

## 'Kerala second to Karnataka in manufacturing excellence'

### INDO-ASIAN NEWS SERVICE

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Kerala is second only to Karnataka in terms of manufacturing excellence across the country, according to a study conducted by the apex industry body Assocham, which was released on Friday.

"Kerala has second highest ratio in terms of road density, third highest ratio in terms of efficiency and fourth highest capacity utilisation ratio denoting state's performance in these parameters during the course of past five years, said the study titled 'Manufacturing Excellence and Emergence in India: The state level analysis'

Besides, Kerala also has recorded third lowest ratio in terms of employee cost and sixth highest manufacturing process ratio.

### Areas to improve

The study also pointed out that, Kerala needs to work towards improving its performance in areas like growth of industries (13th rank), capital structure (16th) i.e. improving the ratio between invested and fixed capital. Besides, the state also needs to register improvement in terms of bringing down input cost as it ranks 16th in total input cost as a proportion of value of output (lower ratio is better).

# State proves its manufacturing mettle

Assocham study puts it in second slot despite lagging behind in growth of industries, capital structure

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Despite poor industrial growth, Kerala ranks second among States in terms of manufacturing excellence, a recent study conducted by the Associated Chambers of Commerce of India (Assocham) has revealed.

The study found that Kerala was second only to Karnataka in manufacturing excellence over a five-year period from 2009. "Kerala has the second highest ratio in terms of road density, third highest ratio in terms of efficiency, and fourth highest capacity utilisation ratio," stated the study titled 'Manufacturing Excellence and Emergence in India: The State-level analysis'.

Besides, Kerala also has recorded the third lowest ratio in terms of employee cost and sixth highest manufac-



turing process ratio, though it is hobbled by high input costs, the report noted.

The Assocham Economic Research Bureau (AERB) had considered various param-

eters such as number of factories, output value, working capital, net fixed capital formation, fixed capital, finished goods, capital invested, total inputs, and others

to ascertain States' performance in the manufacturing sector.

## Interest cost

Kerala has performed decently on parameters such as interest cost whereby there is a lower ratio between total interest paid in the current year for loans outstanding in the previous year. It has also registered a higher ratio in terms of rail route length in 2014-15 as a proportion of the total area of the State.

However, the study observed that Kerala had to improve its performance in areas like growth of industries (13th rank) and capital structure (16th rank), i.e., improving the ratio between invested and fixed capital.

The State was ranked 16th in total input cost as a proportion of value of output.

The study highlighted

various challenges being faced by India's manufacturing sector – competitive cost and technology being offered by countries such as Bangladesh, China, Indonesia, Korea, Singapore, and Taiwan and concerns about the growth model led by the services sector.

The Assocham study stressed the importance of increasing the share of the manufacturing sector in India's gross domestic product (GDP) to absorb a young workforce.

"The Union government must address issues relating to poor product quality, infrastructural bottlenecks, and inadequate efforts at research and development from a holistic macro perspective as they have collectively taken a toll on India's manufacturing competitiveness," the study said.

## Kerala 2<sup>nd</sup> in manufacturing excellence

**Kochi:** Kerala is second only to Karnataka in terms of manufacturing excellence across mainstream states in India, says a recent study conducted by apex industry body Assocham.

"Kerala has second highest ratio in terms of road density, third highest ratio in terms of efficiency and fourth highest capacity utilisation ratio denoting state's performance in these parameters during the course of past five years," stated an Assocham study titled 'Manufacturing Excellence and Emergence in India: State Level Analysis.' **TNN | P 13**

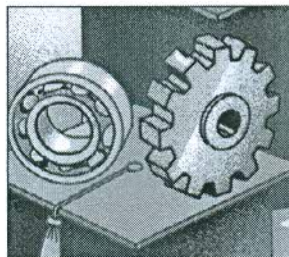
# Kerala 2nd in mfg excellence, says study

TIMES NEWS NETWORK

**Kochi:** Kerala is second only to Karnataka in terms of manufacturing excellence across mainstream states in India, says a recent study conducted by apex industry body Assocham.

"Kerala has second highest ratio in terms of road density, third highest ratio in terms of efficiency and fourth highest capacity utilisation ratio denoting state's performance in these parameters during the course of past five years," stated an Assocham study titled 'Manufacturing Excellence and Emergence in India: State Level Analysis.'

Apart from this, Kerala has also recorded third lowest ratio in terms of employee cost and sixth highest



manufacturing process ratio, the report noted.

The Assocham Economic Research Bureau (AERB) had considered various parameters like number of factories, output value, working capital, net fixed capital formation, fixed capital, finished goods, capital invested, total inputs and others to ascertain the states' performance in terms of manufacturing sector.

Highlighting the metho-

dology, the study stated that all states were divided into three major categories according to geographical conditions, such as north-eastern, Himalayan and mainstream states. Mainstream states were further divided into two sub-categories, namely, excellence and emergence. The study was based on the data from sources like annual survey of industries, ministry of statistics and programme implementation website for a five-year period between FY10 and FY15.

Kerala has performed decently on parameters like interest cost whereby there is a lower ratio between total interest paid in the current year for loans outstanding in the previous year. Also on the front of rail density, a higher ratio in terms of rail route

length in 2014-15 as a proportion of total area of state is better.

However, Kerala needs to work towards improving its performance in areas like growth of industries (13th rank), capital structure (16th rank) and the ratio between invested and fixed capital, the report said. The state also needs to register improvement in terms of bringing down input cost as it ranks 16th in total input cost as a proportion of value of output.

The study also highlighted the challenges being faced by India's manufacturing sector, including competitive cost and technology being offered by countries like Bangladesh, China, Indonesia, Korea, Singapore and Taiwan.

# State ahead in manufacturing

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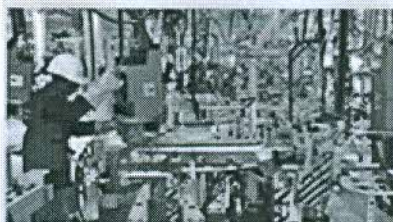
Kerala is second only to Karnataka in terms of manufacturing excellence across mainstream states in India, says a recent study conducted by industry body ASSOCHAM.

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## ASSOCHAM STUDY FINDS



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number of factories, output value, working capital, net fixed capital formation, fixed capital, finished goods, capital invested, total inputs and others to ascertain the states' performance in terms of manufacturing sector.

Highlighting the methodology, the study stated that all states were divided into three major categories according to geographical conditions, viz., north-eastern, Himalayan and main-

stream states. Mainstream states were further divided into two sub-categories, namely, excellence and emergence.

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as it ranks 16th in total input cost as a proportion of value of output (lower ratio is better).

The study also highlighted various challenges being faced by India's manufacturing sector - competitive cost and technology being offered by countries like Bangladesh, China, Indonesia, Korea, Singapore and Taiwan.

While development process in other countries follows a transition from agriculture to manufacturing and then towards services sector, however India's growth has been services sector-led as such there have always been concerns about sustainability of such a growth, the study said.

The study also stressed upon the importance of increasing share of manufacturing sector in India's gross domestic product (GDP) to absorb a young workforce as bulk of population relies on agriculture for employment.