



Department of MSME & Export Promotion, Uttar Pradesh

Draft District Export Action Plan, Shahjahanpur, Uttar Pradesh

Knowledge Partner



विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF
FOREIGN TRADE

Districts
as Export Hubs

EY
Building a better

Preface

This district export plan for Shahjahanpur 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 Shahjahanpur district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Shahjahanpur 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, and demographic, 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.

Abbreviations

AA	Advance Authorization
BoB	Bank of Baroda
CAD	Computer-Aided Design
CAM	Computer Aided Manufacturing
CETP	Common Effluent Treatment Plant
CFC	Common Facility Center
CONCOR	Container Corporation of India
CPC	Common Production Center
DEH	District as Export Hub
DEPC	District Export Promotion Committee
DFIA	Duty Free Import Authorization
DGFT	Directorate General of Foreign Trade
DIEPC	District Industry and Enterprise Promotion Center
DSR	Diagnostic Study Report
EO	Export Obligation
EPB	Export Promotion Bureau
EPCG	Export Promotion Capital Goods
EY	Ernst and Young
FIEO	The Federation of India Export Organization
FOB	Free on Board
FTA	Free Trade Agreement
FTP	Free Trade Partners
GI	Geographical Indication
GIR	Geographical Indication Registry
GoI	Government of India

GoUP	Government of Uttar Pradesh
HS Code	Harmonized System Code
IC	International Cooperation
ICD	Inland Container Depot
IEC	Import Export Code
IIP	Indian Institute of Packaging
IISTEM	International Institute of Saddlery Technology & Export Management
IIT	Indian Institute of Technology
ISW	Industrial Solid Waste
MAI	Market Assistant Initiative
MDA	Market development Assistant
MEIS	Merchandise Export from India Scheme
MoU	Memorandum of Understanding
MSME	Micro Small and Medium Enterprises
MYSY	Mukhyamantri Yuva Swaroggar Yojana
NGO	Non-Government Organization
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
NSDC	National Skill Development Cooperation
ODOP	One District One Product
PMEGP	Prime Minister's Employment Generation Program
PMFME	Pradhan Mantri Formalisation of Micro food Processing Enterprises
PMKVY	Pradhan Mantri Kaushal Vikash Yojana
QCI	Quality Council of India
SEIS	Service Export from India Scheme
SIDBI	Small Industries Development Bank of India

SPV	Special Purpose Vehicle
SWOT	Strength, Weakness, Opportunities, Threats
TDS	Total Dissolved Solids
TEE	Towns of export excellence
ToR	Term of Reference
UAE	United Arab Emirates
UK	United Kingdom
UNIDO	United Nations Industrial Development Organization
UP	Uttar Pradesh
UPECE	Uttar Pradesh Export Promotion Council
UPEPB	Uttar Pradesh Export Promotion Bureau
UPICO	UP Industrial Consultancy Organisation
UPSIDC	Uttar Pradesh State Industrial Development Corporation
USA	United States of America

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1. Vision of Districts as Export Hubs

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

- Honourable Prime Minister of India, Shri Narendra Modi

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

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

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

2. District Profile

Shahjahanpur City is established by Shri Diler Khan and Shri Bahadur Khan sons of Shri Dariya Khan who was soldier in the army of the Mughal Emperor Jahangir. Both, Shri Diler Khan, and Shri Bahadur Khan were dignitaries in the regime of Shahjahan. After being pleased with the services of Shri Diler Khan; Shahjahan gifted 14 villages with the permission to construct a Fort. Diler Khan developed a fort in “Nainar Khara Village” which was situated on the rivers Garrah and Khannaut.

He also established 52 type of Pathan’s Caste. Today, most of the mohallas are on the name of these castes.

Like Shahjahanpur City, Tilhar was developed by “RAJPUT – TIRLOK CHANDRA”. This is the oldest town of the district. Due to supply of “BOWS” to the Military, this town was called as “TEER KAMAN NAGAR”. Shri Mangal Khan who was a NAZIM of Hafiz Rehmat Ali Khan Nawab Rohil established a Fort in village “MANSURPUR” near “TILHAR”

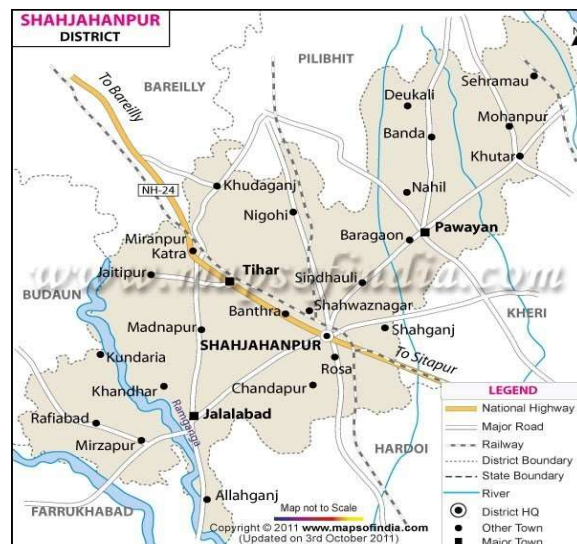


Figure 1: District of Shahjahanpur

He and his family members possessed it up to first freedom struggle of 1857. Later, British Government occupied it and converted it in Tehsil and Police Station.¹

2.1 Geography

The district is Located at Latitude- 27.8 N, Longitude-79.37' E. The district shares border with Bareilly District to the North, Badaun District to the west , Farrukhabad District to the South ,Hardoi District to the South, Kheri District to the East , Pilibhit District to the North.

It occupies an area of approximately 4575 square kilometres. It is in the 173 meters to 154 meters elevation range. This district belongs to Hindi Belt of India.¹

2.2 Connectivity

Shahjahanpur is situated at a distance of 29 Kms from Shahabad, 79 Kms from Bareilly, 85 Kms from Sitapur, 146 Kms from Etah, 166 Kms from Aliganj, 170 Kms from Lucknow, 219 Kms from Aligarh, 335 Kms from New Delhi, 358 Kms from Gurgaon and 1148 Kms from Howrah. Moreover, it is well connected through the Uttar Pradesh State Road Transport Corporation (UPSRTC) to other districts of the state.

Shahjahanpur has its own railway station that connects the district to many cities of the state like Gorakhpur and Varanasi through passenger trains. Moreover, being situated on Jammu Tawi-Howrah rail route, it is also linked with cities like Haldia, Vindhyachal, Lucknow, Delhi, Agra, Mathura, Amritsar, Mumbai, Bangalore, Bhopal, and Hyderabad through the rail network.

The nearest airport to Shahjahanpur is Lucknow's Chaudhary Charan Singh International Airport which is at a five-hour distance from Shahjahanpur from here.

- ▶ **Air:** Lucknow's Chaudhary Charan Singh International Airport located 180km from the city is well equipped to carry air traffic. Regular flights to all major destinations are operated from Lucknow.
- ▶ **Rail:** Shahjahanpur is a major rail junction connecting the northern and north-east lines. Trains from the north (including Jammu Tawi and Amritsar) and Delhi running east and northeast (to Gorakhpur, Barauni, Howrah, Guwahati, and Dibrugarh) pass through Bareilly. Many trains to railway stations in Uttarakhand pass through Shahjahanpur.
- ▶ **Road:** Shahjahanpur is well-connected through the railways and road network. The city lies on the National Highway 30 (NH 30 - according to the new National Highway system in India). Bareilly is on the Moradabad-Lucknow route.

2.3 Topography & Agriculture

Land of district Shahjahanpur is plains and fertile. Land of district Shahjahanpur on the side of the riverbank is low and other side it is comparatively high side of land is called Bangar and low side is called khadar. The north side land of tehsil Puvayan as is domat land. Land in the west side of the district is comparatively very low due to land erosion of the rivers. Due to this reason at the time of rainfall the area become flooded. In the Block Kaur, Khutar, Nigohi & Jaitpur land is domat and matiyar. In the district water level is 20' to 25' below. Shahjahanpur district reports a very low proportion of area is under forest. The total area under forest 10499 hectares is much less as compared to state's average. In this district the trees like Shisham, Arjuna, Kanjikhair, Saagaun, Neem, Eucalyptus, Babool, Mango and Jamun trees are found in sufficient numbers.¹

¹ Shahjahanpur.nic.in/about-district

3. Industrial profile of the district

Shahjahanpur is a city in the northern Indian state of Uttar Pradesh. it comes under Bareilly Division and is a centre for the manufacture of zari. Shahjahanpur is a city which comes in the route of New Delhi and Lucknow and has a lot of potential for setting up industries to attract people to settle.

The most prominent MSME sectors in the district are: Agro-based, woollen, silk, artificial thread-based clothes, ready-made garments and embroidery, wooden and wood-based furniture as shown below.

The industrial Landscape of the district is as follows

Table 1: Industries details²

Industry	Functional Units	Employment (Nos)	Investment (Rs. Lakh)
Readymade garments & embroidery – Zari-zardozi	35	102	126.70
Agro based	73	646	603
Woolen, silk & artificial Thread based clothes.	12	36	8
Wood/wooden based furniture	6	22	44.44

The most prominent sector is the readymade garments & embroidery – Zari-zardozi and agro based with and investment of 126.70 and 603 lakhs respectively. This is followed by the wood and wood based and Woollen, silk & artificial Thread based clothes industry.

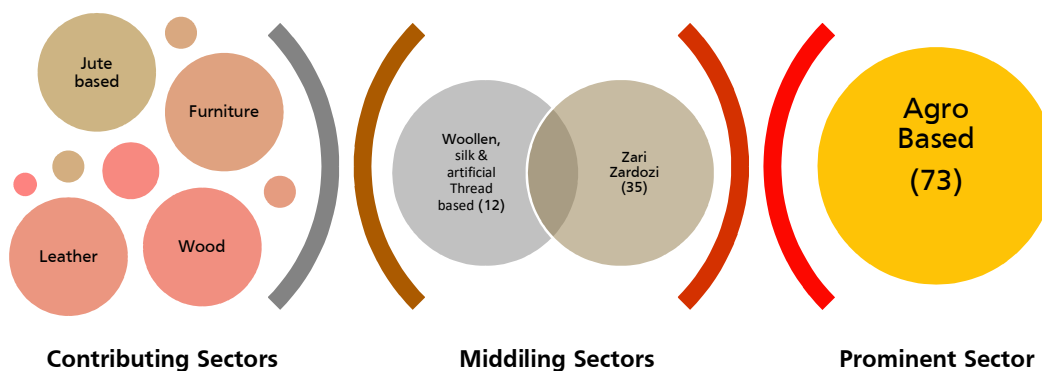


Figure 2: MSME landscape of the district

Out of total population of 3,006,538 (2011 census), 892,214 are working population. Out of total working population, Total 321,484 Cultivators are depended on agriculture. 175,020 people works in agricultural land as labour.

²District Industrial Profile(FY 2011-2012) – MSME-DI Institute, Agra; DIC, Shahjahanpur

Table 2: Occupational Distribution of Main Workers³

S. No.	Particulars	Shahjahanpur	%
1	Cultivators	321484	10.70%
2	Agriculture Laborer's	175020	5.82%
3	Household Industry Workers	395710	13.16%
4	Others	2114324	70.32%

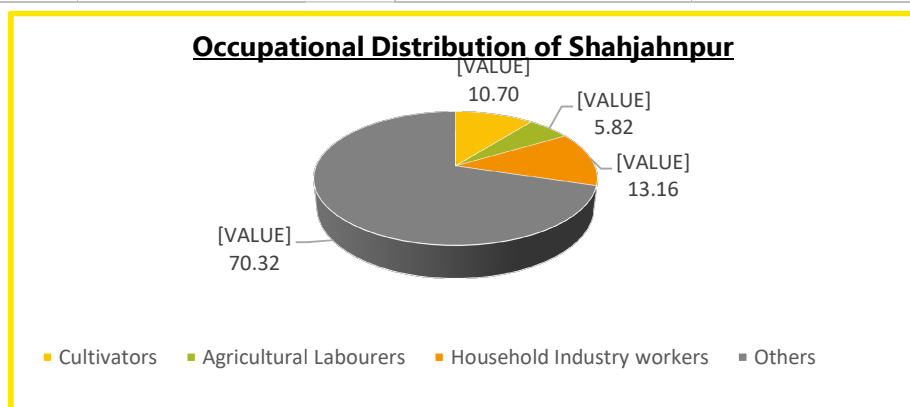


Figure 3: Occupational distribution of Shahjahanpur

3.1 Major Exportable Product from Shahjahanpur

The total export from Shahjahanpur is approximately INR 527.26 Crore for the period September 2020 to November 2021. The following table depicts the value of export of major products from Shahjahanpur.

Table 3: Major exportable product

S. No	Product	Export value (in INR) ⁴ from September 2020 to November, 2021
1	Rice	131.06 Cr
2	Plywood	0.40 Cr
3	Zari Zardozi	Indirect Export from the district
Total Export from Shahjahanpur		527.26 Cr⁴

4. Product 1: Zari-Zardozi

4.1 Cluster Overview



³ District census handbook 2011– Shahjahanpur

⁴ DGFT- District wise report for the period September 2020 to November 2021

The art of zari has been associated with the aristocratic & royal persona of India for a long time. It is one of the most famous & elaborative techniques of metal embroidery. The craft of zari embroidery has been undertaken in various districts of UP since ages.

The main craft centric areas of the state are Bareilly, Lucknow, Unnao, Shahjahanpur, Chandauli and Varanasi. The craft survived at these pockets on hereditary basis and spread to nearby districts. The craft flourished in Bareilly city and nearby area and become major economic activity.

Key Facts

-  **INR 100 Crores** Approximate turnover of the cluster
-  **No direct export ~ Export Turnover**
-  **10000** Artisans directly or indirectly associated

4.2 Product profile

Listed below are different kinds of zari work in the region:

1. Zardozi
2. Kamdani
3. Mina Work
4. Kataoki Bel
5. Mukaish
6. Tilla or Marori Work
7. Gota Work
8. Kinari Work

4.2.1 Product Portfolio

The following are the key products manufactured in the cluster:

Zardozi

Zardozi is a heavy and elaborate embroidery work which uses a variety of gold threads, beads, seed pearls and gota. Zardozi work is mainly done on fabrics like heavy silk, velvet, and satin. It is used to embellish wedding outfits, heavy coats, and other products. Zardozi embroidery is a beautiful metal embroidery, which was once used to embellish the attire of the Kings and the royals in India. It was also used to adorn walls of the royal tents, scabbards, wall hangings and the paraphernalia of regal elephants and horses.

Kamdani

Kamdani is light needle work, which is done on lighter materials like scarves, caps etc. using flattened wire. Ordinary thread is used, and the wire is pressed down to produce satin stitch effect. This effect produced is glittering and it is called hazara butti. In Kamdani, the wire is attached to a small length of thread is pulled through the fabric with a needle, beautifully working into motifs. This is also referred to as 'fancy kaam'. Kamdani is becoming a rarity and most of the craftsmen are elderly men.

Gota Work

Traditionally, gota ribbons were woven with a warp of flattened gold and silver wire and a weft of silk/ cotton threads and used as a functional trim on garments and textiles. While most believe that gota patti is the forte of Rajasthan alone, some also claim that it is, in fact, a form of Pakistani embroidery that originated in Punjab before spreading in popularity to neighbouring states. The handcraft is actually centuries-old and was traditionally the domain of the royal family & members of the court. Today, it's a must-have in festive and bridal wardrobes.

Kataoki Bel

This is a border pattern made of stiff canvas and the whole surface is filled with sequins edging . A variation of this border technique is lace made on net and filled with zari stitches & spangles. Zari or

Jari, is an even thread made of fine gold or silver, used to make traditional Indian or Pakistani embroidered fabrics, through an intricate art of weaving threads. Started during the Mughal era, Zari was associated with the grand attires of Gods, Kings, and literary figures in literary sources.

Mukaish

This is one of the oldest styles and is done with silver wire or badla. The wire itself serves as a needle, piercing the material to complete the stitches. A variety of designs are produced in this manner. The craft of mukaish is easily identified as a dotted pattern in silver or gold metal, embedded in the body of lightweight fabric. Today, contemporary modifications of the traditional metal work can be seen both on fashion week runways and in sought-after ethnic ensembles.

Tilla or Marori Work

Also known as Abha work and Kashmiri Tilla work. Made with golden/ silver/ antique zari thread (Kasab/ Tilla). This is the kind of embroidery where gold thread is stitched on to the surface with a needle.

Kinari Work

Also known as Gota Patti Work, Gota-Kinari work or Lappe ka Kaam. It is a type of metal embroidery that originated in Rajasthan, India. The cities of Jaipur, Bikaner, Ajmer, Udaipur, and Kota are the epicentre of uniquely styled Gota work. Elaborate patterns are created with metals like gold, silver, copper etc. A small variation is kinari work where the embellishments are done only at the edges in the form of tassels. This is done mainly by men and women of the muslim community. It is applied on to the edges of a fabric to create fancy patterns and is popularly used in edging bridal sarees and lehengas. In Rajasthan, gota work is extensively done on Dupattas and Ghagras. Outfits adorned with gota work are popularly worn at auspicious functions.

Mina Work

Mina work resembles enamel work and makes use of gold threads.

4.2.2 Status of GI Tag

The Geographical Indication Registry (GIR) has accorded the Geographical Indication (GI) registration to the intricate needle handicraft- Lucknow Zardozi and it was registered under the brand of 'Lucknow Zardozi' in the year 2013. The registration has been secured by Kalatmak Handicrafts Self Help Group Foundation, Lucknow. Shahjahanpur District comes under geographical Identified area, but no significant progress is seen in Post G.I. Initiative in Bareilly.⁵

4.3 Cluster Stakeholders

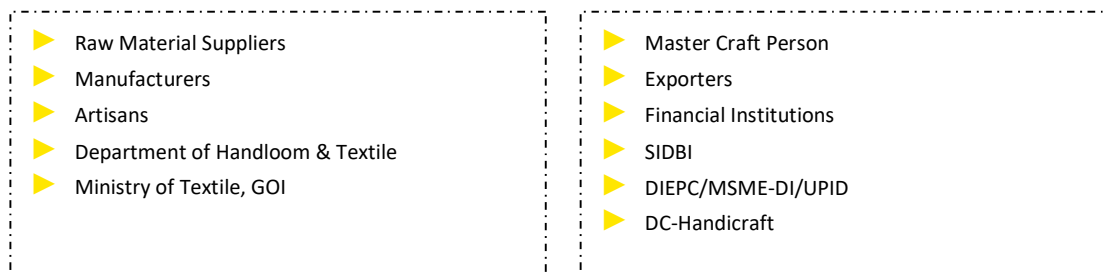


Figure 4: Cluster Stakeholders

⁵ DGFT

4.3.1 Industry Associations

There is no industry association in the district for the development of Zari-Zardozi products

4.4 Export Scenario

4.4.1 HS code

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

Table 4: HS codes for Zari-Zardozi

HS codes	Description
581092	Embroidery of man-made fibres on a textile fabric base, in the piece, in strips or in motifs.

Current Scenario

The export scenario of India and Uttar Pradesh have been analysed basis the export statistics of HS code mentioned above under which Zari-Zardozi products are exported. Alongside are the key facts⁶ pertaining to the analysed product codes.

Based on our analysis, we have identified key synergies that should be developed to expand our current reach and potential; These synergies are divided into immediate and long term. The immediate synergies include countries with Signed FTA's, high growth potential, and one is catered by India and not UP. 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.

Key Fact of Export⁶

822,496 (USD Thousand)
Value of world exports in 2020

36,712 (USD Thousand)
Total Exports from India in 2020

9000 (USD Thousand)
Total export from UP in 2020

~24.6%
Share of UP in India's exports

4.5 Export Potential

- ▶ Other prominent products exported from Shahjahanpur District are Rice and Plywood.
- ▶ There are more than 10 HSN Codes which may be used for Exports of Zari-Zardozi but here analysis of one prominent HSN code has been done.
- ▶ The cluster has tremendous export potential, but owing to lack of proper market assessment mechanism, changing design patterns, specific demand preferences the export is very less.
- ▶ 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.
- ▶ Zardozi products do not have specific HSN codes. Based on stakeholder consultations, following HSN codes were mentioned for the product.

⁶ <https://www.trademap.org/>

Product: 581092: Embroidery of man-made fibres on a textile fabric base, in the piece, in strips or in motifs.

India's exports represent 4.1% of world exports for this product, its ranking in world exports is 4, behind China, Turkey, and Hongkong. The value of India's exports over the last 5 years have

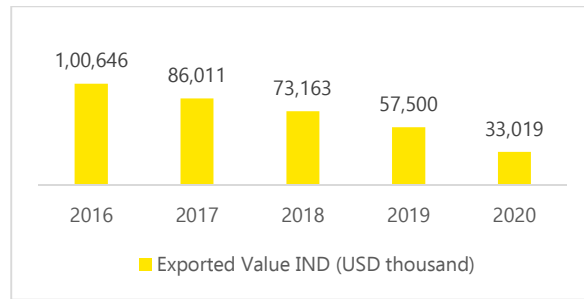


Figure 5: Exported value of India for HSN-581092

Uttar Pradesh exports this product to **UAE, Italy, Saudi Arabia, China, USA, Turkey, Hong Kong, Japan, Thailand, Nepal, and Morocco**. Below figure shows the top importers for this product (581092) in the world:

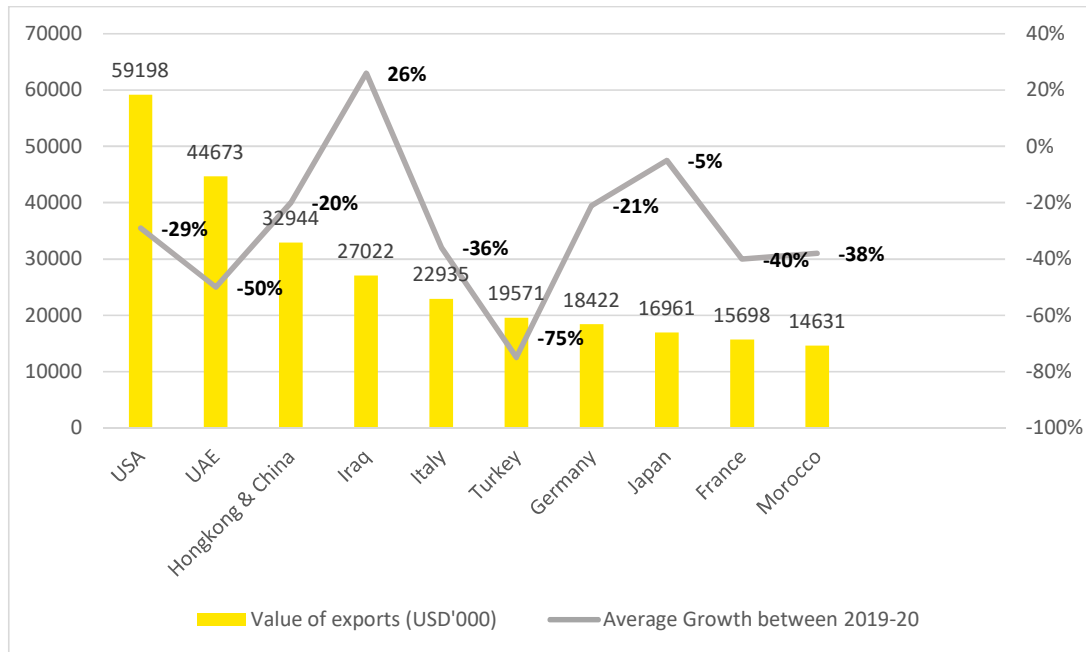


Figure 6: Top importers for this product (581092) in the world

Prominent Import Countries to whom India export this product are

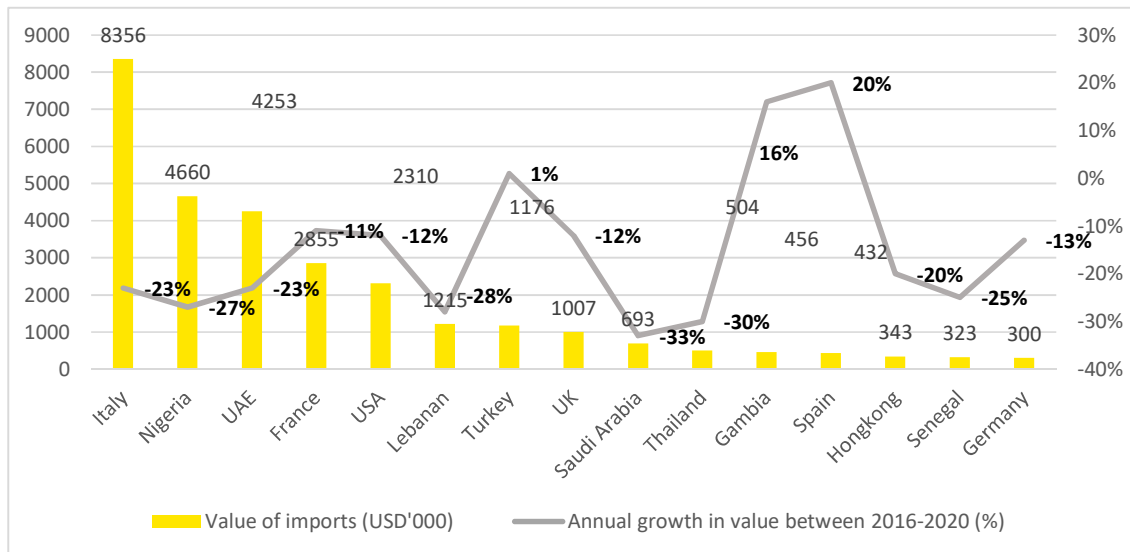


Figure 7: Top importing countries from India for HSN-581092

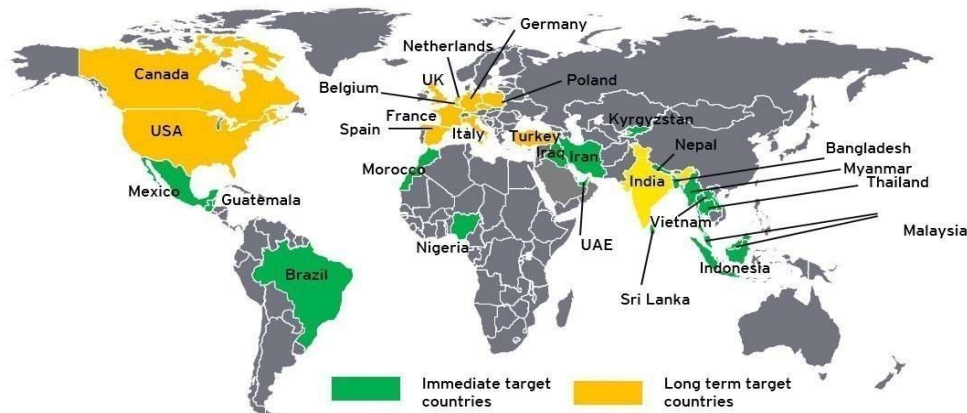


Figure 8: Markets for export potential

4.6 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. Most artisans are not bothered about changing their product range and they fail to understand that it is an integral part of comprehensive marketing. Diversification can be brought in the cluster by:

1. Development of a new products:

During the product diversification new product line like Purses, Langar/Ghagra, Churidar, Punjabi, Curtains, Other dress materials like Scarf etc needs to be promoted. Additionally

creation of a new product range like *zari-work* that can be laminated and attached to wooden doors, frames, wall paintings etc. They can also create gift bags, curtains with intricate *zari work*.

2. Modifications of Existing Products

It has also been found that most of the artisans use no strategy for making modifications to the existing products in the light of design and fusion. The artisans can make fusion products by blending zari work with **madhubani or block prints**. They can also expand in terms of the materials they use for making the products by introducing cotton and jute into their product range.

4.7 SWOT analysis

Table 5: SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ Easy availability of skilled workforce particularly artisans ▶ Large potential for diversifying on variety of apparels ▶ Easy availability of raw material for mass production ▶ Availability of various government interventions for fostering the cluster 	<ul style="list-style-type: none"> ▶ Minimal technological upgradation and long production time ▶ Existence of large number of intermediaries between artisans and entrepreneurs ▶ Limited design innovation ▶ In light of competition the focus has shift from quality to quantity ▶ Lack of individuals with technical qualifications ▶ Lack of focus on increasing export
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Huge scope of market expansion- domestic and foreign ▶ Scope for development of new products and modifying existing range ▶ Potential collaborations with renowned designers and design institutes for improving existing designs ▶ Increase participation in marketing events- International and domestic 	<ul style="list-style-type: none"> ▶ Tough competition with cheaper, printed & machine embroidered items ▶ Industrialization causing artisans to move to metropolitan cities in search of better paying jobs

4.8 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ The cost of raw materials available locally is twice in comparison to material available 	<ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank within the CFC: <ul style="list-style-type: none"> ○ Reduction in selling price at the RMB: The material can be provided

	<p>outside the city.</p> <ul style="list-style-type: none"> ▶ Majority of the raw material is procured from Gujarat, Delhi, Maharashtra, which is indirectly procured from China due to lower costs (ranging between INR 150 – 500 / Mtr) ▶ Lack of storage facility in the cluster leading to spoilage of fabrics being used for manufacturing 	<p>with up to 10% discount ranging between INR 120 – 400 / Mtr.</p> <ul style="list-style-type: none"> ▶ Creating awareness amongst daily wage artisans to leverage working capital loan from banks to procure raw material
Design	<ul style="list-style-type: none"> ▶ Technology used for designing is a challenge as they follow the traditional methodology. And, about 90% of the artisans manually design their products ▶ The artisans are unaware of software which can simplify the designing process ▶ Most artisans are oblivious about of latest trends and fashion 	<p>Hard Intervention:</p> <ul style="list-style-type: none"> ▶ Establishment of Digital Design bank and display centre within the CFC and usage of latest software for designing the products. <p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ Design awards to Master Craftsmen (Shilp Gurus), social enterprises ▶ MoU should be signed with NIFT for proper cataloguing, sampling, and grading of design, product diversification ▶ Collaboration with renowned designers to help the artisans understand current trends and market demand ▶ Engaging the Uttar Pradesh Handlooms Corporation to work on the design aspects of zari-zardozi products
Marketing	<ul style="list-style-type: none"> ▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets ▶ Decreasing demand in domestic market ▶ Unavoidable dependency on wholesalers and traders ▶ Offline marketing is broadly used ▶ Lack of long-term contracts to sell the product 	<p>Hard Intervention:</p> <ul style="list-style-type: none"> ▶ Establishment of a Marketing centre within the CFC <p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ Awareness and outreach for participating in international fairs and exhibitions. ▶ Encourage to leverage ODOP MDA scheme for financial assistance. ▶ Organize state and national level exhibitions ▶ Collaboration with major industries, private organizations, and government bodies ▶ Collaboration with E-commerce companies ▶ Exposure visits to Kanpur, Chennai, and Italy clusters to study the best practises and understand their modus operandi and value chain.

		<ul style="list-style-type: none"> ▶ 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 organised by FIEO and other organizations may be proposed as a target under this segment ▶ 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.
Branding	<ul style="list-style-type: none"> ▶ The zari-zardozi products are losing its charm in the domestic market with the change of trends and with no proper outreach to the masses 	<p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ A documentary Film Should be developed to highlight the history and craft of Zari Zardozi work in Shahjahanpur ▶ The Zari-zardozi products manufactured within the districts of UP can be branded as 'Nazakat-e-UP' owing to its fine work intricacies. This can be then promoted widely within and outside the country.
Packaging	<ul style="list-style-type: none"> ▶ There are no proper packaging facilities in the cluster ▶ No checks and balances are made on the quality of the product which hampers the sales and potential to export 	<p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Collaboration with Indian Institute of Packaging (IIP) will help with innovative packaging techniques customized as per the product. When, the weavers will adopt the latest techniques, it will help enthrall new customers thus, increasing the overall sales.
Quality Control	<ul style="list-style-type: none"> ▶ Unaware of global standards and quality ratings ▶ No checks and balances made for quality certification/maintenance ▶ Only exporters of the cluster try to maintain the quality standard of global market ▶ Advance testing is often outsourced 	<p>Soft intervention</p> <ul style="list-style-type: none"> ▶ Collaboration with National institutes to support artisans in improving quality of products and helping them understand the importance of maintaining these standards. ▶ Special focus should be given on creating Brand labels with uniform quality standards. ▶ Collaboration with Quality Council of India (QCI) will help in setting the quality standard of these products, to increase the sales in international markets, and they can be exported across the globe with brand logo which ensures its authenticity.
Infrastructure	<ul style="list-style-type: none"> ▶ Artisans are mostly from poor background thus, do not have enough money to own and run looms. ▶ They live in non-cemented houses. ▶ They are also deprived of basic amenities like water and electricity. 	<ul style="list-style-type: none"> ▶ Industrial upgradation with establishment of proper lighting, ETP, RCC drains etc. will improve the productivity of the weavers and resolve their day-to-day issues.

	<ul style="list-style-type: none"> ▶ Due to constant power cuts, these weavers have installed generators in their houses which increases the production costs ▶ Lack of proper infrastructure affects the productivity of the cluster and its overall sales and growth ▶ Lack of proper lighting in the industrial area reduces the productivity of the units after the dusk. It also attracts anti-social elements. 	
Access to finance	<ul style="list-style-type: none"> ▶ Difficulty in receiving financial support ▶ Tedious paperwork and long waiting time of banks usually persuade artisans from not taking financial support from banks ▶ Insufficient working capital 	<ul style="list-style-type: none"> ▶ Interest Subvention to provide a reimbursement of five percentage points on the interest charged by the lending agency for the purpose of modernization, working capital requirement and technology up-gradation related to product manufacturing ▶ 'Revolving Working Capital Assistance' to micro units/ Weavers towards procuring raw materials and meet operating expenditure. This can be introduced through existing CFCs or DIC ▶ Collaboration with nationalized banks to facilitate quick loan approval and disbursement through digital lending. (e.g., SIDBI and BoB) ▶ Awareness and outreach program for raising consciousness about existing schemes ▶ Sensitisation of banks/financial institutions to understand the product value chain while fixing WC/CC limits
Skilled manpower	<ul style="list-style-type: none"> ▶ There is no institute in the cluster which imparts training in the manufacturing process of the product ▶ Majority of the labour force engaged has gained the required skills through traditional learning ▶ The low acceptance of formal skill training and negligible recognition to 	<ul style="list-style-type: none"> ▶ Establishment of Training centre will help facilitate training programs along with certificates to individuals about the manufacturing process of the product and thus help taking forward the age-old art <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Cluster centric skill development programme shall be introduced and Government may allow the students to have apprentices from the age of 16 to 18 years. ▶ ODOP Skill Development Scheme could be leveraged to provide training/skill-upgradation to

	<p>trained and certified worker in terms of wages</p>	<p>the artisans and toolkit distribution.</p> <ul style="list-style-type: none"> ▶ Entrepreneurship and Skill Development Programme (ESDP) scheme may be leveraged.
Taxation & Subsidies	<ul style="list-style-type: none"> ▶ Higher GST on inputs leading to blockage of funds: <ul style="list-style-type: none"> ○ GST on raw material used for Zari products (viz. 18% and 12%) is higher than the finished products (viz. 18% and 5%) ▶ High turnaround time of production cycle of Zari products leading to blockage of funds due to GST input tax 	<ul style="list-style-type: none"> ▶ Abatement or Exemption of GST rates on Zari zardozi products (or MSME units) given high turnaround time of production cycle
Business Environment	<ul style="list-style-type: none"> ▶ Delay in resolutions of industrial disputes among industry stakeholders. ▶ Industrialists faces various audits (like fire, electrical safety, environment, etc.) related challenges done by various government agencies. ▶ Lack of financial and social security among the sector entrepreneur in case of contingency. <ul style="list-style-type: none"> ○ Protection to the local cottage Industry from low priced dumping material by foreign manufacturers like china, Vietnam, etc. 	<ul style="list-style-type: none"> ▶ Divisional commissioner may be empowered and directed to resolve the disputes faced by industry stakeholders in time bound manner. ▶ A certain part of the revenue collection from the industry must be deployed back by creating development fund.
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters ongoing issues. 	<p>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>
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 <ul style="list-style-type: none"> ○ Since the start of 	<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

	<p>Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been main concern of the industry</p>	<p>update of the same at the district website.</p> <ul style="list-style-type: none"> ▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.
<p>Health related challenges faced by artisans</p>	<ul style="list-style-type: none"> ▶ No periodic health check-ups of workers in MSME and larger enterprises. ▶ Widespread addiction of alcoholism among workers. ▶ Tuberculosis is one of the major threats found among artisans/labourers ▶ Pathetic and unhygienic living conditions of artisans in different clusters across district. 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ The Government may consider about rehabilitation of the small units out of city and relocate them to some ideal place of working. <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Ministry of Labour and Employment, GoI, MSME GoUP and/or MSME GoI may join hands with ESI Hospitals to get the medical check-ups of all the workers of the units periodically carried out. ▶ Removal of wine/liquor shops nearby artisan's locality.

4.9 Future Outcomes

Annual Turnover
Cluster turnover shall increase by 2 times i.e., from INR 100 Cr. to INR 200 Cr over the span of 5 years

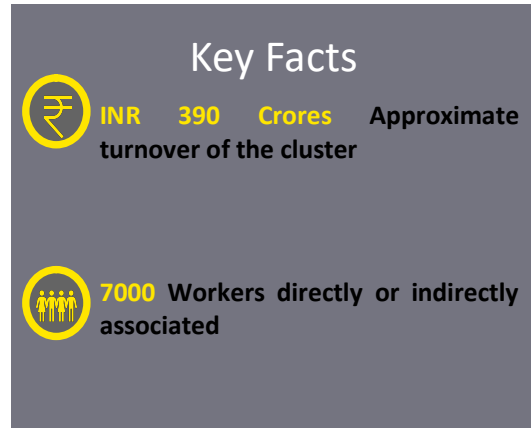
Cluster exports
Direct Exports from cluster shall increase up to INR 10 Cr. over the span of 5 years

5. Product 2: Rice

5.1 Cluster Overview

The cluster is a leading producer in agriculture products like rice, wheat, sugarcane etc. The economy of the cluster is heavily dependent on agriculture products. There is no direct export from the cluster. There are around 300 units available in the district.

The cluster's annual turnover in 2020-21 was around INR 390 Cr. The export turnover from September 2020 to November 2021 was INR 131 Cr. Total employment in the cluster is around 7000.⁷



5.2 Product Profile

Rice

5.2.1 Product Portfolio

- ▶ Rice Parboiled
- ▶ Broken Rice
- ▶ Basmati Rice

5.3 Cluster Stakeholders

Raw material supplier

The primary raw material suppliers are farmers who directly supply the raw material to the manufacturer.

Unit owners & Workers

There are around 300 manufacturers cum suppliers involved in production and export of the products. More than 7000 workers are working in these units and are residing in Shahjahanpur and nearby areas of Shahjahanpur cluster.⁸

5.3.1 Industry Associations

Following are principal industry associations that are working for the development of rice products:

- ▶ **MSME- Development Institute (MSME- DI), Agra:** MSME-DIs are the subordinate offices of Development Commissioner, MSME. These offices are responsible for assisting MSMEs financially through schemes and improving their technical skills through skill upgradation / training programmes.
- ▶ **Krishi Vigyan Kendra, Shahjahanpur:** KVK places a special emphasis on training and education of farmers, entrepreneurs, farm women, rural youth, financial institutions extension functionaries as well as voluntary organizations. The center plays a First Line

⁷ Stakeholder Consultation

⁸ Stakeholder Consultation

Extension role. A linkage between research and the field in augmenting the socioeconomic conditions of farmers, farmwomen, and livestock owners since 1985 – 86

- ▶ **Indian Council of Agricultural Research (ICAR):** Bareilly in 1985 under the aegis of ICAR-Indian Veterinary Institute, Izatnagar, Bareilly (U.P.), a Deemed University. ICAR-Indian Veterinary Institute, Izatnagar, Bareilly is a 130-year-old pioneer research institute in the field of livestock production and veterinary sciences, which has 6 sub-stations such as Palampur, Mukteshwar, Kolkata, Bangalore, Pune, and Srinagar with the headquarter in Bareilly district.

5.4 Export Scenario

5.4.1 HS Code

HS codes under which the product is exported from the district

Table 6: HS Code

HS Code	Description
100630	Semi-milled or wholly milled rice, whether polished or glazed

Current Scenario

The export scenario of World and India have been analysed basis the export statistics of HS codes 100630 under which rice is exported. Alongside are the key facts pertaining to the analysed product code.⁹

5.5 Export Potential

- ▶ There is no direct export from the cluster based on the stakeholder consultation indirect export value of the cluster is around 600 crores
- ▶ The total exports of rice from the district as per HS codes 10063010, 10064000, 10063090 & 10063020 is around INR 131 crores from September 2020 to November 2021.¹⁰
- ▶ India's exports represent 36.3% of world exports for this product, its ranking in world exports is 1 under HS code 100630.¹¹

Key Fact of Export	
20,631,291 (USD Thousand)	Value of world exports in 2020
7,484,136 (USD Thousand)	Total Exports from India in 2020
412,280 (USD Thousand)	Total export from UP in 2020
5.51%	Share of UP in India's exports

Product 100630: India exported this product to Saudi Arabia, Iran, Iraq, UAE, Benin, Yemen, Togo, USA, Nepal, Guinea etc. Below figure shows the top importers for this product are:

⁹ www.trademap.org

¹⁰ Stakeholder Consultation

¹¹ www.trademap.org

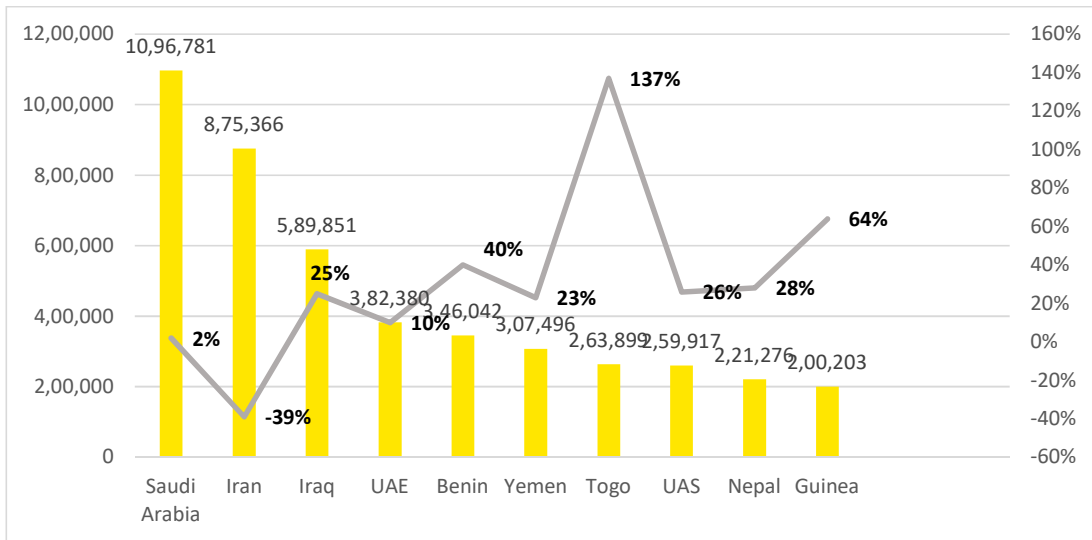


Figure 9: Top importers for this product (100630) in the world Error! Bookmark not defined.



Figure 10: Markets for export potential

5.6 SWOT Analysis

Table 7: SWOT Analysis for Rice

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Units of the cluster are in the business for many decades ▶ Availability of skilled and cheap workforce ▶ Potential nationwide as well as globally huge market ▶ Easy availability of raw material ▶ Financial capability of the owners is 	<ul style="list-style-type: none"> ▶ Lack of modern technology for processing ▶ Workers are not getting scope to upgrade their skill ▶ Lack of direct marketing channel ▶ Units have to incur the infrastructural cost i.e., cost of transformation, poll etc

<p>sound to invest more in case of new units</p> <ul style="list-style-type: none"> ▶ Increasing domestic market having demand for both low-end and high-end 	<p>for electric connection</p>
<p align="center">Opportunities</p>	<p align="center">Threats</p>
<ul style="list-style-type: none"> ▶ Increased demand for the product with growing population ▶ Scope of introducing advance technology ▶ Scope of manufacturing fortified rice for new sectors by value addition to the product to go for high end market 	<ul style="list-style-type: none"> ▶ Active Involvement of middlemen ▶ Lack of vision among the unitholders

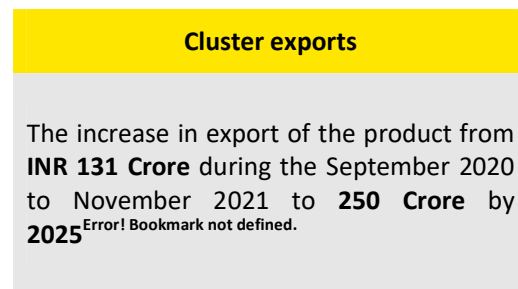
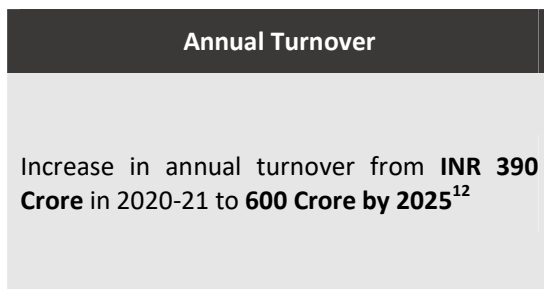
5.7 Challenges and interventions

Parameter	Challenges	Intervention
<p>Focus on high Yielding Export Quality Rice</p>	<ul style="list-style-type: none"> ▶ Challenges in developing high yielding export quality rice (Non-Basmati, Long grain rice) 	<p>Breeding programme may be initiated to develop high yielding export quality rice (Non-Basmati, Long Grain Rice, etc.) to enable the exporters to sustain their exports in future. Proper arrangements may be made for production of pure quality seeds and making them available to the farmers at subsidized rates/ reasonable rates.</p>
<p>Cluster based approach</p>	<ul style="list-style-type: none"> ▶ Challenges in Setting up of export quality belts/zones 	<ul style="list-style-type: none"> ▶ To identify export quality belts/zones for production of rice to meet the requirement of exports. As per Agriculture Export Policy of Uttar Pradesh, 2019, the cluster facilitation cell under the chairmanship of District Magistrate is responsible for defining the area of Cluster and number of Farmers/FPOs/FPCs in the cluster as per suitability and goals of export promotion. ▶ It will also be responsible for monitoring the cluster development work, promotion to increase the area under cultivation of exportable items and facilitate cluster level coordination among key departments and various stakeholders. <p>Deputy Commissioner Industries and representative of State Agricultural Department may examine the proposal for setting up at least one clusters for Rice (Non-</p>

Parameter	Challenges	Intervention
		Basmati), sugar and wheat in the district and submit the same to the state level Export Monitoring Committee.
Promotion of export of organic produce	<ul style="list-style-type: none"> ▶ Unawareness about promoting organic products 	<ul style="list-style-type: none"> ▶ It is suggested that special efforts should be made to promote the export of organic product such as Rice and sugar from this district.
Training programme to educate the cultivators	<ul style="list-style-type: none"> ▶ Unawareness about technical standards in international market 	<ul style="list-style-type: none"> ▶ Training programme to educate the cultivators about various SPS/ Technical standards in international markets ▶ The District Industry Centre in consultation with regional DGFT officer & APEDA may chalk out the programme on quarterly basis to train and education cultivators and other stake holders about SPS/ technical standards in international markets.
Distribution of Certified seeds	<ul style="list-style-type: none"> ▶ Challenges in distribution of certified seeds 	<ul style="list-style-type: none"> ▶ Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) of Moradabad and Farmer Producers Organisation
Use of Modern technologies	<ul style="list-style-type: none"> ▶ Unawareness about use of modern technology to reduce costs and increase production 	<ul style="list-style-type: none"> ▶ Low-cost production technology may be developed (use best practices) to bring down the cost of production to enable the exporters to compete with competing countries in the international markets. State Agriculture department may take the help of State Agriculture Universities / other technical institutes of repute.
Use of Modernized Rice Mills	<ul style="list-style-type: none"> ▶ Many rice mill owners are not using modernized rice mills for better recovery and reducing the percentage of broken rice. 	<ul style="list-style-type: none"> ▶ Rice mills have not been fully modernized to ensure high milling recovery and reduce the percentage of broken rice. The conventional rice mills are having Rubber Roll Sheller in which percentage of broken rice is more than the modern rice mills that are having under Runner Sheller. Hence, head rice obtained from milling of conventional mills becomes costly due to recovery of higher percentage of broken rice. Therefore, conventional mills are required to be modernized to get recovery of higher percentage of head rice suitable for export.

Parameter	Challenges	Intervention
Marketing & Promotion of products	<ul style="list-style-type: none"> ▶ Offline marketing is broadly used over online marketing. ▶ Increasing the participation in International Trade fairs ▶ Limited Market diversification ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Lack of participation in national and international events related to the sector 	<ul style="list-style-type: none"> ▶ Collaboration with E-commerce companies focusing on vegetables and fruit sale like Big Basket, Natures Basket etc. ▶ 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 organised by FIEO and other organizations may be proposed as a target under this segment ▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which aids 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
Access to Finance	<ul style="list-style-type: none"> ▶ Shortage of working capital to farmers given long cultivation cycle of Agri products ▶ The linkages with banks and financial institution in the cluster are not well established ▶ High quality, genetically modified seeds are often expensive, and farmers do not have enough capital/ credit to purchase those directly 	<ul style="list-style-type: none"> ▶ Tie up with the banks/financial institutions for better interest rates, enhanced working capital limits etc. ▶ Introducing the Kisan credit card scheme in the cluster ▶ Handholding of units in the cluster to create awareness about financing schemes viz. ODOP Margin Money scheme ▶ Introduction of revolving working capital within the cluster to help farmers procure high quality seeds and fertilizers and undertake production without hinderances
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters issues. 	<ul style="list-style-type: none"> ▶ DIEPC to act as a focal point for all exporter's issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.

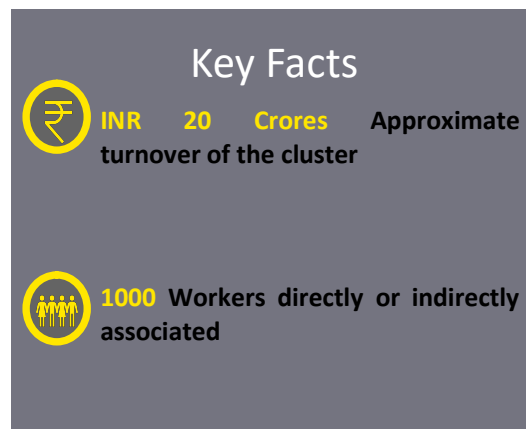
5.8 Future Outcomes



6. Product 3: Plywood

6.1 Cluster Overview

Shahjahanpur in Uttar Pradesh has been the principal centre for woodcraft for centuries. The wooden furniture had different trends since the era of Mughals and hence today. The wooden craft cluster of Shahjahanpur is spread across the district. There are around 100 operational units employing 1,000 craftsmen in the cluster. Among the key pockets, Puranpur is considered as the hub of the cluster as it has the maximum number of units and craftsmen in comparison to other pockets of the cluster. The major products of the cluster can be categorized under two segments that is furniture and plywood.



6.2 Product profile

The product range of the cluster includes sofa set, dining table, almirah, chairs, bed, dressing table, khadaoon (wooden sandals), etc. The production of the cluster largely depends on orders from local, and nearby districts/areas like Bareilly, Pilibhit, Lakhimpur, Sitapur and etc. The craftsmen and unitholder of the cluster receive orders from different sources like local customers and traders based in above mentioned locations. The designs and specifications of the products produced in the cluster is demand driven. However, the influence of Uttar Pradesh's wood carving and jali work inspired from clusters like Saharanpur and Bijnor is quite visible and prominent in the cluster.

6.2.1 Status of GI Tag

To preserve the beautiful work from duplicity and to maintain its authenticity Saharanpur has been accorded with GI tag under the brand name of " Saharanpur Woodcraft" in 2014 in lieu of application by Woodcraft Design and Development Society.

¹² Basis Stakeholder Consultation

6.3 Cluster Stakeholders

- ▶ Raw material supplier
- ▶ Machinery supplier
- ▶ Unit and Unitholders
- ▶ Traders
- ▶ Wholesalers and retailers
- ▶ Craftsman/Artisans

6.3.1 Industry Associations

Following are four principal Industry Associations/SPVs that are working for the development of wood craft in Shahjahanpur:

- ▶ Uttar Pradesh Forest Development Corporation (UPFDC)
- ▶ Export Promotion Council for Handicrafts (EPCH)
- ▶ Development Commissioner, Handicrafts

6.4 Export Scenario

6.4.1 HS code

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

Table 8: HS codes for wood craft Shahjahanpur

HS codes	Description
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)

Current Scenario

The chapter focuses on the export scenario of India and Uttar Pradesh and then deep dives into the export statistics of product code 940360 stating the target countries for market expansion for both the products. The following are the key facts pertaining to the product

6.5 Export Potential

Wooden handicraft export in value terms is 2-3 % in FY 2020-2021.

As per Diagnostic Study Report (DSR) by NABCONS:

- ▶ The y-o-y growth in wooden handicraft export in value terms is 3-4% in FY 2019-20, 27% in FY 2018-19 & 8% in 2017-18.
- ▶ During 2018-19 woodcraft export was INR 5311 crores compared to the previous years' exports of INR 4267.37 crores during 2017-18 and INR 3916.01 crores during 2016-17.
- ▶ Indian Woodcrafts' exports have steadily increased during last five years, 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.

Key Facts of Export

26,586,512 USD Thousand

Value of world exports in 2020-21

559,821 USD Thousand

India's exports 2020-21

44,510 USD Thousand

UP's Export (2020-21)

Product 940360: USA, Spain, China, Australia, Germany, France, Spain, Netherlands, and Italy. Below figure shows the top importers for this product (940360) in the world:

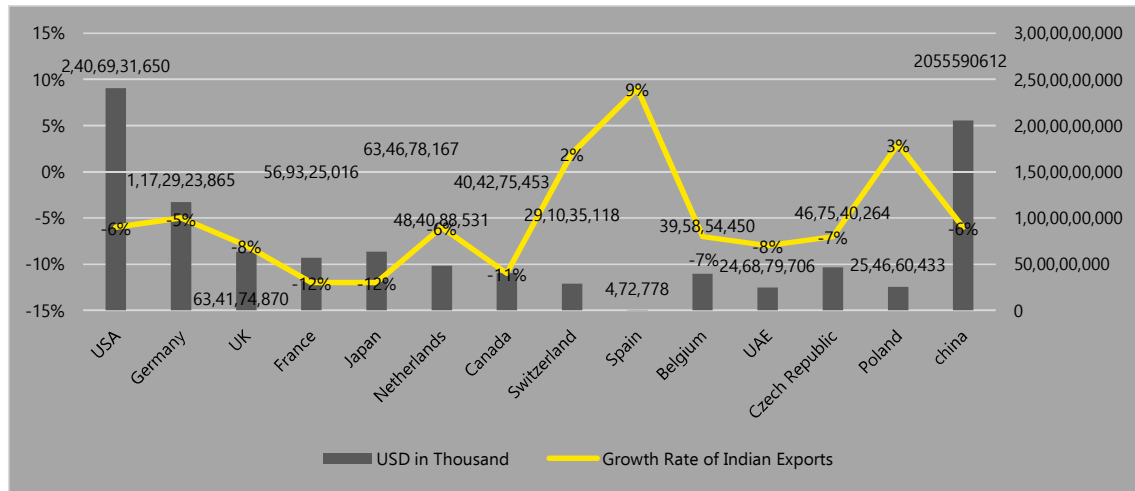


Figure 11: Top importers for this product (940360) in the world

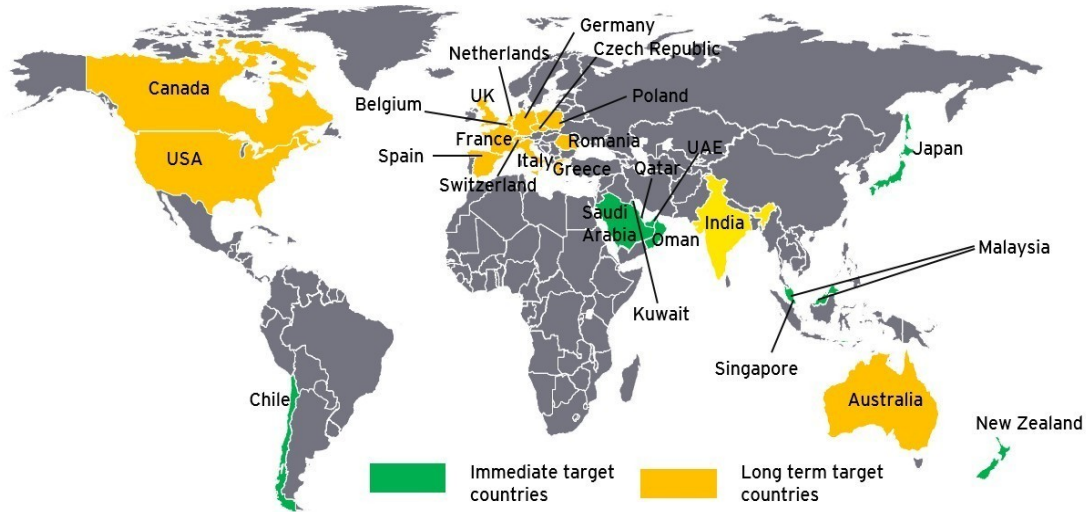


Figure 12: Markets for export potential

6.6 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. Most artisans are not bothered about changing their product range and they fail to understand that it is an integral part of comprehensive marketing. Diversification can be brought in the cluster by:

1. **Development of a new products:** Product diversification will provide a tremendous boost to brand image, cluster production and profitability. Shahjahanpur Woodcraft cluster is required to include internal development of new products and markets – domestic and

international both. Technology upgradation, R&D to create a new products line will be done. CFC has proposed R&D & Design Centre for the same
 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. Modifications of Existing Products

National Centre for Design and Product Development (NCDPD) can guide cluster with innovative designs.

6.7 SWOT analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ Skilled artisans available in mass. ▶ Machinery and equipment available at common facility centres. ▶ Strength of the raw material industry is immense. ▶ Traditional designs are easily implemented because of experienced artisans . ▶ Mass production is one of the strength points of the industry. ▶ Lower production cost leads to higher profit in sale. 	<ul style="list-style-type: none"> ▶ There is no uniqueness in design. ▶ They are not very willing to do new samples in mass production. ▶ Lack of infrastructure, lack of appropriate technology creates a major stumbling block for the growth of small-scale industries. ▶ Economic power is in the hands of a few. ▶ Changing policies of the govt. and defective licensing policies confuse the usual methods of work. ▶ Irregular supply of electricity
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Skills of the artisans can be put to maximum use to create to best products. ▶ New Products can help expand their business and diversify their customer base. ▶ New technology can help to better meet customers’ needs and build competitive barriers against rivals. ▶ Emerging markets are fast growing regions of the world that enable wood market to expand. 	<ul style="list-style-type: none"> ▶ Designs are replicated overnight. ▶ Safety compliances are overlooked leading to accidents. ▶ Frequently disturbing electricity and power failures. ▶ Absence of adequate infrastructure affects the quality, quantity and production resulting in underutilization of capacity. ▶ Industrial methods are taking over industry creating a threat for hand carving skills and jobs of artisans.

Table 9: SWOT Analysis

6.8 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ The cluster uses around 1,40,000-1,50,000 CFT local wood such as Teak, Saal, Acacia, Mango, etc. per year which goes directly for production without any treatment and seasoning <ul style="list-style-type: none"> ○ The cluster lacks a scientific treatment facility at the cluster/ district which directly affects the quality of the products 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ Establishment of an Integrated Common Facility Centre with a treatment and seasoning plant to process at least 3,000- 4,000 cubic feet of wood every year. <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Collaboration with Institute like Indian Plywood Industries Research and Training Institute (IPRITI), Institute of Wood Science and Technology (IWST) and Forest Research Institute (FRI) for training/ handholding the craftsmen and unitholders on the requirement and importance of scientific treatment and preservation of wood
Machinery & Technology	<ul style="list-style-type: none"> ▶ Lack of Safe and Advanced Seasoning & Chemicalising Techniques ▶ Need Modern Equipment & Machineries – cutting machines, jointing machines, advanced sanding and buffing and finishing machines. 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ Establishment of a Common Processing Centre (CPC) in the Puranpur pocket with advanced machinery like Wood Turning Lathe Machine, Wood Processing Machine, Combination Woodworking Machine, 3D Wood Carving Machine etc. to ease the production process, enhance the quality of products and reduce the production time <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Frequent training by skilling institutes for skill up-gradation and enhancing the production process ▶ Exposure visits to leading clusters like Barnpur, Salem, Thrissur etc. for learning best practices on the production process, designing, tools etc.
Manpower Requirement	<ul style="list-style-type: none"> ▶ Lack of Basic Facilities, Low wages, and remuneration ▶ Health & Safety Issues ▶ Child Labour and Lack of Education & 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ Establishment of a Training Hall with required machines and equipment's under the guidance of

Parameter	Challenges	Intervention
	<p>Life Skills</p> <ul style="list-style-type: none"> ▶ Increasing Migration to Rajasthan and Kerala ▶ Need Skilling/ Upskilling for modern techniques and upgraded technology ▶ Lack of Trainings and jobs for women as artisans 	<p>UPSSDM/ NSDC to address the skilling gaps in the cluster</p> <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Collaboration with NSDC/ UPSSDM for undertaking skilling and upskilling of craftsmen and unitholders under various parameters like design, marketing, accounting, production process etc.
Designing	<ul style="list-style-type: none"> ▶ The designs and product range of the cluster have not changed over the years to meet the market requirements ▶ The existing product structure is fixed in nature which makes it bulky, heavy and less transport friendly ▶ Design and motifs used in the cluster are made manually using traditional tools which often makes it time-consuming and less precise 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ Wood Turning Lathe Machine, Wood Processing Machine, Combination Woodworking Machine, 3D Wood Carving Machine etc. to ease the production process, enhance the quality of products and reduce the production time
Packaging	<ul style="list-style-type: none"> ▶ Lack of proper Finishing and Packing and labelling has led to devaluation of product ▶ Lack of innovation in packaging materials or techniques for woodcraft products 	<ul style="list-style-type: none"> ▶ Collaboration with Indian Institute of packaging for undertaking workshops on sustainable packing techniques
Marketing & Branding	<ul style="list-style-type: none"> ▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets ▶ Insufficient market information and no proper dissemination, ▶ Lack of appreciation of market preferences and requirements, ▶ No proper buyer-seller meet platform/room ▶ Inadequate support for marketing and promotion ▶ International Regulations Governing Woodcraft/Timber Trade & Country Differentiated demand for woodware ▶ Less direct export 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ Establishment of a basic product gallery integrated with proposed CPC to showcase the products of the cluster <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Handholding support to onboard more craftsmen and units onto various e-commerce platforms like Amazon, Flipkart, India mart ▶ Collaboration with retail giants like pepper-fry, Home centre etc.
Access to Finance	<ul style="list-style-type: none"> ▶ The linkages with banks and financial institution in the cluster are not established properly. ▶ The lack of providing financial assistance by creditors like banks and financial institution to interested artisans/ manufacturers/ exporters is pending due to lack of proper documentation and sometimes lack of funds. 	<ul style="list-style-type: none"> ▶ Collaborations with Fintech and MFIs to leverage the benefits of Govt. Schemes ▶ Awareness and outreach on schemes, policies like SIDBI-SMILE, ODOP Margin Money etc. and financial products ▶ Access to revolving working capital loans ▶ Promote digital lending

Parameter	Challenges	Intervention
	<ul style="list-style-type: none">▶ There is a lack of awareness regarding financial assistance provided by varied government scheme. The difficulties of tedious paperwork and other formalities have discouraged the units from accessing formal credit.	

6.9 Future Outcomes

Annual Turnover	Cluster exports
Increase in annual turnover from INR 20 Crore in 2020-21 to 30 Crore by 2025¹³	The increase in export of the product from INR 40 Lakh during the September 2020 to November 2021 to 1 Crore by 2025^{Error!} <small>Bookmark not defined.</small>

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

A) Marketing Development Scheme (MDA)

SNo	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)

B) Gateway Port Scheme

Particulars	Details
Brief Description	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
Eligible units	Micro, small & medium enterprises.
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 6000 (20 ft' container) & Rs 12000 (40 ft' container) (whichever is less)

¹³ Basis Stakeholder Consultation

Maximum limit	Rs 12 lacs /unit /year
Empowered committee	District Users Committee under the chairmanship of district magistrate.

C) Air Freight Rationalization Scheme

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

8. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation ¹⁴
Increasing the overall exports from the state		
<p>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</p>	ODOP cell, DIEPC, UPEPB and DGFT	Continuous initiative
<p>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</p>	ODOP cell, DIEPC, UPEPB and DGFT	Continuous initiative
<p>Sensitization of cluster actors:</p> <p>a. The individuals of a cluster should be sensitized on the plethora of schemes¹⁵ 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</p>	ODOP cell, DIEPC, UPEPB and DGFT	Continuous initiative

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

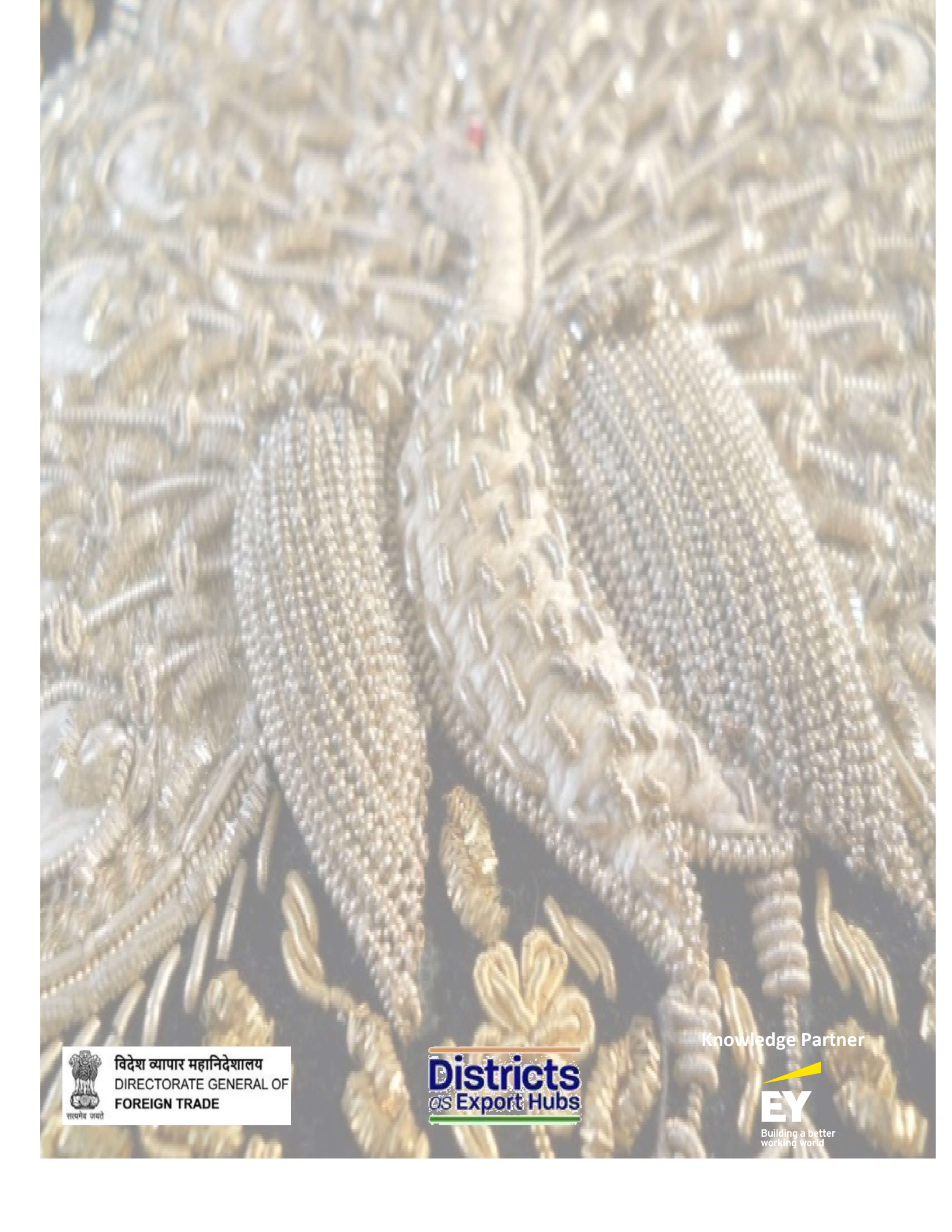
¹⁵ List of available schemes facilitating exports: <https://cdn.s3waas.gov.in/s3555d6702c950ecb729a966504af0a635/uploads/2020/12/2020120965.pdf> and <https://www.ibef.org/blogs/indian-export-incentive-schemes>:

<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 sensitized on target countries identified through export analysis mentioned in DAPs and EAP</p>		
<p>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</p>	<p>DIC, UPEBP and FIEO</p>	<p>Intermediate</p>
<p>Common Facility centers (under CFC scheme of ODOP Program, TIES and NAVY scheme) to increase export</p>	<p>UPEPB/ODOP Cell/DIEPC</p>	<p>Continuous initiative</p>
<p>Common interventions across sectors/ clusters</p>		
<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/ODOP Cell 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/ODOP Cell and banks</p>	<p>Intermediate</p>
<p>Handholding of MSMEs for increasing their awareness on schemes of state & centre and the procedure to apply to avail financial assistance</p>	<p>UPEPB/DIEPC</p>	<p>Intermediate</p>
<p>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</p>	<p>DIEPC / UPEPB</p>	<p>Short term</p>

exports		
DIEPC to act as a focal point for all exporter's 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 updating of the same at the district website.	DIEPC/UPEPB	Long term
c. The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.		
	DIEPC/UPEPB/FIEO	Short term
Product 1: Zari-Zardozi		
Establishment of Common Facility Centre with:		
a. Raw Material Bank		
b. Technology enabled Common Production cum Processing Center		
c. Design and display center with CAD/CAM facilities and space to showcase products to undertake sale	DIEPC, DGFT and ODOP Cell	Long term
d. Marketing centre for undertaking marketing events		
e. Training Centre		
Application to Directorate General of Foreign trade for a unique HSN Code for Zari-Zardozi	UPEPB/ODOP Cell / DGFT	Intermediate term
Collaboration with NIFT and NID for design inputs and support in branding initiatives	UPEPB/ODOP Cell	Long term

<p>Promotion of post GI initiative:</p> <p>f. DIC to identify 100 authorized users to become IEC holder in a year</p> <p>g. Organize one seminar within two months to apprise the stakeholders about the importance of Geographical Indication (GI) and for increasing the authorized users</p>	DIEPC/UPEPB/ODOP Cell	Intermediate term
Product 2: Rice		
Focus on high Yielding Export Quality Rice -Breeding programme may be initiated to develop high yielding export quality rice (Non-Basmati, Long Grain Rice, etc.) to enable the exporters to sustain their exports in future.	Research Institutes/Agriculture Department/DIEPC/ APEDA	Mid term
To identify export quality belts/zones for production of rice to meet the requirement of exports.	Agriculture Department/District Administration/District Level Export Promotion Committee	Long term
It is suggested that special efforts should be made to promote the export of organic product such as Rice and sugar from this district.	DIEPC/APEDA/UPEPB	Short term
Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) of Moradabad and Farmer Producers Organization	KVK/ DIEPC/ FPO	Ongoing as per Implementation schedule
<p>a. Modernized Rice and sugar mills to ensure high milling recovery and reduce the percentage of broken rice. This rice will be suitable for export.</p> <p>Sugar mill owner make use of Government schemes for upgradation of their mills.</p>	UPEPB/DIEPC/State Agriculture Department	Long term
<p>Training programme to educate the cultivators:</p> <p>a. Training programme to educate the cultivators about various SPS/ Technical standards in international markets</p> <p>The District Industry Centre in consultation with regional DGFT officer & APEDA may chalk out the programme on quarterly basis to train and education cultivators and other stake holders about</p>	DIEPC/DGFT/APEDA/DGFT	Ongoing

SPS/ technical standards in international markets.		
Focus on upgradation of technology used in production by establishing a CPC utilizing PM FME scheme	UPEPB, DIEPC/ DHOs and Dept of Food Processing & Horticulture	Long term
Introducing the Kisan credit card in the cluster	DIEPC and banks	Short term
Collaboration with E-commerce companies focusing on vegetables and fruit sale like Big Basket, Natures Basket etc.	Big Basket/Natures Basket and UPEPB and DIEPC	Short term
Product 3: Plywood		
Establishment of Common Facility Centre with: a. Raw Material Bank b. Common Production Center c. Design and display center with CAD/CAM facilities and space to showcase products to undertake sale d. Marketing center for undertaking marketing events	DIEPC, DGFT and ODOP Cell	Long term
Application to Directorate General of Foreign trade for a unique HSN Code	UPEPB/ODOP Cell / DGFT	Intermediate term
Collaboration with NIFT and NID for design inputs and support in branding initiatives	UPEPB/ODOP Cell	Long term
Increase the usage of the portal as this portal facilitates the unit holders and artisans to provide information about their leather products for easy understanding of exporters.	UPEPB/ODOP Cell	Short term
Collaboration with E-commerce companies	UPEPB/ODOP Cell/ DIEPC	Short term



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DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
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