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DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
as Export Hubs



Building a better
world

Preface

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

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

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

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

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1. Vision of Districts as Export Hubs

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

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

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

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

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

Sitapur is a town in the state of Uttar Pradesh, India. It was established by the king Vikramaditya after the name of Lord Ram's wife Sita. This place is concerned with ancient, medieval and modern history. Purans were written by Rishi Ved Vyas on this Holy land. According to Hindu mythology the 'Panch Dham Yatra' journey of five main religious Hindu places will not be completed without visiting the Neemsar or Naimisharanya, a religious ancient place in Sitapur.

The geographical area of Sitapur district is 5743 Sq. km. The total population of the district as per 2011 census is 44,83 lakhs out of which 23.75 lakhs are male and 21.08 Lakhs are females.¹

This district was famous for its textile industry in 17th and 18th century. The East India Company arranged to export the handloom clothes manufactured in Khairabad and Dariyabagh. The district is mainly famous for its cotton and woolen mat (Durries). Besides, the durrie and carpets, the prominent product being exported from this district are Rice.

2.1 Geography

Sitapur district is located at Latitude 27.57°N & 80.68°E. It is located on the gangastics plains with elevations ranging from 150 metre above sea level in the north and in the north west to 100 meters. The Sitapur City is situated on the bank of river Sarayan, Halfway between Lucknow and Shahjahanpur on the Lucknow-Delhi National Highway No.24 and 89 Km. Northwest from the state capital Lucknow. Sitapur district is surrounded by district Khiri in the North, District Bahraich in the East, district Lucknow in the South, District Barabanki in the south east and district Hardoi in the West.

¹ Census 2011

2.2 Topography & Agriculture

Sitapur intersected by numerous streams and riveres and contains many shallow pounds and natural reservoirs, which overflow during rainy season, but become dry in the hot season. Except in the eastern portion, which lies in the doabs between the Kewani and Chanka and the Ghaghra and Chauka 4 rivers, the soil is dry. Even this moist tract is interspersed with patches of land covered with saline efflorescence called reh.²

3. Industrial profile of the district

Existing States of Industrial areas in the district Lucknow.

Table 1: Industrial areas in Sitapur²

S. No	Name of Indus. Area	Land acquired (in Acre)	Land Development (in Acre)	No of Plots/ Sheds	No of Units/Shed Allotted
1	Industrial Estate, Malhui	6.40	6.40	38/10	38/10
2	Industrial Estate, Khairabad	4.04	4.04	31	31
3	Industrial Estate, Sidhauhi	1.00	1.00	48	48
4	Industrial Estate, Mishrikh	1.06	1.06	81	75
5	Industrial Estate, Mehmoodabad	1.35	1.35	82	55

As given in the following table, MSME industries across the sectors of Food products, cotton textile, hosiery and garments, wood/wooden based furniture, other different services, and job work are key economy drivers in the district.

Below table is divided into two parts viz: manufacturing sector and service sector:

Table 2: Industries details²

S no	Industry	Total Units	Investment	Employment
Manufacturing Sector				
1	Food Products	63	5.32	546
2	Beverage, Tobacco & Tobacco products	0	0	0
3	Cotton textile	5	0.375	135
4	Woollen, silk & synthetic fibre textile-based clothes	0	0	0
5	Jute, hemp and mesta textile	3	0.26	35
6	Hosiery and Garments	2	0.12	18
7	Wood Products	13	2.26	201
8	Paper products and printing	0	0	0
9	Leather products	0	0	0
10	Rubber and Plastic products	0	0	0
11	Chemical/Chemical products	0	0	0
12	Non-metallic Mineral based	0	0	0

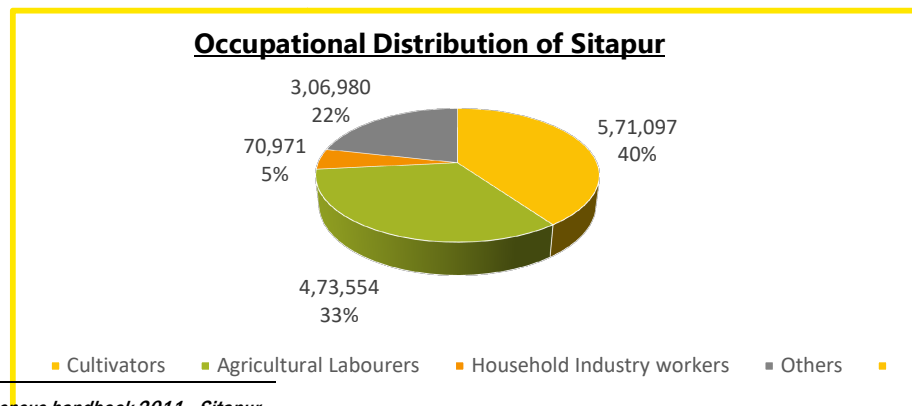
² DIEPC, Sitapur

13	Basic Metal industries	2	0.02	16
14	Metal products	0	0	0
15	Machinery and parts except electrical	2	0.13	17
16	Electrical machinery and parts	0	0	0
17	Transport equipment and parts	0	0	0
18	Others	467	23.96	7093
Sub Total		557	32.45	8061
Service Sector				
1	Hotel & Restaurant	2	0.9	45
2	Medical and healthcare services	0	0	0
3	Educational Institutions	0	0	0
4	Information Technology and Electronic services	0	0	0
5	Transport Services	2	0.28	14
6	Amusement park and electronic services	0	0	0
7	Shopping mall and business complexes	0	0	0
8	Telecom services	3	0.24	34
9	Other different services and job work	1580	30.01	9289
10	Repairing and services	0	0	0
Sub Total		1587	31.43	9382
Total		2144	63.88	17443

Out of total population of 4,483,992 (2011 census), 1,422,602 are working population. Out of total working population, 73% are cultivators and agricultural labourers. This indicates that agriculture is the main source of income in the district.

Table 3: Occupational Distribution of Main Workers³

S. No.	Particulars	Sitapur	%
1	Cultivators	5,71,097	40.14%
2	Agriculture Laborer's	4,73,554	33.29%
3	Household Industry Workers	70,971	4.99%
4	Others	3,06,980	21.58%



³ District census handbook 2011 – Sitapur

Figure 1: Occupational distribution of Sitapur

3.1 Major Exportable Product from Sitapur

The total export from Sitapur is approximately INR 525.31 Crore for the period September 2020 to November 2021.

The following table depicts the value of export of major products from Sitapur:

Table 4: Major exportable product

S. No	Product	Export value (in INR) ⁴ from September 2020 to November, 2021
1	Durrie/Carpet	41.48 Cr
2	Rice	60.96 Cr
Total Export from Sitapur		525.31Cr ⁴

Apart from the above products, Mango has been selected as ODOP product from Sitapur under PMFME Scheme (PM Formalisation of Micro food processing Enterprises Scheme).

4. Product 1: Durrie/Carpet




4.1 Cluster Overview

Sitapur Cluster is 100 years old. The tradition of weaving is passed on from generation to generation, so the uniqueness still exists. Sitapur is a traditional production center of handmade rugs, durries and Bathmats dating as back as Mugal Regime in India". The district is well known for the cotton and woolen carpets made in Laharpur and Khairabad and exported to other parts of the country as well as abroad. There are around 74 registered units manufacturing durries/carpets. Alongside are the key facts.⁵

District Sitapur is a traditional craft pocket of Durrie/Carpet. The main pockets are Laharpur, Khairabad, Biswan and Parsendi block.

Khairabad cluster in district Sitapur, is a major durrie making center. Sitapur Rugs (Sitapur durries) made here are based on flat weave technique using horizontal looms (pit looms). Besides cotton, jute, rayon, and chenille durries are also made here and exported all over the world.

Key Facts

-  **INR 450 Crores** Approximate turnover of the cluster
-  **INR 41.48 Crore** ~ Export Turnover
-  **40,000** Artisans directly or indirectly associated

4.2 Product profile

Various kinds of fibers are used in making Carpets. Historically, Wool and Silk have been the most common and fibers used in making Carpets as they are considered the most aesthetic natural fibers. Their properties like feel, strength, durability, dye-ability, and availability have made them the most popular fibers. Nowadays many synthetic fibres are also being used in making Carpets.

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

⁵ DGFT and DSR

The following are the key products manufactured in the cluster:

1. Silk Carpet
2. Wool Carpet
3. Silk-wool Carpet
4. Polyester Carpet
5. Other Carpets (Bamboo carpets, Coir carpets, Jute carpets etc.)

4.3 Cluster Stakeholders



Figure 2: Cluster Stakeholders

4.3.1 Industry Associations

Following are principal Industry Associations/SPVs that are working for the development of Durrie/Carpet in Sitapur :

- ▶ Indian Industry Association (IIA)
- ▶ Biswan Bunkar Welfare Society, Biswan, Sitapur
- ▶ Sitapur Handloom Durrie Association, Sitapur

4.4 Export Scenario

4.4.1 HS code

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

Table 5: HS codes for Durrie/Carpet⁶

HS codes	Description
57023210	Carpets, Carpeting and Rugs
57024210	Carpets, Carpeting and Rugs
57023110	Carpets

⁶ DGFT

57050023	Durries of Wool
57050029	Othr Txtl Flr Cvms, W/N Made Up
57050021	Durries of Cotton
57050039	Othr Carpets of Jute
57023140	Carpeting, Flr Rug and The Like
57023190	Othr Flr Cvms Of Wool/Fine Anml Hair

Current Scenario

The export scenario of India and Uttar Pradesh have been analysed basis the export statistics of HS code mentioned above under which Durrie/Carpet products are exported. Alongside are the key facts⁷ pertaining to the analysed product codes.

4.5 Export Potential

- ▶ The total exports of Durrie/Carpet products from Sitapur district were approx. INR 41.48 Cr during September 2020 to November 2021.⁸
- ▶ There are more than 9 HSN Codes which may be used for Exports of Durrie/Carpet 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 comparatively 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.

Product 57024210: Uttar Pradesh exports this product to **USA, UK, Germany, Saudi Arabia, Iraq, Japan, Belgium, Canada, Russian Federation, Poland**. Below figure shows the top importers for this product (57024210) in the world:



⁷ <https://www.trademap.org/>

⁸ DGFT

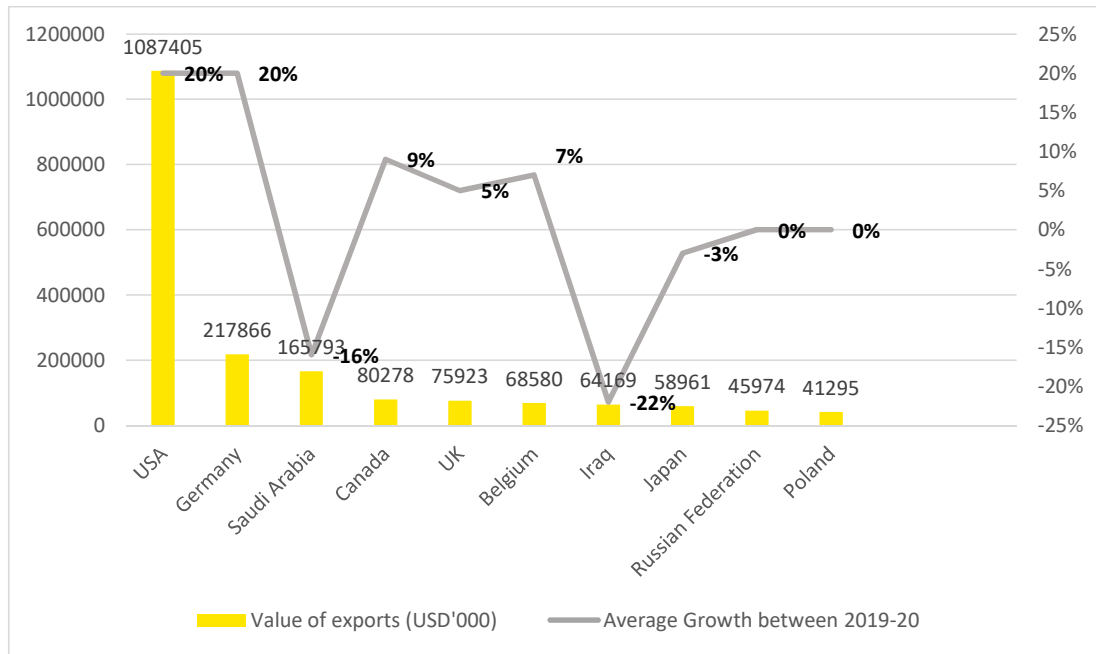


Figure 3: Top importers for this product (57024210) in the world



Figure 4: Markets for export potential

4.6 SWOT analysis

Table 6: SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ Availability of skilled workforce particularly artisans ▶ Ever-growing large international market such Germany, USA and UK etc. ▶ Traditional Handicraft ▶ Abundant and cheap labour hence can compete on price ▶ Aesthetic and functional qualities 	<ul style="list-style-type: none"> ▶ Dependent upon middlemen for trade ▶ Lack of Dyeing Facility ▶ Unawareness of international standards like ISO 16000-25:2011, ISO PAS 11856, ASTM D2859, ASTM D 7339 etc. ▶ No Direct Export except few ▶ Negligible financial assistance from financial institutions

<ul style="list-style-type: none"> ▶ New unexplored international markets like Japan, Brazil, Mexico etc. ▶ Direct link with "Make in India" programme ▶ Use of environmentally friendly raw materials ▶ No direct competition with machine made carpets and rugs due to catering to two different categories of buyers 	<ul style="list-style-type: none"> ▶ Traditional method of production ▶ Exposure visits to developed clusters ▶ No change in design, lack of product diversification
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Rising appreciation for Sitapur carpets and rugs worldwide. ▶ Widespread novelty seeking ▶ Change of preference from oriental design to abstract design ▶ Large discretionary income at disposal of consumer from developed countries ▶ Rising demand for blended carpets and rugs ▶ Various Central and State Government Schemes for benefit of Weavers ▶ Growth in search made by retail chains in major importing countries for suitable products and reliable suppliers 	<ul style="list-style-type: none"> ▶ Competition with other clusters manufacturing similar items ▶ Competition with plastic and rubber/foam floor covering ▶ Better terms of trade by competing countries ▶ Change in Government policies such as imposition of GST ▶ Strict international standards like ISO 16000-25:2011, ISO PAS 11856, ASTM D2859, ASTM D 7339 etc

4.7 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ Raw Material Bank: <ul style="list-style-type: none"> ○ Sourcing of Raw Material ○ Lack of storage facility in the cluster leading to spoilage of yarn 	<ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank within the CFC (CFC Scheme of ODOP program) ensuring easy availability of all types of yarns.
Technological upgradation	<ul style="list-style-type: none"> ▶ Lack of ancillary machineries for artisans which limits their potential and hinders the productivity and potential of the cluster 	<ul style="list-style-type: none"> ▶ Establishment of Common Production Center (CFC Scheme of ODOP program) with modern machines including upgraded version of Twister machine, braiding machine, Yarn counting machine, Sewing (Juki) machine etc. ▶ Establishment of dyeing plant will ensure quality dyeing at lower cost.
Design	<ul style="list-style-type: none"> ▶ Traditional designs are still being followed by industries, lack of focus on design innovation 	<ul style="list-style-type: none"> ▶ Establishment of Product Design Center with a display center under CFC Scheme of ODOP program. ▶ Collaboration with renowned designers to conduct workshops for artisans pertaining to design forecasting, upcoming trends, market assessment etc.
Marketing &	<ul style="list-style-type: none"> ▶ Lack of infrastructure for 	<ul style="list-style-type: none"> ▶ Establishment of a Marketing centre within the CFC

<p>branding</p>	<p>marketing and trading of the product in domestic and international markets</p> <ul style="list-style-type: none"> ▶ Offline marketing is broadly used over online marketing ▶ Minimal use of Govt of India's e-commerce portal: India Handmade Bazaar – Seller Registration for maximizing sale ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Lack of participation in national and international events related to the sector 	<p>(CFC Scheme of ODOP program) in Sitapur to facilitate marketing events.</p> <ul style="list-style-type: none"> ▶ Collaboration with E-commerce companies like Flipkart, Amazon, Ebay for maximizing sales. ▶ Increase the usage of the portal as this portal facilitates the weavers and artisans to provide information about their handloom products for easy understanding of exporters. ▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/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 ▶ Suggesting measures to the UPEPB for State Export Promotion Policy towards enhancing export of handicraft products.
<p>Quality Improvement</p>	<ul style="list-style-type: none"> ▶ Undefined quality standards of the products. 	<ul style="list-style-type: none"> ▶ MoU with QCI for defining quality standards of the products so that their quality can be maintained/improved, and they can be exported across the globe with brand logo which ensures its authenticity.
<p>Geographical Indication Tag</p>	<ul style="list-style-type: none"> ▶ District specific GI tag not available 	<ul style="list-style-type: none"> ▶ Application for district specific GI tag for the product must be initiated which will prevent unauthorized use of products and upgrades financial gain to the manufacturers/artisans.
<p>Exporter's issue</p>	<ul style="list-style-type: none"> ▶ No focal point to address exporters ongoing issues. 	<ul style="list-style-type: none"> ▶ 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</p>	<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 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been main concern of the industry 	<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 DIC office should organize workshops for exporters to apprise about Export Promotion Scheme of the Department of MSME & Export Promotion, UP such as Market Development Assistant (MDA), Financial Assistance for Foreign fairs/exhibition, Financial Assistance for sending samples to foreign buyers, Subsidy on freight charges upto gate way port Air Freight Rationalisation Scheme etc. ▶ 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

		<p>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>
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4.8 Future Outcomes

Annual Turnover
<p>Increase in annual turnover from existing INR 450 Cr. to 650 Cr. by 2025</p>

Cluster exports
<p>The increase in export of the product from INR 41.48 Crore (during the September 2020 to November 2021) to INR 100 Crore by 2025.</p>

5. Product 2: Rice

5.1 Cluster Overview

The state is a leading producer in agriculture products like rice, wheat, sugarcane etc. The economy of the cluster is heavily dependent on agriculture products. Approximate Export turnover of the Rice is INR 60.96 Cr.⁹

5.2 Product Profile

Rice: Any rice other than Basmati Rice is named as non-Basmati rice. In the world it has been reported that there are over 10,000 varieties of rice and out of which the maximum number are in India.

5.2.1 Product Portfolio

Rice: Multiple varieties of rice exist including short-grain, medium-grain, and long-grain varieties.

5.3 Cluster Stakeholders (Rice)



Figure 5: Cluster Stakeholders

5.3.1 Industry Associations (Rice)

Following are principal Industry Associations that are working for the development of Rice:

- ▶ Agriculture and Processed Food Products Export Development Authority (APEDA)
- ▶ Indian Industries Association (IIA)
- ▶ Rice Export Promotion Forum (REPF)
- ▶ Participatory Rural Development Foundation (PRDF) - PRDF is a Gorakhpur based philanthropic organisation founded Dr. Ram Chet Chaudhary, a leading Agri-scientist working for the benefit of farming community of North India
- ▶ International Rice Research Institute (IRRI) - world's premier research organization dedicated to reducing poverty and hunger through rice science; improving the health and welfare of rice farmers and consumers; and protecting the rice-growing environment for future generations
- ▶ National Rice Research Institute, Cuttack (NRI) - The National Rice Research Institute is located in Cuttack in Odisha state. The basic objective of institute is to conduct basic, applied, and adaptive research on crop improvement and resource management for increasing and stabilizing rice productivity in different rice ecosystems with special emphasis on rainfed ecosystems and the related abiotic stresses
- ▶ U.P. Council of Agricultural Research (UPCAR) - The UPCAR is an autonomous apex state organisation registered as a society, which plans, co-ordinates and promotes research, education, training, and transfer of technology for advancement of agriculture and allied sciences. The UPCAR was established on June 14, 1989, with its headquarters at Lucknow.

⁹ DGFT, Kanpur

- ▶ Agriculture Department
- ▶ Krishi Vigyan Kendra (KVK)

5.4 Export Scenario

5.4.1 HS Code

HS codes under which the product is exported from the district.¹⁰

HS Code	Description
100630	Semi-milled or wholly milled rice, whether or not polished or glazed
100640	Broken Rice

5.4.2 Rice

Current Scenario

The export scenario of World and India have been analysed basis the export statistics of HS code 100630 (Semi-milled or wholly milled rice, whether or not polished or glazed) and 100640 under which non-Basmati rice is exported from Sitapur district. Alongside are the key facts pertaining to the analysed product code.¹¹

Key Fact of Export¹¹

22,690,608 (USD Thousand)

Value of world exports in 2020

7,832,807 (USD Thousand)

Total Exports from India in 2020

34.50%

Share of India Exports

5.5 Export Potential

- ▶ The total export of product from Sitapur district as per HS code 100630 & 100640 is around INR 60.96 crores for the period September 20 to November 2021.¹⁰
- ▶ India's exports represent 36.30% of world exports for code 100630 and its ranking in world exports is 1. Similarly, for code 100640, India's exports represent 16.90% of world exports and its ranking in world exports is 2.
- ▶ India exported this product to Saudi Arabia, Iran, Iraq, UAE, Benin, Nepal, Senegal, Djibouti, Ethiopia, Gambia, Togo, Mozambique etc.
- ▶ Other prominent products exported from Sitapur District are durrie/carpets etc.

Product: HS Code 100630 (Semi-milled or wholly milled rice, whether or not polished or glazed)

Below figure shows the top importers for this product (100630) in the world:

¹⁰ DGFT, Kanpur

¹¹ www.trademap.org

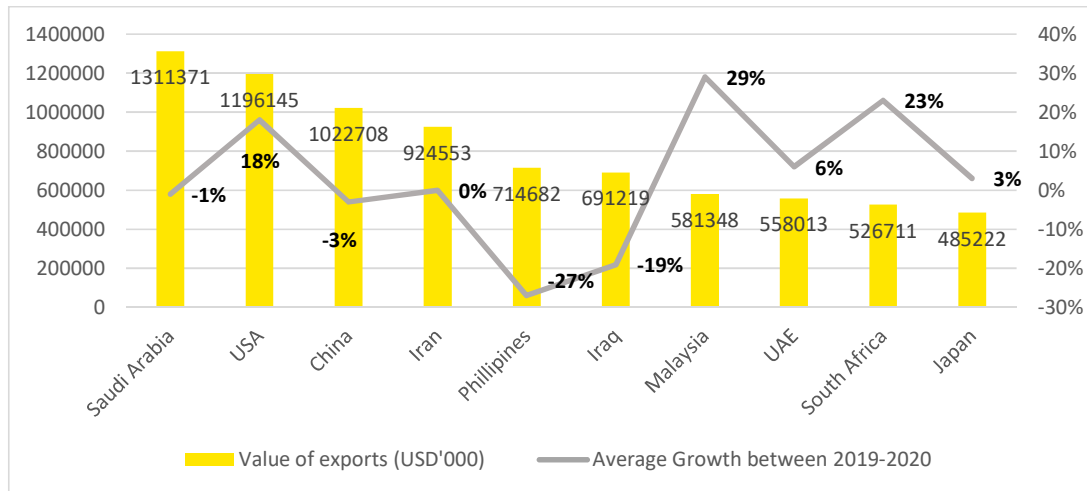


Figure 6: Top importers for this product (100630) in the world



Figure 7: Markets for export potential

5.6 Potential Areas for Value Added Product

Rice: Product Diversification is one of the most crucial product uplifting strategies which in turn is an important part of a product's export. Currently, only the grains of rice are being sold directly in the market. Knowing the health benefits of the product an initiative can be made for product diversification to manufacture value added products such as *chiwda, poha, brown rice, rice noodles, idli & dosa batter*.

The broken rice can be used to **create flour**. Rice flour is gluten-free; therefore, it is an alternative for producing gluten-free products. Rice flour is also hypoallergenic. Thus, it can be utilized for producing baby food, puddings, and other food products. Due to the decreased risk for people with sensitivities, food companies prefer rice flour to other varieties of flour. Thus, it is economically justifiable to grind broken rice to produce flour for such applications.

With adequate upgradation of technology in the cluster the farmers/ millers can sell by-products and generate additional income by manufacturing by-products from Rice Husks, Brans and Straws; the following are their uses:

- Rice Husk Use**
- ▶ Fuel
 - ▶ Gaseous Fuel
 - ▶ Husk Briquette
 - ▶ Husk Board
 - ▶ Furfural

- Rice Bran Use**
- ▶ Edible grade oil
 - ▶ Industrial grade crude oil
 - ▶ Free fatty acid manufacture
 - ▶ Plasticizers
 - ▶ Tocopherol

5.7 SWOT Analysis

Table 7: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Improving and enhancing rural economy ▶ Fertile, riverine land which is considered as best suitable land for rice cultivation is available in the district ▶ Availability of cheap and skilled labor for farming ▶ Availability of various financial and non-financial assistances from state and central government pertaining to agriculture 	<ul style="list-style-type: none"> ▶ Lack of proper infrastructure facilities for storage and manufacture of additional products ▶ Rice mills have not been fully modernized ▶ Due to lack of timely upgradation of rice mills, a large percentage of the produce is often discarded, as it is termed as broken rice which is not suitable for sale ▶ High transportation cost for export of the product
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Large scope for expanding sales network-globally and locally ▶ Scope for product diversification for generating additional revenue 	<ul style="list-style-type: none"> ▶ Cost of production in exporting countries like Thailand, Vietnam and Pakistan is low as compared to India due to lower labour cost ▶ Fear of damage from calamities and insect attack as it is perishable item

5.8 Challenges and interventions

Parameter	Challenges	Intervention
Focus on high Yielding Export Quality Rice	<ul style="list-style-type: none"> ▶ Challenges in developing high yielding export quality rice (Non-Basmati, Long grain rice) 	<ul style="list-style-type: none"> ▶ 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.
Cluster based approach	<ul style="list-style-type: none"> ▶ 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

Parameter	Challenges	Intervention
		<p>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> <p>▶ Deputy Commissioner Industries and representative of State Agricultural Department may examine the proposal for setting up at least one clusters for Rice (Non-Basmati), sugar and wheat in the district and submit the same to the state level Export Monitoring Committee.</p>
Promotion of export of organic produce	▶ Unawareness about promoting organic products	▶ 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	▶ Unawareness about technical standards in international market	<p>▶ 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 SPS/ technical standards in international markets.</p>
Distribution of Certified seeds	▶ Challenges in distribution of certified seeds	▶ Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) of Sitapur and Farmer Producer Organisation
Use of Modern technologies	▶ Unawareness about use of modern technology to reduce costs and increase production	▶ 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	▶ Many rice mill owners are not using modernized rice mills for better recovery and reducing the percentage of broken rice.	▶ 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.
Marketing &	▶ Offline marketing is broadly used	▶ Collaboration with E-commerce companies

Parameter	Challenges	Intervention
Promotion of products	<ul style="list-style-type: none"> ▶ 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"> ▶ 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 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
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"> ▶ DEPC to act as a focal point for all exporters issue 	<ul style="list-style-type: none"> ▶ Deputy Commissioner Industries may be given this responsibility to monitor the cell.

5.9 Future Outcomes

Annual Turnover
Increase in annual turnover by 10% annually from existing with the help of financial outreach of government programmes and other interventions.

Cluster exports
Double the export by 2024 as per State Agriculture Export Policy, 2019

6. Scheme under Uttar Pradesh Export Promotion Bureau

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

A. Marketing Development Scheme (MDA)

S. No	Incentive Offered	Amount of incentive against total expenditure
1	Participation in foreign fairs/exhibitions (total three fairs / annum) a. Stall charges b. Air fare (economy class)	a. 60% of stall charges (max 01 lakh / fair) b. 50% (max 0.5 lakh 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

Brief Description	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
Eligible units	Micro, small & medium enterprises.
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 6000 (20 ft' container) & Rs 12,000 (40 ft' container) whichever is less
Maximum limit	Rs 12 lacs /unit /year
Empowered committee	District Users Committee under the chairmanship of district magistrate.

C. Air Freight Rationalization Scheme

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

7. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation ¹²
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>	<p>ODOP cell, DIEPC, UPEPB and DGFT</p>	<p>Continuous initiative</p>
<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>	<p>ODOP cell, DIEPC, UPEPB and DGFT</p>	<p>Continuous initiative</p>
<p>Sensitization of cluster actors:</p> <ol style="list-style-type: none"> a. The individuals of a cluster should be sensitized on the plethora of schemes¹³ 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 	<p>ODOP cell, DIEPC, UPEPB and DGFT</p>	<p>Continuous initiative</p>

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

¹³ 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>:

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		
DIC and FIEO can play a pro-active role in this regard. 10% increase in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment	DIC, UPEBP and FIEO	Intermediate
Common Facility centers (under CFC scheme of ODOP Program, TIES and NAVY scheme) to increase export	UPEPB/ODOP Cell/DIEPC	Continuous initiative
Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.	UPEPB/DIEPC/ODOP cell	Short term
MoU with QCI for defining quality standards of the products	UPEPB/DIEPC/ODOP Cell	Short term
Collaboration with IIP to define cluster-wise packing standards	UPEPB/DIEPC/ODOP cell	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/ODOP Cell 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/ODOP Cell and banks	Intermediate
Handholding of MSMEs for increasing their awareness on schemes of state & centre and the procedure to apply to avail financial assistance	UPEPB/DIEPC	Intermediate
Sensitization of cluster actors from this sector on Make in India initiative and PLI for leveraging the assistance provided to the sector to enhance productivity and expand exports	DIEPC / UPEPB	Short term
DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell	DIEPC/DGFT/UPEPB	Long term

in consultation with DGFT.		
<p>Cost Structure:</p> <p>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.</p> <p>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.</p> <p>c. The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.</p>	<p>DIEPC/UPEPB</p> <p>DIEPC/UPEPB</p> <p>DIEPC/UPEPB/FIEO</p>	<p>Long term</p> <p>Long term</p> <p>Short term</p>
Product 1: Durrie/Carpet		
<p>Establishment of Common Facility Centre with:</p> <p>a. Raw Material Bank</p> <p>b. Common Production Center</p> <p>c. Design and display center with space to showcase products to undertake sale</p> <p>d. Marketing centre for undertaking marketing events</p> <p>e. Dyeing plant to ensure quality dyeing at lower cost.</p>	DIEPC and ODOP Cell	Long term
Collaboration with NIFT and NID for design inputs and support in branding initiatives	UPEPB/ODOP Cell	Long term
Application for district specific GI tag for the product	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	Agriculture Department/District Administration/District Level	Long term

exports.	Export Promotion Committee	
It is suggested that special efforts should be made to promote the export of organic product such as Rice from this district.	DIEPC/APEDA/UPEPB	Short term
Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) of Sitapur and Farmer Producers Organization	KVK/ DIEPC/ FPO	Ongoing as per Implementation schedule
Modernized Rice mills to ensure high milling recovery and reduce the percentage of broken rice. This rice will be suitable for export.	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>b. 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.</p>	DIEPC/DGFT/APEDA/DGFT	Ongoing
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/others, and UPEPB and DIEPC	Short term

8. Abbreviations

AAS	Advance Authorization Scheme
APEDA	Agricultural and Processed Food Products Export Development Authority
BoB	Bank of Baroda
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
EPB	Export Promotion Bureau
EY	Ernst and Young
FIEO	The Federation of India Export Organization
FPC	Farmer Producer Company
FPO	Farmer Producer Organization
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GI	Geographical Indication
GoI	Government of India
GoUP	Government of Uttar Pradesh
GST	Goods & Service Tax
HS Code	Harmonized System Code
IIA	Indian Industries Association

IC	International Cooperation
IEC	Import Export Code
IIP	Indian Institute of Packaging
KVK	Krishi Vigyan Kendra
MAI	Market Assistant Initiative
MAS	Market Assistant Scheme
MDA	Market development Assistant
MEIS	Merchandise Export from India Scheme
MoU	Memorandum of Understanding
MSME	Micro Small and Medium Enterprises
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
ODOP	One District One Product
QCI	Quality Council of India
SIDBI	Small Industries Development Bank of India
SPV	Special Purpose Vehicle
SWOT	Strength, Weakness, Opportunities, Threats
UAE	United Arab Emirates
UK	United Kingdom
UP	Uttar Pradesh
UPEPC	Uttar Pradesh Export Promotion Council
UPEPB	Uttar Pradesh Export Promotion Bureau
USA	United States of America



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