



**Districts**  
as Export Hubs



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE



**District Export Action Plan**

# **Kathua**



Preface

This district export plan for Kathua 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. 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. To implement Hon'ble PM's vision for each district, Govt of J&K is working to promote Kathua as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Kathua under the chairmanship of District Magistrate. With the said objective, 'District Export Action Plan' has been prepared and being presented to concerned stakeholders.

The report encompasses in-depth information on each district's geographic, demographic, and administrative profile, along with key statistics of prominent exporting products of Kathua, 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 Jammu & Kashmir for the respective product. The report also shares insights on availability of raw material, technology upgradation, infrastructure, designing, packaging, access to finance, skill development etc. Besides the detailed action plans, the timeline and responsibility matrix has also been defined with implementation schedule to give implementation roadmap of the product.

For this desired purpose, an extensive primary and secondary research was conducted. The report has been prepared in co-ordination with the Office of DGFT and Jammu & Kashmir Trade Promotion Organisation (JKTPO). The data has been sourced from multiple sources, including but not limited to data provided by office of DGFT, DICs, 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, the 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 JKTPo 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 20 districts of Jammu & Kashmir, where Ernst & Young (EY) has contributed as Knowledge Partner.

## 2. About District & Cluster

### 2.1 Introduction

Kathua district is located on the northern part of Jammu and Kashmir. District Kathua comes under Jammu division. Kathua shares its border with Punjab and Himachal Pradesh. The city of Kathua is headquarter of Kathua district and is divided into 27 wards which constitute the Kathua Municipal Council. It is situated along NH-44.

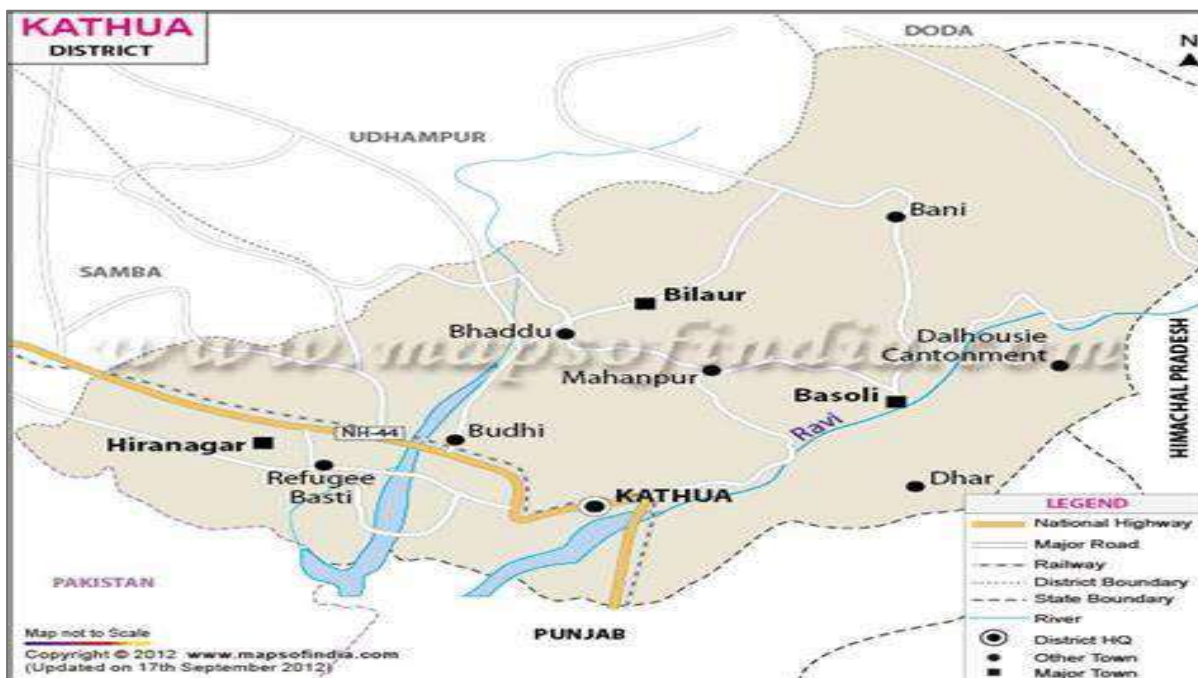


Figure 1: District Map of Kathua

## 2.2 District Profile

### 2.2.1 Geography

Kathua district is situated 32° 17' to 32° 55' North latitude and 75° 70' to 76° 16' East longitude. It has an average elevation of 393 meters. Kathua is a plain area and is surrounded by Shivalik hills.

### 2.2.2 Connectivity

Kathua District is 80 km away from Jammu city and 120 km from Katra. Interstate and Intrastate road transport is easily accessible due to close proximity to NH44. Jammu Airport is the nearest major airport with regular flights. The town is connected by Indian railways to all major cities of India. Intra-district transport is also easily available for travelling within the town and surrounding areas.

### 2.2.3 Administrative Setup

Kathua district comes under the Jammu Division. District has 5 assembly Constituencies, 11 Tehsils, 19 blocks & has approximately 512 villages. The district administrative functions are administrated through E-governance and all the information available on the district website.

### 2.2.4 Key Statistics

S. No.	Parameter	Description
1.	Geographical Location	32° 17' to 32° 55' North Latitude and 75° 70' to 76° 16' East longitude
2.	Total Geographical Area (Sq Km)	2502
3.	Population	6.16 Lacs
4.	Languages	Dogri, Pahari

5.	Literacy Rate	73.09%
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Table 1: Key statistics

Source: DIC, Kathua

### 3. Industrial Profile

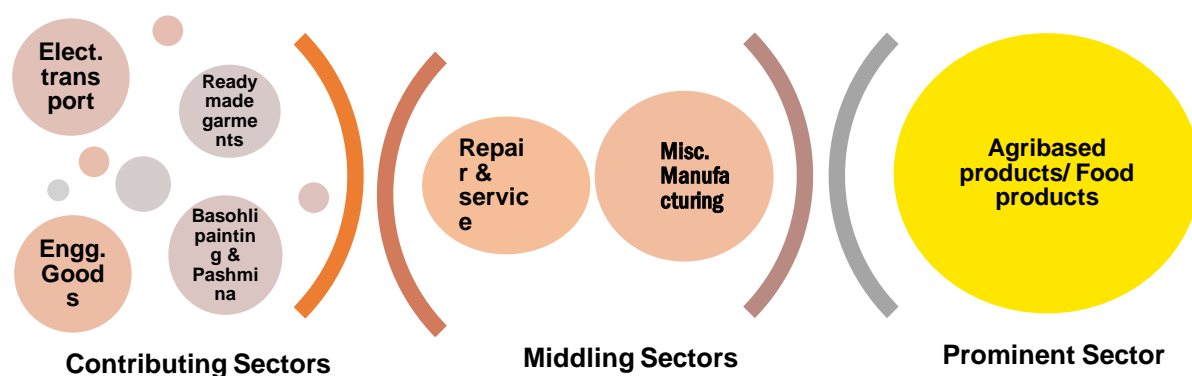


Figure 2: MSME landscape of the district

Jammu and Kashmir State Industrial Development Corporation (SIDCO), a J&K govt undertaking, is developing the infrastructure for establishment of large sized industrial complexes and estates. The Corporation is also responsible for the implementation of centrally sponsored schemes for establishing industrial growth centres, export promotion, industrial parks, food processing zones, software technology parks, among others.

Industrial Activities wise Units which were allotted land as per new Industrial Policy 2021-30 in District Kathua:

S. No	Category of industry	No. of Units in Ghatti	No. of Units in Budhi	No. of units in Foreain	No. of Units in Sahar Logate	No. of Units in Billawar (Kathua)	No. of units in Govindsar Kathua	Total
1	Pharmaceuticals	37	3	1	7			48
2	Pesticide/ Fertilizer	1			1			2
3	Plastic	15	14	1	1		1	32
4	Packaging	15	6					21
5	Textile/ Wooven Fabrics	8	2	1	1		1	13
6	Metal	6	23	1	4			34
7	FMCG/ Food Based	22	11	3	2	2		40

8	Chemical	2	3		5	1	1	12
9	Printing	1	2					3
10	Wood	2	2					4
11	Others	7	15	2	1	2	1	28
		116	81	9	22	5	4	

Source: DIC Kathua

**Progress made under new Industrial Policies:**

<b>Land Applications - 560</b>	
<b>Land Applied on Portal (in Kanals)</b>	<b>18965.80</b>
<b>Proposed Investment (in Cr)</b>	<b>34887.1</b>
<b>Proposed Employment</b>	<b>135805</b>

Source: DIC Kathua

<b>Land Allocated (in Kanals)</b>	<b>No. of Units</b>	<b>Proposed Investment in Cr.</b>	<b>Employment</b>
<b>5615.5</b>	<b>245</b>	<b>11307.73</b>	<b>34358</b>

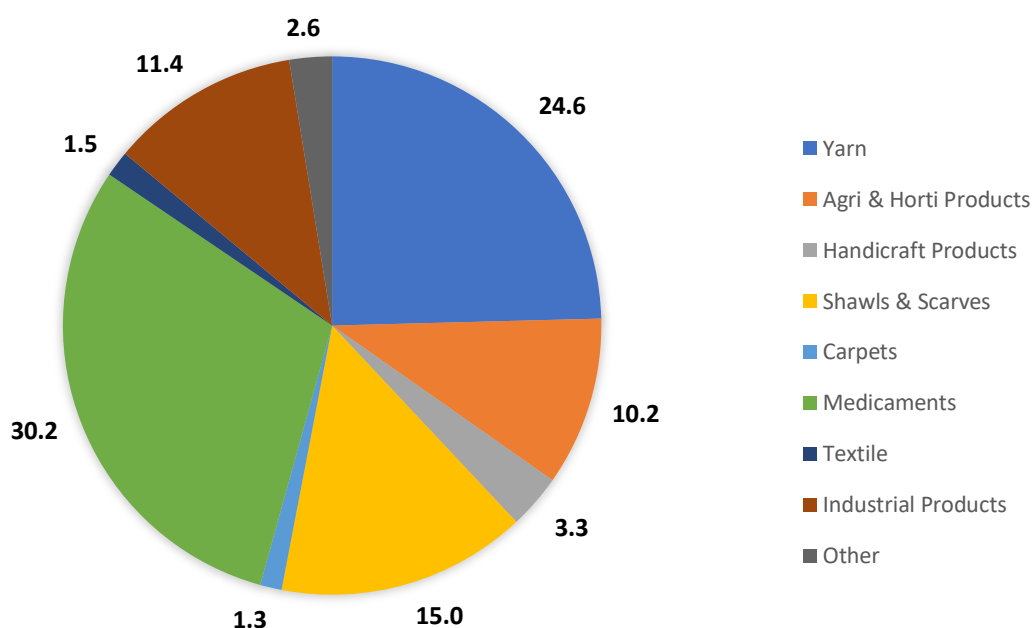
Source: DIC Kathua

<b>Investment realized in units which have commenced production (w.e.f 4/2021-till date)</b>	<b>439.64 Cr</b>
<b>Investment realized in units which are allotted land under new land allotment policy 2021-30</b>	<b>369.87 Cr</b>
<b>Units registered under New Central Sector Scheme 2021</b>	<b>73 Nos</b>
<b>Subsidy disbursed under New Central Sector Scheme 2021</b>	<b>10.70 Cr</b>

Source: DIC Kathua



### 3.1 Export Scenario of Jammu and Kashmir



Source: DGFT

Jammu and Kashmir, known for its breathtakingly beautiful landscapes, it's also rich in various natural resources and crafts, which opens significant export opportunities. A large number of agricultural and horticultural products such as apple, saffron, walnut, basmati rice, mushkbudji rice etc., from the region is popular across the globe. Other products like walnuts, almonds, cherry, and various other fruits and dry fruits are also exported. The region is also known worldwide for its splendid handcrafts. Products like pashmina shawls, carpet, silk, tweeds, Kashmir willow crickets and various wooden artifacts are largely exported to different parts about the globe.

Jammu and Kashmir's rich biodiversity is home to several medicinal plant species which are exported for pharmaceutical purposes. Minerals like gypsum, limestone, sapphire, granite and other decorative stones also make up the export list of Jammu and Kashmir.

Though not technically counted under traditional exports, tourism can be considered as an export in the service sector. The exquisite natural beauty, rich cultural heritage, and adventure opportunities have attracted tourists from around the world. The demand for tourist services generates substantial revenue for the region.

In the year 2022-23, J&K has exported products worth INR 1,337 Cr which of which Industrial Products such as medicaments, industrial chemicals, cotton / woollen / silk yarn contributed to about 66.2% of the total export, whereas agri and horticulture products contributes to about 10.2% and Handloom & handicraft products was about 19.6%. In the year 2023-24, the export value of the UT is expected to be increase by atleast 15% due to increase in the industrial production.

The export scenario of painting form India and Jammu and Kashmir has been analysed basis the export statistics of HS code 970110, under which paintings are exported. **India is the 20<sup>th</sup> largest exporter of HSN Code 970110 which is 56,426 (USD Thousand). However, the export of the same product from J&K is negligible and has a huge potential for export.**

The annual production of Basohli Pashmina products (shawls mufflers) in 2022-23 in District Kathua is approximately 2560 in number including productions from Training Centers, Karkhandar Units,

Cooperative Societies, Clusters, OFPO & Individual level Pashmina weavers of worth Rs 128 lacks. The JKTPO and Handloom Development Department Kathua play a catalytic role in providing the access to new designs by conducting various training programmes, providing financial support to the Pashmina weavers & facilitating marketing of Pashmina products by recommending participation of Pashmina weavers in various National, State & District level Fairs & Exhibitions through marketing incentives. The potential of export of Basohli Pashmina products in the international market is unprecedented and need to be tapped as an immediate measure.

#### **4. ODOP and District as Export Hub**

Under the initiative of One District One Product (ODOP) two products has been identified from the Kathua district of Jammu & Kashmir:

1. Basohli Painting
2. Basohli Pashmina

Basohli paintings are known for their vigorous use of bright colors, distinct facial features and enigmatic themes, often based on the love story of Radha and Krishna. The bold colors and intricate patterns of these paintings make them a unique and valuable part of the Indian artistic heritage.

Basohli Pashmina is a type of fine wool, obtained from special breed of goats (*Capra Hircus*) that are reared in the high altitude regions of Ladakh. It is known for its warmth, light weight and softness. This wool is hand spun and woven into exquisite shawls and stoles, using traditional techniques that have been passed down through generations.

Both these products have been identified as One District One Product (ODOP) as part of a government initiative to promote traditional crafts and products that are unique to different districts in India. While Basohli Painting has already been granted Geographical Indication (G.I.) tag, the process of registration is underway for Basohli Pashmina. The G.I. tag is a certification that ensures that only those registered as authorized users are allowed to use the popular product name, thereby protecting local crafts and their unique cultural heritage.

## 4.1 Basohli Painting

The Western Himalayan Hill State of Basohli, formerly known as Vishwashthali, is now as a Tehsil in District Kathua in the U.T of J&K. It is situated on the Right Bank of River Ravi at an Altitude of about 1876 ft. As per local tradition, Basohli State is said to have been founded by 'Basu/Vasu', a local Rana on the right bank of river Ravi. This was mentioned by Shiv Dobliya in his book titled as "*Basohli Darshan*". The Padma Shri Prof Shiv Nirmohi's mentioned the same in his book titled as "*Duggar ka Itihaas*". In the 10<sup>th</sup> Century (910-940 AD) the Raja Man Shakiya of Vallapur (Balaur) defeated Basu Rana of Basohli in a single battle and subsequently absorbed Basohli with Vallapur.

Raja Bhupat Pal rebuilt the ancient settlement of Basohli a short distance away on a slope of mountain. The transfer of capital from Balaur to Basohli due to security reasons probably happened in 1630. The signs of ancient Basohli can still be seen on the banks of River Ravi. People of different castes and art were settled in Basohli by giving different lands, that is why Basohli was named as Vishwashthali. But the Vishwashthali name could not last longer, the state become famous by its ancient name i.e., Basohli. Raja Bhupat Pal was later killed in 1635 by Raja Jagat Singh of Nurpur in connivance with Mughal, when he had gone to Delhi to visit Mughal Emperor Shah Jahan.

The historic state of Basohli has been renowned for its unique Arts and Culture, such as the world famous Basohli Pashmina Shawls and Basohli School of Miniature Paintings, amongst others. Basohli School of Painting is the first School of Pahari Painting, and a significantly important School in Indian Paintings.

"Basohli is a distinctive school, a great virile exponent of traditional art. *Indian painting would have been poorer if the art of Basohli had not existed*", says Ajit Ghose.

The report prepared by *Archaeological survey of India* way back in 1918-19 and published in 1921 mentioned the Basohli Paintings for the first time. The report stated that some Basohli Paintings have been acquired by the Curator of Central Museum, Lahore from dealers around Punjab who called them Tibeti paintings. The Curator has concluded from his study that the Basohli School is possibly of *pre-Mughal origin* and the so-called Tibeti paintings are nothing but the late production of this School.

In '*The Basohli School of Rajputs Painting*' by Ajit Ghose, that these paintings in Museum represents different tantric manifestations of the Goddess Durga and do not show any traces of Mughal influence either in drawing or in colouring. The use of well-cut pieces of beetle's wings jewels in ornaments is a peculiar feature of these paintings.

In '*Indian Court Paintings, 16th-19th Century*' Steven Kossak writes that in contrast to the assimilationist tendency of the Rajasthani ateliers, the Punjab Hills workshops (Western Himalayas, of which Basohli is a part) turned their backs on Mughal influence. The Basohli idiom seems quite clearly to *reject Mughal conventions* in favour of a style solidly within the mainstream of indigenous Rajputs tradition, one that appeals directly to the senses by means of colour and pattern. The same holds true for subject matter. Pahari (that is, Punjab Hills) paintings mostly illustrate religious texts rather than embracing Mughal subject matter as most of the Rajasthani ateliers had.

It can be thus concluded that Basohli Paintings represent a much older art tradition in Basohli. Basohli Paintings illustrations are mostly based on Hindu pantheon, mythology and religious text. From Basohli, the style spread to the hill states of Mankot, Jasrota, Nurpur, Bilaspur, Kulu, Kangra, Chamba, Guler and others. As the style spread, variations due to local conditions developed resulting in the growth of several new schools of Pahari Paintings. Some masterpieces of Basohli School are in the prestigious museums, art galleries, palaces and a number of other prominent places across the hill states, India and the world.

Pal Dynasty of Basohli leads to the Revival and development of traditional Basohli Painting Craft. All the Pal rulers play a catalytic role in the promotion of Basohli Painting Craft. But the time period of Raja Kripal Pal (1678-16930) was considered as the vibrant period for the revival, development and promotion of Basohli Painting Craft. It was during his time period that a more mature in style and expression type of artwork emerged in Basohli Paintings Craft. He encouraged local Artisans toward the fine Art of already existing Basohli Paintings Craft with theme based on Hindu Mythology and Religious Text like Ramayana. He formed Atelier for the promotion of Art.

## 4.2 Theme of Basholi Paintings

Basohli Paintings is fusion of Hindu mythology and folk art of the Local Hills. The themes includes:- Portraits of Local Rulers, Local Traditions and environment, Devi Series (it deals with the Bhadrakali a supreme deity), Hindu Religious Texts like the Ramayana, Bhagvata Purana (it deals with the life of Lord Krishna). Ragamala Series (Paintings depicting a range of musical melodies known as Ragas), Rasmangri Series (It concentrates the love theme of Nayaka and Nayak, Shiv & Parvati, Ram & Sita, Radha & Krishna). Gita Govinda Series (it deals with the songs of Lord Krishna).

## 4.3 Characteristics/ Qualities

1. Basohli Paintings are handmade miniature paintings to be held in hand and read closely, characterized by 8"x12", 9"x13", 8"x7", 9"x7" predominating sizes. Now a day these Paintings are mostly available in 8"x12", 9"x13" and 9.5"x13.7" sizes. And followed by mounting and framing width and length increases by 4" (depends upon Artisan and customer). Besides this as per demand Artisans also go for bigger sizes and even smaller too.
2. Basohli Paintings are known for its exquisite beauty characterized using stone colours and the colours extracted from the leaves of the plants. The colours are evocative with ochre yellow, brown & Green background predominating and Red, Yellow and Blue in the Borders.
3. Basohli Paintings are characterized using original Gold and silver for Golden and silver colour. Gold is used for embroidery in ornaments and silver for embroidery as well as for painting of dresses, windows, and pillars of pavilions.
4. The figures in the paintings represent the perfect geometrical pattern characterized by bold lines, vibrant colours, receding forehead, high nose pointed in unbroken continuation, receding chin, full cheeks, the large bulging lotus petal shaped eyes, short choli, skirts, scarves, diaphanous draperies.
5. A distinctive technique is the depiction of jewellery by thick, raised drop of white colour with particles of green beetle wings used to represents emeralds.
6. Decorative treatment of the landscape and high horizon are among the prominent characteristics of the Basohli Paintings. The bright sunlight is shown as a thin wisps and curls on the horizon, light rain is depicted by pearl like strands and heavy rain by straight white lines linked with clouds. Edges of lakes and river are also beautified by a decorative treatment of circular lotus leaves interspersed with the pink buds and flowers.
7. Basohli Paintings are characterized by the highly conventionalized representation of trees. Forests are shown as circle of trees. The trees depicted in Basohli Paintings are also symbolical.

For instance, Love-sick Nayaka is shown under the drooping branches of willows; ripe mangoes are a symbol of the physical charm of women.

#### 4.4 Colours used in Basohli Paintings

Basohli Paintings are characterized using evocative stone colours, colours extracted from the leaves of the plants and combination of colours. Basohli Paintings are also characterized using original Gold and Silver for Golden and Silver Colour, some stone colours and colours from plants are available in District Kathua, Samba, Udhampur, Jammu and some stone colours are brought from the Rajasthan. Artisans keep discovering plant and stone colours. The processing of colours is done by the Basohli Paintings Artisans themselves.

S.No	Colours	Material
1.	White	Khadiya Clay, Seashells, Zinc oxide
2.	Red	Sangaraf stone, Indian Red Stone, Resin from lac insect, Red Sindoor, Berries of <i>Rhododendron</i> sps.
3.	Orange	Tesu flower ( <i>Butea monosperma</i> ) orange sindoor, combination of Red & Yellow Colour, Red Lead.
4.	Yellow	Barkihartaal Stone, Mango Leaves, Simbal Tree Leaves ( <i>Bombax ceiba</i> )Turmeric Powder, Roots of Berberis, Saffron
5.	Blue	Lapis Lazuli stone, Indigo (Neel)
6.	Green	Green Algae, Malachite Stone
7.	Yellow Green	Yellow Green Algae
8.	Parrot-Green	Combination of blue & Yellow Colour
9.	Black	Kajol, Lamp Black from earthen lamps & Kapur Balls.
10.	Brown	Combination of primary colour (Red, Blue & Yellow)
11.	Golden	Original pure Gold Leaf Paper & Combination of brown & Yellow colour
12.	Silver	Pure silver leaf paper, seashells & Combination of white, Black & Blue Colour
13.	Bluish Green	Combination of Green and Yellow colour

#### 4.5 Process of making Basohli Paintings

**(1)Paper sheet:** Basohli Paintings are made on handmade sheets prepared by the Artisans themselves or on Sialkoti Paper / wasli Paper. Earlier Basohli Paintings are made on handmade sheets and on Sialkoti paper. Sialkoti paper is handmade thick paper having good power of absorption of colors and is known for durability also. Due to the non-availability of Sialkoti paper the Artisans now made paintings on wasli paper. Artisans either bring wasli paper from Jaipur (Rajasthan) or they bring handmade sheets from Rajasthan & prepare wasli paper themselves. Wasli paper is prepared by pasting layers of 4-8 thin sheets of handmade water absorbent paper that are bound together with the flour (Maida). Blue vitriol/copper sulphate (Neelathotha) is also added to the flour, as it prevents paper from being destroyed by many insects. After drawing of these layers wasli paper was burnished either with a smooth stone preferably cornelian (Aqeeq) or with a large seashell to make the wasli paper glossy in appearance.

**(2) Color:** - The color of the Basohli Paintings is processed on seashells. It gives natural and traditional feel of processing color and then colors are processed smoothly and finely. The colors are mixed with kikar gum/badam gum to increase its fixation properties. The colors are also stored and used from seashells.



This is because the shells prevent mixing of colors and even if the color dries on the shells it can be reused by easily adding water.

**(3) Brushes:** - The Brushes for Basohli Paintings are made up of squirrel hairs and the feather of kalmoha (Dove) Feather having Bamboo Strand.

**(4) Whitening of Wasli-paper:** - Wasli-paper is Cremish in color, so before drawing of sketch/ illustrations it is painted with white color in order to achieve clear white look followed by drying and burnishing with either smooth stone preferable cornelian stone (Aqeeq) or with white large seashell in order to achieve the smooth and glossy look of the paper.

**(5) Drawing of sketch/ illustrations:** - Firstly sketch of idioms including decorative items and landscapes as per requirement of painting are drawn on the wasli paper with the help of brushes/ pencil. If pencil is used than the sketch is further outlined with the help fine brushes.

**(6) Coloring of Elements of Painting:** - The sketch/ illustrations are colored as per requirement of the painting with the help of fine brushes. If gold and silver are to be used in painting, then at required places Artisan apply yellow and light white as a base color for Gold and Silver respectively. Although there is no requirement of adding layers of colors in the paintings as the natural colors shows vibrancy in single coating but if required all the elements of Basohli Paintings are colored again and again followed by drawing and burnishing.

**(7) Detailing of Painting:** - After burnishing there is possibility of spreading of colors that affect the outline of the distinctive elements of Basohli Paintings. If so, the elements of paintings are again outlined with the help of fine brushes. After these small decorative features are done in paintings like depiction of Jewelry by thick, raised drop of white color, use of Gold and Silver on the base colors, Exposing bold eyes on the face of the idioms, use of Green beetle wings in the jewelry of paintings to represents emeralds, and extra colors are also removed with help of hard brushes. The painting is further subjected for burnishing. This time burnishing is done only where gold and silver have been used and that too with the small Aqeeq.

**(8) Bordering of Painting:** - The painting is bordered by mainly using primary colors (Red, Blue, Yellow) and if required followed by adding layers also.

**(9) Finishing:** - All the elements of the paintings are re-outlined and any deficiency in the painting if noticed that too is fulfilled.

**(10) Mounting & Framing:** - Painting is finally mounted on mount sheet followed by framing.

#### 4.5 Current position of Basohli Paintings in district Kathua

The Department of Handicrafts Kathua has a Single Basohli Painting Training Center in Basohli. This Center is of Elementary type providing free of cost training to 20 numbers of Trainees in Basohli Pashmina Craft. Besides this The Department of Handicrafts Kathua provides Rs.1000-/-stipend to the trainees per month for the period of two year followed by Advanced Course Stipend of Rs.1500 per trainee/month for the period of two year again.

S.NO.	TRAINING CENTERS	LOCATION	TRAINEES	STATUS
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01	Basohli Painting Training Center	Nagrota Preta Basohli	20	Active
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After completion of training course all the trainees are registered with the Department as a Basohli Painting Artisans. The registration is online via single window system, so that they can avail the Schemes of the Department, establishes their units, and earn their livelihood by the production and sale of Basohli Paintings. In this connection marketing support is also provided by the Department.

Registered number of Basohli Painting Artisans (2023-24)	210
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In connection to skill-upgradation in Basohli Painting Craft including its revival, so far the Department of Handicrafts Kathua has established 04 -number of Basohli Painting Karkhandar Units in Kathua. The master trainer of these units upgraded the skill of 30 numbers of ex-trainees in Basohli Painting Craft. Now all these units have formulated Industrial Cooperative Societies registered by The Director Handloom & Handicrafts, Jammu under J&K Self-Reliant Act, 1999.

S.NO.	KARKHANDAR UNIT	LOCATION	EX-TRAINEES	STATUS
01	Basohli Painting Karkhandar Unit	Ward no.12 MC Basohli	05	Active
02	Basohli Painting Karkhandar Unit	Ward no.8 MC Kathua	05	Active
03	Basohli Painting Karkhandar Unit	Krishna colony Kathua	10	Active
03	Basohli Painting Karkhandar Unit	Dadoli,Nagri	10	Active

#### 4.6 Status of Baohli Painting Cooperative Societies

The Department of Handicrafts Kathua has formulated 05 number of Industrial Cooperative Societies of Basohli Paintings under J&K Self-Reliant Act, 1999. All these societies have availed the benefit of Financial Support Scheme. Under this Scheme Financial Support of Rs.1-lac in two equal instalments for the period of 2-years is provided by the Department to the Societies and the amount is non-refundable.

<b>SOCIETIES UP TO 2023-24</b>	05
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S.NO.	COOPERATIVE-SOCIETIES	LOCATION	ARTISANS	STATUS
01	THE BASOHLI ART & PAINTING H/C ICS LTD.	BASOHLI	11	ACTIVE
02	BASOHLI VISHWASTHALI ART & PAINTING H/C ICS LTD	BASOHLI	14	ACTIVE
03	JAI DURGS BASOHLI ART & PAINTING H/C ICS LTD.	KATHUA	11	ACTIVE
04	KANCHAN BASOHLI ART & PAINTING GALLERY H/C ICS LTD	BARNOTI,KATHUA	11	ACTIVE

05	SHRI KRISHNA BASOHLI ART & PAINTING H/C ICS LTD	DADOLI,NAGRI	11	ACTIVE
	TOTAL		58	ACTIVE

#### 4.7 GI-Tagging of Basohli Painting

The world famous Basohli Paintings from Kathua District has obtained the GI Tag-2023. The Directorate of Handicrafts and Handloom, Jammu achieved this remarkable milestone. The GI Tagging of Basohli Painting is a proud moment for the cultural and artistic heritage of Jammu & Kashmir and a step forward in promoting this traditional Art & Craft.

It will preserve the heritage of the Craft as the products is specific to the region & has a long past history. GI-Tag highlights authenticity of Basohli Paintings in terms of origin, uniqueness, quality, branding, price & Marketing of Basohli Paintings at National and International Level & hence preserves the traditional Craft of Basohli & Boosts the regional economic Development. GI-Tag affords better legal protection to facilitate an action for infringement. The registered proprietor and authorized users can initiate infringement actions. The authorized users can exercise right to use the Geographical indication.

#### 4.8 Departmental Schemes

Departmental Schemes for promotion & Sale of Basohli Paintings.

S.NO.	DEPARTMENTAL -SCHEMES
01	CREDIT CARD SCHEME FOR ARTISANS & WEAVERS
02	FINANCIAL SUPPORT SCHEME
03	KARKHANDER SCHEME
04	PROMOTION & MARKETING INTERVENTION (RENTAL-CHARGES)
05	EDUCATION SCHOLARSHIP SCHEME FOR CHILDREN OF ARTISANS

#### 4.9 Export Potential

Basohli Painting Craft of District Kathua has a great potential of employment generation & boosting the economic growth of the region. The Annual production of Basohli Paintings 2022-23 in District Kathua is approximately 1290 in number via Training Centers, Karkhandar Units, Cooperative Societies, & Individual level Artisans of worth Rs 49.50 -/- lacks. The Department of Handicrafts Kathua play a catalytic role in skill-upgradation, access to new diversification in the product by conducting various training programmes, workshops, providing financial support to the Artisans & facilitating marketing of Paintings by recommending participation of Basohli Painting Artisans in various National, State & District level Fairs & Exhibitions through marketing incentives. Thus, Distt Kathua has a great potential of production & sale of Basohli Paintings.

#### 4.10 Production and Sale (2022-23)

S.N O.	PRODUCTION SOURCE	ANNUAL APPROX.PRODUCTION IN NO. (Basohli Paintings)	ANNUAL APPROX. VALUE IN LACS
01	BASOHLI PAINTING TRAINING CENTER	70	0.70
02	(KARKHANDER UNITS)	450	18.00
03	COOPERATIVE SOCIETIES	620	24.80
06	INDIVIDUAL LEVEL ARTISANS	150	6.00
TOTAL		1290	49.50

#### 4.11 Cluster Stakeholders

<ul style="list-style-type: none"> <li>▶ Village Knowledge Centres</li> <li>▶ Financial institutions – J&amp;K Bank, Cooperative Bank, State Bank of India, Punjab National Bank, Punjab &amp; Sind Bank, Allahabad Bank, Cooperative Bank and HDFC bank etc.</li> <li>▶ Govt Schemes &amp; Implementing agencies such as Govt., PSUs, Joint Ventures, NGOs, Coop Sector, industrialists etc.</li> </ul>	<ul style="list-style-type: none"> <li>▶ District Industries Enterprise Promotion Council (DIEPC)</li> <li>▶ Industry Associations</li> <li>▶ JKTP0</li> <li>▶ DHHJ</li> </ul>
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Figure : Cluster Stakeholders

#### 4.12 Industry Associations

Following are two principal Industry Associations/SPVs that are working for the development of Basohli Painting in Kathua:

- ▶ Department of Handicrafts & Handloom of Jammu
- ▶ District Industries Enterprise Promotion Council (DIEPC)

### 4.13 Value Chain of Basohli Painting

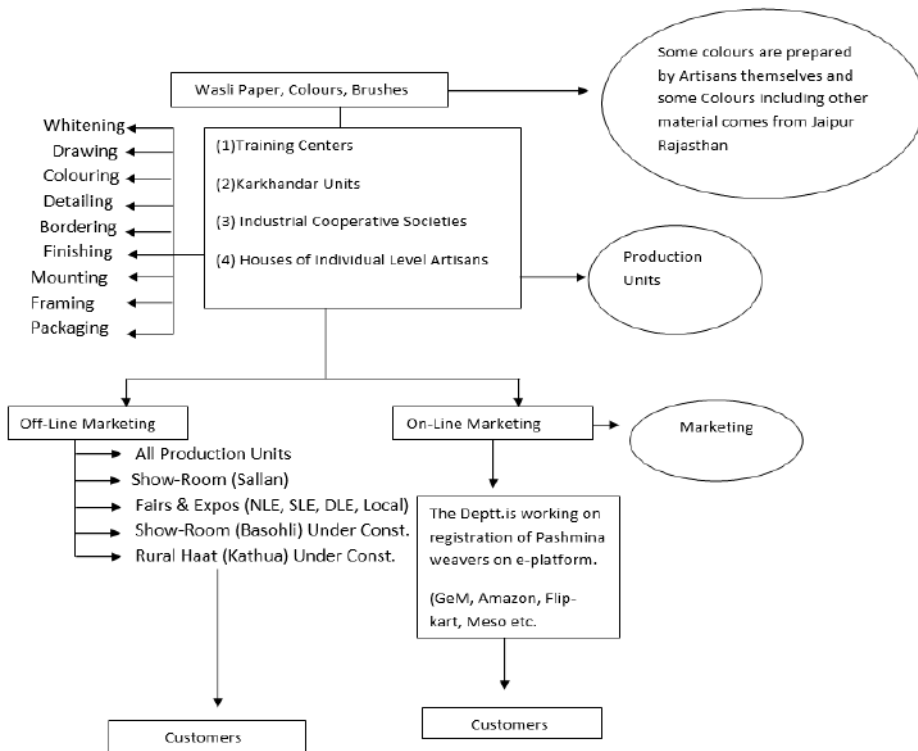
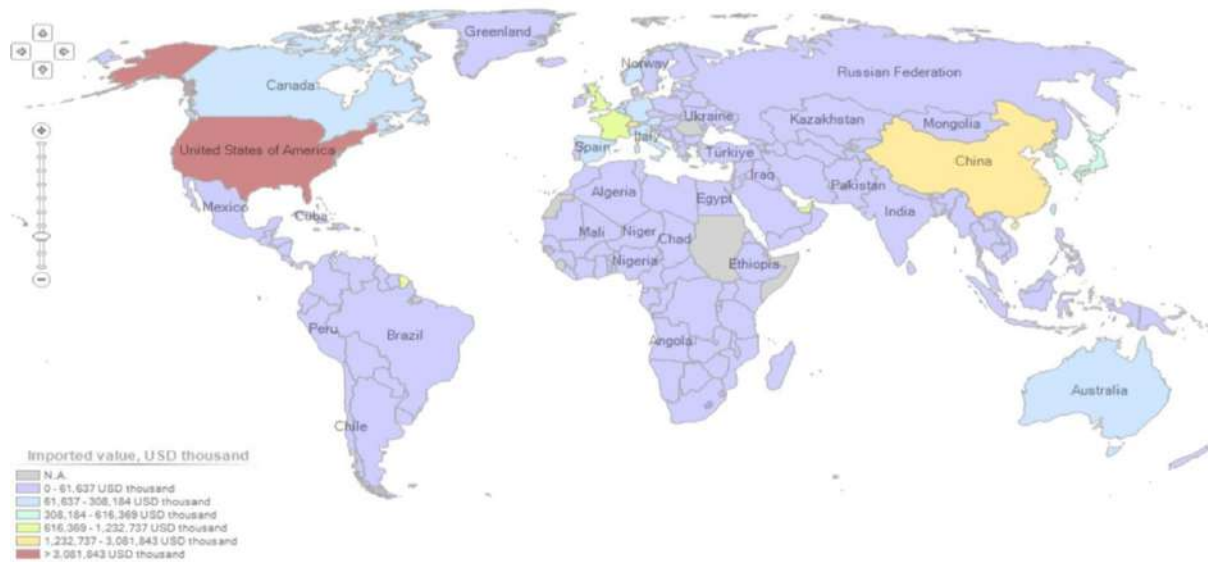


Figure 4: Value Chain of Basohli Painting

### 4.14 Export Potential of Basohli Painting

List of importers for the selected product in 2021

Product : 9701 Paintings, e.g. oil paintings, watercolours and pastels, and drawings executed entirely by hand (excluding technical drawings and the like of heading 4906. and hand-painted or hand-decorated manufactured articles): collages and similar decorative



Source: Trademap.org

Following HSN Code is being used for export of Painting

HS codes	Description
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<b>970110</b>	<b>Paintings, e.g. oil paintings, water colours and pastels, and drawings executed entirely by hand (excluding technical drawings and the like of heading 4906, and hand-painted or hand-decorated manufactured articles)</b>
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Table 6: HSN of Basohli Painting

Source: <https://services.gst.gov.in/services/searchhsnsac>

### Top importers of the paintings under the HSN Code 970110

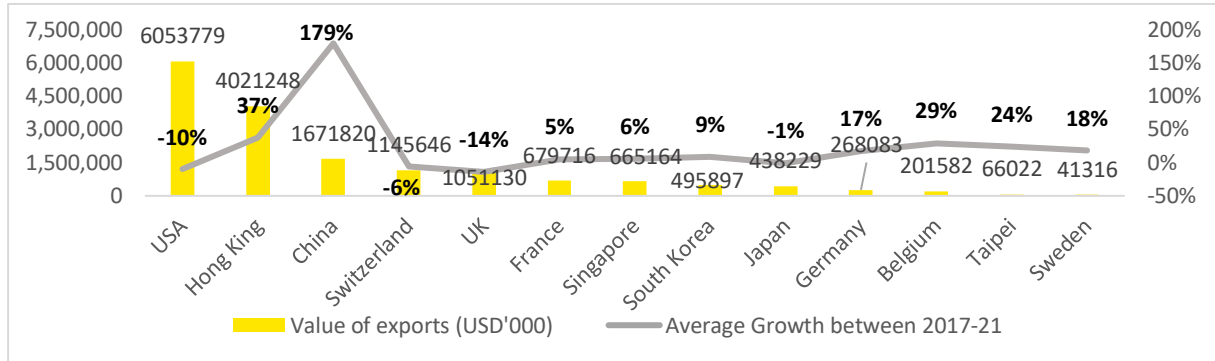


Figure 5: Top importers of Painting world-wide

Source: Ministry of Commerce, India

### Top Countries to whom India Export Paintings under the HSN Code 970110

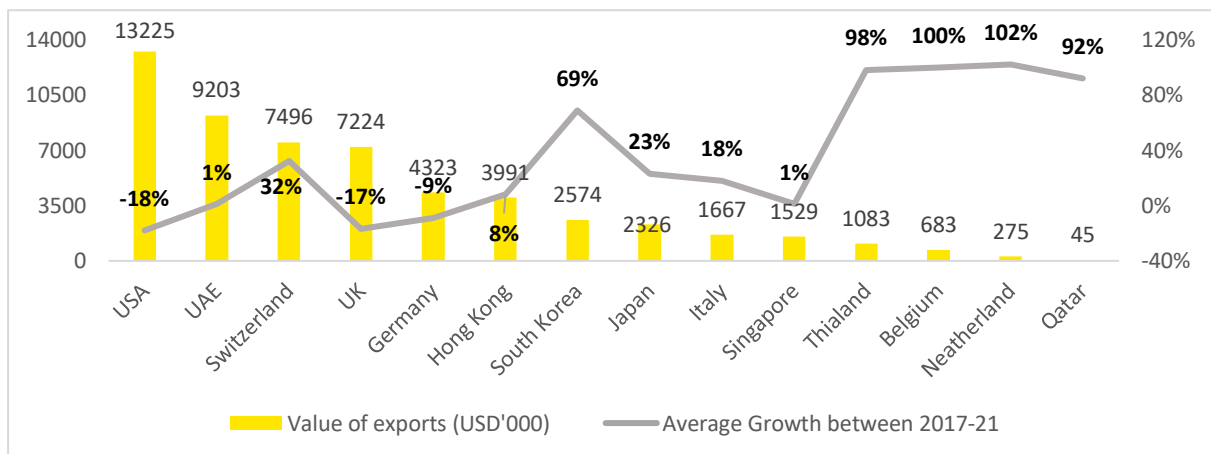


Fig. 6: Top countries to whom India exports

Source: Ministry of Commerce, India

## 4.15 Current Export scenario from Jammu and Kashmir for paintings

The export scenario of India and Jammu and Kashmir has been analysed basis the export statistics of HS code 970110, under which paintings are exported. Alongside are the key facts pertaining to the analysed product codes.

The HS Code used for analysis is 970110. India is the 20<sup>th</sup> largest exporter under this HSN Code which is 56,426 (USD Thousand) and on 0 USD thousand from J&K.

Particulars	Value (USD 000)
Value of World Exports in 2021	18,071,591

Total Exports from India in 2021	56,426
Total Export from J&K in 2021	0

Table 7: Export of paintings from J&K

Source: Ministry of Commerce, India

## 4.16 Financial Implications

### Hard Intervention

S. No	Intervention	Cost
1	Setting up of Raw Material Banks	0.5 Cr
2	Setting up a Common Facility	2.09 Cr
<b>Total (A)</b>		<b>2.59 Cr</b>

### Soft Intervention

S. No	Intervention	Cost
1	Skill Up-gradation and Capacity Building Training	0.5 Cr
2	Publicity and Promotion of G.I. Tagged painting	1.0 Cr
3	Marketing and Promotion	1.0 Cr
4	Market Research/Study	0.5 Cr
<b>Total (B)</b>		<b>3.0 Cr</b>
<b>Total (A+B)</b>		<b>5.59 Cr</b>

### Financial Implication for Basohli Painting for one CFC

S.no	Name of Machinery	Quantity	Function	Cost (INR)	Total (INR)
1	Morso F mitre cutting Guillotine machine	4	Cutting of frames	2,50,000/-	10,00,000/-
2	Alfaminigraf 3 Bench Model	2	For joining of of frames	3,00,000/-	6,00,000/-
3	Hot Machine	3	For lamination purpose	27,000/-	81,000/-
4	Mount Cutter (Vallini Astra)	5	For mount cutting In different shape and sizes	1,30,000/-	6,50,000/-

5	Flex gun Machine	4	For pinning and jointing of the frames	5,000/-	20,000/-
6	Air Compressor (ELGI)	4	Attached with fiexi gun Machine.	45,000/-	1,80,000/-
7	Racks	5	Storage of raw material	5000/-	25,000/-
8	Racks	10	Storage of finished goods	5000/-	50,000/-
9	Land	20000 sq ft			Rs 25,00,000/-
10	Building Infrastructure with generator, boundary, 25% greenfield				Rs 1,64,00,000/-
<b>Total</b>					<b>Rs 2,09,21,000/-</b>

#### 4.17 SWOT Analysis of Basohli Painting

Strengths	Weakness
<ul style="list-style-type: none"> <li>▶ Good strength of skilled Basohli Painting in Basohli town.</li> <li>▶ Huge production capacity &amp; large employment generation potential.</li> <li>▶ The Departmental Basohli Painting Training Center located at Basohli.</li> <li>▶ 05-number of Industrial Cooperative Societies on Basohli Painting Craft registered by the Department.</li> <li>▶ GI-Tagging of Basohli Painting</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of Raw-Material Units in Basohli.</li> <li>▶ Poor Market-Linkages.</li> <li>▶ Lack of Departmental Instructor</li> <li>▶ CFC, Basohli Paintings.</li> <li>▶ Artisans are not covered under 10% special Rebate on sale of Handicrafts products.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Because of growing population &amp; unemployment peoples are moving towards Self-employment.</li> <li>▶ Increasing demand of Basohli Paintings.</li> <li>▶ MoU signed with NIFT, Srinagar for new &amp; innovative designs in Basohli Paintings including packaging.</li> <li>▶ Artisans frequently got opportunities to participate in various Fairs/Expos.</li> <li>▶ Growing Tourist Interest for Basohli.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Shortage of labour</li> <li>▶ Competition from other clusters like Chamoli</li> <li>▶ Non- availability of finance</li> <li>▶ Lack of timely and adequate credit from credit institutions</li> <li>▶ Frequently disturbing electricity and power failures.</li> <li>▶ Absence of adequate infrastructure affects the quality, quantity and</li> </ul>

<ul style="list-style-type: none"> <li>▶ The Department is working on registration of Artisans on e-platform.</li> <li>▶ Establishment of Basohli Painting Testing Laboratory at Basohli.</li> </ul>	<ul style="list-style-type: none"> <li>▶ production resulting in under-utilization of capacity.</li> <li>▶ Lack of demand-based production system.</li> <li>▶ Young youths are keener towards the Govt. jobs.</li> </ul>
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Table 15: SWOT Analysis

Source: Based on Primary and Secondary Research

## 5.0DOP Product: Basohli Pashmina

Basohli formerly known as Vishwasthali is a town in District Kathua in the U.T of J&K. It is situated on the right Bank of River Ravi at an Altitude of about 1876 ft. Basohli is very famous since time immemorial in terms of Art, Craft and Culture. It is known for world famous miniature Paintings known as Basohli Paintings and an article of pure warmth and elegance known as Basohli Pashmina Shawls & Mufflers.

Handloom weaving was prevalent in the place as an indigenous Traditional Craft. Earlier weavers of this region including other regions now named as Billawar and Bani used to weave woollen products only. The peoples of this region in District Kathua reared sheep for meat and wool purpose. The wool so obtained was finally processed traditionally into fabrics with the help of Charkhas and handlooms. With time local level development starts happening in handloom weaving in Basohli and Pashmina fibres were introduced.

Pashmina Fibres are obtained from Pashmina Goat. In India there are mainly two types of Pashmina Goats. One is Chegu and other is Changthangi (*Capra hircus*). Chigu is found in the areas of Kinnaur, Lahul spiti, Kulu and Kalang in Himachal Pradesh. The Changthangi Goat is reared in Changthang, Ladakh which is located over 3500 meters above sea level. The average range of temperature of this area is +40 to -40 degree Celsius which is considered as one of the harshest temperatures in the world.

Pashmina fibres are the undercoat fibres of Pashmina Goat that grows mostly on their underbelly, neck and behind the ears. During winter season, these Goat produces undercoat Pashmina fibres as an adaptation for protection against harsh cold. These fibres insulated the body of Pashmina Goat and hence play a very important role for their survival. And during spring/summer season these goats shed this itself. The herders of Ladakh comb their goat to get Pashmina fibres mixed with outer coat fibres which is termed as Mixed Pashmina. This is most prominent method of achieving Pashmina fibres and even some time they trim the goat also. The Ladakhi peoples are not expertise in the processing of Pashmina fibres, so they mostly used to sell the Raw Pashmina to the weavers of Kashmir.

Some Pashmina traders from Leh-Ladakh came to know that there is a place called Basohli where there are many peoples who are engaged in handloom work. Some Pashmina Traders went to Basohli for sale of Raw Pashmina, and this leads to the introduction of Raw Pashmina in Basohli. In the beginning the weavers of the Basohli faces many difficulties in Pashmina weaving but finally because of their innate ability of weaving, curiosity, and hard work they processed Pashmina fibres into fabrics. Moreover the environmental factors of Basohli like moisture, temperature etc.) Also suits Pashmina weaving in Basohli. After that Pashmina fibres kept coming from Ladakh and Himachal Pradesh as well. But mostly Basohli weavers preferred Pashmina fibres from Ladakh because the Pashmina fibres from Ladakh are comparatively finest and luxuries in quality. It is also said that during 17<sup>th</sup> & 18<sup>th</sup> century 700 families of Kashmiri Pashmina Weavers used to settle in Basohli and built up a prosperous trade because the quality of Pashmina fabrics weaved by Basohli Pashmina weavers are handmade and pure in quality and even today there is no mechanized unit of Pashmina weaving in District Kathua. This revealed that Basohli Pashmina weavers are still following the traditional way of weaving and hence play a very important role in the perseverance of Traditional Craft of Basohli Pashmina weaving.

### 5.1 Current Position of Basohli Pashmina

The Handloom Development Kathua has a Single Basohli Pashmina Training Center in Basohli. This Center is of Elementary type providing free of cost training to 20 numbers of Trainees in Basohli Pashmina Craft. Besides this Handloom Development Department Kathua provides Rs.1000-/-stipend to the trainees per month for the period of one year.

### 5.2 Status of Training Centers

S.NO.	TRAINING CENTERS	LOCATION	TRAINEES	STATUS
01	Basohli Pashmina Training Center	Plahi,Basohli	20	Active

After completion of training course all the trainees are registered with the Department as a Pashmina weavers. The registration is online via single window system, so that they can avail the Schemes of the Department, establishes their units and earn their livelihood by the production and sale of Basohli Pashmina Products. In this connection marketing support is also provided by the Department.

Registered Pashmina weavers upto 2020-21	Registered Pashmina weavers (2021-22)	Registered Pashmina weavers (2022-23)	Registered Pashmina weavers (2023-24)Sept.	Cumulative Total
341	22	223	53	639



In connection to skill-upgradation in Basohli Pashmina Craft including its revival, so far the Handloom Development Department Kathua has established 03 -number of Basohli Pashmina Karkhandar Units in Basohli. The master trainer of these units upgraded the skill of 30 numbers of ex-trainees in Basohli Pashmina Craft. Now all these units have formulated Industrial Cooperative Societies registered by The Director Handloom & Handicrafts, Jammu under J&K Self-Reliant Act, 1999.

S.NO.	KARKHANDAR UNIT	LOCATION	EX-TRAINEES	STATUS
01	Pashmina Karkhandar Unit	Nagrota preta, Basohli	10	Active
02	Pashmina Karkhandar Unit	Mandla, Basohli	10	Active
03	Pashmina Karkhandar Unit	Ward no.13, Basohli	10	Active

### 5.3 Status of Basohli Pashmina Cooperative Societies

The Handloom Development Department Kathua has formulated 13 number of Industrial Cooperative Societies of Basohli Pashmina under J&K Self-Reliant Act, 1999. All these societies have availed the benefit of Financial Support Scheme. Under this Scheme Financial Support of Rs.1-lac in two equal instalments for the period of 2-years is provided by the Department to the Societies and the amount is non-refundable.

SOCIETIES UP TO 2023-24 September	14
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S.NO.	COOPERATIVE-SOCIETIES	LOCATION	WEAVERS	STATUS
01	THE CHARKHA SPINNERS & WEAVERS PASHMINA HANDLOOM	BASOHLI	12	ACTIVE
02	SAHIB PASHMINA HANDLOOM	BASOHLI	12	ACTIVE
03	HARI OM PASHMINA HANDLOOM	BASOHLI	46	ACTIVE
04	WARIS PASHMINA HANDLOOM	BASOHLI	14	ACTIVE
05	MOIN PASHMINA HANDLOOM	BASOHLI	11	ACTIVE
06	NAV DURGA PASHMINA HANDLOOM	BASOHLI	11	ACTIVE
07	JAI JODOYA HANDLOOM	BASOHLI	11	ACTIVE
08	SHIVAM WEAVING HANDLOOM	BASOHLI	11	ACTIVE
09	SAT GURU PASHMINA HANDLOOM	BASOHLI	11	ACTIVE
10	KABIR DASS PASHMINA	BASOHLI	11	ACTIVE
11	ARCHIT PASHMINA	BASOHLI	11	ACTIVE
12	BHOLE SHANKAR PASHMINA	BASOHLI	11	ACTIVE
13	LAXMI PASHMINA HANDLOOM	BASOHLI	11	ACTIVE
14	LAXHMI PASHMINA HANDLOOM	BASOHLI	11	ACTIVE
	<b>Total</b>		<b>194</b>	

#### 5.4 Departmental schemes to promote Basohli Pashmina

S.NO.	DEPARTMENTAL -SCHEMES
01	PRADHAN MANTRI WEAVERS MUDRA YOJANA
02	CREDIT CARD SCHEME FOR ARTISANS & WEAVERS
03	FINANCIAL SUPPORT SCHEME
04	KARKHANDER SCHEME
05	LOAN FOR LOOMS
06	PROMOTION & MARKETING INTERVENTION (RENTAL-CHARGES)
07	10% REBATE ON THE SALE OF HANDLOOM PRODUCTS
08	EDUCATION SCHOLARSHIP SCHEME FOR CHILDREN OF WEAVERS
09	NHDP(NATIONAL HANDLOOM DEVELOPMENT PROGRAMME)

## 5.5 Current position of Basohli-Pashmina in district Kathua

The Handloom Development Kathua has 02-number of Pashmina Clusters in Basohli. One in Mahanpur Basohli and other new one in Phalli, Basohli. The first one comprises 205 number of Pashmina weavers & has successfully completed its tenure of 3-years. The other new one has been recently approved under NHDP(National Handloom Development Programme) by the Ministry of Textiles GOI in the year 2021-22. This Cluster comprises 194 -Pashmina Weavers. Under this Cluster the genuine shed less & loom less weavers will be benefited by providing Looms and an amount of Rs.1.20 lacs for the construction of working shed as per the guidelines of NHDP. Besides this the Cluster under Samarth Scheme has provided training to Pashmina weavers in terms of weaving, dying & designing including marketing support to the weavers.

S.No	CLUSTER	IMPLEMENTING AGENCY	LOCATION	WEAVERS	STATUS
01	Basohli Pashmina Cluster	Hari Om Pashmina Handloom Society	BLC,Mahanpur,Basohli	205	Complete
02	Basohli Pashmina Cluster	Sahib Pashmina Handloom Society	Plahi,Basohli	194	Active

## 5.6 Status of CFC (COMMON FACILITY CENTER) BASOHLI –PASHMINA

The District Administration Kathua has transferred the Land measuring 6-Kanals & 0 Marlas to the Department of Handloom and Handicrafts Kathua for the construction of CFC Basohli Pashmina at Village Rehan Basohli. Funds worth of Rs.3.15 Crores have been approved and the tender for the same also stands allotted. The construction work is going on by the Implementing Agency J&K SICOP. The CFC envisages the overall development of Pashmina Craft by means of entire supply chain from production to marketing. Very soon the two floored building including working area, raw- material cum storage room, packing area, warping unit, show-room, dormitory, canteen, meeting hall will be ready for Basohli Pashmina weavers.

S.NO.	CFC	IMPLEMENTING AGENCY	LOCATION	STATUS
01	Basohli Pashmina CFC	J&K SICOP	Rehan, Basohli	Construction work going on

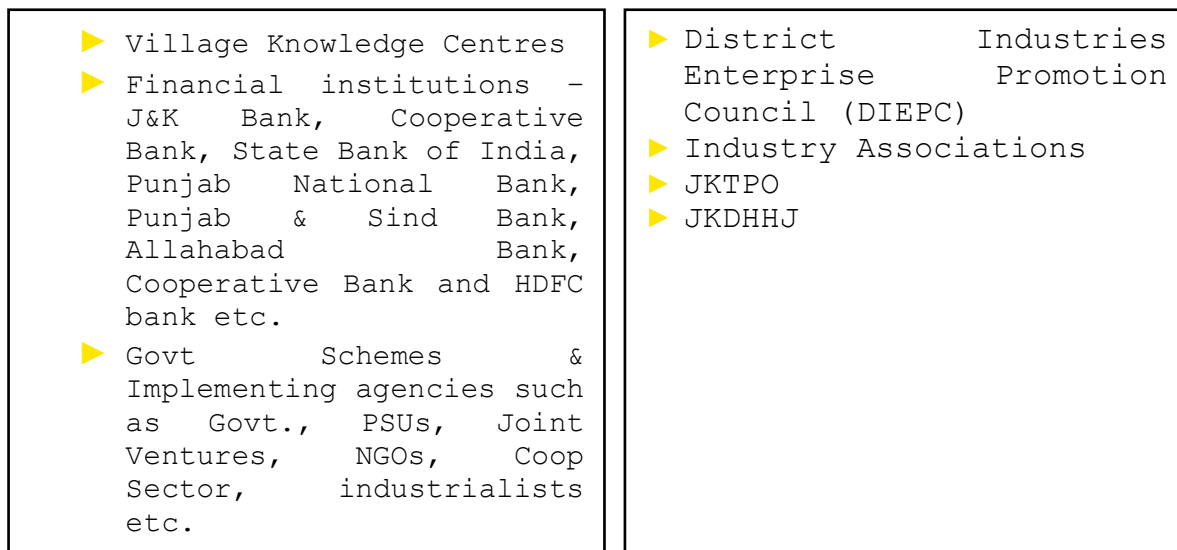
## 5.7 Status of OFPO (OFF –FARM PRODUCER ORGANISATION BASOHLI –PASHMINA

The Handloom Development Kathua with the Support of NABARD has formulated Off Farm Producer Organization (OFPO) Basohli Pashmina Woollen Products in Basohli in the year 2021-22. The POPI (Producer Organisation Promoting Institute) is KYASC (Kiran Youth Affairs and Sports Club) a non-profitable Voluntary Social Organisation recognized by Govt of J&K. The OFPO is registered under Companies Act ,2013 as KYASC BASOHLI PASHMINA ARTISANS PRODUCER COMPANY LIMITED. The POPI is nurturing OFPO of 195 Basohli Pashmina weavers in terms of weaving, spinning, dying, designing,

branding and marketing support. Besides the they have also supported the weavers in terms of looms, Charkas and provide raw material to the weavers. Presently the OFPO is focusing on marketing support to the Weavers. The POPI finally after 3-years hand over Operations to the BOD of the OFPO.

The Directorate of Handloom & Handicrafts, Jammu has submitted application to the GI Registry Office, Bangalore for GI-Tagging of Basohli Pashmina. The Pashmina Organisation recommended for GI Tagging by the Directorate is KYASC BASOHLI PASHMINA ARTISANS PRODUCER COMPANY LIMITED.

## 5.8 Cluster Stakeholders



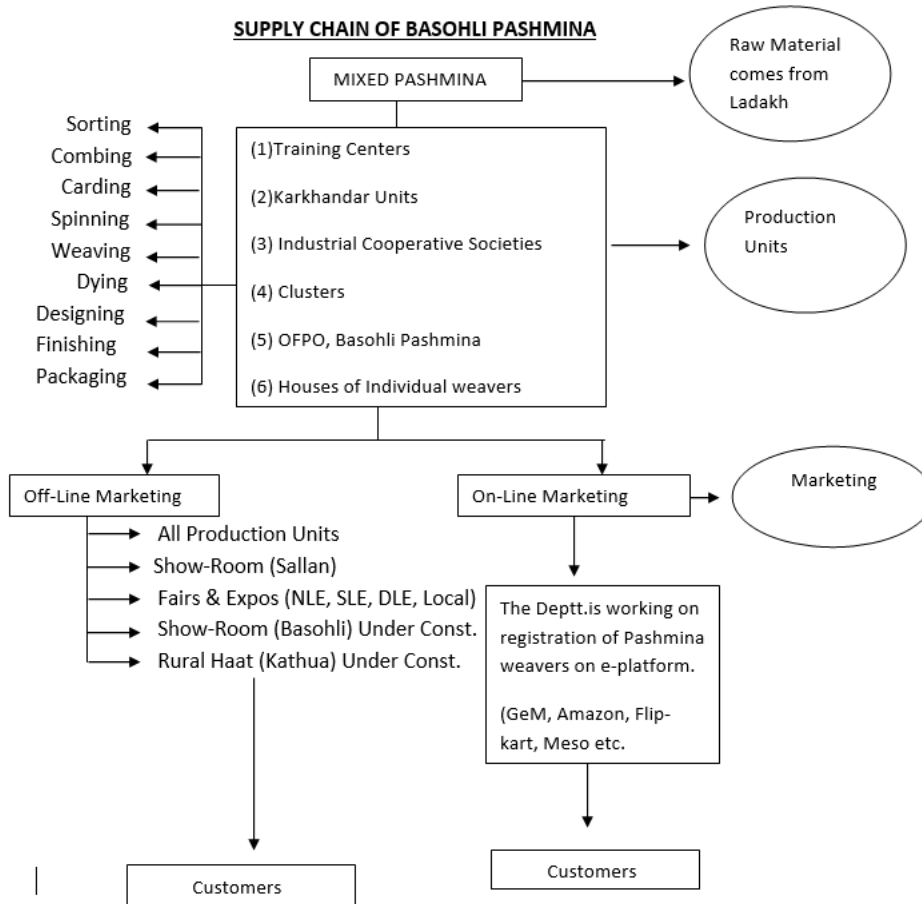
*Figure: Cluster Stakeholders*

## 5.9 Industry Associations

Following are the two principal Industry Associations/SPVs that are working for the development of Basohli Pashmina in Kathua:

- ▶ District Industries Enterprise Promotion Council (DIEPC)
- ▶ Department of Handicrafts & Handloom of Jammu

## 5.10 Value Chain of Basohli Pashmina



*Figure: Value Chain of Basohli Pashmina*



## 5.11 Export Scenario



Source: Trademap.org

Basohli Pashmina Craft of District Kathua has a great potential of employment generation & boosting the economic growth of the region. The annual production of Basohli Pashmina products (shawls mufflers) 2022-23 in District Kathua is approximately 2560 in number via Training Centers, Karkhandar Units, Cooperative Societies, Clusters, OFPO & Individual level Pashmina weavers of worth Rs 128.0 -/- lacks. The Handloom Development Department Kathua play a catalytic role in skill-upgradation, access to new designs by conducting various training programmes, providing financial support to the Pashmina weavers & facilitating marketing of Pashmina products by recommending participation of Pashmina weavers in various National, State & District level Fairs & Exhibitions through marketing incentives. Thus, Distt Kathua has a great potential of production & sale of Basohli Pashmina products.

## 5.12 Production and Sale (2022-23)

S.NO	PRODUCTION SOURCE	ANNUAL APPROX.PRODUCTION IN NO.(SHAWALS/MUFFLER)	ANNUAL APPROX. VALUE IN LACS
01	BASOHLI PASHMINA TRAINING CENTER	10	0.50
02	(KARKHANDER UNITS)	80	4.00
03	COOPERATIVE SOCIETIES	520	26.00
04	CLUSTERS	1200	60.00
05	BASOHLI PASHMINA OFPO	500	25.00

06	INDIVIDUAL LEVEL WEAVERS	250	12.50
TOTAL		2560	128.00

#### Export of Pashmina shawl and products under the HSN Code 61171020<sup>1</sup>.

S. No	HS Code	Commodity	2018-2019 (Lac)	%Share	2019-2020 (Lac)	%Share
1	61171020	Shawl, scarves, mufflers etc. of wool	465.54	0.0002	219.07	0.0001
2	621420	Shawls, scarves etc. of wool/fine animal hair	66,679.89	0.0289	58,777.77	0.0265
		Total	67,145.43	0.0291	58,996.84	0.0266
		India's total export	230,772,619		221,985,418	

Table: India's export in sales

Source: Ministry of Commerce, India

#### Export from India - Top Country wise

S. No.	Country	Values in Rs. Lacs		
		2018-2019	2019-2020	%Growth
1	Nigeria	186.6	56.83	-69.55
2	Germany	44.47	32.82	-26.21
3	Australia	40.32	5.93	-85.29
4	Hong Kong	29.8	0.84	-97.19
5	France	25.55	6.83	-73.28
6	USA	21	14.34	-31.73
7	Italy	15.11	22.75	50.52
8	Finland	13.96	9.55	-31.57
9	Saudi Arab	13.81	-	-
10	Turkey	10.12	-	-

Table: Export from India

Source: Ministry of Commerce, India

#### World's Top importers

Rank	World's Top Importers	Value imported in 2019 (USD thousand)
	World	3526482

Ministry of commerce, India

1	United States of America	422256
2	France	381692
3	Japan	260292
4	Germany	230304
5	Italy	192240
6	United Kingdom	182023
7	China	174363
8	Hong Kong, China	147562
9	Spain	111879
10	Korea, Republic of	93507

*Table: World's top importers*

Source: Ministry of Commerce, India

### World Total Export

Rank	World's Top Exporters	Value exported in 2019 (USD thousand)
1	World	57172909
2	China	18922634
3	Bangladesh	5680685
4	Vietnam	3934324
5	Italy	3417294

*Table: World's total exports*

Source: Ministry of Commerce, India

## 5.12 Financial Implications

### Hard Interventions

S. No	Intervention	Cost
1	Strengthening of Handloom Development Institute	0.25 Cr
2	Setting up of Raw Material Banks	1.50 Cr
3	Replacement of Old worn-out Shawl Looms	2.0 Cr
4	Setting up a Common Facility	5.245 Cr
<b>Total (A)</b>		<b>8.995 Cr</b>

### Soft Intervention

S. No	Intervention	Cost
1	Skill Up-gradation and Capacity Building Training	0.5 Cr
2	Publicity and Promotion of G.I. Tagging	1.0 Cr
3	Marketing and Promotion	1.0 Cr
4	Market Research/Study	0.5 Cr
<b>Total (B)</b>		<b>3.0 Cr</b>
<b>Total (A+B)</b>		<b>11.995 Cr</b>

### Financial Implication for Basohli Pashmina for one CFC

S.no	Name of Machinery	Quantity required in one CFC	Function	Cost (INR)	Total(INR)
1	Flexible Rapier Machine – 180 cm	11	For making textile	7,00,000/-	77,00,000
2	Flexible Rapier Machine – 280 cm	6	For making textile	7,60,000/-	45,60,000
3	Warping Machine	1	For making roll of threads	8,20,000/-	8,20,000
4	Calendar Machine	1	Finishing machine	4,20,000/-	4,20,000
5	45 KVA Generator	2		5,00,000/-	10,00,000
6	100 KVA Servo Stabilizer	1		3,00,000/-	3,00,000

7	Racks	10		5000/-	50,000
8	63 KVA Transformer with fittings	1		6,00,000/-	6,00,000
9	Land	40000 Sq Ft			50,00,000
10	Building Infrastructure with boundary, greenfield 25%				3,20,00,000
Total					5,24,50,000

### 5.13 SWOT Analysis of Basohli Pashmina

Strengths	Weakness
<ul style="list-style-type: none"> <li>▶ Good strength of skilled Pashmina weavers in Basohli town.</li> <li>▶ Huge production capacity &amp; large employment generation potential.</li> <li>▶ The Departmental Basohli Pashmina Training Center located at Basohli.</li> <li>▶ 13-number of Industrial Cooperative Societies on Basohli Pashmina Craft functional at Basohli.</li> <li>▶ Two Basohli Pashmina Clusters functional at Basohli.</li> <li>▶ OFPO Basohli Pashmina located at Basohli registered under Companies Act, 2013.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Unwillingness among the new youth to get involved in Weaving Craft.</li> <li>▶ There is no uniqueness in the design.</li> <li>▶ Lack of branding of Basohli Pashmina Products.</li> <li>▶ Lack of Pashmina Testing &amp; Quality Certification Lab. in Basohli.</li> <li>▶ Lack of Raw-Material &amp; Carding Units in Basohli.</li> <li>▶ Poor Market-Linkages.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Because of growing population &amp; unemployment peoples are moving towards Self-employment.</li> <li>▶ Increasing demand of Basohli Pashmina Products.</li> <li>▶ The CFC Basohli Pashmina envisages the overall development of Pashmina Craft by means of entire supply chain from production to marketing.</li> <li>▶ The Directorate of Handloom &amp; Handicrafts, Jammu has submitted application to the GI Registry Office, Bangalore for GI-Tagging of</li> </ul>	<ul style="list-style-type: none"> <li>▶ It's very tough to compete with the mechanized Units as machine made Shawls are cheaper than the hand-woven Shawls.</li> <li>▶ It's tough to get Raw-Pashmina from the Ladakh.</li> <li>▶ Lack of demand-based production system.</li> <li>▶ Branding &amp; Quality Certification of Basohli Pashmina Products.</li> <li>▶ Young youth are more leanness toward the Govt. jobs.</li> </ul>

<p><b>Basohli Pashmina. It will promote Branding &amp; Marketing of Basohli Pashmina Products.</b></p> <ul style="list-style-type: none"> <li>▶ <b>MoU signed with NIFT, Srinagar for new &amp; innovative designs in Basohli Pashmina Products including packaging.</b></li> <li>▶ <b>Pashmina weavers frequently got opportunities to participate in various Fairs/Expos.</b></li> <li>▶ <b>Growing Tourist Interest for Basohli.</b></li> <li>▶ <b>The Department is working on registration of weavers on e-platform.</b></li> </ul>	
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Table: SWOT Analysis

Source: Based on Primary and Secondary Research

## 6. Challenges and Interventions

Parameter	Challenges	Interventions
<b>Raw Material-Hard Intervention</b>	<ul style="list-style-type: none"> <li>▶ Lack of Waste management system</li> <li>▶ Lack of advanced know-how</li> <li>▶ Inadequate raw material due to availability in specific seasons</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cluster requires more Automatic/ Semi-automatic processing unit/s with bigger capacity to cater the crushing needs of a major part of the cluster.</li> <li>▶ A CFC in this cluster will boost the progress and export potential</li> </ul>
<b>Technological upgradation- Soft Intervention + Hard Intervention</b>	<ul style="list-style-type: none"> <li>▶ Lack of infrastructure equipped with modern technology to improve quality of production</li> <li>▶ Lack of Infrastructure/ industry to utilise by-products of industry</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establishment of Common Facility Centres (CFCs) with facilities like Advanced Processing Unit, Testing Laboratory, Packaging, Labelling and Branding Unit, and Marketing and Display centre etc. to address the challenges and boost production and sales of the cluster</li> <li>▶ Building new infrastructure - replacing processing old units with new interface</li> </ul>
<b>Design- Soft Intervention</b>	<ul style="list-style-type: none"> <li>▶ Lack of product diversification/value addition:</li> <li>▶ The product is made and sold without any standardised testing (as per BSI norms, GI Tag) done.</li> <li>▶ Lack of innovation and inadequate knowledge for value addition has also discouraged the product to directly go to international markets.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Design and product development centre can be established along with testing lab in the cluster along with a collaboration with NIFT, NID and IIP</li> </ul>
<b>Marketing &amp; branding - Soft Intervention</b>	<ul style="list-style-type: none"> <li>▶ No direct export</li> <li>▶ Lack of Standardisation</li> <li>▶ Need GI Tagging</li> </ul>	<ul style="list-style-type: none"> <li>▶ Awareness and outreach amongst traders/manufacturers for participating in fairs and exhibitions.</li> </ul>

	<ul style="list-style-type: none"> <li>▶ Lack of testing Facility</li> <li>▶ The Kathua manufacturers are not able to meet the national &amp; global standards therefore they are unable to export finished these three products directly</li> <li>▶ Artisans are forced unit owners to sell to tourists at a low price.</li> <li>▶ Lack of Export related information and linkages</li> </ul>	<ul style="list-style-type: none"> <li>▶ Leverage marketing assistance schemes of UT and Gol for financial assistance of small manufacturers</li> <li>▶ Organize state and national level exhibitions</li> <li>▶ Collaboration with E-commerce companies like Amazon, ebay, Flipkart and Shopclues to maximize sale in domestic and international market.</li> </ul>
<b>Promotion &amp; Branding- Intervention</b>	<ul style="list-style-type: none"> <li>▶</li> </ul>	<ul style="list-style-type: none"> <li>▶ Exhibition in art galleries in Tier-1, Tier-2 cities and in international art galleries</li> <li>▶ Buyer-Seller Mett should be conducted in J&amp;K along with rest of the country</li> </ul>
<b>Quality Improvement- Intervention</b>	<b>Soft</b>	<ul style="list-style-type: none"> <li>▶ Establishment of testing laboratory in the district for certification of the ODOP product. The availability of testing labs can also help the entrepreneurs to get their product tested and the lab can also advice the entrepreneurs as prescribed by BIS.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Lack of interest in adapting quality standards as described by BSI</li> <li>▶ Unaware of global standards and quality ratings</li> <li>▶ No checks and balances made for quality certification/maintenance</li> <li>▶ Only few traders who contribute in indirect exports try to maintain the quality standard of global market</li> </ul>	
<b>Post GI Initiative- Soft Intervention</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> <li>▶ Lack of awareness</li> </ul>	<ul style="list-style-type: none"> <li>▶ DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries and DHHJ may be given this responsibility to monitor the cell in consultation with DGFT.</li> <li>▶ DGFT organize workshops for Export.</li> </ul>



<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>▶ Minimum finished good cost should be fixed by the Government.</li> <li>▶ No attractive policy for export costs as per demands from world's top countries</li> </ul>	<ul style="list-style-type: none"> <li>▶ An exemption or tax relief (or a subsidy) for organic work processors could be considered, together with other measures like subsidisation of resources used in organic production, loans with lower rates, taxes on polluting inputs, products/seeds, internalisation of environmental costs, &amp; charge reductions for processed organic food sample analyses</li> </ul>
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Table 16: Challenges & Interventions

Source: Based on Primary and Secondary Research

## 7. Future Outcomes

Annual Turnover
Increase in annual turnover from current Financial Year to 200 percent in 5 years

Cluster exports
Exports has the potential to go for direct exports from this financial year while adding CFC's for Pashmina & Paintings respectively

## 9. Action Plan

Quantifiable activity/ intervention	Responsible Authority	Timeline for implementation <sup>2</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	IP cell, DIEPC JKTPO, DHHJ	Continuous initiative
<b>Creation of a Single Window System for speedy clearances.</b> The online portal to include various export schemes of the government along with real time information about targeted market, tariff rates, freight	MSME-JK, DGFT, DIEPC, JKTPO	Continuous initiative

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

<p>rate calculations, documents and quality certifications required and product information.</p> <p>Increase in subsidy/re-imbursements may reduce cost of transportation (freight rates), Marketing, Quality Certification, Patent registration and Testing to Export Oriented Units.</p> <p>Training planned and organized by DGFT, FIEO and other concern authorities</p>		
<p><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> (Wood craft Products.) by <b>utilizing schemes like IC and MAS</b></p>	IP cell, DIEPC JKTPO	Continuous initiative
<p><b>Sensitization of cluster actors:</b></p> <p>a. The individuals of a cluster should be <b>sensitized on the plethora of schemes<sup>3</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 various exemptions for facilitating exports. Further, schemes like <b>Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme)</b> ensure procurement of imported duty-free raw materials</p> <p>b. Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analyzing the demand market. Thus, these cluster actors should be <b>sensitized on target countries identified through export analysis mentioned in DAPs and EAP</b></p>	IP cell, DIEPC JKTPO, , DHHJ	Continuous initiative
<p>DIEPC 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</p>	DIC, JKTPO and FIEO	Intermediate
<b>Common interventions across sectors/ clusters</b>		
<p>Collaboration with e-commerce companies like Amazon, ebay, Flipkart etc.</p>	IP cell, DIEPC JKTPO, DHHJ	Short term
<p>MoU with QCI for defining quality standards of the products</p>	IP cell, DIEPC JKTPO	Short term

<sup>3</sup> List of available schemes facilitating exports: <https://www.ibef.org/blogs/indian-export-incentive-schemes>

Collaboration with IIP to define cluster-wise packing standards	IP cell, DIEPC JKTPO, DHHJ	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	JKTPO/DIEPC and Banks	Short term
Introduction of revolving working capital within the cluster to help MSMEs procure raw materials and undertake production without hinderances	JKTPO/DIEPC and Banks	Intermediate
Tie up with the banks/financial institutions (SIDBI, BoB etc.) for better interest rates, enhanced working capital limits etc.	IP cell, DIEPC JKTPO	Intermediate
Handholding of MSMEs for increasing their awareness on schemes of state & center and the procedure to apply to avail financial assistance	JKTPO/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 JKTPO, DHHJ	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/JKTP O, DHHJ	Long 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/JKTPO	Long term
b. The CONCOR rates are to be made available at regular intervals to the DIC office for updating of the same at the district website.	DIEPC/JKTPO	Long term
c. The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.	DIEPC/JKTPO/ FIEO	Short term

Table 17: Action Plan

Source: Based on Primary and Secondary Research



## **10. Proposed Soft Intervention**

The members of a cluster should be made aware of the variety of plans at their disposal for maximising the potential for exports. Various exemptions are offered to facilitate exports under the Merchandise Exports from India Scheme, the Service Exports from India Scheme, etc. Additionally, programmes like the Duty-Free Import Authorization (DFIA Scheme) and Advance Authorization Scheme (AAS) ensure the procurement of imported raw materials free of duty.

Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analysing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in District Export Action Plans

EPCH, CEPC and FIEO can play a pro-active role in this regard. 10% increase in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment. Initiatives to create international marketing linkages for these sectors. Participating in international trade fairs and exhibitions could provide wider exposure and access to global markets.

Jammu and Kashmir Government should make a dedicated App and Platform for Logistics and Cargo Management.

Collaboration with National Skill Development Corporation (NSDC) for providing job-oriented training for skilling and upskilling.

Sensitization of banks and bankers to help them understand the Niche Sector and their specific requirements which shall help banks evaluate projects better while lending credit

Introduction of revolving working capital within the cluster to help MSMEs, entrepreneurs, weavers procure raw materials and undertake production without hinderances

Tie up with the banks/financial institutions (SIDBI, BoB, J&K Bank etc.) for better subsidised/ tailored interest rates, enhanced working capital limits etc.

Handholding of MSMEs, Weavers, Artisans, Entrepreneur for increasing their awareness on schemes of UT & centre and the procedure to avail financial assistance

Establishing cooperative societies or self-help groups can help in sourcing raw materials, marketing products, and providing financial support. Government support in setting up these cooperatives can be pivotal for the Basholi painting and Pashmina sectors.

Identification of big retailers having presence in international markets to increase domestic sale and export of Basholi paintings and Basholi Pashmina.

Encourage and support artisans to adopt digital platforms for selling their products. Collaboration with e-Commerce portals (Flipkart, Amazon, eBay, Etsy, Blue Rickshaw etc.) to boost the sales of the products in the domestic and International Market.

Conduct awareness workshops at block level to create consciousness about different marketing schemes that can be leveraged

Collaboration with major hospitality industries, private organizations and government bodies for procuring and promoting products manufactured in J&K region

Promotion of cultural events like exhibitions, folk festivals, painting, and pashmina making workshops will attract tourists, thus increasing the market reach of these sectors

CFC for Testing, Testing Laboratory accredited to IICT Srinagar or NABL Accredited

S. No	Intervention	Cost Painting	Funding Convergence	Timeline	Implementing Agency
1	Skill Up-gradation & Capacity Building Training	0.5 Cr	DOHH	Continuous process	JKTPO/ CDI/ DOHH
2	Publicity & Promotion of G.I. Tagged products	1.0 Cr	DOHH	6-12 months	JKTPO/ GMDIC/ DOHH
3	Marketing & Promotion	1.0 Cr	DOHH	Continuous process	JKTPO/ EPCH/ GMDIC/ DOHH
4	Market Research/Study	0.5 Cr	DOHH	3 months	JKTPO/ GMDIC/ DOHH
<b>Total</b>		<b>3.0 Cr</b>			

S. No	Intervention	Cost Pashmina	Funding Convergence	Timeline	Implementing Agency
1	Skill Up-gradation & Capacity Building Training	0.5 Cr	DOHH	Continuous process	JKTPO/ CDI/ NIFT/ DOHH
2	Publicity & Promotion of G.I. Tag products	1.0 Cr	DOHH	6-12 months	JKTPO/ GMDIC/ DOHH
3	Marketing & Promotion	1.0 Cr	DOHH	Continuous process	JKTPO/ GMDIC/ DOHH
4	Market Research/Study	0.5 Cr	DOHH	3 months	JKTPO/ GMDIC/ DOHH
<b>Total</b>		<b>3.0 Cr</b>			

## 11. Proposed Hard Interventions

One District One Product (ODOP) is an initiative that aims to promote unique and indigenous products of districts across the country to spur local economic growth and create employment. Kathua has identified two products (Basohli Painting and Basohli Pashmina) under the scheme. The issues identified

- ▶ Lack of Raw-Material Units in Basohli.
- ▶ Poor Market-Linkages.
- ▶ Lack of Instructor/ Trainer
- ▶ Underdeveloped Common Facility Centres
- ▶ Artisans are not covered under 10% special Rebate on sale of Handicrafts products.

To overcome the issues with respect to Basohli Painting and Basohli Pashmina below intervention are proposed:

S. No	Intervention for Basohli Painting	Cost	Funding Convergence	Timeline	Implementing Agency
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<b>1</b>	Setting up of Raw Material Banks	0.5 Cr	MSE-CDP/ Ambedkar Hastshilp Vikas Yojana	18-24 months	JKTPO/GMDIC/DoHH/ SPV/ CFC cluster/ Entrepreneur
<b>2</b>	Setting up a Common Facility Center	2.09 Cr	MSE-CDP/ Ambedkar Hastshilp Vikas Yojana	24-36 months	GMDIC/ DoHH
<b>Total (A)</b>		<b>2.59 Cr</b>			

<b>S. No</b>	<b>Intervention Basohli Pashmina</b>	<b>Cost</b>	<b>Funding Convergence</b>	<b>Timeline</b>	<b>Implementing Agency</b>
<b>1</b>	Strengthening of Handloom Development Institute	0.25 Cr	MSE-CDP/ Ambedkar Hastshilp Vikas Yojana	12-18 months	DoHH
<b>2</b>	Setting up of Raw Material Banks	1.50 Cr	MSE-CDP/ Ambedkar Hastshilp Vikas Yojana	18-24 months	JKTPO/GMDIC/DoHH/ SPV/ CFC cluster/ Entrepreneur
<b>3</b>	Replacement of Old worn-out Shawl Looms	2.0 Cr	Ambedkar Hastshilp Vikas Yojana	9-12 months	DoHH
<b>4</b>	Setting up a Common Facility Center	5.245 Cr	MSE-CDP/ Ambedkar Hastshilp Vikas Yojana	18 -24 months	GMDIC/ DoHH
<b>Total (A)</b>		<b>8.995 Cr</b>			



## Abbreviations

<b>CAD</b>	Computer-Aided Design
<b>CAM</b>	Computer Aided Manufacturing
<b>CFC</b>	Common Facility Center
<b>CONCOR</b>	Container Corporation of India
<b>CFC</b>	Common Facilitation Center
<b>DGFT</b>	Director General of Foreign Trade
<b>DHO</b>	District Horticulture Officer
<b>DIC</b>	District Industries Center
<b>DIEPC</b>	District Industry and Enterprise Promotion Center
<b>DHHJ</b>	Department of Handicrafts & Handloom of Jammu
<b>DPR</b>	Detailed Project Report
<b>EPC</b>	Export Promotion Council
<b>EPCG</b>	Export Promotion Capital Goods
<b>FIEO</b>	Federation of India Export Organization
<b>FPO</b>	Farmer Producer Organizations
<b>FTA</b>	Free Trade Agreement
<b>GCC</b>	Gulf Cooperation Council
<b>GI</b>	Geographical Indication
<b>HS</b>	Harmonized System
<b>IC</b>	International Cooperation
<b>IC Engines</b>	Internal Combustion Engines
<b>IEC</b>	Import Export Code
<b>IIP</b>	Indian Institute of Packaging
<b>ISW</b>	Industrial Solid Waste
<b>ITI</b>	Industrial Training Institute
<b>KVK</b>	Krishi Vigyan Kendra

<b>MAS</b>	Market Assistance Scheme
<b>MSE CDP</b>	Micro & Small Enterprises - Cluster Development Programme
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>NHB</b>	National Horticulture Board
<b>NIC Code</b>	National Industrial Classification Code
<b>NIC</b>	National Informatics Center
<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>PM FME</b>	Pradhan Mantri Formalisation of Micro food Processing Enterprises
<b>PMU</b>	Project Monitoring Unit
<b>QCI</b>	Quality Council of India
<b>R&amp;D</b>	Research & Development
<b>RMB</b>	Raw Material Bank
<b>SIDBI</b>	Small Industries Development Bank of India
<b>SPS</b>	Sanitary & Phytosanitary
<b>SPV</b>	Special Purpose Vehicle
<b>SWOT</b>	Strength, Weakness, Opportunities, Threats
<b>TBT</b>	Technical Barriers to Trade
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>JK</b>	Jammu & Kashmir
<b>JKTPO</b>	Jammu & Kashmir Trade Promotion Organization
<b>USA</b>	United States of America

## Government Schemes for Cluster and Infrastructure Development

### 8.1. MSE-CDP

#### Objectives:

- ▶ To enhance the sustainability, competitiveness, and growth of MSEs by addressing common issues such as improvement of technology, skills & quality, market access, etc.
- ▶ To build capacity of MSEs and Start-ups for common supportive action through integration of self-help groups, consortia, district Industry associations, etc.
- ▶ To create / upgrade infrastructural facilities in the new/existing Industrial Areas/Clusters of MSEs.
- ▶ To set up Common Facility Centres in Industrial area (for testing, training centre, raw material depot, effluent treatment, complementing production processes).
- ▶ Promotion of green & sustainable manufacturing technology for the clusters to enable units switch to sustainable and green production processes and products

#### Two components of the MSE-CDP scheme:

- ▶ Common Facility Centres (CFCs): This component consists of creation of tangible “assets” as Common Facility Centres (CFCs) in Industrial Estate
- ▶ Infrastructure Development (ID): This component is for development of infrastructure in new/existing notified Industrial Estate.

#### Funding Pattern

Component	Total Project Cost	Funding Pattern		
		Govt grant	State Share	SPV
CFCs in NE & Hill States, Island Territories, Aspirational Districts	▶ INR 5 Cr to 10 Cr	80%	15%	5%
CFCs in NE & Hill States, Island Territories, Aspirational Districts	▶ INR 10 Cr to 30Cr	70%	15%	15%

<b>Infrastructure Development in NE &amp; Hill States, Island Territories, Aspirational Districts- New</b>	▶ INR 5 Cr to 15 Cr	70%	30%	
<b>Infrastructure Development in NE &amp; Hill States, Island Territories, Aspirational Districts- Existing</b>	▶ INR 5 Cr to 10 Cr	60%	40%	
<b>Infrastructure Development Project</b>	State / UT Governments through an appropriate State Government/ UT Agency /Integrated Industrial Park Development Agency/ State Industrial Development Agency			

## Implementing Agencies

### Process

- ▶ **SPV Formation:** There shall be a SPV for the projects for CFC, which would be a Company registered under Section 8 of the Company Act. FPO/ FPC registered under Section 8 of the Company Act are allowed as the SPV provided they have required number of members as provisioned in the guidelines of the scheme.
- ▶ To ensure that CFC is a collective initiative, certain number of members are required
  - Minimum 20 MSEs/ Start-ups /Green Field MSEs/FPOs for CFC with project cost of above Rs 10 crore and above
  - Minimum 10 MSEs/ Start-ups /Green Field MSEs/FPOs for CFCs with project cost of below Rs 10 crore
  - Any contribution higher than the minimum contribution could be by way of unsecured interest free loans
- ▶ The members in the SPV should have a minimum contribution by way of equity capital to bring more sense of ownership. Minimum members direct contribution for the project:
  - 20% of the project cost for CFCs with project cost more than Rs 10 crore
  - 10% of the project cost for CFCs with project cost less than Rs 10 crore
- ▶ **Land Identification:** Post SPV formation next step is to identify the land for the structure. The cost of land will be included in the cost of project (subject to a maximum of 25% of Project Cost)
- ▶ **DPR Preparation:** The SPV or state government will prepare a DPR which will clearly establish how the CFC will improve the competitiveness of the MSE units in the cluster and should be aligned with their common aspirations. A credible market study/ survey should be conducted to establish the value chain of the facility.

- ▶ DPR of the project will be appraised by any branch of SIDBI or any commercial bank. The techno economic feasibility report of the bank and DPR would be placed before the SLSC (State Level Screening Committee)
- ▶ The State Level Steering Committee would examine the DPRs, recommend and monitor implementation and operation of approved Projects in the State to ensure satisfactory and time-bound implementation of the activities and operations thereafter
- ▶ The proposal once recommended by SLSC, would be forwarded by concerned MSME-DI online with its recommendations before the same is considered in Office of DC, MSME
  - If the SLSC fails to recommend or reject a proposal within the stipulated time for recommendation as given at Annexure 6, the proposal will be treated as deemed recommended by the SLSC
  - SLSC may act as a single window for all the clearances required for the project. Director (Industries) may be nominated as the nodal officer for such clearances
  - There shall not be any in-principle approval of any project. Either a project would be approved or not approved
  - The proposals for projects with no State Government funding support, may be directly submitted to O/o DC-MSME after due examination by MSME-Dis for final approval, however, recommendation of SLSC would be required
  - The project costing up to Rs. 5 Crore will be considered under SFURTI
- ▶ The projects recommended by SLSC will be placed before NPAC (National Project Approval Committee) for consideration and approval
- ▶ The projects must be completed within 18 months from the date of approval order of the project by NPAC

### Composition of SLSC (State Level Screening Committee)

ACS/ Principal Secretary/ Secretary (Industries/MSME)	Chairman
Commissioner / Director of Industries / MSME	Co Convener
Managing Director or Representative of Implementing Agency	Member
Representative of Finance Department	Member
Director, MSME-Development Institute	Member Secretary/Convener
General Manager, Concerned District Industries Centre	Member
Special invitees (if any) like representative of SIDBI or any financial institution or any official required for the purpose	Member
A representative from Technical Institution/MSME-Technology of M/o MSME	Member

### Composition of NPAC (National Project Approval Committee)

Secretary (MSME)	Chairman
AS&DC (MSME)	Member
Adviser (VSE), NITI Aayog	Member
Joint Secretary (ARI), Ministry of MSME	Member
Economic Adviser (EA)/IFW	Member
Additional Development Commissioner / JS/DDG of the Cluster Division	Member Secretary
Representative of SIDBI	Member
Representative of CSIR	Member
Representative of NSIC / KVIC	Member
Representative(s) of DPIIT, MoTextile, DoPharma, MeitY, MoRD, MoFPI, MoDefence, DoFisheries, Do Animal Husbandry and Dairying	Member
Director, MSME-DI concerned	Member
Principal Secretary / Secretary (Industries/MSME) / Commissioner /	Special Invitee
Representative(s) of concerned Industry Association(s), Representative from Financial Institution, Programme Management Service Provider, Appraisal Agencies etc	Special Invitee
Director (CD)	Member

## 8.2 Flatted Factory

Flatted Factory Complex (FFC) is a building having two or more floors, where every floor has independent Industrial unit and in which land and amenities, open space and passage are jointly owned and collectively used may be termed as Flatted Factory.

- ▶ Flatted factories are high-rise developments with common facilities
- ▶ The building has a particularly good factory layout with maximum and efficient use of unit space. It is also equipped with basic amenities.
- ▶ The building is subdivided into small separately occupied units which are used for manufacturing, assembly, and associated storage.
- ▶ Flatted factories, a subset of light industrial properties, are stacked-up manufacturing space used for general manufacturing

With a view to optimize on the limited vacant land, concept of flatted factories has been introduced for small scale industries. Provision for flatted factories to accommodate MSME units may be made for the new industrial units. This will facilitate the industry to reduce the lead time in setting up of the project besides huge investment on land and building, thus promoting the entrepreneurship in the region.

FFC will also consist of Raw material storage, Display Centre, admin space, conference hall, creche, First aid centre, CETP facility, dedicated bank space, commercial shops, dedicated lifts.

### **Scheme of Ministry of MSME, GOI:**

Ministry of MSME, Government of India through its MSE-CDP Scheme is supporting the State Government Agencies by providing GOI grant restricted to 60% of the project from INR 5.00 crore to INR 15.00 Crore for setting up of FFC.

## **8.3. Ambedkar Hastshilp Vikas Yojana**

### **Under Infrastructure and Technology Support :**

Funds are available for

#### **1. Marketing and Sourcing Hub**

It is proposed to setup Marketing Complex (Hubs) for Handicrafts in commercially viable Cities/Towns etc. on the concept of “One Stop Shopping”. It will provide a marketing platform to the wholesaler/retailers/ consumers and foreign buyers to reach the potential target segment by showcasing the entire range of handicrafts products. Office of DC (H) will provide support towards cost of construction and interior work for the proposed Marketing Hub

#### **Eligibility:**

Central/ State Handloom and Handicrafts Development Corporations and any other eligible Govt. Corporations/ agencies promoted by State Government or local govt. Bodies etc.

- ▶ Eligible Non-Governmental Organizations, Registered SHGs, local statutory bodies, exporter bodies/ associations, Apex cooperative Societies and National level Apex Societies (registered under society act/ trust act, etc.) and organization like IICT, MHSC, HMCM, NIFT, and Export Promotion Councils.
- ▶ Producer companies registered under Section 8 of Companies Act and working for the promotion and development of Handicrafts & Handlooms.
- ▶ Any component can be implemented by department as well.

#### **Financial Assistance and Funding Pattern:**

- ▶ The financial ceiling for setting up a marketing hub facility is INR 1000 lakh
- ▶ 75% of the admissible amount shall be borne by the O/o the DC (H) and 25% will be contributed by the implementing agency subject to the ceiling specified.
- ▶ Land will be provided by implementing agencies and will be over and above the 25 % contribution by the implementing agency.

#### **2. Common Facility Centre**

The objective of the Common Facility Centre is to ensure economy of scale, price competitiveness, quality control, application of Design and Technology input on continuous basis, scope of product diversification and higher unit value realization and compliance with WTO compatible standards. Such a common facility will lead to significant reductions in the cost of production, production of a diversified range of high value products, sample development, reduction in the response times in order execution and ensure high quality of final products.

#### **Eligibility:**



Central/ State Handloom and Handicrafts Development Corporations and any other eligible Govt. Corporations/ agencies promoted by State Government or local govt. bodies etc.

- ▶ Eligible Non-Governmental Organizations, Registered SHGs, local statutory bodies, Apex cooperative Societies and National level Apex Societies (registered under society act/ trust act, etc.) and organization like IICT, MHSC, HMC, NIFT, and Export Promotion Councils.
- ▶ Producer companies registered under Section 8 of Companies Act. and working for the promotion and development of Handicrafts & Handlooms.
- ▶ Any component can be implemented by department as well.

**Deliverables:**

CFCs must include adequate space for Training area, Sales counter, Dyeing Unit (if required), Store, Room, Tools Machinery and Equipment related to production and testing including computer installations, packaging, proper provisions of electrification for machineries and civic amenities etc.

**Funding Pattern:**

- ▶ The financial ceiling for setting up a common facility centre is INR 300 lakh.
- ▶ In case of NER, J & K, Ladakh & Andaman and Nicobar Islands, Lakshadweep - 90% of the admissible amount will be borne by the O/o the DC (H) and 10% shall be contributed by the implementing agency.
- ▶ Assistance will also be available for upgradation/ strengthening of existing CFCs with a maximum of Rs 200 lakhs as 100% GOI share.

S.No	Expenditure Items	Funds Permissible ( In Lakhs)
1	Own building (Interior Work/ construction) Rented building(IA must have Agreement of at least 15 years for running the CFC) <i>Interior Work/ Construction</i>	50.00
2	Tools Machinery and equipment related to production and testing including installations, packaging etc	225.00
3	Fixed Asset	4.50
4	Expenditure towards training of machine operators	5.00
5	Contingency	3.00
6	Erection and commissioning	12.50
	<b>Total</b>	<b>300.00</b>

Rental amount will be borne by the IA

**3. Raw Material Depot**

Aim of this component is to make easy availability of quality, certified and graded raw material to the artisans/entrepreneur at a reasonable rate.

**Eligibility:**

- ▶ Central/ State Handloom and Handicrafts Development Corporations and any other eligible Govt. Corporations/ agencies promoted by State Government or local govt. bodies etc.
- ▶ Eligible Non-Governmental Organizations, Registered SHGs, local statutory bodies, SPV promoted by banks, Apex cooperative Societies and National level Apex Societies (registered under society act/ trust act, etc.) and organization like IICT, MHSC, HMCM, NIFT, and Export Promotion Councils.
- ▶ Producer companies registered under Section 8 of Companies Act. and working for the promotion and development of Handicrafts & Handlooms.
- ▶ Any component can be implemented by department as well.

**Financial Assistance and Funding Pattern:**

- ▶ The financial ceiling for a raw material depot is INR 200 lakh, and out of this INR 50 lakh will be earmarked for setting up of godown.
- ▶ In case of NER, Jammu & Kashmir, Ladakh and Andaman & Nicobar Islands, Lakshadweep - 90% of the admissible amount will be borne by the O/o the DC (H) and 10% shall be contributed by the implementing agency.
- ▶ The GOI assistance shall be provided to the eligible body in staggered manner for capital rotation.
- ▶ An MOU will be signed between the grantee and Office of the Development Commissioner (Handicrafts) incorporating different aspects related to functioning of Raw Material Depot.
- ▶ Accordingly, the yearly targets to be achieved in terms of physical & financial parameters will be fixed and in case of non - achievement, the Govt. will forfeit the raw material to the extent of grants released.
- ▶ Further for a period of five years, yearly quantitative increase in corpus/stock of raw material may be fixed depending on the raw material which will be indicative of functionality of Raw Material Depot.

**4. Technology Upgradation Assistance to Exporters/ Entrepreneurs**

The objective is to extend the technological up gradation facility to exporters/entrepreneurs. The facility centre should be an infrastructure with modern machinery including packaging machinery to support product, productivity, quality, etc.

**Eligibility:**

Recognized Exporters and Entrepreneurs/ Exporter Associations, Producer Companies etc.

**Financial Assistance and Funding Pattern:**

- ▶ The maximum amount of funds to be sanctioned is INR 150 lakh for each facility centre.
- ▶ The financial pattern would be based on 60:40 sharing between the Government of India through the Office of the D.C (H) and Exporters and Entrepreneurs/ Exporter Associations, Producer Companies etc.
- ▶ MOU between Exporters and Entrepreneurs/ Exporter Associations, Producer Companies etc. and Government of India (GOI) will be signed before release of funds.

**5. Testing Laboratories**

Testing Laboratory shall be made in the sufficient and adequate spaces with the provision of Machinery & Equipment, Support Fixture & Furniture, Raw-Material Processing Section, Inspecting Section, Packaging & Warehousing Section, Maintenance Section including Master Room for knowledge sharing and future reference etc.

In order to standardize / certify raw materials/ products, it is proposed to

- ✓ Set up new labs
- ✓ Strengthen existing labs.

The objective is to offer total Testing and Quality Assurance support for Handicrafts

**Eligibility:**

- ▶ IICT, MHSC, NIFT, NID, Central/State recognised educational Institute/University, Exporter's bodies, EPCH, CEPC, State Corporations etc.
- ▶ CSIR and Textiles Committee.

**Financial Assistance and Funding Pattern:**

- ▶ The financial assistance would be in the form of Grant-in-aid with a ceiling of INR 100 lakh for each testing laboratory.
- ▶ This grant would be in the form of 100% through the Office of the D.C (H) to the eligible institute/ organization.

## 6. Crafts Village

Craft village is a modern-day concept wherein craft promotion and tourism are being taken up at single location. Artisans live and work at the same place and are also provided with the opportunity to sell their products thereby ensuring livelihood. Craft items are exhibited as well as sold here.

The O/o Director Handloom and Handicraft would provide assistance both towards improving infrastructure in existing villages where a substantial number of craftsmen practicing similar crafts are residing and also setting up of new villages where craftsman can be rehabilitated. The aim would be to select villages that can be connected with some tourist circuit to ensure sale of products.

Under this component office of Director Handloom and Handicraft will fund improvements/creation of infrastructure which would include roads, houses of artisans and their work sheds areas, sewerage, water, street-lights, footpaths, shops and display areas. These will be undertaken by the implementing agency and the craftsmen will be rehabilitated with new work sheds and display areas. The display areas will be in form of stalls where the artisans can sell their product. Each project will be approved by a committee headed by the Secretary.

**Eligibility:**

- ▶ Central/ State Handloom and Handicrafts Development Corporations and any other eligible Govt. Corporations/ agencies promoted by State Government or local govt. bodies etc.
- ▶ Eligible Local statutory bodies, SPV promoted by banks and organization like IICT, MHSC, HMCM, NIFT, and Export Promotion Councils.
- ▶ Any component can be implemented by department as well.

**Financial Assistance and Funding Pattern:**

- ▶ The financial ceiling for the total amount sanctioned per unit will be INR 1000 lakh.
- ▶ In case of NER, J & K, Ladakh & Andaman and Nicobar Islands, Lakshadweep- 90% of the admissible amount will be borne by the O/o the Director Handloom and Handicraft and 10% shall be contributed by the implementing agency.
- ▶ Land will be provided by implementing agency and it will be over and above its 20% contribution, attributed in the funding pattern

Component	Implementing Agency/Fund Receiving Agency
Setting up of CFC	<ul style="list-style-type: none"> <li>▶ Institutions of Ministry of MSME (MSME-DIs, NSIC, KVIC, Coir Board, Technology Centres, NI-MSME and GIRI)</li> <li>▶ Organizations of State Governments</li> <li>▶ National and international institutions engaged in development of the MSE sector</li> <li>▶ Any other institution / agency approved by the Ministry of MSME</li> </ul>





**Districts**  
as Export Hubs



विदेश व्यापार महानिदेशालय  
DIRECTORATE GENERAL OF  
FOREIGN TRADE

सत्यमेव जयते

