Department of MSME & Export Promotion
Government of Uttar Pradesh

Draft District Export Action Plan, Auraiya, Uttar Pradesh

Knowledge Partner

विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF FOREIGN TRADE

Districts as Export Hubs

EY
Building a better working world

Preface

This district export plan for Auraiya District is being prepared as a part of Developing District as Export Hub under the District Export Hub Scheme initiated by the Ministry of Commerce & Industry, Govt of India and state Government of Uttar Pradesh. Hon'ble Prime Minister in his Independence Day Speech on 15th August 2019, had, inter- alia observed that each of our district has a diverse identity and potential for targeting global markets and there is a need for converting each district into potential export hubs. In order to implement Hon'ble PM's vision for each district, Department of Commerce has mandated the Directorate General of Foreign Trade to work with State Government and District Level authorities to promote the Auraiya district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Auraiya under the chairmanship of District Magistrate. With the said objective, 'District Export Action Plan' has been prepared and being presented to concerned stakeholders.

The report encompasses in-depth information on each district's geographic, demographic, and administrative profile, along with key statistics of prominent exporting products of district, gaps identified basis diagnostic survey, recommendations proposed to mitigate the gaps and action plans required to implement those recommendations.

The report provides insights into exports from the cluster, via analysing exports over the last five years from India and UP for the respective product. The report also shares insights on availability of raw material, technology upgradation, infrastructure, designing, packaging, access to finance, skill development etc. Besides the detailed action plans, the timeline and responsibility matrix has also been defined with implementation schedule to give implementation roadmap of the product.

For this desired purpose, an extensive primary and secondary research was conducted. The report has been prepared in co-ordination with the Office of DGFT, Kanpur and Uttar Pradesh Export promotion Bureau (UPEPB). The data has been sourced from multiple avenues, including but not limited to data provided by office of DGFT, Kanpur, UAM data (2019), DICs, 2011 Census of India, Diagnostic Study Reports, stakeholder consultation and several other secondary resources.

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1. Vision of Districts as Export Hubs

"Each district of our country has a potential equal to that of one country, each of our districts has the capacity equal to a small country in the world. why should each district not think of becoming an export hub? Each of our districts has a diverse identity and potential for global market"

- ***Honourable Prime Minister of India, Shri Narendra Modi***

Foreign trade from India constitutes of 45% of its GDP. Until 2019, only the central government was engaged in the decision making of foreign trade, without any participation or involvement of state and/or district stakeholders. However, now, understanding that there are diverse elements that contribute towards an enabling and conducive foreign trade environment; the central government has identified that with policy & strategy, active support of the state governments and district admirations are also equally required.

Thus, to decentralize the existing activities, to boost local production & its exports and to ensure active participation of state & district stakeholders, vision of district as export hubs was put to action. Department of Commerce, through Directorate General of Foreign Trade (DGFT) is working with the State / UT Governments to achieve this objective.

DGFT and UPEPB have aimed at synergising their efforts to identify the key products, export trends and challenges. Further in order to minimize the challenges, quantify the exports and outline export strategy; a detailed district-wise Export Action Pan has been made for all 75 districts of UP, where EY has contributed as Knowledge Partner.

2. District Profile

On 17th September,1997 two tehsils named Auraiya and Bidhuna were seperated from district Etawah to form the new district named as Auraiya. It is situated on National Highway no. 2 (Mughal Sarai Road) and 64 km. in the east of district headquarter of Etawah and 105 km. in west of Kanpur city. Auraiya having 7 Blocks named Ajitmal, Bhagyanagar, Sahar, Bidhuna, Achchalda, Erwakatra and Auraiya.

Figure 1: Auraiya Google Map

The traditional history of the region starts with King Ajamida who was the fifth successor in the time of famous king Bharata. The present area of the district was under the dominion of his third son Brihadvasu comprising the region south of Ganga with its capital at Kampilya. The region rose into great prominence during the period of Mahabharat. Mahavir is said to have passed his seventh rainy season in this region. About the middle of fourth century BC, this territory was annexed to the Nanda empire of Magadha, probably in the reign of Mahapadmananda and after Nandas, the district came under the dominion of Mauryas, with the downfall of Mauryas, Panchalas of this period probably ruling over this region started as feudatories of the Mauryas and gradually gained power as the fortunes of Mauryas declined. Evidence shows that Naga's kings flourished in the western parts of U.P. including the present district particularly in the third and fourth century.

During 4th century Guptas once again established imperial unity in India. The present region of the district also shared and contributed much towards prosperity of central India. Chinese traveller Fa-hien also visited the area. Ther are still remains of Buddhist and Jain temples. Kings like Samudragupta, Chandragupta, Kumargupta, Skandgupta and Buddhagupta ruled over this region peacefully. In the second quarter of the 8th century the

district seems to have been included in the dominions of king Yashovarman of Kannauj. During the whole of 9th and 10th centuries, the region was governed by Gurjara Pratihar rulers.

The area was under the sway of Mahmud Ghazni during 1019-1049 and after him some local chiefs were ruling in this region. The tract passed into era of Muslim rule with the establishment of Sultanate of Delhi by the end of 12th Century. The present district was part of at least four Sirkar in Subah of Agra during the period of Akbar. During 1521 AD, one Narayan Das, a Singhiya Brahmana and son of Roshang Deo, founded Narayanpur, close to what was then called Nagla Kabirpur. The settlement did not flouish and Kamal Sah, a Fakir, was asked to pray for its prosperity. He replied that no success could be hope for unless another name was given to the village (nom awari rakhal). In course of time Awari was corrupted into Auraiya and the town continued to flourish under the protecting influence of another Fakir called Sajhanand, whose temple still exist. No men of any great notoriety appear ever to have lived in the town.

After passing through hands of Marathas during the period of 1771-1773 it came under the rule of government of Awadh from 1774 to 1801. For many years the administration of the district was in the hands of Mian Almas Ali Khan who was by birth a Hindu but embraced Islam. According to Colonel Sleeman (Britist Resident at Avadh Court) he was the greatest and the best man, Avadh ever produced. He held his court occasionally at Kudarkot in tahsil Bidhuns where he built the fort which is now ruined. On Nov. 10,1801 it was made over to British government by Nawab Saadat Ali Khan together with the lower doals and another tract. In March 1804 Yashwant Rao Holkar, demanded the present area from the British on the ground that it was formerly held by Marathas, but it was not conceded by Britishers. The district rose in flame of freedom struggle in 1857. Some businessmen assisted financially the local freedom fighter.

Development in the state of Uttar Pradesh has been the outcome of the interplay of a variety of factors including physical, political, economic, demographic and geographic. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector and does not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socioeconomic development of the state.

2.1 Geography

The district of Auraiya lies in the south-western portion of Uttar Pradesh 26.4667°N 79.5167°E and also forms a part of the Kanpur Division. It borders the districts of Kannauj on the north, Etawah on the west, Ramabai Nagar district on the east, and Jalaun to the south. It has an average elevation of 133 metres (436 feet).

The Auraiya District covers an area of 2,054 km2 (793 sq mi), of which more than one-third is designated rural. The main rivers which flow through the district are Yamuna and Senger. The total length of the Yamuna in the district is about 112 km.

2.2 Topography & Agriculture

Auraiya lies entirely in the Gangetic plain, but its physical features vary considerably and are determined by the rivers which cross it. The area of Etawah and Auraiya districts is divisible into four portions of district natural characteristics. The first of these consists of the country lying north-east of the Senger river, which runs across it from west to east almost parallel to the Yamuna, it includes the northern portions of tahsils Etawah and Bharthana. The second tract lies south of the Senger and extends as far as the high lands immediately overlooking the Yamuna. It comprises a slightly undulating switch of country covering portions of Etawah and Bharthana and the bulk of a Auraiya Tehsil of Auraiya District. The tract includes the parts of some tehsils that adjoins the river Yamuna. Beyond the Yamuna, stretching from the borders of tahsil Bah in Agra to the confluence of the Sindh, Kuwari, Chambal and Yamuna rivers, lies the high and broken country formerly known as Janibrast. These tracts differ from each other in a very marked degree though each presents general conformity within its own limits.

3. Industrial profile of the district

As given in the following table, MSME industries across the sectors of food/agro-based industries, repair & servicing, other manufacturing, wood/wooden furniture, metal, apparel, paper, electrical and other transport, chemical, leather and engineering are key economy drivers in the district.

The MSME units in the district mainly represent industries like food/agro products, Wood/ wooden based furniture, Metal products, Repairing and servicing and other industries. Repairing and servicing industry contribute most in terms of employment ~ 34.11 %, followed by Agro based industries ~ 22.18 % and miscellaneous manufacturing ~ 21.99 % .

Table 1: Industries details[1]

NIC Code No.	Type of Industry	No. of Industrial Units	Investment (INR Lakh)	Employment
20	Agro Based	461	1137	1296
23	Cotton Textile	2	6	40
24	Woolen, Silk & artificial Thread based clothes	29	60	95
26	Readymade Garments and Embroidery	21	11	52
27	Wood/ wooden based furniture	326	137	406
28	Paper & Paper Products	22	24	66
29	Leather Based	26	13	76
31	Chemical/Chemical Based	3	4	10
30	Rubber, Plastic & Petro Products	4	5	16
33	Metal Based (Steel Fab.)	3	2	9
34	Metal Products	130	171	463
35	Engineering Units	2	2	9
36	Electrical Machinery and apparatus	10	5	26
38	Miscellaneous manufacturing	383	316	1285
96-97	Repairing and service industries	635	821	1993
	Total	**2,057**	**2,714**	**5,842**

[1] *DIEPC-Auraiya, Govt of U.P*

Repairing and servicing industry sector of MSME with 635 units in the district is the most prominent and economy contributing sector in the district. It is followed by Agro based sector of MSME with 461 units and Miscellaneous manufacturing with 383 units.

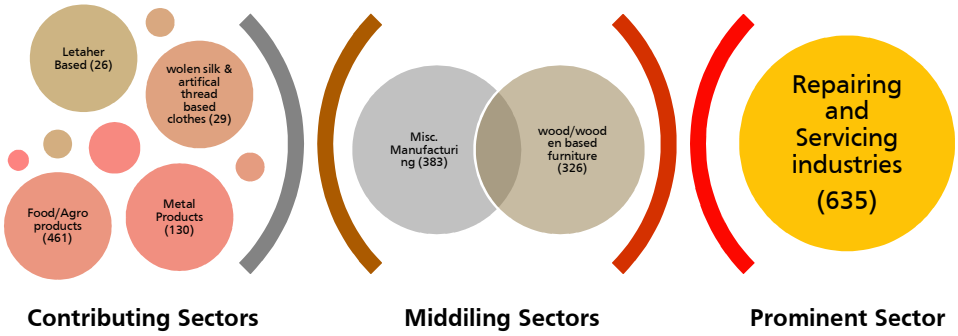


Figure 2: MSME Landscape of the district

Out of total population of 199,812, 341(2011 census), 65,814,715 are working population. Out of total working population, 34.8% are working in other industries, 59.3% are cultivators and agricultural labourers and only 5.9% are household industry workers. This indicates that agriculture is the main source of income in the district.

Table 2: Occupational Distribution of Main Workers[2]

S. No.	Particulars	Auraiya	%
1	Cultivators	19,057,888	29%
2	Agriculture Labourers	19,939,223	30.3%
3	Household Industry Workers	3,898,590	5.9%
4	Others	22,919,014	34.8%

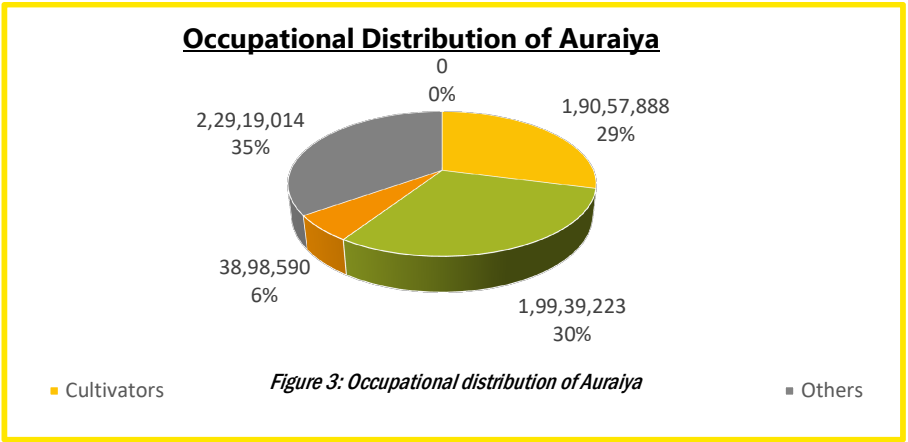


Figure 3: Occupational distribution of Auraiya

Figure 4: Occupational Distribution of Auraiya

[2] *District census handbook 2011 – Auraiya*

3.1 Major Exportable Product from Auraiya

The following table depicts the value of export of major products from Auraiya:

Table 3: Major exportable product

S. No	Product	Export value (in INR)[3] Sep-2020 to Nov-2021
1	Polyethylene having a specific gravity 0.94 /more	42,15,15,202
2	Linear low-density polyethylene (LLDPE)	60,56,82,665
3	Parts of other gas turbines	7,98,87,434
4	Containers specially designed and equipped for carriage by one/more modes of transport	5,74,29,330
5	Linear low - density polyethylene (LLDPE)	9,28,21,186
6	Carpets	85,974
Total Export from Auraiya		1,257,421,791

Overall total Export from Auraiya District is INR ~136.48 Crore in the time spanning from September 2020 to November 2021.

4. Product: Deshi Ghee

4.1 Cluster Overview[4]

The ODOP Product for Auraiya district is Desi Ghee. The overall turnover of the cluster is approx. Rs. 54 crores. From the last three fiscal years the annual turnover of the industries has almost remain same. The 250 units in the district employs around 2000 people out of which 1200 are skilled, 600 are semi-skilled and 200 are unskilled workers.

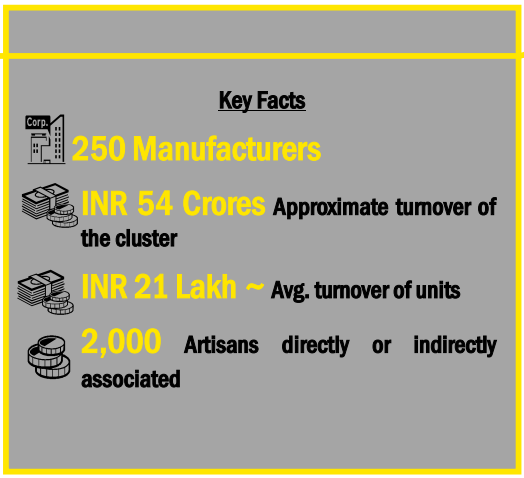


Figure 5: Key Facts of Dehi Ghee in Auraiya

- The units in the cluster are very raw in nature. Most of the units are situated inside small shop. The units don't have segregated workspace according to various stages in the process of metal embossing.
- No proper storage area was long term storage of Raw Materials.

4.2 Product profile

Ghee is widely considered as the Indian name for clarified butterfat, usually prepared cow's milk, buffalo mil or mixed milk. In the Middle East, ghee is commonly made from goat, sheep, camel milk and it is known as maslee or by some variant of the Arabic ter, samn. In Iran, it is called rogahn.

The IDF defined ghee as a product exclusively obtained from milk, cream or butter from various animal species by means of processes which result in the almost total removal of moisture, and solids-not-fat and which gives the product a particular physical structure. The standard specifies ghee to have 96% minimum milkfat, 0.3% maximum moisture, 0.3% maximum free fatty acids, and a Peroxide Value less than 1.0. it's physical structure should consist of a mixture of higher softening

[3] *District wise report for the period September 2020 to November 2021 received from DGFT*

[4] DSR prepared by IL&FS on Deshi Ghee

points fats in crystalline form dispersed in the liquid lower softening point fats and this gives the ghee a somewhat granular appearance. Ghee should not have an objectionable taste or ordour but neutralising substance in trace amounts may be added.

4.1 Cluster Stakeholders

- Primary Suppliers

  Raw material Suppliers
- Traders
- Ghee Manufacturing units

- Financial Institutions
- DIEPC, Auraiya
- MSMEDI/DGFT/FIEO
- Industries Associations

Figure 6: Cluster Stakeholders

4.1.1 Industry Associations

The cluster comprises of support institutions that can be broadly classified into three categories – trade and industry association, educational and training institutions, and other institutions. The trade and industry associations assist industries in the cluster in getting clearances and approvals, solving issues regarding industrial infrastructure, providing information on latest government schemes etc. Educational and training institute provide training to labours and assist in addressing availability of skilled labour. Other institutions comprise banks and logistics service providers.

Following are main Industry Associations that are working in Sector:

- Federation of Indian Export Organization (FIEO)
- Industrial Area Manufacturers' Association (AIMA)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce & Industry (FICCI)

4.2 Export Scenario

Export Potential

Export of Deshi Ghee from Auraiya is INR 21 Lakhs.

Due to lack of awareness, the entrepreneurs are unaware of technology advancement in terms of technique & machinery. The units in the cluster use Indigenous Butter Milk process for production of Ghee. In the area of globalization, the marketing effort of the entrepreneurs needs to be integrated to capture more market share.

Current Scenario

Key Facts of Export

2,376,360 USD Thousand

Value of world exports in 2019

83,009 USD Thousand

India's exports 2019

3575 USD Thousand

UP's Export (2018-19)

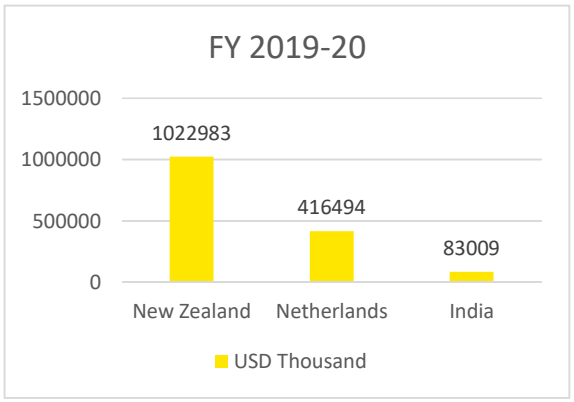
~4.30%

Share of UP in India's Exports

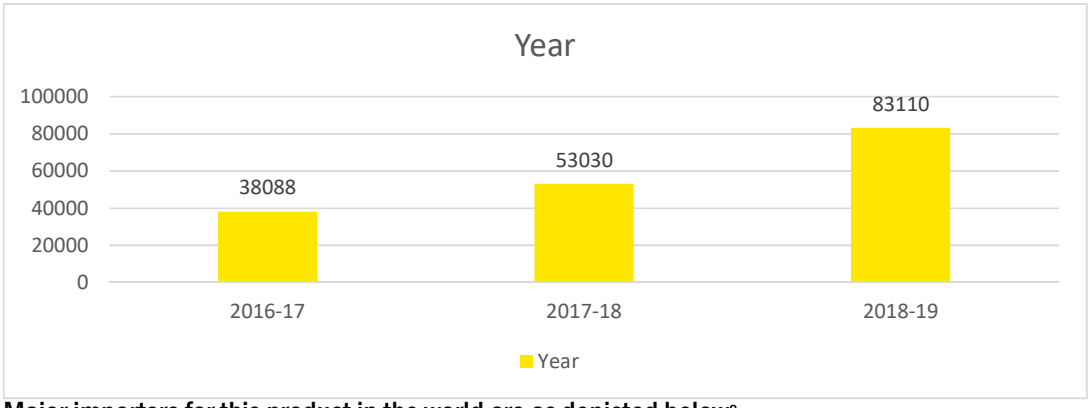
The chapter focusses on the export scenario of India and Uttar Pradesh and then deep dives into the export statistics of HSN code- 040590 stating the target countries for market expansion for the product. India exported USD 83,009 Thousand value of Desi Ghee in 2019.[5] . Desi Ghee has been integral part of Indian culture since ancient times.

Product 040590 Fats and oils derived from milk, and dehydrated butter and ghee (excluding natural butter, recombined butter and whey butter)

India's exports represent 3.5% of world exports for this product, ranking it number 7, behind New Zealand, Netherlands and others. The value of India's exports has been growing steadily since 2015-2019, There has been increase/growth of 28% in the past 5 years, and as per data FY 2015-19 for exports from India.[6]

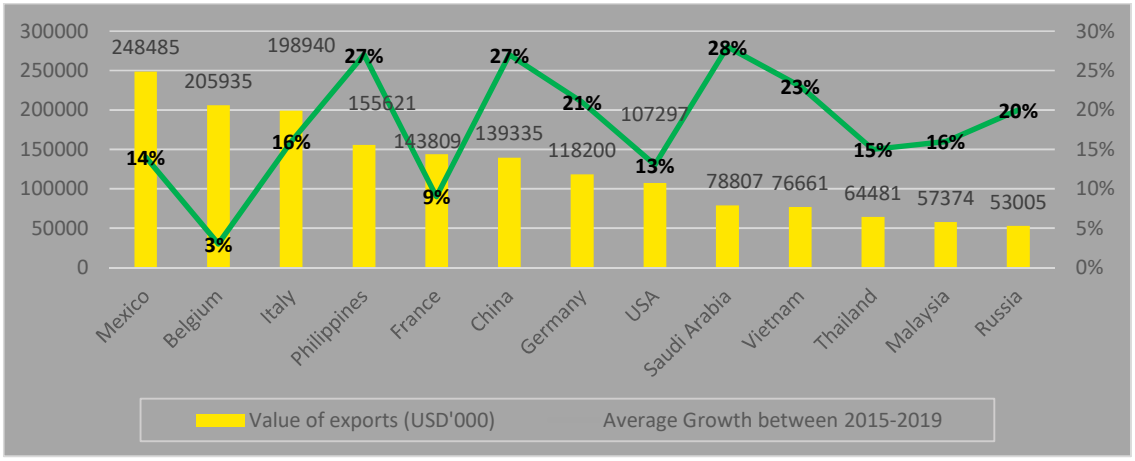


Indian exports of the product on yearly basis[7]

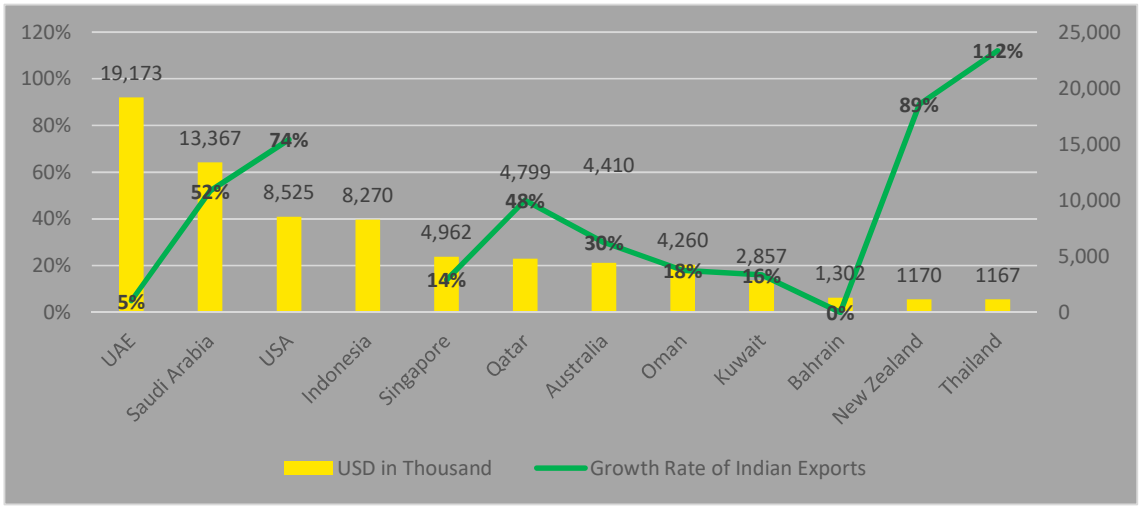


Major importers for this product in the world are as depicted below[8]:

[5] *Trademap.org for HSN Codes 040590*
[6] *Trademap.Org for HSN Code 040590*
[7] *Trademap.Org for HSN Code 040590*
[8] *Trademap.Org for HSN Code 040590*



Countries to whom India export this product along with value of exports are as depicted below[9]:



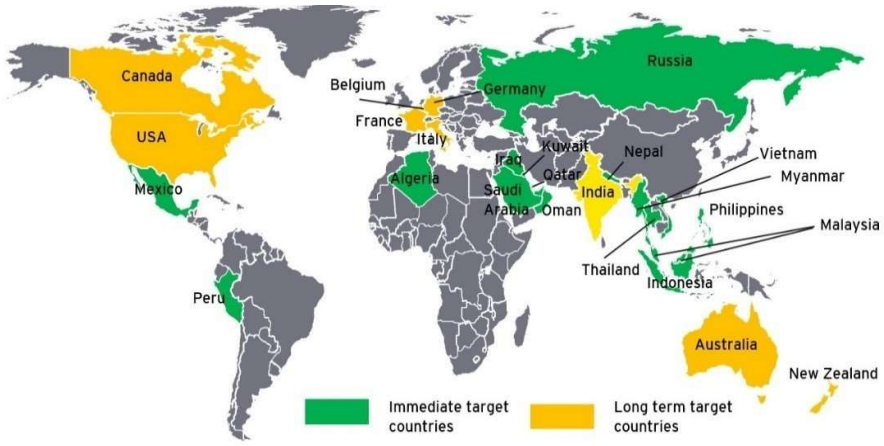


Figure 7: Markets for Export Potential

[9] *Trademap.org for HSN Code- 040590*

4.3 SWOT analysis

Table 4: SWOT Analysis[10]

Strengths	Weakness
▶ Well established market ▶ Huge production capacity ▶ Easy availability of raw material ▶ Prime location as it lies on west freight corridor.	▶ Small cluster Size. ▶ Zero connectivity with institutional structure. ▶ Lack of Latest Machineries and technology. ▶ Scarce capital for investment in the dairy development.
Opportunities	**Threats**
▶ Greatly improved export potential for milk products. ▶ Growing demand of organic deshi ghee. ▶ Liberalized policies of state and central govt. ▶ Availability of market information intelligence system for milk & milk products.	▶ Poor microbiological quality of milk ▶ Increasing chemical contaminants and residual antibiotics in milk.

4.4 Challenges and interventions

Parameter	Challenges	Intervention
Storage	▶ Presence of milk collection of major dairies like Parag, Mother Dairy, CP Milk etc. creates a shortage of quality milk for local dairies in the district. ▶ Milk having 6% fat content is the best quality of milk for Ghee production. ▶ The collection centres buy milk at Rs. 50-52/ltrs, however, the local dairies & ghee manufacturing units can only buy at Rs. 40-45/ltrs. This creates shortage of availability of quality milk for local dairies. ▶ The local dairies buy milk from milk supplier on credit; however collection centres give cash at the time of delivery. This also attracts milk suppliers to sell their product at collection centres.	▶ Establishment of cold chain facilities
Quality Control	▶ Unaware of global standards and quality certificates. ▶ Only exporters of the cluster try to maintain the quality standard of global market based on customer's demand ▶ Absence of quality checking and monitoring of parameters in the cluster.	▶ Establishment of FSSAI approved Testing Lab in the cluster ▶ MoU signing of ODOP Cell with **FSSAI for defining quality standards** of milk products like ghee/butter so that their quality can be maintained/improved, and export quality products can be

[10] DSR prepared by IL&FS cluster development initiative ltd.

	▶ The knowledge of FSSAI guidelines was also found to be very less among the stakeholders.	manufactured. ▶ Testing to meet export standards
Technology Upgradation	▶ Majority of the units are working on outdated technology and old machinery. ▶ Many units lack the machineries required for advancement and increase in production ▶ The production outcome based on existing technology is normal and will not help in fast pace growth	▶ Awareness programs & workshops on advancement in technology of dairy industry.
Access to Finance	▶ Difficulty in receiving financial support ▶ Tedious paperwork and long waiting time of banks usually persuade artisans/workers from not taking financial support from banks	▶ **Interest Subvention** to provide a **reimbursement of five percentage points** on the interest charged by the lending agency for the purpose of modernization, working capital requirement and technology up-gradation related to product manufacturing. ▶ Collaboration with nationalized banks to facilitate quick loan approval and disbursement through digital lending. (ex. SIDBI and BoB) ▶ Awareness and outreach program for raising consciousness about existing schemes ▶ Sensitization of banks/financial institutions to understand the product value chain while fixing WC/CC limits
Skilling	▶ There is no institute in the cluster which imparts training for dairy industry ▶ Majority of the labour force engaged has gained the required skills through traditional learning ▶ The low acceptance of formal skill training and negligible recognition to trained and certified worker in terms of wages	▶ Collaboration with NSDC for providing job-oriented training for skilling and upskilling under 4 parameters. ▶ Maximizing leveraging of schemes such as the ODOP Skill Development Scheme, Entrepreneurship and Skill Development Programme (ESDP) DDUGKY scheme, 'Seekho aur Kamao' and Uttar Pradesh Skill Development Mission for skilling and upskilling of artisans ▶ Establishment of a **Training centre** will help facilitate training programs along with certificates to individuals about the various process required for making dairy products like ghee and thus help taking forward the age-old art.

Packaging	▶ Lack of proper Finishing and Packing and labelling has led to devaluation of product ▶ Lack of innovation in packaging materials or techniques for dairy products	▶ Better Packaging and Branding is required. Need a Finishing and Packing Centre in district. ▶ Labelling with Barcoding is required which will be in addition to Vriksh* certificate. ▶ Further, Indian Institute of Packaging (IIP) can be collaborated to suggest packaging for this product.
Marketing and Branding	▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets ▶ The local retailers sell to the big players either from the district or to Kanpur Dehat retailers etc. at a very minimum price. ▶ Insufficient market information and no proper dissemination, ▶ Lack of appreciation of market preferences and requirements, ▶ No proper buyer-seller meet platform/room ▶ Inadequate support for marketing and promotion ▶ Less direct export ▶ No brand name or Logo to promote Auraiya Desi Ghee	▶ Awareness and outreach amongst weavers for participating in fairs and exhibitions. ▶ Leverage marketing assistance schemes of State and GoI for financial assistance of weavers ▶ Organize state and national level **exhibitions** ▶ Onboarding of the artisans and unitholders on odopmart.com and other online retail platform such as amazon, flipkart, ebay. ▶ The DIEPC to train cluster for the International legal procedures required for exports like Export documentation and procedure, Export finance, banking and exchange rate regulations, Trade related policies and compliances. ▶ Creating a LOGO and Label that will define the visual imagery of the brand. Developing various communication templates such as brochures, product catalogues, print advertisements, hoardings, posters, internet ad campaigns etc.

4.5 Future Outcomes

Turnover	Export
Increase in annual turnover from existing INR 54Cr. to INR 81 crore growth in a span of next 5 years	Export would increase from INR 21 Lakhs to INR 5 Crores after implementation of intervention over the span of next 5 years

5. Product: Plastic Product

5.1 Cluster Overview

GAIL owns and operates a gas based Petrochemical Complex at PATA, District Auraiya, near Kanpur in UP (around 380 km from Delhi). GAIL has world class "Sclairtech" solution polymerization process licensed from M/s Nova Chemicals, Canada to produce LLDPE and HDPE, with a nameplate capacity of 2,10,000 MT/annum and has two slurry-based polymerization processes licensed from M/s Mitsui Chemicals, Japan to produce HDPE, each with a nameplate capacity of 1,00,000 MT/annum. A new world class gas phase Unipol PE Process of M/s Univation Technology, USA, with a nameplate capacity of 400,000 MT/ annum, has been commissioned at PATA to produce HDPE/LLDPE. The company's marketing network is designed to ensure regular supply of material from PATA Plant and from consignment stockist stock points situated across the country.

In addition to GAIL there are approx. 5-6 micro units who produce plastic products such as **plastic jar, water gun etc.**

5.2 Product profile[11]

Low Density Polyethylene (LDPE) and Linear Low-Density Polyethylene (LLDPE) are both inexpensive polymers with widely favourable mechanical and chemical resistance properties. Tubing made from both polymers is broadly used, particularly for water, chemicals and gases. Unlike with many other plastics, plasticizers are seldom necessary to obtain flexible products, such as tubing. Both plastics are highly stable with low toxicity. In fact, many grades can even be used for food-contact and medical applications.

LDPE is a homopolymer constituted by ethylene monomers. LLDPE is a copolymer of ethylene and another longer olefin, which is incorporated to improve properties such as tensile strength or resistance to harsh environments. One of four α-olefins (1-butene, 1-hexene, 4-methyl-1-pentene and 1-octene) is commonly polymerized with ethylene to make LLDPE. The amount of the α-olefin is typically low compared to the amount of ethylene.

GAIL is the first ever Indian producer of metallocene catalyst based LLDPE film grade polymer. Metallocene LLDPE (mLLDPE) polymer is used in a number of applications such as packaging, agriculture, hygiene and personal care, cross laminated tarpaulins, industrial applications etc. Metallocene based LLDPE offer performance attributes that add value to a customer's business and across the value chain for sustained growth. Depending on the application, MF18S010U/MF18A010U offer a wide range of benefits including toughness, sealing, enhanced tear properties, better elongation, easy processing, outstanding optics & down gauging possibilities.

LLDPE has penetrated almost all traditional markets for polyethylene; it is used for plastic bags and sheets (where it allows using lower thickness than comparable LDPE), plastic wrap, stretch wrap, pouches, toys, covers, lids, pipes, buckets and containers, covering of cables, geomembranes, and mainly flexible tubing. The HDPE, or high-density polyethylene, is present in objects so common as **bottles, containers, toys, helmets, cosmetic and food containers and all kind of domestic objects.** In fact, it is synthetic polymer with a higher volume of production in all over the world. It is odourless, insipid and non-toxic.

[11] --:https://gailonline.com/BVPetrochemicals.html

5.3 Cluster Stakeholders

- Primary Suppliers
- Raw material Suppliers
- Traders
- Plastic product Manufacturing units

- Financial Institutions
- DIEPC, Auraiya
- MSMEDI/DGFT/FIEO
- Industries Associations

Figure 8: Cluster Stakeholders

5.3.1 Industry Associations

The cluster comprises of support institutions that can be broadly classified into three categories – trade and industry association, educational and training institutions, and other institutions. The trade and industry associations assist industries in the cluster in getting clearances and approvals, solving issues regarding industrial infrastructure, providing information on latest government schemes etc. Educational and training institute provide training to labours and assist in addressing availability of skilled labour. Other institutions comprise banks and logistics service providers.

Following are main Industry Associations that are working in Sector:

- Ministry of petroleum and natural gas
- Petroleum federation of India
- Indian Farmers fertiliser co-operative ltd.
- Federation of Indian Export Organization (FIEO)
- Industrial Area Manufacturers' Association (AIMA)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce & Industry (FICCI)

5.4 Export Scenario

5.4.1 HS code

The following table lists the HS codes under which the products are exported from the district:

Table 5: HS codes for Perfume (attar) Products[12]

HS Code	Description
39012000	Polyethylene having a specific gravity 0.94 /more
39014010	Linear low-density polyethylene (LLDPE)
84119900	Parts of other gas turbines
86090000	Containers specially designed and equipped for carriage by one/more modes of transport
39011010	Linear low-density polyethylene (LLDPE)

[12] DGFT, Kanpur Nagar

Current Scenario

The chapter focusses on the export scenario of India and Uttar Pradesh and then deep dives into the export statistics of HSN code- 390120 (Polyethylene with a specific gravity of >= 0,94, in primary forms).

Product HSN code- 390120 (Polyethylene with a specific gravity of >= 0,94, in primary forms).

India's exports represent 1.3% of world exports for this product, ranking it number 16th, behind USA, Saudi Arabia, Iran, Belgium, UAE and others.

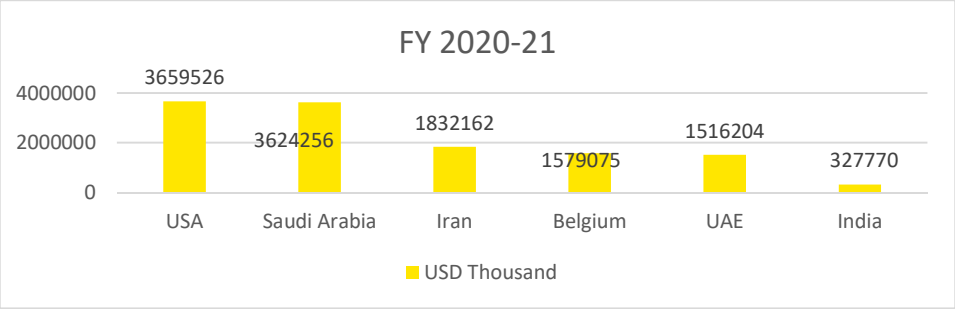
Key Facts of Export

25,525,253 USD Thousand

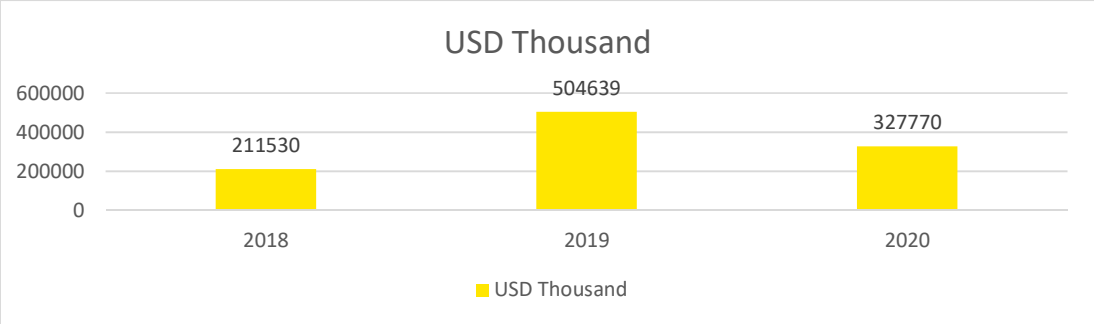
Value of world exports in 2020-21

327,770 USD Thousand

India's exports 2020-21

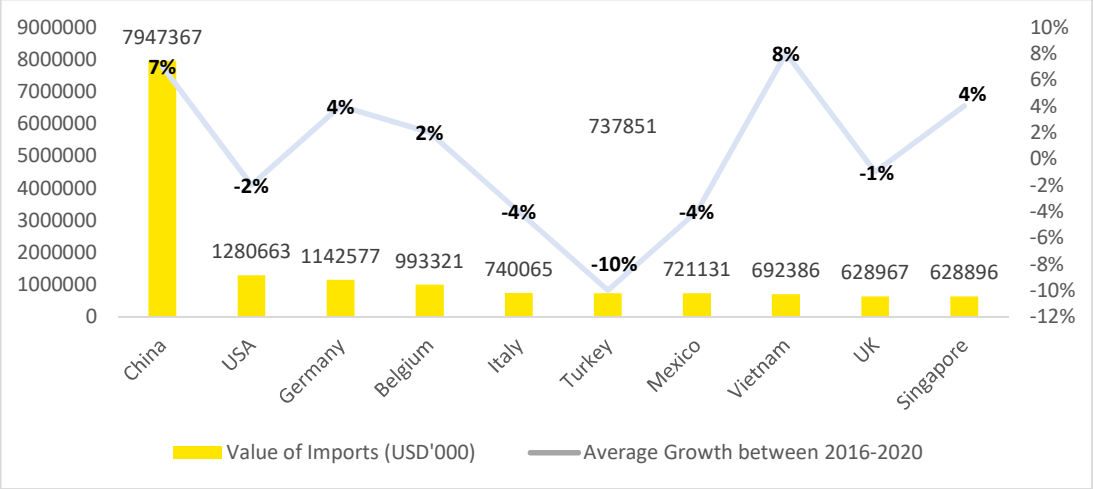


Indian exports of the product on yearly basis[13]

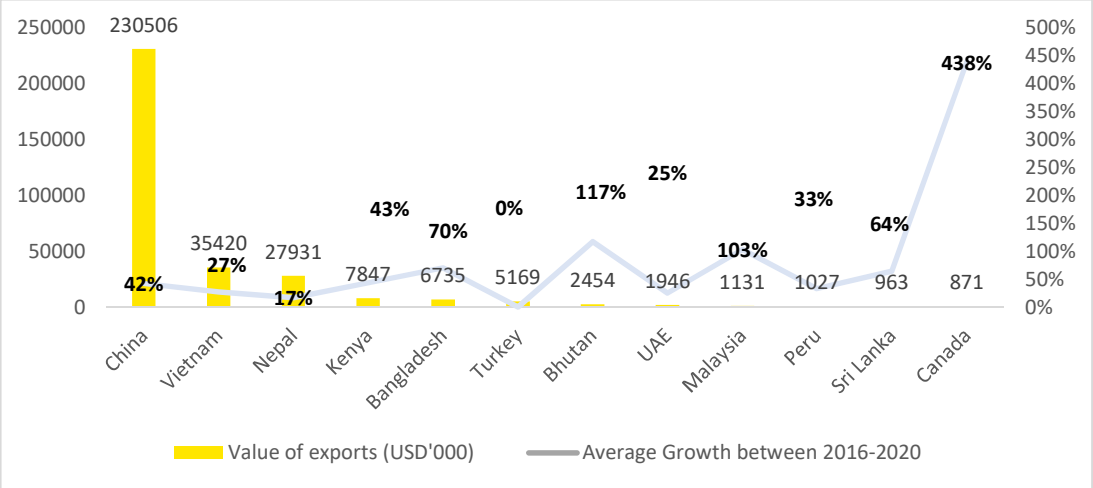


Major importers for this product in the world are as depicted below[14]:

[13] *Trademap.Org for HSN Code 390120*
[14] *Trademap.Org for HSN Code* 390120



Countries to whom India export this product along with value of exports are as depicted below[15]:



Key Facts of Exports:

- **Exports from World- USD 25,525,253(USD Thousand) (2020-21)**
- **Exports from India- USD 327,770 (USD Thousand), 1.3% in world share-(2020-21)**
- **Exports from UP- USD 3880 (USD Thousand)**
- **UP Exports: - Nepal, Italy, China, USA**
- **India's untapped potential is USD 292997 (in thousands)**

[15] *Trademap.org for HSN Code*- 390120

5.5 SWOT analysis

Table 6: SWOT Analysis

Strengths	Weaknesses
▶ India has solid base in polymers ▶ Cluster produces large quantity of recycled products of plastic. ▶ Widespread uses of plastic products ▶ Availability of cheap and skilled labour for the cluster ▶ Availability of various financial and non-financial assistances from state and central government pertaining to the cluster.	▶ Lack of proper infrastructure facilities for designing and new product development. ▶ Lack of infrastructure for testing of plastic products. ▶ Outdated technology and machineries/equipment ▶ Apart from GAIL other units do not focus on export ▶ Insufficient marketing on foreign market ▶ Lack of awareness of government schemes
Opportunities	**Threats**
▶ Increase in domestic market demand of products for construction and packaging. ▶ Plastic products exported under the given HSN Code belongs to niche segment. ▶ Demand generated by industries like retail ▶ Booming automotive sector and huge demand in food processing sector. ▶ Opportunity to develop cluster i.e. more units becoming part of the cluster.	▶ Reduced buying power of the domestic market consumers. ▶ Aggressive competition faced by other clusters of India as well as Asia. ▶ Fluctuating raw material prices. ▶ Ever increasing crude oil prices ▶ Replacement threat from substitutes.

5.6 Challenges and interventions

Parameter	Challenges	Intervention
Technology	▶ Low Automation ▶ Unawareness of global best practice	▶ Exposure visits of desired units in developed clusters like Aluva Plastic Cluster, Ram Nagar Plastic Cluster.
Marketing	▶ Over reliance on traditional marketing (offline marketing) ▶ Unavoidable dependency on wholesalers and traders.	▶ Establishment of Display center of finished products. ▶ Setting up of a Business promotion Cells for new product development based on analysis of international data to forecast trends. Sharing this information with manufacturers and other stake holders will enable them to stay ahead of the curve and develop products according to the market demand.
Design, innovation & product development centre	▶ Unavailability of tool room for casting new moulds.	▶ Establishment of Design, innovation & product development centre ▶ For this we can collaborate with National Institute of Fashion Technology (NIFT), The Central Institute of Petrochemicals Engineering and Technology formerly

Parameter	Challenges	Intervention
		central institute of Plastic and Technology (CIPET) & National Institute of Design (NID) to provide new and innovative designs as per the market trend.
Product Quality, Testing and Certification Technology	▶ Unawareness about technical standards in international market ▶ Unavailability of testing lab & Certification Agency	▶ A testing lab should be established as a Common Facility Centre in the Cluster which is accredited with internationally accepted certification agencies to facilitate exports in the cluster ▶ Certification cost for certifications is very high which many firms are unable to pay. ▶ Government should provide 50% subsidy in the cost incurred by the firm to obtain these certificates.
Common infrastructure	▶ Poor Infrastructure of Industrial area/Roads ▶ Inadequate transport connectivity	▶ Industrial Infrastructure development and maintenance
Skill Development	▶ Low skilled/ unskilled Manpower ▶ Low confidence due to less skill in risk taking	▶ New Artisans can gain skills by making use of training provided under Skill Development schemes like PMKVY.
Access to Finance	▶ Lack of awareness of government financing schemes ▶ Tedious paperwork and long waiting time of banks usually persuade artisans from not taking financial support from banks	▶ Sensitization camps should be conducted to educate enterprises of the financial assistance a being provided under government schemes and by banks and NBFCs such as : ○ MoU signed between MSME Department of Govt of Uttar Pradesh and SIDBI to facilitate easy loans through SIDBI schemes ○ MoU with Bank of Baroda (BoB) to promote quick approval of loans through digital lending
Exporter's issue	▶ DIEPC to act as a focal point for all exporters issue	▶ Deputy Commissioner Industries may be given this responsibility to monitor the cell.

5.7 Future Outcomes

Cluster	Export
By 2030 there would entry of manufacturing units at good scale at proposed plastic city, Dibiyapur, Auraiya cluster.	Exports to increase from ~ INR 112 Crores to ~INR 150 Crores

6. Scheme under Uttar Pradesh Export Promotion Bureau

Various schemes being run by Export Promotion Bureau to apprise the exporters are as follows:

A. Marketing Development Scheme (MDA)

S. No	Incentive Offered	Amount of incentive against total expenditure
1	Participation in foreign fairs/exhibitions (total three fairs /annum) a. Stall charges b. Air fare (economy class)	a. 60% of stall charges (max 01 lakh /fair) b. 50% (max 0.5 lakh for one person /fair)
2	Publicity, advertisement, development of website	60 % (max 0.60 lac/annum)
3	Sending of samples to foreign buyers	75 % (max 0.50 lac/annum)
4	ISO /BSO certification	50 % (max 0.75 lac/annum)

B. Gateway Port Scheme

Brief Description	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
Eligible units	Micro, small & medium enterprises.
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 6000 (20 ft' container) & Rs 12,000 (40 ft' container) whichever is less
Maximum limit	Rs 12 lacs /unit /year
Empowered committee	District Users Committee under the chairmanship of district magistrate.

C. Air Freight Rationalization Scheme

Incentive offered	20% of the actual expenditure or Rs 50 / kg (whichever is less)
Eligible Units	Manufacturer & merchant exporter
Maximum limit	Rs 2 lacs /unit /year
Recognized Cargo Complexes	Varanasi & Lucknow

7. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation[16]
Increasing the overall exports from the state		
Sensitization and facilitation in availing Import/ export documents: Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/ export and provide support in availing them	DIEPC, UPEPB	Continuous initiative
Creation of an event calendar comprising of events to be conducted in a Financial Year with a **focus on international marketing events**. Further, DGFT and FIEO can finalize a target to participate **in at least 3 international events in a year per product category/industry** Perfume (Attar) Products by **utilizing schemes like IC and MAS**	DIEPC, UPEPB	Continuous initiative
Sensitization of cluster actors: **a.** The individuals of a cluster should be **sensitized on the plethora of schemes**[17] available for them for maximizing the potential of exports. **Merchandise Exports from India Scheme, Service Export from India Scheme** etc. provides **various exemptions** for facilitating exports. Further, schemes like **Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials** **b.** Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analyzing the demand market. Thus, these cluster actors should be **sensitized on target countries identified through export analysis mentioned in DAPs and EAP**	DIEPC, UPEPB	Continuous initiative

[16] Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

[17] List of available schemes facilitating exports: https://cdn.s3waas.gov.in/s3555d6702c950ecb729a966504af0a635/uploads/2020/12/2020120965.pdf and https://www.ibef.org/blogs/indian-export-incentive-schemes:

DIC and FIEO can play a pro-active role in this regard. **10% increase** in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment	DIC, UPEBP and FIEO	Intermediate
Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.	UPEPB/DIEPC/ODOP Cell	Short term
MoU with QCI for defining quality standards of the products	UPEPB/DIEPC/ODOP Cell	Short term
Sensitization of banks and bankers to help them understand the niche sectors of MSME and their specific requirements which shall help banks evaluate projects better while lending credit	UPEPB/DIEPC and banks	Short term
Introduction of revolving working capital within the cluster to help MSMEs procure raw materials and undertake production without hinderances	UPEPB/DIEPC and banks	Intermediate
Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.	UPEPB/DIEPC and banks/ODOP Cell	Intermediate
Handholding of MSMEs for increasing their awareness on schemes of state & center and the procedure to apply to avail financial assistance	UPEPB/DIEPC	Intermediate
Sensitization of cluster actors from this sector on **Make in India initiative and PLI** for leveraging the assistance provided to the sector to enhance productivity and expand exports	DIEPC /UPEPB	Short term
DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.	DIEPC/DGFT/UPEPB	Long term
Cost Structure: a. The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme. b. The CONCOR rates are to be made available at regular intervals to the DIC office for updating of the same at the district website. c. The formation of the Sub-committee comprising the representative of CONCOR and	DIEPC/UPEPB DIEPC/UPEPB	Long term Long term

Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.	DIEPC/UPEPB/FIEO	Short term
Product: Perfume (Desi Ghee)		
Establishment of Common Facility Centre with: a. Raw Material Bank b. Branding and Packaging Centre c. R& D and Testing Centre d. Marketing center for undertaking marketing events	DIEPC, DGFT and ODOP Cell	Long term
Increase the usage of the portal as this portal facilitates the entrepreneurs to provide information about their products for easy understanding of exporters.	UPEPB/ODOP Cell	Short term
Promotion of post GI initiative: **DIC to identify 100 authorized users to become IEC holder in a year** Organize one seminar within two months to apprise the stakeholders about the importance of Geographical Indication (GI) and for increasing the authorized users	DIEPC/UPEPB	Intermediate term
Product: Plastic Product		
Awareness on Market Diversification	DGFT/ UPEPB	Continuous initiative
Establishment of common facility center with: ▶ advanced tool room facility for production of injection moulds. ▶ Common Production Center ▶ Design and display center with CAD/CAM facilities and space to showcase products to undertake sale Marketing center for undertaking marketing events	DIEPC/UPEPB	Long term
Collaboration with E-commerce companies	UPEPB/ DIEPC	Short term

Development of plastic city, Dibiyapur	UPSIDA/ DIEPC	Long term

Abbreviations

APEDA	The Agricultural and Processed Food Products Export Development Authority
API	Active pharmaceuticals ingredients
CAD	Computer-Aided Design
CAM	Computer Aided Manufacturing
CFC	Common Facility Center
CONCOR	Container Corporation of India
CPC	Common Production Centre
DGFT	Director General of Foreign Trade
DHO	District Horticulture Officer
DIC	District Industries Centre
DIEPC	District Industry and Enterprise Promotion Centre
DPR	Detailed Project Report
EPC	Export Promotion Council
EPCG	Export Promotion Capital Goods
FIEO	Federation of India Export Organization
FPO	Farmer Producer Organizations
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GI	Geographical Indication
HS	Harmonized System
IC	International Cooperation
IC Engines	Internal Combustion Engines
IEC	Import Export Code
IIP	Indian Institute of Packaging
ISW	Industrial Solid Waste
ITI	Industrial Training Institute

KVK	Krishi Vigyan Kendra
MAS	Market Assistance Scheme
MSE CDP	Micro & Small Enterprises - Cluster Development Programme
MSME	Micro, Small and Medium Enterprises
NHB	National Horticulture Board
NIC Code	National Industrial Classification Code
NIC	National Informatics Centre
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
NSDC	National Skill Development Cooperation
ODOP	One District One Product
PM FME	Pradhan Mantri Formalisation of Micro food Processing Enterprises
PMU	Project Monitoring Unit
QCI	Quality Council of India
R&D	Research & Development
RMB	Raw Material Bank
SGPGI	Sanjay Gandhi Post Graduate Institute of Medical Science
SIDBI	Small Industries Development Bank of India
SPS	Sanitary & Phytosanitary
SPV	Special Purpose Vehicle
SWOT	Strength, Weakness, Opportunities, Threats
TBT	Technical Barriers to Trade
UAE	United Arab Emirates
UK	United Kingdom
UP	Uttar Pradesh
UPEPB	Uttar Pradesh Export Promotion Bureau
UPICO	UP Industrial Consultancy Organisation

USA	United States of America
GAIL	GAS authority of India Ltd.
LLDPE	Linear low-density polyethylene
HDPE	High density polyethylene