

Department of MSME & Export Promotion Government of Uttar Pradesh

Draft District Export Action Plan, Farrukhabad, Uttar Pradesh

Knowledge Partner



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

Districts
as Export Hubs



Building a better
world

Preface

This district export plan for Farrukhabad 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 Farrukhabad as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Farrukhabad 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

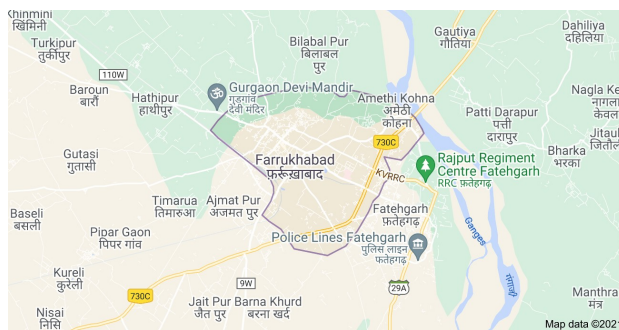


Figure 1: Google Map of Farrukhabad District

Farrukhabad was founded by Nawab Mohammad Khan Bangash, who named it after the reigning emperor Farrukhsiyar, in 1714, the district of Farrukhabad forms part of Kanpur division. The township of Farrukhabad, Fatehgarh consist of two district towns, Farrukhabad & Fatehgarh, the former being the headquarters of the Tehsil & the latter forming the headquarters of the district, both lying about 5 Kms apart. Fatehgarh derives its name from an old fort. Fatehgarh remained a Military Station of considerable importance and in 1802 it

became the headquarters of the Governor Generals Agent for the ceded provinces. In 1818 a gun carriage factory was established here.

The district as it exists now is bounded by Badaun and Shahjahanpur on the north, Hardoi on the east, Kannauj on the south and district Etah & Mainpuri on the west. Rivers Ganga & Ramganga are located towards the east & Kali river towards the south.

2.1 Geography

Farrukhabad is situated between Lat. 26° 46' N & 27° 43' N and Long. 79° 7' E & 80° 2' E. It forms a part of Kanpur division. It is bounded by Badaun & Shahjahanpur on the north, Hardoi on the east, Kannauj on the south and Etah & Mainpuri on the west. Total area of District Farrukhabad is 2,18,100 Hectares Topography & Agriculture



The city is located on the banks of River Ganges and typically has alluvial and sandy soil. The region typically falls in the Indo-Gangetic plains and major part of the Kanpur district has ordinary soil which is known as Bhur in local language. Major crops cultivated in the district are wheat, rice, maize and bajra.

2.2 Topography and Forest

The district is a level plane, varied only by a few gentle undulations and slopes, sometimes abrupt, which lead down to the river valleys. The highest recorded elevation is 167m. above sea level at Mohammadabad and the lowest 145.69 m. at Mau Rasulpur in the Trans Ganga flats of Tehsil Farrukhabad. The only marked variation of level is between the two divisions, the upland or bangar, which is a continuation of the doab and the lowlands or Tarais, cut away from the upland by the erosive action of the rivers. Industrial profile of the district. District is having 518 Hectare forest area. Forest is a main source of providing timber & domestic furniture. Sagaun, Sakh, Shisham & other various types of Trees are available in the forest.

3. Industrial profile of the district

Industrial areas of the district:

The existing industrial area in Farrukhabad District¹:

Table 1: Existing Industrial Area in Farrukhabad District

Name of Industrial Area	Land Acquired	No. of plots	No. of allotted plots	No. of Vacant Plots
Industrial Area, Rajiv Gandhi Nagar, Ghershamu Khan, Farrukhabad	9.8 Acres	31	31	00
Mini Industrial estate Papri, Kaimganj, Farrukhabad	3.14 Acres	56	56	00

In 2006 the Ministry of Panchayati Raj of Government of India named Farrukhabad one of the country's 250 most backward districts (out of a total of 640). It is one of the 34 districts in Uttar Pradesh currently receiving funds from the Backward Regions Grant Fund Programme (BRGF).

Farrukhabad is famous for its cloth printing/Textile Printing, block Printing, block making & Zari Zardozi Udyog. Zari Zardozi Udyog is a traditional Udyog of District Farrukhabad and widely spread including rural area also. Farrukhabad is also known as city of zardozi. In Textile printing approx. 30000 people are involved directly and indirectly.

Kaimganj is known for the chewing Tobacco industry. The district Farrukhabad produced about 8 million tonnes of Potato and hence have about 61 Cold Storages, the district is also known for its Sunflower cultivation. Betel nut (Supari) is also processed to make sweet supari and is a famous product of Farrukhabad.

The details of Existing micro and small industries and artisans' units in the district Farrukhabad ²

Table 2: Detail of existing micro and small industries and artisan units in the district

Type of Industry	No. of Industrial Units	Investment (INR Lakh)	Employment
Agro Based	749	2692	1503
Soda Water	02	12	07
Cotton textile	97	942.39	389

¹ DIEPC Farrukhabad

² District Industrial Profile (DIP) prepared by MSME-DI, Kanpur and DIEPC Farrukhabad

Woolen, Silk, artificial thread-based cloths.	4709	908	15390
Jute and Jute based	02	14	11
Readymade garments and embroidery	649	132.40	1334
Wood wooden based furniture	361	480.50	723
Paper and Paper products	25	125	53
Leather Based	196	275	393
Rubber, Plastic and Petro Products	--	--	--
Chemical/ Chemical Based	29	58	91
Mineral based	10	270	250
Basic Metal Based	65	295	139
Metal Products (engineering units)	85	187	139
Electrical machineries and apparatus	41	118	123
Miscellaneous manufacturing	2345	365	4421
Repairing and service industries	174	287	523

Textile products sector of MSME with 5457 units in the district is the most prominent and economy contributing sector of the district. It is followed by sectors such as “Miscellaneous manufacturing”, “Agro Based” and Wooden Based etc.

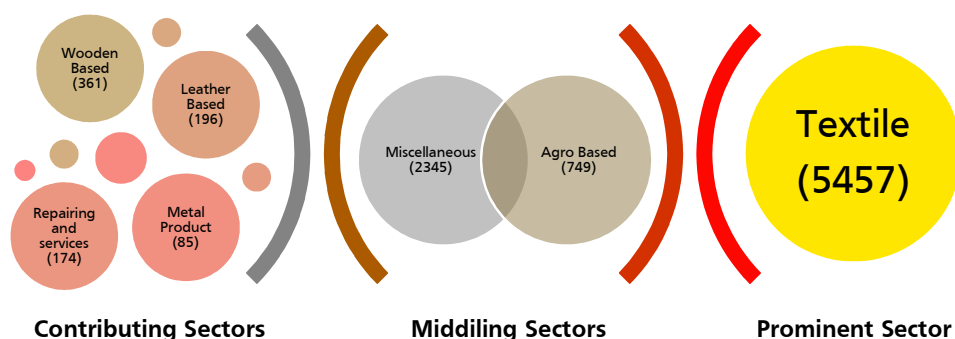


Figure 2: MSME landscape of the district

Out of total population of 1,885,204 (2011 census), 592,267 are working population. Out of total working population, 28.4% are working in other industries, 64.3% are cultivators and agricultural labourers and only 7.3% 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	Farrukhabad	%
1	Cultivators	245,089	41.4%
2	Agriculture Labourers	135,679	22.9%

³ District census handbook 2011- Farrukhabad



3	Household Industry Workers	43,528	7.3%
4	Others	167,971	28.4%

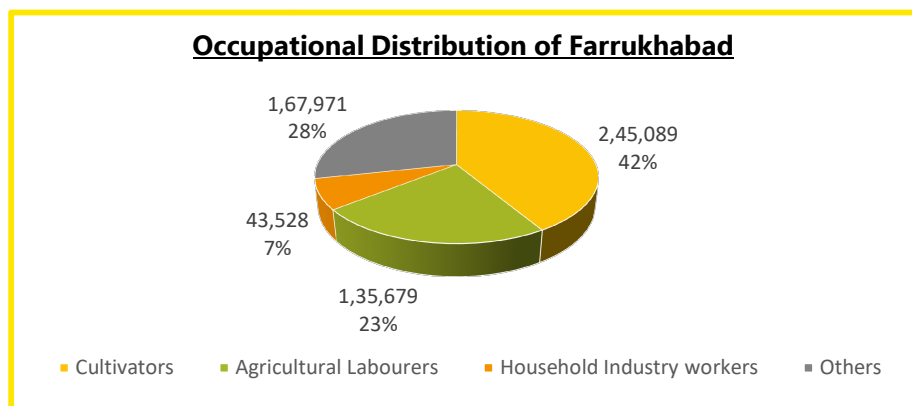


Figure 3: Occupational distribution of Farrukhabad

3.1 Major Exportable Product from Farrukhabad

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

Table 4: Major exportable product

S. No	Product	Export value (in INR) ⁴	Time Period
1	Other tobacco no stemmed/stripped	10,65,26,160	September 2020 to November 2021
2	Others articles of fur skin excluding Apparel and clothing accessories	9,31,35,172	
3	Other dresses of other textile materials other than silk	55,37,745	
4	Other dresses of synthetic fibres	82,12,660	
5	Saddlery and harness for any animal (including tracts leads, knee pads, muzzles, saddle cloths, saddle bags-dog coats and the like) of	4,78,09,990	
6	Other refined sugar including centrifugal sugar	8,47,51,843	
7	Other tobacco partly or wholly stemmed/stripped	6,29,96,690	
8	Other coal weather or not (w/n) pulverised but not agglomerated	1,32,85,284	
9	Ensembles of synthetic fibres	1,95,76,080	
10	Ensembles of synthetic fibres	2,96,70,387	
11	Scarves of silk measuring 60 cm/less, hand printed	52,57,453	September 2020 to November 2021
12	Scarves of silk, handloom	74,52,285	
13	Shawls of wool	48,83,237	

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

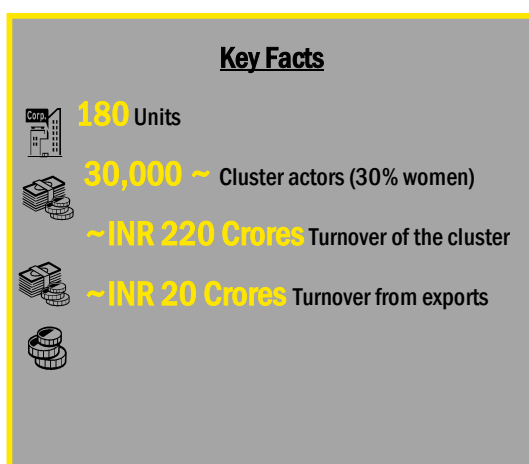


14	Shawls mufflers etc. of manmade fibre	39,94,292	
15	Bedsheets and bed cover of cotton	41,76,343	
16	Bed sheets and bed covers of cotton, handloom	52,90,814	
Sum of Exports		50,25,56,435 (~50.25 Cr.)	

Total Export from Farrukhabad District is INR 90,81,13,457 (90.81 Cr.) in the time of September 2020 to November 2021.

4. Product 1: Textile Printing

4.1 Cluster Overview



Textile printing is one of the important and popular offshoots of the handiwork in Uttar Pradesh. Textile printing is popularly practiced in Lucknow, Varanasi, Pilkhuwa and Farrukhabad in Uttar Pradesh. Farrukhabad hand printing is famous all over the world. It would not be an exaggeration to state that Farrukhabad has become synonymous to the art of hand painting as well as textile printing.

Farrukhabad has two distinctive types of printing namely block printing and screen printing that is created with both natural dyes (derived from plants, animals, and minerals) and synthetic dyes. The most popular colors used are yellow, blue, and red with combinations of brown, green and

Figure 4: Key Facts of Textile Printing

orange. Textile printing cluster of Farrukhabad outspread over the areas of city such as Angooribagh, Sadhwada, Manihari, Sahabganj, Bajariya etc. and its rural circumference. Around 30,000⁵ people are engaged in the textile printing industry out of which approx. 24000 people (Block Maker- 300 Nos., Block Printing- 2000 Nos., Screen Printing- 8000 Nos., Washing-500 Nos., Dyeing- 2000 Nos., Pico work/ stitchers- 1100 Nos., Cutter- 500 Nos., Press- 300 Nos., Checking and Packing; 1200; Job workers (Fringes/ tassel maker- 8000 Nos.) are artisans involved in core production activities and approx.6000 people are involved in allied works such as distribution of raw material, traders, middlemen, shopkeepers etc.

Approximately 180 units⁶ are registered in the district through Udhog Aadhar and Udhog Aadhar Memorandum as per the information shared by DIEPC Farrukhabad and associations of Farrukhabad related to textile printing. Out of 180 units approximately 130 units are involved into screen printing, 15 units are involved into Block printing, 10-15 units are involved in dyeing process, 8-10 units are involved in Block making. Textile printing has played very important role in the industrial as well as economic development in Farrukhabad. This industry has identified as a major generator of employment especially in urban sector. In rural sector also people are involved in this business as they get the work from the units as job work such as stitching and tassel/fringes making.

Farrukhabad cluster mainly receives the order from traders of Delhi and Noida who supplies the products across country and to the foreign countries. Most of the works are done through manual process and it is labour oriented cluster. In every second house of the areas such as Sadhwada and Angooribagh of Farrukhabad printing cluster people are involved in manufacturing process. Out of 07 blocks of Farrukhabad most of the units are in Barhpur Block.

⁵ DIEPC Farrukhabad

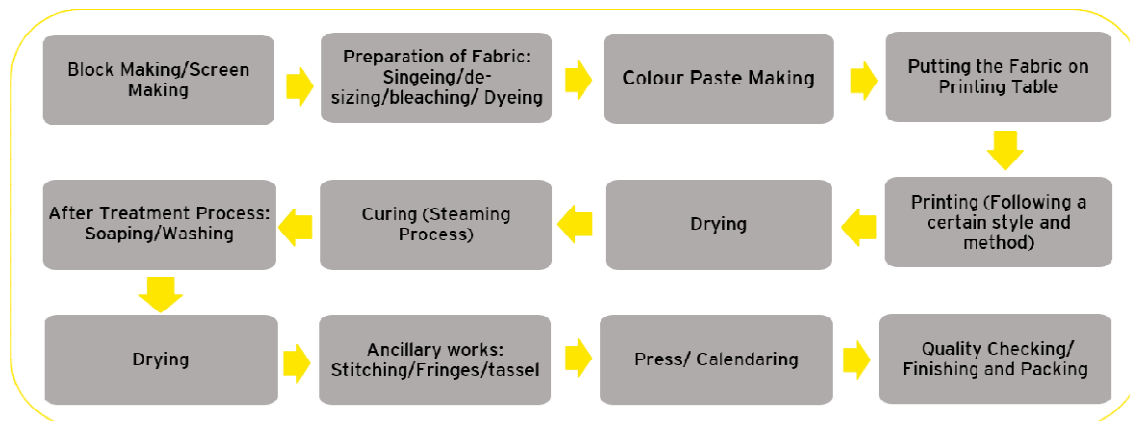
⁶ DIEPC Farrukhabad

According to primary survey conducted in the cluster the average, wages of artisans is estimated INR 5000-7500 per month. It varies according to the working capability of the artisan. Mostly, the work is done on per piece rate basis. Most of the artisans are semi-skilled and illiterate. The artisans get training mostly while working. The estimated turnover of the cluster is approximately INR 220 Crores.

4.2 Product profile

The main products⁷ of Farrukhabad textile printing cluster are Bed Cover/Bedsheets, Scarf, Stole, Dupatta, Cotton fabric for shirting, Saree, Suit, Gents Muffler, Shawl, Cotton Cushion Cover, Breadbasket, Curtain etc. The volume of production of Scarf, Stole, Dupatta and Shawl is high in screen printing and in Block printing production of Bed covers/Bedsheets, Curtains, Cushion Covers, Sarees and Suit, are high. It is because of limitation of table size, screen size and process of screen printing.

In Farrukhabad approximately 1.30 Lakh meter of fabric is being dyed every day; out of which, 91000 meters of fabric (approx. 70%) is Rayon & Cotton, 26000 meters fabric is silk (Approx. 20%) and rest 10% i.e. approx. 13000 meters of other fabrics such as wool and linen. From these printed fabrics products like stole, shawl, scarf, saree, suit, bedsheet, table cover, curtain and napkin are made by the process of hand/ screen printing.



4.3 Export Scenario

4.3.1 HS code

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

Table 5: HS codes for Leather Products

HS Code	Description
43039090	Other articles of fur skin excluding Apparel and clothing accessories
62044990	Other dresses of other textile materials other than silk
62044390	Other dresses of synthetic fibers
61032300	Ensembles of synthetic fibers
61042300	Ensembles of synthetic fibers

⁷ https://ipindia.gov.in/writereaddata/Portal/Images/pdf/journal_48.pdf



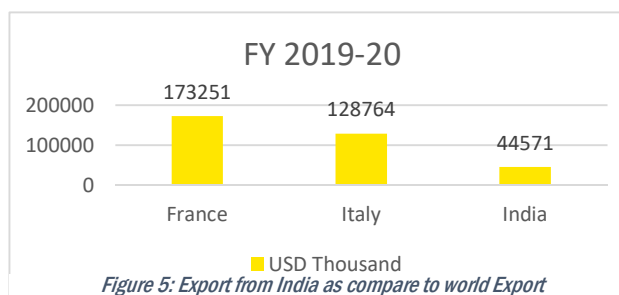
62141020	Scarves of silk measuring 60 cm/less, hand printed
62141030	Scarves of silk, handloom
62142010	Shawls of wool
62149060	Shawls mufflers etc. of manmade fiber
63041910	Bedsheets and bed cover of cotton
63041940	Bed sheets and bed covers of cotton, handloom

Current Scenario

The chapter focusses on the export scenario of India and Uttar Pradesh and then deep dives into the export statistics of 2 products codes 621410 and 630419 stating the target countries for market expansion for both the products. These HS codes are utilised for Leather Footwear, Saddlery and Non-Saddlery goods.

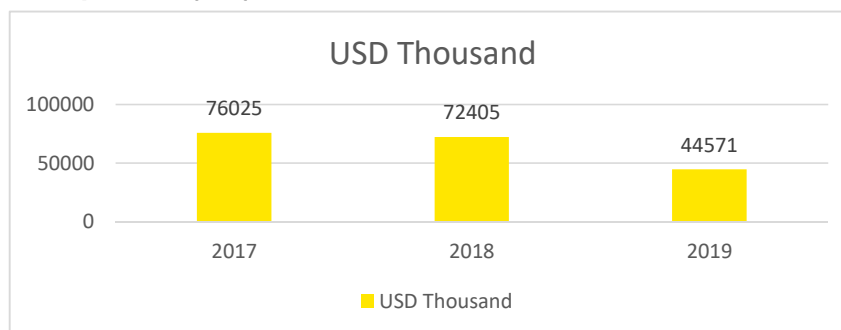
Product 01: 621410 (Shawls, Scarves, Stoles of Silk)

India's exports represent 8.8% of world exports for this product, ranking it number 3, behind France and Italy. The value of India's exports in FY 2019-20 for the product is 44571 USD thousand and from Uttar Pradesh is 12530 USD thousand.⁸



India is primarily in competition with Italy and France who clearly dominates the world market accounting for 25.46% and 34.27% of world exports respectively for this product i.e., more than 3-4 times India's level of exports.⁹

Indian exports of the product on yearly basis¹⁰



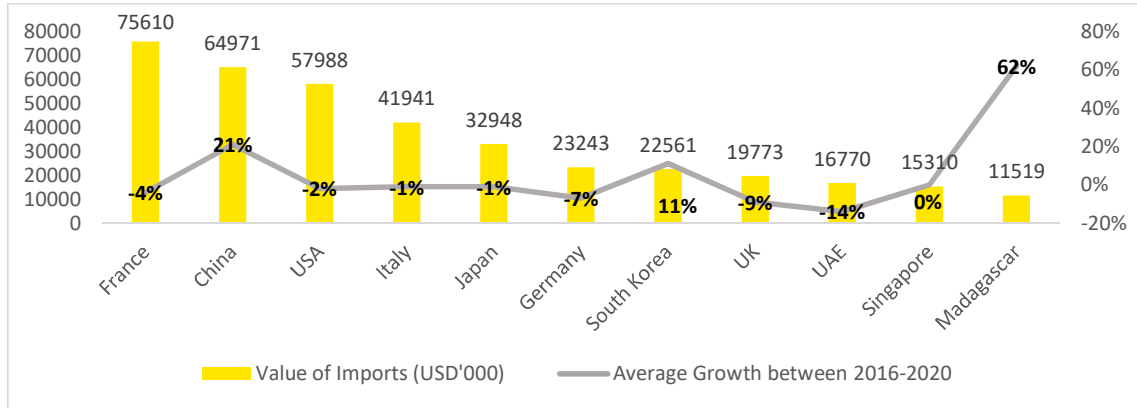
The top importers for this product in the world are given below, alongside the value of the product imported in 2018-19.

⁸www.trademap.org

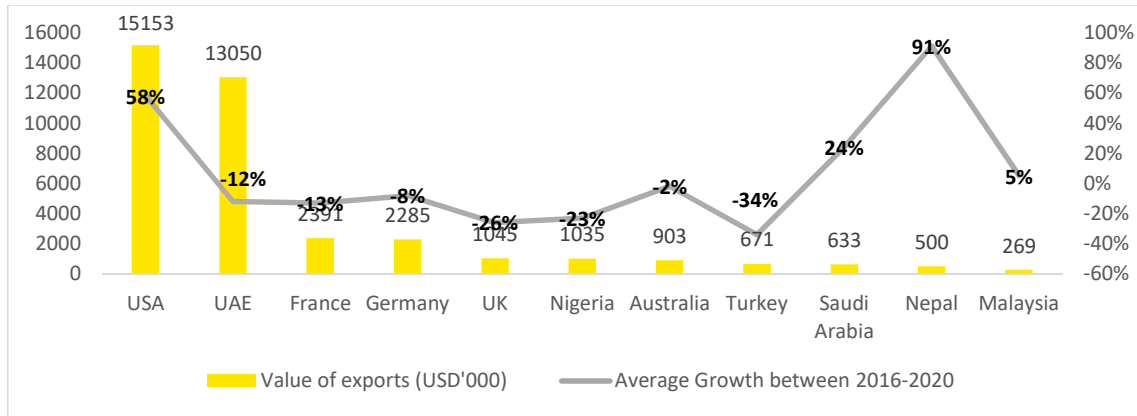
⁹www.trademap.org

¹⁰ Trademap.Org for HSN Code 621410





Prominent Import Countries to whom India export this product are: -¹¹



Countries to whom UP exports this product in HSN code -621410 are USA, Germany, Saudi Arabia, Nepal, Finland, Switzerland, Denmark, France, UAE, Spain, Australia, Poland, Italy, Romania.¹²

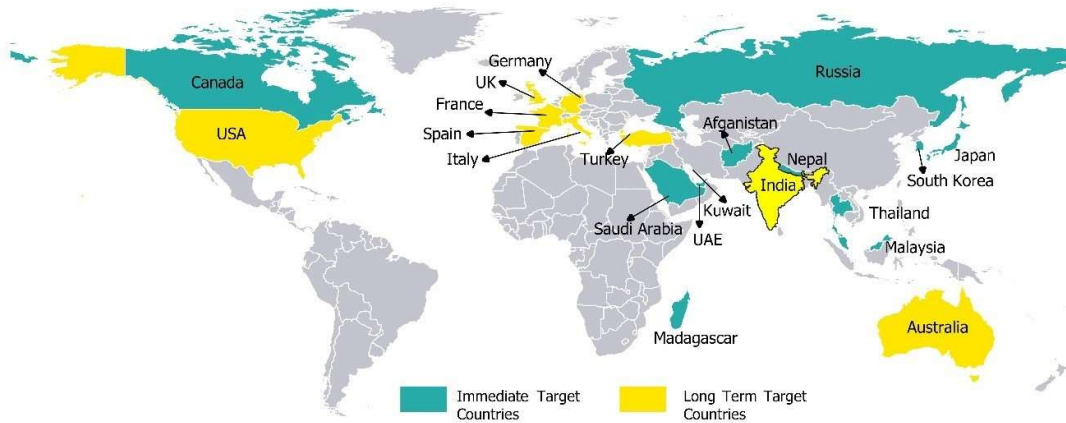


Figure 7: Market for export potential of HSN Code 621410

Product 02: 630419 (Bedsheets and bed covers of cotton Handlooms)

¹¹www.trademap.org

¹² www.dgcisanalytics.in



India's exports represent 70.6% of world exports for this product, ranking it number 1, followed by China. The value of India's exports has gradually increased since 2016-2020, In FY 2019-20 value of Indian Export is 954123 USD thousand.

Being in the same region, India is primarily in competition with China which at 2nd position in the export of products comes under HSN code 630419 represents 15.36% of total export. ¹³

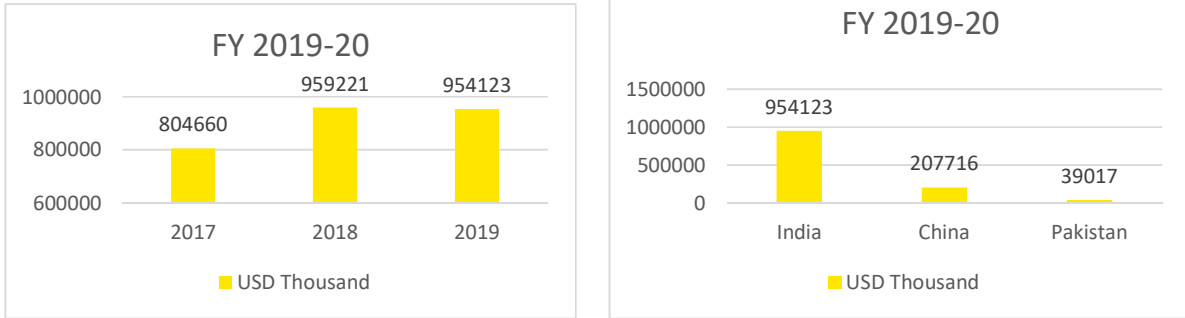


Figure 8: Indian Export of the products under HSN Code 630419 on yearly basis

The top importers for this product in the world are given below, alongside the value of the product imported in 2019-20.¹⁴

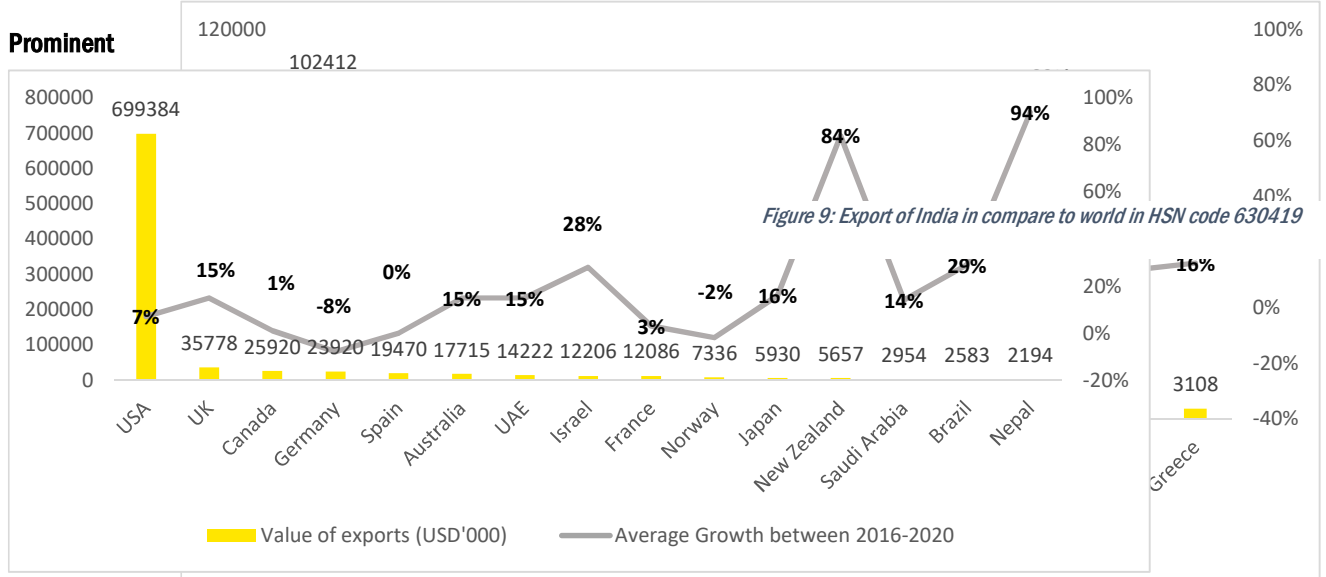
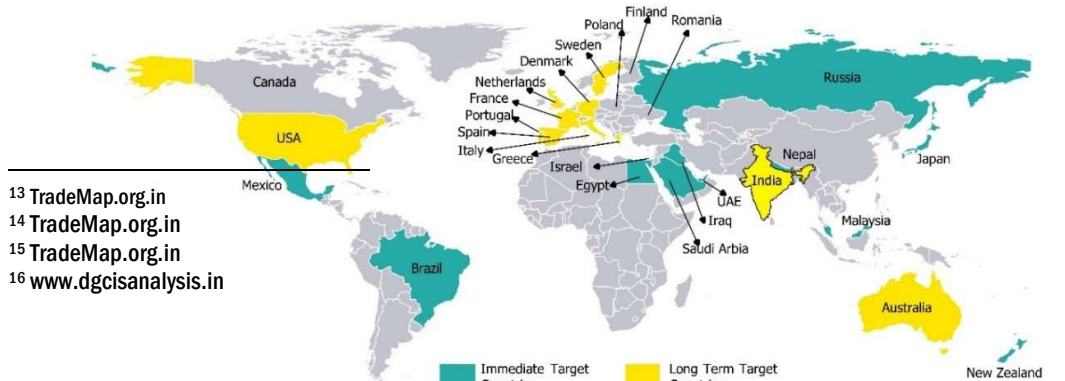


Figure 9: Export of India in compare to world in HSN code 630419

Import
Countries to whom India export this product are¹⁵: -

Uttar Pradesh Export to following Countries: - USA, Japan, Greece, Israel, Nepal, France, UAE, Spain, Australia, Portugal, Netherlands, Canada, Sweden, UK and Italy ¹⁶



¹³ TradeMap.org.in
¹⁴ TradeMap.org.in
¹⁵ TradeMap.org.in
¹⁶ www.dgcisanalysis.in

4.4 Potential Areas for Value Added Product

This plays a vital role in any products exports as it is a product uplifting strategy. Most artisans 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 a new products:

The artisans of the district should be encouraged to diversify the product categories like Bags, Decorative items etc. and must be provided with enough resources to create innovative products without losing the ancestral essence of the craft. The artisans going forward should focus on creating t-shirts, sweatshirts, shirts, slacks, socks, handkerchiefs, bandanas, gift bags, textile promotional articles, etc.

Modifications of Existing Products

It has also been found that most of the artisans use no strategy for making modifications to the existing products in the light of design and fusion. The artisans can make fusion products by blending print works with **Zardozi**. They can also expand in terms of the materials they use for making the products by introducing jute into their product range.

4.5 SWOT analysis

Table 6: SWOT Analysis of Textile Printing in Farrukhabad

SWOT	
Strength	Weakness

<ul style="list-style-type: none"> ▶ Assistance through Central and State Government sponsored programmes such as ODOP. ▶ Huge artisan base is available in Farrukhabad. ▶ Printing work Can be done on variety of apparels and goods. ▶ Products are available in all price ranges. ▶ Customized products. ▶ Easy availability of raw material from local, state based and country-based markets. ▶ Availability of transport facilities. ▶ Block makers are available at large scale in the cluster. 	<ul style="list-style-type: none"> ▶ No technological upgradation in the cluster. ▶ Lengthy production time of the products in case of Block Printing. ▶ Limited design input from the designers. ▶ Manufacturers lack technical qualifications. ▶ Lack of support infrastructure like tool room, design center etc. ▶ Use of low-quality raw material. ▶ No fixed time for return of goods from the printing artisan. ▶ Un-organized artisans cluster in the district. ▶ Limited international exposure. ▶ Undercutting practiced amongst manufacturers. ▶ Existence of large number of intermediaries between artisans and entrepreneurs. ▶ Inadequate information of current market trends. ▶ Scarcity of Working capital / Financial problems. ▶ Do not know how to use advanced machines and equipment
Opportunities	Threat
<ul style="list-style-type: none"> ▶ It is the potential source of foreign revenue because of higher demand in export market. ▶ Developing fashion industry requires printed products. ▶ Development of CFC having facilities such as CETP, Testing lab, Ink Jet Printing, Heat Transfer Printing, Fabric Weaving, Storage, Display offers great demand for printed products. ▶ Development of domestic and international tourism sector. 	<ul style="list-style-type: none"> ▶ Competition with Machine printed products. ▶ Globalization might bring printed or other similar products of other countries in India ▶ Change in Government Policies such as imposition of Excise Duty and GST. ▶ Low wages among artisans may pave the way for shift to other opportunistic occupations. ▶ Quality products manufacturing by countries like Italy, and China. Better trade terms are offered by these countries.

<ul style="list-style-type: none"> ▶ E-Commerce and Internet have emerged as promissory distribution channels to market and sell the craft products. ▶ Scope for formation of producer's co. /Federation. ▶ Scope for product diversification and development of new product. ▶ Big scope in foreign market such as UAE, Egypt, Israel, New Zealand, Brazil, Saudi Arabia etc. due to higher demand. ▶ Implementation of various welfare schemes for the artisans. ▶ High scope of growth. ▶ Govt. infrastructure development under various schemes like ODOP. ▶ Implementation of Baba Saheb Ambedkar Hastshilp Vikas Yojna under the development commissioner (handicrafts) for welfare of artisans. 	<ul style="list-style-type: none"> ▶ Globalization and threat from Italian/Chinese products or other similar products in India. ▶ New Generation is not willing to work in printing due to low income.
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4.6 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ The raw materials available locally is expensive in comparison to material available outside the cluster. ▶ Majority of the raw material is procured from local market is indirectly procured from Delhi, Mumbai, Gujrat, Punjab, Bangalore etc. ranging between INR 25 to 400/ Mtr. ▶ Lack of storage facility in the cluster leading to spoilage of fabrics being used for manufacturing. 	<ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank within the CFC ensuring: <ul style="list-style-type: none"> ▪ Reduction in selling price at the RMB: The material can be provided with upto 10% discount ranging between INR 20 – 350 / Mtr. ▪ RMB for embroidery and decorative materials. ▪ The cycle for procurement of the raw material is proposed to be 6 months ▶ Establishment of Weaving facility, Storage/Warehousing Facilities within CFC. ▶ Creating awareness amongst daily wage artisans to leverage working capital loan from the banks to procure raw material using schemes like ODOP Margin Money.
Technology	<ul style="list-style-type: none"> ▶ Advanced printing machine are not available to the artisans to produce the product and sell finished product in the market directly ▶ Most artisans are unaware of latest technology in the market that can be utilized for fabric printing, Finishing etc. ▶ The artisans are stringent to hold 	<ul style="list-style-type: none"> ▶ Establishment of a technology led Common processing centre with latest machinery (Ink Jet Printing Machine, Heat Transfer Printing Machine, Steam Press etc.) which would help in product diversification and reduction in production time. ▶ Leverage government schemes which

	methodologies and completely neglect upgradation in terms of technology	provides financial assistance for technology upgradation (viz. ODOP margin money scheme, ODOP Tool Kit Distribution, State Rural Livelihood Development Schemes etc.)
Design	<ul style="list-style-type: none"> ▶ Technology used for designing is a challenge as they follow the traditional methodology. All the artisans manually design their products and they get designs from traders from Jaipur, Varanasi, Noida, Delhi, Mumbai, Lucknow, etc. ▶ The artisans are unaware of software's which can simplify the designing process ▶ Most artisans within the cluster are oblivious of latest trends and fashion 	<ul style="list-style-type: none"> ▶ Establishment of Digital Design clinic within the CFC and usage of latest software such as CAD/ CAM for designing the products ▶ Strong linkages with related institutions like KVIC, NID, IIT, NIFT, banks etc. for proper cataloguing, sampling and grading of design, creating digital design bank and product diversification. ▶ Design awards to Master Craftsmen (Shilp Gurus), social enterprises ▶ Collaboration with renowned designers to help the artisans understand current trends and market demand. ▶ Engaging the Uttar Pradesh Handlooms Corporation to work on the design aspects of printed products
Marketing and Branding	<ul style="list-style-type: none"> ▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets ▶ Decreasing demand in domestic market ▶ Unavoidable dependency on wholesalers and traders ▶ Offline marketing is broadly used over online marketing ▶ The products do not have a brand name among masses. ▶ The printed products are losing its charm in the domestic market with the change of trends and with no proper outreach to the masses. 	<ul style="list-style-type: none"> ▶ Establishment of an exhibition centre/Common Display centre within the CFC in Farrukhabad and exhibition of the ODOP Product of Farrukhabad at domestic and international airports. It is proposed to establish a trade facilitation centre in Kanpur Nagar to conduct buyer seller meet, Leather summit and international leather trade fairs. This will help the local leather artisans and to do branding and promote their products. ▶ Utilization of MOUs with E-commerce companies like Flipkart, Amazon, Ebay for onboarding of Artisans. ▶ Organizing & participating in exhibitions, buyer seller meets, trade shows etc. (Viz ODOP Marketing Development Assistance Scheme). ▶ Selling of products through odopmart.com, an online platform started by Government of Uttar Pradesh. ▶ The printed products manufactured from Farrukhabad should be branded as 'Abhikalpana Farrukhabad Ki' owing to its fine intricacies. This can be then promoted widely within and outside the country by through marketing centers that can be established in domestic and international airports of India.

Skill Development	<ul style="list-style-type: none"> ▶ Majority of the labour force engaged has gained the required skills through traditional learning ▶ The low acceptance of formal skill training and negligible recognition to trained and certified worker in terms of wages. 	<ul style="list-style-type: none"> ▶ Collaboration with NSDC for providing job-oriented training for skilling and upskilling under 4 parameters. ▶ Maximizing leveraging of schemes such as the ODOP Skill Development Scheme, Entrepreneurship and Skill Development Programme (ESDP) DDUGKY scheme, 'Seekho aur Kamao' and Uttar Pradesh Skill Development Mission for skilling and upskilling of artisans ▶ Certificates to individuals about the manufacturing process of the product and thus help taking forward the age-old art. ▶ Awareness about Government ITI, Farrukhabad in the cluster which imparts training in the manufacturing process of the product.
Quality and Testing	<ul style="list-style-type: none"> ▶ Most of the printing and ancillary work is done in the cluster is home based where the quality check is an issue. ▶ There are different compositions of colour paste used for printing leads several varieties and standards of the products. 	<ul style="list-style-type: none"> ▶ Establishment of Common Facility Centre which would provide facility for testing of the printed products which would lead to common standard of the products. ▶ ODOP Cell has signed MoU with QCI for developing standards of printed products.

4.7 Future Outcomes

<p style="text-align: center;">Inputs Supply</p> <p style="text-align: center;">Ensure availability of quality raw materials.</p>	<p style="text-align: center;">Export</p> <p style="text-align: center;">Export will be doubles over the period of 5 years</p>
<p style="text-align: center;">Employment</p> <p style="text-align: center;">Approx. 11,000 trained workers to be added to the cluster. Capacity of existing workers to be strengthened.</p>	<p style="text-align: center;">Turnover</p> <p style="text-align: center;">Increase of annual turnover from existing INR 220 Cr to INR 326 Cr over the next 5 years.</p>

5. Product 2: Tobacco

5.1 Cluster Overview

The city is well known for its chewing tobacco and sugar mill. The tobacco cultivated in Kaimganj is cured by the sun and contains good amounts of nicotine. The tobacco is crushed into various sizes. A large range of different qualities are available. Tobacco is supplied to all the leading chewing tobacco manufacturers. The total turnover of the city is ~ INR 7 Crores day¹⁷, which includes internal and external trade. Kaimganj is the largest raw tobacco producer in Northern India and is also the hometown of KAKA Industries. **Exports from Farukhabad for Tobacco is ~INR 16.95 Crores.** The major concern in the town today is the ambivalent tobacco industry. No Doubt tobacco industry has contributed a lot in the development of the town – by generating numerous employment opportunities for the poor and rich equally, and thus adding to the prosperity of the town. However, a large increase in the tobacco cultivation and processing in the various warehouses located in city's residential premises is adding to the health hazards of the residents. The symptoms of asthma, tuberculosis and other respiratory malfunctions are evident in the people who work in tobacco processing industry and also among the common citizens. Now the warehouses are moved away from the city to make life better for common people.

Some of the industries in the district are K M Ilyas Tobacco Company, Manas Enterprises, Agrawal Tobacco Traders, R S Tobacco, Golden Tobacco Company, J.M. Agrawal Tobacco Company, OM Tobacco Company, etc.

5.2 Product Profile

Indian tobacco, introduced by Portuguese in the 17th century, is appreciated worldwide for its rich, full-bodied flavour and smoothness. It is now an increasingly well-known and respected commodity in global tobacco markets and has found its way into cigarettes manufactured in several countries. India has an impressive and progressive profile in the global tobacco industry. Tobacco is an important commercial crop grown in India. It occupies the 3rd position in the world with an annual production of about 800 M. kg. Of the different types grown, FCV tobacco (Flue-Cured Tobacco), Country Tobacco, Burley Tobacco, Bidi Tobacco, Rustica Tobacco and Chewing Tobacco are considered important.

Exports of Tobacco and Tobacco Products contributed Rs.5969.59 crore in terms of Foreign Exchange during 2019-20.

5.2.1 Product Portfolio

Different varieties of cigarette & non-cigarette tobaccos are grown in India, these are as follows¹⁸:

Cigarette Tobacco Production	Non -Cigarette Tobacco Production
A. FCV Tobacco	○ Bidi Tobacco
B. Non -FCV Tobacco	○ Hookah Tobacco
○ LS Burley Tobaccos	○ Chewing Tobaccos
○ HDBRG Tobaccos	○ Others
○ Air/Sun Cured Tobaccos	
○ Oriental Tobaccos	

¹⁷ Kaimganj - Wikip <https://en.wikipedia.org/wiki/Kaimganjedia>

¹⁸ Tobacco Proh <https://www.tionline.org/facts-sheets/tobacco-production/duction> - TIIOnline

Cigarettes account for the largest share of manufactured tobacco products in the world—96 percent of total sales. Except for chewing tobacco in India and smoking of kreteks in Indonesia, cigarettes are the most common method of consuming tobacco throughout the world. The invention of the cigarette-rolling machine in 1881 accelerated the tobacco pandemic by mass-producing pocket-sized packets of cigarettes. Unlike tediously hand-rolled cigarettes and bulky water pipes, manufactured cigarettes offered a convenient and portable method to maintain addiction, even while driving a motor vehicle, working in a factory, or taking a stroll. In the current era of economic globalization, some forms of tobacco, historically localized to specific regions of the world (such as the hookah and bidi), have spread to every continent. For instance, Indonesian kreteks—clove-flavoured, loosely packed tobacco cigarettes—are currently being marketed to youth in many industrialized countries. These regional forms of tobacco sometimes gain footholds in new countries based on their exotic cachet, but they rarely, if ever, displace manufactured cigarettes for a significant market share. Instead, they frequently serve as a gateway to addiction, luring youth, and other fad smokers into lifelong dependence on cigarettes. **Farrukhabad is Known for its chewing tobacco.**

5.3 Cluster Stakeholders

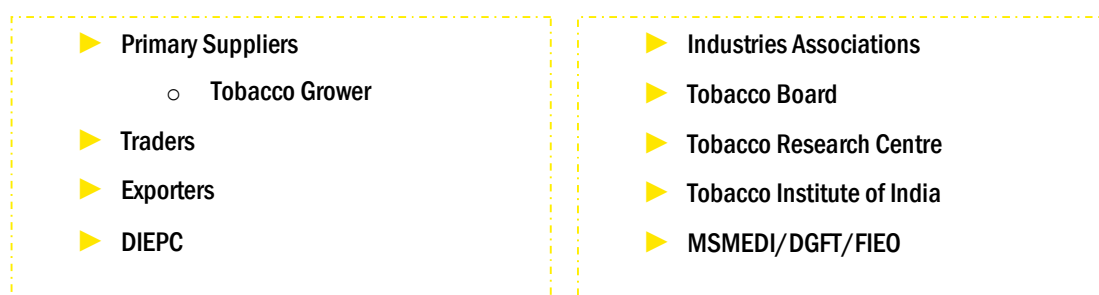


Figure 11: Cluster Stakeholders

5.3.1 Industry Associations

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

Following are main Industry Associations that are working for the development of Tobacco Sector:

- ▶ Tobacco board
- ▶ Tobacco Research Centre
- ▶ Tobacco Institute of India
- ▶ Indian Industries Association (IIA)
- ▶ Industrial Area Manufacturers' Association (AIMA)
- ▶ The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- ▶ Confederation of Indian Industry (CII)
- ▶ Federation of Indian Chambers of Commerce & Industry (FICCI)

5.4 Export Scenario

5.4.1 HS Code

HS codes under which the product is exported from the district

HS Code	Description
24011090	Other tobacco no stemmed/stripped
24012090	Other tobacco partly or wholly stemmed/stripped

5.5 Export Potential¹⁹

- ▶ Total export of tobacco and manufactured tobacco substitutes stood at 904.87 USD million in FY20. Indian tobacco is exported to around 100 countries.
- ▶ Total export of unmanufactured tobacco stood at 570.30 USD million in FY19 and reached 530.0 USD million in FY20.
- ▶ The total export of flue-cured Virginia (FCV) tobacco in January 2021, was 19.5 USD million, while for a period from April to January 2021, it was 303.7 USD million.
- ▶ The tobacco export in the month of February 2021, was 69.15 USD million and the total export during April 2020 to February 2021 was 789.57 USD million.
- ▶ India exports unmanufactured tobacco primarily to Belgium, Korea, Nigeria, Egypt and Nepal. Western Europe is a key market for Indian tobacco export.
- ▶ In August 2020, the parliamentary panel proposed permitting regulated foreign direct investment in India's tobacco production and cigarette manufacturing to stimulate agricultural exports.
- ▶ The panel proposed establishment of tobacco farms dedicated to exports only to improve outward shipments and to provide benefits to farmers. It also suggested to provide export incentives for tobacco and tobacco products.

Current Scenario

The export scenario of World and India have been analysed basis the export statistics of HS codes 240110 under which Tobacco are exported. Alongside are the key facts pertaining to the analysed product code.²⁰

Key Fact of Export

17,75,463 (USD Thousand)

Value of world exports in 2020-21

42,699 (USD Thousand)

Total Exports from India in 2020-21

2.4%

Share of India in exports

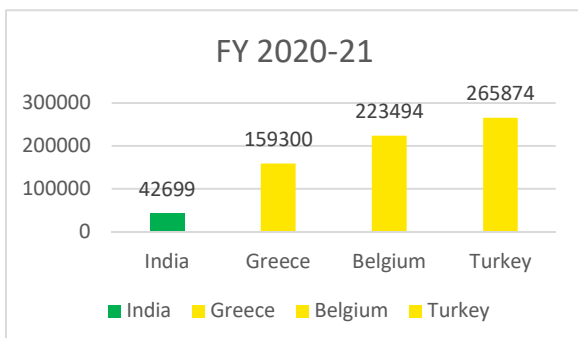


Figure 13: Top Exporters of the world under HSN code 240110

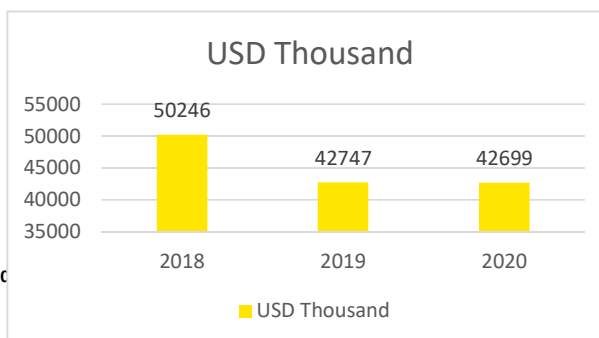


Figure 12: Year wise India's export of the product under HSN code 240110



Major importing countries of the product under this HSN Code 240110 in FY 2020-21

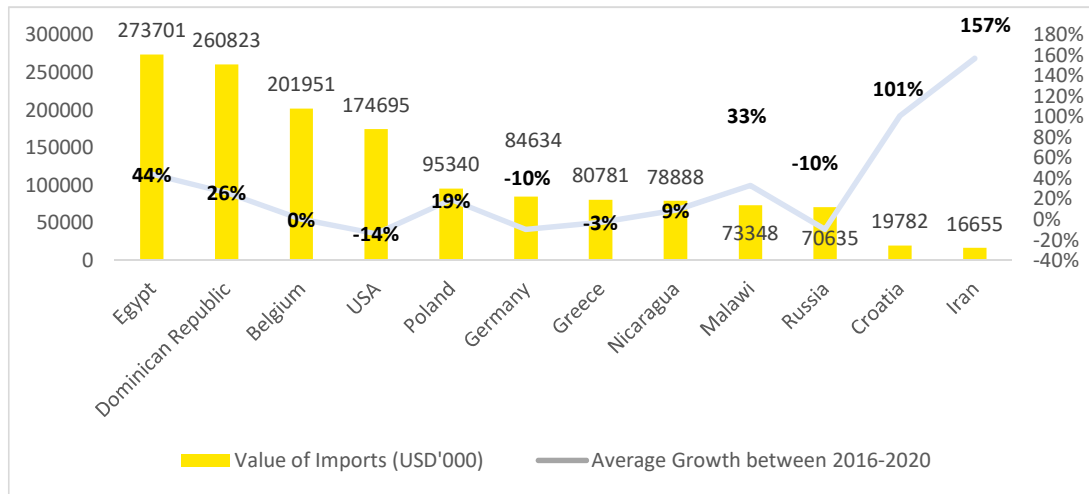


Figure 14: Major importing countries under HSN code 240110

Major countries to whom India export this HSN code 240110 in FY 2020-21

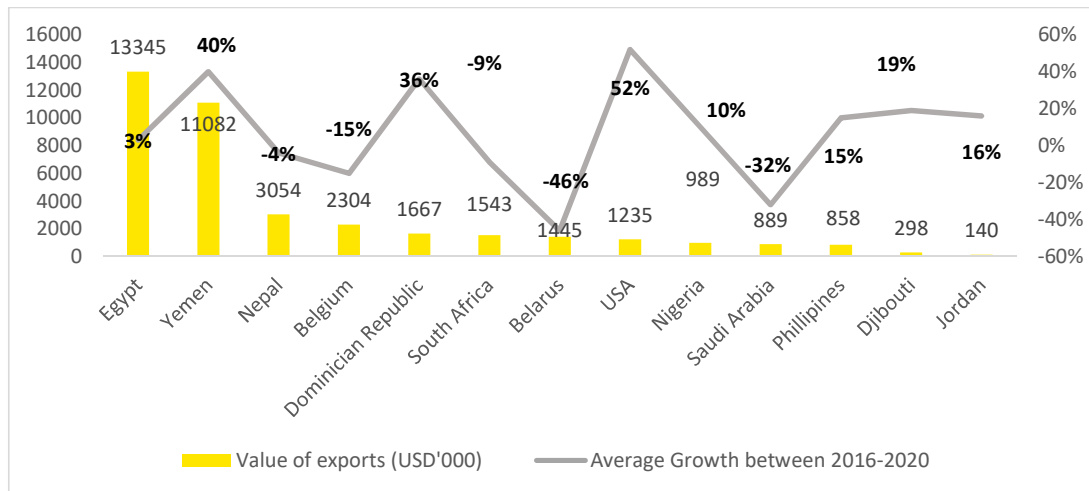


Figure 15: Major countries to whom India exports under HSN code 240110



Synergies:

1. **Immediate:** These are those countries where a proper marketing channel will unlock the potential of that market in very short period.
 - a. Based on Signed FTAs the following countries can be targeted **Philippines, Nepal.**
 - b. High Growth Markets: Egypt, Dominican Republic, Malawi, Nicaragua, Iran, Yemen, Nigeria, Djibouti and Jordan
2. **Long Term:** The following country **USA, Greece, Croatia, Belgium, Poland and Germany** come under Long-term priority market as these are those markets where the untapped market potential can only be fulfilled if UP exporters comply and raise the quality of the product to the highest standards, freight rates are more subsidized and major efforts is required in marketing which will require time to accommodate the same.

Figure 16: Market for Export Potential under HSN code 240110

5.6 Potential Areas for Development

The following are the key initiative taken by Tobacco board for development of the product category which could be followed by the Farrukhabad Tobacco Cluster :

► **Promotion of natural farming practices in tobacco cultivation:**

Natural farming promoted a brand image of pesticide residue free FCV tobacco in international scenario and mode of natural farming is environment friendly, consumes less inputs, protects natural resources from chemical, contamination, Tobacco Board has under taken trails in fields of 93 growers, to demonstrate the benefits of Natural farming to tobacco growers in FCV tobacco cultivation across all the soil regions in Andhra Pradesh and Kamataka during 2019-20 crop season. In an area of 325 acres in Andhra Pradesh and 35.25 acres in Kamataka FCV tobacco cultivation was taken up by following practices of natural farming under supervision of crop experts. The growers who have taken up natural farming practices were extended cash incentive of Rs.5000/grower and Rs.10,000/ towards cost of inputs.

► **365 days green cover in tobacco plantation**

Tobacco Board has initiated “365 days green cover” in tobacco farming, under natural farming mode in low productive, drought, prone tobacco growing villages, for improving the soil micro biome and soil organic carbon content.

5.7 SWOT Analysis

Table 7: SWOT Analysis of Tobacco Products

Strengths	Weaknesses
<ul style="list-style-type: none">► Huge Customer Base► Use of Nicotine in Medicines► Easy availability of cheap and skilled labour► Expertise in Chewing Tobacco.	<ul style="list-style-type: none">► Lack of proper infrastructure facilities in the cluster► Lack of investment and focus on R&D► Lack of permanent buyers

Opportunities	Threats
<ul style="list-style-type: none"> ▶ Big scope in domestic and foreign market like Egypt, Iran, Yemen, Belgium, Poland, USA etc. ▶ Scope for development of new products ▶ Huge Scope in Reputational gain. 	<ul style="list-style-type: none"> ▶ Poor reputation of Tobacco Industry ▶ High Taxation on Tobacco Price as taxes on cigarette in India is highest in the world ▶ Illegal Cigarette Trade ▶ WHO Framework Convention on Tobacco Control (FCTC) asserts the importance of demand reduction strategies as well as supply issues for addictive substances

5.8 Challenges and interventions

Parameter	Challenges	Intervention
Extreme Regulation	<ul style="list-style-type: none"> ▶ India has been more extreme in its approach, implementing regulations which go beyond the requirements of the FCTC which is a framework and non-binding on the government. 	<ul style="list-style-type: none"> ▶ Government efforts should focus on education and awareness creation programs that have that have proven to be more effective in controlling tobacco consumption.
Health Hazards	<ul style="list-style-type: none"> ▶ The Symptoms of Asthma, Tuberculosis and other respiratory malfunctions are evident in the people who work in tobacco processing industry²¹. 	<ul style="list-style-type: none"> ▶ Workshops may be organized on the health-related issues for the people working in tobacco processing industry. ▶ People may be encouraged to use PPE while working in the industry.
High Taxation	<ul style="list-style-type: none"> ▶ The legal cigarette industry is under intense pressure with volumes shrinking by around 28% between 2011-12 and 2020-21 in the wake of the high tax cost of duty-paid cigarettes and consequential spurt in the growth of illicit, duty-evaded cigarettes with the resulting adverse impact on Indian Tobacco Farmers and Government's Revenue Collections²². 	<ul style="list-style-type: none"> ▶ Government may revise the GST regime considering that only 8% of total tobacco is consumed in the form of Legal Cigarettes. The remaining 92% consumption is in the form of illegal cigarettes and 29 other cheaper tobacco products such as bidis, chewing tobacco, khaini etc.

5.9 Future Outcomes

Annual Turnover

Cluster exports

²¹ Kaimganj - Wikipedia

²² Tobacco Taxation | Tobacco Industry India | TIOnline

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

Substantial growth in cluster exports expected to grow by 5% annually by 2025.

6. Product 3: Zari - Zardozi

6.1 Cluster Overview

Approximately 1.10 Lakh²³ people are engaged in Zardozi craft in Farrukhabad directly and indirectly. Approx. 75000 people are artisans involved in embroidery and other production process and approx.35000 people are involved in allied works such as distribution of raw material, traders, middlemen (Kamishandar), shopkeepers etc. According to primary survey conducted in the cluster the average, wages of artisans is estimated INR 5000-7500 per month. It varies according to the working capability of the artisan. Mostly, the work is done on per piece rate basis. Most of the artisans are semi-skilled and illiterate. The artisans get training mostly while working. The estimated turnover of the cluster is INR 400 crores, with about 550 Manufactures working in the cluster along with 60-70 retails of raw materials related to zardozi work. There are retails shops available in Farrukhabad for the Zardozi goods, but the quality of goods is not up to the mark. It is due to the buying capacity of residents of Farrukhabad. This, in turn, means that the cluster contains the capacity to expand its business operations. No, Direct Export from the district

Zari Zardozi industry exists throughout the Farrukhabad and nearby regions of Farrukhabad. Every 2nd or 3rd house of major pockets are involved in embroidery work as setup of embroidery do not demand a huge amount. People are setting adda at their house and getting raw materials from bigger units/ middleman (Kamisandar)/ Master craftsmen/ trader etc. They work on daily wages basis and getting their payment in advance / weekly basis on their mutual understanding. Out of 07 blocks of Farrukhabad most of the units are located in Barhpur Block.

6.2 Product Profile

Zari or Zari Work Embroidery it is known is an intricate art of knitting and weaving threads designed from elegant gold and silver. Using these strings are further designed on fabrics, originally made of silk to create sophisticated patterns. The designs are so exquisite that, the fabric also gets an overall rich & a lovely look. Zardozi is derived from a Persian word, Zar meaning gold and Dozi meaning work. It is glittering, heavily encrusted embroidery, carried out by couching wire purls, beads, sequins and spangles onto heavy fabrics, with the help of a needle. The splendor of Zardozi is revealed in the manner in which it reflects light. The more the levels and directions of couching on the Zardozi, more appealing is the piece. Key Products of the Cluster are **Lehenga, Sari, Gown, Suit, Dupatta, Dress Trail etc.**

²³ DIEPC, Farrukhabad

6.3 Cluster Stakeholders (Plastic Products)



Figure 17: Cluster Stakeholders

6.3.1 Industry Associations (Zari- Zardozi)

Following are main Industry Associations that are working for the development of Zari- Zardozi sector:

- ▶ Indian Industries Association (IIA)
- ▶ Provincial Industries Association (PIA)

6.4 Export Scenario

6.4.1 HS Code

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

HS codes	Description
581092	Embroidery of man-made fibres on a textile fabric base, in the piece, in strips or in motifs.
580500	Hand-woven tapestries of the type Gobelin, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries, e.g., petit point, cross-stitch, whether or not made up (excluding Kelem, Schumacks, Karamanie and the like, and tapestries > 100 years old)

Current Scenario

The export scenario of India and Uttar Pradesh have been analysed basis the export statistics of HS code mentioned above under which Zari-Zardozi products are exported. Alongside are the key facts²⁴ pertaining to the analysed product codes.

Key Fact of Export

834,886 (USD Thousand)
Value of world exports in 2020

36,712 (USD Thousand)
Total Exports from India in 2020

2250 (USD Thousand)
Total export from UP in 2020

~6.13%

²⁴ <https://www.trademap.org/> and HS Codes - State Export Analysis - Dashboard - E

6.5 Export Potential

- ▶ The cluster has tremendous export potential, but owing to lack of proper market assessment mechanism, changing design patterns, specific demand preferences the export is very less.
- ▶ Hence, it was pointed out that the proper study of the foreign market, region specific demand patterns to be ascertained. Along with that, a common platform to be created where there can be an integration between the exporters and importers, thereby making the export ecosystem robust and effective.

Product: 581092 (Embroidery of man-made fibres on a textile fabric base, in the piece, in strips or in motifs.)

India's exports represent 4.6% of world exports for this product, ranking it number 4, behind China, Turkey and Hong-Kong. The value of India's exports has gradually decreased since 2015-2019, There has been a decrease by CAGR 15% in the past 5 years, and as per data FY 2015-19 for exports from India.²⁵

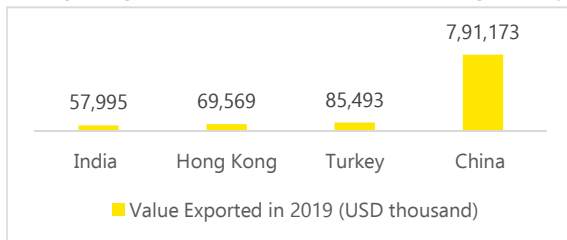
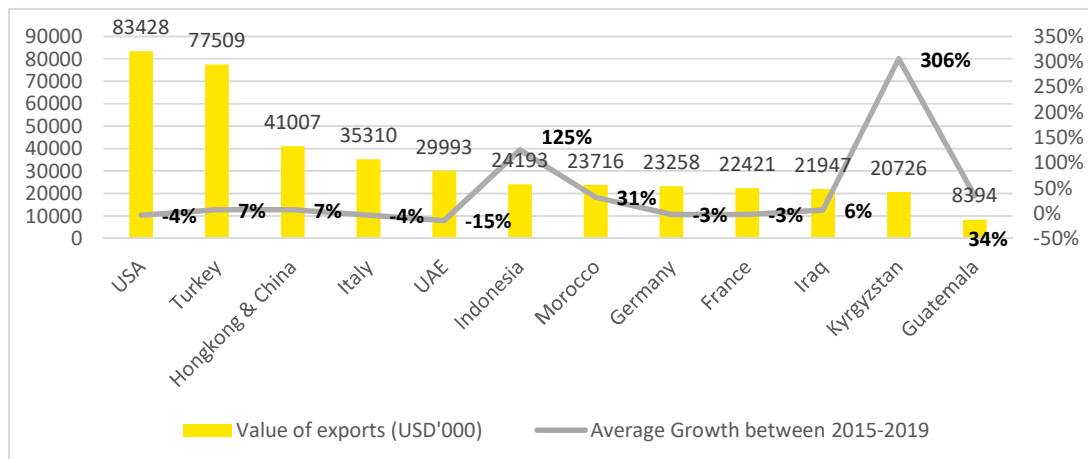


Figure 18: India's Export as compare to world

Being in the same region, India is primarily in competition with China who clearly dominates the world market accounting for 62.1% of world exports for this product i.e. more than 15 times India's level of exports and 10 times level of exports from Turkey which stands at number 2 in the world.²⁶

The top importers for this product in the world are given below, alongside the value of the product imported in 2018-19.

Figure 19: Top importers in the world under product HSN code 581092



Prominent Import Countries to whom India export this product are:-²⁷

²⁵www.trademap.org

²⁶www.trademap.org

²⁷www.trademap.org



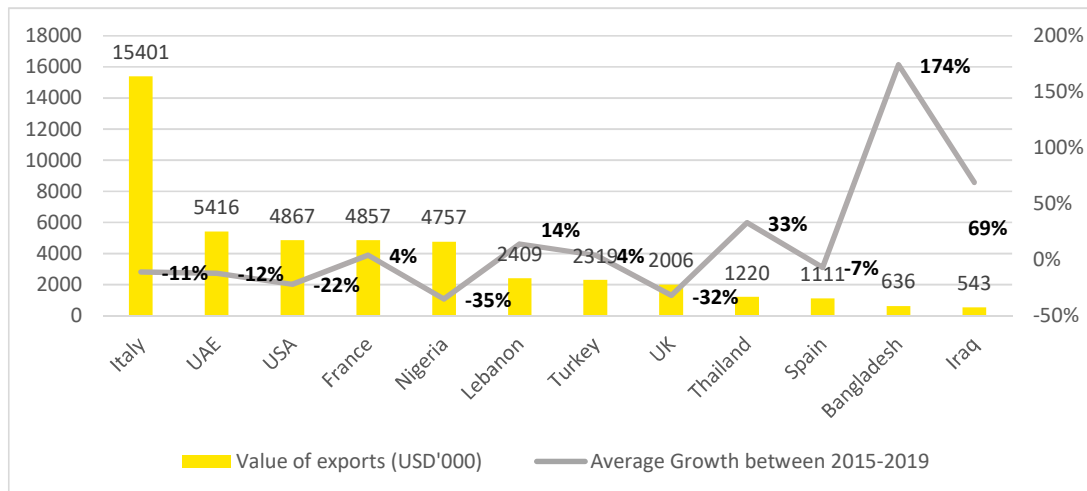


Figure 20: Prominent Importing countries to whom India Export the product



Figure 21: Market for export Potential

6.6 Potential Areas for Value Added Product

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

1. Development of a new products:

During the product diversification new product line like Purses, Langar/Ghagra, Churidar, Punjabi, Curtains, Other dress materials like Scarf etc needs to be promoted. Additionally creation of a new product range like *zari-work* that can be laminated and attached to wooden doors, frames, wall paintings etc. They can also create gift bags, curtains with intricate *zari work*.

2. Modifications of Existing Products

It has also been found that most of the artisans use no strategy for making modifications to the existing products in the light of design and fusion. The artisans can make fusion products by blending *zari work*



with **madhubani or block prints**. They can also expand in terms of the materials they use for making the products by introducing cotton and jute into their product range.

6.7 SWOT Analysis

Table 8: SWOT Analysis of Zari Zardozi from Farrukhabad

SWOT	
Strength	Weakness
<ul style="list-style-type: none"> ▶ Large diversified and potential domestic market for Zari/Zardozi products. ▶ There is large variety of product available because of diversified stitches and their traditional Art. ▶ It has strong supportive retail infrastructure. ▶ Traditional and flourishing craft. ▶ Assistance through Central and State Government sponsored programmes such as ODOP. ▶ It is the potential source of foreign revenue because of higher demand in export market. ▶ Huge artisan base is available in Farrukhabad. ▶ Zari Zardozi work Can be done on variety of apparels and goods. ▶ Products are available in all price ranges. ▶ Customized products. ▶ Easy availability of raw material from local, state based and country-based markets. ▶ Availability of transport facilities. 	<ul style="list-style-type: none"> ▶ No technological upgradation in the cluster. ▶ Lengthy production time of the products. ▶ Limited design input from the designers. ▶ Over production of low-quality goods ▶ Manufacturers lack technical qualifications. ▶ Lack of support infrastructure like tool room, design centre etc. ▶ Use of low-quality raw material. ▶ Negligible direct export from the district. ▶ No fixed time for return of goods from embroidery artisan ▶ Un-organised artisans cluster in the district. ▶ Very less fund flow from financial institutions. ▶ Limited international exposure. ▶ Very less use of modernized facilities. ▶ Undercutting practiced amongst manufacturers. ▶ Existence of large number of intermediaries between artisans and entrepreneurs. ▶ Inadequate information of current market trends. ▶ Scarcity of Working capital / Financial problems. ▶ Less information about Market and Marketing. ▶ Do not know how to use advanced machines and equipment ▶ High competition among manufacturers in the clusters of Farrukhabad.
Opportunities	Threat
<ul style="list-style-type: none"> ▶ Developing fashion industry requires handicraft products. ▶ Development of sectors like Retail, Real Estate offers great demand for handicraft products. ▶ Development of domestic and international tourism sector. ▶ E-Commerce and Internet have emerged as promissory distribution channels to market and sell the craft products. ▶ Credits facilities available. ▶ Scope for formation of producer's co. /Federation. 	<ul style="list-style-type: none"> ▶ Competition with Printed & Machine embroidered items ▶ Globalization might bring embroidery or other similar products of other countries in India ▶ Change in Government Policies such as imposition of Excise Duty and GST. ▶ Low wages among artisans may pave the way for shift to other opportunistic occupations. ▶ Quality products manufacturing by countries like Pakistan, Bangladesh and China. Better trade terms are offered by these countries.

<ul style="list-style-type: none"> ▶ Sale through Government sponsored market events. ▶ Scope for product diversification and development of new product. ▶ Big scope in foreign market due to higher demand. ▶ Implementation of various welfare schemes for the artisans. ▶ High scope of growth. ▶ Big Scope in domestic / Indian market. ▶ Govt. infrastructure development under various schemes like ODOP ▶ Implementation of Baba Saheb Ambedkar Hastshilp Vikas Yojna under the development commissioner (handicrafts) for welfare of artisans. 	<ul style="list-style-type: none"> ▶ Globalization and threat from Chinese products or other similar products in India. ▶ New Generation is not willing to work in Zari Zardozi due to low income.
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6.8 Challenges and interventions

Parameter	Challenges	Intervention
Technology	<ul style="list-style-type: none"> ▶ Advanced stitching and sewing machines are not available to the artisans to complete the product and sell finished product in the market directly ▶ Most artisans are unaware of latest technology in the market that can be utilized for fabric checking, stitching, finishing, packing etc. ▶ The artisans are stringent to hold methodologies and completely neglect upgradation in terms of technology 	<ul style="list-style-type: none"> ▶ Establishment of a technology led common production centre with latest machinery (fabric checking machines, inter-locking machines, posting machine, cause button machine, knitting, machines, sewing machines, dyeing machine and washing machines) ▶ Training programme in development of new design and products. ▶ Leverage government schemes which provide financial assistance for technology upgradation (viz. ODOP margin money scheme)
Marketing & Branding	<ul style="list-style-type: none"> ▶ Over reliance on traditional marketing (offline marketing) ▶ Unavoidable dependency on wholesalers and traders. ▶ The products do not have a brand name among masses. 	<ul style="list-style-type: none"> ▶ Utilization of MOUs with E-commerce companies like Flipkart, Amazon, Ebay for onboarding of Artisans. ▶ Organizing & participating in exhibitions, buyer seller meets, trade shows etc. (Viz ODOP Marketing Development Assistance Scheme). ▶ Selling of products through odopmart.com, an online platform started by Government of Uttar Pradesh. ▶ Maximize leveraging of Government schemes ▶ Increasing awareness about schemes and participation in promotional events ▶ The Zari-zardozi products manufactured from Farrukhabad should be branded as

Parameter	Challenges	Intervention
		'Nazakat-e-UP' owing to its fine intricacies. This can be then promoted widely within and outside the country by through marketing centres that can be established in domestic and international airports of India
Design, innovation & product development centre	<ul style="list-style-type: none"> ▶ Unavailability of Designing Centre. 	<ul style="list-style-type: none"> ▶ Establishment of Digital Design clinic within the CFC and usage of latest software such as CAD/ CAM for designing the products. ▶ Design awards to Master Craftsmen (Shilp Gurus), social enterprises ▶ MoU should be signed with NIFT for product diversification. ▶ Collaboration with renowned designers to help the artisans understand current trends and market demand.
Packaging	<ul style="list-style-type: none"> ▶ There are no proper packaging facilities in the cluster ▶ No checks and balances are made on the quality of the product which hampers the sales and potential to export. 	<ul style="list-style-type: none"> ▶ Uttar Pradesh Govt. has collaborated with Indian Institute of Packaging (IIP) which will help with innovative packaging techniques customized as per the product. When, the printers will adopt the latest techniques, it will help enthrall new customers thus, increasing the overall sales.
Taxation Subsidies &	<ul style="list-style-type: none"> ▶ Higher GST on inputs leading to blockage of funds: ▶ GST on raw material used for Zari products (viz. 18% and 12%) is higher than the finished products (viz. 18% and 5%) ▶ High turnaround time of production cycle of Zari products leading to blockage of funds due to GST input tax. 	<ul style="list-style-type: none"> ▶ Abatement or Exemption of GST rates on Zari zardozi products (or MSME units) given high turnaround time of production cycle
Exporter's issue	<ul style="list-style-type: none"> ▶ DIEPC to act as a focal point for all exporters issue 	<ul style="list-style-type: none"> ▶ Deputy Commissioner Industries may be given this responsibility to monitor the cell.

6.9 Future Outcomes

Annual Turnover
Increase in annual turnover from existing INR 400Cr. to 1000 Cr. by 2030.

Cluster exports
Direct Exports from the cluster is expected to be approx. INR 50 cr. by 2030.

7. Scheme under Uttar Pradesh Export Promotion Bureau

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

A. Marketing Development Scheme (MDA)

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

B. Gateway Port Scheme

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

C. Air Freight Rationalization Scheme

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

8. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation ²⁸
Increasing the overall exports from the state		
Sensitization and facilitation in availing Import/ export documents: Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/ export and provide support in availing them	DIEPC, UPEPB	Continuous initiative
Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events . Further, DGFT and FIEO can finalize a target to participate in at least 3 international events in a year per product category/industry (Leather Products, Engineering products, Plastic product, Hosiery and textile product etc.) by utilizing schemes like IC and MAS	DIEPC, UPEPB	Continuous initiative
Sensitization of cluster actors: <ol style="list-style-type: none"> The individuals of a cluster should be sensitized on the plethora of schemes²⁹ 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 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 	DIEPC, UPEPB	Continuous initiative

²⁸ Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

²⁹ 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>:

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

Awareness on product diversification	UPEPB/DIEPC	Continuous initiative
Workshops related to health Hazards	DIEPC	Continuous initiative
Creation of linkages with various National/International bodies for acting as a permanent buyer	DGFT/UPEPB/DIEPC	Long term
Product 3: Zari-Zardozi		
Awareness on Market Diversification	DGFT/ UPEPB	Continuous initiative
Establishment of common facility center with: <ul style="list-style-type: none"> ▶ Raw Material Bank ▶ Common Production Center ▶ Design and display center with CAD/CAM facilities and space to showcase products to undertake sale ▶ Marketing center for undertaking marketing events 	DIEPC/UPEPB	Long term
Collaboration with E-commerce companies	UPEPB/ DIEPC	Short term
Application to Directorate General of Foreign trade for a unique HSN Code for Zari-Zardozi	UPEPB/ODOP Cell / DGFT	Intermediate term
Collaboration with NIFT and NID for design inputs and support in branding initiatives	UPEPB/ODOP Cell	Long term
Application for district specific GI tag for Zari-Zardozi product of Unnao	DIEPC/UPEPB/ODOP Cell	Intermediate term

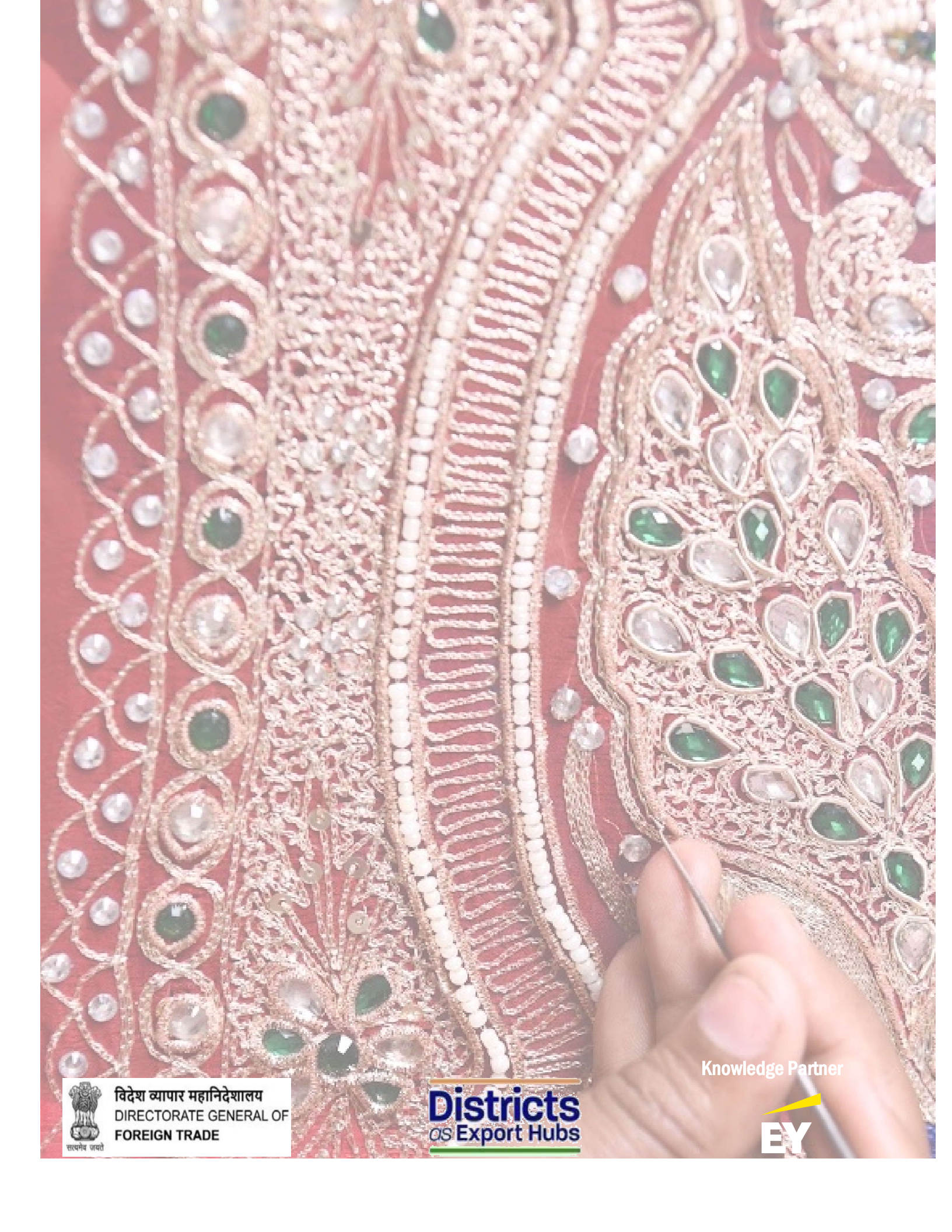
Abbreviations

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

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

USA

United States of America



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
as Export Hubs

Knowledge Partner

