

DISTRICT EXPORT PROMOTION PLAN KANNUR DISTRICT



1. 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 work abroad and its typical 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.

Kerala plays an important role in the export prospects of the nation by contributing to spices and marine products exports. The external trade in Kerala is mainly operated through Kochi Port. Major items of trade are cashew, coir and coir products, tea, coffee, pepper cardamom, ginger, other spices and spices oil and marine products. Apart from Kochi, Kerala has a good number of moderately industrialised districts of which Kannur is one district that has few pockets of industries and has the potential to transform itself into a minor export hub.

2. District Profile

2.1 Geography

Kannur is one of the 14 districts along the west coast in the state of Kerala. The old name, Cnnanore, is anglicized form of the Malayalam name “Kannur”. Kannur district is known as the land of Looms and Lores, because of the loom industries functioning in the district and ritualistic folk arts held in temples. Kannur is famous for its pristine beaches, Theyyam – native performing art and its handloom industry. Kannur is of great strategic importance with respect to the defence of the country. Kannur Cantonment is one of the 62 military cantonments in the country and is the headquarters of the defence security corps and territorial army’s 122 infantry battalion. Kannur district has total geographical area of 2966 KM². The district is comprised of 5 Taluks, namely, Kannur, Taliparamba, Thalassery, Iritty and Payyannur.

2.2 Demography

As per Census 2011, Kannur had population of 2,523,003 of which male and female were 1,181,446 and 1,341,557 respectively. The sex ratio of the district is 1136 Females per 1000 males and literacy rate is 95.10%.

3. Major Minerals

China clay, bauxite, lime shell, lignite and laterite are the major economic minerals of the district. The district has large resources of good quality china clay used for a variety of industries. Good deposits are seen at Pazhayangadi and Kannapuram. Apart from china clay, district has resource of ball clay, fire clay and tile clay. Low-grade bauxite is associated with laterite. Bauxite occurs at Madayi, Pattuvamkunnu and east of Payyannur. The sedimentary sequences of madayi have thin seams of lignite with a cumulative thickness of 5m. Lignite is also reported from Kannur, Meenkunnu and Azhikode. Talc and steatite bands are reported from Thalassery and Kuthuparamba.

PRODUCTION OF MINERAL 2018-19

Sl. No.	Minerals	Production in Tonne
Major Minerals		
1	Granite Building Stone	2081443
Minor Minerals		
1	Laterite (Building)	1109375
2	Laterite (Cement)	18725
3	Ordinary Earth	86548
4	Brick Clay	NA

4. Agriculture

The backbone of Kannur is its agriculture, fisheries and other related industries, upon which a majority of its population depend on for their livelihood. Paddy, coconut, pepper, cashew, tapioca and arecanut grow abundantly in this area, along with plantation crops like rubber. The Pepper Research Centre at Panniyur, the Central State Farm at Aralam and the Sugarcane Research Institute at Kannur contribute to the research and development of various crops in the agriculture sector.

AREA AND PRODUCTION OF CROPS IN 2019-20

Crop	Area (in Hectare)	Production (in Tonnes)
Paddy	5715	11804
Pepper	4742	2140
Arecanut	9612	7699
Jack	9487	26 million nuts
Cashew	20658	13341

Coconut	86877	412 million nuts
Mango	8745	58259
Rubber	48050	44820

LAND UTILISATION 2019-20

Category	Area (in Hectares)
Gross cropped area	227281
Net cropped area	187601
Cropping intensity	118
Land put to non-agricultural uses	40133
Current Fallow (up to 1 year)	2405
Other fallow land (1 to 5 years)	3443
Cultivable waste	6424

Kuttiattoor Mango are the latest to receive the Geographical Indication tag through concerted efforts of IPR Cell of Kerala Agricultural University, State Department of Agriculture Development and Farmers' Welfare and farmers of Kuttiattoor Mango. Kuttiattoor mango is popular and tasty traditional mango cultivated in Kuttiattoor and the near by grama panchayaths of Kannur district. They are a common sight in every homestead, schools, public institutions and road side of Kuttiattoor panchayath. This mango is famous to its appealing orange yellow colour as well as the excellent taste and flavour.

5. Tourism

Kannur has a number of tourists attractions including Beaches, Hills, Temples and Other monuments.

5.1 Muzhappilangad Drive-in Beach

Muzhappilangad Drive-in Beach is Kerala's only drive-in beach, situated about 5 km north of Thalassery and 15 km from Kannur. There is an unpaved road winding through coconut groves, leading to the beach. The beach is about 5 kilometres long and curves in a wide area providing a good view of Kannur beach on the north. To the South and about 200 metres away from the beach there is an island called the "Green Island" which adds to the allure of the beach. And another important point is that there are home stays and beach resort available in Muzhappilangad drive in Beach such as corniche Beach Resort, palm resort, sun villa and samudra and in all resorts you could get fresh homemade food which are prepared from homes

on orders they get from the visitors you can get Kerala style food Kannur and Thalassery special food and you could get homely atmosphere.

5.2 Payyambalam Beach

The Payyambalam Beach is an impeccably maintained destination in Kannur. This secluded location is known for providing one with the opportunity to simply relax or enjoy a family picnic in absolute tranquillity. Surfing and swimming options are also available for those who seek a little adventure. The gentle waters form a picturesque setting that has been featured in many South Indian movies as well. Being close to Kannur town has made it a favourite haunt for tourists and locals alike.

5.3 St. Angelo Fort

St Angelo Fort, a huge triangular fort, was built in 1505 by Dom Francisco de Almeida, the first Portuguese Viceroy of India. After around a century, the fort was captured by the Dutch. They had made major changes to the structure of the fort and then sold it to Ali Raja, the King of Arakkal in 1772. The British seized the fort and used it as their chief military station in Malabar until they left India in 1947. At present, the St Angelo Fort is considered to be one of the most popular historic monuments in Kerala. The fort rests on a cliff, overlooking the Arabian Sea and is surrounded by an attractive, well-maintained garden. The fort features huge chapels, stables, a prison and an ammunition storehouse. It also has cannons that are still fixed on its bastions facing the sea. Prisoners were kept in the dark prison rooms and food was given to them through a small opening once a day. So, tourists would still feel the doomy air in those rooms.

5.4 Parassinikkadavu Snake Park

Regarded as one of the finest snake sanctuaries of Asia, the Parassinikkadavu snake park is the pride of the Kannur district. It is one of the most prominent reptile preservation centres in the country and is only one in Kerala. The Parassinikkadavu snake park is home to over 150 different species of reptiles like crocodiles, monitor lizards and snakes – both venomous and non-venomous. Not only reptiles and amphibians, but this snake park also goes a long way to preserve and protect many wild mammals, marine creatures. The establishment of Parassinikkadavu snake park was an initiative of the Visha Chikilsa Kendra, a medical institution that offers diagnosis and treatment of snakebites. The main motto behind establishing snake park was to clarify undue superstitions about snakes, educate the common man about these species and create the right awareness among them.

Suggestion: If tourism is more developed, there is a scope for attracting of foreigners and thereby can explore the possibility of earning more foreign exchange through service provide category.

6 Transportation

6.1 Kannur Airport

Kannur International Airport (KIAL) in Kerala recently opened its 1,200 sq mt cargo complex with an annual capacity of 12,000 metric tonnes and will soon have the 6,000 sq mt international cargo terminal ready. It is now aiming to become the air cargo hub for the region by exporting goods to the Gulf region and even to the United States by beating other airports with its advantages. Being the fourth international airport of Kerala, it has Calicut International Airport just 120 kms south of it and Mangalore International Airport 170 kms north of it. However, the ability of KIAL to handle much bigger aircraft due to its runway length and connectivity to industries, businesses and plantations in the North Malabar and South Karnataka makes it an ideal candidate to become the cargo gateway of the region to the world.

6.2 Azhikkal Port

Azhikkal is a riverside port located at the confluence of Valapattanam River and Mattool River with the Lakshadweep Sea in Kannur district of Kerala. At present, Azhikkal is a small harbour. Kannur town is just 10 km from the port site which can serve as a port town providing all supporting urban infrastructure. NH 66 is a major highway that connects Mumbai via Panvel–Goa–Karnataka to Kerala.

Azhikkal port is connected with Valapattanam River, which forms part of state waterways. In addition, potential exists for development of inland waterway connecting Hosdurg in Kasaragod district with Poovar, near Thiruvananthapuram in the south, which has a length of 560 km. The development of waterway will help in de-congesting the road traffic through NH 66.

The port has a 226m wharf with 3m draft alongside and can cater to coastal movement through river sea vessels. The port is also equipped with a Mobile harbour crane and reach stacker to facilitate container handling. With the establishment of the customs clearance system, the port can grow by leaps and bounds. The movement of cargo from foreign countries

through the port will lead to growth in foreign trade in north Kerala and the Kodagu region

7 Economic Indicators

Kannur district contribute 6.37% to state's total Gross State Domestic Product (GSDP) and 6.29% to Net State Domestic Product (NSDP). The district per capita income is Rs. 190684 during 2018-19.

8 Industrials Scenario

8.1 Micro Small Medium Enterprises

Enterprises	Manufacture	Service	Total
Micro	5164	3177	8341
Small	362	121	483
Medium	1	1	2
Total	5527	3299	8826

8.2 Potential Sectors

The prominent industrial sectors in the district are

1. Agro based food processing
2. Textile and Garments sector
3. Wood based product
4. Light Engineering

8.3 Industrial Area/ Estates

Name of DA/DP/MIE	Total Land (in cents)	Allotable Land (in cents)	No. of Plots allotted	No. of units in production	No. of vacant plots
Andoor DP	5931	4652	173	173	0
MIE Kolachery	100	100	5	3	0
MIE Mattannur	100	100	10	10	0

MIE Payyannur	100	100	10	10	0
MIE Andoor	91	91	5	4	0
SIDCO MIE Palayad	844	660	45	45	0
SIDCO MIE Taliparamba	100	100	13	13	0
SIDCO MIE Valapattanam	100	100	12	12	0
KINFRA Nadukani	12300	9400	64	64	-
KINFRA Thalassery	5900	3200	53	53	-
KSIDC Kuthuparamba	25000	25000	55	55	-

8.4 Export Industries

Major exporters in Kannur District are

Sl. No.	Name of the Industrial Unit	Products Exported
1	Western India Plywood Pvt. Ltd.	Plywood and Hard Board
2	Canannore Handloom Exports	Handloom Fabrics
3	Mascot Industries	Home Furnishing
4	Artocarpus Foods Pvt Ltd.	Food Products

As per the available data sourced from industrial units the last one-year (Sept 2020 to Sept 2021) export values are

Sl. No.	Product Category	Export Value (in Rs. Crores)
1	Textile and Garments	48.69
2	Plywood and Hard Board	15.25
3	Food Products	7.23

9. District as Export Hub

9.1 Vision

The Hon'ble Prime Minister in his Independence Day Speech on 15th August, 2019 had inter-alia, observed that each of our districts has a diverse identity and potential for targeting global markets and there is a need for

converting each district into potential export hubs. Department Commerce through the Directorate General of Foreign Trade and the State government is taking various measures to implement the vision of Hon'ble Prime Minister to promote exports and to convert each District into a hub for exports.

9.2 Mission

The mission of this District Export Promotion Plan is to convert Kannur District into a hub for exports and double the export from the district within the next five years. The District Export Action Plan will include providing the support required by the local industry in boosting their manufacturing and exports with an impetus on supporting the industry from the production to the exporting stage.

9.3 Policy Framework

The framework of the 'Districts as Export Hub' policy is based on the Ministry of Commerce and Industry, Government of India's D.O. No.01/36/218/01/AM-18/TC/Part-I/01 dated 13-11-2019, which had mandated the Regional Authorities of the Directorate General of Foreign Trade (DGFT) to work with the State Governments and District level officers to prepare and implement a District Export Action Plan specific to each district in every State and Union Territory and then implement it through an institutional structure at the district level for fulfilling the goals set out for each district in this regard.

Accordingly, DGFT through its Office Memorandum dated 26/12/2020 had notified the action items along with timelines for developing Districts as Export Hubs. Apart from the action items, the composition of District Export Promotion Committee (DEPC) and the terms of reference for plan of action for developing districts as export hubs were suggested. The District Export Promotion Committee (DEPC) will act as a one-point facilitator for export promotion at District level along with the State Level Export Promotion Committee (SLEPC).

Government of Kerala notified composition of members of DEPC for all 14 districts in the state considering their potential products for exports. The members of DEPC in Kannur district are:

- | | |
|---|-----------------|
| ▪ The District Collector | Chair Person |
| ▪ Joint Director General of Foreign Trade in charge | Co-Chair Person |
| ▪ General Manager, District Industries Centre | Convenor |
| ▪ Principal Agricultural Officer | Member |
| ▪ Lead Bank Manager | Member |

▪ Director, MSME DI Thrissur	Member
▪ AGM NABARD	Member
▪ Representative of BIS	Member
▪ State Head FIEO	Member
▪ Representative of KSSIA	Member
▪ Kerala Exporters Association	Member

The first meeting of DEPC has held on 08/11/2021 through video conference.

9.4 Objectives

The objectives of this District Export Plan are:

- To enhance the volume of exports from each district.
- To create a flexible and permanent institutional mechanism with participation from all stakeholders to act as a facilitator and guidance system for export incentivization.
- To identify lead products and sectors for targeted and continued interventions for export promotion
- To synergize various schemes at the centre, state and district level which address industry, agriculture and exports.
- To provide support both domestically and internationally to local industry from the production stage to the exporting stage.
- To increase efficiency in the supply chains and augment export infrastructure
- To augment both supply and demand through product and market diversification

9.5 Strategies

- Preparing database of Existing Direct/Indirect Exporters
- Motivating Indirect Exporters to directly export.
- Identification & training of the Prospective Exporters.
- Identification of issues and need to address them
- Orientation training for the Existing Exporters
- Regular meeting with Existing Exporters & problems solving
- Improving Logistics & Infrastructure facilities, as required by the Exporters.
- Establishment of Container Freight Station (CFC) at Kannur.
- Promoting export of agriculture and horticulture products and processed products with agriculture export policy and ODOP schemes as support.
- Utilisation of the Central & State Government schemes for Exports.

9.6 SWOT Analysis

1. Strength – (A) Economic Profile

The district is strategically located as a Gateway to Kerala and had been a hub of trade during medieval era and a lot of foreign trade used to happen. The district is vibrant in terms of economic activity with Textiles and Garments, Wood Products and food products based industrial activities being the prominent one.

Kannur, popularly referred to as ‘Handloom City of Kerala,’ is the state’s largest handloom producing district. It enjoys global reputation in manufacturing and exporting handloom goods. Handloom industry in Kannur has specialized in the manufacture of furnishing fabrics, bed spreads, other made-ups and home textiles for export products. The Handloom products mainly exported to Europe and USA.

Kannur Airport has a larger catchment area covering the distance of Kannur, Kozhikode, Wayanad, Coorg and Mangalore. With the Air Cargo Complex now operational combined with Kannur Airport potential to source cargo from its catchment area makes Kannur Airport ideal to become the cargo gateway of the region.

(B) 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

These criteria can be used in identifying Champion Sectors in a district too.

As Handloom product is one of the highly exporting products from the district, it may select as a Champion sector.

2. Weakness and Threats – Assessment of Gaps in Infrastructure and Policy

(A) Export linked Logistics Infrastructure

The nearest seaport available is Kochi port, which is around 200 km away from these industrial clusters. Road connectivity is less commendable and is not suited for larger trucks and containers. The NH 66 is a 2 lined Highway and does not having enough capacity to carry any additional export cargo. With the establishment of the customs clearance system, Azhikkal port can grow by leaps and bounds. The movement of cargo from foreign countries through the port will lead to growth in foreign trade in north Kerala and the Kodagu region.

Rail infrastructure is highly congested in this part of Rail network. However, it is possible that once a week container train can be thought of in this network between Kannur/ Kanjikkod and Kochin Harbour.

For considerable long period the air cargo facilities are not available in Malabar. For promote export, the Kannur airport to developed to air cargo hub

(B) Other Trunk Infrastructure

1. Industrial Corridor Project

Much part of the Kerala leg of the proposed Bangalore-Coimbatore-Kochi Industrial corridor is running through Palakkad district. Kerala government had already identified location and land for building one 1600 Acre industrial park as a part of this corridor project.

2. Mega Export Parks

Almost all of production units are MSMEs and they are scattered across the district. In order to ensure economy and efficiency in the production line, Mega Export Parks with area of 50-100 acres if formed with facilities like plug and play, it would lead to an advantageous economy

of scale introduction. This would also attract investment both domestic and foreign into the district.

3. Issues relating to banks and other financial institutions

In time, flow of credit is the lifeline for any enterprise. There is a general grievance among the exporters that, advances are not easily available to the MSMEs despite several schemes and initiatives taken by the Governments. There is also high cost attached to availability of credit to 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.

4. 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.

(C) Ancillary Infrastructure (Testing facilities, Standards and Certification lab etc.)

It has been assessed that there is no ancillary infrastructure for exports like testing facilities, certification labs, etc within Kannur 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.

9.7 District Export Action Plan

Keeping in view the economic /industrial profile of district as well as issues and problems being faced by the exporters the following action plan is suggested for implementation of Export Plan: -

1. The Administration shall identify thrust areas/sectors having potential for export. Focus needs to be laid on export promotion policy and

various incentives like market support, financial and non-financial incentives to MSMEs. More emphasis shall be laid on products and process standards and quality certifications by upgrading existing labs at par with national ones.

2. Exporters shall be provided access to information regarding various Export Policies of the Government and incentives being offered from time to time.
3. Mechanism needs to be developed to allow timely credit of GST to the Exporters. Procedure regarding Export Documentation needs to be simplified.
4. A Grievance Redressal cell shall be constituted to address the issues being faced by the exporters.
5. Production of power supply need to be enhanced and un-interrupted supply shall be made available to the export industry in the district. Issues related to the quality of power supply about fluctuations, line disruptions, untimely repair & maintenance of lines, lower voltage, also needs to be taken care off.
6. The district, with the help of Packaging Institutes, to work towards improving the quality standards & manufacturing compliances, learning new techniques & technology and market intelligence. Parallely, tie up with NGOs to help the artisans in packaging and other activities.
7. Export cell will analyse and suggest measures to strengthen the existing and establish new infrastructure facilities to promote the variety of Agriculture and Horticulture products.
8. The cell shall work towards establishing direct linkage between FPOs and Exporters for promoting the exports and the farming requirements for quality production.
9. Encourage local industry players to become exporters by providing a conducive environment in the district.
