

Report

**Competitive study on Handicrafts
Sector in China**

May 2012

 **ERNST & YOUNG**

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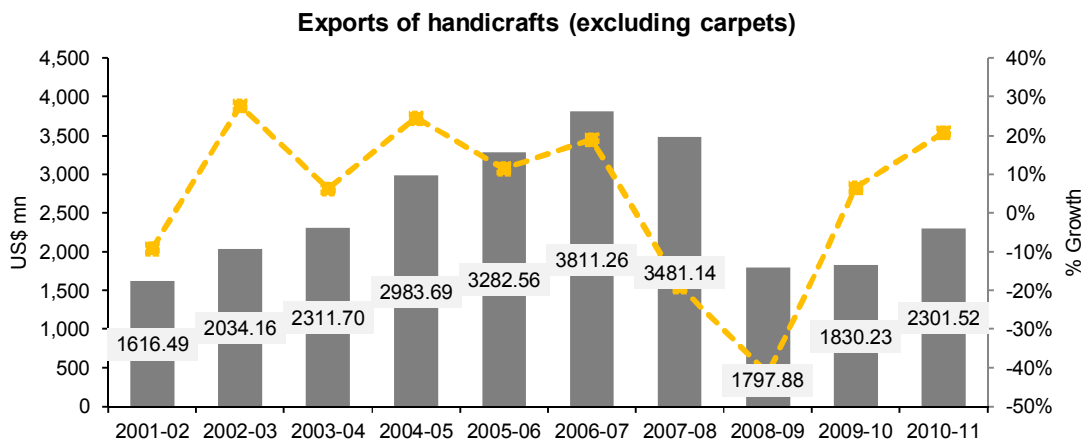
The report aims to study the structure of Chinese handicraft industry, export trends and strategy, and policy support to understand and assess the impact of Chinese handicraft industry on Indian handicrafts. The report also presents a comparative analysis of Chinese and Indian handicraft sector to define the future outlook for Indian handicraft sector.

Like in several other sectors, there is an intense similarity of interest and competition between India and China in respect to production and exports of giftware and handicrafts. There are many competing factors between India and China, such as:

- ▶ The handmade products manufactured in India are being manufactured in China by machines.
- ▶ China has the capacity and can manufacture in volume whereas India cannot manufacture due to the labor shortages. Further, Indian manufacturing also lack standardization of products.
- ▶ Lack of proper infrastructure facilities in India
- ▶ Lack of awareness about new technology and industry trends in India
- ▶ Simplified trade procedures and trade incentive in China along with industry facilitation

Indian Handicraft Industry

India contributes 1.2% to the world market for handicrafts. This comprises nearly 1.5% of the country's overall exports. India's handicraft exports have shown an increase of 20.8% in rupee terms in FY11 over FY10, primarily due to the increased demand for them in traditional western markets as well as new markets.



Source: EPCH and CEPC

Government Initiatives

The Government has launched various schemes to promote the handicraft sector:

- Baba Sahab Ambedkar Hastshilp Yojna
- Design and Technical Upgradation Scheme
- Marketing & Support Services Scheme
- Export Promotion Scheme
- Bima Yojna for Handicraft Artisans
- Credit Guarantee Scheme
- Special Handicrafts and Training Projects
- Gandhi Shilp Bazaar Scheme

The vision for the Handicrafts sector for the 12th FYP is articulated as follows:

“To create a globally competitive Handicrafts Sector and provide sustainable livelihood opportunities to the artisans through innovative products designs, improvement in product quality, introduction of modern technology and preserving traditions.”

The **strategy** to achieve this vision is to focus on the following:

- Product development and production
- Marketing and compliance
- Infrastructure Development
- Livelihood and working environment

Special advocacy efforts will be made to avail benefits for housing and other schemes related to the living and working conditions which are floated by other government ministries. This includes the special focus on Ministry of Rural development.

China Handicraft Industry

China is one of the leading producers of handicrafts with an around 30% share in the world trade of handicrafts. It is also well known that tremendous mechanization has taken place in China in production of handicrafts largely due to excessive demand in all kinds of handicrafts. In terms of industry setup, private enterprises and enterprises invested with foreign capital are dominant in China’s handicraft manufacturing industry. Handicraft manufacturing industry is a labor-intensive industry and is the traditional light industry of China. The industry is more oriented towards production of craft items by use of technology and mass scale production.

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Comparison of India and China Trade Trends (in USD mn)

China				India			
	2009	2010	2011		2009	2010	2011
Export from World	11,811.9	14,886.2	19,391.7	Export from World	8,183.1	8,718.9	10,534.0
Export from India	87.6	152.7	468.2	Export from China	10.4	15.4	109.6
Import from World	1,432.9	2,149.7	2,411.4	Import from World	255.8	220.2	331.2

Source: Export Promotion Council for Handicrafts (EPCH) and Ministry of Commerce and Industry, Government of India

Handicraft exports from China- current trends

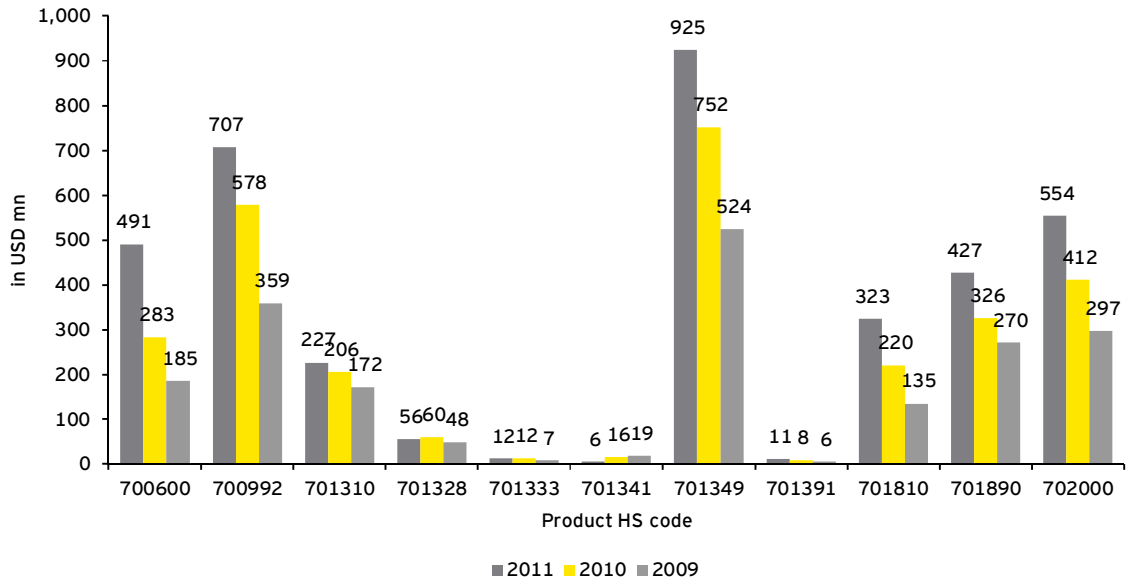
Chinese handicraft export in key categories such as glass and glassware, ceramics and lamps and festive lights has risen at a very high rate. Demand of products under product categories such as lamps and festive lights, ceramics and decorative items have increased in the world market in the last 4 years. Export of glass and glassware handicrafts increased at a rate of 57% in 2010 over the same period of the previous year, whereas, the exports of ceramics handicrafts registered a growth rate of 20% in 2010 over the previous year.

Glass and glassware

The daily use glass as termed in China is broadly divided into container glass, tableware glass and insulated containers.

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Export trend of product categories in glass and glassware segment- China (2009-11)

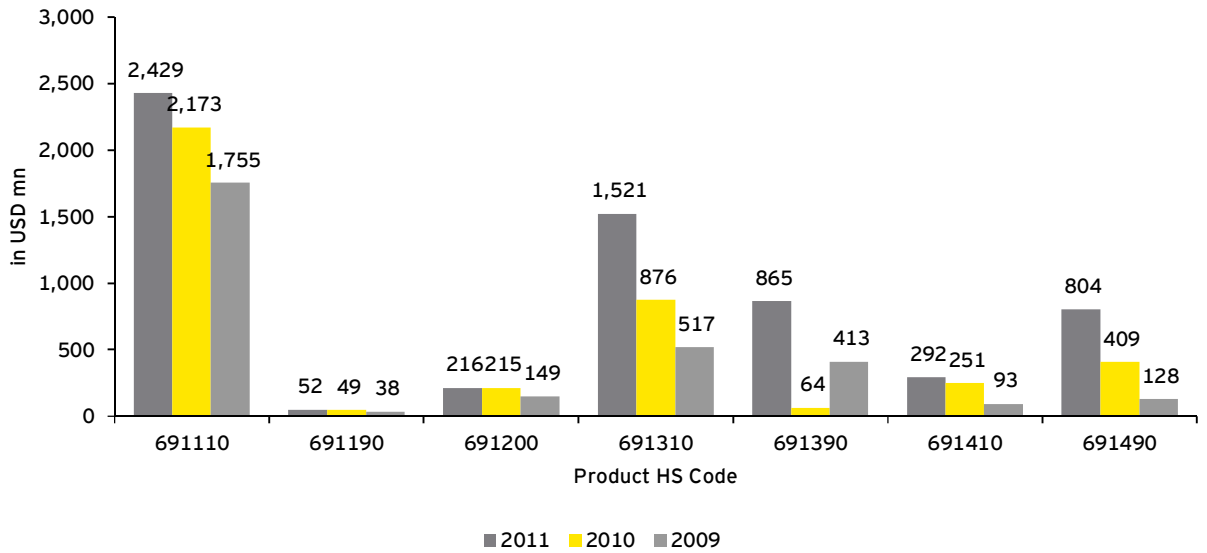


The biggest export market for most product categories under glass and glassware is United States of America (USA).

Ceramics

In 2010, in terms of sales revenue, the top 4 provinces were Guangdong, Shandong, Jiangxi and Henan, whose total revenue and total profit accounted for 67.8% and nearly 80% of the nation's total respectively.

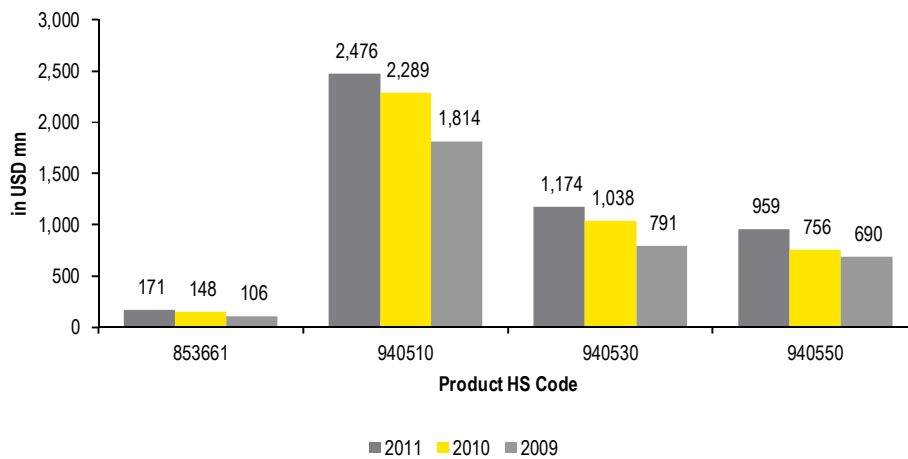
Export trend of product categories in ceramics segment- China (2009-11)



The biggest export market for most product categories under ceramics is United States of America (USA), and Germany.

Lamps and festive lights

Export trend of product categories in lamps and festive lights segment- China (2009-11)



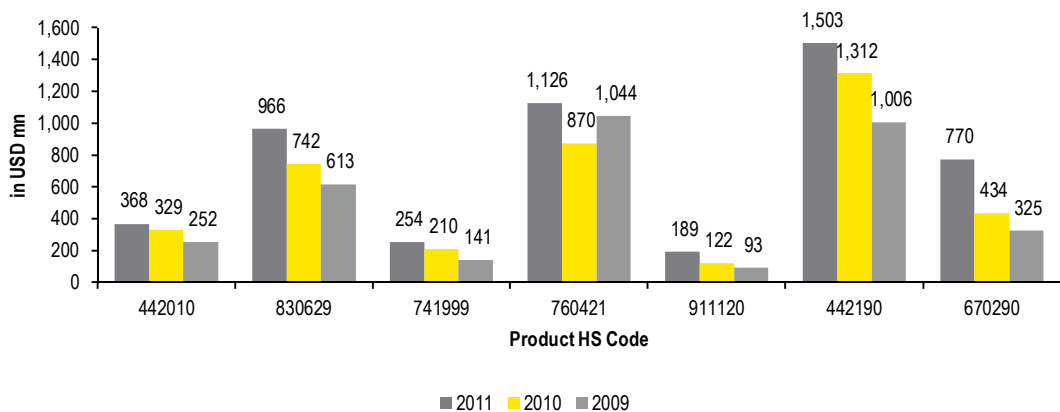
The biggest export market for most product categories is United States of America (USA), Netherlands, and Germany.

Gifts and decorative

The segment consists of statuettes of wood, metal, etc., other decorative articles of wood, copper, artificial flowers, bells, ornaments, etc.

- Cultural products
- Decorative accessories for hotels and restaurants
- Designer goods
- Indigenous art
- Uncommon souvenirs

Export trend of product categories in gifts and decorative segment- China (2009-11)



The biggest export market for most product categories is United States of America (USA). Germany also has emerged as a key export market for gifts and decorative in last 2 years.

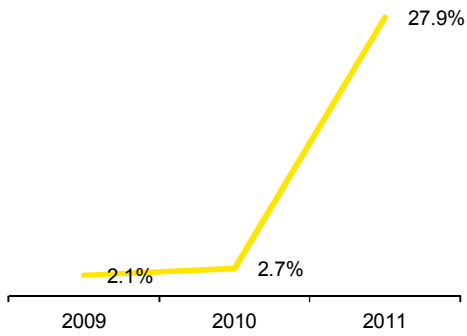
Handicraft exports to India

In case of handicrafts, the key products exported by China to India include ceramics, festive lights, lamps, glassware and decorative items among others. In last 4 years, export of handicraft products to India as a % of total worldwide exports by China has increased in most product categories.

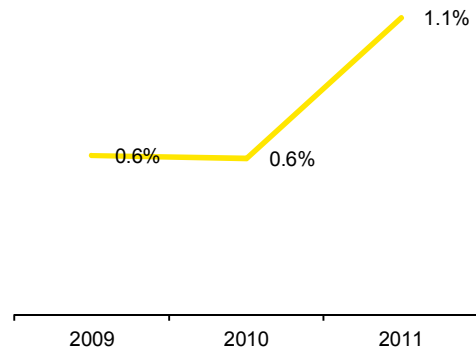
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Analysis of exports to India as a % of total exports from China (2009-2011)

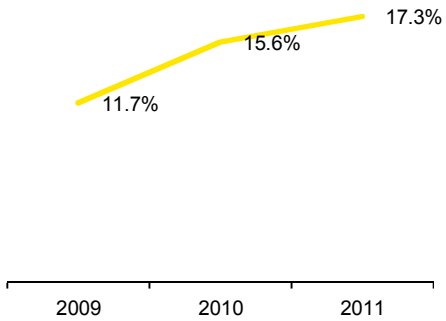
701349: Table or kitchen glassware



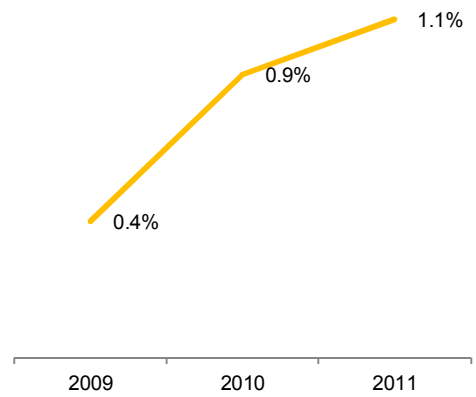
940530: Lighting sets of a kind used for Christmas tree



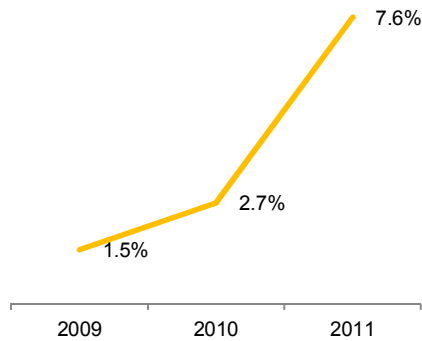
701810: Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass smallwares



760421: Aluminium alloy hollow profiles



701341: Table or kitchen glassware nesoi (other than drinking glasses), of lead crystal

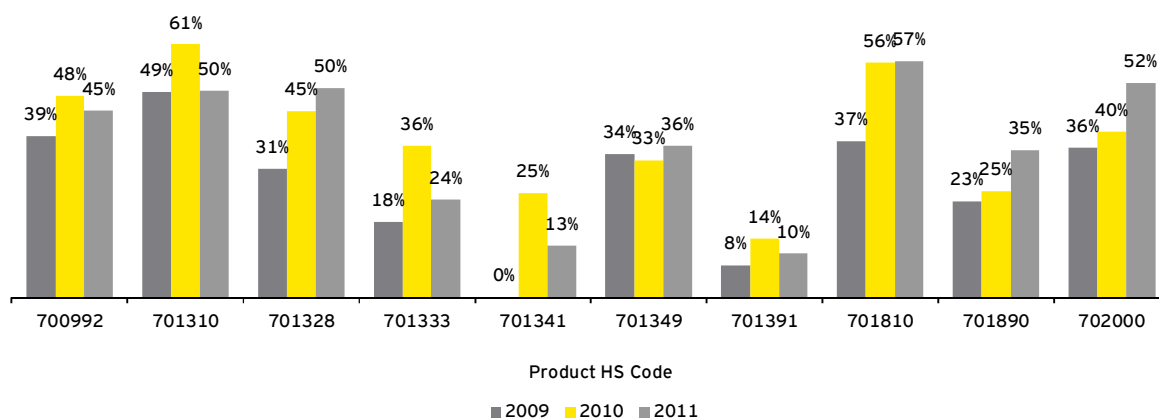


India handicraft import

Glass and glassware

As indicated in the figure, the share of imports from China has increased over a period of 3 years (2009-2011) for most of the products.

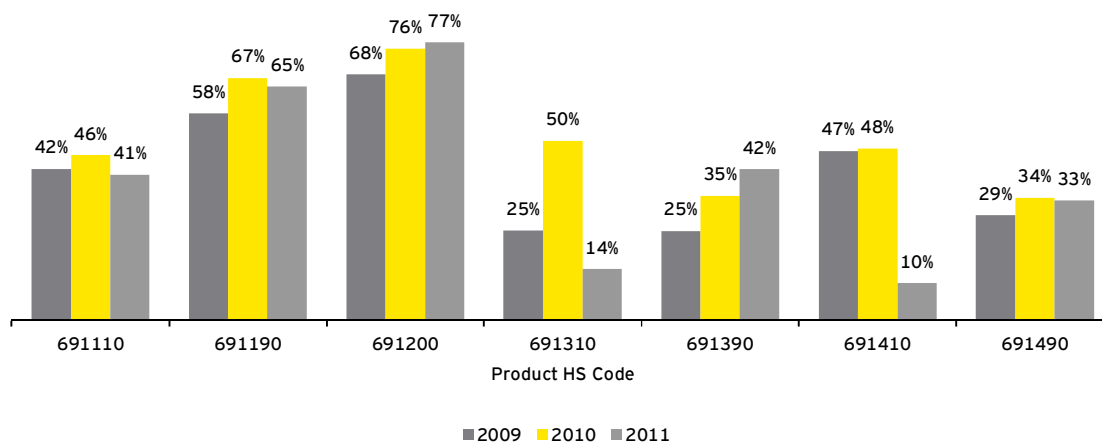
Share of imports from China as a % of total global imports- Glass and glassware (2009-2011)



Ceramics

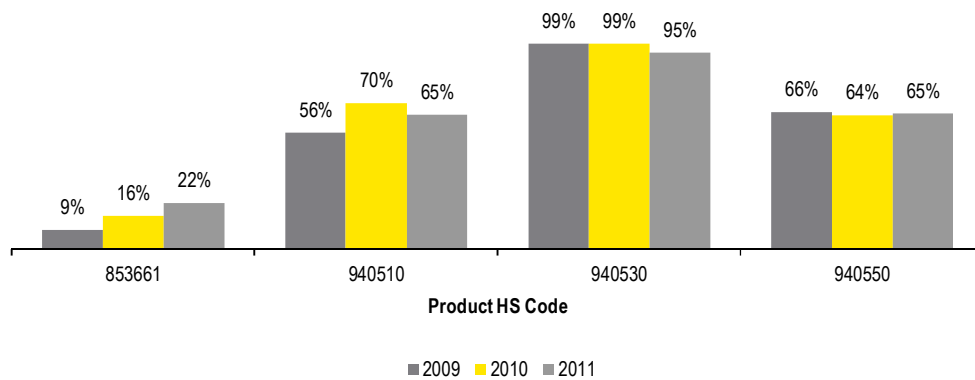
The figure indicates that for most of the products, India's dependence on China for imports has increased over the years.

Share of imports from China as a % of total global imports- Ceramics (2009-2011)



Lamps and festive lights

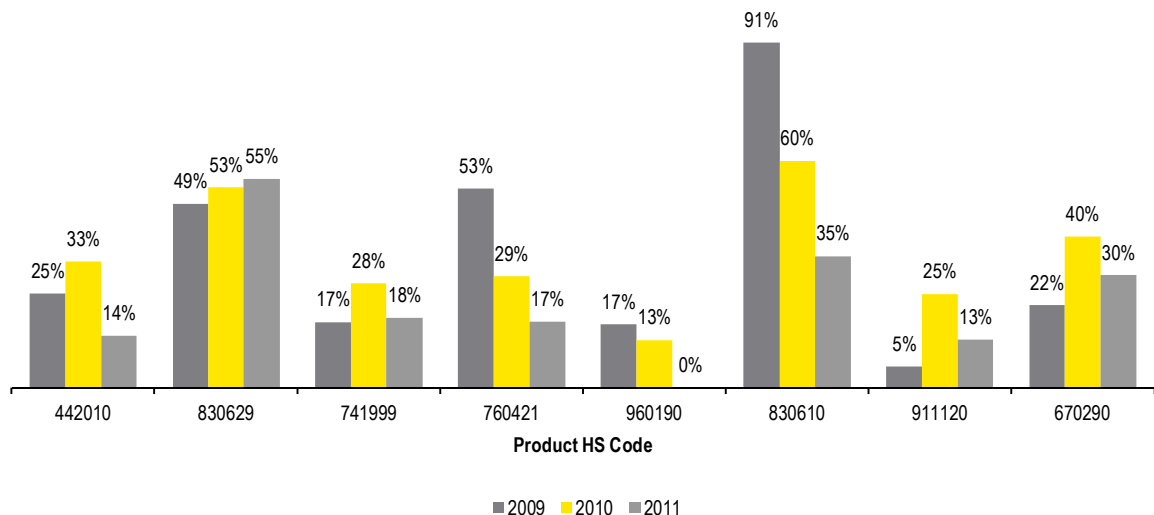
Share of imports from China as a % of total global imports- Lamps and festive lights (2009-2011)



Other products also presented a similar picture with chandeliers and non-electric lamps as a major portion of their imports is from China.

Gifts and decorative

Share of imports from China as a % of total global imports- Gifts and decorative (2009-2011)



The decrease in the share of Chinese imports can be attributed to products from new markets such as Thailand and Vietnam creating a niche for them in the global market.

The overall study of the handicraft imports from China and rest of the world indicates that China holds a major share of total imports of handicraft products in India. The key rationale behind the trend is that products from China are well accepted in the global market, especially in USA, UK, Europe, Germany and France. The Chinese handicraft products are standardized products as per the requirements of the global markets. Also, due to cheap labour, high production efficiency, Government support and proper management, the Chinese handicraft products are highly price competitive for the global market.

India Handicraft Export to China

One of the very interesting developments taken place during the last few years has been the growth in exports of handicrafts from India to China. Indian hand-made items are in more demand than mostly machine-made Chinese products in metal ware, art ware, giftware and wood craft categories. This indicates that Indian “handmade” handicraft products are gaining demand in the global market, including China.

Exports of Indian handicrafts to China have exhibited an increasing trend in a period of 2009-2011. The key product categories exported to China included artmetal ware, wood ware, miscellaneous handicrafts such as paintings, pottery, glassware, leather goods, etc.

Competitive Assessment

Key export destinations for Indian handicrafts are USA, UK, Germany, UAE and France. In terms of percent, USA is the major export destination for Indian handicrafts, followed by UK. These two markets together constitute of more than 50% of the total global export of Indian handicrafts, making them the most favorable nations for our products. A comparison of handicraft under various categories between India and China indicates that during a period of three years (2009-2011) China handicraft export to all major markets has shown an increasing trend. Export values of China are much higher in comparison to India, indicating better placement of Chinese handicraft products in the global market. However, the demand of Indian handicrafts has increased in the last two year period.

China Trade Strategy

On the external front, three factors combined to give rise to China's success: adoption of an aggressive pro-export strategy by central authorities, active participation of local authorities and the presence of Hong Kong and Taiwanese investors looking for a source of cheap labor.

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China commerce department has highlighted nine priority areas in 2012 which includes promoting steady growth of foreign trade. The government will ensure that exports continue to grow steadily. It will maintain the continuity and stability of foreign trade policies and study new measures to reinforce and expand China's share in the global market.

Further, steps are planned to enhance multilateral and bilateral economic and trade cooperation. In particular, closer relations with major trade partners will be fostered, and mutual cooperation with developing countries in Africa and Latin America especially the emerging economies will be deepened. Commerce departments at various localities would give full play to their own advantages and ride on the "sister provinces" and "sister cities" mechanisms to play a bigger part in international trade cooperation.

Conclusion

The handicraft sector in India, despite having economic and social significance, currently faces a number of threats and challenges which hamper its growth. These issues can be tackled through appropriate policy measures as well as developmental activities. Some of these issues have been highlighted in the following sections:

- ▶ High state of decentralization
- ▶ Lack of access to credit
- ▶ Lack of empowerment
- ▶ Inadequate raw material input
- ▶ Inadequate Infrastructure and Technology
- ▶ Limited access to markets
- ▶ Competition from machine-made products

The handicraft industry in China and India is different in terms of infrastructure, policy scenario, government support, trade strategy and the way industry is defined. The Indian handicrafts are the products of tiny and cottage sector, which are largely unorganized and the products are handmade. Chinese industry is organised and large scale manufacturing oriented. The key parameters focused by China forms basis of difference between China and India presents growth opportunities for India. The key focus points for India are:

- ▶ Creating a liberal and flexible economic environment along the lines of SEZs in China would stimulate greater foreign investment

-
- ▶ Provision of infrastructure facilities through active participation of local authorities in the reform process is critical
 - ▶ Standardization of the products and incorporation of international designs and trends
 - ▶ Improvement in administration and simplification of trade procedures
 - ▶ Incentives for attracting foreign investments

As the handicraft production in India is divided into two markets - export oriented and domestic, there is a gap in terms of applicability of Safeguard Application. The focus of Safeguard application is protecting the domestic production. Export market focuses on export destinations thus is not a focus market for Safeguard application. On the other hand, due to the unorganized nature of the domestic market quantification of the impact of Chinese handicraft imports is challenging. The study of impact of Chinese handicraft imports need data in terms of actual domestic production and variation thereupon. The production details of the producers, either individuals or cooperatives are not properly maintained due to the size of the set-up; the data requirement of the application under Directorate General (Safeguards) is cannot be satisfied.

The trade data analysis exhibits that although the import of Chinese handicraft products has increased over the years (2009-2011) in most of the product categories, there is no data available to justify the impact on the domestic industry of the Indian handicraft market. Exports of handicraft products to global markets and China in last three years suggest that Indian hand-made items are in more demand than mostly machine-made Chinese products and thus there is no evident impact of Chinese handicrafts on the Indian handicraft domestic and export market.

In the absence of sufficient data for domestic production and due to construct of the industry, it can be concluded that the impact of Chinese imports on the domestic industry cannot be measured. Although few exporters opined a need for filing the application with the DG Safeguards, however they did not share any further data to form basis of application. Therefore, in the absence of desired industry data, it seems difficult to forward the application at this stage. Apart from the individual contacts, EPCH also floated stakeholders' response and interest for the application. Most of the responses lacked the quantifiable information to form base of the application.

To summarise, EPCH conducted competitive study and invited stakeholders' interest to gather support to file Safeguard Application. Based on the available responses from the industry, it may be concluded that the impact on the domestic market cannot be verified in quantitative terms due to absence of domestic production figures for the handicraft industry, which is primarily cottage. The quantification with regard to the export market is not viable for processing the Safeguard application since the focus of application is protection of domestic handicraft industry. At the same time, the item of similar design and style imported from China are standardized but produced using machines in China. The difference in the manufacturing process leads to the understanding that Chinese products cannot be titled as 'Handicraft' per se and are not comparable to Indian handicraft products. Due to the above mentioned reasons, it is not feasible to process the safeguard application to assess the impact of Chinese handicraft imports on Indian domestic industry.

Introduction



1 Introduction

1.1 Background

The world handicraft trade is no longer a trade in 'culture' but a trade in people's needs and tastes. The items which have to be produced in bulk although, made by hand, need mechanical support for processing and finishing. These items are sometimes required to be made in shapes, colors and designs which are not typical of traditional shapes and designs of the exporting country. Developing countries, which have captured the world market, are those that have adopted their workmanship and technology to this requirement. An overwhelming segment of hand-crafted, partially hand-crafted, as well as machine crafted goods pass in global market with a generic nomenclature of gifts and decorative.

The demand patterns in international markets constantly evolve towards quality goods in bulk quantities. The supply factor poses a serious problem. Competing countries like Taiwan, China, Thailand, Malaysia, Indonesia and the Philippines have moved ahead in this regard. Modern handicrafts are essentially of mass scale, machine made, labour intensive items, which find their way to countries offering lower wages. Hong Kong and Taiwan rated China as the best sources for an offshore production base.

Like in several other sectors, there is an intense similarity of interest and competition between India and China in respect to production and exports of giftware and handicrafts. There are many competing factors between India and China, such as:

- ▶ The handmade products manufactured in India are being manufactured in China by machines.
- ▶ China has the capacity and can manufacture in volume whereas India cannot manufacture due to the labor shortages. Further, Indian manufacturing also lack standardization of products
- ▶ Lack of proper infrastructure facilities in India
- ▶ Lack of awareness about new technology and industry trends in India
- ▶ Simplified trade procedures and trade incentive in China

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Apart from the key factors, there are vast differences in the Indian and Chinese handicraft industry. Chinese handicraft industry is more structured and market-oriented, leading to stiff competition to Indian handicraft products both in domestic and international market.

1.2 Objective of the study

Owing to increase in imports from China, (officially People's Republic China, PRC), it is understood that such an increase in imports has effected Indian domestic handicrafts production market. In light of such a belief, EPCH has undertaken this study to understand the impact of the Chinese imports on the Indian domestic handicrafts market.

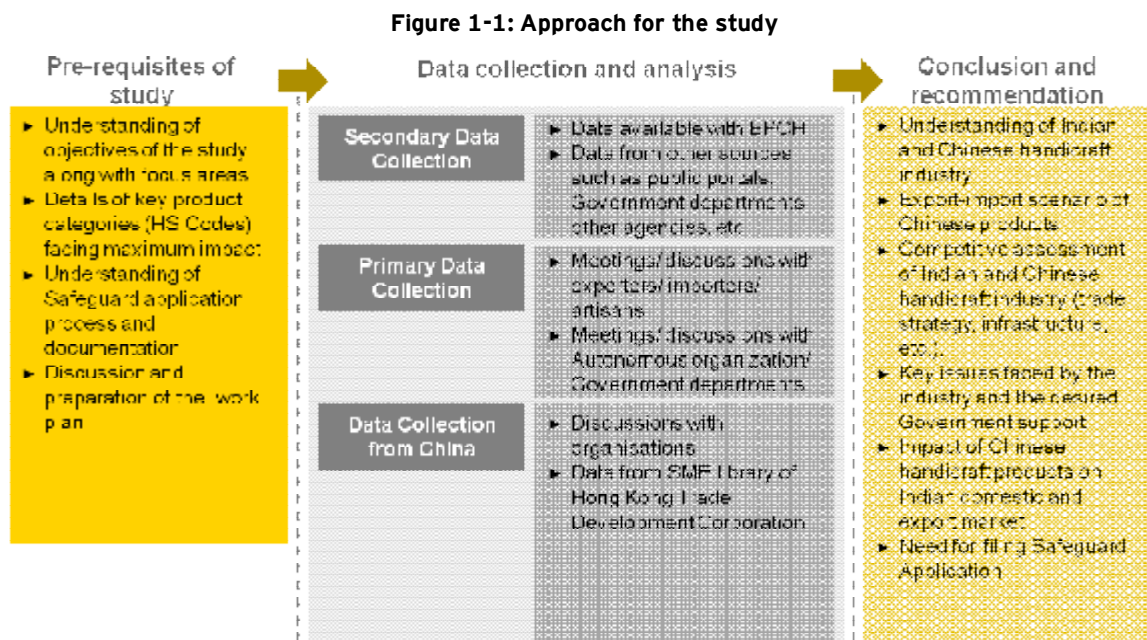
Subsequent to this study, EPCH to assess the responses and aims to file an application with Directorate General of Safeguards (DGSG), Government of India, under Section 8C of Customs & Tariff Act which pertains to imports from People's Republic of China.

Based on the application, DGSG would initiate an investigation on the subject. The investigation would involve scrutiny of the data and information submitted by the applicant in support of the application. Based on the investigation, DGSG may finalize the requirement and value of safeguard duty.

1.3 Approach and methodology

The report aims to study the structure of Chinese handicraft industry, export trends and strategy, and policy support to understand and assess the impact of Chinese handicraft industry on Indian handicrafts. The report also presents a comparative analysis of Chinese and Indian handicraft sector to define the future outlook for Indian handicraft sector.

For preparation of this report, we have followed a systematic and defined approach. The detailed methodology as depicted in Figure is discussed below.



As a pre-requisite to the study, we understood the requirements, expectations and objectives of study from EPCH. Along with this, details of key product categories facing impact were also discussed with EPCH. Meeting with DGSG was undertaken to understand the process of filing safeguards application and the documentation. Based on the data requirements for the application, the data collection points for the study were identified and primary and secondary data was collected.

Specifically the safeguard application requires information on following areas:

- General information of the applicant
- Product in respect of which increase in imports alleged
- Details of increased imports
- Domestic production
- Injury or threat of injury
- Cause of injury
- Details from domestic producers, importers and exporters
- Other relevant information in support of the application

Discussions were undertaken with selected importers/ exporters/ traders to understand the impact of Chinese handicraft products on Indian domestic market. In continuation to the discussion, EPCH also invited views from public through a notice for inviting public opinion on impact of Chinese imports on Indian handicraft market and if the stakeholders would assist and support EPCH in submitting an application through sharing information (Annexure V and VI). The responses received from public are enclosed as Annexure VII.

EPCH collected views of all the exporters/ importers/ domestic marketers/ domestic producers/ agencies nationwide to understand the impact of Chinese imports and need of safeguard duty on the Chinese imports impacting Indian products.

Data was collected on China handicraft industry for desk research which included the following:

- ▶ Types of crafts
- ▶ Key clusters
- ▶ Import- export scenario
- ▶ Key export destinations
- ▶ Trade strategy and Government support

The data was collected from EPCH, data available on public portals, Government department websites, etc. Further to secondary data collection, a visit to Hong Kong was undertaken and China trade data was collected for analysis.

Based on the data analysis and discussions with artisans, exporters, promoters and other stakeholders, the impact of Chinese handicraft products on Indian handicraft industry was established. The report also includes a response on the need for Safeguard Application.

Indian Handicraft Industry

India has been a large exporter of the handicrafts over the years and the exports trend has been increasing year by year. Owing to increase in imports from China, (officially People's Republic China, PRC), the Indian domestic handicrafts production market has been effected.



2 Indian Handicraft Industry

2.1 Handicrafts Industry in India

The Handicrafts of India, through the ages have fascinated the world by its creativity, aesthetics and exquisite craftsmanship. It presents rich cultural heritage and shining example of using local resources, skills and initiatives to its full potential. India's handicrafts are almost inexhaustible with infinite variety which has been refined during course of changing history. Further crafts are results of years of unconscious experiment and evolution; skills inherited and passed over generations.

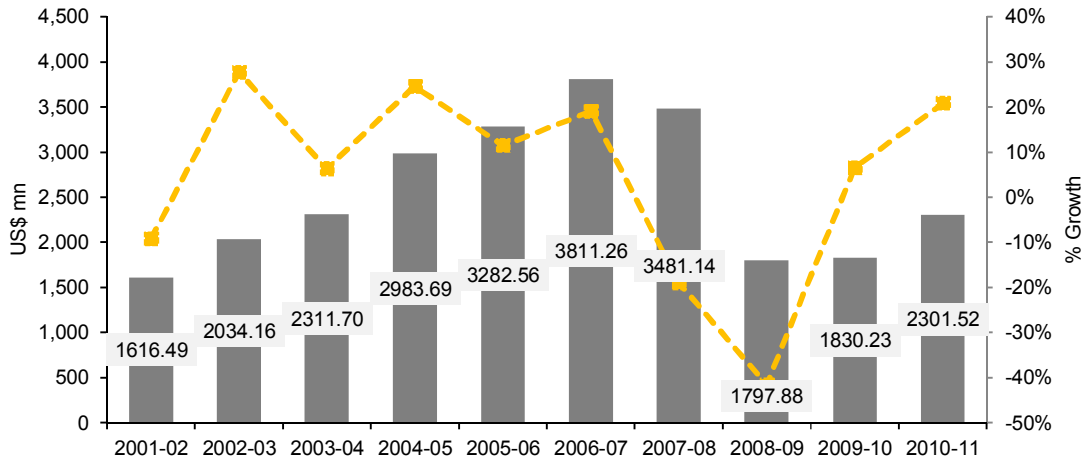
The Indian handicrafts sector is playing a significant role in the country's economy by providing employment to a vast segment of people in rural and semi-urban areas. Besides preserving the cultural heritage of India, it is also generating valuable foreign exchange. The manufacturing is mainly carried out with the indigenous raw material which further promotes the demand for these products.

The handicrafts industry in India was traditionally known to be an Industry localised in certain specific cities of certain states predominately producing decorative and gifts made out of metal and wood. Even the designs and the colours used were traditional. The general perception was that good quality handicrafts are meant for upper class of the society. The situation has undergone a total change during the last decade or so. The Industry has made tremendous progress. New lines of products, designs, colours and raw material base have been introduced.

Handicraft artisans are widely spread throughout the country. The rural segment accounts for 78.2% units and 76.5% artisans while the urban segment accounts for the rest. A total of 850 lines of products are now being produced and exported from India.

India has been a large exporter of the handicrafts over the years and the exports trend has been increasing year by year. Until the year 2007-08, the year which witnessed the global slowdown, in which the exports have decreased and it continued for the subsequent year, as well. Below is a graph that presents the exports trend of handicrafts.

Figure 2-1: Trend in Exports of Handicrafts (excluding carpets)



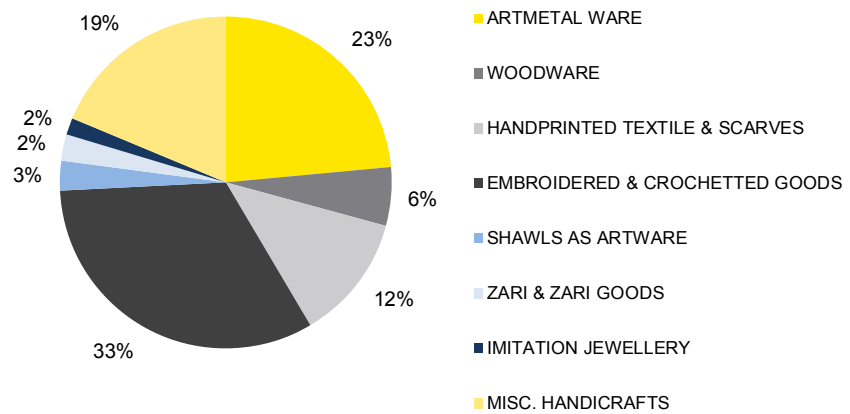
Source: Source: EPCH and CEPC

India contributes 1.2% to the world’s market for handicrafts. This comprises nearly 1.5% of the country’s overall exports. India’s handicraft exports have shown an increase of 20.8% in rupee terms in FY11 over FY10, primarily due to the increased demand for them in traditional western markets as well as new markets.

Within the handicraft segment, imitation jewellery exports have recorded the maximum growth in FY11 at 46.3%, followed by wood-ware at 42.4%. Another sector that has showed a healthy growth trend is shawls in the art ware segment.

Within handicrafts, export of embroidered and crocheted products has been the most lucrative, accounting for nearly 34% of the sector’s total export value. A segment-wise breakdown of handicraft exports (by value) in FY11 is provided below.

Figure 2-2: Segment -wise exports of handicrafts in FY11



Source: Export Promotion Council for Handicrafts (EPCH)

2.2 Types of crafts and clusters

There are many clusters spread across India specializing in production of a particular craft. The expertise and skills of the handicraft artisans/ manufacturers in these clusters have been passed on to them from one generation to the other. A list of clusters and their associated crafts is given in the following table:

Cluster/ Production Centers	State	Craft
Moradabad	Uttar Pradesh	Art metal ware/ metal crafts
Jaipur	Rajasthan	Hand printed textiles, carpet
Jodhpur, Saharanpur	Rajasthan, Uttar Pradesh	Wood craft
Srinagar & Anantnag	Jammu and Kashmir	Carpet, embroidery
Jaipur & Barmer, Farukabad, Bagh	Rajasthan, Uttar Pradesh, Madhya Pradesh	Hand printed textiles
Bhadohi, Mirzapur	Uttar Pradesh	Carpet
Agra, Varanasi, Bareilly and Surat	Uttar Pradesh and Gujarat	Zari and zardozi
Narsapur	Andhra Pradesh	Lace and crochet goods

Delhi, Jaipur	Delhi and Rajasthan	Imitation jewellery
Channapatna and Varanasi	Karnataka and Uttar Pradesh	Lacquer craft
Bastar	Chhattisgarh	Dhokra craft
Mahabalipuram, Bhubaneshwar, Agra and Varanasi , Jaipur	Tamil Nadu, Orissa, Uttar Pradesh, Rajasthan	Stone carving
Puri, Ahmedabad and Kutch	Orissa and Gujarat	Applique work
Puri, Jaipur, Bhuj and Pochampalli	Orissa, Rajasthan, Gujarat and Andhra Pradesh	Tie & Dye/ Batik crafts
Assam, Tripura, Manipur, Arunachal Pradesh in NER, West Bengal, Kerala		Bamboo and cane

2.2.1 Artmetal ware

The metal crafts of India display intricate craftsmanship and fine art in shaping gold, silver, brass, copper into exquisite designed images, idols, jewellery, and utility items. Different categories of handicrafts that come under art metal ware are brass metal ware of Moradabad, metal bidri work and dhokra of Andhra Pradesh, bell metal in Madhya Pradesh, etc.

Brass Metal ware - Moradabad

Moradabad is renowned for brass work and has carved a niche for itself in the brassware industry throughout the world. Moradabad is significant in India for its brass art ware production and exports.

Tools and raw material

Basic tools required for making brassware include oven, filer, buffing machine, etc. The raw material used is Brass (Selkhadi Powder) & Chasni.

Metal casting (esp. Sand casting)

Metal casting is the process in which molten metal is poured into a mould and allowed to solidify into an object. In sand casting, sand is used to define the cavity inside a mould. In addition, sand

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is used to make any cores that are contained in the mould. The five basic steps in sand casting are pattern making, moulding, melting, pouring and cleaning sand casting required laborious surface processes such as shot blasting, surface grinding etc.

Electro plated nickel silver (EPNS)

EPNS is highly polished brass plated with nickel and then with silver of varying thickness and then polished again to give it a rich look of silver. The various items are then decorated with fine etching and engraving bringing out beautiful and intricate designs.

Engraving

Engraving may have been one of the earliest attempts at ornamentation by scratching lines or cutting. Engraving in metal is done with a blunt chisel. Punching creates a decorative metal work a variety of pictures can be depicted. Moradabad is especially noted for its coloured enameling and intricate engraving in niello.

Polishing

Metal Polishing is done to provide a glistening effect to the product. Polishing with the help of a moving wheel is done until the product begins to shine.

The working practices of the Moradabad exporters indicate that majority of the exporters outsource manufacturing requirements of sand casting, grinding, sheet metal jobs, etc. New technologies like electroplating, lacquering, powder coating etc. also found its way to the industry.

2.2.2 Wooden art ware

Woodcraft of India is famous since ages and probably one of the most primitive arts. Different type of wood art is being practiced in Kerala, Jammu & Kashmir, Kerela, Saharanpur, etc. The most common varieties of wood used for craft are teak, sal, oak, ebony, mango, sheesham, etc.

Woodcraft - Saharanpur

Saharanpur is world famous for its wood carving and is known as “Shisham Wood Village” or “Wood City” of India.

Tools and raw material

Basic tools required for making wooden art ware include chisels, sandpaper, wood cutter, paint brush, natural colour, filer & motorised machine, etc. The raw material used is wood logs sourced from Uttar Pradesh Forest Department and farmers.

Carving: This is done on panels, caskets, trays, boxes and furniture by using carving chisels.

Jali/ fret work: This is based on geometric patterns, used in making perforated screens or wall panels and small items such as trays and bookends.

Inlay work: The pattern is delicately incised into the wood and a wire is hammered into the engraved lines.

Turned work: This is mostly done in articles like bedsteads, toys, kitchen wares which are turned with the help of simple lathes.

Technology up gradation in the sector can boost the exports and help in meeting international standards. As a step towards technology up gradation, EPCH has set up an up gradation centre for wood art in Saharanpur. Machines such as joinery machines, automatic slot mortiser, sliding table panel saw, etc are being used for improving the process.

2.2.3 Hand printed textiles

India has been renowned for its printed and dyed cotton cloth since the 12th century and the creative processes flourished as the fabric received royal patronage. Different types of hand printed textiles include kalamkari, tie and dye, block printing, etc.

Major centers for tie and dye

The major centers of tie and dye fabrics are in Gujarat (Jamnagar, Ahmedabad, Saurashtra, etc) and Rajasthan (Bikaner, Jaipur, Jodhpur, etc).

Tools and raw material

The tools required are also very basic such as wooden blocks for marking designs and the simple implements for dyeing, rubber gloves muslin, etc. Raw material is the fabric cloth (handloom/ silk), ordinary thread for tying, dyes, water colours, bleach, starch, etc. Traditionally vegetable dyes were used but today chemical dyes are becoming very popular.

2.2.4 Embroidered goods

India has a distinct and rich style of embroidered goods. Zardozi, Parsi work, Kashmiri work, phulkari work, kasuti, chikankari, etc are some of the needle work designs being practiced in India. Key centers are Lucknow, Kashmir, Jaipur, Bikaner, Amritsar, Amroha, etc.

Zardozi

The word 'Zardozi' is made up of two Persian terms, Zar meaning gold and Dozi meaning embroidery. Zardozi embroidery work is mainly a specialty of Lucknow, Bhopal, Hyderabad, Delhi, Agra, Kashmir, Mumbai, Ajmer and Chennai.

Tools and raw material

Needle is the tool used for embroidery. The raw material used fabric, threads of different colour, beads, etc.

2.2.5 Marble and soft stone crafts

India has a rich tradition of marble and stone craft. Different types of stones like, marble, soapstone, sand stone are used by craftsmen in India. Agra, Jodhpur, Chennai, etc are famous centers for such crafts.

Stone craft - Agra

Agra has been a centre of traditional handicraft industries from the Mughal times. Agra is deservedly considered as the most famous centre for stone work and is famous for its perforated stone work, its inlay work and marble mosaic.

Tools and raw material

Some of the commonly used tools are files and saw, hammers, chisels, grinding stone, iron sheet, lead pencil, sand paper, tongs, etc. The raw material used is either soft stone or hard stone. The various types of stones that are used are sandstone, granite, marble, slate, alabaster and soapstone.

2.2.6 Papier-mâché craft

The craft of papier-mâché is a unique craft that developed during the Mughal era and is still being practiced by a large number of artisans in India. A large variety of utilitarian items such as boxes, vases, replicas of Samovar (metal container used for heating water for tea),

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houseboat models, etc in all shapes and having bright colours and designs are created by the craftsmen.

Papier-mâché

The art is mostly practiced in the states of Kashmir, Rajasthan, Madhya Pradesh, and Tamil Nadu.

Tools and raw material

Basic tools required for blades file and paint brush, etc. The raw material required is cotton, paper, and water gum.

2.2.7 Terracotta zari & zari goods

Clay craft is one of the earliest creations of art by man. Variety of earthen objects like earthen lamps, earthen drums, flower vases and musical instruments are made with clay art. The art of moulding terracotta objects was prevalent during the time of Indus Valley civilisation. Excavations at Mohenjo-Daro and Harappa have unearthed several terracotta items.

Major Centers

The art of terracotta varies from region to region in India. Different regions have unique style and even the clay colour varies from place to place. West Bengal, Delhi, Rajasthan, Gujarat and Tamil Nadu are the major States which practices the art of Terracotta.

Tools and raw material

Basic tools required for preparation of terracotta craft is heat kiln, potter's wheel, hand tools. Raw material required is mud and hay, etc.

2.2.8 Imitation and fashion jewellery

Jewellery making is the most distinctive and highly artistic craft in India. The simple motifs are brought from the immediate environment and developed into artistic and stylish patterns. Apart from metal lac is also extensively used for making attractive ornaments. Major centers are Delhi, Moradabad, Sambhal, Jaipur, Kohima (Tribal).

Lac

Lac is a resinous secretion of Lac-producing insects such as *Laccifer lacca*, *Carteria lacca* and *Tachardia lacca*.

Tools and raw material

Basic tools required for cheni, engraver hammer, burner & stone-setter, plucker or forceps, metal bangles etc. The raw material required is lac, powered hardeners, colour, gold polish and stone.

2.2.9 Artistic leather goods

Indus valley civilisation mentions the craft of leather in India. Leather craft is mostly practiced in Kolhapur, Indore, Barmer, Shanti Niketan, etc.

Stuffed leather toys - Indore

Indore is the place in India where the traditional craft of producing leather products was developed 70 years ago and still holds a strong foothold in the country as the only place where this art form subsists. The various types of products crafted by the artisans are the stuffed leather animals, gift items, decorative articles and utility items.

Tools and raw material

Basic tools required for hammer, chisels, knife, blades, filers, needle, brush, etc. The various key ingredients that go into making a stuffed leather animal are wood wool/ husk/ wheat grass, iron wire, papier-mâché and leather. The leather used is goat, sheep or cow leather.

2.3 Regulatory framework

The various handicrafts/ handlooms related regulatory bodies controlling the functioning of sector and sub-sectors in India are listed as under:

- Government of India (GoI) enterprises:
 - Ministry of Textiles, GoI
 - Ministry of Small and Medium Scale Industries, GoI
 - Development Commissioner for Handlooms, GoI
 - Central Cottage Industries Corporation of India Ltd.
 - All India Handicrafts Board
- Subsector specific organisations:
 - The All India Handloom Fabrics Marketing Cooperative Society Ltd.
 - All India Textile Hand Printing Industries Federation

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- All India Federation of Zari Industry
 - All India Carpets Manufacturers Association
 - Gem and Jewellery Export Promotion Council
 - Export promotion related organisations:
 - Export Promotion Organisations and Councils
 - Handicrafts and Handlooms Export Corporation of India
 - Handloom Export Promotion Council
 - Indian Institute of Foreign Trade
 - Export Credit Guarantee Corporation
 - Export Promotion Council for Handicrafts
 - Export Inspection Council
 - Federation of Indian Export Organisation
 - State Handicraft boards of different states

The above list of regulatory bodies is not comprehensive as there are additional organizations, which regulate the functioning of different sub-sectors of handicrafts at both state and central level along with the various private organisations working for the betterment of the artisans and sector.

2.4 Government initiatives

In order to keep pace with the evolving opportunities in the sector and meet the demands of international markets and consumer preferences, the spotlight of the governmental initiatives shifted to enable the sector acquires appropriate technology and enhance productivity and quality over the last decade. In addition to this further emphasis was laid on capacity building of all stakeholders in the sector. In order to expand the reach of the government schemes, hand holding with other development partners including NGOs was encouraged.

After introducing measures to provide technological inputs, the next logical intervention was to strengthen the production capacities and achieve the cost competitiveness through employing economies of scale. Jaipur, Srinagar and Anantnag have been made “Towns of Export Excellence” in the handicraft sector. This is expected to enable upgrading of infrastructure and support the sector’s growth in these regions. Handicraft exports are also entitled to higher

*The vision for the Handicrafts sector for the 12th FYP is articulated as follows:
"To create a globally competitive Handicrafts Sector and provide sustainable livelihood opportunities to the artisans through innovative products designs, improvement in product quality, introduction of modern technology and preserving traditions."*

incentives than other exports; exporters have been offered exemption from customs duty on import of capital goods in the sector.

The Government has launched various schemes to promote the handicraft sector:

- Baba Sahab Ambedkar Hastshilpa Yojna
- Design and Technical Upgradation Scheme
- Marketing & Support Services Scheme
- Export Promotion Scheme
- Bima Yojna for Handicraft Artisans
- Credit Guarantee Scheme
- Special Handicrafts and Training Projects
- Gandhi Shilp Bazaar Scheme

The **strategy** to achieve the vision for handicrafts sector is as follows:

- **Product development and production:** The product development strategy focuses on developing demand-driven products based on market requirements. The strategy builds upon already existing skills and cultural heritage, coupled with inputs from new designers, training in core business areas, horizontal and vertical linkages, ensuring access to raw materials and the fostering of entrepreneurship. The core of this strategy lies in the successful implementation of the design development, compliance, quality control and capacity building components that have been introduced in the schemes. Also the success of raw material banks component in its revised form will impact the overall production base.
- **Marketing and compliance:** The overall marketing strategy focuses on the steps needed to enhance the marketing efforts of the sector to capture a larger market share, and to seize the opportunities associated with the expanding tourism and corporate investments being made. One of the key areas entwined at each step in this strategy are addressing the compliance issues, so that the products are acceptable internationally. The marketing strategy focuses on identification of the most appropriate market niches, ensuring quality and standardization of products, ensuring proper market access, branding, and marketing of the products efficiently. Sales of handicrafts continue to be confronted by obstacles in meeting the quantity, quality, and

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cost demands of different segments of the market. For producers to be able to take advantage of new economic opportunities and capture new market segments they need assistance in expanding their production capacity, in upgrading the quality of their products to the standards demanded by buyers, and in overcoming the many obstacles they face in meeting the requirements of the targeted markets.

- **Infrastructure Development:** This strategy seeks to respond to the main challenge faced in the availability of infrastructure and latest technologies in the sector and suggests solutions to these challenges by ensured focused interventions. A new scheme of 'Infrastructure and Technology Development' will be critical in filling the institutional gaps in the sector.
- **Livelihood and working environment:** The strategy for livelihood and working environment bases itself on providing social security to the artisans and their families. It also makes provisions for financial/ policy support and the necessary regulatory framework that fosters the development of viable entities which enable artisans micro enterprises (individually and collectively). Provisions have also been made for supply of tools and technologies, designs and marketing at the grass root level through the cluster approach.
- Special advocacy efforts will be made to avail benefits for housing and other schemes related to the living and working conditions which are floated by other government ministries. This includes the special focus on Ministry of Rural development.

The Foreign Trade Policy (EXIM policy) is published by the Ministry of Commerce and Industry, GoI every five years to support the growth of exports from India.

New EXIM Policy - 2009-14

The foreign trade policy 2009-2014 announced by Hon'ble Minister of Commerce and Industry on 27th August 2009 contains various provisions providing benefits to labour intensive handicrafts sector. They are:

- ▶ All handicrafts exports would now be treated as 'Special Focus Products' (SFP) and entitled to higher incentives. SFP's covered under Table 2 and Table 5 of the new Foreign Trade Policy shall be granted duty credit scrip equivalent to 5% of FOB value of exports for exports made from August 27, 2009 onwards. On request of EPCH, 52 new items have been added to 'New Special Focus Products' list which shall be entitled to duty credit scrip

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of 5%. Also, all handicraft items not elsewhere specified are now also eligible under 'New Special Focus Products' Scheme.

- ▶ EPCH shall now be the **certifying authority** to decide whether the exported product is a handicraft product, if any doubt arises.
- ▶ The custom duty on EPCG has been reduced from 3% to 0%. The export obligation shall be six times of the custom duty saved to be fulfilled in six years and the scheme shall be in operation till March 31, 2011.
- ▶ Additional Duty Credit Scrips shall be given to status holders at the rate of 1% of the FOB value of past exports which can be used for procurement of capital goods with Actual User condition and this facility shall be available up to 31.03.2011.
- ▶ There has been a significant increase in the outlay under 'Market Linked Focus Product Scheme' by inclusion of more markets and products. This ensures support for exports to all countries in Africa and Latin America, and major Asian markets like China and Japan. Incentives available under Focus Market Scheme (FMS) have been raised from 2.5% to 3%.
- ▶ MDA/MAI: Higher allocation for Market Development Assistance (MDA) and Market Access Initiative (MAI) schemes is being provided. Special funds have been earmarked for the handicrafts sector.
- ▶ Three handicrafts clusters provided status of 'Towns of Export Excellence (TEE)¹. Jaipur, Srinagar & Anantnag have been announced as Towns of Export Excellence for the handicrafts sector. This would enable up gradation of infrastructure and would provide incentives and focus support.

General Provisions:

¹ New provision

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- ▶ Market Linked Focus Product Scheme (MLFPS) - MLFPS has been greatly expanded by inclusion of products classified under as many as 153 ITC² (HS) Codes at 4 digit level. Some major products include pharmaceuticals, synthetic textile fabrics, value added rubber products, value added plastic goods, textile made-ups, knitted and crocheted fabrics, glass products, certain iron and steel products and certain articles of aluminium among others. Benefits to these products will be provided, if exports are made to 13 identified markets (Algeria, Egypt, Kenya, Nigeria, South Africa, Tanzania, Brazil, Mexico, Ukraine, Vietnam, Cambodia, Australia and New Zealand).
 - ▶ DEPB - To impart stability to the Policy regime, Duty Entitlement Passbook (DEPB) Scheme is extended beyond December 31, 2009 till December 31, 2010. DEPB rate shall also include factoring of custom duty component on fuel where fuel is allowed as a consumable in Standard Input-Output Norms.
 - ▶ Import of Samples - To facilitate duty free import of samples by exporters, number of samples/ pieces has been increased from the existing 15 to 50. Customs clearance of such samples shall be based on declarations given by the importers with regard to the limit of value and quantity of samples.
 - ▶ Electronic Data Interchange (EDI) - To further EDI initiatives, Export Promotion Councils/Commodity Boards have been advised to issue Registration-cum-Membership Certificate (RCMC) through a web based online system. It is expected that issuance of RCMC would become EDI enabled before the end of 2009.

Annual supplement updated on 23rd August 2010 and Annual Supplement 2012-13 dated 5th June 2012 and announcements on the policy dated 13th October 2011 added that:

- ▶ The constant demand of EPCH to add Firozabad (for Glassware) and Agartala (for Cane and Bamboo products) to the list of 'Town of Export Excellence' has been accepted and

² Indian Trade Classification

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now these two towns shall also fall in the list of 'Town of Export Excellence' together with Jodhpur, Jaipur, Srinagar, Anantnag, Barmer.

- ▶ It has been decided to introduce a Special Focus Market Scheme with a view to increase the competitiveness of exports with a geographical targeting. The scheme would provide additional 1% duty credit when exports are made to these countries. This duty credit is over and above the duty credit granted under FMS i.e. if an item covered under FMS is exported to the countries listed under SFMS, and then the total duty credit available would be @ 4%.
- ▶ It was a very persistent representation of EPCH that the Interest Subvention of two per cent which expired on 31.03.2012 should be continued for another one year. The same has been accepted. A notification to this effect may be issued by RBI on any day.
- ▶ Export of Handicraft items and export of Hand-Made Woolen Carpets including other floor coverings like Woolen Durries, Druggets, Gabbas, Namdhas and Shaggy shall not be allowed on the basis of "Delivery against Acceptance (DA)" terms, unless they are covered by Bank Guarantee or ECGC guarantee. This would significantly protect the business and financial interests of small exporters.
- ▶ 7 new markets are being added to Focus Market Scheme (FMS). These countries are Algeria, Aruba, Austria, Cambodia, Myanmar, Netherland Antilles, and Ukraine
- ▶ 7 new markets are being added to the Special Focus Market Scheme (Special FMS). These countries are Belize, Chile, El Salvador, Guatemala, Honduras, Morocco, and Uruguay.
- ▶ 46 new items are being added to Market Linked Focus Product Scheme (MLFPS). This would have the effect of including 12 new markets for the first time. (the list of item is yet to be notified)
- ▶ MLFPS is being extended till 31st March 2013 for export to USA and EU in respect of items falling in Chapter 61 and Chapter 62.

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- ▶ It has been a constant demand of EPCH to declare Saharanpur as a 'Town of Export Excellence (TEE)' for Handicrafts. The same has been accepted.
 - ▶ 27 handicrafts items where the benefit of 2% duty free Credit Scrip was made available during last review in October 2011, the benefit has been increased to 5% of fob value of exports.
 - ▶ Export of specified products through notified Land Customs Stations of North Eastern Region shall be provided additional incentive to the extent of 1% of FOB value of exports. This benefit shall be in addition to any other benefit that may be available under Foreign Trade Policy in respect of these exports.
 - ▶ The present Policy allows scrips under different schemes of Chapter 3 of Foreign Trade Policy, namely, Focus Product Scheme (FPS), Focus Market Scheme (FMS), Vishesh Krishi and Gram Udyog Yojana (VKGUY) Scheme, Status Holder Incentive Scrip (SHIS) Scheme, Market Linked Focused Product (MLFPS) Scheme, Served From India Scheme (SFIS) and Agri. Infrastructure Incentive Scrip (AIIS) Scheme, for import of goods as per conditions of these Schemes. Now these scrips shall be permitted to be utilized for payment of Excise Duty for domestic procurement. Earlier only scrips under SFIS were so permitted for procurement of goods from domestic market. Now all scrips would be permitted to source from domestic market so as to encourage manufacturing, value addition and employment. This will be an important measure for import substitution and will help in saving of foreign exchange in addition to creating additional employment.
 - ▶ Zero Duty EPCG Scheme had come to an end on 31st of March 2012. For continued technological up-gradation of export sectors, this Scheme has now been extended up to 31st March 2013. There is no change in the coverage of the sectors benefitting from this scheme.
 - ▶ Status holders are issued Status Holders Incentive Scrip (SHIS) to import Capital Goods for promoting investment in up-gradation of technology of some specified labour intensive sectors like Leather, Textile & Jute, Handicrafts, Engineering, Plastics and Basic Chemicals. It is now decided that up to 10% of the value of these scrips will be allowed to

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be utilized to import components and spares of capital goods imported earlier. Such a dispensation was not available earlier.

- ▶ An extremely challenging and significant EDI initiative, “e-BRC” has been launched by DGFT. “e-BRC” would herald electronic transmission of Foreign Exchange Realization from the respective Banks to the DGFT’s server on a daily basis. Exporter will not be required to make any request to bank for issuance of Bank Export and Realization Certificate (BRC). This will establish a seamless EDI connectivity amongst DGFT, Banks and Exporters. “e-BRC” would facilitate early settlement and release of FTP incentives / entitlements. This is a significant step to reduce transaction cost to the exporters.
- ▶ At present these scripts are subject to Actual User Condition and are not transferable. Since a status holder may or may not have manufacturing facility, it is now decided to allow limited transferability of SHIS scrip. However, such Transferee shall have to (a) be a status holder and (b) have manufacturing facility.

China Handicraft Industry

China is one of the leading producers of handicrafts with an around 30% share in the world trade of handicrafts. It is also well known that tremendous mechanization has taken place in China in production of handicrafts largely due to excessive demand in all kinds of handicrafts.



3 China Handicraft Industry

3.1 Overview of Chinese Handicraft Industry

Handicrafts are an integral part of almost every country and are a means adopted by artisans and craftsmen to express a country's heritage, along with focus on its history, culture and tradition. Therefore, Asian countries such as India and China, which have a rich cultural legacy, are significantly involved in producing handicrafts that are in high demand in global markets.

The industry plays a dominant role in the economic development of the rural population and earns substantial foreign exchange. China is known in the world to be handicrafts producing country and renowned for ethnic designs, fine raw material bases of China clay and excellent craftsmanship.

China is one of the leading producers of handicrafts with an around 30% share in the world trade of handicrafts. It is also well known that tremendous mechanization has taken place in China in production of handicrafts largely due to excessive demand in all kinds of handicrafts. In terms of industry setup, private enterprises and enterprises invested with foreign capital are dominant in China's handicraft manufacturing industry. Handicraft manufacturing industry is a labor-intensive industry and is the traditional light industry of China. The industry is more oriented towards production of craft items by use of technology and mass scale production.

3.2 Types of arts and crafts in China

3.2.1 Bronze Craft

Bronze is an alloy of copper, tin and a small amount of lead. Its appearance marked the advancement of human culture from the Stone Age to the Bronze Age. From the 17th century BC to the Han Dynasty (206BC-AD200), Chinese people used rare and precious bronze to cast large quantities of ritual vessels, musical instruments and weapons that were elegant in form, finely decorated and clearly inscribed with Chinese characters. They affirm the artistic achievements of ancient China, and demonstrate how early Chinese used their ingenuity to create works that incorporated both science and art from natural resources.

In the China's ancient ritualistic society, bronze was used primarily for casting ceremonial temple vessels used in sacrifices to the gods of heaven, earth, the mountains and rivers. They were also used in vessels for banquets, awarding ceremonies and noble funerals. Bronze can be

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classified into four main types based on function: food vessels, wine vessels, water vessels and musical instruments. Within each group are endless variations ranging in form and design, fully demonstrating the rich imagination and creativity of the ancient Chinese people.

The techniques used in executing various bronze designs went from engraved lines and embossed designs used in earlier periods to deep reliefs and three-dimensional sculpture-like designs, and, eventually, even to inlaid designs. Materials used for inlays included gold, silver, copper and turquoise. Subject matter for inlaid work included animals, along with interlocking geometrical shapes based on straight lines, diagonal lines and whorled lines. Free application of traditional bronze designs has become an indispensable element of modern architecture, apparel and furniture design.

3.2.2 Jade Art

The jade-carving technique was developed quickly in the spring and autumn and Warring States periods (770-221BC.) The spring and Autumn Period was known for its well-carved and exquisite jade ware. The coherent and undulating patterns of the dragon, phoenix and Panli (a figure of Chinese folklore) on the jade decorations are still treasured today.

Jade in China is varied and can be divided into two categories: hard and soft jade. Good materials provide a strong basis for jade-ware carving, but the value of a jade object depends on the skills and reputation of the craftsman, date of carving, peculiar modeling and the owner's status.

3.2.3 Ceramic Pottery

Ceramics, the general art of heating common clay to create ornamental objects like pottery and porcelain, which is derived from pottery. The history of Chinese ceramics dates back some 8,000 years with the crafting of hand-molded earthenware vessels. Chinese primitive tribes began making artifacts with clay as early as 8,000 years ago. The Yangshao Culture was noted for its distinctive pottery painted with flowers, fish, animals, human faces and geometric designs. Although the origin of porcelain techniques is unknown, it is believed that primitive porcelain ware emerged in the middle and lower reaches of the Yangtze River and the Yellow River during the Shang and Zhou dynasties (16th century 221BC). Real porcelain ware appeared during the Han Dynasty (206BC - AD220).

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In the process of ceramic development, different styles of different periods blossomed over the centuries. There are a dozen patterns on Chinese painted pottery. The most common types are rippling, rotary, circular, saw-tooth and net-mesh designs. The lines are smooth and neat, symmetrical and balanced, and adhere to certain rules.

3.2.4 Chinese Ancient Fine Embroidery

Embroidery is a brilliant pearl in Chinese art. From the magnificent Dragon Robe worn by Emperors to the popular embroidery seen in today's fashions, embroidery adds so much pleasure to our life and our culture.

The oldest embroidered product in China (on record) dates from the Shang Dynasty (1600-1046 BC). Embroidery in this period symbolised social status. It was not until later on, as the national economy developed, that embroidery entered the lives of the common people.



Today, silk embroidery is practiced nearly all over China. The Four Famous Embroideries of China refer to the Xiang embroidery in central China's Hunan Province, Shu embroidery in western China's Sichuan Province, Yue embroidery in southern China's Guangdong Province and Su embroidery in eastern China's Jiangsu Province.

Su Embroidery

Su embroidery is the general name for embroidery products in areas around Suzhou, Jiangsu Province. The craft, which dates back to the Three Kingdoms Period, became a sideline of people in the Suzhou area during the Ming Dynasty. Well known for its smoothness and delicateness, Su embroidery won Suzhou the title City of Embroidery in the Qing Dynasty. In the mid and late Qing, Su embroidery experienced further developments involving works of double-sided embroidering. There were 65 embroidery stores in Suzhou City. During the Republic of China period (1912-1949), the Su embroidery industry was in decline due to frequent wars and it was restored and regenerated after the founding of new China. In 1950, the central government set up research centers for Su embroidery and launched training courses for the study of embroidery. Weaving methods have climbed from 18 to the present 40.

Yue Embroidery

Also called Guang embroidery, Yue embroidery is a general name for embroidery products of the regions of Guangzhou, Shantou, Zhongshan, Fanyu and Shunde in Guangdong Province. According to historical records, in the first year of Yongyuan's reign (805) during the Tang Dynasty (618-907), a girl named Lu Meiniang embroidered the seventh volume of the Fahua Buddhist Scripture on a piece of thin silk 30 cm long. And so, Yue embroidery became famous around the country.

Influenced by national folk art, Yue embroidery formed its own unique characteristics. The embroidered pictures are mainly of dragons and phoenixes, and flowers and birds, with neat designs and strong, contrasting colours. Floss, thread and gold-and-silk thread embroidery are used to produce costumes, decorations for halls and crafts for daily use.

Shu Embroidery

Also called Chuan embroidery, Shu embroidery is the general name for embroidery products in areas around Chengdu, Sichuan Province. Shu embroidery enjoys a long history. As early as the Han Dynasty, Shu embroidery was already famous. The central government even designated an office in this area for its administration. During the Five Dynasties and Ten States periods (907-960), a peaceful society and large demand provided advanced conditions for the rapid development of the Shu Embroidery industry.

Shu embroidery experienced its peak development in the Song Dynasty, ranking first in both production and excellence. In the mid-Qing Dynasty, the Shu embroidery industry was formed. After the founding of the People's Republic of China, Shu embroidery factories were set up and the craft entered a new phase of development, using innovative techniques and a larger variety of forms.

3.2.5 Beijing Silk Figurines

Made of thin silk, gauze, damask silk, etc, silk figurines produced in Beijing are a Chinese traditional handicraft. Folk cloth-pinpricked and colour-pricked toys and other handicrafts are all closely connected with handcrafting silk figurines. The trade of silk and knit goods, which has existed in China since ancient times, created an optimal environment for the birth of silk figurines.



Beijing silk figurines originated in the Northern Song Dynasty (960-1127) and have a history of more than 1,000 years. In ancient times, the Chinese used bamboo and paper as materials for various kinds of craftworks.

As early as in the Tang Dynasty (618-907), colour-pricked handicrafts were prevalent in the southern countryside of Southeast China's Fujian Province. In the beginning, people used paper to make different kinds of birds, beasts, flowers and fish. Later, they borrowed themes from popular drama stories and legends and turned them into flower lanterns for display.

Gradually, this handicraft underwent many improvements. Written records show that folk artists of the Northern Song Dynasty were able to shape damask silk to form human figures, and made clothes from brocade.

In the Qing Dynasty (1644-1911), thin silk, gauze and damask were made into such images as the God of Longevity and Ma Gu, the Goddess of Longevity, to give as birthday presents to an elder. And this kind of craftwork often appeared in the houses of high officials. However, it is a pity that the craft perished for many years, only to be revived in 1954.

In terms of materials, the heads of foreign figurines are made of gesso, clay and wood, while Beijing silk figurines are all made of Chinese silk from head to toe -- their facial expressions, clothing and postures all tinged with the Chinese flavour.

The making of the figurines involves a dozen steps, including sculpting, painting, designing clothing and props, and arranging the hair and headgears. Each step requires sophisticated techniques and ingenious craftsmanship. Usually, the face and hands of a silk figurine are made of natural silk, while the other parts are made from fine silk cloth.

3.2.6 Sculpture and Carving

Chinese carving art varies greatly from its counterpart in the West. Objects such as figures, animals, plants or landscapes are delicately carved by artists. Chinese artists demonstrate their talents and creativity on a range of raw materials from stone, tooth, horn, root, and bamboo to paper. Carvings were originally done on bamboo before artists adopted other materials to carve on. Many of these works have become national gems. Various carving arts include:

- Bamboo Carving
- Horn Carving
- Tibetan Folk Carving

-
- Tooth Carving
 - Paper Carving
 - Qingtian Stone Carving

Chinese sculptors have sculpted delicate objects, such as figures, animals, plants and landscapes, with a number of new kinds of raw materials, such as sand and coal, apart from the traditional bronze and jade.

3.2.7 Chinese lacquer art

Traditional Chinese lacquer art applies natural lacquer liquid from lacquer trees. China is abundant in lacquer resources. Lacquer trees in Mainland China are distributed in some 550 counties in 23 provinces. Modern lacquer painting, as an independent painting genre, has developed for some 40 years and has been recognized by public. Its success should be attributed to richness of traditional lacquer art and techniques. Based on traditional lacquer techniques, modern lacquer artists have explored different qualities of lacquer and created many new techniques. Lacquer is not simply a decorative material. It is now used to stick egg shells and mental pieces. Lacquer is also used as a cohesive to make colored paint together with mineral pigment. The flowing quality of lacquer enables artists to use it at their will in their creations. When it is dried, lacquer can be grinded by charred wood or abrasive paper, which makes the modern lacquer art possible.

Beijing, Fuzhou and Yangzhou are the cities leading in the production of Chinese lacquer ware.

3.2.8 Glassware

Liaoqi, also called glassware, was originated in the late years of the Yuan Dynasty (1271-1368) and early years of the Ming Dynasty (1644-1911). Glassware became one of popular craftworks in the Ming and Qing dynasties (1368-1911).

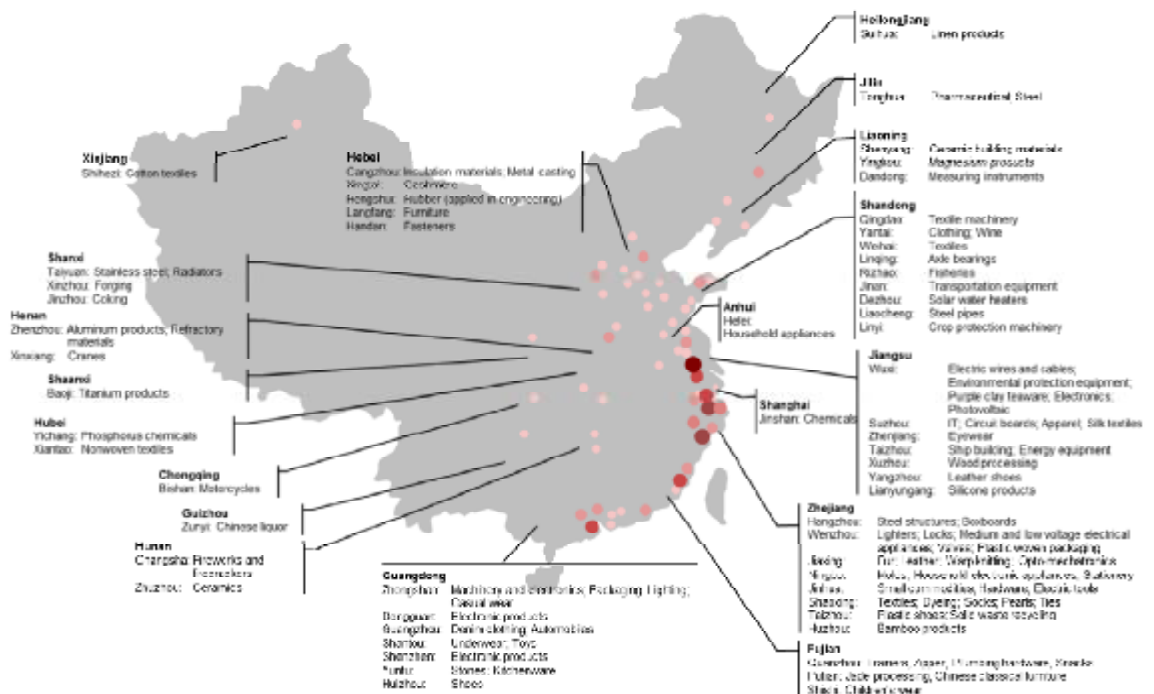
Glassware is made of glass with a relatively low melting point and it was introduced into China from the western regions (today's Xinjiang and Central Asian regions). During the Wanli reign (1572-1620) in the Ming Dynasty, glassware making became very prevalent in Boshan of Shandong Province in northern China and was introduced to Beijing. In 1696, the first large-scale factory of colored glaze emerged in Beijing, which was engaged in production of glassware for the palace. The glassware it manufactured was much appreciated by royal members.

Glassware made in Beijing was carefully designed and acclaimed as the peak of perfection. Mimic jade articles in Beijing looked genuine and the craft was really outstanding. The types of glassware covered traditional ornaments, daily decorative articles, birds, beasts, flowers, fruits, figural carving and so on, which were famous home and abroad.

3.3 Key clusters

As with so much of the manufacturing in China, handicrafts are produced on a massive scale. As in many other countries, most of the industrial clusters in China have emerged spontaneously, but government (especially local governments) has given all kinds of support to their development process. These clusters operate mainly in the labor-intensive manufacturing sectors, that is, at the lower end of the global value chain. The major factory hubs are in Jiangsu, Zhejiang, Guangdong, Fujian, Shandong, Hunan, Sichuan, Beijing, Shanghai, and Tianjin.

Figure 3-1: China's Industrial Clusters



Source: Li & Fung Research Centre; the Beijing Axis Analysis

Table 3-1: Key Industrial Clusters in China

S. No.	Cluster	Area and Population	Economic Indicators	Key Industries	Trade Scenario
1.	Guangzhou	Area: 7,435 sq km Population:8.9 mn (2010)	GDP (2010): 1,060.5 (RMB bn) Utilised FDI (2010): 3,980 (USD bn)	<ul style="list-style-type: none"> ● Automobile ● Electronics 	<ul style="list-style-type: none"> ● Foreign trade value up 35.3% year on year to USD103.78 bn ● Total export up 29.3% to USD48.38 bn
2.	Shenzhen	Area: 2,050 sq km Population:8.9 mn (2010)	GDP (2010): 951.1 (RMB bn) Utilised FDI (2010): 4,290 (USD mn)	<ul style="list-style-type: none"> ● Electronics 	<ul style="list-style-type: none"> ● Foreign trade value up 28.4% year on year to USD 346.75 bn ● Total export up 29.3% to USD 204.18bn
3.	Shenyang	Area: 13,308 sq km Population:7.86 mn (2010)	GDP (2010): 501.7 (RMB bn) Utilised FDI (2010): 5,050 (USD mn)	<ul style="list-style-type: none"> ● Manufacturing ● Automobile ● Agri products 	<ul style="list-style-type: none"> ● Total import and export value increased 19.5% to USD7.86 bn ● Utilized FDI reached USD5.05 bn
4.	Huzhou	Area: 5,818 sq km Population:2.7 mn (2010)	GDP (2010): 130.16 (RMB bn) Utilised FDI (2010): 919 (USD mn)	<ul style="list-style-type: none"> ● Textiles ● Machinery ● Wood processing ● Non-metal products 	<ul style="list-style-type: none"> ● Total foreign trade value: USD 6.93 bn ● Major export products include textiles, mechanical and electronic products, and raw chemicals and chemical products
5.	Putian	Area: 4,119 sq km Population:2.86 mn (2010)	GDP (2010): 81.69 (RMB bn) Utilised FDI (2010): 144	<ul style="list-style-type: none"> ● Shoe-making ● Textile and garment ● Food processing 	<ul style="list-style-type: none"> ● Foreign trade grew by 45.8% to USD 3.42 bn

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			(USD mn)	● Electronics	
6.	Zhongshan	Area: 3,848 sq km Population: 2.5 mn (2010)	GDP (2010): 182.6 (RMB bn) Utilised FDI (2010): 730 (USD mn)	● Packaging ● Lighting ● Electronics	● Foreign-trade value grew by 27.2 % year-on-year to USD 31.11 bn
7.	Suizhou	Area: 9,636 sq km Population: 2.58 mn (2010)	GDP (2010): 40.17 (RMB bn) Utilised FDI (2010): 48 (USD mn)	● Electronics ● Textiles	● Foreign trade value increased 42.7% to USD 799.11 million

Source: Hong Kong Trade Development Council (HKTDC), www.hktdc.com

Handicraft Trade Scenario- An India-China Comparison

Indian history has witnessed the material imports of Chinese silks, porcelains and herbal medicines, Made in China brands. Several studies acknowledge that the value added products from China are supplementary to the Indian markets. Evidently, Chinese manufacturers send their machine-made craft items to the global market giving tough competition to Indian suppliers as these machine-made products are low priced compared to that of Indian hand-made crafts.



4 Handicraft Trade Scenario- An India-China Comparison

A comparison of trade of India and China with the World and with each other indicates that the handicraft export to the world has increased over last 3 year period (2009-2011) for both India and China. In terms of import, both China and India has exhibited an increasing trend in terms of total imports of handicraft products from the world.

Table 4-1: Comparison of India and China Handicraft Trade Trends (in USD mn)³

	China				India		
	2009	2010	2011		2009	2010	2011
Export from World	11,811.9	14,886.2	19,391.7	Export from World	8,183.1	8,718.9	10,534.0
Export from India	87.6	152.7	468.2	Export from China	10.4	15.4	109.6
Import from World	1,432.9	2,149.7	2,411.4	Import from World	255.8	220.2	331.2

Source: Export Promotion Council for Handicrafts (EPCH) and Ministry of Commerce and Industry, Government of India

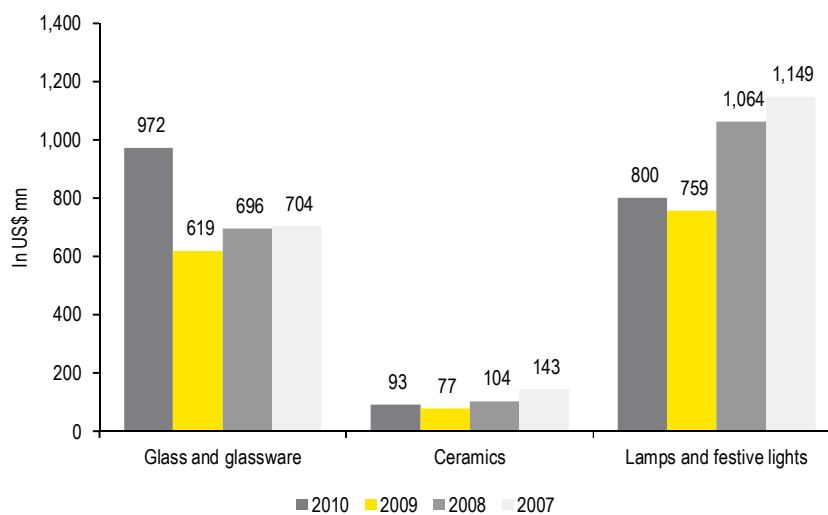
4.1 Handicraft exports from China- current trends

Although rising production cost and decreasing foreign demand gave a certain stress to China handicraft manufacturing industry, the export of China's handicraft has continued on an increasing trend of the past five years. The value-added output of the China's cultural industry rose to 173.98 USD bn in 2010, as per the National Bureau of Statistics. Its ratio to the Gross Domestic Product (GDP) rose to 2.75 percent, up 0.18 percentage points from a year earlier and 0.81 percentage points higher than in 2004. From 2004 to 2008, the sector's value-added output grew by 23.3 percent annually on average, nearly 5 percentage points higher than the GDP growth calculated at current prices during the period. Meanwhile, the value-added output of cultural goods producers and cultural goods sellers accounted for 39.7 percent and 5.8 percent of the sector's total, down 8 percentage points and 4.8 percentage points, respectively, from 2004.

³ Based on the level of impact and for the analysis purpose, trade data for 5 categories has been studied viz. glassware, ceramics, lamps and festive lights and gifts and decorative.

Chinese handicraft export in key categories such as glass and glassware, ceramics and lamps and festive lights has risen at a very high rate. Demand of products under product categories such as lamps and festive lights, ceramics and decorative items have increased in the world market in the last 4 years. Export of glass and glassware handicrafts increased at a rate of 57% in 2010 over the same period of the previous year, whereas, the exports of ceramics handicrafts registered a growth rate of 20% in 2010 over the previous year.

Figure 4-1: Export of Chinese Handicrafts in key product categories (worldwide)



Source: United Nations Statistics Division, www.unstats.un.org

The next sections present an overview of handicrafts exports from China in various categories. *This information has been obtained from China Customs and Global Trade Atlas Navigator, China.*

4.1.1 Glass and glassware

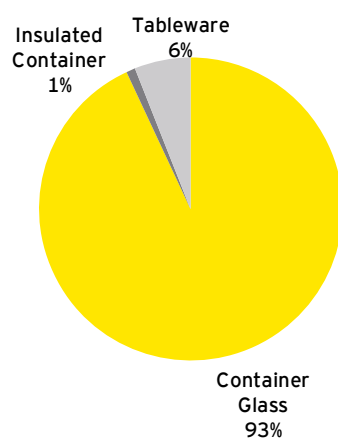
China is now the world's largest producer and consumer of raw, flat glass, with the market share of 40% of the world total. In China, economy focuses in the east part, along the sea coast, and the glass-working machinery industry is the same. The main producers are from the following provinces -

Key categories of products being focused by China include glass (cast, rolled, drawn, blown or float, surface ground, etc.), decorative glass, lamp ornaments, ceramic statuettes, non-electric lamps and lamp fittings and artificial flowers. The export of these products have shown maximum growth in last 3 years.

Shandong, Jiangsu, Zhejiang and Canton.

The daily use glass as termed in China is broadly divided into container glass, tableware glass and insulated containers. Container glass takes up 93% of the total daily use glass industry, followed by tableware with 6% and insulated container at 1%.

Figure 4-2: Breakdown of daily use glass industry in China



Source: "China Glass Industry Market Report, 2011", Italian Trade Commission

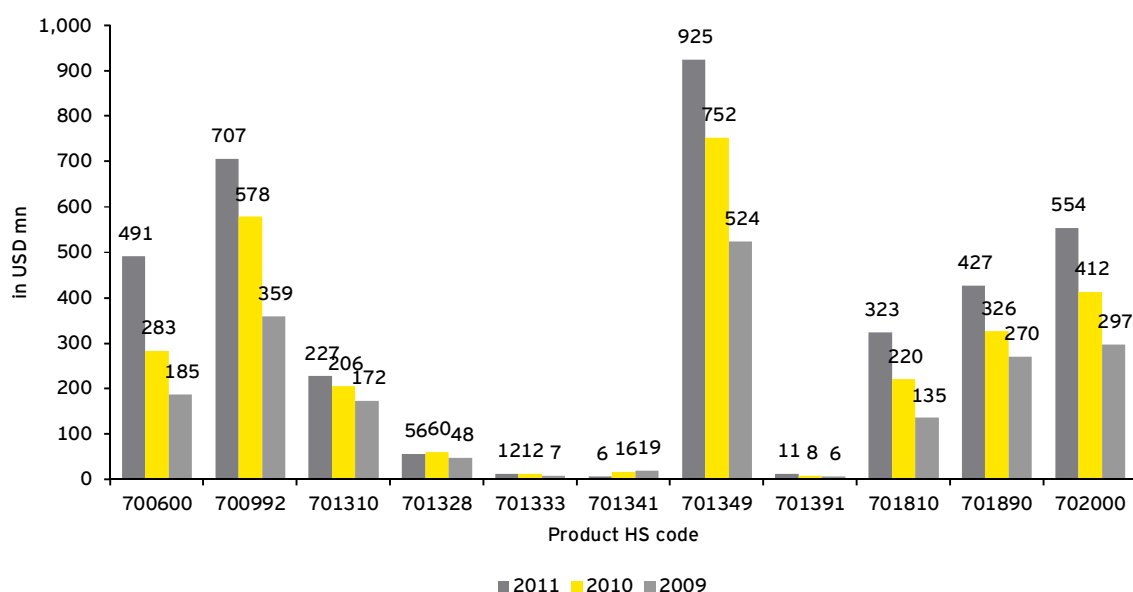
The key product categories studied under glass and glassware products include the following:

HS Code	Categories
700600	Glass (cast, rolled, drawn, blown or float, surface ground, etc.) bent, edge worked, engraved, enamelled or otherwise worked, not framed or fitted
700992	Glass mirrors (other than rear view mirrors for vehicles), framed
701310	Glassware, of glass ceramics, of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes
701328	Stemware drinking glasses other than of glass ceramics and other than of lead crystal
701333	Drinking glasses, other than of glass ceramics, of lead crystals, nesoi

701341	Table or kitchen glassware nesoi (other than drinking glasses), of lead crystal
701349	Table or kitchen glassware nesoi
701391	Glassware (including glassware of a kind used for toilet, office, indoor decoration or similar purposes) nesoi, of lead crystal
701810	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares
701890	Glass eyes, except prosthetic, ornaments of lamp worked glass and articles of glass beads and similar glass small wares, other than imitation jewellery
702000	Articles of glass, nesoi

The export for most of the product categories under Glass and Glassware has shown an increasing trend over a period of 3 years (2009-2011). However, some product categories such as drinking glasses, table or kitchen glassware have exhibited a decreasing trend over the 2010-2011 period.

Figure 4-3: Export trend of product categories in glass and glassware segment- China (2009-11)



The biggest export market for most product categories under glass and glassware is United States of America (USA). The details of key export destination of each product category are given in Table 4-2 table below.

Table 4-2: Key export destinations of Chinese glass and glassware products

HS Code	Categories	Major Export Destinations
700600	Glass (cast, rolled, drawn, blown or float, surface ground, etc.) bent, edge worked, engraved, enamelled or otherwise worked, not framed or fitted	Hong Kong, Japan
700992	Glass mirrors (other than rear view mirrors for vehicles), framed	USA, United Kingdom
701310	Glassware, of glass ceramics, of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes	Kazakhstan, Kyrgyzstan
701328	Stemware drinking glasses other than of glass ceramics and other than of lead crystal	USA, Australia
701333	Drinking glasses, other than of glass ceramics, of	Uzbekistan, Iran

	lead crystals, nesoi	
701341	Table or kitchen glassware nesoi (other than drinking glasses), of lead crystal	Uzbekistan
701349	Table or kitchen glassware nesoi	USA, Egypt
701391	Glassware (including glassware of a kind used for toilet, office, indoor decoration or similar purposes) nesoi, of lead crystal	USA, Spain, United Kingdom
701810	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares	India, USA, Hong Kong
701890	Glass eyes, except prosthetic, ornaments of lamp worked glass and articles of glass beads and similar glass small wares, other than imitation jewellery	USA, Germany
702000	Articles of glass, nesoi	Japan, Hong Kong

4.1.2 Ceramics

Ceramic industry is a typical daily consumption industry. China's ceramic industry, as a traditional competitive industry of the country, maintained a CAGR of 18.6% in 2005-2010, and accounts for 70% of the global ceramic output, with total output value exceeding USD 26.9 bn, annual output and export value both ranking No.1 in the world. In Jan-May 2011, China's ceramic industry achieved sales and total profit of USD 11.5 bn and USD 755 mn respectively.

In 2010, in terms of sales revenue, the top 4 provinces were Guangdong, Shandong, Jiangxi and Henan, whose total revenue and total profit accounted for 67.8% and nearly 80% of the nation's total respectively.

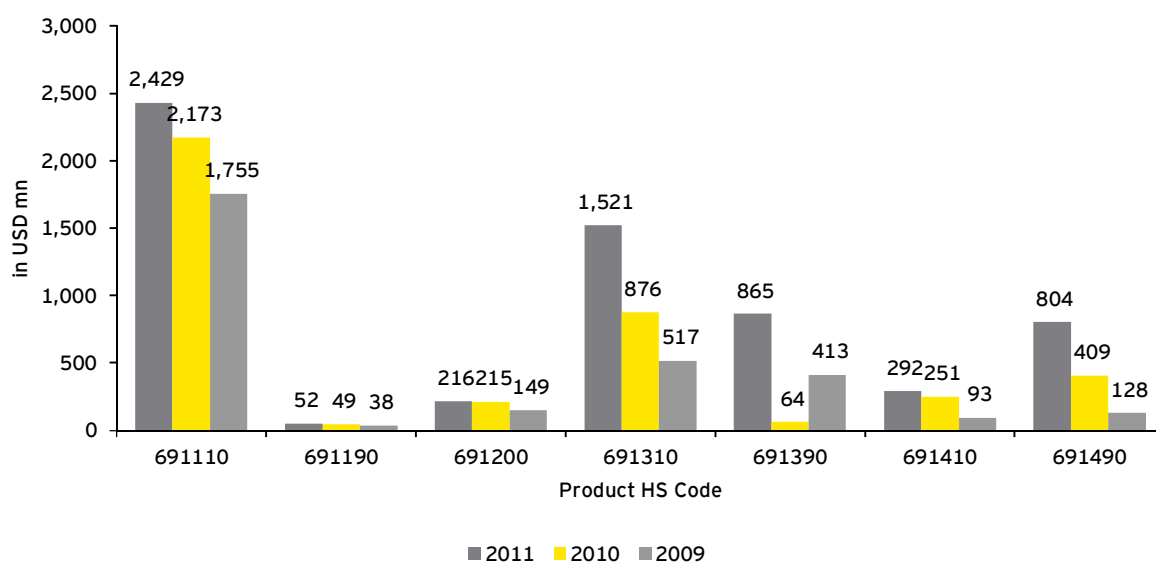
The key product categories studied under ceramics include the following:

HS Code	Categories
691110	Ceramic tableware and kitchenware, of Porcelain or China
691190	Ceramic household and Toilet articles, of Porcelain or China

691200	Ceramic tableware, kitchenware, other household and toilet articles, other than of Porcelain or China
691310	Ceramic statuettes and other ornamental articles, of Porcelain or China
691390	Ceramic statuettes and other ornamental articles, of other than Porcelain or China
691410	Ceramic articles nesoi, of Porcelain or China
691490	Ceramic articles nesoi, of other than Porcelain or China

The export for most of the product categories under Glass and Glassware has shown an increasing trend over a period of 3 years (2009-2011). However, some product categories such as drinking glasses, table or kitchen glassware have exhibited a decreasing trend over the 2010-2011 period.

Figure 4-4: Export trend of product categories in ceramics segment- China (2009-11)



The biggest export market for most product categories under ceramics is United States of America (USA), and Germany. The details of key export destination of each product category are given in Table 4-3.

Table 4-3: Key export destinations of Chinese glass and glassware products

HS Code	Categories	Major Export Destinations
691110	Ceramic tableware and kitchenware, of Porcelain or China	USA, Germany, UAE
691190	Ceramic household and Toilet articles, of Porcelain or China	USA, Germany
691200	Ceramic tableware, kitchenware, other household and toilet articles, other than of Porcelain or China	USA, Japan
691310	Ceramic statuettes and other ornamental articles, of Porcelain or China	USA, Germany
691390	Ceramic statuettes and other ornamental articles, of other than Porcelain or China	USA, Germany
691410	Ceramic articles nesoi, of Porcelain or China	USA, Netherlands
691490	Ceramic articles nesoi, of other than Porcelain or China	USA, Netherlands

4.1.3 Lamps and festive lights

Lamps and festive lights market in China comprises of products such as festive lamps, LED lights, Christmas lighting, garden lights, etc. These products have a massive demand in the world markets such as USA, Germany, Netherlands, etc.

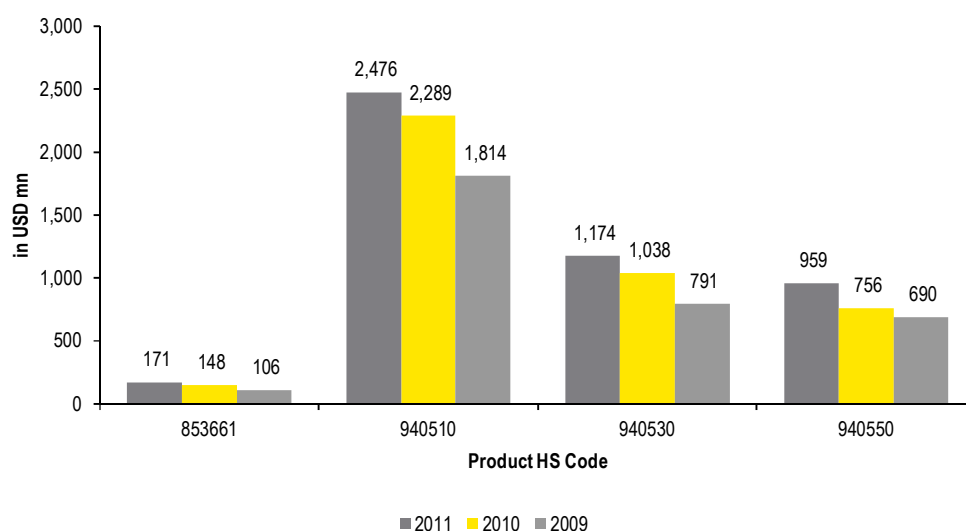
The key product categories studied under lamps and festive lights include the following:

HS Code	Categories
853661	Electric lamp holders for a voltage not exceeding 1,000 V
940510	Chandeliers and other electric ceiling or wall lighting fittings, excluding those used for lighting public open spaces or thoroughfares
940530	Lighting sets of a kind used for Christmas tree
940550	Non-electrical lamps and lighting fittings

The export for most of the product categories under lamps and festive lights has shown an increasing trend over a period of 3 years (2009-2011). Products such as electric lamp holders,

non-electrical lamps and light fittings have exhibited a high growth rate during the 3 year period. Christmas tree lightings have also presented a YoY growth of 22%.

Figure 4-5: Export trend of product categories in lamps and festive lights segment- China (2009-11)



The biggest export market for most product categories is United States of America (USA), Netherlands, and Germany. The details of key export destination of each product category are given in the table below.

Table 4-4: Key export destinations of Chinese lamps and festive lights products

HS Code	Categories	Major Export Destinations
853661	Electric lamp holders for a voltage not exceeding 1,000 V	USA, South Korea
940510	Chandeliers and other electric ceiling or wall lighting fittings, excluding those used for lighting public open spaces or through fares	USA, Germany
940530	Lighting sets of a kind used for Christmas tree	USA, Germany, Netherlands
940550	Non-electrical lamps and lighting fittings	USA, Germany, Netherlands

4.1.4 Gifts and decorative

The segment consists of statuettes of wood, metal, etc., other decorative articles of wood, copper, artificial flowers, bells, ornaments, etc. The market for gifts and decorative accessories is becoming increasingly fashion-oriented. Growth in tourism has fueled an increased demand for:

- Cultural products
- Decorative accessories for hotels and restaurants
- Designer goods
- Indigenous art
- Uncommon souvenirs

USA, Germany, UK, France, Italy, Netherlands, Japan, Switzerland and Canada are the principal importers in the world, estimated to account for 80% or more of the trade values in “gifts and decorative”.

The key product categories studied under gifts and decorative include the following:

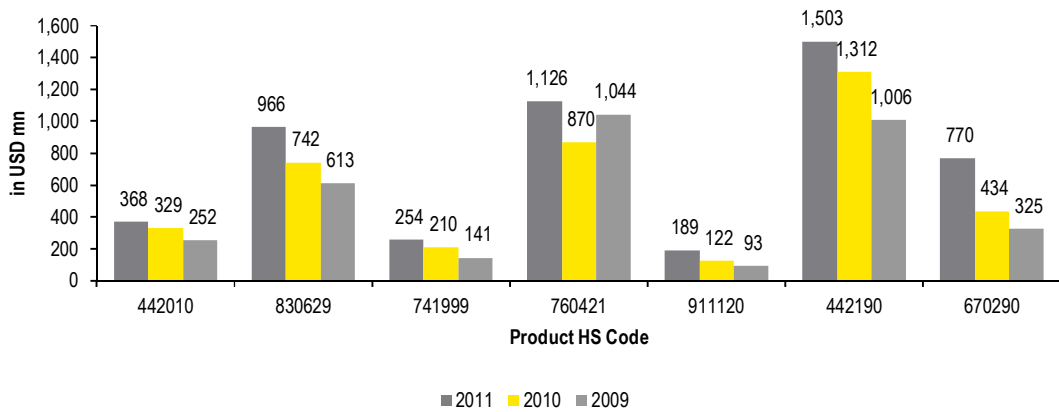
HS Code	Categories
442010	Statuettes and other ornaments, of wood
830629	Statuettes and other ornaments, and parts thereof, of base metal not plated with precious metal
741999	Articles of copper, nesoi
760421	Aluminium alloy hollow profiles
960190	Worked bone, tortoise shell, horn, antlers, coral, mother of pearl and other animal material, and articles of these materials, nesoi
830610	Bells, gongs and the like, and parts thereof, of base metal
911120	Watch cases of base metal, whether or not gold or silver plated
442190	Articles of wood, nesoi
830621	Statuettes and other ornaments, and parts thereof, of base metal plated with precious metal

670290

Artificial flowers, foliage, fruit and parts thereof, and articles made of artificial flowers and fruit, of materials other than plastics

The export for most of the product categories under gifts and decorative has shown an increasing trend over a period of 3 years (2009-2011). However, export value of products such as decorative of bones, shells, bells, gongs, etc. is not much.

Figure 4-6: Export trend of product categories in gifts and decorative segment- China (2009-11)



The biggest export market for most product categories is United States of America (USA). Germany also has emerged as a key export market for gifts and decorative in last 2 years. The details of key export destination of each product category are given in Table 4-3.

Table 4-5: Key export destinations of gifts and decorative products

HS Code	Categories	Major Export Destinations
442010	Statuettes and other ornaments, of wood	USA, Germany
830629	Statuettes and other ornaments, and parts thereof, of base metal not plated with precious metal	USA, Germany
741999	Articles of copper, nesoi	Hong Kong, USA
760421	Aluminium alloy hollow profiles	USA, Nigeria
911120	Watch cases of base metal, whether or not gold or silver plated	Hong Kong, Switzerland
442190	Articles of wood, nesoi	USA, Japan

670290

Artificial flowers, foliage, fruit and parts thereof, and articles made of artificial flowers and fruit, of materials other than plastics

USA, Germany

4.2 Handicraft exports to India

Indian history has witnessed the material imports of Chinese silk, porcelains and herbal medicines, Made in China brands. Consequently, the magnitude of India-China trade highlights that the trade between the two countries has been robust with a growth of 54% rate during 2002-2007. Several studies acknowledge that the value added products from China are supplementary to the Indian markets. Evidently, observation of trends in regional markets also proves that in order to withstand the rising inflation in India, regional markets prefer Chinese products over any other foreign products.

In case of handicrafts, the key products exported by China to India include ceramics, festive lights, lamps, glassware and decorative items among others. In last 3 years, export of handicraft products to India as a % of total worldwide exports by China has increased in most product categories.

Table 4-6: China handicraft export to India

S. No.	Product Categories	Exports to India as % of total exports		
		2009	2010	2011
1.	Glass and Glassware	2.28%	3.10%	10.93%
2.	Ceramics	0.18%	0.33%	0.30%
3.	Lamps and festive lights	0.71%	0.75%	0.99%
4.	Gifts and Decoratives	0.46%	0.68%	0.92%

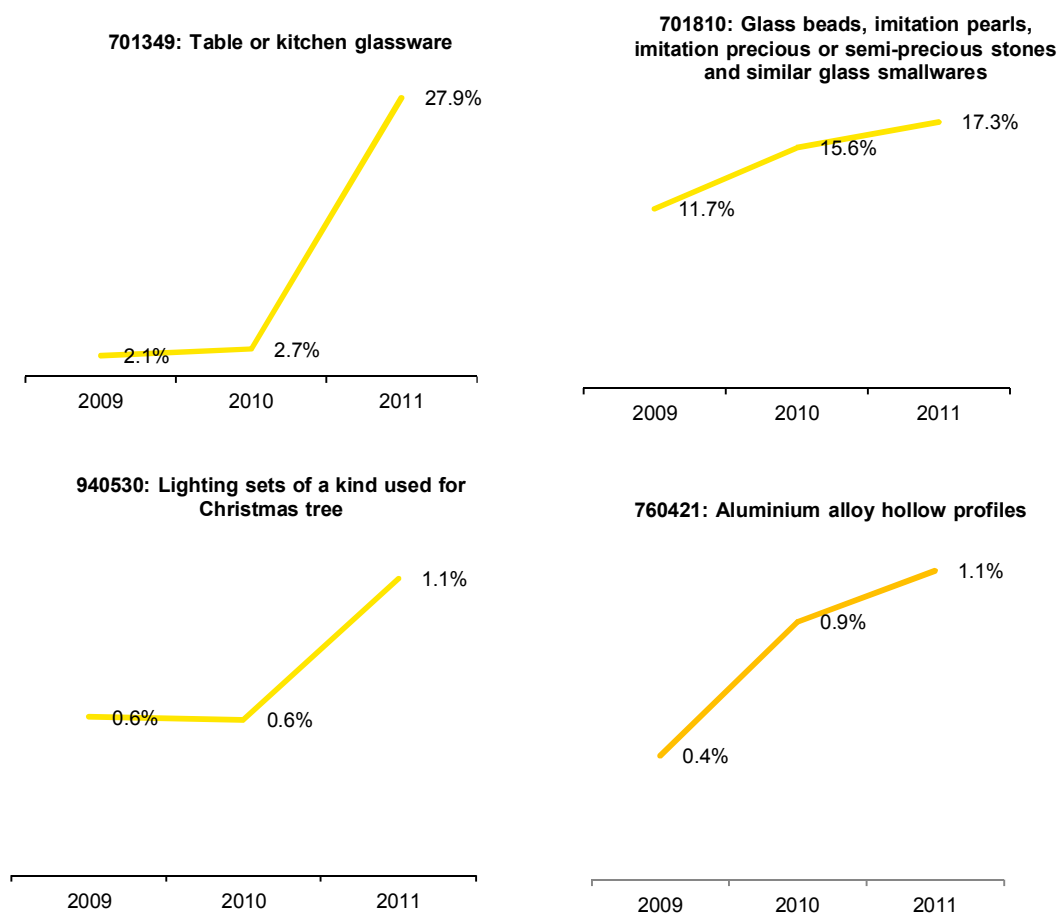
Source: China Customs and Global Trade Atlas Navigator, China

A comparison of YoY exports to India from China demonstrates increase in exports to India as a % of total exports for most of the product categories. In some categories, however, the growth is not significant, but the increase in export value indicates India becoming a key market for Chinese handicraft products. Some of the product categories have registered highest growth in terms of % of total exports from China to India. These categories include glass mirrors, table or

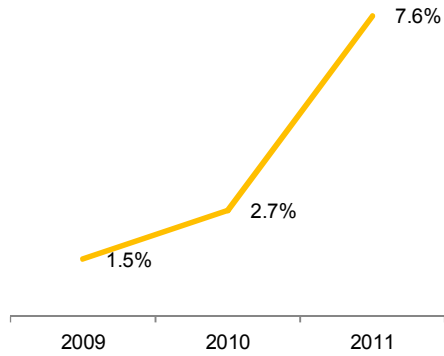
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kitchen glassware, festive lights (Christmas lighting), wood articles, etc. (Details of HS Code wise Chinese product export details are provided as Annexure I.)

Figure 4-7: Analysis of exports to India as a % of total exports from China (2009-2011)



701341: Table or kitchen glassware nesoi
(other than drinking glasses), of lead
crystal



There are certain categories of products which have shown decreasing growth trend in terms of exports from China as % of total export. These categories included ceramic articles of other than porcelain and China, watch cases, ceramic household and toilet articles, ceramic statuettes and other ornamental articles, of other than porcelain or China, etc.

Chinese manufacturers also send their machine-made craft items to the global market giving tough competition to Indian suppliers as these machine-made products are low priced compared to that of Indian hand-made crafts.

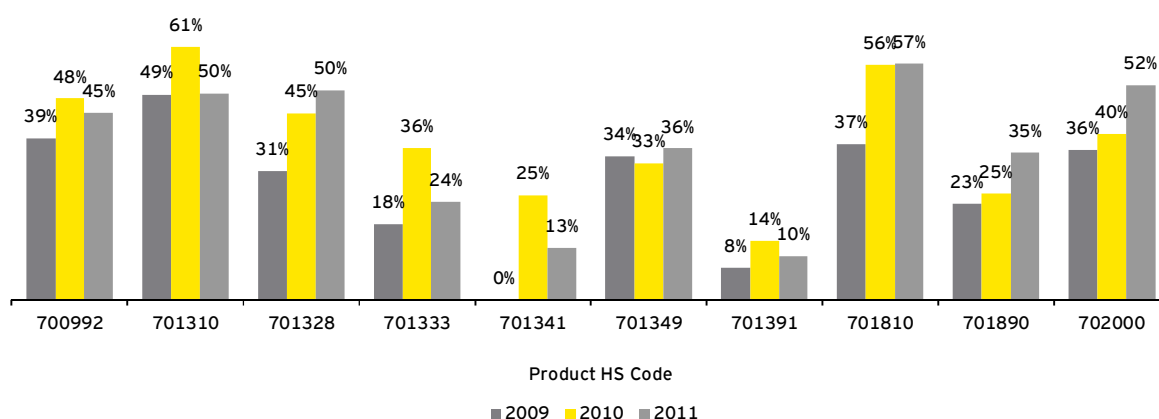
4.3 India handicraft import

This section presents an analysis of the total value of imported products to India from across the globe and the share of imports from China in each product category as a % of total value of global import. *This information has been obtained from the Ministry of Commerce and Industry, Government of India, website for over a period of 3 years (2009-2011)⁴. (Details of HS Code wise India product trade details are provided as Annexure II.)*

4.3.1 Glass and glassware

There are many products in this category for which the imports from China have been on an increasing trend. In this category, these are the products that are imported from China in bulk.

Figure 4-8: Share of imports from China as a % of total global imports- Glass and glassware (2009-2011)



The total imports from China in glass and glassware category were analysed as a % of total global imports. As indicated in the figure, the share of imports from China has increased over a period of 3 years (2009-2011) for most of the products. However, there are products such as glass mirrors, drinking glasses, table or kitchen glassware which exhibited an increase over

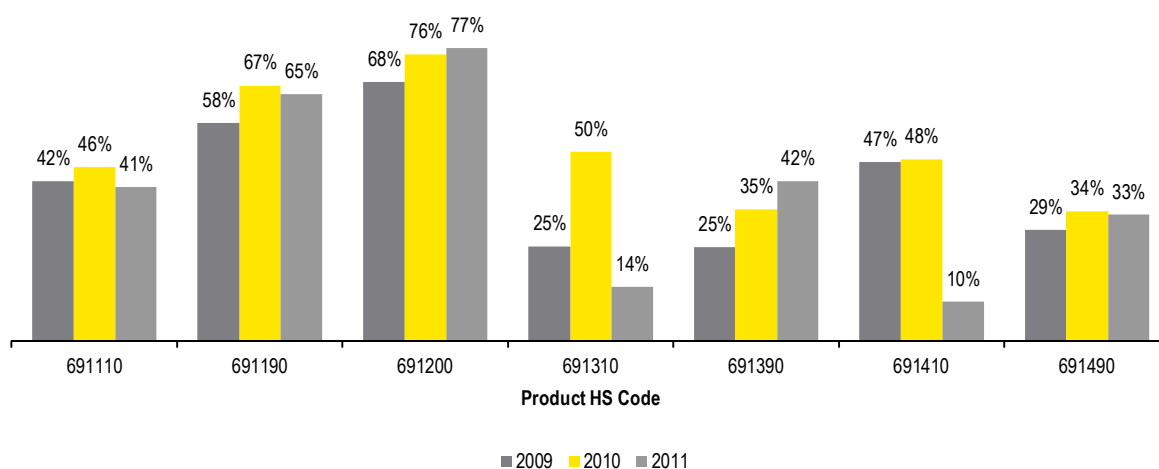
⁴ **Note:** For the purpose of calculation the decimal values have been approximated to the nearest unit value. "n/a" implies "Information not available". Source of data is the Ministry of Commerce & Industry, India

2009-2010 period, but decreased in 2011. For products such as glassware of glass ceramics, stemware drinking glasses, glass beads, imitation pearls, etc., import from China is more than 50% of the total global imports, indicating India's dependence on China for its imports in the category.

4.3.2 Ceramics

The ceramics industry in India came into existence about a century ago and has matured over time to form an industrial base. From traditional pottery making, the industry has evolved to find its place in the market for sophisticated insulators, electronic and electrical items. The ceramic products are produced both in organised as well as in unorganized sector. China is India's main source of ceramic imports.

Figure 4-9: Share of imports from China as a % of total global imports- Ceramics (2009-2011)

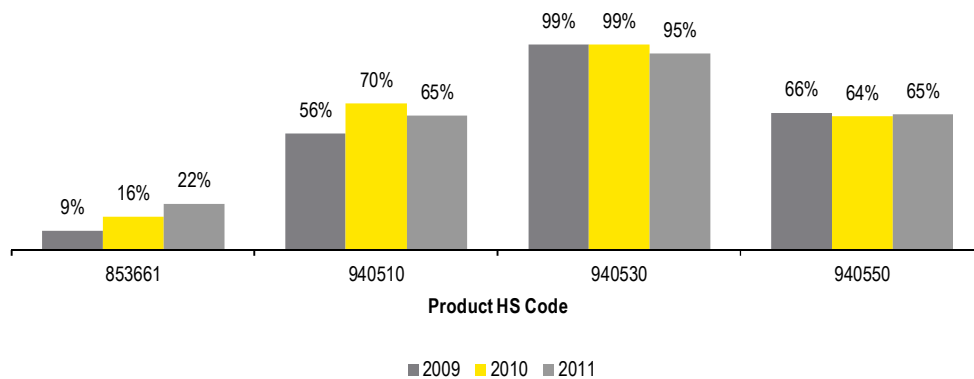


The figure indicates that for most of the products, India's dependence on China for imports has increased over the years. Products such as ceramic tableware, kitchenware, toilet and ornamental articles have registered as increase in imports from China over 2009-2011 period and have more than 50% of imports coming from China.

4.3.3 Lamps and festive lights

This category of products has shown most dominance of Chinese imports, with close to 100% imports of products such as Christmas lighting being from China.

Figure 4-10: Share of imports from China as a % of total global imports- Lamps and festive lights (2009-2011)

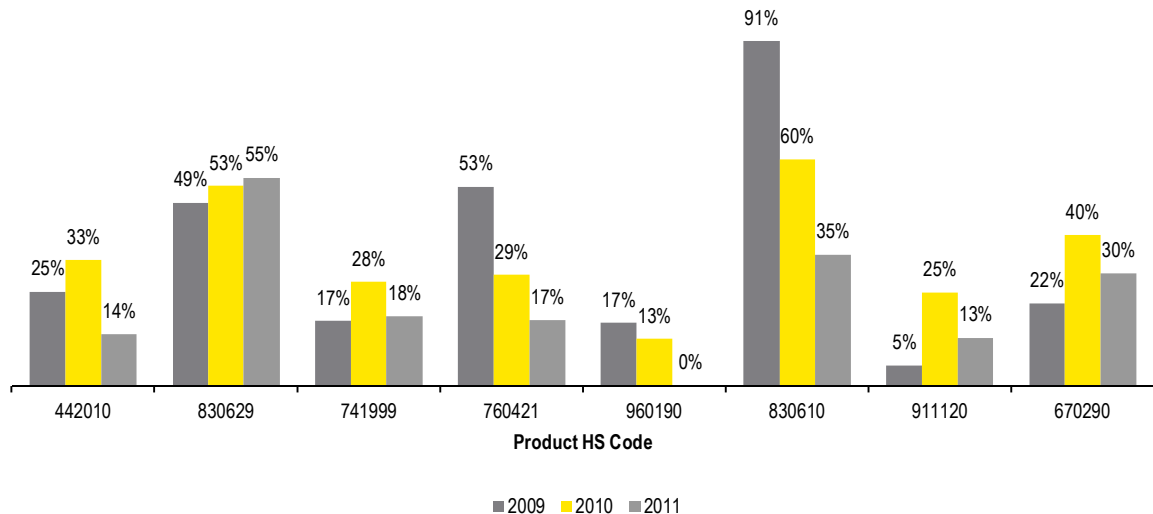


Other products also presented a similar picture with chandeliers and non-electric lamps as a major portion of their imports is from China. The trend shows that for most of the products, the share of Chinese imports in total global imports increased during 2009 and 2010, however, the share decreased in 2011 by a small margin.

4.3.4 Gifts and decorative

Gifts and decorative category including wood statuettes, articles of copper and other metals, watch cases, bells, artificial flowers, etc. These products exhibited an increase over 2009 and 2010 period, but registered a sudden fall in the share of Chinese products in the total global imports in 2011.

Figure 4-11: Share of imports from China as a % of total global imports- Gifts and decorative (2009-2011)



The decrease in the share of Chinese imports can be attributed to products from new markets such as Thailand and Vietnam creating a niche for them in the global market.

The Indian handicraft products lack in meeting the quality standards of the global market. The trend has changed by a small margin in 2011 with many products exhibiting a decrease in the share of imports from China. This trend may be attributed to increase in Government support to Indian handicraft sector leading to increase in production in 2009-2011. However, the Government needs to support the sector through improvement of infrastructure facilities and market access.

4.4 India Handicraft Export to China

China whose share in the world trade of handicrafts is around 30 percent has been

The overall study of the handicraft imports from China and rest of the world indicates that China holds a major share of total imports of handicraft products in India. The key rationale behind the trend is that products from China are well accepted in the global market, especially in USA, UK, Europe, Germany and France. The Chinese handicraft products are standardized products as per the requirements of the global markets. Also, due to cheap labour, high production efficiency, Government support and proper management, the Chinese handicraft products are highly price competitive for the global market.

known in the world to be a handicrafts producing country and famous for their ethnic designs, fine raw material bases of China Clay and excellent craftsmanship. However, Indian handicrafts are seeing a huge market in China.

One of the very interesting developments taken place during the last few years has been the growth in exports of handicrafts from India to China. Indian hand-made items are in more demand than mostly machine-made Chinese products in metal ware, art ware, giftware and wood craft categories. This indicates that Indian “handmade” handicraft products are gaining demand in the global market, including China.

Furthermore, as Chinese manufacturers scale to move up the value chain, the manufacture of handcrafted materials which still requires its finer touches to be hand-made are seeing a fall in interest. Chinese state governments which traditionally encouraged such local industries, are also finding more lucrative, less labor demanding businesses.

Exports of Indian handicrafts to China have exhibited an increasing trend in a period of 2009-2011. The key product categories exported to China included artmetalware, wood ware, miscellaneous handicrafts such as paintings, pottery, glassware, leather goods, etc.

The trend exhibited by Indian handicraft export to China is presented in Annexure IV. The maximum growth was exhibited by artmetalware, with an average growth of more than 800% in last 3 years, followed by hand printed textiles and scarves with average growth of 87%. The least performing product categories include zari and zari goods and imitation jewelry with negative growth in last 3 years.

Table 4-7: Category Wise Export of Indian Handicrafts to China (in USD mn)

Items	2008-09	2009-10	2010-11
Artmetal ware	1.09	8.68	98.58
Wood ware	1.16	1.67	2.50
Hand Printed Textiles & Scarves	0.20	0.52	0.50
Hand Knitted and Crocheted Goods	0.33	0.19	0.23
Shawls as Art ware	0.08	0.16	0.24
Zari and Zari Goods	-	0.01	0.00

Imitation Jewellery	0.63	0.33	0.42
Miscellaneous Handicrafts	6.90	3.84	7.11
Total	10.38	15.41	109.58

Source: Export Promotion Council for Handicrafts (EPCH)

5 Competitive Assessment of Indian and Chinese Handicraft Industry

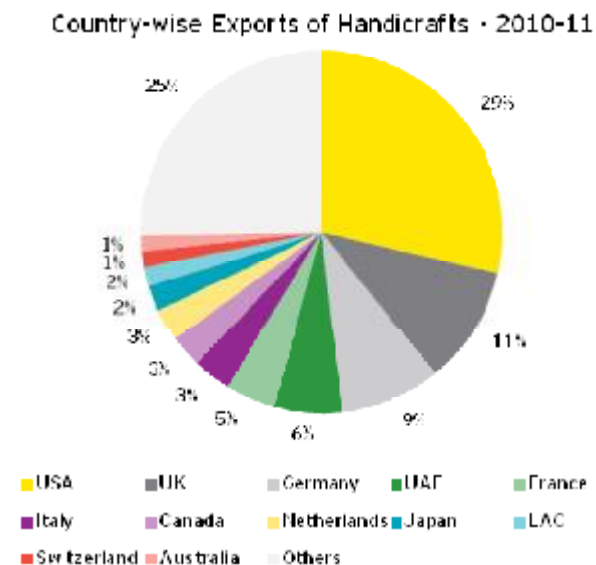
5.1 Competitive Assessment

Based on the data analysis undertaken in previous sections, it is established that import of Chinese handicrafts by India as a % share of total global imports has increased over the last three years. It can be attributed to better quality and adherence to standards of Chinese products. The traders in India are increasing importing Chinese products for domestic as well as export market⁵.

This section focuses on the impact of Chinese products on the key export markets for Indian handicrafts. The export trends to 5 major export markets of India were studied and compared with exports from China.

Key export destinations for Indian handicrafts are USA, UK, Germany, UAE and France. Country wise export of handicrafts from India is presented in the figure below.

Figure 5-1: Country-wise Exports of Indian Handicrafts



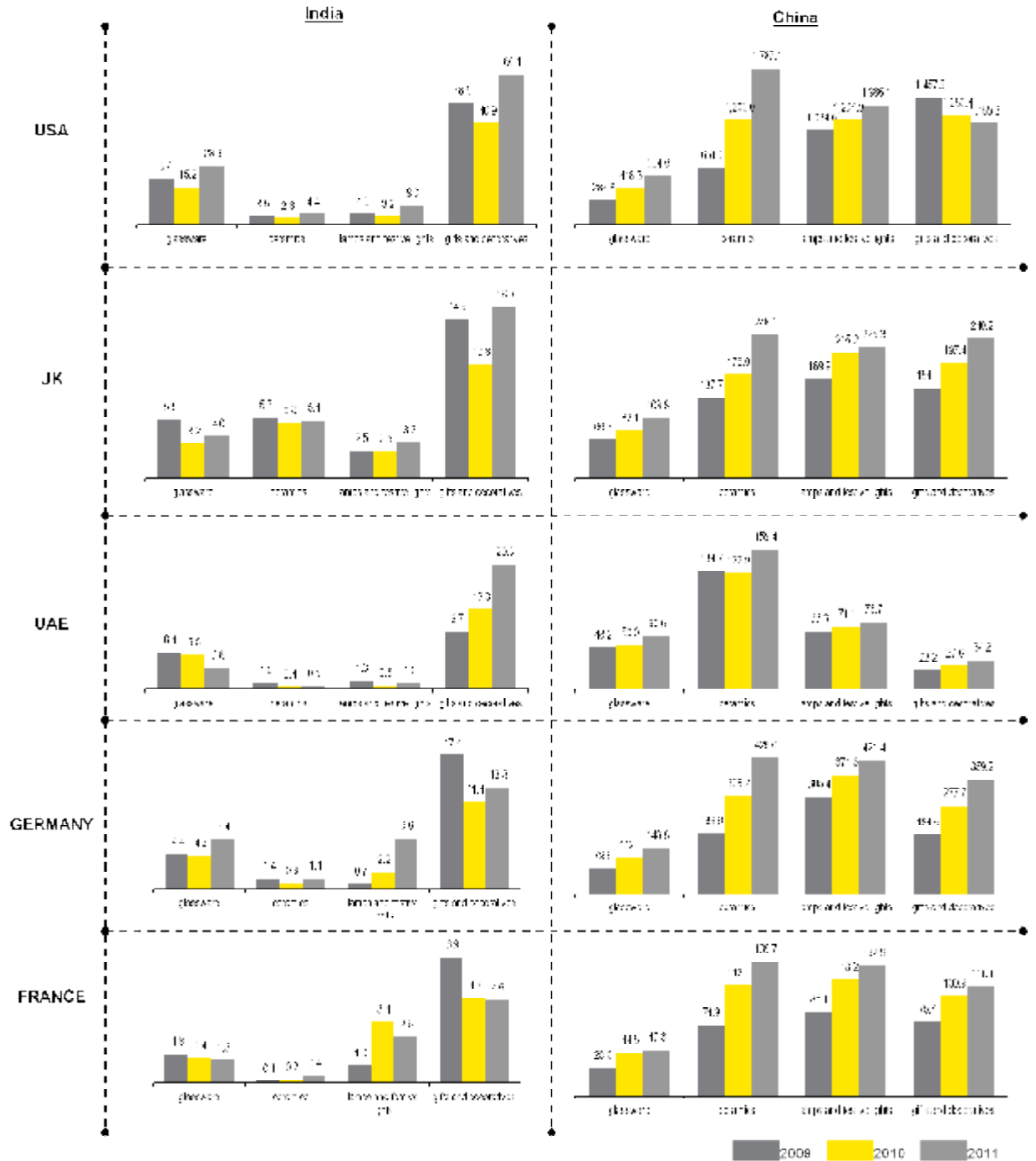
⁵ The statement has been deduced from the discussions with traders and exporters undertaken during the study. The statement cannot be affirmed with quantitative data due to lack of data in terms of segregation of values of export from domestic market and re-export of imported products

Source: Export Promotion Council for Handicrafts (EPCH)

In terms of %, USA is the major export destination for Indian handicrafts, followed by UK. These two markets together constitute of more than 50% of the total global export of Indian handicrafts, making them the most favorable nations for our products.

A comparison of handicraft under various categories between India and China indicates that during a period of 3 years (2009-2011) China handicraft export to all major markets has shown an increasing trend. On the other hand, India exhibited a dip in export value over 2009-2010 in most of the product categories in all markets and then an increase in 2010-2011 period.

Figure 5-2: Comparison of India and China Handicraft Exports to Key Destinations (in US\$ mn)



Export values of China are much higher in comparison to India, indicating better placement of Chinese handicraft products in the global market. However, the demand of Indian handicrafts has increased in the last two year period. The export trends of Indian handicrafts indicate that there has been an increase in export value of handicrafts in almost all export markets in 2010-2011 period. On an analysis of the exports for the year 2010-11, overall exports of handicrafts to Latin American region increased by 31%. Key markets such as USA, UK, UAE and Germany recorded a growth of 55%, 33%, 29% and 49% respectively in 2010-2011.

The competitive assessment indicates that there is not much visible impact of Chinese handicraft exports to Indian handicraft export destinations. All product categories of Indian handicrafts have exhibited a similar export trend during 2009-2011 period.

5.2 China Trade Strategy

After three decades of inward-oriented trade and foreign investment policies, in 1979, China switched course and launched an "open-door" policy. The promotion of

non-state enterprises has closely complemented China's outward-oriented strategy. These enterprises, owned collectively by local authorities in urban areas, townships or villages, enjoy

China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts (CCCLA)

Founded in 1988, China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts (CCCLA) is, in accordance with relevant rules and regulations, a self-ruling organization composed of enterprises engaged in import and export business of light industrial products and arts-crafts. Key functions include:

- ▶ To maintain the business order of import and export, safeguard the interest of its member enterprises and coordinate their operation activities.
- ▶ To provide information services to its member enterprises and organize seminars and training at home and abroad
- ▶ To provide legal consulting services to its member enterprises
- ▶ To organize its member enterprises to attend trade fairs and conduct market research at home and abroad
- ▶ To convey enterprises requests, advices and suggestions on policy-making to the government on behalf of the industry as a whole
- ▶ To establish relationship and have exchanges with its domestic and overseas counterparts
- ▶ The highest authority of CCCLA is its Member Congress, with the Board of Directors and Board of Standing Directors under it. CCCLA has 6 departments and 18 Sub-Chamber (coordination groups) dealing with the daily work

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a high degree of autonomy in their operations. Consequently, they have been most successful in taking advantage of the outward-oriented strategy.

5.2.1 Export culture

On the external front, three factors combined to give rise to China's success: adoption of an aggressive pro-export strategy by central authorities, active participation of local authorities and the presence of Hong Kong and Taiwanese investors looking for a source of cheap labor. With the beginning of the open-door policy, the central authorities began sending clear signals in favor of an export-oriented trade regime. A variety of instruments were employed to promote what may be called an "export culture": geographical targeting, sectoral targeting, a liberal foreign investment regime, and liberal provision of export financing.

The government will strengthen guidance of the economy on a macro level and draw up strategic plans for economic development. Key projects will be launched and innovation will be introduced in offshore economic and trade cooperation zones. The relevant policy support and administrative structure will be improved to guide more enterprises to "go global" in clusters.

5.2.2 Geographical targeting

China set up Special Economic Zones (SEZs) and Open Cities within which economic activities—manufacturing, banking, exporting and importing, and foreign investment—took place in a more liberal environment than is available in the rest of the economy. These zones helped to serve as focal points for investment from both domestic and foreign sources and to allow China to develop links with the world market, brought in part, by Hong Kong and Taiwanese entrepreneurs.

Originally there were only a handful of such zones, all in Guangdong and Fujian provinces. Over time, many features of SEZs were extended to other cities. Two features of SEZs distinguish them from the rest of the country. First, the SEZs enjoy considerable administrative autonomy in the areas of investment, pricing, taxation, housing, and labor and land management policies. Most foreign investments can be approved locally and require virtually no central clearance. Second, the SEZs offer many economic incentives to investors not available in the inland provinces.

5.2.3 Sectoral targeting

Side by side with geographical targeting, China has also engaged in sectoral targeting for exports. Targeted sectors, chosen at a broad level, have included light industrial products, textiles, cultural products and machinery and electronic goods. The most important instruments of targeting were production networks for exports (PNEs) and higher exchange retention rights to targeted sectors.

5.2.4 Future outlook for improvement of export strategy

China commerce department has highlighted nine priority areas in 2012 which includes promoting steady growth of foreign trade. The government will ensure that exports continue to grow steadily. It will maintain the continuity and stability of foreign trade policies and study new measures to reinforce and expand China's share in the global market. It will also maintain the stability of the export rebate policy, perfect the tax rebate mechanism and accelerate tax rebate reforms. The processing trade policies will be also be kept stable while the administration of the Forex payment verification and cancellation for imports and exports will be

India Foreign Trade Strategy

- Removing government controls and creating an atmosphere of trust and transparency to promote entrepreneurship, industrialization and trades.
- Simplification of commercial and legal procedures and bringing down transaction costs.
- Simplification of levies and duties on inputs used in export products. Facilitating development of India as a global hub for manufacturing, trading and services.
- Generating additional employment opportunities, particularly in semi-urban and rural areas, and developing a series of 'Initiatives' for each of these sectors.
- Facilitating technological and infrastructural upgradation of all the sectors of the Indian economy, especially through imports and thereby increasing value addition and productivity, while attaining global standards of quality.
- Neutralizing inverted duty structures and ensuring that India's domestic sectors are not disadvantaged in the Free Trade Agreements / Regional Trade Agreements / Preferential Trade Agreements that India enters into in order to enhance exports.
- Upgradation of infrastructural network, both physical and virtual, related to the entire Foreign Trade chain, to global standards.
- Revitalizing the Board of Trade by redefining its role, giving it due recognition and inducting foreign trade experts while drafting Trade Policy.
- Involving Indian Embassies as an important member of export strategy and linking all commercial houses at international locations through an electronic platform for real time trade intelligence, inquiry and information dissemination.

streamlined. There will be more financing channels for foreign trade enterprises and the financial services for small and medium-sized enterprises will also be improved.

Further, steps are planned to enhance multilateral and bilateral economic and trade cooperation. In particular, closer relations with major trade partners will be fostered, and mutual cooperation with developing countries in Africa and Latin America especially the emerging economies will be deepened. Commerce departments at various localities would give full play to their own advantages and ride on the “sister provinces” and “sister cities” mechanisms to play a bigger part in international trade cooperation.

Measures to tackle international trade frictions and import remedy measures will be drawn up. While the steady development of foreign trade will be promoted, the interests of domestic enterprises will also be protected and market competition brought to order. The authorities will make better use of multilateral and bilateral meetings to publicise China’s efforts in trade and investment liberalisation. Import remedy measures will be implemented in accordance with the law. The mechanism to protect the industrial sector and efforts to analyse the sector’s competitiveness will be strengthened. The warning mechanism on potential harm to the industrial sector will also be improved.

5.3 SWOT analysis of Indian handicraft sector

Strengths	Opportunities
<ul style="list-style-type: none"> ▪ Availability of unique local raw materials e.g. natural fibers, bamboo, cane, horn, jute, leather, etc. ▪ Rich and diversified culture producing wide range of unique and exclusive handicrafts ▪ Strong existing pool of skilled artisans ▪ Wide range of traditional production skills derived from indigenous knowledge ▪ High potential for empowerment of women, youth and people with disabilities ▪ Low production costs 	<ul style="list-style-type: none"> ▪ Increasing emphasis on product development and design up gradation ▪ Rising demand in domestic and traditional market ▪ Rising appreciation by consumers in the developed countries ▪ Government support and interest in preserving the craft ▪ Emerging markets in Latin America, North America and European countries. ▪ Fair trade practices. ▪ Increasing flow of tourists provide market for products.

- E-commerce and Internet are emerged as promissory distribution channels to market and sell the craft products.

Weaknesses	Threats
<ul style="list-style-type: none"> ▪ Lack of design, innovation and technology up gradation ▪ Highly fragmented industry ▪ Unstructured and individualized production systems ▪ Lack of strong umbrella sector organizations ▪ Limited capitalization and low investment ▪ Insufficient market information on export trends, opportunities and prices ▪ Limited access to credit ▪ Limited resources for production, distribution and marketing ▪ Limited e-commerce competence among producer groups ▪ Lack of adequate infrastructure, absence of latest technology 	<ul style="list-style-type: none"> ▪ Handicraft sector is not mainstreamed in planning priorities of many State Governments. ▪ Quality products produced by competing countries like China, South Africa. ▪ Decreasing supply of good quality raw material. ▪ Better quality components, findings and packaging in other countries ▪ Lack of quality standardization process ▪ Declining investment in the sector (largely in the developed economies) and increasing consumer sophistication ▪ Absence of institutional support. ▪ High freight costs associated with air cargo and shipment ▪ High cost of production rendering Indian crafts less competitive in the markets

5.4 Constraints in the Handicrafts sector in India

The handicraft sector in India, despite having economic and social significance, currently faces a number of threats and challenges which hamper its growth. These issues can be tackled through appropriate policy measures as well as developmental activities. Some of these issues have been highlighted in the following sections.

- ▶ **High state of decentralization:** Most of the artisans working in the sector prefer to work independently, not collectivized in any formal structure. Hence all their activities are decentralized, minimizing their efficiency and production capacity. This independent working structure has a huge impact on the individual cost of raw material, transportation and other ancillary activities. Though efforts have been made to formalize the artisans

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into groups or other institutional structures as part of numerous government policies and departmental schemes, the impact has not been as expected.

- ▶ **Lack of access to credit:** At present most of the artisans engaged in the sector are from economically weaker sections, and constantly face problems due to lack of resources. There is a huge deficit between their financial requirement (for daily expenditure & working capital) and their earnings. To meet this deficit they forced to seek credit from local sources- traders and money-lenders, who charge a very high interest rate and have highly inflexible terms. To counter these issues, various schemes and services have been initiated by the government and several financial institutions.
- ▶ **Lack of empowerment:** Due to the existence of an unorganized and informal structure in the handicrafts sector, it has lead to high level of dependence of the artisans on external factors for support in various activities in the input and supply chain. These external factors are often found to be the middlemen (usually traders), who exploit these artisans for their own profits. Introduction of formal structures of organization amongst these artisans and some policy measures towards this direction can improve the situation.
- ▶ **Inadequate raw material input:** At present majority of the artisans source the raw materials available locally (from natural resources, local markets, etc.). Some of these artisans use recycled raw materials (mostly scrap) due to inadequate supply or non-availability of good quality raw material. And due to over-utilization of the local resources, the artisans are forced to opt for alternate sources. This dependence on the external factors has resulted in non-timely delivery and heavy fluctuations in raw material prices.
- ▶ **Inadequate Infrastructure and Technology:** The artisans are still using the age old technology and methods of production, which are highly inefficient. This restricts their production capacity and the quality of output. This is due to the lack of awareness or knowledge about the availability of appropriate tools & technology and other developments in the sector. Reluctance amongst the artisans to incorporate these changes is also an important factor aggravating this issue. Also the lack of basic infrastructure and civic amenities- high cost of transportation, irregular electricity supply, sewage, work-sheds, warehousing, etc. impact the development of the entire sector.

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- ▶ **Limited access to markets:** The demand of handicrafts products in the domestic as well as international market is huge and varied, majorly governed by the buyers demand and requirements. Despite such a high demand, only a fraction of artisans engaged in this sector have been able to utilize this opportunity, while most of the artisans have only been able to access just the local markets. As a result these artisans are absolutely dependent on traders, acting as middlemen, to sell their products in markets other than the local ones. Newer and better markets need to be linked to them directly so as to facilitate the development of the entire sector.
 - ▶ **Competition from machine-made products:** With the increasing mechanization of the production processes, the markets have been flooded with machine-made products, which were originally handcrafted. The handicrafts sector is facing stiff competition from such machine-made products, as these products are cheaper (due to high economies of scale in production) and have a high production output amongst other factors.

5.5 Discussions with Exporters/Importers/Domestic producers/Other agencies


Given the scope of the safeguards application, to ensure that a comprehensive application is submitted, it was considered that identification of the potential applicants would be extremely essential. In this regard various exporters, importers, domestic producers, domestic marketers were approached and contacted. Their feedback was taken to understand their perspective of the safeguards application and to elicit necessary information that would be required to complete this application. In the table below, key discussions points have been detailed. Majority of the cases are where the businesses have not been impacted by the Chinese imports. Further details are presented in the table below.

Note: 📞 - Telephonic Conversation


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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
1.	Mr Ahmed Company: The Kings Noida	Exporter and Producer	Lights and lamps, metal based	28/11/2011 At the office of The Kings in Noida	<ul style="list-style-type: none">▶ The business of The Kings has not been impacted by China so far.▶ It was stated that the product range of Kings is different from that produced by Chinese exporters.▶ They have a manufacturing facility where 400-500 workers are employed.▶ Recently the Chinese exporters have started to copy some designs in lamps section of the products but it is of insignificant importance for The Kings as the number is very low.
2.	Name: Mr. Puri Company: Su Import Services Noida	Importer	Electrical fittings	28/11/2011 At the office of Su Import Services at Noida	<ul style="list-style-type: none">▶ Mr. Puri primarily imports Chinese products as compared to the ones of Italian counterparts.▶ The easily available approvals of electrical fittings of all the nations with one single supplier in China, leads to greater demand for Chinese products.

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
3.	Name: Mr. Deven Gulati Company name: DE-MOHANCO New Delhi	Exporter/ Producer	Ceramics	24 November 2011  - Telephonic Conversation	<ul style="list-style-type: none"> ▶ The products are used by exporters as raw material and the finished products are further re-exported to other countries. ▶ The price difference of Chinese products compared to European countries is 40%-50%. ▶ There is a potential for an impact on the domestic market, but Mr Puri did not acknowledge it explicitly. ▶ Exporter of ceramic products ▶ Mostly work base production- depends on orders ▶ They have their own manufacturing with artisans ▶ Sometimes sourcing done from outside as well ▶ Mostly caters to export market, very few domestic orders ▶ Ceramics has a lot of competition

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
4.	Design Factory Noida	Producer	Decorative	24 November 2011 	<p>from Chinese products</p> <ul style="list-style-type: none"> ▶ Chinese products made by machine, and design and colouring also done by machine ▶ Price of Chinese products is less as compared to domestic products due to more production output ▶ More competition in export market ▶ No specific information on the impact of Chinese products in terms of quantity and value ▶ Producer of decorative items in plastic and metal. ▶ Cater to orders from domestic as well as export market. ▶ Chinese products have impacted the order value in last 2 years. ▶ More variety and less expensive is key advantage of Chinese products. ▶ Impact majorly in terms of decrease in


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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
					value of orders and clients, not much impact on the employment front though.
5.	Name: G. Ananth Reddy, Dy. Secretary Company name: Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI) Hyderabad	Autonomous organization	Not applicable	23 November 2011 Address: Federation House 11-6-841, Red Hills, FAPCCI Marg, Hyderabad 500004, A.P. India.	<ul style="list-style-type: none"> ▶ FAPCCI does not have contact details of any of the handicraft exporters and importers. ▶ Suggested that obtaining information about the domestic production will be difficult as none of the government departments obtain this information from the artisans. ▶ Shared information and contact details about Lepakshi and Andhra Pradesh Handicrafts Development Corporation Ltd. (APHDCL).
6.	Name: Mr. Lakshminath, General Manager, Marketing. Company name:	Government department	All products	23 November 2011 Address: Lepakshi, Head	<ul style="list-style-type: none"> ▶ Agreed to offer support in carrying out this study to understand the impact of imports from China on the Indian handicrafts domestic producers. ▶ Agreed to the fact that there is an

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
	Lepakshi Hyderabad			Office, Hasthakala Bhavan, Opp: Telephone Exchange, Musheerabad, Hyderabad	<p>increase in imports from China, not only in handicrafts but other products as well.</p> <ul style="list-style-type: none">▶ Suggested that it is the quality of the Chinese products and the low cost of the products that downplays the existing Indian handicrafts domestic market.▶ Asserted that any restrictions are imposed on any of the product imports to India will lessen the competition and this would result in further reduction of quality of handicrafts products produced in India.▶ In the present scenario the ongoing imports to India will enable healthy competition and will enable the Indian domestic producers to improve the quality of the handicrafts to sustain in

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
7.	Madhusudan Rao Kalanjali Arts & Crafts Hyderabad	Exporter	All products	24 November 2011 	<p>this competitive market. This will ensure that the consumers get the best quality products.</p> <p>▶ Imports do not affect their domestic market.</p>
8.	Name: Mr. VVS Suryanarayana (Retired Regional Director at O/o Development Commissioner for Handicrafts) Company name: National Institute of Micro, Small and Medium Enterprises (NI-MSME)	Autonomous organization	Traditional Paintings	24 November 2011	<p>▶ Helped in identification of list of locations to be visited to approach the major producers for the 2 digits HS Codes as shared by EPCH.</p> <p>▶ Asserted that there would be threat from China in future for the Bamboo related handicrafts.</p>


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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
	Hyderabad				
9.	Name: Mr. Razzak, Deputy Director Company name: O/o Development Commissioner for Handicrafts, Hyderabad	Government department	All products	28 November 2011	<ul style="list-style-type: none">▶ Asserted that there would be threat from China in future for the Glass and Ceramics related handicrafts.▶ Estimation of domestic production will be very difficult.
10.	Name: Mr. Shivarama Krishna (Consultant) Company name: Kakatiya Artisans Welfare Society (Vikarabad Cluster)	Producer	Zari Works	30 November 2011	<ul style="list-style-type: none">▶ Not affected by the Chinese imports.

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
11.	Name: Mr. A. M. Abdul Kader Company name: O/o Development Commissioner for Handicrafts, Tirupati	Government department	All products	7 December 2011	<ul style="list-style-type: none"> ▶ Indian handicrafts are affected by the Chinese imports but safeguards application would not benefit much because of superior quality and the low cost of Chinese imports.
12.	Name: Mr. Surjit Singh Company name: Trend Expo New Delhi	Exporter	Ethnic goods, incense, incense burners, jewellery - bone/horn, jewellery - fashion, lacquerware, mirrors, terracotta	15 December 2011	<ul style="list-style-type: none"> ▶ It was told that there has been a significant decline in sales across various products because of imports from China. These products are not necessarily specific to handicrafts but various other products also. ▶ Chinese products are less costly as compared to the ones that are produced in Indian domestic market. Hence, it becomes very difficult to compete with the Chinese products. ▶ The quality of the Chinese products is


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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
13.	Name: Mr. Ranajit Daw Company name: ARTS - N - CRAFTS	Manufacturer, Exporter, Importer	Sea Shells, Horn Products, Eastern Regional Jewellery	15 December 2011 	<p>also far superior to the ones produced by Indian domestic producers. The quality of the product also plays a significant role in the sale of the handicrafts products.</p> <ul style="list-style-type: none"> ▶ Terra cotta products are mainly produced from Khurja, WB and UP and these are the ones to also get affected. ▶ It was said that qualification of such an impact because of increase in Chinese imports is difficult. Also, unavailability of relevant information in this regard is another strong reason for the impact to be unquantifiable. ▶ Mr. Ranjit is an artisan and a State Govt. Awardee for manufacturing Sea Shells products. ▶ The company is primarily into exports and imports. They do not focus on the

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
	Konnogar, West Bengal				<p>Indian domestic market but they consider in the Indian domestic market there is tremendous potential for the growth of their business.</p> <ul style="list-style-type: none">▶ 35 artisans work with them in manufacturing Sea Shells products. Mr. Ranjit opines that there is a dearth of skilled manpower.▶ They are into a business that would not be affected with the Chinese imports. Even in future they do not foresee any threat from Chinese imports.▶ It was stated that safeguard application might not have any effect on the improvement on their business as their business does not have any competition from Chinese products.

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
14.	Name: Mr. S. K. Shaw Company name: GLAXY EXPORTS Burdwan, West Bengal	Manufacturer, Domestic marketer, Exporter	Metal sculpture	15 December 2011 	<ul style="list-style-type: none"> ▶ They are into a business that would not be affected with the Chinese imports. Even in future they do not foresee any threat from Chinese imports in future as well. ▶ Lack of sufficient manpower is a major factor and availability of skilled workers is declining and hence posing a threat to the handicrafts industry as a whole. ▶ Govt. policies are not conducive for the poor artisans to work (Reference was given to 100 days employment policy). There is a much larger threat in terms of lack of sufficient manpower in this sector. ▶ Mr. Shaw did not want to share any opinion on the safeguard application because their business does not have any competition from Chinese

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S. No.	Name of contact person/ Firm	Category	Product category	Date, Time and location of meeting	Key points of discussion
15.	Name: MR. MOHD. ATHAR SHAMSI Company name: 3A CREATIONS Moradabad	Exporter	Aluminium wares, candle holders, glass - decorative, glass x-mas tree decorations, incense, iron crafts, metal ware, woodcrafts, X-mas tree decorations from natural material	15 December 2011 	<ul style="list-style-type: none">▶ They are primarily into exports and procure handicrafts from the artisans.▶ They are into a business that would not be affected with the Chinese imports. Even in future they do not foresee any threat from Chinese imports in future as well.▶ Mr. Athar did not want to share any opinion on the safeguard application because their business does not have any competition from Chinese products.

5.6 Conclusion

The handicraft industry in China and India is different in terms of infrastructure, policy scenario, government support, trade strategy and the way industry is defined. The Indian handicrafts are the products of tiny and cottage sector, which are largely unorganized and the products are handmade. Chinese industry is organised and large scale manufacturing oriented. The key parameters focused by China forms basis of difference between China and India presents growth opportunities for India.

The key focus points for India are:

- Creating a liberal and flexible economic environment along the lines of SEZs in China would stimulate greater foreign investment
- Provision of infrastructure facilities through active participation of local authorities in the reform process is critical
- Standardization of the products and incorporation of international designs and trends
- Improvement in administration and simplification of trade procedures
- Incentives for attracting foreign investments

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- Incentives for attracting foreign investments

As the handicraft production in India is divided into two markets - export oriented and domestic, there is a gap in terms of applicability of Safeguard Application. The focus of Safeguard application is protecting the domestic production. Export market focuses on export destinations thus is not a focus market for Safeguard application. On the other hand, due to the unorganized nature of the domestic market quantification of the impact of Chinese handicraft imports is challenging. The study of impact of Chinese handicraft imports need data in terms of actual domestic production and variation thereupon. The production details of the producers, either individuals or cooperatives are not properly maintained due to the size of the set-up; the

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data requirement of the application under Directorate General (Safeguards) is cannot be satisfied.

The trade data analysis exhibits that although the import of Chinese handicraft products has increased over the years (2009-2011) in most of the product categories, there is no data available to justify the impact on the domestic industry of the Indian handicraft market. Exports of handicraft products to global markets and China in last three years suggest that Indian hand-made items are in more demand than mostly machine-made Chinese products and thus there is no evident impact of Chinese handicrafts on the Indian handicraft domestic and export market.

In continuation of the analysis carried out in the above sections and the feedback obtained from the various exporters/importers/domestic producers/other agencies, the following are the key consideration:

- It was noticed that even for the identified handicraft products (the enlisted HS Codes) the response from these stakeholders was not confrontational. In continuation to this, an approach that is specific to the handicrafts products, for which the imports have abruptly increased that are identified with the statistical analysis presented in this report, was undertaken for further scrutiny and also for the purpose of application. Since the focus of the application is protection of domestic market and producers, the domestic producers and domestic marketers for such products were specifically approached. However, it was difficult to deduce the impact as the domestic producers are highly unorganized and could not provide measurable production information.
- Few exporters were of the opinion that there is a need for filing the application with the DG Safeguards. Many of them believed that the application is either not required or shall not achieve the objective of safeguarding Indian handicrafts industry.
- Further, due to the construct of the industry which is primarily unorganized and cottage in nature, it was realized that the overall impact of imported Chinese handicraft products cannot be measured in a meaningful manner.

In the absence of sufficient data for domestic production and due to construct of the industry, it can be concluded that the impact of Chinese imports on the domestic industry cannot be measured. Although few exporters opined a need for filing the application with the DG Safeguards, however they did not share any further data to form basis of application. Therefore, in the absence of desired industry data, it seems difficult to forward the application

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at this stage. Apart from the individual contacts, EPCH also floated stakeholders' response and interest for the application. Most of the responses lacked the quantifiable information to form base of the application.

To summarise, EPCH conducted competitive study and invited stakeholders' interest to gather support to file Safeguard Application. Based on the available responses from the industry, it may be concluded that the impact on the domestic market cannot be verified in quantitative terms due to absence of domestic production figures for the handicraft industry, which is primarily cottage. The quantification with regard to the export market is not viable for processing the Safeguard application since the focus of application is protection of domestic handicraft industry. At the same time, the item of similar design and style imported from China are standardized but produced using machines in China. The difference in the manufacturing process leads to the understanding that Chinese products cannot be titled as 'Handicraft' per se and are not comparable to Indian handicraft products. Due to the above mentioned reasons, it is not feasible to process the safeguard application to assess the impact of Chinese handicraft imports on Indian domestic industry.

ANNEXURE I: Export Data of Chinese Handicrafts⁶

⁶ *The data has been collated from the SME Library Hong Kong and includes export- import data of China handicrafts (HS code wise- 6 digit classification). At some places, the currency and representation of the data has been modified and analyzed as per the requirements of the study. For ex: China Import from World (700600) has been changed from cumulative data to individual year classification for data analysis.*

ANNEXURE II: Trade Data of Indian Handicrafts

HS Code	2009		2010		2011	
	India Import from World(IN US\$)	India Import from China(IN US\$)	India Import from World(IN US\$)	India Import from China(IN US\$)	India Import from World(IN US\$)	India Import from China(IN US\$)
Glass and Glassware						
700992	1,600,000	620,000	1,140,000	550,000	1,960,000	880,000
701310	2,090,000	1,030,000	2,720,000	1,650,000	3,510,000	1,740,000
701328	6,020,000	1,860,000	5,570,000	2,490,000	9,490,000	4,770,000
701333	110,000	20,000	110,000	40,000	170,000	40,000
701341	120,000	-	40,000	10,000	80,000	10,000
701349	5,000,000	1,720,000	8,680,000	2,850,000	11,790,000	4,280,000
701391	1,570,000	120,000	780,000	110,000	1,530,000	160,000
701810	30,940,000	11,590,000	34,860,000	19,670,000	50,500,000	28,620,000
701890	4,040,000	930,000	3,420,000	870,000	6,170,000	2,180,000
702000	13,570,000	4,870,000	10,230,000	4,070,000	13,860,000	7,140,000
Ceramics						
691110	9,320,000	3,930,000	6,030,000	2,770,000	9,220,000	3,740,000
691190	4,640,000	2,670,000	3,070,000	2,070,000	3,780,000	2,460,000
691200	11,520,000	7,880,000	9,450,000	7,150,000	14,960,000	11,570,000
691310	320,000	80,000	240,000	120,000	210,000	30,000
691390	2,130,000	530,000	2,560,000	890,000	3,160,000	1,330,000
691410	720,000	340,000	230,000	110,000	770,000	80,000
691490	18,570,000	5,440,000	20,190,000	6,890,000	26,930,000	8,970,000
Lamps and festive lights						
853661						

HS Code	2009		2010		2011	
	India Import from World(IN US\$)	India Import from China(IN US\$)	India Import from World(IN US\$)	India Import from China(IN US\$)	India Import from World(IN US\$)	India Import from China(IN US\$)
	28,160,000	2,570,000	10,150,000	1,610,000	11,820,000	2,600,000
940510	46,480,000	25,930,000	44,800,000	31,530,000	68,020,000	43,970,000
940530	8,050,000	7,960,000	8,070,000	7,990,000	10,790,000	10,210,000
940550	1,760,000	1,160,000	2,740,000	1,760,000	5,500,000	3,580,000
Gifts and decorative						
442010	80,000	20,000	90,000	30,000	510,000	70,000
830629	740,000	360,000	1,000,000	530,000	1,050,000	580,000
741999	24,950,000	4,300,000	17,620,000	4,850,000	34,390,000	6,340,000
760421	7,600,000	4,010,000	5,820,000	1,710,000	7,940,000	1,380,000
960190	60,000	10,000	160,000	20,000	310,000	-
830610	230,000	210,000	200,000	120,000	230,000	80,000
911120	2,030,000	110,000	930,000	230,000	2,200,000	280,000
442190	20,850,000	7,920,000	16,540,000	8,360,000	26,070,000	9,730,000
830621	690,000	150,000	350,000	140,000	1,010,000	300,000
670290	1,860,000	1,490,000	2,410,000	2,140,000	3,290,000	2,970,000

ANNEXURE III: Comparison of India and China Export to Key Global Markets

United States of America (USA)						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
Glassware						
700992	15,000	260,000	1,440,000	108,512,199	184,375,608	241,370,048
701310	-	40,000	90,000	20,799,877	26,838,468	29,654,782
701328	60,000	-	20,000	14,814,926	17,325,400	17,401,884
701333	10,000	90,000	40,000	100,491	58,385	185,984
701341		-	30,000	162,236	87,101	97,589
701349	100,000	30,000	60,000	53,058,254	62,697,336	79,409,023
701391	10,000	30,000	30,000	886,396	1,159,209	4,420,449
701810	6,070,000	5,000,000	5,320,000	19,319,901	25,709,102	31,141,731
701890	1,460,000	1,240,000	1,200,000	50,640,106	77,634,617	125,513,630
702000	10,650,000	8,490,000	15,320,000	16,477,292	22,452,722	35,359,471
Total	18,375,000	15,180,000	23,550,000	284,771,678	418,337,948	564,554,591
Ceramics						
691110	860,000	390,000	650,000	247,264,993	333,024,135	355,715,999
691190	20,000	-	80,000	16,629,661	18,837,970	16,145,419
691200	870,000	230,000	850,000	81,794,719	119,554,181	110,486,783
691310	-	20,000	-	145,236,554	232,141,630	413,316,626
691390	50,000	150,000	250,000	90,207,235	151,358,753	205,523,259
691410	450,000	690,000	300,000	21,698,444	111,550,674	105,386,583
691490	1,260,000	1,130,000	2,260,000	48,735,665	238,562,855	580,554,016
Total	3,510,000	2,610,000	4,390,000	651,567,271	1,205,030,198	1,787,128,685
Lamps and festive lights						
853661	110,000	240,000	410,000	18,199,305	28,962,331	31,213,933
940510	3,030,000	1,830,000	4,830,000	496,715,952	539,294,610	571,286,002
940530	-	-	10,000	326,146,941	427,114,396	457,935,031
940550	1,320,000	1,150,000	2,710,000	243,538,846	209,541,288	304,693,137
Total	4,460,000	3,220,000	7,960,000	1,084,601,044	1,204,912,625	1,365,128,103
Gifts and decoratives						
442010	190,000	690,000	1,190,000	98,602,236	133,992,003	144,399,479
830629	210,000	90,000	210,000	262,883,125	315,921,656	384,884,665
741999	25,530,000	19,860,000	29,150,000	22,839,421	32,528,312	37,667,439
760421	680,000	170,000	430,000	721,426,861	301,438,949	16,426,751

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United States of America (USA)						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
960190	1,280,000	950,000	1,470,000	895,109	1,338,672	1,448,716
830610	110,000	170,000	550,000	6,367,807	11,374,018	17,027,139
911120		-	10,000	906,924	713,425	526,949
442190	20,640,000	18,720,000	26,720,000	243,840,865	323,654,720	347,351,026
830621	140,000	230,000	320,000	24,991	406,124	373,772
670290	100,000	10,000	20,000	99,529,391	129,054,624	215,225,072
Total	48,880,000	40,890,000	60,070,000	1,457,316,730	1,250,422,503	1,165,331,008

United Kingdom (UK)						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
Glassware						
700992	110,000	80,000	110,000	27,876,871	36,862,854	47,427,648
701310	10,000	10,000	30,000	4,423,239	3,562,288	3,802,194
701328	-	-	50,000	3,341,428	4,689,030	4,644,122
701333	-	60,000	180,000	-	-	-
701341	-	10,000	-	-	-	-
701349	30,000	10,000	10,000	11,808,586	13,995,213	14,507,326
701391	50,000	-	-	302,639	113,697	525,434
701810	3,100,000	1,040,000	1,020,000	1,027,247	1,546,920	2,087,536
701890	60,000	120,000	150,000	10,842,989	14,879,231	20,226,788
702000	2,110,000	1,850,000	2,410,000	7,112,296	6,446,549	10,529,553
Total	5,470,000	3,180,000	3,960,000	66,735,295	82,095,782	103,750,601
Ceramics						
691110	5,310,000	4,770,000	4,780,000	82,549,425	105,115,355	119,578,310
691190	20,000	-	20,000	1,917,710	1,941,467	2,620,686
691200	120,000	180,000	130,000	5,546,303	5,766,353	7,156,699
691310	-	-	-	24,339,808	33,119,789	62,313,942
691390	20,000	10,000	20,000	17,502,894	20,333,199	34,484,426
691410	-	20,000	10,000	3,510,613	4,912,234	7,325,344
691490	230,000	290,000	460,000	2,378,181	6,856,330	12,582,136
Total	5,700,000	5,270,000	5,420,000	137,744,934	178,044,727	246,061,543
Lamps and festive lights						
853661	240,000	250,000	190,000	6,451,286	7,560,726	5,962,304
940510	1,970,000	1,640,000	2,440,000	79,424,839	110,220,060	114,708,049
940530	-	440,000	10,000	51,280,511	62,676,127	65,981,136
940550	330,000	160,000	670,000	32,706,952	34,770,233	38,636,684
Total	2,540,000	2,490,000	3,310,000	169,863,588	215,227,146	225,288,173
Gifts and decoratives						

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United Kingdom (UK)						
	India Export (IN US\$)			China Export (IN US\$)		
HS Code	2009	2010	2011	2009	2010	2011
442010	230,000	100,000	200,000	9,643,197	14,660,986	21,815,062
830629	30,000	10,000	80,000	28,019,772	34,996,908	44,038,947
741999	10,330,000	6,810,000	10,760,000	2,204,636	2,975,345	3,176,475
760421	30,000	60,000	-	19,341,525	28,246,141	31,687,784
960190	330,000	210,000	660,000	1,608,547	1,596,248	2,126,259
830610	20,000	30,000	100,000	727,305	808,720	1,506,903
911120	-	-	-	217,487	283,864	249,593
442190	3,920,000	3,380,000	4,170,000	83,031,645	102,305,155	107,498,120
830621	10,000	20,000	20,000	45,912	36,059	10,084
670290	30,000	20,000	10,000	9,259,113	11,518,191	28,060,043
Total	14,930,000	10,640,000	16,000,000	154,099,139	197,427,617	240,169,270

United Arab Emirates (UAE)						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
Glassware						
700992	140,000	50,000	80,000	5,526,062	9,241,204	10,600,814
701310	-	-	-	4,200,631	5,880,901	5,370,446
701328	-	-	50,000	652,189	900,773	645,445
701333	300,000	190,000	90,000			
701341	-	-	-	64,855	231,990	116,518
701349	120,000	370,000	160,000	17,833,669	16,424,379	22,659,069
701391	-	50,000	-	185,135	162,083	296,271
701810	4,680,000	4,020,000	2,680,000	6,514,710	6,327,051	5,314,274
701890	390,000	10,000	20,000	8,554,233	7,205,899	9,517,879
702000	500,000	1,070,000	550,000	4,645,707	3,658,243	6,004,766
Total	6,130,000	5,760,000	3,630,000	48,177,191	50,032,523	60,525,482
Ceramics						
691110	300,000	110,000	100,000	113,227,260	102,888,148	92,509,810
691190	90,000	130,000	120,000	814,082	657,693	845,551
691200	100,000	100,000	200,000	526,281	881,929	667,060
691310	-	-	-	11,633,413	22,031,277	52,663,278
691390	20,000	-	-	3,014,590	4,928,527	8,491,178
691410	-	-	-	4,639,585	1,368,411	2,719,827
691490	480,000	60,000	110,000	856,684	101,509	1,544,978
Total	990,000	400,000	530,000	134,711,895	132,857,494	159,441,682
Lamps and festive lights						
853661	110,000	70,000	60,000	1,470,504	1,470,414	2,004,563
940510	720,000	370,000	450,000	56,834,603	57,331,294	62,613,752
940530	-	-	-	1,276,400	1,331,606	1,625,067
940550	510,000	190,000	490,000	6,752,420	10,958,465	10,462,103
Total	1,340,000	630,000	1,000,000	66,333,927	71,091,779	76,705,485
Gifts and decoratives						
442010	50,000	40,000	20,000	1,119,474	1,125,682	1,262,444
830629	30,000	20,000	100,000	6,557,457	7,572,038	12,456,125
741999	6,760,000	6,690,000	11,290,000	190,377	489,270	1,221,977
760421	1,390,000	5,540,000	8,550,000	3,806,345	4,498,801	5,081,568
960190	40,000	10,000	40,000			

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United Arab Emirates (UAE)						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
830610	250,000	250,000	110,000	89,278	245,011	127,517
911120	-	0	0	192,506	6832	8,328
442190	1,080,000	740,000	690,000	5,706,728	7,643,209	7,787,195
830621	90,000	50,000	40,000	2,870	-	-
670290	-	-	-	4,558,718	6,005,299	6,253,009
Total	9,690,000	13,340,000	20,840,000	22,223,753	27,586,142	34,198,163

Germany						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
Glassware						
700992	30,000	40,000	30,000	17,279,181	30,644,016	30,790,867
701310	-	-	10,000	6,247,046	5,381,888	8,874,094
701328	20,000	-	10,000	1,758,682	1,720,498	1,735,950
701333	-	30,000	-	73,555	211,739	90,096
701341	-	-	-	136,862	84,091	31,854
701349	20,000	-	10,000	25,401,245	28,596,801	37,083,603
701391	-	-	-	101,731	256,058	199,014
701810	770,000	590,000	670,000	4,211,510	6,763,150	6,976,686
701890	90,000	60,000	40,000	12,523,854	20,010,658	23,245,784
702000	3,510,000	3,600,000	5,660,000	11,884,052	18,479,082	34,800,693
Total	4,440,000	4,320,000	6,430,000	79,617,718	112,147,981	143,828,641
Ceramics						
691110	1,070,000	500,000	990,000	94,064,523	117,792,714	146,328,839
691190	-	-	10,000	2,503,431	4,803,720	4,393,995
691200	80,000	30,000	50,000	1,582,792	2,326,493	3,156,611
691310	-	-	-	32,553,832	62,969,383	108,677,211
691390	-	10,000	-	45,778,596	78,960,593	112,893,925
691410	-	-	-	8,499,297	17,103,041	20,996,300
691490	230,000	220,000	370,000	4,926,557	25,270,281	32,587,038
Total	1,380,000	760,000	1,420,000	189,909,028	309,226,225	429,033,919
Lamps and festive lights						
853661	100,000	130,000	30,000	1,396,075	2,393,308	4,550,308
940510	630,000	1,840,000	6,260,000	164,794,481	209,064,734	223,423,036
940530	-	90,000	-	56,091,345	67,572,770	78,388,958
940550	10,000	120,000	310,000	83,155,834	95,310,791	115,083,250
Total	740,000	2,180,000	6,600,000	305,437,735	374,341,603	421,445,552
Gifts and decoratives						
442010	120,000	70,000	40,000	32,031,417	40,933,645	43,536,181
830629	10,000	50,000	20,000	45,342,468	53,504,306	95,033,727
741999	11,720,000	8,830,000	9,850,000	840,934	1,284,126	2,752,189
760421	60,000	-	-	4,233,851	58,103,078	15,791,809
960190	1,100,000	640,000	750,000	94,500	124,794	23,703

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Germany						
	India Export (IN US\$)			China Export (IN US\$)		
HS Code	2009	2010	2011	2009	2010	2011
830610	100,000	40,000	80,000	1,071,921	2,100,012	3,827,928
911120	2,040,000	70,000	-	181,877	43,549	52,850
442190	2,040,000	1,640,000	2,520,000	76,079,623	92,286,890	106,199,926
830621	220,000	20,000	-	65,960	27,686	306,707
670290	-	-	-	24,511,364	29,316,092	91,695,582
Total	17,410,000	11,360,000	13,260,000	184,453,915	277,724,178	359,220,602

France						
HS Code	India Export (IN US\$)			China Export (IN US\$)		
	2009	2010	2011	2009	2010	2011
Glassware						
700992	70,000	200,000	100,000	8,328,948	17,025,449	18,505,737
701310	-	20,000	30,000	2,295,049	3,194,437	3,519,566
701328	-	-	-	2,594,889	3,308,939	2,455,808
701333	-	-	-			
701341	-	-	-			
701349	20,000	-	-	9,141,517	13,799,490	14,241,124
701391	-	-	-	100,444	69,606	91,315
701810	380,000	460,000	290,000	962,222	1,487,128	1,399,655
701890	20,000	20,000	10,000	3,571,180	3,564,672	4,505,394
702000	1,110,000	710,000	870,000	1,959,070	2,017,117	2,621,923
Total	1,600,000	1,410,000	1,300,000	28,953,319	44,466,838	47,340,522
Ceramics						
691110	-	10,000	170,000	51,829,635	77,054,538	84,073,565
691190	-	-	-	925,838	987,851	1,502,801
691200	40,000	80,000	90,000	2,364,339	3,941,843	4,743,703
691310	-	-	-	6,706,459	14,787,727	27,995,956
691390	-	10,000	-	7,074,173	9,518,253	11,195,384
691410	-	-	10,000	1,899,061	4,689,767	3,192,732
691490	70,000	80,000	120,000	469,286	1,149,606	3,005,762
Total	110,000	180,000	390,000	71,268,791	112,129,585	135,709,903
Lamps and festive lights						
853661	50,000	2,030,000	180,000	925,574	1,429,936	1,166,899
940510	840,000	1,300,000	2,170,000	50,172,052	79,281,728	91,020,376
940530	-	-	10,000	15,881,294	19,195,093	23,715,741
940550	90,000	60,000	190,000	18,106,240	18,307,344	17,003,268
Total	980,000	3,390,000	2,550,000	85,085,160	118,214,101	132,906,284
Gifts and decoratives						
442010	40,000	60,000	-	9,211,687	11,781,431	11,062,683
830629	10,000	-	20,000	19,023,101	22,674,086	21,589,222
741999	3,940,000	2,740,000	2,660,000	688,968	676,823	1,422,597
760421	90,000	30,000	-	2,621,852	3,848,925	5,148,583
960190	150,000	60,000	60,000	39,060	14,000	66,226
830610	10,000	20,000	20,000	225,379	221,678	321,378

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France						
	India Export (IN US\$)			China Export (IN US\$)		
HS Code	2009	2010	2011	2009	2010	2011
911120	-	0	0	104,351	323581	651,718
442190	2,670,000	1,750,000	1,800,000	36,078,493	50,457,489	54,988,889
830621	-	-	-	73,592	14,246	8,095
670290	10,000	-	-	7,379,084	10,865,784	15,874,245
Total	6,920,000	4,660,000	4,560,000	75,445,567	100,878,043	111,133,636

ANNEXURE IV: Export of Indian Handicrafts to China (in USD)

S. No.	HS Code	2009	2010	2011
Artmetalware				
1	73239200	-	-	-
2	73239420	180,000	120,000	200,000
3	73239490	130,000	50,000	-
4	74181910	-	10,000	-
5	74181921	-	-	-
6	74181922	-	-	-
7	74181929	-	-	-
8	74181930	-	10,000	-
9	74199920	-	-	-
10	74199930	200,000	220,000	770,000
11	74199940	-	10,000	-
12	74050000	-	170,000	-
13	76042100	290,000	-	-
14	76151940	30,000	-	10,000
15	76151990	80,000	20,000	-
16	97030010	160,000	8,290,000	99,270,000
	Total	1,070,000	8,900,000	100,250,000
Wood ware				
17	44140000	10,000	110,000	10,000
18	44190010	-	-	-
19	44190020	-	-	-
20	44201000	-	-	-
21	44209010	-	-	30,000
22	44209090	-	-	40,000
23	44219060	-	40,000	80,000
24	66020000	-	-	-
25	83062910	-	-	-
26	94033010	-	-	10,000
27	94033090	-	-	20,000
28	94035010	-	-	-
29	94035090	-	10,000	10,000
30	94036000	340,000	350,000	1,180,000

S. No.	HS Code	2009	2010	2011
31	97019091	120,000	140,000	140,000
32	97019099	720,000	430,000	980,000
33	94039000	-	60,000	10,000
34	62142020	30,000	90,000	60,000
35	62149031	-	-	-
36	62149032	-	-	20,000
37	63079011	-	90,000	30,000
38	63079012	-	10,000	-
39	63079013	70,000	10,000	20,000
40	63079020	30,000	120,000	70,000
41	63079090	40,000	200,000	280,000
	Total	1,360,000	1,660,000	2,990,000
Embroidery				
42	58050010	-	-	-
43	58101000	-	-	10,000
44	58109210	-	10,000	30,000
45	58110010	-	-	-
46	58110020	-	-	-
47	61043100	-	-	-
48	61043200	10,000	-	20,000
49	61052010	-	-	-
50	61052020	-	-	-
51	61059010	-	-	-
52	63024040	-	-	-
53	63041100	-	70,000	-
54	63049190	10,000	-	-
55	63059000	10,000	10,000	-
56	58043000	-	-	-
57	58081090	-	-	-
	Total	30,000	90,000	60,000
Shawls				
58	62141020	30,000	100,000	60,000
59	62142010	40,000	50,000	170,000
60	61171010	-	-	-
61	61171020	10,000	10,000	-
62	61171040	-	-	-

S. No.	HS Code	2009	2010	2011
	Total	80,000	160,000	230,000
Zari				
63	52082910	-	-	-
64	58041090	-	10,000	-
65	58090090	-	-	-
66	52085910	-	-	-
67	56050090	-	-	-
68	83089020	-	-	-
	Total	-	10,000	-
Imitation Jewellery				
69	70181010	-	-	-
70	70181020	390,000	40,000	10,000
71	70181090	60,000	10,000	20,000
72	71131110	110,000	20,000	-
73	71171100	-	-	-
74	71171920	3,500,000	-	-
75	71171990	-	50,000	90,000
76	71179090	50,000	190,000	270,000
77	83089031	-	-	-
78	83089039	-	-	-
	Total	4,110,000	310,000	390,000
Miscellaneous Handicrafts				
79	65030000	-	-	-
80	65040000	-	-	-
81	97030020	370,000	20,000	130,000
82	97030090	50,000	400,000	100,000
83	25152010	-	-	-
84	25169090	920,000	380,000	430,000
85	68022120	-	-	90,000
86	68022900	30,000	50,000	50,000
87	68159990	1,640,000	30,000	240,000
88	97011010	60,000	-	-
89	97011020	-	-	-
90	97011030	-	-	-
91	97011090	2,700,000	320,000	2,140,000
92	69111011	20,000	10,000	-

S. No.	HS Code	2009	2010	2011
93	69111019	-	-	-
94	69111021	-	-	-
95	69111029	-	-	-
96	69119010	-	-	-
97	69119020	-	-	-
98	69119090	-	-	-
99	69120010	10,000	-	-
100	69120020	-	-	-
101	69120030	-	-	-
102	69120040	-	-	-
103	69120090	-	-	10,000
104	69131000	-	-	-
105	69139000	-	-	-
106	69141000	-	-	-
107	69149000	20,000	20,000	20,000
108	70060000	-	-	-
109	70099200	-	-	-
110	70131010	-	-	-
111	70132800	-	-	-
112	70133300	-	10,000	-
113	70133700	-	-	-
114	70139100	-	-	-
115	70134900	-	-	-
116	70189010	-	-	-
117	70189090	170,000	130,000	100,000
118	70200019	-	60,000	1,410,000
119	70200029	220,000	430,000	40,000
120	70200090	30,000	190,000	100,000
121	83063000	10,000	-	10,000
122	92011000	-	-	-
123	92019000	-	-	-
124	92029000	-	-	90,000
125	92042000	-	-	-
126	92059090	-	10,000	-
127	92060000	-	-	-
128	92059010	-	-	-

S. No.	HS Code	2009	2010	2011
129	33019031	-	-	-
130	33074100	320,000	770,000	890,000
131	33074900	60,000	-	50,000
132	96019020	-	10,000	-
133	96019030	-	-	10,000
134	96019040	-	100,000	20,000
135	96109090	10,000	-	-
136	96020010	-	-	-
137	97050010	-	-	-
138	97050090	-	-	-
139	83061000	-	-	-
140	91112000	-	-	-
141	96142000	-	-	-
142	96149010	-	-	-
143	42022910	-	-	-
144	42023110	-	-	-
145	42023910	-	10,000	-
146	43032040	-	-	-
147	64032040	-	-	-
148	64061010	-	-	-
149	46021011	-	-	-
150	46021019	-	-	-
151	46021090	-	-	-
152	46029000	-	-	-
153	94038010	-	-	-
154	94015000	-	-	-
155	94038090	-	-	-
156	83062190	-	-	-
157	83062990	-	-	-
158	83062120	-	-	-
159	97060000	-	-	-
160	42022230	20,000	30,000	10,000
161	67029010	-	-	-
162	42022220	10,000	20,000	40,000
163	96062200	-	-	-
164	95021010	-	-	-

S. No.	HS Code	2009	2010	2011
165	95021020	-	-	-
166	95021090	-	-	-
167	95034910	-	-	-
168	95034920	-	-	-
169	46019900	-	-	-
170	46012010	-	-	-
171	96149020	-	-	-
172	48021010	80,000	50,000	10,000
173	39231020	10,000	-	-
174	34060010	-	-	-
175	48021020	-	-	-
176	48205000	10,000	-	-
177	48239018	10,000	10,000	40,000
178	76121020	-	-	-
179	85366190	20,000	-	-
180	94051020	-	-	-
181	94053000	-	50,000	-
182	94055010	-	-	10,000
183	95043010	-	-	-
184	95049010	20,000	-	-
185	95051000	10,000	-	10,000
186	95059010	90,000	-	-
187	96020090	10,000	-	-
188	96031000	110,000	70,000	90,000
189	96147020	-	-	-
190	96089910	-	-	-
191	97019092	-	-	-
192	97020000	-	-	-
193	67029090	10,000	-	10,000
	Total	7,050,000	3,180,000	6,150,000

ANNEXURE V: Notice for inviting public opinion on impact of Chinese imports on Indian handicraft market



EXPORT PROMOTION COUNCIL FOR HANDICRAFTS
Inviting public opinion on impact of Chinese Imports on Indian Handicrafts Market

Export Promotion Council for Handicrafts (EPCH) is engaged in promotion of handicrafts from India. It is understood that increased imports of Chinese products is impacting domestic handicrafts market. EPCH is undertaking a study to understand the impact of Chinese imports on Indian domestic market as well as on exports to assess the case of filing an application with the Directorate General of Safeguards (DGSG), Government of India, under Section 8C of Customs & Tariff Act, 1975 which pertains to imports from People's Republic of China.

In this regard, EPCH invites opinion from all concerned exporters / importers / domestic marketers / domestic producers / agencies nationwide to understand the need of safeguard duty on the Chinese imports impacting Indian products.

A detailed note on the background of the study and the details of the concerned products, along with the prescribed format for Safeguard Application are available on EPCH website (www.epch.in/dgsg.pdf) for view of all concerned.

Please send your response / opinion in the prescribed format to ihgfepch@epch.com or to The Director, EPCH HOUSE, Pocket 6&7, Sector C, LSC, Vasant Kunj, New Delhi-110070 by 23rd March, 2012.

ANNEXURE VI: Background note on Study on Impact of Chinese Imports on Indian Handicraft Sector (for public view)

Background

Export Promotion Council for Handicrafts (EPCH) was established in 1986 as a nonprofit organisation with an objective to promote, support, protect, maintain and increase the exports of handicrafts. It is an apex body of handicrafts exporters for promotion of exports of handicrafts from the country and project India's image abroad as a reliable supplier of high quality handicraft goods and services and ensure measures keeping in view observance of international standards and specifications. It has created necessary infrastructure as well as marketing and information facilities, which are availed both by the member exporters and importers.

Owing to increase in imports from China, (officially People's Republic China, PRC), it is understood that such an increase in imports has effected Indian domestic handicrafts production market. In light of such a belief, EPCH has taken a study to understand the impact of the Chinese imports on the Indian domestic handicrafts market. **Subsequent to this study, EPCH to assess the responses and aims to file an application with Directorate General of Safeguards (DGSG), Government of India, under Section 8C of Customs & Tariff Act which pertains to imports from People's Republic of China.**

Product Categories

This study was initiated by considering broad product categories to assess under the impact of Chinese imports in India. The broad categories of the products that were considered for this study were (1) Glass and Glassware products, (2) Ceramic products, (3) Lamps and festive lights, (4) Occasional and corporate gifts and (5) Decorative items. Comparative study of global imports and the imports from China to India has been carried out to identify the products for which the imports have increased over a period of time.

Below detailed are the identified products under the various categories. The product classification has been done considering the 8 digits HS Codes. There are 60 products under these five identified categories for analysis.

S.No.	HS Code	Commodity
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S.No.	HS Code	Commodity
Glass and Glassware		
1.	70060000	Glass of heading 7003,7004/7005,bent,edge worked etc not framed/fitted with other materials
2.	70099200	Other glass mirrors, framed
3.	70131010	Of glass ceramic
4.	70132800	Other
5.	70133300	Of lead crystal
6.	70133700	Others
7.	70134100	Glassware of led crystal used for table/kitchen purpose
8.	70134900	Glassware for table kitchen, toilet, office indoor decoration (excl goods of heading no 7010/7018)
9.	70139100	Of lead crystal
10.	70181010	Bangles
11.	70181020	Beads imitation pearls imitation precious & semi precious stones
12.	70181090	Others
13.	70189010	Glass statue of other article of heading 7018
14.	70189090	Other than glass statue of other article of heading 7018
15.	70200011	Globes for lamps & lanterns
16.	70200019	Other glass shells
17.	70200021	Glass chimneys for lamps & lanterns
18.	70200029	Other glass chimneys
19.	70200090	Other articles of glass

S.No.	HS Code	Commodity
Ceramics		
1.	69111011	Tableware of bone china and soft porcelain
2.	69111019	Tableware of other than bone china & soft porcelain
3.	69111021	Kitchenware of bon china & soft porcelain
4.	69111029	Kitchenware of other than bon china & soft porcelain
5.	69119010	Toilet articles of porcelain china
6.	69119020	Others -water filters of a capacity not exceeding 40 liters. Of porcelain
7.	69119090	Other of other household & toilet articles of porcelain
8.	69120010	Ceramic tableware (e.g. of imitation porcelain/or semi-porcelain)
9.	69120020	Ceramic kitchenware
10.	69120030	Toilet articles other than porcelain /china
11.	69120040	Clay articles as tableware, kitchenware etc
12.	69120090	Others
13.	69131000	Statuettes etc of porcelain/china
14.	69139000	Other statuette etc (excl of porcelain /china)
15.	69141000	Other ceramic articles of porcelain / china
16.	69149000	Other ceramic articles excl of porcelain / china
Lamps and festive lights		
1.	85366190	Lamp holders of other materials
2.	94051010	Hanging lamps complete fittings
3.	94051020	Wall lamps

S.No.	HS Code	Commodity
4.	94053000	Lighting sets of a kind used for Christmas tree
5.	94055010	Hurricane lanterns
Occasional and corporate gifts		
1.	44201000	Statuettes & other ornaments of wood
2.	83062910	Other statuettes(excluding works of art)
3.	74199930	Article of brass
4.	74199940	Copper worked articles
5.	76042100	Hollow profiles of aluminum alloys
6.	97030010	Original sculpture & statuary in metal
7.	96019020	Worked mother of pearl & articles thereof
8.	96019030	Worked bone(excl whale bone)& articles thereof
9.	96019040	Worked horn, coral etc animal carving material & articles
10.	96019090	Other under heading 9601
11.	96020010	Worked vegetable carving material & articles thereof
12.	83061000	Bells gongs and the like
13.	91112000	Cases of base metal, whether or not gold or silver plated
14.	96142000	Smoking pipes (including pipe bowls) & cigars and cigarette holders and parts thereof
15.	96149010	Hubble & bubble of base metal
Decorative items		
1.	44219060	Parts of domestic decorative articles used as tableware & kitchenware

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S.No.	HS Code	Commodity
2.	97019091	Domestic articles of wood hand decorated
3.	97019099	Other hand decorated manufactured articles
4.	83062120	Trophies - art ware
5.	67029010	Jute decorative plants

Way Forward

The structure of the Safeguard application requires comprehensive details; it was considered that identification of the potential applicants would be extremely essential. In order to assess the overall industry view and to identify potential applicants for supporting the application, EPCH has asked for stakeholder's opinion on the subject. Through this notice, EPCH intends to collect views of all the exporters/ importers/ domestic marketers/ domestic producers/ agencies nationwide to understand the impact of Chinese imports and need of safeguard duty on the Chinese imports impacting Indian products. EPCH herewith invites the views on the safeguard application and if the stakeholders would assist and support EPCH in submitting an application through sharing information. The detailed questionnaire providing information and data to be submitted as a part of the application is annexed herewith.

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Application for Safeguard Investigation

(Format as Prescribed under Rule 5(2) of Safeguard Duty Rule by Directorate General of Safeguards (DGSG))

Section 1: General Information

- i. Date of Application
- ii. Applicant(s) Provide name(s) and address (es) of the applicant(s).
- iii. Domestic Producers of the like or directly competitive products on whose behalf the application is filed (Give details of all domestic producers who support the application).
- iv. Information on production accounted for by the domestic producers of the like or directly competitive products (in respect of those domestic producers who support the application).
- v. Information on the total domestic production of the product concerned of the like or directly competitive products (in respect of all producers whether they support the application or not).

Section 2: Product in respect of which increase in imports alleged

- i. Name of the product
- ii. Description: Provide full description of the product including chemical formula, grade constituent materials / Components, process of manufacture in brief, uses and inter-changeability of various grades, etc.
- iii. Tariff classification: Provide the classification of the product under the HS classification as well as Indian customs Tariff Classification at 6/8/10 digit level.
- iv. Import Duty: Provide information relating to rates of import duty levied during the past three years. If the product enjoys any concessional or preferential treatment, provide details.
- v. Country (ies) of Origin: Provide name(s) of country (ies) where the product has originated (where the country of origin is different than the country of export, the name of the country of origin should also be provided).
- vi. Provide a list of all known foreign producers, exporters & importers of the imported product, country-wise, together with names and addresses of concerned trade associations and user associations etc
- vii. Information on major industrial users, organization of industrial users and representative consumer organisations. (In case the product is commonly sold at retail level).
- viii. Export Price: Details of export price of the imported Product exporter / country-wise and the basis thereof (provide the f.o.b. / c.i.f. price at which the goods enter into India).

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Section 3: Increased Imports

- i. Name of the product.
- ii. Provide full and detailed information regarding the imports of the said product in terms of quantity and value year wise for the last three years (or longer).
- iii. Provide break up of (1) above country wise in absolute terms as well as a percentage of the total imports of the said product.
- iv. Provide full and detailed information on the share of the imported products and the share of the domestic production of the like product and the directly competitive products in the total domestic consumption for the last three years (or longer) both in terms of quantity and value.
- v. Provide information on factors that may be attributing to increased imports.

Section 4: Domestic Production

- vi. Details of the like product end directly competitive products produced by the domestic producers. Information similar to II above i.e.
 - a. Name
 - b. Description
 - c. Tariff classification both under the Central Excise Tariff as well as under the Customs Tariff.
 - d. Details of domestic producers
- vii. Names and addresses of all known domestic producers and concerned trade associations and users associations etc.
- viii. Details of production accounted for by each of the producers at 2 above.
- ix. Details of total domestic production
- x. Installed capacity, capacity utilization and fall in capacity utilization etc.

Section 5: Injury or Threat of Injury

- i. Impact of increased imports on Domestic Industry: Detailed information on how the increased imports are causing serious injury or threat of serious injury to the domestic industry. This should, inter alia, include information on
 - a. Sale volumes, total domestic consumption and how the market share of domestic production has been affected.
 - b. Price undercutting / price depression / prevention of rise in prices. Information on costs of production and how the increased imports have affected the prices of domestic production needs to be provided.
 - c. Any significant idling of production facilities in the industry including data indicating plant closure or fall in normal production capacity utilization.

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- d. Loss of employment
 - e. Financial situation Full information on the financial situation of the domestic industry including information on decline in sales, growing inventory, downward trend in production, profits, productivity or increasing unemployment needs to be provided.
 - ii. Other Factors of Injury: Provide details of any other factors that may be attributing to the injury to the domestic industry and an explanation that injury caused by these other factors is not attributed to injury caused by increased imports. (Information on injury caused due to dumping or subsidization, if any, needs to be specifically provided here. Also mention if any application for anti-dumping or countervailing duty investigation has been filed).

Section 6: Cause of Injury:

Section 7: Submission

- i. A statement describing the measure requested including:
 - a. Nature and quantum of safeguard duty requested.
 - b. Purpose of seeking the relief and how such objective will be achieved.
 - c. Duration for which imposition of safeguard duty is requested and the reasons therefore
- ii. If a request is made for provisional safeguard measures, full and detailed information regarding existence of critical circumstances and how delay would cause damage which it would be difficult to repair.
- iii. If the safeguard measures are requested to be imposed for more than one year, details on efforts being taken and planned to be taken or both to make a positive adjustment to import competition with details of progressive liberalization adequate to facilitate positive adjustment of the industry.

Section 8: Annexes

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Questionnaire for Domestic Producers

Section 1: General Information

- i. Complete details about identity
 - a. Name of the enterprise, location of works:
 - b. Address of the registered, marketing and head office:
 - c. Telephone No. / Fax No.:
 - d. Contact Person, address & tel. No. / fax no.:
- ii. Corporate structure:
- iii. Commodities manufactured:
- iv. Distribution and marketing system:

Section 2: Like or Directly Competitive Product

- iv. Details of like or directly competitive product(s) produced by you
 - a. Name of the product:
 - b. Description of the product, including various grades, sizes, models or type etc. Basis for classification:
 - c. Qualities and the characteristics of the product:
 - d. Uses of the product: Whether different grades / off-specs can be used interchangeably:
 - e. Substitutability of the product giving details of perception of the consumer and the manufacturer and commercial channels:
 - f. Raw materials and components and other input used for the production:
 - g. Process of production / manufacture: Complete flow chart with description to be given:
 - h. Tariff classification (under Central Excise Tariff Act, 1985);
 - i. Rates of Central Excise duty during last 3 years:
- v.
 - a. Description of imported product as in (i) above with Tariff classification:
 - b. Narrate how your product can be considered as 'like or directly competitive product' to (a) above:
 - c. Details of industrial users / consumers of your product: - Please furnish Segment wise list of major consumers:

-
- d. Details of industrial users / consumers of imported product:
 - e. Details of cost of production showing variable and fixed costs separately. The variable costs to include Raw Material, Chemicals and Consumables (Stores), Water, Power & Fuel charges, Direct labour etc. and the Fixed cost to include Finance cost (Interest), Depreciation, Repairs & Maintenance, Administrative overheads etc.:

Section 3: Injury

- i. Production line-wise details of plant and machinery installed. Expenses incurred in installing the same. Additions made during the last three years. Further investments committed:
- ii. Information on further plans of Capital Investment.
- iii. Source of funds:
- iv. Installed capacity and capacity utilization for the last three years, variety wise, for each product.
- v. Details of production, sales and stocks for the last three years financial years (month wise) both in terms of quantity and value for each product. (Please do not include imports, if any, made by you here).
- vi. Details of sales in the domestic market, both in terms of quantity and value. (Please do not include sale of imported material here). Give separately any quantities used captively for the last three financial years (monthwise).
- vii. Details of country wise export both in terms of quantity and value. (Please do not include any imported material, if re-exported, here), to whom exported and what price. Please explain difference in export price vis-A-vis domestic price. Details of deemed exports if any may also be furnished.
- viii. Information regarding sales prices. (For the last three years). Realisation for bulk and packed forms separately. Please also indicate separately then quantity (ies) sold in bulk and in packed form.
- ix. Major raw materials used and their prices for the last three years. Also indicate the ratio of consumption to the finished product.
- x. Effect of changes in prices of raw materials on cost of production and selling prices for the last three years.
- xi. Information on fair market price which you expect to receive and basis thereof i.e. cost of production, giving details of cost of raw materials, labor, overheads, etc. for the last three years. (Give details separately for fixed and variable costs at different capacity utilization).
- xii. Information of rebates / discounts offered on domestic sales during the last three years monthwise.
- xiii. Please give details of any subsidy including freight subsidy received by you - nature and amount - who gives the subsidy and why.

-
- xiv. Information on profit and loss on sales for the last three years separately for each product variety wise.
 - xv. Details of persons employed and loss of employment, if any, during last three years.
 - xvi. Copies of Balance Sheets or other statements of accounts for the last three years.
 - xvii. Details of information on assets and financial position of the enterprise.
 - xviii. Cause of injury or threat of injury to your unit and basis thereof:
 - a. Please provide details of the impact of reduction in import duties / removal of import restrictions on the product for which protection is sought.
 - b. Please provide details of other circumstances that have contributed to the increase in imports.
 - c. Please provide information in respect of circumstances that have helped the exporters in the international market in sending increased quantities to India.
 - d. Please provide details of demand for the product for the past three years and anticipated growth if any reasons for decline or increase may also be furnished.

Section 4: Information on Adjustment Plan

- i. How do you think injury can be removed?
- ii. Please specify the quantum and duration of safeguard duty that can help you in adjusting to the new situations of competition offered by increased imports.
- iii. Please specify the progressive liberalization of the safeguard duty.
- iv. Please specify the restructuring plan of your unit to adjust to the new situation of competition offered by the increased imports. What steps have been taken so far for enhancing the capacities?
- v. How can the further proposed restructuring plan be implemented?
- vi. Please provide an estimate of year wise reduction in cost of Production (or quantum of other benefits - separately) that may be achieved as a result of readjustment. A non-confidential summary of your restructuring plan may be furnished. Unless the same is provided, the information provided on confidential basis may not be taken on record:

Section 5: Information on imports, if any

- i. Are you importing the product (or similar product) as described in Section II (ii).
- ii. If yes, please list all imports made during the last three years giving details of products imported, quantity, value, duty paid, etc.
- iii. Explain reasons for imports.

-
- iv. Give details of marketing and distribution channel and disposal of imported goods.
 - v. Provide a list of end users to whom the imported product has been sold by you.
 - vi. Effect of these imports on your domestic sales.
 - vii. Details of month wise imports into India as a whole and its CIF price for the last three years.
 - viii. Why the price of imports to India is lower compared to other countries.
 - ix. Names and addresses of exporters to India.

Section 6: Miscellaneous Information

- i. Details of shutdown and reasons therefore during the last three years along with stock position during the shutdown.
- ii. Details of orders placed by consumers which could not be executed or was considerably delayed during the last three years along with reasons.

Questionnaire for Importers

Section 1: General Information:

- i. Complete details about identity
 - a. Name of the enterprise
 - b. Address
 - c. Telephone No. / Fax No.
 - d. Contact person, address and Tel. No.
- ii. Corporate Structure.
- iii. Distribution and marketing channel.

Section 2: Details of Imported Product

- a. Name of the product imported by you.
- b. Description of the product including various grades, sizes, models or type etc.
- c. Quality and characteristics of the product.
- d. Uses of the product.
- e. Raw materials and components and other inputs used for the production.
- f. Tariff classification under The Customs Tariff Act, 1975 and under ITC.
- g. Rates of Customs duty during last three years paid on imports. Please give break up and copies of supporting documents (e.g. Bill of entry, Invoice etc.)
- h. Details of industrial users / consumers of imported product.

Section 3: Volume and Prices of Imports

- i. Please list all imports (for each product variety wise) giving details of country of export, quantity imported, CIF value, currency conversion ratio etc. for the last three years, (April to March) month wise / quarterly, quantities imported during the said period separately for duty free imports and duty paid imports.
- ii. Terms of payment.
- iii. Details of import licenses / import policy governing the imports.

Section 4: Information about Suppliers

- d. Name of the exporter
- e. Address
- f. Telephone, Fax Nos.

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- g. Contact person, address & Telephone No.
 - h. Whether the exporter is producer / merchant or exporter / trader.
 - i. What is the annual capacity of the exporter (if he is a producer)
 - j. What are your relations with the exporter
 - k. What are your terms of business with the exporters i.e. terms of payment, further commitment of imports etc.

Questionnaire for Exporters

Section 1: General Information:

- i. Complete details about identity
 - a. Name of the enterprise
 - b. Address
 - c. Telephone No. / Fax No.
 - d. Contact person, address and telephone no.
- ii. Distribution and marketing channel

Section 2: Details of Exported Product

- a. Name of the product exported by you
- b. Description of the product including various grades, sizes, models or types
- c. Quality and characteristics of the product
- d. Raw materials and components and other inputs used for production
- e. Details of industrial users / consumers of exported product.

Section 3: Capacity, Production, Volume and Price of Exports

(Preferably for financial year April - March)

- a. Capacity
 - Last year Current year
- b. Production
 - Last year Current year Next year
- c. Cost of production during the above periods.
- d. Selling price per unit in domestic market during the above periods.
- e. Export / Selling price per unit in India during the above periods.

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- f. Whether you have any agent or office in India, if yes their names and address, Tel. No., Fax No.
- g. Quantity exported to India during the last three years and current year (April-March)
- h. Your commitment to supply the product in different markets including India.

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ANNEXURE VII: Responses received from public

1. REDDOT ART GALLERY

To,

The Director,

EPCH House, Pocket 6&7,

Sector C, LSC, Vasant Kunj,

New Delhi-110070

Sir,

This has reference to your advertisement published in the HT Newspaper dated 13 March, 2012 on the subject.

We operate an art gallery in Indiarpuram, Ghaziabad since August , 2008.

The main activity of the art gallery is to exhibit paintings/ sculptures/ drawings/ photographs/ crafts etc. created by artists/ sculptors/ photographers/ artisans belonging to various parts of India.

The livelihood of these artists/ artisans is dependent on the proceeds earned from their art works.

The artists/ sculptors/ artisans who have no other source of income are fully occupied with their creative profession to maintain their family.

But due to various economic reasons the Indian art market has gone to a very low level making their lives very difficult economically. The artists are not finding collectors for their art works because the market has changed a lot since 2008.

One of the major reasons for such depressed art market is uncontrolled import of cheap and inferior quality art/ craft objects from China.

The adverse impacts of Chinese Imports on Indian Art & Crafts market can be sighted as follows:

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copied oil paintings on canvas made in factories are very cheap , therefore original and authentic Indian art works cannot compete with those.

there is no restriction on volume of import of art works (paintings) from China, which has flooded the market.

corporate buyers (hotels, office, etc.) find the Chinese paintings are cheaper because they are mass produced and have no authenticity.

Indian artists are not able to sale their works due to such cheap imports from China.

Raw materials such as Colour, Canvas, Metals, Frames, Brush etc. have become costly for Indian Artists, which in turn increased the cost of production of art works even higher. But due to Chinese mass production mechanism, their art/ crafts are cheaper when they come to India. So no one buys Indian arts.

Due to cheap art works import in Indian market, many Artists are giving up their profession due to acute financial condition, which is indeed a great loss. If this situation continues, India will lose its talented artists sooner than later.

China is gradually taking control of Indian art market, which must be stopped by introducing suitable Trade restrictions.

Indian art/ Crafts and artists/ sculptors/ artisans must be protected.

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With regards,

Kalyan K Majumdar

Manager (Aesthetics)

for & on behalf of

REDDOT ART GALLERY

63, Gyan Khand-IV, Sarojini Naidu Marg,

Indrapuram, Ghaziabad, PIN-201014.

Mobile Ph. +91 9968502708

www.reddot.in

2. Handcraft Worldwide Company

Dear Sir/Mam,

The Chinese are very expert in packaging and over all presentation of products in beautified manner. Even though Indian products are superior in quality, beautification of products decides whether it will attract customer or not.

Our suppliers must be assessed in this regards.

We appreciate your efforts to take such research.

Best Regards,

For Handcraft Worldwide Company

www.Handcraft.co.in

Sanjay R. Sawant

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Shop Online @ Handcraft™

Visit Our Blog - <http://Handcraft.co.in/blog/>

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Bengaluru

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+ 91 80 6727 5000
Fax: + 91 80 2210 6000
Fax: + 91 80 2224 0695

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+ 91 44 6632 8400
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Fax: + 91 40 2789 8851

Oval Office, 18, iLabs Centre,
Hitech City, Madhapur,
Hyderabad - 500081
Tel: +91 40 6736 2000
Fax: +91 40 6736 2200

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NH-49, Maradu PO
Kochi, Kerala 682304, India
Tel: + 91 484-3044000
Fax: + 91 484 2705393

Kolkata

22, Camac Street
Block 'C', 3rd floor
Kolkata - 700 016
Tel: + 91 33 6615 3400
Fax: + 91 33 2281 7750

Mumbai

6th floor & 18th floor
Express Towers
Nariman Point
Mumbai - 400 021
Tel: + 91 22 6657 9200 (6th floor)
+ 91 22 6665 5000 (18th floor)
Fax: + 91 22 22876401 (6th floor)
+ 91 22 2282 6000 (18th floor)

Jalan Mill Compound

95, Ganpatrao Kadam Marg
Lower Parel,
Mumbai - 400 013
Tel: + 91 22 4035 6300
Fax: + 91 22 4035 6400

Block B-2, 5th Floor,
Nirlon Knowledge Park,
Off Western Express Highway,
Goregaon (E), Mumbai - 400 063
Tel: +91 22 6749 8000
Fax: +91 22 6749 8200

NCR

Golf View Corporate Tower - B
Near DLF Golf Course
Sector 42
Gurgaon - 122002
Tel: + 91 124 464 4000
Fax: + 91 124 464 4050

6th floor, HT House
18-20 Kasturba Gandhi Marg
New Delhi - 110 001
Tel: + 91 11 4363 3000
Fax: + 91 11 4363 3200

4th and 5th Floor, Plot No. 2B, Tower 2,
Sector 126, NOIDA - 201 304
Gautam Budh Nagar, UP, India
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Fax: +91 120 671 7171

Pune

C-401, 4th floor
Panchshil Tech Park
Yerwada (Near Don Bosco School)
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Fax: + 91 20 6601 5900

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