

DRAFT POLICY FOR EXPORT PROMOTION FOR THE STATE OF KERALA

2022-27





Preamble

Kerala located in the South Western corner of the India mainland has an area of 38,863 sq km and is home to around 33 million people. Being strategically located, Kerala has a coastline of around 600 km and also boasts of fertile midland, lush highlands and also is watered by 44 rivers running across the breadth of the state. Kerala enjoys a moderate climate and receives rainfall almost all year round. The state has over the years become socially progressive and the literacy rate highest in the country with a large workforce with an extensive skill pool. The state also boasts a large and effluent diaspora spread across the world.

Being endowed with these conditions have resulted in Kerala being in the Goldilocks zone for a number of economic activities. Kerala is among the most economically prosperous states in the country. The major economic sectors in the state include – Seafood and Marine Products, Plantation Agriculture, Gems and Jewellery, Tourism and Hospitality, Agricultural and allied products, Education and Research, traditional industries like – handloom, coir, handicrafts, cashew etc., IT and IT enabled Services, Pharmaceuticals etc.

In the last couple of decades world has expanded in terms of variety and inclusivity of products, services and people and at the same time the virtual distances between them have shrunk paving way for more accessibility and lesser logistic costs. It is in this context that it is necessary for a state like Kerala , which in the last few years have been devastated with floods , pandemics and other natural calamities to strive for rapid and sustainable economic development by finding its potential place among the major export economies in in the World .

As per the data published by DGCIS, the total exports from Kerala for the year 2020-21 is 291.5 billion Rupees accounting to around 1.35% of the total exports of the country.

This policy intended to act as comprehensive guiding document for promoting exports in the state of Kerala and providing necessary structural, financial and facilitation support to existing and new export-oriented entities in the state

Overview

Historically, Kerala has been known across the world as a hub of international trade. The location close to the Maritime trade routes, the long coastlines and resource richness has led to a flourishing trade with records dating back to the 3rd millennium BC. The Kerala coast was and integral part of the spice route and ports from Kerala like Muziris, Beypore, Kochi exported spices to the Middle East and Europe. Apart from spices the commodities exported from the coast included coir, traditional shipping vessels, semi-precious stones, ivory, timber, silk etc. It is also noteworthy that monopoly vast exports from Kerala coast was what prompted the Europeans to discover fresh sea routes to the East. The ports in Kerala were also part of the Silk Route and traded extensively with the far East, it is comfortably located close to the sea route connecting and the Far East to Europe and therefore extracted the merits of both worlds.

In the years since independence, Kerala has set itself in a path of sustainable social development. The state has meticulously build social infrastructure and enacted reforms which has put it in the league of developed countries in terms of human development albeit with a modest state income. The state also boasts a strong diaspora spread across the globe.

Vision Mission and Objectives

Vision

To establish Kerala as an export haven and make global markets accessible to common people.

Mission

To increase the share of exports from Kerala to 10% of total exports from India by positioning Kerala as a reputable brand in the global market and by strengthening the export potential of the state's economy.

Objectives

To create a robust institutional framework for facilitating sustainable growth in exports from Kerala

To create and improve export related infrastructure in the state including major and minor ports, air cargo facilities, storage facilities, Container depots, cold storages facility, rail-road connectivity, inland waterways

To provide necessary incentives financial or otherwise to Export oriented units functioning in the state.

To augment export from traditional sectors like coir, cashew, handloom, jewellery etc. by incorporating state of the art value addition and quality assurance

To develop new focus areas in export such as medical equipment and pharmaceuticals, precision equipment, IT and IT enabled services, Electrical Mobility, Consumer Electronics etc.

To upgrade product and process of existing enterprises and clusters to export standards and facilitate exports.

To create a conducive business environment for establishment of enterprises and clusters providing world class products and services

To provide necessary marketing support to enterprises in the state to find overseas markets and provide assistance to serve the markets

Liaison with National and international organisation and business enterprise for developing world class products and promoting exports from the state.

Expansion of markets catered by exports from Kerala to more countries.

To identify products/services with potential exportability in each district and establish them as specialised export hubs of the product/service

Thrust Sectors and Proposed Interventions

The state of Kerala is endowed with a number of sectors which has export potential. The export policy of the state must encompass tailor made intervention in these sectors to leverage their export potential. The following sectors have been identified as potential foreign trade earners.

Sector		Remarks
Food and Food Processing	Tropical Fruits	The topography and climate of Kerala is favourable for the cultivation of large variety of tropical fruits like Jackfruit, Pineapple, Banana, Mango. Export of tropical fruits generally have the disadvantages of being seasonal and of limited shelf life. Once these issues are addressed tropical fruits and their value added products have the potential of being a major export revenue earner for the state. Value added products like - jams, jellies, wine, health products, juices may be focussed for exporting. Interventions needed: Cultivation of standardised and high yielding varieties, Innovative product and process value addition, adequate cold storage and cold chain

Cocc	onut	Kerala has been from time immorial been known for trade of coconut and allied products . Coconut Oil and other products enjoy huge demand across the globe for food and therapeutic/cosmetic purposes especially among the Kerala diaspora. The major exportable products related to coconuts are - Coconut Oil, Virgin Coconut Oil , Neera , Tender Coconut , Dessicated coconut , coconut milk and cream etc. The major issues faced are pest related issues , Produce Quality , reduction of land under coconut cultivation , lack of skilled labourers , outdated technology etc.
		Interventions Needed : High yielding varieties of coconut , modern farm practices , Innovative product and process value addition , adequate cold storage and cold chain
Te	a	The highlands in Kerala are ideal for the cultivation of tea. Estates and brands have developed in the state and has the tea from Kerala has gained considerable demand in the global market . The production and marketing of tea is limited to large industrialists
		Intervention Needed : Branding Kerala Tea , Identifying potential markets
Cof	fee	Kerala is the second largest coffee producer in the country. Coffee cultivation is a labour intensive and with limited mechanisation. The production of coffee is limited to Wayanad and highland districts and the cultivation is fragmented. There is also a shortage of processing units of the
		Intervention Needed: Branding of Kerala Coffee, Developing means for mechanisation of coffee farming, post-harvest processing
Spic	ces	Kerala is known as the Spice Capital of the World. Civilizations from across the globe have travelled to the state for trading in spices. The major spices produced in the state are - Pepper, Cardamom, Cinnamon, Ginger, Turmeric, Clove, Nutmeg, Mace, Vanilla, Tamarind, Cumin etc. Spice can be exported as such and also as extract and oils.
		Intervention Needed: Newer Technologies in value addition, Identifying newer markets and tapping the potential of traditional trade routes.

	Tuber Products	Tuber crops are one of the most important crops in Kerala. The State has enormous potential for cultivation of tuber crops such as Tapioca, Sweet Potato, Yams, Elephant Foot Yam and Taro etc. The sector suffers from lack of value addition and branding. Intervention Needed: Cultivation of high yielding varieties, Innovative product and process value
Marine Products and Seafood		addition, adequate cold storage and cold chain Kerala has a coastline of over 600km which provides access to a plethora of marine products including - fish, shrimp, shellfish, sea weed, ornamental fish etc. The major issues faced by the sector is lack of processing and testing facilities, traditional fishing practices, limited value addition, Sub optimal Fishing harbours etc Intervention Needed: Cold Chain and Processing Facility, Identification of international markets, facilitating registrations and certification, promotion of state of the art fishing technology, international standard laboratory facilities utilizing unexplored marine resources.
Rubber		Kerala is the foremost producer and exporter of natural rubber in India. However the sector is currently facing decline. Rubber in Kerala faces stiff competition from countries of the far East and also synthetic varieties. Rubber cultivation also suffers from relatively high cost of production and fluctuating prices
		Intervention Needed: Establishing export oriented rubber parks, Collaboration with multinational automobile, medical equipment, footwear/fashion industry etc, Innovative farming and processing techniques
Traditional Industry	Coir	Coir has traditionally been one of the major export products from Kerala. Now the industry faces competition from states like Tamil Nadu . The industry suffers from using obsolete processes and machinery . Exportable coir and allied products from Kerala include - Coir, Geotextile , Coir pith , boards , furnishing etc
		Intervention Needed : Branding , Mechanisation , Process Optimisation , Raw Material Banks , Skill Development

	Handloom	Kerala's handloom products have caught the imagination of the world. Renowned for its impeccable quality, elegant designs and characteristic weave, theses wide ranging handloom products are deeply embedded in tradition and culture.
		Intervention Needed : Branding , Designing , Skill Development , Raw Material Banks
	Handicraft	Kerala has rich tradition of handicraft . Handicrafts from Kerala - Aranmula Mirrors , Wooden sculptures , Pottery , Jewellery , Bell metal , Shell Art , Murals etc are in high demand across the Globe . Exports in this sector are impeded by supply chain inefficacies , capital shortage , lack of skilled workers and absence of new artisans .
		Intervention Needed : Branding , Streamlining finances , Skill Development , Identifying and tapping new markets , Creation of raw material banks
	Cashew	Kerala is the major exporter of cashew in the country . However 90% of the raw material processed in Kerala is being imported . Processes used in cashew processing are outdated .
		Intervention Needed : Branding , Process modernisation , Raw Material Banks
	Ayurveda Products	Kerala Brand of Ayurveda is renowned world over . Tourists travel from all around the Globe for traditional treatment in Kerala . This opens up a market for Ayurvedic medicines and other wellness preparations to be exported.
		Interventions Needed : Identification of new markets , Quality Assurance ,Certification and Testing,

Wooden Furniture and Plywood	Eastern taluks of Ernakulam, Calicut, Kannur and Kottayam districts are the main source of Timber and allied products in Kerala. The demand for wood in Kerala is chiefly met from the home gardens and rubber plantations, followed by import from other states and from abroad. Government owned forests supply only a very meagre quantity. Important structural timbers traditionally used for construction and furniture making include teak, Jack wood, Aini, mahogany, rubber wood etc. Rubber wood is the main raw material for making Plywood. Other major products in the export Portfolio are laminates, MDF, Multiwood etc. Interventions needed: Wood based clusters to treat wood so that all varieties of wood can be affectively processed and utilized. Common facility centres can be utilized for testing, research design and packaging.
Textiles and Garments	Major textile exports from Kerala include - kids wear , sports apparels , ethnic wear etc. The raw material is predominantly imported from other state . There is a shortage of skilled workforce in the state. Intervention Needed : Streamlining the supply chain to ensure uninterrupted production , Designing and Packaging , Skill Development ,
Gem and Jewellery	Marketing and Branding Jewellery is the value one of most predominant exports from Kerala . Gems and Jewellery trade is majorly led by large business enterprises and the benefits of exports seldom trickle down to the artisans . The prohibitory price of Gold and gems creates a barrier for new entities from entering the market. Intervention Needed: Branding of Kerala Jewellery , Cluster approach in jewellery production , quality assurance , Hallmarking etc.
VIII. Medical Equipment and Pharmaceuticals	Kerala is an important destination of health and allied activities in the country. This niche may be leveraged to augment export of medical equipment and pharmaceuticals from Kerala. In the wake of the pandemic situation the Government is taking measures to improve production in the sector. Intervention Needed: Establish dedicated parks for production, Tie up with international pharma brands and research institutions, Provide IPR support

IX. Precision Engineering (Aviation, Space, Defence)	Due to the presence of ISRO, Brahmos etc. a large number of ancillary units specialising in precision engineering are present in the state. These units use most advance technology and machinery for their operations and are, with necessary intervention, capable of supplying expert quality precision components to the global market.
X. Tourism	Kerala is one of the few states to have marketed its natural beauty successfully to the leisure tourism sector. Kerala's ecological endowments including its serene rivers, lakes, calm backwaters and huge forest area have placed the state among the most popular tourist destinations in the country. Popular tourist destinations in Kerala include beaches of Kovalam, Varkala, Marari, Bekal and Kannur; backwaters of Kumarakom, Alappuzha, Kollam, Kochi and Kozhikode; and hill stations of Ponmudi, Munnar, Wayanad and Vagamon. Kerala has several well-known wildlife reserves, including the Periyar Wildlife Sanctuary, the Eravikulam National Park, the Thattekad Bird Sanctuary and the Parambikulam Wildlife Sanctuary. Medical tourism is also an area to be overlooked considering the low cost quality services we can deliver here. Ayurveda based treatments provided in Kottackal can also be considered to be the part of this. Interventions required: Govt Sponsored tourism packages - Kerala Heritage circuit- Festival tourism - Foreign collaborations to bring more tourists
XI. Education and Knowledge Economy	Kerala is famous for its achievements in education sector by being one among the most literate state in India. Kerala have education accessible to common man at a lower cost compared to any other state in India. We have 6 universities and autonomous colleges in Kerala. Interventions needed: Promote foreign tie ups and introduce exchange courses- incentives for foreign students -
XII. IT and IT Enabled Services	The state has a techno park in Thiruvananthapuram, which has been instrumental in attracting global electronics manufacturers, and has an info park in Kochi and a cyber park in Kozhikode. Availability of quality manpower at lower cost is the X factor. Interventions needed: Bring in more foreign collaborations to start New IT Parks in Palakkad and Kasaragod-Ensure Connectivity between IT Hubs-

	Electrical Mobility	World over Electrical is an upcoming industry with major automobile producers and developed countries moving away from fossil fuel-based automobiles. Presently KAL, is assembling and exporting e vehicles from the state. However there is a need for strengthening the sector by international collaboration for technology. In Kerala, component manufacturing - battery, drive, charging system. Intervention Needed: International Collaboration, R&D support
Upcoming Sectors	Consumer Electronics	Assembly of consumer electronics is an emerging industry in Kerala. However, there is very minimal component manufacturing in the state. The market for consumer electronics is ever growing and if tapped in effectively the sector could be a major revenue generator for the state. Collaborating with international market leaders in the sector and manufacturing their components locally could be game changer in the export potential of this industry Intervention Needed: International Collaboration, R&D support, Streamlining Raw Material Supply chain, Quality Assurance mechanism, Skill Development

Strategy

1. Infrastructure Development:

- Port Development: Kerala has 17 ports including one major port including one major port - Cochin Port. More than 90% of exports from Kerala are carried through Cochin Port. The following infrastructural development are needed to increase the volume and quality of exports from the state.
 - Improve berthing facilities for cargo vessels
 - Laying rail tracks and other mechanism for movement of cargo to and from vessels
 - Mechanised loading and unloading infrastructure
 - Development of hygiene and quarantine infrastructure within ports.

- Modern material handling systems, facility for weighing and X Ray screening
- Develop the Vizhinjam Mother Port to attract mother ships from major shipping route to dock in the state.
- New open and Cold Storage facilities need to be developed in vicinity the Kochi port and other minor ports
- Ensure connectivity from minor ports to major ports to improve movement of goods
- Create dedicated container freight corridor and railway lines connecting ports
- Development of Airports: Kerala state is the only Indian state with four international airports. The potential airports shall be used for commodity exports from the state. The airports are located not far from the shipping ports, this shall be leveraged to develop export hubs in Thiruvananthapuram, Kochi, Kozhikode and Kannur. The following infrastructure facilities are necessary for airport led exports.
 - Creating exclusive cargo terminals in existing airports.
 - > Developing exclusive cargo exclusive airports intensive area.
 - > Establishing connectivity and warehousing facilities in the vicinity of airports.
- Connectivity to ports and airports:
 - Existing roads need to be improved and new RCC based roads need to be laid to ensure freight movement.
 - Railway infrastructure providing connectivity to and from ports need to be ensured
 - Kerala is blessed with a network of rivers and backwaters, these need to be leveraged to establish inland freight movement across the state, especially with ports and airports
 - > Inland Container Depots and Container Freight Stations need to be established across the state to allow free movement of cargo
 - Special Economic Zone and Industrial Parks: Establish Export
 Oriented Economic zones and sector specific mega industrial parks.

Sector specific industrial parks may be set up in Electronics Hardware, Engineering, Gem & Jewellery, IT & ITES, Agro & Food Processing, Textile & garments, Plastic & Rubber etc at appropriate locations to increase export volumes. Special infrastructure facilities may be provided in the industrial parks to improve quality and quantity of production. Logistic facilities, testing laboratories, warehousing facilities may be provided in all parks to enable exports.

- Permanent Exhibition /Trade Centre
 - Permanent Exhibition Centres for showcasing the exportable products from Kerala may be established in the vicinity of airports and tourist destinations in the state
 - Facility for trade centres and exhibition centres may be created in international shopping destinations and fashion hubs for products from Kerala
- Creation of Raw Material Banks: Kerala being a predominantly service oriented economy, the raw materials, for a number of major industries and sectors in the state like Cashew, Textiles and Garment, Food Sector etc., available in Kerala are insufficient to meet the demands of the industry. An uninterrupted supply of goods/services is necessary for a servicing the requirements of the global export markets. Therefore, it is essential that the supply of raw materials is maintained throughout the year, this may be achieved by setting up raw material banks for scarce products in the state.
- Warehousing and Container Facilities: A robust system of logistics is necessary for facilitation of exports in the state. A chain of stateof-the-art warehousing facilities need to be established across Kerala. Ensure the availability of refrigerated and other containers to facilitate smooth movement of cargo. As a number of units producing perishable or food related products are located in the far corners of the state a network for Last Mile Cold chain connectivity needs to be established to ensure movement of goods from where there are produced to warehouses or ports.
- Establishment of Quality Assurance Mechanism: Export oriented production is expected to comply to international standards and quality assurances. Facilities for quality testing, certification etc. needs to be provided for specific sectors. NABL laboratories need to be established, food safety lab, facilities for hallmarking and other quality assurance facilities also are required.
- Setting up common facility centres Tool Rooms, Design Centres, Proto-typing Centres, Patent Cells, Incubators, market intelligence software, support and common training centres.

3. Export Facilitation

State level Export Promotion Council and District Level Export Promotion Councils have been established in the state The functioning of these councils needs to be strengthened. These councils shall be responsible for creating comprehensive export promotion plan for the state and districts

In addition to these Councils, a new Kerala Board for Export Promotion may be setup as a permanent establishment for the facilitation of exports, Skill Development and Awareness, implementation of schemes and assistances, market support, grievance redressal etc

The board shall include

- Government nominated Chairman and Vice Chairman
- Government Secretary (Convenor and Head of the office
- Representatives of various relevant Departments Industry, Agriculture, Finance, Taxation, Transport etc.
- Representative of Export Promotion Councils
- Representative of Kerala Bank and Kerala Finance Corporation
- Representatives of DGFT
- Representatives of All major seaports and airports
- Representative of CSEZ
- Representatives of Exporters from the state.

The Board be provided with an office setup at the State level at Thiruvananthapuram and three Zonal Offices – Thiruvananthapuram, Kochi and Kozhikode.

The major functions of the Board

- (i) Develop and maintain single window mechanism for facilitation of exports in the state.
- (ii) Creating and maintaining a database of all exports and exporters from the state.

- (iii) Provide unique identification cards to exporters to facilitate faster service delivery and easy monitoring of performance
- (iv) Advisory and handholding services regarding export related policies, standards, certification, finance, insurance etc.
- (v) Implementation of various schemes related to export promotion from the state and central Government
- (vi) Market research and other facilitations for identifying potential international markets and potential suppliers from the state
- (vii) Liaison with export promotion councils, various national and international agencies, etc.
- (viii) Delegations to establish in Kerala, foreign trade offices of various countries
- (ix) Training and skill development for officials, exporters and other allied personnel
- (x) Conducting various exhibitions and fair in Kerala and abroad, and assisting exporters and manufacturers in participating various trade fairs across the world
- (xi) Provide assistance in leveraging IPR, GI tags etc.
- (xii) Provide policy related inputs in matters relating to exports for Government
- (xiii) Create a system for Star rating of export units
- (xiv) Developing Brand Kerala for marketing various products from the state
- (xv) Establishing joint ventures and technology collaborations with international organisations
- (xvi) Create a mechanism for grievance redressal in matters related to export
- (xvii) Export Awards may be given to exceptional exporters

(xviii) Publish monthly magazine, export directory, handbook etc. for the ease of exporters. A dedicated website shall be maintained for information dissemination and scheme implementation

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4. Possible Incentives:

- (i) For attracting new entrepreneurs to export business, 20% of export charges with a ceiling, may be provided as grant for the first five years after starting exports.
- (ii) A corpus fund may be created to be operated by the Kerala Fance Corporation to provide credit and other financial Assistances related to exports
- (iii) Stall charges and airfare may be reimbursed to units for participation in national and international exhibitions
- (iv) Reimbursement of charges incurred for taking certifications like TSO 9000/BIS 14000 / HACCP /Halal and other related certificates
- (v) Expenses on air freight /courier for sending free trade samples to foreign buyers subject to a ceiling
- (vi) Insurance scheme for unrealised payments and other freight contingencies.

5. Skill Development

- (i) A dedicated Institute may be created to carry out trainings and other Capacity Building regarding exports and export promotion in the state.
- (ii) Skill development programme shall be conducted existing exporters, entrepreneurs and artisans in improving their product and in product diversification
- (iii) Trade Awareness Programmes and Trade Development Programmes may be conducted in periodic intervals of existing exporters and non-exporters in the nuances of exporting and overseas markets
- (iv) Training a crop of officials skilled to facilitate exports in the state.

(v) Training people to man research facilities, testing facilities, storage and refrigeration facilities, transportation facilities, training facilities, quality support which form the supporting structure for exports in the state

6. Market Support

Creating a genuine Kerala brand: A recognisable brand name, logo and tagline shall be formulated. The Brand shall represent tradition, quality and sustainability. Quality Assurance mechanism shall be in place to ensure brand value. International Brand Ambassadors shall be roped in to promote the brand. Extensive media and social media campaign shall be undertaken to popularise brand Kerala.

Star Rating: The performance of exporting entities may be rated based on quality, sustainability, transparency, feedback etc. Exceptional performers may be given to Diamond, Platinum and Gold Certification, which the entities can use for their marketing.

Market Research: New markets, potentially exportable products, new sectors, importers in other countries etc. needs to be identified and made available for the use of potential exporters from the state. Studying and creating awareness about the various safety and sanitary standards and other compliances in various markets. A database of all exports and exporters from the state needs be maintained and periodically updated. The data from the research findings shall be published on the Export Promotion Magazine and website.

Participation in National and International Expos: For showcasing the products from Kerala to the World and identifying new markets, the producers and exporters from the state shall be given financial and other facilitation to participate in various global events. The state Government may also participate in the events to promote brand Kerala.

Organising of Export Promotion Events: To bring attention to exportable products from Kerala and to promote the Brand Kerala Global events need to organised within the country and outside. Exhibitions, Trade Fairs, Business Conclaves, Business Delegations etc.

Towns of Export Excellence: The Central Government notifies any area/cluster that realizes an annual export turnover of Rs 1,000 crores or more as 'Town of export excellence. For, TEE in handloom, handicraft, agriculture and fisheries sector, threshold limit would be Rs 150 crore. At present Kerala has four TEE – Kannur (Handloom), Kollam (Cashew), Alappuzha (Coir), AEKK - Aroor, Ezhupunna, Kodanthuruthu & Kuthiathodu (Seafood). Efforts shall be made to establish atleast one TEE in each district of Kerala.

Promotion of Traditional Products: Kerala has historically been known as a hub of exporting. Products like Spices, Coir, wooden ships etc. Major civilisations had established sea routes to trade with the Malabar coasts. Such sea routes and trade of traditional products shall be revitalised with extensive campaigning and foreign collaborations.

Tourism: Kerala is a prominent destination in the tourism map of the world. This may be leveraged to attract more tourists and provide global exposure to products from Kerala. Permanent exhibition centres may be established near airports, trade facilitation centres may be created within airports, collaborations established with international airlines for marketing of products from Kerala. Export promotion centres may be established in major tourist destinations in the state like – Kumarakom, Munnar, Kovalam, Kochi, Bekal, Wayanad etc.

Utilizing the diaspora: Kerala has a diaspora population spread across the globe. There already exist a demand for products from Kerala among the diaspora, this demand is generally remained unrealised. This market is a low hanging fruit which can easily be a revenue earner for the exporters in the state. In addition, the diaspora from Kerala is generally skilled employees and effluent population. This may be leveraged in understanding the markets, forging business collaborations and other assistances in other countries.