

MARKET FOR INDIAN HANDICRAFTS

* *Syed Khalid Hashmi*

Assistant Professor, Millennium Institute of Management, Aurangabad

INTRODUCTION

India is one of the important suppliers of handicrafts to the world market. The Indian handicrafts industry is highly labour intensive cottage based industry and decentralized, being spread all over the country in rural and urban areas. Numerous artisans are engaged in crafts work on part-time basis. The industry provides employment to over six million artisans who include a large number of women and people belonging to the weaker sections of the society. The Handicrafts Sector plays a significant & important role in the country's economy. It provides employment to a vast segment of craft persons in rural & semi urban areas and generates substantial foreign exchange for the country, while preserving its cultural heritage. Handicrafts have great potential, as they hold the key for sustaining not only the existing set of millions of artisans spread over length and breadth of the country, but also for the increasingly large number of new entrants in the crafts activity. Presently, handicrafts contribute substantially to employment generation and exports. The Handicraft sector has, however, suffered due to its being unorganized, with the additional constraints of lack of education, low capital, and poor exposure to new technologies, absence of market intelligence, and a poor institutional framework. In spite of these constraints, sector has witnessed a significant growth of 3 % annually.

In addition to the high potential for employment, the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country.

AIM

The paper seeks to highlight the importance of Indian Handicrafts Industry as a contributor to Indian Economy by studying the existing and potential Market and possible threats.

OBJECTIVES

- To study the various destinations where Indian Handicrafts are exported
- To study the comparative handicraft product and market of a developed country.
- To study the strengths of the Indian Handicrafts
- To elaborate the possible threats to the Indian Handicrafts

HYPOTHESES

- H1:- The major demand of Indian Handicrafts is in the US
- H2:- Compares Poorly with Handicraft product and market of Germany
- H3:- Availability of cheap labour, low investment cost being traditional profession of many
- H4:- Better quality products from developed countries, cheaper labour in China.

Research Methodology

The data is secondary obtained from archives of Government –Ministry of Tourism, Ministry of Textiles, Trade Papers, bulletins etc.

Present situation and Types of Handicrafts in India

Although exports of handicrafts appear to be sizeable, India's share in world imports is miniscule. It is a sector that is still not completely explored from the point of view of hidden potential areas. India, a country with 26 states and 18 languages and more than 1500 dialects offers an enormous range of handicrafts from each of the states.

Major centres in Uttar Pradesh are Moradabad also known as the "**Peetalnagari**" (**City of Brass**), Saharanpur for its **wooden articles**, Ferozabad for **Glass**. The North Western state of Rajasthan has to offer the famous **Jaipur quilts**, Bagru and Sangner **printed textiles** and **wooden and wrought iron furniture** from Jodhpur. The coastal state of Gujarat comes with **embroidered articles** from Kutch. Narsapur in Andhra Pradesh is famous for its **Lace and Lace goods**. But this is only a small part of the total product range. India offers much more.

Handicrafts are classified into two categories:

1. *Articles of everyday use*
2. *Decorative items*

The craftsmen use different media to express their originality. The diversity of the handicrafts is expressed on textiles, metals – precious and semi-precious, wood, precious and semi-precious stones, ceramic and glass.

- **Textile based handicrafts:**

Hand printed textiles including block and screen printing, batik, *kalamkari* (hand printing by pen) and *bandhani* (tie and die) are used in products ranging from bed-covers to sheets, dress material to upholstery and tapestry. The famous embroidered articles of silk and cotton, often embellished with mirrors, shells, beads, and metallic pieces are also found in India. Embroidery is done too on leather, felt and velvet etc. This segment of the industry accounts for almost half a million strong employment in addition to a large number of designers, block makers, weavers and packers involved in the trade.

- **Clay, Metal and Jewellery:**

Brass, copper, bronze, bell metals are used for a variety of wares and in a variety of finishes. Scintillating ornaments are available in a wide range of patterns, styles and compositions. Made from precious metals, base metals, precious and semi-precious stones; these ornaments have traditional as well as modern styles.

- **Woodwork:**

Wooden articles in India range from the ornately carved to the absolutely simple. One can find toys, furniture, decorative articles, etc. bearing the art and individuality of the craftsman. India is known particularly for its lacquered wood articles.

- **Stone Craft:**

The intricately carved stoneware made of marble, alabaster or soapstone, etc., inlaid with semiprecious stones carry on the heritage of Indian stone crafts.

- **Glass and Ceramic:**

Glass and ceramic products are a fast upcoming segment in the handicrafts from India. The age-old production process of mouth-blowing the glass instills a nostalgic feeling. The varied shapes of ceramic and glass in a number of colours, would appeal to Western aesthetics while retaining the Indian touch.

Craft concentration Areas:

A wide range of handicrafts are produced all over Indian artmetalware / EPNS ware, wood carvings and other wooden art wares, imitation jewellery, hand printed textiles, shawls as art wares, embroidered goods, lace and lace goods, toys, dolls, crafts made of leather, lacquer ware, marble crafts etc. Although it is difficult to limit a specific place for the particular craft, the following places are listed for their particular crafts.

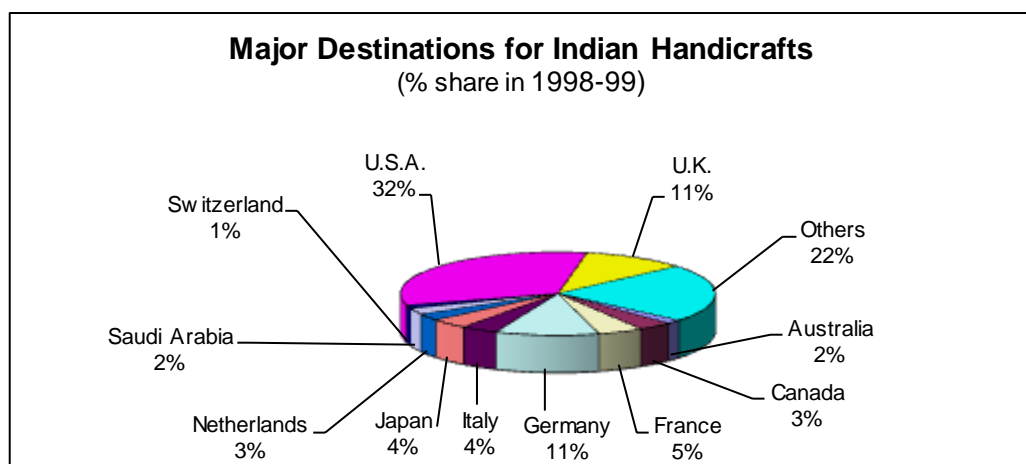
Artmetalware	:	Moradabad, Sambhal, Aligarh, Jodhpur, Jaipur, Delhi, Rewari, Thanjavur, Madras, Mandap, Beedar, Kerala & Jagadhari, Jaisalmer
Wooden Art wares	:	Saharanpur, Nagina, Hoshiarpur, Srinagar, Amritsar, Jaipur, Jodhpur, Jagdalpur, Bangalore, Mysore, Chennapatna, Madras, Kerala & Behrampur (WB)
Hand printed Textiles & Scarves	:	Amroha, Jodhpur, Jaipur, Farrukhabad, Sagru & Sanganer
Embroidered goods	:	Kutch (Gujarat), Jaisimer, Baroda, Lucknow, Jodhpur, Agra, Amritsar, Kullu, Dharmshala / Chamba & Srinagar
Marble & Soft Stone Crafts	:	Agra, Madras, Baster, Jodhpur
Papier Mache Crafts	:	Kashmir, Jaipur
Terracotta	:	Agra, Madras, Baster, Jodhpur
Zari & Zari Goods	:	Rajasthan, Madras, Baster
Imitation Jewellery:	:	Delhi, Moradabad, Sambhal, Jaipur, Kohima (Tribal)
Artistic Leather Goods	:	Indore, Kolhapur, Shanti Niketan (WB)

H₀1:-

COUNTRY-WISE EXPORTS OF HANDICRAFTS

The major buyers for handicrafts (other than carpets) are as under:

Art Metal wares	U.S.A., Germany, U.K. & Italy
Wood Wares	U.S.A., U.K., Germany & France
Hand Printed & Textiles & Scarves	U.S.A., U.K. , Germany&Canada
Embroidered & Crocheted Goods	U.S.A., Saudi Arabia, U.K., Germany
Shawls as Art wares	Saudi Arabia, U.S.A. Japan & U.K
Zari & Zari goods	U.K. U.S.A., Japan & Saudi Arabia
Imitation Jewellery	U.S.A., U.K., Saudi Arabia & Germany
Miscellaneous Handicrafts	U.S.A., Germany, U.K. & France



Source:- <http://www.india-exports.com/handicraft.html>

In the changing world scenario, craft products exported to various countries form a part of lifestyle products in international market. The impact is due to the changing consumer taste and trends. In view of this it is high time that the Indian handicraft industry went into the details of changing designs, patterns, product development, and requisite change in production facilities for a variety of materials, production techniques, and related expertise to achieve a leadership position in the fast growing competitiveness with other countries.

The 6 million craft persons who are the backbones of Indian Handicraft Industry as provided with inherent skill, technique, traditional craftsmanship but that is quite sufficient for primary platform. However, in changing world market these craft persons need an institutional support, at their places i.e. craft pockets for value addition and for the edge with other competitors like China, Korea, Thailand etc.

H₀2:-

The German handicrafts and Giftware Market

With over 82 million inhabitants, Germany is the largest market for giftware and handicrafts items in Europe. A member of and situated within the European Union, Germany is supplied with giftware and handicrafts from Germany as well as the surrounding European countries such as France, Italy, Switzerland and the United Kingdom and from all other parts of the world: Russia, Latin America, Africa and Asia.

The size of the total German giftware and handicrafts market varies according to the definition of giftware and handicrafts. With its present size **around DM 29.5 billion** it corresponds to a broad definition of giftware and handicrafts that includes the following items: home furnishings, artmetalware, table accessories, Christmas decoration, wood ware and furniture, imitation jewelers, artificial flowers/plants, scents/cosmetics, sweets, toys/computer games, books, discs/videos, watches/jewellery, certain apparel/textile items and others. The substantial supply of giftware and handicrafts has transformed the German giftware and handicrafts market into a fiercely price-competitive market place.

Nevertheless, innovative and new to market giftware and handicrafts items place still have good market prospects. It is essential for the German giftware and handicrafts marketers to find new products to stay competitive. Although German consumers may be willing to pay a high price for exclusive items they are very price conscious and want value for money. Among traditional gift items, candles, festive items, including Christmas decoration, exclusive gift boxes and gift-wrap, ribbons, nostalgic calendars and all types of scented items have best prospects. The German market shows a strong demand for low-priced candles. Thus imports from Poland and China have increased substantially. The average growth for the overall giftware and handicrafts is estimated at 4-5 percent over 2010-11.

Competitive Situation

German giftware and handicrafts consumption is growing more or less in line with the relatively slow growth rate of income during the last years. Thus, expectations for additional growth are not very high. Annual growth rates of between 1.5-2 percent are forecast for the next few years for the overall giftware and handicrafts market. In general the market shows good business opportunities if prices and quality are competitive and delivery schedules are fulfilled.

Apart from its own producers, Germany is supplied by giftware and handicrafts from nearly all of the European countries. German firms often import specific product groups from a particular country. Major suppliers of *pottery* are, for example, Spain and Portugal; *fine exclusive stationery* comes from Italy, France and Switzerland; *candles* from Poland, China and Portugal; *dried flowers* from the Netherlands etc. Fierce price competition in Germany is intensified by the increasing quantity of Chinese and Asian made products on the market. For India this situation coupled with the relatively strong Indian rupee which means that firms proving to be most successful in the recent past have offered niche market giftware and handicrafts, i.e., exclusive to Indian handicrafts items or new-to-market products.

Market Access

EU member states and Asian countries, China and India in particular, are major suppliers of giftware and handicrafts to the German market. Indian firms making a first approach to the German market are advised to have comprehensive product literature and data sheets professionally translated into German. Although English is widely understood, a well-prepared translation gives an important marketing edge, particularly in the initial presentation. Indian firms should preferably appoint an agent or distributor who can maintain a stock sufficient to answer short-notice orders.

Customs Duties

Customs duties vary according to material and product. Though duties are high for a few items, i.e., dried flowers, potpourri (16.7-20 percent), T-shirts (12.0-13.2) and hand-woven, woolen blankets (13.4 percent), the majority of customs duty rates fall in the range of 5-8 percent. For example:

Customs Duties (in percent)

Ceramics	:	4.1 - 7.5	Quilts/blankets	:	7.5
Toys	:	5.6 - 6.3	Candles	:	2.8
Stationery	:	8.4	Silver jewellery	:	2.5
Plush animals	:	6.0			

In addition, there is a 16 percent sales tax, which is eventually passed on to the consumer in form of the **value-added tax (VAT)**. But the VAT has to be paid when entering the German market by the exporter/German importer. Items that originate from certain animal species, i.e., snakeskin or hides of some animal, it must be ensured that the export of these products complies with the Convention on Endangered Species (CITES). Regarding sample orders, exporters should be aware that one sample with a maximum value of DM 50

SWOT ANALYSIS OF THE INDIAN HANDICRAFTS INDUSTRY

H₀₃:-

Strengths

- Abundant and cheap labour hence can compete on price
- Low capital investment and high ratio of value addition
- Aesthetic and functional qualities
- Wrapped in mist of antiquity
- Hand made and hence has few competitors
- Variety of products which are unique
- Exporters willing to handle small orders

Weaknesses

- Inconsistent quality
- Inadequate market study and marketing strategy
- Lack of adequate infrastructure and communication facilities
- Capacity to handle limited orders
- Untimely delivery schedule
- Unawareness of international standards by many players in the market

Opportunities

- Rising appreciation for handicrafts by consumers in the developed countries
- Widespread novelty seeking
- Large discretionary income at disposal of consumer from developed countries
- Growth in search made by retail chains in major importing countries for suitable products and reliable suppliers. Opportune for agencies to promote marketing activities
- Use of e-commerce in direct marketing

H₀₄:-

Threats

Decline in India's share due to:

Better quality products produced by competitors from Europe, South Africa, South Asia, etc.

Better terms of trade by competing countries for eg. China

Consistent quality and increasing focus on R&D by competing countries

Better packaging

Stricter international standards

CONCLUSION

The Handicrafts Sector plays a significant & important role in the country's economy. It provides employment to a vast segment of craft persons in rural & semi urban areas and generates substantial foreign exchange for the country. The Handicraft sector has, however, suffered due to its being unorganized, with the additional constraints of lack of education, low capital, and poor exposure to new technologies, absence of market intelligence, and a poor institutional framework. Thus it compares poorly with an organized, skilled and systematic sector available in a developed country like Germany where it is not as important for the overall economy and is just a miniscule part.

However Indian Handicraft has great growth potential in the changing scenario with its basic strength being the abundant and cheap availability of manpower and being a traditional profession of millions still requires very low investment compared with other countries barring China. However it faces imminent threat from the growing clout of Chinese economy coupled with their cheap yet disciplined labour as also from superior quality products manufactured by developed countries.

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