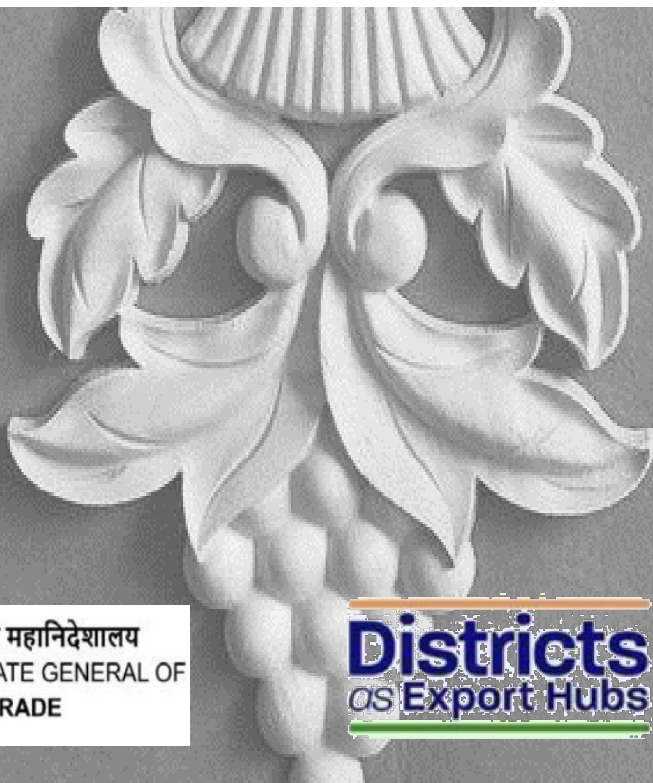




# Department of MSME and Export Promotion Government of Uttar Pradesh

Draft District Export Action Plan,  
Saharanpur, Uttar Pradesh



Knowledge Partner



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE

**Districts**  
as Export Hubs



Building a better  
working world

## Preface

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

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

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

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

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# 1. Vision of Districts as Export Hubs

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

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

Foreign trade from India constitutes of 45% of its GDP. Until 2019, only the central government was engaged in the decision making of foreign trade, without any participation or involvement of state and/or district stakeholders. However, now, understanding that there are diverse elements that contribute towards an enabling and conducive foreign trade environment; the central government has identified that with policy & strategy, active support of the state governments and district administration 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, the vision of district as export hubs was put to action. Department of Commerce, through Directorate General of Foreign Trade (DGFT) is working with the State / UT Governments to achieve this objective.

DGFT and UPEPB have aimed at synergising their efforts to identify the key products, export trends and challenges. Further, in order to minimize the challenges, quantify the exports and outline export strategy; a detailed district-wise Export Action Plan has been made for all 75 districts of Uttar Pradesh, where Ernst & Young (EY) has contributed as Knowledge Partner.

## 2. District Profile

Saharanpur district is the north most district of Uttar Pradesh, bordering the state of Haryana, Himachal Pradesh and Uttarakhand. Saharanpur district, formed at the most northerly position of the Doab land, stretches between the holy rivers of the Ganges and the Yamuna. The Shivalik hills rise above it on the northern frontier. Saharanpur is a city with administrative headquarters of Saharanpur Division and works as Municipal Corporation in the state of Uttar Pradesh. The distance from Delhi to Saharanpur is 166Kms. while from Lucknow it is 471 Km. Saharanpur District has 5 Tehsils, namely Behat, Saharanpur, Nakud, Rampur Maniharan & Deo Band. Further, the district is divided into 11 Blocks: Sadauli qadeem, Muzaffarabad, Puwarika, Ballia Kheri, Deoband, Sarsawan, Nagal, Nanuta, Nakud, Gangoh & Rampur Maniharan. Saharanpur is famous for its wood carving cottage industry and a vital source of employment and foreign exchange earnings.

### 2.1 Geography

Saharanpur district is located between 29° 34'45" to 30° 21'30" North latitude and 77° 9' and 78° 14' 45" East longitude. The northern and the north-eastern part of the district is surrounded by Shivalik hills and separates it from the Dehradun district Uttarakhand state. The river Yamuna forms its boundary in the west which separates it from Karnal and Yamunanagar districts of Haryana. Saharanpur District have 05 Tehsils and 11 blocks for administrative convenience. It hosts 02 Parliamentary Constituencies and 07 Assembly constituencies.

### 2.2 Topography & Agriculture

The district is in a rectangular shape. Its total area is 3689 square kilometers. The District covers a forest Cover of 332229 Ha or 9.13% land area of Saharanpur covers as forest area. In area under Shivalik reserve forest Sheesham, Sal etc. are found. Poplar & Eucalyptus are also grown by farmers. Roughly 70% of the land is under

agricultural use, the important food crops of the region are Wheat, Rice, Maize, Jawar, Bajara, sugarcane; oilseeds, cotton and jute are the main commercial crops. The region is very poor in mineral resources. Limestone stone boulders are the only main minerals.

### 3. Industrial profile of the district

Saharanpur is primarily an agricultural district with 70% of land under agricultural use. The important food crops of the region are Wheat, Rice, Maize, Jawar, Bajara, sugarcane; oilseeds, cotton and jute are the main commercial crops. Saharanpur is famous for its cottage industries, out of which the traditional wood carving industry has flourished and gained reputation all over the world. Other than wood, wooden based furniture and woodcarving, industries like Iron bells manufacturing, Hosiery/ readymade garments & embroidery and paper & paper products are other major sources of livelihood in the district. Saharanpur ranks second in textile & hosiery production within Uttar Pradesh, after Kanpur.

Table 1: Industries details<sup>1</sup>

| S No | Industry  | Total Units | Total Employment | Total Investment (INR in Crores) |
|------|---|-------------|------------------|----------------------------------|
| 1    | Food/Agriculture Based  | 777         | 3160             | 13.04                            |
| 2    | Mining and Other related activities/ Mineral Based industries | 391         | 2889             | 4.62                             |
| 3    | Hosiery & textile industry                                    | 1000        | 12000            | ---                              |
| 4    | Woolen, silk & artificial Thread based clothes                | 76          | 423              | 2.75                             |
| 5    | Jute & jute based   | 110         | 238              | 0.15                             |
| 6    | Ready-made garments & embroidery                              | 931         | 4879             | 20.88                            |
| 7    | Wood/wooden based furniture                                   | 6056        | 90000            | 26.16                            |
| 8    | Paper & Paper products  | 352         | 1787             | 6.87                             |
| 9    | Leather based   | 656         | 2948             | 8.10                             |
| 10   | Rubber, Plastic & Petro based                                 | 297         | 2253             | 7.28                             |
| 11   | Chemical/Chemical based                                       | 358         | 1940             | 10.03                            |
| 12   | Metal based (Steel Fab.), Bells & Wrought Iron industry       | 270         | 1216             | -----                            |
| 13   | Machinery & Parts   | 712         | 3000             | 18.35                            |
| 14   | Engineering units   | 429         | 2012             | 15.77                            |
| 15   | Electrical machinery and transport equipment                  | 564         | 2989             | 12.53                            |
| 16   | Misc. Mfg   | 2587        | 12051            | 129.15                           |
| 17   | Repairing & servicing   | 6085        | 21554            | 223.44                           |

<sup>1</sup>Directorate of Industries, Govt of U.P, Kanpur

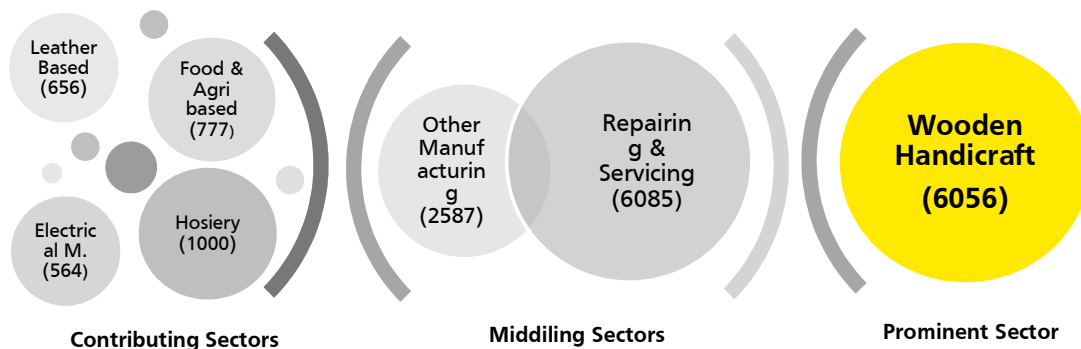


Figure 1: MSME landscape of the district

Wood & wooden based furniture industries sector of MSME with 6056 units (registered around 4200) and around 90,000 artisans (registered around 10,000) in the district is the prominent economy contributing sector. The “Repair and Servicing Sector” have 6085 no. of units however, this is unorganized sector with multiple small and micro servicing units with only deploying 21554 people and resources in the cluster.

Out of total population of 3,466,382 (census-2011), 1,037,344 are working population. Out of total working population, 48% are cultivators and agricultural labourers and the household industry and other industry workers are 52%. This indicates that other industry and household-based industry are the main source of income in the district.

Table 2: Occupational Distribution of Main Workers<sup>2</sup>

### 3.1 Major Exportable Product from Saharanpur

The total export from Saharanpur is approximately INR 2,788.6 Crores for the period September 2020 to November 2021.

The following table depicts the value of export of major

| S.No. | Particulars                | Saharanpur | %     |
|-------|----------------------------|------------|-------|
| 1     | Cultivators                | 221,567    | 21.4% |
| 2     | Agriculture Labourers      | 273,050    | 26.3% |
| 3     | Household Industry Workers | 34,032     | 3.3%  |
| 4     | Others                     | 508,695    | 49.0% |

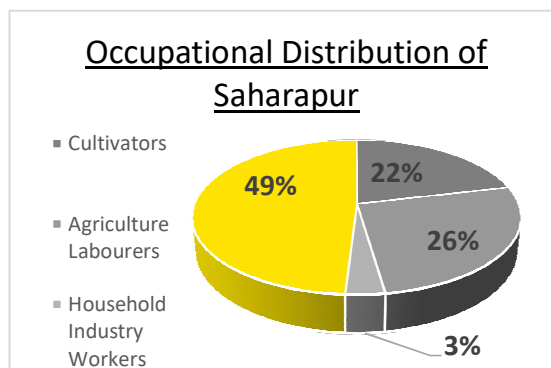


Figure 2: Occupational distribution of Saharanpur

products identified by DGFT for Saharanpur district.

Table 3: Major exportable products

| S. No | Product | HS Code | Product Details | Export value (INR Crores) (Sep 2020- |
|-------|---------|---------|-----------------|--------------------------------------|
|       |         |         |                 |                                      |

<sup>2</sup> District census handbook 2011- Saharanpur



|       |             |          |   | Nov 2021) <sup>3</sup> |
|-------|-------------|----------|---|------------------------|
| 1     | Woodcraft   | 44219990 | Wood articles                           | 183.8                  |
| 2     | Hosiery     | 610711   | Men's                                   | NA                     |
| 3     | Frozen Meat | 2023000  | Boneless meat of bovine animals, frozen | 600.4                  |
| 4     | Frozen Meat | 23099090 | Other preparations of Animal Feeding    | 37.1                   |
| Total |             |          |   | 2788.6                 |

Saharanpur's total export value (INR 2788.6 Crores) as mentioned in Table-3, includes exports from rice, jaggery and other products as well. The following analysis focuses on primary products as per Table 3.

## 4. Product 1: Wood craft

### 4.1 Cluster Overview

Saharanpur rejoices 400 years of history of Woodcraft industry with multiple levels of growth of woodcarving and various techniques and skills of woodwork developed with time and changing forms of the craft. Mohd. Atta Hussain opened first unit of woodcraft in Saharanpur in 1857, since then the woodcraft has continuously evolved with time in the district. Uttar Pradesh is a state of India in which various types of crafts have been found in a cluster. "*Saharanpur Woodcraft*" was selected as a key product under One District One Product (ODOP) Scheme of Govt. of Uttar Pradesh.

**Key Facts**

-  **6056 manufacturers**
-  **90,000 ~ artisans**
-  **INR 1400 Cr – turnover**
-  **INR 776.3Cr<sup>o</sup> ~ export turnover**

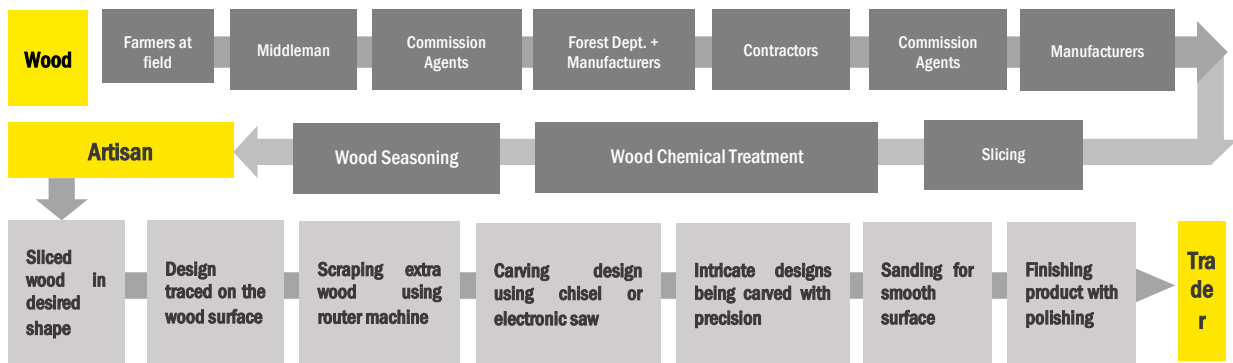
Saharanpur is well known for its magnificent carving craft. Main items are made of rosewood, teak, and acacia. The woodcarvers create magic on the articles they prepare. The talent of wood carving is passed from generations to generations. Furniture is designed in a skilled manner having *mehrab*, *jail* and *grapevine motifs*. Carvers carve their imaginations on these articles and sometimes the carving is beautified with the stone inlay on ebony wood. The colour combinations used are attractive and present each item in a very pleasant manner. With its development into a major hub for woodwork and wood carvers from other centres migrated here, as a result, Saharanpur district's woodcraft cluster employing approx. 90,000 - 100,000 artisans, can boast of a wide and highly skilled repertoire of woodwork. It is, today, the biggest wood carving location in India.

<sup>3</sup> Total export from Lucknow for the period September 2020 to November 2021 as per the data received from office of DGFT, Kanpur  
\*EPCH, Saharanpur (2019-20)



## 4.2 Value Chain of “Saharanpur Woodcraft”

Saharanpur is a big production and commercial centre engaging large base of artisans and workers. The main raw material is wood which is sourced locally from UPFDC/ timber merchant/s. Other raw materials used for polishing and adorning the products during carving phase are also locally sourced by dealers. 80% of artisans are involved in chiselling, carving, jaali-making and metal inlay and creating intricate designs as per customers’ demand in bulk; other than skilled artisans, unskilled/semi-skilled artisans or workers are mostly involved in activities like wood treatment, seasoning, sanding, polishing, assembly, finishing and packaging of the product.



## 4.3 Product profile

Saharanpur Woodcraft cluster has shown its remarkable skills in three types of wood crafting techniques i.e., Woodcarving, Metal inlay and ‘Jali-work’.

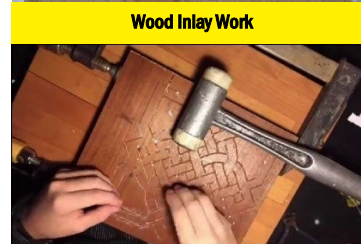
### Wood-carving work

A unique engraving creativity of ‘Nakkashi work’ appears with floral and figures etched out by the craftsmen. Lacquer work is obviously one of the major handicrafts of the region. The craftsmen of Saharanpur are excelled in the art of wood carving work. It is now widely used on the furniture, partisan boxes, ashtrays, Jewellery Boxes, service tray and other articles.



### Inlay work

Inlay is an ornamentation done by embedding pieces of different material in a surface. The materials generally used are metal, (ivory in ancient period) bone or various types of wood like sandal rose etc. Wooden articles like bowls, trays and various decorative items are inlayed with brass or silver wire known as ‘Tarkashi’. This technique was originally done on wooden foot wears ‘Kadaun’ but it is now widely used to decorate the center-table, ashtrays, fruit-basket, service tray and other furniture articles etc.



### Jali work

The term jaali work is a delicate hand carving technique of creating a designer net or mesh work on wood to enhance the beauty and the character of the wood. Jaali work is a depiction of highly skilled and precise craftsmanship on wood.



### 4.3.1 Product Portfolio

The following are the key products manufactured in the cluster:

Table 4: Saharanpur Wooden Handicraft Products

| Product Category | Product Details  |
|------------------|--|
| Furniture        | Furniture include sofa set, Double bed, Diwaan beds, Racks, Side table, Computer Tables, Table-Top, Dining Table, Dressing Table etc.  |
| Decorative Items | Wall Hanging, Lamp, Wall Panel, Mirror Stand, Frames, Jaali Patterns, Partitions, Light Fixtures, Candle Stand, and Photo stand etc.   |
| Utility Items    | Boxes, Trays, Tabletop, wall pieces, Cupboard, Coaster, Chests, Organizers, Key Box, and Pen Holder, Christmas decoration item, Bangle with Stands Book Stands, Wooden Boxes, Candle and Incense Stands, Gifts items, Home decor, Home Furnishing, Key Holder and Stands, Kitchen Ware, Table or Desk Accessories, Toys & Games etc. |
| Other items      | Jewellery Box, Kitchen Products, Christmas Decorative items, Seasonal Decorative Items, Photo frames, Wall decorative Items.   |

### 4.3.2 Status of GI Tag

The Geographical Indication Registry (GIR) has accorded the Geographical Indication (GI) registration to the Wood Carving and it was registered under the brand of '**Saharanpur Wood Craft**' in 2014 in lieu of application by **Wood Craft Design and Development Society**.

## 4.4 Cluster Stakeholders



Figure 3: Cluster Stakeholders

### 4.4.1 Industry Associations

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

Following are principal Industry Associations that are working for the development of wood craft in Saharanpur:

- ▶ Uttar Pradesh Forest Development Corporation (UPFDC)

- ▶ Export Promotion Council for Handicrafts (EPCH), Saharanpur
- ▶ National Centre for Photos & Picture Framing Technology
- ▶ Development Commissioner (DC), Handicrafts
- ▶ Indian Industries Association (IIA) – Saharanpur Chapter
- ▶ Handicrafts Artisans & Exporters Association
- ▶ Wood Craft Design & Development Society, Saharanpur
- ▶ Forest Research Institute (FRI) – Dehradun
- ▶ Saharanpur Handicraft Development Centre (SPV, ODOP CFC Scheme)

## 4.5 Export Scenario

### 4.5.1 HS code

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

Table 5: HS codes utilised by Woodcraft cluster of Saharanpur

| HS codes       | Description  |
|----------------|--|
| 940360<br>(00) | Wooden furniture (excluding for offices, kitchens and bedrooms, and seats) |
| 44219990       | Articles of wood   |

### Current Scenario

The export scenario of India and Uttar Pradesh have been analysed basis the export statistics of HS codes mentioned above under which Saharanpur's Woodcraft products are exported. Alongside are the key facts pertaining to the analysed product codes.

Based on our analysis, we have also identified key markets that should be targeted in short term and in long term to expand our current reach and potential. The immediate synergies include countries with high growth potential and signed FTAs catered by India. Whereas the long-term synergies include countries with untapped market potential which can only be fulfilled if UP's exporters comply and raise the quality of the product to the highest standards, freight rates are more subsidized and major efforts is required in marketing which will require time to accommodate the same. Saharanpur district's woodcraft cluster, today, the biggest wood carving location in India. 200 enterprises of Saharanpur engaged in exports. 35<sup>4</sup> units are purely exporting.

#### Key Fact of Export

**26,586,512 USD Thousand**

Value of world exports in 2020-21

**559,821 USD Thousand**

India's exports 2020-21

## 4.6 Export Potential

In this section, we will discuss the year-wise growth in exports from woodcraft cluster of India and contribution and potential of Saharanpur woodcraft cluster of Uttar Pradesh in export scenario.

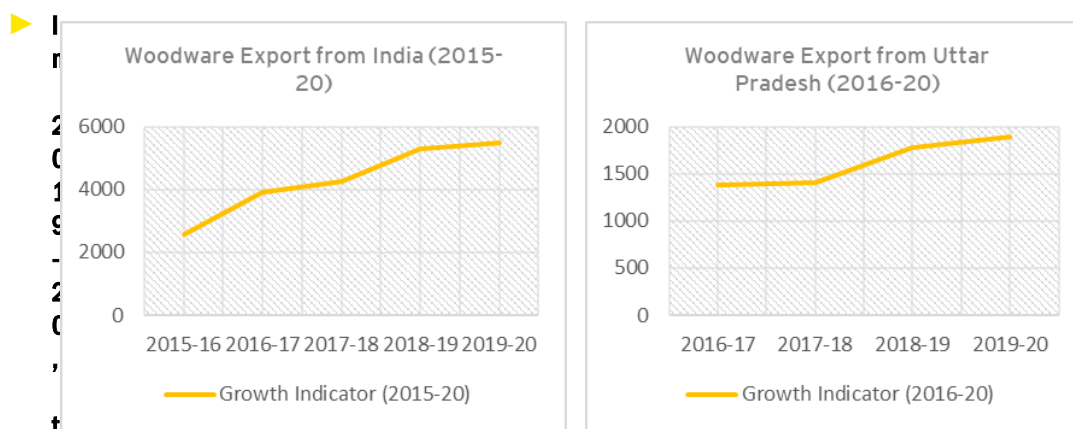
- ▶ In FY 2021, the total exports of woodware from India was INR 6476<sup>5</sup> Cr.
- ▶ The year-wise growth in wooden handicraft export in value terms is 3-4% in FY 2019-20, 27% in FY 2018-19 & 8% in 2017-18.

<sup>4</sup> DSR, Saharanpur (NABCONS)

<sup>5</sup> [www.ibef.org](http://www.ibef.org)

- ▶ During 2018-19 the export value of woodcraft was INR 5311 crores compared to the previous years' exports of INR 4267.37 crores during 2017-18 and INR 3916.01<sup>6</sup> crores during 2016-17.
- ▶ The export value of India's Wooden handicrafts had steadily increased from year 2016-20, the biggest buyer was USA with INR 1958.0 crores of import value in 2018-19 followed by other big buyers like Germany, UK, France and Netherlands, Australia, Canada, and UAE.

| Exports of Woodware from Uttar Pradesh <sup>7</sup>                      |          |              |              |              |              |
|--|----------|--------------|--------------|--------------|--------------|
| Year 2016-17 to 2019-20  |          |              |              |              |              |
| <i>(Calculated based on 167 HS codes utilised for Woodware products)</i> |          |              |              |              |              |
| S.No.  | Items    | 2016-17      | 2017-18      | 2018-19      | 2019-20      |
|  |          | (INR crores) | (INR crores) | (INR crores) | (INR crores) |
| 1  | Woodware | 1383.72      | 1412.64      | 1780.12      | 1890.85      |



The exports of woodcraft products from Uttar Pradesh was INR 1890.85<sup>8</sup> crores. Saharanpur district (UP) contributes majorly to export of woodcraft from Uttar Pradesh. The total export of Woodcraft cluster of Saharanpur was 776.3 crores<sup>9</sup> in 2019-20.

The rising appreciation for wooden handicrafts by consumers in developed countries, widespread novelty seeking, cheap and skilled labour and large supply of timber species has made the Indian wood industry one of the most important suppliers of handicrafts to the world market.

This industry of Saharanpur provides employment to over 90,000 – 1,00,000<sup>10</sup> artisans and supports and provides major opportunity of employment to rural sections. In addition to the high potential for employment, the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country.

Few factors that add to export potential of the cluster are:

<sup>6</sup> DSR, Saharanpur (by NABCONS)

<sup>7</sup> DGCI&S Kolkata, EPCH, Delhi

<sup>8</sup> Export Promotion Bureau, UP

<sup>9</sup> EPCH, Saharanpur

<sup>10</sup> DSR, Saharanpur (by NABCONS)

- ▶ Large, diversified, and potential market.
- ▶ Large range of products is available because of diversified culture.
- ▶ It has strong and supportive retail infrastructure.
- ▶ Diversified product range that service different markets.
- ▶ Large base of artisans/ workers leads to cheap rates of labour
- ▶ Cheap labour rates result to competitive price.
- ▶ Need low capital investment.
- ▶ There is production flexibility.
- ▶ Low barriers of new entry.

Below figure shows the top importers for this product (940360) in the year 2020-21 in the world:

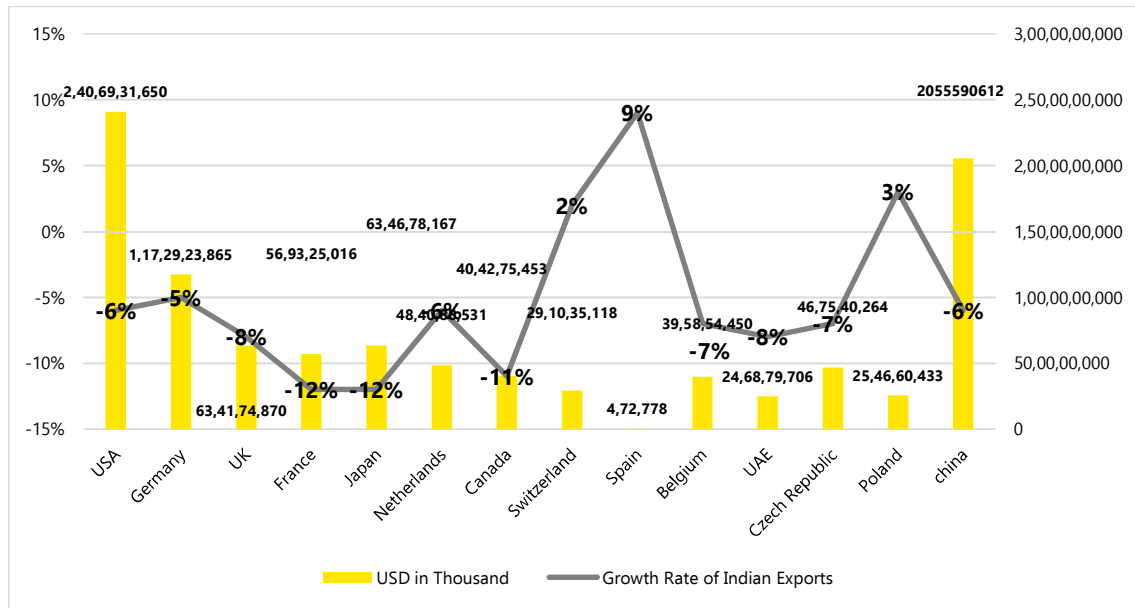


Figure 4: Top importers for this product (940360) in the world (2020-21)

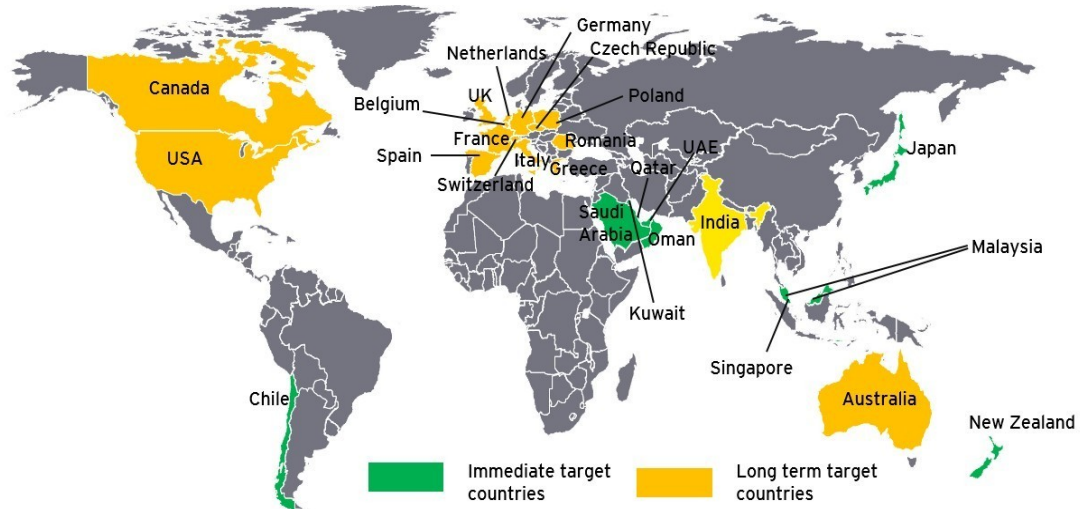


Figure 5: Markets for export potential

The Opportunities for Saharanpur wooden handicrafts that show potential destination for exports:

- ▶ Rising demand for handicraft products in developed countries such as USA, Canada, Britain, France, Germany, Italy etc.
- ▶ Increased demand for home décor /fashion industries requires wooden handicrafts products.
- ▶ Development of sectors like Retail, Real Estate that offers great requirements of wooden handicrafts products
- ▶ Development of domestic and international tourism sector. USA, Spain, China, Australia, Germany, France, Spain, Netherlands, and Italy.
- ▶ e-Commerce and Internet are emerged as promissory distribution channels to market and sell the handicraft products.

Hence, it was pointed out that the proper study of the foreign market, region specific demand patterns to be ascertained. Along with that, a common platform to be created where there can be an integration between the exporters and importers, thereby making the export ecosystem robust and effective.

#### 4.7 Potential Areas for Value Added Product

Product Diversification is one of the most crucial product uplifting strategies which in turn is an important part of a product's export. This plays a vital role in any products exports as it is a product uplifting strategy. The ever-changing customer preferences and choices have contributed to product diversification among MSMEs. Due to ever rising demand of wood craft products in domestic and international markets, all the cluster actors are too busy finishing their order list; not many efforts are done in creating new designs and introducing more choices in the market. Diversification can be brought in Saharanpur Woodcraft cluster by:

1. **Development of a new products:** Product diversification will provide a tremendous boost to brand image, cluster production and profitability. The artisans of the district should be encouraged to diversify the product categories and must be provided with enough resources to create innovative products without losing the ancestral essence of the craft.
2. **Modification of Existing Products:** The cluster has tremendous export potential, but owing to lack of proper market assessment mechanism, changing design patterns, specific demand preferences. Saharanpur's traditional wood carving need not only protection but also a restructuring of products where it is used and mix it, reinvent and reshape it with added utility for the new customers. Few of artisans have already started fusing wood with glass and other materials for better outreach in international market. Diversified household decorative items and kitchen utensils are high in demand. The rest of the cluster can benefit from improving their products by modifying style, design, or use of the products. As such fusions are dynamic and address ever changing customer demands, MSMEs are required to be more alert and diversify products and yet not loose heritage value of the craft.
3. **Training for Innovative Designs and Improvement in quality:** Development Commissioner Handicraft (DCH), Saharanpur and National Centre for Design and Product Development (NCDPD) can guide cluster with innovative design trainings. Training with Forest Research Institute (FRI) can bring more awareness about latest seed and plantation techniques, modern technology, and solutions to improve wood's elasticity, and advanced machinery for faster cutting and jointing methods. This will enhance product's quality, lifespan, and style.
4. **Protecting the living tradition:** Saharanpur's traditional wood carving need not only protection but also a restructuring of products where it is used and mix it, reinvent it, and reshape it with added utility for the new customers. A few ideas can help reenergise the market for traditional craft:
  - ▶ Increase interaction with the consumers through various online/offline platforms to understand their taste
  - ▶ Reinvent new designs with a touch of old traditional designs
  - ▶ Understand modern market and its promotional strategies
  - ▶ Initiate collaborations between artisans and designers

- ▶ It is necessary to also stimulate and generate the best possible conditions for skilled craftsmen as well as new craftsmen. Skill and design workshops, Exhibition opportunities and scholarship awards for best designs etc. would motivate the artisans for improving their craft.

## 4.8 SWOT Analysis

Table 6: SWOT Analysis

| Strengths   | Weakness   |
|---|--|
| <ul style="list-style-type: none"> <li>▶ Skilled artisans available in mass.</li> <li>▶ Machinery and equipment available at common facility centres.</li> <li>▶ Strength of the raw material industry is immense.</li> <li>▶ Traditional designs are easily implemented because of experienced artisans.</li> <li>▶ Mass production is one of the strength points of the industry.</li> <li>▶ Lower production cost leads to higher profit in sale.</li> </ul> | <ul style="list-style-type: none"> <li>▶ There is no uniqueness in design. Unwillingness for new samples in mass production.</li> <li>▶ Lack of infrastructure, lack of appropriate technology creates a major stumbling block for the growth of small-scale industries.</li> <li>▶ Economic power is in the hands of a few.</li> <li>▶ Changing policies of the govt. and defective licensing policies confuse the usual methods of work.</li> <li>▶ Irregular supply of electricity</li> </ul> |
| Opportunities   | Threats  |
| <ul style="list-style-type: none"> <li>▶ Skills of the artisans can be put to maximum use to create to best products.</li> <li>▶ New Products can help expand their business and diversify their customer base.</li> <li>▶ New technology can help to better meet customers' needs and build competitive barriers against rivals.</li> <li>▶ Emerging markets are fast growing regions of the world that enable wood market to expand.</li> </ul>               | <ul style="list-style-type: none"> <li>▶ Designs are replicated overnight.</li> <li>▶ Safety compliances are overlooked, leading to accidents.</li> <li>▶ Frequently disturbing electricity and power failures.</li> <li>▶ Absence of adequate infrastructure affects the quality, quantity and production resulting in underutilization of capacity.</li> <li>▶ Industrial methods are taking over industry creating a threat for hand carving skills and jobs of artisans.</li> </ul>          |

## 4.9 Challenges and Interventions

Table 7: Challenges and Interventions

| Parameter | Challenges | Intervention |
|-----------|------------|--------------|
|-----------|------------|--------------|

|   |  |  |
|---|--|--|
| <p><b>Raw Material</b></p>              | <ul style="list-style-type: none"> <li>▶ Inadequate facilities for standard seasoning and chemicalizing of wood</li> <li>▶ Wood depots and timber houses do not meet cluster demand</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Establishment of a raw material storage facility with Artificial Seasoning and Chemical Treatment facilities</li> <li>▶ New avenues for raw material procurement can be explored i.e., Vladivostok, Russia</li> </ul>   |
| <p><b>Technological upgradation</b></p> | <ul style="list-style-type: none"> <li>▶ Lack of safe and advanced machinery for cutting, jointing, sanding, buffing, and finishing etc.</li> <li>▶ Lack of technological upgradation for standardizing raw material</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Establishment of CFC with Vacuum seasoning chambers, Solar kiln, Chemical treatment plant, Modern machineries for more precision to their designs with ETP and Finishing and Packaging facilities.</li> <li>▶ Tie up with FRI Dehradun and IWST Bangalore for detailed R&amp;D on variety of wood, seasoning, chemical, as well as wood quality improvement techniques.</li> </ul>  |
| <p><b>Design</b></p>                    | <ul style="list-style-type: none"> <li>▶ Lack of innovation in design; still using traditional patterns</li> <li>▶ Inconsistent standardization of the product</li> <li>▶ Lack of skilling opportunity for new/trendy designs</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Establishment of product design center with CAD/CAM and 3D Sampling facility along with a display center</li> <li>▶ Collaboration with renowned designers to conduct workshops for artisans pertaining to design forecasting, upcoming trends, market assessment etc.</li> </ul>  |
| <p><b>Marketing &amp; branding</b></p>  | <ul style="list-style-type: none"> <li>▶ Lack of infrastructure for marketing and trading of the product to domestic and international markets</li> <li>▶ Insufficient market information and lack of buyer-seller meeting platform</li> <li>▶ Offline marketing is broadly used over online marketing</li> <li>▶ Creation of brand name for the Wood craft products</li> <li>▶ Minimal use of Govt of India's e-commerce portal/s</li> <li>▶ Lack of knowledge of existing schemes and govt. initiatives</li> <li>▶ Lack of participation in national and international events related to the sector</li> </ul> | <ul style="list-style-type: none"> <li>▶ EXPO Hub/Mart should be established to encourage foreign buyers' visits</li> <li>▶ EPCH to set up an Artisans Welfare Trust; a Handicrafts Park with latest infrastructure for handicrafts exporters, at a location to be made available by Saharanpur Development Authority; and an Incubation Centre for new entrepreneurs and start-ups. These facilities will certainly give further boost to develop wood craft industry at Saharanpur.</li> <li>▶ Organize state and national level exhibitions</li> <li>▶ Tie-ups with companies like IKEA and Wall-mart</li> <li>▶ Collaboration with E-commerce companies like <b>Flipkart, Amazon, Ebay for maximizing sales.</b></li> <li>▶ The DIEPC to train cluster for the International legal procedures required during exports i.e. Lacey Act, EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora), Illegal Logging Prohibition Act (Australian Government 2012) and EU Timber Regulation (EUTR) etc</li> <li>▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/</li> </ul> |



|                            |  |  |
|----------------------------|--|--|
|                            |  | <p>associations wishing to participate in marketing events</p> <ul style="list-style-type: none"> <li>▶ The DGFT/FIEO can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> <li>▶ Suggesting measures to the UPEPB for State Export Promotion Policy towards enhancing export of Engineering goods.</li> </ul>                 |
| <b>Quality Improvement</b> | <ul style="list-style-type: none"> <li>▶ Lack of interest in adapting certified Timber procurement</li> <li>▶ Unaware of global standards and quality ratings</li> <li>▶ No checks and balances made for quality certification</li> <li>▶ Only few exporters abide by international quality standards</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Implementation of Standardising EPCH's Vriksha Certificate and its mandatory compliance by all, bringing more trust among the international buyers</li> <li>▶ MoU with QCI for defining quality standards/certification required across value chain including raw material, processing, and finishing the product/s. This will maintain/improve quality of final product leading to better export synergies.</li> </ul> |
| <b>Post GI Initiative</b>  | Lack of promotion of products highlighting their GI tag  | <ul style="list-style-type: none"> <li>▶ Increasing the number of units registered for IEC.</li> <li>▶ Organise one seminar within two months to apprise the stakeholders about the importance of Geographical Indication (GI) and for increasing the authorised users. (This can be done by DGFT /FIEO/ MSME with the help of DIC)</li> </ul>   |
| <b>Exporter's issue</b>    | <ul style="list-style-type: none"> <li>▶ No focal point to address exporters ongoing issues.</li> <li>▶ Exporters/ Traders/ Artisans do not have awareness regarding Trademarks, Quality Certifications, Patent registration and its usage, Free Trade Agreements of India which play an important role in boosting exports.</li> <li>▶ There are no facilities like SEZ, container Depot of DGFT etc. In absence of these facility exporters have route their products to far off markets like Moradabad, Jodhpur, Jaipur etc.</li> </ul> | <ul style="list-style-type: none"> <li>▶ 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.</li> <li>▶ District Export Hub or Data Centre to cater to all products exported from the district; to also guide for various schemes and export related regulations.</li> </ul>  |
| <b>Cost Structure</b>      | <ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses</li> <li>▶ Since the start of Covid 19 Pandemic, the availability of</li> </ul>  | <ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise about <b>Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme by Central Government.</b></li> </ul>  |

|  |   |  |
|--|---|--|
|  | <p>containers and the Freight Charges by the Shipping lines has been main concern of the industry</p> | <ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise about Export Promotion Scheme of the Department of MSME &amp; Export Promotion, UP such as <b>Market Development Assistant (MDA), Financial Assistance for Foreign fairs/exhibition, Financial Assistance for sending samples to foreign buyers, Subsidy on freight charges upto gate way port Air Freight Rationalisation Scheme</b> etc.</li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updating 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> |
|--|---|--|

## 4.10 Future Outcomes

| Annual Turnover   |
|---|
| Annual turnover is expected to grow from INR 1400 Cr by 10% CAGR and reach 2000 Cr in next 5 years, with suggested technological/ access to finance and skill interventions |

| Cluster exports   |
|---|
| Exports is expected to grow from 776.3 Cr by more than 10% CAGR and reach 1100 Cr in next 5 years after incorporating suggested interventions |

## 5. Product 2: Hosiery

### 5.1 Cluster Overview

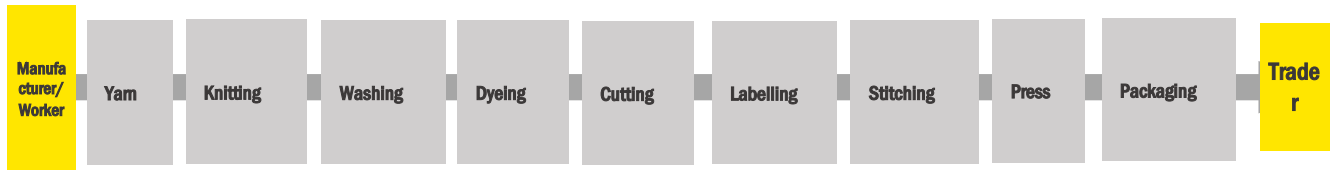
The hosiery cluster of Saharanpur is around 125 years old and spread across 15 kms radius in the district. The cluster is spread over Hiran Maran, Mishran Street, Dakotan, Chhipiyan, Purani Chungi, Radha Vihar, Shahmdar, Jafar Nawaj, Janta Road, Hareti, Kalapar, Hussain basti, khata khedi etc.

There are about 1000 Micro & Small Units engaged in Hosiery & textile Industry with a turnover of INR 100 crores. This cluster bags second rank in the state after Kanpur district. There are 10 units of composite nature which produce yarn, dyeing and making fabric for hosiery items. The items are mainly undergarments, Cot's wool, Slex and Track suites etc. An estimate says that 4.5 lakh MT or 150 Ton of cloth is being used for hosiery manufacturing. Around 25,000 people are engaged in this Industry. Although the cluster has tremendous potential, the stakeholders only exports indirectly through Delhi and Ludhiana markets.

| Key Facts   |   |
|---|---|
|  | <b>1000 manufacturing units</b>               |
|  | <b>25,000 ~ workers</b>                       |
|  | <b>INR 100 Cr ~ turnover</b>                  |
|  | <b>INR 10 Cr ~ export turnover (indirect)</b> |

The cluster has few of medium and large enterprises, which had good growth in the beginning, but slowly limited to only a few areas in the cluster. 90% of the units are either micro or small, producing hosiery products with indigenous tools and implements and, therefore, lack quality and productivity.

## 5.2 Value Chain of “Saharanpur Hosiery”



## 5.3 Product Profile

Most of the units from hosiery cluster manufactures products like vest, underwear, T-Shirts, Bra, Looser, Panties, gloves, Lower, Warmer, Track suit etc. Due to lack of innovation with products’ designs, the cluster products have not reached to various sections of customer. With new designs and styles, the demand for upgraded skills of trade grows, the existing skilled workers are mostly stuck to the old designs and there is lack of confidence to create newer designs.

Recently, few manufacturers started experiments with their designs, and have created few new patterns in track suits and other such products of hosiery, resulted into success. Some of the items made have a tremendous potential to successfully explore national/international market like cheap Cotton Hosiery.

Prospective exporters in the cluster should always check the exact requirement for the destination market, who would specify the most suitable dimensions for their target customer group. Saharanpur’s hosiery industry is labour intensive, despite having a long tradition in hosiery working and hosiery manufacturing it remained backward. Their characteristics depend on the fibres used in their manufacturing. They are made from many different fabrics and yarns.

### 5.3.1. Product Portfolio

The following are the key products manufactured in the cluster; they are divided into the following types:

Table 8: Saharanpur Hosiery Products

| Product Category          | Product Details   |
|---------------------------|---|
| Outer clothing            | Pants, ladies ‘suits, blouses, blazers, jackets, pullovers, coats, sports jackets, skirts, shirts (short or long-sleeved), ties, jeans, shorts, T-shirts, polo shirts, sports shirts, tracksuits, etc |
| Underclothing (underwear) | Jersey goods, lingerie (e.g., underpants, undershirts, briefs, socks, stockings, pantyhose etc  |

Raw material source from Punjab, Tamilnadu, Delhi. In addition to the above, Saharanpur is a biggest hub for manufacturing of breeches and vests which are the prominent product for export.

## 5.4. Cluster Stakeholders

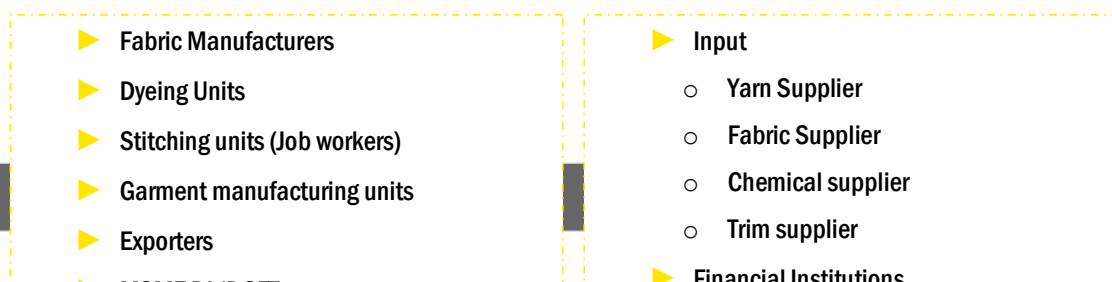


Figure 6: Cluster Stakeholders

### 5.4.1. Industry Associations

Following are main Industry Associations that are working for the development of Hosiery products sector:

- ▶ Indian Industries Association (IIA)
- ▶ Saharanpur Hosiery Manufacturer Association
- ▶ Chamber of Industry and Services
- ▶ Saharanpur Tex Zone - Supports Textile Industry by technical knowledge sharing

## 5.5. Export Scenario

### 5.5.1. HS Code

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

- ▶ Men's knitted cotton undergarments – HSN code 6107, 6115
- ▶ Women's knitted cotton undergarments – HSN code 6108, 6106, 6115
- ▶ Thermal wear for men (knitted man-made fibre) – HSN code 6107
- ▶ Men's and boys' tracksuits and woven garments - HSN code 6211
- ▶ Women's and girls' tracksuits and woven garments HSN code 6211
- ▶ Knit fabrics of cotton – 6115
- ▶ Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests) - 6206

Table 9: HS Code with description

| HS Code | Description  |
|---------|--|
| 610711  | Men's or boy's underpants and briefs of cotton, knitted or crocheted |

### Current Scenario

In Saharanpur district, around 1000 units employ more than 25000 artisans in hosiery industry. The export scenario of World and India have been

#### Key Fact of Export

**4,149,824 (USD Thousand)- Value of world exports in 2020-21**

**163,833 (USD Thousand) - Total Exports from India in 2020-21**

**1230 (USD Thousand) - Total Exports from UP in 2020-21**

analysed basis the export statistics of HS code 610711. Alongside are the key facts pertaining to the analysed product code.<sup>11</sup>

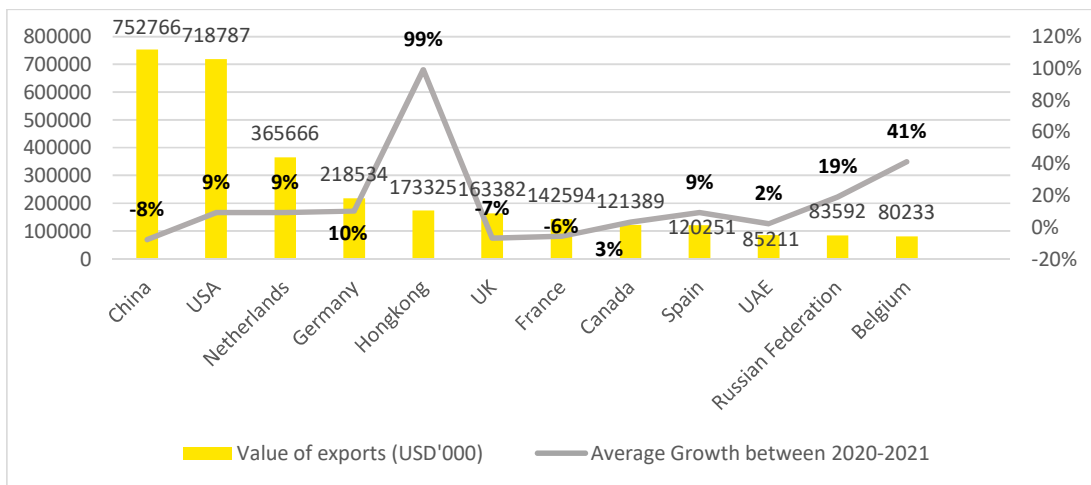
## 5.6. Export Potential

### Major highlights of India Export

- ▶ The State is the third largest producer of fabric and produced which around 13.24% of India's total fabric.
- ▶ The State is famous for carpets and manufactures approximately 90% of India's carpets. Carpets, readymade garments and handlooms are major products exported from the State with a share of 5.25%, 12.89% and 0.50% respectively in total exports from the State<sup>12</sup>.
- ▶ As per data released by Government of UP during Investors Summit 2018, Rs 417.24 crores of handlooms, Rs 4,648.89 crores carpets & mats and Rs 10,886.70 crores of readymade garments were exported from the State in the year 2016-17.
- ▶ Total Global import of Hosiery product in FY 2020-21 was of 12.31 billion USD.
- ▶ Prominent export destination countries for Hosiery products were USA, Germany, Japan, UK & France.
- ▶ Major exporting countries of hosiery products were China, Turkey, Italy, Germany, Netherlands and Pakistan.
- ▶ Total Export of hosiery products from India in FY 2020-21 was 1144.54 Crore and the total share of world's export was less than 02%.
- ▶ Top exporting destination from India for hosiery products are USA, UAE, Spain UK, France, Germany etc.
- ▶ Total export from UP of hosiery product was 80.01 cr. in FY 2020-21 which is 7% of India's export.

### HSN Code-610711- Men's or boy's underpants and briefs of cotton, knitted or crocheted<sup>13</sup>-

The following chart showcases the prominent import countries in 2020-21 of the HSN Code- 610711



Countries to whom UP exports this product in HSN code 610711 are UAE, UK, Canada, Nepal, Jordan, Yemen, Malaysia, USA < Saudi Arabia.

Major ports from where exports take place: - Nhava Sheva Sea, CGML Dadri, Delhi (ICD), Nepalganj, Bambasa, Champavat, Uttrakhand, Nautanwa (Sonauli), Delhi Air, CFS Patparganj, Raxaul Land, Barhni.

<sup>11</sup> [www.trademap.org](http://www.trademap.org)

<sup>12</sup> UP investor summit 2018

<sup>13</sup> [Trademap.org](http://Trademap.org) for HSN Codes 610711

## 5.7.Potential Areas for Value Added Product

### Product Diversification:

This plays a vital role in any products exports as it is a product uplifting strategy. Most of the SMEs aren't bothered about changing their product range and they fail to understand that it is an integral part of comprehensive marketing. Diversification can be brought in the cluster by:

- ▶ **Development of new products:** The SMEs of the district should be encouraged to diversify the product categories and adequate resources should be provided to make outerwear in hosiery segment as most of the units are manufacturing only innerwear as of now.
- ▶ **Modifications of Existing Products:** It has also been found that most of the SMEs use traditional designs or those which was old by the time it arrived at Saharanpur, they need to work according to the latest designs. Unit holder should be encouraged to manufacture printed hosiery fabric and products out of them.

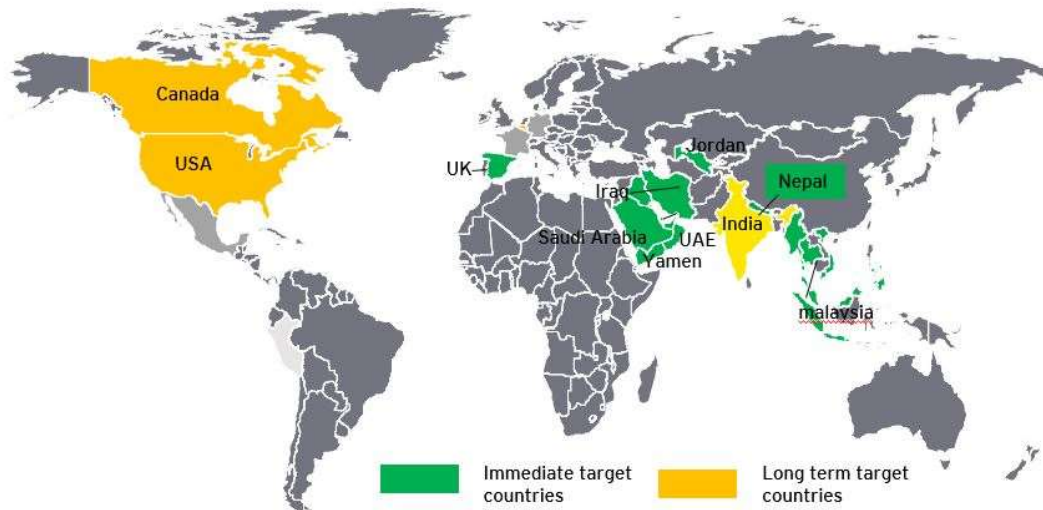


Figure 7: Markets for Export Potential

## 5.8.SWOT Analysis

| Strengths | Weaknesses |
|-----------|------------|
|-----------|------------|

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>▶ Availability of knitting units, washing, dyeing.</li> <li>▶ Availability of raw material</li> <li>▶ Increase in demand as growth is increasing adaptation to casual wear by Indians due to their virtues of comfort, stretchability.</li> <li>▶ Availability of cheap and semi-skilled labour for the cluster</li> <li>▶ Low-priced unbranded products which contribute immensely to total value sale.</li> <li>▶ Strong supporting industries like retail.</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Low productivity due to unskilled labour.</li> <li>▶ Poor infrastructure and technology.</li> <li>▶ Lack of infrastructure for testing dedicated to hosiery and textile industry.</li> <li>▶ Less organised industry as many manufacturers tends to be unregistered.</li> <li>▶ Rising production cost due to fluctuating raw material cost.</li> <li>▶ Low profit margin due to cutthroat competition.</li> <li>▶ Lack of brand image</li> <li>▶ Difficulties in getting requisite financial support from financial institutions.</li> </ul> |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>▶ Development of activities in management, marketing, quality, research and branding.</li> <li>▶ Important investments projects in infrastructural development.</li> <li>▶ Increase in domestic market demand of products</li> <li>▶ Demand generated by industries like retail</li> <li>▶ Changing consumer behaviour</li> <li>▶ The major driving factor of knitwear market are fashion and rise in the number of women spenders with high disposable income are boosting the knitwear market.</li> <li>▶ Cheaper hosiery products .</li> </ul> | <ul style="list-style-type: none"> <li>▶ Reduced buying power of the domestic market consumers.</li> <li>▶ Aggressive competition faced by other clusters of India and other countries.</li> <li>▶ Rising cotton and yarn price.</li> <li>▶ High competition exists within the cluster</li> <li>▶ Strict emission norms were implemented by Central Pollution Control Board (CEPB) on dyeing units.</li> <li>▶ Decreasing fashion cycle.</li> <li>▶ Transportation cost is high.</li> </ul>  |

Table 10: SWOT Analysis

## 5.9.Challenges and interventions

| Parameter  | Challenges  | Intervention  |
|------------|---|---|
| Technology | <ul style="list-style-type: none"> <li>▶ Use of old machineries by MSMEs</li> <li>▶ Lack of innovation and new product development</li> <li>▶ Lack of awareness of global best practices</li> </ul> | <ul style="list-style-type: none"> <li>▶ Establishment of technologically led CFC with latest machinery such as – Circular machine for knitting, Soft Flow Dyeing machine, Cold Dryers, Advanced Pressing unit - Boiler, Compaction etc. will improve cluster's productivity.</li> <li>▶ Exposure visits of desired units in developed clusters such as Kanpur, Tirupur, Ludhiana, Ahmadabad etc.</li> <li>▶ Leverage govt schemes providing financial assistance for tech upgradation – ODOP margin money scheme.</li> </ul> |
| Marketing  | <ul style="list-style-type: none"> <li>▶ There is no organized directory/No information on</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Establishment of Display center of finished products.</li> <li>▶ Setting up of a Business promotion Cells for new product development based on analysis of international data to forecast trends. Sharing this information with manufacturers and other stake holders will enable them to stay ahead of the curve and develop products according to the market demand.</li> </ul>  |

| Parameter                                      | Challenges  | Intervention   |
|--|---|--|
|  | <p>Buyer and Sellers</p> <ul style="list-style-type: none"> <li>▶ Negligible online purchases of hosiery from Saharanpur</li> <li>▶ Exports are small with relation to overall production and capacity of district</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Onboarding / training of the manufacturers/ entrepreneurs/ workers and cataloguing of the products on E-commerce platform Flipkart, Amazon, Ebay with whom Govt of UP have signed MoU with.</li> <li>▶ Selling of products through odopmart.com, an online platform started by Government of Uttar Pradesh to help small entrepreneurs who do not have GST number to sell their products directly to customer.</li> <li>▶ Organizing &amp; participating in exhibitions, buyer seller meets, trade shows etc by Leveraging ODOP Market Development Assistance Scheme.</li> <li>▶ For cluster and exposure visit abroad leverage Govt schemes like International Cooperation Scheme of MSME, Govt of India Export Promotion Scheme of the Department of MSME &amp; Export Promotion, UP</li> </ul> |
| Designing                                      | <p>Low product design innovation capacity</p>   | <ul style="list-style-type: none"> <li>▶ Establishment of Design, innovation &amp; product development centre</li> <li>▶ Collaboration with NIFT and NID, Ahmedabad is already underway.</li> </ul>  |
| Quality, Testing, and Certification Technology | <ul style="list-style-type: none"> <li>▶ Unavailability of testing lab &amp; Certification Agency</li> <li>▶ Exports affected due to non-compliance to international standards</li> </ul>   | <ul style="list-style-type: none"> <li>▶ A testing lab can be established as a common facility in the cluster which is accredited with internationally accepted certification agencies to facilitate exports in the cluster</li> <li>▶ MoU with QCI has been signed with ODOP Cell to define quality standards of the ODOP product to build trust and ensure authentication of foreign and domestic buyers</li> </ul>  |
| Infrastructure                                 | <ul style="list-style-type: none"> <li>▶ Poor Infrastructure of Industrial area/Roads</li> <li>▶ Inadequate transport connectivity</li> <li>▶ No common infrastructure for hosiery cluster units; very small ETPs at dyeing units do not serve the purpose</li> </ul> | <ul style="list-style-type: none"> <li>▶ Industrial Infrastructure development and maintenance</li> <li>▶ Establishment of large Effluent Treatment Plant (ETP) at Dhamola river of Saharanpur to treat/purify industrial water coming from hosiery dyeing units of the cluster.</li> </ul>  |
| Manpower                                       | <ul style="list-style-type: none"> <li>▶ Low skilled/unskilled Manpower</li> </ul>  | <ul style="list-style-type: none"> <li>▶ ITI Saharanpur should initiate training courses for hosiery industry workers engaged in knitting, dyeing, stitching, pressing, desizing and packaging etc.</li> <li>▶ ODOP skill development scheme – to train artisans in those ODOP products whose Qualification Packs (QPs) have been developed by the Sector Skill Council.</li> </ul>  |
| Access to Finance                              | <ul style="list-style-type: none"> <li>▶ Lack of awareness of government financing schemes</li> <li>▶ Tedious paperwork and long waiting time of banks usually persuade</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Creating awareness about government financing schemes like ODOP Margin Money scheme.</li> <li>▶ Sensitization camps should be conducted to educate enterprises of the financial assistance being provided under government schemes and by banks and NBFCs such as: <ul style="list-style-type: none"> <li>▶ MoU signed between MSME Department of Govt of Uttar Pradesh and SIDBI to facilitate easy loans through SIDBI schemes</li> <li>▶ MoU with Bank of Baroda (BoB) &amp; State Bank of India (SBI) to promote quick approval of loans through digital lending</li> </ul> </li> </ul>   |



| Parameter | Challenges   | Intervention  |
|-----------|--|---|
|           | artisans from not taking financial support from banks  |   |
| Exporters | <ul style="list-style-type: none"> <li>Exports is a major issue for Hosiery and Textile Cluster as contribution of exports is almost Nil.</li> <li>Lack of knowledge.</li> </ul> | <ul style="list-style-type: none"> <li>DIEPC to act as a focal point for all exporters issue</li> <li>Deputy Commissioner Industries may be given this responsibility to monitor the cell.</li> </ul> |

## 5.10. Future Outcomes

| Annual Turnover  | Cluster exports  |
|--|--|
| Increase in annual turnover by 10% annually from existing i.e., turnover INR100 cr. to INR 150 cr in next 5 years with the help of outreach of government programmes, access to finance and technological interventions. | Substantial growth in cluster would open opportunities to export directly from cluster. It is expected that in next 5 years, the cluster's exports will become approx. INR 100 cr with suggested interventions |

## 6 Scheme under Uttar Pradesh Export Promotion Bureau

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

### A. Marketing Development Scheme (MDA)

| S. No | Incentive Offered  | Amount of incentive against total expenditure   |
|-------|--|---|
| 1     | Participation in foreign fairs/exhibitions (total three fairs / annum) <ul style="list-style-type: none"> <li>a. Stall charges</li> <li>b. Air fare (economy class)</li> </ul> | <ul style="list-style-type: none"> <li>a. 60% of stall charges (max 01 lakh / fair)</li> <li>b. 50% (max 0.5 lakh for one person / fair)</li> </ul> |
| 2     | Publicity, advertisement, development of website   | 60 % (max 0.60 lac/annum)   |
| 3     | Sending of samples to foreign buyers   | 75 % (max 0.50 lac/annum)   |
| 4     | ISO /BSO certification   | 50 % (max 0.75 lac/annum)   |

### B. Gateway Port Scheme

|                   |  |
|-------------------|--|
| Brief Description | Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway |
|-------------------|--|

|   |   |
|---|---|
|   | ports.  |
| Eligible units                                | Micro, small & medium enterprises.  |
| Incentives Offered against actual expenditure | 25% of the total expenditure or Rs 6000 (20 ft' container) & Rs 12,000 (40 ft' container) whichever is less |
| Maximum limit                                 | Rs 12 lacs /unit /year  |
| Empowered committee                           | District Users Committee under the chairmanship of district magistrate.                                     |

### C. Air Freight Rationalization Scheme

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

## 7 Action Plan

| Quantifiable activity/ intervention  | Responsible authority              | Timeline for implementation <sup>14</sup> |
|--|------------------------------------|---|
| <b>Increasing the overall exports from the state</b>   |                                    |   |
| <p><b>Sensitization and facilitation in availing Import/ export documents:</b> 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</p>   | <p>ODOP cell, DIEPC UPEPB</p>      | <p>Continuous initiative</p>              |
| <p><b>Creation of a Single Window System for speedy clearances</b> . The online portal to include various export schemes of the government along with real time information about targeted market, tariff rates, freight rate calculations, documents and quality certifications required and product information.</p> <p><b>Increase in subsidy/re-imbursements may reduce cost of transportation (freight rates), Marketing, Quality Certification, Patent registration and Testing to Export Oriented Units.</b></p> <p><b>Training planned and organized by DGFT, FIEO and other concern authorities</b></p> | <p>MSME-UP, DGFT, DIEPC, UPEPB</p> | <p>Continuous initiative</p>              |
| <p><b>Creation of an event calendar</b> comprising of events to be conducted in a Financial Year with a <b>focus on international marketing events</b>. Further, DGFT and FIEO can finalize a target to participate in <b>at least 3 international events in a year per product category/industry</b> (Wood craft Products.) by utilizing schemes like IC and MAS</p>  | <p>ODOP cell, DIEPC, UPEPB</p>     | <p>Continuous initiative</p>              |

<sup>14</sup> Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

|  |  |                              |
|--|--|------------------------------|
| <p><b>Sensitization of cluster actors:</b></p> <p>a. The individuals of a cluster should be <b>sensitized on the plethora of schemes<sup>15</sup></b> available for them for maximizing the potential of exports. <b>Merchandise Exports from India Scheme, Service Export from India Scheme</b> etc. provides <b>various exemptions</b> for facilitating exports. Further, schemes like <b>Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme)</b> ensure procurement of imported duty-free raw materials</p> <p>b. Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analyzing the demand market. Thus, these cluster actors should be <b>sensitized on target countries identified through export analysis mentioned in DAPs and EAP</b></p> | <p>ODOP cell, DIEPC UPEPB</p>          | <p>Continuous initiative</p> |
| <p>DIEPC and FIEO can play a pro-active role in this regard. <b>10% increase</b> 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</p>  | <p>DIC, UPEBP and FIEO</p>             | <p>Intermediate</p>          |
| <b>Common interventions across sectors/ clusters</b>   |  |                              |
| <p>Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.</p>  | <p>UPEPB/DIEPC/ODOP Cell</p>           | <p>Short term</p>            |
| <p>MoU with QCI for defining quality standards of the products</p>   | <p>UPEPB/DIEPC/ODOP Cell</p>           | <p>Short term</p>            |
| <p>Collaboration with IIP to define cluster-wise packing standards</p>   | <p>UPEPB/DIEPC/ODOP Cell</p>           | <p>Short term</p>            |
| <p>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</p>   | <p>UPEPB/DIEPC and banks</p>           | <p>Short term</p>            |
| <p>Introduction of revolving working capital within the cluster to help MSMEs procure raw materials and undertake production without hinderances</p>   | <p>UPEPB/DIEPC and banks</p>           | <p>Intermediate</p>          |
| <p>Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.</p>  | <p>UPEPB/DIEPC and banks/ODOP Cell</p> | <p>Intermediate</p>          |

<sup>15</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>:

|  |                           |              |
|--|---------------------------|--------------|
| Handholding of MSMEs for increasing their awareness on schemes of state & center and the procedure to apply to avail financial assistance  | UPEPB/DIEPC               | Intermediate |
| Sensitization of cluster actors from this sector on <b>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   |
| 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    |
| <b>Cost Structure:</b> <ol style="list-style-type: none"> <li>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.</li> <li>The CONCOR rates are to be made available at regular intervals to the DIC office for updating 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> </ol> | DIEPC/UPEPB               | Long term    |
|  | DIEPC/UPEPB               | Long term    |
|  | DIEPC/UPEPB/FIEO          | Short term   |
| <b>Product 1: wood craft</b>   |                           |              |
| <b>Establishment of Common Facility Centre with:</b> <ol style="list-style-type: none"> <li><b>Seasoning Plant</b></li> <li><b>Chemical Treatment Plant</b></li> <li><b>Cutting Machines</b></li> <li><b>Design and display center with CAD/CAM facilities and space to showcase products to undertake sale</b></li> <li><b>Marketing center for undertaking Buyer-Seller meeting and marketing events</b></li> </ol>  | DIEPC, DGFT and ODOP Cell | Long term    |
| Collaboration with DCH, <b>National Centre for Design and Product Development (NCDPD)</b> and for design inputs and support in branding initiatives  | UPEPB/ODOP Cell           | Long term    |

|  |                                     |                       |
|--|-------------------------------------|-----------------------|
| Increase the usage of the ODOP mart which facilitates the unit holders and artisans to provide information about their Wood craft products and to sell to large number of customers.   | UPEPB/ODOP Cell                     | Short term            |
| Setting of modern technology based ETPs  | UPEPB/DIEPC/District Administration | Long term             |
| Establishment of testing laboratory  | DIEPC/ODOP Cell/UPEPB               | Long Term             |
| <b>Product 2: Hosiery</b>  |                                     |                       |
| <b>Establishment of Common Facility Centre with:</b> <ul style="list-style-type: none"> <li>▶ Circular Knitting Machine</li> <li>▶ Soft Flow Dyeing Machine</li> <li>▶ Cold Dryers</li> <li>▶ Advanced Pressing unit - Boiler, Compaction</li> <li>▶ Marketing &amp; Display Centre</li> </ul> | DIEPC, DGFT and ODOP Cell           | Long term             |
| Establishment of testing laboratory  | DIEPC/ODOP Cell/UPEPB               | Long Term             |
| <b>Awareness Programmes:</b><br>DGFT, FIEO and AEPC to hold seminar at least once in a year or continuous to spread the awareness about Global Market scenario and opportunities.  | DGFT/ODOP Cell/DIEPC/UPEPB          | Continuous initiative |
| <b>Raw Material Supply:</b><br>A committee to be formed with local representatives of Industry to suggest ways for timely and proper supply of the Raw Material.<br>With deployment of advanced machinery, some raw materials can be made in cluster itself.                                   | DIEPC/DGFT/ODOP Cell                | Short term            |
| <b>Branding of Product</b>   | ODOP Cell/ DIEPC/UPEPB              | Short term            |

|  |                                    |                              |
|--|------------------------------------|------------------------------|
| <ul style="list-style-type: none"> <li>▶ Use of E-commerce Portal</li> <li>▶ Enhanced Participation of MSMEs in the International Trade Fair.</li> </ul>   |                                    |                              |
| <p><b>Technological Upgradation and Infrastructural support</b></p> <p>Industry needs to be apprised of the different schemes run by different departments and financial assistance that can be made available under the Schemes.</p> <p>A subcommittee to be formed to discuss the issue in detail.</p> | <p>DIEPC/ODOP Cell/ DGFT/UPEPB</p> | <p>Continuous initiative</p> |

## Abbreviations

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



|                 |   |
|-----------------|---|
| <b>KVK</b>      | Krishi Vigyan Kendra  |
| <b>MAS</b>      | Market Assistance Scheme  |
| <b>MSE CDP</b>  | Micro & Small Enterprises - Cluster Development Programme         |
| <b>MSME</b>     | Micro, Small and Medium Enterprises                               |
| <b>NHB</b>      | National Horticulture Board                                       |
| <b>NIC Code</b> | National Industrial Classification Code                           |
| <b>NIC</b>      | National Informatics Center                                       |
| <b>NID</b>      | National Institute of Design                                      |
| <b>NIFT</b>     | National Institute of Fashion Technology                          |
| <b>NSDC</b>     | National Skill Development Cooperation                            |
| <b>ODOP</b>     | One District One Product  |
| <b>PM FME</b>   | Pradhan Mantri Formalisation of Micro food Processing Enterprises |
| <b>PMU</b>      | Project Monitoring Unit   |
| <b>QCI</b>      | Quality Council of India  |
| <b>R&amp;D</b>  | Research & Development  |
| <b>RMB</b>      | Raw Material Bank   |
| <b>SGPGI</b>    | Sanjay Gandhi Post Graduate Institute of Medical Science          |
| <b>SIDBI</b>    | Small Industries Development Bank of India                        |
| <b>SPS</b>      | Sanitary & Phytosanitary  |
| <b>SPV</b>      | Special Purpose Vehicle   |
| <b>SWOT</b>     | Strength, Weakness, Opportunities, Threats                        |
| <b>TBT</b>      | Technical Barriers to Trade                                       |
| <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  |





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