www.indiacode.nic.in/bitstream/123456789/17469/1/industrial_single_window....._5_of_2000.pdf

The Act therefore does not stop with clearance boards. It also provides for Industrial Township Area Development. This part of the Act recognises that industrial growth requires a place-based governance system. A well-governed industrial township can reduce uncertainty for entrepreneurs and ensure that municipal-type services are maintained within industrial locations.



1.2.2 Meaning of Industrial Township under the Act

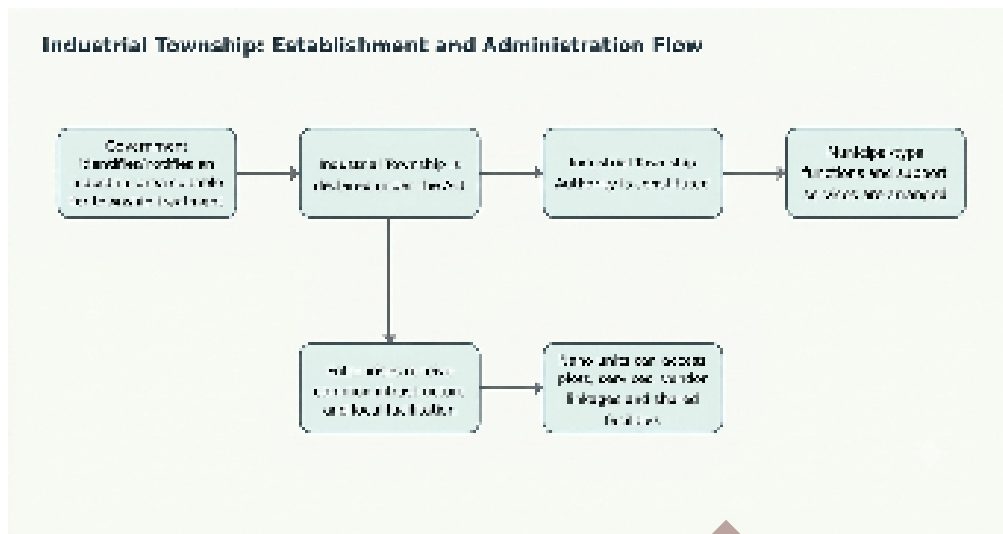


Fig No: 1.2.1: How an industrial township moves from notification to service delivery. *Source: Prepared from Chapter III of the Act.*

Section 14 of the Act provides that the Governor may, considering the size of an Industrial Area, the municipal services provided or proposed to be provided by an agency in that area, and other relevant factors, specify that area as an Industrial Township Area via public notification under the proviso to Article 243Q (1) of the Constitution of India. In simple words, an industrial area may be notified as a township when its size and service requirements justify separate industrial-township administration.

The explanation to section 14 indicates that the expression of 'industrial area' means an area benefited by an industrial area. Once an area is specified as an industrial township, and if it is included in a Panchayat or Municipality, it is deemed to be excluded from such Panchayat or Municipality from the date of notification. The Authority then has all the powers of a Municipality in an industrial township area. It can collect taxes, fees and realise fines that can be collected under the Kerala Municipality Act from the jurisdiction of the Industrial Township Area.

This may look technical, but the practical point is clear: an industrial township requires a specialised administrative system. Roads, streetlights, drainage, solid waste management, safety, building use and business-related services in an industrial area may need faster and more industry-oriented governance than an ordinary residential ward.

1.2.3 Criteria for Declaring an Industrial Township

The Act does not imply that every industrial shed automatically becomes an Industrial Township. Instead, the Governor considers the size of the industrial area, municipal services being provided or proposed by an agency and other relevant factors. This

is logical, as township administration is needed only when an area has sufficient scale and service complexity. A tiny unit in a village does not require a township authority. A large industrial park with roads, drains, water lines, waste systems, fire access, common facilities and many units may require a specialised administrative arrangement.

The reference to Article 243Q is important because it links the Act to constitutional provisions on municipalities. Article 243Q deals with the constitution of municipalities, and its proviso allows for an industrial township where municipal services are being provided or proposed by an industrial establishment or agency. In simple terms, the Constitution permits a specialised municipal-type arrangement for industrial areas under specified conditions.

For nano entrepreneurs, this matters when they decide where to locate. If a nano unit is in a residential locality, the entrepreneur must respect local body rules and neighbourhood concerns. If the unit is in an industrial estate or township, it may benefit from planned services and an administration that understands enterprise needs. Location is therefore a strategic decision, not just a matter of cheap rent.

1.2.4 Constitution of Industrial Township Authority

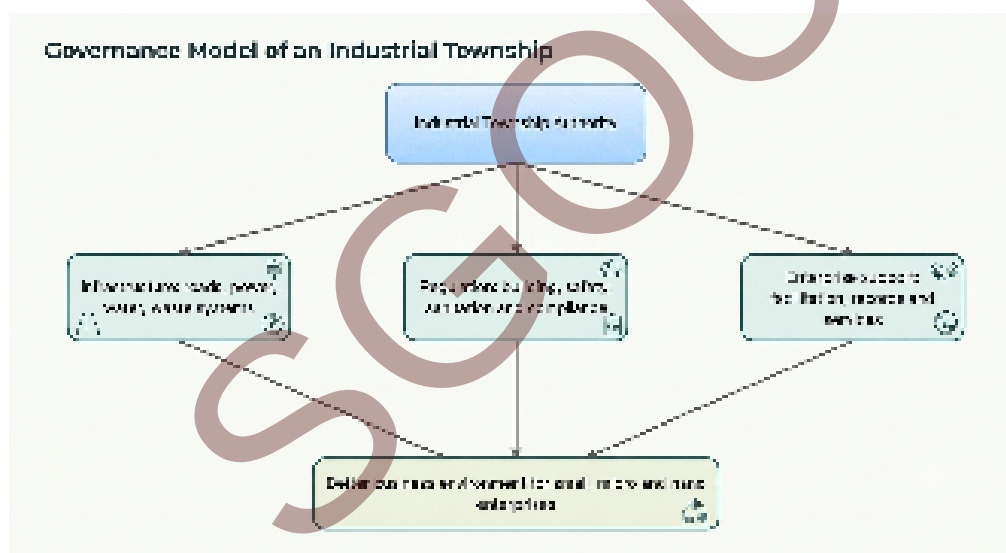


Fig No: 1.2.2: Governance model of an industrial township. *Source: Prepared from the provisions on Industrial Township Authority and municipal functions under the Act.*

Section 15 authorises the Government to constitute an Industrial Township Authority for each Industrial Township Area by notification. The Authority administers the affairs of the Industrial Township Area and implements the provisions of the Act. The Authority consists of such number of Directors as the Government may appoint, and the manner of choosing them is provided in the Scheme.

The key function of the Industrial Township Authority is to administer the affairs

and secure the planned development and maintenance of the Industrial Township Area. These three words - administration, planned development and maintenance - are central. Administration refers to day-to-day governance. Planned development refers to orderly expansion, land use, infrastructure and services. Maintenance refers to roads, drains, lights, waste systems and common facilities continuing to function after creation.

The Scheme may provide for the manner of choosing Directors, meeting procedures, constitution of committees, budget preparation, maintenance of accounts, audit of accounts, registers and records, and any other matter needed to implement the scheme. Thus, the authority is expected to function with governance discipline, not as an informal association.

1.2.5 What Municipal Services Mean in an Industrial Township?

Table No: 1.2.1: Municipal-type services that support business operations

Service area	What it means in practice	How it benefits a nano unit
Roads and access	Internal roads, entry points, movement of goods and visitor access.	Reduces transport delays and improves delivery reliability.
Water and sanitation	Water supply, drainage, toilets, waste handling and public hygiene.	Improves production hygiene and workplace conditions.
Lighting and safety	Street lighting, public safety arrangements and emergency access.	Supports secure work, especially early morning or evening logistics.
Building and layout control	Orderly construction, setbacks, common areas and infrastructure alignment.	Prevents later disputes with neighbouring units and authorities.
Common waste systems	Shared waste collection, segregation and disposal systems.	Makes compliance easier for small businesses with limited staff.

Source: Prepared from the Act provisions on extension of municipal functions and general industrial estate management practices.

Municipal services are not abstract services. They are the everyday foundations of enterprise. A road that allows delivery vehicles, street lighting that supports evening work, drainage that avoids waterlogging, waste systems that prevent environmental complaints, water supply for production and sanitation, fire access for emergency

response and orderly building regulation all contribute to business continuity. An entrepreneur often notices these services only when they fail.

In a normal local body area, municipal services serve mixed needs: homes, shops, schools, markets, roads and public spaces. In an industrial township, service logic must also consider goods movement, machinery, storage, safety, waste handling, working hours, and shared infrastructure. This does not mean that industrial areas can ignore public interest. It means that industrial governance requires special competence.

For nano businesses, municipal-type services become important as they scale and cluster. A single nano unit may not afford its own waste treatment, testing facility, parking, loading area or security arrangements. In an industrial estate or township, common services can reduce individual costs. This highlights why government-supported industrial infrastructure matters for a nano unit.

1.2.6 Extension of Provisions of the Municipal Act

Section 16 states that the Government may, by notification, extend any provision of the Kerala Municipality Act or rules made under it to an Industrial Township Area, incorporating necessary modifications and restrictions. This enables municipal governance provisions to be adapted to an industrial township. The purpose is not to exempt these zones from statutory control, but to provide an appropriate governance framework.

Restrictions and modifications are important because an industrial township is not identical to an ordinary municipality. Some provisions may need to be adapted to industrial land use, internal roads, common facilities or agency-provided services. However, the Authority and enterprises remain accountable to the law. A unit cannot argue that it is outside all civic discipline merely because it is in an industrial township.

This can be understood as a balancing mechanism. Industrial areas require flexibility and speed. At the same time, they require public health, safety, building regulation, waste management and financial accountability. Extension of municipal provisions allows the Government to bring suitable municipal rules into the township framework.

1.2.7 Supplementary and Miscellaneous Provisions

Chapter IV of the Act contains supplementary and miscellaneous provisions. Many people often skip these sections because they appear technical. But these provisions are important because they give the Act operational strength. They deal with overriding effect, directions by Government, returns and inspection, members and officers being public servants, protection of action taken in good faith, irregularity or vacancy not invalidating acts, byelaws, fees, rules, regulations and removal of difficulties.

The overriding effect provision means that, in the context of an area declared as an industrial township, the Act has effect notwithstanding anything inconsistent contained in certain other laws. This helps avoid administrative conflict. Government directions allow the government to guide authorities. Returns and inspection provisions allow



monitoring. Public servant status and good-faith protection support officials who act lawfully under the Act. Byelaws, rules and regulations enable detailed working procedures.

For entrepreneurs, these provisions underscore that the support system is not only about getting permission. It is also about governance after permission. Fees may be collected, inspections may occur, records may be required, and rules may be framed. A good entrepreneur treats compliance as a continuous process.

1.2.8 Industrial Township and Nano Business Opportunities

Table No: 1.2.2: Potential nano business opportunities around an industrial township

Opportunity area	Nano business idea	Support requirement
Food and refreshments	Canteen services, packed snacks, tea/coffee counter, hygienic lunch supply.	Food safety registration, clean kitchen and steady supply chain.
Packaging and labelling	Carton supply, label printing, pouching, eco-friendly packaging.	Small machines, design support and buyer linkages.
Maintenance support	Electrical repair, small machine repair, plumbing and fabrication support.	Technical skill, tools and safety compliance.
Logistics support	Local pickup, last-mile delivery, loading support and inventory movement.	Vehicle access, scheduling and basic digital tracking.
Digital services	GST support, online listing, catalogue design, billing and documentation.	Computer skills, internet access and knowledge of business portals.

Source: Developed for learning purposes from the industrial township concept, cluster approach and support needs of small enterprises.

Industrial townships and industrial areas can help nano businesses in several ways. First, they provide legitimacy. A unit in a recognised industrial area faces fewer neighbourhood objections than a noisy or storage-heavy unit in a residential lane. Second, they provide infrastructure. Shared roads, power, water, drainage and waste systems can reduce the entrepreneur's individual burden. Third, they enable clustering. Similar or complementary units can work near each other, share suppliers, labour pools,

transport and common facilities.

Consider a group of nano food entrepreneurs producing chips, pickles, bakery items, spice powders and ready-to-cook products. Individually, they may struggle with packaging machines, testing, storage and waste management. In an industrial estate or township, a common packaging centre, quality-testing tie-up, cold storage, effluent arrangements, and a logistics point can support many units. Similarly, small engineering units can benefit from common tool rooms, testing facilities and shared transport.

The Kerala Industrial Policy 2023 emphasises entrepreneurship, infrastructure, the transition to hi-tech, skill development, a supportive business environment, Kerala brand equity, and priority-sector industrialisation. Though this unit is about the Single Window Act, the policy context helps us understand why industrial areas and township governance matter. Infrastructure and a supportive business environment are not luxuries; they are conditions for nano businesses to move from survival to sustainable growth.

1.2.9 Responsibilities of Enterprises Inside Industrial Townships

Support is not one-sided. An enterprise located in an industrial township has responsibilities. It must use the allotted premises for permitted operations, follow building and safety conditions, pay applicable taxes and fees, manage waste responsibly, avoid encroachment, comply with pollution and labour standards, and cooperate with inspections. An industrial township provides a business-friendly environment, but enterprises cannot ignore the public interest.

A nano business owner should carefully read allotment conditions, lease/rent terms, building-use restrictions, common-facility rules, and authority circulars. If the enterprise changes its activity, expands machinery, increases workers or introduces a process that creates waste, it should check whether additional approval is required. Many disputes begin when a unit quietly changes its activity from one category to another.

Good compliance can become a competitive advantage. Buyers, e-commerce platforms, institutional purchasers and banks increasingly prefer formal, traceable and compliant enterprises. A nano enterprise in a well-governed industrial area can demonstrate credibility through documents, licences, invoices, quality records, and responsible practices.

1.2.10 Governance Model of an Industrial Township

A township governance model can be understood as a triangle with three sides: infrastructure management, regulatory coordination and enterprise participation. Infrastructure management means maintaining roads, drains, water, lights, waste systems, signage, safety access, and common spaces. Regulatory coordination means permissions, inspections, records, and compliance are handled predictably. Enterprise participation means that entrepreneurs and associations communicate needs, report problems and



cooperate with rules.

In many industrial locations, the difficulty is not only the absence of infrastructure but also the absence of clear responsibility. If a drain is blocked, who should repair it? If a streetlight fails, who is accountable? If common waste accumulates, who pays? If a unit encroaches into the road margin, who acts? An Industrial Township Authority can reduce such uncertainty because it has legal responsibility for administering the township area and securing planned development and maintenance.

For nano entrepreneurs, governance clarity saves time. A very small unit cannot afford to send one person repeatedly to different offices to solve common infrastructure problems. When a township authority maintains records, collects fees transparently and responds to issues, entrepreneurs can focus on production, quality, marketing and finance. This is why institutional design matters even to the smallest business.

1.2.11 Industrial Township as a Cluster Development Platform

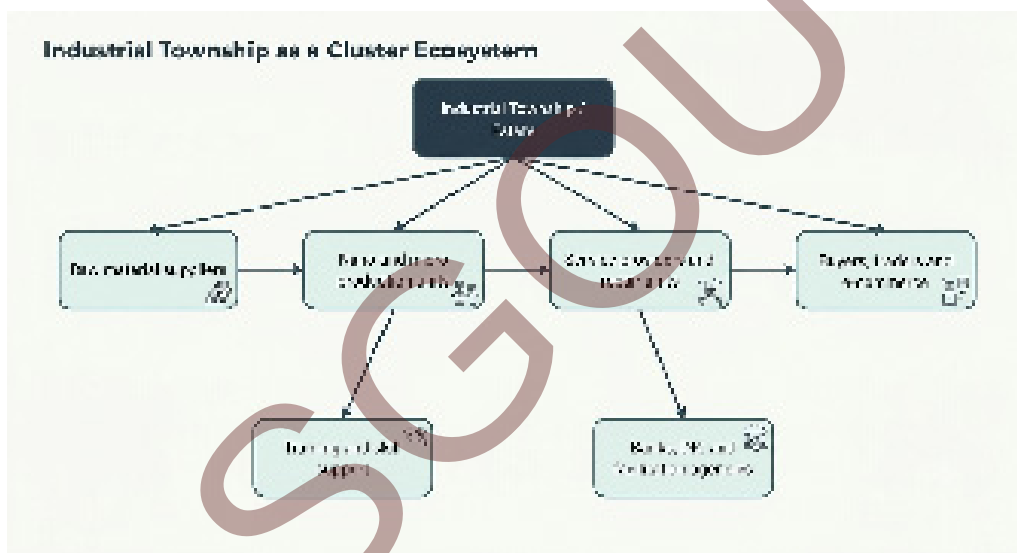


Fig No:1.2.3: Industrial township as a cluster ecosystem for production, services, finance and markets.

A cluster is a group of enterprises located near each other and connected by products, services, skills, markets, or supply chains. Kerala has many entrepreneurial activities that can benefit from cluster thinking, such as food processing, coir, handloom, garments, furniture, bamboo products, spices, Ayurveda-based products, rubber-based goods, light engineering, electrical repair, digital fabrication, logistics and packaging. An industrial township or industrial area can host such clusters by providing common facilities and collective identity.

Cluster development is very useful for nano businesses as individual scale is limited. One nano unit may not afford a testing lab, design service, digital marketing team, packaging machine, cold storage or training hall. Ten or twenty units together may

justify common facilities. Government agencies, industrial associations and educational institutions can support training, quality improvement and product development. The Industrial Policy 2023 also points towards infrastructure, entrepreneurship, skill development and Kerala brand-building, which are closely connected to cluster growth.

One should not think of a township only as land. It can become a learning ecosystem. Entrepreneurs observe each other's machinery, suppliers meet many buyers in one location, workers acquire skills by moving between units, and service providers such as transporters, accountants, repair technicians and packaging suppliers become available nearby. These invisible benefits often matter as much as the visible building.

1.2.12 Risk Management in Industrial Townships

Industrial areas concentrate business activities. Concentration creates efficiency, but it can also create risks. Fire can spread if safety norms are ignored. Waste can accumulate if disposal systems are weak. Traffic can become unsafe if loading and parking are unregulated. Water use can become controversial if extraction is excessive. Labour issues can emerge if enterprises ignore wages, working hours or safety. Therefore, industrial township governance must combine enterprise support with risk management.

For nano entrepreneurs, risk management begins with small habits. Keep electrical wiring safe. Do not overload plug points—store raw materials and finished goods without blocking exits. Keep invoices and stock records. Label chemicals, oils, fuels or cleaning liquids. Train workers in basic emergency response. Dispose of waste only through permitted methods. Keep fire extinguishers where required and service them periodically. These practices may look straightforward, but they protect the enterprise from accidents and legal problems.

A township authority can support risk management by maintaining emergency access, signage, drainage, common waste arrangements, inspection coordination and awareness programmes. Entrepreneur associations can also organise safety days, cleanliness drives and compliance camps. A good industrial township is therefore not only a place of production; it is a place of disciplined production.

1.2.13 Regulatory Documentation in Industrial Locations

Table No:1.2.3: Practical file to maintain after locating in an industrial area or township

File section	Records to keep	Why it is useful
Land/building	Allotment letter, lease deed, rent agreement, building number, layout sketch.	Proves legal occupation and avoids location-related disputes.

Approvals	Single window application, acknowledgements, clearances, licences and renewals.	Helps during inspection, renewal, bank loan and buyer verification.
Utilities	Power connection, water connection, bills and usage records.	Supports cost control and expansion planning.
Safety and environment	Fire safety, waste disposal records, pollution consent if applicable, emergency contacts.	Reduces risk and improves compliance culture.
Business operations	Purchase bills, sales invoices, stock records, employee attendance and customer orders.	Builds credibility with banks, government schemes and customers.

Source: Prepared from practical compliance needs and the common application requirements under the 2021 Rules.

Documentation is a habit that separates a serious enterprise from an informal activity. In an industrial area or township, the entrepreneur may need to preserve allotment letter, lease deed or rent agreement, building details, licences, clearances, consent certificates, electricity connection details, tax and fee receipts, renewal applications, inspection reports, worker records, waste disposal proof and correspondence with the authority. These documents help with renewal, loan applications, subsidy claims, buyer verification, audits, or dispute resolution.

The Single Window Rules, including Form A, illustrate the type of information that an entrepreneur may have to provide, such as promoter details, project details, land details, building details, power and water requirements, capital investment, raw materials, finished products, means of finance, employment opportunities, and enterprise details. Even if a nano unit does not fill every column the same way as a large unit, the logic is still useful for project preparation.

Start a business file from day one. The file may be physical, digital or both. Use clear folders: identity documents, land/building, registrations, licences, finance, purchase bills, sales invoices, labour, tax, bank, portal acknowledgements and correspondence. When government support schemes ask for documents, a disciplined entrepreneur can respond quickly.

1.2.14 Inclusive Entrepreneurship and Industrial Townships

Industrial township planning should not benefit only large units. In Kerala, entrepreneurship development is closely linked with youth employment, women entrepreneurship, return migrants, differently abled entrepreneurs, cooperative

groups, Kudumbashree-related enterprises, SC/ST entrepreneurs and local skill-based producers. If industrial areas are designed only for large sheds and heavy investment, nano entrepreneurs may remain outside the growth pathway. Inclusive planning requires small plots, shared workspaces, plug-and-play sheds, common machinery, training rooms and affordable user charges.

Women entrepreneurs often need safe transport, lighting, sanitation, crèche support, flexible working arrangements and harassment-free premises. Young entrepreneurs need mentoring, digital connectivity and testing/branding support. Traditional artisans need design support and market linkage. Return migrants may need quick guidance on documentation and adapting to local markets. A township or industrial estate that recognises these needs can become a development instrument, not merely a land-allotment mechanism.

This inclusive view is essential. Nano business is not a miniature version of large industry. It is often livelihood-linked, family-supported, locally embedded and socially meaningful. The support system must therefore be judged by how well it helps small entrepreneurs formalise, survive, grow and create dignified employment.

1.2.15 Environmental Responsibility in Industrial Townships

Kerala's industrial development must be responsible because the State has high population density, ecological sensitivity, wetlands, coastal zones, Western Ghats, water bodies and strong public awareness. The Industrial Policy 2023 refers to responsible investment and responsible industry. Industrial townships and industrial areas should therefore be planned with environmental safeguards, not as zones where environmental concerns are ignored.

For nano businesses, environmental responsibility can be practical and affordable. A food unit can segregate biodegradable waste, avoid discharging oil into drains, and maintain pest control. A textile unit can reduce water wastage and dispose of dye-related waste responsibly. A repair workshop can store used oil safely. A packaging unit can minimise plastic waste and use recyclable materials where possible. A service unit can reduce energy consumption. These small actions build public trust.

Environmental compliance is also a market issue. Customers increasingly prefer clean, safe and responsible products. Banks and buyers may ask for compliance documents. Local communities support enterprises that do not create nuisance. Thus, responsible township governance and responsible nano entrepreneurship can reinforce each other.

1.2.16 Step-by-Step Illustration: Shifting a Nano Packaging Unit to an Industrial Estate

Shifting a nano packaging unit to an industrial estate requires careful planning and regulatory compliance. The entrepreneur must evaluate the need for relocation, select a suitable location, obtain the necessary approvals and maintain all relevant records. The following steps illustrate the process.



Step 1: Assess the Need for Shifting

Examine whether relocation is necessary because of inadequate space or power supply, neighbour complaints, business expansion, storage limitations, safety concerns or logistical difficulties.

Step 2: Identify a Suitable Industrial Location

Select an appropriate industrial estate, mini-industrial estate, private industrial park or common facility centre based on the unit's operational requirements.

Step 3: Verify the Legal Status of the Area

Confirm whether the proposed location is officially notified as an industrial area and determine whether any industrial township or development authority rules apply.

Step 4: Examine the Land or Shed Conditions

Check the allotment procedure, rent or lease terms, permitted industrial activities, building suitability, and the availability of essential utilities such as electricity, water, and road access.

Step 5: Prepare the Project Details

Compile information regarding the proposed investment, machinery, products, raw materials, employment, waste generation, pollution-control measures and safety requirements.

Step 6: Apply for the Required Clearances

Use the relevant District Industries Centre (DIC), Industrial Development Board or KSWIFT route to obtain the applicable clearances. Submit a composite application where required.

Step 7: Maintain Regulatory Documentation

Preserve the allotment letter, lease or rent agreement, clearance certificates, payment receipts, approved building details and documents specifying the applicable compliance conditions.

Step 8: Complete the Shifting and Ensure Compliance

After relocating the unit, follow the rules of the industrial estate or authority, comply with all approval conditions and renew licences and registrations within the prescribed time.

Learning Aid: Is an Industrial Location Suitable for a Small Enterprise?

Table No: 1.2.4: Practical suitability test for choosing an industrial location.

Factor to check	Why it matters	Evidence to collect
Access road and transport	Movement of raw materials, finished products, workers and emergency vehicles	Road width, distance from main road, loading space

Power and water	Production cannot be stable without reliable utilities	Sanctioned load, transformer availability, water source
Waste and effluent handling	Improper handling can lead to complaints, penalty and closure	Waste plan, pollution category, common facility availability
Building suitability	Safe layout reduces accident risk and improves productivity	Building permit, occupancy, ventilation, fire safety
Cost and expansion possibility	Low rent is not useful if future expansion is impossible	Lease terms, space availability, maintenance charges
Market and labour access	Location should support both supply and sales	Distance to market, labour availability, digital delivery options

Learning Aid: Compliance File for an Enterprise in an Industrial Township

Table No: 1.2.5: Suggested compliance file for units functioning in industrial locations.

Folder	Documents to keep	Use
Identity and constitution	Aadhaar/PAN, partnership deed, company/LLP documents if any	Proof of promoter and legal form
Land/building	Lease deed, allotment order, building number, approved plan if applicable	Location and premises verification
Clearances and renewals	Single window licence, pollution consent, fire approval, local body licence, electricity approvals where relevant	Inspection, renewal and audit support
Finance	Project report, loan sanction, subsidy applications, invoices	Credit, incentive and tax-related evidence
Operations	Raw material records, production register, stock register, sales invoices	Business management and traceability
Safety and environment	Waste disposal records, safety training record, emergency contacts	Responsible operation and risk reduction



Recap

- ◇ An Industrial Township is a planned industrial area with a special governance and service framework.
- ◇ The Act provides for the establishment of an Industrial Township and the constitution of an Industrial Township Authority.
- ◇ Municipal-type provisions may be extended to ensure orderly services and regulation inside the township.
- ◇ Industrial townships can support small enterprises by providing infrastructure, clustering and market linkages.
- ◇ Location advantage does not remove the need for compliance with safety, labour, environment and documentation duties.
- ◇ A small enterprise should evaluate road access, utilities, waste systems, cost, expansion and market access before choosing a location.
- ◇ Industrial areas can promote inclusive entrepreneurship when women, youth, artisans and service providers are linked to common facilities.
- ◇ The best use of an industrial township comes from responsible, record-based and growth-oriented enterprise management.

Objective Questions

1. Which term denotes a planned industrial governance area under the Act?
2. Which body administers the affairs of an industrial township?
3. Which type of provisions may be extended to an industrial township for civic governance?
4. Which common facility is essential for movement of goods?
5. Which resource is needed for running machinery?
6. Which document proves the right to use allotted or rented premises?
7. Which file should preserve licences and renewals?
8. Which approach groups related enterprises in one area?
9. Which practice reduces pollution and public complaints?
10. Which value should guide industrial growth in Kerala's ecological context?

Answers

1. Township
2. Authority
3. Municipal
4. Road
5. Power
6. Lease
7. Compliance
8. Cluster
9. Waste management
10. Responsibility

Self-Assessment Questions

1. What is an Industrial Township? Explain its features in simple terms.
2. Why does an industrial area require a separate governance arrangement?
3. How can municipal provisions help an industrial township function better?
4. What opportunities can industrial townships create for small manufacturing and service enterprises?
5. List the major documents a small enterprise should maintain after shifting to an industrial estate or park.
6. Explain the link between industrial township development and responsible entrepreneurship.
7. What risks may arise if an enterprise ignores waste management, safety and local planning requirements?



Assignments

1. Identify the nearest industrial estate, development area or industrial park in your district and prepare a brief profile of its location, facilities and types of units.
2. Prepare a location-comparison chart for a proposed small bakery unit: home-based space, rented commercial room and industrial estate shed.
3. Create a simple layout plan for a small packaging unit showing raw material storage, machine area, finished goods area, worker movement and waste collection point.
4. Interview one entrepreneur located in an industrial area and record the advantages and difficulties experienced by the unit.
5. Prepare a compliance calendar for one year showing renewal dates, tax filings, safety checks and waste disposal documentation.
6. Design a poster for enterprises in an industrial township on “Clean, Safe and Responsible Production”.
7. Prepare a short note recommending how industrial townships can support women-led and youth-led nano enterprises in Kerala.

Reference

1. Government of Kerala. (2000). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999* (Act 5 of 2000). Kerala Gazette Extraordinary.
2. Government of Kerala. (2021). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Rules, 2021*. Industries Department.
3. Government of Kerala, *Department of Industries and Commerce*. (2023). Kerala Industrial Policy 2023.
4. Government of Kerala. (2025). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Bill, 2025*. Kerala Legislature Secretariat.
5. Manickal Grama Panchayath v. *Single Window Clearance Board, W.P.(C) No. 10381 of 2024* (Kerala High Court, 2025).

Suggested Reading

1. Directorate of Industries and Commerce, *Government of Kerala*. (n.d.). Industrial estates, parks, schemes and enterprise facilitation resources.
2. *Kerala State Industrial Development Corporation*. (n.d.). Investor facilitation and industrial infrastructure resources.
3. *Kerala Institute for Entrepreneurship Development*. (n.d.). Entrepreneurship development training and mentoring resources.
4. Ministry of Micro, *Small and Medium Enterprises, Government of India*. (n.d.). MSME development, cluster support and enterprise registration resources.

BLOCK

2

The Kerala Investment Promotion and Facilitation Act, 2018

Unit 1

The Kerala Investment Promotion and Facilitation Act, 2018

Learning Outcomes

After completing this unit, learners will be able to:

- ◇ explain the purpose and background of the Kerala Investment Promotion and Facilitation Act, 2018
- ◇ identify the facilitation features that help reduce delays in licences, permissions, approvals and clearances
- ◇ relate the Act to the wider ease-of-doing-business ecosystem, including K-SWIFT and investor facilitation mechanisms
- ◇ distinguish between a legal approval requirement and an administrative facilitation mechanism
- ◇ prepare a practical compliance-readiness note for a small or nano-level business activity in Kerala

Prerequisite

Before starting this unit, it helps to have a basic picture of how a small business typically begins. A person may have an idea for a tailoring unit, a home-based food processing activity, a printing service, a small fabrication unit, a packaging service or a digital service studio. However, a business idea becomes a real enterprise only when the entrepreneur finds a suitable place, determines whether any trade licence, registration, labour record, safety clearance, electricity connection, building permission, or pollution-related consent is needed, and keeps basic documents ready. Read the Kerala Investment Promotion and Facilitation Act, 2018 against this practical background: it is not merely a legal text; it is part of a larger administrative effort to reduce avoidable waiting, confusion, and repeated office visits.

It is also important to remember that facilitation does not mean freedom from responsibility. A responsible entrepreneur must still follow building rules, labour norms, safety standards, environmental conditions, local body requirements and tax-related obligations wherever they apply. The facilitation approach aims to



change how the State communicates requirements, receives applications, delivers services, and holds officers accountable for time-bound decisions. Therefore, while studying this unit, try to imagine a real person who wants to start a small enterprise with limited capital, limited time and limited legal knowledge. The unit explains how a better approval ecosystem can help such a person move from confusion to clarity.

Keywords

Investment facilitation; Approval; K-SWIFT; Common Application Form; Deemed approval; Designated officer; Ease of Doing Business

Discussion

2.1.1 Introduction

The Kerala Investment Promotion and Facilitation Act, 2018 (https://prsindia.org/files/bills_acts/acts_states/kerala/2018/Act%2013%20of%202018%20Kerala.pdf) is best understood as a reform-oriented legal step in Kerala's movement from a paper-heavy and office-centred approval system towards a more predictable and investor-friendly system. In older administrative practice, entrepreneurs often had to identify departments one by one, collect forms from different offices, interpret requirements by themselves, wait for separate inspections and repeatedly follow up with different authorities. For a large investor, this delay may be manageable with professional assistance; but for a small or nano entrepreneur, it can become discouraging. Someone with a modest business idea may abandon the plan simply because the process seems uncertain. The Act addresses this problem by legally supporting time-bound, simplified procedures.

2.1.2 Objectives of the Kerala Investment Promotion and Facilitation Act, 2018

The official text of the 2018 Act states that it was enacted to give effect to proposals of the Government of Kerala to avoid delays in granting various licences, permissions, approvals and clearances required under different enactments. This objective is simple but powerful. It means that the law is not concerned only with one department or one licence. It concerns the behaviour of the approval system. For a nano business, such systemic reform matters because the smallest enterprises usually do not have a legal department, compliance team, or consultant. They need clarity, reasonable timelines and accessible guidance.

2.1.3 Kerala's Investment Facilitation Ecosystem

The Act must align with Kerala's broader industrial support ecosystem. The State has attempted to build a single-window mechanism through K-SWIFT, investor facilitation cells and information portals. The Industries Department order on BRAP 2020 explained that Kerala had strengthened the Single Window Clearance

Mechanism to expedite procedures, bring transparency and accountability, reduce the number of government approvals required to set up an industry and reduce the time taken for approvals and renewals. This means that the Act is one legal pillar, while the portal, dashboard, helpdesk, information wizard and departmental procedures are administrative pillars that support the same policy direction.

In practical terms, a nano entrepreneur should not read the Act as a magic short-cut. Instead, they should see it as an enabling framework. The law encourages government systems to become quicker and more accountable, but entrepreneurs must still be prepared. A fully prepared entrepreneur knows the activity, location, ownership or lease status of the premises, approximate investment, labour requirements, electricity and water needs, waste generation, and safety considerations. Facilitation works best when both sides act responsibly: the entrepreneur submits accurate information, and the authority processes the application within the stated procedure.

2.1.4 Key Elements of the Investment Facilitation System

Kerala Investment Facilitation Ecosystem for a Nano Enterprise

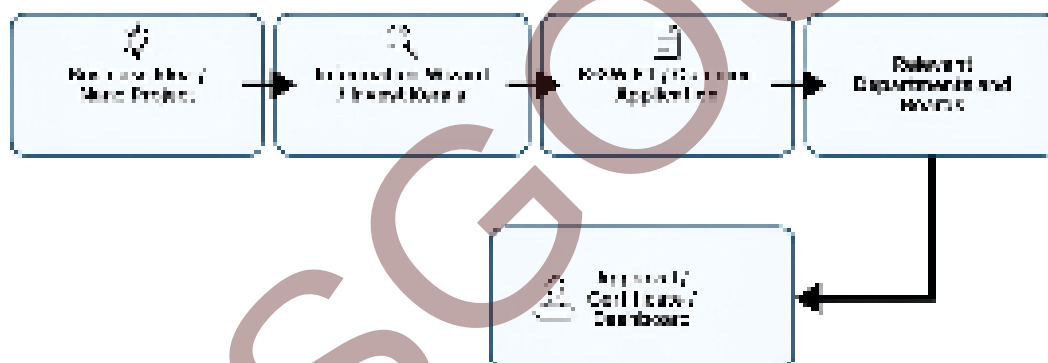


Fig No:2.1.1: Kerala Investment Facilitation Ecosystem for a Nano Enterprise

Source: Prepared based on Government of Kerala legislation and Industries Department orders on investment facilitation and single-window mechanisms.

The investment facilitation system can be understood through four interconnected elements. First, the legal framework establishes the basis for simplifying and accelerating approvals. Second, the single-window mechanism provides a common channel for entrepreneurs to obtain information and submit applications. Third, participating departments examine applications and issue the licences, permissions, or clearances within their jurisdiction. Fourth, facilitation cells, status-tracking facilities and grievance-redressal mechanisms help entrepreneurs resolve procedural difficulties.

For a nano enterprise, these elements form a connected support system rather than separate administrative arrangements. The entrepreneur enters the system with a business proposal and the required documents. The facilitation mechanism then identifies the applicable approvals, directs the application to the relevant authorities, and enables

the applicant to monitor its progress. However, the entrepreneur remains responsible for providing accurate information, complying with licence conditions and obtaining renewals when required.

Figure 2.1.1 presents the relationship among the major components of Kerala's investment facilitation ecosystem and shows how they collectively support a nano enterprise.

2.1.5 Features of the Investment Facilitation Framework

The significance of this reform becomes clearer when the older approval practices are compared with the facilitation-oriented approach. Table 2.1.1 compares these across five practical areas: access to information, submission of applications, processing timelines, follow-up, and administrative accountability.

Table No:2.1.1: From conventional approval practice to facilitation-oriented practice

Area	Conventional experience	Facilitation-oriented approach	Practical meaning for a nano enterprise
Information	The entrepreneur often relies on informal advice or makes multiple office visits.	Information is expected to be available through portals, guidance material and investor facilitation mechanisms.	A small promoter can start with a checklist instead of guesswork.
Application	Multiple forms may repeat the same basic details.	Common application and online submission reduce repeated data entry.	Less clerical burden and better submission records.
Timeline	Uncertainty about how long an approval may take.	Time-bound processing and dashboard tracking are encouraged.	Business planning becomes more realistic.
Follow-up	Physical follow-up with many offices may be required.	Application ID, online status, SMS/email alerts and query modules can reduce repeated visits.	Useful for entrepreneurs with limited time and mobility.
Accountability	Delay may be difficult to trace.	Designated officers, committee-based redressal and service records make delay more visible.	A person can ask for reasons and use grievance mechanisms when necessary.

Source: Synthesised from the Kerala Investment Promotion and Facilitation Act, 2018; Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 as amended; and Industries Department BRAP orders.

A key learning point is that legal reforms and portal reforms must be read together. The Act may amend selected provisions of existing laws, but the business user experiences the reform through the actual process of registration, acknowledgement, filing, fee payment, query response and certificate download. For example, the BRAP order describes K-SWIFT as a unified e-platform intended to provide clearances and renewals for starting and operating an industry within the specified time frame. It also explains that online filing, supporting document submission, online payment, application tracking and digital approvals reduce the need for physical interaction with regulatory authorities. These are exactly the kinds of improvements that help smaller enterprises.

The investment facilitation approach is also connected with a change in the language of regulation. Earlier, small entrepreneurs often heard only words such as licence, inspection, objection and penalty. The reform language adds words such as facilitation, acknowledgement, information wizard, investor query, time limit, dashboard, single business ID and grievance redressal. This does not remove regulation; rather, it aims to make regulation more predictable and service-oriented. A good entrepreneur must understand both sides: the duty to comply and the right to receive timely service.

Table No: 2.1.2: Major legal and administrative features useful for understanding the 2018 facilitation framework

Feature	Explanation	Why it matters
Avoiding delay	The Act is framed around avoiding delay in licences, permissions, approvals and clearances.	Delay is a hidden cost; it can increase rent, interest, wage costs, and uncertainty.
Amendment of existing laws	The Act/related reforms amend provisions in existing sectoral laws instead of creating one completely separate approval code.	Entrepreneurs must still understand the specific law relevant to their activity.
Same-day acknowledgment principle	The amendment to the Kerala Shops and Commercial Establishments Act inserts a same-day element for receipt of application in the prescribed form.	An acknowledgement helps prove that the application was submitted and the process has started.
Rationalisation of headload worker provisions	The amendment clarifies the use of skilled persons or machinery for certain works and links wages to engagement of services.	Important for units that use machinery, loading, unloading or skilled handling.

Integration with single-window reforms	K-SWIFT and common application procedures form the operational face of investment facilitation.	A nano enterprise can use digital filing, tracking and payment mechanisms.
Grievance redressal linkage	Later amendments to the single-window law added District and State Grievance Redressal Committees for delay or denial of services.	The entrepreneur gets a structured route when the service is not provided in time.

Source: Based on Government of Kerala, Law Department notification on the Kerala Investment Promotion and Facilitation Act, 2018; Government of Kerala Industries Department BRAP orders; and subsequent amendments to the single-window law.

2.1.6 Acknowledgement and Procedural Certainty

The acknowledgement feature deserves special attention. Many small business disputes begin with a simple problem: the entrepreneur says an application was submitted, but there is no reliable proof of date, documents or status. Once acknowledgement becomes part of the procedure, the applicant can identify when the time limit begins, what documents were submitted and whether the authority raised any defects. A good practice is to maintain a digital and physical folder for every application. This folder should include application copy, acknowledgement, fee receipt, uploaded documents, clarification letters, inspection notes, approval certificate and renewal reminder.

2.1.7 Simplified and Time-Bound Approval Process

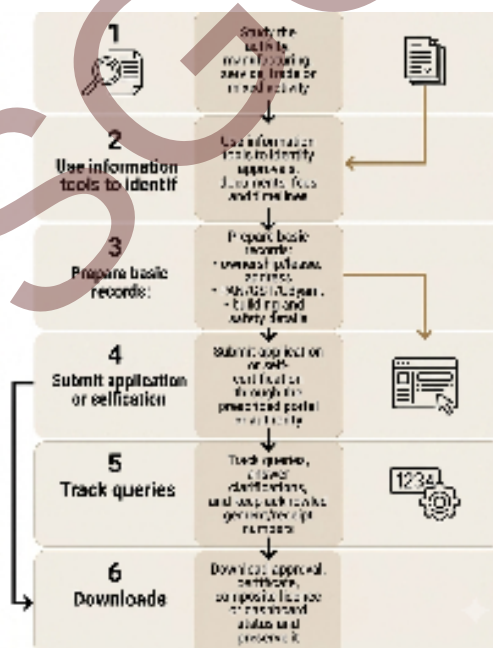


Fig No:2.1.2: Simplified approval journey after facilitation reforms.

Source: Prepared based on the K-SWIFT process described in Government of Kerala Industries Department orders and user guidance documents

The Kerala Investment Promotion and Facilitation Act, 2018 may look short compared with some other business laws, but its impact lies in how it supports procedural certainty. It is not a full business manual. It does not tell an entrepreneur how to price a product, choose a market or manage cash flow. Its focus is administrative facilitation. Combined with K-SWIFT, Single Window Boards, District Industries Centres, and the grievance redressal mechanism, it creates a more navigable environment for those who want to start or expand enterprises in Kerala.

2.1.8 Scope and Limitations of Investment Facilitation

One common misunderstanding is that a small enterprise may think that if a portal exists, all legal duties are automatically covered. This is not correct. The portal is a route for application and tracking; it is not a substitute for truthful disclosure, correct location selection, safe premises, labour compliance, fire safety or environmental responsibility. The business promoter must select the right activity and carefully check whether the unit is manufacturing, service, trading or a mixed activity. A small pickle unit, a bakery, a design studio, a repair service and a welding unit may need different permissions because their risks and statutory contexts differ.

2.1.9 Relevance of the Act to Small and Nano Enterprises

The second misunderstanding is that investment facilitation is only for large investors. The word investment may sound big, but the benefit of clarity is often more valuable for small persons than for large investors. A large project can hire consultants and lawyers. A nano business may be started by a youth, homemaker, return migrant, self-help group member, artisan or family partnership. For such a promoter, a clear application route, an information wizard, a single-window platform, and a reliable grievance mechanism can determine whether the business starts on time.

2.1.10 Enterprise Readiness before Filing an Application

Table No:2.1.3: Practical readiness checklist before approaching facilitation systems

Readiness item	Questions to ask	Record to keep
Business identity	What is the name of the unit? Is it a proprietorship, partnership, company, LLP, cooperative, SHG or another form?	PAN, Aadhaar as applicable, Udyam/ GST where applicable, partnership deed or incorporation record.
Location	Is the activity allowed at the selected premises? Is the building suitable? Is the land owned, rented or leased?	Ownership document, lease/rent agreement, building number, local body details, sketch or location proof.



Nature of activity	Is it manufacturing, service, trade or mixed? Does it create waste, noise, heat, smell, dust or traffic?	Brief process note, product/service list, raw material list, waste handling note.
Utilities	How much electricity and water are required? Is there machinery?	Load requirement, machinery list, electrical safety details, water source.
Labour and safety	Will workers be employed? Are there shifts, fire risks, lifting/loading or hazardous materials?	Employee list, wage records, safety equipment list, fire extinguisher record where required.
Financials	What is the estimated project cost and working capital need?	Project cost sheet, bank details, loan sanction if any, cash flow estimate.
Application tracking	Have you saved the application ID, date, and receipt?	Acknowledgement, screenshots, receipt, email/SMS alerts, query replies.

Source: Prepared from official forms and procedures in the single-window and MSME facilitation framework, adapted for small and nano-level business use.

A realistic way to use the facilitation framework is to prepare a short enterprise note before filing any application. This note need not be a long project report. It can be a two-page practical document containing the proposed business name, promoter details, location, activity, machinery, power, water, employees, expected turnover, expected waste, possible approvals, and the expected date of commencement. Such a note helps the entrepreneur answer questions consistently across forms and portals. It also helps when approaching the District Industries Centre, bank, local body, electricity office or pollution control office.

2.1.11 Digital Filing and Documentation Requirements

The role of digital systems should be understood carefully. Digital filing reduces physical barriers, but it also demands accuracy. If an entrepreneur uploads the wrong file or enters an incorrect survey number, the process may be delayed. Therefore, digital literacy becomes part of business literacy. A nano entrepreneur should learn how to scan documents clearly, name files properly, save application numbers, keep passwords securely, check the dashboard and respond to queries within time. A mobile phone can become a compliance tool if used carefully.

2.1.12 Application Timelines and Record Keeping

For a small or nano enterprise, the most useful habit is to think in timelines. When was the application filed? When was the acknowledgement received? When did the authority raise a query? When was the reply submitted? What is the prescribed time limit for the service? Has any inspection been scheduled? Did the authority communicate reasons for refusal? These questions convert anxiety into evidence. They also become important if the entrepreneur later needs to use a grievance redressal mechanism.

2.1.13 Broader Objectives and Principles of Investment Facilitation

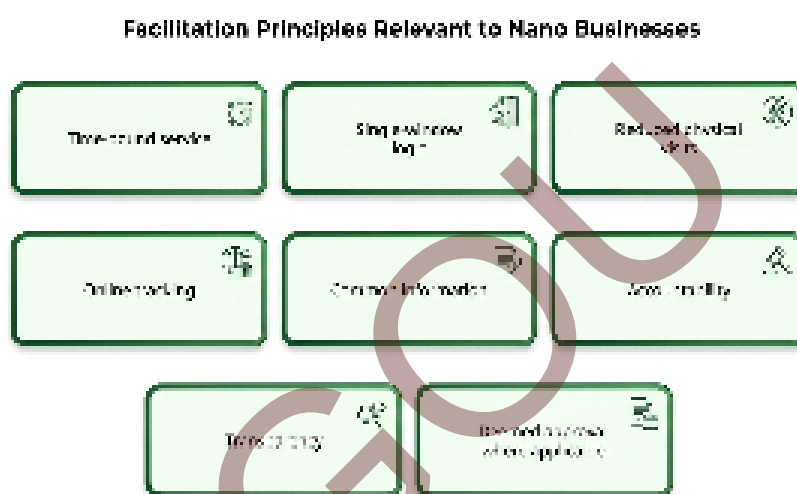


Fig No:2.1.3: Facilitation principles relevant to nano businesses.

Source: Prepared based on the objectives and operational logic of Kerala investment facilitation reforms.

The objectives of investment facilitation are not limited to speed. They also include transparency, predictability, accountability and confidence-building. If the investor knows the checklist and timeline, the approval process becomes less intimidating. If the portal shows the status, the investor need not depend only on informal follow-up. If a query is raised in one iteration rather than repeatedly, the applicant can correct the defect. If an approval certificate can be verified with a unique number or digital system, it becomes easier to show the document to a bank, buyer, landlord or other authority.

2.1.14 Responsible Use of Facilitation Provisions

However, one must also be warned against misuse. Facilitation provisions cannot be used to hide facts, ignore safety, occupy unsuitable land, avoid environmental norms or operate without required conditions. The spirit of the reform is to help genuine enterprises, not to create shortcuts for risky or illegal operations. Nano businesses are often located close to homes, roads, markets and neighbourhoods. Therefore,

responsible compliance is also a matter of community trust. A food unit should be hygienic; a repair unit should manage noise and waste; a small manufacturing unit should maintain safety; and a service unit should respect local body and labour norms.

2.1.15 Responsibilities of Government and Entrepreneurs

Kerala's investment facilitation system should therefore be seen as a partnership model. The government side provides legal reforms, portals, information, time limits and grievance systems. The entrepreneur side provides accurate information, compliance, safety and responsible conduct. When both sides work well, nano businesses can start faster, survive better and become part of a local employment ecosystem. A nano unit that grows into a micro or small enterprise will later need stronger compliance systems, but its first experience with the State should not be confusing or discouraging.

Table No: 2.1.4: Illustrative situations and how facilitation thinking helps

Situation	Likely difficulty	Facilitation response	Good practice
Home-based food product unit wants to expand to a rented shop.	Uncertainty about local body licence, health/hygiene requirements and electricity load.	Use information wizard/industry facilitation support to list required approvals and file through the proper route.	Prepare process note, floor plan, waste plan, rent agreement and product list.
Small fabrication unit with machinery.	Possible issues of noise, safety, power load, building suitability and labour records.	Use common application logic and contact appropriate departments through single-window or DIC support.	Keep the machinery list, load requirements, safety equipment, and worker details ready.
Digital service studio operating from a commercial room.	Confusion whether industrial permissions apply or only commercial establishment registration is needed.	Check activity type and required registrations using official guidance.	Maintain rent agreement, registration certificate and tax records.
Small enterprise receives no response after application.	No clarity whether file is pending, defective or rejected.	Use the dashboard, query module, and grievance route if the prescribed time expires.	Preserve application ID, acknowledgement and dates.
Existing unit wants renewal.	Renewal dates missed due to poor record keeping.	Use portal dashboard/alerts and keep a renewal calendar.	Track validity of every certificate at least 60 days before expiry.

2.1.16 Administrative Accountability and Causes of Delay

The Act and associated reforms also encourage a shift in public administration. Officers are expected to work in a manner that respects timelines and records reasons. This is not merely a favour to entrepreneurs. It is a requirement of good governance. Delays in public service have economic effects: they postpone production, employment, tax contribution, and market entry. A small enterprise that cannot start on time may lose orders, customers and confidence. Therefore, time-bound service should be treated as part of economic development.

At the same time, the entrepreneur must learn to distinguish between a delay caused by the authority and a delay caused by incomplete submission. If documents are missing, information is false, the site is unsuitable, or the activity creates statutory risk, the authority may be justified in asking for clarification or refusing approval with reasons. A grievance mechanism is not meant to bypass valid objections. It is meant to correct unreasonable denial, unexplained delay or failure to provide a service within the prescribed timeline.

2.1.17 Mapping the Approval Life Cycle

A useful practical exercise is to map the approval life cycle of any chosen business. Start with the idea, then write down the location, activity, ownership, machinery, labour, electricity, water, waste and market. Next, identify possible approvals. Then list what can be submitted online, what needs supporting documents and what requires inspection. Finally, prepare a timeline for application, query response, approval and renewal. This exercise converts the Kerala Investment Promotion and Facilitation Act from an abstract law into a working tool for business planning.

In conclusion, the Kerala Investment Promotion and Facilitation Act, 2018 may be seen as a gateway reform. It signals that the State wants to avoid delays and create a more conducive environment for investments. In practice, it means a combination of legal amendments, single-window procedures, information availability, online filing, accountable officers, and grievance redressal. For a nano business, the most important lesson is this: know your activity, prepare your documents, use official channels, track timelines, respond to queries, comply with conditions and preserve every record.

2.1.18 Using the Act in a Realistic Nano Business Journey

Imagine a small group starting a spice cleaning, grading, and packing unit using locally sourced pepper, cardamom, and dry ginger. The investment is modest, the premises are rented and the workers are family members and two neighbours. At first sight, the business appears simple. But the promoter still must consider the activity category, building suitability, cleanliness, electricity load, packaging material, waste disposal, local body permission, food-related compliance, and records needed for sale. The facilitation framework helps because it encourages the promoter to start with information, not assumptions.



The first step is not filling a form. The first step is defining the activity in clear language. If the promoter says, “spice business”, it may mean retail trade, wholesale distribution, cleaning and grading, grinding, packing, branding or online sale. Each version can have different compliance implications. Therefore, the entrepreneur should prepare a one-page process description: raw spices are received, cleaned manually or mechanically, dried if needed, sorted, packed, labelled and stored. This description helps the authority, banker and support agency understand the actual risk level and requirements.

The second step is location verification. Many nano businesses begin from homes or small rented rooms. But not every location suits every activity. A unit involving grinding, smoke, strong smells, noise, or waste may raise neighbourhood concerns. A unit involving food items needs hygiene and storage standards. A unit using machinery needs safe wiring and suitable power load. Facilitation helps the entrepreneur identify requirements, but the entrepreneur must choose a realistic location. A cheaper room that later fails compliance can become costlier than slightly better premises chosen at the beginning.

The third step is the approval folder. Even before online submission, the entrepreneur can create a folder named “Enterprise Approvals”. It may include identity documents, address proof, rent agreement, building number, project cost sheet, machinery list, worker details, photos of premises, process note and financial estimate. This folder can also be maintained digitally. When you need the same details in different forms, consistency becomes easier. Inconsistent spelling of the unit’s name, an incorrect address, or changing project costs can create avoidable confusion.

The fourth step is to use official guidance. The advantage of an information wizard or facilitation cell is not merely that it lists approvals. It trains the entrepreneur to think in categories: pre-establishment, pre-operation, operation and renewal. Pre-establishment relates to site, building, permission and initial set-up. Pre-operation covers permissions required before commercial operation. Operation covers ongoing conditions, records, and inspections. Renewal relates to validity periods. A nano business that learns this cycle early will face fewer surprises as it grows.

The fifth step is disciplined communication. A promoter should avoid depending only on verbal assurances. If an officer asks for a document, the promoter should upload it or submit it with acknowledgement. If a query is raised, the reply should mention the application number, query date and list of documents attached. If a call centre or helpdesk gives guidance, the promoter should note the reference number. This discipline is not bureaucratic; it is protective. It prevents the business from losing time because of missing proof.

The sixth step is renewal planning. Many entrepreneurs focus only on starting the business. But licences, registrations, certificates and consents may have validity periods. A facilitation-oriented entrepreneur prepares a renewal calendar. The calendar should record the certificate name, number, date of issue, validity, renewal deadline, responsible person and portal/office. For a nano enterprise, a missed renewal can

interrupt operations, delay bank processes or create penalties. Therefore, the support system should be used not only to start but also to maintain continuity.

The seventh step is ethical compliance. A small enterprise may be tempted to understate activity, hide machinery or operate from an unsuitable location. This may seem to save time at the start, but it creates risk. If misrepresentation is later discovered, the business may face cancellation, penalty or loss of public trust. The better route is to disclose the actual activity, seek guidance, and comply with applicable conditions. Facilitation is designed for genuine enterprises that want to operate responsibly.

Table No: 2.1.5: Mini approval-readiness worksheet for a nano enterprise

Worksheet item	What the entrepreneur should write	Why it helps
Activity description	One paragraph explaining what is made or what service is provided.	Helps identify relevant approvals and risk category.
Premises details	Building number, ward, local body, ownership/rent/lease, floor area and access.	Avoids confusion in local body and utility applications.
Resource requirement	Power load, water need, workers, machinery and storage.	Helps departments assess safety and utility requirements.
Compliance concern	Waste, noise, odour, fire risk, food safety or labour issue.	Encourages early risk management.
Application record	Application number, date, fee receipt, dashboard status and query replies.	Protects the entrepreneur if there is a delay or denial.

Source: Prepared as a practical learning tool from the facilitation logic in Kerala investment and single-window reforms.

Anyone without legal training can prepare a worksheet like this. Its value lies in converting scattered information into a structured business file. When the entrepreneur later meets a bank officer, Industries Extension Officer, local body official or K-SWIFT helpdesk, the answers will be ready. This reduces anxiety and shows seriousness. In many cases, good preparation can solve half of the approval problem before the application is even submitted.

Another practical issue is language. Many entrepreneurs are comfortable in Malayalam, while forms and portals may use English terms. A bilingual vocabulary list can help: approval, consent, registration, licence, permit, renewal, acknowledgement, query, clarification, dashboard, and appeal. Once you understand these words, government communication becomes less intimidating. The purpose of self-learning is not to memorise legal sections alone but to make the entrepreneur confident enough to interact with the system.



Table No:2.1.6: Building a compliance folder for the first year of operation

Folder section	Documents to include	Review frequency
Identity and constitution	PAN, Aadhaar where required, Udyam, GST if applicable, partnership deed or incorporation record.	When ownership or status changes.
Premises	Ownership document or rent/lease agreement, building number, location map, photos and floor plan if needed.	Before filing applications and before renewal.
Approvals	Trade licence, registration certificate, consent, fire/safety/electricity documents as applicable.	Monthly check of validity dates.
Operations	Purchase bills, sales records, worker attendance, wage records, waste records and maintenance logs.	Weekly or monthly, depending on activity.
Communication	Acknowledgements, emails, SMS screenshots, dashboard status, query replies and orders.	Immediately after every interaction.

The compliance folder also teaches a wider entrepreneurial skill: documentation discipline. Nano businesses often fail to access schemes, loans, markets or formal buyer networks because their records are weak. Investment facilitation should therefore be linked with enterprise formalisation. A business that keeps approvals, bills, worker records and renewal dates properly is better prepared for bank credit, subsidy claims, quality certification, e-commerce onboarding and growth. In this sense, the Kerala Investment Promotion and Facilitation Act is not only about government speed; it indirectly encourages entrepreneurs to become more organised.

Recap

- ◇ The Act aims to reduce delays in licences, permissions, approvals and clearances.
- ◇ Facilitation improves access to information, application filing, tracking and accountability.
- ◇ K-SWIFT and investor facilitation systems form the operational side of the reform.
- ◇ A nano enterprise must still comply with location, building, labour, safety and environmental requirements.
- ◇ Acknowledgements, application IDs and dashboard records are important evidence.

- ◇ Good preparation by the entrepreneur is essential for faster service.
- ◇ Facilitation is a responsible pathway, not a shortcut for non-compliance.

Objective Questions

1. Which Act is the focus of this unit?
2. Which word describes official permission to operate?
3. Which portal supports single-window clearance in Kerala?
4. Which document proves receipt of application?
5. Which reform value means openness of process?
6. Which business record identifies tax registration?
7. Which term means treated as granted after delay?
8. Which type of cost increases when approvals are delayed?
9. Which tool helps track application status?
10. Which attitude must accompany facilitation?

Answers

1. KIPFA
2. Approval
3. KSWIFT
4. Acknowledgement
5. Transparency
6. PAN
7. Deemed
8. Time
9. Dashboard
10. Compliance



Self-Assessment Questions

1. Explain the purpose of the Kerala Investment Promotion and Facilitation Act, 2018.
2. Why is time-bound processing more important for a nano enterprise than for a large enterprise?
3. Distinguish between facilitation and exemption with suitable examples.
4. Prepare a short note on how K-SWIFT supports the spirit of investment facilitation.
5. What documents should a small entrepreneur preserve after filing an application?
6. How can an entrepreneur avoid delays caused by incomplete or inconsistent information?
7. Discuss how transparency and accountability improve trust between entrepreneurs and government offices.

Assignments

1. Select any one nano business idea and prepare a two-page approval-readiness note covering location, activity, power, water, workers, waste and possible approvals.
2. Visit the K-SWIFT or Invest Kerala portal and prepare a screenshot-based note on the type of information available for a new enterprise. Do not enter personal data; use only general information.
3. Prepare a checklist of documents required for a rented-premises nano business such as a tailoring centre, repair shop, packing unit or food processing unit.
4. Interview a local entrepreneur and write a one-page reflection on approval difficulties faced during business start-up or renewal.
5. Create a simple timeline chart for filing, acknowledgement, query response, approval and renewal for a chosen enterprise.
6. Prepare a model file index for preserving business approval documents both physically and digitally.
7. Compare conventional office-based application follow-up with online application tracking and explain which is more useful for a small entrepreneur.

Reference

1. Government of Kerala. (2018). *The Kerala Investment Promotion and Facilitation Act, 2018 (Act 13 of 2018)*. Law (Legislation-C) Department, Kerala Gazette Extraordinary. https://prsindia.org/files/bills_acts/acts_states/kerala/2018/Act%2013%20of%202018%20Kerala.pdf
2. Government of Kerala. (2018). *The Kerala Investment Promotion and Facilitation (No. 2) Act, 2018 (Act 14 of 2018)*. Law (Legislation-C) Department, Kerala Gazette Extraordinary.
3. Government of Kerala. (2020). *G.O.(Rt) No. 1005/2020/ID: Ease of Doing Business - BRAP 2020 - Investment enablers and online single window system*. Industries (J) Department.
4. Government of Kerala. (2024). *G.O.(Rt) No. 677/2024/ID: BRAP 2024 reforms under investment enablers*. Industries (J) Department.
5. Government of Kerala. (2023). *Kerala Industrial Policy 2023*. Department of Industries and Commerce.

Suggested Reading

1. Directorate of Industries and Commerce, Government of Kerala. (n.d.). *Official portal for industry support, schemes and facilitation*. <https://www.keralaindustry.org/>
2. Kerala State Industrial Development Corporation. (n.d.). *K-SWIFT: Online single window clearance mechanism*. <https://www.kswift.kerala.gov.in/>
3. Invest Kerala. (n.d.). *Know your approvals and investment facilitation information*. Government of Kerala. <https://invest.kerala.gov.in/>
4. Department for Promotion of Industry and Internal Trade. (n.d.). *Business Reforms Action Plan materials*. Government of India.
5. Kerala Institute for Entrepreneurship Development. (n.d.). *Entrepreneurship development programmes and learning resources*.



Unit 2

Grievance Redressal Mechanism

Learning Outcomes

After completing this unit, learners will be able to:

- ◇ understand why a grievance redressal mechanism is essential in investment facilitation
- ◇ identify the role of the District Grievance Redressal Committee and the State Grievance Redressal Committee
- ◇ describe the basic powers and functions of the grievance committees in cases of delay or denial of business services
- ◇ prepare a practical grievance application with supporting evidence
- ◇ use timelines, acknowledgements and application records to decide whether a grievance or appeal is appropriate

Prerequisite

Before studying grievance redressal, you need to understand that a grievance is not the same as ordinary dissatisfaction. In the business approval context, a grievance normally arises when an applicant submits a request for a service, the responsible officer is expected to provide that service within a time limit, and the service is delayed, denied, or not handled according to the prescribed procedure. For example, if an entrepreneur files an application, pays the required fee and submits all documents, but the file remains pending beyond the prescribed time without a valid reason, the issue may become a grievance. The key point is that a grievance should be based on records, not just feelings.

A second prerequisite is the habit of evidence-based communication. A person cannot use a grievance mechanism effectively without dates, application numbers, acknowledgements, copies of documents, query responses, receipts, and the exact relief sought. A grievance committee is not a place for vague complaints such as “the office is delaying my business”. A stronger statement would be: “Application number X was submitted on date Y for service Z; the prescribed timeline expired on date A; no decision or valid reason has been communicated; hence I request direction to provide the service.” This unit teaches that practical discipline.

Keywords

Grievance; Designated officer; District GRC; State GRC; Appeal; Penalty; Relief sought

Discussion

2.2.1 Introduction to Grievance Redressal

Grievance redressal is the accountability arm of investment facilitation. A law or portal may promise time-bound service, but such a promise becomes meaningful only when there is a remedy for delay or denial. The District Grievance Redressal Committee and State Grievance Redressal Committee were introduced into the single-window framework to monitor service delivery, redress grievances and take steps against designated officers who fail or cause delay without sufficient and reasonable cause. This is especially important for small and nano businesses because even a short delay can affect rent payments, loan instalments, customer orders and confidence.

2.2.2 Meaning, Scope and Need for Grievance Redressal

The grievance mechanism is not meant to replace the original approval authority. The original application must be submitted first to the correct department or board. The committee becomes relevant when the service is not provided within the prescribed time limit or is denied without adequate basis. In other words, the committee is a corrective forum. It asks whether a designated officer or service system has acted within the required time and in accordance with law. It may direct service delivery, reject the grievance with reasons or forward the matter to the appropriate appellate route.

2.2.3 District Grievance Redressal Committee

The District Grievance Redressal Committee is particularly important at the district level. For many small enterprises, the district is where most approvals and interactions take place: District Industries Centre, local body, Pollution Control Board district office, Labour Office, electricity distribution office and other line departments. The committee brings key district-level officers into one redressal structure. This helps because a business delay may involve more than one department. A local body file may depend on a pollution status; electricity may depend on premises readiness; a licence may depend on building details. The committee structure creates a place where such interdepartmental issues can be viewed together.



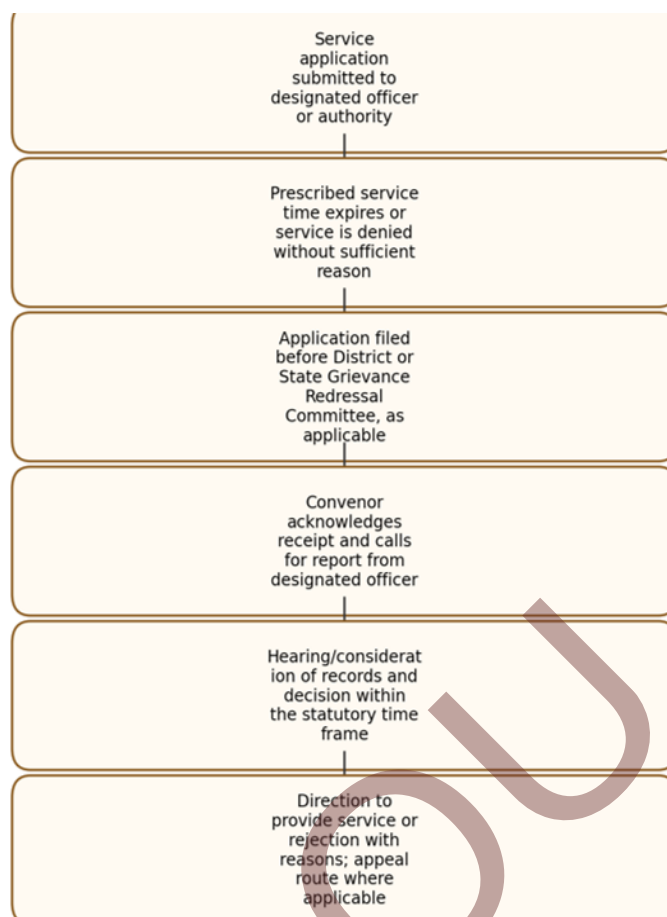


Fig No:2.2.1: Grievance pathway for delay or denial of service.

Source: Prepared based on Sections 13A to 13F of the amended single-window framework.

2.2.4 Composition, Jurisdiction and Role of the District Committee

Table No:2.2.1: District and State Grievance Redressal Committees - functional comparison

Aspect	District Grievance Redressal Committee	State Grievance Redressal Committee	Learning point
Purpose	Monitors time-bound services and redresses grievances at district level for specified enterprise-related services.	Monitors state-level/larger matters, hears appeals and may examine denial or delay within its purview.	Choose the forum according to the law, investment level and nature of decision.

Core leadership	District Collector as Chairperson and General Manager, District Industries Centre as Convenor.	Chairperson and Convenor are decided by Government from among members.	The DIC is a key support institution in district-level industrial facilitation.
Members	Includes officers from local self-government, labour, pollution control, electricity and other relevant departments.	Includes senior government, LSGD, law, revenue, labour, KSEB, Pollution Control Board, Factories and Boilers and Industries representatives.	The composition reflects multi-department coordination.
Trigger	Delay or denial of prescribed service by a designated officer within the time limit.	State-level delay/denial and appeals from District GRC decisions.	The grievance must relate to service delivery, not general business failure.
Evidence needed	Application number, acknowledgement, date of expiry of time limit, communication history and relief requested.	District GRC decision, appeal grounds, supporting evidence and desired relief.	Evidence makes the grievance credible.

Source: Based on the amended Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999, Sections 13A to 13E.

2.2.5 Role and Responsibilities of the Designated Officer

The law describes a designated officer as the person responsible for providing service to an applicant seeking clearances, licences, certificates, permits, consents, or renewals under various enactments for setting up, running, expanding, diversifying, or modernising enterprises. This definition is important because the grievance mechanism is linked to service responsibility. The applicant must show which service was requested, when it was requested, which office or officer was expected to act, and how the prescribed time was exceeded.

2.2.6 Manner of Filing an Application before the District Grievance Redressal Committee

The procedure for approaching the District Grievance Redressal Committee follows a practical logic. The applicant who is aggrieved by denial or delay may submit an application to the Convenor, specifying the nature of denial or delay, within thirty days from the expiry of the service time limit. The Convenor or authorised officer acknowledges receipt and keeps a register of applications. The Convenor then calls for a report from the designated officer within five days. The designated officer must furnish the report within seven days. After considering the report and giving the applicant an opportunity to be heard, the committee disposes of the application within thirty days of receipt, either directing the designated officer to provide the service within a specified time or rejecting the application with reasons.



The most important takeaway from this procedure is that every date matters. Suppose an entrepreneur filed an application on 1 June for a service that should be decided within thirty working days. If no decision is communicated after the period expires, the entrepreneur should not wait indefinitely. The entrepreneur should check the dashboard, verify whether any query was raised, reply to any pending query and then consider filing a grievance within the permissible period. A grievance filed without checking pending queries may fail if the delay was due to the applicant's own non-response.

Table No:2.2.2: Timeline logic in a grievance case

Step	Indicative statutory logic	Record to preserve	Practical caution
Original application	File the service application before the proper authority/ designated officer.	Application copy, acknowledgement, application ID, fee receipt.	Ensure you submit all required documents.
Waiting period	The prescribed service time runs from the relevant date as per rule/ procedure.	Screenshot of dashboard, email/SMS updates.	Do not count informally; verify official time limit.
Delay or denial	No service within time limit or refusal/ conditions without proper basis.	Order of refusal, query letter, absence of decision, tracking record.	If a query is pending, respond first.
Grievance filing	Application to GRC within thirty days from expiry of time limit, subject to condonation where justified.	Grievance application, proof of date, relief sought.	State facts clearly and avoid emotional allegations.
Report stage	Convenor calls for report from designated officer; officer furnishes report.	Notice, hearing record, report copy if supplied.	Be ready to explain documents and timeline.
Decision	Committee directs service or rejects application with reasons.	Committee order/ decision.	Read the reasons carefully before appeal.
Appeal/ implementation	Appeal to State GRC where provided; implementation of decision within specified time.	Appeal memo, decision copy, proof of non-implementation.	Use appeal only with clear grounds.

Source: Prepared from the statutory procedure under Sections 13B, 13D and 13E of the amended single-window framework.

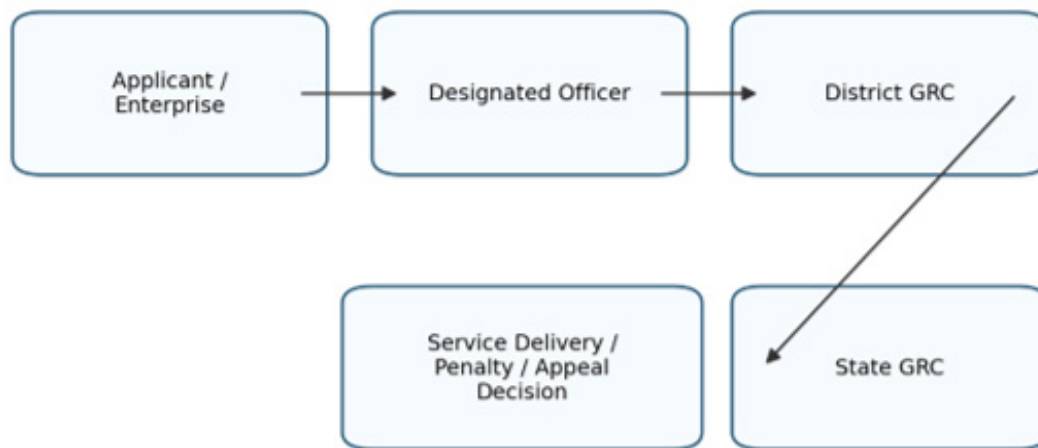


Fig No:2.2.2: District and State Grievance Redressal model.

Source: Prepared based on the committee structure in the amended single-window law.

2.2.7 State Grievance Redressal Committee

The State Grievance Redressal Committee has two important roles. First, it can directly consider grievances relating to services within its jurisdiction. Second, it has appellate jurisdiction over decisions of the District Grievance Redressal Committee. If a person is aggrieved by a District Committee decision, an appeal may be filed before the State Committee within thirty days from receipt of the decision. The State Committee may call for reports, hear the appellant and designated officer and dispose of the appeal within the prescribed period. The decision of the State Committee on such appeal is final under the statutory framework.

2.2.8 Suo Motu Powers of the State Committee

The State Committee also has a Suo motu role. If a denial or delay comes to its notice in a matter within its service purview, it may examine the matter on its own. This is important because accountability should not depend entirely on the courage or awareness of individual entrepreneurs. However, in practical learning, one should not rely on suo motu action. The safer approach is for the applicant to maintain records and file a proper grievance or appeal when required.

The committees have powers similar to a civil court in specified matters, such as summoning persons, enforcing attendance, examining persons on oath, discovery and production of documents, receiving evidence on affidavit, and issuing commissions for examination of witnesses. This does not mean that every grievance becomes a complicated court case. It means that the committee has serious fact-finding powers when records or attendance are needed. For a small entrepreneur, this reinforces the value of keeping evidence orderly and truthful.

Table No: 2.2.3: Model contents of a grievance application by an entrepreneur

Part of application	What to include	Illustration
Applicant details	Name, address, mobile number, email and enterprise name.	Asha Food Products, Ward 7, Alappuzha; mobile and email.
Service applied for	Name of licence/clearance/permit/certificate/renewal and department.	Renewal of trade licence / electricity service / consent / registration, as applicable.
Application reference	Application ID, date of submission, acknowledgement number and fee receipt.	Application No. KSWIFT/xxxx dated 01-06-2026.
Timeline issue	Prescribed time limit and date on which it expired.	Thirty working days expired on __; no decision received.
Nature of grievance	Delay, denial, repeated query, non-communication, non-implementation or improper refusal.	No reasoned order communicated even after complete documents were uploaded.
Evidence attached	Acknowledgement, screenshots, receipts, correspondence, uploaded documents and photographs if needed.	Annexures A1 to A8.
Relief sought	Specific direction requested.	Direct the designated officer to provide the service or pass a reasoned order within a specified time.

Source: Illustrative format prepared for learning purposes, aligned with statutory grievance logic.

2.2.9 Principles of Drafting an Effective Grievance

A good grievance application is short, factual, and evidence-based. It should avoid exaggeration. Instead of writing “the officer is harassing me”, it is better to write “the application was submitted on date X; the prescribed time expired on date Y; no written query or order has been communicated; copies of acknowledgement and dashboard status are attached; hence I request direction to provide the service or issue a reasoned order.” This style helps the committee identify the issue quickly.

A grievance is stronger when it states the relief sought. Relief may include direction to provide a service, direction to issue a reasoned order, direction to consider pending documents, direction to correct an erroneous status or direction to implement a committee decision. The applicant should not ask for everything. The relief must match

the problem. If the problem is delay, ask for a time-bound decision. If the problem is non-implementation of an order, ask for implementation. If the problem is rejection without reason, ask for reconsideration or a reasoned decision as permitted by law.

The grievance mechanism also contains a penalty provision. If the committee finds that the designated officer failed to provide service without sufficient and reasonable cause, the chairperson may impose a fine at a specified daily rate, subject to the maximum limit, and may recommend disciplinary action after giving the officer an opportunity to be heard. This is a strong accountability measure. For learning purposes, however, the entrepreneur should focus first on obtaining the service. Penalty is a consequence of unjustified official failure, not the primary business goal.

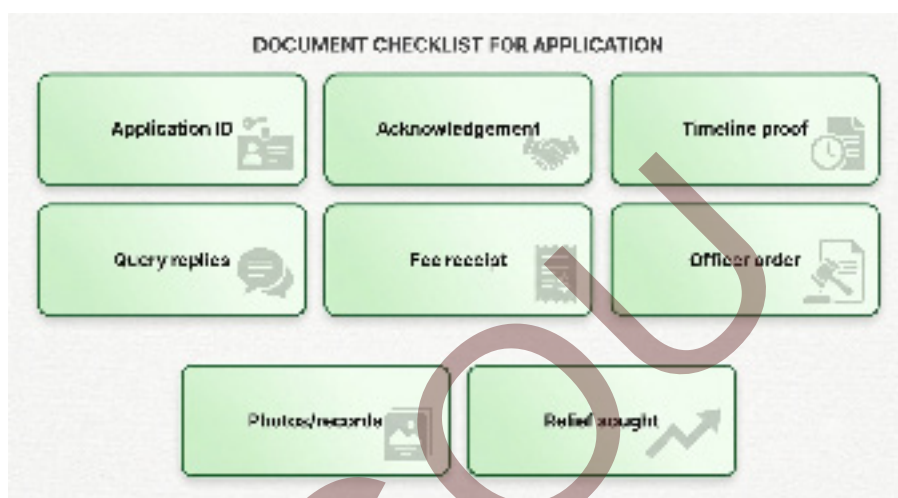


Fig No: 2.2.3: Evidence kit for filing a business grievance.

Source: Prepared based on grievance application practice and statutory service-delivery requirements.

2.2.10 Manner of Filing an Appeal before the State Grievance Redressal Committee

Use the State Committee's appellate jurisdiction carefully. An appeal is not a repetition of the original grievance. It should explain why the District Committee decision is wrong, incomplete or unfair. The appeal should mention the date of the District Committee decision, the grounds of challenge, the documents relied upon, and the specific relief requested. Good grounds may include failure to consider a document, incorrect timeline calculations, lack of an opportunity to be heard, misunderstanding of the service requested, or non-application of the relevant rule. Weak grounds include mere dissatisfaction, personal allegations or refusal to comply with valid requirements.

The grievance system also teaches a larger lesson about public administration: rights and duties go together. Entrepreneurs have a right to timely service, acknowledgement and reasoned decision. At the same time, they have a duty to submit correct information, answer queries and comply with conditions. Officers have the authority to examine applications and reject invalid requests, but they also have a duty to act within time

and communicate reasons. A healthy business ecosystem depends on both sides understanding this balance.

2.2.11 Common Mistakes in Filing Grievances

Table No: 2.2.4: Common Mistakes in Grievance Filing and How to Avoid Them

Mistake	Why it weakens the case	Better approach
Filing before the service timeline expires	The committee may find the grievance premature.	First verify the official timeline and pending queries.
Not attaching acknowledgement	The committee may not know when you filed the application.	Attach application ID, acknowledgement and fee receipt.
Using vague allegations	The real issue becomes unclear.	State dates, facts, documents and relief sought.
Ignoring portal queries	Delay may be attributed to the applicant.	Check dashboard and respond to every query promptly.
Requesting unrelated relief	Committee may lack jurisdiction over broad business claims.	Ask for service-related direction, reasoned order or implementation.
Missing appeal limitation	Appeal may become time-barred.	Record the date of receipt of the decision and file within time.
Submitting false or exaggerated facts	Credibility is damaged, and legal consequences may follow.	Be accurate, transparent and document-based.

Source: Prepared as practical guidance for small enterprise applicants.

2.2.12 Grievance Redressal in the Kerala Local-Government Context

The local context of Kerala also matters. Many enterprise-related services involve local self-government institutions. The K-Smart public grievance system and local body grievance manuals show that Kerala has broader public grievance systems beyond industrial approvals. However, the business grievance mechanism under the single-window framework serves a specific purpose: delays or denials of services related to enterprise clearances, licences, permits, consents, certificates, or renewals. Therefore, the applicant must choose the correct route. A complaint about a neighbour, waste dumping or general civic issue may belong to local body grievance systems; a delay in a business approval may belong to the investment/service grievance mechanism.

For nano businesses, the biggest practical challenge is often not the law itself but the ability to organise records. A small business may rely on phone calls, informal visits and verbal assurances. These may help temporarily, but they are weak evidence. The better habit is to write short emails, save portal screenshots, obtain acknowledgements, ask for written clarification and keep a dated file. Even a notebook can help if it records the date, office visited, person met, issue discussed, and next step. When a grievance is filed, this chronology becomes the backbone of the case.

Consider a practical example. A small unit applies for renewal of a required certificate and uploads all documents. After several weeks, the dashboard still shows “under process”. No query has been raised. The entrepreneur should first check whether the fee was paid, documents are visible, and the application was properly submitted. Then the entrepreneur should send a polite query through the official module or helpdesk. If the prescribed time expires without service or a reason, the entrepreneur may file a grievance with the application ID, date of submission, fee receipt, screenshot, and relief sought. This is a disciplined approach.

2.2.13 Illustrative Grievance Situations

Consider another example. A unit receives a rejection because the premises are not suitable under applicable building or local body rules. In such a case, grievance redressal may not help unless the rejection is legally wrong or procedurally defective. The entrepreneur should study the reasons, correct the defect if possible or appeal only if there is a genuine ground. The grievance mechanism is not a device to force approval of an unsafe, illegal or unsuitable activity. It is a device to ensure fair and timely service.

A third example concerns repeated queries. If an authority raises one query, the entrepreneur replies; then, after some days, another query is raised; then another; the process becomes prolonged. Modern ease-of-doing-business reforms encourage query handling in limited iterations and within timelines. In such cases, the entrepreneur should prepare a table showing every query date, reply date and pending issue. Attach this table to a grievance if the repeated query pattern seems unreasonable. Again, the tone should be professional: the request is not to punish anyone, but to bring the file to a decision.

2.2.14 Drafting and Using a Grievance Responsibly

Draft a grievance application like a factual business document. It should not read like a personal quarrel. The applicant should begin by identifying the requested service and the responsible authority. Next, state the application number, date, acknowledgement, and fee payment. Then the applicant should explain the statutory or procedural time limit, the date the time limit expired, and the nature of the non-service. Finally, the applicant should state the relief sought. This sequence helps the committee understand the issue without searching through a bundle of papers.

A well-drafted grievance generally has five qualities: clarity, chronology, completeness, courtesy and correct forum. Clarity means stating the issue in simple words.



Chronology means dates are arranged in order. Completeness means essential annexures are attached. Courtesy means the tone is respectful even when the applicant is dissatisfied. Correct forum means the complaint is filed before the authority that has power to deal with it. If these five qualities are present, the chance of meaningful redressal improves.

The applicant should also understand the difference between “delay”, “defect notice”, “rejection” and “non-implementation”. Delay means the time limit has expired without a decision. Defect notice means the authority has asked for missing or incorrect information. Rejection means the authority has communicated a decision refusing the service. Non-implementation means a favourable decision exists but has not been carried out. Each situation requires a slightly different prayer. A delay prayer asks for direction to decide or provide service. A rejection challenge asks for reconsideration or appeal. A non-implementation prayer asks for implementation of the decision.

A practical grievance file may include a cover page, an index of annexures, a brief statement of facts, grounds of grievance, relief sought, and verification. The annexures should be numbered in the order in which they are mentioned. For example, Annexure A1 may be the application acknowledgement, A2 the fee receipt, A3 the dashboard screenshot, A4 the query reply and A5 the representation already submitted. This makes the file easy to read. A committee handling many files will appreciate an organised submission.

The entrepreneur must also know when not to file a grievance. If the application is incomplete, the site is unsuitable, the activity violates a mandatory rule, or the applicant has not replied to a valid query, filing an immediate grievance may be unproductive. The correct response may be to complete the application, change premises, correct the defect or seek technical guidance. A grievance mechanism is powerful when used properly; it loses value when used as a pressure tactic without a valid service issue.

Professional communication after filing is equally important. Once a grievance is filed, the applicant should monitor notices, attend the hearing if called, bring original documents if necessary, and answer questions calmly. The applicant should not submit new contradictory facts at the hearing. If a mistake is discovered, the applicant should admit it and correct it. Committees are more likely to help applicants who show sincerity and preparedness than applicants who conceal defects.

If the District Committee rejects the grievance, the applicant should read the order carefully before filing an appeal. An appeal should identify the specific error in the District Committee decision. It may say that a document was ignored, the time limit was wrongly calculated, the designated officer’s report was accepted without considering the applicant’s evidence, or the direction granted was incomplete. An appeal should not merely repeat “I am not satisfied”. It must show why the decision deserves reconsideration under the statutory appeal route.

The final stage is implementation. If the committee directs the officer to provide service within a specified time, the applicant should track compliance. If the service is provided, the entrepreneur should preserve the order and the certificate. If the decision

is not implemented, the applicant may need to inform the committee or use the next statutory step. Grievance redressal is not about the order alone; it is about the actual delivery of lawful service.

Table No: 2.2.5: Model structure of a grievance or appeal file

Section	Contents	Practical tip
Cover page	Name of applicant, enterprise, service, authority and date.	Keep it simple and readable.
Index	List of annexures with page numbers.	Number documents in chronological order.
Facts	Short paragraphs stating application details, timeline and issue.	Avoid long emotional narratives.
Grounds	Reasons why the delay, denial or decision is improper.	Connect each ground with evidence.
Relief sought	Specific direction requested from committee.	Ask for a realistic and lawful remedy.
Verification	Statement that facts are true to the best of your knowledge and belief.	Sign and date the document.

Source: Prepared for learning purposes using the statutory filing logic of the District and State Grievance Redressal Committees.

You can adapt the model structure for different situations. For a simple delay, the grounds may be only two or three points. For an appeal against a District Committee decision, the grounds may be more detailed. In both cases, the structure should remain disciplined. A neat file can make a small entrepreneur appear more credible and reduce the risk of overlooking important facts.

Evidence must also be authentic. Screenshots should show the date and application number where possible. Receipts should be clear. Print emails or save them as a PDF. If photographs are attached, label them with the date, place, and relevance. If a phone call was made, the applicant may mention the date and reference number if available, but phone conversations alone are weak evidence. Written records are stronger.



Table No:2.2.6: Choosing the correct response when approval service is delayed or denied

Situation	First response	When to use grievance/ appeal
Documents missing	Submit missing documents within the allowed time.	Use grievance only if the authority refuses to consider complete documents without reason.
Query raised	Reply clearly with annexures and acknowledgement.	Use grievance if repeated or unreasonable queries prevent decision beyond time limit.
No dashboard movement	Check whether payment and submission are complete; contact query/helpdesk.	Use grievance after time limit expires and no valid reason is communicated.
Reasoned rejection	Study reasons and correct defects if possible.	Use appeal or grievance only if rejection is legally/procedurally defective.
Committee direction not implemented	Send reminder with copy of order.	Escalate according to statutory route if implementation still fails.

Source: Prepared as a decision aid for responsible use of grievance channels.

A final practical skill is maintaining a grievance diary. The diary should record date of application, date of acknowledgement, last date for decision, query date, reply date, grievance filing date, hearing date, decision date and implementation date. This can be done in a notebook, spreadsheet or mobile notes app. The diary helps the entrepreneur avoid missing limitation periods and prepare for hearings. In formal business practice, timeline discipline is as important as financial discipline.

Nano enterprises should also treat grievance redressal as a learning process. If a grievance arises due to an unclear document, future applications should be improved. If a delay occurred because a renewal date was missed, create a renewal calendar. If the wrong forum was chosen, the entrepreneur should map approval routes more carefully. Every procedural difficulty can become a management lesson. This is how a small enterprise becomes institutionally stronger over time.

The grievance redressal mechanism finally reminds us that entrepreneurship support is not only about subsidies, loans or training. Timely public service is also a form of support. A permit issued on time can save rent, interest and opportunity cost. A reasoned rejection can help the entrepreneur correct mistakes. A working appeal system can prevent discouragement. Therefore, the District and State Grievance Redressal Committees are important parts of the support system for nano business in Kerala.

Recap

- ◇ Grievance redressal addresses delay or denial of prescribed business services.
- ◇ The District GRC operates at the district level with key departmental officers.
- ◇ The State GRC handles state-level grievances and appeals from District GRC decisions.
- ◇ A grievance should be filed with dates, application ID, evidence and relief sought.
- ◇ The Convenor calls for a report, and the designated officer must respond within the prescribed time.
- ◇ The committee may direct service delivery or reject the grievance with reasons.
- ◇ A penalty may apply for unjustified delay by a designated officer.
- ◇ Record-keeping is the strongest protection for a nano entrepreneur.

Objective Questions

1. Which term means a complaint about service delay?
2. Who chairs the District GRC?
3. Who is the usual convenor of the District GRC?
4. Which committee hears appeals from the District GRC?
5. What proves application submission?
6. Which document states rejection reasons?
7. Which word means remedy requested?
8. Which record shows online progress?
9. Which officer provides the service?
10. Which value is created by written reasons?



Answers

1. Grievance
2. Collector
3. General Manager
4. State
5. Acknowledgement
6. Order
7. Relief
8. Dashboard
9. Designated
10. Accountability

Self-Assessment Questions

1. Explain the need for a grievance redressal mechanism in investment facilitation.
2. Describe the composition and practical role of the District Grievance Redressal Committee.
3. Explain how the State Grievance Redressal Committee functions as an appellate body.
4. What documents should be attached to a grievance alleging delay in approval?
5. How can an entrepreneur distinguish between valid rejection and unreasonable delay?
6. Why is the timeline of application, query and response important in grievance filing?
7. Discuss how penalty provisions improve accountability in public service delivery.

Assignments

1. Draft a model grievance application for a delayed trade licence or renewal using imaginary but realistic facts.
2. Prepare a timeline table for a delayed approval case showing application date, query date, reply date, expiry of time limit and grievance filing date.

3. Create an evidence checklist for filing an appeal before the State Grievance Redressal Committee.
4. Visit a local entrepreneur and collect general information on how they preserve approval records; prepare a one-page improvement plan.
5. Prepare a comparative chart showing District GRC and State GRC roles, powers and timelines.
6. Write a practical note on how screenshots, email alerts and acknowledgements can support a grievance case.
7. Prepare a mock hearing brief: applicant facts, officer response, documents and the decision you would expect from the committee.

Reference

1. Government of Kerala. (1999/2000). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999* (Act 5 of 2000), as amended. Kerala Gazette Extraordinary.
2. Government of Kerala. (2021). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Ordinance, 2021* (Ordinance No. 137 of 2021). Kerala Gazette Extraordinary.
3. Government of Kerala. (2021). *The Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development (Amendment) Ordinance, 2021* (Ordinance No. 142 of 2021). Kerala Gazette Extraordinary.
4. Government of Kerala. (2020). G.O.(Rt) No. 1005/2020/ID: *Ease of Doing Business - BRAP 2020* - Investment enablers and online single window system. Industries (J) Department.
5. Government of Kerala. (2024). G.O.(Rt) No. 677/2024/ID: *BRAP 2024 reforms under investment enablers*. Industries (J) Department.

Suggested Reading

1. Kerala State Industrial Development Corporation. (n.d.). K-SWIFT: *Online single window clearance mechanism*. <https://www.kswift.kerala.gov.in/>
2. Invest Kerala. (n.d.). *Investor facilitation and approvals information*. Government of Kerala. <https://invest.kerala.gov.in/>



3. *Information Kerala Mission. (n.d.). K-Smart public grievance redressal and complaints user manual.*
4. *Kerala Institute of Local Administration. (2017). Grievance Redressal Manual for Grama Panchayats of Kerala.*
5. Directorate of Industries and Commerce, Government of Kerala. (n.d.). *District Industries Centre and enterprise facilitation resources.* <https://www.keralaindustry.org/>

SGOU

BLOCK

3

Kerala Micro Small Medium Enterprises Facilitation Act, 2019



Unit 1

Introduction to the Act

Learning Outcomes

After completing this unit, the learner will be able to:

- ◇ explain the purpose and background of the Kerala MSME Facilitation Act, 2019
- ◇ identify the key definitions used in the Kerala MSME Facilitation Act, 2019
- ◇ explain the meaning and importance of certificate of in-principal approval
- ◇ understand the validity period, no-inspection principle and limitations relating to land use and other legal standards

Prerequisite

Nisha is a nano entrepreneur from Thrissur, who plans to start a small spices-blending and packing unit. She has identified a rented room, purchased a sealing machine and received a few trial orders from nearby shops. Excited to begin her entrepreneurial journey, Nisha starts enquiring about the formalities required to start her enterprise.

However, she receives different opinions. One person tells her that she must obtain all licences and approvals before starting production, while another says that self-certification will allow her to start immediately. Someone else reminds her to check the pollution category, suitability of the building and land-use requirements.

Nisha is left with several questions: Is her enterprise eligible for the facilitation mechanism? What is an Acknowledgement Certificate? Does it replace other statutory approvals? Which authority is responsible for granting approvals? What happens if there is a dispute with an authority?

To find answers, Nisha turns to the Kerala Micro Small Medium Enterprises Facilitation Act, 2019. As she studies the Act, she becomes familiar with important concepts such as Acknowledgement Certificate, Approval, Competent Authority and Appellate Authority. She also understands that while the Act aims to simplify the process of establishing eligible MSMEs, entrepreneurs must still be aware of their responsibilities and the requirements applicable to their activities.

Thus, this unit introduces the Kerala Micro Small and Medium Enterprises

Facilitation Act, 2019, focusing on its key definitions, Acknowledgement Certificate, Approval, Competent Authority, and Appellate Authority.

Keywords

MSME Facilitation, Acknowledgement Certificate, Appellate Authority, Competent Authority

Discussion

The Kerala Micro Small and Medium Enterprises Facilitation Act, 2019 was introduced to reduce the practical difficulties eligible MSMEs face in starting and operating businesses. A nano entrepreneur may have a simple business idea, a small workspace, and limited capital, but often interacts with local bodies, pollution control authorities, labour-related offices, electricity authorities, building-related authorities, and other agencies. The Act recognises that the first stage of enterprise formation should not be delayed by unnecessary procedural hurdles. It therefore creates a self-certification-based route for eligible non-red enterprises and gives legal effect to the certificate issued on that basis.

3.1.1 Significance of the Kerala Micro Small and Medium Enterprises Facilitation Act, 2019

Kerala has a strong base of educated youth, skilled workers, service-oriented ventures, food processing units, home-based production, local crafts, tourism-linked services and technology-based start-ups. At the same time, small entrepreneurs often report difficulty understanding which approval is required first, which department to approach, how long it may take, and whether they can begin operations while paperwork is pending. The Act responds to this practical challenge by recognising that small enterprises need speed, predictability and administrative confidence.

A nano business may be started by a single individual or a small group. It may operate from a small rented room, a household production space, a small workshop, a digital service centre, a food unit, a design unit or a local service outlet. For such enterprises, time is a major cost. Every month of delay may result in lost working capital, rent, customer opportunities, and confidence. A facilitation law is therefore not merely a legal reform; it is an instrument of entrepreneurial support.

The Act should also be understood in the broader policy direction of Ease of Doing Business, K-SWIFT, investment facilitation, industrial policy reforms and entrepreneurship promotion in Kerala. It simplifies the first stage, creates institutional accountability, and encourages entrepreneurs to formalise their ventures instead of remaining informal out of fear of procedural complexity.



3.1.2 Nature and Scope of the Act

The Act exempts eligible micro, small and medium enterprises from certain approvals and inspections required for establishment and operation. Later amendments also brought a time-bound approval route for other enterprises through an Investment Facilitation Bureau.

The scope is practical. It links the entrepreneur, the nodal agency, competent authorities and appellate authority. It also has an overriding effect in cases where inconsistent provisions in specified State laws would otherwise delay the facilitation route. However, the Act contains savings provisions. That means an enterprise is not exempted from the application of all laws; it receives only the extent of benefit expressly provided by the Act.

The law therefore creates a balanced approach. It gives trust to the entrepreneur at the starting point, but it expects truthful declarations, lawful land use, eventual compliance and readiness to face action if false information or violation is found.

3.1.3 The Entrepreneurial Philosophy Behind the Act

The traditional licensing approach asks the entrepreneur to obtain multiple permissions first and start later. A facilitative approach asks the entrepreneur to make a truthful declaration, begin within a lawful framework and complete necessary approvals in an organised manner. This shift is especially important for nano businesses because they do not have large legal teams or compliance departments.

The Act is based on administrative trust. But trust is not blind. The entrepreneur signs or submits self-certification. If the declaration is false, incomplete, or misleading, the enterprise and responsible persons may face consequences. The correct spirit of the Act is to start faster, but start honestly.

For anyone, the Act is also a lesson in responsible entrepreneurship. A responsible entrepreneur uses legal facilitation to become compliant, not to avoid compliance. For example, a small herbal product unit that obtains in-principal approval should immediately begin maintaining invoices, hygiene records, bank accounts and statutory registers. These records prove seriousness when future approvals, bank loans, or inspections arise.

3.1.4 Key Definitions under the Act

Definitions are the entry gate of any legal provision. In the Kerala MSME Facilitation Act, definitions tell us who can apply, which document is issued, which authority is responsible and what kind of approvals are covered.

Table 3.1.1 Key definitions under the Act

Term and Definition	Legal idea	Practical meaning for a nano entrepreneur
◇ Certificate of in-principal approval Certificate of in-principal approval means the Certificate of in- principal approval issued under sub-section (3) of section 5;	Certificate issued under section 5(3) on complete self-certification. Earlier documents may refer to acknowledgement certificate.	A legally recognised document that allows eligible enterprises to proceed under the facilitation route for the prescribed validity period.
◇ Appellate Authority – Appellate Authority” means the Appellate Authority constituted under sub-section (1) of section 12;	State Board constituted under the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999.	The forum to approach if aggrieved by the decision of the nodal agency or Bureau.
◇ Approval – “approval” means licenses, permissions, approvals, clearances, registration, consents, no objection certificate and the like, required under any State law in connection with the establishment or operation of micro, small and medium enterprise [and other enterprises] in the State;	Licences, permissions, approvals, clearances, registration, consents, NOC and similar authorisations required under State law.	The many permissions an enterprise may otherwise need from different offices.
◇ Competent Authority – “Competent Authority” means any department or agency of the Government, statutory body, Corporation owned by State, Local Self Government Institutions, Urban Development Authorities, or any other Authority or Agency constituted or established by or under any State law or under the administrative control of the Government, which is entrusted with the powers or responsibilities to grant or issue approval for establishment or operation of enterprises in the State;	Department, agency, statutory body, corporation, local self-government institution or other authority with power to issue approval.	The actual office that would normally issue a particular licence or clearance.

◇ Nodal Agency -

The District Board constituted under section 4 of the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 (5 of 2000) shall be the nodal agency for this Act.

District Board under the Single Window Clearance Act.

The coordinating agency for this facilitation process.

◇ Enterprise -

Enterprise means micro small or medium enterprises;

Micro, small or medium enterprise as defined in the MSMED Act, 2006.

The business must fall within MSME classification and satisfy eligibility conditions.

◇ Other enterprise -

other enterprise means an enterprise as defined in clause (da) of section 2 of the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999 (5 of 2000)

Enterprise other than MSME as linked to the Single Window Act.

Relevant for larger non-MSME approvals through Bureau; useful for understanding the widened Act.

Source: Prepared using definitions in the Kerala MSME and Other Enterprises Facilitation Act, 2019, as amended.

3.1.5 Certificate of In-principal Approval: Meaning and Importance

The most important operational concept in the Act is the certificate issued after self-certification. The certificate gives the entrepreneur confidence that the business can begin under the statutory facilitation route. “Presently, the term ‘Certificate of In-Principal Approval’ is used in place of ‘Acknowledgement Certificate’ in the MSME facilitation mechanism.”

The certificate should not be misunderstood as a permanent licence for all purposes. It functions as an approval for the prescribed period and for the specified cases. During this period, the entrepreneur is expected to obtain required approval by following the procedures under the concerned laws. Thus, the certificate bridges the gap between immediate start and full compliance.

For nano business learners, the practical importance is high. A small unit that waits for every permission before testing its market may lose momentum. The certificate allows the entrepreneur to start in a legally recognised manner, create sales records, approach banks, develop customers and then complete compliance in an organised way.

3.1.6 Eligibility

The Act applies to persons intending to start an enterprise, except those included in the Red Category by the Kerala State Pollution Control Board. This is an important filter. Red Category activities generally have higher pollution potential and require stricter scrutiny. Nano entrepreneurs should therefore first identify the nature of their activity and pollution category before relying on the facilitation route.

Eligibility is not determined only by the entrepreneur's intention. Location, land use, building suitability, activity type, project cost, and other legal facts also matter. For example, a small food processing unit may be eligible based on business size, but the premises must still be lawful and suitable. A unit cannot use the certificate to occupy land contrary to paddy land/wetland laws or contrary to notified master plan land use.

An existing applicant who has already applied to a competent authority before commencement of the Act may also opt to furnish self-certification if eligible. This shows that the Act was intended not only for new ideas but also for pending cases that could be shifted into the facilitation route where legally possible.

3.1.7 Land Use and Environmental Limits

The Act specifically preserves land-related restrictions. The certificate does not entitle a person to use land contrary to the Kerala Conservation of Paddy Land and Wet Land Act, 2008 or in deviation from the land use specified in a notified master plan under the Kerala Town and Country Planning Act, 2016. This is one of the most important safety clauses for entrepreneurs.

This means that business facilitation cannot cure an illegal location. A nano entrepreneur should check whether the premises can lawfully be used for the proposed activity. A common mistake is assuming that a certificate from one portal automatically regularises land, building, and activity. It does not. It reduces approval delays within its statutory limits.

Environmental responsibility is equally important. Even when inspections are restricted during the validity period for approvals, the entrepreneur must maintain safe, hygienic, and lawful operations. Waste disposal, noise, fire safety, health safety and worker protection must not be ignored.

3.1.8 No-Inspection Principle

The Act states that during the specified period, no competent authority shall undertake any inspection for, or in connection with, approvals covered by the Act. This is meant to prevent repeated preliminary inspections from delaying the start of eligible enterprises.

This does not mean that an enterprise can operate dangerously or dishonestly. The no-inspection benefit is tied to the approval process and should be understood in light of the Act's savings clause and penalty provisions. If the enterprise violates conditions, misrepresents facts or creates serious risks, legal consequences may follow under applicable laws.



A smart nano entrepreneur uses the no-inspection period to organise the unit, not to avoid discipline. Keeping bills, worker details, electricity records, production details, waste disposal methods, and safety arrangements makes later compliance easier.

3.1.9 Offences and Penalties

If the nodal agency finds that an enterprise has contravened the conditions or undertaking in the self-certification, the enterprise may be punished with a fine not exceeding rupees five lakh after considering the submission, if any, made by the enterprise. This penalty provision is significant because self-certification is built on trust.

Where an enterprise commits an offence, persons in charge of and responsible to the enterprise for its business may also be treated as guilty. This is particularly relevant for partnership firms, companies and other organisations. The law also covers situations where the offence is attributable to the consent, connivance, or neglect of a proprietor, managing partner, director, manager, secretary, or another officer.

For nano entrepreneurs, the lesson is simple: do not copy a declaration without understanding it. Do not understate the activity, misrepresent the location, hide the nature of the process, or file under the wrong category. A small error may become a serious legal problem if it changes eligibility.

3.1.10 Protection of Good Faith and Overriding Effect

The Act protects actions taken in good faith by the Government, nodal agency, competent authority, appellate authority and employees in relation to matters done under the Act or rules. Such protection is common in facilitation laws because officers must take decisions without fear when acting honestly within the framework.

The Act also contains an overriding effect clause. This means that, to the extent of inconsistency, the provisions of this Act will prevail over other laws listed or affected. However, the same Act also contains a savings clause. Therefore, we should read overriding effect and savings together. The overriding effect supports facilitation; the savings prevent misuse.

In practical terms, the Act removes procedural obstacles in specified situations, but it does not create an unlimited exemption from regulatory standards. This balance is the key to understanding the Act.

3.1.11 Appellate Authority and Its Role

The appellate authority under the Act is the State Board constituted under the Kerala Industrial Single Window Clearance Boards and Industrial Township Area Development Act, 1999. Any person aggrieved by a decision of the nodal agency or Bureau may file an appeal within the prescribed period and manner.

The appellate authority may call for additional details or documents. It must give the aggrieved person and the nodal agency or Bureau an opportunity to be heard before disposing of the appeal. This protects procedural fairness. The appellate authority also has the power to examine orders and pass appropriate orders in certain situations.

Appeal should be understood as a structured remedy. It is not merely a complaint. An appeal should clearly state the decision challenged, the reason for disagreement, the facts, the documents and the relief sought. A vague appeal is weak; a well-documented appeal is persuasive.

3.1.12 Illustrative Situations

The application of the Kerala MSME Facilitation Act may differ according to the nature, location and risk level of an enterprise. Nano entrepreneurs should therefore examine whether their proposed activity satisfies the relevant land-use, building, environmental, safety and sector-specific requirements. Facilitation or self-certification does not remove the entrepreneur's responsibility to comply with applicable laws.

The following examples show how we can apply the Act responsibly in different nano-business situations.

Table 3.1.2
Responsible Application of the Kerala MSME Facilitation Act in Selected Nano Enterprises

Situation	How to apply the Act responsibly
Home-based spices packing unit	Check whether the activity is non-red category, whether the premises can be used, food safety requirements, and local body issues. Self-certification may help you start, but plan for hygiene, labelling, GST/registration, and later approvals.
Small tailoring and embroidery centre	Generally low-risk activity, but employment, shop registration, electricity, fire safety and local building suitability should be checked. The entrepreneur should preserve Udyam and certificate records.
Small furniture polishing unit	The entrepreneur must check the pollution category, chemical use, ventilation, and fire risk. If the activity falls into a higher-risk category, self-certification may not be enough.

Digital design and printing service	The activity may be simple, but shop/ commercial establishment registration, lease documents, electricity connection and tax records are important for future bank credit.
Small ready-to-eat food processing unit	Food safety, hygiene, packaging, waste disposal and labelling are crucial. The facilitation certificate cannot replace product-specific regulatory compliance.

3.1.13 Practical Checklist Before Using the Act

1. Identify the exact activity of the proposed enterprise, not merely the trade name.
2. Check whether the activity is included in Red Category by the Pollution Control Board.
3. Verify land use, building suitability and local body requirements.
4. Prepare promoter details, enterprise details, project cost, premises details and expected date of commencement.
5. Obtain or prepare Udyam Registration details wherever applicable.
6. Read every declaration in the self-certification carefully before submission.
7. Keep digital and printed copies of the certificate, application, fee receipt and communication.
8. Create a compliance calendar for approvals to be completed within the validity period.
9. Take professional or official guidance if the activity involves food, chemicals, health, waste, machinery or labour risk.
10. Use appeal or grievance channels promptly if a decision is incorrect or delayed.

Recap

- ◇ The Act seeks to reduce initial procedural delays faced by eligible MSMEs.
- ◇ It supports faster entry into formal and legally recognised business activity.
- ◇ Self-certification is the central feature of the facilitation route.
- ◇ The Act follows the principle of administrative trust combined with accountability.
- ◇ Eligibility depends on the enterprise, activity, location and other legal facts.
- ◇ Enterprises falling within the Red Category cannot use the MSME self-certification route.
- ◇ The exact nature of the business process matters more than its attractive trade name.
- ◇ An enterprise must satisfy the applicable MSME classification and eligibility conditions.
- ◇ “Approval” includes licences, permissions, registrations, clearances, consents and NOCs.
- ◇ A competent authority is the body normally empowered to issue a particular approval.
- ◇ The District Board functions as the nodal agency under the facilitation framework.
- ◇ The State Board functions as the appellate authority for specified decisions.
- ◇ The material uses Certificate of in-principal approval as the updated expression.
- ◇ Older materials may describe the same document as an acknowledgement certificate.
- ◇ The certificate is issued based on complete and truthful self-certification.
- ◇ The certificate is not a permanent licence covering every legal requirement.
- ◇ It acts as a bridge between immediate commencement and complete statutory compliance.
- ◇ The validity period must be used to obtain the approvals required under other laws.

Objective Questions

1. Which type of enterprises does the Kerala MSME Facilitation Act, 2019 primarily support?
2. What process allows an entrepreneur to declare compliance independently?
3. Which category of enterprise is excluded from the self-certification facility?
4. Which board functions as the nodal agency at the district level?
5. Which board acts as the appellate authority?
6. What document establishes the entrepreneur's legal right to occupy rented premises?
7. What type of land is specifically protected from unauthorised industrial use?
8. What document records the conditions accepted by the entrepreneur?
9. What online system facilitates investment clearances in Kerala?
10. What process is necessary when a licence reaches the end of its validity?
11. What official process examines the accuracy of submitted information?
12. What is the maximum monetary penalty under the Act?

Answers

1. MSMEs
2. Self-certification
3. Red
4. District
5. State
6. Lease
7. Paddyland
8. Undertaking
9. K-SWIFT
10. Renewal
11. Verification
12. ₹5,00,000

Self-Assessment Questions

1. Explain the significance of self-certification under the Kerala MSME Facilitation Act, 2019.
2. Define Appalete Authority and Complant Authority under the Act
3. What do you mean by Certificate - of-Inprinciple Approval?.
4. Explain the role of Appallete Authority?.

Assignments

1. Select a nano business idea and prepare a one-page eligibility note explaining whether it may use the facilitation route.
2. Prepare a document checklist for a small food processing unit before filing self-certification.
3. Draft a model compliance calendar for the first three years and six months of a micro enterprise.
4. Interview a local entrepreneur and identify the approvals that created the most confusion at the starting stage.

Reference

1. Government of Kerala. (2019). *The Kerala Micro Small and Medium Enterprises Facilitation Act, 2019* (Act 16 of 2019). Kerala Gazette Extraordinary.
2. Government of Kerala. (2020). *The Kerala Micro Small Medium Enterprises Facilitation Rules, 2020*. Industries Department.
3. Government of Kerala. (2021). *The Kerala Micro Small and Medium Enterprises Facilitation (Amendment) Act, 2021* / related amendment documents.
4. Government of Kerala. (2024). *The Kerala Micro Small and Medium Enterprises and Other Enterprises Facilitation (Amendment) Act, 2024*.
5. Government of Kerala. (2024). *Kerala Micro Small Medium Enterprises and Other Enterprises Facilitation (Amendment) Rules, 2024*.



6. Government of Kerala. (2023). *Kerala Micro and Small Enterprises Facilitation Council Rules, 2023*.
7. Department of Industries and Commerce, Government of Kerala. (2023). *Kerala Industrial Policy 2023*.
8. Ministry of Micro, Small and Medium Enterprises, Government of India. (2006). *Micro, Small and Medium Enterprises Development Act, 2006*.

Suggested Reading

1. Government of Kerala, Department of Industries & Commerce. (2023). *Kerala Industrial Policy 2023*. Government of Kerala.
2. Directorate of Industries & Commerce, Government of Kerala. (2026). *Entrepreneur support schemes and guidelines*. Government of Kerala.
3. Ministry of Micro, Small and Medium Enterprises, Government of India. (2026). *Udyam registration: Guidelines and registration procedure for micro, small and medium enterprises*. Government of India.
4. Government of Kerala, Local Self Government Department. (2019). *Kerala Panchayat Building Rules, 2019*. Government of Kerala.
5. Government of Kerala, Local Self Government Department. (2019). *Kerala Municipality Building Rules, 2019*. Government of Kerala.
6. Food Safety and Standards Authority of India. (2026). *Food safety and standards (licensing and registration of food businesses): Guidance and regulatory requirements*. Ministry of Health and Family Welfare, Government of India.
7. Government of Kerala, Labour Department. (1960). *The Kerala Shops and Commercial Establishments Act, 1960*. Government of Kerala.
8. Government of Kerala, Labour Department. (1961). *The Kerala Shops and Commercial Establishments Rules, 1961*. Government of Kerala.

Unit 2

Kerala Micro Small Medium Enterprise Facilitation Rules, 2020

Learning Outcomes

After completing this unit, the learner will be able to:

- ◇ explain the key definitions in the Kerala MSME Facilitation Rules, 2020
- ◇ identify who may submit self-certification for different forms of enterprise
- ◇ describe the procedure for grant of certificate of in-principal approval / acknowledgement certificate
- ◇ explain the functions of the nodal agency
- ◇ understand the procedure for filing an appeal before the appellate authority

Prerequisite

Meera is a nano entrepreneur from Kerala who plans to start a small home-based food processing unit. She has a good business idea and the necessary resources, but soon realises that establishing an enterprise also requires an understanding of the legal procedures and government requirements involved.

While exploring the process, Meera comes across the Kerala Micro, Small and Medium Enterprises Facilitation Rules, 2020. She starts by understanding the key definitions in the Rules, particularly the meaning and role of an Authorised Officer. She then learns about the Acknowledgement Certificate and the procedure for obtaining it through self-certification.

Meera also wants to know who will coordinate the process and assist her if she faces any difficulties. This leads her to the Nodal Agency, which plays an important role in facilitating enterprises, coordinating with competent authorities and addressing the grievances and queries of entrepreneurs.

Finally, Meera wonders what she can do if she is dissatisfied with a decision of the Nodal Agency. She learns that the Rules provide a procedure for filing an appeal before the Appellate Authority, thereby providing a mechanism for seeking redressal.



This unit discusses key definitions under the Rules, the role of the Authorised Officer, the procedure for granting an Acknowledgement Certificate, the functions of the Nodal Agency, and the procedure for filing an appeal before the Appellate Authority.

Keywords

authorised officer, acknowledgement certificate, nodal agency, appellate authority

Discussion

3.2.1 Definitions under the Kerala Micro Small Medium Enterprises Facilitation Rules, 2020

Table 3.2.1:

Key Terms under the Kerala MSME Facilitation Rules and Their Practical Meaning

Rule term and Definition	Formal idea	Practical meaning
Act “Act” means the Kerala Micro Small Medium Enterprises Facilitation Act, 2019 (16 of 2019);	The Kerala MSME Facilitation Act, 2019	The parent law that gives power to the Rules.
Authorised Officer “Authorized Officer” means person authorized by Nodal Agency for carrying out the functions assigned in these rules;	Person authorised by the nodal agency for functions assigned in the Rules	An official who may verify and issue certificates when portal-related issues occur or when the nodal agency assigns functions.
Form "Form" means the form appended to these rules.	Form appended to the Rules	Use the prescribed format; random letters cannot replace required forms.

Nodal Agency	Operational agency under the Act and Rules	Coordinates the process and acts as a bridge between entrepreneur and competent authorities.
Self Certification	Declaration submitted by the enterprise	A legal declaration, that the details are true and conditions will be followed.

3.2.2 Procedure for Grant of Certificate / Acknowledgement

Every eligible enterprise seeking the certificate must submit a duly filled self-certification to the nodal agency in the prescribed form, electronically through the web portal designed for this purpose. The Rules also recognise that in special circumstances or when the web portal fails to accept self-certification, a physical submission may be made to the nodal agency. This matters because facilitation should not collapse over a technical snag.

The application is accompanied by a fee calculated at the prescribed rate based on the total project cost excluding the value of land. The fee is paid through digital modes such as online banking, NEFT or card-based payment to the designated account of the nodal agency. For a nano entrepreneur, calculate the fee carefully, as an incorrect project cost may affect the accuracy of the filing.

On receipt of a self-certification completed in all respects, the electronic web portal issues the certificate instantly in the prescribed form, stating the date of receipt and the period of validity. This “completed in all respects” condition is important. A careless or incomplete filing can delay the benefit that the law is designed to provide.

3.2.3 Who Can Submit Self-Certification?

The Rules specify the person who can submit self-certification depending on the legal form of the enterprise. In a proprietary enterprise, the proprietor submits it. In a partnership enterprise, the authorised partner submits it. In a company, the director, principal officer or a person duly authorised by the board submits it. In other forms of enterprise, the authorised person submits it.

This requirement protects the authenticity of the filing. A declaration submitted by an unauthorised person can create future disputes. For example, if a partnership has three partners and one person files without authority, questions may arise later when the business seeks bank finance, lease approval or renewal.

Nano enterprises are often informal at the idea stage. Before filing, the entrepreneur should decide the legal form of business and keep authorisation documents ready. A



sole proprietor should keep identity and address records. A partnership should preserve the partnership deed and authorisation. A company or LLP should keep board resolution or authorisation documents.

3.2.4 Separate Premises and Multiple Locations

The Rules provide that if the enterprise has commercial operations at more than one set of premises, it must submit a separate self-certification for each set of premises. This is a practical rule because approvals and risk factors are often location-specific.

For example, a nano food entrepreneur may have a production unit in one building and a retail counter in another building. A tailoring unit may have one cutting centre and one sales outlet. Each location may have different local body jurisdiction, building details, electricity connection and safety concerns. A single certificate cannot automatically cover every premise unless the Rules allow it.

We should understand that enterprise identity and premises identity are different. Udyam or the business name may identify the enterprise, but the certificate route also considers the location where commercial operations take place.

3.2.5 Fee and Payment Discipline

The Rules prescribe a fee calculated at 0.01 per cent of the total project cost, excluding land value, for each self-certification submitted. Though the percentage is small, the principle is important: the entrepreneur must declare the project cost correctly and preserve proof of payment.

Nano entrepreneurs sometimes underestimate project cost casually. Project cost should include relevant fixed investment and expected setup cost as applicable under the form. If later documents show a very different cost, questions may arise about the accuracy of the declaration. Good financial discipline begins here.

Store the payment receipt in the enterprise compliance file. Banks, authorities and future consultants may ask for proof of filing and fee payment. A good entrepreneur keeps a physical and digital folder labelled “MSME Facilitation Certificate and Self Certification”.

3.2.6 Functions of the Nodal Agency

The following are the functions of the Nodal Agency

- ◇ The Nodal Agency shall serve as the coordinating and implementing agency for achieving the objectives and purposes of the Act.
- ◇ If the electronic web portal fails, the Nodal Agency shall appoint one or more Authorised Officers to verify and issue the Acknowledgement Certificate under the Act.
- ◇ The Nodal Agency shall receive and address the grievances and queries of

enterprises relating to any action taken or omission made under the Act and the Rules.

- ◇ The Nodal Agency shall maintain the electronic portal required for implementing the provisions of the Act and shall keep proper records of the Self-Certification and Acknowledgement Certificate.
- ◇ Upon issuing the Acknowledgement Certificate, the Nodal Agency shall forward the Self-Certification and Acknowledgement Certificate of the enterprise to all the concerned Competent Authorities.
- ◇ The Nodal Agency shall coordinate between the enterprise and the Competent Authorities.

In case of any dispute between an enterprise and a Competent Authority, the Nodal Agency shall take steps to resolve the dispute. It may, whenever necessary, seek directions from the State Board.

3.2.7 Procedure for Filing Appeal Before the Appellate Authority

The Rules provide that an appeal filed before the appellate authority under section 12 of the Act shall be in the prescribed form. The Act states that a person aggrieved by a decision of the nodal agency or Bureau may file an appeal within the prescribed period. The appellate authority may call for additional details or documents, give an opportunity of being heard and dispose of the appeal within the stipulated period.

A practical appeal should include the name and address of the applicant, enterprise details, certificate or application details, copy of the challenged decision, facts of the case, grounds of appeal, documents relied upon and relief sought. If the issue is a factual error, attach evidence. If the issue is a wrong interpretation, cite the relevant rule or section.

The tone of an appeal should be firm, polite and factual. Accusations without evidence weaken the case. The entrepreneur should explain how the decision affects the enterprise and what correction is requested.

3.2.8 Temporary Building Number and Practical Start-up Support

Recent reforms linked with the Rules have addressed a practical difficulty. Entrepreneurs often needed a building number for loans and operational purposes even when the facilitation certificate allowed them to start. The amendment enabling a temporary building number through K-SWIFT recognition strengthens the practical utility of the facilitation route.

This matters for nano entrepreneurs because banks, suppliers, and customers often ask for address proof, a building number, and official establishment details. A



temporary number can help the enterprise move forward while permanent building-related formalities are completed within the prescribed time.

This means that law and administration are gradually moving from permission-first to facilitation-first. Still, the entrepreneur should not stop at temporary arrangements. Permanent building number and all required approvals should be obtained within the time allowed.

3.2.9 Link with MSME Delayed Payment Protection

A nano entrepreneur must understand the Micro and Small Enterprises Facilitation Council mechanism under the MSMED Act and Kerala Rules, 2023. This mechanism addresses delayed payment disputes involving micro and small enterprises. Many nano and micro businesses fail not because they cannot produce, but because buyers delay payment.

The Kerala Micro and Small Enterprises Facilitation Council Rules, 2023 establish State and Regional Councils, specify jurisdiction, procedure, conciliation and arbitration steps, and provide formats and checklists for delayed payment references. This gives a separate but related support system to small enterprises after they begin operations.

A nano entrepreneur should therefore maintain purchase orders, invoices, delivery challans, work completion proof and bank statements. Without documentary evidence, delayed payment protection becomes difficult to use.

3.2.10 Suggested Filing Workflow

1. Clarify the business idea: product/service, activity, process, investment, premises and expected start date.
2. Check enterprise classification and obtain Udyam Registration wherever applicable.
3. Check whether the activity is excluded because of Red Category classification or location restrictions.
4. Collect proprietor/partner/company authorisation details.
5. Prepare the project cost excluding land value for fee calculation.
6. Register/login through the relevant K-SWIFT or prescribed online route.
7. Fill the self-certification carefully and read all declarations.
8. Pay the prescribed fee and save the receipt.
9. Download the certificate and verify all details immediately.
10. Create a compliance calendar and begin completing required approvals well before the certificate validity ends.

3.2.11 Significance of Proper Documentation for a Nano Entrepreneur

Proper documentation helps a nano entrepreneur complete registration, obtain approvals, approach financial institutions and respond to official queries without unnecessary delay. Since nano enterprises usually operate with limited administrative support, they should organise documents systematically from the business's initial stage.

The entrepreneur should maintain both digital and physical copies of important records. Digital files may be arranged in clearly labelled folders and backed up securely, while original documents and printed copies should be stored in a physical file. The following table presents the principal documents that may be included in a practical document folder, their purpose and the suggested format for maintaining them.

Table 3.2.3: Document Checklist for a Nano Entrepreneur

Item	Why it is needed	Suggested format
Identity and address proof of promoter	Authentication and bank linkage	PDF scan + physical copy
Udyam Registration details	MSME identity and eligibility support	PDF certificate and print copy
Lease deed / ownership proof / consent letter	Premises verification and bank/local body purposes	Registered deed or valid agreement
Activity note and process description	Clarifies category and risk	One-page note
Project cost statement	Fee calculation and bank finance	Signed estimate
Self-certification copy	Core legal declaration	Portal PDF + print copy
Fee receipt	Proof of payment	PDF and print
Certificate of in-principal approval	Main facilitation document	PDF, print and backup email

Communication with nodal agency	Evidence in case of query or appeal	Email folder and printed important letters
Compliance calendar	Avoids last-minute renewal/approval crisis	Excel/diary/printed table

3.2.12 Common Mistakes and How to Avoid Them

Nano entrepreneurs may face regulatory or operational difficulties because of inaccurate applications, inadequate documentation or failure to monitor compliance deadlines. Even minor errors at the initial stage can delay approvals, affect access to finance or create legal complications later. These problems can be reduced through accurate disclosure, early verification and systematic record-keeping.

The following table presents common mistakes made by nano entrepreneurs, their possible consequences and the preventive actions that may be taken.

Table 3.2.4: Common Compliance Mistakes and Preventive Actions for Nano Entrepreneurs

Common mistake	Possible consequence	Preventive action
Filing under wrong activity description	Category confusion or later objection	Use accurate activity and process description.
Ignoring land use and building suitability	Risk of cancellation or legal difficulty	Check local body, land and master plan issues early.
Treating certificate as permanent licence	Non-compliance after validity period	Prepare approval calendar immediately.
Not saving portal receipt and certificate	Difficulty in bank or official interactions	Download, print and back up all records.
Using an unauthorised person to submit declaration	Internal disputes and procedural defects	Keep authorisation records.
Waiting until last month to obtain approvals	Operational disruption	Review compliance every six months.
Poor invoice and account records	Weak case in loan, tax or delayed payment matters	Maintain accounts from day one.

Recap

- ◇ The Rules explain how the Facilitation Act is implemented in practice.
- ◇ The Act provides the entitlement, while the Rules provide the procedure.
- ◇ The Rules cover forms, filing, fees, certificate issuance, nodal-agency functions and appeals.
- ◇ “Act” refers to the parent Kerala MSME Facilitation legislation.
- ◇ An authorised officer performs functions assigned by the nodal agency.
- ◇ A prescribed form must be used for valid self-certification.
- ◇ A random letter or informal application cannot replace the prescribed form.
- ◇ Self-certification is a legal declaration that the information supplied is true.
- ◇ Filing is normally made electronically through the designated web portal.
- ◇ Physical submission may be permitted in special circumstances or when the portal fails.
- ◇ The self-certification must be complete in all respects.
- ◇ An incomplete filing may delay certificate issuance.
- ◇ The prescribed fee must accompany the self-certification.
- ◇ The fee is calculated at 0.01 per cent of total project cost excluding land value.
- ◇ Project cost must be estimated and declared accurately.
- ◇ The payment receipt should be downloaded, printed and safely preserved.
- ◇ The proprietor submits self-certification for a proprietary enterprise.
- ◇ An authorised partner submits it for a partnership enterprise.
- ◇ A director, principal officer or board-authorised person submits it for a company.
- ◇ Other forms of enterprise must use a properly authorised person.
- ◇ Partnership deeds, resolutions and authorisation records should be kept ready.
- ◇ Separate self-certification is required for each separate set of commercial premises.
- ◇ Enterprise identity and premises identity are not the same.



- ◇ A complete application can generate the certificate through the electronic portal.
- ◇ Certificate details should be verified immediately after downloading.
- ◇ The nodal agency maintains the portal, applications, certificates and related records.
- ◇ It forwards the self-certification and certificate to the competent authorities.
- ◇ It receives queries, addresses grievances and coordinates between enterprises and authorities.
- ◇ Appeals must be filed in the prescribed form, within time and with supporting evidence.
- ◇ A compliance calendar and organised document folder prevent last-minute approval, renewal and record-keeping problems.

Objective Questions

1. What do the Kerala MSME Facilitation Rules, 2020 mainly prescribe?
2. Who may perform functions assigned by the nodal agency under the Rules?
3. Through which mode is self-certification normally submitted?
4. Is physical submission permitted under special circumstances?
5. Who submits self-certification for a proprietary enterprise?
6. Who may submit self-certification on behalf of a company?
7. What forms the basis for calculating the prescribed fee?
8. How quickly is the certificate issued after complete electronic submission?
9. What digital facility is maintained by the nodal agency?
10. What type of self-certification is required for each additional premises?
11. What remedy is available against an unfavourable decision?
12. What does a compliance calendar help an entrepreneur track?

Answers

1. Procedure
2. Officer
3. Electronically
4. Yes
5. Proprietor
6. Director
7. Cost
8. Instantly
9. Portal
10. Separate
11. Appeal
12. Renewals

Self Assessment Questions

1. Explain the procedure for grant of certificate under the Kerala MSME Facilitation Rules, 2020.
2. Discuss the functions of the nodal agency under the Rules.
3. Who can submit self-certification for different forms of enterprise? Explain with examples.
4. Prepare a note on appeal before the appellate authority under the Act and Rules.
5. Explain how a nano entrepreneur should maintain a document folder after obtaining the certificate.



Assignments

1. Prepare a mock self-certification data sheet for a nano bakery unit.
2. Prepare a checklist of documents needed for a bank loan after obtaining the certificate.

Reference

1. Government of Kerala. (2019). *The Kerala Micro Small and Medium Enterprises Facilitation Act, 2019 (Act 16 of 2019)*. Kerala Gazette Extraordinary.
2. Government of Kerala. (2020). *The Kerala Micro Small Medium Enterprises Facilitation Rules, 2020*. Industries Department.
3. Government of Kerala. (2021). *The Kerala Micro Small and Medium Enterprises Facilitation (Amendment) Act, 2021* / related amendment documents.
4. Government of Kerala. (2024). *The Kerala Micro Small and Medium Enterprises and Other Enterprises Facilitation (Amendment) Act, 2024*.
5. Government of Kerala. (2024). *Kerala Micro Small Medium Enterprises and Other Enterprises Facilitation (Amendment) Rules, 2024*.
6. Government of Kerala. (2023). *Kerala Micro and Small Enterprises Facilitation Council Rules, 2023*.
7. Department of Industries and Commerce, Government of Kerala. (2023). Kerala Industrial Policy 2023.
8. Ministry of Micro, Small and Medium Enterprises, Government of India. (2006). *Micro, Small and Medium Enterprises Development Act, 2006*.
9. K-SWIFT / Invest Kerala official resources and help materials related to MSME facilitation and online single window clearance.
10. *The Hindu Bureau*. (2023). MSME facilitation rules amendment enables enterprises to start operations immediately with temporary building number.

Suggested Reading

1. Government of Kerala, Department of Industries & Commerce. (2023). *Kerala Industrial Policy 2023*. Government of Kerala.
2. Directorate of Industries & Commerce, Government of Kerala. (2026). *Entrepreneur support schemes and guidelines*. Government of Kerala.
3. Ministry of Micro, Small and Medium Enterprises, Government of India. (2026). *Udyam registration: Guidelines and registration procedure for micro, small and medium enterprises*. Government of India.
4. Government of Kerala, Local Self Government Department. (2019). *Kerala Panchayat Building Rules, 2019*. Government of Kerala.
5. Government of Kerala, Local Self Government Department. (2019). *Kerala Municipality Building Rules, 2019*. Government of Kerala.
6. Food Safety and Standards Authority of India. (2026). *Food safety and standards (licensing and registration of food businesses): Guidance and regulatory requirements*. Ministry of Health and Family Welfare, Government of India.
7. Government of Kerala, Labour Department. (1960). *The Kerala Shops and Commercial Establishments Act, 1960*. Government of Kerala.
8. Government of Kerala, Labour Department. (1961). *The Kerala Shops and Commercial Establishments Rules, 1961*. Government of Kerala.

BLOCK

4

Directorate of Industries and Commerce

Unit 1

Functions and Duties

Learning Outcomes

After completing this unit, the learner will be able to:

- ◇ explain the functions of the Directorate of Industries and Commerce
- ◇ describe the major functions and programmes of District Industries Centres
- ◇ understand the duties of the Industries Extension Officer
- ◇ identify the relevance of industrial estates, development areas and plots for nano and micro enterprises
- ◇ explain the practical connection between local business activities and Panchayat Raj licensing requirements

Prerequisite

Anjali is a 28-year-old woman living in a village in Kollam district, Kerala. She has always enjoyed preparing traditional Kerala pickles and banana chips. What began as a way of using her cooking skills gradually became a small income-generating activity. Her neighbours liked her products, and soon she started receiving orders from nearby households, friends and local shops.

As demand increased, Anjali began to think seriously about converting her small activity into an organised nano enterprise. However, she soon realised that producing a good product and having customers were only the beginning. She had several questions. Where should she operate the business? What registrations and licences would she need? How should she prepare a project report? Could she obtain financial assistance? What documents would she have to submit? Whom should she approach for guidance?

Anjali first approached the District Industries Centre (DIC) to understand the support available to new entrepreneurs. She learned that the DIC plays an important role in guiding entrepreneurs, facilitating access to government schemes and programmes, assisting with documentation and applications, and connecting entrepreneurs with other institutions. She also learned that the support system is not limited to the district office.

The DIC official explained to Anjali that the Industries Extension Officer work-



ing at the block level could provide first-line assistance closer to her place of business. The officer could help her understand applicable schemes, identify required documents, complete applications, and follow up on her enterprise's progress. This made the process less confusing for Anjali and helped her understand the practical steps to establish her business.

As Anjali prepared her project, another question arose: should she continue operating from home or find a separate workspace? Her growing production required more space for preparation, storage, packaging and movement of materials. She therefore explored the possibility of obtaining an organised industrial workspace. Through the support system, she learned about industrial estates, development areas, development plots, and mini-industrial estates, where suitable enterprises may obtain industrial land, sheds, or related infrastructure, subject to applicable rules and availability.

While exploring these options, Anjali also understood that obtaining an industrial plot or shed would not automatically give her permission to conduct every type of activity. She would still have to comply with the applicable local-body requirements, licences, registrations and other statutory conditions. Since her enterprise was located within the jurisdiction of a local self-government institution, she needed to understand the relevant provisions of the Kerala Panchayat Raj Act and the permissions applicable to her business.

Anjali's experience shows that becoming an entrepreneur involves more than having a business idea or producing a quality product. An entrepreneur needs information, guidance, finance, suitable infrastructure and awareness of legal and regulatory responsibilities. Government institutions such as the DIC and Industries Extension Officers can help entrepreneurs navigate this process, while industrial infrastructure can provide suitable premises for enterprises that need organised workspaces. At the same time, the entrepreneur remains responsible for complying with the applicable laws and conditions.

In Kerala, the Directorate of Industries and Commerce provides institutional support to entrepreneurs through a field-level network that includes 14 District Industries Centres, Taluk Industries Offices and block-level Industries Extension Officers. District Industries Centres serve as district-level gateways for project guidance, scheme assistance, documentation, finance linkage and coordination with other agencies, while Industries Extension Officers function as first-line facilitators closer to the entrepreneur. Industrial estates, development areas, development plots and mini-industrial estates further help enterprises that require organised workspace and infrastructure.

This unit explores the functions of the District Industries Centre, its programmes, the duties of the Industries Extension Officer, the role of industrial estates, and the Panchayat Raj Act.

Keywords

Directorate of Industries and Commerce, Industries Extension Officer, Industrial Estate, Entrepreneur Support Scheme, Panchayat Raj Licence

Discussion

4.1.1 Why an Institutional Support System is Necessary for Nano Business

For a nano entrepreneur, the government support system should not be imagined as a distant file-moving mechanism. It is a network of offices, officers, schemes, training programmes, land and infrastructure facilities, online portals and statutory facilitation channels. We should understand the system as a set of practical doors through which a business idea can move towards registration, finance, location, licence, production and growth.

Nano entrepreneurs often start with a strong idea but weak institutional knowledge. They may know how to prepare a product or deliver a service but may not know where to obtain a project profile, how to approach a bank, what licence is needed, how to identify a suitable building, how to apply for assistance, or how to market the product after production. This gap between ability and formal support is exactly where the Directorate of Industries and Commerce and its field offices become important.

A support system does not run the business for the entrepreneur. It reduces avoidable confusion, connects the entrepreneur to schemes and institutions, and helps the entrepreneur move from informal effort to organised enterprise. For anyone, it is a crucial lesson to understand that government support works best when the entrepreneur is prepared, honest, document-oriented and willing to follow up.

4.1.2 Directorate of Industries and Commerce: Meaning and Role

The Directorate of Industries and Commerce is the functional arm of the Industries and Commerce Department for implementing industrial activities and MSME-related support across Kerala. Its guideline describes the Directorate as responsible for promoting, sponsoring, registering, financing and advising MSMEs in the State, and as the controlling office of 14 District Industries Centres, Common Facility Service Centres at Changanacherry and Manjeri, and a Documentation Centre. The Entrepreneur Support Scheme (ESS) guidelines also describe the Directorate as an implementing agency for MSME-related policy decisions, working through District Industries Centres and Taluk Industries Offices.



For a nano entrepreneur, the Directorate's importance can be understood in three simple layers. First, it shapes and implements schemes and field-level entrepreneurship promotion; second, it supervises the district network that interacts with entrepreneurs, and third, it connects entrepreneurs to larger systems such as financial institutions, infrastructure agencies, single window clearances and post-production support channels.

Table 4.1.1 Directorate support layers and their practical meaning

Layer of support	What it means	Practical meaning for a nano entrepreneur
Policy implementation	Translates Government industrial and MSME policies into field programmes and schemes.	The entrepreneur receives scheme information, application procedures and assistance through DIC / IEO.
Field administration	Works through District Industries Centres, Taluk Industries Offices and block-level officers.	The entrepreneur gets a nearby institutional contact instead of travelling to the State capital for every issue.
Facilitation	Coordinates with banks, departments, local bodies and agencies.	The entrepreneur receives help with project profiles, documentation, clearances and support schemes.
Enterprise development	Promotes entrepreneurship, infrastructure, clusters, revival and environmental care.	The entrepreneur receives training, location guidance, marketing support and growth orientation.

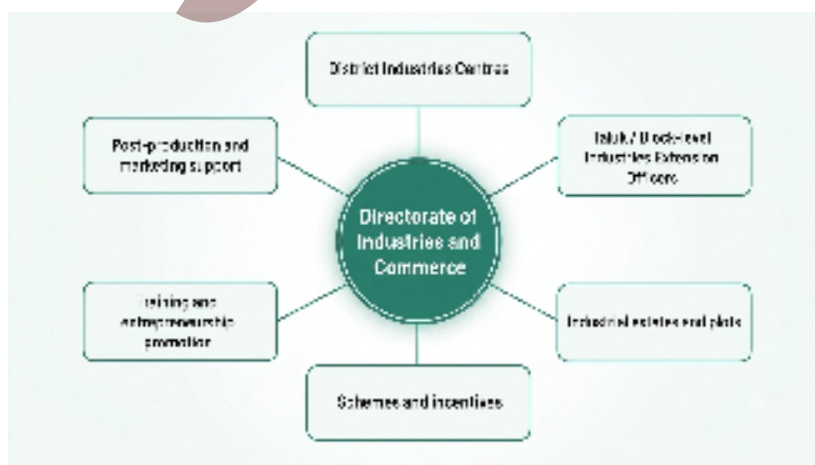


Fig No. 4.1.1 Institutional support map for a nano entrepreneur in Kerala

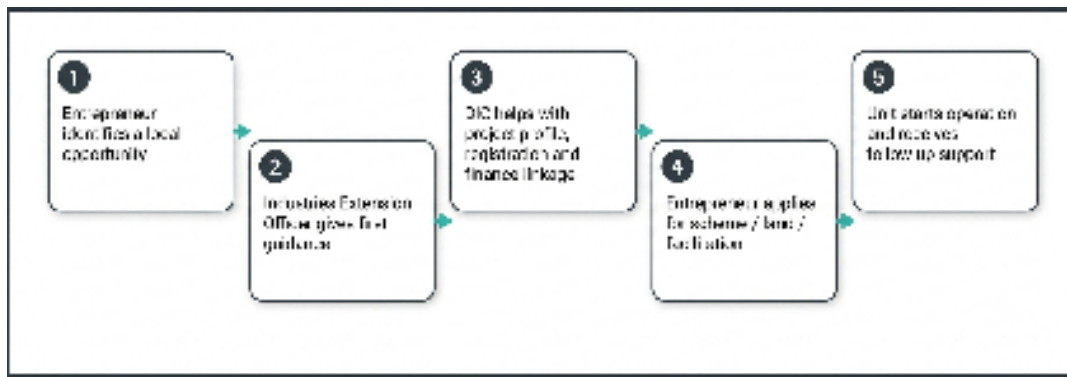


Fig No. 4.1.2 Entrepreneur support journey from idea to DIC-enabled support

4.1.2.1 Major Functions of Directorate of Industries and Commerce

The Directorate of Industries and Commerce is the state-level machinery responsible for promoting industrial development and implementing the industrial policies and programmes of the Government of Kerala. Its role is mainly concerned with overall planning, policy implementation, administration, coordination and development of the industrial sector in the State. Following are the major functions of DIC :

1. Industrial Policy and Programme Implementation

The Directorate implements the industrial policies, programmes and schemes of the Government of Kerala. It translates government objectives relating to industrial development and MSMEs into programmes and administrative actions.

2. Promotion of Industrial Development

The Directorate promotes the establishment, expansion and development of industries throughout Kerala. It encourages investment, entrepreneurship and industrial activities based on the resources, skills and economic potential of the State.

3. MSME Development

It promotes the development of Micro, Small and Medium Enterprises (MSMEs) by providing an appropriate institutional framework for their establishment, growth, modernisation and diversification.

4. Administration of Government Schemes

The Directorate administers and oversees various Central and State Government schemes relating to entrepreneurship, MSMEs, financial assistance, employment generation, technology, marketing and industrial development.

5. Financial Assistance

It facilitates and administers various forms of financial assistance and incentives available to eligible enterprises under government schemes. It also coordinates with

financial institutions and other agencies for improving access to institutional finance.

6. Industrial Infrastructure Development

The Directorate facilitates the development of industrial estates, industrial land, industrial sheds and other industrial infrastructure. Such infrastructure provides suitable locations and facilities for establishing industrial units.

7. Entrepreneurship Development

The Directorate promotes entrepreneurship through entrepreneurship awareness programmes, Entrepreneurship Development Programmes (EDPs), seminars, training and other capacity-building activities. These programmes help create a new generation of entrepreneurs.

8. Technology and Modernisation

It encourages industrial units to adopt modern technology, improved production techniques and better machinery. It also facilitates technology-related assistance and promotes technological upgradation of eligible enterprises.

9. Marketing and Industrial Promotion

The Directorate promotes the products of small and micro enterprises through industrial exhibitions, fairs, trade events and other marketing initiatives. These activities help enterprises obtain market opportunities and improve competitiveness.

10. Facilitation of Industrial Approvals

It facilitates an entrepreneur-friendly regulatory environment by coordinating procedures for licences, clearances, NOCs, and other statutory requirements. It uses single-window and other simplified mechanisms wherever applicable.

11. Coordination with Government Departments and Institutions

The Directorate coordinates with various government departments, financial institutions, local bodies and other agencies involved in industrial development. This coordination reduces administrative difficulties and improves the delivery of industrial services.

12. Cluster and Sector Development

It promotes industrial clusters, cooperative activities and sector-specific development to encourage collective growth, common facilities, resource sharing and improved competitiveness of enterprises.

13. Rehabilitation of Stressed and Sick Enterprises

The Directorate facilitates the revival and rehabilitation of viable stressed, sick and defunct enterprises. This helps preserve productive assets, employment and existing industrial capacity.

14. Industrial Information and Monitoring

The Directorate monitors industrial development programmes and maintains relevant information for planning, policy implementation and evaluation. It assesses the progress of industrial activities and government schemes across the State.

15. Environmental Responsibility

The Directorate promotes industrial development while giving due importance to environmental protection and pollution control. It encourages enterprises to adopt appropriate environmental safeguards and cleaner production practices.

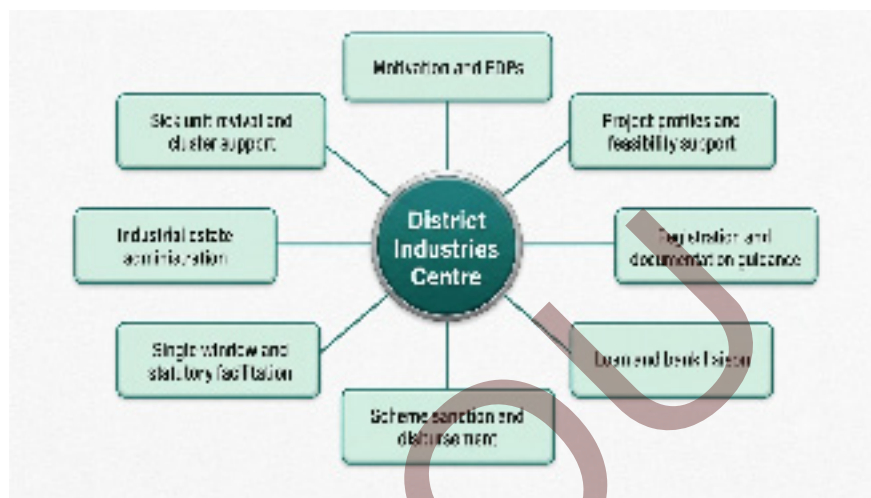


Fig No. 4.1.3 District Industries Centre as the field-level service point

4.1.3 District Industries Centre: The Entrepreneur's District-Level Doorway

The District Industries Centre, commonly called DIC, is the most visible district-level support institution for MSMEs. For nano entrepreneurs, DIC matters because it is located within the district and is expected to understand local opportunities, institutions, banks, and constraints. A good entrepreneur should see DIC as a support partner for planning, documentation, scheme application, infrastructure guidance and follow-up.

A DIC does not replace the entrepreneur's responsibility. It can guide, certify, recommend, process, inspect, sanction or coordinate depending on the scheme or function. But the entrepreneur must still provide correct information, maintain bills and accounts, comply with licences, repay loans and run the unit responsibly.

4.1.3.1 Functions of District Industries Centre

The District Industries Centre (DIC) is the district-level machinery of the Industries and Commerce Department responsible for providing direct support and facilitation to entrepreneurs. While the Directorate of Industries and Commerce performs functions at the State level, the DIC implements industrial development programmes and provides

field-level assistance within the district.

1. Identification and Motivation of Entrepreneurs

DIC identifies potential entrepreneurs in the district and motivates them to establish enterprises. It raises awareness of entrepreneurial opportunities, government schemes, and the various forms of assistance available to them.

2. Identification of Industrial Opportunities

DIC identifies suitable industrial opportunities by considering the local resources, skills, infrastructure, technology and market potential of the district. It encourages enterprises based on locally available resources and capabilities.

3. Project Identification and Guidance

DIC helps prospective entrepreneurs identify suitable business projects and provides guidance on project profiles, feasibility, investment requirements, and project report preparation. It helps entrepreneurs convert their business ideas into feasible projects.

4. Entrepreneurship Development and Training

DIC organises Entrepreneurship Development Programmes (EDPs), entrepreneurship awareness programmes, seminars and training programmes. These programmes develop entrepreneurial, technical and managerial skills among prospective and existing entrepreneurs.

5. Handholding Support

DIC provides handholding assistance to entrepreneurs from the initial stage of establishing an enterprise. It helps them understand procedures, prepare applications, and complete the documentation required to obtain government assistance.

6. Facilitation of Financial Assistance

DIC helps entrepreneurs obtain institutional finance from banks and other financial institutions. It provides information and assistance regarding applicable government schemes, subsidies, margin-money assistance and other financial incentives.

7. Facilitation of Licences and Clearances

DIC assists entrepreneurs in obtaining the necessary licences, approvals, clearances and No Objection Certificates (NOCs). It guides entrepreneurs through applicable single-window and other simplified approval mechanisms.

8. Technical and Technology Assistance

DIC provides information and guidance regarding technology, machinery, technical know-how and production methods. It helps entrepreneurs identify appropriate technology and improve the technical efficiency of their enterprises.

9. Assistance Regarding Raw Materials

DIC provides information about the availability and sources of raw materials and other production inputs. This helps entrepreneurs identify suitable sources and overcome difficulties related to essential inputs.

10. Industrial Infrastructure Support

DIC facilitates entrepreneurs' access to industrial estates, industrial plots, industrial sheds and other industrial infrastructure available within the district. This makes it easier for entrepreneurs to establish their units in suitable locations.

11. Marketing Assistance

DIC supports local enterprises in finding markets for their products by facilitating industrial exhibitions, fairs, trade events and other promotional activities. It helps entrepreneurs develop market linkages and improve sales opportunities.

12. Implementation of Government Schemes

DIC implements and facilitates various Central and State Government schemes relating to MSMEs, self-employment, entrepreneurship, financial assistance, skill development and industrial promotion at the district level.

13. Support to Industrial Clusters and Cooperatives

DIC assists in developing industrial clusters and cooperative activities. Such collective arrangements enable small enterprises to share resources, common facilities, technology and marketing opportunities.

14. Revival and Rehabilitation of Sick Units

DIC identifies sick, stressed, and defunct industrial units and facilitates their revival and rehabilitation where viable. This helps protect existing employment, productive assets and industrial capacity.

15. Field-Level Monitoring

DIC conducts field visits and monitors industrial units and government-assisted enterprises within the district. It assesses their progress and identifies problems that require intervention or additional support.

16. Grievance Redressal and Problem Solving

DIC helps entrepreneurs resolve financial, procedural, infrastructural, and regulatory difficulties by coordinating with concerned government departments, local bodies, and financial institutions.

17. Collection of Industrial Information

DIC collects information regarding industrial units, investment, employment and



industrial activities in the district. This information helps assess local industrial development and plan future programmes.

Table 4.1.3 DIC service areas and documents useful to nano entrepreneurs

DIC service area	Typical support	Documents the entrepreneur should keep ready
Business idea and project profile	Project guidance, feasibility advice, EDP and project report orientation.	Business idea note, promoter details, expected product/service, local market details.
Registration and formalisation	Guidance on Udyam / enterprise registration and other records.	Aadhaar/PAN, address proof, business constitution, bank details, activity details.
Finance and subsidy	Bank liaison, scheme application, ESS and other assistance processing.	Project report, quotations, loan sanction, invoices, investment details, Udyam.
Licences and clearances	Guidance through single window, local body and department clearances.	Building ownership/lease, activity details, pollution/safety data where applicable.
Industrial estate/land	Information on plots/sheds/industrial areas and application process.	Project cost, space requirement, power and water requirement, proposed employment.
Post-production	Marketing support, trade fair guidance, quality and cluster support.	Product catalogue, GST/Udyam, quality details, photographs, customer list.

4.1.3.2 Programmes of District Industries Centre (DIC)

The District Industries Centre (DIC) implements and facilitates various programmes to promote micro, small and medium enterprises and generate employment at the district level. These programmes provide support at different stages of enterprise development, from identifying a business opportunity through finance, training, infrastructure, marketing, and enterprise revival. Thus, DIC programmes are intended to create a supportive environment in which entrepreneurs can establish and develop their enterprises. The major Programmes of the District Industries Centre (DIC) are as follows.

1. Entrepreneurship Development Programme (EDP)

The Entrepreneurship Development Programme (EDP) is a district-level training programme designed to equip entrepreneurs with the knowledge and skills required to start, run, manage and expand their ventures successfully. and experts from relevant sectors.

The programme covers practical areas such as project selection, business start-up procedures, pricing, project-report preparation, financial analysis, marketing, licences, government schemes and banking procedures.

2. Entrepreneurship Awareness Programmes

DIC conducts Entrepreneurship Awareness Programmes (EAPs) to create awareness among potential entrepreneurs about business opportunities, government support, finance, technology and procedures for establishing enterprises.

These programmes are particularly useful for people interested in entrepreneurship who have not yet selected a specific project.

3. Technology Management Development Programme (TMDP)

The Technology Management Development Programme (TMDP) provides skill-based training to youth to improve their proficiency for setting up enterprises or becoming entrepreneurs. The programme aims to train 50 youth in each district in selected areas. The areas include sectors such as apparel and fashion design, food processing, light engineering, electronic equipment, energy-saving devices, non-conventional energy generation, plastic recycling and waste management.

4. Industrial Seminars and Workshops

DIC organises industrial seminars, workshops and awareness sessions for entrepreneurs and other stakeholders. These programmes provide information about government schemes, technology, finance, regulatory requirements, market opportunities and other matters relevant to enterprise development.

5. Investors' Meets

Investors' Meets are organised to facilitate interaction among prospective investors, existing entrepreneurs, financial institutions, line departments and other agencies. The Directorate describes these as one-day workshops conducted at the Taluk and district levels.

They provide a platform for entrepreneurs to discuss investment opportunities, finance, approvals and other requirements directly with relevant institutions.

6. Industrial Exhibitions, Fairs and Trade Events

DIC organises and facilitates industrial exhibitions, fairs and trade events to help enterprises find markets for their products. These programmes give entrepreneurs



opportunities to display products, interact with customers and buyers, and establish market linkages.

7. Project Identification and Feasibility Assistance

DIC helps prospective entrepreneurs identify suitable projects and provides project profiles, feasibility advice and guidance for starting MSMEs. It can also assist in preparing or facilitating the technical feasibility reports required to obtain finance.

This is an important DIC programme because it helps transform a general business idea into a technically and commercially feasible enterprise.

8. Credit Facilitation Programme

DIC helps entrepreneurs obtain credit from banks and financial institutions. It acts as a link between entrepreneurs and financial institutions and assists with technical feasibility reports and documentation.

9. Handholding and Clearance Facilitation

DIC provides handholding services to entrepreneurs during the establishment and operation of their units. This includes assistance with documentation, project clearances, licences, and NOCs.

10. Industrial Cluster Development

DIC promotes industrial clusters and supports cluster-related activities. Cluster development enables enterprises engaged in related activities to benefit from common facilities, knowledge, technology, production linkages and marketing opportunities.

11. Support for Industrial Cooperatives

DIC also supports industrial cooperatives.

12. Industrial Infrastructure Facilitation

DIC facilitates entrepreneurs' access to industrial infrastructure such as industrial estates and industrial galas/standard-design factories.

13. Skill and Capacity-Building Activities

Apart from formal EDPs, DIC conducts and facilitates various skill-development and capacity-building activities designed to improve the technical, managerial and entrepreneurial capabilities of potential and existing entrepreneurs.

4.1.4 Industries Extension Officer: Duties and Practical Importance

The ESS guidelines identify the Industries Extension Officer working at block level as the first-line executive officer and main facilitator for industrialists. This is extremely

important in the context of nano business, as many nano entrepreneurs are located in villages, small towns, coastal areas, hill areas and ordinary market centres. They may not feel confident approaching district-level offices directly. The Industries Extension Officer can be the first person to explain schemes, documents, and next steps.

The stated duties of Industries Extension Officers include

- i. identifying potential entrepreneurs through meetings, seminars, EDPs, workshops and investor meets
- ii. disseminating information about ESS; educating financial institutions in the block area about ESS
- iii. assisting entrepreneurs to obtain documents
- iv. helping them fill and submit applications
- v. following up with beneficiaries to watch the progress of their functioning.

This shows the officer's role as a field guide, document helper, scheme communicator and progress monitor.

Table 4.1.4 Duties of Industries Extension Officer

Duty of Industries Extension Officer	Meaning in Simple Terms	Example in Nano Business
Identify potential entrepreneurs	Find people who can start enterprises and motivate them.	Identifying women SHG members who can produce herbal soap or snacks.
Conduct awareness and EDPs	Organise learning and motivation programmes.	A workshop on project report preparation for local youth.
Disseminate scheme information	Explain ESS and other support options.	Helping a new unit understand whether capital investment support is possible.
Educate financial institutions	Create awareness among banks about scheme provisions.	Improving bank confidence in small business proposals.
Assist documentation	Help collect and organise documents.	Explaining Udyam, quotation, lease deed and loan papers.
Assist application filing	Help submit complete applications with required documents.	Avoiding rejection due to missing enclosures.
Follow up with beneficiaries	Observe progress after assistance.	Checking whether the unit actually started and continues production.

Why first-line support matters?

- ◇ Rafi wants to start a small LED repair and assembly unit but does not know whether it is a service unit, manufacturing unit or trading activity.
- ◇ The Industries Extension Officer (IEO) helps him classify the activity, prepare a project note and understand bank and DIC requirements.
- ◇ This early guidance prevents wrong application, wrong loan estimate and avoidable delay.

4.1.5 Industrial Estates, Development Areas and Plots

Land and premises are among the most difficult issues for small entrepreneurs in Kerala. Many nano businesses begin from home or rented rooms, but some activities require a safe workspace, power connection, storage, waste handling, loading access or separation from residential premises. Industrial estates, development areas, development plots and mini-industrial estates are institutional responses to this difficulty.

4.1.5.1 Meaning of Industrial Estate

An industrial estate is a planned concentration of enterprises in a defined area where land, sheds and essential services are organised for industrial use. Instead of every entrepreneur independently searching for suitable land, constructing access roads and arranging basic services, the estate-developing agency creates an industrial location and allots space to eligible units. The term is therefore broader than a row of factory buildings: it refers to a managed production environment with rules governing allotment, construction, common infrastructure, safety, maintenance, and use of premises.

4.1.5.2 Why industrial estates are required in Kerala?

Kerala faces high land prices, dense settlement and strong competition among residential, agricultural, commercial and industrial uses. An individual nano or micro entrepreneur may find it difficult to obtain a small but legally and technically suitable site near power, roads, labour and markets. Industrial activity in an unsuitable residential location can also create disputes concerning noise, smoke, odour, traffic, waste or public safety. Planned estates help separate incompatible uses, reduce the initial search for industrial land and bring enterprises closer to infrastructure and institutional support. The Directorate of Industries and Commerce explains industrial development areas and plots as a response to precisely these land and infrastructure constraints.

4.1.5.3. Industrial estate, development area, development plot and mini industrial estate.

These terms are related but should not be treated as perfectly identical.

- ◇ An industrial estate commonly contains a group of industrial sheds or plots under a managing agency.

- ◇ A Development Area (DA) is generally a larger notified industrial location in which the Government or an industrial agency develops land and infrastructure for multiple units.
- ◇ A Development Plot (DP) is usually a smaller developed parcel or group of parcels made available for industrial establishment.
- ◇ A Mini Industrial Estate (MIE) is a compact estate intended to bring workspace closer to local, small-scale and employment-oriented enterprises.
- ◇ A built-up shed can reduce construction time, whereas an allotted plot normally requires the entrepreneur to construct an approved building and install machinery. Exact rights, prices, tenure and permitted uses depend on the current rules and the particular agency.

4.1.5.4 Main objectives

Industrial estates seek to promote balanced regional development, support first-generation entrepreneurs, create local employment, improve the survival of small enterprises and encourage productive use of scarce industrial land. They can also promote a cluster effect: when several units operate in one location, suppliers, transporters, technicians, testing facilities and buyers can serve them more efficiently. A food-processing cluster, for example, may create shared demand for packaging, cold storage, laboratory testing and waste management. Clustering does not automatically guarantee success, but it can lower transaction costs and improve learning among neighbouring firms.

4.1.5.5 Infrastructure and common services

Depending on the estate, entrepreneurs may have access to an internal road network, plot or shed access, power distribution, water supply, street lighting, drainage, security arrangements, waste-management facilities, common service buildings, loading space, or communication facilities. Sector-specific parks may also provide testing, storage, effluent treatment, training or common production facilities. Note the phrase ‘depending on the estate’: verify the existence, capacity, reliability, and user charges of each facility before finalising the business plan. An industrial address does not mean every utility or statutory clearance is automatically available.

4.1.5.5 Institutional pattern in Kerala

More than one institution provides industrial workspace. The Directorate of Industries and Commerce provides industrial infrastructure in Development Areas and Development Plots and facilitates the allotment of industrial land to eligible entrepreneurs under the applicable rules. It provides an online industrial land-allotment route. Kerala SIDCO manages major and mini industrial estates and industrial parks, including land and built-up sheds allotted under the applicable terms. KINFRA develops industrial parks, including sector-focused infrastructure, while KSIDC focuses on larger industrial



development and investment facilitation. The appropriate institution therefore depends on the project's size, sector, location, infrastructure requirement, vacancy position and eligibility. A nano entrepreneur should normally begin by discussing the requirement with the Industries Extension Officer or District Industries Centre and then examine the current vacancy and allotment notice of the relevant agency.

4.1.5.6 Usual allotment pathway

“The following sequence is a general practical guide for understanding the allotment process; the actual procedure, eligibility conditions, documents, evaluation criteria, payment terms and post-allotment obligations vary according to the concerned agency, property and applicable rules.” The detailed procedure varies across agencies and schemes, but the following sequence explains the normal logic of industrial land or shed allotment:

1. **Identify the space requirement.** Estimate the minimum land or floor area, power load, water requirement, storage, vehicle access, workforce, waste generation and scope for expansion. A unit should not seek a large plot merely because land is available; excess land raises cost and may violate utilisation conditions.
2. **Check vacancy and suitability.** Study official vacancy notices and visit the site. Confirm whether the estate permits the proposed activity and whether its roads, utility capacity, drainage, neighbourhood and distance from suppliers and buyers fit the project.
3. **Prepare the project file.** Keep promoter identity and constitution documents, Udyam details (where available), a project report, investment and employment estimates, means of finance, machinery list, land or shed requirement, and the proposed implementation schedule ready. Additional documents may be required for a company, partnership, society, special category or sector-specific activity.
4. **Submit the application and undergo appraisal.** The competent authority examines the project, land requirement, financial capacity, employment potential, environmental category, technical feasibility and conformity with allotment rules. An application is not an allotment; the entrepreneur should avoid committing irreversible expenditure until the official decision and conditions are understood.
5. **Accept the allotment and complete payments.** If approved, the entrepreneur receives an offer or allotment order stating the plot or shed, premium or rent, security deposit, payment schedule, tenure, development conditions and time limits. The allottee must read the order and agreement carefully, make payments through authorised channels and preserve every receipt.

6. **Obtain approvals and implement the unit.** Allotment does not replace building approval, factory-related requirements, pollution-control consent, fire and electrical safety, food-safety registration, local permissions, or other sector-specific approvals. After taking possession, the entrepreneur must construct or occupy according to the approved plan, install machinery, commence the permitted activity within the prescribed period and report progress when required.

4.1.5.7 Pre-allotment due diligence.

Before accepting a plot or shed, the entrepreneur should compare the total occupancy cost with realistic sales and cash flow. The calculation should include premium or rent, deposit, stamp and documentation charges, building cost, internal electrification, transformer or power-connection cost where applicable, water charges, maintenance or common-facility charges, insurance, waste treatment, transport and working capital. Physical verification is essential: the entrepreneur should inspect access roads, drainage, flood exposure, available power, water source, mobile and internet connectivity, worker transport, loading space, nearby habitation and the condition of any existing shed. Written confirmation is safer than relying on oral assurances.

4.1.5.8 Responsibilities after allotment.

Industrial land is allotted for productive use, not for speculation. The allottee is generally expected to use the premises only for the approved project, meet construction and commencement deadlines, pay rent or instalments and common charges, maintain the premises, follow environmental and safety standards, and obtain permission before changing the product, constitution, ownership, or use wherever the rules require it. Unauthorised transfer, prolonged non-utilisation, arrears or use for an unapproved purpose can lead to notice, penalty, resumption or cancellation under the applicable terms. Good record-keeping—orders, agreements, approved plans, licences, payment receipts and correspondence—is therefore part of responsible estate management.

4.1.5.9 Advantages and limitations for nano enterprises.

An estate can provide a recognised industrial address, easier access for goods vehicles, proximity to other enterprises and a clearer basis for planning utilities and compliance. A ready-built shed may also shorten the period between finance sanction and production. However, estate space is not automatically cheap, immediately available or suitable for every activity. Allotment may involve competition, deposits, recurring charges and strict implementation deadlines; distance from the entrepreneur's home or customer base may increase transport and supervision costs. The correct decision must therefore compare estate-based operation with home-based or rented premises on cost, compliance, market access, environmental impact and future expansion—not on subsidy expectations alone.



4.1.5.10 Illustration

Suppose Fathima plans a micro unit that cleans, grinds and packs spices. A residential room offers low rent, but dust, machine noise, food-safety layout, storage and vehicle movement may create difficulties. She approaches the DIC with a project report and compares a rented commercial building, a SIDCO shed and an available development plot. The plot offers expansion but requires investment and more time; the shed allows faster commencement but has limited floor area and shared charges. After checking power, drainage, food-safety requirements, waste handling, transport cost and the allotment conditions, she selects the option that fits her production scale and cash flow. The example shows that an industrial estate is an infrastructure decision, not merely a land-subsidy decision.

Administrative identification is also part of effective estate management. The official circular on Development Areas, Development Plots and Mini Industrial Estates directed that boards should be displayed at the main gate of each DA/DP/MIE and that building or shed numbers should be allotted to industrial units so that they can be identified and located. This may appear to be a minor administrative matter, but it has practical value: banks, suppliers, inspectors, customers, emergency services and delivery agencies require a clear and consistent location identity. Entrepreneurs should use the official estate name, plot or shed number and postal address consistently in applications, licences, invoices, insurance documents and business correspondence. Always verify current vacancies and allotment conditions on the relevant official portal before applying.

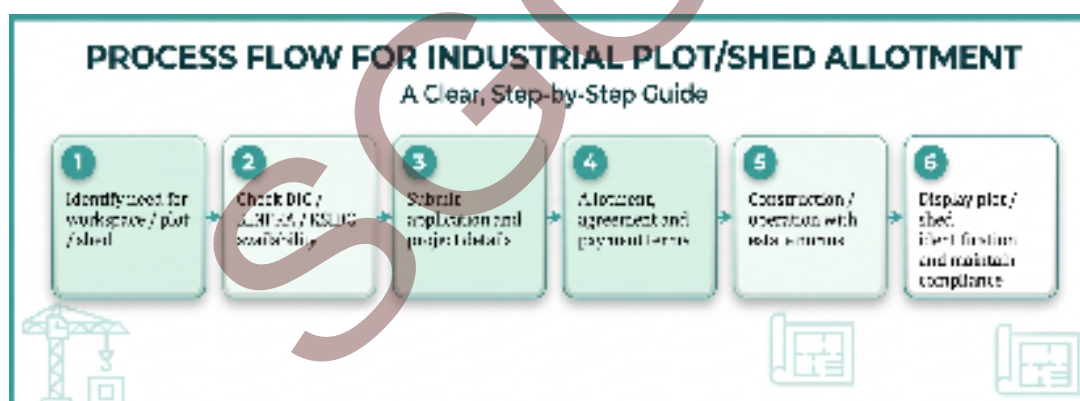


Fig.4.1.4 Industrial estate support route for a nano or micro unit

Table 4.1.5 Workspace options for nano and micro enterprises

Infrastructure option	Suitable for	Advantages	Points of caution
Home-based / household premises	Very small service or low-risk production activities.	Low cost and easy supervision.	May have local body, building use, safety and neighbour-related limits.

Rented commercial building	Retail, service, food, repair, design or small assembly.	Flexible and location friendly.	Lease agreement, building use, licence and power load should be checked.
Industrial estate / shed	Manufacturing, processing, storage-linked small units.	Industrial environment, address identity and infrastructure support.	Allotment rules, payments, use restrictions and estate norms apply.
KINFRA / KSIDC industrial park	More organised or growth-oriented units requiring planned infrastructure.	Better infrastructure and sectoral ecosystem.	Entry cost, eligibility and scale requirements may be higher.
Private industrial park	Clusters, shared infrastructure and private investment-led spaces.	May reduce land constraints and offer common services.	Verify approvals, lease terms and permitted activities.

4.1.6 Panchayat Raj Act

The Kerala Panchayat Raj Act, 1994 is the principal legislation governing the Panchayat Raj system in Kerala. It was enacted to establish a three-tier Panchayat Raj system consisting of the Village Panchayat, Block Panchayat and District Panchayat, and to enable Panchayats to function as institutions of local self-government. The Act also assigns Panchayats responsibilities related to economic development and social justice.

For an entrepreneur, particularly one operating at the local level, the Act matters because the Grama Panchayat regulates and facilitates certain business activities within its jurisdiction. The Local Self Government Department states that permission from the local government is required for establishing an industry or factory where the activity may affect the environment, public safety or public health or cause nuisance, and that licences are required for industries, factories, trades, entrepreneurship activities and other services, subject to the applicable rules.

4.1.6.1 Licensing of Enterprises

Section 232 of the Kerala Panchayat Raj Act, 1994 provides for licensing places used for purposes that may be dangerous or offensive to human life, health, or property. The Village Panchayat may notify such purposes and require a licence to use a place for those purposes, subject to the conditions prescribed under the applicable law and licence.

The rules made under the Kerala Panchayat Raj Act and subsequent amendments and notifications provide the detailed framework for licensing enterprises. The Kerala Panchayat Raj (Issue of Licence to Factories, Trades, Entrepreneurship Activities and Other Services) Rules, 2017 constituted an important framework for such licensing. The licensing framework has since undergone further changes, including the Kerala



Panchayat Raj (Licensing of Enterprises) Rules, 2025. Accordingly, the Act provides the statutory framework, while the rules, amendments and notifications in force from time to time determine the detailed licensing requirements applicable to a particular enterprise.

4.1.6.2 Panchayat Raj Act and Local Body Licensing Context

A nano business is often local. It operates in a Panchayat, Municipality or Corporation area. Therefore, local body licensing, building use, public health, waste management, nuisance prevention and safety requirements are part of the business environment.

Suppose Anjali wants to start a small pickle-making unit in her village. Even if she receives guidance or financial assistance from the DIC, she cannot assume that such assistance automatically gives her permission to operate the business at the chosen premises. She must check the local-body requirements for her specific activity and location.

Depending on the nature of the enterprise, she may have to comply with requirements relating to:

- ◇ Local-government licence for the enterprise.
- ◇ Building and premises requirements.
- ◇ Public-health and sanitation requirements.
- ◇ Waste management requirements.
- ◇ Environmental and public-safety requirements.
- ◇ Other permissions prescribed for the particular activity.

Thus, the exact requirements vary according to the nature of the enterprise.

So, even where an enterprise receives support from DIC or is eligible for a facilitation route, it should verify whether the activity requires a local body licence, building suitability, owner consent, waste-handling arrangements, or other approvals. For example, a pickle unit, flour mill, printing unit, tailoring centre, small food processing unit, repair workshop or service enterprise may have different licensing implications depending on location, process, power, waste and public interface.

Table 4.1.6 Panchayat / local body issues for nano entrepreneurs

Local body issue	Why it matters for nano business	Good practice
Licence for activity	Certain factories, trades, entrepreneurial activities and services require local permission.	Apply before starting or within the specified time as applicable.

Building suitability	A residential building may not be suitable for every commercial or industrial activity.	Check permitted use, lease and safety.
Neighbourhood impact	Noise, odour, traffic, waste and smoke can cause complaints.	Choose location carefully and adopt clean practices.
Waste and sanitation	Food, service and processing units may generate solid/liquid waste.	Plan waste handling before production begins.
Display and identity	Customers, officials and delivery agents need to locate the unit.	Use correct address, building/shed number and board.
Renewal and record	Licences may require renewal and records.	Maintain a compliance calendar.

4.1.7 How to Approach DIC or IEO: A Practical Method

A common mistake first-generation entrepreneurs make is approaching support offices without clarity. They may ask, “What subsidy will I get?” before explaining what business they will do, where they will do it, how much it costs, whether they have a bank plan, or whether the activity is legally suitable for the location. A better approach is to prepare a short file before meeting the officer.

Form - First Visit Information Sheet for DIC / Industries Extension Officer

Sl. No.	Field / information to be recorded	Entrepreneur entry
1	Name of entrepreneur / group	
2	Address and contact number	
3	Proposed business activity	
4	Manufacturing / service / trade / mixed activity	
5	Proposed location and ownership / rent details	
6	Estimated project cost	
7	Expected machinery / equipment	

8	Expected number of workers
9	Own contribution available
10	Bank loan required, if any
11	Current registrations, if any
12	Support expected from DIC / IEO
13	Main doubts to be clarified

This form is not an official statutory form. It is a preparation tool. It helps the entrepreneur speak clearly to the officer and helps the officer guide the entrepreneur properly.

4.1.8 Institutional Map: Who Does What?

A nano entrepreneur may hear many institutional names: Directorate, DIC, IEO, KSIDC, KINFRA, SIDCO, K-BIP, local body, bank, Pollution Control Board, Food Safety Department and others. Entrepreneurs need not memorise every structure at first, but must know the difference between facilitation, finance, infrastructure, marketing, and statutory approval.

Table 4.1.7 Institutional map for entrepreneurs

Institution / actor	Main orientation	How a nano entrepreneur may use it
Directorate of Industries and Commerce	State-level implementation and control of field support network.	Policy, scheme and administrative framework.
District Industries Centre	District-level facilitation and scheme implementation.	Project guidance, documents, scheme applications and liaison.
Industries Extension Officer	Block-level first-line field facilitation.	First contact, awareness, document support and follow-up.

KSIDC	Industrial development finance and larger project facilitation.	Loans, scale-up, investment facilitation and special schemes where eligible.
KINFRA	Industrial infrastructure and parks.	Industrial park / land / built-up space where eligible.
Kerala SIDCO	Small industries support, marketing and supplies.	Marketing registration, institutional supply, product display and tender participation where eligible.
Local body	Licence, local regulation and building / trade permission.	Panchayat / Municipality / Corporation licence and local compliance.
Banks / financial institutions	Credit and working capital.	Term loan, working capital, account operations and repayment discipline.

Recap

- ◇ The Directorate and its district network facilitate MSME development.
- ◇ DIC is usually the most important district-level support office for nano and micro entrepreneurs.
- ◇ The IEO is a first-line facilitator who can help with awareness, documents, applications and follow-up.
- ◇ Industrial estates reduce workspace problems but require proper allotment and compliance.
- ◇ Local body licensing under Panchayat / Municipality systems remains important for many enterprises.
- ◇ Industrial estates provide address, space and infrastructure support.
- ◇ Proper plot / shed number and display improve identity and traceability.
- ◇ Panchayat / Municipality licensing is linked to public health, safety and local regulation.
- ◇ Facilitation does not remove the duty to obey local rules.

Objective Questions

1. Who is generally known as the first-line field facilitator of the Industries Department at the block level?
2. At what administrative level do District Industries Centres (DICs) function?
3. Mention any one type of assistance provided by DICs to entrepreneurs.
4. What is the full form of ESS?
5. What is the main purpose of an industrial estate for enterprises?
6. What should a nano entrepreneur prepare before approaching the support system?
7. At what stage of an enterprise is post-production support mainly relevant?
8. What is the main purpose of the MSME Scale-up Mission?
9. Why should an entrepreneur comply with local body licence requirements under the Panchayat Raj/Municipality regulatory framework?
10. Mention any two examples of post-production or market-related support.

Answers

1. Industries Extension Officer
2. District
3. Facilitation
4. Entrepreneur Support Scheme
5. Workspace / land / infrastructure
6. Project report
7. Production / commercial operation
8. Grow / expand / scale up
9. True
10. Market / post-production

Self Assessment Questions

1. Explain the role of the Directorate of Industries and Commerce in promoting nano and micro enterprises in Kerala.
2. Discuss the major functions of a District Industries Centre and explain how a new entrepreneur can use DIC services.
3. Describe the duties of an Industries Extension Officer
4. Explain the relevance of industrial estates for small entrepreneurs who face land and infrastructure constraints.
5. Discuss how Panchayat Raj licensing requirements affect local nano businesses.

Assignments

1. Analyse the role of the Directorate of Industries and Commerce in promoting and supporting industrial development in Kerala.
2. Analyse how the functions of District Industries Centres (DICs) contribute to the development of enterprises at the district level.
3. “District Industries Centres act as an important link between entrepreneurs and the Industries Department.” Analyse the statement.
4. Analyse the role of Industries Extension Officers in facilitating industrial development at the grassroots level.
5. How do the duties of an Industries Extension Officer contribute to supporting entrepreneurs at the local level? Analyse.
6. “Industrial Estates provide an enabling environment for industrial development.” Analyse the statement with reference to their role and facilities.

Reference

1. Government of Kerala, Department of Industries and Commerce. (n.d.). *Entrepreneur Support Scheme (ESS) guidelines*. <https://www.scribd.com/document/204716727/Kerala-Govt-Funding>



2. Government of Kerala, Department of Industries and Commerce. (n.d.). *Vyavasaya Bhadratha: A special package of relief schemes and financial assistance for micro, small and medium enterprises in the aftermath of COVID-19*. https://www.keralaindustry.org/malayalam/images/Pdf/2__Vyavasaya_Bhadratha_-_English.pdf
3. Government of Kerala, Industries Department. (2024, July 26). *G.O. (Ms) No. 39/2024/ID: Unified industrial land/building (allotment & disposal) regulations for KINFRA & KSIDC—2024*. <https://invest.kerala.gov.in/media/izrn4l5k/39-24g-oms-unified-land-lease-rule-fair.pdf>
4. Kerala State Industrial Development Corporation Limited. (n.d.). *Fair practices code*. <https://invest.kerala.gov.in/media/urulj14k/industrial-policy.pdf>
5. Government of Kerala. (2023). *Kerala industrial policy 2023*. <https://industry.kerala.gov.in/index.php/industrial-policy>
6. Government of Kerala, Industries Department. (2025). *Kerala export promotion policy 2025*. https://kswift.kerala.gov.in/sup_docs/docs/1759836769_eng.pdf
7. Directorate of Industries and Commerce, Government of Kerala. (2026). *Official information and web resources*. <https://industry.kerala.gov.in/>

Suggested Reading

1. Kerala Industrial Infrastructure Development Corporation. (n.d.). *Kerala Industrial Infrastructure Development Corporation*. <https://kinfra.org/>
2. Kerala SIDCO. (n.d.). *MSME marketing and registration information*. <https://www.keralasidco.com/>
3. Ministry of Micro, Small and Medium Enterprises, Government of India. (n.d.). *Udyam registration and MSME scheme information*. <https://udyamregistration.gov.in/>
4. Reserve Bank of India. (n.d.). *Basic borrower education materials on responsible credit, overdue accounts and asset classification*. <https://www.rbi.org.in/>
5. Government of Kerala. (n.d.). *Kerala Panchayat Raj and Municipality licensing rules*.

Unit 2

Facilitation and Support Mechanism

Learning Outcomes

After completing this unit, the learner will be able to :

- ◇ understand the schemes and services of the Directorate of Industries and Commerce
- ◇ identify major types of support available to nano and micro enterprises
- ◇ gain insight into entrepreneur support scheme and its practical relevance
- ◇ explain how crisis-relief packages and finance facilitation support business continuity
- ◇ Gain insight into post-production support
- ◇ understand the MSME scale-up mission

Prerequisite

Consider a small home-based food-processing enterprise that has completed registration and begun production. Although the entrepreneur has successfully started the business, the challenges do not end with manufacturing a good product. The entrepreneur may still need better machinery, working capital, improved packaging, quality certification, marketing opportunities and access to institutional or digital markets. An unexpected crisis may also reduce sales, disrupt raw material supply, or affect loan repayment. This shows that enterprise development is not a single event but a continuous journey—from starting and stabilising the business to marketing, overcoming disruptions and preparing for responsible growth.

Kerala's industrial support ecosystem addresses these different stages through a combination of schemes, services, facilitation and support. The Directorate of Industries and Commerce (DIC) provides schemes and services to help entrepreneurs establish and sustain their enterprises. The “Entrepreneur Support Scheme”, for instance, provides structured assistance to eligible MSMEs subject to prescribed conditions. At the same time, crisis-oriented initiatives such as “Vyavasaya Bhadratha” demonstrate how institutional support can help enterprises withstand exceptional economic difficulties.



Support also extends beyond financial assistance. Marketing assistance, quality improvement, technology adoption, SIDCO-linked opportunities, mentoring and other facilitation services can help entrepreneurs strengthen their businesses after production begins. For enterprises that have achieved stability and are ready to expand, initiatives such as the MSME Scale Up Mission (Mission 1000) provide a pathway towards higher growth and competitiveness.

This unit introduces the schemes and services provided by the Directorate of Industries and Commerce, the principal facilitation and support mechanisms, Post-Production Support, and the MSME Scale Up Mission.

Keywords

Schemes, Services, Facilitation and Support, Post-Production Support, MSME Scale Up Mission

Discussion

4.2.1 Schemes of the Directorate of Industries and Commerce

The Directorate of Industries and Commerce (DIC) is the functional arm of the Industries and Commerce Department, Government of Kerala, responsible for promoting and supporting Micro, Small and Medium Enterprises (MSMEs) in the State. Its support framework includes financial assistance, credit facilitation, entrepreneurship development, infrastructure support, market development, technology support and assistance for the revival and growth of enterprises. The Directorate currently lists a range of State and Central Government schemes covering different stages of enterprise development.

The major schemes can be grouped by the purpose of the assistance provided.

1. Entrepreneur Support Scheme (ESS)

The Entrepreneur Support Scheme (ESS) is one of the major financial assistance schemes of the Directorate. It provides financial assistance to eligible MSMEs engaged in manufacturing activities in Kerala. Assistance is linked to eligible fixed capital investment, and the Directorate states that the level of assistance varies by investor category, sector, and district. The scheme provides assistance ranging from 15% to 45% of fixed capital investment, subject to the prescribed conditions and limits. A loan from a financial institution is not required to claim assistance under ESS.

2. Margin Money Grant to Nano Units

The Margin Money Grant to Nano Units supports eligible nano enterprises through loan-linked margin-money assistance. It is particularly relevant to very small enterprises requiring financial support for establishing their business. The scheme is therefore important for encouraging first-generation entrepreneurs and promoting nano-level enterprises.

3. Interest Subvention Scheme to Nano Units

The Interest Subvention Scheme to Nano Units provides interest-related financial assistance to eligible nano and household enterprises. Instead of providing a direct capital subsidy, the scheme reduces the effective interest burden on eligible loans, subject to the conditions prescribed by the Department.

4. One Family One Enterprise (OFOE)

The One Family One Enterprise (OFOE) scheme encourages entrepreneurship at the household level. It provides interest-subvention support to eligible enterprises and is intended to facilitate the establishment and development of enterprises by family members.

5. Kerala Entrepreneur Loan Scheme (KELS)

The Kerala Entrepreneur Loan Scheme (KELS) provides affordable credit to MSMEs. The Directorate states that it provides interest subvention on eligible loans up to ₹10 lakh, enabling eligible entrepreneurs to avail loans at an effective interest rate of 4%, subject to the scheme conditions. The scheme covers newly established MSMEs as well as expansion of existing enterprises and applies to manufacturing, service and trading activities.

6. Prime Minister's Employment Generation Programme (PMEGP)

The Prime Minister's Employment Generation Programme (PMEGP) is a Central Government credit-linked subsidy programme for generating employment through the establishment of new micro enterprises. It is included among the schemes facilitated through Kerala's Industries and Commerce system.

7. PM Formalisation of Micro Food Processing Enterprises (PMFME)

The PMFME Scheme focuses on formalising and strengthening micro food-processing enterprises. It supports improving the competitiveness, formalisation, and development of eligible food-processing units. The Directorate lists PMFME among the schemes available to entrepreneurs.

8. Assistance Scheme for Handicraft Artisans (ASHA)

The Assistance Scheme for Handicraft Artisans (ASHA) provides support to eligible handicraft artisans. The scheme recognises handicraft activities as an important source of livelihood and enterprise development and seeks to strengthen the economic position



of artisans aims to strengthen artisans' economic position.

9. Interest Subvention Scheme (ISS)

The Scheme for Interest Subvention on Term Loan and Working Capital Loan (ISS) provides interest-related support to eligible enterprises on specified loans. This assistance reduces the financial burden of borrowing and can improve MSMEs' working-capital position.

10. Revival and Rehabilitation Schemes

The Directorate also provides schemes for revival and rehabilitation of stressed, defunct and sick enterprises. These schemes recognise that industrial policy should not be limited to creating new enterprises but should also support viable enterprises facing financial or operational difficulties.

11. MSME Scale Up Mission – Mission 1000

The MSME Scale Up Mission (Mission 1000) aims to support selected MSMEs with substantial growth potential. The original mission objective was to scale up 1,000 selected MSMEs towards businesses with an annual turnover of ₹100 crore within four years. Eligible enterprises are selected using specified performance and growth-related criteria.

The support package includes assistance for capital investment, working-capital interest, preparation of Detailed Project Reports, technology and skill development, quality certification and one-to-one handholding.

12. MSME Insurance Scheme

The MSME Insurance Scheme provides support to eligible MSMEs for obtaining insurance protection against specified business risks. It forms part of the Department's broader effort to promote the sustainability and resilience of enterprises. The Directorate lists the scheme among its current MSME support measures.

13. One Local Body One Product (OLOP)

The One Local Body One Product (OLOP) initiative seeks to identify and promote products associated with particular local bodies. It aims to encourage local production, utilise local resources and capabilities, and create opportunities for enterprise and market development. OLOP is included in the Directorate's current scheme portfolio.

14. Campus Industrial Park

The Campus Industrial Park initiative promotes entrepreneurship and industrial activity through educational institutions by creating opportunities for students and institutions to engage with enterprise development. It forms part of the Directorate's current set of schemes and initiatives.

4.2.2 Services provided by Directorate of Industries and Commerce

The major services provided by the Directorate are as follows:

1. Capacity-Building Services

The Directorate undertakes programmes to develop the knowledge, skills and entrepreneurial capabilities of prospective and existing entrepreneurs. These include:

- ◇ Entrepreneur Awareness Programme (EAP)
- ◇ Entrepreneurship Development Programme (EDP)
- ◇ Technology Management Development Programme (TMDP)
- ◇ Investors' Meets
- ◇ Technology Clinics
- ◇ Entrepreneurship Development Clubs
- ◇ Documentation Centre

These programmes raise awareness of entrepreneurship, provide technical and managerial knowledge, and help entrepreneurs understand the opportunities and facilities available for establishing enterprises.

2. Project and Business Advisory Services

The Directorate provides guidance relating to:

- ◇ Identification of suitable business opportunities
- ◇ Project ideas and project profiles
- ◇ Project feasibility
- ◇ Business management
- ◇ Technology sourcing and know-how
- ◇ Machinery and equipment
- ◇ Availability of raw materials
- ◇ Market opportunities
- ◇ Industrial infrastructure

The ESS Guidelines specifically identify project guidance, feasibility advice, technology sourcing, and information on infrastructure, markets, machinery, and raw-material sources as functions of the Directorate.



3. Infrastructure Support Services

The Directorate facilitates access to suitable industrial infrastructure for enterprises. This includes:

- ◇ Industrial Development Areas
- ◇ Development Plots
- ◇ Mini Industrial Estates
- ◇ Multi-Storied Industrial Estates
- ◇ Infrastructure development under applicable cluster and infrastructure programmes

Such facilities help enterprises obtain appropriate premises and supporting infrastructure for industrial activities.

4. Licensing and Clearance Facilitation

The Directorate helps entrepreneurs navigate the process of obtaining licences, permits, clearances, and No Objection Certificates (NOCs) required to establish and operate enterprises.

Important mechanisms include:

- ◇ K-SWIFT (Kerala Single Window Interface for Fast and Transparent Clearance)
- ◇ L.O.G. Licence
- ◇ Essentiality Certificate
- ◇ Single Window Clearance Board
- ◇ Kerala Centralised Inspection System

The Directorate's role is primarily facilitative and coordinative. The statutory authority competent under the relevant law remains responsible for granting the particular licence or approval.

5. Financial Assistance Services

The Directorate provides and facilitates financial assistance to eligible enterprises through various State and Central Government schemes. These schemes address requirements such as:

- ◇ Capital investment
- ◇ Margin money
- ◇ Interest support
- ◇ Enterprise establishment

- ◇ Technology improvement
- ◇ Insurance
- ◇ Revival and rehabilitation
- ◇ Expansion and scale-up

The Directorate's official online-services portal allows entrepreneurs to apply for financial assistance under the relevant schemes.

6. Credit Facilitation

The Directorate links entrepreneurs with banks and other financial institutions. Its functions include providing guidance regarding finance, facilitating interaction with financial institutions and, where applicable, preparing or forwarding technical feasibility reports for loan purposes.

7. Handholding and Facilitation Services

The Directorate provides handholding support to entrepreneurs in navigating the various stages of enterprise establishment and operation. This may include assistance with:

- ◇ Understanding applicable procedures
- ◇ Documentation
- ◇ Scheme applications
- ◇ Project clearances
- ◇ Licences and NOCs
- ◇ Coordination with government departments
- ◇ Interaction with financial institutions

The objective is to reduce procedural difficulties and improve the ease of doing business for entrepreneurs.

8. MSME Clinics and Expert Advisory Services

The Directorate has established MSME Clinics to provide specialised advisory assistance to entrepreneurs. The official Directorate information identifies areas including marketing, finance, GST, export/import, banking, licences and approvals, legal matters and technical aspects of business. Subject-matter experts are empanelled to provide such assistance.

9. Grievance Redressal

The Directorate provides a grievance-redressal mechanism through which entrepreneurs can raise business-related difficulties and seek appropriate institutional



intervention. This strengthens the support system available to enterprises after establishment.

10. Marketing and Market-Development Services

The Directorate helps enterprises identify and access national and international markets. Its activities include:

- ◇ Organising exhibitions and trade fairs
- ◇ Facilitating participation in national and international exhibitions
- ◇ Providing opportunities for product promotion
- ◇ Supporting B2B and B2C interactions
- ◇ Promoting products through initiatives such as Kerala Brand
- ◇ Supporting market-oriented initiatives

These services are particularly important for small enterprises that may not have their own established marketing and distribution networks.

11. Post-Production Support

The Directorate provides support even after an enterprise begins production. Its post-production support includes mechanisms such as:

- ◇ Micro and Small Enterprise Facilitation Council (MSEFC)
- ◇ MSME Awards
- ◇ Common Facility Service Centres
- ◇ Marketing exhibitions
- ◇ MSME Insurance
- ◇ Quality-related initiatives
- ◇ Kerala Brand
- ◇ K-Shoppe

These services seek to improve market access, quality, competitiveness and sustainability of MSMEs.

12. Support for Revival and Rehabilitation

The Directorate also assists stressed, sick and defunct enterprises through appropriate revival and rehabilitation schemes. This reflects a life-cycle approach to enterprise development, under which government support is available not only to start an enterprise but also to sustain viable enterprises facing difficulties.

13. Delayed-Payment and Dispute-Resolution Support

The Directorate helps facilitate the settlement of delayed-payment disputes involving MSMEs. This is important because delayed payments can adversely affect the working capital and continuity of small enterprises. The Directorate identifies the settlement of delayed-payment disputes as one of its activities.

4.2.1 Meaning of Facilitation and Support Mechanism

Facilitation and support refer to the measures taken by the Government to create an enabling environment in which entrepreneurs can start, operate, comply with regulations and develop their enterprises with fewer procedural and resource-related difficulties. In Kerala's MSME ecosystem, facilitation primarily involves simplifying procedures and providing institutional assistance, while support includes financial, technical, infrastructural, marketing, and capacity-building assistance.

Facilitation means making the process of establishing and operating an enterprise simpler and more accessible. Kerala has introduced mechanisms such as K-SWIFT (Kerala Single Window Interface for Fast and Transparent Clearance) to provide a coordinated, online route for licences, permits and clearances. The Kerala MSME facilitation framework also provides for mechanisms such as self-certification and acknowledgement/in-principal approval, subject to the conditions and requirements prescribed under the applicable law. The purpose is to reduce procedural delays and make interaction with government authorities easier for entrepreneurs.

Support, on the other hand, goes beyond simplifying procedures and involves helping entrepreneurs overcome the practical challenges of establishing and sustaining a business. The Directorate of Industries and Commerce (DIC) provides assistance with project guidance, technology, infrastructure, market information, training, clearances, finance, and other handholding services. Its current portfolio includes schemes such as the Entrepreneur Support Scheme, Margin Money Grant to Nano Units, Interest Subvention Scheme to Nano Units, PMFME and Kerala Entrepreneur Loan Scheme, among others.

In short, Facilitation means making the journey easier without removing the entrepreneur's responsibility. Support means providing practical help through information, training, infrastructure, finance, subsidies, marketing linkages, quality improvement, technology support, or grievance redressal. A support mechanism is the organised combination of offices, schemes, procedures and follow-up systems through which this help reaches entrepreneurs.

For nano businesses, facilitation is often more valuable than a subsidy alone. A subsidy cannot help if the entrepreneur has selected an unsuitable location, prepared a weak project report, ignored licence requirements or failed to identify customers. Therefore, this unit treats financial support and non-financial support together.



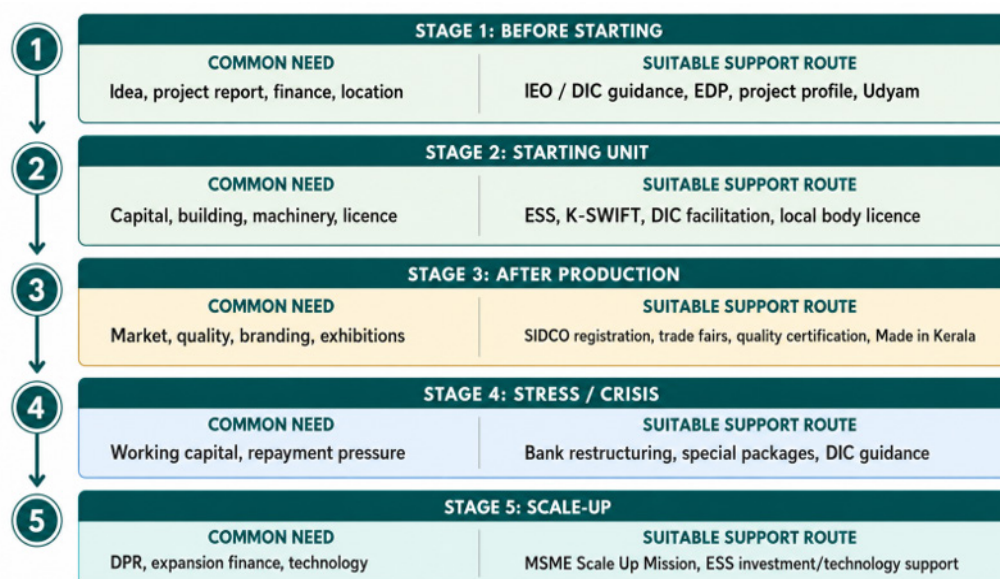


Fig No. 4.2.1 Selecting support according to the stage of enterprise development

Table 4.2.1 Stage-wise facilitation and support needs

Business stage	Likely difficulty	Support needed	Possible support point
Idea stage	Unclear activity, market and cost.	EDP, project profile, feasibility guidance.	IEO / DIC.
Pre-start stage	Documents, registration, loan and licence confusion.	Application guidance, bank liaison, single window help.	DIC / K-SWIFT / local body / bank.
Start-up stage	Capital investment and machinery purchase.	ESS, bank credit, subsidy where eligible.	DIC / financial institution.
Production stage	Quality, packaging and compliance.	Quality support, testing, certification and technical advice.	DIC / technical agencies / common facility centres.
Market stage	Finding buyers and institutional orders.	Trade fairs, SIDCO registration, branding, e-commerce orientation.	SIDCO / DIC / Commerce Mission where applicable.
Growth stage	Expansion finance, DPR and working capital.	Scale-up mission, technology support and bank linkage.	DIC / KSIDC / scheme committees.

4.2.2 Entrepreneur Support Scheme

The Entrepreneur Support Scheme is one of the most important state support schemes for MSMEs in Kerala. The ESS guidelines state that the scheme merged and replaced earlier support schemes and came into operation from 1 April 2012. Its objectives are to provide extensive support to micro, small and medium enterprises and to give one-time support to entrepreneurs, with special consideration for categories such as women, Scheduled Castes / Scheduled Tribes and young entrepreneurs, through optimal utilisation of funds and flexible operation.

ESS should be understood not as “free money”, but as a structured public support scheme. It supports eligible investment and requires proper application, documents, scrutiny, sanction, agreement, disbursement and post-sanction obligations. An entrepreneur who receives assistance must continue the unit as required, maintain proof of functioning and avoid misrepresentation.

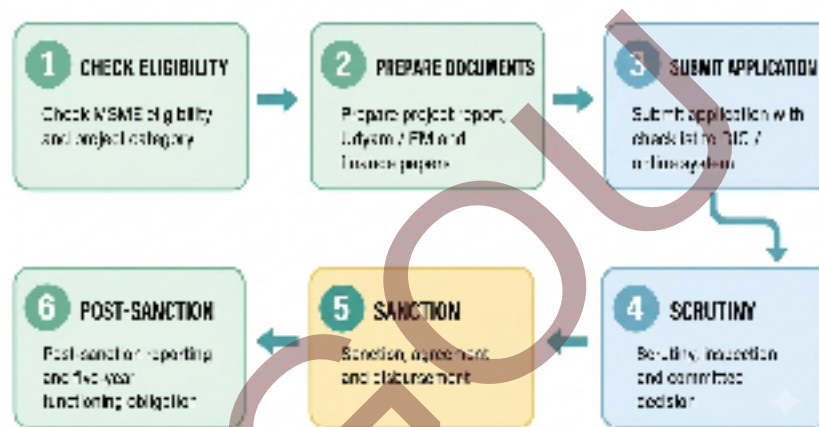


Fig No. 4.2.3 Entrepreneur Support Scheme application and follow-up flow

Table 4.2.2 ESS in practical terms

ESS aspect	Explanation	Practical caution
Objective	Extensive support to MSMEs and one-time support with attention to special categories.	Check latest eligibility and scheme order before applying.
Eligible applicant	MSMEs engaged in eligible manufacturing activities / industrial units as per scheme conditions.	Trading or ineligible negative-list activities may not qualify.

Eligible investment	Land, land development, building, essential office infrastructure, plant and machinery, electrification, generator, testing and pollution control equipment as per guidelines.	Working capital and recurring costs are generally not counted as fixed capital support under the old ESS framework.
Special categories	Women, young entrepreneurs, SC/ST and priority industries may receive preference or additional assistance as per applicable rules.	Documentary proof is essential.
Application	Prescribed proforma, documents, accounts and agreement are required.	Incomplete applications cause delay or rejection.
Follow-up obligation	Unit may have to remain continuously working for the stipulated period and submit performance particulars.	Assistance may be recovered with interest for misrepresentation or non-functioning.

ESS Readiness Checklist

Sl. No.	Field / information to be recorded	Entrepreneur entry
1	Udyam / EM registration available	
2	Project report prepared	
3	Promoter identity and address documents ready	
4	Constitution documents ready, if partnership / company / society	
5	Land / building ownership or lease documents ready	
6	Machinery quotations / invoices available	

7	Bank loan sanction or finance details available
8	Local body licence / relevant approval status checked
9	Category proof, if claiming special category benefit
10	Fixed capital investment details prepared
11	Working capital separated from fixed capital cost
12	No duplicate assistance claimed for same purpose
13	Agreement and post-sanction obligations understood

4.2.3 Startup, Investment and Technology Support

The ESS documents use the language of startup support, investment support and technology support. One should understand these as three different support situations. Startup support relates to initial steps and finance-linked starting of a unit. Investment support relates to eligible fixed capital investment. Technology support relates to adopting new technology, technology transfer, consultancy or machinery for improved production, as per scheme conditions.

Table 4.2.3 ESS support components

Support component	When it becomes relevant	Typical evidence needed
Startup support	When the entrepreneur is starting and has taken effective steps such as land, a bank loan, or a machinery order.	Project report, EM/ Udyam, loan sanction, recommendation of financial institution, identity and category documents.
Investment support	When fixed capital investment is made for eligible enterprise activities.	Invoices, engineer certificate where required, building/machinery details, licences, bank records and investment statement.

Technology support	When new technology is acquired from approved / recognised sources or eligible technology investment is made.	Technology transfer documents, consultancy details, machinery invoices, production details and previous assistance details.
--------------------	---	---

This distinction matters because entrepreneurs sometimes apply under the wrong head. A nano entrepreneur should ask: Am I starting? Have I already invested? Am I adopting new technology? The answer determines which form, checklist, and evidence are relevant.

4.2.4 Vyavasaya Bhadratha and Crisis-Oriented Support

Business support is not only for starting new units. During crisis situations, enterprises may need help to restart, preserve working capital, manage loan stress or reduce immediate burden. The Vyavasaya Bhadratha was formulated as a special package of relief schemes and financial assistance for MSMEs in the aftermath of Covid-19. It noted that many MSMEs suffered losses in raw materials and market sales and therefore required handholding.

The package included measures such as reduced upfront land premium for new allottees in KSIDC/KINFRA parks, freezing of land premium for a period, waiver of Standard Design Factory rentals and common facility charges for three months, top-up loans in KSIDC, waiver of penal interest for existing KSIDC customers, moratorium for principal and interest, one-time settlement policy, special loan for asset creation, and interest subvention for term loan and working capital loan. Not every measure is a continuing scheme, but it teaches an important lesson: the support ecosystem also responds to business shocks.

Table 4.2.4 Lessons from Vyavasaya Bhadratha

Relief measure in Vyavasaya Bhadratha	Business problem addressed	Learning point for nano entrepreneurs
Reduced upfront land premium	High initial cost of industrial land allotment.	Infrastructure support may include payment flexibility.
Waiver of SDF rent / common facility charges	Revenue loss during shutdown or crisis.	Cost relief can help survival.
Top-up loan	Immediate working capital or asset erection need.	Existing financial relationship and standard account conduct matter.

Penal interest waiver / moratorium	Loan repayment stress during crisis.	Repayment discipline and communication with lender are important.
Special loan for asset creation	Expansion / diversification need after crisis.	Support can be used for revival and growth, not only survival.
Interest subvention	Interest burden on term loan / working capital.	Bank certificate and correct application details are essential.

4.2.5 Services and Facilitation: Beyond Subsidy

Many entrepreneurs wrongly think that government support means only subsidy. In practice, services and facilitation are equally important. One should recognise non-financial support such as entrepreneurship training, project profiles, handholding, bank linkage, statutory guidance, technology sourcing, common facilities, industrial estate information, quality support, marketing support and grievance routing.

Table 4.2.5 Non-financial facilitation services

Type of facilitation	What the support system does	Entrepreneur's responsibility
Information facilitation	Explains schemes, offices, procedures and eligibility.	Ask specific questions and verify latest rules.
Document facilitation	Guides the list of documents and application method.	Submit true and complete documents.
Finance facilitation	Connects to the bank, prepares feasibility input and scheme recommendations.	Maintain credit discipline and realistic project cost.
Licence facilitation	Guides through single window, local body and department processes.	Do not start prohibited or unsafe activity.
Infrastructure facilitation	Gives information on land, estates, parks and sheds.	Use allotted space only for permitted purpose.
Technology facilitation	Helps identify technology, common facilities and upgraded machinery.	Choose technology suitable to scale and market.
Market facilitation	Supports trade fairs, institutional marketing and product visibility.	Maintain quality, packaging and delivery commitments.

4.2.6 Post-Production Support

A business does not succeed merely because it has produced something. After production, the enterprise needs buyers, quality, packaging, branding, distribution, pricing, compliance, feedback and repeat orders. Post-production support helps bridge the gap between production and market performance.

For nano enterprises, post-production support is especially important because they may produce in small quantities and lack market knowledge. A pickle unit, garment unit, handmade soap unit, bamboo craft unit, millet food unit, LED repair and assembly unit, or herbal product unit may need help with packaging, labelling, pricing, registration, exhibitions, institutional orders, e-commerce orientation and customer feedback systems.

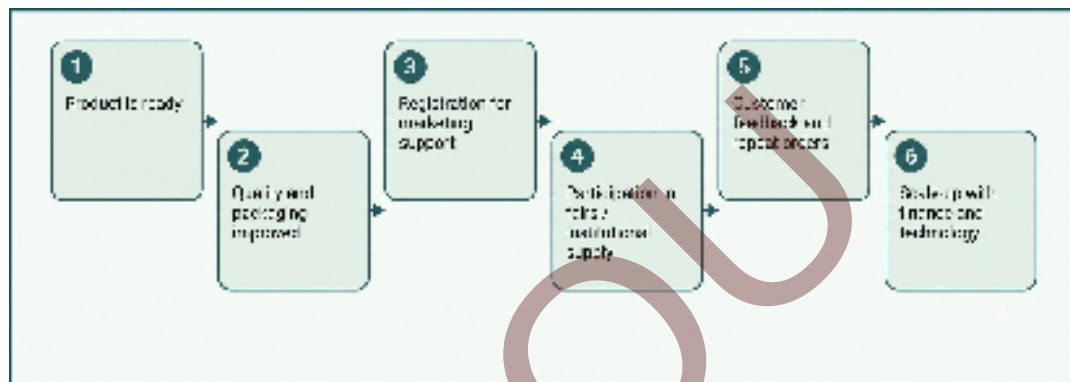


Fig No. 4.2.4 Post-production support funnel

Table 4.2.6 Post-production support areas

Post-production need	Support approach	Example
Quality improvement	Testing, certification, standardisation and process improvement.	Food unit improves hygiene and shelf-life.
Packaging and labelling	Better product presentation and statutory labelling awareness.	Coconut oil bottle gets proper label, batch and contact details.
Branding	Local brand identity, Made in Kerala / quality certification where applicable.	Handmade soap unit builds a district-level brand.
Marketing channel	Trade fairs, exhibitions, SIDCO registration, institutional supply and digital marketplace orientation.	Tailoring unit supplies uniforms to institutions.

Buyer feedback	Collect and analyse customer feedback.	Snack unit changes packet size based on customer demand.
Finance after production	Working capital, receivables management and repayment discipline.	Unit plans stock and credit sales carefully.

The application for registration of MSME units with Kerala SIDCO shows the kind of information required for marketing support: applicant and unit address, constitution, MSME registration, nature and category of enterprise, machines, raw materials, products, production capacity, commencement date, export details, company profile, quality certificates, e-tender readiness, willingness to supply under SIDCO brand and bank details. This shows that post-production support requires a professional product profile, not merely a verbal request.

Form: Post-Production Support Request Sheet

Sl. No.	Field / information to be recorded	Entrepreneur entry
1	Name and address of unit	
2	Product / service offered	
3	Date of commencement of production	
4	Current monthly production capacity	
5	Main customers at present	
6	Packaging status	
7	Quality certificate / testing status	
8	GST / Udyam / licence status	
9	Photographs / catalogue available	
10	Digital payment / online presence	
11	Trade fair participation interest	
12	Institutional supply interest	
13	Working capital difficulty, if any	
14	Support requested: quality / packaging / marketing / finance / technology	

4.2.7 MSME Scale-up Mission / Mission 1000 Mindset

Scale-up support is different from start-up support. A start-up support question asks: how can a unit begin? A scale-up question asks: how can a functioning unit grow responsibly? The Kerala Industrial Policy and related MSME support discussions emphasize scaling up promising MSMEs.

The MSME Scale-up Mission, popularly known as Mission 1000, is a flagship initiative of the Government of Kerala that aims to help selected MSMEs move from small-scale operations to high-growth businesses. The mission aims to scale up 1,000 selected MSMEs and help them achieve an average annual turnover of ₹100 crore within four years. The initiative was launched in April 2023 as part of the Year of Enterprises 2.0.

The mission focuses not merely on providing financial assistance but on creating a comprehensive scale-up ecosystem. Eligible enterprises must have a valid Udyam Registration, be registered in Kerala, have been operational for the prescribed period, and be engaged in manufacturing or service activities; trading enterprises are not eligible. Selection is based on objective criteria such as investment, turnover, profitability, capacity utilisation, exports, employment, certifications and other business indicators.

Selected enterprises can receive a range of assistance, including capital investment subsidies for expansion, modernisation, or diversification; interest subvention on working-capital loans; financial assistance to prepare a Scale-up Detailed Project Report (DPR); technology- and skill-related assistance; and support for quality certification. A particularly important feature is one-to-one handholding, under which an officer from the Industries Department is assigned to assist the enterprise in its scaling-up activities and facilitate required approvals and clearances.

One should not treat scale-up as simply “buy more machines”. Scale-up requires market demand, production planning, quality systems, working capital, labour management, compliance, bookkeeping, technology and risk assessment. A nano business should first stabilise its operations and then prepare for formal growth.



Fig No. 4.2.5 Scale-up pathway from functioning unit to growth-oriented enterprise

Table 4.2.7 Scale-up readiness questions

Scale-up dimension	Question to ask	Evidence / preparation needed
Market	Is there enough demand to justify expansion?	Orders, enquiries, customer database, market survey.
Production	Can we increase output without reducing quality?	Capacity data, machinery plan, process flow.
Finance	Can we fund expansion and manage working capital?	Bank statements, repayment record, projected cash flow.
Technology	Will new technology reduce cost or improve quality?	Technology quotation, supplier details, training needs.
Compliance	Will expansion require new licences or approvals?	Licence review, local body / pollution / safety requirements.
People	Do we need more skilled workers?	Training plan, wage estimate, roles.
Risk	What happens if sales are delayed?	Buffer fund, phased expansion and credit control.

Form: MSME Scale-up Self-Assessment Form

Sl. No.	Field / information to be recorded	Entrepreneur entry
1	Current annual turnover	
2	Current production capacity	
3	Capacity utilisation percentage	
4	Number of employees	
5	Major products / services	
6	Major customers / markets	
7	Evidence of repeated demand	

8	Proposed expansion activity
9	Estimated fixed capital investment
10	Working capital requirement
11	Technology / machinery needed
12	Quality certification needed
13	Expected additional employment
14	Possible risks in expansion
15	Support required: DPR / finance / technology / market / mentoring

4.2.8 Financial Discipline, SMA/NPA Awareness and Fair Borrowing

Support mechanisms often involve bank loans, term loans, working capital and interest subvention. Therefore, financial discipline is a learning requirement. The KSIDC consumer education literature explains concepts such as dues, overdue, Special Mention Account and Non-Performing Asset classification. Even if a nano entrepreneur is not borrowing from KSIDC, the lesson is universal: repayment dates, interest servicing, account conduct and communication with the lender affect the enterprise's credibility.

Table 4.2.8 Financial discipline terms for entrepreneurs

Financial term	Simple meaning	Why it matters
Due	Amount payable within the period agreed in the loan terms.	Helps plan cash flow.
Overdue	Amount not paid by the due date.	Early warning of repayment stress.
SMA	Special Mention Account, showing signs of stress before NPA.	Timely action may prevent worsening.

NPA	Loan account classified as non-performing as per applicable norms.	Can affect future credit and business reputation.
Interest subvention	The government bears part of the interest burden under a scheme.	Requires correct claim, bank certificate and compliance.

4.2.9 A Practical Support Plan for Nano Business

The following planning method can be used for any proposed nano business.

Table 4.17 Practical support plan for a nano business

Step	Action	Output
1	Write the business idea and classify activity.	Clear activity note.
2	Meet IEO / DIC with first-visit sheet.	Initial guidance and support pathway.
3	Prepare project report and cost estimate.	Bank / scheme-ready project file.
4	Check Udyam, local licence and other approvals.	Compliance checklist.
5	Apply for suitable scheme or finance.	Application with documents.
6	Start production with record keeping.	Invoices, accounts, licence file and production data.
7	Seek post-production support.	Packaging, marketing, certification and institutional supply plan.
8	Evaluate scale-up after stable operation.	Growth plan / DPR readiness.

Recap

- ◇ Facilitation simplifies procedures, while support provides financial or non-financial assistance to entrepreneurs.
- ◇ The Entrepreneur Support Scheme (ESS) provides structured assistance



to eligible MSMEs, subject to documentation, inspection and post-sanction conditions.

- ◇ Vyavasaya Bhadratha shows how government support can help MSMEs manage crises through measures such as interest subvention and loan-related relief.
- ◇ Post-production support helps enterprises improve packaging, quality, certification, marketing and access to institutional and digital markets.
- ◇ Scale-up support helps functioning enterprises with growth potential through market planning, finance, technology, DPR preparation and mentoring.
- ◇ Proper documentation and compliance discipline are essential, and subsidies should support, not replace, business viability.

Objective Questions

1. What are the two broad types of support that may be provided to entrepreneurs?
2. What is the full form of ESS?
3. To whom is the Entrepreneur Support Scheme (ESS) applicable?
4. Mention any two conditions associated with availing assistance under ESS.
5. What is the main purpose of Vyavasaya Bhadratha?
6. Mention any two forms of assistance that may be provided under crisis support.
7. At what stage of an enterprise is post-production support mainly relevant?
8. Mention any two areas covered under post-production support.
9. What is the main purpose of scale-up support?
10. What type of enterprises are generally targeted by scale-up support?
11. Mention any two components of scale-up support.
12. What is the importance of DPR preparation in scale-up support?
13. Why is proper documentation and compliance discipline important for an entrepreneur?
14. Why should subsidies not be treated as a substitute for business viability?

Answers

1. Financial support and non-financial support.
2. Entrepreneur Support Scheme.
3. Eligible MSMEs.
4. Documentation and inspection.
5. To provide support to MSMEs during crisis situations.
6. Interest subvention and loan-related relief.
7. After production has commenced.
8. Packaging and quality certification.
9. To help functioning enterprises with growth potential expand and grow.
10. Functioning enterprises with growth potential.
11. Finance and technology.
12. It helps enterprises plan their expansion and scale-up activities.
13. They are essential for accessing support and maintaining compliance.
14. Subsidies should support rather than replace the viability of the business.

Self Assessment Questions

1. Explain the schemes of the Directorate of Industries and Commerce in promoting nano and micro enterprises in Kerala.
2. Explain the services provided by the Directorate of Industries and Commerce.
3. Explain the difference between facilitation and support in the context of MSMEs.
4. Explain the major features of the Entrepreneur Support Scheme (ESS).
5. Explain the role of Vyavasaya Bhadratha in providing crisis support to MSMEs.
6. Explain the importance of post-production support for nano and micro enterprises.
7. Explain the concept of the MSME Scale-Up Mission and its significance for growing enterprises.



Assignments

1. Distinguish between facilitation and support and analyse their roles in helping nano and micro enterprises.
2. Analyse the importance of the Entrepreneur Support Scheme (ESS) in providing structured assistance to eligible MSMEs.
3. Analyse how Vyavasaya Bhadratha demonstrates the role of government support in helping MSMEs manage crisis situations.
4. Analyse the importance of post-production support in improving packaging, quality, certification, marketing and market access of enterprises.
5. Analyse the importance of proper documentation and compliance discipline in availing government support and maintaining business viability.

Reference

1. Government of Kerala, Department of Industries and Commerce. (n.d.). *Entrepreneur Support Scheme (ESS) guidelines*. <https://www.scribd.com/document/204716727/Kerala-Govt-Funding>
2. Government of Kerala, Department of Industries and Commerce. (n.d.). *Vyavasaya Bhadratha: A special package of relief schemes and financial assistance for micro, small and medium enterprises in the aftermath of COVID-19*. https://www.keralaindustry.org/malayalam/images/Pdf/2__Vyavasaya_Bhadratha_-_English.pdf
3. Government of Kerala, Industries Department. (2024, July 26). *G.O. (Ms) No. 39/2024/ID: Unified industrial land/building (allotment & disposal) regulations for KINFRA & KSIDC—2024*. <https://invest.kerala.gov.in/media/izrn415k/39-24g-oms-unified-land-lease-rule-fair.pdf>
4. Kerala State Industrial Development Corporation Limited. (n.d.). *Fair practices code*. <https://invest.kerala.gov.in/media/urulj14k/industrial-policy.pdf>
5. Government of Kerala. (2023). *Kerala industrial policy 2023*. <https://industry.kerala.gov.in/index.php/industrial-policy>
6. Government of Kerala, Industries Department. (2025). *Kerala export promotion policy 2025*. https://kswift.kerala.gov.in/sup_docs/docs/1759836769_eng.pdf
7. Directorate of Industries and Commerce, Government of Kerala. (2026). *Official information and web resources*. <https://industry.kerala.gov.in/>

Suggested Reading

1. Kerala Industrial Infrastructure Development Corporation. (n.d.). *Kerala Industrial Infrastructure Development Corporation*. <https://kinfra.org/>
2. Kerala SIDCO. (n.d.). *MSME marketing and registration information*. <https://www.keralasidco.com/>
3. Ministry of Micro, Small and Medium Enterprises, Government of India. (n.d.). *Udyam registration and MSME scheme information*. <https://udyamregistration.gov.in/>
4. Reserve Bank of India. (n.d.). *Basic borrower education materials on responsible credit, overdue accounts and asset classification*. <https://www.rbi.org.in/>
5. Government of Kerala. (n.d.). *Kerala Panchayat Raj and Municipality licensing rules*.

BLOCK

5

Kerala Industrial Policy 2023

Unit 1 Kerala Industrial Policy 2023

Learning Outcomes

After studying this unit, the learner will be able to:

- ◇ explain the purpose and relevance of Kerala Industrial Policy 2023.
- ◇ identify the major policy objectives and the seven focus pillars.
- ◇ list the priority sectors and connect them with nano business opportunities.
- ◇ understand the broad nature of incentives, marketing support and land allotment rules.
- ◇ prepare a simple policy-aligned business support note for a nano enterprise

Prerequisite

Imagine Meera, a young entrepreneur from Kerala, who starts a nano business producing a homemade food product. Like many small entrepreneurs, she soon realises that a good business idea alone is not enough. She needs registration, guidance, finance, workspace, quality control, branding, digital marketing, statutory compliance and access to customers.

This is where the Kerala Industrial Policy 2023 becomes relevant. The policy is an important document for understanding how the Government of Kerala proposes to support enterprises, investment, employment, responsible industrialisation, innovation, infrastructure and market access. More than a government document, it serves as a practical roadmap showing where opportunities exist, what types of enterprises are encouraged, and how entrepreneurs can align their business ideas with the State's development priorities.

As Meera explores the policy, she learns that Kerala aims to strengthen manufacturing, promote start-ups beyond the IT sector, create a supportive business environment, improve land and infrastructure availability, encourage responsible investment, enhance skill readiness and build the Kerala brand. She also notes that the policy identifies 22 priority sectors, including food technologies, Ayurveda, logistics, renewable energy, retail, tourism and nanotechnology. Many of these sectors offer opportunities for micro and nano entrepreneurs to develop specialised, local, value-added and quality-certified products.



This unit explores the Kerala Industrial Policy 2023, its policy objectives, focus pillars and priority sectors, incentives, marketing support for products, and the rules governing industrial land allotment.

Keywords

Kerala Industrial Policy 2023, Industrial Policy, Focus Pillars, Priority Sectors, Kerala Brand Equity, Industrial Incentives, Marketing Support, Industrial Land Allotment

Discussion

A nano business usually starts with a simple idea: a homemade food product, a digital service, a small repair unit, a craft enterprise, a wellness product, a packaging service, a local logistics activity, a tiny manufacturing unit or an online micro-retail venture. Yet even such a small unit needs a support system. It needs registration, guidance, finance, workspace, quality control, branding, digital marketing, statutory compliance and customer trust. Kerala Industrial Policy 2023 becomes relevant because it connects entrepreneurship with these support needs.

The policy recognises the need to strengthen manufacturing, promote start-ups beyond the IT sector, create a supportive business environment, improve land and infrastructure availability, promote responsible investment, increase skill readiness, and build the Kerala brand. It also identifies twenty-two priority sectors, ranging from food technologies and Ayurveda to logistics, renewable energy, retail, tourism, and nanotechnology. Many of these sectors are highly relevant to micro and nano entrepreneurs because they allow small units to produce specialised, local, value-added and quality-certified products.

5.1.1 Meaning and Need of an Industrial Policy

An industrial policy is a government-level statement of direction for industrial growth. It tells entrepreneurs, investors, institutions, banks, local bodies and citizens what type of industrial development the State wants to encourage. It does not replace business planning by the entrepreneur; rather, it provides a public framework that makes private initiative easier, more productive, and more responsible. For a small entrepreneur, an industrial policy answers questions such as: Which sectors are preferred? What support is available? Which agencies can be approached? What kind of investment is considered desirable? What social and environmental responsibilities should a business follow?

Kerala Industrial Policy 2023 is especially important because Kerala has high social development indicators, a literate and skilled workforce, strong local markets, a tradition of small enterprises, diaspora linkages and a rich cultural identity. At the same time, the State faces challenges such as limited land availability,

environmental sensitivity, high population density, competition from other States, and the need to increase manufacturing-led employment. Therefore, Kerala cannot simply copy an industrial model based on large, land-intensive, polluting or labour-exploitative industry. The policy tries to combine enterprise growth with responsible investment, knowledge, technology, branding, sustainability and inclusive employment.

For a nano entrepreneur, this means that the policy should be read as an opportunity document. A very small business may not directly use every incentive, but it can benefit from the ecosystem: simpler procedures, better District Industries Centre support, K-SWIFT facilitation, trade fair reimbursement, quality certification incentives, Made in Kerala branding, industrial parks, private industrial estates, cluster facilities, sustainability support and improved market access. The core lesson is that nano businesses should not remain informal and isolated. They should gradually move towards registration, quality, compliance, technology, branding and market linkages.

5.1.2 Kerala Context: Why This Policy Matters

The policy begins by recognising Kerala's strength in human development, especially in education, health and social welfare. It also acknowledges the limitation that the State could not achieve the intended growth in manufacturing. This is an important starting point because a service-oriented economy and remittance-based consumption alone cannot create enough local productive employment for future generations. Nano entrepreneurship can be part of this solution if it is properly formalised, supported, and linked to markets.

Kerala Industrial Policy 2023 notes that the State improved its Ease of Doing Business rank from 28th to 15th and aims to move further upward. It also states that K-SWIFT will be made more efficient and that departments will be required to provide services online. For anyone, the significance is clear: the entrepreneur of the future must be digitally prepared. Applications, approvals, renewals, scheme claims, and service tracking are increasingly moving to online platforms. A nano entrepreneur should therefore learn not only production skills but also basic digital documentation skills.

The policy also recognises that land is a major limitation in Kerala because land use is affected by ecological sensitivity, the Western Ghats, coastal zones, wetlands and forest-related laws. This is why the policy stresses industrial parks, private industrial parks, standard-design factories, better land allotment systems, and more efficient use of available industrial land. For a nano business, this means that the location decision must be taken carefully. A tiny enterprise in a home, rental space, shared facility, industrial estate or private industrial park must understand whether the activity is permitted in that location, whether pollution- category requirements are met, and whether the facility can support future growth.

5.1.3 Policy Objectives

The policy objectives are not only administrative statements; they reveal the type of entrepreneur Kerala wants to promote. The objectives include building a robust entrepreneurial ecosystem, making Kerala a thriving start-up destination,



nurturing educated unemployed youth and women, creating innovation infrastructure, maximising private investment in industrial infrastructure, strengthening public sector competitiveness, increasing exports, creating an Industry 4.0-compliant ecosystem, modernising traditional industries and enabling e-commerce access.

Other objectives focus on skill development, attracting emerging sectors, creating a hassle-free business environment, improving funding opportunities, building entrepreneur engagement interfaces, creating the Kerala brand globally, promoting manufacturing capabilities, strengthening foreign investments and exports, facilitating access to world markets, fostering responsible investments, promoting sustainable industries, strengthening R&D, integrating Central and State schemes, and supporting renewable energy self-initiatives.

For a nano entrepreneur, the objectives may be grouped into five simple meanings: first, Kerala wants more people to start enterprises; second, the State wants enterprises to be modern, skilled and technology-enabled; third, enterprises must be easier to start and operate; fourth, Kerala products should reach wider markets; and fifth, enterprises should be environmentally and socially responsible. These meanings should guide business choice. A person planning a small food product, for example, should consider not only taste but also hygiene, packaging, label compliance, online sales, branding, energy use, waste management, and customer trust.

5.1.4 Seven Focus Pillars: The Policy Architecture

The seven focus pillars of Kerala Industrial Policy 2023 are the organising pillars through which the objectives are expected to be achieved. They include fostering entrepreneurship, enabling infrastructure, transitioning to hi-tech, skill development, a supportive business environment, enhancing Kerala brand equity, and priority sector-based industrialization. These pillars show that industrial development is not a single activity. It requires people, ideas, infrastructure, technology, skills, procedures, branding and sectoral focus. The seven focus pillars are discussed below:

1. Fostering Entrepreneurship

The Fostering Entrepreneurship pillar aims to create an environment that encourages individuals to start, develop and scale enterprises. The policy prioritizes promoting entrepreneurship among youth and women, supporting start-ups beyond the traditional IT sector, improving access to finance, strengthening incubation and acceleration facilities, and encouraging innovation. It also seeks to strengthen industry-academia linkages and support research, technology, and new business ideas. Through these measures, the policy aims to turn entrepreneurial ideas into viable, sustainable enterprises. Thus, fostering entrepreneurship includes motivation, mentorship, funding support, start-up encouragement and industry-academia research. This shows that entrepreneurship can be learned and supported.

2. Enabling Infrastructure

The Enabling Infrastructure pillar recognises that adequate infrastructure is essential for industrial growth. It focuses on improving the availability of industrial land, indus-

trial parks, utilities, logistics facilities and common infrastructure. The policy proposes better utilisation of existing industrial land and the development of suitable industrial land banks and sector-specific facilities. Improved infrastructure can reduce operational difficulties for enterprises and make Kerala a more attractive destination for industrial investment. The Government Land Allotment and Assignment for Industrial Purposes Rules, 2023 also support this objective by providing a framework for accessing government land for industrial purposes.

3. Transition to Hi-Tech

The Transition to Hi-Tech pillar aims to transform Kerala's industries by adopting modern technologies. It promotes digitalisation, Industry 4.0, automation, artificial intelligence, robotics, e-commerce, research and development and other emerging technologies. It pays particular attention to helping MSMEs adopt technology so they can improve productivity, quality, and competitiveness. Digital platforms and e-commerce can also enable small enterprises to reach customers beyond their local markets. Thus, the pillar seeks to move industries from traditional methods towards more efficient, innovative and technology-driven production and business practices.

4. Skill Development

The Skill Development pillar focuses on building a workforce with the knowledge and capabilities modern industries require. The policy recognises that technological development and industrial investment must be supported by an industry-ready workforce. It therefore emphasises skill development, upskilling and reskilling, employability enhancement and the development of specialised skills required in emerging sectors. Greater coordination between educational institutions and industries can help reduce the gap between the skills workers possess and those employers demand. This pillar is particularly important for sectors such as biotechnology, electronics, electric vehicles, artificial intelligence and advanced manufacturing.

5. Supportive Business Environment

The Supportive Business Environment pillar seeks to make it easier for enterprises to establish and operate businesses in Kerala. It focuses on simplifying procedures, improving regulatory facilitation, providing digital government services, reducing delays and strengthening grievance-redressal mechanisms. The K-SWIFT single-window system is a key component of this approach, as it enables entrepreneurs to access various approvals, licences, and services through a digital platform. The overall objective is to create a business environment that is transparent, efficient and responsive to the needs of entrepreneurs and investors.

6. Enhancing 'Kerala' Brand Equity

The Enhancing 'Kerala' Brand Equity pillar focuses on developing a strong and recognisable identity for products associated with Kerala. The policy seeks to promote products based on quality, authenticity, responsible production and the distinctive identity of Kerala. Initiatives such as Make in Kerala and Kerala Brand – Nanma support



this objective by helping eligible products gain greater visibility and market acceptance. Branding is particularly important for MSMEs because it helps them differentiate their products, build consumer trust, and access wider domestic and international markets. The pillar also connects with product certification, digital marketing, trade fairs, e-commerce and export promotion.

7. Priority Sector-based Industrialisation

The Priority Sector-based Industrialisation pillar focuses on promoting industries with strong potential for investment, innovation, employment, value addition, and future growth. Kerala Industrial Policy 2023 identifies 22 priority sectors, including food technologies, Ayurveda, biotechnology and life sciences, electric vehicles, electronic system design and manufacturing, logistics and packaging, medical equipment, pharmaceuticals, renewable energy, recycling and waste management, tourism and hospitality, artificial intelligence and robotics, and 3D printing. By focusing on these sectors, the policy seeks to encourage industries that can strengthen Kerala's technological capabilities, create employment, increase value addition and improve the State's competitiveness in domestic and global markets.

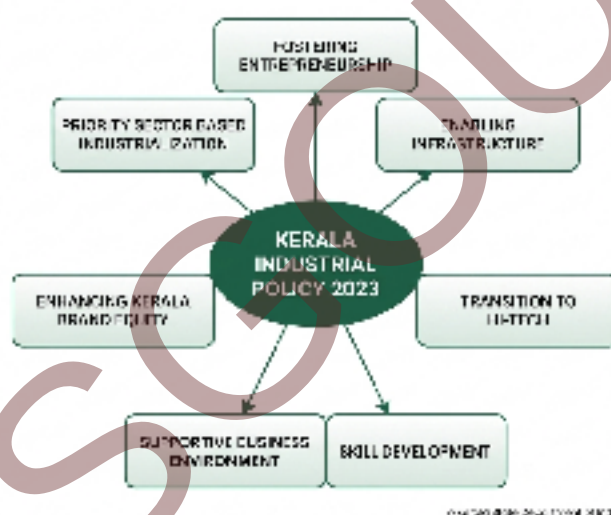


Fig No. 5.1.1: The seven focus pillars provide the policy architecture for enterprise development. (Source: Kerala Industrial Policy 2023)

Table 5.1.1 Seven focus pillars and nano business interpretation

Pillar	Meaning	Possible nano business connection
Fostering Entrepreneurship	Promoting start-ups, MSMEs, mentoring and funding	EDP, project guidance, DIC support
Enabling Infrastructure	Land, parks, clusters, logistics, standard design factories	Shared production space or industrial estate access

Transition to Hi-Tech	Technology modernisation and Industry 4.0	Digital accounting, online selling, small automation
Skill Development	Industry-ready skills and training	Food safety, packaging, bookkeeping, customer service
Supportive Business Environment	Faster approvals, online systems, grievance redressal	K-SWIFT, DIC handholding, compliance planning
Kerala Brand Equity	Quality, brand identity, market reach	Made in Kerala, certification, trade fairs
Priority Sector Industrialization	Sector-specific support	Food, Ayurveda, retail, tourism, recycling, packaging

5.1.5 Priority Sectors and Opportunity Thinking

Kerala Industrial Policy 2023 identifies twenty-two priority sectors: Aerospace and Defence; Artificial Intelligence, Robotics and other breakthrough technologies; Ayurveda; Biotechnology and Life Sciences; Design; Electric Vehicles; Electronic System Design and Manufacturing; Engineering Research and Development; Food Technologies; Graphene; High Value-Added Rubber Products; High-tech Farming and Value-Added Plantation Produce; Logistics and Packaging; Maritime Sector; Medical Equipment; Nano Technology; Pharmaceuticals; Recycling and Waste Management; Renewable Energy; Retail Sector; Tourism and Hospitality; and 3D Printing.

At first glance, some of these sectors may look too large or too technical for nano entrepreneurs. However, one should not read priority sectors only as large-factory sectors. Each sector has a value chain. A nano entrepreneur may enter a small but meaningful part of that value chain. For instance, food technologies can include hygienic spice mixes, nutritious snacks, bakery products, coconut-based value-added products or ready-to-cook mixes. Ayurveda can include herbal soap, wellness oils, local wellness services or wellness tourism-linked products, subject to legal compliance. Tourism and hospitality can include homestay support services, local food experiences, craft demonstrations, responsible tourism products and digital booking support.

Similarly, logistics and packaging can create opportunities for small packing units, label design, local delivery, cold storage support or inventory services. Recycling and waste management can create composting units, repair enterprises, recycling collection services, upcycled products and e-waste awareness services. Renewable energy can include small solar installation support, energy-auditing awareness, LED retrofitting, or energy-efficient equipment services. Retail can include digital shops, local product aggregation and community commerce. Thus, the policy sectors should be read as doors; the nano entrepreneur must identify the small entry point.



Policy sector	Nano business opportunity	Support logic
Food addition	Value added, locally sourced food items	Quality, packaging, labelling and hygiene certification
Ayurveda	Herbal wellness products, oils, support and training services	Knowledge, safety and traditional knowledge
Retail sector	Local products through digital and physical retail	Connectivity, customer service and branding
Tourism & hospitality	Homestay, local cuisine, craft experiences	Equipment, safety, and local environment
Logistics & packaging	Local sourcing, delivery, on-demand services	Market access and packaging
Recycling & waste management	Composting, recycling and reuse products	Responsible industry and EESB
Renewable energy	Solar supported infra and ancillary services	Lower energy cost and green branding
Hard technology	Specialized services and high value applications	Rural market, long age based strong customer

Fig No. 5.1.2 Priority sectors Relevant to Nano Businesses

Table 5.1.2 Priority sectors translated into micro/nano opportunities

Priority sector cluster	Examples of small entry points	Caution
Food and agro value addition	Spice blends, bakery products, packed snacks, local beverage units	Food safety registration, labelling and hygiene are essential
Ayurveda and wellness	Herbal oils, wellness kits, local wellness support services	Claims must comply with law; avoid medical misrepresentation
Tourism and hospitality	Homestay support, local food trails, craft demonstrations	Quality, safety and responsible tourism practices matter
Retail and e-commerce	Local product aggregation, digital catalogues, ONDC-linked sales	Packaging, delivery and customer service decide repeat sales
Recycling and waste management	Composting, collection services, upcycled products	Pollution norms and municipal rules must be followed
Logistics and packaging	Small-scale packing, labelling and delivery support	Accuracy, timeliness and traceability are critical

5.1.6 Incentives

The policy contains an incentive structure designed for enterprises in the priority sectors. Incentives include low interest loans for MSMEs, capital subsidy incentive

for MSMEs, electricity duty exemption, access to finance through the IPO route, investment subsidy and SGST reimbursement for larger enterprises, employment enhancer incentives, waiver of stamp duty and registration charges, support for private industrial estates, trade fair participation incentive, intellectual property creation support, quality certification incentive, sustainability and responsible industrialisation incentive, Industry 4.0 initiatives, R&D incentive, scale-up loans for start-ups, Made in Kerala certification support and special top-up incentive for PLI investors.

For micro and nano businesses, the most immediately relevant incentives are usually low-interest loans, capital subsidies, electricity duty exemptions, trade fair support, intellectual property support, quality certification, sustainability support, Industry 4.0 support, Made in Kerala branding, and certain infrastructure-related supports. Larger incentives such as SGST reimbursement or PLI top-up may not directly apply to a very small unit, but they matter because they strengthen the overall industrial ecosystem and may create supply-chain opportunities for small suppliers.

We must remember that an incentive is not automatic money. It is a conditional support mechanism. The entrepreneur must meet eligibility criteria, submit the required documents, satisfy sector and investment conditions, keep invoices and proof of payment, comply with the law, and continue operating the unit as required. Misunderstanding this point leads to disappointment. A good entrepreneur first studies eligibility and documentation; only then do they plan the claim.

5.1.7 Marketing Support for Products

Production alone does not make a business successful. A product becomes a business when customers trust it, buy it, remember it and recommend it. Kerala Industrial Policy 2023 emphasizes Kerala brand equity. It seeks to create a global Kerala brand and promote manufacturing capabilities, products, services and manpower. Marketing support is especially important for nano businesses because they usually cannot spend large amounts on advertising. Government-supported brand platforms, trade fairs, quality certification and e-commerce can reduce this disadvantage.

The Made in Kerala initiative is relevant here. The initiative aims to promote domestic production, reduce imports and create employment opportunities. According to the Make in Kerala material, Kerala imported products worth about Rs. 1,28,000 crores in 2021-22, out of which 92 percent was from other states; exports were around Rs. 74,000 crores, of which 70 percent was to other states. This indicates a large opportunity for local production and import substitution. For nano entrepreneurs, this suggests local demand for products Kerala currently buys from outside, provided the local product is competitive in quality, price, packaging, and availability.

The Made-in-Kerala brand idea is also linked to quality certification and market value. A government-backed quality indication can help a local product gain credibility. The ETRetail report on the proposed Made-in-Kerala brand said the objective was to certify the quality of products manufactured in the State and help them reach national and international markets. It also referred to e-commerce support and a geo-marketing portal for products with Geographical Indication tags. The practical message is that



marketing is no longer only shop-based. It combines quality, certification, digital presence, packaging, storytelling, logistics, and customer feedback.



Fig No. 5.1.3 Marketing Support Ecosystem

Table 5.5 Marketing support mechanisms and examples

Marketing support route	What it can do	Example
Made in Kerala / Kerala Brand	Signals quality and origin	Coconut oil, food products, crafts, local wellness products
Trade fairs and exhibitions	Gives exposure and buyer interaction	Display of banana chips, spices, handmade soaps
Quality certification	Builds trust and market access	ISO, BIS, FSSAI-related compliance, organic certification where applicable
E-commerce / ONDC	Expands reach beyond locality	Selling local products through digital catalogues
GI and geo-marketing	Highlights location-specific uniqueness	Handloom, spices, crafts, traditional products
Export promotion	Connects suitable units to global markets	Specialty food, crafts, Ayurveda-related products

5.1.8 Industrial Land Allotment Rule

Industrial land is one of the most sensitive and important inputs for industrial development in Kerala. The Kerala Government Land Allotment and Assignment for Industrial Purposes Rules, 2023 provide a structured framework for allotting and assigning government land for industrial purposes. For many nano businesses, land allotment

may not be the first requirement because they may operate from small rental spaces, homes, shared workspaces or common facilities. However, understanding land rules matters because successful units may later need to shift to an industrial estate, development plot, or planned industrial area.

Under the Rules, industrial purpose includes using land to carry on industry and associated common amenities. Applicants submit an application for allotment with a project report, layout, building plan, and relevant documents. The allotment authority considers viability, suitability of the proposed industry, investment and employment potential, capacity of the applicant, pollution sensitivity and the extent of land needed. The District Industrial Land Allotment Committee handles smaller extents, while greater extents move to the State-level mechanism. This shows that land is not allotted merely because a person wants it; a viable project must justify it.

The Rules also prescribe post-allotment responsibilities. The allottee must take possession, protect the plot, commence effective improvements within six months and commence production within two years from the date of agreement. The rules provide for resumption if the allottee fails to start production, subject to the opportunity of being heard and appeal. This is a crucial lesson: industrial land is a public resource meant for productive use. It should not be blocked, held idle or used for non-industrial purposes.



Fig No. 5.1.4: Industrial land allotment requires project justification, documentation and post-allotment implementation discipline.

Form 5.1 Land Readiness Checklist for a Small Entrepreneur

Sl. No.	Information to be entered	Entry / notes
1	Name of proposed enterprise	
2	Nature of activity and pollution category	
3	Why industrial land / shed is needed	

4	Extent of land or built-up space required
5	Project report prepared or not
6	Building/layout plan available or not
7	Expected investment and employment
8	Water, power, road and waste management requirement
9	Timeline to start production
10	Documents to be attached with application

5.1.9 Private Industrial Estates and Standard Design Factories

Kerala's land shortage and the need for more organised industrial infrastructure led to the encouragement of Private Industrial Estates. The Private Industrial Estate Scheme allows eligible entities to develop industrial estates with infrastructure and utilities for allotment to industrial units. The amended scheme reduced the land threshold to make the scheme more practical: entities owning or holding lease rights for a minimum of 10 acres for a Private Industrial Estate, and 5 acres for a Standard Design Factory, may apply subject to conditions. The land must be fit for industrial use and should not fall in ESA, CRZ, plantation area or paddy/wetland restrictions.

The scheme provides for a developer permit, notification as an industrial area, a single-window clearance mechanism, infrastructure obligations, environmental compliance, and government assistance. The 2023 amended scheme mentions assistance of Rs. 30 lakh per acre, subject to a maximum of Rs. 3 crore, for infrastructure such as electricity, water, roads, drainage, effluent treatment, common facilities, and testing and certification facilities. For nano entrepreneurs, this means private industrial estates and standard factory designs can reduce the burden of finding suitable industrial premises independently.

However, an entrepreneur entering a private industrial estate must still read the terms carefully. Check commercial terms, maintenance charges, infrastructure availability, environmental norms, service support, access roads, and future expansion possibilities. A low-cost space without water, power, waste management or access may become expensive in practice. Therefore, we should connect policy support with due diligence.

Table 5.6 Private Industrial Estate and Standard Design Factory at a glance

Item	Private Industrial Estate	Standard Design Factory
Minimum land indicated in amended scheme	10 acres or more	5 acres or more
Purpose	Develop estate with infrastructure and allot land/built-up space to industries	Provide factory building facility for industrial use
Government support	Infrastructure assistance subject to norms	Assistance may include development and construction support subject to limits
Relevance to nano units	Possible access to serviced industrial location	Useful when a small unit needs ready built-up production space

5.1.10 Industrial Policy and Responsible Business

Kerala Industrial Policy 2023 emphasizes responsible investment, responsible industry, and ESG. This is not only for large companies. Small enterprises also have environmental, social and governance responsibilities. A food unit should manage waste, maintain hygiene and avoid unsafe additives. A small manufacturing unit should manage noise, dust, effluent and worker safety. A retail unit should avoid misleading claims. A tourism-related enterprise should respect local communities and the environment. A service unit should maintain transparency with customers.

The sustainability incentive under the policy and the separate Scheme I3 guidelines show that responsible industrialization is linked with practical facilities such as effluent treatment plants, renewable energy adoption, rainwater harvesting, zero-discharge technologies, reuse and recycling of e-waste or wastewater, and energy/water conservation audits. This matters for the new generation of entrepreneurs because customers, regulators, and markets increasingly reward responsible production. A nano business that begins with clean practices can grow without facing avoidable legal or reputational problems.

Responsible business also includes inclusion. The policy prioritises women, youth, local employment, and special categories. Nano enterprises are well placed to include women workers, family members, local youth, artisans and differently abled persons, provided the unit is organised professionally. Entrepreneurship should not be seen only as personal income generation; it is also about building local capability.

5.1.11 Illustrative Caselets

Caselet 1: A banana chips unit in Thrissur

A person plans a small banana chips unit with local sourcing, hygienic frying, attractive packaging and online sales. The policy connects this idea with food technologies, Kerala brand equity, quality certification, trade fair support, e-commerce and possible capital support. The person must prepare a project report, obtain Udyam registration, follow food safety requirements, maintain machinery invoices, and plan labelling and shelf-life testing.

Caselet 2: A women-led herbal soap unit in Palakkad

A women-led unit wants to produce herbal soaps using local materials. The opportunity connects with Ayurveda, design, packaging, Made in Kerala, quality certification and women entrepreneurship support. However, the entrepreneur should avoid unsupported medicinal claims and must ensure labelling, product safety and consumer protection.

Caselet 3: A local packaging service in Malappuram

A nano enterprise offers packaging, labelling, and small-batch packing services to local food producers. This connects with logistics and packaging, retail, e-commerce and market access. Such a unit can support many smaller producers and may later move to a standard design factory space if demand grows.

Form 5.2 Policy Alignment Sheet for a Nano Business Idea

Sl. No.	Information to be entered	Entry / notes
1	Business idea	
2	Relevant priority sector	
3	Main customer group	
4	Required registration / licence	
5	Required infrastructure	
6	Possible incentive or support	
7	Quality / certification need	
8	Marketing route	
9	Environmental or social responsibility	
10	Next action to be taken within 30 days	

5.1.12 Reading Policy Language as an Entrepreneurial Tool

Government policy documents often use broad words such as ecosystem, facilitation, innovation, infrastructure, responsible investment and competitiveness. We should translate these words into business questions. Ecosystem means: Who can help me? Facilitation means: Which office or portal can reduce procedural difficulty? Innovation means: What is new or improved in my product, process or service? Infrastructure means: Where can I produce safely and efficiently? Responsible investment means: How will my business protect workers, consumers, the community, and the environment? Competitiveness means: Why should customers choose my product instead of another?

This translation skill is important because many entrepreneurs read policies only for the subsidy amount. That is a narrow reading. A mature entrepreneur reads policy to understand market direction, public priorities, and future regulation. If Kerala promotes responsible industry, sustainability, quality certification, and branding, a new enterprise should build these elements early. If the policy emphasises Industry 4.0 and e-commerce, we should not postpone digital literacy. If the policy stresses local employment and women entrepreneurship, a nano business can design itself to include local human resources from the beginning.

The policy should also be read along with local realities. A food processing unit in Wayanad, a coir product unit in Alappuzha, a tourism-linked product in Idukki, a rubber product in Kottayam, a spice-related product in Idukki or a digital service in Thiruvananthapuram may connect with different resources, raw materials and markets. Kerala Industrial Policy 2023 provides broad direction; the entrepreneur must apply it at the district, panchayat, customer group, and supply-chain level.

5.1.13 Digital Facilitation, K-SWIFT and the Culture of Timely Compliance

Kerala's enterprise support system increasingly uses digital platforms for application, tracking, approvals, renewals and service delivery. K-SWIFT is an important part of this environment. The K-SWIFT 2.0 user guide shows how users can login, view project dashboards, select services or renewals, submit department-wise forms, make payments, track application status and download final signed approvals. This has a direct learning implication: entrepreneurs need digital documentation skills.

A nano entrepreneur may believe that digital platforms are meant only for large companies. This is a mistaken idea. Even a small business may need online registration, a Udyam certificate, GST documents where applicable, food safety registration, a local body licence, pollution category clarification, an electricity connection, scheme applications, bank documents, and digital payment records. One who can scan documents, name files properly, upload PDFs, read SMS and e-mail alerts, and track application status has a practical advantage over one who depends entirely on others.

Timely compliance also protects the entrepreneur. Correct applications returned for defects promptly. Renewals should not be postponed until expiry. Download and



keep payment receipts. If a certificate is received, the entrepreneur should read the conditions, not merely celebrate approval. The support system works best when the entrepreneur is active, document-ready and responsive.

5.1.14 Local Body, Industrial Area and Public Interest

Industrial policy does not operate in isolation from local governance. A business is physically located in a panchayat, municipality, corporation, industrial estate, private industrial estate or other notified area. Local planning, building rules, public health, waste management, road access, water use and environmental concerns can affect the enterprise. The Single Window system is intended to reduce delays and coordinate authorities, but it does not mean that public safety and environmental standards disappear.

We should understand this balance. Facilitation helps genuine enterprises start and operate without unnecessary delay. It is not a shortcut for ignoring statutory conditions. A small enterprise should be transparent with neighbours, local bodies and authorities. Noise, smell, smoke, wastewater, traffic, unsafe storage or misleading business claims can create disputes and damage the reputation of the enterprise. A nano business should therefore select a suitable location and maintain good community relations.

Industrial estates and notified industrial areas offer an advantage because many location issues are considered in advance. However, even within such areas, the entrepreneur must follow estate rules, building permissions, pollution category requirements, payment terms, signage norms and safety conditions. A disciplined small entrepreneur treats compliance as a business asset, not as a burden.

Table 5.6A Converting policy language into business action

Policy phrase	Practical meaning	Nano entrepreneur action
Ecosystem	Network of agencies, schemes, markets and institutions	Identify DIC, bank, local body, portal and market contacts
Facilitation	Making procedures easier and faster	Use K-SWIFT / DIC support and track applications
Brand equity	Trust and reputation attached to Kerala products	Improve packaging, certification and customer communication
Responsible industry	Business that protects environment and society	Manage waste, worker safety, truthful labelling and local impact
Priority sector	Area where policy support is focused	Choose a business idea linked to a priority value chain

Recap

- ◇ Kerala Industrial Policy 2023 is a direction-setting document for investment, innovation, infrastructure, skills, branding and responsible industry.
- ◇ For a nano entrepreneur, the policy is useful when it is converted into practical actions such as registration, scheme selection, certification, market access and compliance.
- ◇ The policy should be read as an opportunity map, not merely as a government announcement.
- ◇ The objectives focus on entrepreneurship, start-ups, youth and women, innovation, infrastructure, exports, e-commerce, skills and hassle-free business.
- ◇ The seven pillars are entrepreneurship, infrastructure, hi-tech transition, skill development, supportive business environment, Kerala brand equity and priority sector industrialization.
- ◇ Each pillar can be converted into a question that tests the readiness of a nano business.
- ◇ The policy identifies twenty-two priority sectors.
- ◇ Nano businesses can enter small value-chain segments of large sectors such as food technologies, retail, tourism, logistics, packaging, recycling, Ayurveda and renewable energy.
- ◇ The key is to find a small, legal, quality-focused, locally relevant and scalable entry point.
- ◇ Incentives are conditional support mechanisms, not automatic grants.
- ◇ Marketing support includes Made in Kerala, Kerala Brand, trade fairs, e-commerce, GI promotion, quality certification and export support.
- ◇ A product must move from production to trust; trust comes from quality, certification, packaging, customer service and ethical practices.
- ◇ Industrial land allotment requires project justification, eligibility and compliance.
- ◇ The allottee must take possession, improve the land and start production within the prescribed timelines.
- ◇ Private Industrial Estates and Standard Design Factories can help small businesses access planned infrastructure.

Objective Questions

1. Kerala Industrial Policy 2023 identifies how many priority sectors?
2. Which online facilitation system is intended to make clearances and services more efficient in Kerala?
3. Name any one focus pillar of Kerala Industrial Policy 2023.
4. Which policy route supports product identity and trust for local products?
5. Industrial land allotted for industrial purposes must be used for what purpose?
6. Under the land allotment rules, production is generally expected to commence within how many years from the agreement?
7. What is the minimum area indicated under the Private Industrial Estate Scheme 2023 for a Private Industrial Estate?
8. What is the minimum area linked with a Standard Design Factory under the amended PIE framework?
9. The Make in Kerala initiative is linked with reducing what and promoting domestic production?
10. Why is quality certification important?

Answers

1. Twenty-two priority sectors
2. K-SWIFT
3. Fostering Entrepreneurship / Enabling Infrastructure / Transition to Hi-Tech / Skill Development / Supportive Business Environment / Enhancing Kerala Brand Equity / Priority Sector-based industrialization
4. Made in Kerala / Kerala Brand / Quality Certification
5. Industrial purpose
6. Two years
7. 10 acres
8. 5 acres
9. Imports
10. It builds customer trust.

Self Assessment Questions

1. Discuss the relevance of Kerala Industrial Policy 2023 for nano business doers and aspirants.
2. Explain the seven focus pillars and illustrate how each pillar can support a micro or nano enterprise.
3. Prepare a short essay on the priority sectors of Kerala Industrial Policy 2023 and identify business opportunities for students.
4. Explain the role of marketing support, Made in Kerala, quality certification and trade fairs in strengthening local products.
5. Discuss the major points a learner should know about industrial land allotment and private industrial estates.

Assignments

1. How does the Kerala Industrial Policy 2023 seek to create a favourable ecosystem for industrial development in the State?
2. Analyse the relationship between the objectives of Kerala Industrial Policy 2023 and its focus pillars.
3. How do the focus pillars of Kerala Industrial Policy 2023 contribute to achieving sustainable and inclusive industrial growth?
4. Why has Kerala identified specific priority sectors under the Industrial Policy 2023? Analyse their significance for the State's industrial development.
5. How can the identification of priority sectors help Kerala attract new investments and promote entrepreneurship?

Reference

1. Directorate of Industries and Commerce, Government of Kerala. (n.d.). *Schemes and services*. Government of Kerala.
2. Government of Kerala, Department of Industries and Commerce. (2023).



Kerala Industrial Policy 2023. <https://share.google/Wzt36sJXerOrJzpQk>

3. Government of Kerala, Department of Industries and Commerce. (2023). *Private Industrial Estate Scheme (amended) 2023 and related implementation guidelines*.
4. Government of Kerala, Department of Industries and Commerce. (2023). *Sustainable Industry Incentive Scheme 2023: Scheme I3—Incentives for sustainability and responsible industrialisation*.
5. Government of Kerala. (2023d). *Kerala Government Land Allotment and Assignment for Industrial Purposes Rules, 2023*.

Suggested Reading

1. Government of Kerala, Department of Industries and Commerce. (2023). *Sustainable Industry Incentive Scheme 2023: Scheme I3—Incentives for sustainability and responsible industrialisation*.
2. Government of Kerala. (2023d). *Kerala Government Land Allotment and Assignment for Industrial Purposes Rules, 2023*.

Unit 2 Incentives Identified under Kerala Industrial Policy 2023 with Special Focus on Micro / Nano Business

Learning Outcomes

After completing this unit, the learner will be able to:

- ◇ identify the major incentives listed under Kerala Industrial Policy 2023
- ◇ classify incentives according to finance, infrastructure, marketing, technology, quality, sustainability and employment support
- ◇ recognise incentives most useful for micro / nano enterprises

Prerequisite

Imagine a small entrepreneur who has identified a viable product, completed basic registration and started planning the establishment of a nano enterprise. The entrepreneur may require machinery, a suitable workspace, an electricity connection, packaging facilities, quality certification and initial market exposure. Although the business idea may be promising, limited capital and high borrowing costs can make it difficult to buy equipment or cover the expenses of formalisation. After production begins, the enterprise may face further challenges in obtaining customer trust, protecting its brand, participating in trade fairs, adopting digital technology, reducing energy use or shifting to a cleaner and more efficient production system. These difficulties show why incentives matter to micro and nano enterprises at different stages of development.

An incentive, however, is not an automatic payment or a substitute for business viability. It is a conditional policy support intended to reduce a particular financial, technological, marketing, infrastructure or compliance-related burden. Kerala Industrial Policy 2023 identifies different forms of assistance, including low-interest finance, capital subsidy, electricity-duty exemption, trade-fair support, intellectual-property and quality-certification reimbursement, sustainability assistance, technology support, Kerala-brand certification and infrastructure-related conces-



sions. Accessing such support requires correct enterprise classification, formal registration, eligible expenditure, genuine invoices, proof of payment, timely application and compliance with post-sanction conditions. Against this background, the unit introduces the major incentives relevant to micro and nano businesses and explains how entrepreneurs can identify their actual business needs, select suitable support, prepare the required documents and use public assistance responsibly for enterprise establishment, market development and sustainable growth.

Keywords

Micro and Nano Enterprises, Low-Interest Loans, Capital Subsidy, Electricity Duty Exemption, Trade Fair Incentive, Quality Certification, Sustainability Incentive, Incentive Readiness

Discussion

5.2.1 Why Incentives Matter to Nano Businesses

A nano business usually begins with limited capital, limited access to formal credit, limited market knowledge and limited bargaining power. Even when the entrepreneur has skill and motivation, the unit may fail if it cannot buy machinery, pay initial expenses, obtain a suitable workspace, meet compliance costs, certify quality, participate in fairs or reach customers. Incentives are therefore policy tools that reduce the initial burden, encourage formalisation and push enterprises towards higher standards.

However, incentives should not be misunderstood as the foundation of business. A business must first be viable. The product must have demand, the entrepreneur must understand costs and pricing, production must be possible, documents must be accurate, and the unit must follow the law. Incentives can strengthen a viable business; they cannot permanently rescue a weak idea. Therefore, the best way to use incentives is to include them in business planning after understanding eligibility, timing and documentation.

For nano entrepreneurs, the most useful incentives reduce the cost of finance, fixed capital investment, electricity burden, market exposure, certification, branding, technology adoption, and sustainability. These supports help a small unit become formal, competitive and trustworthy. A learner should always ask: What is the business need? Which scheme supports that need? What documents prove the expense? What obligations will continue after receiving support?

5.2.2 Enterprise Categories and the Place of Nano Business

Kerala Industrial Policy 2023 uses project categories such as micro, small, medium, large and mega enterprises. The MSME classification follows investment and turnover limits. Micro enterprise means investment in plant and machinery or equipment not exceeding Rs. 1 crore and turnover not exceeding Rs. 5 crores. Small enterprise means investment not exceeding Rs. 10 crore and turnover not exceeding Rs. 50 crores. Medium enterprise means investment not exceeding Rs. 50 crore and turnover not exceeding Rs. 250 crores.

The term nano business is used in entrepreneurship education and Kerala support discussions to refer to a very small business, usually below the micro enterprise scale. A nano unit may be a one-person or family-led activity, a household enterprise, a small production or service venture, a local digital business, a repair unit, a tiny food processing unit or a small craft and retail operation. It may not always have a large factory or many workers. But it should still move towards registration, accounting, safe production and market discipline.

When reading policy incentives, a nano entrepreneur should usually examine micro-level support first. Some incentives may require formal MSME/Udyam registration, project report, proof of investment, bills, certificates, bank details or inspection. Therefore, even a tiny unit should maintain basic records from the beginning. A notebook, bank account, digital folder of invoices, photos of machinery, registration certificates, tax documents and production records are not luxuries; they are the foundation of eligibility.

5.2.3 Incentives under Kerala Industrial Policy 2023

5.2.3.1 Low Interest Loans and Access to Finance

The policy identifies low interest loans for MSMEs, with loan support at 4 percent interest subject to a maximum of Rs. 10 lakhs through interest subvention up to 6 percent. For a nano entrepreneur, affordable finance. Small units often borrow from informal sources at high cost. A formal low-interest route can reduce the monthly burden and make repayment more manageable.

In practice, the entrepreneur must still satisfy the lending institution. Banks assess project viability, repayment capacity, promoter contribution, credit history, documents, and security requirements. Government interest support does not remove the need for a proper project report. The entrepreneur should prepare cost estimates, expected sales, monthly expenses, the break-even point, a repayment schedule, and risk factors. The support system of DIC and Industries Extension Officers can help prepare project profiles and guide the entrepreneur to suitable finance routes.

Central schemes also matter. PMEGP provides credit-linked subsidy support for new micro enterprises in the non-farm sector, with margin money subsidy ranging from 15



percent to 35 percent for eligible projects up to Rs. 50 lakhs in manufacturing and Rs. 20 lakhs in services. CGTMSE provides collateral-free credit guarantee support for eligible micro and small enterprises up to prescribed limits. These Central schemes can work along with State support where guidelines permit. We must verify whether two supports can be combined for the same component before assuming eligibility.

Table 5.2.1 Finance-related support routes

Finance route	Support idea	Useful for	Caution
Low interest loan under Industrial Policy	Reduced effective interest for eligible MSMEs	Initial machinery or setup finance	Loan appraisal is still required
PMEGP	Credit-linked subsidy for new micro enterprises	New non-farm manufacturing/ service units	Project cost and category limits apply
CGTMSE	Collateral-free credit guarantee to lender	MSE loans where collateral is difficult	Guarantee is not a repayment waiver
Bank loan with DIC guidance	Project report and technical feasibility support	Formal micro/ nano businesses	Maintain repayment discipline

5.2.3.2 Capital Subsidy Incentive for MSMEs

Capital subsidy is one of the most attractive incentives for MSMEs because it supports fixed capital investment. Kerala Industrial Policy 2023 lists capital subsidy incentive for MSMEs up to 45 percent, subject to ceilings: micro enterprises up to Rs. 40 lakh, small enterprises up to Rs. 100 lakh and medium enterprises up to Rs. 200 lakhs. For a micro or nano unit, this can be highly meaningful when machinery, equipment, building improvements or production assets require investment.

Capital subsidy must be carefully planned. The entrepreneur should know what expenditure is eligible and what is not. Personal expenses, unrelated civil works, old machinery without proper valuation, cash purchases without proof and assets not included in the project report may create difficulty. A nano entrepreneur must maintain quotations, purchase orders, invoices, payment proof, installation details, photos and bank loan documents. The unit must also comply with functioning requirements after assistance is released.

A practical example: a small coconut-based product unit wants to buy cutting, drying, packing and sealing equipment. If the unit is formally registered, located in Kerala, engaged in an eligible sector, has proper bills and begins commercial production as required, capital support may reduce the investment burden. But the entrepreneur cannot buy equipment informally and later expect subsidy without documentary proof. Policy support rewards disciplined preparation.

Table 5.2.2 Capital subsidy incentive for MSMEs

Enterprise	Capital subsidy under policy	Maximum ceiling	What the nano learner should understand
Micro	Up to 45%	Rs. 40 lakhs	Most relevant category for formal nano/micro units
Small	Up to 45%	Rs. 100 lakhs	Useful when business scales beyond micro
Medium	Up to 45%	Rs. 200 lakhs	Useful for larger expansion stage

5.2.3.3 Electricity Duty Exemption and Operating Cost Relief

Electricity cost can become a significant operating burden for manufacturing and processing units. The policy identifies a 100 percent electricity duty exemption for MSMEs for five years. For nano businesses such as food processing, bakery, oil extraction, small fabrication, tailoring clusters, cold storage-linked units, printing, packaging or equipment-based service units, even small reductions in recurring costs can improve survival during the initial years.

The learning point is that incentives are not always direct cash subsidies. Some incentives reduce operating costs. A new entrepreneur often focuses only on loans or subsidies, but recurring costs such as electricity, rent, transport, packaging, platform fees, and maintenance determine whether the unit survives. Therefore, a complete business plan should estimate operating costs and examine every legitimate support that reduces them.

The entrepreneur should confirm the current procedure for claiming electricity duty exemption, the eligible category, the relevant service connection, the period, the documents required and whether the unit must be in production. We should treat this as a compliance-based benefit: the business must be visible, registered, and documented to receive relief.

5.2.3.4 Trade Fair Participation Incentive

Trade fairs are powerful learning and marketing spaces for small entrepreneurs. Kerala Industrial Policy 2023 provides reimbursement up to 100 percent of stall charges incurred, subject to a maximum of Rs. 5 lakhs, for participating in one domestic and one international fair or exhibition per annum. For a nano entrepreneur, a domestic fair is often the first practical exposure to customers beyond the local area.

Trade fairs help a small entrepreneur test packaging, pricing, customer response, competitor products, buyer questions and retail presentation. A banana chips producer can learn whether customers prefer smaller packs, resealable packs or gift packs. A craft entrepreneur can learn which designs attract attention. A herbal product entrepreneur can understand the importance of labelling and claims. Thus, the incentive is not merely reimbursement of stall charges; it is a learning subsidy for market development.



Before applying, the entrepreneur should keep event approval details, stall fee receipts, travel and participation evidence where required, photographs, product brochures, GST or Udyam details if applicable, and post-event sales or enquiry records. The entrepreneur should also prepare a fair plan: product samples, price list, QR payment, feedback sheet, visiting cards, digital catalogue and follow-up list.

Form: Trade Fair Preparation Sheet

Sl. No.	Information to be entered	Entry / notes
1	Name of fair/exhibition	
2	Date and place	
3	Products to be displayed	
4	Stall fee and receipt details	
5	Product samples prepared	
6	Price list prepared	
7	QR payment / digital payment arrangement	
8	Feedback form prepared	
9	Buyer contact sheet maintained	
10	Follow-up action after fair	

5.2.3.5 Intellectual Property Creation and Quality Certification

Intellectual property and quality certification are crucial for moving from informal sales to trusted markets. The policy reimburses 50 percent of expenditure, subject to a maximum of Rs. 30 lakhs, for patent, copyright, trademarks, GI registration, and related intellectual property creation. It also provides a refund of expenses for compulsory markings and certifications such as CE, FDA, ISO, BIS and others, to the extent of 50 percent of expenses, subject to a maximum of Rs. 25 lakh per unit per annum.

For most nano businesses, trademark and quality certification are more immediately relevant than patents. A small food brand, craft label, soap unit, tailoring brand, packaging service, or digital retail platform should protect its name and logo before expanding into the market. Quality certification helps customers, retailers, institutions and online platforms trust the product. In sectors such as food, cosmetics, electrical items, medical products, export goods or safety-related products, certification may be essential rather than optional.

The practical lesson is to plan branding and certification early. A low-quality label, a copied brand name, or unsafe packaging can damage the business. The project plan should include brand name search, label design, quality standards, certification cost, and the compliance timeline. If reimbursement is available, the entrepreneur must preserve all professional fee bills, certification invoices, certificates and payment proofs.

Table 5.2.3 Branding, IP and quality support

Support	Policy ceiling	Possible nano business use
IP creation	50% reimbursement subject to maximum Rs. 30 lakhs	Trademark, logo, label, copyright, GI-related work where applicable
Quality certification	50% of expenses subject to maximum Rs. 25 lakh per unit per annum	ISO, BIS, CE, FDA or relevant compulsory/market certification
Made in Kerala certification	50% reimbursement of certification cost	Kerala identity and trusted market positioning

5.2.3.6 Sustainability and Responsible Industrialisation Incentive

Kerala Industrial Policy 2023 includes incentives for sustainability and responsible industrialisation. The separate Scheme I3 guidelines explain that sustainable and responsible industrialization involves environmental stewardship, social responsibility and long-term economic growth. The scheme provides reimbursement of 25 percent of expenses incurred for components such as effluent treatment plants, renewable energy adoption, rainwater harvesting, zero-discharge technologies, reuse or recycling of e-waste and wastewater, energy and water conservation audits and purchase of materials for such conservation, excluding civil works, subject to a maximum of Rs. 25 lakhs during the policy period.

For nano businesses, sustainability may appear like a big-company topic, but it is practical. A small food processing unit can reduce water wastage. A small printing or packaging unit can segregate waste and use energy more efficiently. A small repair unit can support reuse. A homestay-linked enterprise can use rainwater harvesting and waste segregation. A small manufacturing unit can choose energy-efficient equipment. These actions reduce cost, improve reputation and prepare the business for stricter future standards.

The entrepreneur should document sustainability investments with before-and-after photos, invoices, installation certificates, audit reports and usage records. Sustainability incentives are useful only when the unit can prove that the expenditure was made for eligible conservation or pollution-reduction components. We should also understand that environmental compliance is not optional in Kerala because the State is ecologically sensitive and densely populated.

Table 5.2.4 Sustainability incentive translated into small business examples



Sustainability component	Example in a nano unit	Evidence to keep
Renewable energy adoption	Small rooftop solar support for production area	Invoice, installation certificate, photos
Rainwater harvesting	Water storage and reuse for cleaning/ non-potable use	Bills, plan, photos
Energy audit	Audit of power use in bakery/processing unit	Audit report and payment proof
Wastewater recycling	Reuse arrangement in a small processing unit	Technical certificate and bills
E-waste / material recycling	Collection and recycling link in electronics service unit	Records, receipts, agreements

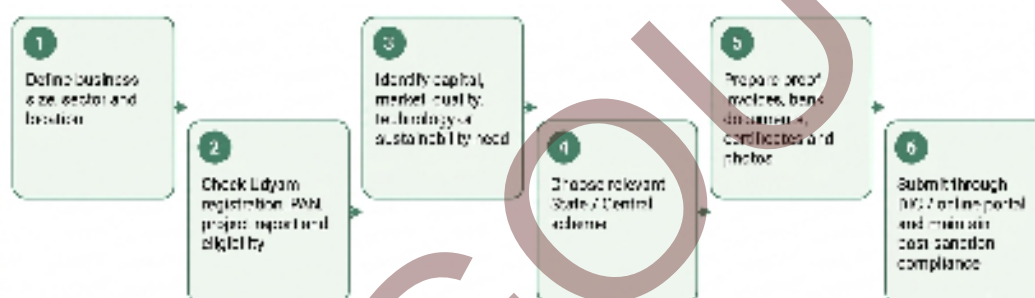


Fig No.5.2.1 Incentive Selection Pathway for a Nano Entrepreneur. A nano entrepreneur should choose an incentive by matching business needs, eligibility, and documentation.

5.2.3.7 Industry 4.0, R&D and Technology Support

The policy supports Industry 4.0 initiatives in manufacturing, including 20 percent reimbursement of the cost of software, big data analytics tools, machinery, and similar items, subject to a maximum of Rs. 25 lakh per unit during the policy period. It also identifies an R&D incentive, with funding of 20 percent of R&D cost for units engaged in R&D with universities in the State, subject to a maximum of Rs. 1 crore per unit. For most nano entrepreneurs, the R&D incentive may be less immediate, but the Industry 4.0 mindset is highly relevant.

Industry 4.0 does not mean that a nano business must buy robots. It means using appropriate digital and technological tools to improve productivity, quality and decision-making. Examples include digital weighing and billing, QR-based payment, inventory apps, online customer feedback, basic accounting software, digital catalogues, social media analytics, small automation in packing, energy-efficient equipment and simple barcoding. A small enterprise that uses data and technology wisely can compete better.

Technology support can also be linked to Entrepreneur Support Scheme ideas such as technology upgradation, packaging improvement and energy conservation. We should think of technology as a tool to reduce errors, improve consistency, save time, reduce wastage, and increase customer confidence. The best technology is not the most expensive technology; it is the technology that solves a real business problem.

5.2.3.8 Made in Kerala, Kerala Brand and Market Identity Incentive

The policy includes reimbursement of 50 percent of the cost incurred in obtaining Made in Kerala certification. This is very important for micro and nano businesses because local identity can become a market advantage when combined with quality. Kerala products often carry emotional, cultural and trust value. Coconut products, spices, Ayurveda-related products, handloom, crafts, banana chips, jackfruit products, coir, rubber products, wellness services and tourism-linked products can benefit from authentic Kerala positioning.

The Kerala Brand / Nanma initiative further shows the direction of policy thinking. The first set of Kerala Brand certifications was awarded to coconut oil expeller units, with an emphasis on quality, ethical production practices, local sourcing, and industry standards. Such certification can help grassroots enterprises generate jobs, enhance productivity and access wider markets. The lesson for nano entrepreneurs is that a product must be more than locally made; it should be consistently good, properly sourced, safely produced and honestly marketed.

Brand support should be combined with packaging, label compliance, quality testing, storytelling and customer service. A small product should clearly tell customers what it is, where it comes from, how it is made, how to use it, how long it can be stored, and how to contact the producer. A person preparing a nano business plan should include a brand identity sheet and the cost of certification as part of the plan.

Incentive	What it supports	Typical nano-use
Low investment	Initial finance through government guarantee	Small appliances, tools and accessories
Capital subsidy incentives	Partial loan to start business	Machining, bulking in semi-automated production units
Electricity subsidy	Lower electricity rates for small units	Energy-intensive food processing units, small scale
Trade fair incentives	Market exposure	Local product display, all forms of regional marketing
Trademark	Trademark registration, copyright of product	Small wine, salad, design, product design
Quality certification	ISO, BIS, CE, FDA and similar standards	Food, cosmetics and food processing units, small scale
Sustainability incentive	EPB, cleaner production, waste minimization and recycling	Cleaner production and lower environmental impact
Made in Kerala certification	Brand recognition and trust	Authentic nano products and branding

Fig No. 5.2.2. Incentives most useful for Micro/Nano Enterprises. The most useful incentives for micro/nano units are those that reduce finance, market, quality, technology and sustainability barriers.

5.2.3.9 Stamp Duty, Registration Charges and Infrastructure Incentives

The policy provides waiver of stamp duty and registration charges for manufacturing units: up to 100 percent on lease deed or purchase of land/building for setting up manufacturing unit in Government Industrial Parks and notified Private Industrial Parks, and for women, SC/ST, persons with disabilities and transgender entrepreneurs, up to 100 percent on lease deed or purchase of land/building for setting up manufacturing unit anywhere in the State. This is especially useful when a small manufacturing unit is ready to move from home-based or rental activity to a formal production space.

Private Industrial Estates are also supported through funding support up to Rs. 3 crores for infrastructure development. Although the developer receives this support, the benefit may indirectly reach small entrepreneurs through better roads, electricity, water, drainage, common facilities, and laboratories, testing, and certification facilities. Planned infrastructure reduces uncertainty. A nano business in a good location can spend more energy on production and marketing instead of struggling for basic facilities.

We should connect infrastructure incentives with location strategy. Starting at home may suit a safe, permitted, low-risk activity. But as production grows, the enterprise may need a separate workspace, better power, waste management, storage, vehicle access and compliance. At that stage, industrial estate or SDF-based facilities may become more suitable.

5.2.3.10 Employment Enhancer and Inclusive Entrepreneurship

The Employment Enhancer Incentive in the policy is listed for large and mega projects, but its social logic applies to all businesses. It supports additional employment when more than 50 percent of permanent jobs are filled from the local population, when more than 50 percent of permanent employees are women, and when permanent employment is provided to transgender persons. Even if a nano business does not directly claim this incentive, it should still learn the principle of local and inclusive employment.

Nano businesses often grow through family labour, women's groups, self-help groups, local youth, artisans and part-time workers. If they maintain proper records, pay fair wages, ensure safe working conditions, and support skill development, they can become socially valuable enterprises. A women-led micro food unit or a youth-led repair service may not be large, but it can create dignity, income and local capability. Inclusive entrepreneurship is not only a moral ideal; it also builds customer goodwill and community support.

One should therefore prepare a human resource plan even for a small unit. Who will work? What skills are needed? What training is required? How will wages or profit-sharing be handled? How will safety be ensured? How will women or local youth be included? A business that thinks about people from the beginning is better prepared for growth.

5.2.3.11 Central MSME Schemes as Complementary Support

Kerala Industrial Policy incentives should be read along with Central MSME schemes. The MSME Scheme Booklet 2025-26 lists schemes such as PMEGP, second loan for upgradation of existing PMEGP/MUDRA units, Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises Cluster Development Programme, SFURTI, Entrepreneurship and Skill Development Programme, Procurement and Marketing Support, International Cooperation, National SC/ST Hub, ASPIRE, ZED Certification, MSME Innovative, MSME Competitive Lean Scheme, SRI Fund and RAMP.

For a nano entrepreneur, PMEGP, CGTMSE, ESDP, PMS, ZED and LEAN may be particularly relevant depending on the stage of business. PMEGP supports new micro enterprises; CGTMSE provides collateral-free credit through member lending institutions; ESDP builds entrepreneurial capacity; PMS supports marketing; ZED promotes quality and sustainability; LEAN helps reduce waste and improve productivity. Together, state and central schemes create a broader support ecosystem.

The caution is that schemes have separate guidelines and conditions. We should not assume that every scheme can be combined with every other scheme. The correct approach is to identify the component, check whether support is already received for the same asset or expense, consult DIC or the relevant agency, and maintain transparent records.

5.2.4 Incentive Readiness: Documentation and Discipline

Many entrepreneurs lose support not because they are ineligible but because they are not document-ready. Incentive readiness means keeping records before the need arises. A nano entrepreneur should maintain Udyam registration, PAN, bank account, project report, quotations, invoices, payment proof, photographs, licence copies, rent or ownership documents, electricity connection details, production start date, employee details, quality certificates, trade fair participation documents and communication with authorities.

Business discipline also includes reading sanction conditions. Some supports require the unit to continue functioning for a specified period. Some supports require assets not to be sold or transferred without permission. Some supports require claim submission within a time limit. Some supports exclude civil works, recurring costs or working capital. Some supports require inspection or committee approval. Therefore, one must develop the habit of reading scheme guidelines carefully.

The best practice is to create an incentive file for each business. The file may be physical, digital or both. It should contain registration documents, scheme notes, application copies, acknowledgement receipts, invoices, photographs, bank statements and follow-up records. This habit turns a small informal business into a formal enterprise that can receive support.



Form: Incentive Readiness File Checklist

Sl. No.	Information to be entered	Entry / notes
1	Udyam registration	
2	PAN and bank account details	
3	Project report / DPR	
4	Quotation and purchase order	
5	Invoice and proof of payment	
6	Photographs of machinery / unit	
7	Licence and clearance copies	
8	Date of commercial production	
9	Quality / IP / certification documents	
10	Application acknowledgement and follow-up notes	

5.2.5 Illustrative Cases

5.2.5.1 Applying Industrial Incentives to a Nano Food Processing Unit

A proposed nano food processing unit producing jackfruit chips, banana chips, and spice-coated snacks may align with the Food Technologies priority sector. The unit may begin as a micro enterprise with Udyam registration, small machinery, hygienic production space, FSSAI-related compliance, packaging material, labelling and local sourcing. The main support needs are finance, machinery, quality, packaging, branding and market exposure.

Relevant incentives may include low-interest loan support for MSMEs, capital subsidy for eligible fixed capital investment, electricity duty exemption if applicable, quality certification incentive for relevant certifications, trade fair participation incentive for domestic fairs, Made in Kerala certification reimbursement, and sustainability support if the unit invests in water conservation, energy saving, waste management or renewable energy. If the unit plans a unique brand, trademark support may also be examined.

The entrepreneur should maintain a project report, cost estimates, quotations for machinery, invoices, bank payment proof, Udyam certificate, PAN, bank account

details, food safety registration/licence, rent or ownership documents, packaging and label samples, photographs of the unit, and production records. The entrepreneur should consult DIC before making large purchases to confirm eligibility and documentation requirements.

Table 5.2.5 Model incentive note - nano food processing unit

Need of the unit	Suitable incentive/ support	Document to prepare
Machinery purchase	Capital subsidy / low interest loan	Quotation, invoice, payment proof, bank loan record
Food safety and quality	Quality certification support	Certificate, test reports, certification invoice
Market reach	Trade fair incentive / e-commerce support	Stall receipt, photos, catalogue, customer leads
Kerala identity	Made in Kerala / Kerala Brand	Certification application and fee proof
Clean production	Sustainability incentive	Installation bills, photos, audit report

A proposed nano food processing unit producing jackfruit chips, banana chips, and spice-coated snacks may align with the Food Technologies priority sector. The unit may begin as a micro enterprise with Udyam registration, small machinery, hygienic production space, FSSAI-related compliance, packaging material, labelling and local sourcing. The main support needs are finance, machinery, quality, packaging, branding and market exposure.

Relevant incentives may include low-interest loan support for MSMEs, capital subsidy for eligible fixed capital investment, electricity duty exemption if applicable, quality certification incentive for relevant certifications, trade fair participation incentive for domestic fairs, Made in Kerala certification reimbursement, and sustainability support if the unit invests in water conservation, energy saving, waste management or renewable energy. If the unit plans a unique brand, trademark support may also be examined.

The entrepreneur should maintain a project report, cost estimates, quotations for machinery, invoices, bank payment proof, Udyam certificate, PAN, bank account details, food safety registration/licence, rent or ownership documents, packaging and label samples, photographs of the unit, and production records. The entrepreneur should consult DIC before making large purchases to confirm eligibility and documentation requirements.



Table 5.2.5 Model incentive note - nano food processing unit

Need of the unit	Suitable incentive/ support	Document to prepare
Machinery purchase	Capital subsidy / low interest loan	Quotation, invoice, payment proof, bank loan record
Food safety and quality	Quality certification support	Certificate, test reports, certification invoice
Market reach	Trade fair incentive / e-commerce support	Stall receipt, photos, catalogue, customer leads
Kerala identity	Made in Kerala / Kerala Brand	Certification application and fee proof
Clean production	Sustainability incentive	Installation bills, photos, audit report

5.2.5.2 Applying Incentives to a Nano Eco-Friendly Products Unit

A women-led nano unit producing cloth bags, upcycled gift items, and eco-friendly household products can link design, recycling and waste management, retail, and Kerala brand equity. The unit may not require large machinery at first, but it may need sewing machines, cutting tools, storage racks, packaging, design support, branding and market access. The enterprise can also collaborate with local bodies, schools, tourism units and retail outlets.

Relevant support may include capital subsidies for eligible equipment, low-interest loans, trade fair support, IP support for trademarks and designs, quality- or eco-label-related certification where applicable, and digital marketing support through e-commerce platforms. If the unit uses recycled inputs, it should maintain sourcing records and ensure that claims such as eco-friendly or recycled are truthful and verifiable.

The entrepreneur should prepare a simple cost sheet, product catalogue, pricing plan, brand name, packaging plan, Udyam registration, bank account, equipment invoices, photos, customer feedback, and market linkage records. This type of unit shows how industrial policy can support not only factories but also responsible micro production and local employment.

5.2.6 Stage-wise Incentive Strategy for a Nano Enterprise

An incentive is useful only when it is linked to the enterprise stage. At the idea stage, the entrepreneur needs motivation, training, a project profile, a market study, and basic registration guidance. At the start-up stage, finance, machinery, workspace, licences and first customers are important. At the early production stage, the unit needs quality improvement, packaging, working capital discipline and customer feedback. At the market expansion stage, the unit needs certification, trade fairs, e-commerce, branding and logistics. At the scale-up stage, technology, DPR, additional finance, labour management and institutional markets become important.

This stage-wise reading prevents wrong scheme selection. One should not apply for trade fair support before the product is stable. A unit should not invest in expensive certification before understanding the target market and legal requirements. A business should not take a large loan without realistic monthly sales. Similarly, a business should not delay registration and bookkeeping until it becomes large. The right sequence is as important as the right scheme.

For example, a small millet snack unit may first attend EDP, prepare a project report and obtain Udyam registration. Then it may approach finance and purchase basic machinery. After trial production, it may improve packaging and food safety compliance. Then it may participate in district fairs and apply for quality or Made in Kerala-related certification. Later, it may explore e-commerce, institutional sales, larger machinery and technology support. This sequence shows how policy support should accompany growth.

5.2.7 Common Mistakes in Claiming Incentives

Many small entrepreneurs make avoidable mistakes while trying to access incentives. The first mistake is purchasing machinery before understanding eligibility and documentation requirements. The second is relying on oral information instead of written scheme guidelines. The third is mixing personal and business transactions in the same account without clarity. The fourth is failing to preserve invoices, payment proofs and installation records. The fifth is assuming that subsidy is guaranteed once an application is filed.

Another common mistake is misunderstanding the difference between sanction and disbursement. Sanction means the competent authority has approved assistance subject to conditions. Disbursement may require agreement, verification, bank linkage, availability of funds or further documentation. Entrepreneurs also sometimes ignore post-sanction obligations such as continuing the unit, not transferring assets without permission, maintaining records and permitting inspection.

We should develop a verification habit. Before any scheme claim, they should ask: Is my enterprise eligible? Is my sector eligible? Is my expense eligible? Is the timing correct? Have I avoided duplicate subsidy on the same asset? Are my bills genuine and traceable? Do I have proof of payment? Have I submitted within the time limit? This simple checklist can prevent most failures.

5.2.8 Incentives and Ethical Entrepreneurship

Government incentives are public resources. They should be used ethically and only for genuine enterprise development. False invoices, inflated bills, dummy units, misuse of industrial land, diversion of assets, violation of environmental norms or closure immediately after receiving support are not entrepreneurial success; they are misuse of public support. A nano entrepreneurship learner should understand that ethical use of incentives builds long-term credibility.



Ethical entrepreneurship also means giving correct information to customers and authorities. If a product is not organic, it should not be labelled organic. If a product has no medical approval, it should not claim to cure disease. If a raw material is not locally sourced, the brand should not falsely claim local sourcing. If workers are engaged, wages and safety should be treated fairly. Policy support and ethics must go together because the Kerala brand will be strong only when enterprises behind it are trustworthy.

An ethically growing nano business can become a model in the community. It can show that small size is not a weakness when the entrepreneur is disciplined, honest, quality-conscious and socially responsible. Incentives should therefore bridge informality to accountable enterprise.

Table 5.2.6 Stage-wise incentive strategy

Enterprise stage	Support need	Relevant incentive / support direction
Idea stage	Motivation and project clarity	EDP, DIC guidance, project profile support
Start-up stage	Finance, machinery, workspace	Low interest loan, capital subsidy, PMEGP, land/SDF support
Early production	Quality and compliance	Quality certification, electricity duty relief, DIC handholding
Market expansion	Visibility and customer trust	Trade fair support, Made in Kerala, IP support, e-commerce
Responsible growth	Cleaner production and efficiency	Sustainability incentive, Industry 4.0, LEAN/ ZED
Scale-up	DPR, finance, technology and market linkage	MSME Scale Up Mission, technology support, cluster support

Form: Incentive Claim Self-Audit

Sl. No.	Information to be entered	Entry / notes
1	Have I read the current official guideline?	
2	Is the enterprise registered and eligible?	
3	Is the activity under an eligible sector?	

4	Is the expense eligible under the scheme?
5	Are invoices and payment proofs available?
6	Was the expenditure made within the eligible period?
7	Have I avoided claiming duplicate subsidy on the same asset?
8	Are required certificates/ inspection reports available?
9	Have I understood post-sanction obligations?
10	Have I kept copies of all submissions and acknowledgements?

Note

Policy provisions, scheme amounts and application procedures may be amended from time to time. Before applying for any incentive, always verify the current guideline, eligibility, portal, form, processing fee and required documents from the Department of Industries and Commerce, District Industries Centre, KSIDC, KINFRA, KSWIFT or the concerned official source.

Recap

- ◇ Incentives reduce barriers but do not replace business viability.
- ◇ A nano entrepreneur must match incentive, need, eligibility and documents.
- ◇ The best incentive plan is prepared before expenditure is made.
- ◇ Low interest loans reduce borrowing burden.
- ◇ Capital subsidy supports eligible fixed capital investment.
- ◇ PMEGP and CGTMSE are important Central support routes that may complement State support subject to guidelines.
- ◇ Trade fair support helps market testing and buyer contact.
- ◇ IP support helps protect brand identity.



- ◇ Quality certification and Made in Kerala support improve trust and market access.
- ◇ Sustainability incentive supports ETP, renewable energy, rainwater harvesting, recycling and conservation audits.
- ◇ Industry 4.0 support should be understood as appropriate technology adoption, not only advanced automation.
- ◇ A small business can start green and digital from the beginning.
- ◇ Udyam registration, PAN, project report, invoices, payment proof and certificates are sessential.
- ◇ Scheme conditions and time limits should be read before applying.
- ◇ A dedicated incentive file helps a small enterprise become support-ready.

Objective Questions

1. Which incentive provides MSMEs loan support at 4 percent interest subject to conditions?
2. What is the maximum capital subsidy available for micro enterprises under the policy?
3. For how many years is electricity duty exemption available to MSMEs?
4. What is the maximum amount that can be reimbursed under the trade fair incentive for stall charges?
5. Which registration is covered along with patents, copyright and trademarks under IP creation support?
6. Which certification, along with ISO, BIS and CE, is covered under the quality certification incentive?
7. What percentage of eligible expenses is reimbursed under the sustainability incentive?
8. What percentage of the certification cost is reimbursed under Made in Kerala certification?
9. PMEGP is what type of linked subsidy programme?
10. Which enterprises are eligible for collateral-free credit guarantee support under CGTMSE?

Answers

1. Low interest loan incentive.
2. Rs. 40 lakhs.
3. Five years.
4. Rs. 5 lakhs.
5. GI registration.
6. FDA / other relevant compulsory markings.
7. 25 percent.
8. 50 percent.
9. Credit-linked subsidy programme.
10. Micro and small enterprises.

Self-Assessment Questions

1. Explain the relevance of low-interest loan support to a nano food processing unit.
2. Explain how capital subsidy can support the purchase of machinery by a nano food processing unit.
3. Describe the role of electricity-duty exemption in reducing the operating burden of a nano food processing enterprise.
4. Explain the importance of quality certification incentive for a nano food processing unit.
5. Explain the role of Made in Kerala certification in promoting the identity of products manufactured by a nano food processing unit.

Assignments

1. Prepare a detailed note on the incentives identified under Kerala Industrial Policy 2023 with special focus on micro and nano businesses.
2. Discuss finance-related incentives and Central scheme linkages useful for nano entrepreneurs in Kerala.
3. A nano food processing entrepreneur has limited funds and needs machinery, working capital and a hygienic production facility. Analyse which forms of government support would be most relevant at the initial stage of the business.
4. A jackfruit-chip producer has good local sales but is unable to enter larger markets. Analyse how trade-fair support, quality certification and Kerala-brand initiatives could collectively improve the enterprise's market prospects.
5. An entrepreneur purchases machinery before confirming whether the expenditure is eligible for subsidy. Analyse the risks involved and suggest the steps the entrepreneur should take before making major investments.

Reference

1. Government of Kerala, *Department of Industries and Commerce*. (2023). Kerala Industrial Policy 2023.
2. Government of Kerala. (2023). *Kerala Government Land Allotment and Assignment for Industrial Purposes Rules, 2023*.
3. Government of Kerala, *Industries Department*. (2023). *Private Industrial Estate Scheme (Amended) 2023* and related implementation guidelines.
4. Government of Kerala, *Department of Industries and Commerce*. (2023). Sustainable Industry Incentive Scheme 2023 - Scheme I3: Incentives for Sustainability and Responsible Industrialisation.

Suggested Reading

1. Directorate of Industries and Commerce, Government of Kerala. (n.d.). *Schemes and services materials*.
2. ETRetail. (2022). *Made-in-Kerala brand to find global market for unique products*.
3. Invest Kerala / KSIDC. (n.d.). *Make in Kerala; Kerala Brand / Nanma; MSME Scale Up Mission; Export Promotion Policy; ESG materials*.
4. KSWIFT. (n.d.). *KSWIFT 2.0 user guide and Kerala Industrial Single Window Clearance materials*.

SGOU

Model Question Paper Sets



SREENARAYANAGURU OPEN UNIVERSITY

MODEL QUESTION PAPER I

QP CODE:

Reg. No:

Name:

FIFTH SEMESTER BA NANO ENTREPRENEURSHIP EXAMINATION

ANCILLARY COURSE - 4- B23NE04AN

SUPPORT SYSTEM FOR NANO BUSINESS

(CBCS - UG)

2024-25 - Admission Onwards

Time: 3 Hours

Max Marks: 70

Section A

Answer any 10. Each carries 1 mark

(10×1=10)

1. Define Appellate Authority under Kerala MSME Facilitation Act, 2019.
2. What is Kerala Entrepreneur Loan Scheme?
3. What is EDP?
4. Define competent authority under Kerala Micro Small Medium Enterprises Facilitation Act, 2019.
5. What do you mean by Industrial Estate?
6. Mention any one type of assistance provided by DICs to entrepreneurs.
7. What is MSME Scale Up Mission?
8. What do you mean by Development Area?
9. Mention any two examples of post-production or market-related support.
10. 1What do you mean by Industrial Policy?
11. What do you mean by Industrial Area Board?
12. Who is an Industries Extension Officer?



13. What is MSME Insurance Scheme?
14. What do you mean by Campus Industrial Park?
15. What do you mean by Mini Industrial Estate?
16. What is the main purpose of the MSME Scale-up Mission?

Section B

Answer any 5. Each carries 2 marks

(5×2=10)

17. Explain the significance of proper documentation for a nano entrepreneur
18. Explain the difference between facilitation and support in the context of MSMEs.
19. Explain Interest Subvention Scheme
20. Explain the Kerala Entrepreneur Loan Scheme
21. What do you mean by MSME Insurance Scheme?
22. Explain the difference between Composite licence and deemed clearance.
23. Who can submit self-certification for different forms of enterprise? Explain with examples.
24. Mention the priority sectors under the Kerala Industrial Policy 2023.
25. What do you mean by Kerala Investment Promotion and Facilitation Act, 2018

Section C

Answer any 4. Each carries 5 marks

(4 x 5 = 20)

26. Explain the difference between State Board, District Board and Industrial Area Board.
27. Explain the manner of Filing an Appeal before the State Grievance Redressal Committee in relation to the Kerala investment promotion and facilitation act 2018

28. Explain the functions of a Nodal agency as per the Kerala micro small medium enterprise facilitation rule 2020.
29. Discuss how Panchayat Raj licensing requirements affect local nano businesses.
30. Explain the purpose of the Kerala Investment Promotion and Facilitation Act, 2018.
31. Discuss the appeal route available in the single window clearance system.
32. Explain the role of Vyavasaya Bhadratha in providing crisis support to MSMEs.
33. What do you mean by Entrepreneur Support Scheme?
34. Discuss why an institutional support system is necessary for nano business

Section D

Answer any 2. Each carries 15 marks

(2 x 15 = 30)

35. Explain the functions of District Industries Centre.
36. Discuss how Panchayat Raj licensing requirements affect local nano businesses.
37. Discuss about the Incentives Identified under Kerala Industrial Policy 2023 with Special Focus on Micro / Nano Business
38. Discuss the various schemes and services of Directorate of Industries and Commerce.



SREENARAYANAGURU OPEN UNIVERSITY

MODEL QUESTION PAPER II

QP CODE:

Reg. No:

Name:

FIFTH SEMESTER BA NANO ENTREPRENEURSHIP EXAMINATION

ANCILLARY COURSE - 4- B23NE04AN

SUPPORT SYSTEM FOR NANO BUSINESS

(CBCS - UG)

2024-25 - Admission Onwards

Time: 3 Hours

Max Marks: 70

Section A

Answer any 10. Each carries 1 mark

(10×1= 10)

1. Define Certificate of in-principal approval.
2. What is Kerala Investment Promotion and Facilitation Act, 2018?
3. What is Interest Subvention Scheme (ISS)
4. Define authorised officer under Kerala Micro Small Medium Enterprise Facilitation Rule 2020.
5. What do you mean by Mini Industrial Estate?
6. What do you mean by Post Production Support?
7. What is the importance of DPR preparation in scale up support?
8. What do you mean by K-Swift?
9. What is Development Plot?
10. Who chairs the District GRC?
11. Which term denotes a planned industrial governance area under the Act?
12. What is the need of Single Window Clearance System needed in Kerala?



13. Mention any two components of scale up support.
14. What is the main purpose of Vyavasaya Bhadratha?
15. Which body administers the affairs of an industrial township?
16. Which office usually convenes the District Single Window Clearance Board?

Section B

Answer any 5. Each carries 2 marks

(5×2=10)

17. What is the significance of the Kerala Micro Small and Medium Enterprises Facilitation Act 2019?
18. Mention the priority sectors under the Kerala Industrial Policy 2023.
19. Which are the key elements of the Investment Facilitation System in relation to the Kerala Investment Promotion and Facilitation Act, 2018?
20. Mention the objectives of the Kerala Investment Promotion and Facilitation Act, 2018
21. What do you mean by Industrial Township?
22. Define Nodal Agency under the Kerala micro small medium enterprise facilitation rule 2020
23. What is the need for a grievance redressal mechanism in investment facilitation.
24. Who is an Industries Extensive Officer?
25. Which remedy is used when an applicant challenges an adverse decision?

Section C

Answer any 4. Each carries 5 marks

(4 x 5 = 20)

26. Explain the limitations relating to land use under the Kerala Micro Small Medium Enterprises Facilitation Act, 2019
27. Write a note on MSME Scale up Mission.
28. Discuss the duties of an Industries Extension Officer.



29. Explain the procedure for filing appeal before the appellate authority under the Kerala micro small medium enterprise facilitation rule 2020.
30. Explain Entrepreneur Support Scheme.
31. How does KSWIFT reduce procedural difficulty for entrepreneurs?
32. Discuss the significance of self-certification under the Kerala MSME Facilitation Act 2019.
33. Give a note on KSWIFT and Digital Facilitation.
34. Elaborate on District Industries Centre?

Section D

Answer any 2. Each carries 15 marks

(2 x 15 = 30)

35. Explain the need of industrial estates in Kerala.
36. Discuss the programmes of District Industries Centre (DIC).
37. Explain the relevance of industrial estates for small entrepreneurs who face land and infrastructure constraints.
38. Explain the seven focus pillars of Kerala Industrial Policy 2023.

സർവ്വകലാശാലാഗീതം

വിദ്യായാൽ സ്വതന്ത്രരാകണം
വിശ്വപൗരരായി മാറണം
ഗ്രഹപ്രസാദമായ് വിളങ്ങണം
ഗുരുപ്രകാശമേ നയിക്കണേ

കുതിരുട്ടിൽ നിന്നു ഞങ്ങളെ
സൂര്യവീഥിയിൽ തെളിക്കണം
സ്നേഹദീപ്തിയായ് വിളങ്ങണം
നീതിവൈജയന്തി പാറണം

ശാസ്ത്രവ്യാപ്തിയെന്നുമേകണം
ജാതിഭേദമാകെ മാറണം
ബോധരശ്മിയിൽ തിളങ്ങുവാൻ
ജ്ഞാനകേന്ദ്രമേ ജ്വലിക്കണേ

കുരിപ്പുഴ ശ്രീകുമാർ

SREENARAYANAGURU OPEN UNIVERSITY

Regional Centres

Kozhikode

Govt. Arts and Science College
Meenchantha, Kozhikode,
Kerala, Pin: 673002
Ph: 04952920228
email: rckdirector@sgou.ac.in

Thalassery

Govt. Brennen College
Dharmadam, Thalassery,
Kannur, Pin: 670106
Ph: 04902990494
email: rctdirector@sgou.ac.in

Tripunithura

Govt. College
Tripunithura, Ernakulam,
Kerala, Pin: 682301
Ph: 04842927436
email: rcedirector@sgou.ac.in

Pattambi

Sree Neelakanta Govt. Sanskrit College
Pattambi, Palakkad,
Kerala, Pin: 679303
Ph: 04662912009
email: rcpdirector@sgou.ac.in



BEFORE YOU EVEN THINK OF RAGGING



Humiliation

Blacklisting

Ruined Career

Download

**ANTI
RAGGING**

App

Don't just stand and watch. Stop Ragging! Show Character

Visit UGC Website i.e. www.ugc.Ac.in & www.antiragging.in to UGC Anti Ragging regulations.



Ministry of Education
Government of India



Are You Being Ragged ?

विश्वविद्यालय अनुदान आयोग
University Grants Commission
quality higher education for all

DON'T LET IT
BE TOO LATE
**SAY
NO
TO
DRUGS**

**LOVE YOURSELF
AND ALWAYS BE
HEALTHY**



SREENARAYANAGURU OPEN UNIVERSITY

The State University for Education, Training and Research in Blended Format, Kerala

Support System for Nano Business in Kerala

COURSE CODE: B23NE04AN

SGOU



Sreenarayanaguru Open University

Kollam, Kerala Pin- 691601, email: info@sgou.ac.in, www.sgou.ac.in Ph: +91 474 2966841

ISBN 978-81-688844-1-0



9 788168 884410