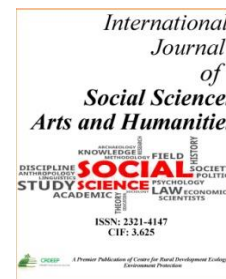


Vol. 8. No. 4. 2021

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Contents available at:

[www.crdeepjournal.org](http://www.crdeepjournal.org)*International Journal of Social Sciences Arts & Humanities (ISSN: 2321-4147)(CIF: 3.625)**A Quarterly Peer Reviewed Journal***Review Paper****Untapped Export Potential of Uttar Pradesh: A Review****Dr. Vaibhav Agrawal***Assistant Professor in Economics (Guest Faculty), S.S.Khanna Girls' Degree College, University of Allahabad, Prayagraj, Uttar Pradesh, India.***ARTICLE INFORMATION****Corresponding Author:**

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**Article history:**

Received: 21-12-2021

Revised: 25-12-2021

Accepted: 30-12-2021

Published: 31-12-2021

**Key words:**

Export potential, handicraft exports, economy, geographical indication, agriculture export zones

**ABSTRACT**

Uttar Pradesh is fifth largest state of India by geographical area (240,928 square K.M.) but largest in terms of population. Among Indian states U.P. ranks fifth in exports with export nearing \$17 billion and exports a variety of agriculture goods, handicraft, manufactured goods as well as electrical and electronic goods. Uttar Pradesh was the first state to propound a five yearly export policy in 1992. Uttar Pradesh also had a full-fledged export promotion council (U.P.E.P.C.) and its own export promotion policy, a separate ministry of exports under a cabinet minister situated in 'Niryat Bhawan' in Kaiserbagh Lucknow to help and promote exports of U.P., but with such diversity, as is available in U.P. the level of exports is far from satisfactory. U.P. has a great variety in manufacturing and handicraft as well as a large skilled population it lags behind in exports to smaller states like Gujarat. U.P. is largest producer of wheat, potato, sugarcane and vegetable yet its share in agriculture exports is also very marginal. Moreover out of 75 districts only few districts manage to export most of U.Ps total exports e.g. Noida exports nearly 1/3 of U.P. total exports. Despite various important handicraft programme of the government (One District One Product) export of handicraft is also much below expectations. According to a study by EXIM Bank (2017) U.P's exports could easily reach to \$ 30 billion within four years if it can only export the surplus in horticulture, Handicrafts and components. Post Covid Indian commodities demand is also rising within and outside India. Only if U.P. can tap its potential there is a great chance of enhancing U.P's export which automatically will benefit in both GSDP enhancement and employment generation. In this paper researcher is trying to analyze the problems that need immediate attention to unleash U.P's export potential.

**Introduction**

Uttar Pradesh is the most populous state of India. Its population is greater than most countries of the world. Area wise it's fifth largest in area. Its merchandise exports in 2019-20, U.P. is one of the largest producers of most food grains, vegetables flowers and fruits in India. Moreover its industrial production is also quite high especially so in electronics, mobile phones. In manufacturing U.P. is a hub of production in footwear, automobiles, garments besides metals like iron and steel, aluminium and especially copper. In SMEs sector again U.P. is home to nearly 13 lakh units as on July 30, 2021, 12,78,072 registered units according to data showed by union minister of MSME Narayan Rane in Lok Sabha. Out of 63 lakh units registered in India most of U.P. S.M.E. (nearly 8 lakhs) are in manufacturing sector. U.P. has begun a 'One District One Product' programme in all 75 districts of U.P. initiated in 2018 (January 24th). Besides this U.P. has been a traditional industrial / manufacturing hub of several goods like Chikankari of Lucknow, woolen and cotton textile of Kanpur, zari and zardozi in Bareilly, Pital goods and crafts in Moradabad, Locks in Aligarh. U.P. has also received many G.I. (geographical indication) tags like mango (Malihabad Dusheri), Banaras (Brocades and sarees, glass beads), Chikan craft of Lucknow. Agra petha is also likely to receive G.I. very soon. U.P. has been one of first state to have its own export policy (1992-97). U.P. also has many Agri export zones as well as registered 100% export oriented units besides Export zones like NOIDA. Yet U.P. share in India's exports ranges between 5 to 7% (2010-2019-20). According to various studies U.P. has a capacity export up to \$ 35 billion even in present circumstances which will boost not only U.P.s economy but also employment. The present study is all about untapped export potential of U.P. divided in following parts. Part-I analyzes present exports from U.P. Part II comprises of objectives and methodology while Part III discusses the potential of U.P. and part IV subsumes recommendations.

**Part-1**

There is no doubt that U.P. has all kind of resources human resources and non human resources which provides great opportunity to utilize these resources not only for gross value addition in G.S.D.P. (Gross state domestic product) but also for exports. Despite these resources and various steps taken by state government U.P. export performance could be termed as poor.

**Table -1:** Exports of Uttar Pradesh since 2011

Year	Value of exports
2011-12	10.02
2012-13	10.94
2013-14	13.26
2014-15	13.91
2015-16	12.40
2016-17	12.53
2017-18	13.61
2018-19	16.20
2019-20	16.92
<b>Cagr</b>	<b>5.7% (per annum compound)</b>

Source: DGCIS

It is true that U.P. is a landlocked state which certainly creates a problem of transport and transaction cost. India's top exporting states are all coastal states with Maharashtra at the top followed by Gujarat, Tamil Nadu and Karnataka. Among landlocked states U.P.'s exports are highest but with time and especially after services exports have started dominating the trade basket of most nations the problems of landlocked have been coming down. The important thing to workers is that the export basket of U.P. is very limited and highly concentrated. Buffalo meat is the largest contributor to U.P.'s basket of exports followed by leather. The share of jewellery and readymade garments as well as agriculture-based goods is increasing but not at the expected pace. With so much of manpower its service exports are negligible. Moreover whatever service exports are done are of low value addition. Manufacturing exports of U.P. are highly depressing. Be it electronic hardware, textile, scientific mechanised instrument, simple apparatus, chemicals, pharmaceuticals or any other manufacturing item U.P. remains backward not only in exports but also in domestic supplies. The large population of U.P. still lives in rural areas with no industrial hubs. The agriculture in U.P. has also not been progressive. These facts can be verified by various characteristics. The per capita G.S.D.P. of U.P. is second lowest (after Bihar) in India. The out-migrants to other states and countries are highest from U.P. The traditional industrial hubs have decayed over time e.g. Kanpur the Manchester of East does not have a single big textile factory. The power consumption per capita in U.P. is much lower than other states. Use of modern technology for manufacture and service sector is limited to parts of U.P. which are in N.C.R. Most aspirational and backward districts lie in U.P. Therefore it can be concluded that U.P. lags behind in economic infrastructure, manufacturing, services as well as exports in comparison to its population, resources and expectations. This leads to the question what needs to be done because it is certain that U.P.'s development is the primary condition of India's development.

## Part II

### Objectives

To study the reasons which hinder the growth of exports of U.P.; To recommend how U.P.'s exports can be doubled in a short period of three to five years and To suggest a long term perspective plan to enhance U.P.'s export which shall be employment intensive.

### Methodology

The methodology of the paper is analytical and descriptive and all data has been taken from the site of DGCIS. As mentioned in previous part U.P. is one of the largest states and more populous than many countries of the world. Its almost a complete developing economy. The main characteristics of a developing economy are clearly present in U.P. economy. A large primary sector and rural economy, scarcity of capital, negligible manufacture and industry, low exports and above all low per capita income the most important in U.P. economy is high level of unemployment so the key driver for development is generation of employment which will take care of poverty, low per capita income and economic growth. Enhancing exports can take care of all of these economic problems simultaneously full and productive employment thus is key for U.P. growth and exports. The main issue is how can export promotion policies help in strengthening the employment? The answer is simple as well as difficult. U.P. needs to focus on some specific exports and adopt a strategic policy where government needs to intervene, guide and support through policy tax and subsidy schemes which in short run may lead to higher revenue and fiscal deficits but in long run would help the exports and employment, here in his the first problems. Some specific exports need to be targeted which at present may not have a revealed comparative advantage but this advantage has to be created such as Japan achieved in Automobiles and China in many areas of manufacturing.

The first and foremost economic strategy is to assess the export potential of only few specific goods that need to be focused instead of promoting exports in general the U.P. must try to assess the potential of few export goods basket or foreign demand and foreign competition. This spotting is based on specific aspects such as availability of the product / service and its elasticity i.e. can the production be increased/decreased easily without hurting the overall infrastructure. Secondly is the commodity likely to remain in demand for substantive period i.e. is the demand stable or highly fluctuating. Then another condition is competitiveness. Earlier competitiveness was limited to price and quality only but now marketing has become an important tool. Advertisements, gifts, commissions all play an important part especially in manufacturing and electronics. Therefore competitiveness has to be analyzed in a broader perspective. Moreover marketing can also help in creating demand of new products or products in which one has a surplus. Lastly the trade and other relationship with the country are also to be analyzed. The country have difficult BOP situation try to curb their imports and hence less likely to encourage imports. So each product need to be specifically analyzed before taking its promotional strategy / change in infrastructure. In this respect U.P. has large untapped potential because of its

diversity in production skills and geographical features. International labour office has published a paper for 'spotting export potential and implications for employment in developing countries' in November 2018 which is very suitable to analyze the conditions of U.P. In this paper the author has developed an Export potential indicator (EPI) based on supply, Demand and Ease of Exporting to provide potential export value and untapped potential which is a gap between actual exports and potential exports based on empirical survey but this is more general in nature and can not be used until rationalised for U.P. at disaggregate level.

### *Part-III*

#### **U.P. Export Potential with reference to the specific products**

As mentioned above U.P. is a hub of many products which can be easily exported as there is great supply elasticity of these products and they are price and quality competitive. Below are given some such specific products which have revealed comparative advantage.

**Handicraft Products:** U.P. does only possess largest population in India but also skilled craftsmen and craft centres spread all across U.P.. Pottery (Khurja and Chunar), Chikankari (Lucknow), bangles and glass decorative pieces (Firozabad), Zari –Zardozi (Varanasi –Bareilly), metal ware (Moradabad), Carpets (Sant Ravidasnagar), Stone carving (Agra-Chitrakoot) are traditionally famous for their products not only in India but in the world. But only three i.e. embroidery metal ware and hand printed textile are earning some foreign exchange. In all other's exports are negligible and the exports destinations are also limited. They are limited to areas where Indian migrants are in large number i.e. U.S.A, U.K., Canada, Japan, Saudi Arabia etc. The reasons are not far to seek most of the handicrafts are produced at small scale with multiple producers e.g. in Lucknow there are more than 5000 Chikan factories with average business of Rs. 2000000 to 5 crore on annual basis. The producers do not venture in foreign markets mainly because they feel that they do not have enough capital and foreign business also entails lot of documentation. The Government of India has created a Handicraft export promotion council and now the concept of cluster production and marketing has also developed. But the problem of marketing still exists. One must remember that high net worth individual always prefer handicrafts and ethnic wear. But they would also prefer a branded ethnic wear. To create a brand name through continuous, attractive and innovative advertisements is a costly affair in the case of handicrafts thus cluster management (many groups combining to produce the variety and pool money to market) is the best option. They can also take advantage of various government schemes of market access.

#### **Agro based Products**

U.P. is largest producer of grains and vegetables and a very large producer of fruits, herbs, flowers as well as milk. One must remember that at present world market of agro based products is more than \$ 900 billion. Netherland exports flowers worth more than \$ 20 billion. Denmark's export of dairy products are more than \$ 20 billion. U.P. has such geographic and climatic advantage and variety that it can easily export agro based products of \$ 20 billion or more. Mango of different varieties Dusheri (Malihabad), Langda (Varanasi), Chausa (Prayagraj), and other fruits like guava, Papaya and Litchi (Saharanpur) are in great demand. Amla is known as mother nutrition fruit. One can go on having Agri products of U.P. which are very popular in India but their export is negligible. There are various reasons fruits, flower, and vegetables if are to be sold fresh need refrigeration facilities because their shelf life is very limited. But now processed fruits, vegetables, cut flowers have very long shelf life if processing is done properly and scientifically. The problem for exports of Agro products is both on supply side and demand side. On supply side the infrastructure is very poor. Villages are not well connected with all time roads. Warehousing is another problem, Cold storages are always full with potato and similar items. In rural industries mostly the work is done manually. In the field of processing and packaging the necessary information and technique is available. On demand side the growing needs of the ever growing population in U.P. attracts the producer to sell in domestic market. U.P. Government along with specialized agencies like APEDA should focus on specific products and regions to create a regular supply of goods to be exported. At present main exports of U.P. is Agrobased, animal based products are potatoes and buffalo meat along with negligible amount of some fruits essence and of course rice but the potential is great if right kind of policy and specific programmes like Agri export zones are implemented in right context.

#### **Services**

Being one of the most populous state of India its skilled manpower can be a great source of earning but the large part of population is unskilled and it migrates to various cities for petty jobs of security guards domestic servants, construction workers and so on. India in past twenty years has become a top exporter of I.T. services. In U.P. only Noida and some parts of N.C.R the I.T. services hub could not be created despite a large number of professionals available at hand. Chennai, Bengaluru, Pune and other southern states have developed large hubs of I.T. U.P. needs to start such projects where infrastructural facilities need to be provided to become a hub of exports. There are various other areas in which U.P. has a large potential for exports but unfortunately southern and western states took the lead and got advantage of liberalization policies adopted by Government of India since 1991. U.P. followed an inward looking policy and thus lagged behind both in spirit and infrastructure as well as foreign capital and technology.

Uttar Pradesh is one state whose macro economic variables effect the Indian Economy the most. A 5% rise in per capita income GSDP results in 1% rise in per capita national domestic product. Therefore an improvement in macro variables in U.P. would go a long way in improving Nation's variable. Therefore the export growth of U.P. is a necessary condition for export growth of India. One must remember that India's balance of trade is highly negative. India's export of commodities and services in normal period are around \$ 457 billion while its imports are around \$ 700 billion. At present high foreign capital and non sustainable debt have effected exchange rate very adversely. At the dawn of century 1 \$ was equal to Rs. 30 which is now around 76 Rs. Per dollar which is making export efforts further difficult. Therefore U.P. shall take lead to promote its exports where its revealed comparative advantage is very positive i.e. services and handicrafts. But the policies and implementations are very important.

Unfortunately the infrastructural bottle necks like power, transport and communication in U.P. Recently construction of roads and bridges have begun at war footings. Power supply has also improved but still U.P. needs huge investment in economic infrastructure. Moreover exports need to be given specific credit and tax incentives. Foreign investment is required to create infrastructure real as well virtual. Flow of bank credit towards export goods has to increase from around 1.5% of total credit to 8%. One can conclude that U.P. needs an overall holistic policy of exports for exports promotion which will also solve the problem of grave unemployment.

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