

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

### **Introduction**

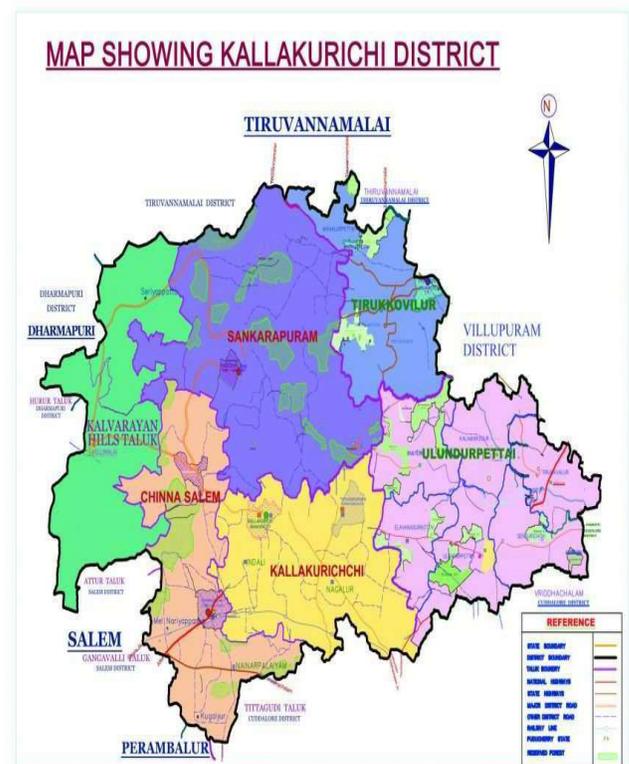
Tamil Nadu is one among the prime industrial states in India. It almost accounts for more than 11 per cent of the total export output of the country. On a closer look at the district profile of Tamil Nadu, it has a very diverse picture with a scope for huge untapped potential can be seen. In the efforts to realize the Hon'ble Prime Minister's vision of converting each district into an Export Hub, a detailed action plan is outlined for the district of Kallakurichi, 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**

Kallakurichi District was announced as 33rd district by bifurcating Viluppuram district on the floor of Assembly by Hon'ble Chief Minister on 8th January 2019. Kallakurichi, the headquarters of the district is located along NH 79 (Ulundurpet - Salem). Salem, Trichy and Pondicherry are the nearest airports.

### **Administrative Profile**

The district consists of 2 Revenue divisions Kallakurichi and Tirukoilur and 6 taluks Kallakurichi, Sankarapuram, chinna salem, Kalvarayan hills, tirukoilur, ulundurpet consisting of 562 Revenue villages in 24 firkas. The district consists of 9 development blocks covering 412 village panchayats.



## **DISTRICT AS EXPORT HUB**

### **Vision**

The Hon'ble Prime Minister in his Independence Day Speech on 15<sup>th</sup> August,2019 had inter alia, observed that each of our districts has a diverse identity and potential for targeting global markets and there is a need for converting each district into potential export hubs. Department of Commerce through Directorate General of Foreign Trade and the State government is taking various measures to implement the vision of Hon'ble Prime Minister to promote exports and to convert each District into a hub for exports.

### **Goal**

The goal of the programme is to convert each District into a hub for exports. The District Export Action Plan will include the roadmap for providing support, required by the local industry in boosting their manufacturing capabilities and export output, with an impetus on supporting the industry from raw materials to final product creating robust backward and forward linkages.

### **Policy framework**

The framework of the 'Districts as Export Hub' policy is based on the Ministry of Commerce and Industry, Government of India's D.O. No.01/36/218/01/AM-18/TC/Part-I/01 dated 13-11-2019, which had mandated the Regional Authorities of the Directorate General of Foreign Trade (DGFT) to work with the State Governments and District level officers to prepare and implement a District Export Action Plan specific to each district in every State and Union Territory and implement in through an institutional structure at the district level for fulfilling the goals set out for each district in this regard.

Accordingly, DGFT through its Office Memorandum dated 26/12/2020 had notified the action items along with timelines for developing Districts as Export Hubs. Apart from the action items, the composition of District Export Promotion Committee (DEPC) and the terms of reference for plan of action for developing districts as export hubs were suggested. The District Export Promotion Committee (DEPC) will act as a one- point facilitator for export promotion at District level along with State Level Export Promotion Committee (SLEPC).

The Government of Tamil Nadu (GoTN) through its G.O No 16 dated 23-01-2020 and G.O (Ms)No.29 dated 16.03.2020 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. The G.O has also bestowed the power

on the Chairpersons of the DEPCs to invite any other department representative or outside expert as a special invitee for the meetings of the DEPC and also to amend the list of potential products for export promotion. Members of DEPC for Kallakurichi district notified vide. O (Ms)No.29 dated 16.03.2020 has the following composition:

1. The District Collector, Kallakurichi - Chairperson
2. The Office of Zonal Additional DGFT, Chennai - Co-Chairman
3. General Manager, District Industries Centre, Kallakurichi - Convener
4. Lead Bank Manager – Member
5. Representative, Micro, Small and Medium Enterprises – Development Institute (MSME-DI), Chennai - Member
6. Representative, Engineering Export Promotion Council - Member
7. Representative, APEDA – Member

### **Action Plan for Kallakurichi**

This **District Export Action Plan** (DEAP) enlists the plan of action and strategies for converting the district into a hub of export for the identified potential core products. The Aim is to achieve this through the DEPC, as a facilitating body for the purpose and by undertaking constructive district specific initiatives, implementing export-oriented schemes & customizing export enhancing programs for the district. **The ultimate goal is to convert district into an Export Hub.**

### **Analysis of the Existing Industrial scenario in Kallakurichi District:**

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**

Kallakurichi has 75% of its population is engaged in Agriculture and allied activities for their livelihood. Kallakurichi is an emerging agricultural district and is known as "Home of Agriculture". There are more than 40 Rice processing units or modern rice (mills) both small and big in this town. The town has two government co-operative sugar mills and one private sugar mill, more than 10 Sago industries, and one solvent extraction plant. There are many poultry farms in and around Kallakurichi.

The district is predominantly an agrarian with paddy, maize, sugarcane, black gram etc., as major crops. The district is mainly rainfed / tank irrigated along with Gomukhi and Manimuktha dams.

## **2) Tourism Sector**

This district is having variety of tourist spots which are more than 100 years old. The district has temples, mosques and churches which are very old and famous for its own historical culture. Following are the famous places of interests Thirukkoilur Ulagalanda Perumal temple, Thirunarungondai-Jain temple, Melnaariyappanoor Church have their own unique heritage and spiritual attraction.



Kallakurichi is closer to Kalvarayan Hills. The proximity of clouds fall near the peak of Vellimalai hilltop is a popular tourist spot for locals during the monsoon season. Vellimalai is a pristine unexplored location. Kalvarayan hills Possesses innumerable tourism Potentialities like water falls, jungle streams, rivers and rivulets and lovely jungle walks. The place is a veritable paradise for trekkers.



Tourism sector also boosts domestic trade and provide multiple avenues to earn foreign exchange and have socio-cultural and economic boost the district. And acts as a factor in preserving rich cultural heritages and enhances the soft power stature of our country as a whole.



## **3) Forest Resources**

In the Kalvarayan Hills some medicinal plants are also grown. In the social forest areas, trees raised are mainly for firewood and paper making. Babul, *Eucalyptus* and *Casuarina* are grown in the district. In some pockets of the district, cashew is also grown.

## **4) Potential products**

The State Government has notified the following as the main products with export potential for the DEPC to patronize and promote as a part of the “Districts as Export Hubs” Program.

- a) Food products – Rice, Sago, Turmeric, Jaggery Powder, millets, Sugar, blackgram
- b) Cattle feed- Briquette

## **5) Handicraft:**

The Kallakurichi wood carvings and Sandal Wood carving are a unique form of wood carving practiced in Tamil Nadu. Recently, these wood carvings received the geographical indication (GI) tag. The wood carvings of Kallakurichi involve the application of ornamentation and designs, derived from traditional styles by the craftsmen. They are mainly practiced in Kallakurichi, Chinnasalam and Thirukkivilur

taluks of Kallakurichi district. It provides employment to a vast segment of craftpersons in rural & semi urban areas and will generate substantial foreign exchange for the country if boosted, while preserving its cultural heritage.

### **Challenges and Bottlenecks**

Even though the district of Kallakurichi has a vibrant rural economy. The district needs to harness its assets and turn its entrepreneurs into global players. Some of the challenges for identified exports products found in the district are:

#### **1) Cold Storage:**

For Agro value addition to take place, cold storage is important to increase the shelf life of the agro products, especially which are to be exported. Thus, lack of cold storage facility is hampering to achieve the existing potential and forces the farmers and manufacturers to focus on domestic trade losing enormous opportunities in international market.

#### **2) Lack of exposure and export promotion:**

Kallakurichi though having enormous potential to export its agro based products it's still in nascent stage because of products lacking international exposure and marketing. The main advantage in any trade is understanding the demand of a product in a particular market and tailoring the production needs to meet them. The Jaggery Powder from this region though having an international demand, but being untapped to fit into viable export good, has poor export trade. Thus export promotion and exposure of the products is required through a detailed market wise study and categorizing them based on our strength and weakness.

#### **3) Technological bottlenecks:**

Kallakurichi has export potential agro products, but there is no sufficient value addition taking place. There is lack of branding, packaging, standardization, etc. For value addition of agro products there is a need for more dissemination of technical know-how from research centers to the field. There is a need to fill this technological gap and fully harness its potential.

#### **4) Skill gaps (Training and Capacity building)**

There is huge need to cultivate and enhance the international entrepreneurial skill among the businessmen and the farmers in the district, apart from helping them explore international markets. In addition, to sustain in the agro exports, exporter's needs to be well informed about Sanitary and phyto sanitary (SPS) measures of various countries and the Codex Alimentarius international food standards, guidelines and codes of practices, etc which are essential for them to be efficient and competitive international players.

### **5) Ancillary Infrastructure (Testing facilities, Standards and Certification Labs, etc)**

The district has very minimal ancillary infrastructure for exports like testing facilities, certification labs, etc., that are essential in establishing the superior quality of the agro products produced in this district and are mandatory requirements for exports. Its importance can be understood from the recent increase in the imposition of Non- Tariff Barriers by various countries across the world. Since Kallakurichi is primarily relying on Agro and allied food products in its export trade basket, there is a high need to strengthen up these infrastructures.

### **6) Ease of doing business:**

Currently there are numerous acts, laws, licenses that have to be followed/obtained by a manufacturer and this costs hugely in terms of time and money. In order to ensure ease of doing business in the district, it is envisioned that a **Single Window mechanism** will be put in place at the District Head Quarters for guiding and providing necessary clearance at all stages of production.

### **7) Export linked Logistics Infrastructure**

There is a need for world class facilities/amenities like road, airport, hotels, etc in order to attract Foreign investors or buyers and with a view to maximize their export profiles and help in upgrading them to move up to higher value markets. Kallakurichi district is a land locked district and it heavily depends on the road and rail connectivity to export the products manufactured. **Whereas the rail connectivity is available only in chinnasalem and Ulundurpet leaving the rest area dependent only on road connectivity.** Also, there is a need for an Inland Container Depot (ICD) as this would lead to efficient and effective use of time, money and labour. This would avoid congestion at the ports too.

### **8) Sector specific policy and regulatory challenges**

The need of the hour is to have a specific policy at various product levels to improve its efficiency. One size fits all approach usually leads to poor management of resources. Based on these, standard operating procedures should be implemented product/sector wise to streamline production and avoid confusion following multiple regulations and leading to delay. This can be met through periodic meeting with various stake holders, and addressing their day to day hurdles faced in production, and using them as valuable inputs in framing policy making them better directed towards trading community as a whole.

## SWOT ANALYSIS

### Strengths

#### ➤ ECONOMIC PROFILE

- 2/3<sup>rd</sup> population involved in **Agriculture and allied activities**
- **Tourism** is one of the “**SUNRISE INDUSTRY**” whose potential can be tapped.
- Sizable tribal population in Kalvarayan hills is known for their **Tribal Handicrafts** and **traditional Artisan Industry**.

#### ➤ PHYSICAL INFRASTRUCTURE

- Significant number **Rice and Sugar mills** are present.
- **Good irrigation** facility by tank irrigated by **Gomukhi** and **Manimuktha Dams**.

#### ➤ SOCIAL INFRASTRUCTURE

- **Heritage and Spiritual** sites with multiple Religious infrastructures.
- Knowledge about **herbal plants and medicine** has immense cultural and health benefits.

### Weakness

#### ➤ FACTORS OF PRODUCTION

- Adequate **cold storage facility with product specific** infrastructures.
- MSMEs difficulty in finding investment
- Lack of **Venture Capitalism**
- Lack of adequate support/ enabling environment for establishing **start ups**
- **Sector specific policy** & regulatory challenges

#### ➤ SOCIAL INFRASTRUCTURE

- **Skill gaps** (Training and Capacity building)
- Low concentration in **R&D**
- **Lack of certification programs** or short courses by government sides
- Good accommodation for both male and female migrant labours  
**Affordable and safe PG/HOSTELS** need to be built by administration.
- **Monthly Grievances/Feedback** mechanism to make the **G-2-B environment** to be more responsive to the trading community.

#### ➤ EXPORT FRONT

- **Lack of awareness** to venture into export business
- Need a **greater number of FPO's** to utilize the very good agricultural to capture global market
- **Stringent quality** control needs to be followed in agricultural products **right from cultivation to harvest process**
- In Agro based products both **quantity and quality** need to be based on **EXPORT MARKET DEMAND**
- **Information dissemination** regarding which **country/market** has **huge demand** for their product and value addition needed in current production.
- **Lack of ancillary infrastructure for exports like testing facilities, certification labs, etc.,**

### **District Export Action Plan for Kallakurichi:**

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 of 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 favoring 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 Kallakurichi District into becoming an export hub. To this extent, the DEPC, the central, the state governments and the exporting community, at large have to actively participate in the program and work on a mission mode, so that targets are achieved and the district of Kallakurichi is turned into a hub for exports in the next 5 years.

As the first step in converting Kallakurichi 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 Gov of TN identified and notified the following products as having potential for export in the district:**

- a) Food products – Rice, Sago, Turmeric
- b) Agro Based Products – Jaggery Powder
- c) Cattle feed- Briquette

The District Collector as the chairperson of the DEPC in the district may invite any other departmental representative or an outside expert as a special invitee to the meetings of DEPC.

**1) Functioning of the DEPC:** 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 co-ordination authority with the various state and central Govt 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 **one-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.

**2) Creation of subgroups:** 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, 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.

A suggestive composition of the sub-groups can be as follows:

**Subgroup on Agro products:**

- The District Collector- Chairperson /DC's Representative
- O/o Zonal Additional DGFT, Chennai
- District Industries Centre, Kallakurichi
- Representative, APEDA, Gov. of India
- Representative, Department of Agriculture, Gov. of Tamil Nadu

**3)** The detailed District **Export Action Plan** is proposed for converting the district into a hub for exports, after taking into consideration the needs, challenges identified above is given table below:

Sl. No	Challenges to be Addressed	Implementing agency /department	Action Plan	Timeline
1.	Identification of base line exports	DIC along with DGFT, MSME	<b>Data analytics</b> - The base line export for the district is the exports from the year 2018-19 originating from the district and the target is to convert the district into an Export Hub. The DEPC of the district will clearly identify and quantify the base-line benchmark for <b>each identified product/sector</b> and set timelines for achieving the desired export performance over a period of 5 years. Data obtained from the GST, District Industries Centre, Kallakurichi, 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.	6 months
2.	Comprehensive database on exporters from the district	DIC Kallakurichi	<b>Comprehensive database on exporters from the district</b> - 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.	6 months to 12 months

3.	Single window system at the district level	District administration & DIC Kallakurichi	<b><u>Single window system at the district level-</u></b> In order to address the numerous approvals and licenses required for manufacturing or setting up an export business, a Single Window System at the District Industries Centre needs to set up for any export related approvals or clearances at the district level. The Action Plan envisages setting-up of such a system for the ease of doing export business in the district and plan to operationalize it in two years. <b>The district administration will work and operationalize the proposal under the leadership of the Chairperson of the DEPC.</b>	1 year
4.	Creation of an online one-stop portal	NIC, Kallakurichi	<b><u>Creation of an online portal:</u></b> 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. <b>NIC of the district can be tasked with this project to be implemented in a year and report to the DEPC.</b>	1 year

5.	Training on SPS, Codex Alimentarius standards	APEDA, Dept of agriculture.	<b><u>Training about SPS, Codex Alimentarius and other Trade Regulations</u></b> - APEDA can impart training to Farmers and Agro Exporters regarding Sanitary and Phyto-sanitary (SPS) measures, The Codex Alimentarius international food standards, guidelines and codes of practices, and other regulations to boost exports from Kallakurichi.	Once every year
6.	Cold Storage Facilities	Sub-group	<b><u>Establishing Cold Storage Facilities</u></b> - The existing cold storage facilities are not enough for the development of Agro value addition. The DEAP will work on establishing and Increasing the Cold storage capacity in the district. <b>The Sub-group</b> , with all stake holders can be formed and tasked with studying and implementing it in the district	3 years

7.	Identifying new products for exports	District Administration and DGFT	<b><u>Identification of new products for exports</u></b> –Through this action plan, DEPC will work to identify new potential products for value addition and exports in coordination with District Administration.	1 month
8.	Formation of Farmer Producer Organisations (FPO)	District Administration	<b><u>Formation of Farmer Producer Organisations (FPO)</u></b> This enables increase in scale in production and be financially sustainable in production and better capable of absorbing shocks. Also helps them have stronger union to have their needs met.	1 year
9.	Tourism infrastructure	District administration	<b><u>Tourism infrastructure</u></b> Having observed that kallakurichi has immense opportunity to attract tourists both domestic and globally, infrastructural demand has to be met like home stays and affordable lodgings, ATM facilities, safety, public toilets, safety and security, network coverage, transportation connectivity.	2 years
10.	Labour Issues(ie) Social Infrastructure	District administration	<b><u>Labour Issues (ie) Social Infrastructure</u></b> Since majority manufacturing and processing sector employs migrant labourers there needs to be proper infrastructural structures to accommodate them. Affordable hostels and dormitories should be provided to both men and women. Additional safety and sanitation facilities need to be taken care.	2 years