

DEVELOPING AN EXPORT STRATEGY FOR KERALA



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Developing an Exports Strategy for Kerala

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Executive Summary

Economic Overview

Located in the southwestern region of India, Kerala is a coastal state, strategically located on the transnational trade corridor. In terms of geographical area, the size of the State is relatively small, but its contribution to India's economic output is substantial. Kerala's GSDP (in constant 2011-12 prices) stood at ₹ 6.85 lakh crore in 2024-25, accounting for a share of nearly 3.6 percent in India's GDP (at constant 2011-12 prices) during the year. The services sector is the largest contributor to the GSVa of Kerala. The share of services sector in GSVa has witnessed an increase from 61.6 percent in FY16 to 63.4 percent during FY25. The industrial sector also registered a marginal increase in share from 27.6 percent in FY16 to 28.9 percent in FY25, on the back of a steady growth in the industrial value added of the State. On the other hand, the share of agriculture and allied activities has declined from 10.7 percent in FY16 to 7.6 percent in FY25.

Kerala ranked 19th among all states in Niti Aayog's Export Preparedness Index (EPI) 2022 and 6th among coastal states. The State performed below par when compared to other southern coastal states like Andhra Pradesh, Tamil Nadu and Karnataka, necessitating focused efforts to bridge the gap in export preparedness and enhance competitiveness.

Although Kerala contributes significantly to India's economic output, its contribution to India's merchandise exports is not commensurate. Kerala's merchandise exports accounted for only 1.1 percent of India's merchandise exports during 2024-25, which is substantially lower than the State's contribution to India's real GDP at 3.6 percent. The export orientation also remains low, with the share of merchandise exports in Kerala's GSDP (at current prices) being 3.2 percent in 2024-25. This is low when compared to other coastal states in Southern India, such as Tamil Nadu (share of 14.2 percent), Andhra Pradesh (11 percent) and Karnataka (9 percent) during the same year.

The Government of Kerala has recently introduced the Kerala Export Promotion Policy 2025, aimed at strengthening the State's export ecosystem. A robust export strategy aligned with this policy can play a crucial role in bridging the existing gaps in export preparedness and further boost the export performance of the State. Against this backdrop, the Study examines the economic profile and export performance of Kerala at a granular level, making an attempt to map the supply side capabilities of the State with the demand emanating from the international market. The Study analyses the potential for exports from the State and also identifies dynamic products and potential markets for exporters. The Study also recommends strategies for enhancing trade competitiveness and creating an enabling environment for exports from the State.

Export Scenario

Merchandise Exports from Kerala

Kerala ranked 12th among Indian states/UTs in terms of merchandise exports in 2024-25¹. Over the past decade, Kerala's merchandise exports witnessed intermittent periods of growth and decline, recording a modest CAGR of 1.0 percent during 2015-16 to 2024-25. As compared to this, India's overall merchandise exports recorded a higher CAGR of 5.2 percent during the same period. Accordingly, Kerala's share in India's overall merchandise exports has declined from 1.7 percent in 2015-16 to 1.1 percent in 2024-25.

In the aftermath of the Covid-19 pandemic, while India's merchandise exports recovered steadily in 2021-22 and 2022-23, surpassing the pre-covid level of exports, Kerala's merchandise exports remained well below the pre-Covid level of exports from the State. In 2023-24, exports from Kerala witnessed an unprecedented surge, nearly doubling to US\$ 8.2 billion, on account of a sharp rise in exports of petroleum products. However, this momentum was not sustained in 2024-25, as exports fell by (-) 41.6 percent, to reach US\$ 4.8 billion. The decline in Kerala's merchandise exports during 2024-25 was primarily driven by a sharp fall in petroleum products exports, owing to a decline in oil prices and sharp fall in production at the key refinery in Kochi on account of annual maintenance.

Marine products led Kerala's export basket, contributing 15.8 percent to the State's total merchandise exports during 2024-25, followed by spices (share of 15.5 percent), petroleum products (4.8 percent), gold and precious metal jewellery (4.0 percent), cashew (3.4 percent), rubber products excluding footwear (3.3 percent), and electric machinery and equipment (3.1 percent), among others.

Kerala is among the top exporting states in India across several product categories. In 2024-25, Kerala was the largest exporter of 'natural rubber', contributing 71.8 percent to India's total exports of this product. Kerala was also the largest exporter of cashews in the country, with a share of 47.6 percent in India's total exports. Other key exports from Kerala with substantial shares in India's overall exports include other meat (share of 78.7 percent in India's overall exports), floor coverings of jute (42.5 percent), processed meat (18.9 percent), spices (16.6 percent), coir and coir products (13.6 percent), tea (13.0 percent) and marine products (10.2 percent), among others.

The USA is the largest destination for exports from Kerala, accounting for a share of nearly 20.7 percent in the merchandise exports from the State during 2024-25, followed by the UAE (share of 13.7 percent in Kerala's merchandise export), Saudi Arabia (5.3 percent), China (4.5 percent), Spain (3.4 percent), and Japan (2.8 percent), among others.

Over 85 percent of Kerala's merchandise exports during 2024-25 were routed through the ports in Cochin, viz. the Cochin Sea port, Cochin Airport, and Cochin SEZ. The major commodities exported via these ports included marine products, gold and precious metal jewellery, spices, and electric components. Other non-major ports and air cargo facilities located in the State accounted for only 2.4 percent of Kerala's merchandise export during the same period. It is noteworthy that the State's reliance on ports in other states is relatively low.

¹ Directorate General of Commercial Intelligence and Statistics (DGCIS)

Ernakulam was the largest exporting district in Kerala, accounting for 57.9 percent of merchandise exports from the State during 2024-25. Other major districts in terms of merchandise exports from the State are Alappuzha (share of 13.1 percent in Kerala's merchandise export), Thrissur (6.0 percent), Kollam (4.8 percent), Palakkad (3.7 percent), Thiruvananthapuram (3.0 percent), Kottayam (2.9 percent) and Kozhikode (2.6 percent).

Key Products and Markets for Merchandise Exports

During 2024, Kerala exported 3,094 products at HS 6-digit level. Among these products, the export strategy of the State should focus on those items which have the maximum potential for growth, taking into consideration both supply and demand side aspects. The Study undertakes a granular analysis of the products where the State has comparative advantage and matches it with the global import demand for these products. Based on the analysis, two sets of products have been identified for Kerala. The first set of products, termed 'Product Champions', include those where the State has comparative advantage and global import demand is increasing. These products could be targeted for achieving export growth in short to medium term. The second set of products, termed 'Underachievers' include those where the State does not have a comparative advantage, but the global import demand has been robust. Capacity building in these second set of products would enable export growth in the medium to long term.

A total of 49 products at HS-6 digit level have been classified as Product Champions. It is noteworthy that nearly 8 out of the 49 products identified at HS 6-digit as product champions are in the category of 'coffee, tea, mate and spices.' However, in terms of value, the maximum value of exports from Kerala under product champions is in the category of 'mineral fuels and oils'. Within this category, a single product viz. 'other petroleum oils and oils obtained from bituminous mineral' (HS 271019) constituted nearly 45.9 percent of Kerala's total merchandise export during 2024, and has been identified as a product champion. An assessment of the top export destinations for Kerala vis-à-vis the top importers globally in the top 10 Product Champion sectors indicates that some of the top global importers in the product champions categories do not feature among the top destinations for Kerala's exports of these products. Thus, there is scope for increasing exports of these product champions from the State by expanding export footprints into some of the top markets that are currently untapped.

Underachievers category for Kerala includes 5 products at HS 6-digit level. These include 'light oils and preparations', 'other electronic conductors< 1000V fitted with connectors', 'other bread, pastry, rice paper and other similar products', 'ignition wiring sets and other wiring sets for vehicles, aircrafts or ships' and 't-shirts and other clothes of cotton'. As there exists some supply base for exports of these products, in the medium to long term, the State could target these segments for strengthening production capabilities and enhancing market share in exports of these products.

Services Exports from Kerala

Tourism is a major service export category for the State. Foreign Tourist Visits (FTVs) in Kerala stood at more than 6.5 lakhs in 2023, representing about 3.4 percent of India's total FTVs, which is higher than the State's share in India's domestic tourist visits during 2023. The USA was the largest source of FTVs in the State, accounting for more than 13 percent of the total FTVs in the State, followed by the UK (12 percent), Oman (6 percent), France (6 percent), Maldives (6 percent) and Germany (5 percent), among others. As per Exim Bank's estimates, foreign exchange earnings for Kerala from foreign tourist visits are estimated at US\$ 948.1 million in 2023.

Besides tourism, the State has established itself as a leader in the IT and ITeS sector. The growth of IT sector in Kerala is primarily driven by the development of IT parks such as Technopark, Infopark and Cyberpark in the State. Additionally, two Software Technology Parks of India (STPI) centres in Thiruvananthapuram and Kochi also contribute to export revenues². Collectively, these IT parks contributed to nearly ₹ 31,096.4 crore worth of exports during 2023-24, recording a CAGR of 12.1 percent during 2014-15 to 2023-24.

Export Target

According to Exim Bank research, Kerala has an untapped merchandise export potential of nearly US\$ 6.3 billion³. Tapping this potential can take the State's merchandise exports to US\$ 11.1 billion. Besides, the Government of Kerala, in its Export Promotion Policy 2025, has set an export target of US\$ 20 billion by 2027-28. With a comprehensive policy and an appropriate medium to long term export strategy, exports from the State could reach the ambitious target set by the State Government.

Strategies for Export Promotion

Developing a comprehensive export strategy would be an important first step for unleashing the untapped export potential of the State. With the objective of outlining a comprehensive and relevant export strategy for the State, the Study analyses the opportunities and challenges for exporters in Kerala and recommends actionable strategies to tap the opportunities and address the challenges. These strategies are built upon six essential pillars viz. diversification to focus products and markets, infrastructure leverage and strengthening, capacity building, fiscal incentives, export promotion campaigns, and institutional streamlining.

Focus Products and Markets

Diversifying production capacities towards higher value-added products and enhancing market penetration in the top importing markets would be crucial for a substantive increase in exports from the State and imparting resilience to the State's exports basket.

The Study identifies a set of prospective high value-added products to help diversify the exports basket of Kerala. These include products in the sectors of agricultural and allied sector, textiles, petroleum and petrochemicals, electrical machinery and equipment, and tourism.

In the agriculture and allied sector, the State could also focus on diversification towards higher value-added products such as cereal preparations, gluten free food items, and spice oleoresins, which could fetch higher margins in the exports markets.

Marine products are important exported product from Kerala. Effective product diversification in the sector towards organic aquaculture and processed marine products could help leverage the emerging opportunities and further augment exports from the State.

Within manufacturing, sectors like textiles, electrical equipment and petrochemicals present significant opportunities for exports.

In the textile sector, the State's exports mainly comprise readymade garments of cotton, floor coverings of

² Ministry of Electronics and IT, Software Technology Parks of India

³ Based on estimates of India's unrealised export potential by ITC Export Potential Map

jute, handmade carpet, and coir and coir products. For diversification, exporters could focus on technical textiles, which are used for non-aesthetic purposes in sectors of automobiles, pharmaceuticals, infrastructure, sports, construction, packaging, agriculture, etc. These products also have huge potential for exports owing to the rising global demand.

In the electrical equipment sector, several products such as transformers (HS 850433) and electric conductors (HS 854449) feature among the product champions for the State. These segments would be low-hanging fruits for expanding exports from Kerala in this sector. Besides these, the State could also focus on products such as 'ignition wiring sets and other wiring sets for vehicles' and 'electric conductors fitted with connectors', which have been identified as underachievers for the State. Although the State currently exports these products, the State does not have comparative advantage in the exports of these products. There is need for building capacities in these segments to enhance exports, given the growing global import demand for the products.

In the petroleum and petrochemicals sector, players could be encouraged to enhance exports of light oils and preparations in the medium to long term, by strengthening production capacities for these products in the State. Moreover, exporters could also be encouraged to diversify towards petrochemicals such as olefins (ethylene, propylene and butadiene) and aromatics (benzene and toluene), given the growing global demand. The global petrochemicals market is expected to register a CAGR of 7.3 percent during 2025-2030, which could be leveraged by exporters in the State.

In the services sector, tourism is a major source of revenue for the State. Efforts are required to develop and popularise the existing tourism circuits in the State, to further increase international footfall. New circuits, such as seashore circuit (linking beautiful beaches like Varkala, Kovalam and Bekal), plantation circuits (Munnar and Wayanad tea/spice estates) and biodiversity circuit, could also be developed to attract foreign tourists.

Given the rich culinary heritage of the State, there is immense potential in the areas of culinary tourism, through state-sponsored food festivals for showcasing the unique culinary delicacies of the State. Besides this, the State Government could also promote film tourism. The State is contemplating an official Film Policy. Under this, incentives could be provided for shooting films in the State, such as partial refund of expenditure on any film in any language, provided that a substantial portion of the film is shot in Kerala. Similar incentives are being extended by the Government of Uttarakhand.

Market Diversification

There exists substantial scope for exporters from the State to diversify towards key global markets including several developed economies such as France, Germany, Canada, Sweden, Mexico, Belgium, Poland etc. A list of sector-wise top potential countries for market diversification that may be targeted by exporters is provided in the Study.

Infrastructure Leverage and Strengthening

There is significant scope for improvement in the trade enabling infrastructure in the State. As per the Logistic Ease Across Different States (LEADS) Index 2024 report, the State's performance across areas such as adequacy and quality of road infrastructure, first- and last-mile connectivity, warehousing infrastructure etc. is currently below the national average.

Connectivity

Analysis in the Study indicates that nearly 16 percent of the total road length of the State together handle about 80 percent of the total road traffic, indicating significant pressure on these critical infrastructure. Besides, the proportion of four-lane roads in the State is low at around 7.6 percent, as compared to the all-India average of 22 percent, indicating need for further strengthening the road infrastructure. To that end, there is a need for the State to enhance the budgetary allocation towards strengthening the road infrastructure in the State for better connectivity.

Besides roadways, Kerala has 4 airports with air cargo facilities. However, these airports jointly accounted for only 8.1 percent of the State's total merchandise exports during 2024-25, highlighting underutilisation of existing ports. Utilising the State's existing air cargo facilities and offering incentives to promote air cargo operations could significantly boost the export of perishable and time-critical goods, enhancing Kerala's trade efficiency and competitiveness.

In 2025, two new courier cargo terminals were commissioned at Thiruvananthapuram and Kozhikode airports, complementing the existing facility at Kochi. This expansion is expected to significantly boost e-commerce exports from the State. These locations could also be considered for setting up e-commerce exports hubs (ECEH), which would facilitate SMEs, artisans and agri-producers to tap the international markets by reducing logistics-related costs and timelines, streamlining regulatory processes, and simplifying procedures related to e-commerce returns.

Analysis also indicates that nearly 70.8 percent of merchandise exports from Kerala are routed through the Cochin seaport, while the utilisation of other port facilities remains low. In fact, out of the 17 non-major ports in the State, only four are currently operational for trade viz. Beypore, Kollam, Azhikkal and Vizhinjam ports. Of these, during 2023-24, only Beypore port recorded trade activity, but at reduced levels compared to previous years. Thus, there is a need for thorough examination of this underutilisation of ports, so as to strengthen these ports as well as other non-major ports in the State.

The State has a total of 12 CFSs and 2 ICDs, which is low when compared to other coastal states such as Tamil Nadu and Andhra Pradesh⁴. The Export Promotion Policy 2025 and Kerala Logistics Action Plan 2021 identify the need for additional CFSs/ICDs and plan to setup more such facilities in the State with help of various private and public stakeholders. It is noteworthy that, there is a substantial concentration of existing facilities in one district viz. Ernakulam, which accounts for more than half of the State's merchandise exports. Meanwhile, some of the other key districts such as Thrissur, Idukki, Kozhikode and Palakkad, which are key hubs for production of various agricultural products, remain underserved. These districts may be prioritised for setting up of new facilities.

Storage

Storage is another important link in the overall logistics chain for exports. Analysis in the Study suggest that Kerala's overall warehousing capacity owned by the State Warehousing Corporation, Central Warehousing Corporation and Food Corporation of India is adequate for the total foodgrain production in the State. Prima facie while most districts in Kerala have adequate warehousing capacity, the capacity needs to be substantially

⁴ As per latest data available; Source: Logistic Ease Across Different States (LEADS) Index 2022 Report, Ministry of Commerce and Industry, Government of India

increased in the districts of Alappuzha and Palakkad. To address the growing demand for modern, Grade A warehousing facilities, the State should prioritise developing new warehouses and incentivise private investments through targeted subsidies and policies to enhance storage infrastructure⁵. There is also a need for awareness about existing schemes for setting up warehouses, such as the Agricultural Marketing Infrastructure scheme.

Apart from warehousing, the State also needs cold storage infrastructure as the State is a key exporter of marine products, spices, cashew, meat, fruits and vegetables. Currently, the cold storage capacity for fruits and vegetables is at 0.97 lakh MT⁶, which is not adequate given the total production of fruits and vegetables in Kerala stood at nearly 63.4 lakh MT during 2023-24. Additionally, the cold storage capacity for marine products in Kerala (including cold storage, chilled storage, dry storage and other storage) stood at 1.12 lakh MT, which is significantly low considering that the total fish production in the State stood at 8.32 lakh tonnes in 2023-24, of which an estimated 1.97 lakh tonnes was intended for the exports market, necessitating state-of-the-art cold storage facilities. Clearly, there is a need to build capacities and upgrade the existing cold chain capacities for marine products, horticulture and other processed products.

In this regard, the State Government, under the Kerala's Export Promotion Policy 2025, has offered a one-time subsidy of 25 percent of infrastructure investment capped at ₹1 crore per entity for setting-up cold storage units, warehousing facilities and other logistics centres in the State. The State can also utilise the support under the central government's Trade Infrastructure for Export Scheme (TIES) for developing and strengthening the ICDs, CFSs, warehousing and cold storage facilities, and other essential export infrastructure. As per the latest data available, only 3 projects have been approved under TIES for developing export infrastructure in Kerala. The State needs to enhance the utilisation of support provided under the scheme for developing and strengthening essential export infrastructure.

Infrastructure for Services Sector

The Government of Kerala should also focus on building quality infrastructure in the tourism sector, given the sector's significant contribution to foreign exchange earnings. Investments towards ensuring hygiene, accessibility and security related infrastructure would be essential for boosting Kerala's tourism. As per a recent assessment by the Ministry of Tourism, there is scope for improvement on aspects such as accessibility, hygiene, safety, amenities, and security across key tourist areas such as Thekkady, Kumarakom, and Guruvayur. Similar benchmarking exercises can be conducted across other destinations in Kerala for identifying areas of improvement and undertaking necessary interventions. Besides, the State also needs to focus on expanding hotel infrastructure, particularly in districts with high foreign tourist visits, by incentivising the development of modern, high-quality hotels and resorts.

Supporting Development of Export Parks

Given the strategic location of the State on the south-western coast, the State Government could introduce incentives for private developers to establish dedicated export parks in the coastal regions of the State. Incentives can be provided to developers of dedicated export parks, including capital assistance for infrastructure development; financial assistance for developing common processing, testing, quality, and R&D facilities; capital subsidy for waste management solutions; and reimbursement of stamp duty and registration

⁵ Ministry of Commerce and Industry (2025), LEADS 2024, Government of India

⁶ Lok Sabha Unstarred Question No. 2964 Dated March 18, 2025, on Cold Storages Facility for Fruits and Vegetables

charges. This approach can help attract private investment in export-oriented clusters, ensuring world-class facilities and streamlined logistics for exporters. Similar incentives are being provided by States such as Maharashtra and Madhya Pradesh.

Infrastructure Support for Encouraging Postal and Courier Exports

Dak Niryat Kendras (DNK) offer a range of services including e-filing of postal bill of export, self-booking, electronic customs clearance, packaging, free pick up, trace and track, volume-based discounts and hand holding, support and guidance exporters. More DNKs or post office export centers can be set up in the state to support small exporters, particularly in remote areas. Currently, the State has only 21 such centers, whereas other Southern coastal states like Karnataka has 76, Tamil Nadu has 64, and Andhra Pradesh has 29 such centers. Expanding the number of these centers would improve last-mile connectivity and facilitate smoother export processes for MSMEs and first-time exporters through e-commerce.

Capacity Building

While exporters in the State produce a wide array of products, there is need for improving the design, quality and quantum of production in order to effectively tap the international market. In several products, there may not be enough exportable surplus, or the production may not be attuned to the requirements of the global market, necessitating capacity building efforts.

Branding of Geographical Indications

Geographical Indications (GI) status for agricultural, handloom and handicraft products of Kerala can function as product differentiators and serve as important tools for marketing. Kerala has a total of 41 GI tags, of which 16 are in handicrafts segment, 2 in foodstuff and the rest are in agricultural segment. Initiatives are needed for identifying more products from the State which can be accorded GI Status. This could include culinary delicacies such as 'Malabar Mackerel Curry', 'Kerala Prawn Masala', 'Malabar Prawn Curry', 'Malabar Paratha', 'Malabar Black Halwa', 'Chemmeen-Manga Curry', and 'Mambazha Pradhaman', alongside popular snacks such as banana chips, tapioca chips, and jackfruit chips. These GI tags will boost exports of processed food items and promote culinary tourism.

Additionally, to gain the benefits of the GI status, it is important for the GI brand to be recognised as a reliable and preferred brand in the market, with distinguishable positioning. The logo and the GI brand name need to be developed and marketed, and mechanism needs to be devised for ensuring that all products marketed under the GI brand adhere to minimum specific standards. To ensure the quality and uniqueness of the products, the State Government could set up a GI certification body, that will provide certificate of authenticity to select high-potential export items in agriculture and handicraft categories. A repository of information about the artisans/ producers involved in production and exports of the GI products could be maintained by the certifying body.

Furthermore, to promote value addition of GI-tagged agriculture products, the State Government could also introduce regulations for GI-branding to ensure that the quality and authenticity is maintained. This would encourage exports of value-added GI-tagged agro products. Moreover, the State Government could also focus on linking FPOs, processed food companies, and exporters with international buyers to facilitate marketing of GI-tagged agro products from the State.

Standards, Rules and Regulations

Exporters need to have in-depth knowledge of the latest global developments pertaining to packaging / ecolabelling, quality standards, regulatory norms and mandatory certification requirements, among others, to be able to expand their footprint into highly regulated markets in developed countries. Exporters also need to acquaint themselves with the rules and procedures of importing countries. It is therefore imperative to create an eco-system which supports exporters in adhering to the requirements in the export markets. This could be done by creating awareness about the rules, procedures and required standards, as well as by easing the financial burden associated with obtaining related certifications.

Awareness Workshops/ Programmes

Creating awareness among exporters about export procedures, regulations and standards related to various products is a crucial aspect of enhancing exports from the State. Export Promotion Policy 2025 envisages to offer targeted training and capacity building programmes for exporters in areas such as export procedures, international marketing, quality standards, and trade regulations. In addition to these, with a view to promote enterprises to onboard on e-commerce platforms for export purposes, the State could also offer targeted programmes to create awareness on the processes for undertaking exports through e-commerce. The State Government could collaborate with e-commerce platforms such as Amazon, eBay etc., to conduct awareness programmes at the district level for sensitising the exporters on the use of these platforms for export purposes, as also onboard the exporters on the platforms. The platforms could guide local exporters for listing their products on their websites for exports. Similar collaborations have been undertaken by the State Governments of Gujarat, West Bengal and Manipur.

Reimbursement of Certification Costs

With a view to improve market access for existing exporters, under the Kerala Export Promotion Policy 2025, the State Government plans to provide refund of 50 percent of the expenses incurred for obtaining certifications, up to a ceiling of ₹2 lakh per exporting unit per annum for a period of two years. For these incentives, the State could prioritise key export sectors, such as food processing, marine products, electronics etc. Considering that several of the State's key export products are agro-based, the State government could also extend this support to exporters for obtaining eco-labelling such as the EU Ecolabel and Forest Stewardship Council certification, to promote environmentally sustainable exports to advanced economies such as the EU. To encourage medical tourism and provide foreign visitors with world class services, the State could encourage medical service providers to get Joint Commission International (JCI) accreditation. Besides, the State Government could also make efforts to create awareness among aspiring and first-time micro and small enterprises (MSE) exporters in Kerala about the 'Capacity Building of First Time MSE Exporters' (CBFTE) scheme of the Government of India (GOI) and encourage exporters to avail benefits under the scheme.

Fiscal Incentives

Fiscal incentives in the form of refunds/ reimbursements and concessions could be a major step for mitigating the cost burden and enhancing the competitiveness of exporters in Kerala. Under the Export Promotion Policy 2025, the State Government offers a range of fiscal incentives to address key challenges in the State's exports, including infrastructure support funds, logistics assistance, export marketing assistance, export development fund, and incentives for export research and market intelligence etc. However, one of the proposed measures, viz. an export turnover-based incentive may not align with World Trade Organisation (WTO) rules, as it

is linked to export performance, which is considered prohibited subsidies for countries that have crossed a certain developmental threshold, including India. To ensure compliance while still reducing operational burdens, the State could instead consider implementing a WTO-compliant remission scheme similar to the Central Government's Remission of Duties and Taxes on Exported Products (RoDTEP).

Besides, to support first-time exporters exporting through courier and postal routes, the State Government could introduce a reimbursement scheme for charges related to exports made through courier/ postal services, up to a specified limit, for exporters with confirmed orders. This would help reduce initial transaction costs and encourage e-commerce exports from the State.

Moreover, in order to assist manufacturers, particularly MSMEs, to acquire and evolve cutting-edge technologies, catalyse growth and compete in global market, technology acquisition support could also be extended by the Government of Kerala. The State could consider setting up a Technology Acquisition Fund to provide firms with funds to improve product, process, and performance efficiency. The State could also consider reimbursement of up to 50 percent of the cost incurred in adopting technology from a recognised national institute, subject to maximum limit per firm.

Export Promotion Campaign

Export Awards

As mentioned in the Export Promotion Policy 2025, the State Government intends to institute awards for exporters from the State excelling in exports. This is a step in the right direction, as rewards can be an indirect mechanism to encourage existing and potential exporters to enhance their outward orientation. In conceptualising and introducing the export awards, the State Government could consider awarding top performing exporters in key sectors, such as agricultural and allied products, textile and garments, petroleum and petrochemicals, electrical and electronics, IT and ITES, and tourism. A selection committee comprising officials from key government agencies and eminent industrialists can evaluate the applications, taking into consideration the value of exports, ratio of exports to sales, level of value addition, market orientation, adoption of best practices, product and process innovation, R&D activity, etc.

Hidden Champions Initiative

Additionally, the State Government can also initiate a 'Hidden Champions' initiative, to identify, encourage and felicitate promising small enterprises that have differentiated products, process and technology. These small enterprises can be provided handholding support, as well as financial and nonfinancial forms of assistance to begin their export journey. Existing schemes such as the Raising and Accelerating MSME Performance (RAMP) scheme and Ubharte Sitaare Programme of Exim Bank can be leveraged for supporting these enterprises.

Capacity Building of Industrial Clusters

Kerala already has industrial clusters spread across different sectors, which are at various stages of development. In order to ensure continued progress across these industrial clusters, an essential initiative would be to develop a mechanism for assessing the performance of these clusters in order to review their current status. Such an assessment must cover aspects pertaining to prevailing infrastructure bottlenecks, as well as challenges in technological upgradation, access to skilled human resources, environmental sustainability etc. The State Government could undertake such studies. Upon assessment of the clusters, relevant capacity building activities can be undertaken by the State Government, including construction/

upgradation of physical infrastructure, building institutions, setting up of quality certification labs, common facility centres, design centres and development of human resources, among others. Further, identification of sectors/subsectors can also be undertaken for developing new clusters. The State Government could avail financial support for capacity building activities in the industrial clusters under the Micro & Small Enterprises - Cluster Development Programme.

Setting up a Brand Equity Fund

Under the Export Promotion Policy 2025, the State Government offers marketing assistance including reimbursement of 75 percent of expenses incurred by exporters for participating in national and international trade fairs, exhibitions and buyer-seller meets to promote their products and services, subject to ceiling of ₹ 2 lakh per year. In addition to this marketing support, the State Government could consider setting up a dedicated fund with a suitable corpus for supporting the marketing of export produce from the State. A significant part of this fund could be set aside to build globally competitive brands for products originating from the State. Export related brochures, interactive online content, etc. can be created for popularising the products in the State in the international market. Apart from this, the State Government could also collaborate with the Ministry of Tourism, GOI for providing marketing assistance to entities engaged in niche tourism verticals.

Access to Finance

Access to finance is a challenge for exporters, constraining their ability to expand and compete globally. In addition, high cost of credit further affects competitiveness of MSMEs in exports. To counter this, the State Government could extend financial assistance to exporters in the form of interest subsidy on export credit. Similar incentive is being provided by the Government of Madhya Pradesh. This could ease the cost of credit and encourage greater participation by enterprises in the export business. Further, the Government of Kerala could also create awareness about new, innovative financing mechanisms among MSMEs, such as Exim Bank's Trade Assistance Programme and international factoring services.

Institutional Streamlining

As per the Kerala Export Promotion Policy 2025, the State intends to institute a framework for export promotion comprising two-tiered committees at the State and district levels. These committees would prepare district-wise export profiles, identify sector-specific support, and lay down key performance indicators, among other activities. The State Government also intends to facilitate the development of sector-specific export policies and the creation of District-level Export action plans through this institutional framework. There is a need for the overall institutional ecosystem in Kerala to be framed in a manner that facilitates the various schemes proposed for exports, allows regular monitoring of the proposed targets, and thereby propels the State to a higher export trajectory. To that end, the State could consider further strengthening the institutional structure for export promotion through setting up of the Kerala Export Promotion Council (KEPC) under the Department of Industries, Government of Kerala. The KEPC could be set up with the participation of the State Government, exporters and industry associations. It would provide a forum for exchange of views, sharing of information, identifying obstacles faced by the exporters and implementing mechanism to overcome them. A structure for the KEPC is proposed in the Study.



Conclusion

Kerala has set an ambitious target of achieving US\$ 20 trillion of exports by 2027-28. While the existing export policy of the State provides a robust framework for achieving this target, the six-pronged strategy outlined in the Study shall help provide a roadmap for developing an export strategy for effective implementation of the State's export policy. The strategies in the Study are aimed at enhancing trade competitiveness, strengthening trade-enabling infrastructure, boosting value addition, creating awareness about exports, promoting innovation, increasing marketing for Kerala's exports, and strengthening the institutional mechanism for nudging exports.



Located in the southwestern region of India, Kerala is a coastal state, strategically located on the transnational trade corridor. In terms of geographical area, the size of the State is relatively small, but its contribution to economic output is substantial. The State has a wide array of topographical features, which is conducive for a range of economic activities. The highlands of Kerala slope downwards from the Western Ghats, while the midlands are characterised by hills and valleys, making the agro-climatic conditions suitable for cultivation of agricultural products such as coconut, food grains and spices, as also plantation crops such as coffee, tea, rubber, among others. The lowlands of Kerala, also known as the coastal area, is made up of shallow lagoons, river deltas, backwaters and shores of the Arabian Sea. The lowlands are home to a wide range of marine species and is a key region for the fisheries sector in the State. Kerala's rich flora and fauna also makes it one of the preferred destinations for tourism in the country.

Kerala's strategic focus on industrial growth has fostered a dynamic environment for investment and innovation. There has been significant advancement in industries such as coir, cashew processing, marine products, and emerging sectors like information technology and electronics, attracting both domestic and international investors.

The State's strategic coastal location, coupled with well-developed transportation networks and port facilities like Cochin port and Vizhinjam International Seaport position it as a gateway for transnational trade. In fact, the Vizhinjam seaport is India's first deep-water transshipment hub located just 10 nautical miles from the global shipping route.

The State also has a rich pool of human resources. With a population of nearly 33.4 million⁷, Kerala is the 12th most populous state of India⁸ and continues to uphold its legacy of educational excellence with the highest literacy rate amongst all states/UTs. The State has a sex ratio of 1,084 females per 1,000 males, which is the highest amongst all states/UTs. Clearly, the State has taken substantial strides towards holistic development. In fact, as per NITI Aayog's Sustainable Development Goals India Index 2023-24, Kerala ranked the highest for the fourth consecutive term with an overall score of 79.

⁷ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

⁸ As per Census 2011

Economic Backdrop

Kerala's gross state domestic product (GSDP) at constant prices was estimated to be ₹ 6.85 lakh crore in 2024-25, accounting for a share of nearly 3.6 percent in India's Gross Domestic Product (GDP) (at constant 2011-12 prices) during the year. During the year, Kerala's GSDP is estimated to have registered a y-o-y growth of 6.2 percent. In terms of per capita GSDP (at current prices) as well, Kerala is relatively well-positioned at an estimated ₹ 3,46,437 in 2024-25, as compared to an estimated national average (at current price) of ₹ 2,05,324 during the year.

Kerala has shown significant improvement in implementing ease of doing business policies, as evidenced by its performance in the Business Reform Action Plan (BRAP) 2022, released by the Department for Promotion of Industry and Internal Trade (DPIIT), where it emerged as a top performer, securing nine top achiever spots in areas like online single window system, utility permits, tax payments, transport, and employment exchange, while remaining in the 'Aspirers' category⁹. The State's favourable policy environment has attracted substantial investment interest from both domestic and foreign businesses.

However, Kerala ranks 8th in the major states category of the 2021 NITI Aayog Innovation Index with a score of 13.67, below the national average of 14.02, constrained by stagnant progress in pillars like knowledge output and limited opportunities for its skilled workforce, despite strengths in human capital driven by quality education and health sectors. This necessitates a more supportive environment for industries and startups to boost innovation. Additionally, in the 'Logistics Ease Across Different States (LEADS) 2024,' Kerala is classified under the 'Aspirers' category within the Coastal Group.

Overview of the State Economy

GSDP is an important indicator to measure the growth and economic development in a state and gauge the structural changes in a state economy. It is equal to the income generated from the production of goods and services within the geographical boundaries of a state. The estimates of value added at the state level without any adjustments for the capital depreciation / consumption is termed as the Gross State Value Added (GSVA). An analysis of changes in these indicators of economic output for Kerala has been undertaken.

Among the recent shocks to the Indian economy, the Covid-19 pandemic has been particularly disruptive for both lives and livelihoods. In terms of economic activities, the adverse effect of the pandemic was felt across all sectors, impacting both supply and demand in the economy. As a result, India's GDP (at constant 2011-12 prices) is estimated to have registered a sharp y-o-y decline of (-) 5.8 percent in 2020-21. The economy of Kerala was also impacted by the shocks triggered by the pandemic, with the GSDP of the state (at constant 2011-12 prices) registering a decline of (-) 8.5 percent in 2020-21 (Table 1). Kerala's economy recovered in the following year with the GSDP (at constant 2011-12 prices) registering a growth of 11.8 percent, higher than India's GDP growth rate of 9.7 percent during 2021-22. In the subsequent years, the State's economic growth has remained largely steady, with GSDP (at constant 2011-12 prices) registering growth rates of 5.7 percent and 6.7 percent during 2022-23 and 2024-25, respectively. During 2024-25, Kerala's GSDP grew by 6.2 percent, driven by a healthy growth in industrial and services sectors.

⁹ Kerala State Industrial Development Corporation, 'Kerala Advantage', Invest Kerala Global Summit 2025

Table 1: Comparison of Gross State Domestic Product of Kerala with the Gross Domestic Product of India
(Values in ₹ Lakh Crore)

Year	Kerala				India			
	GSDP at Current Prices	Y-o-Y Growth %	GSDP at Constant Prices	Y-o-Y Growth %	GDP at Current Prices	Y-o-Y Growth %	GDP at Constant Prices	Y-o-Y Growth
2015-16	5.6	9.6	4.5	7.4	137.7	10.5	113.7	8.0
2016-17	6.4	13.0	4.9	7.6	153.9	11.8	123.1	8.3
2017-18	7.0	10.5	5.2	6.4	170.9	11.0	131.4	6.8
2018-19	7.9	12.4	5.5	7.4	189.0	10.6	139.9	6.5
2019-20	8.1	3.1	5.6	0.9	201.0	6.4	145.3	3.9
2020-21	7.7	-5.1	5.1	-8.5	198.5	-1.2	136.9	-5.8
2021-22	9.2	19.8	5.7	11.8	236.0	18.9	150.2	9.7
2022-23	10.4	12.4	6.1	5.7	268.9	14.0	161.6	7.6
2023-24	11.4	9.3	6.5	6.7	301.2	12.0	176.5	9.2
2024-25	12.5	10.0	6.9	6.2	330.7	9.8	188.0	6.5

Source: MOSPI, Exim Bank Research

The growth in GSVA at constant (2011-12) prices for Kerala has been steady, recording a CAGR of 4.8 percent during the period FY16-FY25, to reach an estimated ₹ 6.85 lakh crore in 2024-25. The services sector is the largest contributor in the GSVA of Kerala. The share of services sector in GSVA has witnessed an increase from 61.6 percent in FY16 to 63.4 percent during FY25 (Table 2). The industrial sector also registered a marginal increase in share from 27.6 percent in FY16 to 28.9 percent in FY25, on the back of a steady growth in the industrial value added of the State. The share of agriculture and allied activities has declined from 10.7 percent in FY16 to 7.6 percent in FY25.

Table 2: Sector-wise Gross State Value Added (GSVA) of Kerala at Constant (2011-12) Prices (Values in ₹ '000 Crore)

Item	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Share in GSVA (FY25)	CAGR (FY16-FY25)
Agri-culture, Forestry and Fishing	43.6	43.4	44.3	43.3	42.2	42.9	44.7	44.7	45.3	46.3	7.6%	0.7%
Industry	112.4	125.9	133.2	133.2	134.6	133.0	144.4	148.6	162.4	175.1	28.9%	5.0%
Services	250.4	266.1	283.3	303.7	317.2	269.0	311.9	341.0	360.6	384.3	63.4%	4.9%
GSVA	406.5	435.4	460.8	480.2	494.0	445.0	501.0	534.3	568.2	605.7	100.0%	4.5%
GSDP	451.2	485.3	516.2	554.2	559.2	511.7	572.0	604.6	645.3	685.3	-	4.8%

Source: MOSPI, Exim Bank Research

Key Economic Activities

Agriculture and Allied Sector

Agriculture plays a vital role in Kerala's economy, as major portion of the rural household in the State are dependent on agriculture as their principal means of livelihood. The salience of the sector is evident from the fact that over half of Kerala's total land area is under cultivation¹⁰. Of the total geographical area of 38.9 lakh ha in Kerala, nearly 51 percent is net sown area, 27.8 percent is under forest cover, 15.7 percent is land put to non-agriculture use, 2.8 percent is fallow land, 0.24 percent is barren and uncultivable land, and the remainder is permanent pastures and other grazing lands. According to the Government of Kerala's Department of Economics and Statistics, cropping intensity of the State in 2023-24 was 128.6 percent. Coconut constituted the major share of the total cropped area (30.2 percent), followed by plantation crops such as tea, coffee, rubber and cardamom (28 percent), rubber (21.6 percent) and food crops (9.8 percent). Major food crops cultivated in Kerala include rice, pulses, tapioca, ragi, small millets, sweet potato and other tubers¹¹. Apart from agriculture, animal husbandry and fishery are also important sources of gainful employment and economic output in the State.

During FY16 to FY25, the agriculture, forestry, and fishing sector's GSVA recorded a marginal CAGR of 0.1 percent. The stagnation in the sector was largely on account of muted growth in the crops segment and a decline in livestock segment. These two sectors together accounted for over three-fourths of the sector's GSVA in FY25. In terms of contribution to agriculture GSVA, crops segment accounted for the largest share of 54.0 percent in Kerala's agriculture GSVA during FY25, followed by livestock (share of 24.2 percent), fishing and aquaculture (11.7 percent), and forestry and logging (10.1 percent).

Table 3: Segment-wise GSVA in Agriculture and Allied Sector of Kerala (Values in ₹ '000 Crore)

Item	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	% Share in Agri GSVA (FY25)	CAGR % (FY16-FY25)
Crops	22.8	23.2	23.5	22.4	22.1	22.7	23.4	24.2	24.4	25.0	54.0%	1.0%
Livestock	12.7	11.8	12.0	11.7	11.5	11.7	11.7	10.9	11.3	11.2	24.2%	-1.4%
Forestry and logging	4.2	4.4	4.3	4.4	4.7	4.8	4.7	4.6	4.7	4.7	10.1%	1.3%
Fishing and aquaculture	4.0	4.1	4.5	4.8	4.0	3.7	5.0	5.0	4.9	5.4	11.7%	3.4%
Agriculture, Forestry and Fishing	43.6	43.4	44.3	43.3	42.2	42.9	44.7	44.7	45.3	46.3	100.0%	0.7%

Source: MOSPI, Exim Bank Research

¹⁰ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

¹¹ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

Industrial Sector

The industrial sector in Kerala is currently at a nascent stage, but the value added in this sector of Kerala has witnessed a steady growth over the recent years, registering a CAGR of 5.0 percent during FY16-FY25. This surge in industrial value added was primarily driven by growth in 'manufacturing' segment and 'electricity, gas, water supply and other utility services' segment, which recorded strong CAGRs of 5.6 percent and 6.1 percent, respectively, during this period (Table 4). Within industries, the share of construction was 48.7 percent during FY25, followed by manufacturing with a share of 45.2 percent.

The manufacturing segment in the state is relatively small and mainly comprises traditional industries such as coir, handloom and cashew processing. Other emerging industries include electronic systems and machinery, light engineering, rubber products, food processing, spices, textile, ayurveda, and cosmetics, among others.

Table 4: Segment-Wise GSVA in the Industrial Sector of Kerala (Values in ₹ '000 Crore)

Item	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	% Share in Industrial GSVA (FY25)	CAGR % (FY16 - FY25)
Mining and quarrying	1.8	2.6	3.3	2.8	2.1	2.1	2.4	2.9	2.4	2.6	1.5	4.2%
Manufacturing	48.5	57.3	60.7	57.5	57.0	59.2	61.9	63.9	73.7	79.2	45.2	5.6%
Electricity, gas, water supply & other utility services	4.7	4.1	5.2	6.4	6.5	6.6	7.8	6.8	7.3	8.0	4.6	6.1%
Construction	57.4	61.9	63.9	66.5	69.0	65.1	72.4	75.1	78.9	85.3	48.7	4.5%
Industry	112.4	125.9	133.2	133.2	134.6	133.0	144.4	148.6	162.4	175.1	100.0	5.0%

Source: MOSPI, Exim Bank Research

Services Sector

Services sector accounts for the largest share in Kerala's GSVA. The services sector GSVA in Kerala registered a CAGR of 4.9 percent during FY16-FY25. Within the services sector, 'Trade, repair, hotels and restaurant' contributed significantly to the overall GSVA of the services sector of Kerala, with a share of 30.1 percent in FY25, followed by 'Real estate, ownership of dwelling and professional services' (share of 27.5 percent in the services GSVA), 'Other services' (16.4 percent), and 'Transport, storage, communication & broadcasting services' (11.6 percent), among others. 'Financial services' and 'Trade, repair, hotels and restaurants' segments have been the major growth drivers in the services sector, witnessing healthy CAGRs of 5.2 and 5.6 percent, respectively, during FY16-FY25 (Table 5).

Table 5: Segment-wise GSVa in Services Sector (Values in ₹ '000 Crore)

Item	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	% Share in Services GSVa (FY25)	CAGR % (FY16 - FY25)
Trade, repair, hotels & restaurants	70.7	71.9	77.4	85.5	91.2	68.9	83.5	99.2	103.3	115.6	30.1	5.6%
Transport, storage, communication & broad-casting services	35.2	36.7	35.0	36.1	36.9	29.3	37.7	39.3	40.7	44.6	11.6	2.7%
Financial services	20.8	21.8	21.9	26.0	26.6	27.5	28.5	28.9	31.4	32.9	8.6	5.2%
Real estate, ownership of dwelling & professional services	63.9	68.9	75.3	80.5	83.0	82.2	88.3	92.8	101.1	105.7	27.5	5.8%
Public admin	13.9	15.1	16.8	17.3	16.7	14.3	21.6	23.2	22.7	22.6	5.9	5.5%
Other services	46.0	51.8	56.9	58.2	62.8	46.9	52.2	57.5	61.2	63.0	16.4	3.6%
Services	250.4	266.1	283.3	303.7	317.2	269.0	311.9	341.0	360.6	384.3	100.0	4.9%

Source: MOSPI, Exim Bank Research

Resource Profiling

An analysis of the resource profile of the State can shed light on the areas in which the State has competitive advantage. This can help in identification of the latent export potential in the State and in devising strategies for achievement of sustainable development.

Agro-Climatic Zones

For a comprehensive understanding of the State's agricultural potential, identification of various agro-climatic zones within the State would be an essential first step. The concept of agro-climatic zones helps to identify agriculturally potent areas suitable for a particular genotype, so that the optimum production potential of a crop and cropping sequence could be attained. India has a total of 15 agro-climatic regions that have been identified based on agro climatic features, particularly soil type, climate including temperature and rainfall and its variation, and water resources availability. Kerala has five agro-ecological zones and twenty-three agro ecological units based on climate, geomorphology, land use and soil variability.¹²

¹² Department of Agriculture, Kerala Soil Health Information System

Table 6: Agro-ecological Delineations of Kerala

Agro-ecological Zone	Districts	Crops
Coastal Plain	Coastal regions in the district of Kasargod, Kannur, Kozhikode, Malappuram, Thrissur, Ernakulam, Kottayam, Alappuzha, Kollam and Thiruvananthapuram	Coconut, Rice, Banana, Vegetables, Pulses, Sesamum
Midland Laterites	Midlands of Kasargod, Kannur, Kozhikode, Malappuram, Palakkad, Thrissur, Ernakulam, Kottayam, Alappuzha, Kollam, Thiruvananthapuram	Coconut, Rice, Tapioca, Banana, Vegetables, Rubber, Cashew, Arecanut, Cocoa, Pepper, Mango, Pineapple and Nutmeg
Foothills	Parts of Kasargod, Kannur, Malappuram, Palakkad, Ernakulam, Idukki, Pathanamthitta, Kottayam, Kollam and Thiruvananthapuram	Rubber, Coconut, Pepper, Coffee, Rice and Vegetables
High Hills	Parts of Kasargod, Kannur, Malappuram, Palakkad, Ernakulam, Thrissur, Idukki, Pathanamthitta, Kollam and Trivandrum and whole of Wayanad district	Rubber, Coconut, Pepper, Tea, Coffee, Cardamom, Fruits, Potatoes, Sugarcane, Arecanut, Banana, Cashew, Tapioca, Maize, Vegetables, Ragi and Millet
Palakkad Plain	Palakkad District	Coconut, Rice, Arecanut, Mango, Groundnut, Cotton, Banana, Maize, Jowar and Sugarcane

Source: Kerala Soil Health Information System, Exim Bank Research

Mineral

Mineral resources play a critical role in industrial activities, serving as raw materials for various industries and fostering economic prosperity. In Kerala, the mining and quarrying sector accounts for just 1.7 percent of the total industrial GSVA. The State is rich in minerals, including heavy mineral sands (ilmenite, rutile, zircon, monazite, sillimanite), metals (gold, iron ore, bauxite), and other resources like graphite, china clay, fire clay, tile and brick clay, silica sand, lignite, limestone, lime shell, granite, gemstones, magnesite, and steatite. Notably, china clay and heavy mineral sands constitute 90 percent of the value of Kerala's mineral production¹³.

Important mineral resources in the state are bauxite in Kannur, Kasaragod, Kollam and Thiruvananthapuram districts; china clay in Alappuzha, Ernakulam, Kannur, Kasaragod, Kollam, Kottayam, Palakkad, Thiruvananthapuram and Thrissur districts; limestone in Alappuzha, Ernakulam, Kannur, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad and Thrissur districts; quartz/silica sand in Alappuzha, Kasaragod, Thiruvananthapuram and Wayanad districts; sillimanite in Kollam and Thiruvananthapuram districts; titanium in Kasaragod, Kollam, Pathanamthitta and Thiruvananthapuram districts; and zircon in Kollam district. Despite this abundance, Kerala's mineral resources remain largely untapped, with large-scale mining limited to heavy mineral sands, china clay, limestone, silica sand, and granite.

¹³ Department of mining and geology, 'Information' - Mineral Resources

Human Capital

Kerala accounts for 2.75 percent of India's total population, as per the Population Census, 2011 and ranks first in the country in terms of literacy, with a literacy rate of nearly 94 percent¹⁴. Kerala clearly has a strong human capital base to leverage the growth potential of the State. The State's large base of skilled labour makes it an ideal destination for knowledge-intensive sectors.

The Government of Kerala is dedicated to enhancing its human capital through targeted initiatives. Programmes like the Additional Skill Acquisition Programme (ASAP) provide skill training to higher secondary and graduate students, while vocational courses and industrial training programmes aim to improve employability and upskill the existing workforce. Additionally, the Kerala State Skill Development Mission (KSSDM) focuses on bridging skill gaps through sector-specific training, aligning with industry demands in areas like IT, healthcare, and tourism. The Kerala Knowledge Economy Mission (KKEM), aimed at creating employment for educated youth, has mobilised 13,25,084 vacancies and provided jobs to 1,20,586 people by September 2024, focusing on IT, healthcare, and tourism¹⁵. These efforts underscore Kerala's commitment to leveraging its human capital for sustainable economic growth.

Need for Export Strategy

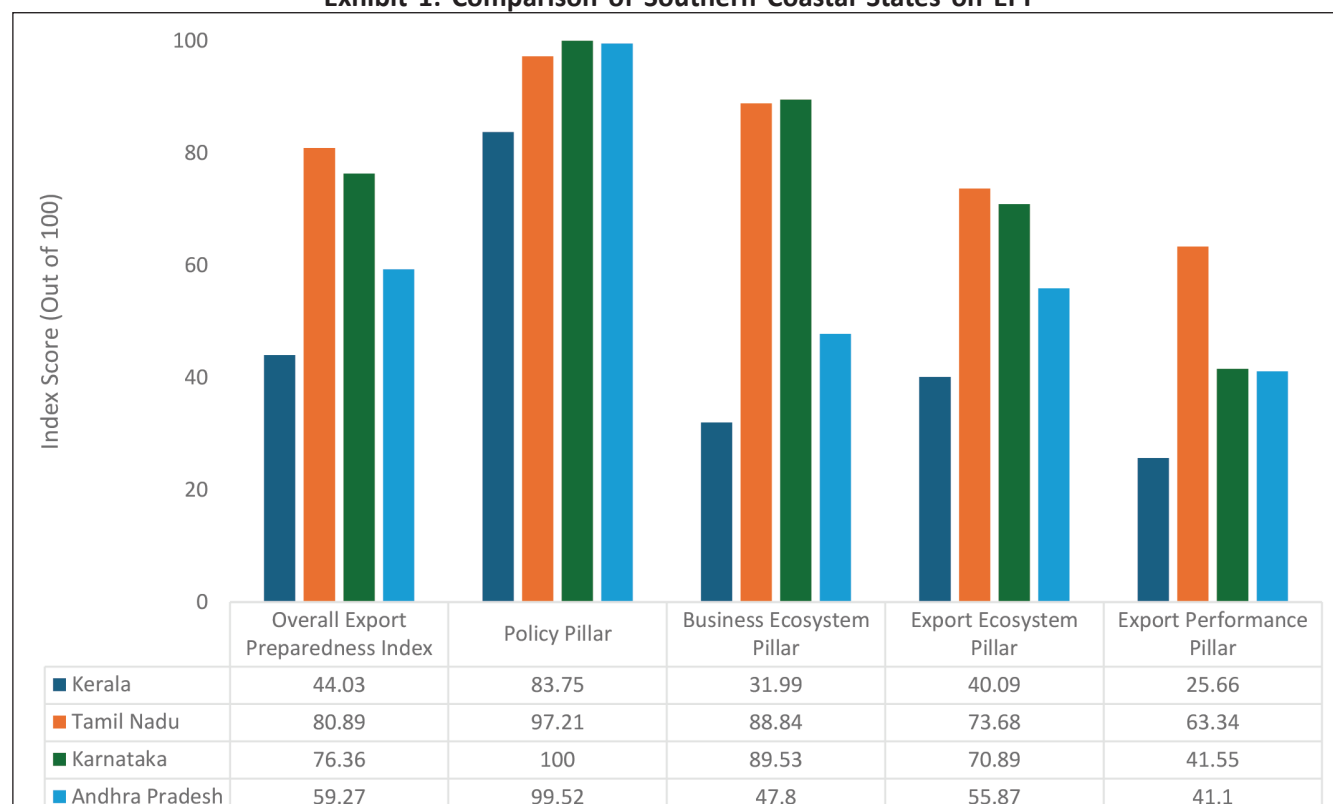
Among all states/UTs, Kerala is the 12th largest merchandise exporting state in the country, with a share of 1.1 percent in India's merchandise exports in 2024-25. Kerala has clear advantages in terms of its location as a coastal state and well-established transportation infrastructure. However, Kerala's share in India's merchandise exports is not commensurate to the State's contribution to India's GDP. Analysis indicates that merchandise exports from Kerala accounted for nearly 3.2 percent of Kerala's GSDP (at current prices) during 2024-25, a decline from 12.8 percent during 2019-20. Moreover, it remains below the share of merchandise exports in GSDP of other coastal states in Southern India, such as Tamil Nadu (share of 14.2 percent), Andhra Pradesh (11 percent) and Karnataka (9 percent) during 2024-25.

Kerala ranked 19th in the NITI Aayog's Export Preparedness Index (EPI) 2022, and 6th among coastal states. The State benefits from a robust export policy ecosystem, a supportive business environment with low power shortages, reliable network connectivity, and specialised trade and industrial zones. However, Kerala's performance is notably below par when compared to other southern coastal states like Andhra Pradesh, Tamil Nadu and Karnataka, necessitating focused efforts to bridge this gap and enhance its export competitiveness (Exhibit 1).

¹⁴ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

¹⁵ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

Exhibit 1: Comparison of Southern Coastal States on EPI



Note: EPI scores for each parameter range from 0-100 wherein a higher score indicates better performance

Source: Niti Aayog Export Preparedness Index 2022, Exim Bank Research

The Government of Kerala has recently introduced the Kerala Export Promotion Policy 2025, aimed at strengthening the State's export ecosystem. The Policy outlines a comprehensive framework to transform Kerala into a globally competitive export hub. It focuses on key sectors such as spices, marine products, IT services, healthcare, textiles, and tourism. The policy also emphasises infrastructure development, skill enhancement, and incentives for exporters. A robust export strategy aligned with this policy can play a crucial role in bridging the existing gaps in export preparedness and further boosting the export performance of the State. A well-designed export strategy can also have a positive impact on employment generation in the State and bring down the labour market gap and persistent informality in the State. Against this backdrop, the Study examines the economic profile and export performance of Kerala at a granular level, making an attempt to map the supply side capabilities of the State with the demand emanating from the international market. The Study analyses the potential for exports from the State and also identifies dynamic products and potential markets for exporters. The Study also recommends strategies for enhancing trade competitiveness at the state level and creating an enabling environment for exports from the State.



Kerala's abundant resources, skilled workforce, and a favourable policy environment has positioned the State as an important contributor to India's economic output and exports. However, there remains substantial latent export potential, which can be tapped through multi-faceted interventions.

Merchandise Exports from Kerala

Kerala ranked 12th among Indian states/UTs in terms of merchandise exports in 2024-25¹⁶. Over the past decade, Kerala's merchandise exports witnessed intermittent periods of growth and decline, recording a modest CAGR of 1.0 percent during 2015-16 to 2024-25, compared to the CAGR of 5.2 percent for India's overall merchandise export during the same period. Accordingly, Kerala's share in India's overall merchandise exports has declined from 1.7 percent in 2015-16 to 1.1 percent in 2024-25.

In the period prior to the Covid-19 pandemic, Kerala's merchandise exports exhibited robust growth, achieving double-digit year-on-year increases for three consecutive years during 2016-17 to 2018-19. During this period, Kerala's exports growth consistently outpaced India's merchandise export growth. Notably, in 2019-20, while India recorded a negative growth rate of (-) 5.1 percent, Kerala sustained a positive growth of 3.2 percent. However, the COVID-19 pandemic and subsequent lockdowns disrupted this trajectory, leading to a steep decline in Kerala's merchandise exports in 2020-21 of (-) 61.2 percent, a drop sharper than decline in India's overall merchandise export of (-) 6.9 percent. Moreover, the recovery in exports from Kerala in the subsequent year has also been relatively muted when compared to the all-India level. While India's merchandise exports recorded a y-o-y growth of 44.6 percent in 2021-22 to surpass the pre-covid level of exports, Kerala's merchandise exports recorded 16.2 percent y-o-y growth. Despite the growth, Kerala's merchandise exports remained well below the pre-Covid level of exports from the State. In particular, Kerala's exports of gold and other precious metal jewellery were significantly impacted by the Covid-19 pandemic. Apart from this, the State's exports of plantation products such as cashews and tea, as well as several textile products such as readymade garments and carpets also remained weak.

Kerala's exports weakened again in 2022-23, in the wake of dampening global demand sentiments and easing commodity prices. Kerala's merchandise exports declined by (-) 4.5 percent during 2022-23, as compared to the 6.9 percent growth in India's merchandise exports during the year.

¹⁶ Directorate General of Commercial Intelligence and Statistics (DGCIS)

In 2023-24, exports from Kerala witnessed an unprecedented hike, nearly doubling to US\$ 8.2 billion, on account of a sharp rise in exports of petroleum products. However, this momentum was not sustained in 2024-25, as exports fell by (-) 41.6 percent, to reach US\$ 4.8 billion. The decline in Kerala's merchandise exports during 2024-25 was primarily driven by a sharp fall in petroleum products exports, owing to a decline in oil prices and sharp fall in production at the key refinery in Kochi on account of annual maintenance. In addition to petroleum products, exports of coffee, marine products and engineering goods also experienced steep declines of (-) 23.6 percent, (-) 7.4 percent and (-) 7.1 percent, respectively, during the year, further contributing to the contraction in the State's exports.

Table 7: Trends in Merchandise Exports from India and Kerala

Year	Kerala Merchandise Exports (US\$ Mn)	Y-o-Y Growth in Kerala's Merchandise Exports (%)	India's Merchandise Exports (US\$ Mn)	Y-o-Y Growth in India's Merchandise Exports (%)	Share of Kerala in India's Overall Merchandise Exports (%)
2015-16	4.4	4.8	262.3	-15.5	1.7
2016-17	4.9	12.0	275.9	5.2	1.8
2017-18	7.3	49.6	303.5	10.0	2.4
2018-19	9.8	34.6	330.1	8.8	3.0
2019-20	10.1	3.2	313.4	-5.1	3.2
2020-21	3.9	-61.2	291.8	-6.9	1.4
2021-22	4.6	16.2	422.0	44.6	1.1
2022-23	4.4	-4.5	451.1	6.9	1.0
2023-24	8.2	86.8	437.1	-3.1	1.9
2024-25	4.8	-41.6	437.4	0.1	1.1

Source: DGCIS, Exim Bank Research

Key Exported Products

During 2024-25, marine products led Kerala's export basket, contributing 15.8 percent to the State's total merchandise exports, followed by spices (share of 15.5 percent), petroleum products (4.8 percent), gold and precious metal jewellery (4.0 percent), cashew (3.4 percent), rubber products excluding footwear (3.3 percent), and electric machinery and equipment (3.1 percent), among others.

Table 8: Top 10 Merchandise Exports from Kerala and their Share in India's Exports during 2024-25

PC Code	Commodity	Value of Exports (US\$ Million)	Share of Product in Kerala's Exports	Share of Kerala in India's Exports of the Product
E7	Marine Products	753.7	15.8%	10.2%
B1	Spices	738.3	15.5%	16.6%
S6	Petroleum Products	228.6	4.8%	0.4%
G9	Gold and other Precious Metal Jewellery	190.5	4.0%	1.5%

PC Code	Commodity	Value of Exports (US\$ Million)	Share of Product in Kerala's Exports	Share of Kerala in India's Exports of the Product
B2	Cashew	161.0	3.4%	47.6%
I9	Other Rubber Products Except Footwear	155.6	3.3%	8.7%
N4	Electric Machinery and Equipment	147.6	3.1%	1.0%
Q6	Readymade Garments of Cotton Including Accessories	145.0	3.0%	1.5%
O7	Ship, Boat and Floating Structure	131.5	2.8%	3.1%
A4	Rice (Other Than Basmati)	126.5	2.7%	1.9%
Total Merchandise Exports		4772.2	100.0%	1.1%

Source: DGCIS, Exim Bank Research

Kerala's prominence in cash crop cultivation is evident in its export basket, with several agro-based products holding significant shares in India's overall exports. In 2024-25, Kerala was the largest exporter of 'natural rubber', contributing 71.8 percent to India's total exports of these commodities (Table 9). Kerala was also the largest exporter of cashews in the country, with a share of 47.6 percent in India's total exports. Other key exports from Kerala with substantial shares in India's overall exports include other meat (share of 78.7 percent in India's overall exports), floor coverings of jute (42.5 percent), processed meat (18.9 percent), spices (16.6 percent), coir and coir products (13.6 percent), tea (13.0 percent) and marine products (10.2 percent), among others.

Table 9: Products where Kerala has the Largest Share in India's Exports (2024-25)

PC Code	Commodity	Value of Exports from Kerala (US\$ Million)	Share of Kerala in India's Exports of the Product
D9	Other Meat	0.3	78.7%
E5	Natural Rubber	6.4	71.8%
B2	Cashew	161.0	47.6%
R8	Floor Covering of Jute	39.1	42.5%
E1	Processed Meat	0.3	18.9%
B1	Spices	738.3	16.6%
R2	Coir and Coir Manufactures	61.8	13.6%
A1	Tea	120.2	13.0%
E7	Marine Products	753.7	10.2%
D4	Milled Products	18.4	9.6%
I9	Other Rubber Products Except Footwear	155.6	8.7%
S2	Carpet (Excl. Silk) Handmade	115.0	7.7%
I6	Essential Oils	23.4	7.2%
C8	Fresh Vegetables	53.5	6.0%

PC Code	Commodity	Value of Exports from Kerala (US\$ Million)	Share of Kerala in India's Exports of the Product
C7	Fresh Fruits	69.1	5.9%
D1	Processed Fruits and Juices	53.5	5.2%
E3	Poultry Products	8.2	4.9%
B8	Vegetable Oils	30.4	4.8%
P9	Other Textile Yarn, Fabric Made Up of Article	44.4	4.8%
M7	Machine Tools	36.9	4.6%
D2	Cereal Preparations	42.0	4.5%
Total Merchandise Exports		4772.2	1.1%

Source: DGCIS, Exim Bank Research

Key Export Destinations

In 2024-25, the USA emerged as Kerala's top export destination, accounting for 20.7 percent of the State's total merchandise exports. Other major export destinations include the UAE (share of 13.7 percent in total merchandise exports from Kerala during 2024-25), Saudi Arabia (5.3 percent), China (4.5 percent), Spain (3.4 percent), and Japan (2.8 percent), among others (Table 10). Analysis indicates that the top 5 export destinations accounted for nearly half of Kerala's merchandise exports, indicating significant market concentration.

Table 10: Top 10 Destinations for Merchandise Exports from Kerala during 2024-25

Country	Value of Exports (US\$ Million)	Share in Total Exports from Kerala
The USA	985.6	20.7%
The UAE	654.4	13.7%
Saudi Arabia	250.8	5.3%
China	213.8	4.5%
Spain	161.4	3.4%
Japan	135.5	2.8%
The UK	133.7	2.8%
Germany	126.2	2.6%
The Netherland	114.2	2.4%
Italy	95.3	2.0%
Others	1901.3	39.8%
Total Merchandise Exports	4772.2	100.0%

Source: DGCIS, Exim Bank Research

Analysis of Kerala's top five exported items to its top 10 export destinations in 2024-25 also reveals a significant product concentration across key markets. For instance, marine products featured among the top 5 exported products in 7 out of the top 10 export destinations for Kerala. Notably, marine products constituted 70.8 percent of Kerala's exports to Spain; 50.1 percent of exports to Italy; 40.7 percent of exports to China; and 37.3 percent of exports to Japan, indicating significant concentration of exports of the product across key markets. Similarly, spices appeared among the top 5 exported items across 9 out of the top

10 export destinations, representing shares of 24.7 percent in Kerala's exports to the UK; 22.6 percent of exports to Germany; 21.4 percent of exports to Saudi Arabia; and 21.2 percent of Kerala's exports to the Netherlands, among others. This significant product concentration in a few commodities underscores the need for diversification to enhance the resilience and growth of Kerala's exports.

Table 11: Share of Top 5 Products in Exports to the Top 10 Export Destinations for Kerala during 2024-25

Countries	Principal Commodity	% Share of the Product in Exports from Kerala to the Country
The USA	Spices	20.8%
	Marine Products	12.2%
	Readymade Garments of Cotton Including Accessories	10.3%
	Carpet (Excl. Silk) Handmade	6.9%
	Others	4.9%
The UAE	Gold and Other Precious Metal Jewellery	26.5%
	Spices	9.6%
	Ship, Boat and Floating Structure	6.9%
	Cashew	6.3%
	Petroleum Products	5.6%
Saudi Arabia	Ship, Boat and Floating Structure	26.2%
	Spices	21.4%
	Tea	7.6%
	Cashew	5.1%
	Rice (Other Than Basmati)	2.9%
China	Marine Products	40.7%
	Petroleum Products	35.0%
	Residual Chemical and Allied Products	6.8%
	Spices	5.3%
	Electric Machinery and Equipment	1.7%
Spain	Marine Products	70.8%
	Cashew	11.0%
	Spices	4.0%
	Carpet (Excl. Silk) Handmade	1.7%
	Floor Covering of Jute	1.7%
Japan	Marine Products	37.3%
	Residual Chemical and Allied Products	21.1%
	Cashew	15.4%
	Spices	11.4%
	Electric Machinery and Equipment	2.3%

Countries	Principal Commodity	% Share of the Product in Exports from Kerala to the Country
The UK	Spices	24.7%
	Marine Products	10.2%
	Other Rubber Products Except Footwear	7.4%
	Cereal Preparations	6.6%
	Carpet (Excl. Silk) Handmade	5.8%
Germany	Spices	22.6%
	Coffee	12.3%
	Residual Chemical and Allied Products	10.0%
	Ceramics and Allied Products	6.5%
	Carpet (Excl. Silk) Handmade	4.8%
The Netherlands	Auto Tyres and Tubes	24.3%
	Spices	21.2%
	Electric Machinery and Equipment	15.7%
	Marine Products	10.2%
	Other Rubber Products Except Footwear	4.5%
Italy	Marine Products	50.1%
	Coffee	8.0%
	Products Of Iron and Steel	5.0%
	Tea	3.8%
	ATM, Injecting Moulding Machinery Etc	3.7%

Source: DGCIS, Exim Bank Research

Port-wise Exports from Kerala

Kerala, with its 590 km coastline, has one major port—Cochin Port— and a deepwater international transshipment port - the Vizhinjam International Seaport, which is India's deepwater container transshipment terminal. Additionally, the State has 17 notified non-major ports, comprising four intermediate ports (based on berthing, cargo handling and storage capabilities) and 13 minor ports.

In 2024-25, over 85 percent of Kerala's merchandise exports were routed through the ports in Cochin, viz. the Cochin Sea port, Cochin Airport, and Cochin SEZ. The major commodities exported via these ports included marine products, gold and precious metal jewellery, spices, and electric components. Other non-major ports and air cargo facilities located in the State accounted for only 2.4 percent of Kerala's merchandise export during the same period. It is noteworthy that the State's reliance on ports in other states is relatively low.

Table 12: Port-wise Merchandise Exports from Kerala during 2024-25

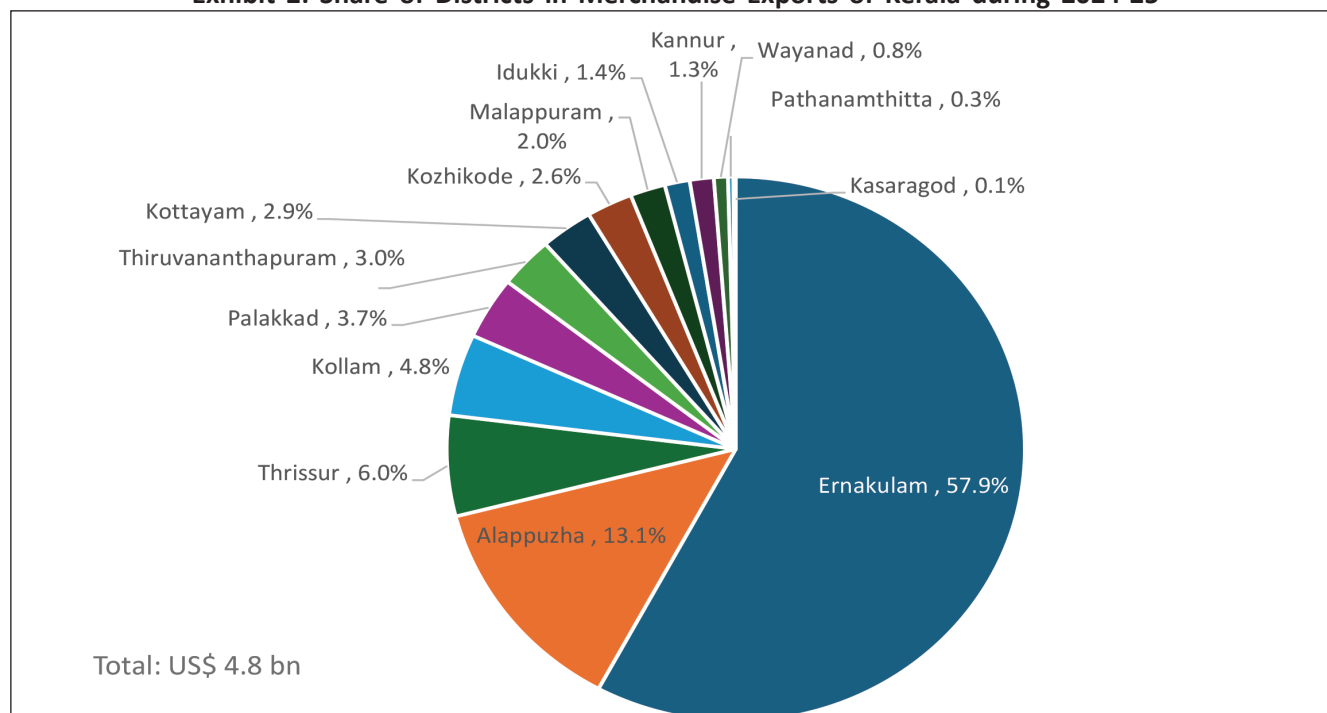
Port	State	Share in Total Merchandise Exports from Kerala
Cochin Sea	Kerala	70.8%
Cochin Airport	Kerala	7.3%
SEZ Cochin	Kerala	7.2%
Tuticorin Sea	Tamil Nadu	2.8%
Nhava Sheva Sea	Maharashtra	1.7%
Chennai Air	Tamil Nadu	1.1%
Chennai Sea	Tamil Nadu	1.1%
KINFRA Electronic SEZ Kalamassery	Kerala	0.9%
Kandla Sea	Gujarat	0.9%
Bangalore Airport	Karnataka	0.9%
Others		5.3%

Source: DGCIS, Exim Bank Research

District-wise Exports from Kerala

Analysis of district-wise exports from Kerala reveals that Ernakulam accounted for more than half of the merchandise exports from Kerala during 2024-25. Alappuzha was the second largest exporting district in Kerala, accounting for 13.1 percent of the State's exports during 2024-25. Other major districts in terms of merchandise exports from Kerala included Thrissur (share of 6.0 percent in Kerala's merchandise export during 2024-25), Kollam (4.8 percent), Palakkad (3.7 percent), Thiruvananthapuram (3.0 percent), Kottayam (2.9 percent) and Kozhikode (2.6 percent) (Exhibit 2).

Exhibit 2: Share of Districts in Merchandise Exports of Kerala during 2024-25



Source: Ministry of Commerce and Industry, Government of India; Exim Bank Research

Key Products and Markets for Merchandise Exports

RCA Analysis for Identification of Targeted Products

During 2024, Kerala exported 3,094 products at HS 6-digit level. Among these products, the export strategy of the State should focus on those items which have the maximum potential for growth, taking into consideration both supply and demand side aspects. The present section undertakes a granular analysis of the products where the State has comparative advantage, and matches it with the global import demand for these products. Quantification of comparative advantage will help in identification of products where exports from the State have been performing well, as also those where success has been limited, although opportunities are significant.

Based on the analysis in this section, two sets of products have been identified as having export potential for Kerala. The first set of products include those where the State has comparative advantage and global import demand is increasing. These products could be targeted for achieving export growth in the short to medium term. The second set of products include those where the State does not have a comparative advantage, but the global import demand has been robust. Capacity building in this second set of products would enable growth in the medium to long term.

Methodology

For analysing the export competitiveness, the concept of Revealed Comparative Advantage (RCA) is used. RCA indices are used to identify categories of exports in which an economy has a comparative advantage by comparing the economy's trade scenario with the world trade scenario. The basic assumption underlying the concept of revealed comparative advantage is that trade profile reflects the inter-country differences in terms of relative costs as well as non-price aspects. As per Balassa's (1965) measure, RCA index for country i , commodity j is–

$$RCA_{ij} = \frac{(X_{ji}/X_i)}{(X_{jw}/X_w)}$$

Where,

X_{ji} : exports of commodity j from country i

X_i : total exports from country i

X_{jw} : total exports of commodity j from world

X_w : total exports from world

The RCA index ranges from zero to infinity, with 1 as the break-even point. That is, an RCA value of less than 1 means that the country does not have comparative advantage in the product, while a value above 1 indicates that the country has a comparative advantage in the product.

The normalised revealed comparative advantage (NRCA) index has been demonstrated capable of revealing the extent of comparative advantage more precisely and consistently than other alternative RCA indices in the literature. NRCA can be defined in the following manner –

$$NRCA_{ij} = \frac{RCA_{ij} - 1}{RCA_{ij} + 1}$$

The export competitiveness of Kerala, as reflected in the NRCA, has been mapped with global demand for the products. Based on this mapping, four categories of products have been identified:

- **Product Champions – Competitive Exports (NRCA > 0); Growing Import Demand (Product Import AAGR > 0):** These products have the maximum potential, as the world demand for these products during 2021 to 2024 has shown robust growth, and Kerala has comparative advantage in exports of these products.
- **Underachievers – Exports not competitive (NRCA < 0); Growing Import Demand (Product Import AAGR > 0):** Kerala does not have comparative advantage in these products, while the import demand for these products has shown positive growth over the period under consideration. The State can strive towards increasing competitiveness in these products.
- **Declining Sectors – Exports not competitive (NRCA < 0); Weak Import Demand (Product Import AAGR < 0):** Kerala does not have comparative advantage in these products, and the sector has also registered negative global import growth during the period under consideration.
- **Achievers in Adversity – Competitive Exports (NRCA > 0); Weak Import Demand (Product Import AAGR < 0):** Kerala has comparative advantage in these products, but the world import demand for these products has been negative.

In the short to medium term, the State can focus on leveraging the opportunities arising in the Product Champions segment, as these are low hanging fruits. In the medium to long term, the State needs to encourage development of capacities in the Underachievers segment.

Identified Products

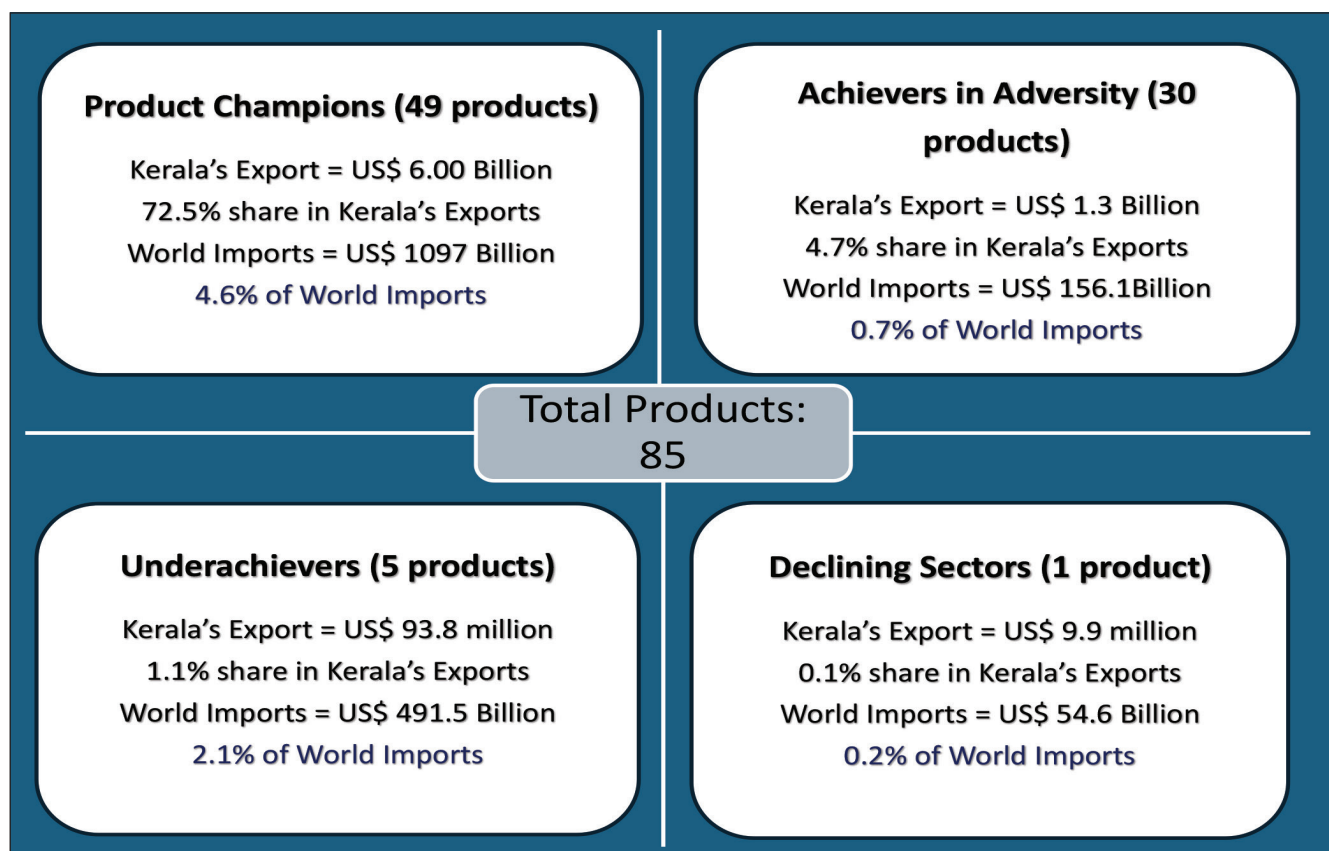
For the purpose of this analysis, only those products which contribute to at least 0.1 percent of the merchandise exports from Kerala have been considered. This filtration is essential to ensure that the identified products have a certain minimum supply base in the State.

A total of 85 products at HS-6-digit level have a minimum share of 0.1 percent in Kerala's merchandise exports. These products jointly accounted for 89.8 percent of Kerala's total merchandise exports in 2024. Of these, a total of 49 products have been classified as Product Champions, as Kerala has comparative advantage in exports of these products and the import demand for these products is growing. The combined exports of Product Champions from Kerala stood at US\$ 6 billion in 2024, accounting for 72.5 percent of the total merchandise exports from the State during the year. World imports of these product champions amounted to US\$ 1,097 billion in 2024, implying that there is substantial scope for tapping the international market for these products (Exhibit 3).

There are 5 products at HS-6-digit level in the Underachievers category. Exports of these products from the State amounted to US\$ 93.8 million in 2024, accounting for a meagre share of 1.1 percent in the State's exports. These are products that have a growing demand in the international market, but Kerala currently does not have comparative advantage in exports of these products. Global import of these 5 products stood at nearly US\$ 491.5 billion, presenting significant opportunities for exporters. There is a need for capacity creation in these products through an appropriate incentive framework for attracting investments in the

state. Focus on these products will provide much needed resilience to exports from the State, in the face of declining global trade and international commodity price volatilities.

Exhibit 3: Product Identification for Exports from Kerala (Values for 2024)



Source: Exim Bank Research based on trade data from DGCIS, ITC Trade Map

The State also has significant exports in the category of 'Achievers in Adversity,' which are products where the State has comparative advantage in exports but the global demand in these products has declined in the recent period, adding vulnerabilities to the export basket of Kerala. The exports in this category were estimated at US\$ 1.3 billion, accounting for 4.7 percent of Kerala's exports during 2024. The State needs to diversify away from this segment of products and move towards the Product Champions and the Underachievers segments. Under the 'Declining Sectors,' there is only one product and export of the product accounted for a share of 0.1 percent in the total merchandise exports from the State. Since the global import demand for the product has been declining in the period under consideration, exporters in Kerala could diversify away from exports of these products.

Key Focus Sectors

The identified product champions can be categorised under 30 major product groups at HS 2-digit level as given in Table 13. It is noteworthy that nearly 8 out of the 49 products identified at HS 6-digit as product champions are in the category of 'coffee, tea, mate and spices.' However, in terms of value, the maximum value of exports from Kerala under product champions is in the category of mineral fuels and oils (Table 13). Within the mineral fuels and oils category, a single product viz. 'other petroleum oils and oils obtained from bituminous mineral' (HS 271019) constituted 45.9

percent of Kerala's total merchandise export during 2024, and has been identified as a product champion.

Table 13: Sector-wise Product Champions for Kerala

HS Code 2-digit	Product Category	Kerala's Exports during 2024 (US\$ Million)	Number of Products Identified as Product Champions (at HS-6 Digit Level)
27	Mineral fuels, mineral oils and products	3,798.4	1
09	Coffee, tea, maté and spices	362.9	8
03	Fish and crustaceans	286.2	3
33	Essential oils and resinoids	278.1	1
71	Pearls, precious or semi-precious stones / metals	189.9	1
89	Ships, boats and floating structures	130.3	1
40	Rubber and articles	129.0	4
10	Cereals	128.0	1
21	Miscellaneous edible preparations	80.2	3
57	Carpets and other textile floor coverings	69.6	2
90	Optical, photographic, cinematographic apparatus; parts and accessories	64.4	2
69	Ceramic products	54.4	1
08	Edible fruits and nuts	46.6	3
85	Electrical machinery and equipment and parts	44.3	2
20	Preparations of vegetables, fruit, nuts	36.9	1
38	Miscellaneous chemical products	36.1	1
16	Preparations of meat, fish, crustaceans	28.9	1
07	Edible vegetables and certain roots and tubers	27.0	1
13	Lac; gums, resins and other vegetable saps and extracts	26.0	1
84	Machinery and mechanical appliances	25.5	1
15	Animal, vegetable or microbial fats and oils	22.4	1
73	Articles of iron or steel	22.1	1
23	Residues and waste from the food industries	19.3	1
11	Products of the milling industry	16.9	1
34	Soap, organic surface-active agents, washing preparations	16.6	1
35	Albuminoidal substances; modified starches; glues; enzymes	16.4	1
26	Ores, slag and ash	11.0	1

HS Code 2-digit	Product Category	Kerala's Exports during 2024 (US\$ Million)	Number of Products Identified as Product Champions (at HS-6 Digit Level)
19	Preparations of cereals, flour, starch or milk; pastrycooks products	10.7	1
88	Aircraft, spacecraft, and parts	10.3	1
53	Other vegetable textile fibres	9.9	1
Total		5,998.2	49

Source: Exim Bank Research based on trade data from DGCIS, ITC Trade Map

An assessment of the top export destinations for Kerala vis-à-vis the top importers globally in the top 10 Product Champion sectors (Table 14) indicates that some of the top global importers in the product champions categories do not feature among the top destinations for Kerala's exports of these products. Moreover, in several product champions products, there is significant market concentration in a handful of countries. For instance, the UAE is among the major export destinations for 8 out of the top 10 product champions items. In 5 of the top 10 product champion items, the top 5 export destinations constitute more than 70 percent of the total exports from the state. Besides, top five destinations for Kerala's exports of products such as 'Tankers' and 'Articles of jewellery and parts made of precious metals other than silver' account for more than 95 percent of exports of these products from the State. Thus, there is significant scope for augmenting exports of these product champions from the State by expanding export footprint into some of the top markets that are currently under-tapped.

Table 14: Export Destinations for Top 10 Product Champions for Kerala vis-à-vis Top Importers for these Products in the World (2024)

HS Code	Product Description	Export Destinations for Kerala	% Share of Export Destinations in Kerala's Export of the Product	Top Importers in the World of the Product	% Share of Importing Country in World Imports of the Product
271019	Other Petroleum Oils and Oils Obtained from Bituminous Minerals	Singapore	35.4%	Singapore	6.0%
		South Africa	19.3%	The USA	6.0%
		Pakistan	17.8%	Australia	4.6%
		The UAE	14.4%	The UK	4.2%
		Sri Lanka	8.6%	France	4.1%
330190	Other Concentrates of Essential Oils in Fats/ Fixed Oils/Waxes Like Terpenic By-Product	The USA	33.5%	The USA	14.3%
		Germany	4.9%	Indonesia	6.8%
		South Korea	4.3%	The UK	4.9%
		France	4.0%	Spain	4.7%
		Thailand	3.8%	France	4.6%

HS Code	Product Description	Export Destinations for Kerala	% Share of Export Destinations in Kerala's Export of the Product	Top Importers in the World of the Product	% Share of Importing Country in World Imports of the Product
030743	Cuttle Fish and Squid Frozen	Spain	40.8%	Spain	18.0%
		Thailand	13.2%	China	17.7%
		Italy	12.5%	Italy	11.8%
		The USA	5.3%	Japan	8.2%
		Greece	5.1%	Vietnam	5.7%
711319	Articles of Other Precious Metal Whether or Not Plated or Clad	The UAE	93.8%	Hong Kong	15.9%
		Hong Kong	2.3%	The UAE	14.5%
		Malaysia	1.8%	The USA	11.6%
		Singapore	0.8%	Switzerland	8.2%
		Oman	0.1%	Türkiye	5.9%
890120	Tankers	The UAE	39.8%	Liberia	20.6%
		Saudi Arabia	37.3%	South Korea	15.0%
		Oman	16.4%	Marshall Islands	14.2%
		Qatar	6.5%	Denmark	4.7%
				The UAE	4.6%
100630	Semi or Wholly Miled Rice Whether or Not Polished or Glazed	The UAE	15.9%	Indonesia	8.2%
		Angola	13.6%	Philippines	7.6%
		Benin	11.9%	Saudi Arabia	6.6%
		Togo	8.6%	Iraq	5.5%
		Saudi Arabia	7.5%	The USA	5.1%
90422	Fruits of the Genus Capsicum- Crushed or Ground	The USA	45.6%	The USA	25.5%
		The UK	8.1%	The UK	5.5%
		The UAE	6.2%	Germany	5.4%
		Saudi Arabia	5.8%	Japan	4.5%
		Indonesia	5.6%	Canada	3.4%
401691	Floor Coverings and Mats	The USA	37.1%	The USA	16.6%
		The UK	13.2%	Germany	6.3%
		Germany	6.7%	Canada	5.5%
		The Netherlands	5.8%	The UK	5.3%
		Poland	4.3%	France	4.7%
90111	Coffee neither Roasted nor Decaffeinated	Germany	23.1%	The USA	18.9%
		Italy	20.3%	Germany	15.5%
		Libya	15.4%	Italy	8.2%
		The UAE	8.8%	Japan	4.8%
		Belgium	5.7%	Belgium	3.9%

HS Code	Product Description	Export Destinations for Kerala	% Share of Export Destinations in Kerala's Export of the Product	Top Importers in the World of the Product	% Share of Importing Country in World Imports of the Product
690220	Refractory Bricks, Blocks Etc Containing, By Weight, > 50% Of Alumina, Silica or a Mixture of Compound of These Products	Germany	12.3%	The USA	7.4%
		The USA	11.8%	Türkiye	5.5%
		Mexico	10.2%	Indonesia	4.9%
		Egypt	8.3%	Russia	4.0%
		Spain	7.5%	Germany	4.0%

Note: In a particular export category, markets in bold are those which do not feature among the top 5 export destinations for Kerala; Data for exports from Kerala and global import is for 2024

Source: Exim Bank Research based on trade data from DGCIS, ITC Trade Map

Underachievers category for Kerala includes 5 products at HS 6-digit level. These include 'light oils and preparations', 'other electronic conductors< 1000V fitted with connectors', 'other bread, pastry, rice paper and other similar products', 'ignition wiring sets and other wiring sets for vehicles, aircrafts or ships' and 't-shirts and other clothes of cotton'. As there exists some supply base for exports of these products, in the medium to long term, the State could target these segments for strengthening production capabilities and enhancing market share in exports of these products.

Table 15: Underachiever Products for Kerala

HS Code	Underachiever Products	Kerala's Exports in US\$ Million (2024)	Share in Kerala's Export in 2024
271012	Light Oils and Preparations	50.6	0.6%
854442	Other Electric Conductors < 1000v Fitted with Connectors	13.0	0.2%
190590	Other Bread, Pastry, Rice Paper and Similar Products	12.3	0.1%
854430	Ignition Wiring Sets and other Wiring Sets for Vehicles, Aircrafts or Ships	9.6	0.1%
610910	T-Shirts Etc of Cotton	8.3	0.1%
Total		93.8	1.1%

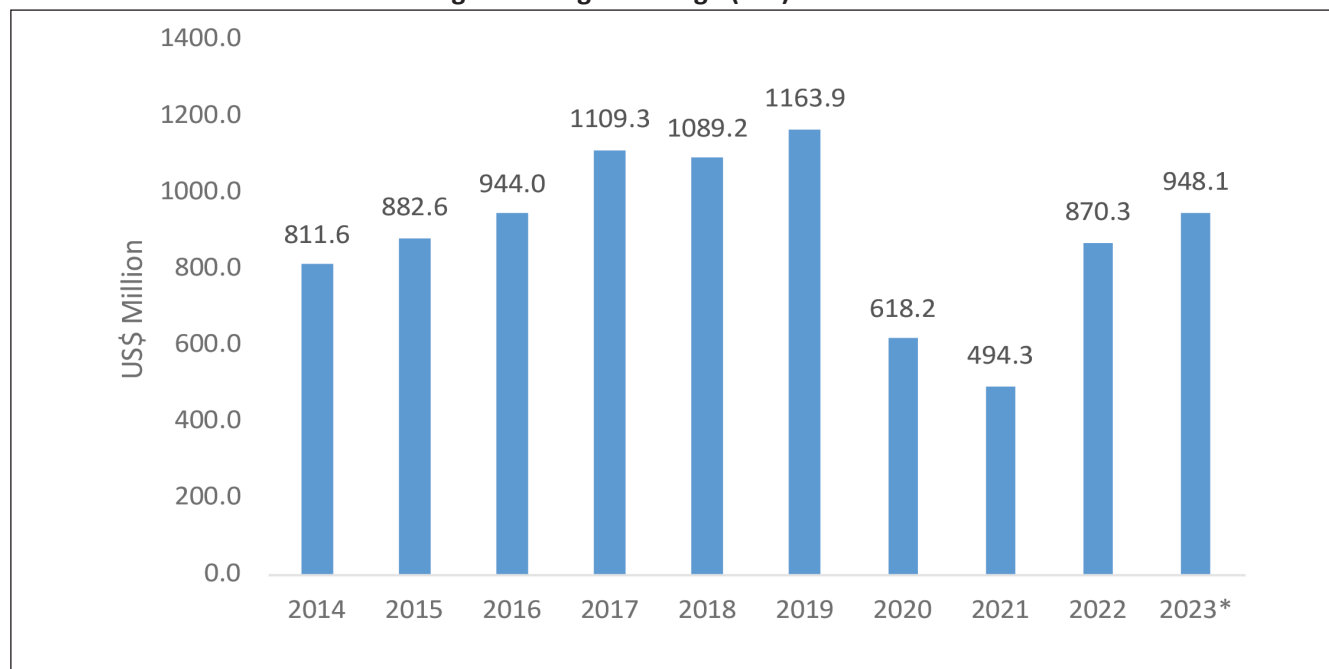
Source: DGCIS, Exim Bank Research

Services Export from Kerala

Tourism

Kerala, with its substantial natural heritage in the form of long shoreline, hill ranges with rich biodiversity and wildlife, rivers, back waters, lagoons and equitable climate is a major attraction for foreign tourists. The State's ancient and rich culture which includes various traditional dance forms and alternative systems of medicine further add to its allure. As per Exim Bank's estimates, foreign exchange earnings for Kerala from foreign tourist visits are estimated at US\$ 948.1 million in 2023.

Exhibit 4: Foreign Exchange Earnings (FEE) from Tourism in Kerala



Note: * based on latest data from India Tourism Data Compendium 2024

Source: Exim Bank Research based on data from India Tourism Statistics, Ministry of Tourism, Govt. of India

Foreign Tourist Visits (FTVs) in Kerala stood at more than 6.5 lakhs in 2023, representing about 3.38 percent of India's total FTVs, which is higher than the State's share in India's domestic tourist visits during 2023. FTVs during 2023 have nearly doubled compared to the previous year, however, remains below pre-Covid levels.

Table 16: Kerala's Domestic Tourist Visits (DTV) and Foreign Tourist Visits (FTV) and its Share in India's DTVs and FTVs during 2014-2023

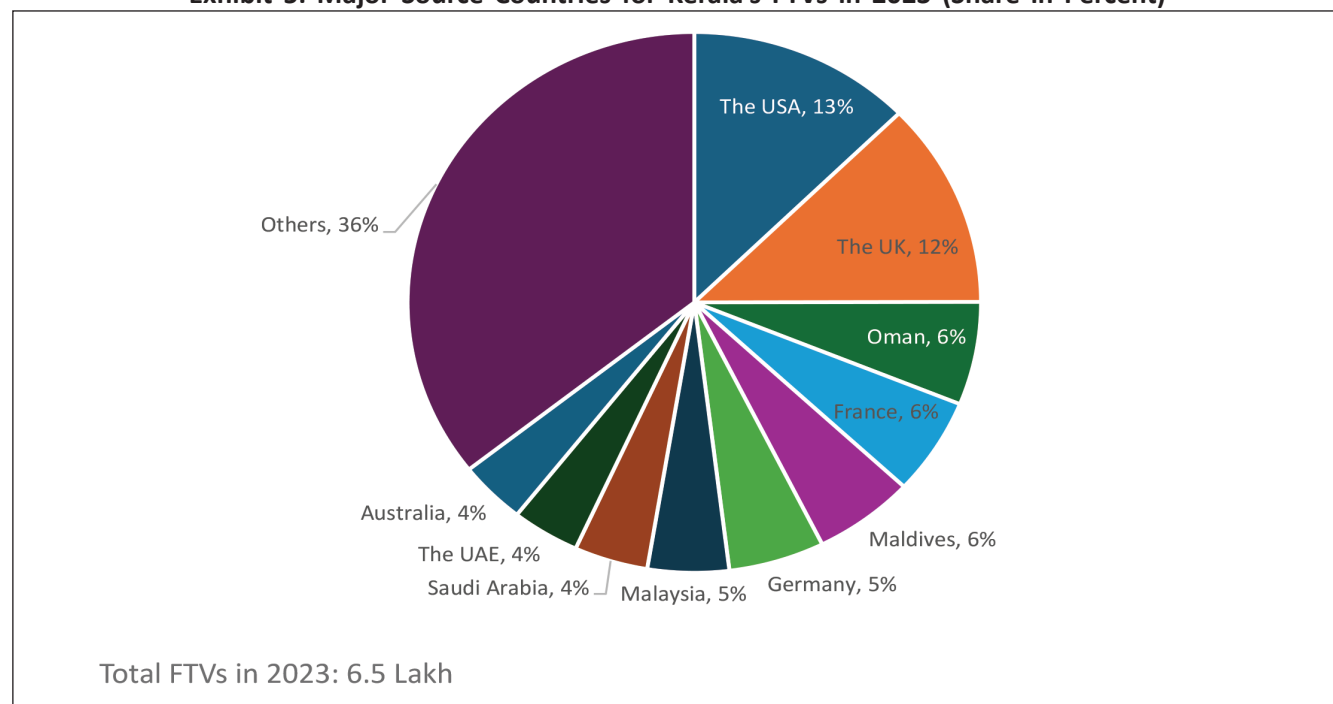
Year	Kerala's DTVs (in millions)	Share in India's Total DTV	Kerala's FTVs (in Millions)	Share in India's Total FTV
2014	11.7	0.91%	0.92	4.12%
2015	12.47	0.87%	0.98	4.20%
2016	13.17	0.82%	1.04	4.21%
2017	14.67	0.89%	1.09	4.05%
2018	15.6	0.84%	1.1	3.81%
2019	18.38	0.79%	1.19	3.79%

Year	Kerala's DTVs (in millions)	Share in India's Total DTV	Kerala's FTVs (in Millions)	Share in India's Total FTV
2020	4.99	0.82%	0.34	4.74%
2021	7.54	1.11%	0.06	5.69%
2022	18.87	1.09%	0.35	4.08%
2023	21.87	0.87%	0.65	3.38%

Source: Ministry of Tourism, Govt. of India; India Exim Bank

The USA was the largest source of FTVs in the State, accounting for more than 13 percent of the total FTVs in the State, followed by the UK (12 percent), Oman (6 percent), France (6 percent), Maldives (6 percent) and Germany (5 percent), among others (Exhibit 5).

Exhibit 5: Major Source Countries for Kerala's FTVs in 2023 (Share in Percent)



Source: Department of Tourism, Government of Kerala; Exim Bank Research

IT and ITeS

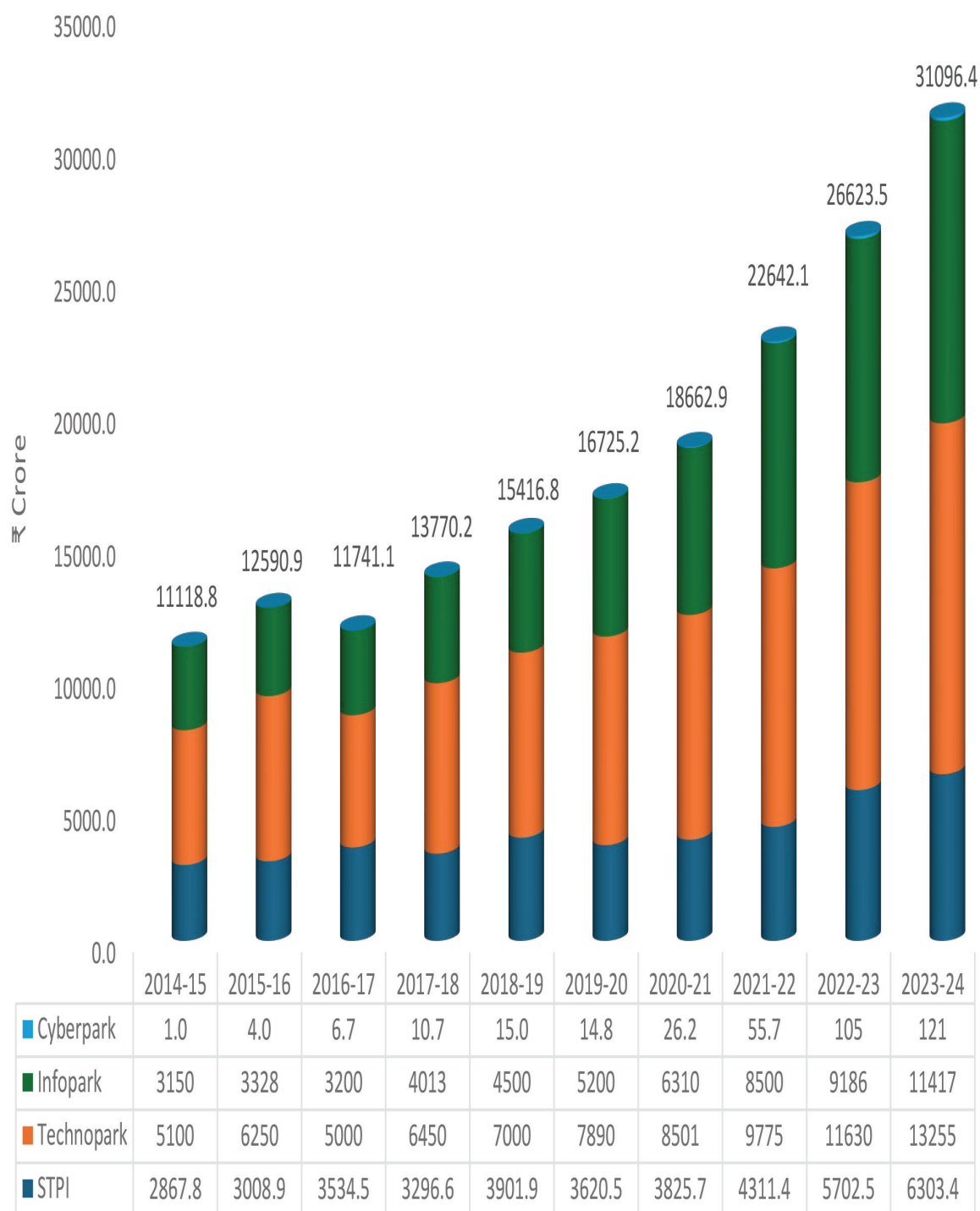
'IT and ITeS' sector has turned out to be the cornerstone of services exports from India. India is recognised as one of the global leaders in software technologies, and Indian companies have gained worldwide recognition in terms of their technical competence, domain knowledge, experience and expertise for offering quality IT services across various platforms and systems.

The growth of IT sector in Kerala is primarily driven by the development of IT parks such as Technopark, Infopark and Cyberpark in the State. Additionally, two Software Technology Parks of India (STPI) centres in Thiruvananthapuram and Kochi also contribute to export revenues¹⁷. Collectively, these IT parks contributed to nearly ₹ 31,096.4 crore worth of exports during 2023-24, recording a CAGR of 12.1 percent during 2014-

¹⁷ Ministry of Electronics and IT, Software Technology Parks of India

15 to 2023-24 (Exhibit 6). The recent establishment of India's first Digital Science Park in the State further strengthens Kerala's position as a leading hub for technologies-driven exports.

Exhibit 6: Trends in IT and ITeS Exports from IT Parks in Kerala



Source: Economic Review of Kerala 2024, Exim Bank Research

Exports Target

The Indian economy has been on a positive growth trajectory, with a distinct possibility of reaching US\$ 5 trillion in GDP by 2026, owing to the various policy initiatives to propel economic growth and address the effects of external shocks. It is further expected that merchandise and services export will reach a level of US\$ 1 trillion each by 2030.

The vision of the exports strategy of Kerala should be to bolster growth in exports in order to meet the national target of US\$ 2 trillion by 2030. An essential first step towards contributing to this vision would be setting an exports target for the State. According to Exim Bank Research, the State has an untapped merchandise export potential of nearly US\$ 6.3 billion¹⁸. Realising this potential would increase merchandise exports from the State to nearly US\$ 11.1 billion, from the current level of US\$ 4.8 billion. Besides, the Government of Kerala, in its Export Promotion Policy 2025, has set an export target of US\$ 20 billion by 2027-28. With a comprehensive policy and an appropriate medium to long term export strategy, exports from the state could reach the higher target set by the State Government.

Conclusion

Merchandise exports from Kerala have witnessed intermittent periods of rise and decline over the recent period. Nearly 72.5 percent of the State's exports basket falls under the category of product champions, which can be low hanging areas of export promotion from the State. In the product champions segments, there is a need to diversify exports towards the top global importers that are currently not among the top export destinations for Kerala. Alongside, for resilient medium to long term growth, the State should also focus on building capacities in the Underachievers segment. Analysis in the chapter also highlights that a considerable value of Kerala's exports is in the category of 'Achievers in Adversity,' which are adding vulnerabilities to the export basket of Kerala. The State needs to diversify away from this segment of products and move towards the Product Champions and the Underachievers segments. Services sector's contribution to the State's GSVA has been high and there has been a substantial increase in the value of services exports from the State. In fact, exports in services such as IT/ITeS have witnessed a remarkable growth in the recent years. The State could strengthen the existing services segments as also identify new growth shoots in the services sector. Appropriate product and market diversification strategies, coupled with promotional measures, infrastructure strengthening, and institutional streamlining, can help increase exports from the State.

¹⁸ Based on estimates of India's unrealised export potential by ITC Export Potential Map



Strategies for Export Promotion

Kerala has the potential and the resources to be a key contributor to India's exports. Analysis in the previous chapter indicates that the State has an untapped export potential of nearly US\$ 6.3 billion. Recognising this potential and the scope for further enhancing the export capacities, the State Government has set an exports target of US\$ 20 billion by 2027-28. Developing a comprehensive export strategy will be an important first step for unleashing the untapped export potential of the State and attaining this target. With the objective of outlining a comprehensive and relevant export strategy for the State, this chapter analyses some of the key challenges faced by exporters in Kerala and recommends actionable strategies to address these challenges.

Strategy for promotion of exports from Kerala should focus on alleviating the specific challenges faced by exporters in the State and improving the preparedness of the State in tapping new export opportunities. These strategies are built upon six essential dimensions viz. diversification to focus products and markets, infrastructure leverage and strengthening, capacity building, fiscal incentives, export promotion campaigns, and institutional streamlining (Exhibit 7).

Exhibit 7: Key Pillars of Export Strategy



Focus Products and Markets

Diversifying production capacities towards higher value-added products and enhancing market penetration in the top importing markets would be crucial for a substantive increase in exports from the State and imparting resilience to the State's exports basket.

Based on the identification of 'Product Champions' and 'Underachievers' categories in the previous chapter, a product diversification strategy for Kerala can be adopted (Table 17). There are two methods for export diversification – horizontal and vertical diversification. While horizontal diversification takes place in the same sector by adding new products to the existing export basket within the same sector, vertical diversification entails increased value addition in existing products by means of greater value-added services, processing, marketing, etc.

Table 17: Opportunities for Product Diversification in Kerala's Export

Sector	Existing Product	Prospective High Value-Added Exports	Comments
Agriculture and Allied sector	Cereals – Semi/ Wholly Milled Rice	Gluten free products made of processed rice - snacks, ready to cook/ ready to eat products such as rice- based noodles, fermented rice flour, bakery products etc.	Developed countries in North America and Europe including the USA, Canada, Germany, and France are expected to be the top markets for gluten free products ¹⁹
	Spices – Black Pepper, Cardamom, Turmeric, chili and nutmeg	Spice oleoresins	The global imports of spice oleoresins are estimated to be valued at US\$ 1.1 billion in 2024. The global market size is expected to register a CAGR of 6.9 percent during 2024 to 2030.
	Natural rubber and latex	High value-added rubber products such as beltings, sports goods, cables, tubes, pipes, hoses, surgical pharma products, rubberised fabrics, rubber covered rollers, cellular rubber, auto cycle parts, sheeting, rubberised coir, moulded products, extruded products, foam products etc.	India's untapped export potential in plastic and rubber products is nearly US\$ 12 billion. With Kerala being amongst the top producers of natural rubber in the country, there is tremendous opportunity to leverage this untapped potential.
	Cashew Kernels	Cashew butter; processed snacks made of cashews	The global market for plant-based butter was valued at nearly US\$ 2.5 billion in 2023 and is projected to record a CAGR of 6.2 percent during 2024 to 2030.

¹⁹ ISI Emerging Markets- Grand View Research

Sector	Existing Product	Prospective High Value-Added Exports	Comments
	Marine Products – frozen fishes, chilled shrimps and live fishes such as shrimps, prawns, cuttle fish, squid, crabs etc	Black tiger prawns, seabass, tilapia, cobia, mud crab, mangrove crab; organic aquaculture products; prepared fish/ shrimp products such as ready to cook fish curries/ prawn curries; fish oil; seaweed	Effective product diversification in the sector towards newer varieties and processed marine products could help leverage the emerging opportunities and further augment exports from the State.
Textiles	Coir and coir manufactures, floor coverings of jute, handmade carpets, readymade garments of cotton	Technical textiles- focus on geo, home tech and medical textiles	The global technical textile is projected to grow at a CAGR of 4.8 percent from 2025 to 2030 ²⁰ , owing to greater awareness about the uses of technical textiles in various end-user industries.
Petroleum Products	Other Petroleum oils and oils from bituminous mineral	Petroleum bitumen; Petrochemical olefins like ethylene, propylene and butadiene; and petrochemical aromatics like benzene and toluene	The global petrochemicals market is expected to register a CAGR of 7.3 percent during 2025-2030 ²¹ , driven by various end-use industries such as construction, pharmaceuticals, and automotive.
Electrical Equipment	Transformers, Electric conductors	Other Electric Conductors < 1000v Fitted with Connectors; Ignition Wiring Sets and other Wiring Sets for Vehicles, Aircrafts or Ships	The State could focus on building capacities in segments such as electric conductors and ignition wiring sets for vehicles, which have rising global demand.
Tourism	Eco- tourism, coastal tourism, medical tourism	Culinary tourism, film tourism	Efforts are required to develop and popularise the existing tourism circuits in the State, to increase international footfall. The state could also promote new forms of tourism such as film tourism and culinary tourism.

Source: Exim Bank Research

Processed Cereals

The State currently exports semi/wholly milled rice alongside limited quantities of millets, like barley, and

²⁰ ISI Emerging Market - Grand View Research

²¹ ISI Emerging Market - Grand View Research

sorghum. For product diversification, the State could focus on processed cereals including gluten free products made of processed rice - snacks, ready to cook/ ready to eat products such as rice-based noodles, fermented rice flour, bakery products etc. Currently, Kerala's exports of cereal preparation accounts for only 0.2 percent of the State's total merchandise export. Diversification of exports into value-added cereal preparations, such as rice-based pasta, noodles and rice-based snacks, can enhance export revenues for the State. Products like ready-to-cook rice kits and puffed millets align with global demand for convenience foods.

Cereals, particularly rice, are increasingly being processed into high value-added products. Several products such as rice cakes and puddings are driving growth in the rice-based products market. Going forward, the global market for rice-based products is projected to expand significantly, registering a CAGR of 6.2 percent during 2023 to 2030.

The rising global incidence of gluten intolerance and fitness consciousness is driving demand for gluten-free products. These gluten-free products are typically characterised by high fibre and low caloric content and have significant health benefits. According to recent research, the gluten-free products market stood at an estimated US\$ 7.75 billion in 2024 and is expected to witness a CAGR of 10.0 percent during 2025 to 2030²². Rice is a preferred choice for gluten-free food materials due to its lack of gluten proteins and is appreciated for its mildness, hypoallergic properties and easy digestibility. Kerala can leverage this growing demand by diversifying into gluten-free rice products such as biscuits, breads, and baby foods, alongside millet-based snacks, targeting health-conscious consumers in North America and Europe including the USA, Canada, Germany, and France, among others.

Kerala also has a wide variety of indigenous GI-tagged rice, like Palakkad Matta, and Navara rice. The State can consider setting up processing units in the district of Palakkad to build capacities for processed rice products made out of these rice varieties, and leverage Kerala's GI-tag for marketing these rice-based products in the export markets.

Spices

Kerala accounted for 16.6 percent of India's total spices export during 2024-25. Spices exported from Kerala include chillies, black pepper, cardamom, turmeric, cinnamon, ginger and nutmeg. There is substantial scope for diversification of exports into higher value-added processed spice segment. One area for such diversification could be spice oleoresins (mainly under HS- 330190), which has also emerged as a product champion for the State. Oleoresins have high potency of active components that enable their usage in small dosages, while also leading to standardisation in taste and consistency. Oleoresins find application in industries such as beverages, confectionery, meat canning, sauces, pharmaceuticals, seasonings, etc.

There is potential for further expanding the exports of oleoresins from the State given the growing demand for these products. The global imports of oleoresins were estimated to be around US\$ 1.1 billion in 2024²³ and the global market for these products is expected to register strong growth at a CAGR of 6.9 percent during 2024 to 2030²⁴. The USA and European countries such as the UK, Germany, Belgium, Spain and Austria are among the top importers of spice oleoresins in the world²⁵, that can be targeted by the exporters from

²² Ibid.

²³ ITC Trademap

²⁴ ISI Emerging Markets, Grand View Research

²⁵ ITC Trademap

the State. For capacity building in the segment, the State could incentivise investments in spice processing units for production of spice oleoresins, with specific focus in the districts of Idukki, Wayanad, and Kottayam where a major portion of the State's spice cultivation is located. This could help enhance capacity for exports of these products from the State.

Other Crops

Kerala also produces a wide variety of plantation and cash crops like rubber, cashew, coffee and tea. However, value-addition in these products is limited. Focusing on value addition in these segments could boost exports realisations from these products. For instance, the State currently exports cashews in the form of kernels. In addition to cashew kernels, focus could also be on exporting cashew butter, which is increasingly gaining popularity as a substitute for dairy based butter. Globally, the demand for plant-based butter has been growing. The global market for plant-based butter was valued at nearly US\$ 2.5 billion in 2023 and is projected to record a CAGR of 6.2 percent during 2024 to 2030²⁶. This growth is driven by increasing consumer demand for dairy alternatives, largely due to lactose intolerance, allergies, and a preference for lower-calorie, nutrient-dense options. The market is experiencing notable growth in the variety and flavour profiles of plant-based butter products, in line with the evolving tastes and dietary requirements of consumers. Recent innovations include butters made from a wide array of nuts, such as almonds, cashews, macadamia nuts, among others²⁷. Exporters in the State could tap emerging opportunities in this segment. Further, processed cashew snacks could also be considered for export diversification.

Rubber is another major produce exported from the State. In fact, Kerala accounted for 71.8 percent of India's total exports of natural rubber. However, exports of high value-added rubber products from the State is limited. There is substantial scope for diversifying into high value-added rubber products such as beltings, sports goods, cables, tubes, pipes, hoses, surgical pharma products, rubberised fabrics, rubber covered rollers, cellular rubber, auto cycle parts, sheeting, rubberised coir, moulded products, extruded products, foam products etc.. According to estimates from ITC Export Potential Map, India's untapped export potential in plastic and rubber products is nearly US\$ 12 billion. With Kerala being amongst the top producers of natural rubber in the country, there is tremendous opportunity to tap this untapped potential, particularly in key developing markets such as China, Vietnam, Malaysia, Mexico, Indonesia, Brazil, Türkiye, and Thailand, among others.

Marine Products

Marine products are important exports from Kerala, accounting for a share of 15.8 percent in the State's total merchandise exports during 2024-25. The State accounts for nearly 10.2 percent of India's exports of marine products during 2024-25. Within this category, frozen fishes, chilled shrimps and live fishes such as shrimps, prawns, cuttle fish, squid, crabs etc. are major export items for the State. There remains substantial scope to further scale up the exports of marine products from the State, given the large and growing demand in the aquaculture segment. The global market for aquaculture was valued at nearly US\$ 310.6 billion in 2024, and is projected to reach nearly US\$ 417.8 billion by 2030, recording a CAGR of 5.1 percent during 2025 to 2030²⁸.

Opportunities can be explored in the area of organic fish farming, also known as organic aquaculture, so as

²⁶ ISI Emerging Markets, Grand View Research

²⁷ ISI Emerging Markets, Grand View Research

²⁸ ISI Emerging Markets, Grand View Research

to obtain a premium pricing for fishery products in the overseas markets. Organic aquaculture is a developing sector wherein farmers produce a wide range of aquatic species – including fish, seaweeds and molluscs – in line with organic principles, thereby ensuring sustained animal welfare, good water quality and human health. Environmentally conscious consumers around the world are willing to pay a higher price for such organic fishery products.

Exporters in the State could focus on organic cultivation of fish species like Tilapia, Seabass, and Cobia, and crab species like Mud crab and Mangrove crab. The Rajiv Gandhi Centre for Aquaculture has already developed and standardised technologies for the seed production and farming of these species including Genetically Improved Farmed Tilapia (GIFT), Mud crab, Cobia and Sea bass. Aquaculture farmers in the State should be encouraged to utilise these technologies for diversification into newer species.

Moreover, in the aquaculture segment, Marine Products Export Development Authority (MPEDA) has also been supporting infrastructure development by providing financial assistance for nursery-rearing units and shrimp handling centers, aimed at enhancing sustainable practices and ensuring high-quality, safe shrimp production for exports. Additionally, through various training programmes, MPEDA is promoting sustainable shrimp farming. Exporters in the State could leverage this support to enhance production and exports of aquaculture products from the State.

Product diversification in prepared fish/shrimp products could also be encouraged. Exports of prepared marine products such as ready to cook fish curries/prawn curries, filleted frozen fish, and breaded and battered fish/shrimp products should be encouraged, as these could fetch higher margins for the players and garner greater revenues. Besides, exports of fish oils (HS-1504) should also be promoted. Fish oil is derived from the tissues of fish and are a rich source of omega 3 fatty acids. Global imports of fish oil are estimated to be valued at US\$ 4.6 billion in 2024, and have nearly doubled since 2021²⁹. The global fish oil market is expected to record a CAGR of 4.6 percent during 2024 to 2030 driven by increasing consumer awareness about the various health benefits of fish oil³⁰. Clearly, diversification towards this area can benefit exporters in Kerala.

Besides fish products, exporters from the State could also look at emerging products like seaweed for further enhancing exports in the marine products sector. The global market for seaweed was estimated at US\$ 7.5 billion in 2024 and is expected to register a CAGR of 9.5 percent during 2025-2034³¹. Some of the potential areas for cultivation of seaweed in Kerala, as identified by Niti Aayog, include Vizhinjam, Elathur, Thikkodi, Padana, and Pallikara, among others³². To encourage seaweed cultivation in Kerala, the State government could leverage funding under the Pradhan Mantri Matsya Sampada Yojana (PMMSY) for building capacity. A seaweed park can also be established in the State through support under PMMSY.

Textile Products

Kerala exports textile products like readymade garments of cotton, floor coverings of jute, handmade carpet, coir and coir products, etc. There is a need for diversification towards exports of higher value-added and technology-intensive textile products. One such area of diversification could be technical textiles. Technical textiles are used for non-aesthetic purposes across a multitude of sectors, such as automobiles,

²⁹ ITC Trademap

³⁰ ISI Emerging Markets, Grand View Research













³¹ Allied Market Research

³² Niti Aayog (2024), Strategy for the Development of Seaweed Value Chain

pharmaceuticals, infrastructure, sports, construction, packaging, agriculture, etc. These products also have huge potential for exports owing to the rising global demand. The global technical textile market was valued at an estimated US\$ 206.1 billion in 2024 and is expected to record a CAGR of 4.8 percent during 2025 to 2030, owing to increasing awareness about the uses of technical textiles in various end-user industries³³.

The Government of India has launched several programmes for strengthening the Indian technical textiles segment, including setting up a National Technical Textiles Mission, and Production Linked Incentive scheme for textile sector with focus on technical textiles and manmade fibres segments, among others. The Government of Kerala could sensitise business enterprises about the various opportunities in the technical textiles segment and could also encourage collaboration with foreign players to facilitate technology transfer.

Exhibit 8: Types and Applications of Technical Textiles

					
InduTech	MobilTech	SportTech	BuildTech	HomeTech	MediTech
Industrial brushes, computer printer ribbon, composites, ropes and cordages, coated abrasives, drive bells, conveyor belts, etc.,	Seat cover, upholstery, tyre cord fabrics tufted carpet, insulation felts, seat belts, cabin filters, helmets etc.,	Sports nets, parachutes, artificial grass and turfs, sports composites, hot-air balloons sleeping bags, etc.,	Floor & wall coverings, scaffolding nets, awnings & canopies, etc.,	Pillows, mattresses, blinds, mosquito nets, carpet backing cloth, filters, vacuum cleaner consumables, etc.,	Contact lenses, baby diapers, sanitary napkins, surgical sutures, surgical disposables, etc.,
					
ClothTech	AgroTech	ProTech	PackTech	OekoTech	GeoTech
Interlinings, lables, elastic narrow fabrics, shoe laces, etc.,	Fishing nets, bird protection nets, mulch mats, crop covers, shade nets, etc.,	Bullet-proof protective clothing, high visibility clothing, Fire retardant products, etc.,	Soft luggage, woven jute sacks, wrapping fabric, tea bag filter paper, etc.,	Waste management, environmental protection, recycling	Geo-composites, geo-bags, geogrids, geonets

Source: Technical Textiles: Emerging Opportunities and Investments, FICCI, KPMG

Petroleum Products and Petrochemicals

Another focus sector for the State is petroleum and petrochemicals. Over the recent years, exports of petroleum products have contributed significantly to the State's overall export basket. Key exported products from Kerala include petroleum oils obtained from bituminous minerals. The State also exports light oils and preparations, which has been identified as an underachiever for the State. Exports of light oils and preparations can be increased in the medium to long term, by strengthening production capacities for these products in the State.

³³ ISI Emerging markets, Grand View Research

Moreover, exporters could also be encouraged to diversify towards petrochemicals such as olefins (ethylene, propylene and butadiene) and aromatics (benzene and toluene). The global petrochemicals market is expected to register a CAGR of 7.3 percent during 2025-2030. The demand for petrochemicals is driven by demand from various end-use industries such as construction, pharmaceuticals, and automotive. Recognising the potential for scaling exports from this sector, the State has facilitated the establishment of the KINFRA Petrochemical Park at Kochi - offering pipeline-integrated infrastructure, plug-and-play facilities and incentives to attract downstream processing industries. Players in the sector could be encouraged to leverage the petrochemical park to enhance capacity in the segment and bolster exports of the product from Kerala.

Electrical Equipment

Electrical and electronics sector is one of the emerging sectors in Kerala, with substantial potential for growth. Several categories of electrical equipment such as transformers (HS 850433) and electric conductors (HS 854449) feature among the product champions for the State. These segments would be low-hanging fruits for expanding exports from Kerala in this sector.

Besides these, the State could also focus on products such as 'ignition wiring sets and other wiring sets for vehicles', 'electric conductors fitted with connectors', which have been identified as underachievers for the State. Although the State currently exports these products, the State does not have comparative advantage in the exports of these products. There is need for building capacities in these segments to enhance exports, given the growing global import demand for the same.

Tourism

Tourism is an important sector for the State. Kerala accounted for nearly 3.4 percent of India's total Foreign Tourist Visits (FTVs) in 2023. The State is distinguished for its high-quality offerings in eco-tourism, caravan tourism and responsible tourism initiatives. Kerala has a vivid topography and is known as God's Own Country. The State is known for its eco-tourism, wellness and medical tourism, and coastal tourism. Efforts are required to develop and popularise the existing tourism circuits in the State, to further increase international footfall.

Kerala's existing circuits viz. Harbour Town Circuit, Pazhassi Circuit, Folklore Circuit and Cultural Circuit – cover key attractions but are less popular among foreign tourists. New circuits, such as Seashore Circuit (linking beautiful beaches like Varkala, Kovalam and Bekal), Plantation circuits (Munnar and Wayanad tea/spice estates) and Biodiversity Circuit, could also be developed to attract foreign tourists.

Kerala's culinary heritage, featuring GI-tagged spices, seafood and aromatic local dishes offers a strong foundation for culinary tourism, as well as experiential tourism that integrates traditional activities. The global culinary tourism is estimated to reach US\$ 40.5 billion by 2030, registering a CAGR of 19.9 percent during 2024 to 2030³⁴. There is substantial scope for enhancing culinary tourism in Kerala through state-sponsored food festivals for showcasing the State's unique culinary delicacies, including GI-tagged food stuff from Kerala. Food festivals are a popular way of representing delicacies and food items from the State as also for attracting international tourists. Some of the popular food festivals which attract food connoisseurs and tourists include Delhi Tourism's 'Dilli ke Pakwaan' Festival; International Mango Festival in Delhi; Sea Food Festival in West Bengal; Bangalore Restaurant Week Festival; and Gujarati Food Festival, among others. The State Government in Kerala could also develop a similar food festival for promoting culinary tourism.

³⁴ Grand View Research, Culinary tourism 2024-2030

Integrating traditional activities, such as coir-making or Kathakali workshops, into culinary events or food festivals (combining cooking workshops, toddy tapping demonstration and fishing village tours) could also create a holistic experiential model, appealing to the European and Southeast Asian tourists.

Besides this, the State Government could also promote film tourism. The State is contemplating an official Film Policy. The same could be developed to extend incentives for shooting films in the State, including partial refund of expenditure on any film in any language, provided that a substantial portion of the film is shot in Kerala. The Government of Uttarakhand has a similar incentive in place wherein, the State extends refund of up to 30 percent of expenditure on any film in any language³⁵, subject to a ceiling of ₹ 3 crores, if more than 75 percent of the film is shot in Uttarakhand. Similar incentive mechanism could be considered by the Government of Kerala. Further, Kerala could also consider extending additional benefits for international film makers for shooting international films in the State, in addition to the above mentioned incentives.

Market Diversification

There exists substantial scope for exporters from the State to diversify towards key global markets including several developed economies such as France, Germany, Canada, Sweden, Mexico, Belgium and Poland. Sector-wise top potential countries for market diversification that may be targeted by exporters is given in Table 18.

Table 18: Top 10 Exported Product-wise Potential Countries for Market Diversification from Kerala

HS Code	Product Classification	Current Top Markets	Potential Markets
27	Mineral Fuels, Mineral Oils & Products	Singapore, South Africa, Pakistan, the UAE, Sri Lanka, Mozambique, China, Indonesia, Egypt, Bangladesh	The USA, Japan, South Korea, Germany, The Netherlands, France, The UK, Belgium
03	Fish and Crustaceans	Spain, China, The USA, Thailand, Japan, Italy, Vietnam, Russia, Tunisia, Greece	France, Sweden, South Korea, Germany, Poland, The Netherlands, The UK, Denmark, Hong Kong
09	Coffee, Tea, Mate & Spices	The USA, The UAE, Saudi Arabia, Germany, The UK, Australia, Qatar, Italy, The Netherlands, Canada	France, Spain, Japan, China, Belgium, Saudi Arabia, Poland, Switzerland, South Korea
33	Essential Oils Resinoids; Cosmetic and other Similar Preparations	The USA, Germany, France, The UK, South Korea, Thailand, The Netherlands China, Indonesia, Russia	Hong Kong, Spain, Canada, Singapore, Italy, Mexico, Poland, The UAE
85	Electrical Machinery & Equipment & Parts	The USA, Hong Kong, The UAE, The Netherlands, Canada, Singapore, France, Israel, Poland, China	Germany, Vietnam, South Korea, Japan, Mexico, Malaysia, The UK, Thailand
08	Edible Fruit & Nuts	The UAE, Vietnam, Japan, Saudi Arabia, Spain, The USA, Qatar, Oman, Kuwait, Maldives	China, Germany, The Netherlands, The UK, France, Canada, Italy, Russia

³⁵ Language listed under 8th Schedule of the Constitution.

HS Code	Product Classification	Current Top Markets	Potential Markets
40	Rubber and Articles	The USA, The Netherlands, The UAE, The UK, Nepal, Brazil, Thailand, Russia, Saudi Arabia, Germany	China, France, Mexico, Canada, Italy, Poland, Belgium
57	Carpets and Other Textile Floor Coverings	The USA, The UK, Germany, Australia, Italy, Spain, France, The Netherlands, Poland, Sweden	Canada, Saudi Arabi, Japan, Iraq, The UAE, Belgium, Mexico, Switzerland
71	Pearls, Precious or Semi-Precious Stones/Metals and Article	The UAE, Hong Kong, Malaysia, France, Singapore, Oman, Bahrain, Belgium, Croatia, Switzerland	China, The UK, The USA, Türkiye, Germany, Thailand, Italy, Canada
84	Machinery and Mechanical Appliances	The USA, The UAE, Russia, Germany, Malaysia, Saudi Arabia, France, Italy, Oman, Türkiye	China, Mexico, The UK, Hong Kong, Singapore, Canada, The Netherlands, Japan

Note: 1) The State's top 10 exported products at HS-2-digit level have been considered for the analysis;

2) Potential markets include global top importers in the respective product category in 2024, that did not feature among top export destinations for Kerala during 2024.

Source: DGCI&S; ITC Trade Map; Exim Bank Research

Infrastructure Leverage and Strengthening

As per the Government of India's Logistic Ease Across Different States (LEADS) Index 2024, Kerala is classified as an 'Aspirer' in the coastal group category, with the State outperforming the national average across several pillars of the index such as 'adequacy and quality of terminal infrastructure', 'reasonableness of price of logistics services', 'skilled manpower', 'women's participation in the logistics workforce', 'timeliness of cargo delivery', and 'ease of government facilitation'. However, there is scope for strengthening the logistics infrastructure and services in the State, particularly across areas such as adequacy and quality of road infrastructure, first- and last-mile connectivity, warehousing infrastructure, among others, where the State's performance is currently below the national average³⁶.

Connectivity

The State has a large base of transport infrastructure, spanning a total road length of nearly 1,91,292.4 kms. Of this, national highway comprises a road length of 1,781 kms, State highway spans nearly 4,128 kms and Major District Roads (MDRs) span nearly 25,445 kms. These collectively account for nearly 16 percent of the total road length of the State, and together handle about 80 percent of the total road traffic³⁷, indicating significant pressure on these critical infrastructure. It is also noteworthy that the proportion of four-lane roads in the State is low at around 7.6 percent, as compared to the all-India average of 22 percent³⁸, indicating need for further strengthening the road infrastructure. As per LEADS 2024 report, roads across Kollam to Theni stretches are prone to wear and tear, while Aluva to Perumbavoor via Muvattupuzha needs widening

³⁶ Logistic Ease Across Different States (LEADS) Index 2024 Report, Ministry of Commerce and Industry, Government of India

³⁷ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

³⁸ Kerala State Planning Board (2023), Approach Paper – 14th Five Year Plan

and consistent maintenance. Additionally, enhanced road connectivity is required at non-major ports such as Beypore, Kollam, and Azhikkal, to boost port accessibility and efficiency.

An essential first step towards further improving trade related transport infrastructure would be greater capital expenditure on the development of roadways. Around 2.5 percent of the state budget is allotted to the development of roads and bridges in 2025-26. This is low when compared to the other southern coastal states such as Tamil Nadu (4.7 percent of the total budget expenditure). Moreover, the budget allocation for the roads and bridges has also reduced by nearly (-) 2.1 percent y-o-y in 2025-26. There is a need for enhancing the allocation towards strengthening the road infrastructure in the State for better connectivity.

Port Facilities

Besides roadways, Kerala has 4 airports with air cargo facilities. However, these airports jointly account for only 8.1 percent of the State's total merchandise exports during 2024-25, of which a vast majority of the export shipments are being routed through Cochin airport, highlighting heavy reliance on a single facility and the need for diversification. Utilising the State's existing air cargo facilities and offering incentives to promote air cargo operations could significantly boost the export of perishable and time-critical goods, enhancing Kerala's trade efficiency and competitiveness.

Strengthening the performance and operations of non-major ports is also critical for optimising trade and bringing export points closer to production centres in Kerala. The State has a coastal length of approximately 590 km, featuring one major port at Cochin, an international transshipment terminal at Vizhinjam and 17 non-major ports. However, a substantial share of merchandise exports from Kerala are routed through the Cochin seaport (nearly 70.8 percent of total merchandise exports from the State during 2024-25), while the utilisation of other port facilities remains low. In fact, out of these 17 non-major ports, only four are currently operational for trade viz. Beypore, Kollam, Azhikkal and Vizhinjam ports. Of these, during 2023-24, only Beypore port recorded trade activity, but at reduced levels compared to previous years. The coastal cargo movement through non-major ports is limited due to the non-availability of cargo³⁹. As per the Kerala Economic Review 2024 report, although inbound cargo is available at Kollam, Azhikkal and Vizhinjam ports, the non-availability of return cargo has led to a reduction in cargo movements in these ports during 2023-24⁴⁰. Thus, there is a need for thorough examination of this underutilisation of ports, so as to strengthen these ports as well as other non-major ports in the State.

e-Commerce Export Hubs

In 2025, two new courier cargo terminals were commissioned at Thiruvananthapuram and Kozhikode airports, complementing the existing facility at Kochi. This expansion is expected to significantly boost e-commerce exports from the State.

These locations could also be considered for setting up e-commerce exports hubs (ECEH), which would facilitate SMEs, artisans and agri-producers to tap the international markets by reducing logistics-related costs and timelines, streamlining regulatory processes, and simplifying procedures related to e-commerce returns.

³⁹ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

⁴⁰ Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

Container Freight Stations (CFSs) and Inland Container Depot (ICDs)

The State has a total of 12 CFSs and 2 ICDs, which is significantly low when compared to other coastal states of comparable economics sizes such as Tamil Nadu (46 CFSs and 11 ICDs) and Andhra Pradesh (16 CFSs and 1 ICDs)⁴¹. The Export Promotion Policy 2025 and Kerala Logistics Action Plan 2021 identify the need for additional CFSs/ICDs and plan to setup more such facilities in the State with help of various private and public stakeholders. It is noteworthy that, there is a substantial concentration of existing facilities in one district viz. Ernakulam, which accounts for more than half of the State's merchandise exports. Meanwhile, some of the other key districts such as Thrissur, Idukki, Kozhikode and Palakkad, which are key hubs for production of various agricultural products, remain underserved. These districts may be prioritised for setting up of new facilities. Besides these, Palakkad and Alappuzha districts also host mega food parks, but do not have any ICD/CFS. These districts may be considered for establishing new CFSs and ICDs.

Table 19: Comparison of District-wise Merchandise Exports and Numbers of ICD/CFS

Districts	Share in Kerala's Exports (2024-25)	Number of ICDs	Number of CFSs
Ernakulam	57.9%	-	11
Alappuzha	13.1%	-	1
Thrissur	6.0%	1	-
Kollam	4.8%	-	-
Palakkad	3.7%	-	-
Thiruvananthapuram	3.0%	-	-
Kottayam	2.9%	1	-
Kozhikode	2.6%	-	-
Malappuram	2.0%	-	-
Idukki	1.4%	-	-
Kannur	1.3%	-	-
Wayanad	0.8%	-	-
Pathanamthitta	0.3%	-	-
Kasargod	0.1%	-	-

Note: Districts shaded in blue have non-major ports

Source: DGCIS; Ministry of Commerce and Industry; Exim Bank Research

Storage

Storage is an important link in the overall logistics chain. As discussed in the preceding chapters, Kerala is among the top producers of agro-based products such as spices, coconut, tea, as well as marine products in the country. With huge untapped export potential in these segments, the need for well-developed cold storage and warehousing facilities in the State cannot be overemphasised.

⁴¹ As per latest data available; Source: Logistic Ease Across Different States (LEADS) Index 2022 Report, Ministry of Commerce and Industry, Government of India

Warehousing Infrastructure

As per the latest available data, the total capacity of warehouses in Kerala stood at 10.2 lakh MT, of which 55 warehouses with a capacity of 2.4 lakh MT are managed by Kerala State Warehousing Corporation (SWC) across various districts⁴². The Central Warehousing Corporation (CWC) has a capacity of 1.9 lakh MT across the State⁴³. Besides this, Kerala also has 5.9 lakh MT of storage capacity owned by the Food Corporation of India (FCI)⁴⁴.

As per industry norms, the storage facility for agriculture should typically be 60 percent of the production volume. Consistent with this benchmark, the State should have at least 3.01 lakh MT of storage space just for the existing foodgrains produce in the State. Preliminary analysis of district-wise warehousing capacity and food grain production in the districts suggest that Kerala's overall warehousing capacity owned by SWC, CWC and FCI is adequate for the total foodgrain production in the State. Prima facie while most districts in Kerala have adequate warehousing capacity, the capacity needs to be substantially increased in the districts of Alappuzha and Palakkad. To address the growing demand for modern, Grade A warehousing facilities, the State should prioritise developing new warehouses and incentivise private investments through targeted subsidies and policies to enhance storage infrastructure⁴⁵. There is also a need for awareness about existing schemes for setting up warehouses, such as the Agricultural Marketing Infrastructure scheme.

Cold Storage Infrastructure

Apart from warehousing, the State also needs cold storage infrastructure as the State is a key exporter of marine products, spices, cashew, meat, fruits and vegetables. Exports of these products depend on adequate cold storage facilities.

Currently, the cold storage capacity for fruits and vegetables is at 0.97 lakh MT⁴⁶, which is not adequate given the total production of fruits and vegetables in Kerala stood at nearly 63.4 lakh MT during 2023-24. Additionally, the cold storage capacity for marine products in Kerala (including cold storage, chilled storage, dry storage and other storage) stood at 1.12 lakh MT, which is significantly low considering that the total fish production in the state stood at 8.32 lakh tonnes in 2023-24, of which an estimated 1.97 lakh tonnes was intended for the exports market, necessitating state-of-the-art cold storage facilities.

Table 20: Existing Storage and Marine Processing Infrastructure in Kerala

Sr. No	Existing facilities	Number	Capacity (MT)
1	Cold Storage	176	1,09,798.9
2	Chilled Storage	2	1,249.9
3	Dry Fish Storage	0	0
4	Other Storage Capacity	6	1087.9
5	EU-Approved Marine Processing Plants	100	4568.5
6	Marine Processing Plants not holding EU approval	18	513.9

⁴² Kerala State Planning Board (2024), Kerala Economic Review 2024, Government of Kerala

⁴³ Warehousing Development and Regulatory Authority List of Registered Warehouses, accessed on July 03, 2025

⁴⁴ Central Pool Storage Capacity FCI as of November 01, 2023

⁴⁵ Ministry of Commerce and Industry (2025), LEADS 2024, Government of India

⁴⁶ Lok Sabha Unstarred Question No. 2964 Dated March 18, 2025, On Cold Storages Facility For Fruits And Vegetables

Sr. No	Existing facilities	Number	Capacity (MT)
7	Ice Plants	13	276
8	Pre-Processing Plants	86	717.1

Note: Processing Infrastructure capacity is with reference to per day capacity; Data as on July 03, 2025

Source: MPEDA, Ministry of Commerce and Industry; Exim Bank Research

Clearly, there is a need to build capacities and upgrade the existing cold chain capacities for marine products, horticulture and other processed products. In addition to this, the State could also consider developing a multi-modal cold-chain network involving two or more modes of transport for facilitating transportation and storage of perishable products. Apart from this, Kerala should also leverage IT-enabled services to manage harvesting and logistics infrastructure. Several IT start-ups are engaged in movement of fresh produce in bulk from farmers to mandis. This farm-to-fork culture is supported by location tracking and geo-fencing tech platforms, which regulates the movement of trucks into mandis. The State could encourage such start-ups that deal in farm-to-port services. These services would streamline the timelines of harvesting, storage and marketing, with the global market requirement, for reducing losses and optimising the supply chain. Leveraging IT-enabled services will provide better reach and connectivity to the farmers in the rural sector, erase the middlemen and speed up the transport of farmer's produce to exports market. Encouraging IT based platforms will also be useful for ensuring business continuity during uncertain times.

In this regard, the State Government, under the Kerala's Export Promotion Policy 2025, has offered a one-time subsidy of 25 percent of infrastructure investment capped at ₹1 Crore per entity for setting-up cold storage units, warehousing facilities and other logistics centres in the State. The State can also utilise the support under the Central Government's Trade Infrastructure for Export Scheme (TIES) for developing and strengthening the ICDs, CFSSs, warehousing and cold storage facilities, and other essential export infrastructure in the State. The Government of India launched the TIES in March 2017, with the objective of assisting State Governments and government-owned agencies in the creation of appropriate infrastructure for growth of exports. Financial assistance under the scheme is provided in the form of grant-in-aid. A total of 66 projects has been approved under the TIES scheme as of February 04, 2025, but only 3 out of these 66 projects have been approved in the State of Kerala⁴⁷. This is much below that of the States like Tamil Nadu (19 projects), Karnataka (8 projects) and Andhra Pradesh (5 projects). The State needs to enhance the utilisation of support provided under the scheme for developing and strengthening essential export infrastructure.

Infrastructure for Services Sector

The Government of Kerala should also focus on building quality infrastructure in the tourism sector, given the sector's significant contribution to foreign exchange earnings. Hotel, hygiene and security are some of the important factors for driving growth in any tourist destination. An analysis of district-wise accommodation units in Kerala reveals that the top 5 districts which account for more than 91 percent of foreign tourist visits FTVs in the State, account for only 60 percent of the total accommodation units in the State (Table 21). Accordingly, Kerala should focus on expanding hotel infrastructure, particularly in these high-FTV districts, by incentivising the development of modern, high-quality hotels and resorts.

Enhancing hygiene standards and ensuring robust security measures at tourist destinations will further boost

⁴⁷ Lok Sabha Unstarred Question No. 439, dated February 04, 2025 on Trade Infrastructure for Export Scheme

Kerala's appeal to international visitors, strengthening its position as a global tourism hub and driving services export growth. As per the "Assessment of Tourist Destinations in Areas of Infrastructure and Cleanliness" conducted by the Ministry of Tourism, there is scope for improvement in Thekkady on aspects such as accessibility, hygiene and safety and security. In Kumarakom, there is scope for improvement in terms of amenities, hygiene, and safety and security. In Guruvayur, interventions are required in terms of accessibility, amenities, hygiene, and safety and security. Similar benchmarking exercises can be conducted across other destinations in Kerala for identifying areas of improvement and undertaking necessary interventions.

Table 21: District-wise Share of Accommodation Units and FTV in Kerala

Districts	% Share in Total Accommodation Units	% Share in FTV (2023)
Ernakulam	15.0%	43.1%
Thiruvananthapuram	13.3%	22.9%
Idukki	20.5%	16.0%
Alappuzha	8.8%	4.8%
Kottayam	2.7%	4.4%
Thrissur	6.5%	2.5%
Kozhikode	3.1%	2.3%
Malappuram	4.4%	1.6%
Kollam	3.6%	0.7%
Wayanad	10.4%	0.7%
Kannur	4.9%	0.4%
Kasargod	1.5%	0.4%
Palakkad	3.3%	0.2%
Pathanamthitta	1.8%	0.1%
Total	100%	100%

Source: Economic Review of Kerala 2024; Exim Bank Research

Supporting Development of Export Parks

Given the strategic location of the State on the south-western coast, the State Government could introduce incentives for private developers to establish dedicated export parks in the coastal regions of the State. Incentives can be provided to developers of dedicated export parks, including capital assistance for infrastructure development of up to 50 percent of the total fixed investment or ₹ 20 lakh per acre on fixed infrastructure; financial assistance of 25 percent for developing common processing, testing, quality, and R&D facilities; capital subsidy for waste management solutions; and reimbursement of stamp duty and registration charges. This approach can help attract private investment in export-oriented clusters, ensuring world-class facilities and streamlined logistics for exporters. Similar incentives are being provided by States such as Maharashtra and Madhya Pradesh.

Infrastructure Support for Encouraging Postal and Courier Exports

Dak Niryat Kendras (DNK) offer a range of services including e-filing of postal bill of export, self-booking, electronic customs clearance, packaging, free pick up, trace and track, volume-based discounts and hand

holding, support and guidance to exporters. More DNKs or post office export centers can be set up in the State to support small exporters, particularly in remote areas. Currently, the State has only 21 such centers, whereas other Southern coastal states like Karnataka has 76, Tamil Nadu has 64, and Andhra Pradesh has 29 such centers⁴⁸. Expanding the number of these centers would improve last-mile connectivity and facilitate smoother export processes for MSMEs and first-time exporters through e-commerce.

Capacity Building

While exporters in the State produce a wide array of products, there is a need for improving the design, quality and quantum of production in order to effectively tap the international markets. In several products, there may not be enough exportable surplus, or the production may not be able to adapt to the requirements of the global market, necessitating capacity building efforts.

Branding of Geographical Indications

Geographical Indications (GI) status for agricultural, manufacture and handicraft products of Kerala can function as product differentiators and serve as important tools for marketing. Kerala has a total of 41 GI tags of which 16 are in handicrafts segment, 2 in foodstuff and the rest are in agricultural segment (Table 22). In addition, GI tags have also been applied for ‘Metal Crafts of Mannar’ and ‘Nettipattam of Kerala’, which are currently in the pre-examination stage. The reference to geographical origin, along with the use of traditional practices and processing methods, can provide substantial marketing potential for exports of these products from Kerala.

Table 22: List of Geographical Indications in Kerala

Sr no.	Geographical Indication	Industry
1	Alleppey Green Cardamom	Agricultural
2	Alleppey Coir	Handicraft
3	Aranmula Kannadi (Aranmula Metal Mirror)	Handicraft
4	Attappady Aattukombu Avara	Agricultural
5	Attappady Thuvara	Agricultural
6	Balaramapuram Sarees and Fine Cotton Fabrics	Handicraft
7	Brass Broidered Coconut Shell Crafts of Kerala	Handicraft
8	Brass Broidered Coconut Shell Crafts of Kerala (Logo)	Handicraft
9	Cannanore Home Furnishings	Handicraft
10	Central Travancore Jaggery	Food Stuff
11	Chendamangalam Dhoties & Set Mundu	Handicraft
12	Chengalikodan Nendran Banana	Agricultural
13	Edayur Chilli	Agricultural
14	Kaipad Rice	Agricultural
15	Kannadippaya (Bamboo Mat)	Handicraft
16	Kanthalloor Vattavada Veluthulli	Agricultural
17	Kasargod Sarees	Handicraft

⁴⁸ PIB (2024), Postal Export Centres

Sr no.	Geographical Indication	Industry
18	Kodungallur Pottuvellari	Agricultural
19	Kuthampully Dhoties & Set Mundu	Handicraft
20	Kuthampully Sarees	Handicraft
21	Kuttiattoor Mango (Kuttiattoor Manga)	Agricultural
22	Maddalam of Palakkad	Handicraft
23	Maddalam of Palakkad (Logo)	Handicraft
24	Malabar Pepper	Agricultural
25	Mansooned Malabar Arabica Coffee	Agricultural
26	Mansooned Malabar Robusta Coffee	Agricultural
27	Marayoor Jaggery (Marayoor Sharkara)	Food Stuff
28	Navara Rice	Agricultural
29	Nilambur Teak	Agricultural
30	Onattukara Ellu	Agricultural
31	Palakkadan Matta Rice	Agricultural
32	Payyannur Pavithra Ring	Handicraft
33	Pokkali Rice	Agricultural
34	Screw Pine Craft of Kerala	Handicraft
35	Screw Pine Craft of Kerala (Logo)	Handicraft
36	Thalanadan Grambu (Clove)	Agricultural
37	Tirur Betel Leaf (Tirur Vettilla)	Agricultural
38	Vazhakulam Pineapple	Agricultural
39	Wayanaad Robusta Coffee	Agricultural
40	Wayanad Gandhakasala Rice	Agricultural
41	Wayanad Jeerakasala Rice	Agricultural

Source: Intellectual Property India⁴⁹

The reference to geographical origin, along with the use of traditional practices and processing methods, can provide substantial marketing potential for exports of these products from Kerala. Initiatives are needed for identifying more products from the State which can be accorded GI Status. This could include culinary delicacies such as ‘Malabar Mackerel Curry’, ‘Kerala Prawn Masala’, ‘Malabar Prawn Curry’, ‘Malabar Paratha’, ‘Malabar Black Halwa’, ‘Chemmeen-Manga Curry’, and ‘Mambazha Pradhaman’, alongside popular snacks such as banana chips, tapioca chips, and jackfruit chips. These GI tags will boost exports of processed food items and promote culinary tourism. Experiential tourism initiatives, such as GI-themed craft villages, food trails featuring dishes like ‘Kerala Prawn Masala’, and live demonstrations of GI product creation (e.g., Aranmula Kannadi or coir weaving), can amplify brand awareness. These initiatives, integrated with Kerala’s tourism circuits, could attract international visitors, promote direct sales, and position GI products as cultural ambassadors, boosting both exports and tourism revenue.

⁴⁹ Government of India (2024), DPIIT, Intellectual Property India, GI Application Registered, accessed on October 28, 2025

In addition to identifying new products, key value proposition needs to be defined for the products having GI status. To gain the benefits of the GI status, it is important for the GI brand to be recognised as a reliable and preferred brand in the market, with distinguishable positioning. Products such as Darjeeling Tea, for example, have been able to gain substantial market share on account of this brand building. To that end, the logo and name of the GI brands need to be developed and marketed, and mechanism needs to be devised for ensuring that all the products marketed under the GI brands meet the minimum specified standards. Further, to ensure the quality and uniqueness of the products, the State Government could setup a GI certification body, that will provide certificate of authenticity to select high-potential export items in agriculture and handicraft categories. A repository of information about the artisans involved in production and exports of the GI products could be maintained by the certifying body. Export related brochures, interactive online content, etc. can be created for popularising the GI-tagged products in international markets.

Additionally, to promote value addition of GI-tagged agriculture products, the State Government could also introduce regulations for GI-branding to ensure that the quality and authenticity is maintained. This would encourage exports of value-added GI-tagged agro products. Additionally, the State Government could also focus on linking FPOs, processed food companies, and exporters with international buyers to facilitate marketing of GI-tagged agro products from the State.

Standards, Rules and Regulations

Exporters need to have in-depth knowledge of the latest global developments pertaining to packaging, eco labelling, quality standards, regulatory norms and mandatory certification requirements, among others, to be able to expand their footprint into highly regulated markets in developed countries. Exporters also need to acquaint themselves with the rules and procedures of importing countries. It is therefore imperative to create an eco-system which facilitates and supports exporters adhering to the requirements in the export markets.

Awareness Programmes / Workshops

Creating awareness among exporters about export procedures, regulations and standards related to various products is a crucial aspect of enhancing exports from the State. Awareness programmes/ workshops for creating awareness on the procedures to meet the requirements and obtain certifications would help expand exports to the more regulated markets.

The Export Promotion Policy 2025 envisages to offer targeted training and capacity building programmes for exporters in areas such as export procedures, international marketing, quality standards, and trade regulations. In addition to these, with a view to promote enterprises to onboard on e-commerce platforms for export purposes, the State could also offer targeted programmes to create awareness on the processes for undertaking exports through e-commerce. The State Government could collaborate with e-commerce platforms such as Amazon, eBay etc., to conduct awareness programmes at the district level for sensitising the exporters on the use of these platforms for export purposes, as also onboard the exporters on the platforms. The platforms could guide local exporters for listing their products on their websites for exports. Similar MOUs have been signed by the Government of Gujarat, Government of West Bengal and Government of Manipur, with Amazon, to provide training and onboarding MSMEs from the States onto the platform and enabling them to sell their products to customers in over 200 countries and territories worldwide.

Reimbursement of Certification Costs

Adhering to standards and obtaining the requisite certifications entail considerable cost to the exporters, due to which many small players may be unable to access the international market. With a view to improve market access for existing exporters, under the Kerala Export Promotion Policy 2025, the State Government plans to provide refund of 50 percent of the expenses incurred for obtaining certifications, up to a ceiling of ₹2 lakh per exporting unit per annum for a period of two years. For these incentives, the State could prioritise key export sectors, such as food processing, marine products, electronics etc. Considering that several of the State's key export products are agro-based, the State government could also extend this support to exporters for obtaining eco-labelling such as the EU Ecolabel⁵⁰, and Forest Stewardship Council certification⁵¹, to promote environmentally sustainable exports to advanced economies such as the EU.

To encourage medical tourism and provide foreign visitors with world class services, the State could encourage medical service providers to get Joint Commission International (JCI) accreditation. The JCI is a US-based organisation that evaluates hospitals on most rigorous international standards in quality and patient safety and provides healthcare accreditation. Kerala has a total of five JCI accredited hospital, one each in Palakkad, Calicut and Thiruvananthapuram, and two in Kochi. To encourage more hospitals to get the JCI accreditation, the government could consider providing reimbursements of nearly 15-20 percent of the total expense incurred by the hospitals for getting the accreditation.

Besides, the State government could also make efforts to create awareness among aspiring and first-time micro and small enterprises (MSE) exporters in Kerala about the 'Capacity Building of First Time MSE Exporters' (CBFTE) scheme of the GOI and encourage exporters to avail benefits under the scheme. The scheme provides reimbursement of various costs incurred by first-time MSEs exporters on their export shipments, including a) fees paid for Registration-cum-Membership Certificate (RCMC) for registration with Export Promotion Councils (EPCs); b) export insurance premium paid by MSEs; and c) fee paid on testing and quality certification acquired by MSEs to export products.

Fiscal Incentives

One of the major reasons for producers to refrain from exporting is the high cost of export operations. Costs are high due to large capital investment required for generating adequate volumes for exports, compliance cost of certifications and standards, tariffs, etc. These costs affect the competitiveness of exporters. Fiscal incentives in the form of refunds/ reimbursements and concessions could be a major step for mitigating the cost burden and enhancing the competitiveness of exporters in Kerala.

Under the Export Promotion Policy 2025, the State Government offers a range of fiscal incentives to address key challenges in the State's export sector. These include infrastructure support funds, logistics assistance, export marketing assistance, export documentation support, an export development fund, and incentives for export research and market intelligence - all aimed at enhancing the competitiveness and capacity of Kerala's exporters. However, one of the proposed measures, viz. an export turnover-based incentive offering 1 percent of the Free on Board (FOB) value (capped at ₹1 crore per annum), may not align with World Trade

⁵⁰ The EU Ecolabel is a multi-criteria label certifying excellent environmental performances for a product throughout its life cycle.

⁵¹ Forest Stewardship Council promotes the sustainable management of forests by setting standards that are environmentally responsible, socially beneficial and economically viable. An FSC label certifies that the raw materials for the product came from a responsibly managed forest, and all the companies in its supply chain adhered to the highest standards of sustainability, while producing it.

Organisation (WTO) rules. As per WTO's Agreement on Subsidies and Countervailing Measures, incentives linked to export performance are considered prohibited subsidies for countries that have crossed a certain developmental threshold, which includes India.

To ensure compliance while still reducing operational burdens, the State could instead consider implementing a WTO-compliant remission scheme similar to the Central Government's Remission of Duties and Taxes on Exported Products (RoDTEP). This would allow the reimbursement of embedded, non-creditable taxes and duties - such as electricity duty - incurred during production and export. In line with this, the State could offer targeted support like reimbursement of electricity duty in key export-oriented sectors, particularly in product champions and underachiever sectors identified earlier.

Besides, to support first-time exporters exporting through courier and postal routes, the state government could introduce a reimbursement scheme for exports made through courier/ postal services, up to a specified limit, for exporters with confirmed orders. Exporters could be reimbursed for the postal/courier charges, up to a certain limit. This would help reduce initial transaction costs and encourage more enterprises to explore e-commerce exports to enhance their international footprint.

Moreover, in order to assist manufacturers, particularly MSMEs, to acquire and evolve cutting-edge technologies, catalyse growth and compete in global market, technology acquisition support could also be extended by the Government of Kerala. The State could consider setting up a Technology Acquisition Fund to provide firms with funds to improve product, process, and performance efficiency. The fund could be utilised for adoption of advanced technologies by export-oriented MSMEs in the State, including Internet of Things (IoT), Robotics, and Additive Manufacturing etc. The State could consider reimbursement of up to 50 percent of the cost incurred in adopting technology from a recognised National Institute, subject to maximum limit per firm. Likewise, reimbursement of expenses incurred on plant and machinery/testing equipment for obtaining at least silver category status under the GOI's Zero Defect Zero Effect (ZED) scheme for MSME exporters, could also be considered by the State. Such support is also provided by the Government of Punjab for MSMEs in their state.

Export Promotion Campaign

Export Awards

As mentioned in the Export Promotion Policy 2025, the State Government intends to institute awards for exporters from the State excelling in exports. This is a step in the right direction, as rewards can be an indirect mechanism to encourage existing and potential exporters to enhance their outward orientation. In conceptualising and introducing the export awards, the State Government could consider awarding top performing exporters in key sectors, such as agricultural and allied products, textile and garments, petroleum and petrochemicals, electrical and electronics, IT and ITES, and tourism. A selection committee comprising officials from key government agencies and eminent industrialists can evaluate the applications, taking into consideration the value of exports, ratio of exports to sales, level of value addition, market orientation, adoption of best practices, product and process innovation, R&D activity, etc.

Hidden Champions Initiative

Additionally, the State Government can also initiate a ‘Hidden Champions’ initiative, to identify, encourage and felicitate promising small enterprises that have differentiated products, process and technology. These small enterprises can be provided handholding support, as well as financial and nonfinancial forms of assistance to begin their export journey. Existing schemes such as the Raising and Accelerating MSME Performance (RAMP) scheme and Ubharte Sitaare Programme of Exim Bank can be leveraged for supporting these enterprises.

Capacity Building of Industrial Clusters

Industrial clusters often aim to provide specialised infrastructure and services that can be used by firms, thereby reducing their individual investment needs. Clusters also benefit from technological/knowledge spillovers arising from geographical proximity, development of specialised skills and possibilities for flexible specialisation. Clusters also facilitate better integration into GVCs as enterprises that participate in clusters, including SMEs, have the ability to join GVCs through the external linkages developed by the cluster. Moreover, enterprises can also achieve high level of competitiveness if they work in a cluster environment as this ensures complementarities, availability of common facilities, and collaboration through collective activities, including collective sourcing and marketing. Clusters can also engender adequate exportable surplus from entities which are otherwise unable to export on a standalone basis. In the Indian scenario also, development of clusters has proven to be advantageous in promoting the industrial growth across several industrial sectors.

Kerala already has industrial clusters spread across different sectors, which are at various stages of development. In order to ensure continued progress across these industrial clusters, an essential initiative would be to develop a mechanism for assessing the performance of these clusters in order to review their current status. Such an assessment must cover aspects pertaining to prevailing infrastructure bottlenecks, as well as challenges in technological upgradation, access to skilled human resources, environmental sustainability etc. The State Government could undertake such studies. Upon assessment of the clusters, relevant capacity building activities can be undertaken by the State Government, including construction/ upgradation of physical infrastructure, building institutions, setting up of quality certification labs, common facility centres, design centres and development of human resources, among others. Further, identification of sectors/subsectors can also be undertaken for developing new clusters.

The State Government could avail financial support for capacity building activities under the Micro & Small enterprises – Cluster Development Programmes (MSE-CDP). As of October 2025, nearly 28 projects under the MSE-CDP have been approved in the State, of which 20 have been completed. While this is an encouraging number, this is lower when compared to other southern coastal states like Tamil Nadu (97 projects) and Karnataka (29 projects)⁵².

Setting up a Brand Equity Fund

Under the Export Promotion Policy 2025, the State Government offers marketing assistance including reimbursement of 75 percent of expenses incurred by exporters for participating in national and international trade fairs, exhibitions and buyer-seller meets to promote their products and services, subject to ceiling of ₹ 2 lakh per year. In addition to this marketing support, the State Government could consider setting up a dedicated fund with a suitable corpus for supporting the marketing of export produce from the State. A

⁵² Dashboard, Ministry of MSMEs, Government of India; Accessed on October 28, 2025

significant part of this fund could be set aside to build globally competitive brands for products originating from the State. Export related brochures, interactive online content, etc. can be created for popularising the products in the State in the international market. Apart from this, the State government could also collaborate with the Ministry of Tourism, GOI for providing marketing assistance to entities engaged in niche tourism verticals.

Enhancing Access to Finance

Access to finance is challenge for exporters, constraining their ability to expand and compete globally. In addition, high cost of credit further affects competitiveness of MSME exporters. To address this, the State Government could extend financial assistance to exporters in the form of interest subsidy on export credit. This could ease the cost of credit and encourage greater participation by enterprises in the export business. A similar incentive is being provided by the Government of Madhya Pradesh, whereby a subsidy on bank interest rate up to 5 percent is provided for pre and post shipment export credit, subject to a ceiling of ₹ 50 lakh overall for a period of 5 years. The Government of Kerala could also consider a similar scheme.

Further, the Government of Kerala could encourage exporters in the State to access opportunities in non-traditional markets. A significant share of exports to such markets depends on bank-intermediated trade finance instruments, which require linkages among banks. In this context, Exim Bank has developed a new, first-of-its kind trade facilitation initiative in India, the 'Trade Assistance Programme' (TAP), that serves as an effective bridge between local banks in partner countries and banks in India. Under TAP, the Bank provides credit enhancement to trade instruments, thereby enhancing the capacity of commercial banks to support cross-border trade transactions. The Bank is leveraging its partnerships across the globe in identifying and supporting trade transactions involving untapped markets where trade lines are constrained or where the potential has not been harnessed. The various credit mechanisms under TAP are (i) Support to Trade Finance Instruments; (ii) Irrevocable Reimbursement Undertaking; (iii) Fronting of Guarantees; (iv) Risk Participation; (v) Trade Loans; (vi) Credit Lines; and (vii) Refinance. Since its launch in 2022, the bank has supported over 1,675 export transactions under TAP across 54 countries, leading to nearly US\$ 3.6 billion of incremental exports. The Government of Kerala could create more awareness about tapping new, emerging and high-risk markets through support under TAP.

Exim Bank has also set up its subsidiary in GIFT City, Exim Finserve. Announced in the Union Budget 2023, the subsidiary is offering a range of trade finance products to exporters, with a focus on factoring. Factoring presents a viable receivables management and financing mechanism suited to the needs of MSMEs. It provides a combination of three essential services to exporters: receivables financing, coverage of the risk of non-payment, and management of accounts receivable. It is particularly beneficial for MSME exporters as it is primarily based on the quality of accounts receivable rather than collateral. It also has the potential to improve export competitiveness as it enables exporters to offer competitive credit terms to their buyers. There is a need for creating awareness about these new, innovative financing mechanisms among MSMEs in the State.

Institutional Streamlining

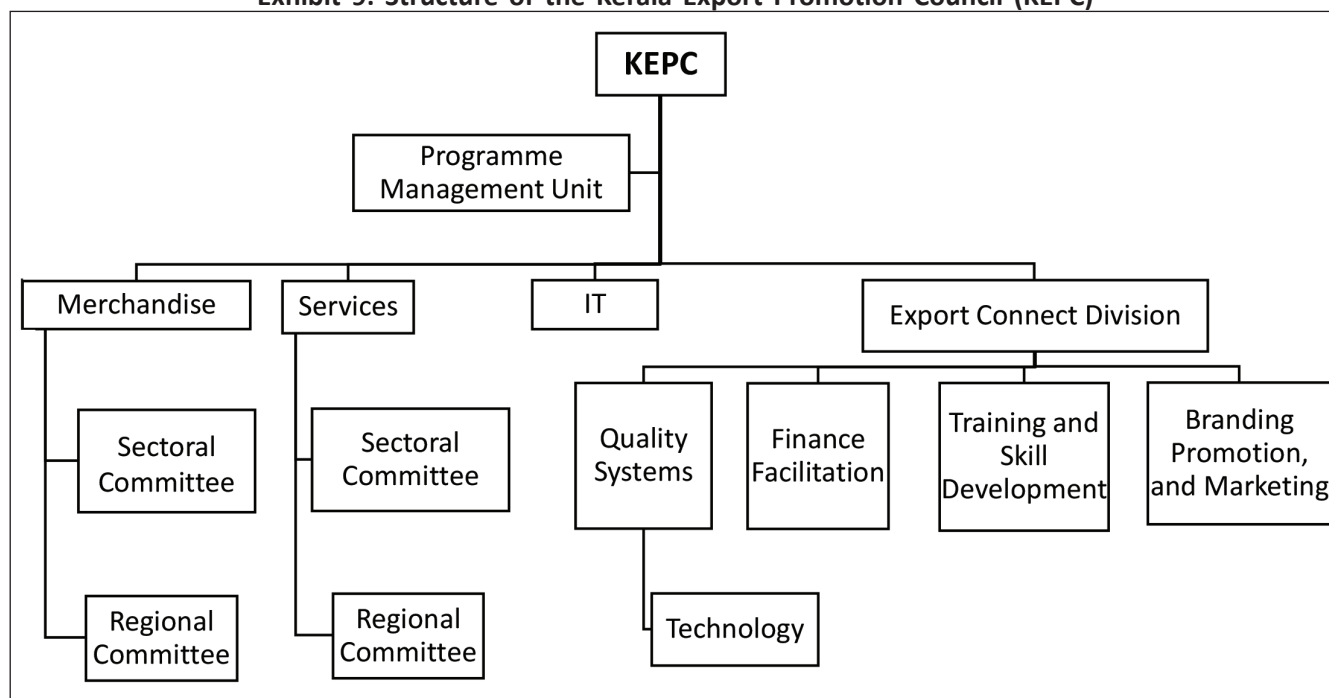
To streamline the activities pertaining to export promotion in the State, a single platform would be essential for exporters and stakeholders in the State. As per the Kerala Export Promotion Policy 2025, the State intends to institute a framework for export promotion comprising two-tiered committees at the State and district

levels. These committees would prepare district-wise export profiles, identify sector-specific support, and lay down key performance indicators, among other activities. The State Government also intends to facilitate the development of sector-specific export policies and the creation of District-level Export action plans through this institutional framework.

There is a need for the overall institutional ecosystem in Kerala to be framed in a manner that facilitates the various schemes proposed for exports, allows regular monitoring of the proposed targets, and thereby propels the State to a higher export trajectory. In this context, the State could consider further streamlining and strengthening the institutional structure for export promotion at the State-level through setting up of the Kerala Export Promotion Council (KEPC) under the Department of Industries, Government of Kerala, with the objective of ensuring strong export performance for the State. The KEPC could be set up with the participation of the State Government, exporters and industry associations. It would provide a forum for exchanging of views, sharing of information, identifying obstacles faced by the exporters and implementing mechanism to overcome them.

The KEPC could have four key operational areas- merchandise exports division; services exports division; export connect division; and information technology (IT) division (Exhibit 9). Apart from this, a Programme Management Unit (PMU) could also be set up for integrating the various functions of the KEPC. The functions of the various divisions would be:

Exhibit 9: Structure of the Kerala Export Promotion Council (KEPC)



1. **Merchandise and Services Divisions:** The merchandise wing of KEPC could focus on merchandise exports segments by coordinating with State bodies, exporters, etc., while the services wing could focus on services segment such as IT and Tourism. These wings would largely be composed of government officials, who would identify and implement strategies for building a conducive ecosystem for exports and ensure that the exports targets are met in their respective areas. These wings shall also provide

advisory services to exporters.

The merchandise and services wings could in turn be composed of sectoral committee and regional committee. The sectoral committee could manage the delivery of export promotion products and services to the exporting sectors, while the regional committee could work with the trade and commerce related offices located in India and abroad through the Embassies/High Commissions, Export Promotion Councils, Exim Bank and other chambers of commerce and industry. The sectoral committee could inter alia, focus on application for GIs, assessing applications under the proposed brand equity fund, identifying hidden champions and providing support to exporters for availing benefits under various schemes. The regional committee could inter alia, focus on marketing support and reimbursement of costs for certification required for exports to various markets.

2. **Export Connect Division:** This could offer critical export related support services and could comprise separate divisions for each of the support services - quality; technology; finance facilitation; training and skill development; and branding, promotion and marketing. The Division could comprise subject experts. The functions of the various segments within the Export Connect Division could be:

- **Quality Division:**
 - ❖ Enhancing focus on quality control and inspection protocols.
 - ❖ Disseminate key inputs to export stakeholders.
 - ❖ Provide input to the regional committee on standards and certification.
- **Technology Division:**
 - ❖ This shall have linkages with the quality division, and will include subject matter experts who will work with export stakeholders for boosting the technology and innovation quotient.
 - ❖ Disseminate information on value addition, and use of technology for enhancing competitiveness of local products/services.
 - ❖ Identify companies with differentiated technology under the hidden champions initiative.
- **Training and Skill Development Division:**
 - ❖ Work with National Skill Development Council, Kerala Skill Development Mission, Sector Skill council and State-level institutes to build export relevant skills in the State.
- **Finance Facilitation Division:**
 - ❖ Disseminate information on procedures to avail export finance and guarantee facilities.
- **Branding, Promotion and Marketing Division:**
 - ❖ Work towards improving the branding and marketing of local products.
 - ❖ Provide inputs to the sectoral committee for financing under the proposed brand equity fund.
 - ❖ Advise the sectoral committee on application of GIs.
 - ❖ Advise the regional committee on financing under the MDA Scheme

3. **IT Division:** The IT division could manage systems for providing information to stakeholders in a timely manner. For this purpose, a comprehensive and interactive website for exporters could be developed and managed by the division. This portal could enable exporters to improve their know-how and access information pertaining to markets, finance, export promotion programs, event details, etc. The website could comprise information and data pertaining to exports including inter alia monthly/ quarterly trade journal; Hand Book on export procedures and documentation requirements; list of available export logistics and export infrastructure facilities; potential products and markets for exports from the State; export guidance FAQs; relevant application forms/ form formats; tariffs; details of export/import duties;

and links to various Export Promotion Councils, Commodity Boards, related Government Departments/undertakings, among others. Advisory services can also be provided through the portal. The website could also contain online training modules for exporters, as well as updates on upcoming skill development programmes in the State that may be of relevance for exporters.

4. **Programme Management Unit:** The PMU could be set up to integrate all the functions of the various divisions of KEPC. The PMU could undertake continuous monitoring of the export targets, their achievements and key constraints for the same on a periodical basis, so that prompt corrective actions can be taken should there be a deviation from the projected targets. The PMU could also liaison with national export bodies on issues of importance.

Conclusion

Kerala has set an ambitious target of achieving US\$ 20 trillion of exports by 2027-28. While sectors in which the State is traditionally strong shall continue to be important from the exports perspective, there is a need to diversify the exports basket to impart resilience to exports from the State. In the short to medium term, the focus of the export strategy should be on the product champions sectors where the State possesses comparative advantage. Alongside, the State needs to provide incentives for encouraging capacity building in the underachiever products where the global market demand is growing but the State does not have comparative advantage in exports. While the existing export policy of the State provides a robust framework for export promotion, the six-pronged strategy outlined in the Study shall help provide a roadmap for developing an export strategy for effective implementation of the State's export policy. The strategies in the Study are aimed at enhancing trade competitiveness, strengthening trade-enabling infrastructure, boosting value addition, creating awareness about exports, promoting innovation, increasing marketing for Kerala's exports, and strengthening the institutional mechanism for nudging exports.

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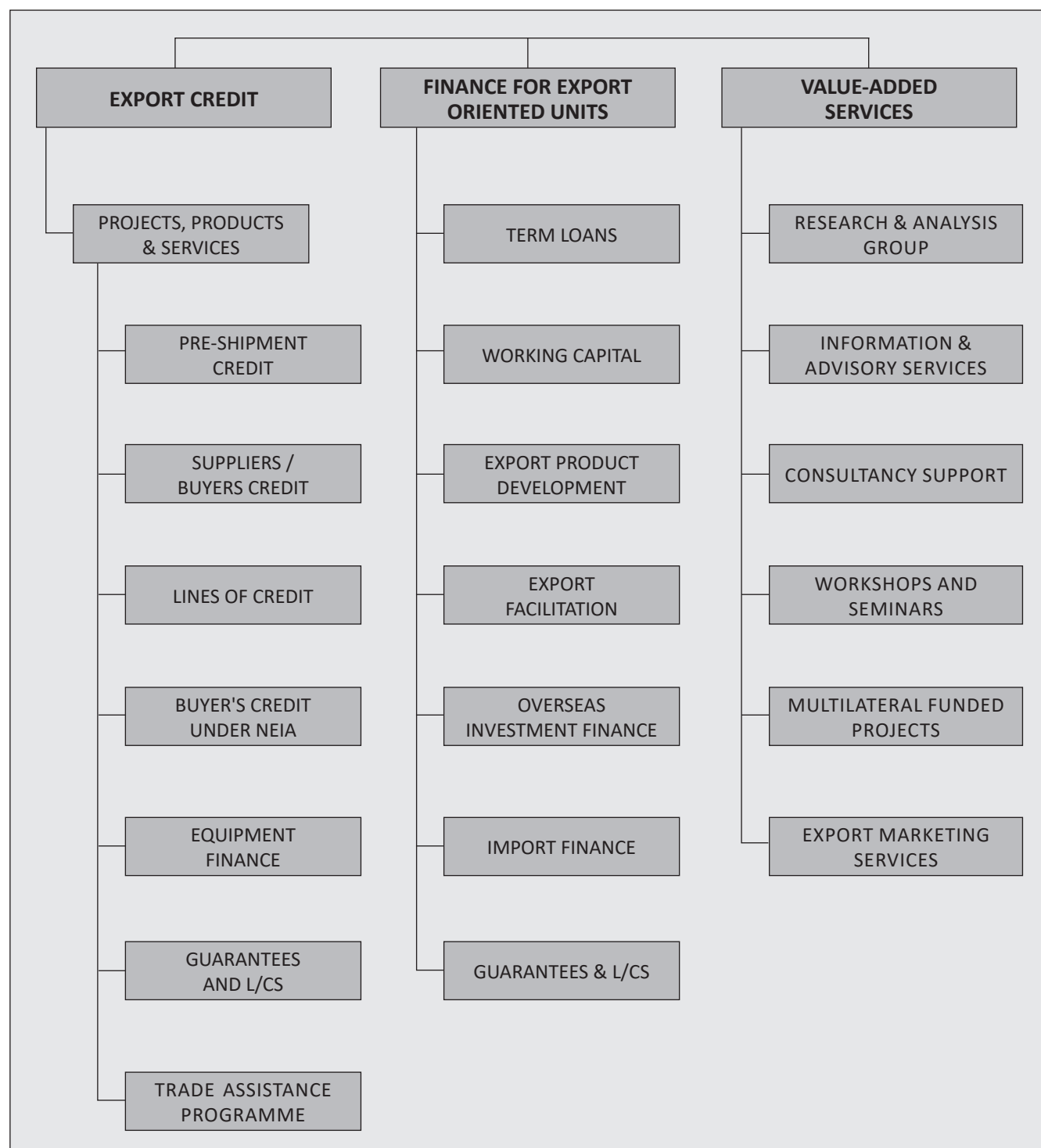
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