



Export prospects of handicrafts from India



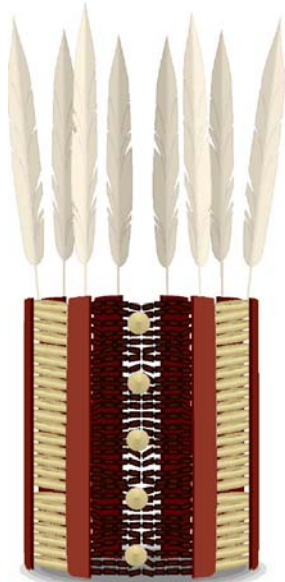
Handicrafts sector occupies an important place in the Indian economy as it contributes significantly to employment generation and export earnings. The economic importance of the sector also lies in its high employment potential, low capital investment, high value addition and continuously increasing demand both in the domestic and overseas markets. The sector provides employment to more than 60 lakh craft persons mostly from rural areas.

The industry is highly labour intensive and decentralized, being spread all over the country in rural and urban areas. Details of concentration of major handicrafts at different places in India appear at Annexure I.

The Office of Commissioner Development (Handicrafts) under the Ministry of Textiles, Government of India is the nodal Government Department at the national level for the development of handicraft sector in the country. Through its various agencies like Export Promotion Councils for Handicrafts, State Handicrafts Development Corporations, Apex Societies and



NGOs, it has been supplementing the efforts of the state governments by implementing various developmental schemes of the Government of India.



Indian crown

The handicrafts sector has been identified by the Ministry of Commerce and Industry, Government of India, as a thrust area for export promotion.

The Export Promotion Council for Handicrafts (EPCH) functioning under the aegis of Office of Development Commissioner (Handicrafts) and governed by the policies of the Ministry of Textiles, Government of India, since its inception in 1986, has been playing an important role to promote exports of Indian handicrafts. To boost exports of handicrafts, the Council undertakes various

participation in national trade fairs, arranging organizing workshops, training programmes. The promoted by the Council artmetalwares/EPNS wares, and scarves, wood carvings

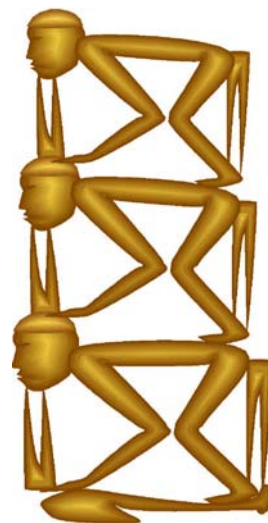


Basket

activities like and international buyer-seller meets, seminars and various handicrafts *inter alia* include hand printed textiles and other artwares,

embroidered and crocheted goods, *zari* and *zari* goods, shawls as artware, imitation jewellery and several other handicrafts, namely artistic leather goods, papier machie products, lace and lace goods, toys, dolls, lacquerware, marble crafts, etc. For knowing latest developments in the exports of handicrafts and also participation in trade fairs both in India and abroad, access its website: www.epch.com.

During the year 2004-05, the Council undertook various export promotion activities. Some of the important ones included: (i) Participation in many trade fairs abroad, viz. FAME trade fair at Manila from 19-22 April 2004; Impex-Gift & Homeware International at Melbourne (Australia) from



Motifs

18-20 May 2004; Gifts & Premium Show held at Hong Kong from 28 April to May 1

2004; Houseware Fair at Hong Kong from 21-24 April 2004; and (ii) Participation in Buyer-Seller meets at Sao Paulo (Brazil) from 1-2 July 2004 and 22-26 April 2004 at Melbourne (Australia).

Global Trade

(i) World Imports. World imports in 2003, as may be seen from Table 1, registered a decline of 8.94 per cent when the same reached a level of US\$10,046 million as against US\$11,032.7 million in the previous year. USA continues to be the largest importing country. However, during the period, its imports registered a decline of 15.92 per cent when the same nosedived to US\$4,352.8 million from US\$5,172.2 million. The countries registering a declining trend during the period included: Italy (66.33%), Germany (17.28%), UK (13.69%), Japan (7.85%), and Sweden (4.38%). On the other hand, the countries showing a significant growth during the period included: Korea Republic (54.74%), Canada (37.34%), France (25.41%), and Netherlands (25.03%).

TABLE 1

World imports of works of art, collectors' pieces and antiques by major countries during 2001 - 2003.

(SITC Code: 896)

(US\$million)

Country	2001	2002	2003	%change in 2003 over 2002
USA	5,465.3	5,177.2	4,352.8	(-)15.92
UK	2,757.0	3,170.1	2,736.1	(-)13.69
Switzerland	942.7	709.0	853.1	20.32
France	187.3	221.2	277.4	25.41
Germany	461.1	267.9	221.6	(-)17.28
Spain	284.3	171.1	215.4	25.89
Japan	229.8	220.3	203.0	(-)7.85

China, Hong Kong SAR	139.3	155.3	169.7	9.27
Canada	111.8	103.9	142.7	37.34
Netherlands	102.4	92.3	115.4	25.03
Korea Rep	33.2	62.3	96.4	54.74
Italy	42.7	148.8	50.1	(-)66.33
Sweden	18.4	41.1	39.3	(-)4.38
WORLD TOTAL	11,367.0	11,032.7	10,046.0	(-)8.94

Source: United Nations, *2003 International Trade Statistics Yearbook*, Volume II, Trade by Commodity, New York, 2004.

(ii) World Exports. World exports of handicrafts in 2003, as may be seen from Table 2, registered a marginal growth of 4.64 per cent when the same reached a level of US \$9,632.2 million as against US\$9,205.5 million in the previous year. UK continues to be the largest exporting country. There was a marginal growth of 2.28 per cent in its exports during the period. However, a steep rise was witnessed in the case of Australia (37.82%), China Hong Kong SAR (30.32%), and France (26.85%). The countries showing a rapid decline during the period comprised: Spain (32.41%), Belgium (26.24%), and Switzerland (24.14%).

TABLE 2

World exports of works of art, collectors' pieces & antiques by major countries during 2001- 2003.

(SITC Code: 896)

(US\$million)

Country	2001	2002	2003	%change in 2003 over 2002
UK	2,998.4	3,709.8	3,794.7	2.28
USA	3,574.8	2,444.1	2,686.6	9.92
France	620.7	598.5	759.2	26.85
Switzerland	651.9	859.3	651.9	(-)24.14
Germany	511.7	464.8	491.8	5.81
Canada	266.3	164.8	185.9	12.80
China, Hong Kong SAR	96.8	127.3	165.9	30.32

Italy	82.2	74.3	83.5	12.38
Australia	46.9	50.5	69.6	37.82
Spain	57.3	100.9	68.2	(-) 32.41
Netherland	65.6	48.4	61.2	26.45
Belgium	76.3	76.6	56.5	(-) 26.24
Austria	59.2	40.0	54.0	35.00
WORLD TOTAL	9,593.0	9,205.5	9,632.2	4.64

Source: United Nations, *2003 International Trade Statistics Yearbook*, Volume II, Trade by Commodity, New York, 2004.

India's Exports

(i). Exports—Category wise.

India's exports of handicrafts (excluding hand knotted carpets) in 2004-05 registered a significant growth of 24.53 per cent over the previous year when the same reached a level of Rs. 13,033 crore as against Rs.

10,465 crore. handicrafts in 2004-05, shows that goods continue to In 2004-05, their growth of 27.81 per cent over the previous year when the same reached a level of Rs. 4,200 crore as against Rs. 3,286 crore. A glance at the table



Category wise exports of handicrafts in 2005, as may be seen from Table 1, shows that goods continue to In 2004-05, their growth of 27.81 per cent over the previous year when the same reached a level of Rs. 4,200 crore as against Rs. 3,286 crore. A further reveals that exports of all the major categories during the period registered a steep growth, e.g. Artmetalwares (27.34%), Misc. handicrafts (25.84%), Shawls as artware (23.99%), Imitation jewellery (23.88%), Zari and zari goods (19.83%), Woodware (18.41%), and Handprinted textiles and scarves (14.73%).

The Ministry of Commerce, Government of India has fixed an export target of Rs. 14,000 crore for the year 2005-06.

TABLE 3

Category wise India's exports of handicrafts during 2002-03 & 2004-05
(Excluding hand-knotted carpets)

(Rs. crore)

Item	2002-03	2003-04	2004-05	Percentage change in 2004-05 over 2003-04
Embroidered & crocheted goods	2,478	3,286	4,200	27.81
Art metal wares	2,165	2,642	3,365	27.34
Hand printed textiles & scarves	1,467	1,611	1,849	14.73
Woodware	511	609	721	18.41
Zari & zari goods	159	211	252	19.83
Imitation jewellery	139	162	201	23.88
Shawls as artware	33	43	54	23.99
Misc. handicrafts	1,392	1,900	2,391	25.84
TOTAL (ALL INDIA)	8,343	10,465	13,033	24.53

Source: Office of the Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, New Delhi.



Northeastern Indian bamboo bracelet

(ii) **Exports—Countrywise.** As may be seen from Table 4, USA continues to be the largest market for Indian handicrafts. Exports to this market in 2004-05 registered a significant growth of 20.49 per cent over the previous year when the same reached a level of Rs. 3,857 crore as against Rs. 3,201 crore. The other markets witnessing a phenomenal growth during the period comprised: Germany (43.08%), UK (32.39%), Switzerland (31.13%), and Netherland (26.80%).

TABLE 4

India's exports of handicrafts to major countries during 2002-03 & 2004-05

(excluding hand knotted carpets)

(Rs. crore)

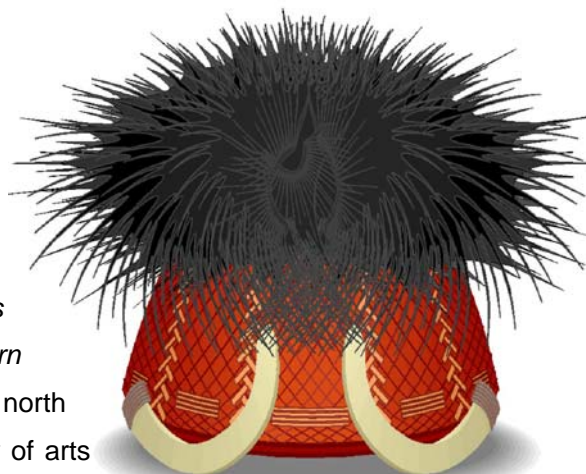
Country	2002-03	2003-04	2004-05	Percentage change in 2004-05 over 2003-04
USA	2,630	3,201	3,857	20.49
UK	939	1,130	1,496	32.39
Germany	918	968	1,385	43.08
France	385	483	540	11.80
Italy	289	356	425	19.38
Canada	272	328	393	19.82
Japan	279	331	381	15.11
Netherlands	219	291	369	26.80
Saudi Arabia	194	241	291	20.75
Switzerland	136	151	198	31.13
TOTAL (ALL INDIA)	8,283	10,465	13,033	24.54

Source: Office of the Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, New Delhi.

Category wise India's exports of handicrafts to major markets in 2003-04 and 2004-05 and their exports in select markets during this period appear at Annexures II and III.

Recent Developments

EXIM Study. Exim Bank's latest study entitled "*Prospects for Exports of Handicrafts from North Eastern Region of India*" says that India's north eastern region is a rich repository of arts and crafts that are both eco-friendly and unique in craftsmanship and utility. The region has the potential to emerge as a potential leader in handicraft exports. The



Naga Indian headdress



Naga ivory necklace

potential of handicraft sector in the north eastern region, it says, could be fully tapped through concerted and sustained efforts aimed at upgradation in production techniques, design diversification, ICT interface in value chain and coordinated institutional support amongst others.

New Foreign Trade Policy (2004-09). The policy has announced several incentives for promoting exports of handicrafts from the country. These include (i) establishing of a new handicraft special economic zone, (ii) Duty free import of trimmings and embellishments raised to 5 per cent of fob value of exports; (iii) Exemption of trimmings and embellishments and samples from countervailing duty; (iv) Authorizing Export Promotion Council for Handicrafts to import trimmings, embellishments and samples for small manufacturers.



Naga Hairpin

Portal on Indian Handicrafts:

The Office of Development Commissioner (Handicrafts) has launched a portal named indianhandicrafts.org.in. The portal contains comprehensive information on different crafts, artisans and related organizations.

Export Promotion Scheme:

Under its Export Promotion Scheme, Office of the Development Commissioner (Handicrafts) provides financial assistance to the exporters of handicrafts for product development, publicity, and marketing, social and other welfare measures.

Centre for Photo & Picture Framing Technology:

The Export Promotion Council for Handicrafts has recently set up a Common Facility Centre at Saharanpur (UP) to provide infrastructural support for upgrading technological input for handicrafts sector especially photo framing technology which offers huge potential in the international market. Imported upgraded machines as per international requirements have been set up at the center.

Export Processing Zones:

To boost exports of handicrafts from the country, the Ministry of Commerce, Government of India has already approved setting up of three Special Economic Zones (SEZs) at Greater NOIDA, Moradabad in UP and Jodhpur (Rajasthan). The SEZ at NOIDA is exclusively for handicraft products whereas the other two SEZs are multi product including handicrafts.



Workshops on Handicrafts:

The Exim Bank has recently conducted a series of workshops on handicrafts at Shillong, Jaipur and New Delhi in collaboration with Center for Promotion of Imports from Developing Countries, the Netherlands. The workshops primarily focused on product development, design, colour, pattern, production techniques and marketing strategies

amongst entrepreneurs and exporters of handicrafts.

Export Prospects

The Ministry of Commerce, Government of India for the year 2005-06 has set an export target of Rs. 14,000 crore. To achieve the target, there is a need to chalk out a clear-cut export strategy. Some of the



points which may merit attention of the policy makers include *inter alia* (i) promotion of lesser known crafts like embroidered goods such as *zari* and *zari* goods, lace and lace goods, imitation jewellery and environment friendly crafts viz. paper and jute-based handicrafts; (ii) exploring non-traditional markets in the regions of South America and South Africa, and Israel; (iii) upgradation of quality to make India's crafts competitive in the international market, (iv) organizing training programmes for

augmenting skills of the craftsmen, (v) upgrading technology and introducing modern tools for making better production, (vi) organizing design development workshops, (vii) sponsoring buyer-seller meets and sales-cum-study teams abroad, (viii) participating in the trade fairs abroad, (vi) organizing trade fairs within the country; (ix) undertaking R & D in areas such as technology, manufacturing process, designing, product development, and use of embellishments.

ANNEXURE I

CONCENTRATION OF MAJOR HANDICRAFTS IN INDIA

Name of the craft	Major places of concentration
Artmetalwares	Moradabad, Aligarh, Jodhpur, Jaipur, Thanjavur, Chennai, Beedar Jagadhari, Jaisalmer
Wooden artwares	Saharanpur, Jaipur, Jodhpur, Hoshiarpur, Amritsar (Punjab), Ahmedabad, and Rajkot
Hand printed textiles	Jaipur, Jodhpur, Bhuj (Gujarat), Farrukhabad
Embroidered goods	Barmer, Jodhpur, Jaipur, Jaisalmer, Kutch, Lucknow, Agra, Amritsar, etc.
Marble and soft stone crafts	Agra, Chennai, Baster and Jodhpur
Papier Mache crafts	Kashmir, Jaipur
Terracotta	Rajasthan, Chennai, Baster, Surat, Bareilly, and Varanasi
Zari & zari goods	Varanasi, Amritsar, Agra, Jaipur and Barmer
Artistic lather goods	Kolhapur, Indore, Barmer, Shanti Niketan (West Bengal)
Imitation jewellery	Delhi, Moradabad, Jaipur, Kolhapur, Indore and Barmer

Source: Export Promotion Council for Handicrafts, New Delhi.

ANNEXURE II

Category wise India's exports of select handicrafts to major countries 2003-04 & 2004-05

(Rs. crore)

Category/country	2003-04	2004-05	%change in 2004-05 over 2003-04
Embroidered & crocheted goods			
USA	1,057	1,378	30.37
UK	355	496	39.72
Germany	291	456	56.70
France	192	216	56.70
Canada	100	133	33.00
Netherlands	104	117	12.50
Switzerland	82	103	25.61
Italy	68	79	16.18
Australia	39	50	28.21
Japan	42	47	11.90
Saudi Arabia	33	40	21.21
Total (incl others)	3,286	4,200	27.81
Artmetalwares			
USA	907	1,109	22.27
UK	274	358	30.66
Germany	221	321	45.25
Netherlands	64	108	68.75
Italy	77	106	37.66
France	78	88	12.82
Saudi Arabia	59	62	5.08
Canada	42	54	28.57
Switzerland	24	38	28.33
Australia	23	33	43.48
Japan	13	19	46.15
Total (incl others)	2,642	3,365	27.37
Hand printed textiles and			

scarves			
USA	452	504	11.50
UK	182	197	8.24
Category/country	2003-04	2004-05	%change in 2004-05 over 2003-04
Germany	160	175	9.38
Canada	119	133	11.76
France	66	72	9.09
Japan	62	70	12.90
Italy	41	48	17.07
Saudi Arabia	36	41	13.89
Australia	35	41	17.14
Netherlands	30	36	20.00
Switzerland	15	17	13.33
Total (incl others)	1,611	1,849	14.77
Woodware			
USA	154	185	18.18
UK	76	88	15.79
Germany	33	43	30.30
Italy	33	41	24.24
France	32	38	18.75
Netherlands	30	37	23.33
Saudi Arabia	26	31	19.23
Japan	22	30	36.36
Australia	18	22	22.22
Canada	10	12	20.00
Total (incl others)	609	721	18.39
Zari and zari goods			
USA	44	52	13.64
UK	42	50	19.05
Italy	15	19	26.67
Germany	15	17	13.13
France	9	13	44.44
Saudi Arabia	6	9	50.00

Canada	6	8	33.33
Japan	4	6	50.00
Switzerland	4	5	
Australia	3	4	33.33
Total (incl others)	211	252	19.43
Imitation jewellery			
USA	34	41	17.65
UK	26	36	38.46
Japan	18	24	33.33
Italy	9	13	44.44
Saudi Arabia	7	9	28.57
Category/country	2003-04	2004-05	%change in 2004-05 over 2003-04
France	6	8	33.33
Canada	4	5	25.00
Australia	3	4	25.00
Netherland	3	4	33.33
Switzerland	1	2	100.00
Total (incl others)	162	201	24.07
Shawls as artware			
Saudi Arabia	16	19	18.75
USA	5	7	40.00
Japan	4	5	25.00
UK	3	4	33.33
Canada	3	4	33.33
Australia	3	3	-
Germany	2	3	50.00
France	1	2	100.00
Total (incl others)	43	54	25.58
Misc. handicrafts			
USA	548	581	6.02
Germany	238	357	46.12
UK	171	266	55.55

Japan	165	181	9.70
Italy	112	119	6.25
France	98	103	5.19
Saudi Arabia	57	79	38.60
Netherland	52	59	13.46
Canada	44	44	-
Australia	34	44	29.41
Total (incl others)			
TOTAL (ALL INDIA)	10,465	13,033	24.53

Source: Office of the Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, New Delhi.

ANNEXURE III

India's exports of major handicrafts in select markets in 2003-04 & 2004-05

(Rs. crore)

Category	2003-04	2004-05	%change in 2004-05 over 2003-04
USA			
Embroidered & crocheted goods	1,057	1,378	30.37
Art metalwares	907	1,109	22.27
Hand printed textiles & scarves	452	504	11.50
Woodware	154	185	18.18
Zari & zari goods	44	52	13.64
Imitation jewellery	34	41	17.65
Shawls as artware	16	19	18.75
Misc. handicrafts	548	581	6.02
TOTAL	3,201	3,857	20.49

UK			
Embroidered & crocheted goods	355	496	39.72
Art metalwares	274	358	30.66
Hand printed textiles & scarves	182	197	8.24
Woodware	76	88	15.79
<i>Zari & zari goods</i>	42	50	19.05
Imitation jewellery	26	36	38.46
Shawls as artware	3	4	33.33
Misc. handicrafts	171	266	55.55
TOTAL	1,130	1,496	32.39
GERMANY			
Embroidered & crocheted goods	291	456	56.70
Art metalwares	221	321	45.25
Hand printed textiles & scarves	160	175	9.38
Woodware	33	43	30.30
Category	2003-04	2004-05	%change in 2004-05 over 2003-04
<i>Zari & zari goods</i>	15	17	13.13
Shawls as artware	2	3	50.00
Misc. handicrafts	238	357	46.12
TOTAL	968	1,385	43.08
FRANCE			
Embroidered & crocheted goods	192	216	56.70
Art metalwares	78	88	12.82
Hand printed textiles & scarves	66	72	9.09
Woodware	32	38	18.75
<i>Zari & zari goods</i>	9	13	44.44
Shawls as artware	1	2	100.00

Misc. handicrafts	98	103	5.19
TOTAL	483	540	11.80
SAUDI ARABIA			
Embroidered & crocheted goods	33	40	21.21
Art metalwares	59	62	5.08
Hand printed textiles & scarves	36	41	13.89
Woodware	26	31	19.23
Zari & zari goods	6	9	50.00
Shawls as artware	16	19	18.75
Misc. handicrafts	57	79	38.60
TOTAL	241	291	20.75
TOTAL (ALL INDIA)	10,465	13,033	24.53

Source: Office of the Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, New Delhi.

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