

District Export Promotion Plan for the district of Ernakulam

Introduction

Kerala, located on the southernmost part of India, has witnessed spectacular economic growth and higher standard of living for decades. This unique model of progress and higher standard of living is mainly due to the remittance it receives from Keralites who works abroad and its typical agro and agro industries along with its thrust on tourism and related service industries. Though not highly industrialised, its unique geography and natural resources offers it an excellent opportunity for further growth.

Out of all the 14 districts of Kerala, Ernakulam is the most industrialized district and is also the economic capital and it has the potential to transform itself into a major export hub and emerge as metropolitan city. .

District Economic and Industrial landscape

Ernakulam is one of the earliest district districts of Kerala. This district was created on 1958 soon after the formation of Kerala state. Ernakulam district has a total area of 2407 sq. km.

The district is comprised of 5 Taluks. They are, Aluva, Moovaattupuzha, Paravoor, Kothamangalam, Kochi, Kunnathunaadu and Kanayannur Taluks.

Vision

Hon'ble Prime Minister in his Independence Day Speech on 15th August, 2019 had inter-alia, observed that each district of our country has potential equal to that of one country. Each district has its own unique specialities in terms of products and services which has potential in the global market. Each district has the potential to become Export hubs.

Goal

The goal of this District Export Plan (DEP) is to achieve Hon'ble Prime Minister's vision by undertaking steps and initiatives to convert Ernakulam District into an Export Hub and to double the exports (baseline 2018-19) from the district with in the next five years.

The District Export Committee will act as one-point facilitator for export promotion at District level along with State Level Export Promotion Committee. And all the updates regarding District Export Plan will be updated to DGFT's online DEPC Progress Monitoring Portal.

Policy framework

The framework of DEP policy is based on Ministry of Commerce and Industry, Government of India 's D.O. No.01/36/218/01/AM-18/TC/Part-I/01 Letter dated 13-11-2019 mandating Regional Authorities of Directorate General of Foreign Trade (DGFT) to work with State Governments and District level officers to initiate preparation and implementation of a District Export Plan (DEP) specific to each district in every State/ UT through an institutional structure at the district level for fulfilling the goal mentioned above.

Accordingly, DGFT through its O.M dated 26/12/2020 has notified the action items along with timelines for developing Districts as Export Hubs. Apart from the action items, it also suggested composition of District Export Promotion Committee (DEPC) and terms of reference for plan of action for developing districts as export hubs. Subsequently, DEPC has to constituted and notified for all the districts in a State by the concerned State Government.

Government of Kerala through its G.O No ***** notified composition of members of DEPC for fourteen districts in the State along with its potential products for exports. This G.O also bestowed the power on DEPC to call for additional members and also to amend the list of potential products for export promotion. Members of DEPC for Ernakulam district is as follows:

- The District Collector- Chairperson
- Joint DGFT, Kochi- Co-Chair
- GM, District Industries Centre – Convener
- Lead Bank Manager- Member
- Representative from Department of MSME, Govt of India- Member
- Representative from Spices board- Member
- Representative from Local Trade/Commerce Association- Member

It is stated that preliminary meeting of DEPC for Ernakulam district has been conducted on at Ernakulam, with participation of all the mentioned members along with the participation of exporters' fraternity from the district.

SWOT Analysis of the District with respect to Exports

Strength - Economic Profile of the District

The district is strategically located at the center of the State and is well connected to rest of the state through road, rail and airways.

The district is vibrant in terms of economic activity with large number of industries spread all across the sectors, petroleum, spice extraction; marine products based industrial activities being the prominent ones. There is large number of Industrial clusters in this district. There are large industrial

parks and clusters at Eloor, Kalamasseri, Aluva area. Besides, there is a Multi-product manufacturing SEZ as well.

The products range from spice products, spice extraction products, marine products, connectors, medical equipment, engineering products etc. These goods are exported to almost all parts of the world, US and EU being the most important markets.

A few other units are scattered over in other parts of district like Angamali, Fort Kochi, Movvattupuzha which includes large number of MSME units, mostly in Food processing, Wood industries etc.

A few of the manufactures here in Ernakulam may not be exporting directly, but are supplying to EOU s, SEZ s and other merchant exporters and these products are exported by these units after doing some value addition.

Major exporters who are based on Ernakulam districts are,

- a) FCI OEN Connectors
- b) Synthite Industries
- c) Plant lipid
- d) BPCL refineries
- e) Choice marine
- f) Kitex garments

Baseline Export figures

As per the available data sourced from Industrial associations, the export figures for 2018-19 are given below. (This is an approximate figure)

Srl No	Product category	Export figures (in Rs Crs)
1	Spice products	Cr
2	Spice extraction products	1500 Cr
3	Marine products	3000 Cr
4	Connectors	400 Cr

5	Food products	Cr
6	Engineering products	Cr
	Total	Cr

Besides direct exports, many units are supplying to EOUs, SEZ s, deemed-exports etc as well.

Apart from a few numbers of Large industries, there is also large number of MSME manufacturing units in this District.

Champion Sectors

Department of Commerce, Government of India in its "The States Export Booklet" (2018) has suggested the following parameters for identifying Champion Sectors in States:

- Sectors with high global demand
- Sectors currently contributing to significant share of State's export
- Sectors where States show high competitiveness in domestic market
- Sectors with significant contribution in domestic market and trade value
- Sectors which can generate more employment
- Service Sectors that can promote Service exports

The above criteria's can be used for identifying Champion Sectors in a district too. Accordingly the following products have been identified as potential products for Ernakulam district by Government of Kerala through its G.O No ** dated **/**/2020 :

- a) Connectors
- b) Spice extraction products

District Export Promotion Committee (DEPC) for Ernakulam District was held on **/**/2020 at Ernakulam. During the said meeting it was proposed that *****.

Another Champion Sector identified -----

Weakness and Threats of the District- Assessment of Gaps in Infrastructure and Policy

I. Export linked Logistics Infrastructure

- The nearest sea port available is Kochi port which is around 20-30 km away from these industrial clusters. Road connectivity is not commendable and is not suited for larger trucks and containers. The

NH 47 highway, and Airport – Sea port highway at present is not having enough capacity to carry any additional export cargo at many stretches.

- There is potential for a small riverine port at Kakkanad near to Tripunithara town. However, there is a lot of more investment needed for that project to take off with full potential. Present day situation there is not satisfactory.

II. Other Trunk Infrastructure (Factors of Production)

- A) Mega Spice products Parks (Land)

Many of the Spice based manufacturing units, even though is a largescale units, they are scattered across the district. In order to ensure economy and efficiency in the production line, Mega spice extraction Parks with area of 100-200 acres if formed with facilities like plug and play, it would lead to an advantageous economy of scale in production. This would also attract investment both domestic and foreign into the district.

For ex: It was also stated during the preliminary DEPC meeting

- B) Labour Issues (ie) Social Infrastructure

A major challenge faced by the industry is the relative high wages of Kerala, compared to other parts of the country and are unionized even though labor militancy is not a big issue in this part of the State. In order to overcome this challenge, there is a need to attract migratory workers from other districts of Kerala. However, a major lacuna in attracting such migratory workers is the non-availability of accommodation facilities or high cost of accommodation.

In order to fill this gap, DEPC has proposed

It is also proposed that in order to minimize this weakness, mapping of available labour resources within the district may be undertaken by

a sub-committee of DEPC constituted for this purpose as this would yield better results.

C) Electricity/Power

It is understood that there is periodic shutdown of electricity for maintenance in the district. The policy aims at ensuring that there is uninterrupted supply of electricity for manufacturing process throughout the year.

The policy also envisions *****

- D) Capital (ie) Issues relating to banks and other financial institutions

Continuous availability of credit is the lifeline for any enterprise. There is a general grievance among the exporters that loans are not easily available to the MSMEs despite several schemes and initiatives taken by MSME, Government of India and District Industries Centre, Government of Kerala. There is also high cost attached to availability of credit for the exporters. This policy aims to ease these constraints by encouraging the Lead Bank in the district to set up branches dedicated exclusively for foreign exchange transactions.

During the preliminary meeting of DEPC held on

E) Raw materials

Spice is produced in Kerala and neighboring states. However, in most of the time, price of this raw material would be higher than international market. Yet, import of spices is highly restricted import duty is around 70%. For development of a healthy and vibrant Spice extraction industry and

F) Other Challenges-

Many SME units and entrepreneurs had issues related to getting approvals from Local Self government bodies relating to getting building permits and NOC s for starting their operations.

Many have problem relating to local people objecting the factory as they fear that it will create pollution related issues.

DEPC may issue suitable instructions to Local bodies in these matters.

III. Ease of doing business

Currently there are numerous acts, laws, licenses that have to be followed/obtained by a manufacturer and this costs hugely in terms of time and money. In order to ensure ease of doing business in the district, it is envisioned that a **Single Window mechanism** will be put in place at the District Head Quarters for guiding and providing necessary clearance at all stages of production.

IV. Sector specific policy and regulatory challenges

V. Skill gaps (Training and Capacity building)

- There is a widening gap between the skills expected by the Champion Sectors of the district and the skills set available in the local market. This policy focuses in bridging the gap by providing training and capacity building to the labour force of all the identified Champion Sectors of the district namely *****

- The DEPC aims at conducting frequent training sessions in association with *****
s to the labour force for the Industrial clusters in this district.

- The DEPC aims at conducting regular capacity building sessions for ***** in terms of finding suitable markets for their unique products, packaging, etc.

VI. Ancillary Infrastructure (Testing facilities, Standards and Certification Labs, etc)

It has been assessed that there is no ancillary infrastructure for exports like testing facilities, certification labs, etc within Ernakulam district. Testing facilities, etc are essential in establishing the superior quality of the products produced in this district and are mandatory requirements for exports. Its importance can be understood from the recent increase in the imposition of Non- Tariff Barriers by various countries across the world.

Plan of Action

The aim of this District Export Promotion Policy is to minimize the above-mentioned weakness and thwart the threats posed to the exports of the district and convert it into becoming a major export hub.

DGFT through its O.M dated 26/12/2020 has notified terms of reference for plan of action by District Export Promotion Committee (DEPC) for developing districts as export hubs.

As suggested in the above-mentioned O.M, DEPC will create sub groups for each of the Champion sector products involving stakeholders like manufacturers, artisans, exporters, etc. These sub groups as suggested in the above paragraphs will escalate the issues in exports for potential products through regular meetings.

DEPC has assessed the gaps in infrastructure and policies relating to exports from the district. Meetings will be held at regular intervals to minimize the gap mentioned above and strengthen the opportunities available globally. DEPC also coordinate with various departments for imparting necessary training to the labourers, artisans and entrepreneurs. Dissemination of information through trainings, seminars, guest lectures, practical trainings, exchange visits with other districts of excellence will be followed.

DEPC also proposes to organize **annual reverse buyer- seller meet** at Kochi as it would exhibit the variety of products available from the district. Local buyer-seller meets would also facilitate in easy inspection of factory site by the foreign buyers.

DEPC will act as **one-point facilitator** for export promotion at district level for coordinating and liaising with and report to State Export Promotion Committee (SEPC) and other related departments for removing all the above-mentioned bottlenecks and developing this district into an export hub.