

# Draft District Export Action Plan, Basti, Uttar Pradesh

Knowledge Partner



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE

Districts  
as Export Hubs

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## Preface

This district export plan for Basti 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 Basti district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Basti 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 Basti'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.<sup>1</sup> 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 in order 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

The city of Basti is situated in Eastern Uttar Pradesh, in between Ghaghara and Amy river, about 180 Kms east of Lucknow. It's a part of the Basti division.

Basti was originally known as Vaishishthi. The origin of the name Vaishishthi is attributed to the fact that this area was the ashram of Rishi (sage) Vashistha in ancient period. Rama with his younger brother Lakshmana had been here for some time with Rishi Vashistha.

### 2.1 Geography

Total area of Basti district is 2688 Sq. Kms. The latitude of Basti city 26.23 and 27.80 N and longitude of Basti city 82.17 & 83.2 E. It is surrounded by Siddhartha Nagar district in North, Sant Kabir Nagar district in east, Gonda in west and Faizabad district in south. The length of district from south to north 70 Kms and west to east 85 Kms.

### 2.2 Topography & Agriculture

The topography of Basti district is comprises of Alluvial Soil, sand and gravels. Entire district has plain land and flow of water is from north to east. The main rivers of district are Ghaghara, Manorama & Kuwano.

In Basti district the forest area is 4,092 hectares. Net area sown 1,49,041 hectares, cultivable area 2,04,346 hectares.<sup>2</sup> As far as the farm of natural vegetation in Basti is concerned, there are various types of trees like sagaon, haldu, sal, shisham, tibau, mahuva, bamboo, neem, jamun, mango etc.

<sup>1</sup> <https://commerce.gov.in/wp-content/uploads/2021/03/Developing-Districts-as-Export-Hubs.pdf>

<sup>2</sup> <http://msmedikanpur.gov.in/cmdatahien/dip/DIP%20Basti%20Subhash%20Chand%20Inv%202.6.2016.pdf>

### 3. Industrial profile of the district

Table 1: Prominent industries of the district (MSME+ large)

The following table depicts the key industries of the district:<sup>2</sup>

Industry	Functional Units	Employment	Investment (INR Cr)
Food manufacturing/ processing	2,045	10,972	65.12
Repairing and servicing	1,735	5,076	14.12
Wood and wooden based furniture	842	2,827	4.41
Hosiery & Garments	563	2,229	10.25
Paper Product & Printing	130	514	11.41
Metal Products	298	969	2.45
Chemical & Chemical products	124	478	2.92
Rubber & Plastic products	88	393	2.26

#### 3.1 Major Exportable Product from Basti

S. No	Product	Export value (in INR) from September 2020 to November, 2021
1	Wood craft	Indirect Exports from District
2	Rice <sup>3</sup>	19,88,26,760

### 4. Product 1: Wood Craft

#### 4.1 Cluster Overview

India has a tradition of wood carving initially for making temples, forts etc. Later on the skill of carving and other ornamentation on wood introduced in door frames, furniture's and other items. U.P has glorious past of high skills wood carving artisans and few most important craft pockets of wood carving developed in U.P. Out of these pockets, Saharanpur and Nagina in Bijnor district have created their space in domestic as well as overseas markets.

Apart from above every district is having furniture making, door/window making industries for catering local demands. District of Basti is an important pocket of wood craft. Shikandarpur, a town in block Parshampur has

**Key Facts**

Artisans/ Carpenters: **2,827**

Units: **842**

Turnover: **INR 4.41 CR**

<sup>3</sup> For codes: 10063010, 10063090, 10064000



established pocket of wood craft. The craft also spread to nearby villages i.e. Dhangawkala, Ranipur, LaxmipurKarghna, Raipur and Dhangwakhurdand, Bed lines and other decorative items. Their products are so popular that besides local market they are supplying to nearby districts like Faizabad, Gonda, etc.

## 4.2 Product profile

Carpenters are making traditional items like door/window frames and doors on contract basis. They obtain desired wood of required sizes from local Saw mills and prepare the items using their tools.

For furniture making, the manufacturers buy various parts of items prepared from lathe machine available with local saw mills. By joining various parts they give shape to furniture item. Plywood used for seats. For beds/deewans ply boards are used. Polishing /painting on prepared items done by different workers at the last.

### 4.2.1 Product Portfolio

Product range includes sofa set, dining set, divan, dressing table, chairs etc. In other category woodwork comprises doors, windows, frames, wardrobe, modular kitchen, counter tables, computer tables etc. In some area carving on door frames are also made.

## 4.3 Cluster Stakeholders

- ▶ Raw material supplier
- ▶ Artisans/ Carpenters/ manufacturers
- ▶ Units & unitholders
- ▶ Financial institutions
- ▶ MSME- DI, DIC etc.

## 4.4 Export Scenario

Table 2: HS code- wood craft

### 4.4.1 HS code

HS Code	Description
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)
441400	Wooden frames for paintings, photographs, mirrors or similar objects
940169	Seats, with wooden frames (excluding upholstered)

#### Current Scenario<sup>4</sup>

- ▶ Among the major exporters of wooden furniture are China, Vietnam, Poland, Malaysia, Turnkey and Germany.
- ▶ The value of current global wood market is around USD 624.22 billion in 2020 and expected to grow at a CAGR of 6.8% in 2021.<sup>5</sup> Whereas, the global wooden furniture market size is estimated to be at USD 545.78 billion in 2020 and expected to grow at a CAGR of 5.4% from 2021-27<sup>6</sup>

<sup>4</sup>Key facts\_: [trademap.org](http://trademap.org) for World and India exports and DGCISEXIM for state stats for the mentioned codes

<sup>5</sup> <https://www.globenewswire.com>

<sup>6</sup> <https://www.gminsights.com/industry-analysis/furniture-market>

- ▶ The Indian wood craft industry is one of the fastest growing industries of the Indian economy. India has around 100,000 registered woodware units and more than 200,000 craftsmen along with countless other woodworking related units in the sector<sup>7</sup>
- ▶ India is currently exporting to more than 131 countries in the world including USA, Germany, Netherland, France, United Kingdom, Australia, Belgium, Canada, Spain and United Arab Emirates
- ▶ The wood craft clusters of UP have around 6000-7000 units employing around 1,20,000, people directly and indirectly generating a turnover around INR 1,015 Cr combinedly. Clusters like Bijnor and Saharanpur also undertake exports to a large extend<sup>8</sup>



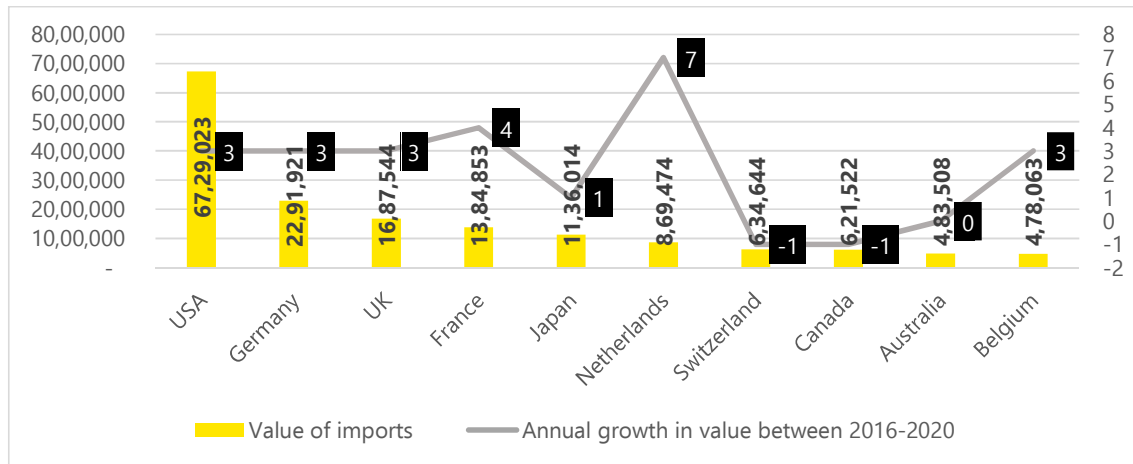
#### 4.5 Export Potential

**Product 1(940360): Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)**

The below figure shows the key importers of this product for the above mentioned HS code:<sup>9</sup>

*Figure 1: Key countries importing the product and their annual growth in value for Product 1(wood craft)*

<sup>7</sup> <https://business.mapsofindia.com/india-industry/woodwork.html#:~:text=India%20Woodwork%20Industry%20is%20one,related%20units%20in%20the%20sector.>  
<sup>8</sup> [http://www.craftclustersofindia.in/site/index.aspx?mu\\_id=3&Clid=148](http://www.craftclustersofindia.in/site/index.aspx?mu_id=3&Clid=148)  
<sup>9</sup> <https://www.trademap.org>



The potential markets for India and the cluster to tap have been identified as follows based on Signed FTAs, High Growth Markets, Untapped Potential the countries which India is

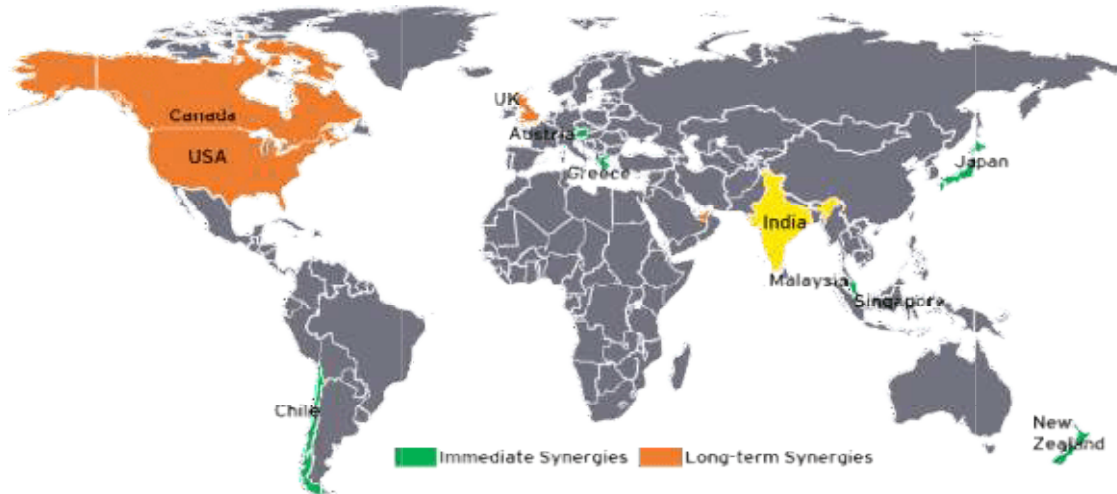


Figure 2: Potential Markets for expansion for product 1(wood craft)

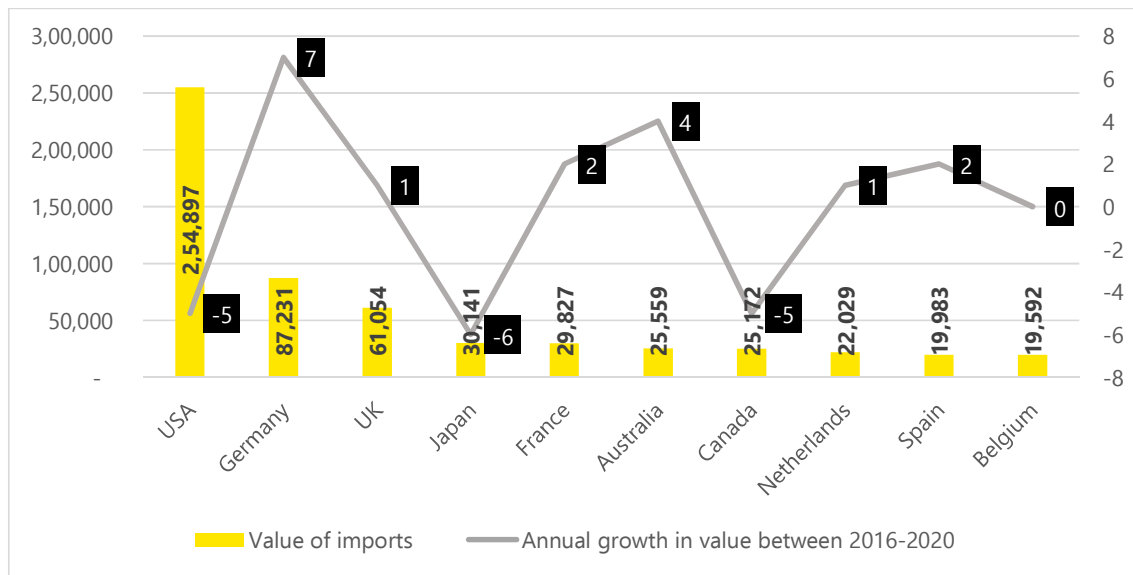
exporting but UP isn't. Thus, the following countries should be targeted to increase the sales and turnover of the cluster:

**Product 2 (441400): Wooden frames for paintings, photographs, mirrors or similar objects**

The below figure shows the key importers of this product for the above mentioned HS code:<sup>10</sup>

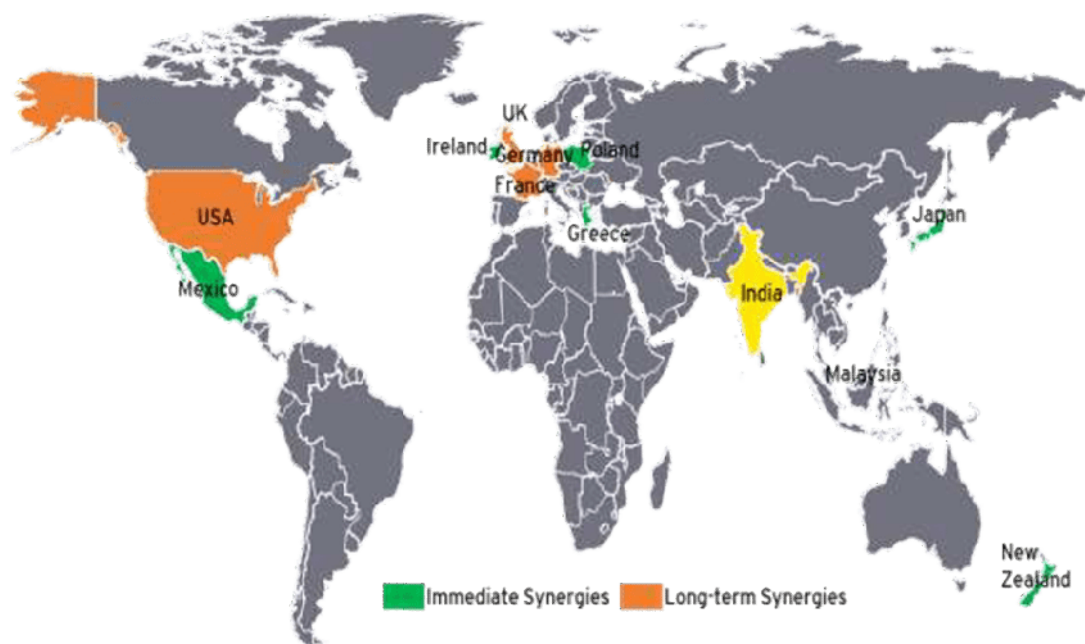
<sup>10</sup><https://www.trademap.org>

Figure 3: Key countries importing the product and their annual growth in value for Product 2(wood craft)



The potential markets for India and the cluster to tap have been identified as follows based on Signed FTAs, High Growth Markets, Untapped Potential the countries which India is exporting but UP isn't. Thus, the following countries should be targeted to increase the sales and turnover of the cluster

Figure 4: Potential markets for Product 2(wood craft)

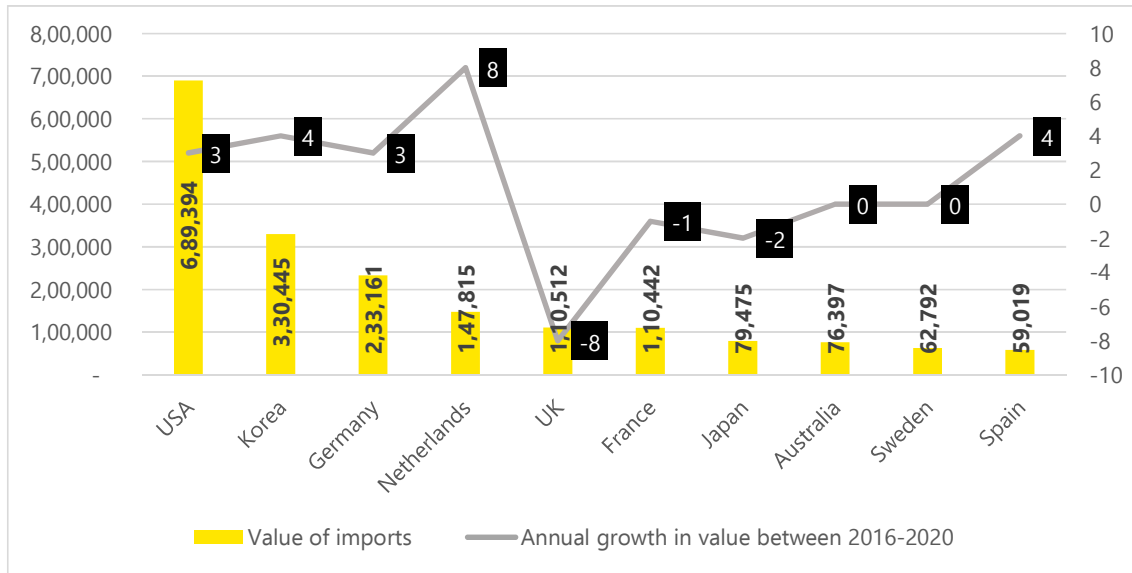


**Product 3 (940169): Seats, with wooden frames (excluding upholstered)**

The below figure shows the key importers of this product for the above mentioned HS code:<sup>11</sup>

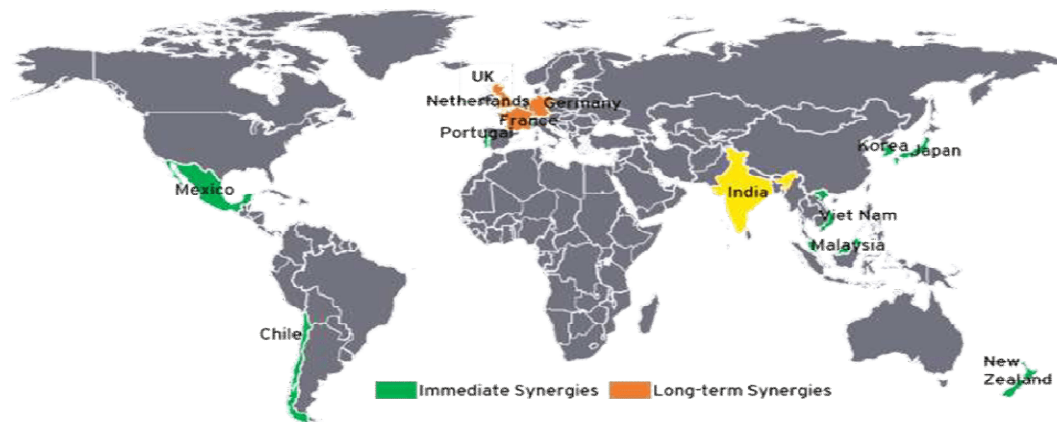
<sup>11</sup><https://www.trademap.org>

Figure 5: Key countries importing the product and their annual growth in value for Product 3(wood craft)



The potential markets for India and the cluster to tap have been identified as follows based on Signed FTAs, High Growth Markets, Untapped Potential the countries which India is exporting but UP isn't. Thus, the following countries should be targeted to increase the sales and turnover of the cluster

Figure 6: Potential markets for product 3(wood craft)



#### 4.6 Potential Areas for Value Added Product

The following could also be manufactured: home décor, lifestyle and utility product along with toys. Further, the artisans should be trained to create designs according to the customer base of a region. For example, the artisans should be trained on creating Persian designs and patterns while responding to orders from countries like Iran, Iraq, Afghanistan, Tajikistan, Uzbekistan etc., this will help in market penetration and will also increase the list of countries UP can cater to

Table 3: SWOT Analysis- wood craft

#### 4.7 SWOT analysis

Strengths	Weakness
<ul style="list-style-type: none"> <li>▶ High market demand being utility products</li> <li>▶ Traditional craft practiced since generation.</li> <li>▶ Industry caters to all section of the society.</li> <li>▶ Provides employment to locals</li> <li>▶ It requires low capital investment</li> </ul>	<ul style="list-style-type: none"> <li>▶ Poor infrastructure and working conditions</li> <li>▶ High production of low quality production</li> <li>▶ Limited knowledge on technology, govt. schemes and banking systems</li> <li>▶ Lack of product diversification due financial constraints and lack of market understanding</li> <li>▶ Low wages to artisan thus paving way to decline of the cluster as the youth are shifting to bigger cities in search of better paying jobs</li> <li>▶ Artisans face health hazards due to continuous</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Development of retail sectors and changing lifestyles offer huge requirements of such products</li> <li>▶ Internet has emerged as a mean to develop its market network</li> <li>▶ Rise in the industry is due to real estate development.</li> <li>▶ Continuous demand of craft in all regions</li> </ul>	<p style="text-align: center;">saw dust inhalation</p> <ul style="list-style-type: none"> <li>▶ Increasing competition with plastic chairs and tables in domestic markets</li> <li>▶ Aluminium frames are replacing wood frames in construction work.</li> <li>▶ Poor delivery chain management creates gap between demand and supply</li> <li>▶ Availability of imported furniture in the market.</li> </ul>

*Table 4: Challenges and Interventions- Wood craft*

## 4.8 Challenges and interventions

Parameter	Challenges	Intervention
Raw material	<ul style="list-style-type: none"> <li>▶ The manufacturers face problem in procuring quality wood on <b>reasonable rates</b>.</li> <li>▶ They also face <b>shortage of wood</b> from time to time</li> <li>▶ Products are <b>made from unseasoned wood</b> which affects the end-products</li> <li>▶ Further <b>no chemical treatment</b> is used on wood to protect the finished goods</li> <li>▶ The <b>household units lack space for storing the raw material</b>.</li> </ul>	<p><b><u>Hard intervention:</u></b></p> <ul style="list-style-type: none"> <li>▶ Set up <b>raw material depot</b> for wood in cluster area. <b>Facility of wood seasoning &amp; chemical treatment</b> may be created at this depot</li> </ul>
Manufacturing process	<ul style="list-style-type: none"> <li>▶ Artisans are using their traditional tools, they are not aware about advance tools and techniques prevalent in the wood industries.</li> <li>▶ All the Units are household units, working from their place of residence. Thus they face problems like lack of continuous access to water, electricity, ventilation etc. which often affects the productivity of the cluster</li> <li>▶ Limited focus on designing and expansion of product range</li> </ul>	<p><b><u>Hard intervention:</u></b></p> <ul style="list-style-type: none"> <li>▶ Establishment of a <b>Craft Development Center</b> with Saw machine, □ CNC router machines, Turning machines etc.</li> </ul> <p><b><u>Soft interventions:</u></b></p> <ul style="list-style-type: none"> <li>▶ Wood improvement technologies can be <b>sourced from Indian Council of Forestry Research and Education (ICFRE)</b> affiliated institute/s</li> <li>▶ <b>Training for new technology instalment and operations</b> from relevant institutes i.e. Forest Research Institute, Institute of Wood Science and Technology</li> <li>▶ Collaboration with National Institutes like National Institute of Design (NID) which will help the artisans bring</li> </ul>



Parameter	Challenges	Intervention
<b>Branding and Marketing</b>	<ul style="list-style-type: none"> <li>▶ The artisans and most unitholders <b>do not undertake any marketing strategy</b>, as most of them are <b>unaware of the marketing techniques</b> and principles which are to be implemented for increasing sales and undertaking direct orders</li> <li>▶ <b>Limited interest and knowledge</b> about sales through e-commerce platforms and online marketing</li> <li>▶ <b>Negligible knowledge on marketing events</b> and their importance</li> <li>▶ <b>Lack of promotion</b> of the products amongst the masses</li> </ul>	<p>design innovation</p> <ul style="list-style-type: none"> <li>▶ Collaboration with National Center for Design and Product Development (NCDPD) for guiding the cluster with innovative designs</li> </ul> <ul style="list-style-type: none"> <li>▶ A <b>documentary film</b> should be developed to highlight the history and the production process of the product</li> <li>▶ <b>Collaboration with e-commerce companies</b> like Amazon, Flipkart etc.</li> <li>▶ Collaboration with retail giants like <b>Big Bazaar, Vishal Mega Mart, IKEA, Pepper-fry a Home center etc.</b> to further promote sales at national level. <ul style="list-style-type: none"> <li>• They can also collaborate to create a line of furniture products with their design inputs and the artisans of the cluster</li> </ul> </li> <li>▶ <b>Conduct awareness workshops at the block level to create awareness about schemes</b> like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events</li> <li>▶ <b>The DGFT/FIEO can set targets for participating in events per year.</b> Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> </ul>
<b>Skilling</b>	<ul style="list-style-type: none"> <li>▶ <b>None of the artisans are formally trained</b>, they learn their skills from their family or on the job</li> <li>▶ <b>The trainings undertaken by the DIC is often not enough for the artisans and unitholders for upgrading their production/ business operations</b></li> <li>▶ <b>Limited knowledge of artisans in expanding business operations</b></li> <li>▶ Declining interest of youth</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling</b> of value chain activities and business development parameters- marketing, accounting etc.</li> <li>▶ <b>Maximizing leveraging of skill upgradation schemes</b> 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</li> <li>▶ <b>Ensuring exposure visits</b> to clusters of Rajasthan, Kerala, Tamil Nadu, etc., for understanding best practices, designs &amp; product diversification</li> </ul>

Parameter	Challenges	Intervention
Packaging	<ul style="list-style-type: none"> <li>▶ Lack of proper finishing, packing and labelling has led to devaluation of product</li> <li>▶ Lack of innovation in packaging materials or techniques for wood craft products</li> <li>▶ <b>Lack of focus on maintaining the quality</b> of the raw materials and end-products due to <b>limited knowledge on its importance</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Collaboration with Indian Institute of Packaging (IIP)</b> to suggest packaging for this product.</li> <li>▶ <b>Collaboration with QCI</b> to ensure standardized production following all export requirements to strengthen the exports from the cluster</li> <li>▶ <b>Raise awareness for VRIKSHA Certification</b> by EPCH</li> </ul>
Export	<ul style="list-style-type: none"> <li>▶ <b>Limited knowledge in export</b> and import related information/ documentations</li> <li>▶ <b>Unaware of potential markets</b></li> <li>▶ <b>No focal point</b> to address exporters ongoing issues hence its often a hesitation for budding exporters</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Sensitization and facilitation in availing Import/ export document</b></li> <li>▶ <b>Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events.</b></li> <li>▶ Sensitization of cluster actors: <ul style="list-style-type: none"> <li>▶ <b>The individuals of a cluster should be sensitized on the plethora of schemes available for them for maximizing the potential of exports.</b> 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</li> <li>▶ Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analysing the demand market. <b>Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP.</b> DIC and FIEO can play a pro-active role in this regard. <b>10% increase in every year in the number of units</b> taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment</li> </ul> </li> <li>▶ <b>DIEPC to act as a focal point for all exporters issues.</b> Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
Access to finance	<ul style="list-style-type: none"> <li>▶ <b>Artisans have negligible financial literacy,</b> hence they face problems in</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Awareness and outreach program</b> for raising consciousness about existing</li> </ul>

Parameter	Challenges	Intervention
	<p>obtaining and applying loan</p> <ul style="list-style-type: none"> <li>▶ Bank does not provide loan to the artisans in most cases due to <b>lack of documents or steady income documentations</b></li> <li>▶ <b>Tedious paperwork and long waiting time</b> of banks usually persuade artisans from not taking financial support from Banks</li> <li>▶ <b>Artisans and unitholders are not aware schemes and policies of banks, state government and central government.</b></li> </ul>	<p>schemes and financial products</p> <ul style="list-style-type: none"> <li>▶ <b>Sensitization of banks/financial institutions to understand the product value chain</b> while fixing WC/CC limits</li> <li>▶ <b>'Revolving Working Capital Assistance'</b> to micro units/ cobblers/ artisans towards procuring raw materials and meeting operating expenditure.</li> <li>▶ <b>Collaboration with nationalized banks to facilitate quick loan approval</b> and disbursement through digital lending.</li> <li>▶ <b>Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.</b></li> </ul>
<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state hence this <b>increases the transportation cost</b> which in turn adds to the overall production expenses</li> <li>▶ Since the start of Covid-19, the availability of containers and the Freight Charges by the Shipping lines has been main concern for most of the industries</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise them about <b>Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</b></li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</li> <li>▶ 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.</li> </ul>

#### 4.9 Future Outcomes

**Annual Turnover**

The turnover is likely to be doubled in the next 5 years with the implemented of suggested interventions

**Cluster exports**

The cluster shall initiate exports worth INR 50 lakhs within the span on 5 years

## 5. Product 2: Rice

### 5.1 Cluster Overview

The district belongs to the north Gangetic plains which fosters the production of large quantities of rice. The district is one of key rice producing areas of the state with 122.176 ha area under production, 316.82 Mt production and the productivity of 25.931 qtl/ha.<sup>12</sup>

### 5.2 Product Profile

Any rice other than Basmati Rice is named as non-Basmati rice. In the world it has been reported that there are over 10,000 varieties of rice and out of which the maximum number are in India.

#### 5.2.1 Product Portfolio

**Rice:** Multiple varieties of rice exist including short-grain, medium-grain, and long-grain varieties.

### 5.3 Cluster Stakeholders

- ▶ Farmers
- ▶ DIEPC
- ▶ KVK
- ▶ Seed suppliers
- ▶ Financial Institutions
- ▶ Agriculture department

#### 5.3.1 Industry Associations

Following are principal Industry Associations that are working for the development of Rice:

- ▶ Agriculture and Processed Food Products Export Development Authority (APEDA)
- ▶ Indian Industries Association (IIA)
- ▶ Rice Export Promotion Forum (REPF)
- ▶ Participatory Rural Development Foundation (PRDF) - PRDF is a Gorakhpur based philanthropic organisation founded Dr. Ram Chet Chaudhary, a leading Agri-scientist working for the benefit of farming community of North India
- ▶ International Rice Research Institute (IRRI) - world's premier research organization dedicated to reducing poverty and hunger through rice science; improving the health and welfare of rice farmers and consumers; and protecting the rice-growing environment for future generations
- ▶ National Rice Research Institute, Cuttack (NRI) - The National Rice Research Institute is located in Cuttack in Odisha state. The basic objective of institute is to conduct basic, applied, and adaptive research on crop improvement and resource management for increasing and stabilizing rice productivity in different rice ecosystems with special emphasis on rainfed ecosystems and the related abiotic stresses
- ▶ U.P. Council of Agricultural Research (UPCAR) - The UPCAR is an autonomous apex state organisation registered as a society, which plans, co-ordinates and promotes research, education, training, and transfer of technology for advancement of agriculture and allied sciences. The UPCAR was established on June 14, 1989, with its headquarters at Lucknow.
- ▶ Agriculture Department
- ▶ Krishi Vigyan Kendra (KVK)

<sup>12</sup> <https://basti.kvk4.in/district-profile.html>

### 5.3.2 HS Code

Table 5: HS code- Rice

HS codes under which the product is exported from the district.<sup>13</sup>

HS Code	Description
100630	Semi-milled or wholly milled rice, whether or not polished or glazed

#### Current Scenario

The export scenario of World and India have been analysed basis the export statistics of HS code 100630 (Semi-milled or wholly milled rice, whether or not polished or glazed) under which non-Basmati rice is exported from the district, state and India

Alongside are the key facts pertaining to the analysed product code.<sup>14</sup>

#### Key Fact of Export

**20,631,291 (USD Thousand)**

Value of world exports in 2020

**7,484,136 (USD Thousand)**

Total Exports from India in 2020

**412,280 (USD Thousand)**

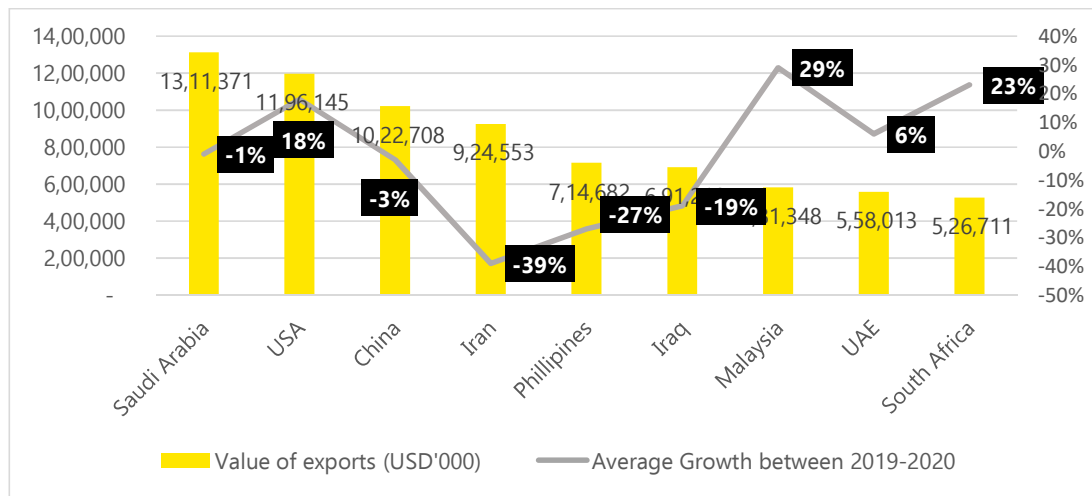
Total export from UP in 2020

### 5.4 Export Potential

**Product 1(100630): Semi-milled or wholly milled rice, whether or not polished or glazed**

- ▶ The world exports for the product category amount to 20,631,291 USD Thousand in 2020
- ▶ India's exports represent 36.3% of world exports for this product, its ranking in world exports is 1.
- ▶ India exports this product to Iran, Indonesia, Malaysia, Bangladesh, Yemen, China, Saudi Arabia, Sri Lanka, USA, Nepal etc.

Below figure shows the top importers for this product (100630) in the world:



<sup>13</sup> DGFT, Kanpur

<sup>14</sup> www.trademap.org

Figure 7: Top importers for this product (100630) in the world- Rice

The potential markets for India and the cluster to tap have been identified as follows based on Signed FTAs, High Growth Markets, Untapped Potential the countries which India is exporting to but UP isn't. Thus, the following



Figure 8: Markets for expanding- Rice

countries should be targeted to increase the sales and turnover of the cluster

### 5.5 Potential Areas for Value Added Product

**Rice:** Product Diversification is one of the most crucial product uplifting strategies which in turn is an important part of a product's export. Currently, only the grains of rice are being sold directly in the market. Knowing the health benefits of the product an initiative can be made for product diversification to manufacture value added products such as *chiwda, poha, brown rice, rice noodles, idli & dosa batter*.

The broken rice can be used to **create flour**. Rice flour is gluten-free; therefore, it is an alternative for producing gluten-free products. Rice flour is also hypoallergenic. Thus, it can be utilized for producing baby food, puddings, and other food products. Due to the decreased risk for people with sensitivities, food companies prefer rice flour to other varieties of flour. Thus, it is economically justifiable to grind broken rice to produce flour for such applications.

With adequate upgradation of technology in the cluster the farmers/ millers can sell by-products and generate additional income by manufacturing by-products from Rice Husks, Brans and Straws; the following are their uses:

<u>Rice Husk Use</u>	<u>Rice Bran Use</u>
▶ Fuel	▶ Edible grade oil
▶ Gaseous Fuel	▶ Industrial grade crude oil
▶ Husk Briquette	▶ Free fatty acid manufacture
▶ Husk Board	▶ Plasticizers
▶ Furfural	▶ Tocopherol
	▶ Rice bran wax

Table 6: SWOT Analysis- Rice

### 5.6 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▶ Improving and enhancing rural economy</li> <li>▶ Access to fertile land suitable for farming</li> <li>▶ Availability of cheap and skilled labor for farming</li> <li>▶ Availability of various financial and non-financial assistances from state and central government pertaining to agriculture</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of proper infrastructure facilities for storage and manufacture of additional products</li> <li>▶ Rice mills haven't been fully modernized</li> <li>▶ High transportation cost for export of the product</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Large scope for expanding sales network-globally and locally</li> <li>▶ Scope for product diversification for generating additional revenue</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cost of production in exporting countries like Thailand, Vietnam and Pakistan is low as compared to India</li> <li>▶ Fear of damage from calamities and insect attack as it is perishable item</li> </ul>

Table 7: Challenges and Interventions for Rice

## 5.7 Challenges and interventions

Parameter	Challenges	Intervention
Raw material	<ul style="list-style-type: none"> <li>▶ Challenges in developing high yielding export quality rice (Non-Basmati, Long grain rice)</li> <li>▶ Challenges in distribution of certified seeds</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Breeding programme</b> may be initiated to develop high yielding export quality rice (Non-Basmati, Long Grain Rice, etc.) to enable the exporters to sustain their exports in future. Proper arrangements may be made for production of pure quality seeds and making them available to the farmers at subsidized rates/ reasonable rates.</li> <li>▶ Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) and Farmer Producers Organisation</li> </ul>
Use of Modern technologies	<ul style="list-style-type: none"> <li>▶ Many rice mill owners are not using modernized rice mills for better recovery and reducing the percentage of broken rice</li> <li>▶ Unawareness about use of modern technology to reduce costs and increase production</li> </ul>	<ul style="list-style-type: none"> <li>▶ Low-cost production technology may be developed (use best practices) to bring down the cost of production to enable the exporters to compete with competing countries in the international markets. State Agriculture department may take the help of State Agriculture Universities / other technical institutes of repute.</li> </ul>



Parameter	Challenges	Intervention
		<ul style="list-style-type: none"> <li>▶ Rice mills have not been fully modernized to ensure high milling recovery and reduce the percentage of broken rice. The conventional rice mills are having Rubber Roll Sheller in which percentage of broken rice is more than the modern rice mills that are having under Runner Sheller. Hence, head rice obtained from milling of conventional mills becomes costly due to recovery of higher percentage of broken rice. Therefore, conventional mills are required to be modernized to get recovery of higher percentage of head rice suitable for export.</li> </ul>
Branding and Marketing	<ul style="list-style-type: none"> <li>▶ The cluster actors <b>do not undertake any marketing strategy</b>, as most of them are <b>unaware of the marketing techniques</b> and principles which are to be implemented for increasing sales and undertaking direct orders</li> <li>▶ <b>Limited interest and knowledge</b> about sales through e-commerce platforms and online marketing</li> <li>▶ <b>Negligible knowledge on marketing events</b> and their importance</li> <li>▶ <b>Lack of promotion</b> of the products amongst the masses</li> </ul>	<ul style="list-style-type: none"> <li>▶ A <b>documentary film</b> should be developed to highlight the history and the production process of the product</li> <li>▶ Collaboration with E-commerce companies focusing on vegetables and fruit sale like Big Basket, Natures Basket etc.</li> <li>▶ <b>Conduct awareness workshops at the block level to create awareness about schemes</b> like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events</li> <li>▶ <b>The DGFT/FIEO can set targets for participating in events per year.</b> Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> </ul>
Skilling	<ul style="list-style-type: none"> <li>▶ <b>The trainings undertaken by the DIC is often not enough for upgrading their production/ business operations</b></li> <li>▶ <b>Limited knowledge in expanding business operations</b></li> <li>▶ Declining interest of youth</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling</b> of value chain activities and business development parameters- marketing, accounting etc.</li> <li>▶ <b>Maximizing leveraging of skill upgradation schemes</b> 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</li> <li>▶ <b>Ensuring exposure visits</b> to clusters of Rajasthan, Kerala, Tamil Nadu, etc., for understanding best practices, designs &amp; product diversification</li> </ul>



Parameter	Challenges	Intervention
Packaging	<ul style="list-style-type: none"> <li>▶ Lack of proper finishing, packing and labelling has led to devaluation of product</li> <li>▶ Lack of innovation in packaging materials or techniques</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Collaboration with Indian Institute of Packaging (IIP)</b> to suggest packaging for this product.</li> </ul>
Export	<ul style="list-style-type: none"> <li>▶ <b>Limited knowledge in export</b> and import related information/ documentations</li> <li>▶ <b>Unaware of potential markets</b></li> <li>▶ <b>No focal point</b> to address exporters ongoing issues hence its often a hesitation for budding exporters</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Sensitization and facilitation in availing Import/ export document</b></li> <li>▶ <b>Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events.</b></li> <li>▶ Sensitization of cluster actors: <ul style="list-style-type: none"> <li>▶ <b>The individuals of a cluster should be sensitized on the plethora of schemes available for them for maximizing the potential of exports.</b> 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</li> <li>▶ Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analysing the demand market. <b>Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP.</b> DIC and FIEO can play a pro-active role in this regard. <b>10% increase in every year in the number of units</b> taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment</li> </ul> </li> <li>▶ <b>DIEPC to act as a focal point for all exporters issues.</b> Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
Access to finance	<ul style="list-style-type: none"> <li>▶ Farmers have <b>negligible financial literacy</b>, hence they face problems in obtaining and applying loan</li> <li>▶ Bank does not provide loan to the farmers in most cases due to <b>lack of documents or steady income documentations</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Awareness and outreach program</b> for raising consciousness about existing schemes and financial products</li> <li>▶ <b>Sensitization of banks/financial institutions to understand the product value chain</b> while fixing WC/CC limits</li> </ul>

Parameter	Challenges	Intervention
	<ul style="list-style-type: none"> <li>▶ <b>Tedious paperwork and long waiting time</b> of banks usually persuades farmers to not take financial support from Banks</li> <li>▶ <b>Unaware schemes and policies of banks, state government and central government.</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>'Revolving Working Capital Assistance' to micro units/ cobblers/ artisans/ Farmer</b> towards procuring raw materials and meeting operating expenditure.</li> <li>▶ <b>Collaboration with nationalized banks to facilitate quick loan approval</b> and disbursement through digital lending.</li> <li>▶ <b>Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.</b></li> </ul>
<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state hence this <b>increases the transportation cost</b> which in turn adds to the overall production expenses</li> <li>▶ Since the start of Covid-19, the availability of containers and the Freight Charges by the Shipping lines has been main concern for most the industries</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise them about <b>Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</b></li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</li> <li>▶ 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.</li> </ul>

## 5.8 Future Outcomes

**Annual Turnover**

Increase in annual turnover by 10% annually from existing with the help of financial outreach of government programmes and other interventions.

**Cluster exports**

Double the export by 2024 as per State Agriculture Export Policy, 2019

## 6. Action Plan

Quantifiable activity/ Intervention	Responsible authority	Timeline for implementation <sup>15</sup>
<b>Increasing the overall exports from the state</b>		
<b>Sensitization and facilitation in availing Import/ export documents:</b> 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
<b>Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events.</b> Further, DGFT and FIEO can finalize a target to participate in at least 3 international events in a year per product category/industry (food, engineering & auto components, handicrafts, textile& apparel etc.) by utilizing schemes like IC and MAS	DIEPC, UPEPB	Continuous initiative
<b>Sensitization of cluster actors:</b> <ol style="list-style-type: none"> <li>The individuals of a cluster should be sensitized on the plethora of schemes<sup>16</sup> 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</li> <li>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 EAPs</li> </ol>	DIEPC, UPEPB	Continuous initiative
<b>DIC and FIEO can play a pro-active role in this regard.</b> 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	DIC, UPEPB and FIEO	Intermediate

<sup>15</sup> Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

<sup>16</sup> 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:](https://www.ibef.org/blogs/indian-export-incentive-schemes)

under this segment		
<b>Common interventions across sectors/ clusters</b>		
<b>Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.</b>	UPEPB/DIEPC	Short term
<b>Collaboration with QCI</b> for defining quality standards of the products	UPEPB/DIEPC	Short term
<b>Collaboration with IIP</b> to define cluster-wise packing standards	UPEPB/DIEPC	Short term
<b>Sensitization of banks and bankers</b> 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
<b>Introduction of revolving working capital within the cluster</b> to help MSMEs procure raw materials and undertake production without hinderances	UPEPB/DIEPC and banks	Intermediate
<b>Tie up with the banks/financial institutions (SIDBI, BoB etc.)</b> for better interest rates, enhanced working capital limits etc.	UPEPB/DIEPC and banks	Intermediate
<b>Sensitization of cluster actors</b> from this sector on <b>Make in India initiative and PLI for leveraging the assistance</b> provided to the sector to enhance productivity and expand exports	UPEPB/DIEPC	Short term
<b>Awareness and outreach program</b> for raising consciousness about existing schemes and financial products and promoting the cluster actors to leverage these initiatives	UPEPB/DIEPC	Intermediate
<b>DIEPC to act as a focal point for all exporters issues.</b> Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.	DIEPC/DGFT/UPEPB	Long term
<b>Cost Structure:</b>		
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.	DIEPC/UPEPB	Long term
b. The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.	DIEPC/UPEPB	Long term
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 been developed to provide information about container availability	DIEPC/UPEPB/FIEO	Short term

and issues relating to it. The industry may be informed of this portal.		
<b>Product 1: Wood craft</b>		
<b>Set up raw material depot for wood in cluster area. Facility of wood seasoning &amp; chemical treatment may be created at this depot</b>	DIEPC, DGFT	Long term
<b>Establishment of a Craft Development Center with Saw machine, □ CNC router machines, Turning machines etc.</b>	DIEPC, DGFT	Long term
<b>Wood improvement technologies can be sourced from Indian Council of Forestry Research and Education (ICFRE) affiliated institute/s</b>	ICFRE and UPEPB	Long term
<b>Training for new technology instalment and operations from relevant institutes i.e. Forest Research Institute, Institute of Wood Science and Technology</b>	Technical institute and UPEPB	Long term
<b>Collaboration with National Institutes like National Institute of Design (NID) which will help the artisans bring design innovation</b>	UPEPB	Intermediate
<b>Collaboration with National Center for Design and Product Development (NCDPD) for guiding the cluster with innovative designs</b>	NCDPD and UPEPB	Intermediate
<b>A documentary film should be developed to highlight the history and the production process of the product</b>	UPEPB and hired agency	Intermediate
<b>Collaboration with retail giants like Big Bazaar, Vishal Mega Mart, IKEA, Pepper-fry a Home center etc. to further promote sales at national level.</b>	UPEPB	
<b>Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling of value chain activities and business development parameters- marketing, accounting etc. Pradesh Skill Development Mission for skilling and upskilling of artisans</b>	UPEPB and NSDC	Short term
<b>Maximizing leveraging of skill up-gradation 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</b>	UPEPB and DIEPC	Short-term

<b>Raise awareness for VRIKSHA Certification by EPCH</b>	EPCH	Intermediate
<b>Ensuring exposure visits to clusters of Rajasthan, Kerala, Tamil Nadu, etc., for understanding best practices, designs &amp; product diversification</b>	DIEPC, UPEPB	Intermediate
<b>Product 2: Rice</b>		
<b>Breeding programme</b> may be initiated to develop high yielding export quality rice (Non-Basmati, Long Grain Rice, etc.) to enable the exporters to sustain their exports in future. Proper arrangements may be made for production of pure quality seeds and making them available to the farmers at subsidized rates/ reasonable rates.	KVK, FPO, Technical institutes, Agriculture department	Intermediate term
<b>Distribution of Certified seeds</b> to farmers partially through Krishi Vigyan Kendra (KVK) and Farmer Producers Organisation	KVK, FPOs	Short term
<b>Modernization of conventional rice mills using govt schemes</b>	UPEPB, DGFT and DIEPC	Long term
<b>Collaboration with E-commerce companies focusing on vegetables and fruit sale like Big Basket, Natures Basket etc.</b>	UPEPB and respective retail company	Long term
<b>Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling of value chain activities and business development parameters- marketing, accounting etc. Pradesh Skill Development Mission for skilling and upskilling</b>	UPEPB and NSDC	Short term
<b>Maximizing leveraging of skill up-gradation 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</b>	UPEPB and DIEPC	Short-term

## 7. Key schemes

### 7.1 Key schemes of GoI

#### 7.1.1 Merchandise Exports from India Scheme (MEIS) <sup>17</sup>

This scheme is 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.

**Objective of the Merchandise Exports from India Scheme (MEIS) is to promote the manufacture and export of notified goods/ products.**

#### 7.1.2 Service Exports from India Scheme (SEIS) <sup>18</sup>

Under the Service Exports from India Scheme (SEIS), the Duty Credit Scrips are accorded as rewards. The goods imported against the Duty Credit Scrips or the goods nationally acquired against the Duty Credit Scrips will be transferable freely. Given below is a list of requirements which can be fulfilled using the Duty Credit Scrips:

- ▶ Customs Duty payment and fee as per paragraph 3.18 of the policy.
- ▶ Customs Duties payment for importing goods or inputs, other than the items mentioned in Appendix 3A.
- ▶ Excise duties payment on the acquisition of goods or inputs, this includes capital goods according to the DoR notification.
- ▶ Service Tax payment upon acquisition of services according to the DoR notification.

#### 7.1.3 Rebate of State and Central Levies and Taxes (RoSCTL) Scheme<sup>19</sup>

It is an export incentive in the form of transferable and sellable duty credit scrips offered on the basis of the Free On Board(FOB) value of the export.

The benefits of Rebate of State Levies RoSCTL are available to exporters of readymade garments and made-ups for now. The scheme aims to help them cut high logistics and other costs and enable them to compete globally. An exporter can benefit from this scheme for all exports done after 1st April 2019. For exports made prior to this date, the eligibility criteria of the RoSCTL scheme would be applicable. The rebate for such exports was allotted out of the RoSCTL scheme fund, on exhaustion of which DGFT would issue scrips, but at RoSCTL rates.<sup>20</sup>

#### 7.1.4 Advance Authorisation Scheme<sup>21</sup>

Advance Authorisation Scheme allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, is also be allowed.

The quantity of inputs allowed for a given product is based on specific norms defined for that export product, which considers the wastage generated in the manufacturing process. DGFT provides a sector-wise list of

<sup>17</sup> <https://www.dgft.gov.in/CP/?opt=meis>

<sup>18</sup> <https://www.bankbazaar.com/tax/service-exports-from-india-scheme-seis.html>

<sup>19</sup> <https://www.dgft.gov.in/CP/?opt=rosctl>

<sup>20</sup> <https://www.dripcapital.com/resources/blog/rosctl-scheme>

<sup>21</sup> [dgft.gov.in/CP/?opt=advnace-authorisation](https://www.dgft.gov.in/CP/?opt=advnace-authorisation)



Standard Input-Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad-hoc norms in cases where the SION does not suit the exporter.

Advance Authorisation covers manufacturer exporters or merchant exporters tied to supporting manufacturer(s).

## 7.2 Various Schemes being run by Export Promotion Bureau, UP

*Table 8: MDA scheme highlights*

### 7.2.1 Marketing Development Scheme (MDA)

S.No	Incentives 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 lac / fair) b. 50% (max 0.5lac 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)

*Table 9: Gateway Port Scheme highlights*

### 7.2.2 Gateway Port Scheme

Particulars	Details
<b>Brief Description</b>	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
<b>Eligible units</b>	Micro, small & medium enterprises.
<b>Incentives Offered against actual expenditure</b>	25% of the total expenditure or Rs 6000 (20 ft' container) & Rs 12000 (40 ft' container) (whichever is less)
<b>Maximum limit</b>	Rs 12 lacs /unit /year
<b>Empowered committee</b>	District Users Committee under the chairmanship of district magistrate.

### 7.2.3 Air Freight Rationalization Scheme

Table 10: Air Freight Rationalization scheme highlights

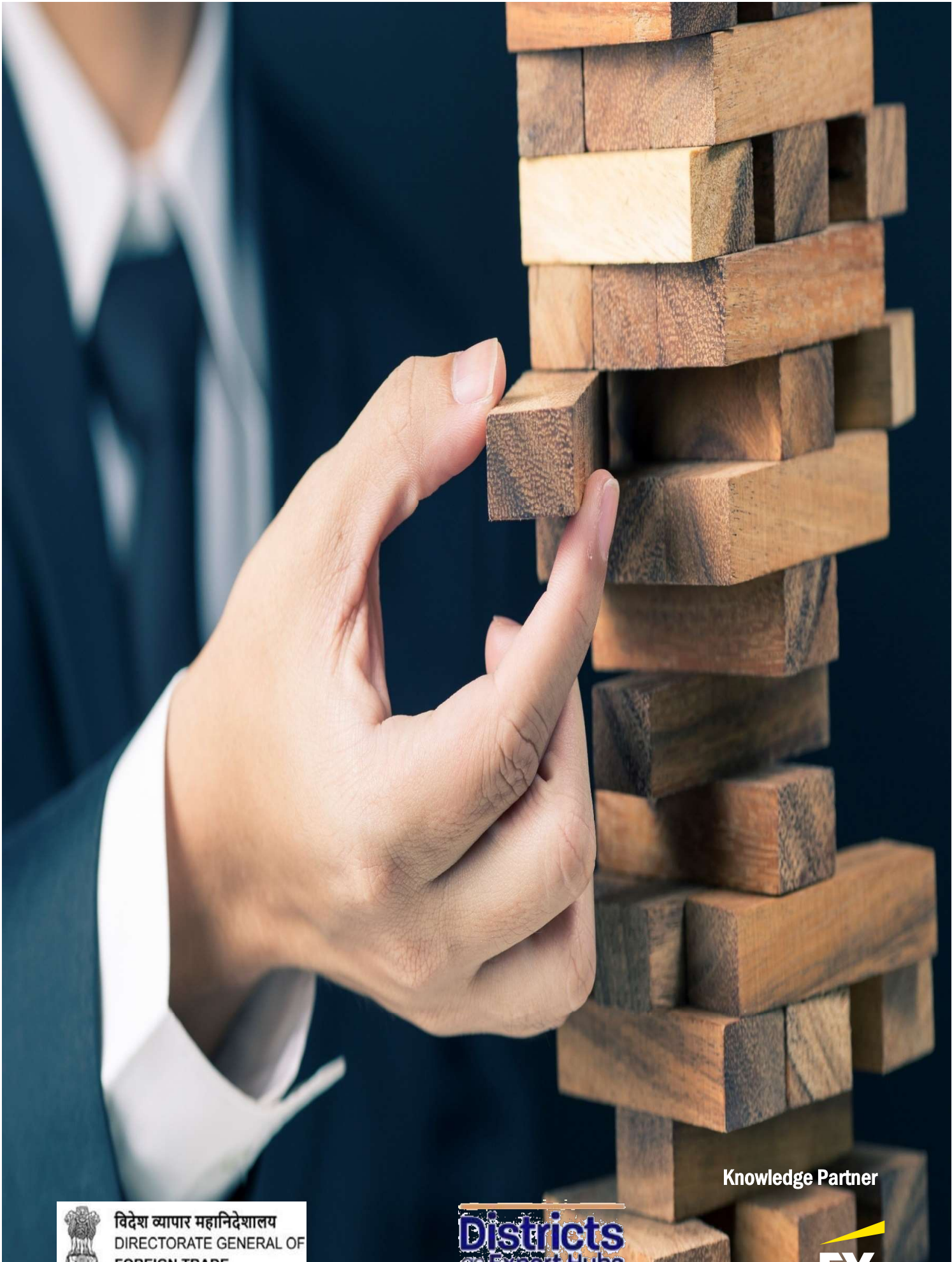
Particulars	Details
Incentive offered	20% of the actual expenditure or Rs 50 / kg (whichever is less)
Eligible Units	Manufacturer & merchant exporter
Maximum limit	Rs 2 lacs /unit /year
Recognized Cargo Complexes	Varanasi & Lucknow

Table 11: List of abbreviations

## 8. Abbreviations

<b>AAS</b>	Advance Authorization Scheme
<b>APEDA</b>	Agriculture and Processed Food Products Export Development Authority
<b>BoB</b>	Bank of Baroda
<b>CDC</b>	Craft Development Centre
<b>CONCOR</b>	Container Corporation of India
<b>DDUGKY</b>	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
<b>DFIA</b>	Duty Free Import Authorization
<b>DGFT</b>	Director General of Foreign Trade
<b>DIC</b>	District Industries Center
<b>DIEPC</b>	District Industry and Enterprise Promotion Center
<b>EPC</b>	Export Promotion Council
<b>ESDP</b>	Entrepreneurship and Skill Development Programme
<b>FIEO</b>	Federation of India Export Organization
<b>FTA</b>	Free Trade Agreement
<b>HS</b>	Harmonized System
<b>IC</b>	International Cooperation
<b>IEC</b>	Import Export Code
<b>IIA</b>	Indian Industries Association
<b>IIP</b>	Indian Institute of Packaging
<b>KVK</b>	Krishi Vigyan Kendra
<b>MAS</b>	Market Assistance Scheme
<b>NRRI</b>	National Rice Research Institute
<b>NSDC</b>	National Skill Development Cooperation
<b>ODOP</b>	One District One Product
<b>PMU</b>	Project Monitoring Unit

<b>PRDF</b>	Participatory Rural Development Foundation
<b>QCI</b>	Quality Council of India
<b>REPF</b>	Rice Export Promotion Forum
<b>SIDBI</b>	Small Industries Development Bank of India
<b>SWOT</b>	Strength, Weakness, Opportunities, Threats
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>UP</b>	Uttar Pradesh
<b>UPEPB</b>	Uttar Pradesh Export Promotion Bureau
<b>UPICO</b>	UP Industrial Consultancy Organisation
<b>USA</b>	United States of America



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