

## An Analytical study of Wooden Handicraft Products- Global Market Trends and Challenges

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**Article History:** Received: 10 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 28 April 2021

### Abstract

India is a country that contemplates important suppliers of Handicrafts in the global market. Handicrafts in turn imitations of tradition and culture and place of its origin have a way back the antiquity of development from many emperors. Handicraft products are not measured as only decorative articles, it is now into the field of obligation, fashion, design, and style. It gratifying the needs of a range of customers from a local market to a global market in this viable and contemporary world by meeting all standards of the international market with the help of the government to encourage and development of the art sector. Segmentation of the global market and identify the target market has become at ease due to development facilities by the Government of India. But still, many artisans and craftsmen facing defies in entering global markets. The purpose of the study is to understand the global market trends of wooden handicraft products and to study the challenges of the global market. Based on this inward at finding and propositions to overcome these challenges.

**Key Words:** global market, craftsperson, tradition, fashion & contemporary.

### Introduction

The prehistoric civilization of India is reflected in the handicraft industry. This industry is dotted entire the country with its rich tradition and customs. Handicrafts are of many types like pottery, stone carving, woodware, art metalware, and many more. When it focused on woodware handicrafts and its support for the development of the economy of the country is extensive. Exports to various countries, generating foreign exchange, meeting the need of international customers, identifying, satisfying has become challenging and government of India has taken many ingenuities to get success in the global market by introducing schemes of upgradation, training, research and development, marketing assistance and technological applications. Export Promotion Council of Handicrafts plays an energetic role in India for the evolution of the sector.

### Recent Developments

- a) EPCH is organizing the 51<sup>st</sup> Indian Handicrafts and Gift Fair (IHGF) Delhi Fair (SPRING) in March 2021.
- b) Organizing Virtual Buyers Seller meet with Buyers of Nordic Countries which includes Denmark, Norway, Finland, and Sweden, from 27-29 January, 2021.
- c) India International Mega Trade Fair (IIMTF) to be held from December 23<sup>rd</sup> to 3<sup>rd</sup> January 2021 at Science City Ground, Kolkata.
- d) New Foreign Trade Policy (2021-26)-inviting suggestions on challenges faced by exporters.
- e) Conducted Design and Technology Workshop on Kinhal toys crafts, Karnataka, under AHVY on November 2020.
- f) The Export Promotion Council for handicrafts (EPCH) has organized a Virtual Indian Fashion Jewelry & Accessories Show (IFJAS) in June 2020, in which more than 200 member exporters will be showcasing their products virtually. The EPCH motivates the buyers' world over to take part by sending e-mails and tele-calling. Indian missions and Embassies have a circler to propagate information to buyers in their countries.
- g) Travel and tourism is yet another reason for the market to prejudiced as a tourist often collect vestiges, predominantly handicrafts, from the places they have visited which lead potentiality of handicrafts products in global markets.
- h) The handicrafts market is thriving across developing nations such as India, China, Afghanistan, and various other countries because of its low capital investment in nature.
- i) The market value of handicrafts is probable to reach about US\$ 984.8 Billion by 2023, expanding at a Compound Annual Growth Rate (CAGR) of more than 11% during 2018-2023.
- j) The Global markets are segmented as woodware, art metalware, handprinted textiles, embroidery, zari & zari, imitation jewelry, and others. Woodware presently accounts for the major segment.

- k) The basis for global market segmentation is acknowledged into departmental stores, independent retailers, distribution channels mass retailers, and online. At present, departmental stores account for the popularity of handicraft sales.
- l) Ministry of textiles approved fund of 2.8 crores (US\$0.38 million) for the integrated projects for development & promotion of handicrafts of Varanasi, to overcome the COVID-19 crisis encountered by the artisans
- m) Memorandum of Understanding (MOU) with Hunarmand-an association in Uzbekistan on February 2020 by EPCH towards the mutual interest in intensifying cooperation in the arena of handicrafts and better consociate with cultural life, provide free workspace for the sale of products of artisans, craftspersons & exporters
- n) An MOU was signed between EPCH and Tirthankar Mahavir University (TMU), Moradabad, to collaborate for MBA courses with specialization in Handicrafts Export management, with the potentials of handicraft sector from these professionally qualified youth.

**Statistics of Exports of Woodwares during 2019-2020**

Due to the COVID-19 Pandemic effect all over the globe, there is a small diminution in the export of woodware for various countries. Exports have to increases in some countries like Germany 504.70 crores to 533.53 crores ( increase in 5.71%), The Netherlands increased by .031%, UAE 10.44 %, Switzerland 40.36%, USA 5.95%, Lac 11.57%and other countries by 3.45% increase during 2019-2020 with the comparison of 2018-2019.

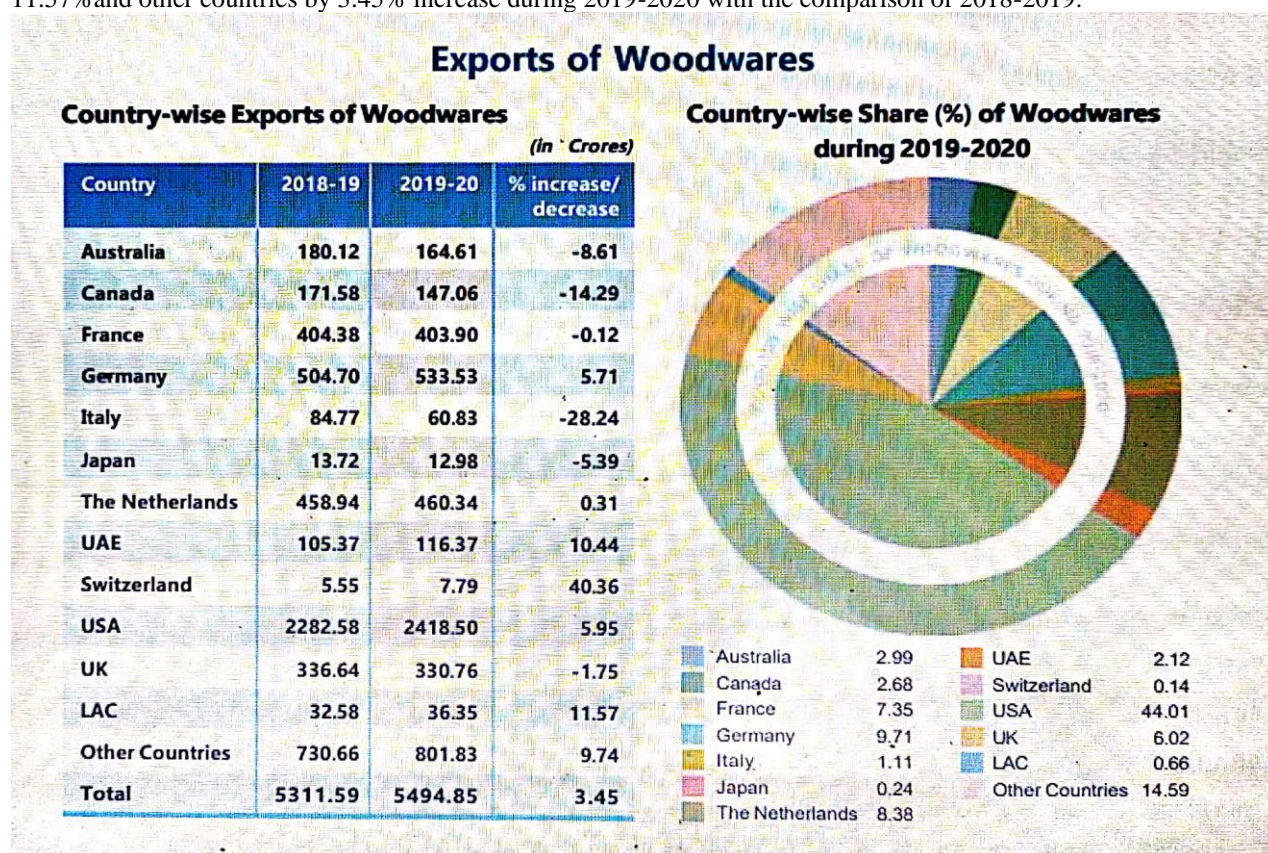


Fig: 1.1

(Source: 34<sup>th</sup> Annual Report -2019-2020 of Export Promotion Council for Handicrafts)

**Review of Literature**

(Sharma, 2019) has talked about in his study ‘ Arts and Crafts Market/Global Industry Outlook-Latest Developments & Top Key Players Analysis Report Upto 2025’ about Market share, growth, outlooks, and trends of handicrafts Products. He mentioned ‘Global Arts and Crafts Market Research Reports’ to know more about the status and statistics of the exports of the products to various countries. To reach global customers market segmentation should be based on a product basis and application basis, to make the satisfaction of global customers with global market segmentation strategies.

(Rai, 2019) in his study ‘Export Performance of Indian handicrafts Industries: An analytical study’ about cumulative trends of Indian handicraft products in terms of exports, such as woodware, art metalware, embroidery, for the financial year 2017-18. Major challenges of handicrafts in exports like price policy, GI tag, unorganized and underdeveloped incubation centers, lack of innovation and research in handicrafts to meet the global standards and endorsed the government of India to take positive actions to overcome these challenges.

(Srivastav & Rawat, 2015) has revealed in his study ‘Indian Handicraft and Globalization: In the context of Export’ almost various types of handicraft products of different states, government initiatives to reach global market standards, Indian handicrafts exports during the financial year 2014-15, and globalization positive and negative impact on handicraft sector. Even globalization is having many negative impacts, Indian handicraft products are in increasing trends over the period and its contribution to the progress of the country and rejuvenation of this sector. Further, he had stated about scope for the future study by implementing a descriptive method of research.

(Vats, 2014) cited in her study ‘Indian Handicrafts and Globalization: A Review’ about the influence of globalization in the sector of handicrafts. To meet the global market challenges the government of India has taken many initiatives for the furtherance of Indian handicrafts and encourage them to face global competition and empowered them to subsidize the economic development of the country. It was challenging for this small sector to cope with global market trends but ways are shaped by the government under various schemes.

#### Objectives

1. To understand the global market trends of wooden handicraft products.
2. To study the challenges of the global market.

#### Research Methodology

This research paper is exploratory in nature and depends on various eminent secondary sources like various reports published by the Government of India through export promotion councils for handicrafts, research and markets websites reports, CISION PR Newswire reports, Digital Advertising in India 2020 report, journals, and internet.

#### Global Market Trends of Wooden Handicraft products

It is a well-known part that Handicrafts sector making a significant contribution to the development of the country’s economy and moving forward in improving standard of living, per capita income, employment generation, foreign exchange, foreign direct investments and maintaining trade relations with various countries and includes an exchange of culture and tradition. Some of the Global Market trends are:

- Technical Upgradation:** It was difficult to access international markets by any developing countries. This problem has been solved by globalization and it provides opportunities to tap international markets. Wooden Handicraft products adopted the technological benefits provided by the government of India through the National Handicrafts Development Program (NHDP) aiming at up-gradation of artisans’ skills through the development of new designs to a revival of rare crafts. The export of wood wares during April-August 2020 is at US\$165.95 million.
- Research and Development:** Handicrafts comes under MSME, Research & Development schemes help artisans by conducting market research and promotional aspects of handicrafts products. It enables artisans to grab the international market requirements and to meet the desires.
- Training and Development:** This scheme helps artisans to become more professional experts by providing vocational training from experts’ master craftsmen. This enriches the skills of artisans and encouraging them by rewards and recognition programs. These programs not only meeting the domestic market requirements, through many organized clusters the wooden handicrafts are reaching global markets.
- Meeting Global Market Standards:** Most of the woodware products exports to the countries like USA, UK, UAE, and many more. Wooden Handicrafts meet the safety standards of international markets like ASTM F963-11, EN 71 Standards, CE mark, Lion mark, and ‘Warning. Not suitable for children under 36 months’
- Digital Marketing:** It is a revolutionary step in the wooden handicraft sector. Many digital players and vendors made the availability of the products in all the corner of the global market. Some of the major digital players are Amazon.com, Craftsvilla, Gaatha.com, Handicraftsofindia.com, authindia.com, and many in lines. The rapid penetration of mobile devices and internet to each part of the globe and 47% of digital media spend on mobile devices & it is expected to reach 67% by 2021 and India’s digital ad market pegged to grow at 31.96% as per ‘Dentsu Aegis Network (DAN) digital report 2019. From September to October 2020 Handicrafts Mela has been announced by Amazon. in which will help over eight lakhs of artisans and weavers in the countries.
- Virtual Fairs and Exhibitions:** The Export Promotion Council for Handicrafts (EPCH) is organizing ‘Engagement of Agency for providing a Virtual Experience Platform with integrated eCommerce Engine for national Toy Fair 2021 (Virtual)’ due to the limitations resulting from the COVID-19 pandemic. It includes product classifications of wooden toys, educational toys, musical instruments succeeding by organizing Webinars, Symposiums, Panel discussions, virtual visits to the cluster, craft demonstration especially mentioned on Channapatna toys and Kathputli making, and many more. Mainly this virtual event has two categories; Virtual event platform and providing an integrated e-Commerce platform including search, kart, order, digital payment, and customer call centers
- Marketing Assistance from the Government:** The export Promotion Council for Handicrafts (EPCH) is considered as a ‘Model Council’ and it is an apex Government body and self-sustaining body that self-finances to all handicrafts promotional activities. Organizing international Fairs, Exhibitions, business meetings, organizing visits abroad, dissemination of government notification, orders & information on

- trade & other relevant information to members, organizing awareness program on 'Export Marketing, Procedures, and documentations.
- viii. **Increased Incentives:** The government of India (GOI) augmented incentives rates from 5% to 7% under Merchandise Export from India Scheme (MEIS) for handicraft items which will help exporters to convalesce the input costs involved in the production of handicrafts and will lead to competitive pricing and target at the improvement of export.
- ix. **Virtual courses in Handicrafts Export Management:** EPCH, with the power of Centre for Handicrafts Exports Management Studies offering Online Virtual certificate course in Handicrafts Export Management. The course content includes the area of Introduction to Handicrafts exports, handicraft classifications, Intellectual Property Rights, quality control and industry visit, and many more. Because of this facility, the beneficiary could get a better opportunity to enroll and to know more about export management by the artisans.
- x. **Global Styles:** Handicrafts include elements from both indigenous and contemporary design which creates ample opportunities at the global level.

### Challenges of Global Market

- i. **Shorter Product life Cycle:** Decades back a product could be kept in store for many years. But now it is difficult for changing trends. The gap in the global market is shorter, and stored products will become obsolete in the market especially products like fashion items, decorative, colors, and design.
- ii. **No protection under IPR:** Many handicraft products of India have a tag of Geographical Indications (GI) but it is difficult to claim Intellectual Property Rights. As business strives towards further growth and to face competition, old ones are replaced with new products with greater and faster frequency than in past. Such hurried changes in the market have diminished the role of IPR for this sector.
- iii. **Pressure on Producers:** Market experts predict that the life cycle of the products would still reduce due to rapid changes in the market environment due to accessibility of information, instant communications, competitions, and faster travel. It put pressure on manufacturers to distribute product samples and orders rapidly before they go out of style.

### Findings

- ❖ EPCH reports reveal that the export of handicrafts specially woodwares playing a predominant role in the global market and expected to reach \$984.8 Billion by 2023 as per CISION reports.
- ❖ The government of India has taken many effective initiatives for the better functioning of the handicrafts sector in the Global market by executing schemes like research & development, training, technology, information upgradations, and marketing assistance.
- ❖ MoU is signed by EPCH to promote handicraft sectors as a part of higher education and aiming at making young professional artisans meet with global market challenges.
- ❖ E-commerce and virtual fair and training making a positive impact in the handicraft sector to reach scattered customers all around the globe.

### Suggestions

- ❖ The Government of India should increase the effectiveness of 'Market Development Assistance (MDA) Grant and Market Access Initiative (MAI) assistance for participation in fairs, Exhibitions, Buyer-seller Meet in India and Abroad.
- ❖ One of the most tools, live demonstration, the thematic display by master Craftsperson in exhibitions abroad should be effectively initiated by the government under the marketing assistance scheme.
- ❖ Organization of Indian Handicrafts and Gifts Fair twice a year (One in spring and another in autumn) effectively.

### Conclusion

The demand for handicrafts products increases in the global market because of recent trends in the global market such as procurement of raw materials to reach products to global customers through various improvements. This is an important driver in the Indian handicraft sector not only in continuing tradition and culture, generation of employment but also in taking the country's economy to greater heights. To improve more the government has to take care of the challenges faced by the artisans. Strategic directions and action plans are very much required for the proper growth and survival in this era of the global market.

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