



GOVERNMENT OF TAMIL NADU

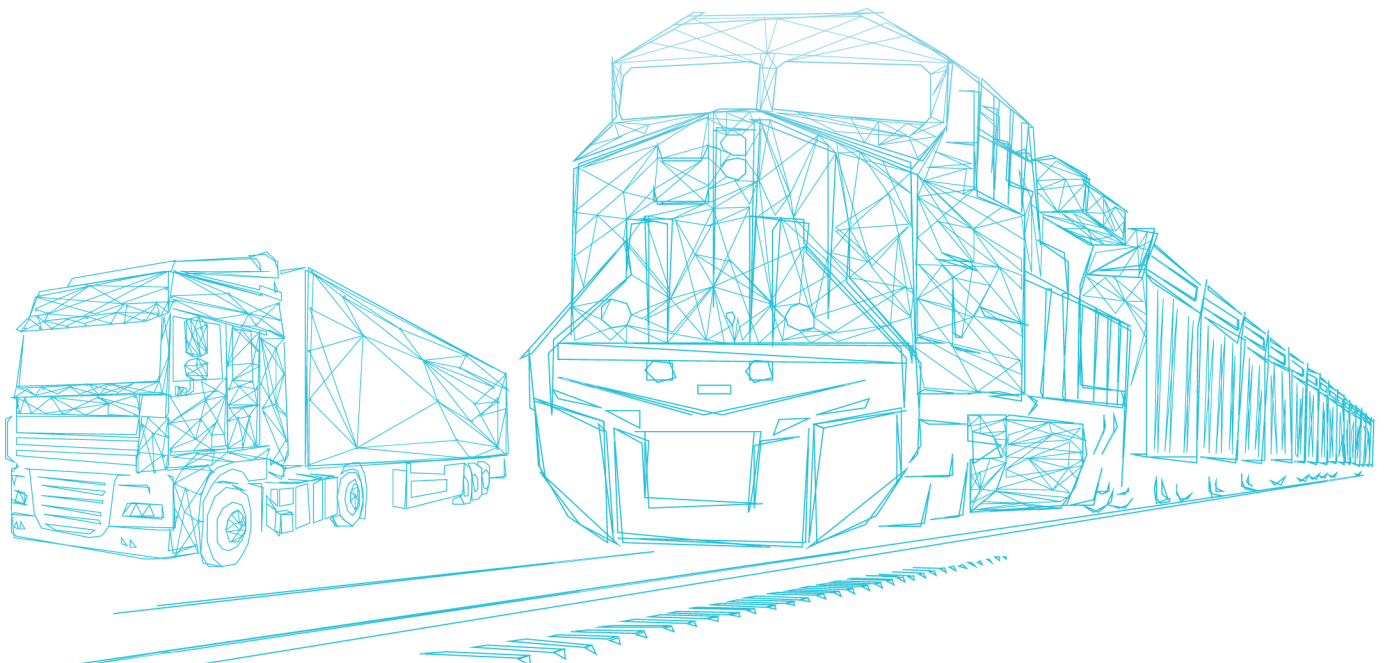


# TAMIL NADU EXPORT PROMOTION STRATEGY 2021





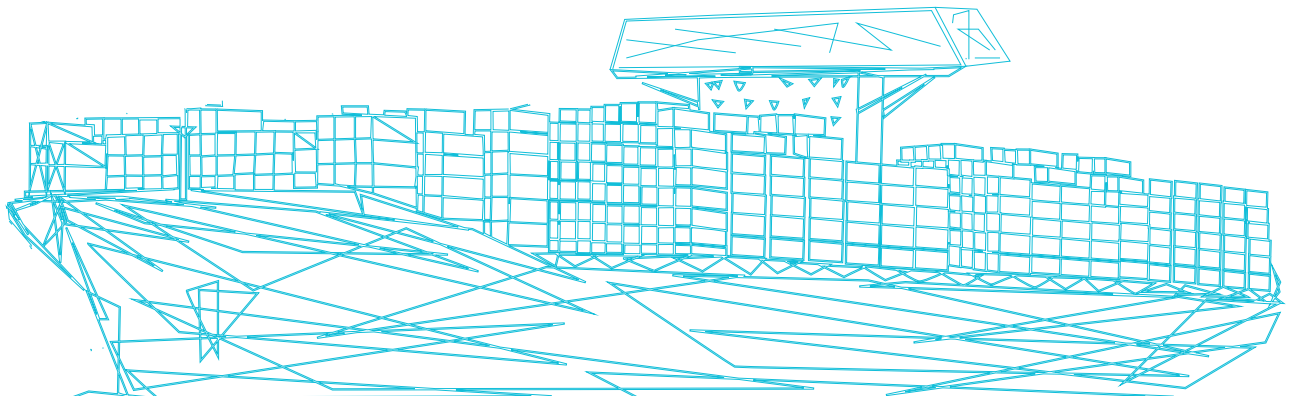
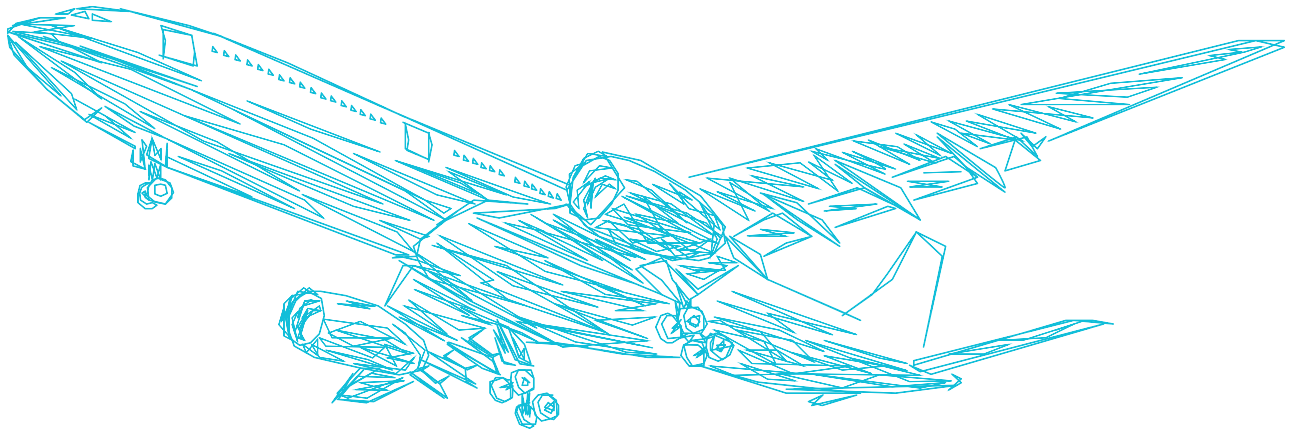
**V. O. Chidambaranar Port**  
Thoothukudi





Government of Tamil Nadu

# Tamil Nadu Export Promotion Strategy 2021









# Table of Contents.

<b>1. Preamble</b>	<b>1</b>
1.1. Tamil Nadu – A Leading Exports Hub	1
1.2. Exports Overview	2
1.3. Exports Champion Sectors	3
1.4. Need and Scope for the Strategy	4
<b>2. Objectives</b>	<b>6</b>
2.1. Vision	6
2.2. Goals	6
2.3. Mission	6
<b>3. Champion Sector Strategy</b>	<b>7</b>
3.1. Automobiles and Auto Components	7
3.2. Textiles	9
3.3. Food Processing	10
3.4. Leather and Footwear	13
3.5. Electronics & Electrical Equipment	14
3.6. Machinery	16
<b>4. Infrastructure &amp; Ease of Logistics</b>	<b>18</b>
4.1. Export Supporting Infrastructure	18
4.2. Ease of Doing Business for Exporters	21



# Table of Contents.

<b>5. State Support to Exporting Organisations</b>	<b>23</b>
<b>5.1.</b> Export Dispersion	23
<b>5.2.</b> Export Diversification	25
<b>5.3.</b> Export Promotion	26
<b>6. Institutional Mechanism</b>	<b>28</b>
<b>6.1.</b> State Export Promotion Committee	28
<b>6.2.</b> District Export Promotion Committee	29
<b>6.3.</b> Export Cell	30
<b>Annexures</b>	<b>31</b>
Annexure 1 – State Export Champion Sectors	31
Annexure 2 – Definitions	31
Annexure 3 – List of Export Hubs in the State	32
Annexure 4 – List of products identified by District Export Planning Committee	33



## List of Tables.

<b>T1:</b> Exports from Tamil Nadu for Major commodities	4
<b>T2:</b> Opportunities for the State in Auto and Auto components	8
<b>T3:</b> Opportunities for the State in Textiles	10
<b>T4:</b> Opportunities for the State in Marine products	11
<b>T5:</b> Opportunities for the State in the Leather and Footwear industry	14
<b>T6:</b> Opportunities for the State in Electronics & Electrical equipment	15
<b>T7:</b> Opportunities for the State in Machinery	17
<b>T8:</b> Performance of Tamil Nadu as per LEADS Index - 2019	18
<b>T9:</b> Major ports in Tamil Nadu	19
<b>T10:</b> Warehousing capacity in Tamil Nadu	20

## List of Figures.

<b>F1:</b> Top 10 gateways of Tamil Nadu Exports, FY 2015-16 to FY 2019-20	3
<b>F2:</b> Typical flow of Exports Activities	7
<b>F3:</b> Tamil Nadu performance in LEADS ranking	8
<b>F4:</b> Institutional framework for Export promotion in Tamil Nadu	18
<b>F5:</b> Major Institutions involved in State level Exports	30





# Preamble

## 1.1. Tamil Nadu - Leading Exports Hub



The history of trade from Tamil Nadu has a bejeweled past dating back 3000 years. Emerging from maritime trade with Southeast Asia in 4th century BC, Tamil Nadu rose to its current pre-eminence primarily due to its coastline and connectivity with intercontinental trade hubs, positioning it as a hub for industry, trade and commerce for centuries. In an era driven by globalisation, the State has built on its historical prominence of mercantilism and the trade network has grown manifold and emerged as the third largest exporter in India for the last decade and presently contributes to 9% of India's exports to the world.

Tamil Nadu offers State-of-the-art infrastructure to support trade and commerce. The State has a highly advanced infrastructure and logistics ecosystem, catering to the exports. These include - seven passenger airports, including four international airports; over 25 seaports, including 4 large ports of India; over 6,800 km of rail track, a National Highway density of 38.7 km per 1,000 sq.km of area, and seven Inland Container Depots (ICDs). Presently, Tamil Nadu ranks first in the number of operational Special Economic Zones in the country.

Tamil Nadu, in general, exports goods in which it has a comparative advantage. The State boasts a diversified export basket in various sectors such as automobile and components, machinery and instruments, electronic hardware, software, readymade garments and accessories, yarns, fabrics, and leather products. Almost every second motor car or passenger vehicle exported by India originates from Tamil Nadu. Manufactured goods account for a significant share of the State's economic growth and exports. Therefore, the State has traditionally focused on export-oriented manufacturing to foster high-value production for potential buyers outside India and promote value employment and income generation. The State has taken proactive steps to provide a conducive ecosystem for Exporting Organisations (defined in Annexure 2). Tamil Nadu ranks 3rd in NITI Aayog's Export Preparedness Index 2020.



*Tamil Nadu is a perfect example that proves that there is a strong correlation between frequent quality checks and the volume of exports, thanks to its strong export promotion policies. The State also 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*

**- NITI Aayog Export Preparedness Index 2020**

Besides manufactured goods, the State has demonstrated competence in traditional products exports such as handicrafts, handloom fabrics, and plantation products that contribute to the State's outbound shipments. In alignment with the Government of India initiative to develop Districts as Export Hubs, Tamil Nadu offers a multi-product potential to export from each district.

Through this export promotion strategy, the State has laid out a roadmap for improving export competitiveness and facilitating exports efficiency.

## 1.2. Exports Overview

The value of merchandise exports from Tamil Nadu stood at Rs. 11.55 lakh crore (USD 168.5 billion) between 2015-16 and 2020-21. The export basket predominantly comprises manufactured goods, followed by agricultural and allied products, and a small share of minerals, petroleum products, and other commodities.

Tamil Nadu accounted for 9% of the national exports in FY2020-21, with a major contribution from automobiles, textile, machinery, etc. Among marine and agriculture exports, marine products shrimps, sugar and molasses, and spices dominated the share between 2015-16 and 2019-20. Oil seeds, processed fruits and vegetables, tea, rice, and cashew nut are the other significant export items from the State. During this period, agricultural and allied products accounted for Rs. 0.73 lakh crore (USD 10 Bn) exports. With agriculture being the cornerstone of the rural economy and its importance to food security for the people, the State is drafting an Agriculture Export Policy. The Tamil Nadu State Agricultural Marketing Board (TNSAMB) has been designated as the nodal agency for Agro-Export promotion in the State. Twenty-three commodity clusters from agriculture, horticulture, animal husbandry, and fisheries sector along with potential districts have been identified for promotion of Agri exports in the State.





Service exports have emerged as a mainstay of the State's economy with IT/ITeS exports registering a growth of 8.6% in the last five years. The State has established its position as a reliable supplier of high-quality services ranging from IT, financial services, tourism, healthcare, and education services. Software exports in Tamil Nadu increased by nearly 12% to Rs. 1.39 lakh crore (USD 19 billion) in FY 2019-20 from Rs. 1.23 lakh crore (USD 17 billion) in FY 2018-19. The Special Economic Zones established by the Electronics Corporation of Tamil Nadu (ELCOT) have contributed Rs. 21,700 crore (USD 3 Bn) of exports in the IT sector and created 94,000 jobs. The Tamil Nadu ICT Policy 2018 provides assistance to IT and ITeS companies, including infrastructure support. Recently, the State unveiled three new IT policies on - artificial intelligence, blockchain, and cybersecurity - aimed at addressing the emerging growth areas in the IT industry and e-governance. Additionally, the State is also formulating a Tourism Policy to further service exports.

The State houses some of the major gateways to the major export destinations for the country. Chennai Port, VOC Port (VOCPT), and Chennai Airport have remained the top 3 gateways for exports from the State, catering to 60% of the total State exports. The USA is the top exports destination (Figure 1) for Tamil Nadu and accounted for 16% of the total outbound shipments from the State between 2015-16 and 2019-20. Other key export partners are the UK (5.5% share of State's exports), Germany (5.2% share of State's exports), China (5.1% share of State's exports), and the UAE (4.9% share of State's exports).

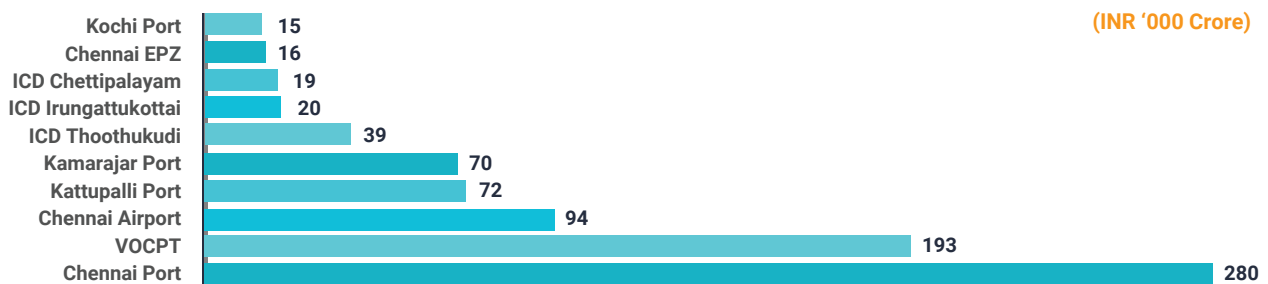


Figure 1: Top 10 gateways of Tamil Nadu exports, FY 2015-16 to FY 2019-20

### 1.3. Export Champion Sectors

Becoming a key exporting region and sustaining that position, requires the State to be competitive in Champion Sectors and, particularly, in specific segments of these sectors, which have the highest growth potential globally. Hence, the Champion Sectors for export promotion have been identified based on parameters such as production, employment, trade, competitiveness and investment. The shortlisted sectors are:

1. Textile & Apparel
2. Food Processing
3. Auto and Auto Components
4. Leather and Footwear
5. Electronics
6. Machinery

The Champion Sectors (Table 1) also have a Revealed Comparative Advantage<sup>1</sup> for Tamil Nadu, i.e., where the State is exporting more than its fair share. The interventions for promoting exports in Champion sectors is outlined in the Chapter on Champion Sectors Strategy.

TN Rank in India	Segment	Segment wise Export value during FY 2015-16 to FY 2020-21 (Rs. lakh crore)		Contribution to India's export in the segment
		Tamil Nadu	India	
1	Road vehicles	2.41	6.51	37%
1	Articles of apparel and clothing	1.51	3.37	45%
2	Machinery	1.28	7.31	18%
3	Electrical machinery and electronics	0.73	4.70	16%
1	Footwear	0.48	1.08	44%

Table 1: Exports from Tamil Nadu for Major commodities

## 1.4. Need and Scope for the Strategy



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 (World Bank, 1993). There is strong evidence of export-led (economic) growth in Southeast Asia where developing countries have been successful in achieving high and sustained rates of economic growth since the early 1960s because of their free-market and outward-oriented economies. Trade openness shifts the manufacture and trade of goods to sectors in which the country has a comparative advantage, thereby, increasing efficiency. In developing countries, the export-oriented sectors are often employment-intensive and hence, the expansion offers the creation of job opportunities. Further, trade opens the economy to greater inflows of FDI and technology transfers. Tamil Nadu's strengths in exports and its established infrastructure for exports serve as a bedrock for attracting investors to the State, which, in turn, acts as a catalyst for trade. Hence, at a State level, there is a need for an export promotion strategy to focus on export diversification and export dispersion.

<sup>1</sup> Revealed Comparative Advantage (RCA) for the export of a product in a State in India has been analyzed as the ratio of the Share of the product's exports in the State's total exports to the same Share of the product's exports for India as a whole.

**a) Export Diversification** - 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)<sup>2</sup>. Unlocking the export market share in the Champion Sectors, where the State has a competitive edge, would have a larger economic benefit. Hence, sector-specific export-oriented interventions are required to accelerate the overall export growth in the State.

**b) Export Dispersion** - Aligned with the Government of India's initiative on identifying 'Districts as Export Hubs', the State requires a concerted and coordinated effort to target export promotion and manufacturing and employment generation at the grass root level.



----- Image: Aerial View of Chennai Port -----

Broadly, the strategy to promote net exports can be achieved by increasing exports and/or reducing imports. The former can be achieved by increasing the value of the product exported (export value addition) or increasing the volume of the product exported (new Exporting Organisations or capacity expansion). The latter - import substitution - can be achieved by creating domestic manufacturing capacities for components imported, which is being enabled through the Industrial Policy 2021. Therefore, this strategy shall focus on export promotion to ensure manufacturing of quality products, fulfilling trade standards, generating value employment, thereby resulting in income generation and economic growth.

***This Strategy is applicable for projects establishing new units or expanding units that are engaged in manufacture and export of value-added goods in Champion Sectors as defined in Annexure 1, or have a manufacturing facility in an Economic Employment Enclave or Export Hub.***

<sup>2</sup> This has been prorated to Tamil Nadu applying a share of 9.25% on India's export potential.



# Objectives



## 2.1. Vision

Transform Tamil Nadu into a leading export hub and unlock its export potential by exploring new potential markets and integrating with the global value chains.

## 2.2. Goals

Increase exports from Tamil Nadu to USD \$100 billion by 2030 from its current level of USD \$26 billion in 2021, in alignment with the State's target of becoming a USD \$1 trillion economy by 2030.

## 2.3. Mission

The following pathways have been envisioned to achieve the set objectives:

- Improvements in export supporting infrastructure to enhance export efficiency
- Promotion of export diversification through knowledge dissemination, investment in technology, and skill upgradation
- Facilitate the rapid and sustained growth of exports from Tamil Nadu through suitable sector level strategies and State support
- Market/business development support to the Exporting Organisations, having manufacturing facilities in the State across various dimensions - identification of new products /segments /markets, branding, export compliances
- Creation of a robust institutional mechanism for rapid and sustained growth of exports
- Decentralization of export promotion to develop districts as Export Hubs and increase employment generation



# Champion Sector Strategy



Global trade patterns reveal that the large economies of USA, Europe, Japan and Canada are the most important export markets. This holds true for most of Tamil Nadu’s Champion Sectors, including textile and apparel, food processing, automotive, leather, electronics and electrical equipment, and machinery. As such, it is critical for the State to aid manufacturers in identifying and connecting with partners, understanding and complying with requirements, and efficiently exporting to these regions. In order to support manufacturers to export efficiently, State level interventions related to exports have been formulated across each sector. These interventions are targeted to provide support across the export life cycle for ensuring a smooth and efficient export flow (as showcased below).

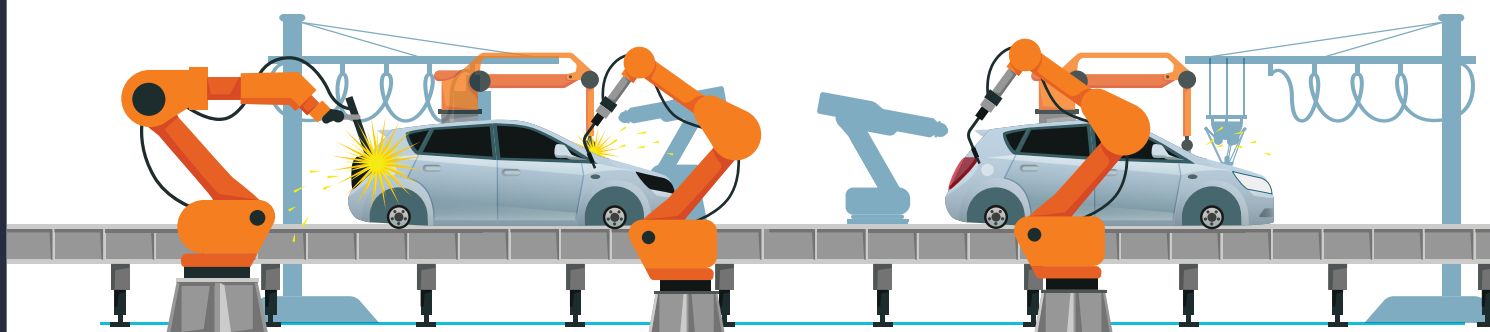


Figure 2: Typical flow of Exports Activities

## 3.1. Automobiles and Auto Components



Tamil Nadu is the leading State in terms of exports of road vehicles, contributing 38% to the country’s total export in the segment, valued at Rs. 5.5 lakh crore between FY 2015-16 and FY 2019-20. The State is a major exporter of both automobiles (48% of India’s automobile exports) as well as auto components (34% of India’s auto component exports). In Tamil Nadu’s auto exports, automobiles and components have a share of 69% and 31% respectively. Passenger vehicles (PV) make up the bulk of Tamil Nadu’s exports, primarily comprising compact (60%) and mid-segment vehicles (40%). Commercial vehicle exports comprise trucks and trailers (65%) and tractors (30%), with the remaining 5% being buses.



In terms of regions, 40% of Tamil Nadu’s auto exports are shipped to North America, primarily comprising passenger cars (mainly include compact hatchbacks and compact SUVs). The top export markets of the State are a combination of developed and developing economies, especially African countries. The trend is unique compared to the global trend of trade where developed countries have remained the major importers. Chennai is one of the major global automobile manufacturing hubs of the country. Utilization of gateways in and around Chennai for the export of road vehicles indicates the concentration of automobile manufacturing in the northern districts, with more than 90% of the road vehicle exports from the State happening from five gateways near Chennai (Chennai Port: 40%, Kamarajar Port: 31.9%, Katupalli Port: 10%, ICD Irungattukottai: 5.5% and Mahindra City Auto Ancillary SEZ: 2.3%).

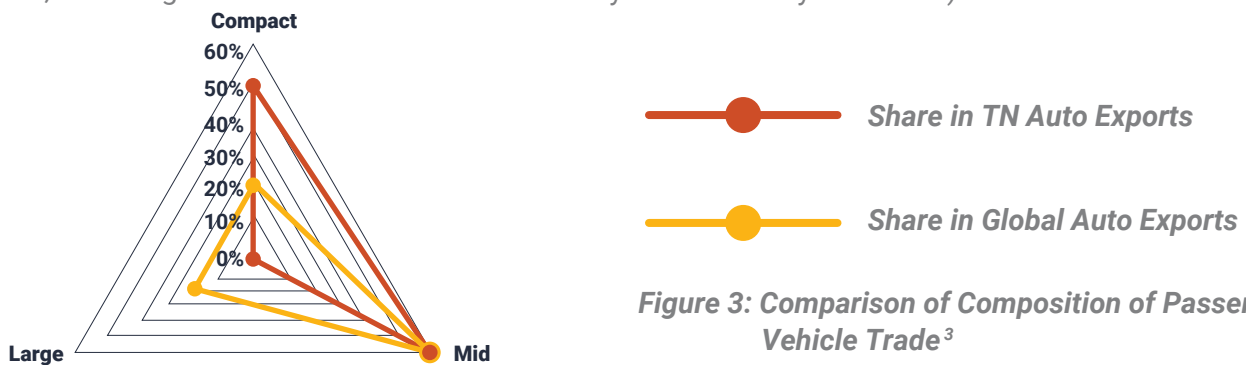


Figure 3: Comparison of Composition of Passenger Vehicle Trade<sup>3</sup>

Midsize vehicles are the highest exported vehicle segment globally (58% of PV exports), and also form the majority of Passenger Vehicles exported from Tamil Nadu (52% of PV exports). While Compact and Large vehicles have a similar share in value terms, TN has higher expertise in the compact segment. There is a high degree of complementarity between global exports and Tamil Nadu exports. In auto components, TN’s highest exports are of Chassis, Braking, and Transmission system components. Nearly 36% of TN’s auto component outbound shipments are exported to Europe. In terms of global auto exports, transmission systems account for over a quarter of global exports, and the State has an opportunity for export expansion in this segment.

<b>Identified products (or) segments</b>	<ul style="list-style-type: none"> <li>• Automobiles</li> <li>• Compact segment passenger vehicles</li> <li>• Midsize segment passenger vehicles</li> <li>• Auto Components</li> <li>• Gearbox, Clutch, Drive Axle and parts</li> <li>• Brakes and Brake parts</li> <li>• Steering Wheel, columns and boxes</li> <li>• Wheels and parts</li> <li>• Suspension, Shock Absorbers</li> <li>• Other components including Hydraulics, Fuel Tank, hoods and panels, etc.</li> </ul>
<b>Target market (or) geographies</b>	USA, Europe, Germany, Mexico, Japan, Canada

Table 2: Opportunities for the State in Auto and auto components

<sup>3</sup> DGCIS and ITC TradeMap

## Interventions

To promote exports in this sector, Tamil Nadu shall focus on improving logistics efficiency and creating a better logistics network near the production centres and gateways in Chennai. Additionally, the State is also focussing on attracting EV manufacturers to lead EV exports from India. Some of the key export-oriented interventions in this sector include:

- Encourage technological upgradation for product improvement or process improvement for products to become eligible for exports
- Upgrade technical courses with increased industry-institute interface at vocational institutes, with a special focus on Krishnagiri and Coimbatore on skills such as G6 welding, joystick handling, robotics, language courses, and business etiquettes.
- Establish incubation centres to drive innovations related to automation, connectivity, electric power, and shared-mobility economy (ACES) catering to export markets

## 3.2. Textiles

Tamil Nadu is the highest contributor to country's export of articles of apparel and clothing with a contribution of 58% between FY 2015-16 and FY 2019-20. During 2019, Tamil Nadu exporters contributed 58% of Indian exports in apparel products. The top three exports destinations, the US, the UAE, and the UK accounted for 48% of Indian apparel exports.



The Western districts are the leading hubs for textiles manufacturing. Utilization of gateways in Western districts and Thoothukudi for export of articles of apparel and clothing underscores the strong base of textiles sector in the region with more than 65% of the articles of apparel and clothing being exported from 3 gateways, namely, VOC Port (31.5%), ICD Thoothukudi (18.9%) and ICD Chettipalayam (14.7%). These exports include time-sensitive and high-value items, which lead to the utilization of airports for exports as well. Chennai Airport accounted for 14% of volumes of the exported textiles.

Textiles is among Tamil Nadu's top ten exported items and contributes 58% to global exports (2019). The four major product categories, which are among the top ten global exported items but do not feature in Tamil Nadu's top ten items are - jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted; women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters; men's or boys' overcoats, car coats, capes, and tracksuits; ski suits, swimwear and other garments (excluding knitted or crocheted).

Japan, Canada and Hong Kong are the three destinations among the top ten importers of textiles, however, these do not rank high among the top 10 export destinations for India. Exporting Organisations from Tamil Nadu can explore these markets. Further, Japan has a trade agreement with India, which can be leveraged to make Japan a major export market for Tamil Nadu. Other countries where India has agreements for trade related to textiles are Uzbekistan, Kyrgyz Republic and Belarus, which can be explored as potential market for Tamil Nadu's exports.

<b>Identified products (or) segments</b>	<ul style="list-style-type: none"> <li>• Suits, jackets, blazers, trousers, dresses</li> <li>• Jerseys, pullovers, cardigans, waistcoats</li> <li>• Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters</li> <li>• Tracksuits, ski suits, swimwear, knitwear &amp; other garments</li> </ul>
<b>Target market (or) geographies</b>	USA, Europe, Germany, Mexico, Japan, Canada

**Table 3: Opportunities for the State in Textiles**

### Interventions

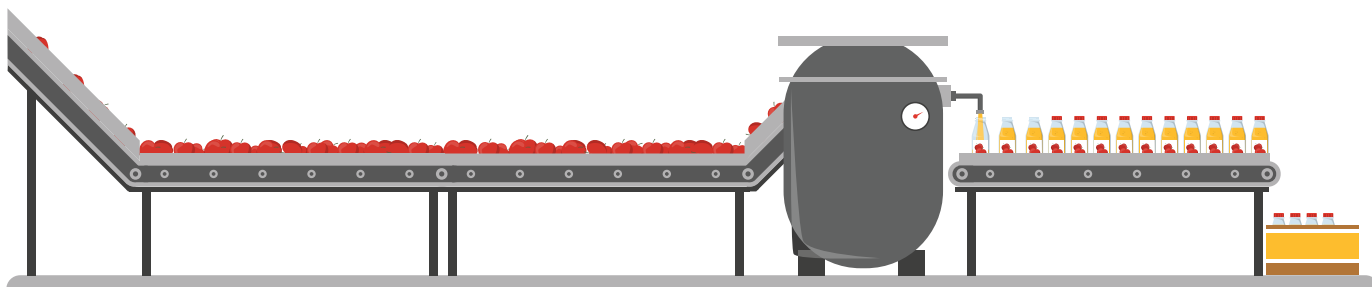
The State shall undertake the following interventions to promote exports for textile and apparel:

- Develop dedicated textile parks with common utilities and pursue targeted investment promotion to build domestic technology capability for manufacturing man-made fibres
- Invest in developing R&D capability for technical textiles by setting up/supporting testing labs and design centres in the Western Districts
- Encourage and attract upstream petrochemical complexes/ chemical manufacturing units to build capacities in crucial raw materials for technical textiles such as polysulfone, polyacrylonitrile, and polypropylene
- Nominate suitable products for GI tagging and strategic branding of sericulture and khadi products from the State
- Collaborate with institutions like NIFT to facilitate on job learning for students from the State. Further, universities shall be encouraged to design short term training programs for executives of the textile units to grow their technical and managerial capabilities and update their curriculum on upcoming areas such as textile mechatronics
- Improve access to affordable finance for MSMEs, who are significant players in the textiles sector through suitable schemes of the Government of India / TN MSME Policy 2021

### 3.3. Food Processing

India is a net exporter of marine food products and ranks 3rd in the export of primary and secondary processed marine products and ranks 14th in terms of export of prepared marine products. Tamil Nadu is one of the leading exporters of marine products from India with a share of 38% of the total exports in the segment.





Marine products were the highest exported food item from the State and were four times higher in value than the next most exported item- spices. Tamil Nadu exports prepared marine fish products predominantly to the USA and Canada. The Middle East and South-East Asia are the other prominent markets for the State. There is a significant opportunity for Tamil Nadu to leverage its existing strength in marine food exports to move up the value chain and export high value-added tertiary processed products like prepared meals of fish, shrimps, pickles, dried powders, soups, and gravies.

Developed economies like the USA and European countries continue to be major importers of prepared marine food products, with the USA importing 17% of global imports followed by Japan at 12%. The European nations viz. the UK, Germany, Italy, France, Spain, and the Netherlands account for 30% of the global imports in the segment. Prepared products of tuna, shrimp, salmon, cuttlefish, squids, etc. are some of the topmost exported items globally. The top 10 exported products contributed 83% to the global exports in the segment. Prepared crab products were the highest exported processed marine food item from the State and accounted for 91% of exports. Tamil Nadu has an opportunity to develop its production and processing capacities in shrimps and fish products and gain a higher share in the global market, particularly for harvesting tunas, which are the highest exported items globally. While the global export of crab products is just 4%, it is 19% for shrimp products and 26% for tuna, which is the highest exported product globally. Breakfast Cereals is another segment that is well established in the State. Cereal products like cornflakes were the highest exported Breakfast Cereal items from the State, accounting for a 47% share. The State will focus on developing its production and processing capacities in cereals to capture the domestic and export markets.

<p><b>Identified products (or) segments</b></p>	<p><b>Prepared marine products including:</b></p> <ul style="list-style-type: none"> <li>• Tuna</li> <li>• Shrimps and prawns</li> <li>• Sardines</li> <li>• Cuttlefish</li> <li>• Crabs</li> <li>• Breakfast Cereals</li> </ul>
<p><b>Target market (or) geographies</b></p>	<p>USA, Europe, Japan, Canada, South Korea, China</p>

*Table 4: Opportunities for the State in Marine products*

## Interventions

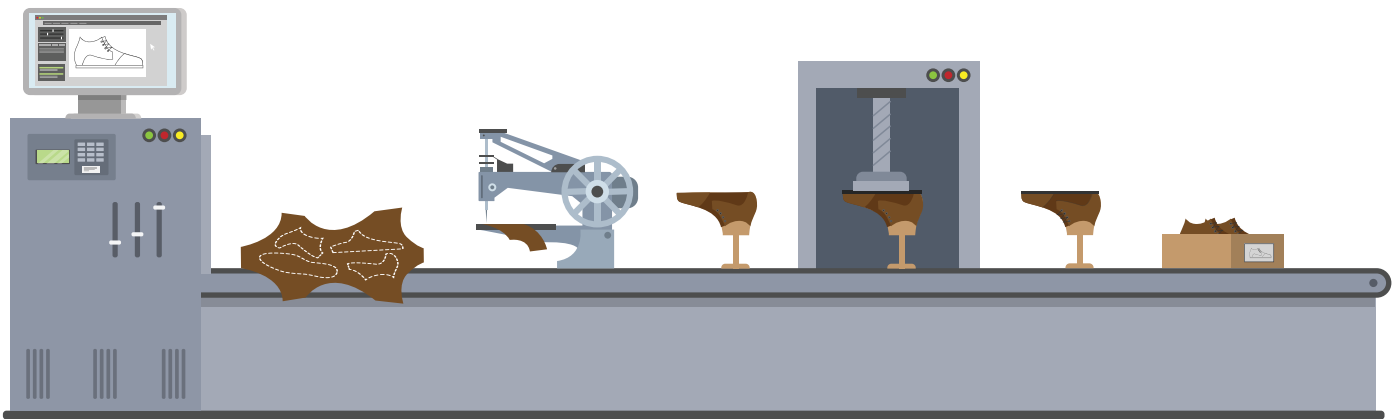
The TNIP 2021 has recognized Food Processing as a sunrise sector and offers enhanced subsidies to large and mega category investors. The Food Processing Policy 2018 offers fiscal incentives for mega enterprises and MSMEs. The Policy also promotes research and development and facilitation of testing labs. The State has developed four Agri Export Zones for specific commodities - at Hosur comprising Dharmapuri and Krishnagiri Districts; for flowers in Nilgiris District; for mangoes in Theni District and cashew in Cuddalore District. In order to promote manufacturing capacity in products with high global demand and to support existing exporters in complying with global standards, the following interventions have been proposed at State level to promote growth in exports in food processing sector:

- Develop Mega Food Parks and ensure provision of the common infrastructure facilities including but not limited to solid waste management plant, ETP, CETP, 24x7 electricity, cold chain infrastructure, food testing labs, quality control units, trade centres, pack houses, warehouse, and reefer truck fleet
  - Develop plug in facilities for reefers in ICDs near upcoming food parks in the State for facilitating exports
  - Creation of testing labs and certification agencies for exporters in proximity to upcoming food parks and production centres in Thoothukudi, Pudukkottai, and Madurai, as food products have specific requirements to comply with quality standards of importing nations
  - Support marine food processing units in setting their own cold chain by dovetailing central government schemes
- Create an ecosystem for aquaculture through interventions such as:
  - Providing short term lease for government owned brackish water areas
  - Aqua cluster development with provision of common infrastructure and collective marketing with participation of private sector
  - Support Research in new technologies to improve shrimp culture, yield and diversification to culture multiple species and explore possibilities of diversification to harvest globally popular fish like tuna in the State
  - Training and skill development of workforce for better handling of fish for improved productivity and imparting knowledge of value addition procedures and techniques
  - Marketing and branding of world class infrastructure and processing facilities in marine food available in the State on global forums, trade fairs, summits
- Promotion of foreign investments and research and development for large units and manufacture of essential ingredients used for value-addition such as batters, breadings, marinades, and spices
- Support capacity development for advanced packaging technology, especially for marine products, to improve saleability in international markets

### 3.4. Leather and Footwear



Footwear was the 5th largest exported commodity from the State of Tamil Nadu between FY 2015-16 and FY 2019-20. The top export markets for the State include the developed markets such as the US, the UK, Germany, Italy, and France. In terms of exports of footwear, Tamil Nadu ranks first, with a contribution of 44% of to the the country's export in the sector. Between FY 2016-17 and FY 2020-21, Tamil Nadu exported Rs 40,000 crore worth of footwear. Tamil Nadu is the largest exporter of leather footwear in the country with a share of 50% of the total exports in the segment. The export growth rate in the footwear segment in Tamil Nadu was 4% between 2016-17 and 2018-19, whereas the growth rate of exports from India in the same period was 2%.



The northern gateways in the State have the majority of the footwear exports share from the State. The top 5 gateways from the State for footwear are Chennai Port (28.8%), Chennai Airport (21.7%), ICD Arakkanom (19.7%), Cheyyar SEZ (18.4%), and Katupalli Port (6.6%). Within the footwear industry, leather footwear alone accounted for over 40% of global exports. Apart from footwear, the leather industry has Leather Goods, which include a myriad of products such as belts, wallets, purses, handbags, and other luggage and accessories, which collectively account for about 33% of global exports. Apart from these two broad segments, there are also leather garments and footwear components, which make up the remaining 7% of global exports. The developed economies such as the USA and European countries have remained the major importers of leather footwear with the USA importing 20% of global imports followed by Germany at 10%. The European nations of Germany, Italy, France, the UK, the Netherlands, and Belgium account for 35% of the global imports in the segment.

Leveraging its strength in the tanning industry, leather footwear accounts for more than 50% of leather exports from Tamil Nadu. In the leather footwear segment, the State is a leader in exports from India and shall explore market penetration measures to expand its reach in high demand geographies. The State shall also focus on non-leather footwear which has high potential for exports and employment.

China, Vietnam and Indonesia are some of the major competitors for India in the export of leather footwear. Bangladesh is also emerging as a competition for India in the footwear industry.

<b>Identified products (or) segments</b>	<ul style="list-style-type: none"> <li>• Leather Footwear</li> <li>• Leather Goods – Purses, wallets, bags, etc.</li> <li>• Non-Leather Footwear</li> </ul>
<b>Target market (or) geographies</b>	USA, Europe

*Table 5: Opportunities for the State in the Leather and Footwear industry*

### Interventions

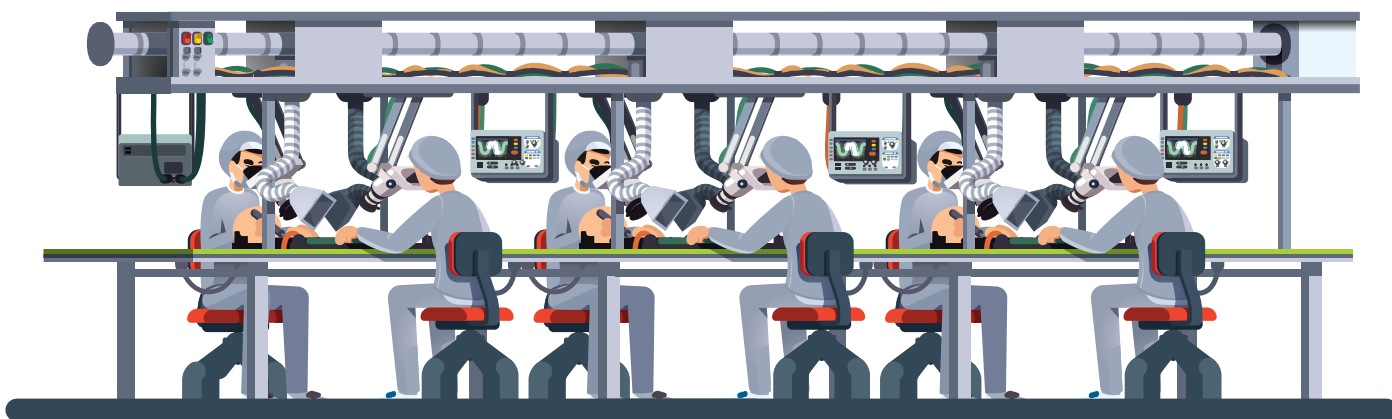
From the vantage point of being the leading export centre of leather and footwear products in India, Tamil Nadu exporters have a greater advantage in higher value capture. The State shall undertake the following interventions to promote exports for leather and footwear:

- Creation of supporting infrastructure such as design studios and quality control facilities, which will support exporters from Tamil Nadu to design products, thus enabling them to move up the value chain.
- Develop mega leather clusters with well-equipped plug-and-play facilities, which can attract large players in the domestic and international markets to invest in the State.
- Establishing a customs facility in Ambur (Town of Export Excellence) for the exporters to obtain the inspection clearances at the time of loading and before dispatch from their premises which will minimize the hassle of unloading containers for carrying out checks at the port /airport for export.
- Creating skilled workforce through Centres of Excellence (CoEs) equipped with knowledge of cutting-edge technologies need to be set up in the leather clusters.
- Provide marketing and branding support for footwear manufacturing participating in international trade fairs and conventions to market their products.

### 3.5. Electronics & Electrical Equipment



Electronics is one of the fastest- growing and most complex sectors in terms of Global Production Networks. Electronic Components, communication devices, and computers and peripherals are some of the most exported electronics items globally, which are also present in Tamil Nadu to some extent. The State ranks 3rd in terms of exports with a contribution of 25% of the country's export in the segment; between FY 2015-16 and FY 2019-20, India exported Rs. 3.65 lakh crore worth of electrical machinery and electronics products. The top export markets for the State include China, the US, Germany, and the Netherlands. The northern gateways in the State handle the majority of the electrical machinery and electronics exports share from the State. The top 5 gateways from the State for electrical machinery and electronics are: Chennai Port (24.4%), SIPCOT Electronics Hardware Hightech SEZ Oragadam (16.5%), Chennai Airport (12.4%), Flextronics SEZ Sriperumbudur (11.6%), and Chennai EPZ (11.4%).



The major product segments, where the State has a complementarity between world's import basket and its export basket include - telephone sets, electrical apparatus, and electrical ignition or starting equipment. Given the State's manufacturing capability in the sector, its export basket could be expanded targeting products such as automatic data processing machines (HS – 8471), Diodes (HS- 8541), and printing machinery (HS- 8443), which have high global demand. A sizeable share of exports is made to countries such as China, Hong Kong, and Japan, the major manufacturing hubs of computer and peripheral equipment. Hence, a significant part of exports can be considered as re-exports, which further suggests that at present, India is primarily involved in assembly manufacturing, rather than manufacturing of high value-added products or components. China and Germany are major exporters, while the US and Germany are major importers of electrical equipment across the globe; wires, cables, electrical apparatus, electrical motors, generators, and transformers along with electrical boards, cabinets, and electric accumulators account for 50% of the global electrical equipment trade.

Domestic appliances manufacturers are currently catering predominantly to the domestic market and can explore exports (less than 3% of electrical equipment exports from Tamil Nadu). The other segment to focus on is other electrical equipment such as solar energy equipment, which is a sunrise sector for the State and offers a path for import substitution based on the increase in the installed solar energy generation capacity for the State, which is expected to rise to 8.8 GW by 2022.

<p><b>Identified products (or) segments</b></p>	<p><b>Domestic Appliances</b></p> <ul style="list-style-type: none"> <li>• Mobile phones</li> <li>• Printers</li> <li>• Laptops</li> <li>• Electronic Components</li> <li>• Electronic integrated circuits</li> <li>• Diodes, transistors and similar semiconductor devices</li> </ul>
<p><b>Target market (or) geographies</b></p>	<p>USA, Europe, China, Hong Kong, Mexico, South Korea, Vietnam (Africa &amp; Middle East)</p>

*Table 6: Opportunities for the State in Electronics & Electrical equipment*

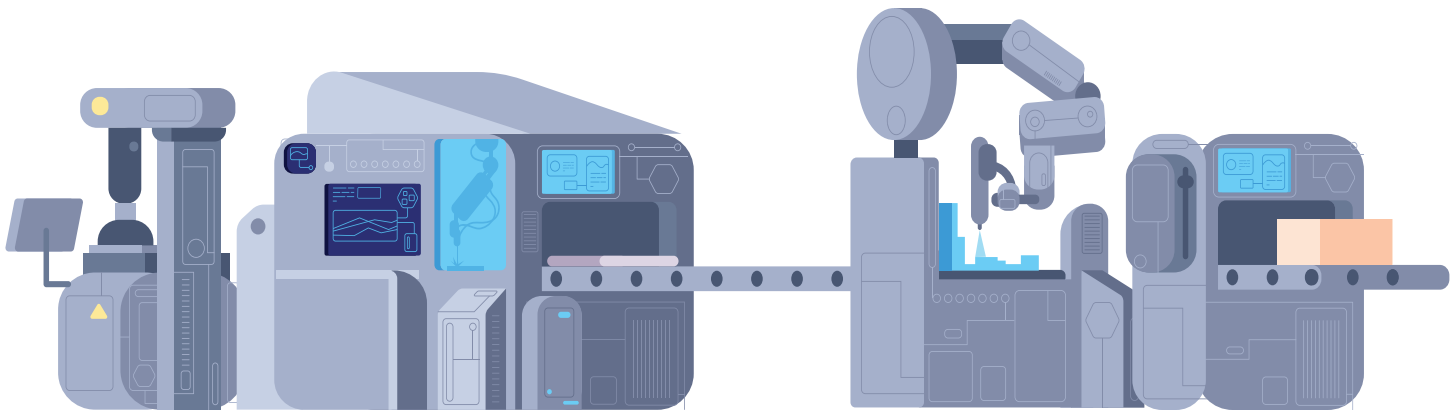


## Interventions

- Creation of business support facilities providing comprehensive and enclosed infrastructure through the creation of ancillary facilities such as testing labs, clean rooms, de-ionization plant, and solid waste management systems
- Investment promotion for establishing facilities engaged in higher value-added goods with a focus on increasing scale of existing large units to increase supply for export markets
- Creation of industrial infrastructure in upcoming hubs such as Krishnagiri and Coimbatore to attract price-sensitive investments in the sector
- Upgrading the existing industrial infrastructure to plug-and-play infrastructure to cater to foreign companies in the sector who prefer BTS units

## 3.6. Machinery

Tamil Nadu ranks second in terms of exports of machinery nationally, contributing 17% of the country's total export in the segment between FY 2015-16 and FY 2019-20. Globally, India ranked 24th in machinery exports with a 1% share in global machinery exports. The top three exports destinations, the US, Germany, and the UK contributed 33% to Indian machinery exports. France, Mexico, Japan, Canada, and Hong Kong are the five destinations among the top ten importing countries, which do not feature among the top 10 export destinations from India. Indian exporters need to explore markets in these countries. Also, Japan has a trade agreement with India, which can be leveraged to make Japan a major export market for India.



The export basket of Machinery products from Tamil Nadu is concentrated across few products, unlike the global trend. Tamil Nadu exporters need to diversify their products and should try to be close to the global numbers. Tamil Nadu needs to focus on products such as automatic data-processing machines and units thereof; magnetic or optical readers, machines (16%/1st rank in global imports), turbojets, turbo propellers, and other gas turbines (8%/2nd rank in global imports), printing machinery used for printing by means of plates, cylinders and other printing components (4%/5th rank in global imports), machines and apparatus of a kind used solely or principally for the manufacture of semiconductor (4%/6th rank in global imports), machines and mechanical appliances having individual functions, not specified or included elsewhere (4%/7th rank in global imports) and machinery for working rubber or plastics or for the manufacture of products from these materials, to capture share in global trade.

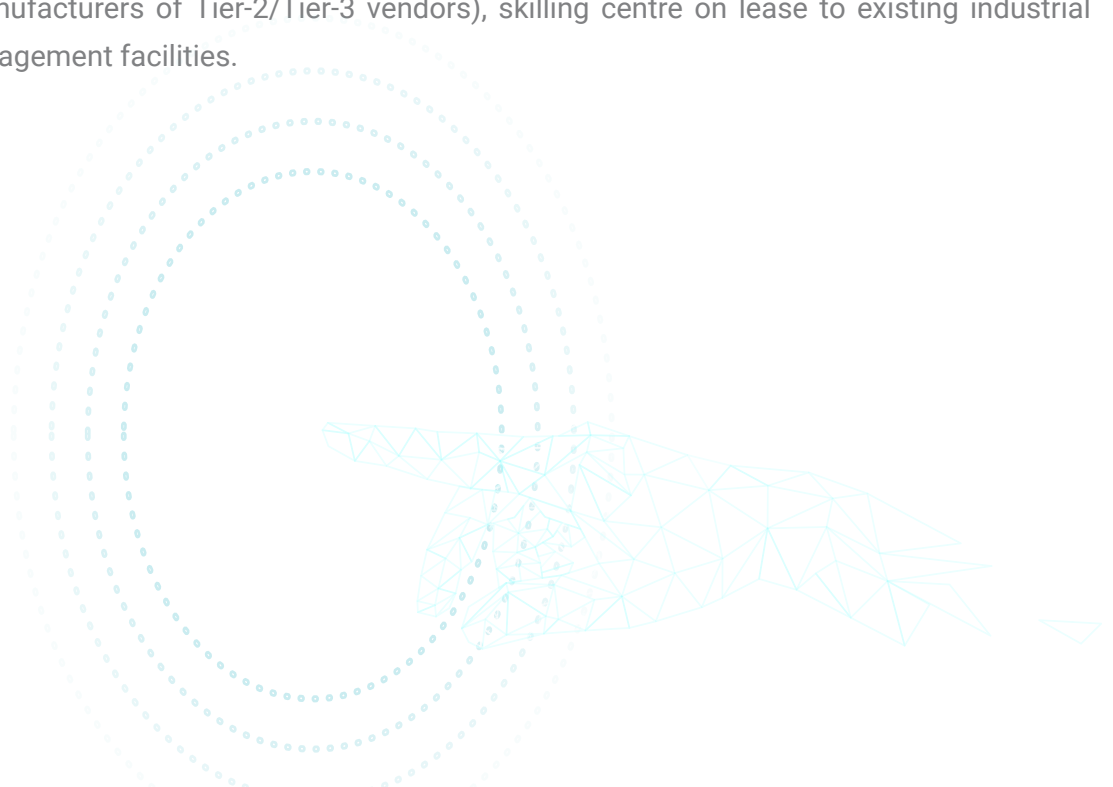
<b>Identified products (or) segments</b>	<ul style="list-style-type: none"> <li>• Turbojets</li> <li>• Gas Turbines</li> <li>• Machinery for manufacture of Semi-Conductors</li> <li>• Appliances for pipes, boilers, tanks, etc.</li> </ul>
<b>Target market (or) geographies</b>	USA, Europe, China, Mexico, Japan

*Table 7: Opportunities for the State in Machinery*

### Interventions

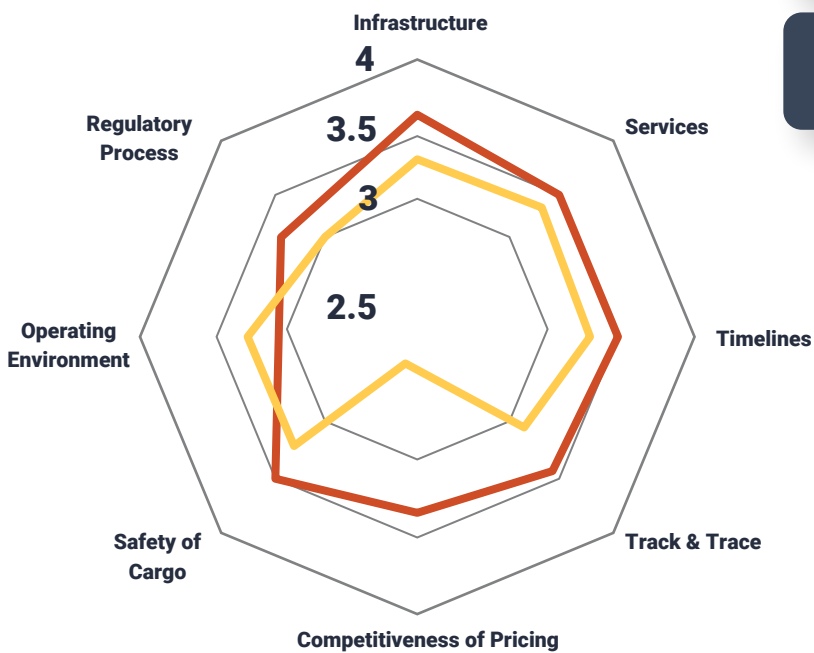
The State shall undertake the following interventions to promote exports of machinery:

- The sector is highly skill-driven with specific technical requirements. The Skill curriculum shall be upgraded to include courses on G6 welding, robotics, Scada operator, and CNC machinist
- Last mile connectivity development of approach roads with a minimum width of 40ft connecting to industrial parks where machinery companies are located to facilitate project cargo transport (e.g. 40 TEU cargo truck turning radius is 5.9 m)
- Presently, textile machinery produced in Tamil Nadu is compatible with the cotton spinning process. The Government shall encourage diversification to textile machinery for man-made fibres which has a larger application in globally traded apparel and technical textile
- Capital goods industry requires large extent of contiguous land for the anchor and ancillary investment. The Government shall identify and develop a suitable industrial park in the Southern Districts with land reservation for ancillary units, built-up space (BTS) for R&D centre, RBFs for small and tiny units (sub-contracting manufacturers of Tier-2/Tier-3 vendors), skilling centre on lease to existing industrial units and waste management facilities.



# Infrastructure & Ease of Logistics

The State has a well-developed transport infrastructure, which facilitates the movement of freight, people across ports, airports, and industrial areas. This includes an excellent road and rail network, three major ports, 18 minor ports, and seven airports across the State providing excellent connectivity. As per the Logistics Ease Across Different States (LEADS) Index 2019, Tamil Nadu ranks among the top 5 States in the logistics sector<sup>4</sup>. The State shall undertake efforts in providing facilitation and coordination and improving the ease of arranging logistics at competitive rates.



Rank

5<sup>th</sup>

Change in Rank

+3

Table 8: Performance of Tamil Nadu as per LEADS Index – 2019



Figure 4: Tamil Nadu performance in LEADS ranking

## 4.1. Export Supporting Infrastructure

### 4.1.1. Ports

Chennai, Kattupalli, Kamarajar and VOCPT are the main ports in Tamil Nadu, all of which cater to various sectors. For instance, in 2019, VOCPT was the major centre for exports of apparel products from Tamil Nadu with a 33% share of textile/apparel exports from Tamil Nadu, followed by ICD Thoothukudi (14%), Chennai airport (12%), Chennai port (11%) and ICD Chettipalayam (Tiruppur) (11%). Similarly, Chennai, Kamarajar and Kattupalli ports are the main gateways for automobile and auto component exports from Tamil Nadu, catering to over 80% of the total export value for the sector. Table 9 presents a brief snapshot of major cargo ports in the State:

<sup>4</sup> The State Logistics Performance Index is arrived at using a ranking methodology based on a series of meetings with stakeholders and online surveys in the key areas of the logistics like infrastructure, services, timelines, traceability, competitiveness, security, operating environment and efficiency of regulation.

Items	Chennai	Kamarajar	VOC	Remarks
Number of Berths	24	7	15	Kamarajar mostly handles import of raw materials, while Chennai & VOCPT are the major centre for EXIM traffic
Draft (in m)	8.5-17.4	12-18	9.3-13.2	14-16 m draft can handle large ships of Panamax and New Pana max
Cargo Traffic ('000 tonnes in FY18)	51,881	30,446	36,583	3 ports accounted for 18% of total cargo traffic in India by major ports
Container Traffic ('000 tonnes in FY18)	29,905	52	14,191	3 ports accounted for 25% of total container cargo traffic in India by major ports
Container Traffic ('000 TEUs in FY18)	1,549	3	698	
Turn Around Time (days in FY18)	2.21	2.20	2.69	Average turnaround time in India was 2.68 barring VOC Port the other two ports performed much better than national average

Table 9: Major ports in Tamil Nadu



The Government of Tamil Nadu, in collaboration with the Government of India, shall undertake efforts for the modernization of the three major ports and Chennai Airport. The focus of the Government will be to improve the operational efficiency of the gateways with interventions to ensure modern material handling systems and facilities for weighing and X-ray screening for safely managing cargo movement as well to address security and transparency concerns. This will help the State to establish better maritime linkages, improve ports efficiency to help the Exporting Organisations from the State.

### 4.1.2. Warehousing

The State has six Inland Container Depots (ICDs) in Coimbatore, Madurai, Chennai (2), Tirupur, and Thoothukudi; four Agri export zones in Dharmapuri, Krishnagiri, Nilgiris, Theni, and Cuddalore districts. Tamil Nadu Warehousing Corporation (TNWC), Central Warehousing Corporation (CWC) and private players provide warehousing space to exporters in Tamil Nadu. While CWC has a total capacity of 657,311 MT in the State and is currently operating at 88%, TNWC has a total capacity of 738,734 MT and is currently operating at 70%. The State shall adopt a suitable Integrated Warehouse Management System to enhance the operational efficiency.

S.No.	Corporation	Number of Godowns	Total Capacity (MT)	Occupancy (MT)	V/C ratio
1	CWC	25	657,311	578,789	88%
2	TNWC	265	738,734	518,111	70%
<b>Total</b>		<b>290</b>	<b>1,396,045</b>	<b>1,096,900</b>	<b>79%</b>

Table 10: Warehousing capacity in Tamil Nadu

Source: CWC and TNWC



### 4.1.3. Industrial Corridors

The State is pursuing a corridor and node-based development model with special focus on Chennai Kanyakumari Industrial Corridor along the coastal eastern and southern districts; Chennai Bangalore Industrial Corridor in Northern and Western districts; and a Defence corridor to boost the State’s capability in aerospace and defence manufacturing. In addition to gateway improvement, the State will take the following steps for infrastructure development aligned with industrial corridors to boost exports:

- Establish logistics parks with truck parking location and warehousing facilities in peri urban areas near cities
- Move towards an ecosystem of minimum inspection and stoppages of trucks on road, while also moving towards a smart enforcement model that allows the State to achieve its regulatory goals with deployment of fewer resources
- Identify truck movement choke points and address these bottlenecks
- Ensure easy availability of land and facilitative environment for the conversion of land use, FSI / FAR relaxation for warehousing



## 4.2. Ease of Doing Business for Exporters

Improving Ease of Doing Business has been the most important agenda for all the reforms for industries and exports. The ports in Tamil Nadu have undertaken various measures to improve the ease of logistics for exporters.

### 4.2.1. Chennai Port EoDB measures

Chennai Port is one of the major ports and the gateway with the highest traffic. It plays a significant role in enabling export-related activities in the State. Some of the Ease of Doing Business measures for exporters by the Chennai Port are as follows:

- Accommodation of laboratory for Food Safety and Standards Authority of India (FSSAI)
- Integration of IGM filing system with Terminal Operating System
- Direct Port Delivery (DPD for both the container terminals (CCTPL & CITPL) and RMS Facilitation Centre at Chennai Custom House has been created to facilitate the Trade for DPD containers on a 24x7 basis; container rail service available from Chennai Port to Tondiarpet, CONCOR
- Installation of container scanners - one mobile and one fixed container scanner, and 2 more proposed)
- E-Delivery orders through PCS1
- RFID based gate automation system for container trailers entering into Chennai Port Trust with import container Trailers Document verification system
- Elimination of manual forms 11 & 13



### 4.2.2. VOC Port EoDB measures

The EoDB measures completed by VOC Port are as follows:

- Advance notice of shutdown of the gate terminal
- Presence of Customs officers in each lane as a temporary measure until all clearances are carried out in the parking lot
- Conversion of Parking lots to Processing areas and provide cabins and internet connectivity for Custom official's Customs clearance procedures for factory stuffed containers to commence in parking lots
- Expansion of scope of direct port entry to factory stuffed containers
- Elimination of requirement of Customs officers from Terminal Operators at the Entry gate
- Development of Gate-in Vehicle Booking system in the Port Community

- Eliminate mate receipts for containerized cargo
- Reduction of gate window time from 5 to 3 days
- Increase in RTGC drivers and RTGC equipment within the terminal
- Provide additional land to private terminals, based on the requirement
- Usage of electronic seals in place of bottle seals should be encouraged
- Eliminate ARE-I for manufacturer exporters
- Development of Centralized Parking Plaza with modern facilities and requisite amenities and conversion into Document Processing Area

Some of the ongoing measures include upgrading connectivity between ICEGATE and PCS-Switchover to web services/queue to queue systems to ensure real-time message transfer and Integration of Customs, Port Community, and Terminal Systems at the gate

#### 4.2.1. Other EoDB measures

The **Reserve Bank of India (RBI)** has also implemented various steps to improve EoDB for exporters. Some of the key highlights of the RBI announcement are as follows:

- **Direct Dispatch of Shipping Documents**

Authorized Dealer (AD) banks have been allowed to regularize cases of dispatch of shipping documents by the exporter, direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent per export shipment.

- **“Write off” of unrealized Export bill**

AD banks are allowed to “write off” up to 10% of the unrealized Export bill to provide greater flexibility to the AD banks and to reduce the time taken for according such approvals

- **Set-off of Export receivables against Import payable**

AD banks have been delegated to consider such requests of set-off and the revised guidelines

- **Refund of Export Proceeds**

AD banks, through which the export proceeds were originally realized, are allowed to consider requests for refund of export proceeds of goods exported from India and being re-imported to India on account of poor quality

Further, the single window system developed by the State provides access to more than 100 services related to clearance in setting up an enterprise in Tamil Nadu. Similarly, Biz Buddy is an online portal where investors in the State can raise a help-call related to the government services and shall be extended to exports.



# State Support to Exporting Organisations



The Government of Tamil Nadu shall undertake a holistic approach to encourage and assist **Exporting Organisations** in the State to become globally competitive and improve the State's share in national exports. The Government's approach would be along the channels to promote dispersion of exports hubs in the State and diversification of the State's export basket. It will be augmented by export promotion activities. The measures would include both soft and hard interventions such as marketing assistance, annual export awards, policy support, and infrastructure development.



## 5.1. Export Dispersion

The Government of Tamil Nadu aims to undertake balanced regional development in the State through a mix of infrastructure upgradation in existing Export Hubs and the development of new economic employment enclaves. These measures shall help improve the existing infrastructure in the State.

### 5.1.1. Economic Employment Enclaves

Tamil Nadu shall develop economic employment enclaves (defined in Annexure 2) in the State to drive industrial development in the hinterland areas near key export gateways and accelerate exports from the State. The Government of Tamil Nadu, in a coordinated effort through its various departments such as the Highways and Minor Ports Department, Transport Department, Energy Department, Housing and Urban Development Department, Labour Welfare and Skill Development Department, Industries Department and Finance Department and their agencies, shall provide common infrastructure and utilities in these enclaves and ensure they have excellent transport connectivity.

As part of the first phase, the Government of Tamil Nadu shall develop economic employment enclaves in Manallore and Thoothukudi. State Industries Promotion Corporation of Tamil Nadu (SIPCOT) shall set up enclaves spanning 6,000 acres in Manallore and 5,000 acres in Thoothukudi. These shall be developed on the lines of globally recognised eco-industrial park frameworks and shall be designed to improve the social, economic, and environmental performance of residential manufacturing units. Through a mix of industrial synergies and green technologies, the parks shall assist the residential manufacturing units to improve efficiency and equip them with a competitive advantage.

The parks shall, therefore, help promote sustainable industrial growth and green value chains. While allotment in these parks would be open to all manufacturing units wishing to set up in the State, the Government of Tamil Nadu shall give preference to export oriented units. Similar enclaves shall be developed in the central and western regions of the State in the second phase as part of the Government of Tamil Nadu's phased development plan.

Companies that would which shall set up manufacturing units in these enclaves shall be provided with suitable support measures such as land at concessional rates.

### **5.1.2. Export Hubs**

The Government of Tamil Nadu aims to promote Export Hubs across the State to ensure balanced regional development. The Government has therefore identified ten Export Hubs, which are a mix of traditionally robust export hubs, critical for India's exports, and export hubs present in manufacturing bastions of the State. Tamil Nadu has been a leader in exports of manufacturing goods and the following export hubs have been recognised as Towns of Export Excellence by the Government of India namely, Tirupur, Karur, Madurai, Ambur, Thoothukudi, and Pollachi.

Additionally, there are existing and emerging industrial clusters with a high export potential such as Kanchipuram, Chennai, Coimbatore, and Hosur. These clusters are a group of manufacturing enterprises located within an identifiable and as far as practicable, contiguous area or a value chain that goes beyond a geographical area and producing the same/similar products/complementary products/services, which can be linked together by common physical infrastructure facilities that help address their common challenges.

The Government of Tamil Nadu shall focus on strengthening Export Hubs (listed in Annexure 3) by supporting infrastructure development. Each Export Hubs shall be eligible for reimbursement of 25% of the cost of setting up export-related common infrastructure projects or infrastructure projects serving export-oriented industrial clusters such as industrial housing, skilling centres, testing centres, bonded warehouses, and inland container depots subject to a ceiling of Rs. 10 crore per Export Hub. Proposals for export-related common infrastructure development can be submitted by either Exporting Organisations having a manufacturing & export facility, industrial associations, or infrastructure developers in the aforementioned Export Hubs.



## 5.2. Export Diversification

The Government of Tamil Nadu, cognisant of the need for export diversification to improve resilience to trade shocks and maintain sustainable growth rates, released the Tamil Nadu Industrial Policy 2021 (TNIP 2021), a forward-looking, customizable, and investor-friendly policy. It provides investors with the option of customizing their incentive package based on their investment, employment, exports, spill-over effects on the ecosystem, and business requirements. As a part of TNIP 2021, the State has provided sustainable financing mechanisms to manufacturing units to improve their competitiveness as mentioned below, which shall be extended to Exporting Organisations:

- The Industrial Ecosystem Fund set up with a corpus of Rs. 500 cr. provides firms with funds to improve last mile connectivity projects and set up common infrastructure like testing & design centres.
- The Research & Technology Fund set up with a corpus of Rs. 100 cr. provides firms with funds to improve product, process, and performance efficiency through adoption of advanced technology such as Internet of Things (IoT), Robotics, and Additive Manufacturing etc.

Further, the Government of Tamil Nadu shall undertake efforts to diversify the State's export basket by aiding new and existing manufacturing units involved in high value-add exports, which shall be beneficial on two fronts. Firstly, the higher level of export product diversification shall help stabilize export earnings and mitigate the impact on investment & employment by negating trade shocks. Secondly, the addition of new products to the State's export basket shall help in improving the skills and productivity of the labour workforce leading to long-term economic growth.

**Exporting Organisations** that achieve the threshold level of value-addition creating new/additional export capacities on or after January 1st, 2021, shall be eligible for the following assistance measures-

- a) Value-add payroll assistance shall be provided to exporting organisation engaged in the manufacture and export of value-added goods in champion sectors in the form of reimbursement of 5% of the annual payroll cost for employees for a period of 3 years scaled in proportion to the value-addition, subject to a ceiling of Rs. 1.8 crores per annum.
- b) Reimbursement of 50% cost of Quality Certifications like ISO, ISI, BIS, FPO, BEE, AGMARK, and others which are required specifically for exports up to a cost of Rs. 2 cr.

The Government of Tamil Nadu shall issue the necessary guidelines on the value addition limits for each Champion Sector within 3 months of the notification of the strategy. Exporting Organisations which have already availed incentives under any existing State Policy shall not be eligible for these support measures.



## 5.3. Export Promotion

Exporting Organisations are dependent on 3 key pillars for success namely, knowledge, understanding, and market access with respect to key export markets. The Government of Tamil Nadu shall endeavour through specific interventions to assist Exporting Organisations on their awareness of potential markets & their dynamics, export compliances, marketing & branding strategies, and trade policies. These interventions shall entail branding and promotion activities, marketing assistance, and setting up of a dedicated exports portal.

### 5.3.1. Export Awards

The Government of Tamil Nadu shall undertake a long-term branding and marketing strategy by establishing an annual export awards programme. This programme shall enable the following-

- Recognition and promotion of high-performing Exporting Organisations operating in Tamil Nadu
- Common engagement platform for Exporting Organisations, industry representatives, domestic/internal government delegations, and foreign investors
- Strengthen Tamil Nadu's brand as a major export hub domestically and globally
- Position Tamil Nadu as an export hub for high value-added goods manufactured in the State

As part of the programme, the Government of Tamil Nadu shall award Exporting Organisations across different categories such as high value add exports, innovation, best global presence, and best practices. Further, the State shall provide support for buyer-seller meetings, conferences on the latest industry & export trends.

### 5.3.2. Marketing Assistance

The Government of Tamil Nadu is aware of the role of the industrial sector in increasing exports and shall undertake efforts to help both MSME & large industrial Exporting Organisations in branding and promoting their products.

For MSME associations operating in the State, the Government of Tamil Nadu shall provide financial assistance for participation in international trade fairs by reimbursing the expenses on stalls/space as per the Tamil Nadu MSME Policy 2021.

For Large, Mega, and Ultra Mega firms (as per TNIP 2021) operating in the State in Champion Sectors (Annexure 1), the Government of Tamil Nadu shall also reimburse digital marketing expenses of Exporting Organisations capped to Rs 20 lakhs per year per firm up to a period of 5 years.

The State shall also host an annual international buyer-seller meet for each Champion Sector to provide them a platform for showcasing their export products.

### 5.3.2. Exports Portal

The Government of Tamil Nadu shall set up an exports portal that shall serve Exporting Organisations in the State and provide a comprehensive solution for their queries and grievances. The portal shall provide the following set of services to Exporting Organisations -

**a) Detailed information on procedural requirements for exports**

- Compliance and certification requirements, guidance, and links for relevant agencies to obtain required compliances
- Pre-export finance mechanisms
- Availability of logistics infrastructure

**b) Knowledge Enhancement**

- Market assessments and industry reports

**c) Query and grievance redressal mechanism**

- Information repository containing various Union/State Government schemes and trade policies
- Built-in mechanism to assist in resolving export-related issues

**d) Networking support**

- Networking platform for exporters and importers

The Government of Tamil Nadu shall promote the State Export Portal and encourage local and global firms wishing to engage in export/import operations in Tamil Nadu to register on the portal's networking platform.



# Institutional Mechanism



A concerted approach to export and investment policies effected through a robust institutional mechanism can help the Exporting Organisations diversify and expand their trade, which, in turn, promotes economic growth and development. Hence, it is vital to connect exporting organizations with export promotion agencies to boost trade and investment.

Presently, exports from the State are enabled through multiple agencies supporting the exporters at various stages of export activities (Figure 5), many of which are under the purview of the Government of India. The Government of Tamil Nadu shall put in place various mechanisms at the State and district level to promote exports.



## 6.1. State Export Promotion Committee

The Government of Tamil Nadu has already constituted the State Export Promotion Committee (SEPC)<sup>7</sup> chaired by the Chief Secretary, to review all trade and export-related issues of logistics, agriculture and service exports, enhance synergy between the Ministry of Commerce and Industry, Government of India and the Government of Tamil Nadu on areas pertaining to trade and commerce.

This shall be reconstituted with the following members to include representation from export associations/councils from the various Champion Sectors:

- Chief Secretary, Government of Tamil Nadu - Chairman
- Secretary, Finance Department, Government of Tamil Nadu
- Secretary, Industries Department, Government of Tamil Nadu
- Secretary, HHTK Department, Government of Tamil Nadu
- Secretary, Agriculture and Farmers Welfare Department, Government of Tamil Nadu
- Secretary, Animal Husbandry, Dairying, Fisheries and Fishermen Welfare Department, Government of Tamil Nadu
- Secretary, Micro, Small and Medium Enterprises Department, Government of Tamil Nadu

<sup>5</sup> vide GO Ms. no. 207 dated 25/11/2019

- MD & CEO, Guidance, Department of Industries, Government of Tamil Nadu –Co-Convener
- ADGFT, Chennai – Co-Convener
- 6 Export council/association representatives (1 member per Champion Sector)

The SEPC shall meet at least once every 6 months to review the progress of the Exports Strategy. The Chairman at his discretion may invite any other Government department/agency as an Invitee.

Further, an Executive Sub-committee chaired by the Principal Secretary, Industries Department shall be constituted with the conveners as the members and shall undertake the following activities:

- Coordination with Government of India for export related issues
- Review and redressal of export grievances
- Administration of State support to Exporting Organisations

The Executive Committee shall meet periodically and not less than once in 2 months and report to the Chairman of the SEPC.

## 6.2. 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 undertaken an exercise to identify products with higher export potential for each of the 38 districts in the State which shall be supported by a district-wise export plan. The list of the products identified by the DEPCs is provided in Annexure 4. DEPC will 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 and shall undertake the following action items:

- Preparation of District Export Action Plans 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.
- Knowledge dissemination on periodic updates on regulations to exporters; conduct outreach programs through District Industry Centres 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
- Constitution of 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
- Formulation of District export desk (or regional 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

### 6.3. Export Cell

A dedicated Export Cell shall be created within Guidance to focus on export intelligence, facilitation, and outreach. The Export Cell shall offer the following services to Exporting Organisations:

- Facilitating export related queries
- Matchmaking between trade partners
- Information on incentives for exporters
- Redressal of export issues
- Export related knowledge services
- Export Promotion & Outreach



Figure 5: Major Institutions involved in State level Exports

### 6.4. Strategy Implementation

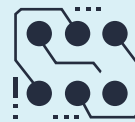
The State Support to Exporting Organisations shall be sanctioned to eligible industries by the Industries Department based on the recommendation of Guidance and MSME Department based on the recommendation of the DICs/M-TIPB respectively. The existing implementation guidelines (as per TNIP 2021 or MSME Policy 2021 or the prevailing industrial policy) shall apply to the Exporting Organisations eligible under this Policy. DICs and SIPCOT are mandated to act as the implementing agencies for the State Support to Exporting Organisations listed in this Strategy for MSMEs and large industries respectively.

# Annexures

## Annexure 1 - State Export Champion Sectors



Textiles



Electronics &  
Electrical Equipment



Automotive



General  
Machinery



Leather



Food  
Processing

## Annexure 2 - Definitions

### Exporting Organisations

Exporting organisations refer to companies engaged in manufacturing (with value addition >20%), which derive more than 50% of their revenues in a financial year from exports of goods manufactured in their manufacturing premises in Tamil Nadu.

### Economic Employment Enclaves

Economic Employment Enclaves shall be demarcated regions including nearest district boundaries at a distance of 60km from the key export gateways with proposed industrial parks area of at least 5000 acres with an annual exports of Rs. 10,000 crore and employment potential of 1,00,000 jobs.



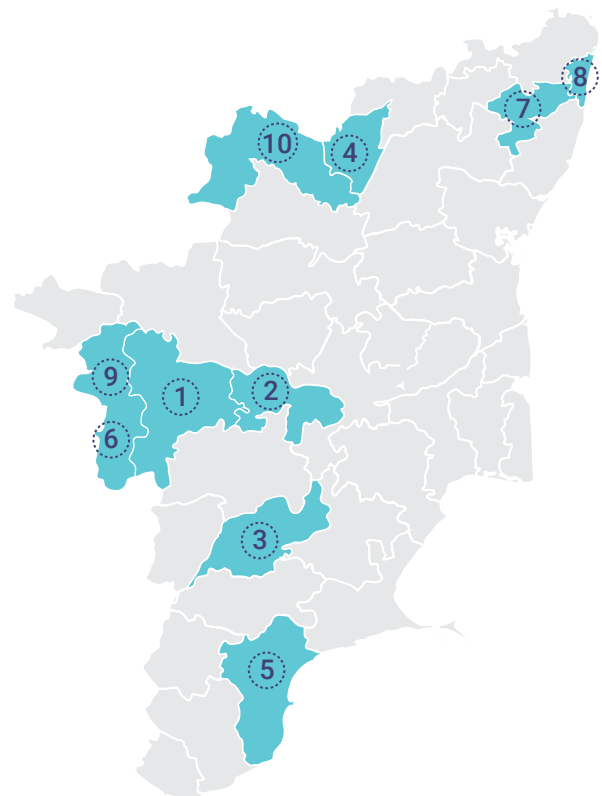


Economic Employment Enclaves	Export Gateway	Districts under the influence area	SIPCOT Industrial Parks under the influence area
North	Chennai Port	Tiruvallur, Chennai, Kanchipuram, Chengalpattu	1. Gummidipoondi Industrial Park 2. Irungattukottai Industrial Park 3. Sriperumbudur Industrial Park 4. Oragadam Industrial Park 5. Thervoykandigai Industrial Park 6. Vallam-Vadagal Industrial Park 7. Hi-Tech SEZ Sriperumbudur 8. Hi-Tech SEZ Oragadam
South	Thoothukudi Port	Thoothukudi, Tirunelveli	1. Thoothukudi Industrial Park 2. Gangaikondan Industrial Park 3. Transport Engineering SEZ, Gangaikondan

### Annexure 3 - List of Export Hubs in the State

This list of export hubs may be notified by the Government of Tamil Nadu from time to time.

S.No	Export Hub
1	Tiruppur
2	Karur
3	Madurai
4	Ambur
5	Thoothukudi
6	Pollachi
7	Kancheepuram
8	Chennai
9	Coimbatore
10	Hosur



## Annexure 4 - List of products identified by District Export Planning Committee

S.No.	District	Product
1	Ariyalur	Cashew Processing
2	Chengalpattu	Automobile Components
3	Chennai	Engineering & Auto Components
4	Coimbatore	Motor Pumps
5	Cuddalore	Cashewnuts
6	Dharmapuri	Readymade Garments
7	Dindigul	Coir Pith Blocks
8	Erode	Handloom and Powerloom Products
9	Kallakurichi	Food Products-Rice
10	Kancheepuram	Textile Garments
11	Kanyakumari	Cashewnuts
12	Karur	Textile Home Made ups
13	Krishnagiri	Food Processing-Mango
14	Madurai	Readymade garments
15	Mayiladuthurai	Rice
16	Nagapattinam	Marine foods
17	Namakkal	Poultry feeds and Products
18	Perambalur	Maize
19	Pudukottai	Engineering Products
20	Ramanathapuram	Marine foods
21	Ranipet	Leather Products
22	Salem	Silver Jewelleries
23	Sivagangai	Coir products
24	Tenkasi	Coir Pith Blocks
25	Thanjavur	Agriculture products-Coconut
26	The Nilgris	Tea
27	Theni	Textile Made-ups
28	Thiruvallur	Engineering & Auto Components
29	Thiruvannamalai	Edible oil
30	Tiruchirappalli	Engineering products
31	Tirupathur	Leather Products
32	Thiruvarur	Agriculture Products
33	Thoothukudi	Marine Foods
34	Tirunelveli	Readymade Garments
35	Tiruppur	Hosiery Garments
36	Vellore	Leather Products
37	Villupuram	Agriculture Products-Rice
38	Virudhunagar	Gauze Cloth

# Notes





GOVERNMENT OF TAMIL NADU



[www.investingintamilnadu.com](http://www.investingintamilnadu.com)

