



Department of MSME and Export Promotion,  
Government of Uttar Pradesh

Draft District Export Action Plan, Unnao,  
Uttar Pradesh

Knowledge Partner



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE

Districts  
as Export Hubs



Building a better  
world

## Preface

This district export plan for Unnao 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 Unnao district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Unnao 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 Joint 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 Joint DGFT, Kanpur, UAM data (2019), DICs, 2011 Census of India, Diagnostic Study Reports, stakeholder consultation and several other secondary resources.

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## 1. Vision of Districts as Export Hubs

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

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



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

Thus, to decentralize the existing activities, to boost local production & its exports and to ensure active participation of state & district stakeholders, 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

Unnao is situated between river Ganga and Sai, and geographical area of the district is 4558 Sq. Km. The total population of the district as per 2011 census is 31.08 lakhs out of which 16.30 lakhs are male and 14.78 Lakhs are females.<sup>1</sup>

The district has rich cultural and religious heritage and has been popular from the view of history and literature. Unnao has been known as the land of pen (kalam) and sword (Talwar). It has been the land of Progressive Hindi writers, freedom fighters, educationists etc. Many brave personalities who played a major role in the Country's freedom struggle and sacrificed their lives for the country were born here. Popular among them are Raja Rao Ram Bux Singh, Maulana Hasarat Mohani, Ram Beni Madhav, Pd. Vishambher Dayal Tripathi, Thakur Jsasingh, Narpat Singh, Barjor Singh, Hathi Singh, Devi Bux Singh, Mansab Ali, Kasturi Singh, Bhopal Singh and Chandrika Bux Singh.

The district is not left behind in the field of literature too, having produced learned persons right from Maharishi Valmiki to Gaya Pd. Shukla, Pratap Narayan Misra, Surya Kant Tripathi 'Nirala', Maulana Hasrat Mohani, Nand Dulare Bajpayee, Sumitra Kumari Sinha, Chandra Bhushan Trivedi (Ramai Kaka), Dr. Ram Vilas Sharma, Jagdambika Pd. Misra, Bhagwati Charan Misra, Pratap Narayan Misra and Shiv Mangal Singh 'Suman'.<sup>2</sup>

<sup>1</sup> Census 2011

<sup>2</sup> <https://unnao.nic.in/>

## 2.1 Geography

The Latitude of district is 26°8' N & 27°2' (North) and Longitude is 80°3' E & 81°3' (East). The district is bounded on the North by District Hardoi, on the East by District Lucknow, on the South by District Rae Bareli and on the West by the Ganga which separates it from districts of Kanpur & Fatehpur.

## 2.2 Topography & Agriculture

Unnao lies in the great plains of the Ganges and hence the land is highly fertile. The soil is mostly alluvial. The Ganges separates Unnao from Kanpur district. The district is bounded by river Ganges in the west and the river Sai in the east. The entire district falling in Sai Sub-basin of the Ganges basin represents flat topography. The irrigation in the district takes place through Sharda Canal network system and tube wells. About 92% of the district area is under cultivation.<sup>3</sup>

## 3. Industrial profile of the district

There are six industrial areas in the district namely Industrial Estate Akrapur Unnao, Mini Industrial Estate Bangarmau, Mini Industrial Estate Safipur, Mini Industrial Estate Bighapur, Mini Industrial Estate Purwa and Mini Industrial Estate Fatehpur apart from Banthar Leather Technology Park, Magarwara Industrial area and Unnao Industrial area developed by UPSIDA.

Table 1: Details of the Industrial Areas in the district<sup>4</sup>

SI No	Name of Industrial Area	Land Acquired	Land Developed	Number of plots	Number of allotted plots
1	Industrial Estate Akrapur, Unnao	16.06 Acres	16.06 Acres	58 11 sheds	57 10 sheds
2	Mini Industrial Estate Bangarmau	5796 Sq. mt	5796 Sq. mt	69	69
3	Mini Industrial Estate Safipur	7392 Sq. mt	7392 Sq. mt	88	88
4	Mini Industrial Estate Bighapur	6132 Sq. mt	6132 Sq. mt	73	23
5	Mini Industrial Estate Purwa	6384 Sq. mt	6384 Sq. mt	56	56
6	Mini Industrial Estate Fatehpur Chaurasi	19992 Sq. mt	19992 Sq. mt	238	238

As given in the following table, MSME industries across the sectors of food/agro-based industries, repair & servicing, other manufacturing, wood, metal, apparel, paper, electrical and other transport, chemical, leather and engineering are key economy drivers in the district.

<sup>3</sup> <http://cgwb.gov.in/NR/hydro/dist36.pdf>

<sup>4</sup> MSME DI-Kanpur



Ready garments and embroidery contribute most in terms of employment and revenue, which is approximately 26% and 8% respectively. Repairing and Servicing contributes ~15% to revenue, highest among all the enterprises and ~19% of work force is employed in this vertical.

Table 2: Industries details<sup>5</sup>

Sno	Industry	Total Units	Investment (in INR Lakhs)	Employment
1	Agro Based	1878	6112	7676
2	Soda Water	7	746	837
3	Cotton textile	150	257	652
4	Woolen, silk & artificial thread-based clothes	81	375	495
5	Jute and Jute based	20	25	74
6	Ready-made Garments and Embroidery	716	1522	2980
7	Wood/wooden based furniture	717	1072	2503
8	Paper & Paper products	341	940	1329
9	Leather based	1310	11417	7734
10	Rubber, Plastic & Petro based	247	852	999
11	Chemical/Chemical based	551	5488	3619
12	Mineral based	345	1204	2059
13	Metal based (Steel Fab.)	758	2859	3197
14	Engineering Units	201	353	661
15	Electrical machinery and apparatus	155	323	767
16	Repairing & servicing	2369	6401	5401
17	Others	1751	7917	5891

Leather based industry in the district is the most prominent sector of the district contributing most to the economy by being the largest employer and being at the top in terms of investments as well. It is followed by Agro-based industry, Chemicals and Readymade Garments respectively.

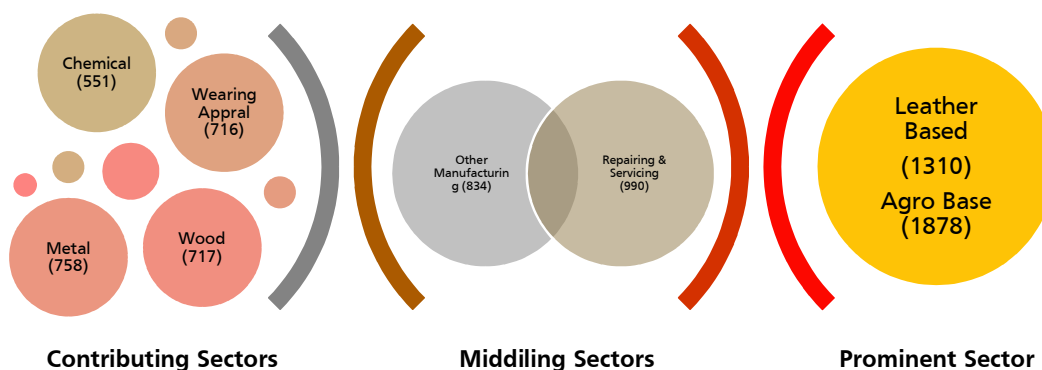


Figure 1: MSME landscape of the district

<sup>5</sup> Directorate of Industries, Govt of U.P, Kanpur

Out of total population of 3,108,367 (2011 census), 1,124,744 are working population. Out of total working population, 70% are cultivators and agricultural labourers. This indicates that agriculture is the main source of income in the district.

Table 3: Occupational Distribution of Main Workers<sup>6</sup>

S. No.	Particulars	Unnao	% of working population
1	Cultivators	4,50,123	40.02%
2	Agriculture Laborer's	3,32,663	29.58%
3	Household Industry Workers	49,243	4.38%
4	Others	2,92,715	26.03%

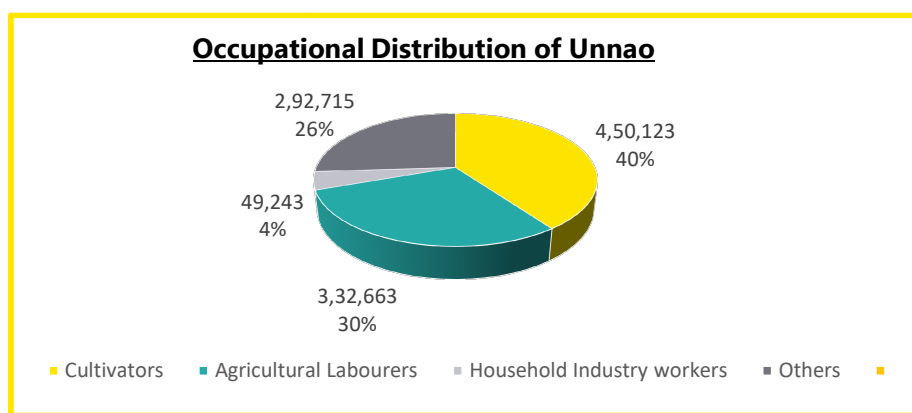


Figure 2: Occupational distribution of Unnao

### 3.1 Major Exportable Product from Unnao

The total export from Unnao for the period Jan 2021 to December 2021 is INR 4112.28 Crore.

The following table depicts the value of export of top 3 products from Unnao:

Table 4: Top 3 products exported from Unnao

S. No	Product	Export value (in INR) <sup>7</sup> from January 2021 to December, 2021
1	Boneless Meat Of Bovine Animals, Frozen	2411.05 Cr
2	Othr Edible Offal Of Bovine Animals, Frozen	265.36 Cr
3	Othr Ftwear Incrprtng Prtcve Metl Toecap	309.31 Cr
<b>Total Export from Unnao</b>		<b>4112.28 Cr</b>

Apart from the above products, Zari-Zardozi has been identified as ODOP product from the district and Mango has been selected as ODOP product from Unnao under PMFME Scheme (PM Formalisation of Micro food processing Enterprises Scheme).

<sup>6</sup> District census handbook 2011- Unnao

<sup>7</sup> DGFT- District wise report for the period September 2020 to November 2021

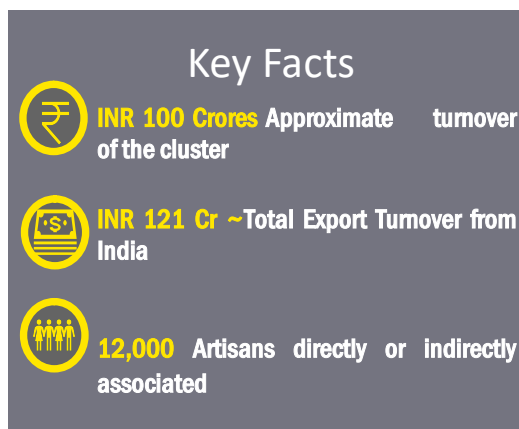
The export of both the product is NIL from the district.

## 4. Product 1: Zari-Zardozi (ODOP product)

### 4.1 Cluster Overview

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 technique of metal embroidery. The craft of zari embroidery has been undertaken in various districts of UP since ages.

District Unnao is a traditional craft pocket of Zari-Zardozi embroidery. The Zari Zardozi activity in Unnao region began during the mogul era. With the expansion of craft in Lucknow it has spread to surrounding districts. Villages and town areas which are in proximity of Lucknow adopted this work as their livelihood and developed this skill on hereditary basis.



### 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. Makaish
6. Tilla or Marori Work
7. Gota Work
8. Kinari Work

#### 4.2.1 Product Portfolio

The following are the key products identified from the cluster for exports:

S. No	Product	Market
1	Lehenga	International/Domestic
2	Hijabs	International/Domestic
3	Suits	International/Domestic
4	Dupattas	International/Domestic
5	Sarees	International/Domestic
6	Dress Material	International/Domestic
7	Sherwani	International/Domestic
8	Designer Handbags	International/Domestic
9	Home furnishing accessories	International/Domestic

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 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.

Though, Unnao District comes under geographical Identified area, but no significant progress is seen in Post G.I. Initiative in Unnao.<sup>8</sup> The focus should be to increase the number of **authorised Users** to become IEC holder in a year.

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<sup>8</sup> DGFT

### 4.3 Cluster Stakeholders



Figure 3: Cluster Stakeholders

#### 4.3.1 Industry Associations

Following are principal Industry Associations/SPVs that are working for the development of Zari-Zardozi in Unnao:

- ▶ Indian Industry Association (IIA)
- ▶ Provincial Industries Association (PIA)
- ▶ Unnao Zari Zardozi Sadbhav Foundation
- ▶ Unnao Zari Zardozi Cluster Utthan Samiti

### 4.4 Export Scenario

#### 4.4.1 HS code

The identified HS codes for export of Zari-Zardozi product are mentioned below:

Table 5: HS codes for Zari-Zardozi

HS codes	Description
560500	Imitation Zari Thread
580900	Zari Borders
830890	Imitation Zari Spangles

#### 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 facts<sup>9</sup> pertaining to the analysed product codes.

<sup>9</sup> <https://www.trademap.org/> and HS Codes - State Export Analysis - Dashboard - Ex

**Key Fact of Export<sup>9</sup>**

**2,503,318 (USD Thousand)**  
Value of world exports in 2020

**16180 (USD Thousand)**  
Total Exports from India in 2020

**930 (USD Thousand)**  
Total export from UP in 2020

**~5.75%**

## 4.5 Export Potential

- ▶ The total export of Zari-Zardozi product from India is INR 120.10 Crore (USD Thousand 16,180) in 2020-21.<sup>10</sup>
- ▶ Zari-Zardozi products has been manufactured in some clusters of Unnao, the current exports of Zari-Zardozi products from the district is Nil.
- ▶ 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.

Table 6: Export of Zari-Zardozi Goods from India<sup>11</sup>

Rs in Crores			
SI No	Country	2019-20	2020-21
1	AUSTRALIA	0.01	0.2
2	CANADA	0.09	0.1
3	FRANCE	0.64	0.39
4	GERMANY	1.75	1.27
5	ITALY	0.53	0.31
6	JAPAN	2.84	2.15
7	NETHERLAND	0.03	0
8	UAE	21.12	60.18
9	SWITZERLAND	0	0
10	U.S.A.	2.51	1.85
11	U.K.	0.77	0.29
12	LAC	0.88	0.79
13	OTHER COUNTRIES	90.24	52.57
<b>TOTAL</b>		<b>121.41</b>	<b>120.1</b>

**Product 560500:** The product under this HS code is exported to **UAE, Algeria, Bangladesh, Jordon, Nigeria, Sri Lanka, Turkey, Benin, and Morocco**. Below figure shows the top importers for this product (560500) in the world:

<sup>10</sup> [https://www.epch.in/index.php?option=com\\_content&view=article&id=76&Itemid=181](https://www.epch.in/index.php?option=com_content&view=article&id=76&Itemid=181)

<sup>11</sup> <https://epch.in/policies/exportsofhandicrafts.htm>

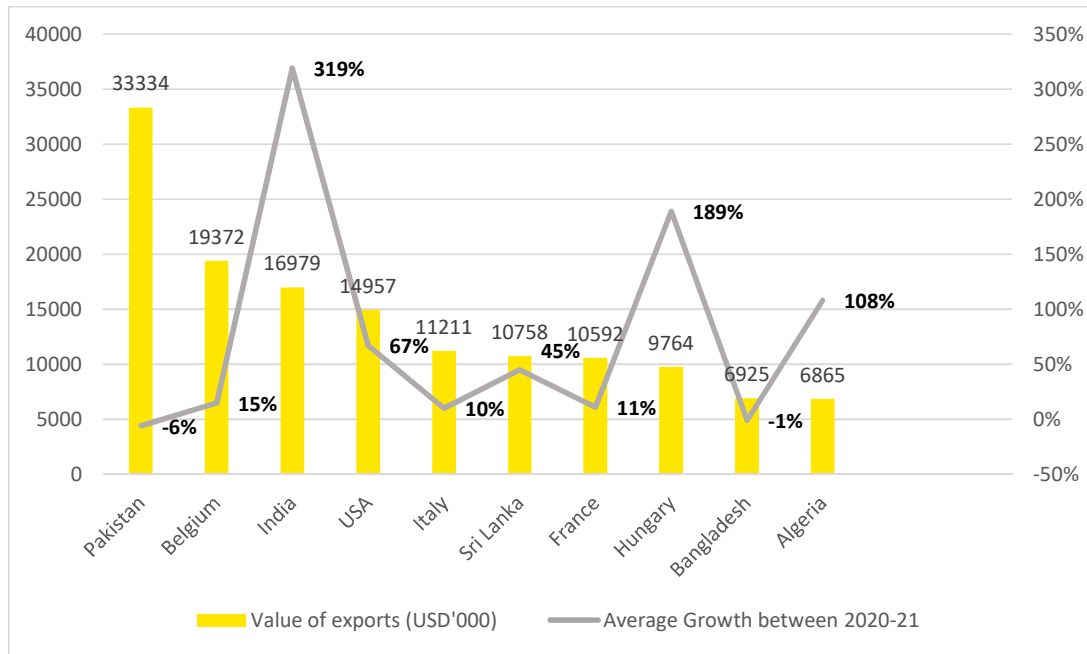


Figure 4: Top importers for this product (560500) in the world



Figure 5: 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. 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 7: SWOT Analysis

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



## 4.8 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> <li>▶ Raw Material Bank: <ul style="list-style-type: none"> <li>○ Sourcing of Raw Material</li> <li>○ Lack of storage facility in the cluster leading to spoilage of fabrics</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ Establishment of a Raw Material Bank within the CFC ensuring easy availability of all types of quality checked fabrics at discounted rates.</li> </ul>
Technological upgradation	<ul style="list-style-type: none"> <li>▶ Lack of ancillary machineries for artisans which limits their potential and hinders the productivity and potential of the cluster</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establishment of <b>Common Processing Center</b> with modern machines including fabric checking and measuring machine, packaging, and tagging machine, Sewing (Juki) machine etc.</li> </ul>
Design	<ul style="list-style-type: none"> <li>▶ Traditional designs are still being followed by artisans they are not focusing on design innovation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establishment of Product Design Center with CAD/CAM facility along with a display center under CFC Scheme of ODOP program.</li> <li>▶ Collaboration with renowned designers to conduct workshops for artisans pertaining to design forecasting, upcoming trends, market assessment etc.</li> </ul>
Marketing & branding	<ul style="list-style-type: none"> <li>▶ Lack of infrastructure for marketing and trading of the product in domestic and international markets</li> <li>▶ Offline marketing is broadly used over online marketing</li> <li>▶ No exclusive HSN code for Zari-Zardozi Craft. Which could have supported in facilitation of sales in the international market.</li> <li>▶ Creation of brand name for the zardozi products.</li> <li>▶ Minimal use of Govt of India's e-commerce portal: India Handmade Bazaar – Seller Registration for maximizing sale</li> <li>▶ Lack of knowledge of existing schemes and govt. initiatives</li> <li>▶ Lack of participation in national and international events related to the sector</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establishment of a Marketing centre within the CFC (CFC Scheme of ODOP program) in Unnao to facilitate marketing events.</li> <li>▶ Collaboration with E-commerce companies like <b>Flipkart, Amazon, Ebay for maximizing sales.</b></li> <li>▶ Applying to Directorate General of Foreign trade for a <b>unique HSN Code.</b></li> <li>▶ Collaboration with NIFT, to support artisans in establishing the brand name of the 'Zari-Zardozi' products in the national and international market</li> <li>▶ 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.</li> <li>▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/associations wishing to participate in marketing events</li> <li>▶ The DGFT/FIEO/EPC can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> <li>▶ Suggesting measures to the UPEPB for State Export</li> </ul>

		Promotion Policy towards enhancing export of handicraft products.
<b>Quality Improvement</b>	<ul style="list-style-type: none"> <li>▶ Undefined quality standards of the products.</li> </ul>	<ul style="list-style-type: none"> <li>▶ 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.</li> </ul>
<b>Post GI Initiative</b>	<ul style="list-style-type: none"> <li>▶ Lack of promotion of products highlighting their GI tag</li> </ul>	<ul style="list-style-type: none"> <li>▶ Target to make <b>100 authorised Users</b> to become IEC holder in a year. (DIC) to identify such stakeholders.</li> <li>▶ Organise one seminar within two months to apprise the stakeholders about the importance of Geographical Indication (GI) and for increasing the authorised users. (This can be done by DGFT /FIEO/ MSME with the help of DIC)</li> </ul>
<b>Exporter's issue</b>	<ul style="list-style-type: none"> <li>▶ No focal point to address exporters ongoing issues.</li> </ul>	<ul style="list-style-type: none"> <li>▶ DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIEPC office should organize workshops for exporters to apprise them about <b>Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</b></li> <li>▶ The DIEPC office should organize workshops for exporters to apprise about Export Promotion Scheme of the Department of MSME &amp; Export Promotion, UP such as <b>Market Development Assistant (MDA), Financial Assistance for Foreign fairs/exhibition, Financial Assistance for sending samples to foreign buyers, Subsidy on freight charges upto gate way port Air Freight Rationalisation Scheme</b> etc.</li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</li> <li>▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.</li> </ul>

#### 4.9 Future Outcomes

**Annual Turnover**

**Cluster exports**

Increase in annual turnover from existing **INR 100 Cr. to 200 Cr. by 2025** <sup>12</sup>

Substantial targeted growth in cluster exports expected to be **approx. INR 2 cr. by 2025.** <sup>12</sup>

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<sup>12</sup> Basis stakeholder consultation

## 5. Product 2: Leather Products




### 5.1 Cluster Overview

Leather is one of the most widely traded commodities in the world. The leather industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings, and it is among the top ten foreign exchange earners for the country. Being adjacent to Kanpur, which is famous for leather industries, there are many leather Tanning & Processing units in Unnao. Shoes, Saddler, leather Purses are being produced & exported from Unnao. There are some major exporters of leather goods including Mirza Tanners & Super House.

Tanning is the biggest industry in Unnao. Unnao is known for its leather industry and leather goods. Superhouse Group, Mirza Tanners, Model Exims, Kings International, Homera Tanning Industries Pvt Ltd are some of the major exporters in Unnao. Banthar Leather Technology Park, Magarwara Industrial area and Unnao Industrial area developed by UPSIDA are major industrial suburbs of Unnao<sup>13</sup>.

The cluster's annual turnover in 2020-21 was around INR 1000 Cr<sup>14</sup>. The export turnover for the year 2019-20 was INR 733.01 Cr<sup>15</sup>. The total employment in the cluster is around 50000.<sup>14</sup>

### Key Facts

-  **INR 1000 Crores** Approximate turnover of the cluster<sup>14</sup>
-  **INR 733.01 Cr** ~ Export Turnover<sup>15</sup>
-  **50,000 Workers / Artisans** directly or indirectly associated<sup>14</sup>

### 5.2 Product Profile

This sector comprises of tanneries (where raw hides and skins are converted into leather) and factories transforming leather into a variety of consumer products such as footwear, garments and outerwear, and assorted leather goods such as wallets, passport cases, key chains, handbags, and briefcases. Apart from the quality of raw material, the process of its conversion into leather and, later, of the design, product development and process of product's manufacturing play a key role in value addition.

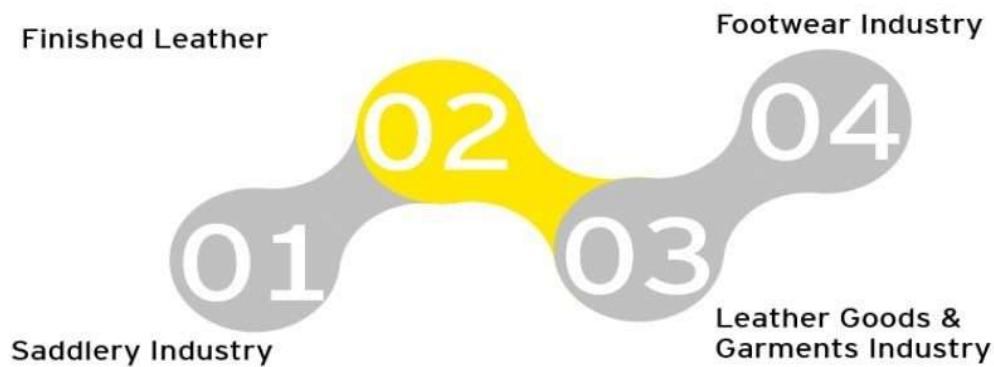


Figure 6: Sub-sectors of leather industry

<sup>13</sup> About District | District Unnao, Government of Uttar Pradesh | India

<sup>14</sup> DIEPC Unnao

<sup>15</sup> DGFT Kanpur

## 5.2.1 Status of GI Tag

The Harness & Saddlery industry is predominantly located in Kanpur & Unnao region from the last 150 years, the Saddlery Exporters Association has been granted the registration of Geographical Indication No.159 by the Registrar of Intellectual Property Rights.<sup>16</sup>

Kanpur Saddlery has been awarded Geographical Indication status on 31.03.2014 and Harness and Saddlery Exporters Association, Kanpur 77, Industrial Estate, Kalpi Road, Kanpur, Facilitated by Export Commissioner, Uttar Pradesh is the Registered proprietor of Kanpur Saddlery G.I. Product.

As per Page number 36 of Journal Serial number 54 dated 28.09.2013 (published by Geographical Indications Registry, Chennai and available at (<http://ipindiaservices.gov.in/GirPublic/Application/Details/159>), Kanpur and Unnao districts are the geographical area recognised for this product.

## 5.3 Cluster Stakeholders

### Raw material supplier

The primary raw materials required in the Cluster are Chemicals, Raw Hides, Pasting Gum, Adhesives, sewing thread, etc. which are essentially procured from within and outside the Cluster. Majority of raw hides are procured from outside of the cluster mainly from Delhi, Maharashtra, West Bengal, and Tamil Nadu. As per stakeholder discussion, some of the units are importing raw materials from other countries due to cheaper rates.

### Unit owners & Workers

There are more 150 units involved in processing of leather and manufacturing of leather products. Majority of the units located in Unnao leather cluster have their corporate office in Kanpur or Delhi. More than 50000 workers working in these units and are residing in Unnao, Kanpur, Lucknow, and nearby areas of Unnao.

### Machinery Supplier

Most of the machineries required in the tanning industry are imported from Italy, Germany, and other countries. Mainly, the drums required in the tanning industry are imported from other countries because of the specification and finishing. Few units involved in manufacturing of footwear got their machinery assembled from the local machinery suppliers. The servicing of the machineries is done locally, and the engineers/mechanics are available for servicing of these machines.

## 5.3.1 Industry Associations

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

- ▶ **Council for Leather Exports (CLE):** CLE is an outfit of Ministry of Commerce & Industry, GoI having regional office in HBTI Campus, Kanpur, and office in KLC Complex, Banthar, Unnao also. It is a member-based organization, and its mandate is to provide support to its members for increasing export. The membership fee is being charged based on export turnover. Major services provided by them are:
  - i. Dissemination of information related to export marketing
  - ii. Organizing trade fairs and buyers & sellers meet
  - iii. Marketing Development Assistance
  - iv. Advocacy support
- ▶ **Indian Institute of Technology, Kanpur:** It has a separate consultancy department catering to needs of SMEs created for providing services in Energy conservation methods, Market & Finance, Innovative Product Design, Packaging, IT applications, Application of Multimedia
- ▶ **MSME- Development Institute (MSME- DI), Kanpur:** 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.
- ▶ **Indian Industries Association, Unnao (IIA)**
- ▶ **Harness & Saddlery Exporters Association**

<sup>16</sup> *Niryat Patrika March 2022 by UPEPC*

- ▶ Provincial Industries Association (PIA)
- ▶ Testing Lab at KLC Complex (Kanpur-Unnao Leather Cluster)
- ▶ MSDC (Multi Skill Development Center)

## 5.4 Export Scenario

### 5.4.1 HS Code

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

*Table 8: HS Code with description*

Category	HS Code	Description
Finished Leather	410711	Leather further of bovine full grains- unsplit of whole
	410712	Leather further of bovine grain-split of whole hides/skins
	410719	Other whole hides/skins
	410791	Full grains-unsplit of other hides/skins including sides
	410792	Grain-split of other hides/skins including sides
	410799	Other/hides/skins including sides
	411200	Leather further prepared after tanning/crust leather of sheep/
	411310	Leather further of goats/kids
Saddlery	420100	Saddlery and harness for any animal (incl tracts leads, knee pads,
Footwear	640110	Waterproof footwear incorporating a protective metal toecap
	640192	Waterproof footwear covering the ankle but not knee
	640199	Other waterproof footwear
	640212	Ski-boots and cross-country ski footwear and snowboard boot
	640219	Other sports footwear with outer soles
	640220	Footwear with upper straps of thongs assembled to sole by
	640291	Footwear covering the ankle with outer soles a
	640299	Other footwear of 6402
	640312	Ski boots ad cross country ski footwear and snowboard boot
	640319	Footwear with outer soles of rubber, plastics, with uppers of leather
	640320	Footwear with outer soles of leather and uppers which consist of
	640340	Other footwear, metal toecap
	640351	Ankle covered footwear with outer soles of leather
	640359	Other footwear with outer soles of leather

	640391	Other ankle covered footwear
	640399	Other footwear with outer soles of other materials
	640411	Sports footwear-tennis shoes basketball shoes gymnasium shoes etc. with
	640419	Other footwear with outer soles of rubber/plastics and with upper of
	640420	Footwear with outer soles of leather/composition leather and with upper of
	640510	Other footwear with uppers of leather/composition leather
	640520	Other footwear with uppers of textile materials
	640590	All other footwear
<b>Footwear Components</b>	640610	Uppers and parts thereof other thin stiffeners
	640620	Outer soles and heels of rubber/plastics
	640690	Other gaiters, leggings and similar articles, and parts there
<b>Leather Goods</b>	420211	Trunks, suit-cases vanity-cases school satchels and smaller
	420212	Trunks suitcases etc. and smaller container with outer surface of
	420219	Trunks, suitcases etc. and small containers with outer surface
	420221	Handbags with outer surface of leather of composition leather
	420222	Handbags with outer surface of sheeting of plastic/of text
	420229	Other handbags incl those without handle
	420231	Articles with outer surface of leather of composition leather/of patent leather
	420232	Articles with outer surface of sheeting of plastics/textile material
	420239	Article of other material carried in pocket/handbags
	420291	Other articles with outer surface of lather of composition of lea
	420292	Other articles with outer surface of plastic sheeting o
	420299	Other similar containers of handbag 4202
	420500	Other articles of leather/of composition leather
<b>Leather Apparel</b>	420310	Articles of apparel
	420321	Gloves-mittens and mitts specially designed for use

	420329	Gloves, mittens and mittens designed for other use
	420330	Belts and bandoliers
	420340	Other clothing accessories

### Current Scenario

The chapter focusses on the export scenario of India and Uttar Pradesh and then deep dives into the export statistics of 3 products codes 640510, 420500 and 420100 stating the target countries for market expansion for both the products. These HS codes are utilised for Leather Footwear, Saddlery and Non-Saddlery goods.

The leather goods cluster's total export value in Unnao is INR 733.01 Crore.

### Key Fact of Export

**16310627 (USD million)**

Value of world exports in FY 2020-21

**2575448 (USD million)**

Total Exports from India in FY 2020-21

**824758 (USD million)**

Total Exports from UP in FY 2020-21

**32.02%**

Share of UP in India's exports

### Export made under leather sector from Unnao (FY 2019-20)

Table 9: Export made under leather sector from Unnao (FY 2019-20)

Commodity	Value of export in 2019-20 (in INR Cr)	% Share
Finished Leather	220.79	30.12
Footwear Comp.	30.26	4.13
Saddlery and Harness	180.87	24.67
Footwear	232.32	31.69
Leather Garments	0.11	0.02
Leather Gloves	2.2	0.30
Leather Goods	64	8.73
Non-Leather Footwear	2.46	0.34
<b>Total</b>	<b>733.01</b>	<b>100</b>

## 5.5 Export Potential

- ▶ The total exports of leather product from Unnao district were approx. INR 733.01 crores in year 2019-20.<sup>17</sup>
- ▶ U.P. dominates Finished Leather and Saddlery and Harness products.

<sup>17</sup> DGFT



- ▶ In leather footwear, the share of U.P. is around 36%.
- ▶ The exporter needs to focus on leather goods Category which is the 2<sup>nd</sup> exported commodity under the Sector. The exporter of the district can increase their share under this category.
- ▶ The cluster has tremendous export potential, but owing to lack of proper market assessment mechanism, changing design patterns, specific demand preferences.
- ▶ India is the largest manufacturer of saddlery products in the world, having an estimated capacity of more than 50 million pieces p.a. India is positioned as the 3<sup>rd</sup> largest exporter in the world during 2020-21 predominantly covering the markets of Europe, North & South America, Australia, and Asia.<sup>18</sup>
- ▶ The traditional West European & North American markets where most of the Indian Saddlery exporters have been focused is almost saturated. Hence, the exporters may look forward to diversifying to markets, such as, Canada, Turkey, Latin America, East-Europe, Middle east etc. The exporters may explore such markets through participation in trade fairs.

The Detailed Analysis of the export potential for Leather Products (HSN Code wise) is as follows:

### 1. Finished Leather

Table 10: HS Code Wise Comparison between UP and India Exports (Finished Leather)

Category	HS Code	Description	Export from UP in Calendar year 2021 (USD Million)	Export from India in Calendar year 2021 (USD Million)	% Share in Total Export
Finished Leather	410711	Leather further of bovine full grains- unsplit of whole	0.54	68.61	0.79
	410712	Leather further of bovine grain-split of whole hides/skins	0.91	0.96	94.79
	<b>410719</b>	<b>Other whole hides/skins</b>	<b>113.64</b>	<b>122.84</b>	<b>92.51</b>
	410791	Full grains-unsplit of other hides/skins including sides	0.45	1.07	42.06
	410792	Grain-split of other hides/skins including sides	20.13	21.16	95.13
	<b>410799</b>	<b>Other/hides/skins including sides</b>	<b>90.20</b>	<b>98.85</b>	<b>91.25</b>
	411200	Leather further prepared after tanning/crust leather of sheep/	0.21	52.89	0.40
	411310	Leather further of goats/kids	3.30	71.17	4.63

<sup>18</sup> Niryat Patrika March 2022 by UPEPC

<b>Total</b>	<b>229.38</b>	<b>437.55</b>	<b>---</b>
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**Note:** It is clear from the above table that major export of finished leather from UP is concentrated in ITCHS 410719 and 410799, and major export destinations of Indian finished leather is as follows:

*Table 11: Major exporting destination (Finished Leather)*

Category	HS Code	Description	Top Destination countries of Indian Export	Countries covered under FTA
Finished Leather	410719	Other whole hides/skins	China, Italy, Guatemala, Netherlands, Indonesia, Vietnam, USA, Korea,	Indonesia, Vietnam, Korea
	410799	Other/hides/skins including sides	China, Malaysia, Italy Turkey, Vietnam, Korea, Russia, Indonesia,	Malaysia, Vietnam, Korea, Indonesia

*Table 12: Global Demand and Top Importers of the product (Finished Leather)*

Category	HS Code	Description	Global Import in Year 2020 (USD Million)	Export % share of India in global Import	Top Importers
Finished Leather	410711	Leather further of bovine full grains- unsplit of whole	524	13.80	USA, India, Mexico, France, Romania
	410712	Leather further of bovine grain-split of whole hides/skins	2507	0.04	China, Hongkong, Croatia, Italy, Germany
	410719	Other whole hides/skins	594	20.68	USA, Indonesia, Vietnam, Albania, Romania
	410791	Full grains-unsplit of other hides/skins including sides	220	0.49	Czech Republic, USA, China, India, Portugal
	410792	Grain-split of other hides/skins including sides	1520	1.39	China, Hongkong, Poland, Ukraine, France
	410799	Other/hides/skins including sides	1570	6.30	Vietnam, Indonesia, China, Thailand

	411200	Leather further prepared after tanning/crust leather of sheep/	394	13.41	Italy, China, Vietnam, Korea
	411310	Leather further of goats/kids	244	29.20	Vietnam, China, Hongkong, Portugal, Germany
<b>Total</b>			<b>7547</b>		

**NOTE: Indian exporters need to diversify their export of finished leather under ITCHS code where India has very negligible share in global import.**

## 2. Saddlery

*Table 13: Comparison Between UP and India Exports of Saddlery products*

Category	HS Code	Description	Export from UP in Calendar year 2021 (USD Million)	Export from India in Calendar year 2021 (USD Million)	% Share in Total Export
Saddlery	420100	Saddlery and harness for any animal (incl tracts leads, knee pads, mu	237.27	263.42	90.07
<b>Total</b>			<b>237.27</b>	<b>263.42</b>	

*Table 14: Global Demand and top importers of the product (Saddlery)*

Category	HS Code	Description	Global Import in Year 2020 (USD Million)	Indian Export % share of India in global Import	Top Importers
Saddlery	420100	Saddlery and harness for any animal (incl tracts leads, knee pads,	1702	15	USA, Germany, UK, France, Netherlands

*Table 15: Year Wise Global Demand of Saddlery product*

Category	HS Code	Description	Global import (USD Million)				Remark
			2017	2018	2019	2020	
Saddlery	420100	Saddlery and harness for any animal (incl tracts leads, knee	1538	1693	1614	1702	Growing Market

pads,

### 3. Footwear

Table 16: HS Code wise Comparison between UP and India Exports (Footwear)

Category	HS Code	Description	Export from UP in Calendar year 2021 (USD Million)	Export from India in Calendar year 2021 (USD Million)	% Share in Total Export
Footwear	640110	Waterproof footwear incorporating a protective metal toecap	0.57	1.19	47.79
	640192	Waterproof footwear covering the ankle but not knee	0.37	0.56	66.11
	640199	Other waterproof footwear	0.01	0.85	1.36
	640212	Ski-boots and cross-country ski footwear and snowboard boot	1.70	4.64	36.60
	640219	Other sports footwear with outer soles	5.12	40.51	12.65
	640220	Footwear with upper straps of thongs assembled to sole by	0.59	25.17	2.34
	640291	Footwear covering the ankle with outer soles a	9.08	11.18	81.19
	640299	Other footwear of 6402	19.02	91.46	20.79
	640312	Ski boots ad cross country ski footwear and snowboard boot	0.12	0.24	48.22
	640319	Footwear with outer soles of rubber, plastics, with uppers of leather	1.24	270.12	0.46
	640320	Footwear with outer soles of leather and uppers which consist of	3.32	7.52	44.15
	<b>640340</b>	<b>Other footwear, metal toecap</b>	<b>82.40</b>	<b>106.99</b>	<b>77.01</b>
	640351	Ankle covered footwear with outer soles of leather	10.35	175.54	5.90

640359	Other footwear with outer soles of leather	8.07	22.03	36.64
<b>640391</b>	<b>Other ankle covered footwear</b>	<b>429.39</b>	<b>779.05</b>	<b>55.12</b>
<b>640399</b>	<b>Other footwear with outer soles of other materials</b>	<b>95.99</b>	<b>319.67</b>	<b>30.03</b>
640411	Sports footwear-tennis shoes basketball shoes gymnasium shoes etc. with	4.01	131.25	3.06
640419	Other footwear with outer soles of rubber/plastics and with upper of	12.20	80.87	15.09
640420	Footwear with outer soles of leather/composition leather and with upper of	0.43	2.04	21.02
640510	Other footwear with uppers of leather/composition leather	0.11	0.50	21.86
640520	Other footwear with uppers of textile materials	2.39	5.34	44.75
640590	All other footwear	1.13	7.09	15.99
<b>Total</b>		<b>687.61</b>	<b>2093.81</b>	<b>—</b>

Table 17: Top destination of Indian Export in Footwear

Category	HS Code	Description	Top Destination countries of Indian Export	Countries covered under FTA
Footwear	640340	Other footwear, metal toecap	France, UAE, Germany, Netherlands, USA, Saudi Arabia, UK, Israel, Singapore, Malaysia	UAE, Singapore, Malaysia
	640391	Other ankle covered footwear	USA, UK, Germany, Italy, Netherlands, Spain, Poland, France, Australia, Canada	
	640399	Other footwear with outer soles of other materials	USA, U, France, Germany, China Republic, Spain, Italy, Belgium, Netherlands, Poland	

Export pattern of UP has been analysed in the context of global demand pattern of leather footwear in below table:

*Table 18: Export pattern of UP of leather footwear*

ITCHS at 4-digit level	Export from UP in 2021	Composition in total export in %	Global Demand in Million USD in 2021	Composition of Global Demand
6401	0.95	0.14	1632.05	1.20
6402	35.50	5.16	32812.30	24.15
6403	630.88	91.75	52820.40	38.88
6404	16.64	2.42	44617.40	32.84
6405	3.63	0.53	3980.79	2.93
<b>Total</b>	<b>687.60</b>	<b>100.00</b>	<b>135862.94</b>	<b>100.00</b>

**Note:** More than 91% of export from UP is concentrated in ITCHS code 6403 at 04-digit level whereas the significant global demand in respect of ITCHS codes 6402 and 6404 has been by and large not given due care by the footwear industry.

**Further analysis of export being made under different categories of ITCHS 6403 (06 -Digit Level) as follows:**

*Table 19: Analysis of export made by UP in HS codes of footwear*

Six-digit ITCHS code	Name of Item	Export made by UP in 2021 in USD	Remarks
640312	Ski boots ad cross country ski footwear and snowboard boot	115730	-
640319	Footwear with outer soles of rubber, plastics, with uppers of lea	1244214	-
640320	Footwear with outer soles of lather and uppers which consist of	3319762	-
640340	Other footwear, metal toecap	82395935	13.06%
640351	Ankle covered footwear with outer soles of lather	10352532	-
640359	Other footwear with outer soles of leather	8071852	-
640391	Other ankle covered footwear	429392654	68.05% export
640399	Other footwear with outer soles of other materials	95988636	15.28% export
		630881315	-

It has been observed that 68 % of total export is concentrated under ITCHS code 640391. Other important HSN codes are 640399 and 640340. Accordingly, it becomes evident that export of leather footwear is concentrated in above 03 HS codes only. In lieu of above it is suggested that exporters of leather footwear sector should concentrate on diversifying their export.

Global demand at 06-digit level has been analysed along with their prominent markets in below mentioned table:

Table 20: HS Code wise Global Demand and Top Importers of the products (Footwear)

Category	HS Code	Description	Global Import in Year 2020 (USD Million)	Indian Export % share of India in global import	Top Importers
Footwear	640110	Waterproof footwear incorporating a protective metal toecap	305	0.39	Belgium, Japan, Germany, UK, USA
	640192	Waterproof footwear covering the ankle but not knee	791	0.07	Japan, USA, Germany, UK, France
	640199	Other waterproof footwear	232	0.37	Italy, Vietnam, USA, Spain, Germany
	640212	Ski-boots and cross-country ski footwear and snowboard boot	770	0.60	Austria, USA, France, Italy, Germany
	640219	Other sports footwear with outer soles	2,449	1.65	USA, Germany, Hong Kong, Italy, UK
	640220	Footwear with upper straps of thongs assembled to sole by	2,449	1.03	USA, Panama, France, Angola, Italy
	640291	Footwear covering the ankle with outer soles a	4,557	0.25	USA, Germany, France, Poland, Spain
	640299	Other footwear of 6402	4,557	2.01	USA, Germany, Japan, France, UK
	640312	Ski boots ad cross country ski footwear and snowboard boot	4,557	0.01	Togo, Germany, Denmark, Qatar, Norway
	640319	Footwear with outer soles of rubber, plastics, with uppers of leather	4,557	5.93	Italy, UK, France, Germany, USA
	640320	Footwear with outer soles of leather and uppers which consist of	4,557	0.17	UK, UAE, France, Germany, USA

	640340	Other footwear, metal toecap	4,557	2.35	USA, Italy, UK, Germany, Italy
	640351	Ankle covered footwear with outer soles of leather	1,446	12.14	USA, France, Germany, Italy, Netherlands
	640359	Other footwear with outer soles of leather	3,498	0.63	France, USA, China, Hong Kong, Germany
	640391	Other ankle covered footwear	12,418	6.27	USA, Germany, Netherlands, France, Italy
	640399	Other footwear with outer soles of other materials	12,418	2.57	USA, Germany, France, China, Belgium
	640411	Sports footwear-tennis shoes basketball shoes gymnasium shoes etc. with	17,171	0.76	USA, Germany, Belgium, France, UK
	640419	Other footwear with outer soles of rubber/plastics and with upper of	20,827	0.39	USA, China, Germany, France, Japan
	640420	Footwear with outer soles of leather/composition leather and with upper of	991	0.21	USA, France, China, UK, UAE
	640510	Other footwear with uppers of leather/composition leather	413	0.12	Germany, USA, Poland, UK, France
	640520	Other footwear with uppers of textile materials	1,093	0.49	USA, UK, Germany, France, Japan
	640590	All other footwear	1,675	0.42	USA, France, Philippines, UAE, Netherlands
<b>Total</b>			<b>1,06,289</b>	<b>—</b>	<b>—</b>

#### 4. Footwear Component

Table 21: HS code wise comparison of UP & India Export (Footwear Components)

Category	HS Code	Description	Export from UP in Calendar year 2021 (USD Million)	Export from India in Calendar year 2021 (USD Million)	% Share in Total Export
Footwear Components	640610	Uppers and parts thereof other thin stiffeners	63.51	235.90	26.92
	640620	Outer soles and heels of rubber/plastics	0.60	3.25	18.47



	640690	Other gaiters, leggings and similar articles, and parts there	6.21	13.97	44.45
<b>Total</b>			<b>70.32</b>	<b>253.12</b>	<b>—</b>

Table 22: Global Demand and Top Imports of the Product (Footwear Components)

Category	HS Code	Description	Global Import in Year 2020 (USD Million)	Indian Export % share of India in global import	Top Importers
Footwear Components	640610	Uppers and parts thereof other thin stiffeners	2685.31	8.78	Italy, Vietnam, Slovakia, Romania, Hong Kong
	640620	Outer soles and heels of rubber/plastics	1355.25	0.24	Vietnam, Bangladesh, Indonesia, Cambodia, Italy
	640690	Other gaiters, leggings and similar articles, and parts there	2763.60	0.51	Vietnam, China, Germany, Italy, USA
<b>Total</b>			<b>6804.16</b>	<b>—</b>	<b>—</b>

## 5. Leather Goods

Table 23: Hs code wise comparison of UP & India Export (Leather Goods)

Category	HS Code	Description	Export from UP in Calendar year 2021 (USD Million)	Export from India in Calendar year 2021 (USD Million)	% Share in Total Export
Leather Goods	420211	Trunks, suit-cases vanity-cases school satchels and smaller	11.75	60.57	19.40
	420212	Trunks suitcases etc. and smaller container with outer surface of	2.92	30.51	9.57
	420219	Trunks, suitcases etc. and small containers with outer surface	0.60	4.13	14.64
	420221	Handbags with outer surface of leather of composition leather	46.22	352.89	13.10

420222	Handbags with outer surface of sheeting of plastic/of text	52.18	436.09	11.97
420229	Other handbags incl those without handle	5.32	18.89	28.14
420231	Articles with outer surface of leather of composition leather/of patent leather	16.68	350.15	4.76
420232	Articles with outer surface of sheeting of plastics/textile material	2.47	26.78	9.21
420239	Article of other material carried in pocket/handbags	1.11	10.87	10.20
420291	Other articles with outer surface of lather of composition of lea	4.85	41.57	11.67
420292	Other articles with outer surface of plastic sheeting o	4.08	20.51	19.87
420299	Other similar containers of handbag 4202	2.55	15.09	16.89
420500	Other articles of leather/of composition leather	18.46	52.91	34.89
<b>Total</b>		<b>169.18</b>	<b>1420.96</b>	<b>—</b>

Table 24: HS Code wise Global Demand and Top Importers of the Product (Leather Goods)

Category	HS Code	Description	Global Import in Year 2020 (USD Million)	Indian Export % share of India in global Import	Top Importers
Leather Goods	420211	Trunks, suit-cases vanity-cases school satchels and smaller	733.25	8.26	China, Germany, Italy, Saudi Arabia, USA
	420212	Trunks suitcases etc. and smaller container with outer surface of	4657.58	0.66	USA, Germany, France, UK, Korea
	420219	Trunks, suitcases etc. and small containers with outer surface	484.60	0.85	Korea, USA, Italy, Germany, China, UK
	420221	Handbags with outer surface of leather of composition leather	14076.49	2.51	China, USA, Hong Kong, France, Korea
	420222	Handbags with outer surface of sheeting of plastic/of text	9996.54	4.36	China, USA, Hong Kong, France, Italy

420229	Other handbags incl those without handle	619.44	3.05	Korea, Thailand, Singapore, UK, Philippines
420231	Articles with outer surface of leather of composition leather/of patent leather	3480.80	10.06	Japan, USA, Korea, France, Hong Kong
420232	Articles with outer surface of sheeting of plastics/textile material	3141.41	0.85	USA, Japan, Hong Kong, Korea, France, Italy
420239	Article of other material carried in pocket/handbags	252.66	4.30	Korea, Germany, UK, USA, Canada,
420291	Other articles with outer surface of lather of composition of lea	2369.45	1.75	USA, Japan, China, Germany, France
420292	Other articles with outer surface of plastic sheeting o	15760.17	0.13	USA, Japan, Germany, France, UK
420299	Other similar containers of handbag 4202	1231.85	1.22	USA, Korea, France, Singapore, UK
420500	Other articles of leather/of composition leather	2114.95	2.50	Romania, USA, France, Mexico, Turkey
<b>Total</b>		<b>58919.17</b>	<b>—</b>	<b>—</b>

## 6. Leather Apparel

Table 25: HS code wise comparison of UP & India (Leather apparel)

Category	HS Code	Description	Export from UP in Calendar year 2021 (USD Million)	Export from India in Calendar year 2021 (USD Million)	% Share in Total Export
Leather Apparel	420310	Articles of apparel	58.11	328.42	17.69
	420321	Gloves-mittens and mitts specially designed for use	0.22	8.16	2.69
	420329	Gloves, mittens and mittens designed for other use	0.55	209.31	0.26
	420330	Belts and bandoliers	27.48	122.48	22.44
	420340	Other clothing accessories	2.03	11.83	17.18
<b>Total</b>			<b>88.40</b>	<b>680.20</b>	

Table 26: HS Code wise Global Demand and Top Importers (Leather Apparel)

Category	HS Code	Description	Global Import in Year 2020 (USD Million)	Indian Export % share of India in global Import	Top Importers
Leather Apparel	420310	Articles of apparel	2148.12	0.15	Germany, USA, France, Italy, UK
	420321	Gloves-mittens and mitts specially designed for use	413.89	0.02	USA, Korea, Japan, Canada, Italy
	420329	Gloves, mittens and mittens designed for other use	1313.27	0.16	USA, Germany, Canada, France, Japan
	420330	Belts and bandoliers	2127.98	0.06	USA, China, France, Germany, Hong Kong
	420340	Other accessories clothing	170.85	0.07	Italy Saudi Arabia, USA, Philippines, France
<b>Total</b>			<b>6174.116</b>		

Top importers of leather footwear (HSN code: 640510) in the world have been identified as follows (as of 2019, values in USD thousand):

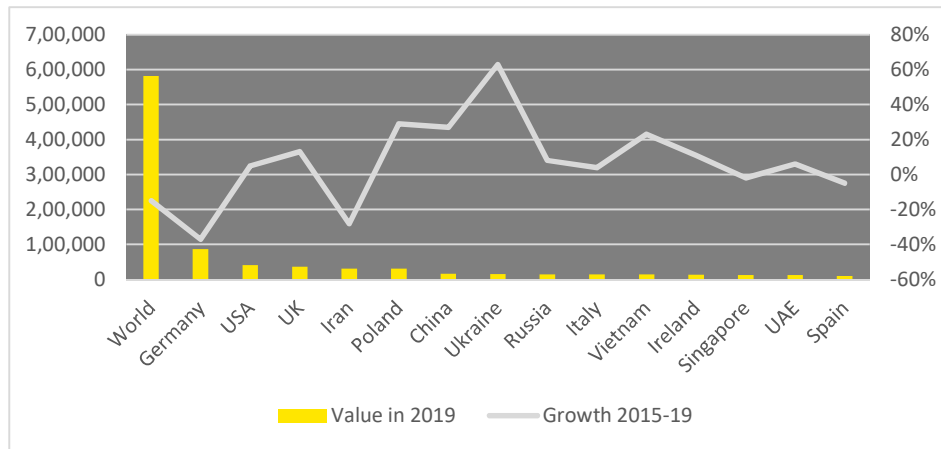


Figure 7: Top importers of the world under HSN code 640510

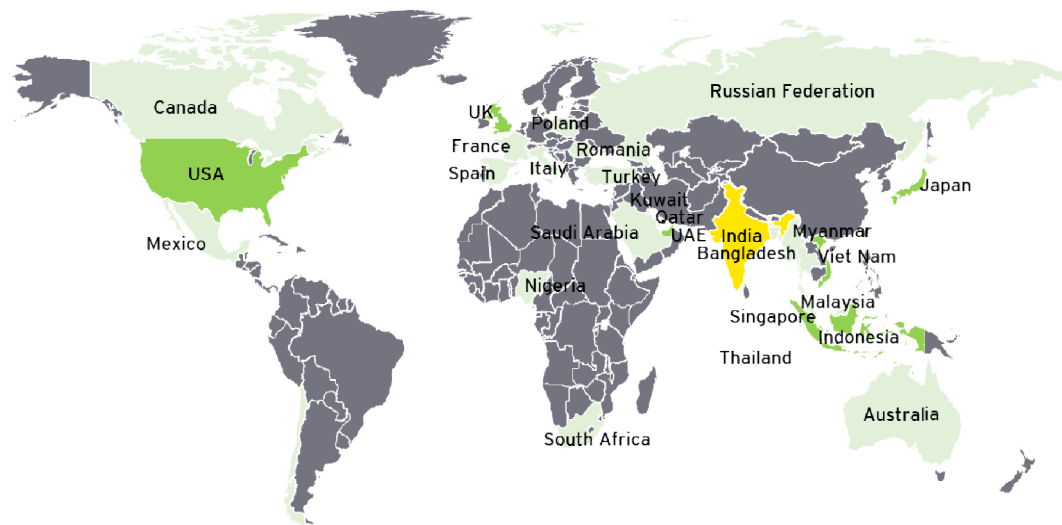


Figure 8: India's export to the world

### Leather saddlery (HSN code 420100)<sup>19</sup>

On the global front, India's exports of this product account for 9% of the global exports, while the world's largest exporters of this product - China, accounts for 39% of the global exports. Being in the same region, India is the primary competitor of China on this front and ranks 3<sup>rd</sup> among the largest global exporters of this product - behind China and Germany alone.

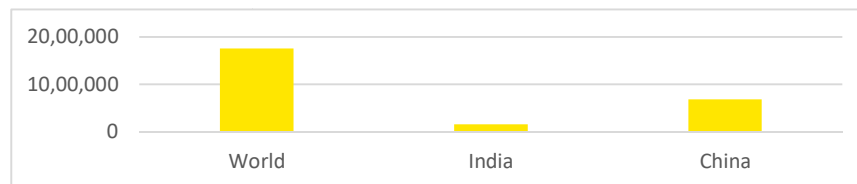


Figure 9: India Vs World and largest exporter of Leather Saddlery

Top importers globally of leather saddlery have been identified as follow for 2019:

#### **Target Markets:**

- Exporters should target USA, UK, France, Italy, Hong Kong, Poland and Netherlands owing to India's already established market presence and Uttar Pradesh's leather footwear already being present in these markets.
- Exporters should be made aware of Free Trade Agreements of India as FTA's lead to reduce in tariff rates which boost export. In this regard Japan, Malaysia, Singapore, Thailand are key markets.
- Exporters should also target GCC Countries as there is a huge untapped potential for exports.

#### **Key issues:**

- Exporters currently do not have adequate awareness of the various subsidies and freight schemes beneficial to expanding exports.
- No unique branding exists for the district's leather footwear cluster as a first step to generating market brand retention and visibility.
- Domestic demand generation via tie-ups with e-commerce platforms such as Amazon needs to serve as a precedent to tapping global markets.

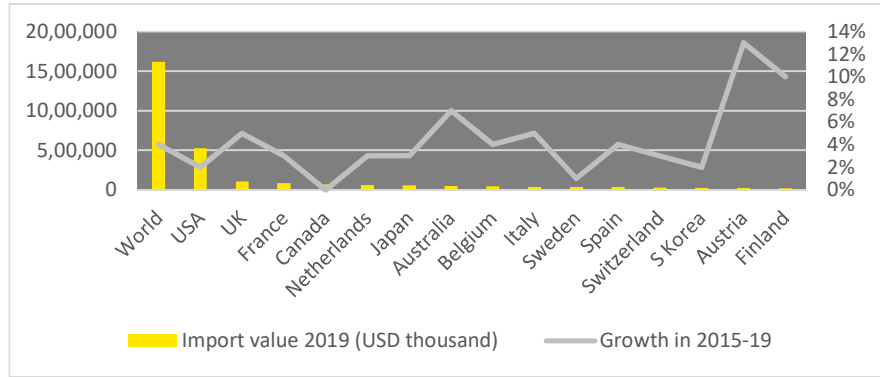


Figure 10: Top Importers across the world for HS 420100

Below are the

Target

**Target Markets:**

- Exporters should target **Germany, USA, UK, France, Netherlands, Australia, Sweden, Italy, Belgium, Spain, Ireland, Denmark, Poland, Finland** owing to established market presence by UP's saddlery products.
- Exporters should be made aware of Free Trade Agreements of India as FTA's lead to reduce in tariff rates which boost export. **S. Korea and Japan are focal points in this regard.**
- Exporters should also target GCC Countries as there is a huge untapped potential for exports

**Key issues:**

- Exporters currently do not have adequate awareness of the various subsidies and freight schemes beneficial to expanding exports.
- No unique branding exists for the district's leather footwear cluster as a first step to generating market brand retention and visibility.
- Domestic demand generation via tie-ups with e-commerce platforms such as Amazon needs to serve as a precedent to tapping global markets.

Markets and key issues faced by the industry.

### 5.6 Potential Areas for Value Added Product

**Product Diversification** – The Industry may focus on export of value-added items like Mineral free leather i.e., to develop leather without using chrome or other mineral tanning agents. Leather industries need model such as waste to wealth, below table shows the waste to wealth model:

Table 27: Waste to Wealth model

Type of Waste	Value Addition
Raw hide/skins trimmings	Pharmaceutical grade gelatine
Fleshing's	Biodiesel and fertilizers
Split	High split finish leather
Shaving dust	Separation of protein for application as fillers and bio-

	fertilizers
<b>Tannery Sludge</b>	High compressive bricks making
<b>Buffing dust</b>	Generation of Bio-gas energy from buffing dust

## 5.7 SWOT Analysis

Table 28: SWOT Analysis for Leather Products

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▶ Rich experience in leather processing</li> <li>▶ Institutional Support</li> <li>▶ Low-cost manpower</li> <li>▶ Leadership position in export of Harness and Saddlery</li> <li>▶ Presence of Council for Leather Exports</li> </ul>	<ul style="list-style-type: none"> <li>▶ Suboptimal backward integration of supply chain</li> <li>▶ Lack of quality testing facility</li> <li>▶ Cost of running CETP is very high</li> <li>▶ Lack of awareness of govt. schemes</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Development of Mega Leather Cluster</li> <li>▶ Opulence of synthetic support material</li> <li>▶ National &amp; International Exhibition</li> <li>▶ Demand for leather outpacing supply</li> <li>▶ Growing fashion conscious</li> <li>▶ Exposure to new markets through fairs</li> <li>▶ Increasing demand of Make in India products</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strict environment compliance laws</li> <li>▶ Polluting Industry</li> <li>▶ Located on the bank of ganga</li> <li>▶ International Competition</li> <li>▶ Supply of raw material shrinking</li> <li>▶ Temporary or permanent closure</li> <li>▶ Entry of multinational companies in domestic market</li> <li>▶ Lack of technical knowledge among artisans</li> <li>▶ Handcrafted saddlery getting extinct</li> <li>▶ Fast changing trends</li> </ul>

## 5.8 Challenges and interventions

Parameter	Challenges	Intervention
<b>Warehouse for storage</b>	<ul style="list-style-type: none"> <li>▶ It is estimated that demand from product industries will double over the next five years while the supply of raw hides from indigenous sources will not be in the same proportion. There is a need to improve the supply position of raw hides for the cluster.</li> <li>▶ Constant fluctuation of raw material prices.</li> </ul>	<p><b>Hard Interventions:</b></p> <ul style="list-style-type: none"> <li>▶ Warehouse for import, storage, and sale of raw hides through large trading houses could augment raw material supply.</li> <li>▶ A provision of trade centres may be considered in identified clusters and industrial area for setting up dealers' outlets for easy availability of the raw materials. It will reduce the wastage of time, costing, and concentration of traders as well.</li> </ul>
<b>Technological Upgradation</b>	<ul style="list-style-type: none"> <li>▶ In Unnao, smaller tanneries and shoe manufacturing units employ traditional skilled workers who are</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Establishment of fleshing machine and lime splitting machine in CFC will resolve</li> </ul>

Parameter	Challenges	Intervention
	<p>mostly illiterate but follow the process after learning from the seniors in their units. They are not aware of the technological advancements taking place in the international industry.</p>	<p>the issue of solid waste management and this will reduce the operating cost and ensure working capital for the unit. The solid waste can be used as by-product for other use.</p>
<b>Environmental Issues</b>	<ul style="list-style-type: none"> <li>▶ Challenges faced by smaller tanneries / industries in complying pollution control norms regarding treatment of effluents and TDS levels of discharge.</li> <li>▶ There is lack of awareness of global environmental and social norms.</li> <li>▶ Smaller units find it difficult to bear the operational cost of CETP.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Setting up modern technology based CETPs would ensure in reduction of effluents in TDS levels of liquid discharge.</li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Awareness and outreach program for raising consciousness about environment issues due to the pollutants.</li> <li>▶ Use of codes of conduct (COC) for assessment of suppliers on social and environmental compliance.</li> </ul>
<b>Marketing &amp; Branding</b>	<ul style="list-style-type: none"> <li>▶ Absence of usage of information and communication facilities</li> <li>▶ Lack of common marketing and sales platform</li> <li>▶ Micro enterprises are mostly run by semi-literate individuals who are severely hampered by lack of knowledge of new age marketing tools</li> <li>▶ Increasing the participation in International Trade fairs</li> <li>▶ Limited Market diversification</li> <li>▶ Lack of knowledge of existing schemes and govt. initiatives</li> <li>▶ Lack of participation in national and international events related to the sector</li> </ul>	<ul style="list-style-type: none"> <li>▶ Collaboration with E-commerce companies.</li> <li>▶ DIC, CLE 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</li> <li>▶ Conduct awareness workshops at block level to create awareness about schemes like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/ associations wishing to participate in marketing events</li> <li>▶ The DGFT/FIEO can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> <li>▶ Exposure visits to Chennai and Kolkata clusters to study the best practises and understand their modus operandi and value chain.</li> </ul>
<b>Packaging</b>	<ul style="list-style-type: none"> <li>▶ Lack of innovative packaging- The manufacturers use traditional way for packaging of products, wrapping in polybags and cardboard boxes etc. It leads to poor presentation of items. Suitable new packaging methods need to be developed.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Common Packaging Center can be established for better and innovative packaging.</li> <li>▶ Packaging materials like paperboard boxes, Poly bags, corrugated boxes should be used for improved packaging.</li> </ul> <p><b>Soft Intervention:</b></p>



Parameter	Challenges	Intervention
		<ul style="list-style-type: none"> <li>▶ Workshops/seminars or training program for leather footwear manufacturers can be organized using the MoU signed between ODOP and Indian Institute of Packaging (IIP), to upgrade their packaging techniques.</li> </ul>
<b>Testing and Quality Certification</b>	<ul style="list-style-type: none"> <li>▶ Unaware of global standards and quality ratings.</li> <li>▶ Only exporters of the cluster try to maintain the quality standard of global market.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Testing laboratory can be established in CFC for ensuring production of certified quality products.</li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Collaboration with National institutes to support artisans in improving quality of footwear by maintaining the standards.</li> <li>▶ Setting the quality standard of these footwears using the MoU between ODOP and Quality Council of India (QCI), to increase the sales in international markets.</li> </ul>
<b>Designing of Products</b>	<ul style="list-style-type: none"> <li>▶ Lack of innovative design inputs/design centre, leads to imitation of designs from large showroom and repetitive manufacturing of same design products.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ It is proposed that a Design and Innovation center be set up in the cluster. The centre will include following components: <ul style="list-style-type: none"> <li>○ Design Lab: It would undertake research and development on Design, Product and Technology keeping in view the current and future trends. These designs would originate by matching the skill base of manufactures with market demand, based on which prototypes will be developed.</li> <li>○ Sample Development: The Centre would manufacture samples for the benefit of all cluster participants. The challenges in developing a sample design would enable the center to come up with innovative solutions and improvisations for the introduction of new materials, techniques, tools etc.</li> <li>○ Training Centre</li> <li>○ IT Lab and Resource Centre</li> </ul> </li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Design training and certificate courses to local aspirants who have inclination towards designing of leather products via Design and Innovation center or collaboration with institutes like IIT</li> </ul>

Parameter	Challenges	Intervention
		Kanpur & Footwear Design and Development Institute (FDDI).
Post GI Initiative	<ul style="list-style-type: none"> <li>▶ Lack of promotion of products highlighting their GI tag</li> </ul>	<ul style="list-style-type: none"> <li>▶ Target to make <b>100 authorised Users</b> to become IEC holder in a year. (DIC) to identify such stakeholders.</li> <li>▶ Organise one seminar within two months to apprise the stakeholders about the importance of Geographical Indication (GI) and for increasing the authorised users. (This can be done by DGFT / FIEO/ MSME with the help of DIC)</li> </ul>
Exporter's issue	<ul style="list-style-type: none"> <li>▶ No focal point to address exporters issues.</li> </ul>	<ul style="list-style-type: none"> <li>▶ DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
Cost Structure	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state. India's cost of logistics is one of the highest in the world.</li> <li>▶ Since the start of Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been the main concern of the industry</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</li> <li>▶ The DIC office should organize workshops for exporters to apprise about Export Promotion Scheme of the Department of MSME &amp; Export Promotion, UP such as <b>Market Development Assistant (MDA), Financial Assistance for Foreign fairs/exhibition, Financial Assistance for sending samples to foreign buyers, Subsidy on freight charges upto gate way port Air Freight Rationalisation Scheme</b> etc.</li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website. The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.</li> </ul>

## 5.9 Future Outcomes

Annual Turnover

Cluster exports

Increase in annual turnover from INR 1000 Crore in 2020-21 to 1600 Crore by 2025.

The increase in export of the product from INR 733.01 Crore to 1000 Crore by 2025.

## 6. Product 3: Boneless meat and other edible offal of bovine animals



### 6.1 Cluster Overview

Unnao is famous for processed meat. Export of processed meat from Unnao holds a prominent place in the Indian economy. There are six slaughterhouses in Unnao employing around 20000 workers. Buffalo meat is the main source of meat production and export.

Some of major names include Indagro Foods Pvt Ltd, Standard Frozen Foods Export Pvt Ltd, AI Super Frozen Foods Pvt Ltd, Rustam Foods Pvt Ltd, Mash Agro Foods Ltd etc. These units contribute for major export of processed meat from the district.

The cluster's annual turnover in 2020-21 was around INR 4500 Cr<sup>20</sup>. The export turnover from September 2020 to November 2021 was INR 3494 Cr<sup>21</sup>. Total employment in the cluster is around 20,000.<sup>20</sup>

### Key Facts

-  **INR 4500 Crores** Approximate turnover of the cluster<sup>20</sup>
-  **INR 3494 Cr ~ Export Turnover<sup>21</sup>**
-  **20,000 Workers / Artisans directly or indirectly associated<sup>20</sup>**

### 6.2 Product Profile

1. Boneless Meat of Bovine Animals
2. Other Edible Offal of Bovine Animals

#### 6.2.1 Product Portfolio

- ▶ Chilled Boneless Buffalo Meat
- ▶ Chilled Boneless Buffalo Offal
- ▶ Frozen Boneless Buffalo Meat
- ▶ Frozen Boneless Buffalo Offal

### 6.3 Cluster Stakeholders

#### Raw material supplier

The primary raw material suppliers are farmers who supply the disease-free animals to the slaughterhouse.

#### Unit owners & Workers

There are 6 slaughterhouses involved in processing and export of meat. More than 20,000 workers are working in these units and are residing in Unnao, Kanpur, Lucknow, and nearby areas of Unnao.

#### Machinery Supplier

Most of the units are having modern abattoir cum meat processing plant with most of segments are fully automated.

#### 6.3.1 Industry Associations

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

- ▶ **The Agricultural and Processed Food Products Export Development Authority (APEDA)**

<sup>20</sup> DIEPC Unnao

<sup>21</sup> DGFT Kanpur

- ▶ **MSME- Development Institute (MSME- DI), Kanpur:** 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.
- ▶ **Indian Industries Association, Unnao (IIA)**
- ▶ **Provincial Industries Association (PIA)**
- ▶ **MSDC**

## 6.4 Export Scenario

### 6.4.1 HS Code

HS codes under which the product is exported from the district

HS Code	Description
020230	BONELESS MEAT OF BOVINE ANIMALS, FROZEN
020629	OTHR EDIBLE OFFAL OF BOVINE ANIMALS, FROZEN

#### Current Scenario

The export scenario of World and India have been analysed basis the export statistics of HS codes 020230 & 020629 under which meat is exported. Alongside are the key facts pertaining to the analysed product code.<sup>22</sup>

#### 6.5 Export Potential

- ▶ The total exports of boneless meat from the district as per HS code 020230 & 020629 is around INR 3494 crores from September 2020 to November 2021.<sup>23</sup>
- ▶ India's exports represent 11% of world exports for this product, its ranking in world exports is 3 under HS code 020230 and 4 under HS Code 020629.
- ▶ Major Export Destinations (2020-21): Hong Kong, Qatar, Bhutan, Myanmar, Lao<sup>24</sup>

**Product 020230:** India exported this product to Hongkong, China, Vietnam, Malaysia, Egypt, Indonesia, Iraq, Saudi Arabia, Philippines, UAE etc. Below figure shows the top importers for this product are:



<sup>22</sup> [www.trademap.org](http://www.trademap.org)

<sup>23</sup> DGFT, Kanpur

<sup>24</sup> APEDA

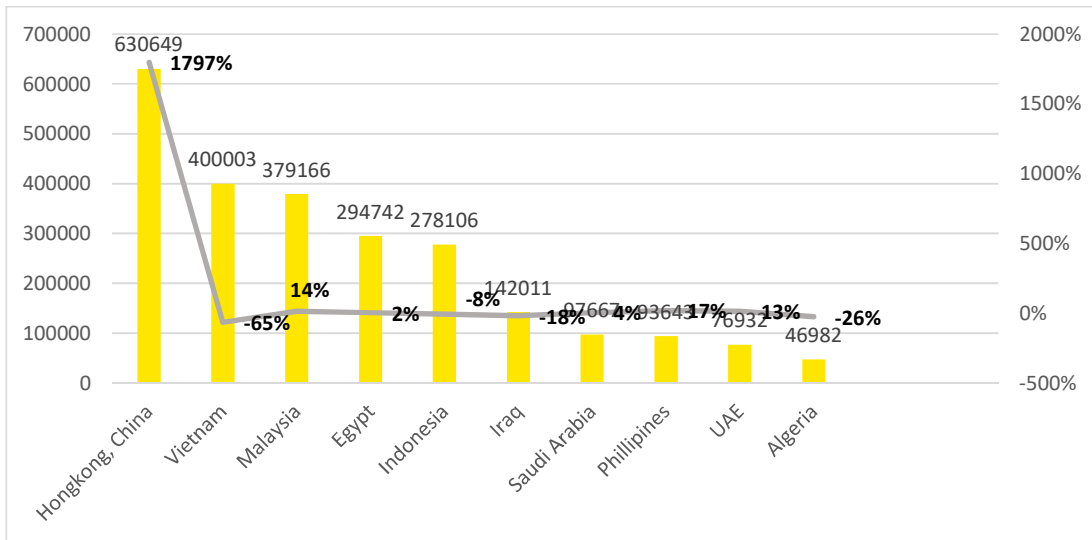


Figure 11: Top importers for this product (020230) in the world<sup>22</sup>



Figure 12: Markets for export potential

## 6.6 SWOT Analysis

Table 29: SWOT Analysis for Boneless meat and other edible offal of bovine animals

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▶ Rich experience in meat processing</li> <li>▶ Institutional Support</li> <li>▶ Low-cost manpower</li> <li>▶ Leadership position in export of boneless meat</li> <li>▶ Favourable trade policies</li> </ul>	<ul style="list-style-type: none"> <li>▶ Suboptimal backward integration of supply chain</li> <li>▶ Lack of quality testing facility</li> <li>▶ Cost of running CETP is very high</li> <li>▶ Lack of awareness of govt. schemes</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ National &amp; International Exhibition</li> <li>▶ Increasing demand for buffalo meat in global market</li> <li>▶ Exposure to new markets through fairs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strict environment compliance laws</li> <li>▶ Polluting Industry</li> <li>▶ Located on the bank of ganga</li> <li>▶ International Competition</li> <li>▶ Temporary or permanent closure of slaughterhouses</li> </ul>

## 6.7 Challenges and interventions

Parameter	Challenges	Intervention
<b>Technological Upgradation</b>	<ul style="list-style-type: none"> <li>▶ In Unnao, slaughterhouses and the units involved in production of meat employ traditional skilled workers who are mostly illiterate but follow the process after learning from the seniors in their units. They are not aware of the technological advancements taking place in the international industry.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Establishment of fleshing machine and lime splitting machine in the units will resolve the issue of solid waste management and this will reduce the operating cost and ensure working capital for the unit. The solid waste can be used as by-product for other use.</li> </ul>
<b>Environmental Issues</b>	<ul style="list-style-type: none"> <li>▶ Challenges faced by slaughterhouses/ industries in complying pollution control norms regarding treatment of effluents and TDS levels of discharge.</li> <li>▶ There is lack of awareness of global environmental and social norms.</li> <li>▶ Smaller units find it difficult to bear the operational cost of CETP.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Setting up modern technology based CETPs would ensure in reduction of effluents in TDS levels of liquid discharge.</li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Awareness and outreach program for raising consciousness about environment issues due to the pollutants.</li> <li>▶ Use of codes of conduct (COC) for assessment of suppliers on social and environmental compliance.</li> </ul>
<b>Marketing &amp; Branding</b>	<ul style="list-style-type: none"> <li>▶ Offline marketing is broadly used over online marketing.</li> <li>▶ Increasing the participation in International Trade fairs</li> <li>▶ Limited Market diversification</li> <li>▶ Lack of knowledge of existing schemes and govt. initiatives</li> <li>▶ Lack of participation in national and international events related to the sector</li> </ul>	<ul style="list-style-type: none"> <li>▶ Collaboration with retail brands like Licious, Big Basket etc.</li> <li>▶ DIC and APEDA 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 APEDA and other organizations may be proposed as a target under this segment</li> <li>▶ Conduct awareness workshops at block level to create awareness about schemes</li> </ul>

Parameter	Challenges	Intervention
		<p>like International Cooperation (IC), Market Assistance Scheme (MAS) etc. which provides assistance to individuals/associations wishing to participate in marketing events</p> <ul style="list-style-type: none"> <li>▶ The DGFT/APEDA can set targets for participating in events per year. Example: Participation in at least 3 international events for this sector every year to create foreign linkages and increase</li> </ul>
<b>Packaging</b>	<ul style="list-style-type: none"> <li>▶ Larger units are using standard packaging material for packaging of the products, but many of the smaller units are not aware of innovative packaging.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Common Packaging Center can be established for better and innovative packaging.</li> <li>▶ Packaging materials like trays made of polystyrene, LDPE, shrink films PVC should be used for improved packaging.</li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Workshops/seminars or training program for leather footwear manufacturers can be organized using the MoU signed between ODOP and Indian Institute of Packaging (IIP), to upgrade their packaging techniques.</li> </ul>
<b>Testing and Quality Certification</b>	<ul style="list-style-type: none"> <li>▶ Unaware of global standards and quality ratings.</li> <li>▶ Only exporters of the cluster try to maintain the quality standard of global market.</li> </ul>	<p><b>Hard Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ A state-of-the-art Testing laboratory can be established for ensuring production of certified quality products.</li> </ul> <p><b>Soft Intervention:</b></p> <ul style="list-style-type: none"> <li>▶ Setting the quality standard of these footwears using the MoU between ODOP and Quality Council of India (QCI), to increase the sales in international markets.</li> </ul>
<b>Exporter's issue</b>	<ul style="list-style-type: none"> <li>▶ No focal point to address exporters issues.</li> </ul>	<ul style="list-style-type: none"> <li>▶ DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.</li> </ul>
<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>▶ U.P. is a land-locked state. India's cost of logistics is one of the highest in the world.</li> <li>▶ Since the start of Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been the main concern of the industry</li> </ul>	<ul style="list-style-type: none"> <li>▶ The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</li> <li>▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</li> <li>▶ The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to</li> </ul>



Parameter	Challenges	Intervention
		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.

## 6.8 Future Outcomes

Annual Turnover
Increase in annual turnover from <b>INR 4500 Crore</b> in 2020-21 to <b>6000 Crore</b> by 2025 <sup>25</sup>

Cluster exports
The increase in export of the product from <b>INR 3494 Crore</b> during the September 2020 to November 2021 to <b>4500 Crore</b> by 2025 <sup>25</sup>

<sup>25</sup> Basis Stakeholder Consultation

## 7. Key Schemes

### 7.1 Key schemes of Government of India (GoI)

#### 7.1.1 Merchandise Exports from India Scheme (MEIS) <sup>26</sup>

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

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

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

#### 7.1.2 Service Exports from India Scheme (SEIS) <sup>27</sup>

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

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

#### 7.1.3 Rebate of State and Central Levies and Taxes (RoSCTL) Scheme<sup>28</sup>

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

The benefits of Rebate of State Levies RoSCTL are available to exporters of readymade garments and made ups for now. The scheme aims to help them cut high logistics and other costs and enable them to compete globally. An exporter can benefit from this scheme for all exports done after 1st April 2019. For exports made prior to this date, the eligibility criteria of the RoSCTL scheme would be applicable. The rebate for such exports was allotted out of the RoSCTL scheme fund, on exhaustion of which DGFT would issue scrips, but at RoSCTL rates.<sup>29</sup>

#### 7.1.4 Advance Authorisation Scheme<sup>30</sup>

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

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

<sup>26</sup> <https://www.dgft.gov.in/CP/?opt=meis>

<sup>27</sup> <https://www.bankbazaar.com/tax/service-exports-from-india-scheme-seis.html>

<sup>28</sup> <https://www.dgft.gov.in/CP/?opt=rosctl>

<sup>29</sup> <https://www.dripcapital.com/resources/blog/rosctl-scheme>

<sup>30</sup> [dgft.gov.in/CP/?opt=advnace-authorisation](https://www.dgft.gov.in/CP/?opt=advnace-authorisation)

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

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

### 7.1.5 Duty Free Import Authorization (DFIA) Scheme<sup>31</sup>

DFIA is a variant to Advance Authorization scheme. It is different from Advance Authorization as a higher minimum value addition of 20% is required, as compared to only 15% in Advance Authorization. It has enabling provision for transferability of authorization or materials imported against it. DFIA can be applied and obtained on post export basis as well. It is popular with exporters who export first and then obtain the Authorization, which can be sold freely.

### 7.1.6 Rebate of Duties & Taxes on Exported Products (RoDTEP Scheme)

The RoDTEP scheme will replace the old MEIS in a phased manner from December 2020. The RoDTEP scheme aims to refund all hidden taxes, which were earlier not refunded under any export incentive scheme, such as the central and state taxes on the fuel used for transportation of export products, duties levied on electricity used for manufacturing, *mandi* tax levied by APMCs, toll tax & stamp duty on the import-export documentation and others.

## 7.2 Schemes under Uttar Pradesh Export Promotion Bureau<sup>32</sup>

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

<sup>31</sup> <https://www.eepcindia.org/page.aspx?id=P160411110629&page=Export-Promotion-Schemes>

<sup>32</sup> <https://epbupindia.in/>

Empowered committee	District Users Committee under the chairmanship of district magistrate.
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**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

## 8. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation <sup>33</sup>
<b>Increasing the overall exports from the state</b>		
<b>Sensitization and facilitation in availing Import/ export documents:</b> Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/export and provide support in availing them	ODOP cell, DIEPC, UPEPB and DGFT	Continuous initiative
<b>Creation of an event calendar</b> comprising of events to be conducted in a Financial Year with a <b>focus on international marketing events</b> . Further, DGFT and FIEO can finalize a target to participate in <b>at least 3 international events in a year per product category/industry</b> (food, engineering & auto components, handicrafts, textile& apparel etc.) by <b>utilizing schemes like IC and MAS</b>	ODOP cell, DIEPC, UPEPB and DGFT	Continuous initiative
<b>Sensitization of cluster actors:</b> a. The individuals of a cluster should be <b>sensitized on the plethora of schemes<sup>34</sup></b> available for them for maximizing the potential of exports. <b>Merchandise Exports from India Scheme, Service Export from India Scheme</b> etc. provides <b>various exemptions</b> for facilitating exports. Further, schemes like <b>Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme)</b> ensure procurement of <b>imported duty-free raw materials</b> b. Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analyzing the demand market. Thus, these cluster actors should be <b>sensitized on target countries identified through export analysis mentioned in DAPs and EAP</b>	ODOP cell, DIEPC, UPEPB and DGFT	Continuous initiative
DIC and FIEO can play a pro-active role in this regard. <b>10% increase</b> in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment	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

<sup>33</sup> Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

<sup>34</sup> List of available schemes facilitating exports:

<https://cdn.s3waas.gov.in/s3555d6702c950ecb729a966504af0a635/uploads/2020/12/2020120965.pdf> and

<https://www.ibef.org/blogs/indian-export-incentive-schemes>

Common interventions across sectors/ clusters		
Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.	UPEPB/DIEPC/ODO P cell	Short term
MoU with QCI for defining quality standards of the products	UPEPB/DIEPC/ODO P Cell	Short term
Collaboration with IIP to define cluster-wise packing standards	UPEPB/DIEPC/ODO P 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/ODO P 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/ODO P 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 <b>Make in India initiative and PLI</b> for leveraging the assistance provided to the sector to enhance productivity and expand exports	DIEPC / UPEPB	Short term
DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT	DIEPC/DGFT/UPEPB	Long term
Sector Specific committee including officials from concerned departments, concerned industry representatives may be formed to understand the needs and provide suggestions.	DIEPC/District Administration/Concerned Depts/Concerned Industry Representative	Short Term
<b>Cost Structure:</b>		
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.	DIEPC/UPEPB	Long term
b. 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	DIEPC/UPEPB	Long term

<p>samples to foreign buyers, Subsidy on freight charges upto gate way port Air Freight Rationalisation Scheme etc.</p> <p>c. 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>d. 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>	DIEPC/UPEPB	Long term
	DIEPC/UPEPB/FIEO	Short term
<b>Product 1: Zari-Zardozi</b>		
<p><b>Establishment of Common Facility Centre with:</b></p> <p>a. Raw Material Bank</p> <p>b. Common Production Center</p> <p>c. Design and display center with CAD/CAM facilities and space to showcase products to undertake sale</p> <p>d. Marketing centre for undertaking marketing events</p>	DIEPC, DGFT and ODOP Cell	Long term
Application to Directorate General of Foreign trade for a <b>unique HSN Code for Zari-Zardozi</b>	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><b>Promotion of post GI initiative:</b></p> <p>a. DIC to identify <b>100 authorized users</b> to become IEC holder in a year</p> <p>b. 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
<b>Product 2: Leather Products</b>		
Establishment of <b>fleshing machine and lime splitting machine</b> in CFC.	DIEPC/ODOP Cell	Long term
Setting of modern technology based <b>CETPs</b>	UPEPB/DIEPC/District Administration	Long term
Collaboration with E-commerce companies	UPEPB/ODOP Cell / DIEPC	Short term
Establishment of testing laboratory	DIEPC/ODOP Cell/UPEPB	Long Term
Establishment of Design and innovation center	DIEPC/ODOP Cell/UPEPB	Long Term

<p><b>Promotion of post GI initiative:</b></p> <ul style="list-style-type: none"> <li>a. DIC to identify 100 authorized users to become IEC holder in a year</li> <li>b. Organize one seminar within two months to apprise the stakeholders about the importance of Geographical Indication (GI) and for increasing the authorized users</li> </ul>	<p>DIEPC/UPEPB/ODOP Cell</p>	<p>Intermediate term</p>
<p><b>Product 3: Boneless Meat and other edible offal of bovine animals</b></p>		
<p>Establishment of <b>fleshing machine and lime splitting machine</b> in CFC.</p>	<p>UPEPB/DIEPC</p>	<p>Long term</p>
<p>Setting of modern technology based <b>CETPs</b></p>	<p>UPEPB/DIEPC/District Administration</p>	<p>Long term</p>
<p>Collaboration with E-commerce companies like <b>Big Basket, Nature Basket etc.</b></p>	<p>UPEPB and DIEPC</p>	<p>Short term</p>



## 9. Abbreviations

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

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

<b>SEIS</b>	Service Export from India Scheme
<b>SIDBI</b>	Small Industries Development Bank of India
<b>SPV</b>	Special Purpose Vehicle
<b>SWOT</b>	Strength, Weakness, Opportunities, Threats
<b>TDS</b>	Total Dissolved Solids
<b>TEE</b>	Towns of export excellence
<b>ToR</b>	Term of Reference
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UP</b>	Uttar Pradesh
<b>UPEPC</b>	Uttar Pradesh Export Promotion Council
<b>UPEPB</b>	Uttar Pradesh Export Promotion Bureau
<b>UPICO</b>	UP Industrial Consultancy Organisation
<b>UPSIDC</b>	Uttar Pradesh State Industrial Development Corporation
<b>USA</b>	United States of America



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE

**Districts**  
as Export Hubs

Knowledge Partner

