

District Export Promotion Plan for the District of Kozhikode

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 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 Calicut is one district that has a few pockets of industries and has the potential to transform itself into a minor export hub.

Kozhikode (once pronounced as Calicut by British,) is one of the earliest districts of Kerala. The district once known as Malabar district during British time and later renamed to Calicut District, soon after the formation of Kerala State. The name Calicut later officially renamed as Kozhikode. Kozhikode district has a total area of 2344 sq. km.

The district is comprised of 4 Taluks. They are Calicut, Vatakara, Koyilandi, and Tamarasseri

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 Kozhikode 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.

Policy framework

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 be constituted and notified for all the districts in a State by the concerned State Government.

Government of Kerala notified composition of members of DEPC for all fourteen districts in the State considering its potential products for exports. This G.O also bestowed the power on DEPC to call for additional members if necessary and to amend the list of potential products for export promotion. Members of DEPC for Kozhikode district is as follows:

- The District Collector- Chairperson
- Joint DGFT, Kochi- Co-Chairperson
- GM, District Industries Centre – Convener
- Lead Bank Manager- Member
- Principal Agricultural Officer
- AGM Nabard, Malapuram
- Representative from Department of MSME, Govt of India- Member
- Representative from Kerala State Small Industries Association - Member
- Representative from Malabar Chamber of Commerce- Member
- Kerala Exporters Association

It is stated that preliminary meeting of DEPC for Kozhikode district has been conducted on 06-11-2020 by means of video conferencing, 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 as a Gateway to Kerala and had been a hub of trade during medieval era and a lot of foreign trade used to happen there.

The district is vibrant in terms of economic activity with foot wares and food products based industrial activities being the prominent ones. There are two smaller IT parks in this district.

The major market for these exports are in the Middle East.

Industrial units are scattered in the parts of district.

Besides, there are many entrepreneurs and exporters from the district who are sourcing their fruits and vegetables from neighboring states of Tamil Nadu and Karnataka. They too are exporting mainly to Middle Eastern countries.

Major exporters based in Kozhikode District are,

- a) VKC footwears
- b) Paragon footwears
- c) Fischer footwears
- d) Parison group of companies

Baseline Export figures

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

Srl No	Product category	Export figures (in Rs Crs)
1	Footwear products	150
2	IT products	250
	Total	400 Cr

Besides direct exports, many units are supplying to EOUs, SEZ s, 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 2 IT SEZ in Kozhikode city and they export around 250 Cr of IT products every year and that figure is showing a positive trend.

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.

District Export Promotion Committee (DEPC) for Kozhikode District held on 06/11/2020 through Video conferencing proposed to include Foot Ware and as the Champion Sector

Another Champion Sector identified is Food Products; the specific listing will furnish only after Principal Agriculture Officer discuss this matter with his field level officers.

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

I. 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 17 is a 2 lined Highway and does not having enough capacity to carry any additional export cargo
- 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 Kozhikode/ Kanjikkod and Kochin Harbour.
- Since the connectivity over the road is poor, the Exports Association and the Malabar Chamber of Commerce insisted to set up a permanent arrangement for cargo transport from Beypore or Azheekal to Kochi via sea.

For a considerable long period the air cargo facilities is not available in Malabar. Allow the Karipur and Kannur Airports to handle this Facility.

II. **Other Trunk Infrastructure (Factors of Production)**

- **A) Mega Export Parks (Land)**

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 in production. This would also attract investment both domestic and foreign into the district.

An Industrial growth center having 310 acres is operational at Kinallur in the district. If picked up, this has the potential to become a successful model of clustering. Such similar clustering models can be replicate in other parts of the district as well.

- **B) 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.

With a serious effort, a hub of the same corridor can be set up in Kozhikode district as well.

- **C) Electricity/Power**

The quality of the Electric Supply may be improved; the interruptions in power supply may reduce by adopting more scientific and systematic maintenance

- **D) Capital (ie) 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.

E) 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.

F) IT Parks

There are 2 IT parks in Kozhikode, both are SEZs. Since Kozhikode is having good educational institutions like IIM and NIT, and a few dozens of Engineering colleges, there is a good amount of quality and skilled manpower available. However, enough number of startups and entrepreneurship is not visible in this 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 500 Cr IT export by 2022 and reach 1000 Cr export by 2025.

III. 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 Kozhikode 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 threats, 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.