



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE



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## Preface

This district export plan for Jalaun 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 Jalaun district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Jalaun 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 Jalaun's geographic, demographic, and administrative profile, along with key statistics of prominent exporting products of district, gaps identified basis diagnostic survey, recommendations proposed to mitigate the gaps and action plans required to implement those recommendations.

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

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

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# 1. Vision of Districts as Export Hubs

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

- **Honourable Prime Minister of India, Shri Narendra Modi**

Foreign trade from India constitutes of 45% of its GDP.<sup>1</sup> Until 2019, only the central government was engaged in the decision making of foreign trade, without any participation or involvement of state and/or district stakeholders. However, now, understanding that there are diverse elements that contribute towards an enabling and conducive foreign trade environment; the central government has identified that with policy & strategy, active support of the state governments and district administrations are also equally required.

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

DGFT and Uttar Pradesh Export Promotion Bureau (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.

*Figure 1: Map of Jalaun District*

## 2. District Profile

District Jalaun is one of the important districts of Jhansi Mandal which comes under Bundelkhand Region Jalaun district comes under the Jhansi Division. The district is divided into 5 tehsils<sup>2</sup> namely, Orai, Jalaun, Konch, Madhogarh & Kalpi. Tehsils are further 5 subdivided by 9 development blocks Rampura, Kuthond, Madhogarh, Konch, Jalaun, Nadigaon, Dakore, Mahewa and Kadaura comprising 81 Nyay Panchayat which covers 1151 Gram Sabhas with 937 revenue villages.

The district administration Headquarters is Orai.

### 2.1 Geography

The district Jalaun<sup>3</sup> is situated in North Part at 26° 8'45.11" N & 79° 19'46.76" E. The district headquarter Orai is 120 Kms. from Kanpur and 110 Kms. from Jhansi. In North-East, It is surrounded by Etawah & Kanpur Dehat and in east south by Hamirpur, in the western side there is Pahuj River and across the Pahuj District Bhind (Madhya



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

<sup>2</sup> <https://jalaun.nic.in/administrative-setup/>

<sup>3</sup> <https://www.distancesto.com/coordinates/in/jalaun-latitude-longitude/history/14410.html>

Pradesh) is situated. Hence Jalaun is spread from east to west 93 Km. and north to south 68 Km. and in length & width and total geographical area of district Jalaun is 4569 Sq. Kms.

## 2.2 Topography & Agriculture

The total forest covered area of Jalaun is 25693.35 Hectare<sup>4</sup> and out of the total area of district, approx. 4569 sq. km. the forest availability of Jalaun district is of evergreen forest.

Sesamum, Urd, Sorghum, Bajra, Pigeon pea and Moong in Kharif and wheat, gram, field pea, Lentil & toria and mustard in Rabi are the major crops whereas the Neem, Mango, Mauha, Saal, Sagaun, Babool, Kher, Kail are main trees of Jalaun district.

In its North-East Border River Yamuna is flowing and in western Side many other rivers are flowing. Because of the deep depth of the rivers nearby 4.4 Km. area has covered by dense forest. Some part of the district is hilly.

## 2.3 Demography

Jalaun district<sup>5</sup> has **total population of 1,689,974** as per the Census 2011. Out of which 906,092 are males while 783,882 are females. In 2011, there were total 288,338 families residing in Jalaun district. **The Average Sex Ratio of Jalaun district is 865.**

As per Census 2011 out of total population, 24.8% people lives in Urban areas while 75.2% lives in the Rural areas. The average literacy rate in urban areas is 77.6% while that in the rural areas is 72.4%.

**The total literacy rate of Jalaun district is 73.75% .** The male literacy rate is 72.12% and the female literacy rate is 53.8% in Jalaun district.

## 3. Industrial profile of the district<sup>6</sup>

Jalaun's economy has historically been based primarily on agriculture. Sesamum, Urd, Sorghum, Bajra, Pigeon pea and Moong in Kharif and wheat, gram, field pea, Lentil and mustard in Rabi are the major crops. Jalaun is one of largest producing mentha leaves and its product 'Mentha Oil' districts in Uttar Pradesh. **The mentha oil extraction and distillery units (500 units<sup>7</sup>)** can be viewed as village-based micro-units set up; typically having two or three units in a village and being operated by a local operator. Jalaun is the one of largest producer of the mentha leaves and oils across Uttar Pradesh.

Secondly, a large tract of Tehsil Konch, Jalaun, Orai and Madhogarh have seen **green peas-based processing units (47 Seed Processing Units<sup>8</sup>)** dotted with similar industries developed. Also, green peas based frozen industry units (~25) and chain of ware housing cold storages have their footholds in Orai, Konch and Jalaun. Additionally, Over the period, industrial development in Jalaun has gained momentum in the set-up of variety of industrial units, simultaneously the policy has also created a conducive and friendly environment.

The district has around **6621 units that employ around 26980 individuals.**<sup>9</sup> The key enterprises of the district include **Paper & Paper Product industries, Transport Services, Food processing activities, Cotton and textiles units, IT and Electrical Machinery and Parts activity, Telecommunication Services and animal production, hunting and related service activities.**

Table 1: Mapping of industries

Year	Number of Registered Industries	Employment	Investment (in Lakhs)
Till 2015	3194	11507	30.13

<sup>4</sup> <http://dcmsme.gov.in/old/dips/DIP%20%20Jalaun.pdf>

<sup>5</sup> <https://www.censusindia.co.in/district/jalaun-district-uttar-pradesh-165>

<sup>6</sup> <http://dcmsme.gov.in/old/dips/DIP%20%20Jalaun.pdf>

<sup>7</sup> Department of Horticulture, Jalaun Office

<sup>8</sup> UP State Seed Certification Agency, Jalaun

<sup>9</sup> Information populated based on stakeholder consultations and MSME Industrial Report

2015-2020	2398	8779	262.12
2020- till date	1029	6694	75.67
	<b>6621</b>	<b>26980</b>	<b>367.92</b>

### 3.1 Sector wise Units, Investment and Employment in (2020-21)<sup>10</sup>

Table 2: Sector wise units & employments of Jalaun district

Sl. No.	Type of Industry	Number of Units	Investment (in Crore Rs.)	Employment
<b>A</b>	<b>Manufacturing Sector</b>			
1	Food Products	31	5.5	199
2	Minerals, Tobacco Product	1	0.1	5
3	Woolen, silk & artificial Thread based clothes/Cotton Textiles	12	2.12	94
5	Wood/wooden based furniture	4	1.23	24
6	Paper & Paper products	7	1.97	60
7	Chemical/Chemical based	5	0.29	20
8	Non- Metallic Mineral product	1	0.25	10
9	Basic Metal Industries	3	0.23	11
10	Metal Product	1	0.05	2
11	Machinery & Parts Electricals	4	0.39	13
12	Electrical Machinery & Parts	7	0.87	91
13	Others	32	12.17	201
	<b>Total- A</b>	<b>108</b>	<b>25.22</b>	<b>730</b>
<b>B</b>	<b>Service Sector</b>			
1	Hotel & Restaurant	6	0.25	7
2	Medical	4	0.41	15
3	Education Institutions	6	4.95	196
4	IT/Electrical Services	25	0.62	138
5	Transport Services	168	8.46	317
6	Telecommunication Services	12	0.78	21
7	Other Services	120	14.19	473
	<b>Total- B</b>	<b>341</b>	<b>29.66</b>	<b>1167</b>
	<b>Sub Total A+B</b>	<b>449</b>	<b>54.88</b>	<b>1897</b>

### 3.2 Industrial Estate of Jalaun

Table 3: Industrial Estates of district Jalaun

Sl No	Name of Industrial Area	Land acquired (in acres)	Land developed	No. of Plots	No of allotted Plots
1	Industrial Estate Orai	5.38	5.38	13	13
2	Industrial Estate Kalpi	16.80	16.80	36	36
3	Industrial Estate Konch	18.10	18.10	59	59
4	Mini Industrial Estate Madhogarh	2.49	2.49	44	44

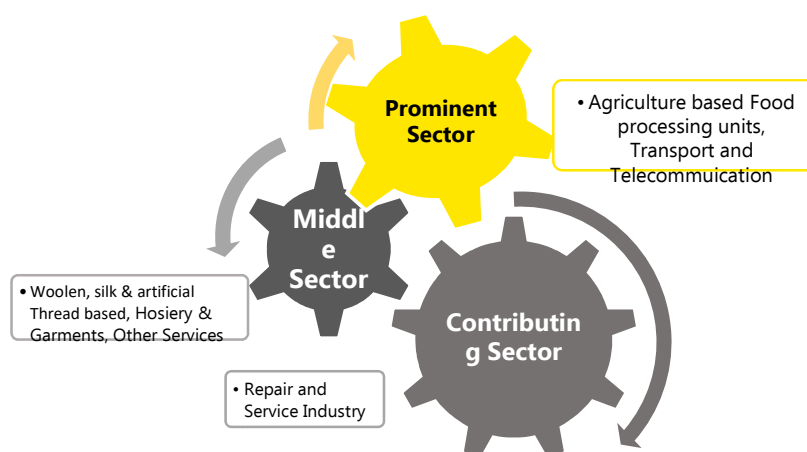
<sup>10</sup> DIPS, Jalaun



5	Mini Industrial Estate Bangra	2.50	2.50	39	21
		<b>45.27</b>	<b>45.27</b>	<b>191</b>	<b>173</b>

The most prominent MSME sectors in the district are **Handmade paper Art, Food products, Hosiery & Garments, Wood/Wooden based furniture, Repair & Service Industry**

The following are the prominent type of industries in the district<sup>11</sup>:



## 4 Product exported

In the list, the dataset of exportable items along with values provided by the DGFT, Gol, the wheat is the product that has registered as major product along with others to various overseas countries. In the period of 12 months between Apr' 2021-Mar' 22, the value of 'wheat' exports from district Jalaun stands around INR 4.55 Cr. (~ 75%) of the total exportable products.

### 4.1 Major Exportable Product from Jalaun<sup>12</sup>

During period of 12 months i.e. Apr' 21 to Mar' 22 total export values from district Jalaun has registered approx. INR 5.95 Cr. Top five (5) items i.e. Wheat, Vegetable frozen, Mix vegetable frozen and Shelled/unshelled Peas contributes respectively around 75.60%, 6.94%, 2.52%, 4.48% respectively of cumulative export value.

Table 4: Major exportable products (Period- Apr' 21- Mar' 22)<sup>13</sup>

Sl. No	Exportable Product	Export value (in INR) April' 2021 to March' 2022
1	Wheat	4,55,21,006
2	Other Vegetables, Frozen	70,07,724
3	Peas Shelled or Unshelled Frozen	29,44,596
4	T-Shirts Etc of Cotton	23,86,058
5	Pressure Cookers	16,73,448
6	Mixture of Vegetables Frozen	22,90,050
7	Aprons	19,82,893

<sup>11</sup> <http://msmedikanpur.gov.in/cmdatahien/dip/DIP%20Jalaun%20KP%20Sheel%20%2031.5.2016.pdf>

<sup>12</sup> Dataset provided by DGFT (period: Sep'20 to Nov-21)

<sup>13</sup> Portal of Ministry of commerce & Industry, Gol

8	Sweet Corn Frozen	11,47,622
9	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	7,72,002
10	Mentha oil	-
11	Handmade Paper Art	-
<b>Total Amount</b>		<b>5,95,68,859</b>

## 5 Product 1: Handmade paper Art

### 5.1 Cluster Overview<sup>14</sup>

Before independence, the city Kalpi was among few centers in the country where the art of creating paper from waste material was popular. Many entrepreneurs as well as the local artisans are engaged in manufacturing and supplying a superior collection of Handmade Paper in Kalpi. The craft of making handmade paper from wastepaper and cloth strings is prominent even today in Kalpi.

The produced paper from the waste is used to make a variety of products. Jalaun is known for its specialization in providing Handmade Paper with different designs and patterns in different thicknesses and sizes which are suitable for a variety of decorative purpose.

The figure alongside depicts key facts pertaining to the district.<sup>15</sup>

Key Facts

**500 years:** Age of the cluster

**52:** Micro units

**8:** Small units

**5000:** Artisans

**INR 22 Cr:** Cluster turnover

Figure 2: Handmade Paper Products



Carry Bag

Metallic Handmade Paper

Handmade Gift Box

<sup>14</sup> Data from DSR, Handmade Paper by NI MSME, Gol

<sup>15</sup> DSR (NI-MSME, Gol) of Jalaun

## 5.2 Product profile

Handmade paper production has low capital investment, thereby promoting local entrepreneurship, it generates **local employment opportunities; it is an environmentally sound technology, depleting less resources and causing less pollution than paper mill factories**; and it can produce certain specialized varieties of paper, for example, watermark, filter paper and drawing sheets, etc. The cost difference between handmade paper and mill made paper is marginal. The concern about the disappearance of forests, coupled with renewed interest in the quality of papers generated new study of the paper maker's materials, especially the pulps and fibers.

Handmade paper is used for office stationery, **writing pads, conference folders, computer printouts, drawing and documentation sheets, certificate and degree awards**, for making fancy products and diaries, for making photo frames, paper bag and variety of other decorative and show case products.

### 5.2.1 Product Portfolio

The craft of making handmade paper from waste papers and cloth strings is prominent in Kalpinagar. This paper is used to make a variety of products such as office files, carry bags, absorption papers, visiting cards and more. Jalaun is known for its specialization in providing Handmade Paper with different designs and patterns in different thicknesses and sizes which are suitable for a variety of decorative purposes.

The following are the key products manufactured in the cluster:

- ▶ Card Sheet
- ▶ Carry Bag
- ▶ Writing paper
- ▶ Blotting paper
- ▶ File Board
- ▶ File cover
- ▶ Filter Paper
- ▶ Wedding cards
- ▶ Electro plating paper
- ▶ Laboratory paper
- ▶ Marksheet paper (with watermarks)
- ▶ File Folders
- ▶ Seed Balls
- ▶ Leather Paper
- ▶ Metallic Paper
- ▶ Diaries and notebooks

**Price of the products varies from Rs 10/- to Rs 1000/- per item depending on the size, thickness, patterns, designs etc.**

## 5.3 Cluster Stakeholders

The following are the key stakeholders:

- ▶ Artisans
- ▶ Units and unitholders
- ▶ District Industries Centre (DIC), Orai
- ▶ Commercial banks and financial institutes
- ▶ KVIB at Orai
- ▶ NRLM at Orai

## 5.4 Export Scenario

### 5.4.1 HS code

Table 5: HS code

HS Code	Description
480210	Handmade paper and paperboard of any size or shape

### Current Scenario

The Indian recycling industry needs nearly 14 million tons of wastepaper to meet current demands. Domestic recycling only produces 30% of that amount, and recycling levels are only half the global average. So, the demand for wastepaper from abroad is likely to remain strong. One estimate shows that in India only about 20% of wastepaper is being currently recycled annually which is very low in comparison to 73% in Germany, 69% in Sweden, 60% in Japan, 49% in USA and 45% in Italy.<sup>16</sup>

The figure alongside depicts key facts pertaining to the export of the product:<sup>17</sup>

### Key Facts of Export

**68,961 USD Thousand**  
Value of world exports in 2020

**8,334 USD Thousand**  
India's exports 2020

**1,280 USD Thousand**  
UP's Export (2020-21)

### 5.5 Export Potential

The countries like Indonesia, Malaysia and Philippines have already emerged as “Handmade paper giants”. There has been phenomenal growth in the export market for Indian handmade paper and its products especially in developed countries like USA, German, Europe, Australia etc.<sup>16</sup>

The following figure is the list of importers for this product in the world with the value of imports and average growth between 2016-2020:

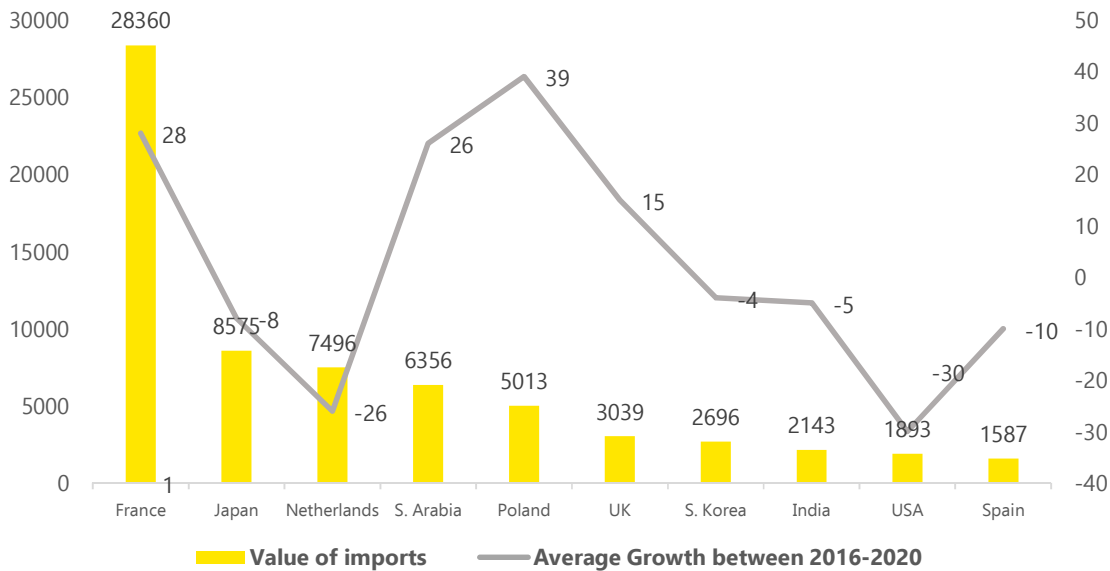


Figure 3: Key countries importing the product and their average growth rate

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

<sup>16</sup> DSR of Jalaun  
<sup>17</sup> Trademap and DGCIS for code 480210

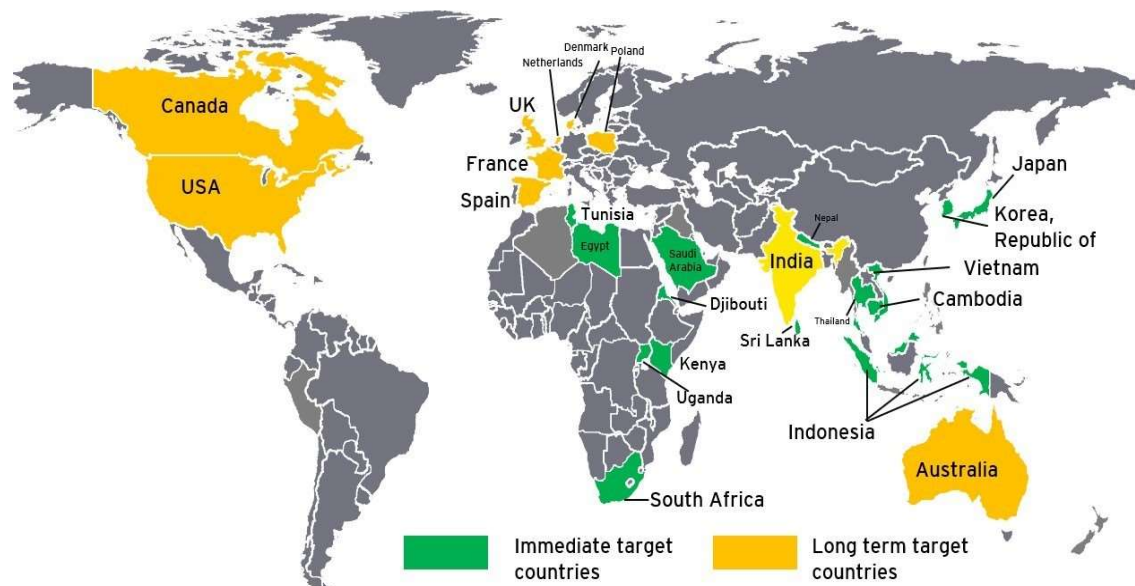


Figure 4: Potential Markets for expansion

### 5.6 Potential Areas for Value Added Product

Product diversification plays a vital role in any product’s 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:

1. The Handmade cluster of Jalaun can tie-up with the Leather cluster of Agra for supplying the later with in-soles.
2. The cluster actors can also envisage a tie-up with the hospitality industry for supply of use-and- throw products.

### 5.7 SWOT analysis

Table 6: SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> <li>▶ The cluster is among the most renowned handmade paper clusters in the country</li> <li>▶ The cluster comprises of experienced workforce and entrepreneurs</li> <li>▶ The products are eco-friendly, nontoxic, biodegradable cellulose fibre contained</li> <li>▶ Each product category stands apart with its uniqueness; because of its texture, feel and colors</li> </ul>	<ul style="list-style-type: none"> <li>▶ Price of handmade paper is comparatively higher than normal mill papers which often causes the audience to neglect the product</li> <li>▶ Poor linkage between suppliers and manufacturers</li> <li>▶ Lack of information on Government schemes among the masses</li> <li>▶ Lack of information on business opportunities</li> <li>▶ Minimal focus on branding, marketing, and promotion due to lack of knowledge</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Handmade paper may be converted into different products from a well decorative handbag to decorative gift folders</li> <li>▶ The cluster is well connected with Delhi and other locations for easy supply of materials</li> </ul>	<ul style="list-style-type: none"> <li>▶ These are labor intensive units and in order to sustain them, continuous market demand should be there to meet the financial need of these units as well as the labors working in this unit</li> </ul>

- ▶ Scope for making new products for Educational, Tourism and Railway departments
- ▶ Government working on reducing usage of plastic hence opportunities for handmade products like., bags and other gift articles is at its prime

## 5.8 Challenges and interventions

Table 7: Challenges and Interventions

Parameter	Challenges	Intervention
Raw materials	<ul style="list-style-type: none"> <li>▶ The cost of raw materials <b>available locally in district is approx. twice</b> in comparison to material available outside the city. Thus, majority of the raw material is procured from Kolkata, Kanpur, Agra, Panipat, Surat, Coimbatore, Indore &amp; Delhi</li> <li>▶ <b>Long processing time</b> of Raw Material as traditional methods are in practice</li> <li>▶ Facing a lot of problem, in <b>moving of raw material from open place to processing machine.</b></li> <li>▶ <b>Insufficient space</b> for processing, storage of raw materials</li> </ul>	<p><b>Hard Interventions:</b></p> <ul style="list-style-type: none"> <li>▶ Establishment of a <b>Raw Material Bank (RMB)</b> within the CFC ensuring current demand of raw material required at the cluster. Moreover, for ensuring easy access, the RMB can reduce the selling price of the materials</li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ <b>Creating awareness</b> amongst daily wage artisans to <b>leverage working capital loan</b> from the banks to procure raw material.</li> </ul>
Designing and product range	<ul style="list-style-type: none"> <li>▶ <b>Limited knowledge</b> on importance of <b>expanding the product range and palette</b></li> <li>▶ Entrepreneurs are <b>not producing Innovative/new designed products</b></li> </ul>	<p><b>Hard intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Establishment of Innovation centre within the CFC</li> </ul> <p><b>Soft intervention</b></p> <ul style="list-style-type: none"> <li>▶ <b>Engaging UPHDMC</b> to work on the design aspects of Jalaun's Handmade Paper Industry</li> </ul>
Manufacturing process	<ul style="list-style-type: none"> <li>▶ <b>Absence of advanced machines</b> like Rag Chopper, Hydraulic Press, calendaring machines, cutting machines, and weighing machines used in other handmade paper clusters like Sanganer, Jaipur</li> <li>▶ Using cylindrical method and Beater for cutting &amp; processing of cotton waste <b>takes lot of time with the present methods.</b></li> </ul>	<p><b>Hard intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Establishment of a <b>technology led common production centre with advance machines</b> at par with another established domestic and international clusters</li> <li>▶ Exposure visits to established clusters for learning best practices</li> </ul>
Branding and Marketing	<ul style="list-style-type: none"> <li>▶ The cluster actors <b>do not undertake any marketing strategy</b>, as most of them are <b>unaware of the marketing techniques</b> and principles which are to be implemented for increasing sales and undertaking direct orders</li> <li>▶ <b>Limited interest and knowledge</b> about sales through e-commerce platforms and online marketing</li> <li>▶ <b>Negligible knowledge on marketing events</b> and their importance</li> <li>▶ <b>Lack of promotion</b> of the products amongst the masses</li> <li>▶ <b>Lack of proper branding and limited knowledge and awareness on the</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ A <b>documentary film</b> should be developed to highlight the history and the production process</li> <li>▶ <b>Collaboration with e-commerce companies</b> like Amazon, Flipkart etc.</li> <li>▶ <b>Conduct awareness workshops at the block level to create awareness about schemes</b> like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events</li> <li>▶ <b>The DGFT/FIEO can set targets for participating in events per year.</b> Example: Participation in at least 3</li> </ul>



Parameter	Challenges	Intervention
	<b>strategies to be applied</b>	international events for this sector every year to create foreign linkages and increase ▶
Skilling	<ul style="list-style-type: none"> <li>▶ Poor access to formal training</li> <li>▶ The trainings undertaken by the DIC is <b>often not enough for the cluster actors for upgrading their production/ business operations</b></li> <li>▶ <b>Limited knowledge in expanding business operations</b></li> <li>▶ <b>Declining interest of youth</b> due to decreasing demand of the product</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling</b> of value chain activities and business development parameters- marketing, accounting, branding etc.</li> <li>▶ Collaboration with <b>Kumarappa National Handmade paper Institute (KNHPI), KVIC – MSME, GoI.</b></li> <li>▶ <b>Maximizing leveraging of skill upgradation schemes</b> such as the ODOP Skill Development Scheme, Entrepreneurship and Skill Development Programme (ESDP) DDUGKY scheme, ‘Seekho aur Kamao’ and Uttar Pradesh Skill Development Mission for skilling and upskilling of cluster actors</li> </ul>
Export	<ul style="list-style-type: none"> <li>▶ <b>Limited knowledge in export</b> and import related information/ documentations</li> <li>▶ No direct exports from the cluster</li> <li>▶ <b>Unaware of potential markets</b></li> <li>▶ <b>No focal point</b> to address exporters ongoing issues hence its often a hesitation for budding exporters</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Sensitization and facilitation in availing import/ export document</b></li> <li>▶ <b>Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events.</b></li> <li>▶ Sensitization of cluster actors: <b>The individuals of a cluster should be sensitized on the plethora of schemes available for them for maximizing the potential of exports.</b> Merchandise Exports from India Scheme, Service Export from India Scheme etc. provides various exemptions for facilitating exports. Further, schemes like Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials</li> <li>▶ Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analysing the demand market. <b>Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP.</b> DIC and FIEO can play a pro-active role in this regard. <b>10% increase in every year in the number of units</b> taking part in the trade fairs organized by FIEO</li> </ul>



Parameter	Challenges	Intervention
		<p>and other organizations may be proposed as a target under this segment</p> <ul style="list-style-type: none"> <li>▶ <b>DIEPC to act as a focal point for all exporters issues.</b> Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
Access to finance	<ul style="list-style-type: none"> <li>▶ <b>Negligible financial literacy,</b> Hence they face problems in obtaining and applying loan</li> <li>▶ Bank does not provide loan to the cluster actors in most cases due to <b>lack of documents or steady income documentations</b></li> <li>▶ <b>Tedious paperwork and long waiting time</b> of banks usually persuade most cluster actors from not taking financial support from Banks</li> <li>▶ <b>Most of the cluster actors are not aware of schemes and policies of banks, state government and central government.</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Awareness and outreach program</b> for raising consciousness about existing schemes and financial products</li> <li>▶ <b>Sensitization of banks/financial institutions to understand the product value chain</b> while fixing WC/CC limits</li> <li>▶ <b>'Revolving Working Capital Assistance' to micro units/ cobblers/ artisans</b> towards procuring raw materials and meeting operating expenditure.</li> <li>▶ <b>Collaboration with nationalized banks to facilitate quick loan approval</b> and disbursement through digital lending.</li> <li>▶ <b>Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.</b></li> </ul>
Cost Structure	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state hence this <b>increases the transportation cost</b> which in turn adds to the overall production expenses</li> <li>▶ Since the start of Covid-19, the availability of containers and the Freight Charges by the Shipping lines has been main concern for most the industries</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise them about <b>Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</b></li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</li> <li>▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.</li> </ul>

## 5.9 Future Outcomes

Annual Turnover

Cluster exports

The turnover of the cluster is **envisaged to be double in the next 5 years** i.e., INR 22 Cr. to INR 44 Cr.

With above-mentioned interventions, the cluster is **likely to initiate exports of INR 50 lakhs in the next 5 years**

## 6 Product 2: Mentha Oil

### 6.1 Cluster Overview

**Konch, Jalaun and Nadigaon** are the blocks of Jalaun district wherein approx. 11,000 farmers<sup>18</sup> are engaged into cultivation of Mint crop (Japanese mint-Mentha - arvensis) popularly known as Mentha leaves. **More than 15,000 hectares<sup>19</sup> of agricultural land is covered under plantation and cultivated for mentha leaves which used as primary material for Mentha oil extraction.** The river beds of few villages namely Maheva and kurthound is practising cultivation of mentha due to ample supply of water and favourable soil texture.<sup>20</sup> Mentha is cultivated during the intermediate period between rabi and kharif seasons. **It is normally sown around March-April and gets ready for harvest in June-July.** There are **2 to 3 micro units (~Over 500 extraction units) set up at majority villages in above blocks** involved into processing of metha oil from mentha leaves. The end product 'Mentha oil' is used as an industrial input in the manufacturing of toothpaste, mouth freshener, medicines, drinks, mouth-wash, chewing gum, desserts and confectionery products. Mint leaves are used in beverages, jellies and syrups.

Farmers practise the crop rotation system in existing farming system of fellow-vegetable pea-mentha. Pea - Mentha are usually paired by the farmer under crop rotation system for mentha cultivation.

The figure alongside depicts key facts pertaining to the district.<sup>21</sup>



Figure 5: Mentha oil extracting unit (Steel Frame)



Figure 6: Mentha oil extracting unit (Iron Frame)

### 6.2 Product profile

Mentha Citrata (Eau de Cologne mint), Mentha Arvensis and Mentha Piperita are the most common menthe species. Mentha Citrate is widely used in Perfumery, Mentha Arvensis is used as a flavoring agent, cough medicines, cigarettes and drinks and Mentha Piperita is used in medicines and culinary products. Although the genus Mentha comprises more than 25 species, the one in most common use is peppermint used as a natural pesticide and Mentha (Mentha Arvensis) for producing Mentha oil.

<sup>18</sup> District Agriculture Office & Horticulture officer, orai, Jalaun




<sup>19</sup> <http://agri-views.blogspot.com/2008/01/case-study-of-mentha-crop-in.html>



<sup>20</sup> <https://jalaun.kvk4.in/district-profile.html>

<sup>21</sup> DSR (NI-MSME, GoI) of Jalaun



Table 8: About the product

English Name		Botanical Name	Varieties	Description
<b>Menthol Mint/ Japanese Mint</b>		Mentha Arvensis	<ul style="list-style-type: none"> <li>▶ MAS-1 (Content -80-85%, Yield -125 kg oil / hac) Shivalik (Content -70%, Yield -180 kg oil / hac, herbage yield is 300q/ha)</li> <li>▶ Himalaya- (Content - 80%, Yield -250 kg oil / hac, herbage is 400q/ha) Kalka (HY-77)- (Content - 80%, Yield -150 kg oil / hac yields about 250 q/ha of herbage Hybrid 77- produces 762q/ha of fresh herb, 468 kg oil/ha containing 81.5% menthol (obtained from 3 cuts)</li> </ul>	Mentha Arvensis (Japanese mint) is a downy, perennial herb, spreading by rootstocks with creep along the ground or just under the surface and root at the nodes. There are three horticultural varieties in this species.
<b>Pepper Mint</b>		Mentha Piperita	<ul style="list-style-type: none"> <li>▶ Mentha piperita</li> <li>▶ Chocolate Mint (Mentha Piperita f. citrate)</li> </ul>	Mentha Piperita spreads by a system of branching, underground rootstocks and grows to a height of 45 to 90 cm (1.5 to 3 ft)
<b>Bergamot mint</b>		Mentha citrate	Kiran-The variety produces 239 kg of oil with 48% linalool, over 172 kg and 39% linalool over parent cultures.	<p>Mentha Citrata grows up to 30-60 cm height, with decumbent branches and erect ends. The leaves are 1.25-5.0 cm long, thin, bronzy-green, petiolate: smooth.</p> <p>Mentha citrata is a hybrid between Mentha aquatica and Mentha Viridis.</p>

English Name		Botanical Name	Varieties	Description
Spear mint		Mentha Spicata	MSS-1- produces fresh herbage of 535q/ha and yield 253 kg of oil in 3 cuttings containing 60% carvone MSS-5- It is a selection from MSS-1, which yields 690q/ha of oil in 3 cuttings. It has 70% of carvone in the oil. Punjab Spearmint-1- It is an erect growing variety producing 209 q/ha of herb containing 0.57% oil. The oil yields 119.29 litres/ha containing 68% carvone	Spearmint, also known as garden mint, common mint, lamb mint and mackerel mint, is a species of mint, Mentha spicata, native to Europe and southern temperate Asia, extending from Ireland in the west to southern China in the east.
Apple Mint		Mentha suaveolens	NA	Apple mint often has lighter green leaves than do many mints. It has white or light pink blooms. The leaves can be either oblong or ovate. Functioning equally well as a culinary herb (flavour teas with it, for example) and as a ground cover, its common name derives from its smell and taste, both of which are fruity and minty.



## 6.2.1 Product Portfolio

Mentha oil is an essential oil extracted from the leaves of Mentha or mint herb. Mentha oil is used in medicines, ingredient of many cosmetic products and perfumes. It is also an important component of aroma therapy, unani and ayurvedic medicines. Moreover, it is also used as insect repellents.

- ▶ Japanese mint (*Mentha arvensis* var. *piperascense*) is cultivated in India mainly in the state of Punjab, Haryana, Himachal Pradesh, Uttar Pradesh, and Bihar. **Uttar Pradesh state contributes around 80% of the total Mentha production in the country.**<sup>22</sup> Within UP, districts like Badaun, Moradabad, Sitapur, Rampur and Barabanki and Jalaun are the leading Mentha producers. Remaining comes from



Figure 7 Mentha leaves

smaller areas from the state of Punjab, Rajasthan etc.

- ▶ Mint or Mentha (*Mentha arvensis*) are aromatic herbs belonging to the genus *Mentha* and the family Lamiaceae. Most species are perennials with leafy runners, or underground rootstocks. Mentha species are cultivated in various parts of the world. It grows wild in Europe while it is cultivated in Japan, England, France, Italy, the USA, Bulgaria, Russia, and India. Mentha Citrata (Eau de Cologne mint), Mentha Arvensis and Mentha Piperita are the most common menthe species.



Figure 8: The product Mentha Oil

- ▶ Mentha Citrate is widely used in Perfumery, Mentha Arvensis is used as a flavoring agent, cough medicines, cigarettes, and drinks and Mentha Piperita is used in medicines and culinary products. Although the genus *Mentha* comprises more than 25 species, the one in most common use is peppermint used as a natural pesticide and Mentha (*Mentha Arvensis*) for producing Mentha oil. Indian production of Arvensis rose rapidly from the start of the 2000's.

India is the highest producer and exporter of Mentha oil and its derivatives in the world. The other major producers are China, Brazil, the US, and Japan. During the last five years, India has exported nearly 15,00 tonnes to 20,000 tonnes of Mentha oil and its derivatives each year. This sector has come to occupy an important place in terms of its contribution to national output, employment, and exports.<sup>23</sup>

Demand for mint and mint products is expected to continue to rise. It is estimated that global demand continues to increase by 3-5% a year. In this scale of market, this is a substantial additional volume that is required by the market each year and creates significant opportunities for new entrants.<sup>24</sup>

## 6.3 Cluster Stakeholders

- ▶ Farmers (Growers)
- ▶ Seed suppliers
- ▶ Financial institutions
- ▶ DIEPC

<sup>22</sup> <https://economictimes.indiatimes.com/markets/commodities/news/mentha-oil-headed-for-bear-market-amid-production-glut/articleshow/68735360.cms>

<sup>23</sup> [https://a-a-r-s.org/proceeding/ACRS2017/ID\\_753\\_1652/1428.pdf](https://a-a-r-s.org/proceeding/ACRS2017/ID_753_1652/1428.pdf)

<sup>24</sup> [https://www.intracen.org/uploadedFiles/intracenorg/Content/Exporters/Market\\_Data\\_and\\_Information/Market\\_information/Market\\_Insider/Essential\\_Oils/An%20overview%20of%20Mentha%20arvensis.pdf](https://www.intracen.org/uploadedFiles/intracenorg/Content/Exporters/Market_Data_and_Information/Market_information/Market_Insider/Essential_Oils/An%20overview%20of%20Mentha%20arvensis.pdf)

- ▶ KVK
- ▶ Agriculture department
- ▶ Traders & exporters

## 6.4 Export Scenario

### 6.4.1 HS code

The products are majorly exported from India under the following codes:

Table 9: HS code

HS Code	Description
29061100	Menthol Crystal
33012400	Piperita Oil; Peppermint Oil
33012540	Mentha Citrata Oil
33012590	Mentha Arvensis Oil

## 6.5 Export Potential

The following section entails the export details under the product code 290611 and other series. Alongside are the key stats pertaining to the exports under this code.

India's exports represent **38.7% of world exports for this product, its ranking in world exports is 1.**<sup>25</sup> India primarily exports to **China, USA, Singapore, Netherlands, Japan, France** etc.,

The mentha oil producing perennial herbs are distributed mostly in the Northern hemisphere. In India, it is largely confined to North India in the States of Uttar Pradesh, Punjab and Haryana as mentioned above.

The below figure shows the key importers of this product for the above-mentioned HS code:<sup>25</sup>



<sup>25</sup> Trademap.org

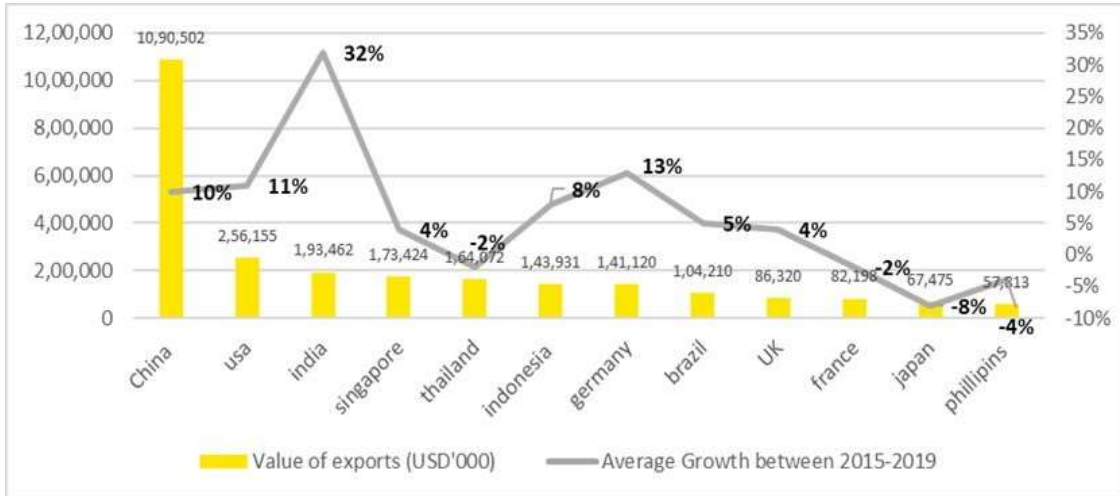


Figure 9: Key countries importing the product and their average growth rate

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

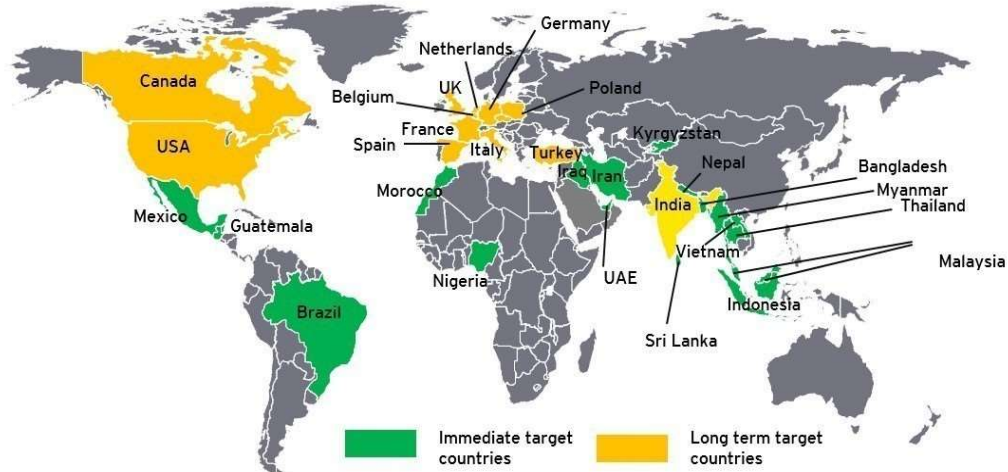


Figure 10: Potential Markets for expansion

## 6.6 Potential Areas for Value Added Product

The cluster can focus on manufacturing cosmetics with mint for instance- toothpaste, **mouthwash**, **shaving creams**, **shampoos etc.**, along with **chewing gums**, **household cleaning products etc.**

## 6.7 SWOT analysis

Table 10: SWOT Analysis



Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▶ Uttar Pradesh state contributes around 80% of the total Mentha production in the country.</li> <li>▶ Low-price attracts large number of buyers</li> <li>▶ Fertile land suitable for farming</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of chances to grow rotational crops</li> <li>▶ Lack of modern storage facilities for protecting the produce from calamities</li> <li>▶ Lack of cooperative organizations for fostering the welfare of farmers</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Overall, it is estimated that global demand continues to increase by 3-5% a year.</li> <li>▶ Potential for product diversification</li> <li>▶ Expansion of cluster through government schemes &amp; policies</li> </ul>	<ul style="list-style-type: none"> <li>▶ Fear of damage from calamities and insect attack as it is perishable item</li> <li>▶ Demand is not growing in Europe and China which have been traditional market for exporters of Uttar Pradesh</li> </ul>

## 6.8 Challenges and interventions

Table 11: Challenges and Interventions

Parameter	Challenges	Intervention
Raw materials and irrigation	<ul style="list-style-type: none"> <li>▶ Limited access to certified seeds</li> <li>▶ Water scarcity, poor facilities for irrigation combined with lack of knowledge in implementation of latest facilities for irrigation creates problems in steady cultivation of the product</li> </ul>	<ul style="list-style-type: none"> <li>▶ Collaboration with KVK, FPOs, Agriculture Department etc. for supply of quality seeds</li> <li>▶ Establishment of innovative irrigation and watering system in order to optimal harness of water aquifers and avoiding the overexploitation of water table. <ul style="list-style-type: none"> <li>○ Drip and sprinkler methodology needs to be implemented widely</li> <li>○ To lower the irrigation costs, innovative solar energy-based system should be promoted</li> <li>○ GIS and machine learning based technologies needs to be brought for improving the expansion and intensification of farmer led irrigation.</li> </ul> </li> </ul>
Manufacturing process	<ul style="list-style-type: none"> <li>▶ Limited use of technology in harvesting of produce for supply of raw materials</li> <li>▶ Outdated technologies and conventional production techniques are used for preparing Mentha oil. <ul style="list-style-type: none"> <li>○ Conventional techniques not only lead to lower yield but also use a greater amount of energy, solvent, and raw materials</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ Establishment of upgraded extraction and processing plant for enhancing production process</li> <li>▶ <b>Increase R&amp;D investment</b> for development of new fragrances of oil</li> </ul>
Branding and	<ul style="list-style-type: none"> <li>▶ <b>The cluster actors do not undertake any marketing strategy</b>, as most of</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>A documentary film</b> should be developed to highlight the history and the production</li> </ul>

Parameter	Challenges	Intervention
Marketing	<p>them are <b>unaware of the marketing techniques</b> and principles which are to be implemented for increasing sales and undertaking direct orders</p> <ul style="list-style-type: none"> <li>▶ <b>Limited interest and knowledge</b> about sales through e-commerce platforms and online marketing</li> <li>▶ <b>Negligible knowledge on marketing events</b> and their importance</li> <li>▶ <b>Lack of promotion</b> of the products amongst the masses</li> </ul>	<p>process</p> <ul style="list-style-type: none"> <li>▶ <b>Collaboration with e-commerce companies</b> like Amazon, Flipkart etc.</li> <li>▶ Sensitization of cluster actors about <b>Performance Linked Incentive</b> initiative of the government under the Atmanirbhar Bharat Abhiyan and the <b>Make in India initiative</b> which envisages to increase productivity, expand operations and initiate/ widen export opportunities for select sectors</li> <li>▶ <b>Conduct awareness workshops at the block level to create awareness about schemes</b> like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events</li> <li>▶ <b>The DGFT/FIEO can set targets for participating in events per year.</b> Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> </ul>
Standards for Mentha Oil Industry	<ul style="list-style-type: none"> <li>▶ <b>Limited focus on quality</b> and adherence to International Standards</li> <li>▶ <b>Limited training offerings</b> in productivity enhancement &amp; quality control</li> </ul>	<ul style="list-style-type: none"> <li>▶ Training for local industry in development of standards for flavour/essential oil industry</li> <li>▶ Collaboration with QCI</li> </ul>
Skilling	<ul style="list-style-type: none"> <li>▶ Limited access to formal training on methods of production</li> <li>▶ <b>The trainings undertaken by the DIC is often not enough for upgrading their production/ business operations</b></li> <li>▶ <b>Limited knowledge in expanding business operations</b></li> <li>▶ Declining interest of youth in the agriculture and allied activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling</b> of value chain activities and business development parameters- marketing, accounting etc.</li> <li>▶ <b>Maximizing leveraging of skill upgradation schemes</b> such as the ODOP Skill Development Scheme, Entrepreneurship and Skill Development Programme (ESDP) DDUGKY scheme, 'Seekho aur Kamao' and Uttar Pradesh Skill Development Mission for skilling and upskilling of cluster actors</li> </ul>
Export	<ul style="list-style-type: none"> <li>▶ <b>Limited knowledge in export</b> and import related information/ documentations</li> <li>▶ <b>Unaware of potential markets</b></li> <li>▶ <b>No focal point</b> to address exporters ongoing issues hence its often a hesitation for budding exporters</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Sensitization and facilitation in availing Import/ export document</b></li> <li>▶ <b>Creation of an event calendar</b> comprising of events to be conducted in a Financial Year with a focus on <b>international marketing events.</b></li> <li>▶ Sensitization of cluster actors: <ul style="list-style-type: none"> <li>▶ <b>The individuals of a cluster should be sensitized on the plethora of schemes available for them for maximizing the potential of exports.</b> Merchandise Exports from India Scheme, Service</li> </ul> </li> </ul>

Parameter	Challenges	Intervention
		<p>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</p> <ul style="list-style-type: none"> <li>▶ Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analysing the demand market. <b>Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP.</b> DIC and FIEO can play a proactive role in this regard. <b>10% increase in every year in the number of units</b> taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment</li> <li>▶ <b>DIEPC to act as a focal point for all exporters issues.</b> Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
Access to finance	<ul style="list-style-type: none"> <li>▶ <b>Negligible financial literacy, hence, they face problems in obtaining and applying loan</b></li> <li>▶ Bank does not provide loan to the cluster actors in most cases due to <b>lack of documents or steady income documentations</b></li> <li>▶ <b>Tedious paperwork and long waiting time</b> of banks usually persuade cluster actors from not taking financial support from Banks</li> <li>▶ <b>Cluster actors are not aware schemes and policies of banks, state government and central government.</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Awareness and outreach program</b> for raising consciousness about existing schemes and financial products</li> <li>▶ <b>Sensitization of banks/financial institutions to understand the product value chain</b> while fixing WC/CC limits</li> <li>▶ <b>'Revolving Working Capital Assistance' to micro units/ cobblers/ artisans</b> towards procuring raw materials and meeting operating expenditure.</li> <li>▶ <b>Collaboration with nationalized banks to facilitate quick loan approval</b> and disbursement through digital lending.</li> <li>▶ <b>Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.</b></li> </ul>
Cost Structure	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state hence this <b>increases the transportation cost</b> which in turn adds to the overall production expenses</li> <li>▶ Since the start of Covid-19, the availability of containers and the Freight Charges by the Shipping lines has been main concern for most the industries</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise them about <b>Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</b></li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</li> <li>▶ The formation of the sub-committee</li> </ul>

Parameter	Challenges	Intervention
		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.

## 6.9 Future Outcomes<sup>26</sup>

**Annual Turnover**

The turnover of the cluster is **envisaged to be double in the next 5 years i.e., INR 4 Cr. to INR 8 Cr.**

**Cluster exports**

With above-mentioned interventions, the cluster is **likely to initiate exports of INR 1.00 Cr. in the next 5 years**

<sup>26</sup> District horticulture office, Jalaun

## 7 Key schemes

### 7.1 Key schemes of Government of India (GoI)

#### 7.1.1 Merchandise Exports from India Scheme (MEIS) <sup>27</sup>

This scheme is designed to provide rewards to exporters to offset infrastructural inefficiencies and associated costs. The Duty Credit Scrips and goods imported/ domestically procured against them shall be freely transferable. The Duty Credit Scrips can be used for:

- ▶ Payment of Basic Customs Duty and Additional Customs Duty specified under sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 for import of inputs or goods, including capital goods, as per DoR Notification, except items listed in Appendix 3A.
- ▶ Payment of Central excise duties on domestic procurement of inputs or goods,
- ▶ Payment of Basic Customs Duty and Additional Customs Duty specified under Sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 and fee as per paragraph 3.18 of this Policy.

**Objective of the Merchandise Exports from India Scheme (MEIS) is to promote the manufacture and export of notified goods/ products. (<http://dgftcom.nic.in/eComapplications.html>).**

#### 7.1.2 Service Exports from India Scheme (SEIS) <sup>28</sup>

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

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

## 7.2 Duty exemption & Remission Schemes

### 7.2.1 Rebate of State and Central Levies and Taxes (RoSCTL) Scheme<sup>29</sup>

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

The benefits of Rebate of State Levies RoSCTL are available to exporters of readymade garments and made ups for now. The scheme aims to help them cut high logistics and other costs and enable them to compete globally. An exporter can benefit from this scheme for all exports done after 1st April 2019. For exports made prior to this date, the eligibility criteria of the RoSCTL scheme would be applicable. The rebate for such exports was allotted out of the RoSCTL scheme fund, on exhaustion of which DGFT would issue scrips, but at RoSCTL rates.<sup>30</sup>

<sup>27</sup> <https://www.dgft.gov.in/CP/?opt=meis>

<sup>28</sup> <https://www.bankbazaar.com/tax/service-exports-from-india-scheme-seis.html>

<sup>29</sup> <https://www.dgft.gov.in/CP/?opt=rosctl>

<sup>30</sup> <https://www.dripcapital.com/resources/blog/rosctl-scheme>

## 7.2.2 Advance Authorization Scheme<sup>31</sup>

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

The quantity of inputs allowed for a given product is based on specific norms defined for that export product, which considers the wastage generated in the manufacturing process. DGFT provides a sector-wise list of Standard Input-Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad-hoc norms in cases where the SION does not suit the exporter.

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

## 7.2.3 Advance Authorization for annual requirement <sup>32</sup>

The Advance Authorization Scheme is a scheme where the import of inputs will be allowed to be made duty-free (after making normal allowance for wastage) if they are physically incorporated in a product which is going to be exported. An export obligation is usually set as a condition for issuing Advance Authorization.

- ▶ The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping duty, Safeguard Duty and Transition Product-Specific Safeguard duty, Integrated tax, and Compensation Cess, wherever applicable, subject to certain conditions.
- ▶ Inputs that are physically incorporated in the product to be exported after making normal allowance for wastage.
- ▶ Fuel, oil, catalysts which are consumed or utilized to obtain the export product.
- ▶ Mandatory spares that are required to be exported along with the resultant export product - up to 10% of the CIF value (Cost, Insurance and Freight) of Authorization
- ▶ Specified spices would be allowed to be imported duty-free only for activities like crushing, grinding, sterilization, manufacture of oil or oleoresin and not for simpler activities like cleaning, grading, re-packing, etc.

## 7.2.4 Duty Free Import Authorization (DFIA) Scheme

DFIA is issued to allow duty free import of inputs, fuel, oil, energy sources, catalyst which are required for production of export product.

- ▶ Duty Free Import Authorization is issued to allow duty free import of inputs. In addition, import of oil and catalyst which is consumed / utilized in the process of production of export product, may also be allowed.
- ▶ Provisions of paragraphs 4.12, 4.18, 4.20, 4.21 and 4.24 of FTP shall be applicable to DFIA also.

## 7.2.5 Interest Equalization Scheme

- ▶ The following products, if manufactured by MSMEs and SMEs, were also eligible:
  - Medical and scientific instruments
  - Optical frames, lenses, and sunglasses
  - Auto machinery and parts
  - Industrial, electrical, and engineering machinery and items

<sup>31</sup> [dgft.gov.in/CP/?opt=advnace-authorisation](http://dgft.gov.in/CP/?opt=advnace-authorisation)

<sup>32</sup> [dgft.gov.in/CP/?opt=advnace-authorisation](http://dgft.gov.in/CP/?opt=advnace-authorisation)

The scheme was funded by the non-plan fund of the Department of Commerce; the Department was to provide a month's fund in advance to the RBI, with reimbursements made monthly through a revolving fund mechanism. The RBI was also in charge of providing operational instructions related to the scheme.

- ▶ All exporters seeking benefit under the Interest Equalisation Scheme need to apply online by navigating to the DGFT website ([https:// dgft.gov.in](https://dgft.gov.in)) ~ Services ~ Interest Equalisation Scheme. A Unique IES Identification Number (UIN) will get generated automatically which is required to be submitted to the concerned bank when availing Interest Equalisation against their pre and post shipment rupee export credit applications

### 7.3 Various Schemes being run by Export Promotion Bureau, Uttar Pradesh<sup>33</sup>

#### 7.3.1 Marketing Development Scheme (MDA)

Table 12: MDA scheme highlights

Sl. 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 02 lac /fair) b. 50% (max 1.00 lac for one person /fair)
2	Publicity, advertisement, development of website	60 % (max 0.75 lac/annum)
3	Sending of samples to foreign buyers	75 % (max 1.00 lac/annum)
4	ISO /BSO certification	50 % (max 2.00 lac/annum)

#### 7.3.2 Gateway Port Scheme

Table 13: Gateway Port Scheme highlights

Particulars	Details
<b>Brief Description</b>	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
<b>Eligible units</b>	Micro, small & medium enterprises.
<b>Incentives Offered against actual expenditure</b>	25% of the total expenditure or Rs 10000 (20 ft' container) & Rs 20000 (40 ft' container) (whichever is less)
<b>Maximum limit</b>	INR 20 lacs /unit /year
<b>Period</b>	Claims must be submitted within 180 days of the date from shipment. Submission of Bank Realization Certificate (BRC) is mandatory

<sup>33</sup> <https://epbupindia.in/Home/Freight>

Particulars	Details
Empowered committee	District Users Committee under the chairmanship of district magistrate.

### 7.3.3 Air Freight Rationalization Scheme

Table 14: Air Freight Rationalization scheme highlights

Particulars	Details
Incentive offered	25% of the actual expenditure or Rs 100 / kg (whichever is less)
Eligible Units	Manufacturer & merchant exporter
Maximum limit	Rs 5 lacs /unit /year
Recognized Cargo Complexes	Varanasi & Lucknow

### 7.3.4 TIES (Trade Infrastructure for Export Scheme)

Particulars	Details
Scope	<ol style="list-style-type: none"> <li>1. Border Haats,</li> <li>2. Land customs stations,</li> <li>3. Quality testing and certification labs, cold chains,</li> <li>4. Trade promotion centre</li> <li>5. Dry ports,</li> <li>6. Export warehousing and packaging,</li> <li>7. SEZs and ports/airports cargo terminuses</li> </ol>
Negative List	<ol style="list-style-type: none"> <li>A. Projects which are covered under sector specific schemes like textiles, 32 electronics, IT</li> <li>B. General infrastructure projects like highways, power etc.</li> <li>C. Projects where an overwhelming export linkage cannot be established</li> </ol>
Central government	50% of the equity, maximum cap of 20 crore for infrastructure project.

### 7.3.5 NAVY Scheme (Niryat Awasthapna Vikas Yojana Scheme)<sup>34</sup>

- ▶ This scheme is being funded by State government to 70% of the project outlay and rest of 30% to be borne out by the SPV.
- ▶ The scheme will be implemented by the MSME department and state nodal agency will be Export Promotion Bureau.
- ▶ Infrastructure CFC set up can be funded through this scheme, A bouquet of approved 15 projects will also be covered.

<sup>34</sup> [https://epbupindia.in/Content/WebContent/assets/files/20160811\\_UPEIDS\\_GO.pdf](https://epbupindia.in/Content/WebContent/assets/files/20160811_UPEIDS_GO.pdf)





## 8 Action Plan

Quantifiable activity/ Intervention	Responsible authority	Timeline for implementation <sup>35</sup>
<b>Increasing the overall exports from the state</b>		
Sensitization and facilitation in availing Import/ export documents: Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/ export and provide support in availing them	ODOP cell, DIEPC UPEPB	Continuous initiative
Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events. Further, DGFT and FIEO can finalize a target to participate in at least 3 international events in a year per product category/industry (food, engineering & auto components, handicrafts, textile& apparel etc.) by utilizing schemes like IC and MAS	ODOP cell, DIEPC UPEPB	Continuous initiative
<p>Sensitization of cluster actors:</p> <ol style="list-style-type: none"> <li>The individuals of a cluster should be sensitized on the plethora of schemes<sup>36</sup> available for them for maximizing the potential of exports. Merchandise Exports from India Scheme, Service Export from India Scheme etc. provides various exemptions for facilitating exports. Further, schemes like Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials</li> <li>Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analyzing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAPs</li> </ol>	ODOP cell, DIEPC UPEPB	Continuous initiative
<b>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</b>	DIC, UPEPB and FIEO	Intermediate

<sup>35</sup> Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

<sup>36</sup> List of available schemes facilitating exports: <https://cdn.s3waas.gov.in/s3555d6702c950ecb729a966504af0a635/uploads/2020/12/2020120965.pdf> and [https://www.ibef.org/blogs/indian-export-incentive-schemes:](https://www.ibef.org/blogs/indian-export-incentive-schemes)

<b>under this segment</b>		
<b>Common interventions across sectors/ clusters</b>		
<b>Collaboration with e-commerce</b> companies like Amazon, eBay, Flipkart etc.	UPEPB/DIEPC	Short term
<b>Collaboration with QCI</b> for defining quality standards of the products	UPEPB/DIEPC	Short term
<b>Sensitization of banks and bankers</b> to help them understand the niche sectors of MSME and their specific requirements which shall help banks evaluate projects better while lending credit	UPEPB/DIEPC and banks	Short term
<b>Introduction of revolving working capital</b> within the cluster to help MSMEs procure raw materials and undertake production without hinderances	UPEPB/DIEPC and banks	Intermediate
<b>Tie up with the banks/financial institutions</b> (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.	UPEPB/DIEPC and banks	Intermediate
<b>Sensitization of cluster actors from this sector on Make in India initiative and PLI</b> for leveraging the assistance provided to the sector to enhance productivity and expand exports	DIEPC UPEPB	Short term
<b>Awareness and outreach program for raising consciousness</b> about existing schemes and financial products and promoting the cluster actors to leverage these initiatives	UPEPB/DIEPC	Intermediate
<b>DIEPC to act as a focal point for all exporters issues.</b> Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.	DIEPC/DGFT/UPEPB	Long term
<b>Product 1: Handmade paper Art</b>		
<b>Establishment of CFC with:</b> <ul style="list-style-type: none"> <li>▶ <b>RMB to ensure a year-round supply of raw materials at reasonable prices and to protect the materials from damage</b></li> <li>▶ <b>Establishment of a Common production Center (CPC) within the CFC with the latest machinery such as- computerized knitting machines, interlocking machines, sewing machines, etc. for production and CAD/CAM to facilitate acceleration and precision in designing</b></li> </ul>	DIEPC, DGFT and ODOP Cell	Long term

<b>▶ Establishment of an Innovation centre</b>		
<b>Collaboration with Kumarappa National Handmade paper Institute (KNHPI), KVIC – MSME, Gol.</b>	ODOP cell and KNHPI	Intermediate
<b>Exposure visits to developed clusters</b> , to learn best practices in terms of types of machinery utilized and the methodologies implemented in the production process	ODOP cell and DIEPC	Intermediate
A <b>documentary film</b> should be developed to highlight the history and the production process	ODOP cell and hired agency	Intermediate
<b>Collaboration with NSDC/ UPSSDM</b> for undertaking skilling and upskilling of value chain activities and business development parameters- marketing, accounting etc. Pradesh Skill Development Mission for skilling and upskilling of cluster actors	ODOP cell and NSDC	Short term
Maximizing leveraging of skill <b>up-gradation</b> schemes such as the <b>ODOP Skill Development Scheme, Entrepreneurship and Skill Development Program (ESDP) DDUGKY scheme, ‘Seekho aur Kamao’ and Uttar Pradesh Skill Development Mission for skilling and upskilling of cluster actors</b>	ODOP cell and DIEPC	Short-term
<b>Product 2: Mentha Oil</b>		
<b>Innovative irrigation</b> methodology to be implemented: <b>▶ Drip and sprinkler</b> <b>▶ To lower the irrigation costs, innovative solar energy-based system</b> should be promoted <b>▶ GIS and machine learning based technologies</b> needs to be brought for improving the expansion and intensification of farmer led irrigation.	ODOP cell, DGFT and DIEPC	Intermediate
<b>Collaboration with KVK, FPOs, Agriculture Department etc. for supply of quality seeds</b>	ODOP cell, DIEPC and KVK/ FPO/ Agriculture department	Short-term
A <b>documentary film</b> should be developed to highlight the history and the production process	ODOP cell and hired agency	Intermediate
<b>Collaboration with NSDC/ UPSSDM</b> for undertaking skilling and upskilling of value chain activities and business development parameters- marketing, accounting etc. Pradesh Skill Development Mission for skilling and upskilling of cluster actors	ODOP cell and NSDC	Short term
Maximizing leveraging of skill <b>up-gradation</b> schemes such as the <b>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 cluster actors</b>	ODOP cell and DIEPC	Short-term

<ul style="list-style-type: none"> <li>▶ <b>Establishment of upgraded extraction</b> plant and processing plant for enhancing production process</li> <li>▶ <b>Increase R&amp;D investment</b> for development of new fragrances of oil</li> </ul>	ODOP cell	Intermediate
<b>Training for local industry in development of standards for flavor/essential oil industry</b>	ODOP Cell and QCI	Intermediate

## 9 Abbreviations

Table 15: List of abbreviations

<b>AAS</b>	Advance Authorization Scheme
<b>BoB</b>	Bank of Baroda
<b>CONCOR</b>	Container Corporation of India
<b>CPC</b>	Common Production Center
<b>DDUGKY</b>	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
<b>DFIA</b>	Duty Free Import Authorization
<b>DGFT</b>	Director General of Foreign Trade
<b>DIC</b>	District Industries Center
<b>DIEPC</b>	District Industry and Enterprise Promotion Center
<b>EPC</b>	Export Promotion Council
<b>ESDP</b>	Entrepreneurship and Skill Development Programme
<b>FIEO</b>	Federation of India Export Organization
<b>FTA</b>	Free Trade Agreement
<b>HS</b>	Harmonized System
<b>IC</b>	International Cooperation
<b>IEC</b>	Import Export Code
<b>IIP</b>	Indian Institute of Packaging
<b>MAS</b>	Market Assistance Scheme
<b>NSDC</b>	National Skill Development Cooperation
<b>ODOP</b>	One District One Product
<b>PMU</b>	Project Monitoring Unit
<b>QCI</b>	Quality Council of India
<b>SIDBI</b>	Small Industries Development Bank of India
<b>SWOT</b>	Strength, Weakness, Opportunities, Threats
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>UP</b>	Uttar Pradesh
<b>UPEPB</b>	Uttar Pradesh Export Promotion Bureau
<b>UPICO</b>	UP Industrial Consultancy Organisation
<b>USA</b>	United States of America
<b>R&amp;D</b>	Research and development
<b>RMB</b>	Raw material bank



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