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DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
as Export Hubs



Preface

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

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

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

For this desired purpose, an extensive primary and secondary research was conducted. The report has been prepared in coordination with the Office of DGFT, Kanpur and Uttar Pradesh Export promotion Bureau (UPEPB). The data has been sourced from multiple avenues, including but not limited to data provided by office of DGFT, Kanpur, UAM data (2019), 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 present district Deoria is situated in eastern zone of Uttar Pradesh. According to official gazettes, the district name 'Deoria' is taken by its headquarter name 'Deoria' and the term 'DEORIA' generally means a place where there are temples. In previous time it was a part and parcel of Deoria district. By separating from Deoria it came into existence as a district on 16th March 1946. Deoria comprises of 5 revenue subdivisions, 16 blocks, 2 Ngar Palika Parishad, 9 town areas and 2019 villages. Deoria has a rich cultural and historical importance not only in the state of Uttar Pradesh but in India also. Gandhiji addressed Deoria public meetings in 1920. Baba Raghav Das had started movement in april' 1930 regarding 'Namak Movement'. In 1931, there were wide movement against government & landlords in this district. Many more people joined Congress as volunteers & marched several places of the district. Shri Purushottam Das Tondon in 1931 & Rafi Ahmad Kidwai in 1935 visited different places of this district. During Quit India Movement, as much as 580 people were sent behind the bar for different duration.

The river Ghaghara is flowing through the district, a Ganges tributary originating in Nepal that sometimes causes severe floods. The Ghaghra is interconnected through many other small rivers following meandering courses across the Gangetic Plain.

2.1 Geography

This district is located between 26° & 28° north latitude and 83° & 85° east longitude. Deoria District is surrounded by district Kushinagar in North, district Gopalganj & Siwan (Bihar state) in East, district Mau & district Ballia in south and district Deoria in West. Deoria district headquarter is situated at 53 km. milestone from Deoria by road towards east. The geographical area of the district is measured as 2540 Sq.Km. District

headquarter is situated at 50 km from Deoria on Deoria-Siwan broad gauge railway line towards Siwan. Ghaghara, Rapti & Chhoti Gandak are the main rivers in this district. Besides these, gorra, bathua, kurna, majhne, nakta are small rivers/nala which originates from above mentioned rivers. Climate of the district is 'SAMSITOSN'. May & June are hot and December & January months of the year are cold. Soil of different types is found in the district. Domat, Bhat, Matiyar & Balui Domat is found commonly. Productive & densely populated this district of Uttar Pradesh is situated at the north-east end of the state. Currently, Deoria district has five tehsils namely Deoria, Sadar, Salempur, Rudrapur, Berhaj & Bhatparrani.

2.2 Topography & Agriculture

The topography of Deoria is comprised of alluvial soil, sand, gravels. The mountain, plateau and other geographical reliefs are missing as an entire district belongs to Gangatic North Eastern Plain Zone. The general slope of relief is west to east and stretch is about 130 KM. The major river is Saryu (Ghaghara). Rainfall is quite high at about 1,210 mm; the climate is moist subhumid to dry sub-humid. 73% of the land area is cultivated and about half of the cultivated land is irrigated. Tube wells are the major source of irrigation. Summers are extremely hot with temperatures rising to the 40-to-46-degree Celsius range.¹

3. Industrial profile of the district

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

Repairing service industries, Food Products, Ready garments contribute most in terms of employment and revenue, food products are highest among all the enterprises and work force is employed in this vertical.

Table 1: Industries details²

NIC	Industries	No. of Units			Investments (Rs. INR)			Employment		
		HI ³	SSI	Total	H.I.	SSI	Total	H.I.	SSI	Total
20-21	FOOD PRODUCTS	0	49	49	0	2.06	2.06	0	276	276
22	BEVERAGES, TOBA. & TOBA. PRODUCT	0	1	1	0	0.006	0.006	0	5	5
26	HOISERY & GARMENTS	0	20	20	0.00	0.60	0.60	0	77	77
27	WOOD PRODUCTS	0	15	15	0.00	0.41	0.41	0	67	67
28	PAPER PRODUCTS & PRINTING	0	14	14	0.00	0.50	0.50	0.00	60	60
33	BASIC METAL INDUSTRIES	0	5	5	0	0.06	0.06	0	17	17
34	METAL PRODUCTS	0	17	17	0.00	0.41	0.41	0	77	77

¹ MSME Development Institute, Kanpur

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

³ HI stands for Heavy industry & SSI stand for small scale industry

35	MACHINERIES AND PART EXECPT ELECTRICAL	0	16	16	0.00	0.60	0.60	0	110	110
36	ELECTRICAL MACNINERY & APPARATUS	0	10	10	0.00	0.20	0.20	0	33	33
37	TRANSPORT EQUIPMENTS & PARTS	0	10	10	0.00	0.20	0.20	0	41	41
38	MISCELLANEOUS MFG.	0	44	44	0.00	0.95	0.95	0	201	201
96-97	REPAIRING & SERVICING INDUSTRIES	0	92	92	0.00	0.86	0.86	0	206	206
	Total		293	293	0.00	6.86	6.86	0	1170	1170

Ready-made garments and Embroidery sector of MSME with 150 units in the district are the most prominent and economy contributing sector of the district. It is followed by the sectors such as decorative items, food products, misc. manufacturing and repairing services with respective 15, 49, 44 & 92 units.

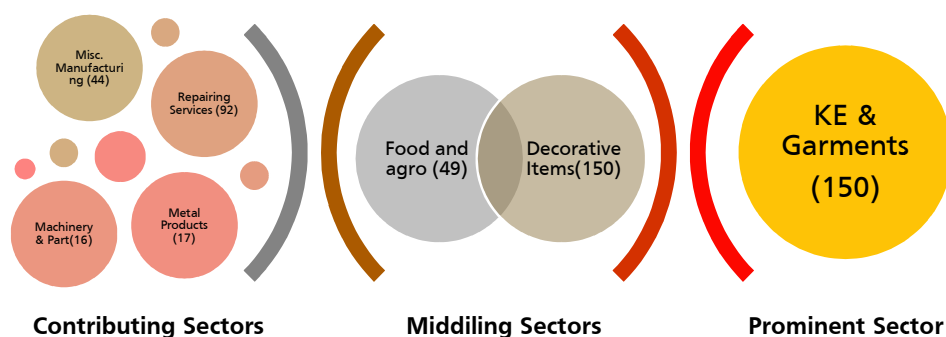


Figure 1: MSME landscape of the district

The area of Deoria district is spread over the 2540 sq. km. The density of population is 1221 person per square km. The total urban population of District is 316803 and the total rural population is 2784143⁴.

Table 2: Occupational Distribution of Main Workers⁵

S.No.	Particulars	Employment	Units
1	KE & RMG	3500 ⁶	150
2	Decorative Products	700 ⁷	150
3	Food Products	276	49

⁴ As per the census 2011 & Deoria.nic.in

⁵ Directorate of industries,

⁶ Stakeholder consultation/DSR

⁷ Decorative items DSR

4	Miscellaneous Manufacturing	201	44
5	Repairing and Services	206	92
6	Machinery's part	110	16
7	Metal Products	77	17

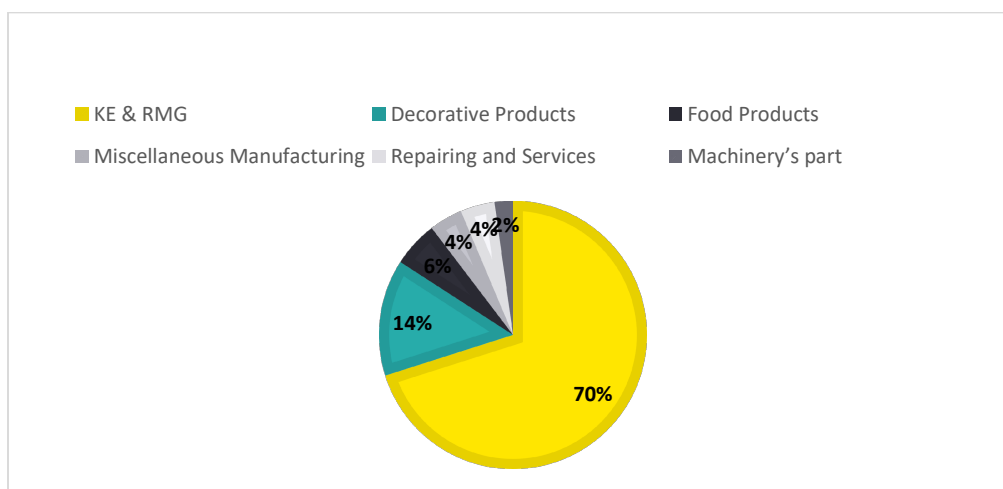


Figure 2: Occupational distribution of Deoria

3.1 Major Exportable Product from Deoria

The total export from Deoria is approximately INR **745.46 Cr** for the period September 2020 to November 2021.

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

Sr. Number	Products	ITCHS Code	Export Value in INR from September 2020 till November 2021(INR)
1	Automotive Diesel Fuel, Not Containing Biodiesel, Conforming To Standard Is 1460	27101944	147.83 Cr
2	Broken Rice	10064000	62.56 Cr
3	High Flash High Speed Diesel Fuel Conforming To Standard Is 16861	27101949	257.99 Cr
4	Krft Liner Unbleached	48041100	0.36 Cr
5	Motor Gasoline Conforming To Standard Is 2796	27101241	222.04 Cr
6	Other Residues Of Cotton Seed	23061090	0.25 Cr
7	Othr Rice In Husk	10061090	1.19 Cr
8	Rice Excptg Parboiled (Excl Basmati Rice)	10063090	12.50 Cr
9	Rice Parboiled	10063010	0.94 Cr

Total Export from Deoria	745.47 Cr
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Table 3: Major exportable product in INR)⁸

4. Product 1: Decorative Items





4.1 Cluster Overview

Deoria is an ancient city in the north-eastern part of Uttar Pradesh. Deoria is known for production of Jhalar, jhumar and other decorative items.

Over the recent years, the artisan's interest in producing the decorative items has weaned due to poor infrastructure, lack of modern technology and no direct market linkages leading to their inability to attract consumer compared to cheap Chinese products. This has also led to poor income for the artisans of around Rs 200- 400 women failing to attract young generation to practise this ancient craft.⁹

Decorative items in Deoria are one of the biggest artisan-based cluster of India with about 600 artisans associated and with a turnover of about INR 5 crore. The pockets include, Barhaj, Deoria, Salempur, Bhatpar rani, Lar, Baitalpur etc. Owing to its rich heritage, size, and contribution to the district's economy, the GoUP has selected this craft under ODOP programme.

Key Facts

-  **150 units** Approx
-  **INR 2-3 Crores** Approximate turnover of the cluster
-  **INR 1000 ~** Export Turnover
-  **700** Artisans directly or indirectly associated

4.2 Product profile

Decorative item was selected as the focus product for the district of Deoria under ODOP program. Decorative item is an ancient art nurtured over generations in the rural areas of the district. Decorative Items craft from Deoria is uniquely identified due to its of being made in Deoria which is locally available in the region too. The decorative item in the district is known for its jhalar, jhumar, parda, mejposh, soft toys made by thread, small items used to decorate the living room like hanging curtain etc. Decorative item has been identified as ODOP product to sustain this ancient craft and promote them into the international market

4.3 Product Portfolio

The following are the key products manufactured in the cluster:

- 1- Soft Toys:** These are the soft toys made from the cotton, wool, and thread



⁸ District wise report for the period September 2020 to November 2021 received from DGFT

⁹ As per stakeholder interaction/DSR

2- **Artificial Flowers:** These are the artificial flowers which is being used to decorate the living area by position it either on the wall or tale.



3- **Parda, hanging items:** These products are usually developed through handcrafted for hanging on the door, main entrance or on the wall of room.



Deoria Decorative Items products are mentioned in below table:

Table 4: Deoria Decorative item Products

Decorative Items products
Parda, Jhalar, Jhumar, Soft Toys, Small Hanging items on the wall etc.

4.3.1 Status of GI Tag

There is no GI tag is conferred yet to the decorative products of the Deoria.¹⁰

¹⁰ From the GMDIC office

4.4 Cluster Stakeholders

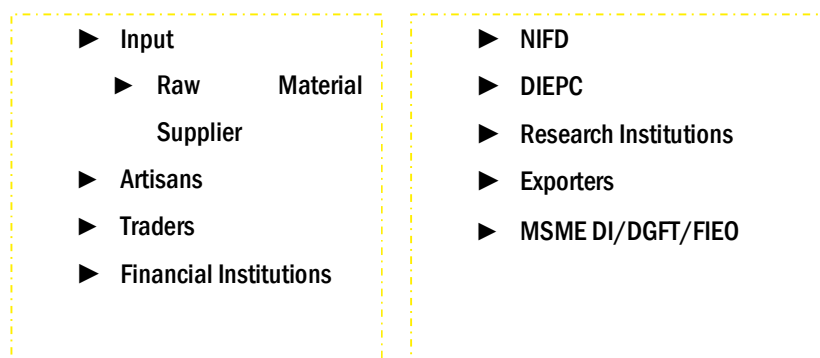


Figure 3: Cluster Stakeholders

4.4.1 Industry Associations

There are no industry associations to help and to raise the voice of Decorative item artisans and workers.

4.5 Export Scenario

4.5.1 HS code

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

Table 5: Decorative Items

HS codes	Description
NA	Export from the district is almost nil

4.6 Export Potential

During recent years the demand of decorative items has been increased. This is the reason and catalysing agent to arise the interest of many women artisans in this field. The decorative items are handmade and very economical hence can be exchanged as gift items also. Based on a conversation with local artisans and traders the gulf countries have emerged as new importing destinations for these decorative items. The local artisans and the traders are very happy to see this increase of taste which is certainly lead the way of artisans.

4.7 Potential Areas for Value Added Product

Decorative items can be diversified. Diversification is needed to attract more and more customers. Since these products are being crafted as Jhalar, jhumar, parda, mejposh etc. which can be extended to produce soft toys in varieties, certain other items like jhula, decorative valet, ladies' bag, purses etc which can be used to give and take as small souvenirs. This diversification shall lead to find more orders not only from the local customers but from outside of India too.

4.8 SWOT analysis

Table 6: SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ Easy availability of skilled workforce particularly artisans ▶ Large potential for diversifying on variety of decorative items ▶ Availability of various government schemes / interventions for fostering the cluster 	<ul style="list-style-type: none"> ▶ Minimal technological upgradation and long production time ▶ Existence of large number of intermediaries between artisans and entrepreneurs ▶ Limited design innovation ▶ Considering competition, the focus has shift from quality to quantity ▶ Lack of focus on increasing export
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Huge scope of market expansion- domestic and international ▶ Scope for development of new products and modifying existing range ▶ Potential collaborations with renowned designers and design institutes for improving existing designs ▶ Increase participation in marketing events- International and domestic 	<ul style="list-style-type: none"> ▶ Tough competition with cheaper, printed & machine manufactured Chinese decorative item products. ▶ Industrialization causing artisans to move to metropolitan cities in search of better paying jobs

4.9 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ Raw Material Bank: Sourcing of Raw Material 	<ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank within the CFC ensuring easy availability
Technological upgradation	<ul style="list-style-type: none"> ▶ Lack of modern machineries for artisans which limits their potential and hinders the productivity and potential of the cluster 	<ul style="list-style-type: none"> ▶ Establishment of Common Production Center with modern hand tools, steel frame, iron, and wooden base, crochet hook, Computerized Embroidery Machine, Large eye needle etc.
Design	<ul style="list-style-type: none"> ▶ Traditional designs are still being followed by artisans they are not focusing on design innovation 	<ul style="list-style-type: none"> ▶ Establishment of Product Design Center with CAD/ CAM facility along with a display center. ▶ Collaboration with renowned designers to conduct workshops for artisans pertaining to design forecasting, upcoming trends, market assessment etc.
Marketing & branding	<ul style="list-style-type: none"> ▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets ▶ Offline marketing is broadly used over online marketing ▶ No exclusive HSN code for Decorative 	<ul style="list-style-type: none"> ▶ Craft tourism - Deoria has world renowned places in the city and in nearby such as Kushinagar, Gorakhpur Zoo, Guru Gorakhnath Temple etc. As a piolet project any of these historical places can have a

	<p>Products. Which could have supported in facilitation of sales in the international market.</p> <ul style="list-style-type: none"> ▶ Creation of brand name for the decorative products. ▶ Minimal use of Govt of India's e-commerce portal: India Handmade Bazaar – Seller Registration for maximizing sale ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Lack of participation in national and international events related to the sector 	<p>specific area where tourist can see history of decorative Craft, which makes it unique, process of producing a decorative product and outlet from where the international and domestic tourist can buy the authentic Decorative Items product.</p> <ul style="list-style-type: none"> ▶ Establishment of a Marketing centre within the CFC in Deoria to facilitate marketing events. ▶ Collaboration with E-commerce companies like Flipkart, Amazon, Ebay for maximizing sales. ▶ Applying to Directorate General of Foreign trade for a unique HSN Code. ▶ Collaboration with NIFT, to support artisans in establishing the brand name of the 'decorative items' products in the national and international market ▶ Increase the usage of the portal as this portal facilitates the weavers and artisans to provide information about their handloom products for easy understanding of exporters. (http://www.indiahandmadebazaar.com/index.php.) ▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/associations wishing to participate in marketing events ▶ The DGFT/FIEO can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase ▶ Suggesting measures to the UPEPB for State Export Promotion Policy towards enhancing export of decorative items.
Quality Improvement	<ul style="list-style-type: none"> ▶ Undefined quality standards of the products. 	<ul style="list-style-type: none"> ▶ MoU with QCI for defining quality standards of the products so that their quality can be maintained/improved, and they can be exported across the globe with brand logo which ensures its authenticity.
GI Tag	<ul style="list-style-type: none"> ▶ District specific GI tag not available 	<ul style="list-style-type: none"> ▶ Application for district specific GI tag must be initiated which will prevent unauthorized use of products and

		upgrades financial gain to the manufacturers/artisans.
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters ongoing issues. 	<ul style="list-style-type: none"> ▶ 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. ▶ Industry association should be formed to rise the voices of manufacturers and exporters.
Cost Structure	<ul style="list-style-type: none"> ▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses ▶ Since the start of Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been main concern of the industry 	<ul style="list-style-type: none"> ▶ The 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. ▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website. ▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.

4.10 Future Outcomes

Annual Turnover

The annual turnover of the cluster is 2-3 Cr approx. That is expected to be 5-6 Cr. In next ten years.¹¹

Cluster exports

With the proposed strategy and export action plan, the exports of 'Decorative items' products which is nil maybe increased by 1 Cr in 5 years and double in ten years.

¹¹ DSR of Decorative Items





5. Product 2: Knitting Embroidery & Readymade Garment

5.1 Cluster Overview¹²

In Deoria, there are 6 specific clusters or pocket for KE & readymade garment manufacturing. The micro and small enterprises and tailors run it from their own houses or small area which is not standard for manufacturing, and these are spread across the district. There are around 150 micro-KE & readymade garments manufacturing enterprises handling the key operations of value chain of RMG. Readymade Garments industry operates in an isolated framework. Most of the units outsourced their work from small groups, called job workers, of about 10-12 persons at various stages of the operation on contractual basis. There are numerous people involved in fabric weaving and about various tailors doing a job of stitching garments and finishing them. Only around 10 to 15 percent of tailors are registered with DIEPC

and they have been allotted tailor card and majority of them were those who took Trainings. Cutting, Stitching, bundling, pressing & packaging are the key operation in the production of Readymade Garments.

Key Fact

-  **150 Units**
-  **INR 12 Cr** of total turn over
-  **INR 1 Cr** ~ Export in approx
-  **Employment** More than 3500

5.2 Product Profile

In cluster major product which is manufactured is Pants, Shirts, lady's kurta & Gents Kurta. Due to unavailability of designing and product development centre most of the product are manufactured in this cluster are old and traditional design which take maximum time and low demand in market. Also, these are not certified by any competent agency, so they get less price in the market. Major market for Pants, Shirts, jacket, which are manufactured here are Western UP, Bihar west Bengal & Nepal. Most of the RMG are purchased by the low income or Middle class because their rates are inexpensive. Only few units who have inhouse testing and designing facility are manufacturing for big brands on demand basis like, Raymond's, Bombay dyeing, pantaloons, fab India, etc.

5.2.1 Status of GI Tag

No GI tag has been awarded to the readymade garment products manufactured in Deoria¹³.

¹² Stakeholder consultation/DSR

¹³ Stakeholder consultation

5.3 Cluster Stakeholders

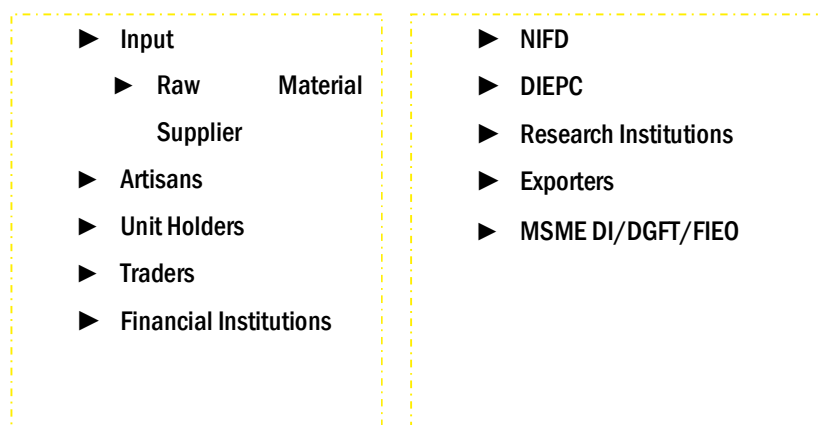


Figure 4: Cluster Stakeholders

5.3.1 Industry Associations

There is no major industry association in the district to the raise the voice of artisans/traders and manufacturers.

5.4 Export Scenario

5.4.1 HS Code

HS codes under which the product is exported from the district.

Table 7: HS Code with description¹⁴

HS Code	Description	Value of exports (in INR)
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches, and shorts (excluding knitted or crocheted, wind-jackets and similar articles, separate waistcoats, tracksuits, ski suits and swimwear)	50 Lakhs
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (excluding knitted or crocheted, wind-jackets and similar articles, slips, petticoats and panties, tracksuits, ski suits and swimwear)	Nil
6206	Women's or girls' blouses, shirts, and shirt-blouses (excluding knitted or crocheted and vests)	Nil

Current Scenario

¹⁴ Stakeholder consultation

India's exports represent 2.1% of world exports for this product & it's ranking is number 11, behind China. While the value of India's exports over the last 5 years has fluctuated but with an overall decrease by CAGR 1.49%, as per data FY F2015-16 to 2018-19 for exports from the state of UP, it is observed that there has been an increase by CAGR 24.16%. Being in the same region, India is primarily in competition with China, Bangladesh, Vietnam, Pakistan and Italy who account for 19.2% ,14.4 % , 6.2%, 5.1% and 4.8% of world exports for this product i.e. China nearly nine times or more than India's level of exports.¹⁵

5.5 Export Potential

While analysing export potential and markets that India (UP) can target, it is also necessary to look at Free trade agreements that India has with all countries.

Below given table lists all types of agreement that India has.¹⁶

Grouping	Number of member countries	Member Countries	Type of Agreement
India Sri-Lanka FTA	2	Sri Lanka (1998)	Free Trade Agreement (FTA)
Bilateral	2	Afghanistan (2003)	FTA
Bilateral	2	Thailand (2004)	FTA
Bilateral	2	Singapore (2005)	FTA
Bilateral	2	Bhutan (2006)	FTA
Bilateral	2	Chile (2006)	Preferential Trade Agreement (PTA) in effect
Bilateral	2	Nepal (2009)	FTA
India Korea CEPA	2	Korea (2009)	CEPA, in effect
India- Malaysia Comprehensive Economic Cooperation Agreement (IMCECA)	2	Malaysia (2011)	CECA, in effect
Japan India Comprehensive Economic Partnership Agreement (JICEPA)	2	Japan (2011)	CEPA, in effect
Asia Pacific Trade Agreement (APTA)	6	Bangladesh, China, South-Korea, Sri Lanka, Lao PDR	Preferential Trade Agreement (PTA) in effect
India- ASEAN Trade in Goods Agreement (India-ASEAN TIG)	11	Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam	FTA
BIMSTEC	7	Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand	FTA, under negotiation
South Asia Free Trade Agreement (SAFTA)	8	Afghanistan, Bhutan, Bangladesh, Pakistan, Maldives, Sri Lanka, Nepal	FTA, in effect
India- MERCOSUR PTA	5	Brazil, Argentina, Uruguay, Paraguay	PTA, under re-negotiation

¹⁵ DSR of KE & RMG

¹⁶ DSR of KE & RMG

Grouping	Number of member countries	Member Countries	Type of Agreement
India- Gulf Cooperation Council -FTA	7	UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain	FTA under negotiation
Bilateral Trade and Investment Agreement (BTIA)	28	India and EU	FTA under negotiation, may ink PTA before
India Canada CEPA	2	Canada	CEPA under negotiation
India UK FTA	2	United Kingdom	FTA under negotiation, may ink EHS before

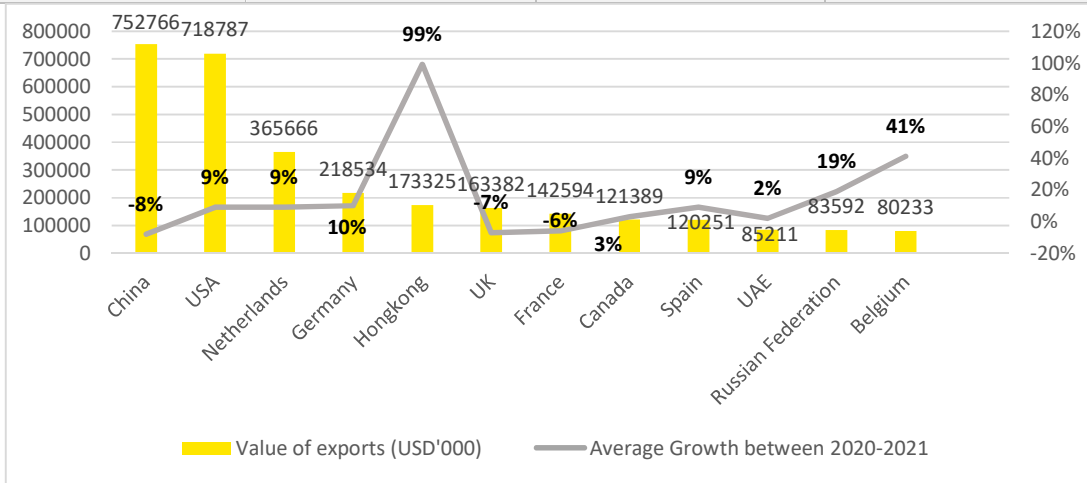


Figure 5: Top importers for this product (6203) in the world¹⁷

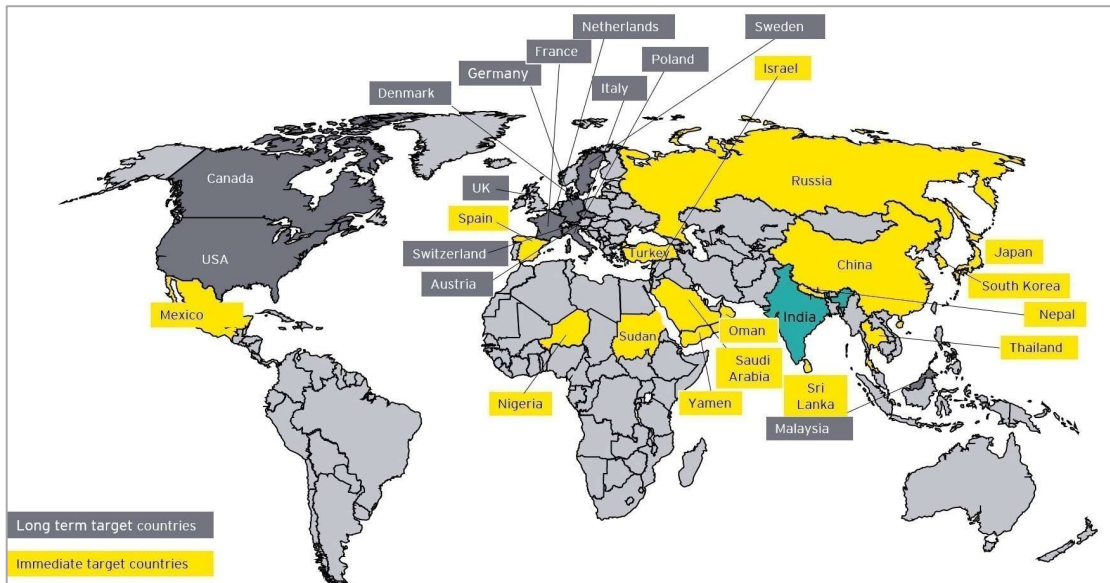


Figure 6: Markets for export potential¹⁸

¹⁷ Trade Map- Top importers for HSN Codes 6203

¹⁸ Trade Map- Untapped Potential for HSN Codes 6203

5.6 Potential Areas for Value Added Product

Product Diversification – This plays a vital role in any products exports as it is a product uplifting strategy. Most of the SMEs aren't bothered about changing their product range and they fail to understand that it is an integral part of comprehensive marketing. Diversification can be brought in the cluster by: Development of New Products, Modification of existing products, E-Commerce Collaboration, virtual Expo, Training on digital marketing, Marketing and display centre, Quality enhancement and Product Promotion etc.

5.7 SWOT Analysis

Table 8: SWOT Analysis for KE & Readymade Garment

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Geographic location conducive for undertaking global trade as the district has easy access to metropolitan cities, Kushinagar international airport is near and provides access to other developed industrial areas in the state ▶ Easy availability of cheap and skilled labour ▶ Available assistance in forms of finance, land cost subsidy, interest subsidy etc. for fostering the ecosystem and expanding the production 	<ul style="list-style-type: none"> ▶ Lack of proper infrastructure facilities in industrial areas in terms of production facilities and connecting roads ▶ Lack of investment and focus on R&D ▶ Lack of permanent buyers ▶ Machineries used in this sector is often expensive and the banks don't tend to lend credit to change the technology/ machinery
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Big scope in domestic and foreign market ▶ Scope for development of new products ▶ Increased focus of government for expanding operations and increasing exports as it has been recognized as one of the sunrise sectors. 	<ul style="list-style-type: none"> ▶ Dominance of other cluster like, Noida and Gurgaon can provide more trendy and cheap garments. ▶ Frequent changes in raw material prices

5.8 Challenges and interventions

Based on stakeholder consultation and after analyzing the SWOT analysis of the cluster following challenges seems to be prevalent in the cluster and given below the interventions can make the road easy.

Parameter	Challenges	Intervention
Warehouse for storage	<ul style="list-style-type: none"> ▶ While the raw material i.e., Fabric and sewing machines are manufactured by large industries, raw materials are procured by MSMEs from third party suppliers at expensive rates. This is mainly due to lack of scale to match minimum quantities as mandated by the large manufacturers ▶ Frequent changes in the pricing of raw material often disrupts the production cycle 	<ul style="list-style-type: none"> ▶ Ensuring procurement of quality raw materials from Ghaziabad, Gurugram etc. ▶ Establishment of a RMB to ensure availability of raw materials at affordable prices and portal for better tracking of raw material purchased. ▶ The cost of sourcing raw materials from raw material depot at par with local market
Technological upgradation	<ul style="list-style-type: none"> ▶ Lack of modern machineries for artisans which limits their potential 	<ul style="list-style-type: none"> ▶ Establishment of Common Processing Center with modern machineries.

Parameter	Challenges	Intervention
	and hinders the productivity and potential of the cluster	
Quality Improvement	<ul style="list-style-type: none"> ▶ Undefined quality standards of the products. 	<ul style="list-style-type: none"> ▶ MoU with QCI for defining quality standards of the products so that their quality can be maintained/ improved, and they can be exported across the globe with brand logo which ensures its authenticity.
Packaging	<ul style="list-style-type: none"> ▶ There is no packing unit in the cluster hence the items being either packed in polythene or paper 	<ul style="list-style-type: none"> ▶ Establishment of Packaging Center under the CFC with modern machineries
Application for HSN Code	<ul style="list-style-type: none"> ▶ There is no specific HSN code for the products being exported from the city 	<ul style="list-style-type: none"> ▶ Application to Directorate General of Foreign trade for a unique HSN Code
GI Tag	<ul style="list-style-type: none"> ▶ District specific GI tag not available 	<ul style="list-style-type: none"> ▶ Application for district specific GI tag must be initiated which will prevent unauthorized use of products and upgrades financial gain to the manufacturers/artisans.
Marketing & Branding	<ul style="list-style-type: none"> ▶ Offline marketing is broadly used over online marketing. ▶ Increasing the participation in International Trade fairs ▶ Limited Market diversification ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Lack of participation in national and international events related to the sector 	<ul style="list-style-type: none"> ▶ Collaboration with E-commerce companies focusing on Amazon, Flipkart etc. ▶ 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 organised by FIEO and other organizations may be proposed as a target under this segment ▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which aids individuals/ associations wishing to participate in marketing events ▶ The DGFT/FIEO can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters issues. 	<ul style="list-style-type: none"> ▶ 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. ▶ There should be an organisation like industry association for the benefit of manufacturers and exporter.
Cost Structure	<ul style="list-style-type: none"> ▶ U.P. is a land-locked state. India's cost of logistics is one of the highest in the world. ▶ Since the start of Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been the main concern of the industry 	<ul style="list-style-type: none"> ▶ 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. ▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.

Parameter	Challenges	Intervention
		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.

5.9 Future Outcomes

Annual Turnover
The annual turnover INR 12 CR is expected to be INR 25 Cr in 2031.

Cluster exports
Substantial growth in cluster exports expected to be more than INR 15 cr. by 2031.

6. Scheme under Uttar Pradesh Export Promotion Bureau

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

A. Marketing Development Scheme (MDA)

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

B. Gateway Port Scheme

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

C. Air Freight Rationalization Scheme

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

7. Action Plan

Quantifiable activity/ Intervention	Responsible authority	Timeline for implementation ¹⁹
Increasing the overall exports from the state		
Sensitization and facilitation in availing Import/ export documents: Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/ export and provide support in availing them	ODOP cell, DIEPC UPEPB	Continuous initiative
Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events. Further, DGFT and FIEO can finalize a target to participate in at least 3 international events in a year per product category/industry (food, engineering & auto components, handicrafts, textile& apparel etc.) by utilizing schemes like IC and MAS	ODOP cell, DIEPC UPEPB	Continuous initiative
Sensitization of cluster actors: a. The individuals of a cluster should be sensitized on the plethora of schemes²⁰ available for them for maximizing the potential of exports. Merchandise Exports from India Scheme, Service Export from India Scheme etc. provides various exemptions for facilitating exports. Further, schemes like Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials b. Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analyzing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP	ODOP cell, DIEPC UPEPB	Continuous initiative
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

¹⁹ Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

²⁰ 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>:

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Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.	UPEPB/DIEPC	Short term
MoU with QCI for defining quality standards of the products	UPEPB/DIEPC	Short term
Collaboration with IIP to define cluster-wise packing standards	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, BoB 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 & centre and the procedure to apply to avail financial assistance	UPEPB/DIEPC	Intermediate
Sensitization of cluster actors from this sector on Make in India initiative and PLI for leveraging the assistance provided to the sector to enhance productivity and expand exports	DIEPC UPEPB	Short term
DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.	DIEPC/DGFT/UPEPB	Long term
Cost Structure:		
a. The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.	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 and issues relating to it. The industry may be informed of this portal.	DIEPC/UPEPB/FIEO	Short term
Product 1: Decorative Items		
Technology Upgradation: Establishment of Common Facility Centre leveraging certain government scheme like ODOP CFC Scheme, MSE CDP and SFURTI etc.	DIEPC and ODOP Cell, MSME, KVIC	Long Term
Raw material bank should be established in the cluster within Common Facility Centre for easy availability of all types of quality checked items at discounted rates.	DIEPC	Long term
Skill Upgradation Conduct trainings/ workshops leveraging 'ODOP Skill Development and Tool Kit Distribution	DIEPC, Udyamita Vikas Sansthan	Ongoing



Scheme' for below: 1) Entrepreneurship development 2) Product diversification 3) Design Innovation		
Tourism: Deoria has world renowned historic places in its neighbor such as Gorakhnath Temple, Kushinagar, Pawa nagar etc. As a pilot project any of these historical places can have a specific area where tourist can see history of Decorative items, what makes it unique, process of producing a Decorative product and outlet from where the international and domestic tourist can buy the authentic Decorative product.	UPEPB/ EPC, ODOP Cell & UP Tourism	Long term
Application to Directorate General of Foreign trade for a unique HSN Code	UPEPB/ODOP Cell / DGFT	Intermediate term
Collaboration with NIFT and NID for design inputs and support in branding initiatives	UPEPB/ODOP Cell	Long term
Increase the usage of the portal as this portal facilitates the artisans to provide information about their products for easy understanding of exporters.	UPEPB/ODOP Cell	Short term
Application for district specific GI tag	DIEPC/UPEPB/ODOP Cell	Intermediate term
Awareness on schemes and policies for financial assistance such as ODOP Margin Money Scheme		Ongoing
Creation of online ecosystem wherein working capital as well as capital loans can be disbursed with same ease as personal loans.	DIEPC	Completed
Product 2: Knitting Embroidery & Readymade Garment		
Technology upgradation Establishment of a common facility centre with modern machines.	UPEPB, DIEPC and ODOP Cell, MSME	Long term
Setup of Raw material bank for smooth availability of raw material to meet the demand and supply gap Common Raw Material storage facility	UPEPB, DIEPC	Long term
Application for district specific GI tag	DIEPC/UPEPB	Long term
Collaboration with E-commerce companies focusing on KE & Readymade garment like Amazon, Flipkart, e bay etc.	Amazone/Flipkart and DIEPC	Short term
MoU with QCI to define quality standards of KE & Readymade Garments goods manufactured in Deoria	DIEPC	Short Term
Creation of online ecosystem wherein working capital as well as capital loans can be disbursed with same ease as personal loans.	DIEPC and banks	Short term
Training programme to educate the artisans: Conduct trainings/ workshops leveraging 'ODOP Skill Development and Tool Kit Distribution Scheme' for below:	In process (Being conducted through UPID, Udyamita Vikas Sansthan, UPICO)	Ongoing



1) Design innovation 2) Entrepreneurship development 3) Product diversification	etc.)	
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Abbreviations

CAD	Computer-Aided Design
CAM	Computer Aided Manufacturing
CFC	Common Facility Center
CONCOR	Container Corporation of India
CPC	Common Production Center
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
EPCG	Export Promotion Capital Goods
FIEO	Federation of India Export Organization
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GI	Geographical Indication
HS	Harmonized System
IC	International Cooperation
IEC	Import Export Code
IIP	Indian Institute of Packaging
ITI	Industrial Training Institute
KVK	Krishi Vigyan Kendra
MAS	Market Assistance Scheme
MSE CDP	Micro & Small Enterprises - Cluster Development Programme
MSME	Micro, Small and Medium Enterprises
NIC Code	National Industrial Classification Code
NIC	National Informatics Center
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
NSDC	National Skill Development Cooperation
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

[Type here]

SWOT	Strength, Weakness, Opportunities, Threats
UAE	United Arab Emirates
UK	United Kingdom
UP	Uttar Pradesh
UPEPB	Uttar Pradesh Export Promotion Bureau
UPICO	UP Industrial Consultancy Organisation
USA	United States of America



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