INDIAN HANDICRAFT INDUSTRY: PROBLEMS AND STRATEGIES

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ABSTRACT

Handicrafts are an important productive sector and export commodity for many developing countries and in some countries constitutes a significant part of the export economy. The growth of international markets for home accessory products and an increased interest in global goods have opened up new-market opportunities for artisans. In India, handicraft industry is a major source of income for rural communities employing over six million artisans including a large number of women and people belonging to the weaker sections of the society. However, observers of the handicrafts sector predict that the escalating number of small businesses turning to handicraft production is unlikely to decline significantly in the future. The present study entails the various problems of the handicraft industry which can be worked upon by the mutual association ship of the Indian government and the handicraft exporters in order to boost and promote the traditional sector.

Keywords: Handicrafts, overseas marketing, export problems, exporters, artisans, etc.

INTRODUCTION

Handicrafts are a form of industry and products that are, for the greater part made by hand. They are usually produced with low initial capital investment from materials available mostly within the producing country, the designs reflecting local cultural factors and skills. The workers in this industry are not unionized. Handicrafts are an important productive sector and export commodity for many developing countries. The growth of international markets for home accessory products and an increased interest in global goods have opened up new-market opportunities for artisans. Despite widespread production, however, there is a lack of common definition of handicrafts, although various attempts have been made to characterize this broad and rather unstructured sector.

According to United Nations Educational, Scientific and Cultural Organization/Information Technology Community (UNESCO /ITC) International Symposium on “Crafts and the International Market: Trade and Customs Codification”, Manila, Philippines, October 1997: Handicrafts can be defined as products which are produced either completely by hand or with the help of tools. Mechanical tools may be used as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Handicrafts are made from raw materials and can be produced in unlimited numbers. Such products can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant.
The most common themes in the definitional debate center on how the product is made, especially the importance of handmade vs. machine-made production; the significance of artistic qualities of the product vs. simple crafts; and the motivation for production, which may be rooted in culture and tradition or due to economic reasons. Agreeing on a proper definition for handicrafts becomes especially important in view of the growing mechanization and commoditization of handicraft production, notably in China. The global trade in handicraft items occurs typically from the developing countries. The two main reasons could be attributed to this phenomenon:

- If labor costs in the developed countries rise faster than in the developing countries, then the latter could increase their market share.
- The demand for culture type goods is stimulated as incomes in the developed countries rise because of their handmade, non-homogenous qualities.

The Indian handicraft industry stands a unique place among all other industries as it represents the rich Indian culture, traditions and heritage along with the modern and trendy touches. The industry is of vital importance to Indian economy and is considered as the second largest employment generating sector after agriculture, i.e., around 6 million artisans are associated with the industry who are basically from the weaker sections of the society and is one of the major foreign exchange earners for the country. The estimated value of production also plays a key role in the economy. However, the world handicraft market is worth US$ 235 billion with India’s share only 2 percent as compared to strong position of China with 18 percent share.

**Handicrafts in Indian Economy**

Developing country, like India, from time immemorial, has been the home of a variety of exquisite handicrafts. Traditional skill and craftsmanship of Indian craftsmen has always found spontaneous expression in the forms and decoration of his handwork. Indian handicrafts in their numerous shapes, intricate designs and color are integral to the pomp and pageantry of festive occasions as well as the daily usage of the people. Both from the point of view of materials used the techniques employed, the end products can be broadly grouped as artistic products of brass and bronze, ivory carvings, wood carvings, pottery and ceramics, Bamboo and cane products, stone carvings and handcrafted textiles (Table 1). Every conceivable form of beauty that a collector may look for can be discovered in the wide-ranging handicrafts, which explain its increasing demand through the centuries.

The Indian handicrafts industry is highly labor intensive, cottage based and decentralized industry. The industry is spread all over the country mainly in rural and urban areas. Most of the manufacturing units are located in rural and small towns, and there is huge market potential in all Indian cities and abroad. Handicraft industry is a major source of income for rural communities employing over six million artisans including a large number of women and people belonging to the weaker sections of the society.

The handicraft sector is highly creative sector and produces large variety of crafts products. This industry is localized segment of the domestic and international market. In India the
production of craft products are done on both large and small scale. Because of low capital investment people can start their business on small scale. Through this flexibility the demand and supply can be managed. Though Indian handicraft industry is considered a cottage industry, but it has evolved as one of the major revenue generator over the years. There has been consistent growth of 15% over few years and the industry has evolved as one of the major contributor for export and foreign revenue generation.

From the viewpoint of the ‘Foreign Exchange earnings and employment generation’, Handicrafts are a particularly apt subject for study. Exports of handicrafts from India rose from Rs.11 crores in 1960-61 to Rs.8718.94 crores in 2009-10 (Graph 2). Besides proving to be very important from the point of view of employment and foreign exchange earnings, the handicrafts sector also aids in the preservation of traditional skills and cultural heritage. However, the culture market abroad is quite small in the latter where India’s export oriented handicraft industry has been quite successful. Many western importers and designer would argue that this success has come about because of the production by Indian craftsmen of handicrafts whose shapes designs colors etc. were suggested by them. Continued success would then depend on the production of new products and designer as desired by the consumer abroad and not as traditionally produced by Indians. This line of reasoning implies that the cultural and commercial objectives should be kept separate, although there are areas of overlap. India’s success in developing handicrafts (other than gems and jewelry) for export has however been more limited in recent years.

Since, there is not much of a market for handicrafts in India, it is essential that the growth of handicraft export picks up once again to provide more employment and ease the foreign exchange constraint that threatens because of the repayment of IMF loan.

OBJECTIVE AND METHODOLOGY

The objectives of the study are to find out:

- The relative magnitude of the problems/constrains that effect handicraft export oriented firms in India; and,
- The strategies for the future prospects of handicraft industry and exporters

The work done on the research paper- “Indian Handicrafts: Problems and Strategies” is of exploratory nature. It endeavors to explore the problems associated with the 78 handicraft exporters in the sampling frame and devise the strategies to the industry and the exporters. The secondary data was used as a framework for the research study; the primary data from the industry sources was collected primarily to know the exact nature and the quantum of the various parameters under the research study to substantiate and supplement the secondary data and to check its accuracy and relevance. The information was collected through a face to face situation from the sampling frame. The sampling method chosen for this survey research was ‘non probability judgment sampling’ as the researcher was well aware of the major handicraft exporters because of his previous experience in the same trade.
ANALYSIS AND FINDINGS

1. Problems Associated with Indian Handicraft Industry

A frame of 78 handicraft exporters were surveyed and interviewed in order to assess and find out the major problems associated with the handicraft industry. The following problems were discussed in detail with the respondents:

- licensing problems
- low/no demand
- high cost of raw materials
- lack of access to raw materials
- obsolete tools & equipments
- lack of access to export credit
- high cost of credit
- scarcity of skilled labor
- labor regulations
- high excise
- poor infrastructure
- policy uncertainty
- local transportation (up to port)
- shipping problems
- air freight problems
- duty drawback reimbursement
- low subsidy
- income tax
- internet connectivity
- market awareness

The findings of the survey are analyzed and illustrated in the Graph 1 and Table 2 respectively.

2. DISCUSSION

The analysis of the survey shows that majority of the respondents, i.e., 85 percent cited market awareness and the poor infrastructure as the major export related problems which are a few of the major reasons for India’s low export share in the international handicraft market. Poor infrastructure includes frequent power failures, high cost of power, inferior Inland Container Depot (ICD) and rail transportation facilities, poor quality of roads, improper port facilities, etc as compared to other competing nations which makes the buyer interest shift from India to other exporting countries who are better developed infrastructural than India.

The next major problem was of policy uncertainty and the obsolete tools and equipments for Indian exporters as compared to competitors’ updated technology at 75 percent collectively. The uncertainty in the policies of the Indian government is of big concern to handicraft buyers worldwide. A very important problem of Indian handicraft exporters is the use of obsolete technology and tools in production. India’s competitors are using updated
technologies in the manufacturing due to which they are able to bring down the costs associated with the product by achieving economies of scale, thus favoring buyers in terms of money and time also. The next major problem is the local transportation up to port at 70 percent and the low subsidy as major problem area by 50 percent exporters. These six problems are of utmost concern to the Indian government as the exporters need to tackle them at the earliest in order boost up their exports and stand firm against the international competition and ultimately in increasing the share of India in the global handicraft market. The other export related problems are high cost of credit by 25 percent respondents, income tax by 20 percent respondents, labor regulations, high excise, lack of access to raw materials, shipping problems and air freight problems by 10 percent respondents while the duty drawback and the internet connectivity as problems were cited by 5 percent exporters.

The major reasons explored from the survey of the Indian handicraft exporters of various product categories and across different regions for India’s low share in the international market is low international market awareness, poor information about upcoming trends in the international market, marketing inefficiencies, weak infrastructure as compared other handicraft exporting nations and use of obsolete technology in manufacturing of the handicrafts. The major Asian handicraft exporting nations other than India are China, Thailand, Vietnam, the Philippines, Korea, etc. Their marketing functions are very strong as compared to India as most of the countries mentioned above have their marketing offices in the major markets such as the USA, European Union, LACs, Australia, etc and are in continuous touch with the buyers abroad regarding new product development, liaisoning, business development, etc. They also have well developed warehouses in the buyers markets to keep the stock ready in case of immediate market requirements and flood the market with their products which gives them upper hand as compared to Indian handicraft exporters.

Presence in the buyer’s market paves a way for updated market information and awareness with latest trends in the international market for India’s competitors. This is one of their mainstays of high market share in the global handicraft market as their products are designed in advance for the upcoming seasons and booked thereafter whereas Indian exporters focus on developing the existing products only as they have no information about the upcoming trends. The major orders are already passed into competitor’s bag while India gets the low sized orders later.

Rising cost of raw materials and inflation are also big threats to the Indian handicraft industry. Plus the fluctuations in the dollar value due to stronger rupee also affects the Indian exports as compared to the stable undervalued Yuan of China which has very low effects on Chinese handicraft exports. Most of the exporters in case of fluctuating dollar resort to dollar freezing or they quote an average value of the dollar in order to counter the negative effects of the bargaining currency.

Obsolete technology is one other major reason for India’s low share in the world handicraft market. In case of India, the handicraft manufacturing involves outdated technology due to which they are not able to work out in volumes, neither coming down in terms of costs nor in terms of lead time required for processing the order. This is one of the major reasons bigger
orders passing on to the Chinese directly while the medium and smaller sized orders are again tracked by China with India and other handicraft exporting nations. India’s competitors in the handicraft trade like China, Thailand, Korea, etc have modern and superior technology in manufacturing as compared to India’s manufacturing practices. Indian handicraft manufacturing rids on the obsolete technology and ages-old practices in the manufacturing due to which it is not able to work out in volumes, thus failing to achieve economies of scale resulting into higher product costs as compared to China and other East Asian handicraft manufacturers like Thailand, Korea and Vietnam.

Lack of practical implementation of government policies and schemes to the handicraft exporters can also be one of the reasons for India’s low share in the world’s craft market. Most of the handicraft exporters are not very much aware of the happenings at the government’s end for the promotion of the handicraft industry. Many schemes/initiatives are being introduced by the government for the promotion of the industry but with poor response from the exporters’ side because of lack of awareness among them. The exporters said that the most acute competition observed at the international level with other handicraft exporting nations is in the level of export incentives from their respective governments. Subsidies in the power, transportation, raw materials and duty drawbacks, etc places India’s competitors in a better position to deal with buyers. As compared to the level of subsidies and incentives from the governments of other competing countries, the Indian government has not pleased the handicraft exporters as much as compared to its competing international exporters by its incentives and subsidies on handicraft exports. The margins are getting lower day by day and the big buyers such as Wal-Mart, TARGET, Costco, etc work in volumes and their margins are very low, so duty drawback becomes very important in these cases and act as a source of motivation to export more in the low margin high volume acts.

The credit facilities for start-up exporters and overall exporters are not very much impressive. There is too much documentation and the rates of interest are also high which eat up the squeezed profit margins of the handicraft exporters.

Distribution channels in end markets are shortening. Large and, increasingly, mid-size retailers are importing directly while small (and many of the mid-size) retailers continue to purchase merchandise principally, or entirely, from domestic wholesale importers. As this trend continues, many wholesale importers are losing important clients and many independent retailers are struggling to compete in a marketplace dominated by lower-priced "big-box" stores. However, there is evidence that savvy small retailers can compete with distinctive, high-end products. It is important to note that the vast majority of importers, both wholesale and retail, rely on the services of foreign exporters and agents, which many market experts see as critical to the success of handicrafts in developing countries.

One problem of great concern for the Indian handicraft sector is the low wage system for the artisans with little scope of training and development for the artisans. Most of the artisans’ lack modern training and basic education as majority of them come from weaker sections of the society who cannot afford to undergo professional training/education during their lifetime. The exporters are reluctant to provide the training on their own costs as they fear
that after getting trained the artisans will either ask for an increment in the salary/wages or will switch to other organization. There is a regular shortage of skilled artisans in the handicraft industry and most of the orders are affected by their shortage. As revealed by many exporters surveyed, they have bitter experiences with the trained artisans although they consider it as a vital source of requirement for the up-liftment of the Indian handicraft industry. Prolonged absenteeism, frequent job hopping, creating unrest among the workers against management, etc were some of the ailments observed from the trained artisans. So on the one hand artisans’ training is important for the industry while at the same time, it creates problems for the exporters because of lenient Indian labor law favoring the labor class.

As revealed by the exporters, the designing pattern of Indian handicraft exporters is also time-taking and expensive as compared to China and other Asian exporting nations. They use Information Technology (like AutoCAD and other computer aided design tools) which is quick and least expensive plus multiple designs of a single product are showcased to the buyers, thus saving time, manpower and above all millions of dollars to be invested in designing the multiple products for display. The short listed designs are developed later as per the specifications of the buyer and majority of the items are ordered. Indian exporters, on the other hand invest from the beginning by developing moulds and dies to develop a sample just to invite further improvements/changes as per the buyer’s specifications. The procedure is time consuming and less worthy as compared to the Chinese product development initiatives.

RECOMMENDING STRATEGIES

After studying the entire subject of handicrafts deeply and reviewing the problems for the industry through the survey, following recommendations are to be proposed to the Indian handicraft industry and the handicraft exporters separately.

1. Strategies for Indian Government

Marketing Campaigns, promotions and positioning in Target Markets

A market development campaign for the Indian handicraft sector can be an effective way to make country’s handicrafts known in target markets. The campaign should be planned and staged by the producers and exporters in cooperation with the Indian Trade Promotion Organization (ITPO) and the Export Promotion Council for Handicrafts (EPCH). A well organized campaign could also be supported by the ministry of tourism, the national airline, hotel and restaurant associations, banking institutions and shipping agencies in the exporting country. The target would be foreign importers, merchandising groups and buying agents, as well as more specialized persons in the trade such as interior designers, decorators, managers of museum shops and representatives of mail-order firms. Promotional activities for handicrafts in the target markets should be determined carefully. For instance trade fair participation is often used to promote handicrafts, but such exhibitions tend to attract small-scale retailers who usually buy from local wholesalers.

Often more effective are buyer-seller meetings in the importing country, although they can be costly to organize. Import promotion offices in the major European markets sometimes
sponsor, finance or support such events with their leading importers and traders. Buyer-seller meetings are particularly relevant for producers and exporters of small, light-weight goods, as they can bring sufficient samples to leave with interested buyers. Although in almost all cases major importers, large retailers and chain stores require a visit to the producers' facilities in the exporting country before placing a sizable order; they do sometimes order samples that can be shown to their clients, using the order as a means of judging the prospective exporter's business skills in handling an export shipment.

An important aspect of successful handicraft marketing is the positioning of the products in the marketplace. Exporters, their intermediaries and trade promotion officials should strive to promote the country's quality products to the upper end of the market (i.e. the high price and quality range) if possible. Some products will however find outlets primarily in lower priced retail establishments, such as supermarkets or chain stores, where price is the major selling point of a product.

Indian crafts bear the ethnic value and are highly associated with the heritage of the country. Handicrafts which are handmade, artistic and original are highly acclaimed in the international market and they should be positioned in the market as original handmade products. Some initiatives like The Craftmark initiative is an effort by the All India Artisans and Craft workers Welfare Association (AIACA) to help in denoting genuine Indian handicrafts, developing sector-wide minimum standards and norms for labeling a product as a handicrafts product, and increase consumer awareness of distinct handicraft traditions. Under this initiative, AIACA will license the Craftmark logo for use by Craft-based businesses, cooperatives and NGOs for use on product tickets and labels which will help in positioning of the Indian handicrafts in the international market. Similar initiatives should be highly promoted by the state run agencies among all the Indian craft manufacturers and exporters.

**Inform foreign buyers**

One key to attracting foreign buyers is to provide relevant information to allow them to review the export offers of handicraft suppliers effectively and efficiently. The EPCH and the ITPO can prepare a background paper for this purpose containing basic, economic and commercial data on the country and on handicraft output in particular.

The major handicraft production centers for each type of export product, for instance ceramic, leatherwork or brass work can be described in it. The number of producing exporters and factories in each merchandise category should be quantified if possible. For handicraft items that have been exported successfully in the past, sales figures can be provided. The number of skilled and semi-skilled producers by district and production area can also be given for each type of product. Information, besides passing on to the buyers should also be collected from them regarding the latest trends and happenings in the market so that Indian crafters can also update their R&D to bring out latest prevailing products in the international market.

**Collaboration for technological, marketing and financial strength**
The government should try to make the companies/exporters in the same product line collaborate with other companies as this would help them in synergizing their efforts with each other and thus getting benefited mutually. The brand Indian handicrafts will be promoted in a big fashion this way.

**Adequate Infrastructure**

The research supports the statement that the present Indian infrastructure is not adequate as compared to other handicraft exporting nations and is one of the major reasons of India’s low share in the international market. The main problem experienced by the exporters is the power problem which has insufficient supply and highly priced as compared to the Chinese counterparts. The power is one of the major reasons the prices of Indian crafts go high in comparison to other competing countries, especially China.

Nuclear power can prove to be an answer to India’s today high cost thermal power resulting in high overhead costs to Indian exporter, or should provide electricity on subsidized rates to the exporters.

**Sufficient Raw Materials at reasonable Prices**

The most commonly available material for crafts in developing countries is metal, wood, stone, leather, wool, bamboo and rattan, as well as grasses particular to different regions. Plant and animal fibers are also prevalent, such as cotton, wool and silk. Although government is taking steps to ensure an adequate supply of materials that go into industrial goods, relatively little concern is shown for protecting and planning for the continuing availability of local-origin materials used in handcrafted goods. Moreover, the rising costs of the raw materials are an issue of serious concern as the prices of the Indian crafts are rising up which is dangerous to the handicraft exports from India.

Initiatives to develop and maintain sufficient raw material supplies at steady price for handicrafts can be taken at the national level through policies and regulations or at the local level through the establishment of supply cooperatives or buying groups. Solving the problem locally means that solutions can be tailored to a community's specific needs. The latter approach can eventually lead to the creation of a formal production entity that can sometimes tap financial and technical resources not usually available to individual artisans.

**Ensuring Adequate Financing**

Unavailability of capital and financial credits is a major constraint in India and expanding handicraft exports. Exporters, especially emerging exporters often face this problem because they do not know how to prepare and present a loan application and rarely have collateral acceptable to banks as security against a loan. Furthermore individual exporters are usually too far removed from the foreign buyers in the marketing chain to receive a letter of credit enabling them to approach a bank for financing to meet an export order. Even with support from a financial institution their frequent lack of skills in costing and pricing can result in a net loss in their operations. They rarely have time to spend on managerial, no production tasks such as overseeing the financial side of their business. Trade promotion organizations and other support institutions can take measures to help overcome such problems.
Updated technology

One important reason due to which Indian handicraft exports is low in the international market is that Indian crafters are not able to match their competitors in terms of tools, techniques and technology. The Indian craftsmen are using decades’ old technologies in manufacturing the crafts which take much longer time (as compared to China) and are also not finished in similar terms.

The government should bring in new technology for the craft manufacturers and provide them training to handle the updated tools.

Training Centers and Programs for Artisans

Our findings shows that the shortage of skilled craftsmen highly effect the export order, so in order to tackle this problem the government should arrange specialized training programs to the manufacturing artisans. There are either no or very few professional training institutes to the crafts people due to which there is shortage of skilled persons. The mode of training among the artisans is either the hereditary one or through unprofessional personal means.

Professional training institutes should be developed at each major cluster of the handicrafts so that skilled artisans should be produced on regular basis.

Formation of Special Economic Zones

Special Economic Zones (SEZ) should be opened in every major production cluster of the handicrafts as special privilege is to be provided to all the handicraft exporters as is provided in case of other export sectors.

Improved Duty Drawback Scheme

Duty drawback scheme to be made more attractive by the government as it becomes very difficult to compete with China’s exporters as they have good support from their state in case of low margin high volume buyers.

Improved Export Guarantee Corporation

The exporter should be provided shield in case of fraud while doing business with a new buyer. The Indian government has a scheme in form of Export Credit Guarantee Corporation (ECGC) but is not popular among the handicraft exporters. The government should try to promote its ECGC schemes in a more better way so that all the exporters are aware of the scheme and feel more secure in case of insecurity.

Revival of dying Arts and Artisans for the growth of the industry

Formerly the middlemen exploited the artisans leaving them underpaid. In some sectors, the Government intervened to give the artisans their due and to activate certain dying arts and crafts. However, it is believed that the artisan is still an exploited lot, earlier it was the middlemen now it is the Government who takes away the cream. If artisans are given monetary incentives and the price of their ‘art’, they will be motivated to produce better quality and more innovative goods.

Support during the economic slowdown/recession
The Indian handicraft was highly affected during the economic slowdown/recession due to which there was an decrease of 22% handicraft trade with the US alone while the overall Indian handicraft trade contracted by 10% with rest of the world. The negative impact was felt by almost every exporter but the maximum impact was observed by the small and emerging exporters, leading on the verge of closure of several small sized exporters and diversification in areas like real estate, equity trading and other new sources of investment.

As the recession affected each and every exporting nation, the performance of Indian handicraft competitors like China was not highly affected as the Chinese handicraft exporters were supported by the government to continue exports. The Chinese government assistance in the areas of subsidy, incentives and the raw material rates propelled the exporters and ultimately motivating buyers and the ultimate customers. As the similar recession is once again knocking the door in the western economies once again, this time encompassing the European Union also, the Indian government should devise schemes in order to support the Indian handicraft exporters.

2. Strategies to the handicraft exporters:

Customer Specific Products

The enterprise should keep the customer preference on top priority before manufacturing a product. Today, the market is driven by customer's choice rather than the seller's. The customer is very clear about the requirements and indulges into a purchase very consciously and wants the product to be dual purpose, thus it becomes imperative for the export organization to focus on the customer's need and choices before manufacturing the product. The world is going to witness an economic slowdown soon as most of the advanced countries are highly affected due to economic problems, ultimately leading to decrease in the consumer spending. The exporters should focus on dual purpose handicrafts having utility value so that the customer is benefited by purchasing a product serving two purposes.

Global Style Products

Develop more products that embrace the concept of global style in order to access the growing demand of contemporary design and remain distinctive in the market. Opportunities for handicrafts exist in all market segments, but are most abundant for products that fit comfortably into people’s homes and bring an authentic indigenous element into their lives.

Engagement of services of professionals

The exporters should hire the services of the professionals in the areas like product design & development, packaging, merchandising, electroplating instead of available and low priced manpower so as to meet the expectations of the target customers. Tastes and fashions change at such a rapid pace that it becomes difficult to keep pace with it. So, in order to offer the customer something unique, various professionals should be engaged by the exporters in order to get benefited by their skills and at the same time reap the benefits of attracting customer's attention.

Use of ICT in the supply chain
As witnessed by the profitability in the working of other sectors by the application of Information and Communication Technology (ICT), similar initiatives should be taken by the handicraft exporters to implement the ICT in the process of handicraft exports. As the e-commerce is on the increasing trend and the heavy reliance of the importers on the ICT in the supply chain, the situation demands the adoption of the technology into the working of the exporters.

ICT can act as a replacement tool for the traditional sampling process of Indian exporters. Presently the handicraft exporters develop a number of new products as samples which require investment and are also not certain of getting the order, thereby a loss on the part of exporter. With the help of ICT, an exporter can produce as many designs which can be customized as per the buyers’ requirements, thereby getting an order without any initial investment, a method presently adopted by the Chinese in the handicraft business. Also information related to the sample like sample designs, revised sample designs, etc can be abruptly exchanged through the technology.

**Specialization in the lead product**

There is a need for the handicraft exporters to specialize in the one/few lead products so that they can achieve competence in a particular product category and get benefited in return. Specialization in a single field gives core competence to the manufacturer, thereby attracting large number of global buyers as witnessed by few specialized exporters surveyed.

**Packaging**

Packaging is one of the most important P’s of the marketing mix. Packaging should be as per the buyers’ requirements meeting all criteria required for shipment export like transit, climatic conditions, etc. Thus, the exporters should lay emphasis on choosing a suitable package for the product so that the last elements of the supply chain are not affected by improper and inconvenient packaging.

**Quality and Quality certification**

The products manufactured should be of good quality and should be compliant with the various quality certifications. Constantly upgrade skills and techniques, including detailed handiwork, quality (especially finishes), product development and customer service to remain competitive, difficult to imitate and appealing to work with. Investments to reliably deliver modest quantities of unique, high quality goods destined for higher-end retail stores are advised over those intended to improve the ability to compete with low-cost, high capacity producers where there is an intense competition from East Asian nations.

**Active participation in International fairs**

It is necessary for any exporter to participate in International fairs and keep him updated on the happenings abroad so that he can sense the tastes and requirements of people abroad.

International fair participation is a source of international business development and a source of new buyers, mainly for the handicraft exporters involved into direct exports.
Explore small and midsized new markets

Instead of focusing on the heavily affected advanced countries only, the Indian exporters should also explore the top and medium developing countries which are not highly affected by developing the product marketing mix according to the requirements there.

Branding of handicrafts

It is necessary in today's competitive world to create an image of the product in the minds of the customer which requires that what you are offering should be different from your competitor's offering which can be done by branding the product. Indian handicrafts need to be branded at least country wise as Indian crafts have ethnic and traditional value and true hand based crafts in nature as compared to other machine made East Asian crafts. The western customers give value to the hand made products and the Indian crafts can be branded in this way.

Employing the Indian Student Community Abroad for Business Development

India has a large number of students taking higher education from the major handicraft importing countries like the USA, UK, Germany, France, the Netherlands, Australia, etc. This can be availed as an opportunity for the small and medium sized handicraft exporters who cannot afford to visit these countries on a frequent and regular basis. They can liaise with the trying-to-be-self-dependent Indian students abroad by offering them work in form of business development in their host country, and helping the students monetarily to meet out their tuition and living expenses. The exporters can target the students, especially the business management students who are good in communication and presentation skills and can nominate them as their business executives to the importers/buyers and pay them accordingly. This can act as a part of social responsibility on the behalf of Indian handicraft exporters for the student community living abroad, while at the same time, the students can bring in the business for the handicraft exporters from that particular country. The well performing students can be future entrepreneurs in the handicraft industry seeing the potential of the foreign market or they can be the prospective full time employees of the exporter(s).

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## Appendices

### Table 1: Illustrative List of Handicrafts

<table>
<thead>
<tr>
<th>Handicrafts</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpets</td>
<td>Woolen carpets, rugs including namdhas, gabbas and durries.</td>
</tr>
<tr>
<td>Hand printing</td>
<td>Hand printing and traditional dyeing of textiles including Kalamkari.</td>
</tr>
<tr>
<td>Artistic textiles</td>
<td>Brocades, and embroider shawls.</td>
</tr>
<tr>
<td>Embroidered and Zari work</td>
<td>Embroidery (cotton, silk, wool), lace work including nakki and gotta, Zari and Zardozi.</td>
</tr>
<tr>
<td>Metal ware</td>
<td>Silverwares, bidri, filigreed, brassware and copperware, bronze castings, handicrafts items made of aluminum and iron.</td>
</tr>
<tr>
<td>Jewelry</td>
<td>Precious, semi-precious and synthetic stones, Jewelry of previous metals (platinum etc.) gold jewelry and imitation jewelry, conch shell jewelry.</td>
</tr>
<tr>
<td>Bangles and beads</td>
<td>Other than glass beads &amp; bangles transferred to SSI.</td>
</tr>
<tr>
<td>Conch Shell</td>
<td>Articles of conch shell.</td>
</tr>
<tr>
<td>Wood work</td>
<td>Wood carving and inlay, wood turning and lacquer wares including Nirmal work, decorative furniture, hand printing blocks.</td>
</tr>
<tr>
<td>Ceramics</td>
<td>Pottery and earthenware (Artistic).</td>
</tr>
<tr>
<td>Stone work</td>
<td>Stone carving and inlay including marble work and alabaster, soap stone articles.</td>
</tr>
<tr>
<td>Cane, bamboo, straw etc.</td>
<td>Articles made of cane, bamboo, willow, straw and grass including mats.</td>
</tr>
<tr>
<td>Flax and Fiber</td>
<td>Handicrafts articles made of flax and fiber.</td>
</tr>
<tr>
<td>Toys and Dolls</td>
<td>In various materials (excluding plastic, metal and mechanical toys).</td>
</tr>
<tr>
<td>Paper Mache</td>
<td>Paper Mache articles of different types.</td>
</tr>
<tr>
<td>Ivory, horn and bone</td>
<td>Artistic articles made of ivory, horn and bone.</td>
</tr>
<tr>
<td>Leather</td>
<td>Leather goods (artistic work) embroidered uppers of jutties, Shantiniketan bags etc.</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>Traditional ones including improved types.</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Miscellaneous traditional art objects such as Orissa, Mysore, Tanjore paintings and handicrafts products specially made for ceremonies, articles of worship and the artificial requisites such as costumes, masks, puppets, etc.</td>
</tr>
</tbody>
</table>
Table 2: Export Related Problems

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Problem</th>
<th>Rank</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Problem with licensing</td>
<td>11</td>
<td>5 percent</td>
</tr>
<tr>
<td>2</td>
<td>Low/No Demand</td>
<td>NA</td>
<td>0 percent</td>
</tr>
<tr>
<td>3</td>
<td>High Cost of Raw Materials</td>
<td>2</td>
<td>80 percent</td>
</tr>
<tr>
<td>4</td>
<td>Lack of access to Raw Materials</td>
<td>9</td>
<td>10 percent</td>
</tr>
<tr>
<td>5</td>
<td>Obsolete tools &amp; Equipments</td>
<td>3</td>
<td>75 percent</td>
</tr>
<tr>
<td>6</td>
<td>Lack of Access to export credit</td>
<td>7</td>
<td>20 percent</td>
</tr>
<tr>
<td>7</td>
<td>High cost of credit</td>
<td>6</td>
<td>25 percent</td>
</tr>
<tr>
<td>8</td>
<td>Scarcity of skilled labor</td>
<td>8</td>
<td>15 percent</td>
</tr>
<tr>
<td>9</td>
<td>Labor regulations</td>
<td>9</td>
<td>10 percent</td>
</tr>
<tr>
<td>10</td>
<td>High excise</td>
<td>9</td>
<td>10 percent</td>
</tr>
<tr>
<td>11</td>
<td>Poor infrastructure</td>
<td>1</td>
<td>85 percent</td>
</tr>
<tr>
<td>12</td>
<td>Policy uncertainty</td>
<td>3</td>
<td>75 percent</td>
</tr>
<tr>
<td>13</td>
<td>Local transportation (up to port)</td>
<td>4</td>
<td>70 percent</td>
</tr>
<tr>
<td>14</td>
<td>Shipping problems</td>
<td>10</td>
<td>10 percent</td>
</tr>
<tr>
<td>15</td>
<td>Air Freight Problems</td>
<td>9</td>
<td>10 percent</td>
</tr>
<tr>
<td>16</td>
<td>Duty Drawback Reimbursement</td>
<td>9</td>
<td>10 percent</td>
</tr>
<tr>
<td>17</td>
<td>Low subsidy</td>
<td>5</td>
<td>50 percent</td>
</tr>
<tr>
<td>18</td>
<td>Income Tax</td>
<td>7</td>
<td>20 percent</td>
</tr>
<tr>
<td>19</td>
<td>Internet Connectivity</td>
<td>11</td>
<td>5 percent</td>
</tr>
<tr>
<td>20</td>
<td>Market Awareness</td>
<td>1</td>
<td>85 percent</td>
</tr>
</tbody>
</table>

Graph 1: Handicraft Exporters Problems
Graph 2: Export of Indian Handicrafts (1994-2010)

Source: EPCH