

District Export Action Plan for District of Ranipet, Tamil Nadu

Introduction

Tamil Nadu is one of the prime industrial states in India. It accounts for more than 11 per cent of total exports of our country. On a closer look at the districts profile of Tamil Nadu, it can be understood that the State has a diverse picture with scope of huge untapped potential in export. 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 Ranipet. It targets to harness and enhance the existing export potential in the district.

District Profile

Ranipet district was created by trifurcating the erstwhile the Vellore district on November 28, 2019 by Hon'ble Chief Minister of Tamil Nadu. The town of Ranipet serves as the district headquarters.

Administrative Profile

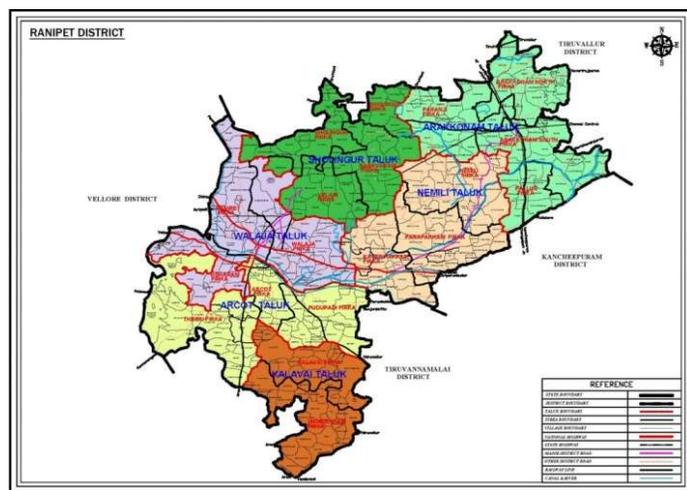
Ranipet District consists of two Revenue Divisions- Ranipet and Arakkonam. District is divided into

- Six Taluks (Arcot, Walajah, Kalavai, Sholinghur, Arakkonam, and Nemili)
- Eighteen Revenue Firkas, (Arakkonam South, Arakkonam North, Pallur, Paranji, Kaveripakkam, Panapakkam, Nemili, Sholinghur, Banavaram, Velam, Walajah, Ranipet, Visharam, Arcot, Timiri, Pudupadi, Kalavai and Mambakkam)
- 330 Revenue Villages.

There are six Municipalities- Ranipet, Arakkonam, Walajah, Arcot, Melvisharam, Sholinghur and Eight Town Panchayats- Kaveripakkam, Timiri, Kalavai, Nemili, Thakkolam, Panapakkam, Vilapakkam, Ammoor.

Districts as Export Hubs – Vision, Goal, Policy framework

The Hon'ble Prime Minister in his Independence Day Speech on 15th August, 2019 had inter alia, observed that each of our districts has a diverse identity and potential for targeting global markets, there is a need for converting each district into potential export hubs. Department of Commerce through The 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. (seamless co-ordination in forward and backward linkages)

Goal

The goal of the programme is to convert each District into a hub for exports. The District Export Action Plan will also include measures for providing support required by the local industry in boosting their manufacturing capacity(ie.)with an impetus on supporting the industry from the production to the exporting stage.

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 through an institutional structure at the district level.

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 one point facilitator for export promotion at District level along with the State Export Promotion Committee (SEPC).

Action Plan for Ranipet

This **District Export Action Plan** (DEAP)enlists the plan of action and strategies for converting the district into a district with export potential and as a hub of export for the identified 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 the district into an Export Hub.**

Analysis of the Existing Industrial scenario in Ranipet District:

To make the District Export Plan Action 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

Ranipet district has favorable agro climatic condition for cultivating different kinds of **Horticulture crops** like Fruits, Vegetables, Flowers, Spices, Plantation crops. The total

geographical area of the district is 184140.5 hectares and the net sown area is 44431.381 hectares which constitutes 24 % of the total geographical area of the district. The area under Horticulture crops is 5062.09 hectares which occupies 11 % of the net sown area. Of this more than 60% of the area under rain fed and the balance area are catered through irrigation sources such as wells, canals and tanks.

Major crops grown in the District as Fruits (Mango and Banana), Vegetables (Brinjal, Bendi, Chilli, Tomato, Greens, Colocasia, Gourds, Beans and Lab Lab), Flowers (Jasmine kinds, Tuberose and Marigold), Spices (Turmeric and Tamarind) and Plantation (Coconut) in terms of coverage of area and production.

2) Industries:

Ranipet was the industrial hub of undivided district of Vellore located on Chennai-Bangalore National highway.

SIPCOT, Ranipet is one of the identified industrial cluster for **Engineering products** in the State. There are a number of large and medium scale **leather industries** making both finished leather and intermediate products such as shoes and garments for export. There are other small-scale industries in Ranipet, mostly engaged in **chemical, leather and tool making**. These industries are the major lifeline for the town.

One of the oldest companies in Ranipet that was formed in the early 19th century is EID Parry. The branch of EID Parry located in Ranipet is one of the largest ceramic plants in South India. In addition to **Ceramics**, the company also produces fertilizers in this location sold to farmers around the country.

World's first **diesel tractor manufacturing** Italian company SAME DEUTZ-FAHR India (P) limited (SDFI) located at Sipcot industrial complex. They manufacture tractors and engines for export and domestic market, ranging from 35 hp to 80 hp tractor with advanced technology.

The French company Plastic Omnium established a factory in 2010 for the purpose of delivering **fuel tank systems to local automobile manufacturers** such as Toyota and Hyundai. The town is home to the Boiler Auxiliaries Plant of **Bharat Heavy Electricals Limited (BHEL)**, a major Central Government owned enterprise. Ranipet also has about 500 small and large scale engineering units catering mainly to BHEL. Ranipet is the second largest **fabrication cluster** in India. Arcelor-Mittal's Dhamm processing Ltd. has invested more than 100 crores.

The Malladi drugs and **Pharmaceuticals** Ltd, is established in 1982 at SIPCOT industrial complex, Ranipet.

3) Potential Products :

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

- Leather Products
- Pharmaceuticals
- Automobile Components
- Engineering Products.

Challenges and Bottlenecks

The Ranipet district has to improve its manufacturing base with value addition and concentrate on export to turn the district into an Export Hub. Some of the challenges for exports found in the district are:

1) Export linked Logistics Infrastructure

Ranipet district is a land locked district and it heavily depends on the road and rail connectivity to export the products manufactured. The district faces heavy congestion problem despite it being well connected with Chennai for both seaport and airport. Due to heavy congestion, the duration and cost of transport is high, thus affecting the competitiveness. Through this Plan, the DEPC aims to take necessary steps to approach the State Government for widening the existing highways.

2) Effluent Treatment / Environment Issues

Tanneries are the suppliers of raw material to the Leather Industry. Location of Tanneries around the manufacture of semi-finished and finished leather products i.e. within the Ranipet District would positively result in economies of scale. But due to stringent implementation of Zero Liquid Discharge (ZLD) in Tamil Nadu, setting up of tanneries in the district faces many hurdles. This policy envisages that location will be identified for setting up of tanneries in the district by a sub-committee of DEPC constituted for this purpose in association with the local administration. This would ensure economies of scale.

3) Labour Issues (ie) Social Infrastructure

Leather, Leather Products and Footwear Industries in Tamil Nadu are labour intensive sectors. About 85% of those workforces in these industries in Tamil Nadu are women.

A major challenge faced by the industry is the shortage of workforce, particularly for performing the crucial shop floor level operations wherein the major chunk of the workforce is concentrated. In order to meet this shortage, there is a need to attract migratory workers from other districts of Tamil Nadu. However, a major lacuna in attracting such migratory workers is the non-availability of accommodation facilities or high cost of accommodation.

Hence, there is a need to provide proper and safe accommodation for such workforce near the leather factories by constructing women's hostels/dormitories in major leather clusters across the country. The leather industry requires additional Governmental support to generate resources for constructing Working Women's Hostels/Dormitories as it is predominantly concentrated in the MSME Segment.

In order to fill this gap, DEPC has proposed/requested that the under the aegis of Government of Tamil Nadu, a Social Infrastructure Up-gradation Scheme for the leather sector for constructing Workmen Hostels/ Dormitories in Ranipet may be considered. The land for such Workmen Dormitories may be identified by a sub-committee of DEPC constituted for this purpose.

4)Capital (ie) Issues relating to banks and other financial institutions

Continuous availability of credit is the lifeline for any enterprise. There is a general grievance among the exporters that loans are not easily available to the MSMEs despite several schemes and initiatives taken by both MSME, Government of India and District Industries Centre, Government of Tamil Nadu. There is also high cost attached to availability of credit for the exporters. This policy aims to ease these constraints by encouraging the Lead Bank in the district to set up branches dedicated exclusively for foreign exchange transactions.

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

It has been assessed that there is no ancillary infrastructure for exports like testing facilities, certification labs, etc within Ranipet district. Testing facilities, etc are essential in establishing the superior quality of the 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.

6) **Other Challenges** faced by the exporters in the district are listed below:

- Construction of multi-purpose Modern Marketing centre's within the Field office of MSME-DIs, DICs, NSIC other related institutions for multi brand marketing supportfor the MSMEs
- Creating Land Bank for industrial Development purpose
- Linkages between MSMEs and R & D institutions
- Establishing Business Incubation within the premises of Industrial Estates

- Fund support for Information and Communication Technologies (ICT) intervention by the cluster members

District Export Action Plan for Ranipet:

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 is set for exports to be 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 increase the 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 Ranipet District into becoming an export hub. To this extent, the DEPC, the Central and 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 Ranipet is turned into a hub for exports in the next 5 years.

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

Notification of DEPC for Ranipet:

The Government of Tamil Nadu (GoTN) through its G.O(Ms) No.16 dated 23-01-2020 and G.O (Ms)No.29 dated 16.03.2020the 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 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 Ranipet district notified vide G.O (Ms)No.29 dated 16.03.2020 has the following composition:

1. The District Collector, Ranipet - Chairperson
2. The Office of Zonal Additional DGFT, Chennai - Co-Chairman
3. General Manager, District Industries Centre, Ranipet - Convener
4. Lead Bank Manager– Member
5. Representative, MSME – Development Institute, Chennai – Member
6. Representative,EEPC - Member

The Gov of TN identified and notified the following products as having potential for export in the district:

1. Leather Products
2. Pharmaceuticals
3. Automobile Components
4. Engineering Products

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 officialsand other stakeholders 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 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:

Sub-group on Skill Development

- The District Collector- Chairperson /DC's Representative
- O/o Zonal Additional DGFT, Chennai
- District Industries Centre, Ranipet
- Representative, MSME, Chennai

Sub-group for Leather products

- The District Collector- Chairperson O/o Zonal Additional DGFT, Chennai
- District Industries Centre, Ranipet

- MSME, Government of India, Chennai
- Council of Leather Exports, Chennai

3) The detailed District **Export Action Plan** 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 Addressed	Implementing agency /department	Action Plan	Timeline
1.	Identification of base line exports	DIC along with DGFT, MSME	Data analytics - The base line export for the district is the exports of the year 2018-19 originating from the district and the target is convert the District into an Export Hub. The DEPC of the district will clearly identify and quantify the base-line benchmark for each identified product/ sector and set timelines for achieving the desired export performance over a period of 5 years. Data obtained from the GST, District Industries Centre, Ranipet, MSME, Govt of India, Chennai, can be analyzed 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 Ranipet	Comprehensive database on exporters from the district- 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 MSME, DGFT 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 Ranipet	<u>Single window system at the district level-</u> 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. The district administration will work and operationalize the proposal under the leadership of the Chairperson of the DEPC.	1 year
4.	Creation of an online one-stop portal	NIC,Ranipet	<u>Creation of an online portal:</u> In this digital era, creation of digital facilitation is essential. The action plan envisages that the DEPC will create an online portal, which will be a give a one stop access to all the links for all the digital requirements and compliances for any exporter. The Portal can also develop over the time to monitor the district's DEPC projects and disseminate exporter data. NIC of the district can be tasked with this project to be implemented in a year and report to the DEPC.	1 year
5.	Leather processing Cluster	Dep of Industries, Gov of TN	<u>Study on Leather Processing Cluster-</u> The district of Ranipet is well known for its Leather Productions and Leather is one of the highly demanded products in international market. The action plan envisages that the DEPC will insist on study for creating a Leather Processing cluster in coordination with Department of Industries Government of Tamil Nadu.	1 year
6.	Construction of Working Men/Women Hostel	Dep of Industries Gov of TN	The action plan envisages that the DEPC will take necessary action in coordination with Department of Industries of Government of Tamil Nadu to Construction of working Men/Women Hostels/Dormitories.	1 year

7.	Electricity/Power	District Administration	Ensuring Uninterrupted Power Supply - It is understood that there is fluctuation of electricity during maintenance in the district. The policy aims at ensuring that there is uninterrupted supply of electricity for manufacturing process throughout the year. The policy also envisages that in order to overcome power shortages, electricity should be generated locally and in particular from renewable resources like wind energy and solar energy. This can be encouraged to be installed within the factory premises by providing incentives/subsidies.	2 year
8.	Capital (ie) Issues relating to banks and other financial institutions	Lead Bank, Ranipet	This policy aims to ease these constraints by encouraging the Lead Bank in the district to set up branches dedicated exclusively for foreign exchange transactions. Also, policy envisages that through the efforts of DEPC, the salary payments for majority of the laborers in the district will be through institutional mode.	2 year
9.	Effluent Treatment/ Environment Issues	DIC, Ranipet and District Administration	This policy envisages that location will be identified for setting up of tanneries in the district by a sub-committee of DEPC constituted for this purpose in association with the local administration. This would ensure smooth supply of raw materials at lower cost of transportation.	1 Year
10.	Longer validity of consent to operate for tanneries	DIC, Ranipet along with State Government	Currently, as per regulations of Tamil Nadu Pollution Control Board, the consent to operate certificate provided for Tanneries has to be renewed every year. Through this DEP policy, it is aimed that necessary steps would be taken to provide longer validity of consent to operate for tanneries at the State Level as majority of the tanning industries are adhering to environment management norms by adopting most modern technologies like Zero Liquid Discharge (ZLD).	1 Year
11.	Training and Capacity building	DIC, Ranipet and District Administration and O/o Zonal Additional DGFT, Chennai	The DEPC aims at conducting frequent training sessions in association with Council for Leather Research Institute (CLRI), Chennai for shop floor work force. It is envisioned through this policy that a branch of the CLRI, Chennai may be set up in the district. This provides close proximity/uninterrupted access to the labour force for the Industrial clusters in this district.	1 Year

12.	Identifying new products for exports	District Administration and DGFT	<u>Identification of new products for exports –</u> Through this action plan, DEPC will work to identify new potential products for value addition and exports in coordination with District Administration.	3 months
13.	Widening the Road Facilities	DIC, Ranipet along with State Government	<u>Widening of existing National Highways and State Highways -</u> Since the district is land locked, National Highways and State Highways are the main arteries to it. DEPC proposes to act as one-point facilitator for interacting with the Centre through State Authorities for widening the existing infrastructure.	1 year

The above District Export Action Plan for the district of Ranipet is not conclusive and is tentative. The Challenges posed by the COVID-19 crisis have to be overcome and the District Export Promotion Committee has to adopt and finalize the plan after consultation with all stakeholders. The DEPC has the rights and powers to amend the District Export Action Plan according to the needs of the times and the prevailing contexts during the next 5 years. But the main focus will be to facilitate the growth of the identified sectors in the in such a way that the district of **Ranipet** moves towards **SELF-RELIANCE** and transforms itself into a **HUB FOR EXPORTS** from India.