

District Export Promotion Plan for the district of Kollam**A) 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.

Apart from Kochi, Kerala has a good number of moderately industrialized districts of which Kollam is one district that has the potential to transform itself into a major export hub.

B) District Economic and Industrial landscape

Kollam (erstwhile Quilon) is one of the earliest district districts of Kerala. This district was created on 1956, soon after the formation of Kerala state. Kollam district has a total area of 2491 sq. km.

The district is comprised of 6 Taluks. They are, Kollam, Kottarakkara, Pathanapuram, Kunnathur, Punalur and Karunagappilli Taluks.

C) 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.

D) 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 Kollam District into an Export Hub and to double the exports (baseline 2018-19) from the district within 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.

E) 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-

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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 Notification No.G1/42/2020/ID dated 11.09.2020 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 Kollam district is as follows:

- The District Collector, Kollam - Chairperson
- Joint Director General of Foreign Trade in charge - Co-Chair
- General Manager, District Industries Centre – Convener
- Principal Agricultural Officer - Member
- Lead Bank Manager- Member
- Director, MSME-DI - Member
- AGM NABARD - Member
- President, KSSIA – Member
- State Head FIEO – Member
- Representative BIS – Member
- Dr.Noorudeen, Chairman, Cashew Export Council of India – Invitee
- Deputy Director, Marine Product Export Development Authority Member – Invitee
- Sri.NarayanaPillai, Expert in Cashew Sector - Invitee

It is stated that preliminary meeting of DEPC for Kollam district has been conducted on 24.11.2020 through Google meet at Kollam, with participation of all the mentioned members along with the participation of exporters' fraternity from the district.

F) Brief Economic profile of the District

The district is strategically located midway between Pathanamthitta District on the north and state capital, Trivandrum on south. It is flanked by Arabian Sea on the west, TamilNadu on the east, Alappuzha

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&Pathanamthitta districts on the north and Thiruvananthapuram district on the south.

The district is vibrant in terms of economic activity with Cashew and Cashew based industrial activities being the prominent ones. There are large number of Cashew based Industrial clusters in this district. All together have about 400 units producing Cashew nuts most of the quantities are exported to different countries.

All of these units import raw cashew from countries like Ivory Coast, etc and are peeled, processed, packed and exported to various countries.

UAE, Saudi Arabia, Kuwait, America, EU etc are the major markets where these products are exported.

Most of these units are scattered over in various parts of district and are not clustered in a particular location

Major exporters who are based on Kollam districts are,

- a) Alphonsa cashew
- b) Beffy Cashew
- c) KumarCashews
- d) MangalathCashew Products
- e) MahavishnuCashews
- f) Vijayalakshmi cashew
- g) Prashanthi cashew
- h) Kings Marine Products
- i) Capithan Marine Exports (India) Private Limited
- j) Veronica Marine Exports

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)

Sl No	Product category	Export figures (in RsCr)
1	Cashew kernels	2000 Cr
2	Marine products	80 Cr
	Total	2080 Cr

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Besides direct exports, some small exports are going to EOUs, SEZ s, deemed exports etc as well.

Apart from a few couple of hundreds of cashew factories and a few dozen Marine exporting units, there is no large scale manufacturing units in this District.

G) 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 Kollamdistrict by Government of Kerala through its G.O dated 11/09/2020 :

- a) Cashew products
- b) Marine products

The first meeting of the District Export Promotion Committee (DEPC) for Kollam District was held on 24/11/2020 through VC.

H) Issues which needs to be focused and Plan of Action

1. Export linked Logistics Infrastructure

The nearest sea port available is Kochi port which is around 200 km away from these units. Road connectivity is less than satisfactory and is not suited for larger trucks and containers. The NH 47 is a 2 lined Highway and does not having enough capacity to carry any additional export cargo

However, 4-lining of the existing National Highway is planned and is likely to be completed by 2024. Thereafter, the district will be well connected with the Cochin Port.

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DLEPC through the Office of District Collector will keep a close watch on the development of this key highway and will contribute to that effort if needed.

Also, for the benefit of vegetable exporters through Trivandrum Air Port, a Freezer warehouse facility needed to be provided. DLEPC may take up this issue with Trivandrum Airport Officials and explore the possibility of setting up of the same.

2. Establishment of Cashew Park-

Almost all of Cashew units are MSMEs and they are scattered all across district. In order to ensure economy and efficiency in the production line, Mega Cashew Parks with area of 50-100 acres if formed with facilities like plug and play, help to an advantageous economy of scale in production. This would also attract investment both domestic and foreign into the district.

No such parks are seems to be in operation in Kollam district. If established, this has the potential to become a successful model of clustering Kollam.

DLEPC shall engage with KIFRA and KSIDC in this regard and will solicit big investments in this cluster.

3. Setting up of a campus of Footwear and Design Development Institute of India (FDDI)-

Kollam and its surrounding produce maximum number of Footwear in Kerala. Therefore, DLEPC may take effective steps to open a new Campus for FDDI in Kollam. This will help to create a skilled manpower base for making District as a hub of export of quality and high value footwear.

The present day export of footwear from the district is mainly of low value, low margin, mass produced foot wears. This needs to be changed and this industry has to raise it to the next level of productivity. The profit lies in the high value products which needs a whole ecosystem of designers, manufactures, brand builders etc. It is in this context that the role of FDDI will be crucial.

4. 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

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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.

DLEPC will closely engage with Lead banks to ensure the credit availability for the investors.

5. Value addition-

It is also proposed that more value addition be encouraged in this regard. Cashew kernels, rather than being exported as such, value addition like, salting, roasting , packing in consumer packets, ready to eat condition may be encouraged.

However, the issue here is that it needs a huge amount of capital requirement. At present the industrial units are unable to invest this much amount. Hence some kind of partial funding, subsidy scheme may be looked in to this aspect.

6. 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.

The way out for such issues is to encourage the investors to invest in dedicated industrial parks/estates rather than to build an isolated factory in populated areas.

DEPC may also issue suitable instructions to Local bodies in these matters and will also try to sensitize all the stakeholders to arrive at a win-win situation.

7. IT Parks

There is only one IT park in Kollam. Since Kollam is having good educational institutions like TKM Engineering College, and a dozen other Engineering colleges in that region, there is a good amount of quality and skilled manpower available. However, enough number of startups and entrepreneurship is not visible in that part of the state.

Hence, it is essential that much more activities are to be initiated in this regard. Our target should be to have 100 Cr IT export by 2025 and reach 200 Cr export by 2030. To achieve that, DLEPC may invite big IT players and MNC s to invest in these IT Parks besides promoting the local talents and entrepreneurship.

8. Ease of doing business

Currently there are numerous acts, laws, licenses that have to be followed or obtained by a manufacturer and these costs hugely in terms of time and money.

In order to ensure ease of doing business in the district, DLEPC will explore the possibility of a **Single Window mechanism and Nodal officer** to be put in place at the District Head Quarters for guiding and providing necessary clearance at all stages of production.

9. 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 labor force of all the identified Champion Sectors of the district.

The DEPC aims at conducting frequent training sessions in association with experts in local it is. Polytechnics, other available resource persons for the labour force employed in the Industrial clusters in this District.

The DEPC aims at conducting regular capacity building sessions for entrepreneurs in terms of finding suitable markets for their unique products, packaging, sourcing resources from IIFT, Indian Institute of Packaging, IIM Calicut etc.

10. 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 Kollam 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.

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Director, MSME, Thrissur, shall be roped in to explore the possibilities of setting up common Testing Labs and Infrastructure etc. The opinion of the Local entrepreneurs is solicited in this regard.

Conclusion

The District Action Plan will be a dynamic document and will be reviewed and reworked as and when the new opportunities are coming across and new ideas are incorporated. This document also solicits and welcomes the input and ideas provided by the public at large and the stake holders in particular.