



Department of MSME & Export Promotion, Uttar Pradesh

Draft District Export Action Plan, Mirzapur, Uttar Pradesh

Knowledge Partner



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
as Export Hubs

EY

Building a better

Preface

This district export plan for Mirzapur District is being prepared as a part of Developing District as Export Hub under the District Export Hub Scheme initiated by the Ministry of Commerce & Industry, Govt of India, and state Government of Uttar Pradesh. Hon'ble Prime Minister in his Independence Day Speech on 15th August 2019, had, inter- alia observed that each of our district has a diverse identity and potential for targeting global markets and there is a need for converting each district into potential export hubs. To implement Hon'ble PM's vision for each district, Department of Commerce has mandated the Directorate General of Foreign Trade to work with State Government and District Level authorities to promote the Mirzapur district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Mirzapur 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 district's geographic, demographic, and administrative profile, along with key statistics of prominent exporting products of district, gaps identified basis diagnostic survey, recommendations proposed to mitigate the gaps and action plans required to implement those recommendations.

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

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

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1. Vision of Districts as Export Hubs

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

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

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

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

DGFT and UPEPB have aimed at synergising their efforts to identify the key products, export trends and challenges. Further 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

Mirzapur district is one of the 75 districts of Uttar Pradesh state in northern India. Mirzapur town is the district headquarters. This district is known for the Vindhyavasini temple in Vindhyachal and several tourist attractions like waterfalls and dams. Vindhyachal division consists of 3 districts namely- Mirzapur, Sonbhadra, Bhadohi, and is headed by the Divisional Commissioner of Mirzapur. The Commissioner is the head of local government institutions in the division; oversees infrastructure development in his division; and is also responsible for maintaining law and order in the division. Mirzapur district administration is headed by the District Magistrate of Mirzapur. The DM is assisted by a Chief Development Officer (CDO), Additional District Magistrates (ADM) (Finance/Revenue), one Chief Revenue Officer (CRO), one City Magistrate (CM). The district is divided into 4 sub-divisions and 12 development blocks. Each sub-division headed by a Sub Divisional Magistrate.

2.1 Geography

Mirzapur is located between latitude 23.52° to 23.32° and longitude 82.72° to 83.33°. It is spread over an area of 4521 sq. km. The district is bounded on the north by Bhadohi and Varanasi districts, on the east by Chandauli district, on the south by Sonbhadra district and on the northwest by Prayagraj district (Allahabad). The district measures 64 km from east to west and 32 km from north to south. The nearest international airport is Lal Bahadur Shastri International Airport, Varanasi, approx. 45 min drive from the city.

2.2 Topography & Agriculture

The land in the district is mostly uneven. The landscape is dotted with hills, mountains, plateaus, waterfalls and rivers. The Vindhya mountains range rises in Mirzapur district and extends to the south west. The most beautiful waterfalls in the district are at Tanda, Windham. Ganga and Belan are the two major rivers flowing through the district. The soil is generally red and the terrain generally rocky in the district. The district has 4,50,169 hectares geographical area.

Major agricultural crops & horticultural crops grown in the district are Wheat, Gram, Bajra, Arahara, Paddy, Groundnut, Mango, Guava, Ber, Citrus, Vegetables.

3. Industrial profile of the district

The Mirzapur-Bhadohi region is the largest handmade carpet weaving cluster. Carpet weaving in the region dates to the 16th century during the reign of Mughal Emperor Akbar. The carpets of the region received the Geographical Indication tag, which means carpets manufactured in districts of the region, Bhadohi, Mirzapur, Varanasi, Ghazipur, Sonbhadra, Allahabad, Jaunpur and Chandauli would be tagged with 'handmade carpet of Bhadohi'. This belt specialises in Woollen, Tufted, Tibetan Carpet and Durries. The whole belt of production spread over 1000 square kilometres and many villager's livelihood is completely dependent on the carpet industry.

The cluster has ~350 operational units and ~50 non-functional units creating ~10,000 direct and ~2000 indirect employment. This cluster is highly unorganized in nature. The cluster records an annual turnover of ~INR 195 crores via 1 through domestic sales undertaken by the unit owners, retail shops and traders of the district. The finished products are sold by the traders by leveraging the channel of Mirzapur and thus, selling in the domestic markets within the State and to the neighbouring states like Bihar, Jharkhand, Uttarakhand, Madhya Pradesh, Chhattisgarh. Apart from this in West Bengal & Assam are also big market for the cluster.

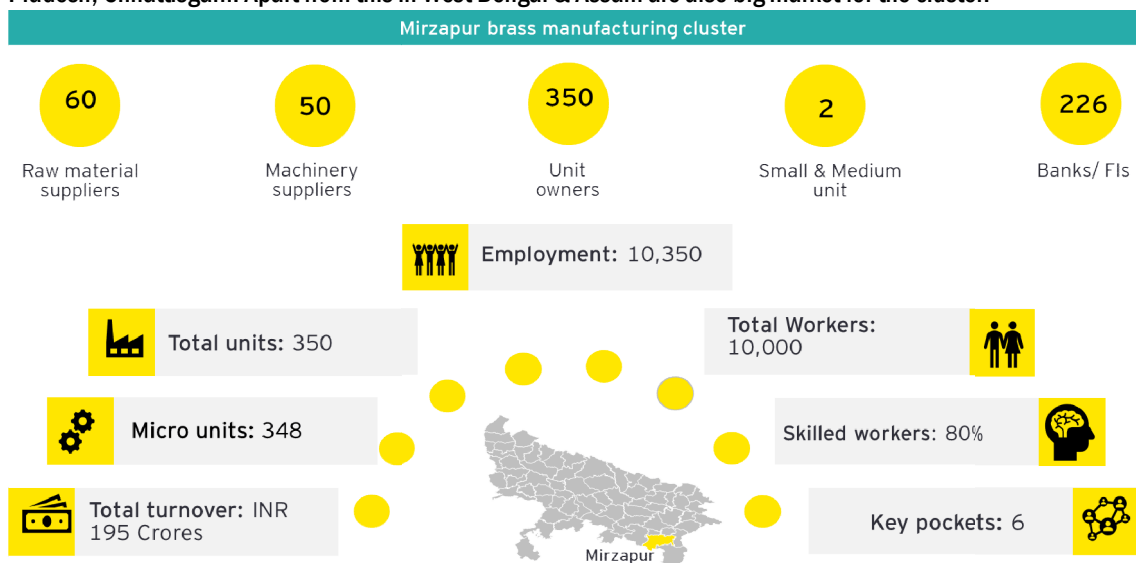


Figure 1: Key Statistics of Cluster²

Existing States of Industrial areas in the district Mirzapur

Table 1: Industrial Areas Detail in Mirzapur³

S. No	Name of Indus. Area	Land acquired (in Acre)	Land Development (in Acre)	No of Plots/ Sheds	No of Units in Production
1	Industrial Estate Pathrahiya	15.75	15.75	32	18

¹Stakeholder consultation

² Stakeholder consultation

³ DIC-Mirzapur



	Mirzapur				
2	Industrial Estate, Chunar	11.47	11.47	42	16
3	Mini Industrial Estate, Rajgadh	2.52	2.52	45	2
4	Mini Industrial Estate, Ghatampur	2.93	2.52	53	3
5	Mini Industrial Estate, Ramnagar Sikri	2.62	2.62	36	3

The people of Mirzapur district are involved in the cultivation of paddy, pulses, oil seeds, sugar cane, and potato. Though the industrial base is not quite strong, the district **13,271 manufacturing units and 14,476 servicing units**.⁴

The most prominent MSME sectors in the district are: Carpet, Readymade garments & embroidery, Agro based, Jute & jute based.

The following are the prominent type of industries in the district

Table 2: Industries details⁵

Type of Industry	No. of Industrial Units	Investment (INR Lakh)	Employment
Agro based	752	2,143.20	3,014
Woolen, silk & artificial Thread based Carpet	1652	416.45	47,060
Jute and jute based	21	23.10	67
Ready-made garments & Embroidery	128	121.60	375

Mirzapur is famous for its carpet industries; large number of buyers from domestic and overseas markets visit Mirzapur in connection with business deals. However, most of the visitors prefer to stay at Varanasi due to non-availability of good hotels and restaurants at Mirzapur. The district is also lacking good health care and education facilities. Thus, there is good scope for such services in the district.

Some of the service areas having potential for development are listed below:

Hotels and Restaurants • Travel Agencies • Taxi and Bus Rentals • Health Resorts • Tourist Guides • Laundries • Amusement Parks • Gymnasium • Coaching Centers • Vocational Training Centers • Schools and Colleges • Dyeing units • Carpet Backing Units • Auto Service Centre • Computer Job Work • Beauty Parlours • Entertainment • DTP and Printing.

⁴ DIC, Mirzapur

⁵ Directorate of Industries, Govt of U.P, Kanpur

3.1 Major Exportable Product from Mirzapur

Table 3: Major exportable product

S. No	Product	Export value (in INR) ⁶ from September 2020 to November, 2021 (amount in crores)
1	Carpet	460.20
Total Export		

⁶ District wise report for the period September 2020 to November 2021 received from DGFT

4. Product: Carpet

4.1 Cluster Overview



Mirzapur is one of the southern districts of Uttar Pradesh that is a part of Mirzapur Division. Mirzapur town is the district headquarters. Mirzapur's carpets and Dari hold a unique place in India as well as the rest of the world. These hand-made carpets are famous for their artistry. These are made in a traditional manner using natural wool. Such intricate designing is only found in hand-made carpets. These hand-made carpets are available in wide range of beautiful patterns and colours. Mirzapur is one the biggest producers of the hand-made carpets in Uttar Pradesh that are exported to international markets besides being supplied to the national markets. Hand-made carpets produced in Mirzapur are famous worldwide for their unique geometrical patterns or curvilinear motifs.

of turmoil, because of which the weavers fled from between Bhadohi and Mirzapur and started carpet manufacturing in the village of Khamaria. This was followed by another one of the founder members of All India Carpet Manufacturers Association from the British era is M/s Obeettee founded by

Messrs Oakley, Bowden, and Tailor, which is still in existence today and manufactures about 25000 sqm of carpet every day.

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

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

4.2 Product profile

Indian handmade carpet industry is highly labour intensive and provides employment to over 2 lakh workers/ weavers especially women directly or indirectly in the rural areas. Most of the weavers/ weavers employed are from the weaker section of the society and this trade provides extra and alternate occupation to them including farmers and others at their homes. Exports increased from Rs. 4.42 Crores in 1961- 62 to Rs. 10207.91(Prov.) Crores in 2018-19. Ranked No. 1 as a producer and exporter of Handmade Carpets and other floor coverings both in terms of volume and value, Weavers can make handmade carpets in any design, colour, and quality as per the needs of overseas buyers and caters to the requirement of every segment of the society. Produces a wide range of Handmade Carpets and other floor coverings in low, medium, and high qualities for all the segments of consumers, Raw materials used are diverse and blending & mixing of different yarns is its specialty.

4.3 Product Portfolio

The following are the key products manufactured in the cluster:



Hand knotted carpets

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



Tufted woollen carpet



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

Woollen drugget Carpet

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

Leather Carpet

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

Namdhas Carpet

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

Pure Silk Carpet

Hand knotted pure silk carpets are renowned for suppleness, sharpness, and fine workmanship in the world. The material composition is 80 silk yarn and 20 cotton display a fine workmanship and intricate designs of a kind. The design varies for intricate motifs and patterns inspired from nature to hunting scenes, bird and animal motifs are thematic design like historical romances.

Staple/Synthetic Carpet

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

Chain's tic Carpets

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

Natural wool Carpet

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

GABBA Woollen Carpet

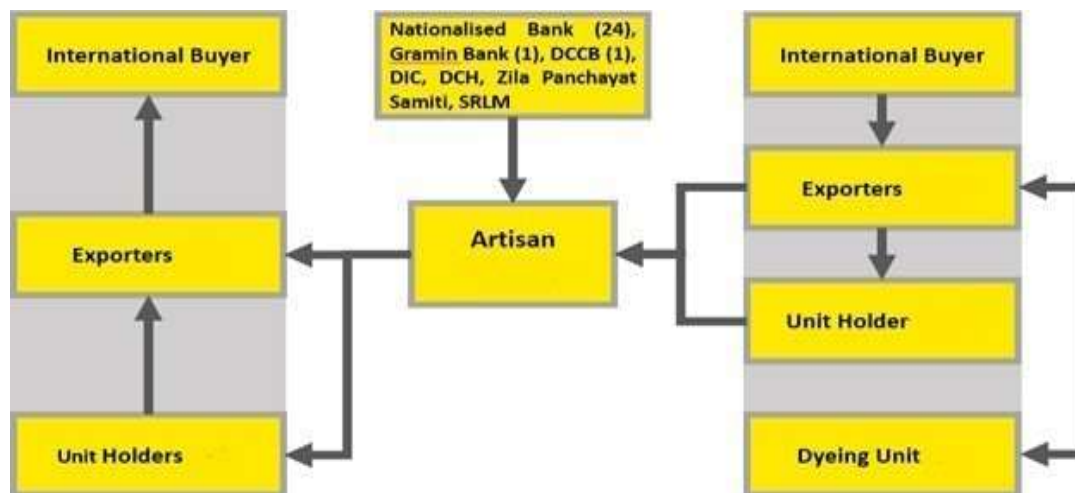


Hand knotted Gabe woollen carpets portray a unique tradition of tribal design. The continuity of super artistic tradition of tribal have made these carpets a product of a living and thriving art. The raw material composition of these carpets is generally 75 per cent wool and 25 per cent cotton. GABBE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

4.4 Status of GI Tag

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

4.5 Cluster Stakeholder



4.6 Industry Associations

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

1. Carpet Export Promotion Council (CEPC)

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

Name: Carpet Export Promotion Council,

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

2. All India Carpet Manufacturing Association (AICMA)

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

Name: All India Carpet Manufacturing Association

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



3. Indian Institute of Carpet Technology (IICT)

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

Name: Alok Kumar, Director

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

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

4.7 Export Scenario

4.7.1 HS code

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

Table 4: HS codes for Chikankari & Zari-Zardozi

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

4.7.2 India's Export Scenario

India contributes 40% of the total handmade carpets export in the world². Total carpet-durrie export value of Bhadohi-Mirzapur is **Rs 5308 crores** for 2019-20. The major exporting units are based in Mirzapur and Bhadohi.

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

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

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

Ranked No. 1 as a producer and exporter of Handmade Carpets and other floor coverings both in terms of volume

and value, Weavers can make handmade carpets in any design, colour, and quality as per the needs of overseas buyers and caters to the requirement of every segment of the society. Produces a wide range of Handmade Carpets and other floor coverings in low, medium, and high qualities for all the segments of consumers, Raw materials used are diverse and blending & mixing of different yarns is its specialty.⁸

Unlike, other countries, **in India skilled/unskilled/semi-skilled is easily available** and India's **export policies are liberal**. India also has various schemes and policies chalked out for its MSMEs and traditional industries to uplift

Key Facts of Export

1,329,545 (USD Thousand)

Value of world exports in 2020

460,872 (USD Thousand)

Total Exports of India in 2020

306,240 (USD Thousand)

Total Export of UP in 2020

66.45%

Share of UP in India's Exports

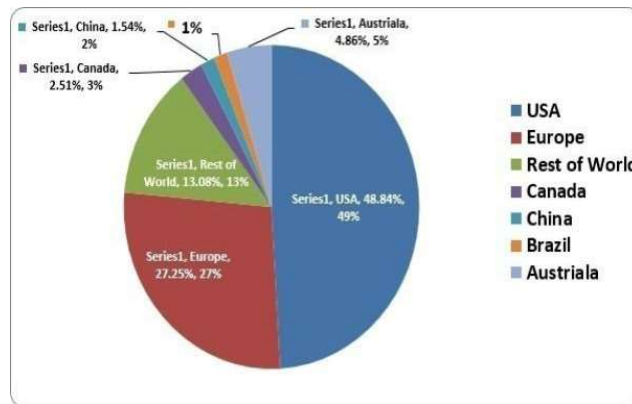
their sales and profits. In recent years, India has made the **shift towards contemporary designs**, necessitating an **upgrade in production and processing techniques**. India is seen as a **flexible supplier** that can **quickly respond to changes** in consumer preferences.

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

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

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

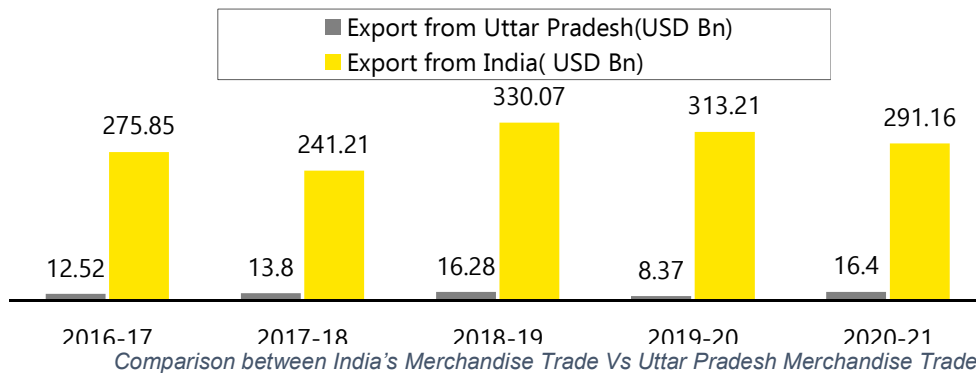
The following image depicts India's Export to various countries:⁹



4.7.3 UP's Export Scenario

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

Over the period of 5 years, exports from Uttar Pradesh have grown at a compounded annual growth rate (CAGR) of 7.06% as against national average 1.5%⁷

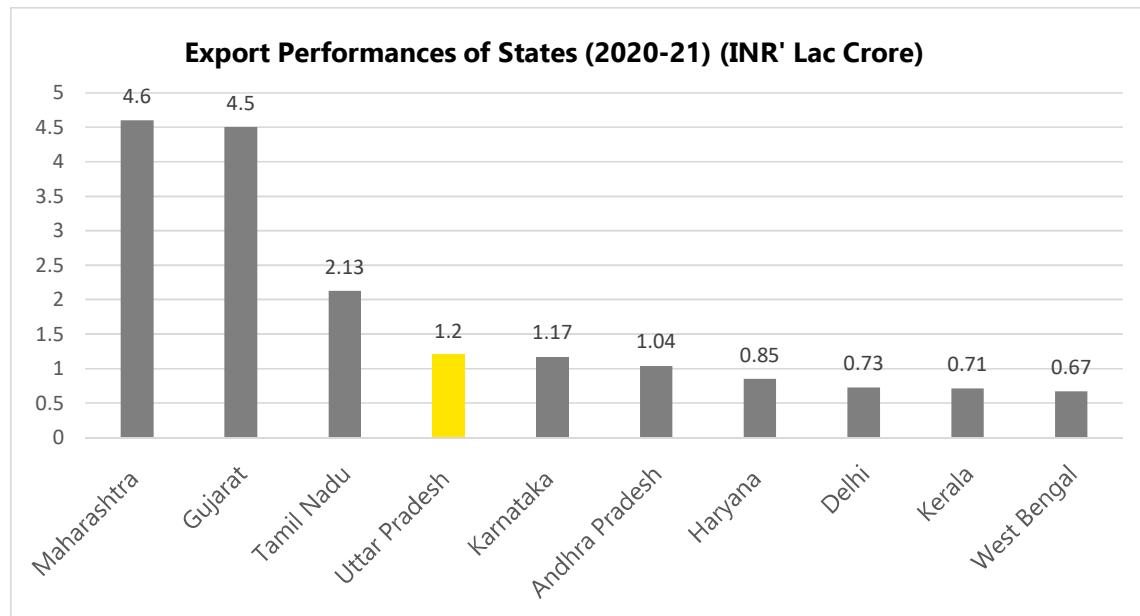


⁷ DGFT



Export performance from Uttar Pradesh

Total export from U.P. has jumped up from 1.14 Lakh Cr in 2018-19 to 1.20 Lakh Cr in year 2019-20 registering a growth of more than 5%.⁸



4.8 Export Potential

To exploit the export potential of the cluster the following action points can be helpful –

- 1. Instore Promotion:** Co-promotion with major retail players involving setting up display units in the retailer's premises (both departmental stores and specialists) to increase visibility for the brand and give an opportunity to the consumers to get a look and feel of the textile products.
- 2. Promotion Campaign:** An event management agency should be hired for this and an extensive advertising strategy must be followed to increase awareness. This will include print promotions and advertorials in trade journals, newspapers, magazines, and websites. Such promotions will help increase exposure and visibility.
- 3. E-commerce Collaboration:** An MoU should be signed between e-commerce companies and the units for onboarding them to the platform. This will help the weavers engage with customers around the world and increase the export of the product which then eventually will increase the demand of the products. These companies will then facilitate in cataloguing, branding, training & handholding on how to use platform for increased sales and also provide free onboarding support to the weavers.
- 4. Leveraging Government's Marketing Schemes:** Currently, the weavers are unaware about the schemes of Central and state government which can be leveraged for participating in international fairs and events. The awareness and outreach programs should be maximized and schemes like ODOP MDA, Marketing Assistance Scheme and International Cooperation.
- 5. Operationalisation of ICD/ CFS in the nearby area of the district:** ICD Madhosingh is not operational since 26th January 2020 which has caused a major blow to the local industries of the districts surrounding it. The Air Cargo facility at Babatpur is functional but remains underutilized most of the times. Similarly, a dry port at Kanpur is underutilized; it is functioning at lesser than 30% of its capacity. Thus, majority of the

⁸ DGFT



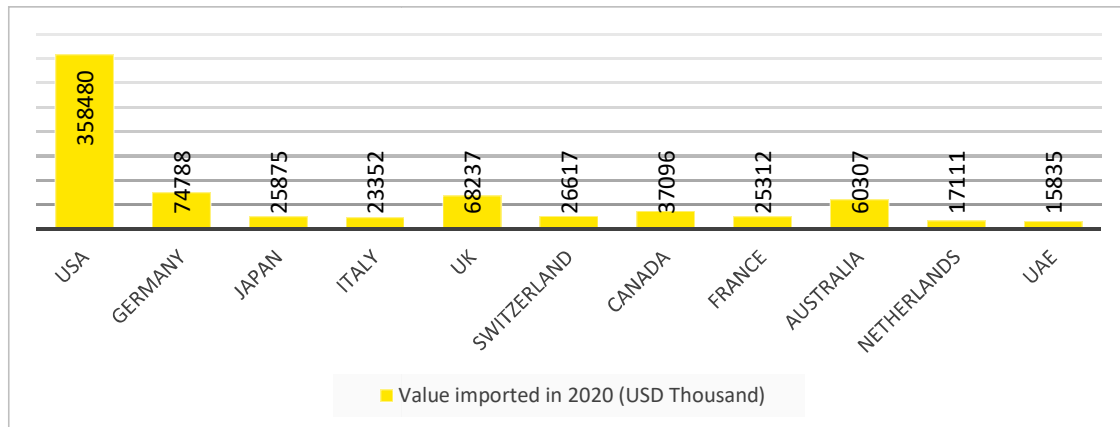
export is undertaken at ports of Delhi and Maharashtra. Thus, the following is suggested for improving the district's export:

- a. The state govt subsidises the transportation cost through the scheme run by Export Promotion Bureau with the help of District Industry Centre. It is suggested that DIC may take necessary steps for the promotion of this scheme and ensure 10% increase in the beneficiaries in the coming year.
6. **Market Expansion:** More than sixty percent of Carpet export goes to USA only and exporters should be promoted to target other markets where the demand for export is growing
7. **Registration on to India Handmade Bazaar:** India Handmade Bazaar is an online portal, which is developed by the Ministry of Textiles for direct marketing of handicrafts and handloom products. This portal facilitates the weavers and artisans to provide information about their handloom products for easy understanding of exporters.
8. **Promotion of GI Products:** The following will ensure adequate promotion.
 - a. Number of authorisations uses should be increased
 - b. Promotion in marketing events
 - c. Formation of a sub-committee
 - d. Awareness programmes specially for G.I. authorised users may be conducted.
 - e. Initiate and promote the use of common logo, brand name of GI products by authorised users

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

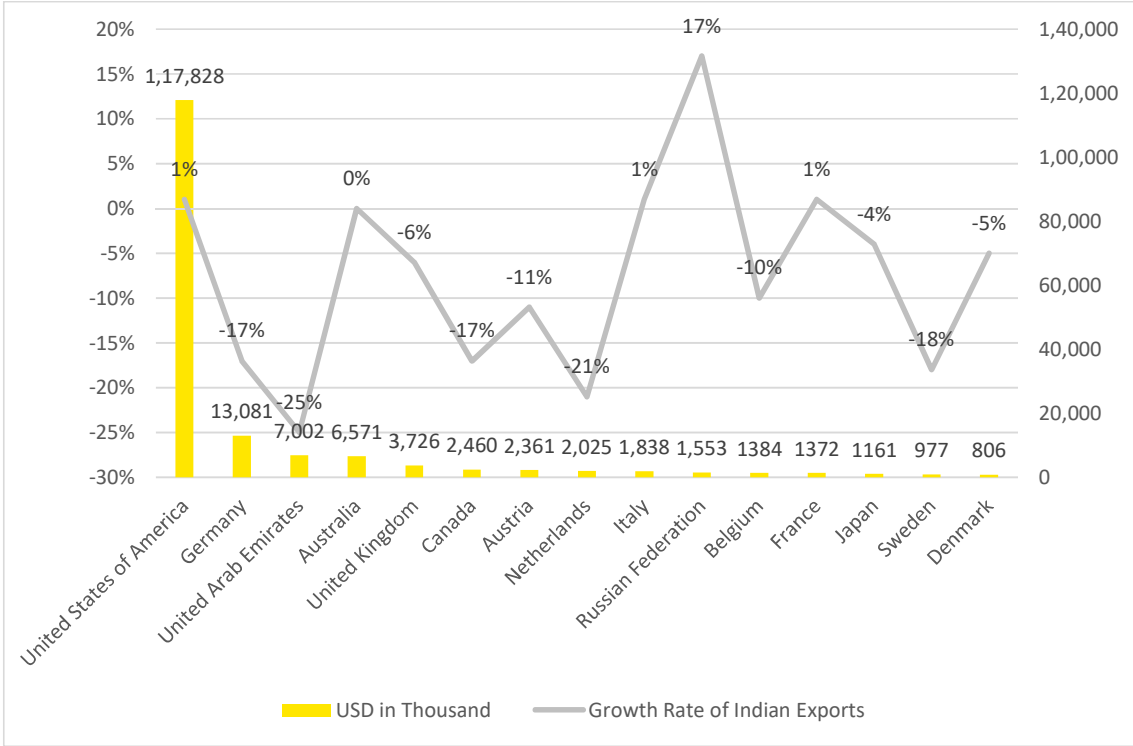
The Indian carpet has market access to 73 countries, US being the largest². India's exports represent 12.3% of world exports for this product, ranking it number 2, only behind China. The value of India's exports over the last 5 years have increased by CAGR 12.6%. As per data FY 2015-16 to 2018-19 for exports from the state of UP, it is observed that there has been an increase by CAGR 2.1% and that UP accounts for more than 50% of the overall Indian exports in this category.

The top importers for this product in the world are:

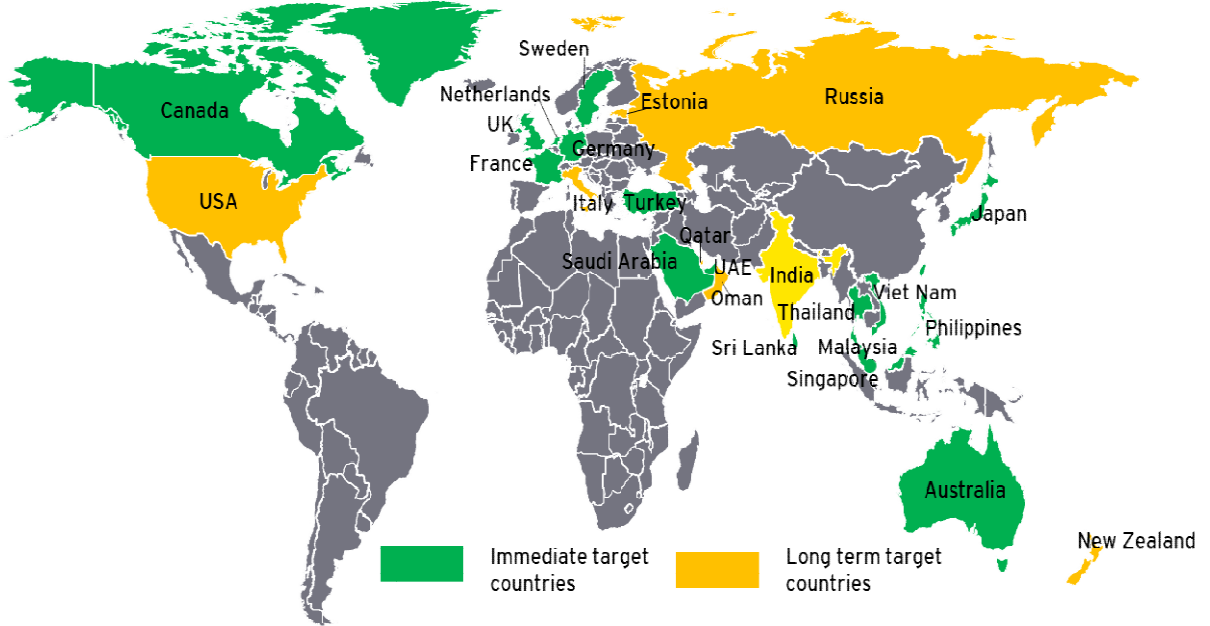


The following chart showcases the prominent import countries to whom India export this product.





Target Countries on Map



4.9 SWOT analysis

Table 5: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ High market demand all over the world. ▶ Traditional weaving done in the craft. ▶ Large employment-oriented crafts. ▶ Availability of indigenous and improved wool of different grade and price. ▶ Availability of antique carpets. ▶ Quantity and quality of traditional designs and patterns. ▶ Availability of the natural dyes. ▶ Alternative source of casual employment for many people. ▶ Bhadohi has been awarded 'export excellence' tag ▶ Geographical Indication Registry (GIR) as 'Handmade carpet of Bhadohi' 	<ul style="list-style-type: none"> ▶ Poor working condition for weavers. ▶ Low wages. ▶ Unorganized sector ▶ Nonparticipation of weavers in marketing activity. ▶ Little quality control with home-based weavers. ▶ Limited domestic demand for traditional handmade carpets. ▶ Low technical expertise on processing wool, dyeing, cutting, and cleaning of carpet. ▶ Finishing and washing facilities are not sufficient. ▶ Lack of infrastructure such as power and link roads. ▶ Low demand of hand knotted high quality bid size carpet.
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Home furnishing market is moving towards Carpet industry, which results in evolution of new carpet designs. ▶ Export directly to nearby countries. ▶ Learn new styles and adapt to market demand. ▶ Wool processing (spinning, dyeing, washing) ▶ World market for carpets is growing. ▶ Sympathetic government policy on export. ▶ Access to vertical looms for large carpets. ▶ Creating a brand. ▶ It is used as a marketing tool and gives opportunity to provide stocking and warehousing services to various players in the market. 	<ul style="list-style-type: none"> ▶ The competition of cheaper machine-made carpets from other countries such as China, Belgium, Turkey etc. ▶ Tough competition from Pakistan, China, Nepal etc. ▶ Competition of modern style carpets from other countries. ▶ Appreciation for product is subject to fashion influences (interior decoration) ▶ Growing tendency among customers to buy lower quality carpets.

4.10 Challenges and interventions

Parameter	Challenges	Intervention

<p>Raw Material</p>	<ul style="list-style-type: none"> ▶ Constant price fluctuations of the raw materials ▶ Yarn produced in Mirzapur-Bhadohi belt is expensive in comparison to the one sourced from Bikaner. ▶ Only 5-10% of cluster current demand is supplied by local spinning units 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Raw material bank with raw material processing facility for processing different varieties of yarn ▶ The raw material processing facility under Common Facility Centre should ensure availability of New Zealand and Desi Woolen yarn at discounted price <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Micro credit facility to weavers / artisans for procuring yarn
<p>Design</p>	<ul style="list-style-type: none"> ▶ Floral and geometric patterns are still made ▶ Majority of stakeholder face problems in creating their designs by latest trends. ▶ Unique designs are usually created based on demand of the buyer ▶ 70-75% of the designs are made manually 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Mirzapur carpet industry should focus on having a state of art design lab or Design Bank as a CFC along with sample designs <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Collaboration with National Institutes. ▶ Collaboration with renowned interior designers to provide design inputs
<p>Technology</p>	<ul style="list-style-type: none"> ▶ Current dyeing process is not environment friendly as 80% of current demand is dyed manually. ▶ 45 dyeing plants are equipped with ETP but meet only 10-15% of the cluster demand. ▶ 90% of tufting is done by manual tufting machine ▶ Majority of the weavers do not have iron frame looms. ▶ Vertical looms have adverse effect on the health conditions of the weaver 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Establishment of Common Production Centre with technology-enabled machine (viz. machine tufting guns) and innovative frame looms to scale up production of micro artisans/ small manufacturers <p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Financial assistance should be provided through Integrated Processing Development Scheme (IPDS) introduced by GoI, to set up inhouse dyeing units with ETPs ▶ Institutions such as IICT Bhadohi, Dr. A.P.J. Abdul Kalam Technical University, Lucknow can be consulted for upgradation of dyeing and washing technology being used in Bhadohi. ▶ Financial assistance to weaver in buying machine tufting gun and iron frame vertical looms by UP state government. ▶ Facilitate the weavers to procure the IICT developed Loom for testing purpose
<p>Market</p>	<ul style="list-style-type: none"> ▶ Need for infrastructure for marketing and trading for marketing the product ▶ Decreasing demand in domestic market ▶ Lack of customers in global market when compared to other countries ▶ Decrease in demand for hand-woven carpet in international 	<p>Soft Interventions</p> <ul style="list-style-type: none"> ▶ Awareness and outreach for participating in international, national, and state-level fairs and exhibitions. ▶ Encourage to leverage ODOP MDA scheme for financial assistance. ▶ Organize state and national level exhibitions ▶ Tie-ups with companies like IKEA and wall-mart ▶ Collaboration with major hospitality industries, private

	market	<p>organizations, and government bodies for flooring of their offices with carpets manufactured in Bhadohi region.</p> <p>▶ Collaboration with E-commerce companies</p>
Quality Certification	<p>▶ Currently there are no checks and balances made for quality certification/ maintenance</p> <p>▶ Only exporters of the cluster try to maintain the quality standard of global market</p> <p>▶ Lack of knowledge amongst most weavers about the quality certificate required for each product</p>	<p>Hard Interventions</p> <p>▶ Upgradation of Testing lab of IICT to enable advance testing to be conducted within the cluster</p> <p>Soft Interventions</p> <p>▶ Collaboration with QCI to define quality standard</p> <p>▶ Collaboration with National institutes</p> <p>▶ Collaboration with IICT to certify Bhadohi carpets meeting quality standards defined and give 'Certification mark' to ease out export compliances and enhance trust of buyers.</p>
Infrastructure	<p>▶ Absence of adequate and proper power supply, surface networking and transportation systems</p>	<p>Hard Interventions</p> <p>▶ Industrial upgradation with Establishment of proper lighting, ETP, RCC drains etc.</p>
Packaging	<p>▶ Packaging is done in Bhadohi as per the requirement of buyers for exports.</p> <p>▶ Lack of innovative packaging of the products.</p>	<p>Soft Interventions</p> <p>▶ Collaboration with Indian Institute of Packaging</p>
Access to Finance	<p>▶ Lack of awareness about existing Financial institutions and their schemes & policies</p> <p>▶ Blockage of working capital owing to extended payment timelines and return of unsold stock</p>	<p>Soft Interventions</p> <p>▶ Collaboration with nationalized banks</p> <p>▶ Collaboration with SIDBI</p> <p>▶ Awareness and outreach program for raising consciousness about existing central and state government schemes that can be leveraged</p> <p>▶ Distribution of Revolving fund and Interest subvention</p>

5. Various Schemes being run by Export Promotion Bureau, Uttar Pradesh

A) Marketing Development Scheme (MDA)

S. No	Incentives offered	Amount of incentive against total expenditure
1	Participation in foreign fairs/exhibitions (total three fairs / annum) a. Stall charges b. Air fare (economy class)	a. 60% of stall charges (max 01 lac / fair) 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)

B) Gateway Port Scheme

Particulars	Details
Brief Description	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
Eligible units	Micro, small & medium enterprises.
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 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.

C) Air Freight Rationalization Scheme

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
Recognized Cargo Complexes	Varanasi & Lucknow

6. Future Outcomes

Employment

The cluster is expected to see a 20% per cent growth in employment resulting to approx. **85,125** artisans engaged in the cluster by 2025.

Turnover

Cluster turnover expected to double⁹ from **INR 6200 Cr.¹⁰** to **INR 12,400 Cr** by 2025

⁹ *Growth of 2 folds in turnover assumed basis stakeholder discussion*

¹⁰ The future projection is for Bhadohi-Mirzapur belt

7. Action Plan

Quantifiable activity/ Intervention	Responsible authority	Timeline for implementation ¹¹
Increasing the overall exports from the state		
Sensitization and facilitation in availing Import/ export documents: Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/ export and provide support in availing them	ODOP cell, DIEPC UPEPB	Continuous initiative
Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events . Further, DGFT and FIEO can finalize a target to participate in at least 3 international events in a year per product category/industry (food, engineering & auto components, handicrafts, textile& apparel etc.) by utilizing schemes like IC and MAS	ODOP cell, DIEPC UPEPB	Continuous initiative
<p>Sensitization of cluster actors:</p> <ol style="list-style-type: none"> The individuals of a cluster should be sensitized on the plethora of schemes¹² available for them for maximizing the potential of exports. Merchandise Exports from India Scheme, Service Export from India Scheme etc. provides various exemptions for facilitating exports. Further, schemes like Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analyzing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP 	ODOP cell, DIEPC UPEPB	Continuous initiative

¹¹ Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

¹² 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>:

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

<p>updating of the same at the district website.</p> <p>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.</p>	<p>DIEPC/UPEPB</p>	<p>Long term</p>
	<p>DIEPC/UPEPB/FIEO</p>	<p>Short term</p>
<p>Product 1: Carpet</p>		
<p>Establishment of Common Facility Centre with:</p> <p>a. Raw Material Bank and Processing center</p> <p>b. Design and Display Centre</p> <p>c. Common Processing Centre</p> <p>d. Testing Lab</p>	<p>DIEPC, DGFT and ODOP Cell</p>	<p>Long term</p>
<p>Creation of a Design bank at the CFC</p>	<p>ODOP Cell</p>	<p>Long term</p>
<p>Engaging Uttar Pradesh Handlooms Corporation to work on the design aspects of the products</p>	<p>ODOP Cell</p>	<p>Intermediate term</p>
<p>Collaboration with National Institute of Design (NID) shall help weavers bring design innovation in the market.</p>	<p>ODOP Cell</p>	<p>Long term</p>
<p>Collaboration with renowned interior designers for design inputs</p>	<p>ODOP Cell</p>	<p>Short term</p>
<p>i. Leverage Integrated Processing Development Scheme (IPDS) introduced by GoI, to set up inhouse dyeing units with ETBs required by exporters through PPP model</p> <ul style="list-style-type: none"> - Identify exporters/ manufacturers needing inhouse dyeing units with ETBs - Onboard U.P. Pollution Control Board (UPPCB) to assess effluent discharge of individual units (approx. 40-50 KLD plants installed in existing units currently) <p>Calculate total investment required and assist exporters/ manufacturers to apply under Integrated Processing Centre Development Scheme (IPDS) accordingly</p>	<p>ODOP Cell UPPCB DIEPC</p>	<p>Intermediate term</p>
<p>ii. Financial assistance to weaver in buying 'Machine Tufting Gun' and Iron-frame vertical looms by Government of Uttar Pradesh (GoUP).</p> <p>iii. The financial assistance should be given through 'ODOP Skill Development and Toolkit Distribution' scheme</p>	<p>ODOP Cell & DIEPC</p>	<p>Long term</p>

<p>iv. Distribution of looms to 20% of total weavers (approx. 12,400 weavers)</p> <table border="1" data-bbox="233 326 730 480"> <thead> <tr> <th>Funding by</th> <th>Share</th> <th>Assistance provided</th> </tr> </thead> <tbody> <tr> <td>IICT</td> <td>80%</td> <td>16,000</td> </tr> <tr> <td>GoUP</td> <td>40%</td> <td>4,000</td> </tr> <tr> <td>Total</td> <td></td> <td>20,000</td> </tr> </tbody> </table>	Funding by	Share	Assistance provided	IICT	80%	16,000	GoUP	40%	4,000	Total		20,000		
Funding by	Share	Assistance provided												
IICT	80%	16,000												
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<p>vi. Collaboration with IICT to facilitate the weavers to procure 'Continuous Tufting Frame-looms' innovated by IICT to mitigate challenges of vertical looms. This will also help IICT in getting these looms tested for further improvements</p> <ul style="list-style-type: none"> - Development of prototype of looms by IICT - Financial assistance to weavers by GoUP for facilitation of these looms through 'ODOP Skill Development and Toolkit Distribution' scheme - Discuss feedback of looms with IICT to track effectiveness in terms of increased production and quality of carpets 	IICT Bhadohi, ODOP Cell & DIEPC	Continuous initiative												
Identification of beneficiaries for technology and Industrial upgradation	ODOP Cell/ EY	Continuous initiative												
Implementation of identified technologies and industrial upgradation with the help of Government Schemes	ODOP Cell/EY	Continuous initiative												

8. Annexure -1

Abbreviations

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

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



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

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