

# Strengthening Exports from Uttarakhand



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**EXPORT-IMPORT BANK OF INDIA**

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## **Strengthening Exports from Uttarakhand**

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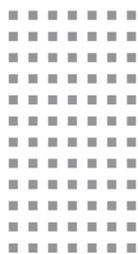
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# Executive Summary

## Economic Overview

Uttarakhand, also known as Dev Bhoomi, is a landlocked northern state situated in the foothills of the Himalayas and sharing international borders with China and Nepal. The state has 13 districts across two divisions viz. the Garhwal and Kumaoun divisions.

Uttarakhand's GSDP (in constant 2011-12 prices) stood at ₹213.4 thousand crores in 2023-24<sup>1</sup>, with a share of 1.2 percent in India's GDP during the year. In nominal terms, Uttarakhand's GSDP was valued at ₹346.2 thousand crores in 2023-24, recording a y-o-y growth rate of 14.0 percent. The growth was higher when compared to India's nominal GDP, which recorded a growth of 9.2 percent during 2023-24. Industrial sector is the largest contributor to Uttarakhand's economy, accounting for a share of nearly 50.9 percent in Uttarakhand's GSVAs (at constant prices) during 2023-24. Within the industrial sector, manufacturing had a high share of 70.4 percent during 2023-24, followed by construction with a share of 19.0 percent. Some of the key manufacturing segments in the state include automotive, chemical, pharmaceuticals, zinc, electrical equipment, processed foods, and plastic and plastic products, among others. Services sector is the second largest contributor to the state's GSVAs, with a share of 41.7 percent in Uttarakhand's GSVAs in 2023-24. Over the years, the contribution of the service sector has increased from 36.5 percent in 2014-15 to 41.7 percent in 2023-24, with the 'trade, repair, hotels, and restaurants' segment being the key contributor in the sector.

Uttarakhand ranked 9<sup>th</sup> in Niti Aayog's Export Preparedness Index (EPI) 2022. The state performed well among other landlocked states of comparable economic size in the Niti Aayog's EPI 2022, scoring higher across all pillars of the EPI. However, the state's export orientation is much below the all-India level. The share of merchandise exports in Uttarakhand's GSDP (at current prices) stood at 4.3 percent in 2023-24, which is substantially low when compared to the share of India's merchandise exports in its GDP at 12.2 percent during the same year. Moreover, Uttarakhand's merchandise exports accounted for only 0.4 percent of India's merchandise exports during 2023-24, which is substantially lower than the state's contribution to India's real GDP, at 1.2 percent during 2023-24. This is also low when compared to the state's share in India's population at 0.8 percent in 2011.

Against this backdrop, the study examines the economic profile and export performance of Uttarakhand at a granular level, making an attempt to map the supply side capabilities of the state with the demand emanating from the international market. The study analyses the potential for exports from the state, and also identifies dynamic products and potential markets for exporters. The study also recommends strategies for enhancing trade competitiveness at the state level and creating an enabling environment for exports from the state.

<sup>1</sup> As per data from MOSPI, accessed on March 11, 2025

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## Merchandise Exports from Uttarakhand

Uttarakhand ranked 22<sup>nd</sup> among Indian states/UTs in terms of merchandise exports, with exports valued at US\$ 1.8 billion in 2023-24. Uttarakhand's merchandise exports have witnessed intermittent periods of growth and decline over the past decade. On an overall basis, merchandise exports from Uttarakhand recorded a CAGR of 3.0 percent during 2014-15 to 2023-24, which is lower when compared to the CAGR of India's merchandise exports at 3.9 percent during the same period. In the aftermath of the Covid-19 pandemic, while India's merchandise exports recovered steadily in 2021-22 and 2022-23, merchandise exports from Uttarakhand recorded four consecutive years of decline during 2019-20 to 2022-23, recording an annual average decline in exports of (-) 6.7 percent during this period. However, Uttarakhand's merchandise exports have recovered in 2023-24, recording a y-o-y growth rate of 1.5 percent, to reach nearly US\$ 1.8 billion. This is in contrast to India's merchandise exports, which recorded a y-o-y decline of (-) 3.1 percent during the year.

'Drug formulations, biologicals' is the topmost exported product from Uttarakhand, accounting for a share of 16.9 percent in Uttarakhand's merchandise exports in 2023-24. Other top exported products from Uttarakhand during 2023-24 included 'ships, boats and floating structures' (share of 12.4 percent in Uttarakhand's merchandise exports), zinc and articles of zinc (10.7 percent), electronic instruments (6.6 percent), auto components and parts (5.2 percent), and plastic sheet and films (3.6 percent), among others.

Uttarakhand is the second largest exporting state for zinc and articles of zinc, with a share of 26.5 percent in India's total exports of these products in 2023-24. The state is also the 5<sup>th</sup> largest exporter of 'ships, boats and floating structures' (share of 5.5 percent in India's exports of the product in 2023-24), 7<sup>th</sup> largest exporter of plastic sheets and films (share of 3.7 percent), and 11<sup>th</sup> largest exporter of both 'drug formulations, biologicals' (share of 1.4 percent) as well as 'paper, paperboard and products' (2.0 percent).

The UAE is the largest destination for exports from Uttarakhand, accounting for a share of nearly 11.9 percent in the merchandise exports from the state during 2023-24, followed by Oman (share of 9.6 percent), the USA (8.4 percent), Singapore (6.8 percent) and Nepal (6.1 percent), among others.

A substantial share of Uttarakhand's merchandise exports is routed through ports in other states/UTs like Maharashtra, Uttar Pradesh and Delhi. In fact, ports in Maharashtra viz. Mumbai airport, Mumbai seaport and Nhava Sheva seaport, jointly accounted for about 28.9 percent of Uttarakhand's merchandise exports in 2023-24. On the other hand, ports in Uttarakhand viz. ICD Sidchul, Pant Nagar and ICD Sandkheda, Kashipur, jointly accounted for 21.2 percent of the state's merchandise exports during 2023-24. Apart from these, nearly 17.3 percent of the state's merchandise exports were routed through ports in Uttar Pradesh, while ports in Delhi jointly accounted for nearly 15.5 percent of the state's merchandise exports in 2023-24.

Udham Singh Nagar was the largest exporting district in Uttarakhand, accounting for 32.9 percent of merchandise exports from the state during 2023-24. Other major districts in terms of merchandise exports from the state are Dehradun (32.5 percent), Haridwar (28.5 percent), Nainital (3.3 percent), and Rudra Prayag (1.0 percent), among others.

## Key Products and Markets for Merchandise Exports

During 2023, Uttarakhand exported 2,172 products at HS 6-digit level. Among these products, the export strategy of the state should focus on those items which have the maximum potential for growth, taking into consideration both supply and demand side aspects. The Study undertakes a granular analysis of the

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products where the state has comparative advantage and matches it with the global import demand for these products. Based on the analysis, two sets of products have been identified for Uttarakhand. The first set of products, termed 'Product Champions', include those where the state has comparative advantage and global import demand is increasing. These products could be targeted for achieving export growth in short to medium term. The second set of products, termed 'Underachievers' include those where the state does not have a comparative advantage, but the global import demand has been robust. Capacity building in these second set of products would enable export growth in the medium to long term.

A total of 92 products at HS-6 digit level have been classified as Product Champions. It is noteworthy that nearly 9 products each are in the categories of 'plastics and articles' and 'machinery and mechanical appliances'. In terms of value, the maximum value of exports under product champions category is in the segment of 'zinc and articles', followed by 'pharmaceutical products', and 'optical, measuring, medical and similar instruments'. An assessment of the top export destinations for Uttarakhand vis-à-vis the top importers globally in the top 10 Product Champion sectors indicates that some of the top global importers in the product champions categories do not feature among the top destinations for Uttarakhand's exports of these products. Thus, there is scope for increasing exports of these product champions from the state by expanding export footprints into some of the top markets that are currently under-tapped.

Underachievers category for Uttarakhand includes 7 products at HS 6-digit level. These include products such as 'gold (including platinum plated) in other unwrought forms'; 'static converters'; 'other parts & accessories of vehicles'; 'other electric conductors < 1000v not fitted with connectors'; 'other food preparations' and 'semi/wholly milled rice whether or not polished/glazed'. There already exists some supply base for exports of these products in the state. In the medium to long term, the state could target these segments for strengthening production capacities and enhancing market share in exports of these products.

## Services Exports from Uttarakhand

Based on Exim Bank estimates, Uttarakhand accounted for at least 0.07 percent of the services exports from India, which is lower than the state's contribution to the merchandise exports from the country.

The state has established itself as a leader in the IT and ITeS sector. The growth of the IT sector in Uttarakhand is primarily driven by software technology park (STP) in Dehradun and other integrated industrial estates (IIEs) across Uttarakhand. IT and ITES exports from STP in Uttarakhand stood at nearly ₹ 241.1 crore (approximately US\$ 29.1 million) in 2023-24, recording a y-o-y growth of 12.9 percent. IT and ITES exports from the STP in Uttarakhand has been growing substantially over the recent years, registering a CAGR of 15.0 percent during 2019-20 to 2023-24. Nonetheless, the share of IT and ITES exports from Uttarakhand remained meagre at 0.02 percent of total IT and ITES exports from STPs across India during 2023-24, indicating substantial scope for improvement.

Tourism is another major service export from the state, with foreign exchange earnings for Uttarakhand from foreign tourist visits estimated to have reached US\$ 208.6 million in 2023. Tourism and IT sector together generated more than US\$ 237.7 million in export revenues for the state during 2023-24<sup>2</sup>.

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<sup>2</sup> As per India Exim Bank calculation based on average annual Rupee to Dollar conversion rate of 2023-24

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## Export Potential

According to India Exim Bank research, Uttarakhand has an untapped merchandise export potential of nearly US\$ 1.38 billion<sup>3</sup>. Tapping this potential can take the state's merchandise exports to US\$ 3.2 billion. Through an appropriate medium to long term export strategy, there is potential for propelling the state on an even higher export growth trajectory.

## Strategies for Exports Promotion

Developing a comprehensive export strategy would be an important first step for unleashing the untapped export potential of the state. With the objective of outlining a comprehensive and relevant export strategy for the state, the Study analyses the opportunities and challenges for exporters in Uttarakhand and recommends actionable strategies to tap the opportunities and address the challenges. These strategies are built upon six essential pillars viz. diversification to focus products and markets, infrastructure leverage and strengthening, capacity building, fiscal incentives, export promotion campaigns, and institutional streamlining.

### *Focus Products and Markets*

Enhancing production capacities in higher value-added products and expanding market footprint in the top importing markets would be crucial for a substantive increase in exports from the state and imparting resilience to the state's exports basket. Based on the identification of 'Product Champions' and 'Underachievers' categories, the Study provides a set of focus products for enhancing exports from Uttarakhand. These products include:

#### Food Processing

*Processed Cereals:* The state currently exports broken rice and other cereals including millets. For product diversification, the state could focus on processed cereals including semi/wholly milled rice, which is an underachiever product for the state, as well as processed snacks made of rice (ready to cook) and processed millet products. Further, diversification of exports towards high value-added cereal preparations like snacks, ready to cook/ ready to eat products including pasta and noodles made from rice and/or millets, fermented rice flour, puffed or flaked cereals items, can garner greater exports from the state. Opportunities emerging in the gluten-free food industry can also be tapped through encouragement to capacity expansion in processed cereal items, particularly those made from rice and millets. Developed countries from North America and Europe including the USA, Canada, Germany, and France could be targeted for exports of gluten-free preparations from Uttarakhand.

Enterprises in Uttarakhand have also begun tapping the export market for organic millets. In 2021, the first batch of millets cultivated in the Himalayas in Uttarakhand was exported to Denmark, which was driven by the collaborative effort between APEDA, the Uttarakhand Agriculture Produce Marketing Board, and the exporter firm. Going forward, more such entrepreneurial efforts, institutional support and joint efforts, including awareness programmes and marketing campaigns, would be required to boost exports of organic millet products from the state.

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<sup>3</sup> Based on estimates of India's untapped export potential by ITC Export Potential Map

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*Sugar and Sugar Confectionary:* Uttarakhand is the 7<sup>th</sup> largest producer of sugarcane in India<sup>4</sup>. In 2023-24, Uttarakhand's production of sugarcane more than doubled. The state also has significant exports of sugar and sugar confectionary products, which have been identified as product champion for the state. Diversification towards exports of value-added sugarcane and sugar items can bode well for the players in Uttarakhand. There are various products that can be made from sugarcane and in the subsequent sugar formation process, which can be marketed and sold in international markets. For export diversification, exporters in the state could focus on value-added products like sugarcane edible strips, sugarcane syrup and processed sugarcane juice. Apart from this, Distiller's Dried Grains with Solubles, which is a nutrient-rich byproduct of ethanol production, also has significant export potential. This can be another area for export diversification as ethanol blending leads to greater diversion of sugarcane towards ethanol production in the state.

### **Gems and Jewellery**

The state currently exports gold and other precious metal jewellery. For product diversification, exporters in the state could focus on building capacities in the unwrought gold (incl. platinum plated) segment, which has been identified as an underachiever segment for the state. Players in the industry could also build capacities in the segment of lab-grown diamonds. The global lab-grown diamonds market was valued at US\$ 27.2 billion in 2023, and is expected to reach US\$ 59.5 billion by 2032, recording a CAGR of 9.1 percent. Factors such as affordability, sustainability and similarity in characteristics with that of natural diamonds have been the key growth drivers for the surge in demand for lab-grown diamonds across the world. Thus, exporters in this sector could focus on diversification towards lab-grown diamonds segment.

### **Biosimilars**

Drug formulations is the topmost exported product from Uttarakhand, accounting for a share of 16.9 percent in Uttarakhand's merchandise exports in 2023-24. Several products such as sterile surgicals, vitamin medicaments, pituitary hormones are among the product champions for the state. For product diversification, pharmaceutical players in the state could be encouraged to enhance capacities in biosimilars, which could provide new avenues for growth in exports. Globally, the demand for biologics is growing steadily as they can be used to treat several chronic diseases including cancer, diabetes, infectious disorders, hormonal disorders, etc<sup>5</sup>.

Europe is the largest market for biosimilars currently with nearly 126 approved biosimilars as of January 2025<sup>6</sup>. The US FDA has also approved 69 biosimilars as of March 2025<sup>7</sup>. As per an analysis published by the Department of Pharmaceuticals, Government of India, 24 blockbuster drugs are going off-patent during the patent cliff 2022-2030, which is expected to create opportunities worth US\$ 328 billion in 2030<sup>8</sup> due to loss of exclusivity of these patented drugs. This would create large opportunities for biosimilar players<sup>9</sup>. Thus, exporters from the state could consider diversification into this key emerging segment.

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<sup>4</sup> Handbook of Statistics on Indian States 2023-24, RBI

<sup>5</sup> Biologics are products derived from living organisms like bacteria, as well as from mammals, plants, and animals through genetic engineering. Some of the commonly known biologics include monoclonal antibodies (MABs), vaccines, recombinant proteins, antisense, RNAi, molecular therapy, among others.

<sup>6</sup> Biosimilars approved in Europe (January 2025), Generics and Biosimilar Initiative.

<sup>7</sup> The US FDA Biosimilar Product Information (Mar 2025), US FDA

<sup>8</sup> Department of Pharmaceuticals, Ministry of Chemicals and fertilizers, GOI (2023), An Analysis On Leveraging Patent Cliff - <https://pharma-dept.gov.in/sites/default/files/FINAL-An%20analysis%20on%20leveraging%20the%20patent%20cliff.pdf>

<sup>9</sup> Ying Chen, Alex Monnard, and Jorge Santos da Silva (2021), An inflection point for biosimilars, McKinsey & Company

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### **Ayush and Herbal Products**

Ayush and herbal products accounted for only 0.47 percent of Uttarakhand's merchandise exports during 2023-24. There is substantial scope for enhancing exports of these products from the state. As per Grand View Research, the global Ayurveda market size was estimated at US\$ 14.4 billion in 2023 and is projected to record a CAGR of 27.2 percent during 2024 to 2030. Globally, developed countries, particularly North America and Europe are among the largest markets for Ayurvedic products<sup>10</sup>, with a growing preference for ayurvedic remedies, herbs, minerals, and natural ingredients. However, exporters of Ayush and herbal products in Uttarakhand are mainly targeting markets such as Middle East, Africa and Asia Pacific for exporting these products. Clearly, there is scope for enhancing exports of these products to more developed countries, given the high demand.

### **Electronics and Electrical Equipment**

Several categories of electrical equipment such as automatic circuit breakers, electricity conductors, lead-acid accumulators, dielectric transformers feature among product champions for the state. Besides these, exporters in the state could also export products such as static convertors, boards for a voltage<=1000 volts, other electric conductors < 1000v not fitted with connectors, which have been identified as underachievers for the state. Although the state currently exports these products, the state does not have comparative advantage in the exports of these product. Exporters could also focus on lithium-ion cells and batteries, which are currently exported from the state but the share of these products in the state's overall exports remains meagre. Export-oriented firms in the electronics and equipment segment should also be encouraged to leverage the incentives provided under the Uttarakhand Mega Industrial and Investment Policy 2021, for expanding their production and export capacities.

### **Automobile and Auto Components**

Transport vehicles accounted for 7.2 percent of the total merchandise exports from the state in 2023-24. The state currently exports products such as two and three-wheelers, auto tyres and tubes, silencers, exhaust pipes, parts of motor vehicles for buses/lorries etc. Several of these products have been identified as product champions for the state. For product diversification, the state could target building capacities in segments such as gaskets, new pneumatic tyres, which are currently exported from the state, but the state does not have comparative advantage in exports of these products. Besides these, there is need for diversification towards electric vehicles (EVs) segment as well.

To encourage EVs, the state has introduced the 'Uttarakhand Electric Vehicle Manufacturing, EV Usage Promotion and Related Services Infrastructure Policy 2018' for enhancing manufacturing and usage of EVs in the state. The policy extends various incentives such as electricity duty exemption, stamp duty exemption, concession on land costs<sup>11</sup> etc. Export-oriented firms need to be encouraged to leverage these incentives to further expand their production and export capacities of EVs in the state.

### **Tourism**

Tourism is an important sector for the state. Uttarakhand stood 12<sup>th</sup> among all state/UTs in terms of domestic tourist visits in 2023, accounting for a share of 2.3 percent in India's domestic tourist visits. However, the

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<sup>10</sup> ISI Emerging Markets – Grand View Research

<sup>11</sup> State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIIDCUL)

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share of Uttarakhand in foreign tourist visits is meager at 0.7 percent of India's total foreign tourist visits in 2023. Efforts are required to develop and popularise the existing tourism circuits in the state, to increase international footfall.

Besides this, the State Government could also promote film tourism and culinary tourism in the state. The state already has in place the Uttarakhand Film Policy, 2024, which provides various incentives for shooting films in the state. There is need to popularise this scheme to attract international film makers to the state. Further, the state could also consider extending additional benefits for international film makers under the existing scheme, over and above the existing incentives. There is also substantial scope for enhancing culinary tourism through state-sponsored food festivals for showcasing the state's unique culinary delicacies. The state could focus on culinary dishes such as 'Bal Mithai', 'Singodi', 'Jhangore ki Kheer', 'Lesu' etc.

### **Market Diversification**

There remains substantial scope for exporters from the state to diversify towards key global markets including several developed economies such as Germany, the UK, Belgium, Japan, Germany, the Netherlands, Italy, France, Canada etc. A list of sector-wise top potential countries for market diversification that may be targeted by exporters is provided in the Study.

### **Infrastructure Leverage and Strengthening**

There is significant scope for improvement in the trade enabling infrastructure in the state. As per the LEADS 2024 report, the average speed on national highways and state highways in Uttarakhand is the lowest among landlocked states, indicating need for further strengthening the road infrastructure. To that end, there is a need for the state to enhance the budgetary allocation towards strengthening the road infrastructure in the state for better connectivity.

The state has 2 ICDs in Kashipur and Pantnagar, 4 land customs stations (LCSs) and 3 operational airports. However, port-wise export data from DGCIIS indicates that majority of exports from the state are routed through ports in Mumbai, Uttar Pradesh and Delhi. There is a need for thorough examination of this underutilisation and strengthen the existing ports, particularly the LCSs which are substantially underutilised. There is also a need to build dedicated cargo terminals in the state for the better transportation of the goods, as none of the 3 airports in the state have air cargo and custom clearance lanes for export purpose. Moreover, the district of Haridwar, which constitutes about 28.5 percent of the state's exports in 2023-24, does not have any port infrastructure for exports. The State Government could consider developing an ICD in Haridwar for facilitating exports from the district.

Storage is another important link in the overall logistics chain for exports. Uttarakhand's overall warehousing capacity caters to only 19.4 percent of the total food grain production in the state, indicating the need to substantially augment warehousing capacity. As per Exim Bank's analysis, additional warehousing capacity of least 7.3 lakh MT is needed for just the existing food grains produced in the state.

Apart from warehousing, the state also needs cold storage infrastructure as agricultural products and pharmaceuticals are key export items for the state. Currently, the cold storage capacity is at 2.07 lakh MT<sup>12</sup>, which is not adequate given the current demand in the state. A multi model logistics park has been already

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<sup>12</sup> As of May 31, 2024; Source: Lok Sabha Starred Question No. 210 dated August 6, 2024, Titled "Cold Storages"

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established in Pantnagar in Udham Singh Nagar district. In addition, the State Government may also consider the development of the multi model cold chain network in Dehradun, as the district is a key exporter of pharmaceuticals from the state. Further, agricultural districts such as Pithoragarh, Champawat, Almora, Uttarkashi, Chamoli and Bageshwar could also be targeted for developing cold chain facilities<sup>13</sup>.

The state can utilise the support under the central government’s Trade Infrastructure for Export Scheme (TIES) for developing and strengthening the ICDs, CFSs, warehousing and cold storage facilities, and other essential export infrastructure. As per the latest data available, no projects have been approved under TIES for developing export infrastructure in Uttarakhand<sup>14</sup>. Uttarakhand needs to utilise the support provided under TIES.

In addition to trade related infrastructure, SPS/TBT infrastructure also plays a crucial role in promoting exports. Despite exporting a number of high value-added and technology intensive products, Uttarakhand’s performance in terms of availability of NABL accredited testing labs is relatively low at only 94 labs, as of February 2024<sup>15</sup> --which is lower relative to comparable states like Jharkhand, which has 102 such labs. The state accounts for only 1.8 percent of the total NABL accredited labs in India. Clearly, there is a need to set up more testing and calibration labs in the state. The Government of Uttarakhand in its Export Promotion Policy 2021, envisages to build the testing laboratories. However, the implementation of the same remains a challenge. The State Government could proactively engage with the private sector partners to create the necessary SPS/TBT infrastructure in the state. Furthermore, the government could also introduce an Export Infrastructure Assistance scheme to support the development of critical export infrastructure such as testing labs, R&D centres, and export incubation centres, with a one-time subsidy of 25 percent of the export infrastructure investment up to ₹ 1 crore.

The State Government could introduce incentives for private developers to establish dedicated export parks in the state. Incentives can be provided to developers of dedicated export parks, including capital assistance for infrastructure development; financial assistance for developing common processing, testing, quality, and R&D facilities; capital subsidy for waste management solutions; and reimbursement of stamp duty and registration charges etc. This approach can help attract private investment in export-oriented clusters, ensuring world-class facilities and streamlined logistics for exporters. Similar incentives are being provided in other landlocked states such as Madhya Pradesh.

### ***Capacity Building***

While exporters in the state produce a wide array of products, there is need for improving the design, quality and quantum of production in order to effectively tap the international market. In several products, there may not be enough exportable surplus, or the production may not be attuned to the requirements of the global market, necessitating capacity building efforts.

### ***Branding of Geographical Indications***

Geographical Indications (GI) status for agricultural, handloom and handicraft products of Uttarakhand can function as product differentiators and serve as important tools for marketing. Uttarakhand is the first state

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<sup>13</sup> Districts with over 20 percent of GVA from Agriculture and allied sector have been considered for this analysis. Source: Uttarakhand Economic Survey 2023-24, Government of Uttarakhand

<sup>14</sup> Lok Sabha Question No 439 Dated February 4, 2025, Titled “Trade Infrastructure for Export Scheme”

<sup>15</sup> NABL (2024), Directory of Accredited Testing Laboratories, February 18, 2024

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to get 18 GI tags in one day. In total, Uttarakhand has 27 GI tags of which 9 are in handicrafts segment, 1 in foodstuff and manufactured each, and the rest are in agricultural segment. In addition, GI tags have also been applied for 'Timru de Uttarakhand', 'Uttarakhand Badri Cow Ghee', 'Uttarakhand Bedu (Fruit)' and 'Uttarakhand Bhangjira', which are currently in the pre-examination stage. Initiatives are needed for identifying more products from the state which can be accorded GI status. This could include culinary delicacies such as 'Sarva Pindi', 'Sakinalu', 'Golichina Mamsam', as well as beverages like 'Pachi Pulusu', etc. GI tags could enhance the popularity of these food items and thereby boost exports of these products from the state. Obtaining GI for such prepared food stuff could also be helpful in promoting culinary tourism in the state.

Additionally, to gain the benefits of the GI status, it is important for the GI brand to be recognised as a reliable and preferred brand in the market, with distinguishable positioning. The logo and the GI brand name need to be developed and marketed, and mechanism needs to be devised for ensuring that all products marketed under the GI brand adhere to minimum specific standards. To ensure the quality and uniqueness of the products, the state government could set up a GI certification body, that will provide certificate of authenticity to select high-potential export items in agriculture and handicraft categories. A repository of information about the artisans involved in production and exports of the GI products could be maintained by the certifying body.

Furthermore, to promote value addition of GI-tagged agriculture products, the State Government could also introduce regulations for GI-branding to ensure that the quality and authenticity is maintained. For instance, in the case of millets, the State Government could specify the minimum proportion of millets in various processed millet products to be eligible for use of the GI branding for Jhangora and Mandua. This would encourage exports of value-added GI-tagged agro products. Moreover, the state government could also focus on linking FPOs, processed food companies, and exporters with international buyers to facilitate marketing of GI-tagged agro products from the state.

### **Standards, Rules and Regulations**

Exporters need to have in-depth knowledge of the latest global developments pertaining to packaging / eco-labelling, quality standards, regulatory norms and mandatory certification requirements, among others, to be able to expand their footprint into highly regulated markets in developed countries. Exporters also need to acquaint themselves with the rules and procedures of importing countries. It is therefore imperative to create an eco-system which supports exporters in adhering to the requirements in the export markets. This could be done by creating awareness about the rules, procedures and required standards, as well as by easing the financial burden associated with obtaining related certifications.

### ***Awareness Workshops/ Programmes***

Creating awareness among exporters about export procedures, regulations and standards related to various products is a crucial aspect of enhancing exports from the state. Under the Export Promotion Policy 2021, the State Government offers incentives for capacity building / sensitisation and awareness activities. Further, the State Government also offers to contribute 50 percent of the cost of training/skill upgradation for first-time exporters. While this is a step in the right direction, the State Government could consider extending the support to existing exporters as well. Moreover, such awareness programmes/workshops could be aligned with the District as Export Hub (DEH) initiative. Further, to provide a holistic environment for technological upgradation and skill development, State Universities can also be encouraged to commence both vocational

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and research-based courses to meet the skill gaps prevailing in various sectors, to encourage value-added exports from the state.

Additionally, the Uttarakhand Export Promotion Policy 2021 also provides assistance for listing products on various e-commerce websites<sup>16</sup>. However, to promote enterprises to onboard on e-commerce platforms for export purposes, the State Government could collaborate with e-commerce platforms such as Amazon, eBay etc., to conduct awareness programmes at the district level on the use of these platforms for export purposes, as also onboard the exporters on the platforms. Similar MOUs have been signed by the Government of Gujarat, Government of West Bengal and Government of Manipur, with Amazon. Additionally, Uttarakhand could develop more Dak Ghar Niryat Kendra (DNKs) or post office export centers to support small exporters, particularly in remote areas, so as to improve last-mile connectivity and facilitate smoother export processes for MSMEs and first-time exporters through e-commerce. To further support first-time exporters, the state government could introduce a reimbursement scheme for exports made through courier services, up to a specified limit, for exporters with confirmed orders.

#### *Reimbursement of Certification Costs*

As per the Uttarakhand Export Promotion Policy 2021, the state provides refund for expenses up to 50 percent subject to a ceiling of ₹ 10 lakhs per unit per annum<sup>17</sup> for global certifications like Conformity European (CE) / ISO. In addition to these, to incentivise exports of pharmaceuticals, the State Government could also consider reimbursement of expenditure incurred on obtaining certificate of WHO-GMP or US-FDA certificate subject to the suitable ceiling per company. The State Government could also consider providing refund of expenses incurred for obtaining statutory certifications like China Compulsory Certificate (CCE), Goods Manufacturing Practices (GMP) certification, etc., to the extent of 50 – 100 percent, subject to a ceiling per exporting unit. This would help promote exports from high technology sectors in the state. The State Government could also extend the support to obtain organic product certifications for the exporters of organic products in the state.

#### *Fiscal Incentives*

Fiscal incentives in the form of refunds / reimbursements and concessions could be a major step for mitigating the cost burden and enhancing competitiveness of exporters in Uttarakhand. Being a landlocked state, exporters in Uttarakhand have to depend on ports in other states for exports. In this context, fiscal incentives may be required to bring down the cost for exports. The State Government could consider freight subsidy for subsidising the freight component in exports of key products from the state, with special focus on districts that may be far from the ports.

#### *Special Incentives for Enhancing IT Sector Exports*

The State Government could consider specific fiscal incentives for setting up of data centres in the state. To that end, the state is already focussing on building edge data centres<sup>18</sup> in collaboration with private partners. To attract more investments in this field, the government could provide various incentives such as earmarking land parcels for developing data centres, providing fiscal incentive such as SGST exemption, capital subsidy,

<sup>16</sup> Only for the first 100 enterprises – Uttarakhand Export Policy 2021.

<sup>17</sup> Applicable to first 25 units/projects - Uttarakhand Export Policy 2021

<sup>18</sup> An edge data center is a small data center that is located close to the edge of the network, this is same as smaller data centers but is contained in smaller footprint close to the end users and devices.

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stamp duty exemption etc., for firms setting up data centres in the state. A report by CEEW states that 85 percent of the districts in the state are prone to extreme floods and other events<sup>19</sup>. Considering this, the state could target districts such as Tehri Garhwal, Dehradun, Chapawat and Udham Singh Nagar for developing data centres to reduce the risk of any loss to the investors, as these districts are less prone to climate adversities.

### ***Export Promotion Campaign***

#### ***Export Awards***

Rewards can be an indirect mechanism to encourage existing and potential firms to enhance their export orientation. To encourage and acknowledge exporters in Uttarakhand, the State Government already has in place an Award of Excellence for Exports. In order to streamline the process of awarding exporters as also encourage exporters across different sectors, the Government of Uttarakhand in its Export Policy could consider awarding exporters across the top 10 broad export sectors. Within these sectors, awards can also be provided under different categories such as innovative product, new market, quality product, quality manufacturing process etc. depending on the idiosyncrasy of respective sectors. This will encourage entrepreneurs to adopt best practices. A selection committee comprising officials from key government agencies and eminent industrialists can evaluate the applications for Export Awards, taking into consideration the value of exports, ratio of exports to sales, level of value addition, market orientation, adoption of best practices, product and process innovation, R&D activity, etc.

#### ***Hidden Champions Initiative***

Additionally, the State Government can also initiate a 'Hidden Champions' initiative, to identify, encourage and felicitate promising small enterprises that have differentiated products, process and technology. These small enterprises can be provided handholding support, as well as financial and nonfinancial forms of assistance to begin their export journey. Existing schemes such as the Raising and Accelerating MSME Performance (RAMP) scheme and Ubharte Sitaare Programme of Exim Bank can be leveraged for supporting these enterprises.

#### ***Capacity Building of Industrial Clusters***

Uttarakhand already has a number of industrial clusters spread across an array of sectors, which are at various stages of development. In order to ensure continued progress across these industrial clusters, an essential initiative would be to develop a mechanism for assessing the performance of these clusters, in order to review the current status of the clusters and identify sectors/subsectors for developing new clusters. Such an assessment must cover aspects pertaining to prevailing infrastructure bottlenecks, as well as challenges in technological upgradation, access to skilled human resources, environmental sustainability, etc. The State Government could undertake such studies with support from the Central Government under the Market Access Initiative (MAI) scheme. Upon assessment of the clusters, relevant capacity building activities can be undertaken by the state government, including construction/ upgradation of physical infrastructure, building institutions, setting up of quality certification labs, common facility centres, design centres, and development of human resources, among others. The State Government could avail financial support for capacity building activities under the Micro & Small Enterprises - Cluster Development Programme (MSE-CDP).

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<sup>19</sup> Council on Energy, Environment, and Water (2021), "85 percent Districts in Uttarakhand Vulnerable to Extreme Floods"

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### **Setting up a Brand Equity Fund**

The Uttarakhand Export Promotion Policy 2021 offers marketing assistance including reimbursement of space rent for export-oriented units for setting up stalls in international exhibitions and conferences. This assistance can also be extended to MSMEs for participation in national trade fairs that have participation from international buyers. In addition to this marketing support, the State Government could consider setting up of a dedicated fund with a suitable corpus for supporting the marketing of export produce from the state. A significant part of this fund could be set aside to build globally competitive brands for products originating from the state. Export related brochures, interactive CDs, etc. can be created for popularising the products in the state in the international market. Further, the Fund can also be utilised for organising reverse buyer-seller meets.

### **Access to Finance**

Access to finance remains a persistent challenge for exporters nationwide, constraining their ability to expand and compete globally. In addition, high cost of credit further hinders their growth and greater participation in exports. To counter this, the State Government could extend financial assistance to exporters in the form of interest subsidy on export credit. This could ease the cost of credit and encourage greater participation by enterprises in the export business. Further, the Government of Uttarakhand could encourage exporters in the state to avail trade finance facilities extended by Exim Bank such as the Trade Assistance Programme (TAP) and factoring services provided by Exim Bank's subsidiary viz. Exim Finserve.

### **Institutional Streamlining**

Currently, the state's institutional framework for export promotion involves a two-level committee at state and district level<sup>20</sup>. In the next phase of its Export Policy, the Government of Uttarakhand could consider reframing the overall institutional ecosystem in a more streamlined manner. To that end, the state could consider strengthening the institutional structure for export promotion through setting up of the Uttarakhand Export Promotion Council (UKEPC) under the Department of Industries, Government of Uttarakhand. The UKEPC could be set up with the participation of the state government, exporters and industry associations. It would provide a forum for exchange of views, sharing of information, identifying obstacles faced by the exporters and implementing mechanism to overcome them. A structure for the Export Promotion Council is proposed in the Study.

## **Conclusion**

Uttarakhand has the potential to achieve merchandise exports to the tune of US\$ 3.2 billion in the short to medium term by leveraging its untapped export potential. The six-pronged strategy outlined in the study shall help enhance trade competitiveness, strengthen trade-enabling infrastructure, boost value addition, create awareness about exports, promote innovation, increase marketing for Uttarakhand's exports, and strengthen the institutional mechanism for nudging exports.

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<sup>20</sup> Uttarakhand Export Policy 2021



## Economic Backdrop

Uttarakhand, also known as Dev Bhoomi, is a landlocked northern state situated in the foothills of the Himalayas and sharing international borders with China and Nepal. The state was formed in the year 2000 and has 13 districts across two divisions viz. the Garhwal and Kumaoun divisions. Districts such as Dehradun, Haridwar, Chamoli, Rudraprayag, Tehri Garhwal, Uttarkashi and Pauri Garhwal come under the Garhwal Division, whereas, Almora, Nainital, Pithoragarh, Udham Singh Nagar, Bageshwar and Champawat districts come under the Kumaoun Division<sup>21</sup>.

Uttarakhand is the 20<sup>th</sup> most populous state<sup>22</sup> with a sex ratio of 963 females for 1000 males which is greater than India's sex ratio of 943. The state has also taken significant strides towards sustainable development. The state ranked 1<sup>st</sup> among all states in the Niti Aayog's Sustainable Development Goals (SDG) Index with a score of 79 in 2023-24, up from 72 in 2020-21. The state was also categorised as an Achiever in the Logistics Ease Across Different States (LEADS) index 2024. The state ranked 9<sup>th</sup> in the Niti Aayog's Export Preparedness Index 2022, and ranked 1<sup>st</sup> among the Himalayan States on the Index (**Table 1**).

**Table 1: Uttarakhand's Rankings on Various State-level Indices**

Index	Year	Rank
LEADS Index	2024	Achiever
SDG Index	2023-24	1
Export Preparedness Index	2022	9

Source: NITI Aayog; Ministry of Commerce and Industry, GoI; Exim Bank Research

## Overview of the State Economy

The Gross State Domestic Product (GSDP) is the income generated from the production of goods and services within the state. It is an important measure to understand the economic growth and sectoral dynamics in the state. The estimates of value added at the state level without any adjustments for the capital depreciation/consumption is termed as the Gross State Value Added (GSVA).

<sup>21</sup> Department of Revenue and Board of Revenue, Government of Uttarakhand

<sup>22</sup> Census (2011), Government of India

Uttarakhand's GSDP (in constant 2011-12 prices) stood at ₹213.4 thousand crores in 2023-24<sup>23</sup>, with a share of 1.2 percent in India's GDP in 2023-24. In nominal terms, Uttarakhand's GSDP was valued at ₹346.2 thousand crores in 2023-24, recording a y-o-y growth rate of 14.0 percent. The growth was higher when compared to India's nominal GDP, which recorded a growth of 9.2 percent during 2023-24 (Table 2).

**Table 2: Comparison of the Gross State Domestic Product of Uttarakhand with the Gross Domestic Product of India (₹ '000 Crore)**

Year	Uttarakhand				India			
	GSDP at Current Prices	Y-o-Y Growth %	GSDP at Constant (2011-12) Prices	Y-o-Y Growth %	GDP at Current Prices	Y-o-Y Growth %	GDP at Constant (2011-12) Prices	Y-o-Y Growth %
2014-15	161.4	8.3	141.3	5.3	12,468.0	11.0	10,527.7	7.4
2015-16	177.2	9.7	152.7	8.1	13,771.9	10.5	11,369.5	8.0
2016-17	195.1	10.1	167.7	9.8	15,391.7	11.8	12,308.2	8.3
2017-18	220.2	12.9	181.0	7.9	17,090.0	11.0	13,144.6	6.8
2018-19	230.3	4.6	186.1	2.8	18,899.7	10.6	13,992.9	6.5
2019-20	239.3	3.9	189.7	2.0	20,103.6	6.4	14,534.6	3.9
2020-21	225.6	-5.7	166.8	-12.1	19,854.1	-1.2	13,694.9	-5.8
2021-22	267.1	18.4	184.3	10.5	23,597.4	18.9	15,021.8	9.7
2022-23	303.8	13.7	198.3	7.6	26,890.5	14.0	16,164.9	7.6
2023-24	346.2	14.0	213.4	7.6	30,123.0	12.0	17,650.6	9.2

Source: MOSPI; Exim Bank Research

The GSVA of Uttarakhand recorded a CAGR of 4.7 percent during 2014-15 to 2023-24, increasing from ₹132.2 thousand crores in 2014-15 to ₹200.1 thousand crores in 2023-24. The GSDP of the state also increased from ₹141.3 thousand crores to ₹213.4 thousand crores, registering a CAGR of 4.7 percent. The growth was led by the services sector, which registered the highest CAGR of 6.3 percent. In line with the growth in services sector GVA, the share of the services sector in Uttarakhand's GSVA increased from 36.5 percent in 2014-15 to 41.7 percent in 2023-24, while that of agriculture and allied activities and industry decreased, during the same period (Exhibit 2).

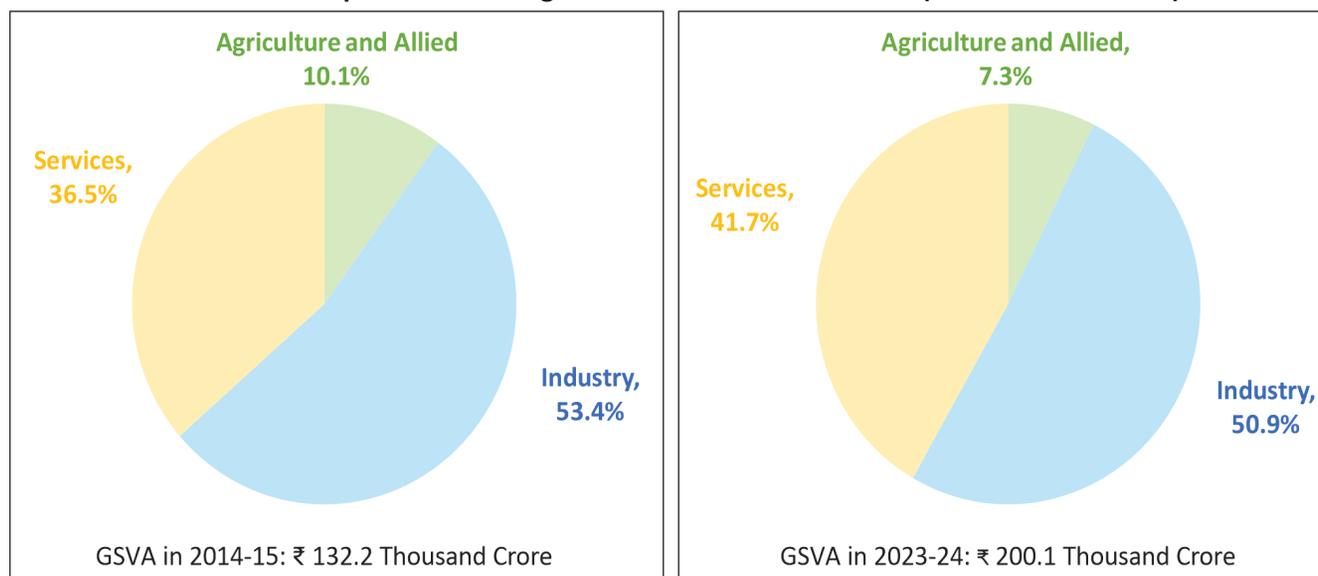
**Table: 3 Sector-wise Gross State Value Added (GSVA) of Uttarakhand at Constant (2011-12) Prices (Values in ₹ '000 Crore)**

Item	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	% Share in GSVA (FY 24)	CAGR (FY15 - FY24)
Agriculture and Allied	13.4	13.1	13.7	13.7	14.1	14.7	14.9	14.9	14.5	14.7	7.3%	1.1%
Industry	70.7	75.9	83.6	89.9	90.4	89.6	78.1	86.6	93.5	101.9	50.9%	4.1%
Services	48.2	53.3	58.0	63.6	66.5	70.2	62.8	70.8	77.6	83.5	41.7%	6.3%
GSVA	132.2	142.3	155.3	167.1	170.9	174.4	155.8	172.3	185.5	200.1	100.0%	4.7%
GSDP	141.3	152.7	167.7	181.0	186.1	189.7	166.8	184.3	198.3	213.4	-	4.7%

Source: MOSPI; Exim Bank Research

<sup>23</sup> As per data from MOSPI, accessed on March 11, 2025

**Exhibit 1: Comparison of Change in Sectoral Shares in GSVA (2014-15 vs 2023-24)**



Source: MOSPI; Exim Bank Research

## Key Economic Activities

### *Agriculture and Allied Activities*

Agriculture and allied activities accounted for only 7.3 percent of Uttarakhand's GSVA (at constant 2011-12 prices) in 2023-24, declining from a share of 10.1% in 2014-15. Within the sector, crops accounted for the largest share of 46.4 percent in the sectoral GSVA during 2023-24, followed by livestock with a share of 28.0 percent, and forestry and logging with a share of 25.1 percent. Meanwhile, the fishing and aquaculture segment accounted for a meagre share of 0.5 percent in agriculture GSVA. However, the fisheries and aquaculture segment has been witnessing steady growth in GSVA in the recent years, recording the highest CAGR among all segments in the agriculture sector, at 7.8 percent during 2014-15 to 2023-24. Meanwhile, the crops segment recorded a negative CAGR of (-) 0.5 percent during the same period.

A key reason for the decline in share of agriculture in Uttarakhand's GSVA, is climate uncertainties, particularly due to variability in rainfall<sup>24</sup>. This has led to a decline in area under cultivation and resultantly, a decline in crop production.

As per the latest Land Use Statistics 2022-23 published by the Government of India, total cultivable land accounted for only 25.7 percent of Uttarakhand's 6.0 million hectares of land available for utilisation, while forest cover accounted for a substantial 63.5 percent of the total available land. The area under cultivation accounts for only 41.1 percent of the total cultivable land<sup>25</sup>, and is steadily declining—from 758 thousand hectares in 2013-14 to 633 thousand acres in 2022-23.

<sup>24</sup> Carbon Impacts (2023), Climate Change: Uttarakhand Grapples with Declining Food Production

<sup>25</sup> Land Use Statistics at a Glance: 2022-23, Ministry of Agriculture & Farmers Welfare, Government of India

**Table 4: Segment-wise Share in GSVA of Agriculture and Allied Sector in Uttarakhand  
(Values in ₹ '000 Crore)**

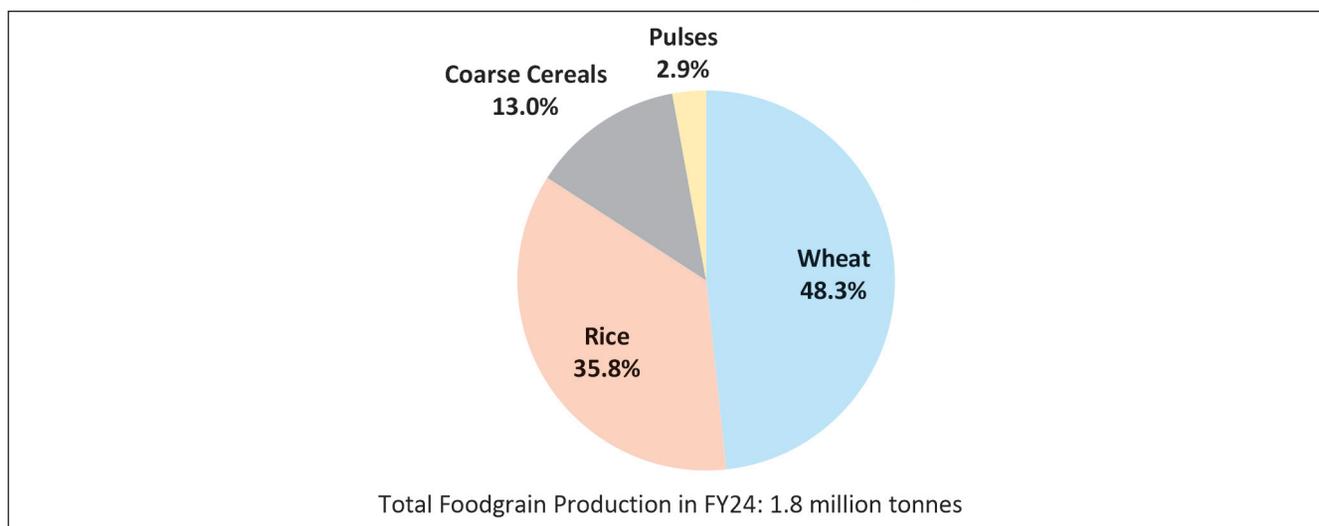
Item	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	% Share in GSVA (FY 24)	CAGR (FY 15-FY 24)
Agriculture, Forestry & Fishing	13.4	13.1	13.7	13.7	14.1	14.7	14.9	14.9	14.5	14.7	100.0%	1.1%
Crops	7.2	6.5	6.9	7.0	6.9	7.2	7.5	7.6	6.8	6.8	46.4%	-0.5%
Livestock	3.3	3.6	3.7	3.7	3.8	3.9	3.8	3.9	4.0	4.1	28.0%	2.4%
Forestry and Logging	2.8	3.0	3.0	2.9	3.3	3.6	3.5	3.4	3.6	3.7	25.1%	3.0%
Fishing and aquaculture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.5%	7.8%

Source: MOSPI; Exim Bank Research

### **Food Grains**

Uttarakhand's total foodgrain production stood at 1.8 million tonnes in 2023-24, accounting for a share of 0.5% in India's total foodgrain production during the year. Major foodgrains produced in Uttarakhand include wheat, rice, coarse cereals and pulses. Wheat production accounted for 48.3 percent of the total foodgrain production in 2023-24, while rice accounted for another 35.8 percent of the state's foodgrain production. The state also produces several coarse grains including several indigenous varieties of millets, as well as pulses. Following a sharp decline in food grain production by (-) 8 percent in 2022-23, foodgrain production in the state recorded a modest recovery in 2023-24, recording a y-o-y growth rate of 1.6 percent, driven mainly by a growth in wheat production.

**Exhibit 2: Share of Major Food Grains in Uttarakhand's Total Foodgrain Production in 2023-24**



Source: Handbook of Statistics on Indian State 2023-24, RBI; Exim Bank Research

## Other Crops

Other crops produced by the state include sugarcane, oil seeds, flowers, fruits, vegetables and spices. Uttarakhand is the 7<sup>th</sup> largest producer of sugarcane in India<sup>26</sup>, producing nearly 7.8 million tonnes of sugarcane in 2023-24. In 2023-24, Uttarakhand's production of sugarcane more than doubled. Other products from Uttarakhand such as oilseeds and horticulture products constitute only a meagre share in India's total production.

**Table 5: Production of Other Crops in Uttarakhand in 2023-24**

Item	Uttarakhand's Production in 2023-24 (Thousand Tonne)
Sugarcane	7,776.0
Oil Seeds	34.1
Vegetables	514.6
Fruits	342.1

Source: Handbook of Statistics on Indian States 2023-24, RBI; Exim Bank Research

## **Industrial Sector**

Industrial sector is the largest contributor to Uttarakhand's economy, accounting for a share of nearly 50.9 percent in Uttarakhand's GSVA (at constant prices) during 2023-24. The value added in the industrial sector of Uttarakhand witnessed a steady growth over the past decade, registering an estimated CAGR of 4.1 percent during FY15 to FY24. Growth in the sector has been primarily driven by 'electricity, gas, water supply and other utility services' segment and 'construction' segment, which recorded strong CAGRs of 7.1 percent and 6.6 percent, respectively, during FY15 to FY24 (**Table 6**). Within the industrial sector, manufacturing had a high share of 70.4 percent during 2023-24, followed by construction with a share of 19.0 percent. Some of the key manufacturing industries in the state include automotive, chemical and pharmaceuticals, zinc, electrical equipment, processed foods, and plastic and plastic products, among others.

**Table 6: Segment-wise Share in GSVA of Industrial Sector in Uttarakhand (Values in ₹ '000 Crore)**

Item	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	% Share in GSVA (FY24)	CAGR (FY15- FY24)
Industry	70.7	75.9	83.6	89.9	90.4	89.6	78.1	86.6	93.5	101.9	100.0%	4.1%
Mining and Quarrying	2.2	1.9	2.6	3.3	3.1	2.9	2.3	2.0	2.1	2.1	2.1%	-0.2%
Manufacturing	52.9	58.0	63.5	67.7	67.3	66.5	56.5	62.5	66.3	71.7	70.4%	3.4%
Electricity, Gas, Water Supply and other Utility Services	4.7	5.1	5.4	6.0	6.4	6.7	6.3	7.2	8.0	8.6	8.5%	7.1%
Construction	10.9	10.9	12.1	12.8	13.5	13.6	13.0	14.8	17.0	19.4	19.0%	6.6%

Note: 2023-24 data is based on the latest data available

Source: MOSPI; Exim Bank Research

<sup>26</sup> Handbook of Statistics on Indian States 2023-24, RBI

## Services Sector

Services sector is the second largest contributor to Uttarakhand's economy, with a share of 41.7 percent in Uttarakhand's GSVA in 2023-24. Over the years, the contribution of the service sector has increased from 36.5 percent in 2014-15 to 41.7 percent in 2023-24. Within the sector, the trade, repair, hotels, and restaurants segment constituted the largest share of 33.1 percent, followed by transport and services (share of 20.4 percent), real estate (13.7 percent), public administration (10.3 percent), and financial services (8.0 percent), among others. In terms of growth in value added in the sector, transport, storage, communications segment recorded the highest CAGR of 7.0 percent, followed by trade, hotels, and restaurants at 6.9 percent during 2014-15 to 2023-24.

Tourism is an important segment of the services sector of Uttarakhand. The state is a preferred tourist destination for both domestic and foreign tourists for eco-tourism and adventure tourism. Popularly known as Devbhoomi, Uttarakhand is also a popular destination for religious tourism.

**Table 7: Segment-wise Share in GSVA of Service Sector in Uttarakhand (Values in ₹ '000 Crore)**

Item	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	% Share on GSVA (FY24)	CAGR (FY15 to FY24)
Service	48.2	53.3	58.0	63.6	66.5	70.2	62.8	70.8	77.6	83.5	100.0%	6.3%
Trade, repair, hotels and restaurants	15.2	16.9	19.6	22.2	24.8	26.5	19.3	23.0	25.6	27.6	33.1%	6.9%
Transport, storage, communication & services related to broadcasting	9.3	11.1	11.1	10.4	10.5	11.9	11.0	13.1	15.4	17.1	20.4%	7.0%
Financial services	3.8	4.2	4.2	4.6	4.7	4.9	5.7	5.8	6.2	6.7	8.0%	6.4%
Real estate, ownership of dwelling & professional services	7.2	7.3	7.9	8.5	9.1	9.9	9.7	10.5	11.0	11.4	13.7%	5.3%
Public administration	4.9	5.4	5.9	7.0	6.5	5.8	6.6	7.3	8.0	8.6	10.3%	6.3%
Other services	7.8	8.4	9.4	10.8	10.7	11.2	10.5	11.1	11.5	12.1	14.5%	5.0%

Note: 2023-24 data is based on the latest data available

Source: MOSPI; Exim Bank Research

## Resource Profiling

An analysis of the resource profile of the state can shed light on the areas in which the state has competitive advantage. This can help in identification of the latent export potential in the state and devising strategies for harnessing this potential for overall economic development of the state.

## Agro-Climatic Zones

For a comprehensive understanding of the state's agricultural potential, identification of various agro-climatic zones within the state would be an essential first step. The concept of agro-climatic zones helps to identify agriculturally potent areas suitable for a particular genotype, so that the optimum production potential of a

crop and cropping sequence could be attained. India has a total of 15 agro-climatic regions that have been identified based on agro climatic features, particularly soil type, climate including temperature and rainfall and its variation, and water resources availability.<sup>27</sup> Uttarakhand has four agro climatic zones and seven farming situations, which are conducive for the cultivation of a range of agricultural produce, as identified in **Table 8**.

**Table 8: Agro-Climatic Zones of Uttarakhand**

Zone	Farming Situation	Districts	Principal Farm Produces
Zone A	Tarai irrigated <sup>28</sup>	Udham Singh Nagar, Haridwar	Rice, Wheat, Sugarcane, Lentil, Chickpea, Rapeseed Mustard, Mango, Litchi, Guava, Peach and Plums.
	Bhabar Irrigated <sup>29</sup>	Nainital, Dehradun and Pauri Garhwal	Rice, Wheat, Sugarcane, Rapeseed, Mustard, Potato, Lentil, Mango, Guava and Litchi.
	Irrigated lower hills (600-1000M) <sup>30</sup>	Champawat, Pauri Garhwal, Dehradun, Nainital, Tehri Garhwal	Rice, Wheat, onion, chilly, peas, potato, radish, cauliflower, pulses, oilseeds, soybean, mango, guava, plums and peaches.
	Rain-fed lower hills (600-1000M)	Champawat, Nainital, Pauri Garhwal, Dehradun, Tehri Garhwal, Bageshwar	Finger millet, Maize, rice, wheat, pulses, mango, guava, plums and peaches.
Zone B	Mid hills south aspect <sup>31</sup> (1000-1500 M)	Champawat, Nainital, Almora, Dehradun, Tehri Garhwal, Bageshwar	Rice, Finger millet, Wheat, Potato, Tomato, Peas, Cole crops, Pulses, Peach, and Plums.
Zone C	High hills (1500-2400 M)	Pithoragarh, Almora, Chamoli, Bageshwar	Amaranth, finger millet, French-beans, Cole crops, Potato, Peas, Peaches, Plums, Pear, Apple, and Stone fruits.
Zone D	Very High hills (>2400)	Pithoragarh, Chamoli and Uttarkashi	Amaranth, Buckwheat, Peas, Cole crops, Apple and Potato.

Source: State Horticulture Mission, Government of Uttarakhand

## Minerals

The mining and quarrying sector contributes to only 2.1 percent share in the total industrial GSDP of Uttarakhand. Notwithstanding the limited contribution, as per data from the Indian Bureau of Mines, Uttarakhand has several important mineral reserves. This includes high-grade limestone in the districts of Almora, Bageshwar, Dehradun, Nainital, Chittorgarh, Pauri and Tehri Garhwal districts, which are important for the production of cement. The state also has the highest magnesite reserves, accounting for 52 percent of the total magnesite resources in India<sup>32</sup>. Magnesite is a carbonate of magnesium used primarily for the manufacture of basic refractories, which are largely used in the steel industry. The other minerals present in the state are asbestos, barytes, marble, copper, dolomite, graphite, gypsum, lead, zinc, silver, and rock phosphate.

<sup>27</sup> Department of Water Resources, RD and GR, GOI, India Exim Bank Research

<sup>28</sup> This is a lowland region to the south of the outer foothills of the Himalayas, the Shivalik hills and north to the Indo-Gangetic Plain. This has a thickly forested narrow tract and the most fertile land.

<sup>29</sup> A gently sloping zone with narrow belt of width 8 to 16 km parallel to the Shiwaliks range. This is a land filled with loose rock, stones and rubble.

<sup>30</sup> Height of the mountains/hills

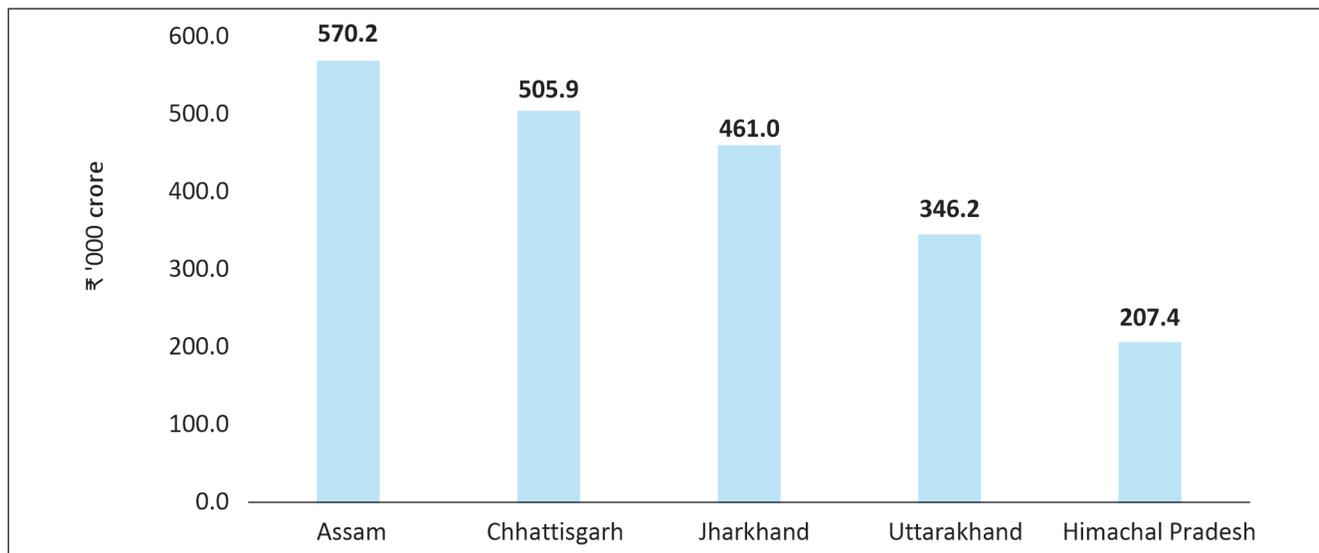
<sup>31</sup> This refers to the slope of the mountains facing to the south, which maximises the absorption of the daylight.

<sup>32</sup> Indian Minerals Yearbook 2022, Part III

## Scope of the Study

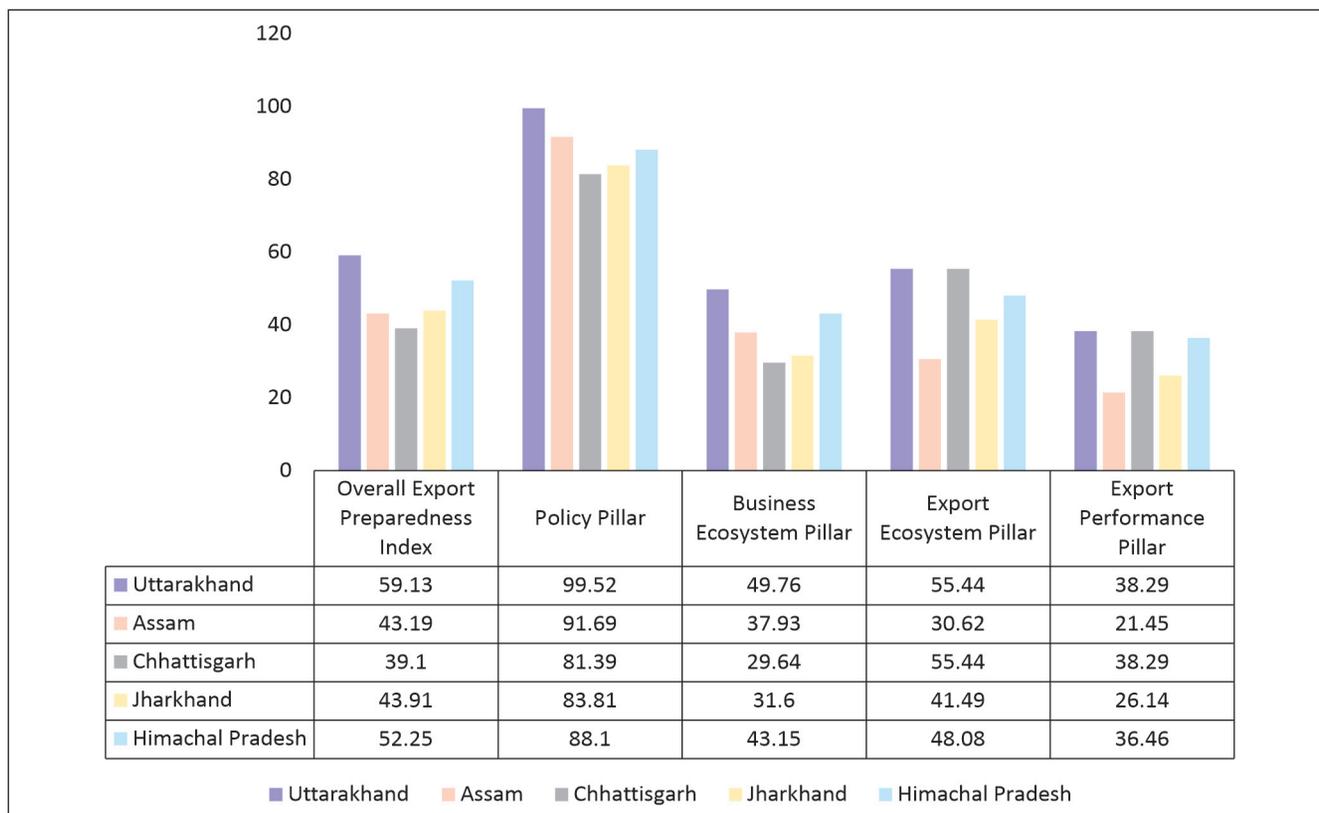
As noted earlier, Uttarakhand ranked 9<sup>th</sup> in Niti Aayog’s Export Preparedness Index 2022. The state performed well among other landlocked states of comparable economic size (**Exhibit 3**) in the Niti Aayog’s EPI 2022, scoring higher across all pillars of the EPI (**Exhibit 4**).

**Exhibit 3: Comparison of Uttarakhand’s GSDP vis-à-vis Other Comparable Landlocked States**



Source: MOSPI; Exim Bank Research

**Exhibit 4: Comparison of Performance of Comparable Landlocked States**

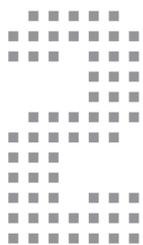


Source: Niti Aayog Export Preparedness Index 2022, India Exim Bank Research

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Despite this, the state's export orientation is much below the all-India level. The share of the merchandise exports in Uttarakhand's GSDP (at current prices) stood at 4.3 percent in 2023-24, which is substantially low when compared to the share of India's merchandise exports in its GDP at 12.2 percent during the same year. Moreover, Uttarakhand's merchandise exports accounted for only 0.4 percent of India's merchandise exports during 2023-24, which is substantially lower than the state's contribution to India's real GDP, at 1.2 percent during 2023-24. This is also low when compared to the state's share in India's population at 0.8 percent in 2011.

A robust export strategy can help in bridging the existing gaps in the export ecosystem and further boost the export performance of the state. It can also have a positive impact on employment generation in the state. Against this backdrop, the study examines the economic profile and export performance of Uttarakhand at a granular level, making an attempt to map the supply side capabilities of the state with the demand emanating from the international market. The study analyses the potential for exports from the state, and also identifies dynamic products and leading markets for exporters. The study also recommends apposite reforms and strategies for the Government to enhance trade competitiveness at the state level, and create an enabling environment for exports.



## Exports Scenario of Uttarakhand

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Uttarakhand ranked 22<sup>nd</sup> among Indian states/UTs in terms of merchandise exports, with a meagre share of 0.4 percent in India's total merchandise exports in 2023-24. This is low when compared to the share of the state in India's real GDP at 1.2 percent during 2023-24. Clearly, there is substantial latent export potential for the state, which can be tapped through multi-faceted intervention.

### Merchandise Exports from Uttarakhand

During 2014-15 to 2023-24, Uttarakhand's share in India's merchandise exports has been in the range of 0.4 percent to 0.7 percent. Uttarakhand's merchandise exports have witnessed intermittent periods of growth and decline over the past decade. On an overall basis, merchandise exports from Uttarakhand recorded a CAGR of 3.0 percent during 2014-15 to 2023-24, which is lower when compared to the CAGR of India's merchandise exports at 3.9 percent during the same period. In the aftermath of the Covid-19 pandemic, while India's merchandise exports recovered steadily in 2021-22 and 2022-23, merchandise exports from Uttarakhand recorded four consecutive years of decline during 2019-20 to 2022-23, recording an annual average decline in exports of (-) 6.7 percent during this period. However, Uttarakhand's merchandise exports have recovered in 2023-24, recording a y-o-y growth rate of 1.5 percent, to reach nearly US\$ 1.8 billion. This in contrast to India's merchandise exports, which recorded a y-o-y decline of (-) 3.1 percent during the year (**Table 9**).

**Table 9: Trends in Merchandise Exports in Uttarakhand**

Year	Uttarakhand Merchandise Exports (US \$ Mn)	Y-o-Y Growth in Uttarakhand's Merchandise Exports (%)	India's Merchandise Exports (US \$ Mn)	Y-o-Y Growth in India's Merchandise Exports (%)	Share of Uttarakhand in India's Overall Merchandise Exports (%)
2014-15	1386.4	-	310338.5	-	0.4
2015-16	1216.4	-12.3	262291.1	-15.5	0.5
2016-17	896.8	-26.3	275852.0	5.2	0.3
2017-18	1455.5	62.3	303526.0	10.0	0.5
2018-19	2351.2	61.5	330078.0	8.7	0.7
2019-20	2279.8	-3.0	313361.0	-5.1	0.7
2020-21	2137.2	-6.3	291808.0	-6.9	0.5
2021-22	1934.0	-9.5	422004.0	7.7	0.5
2022-23	1778.1	-8.1	451070.0	6.9	0.4
2023-24	1804.9	1.5	437113.0	-3.1	0.4

Source: DGCIIS, Exim Bank Research

## Key Exported Products

Analysis of the composition of Uttarakhand's exports (as per principal commodity classification) indicates significant product concentration, with the top 10 categories accounting for nearly two-thirds of Uttarakhand's total merchandise exports in 2023-24. Several of these top exported products are high value-added and technology intensive goods, which are less prone to fluctuations in commodity price and demand. 'Drug formulations, biologicals' is the topmost exported product from Uttarakhand, accounting for a share of 16.9 percent in Uttarakhand's merchandise exports in 2023-24. Other top exported products from Uttarakhand during 2023-24 include 'ships, boats and floating structures' (share of 12.4 percent in Uttarakhand's merchandise exports), zinc and articles of zinc (10.7 percent), electronic instruments (6.6 percent), auto components and parts (5.2 percent), and plastic sheet and films (3.6 percent), among others (**Table 10**).

**Table 10: Top 10 Merchandise Exports from Uttarakhand and their Share in India's Exports**

PC Code	Item	Uttarakhand Exports (US\$ Mn)	Share of Product in Uttarakhand's Exports	Share of Uttarakhand in India's Exports of the Product
H8	Drug Formulations, Biologicals	304.4	16.9%	1.4%
O7	Ships, Boats and Floating Structures	223.3	12.4%	5.5%
M1	Zinc and Articles of zinc	192.8	10.7%	26.5%
P3	Electronic Instruments	118.6	6.6%	2.8%
M3	Auto components and parts	93.6	5.2%	1.2%
K9	Plastic sheets, films etc.	64.5	3.6%	3.7%
J9	Paper, Paperboard and products	53.6	3.0%	2.0%
I3	Organic Chemicals	52.5	2.9%	0.7%
N4	Electric Machinery and equipment	42.4	2.4%	0.3%
N6	Industrial machinery for Dairy	40.4	2.2%	0.5%
	<b>Total</b>	<b>1804.9</b>	<b>100%</b>	<b>0.4%</b>

Source: DGCIIS; Ministry of Commerce, GoI; Exim Bank Research

It is noteworthy that Uttarakhand features as a prominent exporting state across several of its top exported products. For instance, Uttarakhand is the second largest exporting state for zinc and articles of zinc, with a share of 26.5 percent in India’s total exports of these products in 2023-24. The state is also the 5<sup>th</sup> largest exporter of ‘ships, boats and floating structures’ (share of 5.5 percent in India’s exports of the product in 2023-24), 7<sup>th</sup> largest exporter of plastic sheets and films (share of 3.7 percent), and 11<sup>th</sup> largest exporter of both ‘drug formulations, biologicals’ (share of 1.4 percent) as well as ‘paper, paperboard and products’ (2.0 percent).

## Key Export Destinations

Uttarakhand exports to nearly 188 destinations, but the top 10 destinations accounted for nearly 56.5 percent of the state’s total merchandise exports in 2023-24, indicating significant market concentration. The UAE is the largest destination for exports from Uttarakhand, accounting for a share of nearly 11.9 percent in the merchandise exports from the state during 2023-24, followed by Oman (share of 9.6 percent), the USA (8.4 percent), Singapore (6.8 percent) and Nepal (6.1 percent), among others (**Table 11**).

**Table 11: Top 10 Destinations for Merchandise Exports from Uttarakhand (2023-24)**

Country	Value of Exports (US\$ Mn)	Share in Merchandise Exports from Uttarakhand
The UAE	214.4	11.9%
Oman	173.4	9.6%
The USA	152.3	8.4%
Singapore	122.4	6.8%
Nepal	110.6	6.1%
Malaysia	75.9	4.2%
Bangladesh	58.0	3.2%
Turkey	38.7	2.1%
The UK	38.6	2.1%
Indonesia	36.0	2.0%
<b>Total Exports</b>	<b>1804.9</b>	<b>100%</b>

Source: DGCI, Exim Bank Research

An analysis of the top 5 items exported to the top 10 export destinations for Uttarakhand, highlights significant product concentration in several of the key export destinations. For instance, nearly 91.6 percent of Uttarakhand’s exports to Oman during 2023-24 comprised ships, boats and floating structure. Ships, boats and floating structures were also among the top 5 products exported to the UAE and Singapore. Similarly, nearly 82.6 percent of Uttarakhand’s exports to Malaysia during 2023-24 consisted of zinc and articles of zinc, while around 56.8 percent of Uttarakhand’s exports to the UK was ‘drug formulations, biologics’. Zinc and articles of zinc also featured among the top 5 products exported to Oman, Singapore, Nepal, Malaysia, Turkey and Indonesia. Further, drugs formulations, biologics also featured among the top 5 products exported to the USA, Singapore and Malaysia.

**Table 13: Share of Top 5 Items in Exports to the Top 10 Export Destinations for Uttarakhand (2023-24)**

	Items	% Share of Exports of the Product to the Country
<b>The UAE</b>	Electronic Instruments	29.1%
	Ships, Boats and Floating Structures	18.0%
	Gold and Other Precious Metal Jewellery	7.9%
	Aluminium, Products of Aluminium	7.5%
	Paper, Paper Board and Product	4.6%
<b>Oman</b>	Ships, Boats and Floating Structures	91.6%
	Zinc and Articles of zinc	3.4%
	Drug Formulations, Biologicals	1.5%
	Plastic Raw Materials	0.5%
	Other Construction Machinery	0.5%
<b>The USA</b>	Plastic Sheet, Film, Plates etc.	12.3%
	Auto Components/Parts	10.8%
	Drug Formulations, Biologicals	10.1%
	Dairy Products	8.8%
	Plastic Raw Materials	5.6%
<b>Singapore</b>	Zinc and Articles of zinc	44.9%
	Electronic Instruments	27.3%
	Ships, Boats and Floating Structures	21.2%
	Drug Formulations, Biologicals	1.6%
	Cosmetics and Toiletries	0.9%
<b>Nepal</b>	Zinc and Articles of zinc	13.1%
	Two and Three Wheelers	10.1%
	Paper, Paper Board and Product	8.1%
	Glass and Glassware	7.9%
	Electric Machinery and Equipment's	5.3%
<b>Malaysia</b>	Zinc and Articles of zinc	82.6%
	Industrial Machinery for Dairy etc.	2.9%
	Miscellaneous Processed Items	2.8%
	Cosmetics and Toiletries	2.4%
	Drug Formulations, Biologicals	2.4%
<b>Bangladesh</b>	Auto Components/Parts	30.6%
	IC Engines and Parts	24.9%
	Cosmetics and Toiletries	7.7%
	Sugar	5.5%
	Others	4.6%

	Items	% Share of Exports of the Product to the Country
<b>Turkey</b>	Zinc and Articles of zinc	26.9%
	Industrial Machinery for Dairy etc.	13.5%
	Bulk Drugs, Drug Intermediates	13.4%
	Medical and Scientific Instruments	13.3%
	Manmade Yarn, Fabrics, Made ups	9.4%
<b>The UK</b>	Drug Formulations, Biologicals	56.8%
	Auto Tyres and Tubes	13.5%
	Manmade Yarn, Fabrics, Made ups	4.0%
	Cosmetics and Toiletries	3.2%
	Others	2.8%
<b>Indonesia</b>	Organic Chemicals	36.8%
	Sugar	24.0%
	Zinc and articles of zinc	14.9%
	Others	4.5%
	Industrial Machinery for Dairy etc.	4.1%

Source: DGCIS, Exim Bank Research

## Port-wise Exports from Uttarakhand

A substantial share of Uttarakhand's merchandise exports is routed through ports in other states/UTs like Maharashtra, Uttar Pradesh and Delhi. In fact, ports in Maharashtra viz. Mumbai airport, Mumbai seaport and Nhava Sheva seaport, jointly accounted for about 28.9 percent of Uttarakhand's merchandise exports in 2023-24. On the other hand, ports in Uttarakhand viz. ICD Sidchul, Pant Nagar and ICD Sandkheda, Kashipur, jointly accounted for 21.2 percent of the state's merchandise exports during 2023-24. Apart from these, nearly 17.3 percent of the state's merchandise exports were routed through ports in Uttar Pradesh, while ports in Delhi jointly accounted for nearly 15.5 percent of the state's merchandise exports in 2023-24.

**Table 13: Port-wise Merchandise Exports from Uttarakhand (2023-24)**

Port	State	Share in Total Merchandise Exports
Mumbai Sea	Maharashtra	17.6%
ICD Sidchul Pant Nagar	Uttarakhand	13.1%
Nhava Sheva Sea	Maharashtra	9.8%
Delhi Air	Delhi	9.3%
ICD Sandkheda Kashipur	Uttarakhand	8.1%
Delhi (ICD)	Delhi	6.2%
ICD Noida-Dadri	Uttar Pradesh	4.5%
Mundra Port	Gujarat	4.4%
ICD Palwal, Bhagola-Janauli	Haryana	3.4%

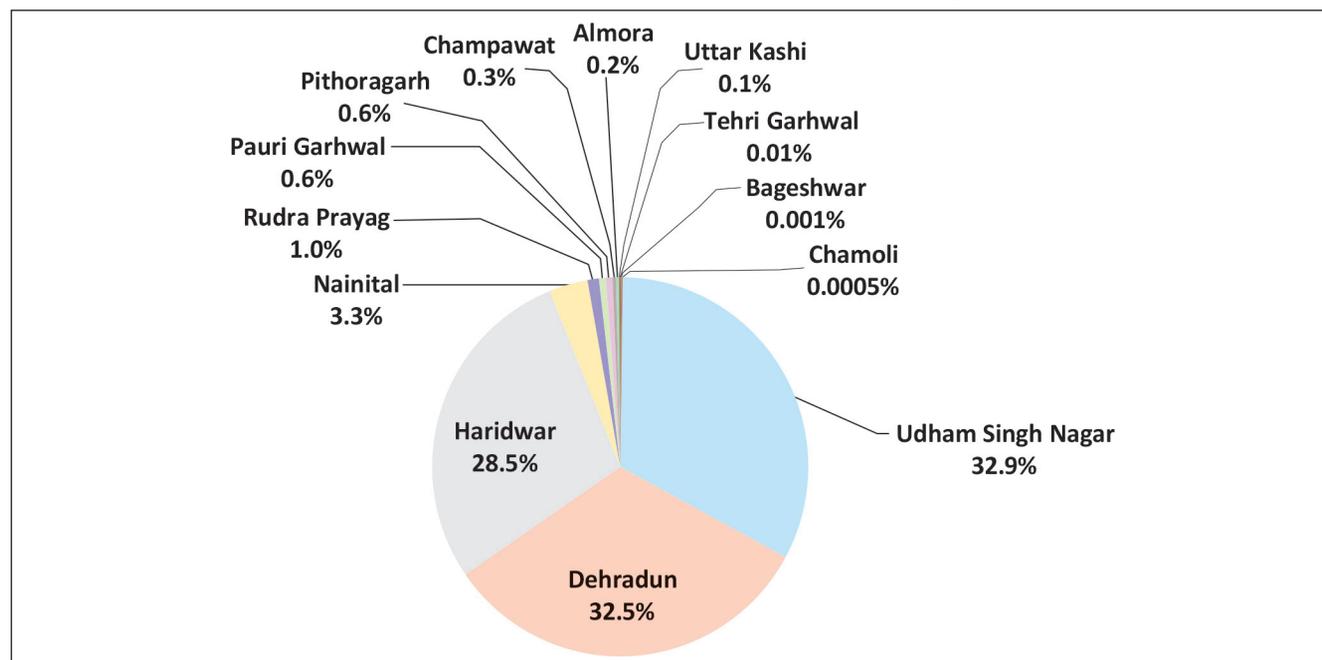
Port	State	Share in Total Merchandise Exports
CGML Dadri	Uttar Pradesh	3.2%
CFS Startrack Dadri	Uttar Pradesh	3.1%
ICD Pakwara Moradabad/Meerut	Uttar Pradesh	2.7%
Nautanwa (Sonauli)	Uttar Pradesh	2.3%
Raxaul Land	Bihar	2.0%
Mumbai Air	Maharashtra	1.5%
ICD Modinagar	Uttar Pradesh	1.5%
ICD Samalkha Panipat	Haryana	1.1%
Jogbani	Bihar	1.0%
Others	--	5.2%

Source: DGCIIS, Exim Bank Research

## District-wise Exports from Uttarakhand

District-wise export data reveals that the top 3 exporting districts of Uttarakhand accounted for nearly 93.9 percent of the state's total merchandise exports in 2023-24. Udham Singh Nagar was the largest exporting district from Uttarakhand, accounting for 32.9 percent of merchandise exports from the state during 2023-24. Other major districts in terms of merchandise exports from the state are Dehradun (32.5 percent), Haridwar (28.5 percent), Nainital (3.3 percent), and Rudra Prayag (1.0 percent), among others (**Exhibit 5**).

**Exhibit 5: Share of Uttarakhand Districts in Merchandise Exports (2023-24)**



Source: Ministry of Commerce and Industry, Government of India; Exim Bank Research

The details of the products exported from the districts are mentioned in **Table 14**. Nearly 28.6 percent of the exports from Udham Singh Nagar during 2023-24 consisted of zinc (HS-79011100). Other than zinc, the

district also exported plastic sheets, ethylene glycol, two-wheeler parts, and plain gold jewellery. Apart from Udham Singh Nagar, Zinc is also a key item of export from Pithoragarh district, accounting for 99.4 percent of the district's total merchandise exports during 2023-24. Meanwhile, exports from Dehradun comprised a wide range of high value-added goods such as vessels, surveying instruments, pharmaceuticals etc. Exports from Haridwar district comprised two-wheelers and their parts, pharmaceuticals, radial tyres for lorries/buses, and natural honey.

**Table 14: District-wise Top Products Exported from Uttarakhand**

District	HS Code	Top Products	Exports 2023-24 (₹ Lakhs)	% Share in District's Exports During 2023-24
Udam Singh Nagar	79011100	Zinc, not alloyed, containing by wt>=99.99% zinc	140474.8	28.6%
	39206220	Plates sheets etc of polyethylene terephthalate flexible, plain	31348.4	6.4%
	29053100	Ethylene glycol (ethanediol)	24181.4	4.9%
	87141090	Parts and accessories of motorcycle excl. saddle	15583.7	3.2%
	71131911	Article of jewellery, of gold, unstudded	14054.6	2.9%
Dehradun	89069000	Other vessels Under Heading 8906	151425.0	31.2%
	90158090	Others Surveying instruments	79403.8	16.4%
	30049099	Other Medicine Put Up for Retail Sale	74983.2	15.5%
	89059090	Other under heading 8905	31967.0	6.6%
	90183990	Others	9866.0	2.0%
Haridwar	87089200	Silencers and exhaust pipes	51609.4	12.1%
	30049099	Other medicine put up for retail sale	47576.1	11.2%
	40112010	Radials tyres used on buses/lorries	25516.8	6.0%
	87112029	Motorcycle with cylinder capacity >75 bt<=250 cc	17678.5	4.2%
	4090000	Natural honey	14988.6	3.5%
Nainital	48030010	Tissue paper for household/sanitary purpose in commercial sizerools of width>=36 c.m.	13091.4	26.3%
	25261020	Steatite (soap stone etc) lumps	9566.0	19.2%
	48025690	Other paper	5646.4	11.4%
	13021919	Other extracts	4069.4	8.2%
	48109900	Other coated paper and paperboard (not multiply)	3835.1	7.7%

District	HS Code	Top Products	Exports 2023-24 (₹ Lakhs)	% Share in District's Exports During 2023-24
Rudra Prayag	71129990	Other waste and scrap of other precious metals n.e.s.	6102.9	42.0%
	10064000	Broken rice	4293.0	29.5%
	87141090	Parts and accessories of motorcycle excl. Saddle	1104.0	7.6%
	30041030	Amoxicillin in capsules, injections etc.	388.4	2.7%
	74198030	Articles of brass	271.9	1.9%
Pauri Garhwal	13021919	Other extracts	2374.7	26.8%
	30049099	Other medicine put up for retail sale	2053.5	23.2%
	29419090	Other antibiotics	973.6	11.0%
	29333990	Other compounds containing an unfused pyridine ring (whether or not hydrogenated) in structure	665.4	7.5%
	12119022	Senna Leaves and Pads	617.5	7.0%
Pithoragarh	79011100	Zinc, not alloyed, containing by wt>=99.99% zinc	8450.2	99.4%
	76151030	Other Table, Kitchen or Other Household Articles	6.3	0.1%
	30049099	Other medicine put up for retail sale n.e.s	5.2	0.1%
Champawat	17011410	Cane jaggery	409.0	9.1%
	52081190	Others	221.0	4.9%
	62041290	Suits of cotton-others	186.5	4.1%
	8061000	Grapes fresh	179.2	4.0%
	8051000	Oranges fresh or dried	109.9	2.4%
Almora	48030010	Tissue paper for household/sanitary purpose in commercial sizerools of width>=36 c.m.	1308.7	35.8%
	48025590	Other paper	1079.6	29.6%
	33012590	Others	241.9	6.6%
	48109900	Other Coated paper And Paperboard (Not Multiply)	188.4	5.2%
	33012400	Essential oil of peppermint (mentha piperita)	183.9	5.0%
Uttar Kashi	30049099	Other medicine put up for retail sale	514.3	37.2%
	83061000	Bells gongs and the like	126.2	9.1%
	33051090	Hair shampoos (non-spirituous)	84.6	6.1%
	87059000	Other special purpose motor vehicles	61.6	4.5%
	54041990	Other	57.0	4.1%

District	HS Code	Top Products	Exports 2023-24 (₹ Lakhs)	% Share in District's Exports During 2023-24
Tehri Garhwal	30039021	Menthol crystal	70.7	51.4%
	68022190	Others	36.9	26.9%
	71031090	Other	8.2	6.0%
	30049099	Other medicine put up for retail sale	7.5	5.5%
	33049990	Others	1.8	1.3%
Bageshwar	39269099	Other article of plastic nes	14.6	78.7%
	85392120	Other halogen lamps for automobiles	2.8	15.2%
	34031900	Other preparations containing petroleum oils/oils obtained from bituminous minerals	1.0	5.5%
	30049099	Other medicine put up for retail sale	0.1	0.6%
Chamoli	65061090	Other safety headgear	6.9	98.2%
	30045036	Vitamin D in tablets, capsules, syrup et	0.1	1.8%

Source: Ministry of Commerce, GoI; India Exim Bank research

## Key Products and Markets for Merchandise Exports

### *RCA Analysis for Identification of Targeted Products*

During 2023, Uttarakhand exported 2,172 products at HS 6-digit level. Among these products, the export strategy of the state should focus on those items which have the maximum potential for growth, taking into consideration both supply and demand side aspects. The present section undertakes a granular analysis of the products where the state has comparative advantage and matches it with the global import demand for these products. Quantification of comparative advantage will help in identification of products where exports from the state have been performing well, as also those where success has been limited, although opportunities are significant.

Based on the analysis in this section, two sets of products have been identified as having export potential for Uttarakhand. The first set of products include those where the state has comparative advantage and global import demand is increasing. These products could be targeted for achieving export growth in the short to medium term. The second set of products include those where the state does not have a comparative advantage, but the global import demand has been robust. Capacity building in this second set of products would enable growth in the medium to long term.

### *Methodology*

For analysing the export competitiveness, the concept of Revealed Comparative Advantage (RCA) has been used. RCA indices are used to identify categories of exports in which an economy has a comparative advantage by way of comparison of the country's trade scenario with the world trade scenario. The basic assumption underlying the concept of RCA is that trade profile reflects the inter-country differences in terms of relative costs as well as non-price aspects. As per Balassa's (1965) measure, index for country *i*, commodity *j* is

$$RCA_{ij} = \frac{(x_{ji}/x_i)}{(x_{jw}/x_w)}$$

Where,

$x_{ji}$  : exports of commodity j from country i

$x_i$  : total exports from country i

$x_{jw}$  : total exports of commodity j from world

$x_w$  : total exports from world

The RCA index ranges from zero to infinity, with 1 as the break-even point. That is, an RCA value of less than 1 means that the country does not have comparative advantage in the product, while a value above 1 indicates that the country has a comparative advantage in the product. The normalised revealed comparative advantage (NRCA) index has been demonstrated to be capable of revealing the extent of comparative advantage more precisely and consistently than other alternative RCA indices in the literature. NRCA can be defined in the following manner

$$NRCA_{ij} = \frac{RCA_{ij}-1}{RCA_{ij}+1}$$

The export competitiveness of Uttarakhand, as reflected in the NRCA, has been mapped with global demand for the products. Based on this mapping, four categories of products have been identified:

- **Product Champions – Competitive Exports (NRCA > 0); Growing Import Demand (Product Import AAGR > 0):** These products have the maximum potential, as the world demand for these products during 2018 to 2023 has shown robust growth, and Uttarakhand has comparative advantage in exports of these products.
- **Underachievers – Exports not competitive (NRCA < 0); Growing Import Demand (Product Import AAGR > 0):** Uttarakhand does not have comparative advantage in these products, while the import demand for these products has shown positive growth over the period under consideration. The state can strive towards increasing competitiveness in these products.
- **Declining Sectors – Exports not competitive (NRCA < 0); Weak Import Demand (Product Import AAGR < 0):** Uttarakhand does not have comparative advantage in these products, and the sector has also registered negative global import growth during the period under consideration.
- **Achievers in Adversity – Competitive Exports (NRCA > 0); Weak Import Demand (Product Import AAGR < 0):** Uttarakhand has comparative advantage in these products, but the world import demand for these products has been negative.

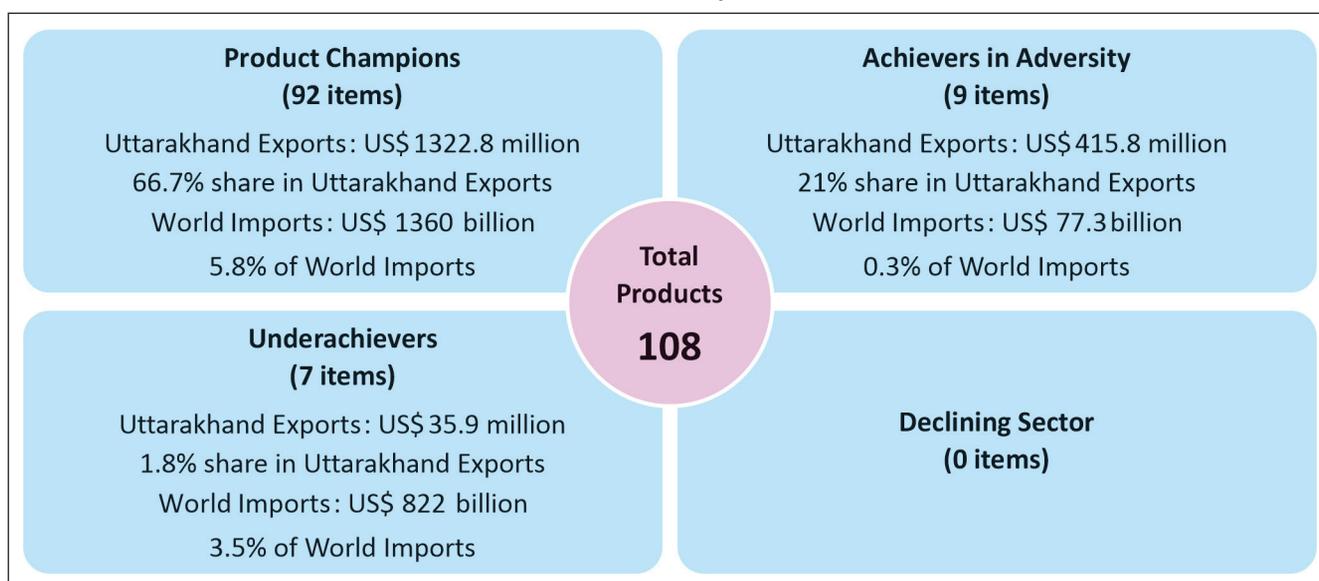
In the short to medium term, the state can focus on leveraging the opportunities arising in the Product Champions segment, as these are low hanging fruits. In the medium to long term, the state needs to encourage development of capacities in the Underachievers segment.

## Identified Products

For the purpose of this analysis, only those products which contribute to at least 0.1 percent of the merchandise exports from Uttarakhand have been considered. This criteria is essential to ensure that the identified products have a certain minimum supply base in the state.

There are a total of 108 products at HS 6-digit level with minimum exportable supply in the state, which jointly accounted for 89.5 percent of the total merchandise exports from Uttarakhand in 2023. Out of these, 92 products are product champions. The cumulative exports of these product champions from Uttarakhand amounted to US\$ 1.3 billion in 2023, or 66.7 percent of the total merchandise exports from Uttarakhand. The global imports of these product champions categories were US\$ 1360 billion in 2023, indicating substantial scope for further enhancing exports of these products.

**Exhibit 6: Product Identification for Exports from Uttarakhand (2023)**



Source: Exim Bank Research based on trade data from DGCIS, ITC TradeMap

There are 7 products at the HS 6-digit level in the Underachievers category. These products accounted for US\$ 35.9 million of exports from the state in 2023, with a share of 1.8 percent in the state's exports. These are products that have a growing demand in the international market, and while Uttarakhand has exportable supplies in these segments, it does not have comparative advantage in exports of these products. Global imports of these 7 products stood at US\$ 822 billion, indicating substantial opportunities for exporters. There is a need for capacity creation in these categories, through an appropriate incentive framework for attracting investments in the state. Focusing on these products will provide much needed resilience to exports from the state, in the face of declining global trade and international commodity price volatilities.

The state also has significant exports in the category of 'Achievers in Adversity' which are products where the state has comparative advantage in exports but the global demand for these products has declined in the recent period, adding vulnerabilities to the export basket of Uttarakhand. The state has to diversify away from this segment of products and instead focus on the product champions and underachievers segments. In the declining sector, there are no products identified for Uttarakhand.

## Key Focus Sectors

The identified product champions can be categorised under 36 major product groups at HS 2-digit level (Table 15). It is noteworthy that out of the 92 products identified at HS 6-digit level as product champions, 9 products each are in the categories of 'plastics and articles' and 'machinery and mechanical appliances'. In terms of value, the maximum value of exports from Uttarakhand under product champions is in the category of 'zinc and articles', followed by 'pharmaceutical products', and 'optical, measuring, medical and similar instruments' (Table 15).

**Table 15: Sector-wise Product Champions for Uttarakhand**

HS 2-Digit Code	Product Category	Uttarakhand Exports in 2023 (US\$ Mn)	Number of Products Identified
79	Zinc & articles	277.8	3
30	Pharmaceutical products	251.8	6
90	Optical, measuring, medical & similar instruments & parts	129.4	5
87	Transport vehicles and parts	114.8	3
39	Plastics and articles	93.3	9
84	Machinery and mechanical appliances	62.2	9
85	Electrical machinery & equipment & parts	49.5	6
17	Sugars and sugar confectionery	44.7	5
48	Paper and paperboard; articles of paper pulp	37.5	6
40	Rubber and articles	29.2	1
4	Dairy produce; birds' eggs; natural honey; edible products	21.5	2
33	Essential oils resinoids; cosmetic and other	21.4	4
71	Pearls, precious or semi-precious stones/metals and article	19.8	2
29	Organic chemicals	16.6	3
76	Aluminium & articles	15.7	1
25	Salt; sulphur; earths and stone; plastering materials	14.3	2
89	Ships, boats and floating structures	12.9	1
13	Lac; gums, resins & other vegetables saps & extracts	12.3	2
70	Glass & glassware	11.4	2
73	Articles of iron & steel	8.8	2
63	Other made up textile articles; sets; worn textile articles	8.5	2
55	Man-made staple fibres	8.2	2
35	Albuminoidal substances; modified starches; glues; enzymes	8.1	1
93	Arms and ammunition; parts and accessories	6.6	1

HS 2-Digit Code	Product Category	Uttarakhand Exports in 2023 (US\$ Mn)	Number of Products Identified
96	Miscellaneous manufactured products	6.6	1
23	Residues and waste from the food industries; prepared anima	5.7	1
34	Soap & other similar preparations; polishes & creams ; can	5.5	1
10	Cereals	5.2	1
11	Products of the milling industry; malt; starches; insulin;	4.0	1
32	Dyeing, tanning colouring matter	3.8	1
7	Edible vegetables and certain roots and tubers	2.9	1
22	Beverages, spirits and vinegar	2.8	1
78	Lead and articles	2.8	1
38	Miscellaneous chemical products	2.8	1
12	Oil seeds oleaginous fruits; misc. Grains, seeds & fruits	2.4	1
72	Iron & steel	2.3	1
<b>Total</b>		<b>1322.80</b>	<b>92</b>

Source: Exim Bank Research based on trade data from DGCIS, ITC Trade Map

An assessment of the top export destinations for Uttarakhand vis-à-vis the top importers globally in the Product Champion sectors indicates that some of the top global importers in the product champions categories do not feature among the top destinations for Uttarakhand’s exports of these products. Moreover, in several product champions sectors, there is significant market concentration in a handful of countries. For instance, in case of ‘optical, measuring and medical parts’, ‘zinc & articles’ and ‘sugar and sugar confectionery’, it is noted that the top 5 export destinations account for 85.6 percent, 78.7 percent and 78.7 percent, respectively, of Uttarakhand’s total exports of these products in 2023. Similar market concentration can also be observed in other product champion categories such as ‘transport vehicles and parts’, ‘rubber and articles’ and ‘paper, paper board and articles’, among others (**Table 16**). Thus, there is significant scope for augmenting exports of these product champions from the state by expanding export footprint into some of the top markets that are currently under-tapped.

**Table 16: Export Destinations for Top 10 Product Champions for Uttarakhand vis-à-vis Top Importers in the World**

Product Champions	Export Destinations for Uttarakhand (2023)	% Share of Export Destinations in Uttarakhand's Export of the Product	Top Importers in the World of the Product (2023)	% Share of Importing Country in World Imports of Products (2023)
Zinc & Articles	Malaysia	35.6%	<i>The USA</i>	13.3%
	Singapore	28.5%	<i>Germany</i>	9.5%
	Nepal	5.4%	<i>China</i>	6.1%
	Taiwan	4.8%	<i>Belgium</i>	6.1%
	South Korea	4.3%	<i>Italy</i>	5.2%
Pharmaceutical Products	The UK	6.6%	The USA	20.0%
	Nigeria	6.1%	<i>Germany</i>	8.3%
	Philippines	4.9%	<i>Belgium</i>	8.0%
	The USA	4.9%	<i>Switzerland</i>	6.6%
	Kenya	3.8%	<i>China</i>	4.8%
Optical, Measuring, Medical & Similar Instruments & Parts	Singapore	35.1%	The USA	17.2%
	The UAE	22.5%	<i>China</i>	11.3%
	Norway	18.2%	<i>Germany</i>	7.2%
	The USA	5.9%	<i>The Netherlands</i>	5.4%
	Turkey	3.9%	<i>Japan</i>	4.2%
Transport Vehicles and Parts	Belgium	19.5%	The USA	19.9%
	Bangladesh	16.1%	<i>Germany</i>	8.3%
	Mexico	13.5%	<i>Canada</i>	4.8%
	The USA	13.4%	<i>The UK</i>	4.7%
	Nepal	12.5%	<i>France</i>	4.6%
Plastics and Articles	The USA	24.3%	The USA	10.0%
	China	14.6%	China	8.6%
	Nepal	8.6%	<i>Germany</i>	6.9%
	Belgium	3.7%	<i>Mexico</i>	4.3%
	South Africa	3.5%	<i>France</i>	3.7%
Machinery and Mechanical Appliances	Bangladesh	19.0%	The USA	17.2%
	The UAE	12.2%	<i>China</i>	7.4%
	The USA	10.1%	<i>Germany</i>	6.6%
	Kuwait	4.9%	<i>The UK</i>	3.6%
	Nepal	4.7%	<i>Mexico</i>	3.6%

Product Champions	Export Destinations for Uttarakhand (2023)	% Share of Export Destinations in Uttarakhand's Export of the Product	Top Importers in the World of the Product (2023)	% Share of Importing Country in World Imports of Products (2023)
Electrical Machinery & Equipment & Parts	The UAE	11.3%	<i>China</i>	15.1%
	Nigeria	11.0%	<i>The USA</i>	12.7%
	Nepal	9.2%	<i>Hong Kong</i>	9.4%
	Spain	6.6%	<i>Germany</i>	6.0%
	Finland	4.4%	<i>Singapore</i>	3.6%
Sugars and Sugar Confectionery	Bangladesh	37.3%	<i>The USA</i>	9.6%
	Indonesia	20.1%	<i>China</i>	5.3%
	Nepal	10.7%	<i>Indonesia</i>	4.6%
	Vietnam	5.8%	<i>Germany</i>	3.9%
	Sri Lanka	4.6%	<i>The UK</i>	3.2%
Paper and Paperboard; Articles of Paper Pulp	Nepal	19.6%	The USA	10.1%
	Sri Lanka	17.3%	<i>Germany</i>	7.8%
	The UAE	13.4%	<i>France</i>	5.3%
	The USA	10.7%	<i>The UK</i>	4.3%
	Qatar	10.3%	<i>Italy</i>	3.7%
Rubber and Articles	Brazil	31.9%	The USA	15.6%
	The UK	16.6%	<i>Germany</i>	7.6%
	The USA	13.6%	<i>China</i>	7.4%
	Egypt	7.3%	<i>Mexico</i>	4.0%
	Lithuania	3.3%	<i>France</i>	3.8%

Note: In a particular export category, markets in bold italics are those which do not feature among the top 5 export destinations for Uttarakhand; Data for exports from Uttarakhand and global import is for 2023; Data for export destinations and top importing markets is taken at 2-digit HS Code of the Product Champion category

Source: Exim Bank Research based on trade data from DGCIS, ITC Trade Map

Underachievers category for Uttarakhand includes products such as 'Gold (including platinum plated) in other Unwrought Forms'; 'Static Converters'; 'Other Parts & Accessories of Vehicles'; 'Other Electric Conductors < 1000V not fitted with Connectors'; 'Other Food Preparations' and 'Semi/Wholly Milled Rice whether or not Polished/Glazed'. As there already exists some supply base for exports of these products, in the medium to long term, the state could target these segments for strengthening production capacities and enhancing market share in exports of these products.

**Table 17: Underachiever Products for Uttarakhand**

HS Codes	Underachievers Products	Uttarakhand Exports in 2023 (US\$ Mn)	Share in Uttarakhand Merchandise Exports (2023)
710812	Gold (incl. platinum plated) in other Unwrought Forms	14.2	0.7%
850440	Static Converters	5.6	0.3%
870899	Other Parts & Accessories of Vehicles	4.7	0.2%
853710	Boards etc. For a Voltage<=1000 Volts	3.3	0.2%
854449	Other Electric Conductors < 1000V Not Fitted With Connectors	3.1	0.2%
210690	Other Food Preparations	2.9	0.1%
100630	Semi/Wholly Milled Rice whether or not Polished/Glazed	2.2	0.1%

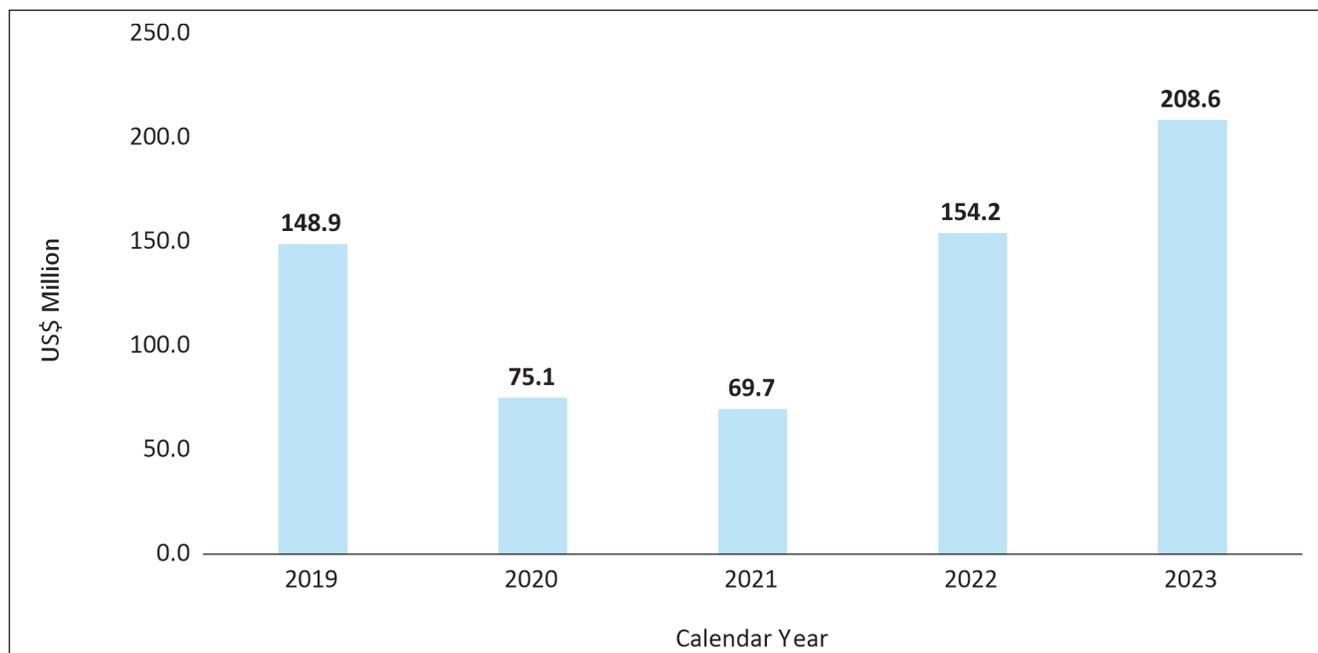
Source: Exim Bank Research based on DGCIS, ITC Trade Map

## Services Exports from Uttarakhand

### Tourism

Tourism is an important sector for the state. With a diverse topography, renowned tourist destinations like Mussoorie, Jim Corbett National Park, Nainital etc. as well as religious places such as Rishikesh, Haridwar, Gangotri, Yamunotri, Badrinath, Kedarnath etc., Uttarakhand is a famous tourist destination for both domestic and foreign tourists.

**Exhibit 7: Foreign Exchange Earnings (FEE) from Tourism in Uttarakhand**



Source: Exim Bank Research based on data from India Tourism Statistics, Ministry of Tourism, Govt. of India

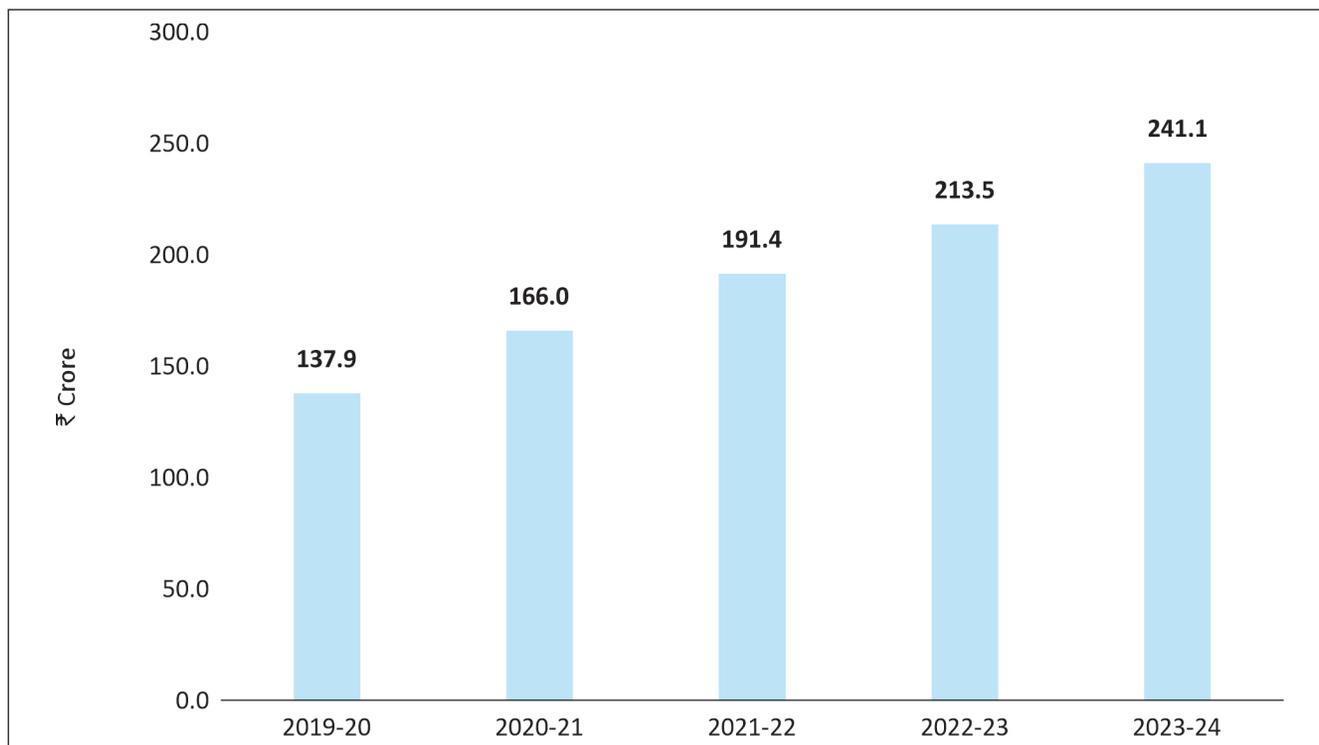
As per the latest tourism statistics published by the Ministry of Tourism, Government of India, Uttarakhand ranked 16<sup>th</sup> in terms of foreign tourist visits (FTVs) to India in 2023, with a share of 0.7 percent in India’s total FTVs in 2023. The FTVs in Uttarakhand stood at 0.143 million tourists in 2023, recording a y-o-y growth of 130.6 percent, up from 0.062 million tourists in 2022. As per estimates by Exim Bank based on data from India Tourism Statistics, the foreign exchange earnings (FEE) from tourism in Uttarakhand have also increased accordingly from US\$ 154.2 million in 2022 to US\$ 208.6 million in 2023.

### IT and ITes

‘IT and ITes’ sector has turned out to be the cornerstone of services exports from India. India is recognised as one of the global leaders in software technologies, and Indian companies have won worldwide recognition in terms of their technical competence, domain knowledge, experience and expertise for offering quality IT services across various platforms and systems.

The growth of the IT sector in Uttarakhand is primarily driven by software technology park (STP) in Dehradun and other integrated industrial estates (IIEs) across Uttarakhand<sup>33</sup>. IT and ITES exports from STP in Uttarakhand stood at nearly ₹ 241.1 crore (approximately US\$ 29.1 million) in 2023-24, recording a y-o-y growth of 12.9 percent. IT and ITES exports from the STP in Uttarakhand has been growing substantially over the recent years, registering a CAGR of 15.0 percent during 2019-20 to 2023-24. Nonetheless, the share of IT and ITES exports from Uttarakhand remained meagre at 0.02 percent in total IT and ITES exports from STPs across India during 2023-24, indicating substantial scope for improvement.

**Exhibit 8: Trends in IT and ITES Exports from Uttarakhand**



Source: Lok Sabha Starred Question No. 324 Dated 18.12.2024 on Software Exports from Software Technology Parks; Exim Bank Research

<sup>33</sup> Software Technology Parks of India (STPI), Ministry of Electronics and Information Technology, Government of India; and State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL)

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## Export Potential

The Indian economy has been on a positive growth trajectory, with a distinct possibility of reaching US\$ 5 trillion in GDP by 2026, owing to the numerous policy initiatives undertaken to propel economic growth and contain the effects of external shocks. It is further expected that merchandise and services exports will reach a level of US\$ 1 trillion each by 2030.

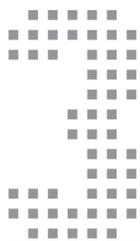
The vision of the exports strategy of Uttarakhand should be to bolster growth in exports in order to enable meeting the national export targets of US\$ 1 trillion each in goods and services by 2030. An essential first step towards contributing to this vision would be setting an exports target for the state and preparing a roadmap for achieving the target.

Presently, the share of Uttarakhand's overall exports (merchandise, tourism and IT and ITeS) in its GSDP stood at approximately 4.9 percent, which is substantially lower when compared to the share of India's overall exports (merchandise and services combined) in its GDP, of 21.7 percent during 2023-24. Moreover, Uttarakhand's share in India's overall exports (merchandise, tourism and IT and ITeS) is estimated to be nearly 0.3 percent. According to Exim Bank research, the state has an untapped merchandise export potential of nearly US\$ 1.38 billion. Realising this potential would increase merchandise exports from the state to nearly US\$ 3.2 billion, from the current level of US\$ 1.8 billion. Through an appropriate medium to long term export strategy, there is potential for propelling the state on an even higher export growth trajectory.

## Conclusion

Merchandise exports from Uttarakhand have witnessed intermittent periods of growth and decline, while services exports have been on an upward trajectory over the recent period. Nearly 66.7 percent of the state's exports basket falls under the category of product champions, which can be low hanging areas for export promotion from the state. In the product champions segments, there is a need to expand the export footprint to the top global importers, that are currently not among the top export destinations for Uttarakhand. Alongside, for resilient medium to long term growth, the state should also focus on building capacities in the Underachievers segment. Analysis in this chapter also highlights that a considerable value of Uttarakhand's exports is in the category of 'Achievers in Adversity,' which are adding vulnerabilities to the export basket of Uttarakhand. The state needs to diversify away from this segment of products and focus on the product champions and the underachievers segment.

Services sector's contribution to the Uttarakhand's GSVA is high and rising, reaching about 41.7 percent in FY24. There has been a commensurate increase in the value of services exports from the state. In fact, exports of both, IT/ITES and tourism have witnessed a remarkable growth in the recent years. The state could strengthen the existing services segments as also identify new growth shoots in the services sector. The product and market diversification strategies, coupled with promotional measures, infrastructure strengthening, and institutional streamlining, can help increase exports from the state.



## Strategies for Export Promotion

Uttarakhand has the potential and the resources to be a key contributor to India's exports. Analysis in the previous chapter indicates that the state has the potential to achieve merchandise exports to the tune of US\$ 3.2 billion in the short to medium term, given the state's supply capabilities and current global demand trends.

Developing a comprehensive export strategy will be an important first step for unleashing the untapped export potential of the state. With the objective of outlining a comprehensive and relevant export strategy for the state, this chapter analyses some of the key challenges faced by exporters in Uttarakhand and recommends actionable strategies to address these challenges.

Strategy for promotion of exports from Uttarakhand should focus on alleviating the specific challenges faced by exporters in the state, as also improving the preparedness of the state in tapping new export opportunities. These strategies are built upon six essential dimensions viz. diversification to focus products and markets, infrastructure leverage and strengthening, capacity building, fiscal incentives, export promotion campaigns, and institutional streamlining (**Exhibit 9**).

**Exhibit 9: Key Pillars of Export Strategy**



## Focus Products and Markets

Diversifying production capacities towards higher value-added products and enhancing market penetration in the top importing markets would be crucial for a substantive increase in exports from the state and imparting resilience to the state’s exports basket.

Based on the identification of ‘Product Champions’ and ‘Underachievers’ categories in the previous chapter, this section provides a product diversification strategy for Uttarakhand (**Table 18**). There are two methods for export diversification – horizontal and vertical diversification. While horizontal diversification takes place in the same sector by adding new products to the existing export basket within the same sector, vertical diversification entails increased value addition in existing products by means of greater value-added services, processing, marketing, etc.

**Table 18: Opportunities for Product Diversification in Uttarakhand’s Export**

Sector Name	Existing Product	Prospective High Value-added Product	Comments
Food Processing	Broken rice, millets	Gluten free products made of processed rice - snacks, ready to cook/ ready to eat products such as rice-based noodles, fermented rice flour, bakery products etc. Organic millet and millet-based products	Developed countries in North America and Europe including the USA, Canada, Germany, and France are expected to be the top markets for gluten-free products <sup>34</sup> .
	Sugar and sugar confectionery	Sugarcane edible strips, sugarcane syrup, processed sugarcane juice, ethanol byproducts	Cane syrups and blends are sold for use in pancakes, biscuits, cereals and cooking. The syrup has a very high market value in the preparation of commercial foods, confectionary and bakery. Production of different sugarcane syrups and its value addition with natural fruit and vegetable flavours can be targeted by domestic industry for the export market. DDGS (Distiller’s Dried Grains with Solubles), a nutrient-rich byproduct of ethanol production can also be exported from the state.
Gems and Jewellery	Gold and other precious metal jewellery	Gold (incl. platinum plated) in other Unwrought Forms, Lab-grown diamonds	The global lab-grown diamonds market was valued at US\$ 27.2 billion in 2023, and is expected to reach US\$ 59.5 billion by 2032, recording a CAGR of 9.1 percent <sup>35</sup> .

<sup>34</sup> ISI Emerging Markets- Grand View Research

<sup>35</sup> Statista

Sector Name	Existing Product	Prospective High Value-added Product	Comments
Pharmaceutical Products	Wide range of bulk drugs and formulations	Biosimilars, AYUSH and herbal products	Significant opportunities in Europe and the USA for biosimilars due to increasing acceptance of these drugs. As per an analysis on leveraging the patent cliff, published by the Department of Pharmaceuticals, Government of India, 24 blockbuster drugs are going off-patent during the patent cliff 2022-2030, which is expected to create opportunities worth US\$ 328 billion in 2030. As per the report, the share of biosimilar in the overall revenues of these 24 blockbuster drugs stood at 69 percent in 2022, which is expected to increase to 75 percent by 2030 <sup>36</sup> .
Electronics, and Electrical equipment	Electronic instruments, automatic circuit breakers, electricity conductors, lead-acid accumulators, dielectric transformers, electronic components	Static convertors, boards etc. for a voltage ≤ 1000 volts, other electric conductors < 1000v not fitted with connectors, Lithium-ion batteries	Lithium-ion batteries market is expected to record a CAGR of 20.3 percent from 2024 to 2030. The global market size of this industry in 2023 is estimated at US\$ 54.4 billion. Markets in North America (mainly the USA), Europe and Asia Pacific markets can be targeted <sup>37</sup> .
Automobiles and Parts	Two and three-wheelers, auto tyres and tubes, silencers, exhaust pipes, parts of motor vehicles, for buses/lorries	Electric vehicles, gaskets, new pneumatic tyres	The state has introduced the Uttarakhand Electric Vehicle Manufacturing, EV Usage Promotion and related Services Infrastructure Policy 2018 for enhancing manufacturing and usage of Electric Vehicle in the state. This can also help create export capacities for the product in the state.
Tourism	Religious Tourism, Nature Tourism, Adventure Tourism, Eco-Tourism	Film tourism, culinary tourism	Efforts are required to develop and popularise the existing tourism circuits in the state, to increase international footfall. The state could promote film tourism, and culinary tourism.

Source: Exim Bank Research

<sup>36</sup> Department of Pharmaceuticals, Ministry of Chemicals and fertilizers, GOI (2023), An Analysis On Leveraging Patent Cliff - <https://pharma-dept.gov.in/sites/default/files/FINAL-An%20analysis%20on%20leveraging%20the%20patent%20cliff.pdf>

<sup>37</sup> ISI Emerging Markets- Grand View Research

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## ***Processed Cereals***

The state currently exports broken rice and other cereals including millets, which contributed to 0.3 percent of the total merchandise exports from the state during 2023-24. For product diversification, the state could focus on processed cereals including semi/wholly milled rice, which is an underachiever product for the state, as well as processed snacks made of rice (ready to cook) and processed millet products. It is noteworthy that processed cereals accounted for only 0.1 percent of Uttarakhand's merchandise exports during 2023-24.

Diversification of exports towards high value-added cereal preparations like snacks, ready to cook/ ready to eat products including pasta and noodles made from rice and/or millets, fermented rice flour, puffed or flaked cereals items, can garner greater exports from the state. Owing to the increasing incidences of lifestyle diseases due to gluten-resistance, as well as rising fitness consciousness across the world, the demand for gluten-free food products is increasing. These gluten-free food products are typically characterised by high fibre and low caloric content and have significant health benefits. According to recent research, the global market for gluten-free food products stood at an estimated US\$ 6.5 billion in 2022 and is expected to register a robust CAGR of 9.8 percent during 2023 to 2030. Opportunities emerging in the gluten-free food industry can be tapped through encouragement for capacity expansion in processed cereal items, particularly those made from rice and millets. Developed countries from North America and Europe including the USA, Canada, Germany, and France are expected to be the top markets for gluten-free products, going forward<sup>38</sup>. These markets could be targeted for exports of gluten-free preparations from Uttarakhand.

Over the recent years, the demand for organic products has been on a rise, with the global market for organic food and beverages reaching nearly US\$ 208.2 billion in 2022. Enterprises in Uttarakhand have already begun tapping the export market for organic millets. In 2021, the first batch of millets cultivated in the Himalayas in Uttarakhand was exported to Denmark, which was driven by the collaborative effort between APEDA, the Uttarakhand Agriculture Produce Marketing Board, and the exporter firm. Going forward, more such entrepreneurial efforts, institutional support and joint efforts, including awareness programmes and marketing campaigns, would be required to boost exports of organic millet products from the state. Moreover, value-added millet products like noodles, cookies, snacks, and pasta could also be targeted for exports to developed markets, given the rising demand for gluten-free products in these markets.

## ***Sugar and Sugar Confectionary***

As noted earlier, Uttarakhand is the 7<sup>th</sup> largest producer of sugarcane in India<sup>39</sup>, producing nearly 7.8 million tonnes of sugarcane in 2023-24. In 2023-24, Uttarakhand's production of sugarcane more than doubled. The state exports sugar and sugar confectionary products, which has also been identified as a product champion for the state. Diversification towards exports of value-added sugarcane and sugar items can bode well for the players in Uttarakhand.

There are various products that can be made from sugarcane and in the subsequent sugar formation process, which can be marketed and sold in international markets. For export diversification, exporters in the state could focus on value-added products like sugarcane edible strips, sugarcane syrup and processed sugarcane juice.

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<sup>38</sup> ISI Emerging Markets- Grand View Research

<sup>39</sup> Handbook of Statistics on Indian States 2023-24, RBI

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**Sugarcane Edible Strips-** Sugarcane was originally grown for the sole purpose of chewing, in South-eastern Asia and the Pacific countries. Sugarcane chewing has some health benefits as it contains iron, vitamins A, C, B1, B2, B3, B5 and B6, phytonutrients, antioxidants and soluble fibre<sup>40</sup>. Edible sugarcane stalks are now being sold in speciality markets as these can be used as drinking stirrers and garnishes. These stalks have international demand as well. In countries like Vietnam, these sticks are packed, tightly wrapped and kept in the refrigerator. Manufacturers of these items in Vietnam are equipped with frozen rooms and peeling machines and also have quality certificates. Similar business opportunities could be explored by players in the state for meeting domestic as well as international demand.

**Sugarcane Syrup-** Sugarcane syrup is prepared by the evaporation of sugarcane juice. It is made in open kettles by simmering the sugarcane juice until it forms a thick, dark syrup with medium flavour intensity that resembles molasses. Cane syrups and blends are sold for use in pancakes, biscuits, cereals and cooking. In Louisiana and Hawaii in the USA, cane syrups are processed in sugarcane factories, or in refineries. The syrup has a very high market value in the preparation of commercial foods, confectionary and bakery. Similarly, “Golden Syrup”, which is very popular in the UK, Canada, South Africa and Australia, is prepared by partially inverted syrup<sup>41</sup>, filtered several times over bone charcoal to give it a special golden colour. Production of different sugarcane syrups and its value addition with natural fruit and vegetable flavours can be targeted by domestic industry for the export market.

**Processed Sugarcane Juice-** Fresh sugarcane juice is a major product obtained from sugarcane stalk and is consumed extensively during summers in India. The juice contains minerals, protein, calcium, iron and antioxidants. Apart from sugarcane juice, non-carbonated sugarcane juice beverages blended with fruit juices, like kinnow, amla and lemon, are gaining popularity. Though sugarcane juice has large market demand, it is rarely available in packaged form due to short shelf life and need for adherence to safety procedures. Production of value-added beverages made from sugarcane with treatments and use of preservatives to keep the sugarcane juice fresh and ensure quality can lead to wider market for these products. This can also lead to potential exports.

**Ethanol byproducts-** Uttarakhand has also been making significant progress in ethanol production. DDGS, which stands for Distiller’s Dried Grains with Solubles, is a nutrient-rich byproduct of ethanol production with significant export potential. This can be another area for export diversification as ethanol blending leads to greater diversion of sugarcane towards ethanol production.

### ***Gems and Jewellery***

Exports of gems and jewellery accounted for 1.4 percent of the state’s merchandise exports during 2023-24. The state currently exports gold and other precious metal jewellery. For product diversification, exporters in the state could focus on building capacities in the unwrought gold (incl. platinum plated) segment, which has been identified as an underachiever segment for the state.

Players in the industry could also build capacities in the segment of lab-grown diamonds. Lab-grown diamonds are diamonds made in laboratories and factories, that are identical to natural diamonds in appearance and composition. The global lab-grown diamonds market was valued at US\$ 27.2 billion in 2023, and is expected to reach US\$ 59.5 billion by 2032, recording a CAGR of 9.1 percent. Factors such as affordability, sustainability

<sup>40</sup> Sugar and Sugar Derivatives: Changing Consumer Preferences, 2020

<sup>41</sup> liquid sweetener made from granulated table sugar and water

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and similarity in characteristics with that of natural diamonds have been the key growth drivers for the surge in demand for lab-grown diamonds across the world. With the rise in demand for lab-grown diamonds, India's export of polished lab grown diamonds has also surged, reaching US\$ 1.4 billion in 2023-24. The USA is the largest consumer of lab-grown diamonds in the world and is the topmost destination for India's exports of the product. Thus, exporters in this sector could focus on diversification towards lab-grown diamonds segment.

### ***Biosimilars***

Drug formulations is the topmost exported product from Uttarakhand, accounting for a share of 16.9 percent in Uttarakhand's merchandise exports in 2023-24. Several products such as sterile surgicals, vitamin medicaments, pituitary hormones are among the product champions for the state. For product diversification, pharmaceutical players in the state could be encouraged to enhance capacities in biosimilars, which could provide new avenues for growth in exports.

Globally, the demand for biologics is growing steadily as they can be used to treat several chronic diseases including cancer, diabetes, infectious disorders, hormonal disorders, etc<sup>42</sup>. Biosimilars are highly similar biological products that are made using state-of-the-art technology to be comparable in characteristics to the reference biologics in terms of purity, bioactivity, and chemical identity<sup>43</sup>. Europe is the largest market for biosimilars currently with nearly 126 approved biosimilars as of January 2025<sup>44</sup>. The US FDA has also approved 69 biosimilars as of March 2025<sup>45</sup>.

As per an analysis published by the Department of Pharmaceuticals, Government of India, 24 blockbuster drugs are going off-patent during the patent cliff 2022-2030, which is expected to create opportunities worth US\$ 328 billion in 2030<sup>46</sup> due to loss of exclusivity of these patented drugs. This would create large opportunities for biosimilar players. As per the report, the share of biosimilar in the overall revenues of these 24 blockbuster drugs stood at 69 percent in 2022, which is expected to increase to 75 percent by 2030<sup>47</sup>. Thus, exporters from the state could consider diversification into this key emerging segment.

### ***Ayush and Herbal Products***

Ayush and herbal products accounted for only 0.47 percent of Uttarakhand's merchandise exports during 2023-24. There is substantial scope for enhancing exports of these products from the state. As per Grand View Research, the global Ayurveda market size was estimated at US\$ 14.4 billion in 2023 and is projected to record a CAGR of 27.2 percent during 2024 to 2030. This growth is majorly anticipated due to the rising prevalence of chronic diseases, increasing awareness of the benefits of Ayurvedic products, and high adoption and acceptance of Ayurveda globally. Moreover, rising demand for organic and natural personal care products, which include Ayurvedic ingredients, such as neem, turmeric, and sandalwood, is driving the industry growth.

<sup>42</sup> Biologics are products derived from living organisms like bacteria, as well as from mammals, plants, and animals through genetic engineering. Some of the commonly known biologics include monoclonal antibodies (MAbs), vaccines, recombinant proteins, antisense, RNAi, molecular therapy, among others.

<sup>43</sup> Biosimilars have essentially no differences from existing FDA-approved reference biologics, indicating that the biosimilar and the reference biologics are structurally and functionally similar in nature. Minor differences in the clinically inactive components such as a stabiliser or a buffer are acceptable by regulators in key global markets.

<sup>44</sup> Biosimilars approved in Europe (January 28, 2025), Generics and Biosimilar Initiative.

<sup>45</sup> The US FDA Biosimilar Product Information (Accessed on March 25, 2025), the US FDA

<sup>46</sup> Department of Pharmaceuticals, Ministry of Chemicals and fertilizers, GOI (2023), An Analysis On Leveraging Patent Cliff - <https://pharma-dept.gov.in/sites/default/files/FINAL-An%20analysis%20on%20leveraging%20the%20patent%20cliff.pdf>

<sup>47</sup> Department of Pharmaceuticals, Ministry of Chemicals and fertilizers, GOI (2023), An Analysis On Leveraging Patent Cliff - <https://pharma-dept.gov.in/sites/default/files/FINAL-An%20analysis%20on%20leveraging%20the%20patent%20cliff.pdf>

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Globally, developed countries, particularly North America and Europe are among the largest markets for Ayurvedic products<sup>48</sup>, with a growing preference for ayurvedic remedies, herbs, minerals, and natural ingredients. However, analysis of key markets for Uttarakhand's exports of Ayush and herbal products indicates that currently, exporters from the state are mainly targeting markets such as Middle East, Africa and Asia Pacific for exporting these products. Clearly, there is scope for enhancing exports of these products to more developed countries, given the high demand.

### ***Electronics and Electrical Equipment***

Electronic instruments accounted for 6.6 percent of the state's merchandise exports in 2023-24, while electronic components and electrical equipment comprised nearly 1.1 percent and 2.4 percent, respectively, of the state's merchandise exports during 2023-24. Several categories of electrical equipment such as automatic circuit breakers, electricity conductors, lead-acid accumulators, dielectric transformers feature among product champions for the state. Besides these, exporters in the state could also export products such as static convertors, boards for a voltage <=1000 volts, other electric conductors < 1000v not fitted with connectors, which have been identified as underachievers for the state. Although the state currently exports these products, the state does not have comparative advantage in the exports of these product. Exporters could also focus on lithium-ion cells and batteries, which are also currently exported from the state but the share of these products in the state's overall exports remains meagre.

There is need for strengthening the electronics manufacturing base in the state. To that end, the Uttarakhand Mega Industrial and Investment Policy 2021 extends incentives such as rebate on land rate, payroll incentives, interest subsidy, reimbursement of SGST, electricity bill and duty, stamp duty, etc., for setting up manufacturing units in the state. Export-oriented firms need to be encouraged to leverage these incentives to further expand their production and export capacities.

### ***Automobile and Parts***

Transport vehicles accounted for 7.2 percent of the total merchandise exports from the state in 2023-24. The state currently exports products such as two and three-wheelers, auto tyres and tubes, silencers, exhaust pipes, parts of motor vehicles for buses/lorries etc. Several of these products have been identified as product champions for the state. In the short term, exporters from the state could focus on enhancing exports of these products. For product diversification, the state could target building capacities in segments such as gaskets, new pneumatic tyres, which are currently exported from the state, but the state is not competitive in exports of these products.

Besides this, there is need for diversification towards electric vehicles (EV). According to the International Energy Agency (IEA), EV sales reached 14 million units in 2023, and the share of electric cars in global car sales has increased from 4 percent in 2020 to 18 percent in 2023, driven by the rising demand. To encourage EVs, the state has introduced the 'Uttarakhand Electric Vehicle Manufacturing, EV Usage Promotion and Related Services Infrastructure Policy 2018' for enhancing manufacturing and usage of EVs in the state. The policy extends various incentives such as electricity duty exemption, stamp duty exemption, concession on land costs<sup>49</sup> etc. Export-oriented firms need to be encouraged to leverage these incentives to further expand production and export capacities of EVs in the state.

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<sup>48</sup> ISI Emerging Markets – Grand View Research

<sup>49</sup> State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIIDCUL)

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## ***Tourism***

Tourism is an important sector for the state. Uttarakhand stood 12<sup>th</sup> among all state/UTs in terms of domestic tourist visits in 2023, accounting for a share of 2.3 percent in India's domestic tourist visits. However, the share of Uttarakhand in foreign tourist visits is meager at 0.7 percent of India's total foreign tourist visits in 2023.

Uttarakhand has a vivid topography and is known as Dev Bhoomi and the International Yoga Capital. The state is known for its eco tourism, religious tourism, and adventurous tourism. The state is also famous for activities such as kayaking, river rafting, paragliding etc. Efforts are required to develop and popularise the existing tourism circuits in the state, to increase international footfall.

Besides this, the State Government could also promote film tourism and culinary tourism in the state. The state already has in place the Uttarakhand Film Policy, 2024, which provides various incentives for shooting films in the state, such as, refund of up to 30 percent of expenditure on any film in any language, subject to a ceiling of ₹ 3 Crores, if more than 75 percent of the film is shot in Uttarakhand<sup>50</sup>. There is need to popularise this scheme to attract international film makers to the state. Further, the state could also consider extending additional benefits for international film makers under the existing scheme, over and above the existing incentives.

There is also substantial scope for enhancing culinary tourism through state-sponsored food festivals for showcasing the state's unique culinary delicacies. The state could focus on culinary dishes such as 'Bal Mithai', 'Singodi', 'Jhangore ki Kheer', 'Lesu' etc. Food festivals are a popular way of representing delicacies and food-items belonging to the state as also for attracting international tourists. Some of the popular food festivals which attract food connoisseurs and tourists include Delhi Tourism's 'Dilli ke Pakwaan' Festival; International Mango Festival in Delhi; Sea Food Festival in West Bengal; Bangalore Restaurant Week Festival; and Gujarati Food Festival, among others. The State Government in Uttarakhand could also develop a similar food festival for promoting culinary tourism.

## ***Market Diversification***

As mentioned in the earlier chapter, there remains substantial scope for exporters from the state to diversify towards key global markets including several developed economies such as Belgium, Japan, Germany, the Netherlands, Italy, France, and Canada. Sector-wise top potential countries for market diversification that may be targeted by exporters is given in **Table 19**.

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<sup>50</sup> Languages listed under 8<sup>th</sup> Schedule of the Constitution.

**Table 19: Top 10 Product Champion-wise Potential Countries for Market Diversification from Uttarakhand**

Item	Current Top Markets	Potential Markets
Pharmaceutical Products	The UK, Nigeria, Philippines, the USA, Kenya, France, Ethiopia, the UAE, Yemen, The Netherlands	Germany, Belgium, Switzerland, China
Zinc & Articles	Malaysia, Singapore, Nepal, Taiwan, South Korea, Thailand, Indonesia, The Netherlands, Saudi Arabia, Turkey	The USA, Germany, China, Belgium, Italy
Transport Vehicles and Parts	Belgium, Bangladesh, Mexico, the USA, Nepal, Czech Republic, Spain, South Africa, China, Colombia	Germany, Canada, the UK, France
Optical, Measuring , Medical & Similar Instruments & Parts	Singapore, the UAE, Norway, the USA, Turkey, Sri Lanka, Mauritius, Russia, Germany, Brazil	China, The Netherlands, Japan
Plastics and Articles	The USA, China, Nepal, Belgium, South Africa, Israel, Turkey, Italy, Colombia, Chile	Germany, Mexico, France
Electrical Machinery & Equipment	The UAE, Nigeria, Nepal, Spain, Finland, Vietnam, Bangladesh, Iraq, the USA, Yemen	China, Hong Kong, Germany, Singapore
Machinery and Mechanical Appliances	Bangladesh, the UAE, the USA, Kuwait, Nepal, Turkey, China, South Korea, Tanzania	Germany, the UK, Mexico
Rubber and Articles	Brazil, the UK, the USA, Egypt, Lithuania, Nepal, Saudi Arabia, the UAE, Kuwait, Italy	Germany, China, Mexico, France
Sugar and Sugar Confectionary	Bangladesh, Indonesia, Nepal, Vietnam, Sri Lanka, Thailand, Kenya, Nigeria, Senegal, the UAE	The USA, China, Germany, the UK
Paper and Paperboard; Articles of Paper Pulp	Nepal, Sri Lanka, the UAE, the USA, Qatar, Kenya, Ghana, Italy, Israel, Greece	Germany, France, the UK

Note: 1) The State's top 10 exported products at HS-2 digit level have been considered for the analysis;

2) Potential markets include global top importers in the respective product category in 2023, that did not feature among top export destinations for Uttarakhand during 2023-24

Source: DGCI; ITC Trade Map; Exim Bank Research

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## Infrastructure Leverage and Strengthening

The state has 2094.8 kilometers of national highways, 5737.46 kilometers of state highways<sup>51</sup>, 3 airports and 2 inland container depots. There is a focus on further bolstering the infrastructure and reducing logistics cost in the state. The Uttarakhand Logistics Policy 2023 lays emphasis on the development of the logistics sector and strengthening the economic linkages between the hilly and plain areas<sup>52</sup>.

### **Connectivity**

As per the LEADS 2024 report, the average speed on national highways and state highways in Uttarakhand is the lowest among landlocked states, indicating need for further strengthening the road infrastructure. Therefore, an essential first step towards further improving trade related transport infrastructure would be greater capital expenditure on the development of roadways. It is notable that only 3.4 percent of the state budget is allotted to the development of roads and bridges. This is low when compared to the other comparable landlocked states such as Assam (9.3 percent of the total budget expenditure), Chhattisgarh (5.4 percent), Jharkhand (5.5 percent), Himachal Pradesh (7.4 percent)<sup>53</sup>. Moreover, the State Government has reduced the budget allocation for the roads and bridges by nearly (-) 7 percent y-o-y in 2024-25. There is a need for enhancing the allocation towards strengthening the road infrastructure in the state for better connectivity.

### **Port Facilities**

The state has 2 ICDs in Kashipur and Pantnagar, 4 land customs stations (LCSs) and 3 operational airports. However, port-wise export data from DGCIS indicates that majority of exports from the state are routed through ports in Mumbai, Uttar Pradesh and Delhi. Moreover, data also suggests that among the existing infrastructure, only the two ICDs are being utilised by the exporters in Uttarakhand, indicating underutilisation of the LCSs in the state. It is noteworthy that the LCSs in Dharchula and Jhulaghta in Pithoragarh district and LCSs Banbasa in Champawat district are bordering Nepal, while the LCS Gunji in Pithoragarh district is bordering China. However, port-wise export data suggests that over 86.1 percent of Uttarakhand's exports to Nepal in 2023-24 were routed through ports in Uttar Pradesh and Bihar, while LCSs in Banbasa, Dharchula and Jhulaghta jointly accounted for only 5.8 percent of the state's exports to Nepal. Moreover, despite the presence of an LCS bordering China, the state does not utilise this port to export to China, and the share of China in Uttarakhand's exports remains low at 1.7 percent in 2023-24, as compared to China's share in India's merchandise exports at 3.8 percent during the same period. Thus, there is a need for thorough examination of this underutilisation and strengthen these LCSs.

There is also a need to build dedicated cargo terminals in the state for the better transportation of the goods. As noted, there are 3 operational airports in Uttarakhand in Dehradun, Pantnagar (Udham Singh Nagar district) and Pithoragarh. Dehradun and Pantnagar are owned and managed by the Airports Authority of India. Pithoragarh Airport is managed by the State Government of Uttarakhand. However, none of these 3 airports have an air cargo and custom clearance lanes for export purpose. The Uttarakhand Logistics Policy 2023 highlights the state's intent for developing air freight stations and air cargo complex in the state. As agricultural, pharmaceuticals and gems and jewellery exports from the state, which depend on air transport,

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<sup>51</sup> Uttarakhand at Glance 2022-23, Published on May 10, 2024, Government of Uttarakhand

<sup>52</sup> Objectives of the Uttarakhand Logistics Policy 2023

<sup>53</sup> State of State Finances 2023, PRS Legislative Research

jointly account for nearly 25.2 percent of the state’s exports, air cargo facilities could be expeditiously developed at the Jolly Airport, Dehradun and Pantnagar airports.

Moreover, the district of Haridwar, which constitutes about 28.5 percent of the state’s exports in 2023-24, does not have any of the port infrastructure for exports. The State Government could consider developing an ICD in Haridwar for facilitating exports from the district.

**Table 20: Comparison of District-wise Merchandise Exports and Number of Airports/ICD/CFS/LCS**

Districts	Share in Uttarakhand’s Exports (2023-24)	Number of Airports	Number of ICDs	Number of CFSs	Number of LCSs
Uttarkashi	0.1%	-	-	-	
Chamoli	0.0%	-	-	-	
Rudraprayag	1.0%	-	-	-	
Tehri Garhwal	0.0%	-	-	-	
Dehradun	32.5%	1	-	-	
Pauri Garhwal	0.6%	-	-	-	
Haridwar	28.5%	-	-	-	
Pithoragarh	0.6%	1	-	-	3
Bageshwar	0.0%	-	-	-	
Almora	0.2%	-	-	-	
Champawat	0.3%	-	-	-	
Nainital	3.3%	-	-	-	1
Udham Singh Nagar	32.9%	1	2	-	

Cells shaded in red indicate the top 5 districts in Uttarakhand’s Exports

Source: Directorate of Economics and Statistics, Govt. of Uttarakhand; DGCIS; Exim Bank Research

## **Storage**

### **Warehouse**

Storage is important in the overall logistic chain for exports. According to data sourced from the RBI’s Handbook of Statistics on Indian States, the total storage capacity for foodgrains in Uttarakhand stood at 3.5 lakh metric tonnes in 2023. This is substantially low given the current level of foodgrain production in the state. In 2023-24, the total food grain production in Uttarakhand was around 18 lakh tonnes.

As per the industry norms, the storage facility for agriculture alone should typically be 60 percent of the production volume. Analysis of warehousing capacity and food grain production in the state suggests that Uttarakhand’s overall warehousing capacity caters to only 19.4 percent of the total food grain production in the state, indicating the need to substantially augment warehousing capacity. As per Exim Bank’s analysis, additional warehousing capacity of least 7.3 lakh MT is needed for just the existing food grains produced in the state.

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## ***Cold Storage***

Apart from warehousing, the state also needs cold storage infrastructure as 17.5 percent of the state exports are pharmaceutical products in 2023-24. As per data from DGCIS, the volume of Uttarakhand's exports of drug formulations stood at nearly 27,720.6 tonnes in 2023-24. Further, Uttarakhand's horticulture production (fruits and vegetables) is over 8 lakh metric tonnes in 2023-24. Exports of these horticulture produce will depend on adequate cold storage facilities. Currently, the cold storage capacity is at 2.07 lakh MT<sup>54</sup>, which is not adequate given the current demand in the state. There is a need to build capacities and upgrade the existing capacities for pharmaceutical products, horticulture and other processed products. Districts that contribute to larger share of exports in the perishable categories could be targeted for building the cold storage capacities.

A multi model logistics park has been already established in Pantnagar in Udham Singh Nagar district. In addition, the State Government may also consider the development of the multi model cold chain network in Dehradun, as the district is a key exporter of pharmaceuticals from the state. This will enable greater availability of storage facilities for pharma exporters. Agricultural districts such as Pithoragarh, Champawat, Almora, Uttarkashi, Chamoli and Bageshwar could also be targeted for developing cold chain facilities<sup>55</sup>.

The state can utilise the support under the Central Government's Trade Infrastructure for Export Scheme (TIES) for developing and strengthening the ICDs, CFSs, warehousing and cold storage facilities, and other essential export infrastructure in the state. The Government of India launched TIES in March 2017, with the objective of assisting State Governments and government-owned agencies in creation of appropriate infrastructure for growth of exports. Financial assistance under the scheme is provided in the form of grants-in-aid. As per the latest data available, no projects have been approved under TIES for developing export infrastructure in Uttarakhand<sup>56</sup>. Uttarakhand needs to utilise the support provided by the Government of India under TIES for developing and strengthening essential export infrastructure.

## ***SPS/TBT Infrastructure***

In addition to trade related infrastructure, SPS/TBT infrastructure also plays a crucial role in promoting exports. To compete in highly regulated advanced economies, exports need to adhere to various quality requirements. In this context, existence of adequate research institutes and NABL accredited laboratories play a vital role in enhancing the quality of products in line with international standards<sup>57</sup>.

Despite exporting a number of high value-added and technology intensive products, Uttarakhand's performance in terms of availability of NABL accredited testing labs is relatively low at only 94 labs, as of February 2024<sup>58</sup> --which is lower relative to comparable states like Jharkhand, which has 102 such labs. This accounted for only 1.8 percent of the total NABL accredited labs in India during the same period. Clearly, there is a need to set up more testing and calibration labs in the state. The Government of Uttarakhand in its Export Promotion Policy 2021, envisages to build testing laboratories recognised by various international and national bodies, with the objective to support the exporters/manufacturers for obtaining the regulatory certifications and to make their products globally competitive. However, the implementation of the same remains a challenge. The State Government could proactively engage with the private sector partners to create the necessary SPS/TBT infrastructure in the state.

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<sup>54</sup> As of May 31, 2024; Source: Lok Sabha Starred Question No. 210 dated August 6, 2024, Titled "Cold Storages"

<sup>55</sup> Districts with over 20 percent of GVA from Agriculture and allied sector have been considered for this analysis. Source: Uttarakhand Economic Survey 2023-24, Government of Uttarakhand

<sup>56</sup> Lok Sabha Question No 439 Dated February 4, 2025, Titled "Trade Infrastructure for Export Scheme"

<sup>57</sup> Export Preparedness Index, NITI Aayog

<sup>58</sup> NABL (2024), Directory of Accredited Testing Laboratories, February 18, 2024

Furthermore, the government could also introduce an Export Infrastructure Assistance scheme to support the development of critical export infrastructure such as testing labs, R&D centres, and export incubation centres. A one-time subsidy of 25 percent of the export infrastructure investment up to ₹ 1 crore can be provided under the scheme.

### ***Dedicated Export Parks***

The State Government could introduce incentives for private developers to establish dedicated export parks in the state. Incentives can be provided to developers of dedicated export parks, including capital assistance for infrastructure development of up to 50 percent of the total fixed investment or ₹ 20 lakh per acre on fixed infrastructure; financial assistance of 25 percent for developing common processing, testing, quality, and R&D facilities; capital subsidy for waste management solutions; and reimbursement of stamp duty and registration charges. This approach can help attract private investment in export-oriented clusters, ensuring world-class facilities and streamlined logistics for exporters. Similar incentives are being provided in other landlocked states such as Madhya Pradesh.

### **Capacity Building**

While exporters in the state produce a wide array of products, there is a need for improving the design, quality and quantum of production in order to effectively tap the international markets. In several products, there may not be enough exportable surplus, or the production may not be able to adapt to the requirements of the global market, necessitating capacity building efforts.

### ***Branding of Geographical Identifications***

Geographical Indications (GI) status for agricultural, manufacture and handicraft products of Uttarakhand can function as product differentiators and serve as important tools for marketing. Uttarakhand is the first state to get 18 GI tags in one day. In total, Uttarakhand has 27 GI tags of which 9 are in handicrafts segment, 1 in foodstuff and manufactured each, and the rest are in agricultural segment (**Table 21**). In addition, GI tags have also been applied for 'Timru de Uttarakhand', 'Uttarakhand Badri Cow Ghee', 'Uttarakhand Bedu (Fruit)' and 'Uttarakhand Bhangjira', which are currently in the pre-examination stage.

**Table 21: List of Geographical Indications in Uttarakhand as on May 2024**

<b>Sr. No</b>	<b>Geographical Indications</b>	<b>Industry</b>
1	Uttarakhand Tejpat	Agricultural
2	Bhotia Dann of Uttarakhand	Handicraft
3	Uttarakhand Aipan	Handicraft
4	Munsyari Razma	Agricultural
5	Uttarakhand Basmati Rice	Agricultural
6	Uttarakhand Ringal Craft	Handicraft
7	Uttarakhand Tamta Product	Handicraft
8	Uttarakhand Thulma	Handicraft
9	Kumaon Chyura Oil	Agricultural
10	Uttarakhand Berinag Tea	Handicraft

Sr. No	Geographical Indications	Industry
11	Uttarakhand Bichhu Buti (Nettle) Fabrics	Agricultural
12	Uttarakhand Mandua	Agricultural
13	Uttarakhand Jhangora	Agricultural
14	Uttarakhand Gahat	Agricultural
15	Uttarakhand Lal Chawal (Red Rice)	Agricultural
16	Uttarakhand Kala Bhat	Agricultural
17	Uttarakhand Malta Fruit	Agricultural
18	Uttarakhand Chaulai (Ramdana)	Agricultural
19	Almora Lakhori Mirchi	Agricultural
20	Uttarakhand Buransh	Food Stuff
21	Uttarakhand Pahari Toor Dal	Agricultural
22	Nainital Mombatti (candle)	Manufactured
23	Rangwali Pichhoda of Kumaon	Handicraft
24	Ramnagar Nainital Litchi	Agricultural
25	Ramgarh Nainital Aadu (Peach)	Agricultural
26	Chamoli Wooden Ramman Mask	Handicraft
27	Uttarakhand Likhai (Wood Carving)	Handicraft

Source: Intellectual Property of India

The reference to geographical origin, along with the use of traditional practices and processing methods, can provide substantial marketing potential for exports of these products from Uttarakhand. Initiatives are needed for identifying more products from the state which can be accorded GI Status. This could include culinary delicacies such as 'Bal Mithai', 'Singodi' etc. GI tags could enhance the popularity of these food items and thereby boost exports of these products from the state. Obtaining GI for such prepared food stuff could also be helpful in promoting culinary tourism in the state.

In addition to identifying new products, key value proposition needs to be defined for the products having GI status. To gain the benefits of the GI status, it is important for the GI brand to be recognised as a reliable and preferred brand in the market, with distinguishable positioning. Products such as Darjeeling Tea, for example, have been able to gain substantial market share on account of this brand building. To that end, the logo and name of the GI brand needs to be developed and marketed, and mechanism needs to be devised for ensuring that all the products marketed under the GI brand meet the minimum specified standards. Further, to ensure the quality and uniqueness of the products, the State Government could setup a GI certification body, that will provide certificate of authenticity to select high-potential export items in agriculture and handicraft categories. A repository of information about the artisans involved in production and exports of the GI products could be maintained by certifying body. Export related brochures, interactive CDs, etc. can be created for popularising the GI-tagged products in international markets.

Additionally, to promote value addition of GI-tagged agriculture products, the State Government could also introduce regulations for GI-branding to ensure that the quality and authenticity is maintained. For instance, in the case of millets, the State Government could specify the minimum proportion of millets in

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various processed millet products to be eligible for use of the GI branding for Jhangora and Mandua. This would encourage exports of value-added GI-tagged agro products. Additionally, the state government could also focus on linking FPOs, processed food companies, and exporters with international buyers to facilitate marketing of GI-tagged agro products from the state.

### ***Standards, Rules and Regulations***

Exporters need to have in-depth knowledge of the latest global developments pertaining to packaging, eco labelling, quality standards, regulatory norms and mandatory certification requirements, among others, to be able to expand their footprint into highly regulated markets in developed countries. Exporters also need to acquaint themselves with the rules and procedures of importing countries. It is therefore imperative to create an eco-system which facilitates and supports exporters adhering to the requirements in the export markets.

### ***Awareness Programmes / Workshops***

Creating awareness among exporters about export procedures, regulations and standards related to various products is a crucial aspect of enhancing exports from the state. Awareness programmes/ workshops for creating awareness on the procedures to meet the requirements and obtain certifications would help expand exports to the more regulated markets.

Under the Export Promotion Policy 2021, the State Government offers ₹ 75 lakhs per year for capacity building / sensitisation and awareness activities. Further, the State Government also offers to contribute 50 percent of the cost of training/skill upgradation for the first 50 new exporting units subject to a limit of ₹ 1,00,000 per unit per year, for skill upgradation programmes conducted by the Department of Industries, Government of Uttarakhand, in coordination with export promotion agencies like Agricultural and Processed Food Products Export Development Authority (APEDA) & Export Promotion Council for Handicrafts (EPCH). While this is a step in the right direction, the State Government could consider extending the support to existing exporters as well, as it would enable exporters to stay up to date with export procedures and regulations. Moreover, such awareness programmes/workshops could be aligned with the District as Export Hub (DEH) initiative. There should be a dedicated allocation for programmes at district level focusing on regulations, certification and market access issues pertaining to the identified products under DEH. Further, to provide a holistic environment for technological upgradation and skill development, State Universities can also be encouraged to commence both vocational and research-based courses to meet the skill gaps prevailing in various sectors, to encourage value-added exports from the state.

Additionally, the Uttarakhand Export Promotion Policy 2021 also provides assistance up to ₹ 1 lakh per annum per enterprise for listing selling their products on various e-commerce websites<sup>59</sup>. However, to promote enterprises to onboard on e-commerce platforms for export purposes, there is a need to create awareness on the processes for undertaking exports through e-commerce. To that end, the State Government could collaborate with e-commerce platforms such as Amazon, eBay etc., to conduct awareness programmes at the district level for sensitising the exporters on the use of these platforms for export purposes, as also onboard the exporters on the platforms. The platforms could guide local exporters for listing their products on their websites for exports. Similar MOUs have been signed by the Government of Gujarat, Government of West Bengal and Government of Manipur, with Amazon, to provide training and onboarding MSMEs from

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<sup>59</sup> Only for the first 100 enterprises – Uttarakhand Export Policy 2021.

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the states onto the platform and enabling them to sell their products to customers in over 200 countries and territories worldwide.

Additionally, Uttarakhand could develop more Dak Ghar Niryat Kendra (DNKs) or post office export centers to support small exporters, particularly in remote areas. Currently, the state has only 18 such centers, whereas comparable states like Assam have 36, Chhattisgarh has 40, and Jharkhand has 26 DNKs<sup>60</sup>. Expanding the number of these centers would improve last-mile connectivity and facilitate smoother export processes for MSMEs and first-time exporters through e-commerce. To further support first-time exporters, the state government could introduce a reimbursement scheme for exports made through courier services, up to a specified limit, for exporters with confirmed orders. This would help reduce initial transaction costs and encourage more enterprises to explore e-commerce exports to enhance their international footprint.

### **Reimbursement of Certification Costs**

Adhering to standards and obtaining the requisite certifications entail considerable cost to the exporters, due to which many small players may be unable to access international markets. As per the Uttarakhand Export Promotion Policy 2021, the state provides refund for expenses up to 50 percent subject to a ceiling of ₹ 10 lakhs per unit per annum<sup>61</sup> for global certifications like Conformity European (CE) / ISO.

In addition to these, to incentivise exports of pharmaceuticals, the State Government could also consider reimbursement of expenditure incurred on obtaining certificate of WHO-GMP or US-FDA certificate subject to the suitable ceiling per company. A similar support is being provided by the Government of Madhya Pradesh as part of its MSME Policy 2021, for supporting exports from MSMEs in the pharmaceutical sector. Likewise, the State Government could consider providing refund of expenses incurred for obtaining statutory certifications like China Compulsory Certificate (CCE), Goods Manufacturing Practices (GMP) certification, etc., to the extent of 50 – 100 percent, subject to a ceiling per exporting unit. This would help promote exports from high technology sectors in the state. The State Government could also extend the support to obtain organic product certifications for the exporters of organic products in the state.

## **Fiscal Incentives**

One of the major reasons for producers, particularly MSMEs, to refrain from exporting is the high cost of export operations. Costs are high due to large capital investment required for generating adequate volumes for exports, compliance cost of certifications, tariffs, etc. These costs affect the competitiveness of exporters. Fiscal incentives in the form of refunds / reimbursements and concessions could be a major step for mitigating the cost burden and enhancing competitiveness of exporters in Uttarakhand.

Being a landlocked state, exporters in Uttarakhand have to depend on ports in other states for exports. In this context, fiscal incentives may be required to bring down the cost for exports. The State Government could consider freight subsidy for subsidising the freight component in exports of key products from the state. Keeping in mind the budget considerations, district and product-wise schedule for eligibility of reimbursement and amount of reimbursement can be developed by the state for the freight subsidy, with special focus on districts that may be far from the ports. Several state governments provide such freight assistance for export promotion. For instance, the Government of Uttar Pradesh incentivises export-oriented units by providing

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<sup>60</sup> PIB (2024), Postal Export Centres

<sup>61</sup> Applicable to first 25 units/projects - Uttarakhand Export Policy 2021

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subsidy on export cargo sent by air and subsidy on freight charges on gateway port. On similar lines, the Government of Punjab provides freight assistance to MSMEs in the state for export of goods manufactured by MSME, to the extent of 1 percent of Free on Board (FOB) value or actual freight (excluding government fee and taxes on transportation of goods from place of manufacture to the seaport and airport from where they are shipped), whichever is less, and maximum up to ₹ 20 lakhs per annum<sup>62</sup>.

### ***Special Incentives for Enhancing IT Sector Exports***

As discussed in the earlier chapter, the share of services sector in Uttarakhand's GSDVA has been increasing over the recent years, with export of IT services from the state registering robust double-digit growth over the recent years. Given the growing importance of the sector, the State Government could consider specific fiscal incentives for attracting more private players in this segment. One such area could be setting up of data centres in the state. Given its advantages in terms of weather and government incentives, Uttarakhand has the potential to become a data centre hub.

To that end, the state is already focussing on building edge data centres<sup>63</sup> in collaboration with private partners. The State Government has signed an MoU with CtrlS Data Centres in November 2023, for setting up greenfield edge data centre over the next 8-10 years in the state with an investment of ₹250 crores. To attract more investments in this field, the government could provide various incentives such as earmarking land parcels for developing data centres, providing fiscal incentive such as SGST exemption, capital subsidy, stamp duty exemption etc., for firms setting up data centres in the state. A report by CEEW states that 85 percent of the districts in the state are prone to extreme floods and other events<sup>64</sup>. Chamoli, Haridwar, Nainital, Pithoragarh and Uttarkashi districts are most vulnerable districts and in the last decade Almora, Nainital, and Pithoragarh districts were affected by the floods and droughts simultaneously<sup>65</sup>. The state could target other districts such as Tehri Garhwal, Dehradun, Chapawat and Udham Singh Nagar for developing data centres to reduce the risk of any loss to the investors, as these are less prone to climate adversities.

## **Export Promotion Campaign**

### ***Export Awards***

Rewards can be an indirect mechanism to encourage existing and potential firms to enhance their export orientation. To encourage and acknowledge exporters in Uttarakhand, the State Government already has in place an Award of Excellence for Exports, which has three categories viz. award based on highest exports in terms of the value of exports for the evaluation year (Categories- Platinum, Gold, Silver); award based on export quality (exports without any damage / loss); and award based on export growth (for achieving more than 20 percent growth in the export value).

In order to streamline the process of awarding exporters as also encouraging exporters across different sectors, the Government of Uttarakhand in its Export Policy could consider awarding exporters across the top 10 broad export sectors. Export awards could be given for best performers across various key sectors such as agricultural and allied products, food processing, pharmaceuticals, chemicals, handloom and handicrafts,

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<sup>62</sup> Fiscal Incentives for MSME Units, Department of Industries and Commerce, Government of Punjab

<sup>63</sup> An edge data center is a small data center that is located close to the edge of the network, this is same as smaller data centers but is contained in smaller footprint close to the end users and devices.

<sup>64</sup> Council on Energy, Environment, and Water (2021), " 85percent Districts in Uttarakhand Vulnerable to Extreme Floods"

<sup>65</sup> Ibid.

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machinery, automotive, electronics, information technology, and tourism, among others. Within these sectors, awards can also be provided under different categories such as innovative product, new market, quality product, quality manufacturing process etc. depending on the idiosyncrasy of respective sectors. This will encourage entrepreneurs to adopt best practices. Such segregation could also be done based on parameters like turnover (MSMEs, large units, grassroots business), young promising companies, and women entrepreneurs. A selection committee comprising officials from key government agencies and eminent industrialists can evaluate the applications for Export Awards, taking into consideration the value of exports, ratio of exports to sales, level of value addition, market orientation, adoption of best practices, product and process innovation, R&D activity, etc.

### ***Hidden Champions Initiative***

Additionally, the State Government can also initiate a 'Hidden Champions' initiative, to identify, encourage and felicitate promising small enterprises that have differentiated products, process and technology. These small enterprises can be provided handholding support, as well as financial and nonfinancial forms of assistance to begin their export journey. Existing schemes such as the Raising and Accelerating MSME Performance (RAMP) scheme and Ubharte Sitaare Programme of Exim Bank can be leveraged for supporting these enterprises.

### ***Capacity Building of Industrial Clusters***

Industrial clusters often aim to provide specialised infrastructure and services that can be used by firms, thereby reducing their individual investment needs. Clusters also benefit from technological/knowledge spillovers arising from geographical proximity, development of specialised skills and possibilities for flexible specialisation. Clusters also facilitate better integration into GVCs as enterprises that participate in clusters, including SMEs, have the ability to join GVCs through the external linkages developed by the cluster. Moreover, enterprises can also achieve high level of competitiveness if they work in a cluster environment as this ensures complementarities, availability of common facilities, and collaboration through collective activities, including collective sourcing and marketing. Clusters can also engender adequate exportable surplus from entities which are otherwise unable to export on a standalone basis. In the Indian scenario also, development of clusters has proven to be advantageous in promoting the industrial growth across several industry sectors.

Uttarakhand already has industrial clusters spread across different sectors, which are at various stages of development. In order to ensure continued progress across these industrial clusters, an essential initiative would be to develop a mechanism for assessing the performance of these clusters, in order to review the current status of the clusters and identify sectors/subsectors for developing new clusters. Such an assessment must cover aspects pertaining to prevailing infrastructure bottlenecks, as well as challenges in technological upgradation, access to skilled human resources, environmental sustainability etc. The State Government could undertake such studies with support from the Union Government under the Market Access Initiative (MAI) Scheme.

Upon assessment of the clusters, relevant capacity building activities can be undertaken by the state government, including construction/upgradation of physical infrastructure, building institutions, setting up of quality certification labs, common facility centres, design centres and development of human resources among others. The State Government could avail financial support for capacity building activities under the Micro & Small enterprises – Cluster Development Programmes (MSE-CDP). As of January 28, 2025, only 5 projects under the MSE-CDP have been approved in the state, of which only 3 have been completed. This

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is low when compared to other comparable states like Assam (16 projects completed) and Chhattisgarh (8 projects completed) that have much higher utilisation of the programme<sup>66</sup>.

### ***Setting up a Brand Equity Fund***

The Uttarakhand Export Promotion Policy 2021 offers marketing assistance including reimbursement of 75 percent of the space rent for 100 percent export oriented units for setting up stalls in international exhibitions and conferences, subject to ceiling of ₹ 2 lakh per year. This assistance can also be extended to MSMEs participation in national trade fairs that have participation from international buyers. In addition to this marketing support, the State Government could consider setting up of a dedicated fund with a suitable corpus for supporting the marketing of export produce from the state. A significant part of this fund could be set aside to build globally competitive brands for products originating from the state. Export related brochures, interactive CDs, etc. can be created for popularising the products in the state in the international market. Further, the Fund can also be utilised for organising reverse buyer-seller meets.

### ***Access to Finance***

Access to finance remains a persistent challenge for exporters nationwide, constraining their ability to expand and compete globally. In addition, high cost of credit further hinders their growth and greater participation in exports. To counter this, the State Government could extend financial assistance to exporters in the form of interest subsidy on export credit. This could ease the cost of credit and encourage greater participation by enterprises in the export business. A similar incentive is being provided by the Government of Madhya Pradesh, in the Export Promotion Policy 2025, whereby a subsidy on bank interest rate up to 5 percent is provided for pre and post shipment export credit, subject to a ceiling of ₹ 50 lakh overall for a period of 5 years. The Government of Uttarakhand could also consider a similar scheme.

Further, the Government of Uttarakhand could encourage exporters in the state to avail trade finance facilities extended by Exim Bank. Recognising the growing global trade finance gaps, Exim Bank has developed a new, first-of-its kind trade facilitation initiative in India, the 'Trade Assistance Programme' (TAP) to address the trade finance gap, particularly in the MSME sector. Under TAP, the Bank provides credit enhancement to trade instruments, thereby enhancing the capacity of commercial banks to support cross-border trade transactions. The Bank is leveraging its partnerships across the globe in identifying and supporting trade transactions involving untapped markets where trade lines are constrained or where the potential has not been harnessed. The various credit mechanisms under TAP are (i) Support to Trade Finance Instruments; (ii) Irrevocable Reimbursement Undertaking; (iii) Fronting of Guarantees; (iv) Risk Participation; (v) Trade Loans; (vi) Credit Lines; and (vii) Refinance. Since its launch in 2022, the bank has supported over 1000 export transactions under TAP across 50 countries, leading to nearly US\$ 2.8 billion worth of incremental exports.

To further bridge the financing gaps, Exim Bank has set up its subsidiary in GIFT City, Exim Finserve. Announced in the Union Budget 2023, the subsidiary is offering a range of trade finance products to exporters, with a focus on factoring. With the launch of Exim Finserve, Exim Bank is now covering the entire canvas of trade with bank-intermediated trade finance along with open account trade, thereby providing a stronger pillar of support for Indian companies, particularly MSMEs, as they navigate an increasingly competitive and uncertain global economic environment. Factoring presents a viable receivables management and financing mechanism suited to the needs of MSMEs. It provides a combination of three essential services to exporters:

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<sup>66</sup> Development Commissioner, Ministry of MSMEs, Government of India, Physical Status of Projects under MSE-CDP, as on 28.01.2025

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receivables financing, coverage of the risk of non-payment, and management of accounts receivable. It is particularly beneficial for MSME exporters as it is primarily based on the quality of accounts receivable rather than collateral. It also has the potential to improve export competitiveness as it enables exporters to offer competitive credit terms to their buyers.

There is a need for creating awareness about these new, innovative financing mechanisms among MSMEs in the state.

## **Institutional Streamlining**

To streamline the activities pertaining to export promotion in the state, a single platform would be essential for exporters and stakeholders in the state. Currently, the state's institutional framework for export promotion involves a two-level committee at the state and district levels<sup>67</sup>. As per the Uttarakhand Export Policy 2021, the objectives of the state-level committee is to coordinate with the central ministries regarding the schemes of the Government of India, planning sector-wise export promotion activities, policy initiatives for the promotion of standards and certificates to adhere with international norms, among others. Meanwhile, the objectives of the district-level committees are to identify and map the potential products for export promotion, preparation of district export plan, etc. However, the committee is not yet operational.

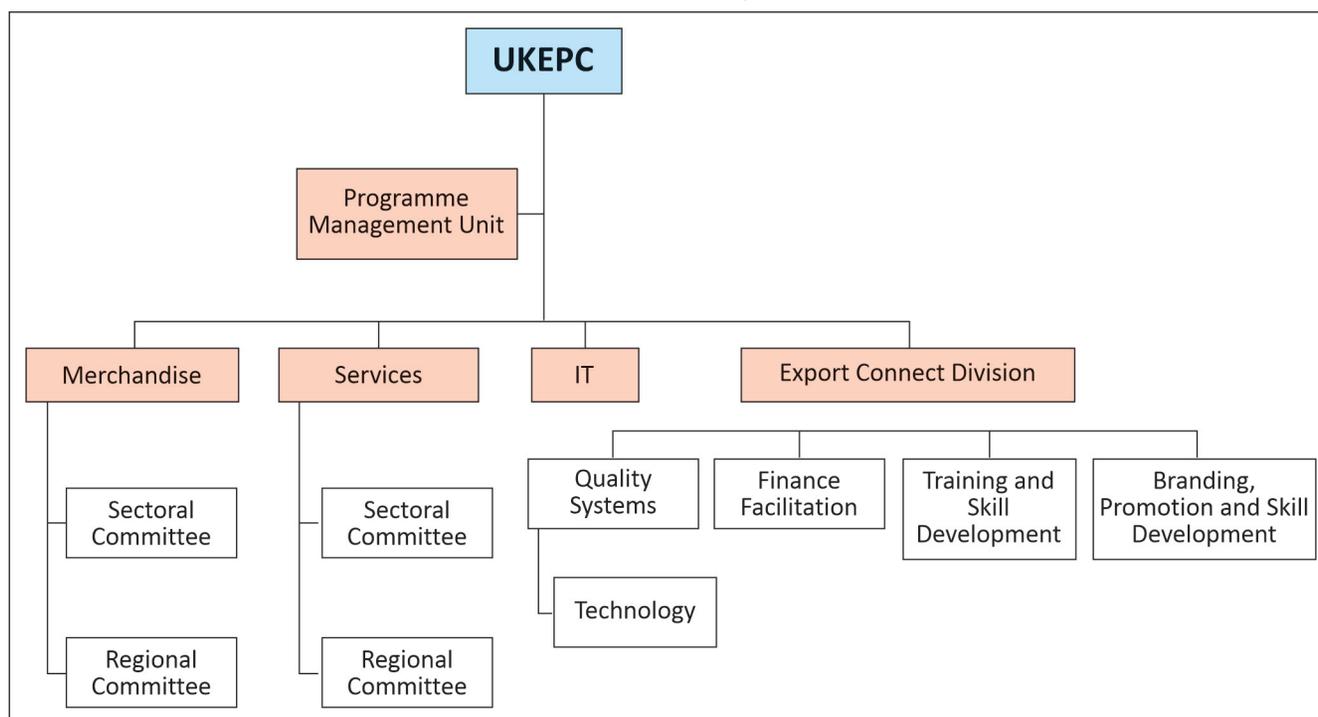
In the next phase of its Export Policy, the Government of Uttarakhand could consider reframing the overall institutional ecosystem in a manner that facilitates the various schemes proposed for exports, allows regular monitoring of the proposed targets, and propels the state to a higher export trajectory. In this context, the state could consider streamlining and strengthening the institutional structure for export promotion through setting up of the Uttarakhand Export Promotion Council (UKEPC) under the Department of Industries, Government of Uttarakhand, with an objective of ensuring strong export performance in the state. The UKEPC could be setup with the participation of the State Government, exporters and industry associations. It would also provide a forum for exchange of views, sharing information, identifying obstacles faced by the exporters and implementing mechanism to overcome them.

The UKPEC could have four key operational areas- merchandise exports division; services exports division; export connect division; and information technology (IT) division (**Exhibit 10**). Apart from this, a Programme Management Unit (PMU) could also be set up for integrating the various functions of the UKEPC. The functions of the various divisions would be:

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<sup>67</sup> Uttarakhand Export Policy 2021

**Exhibit 10: Structure of the Uttarakhand Export Promotion Council (UKEPC)**



1. **Merchandise and Services Divisions:** The merchandise wing of UKEPC could focus on merchandise exports segments by coordinating with State bodies, exporters, etc., while the services wing could focus on services segment such as IT and Tourism. These wings would largely be composed of government officials. The wings would identify and implement strategies for building a conducive ecosystem for exports and ensure that the exports targets are met in their respective areas. These wings shall also provide advisory services to exporters.

The merchandise and services wings could in turn be composed of sectoral committee and regional committee. The sectoral committee could manage the delivery of export promotion products and services to the exporting sectors, while the regional committee could work with the trade and commerce related offices located in India and abroad through the Embassies/High Commissions, Export Promotion Councils, Exim Bank and other chambers of commerce and industry. The sectoral committee could inter alia, focus on application for GIs, assessing applications under the proposed brand equity fund, identifying hidden champions, etc. The regional committee could inter alia, focus on marketing support and reimbursement of costs for certification required for exports to various markets.

2. **Export Connect Division:** This could offer critical export related support services and could comprise separate divisions for each of the support services— quality; technology; finance facilitation; training and skill development; and branding, promotion and marketing. The Division could comprise subject experts. The functions of the various segments within the Export Connect Division could be:

- **Quality Division**

- ❖ Enhancing focus on quality control and inspection protocols.
- ❖ Disseminate key inputs to export stakeholders.
- ❖ Provide input to the regional committee on standards and certification.

- 
- **Technology Division**
    - ❖ This shall have linkages with the quality division, and will include subject matter experts who will work with export stakeholders for boosting the technology and innovation quotient.
    - ❖ Disseminate information on value addition, and use of technology for enhancing competitiveness of local products/services.
    - ❖ Identify companies with differentiated technology under the hidden champions initiative.
  - **Training and Skill Development Division**
    - ❖ Work with National Skill Development Council, Uttarakhand Skill Development Mission, Sector Skill council and State-level institutes to build export relevant skills in the state.
  - **Finance Facilitation Division**
    - ❖ Disseminate information on procedures to avail export finance and guarantee facilities.
  - **Branding, Promotion and Marketing Division:**
    - ❖ Work towards improving the branding and marketing of local products.
    - ❖ Provide inputs to the sectoral committee for financing under the proposed brand equity fund.
    - ❖ Advise the sectoral committee on application of GIs.
    - ❖ Advise the regional committee on financing under the MDA Scheme.
- 3. IT Division:** The IT division could manage systems for providing information to stakeholders in a timely manner. The IT division could leverage the Trade Connect platform for creating awareness among exporters in Uttarakhand. The IT division can also engage with e-commerce platforms to onboard a greater number of MSMEs on these platforms.
- 4. Programme Management Unit:** The PMU could be set up to integrate all the functions of the various divisions of UKEPC. The PMU could undertake continuous monitoring of the export targets, their achievements and key constraints for the same on a periodical basis, so that prompt corrective actions can be taken should there be a deviation from the projected targets. The PMU could also liaison with national export bodies on issues of importance.

## Conclusion

Uttarakhand has the potential to achieve merchandise exports to the tune of US\$ 3.2 billion in the short to medium term by leveraging its untapped export potential. While the sectors in which the state is traditionally strong shall continue to be important from the exports perspective, there is a need to diversify the export basket to impart resilience to exports from the state. In the short to medium term, the focus of the exports strategy should be on the product champions sectors where the state possesses comparative advantage. While the existing export policy of the state provides a robust framework for export promotion, the six-pronged strategy outlined in the study shall help provide a roadmap for developing the next phase of the state's export policy. The strategies in the study are aimed at enhancing trade competitiveness, strengthening trade-enabling infrastructure, boosting value addition, creating awareness about exports, promoting innovation, increasing marketing for Uttarakhand's exports, and strengthening the institutional mechanism for nudging exports.

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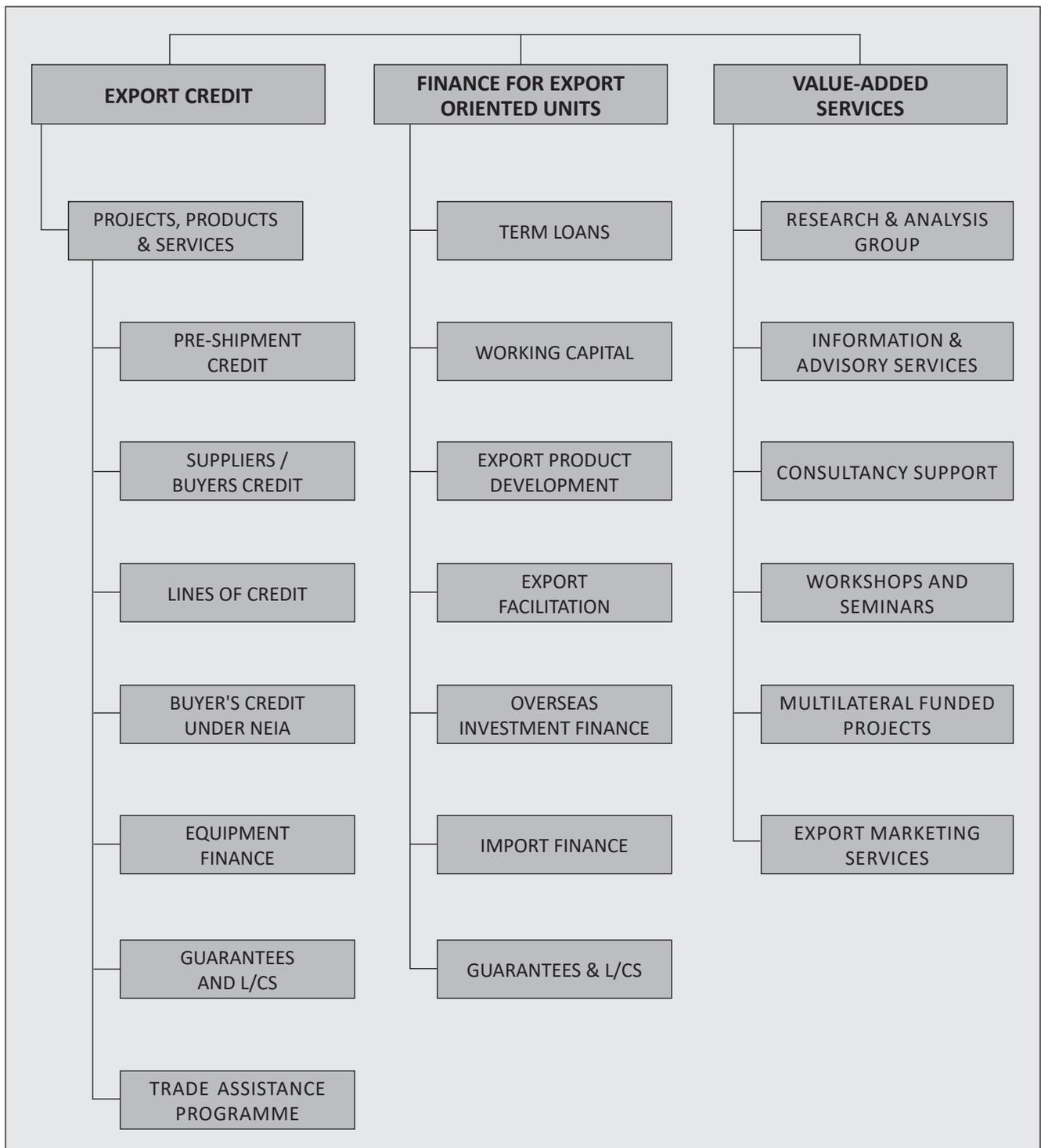
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