

District Export Action Plan for Chennai District, Tamil Nadu

Introduction

Tamil Nadu, located on the south-eastern coast of India, is a significant contributor to the Indian economy and has witnessed spectacular economic growth for decades. It is the second largest economy in India and contributes 8.8% to the national GDP. The GDP of the state was valued at USD 265 billion at the end of 2019-20. It has a diversified manufacturing and servicing sector and is a leader in several sectors such as automobiles, pharmaceuticals, textiles, leather products, chemicals, engineering products and IT & ITES. Chennai, the capital of Tamil Nadu is known as the SaaS capital of India.

Today, Tamil Nadu has emerged as the Second largest state economy following Maharashtra which has a much larger area and population. Tamil Nadu is ranked first among Indian states in terms of exporting and operational SEZs. During the year 2015-16, exports from SEZs in Tamil Nadu was Rs.82,717 crore. Tamil Nadu is ranked first among Indian states in terms of quantum of exports from Special Economic Zones. It has also been one of the most successful states in attracting FDI due to solid macroeconomic fundamentals, strong industrial base and abundant skilled manpower. There are several renowned international schools and universities by which more than 10 lakh graduates join the workforce annually. It is home to 12 of the top 50 cities in ease of living index ranking and is also ranked 1 in good governance index.

District Profile

Chennai, originally known as Madras Patnam, was located in the province of Tondaimandalam, an area lying between Pennar river of Nellore and the Pennar river of Cuddalore

Chennai also known as Madras is the capital city of the Indian State of Tamil Nadu. Located on the Coromandel Coast off the Bay of Bengal, it is a major Commercial, Cultural, Economic and Educational Centre in South India. It is also known as the Cultural Capital of South India.

According to the provisional results of 2011 census, the city had 4.68 million residents making it the sixth most populous city in India; the urban agglomeration, which comprises the city and its suburbs, was home to approximately 8.9 million, making it the fourth most populous metropolitan area in the country and 31st largest urban area in the world.

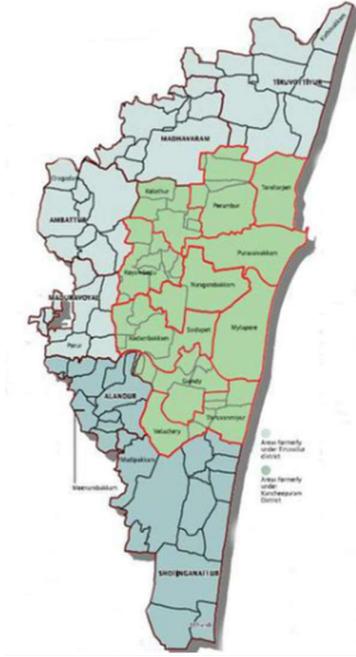


Fig 1:Chennai District Map

Administrative Profile

The headquarters (Secretariat) of the district is located at Fort St. George . The entire area of Chennai district comes under Chennai Corporation. The district is divided into 155 divisions/wards and 10 zones for administrative purposes. There are 5 revenue taluks. 20 revenue firkas and 55 revenue villages in the district.

- North Chennai Revenue Division, headquartered at Tondiarpet, contains taluks of Tiruvottiyur, Madhavaram, Perambur, Tondiarpet, and Purasaiwalkam.
- Central Chennai Revenue Division, headquartered at Ambattur, contains the taluks of Mambalam, Egmore, Aminjikarai, Ayanavaram, Kolathur, Ambattur, and Maduravoyal.
- South Chennai Revenue Division, headquartered at Guindy, contains the taluks of Mylapore, Guindy, Velachery, Alandur, and Sholinganallur.

Economic Profile

Chennai's economy has a broad industrial base in the automobile, computer, technology, hardware manufacturing and healthcare sectors. As of 2012, the city is India's second largest exporter of information technology (IT) and business process outsourcing (BPO) services. A major part of India's

automobile industry is based in and around the city thus earning it the nickname "Detroit of India".

Chennai's economic base is anchored by the automobile, SaaS, medical tourism, hardware manufacturing, data centers and fintech industry.

District as Export Hubs (DEH) Initiative

District as Export Hubs initiative builds on the policy impetus of the Atma Nirbhar Bharat Mission, vision of Make in India for the world and the clarion call of Vocal for Local given by the hon'ble Prime Minister by involving States and Districts as meaningful stakeholders and active participants in order to synergise export promotion efforts in India. He envisioned that each district in the country holds economic potential comparable to that of a small country. As a result, the DEH initiative was launched in August 2019 to foster balanced regional development across all districts of the country.

Objectives of the Districts as Export Hubs (DEH) initiative

The DEH initiative is designed with specific objectives in mind, each contributing to the overarching goal of fostering a vibrant export ecosystem. Some key objectives include:

1. Enhancing infrastructure

The initiative prioritizes upgrading and modernizing export-related infrastructure, such as transportation facilities, ports, and export logistics networks, to facilitate smooth export operations.

2. Skill development

The initiative focuses on providing training and skill development programs to equip artisans, farmers, and Micro, Small and Medium Enterprises (MSMEs) with the expertise needed for international trade.

3. Market diversification

The initiative encourages businesses to explore diverse international markets, reducing dependency on a single market and mitigating risks associated with economic uncertainties.

4. Promoting innovation

To stay competitive globally, the initiative promotes innovation and technological advancements within the district. This includes fostering research and development activities to enhance product quality and efficiency.

5. Policy support

The initiative ensures that businesses operating within the export hub receive the necessary policy support and can access regulatory frameworks, creating a conducive environment for business growth and expansion.

6. Platforms for global expansion

The initiative aims to promote MSMEs, artisans, farmers, and cottage industries by giving them platforms for global expansion through e-commerce and digital marketing.

Current Industrial Landscape of Chennai District

Automobiles: The city is base to around 30 percent of India's automobile industry and 40 percent of auto components industry. A large number of automotive companies including Hyundai, Renault, Nissan Motors, Ashok Leyland, Daimler AG, Caterpillar Inc., Komatsu Limited, Ford, BMW and Mitsubishi have manufacturing plants in Chennai.

Textiles: The Ambattur–Padi industrial zone houses many textile manufacturers, and an special economic zone (SEZ) for apparel and footwear manufacture has been set up in the southern suburbs of the city. Chennai contributes more than 50 percent of India's leather exports.

Public Infrastructure: The Integral Coach Factory manufactures railway coaches and other rolling stock for Indian Railways.

Information Technology Services: Many software and software services companies have development centres in Chennai, which contributed 14 percent of India's total software exports of 1,442,140 million during 2006–07, making it the second largest exporter, by city, of software in the country, behind Bangalore. The Tidel Park in Chennai was billed as Asia's largest IT park when it was built. Major software companies have their offices set up here, with some of them making Chennai their largest base.

Telecom Sector: Telecom and Electronics manufacturers based in and around Chennai include Nokia, Nokia Siemens, Motorola, Dell, Force10, Wipro, Zebronics, Foxconn and Siemens among others. Chennai is currently the largest electronics hardware exporter in India ,accounting for 45 % of the total exports in 2010-11.

Bio-Technology: Chemicals giant Dow Chemicals have research and development facilities in Chennai. The TICEL bio–tech park at Taramani and Golden Jubilee bio–tech park at Siruseri houses biotechnology companies and laboratories.

Medical tourism: This is another important part of Chennai's economy with 45 percent of total medical tourists to India making to Chennai. Over 15 lakh patients visit Tamil Nadu annually for medical diagnosis and treatment, according to the state tourism department.

District Export Action Plan for Chennai District

The District Export Action Plan is a strategic roadmap formulated to boost exports from a particular district. It involves comprehensive planning, coordination, and implementation of initiatives to enhance infrastructure, skill development, market diversification, innovation, and policy support within the district, fostering a conducive environment for export-oriented businesses.

As the first step in converting Chengalpattu into an Export Hub, the District Export Promotion Committee (DEPC) has been formed and notified by the Government of Tamil Nadu for the district.

The Government of Tamil Nadu (GoTN) through its G.O No 16 dated 23-01-2020 and G.O (Ms)No.16 dated 23.02.2020 the Micro, Small and Medium Enterprises Department, has notified the District Export Promotion Committees in 37 districts in the state, along with its potential products for exports.

In order to implement phase 1 of the initiative of 'District as Export Hub', DGFT, New Delhi shortlisted 75 districts across India, among which Chennai district was shortlisted from Tamil Nadu for two sectors, namely, Textile Apparels and Marine Products. In this regard, a District Export Promotion Committee (DEPC) has been constituted for Chennai district under the Chairmanship of the District Collector, Chennai.

- The Zonal Additional Director General of Foreign Trade (DGFT), Chennai – Co-Chairman
- The Regional Joint Director of Industries and Commerce (RJD), Chennai – Convenor
- Lead District Manager Indian Overseas Bank (IOB), Chennai
- MSME DI, Chennai
- Office of the Federation of Indian Export Organisation (FIEO)
- Marine Products Export Development Authority (MPEDA)
- Apparel Export Promotion Council (AEPC)
- Chennai District Small Scale Industries Association (CDISSIA)
- Chennai Apparel Handloom Exporters Association (AHEA)

The Government of Tamil Nadu identified and notified the following products as having potential for export in the district:

1. Textile and Apparels
2. Marine Products

Marine Products

Fish Processing - An analysis of the existing scenario

Fishing is an important activity which provides gainful employment and sustainable income to people living in coastal belt. The coastal length of the district is 22 k.m. During the year 1997-98 the marine fish production was

14,555 tonnes. There is good demand for dried fish, fish meal, dried shrimp and frozen shrimp in Spain, Japan, Australia, Italy, Belgium , Hongkong, U.K., U.S.A.,. Lanka, Saudi Arabia, France etc. During the year 1999-2000 total exports of marine products from the country was 1180 million dollars which accounts for 21.6% of the total agro industries products exported from the country,. It is estimated that every year there will be an increase of 5% in demand for fish products. Few units manufacturing **frozen fish, fish canning, fish pickle, fish meal and fish protein concentrate** could be set up near the coastal area of the district.

At present the fish papad coming in to the market is only domestic type which can be commercialised. The demand for fish papad is increasing in foreign countries especially where the Indian immigrants have been settled. It has been reported that average annual export of fish papad is about 10% of the total processed food products.

DEAP - Marine Products

Sl.No	Challenges	Action Plan	Timeline
1	Poor handling and contamination at Fishing harbour.	Fishing harbour to be upgraded with modern facilities and standards.	1 year
2	Sluggish increase in growth rate of exports.	Setting up of Seafood Processing Park in Chennai with common facilities.	1 year
3	Decrease in production of aquaculture shrimp production	Emulate the efforts of Andhra Pradesh where 500% increase in shrimp aquaculture production was registered in the past 10 years by providing alternate fishing	6 months

		possibilities for Chennai fishermen who lost valuable fishing grounds.	
4	Drastic decrease in India's export of processed shrimps to China due to non-trade barriers.	Indian Missions may be asked to be more proactive in resolving the issues concerning export of processed shrimps to China.	6 months to 1 year

Textile and Apparels

An analysis of the existing scenario

At present there are more than 4000 Knitwear/apparel companies in Chennai, which cater to maximum demand of knitted garments in the entire country. More than half a million workforce is employed under the textile sector. The apparel market at present is valued at \$1570 mn and is expected to grow up to \$1810 mn by 2023. For Marine products, there are nearly 234 Marine Products Exporters in Chennai.

1. Readymade Garments

Clothing is an essential requirement of every human being and readymade garments are gaining popularity because they are fashion oriented, readily available and more economical than those traditional type of ordered to stitch garments. At present there is good demand for children garments, nighties, blouses, pants, shirts jeans, aprons churidars etc. in the domestic markets. Apart from this, there is good demand for Indian textile and readymade garments throughout the world. As per AEPC reports the overall Indian garments in the international market is however a mere 2.4% only. There is good demand in Countries like Japan, Australia, Switzerland, Hong Kong, South Africa, Hungary, Latin America, West Asia, New Zealand, and Far Eastern Countries.

2. Woven Labels for garments.

Since the demand for readymade garments are increasing, the demand for labels will also increase automatically. Few number of units can be established in Chennai as there is only few units in Tamilnadu manufacturing labels. There

is good demand for labels also as it is a means of advertisement for tailors and garment exporters.

3. Surgical dresses

Surgical dresses can be made from white bleached, deep dyed cotton twill fabric and non-woven fabric of suitable quality. These are worn over the normal dresses during performing work. There is exclusive dresses meant for surgical operation which can be worn and thrown after each operation. These dresses are made from non-woven textile fabrics of suitable quality. Advantages of non-woven fabrics for the manufacture of surgical dresses are light in weight, cheaper and available in many colours etc.

Among various hospital garments, non-woven disposable garments has distinct market demand in domestic and international market due to its various advantages.

DEAP - TEXTILE AND APPARELS

Sl.No	Challenges	Action Plan	Timeline
1	Shortage of skilled manpower	Set up training centres with industry participation to understand exactly what kind of skill the industry needs.	6 months to 1 year
2	Woven garments park with all facilities with proximity to airport.	A Woven apparel Park with plug and play facilities may be initiated within 100 km radius of Chennai along with other facilities like CETP, washing, dyeing, etc.,	1 year
3	Inadequate frequency of vessels from Chennai to Chittagong.	Efforts may be made to schedule at least 3 trips in a week for the vessels from Chennai to Chittagong.	1 year
4	Inordinate delay of more than 20 days in clearance of export	A container train service from Tamil Nadu to Bangladesh	6 months

	cargo Bangladesh.	to	will help in reducing the clearance time.	
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The above action plan for Chennai district is tentative and not final. The District Export Promotion Committee has to adopt and finalise the plan after consultation with all stakeholders. The DEPC has to convene a meet once in a quarter to review the plan periodically with all the stakeholders according to the needs of the time. Therefore, it is expected that this action plan will pave way for transformation of Chennai district into a Hub of exports for Textile & Apparels and Marine product.