

QUARTERLY NEWSLETTER

OCTOBER 2022 – DECEMBER 2022



MESSAGE

As the year draws to a close, it's heartening to observe that the quarter Oct-Dec'22 ushered in with Karnataka being accorded the 'Achiever Status' in **LEADS** 2022, which is an indicator of 'good infrastructure, exemplary network and transparent ecosystem.' The ranking is significant, coming close on the heels of the State having announced Karnataka Logistics Action Plan (KLAP), aligned with Govt. of India's recently launched National Logistics Policy. The KLAP provides a clear roadmap for the integrated development of the logistics sector in the State. Recognising the crucial role of the sector in the State's economy, Govt. of Karnataka also accorded industry status to the logistics sector.

Coming to the exports landscape, it is heartening that the State registered a growth of 24.57% in overall exports in the second quarter, in comparison to the same quarter of the previous FY. We sincerely hope that the momentum would remain upbeat in the prospective quarter to lead the State on a higher growth trajectory.

Yet another significant milestone was the fact that Bengaluru hosted the Global Investors Meet (GIM) 2022 on behalf of the Govt. of Karnataka between 2nd to 4th Nov'22 at the iconic Palace Grounds. An interesting outcome of GIM is the fact that 90% of the total investments are from outside Bengaluru district. This bodes well for the 'Beyond Bengaluru' initiative mooted by the Government of Karnataka for balanced regional development of the state.

Presenting the Oct-Dec'22 edition of our newsletter, with Focus on France as a key destination for exports and Cotton Shirts (Ready Made Garments) identified as our Focus Sector. Flip through our Spotlight on 'Marine Products' which offers tremendous scope and potential for growth, besides familiarize yourselves with the ancient textile weave - 'Udupi Saree' captured in our section featuring Geographical Indication tagged/legacy products. On that note, I wish all the readers a very happy and eventful year ahead!

S.R Satheesha

Director (Exports) & Managing Director

KARNATAKA'S EXPORT PERFORMANCE

**FOCUS
COUNTRY:
FRANCE**

**FOCUS
PRODUCT:
READYMADE
GARMENTS**

EDITION FOCUS

**MARINE
PRODUCTS**

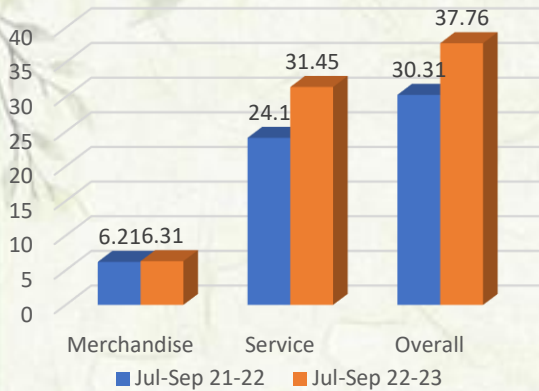
**KEY
INITIATIVES**

QUARTER HIGHLIGHTS

**CAPACITY
BUILDING
PROGRAMS**

**GI
SPOTLIGHT:
UDUPI
SAREE**

KARNATAKA'S EXPORT PERFORMANCE



EXPORTS IN USD BILLION

- Karnataka's overall growth in export during Jul-Sept'22 accounted for 24.57% when compared to the same period of the previous financial year.
- The State exported commodities worth 6.32 Billion \$ registering a growth of 1.68% in merchandise exports and 30% growth of 31.45 Billion \$ worth in services sector as compared to same quarter of the previous year.
- Growth was witnessed in sectors like Petroleum, Engineering, Agricultural & processed food, Coffee, Aerospace, readymade garments and marine products. However, there was a decline in the exports of iron ore pellets and steel products due to levied export duties.

TOP EXPORT MARKETS (July 2022 - September 2022)



USA
1.42 BN \$



NETHERLANDS
0.49 BN \$



SOUTH AFRICA
0.42 BN \$



UAE
0.33 BN \$



GERMANY
0.22 BN \$

TOP EXPORTED COMMODITIES (July 2022 - September 2022)

PETROLEUM
1.81 BN \$



ENGINEERING
1.78 BN \$



READYMADE GARMENTS
0.65 BN \$



**BASIC CHEMICALS,
PHARMACEUTICALS &
COSMETICS**
0.54 BN \$



**AGRICULTURE &
PROCESSED FOOD
INCLUDING SEEDS &
BEVERAGES**
0.30 BN \$



FOCUS PRODUCT: READYMADE GARMENTS

HS CODE (2 DIGIT) : 61, 62 & 63

1st

651.92 Mn \$

- ▶ India's exports of readymade garments in the second quarter between July and September 2022 stood at 5.15 Bn\$ (5157.90 Mn\$) of which 12.63% was contributed by the state.
- ▶ Karnataka has seen 10% rise in exports from 592.17 Mn \$ to 651.92 Mn \$ of readymade garments when compared to 2nd quarter of last FY. Among the various products of this sector, exports of Cotton shirts (61051010 & 61051020) gained momentum during this FY.
- ▶ This provides Karnataka with a unique opportunity as we are the top manufacturers and exporters from India for this particular product since the last two financial years. Our 1st quarter exports for 2022-23 was 709.56 Mn \$.
- ▶ The United States of America is our prime destination with an import value of 87.54 Mn \$.

FOCUS COUNTRY: FRANCE

HS CODE: 610510

- HS Code 610510 pertains to Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets and other vests) for which top five importing countries are USA, Germany, France, UK and Italy.
- France is the third major importer of cotton shirts with increasing youth fashion trends and has a huge potential with 316.75 Mn \$ imports in 2021 against 4,475.35 Mn \$ of the world.
- Top 5 Export destinations of our state are USA, Netherlands, Canada, Singapore and Australia. In 2021-22, our exports of cotton shirts to France was very negligible which provides an opportunity to Karnataka to focus on this country considering its huge demand for cotton shirts and apparels.
- In the second quarter, Karnataka has exported 0.01 Mn\$ out of 3.04 Mn\$ exports of India to France in comparison to USA and UAE which account to 38.91 Mn\$ and 16.75 Mn\$ respectively.

EDITION FOCUS: MARINE PRODUCTS

PRODUCTS: SALMON FISH & FROZEN FISH, SHARK FINS

1st

LARGEST EXPORTER IN INDIA

0.87 MN \$

(2021 – 2022)

FOCUS COUNTRIES: USA, CHINA, FRANCE

- Karnataka state is endowed with 320 Km of coastline along with 27,000 sq.km of continental shelf area, popularly known as "Mackerel Coast", 5.93 lakh ha of inland water resources with vast scope for fisheries development. Karnataka is the 1st state to facilitate the introduction of mechanised fishing boats and there are about 3000+ mechanised boats, 6000+ motorised boats and 8000+ traditional fishing boats operating along the coast. There are 8 fishing harbours and 88 fish landing centres in the state.
- India has a strong international presence in export of Marine products since a long time. With 158 HS codes, defining various sea foods, India exports products pertaining to 116 HS Codes. Steep rise in exports of Marine products or sea food of upto 70 Mn \$ was witnessed in the month of October 2022.
- Karnataka ranks 1st in exports of Salmon fish and frozen fish, shark fins exports belonging to HS codes 03031900 and 03039910 accounting for 0.87 Mn \$ and 43% of India's exports. In the first and second quarter of this FY, Karnataka has achieved 46% of All India exports contributing 0.29 Mn\$ out of 0.63 Mn\$
- Apart from these, Karnataka also exports Mackerels, Fish flour, Crustaceans and holds second place after Goa and Maharashtra.
- Focus on value-added products like fish oil, flour, pickles, etc., of these sectors can increase the scope for exports as the state spreads its wings wide to capture more international markets.

KEY INITIATIVES/ACTIVITIES IN EXPORT PROMOTION

LEADS 2022: Karnataka LEADS the way!

- 'Achiever Status' accorded to Karnataka, which indicates good infrastructure, exemplary network and transparent ecosystem
- Fared well in the following parameters:
 - Quality of Overall Logistics Services
 - Overall Operating and Regulatory Environment
 - Quality of Warehousing Services

Karnataka State Logistics Plan Unfurled

Recognizing the growing and crucial role of the logistics sector in the State, Government of Karnataka announced the State Logistics Action Plan vide Government Order No. CI 282 SPI 2022, Bengaluru, dated 21.10.2022. The same can be downloaded from VTPC's website. The Action Plan aims to boost trade, industry and investments in the logistics sector and will promote logistics infrastructure, facilitate ease of doing business, and create the necessary support infrastructure.

Logistics Sector gets Industry Status

Government of Karnataka has accorded Industry status to the Logistics sector vide Government Notification which can be accessed from VTPC's website.

Key Exim Updates (Oct-Dec'22)

- ✓ Compendium pertaining to Customs Ease of Doing Business, released by CBIC, Dec'22 (www.cbic.gov.in)
- ✓ Remission of Duties and Taxes on Exported Products (RoDTEP) scheme gets extended to Chemicals, Pharmaceuticals and Articles of Iron & Steel from 15.12.2022 (Notification No.47, dtd 7.12.2022, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1881602>)
- ✓ Export Duty levied on steel products and iron ore pellets, revoked from 22nd Nov'22, vide CBIC Notification No.58/CBIC, dated 22.11.2022

CAPACITY BUILDING PROGRAMS

EXPORT TRAINING PROGRAMS

- Seminar on Exports organised by DIC Raichur and MSME DI, Hubballi, 28th Dec'22, Hotel Santoshi Novatel, Raichur
- Export Training Program with focus on 'Fish and Marine products', 19th to 22 Dec'22, in association with KAPPEC Bengaluru and College of Fisheries, Mangaluru
- 113th Export Management Training Program (EMTP), 12th to 17th Dec'22, VTPC Office, Bengaluru
- Seminar on 'Post Harvest Management value addition, packing and product promotion in agriculture' for officers of Department of Agriculture, Govt. of Karnataka, 30th Nov'22, Mysuru
- Entrepreneur Development Program for Women, 22nd Nov'22, AWAKE, Bengaluru
- Entrepreneurship Development Program in association with DIC Dharwad, 19th Oct'22, Dharwad
- Awareness Program on Schemes of different departments in association with DIC Dharwad and Gamanagatti Small Scale Industries, Dharwad Association, Hubballi, 17th Oct'22, Dharwad.

INTELLECTUAL PROPERTY RIGHTS PROGRAMS

- ✓ Talk on Significance of IP Management on the occasion of Inauguration of IP Cell, 27th Dec'22, Jain Institute of Technology, Davangere.
- ✓ Seminar on 'IP Strategies for the Start-up Ecosystem' in association with IEEE Chapter at the International Conference for 'Women in Innovation, Technology & Entrepreneurship', 3rd Dec'22, IISC, Bengaluru
- ✓ Webinar on 'Innovation for Engineers: Leveraging Intellectual Property Tools in Entrepreneurship', in association with University of Visvesvaraya College of Engineering (UVCE), 29th Nov'22, Bengaluru.

GI SPOTLIGHT: UDUPI SAREE

Backed with over 200 years history, Udupi Saree is among the major traditional products manufactured in the Dakshina Kannada & Udupi districts of Karnataka having received the Geographical Indication (GI) tag. It is a hank yarn dyed (or coloured) & hand woven Saree. The unique features of the Saree include its best tie and dye techniques in pallu making, besides cut border, loom sizing which prevents abrasion, usage of 40, 60 and 80 counts for warp and weft in frame looms called Malabar Frame looms with fly shuttles.



A key highlight is that single yarn is used for weaving the body and double yarn is used to weave the border. Natural and eco friendly materials like firewood and coconut shells are used for boiling of yarn and preparation of dye bath etc. This besides, the bristles of the brush used for sizing is also specially made from a type of palm tree which prevents damage to the yarn. These Sarees are produced either with check design in the body with solid border or Plain Saree with Butta designs.



ARTISAN'S CORNER: The ancient Udupi Saree which thrived until around 1980, aided by five primary weavers' societies, witnessed a steady decline in production during the 90's, when the weave was nearing extinction. During 2017, around 42 weavers remained to contribute to the plummeting production levels. It was in this grim situation that Mamatha Rai (along with B.C Shetty), representing Kadike Trust commenced **the Udupi Saree Revival Program**.

A former Lecturer by profession, set off this program in association with the Talipady Weaver's Society and likeminded individuals. The efforts were directed towards rejuvenation of the handloom sector in Dakshina Kannada and Udupi Districts with the objective of achieving sustainable rural livelihood, alongside documenting indigenous knowledge.

The Udupi Saree revival efforts included effective marketing, branding, designing, introduction of natural dyeing, organizing training programs for young weavers and leveraging social media platforms as impactful tools for popularizing the product. This has spurred in fetching reasonably higher remuneration and motivating weavers to stage a come back to the profession!

In recognition of Mamtha's revivalist efforts, she was chosen by *Deccan Herald* among the 21 Change Makers of the year 2021. In the same year, her Trust was recognized as one of the 3 best performing NGOs in 2021 by NABARD at the national level for its contribution to the handloom sector. These initiatives by Mamatha have in large measure encouraged women to embark and pursue an independent & dignified profession with elan!

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