

Business Standard

Kerala needs 30 lakh jobs to turn growth into double- digits: Assocham

Apex trade organisation, Assocham, said on October 3 that the southern state of Kerala will have to create 30 lakh job opportunities and attract investment worth Rs 6 lakh crore in the next five years to achieve a double-digit growth.

The Associated Chambers of Commerce and Industry of India (Assocham) prepared an action plan for the Communist Party of India-Marxist (CPI-M) -led Left Democratic Front (LDF) state government, stating that Kerala's contribution to the Indian economy declined from four percent in 2005-06 to 3.8 percent in 2011-12.

The compounded annual growth rate (CAGR) was over seven per cent between 2004-14.

Assocham Secretary-General, D.S. Rawat, said: "Growth of industries and services sector in Kerala was hampered by high labour costs ... the new government needs to ensure appropriate growth... with a potential to generate employment."

Kerala recorded a 14 per cent compounded annual growth rate (CAGR) between 2006-07 and 2015-16, attracting investment worth Rs 3 lakh crore.

Rawat added that the coastal state should also focus on effective implementation of investment projects and treat them on a priority basis to help accelerate investment, besides encouraging the participation of private sector participation on a large scale.

In its paper, Assocham highlighted various issues that seek immediate attention from the state. These include the dearth of land, inadequate power supply, poor transport infrastructure, failure to attract new private investors, struggling traditional and core industries and finance-related problems for small, medium enterprises.

It suggested development of a state-specific land acquisition and rehabilitation policy with options of equity partnership for land providers, employment opportunities, and stable monthly income, among others.

Kerala's industrial sector performance in the past few years painted a grim picture as the industry's contribution to the state's economy declined from 22.5 per cent in 2004-05 to about 20 per cent in 2013-14.

Even the workforce, dependant on the industrial sector, declined from about four per cent to just over two per cent during this period, following along the lines of the national trend that declined from 4.2 in 2001 to 3.8 in 2011.

Assocham also suggested subsidies and incentives be given to companies that are willing to set up operations in backward and underdeveloped areas and those that face acute power shortage. Infrastructure-based companies should be included in special category for tax concessions, the report further stated.

The report also promoted the use of renewable sources of power and energy-saving equipment, and improving broadband connectivity in far-flung and rural areas.

Regarding the decline in agricultural growth, it said the government should ascertain the reasons for the fall and address the factors responsible therein.

Considering the role of migrant workers' in reducing the acute labour shortage in Kerala, Assocham said the state should provide them with basic facilities to help them live a dignified life.