



BIT/2022/09 June 2022

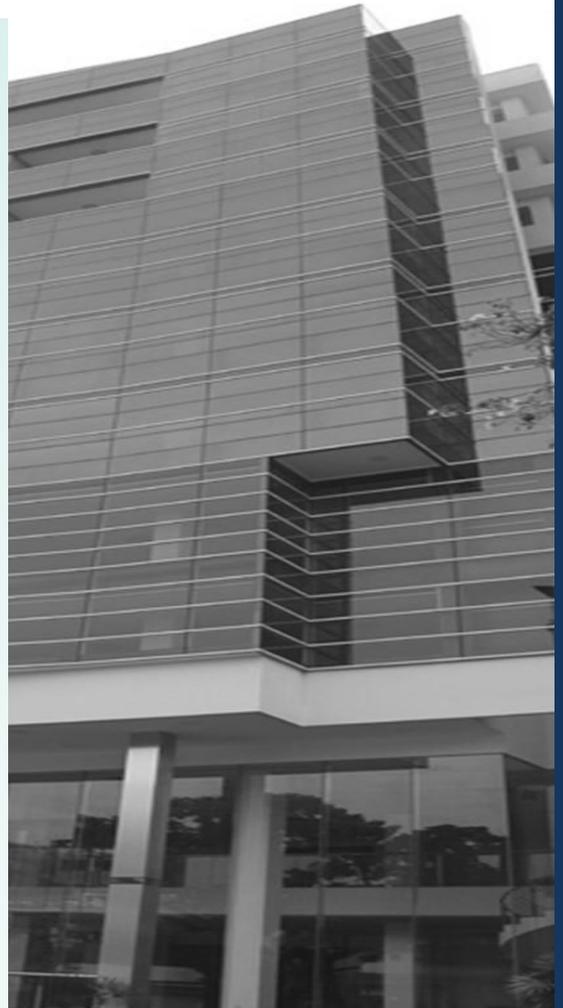
**STRENGTHEN THE SL ECONOMY
WITH EMERGING SOUTH INDIA**

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STRENGTHEN THE SL ECONOMY WITH EMERGING SOUTH INDIA

Southern part of the India is a land of amazing possibilities and endless opportunities endowed with the numerous resources and capabilities. South India is well placed to lead the India's growth to become a USD 05 trillion economy. It is ideally positioned to be the growth engine of India and has the most diversified economy such as, manufacturing, agriculture & food processing, the blue economy, leather, apparels, light & heavy engineering, ICT, entertainment and many more. South India pioneered knowledge-based sectors, new renewable energy, biotechnology, defense and aerospace.

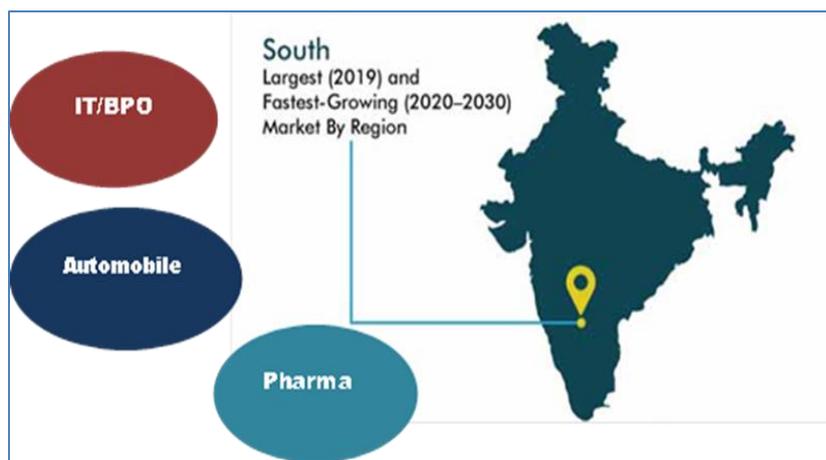
Being in South India Andhra Pradesh, Kerala, Karnataka, Telangana and Tamilnadu states contribute 30% of India's GDP.

Selected economic and demographic indicators		
Parameter	Southern states of India	National
Per capita net state domestic product (SDP)	(US\$3,200)	(US\$2,191)
Percentage share in total FDI approved (1993–2003)	5.48	4.12
Average annual growth of SDP	5.6	3.6
Percentage of population below poverty line	15.41	29.10
Percentage of urban population (%)	35.82	23.81
Percentage of households with electricity (%)	98.91%	67.4
Literacy rate	82.87	75

Economic Indicators						
Parameter	Andhra Pradesh	Karnataka	Kerala	Tamil Nadu	Telanga na	All India
Per Capita Income By States (PCI) (2019–20)	\$2,409	\$3,082	\$3,040	\$3,200	\$3,049	\$1,884.98
Gross State Domestic Product (2019–20)	₹10.80 lakh crore (US\$150 billion)	₹15.88 lakh crore (US\$220 billion)	₹8.75 lakh crore (US\$140 billion)	20.54 lakh crore (US\$290 billion)	₹9.69 lakh crore (US\$140 billion)	₹209.19 lakh crore (US\$2.9 trillion)

Why South India?

Just as we see the south Indian states ‘indicators, it is obvious that the southern States of India present a unique model of development. They have become the country’s economic engine and the bastions of social progress. The region attracts multinational IT (services), pharmaceutical products manufacturing, food processing and automobile (manufacturing) firms while retaining the strength of its agriculture sector.



Emerging South India at a glance

State	Emerging Industries	
Andhra Pradesh	Pharmaceutical	<p>Andhra Pradesh is home to many global & national pharma players; various companies have setup their manufacturing hubs in Visakhapatnam & Srikakulam districts.</p> <p>Exports of pharmaceuticals* from the state stood at US\$ 1.48 billion in FY20 and reached US\$ 1.46 billion in FY21 (until January 2021).</p>
Karnataka	IT/ITeS Automobile	<p>Karnataka is the IT hub of India & home to the fourth largest technology cluster in the world. It has 23 operational IT/ITeS SEZs, five software technology parks & dedicated IT investment regions. Export of IT and electronic products accounted for around 38.99% share in India's electronics and computer software export and 76.36% share in Karnataka's overall export.</p> <p>The state is the fourth-largest automobile producer in India, contributing 8.5% to the total national automobile output. The state is also home to Reva Mahindra, the first indigenously built electric car in the country, and key OEMs such as Toyota, Volvo, Honda, Scania and TVS.</p>
Kerala	IT/Electronics	<p>Kochi has emerged as a unique IT destination and is connected by two submarine cables and satellite gateways that directly support major IT cities, including Bengaluru. Kerala possesses a cost-effective and highly skilled human resource base with the lowest attrition rate (less than 5 per cent). Around 11 per cent of the national IT pool is contributed by skilled human resources from Kerala.</p> <p>While accommodating to global leading electronic manufacturers to doing their operations in Kerala, a electronic hub proposed at Kochi is a prestigious project of the Government of Kerala to promote electronic hardware manufacturing and assembling units and R&D centres, and to support infrastructure for the same</p>
Tamilnadu	IT/ITeS	<p>Tamil Nadu has emerged as a key destination for IT investments. The state has 22 approved IT Parks. The TIDEL Park in Chennai is spread over 1.28 million sq ft. It is the largest IT facility in India, promoted by TIDCO and ELCOT.</p> <p>Electronics Corporation of Tamil Nadu Limited (ELCOT) has established eight Information Technology Special Economic Zones (ELCOSEZs) in Chennai and seven in Tier-II locations: Coimbatore, Madurai (2), Trichy, Salem, Tirunelveli and Hosur.</p>

Telangana	IT Pharmaceuticals	<p>Information technology is one of the fastest growing sectors in Telangana. The central government has declared the realisation of an Information Technology Investment Region (ITIR) near Hyderabad. With the establishment of the ITIR, the government plans to generate 1.5 million direct and 5.3 million indirect jobs in the IT sector in the next five years.</p> <p>Hyderabad accounts for about 20 per cent share in the total export of pharmaceutical products from India. This is making Hyderabad as a center for the drug production.</p> <p>Telangana is pharmaceutical manufacturing hub in the country attracting over Rs 10,000 crore (US\$ 1.49 billion) investments in the life sciences sector in the past four years.</p>
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Think beyond conventional trading...

There is no doubt that Sri Lanka is indulging a substantial worth of export trade in goods with India in terms of spices, textile, tea & coffee and desiccated coconut etc. this has further been geared up due to the trade under FTA and PTAs with India.

However, throughout the last few years, the whole world is witnessing that India has been emerging as one of the most prominent IT hubs, pharmaceutical hubs and automobile manufacturers in the world. Most of the leading Indian and IT companies, pharmaceutical companies and automobile manufacturers have registered their name in the global market and their products and services are now penetrating into very competitive world markets. Moreover, eminent global IT brands like Google, amazon, Microsoft, HCL and Apple etc., have successfully started their operations in South India. In addition to that, leading international automobile companies such as, Toyota, Benz, BMW, Volvo and Nissan have successfully been their presence in India.

Hence, while keeping Sri Lanka`s conventional export trading with India on the top, time has come for SL entrepreneurs to explore Indian market opportunities in a different corner. Specially for grabbing the market shares from the emerging Indian IT, Pharma and automobile sectors.

Pharmaceuticals.

Now India has an intensely strengthened pharmaceutical industry which caters its local demand and international demand as well. South India plays a vital role out of India`s total pharma production, especially from pharma city facilities available in Hyderabad and Andhra Pradesh.

As Sri Lanka is encouraging international pharmaceutical manufacturers to the newly unveiled pharma zone in Hambanthota, South India is the ideal destination to entice prominent pharma producers to the Island nation at earliest. Further being India is our closest neighbor, forming

collaborations/Joint ventures with their prominent pharma companies would be an ideal in terms of cost efficiency and ease of market accessibility.

Automobile

In fact, leading automobile manufacturers have a very strong supply chain of automotive electronics and other automotive parts in India. In the meantime, it is observed that, the Indian automobile manufacturers are importing substantial amounts of automotive electronics and other automotive parts for their end products from other countries such as, china and Europe. However, due to some reason either the automobile manufacturers or importers who are in the supply chain of these giant automobile manufacturers have not noticed the definite advantages they could have enjoyed if they import these automobile parts from Sri Lanka especially due to the low cost of transportation and production and concessions available under the FTA and PTAs.

Moreover, most of the light vehicles and heavy vehicles which are being used in Sri Lanka have been imported from India such as, TATA, Ashok Leyland, Bajaj, TVS and Mahindra. Presently, lots of spare parts, apparatus are also being imported by Sri Lanka from India for these automobiles.

It has been observed that there are Sri Lankan companies which are capable of producing these spare parts according to the specifications of these giant Indian automobile manufacturers. Therefore there is a greater potential for Sri Lankan companies to enter into collaborations/joint ventures with Indian companies who are in the raw material supply chain of giant automobile manufacturers.

IT/BPO

Throughout the last decade India`s IT sector has been boosting in an outstanding way. Specially Karnataka, Telengana and Tamilnadu states keep on furnishing a substantial amount of contribution to India`s GDP. Currently both public and private sectors highly count on information technology. Passenger transportation, railways, essentials distributions, healthcare facilities, billing facilities, tourism, defense activities, road traffics monitoring and controlling and education etc. are being empowered by the IT sector bringing the people`s lifestyle into a next level.

Being metropolitan cities, most of the renowned IT companies have well established their operations in Hyderabad, Chennai, Bangalore and Cochin cities as they have full-fledged IT zones. Hence, alluring potential IT giants from south India would be worthwhile for Sri Lanka in future as the Board of Investment (BOI) has declared proposed IT parks in Kurunegala, Kandy, Anuradhapura and Batticaloa. Moreover, it is understood that most of the IT companies are used to outsourcing their back-office operations from foreign countries including Sri Lanka. Since the Island nation has a well-developed IT/BPO sector, tremendous opportunities are available for tying up with Indian IT companies.

On the other hand, due to the Covid 19 pandemic restrictions, surge demand for online platforms popped up. Specially for groceries, essentials and goods delivering platforms such as, big basket, dunzo, amazon, swiggy, zomato and flipkart etc. are being popularized all over India. Half percent of the people who live in urban areas count on these platforms and with these facilities people`s routine has become much easier than early and become cost and time effective as they can explore a wide variety of local and international products at their fingertips. Obviously potential Sri Lankan entrepreneurs can encourage either bringing these platforms to the country or establishing tie ups for supplying unique and quality Sri Lankan origin products to these platforms like amazon, flipkart and big basket etc.

Source:

Ministry of Industry and Commerce, India

Acknowledgment of Content Contribution:

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