



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 Sant Kabir Nagar District is being prepared as a part of Developing District as Export Hub under the District Export Hub Scheme initiated by the Ministry of Commerce & Industry, Govt of India, and state Government of Uttar Pradesh. Hon'ble Prime Minister in his Independence Day Speech on 15th August 2019, had, inter- alia observed that each of our district has a diverse identity and potential for targeting global markets and there is a need for converting each district into potential export hubs. In order to implement Hon'ble PM's vision for each district, Department of Commerce has mandated the Directorate General of Foreign Trade to work with State Government and District Level authorities to promote the Sant Kabir Nagar district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Sant Kabir Nagar 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 Sant Kabir Nagar'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.

Contents

1.	Vision of Districts as Export Hubs	6
2.	District Profile	6
2.1	Geography	7
2.2	Topography & Agriculture	7
3.	Industrial profile of the district	7
3.1	Major Exportable Product from Sant Kabir Nagar.....	8
4.	Product 1: Hosiery	8
4.1	Cluster Overview.....	8
4.2	Product profile	8
4.2.1	Product Portfolio.....	9
4.3	Cluster Stakeholders.....	9
4.4	Export Scenario.....	9
4.4.1	HS code.....	9
	Unbleached kraftliner, uncoated, in rolls of a width > 36 cm	9
4.5	Export Potential	10
4.6	Potential Areas for Value Added Product	11
4.7	SWOT analysis	11
4.8	Challenges and interventions	12
4.9	Future Outcomes.....	15
5.	Action Plan.....	16
6.	Key schemes	19
6.1	Key schemes of GoI	19
6.1.1	Merchandise Exports from India Scheme (MEIS)	19
6.1.2	Service Exports from India Scheme (SEIS).....	19
6.1.3	Rebate of State and Central Levies and Taxes (RoSCTL) Scheme.....	19
6.1.4	Advance Authorisation Scheme	19
6.2	Various Schemes being run by Export Promotion Bureau, UP	20
6.2.1	Marketing Development Scheme (MDA).....	20
6.2.2	Gateway Port Scheme	20
6.2.3	Air Freight Rationalization Scheme	20
7.	Abbreviations	22

List of Tables

Table 1: Land utilization pattern of the district: agriculture	7
Table 2: Industries and their details.....	7
Table 3: Major exportable product.....	8
Table 4: HS code.....	9
Table 5: SWOT Analysis	11
Table 6: Challenges and Interventions	12
Table 7: MDA scheme highlights.....	20
Table 8: Gateway Port Scheme highlights	20
Table 9: Air Freight Rationalization scheme highlights.....	20
Table 10: List of abbreviations.....	22

List of Figures

Figure 1: Sant Kabir Nagar District.....	6
Figure 2: Key countries importing the product and their average growth rate	10
Figure 3: Potential Markets for expansion	11

1. Vision of Districts as Export Hubs

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

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

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

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

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

2. District Profile

Sant Kabir Nagar district is one of the 75 districts of Uttar Pradesh state in northern India with Khalilabad City is the district's headquarters. The district is known by its present name on account of Sant Kabir, the well known Sant(poet) and philosopher, lived at Magahar in the district. Sant Kabir Nagar district is a part of Basti Division and was created on 5 September 1997 from district Basti including 131 villages from tehsil Basti and 161 villages from Bansi tehsil of district Siddharth Nagar.²

In 2007 the Ministry of Panchayati Raj named Sant Kabir Nagar one of the country's 250 most backward districts (out of a total of 640). It is one of the 34 districts in Uttar Pradesh currently receiving funds from the Backward Regions Grant Fund Programme (BRGF)³

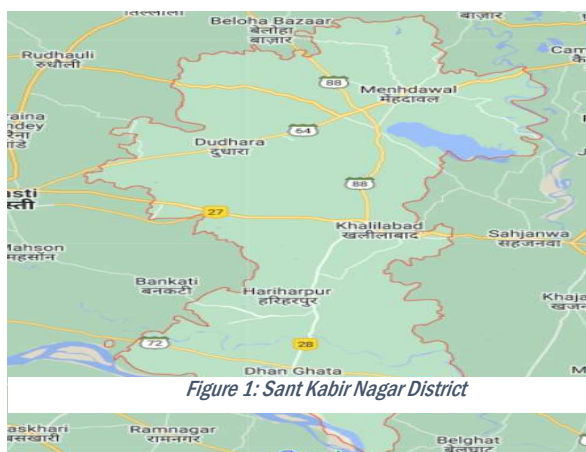


Figure 1: Sant Kabir Nagar District

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

² <https://sknagar.nic.in/about-district/>

³ https://en.wikipedia.org/wiki/Sant_Kabir_Nagar_district



2.1 Geography

The district lies between 26o, 47' and 26o 79' North Latitude and 83o 3' and 83o 3.45' East Longitude. The district is bounded by Gorakhpur in the east, Basti in the west, Siddharth Nagar in the north and Ambedkar Nagar in the south. According to the district statistical department the district covered an area of 1659 sq.km. ²

2.2 Topography & Agriculture

The district, in spite of its apparent uniformity, could be divided topographically into several distinct tract namely, the low valley of the Ghaghra in the south, extending from that river to its tributary, the Kunwana; the central upland, between Kunwana river and the Rapti; and the low and ill-drained paddy belt between the Rapti and Manwar.

The district largely relies on agriculture and related industries with abundant surface and ground water. The key crops cultivated are Rice, maize, Pea, Wheat, Mustard, Potato etc. ⁴

The following table depicts the land utilization pattern of the district: ⁵

Table 1: Land utilization pattern of the district: agriculture

Parameter	Description in Hectare
Total Area	1,74,810
Forest Cover	4,374
Non-Agriculture Land	2,402
Cultivable barren land	2,402

3. Industrial profile of the district

The district has approximately 650 units employing 3321 individuals across sectors like agro, leather, garments etc. The following table depicts the key industries of the district: ⁶

Table 2: Industries and their details

Industry	Functional Units	Investment (INR lakhs)	Employment
Agro based	403	1875.50	2498
Cotton textile	3	15.5	18
Readymade garments & embroidery	82	320.2	242
Wood/ wooden based furniture	45	143	124
Paper & paper products	1	72.8	70
Leather based	7	9.94	30
Chemical/chemical based	10	989	155
Metal based	15	22.5	46
Repairing & servicing	66	40.02	84
Engineering	18	50.25	54

⁴ <https://santkabirnagar.kvk4.in/district-profile.html>

⁵ <http://dcmsme.gov.in/old/dips/Sant%20Kabir%20Nagar.pdf>

⁶ <http://dcmsme.gov.in/old/dips/Sant%20Kabir%20Nagar.pdf>

3.1 Major Exportable Product from Sant Kabir Nagar

Table 3: Major exportable product

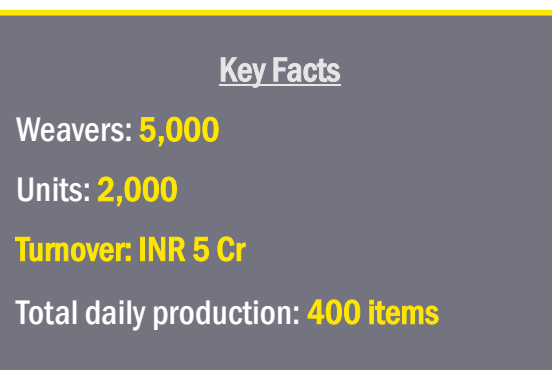
S. No	Product	Export value (in INR) from September 2020 to November, 2021
1	Hosiery	4,46,48,772 ⁷
Total export from Sant Kabir Nagar		4,46,48,772

4. Product 1: Hosiery

4.1 Cluster Overview

The cluster is largely unorganised with majority of the units being household i.e. unregistered. The hosiery manufacturing units are primarily located in **Mukhlispur, Nathnagar, Amma Devi, Mahauli, Prajatpur, Magahar, Haripur, Githani, Khajuria, Gaighat & Chickni**. Most of the cluster is dedicated to manufacturing hosiery items such as thermal wear and innerwear (undergarments). Units that manufacture hosiery are either household units which employ the members of a household, or units with around 60 workers. The population that is employed in these units comprises of semi-skilled or unskilled labour (in the knitting side), and semi-skilled/skilled labour in the cutting-stitching-packaging side.

The figure alongside depicts key facts pertaining to the district.⁸



4.2 Product profile

The cluster's primary products are:

- ▶ Men's knitted cotton undergarments
- ▶ Men's vests (knitted cotton fabric)
- ▶ Women's knitted cotton undergarments
- ▶ Thermal wear for men (knitted man-made fibre)
- ▶ Men's and boys' tracksuits and woven garments
- ▶ Women's and girls' tracksuits and woven garments
- ▶ Knit fabrics of cotton

Majority of the products are made on seasonal basis. The cluster's thermal wear manufacturing cycle begins mostly by the end of September, with the onset of winter. Undergarments and thermal wear form the bulk of the cluster's textile products with a small proportion being dedicated to loom based woven garments such as shirts, T-shirts, jeans, and shorts.

The production of these garments (knitwear) is done on standard size ranges by quantity. Broadly, the identified products of this cluster can be classified into – knit hosiery, knit fabric.

⁷ September- Dec 2020 on 48041100 and Jan- Nov 2021 on codes 48041100, 55092100 and 60062200

⁸ Hosiery DSR of Sant Kabir Nagar

4.2.1 Product Portfolio

The following table defines the key products made and the price at which they are sold:

Product	Manufacturers Price Range (in INR)	Selling Price Range (in INR)
Men's undergarments	300	350
Women's undergarments	400	500
Thermal wear	500	700
Shorts, pants, and woven apparels	600	1000

Men's undergarments broadly cover men's underwear and briefs. Women's undergarment covers, bras, panties, pantyhose etc. Thermal wear is a synthetic/cotton knitwear of stretchable fabric worn as a body warming garment in winter. Outside the realm of knitwear falls readymade garment made of woven cloth. This category includes shirts, T-shirts, shorts, Bermudas, pants, leggings, and another woven garment.

4.3 Cluster Stakeholders

The following are the list of stakeholders:

- ▶ Raw material suppliers
- ▶ Artisans
- ▶ Traders
- ▶ Unit holder
- ▶ Machinery suppliers
- ▶ Support institutions: Banks & FIs, Labour Department, UP Electricity Board, MSME-DI, DIC etc.

4.4 Export Scenario

4.4.1 HS code

Table 4: HS code

HS Code	Description
480411	Unbleached kraftliner, uncoated, in rolls of a width > 36 cm

Current Scenario

To analyse the trade of the product, the analysis has been conducted on the above mentioned code which is the most prominent one. The figure alongside depicts the key stats pertaining to exports of the product.⁹

The cluster as mentioned is largely unorganised with majority of the cluster actors being completely oblivious about trade and related information. Hence, it is imperative to sensitize the cluster and then further promote exports from the cluster. Moreover, the cluster needs to upgrade on multiple fronts for it to make a bigger place in the market.

Key Facts of Export

4,281,333 USD Thousand

Value of world exports in 2020

7,222 USD Thousand

India's exports 2020

0.98 USD Mn

UP's exports (2020-21)

⁹ Trademap.org for 480411

4.5 Export Potential

The below figure shows the key importers of this product for the above mentioned HS code:¹⁰

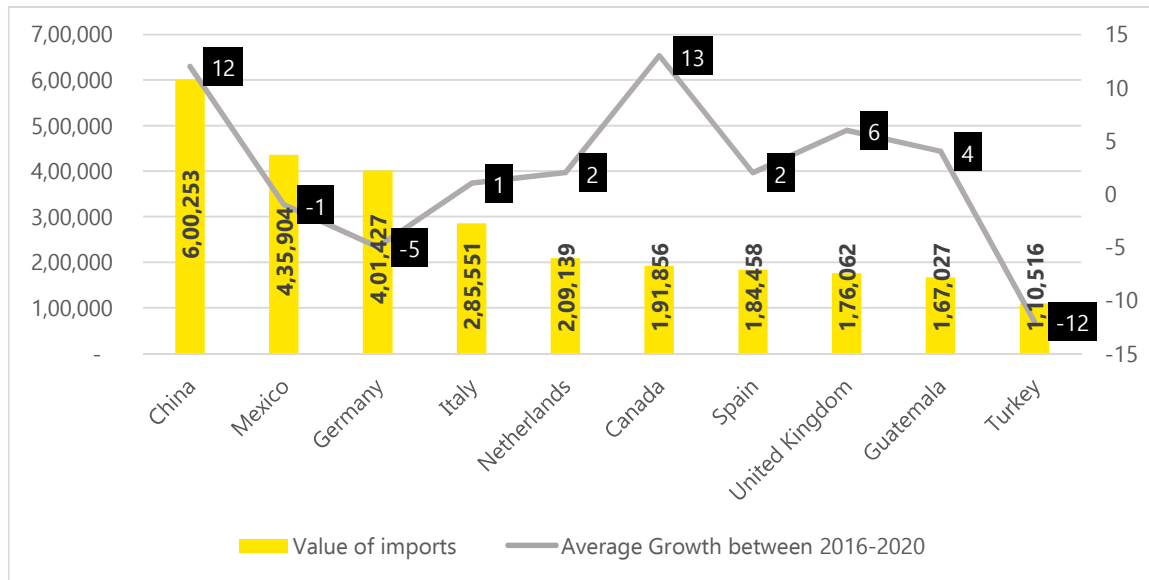


Figure 2: Key countries importing the product and their average growth rate

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

¹⁰<https://www.trademap.org>



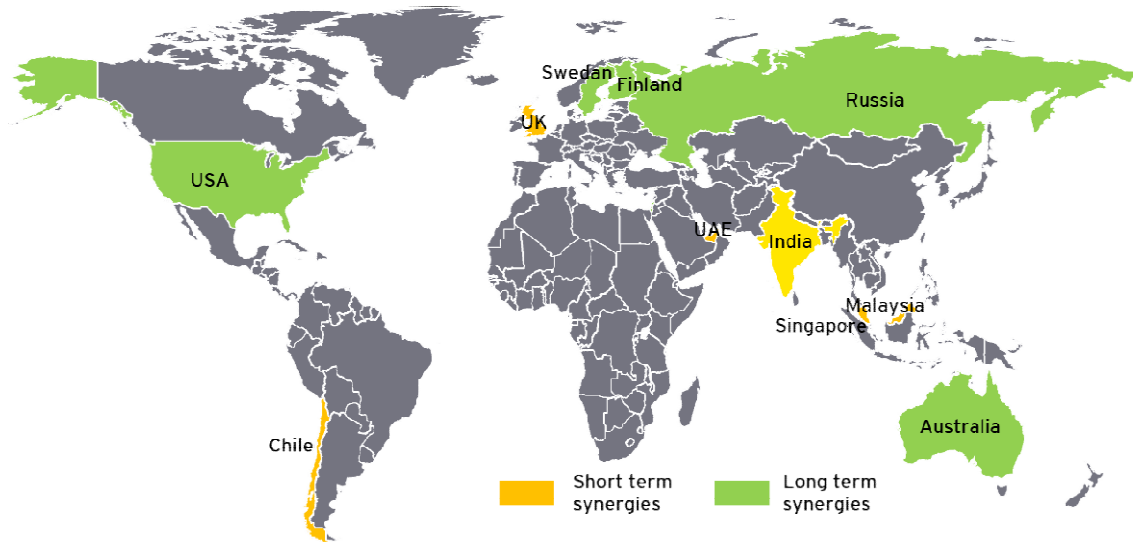


Figure 3: Potential Markets for expansion

4.6 Potential Areas for Value Added Product

The cluster can envisage to expand its product range to manufacture items like **woolen shirts, pullovers, cardigans, slippers, hats, boots, storages, tops, trousers, drawers, knee tops, mufflers, gloves, balacalva caps, jackets, ski jackets etc.**

4.7 SWOT analysis

Table 5: SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ Easy access to raw material ▶ Availability of experienced weavers in the cluster ▶ Increase in demand for the products from this sector due to the product's virtues of comfort and stretchability. ▶ Low-priced unbranded products of this cluster is in demand in the local markets and its sales contributes to a great extent to the district's GDP ▶ Presence of various govt. schemes and policies to foster traditional and small scale industries like this 	<ul style="list-style-type: none"> ▶ Low productivity as methods followed and equipments used have not been upgraded in a long time ▶ Limited knowledge on the latest technologies and designs that could be implemented ▶ Poor infrastructure at workstations is responsible for hampering the potential of cluster actors and the efficiency of the production process ▶ Limited initiatives are put to practice in post-production activities like branding, marketing, testing, etc., due to lack of awareness & interest and financial limitations ▶ Difficulties in getting requisite financial support from financial institutions as majority of the cluster actors are running unregistered units without requisite documents to act as proof ▶ Lack of awareness of Govt. initiatives and limited interest in availing credit from formal sources



Opportunities	Threats
<ul style="list-style-type: none"> ▶ Potential to expand sales through direct exports and online sales (e-commerce & social media) ▶ Potential to increase efficiency and productivity by upgrading the methodologies and machinery ▶ The everchanging consumer behavior will act as a catalyst for increasing the sales from the cluster ▶ The major driving factor of the knitwear market is fashion and the rise in the number of women spenders with high disposable income ▶ Support from Government on export through various initiatives and relaxations 	<ul style="list-style-type: none"> ▶ Tough competition from other national and international clusters ▶ Rising cotton and yarn price. ▶ Constant change in the fashion industry

4.8 Challenges and interventions

Table 6: Challenges and Interventions

Parameter	Challenges	Intervention
Raw materials	<ul style="list-style-type: none"> ▶ Lack of storage facilities at the unitholder's premises to carefully store the raw materials and end products ▶ Raw materials stored in an unfavorable environment often leads to a decline in the quality of the raw material which in turn affects the end-product ▶ Lack of continuous access to quality raw materials within the district 	<p>Hard intervention:</p> <ul style="list-style-type: none"> ▶ Establishment of a Common facility Centre(CFC)with a Raw Material Bank(RMB) to ensure a year-round supply of raw materials at reasonable prices and to protect the materials from damage <p>Soft interventions:</p> <ul style="list-style-type: none"> ▶ Workshops/ training programmes in the cluster on procurement of raw materials.
Designing and product range	<ul style="list-style-type: none"> ▶ Lack of focus on design innovation and expansion of product range ▶ Poor designing capacity due to lack of knowledge of latest trends ▶ Cluster manufactures traditional designs which are outdated in the market, and hence are facing tough competitions 	<ul style="list-style-type: none"> ▶ Collaboration with renowned designers for receiving design inputs, expanding product range, and facilitation in trend forecasting ▶ Collaboration with design institutes like NIFT, IIFT, etc. for training the cluster actors in new-age trends and designs
Manufacturing process	<ul style="list-style-type: none"> ▶ Lack of awareness of global best practices ▶ The technology used in the cluster is outdated and obsolete. Most of the machines are used manually and semi-automatic. ▶ Majority of the cluster actors have 	<p>Hard intervention</p> <ul style="list-style-type: none"> ▶ Establishment of a Common production Center (CPC) within the CFC with the latest machinery such as – computerized knitting machines, interlocking machines, sewing machines, etc. for production and CAD/CAM to facilitate

Parameter	Challenges	Intervention
	<p>limited understanding on the available machinery that can reduce human effort and increase efficiency</p>	<p>acceleration and precision in designing</p> <p>Soft Interventions:</p> <ul style="list-style-type: none"> ▶ Exposure visits to developed clusters of Tirupur, Ludhiana, Ahmadabad, etc., to learn best practices in terms of types of machinery utilized and the methodologies implemented in the production process
Branding and Marketing	<ul style="list-style-type: none"> ▶ The artisans and most unitholders do not undertake any marketing strategy, as most of them are unaware of the marketing techniques and principles which are to be implemented for increasing sales and undertaking direct orders ▶ Limited interest and knowledge about sales through e-commerce platforms and online marketing ▶ Negligible knowledge on marketing events and their importance ▶ Lack of promotion of the products amongst the masses 	<ul style="list-style-type: none"> ▶ A documentary film should be developed to highlight the history and the production process of the product ▶ Collaboration with e-commerce companies like Amazon, Flipkart etc. ▶ Sensitization of cluster actors about Performance Linked Incentive initiative of the government under the Atmanirbhar Bharat Abhiyan and the Make in India initiative which envisages to increase productivity, expand operations and initiate/ widen export opportunities for select sectors ▶ Conduct awareness workshops at the block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events ▶ The DGFT/FIEO can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase
Skilling	<ul style="list-style-type: none"> ▶ None of the artisans are formally trained, they learn their skills from their family or on the job ▶ The trainings undertaken by the DIC is often not enough for the artisans and unitholders for upgrading their production/ business operations ▶ Limited knowledge of artisans in expanding business operations ▶ Lack of recognition for formally trained artisans ▶ Declining interest of youth 	<ul style="list-style-type: none"> ▶ Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling of value chain activities and business development parameters- marketing, accounting etc. ▶ Maximizing leveraging of skill upgradation schemes such as the ODOP Skill Development Scheme, Entrepreneurship and Skill Development Programme (ESDP) DDUGKY scheme, 'Seekho aur Kamao' and Uttar Pradesh Skill Development Mission for skilling and upskilling of artisans
Export	<ul style="list-style-type: none"> ▶ Limited knowledge in export and import related information/ documentations 	<ul style="list-style-type: none"> ▶ Sensitization and facilitation in availing Import/ export document ▶ Creation of an event calendar

Parameter	Challenges	Intervention
	<ul style="list-style-type: none"> ▶ Unaware of potential markets ▶ No focal point to address exporters ongoing issues hence its often a hesitation for budding exporters 	<p>comprising of events to be conducted in a Financial Year with a focus on international marketing events.</p> <ul style="list-style-type: none"> ▶ Sensitization of cluster actors: <ul style="list-style-type: none"> ▶ The individuals of a cluster should be sensitized on the plethora of schemes available for them for maximizing the potential of exports. Merchandise Exports from India Scheme, Service Export from India Scheme etc. provides various exemptions for facilitating exports. Further, schemes like Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials ▶ Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analysing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP. DIC and FIEO can play a 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 ▶ 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.
<p>Access to finance</p>	<ul style="list-style-type: none"> ▶ Artisans have negligible financial literacy, Hence they face problems in obtaining and applying loan ▶ Bank does not provide loan to the artisans in most cases due to lack of documents or steady income documentations ▶ Tedious paperwork and long waiting time of banks usually persuade artisans from not taking financial support from Banks ▶ Artisans and unitholders are not aware schemes and policies of banks, state government and central government. 	<ul style="list-style-type: none"> ▶ Awareness and outreach program for raising consciousness about existing schemes and financial products ▶ Sensitization of banks/financial institutions to understand the product value chain while fixing WC/CC limits ▶ 'Revolving Working Capital Assistance' to micro units/ cobblers/ artisans towards procuring raw materials and meeting operating expenditure. ▶ Collaboration with nationalized banks to facilitate quick loan approval and disbursement through digital lending. ▶ Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better

Parameter	Challenges	Intervention
		interest rates, enhanced working capital limits etc.
Cost Structure	<ul style="list-style-type: none"> ▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses ▶ Since the start of Covid-19, the availability of containers and the Freight Charges by the Shipping lines has been main concern for most the industries 	<ul style="list-style-type: none"> ▶ The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme. ▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website. ▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.

4.9 Future Outcomes

Annual Turnover
The cluster's turnover is expected to be twice in the next 5 years i.e. INR 10 Crs

Cluster exports
The district is likely to double the exports. i.e. INR 4.4 to 8.8 Crs in the next 5 years

5. 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
Sensitization of cluster actors: <ul style="list-style-type: none"> a. 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 b. Currently, majority of the exporters and traders focus on selling their goods to USA, UK, and European countries without correctly analyzing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAPs 	ODOP cell, DIEPC UPEPB	Continuous initiative
DIC and FIEO can play a pro-active role in this regard. 10% increase in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target	DIC, UPEBP and FIEO	Intermediate

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:](https://www.ibef.org/blogs/indian-export-incentive-schemes)

under this segment		
Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.	UPEPB/DIEPC	Short term
Collaboration 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
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
Awareness and outreach program for raising consciousness about existing schemes and financial products and promoting the cluster actors to leverage these initiatives	UPEPB/DIEPC	Intermediate
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:	DIEPC/UPEPB	Long term
a. The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.		
b. The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.		
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	DIEPC/UPEPB	Long term

and issues relating to it. The industry may be informed of this portal.	DIEPC/UPEPB/FIEO	Short term
Product 1: Hosiery		
Establishment of CFC with : <ul style="list-style-type: none"> ▶ RMB to ensure a year-round supply of raw materials at reasonable prices and to protect the materials from damage ▶ Establishment of a Common production Center(CPC) within the CFC with the latest machinery such as - computerized knitting machines, interlocking machines, sewing machines, etc. for production and CAD/CAM to facilitate acceleration and precision in designing 	DIEPC, DGFT and ODOP Cell	Long term
Workshops/ training programmes in the cluster on procurement of raw materials.	ODOP cell and DIEPC	Short term
Collaboration with renowned designers for receiving design inputs, expanding product range, and facilitation in trend forecasting	ODOP cell and the designer	Intermediate
Collaboration with design institutes like NIFT, IIFT, etc. for training the cluster actors in new-age trends and designs	ODOP cell and institute	Intermediate
Exposure visits to developed clusters of Tirupur, Ludhiana, Ahmadabad, etc., to learn best practices in terms of types of machinery utilized and the methodologies implemented in the production process	ODOP cell and DIEPC	Intermediate
A documentary film should be developed to highlight the history and the production process	ODOP cell and hired agency	Intermediate
Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling of value chain activities and business development parameters- marketing, accounting etc. Pradesh Skill Development Mission for skilling and upskilling of artisans	ODOP cell and NSDC	Short term
Maximizing leveraging of skill up-gradation schemes such as the ODOP Skill Development Scheme, Entrepreneurship and Skill Development Programme (ESDP) DDUGKY scheme, 'Seekho aur Kamao' and Uttar Pradesh Skill Development Mission for skilling and upskilling of artisans	ODOP cell and DIEPC	Short-term

6. Key schemes

6.1 Key schemes of GoI

6.1.1 Merchandise Exports from India Scheme (MEIS) ¹³

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

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

Objective of the Merchandise Exports from India Scheme (MEIS) is to promote the manufacture and export of notified goods/ products.

6.1.2 Service Exports from India Scheme (SEIS) ¹⁴

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

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

6.1.3 Rebate of State and Central Levies and Taxes (RoSCTL) Scheme¹⁵

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

The benefits of Rebate of State Levies RoSCTL are available to exporters of readymade garments and made-ups for now. The scheme aims to help them cut high logistics and other costs and enable them to compete globally. An exporter can benefit from this scheme for all exports done after 1st April 2019. For exports made prior to this date, the eligibility criteria of the RoSCTL scheme would be applicable. The rebate for such exports was allotted out of the RoSCTL scheme fund, on exhaustion of which DGFT would issue scrips, but at RoSCTL rates.¹⁶

6.1.4 Advance Authorisation Scheme¹⁷

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

The quantity of inputs allowed for a given product is based on specific norms defined for that export product, which considers the wastage generated in the manufacturing process. DGFT provides a sector-wise list of

¹³ <https://www.dgft.gov.in/CP/?opt=meis>

¹⁴ <https://www.bankbazaar.com/tax/service-exports-from-india-scheme-seis.html>

¹⁵ <https://www.dgft.gov.in/CP/?opt=rosctl>

¹⁶ <https://www.dripcapital.com/resources/blog/rosctl-scheme>

¹⁷ [dgft.gov.in/CP/?opt=advnace-authorisation](https://www.dgft.gov.in/CP/?opt=advnace-authorisation)

Standard Input-Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad-hoc norms in cases where the SION does not suit the exporter.

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

6.2 Various Schemes being run by Export Promotion Bureau, UP

6.2.1 Marketing Development Scheme (MDA)

Table 7: MDA scheme highlights

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

6.2.2 Gateway Port Scheme

Table 8: Gateway Port Scheme highlights

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.

6.2.3 Air Freight Rationalization Scheme

Table 9: Air Freight Rationalization scheme highlights

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

7. Abbreviations

Table 10: List of abbreviations

AAS	Advance Authorization Scheme
BoB	Bank of Baroda
CONCOR	Container Corporation of India
CPC	Common Production Center
DDUGKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DFIA	Duty Free Import Authorization
DGFT	Director General of Foreign Trade
DIC	District Industries Center
DIEPC	District Industry and Enterprise Promotion Center
EPC	Export Promotion Council
ESDP	Entrepreneurship and Skill Development Programme
FIEO	Federation of India Export Organization
FTA	Free Trade Agreement
HS	Harmonized System
IC	International Cooperation
IEC	Import Export Code
IIP	Indian Institute of Packaging
MAS	Market Assistance Scheme
NSDC	National Skill Development Cooperation
ODOP	One District One Product
PMU	Project Monitoring Unit
QCI	Quality Council of India
SIDBI	Small Industries Development Bank of India
SWOT	Strength, Weakness, Opportunities, Threats
UAE	United Arab Emirates

UK	United Kingdom
UP	Uttar Pradesh
UPEPB	Uttar Pradesh Export Promotion Bureau
UPICO	UP Industrial Consultancy Organisation
USA	United States of America



Knowledge Partner