

The Future of Indian Handicrafts Exports to China

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ABSTRACT

Handicraft sector occupies an important place in the Indian economy. In one hand this sector has been providing a large number of jobs to rural and semi urban population as well as it is a great source of foreign exchange earnings. On the other hand it intact the cultural heritage of ancient India and this art has been transferred from generation to generation. There is great scope for unemployed peoples in respect to getting a good job in this sector. The Handicrafts Board was set up (1986-87) to look into the plight of the dying crafts. Slowly demand grew for these items both at home and also abroad. Recent export figures show that India's handicrafts export has been rising but the ratio of it from the Indian total exports has been declining. The main objectives of this paper are- 1) To highlight the key features of Indian handicraft exports, 2) To study the main Indian handicraft exports to China, 3) To assess the challenges for growth of Indian handicraft exports to China. In order to test degree of achievability of the above objectives of the study, hypothesis is formulated too. This paper is based on a secondary data that are collected from the portal of Export promotion council of handicraft (EPCH) and Ministry of commerce and industry, Department of commerce, Government of India. In this study, Time series data is taken in to account from 2004 to 2017. Trend line and its equation are also used to find the solution with the Statistical tools. After analyzing the problem through the secondary data, researcher comes to this conclusion that the series of data of handicraft exports does not have any regular trend, seasonality, errors but has only one thing that is randomness. Handicraft exports of India to China are quite low in terms of quantum and value. The main handicraft item in which some regularity is seen since 2005 are original sculptures of metal as well as of other non metals, paintings and drawings, other wood and furniture without embellishment, brass articles, utensils of brass, imitation jewellery for personal adornment, some glass items, natural and artificial beads, embroidery without visible grounds, paper boards covered with plastics, wooden frames and painting and photographs, agarbatti and dhoopbatti of natural and artificial perfumes are some of the handicraft items which are exported to China. China itself is a labour abundant economy and is a key exporter of all kind of handicraft to the world including India. India is a net importer of handicrafts from China. All kind of showpieces, decorative lightings, statues, rakhi's, musical instruments, crackers made from China have entered India in a big way. Chinese electronic goods, gift items and toys are very popular in India so RCA in terms of handicraft lies with China due to its price competitiveness and once the markets are more opened, tariffs are reduced and preferential trading is done between India and China.

Key Words : Indian Handicrafts, Indian Handicrafts exports, EPCH

INTRODUCTION

Handicraft sector occupies an important place in the Indian economy. In one hand this sector has been providing a large number of jobs to rural and semi urban population as well as it is a great source of foreign exchange earnings. On the other hand it intact the cultural

heritage of ancient India and this art has been transferred from generation to generation. There is great scope for unemployed peoples in respect to getting a good job in this sector. Therefore it makes handicraftsmen as economically independent. According to a data there were 68.86 lakhs handicraftsmen existed in the 11th five year plan and Government has been supporting the marketing

of handicraft items through EPCH, Indian handicraft and gift fair, pradarshani, On line marketing portal-Indian handloom bazaar. For promoting the handicraft sector, Government gives honour too to the handicraftsmen time to time.

Handicrafts can be defined simply as objects made by the skill of the hand and which carry a part of the creator as well as centuries of evolutionary tradition. It can range from the simple clay-lamps to the diamond – studded jewellery items. According to EPCH, “Item or product produced through skills that are manual, with or without mechanical or electrical or other processes, which appeals to the eye, due to the characteristics of being artistic or aesthetic or creative or ethnic or being representative of cultural or religious or social symbols or practices, whether traditional or contemporary. These items or products may or may not have a functional utility and can be used a decorative item or gift.”¹ Handicrafts consists of objects created by skilled people for religious rituals, like wedding and celebrations and for personal use as well as luxurious ones created by specialized craftsmen for specific requirements. Handicrafts bring a great sense of grace to every home be it the poor hut or the opulent star hotel. There is a timeless quality in these craft objects, for they have evolved over centuries and continue to be made even today with the same sentiment. There are three main classifications of crafts-

(1) People for their personal use or for a limited client base create folk crafts.

(2) Religious crafts are developed around religious centres and themes. Various religious places in India are specialized in particular craft items. For example, Varanasi and Kanchipuram in Tamil Nadu specialize in weaving clothes for religious ceremonies, particularly silk materials.

(3) Specialized craftsmen of a particular group who are specialized in a particular skill and who can completely master the craft do commercial crafts.

Historical background of Indian Handicraft exports:

Crafts were an important commodity for world trade and they were a delicate part of the Indian economy, since ancient times. Trade links between India and the rest of the world existed ancient periods. India being the home of cotton had textile trade with the Far East and the Western world. Indian textiles and their permanent dyes were accepted throughout the world. Roman trade documents mention that silk was exported from India to

Europe from the 6th century A.D. The Arab sailors brought silver and gold from their countries and took back shiploads of handicraft objects from India to the Far-East. In the North, caravans carried woven textiles along the silk route and went right unto Moscow by the Fur – route.

Under the good patronage of the early Mughals, India’s handicrafts reached its pinnacle of perfection. Crafts like carpets, textiles and jewellery were developed into fine arts. The famed Mughal Emperors namely Akbar, Shah Jahan and Jehangir invited skilled craftsmen from all over the world and blend their native ideas with our own techniques and skills. Brocading and velvet manufacturing developed rapidly in India than in their native countries. But with the break-up of the Mughal Empire and the growing enmity between the smaller princely states, local crafts lost their centuries – old local patronage. With the east India Company coming to India, the volume of trade reduced though they managed to strive.

England flooded the Indian market with its cheap machine- made items, which ousted the homemade crafts. A number of craftsmen were turned destitute overnight. Those who continued with their craft had to compete with the machine-made goods that quality was made to suffer. Gandhiji’s Swadeshi movement focused on the plight of the Indian craftsmen and on the need for maintaining the ancient craft traditions.

India has traditionally been a large exporter of handicrafts and handlooms in fact India is a labour rich country and never had a great manufacturing or industrial sector up to the independence but even before independence exports from united India consisted of many handicraft items as well as handlooms. Dhaka’s Malmal was very famous throughout the world. India’s silver and gold smiths were known all around the world for their crafts, the zari work, patch work and various kind of knitting along with tribal arts were exported to Britain and United states. After the independence India began to industrialize rapidly and Indian handicrafts and handloom were left to private sectors where the lack of initiative and markets did not led them grow as fast as they could. India exported mainly raw material, minerals, jute and tea at the beginning but by 1960’s it became quite clear that import needs could not match by Indian export earnings so India needs to diversify. In 1960’s India opted to diversify fields selected were mainly of

1. EPCH

chemical, pharmaceutical, tyres and tubes, sanitary ware, low technology mechanical and electrical goods like table, ceiling fans, sewing machines, bicycles, rikshaws etc. Although these non traditional exports grew but the growth was not able to achieve reduction in balance of trade deficit because they export of these items had a very low base and in many of a these commodities mentioned above India became a marginal supplier in the world. It was only in late 70's that for the first time gold and other jewellery exports became a reality and became meaningful. India became a large exporter of ornaments along with this India also started specializing in different types of clothes, textiles, readymade garments as well as artificial jewellery, zari work, embroidery etc. It was made possible because of India international trade fare in which different states of India started showing handicrafts to the rest of the world and attracted customers from all around the world. Indian producers and exporters also participated in different fairs and festivals outside India through the help of trade fare authority of India and trade development authority of India which was combined in 1994 and became a specialized organization of trade promotion known as ITPO. It was the collaboration of F.I.O. and ITPO along with state Governments which created an atmosphere conducive to promote the export of handicraft. India also created the Handicraft Export Promotion Council (EPCH) which began registration cum membership certificate for different export activities (Fig. 1).



Fig. 1 : India's Total Handicraft Exports

The Handicrafts Board was set up (1986-87) to look into the plight of the dying crafts. Slowly demand grew for these items both at home and also abroad. Recent export figures show that India's handicrafts export has been rising but the ratio of it from the Indian total exports has been declining (Table 1).

Table 1 : Ratio of India's Hadicraft's Exports in respect to India's total exports (In crore Rs.)

Year	India's handicraft's exports (Crore Rs.)	India's total exports (In Crore Rs.)	Ratio of India's hadicraft's exports in respect to India's total exports
1998-99	1481.3	35659	4.15
1999-00	1554.71	37558	4.14
2000-01	1858.44	44149	4.21
2001-02	1616.49	43562	3.71
2002-03	2034.16	51680	3.94
2003-04	2311.7	64410	3.59
2004-05	2983.69	82848	3.60
2005-06	3282.56	102763	3.19
2006-07	3811.26	126052	3.02
2007-08	3481.14	155392	2.24
2008-09	1797.88	144097	1.25
2009-10	1422.61	178751	0.80
2010-11	1719.48	251136	0.68
2011-12	2175.83	304624	0.71
2012-13	2288.76	300274	0.76
2013-14	2853.68	314405	0.91
2014-15	3263.14	310338	1.05
2015-16	3292.75	262031	1.26
2016-17	3639.05	276280	1.32
2017-18	3573.49	303376	1.18
2018-19	3808.55	330070	1.15

Source: <https://www.epch.in/policies/exportsofhandicrafts.htm>

Review of literature:

Srivastav and Rawat (2015)² Indian Handicraft and Globalization: In Context of Export, Globalization has made the whole world one compartment and makes a single village a global village. Indian handicraft products have great opportunities both in the domestic and international markets. Main products of handicrafts consist of art metal wares, embroidered and crocheted goods, shawls and art wares, and zari goods, woods wares, hand printed textiles and imitation jewellery. Indian

2. <https://www.researchgate.net/publication/283009715>

Handicrafts, which constitutes a significant segment of the decentralized sector of the economy, its export has reached at a commendable height. Indian folk art and crafts which are the integral parts of the Indian culture and tradition are in high demand among the western consumers. A lot of manufacturing units are established in rural and small towns, which generate employment for a million of artisans. Indian exports are showing a growing trend. Like every coin has two sides, globalization is not separate from this point it also not only have positive impact on artisans industry but there are some negative consequences too on which this chapter is trying to put some light.

Bhushan and Ud Din (2014)³, “Indian handicraft exports: An economic analysis,” India is one among the culturally rich countries in the world. The country is fortunate enough to possess some highly skilled artisans. They have increased the fame of Indian handicrafts around the globe. The Indian handicrafts industry is highly labour intensive, cottage based and decentralized industry. It plays a significant & important role in the country’s economy. The crafts of India are diverse, rich in history and religion. The aesthetics of each state in India reflect the influence of different empires. Throughout centuries, crafts have been rooted as a culture and tradition within communities of India. Indian handicraft earns well from its exports and also the subject for global exhibitions representing India.

Bhat and Yadav (2016)⁴ The Sector of Handicrafts and its Share in Indian Economy, The sector of handicraft is not only provides employment for the development of economy but it also acts as a sensible artistic approach of self-expression for the artisans. Handicrafts are matchless expressions as they represent culture, tradition, and heritage of a country. Handicraft sector is directly related to the economy of the rural India that means its growth, and downfall is the mirror image of rural economy as well as the economy as a whole In this paper, we have tried to analyze why the sector is one of the promising and productive sectors in India economy and what is the contribution of handicraft as foreign inflow to the Indian economy, and its growth, and decline through last fifteen years. Further, we have shown the growing foreign

markets for Indian handicraft, and the leading foreign market for Indian art to export.

Objectives :

- The main objectives of this paper are as follows-
- To highlight the key features of Indian handicraft exports.
 - To study the main Indian handicraft exports to China.
 - To assess the challenges for growth of Indian handicraft exports to China.

Hypothesis:

In order to test degree of achievability of the above objectives of the study, hypothesis is as follows:

H0: Indian handicraft exports will grow at the rate of more than 25% per annum to China.

Ha: Indian handicraft exports will not grow at the rate of more than 25% per annum to China.

METHODOLOGY

This study is based on the secondary data which was collected from the portal of Export promotion council of handicraft (EPCH) and Ministry of commerce and industry, Department of commerce, Government of India. In this study, Time series data is taken in to account from 2004 to 2017.

RESULTS AND DISCUSSION

Hypothesis testing:

EPCH is the topmost authority/Body for taking promotional steps for upgrading the handicraft sector in India. Handicraft export promotion council has created a categorised list of exports under handicraft export promotion schemes. It enlist more than 150 items which are named under different headings and subheadings as Indian handicrafts which include all kind of leather, gold and silver products, paper and cardboard, showpieces, antiques, embroideries and others. Handicraft Export Promotion Council helps the export of handicrafts in various ways by providing inputs, imparting skills, credit guarantee and required information to exporters. It also

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3. Bhushan, Sangram and Ud Din, Towseef Mohi (2014).. Indian handicraft exports: An economic analysis. *Internat. J. Quantitative Economics & Appl. Management Res.*, **1** (3) : 104-112.
 4. Bhat, Jahangir Ahmad and Yadav, Pushpender (2016). The Sector of Handicrafts and its Share in Indian Economy. *Arabian J. Business & Management Review*, S3, DOI: 10.4172/2223-5833.S3-009.

participates in various trade fare, advertises its product to enhance the demand of Indian handicrafts. It also receives orders which are distributed among Indian producers. It is also a merchant exporter. It is only after a creation of HEFC that Indian handicraft have gained popularity all over the world. India's exports to China in terms of handicraft date back to 5th and 6th century when many Chinese visitors visited India and took many Indian goods to their countries for exhibition but before India became independent China has almost created iron walls and trade between India and China was quite low. Even after independence India and China entered in to a war of territories in 1962 and had been a cold war since then up to early 80's. In 1980's China started opening up its market but Indo-Chinese tensions did not allow them to trade at a scale which is expected of a contagious country. The so called famous silk route which had begun in 6th century was completely closed between 1950 to 1980. The trade barriers were very high, there was no political will from either side to break this barriers. It was only in 1990's when India and China prepared themselves to trade with each other. In 2000-01 India's total handicraft exports to China was hardly that of the 0.4 U.S. million dollars and if we look at the trade figures between 2001-2017 it's a story of missed opportunities. There are highs and lows for e.g. from 0.4 U.S. million dollars in 2001, India's handicraft exports move to 25.64 U.S. million dollars in 2004 went down to 8.89 U.S. million dollars in 2009 went up again in 2015 up to 48.53 U.S. million dollars went down to 17.27 U.S. million dollars in 2016 before scaling up to 123.38 U.S. million dollars in 2017 but again going down to 40 U.S. million dollars in 2018. There is no regular trend nor there is any special commodity whose exports are rising regularly. If one looks at the data presented by the handicraft exports to China of India and the bar diagram, presented in the Table 2 and Fig. 2.

If we look at the whole picture of handicraft exports and null and alternative hypothesis that they exports of handicraft will rise at a rate of more than 25% per annum to China hypothesis is clearly rejected not on the ground of any statistical tools or methods because the series of data of handicraft exports does not have any regular trend, seasonality, errors but has only one thing that is randomness. Handicraft exports of India to China are quite low in terms of quantum and value. Handicraft export promotion council of India shows that India has been exporting nearly 127 commodities to China but not

Table 2 : India's total handicraft exports to China (In Us Million \$)

Year	India's total handicraft exports to China (In Us Million \$)
2001	0.4
2002	0.14
2003	0.77
2004	25.64
2005	7.52
2006	9.64
2007	10.36
2008	10.8
2009	8.89
2010	13.81
2011	9.11
2012	17.25
2013	12.19
2014	17.25
2015	48.53
2016	17.27
2017	123.38

Source: Ministry of commerce and industry, Department of commerce, Government of India

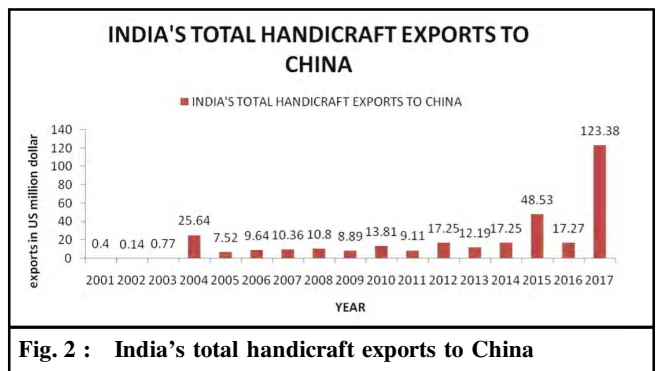


Fig. 2 : India's total handicraft exports to China

even a single commodity is exported regularly. Two groups of items *i.e.* dress material of all kinds of cotton hand printed (63079011), silk hand printed (63079012), dress materials of manmade fibres, hand printed (63079013), dress materials (63079019), cotton made ups (63079020) and other made ups (63079090) are one such group where India has been exporting one or the other item to China regularly but even these have no trend. Sometimes silk printed items are exported while or some other times cotton made up article are exported but their value to total exports is less than .02. The group of items which have furniture made up, cane, bamboo, wall hangings, wall lamps, hurricane lantern and decorative lightings have also become a quite regular item and after 2005 yet there

Table 3 : India's total handicraft exports to China (In Us Million \$)												
Year	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Agarbatti and other Odoriferous Prpns which operate by Burnin (33074100)	0.03	0.09	0.18	0.32	0.77	0.93	1.74	1.63	1.76	1.23	1.82	1.65
Wooden frames for paintings photographs mirrors or similar objects (44140000)	0.05	0.02	0.01	0.01	0.11	0.01	0.05	0.05	0.09	0.11	0.14	0.14
Product consistings of sheets of paper /Board, impregngted, coted or covered with plastics (48239018)	Nil	Nil	Nil	0.01	0.01	0.04	0.06	0.06	0.28	0.32	0.69	0.24
Embroidery without visible ground (58101000)	Nil	0.05	Nil	Nil	0	0.01	0.03	0.24	0.32	0.55	0.27	0.29
Made up articles of cotton (63079020)	0.38	0.14	0.11	0.03	0.12	0.08	0.5	0.39	0.75	1.12	1.35	1.22
Other made up articles other than cotton (63079090)	0.01	0.07	0.05	0.04	0.2	0.29	0.52	0.17	0.3	1.02	0.68	1.7
Other glass mirrors, framed (70099200)	0	Nil	Nil	0	0	0	0.04	0.01	0.02	0.06	0.09	0.13
Beads (70181020)	6.17	5.55	2.29	0.39	0.04	0.01	0.13	0.01	0.14	0.07	0.05	0
Other articles of glass Nes (70200090)	0	0	0.1	0.03	0.19	0.13	0.41	0.64	0.76	1.15	0.71	0.82
Others - Immitation jewellery category (71171990)	0.04	0.04	0.06	0.02	0.05	0.09	0.15	0.14	0.16	0.11	0.11	0.06
Others - Immitation Jewellery For Personal Adornment(71179090)	0.03	0.01	0.04	0.05	0.19	0.31	0.4	0.4	0.48	0.2	0.31	0.85
Utensils(73239420)	0.18	0.19	0	0.18	0.12	0.2	0	0.21	0.01	0.06	0.31	0.29
Article of Brass (7419930)	0.23	0.54	0.15	0.2	0.22	0.87	2.14	1.87	2.34	2.86	2.79	2.94
Other wooden furniture with or without embellishments of other material (94036000)	0.06	0.13	0.46	0.34	0.35	1.21	0.99	0.87	1.63	1.36	1.71	1.51
Parts Of Furnitures Of Heading 9403(9409000)	Nil	0.27	0.01	0	0.06	0.03	0.03	0.14	0.03	2.58	1.37	0.8
Handmade Pouffes/ Articles Of Bedding, Cushions Etc(94049099)	0.01	Nil	0	0.04	0.49	0.42	0.42	0.22	0.42	0.71	0.68	0.73
Hangng Lmps Complete Fitngs (94051010)	Nil	Nil	0	0.01	0.09	0.01	0.5	0.43	0.6	0.92	0.8	0.37
Others-Paintings, Drawings and Pastels (97011090)	0.04	0.97	2.72	2.7	0.32	2.14	0.71	0.96	0.26	0.56	0.06	1.11
Orignl Scptrs and statuary in Othr Matrls (97030090)	0.01	0	0.04	0.05	0.4	0.1	0.12	0.2	3.93	27.6	0.04	104

Source: Ministry of commerce and industry, Department of commerce, Government of India

is a regular fluctuations. Many of such items are not exported for years and some time Indian exporters get big orders. The main handicraft item in which some regularity is seen since 2005 are original sculptures of metal as well as of other non metals, paintings and drawings, other wood and furniture without embellishment, brass articles, utensils of brass, imitation jewellery for personal adornment, some glass items, natural and artificial beads, embroidery without visible grounds, paper boards covered with plastics, wooden frames and painting and photographs, agarbatti and

dhoopbatti of natural and artificial perfumes are some of the handicraft items which are exported to China.

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