

cotton garments have emerged as the star-performer in the textile export basket. A number of factors have been responsible for Indian's boom trade in garments among which Indian labour-cost advantage is a prominent factor. However, the international trading environment, particularly for articles like textiles and clothing is undergoing rapid changes and India has to be ready to face new type of challenges in the coming millennium. Although quotas are being progressively dismantled in this sector, the new international trading order for textiles and garments as exemplified by the Agreement on Textiles and Clothing is designed to bring in fierce competition as more nations try to take advantage of the liberalised conditions that will prevail in such trade. India needs to draw up appropriate strategies and responses in which product upgradation, marketing tie-ups and environmental standards will form important components.

### 9.9 ANSWERS TO CHECK YOUR PROGRESS

A4 i) True ii) False iii) False iv) True v) False

B4 i) True ii) False iii) True iv) False v) True

### 9.10 TERMINAL QUESTIONS

- 1) Textile and Clothing sector occupies a pivotal role in the economy of the developing countries. Elucidate with reference to the Indian economy.
- 2) Describe the type of developmental activities initiated by the Government of India to help develop different sectors of the textile industry.
- 3) The export performance of the Indian textile industry is a record of steady growth. What are the factors contributing to the growth. Explain with particular references to the cotton textiles and garment sector.
- 4) The new Agreement on Textiles and Clothing is considered beneficial to Indian exporters. Discuss.
- 5) Outline the export strategies that India need to adopt to combat emerging challenges in the Post-Uruguay Round phase, when the quota regime in textiles and clothing is finally dismantled.

## UNIT 10 GEMS AND JEWELLERY AND HANDICRAFTS

### Structure

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### 10.0 OBJECTIVES

After studying this unit, you should be able to:

- describe the composition of handicrafts
- discuss an overview of handicraft industry in India
- explain the trends of exports of handicraft
- describe the trends of exports of gems and jewellery
- evaluate India's competitive advantages and disadvantages
- discuss the policies and strategies for promoting exports
- explain the export prospects
- describe the measures for export development.

### 10.1 INTRODUCTION

Handicrafts in general and gems and jewellery in particular are the major emerging area of export business. The industry being labour intensive, India has huge potential for export. Indian artisans are well known all over the world for manufacturing these items. Conducive export promotion strategies may help in boosting the export of these items. In this unit, you will learn an overview of handicrafts industry in India, trends of exports of handicrafts and gems and jewellery, India's competitive advantages and disadvantages and strategies to boost India's export.

### 10.2 COMPOSITION OF HANDICRAFTS

Handicrafts are defined as those handmade products, which are made in the cottages of the artisans and must be artistic in nature and traditional in character. The artistic and traditional features of the hand made products are reflected in the form and style. The handmade products are defined as products made by hand (including foot) with or without the use of

simple instruments and tools. In view of this, we can say all handicrafts are handmade products but all handmade products are not handicrafts. The handmade, artistic and traditional features of handicrafts and the cottage industry nature of these products provide the major limiting factor for and large scale production and export of these items. Handicrafts broadly include gems and jewellery and other handicrafts as follows:

#### Gems and Jewellery

- i) Precious, semi-precious and synthetic stones including cut and polished diamonds, coloured gem stones, pearls, and synthetic stones.
- ii) Precious metal and other jewellery including gold, non-gold (silver, platinum and palladium) and imitation/artificial jewellery.

#### Other Handicrafts

- i) Hand knotted woolen carpets (including silk and synthetic carpets druggets and namdahs).
- ii) Art Metalwares (Brass, Bronze wares etc).
- iii) Hand printed textiles and Scarves.
- iv) Embroidered and Crocheted goods.
- v) Wood wares.
- vi) Imitation Jewellery
- vii) Zari and Zari goods.
- viii) Shawls as art wares.
- ix) Miscellaneous Handicrafts (consisting of some 30 different items).

Based primarily on overseas demand potential and India's export performance and other internal factors, diamonds (cut and polished) and gold jewellery in the group of gems and jewellery and almost all handicrafts, more importantly the first five items beginning from carpets and ending with wood wares in the group of other handicrafts have been identified as the most important and prospective items for export growth. Let us discuss an overview of handicrafts industry.

### 10.3 AN OVERVIEW OF HANDICRAFTS INDUSTRY IN INDIA

The handicrafts industry in the small scale and cottage sector besides solving the socio-economic problems of the artisans and the community at large has come to occupy an important place in earning the valuable foreign exchange for the country. The industry which has taken deep roots, is spread over the whole country with large concentration of artisans, production and exporting centres in certain states like Uttar Pradesh, Rajasthan, Delhi, Gujarat, Maharashtra etc. The Industry endowed with a fairly large production base provides employment to some 10 million skilled and semi-skilled artisans (5 million each in both handicrafts and gems and jewellery sectors) and helps them to earn the much-needed supplementary income. For instance, the diamond cutting and polishing industry in the gems and jewellery sector (with an estimated 11000 working units belonging to both organised and semi-organised sectors provides employment to a large band of 10 lakh artisans and the hand knotted woollen carpet and the art metalware industries together provide employment to more than 10 lakh artisans in both rural and urban areas. Most of the manufacturing units/artisans belong to the unorganised sectors using only simple and traditional instruments and tools.

Hardly 15 per cent of the units in both handicrafts and the gems and jewellery sectors are in the organised sector, which are large and medium sized units. These units are exposed either fully or partly to high and medium technology. The remaining units in the other handicraft

and gems jewellery sectors mostly operate on traditional lines for retaining, the artistic and traditional characters of handicrafts, Mechanisation, in these sectors has been extremely limited and confined only to some repetitive processes of production in the shape of improved tools and techniques. It will not be out of context to mention that in the diamond cutting and polishing industries some 10 per cent of the large and medium size units which are in the organised sectors are exposed only to high and medium technology to ensure technology intensive and cost effective production for sustaining overseas market.

The handicraft and gems and jewellery sectors are not only employment oriented but also have, over years become highly export oriented. Nearly 80-90 per cent of the production in most handicrafts is meant for the overseas market as the domestic market for these items have gradually been dried up. The steadily rising overseas demand during the last three to four decades coupled with favourable Govt. policies and incentives stimulated the growth of handicrafts including gems and jewellery industry in India and its exports. Additionally, the gems and jewellery sector continues to be highly import oriented as, it mainly depends on imported raw materials (rough diamonds and other gem stones and gold etc). Import of rough gem stones, which was a meager Rs. 24 crore in 1970-71, increased to Rs. 12607 crores (including rough diamond imports worth Rs. 11254 crores) in 1997-98 amply corroborates the import oriented character of the gems and jewellery industry in India.

Handicrafts industry is spread over different parts of the country with large concentration of artisans production and exporting centres in certain states. Here, however, we would like to indicate some of most important production centres of major handicrafts (including gems and jewellery) accounting for bulk of the production and exports from India.

MAJOR HANDICRAFTS	IMPORTANT PRODUCTION CENTRES
Diamonds (cut and polished)	Ahmedabad, Surat, Navasari, Palanpur, Bhabanagar (Gujurat), Jaipur (Rajasthan)
Coloured Gem Stones (Precious & Semi-precious)	Jaipur (Rajasthan)
Gold Jewellery	Jaipur (Rajasthan), Delhi, Calcutta, Mumbai, Bangalore, Chennai etc.
Woollen Carpets (Hand knotted)	Bhadohi, Mirzapur, Gopiganj, Khamaria, Agra (U.P.) Jaipur (Rajasthan), Amritsar (Punjab), Gwalior (M.P.), Srinagar (J & K)
Art Metalwares	Moradabad, Varanasi (UP), Jaipur (Rajasthan), Swamimalai, Tanjore, Nachiarcoli (TamilNadu)
Hand Printed Textiles and Scarves	Farukhabad, Ghaziabad, Lucknow (U.P.) Jaipur, Sanganeer (Rajasthan), Ujjain, Indore, Jawad, Tarapur, Umedpura (M.P.), Calcutta, Shrirampur (West Bengal)
Embroidered and Crocheted Goods	Delhi, Mumbai, Pipli (Orissa), Punjab etc. Narsapur (Andhra Pradesh for crocheted goods).
Wood wares	Saharanpur (U.P.), Srinagar (J & K), Bangalore, Mysore, Channapatna (Karnataka), Trivandrum (Kerala), Madurai and Virudhnagar (Tamil Nadu).

### 10.4 EXPORT OF HANDICRAFTS AND GEMS AND JEWELLERY FROM INDIA

Handicrafts and Gems and Jewellery are very important items for India's export. They contribute substantially towards the export revenue of the country. Let us asses the export performance of these items.

#### 10.4.1 Exports of Handicrafts

After having experienced a sluggish growth in exports during 1950s, and 1960s, the handicrafts (excluding gems and jewellery) exports witnessed phenomenal growth during the last three decades escalating from a total exports of Rs. 38 crores in 1970-71 to 7072 crores in 1998-99. The phenominal growth of export was mainly on account of the market boom, the

handicrafts experienced throughout 1970s and especially from the middle of 1980s in most of the developed countries.

Apart from the overseas market boom, the favourable Government policy and incentives introduced during 1970s helped in accelerating the growth in handicraft exports. About five groups of handicrafts namely, carpets, art metalwares, hand printed textiles, embroidered and crocheted goods and wood wares accounting for over 80 per cent of the total handicraft export during the period constituted the most dynamic and major growth items for export. These five items experienced varying degrees of export growth during 1980-81 and 1998-99. The first two most important items namely carpets and art metal wares accounting for about 50 per cent of the other handicraft exports in 1998-99, registered nearly 12 fold and 18 fold increase in exports respectively during 1980-81 and 1998-99. The hand printed textiles and wood wares exports, on the otherhand, registered nearly 30 fold and 15 fold increase respectively. While the embroidered and crocheted goods exports registered nearly 100 fold increase during this period. These five items however continued to perform well, with a share of over 80 per cent in the export of other handicrafts from India.

The performance of the remaining handicraft items in this group of other handicrafts will continue to be poor in view of their limited production base, although these items are not less important and prospective from the point of view of exports. Table 10.1 reflects the export performance of these five major handicrafts, while indicating the overall size and trend of handicraft exports from India during 1980-81 to 1998-99.

Table 10.1: Exports of Handicrafts from India

(Value: Rs. Crore)

Items	1980-81	1990-91	1996-97	1997-98	1998-99
<b>Total Exports</b>	<b>352</b>	<b>1434</b>	<b>5595</b>	<b>6115</b>	<b>7072</b>
Woollen Carpets including Silk and Synthetic Carpets	166	565	1780	1761	2014
Art Metal Wares	72	289	972	1215	1324
Embroidered and Crocheted Goods	09	22	1031	991	1159
Hand Printed Textiles and Scarves	34	127	686	838	1304
Woodwares	18	42	219	222	286
Imitation Jewellery	04	06	49	98	104
Zari and Zari Goods	03	24	55	70	75
Shawls as Artwares	02	02	18	17	18
Miscellaneous Handicrafts	44	358	787	902	1058

Source: DGCI &amp; S, Calcutta

#### Major Markets for Indian Handicrafts

Handicrafts are exported to more than 100 countries. However, the ten major markets accounting for more than 85 per cent of Indian handicraft exports include USA, Germany, UK, Japan, Italy, France, Canada, Netherlands, Saudi Arabia, and Switzerland. USA and Germany continue to be the two most important markets absorbing around 50 per cent of Indian handicraft exports. Exports of handicrafts to the 10 major markets have witnessed a rising trend during 1990-91 to 1997-98. These markets will continue to offer enlarged scope and potential for Indian handicrafts exports. Craft-wise major markets for handicrafts are indicated as follows while the size and trend of handicraft exports to 10 major markets are given in Table 10.2.

MAJOR CRAFTS	MAJOR MARKETS
1. Hand knotted woollen carpets	Germany, USA, Switzerland, U.K., Italy, Canada, Netherlands etc.
2. Art Metal wares	USA, Germany, U.K., France, Saudi Arabia, Canada, Italy etc.
3. Hand Printed Textiles & Scarves	USA, U.K., Germany, Canada, Japan etc.
4. Embroidered and Crocheted goods	USA, U.K., Saudi Arabia, Japan, France etc.
5. Wood wares	USA, Germany, Saudi Arabia, Japan, France etc.

Table 10.2: Exports of Indian Handicrafts to Ten Major Markets

(Value: Rs. Crore)

Major Markets	1990-91	1995-96	1996-97	1997-98
USA	429	1460	1622	1841
Germany	276	1062	1140	1244
UK	110	312	427	530
Japan	32	174	221	282
Italy	24	186	220	270
France	46	193	220	259
Canada	41	168	182	221
Netherlands	30	140	173	205
Saudi Arabia	23	125	139	172
Switzerland	35	117	129	145
<b>Total (Incl. Others)</b>	<b>1434</b>	<b>4621</b>	<b>5595</b>	<b>6115</b>

Source: DGCI &amp; S, Calcutta.

#### 10.4.2 Exports of Gems and Jewellery

The gems and jewellery sector with an export increasing from Rs. 42 crores in 1970-71 to Rs. 20530 crores in 1997-98 continued to be one of the highest foreign exchange earners for the country. Exports from this sector registering manifold increase on an average, shared around 16 per cent of the country's total exports during 1990's compared to 3 per cent in 1970-71. Cut and polished diamonds happened to be the single largest item of export in this sector followed by gold jewellery. Diamonds with an export of Rs. 16579 crores accounted for 81 per cent of the exports from this sector in 1997-98 (compared to 66 per cent in 1970-71) and the gold jewellery with an export of Rs. 3077 crores shared nearly 15 per cent of the exports from this sector. These two items, together accounting for 96 per cent of the gems and jewellery exports in 1997-98 emerged as the star performers indicating their enormous growth potential for exports.

The exports of other items in terms of this value of their share in gems and jewellery exports though appear to be small (compared to diamonds and gold jewellery) registered substantial increase from Rs. 5 crores in 1970-71 to Rs. 654 crores in 1997-98. These items appear to be less prospective in view of their small production base or limited availability of raw materials or both.

However, the overall growth in exports of gems and jewellery can be attributed to rising overseas demand, apart from increased world production and supply of rough stones and the liberalised policy on import or raw materials by Govt. of India from 1970s. The overall size and trend of gems and jewellery exports from India reflecting the rapid rise in the exports of diamonds and gold jewellery are given in Table 10.3.

Table 10.3: Gems and Jewellery Exports from India

(Value: Rs. crore)

Product	1970-71	1980-81	1990-91	1997-98
Cut and Polished Diamonds	28	591	4739	16579
(Percentage Share)	(66)	(92)	(88)	(81)
Coloured Gemstones	09	28	208	490
Gold Jewellery	00	15	364	3097
(Percentage Share)	(-)	(2)	(7)	(15)
Other Precious Metal Jewellery	00	01	15	129
Pearls	01	04	08	15
Synthetic Stones	01	00	00	08
Imitation/Artificial Jewellery	03	02	02	12
<b>Total Exports</b>	<b>42</b>	<b>642</b>	<b>5460</b>	<b>20530</b>

Source: Gems and Jewellery Export Promotion Council, Mumbai.

Coloured Gems Stones include other precious stones and semi-precious stones. Other precious metal Jewellery includes silver, platinum and palladium groups of jewellery.

## Major Markets for Gems and Jewellery

The major markets for Indian gems and jewellery include USA, Hong Kong, Belgium, Japan, Israel and UAE, which absorbed about 81 per-cent of India's exports during 1990-91 to 1997-98. The first four countries accounted for about 75 per cent of India's exports of gems and jewellery during 1990s. India's 10 major markets for gems and jewellery are given in Table 10.4.

Table 10.4: India's Exports of Gems and Jewellery to Ten Major Markets

(Value: Rs. crore)

Major Markets	1990-91	1995-96	1996-97	1997-98
USA	1621	5012	5439	6930
Hong Kong	702	4064	3733	4245
Belgium	941	2450	2523	2874
Japan	978	2418	1747	1218
Israel	92	496	510	767
UAE	40	413	678	766
UK	175	315	418	436
Thailand	212	783	623	364
Singapore	64	349	430	322
Switzerland	138	246	301	307
Total Exports (including others)	5360	18145	18521	20530

Source: Gems and Jewellery Export Promotion Council, Mumbai.

As mentioned earlier, diamonds and gold jewellery in the gems and jewellery sector are by far the most important and prospective items for exports. Here, in the Table 10.5, we would like to present the trend of exports to the major markets for Indian diamonds and gold jewellery. The major markets as will be seen, accounting for more than 80 per cent of the Indian diamond exports include USA, Hong Kong, Belgium and Japan while USA, UAE, UK, Singapore, Kuwait and Hong Kong, on the other hand, absorbing over 50 per cent of the exports have emerged as the important markets for Indian gold jewellery. Table 10.5 indicates India's exports of diamonds and gold jewellery to major markets.

Table 10.5: India's Exports of Diamonds and Gold Jewellery to Major Markets

Major Markets	Diamonds Cut and Polished			Gold Jewellery		
	1980-81	1990-91	1997-98	1980-81	1990-91	1997-98
Total Exports	591	4739	16579	15.0	364.0	3097.0
USA	151	1497	6051	0.7	76.0	576.0
Hong Kong	120	358	4057	03	3.0	78.0
Belgium	98	940	2881	—	—	—
Japan	68	952	1156	—	1.0	25.0
UAE	—	—	193	2.8	61.0	557.0
UK	—	—	—	0.7	122.0	329.0
Singapore	—	57	232	—	5.0	85.0
Kuwait	—	—	—	7.7	8.0	81.0
Total G&J Exports	642	5360	20530	642.0	5360.0	20530.0

Source: Gems and Jewellery Export Promotion Council, Mumbai

## Check Your Progress A

- 1) Enumerate five items of handicrafts export.

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- 2) Enumerate five major markets for handicrafts export.

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- 3) Enumerate five major items of gems and Jewellery export.

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- 4) Enumerate five major markets for gems and jewellery export.

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- 5) State whether the following statements are **True** or **False**.

- i) Hardly 15% of the units in handicrafts and gems and jewellery sectors are in the organised sector.
- ii) Carpets are the second major export items of handicrafts export from India.
- iii) USA is the leading market for India's handicrafts export.
- iv) Cut and polished diamonds account for 60% of India's total gems and jewellery export.
- v) Belgium is the second largest market for India's gems and jewellery export.

### 10.5 INDIA'S COMPETITIVE ADVANTAGES AND DISADVANTAGES

You have learnt that Indian handicraft exports experienced phenomenal growth during the decades of 70's 80's and 90's. The encouraging export performance followed by overseas market boom was mainly due to the fact that the Indian handicrafts continued to enjoy a strong preference in the developed countries since these are genuine, hand made, artistic, traditional and made out of natural raw materials. The overseas buyers, tired of similar

machine made and synthetic substitutes have continued to evince keen interest in purchasing handicrafts. In view of this, handicrafts market, which experienced a boom during 1970s revived again from middle of 1980s after a slump (for certain items) during the first half of 1980s. Since the overseas buyers have developed a taste and preference, the Indian handicrafts will have a sustaining demand in the overseas market particularly in North America and Europe. As far as demand for handicrafts is concerned it is said that the sky is the limit. India as a major world producer and supplier of a large variety of handicrafts is striving hard to maintain and improve its position in the world market. Despite certain distinct advantages, India, over years has been facing stiff competition in certain crafts from the developed countries specialising in similar machine made substitutes and other South East Asian suppliers of handicrafts who have, in course of time, mechanised their handicraft workshops to cope up with the rising overseas demand. Although, India has some price advantages due to low labour cost compared to South East Asians Suppliers, certain inherent and internal barriers continue to hinder any abnormal growth in handicraft exports from India.

The overseas markets for gems and jewellery in general and that of cut and polished diamonds and gold jewellery in particular is sufficiently large and growing. India took due advantage of the growing world market by procuring more imported rough diamonds and expanding its production base. Moreover Indian diamond industry carved a niche for itself in the world market by developing required skill in cutting, polishing and export of small (even tiny) size diamonds which were and are very much in demand as raw materials for the diamond studded jewellery industry mainly in the developed countries. After relaxation in the Indian Gold Control Rules and Regulations, the Indian gold Jewellery industry with its vast production base and large band of skilled and semi-skilled artisans started exploiting the overseas demand potential for Indian type gold jewellery particularly in USA, Middle East and UK from 1990 onwards. The lack lustre export performance of Indian diamonds till 1980 and that of gold jewellery till 1990 was not so much due to overseas demand constraints but due to certain external and mostly internal constraints and barriers. Let us discuss the major constraints.

- i) Indian diamond industry though capable of exploiting the overseas demand potential of large and medium size diamond has not been able to do so due to lack of required access to large and medium size rough diamonds.
- ii) Of late Indian diamond industry is facing stiff competition for Indian type (small size low value) diamonds from some of the South East Asian suppliers like China, Thailand, etc. Who have modernised their industry very fast with latest technology to gain better and greater access to overseas markets.
- iii) Indian diamond and gold jewellery sectors are still far behind their competitors in terms of modernisation with most sophisticated and latest tools, techniques and technology.
- iv) The pace of product and market diversification for exploiting the vast demand potential of the overseas market is extremely slow.
- v) Lack of design developments and infrastructural facilities like Hall marking and Assaying have been the major disadvantages for exploiting the demand potential of the overseas market for gold jewellery.

## 10.6 EXPORT PROSPECTS OF HANDICRAFTS AND GEMS AND JEWELLERY

It is essential to mention that all handicrafts (including gems and jewellery) are not separately classified in Standard International Trade Statistics (SITC). In view of this, it is difficult to make an exact assessment of the total volume and value of world trade on handicrafts. Based on the classified and available data and the trends and indications on some major items of handicrafts consisting of both hand made handicrafts and machine made substitute the world imports which increased from about US \$ 24 billion in 1981 to about US \$ 90 billion in 1995 are likely to exceed US \$ 150 billion by the end of 2000 A.D. The gems and jewellery and other handicrafts shared and will share nearly 65 per cent and 35 per cent of the imports respec-

tively. However, the rising world imports suggest that world market for handicrafts and gems and jewellery is sufficiently large and growing. India's export of handicrafts including gems and jewellery registered rapid growth from about Rs. 1000 crores in 1980-81 to Rs. 27000 crores in 1997-98. Based on the steadily growing trend of world imports and India's exports and some competitive advantages India enjoys in the world market coupled with the benefits and facilities provided by the Govt. of India for encouraging exports, it can be said that the export prospects of handicrafts and gems and jewellery appear to be bright. The developed countries more importantly USA, Belgium, Germany, UK, Japan, Switzerland, France, Italy etc. which accounted for more than 80 per cent of the world imports will continue to be the most dynamic and major markets for both handicrafts and gems and jewellery. Besides developed countries handicrafts and gems and jewellery imported by some of the developing countries of Middle East and South East Asia like Hong Kong, Singapore, Saudi Arabia, Kuwait, UAE etc. will continue to be the potential markets. Both developing and developed countries will continue to be the potential sources of supply of handicrafts and gems and jewellery to the world markets. The developed countries which specialise mostly in the production and supply of machine made utility oriented items will dominate with a share of 60 per cent of the world supplies while the developing country producers and suppliers concentrating mostly on hand made and decorative cum utility handicrafts will contribute the remaining 40 per cent of the world supplies. Among the developing countries Hong Kong, Taiwan, India, China, South Korea, Thailand will continue to constitute the major suppliers of handicrafts.

## 10.7 MEASURES FOR EXPORT DEVELOPMENT OF HANDICRAFTS AND GEMS AND JEWELLERY

The export prospects of Indian handicrafts and gems and jewellery appear to be bright and the developed countries and some of the developing countries will continue to offer an enlarged market for these items.

India, which has been exporting handicrafts for the last 50 years or so is one of the major producers and suppliers of handicrafts including gems and jewellery to the world market. Although handicraft and gems and jewellery exports appear to be sizeable and growing, India's share in total world imports can be estimated around 10 to 15 per cent which appears to be small. Despite the existence of a fairly large and potential production base and large band of skilled and semi-skilled artisans, India has not been able to take due advantage of the growing size and opportunities of the world market. This is mainly, not only for the very nature and character of the handicrafts but also due to various problems connected with production and marketing which set a limit to any large scale exports. Appropriate measures are therefore, required to be taken for enhancing the export prospects and to cash on the opportunities offered by the overseas market. Some of the major problem areas and the measures/ suggestions considered appropriate are briefly discussed in the following subsections.

### 10.7.1 Measures for Export Development of Handicrafts

You have learnt that the handicrafts are the most important items for India's export. There has been enormous scope to enhance the export of handicrafts items. Let us discuss the measures for export development of handicrafts.

- i) **Volume production:** Despite the existence of a large production base, the production and supply of almost all handicrafts are inadequate to cope with rising overseas demand. Production therefore, needs to be organised and augmented on a continuous basis through handicraft estates and certain production processes should be mechanised without compromising the hand and artwork involved in the same. Lack of adequate skilled and semi-skilled artisans and non availability of required quantity and quality of raw materials appear to be the other factors responsible for inadequate production. Besides ensuring adequate supplies of raw materials, the strength of the artisans (both skilled and semi-skilled) should be increased by providing training facilities.

- ii) **Quality and Workmanship:** Apart from inadequate and erratic production, the quality of handicraft is not consistently maintained. This is mainly because of the absence of the quality control measures and non use of raw materials in required quantity and quality. In the interest of enhancing the quality standards, to the extent possible should be maintained by the use of quality raw materials in required quantity and proportion. As far as workmanship is concerned it may not be possible to maintain an exact standard but attempt can be made to improve workmanship by upgrading the skill of the artisans and to ensure uniformity in finish by mechanising certain repetitive processes of production.
- iii) **Price:** Price has become an important factor in the marketing of handicrafts as the consumers have become price conscious and the machine made substitutes performing the same function and similar handicrafts originating from other developing countries are available at a cheaper price. Since price of handicrafts cannot be cheaper than similar machine made substitute attempt should be made, to the extent possible, to keep the price of handicrafts within reasonable limits, subjects to a given quality and finish.
- iv) **Design Development:** The size and importance of the novelty/giftware segment of the overseas market compared to the traditional segment, have been growing faster year after years. The manufacturers exporters who are specialising in the traditional handicrafts and catering only to seasonal demands should take due advantage of the growing size, and importance of the ever expanding giftware segment of the overseas market. They should therefore, in consultation with their overseas buyer, focus greater attention on product development and innovation on a continuous basis for marketing some new items or existing range of items with some modified or unusual features.

**10.7.2 Measures for Export Development of Gems and Jewellery**

Rising trend of world trade and India's exports as said earlier, make the diamonds (cut and polished) and the gold jewellery the most dynamic and prospective items for export from India. The Indian gems and jewellery industry should take due advantage of the sizeable and growing world market besides India's large production base and the most favourable EXIM Policy by considering the following measures for enhancing the export potential of these items.

**Product and Market Diversification**

- i) All efforts should be made to switch over from the production and export of small size low value diamonds to medium and large size high value diamonds. For the purpose, the trade and industry should continue their efforts to have access to medium and large size rough diamonds currently given only to USA, Belgium and Israel by Diamond Trading Corporation.
- ii) Presently India exports only small and tiny size diamonds, which are used as raw materials by the American and European jewellery industry. Emphasis should be given for diversifying production and exports to value added diamond studded jewellery.
- iii) Since American and European markets require lightweight, fashion oriented diamond studded jewellery, Indian industry should diversify production to these types of jewellery for taking due advantage of the growing American and European markets.
- iv) So far, Indian diamond and gold jewellery exports are being directed to European and American markets and to the Middle East markets respectively. Attempts should be made to tap the South East, Middle East and Far East Asian market for Indian diamonds and the potential European and American markets for Indian gold jewellery.

**Modernisation**

- i) As mentioned earlier the diamond cutting and polishing industry in USA, Belgium, Israel and in most of the competing developing countries are highly technology

intensive. In view of this USA, Belgium, Israel particularly have better and greater access to medium and large size rough diamonds. Currently hardly 8-10 per cent of the units in the Indian diamond cutting and polishing industry are exposed to medium to high technology. In order to sustain the overseas markets and to match the competitors there is an urgent need for Indian diamond industry to go high tech and cost effective production. Modernisation will additionally help India to gain some access to medium to large size rough diamonds.

- ii) In this context of modernisation Indian gold jewellery sector is far behind its competitors. In view of this upgradation and modernisation of manufacturing tools and techniques have become essential and should be accorded top priority in the gold jewellery section. This will also help in diversifying production to light weight, fashion oriented and studded jewellery for tapping the vast demand potential of the American and European markets so far remained much less exploited.

**Design Development**

Indian gold jewellery having a vast domestic market continued and even now continues to be domestic market oriented. As such, it is mostly heavy and crafted in traditional Indian designs. With a view to make Indian gold jewellery acceptable in fashion oriented and conscious overseas market some changes in designs have already been effected. But more innovative and creative designs should be introduced by the industry to make the Indian gold jewellery light weight and more fashion oriented and competitive. For the purpose, there is a need to keep continuous track of demand and fashion trends and changes in the overseas market. Tie up arrangements with some leading overseas jewellery which should be a must as it will not only help in getting exposed to latest fashion changes and manufacturing technology but for getting better access to the overseas market.

**Hall Marking and Assaying Facilities**

Since overseas buyers are very particular about purity and fineness of gold used in the manufacture of jewellery, hall marking and latest assaying facilities have to be created and operated in India for boosting gold jewellery exports. Additionally, the Government of India or the G & JEPC should require the jewellery exporters to obtain ISO 9002 quality certification as an alternative for operating in the overseas market.

**Check Your Progress B**

- 1) Enumerate three competitive advantages for India's handicrafts and gems and jewellery export.
  - .....
  - .....
  - .....
  - .....
- 2) Enumerate three competitive disadvantages for India's handicrafts and gems and Jewellery export.
  - .....
  - .....
  - .....
  - .....

3) Enumerate four measures for the development of export of handicrafts.

.....  
 .....  
 .....  
 .....

- 4) State whether the following statements are **True** or **False**.
- i) Indian handicrafts exports experienced phenomenal growth during 80's and 90's.
  - ii) The lack lustre export performance of Indian diamonds till 1980 was due to overseas demand constraints.
  - iii) In the handicrafts export, exporters enjoy the benefits of duty exemption schemes
  - iv) The gems and jewellery sector is not import oriented.
  - v) Indian production and supply of handicrafts are inadequate to cope with rising overseas demand.

### 10.8 LET US SUM UP

The world imports of handicrafts including gems and jewellery have been increasing and likely to be US \$ 150 billion by the end of 2000 A.D. The world market (both wholesale and retail) for these items which appears to be sizeable and growing is likely to be more spectacular in the next Twenty First Century.

The developed countries more importantly USA, UK, Switzerland, Belgium, Japan, Germany, France, Italy, Israel etc. and some of the developing countries like Hong Kong, Singapore, Saudi Arabia, Kuwait, UAE, which continue to be the major and most dynamic markets will offer an enlarged market for both gems and jewellery and other handicrafts. The developed as well as some of the developing countries (including India) who are the major supplying countries will continue to vie with each other to gain better and greater access to the world market.

Rising trend of world imports stimulated the growth of Indian handicrafts including gems and jewellery industry and its exports. During the last three decades the handicrafts including gems and jewellery exports registered manifold increase from Rs. 80 crores in 1970-71 to Rs. 27000 crores in 1997-98 accounting for about 21 per cent of all India exports.

In the wake of rising overseas demand, the handicrafts including the gems and jewellery industry (excepting the gold jewellery sector), after two decades of sluggish growth, made rapid strides from the decade of 1970s. Serious efforts were made by the Govt. of India for human resource development through training programmes for increasing the strength of the artisans and for ensuring the supply of the imported raw materials through REP for expanding the production base for augmenting supplies for the overseas market. India with a fairly large production base emerged as one of the largest world producers and suppliers of handicrafts and gems and jewellery more importantly cut and polished diamonds. Based on the rising trend of the world imports and India's exports, the export prospect of handicrafts including gems and jewellery in general and the above mentioned items in particular is considered to be bright; especially when India has a fairly large and flexible production base and a large band of skilled and semi-skilled artisans. Over and above this, the liberalised and development oriented foreign trade policy of the Govt. of India augurs well for encouraging and boosting exports.

### 10.9 ANSWERS TO CHECK YOUR PROGRESS

A5 i) True ii) False iii) True iv) False v) True

B4 i) True ii) False iii) True iv) False v) True

### 10.10 TERMINAL QUESTIONS

1. Describe the composition of handicrafts. Sketch the scenario of handicraft industry in India.
2. Explain the trends of export of handicrafts and gems and jewellery from India.
3. Do you think that India is in an advantageous position in handicrafts and gems and Jewellery export. Discuss. What are the constraints of handicrafts and gems and jewellery export.
4. What are the export prospects of handicrafts and gems and jewellery export. Explain the measures for development of exports of handicrafts and gems and jewellery.