

Office of the Additional Director General of Foreign Trade, Bangalore

**Shivamogga District Export
Promotion**

ACTION PLAN

2020

KENDRIYA SADAN, KORMANGALA, BENGALURU

Shivamogga District Export Promotion

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CHAPTER 1 : INTRODUCTION

Overview

The Indian economy has grown significantly over the last decade to occupy the position of the fifth largest economy in the world, with a share of close to 8 percent in the global Gross Domestic Product. However, its share in the world exports is disproportionately low at less than 2 percent. This can be explained to some extent by the size and diversity of the domestic market which has the capacity to consume most of the domestic production. But, that does not rule out the possibilities of exploring a vibrant external market for Indian products. The importance of trying to build India's export potential may be understood through the prism of the following facts

First, India consists of different states , each of which have an eclectic collection of expertise in making goods and creating services that have significant export potential. This was recognized by Honourable Prime Minister of India for the first time in his speech on the eve of Independence Day, 2019. He gave a clarion call to all stakeholders to transform every district of India into an export hub.

Secondly, creation of export hubs will raise the living standard of the local residents, ensure meaningful employment and ensure a healthy restriction on outflow of labourers from their native to the big cities. The immense pressure on social and physical infrastructure in urban areas leads to an adverse effect on the lives of the migrant labourers as well as the city dwellers.

Thirdly, the exercise to develop the export potential of districts will lead to a large and steadily growing volume of real and effective demand. It will expand the production of goods and services, thereby increasing the opportunity to trade in the same. This will result in

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greater integration of our country with the world community leading to exploring innovative ways towards sustainable trade.

Karnataka state, with its robust macroeconomic position and its position of leadership in exports from India, is well poised to take the initiative. Rich in natural resources and at the forefront of technological innovation, Karnataka provides a range of opportunities. A cosmopolitan culture and a highly responsive administration makes it the destination for developing its districts as clusters of export growth.

Rapid changes in global socio-economic, geo-political environment and technological advancement in every facets of human life induce a proactive plan of 6 action to ensure that each district is enabled to participate in and benefit from the global value chain. New cutting-edge technological developments like ICT, Artificial Intelligence, Robotics, Blockchain technology etc changes the very nature of doing business. This revolution is predicted to bring about transformations not only in lifestyles and consumer choices but will change the very nature of business at every stages of supply chain. Karnataka can boast of being able to provide this technological infrastructure to its districts.

The land of Jog Falls and home to the region which receives the highest rainfall in south India, Shivamogga (Shimoga) is a well-known district in Karnataka. Located at an altitude of 640 meters above sea level and situated at a distance of 273 km from Bengaluru, Shivamogga provides opportunities to invest in agriculture and food processing. Along with paddy and maize, the district also grows crops like cashew, ginger, pepper, cardamom and vanilla. The focus sectors in Shivamogga include iron and steel, paper mills, dairy units, soaps and detergents, and automobile-based units. With more than 13.000 self-employed artisans in the district, handicraft is a promising sector here.

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Therefore, the District Export Promotion Action Plan has to realize the vision of creating export centric economic development through limited but sustainable interventions, targeted specifically at the district level. This initiative is intended as the next step in competitive and cooperative federalism, taking trade planning to the district level so that an inclusive and participative approach can be adopted.

Vision

Hence , the vision to transform the district into an export powerhouse hinges on the following principles :

- participative approach which emphasizes and values the local
- Promotes the rural and urban continuum by providing sustainable and equitable economic development.
- Innovative ways of harnessing potential of goods and services
- Disruptive marketing strategies for breaking into the international markets

Objectives

The objectives of this plan is as follows :

- synergise the efforts of the centre and the state government
- create institutional mechanisms to promote trade at the district level
- - district level planning and implementation
- focus on translating the demands of modernisation into scalable solutions for start ups, MSMEs as well as large industry leaders
- boost exports through both an increase in volume and through value addition
- create sustainable employment- generating economic growth leading to socio-economic development.

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The strategy for export promotion will not be limited to measures related to export only but will comprehensively address all aspects having direct and indirect impact on livelihood of the people of the districts. A study of the entire value chain, particularly in the lead sectors and products is critical for this purpose. From such a study agenda points will be formulated to improve infrastructure, financing facilities, marketing and so on. These inputs would be given to the appropriate authorities for synergy in implementation.

Mechanisms for implementing, reviewing and reporting shall also be discussed with stake holders

In addition to the lead sectors, certain sunrise sectors, both in goods and services are proposed to be identified to create a favourable ecosystem so that the economies of the district as well as the state continue to be competitive, sustainable and dynamic.

Digitisation, self declaration with robust RMS of processes to facilitate faster and simpler procedures will be encouraged.

CHAPTER 2 : DISTRICT PROFILE

Introduction :Shivamogga

Shimoga, officially known as Shivamogga, is a city and the district headquarters of Shimoga district in the central part of the state of Karnataka, India. The city lies on the banks of the Tunga River. Being the gateway for the hilly region of the Western Ghats, the city is popularly nicknamed as "Gateway to Malnad".

The city is 569 m above sea level and is surrounded by lush green paddy fields, arecanut and coconut groves. It is located 267 kms from the state capital Bangalore and 195 kms from the port city Mangalore.

The name of the city is derived from the term "shivmoga". A version of etymology is due to the story that Lord Shiva drank the Tunga river water using "Mogge", hence the name Shiva-mogga". Another version of etymology is that the name is derived from the term "Sihi-Mogge", meaning "sweet pot".[citation needed]

The district formed the southern tip of the Emperor Ashoka'sMauryan Empire in the third century BC. It was ruled during later centuries by the Kadambas (4th century), Chalukyas (6th century), Ganges, Rashtrakutas (8th century), Hoysalas (11th century), and the Vijayanagara rulers (15th century). The city got an independent identity under the KeladiNayakas' rule during the 16th century. From the late 17th century, the city had been a part of the Kingdom of Mysore until the independence of India in 1947, when the Mysore state merged into the Republic of India.

Physiographic Divisions of the District

Shimoga district is a part of the Malnad region of Karnataka and is also known as the Gateway to Malnad or MalenaadaHebbagilu in Kannada. The district is landlocked and

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bounded by Haveri ,Davanagere , Chikmagalur , Udupi and Uttara Kannada Districts. The district ranks 9th in terms of the total area among the districts of Karnataka. The district is spread over an area of 8465 square kms. Shimoga lies between the latitudes 13°27' and 14°39' N and between the longitudes 74°38' and 76°04' E at a mean altitude of 640 m etres above sea level. The peak Kodachadri hill at an altitude of 1343 metres above sea level is the highest point in this district. Rivers Kali, Gangavathi, Sharavathi and Tadadi originate in this district. The two major rivers that flow through this district are Tunga and Bhadra which meet at Koodli near Shimoga city to gain the name of Tungabhadra, which later joins Krishna.

According to the Shimoga City Municipal Corporation, the city has a total area of about 50 square kilometres (19 sq mi). Most/all these hills are part of the Western Ghats, a region known for plentiful rainfall and lush greenery and declared during 2012 as a World Heritage site. Tunga River flows through Shimoga.

Demography and literacy

- Shimoga district with a total population of 1,752,753 stands at the 15th position in terms of population in the State.
- The district ranks 16th in terms of rural population and 9th in terms of urban population.
- Shimoga district accounts for 2.8 percent of the total population of the State.
- With the decadal growth rate of 6.7 percent, it ranks 21st in the State in terms of decadal growth rate.
- The district with a Sex ratio of 998 holds 7th rank in the State.
- The district with a Sex ratio of 960 among the child population in the age-group 0-6, holds the 8th rank in the State.
- The proportion of child population, (0-6 age-group) is 10.4 percent in the district and ranks 20th in the State.
- The district has a literacy rate of 80.4 percent and is placed at 6th rank in the State.

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Administrative set-up

Shimoga district is divided into 2 sub-divisions and 7 Taluks. The Shimoga Sub-division comprises the taluks of Shimoga, Bhadravathi and Thirthahalli. The Sagar sub-division comprises Sagar, Shikaripura, Sorab and Hosanagara. The Shimoga district administration is headed by the Deputy Commissioner with additional role of a district Magistrate. Assistant Commissioners, Tahsildars, Shirastedars, Revenue inspectors and Village Accountants help the Deputy Commissioner in the administration of the district. The district headquarters is Shimoga city.

CHAPTER 3 :AGRICULTURAL PROFILE

Agriculture

The crops cultivated in this district are paddy, arecanut, cotton, maize, oil seeds, cashewnut, pepper, chili, ginger, Ragi. Karnataka is the largest producer of arecanut in India, the majority of which is cultivated in the Shimoga district.

The western part of the district has superb tropical forests and some very pretty hilly areas. The eastern region is less dense but has several lakes and river valleys. The forest area of the district is 276855 hectares. Shimoga district is rich in flora and fauna, the dense forest and green shrub jungles are main producers of sandalwood, rosewood, teak and other exotic timber. Mango, Jackfruit, Tamarind etc are the other important trees found around the district with rich yields.

Horticulture

Horticulture crops are growing in 121281.00 ha area in Shimoga district, i.e, 43.03% of the net cultivating area in the district and more than 15% in the state. Cultivation of plantation and spice crops are more in malnad regions where in semimalnad regions farmers are cultivating fruits and vegetables along with plantation and spice crops. Earlier day's arecanut cultivation was traditionally restricted to the malnad regions only but now due to increased demand cultivation is extending to semimalnad regions. As the climatic condition is favorable for the cultivation of areca nut(92,181 ha), coconut (6.040 ha), and cocoa hence cultivation of these crops is practicing.

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Cultivation of Ginger (3,828 ha), Black pepper (4,131 ha.), Cardamom (110 ha.), Tree spice and Nutmeg crops are very popular. Fruit crops like Banana(6,321 ha.), Mango (3,618 ha.) and pineapple (1,475ha) etc., are cultivating. In semimalnad regions, vegetable crops like Chilli, Beans, Brinjal, Tomato cabbage and leafy vegetables cultivation is practicing among these chilli is a major crop, apart from chilli all other vegetables are growing in a small scale.

Medicinal and Aromatic crops like Vanilla, Pachuoli, Hippali crops are gaining more importance. Flower crops like Rose, Jasmine, Aster, Crossandra and Tuberose cultivation is also practicing. Anthurium and Gerbera which are growing under Green house and Polyhouse are gaining more importance now days.

The Department of Horticulture playing vital role in development of horticulture crops in Shimogha district and department is giving technical information to the farmers. Fruit crop seedlings were developed in 4 Horticulture farms in an area of 51.53 Acre under Zillapanchayath and good quality seedlings are also developing. Different fruit plants are developing in 8 horticulture farms in an area of 326.15 Acre land under state zone. Mango, Sapota, Coconut and Arecanut crops are growing in large scale whereas oil palm, Cashew, Jasmine, Cocoa, Aonla, Cherry and Kamarak are growing in small scale. Horticulture department developed a good quality seedlings and directly distributing to the farmers.

Good quality seedlings are producing in the departmental farms where there is availability of basic resources like poly house, shade net and water. Leaves and fruits of the horticulture crops are investigating under laboratory and information regarding those crops are giving to the farmers. Good quality Banana Tissue culture plants are Produced and distributed to farmers successfully.

Department of horticulture is giving economical support to the farmers under Zillapanchayath scheme during 2019-20 for the oil palm cultivation, establishment of drip irrigation and Plant protection measures. National Horticulture Mission given a economical support to the

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farmers for the cultivating horticulture crops, crops includes Fruit crops like Mango, Sapota, Banana, cashew and Pineapple, Flower crops like Rose, Tuberose, Spice crops like Black pepper, Ginger and Clove. Under different schemes, Subsidy was given to the purchasing of instruments and machineries which are utilized under Horticulture.

Agricultural Marketing

Through Agricultural Produce Market Committees, establishment of Market Yards, submarket yards and developing and maintaining the market yards and sub market yards. Enforcing the regulatory measures in respect of sale and purchase of notified Agricultural produce brought by the Agriculturist to the market yards, providing a platform to ensure competitive prices, correct weighment, payment and creating an exploitation free atmosphere by preventing illegal activities in the marketing of agricultural produce. Regulating the activities of warehouses by enforcing the licensing conditions, establishment and maintenance of laboratories for the purpose of grading of agricultural produce in the State.

The Director of Agricultural Marketing is an officer appointed by the State Government to exercise or perform such of the powers or functions of the Director of Agricultural Marketing under the provisions of the Act or Rules. Accordingly, declaration of market yards, market sub-yards, sub-market and sub-market yards, superintendents, direction and control of elections, disqualification of sitting member, motion of no confidence, vacancy in the office of chairman and vice chairman, Bye-laws, appointment of officers and staff to the market committees, grant / renewal of license of private market yard, farmer-consumer market, direct purchase, appellate authority, control over the market fund etc, are monitored and implemented in accordance with the provisions of the Act and Rules.

CHAPTER 4 :INDUSTRY PROFILE

Large Scale Industries / Public Sector undertakings in Mandya& Near By Area :

1. M/s Vishveshwaraiah Iron & Steel Plant, Bhadravathi
2. M/s Mysore Paper Mill Pvt. Ltd., Bhadravathi
3. M/s Paper Packaging Pvt. Ltd., MandlikallurIndl.Area, Shimoga
4. M/s ShanthalaSphero Cast Pvt. Ltd.,NO.368, MachenahalliIndl.Area,Shimoga
5. M/s Perfect Alloy Component Pvt. Ltd., Sawalanga Road, Shimoga
6. M/s Ambuthirtha Power Pvt. Ltd. Bus stand Road, Jogfalls,SagarTq. Shimoga
7. M/s Shimoga Milk Union Ltd., Machenahalli, ShimogaTq.
8. M/s M.S.P.L. Gases Ltd., Steel Authority of India, VISL, Bhadravathi
9. M/s Bharath Starch Industries, MachenahalliIndl.Area, ShimogaTq.
10. M/s Shahi Exports Ltd., MachenahalliIndl.Area, ShimogaTq.
11. M/s Exchanging Technologies, IT park, MachenahalliIndl.Area, ShimogaTq.

Growing trend

Auto components, Foundry units, engineering units, brick manufacturing, areca processing, and BPO service units are coming up in Shimoga district. Now Ready made garments units have also been established. In rice mill sector instead of new units coming up, existing units are undergoing expansion and modernization to catch up with competition.

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There is good scope for vendor development in Handicrafts sector at Sager where many sandal wood carving artisans are living. As there are two mega industries viz., Mysore Paper Mills and Visveswaraya Iron and Steel Ltd., in Bhadravathi, there is scope for ancillary units.

Major Clusters in the Manufacturing Sector is the upcoming Jewellery cluster Shimoga District. It has been sanctioned and forwarded to GOI for approval.

Major Exportable Item

a.The district is known for agricultural and horticultural crops cultivation. Arecanut is predominant plantation in the district

b.The district has engineering castings cluster next only to Belagavi in the state. Automobile based industries and the Engineering based industries are the prominent ones in the district which envisages the export of the following items. IC Engine Parts, Volvo Sheets Inserts, Ductile Iron Castings, Niharol Casting, Stainless Steel Castings, Alloy Steel Stainless Steel and Nickel Castings, Centrifugally Cast, Cylinder Liners, Diesel Engines, white duplex boards, Printing papers.

C, The district being gateway to western Ghats known for forest and water falls, notable one being famous Jog Falls offers immense potential for **Tourism** service.

The products identified for the district as “potential products” under District as Export Hub initiative:

1. **Engineering products:** Auto components /castings etc
2. **Agricultural products:**
 - Ginger,
 - Spices (Pepper and cardamom)
 - Banana, Pineapple
 - Arecanut and value added products
 - Areca leaf plates and cups
 - Maize and value added items

3. Handicraft items

4. Textiles: Readymade garments

5. Tourism

Action plan with short term goals and long term goals to be finalised in consultation with members of DLEPC and other stake holders:

The identified products are to be promoted with integrated approach with all agencies addressing the gaps in infrastructure, logistics, common facility centres, labs for testing etc, imparting the necessary awareness outreach programs , training and skills. Different agencies schemes shall be channelled and the regulatory requirements are updated. The export promotion councils, commodity boards, lead bank ,NABARD etc shall be actively involved. The agriculture/ horticulture/ forest colleges & universities shall also be actively involved. The plan shall be in synergy with other initiatives like One District One product (ODOP) or Agri export Policy.

Farmer groups', cooperative societies, new entrepreneur's, woman groups are also assisted to enter into the export stream. The marketing assistance, participation in exhibitions including e commerce platform, finding new markets shall also be explored. New innovative ideas including start-ups shall be nurtured. (In this, one remarkable one was Arecanut tea as an innovative idea from the district).

The plan will specify with short term goals and long term goals.

Chapter 5 : CONCLUSION

Exporting is an exciting and dynamic activity, which if undertaken professionally, can reap rewards for not only to the exporting company but to the District, State and Country at large even to the eventual overseas customers as well. To raise the living standard, ensure full employment, ensure a large and steadily growing volume of real and effective demand and expand the production of and trade in, goods and services while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development Export is the only available instrument before world community. Today global communication and access to the internet, has opened up speedy means of communications that did not exist just a few years ago and with new cutting-edge technological developments like Artificial Intelligence, Robotics, Blockchain technology etc. has led to considerable opportunities becoming available for export planning and facilitation of trade in true spirit. Exporting can, therefore, offer considerable opportunities for companies operating in Kolar Districts across the sectors and is an important factor to consider when looking at expanding local markets.

In the current business environment, exporting is a major mechanism to grow business for many companies while for others, exporting offers the advantages of a larger market with greater economies of scale and as the international market is considerably larger and more competitive than the domestic market and growth rates in many of these markets far outpace the local market levels. Exporting can also provide some companies with opportunities to develop new products for the local market, as it is a learning experience that can benefit the country while at the same time generating greater profit opportunities for the company itself. Meeting and beating competitors abroad can help a company to keep its edge over local competitors and exporting can, therefore, be a very profitable business. But there are real costs and risks associated with it, which must be balanced and evaluated. Export success can be achieved by having good products to sell at a reasonable price, an organizational structure that optimizes corporate and staff performance, and an awareness

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of the exporting rules, and regulations and any trade barriers in each of the targeted export countries.

In recent years as tariff barriers have been eroded or eliminated by various trade arrangements and through the work of the World Trade Organization (WTO), the exporting companies have been able to consider new market possibilities. However, the exporting company could come up against a possible hurdle relating to trade barriers - generally referred to as 'technical' or 'non-tariff' barriers, these are basically national technical requirements that arise from local laws, regulations and standards, together with conformity certification schemes, which may affect the design, manufacture, markings and use of some products in the concerned target country. Many of these technical barriers to trade have not been erected consciously to keep exports out, but are either an inherent part of the structure of the importing country, or the outcome of a historical situation. In the majority of cases these barriers are not in any sense new and have existed for some time. They have become more apparent in the last decade due to the substantial increase in trade between nations and the associated increase in competition for the markets involved. Eventually, exporting is also about covering real costs, obtaining a justifiable return on funds employed and ensuring payment for goods supplied. Exporting that is not viable in the long-term wastes resources and could result in company failure. On a broader basis, exporting companies also needs helps and hand holding to address their reasons for wanting to export transcending the domestic trade, in terms of strategy why export, research getting to know the various marketplaces, sales and marketing identifying customers and markets, finance ensuring payment for goods supplied, freight and documentation minimizing delivery delays, and after-sales support system for providing spares, servicing, warranty claims, etc.