



GST Rate Cut: Empowering Livelihood and Growth in Uttar Pradesh

02 October, 2025

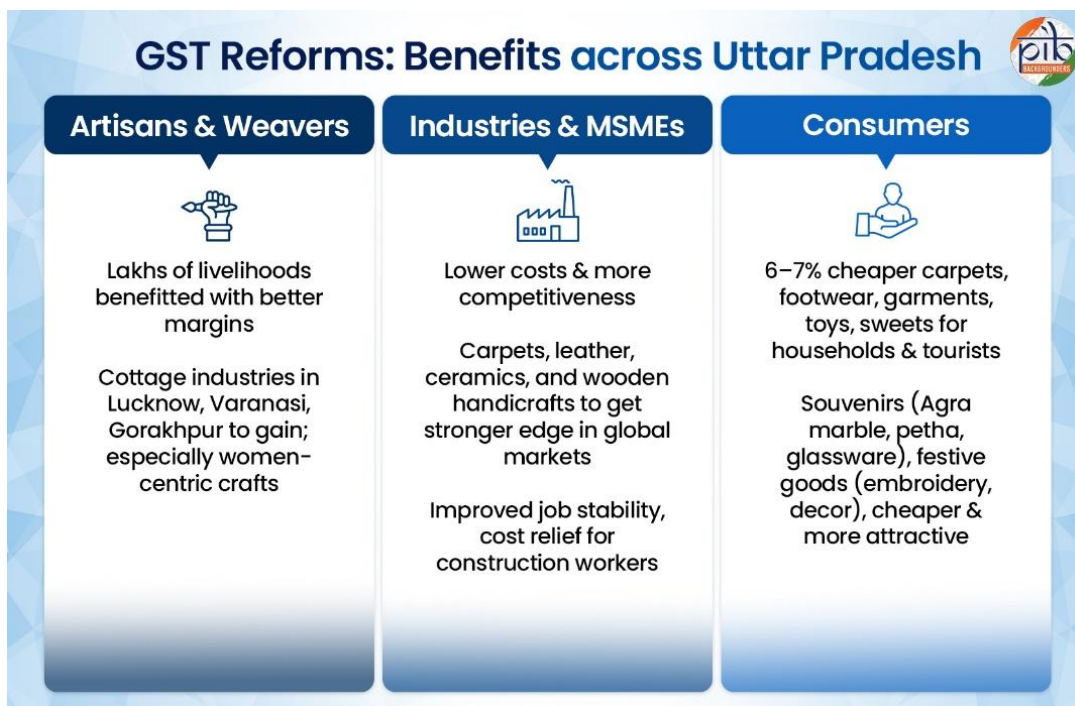
Key Takeaways

- **Bhadohi carpets, Moradabad brassware, and Saharanpur woodcraft** to be 6–7% cheaper, boosting exports and sustaining lakhs of artisan jobs.
- **Kanpur–Agra leather and footwear clusters, employing 1.5 million workers**, benefit from GST cut, improving MSME competitiveness and exports.
- **Firozabad glassware, Khurja ceramics, and Gorakhpur terracotta** see lower costs, supporting fragile clusters and festival demand.
- **Cement, footwear, and sports goods clusters** become more affordable for households and infrastructure, strengthening industrial growth.

Introduction

Uttar Pradesh is home to some of India's most iconic **craft and industrial clusters**. From **Bhadohi carpets and Moradabad brassware** to **Kanpur leather, Firozabad glassware and Meerut sports goods**, the state's economy blends artisanal heritage with large-scale industry. Traditional crafts such as **Lucknow Chikankari, Varanasi Zardozi, Saharanpur woodwork and Gorakhpur terracotta** are globally recognised, while products like **Agra Petha and Khurja ceramics** carry unique regional identities.

The recent **GST rate rationalisation** extends relief across these value chains including **handicrafts, food products, footwear, toys, textiles and industrial goods**. By lowering the tax burden, the reforms are expected to **reduce costs for consumers, improve margins for artisans and MSMEs**, and make Uttar Pradesh's export clusters more competitive.



Carpets & Rugs

The **Bhadohi–Mirzapur–Jaunpur region** is one of India's largest **hand-knotted and handwoven carpet clusters**. Bhadohi (Sant Ravidas Nagar) is recognised as an One District One Product (ODOP) flagship cluster and the country's biggest carpet-export hub. The cluster has over 100,000 looms, with about 63,000 artisans in Bhadohi alone, and sustains between 80,000–1.4 lakh livelihoods across weaving, dyeing, finishing and logistics. The Handmade Carpet of Bhadohi is GI-registered.

Following the GST cut from 12% to 5%, handmade carpets are expected to be 6–7% cheaper. This is likely to improve affordability in domestic markets, strengthen export competitiveness, and ease working-capital pressures for family looms and SMEs that dominate the cluster.

Stone & Marble Handicrafts

Agra's famed marble inlay craft (Parchinkari), carried forward by artisan families in Agra, Firozabad and Mathura, remains closely tied to tourism. The cluster sustains 5,000–20,000 workers, including carvers, polishers and inlay artists, many supported under ODOP initiatives.

The sector is closely tied to tourism and décor markets, with additional sales through online gifting and limited niche exports to Europe and the Gulf. A GI application for Agra Parchinkari is under examination, and the craft is globally recognised for its link to the **Taj Mahal's heritage**.

The GST rate reduction from 12% to 5% is expected to make stone handicrafts more affordable for tourists and domestic buyers, boosting sales and easing cost pressures on small workshops.

Brassware & Metal Handicrafts

Moradabad's brassware cluster, along with Rampur and Farrukhabad, is dominated by MSMEs and family-run workshops. The cluster directly employs about 20,000–60,000 artisans in Moradabad, with many more engaged in polishing, packaging and logistics. Moradabad Metal Craft is GI-registered, and the city is one of India's largest handicraft export hubs.

With GST reduced from 12% to 5%, brassware is expected to be ~6% cheaper, boosting festival demand, improving export competitiveness, and supporting MSME profitability while stabilising artisan jobs.

Leather Goods & Accessories

Uttar Pradesh's leather sector combines large exporters with small tanneries and MSMEs. As per the state government, the industry employs more than 1.5 million people, with Kanpur alone hosting nearly 200 tanneries. Kanpur Saddlery and Agra Leather Footwear are both GI-registered and recognised as ODOP flagship products for their districts.

The GST rate cut from 12% to 5% on leather goods and footwear priced up to ₹2,500 is expected to ease retail prices. This will improve MSME competitiveness, boost export margins by lowering the effective tax burden, and encourage formalisation of smaller leather units across Kanpur, Agra and Unnao.

Chikankari & Zari Embroidery

Cottage-based and family-run units dominate Uttar Pradesh's embroidery sector, with nearly 2.5–3 lakh artisans engaged across Lucknow, Varanasi and Bareilly (NIFT & MSME reports). Women make up a large share of the workforce, particularly in semi-urban and rural households. Lucknow Chikan Craft and Varanasi Zardozi Work are both GI-registered and recognised ODOP products, receiving special promotional support.

With GST reduced from 12% to 5%, embroidered garments are expected to become 6–7% cheaper. This is likely to help artisans compete with machine-made alternatives and support household incomes from wedding, festive and export orders.

Handlooms Gain from GST Cuts-Uttar Pradesh



Carpets & Rugs	Chikankari & Zari Embroidery	Lucknow Zardozi & Embellished Fabrics
(12%→5%)	(12%→5%)	(12%→5%)
100,000+ looms sustaining 80,000-1.4 lakh artisans to benefit directly	~2.5-3 lakh artisans to gain	1.5-2 lakh artisans to benefit directly
Prices fall by ~6-7%, boosting exports and domestic sale	Lower prices will boost festive and wedding demand	Fabrics become 6-7% cheaper, boosting ceremonial and wedding orders
	Will help artisans compete against machine-made imitations	Will enhance export competitiveness

Glassware & Bangles

Firozabad, known as the “Glass City of India,” is promoted under ODOP and registered with a GI tag for its glass craft. The district sustains about **1.5 lakh workers and artisans**, with production dominated by small kilns and MSMEs.

The cluster serves a **domestic market worth around ₹2,000 crore**, while exports of decorative glassware and beads reach **Gulf countries, Africa and Southeast Asia**.

With the **GST rate now 5% instead of 12%**, glassware and bangles are expected to be **6-7% cheaper**. This is likely to boost sales in a price-sensitive domestic market, improve the viability of small furnaces, and help stabilise incomes for artisan families.

Pottery & Terracotta

Uttar Pradesh’s pottery clusters include **Gorakhpur Terracotta and Nizamabad Black Pottery (Azamgarh)**, both GI-registered ODOP products, along with Khurja ceramics. Across Gorakhpur and Azamgarh, these clusters **employ an estimated 10,000-15,000 artisans**, many of them in family-based and seasonal units.

Domestic demand is driven by religious markets, festivals and decorative use, with some limited exports to **niche buyers in Europe and the US**.

With **GST reduced from 12% to 5%**, pottery and terracotta items are expected to become more affordable. This is likely to boost festive-season sales, improve competitiveness against plastic and metal substitutes, and help sustain these fragile artisan clusters.

GI-Tagged Treasures of Uttar Pradesh benefit with GST cuts



Stone & Marble Handicrafts

~5,000–20,000 artisans to benefit
Souvenirs and décor pieces become more affordable



01

Brassware & Metal Handicrafts

~20,000–60,000 artisans and MSMEs to benefit

~6% cheaper, improving festival sales

Enhanced export competitiveness



02

Wooden Handicrafts & Lacquerware

~50,000–60,000 artisans to benefit

Improve domestic affordability and export competitiveness

Helps artisans compete against machine-made plastic toys



03

Pottery & Terracotta

~30,000–40,000 artisans to benefit

Cheaper products to boost festive and religious sales

To improve competitiveness against plastic/ metal substitute



04

Firozabad Glassware & Bangles

~1.5 lakh artisans in bangles and decorative glassware

To stabilise incomes or artisan families



05

Traditional Toys

Seasonal toys such as tricycles, scooters, pedal cars and religious figurines are crafted in districts like **Meerut, Gorakhpur, Jhansi and Mathura**, mainly by home-based artisans, many of them women. Around **8,000–10,000 artisans** depend on this sector, often part-time and seasonally, with incomes closely tied to festivals such as Janmashtami, Diwali and Holi.

The craft is promoted under ODOP through training and cluster-based support, while **Gorakhpur Terracotta Dolls** are GI-registered. With **GST reduced from 12% to 5%**, traditional toys are expected to become **6–7% cheaper**, boosting festival demand and providing supplementary income for artisan households.

Wooden Toys & Craft

The wooden toy and craft sector in Uttar Pradesh is sustained by family artisans, many of whom work from their homes. The clusters in **Varanasi and Chitrakoot** alone employ **around 15,000–25,000 artisans**, while Saharanpur is home to thousands more engaged in woodworking and carving. Rampur is also part of this traditional craft network.

Varanasi Wooden Lacquerware & Toys and Saharanpur Wood Carving are both GI-registered and promoted under ODOP, with common facility centres and design training helping artisans modernise production. The clusters cater to strong domestic demand through fairs, religious toys and décor, with modest exports reaching Europe and the Gulf.

With **GST reduced from 12% to 5%**, toys and small crafts are expected to become cheaper, improving affordability in local markets and helping artisans compete with machine-made plastic products.

Handmade Paper & Stationery

Handmade paper and eco-friendly stationery are produced in clusters across **Saharanpur, Meerut and Lucknow**, largely through SHGs, MSMEs and eco-enterprises. The sector employs about **5,000–6,000 workers**, including many women artisans, and is promoted under Khadi & Village Industries Commission's (KVIC's) "Green Products" initiative as well as ODOP.

Domestic demand is rising with eco-conscious consumers, while exports of handmade paper and wedding stationery reach markets in the **EU, USA and Japan**.

With **GST reduced from 12% to 5%**, these products are expected to become more competitive against machine-made paper, encouraging wider eco-friendly adoption in weddings, schools and offices, and strengthening rural SHG incomes.

Agra Petha

Agra's famous sweet, Petha, is both **GI-registered** and promoted as an ODOP flagship product. Produced largely in small **family-run units across Agra and Fatehpur Sikri**, it sustains about **5,000–6,000 workers** engaged in production, packaging and local sales.

The sweet enjoys high domestic demand, driven by Agra's tourism, gifting and festivals, with limited exports to the Gulf and USA through ethnic food suppliers. With **GST reduced from 12/18% to 5%**, Agra Petha is expected to become more affordable, boosting tourist purchases, helping small sweet shops remain competitive against packaged candies, and supporting employment stability in candy-making families.

Sports Goods

Meerut and Modinagar together form one of India's largest sports goods clusters, with **~30,000–35,000 workers engaged** in small units, MSMEs and larger factories. The sector produces cricket and hockey equipment for a domestic **market worth about ₹250 crore**, while also exporting to the **UK, Australia, Africa and the Middle East**. It is supported under ODOP with marketing and MSME assistance.

With **GST reduced from 12% to 5%**, sports goods are expected to be **5–7% cheaper**. This is likely to boost demand in the domestic market, improve export competitiveness, and support employment stability across small and medium enterprises.

Footwear

Agra's footwear cluster, along with Mathura, is dominated by small family workshops and MSMEs. The cluster **produces about 1.5 lakh pairs every day** and contributes nearly 28% of

India's total footwear exports. It sustains ~**10,000–15,000 workers** across production, finishing and retail. **Agra Leather Footwear** is GI-registered and promoted under ODOP.

With **GST reduced from 12% to 5%** on footwear priced up to ₹2,500, retail prices are expected to fall. This will improve domestic affordability, support small-scale workshops and employment, and enhance competitiveness against large-scale and synthetic footwear in global markets.

Khurja Ceramics

Khurja in Bulandshahr district is a major ceramic hub, dominated by small and medium family-run enterprises. Around **20,000–25,000 artisans and workers** are engaged in shaping, glazing, firing, finishing and packaging. The craft is promoted under ODOP. With **GST reduced from 12% to 5%**, Khurja ceramics are expected to be **6–7% cheaper**. This will improve competitiveness against industrial ceramics, strengthen SME profitability, sustain the cluster, and boost both domestic and export demand.

Lucknow Zardozi & Embellished Fabrics

Lucknow Zardozi, a GI-registered craft and an ODOP-promoted product, provides livelihoods to around **1.5–2 lakh artisans**, with women forming a large share of the workforce in cottage and small-scale units. The craft serves strong domestic demand from weddings and festivals, along with **exports to the Middle East, Europe and the USA**.

With **GST reduced from 12% to 5%**, embellished fabrics are expected to become more affordable, boosting festive and **wedding orders**, **strengthening artisanal employment**, and enhancing competitiveness against machine-made imitations.

Wooden Handicrafts

Saharanpur, along with parts of Dehradun (UP portion), is a centre for **wooden handicrafts**, where family-run workshops dominate small-scale, skill-intensive carving. The sector sustains about **50,000–60,000 artisans and workers**, serving domestic décor and gifting markets while also **exporting to Europe, the USA and the Middle East**. Saharanpur Wood Carving is GI-registered and recognised as an ODOP flagship product.

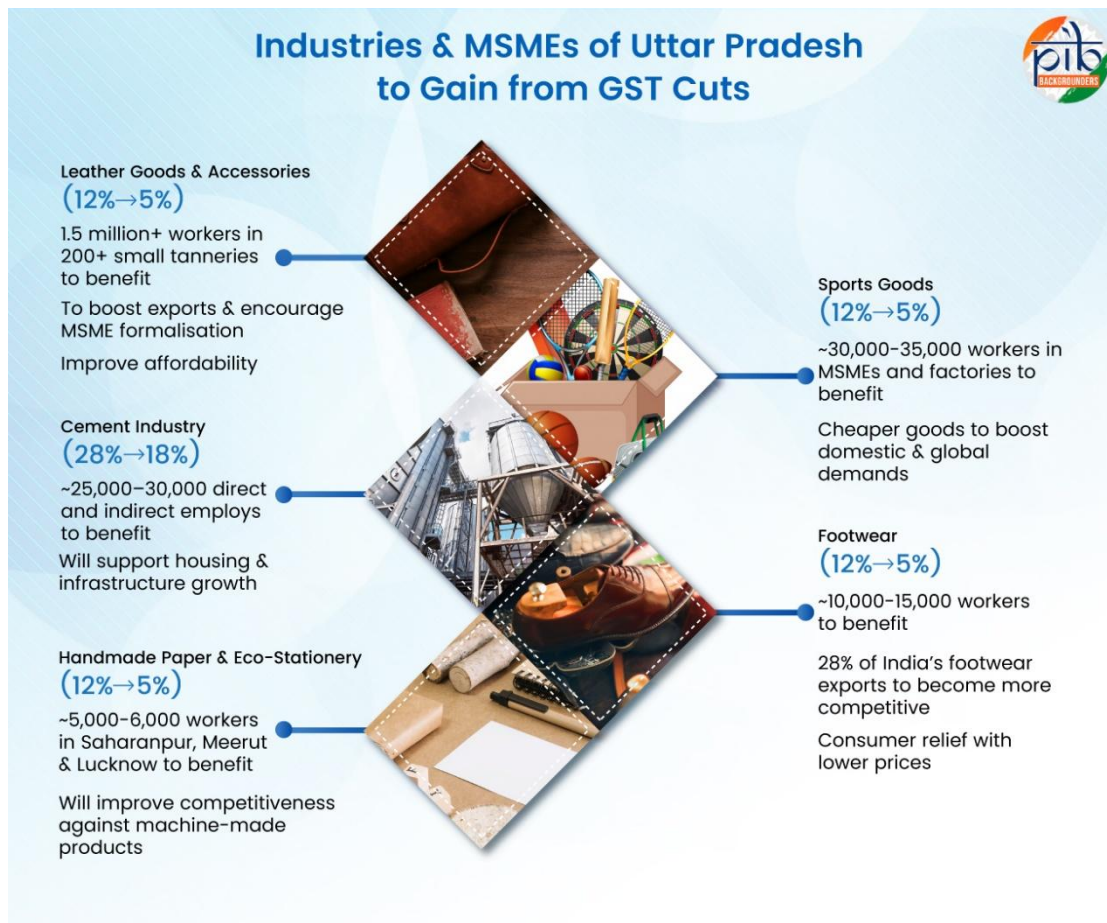
With **GST reduced from 12% to 5%**, wooden handicrafts are expected to become more affordable in domestic markets, boosting sales, supporting artisan retention and skill preservation, and enhancing export competitiveness.

Cement Industry

Uttar Pradesh's cement industry, spread across Mathura, Chunar (Mirzapur), Firozabad and Aligarh, is dominated by large-scale industrial plants. The sector **employs about 15,000–20,000 direct workers** and another ~10,000 in transport, raw material supply and construction-linked services. These clusters are located around limestone-rich areas,

ensuring efficient supply chains. While the domestic market is driven by housing, infrastructure and construction, limited clinker exports also go to Nepal and Bangladesh.

The **GST rate reduction from 28% to 18%** will make cement more affordable, lowering construction costs for developers and households, improving competitiveness against imports, and encouraging expansion of industrial plants and logistics services.



Conclusion

The **GST reforms** provide targeted relief to Uttar Pradesh's diverse economy spanning **carpets, brassware, Zardozi, footwear, ceramics and cement**. Lower tax rates are expected to improve affordability for households, ease working-capital pressures on artisans, and **strengthen MSME competitiveness in both domestic and global markets**.

By sustaining millions of livelihoods, supporting ODOP and GI-recognised products, and boosting the competitiveness of both crafts and industries, **these reforms reinforce Uttar Pradesh's position as a key contributor to India's economic growth**. The changes also align with the long-term vision of **Atmanirbhar Bharat and Viksit Bharat 2047**, where traditional skills and modern industries grow side by side.

SK/M