

## **District Export Action Plan for District of Theni, Tamil Nadu**

### **Introduction**

TamilNadu, an export hub since Sangam Era, accounted for 9% of the national exports in FY 2020-21, with a major contribution from automobiles, textile, machinery, etc. The export basket of Tamil Nadu is highly diversified with the top 10 products contributing to 70% of the export share. Based on ITC Trade Map, Tamil Nadu has an estimated untapped export potential of Rs. 1.6 lakh crore (USD 22 billion) Unlocking the export market share in the Champion Sectors, where the State has a competitive edge, would have a larger economic benefit.

### **Export and Economy**

Rising exports must be an integral component of India's development strategy, especially since exports constitute one of the four pillars—the other three being human resources, investments, and governance—upon which the country has traditionally relied on to accelerate its growth since the economic reforms of the 1990s. India's vision of becoming a USD5 trillion economy by 2024 and TamilNadu's cherished dream of a trillion USD economy are intricately linked with an export-oriented approach. Export promotion is beneficial at a national and State level. It creates employment, enhances labour productivity, leverages economies of scale, accelerates technological progress, generates greater capacity utilization, improves the allocation of scarce resources throughout the economy, eases the current account pressures for foreign capital goods by increasing the country's external earnings and attracting foreign investment, increases the total factor productivity, and consequently, the well-being of the country.

### **Policy formulation**

India is regarded as the fastest growing economy globally, and export has become a crucial constituent for this growth. Export-oriented policies have enhanced innovation and have been instrumental in increasing the country's Foreign Direct Investment flows. It should be noted that National level export policy would not capture the complexities and the challenges faced by each state at the ground level. Export competence differs spatially across India; thus, export policies need to be more context-specific so that the state governments can identify the gaps and formulate a way forward to reduce such discrepancies. The growth-trajectory of our economy would be incomplete without considering the export ecosystem at the state-level. For a country as vast and geographically diverse as India, the state of preparation to strengthen

exports needs to be understood at the regional level; a policy measure at the national level will not suffice. Each state needs to have its own policy measure, and understand its unique strength and valuable resources, so that exports get a shot in the arm at the regional level. The strategies and action plans are to be drafted at district level.

### **Export Promotion Strategy**

TamilNadu has drafted and released TamilNadu Export Promotion Strategy in 2021. The state provides land allotment for companies with a clear roadmap for Export based business. Along with this, there are sector-specific export plans for industries such as Automobiles, IT and Marine products. Finally, the state government provides financial aid to deserving exporters on the recommendation of Export Promotion Councils, to meet legal costs and other associated expenses.

### **District Export Promotion Committee**

Tamil Nadu has constituted District Export Promotion Committees chaired by the District Collector, in all districts. The Government of Tamil Nadu in conjunction with the Government of India has identified products with higher export potential for each of the 38 districts in the State which shall be supported by a district-wise export plan. DEPC has to act as a one-point facilitator for export promotion at the district level along with the SEPC to convert the district into an Export Hub. It has to

- Prepare District Export Action Plan to avail support from the Department of Commerce/DGFT under the 'District as Export hub initiative'. The District level plans will also include a strategy to enhance logistics and infrastructure at the district level and better utilization of the Market Access Initiative (MAI) Scheme of the Department of Commerce for inviting foreign buyers under reverse buyer-seller meets at the district-level, suitably gathering district level commodity and services exports data including through GSTN and Customs ICEGATE System and publishing District Export Matrix for each district on a quarterly basis by the State Government.
- Ensure knowledge dissemination on periodic updates on regulations to exporters; conduct outreach programs targeted at the existing manufacturers and niche exporters, to impart the training on the basics of export processes and procedures, identification of product segments and markets
- Constitute District level coordination committee to organize frequent stakeholder interactions with commodity boards/export councils to capture export-related issues and represent them to the State coordination committee

- Formulate of District export desk - District export desk shall organize frequent stakeholder interactions with commodity boards/export councils to capture export-related issues and represent them to the State coordination committee Export Promotion Agencies Export Councils Guidance DGFT SEPC/DEPC Testing & Certifications Export Inspection Agency NABL Financial Institutions EXIM Bank of India Chennai Customs Customs & Taxes TNTDP Technology Promotion & Development Port related services& storage Major ports in State Railways Central & State warehousing corporation Maritime Board Tamil Nadu ICD,CFS Highways Department

### **District Export Action Plan**

Accordingly, the detailed action plan is outlined for the district of Theni , as below, to harness and enhance the existing export potential in the district and to facilitate in a concerted manner, the promotion & growth of exports from the district.

### **District Profile:**

Theni, came into existence by the bifurcation of Madurai district., With an area of over 2,868 Sq.km and a population of 17.32 lakh. It is bounded on north by Dindigul district, south and west by Idukki district of Kerala and east by Madurai and Virudhunagar district. Theni district comprises of two revenue divisions and five taluks. It has 17 Firkhas, 113 Revenue Villages including 6 Municipalities, 8 Panchayat Unions, 22 Town Panchayats, 130 Village Panchayats.

To make the District Export Plan successful and to achieve its goal of converting the district into an Export Hub, there needs to be a proper understanding of the district's strengths, opportunities and export related Challenges. The following strength and challenges have been identified in the district:

### **Strengths and Opportunities:**

- 1) Agriculture, Farm sector and Forest:** Agriculture plays the vital role in the economy of Theni District. As substantial portion of population are dependent on income from agriculture for livelihood, agricultural development holds the key to overall economic development of the District though the areas in Uthamapalayam and Bodinayakanur taluks. Theni and Periyakulam taluks of the district have developed industrial units in various sectors. Coconut, Paddy, Mango, Grape, Banana, Moringa, Cashew, Silk cotton, Pulses, and fresh vegetables are major crops in this district.

**2) Industry (Manufacturing & Service) :** Theni district supports various agro, food processing and textile related industries. Numerous Agro based- Food Processing industries such as Edible oil mfg., Mfg. of Garlic and Ginger paste, Rice-Mills, Dhal mills, flour mills and millet mills are located around Theni. Processed millets from Theni are marketed throughout south India.

Bodinayakanur is a Municipality located at 15 km from Theni and is known as the Cardamom city. Cardamom is cultivated in Idukki district of Western Ghats since pre-British era and is processed in Bodinayakkanur. Spices Board of India has a regional office and an e-auction centre in Bodinayakkanur. Green cardamom which is being processed here in Bodinayakkanur is exported to Gulf and European countries. Mechanised processing of Cardamoms using Driers and colour sorters resulted in higher productivity when compared to previous manual processes. Processing of Spices and masala powder mfg. is also an important industry.

Garments and textile industry is thriving and plays a key role in export of the district. They are the chief exporters of fabric, yarn and made-ups in the district. Textile industry provides employment for around 23000 people. More than 200 micro level garments units are functioning in Cumbum area alone and supplies to neighbouring states. Similarly hundreds of households in B.Renganathapuram village of Bodi Taluk is engaged in made-ups mfg.

Jakkampatti & Subbulapuram villages of Andipatti Taluk is well known for its loom sarees where 7950 people is engaged in weaving of sarees and dhoties through both handlooms and power looms combined. These sarees are sent to various parts of the country.

Owing to the presence of large number of coconut trees, around 60 Coir units in Andipatti and Uthamapalayam Taluk provides employment in rural areas. Novel farming techniques in abroad countries raised the demand for pith blocks and provided a boost to the industry. Coir piths and coir fibres are majorly exported to European and west Asian countries to a value of around Rs. 40 crores annually.

Theni is emerging as a major source of electricity generation through wind power with the district identified as having potential to generate over 800 megawatts in the next few years. At present 467 wind mills with installed capacity of 590 MW established in the district particularly in Uthamapalayam, Chinnamanur and Andipatti Blocks. In the peak season, maximum power output of the windmills would be around 400 MW. With around 590 MW of installed capacity in the district, wind

power meets a portion of the State's total demand during the months between May to September.

S.No	Activity	No.of Units	Investment on P & Mc (in lakhs)	Employment
1	<b>Agro/food processing</b> (Modern Rice mill, Dhal Mills, Sugar Mill, Cardamom and spices processing, Winery (Grapes), Edible oil, Neem oil and Cake, Flour mill)	1418	15679	7216
2	<b>Textile and Made-ups</b> (Ginning, Spinning, Weaving, Garments & Made-ups, Handloom and power loom)	1248	11819	8798
3	<b>Mining and quarrying</b> (Blue metals jelly, M-sand, Country bricks and chamber bricks)	282	2304	2082
4	<b>Chemical and chemical products</b> (Red oxide mfg., Yellow oxide mfg., Barium nitrate, Simple chemicals mfg.)	123	1595	708
5	<b>Rubber and Plastic products</b> (Rubber patches, PVC Pipes and fittings, UPVC Doors and windows, Rubber ball mfg.)	74	1810	577
6	<b>Coir fibre and pith block mfg. units</b> (Coir Fibre extraction, Coir pith blocks and cakes, Coir 2 ply yarn)	66	804	312

**3) Potential Products:** Edible oil, Madeups, Cardamom, Banana have been identified as ODOP for export promotion. Besides Theni is regarded as an important trading centre from where cardamom, garlic, processed dhal, millets, edible oils etc are traded. Cardamom, Madeups, Instant Coffee, Coir products, Desiccants are also exported to foreign countries. It would not be an exaggeration, if we say that the prices of the cardamom is fixed only at Theni district. Cumbum is not only known for presence of green valley but also equally known for its unique taste of grapes. The famous Paneer Grapes has been applied for GI certification by the Government of India.

**4) Challenges and Bottlenecks:** Even though the Theni district has a vibrant potential in all important sectors , it is not able to cater to the needs of global market with high demands. The district needs to harness

its assets and turn its entrepreneurs into global players. Some of the challenges for exports found in the district are:

**a) Skill Deficiency:** Theni, being an aspirational district, skill development has been identified as an important component with 5% weightage in obtaining the composite index. Five indicators has been included in order to monitor the progress made with respect to skill development. Some key strategies for skill development of aspirational districts are as follows: 1) Creating district action plan to map the skill gaps and provide skilling facilities.2)Improving employment rates to rationalise PMKVY job roles to focus the industrial demands and their aspirations. 3) PMKVY centres to act as counselling/aptitude testing centres .4) Reallocation of funds under state component – state to allocate 25% more funds out of the funds received from central for PMKVY

**b) Hazard Profile of Theni District:** Surrounded by green mountainous forests and numerous rivers across the district, various chemical intensive units such as dyeing, fabric printing, brick manufacturing could not be established due to pollution control norms.

**C)Ease of doing business:** At the district level, ease of doing business is ensured for ensuring faster approvals & certifications.

The aim of the District Export Promotion Program and its Action Plan is to maximize export of the identified products from the district and to ensure that the bench mark set for exports is achieved within the time period set for the purpose. The action plan would also work on minimizing and mitigating the challenges enlisted above, in achieving their desired export potential and turnover. The objectives of this District Export Promotion Policy and Action Plan are:

- To provide an improved framework support for the development of exports for the identified sector products
- to provide increased and accessible trade support services,
- to improve public and private dialogue for favouring the development of a district export culture
- to thwart the threats posed to the exports from the district. The long-term objective of this District Export Promotion policy is to develop Theni District into becoming an export hub.

To this extent, the DEPC, Union and State governments and the exporting community, at large have to actively participate in the program and work on a mission mode, so that the district of Theni is turned into a hub for exports in the next 5 years. As the first step in converting Theni into an Export Hub, the District Export Promotion Committee (DEPC) had been formed and notified by the Government

of Tamil Nadu for the district. DEPC for Theni district notified vide G.O (Ms) No.29 dated 16.03.2020 has the following composition:

1. The District Collector, Theni - Chairperson
2. The Office of JDGFT - Co-Chairman
3. General Manager, District Industries Centre, Theni- Convener
4. Lead Bank Manager – Member
5. Representative, MSME - DI, - Member
6. Representative, Spices Board - Member

The DEPC constituted for steering the district towards becoming an Export hub, will meet once every six months. The Convener's office will be the secretariat of the DEPC and records and files on the program will be maintained there as per laid down rules and procedures. The DEPC will formulate, co-ordinate and facilitate the implementation of various programs and projects of the District Export Hub Program. The DEPC will monitor projects, and develop systems for exporter facilitation within the district and act as a coordination authority with the various state and central Government agencies and departments. The Committee, with the assistance from the sub-groups, will perform the role of resolution, escalation and monitoring of issues concerning exports from the district. DEPC will act as single point facilitator for export promotion at the district and report to State Export Promotion Committee (SEPC). DEPC will review the export performance of the district once in six months during its sitting and take necessary action to ensure that the desired export performance from the district is achieved and take remedial measures so that exports from the district is accelerated.

As a part of implementation of the District Export Action Plan, subgroups/sub-committees of each identified potential export product or for specific projects, will be created by the DEPC. The Subgroups will be tasked for working comprehensively on a project or a product. The sub-groups will comprise of Industry heads, implementing departmental officials, artisans and will mostly be chaired by the District collector or his representative. The Sub-groups have to not only frame proposals (vis-à-vis) the product or project assigned to them, but would also follow-up and monitor the implementation of the approved proposals. The various sub-groups proposed for the district are: sub-group on agro products, subgroup on marine, Sub-group on infrastructure, Sub-group on grievance redressal, sub-group on training, etc. The sub-groups will meet frequently (at least once every two months) directly or over video – conferencing and work on their agenda. The sub-groups will be the main drivers of the DEPC's agenda & action plan and will be implementing the tasks assigned to it.

The base line export for the district is the exports of the year 2018-19 originating from the district and the target is to convert the district into an Export Hub. Data obtained from the GST, District Industries Centre, Theni, MSME, Govt of India, Chennai, APEDA, Govt of India can be analysed to understand the export trends in the district and undertaking targeted approach to resolve issues and increase export competitiveness.

Some common and basic tasks in the direction of making this district as an export hub have been identified.

- There is a need to create a **database of exporters** from the district. As a part of the District Export Action Plan, the General Manager of DIC, along with the officials of the APEDA will cull out comprehensive data base of exporters for publication and administrative use. The DIC will be the Custodian of this data base. It will be electronically maintained and will be dynamic, with constant updating of new IECs. The Exporter data can also be a public document and if the DEPC desires, can be published in various portals for more visibility for the exporters and their products.
- In order to address the numerous approvals and licenses required for manufacturing or setting up an export business, **single window clearance mechanism** already in place as part of ease of doing business shall be utilized.
- In this digital era, creation of **digital facilitation** is essential. The action plan envisages that the DEPC will create an online portal, which will be a give a one stop access to all the links for all the digital requirements and compliances for any exporter. The Portal can also develop over the time to monitor the district's DEPC projects and disseminate exporter data. NIC of the district can be tasked with this project to be implemented in a year and report to the DEPC.
- DEPC will work to identify **new potential products** for value addition and exports in coordination with District Administration.

### **Concluding note**

The above District Export Action Plan for the district of Theni is not conclusive. The DEPC has the rights and powers to amend the District Export Action Plan according to the needs of the times and the prevailing contexts. But the main focus will be to facilitate the growth of the identified sectors in the in such a way that the district of Theni moves

towards SELF-RELIANCE and transforms itself into a HUB FOR EXPORTS from India.