



Department Of MSME & Export Promotion,
Uttar Pradesh

Draft District Export Action Plan, Bhadohi, 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 Bhadohi 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. 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 Bhadohi district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Bhadohi under the chairmanship of District Magistrate. With the said objective, 'District Export Action Plan' has been prepared and being presented to concerned stakeholders.

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

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

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

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1. Vision of Districts as Export Hubs

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

- Honourable Prime Minister of India, Shri Narendra Modi

Foreign trade from India constitutes of 45% of its GDP. Until 2019, only the central government was engaged in the decision making of foreign trade, without any participation or involvement of state and/or district stakeholders. However, now, understanding that there are diverse elements that contribute towards an enabling and conducive foreign trade environment; the central government has identified that with policy & strategy, active support of the state governments and district 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 district is divided into 3 tehsils namely Bhadohi, Aurai and Gyanpur. The district consists of 6 blocks namely, Abholi, Deegh, Suriyawan, Gyanpur, Aurai and Bhadohi. Bhadohi has one Lok Sabha constituency and 3 assembly constituencies - Bhadohi, Aurai and Gyanpur.

2.1 Geography

This district is situated in the plains of the Ganges River, which forms the southwestern border of the district. Ganges, Varuna and Morva are the main rivers. The district is surrounded by Jaunpur district to the north, Varanasi district to the east, Mirzapur district to the south, and Allahabad district to the west. The district has an area of 1015.99 km², the district is located at Latitude and longitude coordinates 25°20'24" N 82°28'12" E. Bhadohi is well connected through road, rail, and air network. There are regular trains from other major cities of the country to Bhadohi. The nearest international airport is Lal Bahadur Shastri International Airport, Varanasi, approx. 45 min drive from the city.

The city is connected by three major national highways. The routes give a Bhadohi ample access to dry ports in the state, which is in Varanasi, as well as wet port in Kolkata

National Highways	Route
NH2	Delhi » Mathura » Agra » Kanpur » Allahabad » Bhadohi » Varanasi » Aurangabad » Bardhaman » Kolkata
731B	Machhlishahar » Janghai » Durgaganj » Bhadohi » Kapsethi » Lahartara- Mohansaray road (ODR) (near Varanasi)
NH-35	Mirzapur » Aurai » Bhadohi » Jaunpur » Shahganj » Akbarpur » Ayodhya

Table 1: N H passing through Bhadohi

2.2 Topography & Agriculture

Bhadohi is an agrarian district with 69960 ha geographical area under cultivation out of which 57262 ha (82%) area is under irrigation. Seventy per cent of the people are dependent upon agriculture. The scenario of land holding is dominated by small and marginal farmers. The economy of Bhadohi district is based mainly on agriculture. Including the seasons of kharif and rabi a total area 48291 ha and 49790 ha respectively has been put under various crops in district. Bhadohi district is falling in eastern plains agro-climatic region. Major food/commercial and plantation crops grown in the district are wheat, paddy, jawar, bajra, bengal gram, pulses, oilseeds, and vegetables. Agro-climatic conditions of the district are suitable for commercial cultivation of fruits (Mango, Guava and Citrus).

The annual milk production of the district is 4.40 lakh litres which provides 139 gm per person per day as against the per capita availability of 119 ml at national level.

3. Industrial profile of the district

Bhadohi district is biggest carpet manufacturing centre in India. It is known for its handmade carpet. The Mirzapur-Bhadohi region is the largest handmade carpet weaving cluster. Bhadohi employs about 1 lakh artisans¹. Carpet weaving in the region dates to the 16th century during the reign of Mughal Emperor Akbar. The carpets of the region received the Geographical Indication tag, which means carpets manufactured in districts of the region, Bhadohi, Mirzapur, Varanasi, Ghazipur, Sonbhadra, Allahabad, Jaunpur and Chandauli would be tagged with 'handmade carpet of Bhadohi'. Well known carpet types from Bhadohi include cotton Dari, Chhapra Mir carpets, Loribaft, Indo Gabbe. The district is known by the name 'Carpet city' as it is home to the largest hand-knotted carpet weaving industry hubs in South Asia. Many buyers from domestic and overseas markets visit Bhadohi in connection with business deals. Carpet weaving in the region dates to the 16th century during the reign of Mughal Emperor Akbar. The carpets of the region received the Geographical Indication tag. This belt specialises in Woollen, Tufted, Tibetan Carpet and Durries. The whole belt of

¹ Stakeholder consultation

production spread over 1000 square kilometres and many villager's livelihood is completely dependent on the carpet industry. The Indian Institute of Carpet Technology, the only Institute of its kind in Asia was established here by the Ministry of Textiles in 2001. As given in the following table, MSME industries across the sectors of carpet, other manufacturing, wood, metal, rubber, electrical and food processing, chemical, paper and engineering are key economy drivers in the district.

The district has 1 key industrial area, namely - mini-industrial estate at Gyanpur spread over an area of 1 acre. BIDA has built a carpet city at Bhadohi, in FY 2001-02 at a cost of Rs. 954.30 lakhs with 81 industrial plots and 138 commercial plots with an objective to provide world class infra to dedicated export-oriented units (EoUs). All the plots in carpet city are totally occupied.

Table 2: Industries details²

S.No	Industry	Total Units	Micro	Small	Medium	Total Employment	Total Investment (INR in Crores)
ODOP Product							
1	Carpet	2500	2300	160	40	72000	40.34
Manufacturing and Service							
1	Agri based	122	122	Nil	Nil	523	2.87
2	Soda water & Tobacco	37	37	Nil	Nil	132	.38
3	Cotton textile	24	24	Nil	Nil	128	1.22
4	Ready-made garments & embroidery	84	84	Nil	Nil	249	.45
5	Wood/wooden based furniture	48	48	Nil	Nil	136	.21
6	Paper & Paper products	33	33	Nil	Nil	133	.61
7	Leather based	03	03	Nil	Nil	12	.06
8	Chemical/Chemical based	03	03	Nil	Nil	17	.04
9	Rubber, Plastic & Petro based	29	29	Nil	Nil	107	0.91
10	Repairing & servicing	534	534	Nil	Nil	1818	5.98

²Directorate of Industries, Govt of U.P, Kanpur

11	Engineering units	65	65	Nil	Nil	266	1.07
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Bhadohi is famous for its carpet industries; large number of buyers from domestic and overseas markets visit Bhadohi in connection with business deals. However, most of the visitors prefer to stay at Varanasi due to non-availability of good hotels and restaurants at Bhadohi.

The prominent, middling, and contributing sectors of the district can be understood by the following:

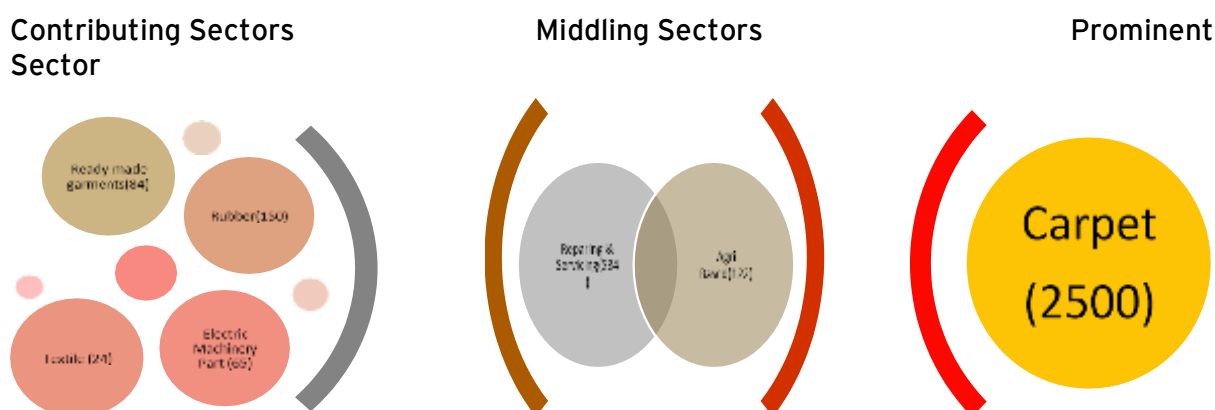


Figure 1: MSME landscape of the district

Out of total population of 1,578,213 (2011 census), 470,608 are working population. Out of total working population, 44.44% are working in other industries, 42.24% are cultivators and agricultural labourers and only 22.19% are household industry workers. This indicates that agriculture is the main source of income in the district.

Table 3: Occupational Distribution of Main Workers³

S.No.	Particulars	Bhadohi	%
1	Cultivators	94,402	20.05%
2	Agriculture Labourers	104,419	22.19%
3	Household Industry Workers	62,665	13.32%
4	Others	209,122	44.44%

³District census handbook 2011- Bhadohi

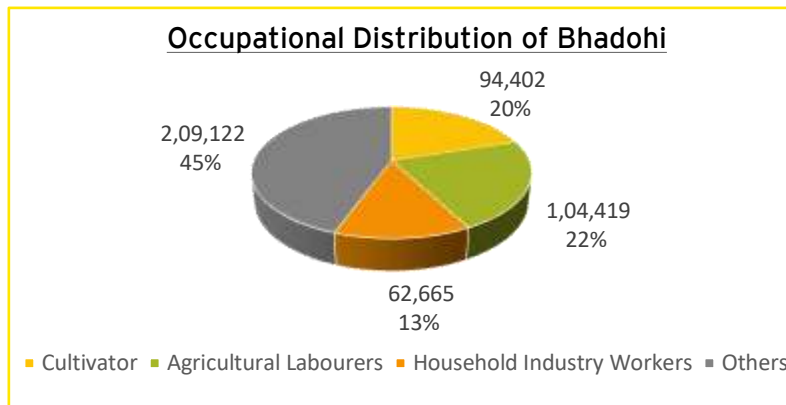


Figure 2: Occupational distribution of Bhadohi

3.1 Major Exportable Product from Bhadohi

Table 4: Major exportable product

S. No	Product	Export value (in INR) ⁴ from September 2020 to November, 2021
1	Carpet	41,03,75,42,569
Total Export		

4. Product: Carpet

4.1 Cluster Overview

Bhadohi, is home to the largest hand-knotted carpet weaving industry hub in South Asia. The carpets here are known for their unmatched style and elegance.

The cluster of Bhadohi is one of the **oldest carpet manufacturing** zones of India and in 2010, the handmade carpet of the region received the **Geographical Indication (GI) tag**, which means carpets manufactured in nine districts of the region, Bhadohi, Mirzapur, Varanasi, Ghazipur, Sonbhadra, Allahabad (nowadays known as Prayagraj), Jaunpur and Chandauli would be tagged with 'handmade carpet of Bhadohi'.



The carpet manufacturing had different trends since the era of Mughals and hence today carpet cluster has evolved with various designs and has got Indian touch.

Indian handmade carpet industry is highly labour intensive and provides employment to over 20lakh workers/ weavers especially women directly or indirectly in the rural areas. Most of the weavers/ weavers employed are from the weaker section of the society and this trade provides extra and alternate occupation to them including farmers and others at their homes. Exports increased from Rs. 4.42 Crores in 1961- 62 to Rs. 10207.91(Prov.) Crores in 2018-19. Ranked No. 1 as a producer and exporter of Handmade Carpets and other floor

⁴ District wise report for the period September 2020 to September 2021 received from DGFT

coverings both in terms of volume and value, Weavers can make handmade carpets in any design, colour, and quality as per the needs of overseas buyers and caters to the requirement of every segment of the society. Produces a wide range of Handmade Carpets and other floor coverings in low, medium, and high qualities for all the segments of consumers, Raw materials used are diverse and blending & mixing of different yarns is its specialty.

4.2 Product profile

The uniqueness of Bhadohi Carpets is that it is totally handmade carpets. Handmade rugs come with their own uniqueness and authentic vibe that is enough to spruce up the ambience of any place. Handmade rugs made in Bhadohi are always in demand for their superior quality, elegant colours, and exquisite designs.

4.2.1 Product Portfolio

The following are the key products manufactured in the cluster:

Hand knotted carpets

These are high quality products and involves high number of knots. The various specification of knots ranges from 5-40, 7-62, 8-60, 9-60 and onward. The cost of carpet increases with the increase in number of knots.



Tufted woollen carpet



These ranges of products have become very popular now a days because of the lower cost of the products. Knots is managed in these carpets with the help of mechanical gun. Designs are also incorporated in these carpets as per direction of the buyers.

Woollen drugget Carpet

These are also being produced in the area, these druggets are also available in attractive design. The recent trend is "saggy" where wool fibre is left on the top to give the impression of the grassy area.

Leather Carpet

Leather Carpet are made from leather straps and scraps of other materials, and may have multi-coloured strips in a quirky, but not overwhelming.

Namdhas Carpet

It is a speciality of Kashmir, which is so named because of its embroidery with woollen threads that completely covers the base of Hessian. A Namdhas is prepared by spreading wool with certain quantities of cotton evenly either-or mats, as in Kashmir, or on Sackcloth as in Rajasthan. This is moistened with a special solution, which is pressed into the felt either by treading open it or by applying pressure by hand. Namdhas are either embroider or appliquéd.

Pure Silk Carpet

Hand knotted pure silk carpets are renowned for suppleness, sharpness, and fine workmanship in the world. The material composition is 80 silk yarn and 20 cotton display a fine

workmanship and intricate designs of a kind. The design varies for intricate motifs and patterns inspired from nature to hunting scenes, bird and animal motifs are thematic design like historical romances.

Staple/Synthetic Carpet

Staple/Synthetic carpets are synthetic hand-knotted carpets with a feel of a silk. These finally knotted carpets (256 knots per sq. inch) imbibe all the aesthetic characteristics of classical and contemporary designs and colours. The main centres of staple/synthetic carpets are Shri Nagar, Agra, Bhadohi and Gwalior.

Chainstic Carpets

Decorative handmade embroidered floor coverings or chainstic rugs are made of 65 per cent wool or silk yarn and 35 per cent of cotton yarn. Intricate needle work is done by creating a variety of traditional and modern design in these rugs. It reflects fine workmanship.

Natural wool Carpet

The wool used in carpet varies greatly, the best grades of Indian wool are used for medium carpets while imported wool-blended high-grade wool is used for superior quality carpets. For fine quality carpets such as Kashmiri carpets, worsted yarn is used. The best quality carpets made with high-grade wool develop a beautiful lustre after use and therefore old carpets have special values. Today however, when customers desire to have immediately, the wool is washed with special chemical to enhance its natural lustre's.

GABBA Woollen Carpet

Hand-knotted Gabe woollen carpets portray a unique tradition of tribal design. The continuity of superior artistic tradition of tribal has made these carpets a product of a living and thriving art. The raw material composition of these carpets is generally 75 per cent wool and 25 per cent cotton. GABBE woollen carpets are mainly produced in Bhadohi-Mirzapur region in Uttar Pradesh.

4.2.2 Status of GI Tag

In 2010, the carpets of the region received the Geographical Indication (GI) tag, which means carpets manufactured in nine districts of the region, Bhadohi, Mirzapur, Varanasi, Ghazipur, Sonbhadra, Allahabad, Jaunpur and Chandauli would be tagged with 'handmade carpet of Bhadohi'. Most of the production is aimed at foreign countries.

4.2.3 Export Excellence Tag

Bhadohi received a major boost in November 2018 as the government has extended the 'export excellence' tag to it. Under the 'Towns of Export Excellence' tag, carpet makers of the city will get financial assistance from the central government to procure modern machines, improve export infrastructure, and organise fairs and exhibitions in different parts of the world to attract global buyers. Bhadohi will be the 37th town in India to get this status. The tag would help put the carpet city on the world map.

4.3 Cluster Stakeholders

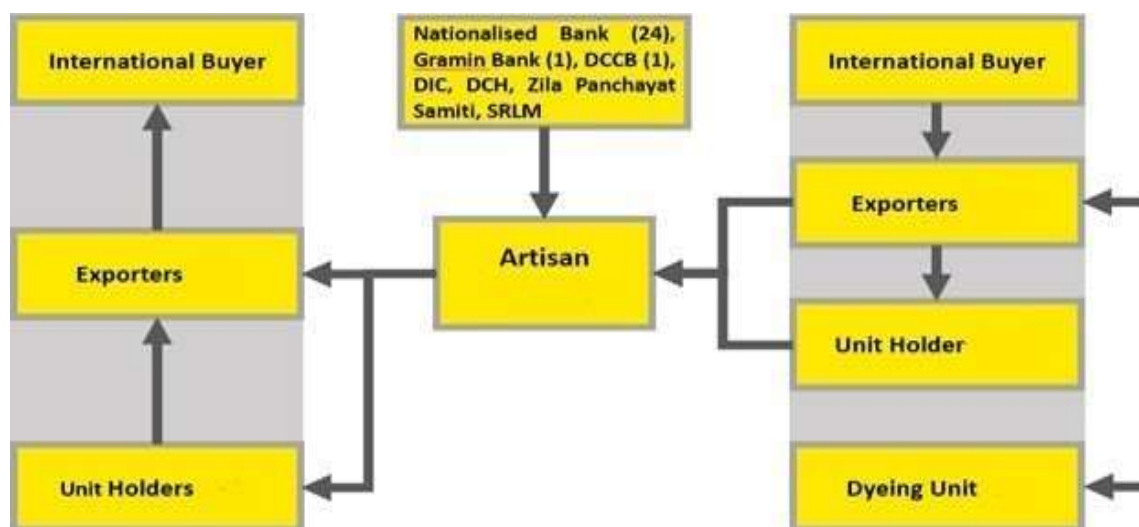


Figure 3: Cluster Stakeholders

4.3.1 Industry Associations

Below are the institutions in Bhadohi cluster for promotion and development of MSME ecosystem.

1. Carpet Export Promotion Council (CEPC)

CEPC provides necessary information about the buyers, market trends and support to participate in exhibitions and trade fairs. There is a good demand for the support scheme to participate in exhibitions and trade fairs. 50% of the cost of the service is provided in the form of grant from Govt. of India. All the export firms of the cluster are members of CEPC.

Name: Carpet Export Promotion Council,

Address: Bypass Road, Hariyawan, Bhadohi, Uttar Pradesh - 221401, INDIA. Contact No: +91-541-4224975, Email ID: ddro@cepc.co.in Website: www.cepc.co.in

2. All India Carpet Manufacturing Association (AICMA)

All India Carpet Manufacturing Association was established in 1985 to cater to the export firms of the cluster. The association has its own office at Kaleen Bhawan, Maryadapatti, and Bhadohi. The association has helped to increase job work charges for workers/ weavers by 10 per cent and has also applied for the status of Geographical Indication from the Government, for Mirzapur-Bhadohi carpets.

Name: All India Carpet Manufacturing Association

Address: Kaleen Bhawan, Post Box 63, Bhadohi Ho, Bhadohi - 221401. Contact No: +91-541-225253, Website: <http://aicma.org.in>

3. Indian Institute of Carpet Technology (IICT)

IICT, Bhadohi was set up by Ministry of Textiles, Govt. of India to provide support to Textile, Carpet, and allied Industries. The Institute is affiliated to U.P. Technical University, Lucknow and is approved by AICTE. The institute is also a member of ISTE and CII and recognized by Textile Institute, Manchester, UK. The main thrust areas of the Institute are A) Human

Resource Development B) Design Creation and Development, C) Research & Development and D) Technical Support Services to the Industry.

Name: Alok Kumar, Director

Address: Chauri Road, Bhadohi - 221401 (UP) Contact No: +91-8400009490

Email ID: pstodirector@iict.ac.in, ictdmc@rediffmail.com, Website: <http://aicma.org.in>

4.4 Export Scenario

4.4.1 HS code

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

Table 5: HS codes for Carpets & other textile floor coverings

HS codes	Description
570110	Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up
570310	Carpets and other floor coverings, of wool or fine animal hair, tufted "needle punched", whether or not made up

4.4.2 India's Export Scenario

India contributes 40% of the total handmade carpets export in the world². Total carpet-durrie export value of Bhadohi-Mirzapur is Rs 5308 crores for 2018-19. The major exporting units are based in Mirzapur and Bhadohi.

However, with the advent of high-quality machine-made carpets, Indian handmade carpet industry is facing stiff competition from China, Pakistan, Turkey etc.

Basis our understanding and discussion with exporters, we identified the specific 6-digit HS code; 570110 and 570310 being utilized by exporters of Carpets, specifications for which are provided in the figure (right).

India is a land for its rich culture and artistic heritage. Carpet weaving is an ancient Indian tradition, with the industry flourishing in the country since the 16th century. Today, India is the world's largest producer and exporter of handmade carpets in terms of value and volume. Around 75-85% of carpets manufactured in India are exported. Indian carpets are known worldwide for their excellent design, fascinating colours, and quality.⁷

Ranked No. 1 as a producer and exporter of Handmade Carpets and other floor coverings both in terms of volume and value, Weavers can make handmade carpets in any design, colour, and quality as per the needs of overseas buyers and caters to the requirement of every segment of the society. Produces a wide range of Handmade Carpets and other floor coverings in low, medium, and high qualities for all the segments of consumers, Raw

Key Facts of Export

1,329,545 (USD Thousand)

Value of world exports in 2020

460,872 (USD Thousand)

Total Exports of India in 2020

306,240 (USD Thousand)

Total Export of UP in 2020

66.45%

Share of UP in India's Exports

materials used are diverse and blending & mixing of different yarns is its specialty.⁸

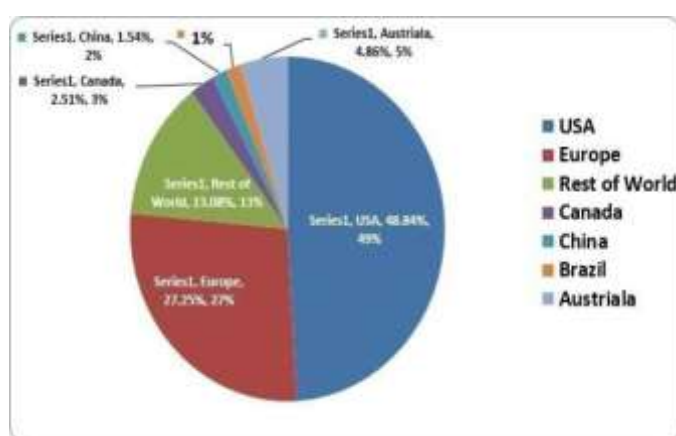
Unlike, other countries, in India skilled/unskilled/semi-skilled is easily available and India's export policies are liberal. India also has various schemes and policies chalked out for its MSMEs and traditional industries to uplift their sales and profits. In recent years, India has made the **shift towards contemporary designs**, necessitating an **upgrade in production and processing techniques**. India is seen as a **flexible supplier** that can **quickly respond to changes** in consumer preferences. Bhadohi alone produces **over 8 types of carpets** that are of export quality with a wide range of designs.

Government has granted various subsidies to this sector such as State Capital Subsidy, Generator Subsidy, and Power Tariff Subsidy. The government has further set up various institutes such as Indian Institute of Carpet Technology, Bhadohi (UP) and Srinagar (J&K) for Technological support. Thus, Government is leaving no stone unturned to boost up this tremendous potential industry.

In recent years, India has made the shift towards contemporary designs, necessitating an upgrade in production and processing techniques. India is seen as a flexible supplier that can quickly respond to changes in consumer preferences.

India today is a clear leader in the international handmade carpet market. India's heritage of handmade carpet has been recognized worldwide with a commending share in global exports, for its subtle elegance, eco-friendliness, and exquisite vibrant colour craftsmanship with a human touch.

The following image depicts India's Export to various countries:⁹

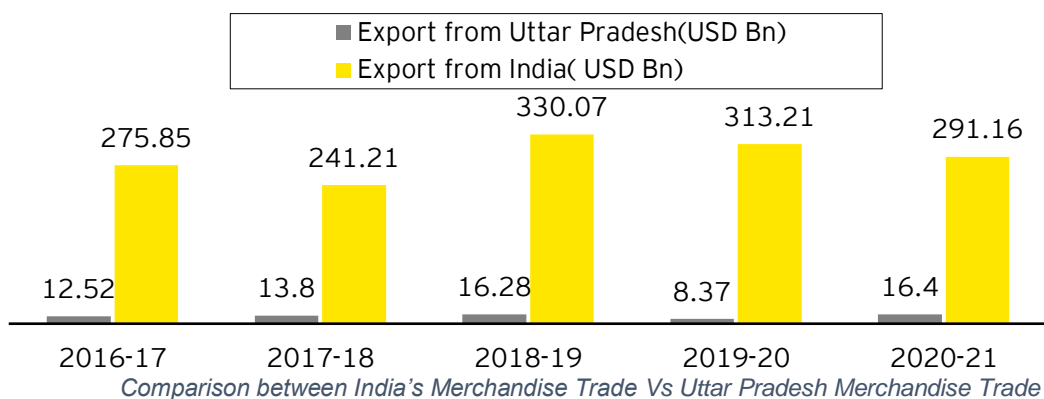


4.4.3UP's Export Scenario

Uttar Pradesh ranks third in terms of Gross State Domestic Product (GSDP) in the country. Against this, the State accounts for more than 5 per cent share in India's exports - significantly lower if compared to its contribution to other key macroeconomic parameters. Export growth would not only boost the state economy but also generate more opportunities for employment and augment the competitiveness of business enterprises from the State.

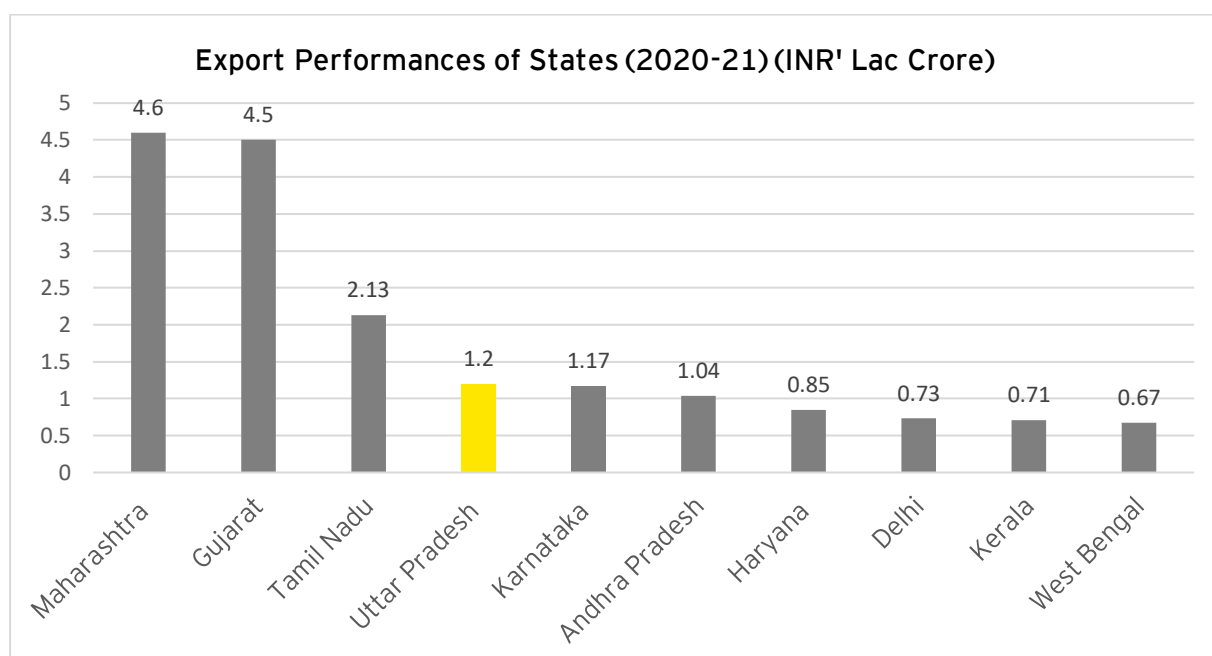
Over the period of 5 years, exports from Uttar Pradesh have grown at a compounded annual growth rate (CAGR) of 5.54% as against national average 1.08%⁵

⁵ DGFT



Export performance from Uttar Pradesh

Total export from U.P. has jumped up from 1.14 Lakh Cr in 2018-19 to 1.21 Lakh Cr in year 2019-20 registering a growth of more than 5%.⁶



4.5 Export Potential

In order to exploit the export potential of the cluster the following action points can be helpful -

- 1. Expo Mart:** The Bhadohi Carpet Expo Mart will be a milestone in the development of the Bhadohi-Mirzapur-Varanasi Carpet belt and the benefit will directly to the weaver and weaker section of the society in the adjoining areas. The mart will have the shops allotted to the weavers of carpets which will help establishing a direct relation with end users. The mart can also be utilized for promotion and branding of Indian Handmade Carpets all over the world in guidance of CEPC. The expo mart can also be used a dome for exhibitions, trades and fairs for uplifting and promoting the carpet industry of Bhadohi.

⁶ DGFT

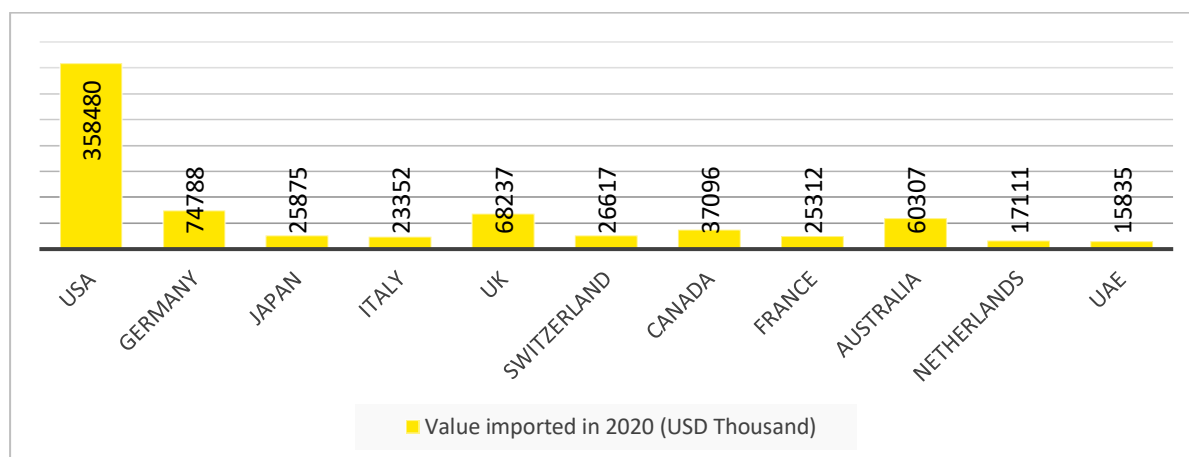
2. **Instore Promotion:** Co-promotion with major retail players involving setting up display units in the retailer's premises (both departmental stores and specialists) to increase visibility for the brand and give an opportunity to the consumers to get a look and feel of the textile products.
3. **Promotion Campaign:** An event management agency should be hired for this and an extensive advertising strategy must be followed to increase awareness. This will include print promotions and advertorials in trade journals, newspapers, magazines, and websites. Such promotions will help increase exposure and visibility.
4. **E-commerce Collaboration:** An MoU should be signed between e-commerce companies and the units for onboarding them to the platform. This will help the weavers engage with customers around the world and increase the export of the product which then eventually will increase the demand of the products. These companies will then facilitate in cataloguing, branding, training & handholding on how to use platform for increased sales and also provide free onboarding support to the weavers.
5. **Leveraging Government's Marketing Schemes:** Currently, the weavers are unaware about the schemes of Central and state government which can be leveraged for participating in international fairs and expo-events. The awareness and outreach programs should be maximized and schemes like ODOP MDA, Marketing Assistance Scheme and International Cooperation.
6. **Operationalisation of ICD/ CFS in the nearby area of the district:** ICD Madhosingh is not operational since 26th January 2020 which has caused a major blow to the local industries of the districts surrounding it. The Air Cargo facility at Babatpur is functional but remains underutilized most of the times. Similarly, a dry port at Kanpur is underutilized; it is functioning at lesser than 30% of its capacity. Thus, majority of the export is undertaken at ports of Delhi and Maharashtra. Thus, the following is suggested for improving the district's export:
 - a. The state govt subsidises the transportation cost through the scheme run by Export Promotion Bureau with the help of District Industry Centre. It is suggested that DIC may take necessary steps for the promotion of this scheme and ensure 10% increase in the beneficiaries in the coming year.
7. **Market Expansion:** More than sixty percent of Carpet export goes to USA only and exporters should be promoted to target other markets where the demand for export is growing
8. **Functionality of Bhadohi SEZ:** U.P. Govt has established Bhadohi SEZ and same is not functional so far. It is suggested that a subcommittee may be formed to examine the issues which are coming in the way of successful operationalization of SEZ in Bhadohi.
9. **Registration on to India Handmade Bazaar:** India Handmade Bazaar is an online portal, which is developed by the Ministry of Textiles for direct marketing of handicrafts and handloom products. This portal facilitates the weavers and artisans to provide information about their handloom products for easy understanding of exporters.
10. **Promotion of GI Products:** The following will ensure adequate promotion.
 - a. Number of authorisations uses should be increased

- b. Promotion in marketing events
- c. Formation of a sub-committee
- d. Awareness programmes specially for G.I. authorised users may be conducted.
- e. Initiate and promote the use of common logo, brand name of GI products by authorised users

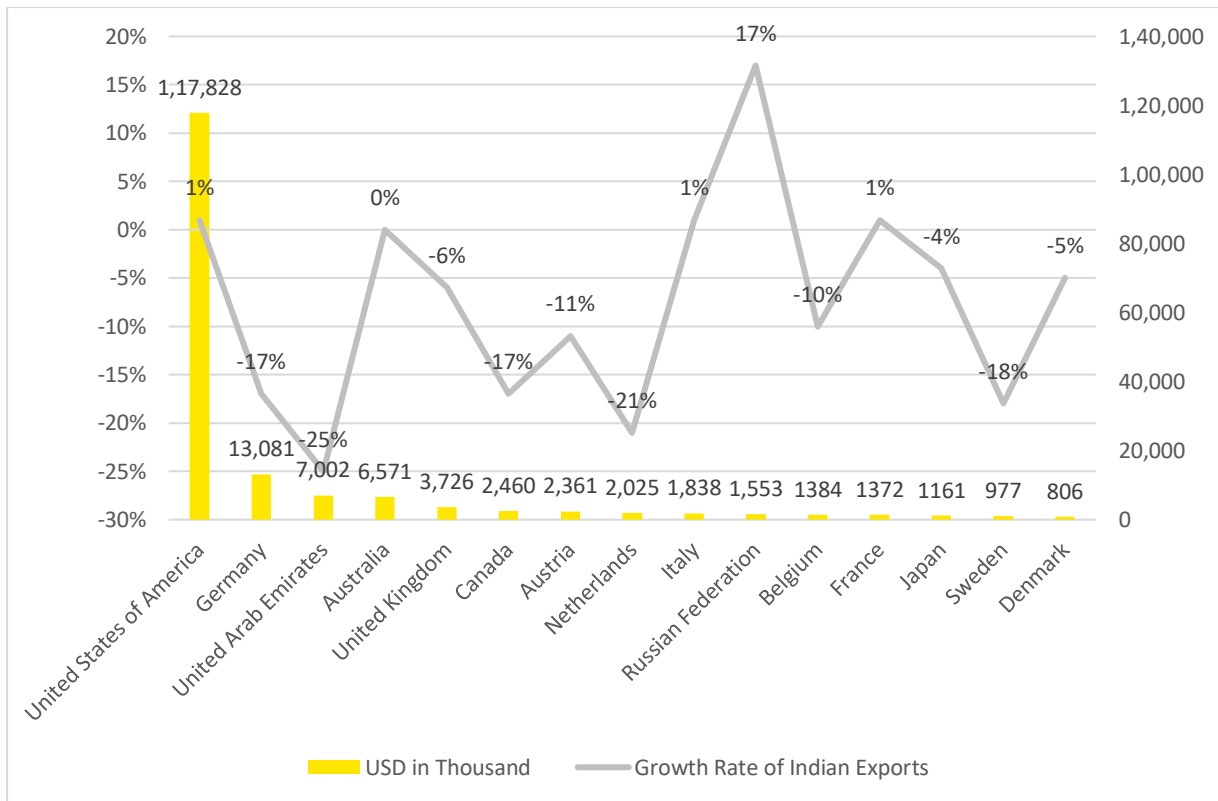
4.5.1 Product (570110 / 570310): Carpets and other textile floor coverings, of wool or fine animal hair, knotted / "needle punched", whether or not made up

The Indian carpet has market access to 73 countries, US being the largest². India's exports represent 35% of world exports for this product, ranking it number 1. As per data FY 2016-17 to 2018-19 for exports from the state of UP, it is observed that there has been an increase by CAGR 2.1% and that UP accounts for more than 50% of the overall Indian exports in this category.

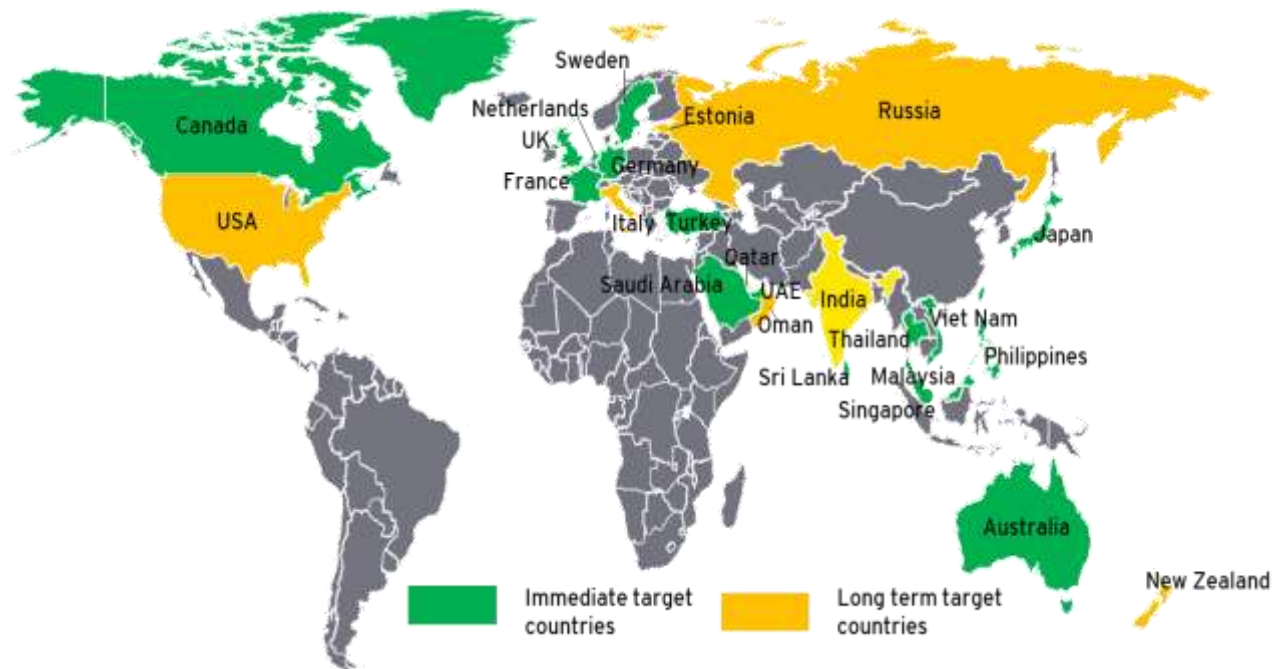
The top importers for this product in the world are:



The following chart showcases the prominent import countries to whom India export this product.



Target Countries on Map



4.6 SWOT analysis

Table 6: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ High market demand all over the world. ▶ Traditional weaving done in the craft. ▶ Large employment-oriented crafts. ▶ Availability of indigenous and improved wool of different grade and price. ▶ Availability of antique carpets. ▶ Quantity and quality of traditional designs and patterns. ▶ Availability of the natural dyes. ▶ Alternative source of casual employment for many people. ▶ Bhadohi has been awarded 'export excellence' tag ▶ Geographical Indication Registry (GIR) as 'Handmade carpet of Bhadohi' 	<ul style="list-style-type: none"> ▶ Poor working condition for weavers. ▶ Low wages. ▶ Unorganized sector ▶ Nonparticipation of weavers in marketing activity. ▶ Little quality control with home-based weavers. ▶ Limited domestic demand for traditional handmade carpets. ▶ Low technical expertise on processing wool, dyeing, cutting, and cleaning of carpet. ▶ Finishing and washing facilities are not sufficient. ▶ Lack of infrastructure such as power and link roads. ▶ Low demand of hand knotted high quality bid size carpet.

Opportunities	Threats
<ul style="list-style-type: none"> ▶ Home furnishing market is moving towards Carpet industry, which results in evolution of new carpet designs. ▶ Export directly to nearby countries. ▶ Learn new styles and adapt to market demand. ▶ Wool processing (spinning, dyeing, washing) ▶ World market for carpets is growing. ▶ Sympathetic government policy on export. ▶ Access to vertical looms for large carpets. ▶ Creating a brand. ▶ It is used as a marketing tool and gives opportunity to provide stocking and warehousing services to various players in the market. 	<ul style="list-style-type: none"> ▶ The competition of cheaper machine-made carpets from other countries such as China, Belgium, Turkey etc. ▶ Tough competition from Pakistan, China, Nepal etc. ▶ Competition of modern style carpets from other countries. ▶ Appreciation for product is subject to fashion influences (interior decoration) ▶ Growing tendency among customers to buy lower quality carpets.

4.7 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ Constant price fluctuations of the raw materials ▶ Yarn produced in Mirzapur-Bhadohi belt is expensive in comparison to the one sourced from Bikaner. ▶ Only 5-10% of cluster current demand is supplied by local spinning units 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Raw material bank with raw material processing facility for processing different varieties of yarn ▶ The raw material processing facility under Common Facility Centre should ensure availability of New Zealand and Desi Woolen yarn at discounted price <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Micro credit facility to weavers / artisans for procuring yarn
Design	<ul style="list-style-type: none"> ▶ Floral and geometric patterns are still made ▶ Majority of stakeholder face problems in creating their designs by latest trends. 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ The Bhadohi carpet industry should focus on having a state of art design lab or Design Bank as a CFC along with sample designs

	<ul style="list-style-type: none"> ▶ Unique designs are usually created based on demand of the buyer ▶ 70-75% of the designs are made manually 	<p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Collaboration with National Institutes. ▶ Collaboration with renowned interior designers to provide design inputs
Technology	<ul style="list-style-type: none"> ▶ Current dyeing process is not environment friendly as 80% of current demand is dyed manually. ▶ 45 dyeing plants are equipped with ETP but meet only 10-15% of the cluster demand. ▶ 90% of tufting is done by manual tufting machine ▶ Majority of the weavers do not have iron frame looms. ▶ Vertical looms have adverse effect on the health conditions of the weaver 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Establishment of Common Production Centre with technology -enabled machine (viz. machine tufting guns) and innovative frame looms to scale up production of micro artisans/ small manufacturers <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Financial assistance should be provided through Integrated Processing Development Scheme (IPDS) introduced by GoI, to set up inhouse dyeing units with ETps ▶ Institutions such as IICT Bhadohi, Dr A.P.J. Abdul Kalam Technical University, Lucknow can be consulted for upgradation of dyeing and washing technology being used in Bhadohi. ▶ Financial assistance to weaver in buying machine tufting gun and Iron frame vertical looms by UP state government. ▶ Facilitate the weavers to procure the IICT developed Loom for testing purpose
Market	<ul style="list-style-type: none"> ▶ Need for infrastructure for marketing and trading for marketing the product ▶ Decreasing demand in domestic market ▶ Lack of customers in global market when compared to other countries ▶ Decrease in demand for hand-woven carpet in international market 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Expo Mart should be established to encourage and help exporters outgrow in international markets <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Awareness and outreach for participating in international, national, and state-level fairs and exhibitions. ▶ Encourage to leverage ODOP MDA scheme for financial assistance. ▶ Organize state and national level exhibitions ▶ Tie-ups with companies like IKEA and wall-mart ▶ Collaboration with major hospitality industries, private organizations, and government bodies for flooring of their offices with carpets manufactured in Bhadohi region. ▶ Collaboration with E-commerce companies
Quality Certification	<ul style="list-style-type: none"> ▶ Currently there are no checks and balances made 	<p>Hard Interventions</p>

	<p>for quality certification/maintenance</p> <ul style="list-style-type: none"> ▶ Only exporters of the cluster try to maintain the quality standard of global market ▶ Lack of knowledge amongst most weavers about the quality certificate required for each product 	<ul style="list-style-type: none"> ▶ Upgradation of Testing lab of IICT to enable advance testing to be conducted within the cluster <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Collaboration with QCI to define quality standard ▶ Collaboration with National institutes ▶ Collaboration with IICT to certify Bhadohi carpets meeting quality standards defined and give 'Certification mark' to ease out export compliances and enhance trust of buyers.
Infrastructure	<ul style="list-style-type: none"> ▶ Absence of adequate and proper power supply, surface networking and transportation systems 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Industrial upgradation with Establishment of proper lighting, ETP, RCC drains etc.
Packaging	<ul style="list-style-type: none"> ▶ Packaging is done in Bhadohi as per the requirement of buyers for exports. ▶ Lack of innovative packaging of the products. 	<p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Collaboration with Indian Institute of Packaging
Access to Finance	<ul style="list-style-type: none"> ▶ Lack of awareness about existing Financial institutions and their schemes & policies ▶ Blockage of working capital owing to extended payment timelines and return of unsold stock 	<p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Collaboration with nationalized banks ▶ Collaboration with SIDBI ▶ Awareness and outreach program for raising consciousness about existing central and state government schemes that can be leveraged ▶ Distribution of Revolving fund and Interest subvention

4.8 Various Schemes being run by Export Promotion Bureau, Uttar Pradesh

A) 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. 60% of stall charges (max 02 lac /fair) 50% (max 1 lac for one person /fair)

	a. Stall charges b. Air fare (economy class)	
2	Publicity, advertisement, development of website	60 % (max 0.75 lac/annum)
3	Sending of samples to foreign buyers	75 % (max 1 lac/annum)
4	ISO /BIS certification	50 % (max 2 lac/annum)

B) Gateway Port Scheme

Particulars	Details
Brief Description	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
Eligible units	Micro, small & medium enterprises.
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 10000(20 ft' container) & Rs 20000(40 ft' container) (whichever is less)
Maximum limit	Rs 20 lacs /unit /year
Empowered committee	District Users Committee under the chairmanship of district magistrate.

C) Air Freight Rationalization Scheme

Particulars	Details
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	Varanasi & Lucknow

4.9 Future Outcomes

Input Supply	Export
Regular availability of 7,07,33,333 Kgs of processed yarn of different varieties in Bhadohi at discounted prices ⁷	Cluster exports expected to double from INR 5308 Cr to INR 10,000 Cr. by 2025. ⁸
Employment	Turnover
The cluster is expected to see a 20% per cent growth in employment resulting to approx. 85,125 artisans engaged in the cluster by 2025.	Cluster turnover expected to double ⁹ from INR 6200 Cr. to INR 12,400 Cr by 2025

⁷ Diagnostic Study Report of NABCONS

⁸ Growth of 20% p.a. assumed basis stakeholder discussion

⁹ Growth of 2 folds in turnover assumed basis stakeholder discussion

5. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline implementation ¹⁰ for
Increasing the overall exports from the state		
<p>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</p>	DIEPC UPEPB	Continuous initiative
<p>Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events. Further, DGFT (Directorate General of Foreign Trade) and FIEO (Federation of Indian Export Organizations) 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 ((International Corporation) and MAS (Marketing Assistance Scheme)</p>	DIEPC UPEPB	Continuous initiative
<p>Sensitization of cluster actors:</p> <p>a. The individuals of a cluster should be sensitized on the plethora of schemes¹¹ available for them for maximizing the potential of exports. Merchandise Exports from India Scheme, Service Export from India</p>	DIEPC UPEPB	Continuous initiative

¹⁰ Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

¹¹ 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>:

<p>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</p> <p>b. Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analyzing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP</p>		
DIC and FIEO can play a pro-active role in this regard. 10% increase in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment	DIC, UPEBP and FIEO	Intermediate
Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, eBay, Flipkart etc.	ODOP Cell, UPEPB, DIEPC	Short term
MoU with QCI ((Quality Council of India) for defining quality standards of the products	ODOP Cell, UPEPB, DIEPC	Short term
Collaboration with IIP (Indian Institute of Packaging) to define cluster-wise packing standards	ODOP Cell, UPEPB, DIEPC	Short term
Sensitization of banks and bankers to help them understand the niche sectors of MSME and their specific requirements which shall help banks evaluate projects better while lending credit	UPEPB, DIEPC and banks	Short term
Introduction of revolving working capital within the cluster to help MSMEs procure raw materials and undertake production without hinderances	UPEPB, DIEPC and banks	Intermediate
Tie up with the banks/financial institutions (SIDBI, UBI etc.) for better interest rates, enhanced working capital limits etc.	UPEPB, DIEPC and banks	Intermediate

Handholding of MSMEs for increasing their awareness on schemes of state & center and the procedure to apply to avail financial assistance	UPEPB, DIEPC	Intermediate
Sensitization of cluster actors from this sector on Make in India initiative and PLI (Production Linked Incentive Scheme) for leveraging the assistance provided to the sector to enhance productivity and expand exports	DIEPC, UPEPB	Short term
DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.	DIEPC, DGFT, UPEPB	Long term
Cost Structure:	DIEPC, UPEPB, DGFT	Long term
a. The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.		
b. The CONCOR rates are to be made available at regular intervals to the DIC office for updating of the same at the district website.	DIEPC, UPEPB, FIEO	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 and issues relating to it. The industry may be informed of this portal.	DIEPC, UPEPB, FIEO	Short term
Product: Carpet		
Establishment of Common Facility Centre with:		
a. Raw Material Bank and Processing center		
b. Design and Display Centre		
c. Common Processing Centre		
d. Expo Mart		
e. Testing Lab	DIEPC, DGFT and ODOP Cell	Long term

Creation of a Design bank at the CFC	ODOP Cell	Long term
Engaging Uttar Pradesh Institute of Design to work on the design aspects of the products	ODOP Cell	Intermediate term
Collaboration with National Institute of Design (NID) shall help weavers bring design innovation in the market.	ODOP Cell	Long term
Collaboration with renowned interior designers for design inputs	ODOP Cell	Short term
<p>i. Leverage Integrated Processing Development Scheme (IPDS) introduced by GoI, to set up inhouse dyeing units with ETPs required by exporters through PPP model</p> <ul style="list-style-type: none"> - Identify exporters/ manufacturers needing inhouse dyeing units with ETPs - Onboard U.P. Pollution Control Board (UPPCB) to assess effluent discharge of individual units (approx. 40-50 KLD plants installed in existing units currently) 	ODOP Cell, UPPCB, DIEPC	Intermediate term
<p>ii. Financial assistance to weaver in buying 'Machine Tufting Gun' and Iron-frame vertical looms by Government of Uttar Pradesh (GoUP).</p> <p>iii. The financial assistance should be given through 'ODOP Margin Money' scheme</p> <p>iv. Distribution of looms to weavers</p>	ODOP Cell & DIEPC	Long term
<p>vi. Collaboration with IICT to facilitate the weavers to procure 'Continuous Tufting Frame-looms' innovated by IICT to mitigate challenges of vertical looms. This will also help IICT in getting these looms tested for further improvements</p> <ul style="list-style-type: none"> - Development of prototype of looms by IICT - Financial assistance to weavers by GoUP for facilitation of these looms through 'ODOP Skill Development and Toolkit Distribution' scheme - Discuss feedback of looms with IICT to track effectiveness in terms of increased production and quality of carpets 	IICT Bhadohi, ODOP Cell & DIEPC	Continuous initiative

Identification of beneficiaries for technology and Industrial upgradation	ODOP Cell/ EY	Continuous initiative
Bhadohi Exporters Recommendation		
<p>The RoDTEP scheme or Remission of Duties and Taxes on Exported Products is a brand-new scheme launched by Government of India to facilitate exporters more efficiently. This Scheme replaced the pre-existing MEIS scheme on January 1st, 2021.</p> <p>Before January 1st, 2021, the RoDTEP (previously known as MEIS Scheme) rate was about 5 % which was revised downward to 2.6 %. Industry Association like All India Carpet Manufactures Association (AICMA) have expressed their demand that the incentive be maintained at 5 % as earlier.</p>	DGFT, Gol	Continuous initiative
To provide freight subsidy at the rate of 7/- per Kg on Export Cargo which is sent by road from Bhadohi to Mumbai.	DGFT, Gol	Continuous initiative
To provide freight subsidy at the rate of 5/- per Kg on Export Cargo which is sent by road from Bhadohi to Delhi.	DGFT, Gol	Continuous initiative
High Import cost of long yarned wool of Newzeland's sheep causes high cost of Carpet & Dari, hence cross breeding of Newzeland's sheep with indigenous sheep would help in producing superior quality wool thus ultimately fulfils the Atmanirbhar Bharat Mission.	DGFT, UPEPB	Continuous initiative
Silk Carpet are highly demanded in foreign that require its large-scale production but our dependence on Srilankan imports and high cost of silk yarn can cause its shortage, which may hurt the silk carpet weavers economically. Your guidance in this regard is highly required.	DGFT, UPEPB	Continuous initiative
On the line of GO. No-200 IND dated on 16-10-2021 of J & K Government (an incentive of 10 % of total export cost to GI registered export units which can be at maximum 5.00 Cr), the GI registered authorized user of Bhadohi	DGFT, UPEPB	Continuous initiative

Handmade Carpet & Mirzapur Handmade Durrie should also be given the same incentive of 10 % for Global branding, Promotion & qualitative export packaging of Carpet & Durries.		
To establish and run one four-star Hotel on PPP mode at Carpet City for retaining the buyers and tourist in the city.	UP Govt, UPEPB	Long term
To add the production process of Carpet & Dari like weaving, dyeing, designing, finishing, and packing & invoicing as a trade in Industrial Training Institutes (ITI).	UP Govt, UPEPB	Continuous initiative

Abbreviations

CFC	Common Facility Centre
CONCOR	Container Corporation of India
DGFT	Director General of Foreign Trade
DIC	District Industries Center
DIEPC	District Industry and Enterprise Promotion Center
DPR	Detailed Project Report
EPC	Export Promotion Council
FIEO	Federation of India Export Organization
FTA	Free Trade Agreement
GI	Geographical Indication
HS	Harmonized System
IIP	Indian Institute of Packaging
ITI	Industrial Training Institute
MAS	Market Assistance Scheme
MSE CDP	Micro & Small Enterprises - Cluster Development Programme
MSME	Micro, Small and Medium Enterprises
NID	National Institute of Design
ODOP	One District One Product
PMU	Project Monitoring Unit
QCI	Quality Council of India
R&D	Research & Development
RMB	Raw Material Bank
SIDBI	Small Industries Development Bank of India
SPV	Special Purpose Vehicle
SWOT	Strength, Weakness, Opportunities, Threats

UK	United Kingdom
UP	Uttar Pradesh
UPEPB	Uttar Pradesh Export Promotion Bureau
USA	United States of America



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
as Export Hubs

Knowledge Partner



Building a better
working world