

## Uttar Pradesh Export Promotion Policy – 2020-25

### 1. Background

Indian trade scenario for the year 2019-20 exhibits a positive growth. India's overall exports (Merchandise and Services combined) in 2019-20 were USD 537.15 Billion, exhibiting a growth of 1.55 per cent over the last year. Overall exports recorded a Compound Annual Growth Rate (CAGR) of 6.66 percent from 2007-08 to 2019-20 which is a positive indicator towards making India a 500 Trillion USD economy. Many concerted steps/measures have been taken up for promoting exports. These steps directed towards improved trade facilitation and support includes focus on process digitalization to increase transparency and reduce human interface, upskilling, promoting Ease of Doing Business measures etc. Merchandise exports have exhibited a rising trend in the post 2016-17 period, with merchandise export in USD exhibiting a growth of 13.37% and 9.51% in 2017 and 2018 respectively, despite an adverse global scenario. Indian exports are on a positive growth trajectory with merchandise exports crossing the USD 313.217 billion mark in 2019-20. The promising growth factors indicate the potential to realize the vision of 500 Billion USD Gross Exports in 5 years.

In FY 2018-19 India's service sector stood at a GVA of USD 1.8 Trillion, contributing 55.3% of the India's GVA and grew moderately by 6.9%. Due to the mammoth contribution of services sector in India's GVA, the central government has launched the champion services sector scheme. The government has identified 12 champion sectors, which are IT & ITeS, Tourism and hospitality, Financial services, Medical value travel, Transport and logistics services, Accounting and financial services, Audio visual services, Legal services, Communication, Construction and related engineering services, Environmental services and Education.

Exports play an important role in the economy of a state and drives the growth engine. Exports are not only a source of forex, but also a means of additional employment and creates value for the state globally as a manufacturing and export hub. The large landmass, favourable climate, young population, rich handicrafts culture of Uttar Pradesh makes it an ideal location as an export hub. The total landmass of the state is 2,40,928 sq.km., which is 7.3% of the total landmass of India. Thus, the conducive ecosystem of Uttar Pradesh makes

it an ideal location for a diversified manufacturing portfolio from the state. Hence, Uttar Pradesh caters to a huge demand of diverse products globally.

The population of the state is approximately 22 crores, which is 16.7% of India's population. The rich demographic dividend of Uttar Pradesh, culture of handicrafts, technical know-how, entrepreneurial spirit, energy of the youth and a battery of skills are a boon for Uttar Pradesh. Exports from Uttar Pradesh have illustrated strong growth. In 2019-20 the total commodity exports from the state stood at INR 1,20,356.33 crores, which is 5.42% of India's exports. Uttar Pradesh is the 4<sup>th</sup> largest exporter state from India and 1<sup>st</sup> amongst the landlocked state. The state contributes to 16.56% of the Handicraft's exports from India, 10.27% of processed meat exports, 39.52% of carpets exports and 25.5% of Leather and leather articles exports from India.

The MSME sector is the chief contributor of exports from the state. Uttar Pradesh is the second largest MSME base in the country and this sector is the highest employment generator after agriculture sector. Since the last 5 years, exports from Uttar Pradesh have grown at a compounded annual growth rate (CAGR) of 6.5% as against national average 3.61%. Export share of Uttar Pradesh has also grown from 4.7% to 5.4% in last 5 years.

In 2018-19 Processed food of animal origin (13.5%), Telecommunication equipment (16.05%) and RMG man-made fibres (5.1%) are the top three exported commodities from the state. Exports from Uttar Pradesh are chiefly directed towards USA, UAE, Vietnam, UK, Nepal, Germany, China, Spain, France and Malaysia. The 22 crores strong population, if engaged and utilized gainfully, can prove to be a game changer. Human resource in UP possesses a battery of skills ranging from agriculture, industry, tourism, handicraft, etc.

Most districts of the state are well connected to the two prominent commercial and business centres of Delhi and Kolkata. The terrain is relatively flat and hence movement of goods and services is relatively cheaper as compared to mountainous regions. U.P.'s proximity to Nepal is a key driver in state's export. Last year, for the first time, exports to Nepal has touched Rs. 7032.53 crores. Our northern neighbour China too can be an advantage if bilateral efforts in trade are made by both countries. The state has six domestic airports, located at Agra, Allahabad, Gorakhpur, Kanpur, Lucknow and Varanasi. International flights operate from Chaudhary Charan Singh International Airport, Lucknow,

and Lal Bahadur Shastri Airport, Varanasi. In May 2018, the state government received approval from the Civil Aviation Ministry for the Construction of Noida International Greenfield Airport at the North of Jewar Village in Uttar Pradesh. The state's infrastructure thus provides the necessary capacity for exports.

Uttar Pradesh has the highest share of number of 'smart cities', as 13 out of the 100 smart cities are from Uttar Pradesh. As per the union Budget 2018-19, Rs.1650 crores have been allocated for Smart City Mission and 1,333 projects are under implementation. These projects create a conducive industrial environment which will promote exports. The government has undertaken the development of 5 industrial corridors to promote industrialization and planned urbanization. Out of these 5, 2 industrial corridors pass through the state of Uttar Pradesh, viz. Delhi – Mumbai Industrial Corridor (DMIC) and Amritsar – Kolkata Industrial Corridor (AKIC). The income from these corridors will be used to increase the GDP of the state. Along DMIC, 6 mega industrial zones, 3 ports, 6 airports, 1 six-lane expressway connecting Delhi to Mumbai and several power plants are being developed.

A vast area of 36,000 sq. km. of the state extended across 12 districts falls along the Delhi Mumbai Industrial Corridor. Greater Noida is the first node of DMIC as well as the Gateway of the project. The GoUP intends to derive maximum value out of DMIC towards which implementation of early bird projects like Integrated Industrial Township at Greater Noida, Multi-Modal Logistics hub at Dadri and Multi-Modal Transport Hub at Boraki are already underway. Meerut Muzaffarnagar Industrial Area and other new industrial regions will also benefit from these corridors.

Amritsar Kolkata Industrial Corridor (AKIC) project is structured around the Eastern Dedicated Freight Corridor (EDFC) and the highway systems that exist on this route. GoI intends to maximize value from this corridor by developing Integrated Industrial Townships, Integrated Manufacturing Clusters and logistics hubs along the corridor. All industries, irrespective of sector, require land and water resources in ample quantity. Abundance of these resources is a huge economic advantage over other states. Further, fertile alluvial soil is another advantage for agricultural products exports. A huge opportunity to revive state economy lies in its religious catchment centres like Ayodhya, Mathura, Kushinagar, Varanasi

etc. The need of the hour is to replicate the success of 'MahaKumbh', an event highly appreciated domestically as well as internationally.

UP is located in a good solar energy zone and has ample untapped potential in this alternative energy stream. The state must endeavor to leverage this opportunity especially in Eastern UP. The state has good connectivity by virtue of 48 national highways, airports and rail links to major cities. It has already emerged as a hub for IT &ITeS, electronics and semiconductor industry with many big players running offices and R&D centres from Noida. The state has 12 operational SEZs.

The Government of Uttar Pradesh through a G.O. 1337/18-4-2015-58(vividh)/14, Dt. 04.09.2015 notified the export policy 2015-20 for promoting exports from the state. To tap onto opportunities in International market, optimum utilization of the resources of the state, employment generation and to synergize with the Foreign Trade Policy 2020-25 proposed by the Government of India, the following Export policy is being established for the State of Uttar Pradesh:

## **2. Objectives of the Policy**

- i. To promote the development and competitiveness of the export sector.
- ii. To provide necessary support and services to Export Promotion bodies/institutions.
- iii. To establish and develop physical and technical infrastructure to boost exports from the State
- iv. To provide necessary support to develop export capacity of industries
- v. To identify opportunities for local / country made products in global market
- vi. To encourage capacity development by adopting best practices related to exports.

## **3. Export Strategy**

To achieve the set objectives, the following strategy will be adopted:

- I. To maintain comradery and synergy between different export oriented departments of the government, like, Export Promotion Councils, International trade bodies, FIEO (Federation of Indian Exports Organization), ITPO (India Trade Promotion Organization), NCTI (National Centre for Trade Information and Product Sectoral Associations. Establishment of Centre State Coordination Cell for the same.

- II. Marketing assistance to industries of the state for participation in Virtual and physical exhibitions, trade fairs, and buyer – seller meets.
- III. Ease of doing Export – A single window platform to reduce procedural formalities for export by way of faster processing of export- related documents by different agencies of the State Government, and speedy redressal of exporters’ grievances etc. through Uttar Pradesh Export Promotion Bureau.
- IV. Dedicated GST Cell: To establish a dedicated GST cell for exporters to address their grievances and export related issues
- V. Developing and promoting the brand “Make in Uttar Pradesh, Make in India”
- VI. Identification, assistance in registration and branding of Geographical Indication (GI) products.
- VII. To promote the exports from Uttar Pradesh, UPEPB will earmark the product & services from those districts which have an export potential. Based on earmarking UPEPB will design customized capacity building/training programs.
- VIII. Establish a B2B exchange, which would facilitate small and micro units of the State to take up online trading.
- IX. For easing out the clearance mechanism, U.P Export Promotion Bureau(UPEPB) will introduce green card facility for the exporters with an appreciable track record.
- X. To create the export related infrastructure, the state government will launch a scheme on similar lines as that of Trade Infrastructure Export scheme(TIES) of Government of India.
- XI. To develop export infrastructure facilities in export oriented districts under TIES scheme of Gol.
- XII. To provide an enabling ecosystem and world class infrastructure to the exporters,the state government will setup cluster oriented or services based Special Economic Zones (SEZ) in districts with high export potential.
- XIII. For GoUP promoted Flatted Industrial Parks, an additional Floor Area Ratio(FAR) of 25% will be provided to the export units.
- XIV. To promote the handicraft clusters, Department of MSME, GoUPhas launched the ODOP Scheme. In this scheme margin money, capacity building and technical infrastructure (Common Facility Centers ofproject cost up to 15 Cr) is being provided.

Proposals for boosting exports of ODOP products will be given priority under ODOP CFC scheme.

- XV. On similar lines, UPEPB through this policy will setup CFCs up to 15 Cr in those products and clusters which are not covered in ODOP Scheme but have an export potential.
- XVI. To provide special provisions to boost services exports from the state.
- XVII. Encourage MoU between industries, educational institutions and product based industrial associations.
- XVIII. Fiscal Incentives will be provided to the exporters in terms of transport subsidy, electricity duty, market development assistance, certification etc.
- XIX. To create a strong analytical database on exports and exporters in Uttar Pradesh
- XX. To promote Public-Private initiative for developing competitive export infrastructure
- XXI. To strengthen institutional framework for State Level Export Promotion Council, State Level Export Promotion Committee and District Level Export Promotion Committee
- XXII. Constitution of District Export Promotion Council, chaired by the District Magistrate and Deputy Commissioner – Industries as member secretary. The chairmen of leading industrial associations and industrial units of the district will be the members of the council. The council will organize meeting to discuss and resolve the problems of industries of the district.
- XXIII. Customized capacity building workshop across the State to develop knowledge about export practices among the entrepreneurs and Government officials
- XXIV. A quarterly report will be published by UPEPB reflecting state's current and prospective export opportunities in the light of international demand.
- XXV. To address the export related issues at district level, State Government will setup a mechanism i.e. District Level Empowered Committee (ZilaNiryatBandhu) headed by Collector. The issues that are not resolved and policy related matters will be referred to NiryatBandhu.
- XXVI. NiryatBandhu meetings will be conducted quarterly.
- XXVII. To organize an annual state level exporter conclave which will address the challenges faced by exporters and deliberate on potential solutions.

- XXVIII. To provide export credit at competitive rates, each district with appreciable export potential should have at least one MSME devoted branch of the bank for providing enhance credit support to the units.
- XXIX. To increase exports from various sectors sectoral/ product-based advisory committees shall be constituted. Sectoral EPCs, expert agencies, state and central departments and the state NRI department shall be a part of the advisory committees.

#### **4. Implementation of the Policy**

- i. This Policy will come into effect from the date of its notification.
- ii. In case of any amendments in this policy, any package of incentives, which is already committed by State Government, will not be withdrawn and units will continue to remain entitled to the benefits.

#### **5. Policy Implementation Agency:**

Uttar Pradesh Export Promotion Bureau(UPEPB), 8 Cantt road, Kaiserbagh, Lucknow will be the implementing agency of Export Promotion Policy 2020-25.

#### **6. Thrust Focus Area**

With the view to develop each district as an export hub, Gol and state government are working towards preparing District Export Plans. The government of Uttar Pradesh has identified the products having export potential in all the 75 districts of the state under the ODOP scheme launched on 24<sup>th</sup> January 2018. To understand and analyse the product ecosystem in each of these districts the state government has conducted a district level diagnostic study. The government has chalked out policies, schemes and strategies to overcome the gaps identified in this study. The state government has launched several schemes envisaging expansion of its export basket by virtue of quality improvement as per international standards and improving competitiveness of products identified from the state. The focus sectors for exports from the state are:

- Handicrafts
- Agri-products& food processing
- Engineering goods

- Textiles and handlooms
- Leather articles
- Carpets and Durries
- Glass and ceramic products
- Wooden articles
- Sports goods
- Defense products
- Services sector
- Education
- Tourism
- IT &ITeS
- Medical value travel
- Logistics

## **7. Export related Incentives and schemes**

### **7.1. Fiscal incentives**

- 7.1.1. The changing global economic scenario and re-classification of India as a developed nation by World Trade Organization has resulted into new challenges. To meet these modern challenges the government will restructure the TvaritNiryatProtsahanYojna to make it WTO compliant.
- 7.1.2. The State will refund expenses incurred for compulsory certifications like Conformity European (CE), China Compulsory Certificates (CCC) etc. to the extent of 50 percent of expenses subject to a maximum of Rs. 2.00 Lakh per unit per annum.
- 7.1.3. Being a land locked state, Uttar Pradesh does not have any port. It has to send export shipments via rail/ road to Gujarat, Maharashtra and Kolkata port, which increases the cost of transportation. The added cost decreases the competitiveness of products manufactured in the state of Uttar Pradesh. To overcome this challenge to exporters from the state, a policy for Transport Subsidy is being executed. Transport subsidy will be provided on the basis of costs incurred by exporters for shipment from ICDs to the ports. For districts without any ICD infrastructure subsidy will be provided for shipments via trucks. The outlay of transport subsidy should not



exceed the budget allocated and any subsidy liability cannot be transferred to the next financial year.

7.1.4. For exports routed through airports, transport subsidy will be provided under Air Freight Subsidy Scheme. The exporters will receive subsidy benefits while routing their cargo from any Air cargo complex in the country if the state of origin of exported products is Uttar Pradesh. The upper ceiling under this scheme will be raised from Rs. 2.00 Lakhs annually per unit to Rs. 5.00 Lakhs annually per unit.

7.1.5. The deficit in Electricity duty collected by Uttar Pradesh Power Corporation Ltd. (UPPCL) will be reimbursed by Government of Uttar Pradesh.

7.1.6. Industries with more than 1MW approved load will receive power supply through open access.

7.1.7. Encourage research and development in the state and provide incentives and assistance to organizations in obtaining patents, trademarks and G.I. registration under Intellectual Property Rights. A G.I. registration cell shall be formed to assist in the registration procedure for applicants.

7.1.8. The Export Award will be distributed annually to eligible exporters of Uttar Pradesh for their outstanding export performance in different product groups. The awards will be distributed under the existing policy. No monetary prizes will be included in this.

7.1.9. Under Uttar Pradesh Export Infrastructure Development Scheme (UPEIDS), cluster based special economic zones will be developed in each district. Financial assistance will be provided for these projects only from budget sanctioned in UPEIDS Scheme

7.1.10. Transport subsidy is already being provided prior to Uttar Pradesh Export Policy 2020-25. Hence, Mega and super-mega units will not be eligible for the benefits provided under this policy.

8. The total expenses incurred on the facilities provided to eligible units and subsidiary activities conducted under the Uttar Pradesh Export Policy 2020-25 should not exceed the budget allocated.

8.1. Industrial units in the Negative List of Central government and state government will not be eligible to obtain any benefits under this policy.

**9. Green Cards to streamline movement of consignments of exporters without any hinderances.**

## **9.1. Eligibility**

- 9.1.1. Manufacturers / Producers or 100% EOUs as defined under EXIM Policy of Govt. of India or Having Green Channel facility with the customs department.
- 9.1.2. Average Annual Export Turnover of Rs.1 Crore or more in the last 3 years.
- 9.1.3. The exporter should not have any pending cases or debt due beyond 6 months
- 9.1.4. The exporter should not be convicted under cases of Tax evasion or fraud
- 9.1.5. Prompt in payment of Taxes by Self-Assessment
- 9.1.6. Prompt in depositing P.F. amounts

## **10. Facilities under Green card scheme:**

- 10.1.1. The Green Card would entitle the holder to minimum inspection and speedy clearance of all proposals by all Departments of the State Government.
- 10.1.2. Trucks carrying cargo of card holders would have minimum inspection at checkpoints and would not be detained
- 10.1.3. Issue of statutory forms on demand without hinderance.
- 10.1.4. Speedy redressal of grievances through Special Grievance Redressal Cell relating to all departments.
- 10.1.5. Single window system for all state departments for license / permission/ compliance / renewals etc.

## **11. Covering maximum number of Export units of Uttar Pradesh to avail benefits under India Brand equity Fund**

Hand holding support to exporters of the state to avail benefits under India Brand Equity Foundation initiative implemented by the Department for Promotion of Industry and Internal Trade. The objective is to create a brand recognition for the products and services exported from the state of Uttar Pradesh.

## **12. Preparation of a Database and market research for exporters.**

Allocation of a market research and database development fund of Rs. 1.00 crore annually. Uttar Pradesh Export Promotion Bureau will conduct this study through FIEO/ Export promotion councils/ International Trade Bodies/ Consultants to analyze and develop a comprehensive database. This will enable real - time data dissemination and provision of market intelligence to the exporters.

## **13. Incentive for promoting export from Service Sector**

UPEPB will incentivize the skill development courses for five Champion sectors which have maximum export potential. The following 6 skill development courses will be conducted for the identified champion service sectors of the state.

- a) Nursing Courses
- b) Care Givers Courses
- c) Training in AYUSH and Wellness
- d) Technical Skill training
- e) Tourism & Hospitality services
- f) Education Services

14.1. In Coordination with sectoral departments, UPEPB will design sector specific Courses and will implement the trainings. To encourage the Skill Development trainings UPEPB will provide incentives equal to 75% of the training cost per participant. Actual cost will be derived after preparation of Curriculum. For running the courses UPEPB will tie-up with National Skill Development Corporation/FIEO/ Private sector training providers. After the successful completion of the training program, UPEPB will issue a completion certificate to the trainees for national and international recognition of the skills attained.

14.2. Establish a business facilitation forum for Buyer seller meets for I.T. sector.

14.3. Reimbursement of cost incurred while participating in international fairs of I.T. and I.T. enabled services sector.

14.4. Development of Logistics hubs near Jewar airport and dedicated freight corridors

14.5. Services provided by cargo handling agents to be organized in a structured institutional form.

14.6. Assistance to educational institutions of the state participating in international education fairs

**15. Strengthening of Uttar Pradesh Export Promotion Bureau and Uttar Pradesh Export Promotion Council.**

15.1. District Industries Promotion and entrepreneurship development center will be developed in the form of UPEPB's district level office so that its officers can play a pivotal role in the development of their respective districts as an export hub.

15.2. UPEPC will be strengthened so that it can play the role of a knowledge partner to the government of Uttar Pradesh. Uttar Pradesh Export Promotion Council (UPEPC) will become the vital link that connects the government with the various exporters of the state for effective implementation of export promotion schemes and events.

15.3. The government officers and staff engaged with export promotion department will participate regularly in refresher courses/ workshops/ training programs of national and international standards.

15.4. Deputy commissioner Industries of District Industries Promotion and Entrepreneurship Development Center will also be known as Deputy Commissioner – Exports.

## **16. Capacity Development**

Capacity development programs and workshops for encouraging entrepreneurship in the state will be organized by UPEPB/ UPEPC in areas with potential for industries and export development.

17. Workshops to be conducted for “Best Practices” in the area of exports to create awareness amongst the manufacturers and exporters of the state.

## **18. Uttar Pradesh Agriculture Export Policy 2019 (UPAEP-2019)**

Government of Uttar Pradesh has notified the UP-Agriculture Export Promotion Policy, 2019 to make the State a destination for Agricultural exports and to double the income of farmers. Incentives mentioned in UP- Agricultural Export Promotion Policy 2019 for harnessing the potential of exports of agricultural produce and products will be applicable as per the policy guidelines. In addition to UPAEPP2019, UP Export Promotion Policy 2020-25 will support the exporters by fulfilling any additional requirement which is required but not covered under the UPAEPP 2019.

18.1. Development of an animal e-haatportal, export-oriented breeders will be incentivized for breeding of bulls. Emphasis on development of foot-mouth disease free zones.

18.2. Assistance to food processing units for hiring of professional service providers and quality experts. This assistance will be directed towards assignments focused at improving product qualities as per international standards.

18.3. Market study of products of organic farming to be conducted and the analysis to be shared with the stakeholders of this sector.

- 18.4. Organize awareness/ training programs to promote producers for adoption of internationally recognized quality standards.
19. Any changes or amendments in the proposed policy will be permitted only by approval from the Honorable Chief Minister of Uttar Pradesh.