GOVERNMENT OF KERALA

Abstract

Industries Department – Kerala Export Promotion Policy 2025 – Approved – Orders issued.

INDUSTRIES (B) DEPARTMENT

G.O.(Ms)No.6/2025/ID Dated,Thiruvananthapuram, 30-01-2025

Read 1 Letter No. KSIDC/TVM/IP-3930/2023/2646 dated 26.12.2023 from the Managing Director, Kerala State Industrial Development Corporation Limited.

2 Letter No. KSIDC/TVM/IP-3930(e/486)/2024/254 dated 02.05.2024 from the Managing Director, Kerala State Industrial Development Corporation Limited.

ORDER

The export promotion Policy emphasizes the importance of collaboration between industry, Government and academia to drive innovation,enhance productivity and create sustainable and inclusive growth. In order to make Kerala a major hub in the International trade map and for bringing development in the export sector, it is essential to implement Export Promotion Policy for the state with the following objectives:

a) To utilize Kerala's unique resources and geographical advantages to increase commercial potential in the State, open up new commercial opportunities, make Kerala a major hub in the International trade map, thereby bringing development in the export sector and paving the way for the economic upliftment of the State.

b) To encourage IT, Health care, Logistics, Tourism, Medical Devices, Food Technology etc. which have a lot of commercial and industrial potential in the State.

c) To enable the export enterprises to get financial assistance by making use of Central Government Schemes through policy formations in accordance with the 'Foreign Trade Policy' of the Central Government.

2)The Managing Director, Kerala State Industrial Development Corporation as per letters read above has forwarded the draft 'Kerala Export Promotion Policy-2025' prepared in consultation with the Director of Industries and Commerce, KINFRA, Board of Public Transformation, Kerala Bureau of Industrial Promotion etc to achieve the above objectives .

3) The Export Promotion Policy -2025 is formulated with the aim of enhancing Export competitiveness, promoting market diversification, providing financial incentives, and fostering innovation and Skill Development. These objectives are in alignment with the broader policy goals outlined in the Kerala Industrial Policy 2023, such as strengthening global linkages to increase foreign investments and exports, facilitating access to world markets, and achieving sustainable growth in exports through the development of infrastructure in the commodity export sector. Furthermore, the draft Export Promotion Policy -2025 focuses on creating a robust value chain to sustain and improve exports from Kerala across various identified sectors, including the sunrise/priority sectors mentioned in the Kerala Industrial Policy -

2023. The proposed incentives within the draft Export Promotion Policy are intended to be funded under the Sustainable Industry Incentive Scheme, as outlined in the annual plan proposals.

4) Government have examined the matter in detail and are pleased to approve the 'Kerala Export Promotion Policy- 2025' as annexed, subject to the condition that the Incentive amounts for export promotion offered in the Kerala Export Promotion Policy 2025 should be limited to the budget allocation for Industry Incentive Scheme in each financial year.

(By order of the Governor)
A P M MOHAMMED HANISH
PRINCIPAL SECRETARY

To:

The Director of Industries and Commerce, Thiruvananthapuram.

Managing Director, Kerala State Industrial Development Corporation, Thiruvananthapuram.

The Chief Executive Officer, K-Bip, Thiruvannthapuram

The Secretary, Board for Public Sector Transformation, Thiruvananthapuram

The Principal Accountant General (Audit /A&E), Kerala, Thiruvananthapuram

All Additional Chief Secretaries/Principal Secretaries/Secretaries to Government.

All Heads of Departments. (Through Director, Industries & Commerce Department)

All District Collectors (Through Director, Industries & Commerce Department)

The Director, Kerala State IT Mission, Thiruvannthapuram

General Administration (SC) Department (Item No. 2596 dated:28.01.2025)

Finance Department (E-2949240/PUD2/143/2024 dated:19.12.2024)

Public Sector Undertakings (PSUs) (Through BPT)

Planning & Economic Affairs Department

The District Treasury Officer, Thiruvananthapuram

All Sections in Industries Department

The Information and Public Relation (Web and New Media) Department

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Forwarded /By order

Signed by
Bindhumol S
Date: 31-01-2025 10:55:00

Section Officer

Copy to:- 1.P.S to Hon'ble Minister for Law, Industries and Coir.
2. P.A to Prinicipal Secretary, Industries Department
3.P.A to OSD, Industries Department
4.CA to Joint Secretary, Industries (B) Department



KERALA EXPORT PROMOTION POLICY 2025

Government of Kerala

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CONTENTS

	Introduction	**3**
1	About Kerala	3
2	Kerala – Exports Scenario	4
3	Need for Export Promotion Policy	6
4	Applicability of the Policy	8
	Vision, Mission, and Objectives	**9**
5	Vision	9
6	Mission	9
7	Objectives	11
	Strategy and Incentive Framework	**14**
8	Focus Sectors	14
9	Strategy	15
10	Incentives	22
11	Validity of the Policy	25
12	Annexure	26

Introduction

1 About Kerala

1.1 Kerala, known as "God's Own Country," is a coastal state located in the southern part of India. Nestled between the Western Ghats and the Arabian Sea, Kerala boasts breathtaking natural beauty, a rich cultural heritage, and a vibrant economy. With its strategic location, educated workforce, and favorable business environment, Kerala offers immense potential for export-oriented industries. Kerala is strategically located on the transnational trade corridor, with substantial contribution to India's economic output. It has a coastline of around 590 km and boasts of fertile midland, lush highlands, and is watered by 44 rivers running across the breadth of the state.

1.2 Kerala has long been recognized as a hub of trade and commerce, with a history of maritime trade dating back centuries. Today, it stands as one of India's prominent states for exports, contributing significantly to the country's trade balance. The state's diverse economy encompasses a wide range of sectors, including agriculture, fisheries, textiles, spices, coir, tourism, IT and IT-enabled services, healthcare, and manufacturing. The state also boasts a large and effluent diaspora spread across the world.

1.3 Kerala is also one of India's most progressive states in terms of support for human development; delivery of justice; social protection; essential infrastructure and connectivity viz., 4 airports, 2 major seaports, 17 mini seaports, 2 ICT Terminals, 11 national highways, railways, metros, "SEA-ME-WE-3" and "SAFE" submarine cable landings, higher road density, 100% digital telephone exchanges, 98% of telephone exchanges connected by OFC to the National Internet Backbone (NIB), 24*7 power connectivity etc. 'Kerala Model' in many indicative parameters is arguably on par with some of the major global superpowers.

1.4 Kerala's export sector is characterized by its emphasis on quality, sustainability, and value addition. The state's exports are renowned for their authenticity, craftsmanship, and eco-friendly practices, making them highly sought after in international markets. From premium tea and spices to

handloom textiles, seafood, Ayurvedic products, IT services, etc. Kerala offers a diverse array of export opportunities across multiple sectors.

1.5 One of Kerala's key strengths lies in its skilled workforce. The state boasts a high literacy rate and a well-educated populace, providing a strong foundation for knowledge-based industries. Kerala's human capital is known for its proficiency in English, adaptability, and entrepreneurial spirit, making it an ideal destination for export-oriented businesses seeking a skilled workforce. Furthermore, Kerala's robust infrastructure, including modern ports, well-connected road networks, and reliable power supply, enables seamless trade connectivity. The state's proximity to international shipping routes and its well-developed logistics ecosystem facilitates efficient movement of goods, ensuring timely delivery to global markets.

2 Kerala – Exports Scenario

2.1 Kerala's economic growth is fuelled by sectors such as tourism, healthcare, IT, food processing, spices, rubber, ayurveda, electronics, handlooms, apparel and garments, coir, seafood, and traditional products such as wood carvings, designer jewelry, among others. Kerala produces more than 70% of India's natural rubber[1], and contributes significantly to India's exports of cashews, spices, tea, marine products, coffee, coir, etc.

2.2 Kerala's merchandise exports for the year 2022 - 23 are ₹ 35,117.23 Crore[2], constituting nearly 6% of State GDP (at constant prices)[3] and 1% of India's merchandise exports[4] during the same period.

2.3 From among the various export commodities, marine products, food and agro-related produce, engineering goods, and petroleum goods are the major commodities exported from Kerala, contributing to more than 70% of the State's merchandise exports[5] and the US, UAE, China, Bangladesh, and Japan are the top 5 export destinations for merchandise from Kerala[6].

[1] Kerala Economic Review 2022
[2] State-wise Export Data - Department of Commerce, MoCI, GoI – Monitoring Dashboard
[3] Kerala Economic Review 2022; Directorate of Economics & Statistics, Govt. of Kerala
[4] Department of Commerce, MoCI, GoI – Export Import Data Bank
[5] National Import-Export Record for Yearly Analysis of Trade – Govt. of India
[6] Exim Bank report for FY 2021-22

Ernakulam, Alappuzha, and Kollam districts alone account for ~79% of Kerala's merchandise exports.[7]

2.4 Tourism, IT and ITeS, and healthcare services sectors are among the major services exports from the state. The quantum of IT exports (₹ 17,855.70 Crore during FY 2021-22)[8] and foreign exchange earnings from tourism (₹ 10,271.06 Crore during calendar year 2019)[9], demonstrate the importance of these sectors in the State's services exports. Even when the Services sector contributes to 63.8% of Kerala's Gross State Value Addition (GSVA)[10] during FY 2021-22, the share of the services sector in the total export earnings of the state is comparatively less as compared to its share in the GSVA of the state.

2.5 Despite being endowed with rich natural resources and legacy of trade with other countries from time immemorial, the share of Kerala's merchandise exports in State GDP is less than the 22.7% share that merchandise exports have in India's GDP and the rate of growth Kerala's exports (4.1% CAGR during the period 2014-15 to 2022-23) is much less than that of Indian exports (8.4%)[11]. The State is ranked 16th among all States in the value of merchandise exports during FY 2022-23[12]. Kerala is also ranked 16th among states in Export Preparedness Index-2021 released by NITI Aayog. The reasons for Kerala being ranked lower than most of the coastal states are the lack of suitable state export policy, the absence of district export plans, and heavy reliance on few commodities, countries for exports.

2.6 International trade, which works on the principle of 'comparative advantage', provides jobs, economies of scale, much-desired forex for a country, and commodities to the consumers. While key issues are dealt by the Government of India, initiatives of the state government are also vital for improving exports and vitalizing the industrial scenario and economy of the state. In this background, the State Government has decided to have a comprehensive roadmap ready to facilitate and support the growth of exports from the state commensurate with its economic advancement thereon.

[7] District-wise Export Data - Department of Commerce, MoCI, GoI – Monitoring Dashboard
[8] Kerala Economic Review 2022
[9] Kerala Tourism Statistics (2021) – Department of Tourism, Government of Kerala
[10] Directorate of Economics & Statistics, Govt. of Kerala
[11] Based on data from MoSPI
[12] National Import-Export Record for Yearly Analysis of Trade – Govt. of India

3 Need for Export Promotion Policy

3.1 The Export Promotion Policy of Kerala State reflects the government's commitment to unlocking the full potential of the state's exports. It emphasizes the importance of collaboration between industry, government, and academia to drive innovation, enhance productivity, and create sustainable and inclusive growth. Through targeted strategies and initiatives, the policy seeks to empower exporters, open new avenues for trade, and position Kerala as a preferred destination for international business partnerships.

3.2 With its unique blend of natural resources, skilled workforce, cultural heritage, and progressive business environment, Kerala is poised to become a prominent player in the global export arena. The Export Promotion Policy sets the stage for the state's exporters to seize opportunities, forge new partnerships, and make a mark on the global stage, ultimately contributing to the overall economic growth and prosperity of Kerala.

3.3 According to Exim Bank research, the state has an untapped merchandise export potential of nearly US$ 6.7 billion[13]. Kerala, which in the last few years has been devastated by floods, pandemics, and other natural calamities, has overcome the economic setback caused by them by way of its policy interventions, reform measures, forward-thinking growth orientation, etc. In this background, it is only prudent that the recovery from trying times is converted to long-term growth of the economy and employment generation. This can be significantly made possible by enhanced focus on the untapped export potential, which would aid its sustainable economic development and place it as one of the major export economies at par with the best in the World.

3.4 There has been a notable structural change in the state economy, as evident from the fact that GSVA of the manufacturing, services, and allied sectors have been growing over the recent years. Services is the fastest growing sector in Kerala, with IT, healthcare, and tourism being the key drivers of the state's services sector.

[13] EXIM Bank of India Working Paper on Promoting Exports from Kerala: Insights and Policy Perspective (June, 2020)

3.5 Keeping in view the long-term policies and futuristic growth prospects of the State economy, the State is now orienting towards attracting investments and promoting exports from entities belonging to sectors with high-value addition such as Biotechnology & Life Sciences, Maritime, Aerospace & Defence, Medical equipment manufacturing, Logistics & Packaging, Electronic System Design & Manufacturing, high value-added rubber product manufacturing, Food Technology etc. These growth prospects are being explored, whilst strongly retaining and ensuring the sustained growth of the traditionally important sectors such as Food & Agriculture, Marine products, Spices, Plantation produce, tourism, IT and ITeS which contribute significantly to Kerala's exports at present.

3.6 It is a pertinent and evidentiary fact that the successful growth of both developed and developing nations is fuelled by the excellent focus given to exports. In these nations, the export-oriented sectors are often employment-intensive, and hence, the expansion offers the creation of job opportunities as well. As the State Government plays a predominant role in the allocation of factors of production, it is inevitable that the State Government strategizes its policies, based on inherent competitive advantages, to achieve growth in exports, thereby realizing its true economic potential.

3.7 Although predominantly governed by the policies of the Central Government, exports are based on the comparative advantage of an economy or location. It is in this scenario that state governments, especially Kerala, gain significant advantages in terms of locational advantage, infrastructural supremacy, and many other related factors. The State Government has recognized exports as an engine of economic growth and a priority area for the development of the State economy & employment generation. The policy is being brought in with a vision to enhance the State's support to the export segment, thereby improving the exports from the State considerably and in a sustainable manner. The policy aims to create an ecosystem for businesses in the state to align their production and facilities as per the requirements of the international market thereby increasing the exports from the State.

3.8 Apart from enhancing the volume of exports, the focus will also be given to enhancing the value additions happening in the state whilst realizing higher revenue generation. This policy provides a framework for directions and

monitoring, which can be adopted to develop schemes for the export of products and commodities as per the specific value chains, which are currently being sold and have the potential to do better. The policy intends to support various initiatives, by using all available modes, including those with the support of the State Government or the Central Government or private capital support, including public-private partnership modes.

3.9 The Central Government has notified the financial incentives under the 'Foreign Trade Policy' (FTP), the State Government whilst aligning with the Central Government policy, focuses on providing facilitation and monitoring to boost exports and make the best possible use of the initiatives of the Central Government. The policy aims to focus on alternative means, in variation from the traditionally provided ones, to promote exports. The key focus areas to be explored are regulatory support, providing common infrastructure, supporting compliance with international standards, better coordination at ports and airports, optimizing the support of the Central Government, etc.

3.10 Kerala's new Export Promotion Policy is designed to support businesses in their international ventures. This policy aims to enhance export competitiveness, promote market diversification, provide financial incentives, streamline trade procedures, and foster innovation and skill development. By creating a conducive environment for exporters, Kerala aims to further strengthen its position as a globally recognized exporter of high-quality products and services.

4 Applicability of the Policy

4.1 The policy is applicable to new manufacturing/producing/service-oriented exporters as well as merchant exporters with or without warehousing, located in Kerala. The incentives under this policy are applicable only to facilities established or expansion of existing facilities, after notification of this policy. An assessment will be undertaken on an annual basis or at such times as decided by the Government to revise/modify the policy based on the need of the hour.

4.2 In case of expansion of existing facilities within the State after notification of this policy, incentives under this policy will only be applicable towards the

capacity or production or turnover or expenditure attributable to such expansion activity.

Vision, Mission, and Objectives

5 Vision

5.1 **Vision**: "To establish a globally acclaimed environment for exports in Kerala by anchoring on its core competencies, encouraging innovation by way of Made in Kerala branding, promoting sustainable & ethical practices by leveraging on its unique strengths and empowering the existing ecosystem to be an enabling environment for the growth and diversification of quality exports, thereby enhancing the State's economic prosperity, global competitiveness and transforming the State into a prominent player in the export segment."

5.2 Kerala, a State with abundant natural resources, a skilled workforce, and a rich cultural heritage, aims to become a prominent player in the global export market. This Export Promotion Policy aims to achieve the said goal by leveraging Kerala's unique strengths, fostering innovation, promoting sustainable practices, creating an enabling ecosystem, and supporting growth and diversification.

6 Mission

6.1 **Mission**: "To transform the state into a coveted export hub in the global export market by leveraging its inherent strengths and competitive advantages. Kerala aims to become a preferred destination for high-quality goods and services, catering to global demands."

6.2 To achieve this mission, the Government of Kerala will focus on the following specific goals:

6.2.1 **Leveraging Unique Strengths**: Kerala will identify and leverage its unique strengths such as its abundant natural resources, skilled workforce, rich cultural heritage, and strategic geographic location. By tapping into these strengths, the government aims to promote sectors & products that have a comparative advantage and establish export hubs in identified regions, thereby maximizing export potential. The State shall

promote skill development and capacity building to improve the competitiveness of existing export units.

6.2.2 **Fostering Innovation**: The government will foster a culture of innovation by supporting research and development, promoting technology adoption, and facilitating collaborations between industry, academia, and research institutions. By encouraging innovation-driven entrepreneurship, Kerala endeavors to create a conducive environment for the development of cutting-edge products and services that can meet global market demands.

6.2.3 **Promoting Sustainable Practices**: Recognizing the importance of sustainability in international trade and its long-term policy decision to adopt ESG practices, the Government will emphasize the adoption of environment-friendly practices. The Government aims to encourage sustainable sourcing, production processes, and packaging, promote eco-friendly certifications, and comply with international standards. By aligning exports with sustainability goals, Kerala aims to attract environmentally conscious consumers and strengthen its position as a responsible global exporter.

6.2.4 **Creating an Enabling Ecosystem**: The Government will establish a robust and supportive ecosystem for export-oriented businesses. This involves streamlining administrative procedures and enhancing trade facilitation measures. The Government will focus on developing world-class infrastructure, including logistics, transportation, and connectivity, to ensure smooth and efficient movement of goods and services. Furthermore, the policy aims to provide targeted financial incentives, export-oriented skill development programs, and export promotion agencies to support businesses at every stage of the export cycle. The Government will also establish an effective, proactive, and supportive institutional mechanism through the existing entities for the rapid growth of exports.

6.2.5 **Growth and Diversification**: The Government will identify new export opportunities and potential markets, both within and outside traditional sectors. By facilitating market access, conducting trade missions, participating in international trade fairs, and supporting market research, Kerala aims to expand its export footprint to at least USD 20 Bn by the

fiscal year 2027 - 2028, reduce dependency on specific markets, and enhance its resilience to changing global trade dynamics. The State will drive export growth with the aim to facilitate incremental growth of products in the focus sector, diversification through value addition, and prioritize market diversification.

6.2.6 **Global Competitiveness**: The Government will enhance Kerala's global competitiveness by fostering a favorable business environment and improving the ease of doing business. This involves strengthening intellectual property rights protection, promoting fair trade practices, and facilitating access to trade finance and insurance. Kerala aims to build a strong brand image for its exports, emphasizing quality, reliability, and customer satisfaction, thereby positioning itself as a preferred supplier in international markets.

7 Objectives

7.1 The policy aims to increase export volume and value, establish Kerala as an Export Brand, diversify the export base, enhance competitiveness, facilitate market access, promote sustainability and inclusivity, strengthen export infrastructure, foster innovation, and research & development, strengthen export promotion institutions, promote export awareness and education, and monitor and evaluate export performance. The key objectives of the policy are categorized as below:

7.1.1 **Become a Preferred Export Hub**

- **Increase the Export Volume and Value**: To significantly enhance the volume and value of exports from the state across various sectors. It also aims to boost economic growth, generate employment opportunities, and strengthen the state's position in the global market.

- **Diversify the Export Base**: To diversify the export base of Kerala by encouraging the development and promotion of non-traditional export sectors. By identifying and supporting new areas of export potential, the policy seeks to reduce reliance on a few sectors and create a more resilient and sustainable export ecosystem.

- **Facilitate Market Access**: To facilitate market access for Kerala's exporters by identifying and exploring new markets, negotiating trade agreements, and removing trade barriers. By actively engaging with international partners and creating a favorable business environment, the policy seeks to open up opportunities for exporters and increase their market reach.

- **Enhance Competitiveness**: To improve the competitiveness of Kerala's exports by providing necessary support and incentives to exporters. This includes facilitating access to finance, promoting technological advancements, improving infrastructure, and offering skill development programs to enhance the overall quality and competitiveness of exported goods and services. The focus will be on emerging areas such as e-commerce exports, developing districts as export hubs, etc. Also, ensuring enhanced compliance with global standards.

7.1.2 Sustainable and Panoramic

- **Promote Sustainability and Inclusivity**: To encourage environmentally friendly ethical practices, promote fair trade, and domestic manufacturing by way of 'Made in Kerala' branding, and support the participation of Micro, Small, and Medium-sized Enterprises (MSMEs), women entrepreneurs, and marginalized communities in export activities. This focuses on creating a more inclusive and socially responsible export ecosystem.

7.1.3 Infrastructure Support

- **Strengthen Export Infrastructure and Logistics**: To develop robust export infrastructure and efficient logistics systems to facilitate smooth trade processes. This includes improving transportation networks, establishing export-oriented industrial zones, enhancing port facilities, and adopting digital solutions to streamline export-related documentation and procedures. The setting up of Special Economic Zones in the State will be amply promoted, in close liaison with the Government of India.

- **Strengthen Export Promotion Institutions**: To strengthen the capacity and effectiveness of export promotion institutions in Kerala, as well as enhancing the role of trade promotion agencies, providing training and capacity building for export promotion professionals, and improving coordination between various government departments and agencies involved in export promotion activities.

- **Monitor and Evaluate Export Performance**: To assess the effectiveness of export promotion measures and make informed policy decisions. By establishing a robust monitoring and evaluation framework, the policy aims to identify challenges, address bottlenecks, and continuously improve the export promotion ecosystem in Kerala.

7.1.4 Cultivating Innovation and Knowledge Enrichment

- **Foster Innovation and Research & Development**: To foster a culture of innovation by providing support for R&D activities, encouraging technology transfer, and promoting collaboration between industry and academia. This objective seeks to position Kerala as a hub for innovative and high-value-added exports.

- **Promote Export Awareness and Education**: To raise awareness about export opportunities among businesses, entrepreneurs, and potential exporters. It seeks to provide export-related information, guidance, and training programs to equip exporters with the necessary knowledge and skills to succeed in international markets.

Strategy and Incentive Framework

8 Focus Sectors

8.1 The indicative table showcasing the profile of merchandise exports from the State and its proportionate contribution to exports from the country is enclosed herewith as Annexure.

8.2 The major exporting sectors in the State of Kerala are:

a) Spices, Food & Agri, Plantation Products
b) Marine Products
c) Engineering Goods
d) Petroleum Products

8.3 Kerala's merchandise exports, especially in the value-added segment, come from low value-added products of the spices, food & agri, and plantation sector, which contribute to 26.5% of Kerala's merchandise exports in entirety. However, with varied factors including the increased global competitiveness, the introduction of other cheaper alternatives, variations in climatic conditions etc., the yield and export competitiveness of these sectors are now being strained.

8.4 Further, marine product processing in the State constituting 23% of Kerala's exports has been primarily dependent on sea catch, however, Kerala's share in India's marine exports is steadily declining (from 18% during 2011-12 to 11.5% during FY 2021-22) owing to climatic conditions and other factors[14]. Further, the policy of the State Government restricting marine culture (to protect the traditional fishermen community) has led to the exporters depending on other states, which are focusing on the culture of marine products for export purposes just to stay competitive.

8.5 In order to sustain and improve the exports from Kerala, it is necessary that the policy initiatives must promote production and exports from other key focus sectors as well. In this sense, there is a need to develop 'Value chain' based actions as schemes for each of these identified sectors including the sunrise sectors. Also, provisions may be included to add new commodities

[14] MPEDA data and EXIM Analytics of DGCIS

to the existing identified ones from time to time. To begin with, the policy focuses on the following high-growth export potential areas viz.:

a) Spices, Horticulture and Agriculture products
b) Shrimp and other Marine products
c) Processed food products
d) Engineering goods
e) Petrochemical Products
f) Organic and Inorganic Chemicals
g) Textiles and Garments
h) Defence and Aerospace
i) Electronics and allied manufacturing
j) Ancillary engineering and technology
k) Ayurveda and Pharmaceuticals
l) Services including IT, Healthcare etc.
m) GI listed products from the State

9 Strategy

9.1 In this context, the following strategic initiatives are proposed to support and promote exports from Kerala:

9.1.1 **Supportive Institutional Mechanism**:

a) Establishing a State Desk for Export and an online grievance redressal portal for providing support to exporters and speedy redressal of grievances.
b) Export Promotion Committees (EPCs) to be operationalised at the State and District levels to prepare district-wise export profiles, identify sector-specific support, lay down key performance indicators and support measures required for acceleration of exports in sectors in which the State has competitive advantages and to encourage them in consultation with the concerned sectoral associations. The Government will also facilitate the development of sector-specific export policies and the creation of District-level Export action plans as well.
c) EPCs shall work in close coordination with the Government of India agencies to maximize the benefits from the Districts as Export Hubs initiatives.
d) Facilitate the formation of export consortia or clusters where exporters within specific industries collaborate and share resources, knowledge, and

market insights. Foster a supportive ecosystem that encourages cooperation, joint marketing efforts, and economies of scale to strengthen the competitiveness of export industries.

e) Creation of a digital platform to connect exporters with global buyers, support them in navigating export procedures, and provide access to trade-related information, market trends, and logistics support.

f) Strengthen the 'Commerce Mission' constituted by the State Government to facilitate & enhance exports from the State by preparing export strategy in association with industry associations and other stakeholders, creating awareness about marketing schemes of the State and Central Governments, conducting sector-specific exhibitions/ B2B meets and awareness programs, among other things to promote economic growth and sustainable development in the State.

g) Constitution of Sectoral Advisory Committees consisting of representatives from KSIDC, Nodal Officers from various Departments of Government of Kerala, Industry representatives from Kerala, and academia, to suggest initiatives and facilitate exports from the State.

h) Presently, Kannur, Aroor-Ezhupunna-Kodanthuruthu & Kuthiathodu, Alappuzha and Kollam have been notified as Towns of Export Excellence (TEE) for Handlooms, Seafood products, Coir and Cashew products respectively. The State Government shall co-ordinate with various other State Departments and identify the other towns that could be notified as TEE and pursue with DGFT for notification of such Towns.

i) Strengthening the state's association with export promotion institutions in India and other relevant institutions to create an integrated approach wherein exports will be promoted and assisted, in line with the Foreign Trade Policy and other Export-Oriented Policies of the Departments / Agencies of the Government of India.

j) Optimizing use of Government of India schemes for industrial development, logistics, export facilitation credit availability such as Sagarmala, Trade Infrastructure for Export Schemes, MSE-CDP, etc.

k) Efforts will be made to have offices of the Government of India's institutions concerned to have a regional office in the state and work with them in close coordination.

l) The Government of Kerala shall engage with Ministry of Civil Aviation – Government of India for establishing a Freight Regulatory Authority in

order to check exorbitant freight charges affecting exporters, as also other freight-related matter to promote exports.

m) Streamline export procedures, documentation etc. to reduce hurdles and enhance efficiency.

n) Pursue other export clusters in the State, in line with the Agri-Export Clusters in Thiruvananthapuram, Thrissur and Wayanad identified by the Government of India.

9.1.2 Industrial and transport infrastructure to boost exports

a) An assessment of industrial and transport infrastructure, including warehousing, connecting roads, rail connectivity, enhancement of facilities at ports and cargo facilities at airports to be carried out to find requirements, supportive of exports.

b) Addressing the gaps identified, and progressive planning to develop such infrastructure, through various 'modes', to improve export competitiveness. Eventually, an 'Export Infrastructure Grid' will be established for the processing and evacuation of goods.

c) Compliance to regulations for transport of goods will be promoted. In case of non-compliance and for clearances / approvals required, exporters will have provisions for fast-track mechanism.

d) As a part of port infrastructure development, the state shall undertake a detailed study to improve the berthing facilities for cargo vessels and assist in developing infrastructure as may be required inside the ports and near the ports.

e) Along with this, the railways conduct studies to lay new rail tracks for transporting bulk cargos to and from vessels. Re-laying of damaged/ worn roads and building RCC platforms inside and around ports.

f) Assist in developing infrastructure as may be required inside the ports and also near the ports.

g) Coordinate with the Ministry of Shipping and the Indian Port Association and take appropriate measures to bring in mother ship vessels to Kerala's ports.

h) Air cargo terminals will also be planned in key airports in the State.

i) Develop open storage yards and warehouses for storage of exportable products near ports and other suitable places, including the construction of new houses with mechanized loading and unloading in compliance with international practices, through various modes.

j) The State Government will take steps to set up ICD/Dry port facilities with the assistance of the Government of India at the export centres so that there are no difficulties in cargo storage, customs clearance, and container availability at these locations.

k) Undertake Cost-Volume study of air cargo and viable routes will be supported for export promotion and developing new markets. Air cargo terminals will also be planned in key airports in the state.

9.1.3 Supporting International quality standards and compliances

a) Exporting requires following international standards, most of which are specific to products/ sectors concerned. Non-compliance leads to rejection of the consignment and loss to the exporting country. Awareness on ensuring compliance and producing for export will be undertaken to improve exports from the State.

b) Strengthening of quality testing labs and facilities by upgrading existing labs and establishing new world-class testing labs throughout the coastal areas through various modes, including PPP.

c) Traceability of marine and agri produce would be put in place to track, test, and certify the produce from the state right from the farm level, to facilitate organic certification.

d) Opportunities for registering products under the 'Geographical Indicator' mechanism will be made, wherever possible. Also, authorized user drives to bolster the strength of extant regulations on GI shall be explored.

e) Efforts will be made to establish an 'Export Inspection Council' in the State to train on pre-export inspection and on procedures to receive certification for focus products.

f) Information on the standards and technical regulations of our trading partners is also vital, especially where such standards/ regulations are not based on international standards. These will be made available to the exporters as well as agencies regulating/certifying exports.

g) Offer targeted training and capacity-building programs with a focus on areas such as market intelligence, international marketing, export finance, logistics, GMP/GAP awareness and compliance with international trade regulations, to enhance the export-related skills of entrepreneurs, exporters, and professionals.

h) Assistance from DGFT to be pursued to increase awareness on license related to exports, credit / financial products, country wise quality parameters etc.

9.1.4 **Improve gross volume, value addition, product development and packaging**

a) Collaborations with foreign entities will be facilitated to invest in sectors having potential for integrating with Global Value Chains (GVCs).
b) Interventions to decrease the cost of manufacture & export will be promoted to improve the volume of exports.
c) Availability and cost of raw materials can be a major constraint for manufacturers. To ensure timely supply of quality raw materials to producers, raw material banks are envisaged to be set up through various modes. These raw material banks can supply the required raw materials to exporting units as and when required.
d) Efforts will be made to develop products and product features as per trends in the international market.
e) Use of new technology, Research & Development, technology acquisition, commercialization of technology and other ways will be adopted to support higher value addition, new product development and packaging. Due consideration will be given to Innovation, Start-ups, and Incubation.
f) Encourage exporters to innovate and develop products and services with high value-addition and differentiation. Support research and development activities to enhance product quality, design, and functionality. Reservation of a portion of allottable land in Export Oriented Industrial Parks, for R&D purposes, will be considered in due course by the Government to further this objective.
g) Identify and target new markets for Kerala's exports beyond traditional destinations. Conduct market research to assess demand, cultural preferences, and trade regulations in emerging markets. Develop targeted marketing campaigns and trade missions to promote Kerala's products and services in these markets. The Government will also be conducting survey of potential sectors equipped for exports currently in the State.
h) Areas of skill development, specific to export will be identified and state support will be provided, including support from KASE, ASAP, etc.

i) Avenues of exports through e-Commerce route will also be supported and options of demand aggregation and supply aggregation will be explored to ensure benefits of scale.

j) Coordination with the Indian Institute of Packaging and other such institutions will be established for improving packaging for exports.

k) Strong direct linkages between exporters and first-hand producers to be promoted.

9.1.5 **Export Promotion**

a) The Department of Industries is key for the implementation of the policy. The officials of Department of Industries will be trained in EXIM related subjects and re-trained to keep them updated on latest developments. A list of essential training, including sectoral-specific compliances, will be created, and implemented by the Government.

b) A strong analytical database on export decision-making, including that for market potential for exports will be put in place for business.

c) A dedicated advisory support unit will be established to provide guidance and expert assistance to exporters in market research, identify emerging trends, export strategy development, regulatory compliance, and international trade negotiations. Government will also consider setting up Export Promotion Product Advisory Committees at the District and State levels;

d) The State Government shall invite proposals from recognized associations of units regarding export promotion projects for marketing, capacity building and technological services, wherein financial assistance shall be facilitated under the Market Access Initiative Scheme (MAI) of the Government of India.

e) Launch comprehensive export promotion campaigns to create awareness about Kerala's export potential, showcase the success stories of exporters, and highlight the benefits of exporting. Leverage various channels, including digital platforms, trade shows, and business events, to reach target audiences and attract potential buyers.

f) 'Produce for export' campaign will be launched for exporters to focus on product development as per market demand. Demand assessment and market intelligence model will be put in place for key products and key markets.

g) The 'Buy from Kerala' campaign will be launched for importers to provide their requirements. The campaign will have an annual outreach plan. The possibility of having an export promotion desk in Kerala Bhavan, New Delhi, and trade centers in metro cities will be explored and implemented.

h) Participation in export exhibitions in India and abroad will also be supported, including schemes related to 'Market Development Assistance' and other such schemes.

i) The Government of Kerala to institute awards for exporters from the State excelling in exports.

j) Efforts will be made to ensure industry-academia linkages by way of incorporating details on Exports and Industrial Development in school and university curriculum in the state. Foster collaborations between industry and academia to drive innovation in export-oriented sectors.

k) Facilitate access to affordable and flexible export financing options for exporters, including export credit, working capital loans, and insurance products.

l) 'Exporter's Card' shall be issued to the exporters of the state having a good track record, for early passage of export consignment at check gates of the State Government agencies on a priority basis, subject to the condition that the provisions of policies, rules, regulations, instructions, etc., issued by State Government and in force are not violated.

m) Support coordination of exporters with all stakeholders, including buying agents, who will have greater details of the exact requirements of the international market.

n) The creation of awareness among industries and potential entrepreneurs will occur through several means in each district about exports.

o) Awareness among industries and potential entrepreneurs will be created through various means in each district about exports.

p) Identify new markets and leverage India's trade agreements with developed / developing countries to build healthy economic and trade relationships.

9.1.6 Funding and Performance Management

a) A fund, as a part of the budgetary allocation to the (agencies under) Department of Industries, will be set up to support export-related activities, development of infrastructure, organizing promotional activities, market research, and supporting industries to participate in outreach activities.

b) The State Export Promotion Committee will guide and monitor the implementation of the policy, seeking support from other Central Government agencies and State Government agencies, on a need-to basis. The Committee will also undertake steps for identifying sectors that are able to enhance export volumes.

c) Collaboration with other state government departments and agencies will be sought to support implementation of the policy, including outreach through field offices.

d) A quantitative performance (KPI's) based system would be developed for measuring the effectiveness of the strategies for export promotion, covering all provisions of this policy.

e) An online system for exports will be developed as required to make information available to industry, demand aggregation, and other activities.

f) Emphasis will be on 'Replicable and Multiplier' model, i.e., something which is working will be amplified for other exporters, regions, products, countries, etc.

9.1.7 **Produce import substitutes to strengthen the value chain**

a) Potential for import substitution products will be identified where the State has considerable presence or strength in sectors from which products are being imported by the country.

b) Importing EXIM number holders will be contacted with the support of DGFT to source products from the state.

c) Concerns of the importers about buying locally will be addressed as much as possible, with a specific focus on technology-based inputs.

d) Feedback on product specifications and quality will be used to improve the export ecosystem.

10 Incentives

10.1 The policy will be a comprehensive framework to provide all kinds of assistance towards promoting sustainable exports from the State. The incentives under the scheme detailed below will not be exhaustive, as they also shall include benefits as elaborated under the strategy, vision,mission,etc., and are bound to be enhanced from time to time as per the prevailing Government schemes:

10.1.1 **Fiscal Incentives**

a) **Export Infrastructure Support:** A one-time subsidy of 25% of the infrastructure investment, limited to INR 1 crore per entity, will be provided to exporters for setting up export-oriented infrastructure facilities, such as cold storage units, warehousing, logistics centers, and testing laboratories. This will be provided to entities within the State as a means of bridging the gap in availing assistance under the Trade Infrastructure for Export Scheme of the Government of India.

b) **Export Turnover-based Incentive:** An incentive of 1% of Free Onboard Value (FOB) value, limited to INR 1 Crore per annum, will be provided for a period of 3 years for units exporting from the State.

c) **Logistics Assistance:** Reimbursement of 50% of logistics expenses incurred for exporting products, including transportation charges, handling charges, etc. at ports, with a ceiling of INR 15 lakh per unit per annum for a period of 5 years from the date of their first export.

d) **Export Marketing Assistance:** Provide subsidies, by way of reimbursement of 75% with a ceiling of INR 2 lakh per year, to exporters for participating in national and international trade fairs, exhibitions, and buyer-seller meets to promote their products and services.

e) **Export Documentation Assistance:** Offer subsidies, to the extent of 50 percent of expenses subject to a maximum of INR 2 Lakh per unit per annum for a period of 2 years, to cover the costs associated with export documentation, including certifications, quality testing, and compliance with international trade regulations.

f) **Export Development Fund:** Establish a dedicated fund to provide financial assistance and subsidies to exporters for market research, product development, branding, and promotional activities.

g) **Export Research and Market Intelligence: The** Government shall allocate funds of up to INR 1 crore per entity for conducting in-depth market research and analysis to identify emerging trends, untapped markets, and product-specific demand. This information can be made available to exporters at subsidized rates or as a part of the export advisory services. This assistance will be provided to entities that have been provided support under the Market Access Initiatives scheme of the Government of India.

10.1.2 Non-Monetary Incentives

a) **Export Training and Skill Development:** Offer export-related training programs, workshops, and skill development initiatives to enhance the

capabilities and knowledge of exporters in areas such as export procedures, international marketing, quality standards, and trade regulations.

b) **Export Skill Upgradation:** Provide skill upgradation and capacity-building trainings / support to employees in export-oriented industries, enabling them to acquire new skills and knowledge necessary for enhancing productivity and quality standards.

c) **Research and Development (R&D):** Offer support services to encourage exporters to invest in research and development activities aimed at product innovation, technology upgradation, and process improvement to enhance competitiveness in the global market.

d) **Export Packaging:** Provide training and skill development support for the improvement of export-oriented packaging, including eco-friendly and sustainable packaging solutions.

e) **Establishment of NABL-accredited labs / labs with international certifications:** Quality testing labs / infrastructure facilities shall be strengthened by upgrading existing labs and by establishing new world-class testing labs throughout the coastal areas through PPP modes.

f) **Export Incubation Centers:** Establish specialized export incubation centers that provide comprehensive support to start-ups and emerging exporters. These centers can offer subsidized office spaces, mentoring, access to market research, networking opportunities, and assistance in navigating export procedures.

g) **Export Advisory Services:** The government shall set up a dedicated advisory service unit that offers personalized guidance and expert advice to exporters. This service can provide assistance in market research, export strategy development, regulatory compliance, and international trade negotiations.

10.1.3 Other Incentives

a) **Digital Export Platform:** The Government shall create a state-sponsored digital platform that connects exporters with global buyers, simplifies export procedures, and provides access to trade-related information, market trends, and logistics support. This platform can offer subsidies or discounted ratesfor exporters utilizing its services. This portal will be integrated with the Government of India's digital platforms.

b) **Export Consortia:** The government shall encourage the formation of export consortia or clusters where small and medium-sized exporters pool their

resources and expertise to collectively pursue international opportunities. The policy can provide financial support to these consortia for joint marketing initiatives, participation in trade shows, and shared infrastructure.

c) **Card:** An Exporter's Card shall be issued to the exporters of the State having a good track record for early passage of export consignment at check gates of the State Government agencies on a priority basis subject to the condition that the provisions of policies, rules, regulations, instructions, etc. issued by the State Government in force are not violated. The Exporter's Card shall be issued based on the following criteria:

- 100% EoUs and Export houses as defined under the Foreign Trade Policy of the Government of India or units in the SEZ or as per provisions issued by DGFT, Ministry of Commerce, Government of India from time to time.
- The exporter should not have pending cases of tax dues beyond 6 months other than normal appeals.
- Has not been ever convicted in cases of tax evasion or fraud.
- Timely deposit of provident fund amounts for its employees and compliance / non-pending payment of all statutory dues.
- Timely filing of all statutory compliances.
- The Exporter's Card would entitle the holder to a minimum inspection and speedy clearance of all proposals by all Departments of the State Government. For example: Trucks carrying cargo of cardholders would have a minimum inspection at check post and would not be detained.
- Grievances of cardholders relating to all Departments will be addressed on a priority basis.
- Issue of statutory forms / facilitation on demand without rationing.
- Complaint-based surprise visits will be allowed by none other than state-level officers or else visits will be with prior intimation only.
- Green channels shall be established for perishable commodities.

11 Validity of the Policy

11.1 The Export Promotion Policy, comprising provisions relating to export and import, shall come into force with effect from the date of approval of the policy and shall continue to be in operation unless otherwise specified or amended. All exports and imports made up to **1st April 2024** shall, accordingly, be governed by the relevant Foreign Trade Policy, unless otherwise specified.

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Annexure

Table 1: Merchandise Exports from Kerala

Sl. No.	Description of Commodities	Merchandise Exports from India during 2022-23 (in Mn USD)	Merchandise Exports from Kerala during 2022-23 (in Mn USD)	% Share in Kerala's Merchandise Exports 2022-23	Kerala's % share in India's Merchandise Exports 2022-23
1	Marine Products	8,078.10	1,005.67	23.00%	12.40%
2	Spices	3,788.39	554.64	12.70%	14.60%
3	Engineering Goods	1,07,042.37	553.41	12.60%	0.50%
4	Petroleum Products	94,524.57	452.64	10.30%	0.50%
5	Others	28,764.81	290.75	6.60%	1.00%
6	Organic and Inorganic Chemicals	30,311.98	239.93	5.50%	0.80%
7	Cashew	356.37	167.75	3.80%	47.10%
8	Ready-made garments of all textiles	16,191.48	147.95	3.40%	0.90%
9	Fruits And Vegetables	3,205.62	134.77	3.10%	4.20%
10	Electronic Goods	23,571.86	114.52	2.60%	0.50%
11	Gems And Jewellery	37,956.88	98.89	2.30%	0.30%
12	Tea	817.58	101.45	2.30%	12.40%
13	Carpet	1,366.08	72.79	1.70%	5.30%
14	Coffee	1,146.17	74.62	1.70%	6.50%
15	Cereal Preparations and Miscellaneous Processed Item	2,613.99	64.15	1.50%	2.50%
16	Cotton Yarn/Fabs/Made-ups, Handloom Products Etc.	10,946.21	67.21	1.50%	0.60%

Sl. No.	Description of Commodities	Merchandise Exports from India during 2022-23 (in Mn USD)	Merchandise Exports from Kerala during 2022-23 (in Mn USD)	% Share in Kerala's Merchandise Exports 2022-23	Kerala's % share in India's Merchandise Exports 2022-23
17	Rice	11,143.24	58.02	1.30%	0.50%
18	Ceramic Products and Glassware	3,736.00	47.37	1.10%	1.30%
19	Jute Mfg. Including Floor Covering	438.38	38.06	0.90%	8.70%
20	Drugs And Pharmaceuticals	25,394.04	25.27	0.60%	0.10%
21	Plastic And Linoleum	8,365.76	20.41	0.50%	0.20%
22	Handicrafts Excl. Hand Made Carpet	1,688.68	12.76	0.30%	0.80%
23	Man-Made Yarn/Fabs/Madeups Etc.	4,948.92	11.8	0.30%	0.20%
24	Mica, Coal and Other Ores, Minerals Including Process	5,138.52	8.62	0.20%	0.20%
25	Meat, Dairy and Poultry Products	4,029.50	3.07	0.10%	0.10%
26	Tobacco	1,213.28	5.84	0.10%	0.50%
27	Iron Ore	1,796.65	0	0.00%	0.00%
28	Leather And Leather Manufactures	4,752.39	1.48	0.00%	0.00%
29	Oil Meals	1,600.92	0.76	0.00%	0.00%
30	Oil Seeds	1,337.81	0.09	0.00%	0.00%
31	Other Cereals	1,193.28	0.29	0.00%	0.00%
	Total	**4,47,459.83**	**4,374.98**	**100%**	**0.98%**

Source: National Import-Export Record for Yearly Analysis of Trade

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