



District Export Action Plan, Hamirpur, Uttar Pradesh

Department of MSME & Export Promotion
Govt. of Uttar Pradesh

Knowledge Partner



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

Districts
as Export Hubs



Preface

This district export plan for Hamirpur 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 Hamirpur district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Hamirpur 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 Hamirpur'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 the implementation schedule to give implementation roadmap of the product.

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

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1. Vision of Districts as Export Hubs

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

- Honourable Prime Minister of India, Shri Narendra Modi

Foreign trade from India constitutes of 45% of its GDP.¹ 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.

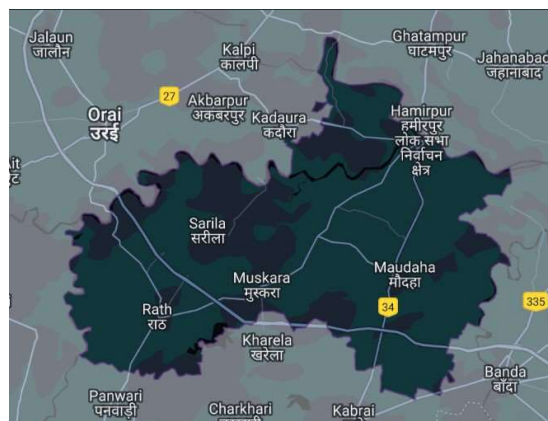
Thus, to decentralize the existing activities, to boost local production & its exports and to ensure active participation of state & district stakeholders, vision of district as export hubs was put to action. Department of Commerce, through Directorate General of Foreign Trade (DGFT) is working with 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

Hamirpur belongs to the Chitrakoot division of the state. It is located in between Kanpur and Chitrakoot, two of the most renowned places in the history. The district is believed to be connected to the Chitrakoot forest where Ram, Sita and Laxman lived/ travelled during their exile- Dandakaranya as mentioned in the Ramayana, an ancient Sanskrit epic.

The district got its name from its founder, a Kala churi from Alwar in 11th century AD, Hamira Dev. Peshwa Baji Rao, the Maratha dethroned the Nawab who captured Hamirpur by 1728 end. His reign was followed by British on 31st December 1802, who divided it into two districts, Northern Bundelkhand also known as Kalpi and Banda in March 1819. The headquarters of Kalpi was made Hamirpur in 1823 and thus the town came into prominence. ²



As per the census of 2011, the population of the district is 11,04,285 with a population density of 275 persons per sq. km. and a sex ratio 861 per 1000 males which is less than state average of 912 and national average of 943. As of 2011, it is the third least populous district of Uttar Pradesh (out of 71), after Mahoba and Chitrakoot³.

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

² DSR hamirpur, IL&FS /

³ <https://www.census2011.co.in/census/district/539-hamirpur.html>



In 2006, the Ministry of Panchayati Raj declared Hamirpur as one of the country's 250 most backward district that is currently receiving funds from the Backward Regions Grant Fund (BRGF) programme

2.1 Geography

Hamirpur is bounded by the districts of Jalaun (Orai), Kanpur and Fatehpur in north, Banda in east, Mahoba in south and districts of Jhansi and Jalaun on the West. The district is surrounded primarily by river Yamuna and Betwa. Other rivers lying in the district are Dhasaan, Barma, Ken, Chndraval and Pandwaha.

The total area of the district is around 4121.9 Sq. Kms with Hamirpur city coordinates being 25.95°N 80.15°E. The district lies in between 25.7913°N latitude and 80.0088°E longitude. Error! Bookmark not defined.

2.2 Topography & Agriculture

The economy of the district is solely based on agriculture with majority of the land being irrigated land. The key source water for irrigation are the canals. Around, 70% of people are engaged in the agriculture activities. The soils consist of the well-known Bundelkhand varieties, Mar, Kabar, Parua and Rakar. Mar is often called black cotton soil⁴.

The following table depicts the agricultural land utilization details:⁵

Table 1: Land utilization pattern

Parameter	Description (Hectare)
Total Area	4,15,948
Forest Cover	23,520
Non-Agriculture Land	31,094
Barren & uncultivable Land	3,24,935

There are three cropping seasons in the district, namely Kharif, Rabi and Zaid. The main crops sown are Wheat, Arhar, gram, Mustard etc.

3. Industrial profile of the district

As given in the following table, the district has MSME industries across the sectors of food/agro-based industries, wood, leather ready-made garments etc. and they are the key economy drivers of the district. ⁶

Table 2: Industrial area details⁷

Name of Ind. Area	Land acquired (In Acre)	Land developed (In Acre)	No. of plots	No. of allotted plots	No. of vacant plots	No. of units in production
Industrial Area, Sumerpur	496.27	496.27	302	225	77	42

Table 3: Key industries of the district⁸

⁴ DSR, Hamirpur, IL&FS

⁵ https://en.wikipedia.org/wiki/Hamirpur_district,_Uttar_Pradesh

⁶ <http://dcmsme.gov.in/old/dips/DIP-Hamirpur-%20AD-EI.pdf>

⁷ UPISIDA

Industry	Functional Units	Turnover (INR. Cr)	Employment
Electrical machinery and transport equipment	56	31.94	310
Ready-made garments & embroidery	79	11.78	307
Leather based	39	4.56	121
Wood/wooden based furniture	36	4.22	158
Metal & Steel industry	24	160	3500
Agro based food product	69	79.85	915
Total	303	292.35	5311

The total number of micro & small enterprises and artisan units in the district is around 303. These units cumulatively employ approximately 5311 individuals. ⁵

Large Industries details -

Table 4: Large industries of the district⁹

Industry	Functional Units	Investment (Rs Lakh)	Employment
Bajrang Pol Industries	1	1500	35
Tisa minerals ltd	1	1500	30
Hans metal Ltd	1	5600	70
Amit Packaging ltd	1	3500	55
Organic India Ltd	1	1700	180
Rimjhim Ishpat Ltd	1	30000	1470
Juhi alloys Ltd	1	10000	150
Hindustan Unilever Ltd	1	18000	324
Unilever India Ltd	1	29000	228
			2542

3.1 Major Exportable Product from Hamirpur

Table 5: Major exportable product¹⁰

S. No	Product code	Export value (in INR) from April 2021 to March, 2022
1	Bars And Rods, Cold-Formed Or Cold Finished	38248856
2	Converted Slag (Scull) Of Blast Furnace	3388326

⁸ DIC Hamirpur

⁹ DIC Hamirpur

¹⁰ DGFT, Kanpur

S. No	Product code	Export value (in INR) from April 2021 to March, 2022
3	Other Blbs, Tubrs, Tubrus Roots Etc.	1768928
4	Other Groundnut in Shell	780000
5	Other Statuettes	724812
6	Other Waste from Iron/Steel	2607595
7	Other Wooden Furniture	6652491
8	Other Gummed or Adhesive Paper and Paperboard	8948480
9	Strips For Pipes And Tubes (Other Thn Skelp) Other	9120420
10	Wheat	51900731
11	Wire of Stainls Stl Thicker Than 1.5 Mm	5398593
12	Kernels, H.P.S	1500000
13	Juti	-
		1310392

4. Product 1: Juti

4.1 Cluster Overview

Sumerpur a town which is ~15 kms to the south of Hamirpur is where the Juti industry is located. The development of Kanpur to an Industrial hub which mainly focusses on the production of leather by the British has largely facilitated the artisans in Hamirpur to start Juti producing units at Sumerpur. People from Haryana and Rajasthan came to this place along with some from Peshwar and Lahore as well. They initiated the Juti manufacturing in 1952 with about 75 artisans.¹¹

However, over the years with increased industrialization and opportunities in metro cities the number of traditional industries have decreased. Currently, the cluster has only 12 registered units while the remaining are un-registered household units. The number of artisans/ cobblers have also decreased.

Key Facts Error! Bookmark not defined.

60 Cobblers/artisans

18 Units

INR 64 Lacks: turnover

10,000-11,000 Pairs per year.

4.2 Product profile

Hamirpur cluster produces only handmade leather Juti. The various varieties of these Juti produced are Nagra, Rajasthani, Loafers, Desi and Lucky.

The production process of Hamirpur's Juti is long, with a pair of shoes taking at least 8-9 hours of time. Hence a maximum of 2 shoes can only be made in a day.

The general process followed to make a pair of Juti) is as follows:

- ▶ **Cutting:** The exterior leather is cut as per the desired size. The sole is made by joining 2-3 sheets of hard buffalo leather produced using nails after brushing off impurities
- ▶ A leg hole is inserted onto the exterior leather cut and the leather is folded along the centre

¹¹ <http://dcmsme.gov.in/old/dips/DIP-Hamirpur-%20AD-EI.pdf>

- ▶ Next the interior leather portion is sewed using a sewing machine on top of the exterior leather around the leg-hole portion and then the interior leather is shredded off the whole region
- ▶ The beading is glued on to the interior leather around the hole portion to fix it tightly and then the exterior portion is tucked out
- ▶ The final sewing of the exterior and interior leather parts along the edged is completed using a sewing machine
- ▶ The desired design is now inscribed according to the variety
- ▶ The sole is attached using the honeycomb wax polished cotton yarn and the process is finished by shaping the sole accordingly.
- ▶ Mould is inserted to the shoes using hammer and is kept for 24 hours to obtain the desired shape



Figure 2: Jutis

4.2.1 Product Portfolio

The following table details the various types of Juti along with its price:

Table 6: price

Type of shoe (Juti)	Price
Nagra	Rs. 600-650
Rajasthani	Rs. 700-900
Loafer	Rs. 600-700
Desi	Rs. 500-600

Types of Juti and its Stakeholders

4.3 Cluster

The key

- ▶ Artisans / cobblers
 - ▶ Raw material suppliers
 - ▶ Machinery suppliers
 - ▶ Entrepreneurs
 - ▶ Manufactures
 - ▶ Banks and Financial Institutions
 - ▶ DIEPC, Chitrakoot
- ▶ MSME DI
 - ▶ Centre Footwear Training Institute (CFTI)
 - ▶ Centre of Leather Export (CLE)



include:

4.4 Export Scenario

4.4.1 HS code

HS Code	Description
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather (excluding covering the ankle, incorporating a protective metal toecap, sports footwear, orthopaedic footwear and toy footwear)

Table 7: HS code

Current Scenario

India is the second largest producer of Leather footwear with an **annual production of 2065 million pairs**. Leather footwear in India has a **huge domestic retail market -with 1950 million pairs (95%) of which are sold in domestic market**.¹²

Moreover, **footwear export accounts for 49% share in India's total leather & leather products export**. The Footwear product mix comprises:

1. Gents: 55%
2. Ladies: 35%
3. Children: 10%

Key Facts of Export

24,338,323 USD Thousand

Value of world exports in 2020

244,292 USD Thousand

India's exports 2020

78.75 USD Million

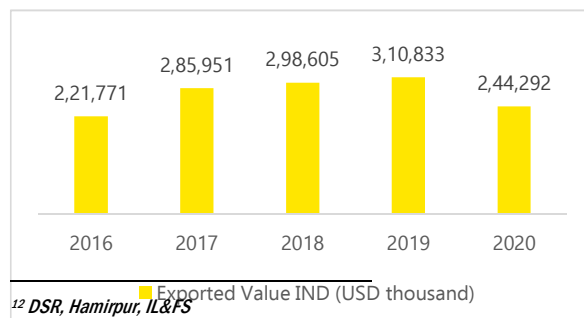
UP's Export (2020-21)

4.5 Export Potential

Product 1: 640399- Footwear with outer soles of rubber, plastics, or composition leather, with uppers of leather (excluding covering the ankle, incorporating a protective metal toecap, sports footwear, orthopaedic footwear, and toy footwear)

India's exports represent 1% of world exports for this product, ranking it number 16, behind China, Viet Nam, Italy, Germany, Belgium, France, Netherlands, Portugal, Spain, Poland, Indonesia, UK, Hong Kong, Austria, and Switzerland. The value of India's exports over the last 5 years have increased by CAGR 3% with a sharp increase in 2019 and then a subsequent dip post that. As per data FY 2018-19 to 2020-21 for exports from the state of UP, it is observed that there has been decreased by CAGR 14.18%, with a similarly sharp increase in 2018-19 which fell in the year post that.

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



¹² DSR, Hamirpur, IL&FS

Figure 4: Exported value of India for HSN-640399

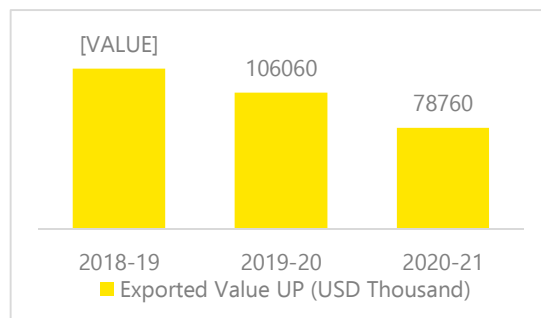


Figure 3: Exported value of UP for HSN-640399



2020.

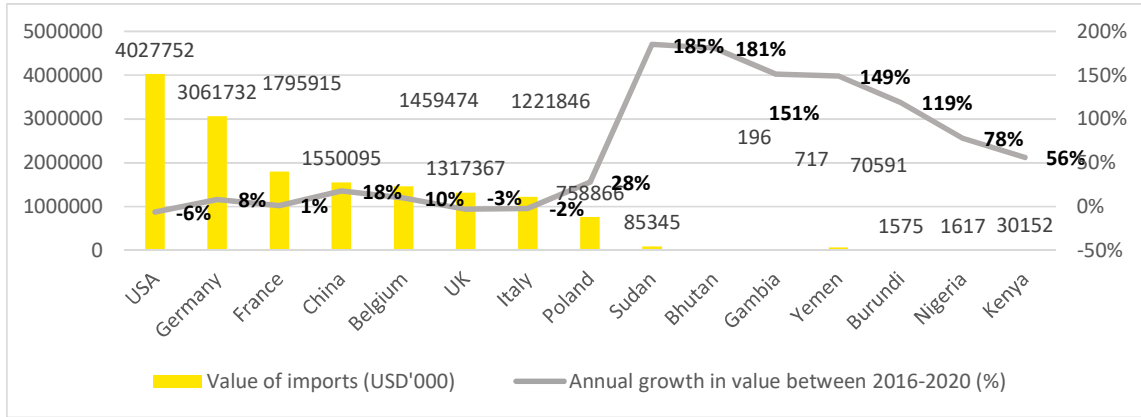


Figure 5: The top importers for this product in the world for HSN-640399

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

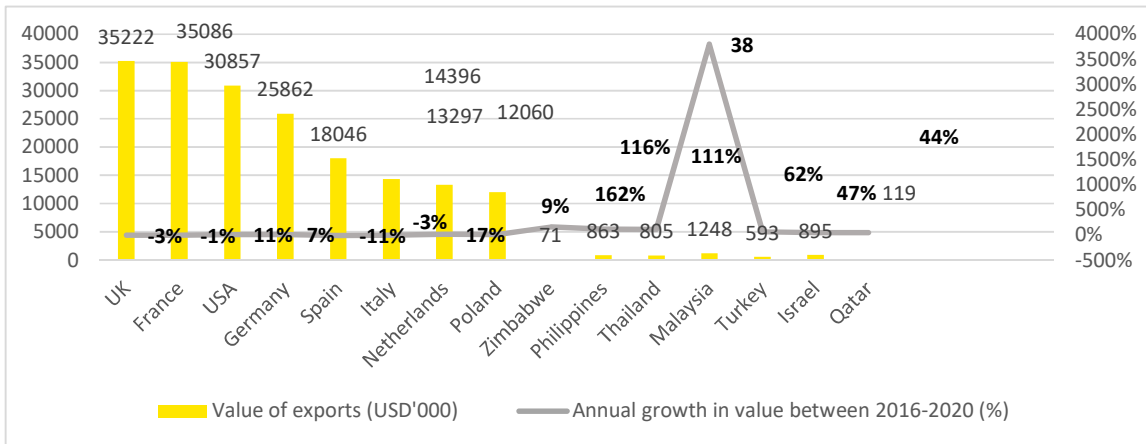


Figure 6: Prominent Import Countries to whom India export of HSN- 640399



Figure 7: Markets for export potential for HSN-640399



Countries to whom UP exports this product in HSN code -640391 are **UK, Spain, Poland, Germany, France, Netherland, Italy, USA, Belgium, Australia, UAE, Denmark, South Africa, Chile, and Slovenia.**¹³

4.6 Potential Areas for Value Added Product

The following developments can be undertaken at the cluster by the actors/ stakeholders to cater to a larger audience

- ▶ **Creation of new products** like chappal, sandals and different styles of Jutis. The cluster can also focus on creation of additional leather products like bags etc.
- ▶ **Modifying the exiting product range** by inculcating new age designs and patterns

4.7 SWOT analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ All products are handmade ▶ Basic skill set is easily available ▶ Low investment required ▶ Less dependencies on formal industrial environment ▶ Strong historical background of craftsmen. 	<ul style="list-style-type: none"> ▶ Production and turnover base are low ▶ Low paying work, hence, youth of the district are moving outside of the district in search of better paying opportunities ▶ Limited market penetration ▶ There has been no focus on product diversification ▶ Online sales channel is not targeted
Opportunities	Threats
<ul style="list-style-type: none"> ▶ It is part of larger Leather Cluster hence can be efficiently integrated ▶ Kanpur and Agra have well established market which can be leveraged ▶ Labour intensive industry providing can provide large livelihood 	<ul style="list-style-type: none"> ▶ Declining interest of youths ▶ Fluctuation of Raw material prices. ▶ Tough competition from established clusters of Agra, Chennai, Kolhapur, Kolkata, etc ▶ Higher social and environmental compliance and cost

Table 8: SWOT Analysis

4.8 Challenges and interventions

Table 9: Challenges and Interventions

Parameter	Challenges	Intervention
Raw Materials	<ul style="list-style-type: none"> ▶ Unavailability of quality sole due to the shutdown of Sumerpur tannery <ul style="list-style-type: none"> ○ This has deteriorated the quality of the product ▶ Regular shutdown of Jajmau tanneries of Kanpur is forcing the Juti industry of Hamirpur to procure leather at higher prices or face unavailability in raw 	<p><u>Hard intervention:</u></p> <ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank (RMB) within the Common Facility Centre ensuring reduction in selling price at the RMB; up to 10% discount.

¹³ www.dgcisanalytics.in

Parameter	Challenges	Intervention
	<p>material. Both, leading to a higher priced product which causes uncertainty on orders</p>	
Production	<p><u>Design & product development:</u></p> <ul style="list-style-type: none"> ▶ The cobblers/ artisans of the cluster have limited understanding on latest designs and importance of innovation ▶ Negligible focus on market analysis and trend forecasting due to lack of skills ▶ The cluster has limited focus on diversification or creation of new products <p><u>Production process:</u></p> <ul style="list-style-type: none"> ▶ Majority of the artisans work from places with minimal facilities. They face frequent power cuts, poor supply of water and limitations in other facilities which largely impacts the production ▶ The entire production is handmade which limits the number of products made <p><u>Finishing and quality control:</u></p> <ul style="list-style-type: none"> ▶ No checks and balances made on finishing. All products are manually checked for errors ▶ None of the products follow any quality standards <p><u>Packaging:</u></p> <ul style="list-style-type: none"> ▶ Lack of knowledge and experience in packaging and its importance 	<p><u>Soft Interventions:</u></p> <ul style="list-style-type: none"> ▶ Short-term training programmes by institutes like NIFT, FDDI, CFTI and NID etc. on how to manufacture designer jutis, demo products and educating them on how to prepare a costing structure for the new products <p><u>Hard intervention:</u></p> <ul style="list-style-type: none"> ▶ Establishment of a technology led common production centre with latest machinery to automate and amplify the production <p><u>Soft intervention:</u></p> <ul style="list-style-type: none"> ▶ Promote leveraging of government schemes which provides financial assistance for technology upgradation (viz. ODOP margin money scheme etc.) ▶ MoU signing with QCI for defining quality standards of Juti products so that their quality can be maintained/improved, and export quality products can be manufactured. ▶ Collaboration with Indian Institute of Packaging (IIP) to help with innovative packaging techniques, customized as per the product. This will help enthrall new customers thus, increasing the overall sales.
Branding and Marketing	<ul style="list-style-type: none"> ▶ Poor linkages to promote the products ▶ Decreasing demand in domestic market ▶ Unavoidable dependency on middleman for sale of products ▶ Offline marketing is broadly used over online marketing due to limited knowledge and interest ▶ Limited focus on marketing and promotion of products ▶ Lack of long-term contracts to sell the 	<p><u>Soft Interventions</u></p> <ul style="list-style-type: none"> ▶ Collaboration with Juti brands like Needledust, Roohani, FabIndia etc. to improve the designing and production process of this cluster. <ul style="list-style-type: none"> • The designers of these brands can conduct trainings at the CPC eventually ▶ A documentary film should be developed

Parameter	Challenges	Intervention
	product	<p>to highlight the history and craft of Juti product work in Hamirpur</p> <ul style="list-style-type: none"> ▶ Collaboration with e-commerce companies like Amazon, Flipkart etc. ▶ Sensitization of cluster actors about Performance Linked Incentive initiative of the government under the Atmanirbhar Bharat Abhiyan and the Make in India initiative which envisages to increase productivity, expand operations and initiate/ widen export opportunities for select sectors ▶ 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
Community and skilling	<ul style="list-style-type: none"> ▶ Lack of collective efforts for trade and manufacturing. ▶ Lack of access to formal training 	<ul style="list-style-type: none"> ▶ Capacity building of the cluster actors- units and cobblers/ artisans to help them create a self-sustainable ecosystem through formation of SHGs and associations ▶ Arranging exposure visits to established clusters of Agra, Jaipur, Kolhapur etc. for the cluster actors to learn the existing gaps and mitigating measures via adoption of best practices ▶ Collaboration with NSDC for providing job-oriented training for skilling and upskilling under 4 parameters. ▶ Maximizing leveraging of skill upgradation 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
Export	<ul style="list-style-type: none"> ▶ Currently, the cluster does no undertake direct export of the product due to limited production, lack of knowledge on undertaking exports and related formalities 	<ul style="list-style-type: none"> ▶ To assist and promote the establishment of export units ▶ Sensitization and facilitation in availing Import/ export document ▶ Creation of an event calendar comprising of events to be conducted in

Parameter	Challenges	Intervention
	<ul style="list-style-type: none"> ▶ Unaware of potential markets ▶ No focal point to address exporters ongoing issues hence its often a hesitation for budding exporters 	<p>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</p> <ul style="list-style-type: none"> ▶ Sensitization of cluster actors: <ul style="list-style-type: none"> ○ The individuals of a cluster should be sensitized on the plethora of schemes 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 analysing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP DIC and FIEO can play a proactive 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 ▶ 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.
Access to finance	<ul style="list-style-type: none"> ▶ Difficulty in receiving financial support ▶ Tedious paperwork and long waiting time of banks usually persuade artisans from not taking financial support from banks 	<ul style="list-style-type: none"> ▶ Awareness and outreach program for raising consciousness about existing schemes and financial products ▶ Sensitization of banks/financial institutions to understand the product value chain while fixing WC/CC limits ▶ 'Revolving Working Capital Assistance' to micro units/ cobblers/ artisans towards procuring raw materials and meeting operating expenditure. This can be introduced through existing CFCs or

Parameter	Challenges	Intervention
		<p>DIC</p> <ul style="list-style-type: none"> ▶ Collaboration with nationalized banks to facilitate quick loan approval and disbursement through digital lending. (ex. SIDBI and BoB)
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.

4.9 Future Outcomes

Annual Turnover
Increase from INR 64 Lacks to INR 1Cr in the next 5 years ¹⁴

Cluster exports
The cluster is likely to initiate exports and do business worth INR 25 Lakhs in the next 5 years.

¹⁴ DIC Hamirpur

5. Various Schemes being run by UP government and GOI

5.1 Export Promotion Scheme of the Department of MSME & Export Promotion, UP ¹⁵

5.1.1 Marketing Development Scheme (MDA) run by EPB, UP

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

5.1.2 Gateway Port Scheme run by EPB, UP

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

5.1.3 Air Freight Rationalization Scheme run by EPB, UP

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

¹⁵ <https://epbupindia.in>

Recognized Cargo Complexes	Varanasi & Lucknow
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5.1.4 State Export Award Scheme run by EPB, UP

Scheme	Eligibility	Details
State Export Award	All manufacturer and merchant Exporters online registered with EPB Minimum Export turnover 30,00,000/-	All manufacturer and merchant Exporters online registered with EPB

5.2 Exports from Government of India Scheme

5.2.1 Merchandise Exports from India Scheme (MEIS)

- ▶ Under this scheme, exports of notified goods/ products to notified markets as listed in Appendix 3B of Handbook of Procedures, are granted freely transferable duty credit scrips on realized FOB value of exports in free foreign exchange at specified rate (2-5%).
- ▶ Duty Credit Scrips are provided for exports to diversify markets and offset the disadvantage faced by exporters with regard to freight costs, transport hurdles and other disabilities. They are like debit notes which can be used to pay import duties.
- ▶ Such duty credit scrips can be used for payment of custom duties for import of inputs or goods, payment of excise duty on domestic procurement, payment of service tax and payment of custom duties in case of EO default.
- ▶ Exports of notified goods of FOB value upto Rs 25, 000 per consignment, through courier or foreign post office using e-commerce shall be entitled for MEIS benefit.

5.2.2 Service Exports from India Scheme (SEIS)

- ▶ Service providers of notified services as per Appendix 3E16 are eligible for freely transferable duty credit scrip 5% of net foreign exchange earned.

5.2.3 Duty exemption & remission schemes

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

5.2.3.1 Advance Authorization Scheme

Under this scheme, duty free import of inputs is allowed, that are physically incorporated in the export product (after making normal allowance for wastage) with minimum 15% value addition. Advance Authorization (AA) is issued for inputs in relation to resultant products as per SION (Standard Input Output Norms prescribed in Handbook of Procedures Vol. II) or on the basis of self-declaration, as per procedures of FTP. AA normally has a validity period of 12 months for the purpose of making imports and a period of 18 months for fulfilment of Export Obligation (EO) from the date of issue. AA is issued either to a manufacturer exporter or merchant exporter tied to a supporting manufacturer(s).

¹⁶ <https://www.dgft.gov.in/>

5.2.3.2 Advance Authorization for annual requirement

Authorization holders who have been exporting for at least 2 years can get annual Advance Authorization. This gives them the flexibility to export any product throughout the year falling under an export product group using the duty exempted imports. However specific inputs have to be tallied with the resultant exports as per SION/ prescribed ad hoc norms.

5.2.3.3 Duty Free Import Authorization (DFIA) Scheme

DFIA is a variant to Advance Authorization scheme. It is different from Advance Authorization as a higher minimum value addition of 20% is required, as compared to only 15% in Advance Authorization. It has enabling provision for transferability of authorization or materials imported against it. DFIA can be applied and obtained on post export basis as well. It is popular with exporters who export first and then obtain the Authorization, which can be sold freely.

5.2.3.4 Duty Drawback of Customs/Central Excise Duties/Service Tax

The scheme is administered by Department of Revenue. Under this scheme products made out of duty paid inputs are first exported and thereafter refund of duty is claimed in two ways.

5.3 EPCG SCHEME

5.3.1 Zero duty EPCG scheme

Zero duty EPCG scheme allows import of capital goods for preproduction, production and post-production (including Completely Knocked Down/ Semi Knocked Down there of as well as computer software systems) at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date (para 5.1 a of FTP).

The scheme can be taken both post exports and pre- exports. The export obligation discharged would require fulfilment of specific export obligation in addition to the existing Average export performance over a period of three years.

Period of import would be 9 months. Exporters availing benefit under Technology Up Gradation Fund Scheme ("TUFSS") can also avail benefit of Zero duty EPCG Scheme. Import of motor cars, SUV's, all purpose vehicles by hotels, travel agents, or tour or transport operators and companies owning/ operating golf resorts not allowed. Export Obligation for domestic sourcing of capital goods under EPCG schemes has been reduced by 10% to encourage import substitution.

5.3.2 Post Export EPCG Duty Credit Scrip Scheme

A Post Export EPCG Duty Credit Scrip Scheme shall be available for exporters who intend to import capital goods on full payment of applicable duty in cash.

5.3.3 EOU/EHTP/STP & BTP SCHEMES

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

5.4 Other Scheme

A. Towns of Export Excellence (TEE)

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

B. Rebate of duty on "export goods" and "material" used in manufacture of such goods – Rebate of duty paid on excisable goods exported or duty paid on the material used in manufacture of such export goods may be claimed under Rule of 18 of Central Excise Rules, 2002.

C. Export of goods under Bond i.e. without payment of excise duty

Rule 19 of Central Excise Rules 2002 provides clearance of excisable goods for exports without payment of central excise duty from the approved factory, warehouse and other premises.

D. Market Access Initiative (MAI) Scheme

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

6. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation ¹⁷
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 (Juti) 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 schemes¹⁸ 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 EAPs	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
Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon,	UPEPB/DIEPC	Short term

¹⁷ Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

¹⁸ 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>:

ebay, Flipkart etc.		
Formation of an industry specific association for further betterment of the cluster		
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: Juti		

<p>Creation of a Common facility centre with the following amenities:</p> <ul style="list-style-type: none"> • Raw material bank • Common production centre 	DIEPC, DGFT and ODOP Cell	Long term
Short-term training programmes by institutes like NIFT, FDDI, CFTI and NID etc. on how to manufacture new Juti, demo products and educating them on how to prepare a costing structure for the new products	ODOP cell and DIEPC	Short-term
Capacity building of the cluster actors- units and cobblers/ artisans to help them create a self-sustainable ecosystem through formation of SHGs and associations	ODOP cell and DIEPC	Short-term
Arranging exposure visits to established clusters of Agra, Jaipur, Kolhapur etc. for the cluster actors to learn the existing gaps and mitigating measures via adoption of best practices	SPV/ Association	Intermediate
Collaboration with NSDC for providing job-oriented training for skilling and upskilling under 4 parameters.	ODOP cell and NSDC	Short term
Maximizing leveraging of skill upgradation 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	ODOP cell and DIEPC	Short-term
A documentary film should be developed to highlight the history and craft of Juti product work in Hamirpur	ODOP cell	intermediate
<p>► Collaboration with Juti brands like Needledust, Roohani, FabIndia etc. to improve the designing and production process of this cluster.</p> <ul style="list-style-type: none"> • The designers of these brands can conduct trainings at the CPC eventually 	ODOP cell and the company	Intermediate

7. Annexure 1

Abbreviations

Table 10: List of abbreviations

AAS	Advance Authorization Scheme
BoB	Bank of Baroda
CFC	Common Facility Center
CONCOR	Container Corporation of India
CPC	Common Production Center
DDUGKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DFIA	Duty Free Import Authorization
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
ESDP	Entrepreneurship and Skill Development Programme
FIEO	Federation of India Export Organization
FTA	Free Trade Agreement
HS	Harmonized System
IC	International Cooperation
IEC	Import Export Code
IIP	Indian Institute of Packaging
MAS	Market Assistance Scheme
MSE-CDP	Micro & Small Enterprises - Cluster Development Programme
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
RMB	Raw Material Bank
SIDBI	Small Industries Development Bank of India
SPV	Special Purpose Vehicle
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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