



Department of Commerce & Industries

# Export Strategy of Karnataka



**Federation of Indian Export Organisations**





## TARGET

- To make Karnataka amongst the top three States of the Country in terms of Merchandise exports.

## I. PERIOD

The time frame for implementing the actionable areas identified in the strategy shall be 5 years.

## II. STRATEGY

- The Strategy overall aims towards facilitating exporters in the State through various measures which could be related to Policy, infrastructure, common facility, ease of doing business, promotion etc.
- To identify potential sectors for promotion & enhancing competitiveness.
- Strategy covers in-depth scenario of potential sectors within the State, enlists bottlenecks and offers possible suggestions pertaining to the same.
- Besides, it also covers various measures and issues pertaining to ease of doing business where State needs to coordinate with the Centre.
- Logistics plays an important role in connecting State to global markets. Hence, the strategy also highlights the scenario of logistics in the State, the issues and possible suggestions for various modes of transport utilized by trade.
- Strategy also aims to flag various infrastructure requirements which could benefit trade.
- For enhancing global reach, the Study has identified State's key sectors in major sector-specific export destinations.
- For sensitising entrepreneurs in the field of exports and to encourage existing exporters as well as to impart knowledge, several promotional measures, awareness/capacity building programmes have also been suggested in the strategy.
- Developing institutional mechanism including the State-Centre Co-ordination Cell for dealing with issues related to Central Government

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# 1. INTRODUCTION

## 1.1 STATE PROFILE

- Karnataka is one of the fastest growing states in India. The State boasts of a diverse flora and fauna and a 320 km natural coastline, which makes it a nature tourist's paradise. The natural resources, policy incentives and infrastructure in the State favour investments in the IT/ITeS, Biotechnology, Engineering, Electronics, Automotive, Textiles, Agri and Food-processing sectors.
- The Gross State Domestic Product (GSDP) in the year 2018-19 grew at the rate of 7.9 percent as against the rate of 7.5 percent during 2017-18. Agricultural sector is expected to grow by 5.9 percent. The industrial sector is expected to grow at 6.0 percent and the Service sector is expected to register a growth rate of 10.0 percent<sup>1</sup>.
- Karnataka's exports as a percentage of GSDP has a fairly large share and has also increased significantly over the period. The share of exports in GSDP which was 7.36% in 1993-94, has grown to 28.6% in 2018-19. Karnataka's exports amounted to about 95180 Mn USD during 2018-19 which constituted about 17.8% of the Country's exports in that year<sup>2</sup>.
- Karnataka is the IT hub of India and home to the fourth largest technology cluster in the world. Karnataka has 75 formal approval IT/ITeS SEZs (35 are operating at present) and 3 Software Technology Parks.
- Bengaluru houses Additional DGFT, CONCOR, ECGC, FIEO and other trade related agencies. Commissioner for Industrial Development has been nominated as "State Export Commissioner". Visvesvaraya Trade Promotion Centre (VTPC) is the nodal agency for the promotion of international trade from the State and has been supporting Exports, SEZs and providing Incentives & Concessions through the Industrial Policy and State Policy for Special Economic Zones. VTPC is also the Nodal Agency for implementation of the Central Government TIES Scheme, aligned to infrastructural support to exports, It is also the nodal agency for promotion of Geographical Indications of Karnataka.
- Karnataka has been ranked as the seventh best performing State during 2019 in terms of mobility of goods and efficiency of logistics chain, according to the newly launched Logistics Ease Across Different States (LEADS) index by the Ministry of Commerce & Industry during 2019.
- Karnataka, jumping 5 places, stood at the 8th position in ease of doing business ranking conducted by Department of Industrial Policy and Promotion (DIPP) in collaboration with World Bank under Business Reform Action Plan (BRAP) 2017.
- In State Budget July 2018, Karnataka proposed "Compete with China" scheme. In this scheme, under the leadership of successful entrepreneurs of the State, Program Mission Units are being established. In order to compete with Chinese made goods, spare parts will be manufactured at the village level, assembled at taluk level and Malls will be opened to market these goods. The scheme will be implemented in 9 districts as industrial clusters.

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1. Karnataka Annual Budget 2018-19

2. Economic Survey of Karnataka 2018-19

## 1.2 EXPORTS FROM THE STATE

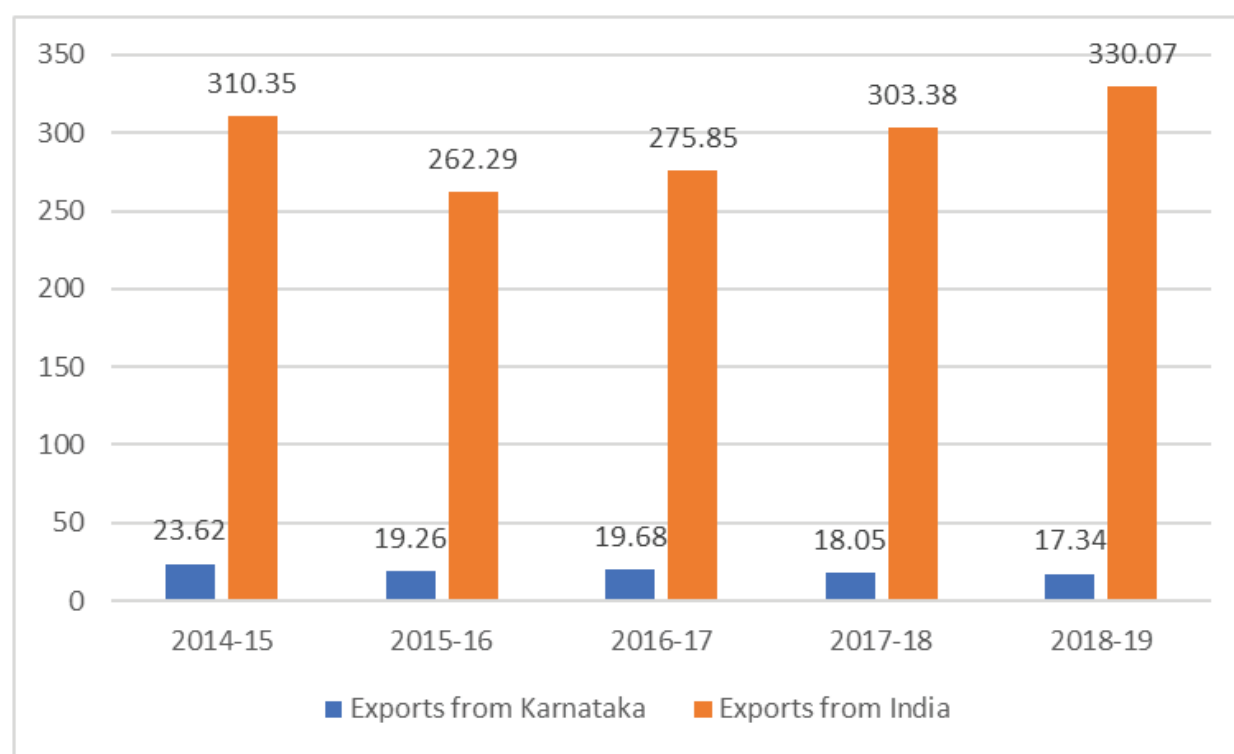
Karnataka has maintained its position as the 4th largest exporting State from the Country in the last five years.

(in US\$ Mn)

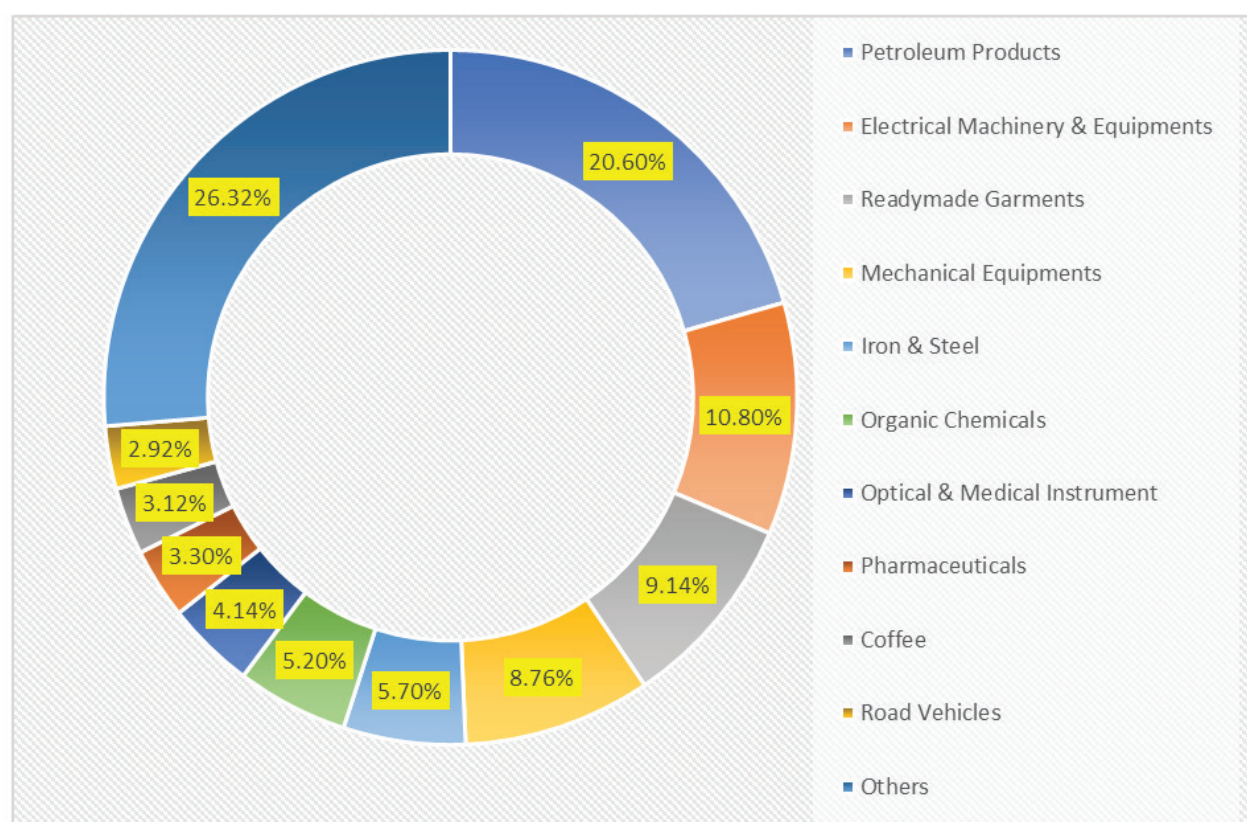
States	2014-15	2015-16	2016-17	2017-18	2018-19
Maharashtra	72852.94	66568.04	67433.77	69731.48	72,809.28
Gujarat	61238.13	49820.18	54213.62	66818.03	67,412.15
Tamil Nadu	27493.18	25556.86	26452.98	29754.22	30,525.91
Karnataka	23617.14	19264.19	19685.00	18052.34	17,341.29
Uttar Pradesh	13910.05	12400.53	12528.82	13803.90	16,289.17

Source: DGCI&S

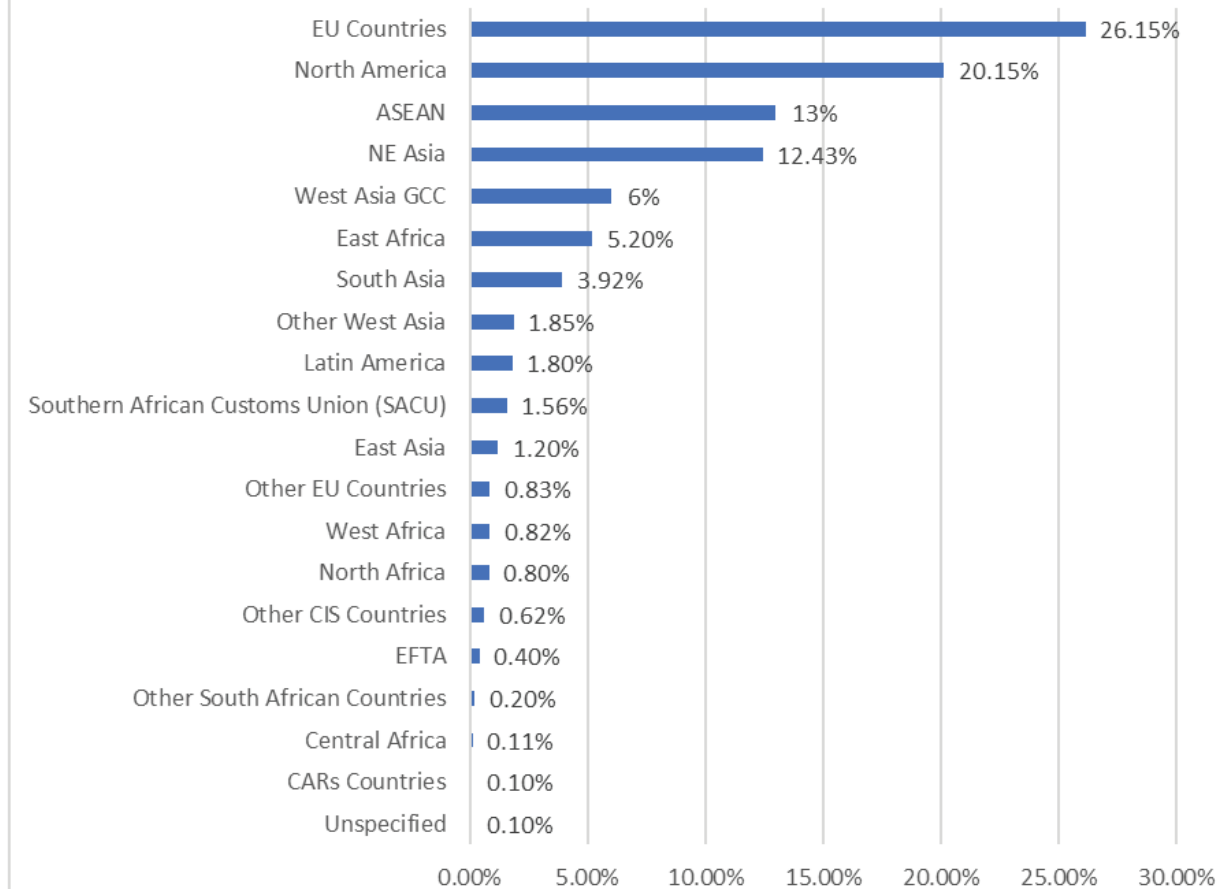
In 2018-19, Karnataka occupied a share of 5.35 per cent in India's overall exports. During 2013-14 to 2018-19, exports from Karnataka witnessed a positive CAGR of 0.53 per cent to reach US\$ 17.34 billion against a negative CAGR of -0.92 per cent in India's global exports.



## COMPOSITION OF MAJOR EXPORTS FROM KARNATAKA IN 2018-19



## DIRECTION OF FLOW OF EXPORTS FROM KARNATAKA IN 2018-19





On analyzing the 20 broad region wise concentration of State's exports, it was observed that top 5 regions namely EU, North America, West Asia-GCC, North East Asia and ASEAN regions occupied 80 per cent of Exports from Karnataka.

## MAJOR REGION-COUNTRY COMPOSITION

(%share of countries in State's overall exports in a region)

### EU

- Netherlands (18%)
- Germany (16%)
- UK (14.5%)

### NORTH AMERICA

- USA (89.5%)
- Canada (7%)
- Mexico (3.5%)

### WEST ASIA-GCC

- UAE (66%)
- Saudi Arabia (13%)
- Kuwait (6.5%)

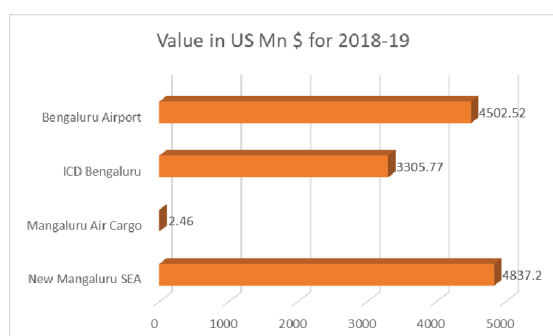
### NORTH EAST ASIA

- China (45%)
- South Korea (21%)
- Japan (16%)

### ASEAN

- Singapore (32%)
- Malaysia (24%)
- Vietnam (12%)

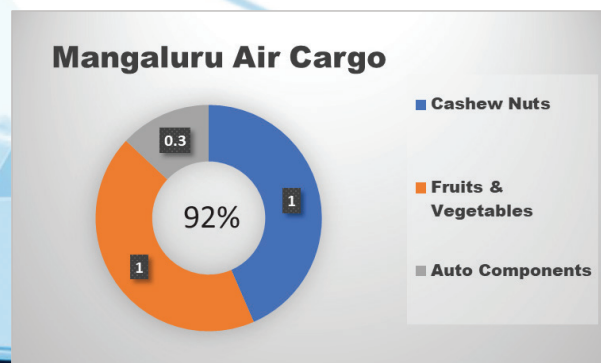
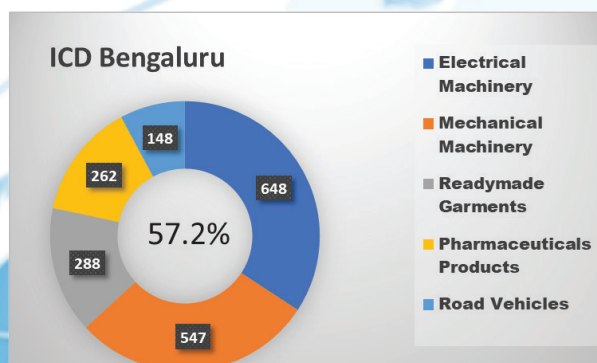
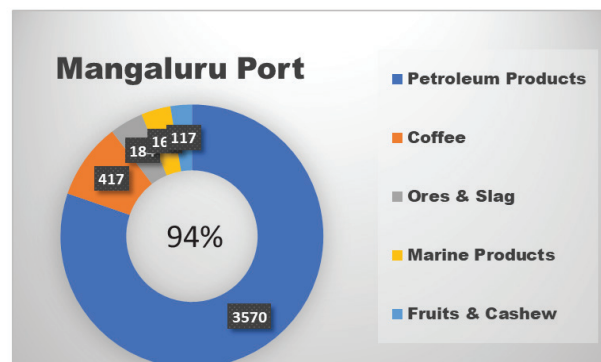
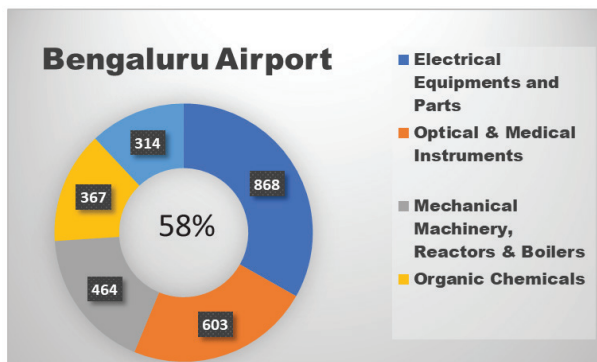
## 1.3 PORT OF EXPORT IN THE STATE



In terms of export value, New Mangaluru seaport is the major port of export in the State, followed by Bengaluru Airport, ICD Bengaluru and Mangaluru Airport.

In 2018-19, a gap of US\$ 4.69 billion was recorded between the total exports recorded by the State vis-a-vis the four ports in concern.

# MAJOR EXPORT COMPOSITION OF PORT OF EXPORT IN THE STATE IN 2018-19



## 1.4 IDENTIFICATION OF STATE EXPORT BASKET

Based on the DGCI&S data for 2018-19, State has export presence in 98 ITC HS chapters (2-digit HSN Code), out of 99. On analyzing, 13 such ITC HS Chapters were identified which contribute to around 80 per cent share in the State's exports. Further, on applying the tool of revealed comparative advantage w.r.t. India and World, 9 export items emerged as **"Champion Export Sectors"** of the State, carrying an export value worth US\$ 10.21 billion with a share of 66 per cent in overall exports from Karnataka.

**"Champion Export Sectors"** of the State are as follows:

- **Engineering**
  - Iron and Steel
  - Machinery
  - Instruments & Apparatus
  - Aerospace
- **Apparel**
- **Electrical & Electronics**
- **Chemical**
- **Coffee**

Further, from both primary and secondary analysis such export items have been identified which although have immense potential in boosting exports from the State, require support in enhancing their export competitiveness. These are categorized as **"Potential Export"** Sectors mentioned below:

- **Pharma**
- **Agri & Allied**
  - Cashew
  - Gherkin
  - Floriculture
- **Marine**
- **Plastic**
- **Granite**
- **Leather**
- **Handicraft**

The Indian Trade Portal, launched by Ministry of Commerce, Government of India and managed by FIEO, provides market intelligence and includes exhaustive information pertaining to MFN/ Preferential tariff, Rules of origin, alerts on SPS/TBT requirements, global trade/tender queries, item wise import/export policy of India, drawback, MEIS etc. for all the potential sectors.

The next section focusses on boosting exports of key sectors as identified above. The Section will cover the following parameters:

- Sector-specific major export destinations for the State.
- Actionable areas for enhancing exports and sustaining positive growth in the long run for the identified sectors



## 2. BOOSTING SECTORAL EXPORTS

### 2.1 ENGINEERING

Karnataka is the 3rd largest contributing State to heavy engineering industry in the country. Around 50 per cent of India's machine tools production takes place in Karnataka. Several precision tool units are housed in Belagavi, Peenya Industrial Estate, Bommasandra Industrial Estate in Bengaluru. Belagavi has emerged as a progressive Industrial Centre in the State of Karnataka with a concentration of more than 2000 small scale and tiny Industries engaged in manufacturing of an assorted variety of products particularly in the foundry and casting segment. Advanced Machine Tool Testing Facility (AMTTF) has been established as a state-of-the-art machine tool testing facility at the Central Manufacturing Technology Institute (CMTI), Bengaluru, a dedicated facility to test machine tools, accessories, parts and subsystems to establish their performance and reliability to international standards.

#### Common facility projects under Implementation:

CMTI : Design Centre for MSME's in association with CMTI at Bengaluru.  
 ATC : Aerospace Training Centre at Bengaluru.  
 ACFF : Aerospace Common Finishing Facility Centre at Bengaluru.

#### CHAMPION PRODUCT: ITC HS CH 72

**Exports from India (2018-19)** : US\$ 9,742.01 Mn  
**Exports from Karnataka (2018-19)** : US\$ 987.8 Mn  
**Rank in India's Exports (2018-19)** : 4th  
**Top 3 Exporting States** : Odisha, Maharashtra & WB  
**Topmost exporting item at 6-digit** : HS Code 720839

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
720839	Flat-Rolled Products in Coils of a Thickness of <3mm Not Further Worked	Vietnam	73.00	388.00
		UAE	80.00	143.00
		Nepal	47.00	142.00
		Italy	19.00	130.00
		Malaysia	20.00	40.00
	<b>Sub total</b>		<b>239</b>	<b>843</b>
	<b>Total exports</b>		<b>279.34</b>	<b>979.83</b>
	<b>Share in total exports</b>		<b>85.5%</b>	<b>86%</b>

Product: 720839 Flat-rolled products of iron or non-alloy steel, of a width of  $\geq 600$  mm, in coils, simply....

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
Turkey	1206.75
South Korea	976.68
Italy	1120.60
Belgium	726.8
USA	556.40

#### MARKETS FOR DIVERSIFICATION

- TURKEY
- SOUTH KOREA
- BELGIUM

**Share in India's Exports:** Exports of HS code 720839 from Karnataka occupy a share of 28.5 per cent in India's exports for the item.

**Existing Export Destinations of the State:** UAE, Vietnam, Nepal, Malaysia and Italy are the top 5 export destinations for the State which comprise 85.5 per cent and 86 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** Italy is amongst the major export destinations for the State as well as major world importer, for the item.

**Markets for Diversification:** Turkey, South Korea and Belgium are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Turkey	1206.00	3.80	Russia	693.82	57.50
			Ukraine	167.73	13.90
			Brazil	81.12	6.70
			Germany	41.80	3.50
South Korea	976.68	1.30	Japan	698.26	71.50
			China	188.66	19.30
			Taiwan	70.04	7.20
			Vietnam	9.97	1.32
Belgium	726.83	29.49	France	368.83	50.70
			Germany	209.20	28.80

#### CHAMPION PRODUCT: ITC HS CH 84

**Exports from India (2018-19)** : US\$ 20,965.55 Mn

**Exports from Karnataka (2018-19)** : US\$ 1,520.47 Mn

**Rank in India's Exports (2018-19)** : 6th

**Top 3 Exporting States** : Maharashtra, Tamil Nadu, Gujarat

**Topmost exporting item at 6-digit** : HS Code 848180

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
848180	Other Appliances:	USA	23.00	183.00
		UAE	3.00	57.00
		China	7.00	41.00
		Kuwait	5.00	38.00
		Saudi Arabia	2.00	38.00
	<b>Sub total</b>		<b>40</b>	<b>357</b>
	<b>Total exports</b>		<b>82.90</b>	<b>787.39</b>
	<b>Share in total exports</b>		<b>48.3%</b>	<b>45%</b>

Product: 848180 Appliances for Pipes, Boiler Shells, Tanks, Vats or the like (excluding pressure-reducing valves)

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	9501.62
China	4219.11
Germany	3380.60
Canada	2341.70
France	1992.70

## MARKETS FOR DIVERSIFICATION

- CANADA
- FRANCE

**Share in India's Exports:** Exports of HS code 848180 from Karnataka occupy a share of 10.52 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, Germany, China, UAE and Kuwait are the top 5 export destinations for the State which comprise 48.3 per cent and 45 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA, Germany and China are amongst major export destinations as well as major world importers, for the item.

**Markets for Diversification:** Canada and France are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Canada	2341.77	24.22	USA	1229.43	52.50
			China	434.11	18.50
			Mexico	113.35	4.80
France	1992.77	19.11	Germany	509.34	25.60
			Italy	375.84	18.90
			China	269.18	13.50
			USA	268.20	13.50

## CHAMPION PRODUCT: ITC HS CH 90

<b>Exports from India (2018-19)</b>	: US\$ 3256.16 Mn
<b>Exports from Karnataka (2018-19)</b>	: US\$ 718.9 Mn
<b>Rank in India's Exports (2018-19)</b>	: 2nd
<b>Top 3 Exporting States</b>	: Maharashtra, Haryana
<b>Topmost exporting item at 6-digit</b>	: HS Code 903289



HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
903289	Other Automatic regulating/controlling instruments and apparatus	South Korea	22.00	22.00
		USA	12.00	24.00
		Singapore	12.00	16.00
		Japan	8.00	10.00
		Malaysia	7.00	10.00
	<b>Sub total</b>		<b>61</b>	<b>82</b>
	<b>Total exports</b>		<b>93.74</b>	<b>213.56</b>
	<b>Share in total exports</b>		<b>65%</b>	<b>38.50%</b>

Product: 903289 Regulating or controlling instruments and apparatus (excluding hydraulic or pneumatic, manostats, .....

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
China	4427.19
USA	3085.39
Germany	7904.10
Japan	1375.37
Thailand	1097.75

### MARKETS FOR DIVERSIFICATION

- GERMANY
- THAILAND

**Share in India's Exports:** Exports of HS code 903289 from Karnataka occupy a share of 44 per cent in India's exports for the item.

**Existing Export Destinations of the State:** South Korea, USA, Singapore, Japan and Malaysia are the top 5 export destinations for the State which comprise 65 per cent and 38.5 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** China and Japan are amongst major export destinations for the State as well major world importers, for the item.

**Markets for Diversification:** Germany and Thailand are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Germany	2098.77	2.70	Hungary	491.30	23.40
			USA	366.40	17.50
			France	232.25	11.10
			UK	209.80	10.00
Thailand	1097.75	9.10	Japan	401.44	36.60
			China	173.27	15.80
			Malaysia	167.04	15.20
			Germany	89.30	8.10
			USA	65.55	5.30

### CHAMPION PRODUCT: ITC HS CH 88

Exports from India (2018-19) : US\$ 1716.07 Mn

Exports from Karnataka (2018-19) : US\$ 426.81 Mn

Rank in India's Exports (2018-19) : 2nd

Top 3 Exporting States : Maharashtra, Delhi

Topmost exporting item at 6-digit : HS Code 880330

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
880330	Other Parts of Aeroplanes or Helicopters	USA	87.00	473.00
		France	66.00	215.00
		Singapore	24.00	204.00
		UK	82.00	177.00
		Germany	25.00	90.00
	<b>Sub total</b>		<b>284</b>	<b>1159</b>
	<b>Total exports</b>		<b>361.20</b>	<b>1432.19</b>
	<b>Share in total exports</b>		<b>78.60%</b>	<b>80.90%</b>

Product: 880330 parts of Aeroplanes or Helicopters, n.e.s. (excluding those .....

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	17069.90
France	14635.90
Germany	7904.10
Singapore	7061.90
UK	4491.36

### MARKETS FOR DIVERSIFICATION

- SINGAPORE

**Share in India's Exports:** Exports of HS code 880330 from Karnataka occupy a share of 25.20 percent in India's exports for the item.

**Existing Export Destinations of the State:** USA, France, UK, Singapore and Germany are the top 5 export destinations for the State which comprise 78.6 per cent and 80.9 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA, UK, France and Germany are amongst major export destinations for the State as well as major world importers, for the item.

**Markets for Diversification:** Singapore is fourth major world importer for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Singapore	7061.90	78.83	USA	3959.90	56.10
			France	892.30	12.60
			Germany	397.80	5.60
			China	390.10	5.50
			Japan	328.90	4.70

### ACTIONABLE AREAS-PROPOSED

**Transport Hub :** It is proposed to have an additional transport hub for exporters of engineering goods (on lines of Transshipment hub in Peenya Industrial area, like the one in Nelamangala for assembling and parking).

#### Skill Development

- A Centre of Excellence for a sector like Machine tools, precision engineering and to create technology cell for development of new and smart products at Bengaluru on the same lines which has been established in Coimbatore for smart pumps with Government of India assistance may be considered.
- An R&D Centre for SMEs so that they may be trained in software development to add value to capital goods manufacturing. A scheme for partial reimbursement for MSMEs who seek R&D assistance from outside agencies may be considered.
- Establishing a training centre for operators and technicians in the field of plastic injection moulding process to impart knowledge of latest technology since there is considerable demand for such components across the globe may be considered.

#### Raw Material

- Availability of Raw materials at a fair price for exporters is one of the key requirements for improving the margins of the exporting units. Posting the need for such raw materials on a common platform / portal connecting to the indigenous manufacturers within India would reduce the foreign exchange outflow and improve the domestic procurement.
- A "Raw Material Assistance Cell" which can procure raw materials in bulk including Steel either in domestic market or international market which in turn could supply to MSME sector may be considered



### **Industrial estate at Belagavi:**

#### **In order to help exporters from the districts the following measures could be considered in the Belagavi Small Scale Industry Association premises**

- a) Upgradation of existing Belagavi Material Centre with state-of-the-art equipments and calibration facilities.
- b) Establishment of mini tool room facility and incubation centre for entrepreneurs.

To address the issue of frequent power cuts faced by industries in the district, upgrade power distribution network, to ensure continuous power supply to all industrial areas of the district.

## **2.2 COFFEE**

Indian coffee is primarily an export-oriented commodity with over 75 per cent of the annual production being exported to various destinations around the world. The export potential of coffee is primarily dependent on the country's coffee production.

India is the 7th largest producer of coffee with a share of about 3.5 per cent of the world production and contributes to about 5 per cent of global coffee exports. Indian quality Arabica is significantly recognized in the international market and our Robusta variety especially washed Robusta command highest premium in the international market. It is to be noted that consistent efforts have yielded results and coffee exports have shown significant growth in recent years especially in value terms.

India exports coffee to more than 100 destinations. During 2018-19, export permits were issued for export of coffee to 116 countries, out of which Italy, Germany, Russia, Belgium and Turkey were the top 5 importing countries. Indian coffee is still primarily an export-oriented commodity and production is dominated by the small growers and is grown in the backward and ecological sensitive western and eastern Ghats.

Karnataka occupies the prime position in coffee production in the State with a share of 53.8 per cent of the coffee area contributing to 70.3 per cent of the National production. In Karnataka, Kodagu, Chikmagalur and Hassan districts are the major coffee producing districts in that order. Karnataka produces both Arabica and Robusta coffee and more than 90 per cent of coffee cargo are being exported from the NMPT now.

### **CHAMPION PRODUCT: ITC HS CH 09**

<b>Exports from India (2018-19)</b>	: US\$ 3219.39 Mn
<b>Exports from Karnataka (2018-19)</b>	: US\$ 542.27 Mn
<b>Rank in India's Exports (2018-19)</b>	: 1 <sup>st</sup>
<b>Top 3 Exporting States</b>	: Gujarat, Andhra Pradesh
<b>Topmost exporting item at 6-digit</b>	: HS Code 090111

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
090111	Coffee neither roasted nor decaffeinated	Italy	127.00	153.00
		Germany	63.00	69.00
		Belgium	43.00	46.00
		Jordan	23.00	24.00
		Libya	14.00	22.00
	Sub total		270	314
	Total exports		447.40	525.14
	Share in total exports		60.30%	59.80%

Product: 090111 Coffee (excluding roasted and decaffeinated)

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	4414.50
Germany	2791.40
Italy	1495.30
Japan	1146.90
Belgium	729.70

## MARKETS FOR DIVERSIFICATION

- CANADA

**Share in India's Exports:** Exports of HS code 090111 from Karnataka occupy a share of 85.2 per cent in India's exports for the item.

**Existing Export Destinations of the State:** Italy, Germany, Belgium, Jordan and Libya are the top 5 export destinations of the State which comprise 60.30 per cent and 59.80 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** Germany is second largest export destination for the State as well as importing country in the world, for the item.

**Markets for Diversification:** Canada is the fourth major world importer for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Canada	625.20	3.35	Columbia	197.7	31.70
			Brazil	132.6	21.20
			Guatemala	80.50	12.90
			Peru	49.60	8.00
			Honduras	31.40	5.00

## ACTIONABLE AREAS

- **Certification:** To establish a Laboratory & Export Certification Centre for Coffee at Coorg by Coffee Board.
- **Processing:** Though more coffee is grown in Karnataka, processing happens in Kerala and Tamil Nadu. Coffee board has already requested for processing centers at Coorg under TIES scheme and it is being processed.
- **Augmenting Production and productivity:** To meet the increasing demand for coffee in the domestic market and to maintain India's share in coffee exports, there is a need for improving productivity of existing plantations by replacing senile old plantation with improved high yielding, disease tolerant varieties and also irrigation infrastructure in Robusta plantations. A scheme for planting high yield Robusta plants replacing old plantation in stages by the Department of Agriculture of the State may be considered.
- **Skill Development:** Coffee is a highly labour intensive crop. Due to scarcity of skilled labour, as Arabica is highly labour intensive, many growers have started replacing Arabica with Robusta (which requires less labour), to tide over the labour constraint. In India, since coffee is grown in hilly terrains, it is fully difficult to adopt mechanized farming system. Hence, a skill development center to train workers at Chikkamagaluru may be considered.
- **Higher rate of interest on coffee crop loans:** Unlike other agricultural crops, coffee requires huge financial investments to maintain the plantations. The growers generally depend on working capital loans from financial institutions for meeting the costs of cultivation. However, the interest rates on working capital loans for coffee are higher compared to other agricultural crop loans. Presently, the interest rate for crop loans above Rs.3.0 lakhs is ranging from 7% to 11.5% in different states. In view of steep increase in cost of cultivation, the loan requirement of coffee growers has almost doubled per hectare in recent years for meeting the expenditure on cultivation. Hence, to examine reduction in the interest rate for coffee loans to 3% for loans up to Rs.25 lakh and 6% for more than Rs.25 lakh in view of the prevailing conditions in coffee growing regions may be considered.
- **Export Credit:** Coffee being an internationally traded commodity and primarily an export-oriented commodity for the producing countries, the domestic coffee prices are aligned to the international coffee price movements. Thus, coffee prices are highly volatile and tend to fluctuate which influence on the economic condition of the growers. Also, coffee production primarily depends on the weather conditions. The vagaries of weather affect coffee production in the country. There was a severe drought in the coffee growing regions for the last three years especially in Karnataka. Hence, in view of the price volatility and climate change challenges faced by the sector, easy availability of export credit be provided at competitive costs may be considered.
- **Branding:** To promote coffee in export and domestic markets branding the uniqueness of Indian coffees with USP of Western Ghats eco labeling, GI as well as eco-tourism. This will further give boost to production and export of value-added coffees (Roast & Ground and instant coffee) and specialty coffees may be considered.

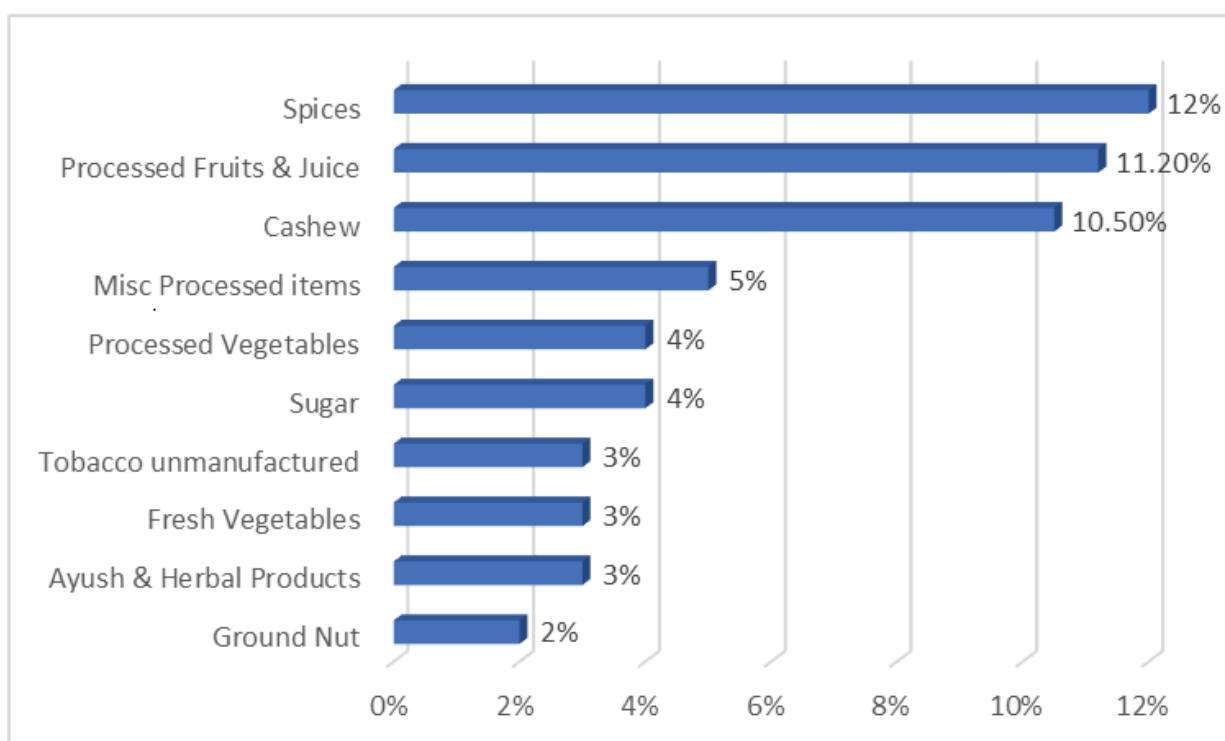
## 2.3 AGRI & ALLIED

To encourage value addition to farm produce for the benefit of farmers, the State introduced Agribusiness and Food Processing Policy 2015. Also, Karnataka is the first State to establish a unified e-trading platform "Rastriya e-Market Services limited" in 2014. At Central level, the Ministry of Food Processing Industries has identified State wise top five district production clusters of fruits & vegetables for creation of Agro-processing clusters under KISAN SAMPADA YOJANA. The indicative list of identified Agri-Horti production clusters (fruits & vegetables) in Karnataka is placed as below:

District	Estimated total production (F&V) in '000 MT	Major Fruits	Major Vegetables
Kolar	1407.00	Mango, Banana, sapota, Watermelon	Tomato, Potato, Cabbage, Beans
Belagavi	1121.00	Banana, Mango, Grape	Tomato, Onion, Brinjal, Green Chilli, Potato
Bijapur	1022.00	Grape, Limes & Lemons, Banana	Onion, Tomato, Brinjal
Chitradurga	862.00	Pomegranate, Banana, Papaya, Mango	Onion, Tomato, Green Chilli
Haveri	800.00	Banana, Watermelon, Mango	Tomato, Onion, Green Chilli, Brinjal

In 2018-19, India's exports of Agri & Allied sector registered a value worth US\$ 28,964.69 Mn wherein Karnataka occupied a share of around 3.50 percent to reach US\$ 1330.30 Mn.

### Composition of Agri and Allied Products of Karnataka 2018





Exports of Shellac, Cashew, Processed Fruits and Juices, Processed Vegetables, Fruits / Vegetable Seeds, Poultry Products, Tobacco Unmanufactured and Floriculture Products from Karnataka constitute more than 10 per cent share in India's exports.

**Centre of Excellence:** Central Food Technological Research Institute (CFTRI), National Dairy Research Institute (NDRI), Defence Food Research Laboratory (DFRL), Indian Veterinary Research Institute (IVRI), Indian Institute of Horticulture Research (IIHR), University of Agricultural Sciences (UAS), Indian Institute of Science (IISc), College of Agricultural Engineering (CAE), University of Horticultural Sciences (UHS), Karnataka Veterinary, Animal and Fisheries Sciences University (KVAFSU).

## ACTIONABLE AREAS

### ❖ **Infrastructural Support**

- **Additional Cold Storage:** Additional Cold storages in Bagalkote, Kolar, Belagavi, Jamakandi, Vijayapura, Hassan, Mangaluru, Mysuru, Ballari, Davanagere, Shivamogga, Tumakuru, Chitradurga, Gadag could be considered.
- For supporting vegetable process industry, it is required to consider modernizing of existing ETPs.

### ❖ **Quality and Standards**

- **MRL level:** Despite best efforts of agricultural extension, there are sporadic incidences in terms of exceeding MRL levels resulting in huge recall as faced by various sectors including Gherkin. There is a need to achieve highest level of compliance with concerted approach at Central/State level in terms of banning sales of harmful chemicals like Endosulphan, Acephate, Chlorpyrifos and Tropicodiphs.

In order to improve standards for quality especially in Agri commodity and spices the following could be considered.

- a) In drip irrigation subsidy for lower gauge drip caters since most of lower and middle level farmers use it.
- b) Upgradation of existing NABL accredited lab at UAS –Dharwad to check MRL levels of Agri commodities.
- c) Setting up of Steam Sterilization Common Centre at Dharwad for quality adherence of Spices.

### ❖ **Skill Development**

- **Training programmes:**

It is proposed to have regular Commodity and Crop specific Seminars, Workshops in key growing areas in association with scientists from UAS, IIHR and other Departmental officials for the benefit of farmers.

### ❖ **Assistance requested from Centre.**

- **Rose Onion :** Bangalore Rose Onion, an item grown in Kolar has a big market. It is fried and roasted and used as toppings in several food preparations. Kolar district alone is home to 70000 Tonnes of production of the crop. Major quantity (35000 Tonnes) is exported to Malaysia. Since Onion and Rose Onion have same ITC HS code, whenever due to domestic shortage, export of onion is banned, export of Rose Onion also gets banned despite of excess supply. But Rose Onions do not have domestic market. Any export restriction on Onions effects rose onions as well which creates uncertainty for its buyers in East Asia.

- **Peanut:** There is need for increase in duty drawback from 1% to 3%.
- **Import Duty:** Need for allowing duty free import of Agri commodities for value addition. There has to be duty free import of capital items, fertilizers, pesticides, etc. besides removing all such taxes on domestic items.
- **MNERGA:** Special wage and labour policy for export house. MNERGA scheme needs to be modified to make labour available for farming/horticulture sectors. The Industry requests to make available MNREGA laborers available for Export Oriented Crops.
- **Free Import of Pesticide:** Permit free import of pesticides for self-use needs attention. It is not possible to register with Central Insecticide Board. These restrictions are enabling present suppliers to exploit farmers by abnormally increasing prices.
- **Phyto sanitary certification:**
  - ✓ At present consignment inspection is done in Airport and Phyto Sanitary Certificate is issued at Airport. But, this facility is not available at ICD, Bengaluru and exporters from ICD has to approach Hebbal office which is around 30 KM away which causes delay in exports of consignments. Hence, one signing authority from Plant & Quarantine may be appointed at Bengaluru ICD
  - ✓ Approaching quarantine authorities to visit new farms for certification of exporting flowers, vegetables, etc. is a challenging task. There is a need to increase the staff strength of quarantine officials to carry out this work in the farms.
- **Action from the State:**
  - ✓ **Pack house for Mangoes:** State is currently not equipped with pack house facilities where mangoes could be stored for a long time. At present, mangoes grown in Kolar, Dharwad and Ramanagara districts are sent to Mumbai and Hyderabad, where they are processed for export. In such facilities, mangoes are treated to last longer. Hence it is proposed to set up integrated Pack houses in Mango growing districts within the State Agriculture policy.
  - ✓ **Cold Chain for vegetables:** APEDA sanctioned three projects for setting up cold chain facility for export of vegetables at Haveri, Kolar and Mysuru. It is proposed to hasten the work and establish cold chain immediately.
  - ✓ **Cold Chain for horticulture:** APEDA sanctioned two projects for setting up of cold storage for horticulture produce by KAPPEC at Kudchi (Belagavi- MoU signed on 22/3/2012) Hummanabad, (Bidar – MoU signed 17/9/2010), which have been completed recently and this will be handed over to agencies on PPP model for running and maintaining units.

## 3.1 CASHEW

Karnataka is ranked as the 4th largest cashew producing State in the Country. The State has around 400 companies involved in Cashew business out of which around 50-60 companies are active in the field of exports. The crop is grown in coastal belt of the State and the exporting companies are primarily concentrated in the Mangaluru region. Currently, the exports are taking place in bulk form keeping in view the fact of the long transit period to export destinations which goes beyond the shelf life of value-added product.

**Potential exporting item at 6-digit  
Rank in India's Exports (2018-19)  
Top 3 Exporting States**

**: HS Code 080132**  
: 2nd  
: Kerala, Tamil Nadu

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
080132	Cashew Nuts Fresh/Dried Shelled	UAE	45.00	125.00
		Saudi Arabia	21.00	70.00
		Germany	6.00	16.00
		Afghanistan	5.00	10.00
		Kuwait	5.00	16.00
	<b>Sub total</b>		<b>82</b>	<b>237</b>
	<b>Total exports</b>		<b>119.60</b>	<b>634.36</b>
	<b>Share in total exports</b>		<b>68.6%</b>	<b>37%</b>

Product: 080132 Cashew Nuts Fresh/Dried Shelled

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	1464.30
Germany	494.40
Netherlands	384.40
UK	199.40
UAE	171.30

#### MARKETS FOR DIVERSIFICATION

- USA
- UK
- AUSTRALIA

**Share in India's Exports:** Exports of HS code 080132 from Karnataka occupy a share of 18.86 per cent in India's exports for the item.

**Existing Export Destinations of the State:** UAE, Saudi Arabia, Germany, Afghanistan and Kuwait are the top 5 export destinations for the State which comprise 68.6 percent and 37 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** Netherlands and Germany are amongst major export destinations for the State as well as major world importers.

**Markets for Diversification:** USA, UK and Australia are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
USA	1464.30	66.02	Vietnam	1227.80	83.80
UK	199.40	14.00	Vietnam	137.60	69.00
Australia	123.20	0.40	Vietnam	116.40	94.50

## ACTIONABLE AREAS

- Karnataka is currently producing 70,000 MT in 7 revenue districts as against its current processing capacity of 300,000 MT. The State is currently importing nearly 230,000 MT from East and West Africa. Hence, there is requirement for enhancing cultivation of cashew.

The Government of India has initiated RKVY RAFTAAR (Sub) Scheme recently under which 8 cashew producing states may take up additional 2 lakh hectares under cashew cultivation. This scheme is an ambitious program which needs to be taken up for bringing self-sufficiency of raw material for the industry. The State has been allocated 15 crores under this scheme.

Hence it is proposed that the Horticulture Department to look at the policy announced by Government of India for availing the benefits from this Scheme for enhancing the cultivation area of cashew in Karnataka.

### ❖ Policy interventions:

- ✓ It is proposed that in order to enhance the competitiveness of cashew exporters, APMC Cess levied on direct imports be withdrawn and could be levied only for transactions in APMC yard.
- ✓ **It is proposed to adopt contract farming of cashew in districts of Dakshina Kannada, Uttara Kannada and Kodagu districts.**
- ✓ **It is also proposed that Electrical Inspectorate to have a relook to levy tax on generated electricity through in- house Generators.**
- ✓ **Encourage organic farming to have better quality product.**

### ❖ Infrastructural support

#### ❖ Common facility:

- ✓ The crop period for cashew is April-May and in absence of proper facilities it leads to around 10-15 per cent wastage of the crop. Hence, it is proposed to have a common facility Centre which may be established in Mangaluru region which can be used for drying and warehousing.
- ✓ Further, this facility may also be promoted as an auction Centre where exporters can purchase the raw nut directly from the farmers. Also, it would be more useful if the nuts stored here are certified for quality, nut count, etc. as it will help in upgrading the supply chain. Moreover, implementing digital initiatives in such warehouse may also be examined at a later stage like introducing e-platform for auction.

- ❖ **Mechanization:** Cashew industry faces tough competition from Vietnam as they are able to sell at lesser price to Europe and US due to mechanization. Hence, the industry faces high processing cost due to manual mode of operations. Thus, efforts will be made towards making the entire manufacturing process automated, as in the case of Vietnam.

- ❖ **Cashew apple utilization:** Every farm produces cashew apple which is 10 times the weight of the nuts. Currently, around 700,000 MT of cashew apple is generated in the farms in the state and they are all going waste as there is no efforts initiated to utilize these apples either for making juices/beverages or converting them to Bio-fuel as the apple juice can easily be converted to ethanol. This will double the farm income and make this crop highly viable for the farmer too. Hence it is proposed that the Department of Industries and Commerce may support development of modern processing units for the same.

#### ❖ Assistance requested from Centre:

- ✓ Though import duty has decreased from 5% to 2.5%, for African countries such as Ghana, Ivory Coast and Nigeria, additional 5% GST is levied. If imported under Advance Authorization, both duties are exempted but in the October 2018 notification, IGST comes under pre-import condition which needs clarification.



- ✓ In order to ensure quick growth of cashew produce, it is suggested that Government of India may declare this crop under plantation status and allow industries to lease agricultural lands for backward integration to production and reduce dependency on imported nuts.
- ✓ Cashew Industry is the most environment friendly industry with hardly any effluent discharges. However, it has been listed under “orange” category in the Pollution Control Act denying the industry the facility to renew their licenses for 10 years. Therefore, it is requested that the Central Pollution control Board may put Cashew Industry under “Green” category.

## 2.3.2 GHERKINS

The export of processed gherkins is done by 47 companies; Karnataka (31), Tamil Nadu (13), Andhra Pradesh (2) and Maharashtra (1). In Karnataka, it is grown in the district of Tumakuru, Kolar, Hassan, Chitradurga, Davangere, Haveri, Vijayapura, Raichur, Kalaburagi, Bidar, Belagavi, Hubballi-Dharwad, Mysuru and Chikkamagaluru. The contract farmers receive all inputs and technical support from the companies and the farmers are assured guaranteed buy back of crop at pre-declared price.

Initially processed gherkins were exported in bulk packing and since 2001 gherkins are being exported in “Ready-to-eat-Jars”. Gherkins are exported to more than 20 countries namely USA, Russia, Europe, Canada, Australia etc.

Tumakuru, Bengaluru Urban, Bengaluru Rural, Hassan, Kolar, Chitradurga, Dharwad and Bagalkot are the Agri export Zones for Gherkins in the State.

**Potential exporting item at 6-digit** : **HS Code 200110**

**Rank in India’s Exports (2018-19)** : 1st

**Top 3 Exporting States** : Tamil Nadu, Telangana

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
200110	Cucumbers and gherkins prepared/ preserved by acetic acid	USA	18.00	30.00
		Netherlands	10.00	15.00
		Germany	9.00	11.00
		Australia	7.00	8.00
		France	7.00	7.00
	<b>Sub total</b>		<b>51</b>	<b>71</b>
	<b>Total exports</b>		<b>87.49</b>	<b>129.42</b>
	<b>Share in total exports</b>		<b>58.3%</b>	<b>55%</b>

Product: 200110 Cucumbers and gherkins, prepared or preserved by vinegar or acetic acid

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
Canada	67.40
USA	62.40
Netherlands	58.15
Germany	52.48
France	55.52

### MARKETS FOR DIVERSIFICATION

- CANADA
- FRANCE

**Share in India's Exports:** Exports of HS code 2001 10 from Karnataka occupy a share of 68 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, Netherlands, Germany, Australia and France are the top 5 export destinations for the State which comprise 58.3 per cent in Karnataka's overall exports and 55 percent in India's exports for the item, respectively.

**Focus Markets:** USA, Germany and Netherlands are amongst major exporting destinations for the State as well as major world importers, for the item.

**Markets for Diversification:** Canada and France are major world importers for the item, with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
France	55.52	9.25	Germany	22.30	40.20
			Belgium	7.90	14.20
			Netherlands	4.00	7.20
Canada	67.40	12.48	USA	50.80	75.40

## ACTIONABLE AREAS

- **Certification:** : It is proposed that the cost of gherkins export certification like IFS/BRC/FSSC 22000 may be considered within the State Agriculture Export action plan.
- **It is proposed to have mechanism to reimburse the cost of buying Fruit fly deduction line after a detailed study so that quality products are exported from the state.**
- **Assistance requested from Centre:**
  - ✓ **Import duty:** There is 14.5% import duty into Europe for the gherkin export from India. India is the exporter of 100% requirement of Europe in small gherkins segment. Similarly, there is import duty into Canada up to 8.3% and 12 and 7.5% in Russia. There is import duty to the extent of 25% into Swiss market.  
Also, it is understood that USA is withdrawing GSP benefit for Indian Gherkin import. Support like pushing for Zero Duties in the Importing Countries will help make the product cheaper, boosting exports of all the grades.
  - ✓ **MEIS benefit:** The case of devaluation of Ruble (Russian currency) against US\$ and also hike in import duty has affected the export from India to Russia, which was the major trade partner with India. An increase in the MEIS benefit from current level of 5% to 10% will help the industry to sustain in this situation.
  - ✓ **Contract farming:** New POS system implemented by Central government is an impediment for the companies involved in contract farming. Companies who are in exports will have to procure their required produce through contract farming and backward integration system. Now with new POS, contract farming companies are not able to procure their fertilizers and issue to the farmers. Hence, there is need for introducing a contract farming module wherein the companies exporting gherkins/vegetables directly from the farmers pass the benefits of GST on fertilizers and pesticides directly to farmers in the contract and reimburse such collected GST to farmers directly.

- ✓ **Fertilizer Subsidy:** There are problems in getting fertilizer subsidy because of Aadhaar Linkage. Hence, the gherkins industry suggested that there may be an option of deputing one person for collecting fertilizers for all the contract farmers which may be made available to this sector. The given facility is already available for plantation farmers

## 2.3.3 FLORICULTURE

Floriculture relates to cultivation, transportation and marketing of highly perishable flowers to various export markets. Perishability of the product makes it imperative that the product requires the right facilities for growing, preservation and transportation. Though the requirements in infrastructure is basic but requires uninterrupted flow of all the required activities and facilities. The Flower sector is one of the highest export earners for many countries like Kenya, Tanzania, Ecuador, Netherlands etc. India started growing flowers for export in an organized way in the early 1990s in Bengaluru, Pune and Delhi. However, most units established prior to 1994 have perished and those after this period have few survivors who have focused primarily on local markets where quality parameters and regularity of supplies do not pose a challenge.

Karnataka is a potential state blessed with Agro climatic conditions for floriculture. This accentuates the need to enhance production of flowers in the State. The State has the highest area under modern cut flowers, and nearly 40 flowers growing and exporting units are housed in the state. The country's first flower auction center is located in Karnataka. The major flower exporting centers from Karnataka are BIAP (Bengaluru International Airport), ICD (Inland Container Depot, Bengaluru) and New Mangaluru Sea (New Mangaluru Port). Major importing countries include USA, Netherlands, Germany, UK and UAE.

Bengaluru (Urban), Bengaluru (Rural), Kolar, Tumakuru, Kodagu and Belagavi are the Agri Export Zones for Flowers in the State. Also, the State has notified Agri export zone districts namely Dakshin Kannada, Uttara Kannada, Udupi, Shivamogga, Kodagu, Chikkamagalur.

**Potential exporting item at 6-digit** : **HS Code 060311**  
**Rank in India's Exports (2017-18)** : 3rd  
**Top 3 Exporting States** : Maharashtra, Tamil Nadu

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
060311	Roses	Malaysia	0.34	1.20
		Singapore	0.25	0.70
		New Zealand	0.25	1.02
		UAE	0.09	0.30
		Lebanon	0.09	0.80
	<b>Sub total</b>		<b>1.02</b>	<b>4.02</b>
	<b>Total exports</b>		<b>1.50</b>	<b>8.18</b>
	<b>Share in total exports</b>		<b>68%</b>	<b>49%</b>

Product: 060311 Fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	653.54
Netherlands	762.80
Germany	378.35
UK	229.50
Russia	192.30

## MARKETS FOR DIVERSIFICATION

- NETHERLANDS
- USA
- GERMANY
- UK
- RUSSIA

**Share in India's Exports:** Exports of HS code 060311 from Karnataka occupy a share of 18.33 percent in India's exports for the item.

**Existing Export Destinations of the State:** Malaysia, Singapore, New Zealand, UAE & Lebanon are the top 5 export destinations for the State which comprise 68 per cent and 49 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** The State needs to focus on diversifying its export markets for enhancing its global reach for the item.

**Markets for Diversification:** Netherlands, USA, Germany, UK and Russia are major world importers for the item.

The below chart indicates total imports, competitors for India while entering these Markets

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Netherlands	562.80	0.30	Kenya	303.40	53.90
			Ethiopia	89.66	15.90
			Ecuador	59.40	10.60
Germany	378.35	0.00	Netherlands	307.60	81.30
			Kenya	47.74	12.60
			Ecuador	9.46	2.50
USA	636.54	0.00	Columbia	384.18	60.40
			Ecuador	227.90	35.80
			Guatemala	12.00	1.90
UK	229.53	4.12	Netherlands	142.01	61.90
			Kenya	63.56	27.70
			Ethiopia	9.93	4.30
			Columbia	4.65	2.00
Russia	192.31	0.00	Ecuador	85.00	44.20
			Belarus	38.68	20.10
			Kenya	34.11	17.70
			Columbia	9.50	4.90



## ACTIONABLE AREAS

- **Power:** It is proposed to encourage solar power generation to floriculture by conducting various capacity building programmes and offering benefits of solar power generation which is available in the state policy.
- **Digitization:** It is proposed that the International Flower Auction Bengaluru (IFAB), with support from growers, be supported with an online auctioning facility. With this the city could emerge as a major exporter of anthuriums, gerberas, carnations, gladiolas and even green fillers for bouquets.
- **Water:** It is also proposed to encourage Rain water harvesting for floricultural lands and provide subsidy as envisaged in the industrial policy.
- **Skill Development:** it is proposed that the farmers are regularly trained in flower production, cutting, packaging and preservation and marketing which is very much needed. Moreover, steady supply, quality, grading, packaging and transport are also associated with successful marketing of the flowers.
- **Assistance requested from Centre:**
  - ❖ **GST On Air Freight**
    - ✓ The primary area where GST has affected export of flowers is the levy of GST on Air freight for shipments to buyers in foreign countries. GST on Air freight is 18%. Air freight forms 60% of the sectors' turnover, hence this alone costs 23% on FOB turnover of exports.
  - ❖ **Pesticide Act**
    - ✓ Growing of flowers requires good spectrum of pesticides and fungicides which do not have Phytotoxicity, besides the requirement of a number of chemicals in different chemical groups. Rotation of chemicals is essential and has to be done between different groups of pesticides to avoid resistance build up. Phytotoxicity will damage and affect leaves and consequently affect the aesthetic quality and vase life of the flowers thereby rendering it non-exportable.
    - ✓ The import of pesticides and fungicides are governed by Pesticides Act 1968, which makes it mandatory to register pesticides for the import/manufacture/trade in the country as per Section 9 of the Act. However, Section 38 of the Act clearly exempts any farmer from the purview of the Pesticides Act as long as it is for use on his own property. This is so that a progressive farmer may decide and use the best product and also prevents a trader /manufacturer from exploiting a farmer with substandard products.
    - ✓ It is understood that the registration of these items is costly and when a progressive farmer wants to use some chemicals which are not available in the country for use on his own farm, he may be able to use it irrespective of the commercial viability of a producer / trader to get it registered.
    - ✓ These insecticides are used inside the green house which are any way treated as post quarantine area by the department. Further they are items registered in Europe for manufacture and trade. So, the issue of safety is well ensured.
    - ✓ Hence, the trade requests for exemption from necessary registration for import of pesticides as it is not applicable to a grower as per the Pesticides Act.

## ❖ Airfreight Subsidy

Air freight subsidies have been withdrawn with effect from October 2016. Air freight subsidies are required since the export of perishables must be done through air since the shelf life is very short. It is important to note that exporters have to rely on foreign airlines for the purpose of these exports. The National carrier is unable to transport products with due care and with suitable arrangements for the same. Additionally, the National carriers of countries like Kenya and Ethiopia have increased the number of their direct destination flights in order to promote and provide greater market access for the benefit of their domestic agriculturists.

### SNAPSHOT OF ORGANIC FARMING IN THE STATE

- Karnataka has announced an Organic Farming Policy – 2017
- Organic Farming has been a Top Priority in the Agriculture Sector.
- Encouragement is provided for Production, Processing, Certification, Marketing, Branding, Labeling, Organic Products including Millets.
- Strengthening of Education, Research, and Extension Networks.
- Gherkins, Rose Onions, Floriculture are supported towards Training in adoption of Scientific Methods, Purchase of seeds.
- Crops identified for Organic Farming:
  - ✓ Banana, Mango, Papaya, Watermelon are major fruit crops.
  - ✓ Onion, Tomato, Brinjal, Radish, beans are major vegetables.
  - ✓ Sugar Cane, coconut, Turmeric are important commercial crops.
  - ✓ Paddy, Ragi, jawar and maize are major food grains.

***The State is into exports of organic fruits and vegetables. Bulk cold storage facility, container facility and organic testing and certification facility are much needed to boost exports. Organic Testing Centre may be established at Chitradurga – Davanagere, which have highest potential for organic produce.***

***Also, organic farming and value addition may be taken up on cluster basis. Separate HS Code for Organic Products may be considered.***

## 2.4 CHEMICALS & ALLIED

Karnataka contributes 10% to the country's revenue in the pharmaceutical sector. It is the first State to introduce Pharmaceutical Policy in 2012. There are around 75 companies in Pharma sector in the state which are primarily concentrated around Bengaluru region located in various industrial estates, predominantly in Peenya and Bommasandra Industrial Estates. While most of the units are into formulations, a few of them are in bulk drugs, primarily in low volume-high value segment.

### CHAMPION PRODUCT: ITC HS CH 29

<b>Exports from India (2018-19)</b>	: US\$ 18280.99 Mn
<b>Exports from Karnataka (2018-19)</b>	: US\$ 897.31 Mn
<b>Rank in India's Exports (2018-19)</b>	: 5th
<b>Top 3 Exporting States</b>	: Gujarat, Maharashtra, Telangana
<b>Topmost exporting item at 6-digit</b>	: HS Code 290243

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
290243	P-Xylene	China	92.00	1511.00
		Malaysia	18.00	371.00
		UAE	11.00	88.00
	<b>Sub total</b>		<b>121</b>	<b>1970</b>
	<b>Total exports</b>		<b>121</b>	<b>2750.39</b>
	<b>Share in total exports</b>		<b>100%</b>	<b>72%</b>

Product: 290243 P-Xylene	
Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
China	16942.44
Taiwan	1727.50
India	925.64
Mexico	890.86
Indonesia	890.18

### MARKETS FOR DIVERSIFICATION

- MEXICO

**Share in India's Exports:** Exports of HS code 290243 from Karnataka occupy a share of 4 percent in India's exports for the item.

**Existing Export Destinations of the State:** China, Malaysia and UAE are the top 3 export destinations of the State which comprise 100 per cent and 72 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** China, Malaysia, Indonesia and Taiwan are amongst major export destinations of the State as well as major world importers, for the item.

**Markets for Diversification:** Mexico is the fourth major importer for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Mexico	890.86	21.08	USA	855.92	96.10
			Netherlands	9.20	2.40
			Russia	4.60	0.50

**Potential exporting item at 6-digit Rank in India's Exports (2018-19)**  
**Top 3 Exporting States**

**: HS Code 300490**  
 : 8th  
 : Gujarat, Maharashtra, Telangana

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
300490	Other Medicine Put Up for Retail Sale	USA	95.00	4569.00
		Canada	36.00	219.00
		South Africa	34.00	439.00
		Australia	23.00	206.00
		UK	21.00	442.00
	<b>Sub total</b>		<b>209</b>	<b>5875</b>
	<b>Total exports</b>		<b>309.52</b>	<b>11206.56</b>
	<b>Share in total exports</b>		<b>67.5%</b>	<b>52.4%</b>

Product: 300490 Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes,.....

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	56270.17
Germany	25044.23
Belgium	16186.47
Switzerland	14607.93
Japan	13738.50

#### MARKETS FOR DIVERSIFICATION

- GERMANY
- SWITZERLAND

**Share in India's Exports:** Exports of HS code 300490 from Karnataka occupy a share of 2.8 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, Canada, South Africa, Australia and UK are the top 5 export destinations for the State which comprise 67.5 per cent and 52.4 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA and UK are amongst major export destinations for the State as well as major world importers, for the item.

**Markets for Diversification:** Germany and Switzerland are major world importers for the item with increasing trend.



The below chart indicates total imports, competitors for India while entering these Markets

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Germany	25044.00	337.44	Switzerland	5151.10	20.60
			USA	2743.26	11.00
			Netherlands	2737.10	10.90
			Ireland	2638.90	10.50
Switzerland	14607.94	21.60	Germany	5053.90	34.60
			Spain	2103.40	14.40
			Italy	1889.01	12.90
			Singapore	1580.35	10.80

## ACTIONABLE AREAS

In order to have common facility centre for the Pharma sector it is proposed to adopt cluster approach wherein many of these industries can have common ETP and testing centres. KDPMA has been requested to move the proposal in the land where they have shown interest for Pharma cluster.

- **SEZ HASSAN**-There is a need to set up Common Effluent Treatment plant at Hassan SEZ for chemical & pharmaceutical industries. It is proposed to assist formation of ETP and disburse benefits as per the industrial policy.

## 2.5 MARINE

Karnataka state has 320 Km of coastline along with 27000 square Km of continental shelf area, popularly known as "Mackerel Coast", 5.93 lakh ha of inland water resources with vast scope for fisheries development. The brackish water area of 8000 hectares also provides good scope for shrimp / fish culture. Karnataka is one of the first states to facilitate the introduction of mechanised fishing boats leading to organized fishing in the sea. There are about 3780 mechanised fishing boats, 6978 motorized boats and 8119 traditional fishing boats operating along the coast. The State ranks 6th in terms of marine fish production and 9th in inland fish production in the country. There are 8 fishing harbours and about 88 fish landing centres in the state.

**Sea Food Park:** Karnataka is rich in marine resources such as Fish, Shrimps, Crabs and Lobsters etc. Under the purview of Agribusiness and Food Processing Policy 2015, the State proposed to introduce the concept of "Sea Food Park" under PPP mode to encourage "Fish-'O'-preneurs" backed by expertise from research institutes like CFTRI, Mysuru, College of Fisheries, Mangaluru and CIFT, Kochi. This would augment the processing and value addition of marine sector.

**Potential exporting item at 6-digit Rank in India's Exports (2018-19)**  
**Top 3 Exporting States**

**: HS Code 030743**  
**: 5th**  
**: Kerala, Gujarat, Maharashtra**

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
030743	Cuttle Fish and Squid Frozen	Vietnam	16.00	128.00
		Thailand	14.00	96.00
		USA	6.00	34.00
		Spain	4.00	124.00
		Malaysia	2.00	15.00
	<b>Sub total</b>		<b>42</b>	<b>397</b>
	<b>Total exports</b>		<b>47.13</b>	<b>612.98</b>
	<b>Share in total exports</b>		<b>89%</b>	<b>64.7%</b>

Product: 030743 Cuttle Fish and Squid, Frozen with or without shell

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
Spain	1128.86
Italy	691.52
Japan	633.55
China	528.15
South Korea	354.40

#### MARKETS FOR DIVERSIFICATION

- ITALY
- JAPAN
- CHINA
- SOUTH KOREA

**Share in India's Exports:** Exports of HS code 030743 from Karnataka occupy a share of 7.7 per cent in India's exports for the item.

**Existing Export Destinations of the State:** Vietnam, Thailand, USA, Spain and Malaysia are the top 5 export destinations for the State which comprise 89 per cent and 64.7 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** Spain is amongst the major export destination as well as major world importer for the State, for the item.

**Markets for Diversification:** Italy, Japan, China and South Korea are major world importers for the item.

The below chart indicates total imports, competitors for India while entering these Markets

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Italy	691.50	114.80	Spain	130.45	19.00
Japan	633.54	16.48	China	291.20	46.00
			Thailand	74.50	11.70
			Vietnam	56.94	8.90
			Peru	34.45	5.40
China	528.15	8.00	Indonesia	219.70	41.60
			USA	99.53	18.80
			Argentina	31.87	6.00
			Peru	31.86	6.00
South Korea	354.54	0.03	China	171.60	48.40
			Chile	70.84	19.90
			Peru	37.13	10.40
			Vietnam	29.87	8.40

## ACTIONABLE AREAS

### ❖ Assistance requested from Airport and Airlines:

- At Bengaluru airport, Ornamental fish exporters need to submit quarantine certificate without which the airlines do not accept the cargo. At the rest of the places, authorities allow exports only with Health certificate. This additional certificate is not asked by the importing country but required by Bengaluru International Airport Authorities.
- Domestic airlines are not accepting live/ornamental fish cargo, though international airlines accept live/ornamental fish and hence the same may be addressed as exporters need domestic flights for transshipment to international flights.

### ❖ Common Facilities

- Sorting facilities could be considered at Mangaluru and Bengaluru.
- Chilled fish export facility is recommended as a potential product to UAE countries.

- ❖ **Cage Aquaculture:** At present cage aquaculture of marine fishes are promoted by MPEDA (RGCA & CMFRI) in Karwar area. The initial demonstration proved that there is a good scope and potential for propagation of cage aquaculture of marine fin fishes suitable for exports. In this regard, a leasing policy of sea area within the territorial waters for cage culture is proposed to be evolved.

## 2.6 ELECTRICAL & ELECTRONICS

Karnataka was a pioneer in announcing the first Semiconductor policy in 2010, followed by Electronics System Design and Manufacturing Policy (ESDM) in 2013. It is one of the foremost states in the country with the highest number of chip design companies in the country and is a home to major R&D and innovation centres of multinationals and attracts top talent from across the globe. Brownfield Electronics Manufacturing Clusters at Hebbal, Hottagalli, Mysuru have been approved by Ministry of Electronics & Information Technology, Government of India.

In the State Budget July 2018, it was mentioned that to augment human resources as complementary to “Compete with China” scheme, various training programs will be organized. On the basis of resources and professional skills available in each area, some of the examples of programs proposed to be implemented in various districts are as follow:

- Kalaburagi district will be developed as Bharath Solar District. The solar panel, inverters, capacitors and laminators for the production of solar power will be produced only in Kalaburagi district.
- The local electrical light industry in India is valued about Rs.46,000 crore. At present LED lights being imported from China have dominated this market. The manufacturing industry of household LED light will be developed in Chitradurga district as consumers are ready to purchase the same in the local market.
- Several companies manufacturing ICB in Mysuru and Bengaluru have come in to existence. There is a huge demand for ICB and IC Chip across the world. 80% of the world ICB and Chips are being imported from Taiwan. Similarly, there is plenty of demand for ICB Chips in our country. In this background, it is proposed to establish an ICB manufacturing unit at Mysuru.
- Every year mobile phones valued more than Rs. 5 lakh crore is being imported in to India from China. In the new mobile phones, various options are being increased. Old mobile phones are being replaced by new mobile phones just within two years. Every old phone will fetch Rs.4000 if the original components are separated. There is an opportunity to separate components of 3 crore old phones. Using this opportunity, an industry of mobile phone components will be established in Chikkaballapur.

#### CHAMPION PRODUCT: ITC HS CH 85

<b>Exports from India (2018-19)</b>	: US\$ 12727.82 Mn
<b>Exports from Karnataka (2018-19)</b>	: US\$ 1872.06 Mn
<b>Rank in India's Exports (2018-19)</b>	: 2nd
<b>Top 3 Exporting States</b>	: Maharashtra, Tamil Nadu
<b>Topmost exporting item at 6-digit</b>	: HS Code 850440

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
850440	Static Converters	USA	101.00	132.00
		France	61.00	65.00
		Netherlands	50.00	51.00
		China	24.00	236.00
		Australia	20.00	21.00
	<b>Sub total</b>		<b>256</b>	<b>505</b>
	<b>Total exports</b>		<b>340.01</b>	<b>805.54</b>
	<b>Share in total exports</b>		<b>75.3%</b>	<b>62.6%</b>



Product: 850440 Static converters	
Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	10443.33
China	7292.70
Germany	4008.97
Hong Kong	3920.28
Netherlands	2335.29

## MARKETS FOR DIVERSIFICATION

- GERMANY
- MEXICO

**Share in India's Exports:** Exports of HS code 850440 from Karnataka occupy a share of 42.2 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, France, Netherlands, China and Australia are the top 5 export destinations for the State which comprise 75.3 per cent and 62.6 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA, Netherlands and China are amongst major export destinations for the State as well as major world importers, for the item.

**Markets for Diversification:** Germany and Mexico are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Germany	4008.97	35.87	China	1207.21	30.10
			Hungary	245.66	6.10
			UK	221.48	5.50
			Japan	180.99	4.50
Mexico	2332.65	13.18	China	1159.02	49.70
			USA	371.40	15.90
			Thailand	147.10	6.30
			Japan	99.05	4.20

## ACTIONABLE AREAS

### • Certification:

- ✓ A testing facility of international standards like SGS/Intertek is proposed to be established for lighting fixtures and accessories units in Hebbal Industrial Estate, Mysuru to obtain conformity certificate country wise, for exports as it is currently being done from Bengaluru.
- ✓ Study reveals that Units in Electronics City opined that although UL office (testing agency) is situated at Whitefield which sends products abroad for certification, there is a delay of about 6-8 months entailing a cost of Rs 10 lakh plus recurring charges of 2 lakh per product.

The State may collaborate with testing agencies for examining possibility to have the facility.

## 2.7 GRANITE

Rough granite slabs, the raw material for the industry, can be found in the southern region belt of India comprising of Andhra Pradesh- Ongole, Telangana- Warangal & Khammam, Tamil Nadu- Madurai & Chennai and Karnataka- Kanakpura, Chamarajanagar & Ilkal. The State specializes in the production of Ruby red, Chilly red, Cera grey, Kanakpura multicolour, Himalayan blue and Sira grey varieties of granite with production centres predominantly located across the districts of Bengaluru, Mysuru, Kalaburgi, Hassan, Raichur and Kolar.

In Karnataka, 30 per cent of the Industry is comprised of EOUs whereas DTA accounts for the rest 70 per cent. While the former is engaged in export of big granite slabs to major destinations like USA & Europe, the latter are engaged in short granite slabs, block cutters, etc. and export to Egypt, Algeria, Dubai and Arab region. The industry has adequate availability of labour with 70 per cent accounted by West Bengal and Bihar who have migrated to Karnataka.

**Potential exporting item at 6-digit** : **HS Code 680223**  
**Rank in India's Exports (2018-19)** : 3rd  
**Top 3 Exporting States** : Tamil Nadu, Rajasthan

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
680223	Simply Cut/Sawn Granite with a Flt/Even Surface	USA	17.00	178.00
		Vietnam	15.00	106.00
		UAE	9.00	43.00
		Turkey	8.00	27.00
		France	6.00	24.00
	<b>Sub total</b>		<b>55</b>	<b>378</b>
	<b>Total exports</b>		<b>115.38</b>	<b>803.80</b>
	<b>Share in total exports</b>		<b>47.6%</b>	<b>47%</b>

Product: 680223 Granite and articles thereof, simply cut or sawn, with a flat or even surface

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
UAE	52.38
South Korea	48.48
Canada	43.30
Mexico	33.21
Algeria	22.56
Morocco	22.56

### MARKETS FOR DIVERSIFICATION

- MOROCCO

**Share in India's Exports:** Exports of HS code 680223 from Karnataka occupy a share of 14.35 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, Vietnam, UAE, Turkey and France are major export destinations for the State which comprise 47.6 per cent and 47 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** Canada is amongst a major export destination for the item as well as major world importer, for the item.

**Markets for Diversification:** Despite falling global demand, Morocco has been observed to be potential market for diversification, given its trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Morocco	22.56	3.68	Spain	11.86	52.60
			Italy	5.55	24.60

## ACTIONABLE AREAS

- **Raw material availability:** Raw material availability is under severe pressure for several processing zones as 70 per cent of the mines are closed in Karnataka on account of stalemate in grant of leases and environmental issues. Applications for grant of quarries needs to be addressed at the earliest, lest the Industry faces closure.
- **Skill Development:** Training institutes will be established for imparting training on CNC machines for upgradation of technology.

### Assistance requested from the Centre;

- ✓ **Granite Conservation and Development Rules (GCDR):** Government of India had constituted Granite Development Council (GDC) on 15.6.1995 to oversee the development of granite industry initially for a period of two years. The terms of reference of the GDC was to assess and review periodically the status of the granite mines and recommend measures for speedy development of the mineral. With the recommendations of GDC, the Granite Conservation and Development Rules (GCDR), 1999 were notified by Government of India. Guided by these rules, different states had made provisions in their Minor Mineral Concession Rules (MMCR). The GDC was reconstituted vide notification dated 1st September 2015. The trade urges for implementation of the provisions of GCDR with regard to grant of lease. In the last 10 years, neither any new lease has been given nor renewed for quarries.
- ✓ **Restriction on export of Raw material:** The Import and Export should be freely allowed without any restriction. However, to protect the domestic industry, restriction is necessary on export of Rough Blocks. Hence, on the lines of Saudi Arabia, export of raw material may be restricted to protect the domestic industry.
- ✓ **Import of Marble:** There is a need to alter import duty structure for import of Marble Blocks and Slabs. Presently there is 40% duty on import of Rough Block and 20% on Import of Finished Slabs. This needs to be corrected. There should be 20% duty on Import of Blocks and 40% on slabs to protect the domestic industry.
- ✓ **DTA:** The trade urges to remove restriction on DTA sale by EOU units with immediate effect. It should be brought on par with Granite, since there is no restriction on sale of granite slab in DTA by EOU which is the primary reason for growth of exports. Marble also should be brought on par with granite under EOU unit.
- ✓ **GST:** The GST is 18% on sale of Blocks and Slabs. It should be brought under 12% in order to meet the healthy competition with other products like verified tiles, ceramic tiles and quartz slabs.

## 2.8 PLASTIC

There are around 150 registered members in the sector. Karnataka produces plastic worth an estimated Rs.50,000 crore.

### Common facility project under implementation:

Central Institute of Plastics Engineering & Technology (CIPET) - R & D, Product Development and Training Centre at Bengaluru.

**Potential exporting item at 6-digit** : **HS Code 392690**

**Rank in India's Exports (2018-19)** : 5th

**Top 3 Exporting States** : Gujarat, Tamil Nadu, Dadra & Nagar Haveli

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
392690	Other Articles of Plastics	USA	18.00	188.00
		Germany	10.00	25.00
		Mexico	5.00	9.00
		UK	3.00	32.00
		Japan	3.00	13.00
	<b>Sub total</b>		<b>39</b>	<b>267</b>
	<b>Total exports</b>		<b>55.60</b>	<b>548.02</b>
	<b>Share in total exports</b>		<b>70%</b>	<b>48.7%</b>

**Product:** 392690 Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	8268.15
Germany	5313.40
Mexico	4387.50
China	3562.80
France	2889.30

### MARKETS FOR DIVERSIFICATION

- CHINA
- FRANCE

**Share in India's Exports:** Exports of HS code 382690 from Karnataka occupy a share of 10.14 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, Germany, Mexico, UK and Japan are the top 5 export destinations for the State which comprise 70 per cent and 48.7 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA, Germany and Mexico are amongst major export destinations as well as major world importers for the item.

**Markets for Diversification:** China and France are major world importers for the item with increasing trend.



The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
China	3562.80	10.31	Japan	674.18	18.90
			Germany	589.37	16.50
			USA	534.53	15.00
			Korea	339.20	9.50
France	2889.26	7.07	China	528.01	18.30
			Germany	508.54	17.60
			Italy	274.10	9.50
			UK	144.04	5.00

## ACTIONABLE AREAS

- **Skill Development:** a training institute near industrial cluster Bengaluru North- Doddaballapur to impart ready to use skills as per industrial requirements..
- **Plastic Park:** Though Mangaluru has been selected by Central Government as one of the eight locations in the country to set up a Plastic park, the project has not been executed yet, thus trailing behind seven other plastic parks in the country which are already operational. This is primarily due to the delay in identifying the land for the purpose and forwarding the proposal to the Union Government. However, KCCI along with KSIA and Kanara Plastic Manufacturers Association identified II phase of EPIP Gangjimutt as an ideal location to set up the plastic park. Hence, the State needs to expedite the submission of the proposal to the Union Government and get the project sanctioned for Mangaluru.

## 2.9 HANDICRAFTS

Karnataka is the leader in the country with the maximum number of Geographical Indications (GI) tagged products numbering 45, as on March 2019. Of these 20 are in the Handicrafts segment, Agriculture (21), Manufactured Goods (3) and Food Stuff (1). Government of Karnataka has formulated a Draft Geographical Indications Policy for the State which aims to protect the traditional legacies of the State across the above mentioned segments.

Channapatna Crafts Park is India's first crafts park and is located at Channapatna in Karnataka, South India and funded under the ASIDE scheme. Channapatna Toys & Dolls is a Geographical Indication of the State in the Handicrafts segment, Channapatna Crafts cluster houses over 3000 traditional artisans engaged in the production of lacquerware. The Park was established to help preserve, nurture and enhance the skills of the artisans, by providing them with employment opportunities. This has been done through the provision of infrastructure and manufacturing facilities to exporters engaged in the production of wood craft lacquerware and natural fibre products synonymous with the region. The infrastructure and facilities of the Park are also available to Architects, Designers and Companies for crafting and manufacturing of wooden products and lacquerware. Spread over 14 acres of land, the Park has a sophisticated Common Facility Service Centre with state-of-the-art wood working machines. Also, being set up is a Common Facility Service Centre and Common Effluent Treatment plant for Natural Fibre. Manufacturer-Exporters

are establishing their individual manufacturing centers within the Park. These companies are engaged in the production of fashion accessories, corporate gifts, kitchen accessories, lifestyle products, wooden furniture, toys & dolls, educational equipments, accessories for perfumed products, natural fibre products, cane & bamboo articles and furniture.

Besides, there are concentration of handicraft units around Mysuru also which are dealing in Mysore Rosewood Inlay craft, sandalwood items like agarbatti, soaps etc., which incidentally are also GLs of the State.

**Potential exporting item at 6-digit : HS Code 330741**

**Rank in India's Exports (2018-19) : 1st**

**Top 3 Exporting States : Maharashtra, Tamil Nadu**

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
330741	Agarbatti and other odoriferous preparations which operate by burning	Nigeria	5.00	6.00
		Ethiopia	2.00	3.00
		Malaysia	2.00	4.00
		Iraq	2.00	3.00
		Brazil	2.00	2.00
	<b>Sub total</b>		<b>13</b>	<b>18</b>
	<b>Total exports</b>		<b>46.70%</b>	<b>101.20</b>
	<b>Share in total exports</b>		<b>27.8%</b>	<b>17.8%</b>

Product: 330741 Agarbatti and other odoriferous preparations which operate by burning

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
India	84.01
USA	27.30
Malaysia	27.30
Saudi Arabia	16.02
Japan	12.40

#### MARKETS FOR DIVERSIFICATION

- MALAYSIA
- TAIWAN

**Share in India's Exports:** Exports of HS code 330741 from Karnataka occupy a share of 46.15 per cent in India's exports for the item.

**Existing Export Destinations of the State:** Nigeria, Ethiopia, Malaysia, Iraq & Brazil are the top 5 export destinations for the State which comprise 27.8 per cent and 17.8 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA is amongst major export destination for the item as well as major world importer, for the item.

**Markets for Diversification:** Malaysia and Taiwan are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
Malaysia	27.33	5.70	China	13.07	47.80
			Vietnam	5.74	21.00
Taiwan	9.90	0.00	China	6.32	64.00
			Vietnam	1.90	19.20

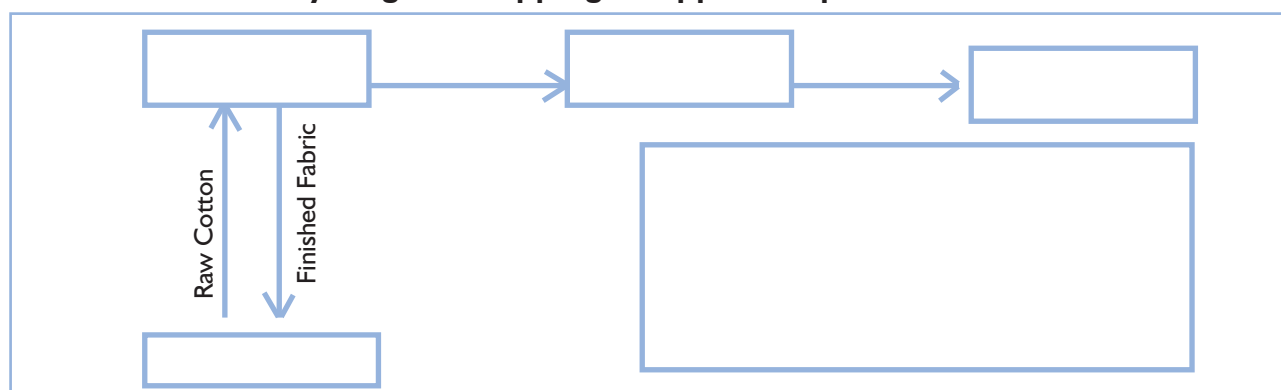
## ACTIONABLE AREAS

- **VRIKSH Certificate:** According to DGFT notification No 13 (RE – 2013)/2009-2014 dated 14th May, 2013, a new Note 3 in Chapter 44 of Schedule 2 of ITC(HS) Classification of Export & Import Items has been added. Thereby, Export Promotion Council for Handicrafts (EPCH) has been nominated as nodal agency to issue certificate, on demand, on the due diligence adopted by the exporters in procuring wood from legal sources for manufacture of Handicraft articles. Accordingly, EPCH issues “VRIKSH” Timber Legality Assessment and Verification Standard certificate intended for entities who wish to accurately track and make claims about the legal origin and transport their products in India. The artisans reported issues of cost and time in obtaining VRIKSH Certificate which may be taken up suitably. There are about 40-50 factories in Mysuru that are engaged in the manufacture of wood handicrafts.
- The exporters also reported issues in getting certificate from DC (Handicraft) Office which has branches at Mysuru and Bengaluru.
- **Raw material availability:** Raw material required for Agarbatti industry is bamboo, which is either imported or sourced from North Eastern states. This leads to increase in logistics cost. Hence, cultivation of bamboo may be encouraged within the State.
- **Promoting E-commerce:** The State to tie-up with reputed e-commerce companies like Amazon, Flipkart and India mart for online marketing of handicrafts of Karnataka, which shall be further expanded.

## 2.10 APPAREL

There are around 150 registered apparel exporters in Karnataka primarily concentrated in and around Bengaluru region. Out of them nearly 25-30 companies are big players including Shahi Exports, Jockey, etc.

### Case Study: Logistic Mapping of Apparel Exports from Karnataka



## CHAMPION PRODUCT: ITC HS CH 62

<b>Exports from Karnataka (2018-19)</b>	: US\$ 8335.97 Mn
<b>Exports from India (2018-19)</b>	: US\$ 1585.75 Mn
<b>Rank in India's Exports (2018-19)</b>	: 1st
<b>Top 3 Exporting States</b>	: Uttar Pradesh, Haryana
<b>Topmost exporting item at 6-digit</b>	: HS Code 620520

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
620520	Men's or Boys' Shirts of Cotton	USA	143.00	247.00
		UK	53.00	75.00
		Germany	42.00	57.00
		Spain	33.00	49.00
		Netherlands	15.00	31.00
	<b>Sub total</b>		<b>286</b>	<b>459</b>
	<b>Total exports</b>		<b>423.70</b>	<b>816.56</b>
	<b>Share in total exports</b>		<b>67.5%</b>	<b>56.2%</b>

Product: 620520 Men's or Boy's shirts of cotton (excluding knitted knitted or crocheted, nightshirts, singlets and .....

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	2757.78
Germany	990.07
UK	596.42
Japan	547.55
France	538.05

### MARKETS FOR DIVERSIFICATION

- FRANCE

**Share in India's Exports:** Exports of HS code 620520 from Karnataka occupy a share of 52 per cent in India's exports for the item.

**Existing Export Destinations of the State:** USA, UK, Germany, Spain and Netherlands are the top 5 export destinations for the State which comprise 67.5 per cent and 56.2 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** USA and UK are amongst major export destinations for the item as well as major world importers, for the item.

**Markets for Diversification:** France is the fourth major world importer for the item with increasing trend.



The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
France	538.05	50.23	Bangladesh	98.60	18.30
			Turkey	71.64	13.30
			China	68.16	12.70

## 2.11 LEATHER

Bengaluru is one of the major production centers for leather and leather products in India. Tannery Production Centre, first of its kind in the entire South India, has been established to facilitate leather processing in the State.

**Potential exporting item at 6-digit** : **HS Code 640351**  
**Rank in India's Exports (2018-19)** : 3rd  
**Top 3 Exporting States** : Tamil Nadu, Uttar Pradesh

HS Code	Product description	Major Export destinations of Karnataka	Exports from Karnataka (in US\$ Mn)	Exports from India (in US\$ Mn)
640351	Ankle Covered Footwear with Outer Soles of Leather	Germany	6.00	57.00
		Switzerland	0.20	2.00
		UK	0.10	76.00
		Canada	0.10	4.00
	<b>Sub total</b>		<b>6.4</b>	<b>139</b>
	<b>Total exports</b>		<b>6.45</b>	<b>423.89</b>
	<b>Share in total exports</b>		<b>99%</b>	<b>33%</b>

Product: 640351 Footwear with outer soles and uppers of leather, covering the ankle (excluding incorporating .....

Major World Importers	Import Value as of Dec 2018 (Value in US Mn \$)
USA	417.56
Germany	340.65
France	301.08
UK	207.72
Italy	173.30

### MARKETS FOR DIVERSIFICATION

- FRANCE
- NETHERLANDS

**Share in India's Exports:** Exports of HS code 640351 from Karnataka occupy a share of 1.5 per cent in India's exports for the item.

**Existing Export Destinations of the State:** Germany, Switzerland, UK and Canada are major export destinations for the State which comprise 99 per cent and 33 per cent in Karnataka's overall exports and India's exports for the item, respectively.

**Focus Markets:** Germany and UK are amongst major export destinations for the item as well as major world importers, for the item.

**Markets for Diversification:** France and Netherlands are major world importers for the item with increasing trend.

The below chart indicates total imports, competitors for India while entering these Markets.

Country	Total Imports as on Dec 2018 from the World Value in Mn US\$	Imports from India as on Dec 2018 Value in Mn US\$	Competitors for Indian Exporters		
			Country	Exports Value in Mn US\$	% Share
France	301.08	22.00	Italy	125.68	41.70
			Portugal	35.51	11.80
Netherlands	142.55	16.51	Italy	57.07	40.00
			Germany	27.90	19.60
			Portugal	17.50	12.30

## ACTIONABLE AREAS

### Assistance requested from Centre:

- **Leather technician expert:** The non-availability of a leather technician expert in Bengaluru needs to be addressed as currently the custom clearance is done in Chennai. This involves additional cost.
- **State-Centre Coordination Cell:** The leather exporters are facing several challenges in Import clearance which leads to a delay in getting clearance of about 4-5 weeks since getting the animal quarantine certificate and Veterinary Certificate is extremely time consuming. The leather goes through various standing process, with several chemicals involved and the process is performed at high temperatures. Here the materials itself may not survive these tests.. Hence, it is suggested that for finished leather the veterinary certificate may be waived off.

## 2.12 GENERAL

- **Institute of Packaging at Bengaluru:** A four Acre land was allotted to IIP during the year 2014; however, no progress has been witnessed ever since. The exporters of Karnataka are forced to send the packing materials to Hyderabad/Chennai in the absence of export certificate from IIP resulting in loss of time and incurring additional cost burden. It is requested that IIP office and testing centers be opened at the earliest to address this challenge being faced by exporters in the State.
- **Certificate of Origin:** There is only one COO (Certificate of Origin for Preferential FTAs) issuing agency in Bengaluru in Karnataka. COO is to be obtained from EIA, Bengaluru on consignment basis. Procedure of obtaining COO is difficult & expensive. There is delay of issuance of COO by EIA because of shortage of staff. There is a need to nominate more agencies to issue COO and such agencies should have presence in major export hubs

across Karnataka. Alternatively, cost of obtaining COO from EIAs should be minimized, by introducing self-certification for the units having AEO (T2/T3) status. The recent notification issued by Govt.to authorize DGFT to issue preferential COO instead of EIA may go a long way in resolving the issue.

- **Mechanism to Offset Export of Taxes:** Transport entails a lot of Taxes. For procurement of produce and inputs, processing them and Internal Transport from Factory to ICD and Sea Port, Fuel is a major input. Taxes account for 50% of the fuel cost and that is being exported. Hence, the trade requires support from both State and Central Government to address this by undertaking a study to find out the cost of duties that are being exported per kilo and reimburses on every kilo exported.
- **IGST refund:** Delay in getting IGST refunds by exporters is severely affecting the working capital and continues to be a serious issue and the new dimension has compounded the problem.
- It has been reported that exporters are being placed under the Caution List by RBI (EDPMS data) due to incorrect / wrong and faulty data or transmission by Customs to RBI. Several times, it has been observed that even though the export realization and formalities are complete and supporting evidences are available, there is no counter for submission, particularly in Customs.
- **ICEGATE:** There is issue of lack of data integration from DGFT to ICEGATE. Also, on applying for licenses in DGFT website, the certificate is issued but data is not reflected. ICEGATE server generally shuts down on every Friday in evenings and becomes efficient on Monday.
- Challenges in transfer of MEIS script from DGFT server to ICEGATE which delays its utilization. This needs to be addressed.



## 3. EXPORT LOGISTICS

**“In State Budget 2018-19, Government of Karnataka proposed to formulate a Logistic policy for better co-ordination between seaport, airport, National highway, ICD, CFS, warehouses etc, for seamless movement of goods from the production point to the consumers.”**

### 3.1 FACILITATING EXPORTS FROM HINTERLAND

#### 3.1.1 ICD WHITEFIELD

Commissioned on April 01, 1993, the Inland Container Depot (ICD) is located at the centre of Bengaluru’s fastest growing industrial area in Whitefield. The ICD is spread over an area of 125.06 acres and 10 warehouses along with three full length rail sidings, catering to EXIM and domestic traffic, both by Rail and Road.

#### SNAPSHOT OF SERVICES / INFRASTRUCTURE AT ICD WHITEFIELD

##### WAREHOUSE

Export: 3000 sq.mt.  
Import: 1375 sq.mt.  
Bonded: 26256 sq.mt.  
Domestic: 8100 sq.mt.

##### HANDLING EQUIPMENT

5 Reach Stackers (40 Tons), 2 Empty Reach Stackers, 24 Road Trailers, 11 intercarting trailers, 13 dedicated rakes (5 BLA & 8 BLC), 2 closed body trucks, 17 forklifts, 8 cargo hand trolleys, 3 electronic weighing scales (300 kgs-2 & 1 MT 01), 1 mobile sling crane (20 T), 1 electronic weigh bridge (60 Tons)

##### FACILITIES

It has 1523.6 sq.mt of Business Center including Office Space, Fumigation, Palletization, Canteen, Weighbridge and Bank Extn. Counter

##### TRAIN SERVICES

- **EXIM:** Whitefield to Harbour of Chennai (HOM), Whitefield to CHTS (Cochin), Whitefield to TN PORT (Tuticorin port)
- **DOMESTIC:** Whitefield to Tughlakabad (TKD), Whitefield to Shalimar (SHM)

##### TOP COMMODITIES

Gherkins, Granite, Radiators, Furniture, Spare Parts

##### CONNECTIVITY

It is conveniently connected to NH4 and NH7 by road. It is located on the Bengaluru – Chennai Railway line, adjacent to the Railway Satellite Goods Terminal. Hence, it is well connected by road and rail to all the major gateway ports in South India like Chennai, Cochin and Krishnapatnam ports.

**Source: CONCOR & Department of Industries & Commerce, Government of Karnataka**



## ACTIONABLE AREAS: EXPORTS FROM ICD WHITEFIELD

- **Movement restriction:** Container movement is allowed only from 9pm to 6am followed by no further movement till 11 am along with some relaxation during the day, limits its use.
- **Limited Connectivity:**
  - ✓ The frequency of rail service from ICD to gateway port needs to be increased. Despite ICD at Whitefield (Bengaluru), auto exporters are using ICD Irungattukottai, Chennai. The primary reasons attributed are less frequency of Train connectivity to Sea-port and relatively high freight cost.
  - ✓ Although both New Mangaluru Port and ICD Whitefield are in Karnataka, these two facilities haven't been able to complement each other's business interests. The sea port's geographical location is a huge hindrance. Because of the Western Ghats, it's not easy to reach the hinterland, either by road or by rail. For instance, ICD Whitefield has not been able to capitalize from regions such as Coorg, a region known for its major concentration of coffee planters, even though it is connected to the main port. Similarly, due to poor connectivity between the ICD and the port, it has not been able to extend container services to exporters and importers of other major commodities shipped through New Mangaluru Port, such as raw cashew imports.
  - ✓ It has been observed that there is limited connectivity from ICD Bengaluru to Europe and Middle East with the reason being Chennai port, which is the gateway port for ICD Bengaluru. Only feeder vessels are calling instead of a direct vessel which is available at JNPT.
- **Container Availability:** Exporters often complain that flat rake containers are very difficult to procure and also very expensive. Containers are also not made readily available in the ICD, putting exporters to inconvenience.

### SNAPSHOT OF SERVICES/INFRASTRUCTURE AT ICD DESUR

ICD is located near Belagavi in North Karnataka and caters to the industries located in this belt. This terminal is designed to handle both EXIM & domestic traffic. The yard is clearly demarked for this purpose.

#### WAREHOUSE

500 sq mtrs of EXIM & Bonded warehouse.

#### HANDLING EQUIPMENT

Reach Stacker-01, Hydra Crane-01, Forlift-01, Trailers-03.

#### RAIL SIDING

Full length rail siding of 45 wagons (to accommodate 90 TEU Container Freight Train).

#### TRAIN SERVICES:

- **EXIM:** On Demand Train service to JNPT port
- **DOMESTIC:** Regular Movement to HACG, JSG etc.

#### CONNECTIVITY

ICD is adjacent to Desur railway station and 2 kms away from NH-4A.

The ICD is awaiting notification from the customs for operationalisation. The State may monitor and expedite the same.

**Source: CONCOR & Department of Industries & Commerce, Government of Karnataka**

### 3.1.2 PROPOSED DEVELOPMENT: ICD KADAKOLA

CONCOR has been accorded approval from State for setting up ICD at Kadakola which is around 15 kms from Mysuru. The depot will serve the industries and facilitate their cargo movement from Hassan, Mysuru, Nanjangud, Chamarajanagar, Coorg etc. Laying track for the proposed project will commence once the land is allotted to CONCOR. At present, most of the cargo meant for exports is sent to Chennai and Mangaluru port by road which adds to the cost and time where the CONCOR facility at the proposed place will provide a safer and more reliable alternative to road. The goods like engineering products, coffee, electronics and other allied items are exported from the region. This is expected to ease up on the cost and time currently expended by industrialists in a significant manner.

Besides, CONCOR has acquired infrastructure of KIOCL at New Mangaluru Port which will also have warehousing facility and will be used for container movement from hinterland through train on Mangaluru-Hassan line.

### 3.1.3 ACTIONABLE AREAS: EXPORTS FROM MANGALURU CFS

- Mangaluru CFS is located at CWC Panambur in a building which is quite old and lacks basic facilities. Infrastructure under Mangaluru CFS can be improved upon to have better facilities for stuffing and destuffing of containers. A professional outsourcing model may be ventured into to manage it in a better way and make it more user friendly to the Exim community.
- The approach road to CWC also needs to be improved and apparently the securities need to be spruced up as it is a Customs jurisdiction.

## 3.2 FACILITATING EXPORTS BY AIR

In 2018-19 BIAL handled 3,86,780 MT, out of which the share of domestic and international cargo handling constituted 36% and 64%, respectively. Further, in the international cargo handling in terms of exports, perishables comprised a major share of 37 per cent. On the import side, engineering and electronics contributed a major share of about 42 per cent.

### SNAPSHOT OF SERVICES/INFRASTRUCTURE AT BENGALURU AIRPORT

**HANDLING CAPACITY:** 5,70,000 MT

**CHILLED CARGO TERMINALS:** Menzies Bobba & Air India SATS Airport Services (AISATS)

**AISATS COOLPORT:** It is India's first integrated on-airport perishable cargo handling centre with handling capacity of 40,000 tonnes per annum and cold chain solutions comprising of:

- 17 dedicated cold rooms with temperature ranging from -25 to 250C
- Refrigerated Queue Lanes with a temperature range of 2 to 80C for unitized shipments
- Refrigerated trucking service and temperature-controlled container handling
- Indigenously developed cool trolley and thermal blanket

**COURIER TERMINAL:** Blue Dart

**CARGO FLIGHTS:** At present, nine airlines operate for pure cargo flights.

### FUTURE PROJECTS:

- Master Plan of about 100 acres of land to re-allocate the entire cargo business towards east side. BIAL is the only airport in the country to have a Railway track cutting through the physical airport and connected to Yelahanka.
- Plan to add a Railway station and add cargo to it. This can help logistics in a big way since approach road from City to Bengaluru airport is heavily congested area.

**Source: BIAL, AISATS**

<b>ACTIONABLE AREAS: EXPORTS THROUGH BIAL</b>	
<b>ADEQUATE INFRASTRUCTURE</b>	<ul style="list-style-type: none"> <li>• Availability of Ultra-Modern Sorting &amp; Grading Centers, Reefer Vans, Cold Storages for Perishable Goods required at Bengaluru Airport.</li> <li>• Cool Port has been established at International Airport to handle Flowers, Fruits, Vegetables, Pharma. However, the movement of palletized/containers from cool port to aircraft is not temperature controlled and thereby breaks the cold chain.</li> </ul>
<b>FLIGHT CONNECTIVITY</b>	<ul style="list-style-type: none"> <li>• There is no direct flight connectivity to most High-end markets where cut flowers have demand like Japan, Australia, etc., resulting in delays at intervening airports where the flowers are offloaded and loaded on onward flights to the respective destination. This again affects the freshness of the produce and thereby reduces the aesthetic quality and price of the produce.</li> </ul>
<b>DRUG CONTROLLER LAB</b>	<ul style="list-style-type: none"> <li>• Although the Drug Controller Lab has been set up one and half years back in the airport, the lab is yet to become functional. Hence, due to non-availability of testing facility there is an increase in demurrage cost of the shipments. Also, sample testing takes around 5 to 15 days. Lack of necessary number of instruments in the labs, manpower etc. are other areas of concern.</li> <li>• Since sample testing takes 5 to 15 days, new techniques like PCR (polymerase chain reaction) may be adopted as testing would be done within 24 hours using this technique. Also, number of testing labs with which DC authorities have tied up may be increased in order to get a faster response time.</li> <li>• Conditional clearance or warranty-based clearance may be allowed, enabling non-consumption of the product before testing and it is kept in the exporter's premises.</li> </ul>
<b>MISROUTED CARGO</b>	<ul style="list-style-type: none"> <li>• The misrouted cargo takes 3 days in Delhi, 2 days in Mumbai, 20 days in Bengaluru and 45 days in Hyderabad. This leads to increase in transaction cost as heavy demurrage charges are involved.</li> </ul>
<b>CLEARANCE OF PART SHIPMENT</b>	<ul style="list-style-type: none"> <li>• At times, airlines offload cargo from the hub/origin due to different reasons. This has resulted in delays in clearances in almost 30 per cent of such cases. Amendment of Bill of Entry after filing of IGM, valuation for the part shipment and final shipment makes the process of clearance of part shipment difficult. Therefore, part consignment clearance is an issue that needs to be examined. BIAL may adopt Hong Kong and Singapore models in this regard.</li> <li>• At present, customs allow to pay duty for the entire consignment but. in cases where say out of 100 pieces 50 pcs come first, followed by another 49 pieces and 1 pc falls short or found missing, trade is required to redo the paperwork with concerned authorities which is quite cumbersome and leads to high transaction cost.</li> </ul>
<b>ADDITIONAL AIRPORTS</b>	<ul style="list-style-type: none"> <li>• The trade proposes essential Airports under UDAN scheme of GOI in Ballari, Raichur, Shivamogga, Gadag, Davangere, Madikeri, Tumakuru, Bagalkote, Vijayapura &amp; Sirsi.</li> </ul>

<b>CCFC (Custom Clearance Facilitation Committee)</b>	<ul style="list-style-type: none"> <li>BIAL is not in the CCFC of Customs and therefore their issue is not taken in such forums. They desired to be part of this group. It was also requested to examine the embargoes on Bengaluru Airport by DGFT.</li> </ul>
<b>PRESENCE OF TRADE RELATED AGENCIES</b>	<ul style="list-style-type: none"> <li>CLRI (Central Leather Research Institute) Representatives are not available at present even though BIAL can provide the space, free of cost. The State requests Central Agencies to provide this facility so as to have smoother Cargo Movement for Exports and Imports for Leather Commodities.</li> <li>There are no representatives from Textile Committee at BIAL for inspecting textile items. State requests Textile Ministry to provide this assistance.</li> <li>The presence of Plant Quarantine officials is requested at Airport frequently for necessary certifications. The necessary infrastructure has already been provided.</li> <li>Absence of Representatives from FSSAI and Animal husbandry Departments at BIAL is a hurdle for exports and imports of Agriculture and Animal Husbandry Products. State requests Central agencies to provide this assistance.</li> </ul>
<b>RAILWAY TERMINAL</b>	<ul style="list-style-type: none"> <li>An entire railway terminal may be built at BIAL for which support from Ministry of Railways will be pursued by the State.</li> </ul>

- Units in Mangaluru also have expressed the need to have cargo facilities at airport which could facilitate exports as they are currently sending limited cargo through passenger aircrafts.

## 3.3 FACILITATING EXPORTS THROUGH SEA

### 3.3.1 NEW MANGALURU PORT TRUST

In 2018-19, New Mangaluru Port has handled 1,31,613 TEUs at a growth rate of 13.95 per cent as compared to previous year. The port has the potential to act as the "Home Port" for the cruise tourism.

#### SNAPSHOT OF SERVICES/INFRASTRUCTURE AT NMPT

##### HANDLING EQUIPMENT

Harbour Mobile Crane -02, Fork Lift Trucks -03, Reach stackers -05, Scanner- 01

##### RAIL CONNECTIVITY

- The port provides a railway siding to Mangaluru. The rail network extends to major industrial cities like Chennai, Bengaluru, Coimbatore and Mumbai in addition to numerous other commercially important cities.
- The Hassan- Mangaluru line has been converted into a broad gauge capable of carrying more tonnage of cargo by rail and now the Port is fully accessible to its hinterland.

##### ROAD CONNECTIVITY

The Port is connected with 3 National Highways.

- The NH 66 passes near the Port and stretches from Kochi to Mumbai linking many important cities and towns in its route.
- The NH 75 connects directly Mangaluru to Bengaluru
- NH 50 Mangaluru-Sholapur.

Source: NMPT

## ACTIONABLE AREAS: EXPORTS FROM NMPT

- **Greenfield container terminal at NMPT:**

For the past eighteen years, after the container service was re-introduced, the container trade at NMPT has seen regular growth. With addition of new industries in and around Mangaluru, the volume is expected to grow steadily over the next few years.

As the current facility is cumbersome to handle the likely surge in the traffic in the coming days, developing a new green field container terminal would be a suitable option to meet the demand and this has been the long pending demand from trade. Thus, the container trade will promote growth of the cluster and hub of this sector in the hinterland of this region. It has been reported that setting up of a container terminal is in progress.

- **Draft restriction at the channels/berths:**

The reduction of permissible draft at channel and berths, especially after the onset of monsoons is quite a normal phenomenon at NMPT. Adhering to the fixed dredging schedule of channel and berths after competition of monsoon is very crucial to minimize the effect of draft reduction on the trade. During the recent monsoon, the draft was reduced to an all-time low of 13.00 m with 1 m tide.

Due to reduction in draft, the cargo receivers had to restrict the parcel size owing to reduced draft at the port thus causing the importers to pay dead-freight. Under these circumstances, the draft restriction will certainly compel the importers to look for neighbouring ports which offers deep draft berths. Hence, trade requests for necessary arrangements to be done to ensure that draft of 14m is available throughout the year.

- **Connectivity:**

- ✓ Most of the exports are directed towards South East Asian countries. Mother vessels do not enter Mangaluru Port and either the cargo has to go to Chennai or Sri Lanka. Hence, there is need for better vessel connectivity.
- ✓ Direct sailing from New Mangaluru Port to European destinations besides more vessels need to be encouraged to call at New Mangaluru Port.

- **Presence of Full-fledged Animal Quarantine at NMPT:**

- ✓ NMPT has been handling variety of commodities since inception. However, commodities like fish and fish products including processed fish fillets and fish meal are not permitted to be imported through NMPT.
- ✓ As per the Department of Animal Husbandry, Dairy and Fisheries- Ministry of Agriculture, NMPT is not a notified port for import of animal and animal products. NMPT being the only major port in Karnataka serving the hinterland of this State, it is important for this port be notified as a port for import of Animal and Animal Products as there is requirement for raw material for processing of fish meal and also for frozen fish and fish fillets for domestic consumption.



- ✓ There is no animal quarantine station in Mangaluru. The nearest AQS is at Bengaluru which is located at about 350 kms away. However, the Bengaluru AQS is manned only to cater to the requirement of that station. In the absence of AQS at Mangaluru, the trade is facing severe hardship and financial loss as the consignments meant for Mangaluru have to be diverted to Kochi port for necessary clearances. This is an additional burden on cost on the food product. As the Government is providing all necessary assistance for ease of doing business in every sector, the State may pursue with Government of India to designate NMPT as the approved AQS and establish a full-fledged office to facilitate import of animal and animal products, fish and fish products.
- **Truck Terminal at NMPT:** Establishing a truck terminal near NMPT is the need of the hour as thousands of trucks pass the National highway and enter the port premises for unloading/loading cargoes arriving from/to various destinations. As there is no full-fledged truck terminal near the port area, trucks laden with cargoes and containers are seen parked by the road side resulting in severe traffic congestion/problems. As this has been causing huge inconvenience to the general public and nearby industries around port area, trade requests to establish a Truck Terminal near Mangaluru Port.
- The State may monitor the progress of setting up of CFS by CONCOR at Mangaluru for which land has been given by NMPT

### 3.3.2 SETTING UP OF STATE MARITIME BOARD FOR KARNATAKA

- A Maritime Board is an essential pre-requisite to promote coastal shipping and use of inland waterways in the State and to draw investment from the private sector.

## 3.4 ENHANCING ROAD CONNECTIVITY

The State's road network consists of National Highways (NH), State Highways (SH), Major District Roads (MDR), Municipal Roads and other roads as well as village connectivity roads.

### SNAPSHOT OF ROAD CONNECTIVITY IN THE STATE

- The total length of various categories of roads as on March, 2016 is shown in the Table below:

**Category-wise Road Length (in kms.) as on March, 2016**

Category of Road	Length in kms.
National Highways	6,572
State Highways	19,720
Major District Roads	49,928
Municipal Roads	8,366
Other Roads	1,55,545
All Roads	2,40,131

- National Highways Nos. 4, 7, 13, 48 & 275 are the most important roads for transportation of goods & commodities to gateway ports.

**Source: Department of Industries & Commerce, Government of Karnataka**

## ACTIONABLE AREAS: FACILITATING EXPORTS THROUGH ROAD

- Linkage of approaching roads to cold storage & ICD's to Highways needed.
- The road connecting to Akshaya Food Park at Chitradurga is narrow and curved and hence needs to be widened for smooth container movement towards the food park. It is proposed to widen the connectivity road.
- Once containers coming from Hosur reach Hoodi, they are unable to approach the ICD Bengaluru as it touches city limit. Administration is planning six-lane roads from Hoodi to ICD which needs to be expedited.
- To facilitate connectivity to New Mangaluru Port, there is a need for upgrading roadways connecting NMTP like Hassan-Mangaluru, Madikeri-Mangaluru, Shivamogga-Mangaluru and Hubballi-Ankola.

### Connectivity between Mangaluru and Bengaluru (Shiradi Ghat Stretch):

- ✓ NMPT handles cargoes originated from hinterland of this State. Following relentless efforts, many of the shippers have reposed faith in services available at NMPT and cargoes from in and around Bengaluru are being transported to NMPT by road NH 48(75) via Hassan to Mangaluru for onward shipment.
- ✓ In order to facilitate uninterrupted cargo movement to the NMPT and to save precious man hours, the Shiradi Ghat tunnel project is proposed from the State and will be pursued with National Highway Authorities. The tunnel project will help improve connectivity between Mangaluru and Bengaluru and this will boost the traffic at NMPT. The project has been approved by the Central Government. and the work is expected to commence shortly.
- Widening of road from Mani to Mysore (NH275) and to Nanjangud also needs to be expedited. This route connects the port with Mysuru and Nanjangud which are the primary cargo generating centres to the port. If the connectivity between Mysuru and Bengaluru with NMPT improves, goods like tyre, coffee, machineries, etc. will flow towards NMPT and thereby cargo traffic of NMPT will increase significantly.
- Widening and strengthening the roads from Kushalnagar, Hassan and Chikkamagalur to New Mangaluru Port will provide logistics support to coffee exporters.

## 3.5 ENHANCING RAIL CONNECTIVITY

Karnataka has the lowest rail route and broad-gauge densities as compared to other Southern States. The rail density in the State is 15.80 km.

### SNAPSHOT OF RAIL CONNECTIVITY IN THE STATE

- South Western Railway was created by amalgamating the re-organized Hubballi division from South Central Railway and Bengaluru & Mysuru divisions from Southern Railway. It has been operational from 1st April 2003 having its headquarters at Hubballi. Bengaluru division has major passenger Terminals while Hubballi & Mysuru divisions are primarily serving freight business.
- South Western Railway (SWR) has 2828 kms of Broad-Gauge line. There are 353 stations (including Halt stations), 2 Workshops at Hubballi & Mysuru and 2 Diesel sheds at Krishnarajapuram & Hubballi. The numbers of stations (including halts) are as follow: Hubballi Division (107 Stations), Bengaluru Division (115 Stations) and Mysuru Division (131 Stations).
- South Western Railway (SWR) Freight loading is approximately 37.5 million tones.
- To overcome line capacity constraints, 76 km of newline is targetted to be completed during this fiscal. In addition, 4 new doubling projects of 692.55 km sanctioned by Hon'ble Minister of Railway for South Western Railway in Railway Budget 2015-16.

Source: Department of Industries & Commerce, Government of Karnataka

## ACTIONABLE AREAS: FACILITATING EXPORTS THROUGH RAIL

- **Road vs Rail:**
  - ✓ Exporters prefer road transport over rail as it is much quicker. Hence, train operators may start door-to-door delivery as a value-added service.
  - ✓ Majority of the cargo to and from NMPT is being transported by road. In order to de-congest the National highways, the spare capacity by the railways may be utilized by inducing additional cargo rakes to cater to the growing demands of the port.
- **Enhancing Capacity:** Cargo evacuation capacity may be enhanced for Hassan-Mangaluru rail division to 16 rakes per day. The existing ghat section rules for operation of trains on this heavily graded section is currently under review.
- **Connectivity to Industrial estates:** There exists a need for rail connectivity from ICD/ Port to Bidadi Industrial Area which is primarily concentrated in sectors like engineering, auto components, car manufacturing, plastic households, etc.
- **Logistics Cost:** At present, goods movement via rail costs Rs 8000 to Rs 10,000 or more per container. Hence, rail connectivity may be improved.
- **New railway line:**
  - ✓ **Hubballi- Ankola:** This new railway line would connect Konkan railway at Ankola from Hubballi in South Western railway. This would provide alternate connectivity for delivery of coal to Hospet Ballari region. NMPT is likely to gain additional traffic once this is available to the trade.
  - ✓ **Arasikere-Hassan-Mangaluru:** The new line reduces rail-road distance between Bengaluru and Mangaluru by 50 kms. If enough cargo rakes are provided in this route there is great potential for carrying outward coastal cargo movement viz salt, tiles, etc. from Mundra to Bengaluru via NMPT and inward movement of export cargo from Bengaluru to NMPT.
  - ✓ A daily fast passenger train from Hubballi to Ballari is needed to facilitate those travelling to work to the proposed Koppal Toy manufacturing cluster.

## 4. EASE OF DOING BUSINESS MEASURES

	Issue	Actionable Points
4.1	Shifting base of Industry to neighboring States	<p><b>Land:</b> The issue of transfer of land and title to the Exporting Industry including the cost of the land needs to be addressed and shall be taken up with the respective Departments for resolution.</p> <p><b>Minimum Wages (Apparel Sector):</b> The difference in wages paid in Mega city Bengaluru and small towns in various Districts is just 5%. Hence, the industries are not interested in moving to other backward Districts.</p>
4.2	Refund Deposit by KPTCL	The problem of refund of power deposit when a unit is closed needs to be addressed and KPTCL will be requested to amend the rules.
4.3	Stamp Duty	Stamp duty exemption be considered as per the Industrial Policy of the State.
4.4	Customs Processing	It is proposed that for commodities like Coffee and Gherkins exported through NMPT port in e-sealed containers, be devoid of frequent inspection by RTO / Police and necessary Instructions given to those concerned.
4.5	Single window Clearance	It is proposed to have single window clearance to facilitate exports of Pharma, Apparels and exports through SEZs at the Ports.
4.6	Export promotion incentives	The Export Promotion Incentives are offered to all the Export oriented units as per the Industrial policy of the State.

## 5. PROMOTIONAL STRATEGIES

### 5.1 PARTICIPATION IN INTERNATIONAL TRADE FAIRS

- To enhance the visibility of Karnataka based products in international market, State shall organize Karnataka Pavilion in important international events based on the export markets identified in the Study.
- State will also formulate its own annual calendar of events through collaboration with various trade related associations/Export Promotion Councils/ FIEO which annually organize participation in major International Events and accordingly, host on their website.

### 5.2 AWARENESS FOR EXPORT PROMOTION

#### 5.2.1 Search engines in State website

- To keep States' exporters abreast about the domestic events/workshops/B2B meetings being organized within the State/India among the exporters, all events will be hosted on the VTPC website along with the following recommended search engines for upgrading exporters' knowledge on trade trends:
  - ✓ Weblink of India's Trade Statistics from the Ministry of Commerce & Industry
  - ✓ Weblink of e-IEC
  - ✓ Weblink of Indian Trade Portal

#### 5.2.2 Sector Skill Councils

- Sector Skill Councils (SSC), set up by NSDC, plays a vital role in bridging the skill gaps by creating occupational standards and qualification bodies; developing competency framework; conducting trainer programs; conducting skill gap studies etc. The State will coordinate with various established SSCs for developing skill in key areas of interest.

#### 5.2.3 BETTER COORDINATION WITH DGFT

- The District Industries Centre and local Industries Centres along with VTPC will tie up with Regional offices of DGFT to conduct seminars on International Trade at various clusters in collaboration with active local trade bodies and associations.

#### 5.2.4 TRAINING OF TRAINERS

- Training can improve delivery of services for stake holders. The State will focus on imparting training to officials in various departments which are directly or indirectly related to export segment. This will equip them to address the requirement of exporters in an effective manner either directly or in coordination with various other agencies related to exports. Similarly, sensitization of district level officers for facilitating exports from ground level by VTPC would be undertaken.

#### 5.2.5 Award for Export Excellence

- To create a spirit of competitiveness and appreciate the export performance among the exporters of Karnataka, "State Export Award" shall be organized on annual basis.



## 5.3 MARKET RESEARCH

- International trade is dynamic and effected by various parameters. In order to identify suitable market entry strategies, export challenges and opportunities for potential export products, it is important to have focussed research by reputed agencies/consultants/EPCs enabling the State to penetrate various international markets. Such research may be based on the potential product specific markets identified in this Study. Sufficient allocation of funds on annual basis will be allocated for this activity and the results would be measured in terms of increase in exports of identified products in selected markets. This will be taken up in the State's New Industrial Policy.

## 5.4 PROMOTING GEOGRAPHICAL INDICATIONS OF THE STATE

Karnataka has 46 Geographical Indication (GI) Registrations as on date spread across Handicrafts, Horticulture/Agriculture, Manufactured Goods and Food Stuff categories. Some of the well known GIs pertain to Mysore silk, Mysore Sandal Soap, Sandalwood Oil, Mysore Rosewood Inlay, Bidriware, Dharwad Pedha, Appemidi Mango, Kinhall Toys, Bangalore Blue Grapes, Mysore Traditional Paintings, etc.

- To create awareness about GIs and benefits of its registration amongst the consumers and GI producers, the Government may examine the following actionable measures involving concerned line Ministries:
  - ✓ Creating a State Nodal Department for GI
  - ✓ Establishing Facilitation Cells (FC) for each GI in the State for addressing quality issues, IP infringement issues and ensuring Logistics Support for accessing offline/online market places.
  - ✓ Ensuring Consumer Awareness
  - ✓ Ensuring Orientation, Financial Literacy and Training of GI producers in
  - ✓ collaboration with e-Commerce Platforms
  - ✓ Identifying scope for GI Tourism

### TOURISM IN KARNATAKA

- In terms of domestic tourist arrival, Karnataka stood as the third largest State witnessing a growth of 28.5 per cent in 2018 vis-à-vis 2017.
- In terms of foreign tourist arrivals, Karnataka occupied the 11th position witnessing a growth rate of 5.8 per cent in 2018 vis-à-vis 2017.
- During 2018, Bengaluru Airport was ranked as the fifth major port in terms of foreign tourist arrivals in India, occupying a share of 6.31 per cent

- (Note: In this regard, as mentioned in an earlier section, Karnataka has formulated a Draft Geographical Indications Policy for the State which is under consideration by the Government. Several of the above measures mooted find a place in the Draft GI Policy of the State. VTPC, has been mandated as the Nodal Agency for the facilitation of Geographical Indications from Karnataka and Managing Director, VTPC is the Nodal Officer for GI promotion. The same has been communicated to DIPP, Government of India.)
- **GI Crops:** Since Karnataka is one of the leading states in the country having registered more GI crops (21 as on date), more incentives for the export of GI Crops and the processed products from GI Crops would boost exports of GI crops from the State.

## 5.5 CREATING TOWN OF EXPORT EXCELLENCE

The State despite being fourth largest exporting State in the Country, has still no notified Town of Export Excellence (TEE). It is proposed that Government may coordinate with various other departments in identifying towns which could be notified as TEE and invite proposals from recognized associations regarding export promotion projects for marketing, capacity building and technological services.

## 5.6 INFORMATION DISSEMINATION

It has been observed that the exporters lack knowledge with respect to product-country wise standards and certification requirements. Therefore, the State in collaboration with sector specific export promotion councils may create a portal to disseminate the related information.

## 5.7 STRATEGIC IMPLEMENTATION UNIT

A Strategic Implementation Unit, which will act as an advisory body for export promotion, shall be constituted under the Chairmanship of the State Export Commissioner for export related inter-departmental co-ordination and implementation of the actionable areas identified in this strategy.

# ANNEXURES

## ANNEXURE 1

FOOD PARKS IN KARNATAKA				
Sl. No.	Industrial Park	Location	Type (Multi/ single product)	Total Area (in Ha)
1.	India Food park	Tumakuru	Staples, Fruits & Vegetables	100
2.	Akshaya Food Park	Hiriyur	Organic cereals, Onion dehydration, baby foods, organic millets, organic spices, etc	106
3.	M/S Green Food Park	Bagalkote	Fruit juices, Dairy products, Maize, Ground-nut, Pulses, Bakery items etc.	100
4.	Jewargi Food Park	Jewargi	Pulses and Cereals	105
5	Innova Agri Bio Park	Malur	Coffee products, Animal health care products, spices- oleoresins	87

Source: Department of Industries & Commerce, Government of Karnataka

## ANNEXURE 2

COLD CHAINS IN KARNATAKA			
Sl. No.	Project	Type of Product	District
1	Atharvass Traders Pvt Ltd.	F&V	Hassan, Belgam,
2	Basweshwar Industry	F&V	Belagavi, Bijapur
3	Innova Agri Bio Park Ltd	Irradiation	Kolar
4	Vijaykant Dairy & Food Products Ltd	Dairy	Belagavi
5	Dairy Classic Ice Creams Pvt Ltd	Dairy	Ramnagara
6	Namdhari Animal Genetics Private Limited	Dairy	Bengaluru
7	Srikrishna Milks Private Limited	Dairy	Uttar Kannada
8	Malpefresh Marine Exports Private Limited.	Marine	Udipi
<b>Total (Eight), Completed (Five), Ongoing (Three)</b>			

Source: MOFPI

❖ **TESTING CENTERS FOR PRODUCTS AS APPROVED BY DGFT****Underwriters Laboratory (UL)**

Address: 205-209, 2nd Floor, Prestige Meridian, No.29, M.G Road,  
Bengaluru-560001.

Ph: 080-5581773/74/75

❖ **APEDA Certified Laboratories-18/05/2018**

Karnataka			
1	Auriga Research Limited No. 136, 6th Cross, 2nd Stage, Yeshwanthpur Industrial Suburb, Bangalore 560 022 Tel: 080-28396878 <a href="mailto:admin@aurigaresearch.com">admin@aurigaresearch.com</a>	Heavy metal analysis in fresh and processed fruits and vegetables microbiological analysis in food products.	04/05/2016 to 04/05/2020
2	Eurofins Analytical Services India Pvt. Ltd. #540/1, Doddanakundi Industrial Area2, Hoodi, Whitefield, Bangalore 560 048 Tel: 080-30982500 Fax: 41680405 <a href="mailto:FarhanaAyesha@eurofins.com">FarhanaAyesha@eurofins.com</a>	Residual analysis of pesticide, heavy metals in fresh and processed fruits & vegetables, cereals (rice, wheat, maize), processed food products, aflatoxins in nuts (walnuts, groundnuts & their products) and microbiological analysis in food products.	14/11/2019 to 21/10/2021
3	Shriram Institute for Industrial Research 14-15 Sadarmangla Industrial Area Whitefield Road Bangalore 560 048 Tel: 080-28410172, 28410165/166/167 <a href="mailto:sribglr@vsnl.com">sribglr@vsnl.com</a> <a href="mailto:sribglr@bgl.vsnl.net.in">sribglr@bgl.vsnl.net.in</a> <a href="mailto:ark@shriram-institute-bangalore.org">ark@shriram-institute-bangalore.org</a>	Residual analysis of pesticide, heavy metals in fresh and processed fruits & vegetables, processed food products and microbiological analysis in food products.	29/12/2018 to 28/12/2020
4	TUV Sud South Asia Pvt. Ltd. No. 151, 2nd C Main, 2nd stage Peenya Industrial Estate Bangalore 560058 Tel: 080-67458000 Fax: 080-67458058 <a href="mailto:meena.mariappan@tuv-sud.in">meena.mariappan@tuv-sud.in</a>	Residual analysis of pesticide, heavy metals in fresh and processed fruits & vegetables, cereals (rice, wheat, maize), processed food products, aflatoxins in nuts (walnuts, groundnuts & their products) and microbiological analysis in food products	04/10/2019 to 23/08/2021

5	Central Quality Assurance Laboratory, ITC Life Sciences & Technology Centre, No. 3, 1st Main Road, Peenya Industrial Area, 1st Stage, Peenya Bangalore Urban KARNATAKA Tel: 080-42787411, 9902444348 <a href="mailto:srilekha.kumar@itc.in">srilekha.kumar@itc.in</a>	Guar Gum, Groundnuts, Peanuts and Walnuts, Confectionery, Biscuits and Bakery Products, Cereal and Cereal Products, Cocoa and its products, chocolates of all kinds, Dairy Products, Fruits, Vegetables and their Products, Meat and Meat Products, Honey, Jaggery and Sugar Products, Chutneys	24/02/2018 to 23/02/2020
6	Shiva Analyticals (India) Private Limited Plot No. 24 D (P) & 34 D, KIADB Industrial Area, Hoskote, Bangalore KARNATAKA	Confectionery, Biscuits and Bakery Products, Cereal and Cereal Products, Cocoa and its products, chocolates of all kinds, Dairy Products, Alcoholic and Non- Alcoholic Beverages	31/01/2018 to 30/01/2020
7	National Collateral Management Services Limited, CommGrade, Testing & Certification, B 602 (B) 3rd Cross, 1st Stage Bommasandra, Jigani Industrial Area Bangalore Urban KARNATAKA 80-27833991 <a href="mailto:quality@ncml.com">quality@ncml.com</a> , <a href="mailto:Mahesh.k@ncml.com">Mahesh.k@ncml.com</a>	Cereal and Cereal Products, Cocoa and its products, chocolates of all kinds, Dairy Products, Honey, Jaggery and Sugar Products	07/02/2018 to 06/02/2020
8	Nexus Test Labs Pvt. Ltd. No. 29, 2nd Floor, 3rd Cross, Singaiahnapalya Mahadevpur Bangalore Rural KARNATAKA 080-65348777 <a href="mailto:info@nexustestlabs.com">info@nexustestlabs.com</a>	Cereal and Cereal Products, Dairy Products, Honey, Jaggery and Sugar Products	26/07/2019 to 25/07/2021
9	Pesticide Residue and Food Quality Analysis Laboratory, University of Agricultural Sciences Lingasugur Road, Raichur, KARNATAKA 9448633232, 08532-221649 <a href="mailto:head.prfqal@gmail.com">head.prfqal@gmail.com</a>	Confectionery, Biscuits and Bakery Products, Floriculture and Floriculture Products, Cereal and Cereal Products	12/07/2018 to 11/07/2020
10	Prime Certification and Inspection India Private Limited 5bc-108, 2nd floor Sathyachandra Arcade, HRBR Layout 3rd block Bengaluru, KARNATAKA 8894454068 <a href="mailto:danish.m@primeci-india.com">danish.m@primeci-india.com</a>	Confectionery, Biscuits and Bakery Products, Cereal and Cereal Products	28/08/2019 to 27/08/2021



11	Merieux NutriSciences Bangalore Private Limited, D-36 & D-98 KSSIDC Industrial Estate Bangalore Urban, KARNATAKA 080-2338895, 23356415, 9902021059; <a href="mailto:shashirekha.mathews@mxns.com">shashirekha.mathews@mxns.com</a> <a href="mailto:verghesechacko@mxns.com">verghesechacko@mxns.com</a>	Groundnuts, Peanuts and Walnuts. Cereal and Cereal Products. Cocoa and its products, chocolates of all kinds. Dairy Products. Honey, Jaggery and Sugar Products.	20/02/2018 to 19/02/2020
12	ALS Testing Services India Private Limited No.65, Bommasandra Jigani Link Road, Bengaluru, KARNATAKA 9071478684 <a href="mailto:parthiban.ramaswamy@alsglobal.com">parthiban.ramaswamy@alsglobal.com</a>	Confectionery, Biscuits and Bakery Products. Cereal and Cereal Products. Cocoa and its products, chocolates of all kinds. Dairy Products. Fruits, Vegetables and their Products.	14/08/2019 to 13/08/2021
13	Central Quality Assurance Laboratory, Karnataka Co-operative Milk Producers Federation Limited Bengaluru, Karnataka Bangalore Urban, KARNATAKA 080-26096825/25536105, 09513998839 <a href="mailto:vrao.kmf@gmail.com">vrao.kmf@gmail.com</a>	Groundnuts, Peanuts and Walnuts. Confectionery, Biscuits and Bakery Products. Floriculture and Floriculture Products. Cereal and Cereal Products. Cocoa and its products, chocolates of all kinds. Dairy Products. Fruits, Vegetables and their Products. Honey, Jaggery and Sugar Products.	27/03/2018 to 26/03/2020
14	Environmental Health and Safety Research Development Centre No. 13/2, 1st Main Road, Industrial Town, Rajajinagar, Bangalore, KARNATAKA 080-23012100 <a href="mailto:ehsrdc2010@gmail.com">ehsrdc2010@gmail.com</a>	Fruits & vegetables, Groundnuts, peanuts & walnut, cocoa & its products, chocolate, cereal & cereal products, Dairy products, confectionery, biscuit, sweet products	23/05/2019 to 22/05/2021
15	IADFAC Laboratories Pvt. Ltd. # 8, Siddhi Vinayaka complex, Nagarbhavi II Stage, II Block, 80 Feet Ring Road Bangalore Urban, KARNATAKA +91-80-23186906, +91 8152881222 <a href="mailto:qa@iadfacs.com">qa@iadfacs.com</a>	dairy products, confectionery and biscuits	29/12/2018 to 28/12/2020
16	In Vitro Research Solutions Pvt. Ltd., # 22,23, Kodigehalli Main road Sahakarnagar PO Hebbal Bengaluru, +91-9444818502 <a href="mailto:aruljothi@ivrs.org.in">aruljothi@ivrs.org.in</a>	Honey, confectionery and biscuits	27/05/2019 to 14/02/21/11/2019 to 20/11/2021
17	Indian analytical lab NO. SPL-C-1, 2nd Floor, 1st Cross, KSSIDC Industrial Area, Yelahanka Bengaluru, KARNATAKA 9490980978 <a href="mailto:indiananalyticallab@outlook.com">indiananalyticallab@outlook.com</a>	Confectionery and biscuits	21/11/2019 to 20/11/2021

- **List of laboratories for sampling & analysis and issue of health certificate for Exports of Okra to EU - dated 05-04-2018**

1. Shriram Institute for Industrial Research 14-15 Sadarmangla Industrial Area Whitefield Road Bengaluru 560 048 Tel: 080-28410172, 28410165/166/167 Fax :28410189 [sribglr@vsnl.com](mailto:sribglr@vsnl.com); [sribglr@bgl.vsnl.net.in](mailto:sribglr@bgl.vsnl.net.in); [ark@shriraminstitute-Bengaluru.org](mailto:ark@shriraminstitute-Bengaluru.org)
2. TUV Sud South Asia Pvt. Ltd. No. 151, 2nd C Main, 2nd stage Peenya Industrial Estate, Bengaluru 560058 Tel: 080-67458000 Fax: 080-67458058 [suresh.kumar@tuv-sud.in](mailto:suresh.kumar@tuv-sud.in); [meena.mariappan@tuv-sud.in](mailto:meena.mariappan@tuv-sud.in)
3. Eurofins Analytical Services India Pvt. Ltd. #540/1, Doddanakundi Industrial Area2, Hoodi, Whitefield, Bengaluru 560 048 Tel: 080-30982500 Fax: 41 680405 [SanjeevKhatri@eurofins.com](mailto:SanjeevKhatri@eurofins.com); [GouriSatpathy@eurofins.com](mailto:GouriSatpathy@eurofins.com)

- **List of Authorized Laboratories for Sampling & analysis of Organic Products – 07-06-2019**

1. TUV Sud South Asia Pvt. Ltd. No. 151, 2nd C Main, 2nd stage Peenya Industrial Estate, Bengaluru 560058 Tel: 080-67458000 Fax: 080-67458058 [suresh.kumar@tuv-sud.in](mailto:suresh.kumar@tuv-sud.in); [meena.mariappan@tuv-sud.in](mailto:meena.mariappan@tuv-sud.in)
2. Eurofins Analytical Services India Pvt. Ltd. #540/1, Doddanakundi Industrial Area 2, Hoodi, Whitefield, Bengaluru 560 048 Tel: 080-30982500 Fax: 41 680405 [SanjeevKhatri@eurofins.com](mailto:SanjeevKhatri@eurofins.com); [GouriSatpathy@eurofins.com](mailto:GouriSatpathy@eurofins.com)

- **List of Authorized Laboratories for GrapeNet Dated: 03-01-2020**

1. Eurofins Analytical Services India Pvt. Ltd. #540/1, Doddanakundi Industrial Area2, Hoodi, Whitefield, Bengaluru 560 048 Tel: 080-30982500 Fax: 41 680405 [SanjeevKhatri@eurofins.com](mailto:SanjeevKhatri@eurofins.com); [GouriSatpathy@eurofins.com](mailto:GouriSatpathy@eurofins.com);
2. TUV Sud South Asia Pvt. Ltd. No. 151, 2nd C Main, 2nd stage Peenya Industrial Estate, Bengaluru 560058 Tel: 080-67458000 Fax: 080-67458058 [suresh.kumar@tuv-sud.in](mailto:suresh.kumar@tuv-sud.in); [meena.mariappan@tuv-sud.in](mailto:meena.mariappan@tuv-sud.in);
3. Shriram Institute for Industrial Research 14 -15 Sadarmangla Industrial Area Whitefield Road Bangalore 560 048 Tel: 080 -28410172, 28410165/166/167 [sribglr@vsnl.com](mailto:sribglr@vsnl.com); [sribglr@bgl.vsnl.net.in](mailto:sribglr@bgl.vsnl.net.in); [ark@shriraminstitute-bangalore.org](mailto:ark@shriraminstitute-bangalore.org);

- **List of Authorized Laboratories for sampling & analysis of Peanuts & Peanut Products as on 31-12-2019 (For all countries including EU, Malaysia and Russian Federation)**

**For Malaysia and Russian Federation:**

1. Eurofins Analytical Services India Pvt. Ltd. #540/1, Doddanakundi Industrial Area2, Hoodi, Whitefield, Bangalore 560 048 Tel: 080-30982500 Fax: 41680405 [SanjeevKhatri@eurofins.com](mailto:SanjeevKhatri@eurofins.com); [GouriSatpathy@eurofins.com](mailto:GouriSatpathy@eurofins.com);

**For Indonesia:**

2. Eurofins Analytical Services India Pvt. Ltd. #540/1, Doddanakundi Industrial Area2, Hoodi, Whitefield, Bengaluru 560 048; Tel: 080-30982500, Fax: 41680405 [SanjeevKhatri@eurofins.com](mailto:SanjeevKhatri@eurofins.com); [GouriSatpathy@eurofins.com](mailto:GouriSatpathy@eurofins.com)

- **National Referral Laboratories nominated and funded by APEDA**

1. Scope: Poultry Products  
Central Food Technological Research Institute (CFTRI)  
Council for Scientific and Industrial Research (CSIR)  
Food safety & Analytical Quality Control Laboratory, Mysuru 570013  
Tel: 0821-2514972 Fax: 0821-2517233  
[aqcl@escftri.res.nic.in](mailto:aqcl@escftri.res.nic.in) Website: [www.cftri.com](http://www.cftri.com)



## PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub : Karnataka Export Strategy – reg

Read: Proposal from Commissioner for Industrial Development and Director of Industries and Commerce Vide Letter No. ಎಟಪಿಸಿ/ಸ.ನಿ-2/ಎಕ್ಸ್‌ಪೋರ್ಟ್ ಸ್ಟ್ರಾಟಜಿ//2019-20/38 ಮತ್ತು 107, Dated 22.04.2019 and 28.05.2019.

### Preamble:

Karnataka is one of the fastest growing States in India. Karnataka's Exports as a percentage of GSDP has a fairly large share and has also increased significantly over the period. The share of exports in GSDP which was 7.36% in 1993-94, has grown to 28.90% during 2018-19. Karnataka's Exports constitute about 18.83% of the Country's Exports and is standing # 1 in Service and overall exports and # 5 in Merchandise Exports during 2019-2020.

To facilitate exporters in the State through various measures related to policy, infrastructure, common facility, ease of doing business, promotion etc., Commissioner for Industrial Development and Director of Industries and Commerce has submitted the Karnataka Export Strategy report prepared by the Federation of Indian Export Organization (FIEO) to the Government for approval.

The Commissioner for Industrial Development also stated that, several rounds of meetings have been held with stakeholders and the opinions received have been incorporated suitably in the State Export Strategy.

To enhance the visibility of Karnataka based products in International market and to create a spirit of competitiveness and appreciate the export performance among the Exporters of Karnataka and to make Karnataka amongst the top 3 States of the Country in terms of merchandize exports, it is desirable to implement the actionable area identified in the strategy for 5 years and there is a need to bring out the Export Strategy in the State.

Hence the following order.

### GOVERNMENT ORDER No. CI 27 SPI 2019 (E) BENGALURU, DATED 10.11.2020

In the circumstances explained in the preamble, Government is pleased to announce the **Karnataka Export Strategy** as detailed in **Annexure** to this Government Order, to facilitate exporters in the State through various measures related to policy, infrastructure, common facility, ease of doing business, promotion etc.

This order is issued with the concurrence of Finance Department vide Note No. FD 93 Exp-1/2019, dated 03.10.2020.

By Order and in the name of the  
Governor of Karnataka,

**(NAGARATHNAMMA .G)**

Desk Officer (Technical Cell)

Commerce & Industries Department.

**To,**

The Compiler, Karnataka Gazette, Bengaluru to publish in the special Gazette and supply 100 copies to this office.

**Copy,**

- 1) The Principal Accountant General (G&SSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
- 2) The Principal Accountant General (E&RSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
- 3) The Principal Accountant General (A&E), Karnataka, Park House Road, Post Box No. 5329, Bengaluru-01.
- 4) The Chief Secretary to Government, Vidhana Soudha, Bengaluru-01.
- 5) The Additional Chief Secretary to Government, Vidhana Soudha, Bengaluru-01.
- 6) The Additional Chief Secretary to Government, and Development Commissioner, Vidhana Soudha, Bengaluru-01.
- 7) All Additional Chief Secretaries /Principal Secretaries / Secretaries to Government,
- 8) The Commissioner for Industrial Development and Director of Industries and Commerce, Khanija Bhavan Race Course Road, Bengaluru-01.
- 9) The Commissioner for Commercial Taxes, Vanijya Therige Karyalaya, Gandhi Nagar, Bengaluru-09.
- 10) The Managing Director, KPTCL, Cauvery Bhavan, K.G. Road, Bengaluru-09.
- 11) The Managing Director, BESCOM, MESCOM, CHESCOM, HESCOM
- 12) The Commissioner, Labour Dept., Karmika Bhavan, ITI Building, Near Bengaluru Dairy Circle, Bengaluru-29.
- 13) The Member Secretary, Karnataka State Pollution Control Board, #49, Church Street, Parisara Bhavan, Bengaluru-01.
- 14) The Director, Factories and Boilers, Karmika Bhavan, Bannerghatta Road, Dairy Circle, Bengaluru-29.
- 15) The Chief Executive Officer & Executive Member, Karnataka Industrial Area Development Board, Khanija Bhavan, Race Course Road, Bengaluru-01.
- 16) The Deputy Commissioners of all Districts of Karnataka.
- 17) The Director (Technical Cell), Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
- 18) The Managing Director, KSIIDC, Khanija Bhavan, Race Course Road, Bengaluru-01.
- 19) The Managing Director, KSFC, 1/1, Thimmiah Road, Bengaluru-51
- 20) The Managing Director, KSSIDC, Industrial Estate, Rajaji Nagar, Bengaluru-10.
- 21) The Managing Director, VTPC, Kasturba Road, Bengaluru-01.
- 22) The Chief Executive Officer, KVIB, No. 10, Jasma Bhavan Road, Banaglore-52.
- 23) The Managing Director, Karnataka Udyog Mitra (KUM), Khanija Bhavan, Race Course Road, Bengaluru-01.
- 24) The Joint Directors of all District Industries Centers of Karnataka.



- 25) The President, Federation of Karnataka Chambers of Commerce & Industry, P.O. Box 9996, K.G.Road, Bengaluru-09.
- 26) The President, Confederation of Indian Industry, 1086, HAL 2nd Stage, 12th Main, Indira Nagar, Bengaluru-38.
- 27) The Chairman, FICCI, S-715, South Block, Manipal Centre, 47, Dickenson Road, Bengaluru 560042.
- 28) The President, Bangalore Chamber of Commerce and Industry, No. 3/4, 3rd Floor, C Block, Unity Building, J.C. Road, Bengaluru-02.
- 29) The President, Karnataka Small Scale Industries Association, No. 2/106, 17th Cross, Magadi Chord Road, Vijaya Nagar, Banaglore-40.
- 30) The President, Karnataka Chamber of Commerce & Industry, Karnataka Chamber Building, Jayachamarajanagar, Hubli-20.
- 31) The President, Peenya Industries Association, 1st Stage 1st Cross, Peenya Industrial. Estate, Bengaluru-58.
- 32) The President, Karnataka Small Industries Association, Industrial Estate Road, Mangalore-11.
- 33) The President, Hyderabad-Karnataka Chamber of Commerce & Industry, Chambers Building Complex, Super Market, Gulbarga.
- 34) The President, Laghu Udyog Bharathi, #15/47, 47th 'A' Cross, 8th Block Jayanagar, Near Gelli Apartment Bengaluru – 82
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