

Department of MSME and Export Promotion Government of Uttar Pradesh

Draft District Export Action Plan, Baghpat, Uttar Pradesh



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

Districts
as Export Hubs

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Preface

This district export plan for Baghpat 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 Baghpat district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DPEDC, Baghpat 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 coordination 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), DIPEDCs, 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%¹ 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 administrations 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, to minimize the challenges, quantify the exports and outline export strategy; a detailed district-wise Export Action Plan has been made for all 75 districts of UP, where EY has contributed as Knowledge Partner.

2. District Profile

Baghpat is a town of NCR and a Municipal board in Baghpat district in western Uttar Pradesh, India. Prior to the establishment of Baghpat district in 1997, Baghpat was a Tehsil in Meerut district. Baghpat town is located on the banks of river Yamuna. It was originally known as ‘Vyagrastha’ - Land of Tigers. Later, it was changed to Baghpat. Baghpat is one of "The best place to live in" because of its green and healthy environment. Baghpat is also one of the most productive districts in the field of sugarcane production. Baghpat town is located on the east bank of the Yamuna River, and is within the National Capital Region. It has an agriculture-based economy with sugarcane as the main crop, followed by wheat, mustard and vegetables. It is 52 KM from Meerut City and is on the main Delhi – Sharanpur

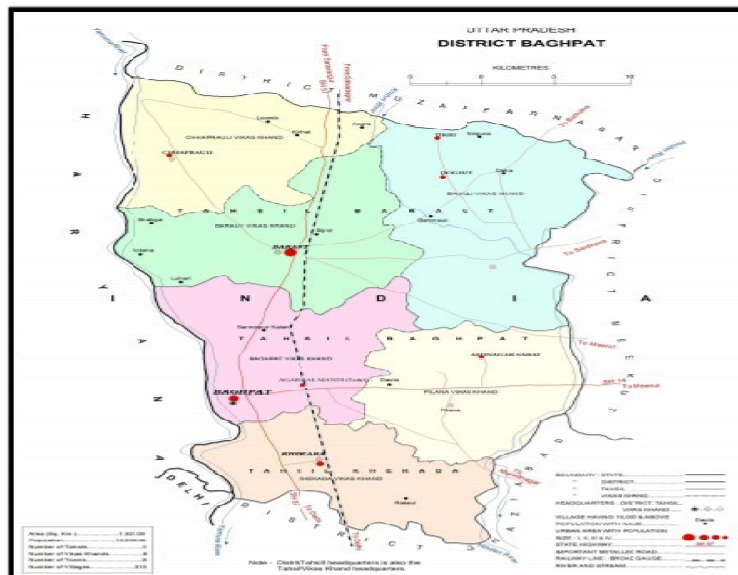




Figure 1: Geographical Map of Baghpat

¹ DGFT Report Jan 2021 – Developing Districts as Export Hubs

Highway around 40 KM from Delhi. The shape of the district Baghpat is rectangular due to which area is more in north to south than east to west. It is very closely located to the national capital New Delhi. Key fact² of the district are:

13.03 Lakh	1,321 km²	72.00%	21.10%
Population Male-7.01 Lakhs Female-6.02 Lakhs	Area	Literacy Rate	Urbanization
			

The Baghpat district is predominantly agricultural district and nearly 70% of the work force is still engaged in the agricultural & allied activities. Baghpat houses many small scale and major scale industries across the city. Along with its several tourists' destinations Baghpat is mainly known for its Home Furnishing works across the country. Products like bed sheets, carpet, towel, pillow and other products are being furnished from this city. Baghpat supplies the products of Home Furnishing across the country.

2.1 Geography

The district Baghpat is western district of Meerut division. The district lies on 28.570 North Latitude and 77.130 East Longitude. It has an average elevation of 253 meters (830 feet). In the north it is bounded by the district Muzaffarnagar, in the south district Ghaziabad, in the west river Yamuna and district Rohtak of Haryana. The shape of the district Baghpat is rectangular which area is more in north to south than east to west. The total area of Baghpat District in 2001 amounted to 1,34,994 Hectares or 1321 square km.

2.2 Topography & Agriculture

The district of Baghpat is drained by river Yamuna and Hindon with their tributaries namely Krishna, Daula Budhera, Tora, Kandhal etc. The irrigation in major part of the district is by means of minor irrigation structures such as tube wells, cavity wells and surface irrigation system i.e. Canals. Eastern Yamuna canal and its tributaries irrigate western part of the district. Block Binauli has least surface irrigation facilities. In the district only 3256 ha. (constituting 3.07% of net irrigated area of 105913 ha is irrigated by means of canals and 102312 ha. (96.60%) is irrigated by ground water. Average rain fall of the district is 750 mm/year. Sugarcane is the main crop, followed by wheat, mustard and vegetables. There are three sugar mills in the district: Bagpat Co-operative Sugar Mills Ltd., Ramala Co-operative Sugar Mills Ltd. and SBEC Sugar Mills Ltd., which are sited in Bagpat, Ramala and Malakpur, respectively.

3. Industrial profile of the district

District Baghpat has one industrial area which is mostly developed and allotted to different MSMEs units. Details are below.

Industrial Areas³ in the district

S. No.	Name of Industrial Area	Land acquired (In Hectare)	Land developed (In Hectare)
1	Baghpat Industrial Area	108.33	79.77
	Total	108.33	79.77

² District census Handbook: Baghpat

³ District Industry Report, Baghpat

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

Table 1: MSME profile of Baghpat⁴

TYPE OF INDUSTRY	NUMBER OF UNITS	INVESTMENT (Lakh Rs.)	EMPLOYMENT
Agro based	908	4906.30	4040
Cotton textile & Home Furnishing	1758	7000.00	6000
Ready-made garments & embroidery	590	295.20	2902
Wood/wooden based furniture	217	2956.46	1090
Paper & Paper products	04	56.26	70
Leather based	22	309.46	85
Chemical/Chemical Based	08	112.53	82
Rubber, Plastic & Petro based	12	168.80	68
Metal based (Steel Fab.)	192	2698.16	576
Engineering Goods units	114	1635.60	456
Electrical machinery and transport equipment	106	1491.06	303
Repairing & servicing	210	2954.00	790
Others	121	1745.06	617

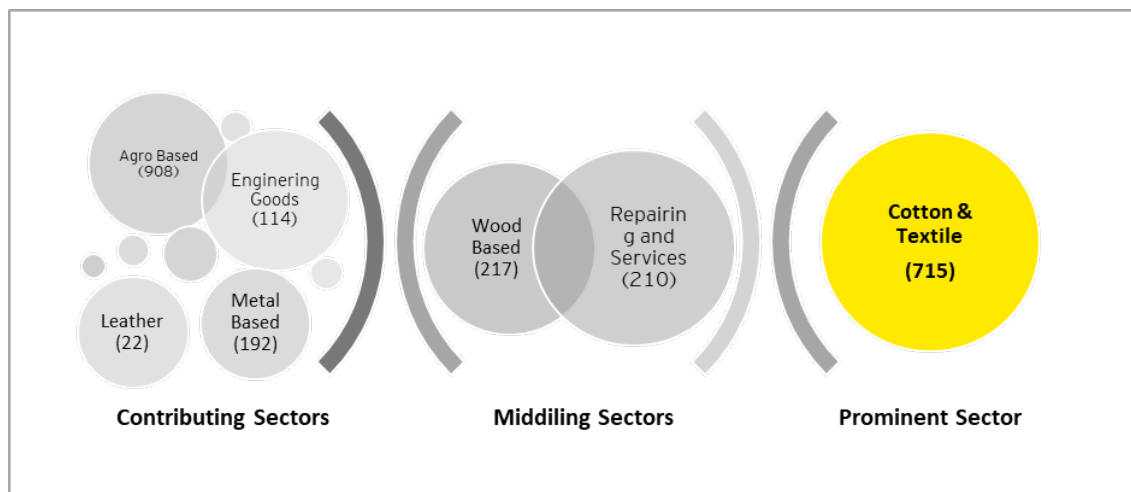


Figure 2: MSME landscape of the district

Cotton and textile, Metal based, Agro based, Engineering goods, Electrical machinery and transport equipment and Wood based industry contribute most in terms of employment and revenue. Cotton and textile-based industry in the district is the most prominent sector of the district contributing most to the economy by being the largest employer and being at the top in terms of investments as well. It is followed by Agro and wood-based industry respectively.

⁴ Brief industrial profile of Baghpat district, MSME-DI, Agra

Out of total population of 13,03,048 (2011 census), 4,16,695 are working population. Out of total working population, 47% are other industry workers and around 29% are cultivators. This indicates that other industries (i.e., textile, sports, wood based, metal based) are main source of income in the district.

Table 2: Occupational Distribution of Main Workers⁵

S. No.	Particulars	Baghpat	%
1	Cultivators	1,24,718	29.09
2	Agriculture Laborer's	74,500	17.90
3	Household Industry Workers	20,347	04.90
4	Others industry workers (i.e., textile, sports, wood based, metal based)	1,97,130	47.30

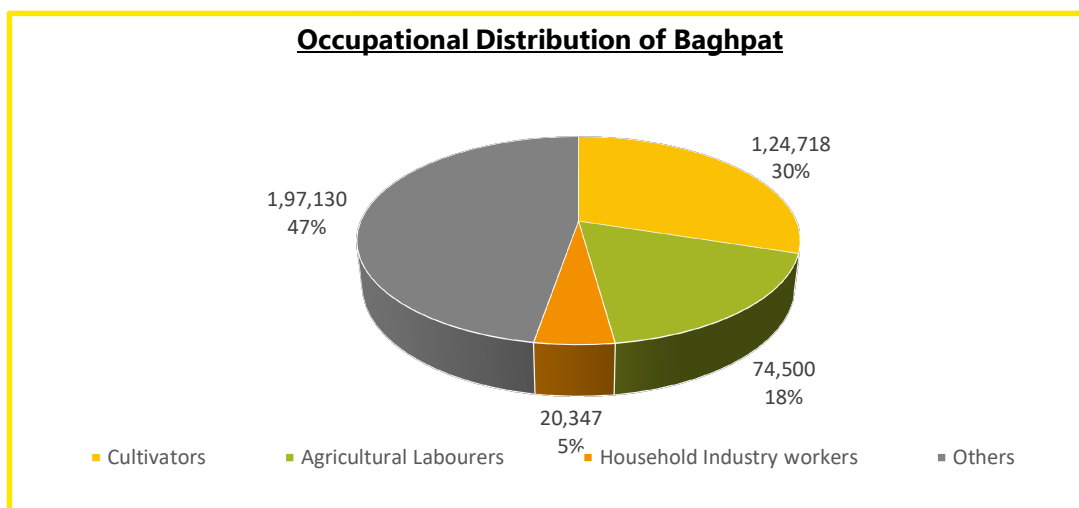


Figure 3: Occupational distribution of Baghpat

3.1 Major Exportable Products from Baghpat

In comparison with annual exports in last five years, the export of major products from Baghpat had decreased by approx. 15% due to surge of global pandemic. The total export from Baghpat for the period from Apr'21 to Mar'22 was approximately INR 627.08 Crore⁶.

The following table depicts the value of export of major products from Baghpat during period Apr'21 to Mar'22:

Table 3: Major exportable product

S. No	Product	Export value (in INR) (Apr'21-Mar'22) ⁷
1	Textile & Home Furnishing	230.10 Cr
2	Sugars and sugar confectionery	126.48 Cr
3	Natural honey	132.65 Cr

⁵ District census handbook 2011- Baghpat

⁶ DGFT- District wise report for the period Apr'21 to Mar'22

⁷ DGFT- District wise report for the period Apr'21 to Mar'22

Total Exports of Baghpat Including above said products	1,236.29 Cr
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3.1.1 Status of GI Tag

The fame of unique handicrafts, aromatic agricultural products and natural goods from Uttar Pradesh has crossed borders, for 36 items have been GI tagged to the state, in a bid to preserve and promote their uniqueness. When marked on a map, the items on this list cover the length and breadth of UP in a manner that truly reflects its artistic legacy and agricultural ingenuity. Baghpat District has one GI tag Product. i.e Rataul mango.

4. Product: Home Furnishing

4.1 Cluster Overview

The “Home furnishing products” cluster in Baghpat district includes manufacturers of various kinds of home furnishing products, retailers, dyeing units, scrap units and marketing channels.

Cluster comprises of manufacturers of various types of home furnishing products i.e., Curtains, Bedsheet, Pillow Cover, Carpet/Durrie etc. Manufacturing units have the access to the primary raw materials like clothes, colors, packaging materials and others, locally as well as outside the cluster (or from other states). Being a part of NCR and better connectivity most of the manufactures buy desired raw materials from Delhi, Meerut or Panipat. Few materials import from china due to better price and bulk quantity. Large manufacturing units have their own designing house or designers, but small or medium manufacturing units does not have, and they are heavily dependent on buyer’s design or prevailing market design.

Home furnishing manufactured here are either marketed directly to end users or are sold through traders/exporters. Lastly, all the home furnishing manufacturers have scraps as additional output which are sold to scrap aggregators. These units collect the scrap clothes and refurbish them for reuse.

“Baghpat Home furnishing Products” is selected as ODOP product from the district under One District One Product Programme of GoUP. The cluster has 1758 micro and small units of home furnishing employing over 6,000 people with turnover of 200 Crores. In the year 2018⁸.

4.2 Product profile

The Home Furnishing Products of Baghpat cover variety of products, they are mentioned as below:

1. **Table Linen of cotton:** The table linen of cotton is that which we put on the table when we serve a meal. There are different types of table linen of cotton from basic to designer and their cost varies accordingly.
2. **Curtains of cotton:** Curtains are used to cover the doors/window and they protect from the direct sunlight and other things. Cotton is widely used in curtains making because of many reasons like.
 - I. It is an excellent insulator, so ideal for helping to keep out the cold air from windows and doors.



Key Facts of Cluster

- ₹
INR 200 Crores Approximate turnover of the cluster
- \$
INR 100 Crores ~ Export Turnover (Year 2020-21)
- 👥
6,000 Employment directly or indirectly associated

⁸ DSR of Home furnishing products Baghpat

- II. It is the perfect choice for novice sewers as it is easy to cut and sew.
- III. It resists moths and pilling (bobbles forming from wear).
- IV. It is eco-friendly.
- V. It is usually a cheaper alternative to other natural fabrics e.g. linen or silk.

3. **Carpet/ durrie:** A durrie is an Indian term for a handwoven rug or a thin flat carpet, an item of home furnishing. In Baghpat there are lots of small and micro units which manufacture durries. There is few SHG which is involved in this durrie making. It comes under home furnishing products of Baghpat. Most of the workers made it from their home and sale it on per piece basis or those who are associated with any industry they work on job basis. Striped, multi-coloured durries that are used on bed are manufactured by pit loom. While the one spread on the floor is usually made in two contrasting colors, on the adda, using three weaves simultaneously. The art of durrie-making lies in creating colourful patterns, keeping the rug reversible.



4. **Pillow/Pillow Covers:** Over time, a pillow will get filled and dirty just from natural use. Using a pillow cover will prevent the build-up of germs, dirt, and dead skin and stop it from getting inside of a pillow. Zippered cushion covers are very easy to remove and wash, keeping your pillows fresh, fluffy, and clean.



5. **Cushions:** Cushion is also referred to as a bolster, hassock, headrest, a tush, and a sham. Cushions and rugs can be used temporarily outside to soften a hard ground. It is a soft decor item that can be used to make seating more comfortable. Cushions are handy as decor to add more personality and colour to a room.



4.3 Cluster Stakeholders



Figure 4: Cluster Stakeholders

4.3.1 Industry Associations

Following are principal Industry Associations/SPVs that are working for the development of home furnishing products in Baghpat:

- ▶ Indian Industry Association (IIA), Baraut, Baghpat
- ▶ Northern India Textile Research Association
- ▶ PHD Chamber of commerce & Industry
- ▶ Laghu Udyog Bharti, Khekra

- ▶ Handloom Manufacturing and export Association, Khekra

4.4 Export Scenario

4.4.1 HS code

HS codes under which the home furnishing product is exported from the district:

Table 4: HS codes for Home furnishing Products

Sr. No.	HSN Code	Product Description
1	940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled with any material or of cellular rubber or plastics (excluding mattress supports, mattresses, sleeping bags, pneumatic or water mattresses and pillows, blankets and covers)
2	630391	Curtains, incl. drapes, and interior blinds, curtain or bed valances of cotton (excluding knitted or crocheted, awnings and sunblinds)
3	630251	Table linen of cotton (excluding knitted or crocheted)
4	630499	Articles for interior furnishing, of textile materials (excluding of cotton or synthetic fibres, knitted or crocheted, blankets and travelling rugs, bedlinen, table linen, toilet linen, kitchen linen, curtains, incl. drapes, interior blinds, curtain or bed valances, bedspreads, lampshades and articles of heading 9404)

Current Scenario

The export scenario of India and Uttar Pradesh have been analysed basis the export statistics of HS code - 940490 (Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled with any material or of cellular rubber or plastics (excluding mattress supports, mattresses, sleeping bags, pneumatic or water mattresses and pillows, blankets and covers) mentioned above under which Home furnishing products are exported. Alongside are the key facts⁹ pertaining to the analysed product codes.

Key Facts of Export (HS Code-940490)

1,14,67,755 USD Thousand

Value of world exports in 2020

4,77,819 USD Thousand

India's exports 2020

1,20,560 USD Thousand

UP 's Exports (2020-21)

~25.23%

Share of UP in India 's Exports

4.5 Export Potential

- ▶ The total exports of Home furnishing Products from Baghpat district were approx. INR 100¹⁰ Crores in year 2018. There are more than 20 HSN Codes which may be used for Exports of Home Furnishing products but here analysis of one prominent HSN code (940490) has been done.
- ▶ The exports of Home Furnishing under this HS code 940490 (Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled with any material or of cellular rubber or plastics (excluding mattress supports, mattresses, sleeping bags, pneumatic or water mattresses and pillows, blankets and covers) only was 106.38¹¹ Crores during Sep 2020-Nov 2021.
- ▶ The cluster has tremendous export potential, but owing to lack of proper market assessment mechanism, changing design patterns, specific demand preferences the export is very less.

⁹ <https://www.trademap.org/>

¹⁰ DSR Baghpat

¹¹ DGFT- District wise report for the period September 2020 to November 2021

- ▶ Hence, it was pointed out that the proper study of the foreign market, region specific demand patterns to be ascertained. Along with that, a common platform to be created where there can be an integration between the exporters and importers, thereby making the export ecosystem robust and effective.

Product 1: 940490: Uttar Pradesh exports this product to **USA, France, UK, Canada, Australia, Germany, Belgium, Spain, Saudi Arab, Netherlands, Italy, Israel and Ireland.** Below figure shows the top importers for this product (940490) in the world from India:

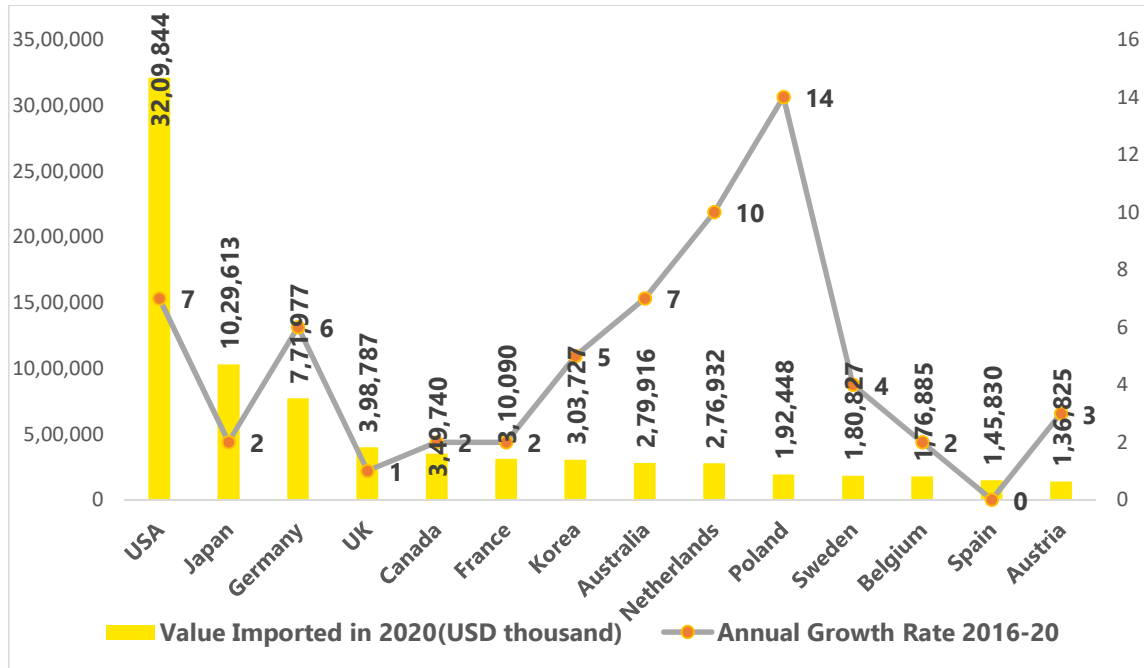


Figure 5: Top importers for this product (940490) in the world from India

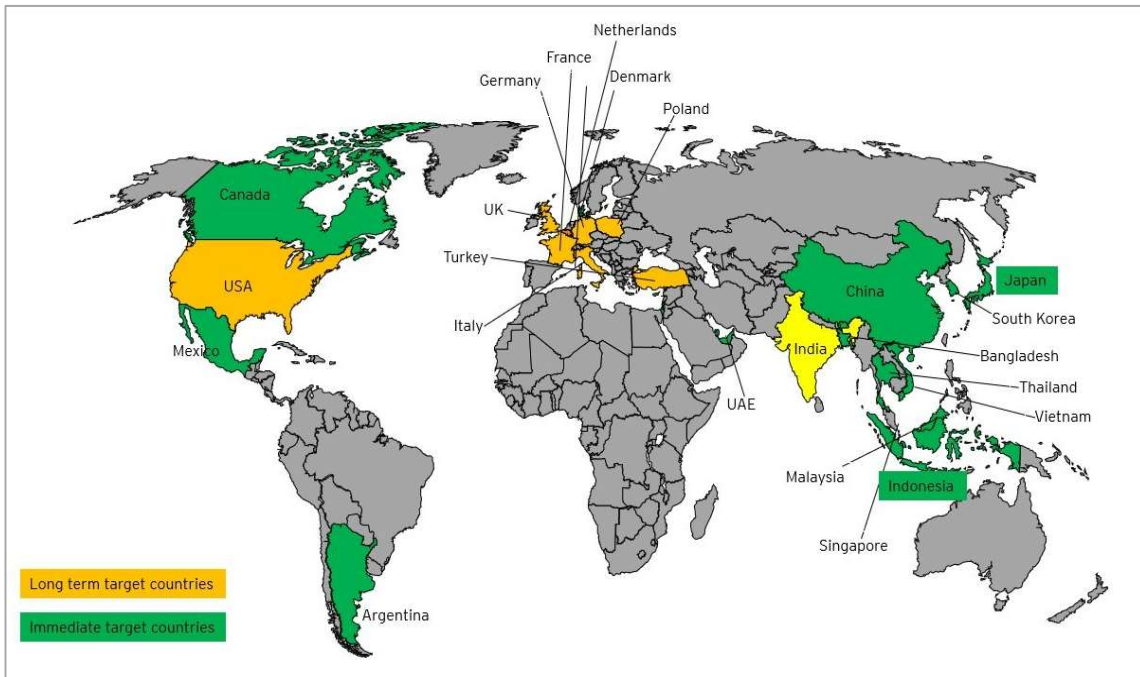


Figure 6: Markets for export potential

Product 2: 630391: Uttar Pradesh exports this product to USA, France, Germany, UK, , Belgium, Switzerland, Japan and Saudi Arab. Below figure shows the top importers for this product (630391) in the world from India:

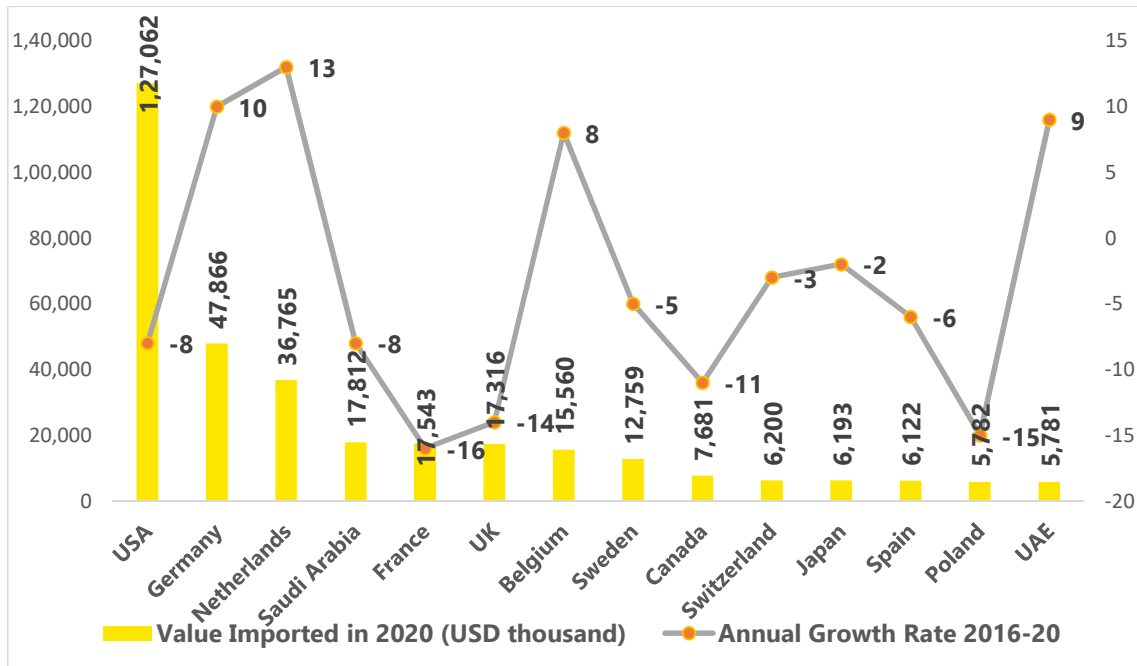


Figure 7: Top importers for this product (630391) in the world from India

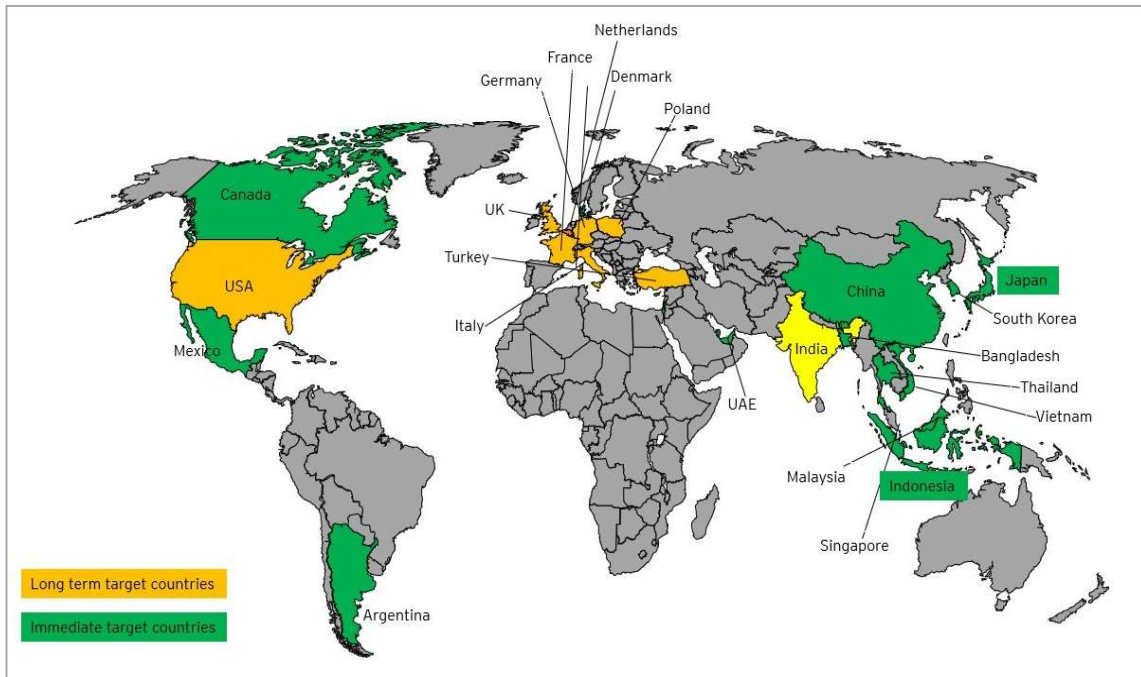


Figure 8: Markets for export potential

4.6 Potential Areas for Value Added Product

Product Diversification is one of the most crucial product uplifting strategies which in turn is an important part of a product's export. This plays a vital role in any products exports as it is a product uplifting strategy. Most of the MSMEs are not bothered about changing their product range and they fail to understand that it is an integral part of comprehensive marketing. Diversification can be brought in the cluster by:

1. **Development of a new range of textile products:** During the product diversification new products like technical textile, highend product, home decorative or infrastructure bases can be developed & it needs to be promoted.
2. **Innovative textile for maximum comfort and health** - Additionally the demand of new textile can be catered through manufacturing light weight fabric material, using organic colour/ dye, and zero chemical discharge in textile making etc.
3. **Trendy Designs for catching up with Global demand:** To cater global demand for trendy and stylish textile products, the cluster can be introduced to new design of home furnishing and more trainings can be done in association with NIFT, NID, NITRA and DCH etc.

4.7 SWOT analysis

Table 5: SWOT Analysis

Strengths	Weakness
▶ Easy availability of skilled workforce	▶ Low technological upgradation and longer

<ul style="list-style-type: none"> ▶ Large potential for diversifying on variety of products ▶ Easy availability of raw material for mass production ▶ Availability of various government interventions for fostering the cluster 	<p>production cycle</p> <ul style="list-style-type: none"> ▶ Existence of large number of intermediaries between small manufactures and entrepreneurs ▶ Limited design ▶ Market access is restricted due to factors ranging from exposure and facilities ▶ high reliance on imports for almost all textiles machinery ▶ increasing cost of raw material
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Huge scope of market expansion- domestic and foreign ▶ Scope for development of new products and modifying existing range ▶ Potential collaborations with renowned designers and design institutes for improving existing designs ▶ Increase participation in marketing events- International and domestic ▶ Government's support in the form of multiple schemes such as MITRA, PLI, RoDTEP 	<ul style="list-style-type: none"> ▶ Tough competition with cheaper, imported items ▶ Strict environment compliance laws ▶ Polluting Industry ▶ International Competition

4.8 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ Raw Material Bank: <ul style="list-style-type: none"> ○ Sourcing of Raw Material ○ Inferior quality and high cost compare to other clusters 	<ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank within the CFC (CFC Scheme of ODOP program) ensuring easy availability of all types of high-quality material at discounted rates.
Technological upgradation	<ul style="list-style-type: none"> ▶ Lack of ancillary machineries for SMEs which limits their potential and hinders the productivity and potential of the cluster 	<ul style="list-style-type: none"> ▶ Establishment of Common Production Center (CFC Scheme of ODOP program) with modern machines including CAD machines, packaging, and tagging machine etc. ▶ Embrace digitalization and automation, from planning to sales - AI-enabled analytics-based planning; IoT-based real-time performance monitoring, predictive maintenance, robotic process automation admin operations, and automatic guiding vehicles for moving materials; AI-based predictive lead scoring, smart B2B sales management tools for generating and managing leads and digital showrooms, virtual 3D sampling, and participation on digital B2B platforms for customer engagement and transactions
Design, Innovation & Product Development Centre	<ul style="list-style-type: none"> ▶ Traditional designs are still being followed by small manufacturers they are not focusing on design innovation New product line. 	<ul style="list-style-type: none"> ▶ Establishment of Product Design & Development Center with CAD/ CAM facility along with a display center under CFC Scheme of ODOP program with latest technology. ▶ Collaboration with renowned designers to conduct workshops for SMEs pertaining to design forecasting, upcoming trends, market assessment etc.
Marketing & branding	<ul style="list-style-type: none"> ▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets ▶ Offline marketing is broadly used over online marketing ▶ Creation of brand name for the Home furnishing product. ▶ Minimal use of Govt of India's e-commerce portal: ODOP mart - Seller Registration for maximizing sale 	<ul style="list-style-type: none"> ▶ Establishment of a Marketing centre within the CFC (CFC Scheme of ODOP program) in Baghpat to facilitate marketing events. ▶ Collaboration with E-commerce companies like odopmart, Flipkart, Amazon, Ebay for maximizing sales of cluster products. ▶ Collaboration with Govt. and buyers through Virtual Buyer Seller Meet (VBSM) platform can be promoted. ▶ Collaboration with NIFT, to support SMEs in establishing the brand name of the 'Baghpat Home furnishing products in the national and international market ▶ Increase the usage of the portal as this portal facilitates the SMEs to provide information about

	<ul style="list-style-type: none"> ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Lack of participation in national and international events related to the sector 	<p>their products for easy understanding of exporters.</p> <ul style="list-style-type: none"> ▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events ▶ The DGFT/FIEO can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase ▶ Suggesting measures to the UPEPB for State Export Promotion Policy towards enhancing export of the product.
Testing & Certification for Quality Improvement	<ul style="list-style-type: none"> ▶ Undefined quality standards of the products. ▶ Limited testing facility 	<ul style="list-style-type: none"> ▶ MoU with QCI for defining quality standards of the products so that their quality can be maintained/ improved, and they can be exported across the globe with brand logo which ensures its authenticity. ▶ Establishment of a Testing Lab within Common Facility Centre (under ODOP CFC Scheme, GoUP) to facilitate testing facility in the cluster
Access to Finance	<ul style="list-style-type: none"> ▶ Difficulty in receiving financial support ▶ Tedious paperwork and long waiting time 	<ul style="list-style-type: none"> ▶ 'Revolving Working Capital Assistance' to micro units towards procuring raw materials and meeting operating expenditure. This can be introduced through existing CFCs or DIPEDC ▶ Collaboration with nationalized banks to facilitate quick loan approval and disbursement through digital lending. (ex. SIDBI and BoB) ▶ Banks may support in enhancing financial literacy of industries to avail the benefits ▶ Sensitization of banks/financial institutions to understand the product value chain while fixing WC/CC limits.
Skill Upgradation	<ul style="list-style-type: none"> ▶ 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 ▶ Less skilled persons for operate advance technological equipment 	<ul style="list-style-type: none"> ▶ Training centres for upskilling in industry relevant skills and RPL certifications ▶ Upskilling (Cluster based training) for Designer, tailor, master tailor, Packers, artisan. ▶ Fresh training for local youth & additional skills acquisitions like accounting, entrepreneurship, marketing skills training for owner/managers of SMEs
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters ongoing issues. 	<ul style="list-style-type: none"> ▶ DIPEDC 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.

Cost Structure	<ul style="list-style-type: none"> ▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses ▶ Since the start of Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been main concern of the industry 	<ul style="list-style-type: none"> ▶ The DIPEDC 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. ▶ The CONCOR¹² rates are to be made available at regular intervals to the DIPEDC office for updating of the same at the district website. ▶ The formation of the sub-committee comprising the representative of CONCOR and 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.
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4.9 Future Outcomes¹³

Annual Turnover
Increase in annual turnover from existing INR 200 Cr. to 300 Cr. in next 5 years of implementation of action plan ¹⁴

Cluster exports
Increase in export revenue from INR 100 cr. to INR 150 Cr. in next 5 years of implementation of action plan ¹⁵

5. 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 02 lakh / fair) b. 50% of economy class Air Fare max upto 1 lakh/fare
2	Publicity, advertisement, development of website	60% of total cost of Expenditure maximum upto Rs. 75000/- annually
3	Sending of samples to foreign buyers	75% of total expenses on air freight/courier charges for sending samples Max. upto Rs. 1,00,000/ year
4	Certification and quality testing	50% of total expenses Max. upto Rs. 2,00,000/- per year

¹² Container Corporation of India Ltd (CONCOR)

¹³ DSR-Home furnishing Baghpat

¹⁴ Basis Stakeholder Consultation

¹⁵ Basis Stakeholder Consultation

5	Participation in virtual trade fairs	60% of expense incurred or Rs.25,000 per event, Maximum upto Rs. 1 Lakh
6	Participating in Domestic events of international scale	60% of Stall charges upto Rs. 50,000 50% of economy class air fare, rail or bus fare upto Rs. 25,000
7	Organizing trade fairs, Buyer seller meets in foreign nations	75% of expense incurred by the organizing Agency upto Rs. 75 Lakhs 90% of expense incurred by the organizing agency for markets with high export potential where UP's exports can be potentially scaled up upto Rs. 75 Lakhs
8	Organizing trade fairs in India of international scale	75% of expense incurred by the organizing Agency Upto Rs. 50 Lakhs
9	Organizing virtual trade fairs	75% of expense incurred by the organizing Agency Upto Rs. 25 Lakhs

B. Subsidy on Freight Charges upto Gate Way Port

Brief Description	Assistance against expenses incurred on freight charges for sending goods for exports, through State ICD/CFS upto the gateway port
Eligible units	MSME Exporters online registered with EPB
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 10,000 (20 ft' container) & Rs 20,000 (40 ft' container) whichever is less. Claims must be submitted within 180 days of the date from shipment.
Maximum limit	Rs 20 lacs /unit /year
Empowered committee	Under the chairmanship of Export Commissioner, Export promotion Bureau, Lucknow

C. Air Freight Rationalization Scheme

Incentive offered	25% of the actual expenditure or Rs 100 / kg (whichever is less)
Eligible Units	Manufacturer & merchant exporter
Maximum limit	Rs 5 lacs /unit /year
Recognized Cargo Complexes	Air Cargo Complex in U.P. and outside U.P withing India
Online processing (Application for claim is to be submitted online on the portal of the department within 06 months from the date of export)	

D. Uttar Pradesh Niryat Awasthapna Vikas Yojna (NAVY)

Objective: Accepting the recommendation of 14th Finance commission, GOI has delinked the Aside (Assistance to State for Developing Export Infrastructure and Other Allied Activities) Scheme from the Union Budget 2015-16. So to complete the projects related to Export Infrastructure the State Govt. started Uttar Pradesh Niryat Awasthapna Vikas Yojna. Under this scheme, the selected projects lying in the basket have to be completed. Like ASIDE Scheme, the projects have to be established, maintained and operated by the Implementing Agencies (SPVs).

Eligibility: For the establishment, development, maintenance and operation the following agencies will be eligible:

- a. Central/ State Government
- b. Public Sector Undertaking under Central/State Government
- c. Other Agencies of Central/State Government
- d. Export Promotion Councils/Commodity Boards
- e. Apex Trade Bodies Certified under Exim Policy of Government of India
- f. Individual productions/service units dedicated to export.

Financial Assistance

- a. Minimum 30% of project cost and incumbrance free land will be provided by the Implementing Agencies (SPVs)
- b. Maximum 70% of project cost will be assisted under scheme.

5.1 Other Export Promotion Schemes

Exports are regarded as an engine of economic growth in the wake of liberalization and structural reforms in the economy. In recent times India is witnessing slowdown in exports with its traditional partners. Under these circumstances, we need to set in motion strategies and policy measures which catalyze growth of exports in several different sectors as well as in newer markets. The following are the initiatives taken by Government of India and UP to strengthen the exports from India:

5.1 Initiatives of GoI

5.1.1 Service Exports from India Scheme (SEIS)

A scheme designed to provide rewards to exporters to offset infrastructural inefficiencies and associated costs. The Duty Credit Scrips and goods imported/ domestically procured against them shall be freely transferable. The Duty Credit Scrips can be used for:

- ▶ Payment of Basic Customs Duty and Additional Customs Duty specified under sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 for import of inputs or goods, including capital goods, as per DoR Notification, except items listed in Appendix 3A.
- ▶ Payment of Central excise duties on domestic procurement of inputs or goods,
- ▶ Payment of Basic Customs Duty and Additional Customs Duty specified under Sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 and fee as per paragraph 3.18 of this Policy.

5.1.2 Duty Exemption & Remission Scheme

An exporter must take Advance Authorization (AA) from the regional DGFT offices if he uses his imported product as an input to manufacture his resultant exported product. No Advance Authorization can obviously be given for import of prohibited items. Advance Authorization can however be given for import of restricted items with certain conditions. Items reserved for import through State Trading Enterprises (STEs) can be imported against Advance Authorization/ DFIA provided the item of import is canalized/ bought through STEs or after obtaining No Objection Certificate from STEs.

- A. Advance Authorization Scheme:** Under this scheme, duty free import of inputs are allowed, that are physically incorporated in the export product (after making normal allowance for wastage) with minimum 15% value addition. Advance Authorization (AA) is issued for inputs in relation to resultant products as per SION (Standard Input Output Norms prescribed in Handbook of Procedures Vol. II) or on the basis of self-declaration, as per procedures of FTP. AA normally has a validity period of 12 months for the purpose of making imports and a period of 18 months for fulfilment of Export Obligation (EO) from the date of issue. AA is issued either to a manufacturer exporter or merchant exporter tied to a supporting manufacturer(s).
- B. Advance Authorization for annual requirement :** Authorization holders who have been exporting for at least 2 years can get annual Advance Authorization. This gives them the flexibility to export any product throughout the year falling under an export product group using the duty exempted imports. However specific inputs have to be tallied with the resultant exports as per SION/ prescribed ad hoc norms.
- C. Duty Free Import Authorization (DFIA) Scheme:** DFIA is a variant to Advance Authorization scheme. It is different from Advance Authorization as a higher minimum value addition of 20% is required, as compared to only 15% in Advance Authorization. It has enabling provision for transferability of authorization or materials imported against it. DFIA can be applied and obtained on post export basis as well. It is popular with exporters who export first and then obtain the Authorization, which can be sold freely.
- D. Duty Drawback of Customs/Central Excise Duties/Service Tax:** The scheme is administered by Department of Revenue. Under this scheme products made out of duty paid inputs are first exported and thereafter refund of duty is claimed.

5.1.3 Export Promotion Capital Goods Scheme

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness. EPCG Scheme allows import of capital goods for pre-production, production and post-production at zero customs duty.

- A. Zero duty EPCG scheme:** Zero duty EPCG scheme allows import of capital goods for preproduction, production and post-production (including Completely Knocked Down/ Semi Knocked Down thereof as well as computer software systems) at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date (para 5.1 a of FTP). The scheme can be taken both post exports and pre- exports. The export obligation discharged would require fulfilment of specific export obligation in addition to the existing Average export performance over a period of three years. Period of import would be 9 months. Exporters availing benefit under Technology Up Gradation Fund Scheme ("TUGFS") can also avail benefit of Zero duty EPCG Scheme. Import of motor cars, SUV's, all purpose vehicles by hotels, travel agents, or tour or transport operators and companies owning/ operating golf resorts not allowed. Export Obligation for domestic sourcing of capital goods under EPCG schemes has been reduced by 10% to encourage import substitution.
- B. Post Export EPCG Duty Credit Scrip Scheme:** A Post Export EPCG Duty Credit Scrip Scheme shall be available for exporters who intend to import capital goods on full payment of applicable duty in cash.

5.1.4.EOU/EHTP/STP & BTP SCHEMES

Units undertaking to export their entire production of goods and services may be set up under this scheme for import/ procurement domestically without payment of duties. For details of the scheme and benefits available therein FTP may be required.

5.1.5 Towns of Export Excellence (TEE)

Selected towns producing goods of Rs. 750 crores or more are notified as TEE on potential for growth in exports and provide financial assistance under MAI Scheme to recognized Associations.

5.1.6 Market Access Initiative (MAI) Scheme

Under this Scheme, financial assistance is provided for export promotion activities on focus country, focus product basis to EPCs, Industry & Trade Associations, State Government Agencies and Indian Commercial Missions abroad to do market surveys, publicity campaigns, participate in International Trade Fairs, set showrooms/ warehouses etc.

5.1.7 Status Holder Scheme

Upon achieving prescribed export performance, status recognition as one-star Export House, two Star Export House, three star export house, four star export house and five star export house is accorded to the eligible applicants as per their export performance. Such Status Holders are eligible for various non-fiscal privileges as prescribed in the Foreign Trade Policy. In addition to the above schemes, facilities like 24X7 customs clearance, single window in customs, self-assessment of customs duty, prior filing facility of shipping bills etc. are available to facilitate exports.

5.1.8 Remission of Duties and Taxes on Exported Products (RoDTEP)

RoDTEP is a scheme for exporters to reimburse taxes and duties paid by them such as value added tax, coalcess, mandi tax, electricity duties and fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. It will replace the Merchandise Export from India Scheme (MEIS).

6. 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	ODOP cell, DIPEDC, UPEPB and DGFT	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 (home furnishing products) by utilizing schemes like IC and MAS	ODOP cell, DIPEDC, UPEPB and DGFT	Continuous initiative
Sensitization of cluster actors: a. The individuals of a cluster should be sensitized on the plethora of schemes¹⁷ 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	ODOP cell, DIPEDC, UPEPB and DGFT	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>:

market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP		
DIPEDC 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	DIPEDC, UPEBP and FIEO	Intermediate
Common Facility centers (under CFC scheme of ODOP Program, TIES and NAVY scheme) to increase export	UPEPB/ODOP Cell/DIPEDC	Continuous initiative
Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.	UPEPB/DIPEDC/ODO P cell	Short term
MoU with QCI for defining quality standards of the products	UPEPB/DIPEDC/ODO P 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/DIPEDC/ODO P Cell and banks	Short term
Introduction of revolving working capital within the cluster to help MSMEs procure raw materials and undertake production without hinderances	UPEPB/DIPEDC and banks	Intermediate
Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.	UPEPB/DIPEDC/ODO P Cell and banks	Intermediate
Handholding of MSMEs for increasing their awareness on schemes of state & centre and the procedure to apply to avail financial assistance	UPEPB/DIPEDC	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	DIPEDC / UPEPB	Short term
DIPEDC 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.	DIPEDC/DGFT/UPEPB	Long term
Cost Structure:	DIPEDC/UPEPB	Long term
a. The DIPEDC 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.	DIPEDC/UPEPB	Long term
b. The CONCOR rates are to be made available at regular intervals to the DIPEDC office for updating of the same at the district website.		
c. The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has	DIPEDC/UPEPB/FIEO	Short term

been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.		
Product: Home furnishing Products		
Establishment of Common Facility Centre with: a. Raw Material Bank b. Common Production Center c. Design and display center with CAD/CAM facilities and space to showcase products to undertake sale d. Marketing Center for undertaking marketing events	DIPEDC, DGFT and ODOP Cell	Long term
Collaboration with NIFT and NID for design inputs and support in branding initiatives	UPEPB/ODOP Cell	Long term
Setting of modern technology based CETPs	UPEPB/DIPEDC/District Administration	Long term
Collaboration with E-commerce companies	UPEPB/ODOP Cell/DIPEDC	Short term
Establishment of testing laboratory	DIPEDC/ODOP Cell/UPEPB	Long Term
Establishment of Design and innovation center	DIPEDC/ODOP Cell/UPEPB	Long Term

Abbreviations

AA	Advance Authorization
BoB	Bank of Baroda
CAD	Computer-Aided Design
CAM	Computer Aided Manufacturing
CETP	Common Effluent Treatment Plant
CFC	Common Facility Center
CONCOR	Container Corporation of India
CPC	Common Production Center
DEH	District as Export Hub
DEPC	District Export Promotion Committee
DFIA	Duty Free Import Authorization
DGFT	Directorate General of Foreign Trade
DIPEDC	District Industry Promotion & Enterprises development Centre
DSR	Diagnostic Study Report
EO	Export Obligation
EPB	Export Promotion Bureau

EPCG	Export Promotion Capital Goods
EY	Ernst and Young
FIEO	The Federation of India Export Organization
FOB	Free on Board
FTA	Free Trade Agreement
FTP	Free Trade Partners
GI	Geographical Indication
GIR	Geographical Indication Registry
GoI	Government of India
GoUP	Government of Uttar Pradesh
HS Code	Harmonized System Code
IC	International Cooperation
ICD	Inland Container Depot
IEC	Import Export Code
IIP	Indian Institute of Packaging
IIT	Indian Institute of Technology
ISW	Industrial Solid Waste
MAI	Market Assistant Initiative
MDA	Market development Assistant
MEIS	Merchandise Export from India Scheme
MoU	Memorandum of Understanding
MSME	Micro Small and Medium Enterprises
MYSY	Mukhyamantri Yuva Swarojgar Yojana
NGO	Non-Government Organization
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
NSDC	National Skill Development Cooperation
ODOP	One District One Product

PMEGP	Prime Minister's Employment Generation Program
PMFME	Pradhan Mantri Formalisation of Micro food Processing Enterprises
PMKVY	Pradhan Mantri Kaushal Vikash Yojana
QCI	Quality Council of India
SEIS	Service Export from India Scheme
SIDBI	Small Industries Development Bank of India
SPV	Special Purpose Vehicle
SWOT	Strength, Weakness, Opportunities, Threats
TDS	Total Dissolved Solids
TEE	Towns of export excellence
ToR	Term of Reference
UAE	United Arab Emirates
UK	United Kingdom
UNIDO	United Nations Industrial Development Organization
UP	Uttar Pradesh
UPECE	Uttar Pradesh Export Promotion Council
UPEPB	Uttar Pradesh Export Promotion Bureau
UPICO	UP Industrial Consultancy Organisation
UPSIDC	Uttar Pradesh State Industrial Development Corporation
USA	United States of America



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