

## District Export Promotion Plan for the District of Kottayam

### **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 work abroad and its typical agro and agro industries along with its thrust on tourism and related service industries. Though not highly industrialized, its unique geography and natural resources offers it an excellent opportunity for further growth.

Apart from Kochi, which is known as commercial capital of the State, Kerala has a good number of moderately industrialized districts of which Kottayam is one district that has a few pockets of industries and has the potential to transform itself into an export hub.

### **B) District Economic and Industrial landscape**

Kottayam is one of the earliest district of Kerala. This district was created on 1949, soon after the formation of Tiru-kochi state. Kottayam district has a total area of 2208 sq.km.

The district is comprised of 5 Taluks. They are, Meenachil, Kanjirappally, Kottayam, Changanacherry and Vaikom Taluks.

### **C) Vision**

Hon'ble Prime Minister in his independence Day Speech on 15<sup>th</sup> 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 specialties 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 Kottayam 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.01/36/2018/01/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 26-12-2019 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 be 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 Kottayam 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 Rubber board-Member
- Representative from Local Trade/Commerce Association- Member



It is state that preliminary meeting of DEPC for Kottayam district has been conducted on 04-01-2021 at Kottayam, 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 located midway between Kochi and Trivandrum and is the most literate district in Kerala. Due to a large population of expatriate and its agricultural economy, the District is one of the most prosperous district in Kerala.

The district is vibrant in terms of economic activity with Rubber based industries and food products being the prominent ones. There are two smaller Industrial parks in this district.

The district is vibrant in terms of economic activity with Rubber and rubber based industrial activities being the prominent ones. There are two Rubber based Industrial clusters in this district. One is at Changanacherry and another is at Poovanthuruthu Industrial Development Plot. Both together have about 100 units producing Rubber mats most of the quantities are exported to different countries.

The products range from Hollow Mats, Stable Mats, Continuous Roll Mats, Door Mats, Coir embedded Rubber Mats, Foot wears etc.

America, Germany, Ireland, France, Russia are the major markets where these products are exported. Besides many units here supply to other units.

A few other units are scattered over in other parts of district like Chingavanam, Kanjirappally, Manarcadu, Vizhikkathode etc.

A few of the manufactures here in Kottayam may not be exporting directly, but are supplying to EOUs and other exporters of Alleppey belt who are manufacturing rubber backed coir mats and similar products. Hence they are an integral part of the global value chain.

Major exporters who are based on Kottayam districts are,

- a. Kanam Latex
- b. St.Mary's Rubber



- c. Dolphin Rubbers
- d. Glenrock Rubber Products
- e. Midas Rubbers
- f. Parayil Foods etc
- g. Paragon Footwear Ltd.

#### Baseline Export figures

As per the available data sourced from Industrial association, the export figures for 2018-109 are given below. ( This is an approximate figure)

Sl.No.	Product category	Export figures (In Rs. Crs)
1	Rubber mats	300 Cr.
2	Surgical gloves	180 Cr.
3	Procured threads	25 Cr.
4	Wheat Flour	24 Cr.
5	Food Products	25 Cr.
6	Spices and Spice products	75 Cr.
TOTAL		640Cr.

However, apart from a few numbers of MSMEs there is no large scale manufacturing units in this District.

Besides direct exports, many units are supplying to EOUs, SEZs, deemed exports etc. as well.

Apart from a few numbers of MSMEs there is no large scale manufacturing units in this district.



As far as IT sector is concerned, there are no IT parks or units in the city or in any other parts of the 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 Kottayam district by Government of Kerala through its G.O dated 11-09-2020.

- a. Rubber mats
- b. Latex Gloves

The first meeting of the District Export Promotion Committee (DEPC) for Kottayam District was held on 04-01-2021 at Kottayam.

### **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 80-90 km away from these industrial clusters. Road connectivity is not commendable and is not suited for larger trucks and containers. The MC Road ( Main Central Road) is a two lane road and not having enough capacity to carry any additional export cargo.

DEPC shall explore the possibility of building a Greenfield 4/6 lane, access



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 Kottaaym/Changancherry and Kochin Harbour.

Also possibility of RORO ( Roll on Roll of ) ie, truck on rail transportation of cargo also need to be executed. DEPC may initiate a discussion with Officers of Trivandrum division to explore the possibility in this regard.

There is a small riverine port and an ICD near to Kottayam 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.

DEPC may take up this issue with Ministry of Ports, Government of Kerala to make necessary policy changes in order to attract Private Investment in this Port for its optimal utilization.

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

## **2) Mega Rubber Parks (Land)**

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

This proposed Mega Rubber Park can attract investment from a lot of domestic entrepreneurs who are all facing problems related to expansion of their existing units because of the limited availability of land at their disposal. Besides, exporters can come together and collectively invest in common infrastructure facilities like used Tire pulverizing machine etc. and can therefore reduce the cost of raw material.

A similar Mega rubber Park is already functioning in nearby Ernakulam District, and is a successful model of clustering. Kottayam, being the largest producer of natural rubber and rubber based industries, should emulate this clustering model by planning to have one mega cluster of Rubber Industries in this District.

DEPC may explore the possibility of identifying the land for this proposed



cluster by identifying a suitable revenue land or the land which are available at the site of any defunct PSU s.

### **3) 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.

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

### **4) Availability of Raw materials**

Most of the exporters are heavily dependent on imported rubber for their product. This is because; domestically available rubber is more costly than the imported one. Natural rubber is produced in Kottayam and neighbouring districts. However, in most of the time, price of this raw material would be higher than international market. Yet, import is not allowed through any ports in Kerala and can be made only through JNPT and Chennai Port.

Hence, glove and other rubber based industries are unable to compete with similar glove manufactures from Thailand and Malaysia where cheaper raw material and economics of scale of production ensures that they can produce gloves at far lesser prices. While the import of natural rubber is restricted and discouraged, gloves can be imported at zero duty due to ASEAN FTS.

Similarly for Rubber mats, which are mainly, used for cattle sheds etc. used rubber tires and tubes is the key raw material. However, import of these items comes under restricted category and it needs a Lisc from DGFT.

Since there are large numbers of restrictions for imports, exporters are mainly using Advance authorization for their products. Many are importing used rubber tires, rubber powders etc.

DEPC in this regard may consult concerned stakeholders including the officials of Department of Commerce; New Delhi to explore the possibilities for more liberal policy on import of these rubber based raw materials.

### **5) Issues with regard to Local bodies**



Many SME units and entrepreneurs had issues related to getting approvals from Local Self-Government bodies relating to getting building permits and NOCs 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.

A common Effluent Plant in support of the local body may be installed in the Industrial Park in order to solve the pollution problems to some extent.

Vacant land to an extent of 2 Acre held by market fed is available near to DP Poovanthuruthu. The possibility to avail this land for container storage for export products also to be explored. A proposal in this regard shall be sent to Government of Kerala for availing this vacant land.

#### 6) IT Parks

There are no IT parks in Kottayam at present. Despite having good educational institutions like RGIT, MG University and couple of good Engineering colleges in this region, not much efforts has been made to tap the skilled and educated manpower here. Enough number of startups and entrepreneurship is not visible in this part of the state.

Hence, it is essential that much activity is to be initiated in this regard. DEPC, collaborating with Kerala IT Department, shall explore the possibility to set up an IT Park in the outskirts of the city and invite big IT players and MNCs to invest in these IT Parks besides promoting the local talents and entrepreneurship.

#### 7) 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, DEPC 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.



### 8) 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 ITIs, Polytechniques, other available resource persons, faculties from Rubber boards, for the labor force employed in the Industrial clusters in this district.

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

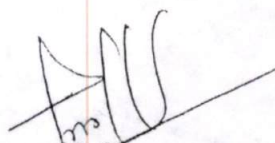
It has been assessed that there is no ancillary infrastructure for exports like testing facilities, certification labs, etc within Kottayam district. Testing facilities, etc are essential in establishing the superior quality of the products and sometimes are mandatory requirements for exports. Its importance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

Rubber Board & Director, MSME, Thrissur, shall be roped in to explore the possibilities of setting up common Testing Labs and Infrastructures etc. As per the opinions of the Local entrepreneurs in this regard, there is a requirement of Gamma Testing facility for the Nitrile Gloves exported from here. Increasing testing facility by Rubber Board is also recommended by DEPC.


DEPC shall coordinate various agencies for setting up the same.

#### I. 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 stakeholders in particular.



General Manager



District Collector

District Industries Centre

Kottayam (Convenor, DEPC)

Kottayam

(Chairperson, DEPC)