



# COVID-19

## **Challenges, Opportunity & Threat for Indian Handicraft Exports**

**Fashion Jewellery & Accessories**

**Submitted by:**



**Indian Institute of Foreign Trade  
Deemed University under Ministry of Commerce  
Government of India**

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# CHAPTER 1

## BACKGROUND

### NEED ASSESSMENT

The Covid-19 pandemic is taking a hard toll on the global economy and India is no exception to this. Handicraft industry, the largest second largest employer in the country after agriculture, which is largely informal, is severely affected witnessed by cancellations of existing export orders wherein around 30% of orders of labour-intensive sectors have got cancelled., default payments and lowering down the future business prospects in near future due to cancellation of few promising trade fairs including the 49th edition of IHGF – Delhi Fair Spring-2020 hampering the exports from major craft clusters like Moradabad, Saharanpur, Jodhpur, Jaipur, Agra, Narsapur, Firozabad, North-eastern region. Cancellation of key trade fairs in the US, Hong Kong and Jaipur has impacted the jewelry business.

A lockdown in India's major export destinations such as China and Europe is also impacting India's handicraft export earnings. India's exports contracted 1.5% to \$292.9 billion in the 11 months to February 2020. The decline is likely to be much sharper going ahead. The country's labour-intensive export sectors such as leather, textiles, gems and jewelry, carpets and handicrafts have borne the brunt of the Covid-19 pandemic. About ₹7,600 crore of leather export orders have been cancelled, ₹2,000 crore carpet orders are stuck and handicraft sector losses are seen at ₹8,000 crore.



India will be the 10th most impacted economy due to supply chain disruptions in China, with agriculture, handicrafts, textiles and apparel at the forefront of the disruption.

Looking for trade opportunities beyond traditional markets of the USA and EU for Indian handicraft exports post COVID does make business sense due to the fact that while on one hand COVID crises seem to have brought forward obvious challenges for Indian exporters due to issues in these export markets, on the other hand appreciating the fact that the COVID crises have hit global markets, many of which have been competing suppliers for India in prime importing countries for Indian handicrafts, this current crises also seem to open newer prospects for Indian handicraft exports.

COVID crises in India's major export destinations such as China, USA and Europe has impacted India's handicraft export earnings. This entails the need for an immediate hunting and trade diversion towards newer destinations with relatively lesser COVID impact.

Assuming the fact that China being the epicenter of the COVID-19 crises; would bring a psychological shift in global procurement priorities from China to alternate sources.

#### COVID-19: EXPECTED ADVANTAGE FOR INDIAN HANDICRAFTS

As a result of the global COVID crises, it is witnessed that the western economies are badly battered while countries like India, Indonesia, etc. are not so battered. Emotional and Economic backlash against China is expected. Already, countries and companies are working on strategy to pivot away from China as part of their supply chains. Japan Govt has announced packages for its companies bringing back manufacturing home.

Consumer behavioral shift post COVID Impact on Indian handicraft exports	
For individuals, health and safety will become a priority area of consumer spending	Handicraft products like khadi mask, organic clothing, cotton textile wears etc. would gain edge
The ticket size of spending will drop for a while. People will spend on cheaper goods than on expensive goods, or delay spending for a while	Gift items and other high priced handicraft products would face a setback.
Extreme acceleration in digital economy	EPCH members needs to be promoted to have their own websites and look for rigorous E-commerce marketing. Councils needs to plan virtual trade fair
People will be less loyal towards brands as other aspects will take over. People will switch brands faster due to various other concerns like safety, etc.	Shift in brand loyalty would mean opportunity for MSMEs against bigger brands. Except for the fact that price competitiveness and design innovation will be most important focus. It's time for survival of the fittest.

Businesses need to keep this in mind and work accordingly. As a result of this, there is an expected shift in consumer behavior post COVID which might impact the purchasing behavior towards handicrafts. Indian businesses therefore need to try to become the contract manufacturer of the world, just like China is. India needs to make use of this opportunity smartly.

### COVID impact is quite visible in shift of consumer preference



Global buyers are turning to India to source ceramics, homeware, fashion and lifestyle goods, textiles and furniture from the country as China grapples with the deadly coronavirus outbreak.

Cevisama 2020 ceramics fair in Spain, some 55 Indian companies have drummed up greater interest from buyers owing to muted competition from China.

Clients in the US and the EU have also set their sights on India for labour-intensive products such as garments. Indian exporters have received enquiries above Rs. 10 crore from the EU and US.

# CHAPTER 2

## INDIAN HANDICRAFTS EXPORTS:

### PRE-COVID STATUS

#### INDIAN HANDICRAFT SECTOR: SNAPSHOT

The handicrafts sector is of importance to the Indian economy as it is one of the largest employment generators and account for a significant share in the country's export. The state and regional clusters contribute significantly to handicrafts export. The Indian handicrafts industry is fragmented with more than seven million regional artisans and over 67,000 exporters/export houses promoting regional art and craftsmanship in the domestic and global markets. Exports from the sector aggregated to Rs 24,500 crore. Handicrafts embody the rich cultural heritage and traditions of India. There are a total of 744 handicraft clusters in India engaging nearly 2,12,000 artisans, offering more than 35,000 products. The major clusters are in Surat, Bareilly, Varanasi, Agra, Hyderabad, Lucknow, Chennai, Ranipet, Mumbai, Kanpur, Farrukabad, Saharanpur, Etikoppaka, Jaipur, Asharikandi, etc. The table below shows the handicraft categories produced in India:



#### ARTWARE

Brass Metalware, Bidri work, Dhokra, Bell Metal, Bells & Chimes, Candle Holders, Candle Sconces, Fireplace, Flower Vases, Jewelry boxes, Utensils etc.



#### WOODWARE

Almirah, Beds, Cabinets, Chairs, Home Temples, Mirror Frames, Side Boards, Sofa sets, Stools, Tables etc.



#### EMBROIDERY & CROCHET GOODS

Zardozi, Parsi work, Kashmiri Crewel Embroidery work, Phulkari work, Kasuti, Chikankari, Crocheted work, Kantha Embroidery, Mirror Work



#### HANDPAINTED TEXTILES & SCARVES

Kalamkari, Tie and Dye, Block Printing, Bed covers, Carpets, Coverlets, Curtains, Cushion covers, Duvets, Kitchen Towels, Quilts, Rugs & Mats, Sofa



#### IMITATION JEWELLERY

Anklets, Armlets, Bangles, Bracelets, Brooches, Chokers, Cufflinks, Earrings, Necklaces, Pearls, Pendants, Rings, Toe Rings etc.



Out of these traditional production strengths, main handicraft items exported by India include house-ware, home textiles, furniture, glassware, bamboo goods, fashion jewelry and lamp and lighting.

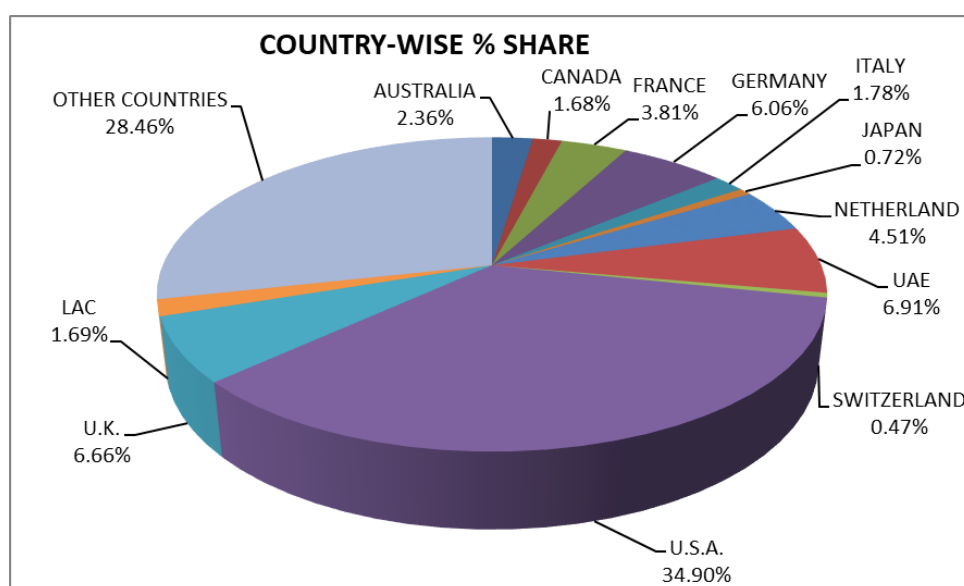


Annexure I details out the entire list of 167 HS code divided into five categories:

- Lifestyle
- Fashion
- Home
- Textiles
- Furniture

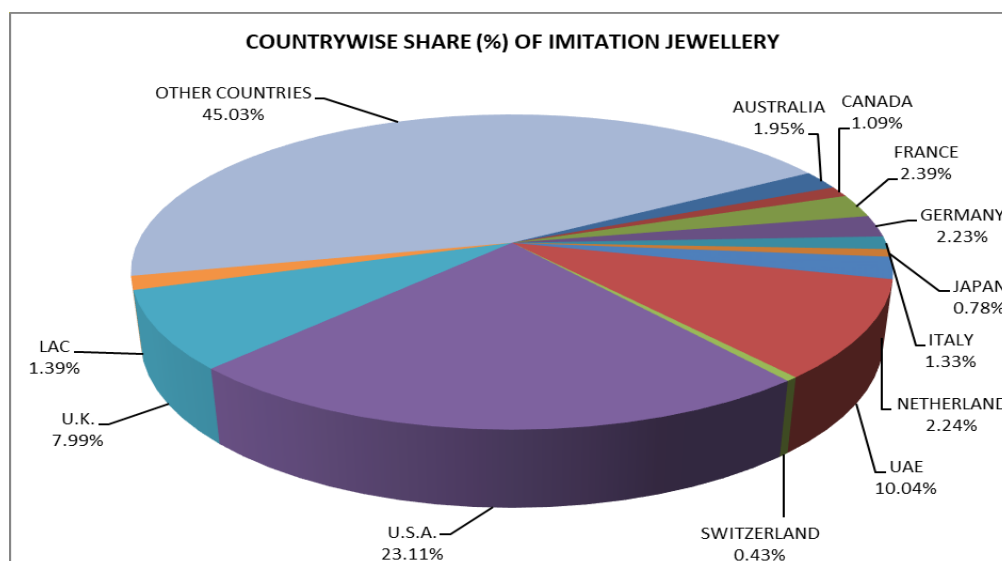
Major export destinations for domestic handicrafts items include the US, Europe, South America, Africa and China. Other markets include UAE, Australia, Canada and Japan. The US and Europe together account for about 60 per cent of the country's total handicraft exports.

## INDIAN HANDICRAFTS: COUNTRY WISE EXPORT SHARE

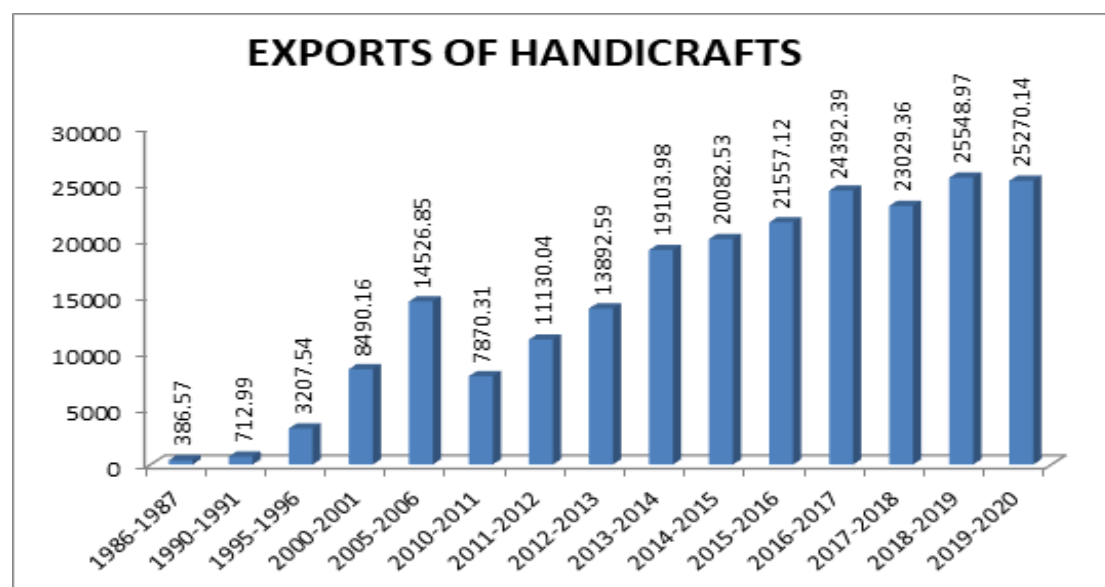


USA was the highest in importing of handicrafts among all the importing countries of the world, which was 34.90 percent share of the total export. Further, followed by UAE, UK, Germany, Netherland and France were having the percentage share of 6.91, 6.66, 6.06, 4.51 and 3.81 respectively in the import of handicrafts during the year. These five countries have more demand for the handicraft products produced by India, which was more than 64 percent of the total export during this year.

### Export Markets for Fashion



### Trend in Indian Handicraft exports (1986-2020)



Source: DGCIS, 2020

Handlooms and Handicrafts Sector craved for growth since quite a few years, which has now actually turned prolific. No doubt, India has an edge against its competitors like China, Philippines, Thailand, Taiwan and Korea who generally produce machine-made products. Indian handmade products have a niche market all over the world creating a distinct impact through exclusive designs, workmanship, finesse, colors and raw material.

“India is failing to raise its share in the global market, beyond 2% for a long time. confronting challenges due to increased competition from machine-made products of China.”

However, despite these promising trends, India is failing to raise its share in the global market, which has remained at around 2% for a long time. Globalization has involved changes in economic structure, relative prices, consumption possibilities and pattern, which in turn affects the growth of the sector. The handicraft industry is confronting challenges due to the intervention of new technology and also increased competition from different countries and especially, from machine-made products. Indian products are now facing challenges of price competitiveness from other countries like China which have mixed craft with the latest technology.

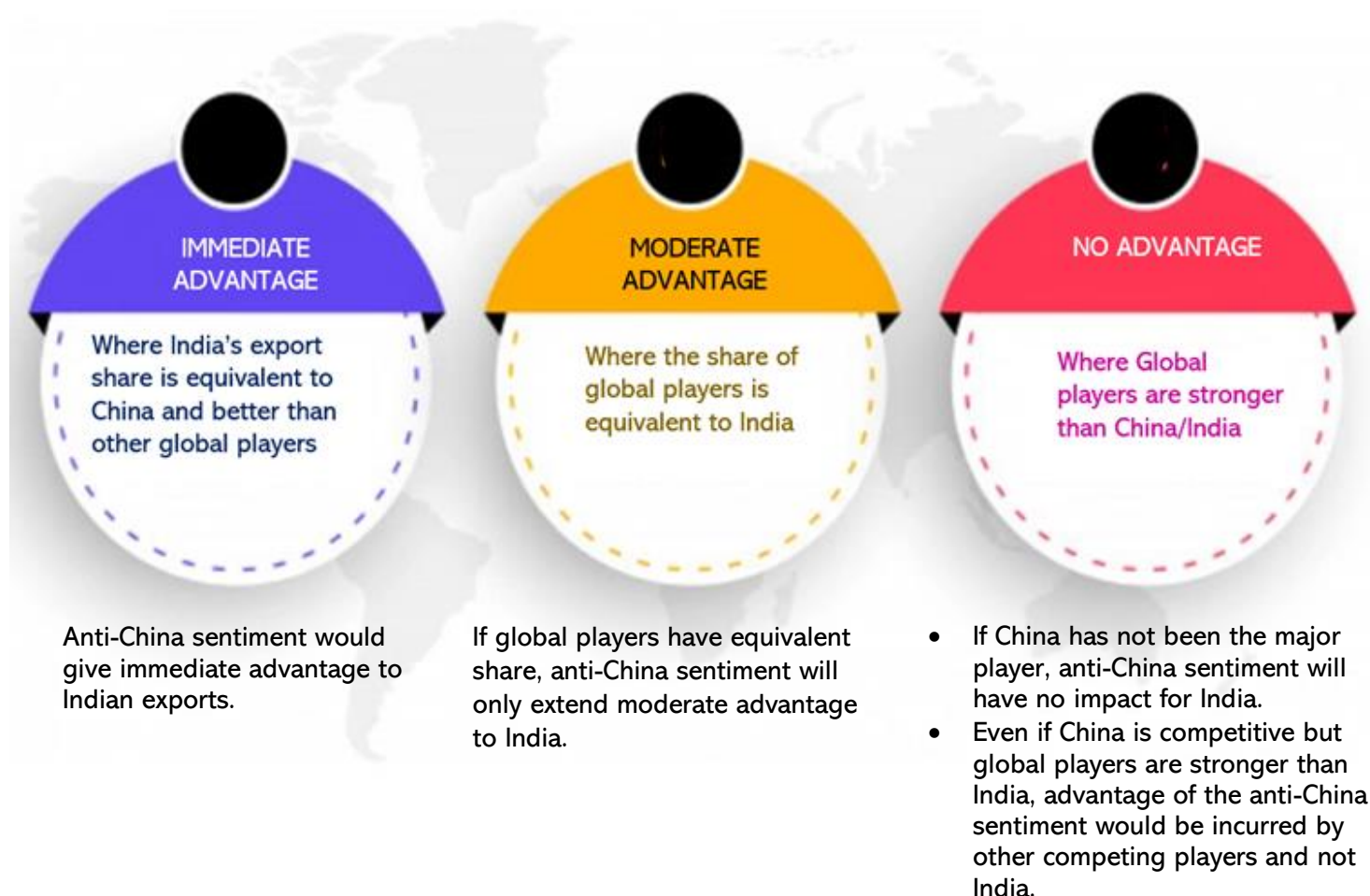
India is still to introduce such innovative technologies in the handicraft sector. Appreciating the fact that the world handicraft market would be worth \$ 1091.2 billion by 2024, expanding at 11%, annually compounded, during 2019-2024; it is worth exploring the status of India versus other global players especially China in each of the 167 HS codes carrying huge production strength for India.



## WILL ANTI- CHINA SENTIMENTS GIVE ANY TRADE ADVANTAGE TO INDIAN HANDICRAFTS?

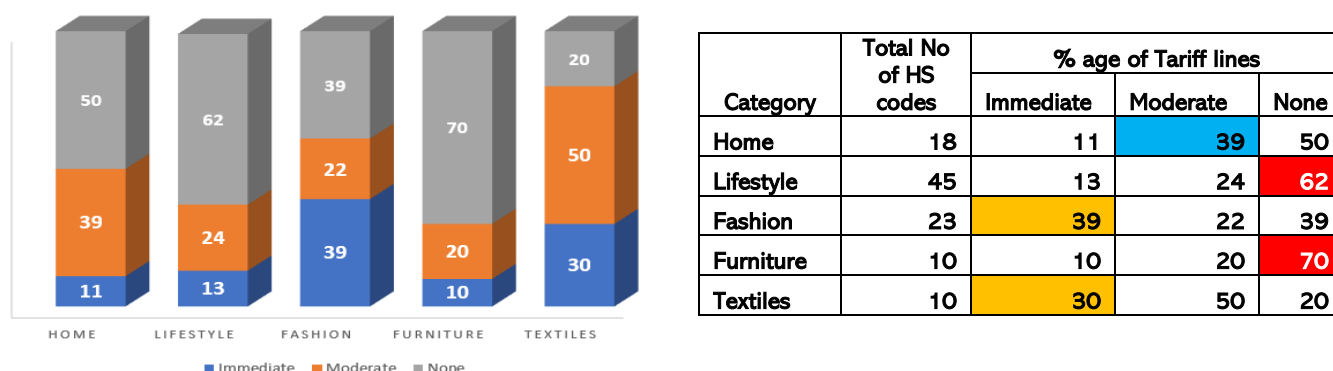
As analyzed, China have been losing its market share in countries like USA, EU, Latin America, GCC etc. which have been traditional export markets for Indian handicraft exports. Also, the products where it has lost market in handicraft category includes furniture, textiles and apparel and its accessories, iron and steel articles (wrought iron handicraft products), footwear, toys and games. Most of these product categories seem to be having great export potential across various handicraft clusters of India.

The section below therefore analyses the impact of all 167 HS codes of export interest to EPCH and compares India's export share with that of China versus other global exporters. The HS codes are then divided into three categories:



As seen in the table below, immediate advantage goes to products in fashion (39%) and textiles (30%) categories, while moderate opportunity goes to handicraft products in home. (39%). Lifestyle and furniture category products are expected to have minimum opportunity.

## TRADE OPPORTUNITY FOR INDIAN HANDICRAFTS: IMPACT ANALYSIS



Source: Author's estimation as per ITC, 2021

Annexure II details out the analysis depicted in the table below. Many products including aggarbatti, table, kitchen and household articles captured a decent market share in the world just next to China and hence the fall of China is expected to shift the focus of global sourcing towards India. Similarly, in category of lifestyle products where Indian exporters should focus includes extracted oleoresins, wallets, purses, key-pouches, cigarette-cases, tobacco-pouches, handmade paper and worked vegetable or mineral carving material.

## China's fall: India's Advantage? HS code wise analysis (Annexure III)

Category	Immediate	Moderate	None
Home	330741, 741810	442191, 700992, 701349, 741999 830630, 960310, 960899	691110, 691190, 691200, 701328 701333, 701337, 701341, 970400 970500
Lifestyle	330190, 420231, 460199, 480210, 960200, 961400	340600, 420229, 441400, 441919, 460219, 482390, 702000, 761510, 830610, 830621, 940550	330749, 392310, 420239, 442010, 460129, 482370, 660200, 691310, 691390, 701391, 701890, 830629,

			920290, 920590, 920600, 940510, 940530, 950300, 950510, 950590, 960622, 970110, 970190, 970200, 970300, 970400, 970500, 970600
<b>Fashion</b>	560500, 580900, 581010, 611710, 630790, 681599, 711311, 960190, 960200	580810, 581092, 701810, 711719, 711790	581100, 610431, 640320, 650400, 650500, 670100, 711711, 830890, 960110
<b>Furniture</b>	442090	940360, 940389	460211, 460212, 940330, 940350, 940390, 950300, '940382
<b>Textiles</b>	580430, 580500, 940490	581100, 630411, 630491, 630790, 640610	580410, 670290

Source: Author's estimation as per ITC, 2021

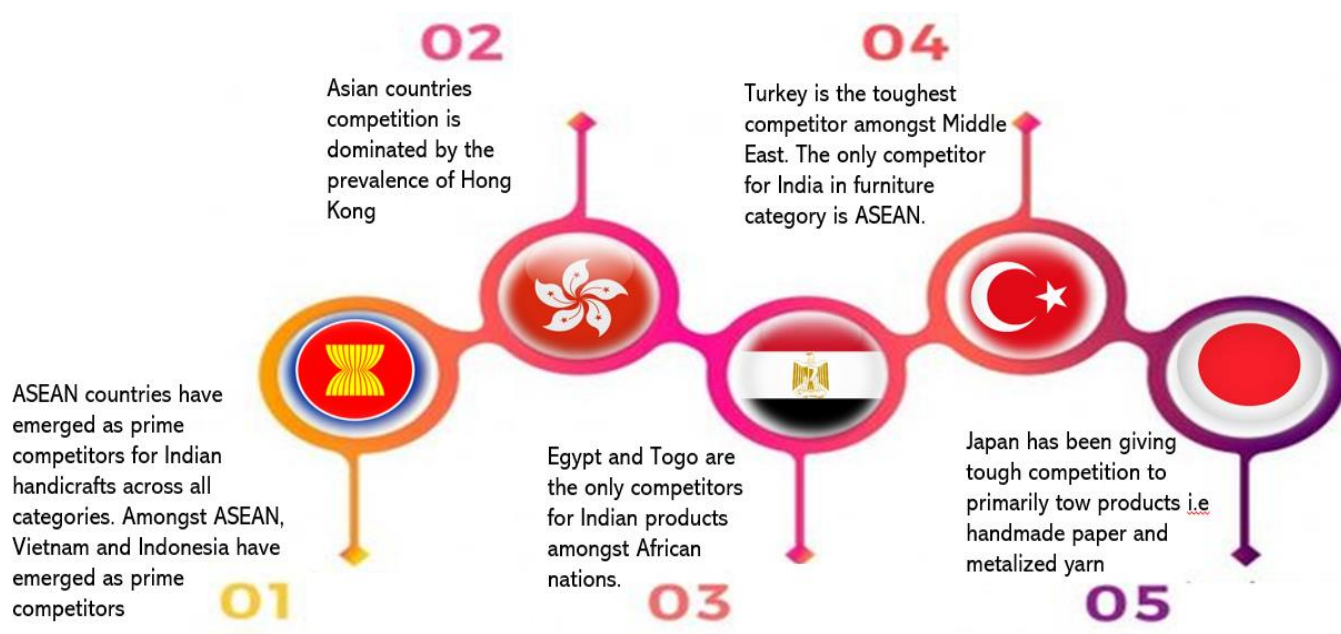
Products amongst fashion category where Indian exporters have immediate advantage includes; metallized yarn, woven fabrics of metal thread, embroidery on a textile fabric ground without visible ground, articles of stone, articles of jewelry and worked bone and tortoiseshell. Indian doesn't have any major advantage in furniture products where the only product worth considering includes wood marquetry and inlaid wood; caskets and cases for jewelry or cutlery. Textile sector carries maximum advantage amongst all the handicraft categories where products carrying utmost opportunity includes handmade laces, tapestries handmade, mattress support and bedding material.

## GLOBAL COMPETITION FACED BY INDIAN HANDICRAFTS: APART FROM CHINA

The reason for product having either moderate or no advantage of the fall of China was attributed to strong presence of global competing players. While European nations were predominant competitors across almost all the product categories; even emerging markets of ASEAN, Asian Pacific including Korea and Japan and South Asian countries including Srilanka and Pakistan were found to be better market players as compared to India in most of the products. Hence if Indian government or Indian exporters intend to make their presence in the said products,

they would need to cater to strong competition arising from these countries apart from China.

Figure below summarized from the data in the table below highlights the status of global competition faced by Indian exporters across different handicraft categories. Annexure I details it our further.



## GLOBAL COMPETITORS (APART FROM EU) IN CATEGORY: FASHION

ASEAN			Asian			ME		
HS code	Product	Country	HS code	Product	Country	HS code	Product	Country
630790	Made-up articles of textile materials,	Vietnam	560500	Metallised yarn,	Japan	581092	Embroidery of man-made fibres on a textile fabric base.	Turkey
650500	Hats and other headgear, knitted or crocheted,		580810	Braids in the piece	Chinese Taipei	611710	Shawls, scarves, mufflers,	
670100	Skins and other parts of birds		581010	Embroidery on a textile fabric ground without visible ground,	Hong Kong			
581010	Embroidery on a textile fabric	Thailand	581092	Embroidery of man-made fibres				
711311	Articles of jewellery of silver,		610431	Women's or girls' jackets and blazers of wool				
711711	Cuff links and studs, of base metal,		711719	Imitation jewellery, of base metal,				
640320	Footwear with outer soles of leather,	Cambodia	711790	Imitation jewellery				
711719	Imitation jewellery, of base metal,	Singapore	830890	Clasps, frames with clasps without locks,	Hong Kong			



# CHAPTER 3

## SURVIVAL STRATEGY FOR INDIAN HANDICRAFTS

### COMPARATIVE QUADRANT ANALYSIS FOR IDENTIFIED CATEGORIES

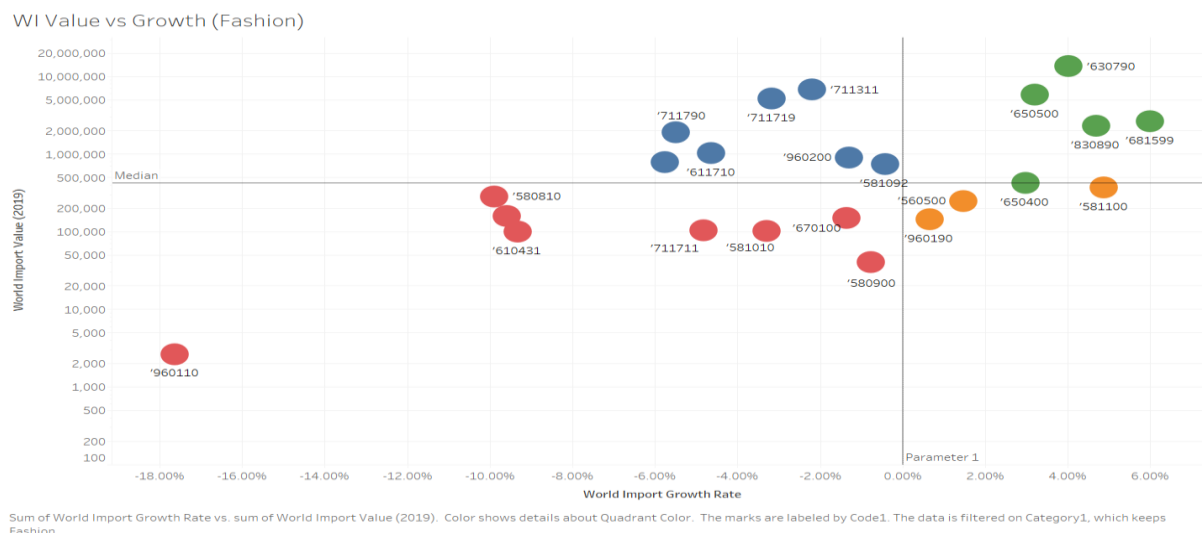
Based on the above rationale and category-wise analysis; corresponding policy suggestions are listed in the subsequent section. Graphs below illustrates the status of all the products across different categories, which have been organized as per their performance on the two parameters indicated above. Bubble graph on world imports in each of the categories; depicts status of individual products across four quadrants based on the above two parameters:

Color Coding	Growth 2014-20	Absolute value 2020
	High	High
	High	Low
	Low	High
	Low	Low

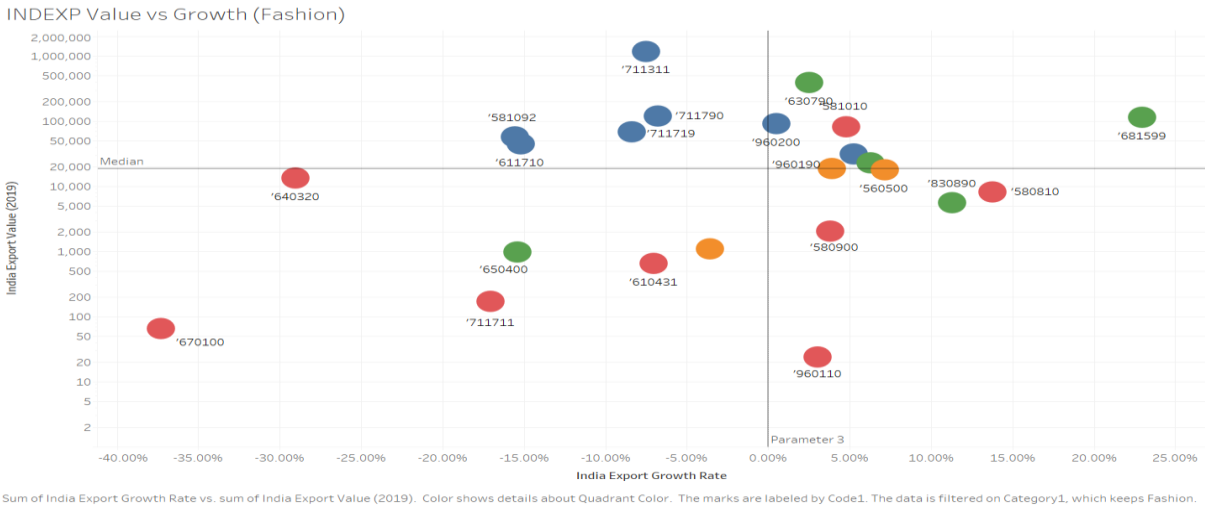
Once the HS codes in each category is distributed across 4 quadrants based on their status in world imports, the same products are then mapped across another 4 quadrants based on their status in India's exports. Finally; the policy recommendations HS code-wise is suggested as per the above-mentioned rationale.

### CATEGORY: FASHION

#### WORLD IMPORT VALUE VS GROWTH



INDIA'S EXPORTS VS GROWTH

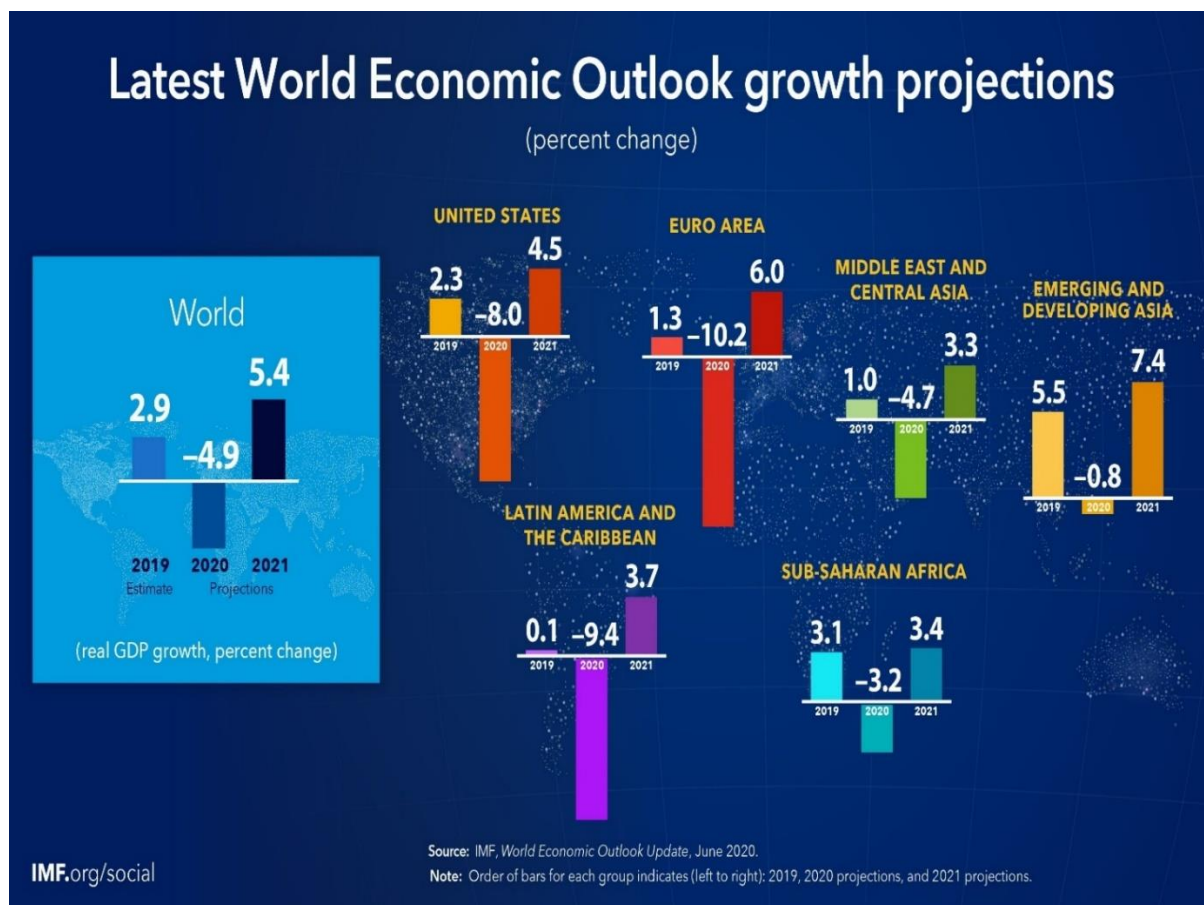


# CHAPTER 4

## EXPORT PROMOTION FOCUS POST COVID

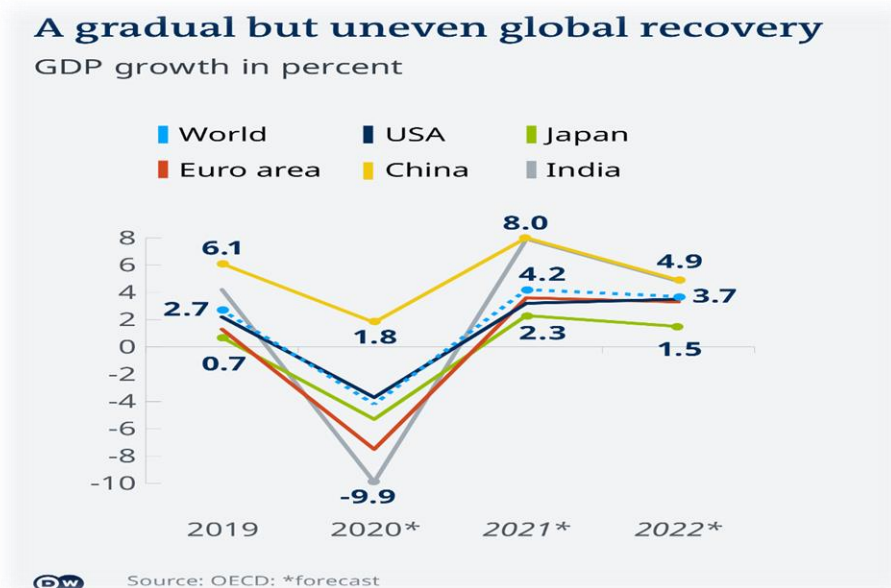
### POST COVID DEMAND ANALYSIS: FORECAST 2025

Since the COVID-19 crisis began, global GDP has fallen by 4.2%. Although the pandemic has had a devastating economic effect around the world, it is expected to return to pre-pandemic levels by the end of 2021. This revival of economy post covid would vary from one region to another. Europe is expected to see GDP growth of 5.2% in 2021, while for the United States, that figure is just 3.1%.



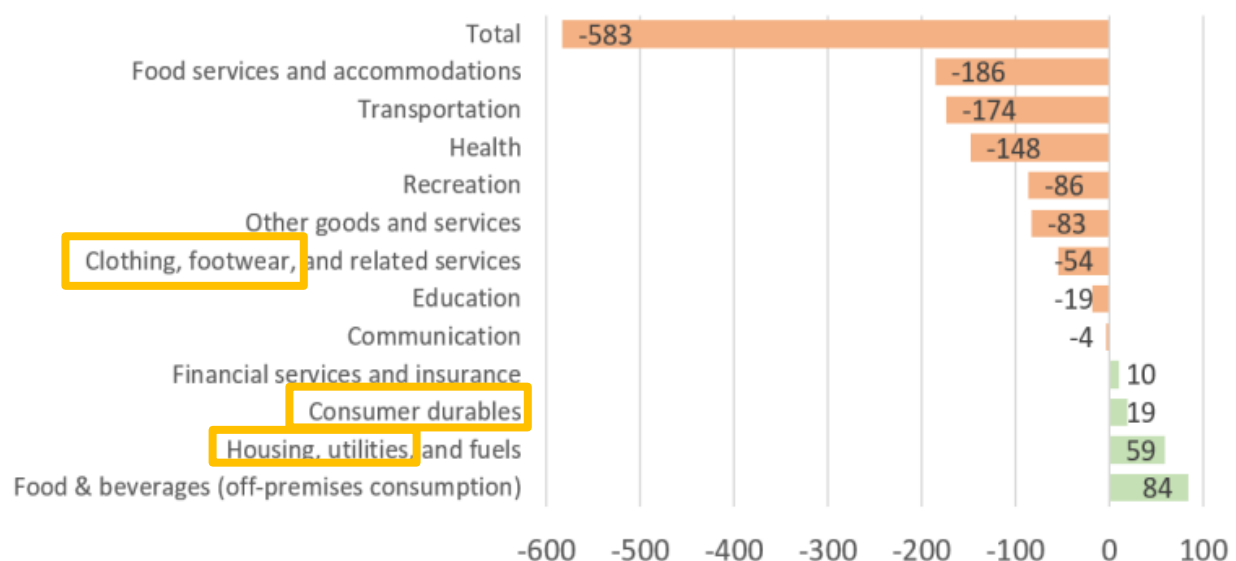
Asian countries, in contrast have recovered much faster and are projected to see GDP growth of 8% this year – in particular, China, which experienced only a moderate dip in 2020 and which the International Monetary Fund (IMF) predicts will

see 8.2% in real GDP growth in 2021. The output in many other countries is projected to remain around 5% below pre-crisis expectations in 2022. OECD has projected global GDP to rise by around 4.2% in 2021 and by a further 3.7% in 2022.



According to the Organization for Economic Development (OECD), while global GDP should rise by around 4¼% by the end of 2021, national bounce-back could be uneven. This would change the consumer spending across different countries.

In 2020, American consumers shifted their spend from services to retail goods, with groceries and consumer durables like home appliances outpacing restaurants and travel as consumer spending held steady over the summer months.

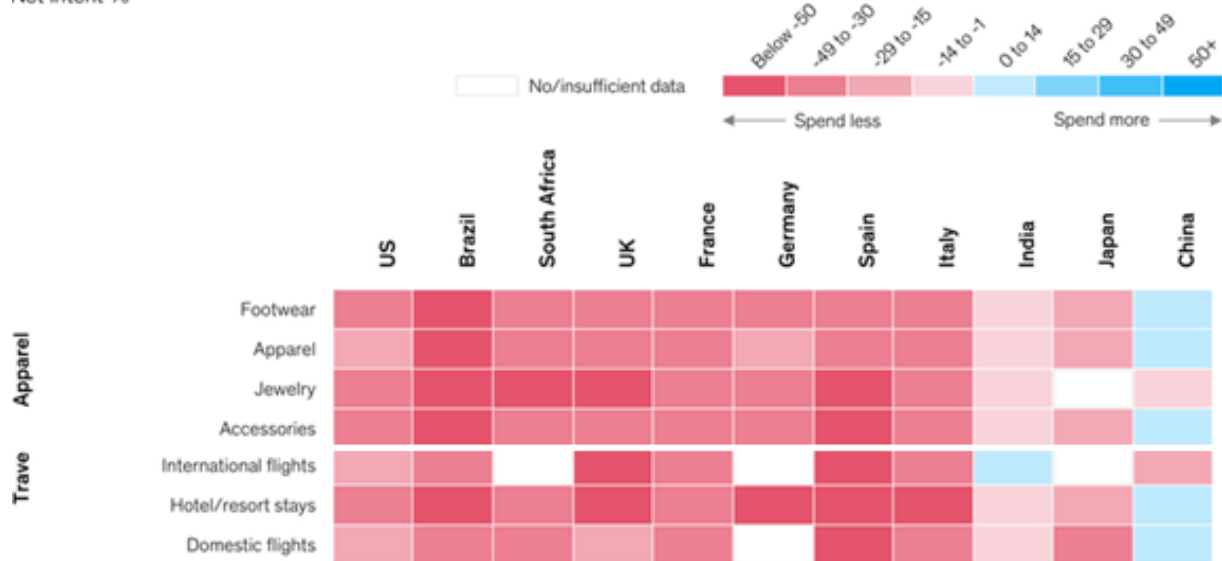


But in Asian countries with greater optimism around a COVID-19 recovery, spending is higher on items such as clothing, cars and hotels, and consumers are more likely to shop differently to the way they did before the pandemic.

### Outside of China and India, global consumers anticipate pulling back on spending.

Expected spending per category over the next two weeks compared to usual<sup>1</sup>

Net intent %<sup>2</sup>



The above data highlights the fact that while global GDP should rise by around 4¼% by the end of 2021, national bounce-back could be uneven. This would change the consumer spending differently across different products and nations. This section therefore analyses the world import demand for handicraft products forecasted for 2025 across different categories. Analysis further dwells into an interesting comparison of the status of India's exports in 2025 as against that of the world. This would highlight the fact about:

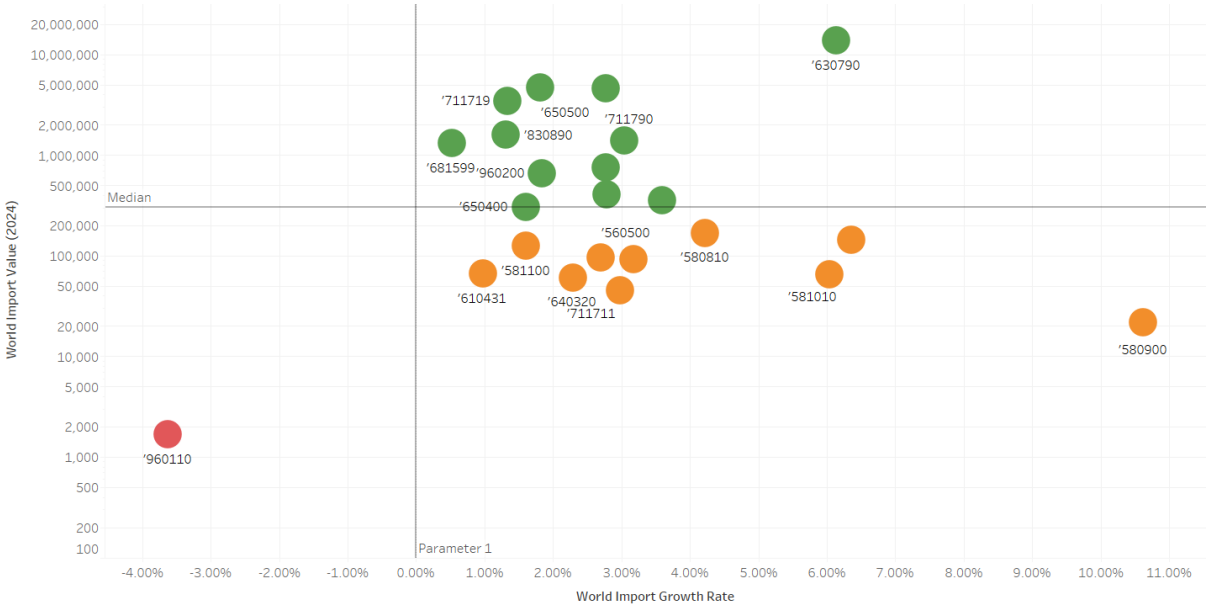




CATEGORY: FASHION

WORLD IMPORT VALUE VS GROWTH

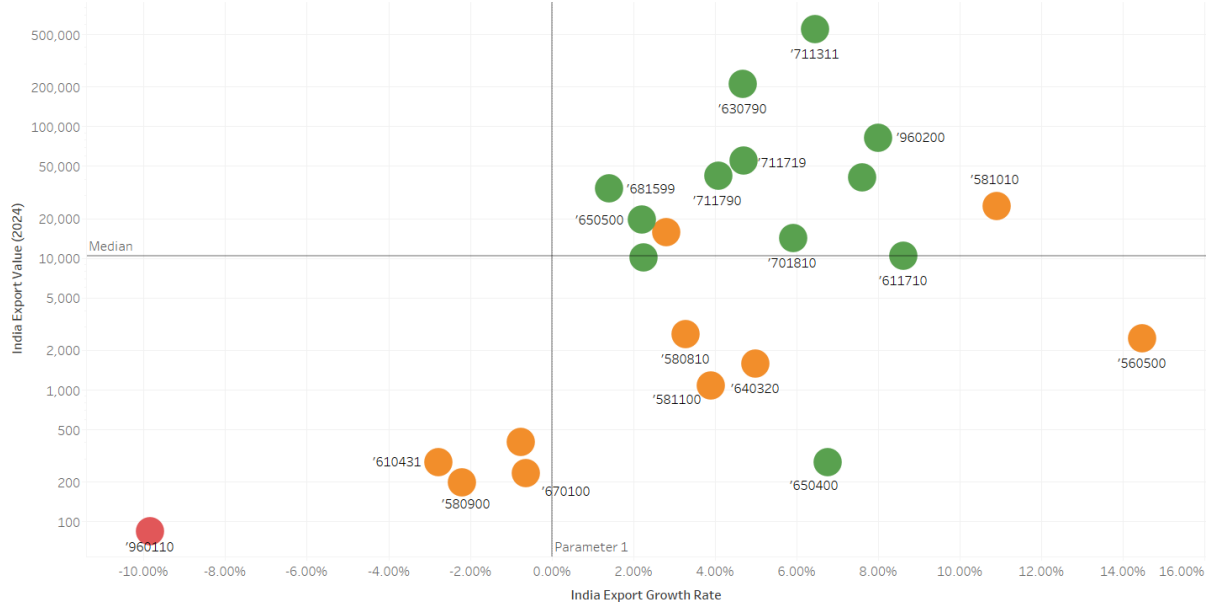
WI Value vs Growth (Fashion)



Sum of World Import Growth Rate vs. sum of World Import Value (2024). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Fashion.

INDIAN EXPORT VALUES VS GROWTH

INDEXP Value vs Growth (Fashion)



Sum of India Export Growth Rate vs. sum of India Export Value (2024). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Fashion.

## Inference

- HS codes which are expected to gain in 2025 where export focus should be maintained in the fashion category includes 711311 (Silver Filligree – 71131110), 630790 (Hand Printed Dress - 63079011), 960200 (Potpourri – 96020010), 711719 (Jewellery- Silver – 71171920), 711790 (Imitation Jewellery – 71179010), 681599 (Marble & Stone Figurines – 68159990), 650500 (Knitted Or Crocheted Hat – 65050090), 701810 (Beaded Bangles – 70181010), 611710 (Pashmina Shawls & Stoles – 61171020)
- For HS code 650400 (Hats & Caps – 65040000), India is expected to pick up the growth but will have to work on enhancing the volume of exports.
- For 960110 (Articles Of Ivory – 96011000), India should not have any focus
- For 610431 (Jackets of Wool or Fine Animal Hair – 61043100), 580900 (Zari Borders – 58090010) and 670100 (Feather Dusters – 67010010), India needs to gear up on growth while rest all HS codes are in sync with expected trend in world imports by 2025.

## PRODUCT SELECTION OF UTMOST IMPORTANCE CATEGORYWISE ANALYSIS

All Products											
World imp..	RCA India ..	RCA	India R..	China fall im..							
High	High	Rising	More	Moderate	741999						
			Less	Moderate	441990						
			Fluctuating	More	960190						
				Moderate	482390						
			Moderate	Fluctuating	More	Immediate	711311	420231			
					Moderate	701810	640610				
				Less	Moderate	711790	700992				
		Moderate	High	Rising	More	Immediate	581010				
					Fluctuating	More	Immediate	960200	442090	741810	580430
						Moderate	830610				
	Less			Immediate	480210						
Moderate	Rising			More	Immediate	560500	580500				
			Moderate	580810	830630	830621					
		Fluctuating	More	Immediate	580900						
			Moderate	960310	960899	340600					
			Less	Moderate	460219						

Category

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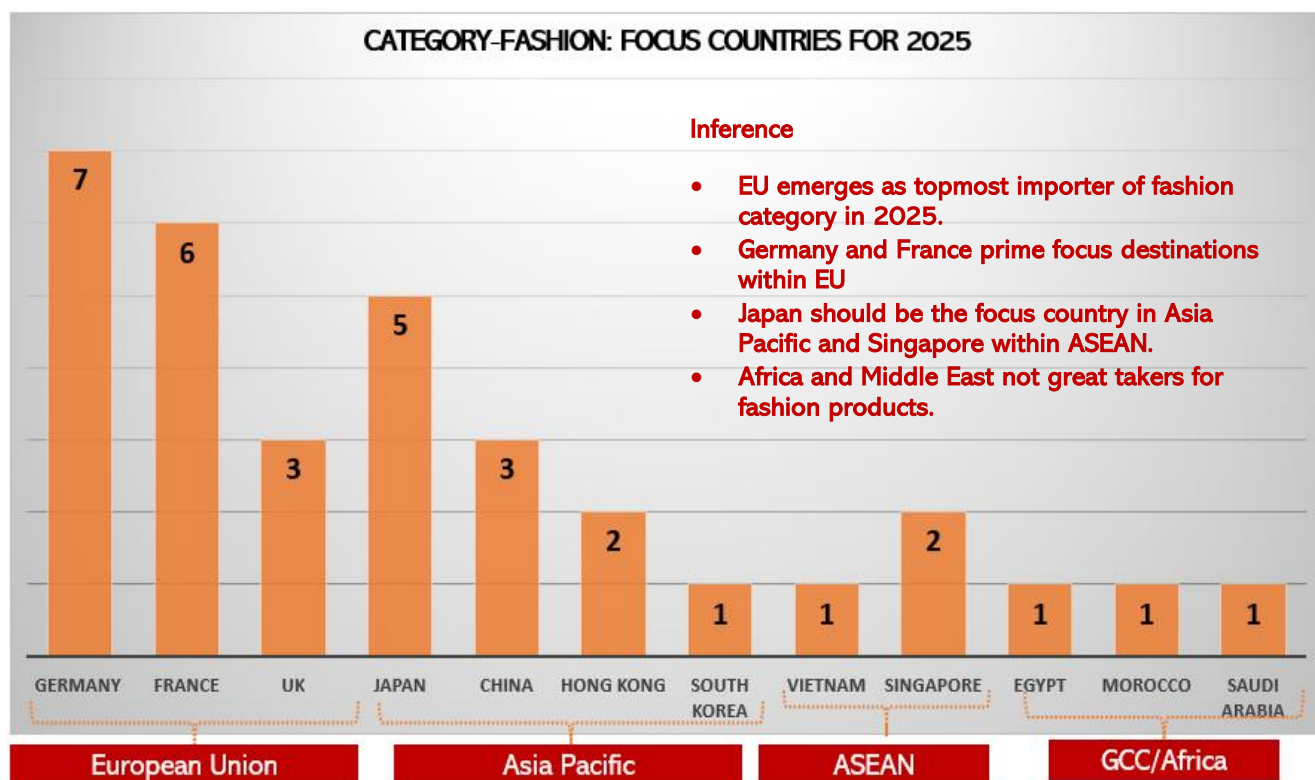
Above 27 HS codes are of utmost important and deserve a focused policy focus towards sustaining the market share. All these identified commodities fair quite well across all the parameters wherein Indian handicraft exporters as well as the Government can be assured of sustainable import demand in the global market by the end of 2025 with India having a great comparative advantage and expected to have a decent share of exports in global market. Other Important HS code

Fashion	
Order of selection	Product
681599	MARBLE & STONE FIGURINES - 68159990
581092	BADGES & EMBLEMS -58109210
611710	PASHMINA SHAWLS & STOLES - 61171020
640320	KOLAPURI CHAPPALS - 64032040
630790	PRINTED FABRICS - 63079020
711719	JEWELLERY- SILVER - 71171920

830890	IMITATION ZARI SPANGLES - 83089020
610431	JACKETS OF WOOL OR FINE ANIMAL HAIR - 61043100
581100	HAND EMBROIDERED GARMENTS - 58110010
670100	FEATHER DUSTERS - 67010010
650500	KNITTED OR CROCHETED HAT - 65050090
650400	HATS & CAPS - 65040000
711711	JEWELLERY- METAL - 71171100
960110	ARTICLES OF IVORY - 96011000

## MOVING BEYOND TRADITIONAL MARKETS: COUNTRY-CATEGORYWISE ANALYSIS

One of the reasons for poor comparative advantage or declining RCA values for past few years could be due to mismatch between India's prime export markets versus global markets where import demand is increasing. Hence a shift from old traditional destinations to newer emerging markets could help Indian exporters pick up the products in this category. Suggestions towards new possible markets product wise is listed below:



# CHAPTER 5

## INDIA'S TRADE AGREEMENT

### EX-POST ANALYSIS & WAY FORWARD FOR INDIAN HANDICRAFTS

#### COUNTRY-HS CODEWISE ANALYSIS

Reality Check: Indian export markets versus Prime global importers (HS code wise analysis)

#### Category Fashion

HS code	Product	India's export destination not so promising	Top Global importers
581100	HAND EMBROIDERED GARMENTS - 58110010	USA, Nepal, Bhutan, France, Australia	Egypt, Morocco, Viet Nam, China, Russian Federation
610431	JACKETS OF WOOL OR FINE ANIMAL HAIR - 61043100	USA, France, Germany, Colombia, Italy	South Korea, Germany, Hongkong, Italy, USA
611710	PASHMINA SHAWLS & STOLES - 61171020	UAE, Saudi Arabia, USA, Gambia	USA, Germany, Singapore, France
630790	PRINTED FABRICS - 63079020	UAE, USA, UK, Nigeria, Togo	USA, Germany, France, Japan, UK
650400	HATS & CAPS - 65040000	UK, Australia, USA, Denmark	USA, Japan, Germany, France
650500	KNITTED OR CROCHETED HAT - 65050090	USA, Germany, UK, Nigeria	USA, Germany, Japan, France
670100	FEATHER DUSTERS - 67010010	UAE, USA, Kenya, Germany	UAE, USA, China, UK
711711	JEWELLERY- METAL - 71171100	USA, Sri Lanka, Nigeria, UK, France	Saudi Arabia, UK, China, Germany, USA
711719	JEWELLERY- SILVER - 71171920	UAE, USA, Nigeria, Iran, Afghanistan	USA, France, Germany, China, Japan
830890	IMITATION ZARI SPANGLES - 83089020	USA, Bangladesh, Hong Kong, Sri Lanka	France, Hongkong, Romania, Italy, Germany
960110	ARTICLES OF IVORY - 96011000	USA, Spain, Australia, Nepal	Belgium, France, Japan, USA, Singapore

#### RTA ANALYSIS IN PRIME IMPORTING COUNTRIES

Appreciating the fact that trade agreements aim at reducing the import duty rates and hence are expected to make country's export more price competitive as against other competing suppliers in the importing country. This section hence compiles a comparative chart between the prime export markets for India versus the top 5 prime global importers in the same HS code. This would give us a reality check of India's



future course of policy focus from old traditional destinations to new destination as emerging markets.

Reality Check: Indian export markets versus Prime global importers (HS code wise analysis)

### Category Fashion

HS code	India's export destination not so promising	Top Global importers
581100	USA, Nepal, Bhutan, France, Australia	Egypt, Morocco, Viet Nam, China, Russian Federation
610431	USA, France, Germany, Colombia, Italy	South Korea, Germany, Hongkong, Italy, USA
611710	UAE, Saudi Arabia, USA, Gambia	USA, Germany, Singapore, France
630790	UAE, USA, UK, Nigeria, Togo	USA, Germany, France, Japan, UK
650400	UK, Australia, USA, Denmark	USA, Japan, Germany, France
650500	USA, Germany, UK, Nigeria	USA, Germany, Japan, France
670100	UAE, USA, Kenya, Germany	UAE, USA, China, UK
711711	USA, Sri Lanka, Nigeria, UK, France	Saudi Arabia, UK, China, Germany, USA
711719	UAE, USA, Nigeria, Iran, Afghanistan	USA, France, Germany, China, Japan
830890	USA, Bangladesh, Hong Kong, Sri Lanka	France, Hongkong, Romania, Italy, Germany
960110	USA, Spain, Australia, Nepal	Belgium, France, Japan, USA, Singapore

## CATEGORY: FASHION

HS code	Importing Country	Signing RTA beneficial	Non Price Factors more prevalent	Price Sensitivity	Major Competitors	Fall of China Impact
581100	Egypt	No	No	Yes	China	Positive
	Morocco	Yes	Unknown	No	Spain / China	Positive
	Vietnam	Yes	Unknown	Yes	China / Japan	Negative
	China	No	Unknown	No	Japan / Korea	NA
	Russia	Yes	Unknown	Yes	China / Turkey	Positive
610431	South Korea	No	Unknown	No	Italy	Positive
	Germany	Yes	Unknown	No	China	Positive
	Hong Kong	No	Unknown	No	China	Positive
611710	Germany	Yes	Unknown	Yes	Bangladesh / Netherlands	Positive
	France	Yes	Unknown	Yes	Netherlands	Positive
	China	No	Yes	No	Japan / Korea	NA
	Russia	No	Yes	No	China / Turkey / Belarus	Positive
630790	Germany	Yes	Unknown	Yes	China / Vietnam / Hong Kong	Positive
	France	Yes	Unknown	Yes	China / Vietnam / Hong Kong	Positive
	Japan	No	Yes	No	Vietnam / China	Positive
650400	Germany	No	No	Yes	Poland / France	Positive
	France	No	Unknown	Yes	China / Netherlands / Vietnam	Positive

	Japan	No	Unknown	Yes	China / Italy / Thailand	Positive
650500	France	No	Unknown	Yes	Italy / Netherlands	Positive
	Japan	No	Unknown	Yes	China / Vietnam / Thailand	Positive
670100	China	No	Yes	No	NA	Negative
	UK	No	Yes	No	Germany / China	Positive
711711	Saudi Arabia	Yes	Yes	No	France / Switzerland	Positive
	China	No	Yes	No	Italy / France	NA
	Germany	Not Much	Yes	No	Italy / China	Positive
711719	France	Yes	Yes	No	Italy / China	Positive
	Germany	Yes	Yes	No	Austria / France / Thailand	Positive
	China	No	Yes	No	Italy / France	NA
	Japan	No	Yes	No	Korea	Positive
830890	France	Yes	Yes	No	China	Positive
	Hong Kong	No	Unknown	No	China	Positive
	Italy	Yes	Yes	No	USA	Negative
	Germany	Yes	Yes	No	China	Positive

711711	Cuff links and studs, of base metal	Saudi Arabia, UK, China, Germany, USA
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	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
Saudi Arabia									
China	7420	62.4	22901	5	5	24046	24046	6.16	This HIS is moderately price sensitive. Availability of the right product, quality and international demand would play a key role. FTA or RTA can assist imports
Switzerland	1006	8.5	503000	0	0	503000	503000	0.03	
France	651	5.5	651000	5	5	683550	683550	0.01	
India	155	1.3	11923	5	0	12519	11923	NA	
China									
Italy	1913	41.2	1913000	10	10	2104300	2104300	60.17	No major significance of FTA or RTA. Italy and France, with significantly high TII would be the major competitors
China	1083	23.4	60167	NA	NA	NA	NA	NA	
France	644	13.9	644000	10	10	708400	708400	8.91	
India	NA	NA	NA	10	0	NA	NA	0.35	
Germany									
China	2271	66.4	252333	4	4	262426	262426	11.39	China and France, with significantly high TII would be the major competitors. FTA or RTA can assist imports
Italy	360	10.5	360000	0	0	360000	360000	1.89	
France	214	6.3	NA	0	0	NA	NA	5.82	
India	18	0.5	NA	4	0	NA	NA	0.42	

This HS is moderately price sensitive. Availability of the right product, quality and international demand would play a key role. FTA or RTA can assist imports

711719	Imitation Jewellery, of base metal, whether or not plated with precious metal (excluding cuff links and studs)	France, Germany, China, Japan
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	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
France									
China	125491	36.4	90607	4	4	94231	94231	9.20	FTA or RTA can play a key role in price competitiveness, but other non-price factors are also crucial for imports. Fall of China can be a real boost
Italy	70750	20.5	575203	0	0	575203	575203	1.65	
Germany	60922	17.7	621653	0	0	621653	621653	2.23	
Thailand	26483	7.7	551729	4	4	573798	573798	2.07	
India	3735	1.1	86860	4	0	90334	86860	0.37	
Germany									
China	152002	47	79168	4	4	82335	82335	35.18	FTA or RTA can play a key role in price competitiveness, but other non-price factors are also crucial for imports. Fall of China can be a real boost
Austria	27530	8.5	917667	0	0	917667	917667	3.12	
France	22999	7.1	489340	0	0	489340	489340	2.61	
Thailand	18562	5.7	78653	4	4	81799	81799	2.43	
India	4284	1.3	93130	4	0	96855	93130	2.09	
China									
Thailand	65838	25.3	739753	0	0	739753	739753	24.04	FTA or RTA won't make a difference. Non-price factors are crucial
China	46886	18	446533	0	0	446533	446533	19.18	
Italy	42479	16.3	3267615	8	8	3529024	3529024	4.20	
France	34574	13.3	4321750	8	8	4667490	4667490	4.13	
India	1194	0.5	24367	5.2	0	25634	24367	0.11	
Japan									
China	180665	37	48293	3.7	3.7	50080	50080	27.69	FTA or RTA won't make a difference. Non-price factors are crucial to increase TII and hence impact the imports
Italy	66886	18	1301600	0	0	1301600	1301600	14.63	
Korea	32540	15.6	170345	3.7	3.7	176648	176648	2.135	
France	28107	11.6	1912818	0	0	1912818	1912818	5.36	
India	338	0.2	112667	0	0	112667	112667	0.08	

For the European markets, FTA or RTA can play a key role in price competitiveness, but other non-price factors are also crucial for imports. Fall of China can be a real boost. For the Asian Markets, FTA or RTA won't make a difference. Non-price factors are crucial to increase TII and hence impact the imports.

830890	Clasps, frames with clasps without locks					France, Hongkong, Italy, Germany			
	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
France									RTA or FTA might assist in the increase of imports but non-price factors play a more important role. Quality, innovation would contribute to a higher TII and can assist with the imports. Fall of China can help in boosting the imports in this sector
Italy	76118	33.6	50949	0	0	50949	50949	2.25	
Switzerland	54766	24.2	805382	0	0	805382	805382	9.80	
china	38638	17.1	66503	2.7	2.7	68299	68299	1.10	
Portugal	33679	14.9	295430	0	0	295430	295430	5.02	
France	4617	2	54964	0	0	54964	54964	1.82	
Taipei, Chinese	2748	1.2	70462	2.7	2.7	72364	72364	1.41	
Poland	2609	1.2	22687	0	0	22687	22687	0.45	
India	439	0.2	62714	2.7	0	64407	62714	0.32	
Hong Kong									RTA or FTA would make no difference. Quality, innovation would contribute to a higher TII and can assist with the imports
China	130554	88.5	30165	0	0	30165	30165	1.17	
Italy	4161	2.8	96767	0	0	96767	96767	1.85	
Taipei, Chinese	2517	1.7	17979	0	0	17979	17979	0.65	
France	1613	1.7	73471	0	0	73471	73471	0.70	
USA	1613	1.1	107533	0	0	107533	107533	0.29	
Myanmar	1574	1.1	196750	0	0	196750	196750	4.48	
Japan	1394	0.9	39829	0	0	39829	39829	0.38	
India	24	0	12000	0	0	12000	12000	0.15	
Italy									RTA or FTA might assist in the increase of imports but non-price factors play a more important role. Quality, innovation would contribute to a higher TII and can assist with the imports
Japan	6178	39.3	18171	8	8	19625	19625	0.79	
Korea, Republic of	5063	32.2	9571	1.6	1.6	9724	9724		
USA	1943	12.4	17991	8	8	19430	19430	0.00	
Taipei, Chinese	484	3.1	15125	8	8	16335	16335	0.18	
Viet Nam	441	2.8	9800	0	0	9800	9800	1.97	
India	0	0	0	7.5	0	0	0	0	
Germany									RTA or FTA might assist in the increase of imports but non-price factors play a more important role. Quality, innovation would contribute to a higher TII and can assist with the imports
Romania	20062	16	22902	0	0	22902.0	22902	5.1	
Italy	19710	15.7	29418	0	0	29418.0	29418	2.0	
Czech Republic	18025	14.4	18815	0	0	18815.0	18815	1.2	
china	14066	11.2	9266	2.7	2.7	9516.0	9516	0.6	
Poland	13408	10.7	20439	0	0	20439.0	20439	1.2	

Hungary	12170	9.7	18810	0	0	18810	18810	4.63
Taipei, Chinese	4104	3.3	11726	2.7	2.7	12042	12042	1.94
India	919	0.7	2511	2.7	0	2579	2511	0.57

For the EU markets, RTA or FTA might assist in the increase of imports but non-price factors play a more important role. Quality, innovation would contribute to a higher TII and can assist with the imports. Fall of China can help in boosting the imports in this sector. For the Asian markets, RTA or FTA would make no difference.

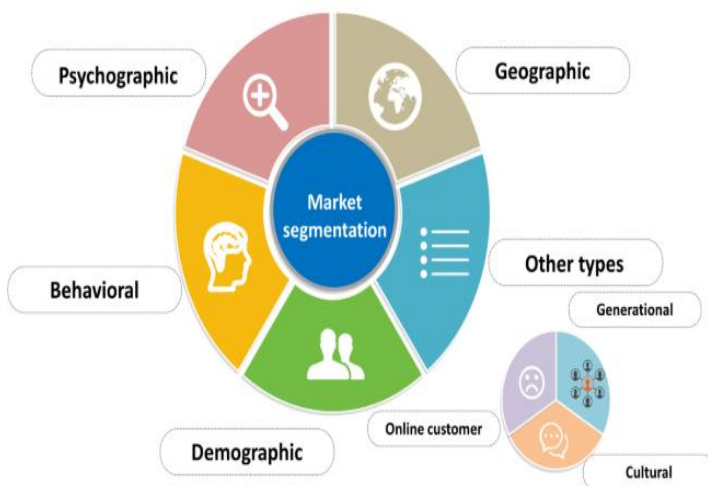


# CHAPTER 6

## GLOBAL CONSUMER BEHAVIOUR ANALYSIS

### PRE AND POST COVID-19

In every market, consumers are the drivers of the market competitiveness, growth and economic integration. As indicated in the section above, there have been incidences where Indian handicraft products have been reasonably priced as against other competing players including China, ASEAN and African countries in the traditional export destinations of the USA and EU; still share of Indian handicrafts was found meagre in these countries; highlighting the fact that while being price competitive was important to combat global competition there are other non-price factors which are much more important in certain developed markets. This highlights the importance of Indian handicrafts exporters to customize their products as per the consumer behavior, custom,



customs and traditions, gifting etiquette, beliefs and taboos, demographic profile etc. to gain competitive advantage. Hence exploration of these factors through country case studies towards adoption of Indian handicraft products as per importing country becomes important.

With economic instability, consumers are also

experiencing a transformation in behavior. The COVID-19 pandemic has upended life for individuals across the globe, from how they work to how they socialize and even how they shop. This section therefore also looks at how has consumer behavior changed considering COVID-19, what trends in consumer behavior and sentiment have been witnessed in the past few months, and what are consumers expecting as we move closer to a post-pandemic lifestyle.

# Product Mix Analysis

FASHION CATEGORY IS PRIMARILY DIVIDED INTO TWO CATEGORIES



Fashion Jewelry	
71179090	Imitation Jewelry
70181020	Beads of base metal for garments
71179010	Pearl imitation jewelry
71171910	Bangles
71131110	Silver Filigree work
96019020	Pearl articles
71171100	Cuff links

Fashion jewelry amounts to 1367 INR cr. Prime export items under fashion jewelry includes imitation jewelry, with pearls and bead work

Fashion Accessories	
64032040	Kolhapuri Chappals
96019030	Worked bone articles
96019010	Worked tortoise articles
67010010	Feather Dusters
65040000	Hats made of straw
96011000	Articles of ivory

	High value, growing
	Low value, growing
	High value, declining
	Low value, declining

Under fashion accessories, its only kolhapuri chappals and bone articles which have witnessed rising trend along with a decent share in exports.



# FASHION JEWELRY

## WHERE DOES INDIA STAND IN GLOBAL FASHION JEWELRY?

Among the regions, China and India are the largest manufacturers of imitation jewelry. The horizon of the imitation jewellery is vast and consists of a huge range of raw materials – beads, metal, imitation stones, CZ crystals, etc. Shine of India's non-precious jewelry continues to attract customers from US with imitation jewelry constituting 93% of the US jewelry market, France, Germany, UK and the Middle East, demand has also grown in Pakistan over the last few years.



India is the world's second-largest manufacturer of imitation jewelry after China and its eighth-largest exporter. Being the world's top exporter in this category, China is a fierce competitor in the global market.

If Pakistan holds the potential to be the largest market for India, China is already a supply threat to the Indian imitation jewelry industry. In fact, China exported imitation jewellery almost 10 times more than what India exported during the same year. And not just our exports, China is also eating up India's domestic fashion jewellery market with low-priced Chinese imports. In fact, 65% of the imitation jewellery imported into India is from China.

However, there is still scope for Indian traditional jewelry as it is very popular and not produced by any other country in the world. Talking about potential, it's not just Asia that is a potential market, imitation jewelry has a very promising market in emerging countries like Brazil and Argentina. However, the biggest buyers are Saudi Arabia, Dubai [UAE], African countries and Malaysia. People of Asian origin living in UK and US also demand this kind of jewelry.

## GLOBAL FASHION JEWELRY TREND: WAY FORWARD FOR INDIA

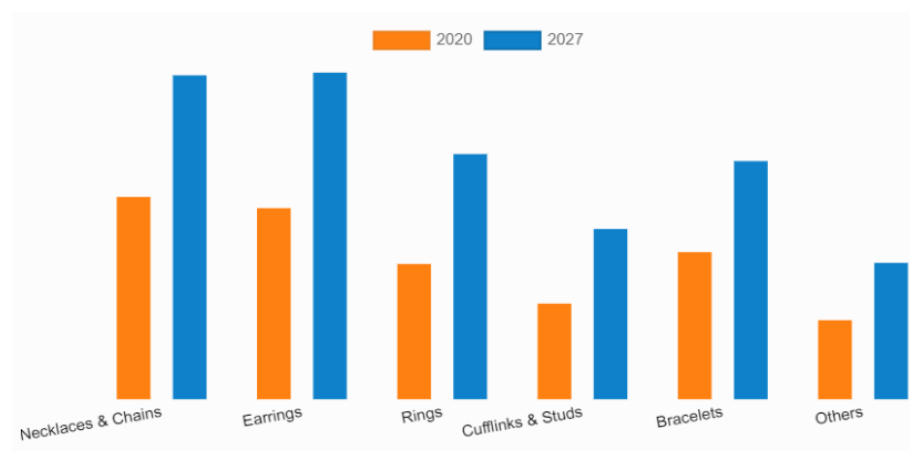
The jewelry industry seems poised for a glittering future. The imitation jewelry market is projected to grow at a high rate due to growing demand. The costume jewelry market was valued at \$32.9 billion in 2019, annual global sales of €148 billion were expected to grow at a healthy clip of 5 to 6 percent each year, totaling €250 billion by 2020 and is estimated to reach \$ 59.7 billion by 2027, registering a CAGR of 7.80% from 2020 to 2027.

Costume jewelry has been gaining traction in emerging market, owing to change in lifestyle, rise in disposable income, and surge in prices of precious metal jewelry and helps to grow the costume jewelry market size. Other main drivers of growth for the imitation jewelry market is globalization of brands, rising prices of gold and other valuable stones and pearls, and growing demand for male costume jewelry. Growing fashion consciousness among teens and cost-effective fashionable jewelry is likely to boost the overall market in the coming years.

### Moving beyond 2020: What product categories should India focus?

Global costume jewelry market analysis for 2019 highlights the necklaces & chains and bracelets segments holding a combined share of 41.4% in global costume jewelry market, owing to their increased demand emerging out of growing female as well as male fashion-conscious consumers across the globe.

**The rings segment would witness the fastest growth, registering a CAGR of 8.9%.**



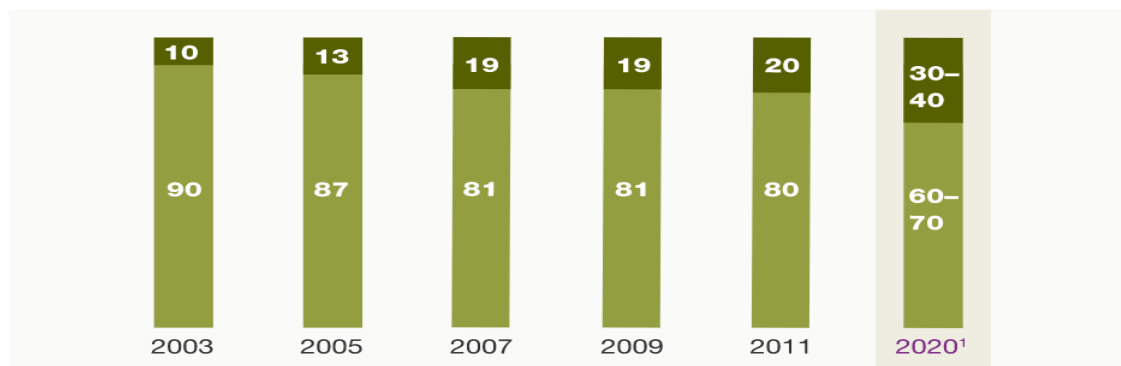
Female gender segment accounted for more than half of the share in the total costume jewelry market and is expected to grow at a CAGR of 7.60% and is expected to continue this trend by 2027. This can be attributed to changes in lifestyle and demographic dividend, rise in awareness on skin care & allergies caused due to metals, and customization of jewelry designs.

Furthermore, increase in fashion consciousness and surge in adoption of jewelries such as necklaces, rings, and bracelets among female consumers drive the growth of costume jewelry market growth. However, the male segment is expected to grow at the highest CAGR throughout the global costume jewelry market forecast period, owing to rise in metro sexual men, increase in acceptance for men's jewelry, and rise in celebrity culture, with influencers such as Bollywood and Hollywood actors.

***Branded jewelry is on the rise.***

**Branded vs unbranded jewelry,**  
%

■ Branded  
■ Unbranded



## PROSPECTS FOR INDIAN FASHION JEWELRY ACROSS GLOBAL MARKETS

Increase in consumer preference for fashionable and affordable jewelry is expected to foster the growth of the market. The adoption of costume jewelry has been significantly high in mature regions such as the U.S., Canada, and Germany, while emerging countries such as China, Brazil, and India are catching up rapidly.

North America is the most prominent regional market, owing to its evolved retail structure and higher adoption of costume jewelry due to aggressive advertising and celebrity brand endorsement. Moreover, higher expenditure of consumers on fashion accessories adds to the popularity of costume jewelry in this region. However, the costume jewelry market has significantly benefited from the economic growth in the Asia-Pacific and LAMEA regions.



## UNITED STATES OF AMERICA

USA has always welcomed innovative designs that transform one's appearance into remarkable stance. Although for the product categories listed below import demand in the US is dropping for last 5 years, the demand for costume jewelry in the US is expected to gain traction, in the years to come, as leading-edge accessories will continue to replace traditional ornaments. by the end of 2024, the costume jewelry market in US will have netted revenues worth over US\$ 20,289.3 Mn.

Code	Product label	2015	2016	2017	2018	2019	Trend
	Fashion jewelry	1927859	1676683	1479930	1502653	1349967	
'711719	Imitation jewellery, of base metal, whether or not plated with precious metal (excluding cuff ...	1138924	942383	824832	816579	689898	
'711790	Imitation jewellery (excluding jewellery, of base metal, whether or not clad with silver, gold ...	600213	556454	493848	519481	499945	
'701810	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass ...	123948	114251	96199	100184	89345	
'701820	Glass microspheres <= 1 mm in diameter	23206	24801	27359	27328	34664	
'701890	Glass eyes (excluding prosthetic articles); articles of glass beads, or of imitation pearls, ...	30733	30290	30319	31118	29516	
'711711	Cuff links and studs, of base metal, whether or not clad with silver, gold or platinum	10835	8504	7373	7963	6599	

Globally recognized fashion labels such as Chanel S.A., Gianni Versace S.p.A, Hermes International AS, LVMH Moet Hennessy Louis Vuitton SE, and Gucci are key players in US costume jewelry market. Others include Pandora A/S, ZARA ESPANA SA, Hennes & Mauritz Ab, Guess Inc., and Alex and Ani, LLC.

## CONSUMER TRENDS ACROSS USA



## EUROPEAN UNION

European import has grown significantly and consistently. Most of these imports are intra-European and despite China being one of the leading developing country suppliers, Chinese imports have been declining though over the years. Growth in jewelry sales varied from country to country.

### Import trend of Fashion Jewelry in EU

Importers	2015	2016	2017	2018	2019	Share in EU imports	Trend
EU 28	3382528	3324086	3170761	3098936	3186873		
Germany	616578	583035	558201	522704	533401	16.74	
France	594386	588919	552920	521809	520852	16.34	
<b>Austria</b>	<b>339860</b>	<b>366011</b>	<b>332001</b>	<b>342399</b>	<b>419086</b>	<b>13.15</b>	
United Kingdom	474840	440149	400842	386522	388846	12.20	
Italy	340279	329271	333035	322669	317331	9.96	
Spain	237597	245174	241686	238288	237770	7.46	
<b>Netherlands</b>	<b>121064</b>	<b>133703</b>	<b>134851</b>	<b>147336</b>	<b>144280</b>	<b>4.53</b>	
<b>Belgium</b>	<b>126292</b>	<b>129505</b>	<b>107699</b>	<b>104490</b>	<b>120295</b>	<b>3.77</b>	
<b>Poland</b>	<b>83685</b>	<b>77156</b>	<b>72325</b>	<b>79712</b>	<b>80998</b>	<b>2.54</b>	

- Overall jewelry demand in the EU has been declining, especially in traditional destinations of Germany (16.74%), France (16.34%), UK (12.20%), Italy (10%) and Spain (7.46%)
- With Austria capturing market share of 13.15%, and import demand trends to be rising, seems to be the best fit market target our jewelry exports.
- Other markets including Netherlands, Belgium and Poland although not a great buyer but depicts positive growth and a decently rising trend.

**EUROPE NEEDS IMPORTS FROM DEVELOPING COUNTRIES FOR COSTUME JEWELRY, BRIDE JEWELRY, SPECIAL JEWELRY DESIGNS, AND JEWELRY COMPONENTS.**

However, consumer trends and buying behavior of the fashion jewelry varies from one European market to another.



## CONSUMER TRENDS ACROSS EU

UK consumers are increasingly buying lower-priced costume jewellery after the recent economic instability in Europe, which affected consumer confidence and lowered purchasing power. Costume jewellery is expected to remain fast-growing and trend-setting jewellery segment. The rapidly developing online retail channel in UK offers better accessibility and an easier market entry for exporters than traditional channels. **compete with local costume jewellery producers; exporters should enter the country with a trend and inspiring jewellery design and capitalize on lower production costs compared to Europe.** UK sales expected to pick up in 2022 mainly due to silver jewelry.

The fragile economy in France and deteriorating consumer purchasing power resulted in fast-growing sales of low-priced costume jewellery. Jewellery exporters will benefit from the growing costume jewellery market by offering a well-priced product. To compete with the larger fine and bridge jewellery market, Indian exporters should stand-out with a sound positioning. **Focusing on a niche segment such as recycled jewellery can open doors on the French market.**

Economy products are on the rise in Spain due to the challenging economic environment and low consumer purchasing power, dampened by the high unemployment rate.

**This has led to a shift in consumer preferences from silver and gold jewellery to costume jewellery and created opportunities for lower-priced costume jewellery makers.** Indian exporters should enter Spain with a value-for-money proposition – low-priced jewellery with a distinctive design. The price is crucial for the Spanish consumer and it is a driving factor in retaining competitiveness on the market. Therefore, exporters should capitalise on their lower production costs compared to Europe, improve the efficiency of their resource use and reduce the cost of raw materials by switching to lower-priced alloys.



The speedy recovery of the Netherlands after the European slowdown and the increasing demand for fast-fashion products by young people are driving sales of costume jewellery in the country. The current demand combined with a positive future outlook makes costume jewellery an attractive segment for new market entrants. Exporters can take advantage of the opportunities on the costume jewellery market by utilizing such benefits as lower production costs compared to Europe, availability of resources, and craftsmanship.

DC exporters should consider entering the Dutch costume jewellery market through online retailers; the fastest growing and leading channel. DC exporters will benefit from the country's leading position as a trade hub and will be able to indirectly target other European countries through online wholesalers.

Italy is one of the largest single consumer markets for jewellery in Europe. **Costume jewellery has become more popular than big-ticket items in the past decade due to the sluggish economy.** The Italian costume jewellery sector is predicted to have a glittering future with room for further expansion and new players. The majority of costume jewellery in Italy is unbranded, but there are a few popular brands which specialize in costume jewellery. An outstanding example is Tataborello. Given the intense competition, however, Indian exporters need to offer novel designs and manage their costs well if they are to succeed.

## WEARABLE AND HI-TECH JEWELRY

Sales of wearable tech is increasing rapidly. This is due to awareness in fitness, healthcare, social media, and messaging. This has made retailers engage more in start-ups of wearable tech. Significant growth is expected in buyers who purchase for fashion first. Wearables tend to be more popular with women. However, they smaller and sleeker devices.

## PERSONAL SABLE AND/OR CUSTOMIZABLE JEWELRY

European consumers increasingly prefer jewelry that no one else has. Personalization and customization offer affordable ways of meeting that need.

## DESIGNS WITH A LOCAL, ETHNIC TOUCH

Designs with an authentic local or ethnic touch answer to European consumers' interest in exotic places, people and stories and also in unique, unusual or rare designs.

## RECYCLE, REUSE, REDUCE

Recycling, reusing and reducing materials or waste fits into the sustainability trend but is worth mentioning separately. Innovative materials & techniques European buyers are always interested in new, or innovative materials and techniques, from natural materials to new alloys or even synthetics.

## STORY-TELLING DESIGNS

Consumers in Europe enjoy products that add meaning and depth to their lives. This is why storytelling designs: geographic or historical stories, stories about the origins or harvesting of raw materials, stories about signs and symbols, production techniques, or stories of how your revenues benefit the local community; sell well.

## DESIGNS WITH A STATEMENT

Designs with a statement answer to the preference among some European consumers for products with meaning. In your design, you could include a statement on anything from fashion and lifestyle to music and sustainability. Statements can be humorous or philosophical, too.

## CHEAP & EASILY REPLACEABLE VERSUS ROBUST AND DURABLE

The quality of fast fashion jewelry is generally not as high as that of slower, high-end products. The European market has a growing low-end segment, where trendiness combined with very low prices and easy replaceability tends to prevail over robustness and durability. In the middle segments, however, durability matters more: consumers paying a medium price for a piece of jewelry or accessory expect it to last long.

## SUSTAINABLE MATERIALS


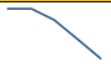




EU buyers increasingly support products that are manufactured with respect for human rights, labour conditions and the environment. Sustainability is hotter than ever in Europe. It includes environmental care and social responsibility. There are lots of materials one can use to develop a sustainable, or green image, and that currently constitute a niche segment in jewelry: Wood; Textile; Cords; Leather, including exotic leathers, such as that of a sea snake; Elements from flora and fauna, such as coconut chips and shells. Two retail initiatives that have gained ground in Western European countries are the Business Social Compliance Initiative (BSCI) and the Ethical Trading Initiative (ETI).

# WHAT WOULD SELL IN EU?

## JAPAN- THE NEXT BIG MARKET

Japan can be considered as the next great destination for Indian jewelry exporters. The jewelry industry in Japan covers myriads of product which range from personal ornaments and decorative costume jewelry to precious metals and gems. And even though the traditional sector of the jewelry market in Japan occupies almost 70 per cent, there are increasing opportunities for Indian exporters as the demand for unique and unusual designs growing everyday among the younger generation of the country. At present, this non-traditional sector occupies 16 per cent but is widely expected to increase rapidly over the coming years.

Amongst the product categories imported into Japan, Indian exporters have a huge potential for HS code 711719 i.e imitation jewelry of base metal excluding cufflinks as it is on highest demand occupying 72% of total imitation jewelry imports of Japan and has been growing for past five years.

Code	Product label	2015	2016	2017	2018	2019	Share	Trend
'711719	Imitation jewellery, of base metal, whether or not plated with precious metal (excluding cuff ...	190932	199919	209887	205681	215638	72.36	
'711790	Imitation jewellery (excluding jewellery, of base metal, whether or not clad with silver, gold ...	80730	80563	74957	64419	54089	18.15	
'701810	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass ...	25428	24745	20219	18376	16389	5.50	
'701890	Glass eyes (excluding prosthetic articles); articles of glass beads, or of imitation pearls, ...	5396	4842	4548	5223	5707	1.91	
'701820	Glass microspheres <= 1 mm in diameter	3893	4562	4927	3871	4180	1.40	
'711711	Cuff links and studs, of base metal, whether or not clad with silver, gold or platinum	2877	2690	2582	2441	2021	0.68	

Despite enjoying duty free status in Japan as against an MFN rate of 3.7% for China, Korea and USA, Indian imitation jewelry could only capture a meagre share of 0.2% of total Japanese imports. This is also despite the fact that Indian jewelry is decently priced better than Europe and South East Asia. This highlights the need for Indian companies to understand the consumer preferences in Japan.

## CONSUMER TRENDS ACROSS JAPAN



Rings including engagement rings and wedding rings account for 40-60 % of Japan's jewellery market volume. Usually diamond studded engagement rings are most popular in Japan. Fashion rings using colored stones are also popular among Japanese customers.



Necklaces and earrings: These jewelry items account for 40 % and 33 % of the total jewelry market in Japan, respectively.



Colored & semi-precious stones are also popular among Japanese women. Pearls, onyx and quartz are produced in Japan, but the country must rely upon foreign companies for precious stones or metals used in jewellery. In Japan, almost 60% of set jewellery is made of white precious metals (platinum, white gold).

As individualism is gaining popularity in the society, fashion preferences are also changing in Japan. At present, unique and unusual designs is the key Indian exporters must turn to grab success in the jewelry market of the country.



## FEW PRODUCTS MOST FREQUENTLY PURCHASED BY JAPANESE CUSTOMERS

**Opals:** Opals (generally black and boulder opals) are acclaimed among women in their 40s and 50s. However, they are not popular among young women. High cost is another factor here why this group is not interested in buying precious opals. Some less expensive opals like white opals, boulder matrix beads, doublets, and triplets, however, are popular among the young generation.



**Pearls:** Worn by the Japanese royal family, Japanese cultured pearls are most desired among consumers in Japan. Other pearl varieties like South Sea pearls are also acclaimed, and usually pinkish pearls are the most preferred in the Japanese market.



**Pink diamonds:** These diamonds are most popular among women in their 20s and 30s. Often set together with white diamonds in platinum/silver (usually gold is not preferred), pink diamonds are most widely used as engagement and marriage rings.



**Silver jewellery:** In Japan, silver jewellery is usually preferred by teenagers in their early 20s.










### Important tips

- Best sales seasons in Japan are March and April. Christmas, Valentine's Day (16 February), White Day (16 March) are also prime gift-giving times.
- Fancy jewel boxes and woven fabric sachet are usually used for packaging of jewelry items.
- In Japan, success of a foreign business depends on being introduced by a prominent intermediary. Some distinguished importers in the Japanese jewelry market include Nagahori, Kuwayama, Kashikey, etc.
- Cooperating with a Japanese jewelry designer is a good idea to develop jewelry accessories that appeal to Japanese consumers.

## LATIN AMERICA

Latin America is one of the smallest regions in terms of value sales of jewellery, only beating Australia, at USD3.3 billion. In terms of per capita expenditure, the region is also the second smallest, at USD11.80, after the Middle East and Africa, at USD6.00. - Jewelry is an enormously fragmented market in Latin America. The leading players include a combination of Mexican, Brazilian, and global players. Jewelry sales in Latin America are mostly driven by fine jewelry, wherein, Mexico and Brazil forms the key markets for costume jewelry.

Import trends of imitation jewelry in Latin American countries depicts a declining trend across all the product categories of export interest to India. However the region is projected to grow at a CAGR of 2.79% by 2022.

Code	Product label	2015	2016	2017	2018	2019	Share in imports	Trend
	fashion jewelry	401146	344352	341845	316369	279776		
'711719	Imitation jewellery, of base metal, whether or not plated with precious metal (excluding cuff ...	279540	228905	229256	200074	177800	63.55	
'711790	Imitation jewellery (excluding jewellery, of base metal, whether or not clad with silver, gold ...	61404	59780	60941	62156	52749	18.85	
'701820	Glass microspheres <= 1 mm in diameter	19789	17217	17284	21251	21363	7.64	
'701810	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass ...	26543	26598	25929	24294	19648	7.02	
'701890	Glass eyes (excluding prosthetic articles); articles of glass beads, or of imitation pearls, ...	10032	8043	4721	4491	5197	1.86	
'711711	Cuff links and studs, of base metal, whether or not clad with silver, gold or platinum	3838	3809	3714	4103	3019	1.08	

Imitation jewelry of base metal except cuff links captures almost around 63.55% of the market share followed by non base metal jewelry. Market is a highly fragmented category in Latin America, with a large number of small brands and a vast amount of unbranded jewelry. A few larger companies stand out, but their share remains small. For example, the regional market leader Brazilian player Joias Vivara only holds a 3% value share at region level and 5% in its home market. At regional level, fine jewelry represents 70% of value sales but there are significant disparities between markets. Region wise analysis depicts declining imports across all LA countries except for Ecuador. Poor performance was witnessed in Brazil which accounts for nearly 50% of the region's value sales.

The economic downturn in the country negatively impacted jewelry sales, with consumers shifting from fine to costume jewelry. As a result, overall retail value sales declined. Similar trends took place in Argentina. Conversely, the Mexican market, dominated by costume jewelry, was quite resilient to the economic environment and continued growing, driven by product innovation. In Brazil, where the population with income above USD100,000 is twice as big as in Mexico, fine jewelry accounts for 86% of national jewelry value sales but in Mexico, the category accounts for only 32% of total sales.

Mexico is also a strong silver producer, and local jewelers offer items made of various materials, at various prices for consumers at different income levels. Conversely, in costume jewelry, jewelry and watch specialist retailers only accounts for 34% of the region's category sales. Other key distribution channels for the category include leisure and personal goods specialist retailers (36%), variety stores (22%), and apparel and footwear specialist retailers (15%). Nonstore retailing is also a significant channel for costume jewelry, accounting for nearly 16% of the category's value sales in Latin America.

## **CIS**

Import trends of fashion jewelry in CIS has been found to be high in imitation jewelry both of base and non-base excluding cufflinks capturing highest share of more than 50% and 25% respectively depicting a growing trend.

Code	Product label	2015	2016	2017	2018	2019	Share in imports	Trend
	fashion jewelry	105835	89877	90147	114479	108985		
'711719	Imitation jewellery, of base metal, whether or not plated with precious metal (excluding cuff ...	64596	49895	46404	58744	56475	51.82	
'711790	Imitation jewellery (excluding jewellery, of base metal, whether or not clad with silver, gold ...	21320	22467	18556	26059	26858	24.64	
'701810	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass ...	9843	8054	9085	12951	12062	11.07	
'701820	Glass microspheres <= 1 mm in diameter	7080	6557	12587	12866	9567	8.78	
'701890	Glass eyes (excluding prosthetic articles); articles of glass beads, or of imitation pearls, ...	1561	1526	2392	2722	2984	2.74	
'711711	Cuff links and studs, of base metal, whether or not clad with silver, gold or platinum	1435	1378	1123	1137	1039	0.95	

Russian Federation is the largest importer of imitation jewelry from amongst the CIS nations followed by Kyrgyzstan; latter growing at the rate of 80% in past 5 years. However, in the absence of any trade agreement, high import duty rate of 14.4% in Azerbaijan which is growing at the rate of 44%.

## **Conclusion**

India's traditional jewelry has always been highly valued in several markets across the globe. However Indian exporters need to be akin to the changing consumer



preferences. People used to wear intricate jewelry a while back. But now the trend has changed. Nowadays, the jewelry normally worn by youngsters are simple chains or small studs or thin bangles. The demand for this is more and China is very strong in this particular field. Women in the age group of 25-35 years are the largest consumers of this kind of jewelry. China has captured this particular market, where jewelry can be mass produced. The machinery used are properly automated which can cater to the demand of a large number of consumers. They have huge plants for production. In India we still do not have proper machinery. Our artisans are still not exposed to the technology. Chinese jewelry is cheaper for two reasons, one being automation and the other being the support from their government. They are given land at very cheap rates and their duty structure is favorable to the industry. In fact, China has captured almost 30% of the market in India itself. Indian policies need to take all these into account.



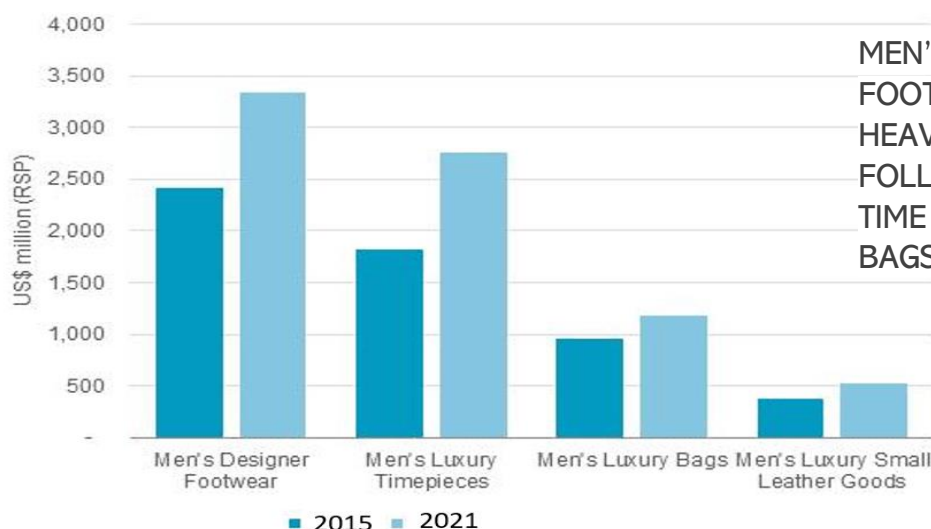
# FASHION ACCESSORIES

The global fashion accessories market is projected to grow at a CAGR of 12.3% during the forecast period (2020 - 2025). There is an increasing demand of different fashion accessories such as eyewear, footwear, handbags etc. owing to the rising consumer preference towards high quality and branded fashion accessories across the globe.



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Footwear, apparel, wallets, handbags, and watches are the major product types in the global fashion accessories market. Additionally, plant-derived products help to reduce dependence on animal-based fashion accessory products. This factor is likely to change the fashion accessories market dynamics in upcoming years.



MEN'S DESIGNER FOOTWEAR WOULD BE HEAVILY IN DEMAND FOLLOWED BY LUXURY TIME PIECE & LUXURY BAGS.

Compared to the saturated and competitive nature of women's accessories, men's accessories is still small and has considerable room for growth. Manufacturers are expanding their product lines in men's clothing and accessories to capture the growing menswear market. Online retailing is the preferred channel for male consumers, as this best suits men's purchasing habits. It offers men a way to spend less time buying stylish accessories and allows them to shop at their convenience. Compared with women, men tend to spend less time shopping. When purchasing personal accessories, men often value practicality and functionality as well as style.

- Forget the idea that fashion accessories are only for women and look for ways to tap into the growing men's segment; for example, with scarves, ties, hats, tie clips, bracelets made from textile, leather, stones or other materials, belts, bags, wallets or socks. Play with colours and designs in order to create distinctive, personalised effects with your accessories
- The rise of "Yummies" (young urban males) has made men a prime target group for accessories. The accessory segment for men is growing and it increasingly incorporates creativity and vivid colours. For instance, men are gaining interest in man bags.



In 2018, the luxury shoe market was valued at around 19 billion euros. This market was forecast to reach a value of 27 billion euros by 2022. COVID-19 pandemic is adversely affecting the growth of the industry in the short term. However, recovery is likely to be strong, owing to the essential nature of footwear products, towards 2021 projected to reach a valuation of US\$ 430 Bn by the end of 2021. In 2020, the global footwear market was estimated to be worth 365.5 billion U.S. dollars, and was forecast

to reach about 530.3 billion U.S. dollars by 2027. Current forecasts indicate that the footwear industry is currently worth 365.5 billion US dollars and this is projected to grow by 30 percent over the next 5 years, an increase of up to 111 billion US dollars. The footwear industry it adds is growing at a compound annual growth rate (CAGR) of 5.5 percent for the forecast period of 2020-2027. The market is expected to rise at over 4% CAGR through 2031. In terms of revenue, the global footwear market is estimated to expand at a CAGR of ~8%.

### Trend in footwear demand in 2022-24

- Footwear is produced in a vast variety on the basis of style and functionality, including casual, fashion, occupational, therapeutics, athletic, protective, and others. Of these, sales of fashion footwear accounted for more than 109 Bn in 2020.
- Rising demand for different types of footwear products are paving new opportunities for many manufacturers. With rapid increase in eco-friendly footwear, as consumers favor biodegradable materials that do less damage to the environment than other fabrics, the global footwear market is expanding.
- Increase in number of working women worldwide has augmented the demand of trendy and stylish footwear, which can be used for formal as well as casual occasions. Moreover, surge in disposable income is allowing individuals to spend more on luxury goods, thereby driving the growth of the footwear market.
- Demand for new fancy and trendy footwear, shoes, slip-ons, and flip flops is continuously growing, thereby boosting the footwear market growth.
- The non-athletic footwear market segment is dominated by the presence of a wide range of footwear encompassing sandals, heels, and wedges.



bellies have become one of the trendiest casual wear footwear options, especially among youngsters.

- Bellies shoes, boots, sandals, and others, wherein, sports shoes & bellies shoes is projected to be a highly lucrative segment across the globe from 2018 to 2030.
- Additionally, bellies have become one of the trendiest casual wear footwear options, especially among youngsters.
- Worldwide growth in security, military, corporate, and institution sectors is likely to promote the expansion of the footwear market in terms of boots.

The influx of new and innovative designs coupled with increasing consumer awareness about trendy and fashionable lifestyles are major factors fueling the growth of the footwear market.

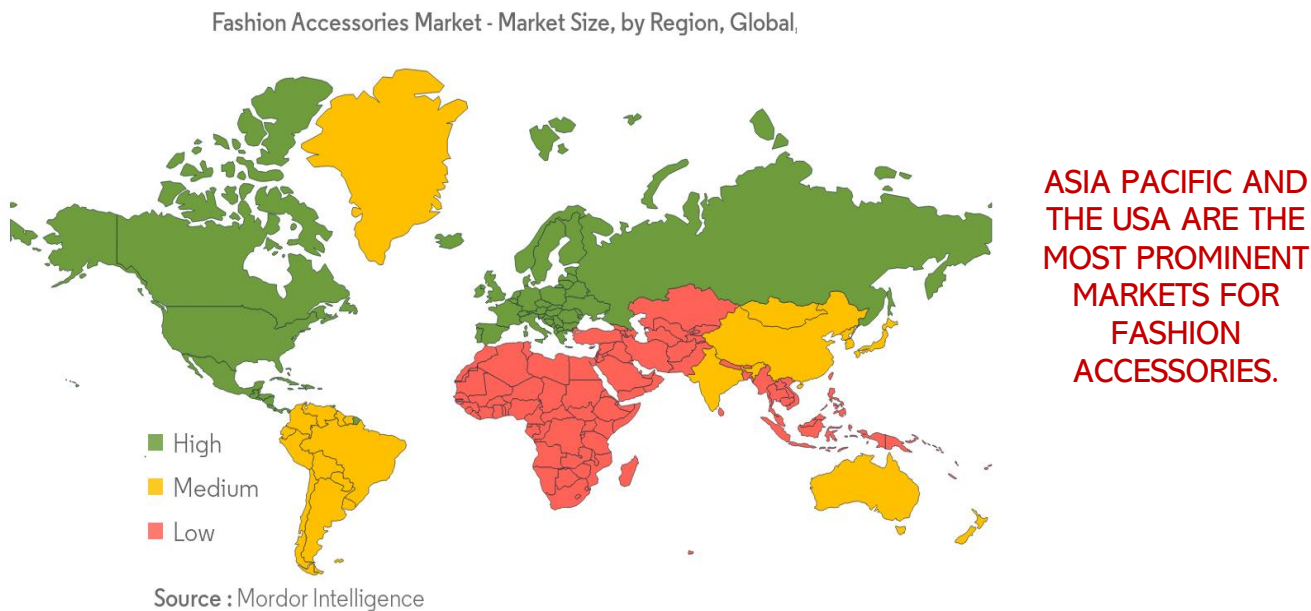
- Major manufacturers had increasingly displayed interest in offerings for mass-produced fashion designs, including smoking slippers, peep-toe booties, ballet flats, ankle boots, cutout shoes, and novelty shoes which was a was a major contributor.
- By material, the non-leather segment led the market, in terms of value, in 2019. Artificial and synthetic leather footwear are most often used as formal shoes by men, women, and children. Moreover, increase in use of artificial and synthetic in making sports shoes, slippers, casual shoes, sandals, sneakers, flip flops, and rubber clogs is driving the growth of non-leather segment.
- Anti-bacterial footwear, and shoes for overweight people and people with allergies, have met increasing popularity in recent years. In the United States, for instance, the Medicare program sponsors a pair of these medical shoes each year.
- Footwear adapted to health problems New types of footwear and new models of shoes design to suit customers with different health problems (shoes for diabetics, shoes for people suffering from dementia, shoes for people with specific allergies)

- Supply chain tracking: The consumer will demand information about the manufacturing process, and questions will range from the origin of the materials and products, to details about the working conditions.

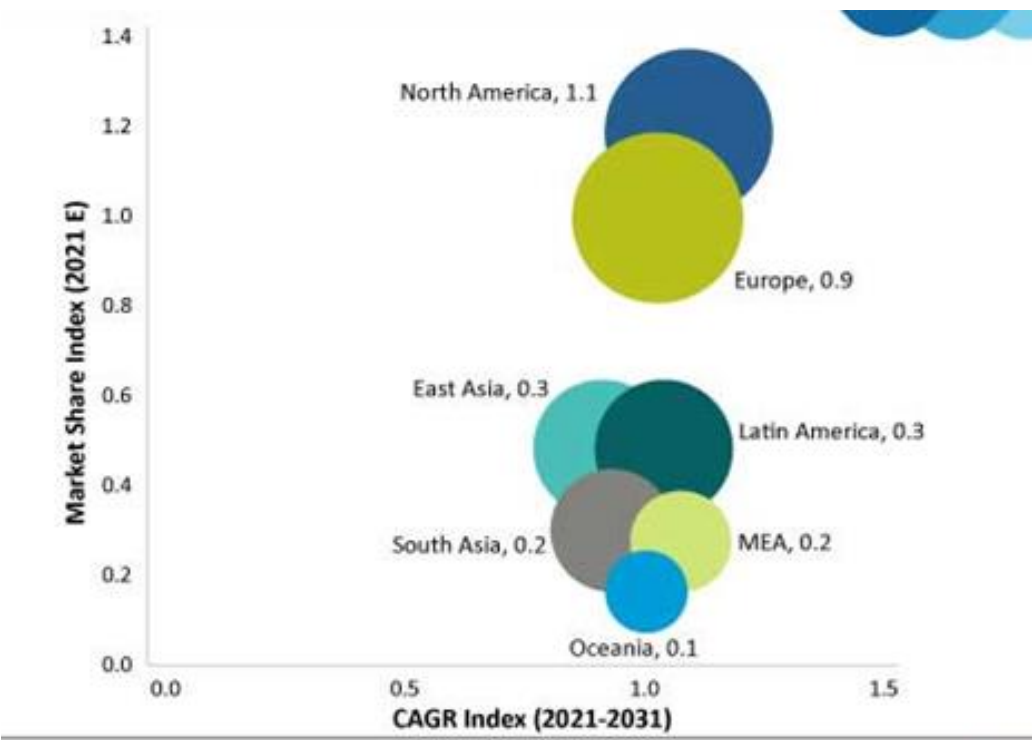
Common queries relating the leather will include questions about the conditions under which the cattle was raised and the process used to treat the raw material before manufacturing, similarly to what happened to food industry where some products have to include indication on the packaging about the entire supply chain

- Depending on end user, the women segment led in terms of market share in 2019. and is expected to retain its dominance during the forecast period. This is attributed to increase in number of working women worldwide that fuels the demand for trendy and stylish footwear, which can be used for formal as well as casual occasions. Moreover, increase in disposable income is allowing individuals to spend more on luxury goods, thereby driving the growth of the women footwear segment.

# PROSPECTS FOR INDIAN FASHION ACCESSORIES ACROSS GLOBAL MARKETS






## FOOTWEAR ATTRACTIVENESS INDEX BY REGION: 2021-2031





## UNITED STATES OF AMERICA

United States has the largest footwear market in terms of revenue, with a revenue of 91.2 billion U.S. dollars. China was the second largest market for footwear with 64.77 billion U.S. dollars in revenue. In terms of production, China was the leading footwear producer, producing approximately 13.3 billion pairs of shoes.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion accessories	35589	37667	41725	38544	35212	
'960190	Worked bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving ...	30680	33721	36289	32891	29111	
'640320	Footwear with outer soles of leather, and uppers which consist of leather straps across the ...	4909	3946	5436	5653	6101	

USA follows the global trend of importing just two prominent products in fashion accessories category including products made out of worked bones, horn, antlers etc. While Indian government has placed these products in prohibited category as per the foreign trade policy. India should however strengthen its position on exporting footwear with outer soles of leather to gain market share of fashion accessories in the USA.

In North America, growing the consumer inclination towards adaptation of latest fashion trends and the growing demand for products which exclusively available in retail stores are driving the fashion accessories market growth in the region.

In 2018, sales of fashion footwear was surpassed by sports leisure footwear. Growth in the sales of sandals and boots also contributed to the rise of fashion footwear sales, as comfort and functional fashion have gained traction. U.S. imports over 7 pairs of shoes for every man, woman, and child in the country, and annual sales have now crossed US\$ 85.6 billion. Imported footwear accounted for 99 percent of the overall U.S. market for footwear. Stronger consumer spending on footwear has increased U.S. imports by US\$ 927 million, to reach an overall valuation of US\$ 26.6 billion.

China remained the leading supplier of footwear to the United States, accounting for over 50% of total U.S. footwear imports. However, its share has displayed steady decline, from approximately two-third of U.S. imports.

On the other hand, the shares of second-tier Asian suppliers such as Indonesia, Vietnam, and Cambodia have displayed an increase. U.S. imports from Italy and Mexico, known for leather footwear, also rose recently, gaining US\$ 172 million and US\$ 84 million, respectively.

## EUROPE

Prominent importing destinations where fashion accessories and fashion footwear demand has been high on absolute terms includes UK, Germany and France.

Importers	2015	2016	2017	2018	2019	Trend
UK	9593	9111	15804	26211	20477	
Germany	17332	16096	15655	16074	14123	
Italy	19657	22530	14148	18123	12371	
France	12823	12066	10663	10344	10550	
Netherlands	6788	9197	6251	12676	7391	
Spain	4994	4326	4169	4141	4389	
Portugal	4352	7189	5186	5452	4160	
Sweden	2812	3344	2002	2275	3964	
Greece	1675	1954	2545	2543	3174	
Romania	980	1252	1665	2997	2937	

Footwear is a small sector of the U.K.'s GDP, accounting for approximately 1%. Footwear with leather bodies accounts for the largest market share at around 47%, followed by textile footwear, rubber/plastic footwear, and others at approximately 20%, 17%, and 3%, respectively. France is the largest and fastest-growing footwear market in Europe, reflecting a CAGR of over 6% through the assessment period. French shoes are associated with luxury goods, high-end craftsmanship, and its massive fashion industry.

Widespread adoption of specialized manufacturing techniques such as double-stitching, Goodyear stitching, and more, with a wide range of materials such as fabric, leather, and synthetics, are key to catering to the needs of varying consumer demographics. Leading countries for exports of French footwear include Germany, Italy, the United Kingdom, Spain, and the United States of America. On the other hand, imports account for 6.7 billion Euros and 479 million pairs. Leading import countries include China, Vietnam, Italy, Portugal, and Indonesia. B2C consumption in the French market accounts for 8.7 billion euros.

Europe is one of the more significant importers of leather accessories in the world. In 2019, the value of leather accessory imports to Europe accounted for €8.9 billion corresponding to roughly 401 million units of leather accessories in 2019 and a 5-year average growth of 7.5%. France and Italy are the most specialized import markets with the highest unit prices. Other large European leather accessories markets include Germany, the UK, the Netherlands and Spain.

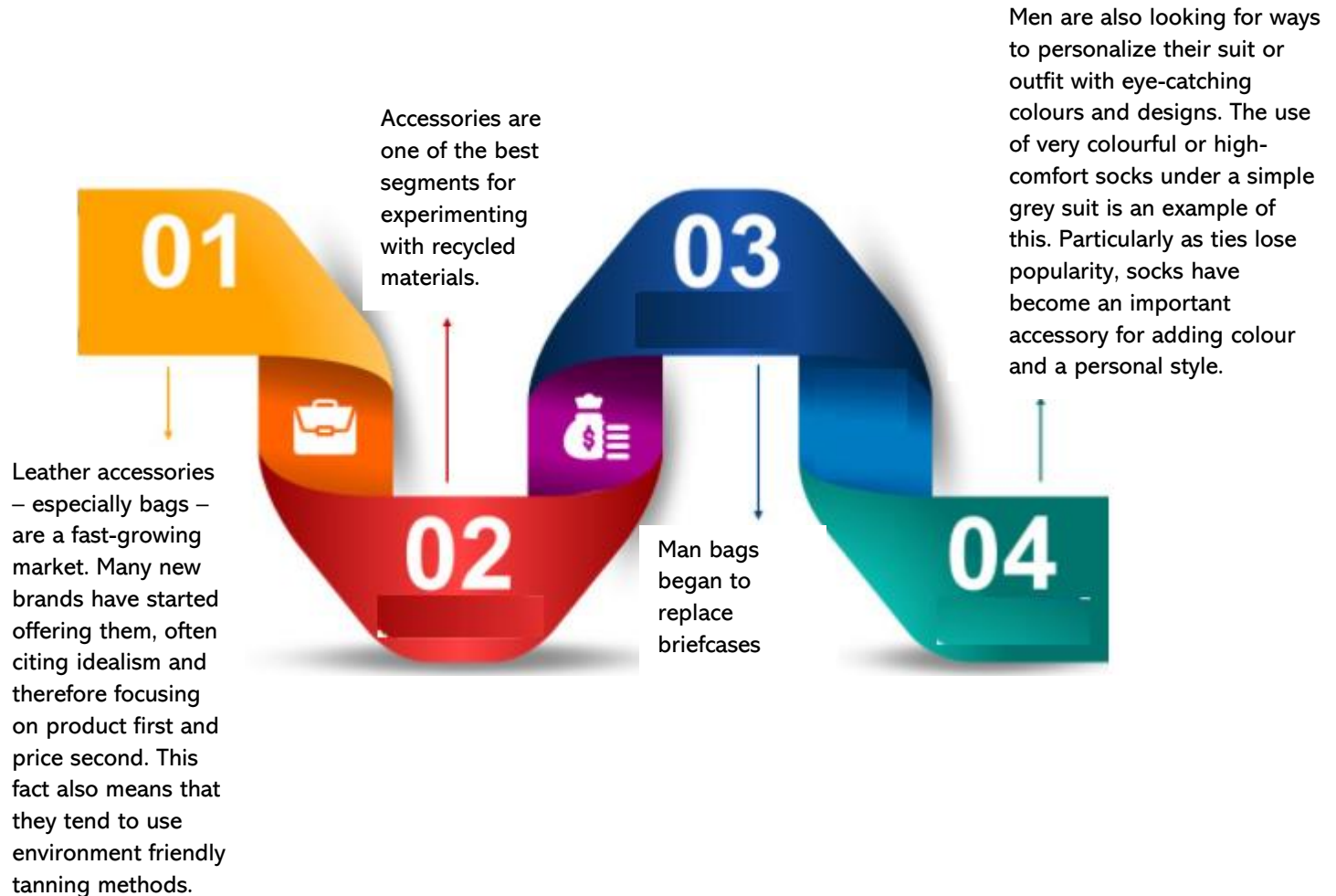
#### Top 10 EU importers of Leather Accessories (EUR value)

Country	Value	5-yr growth
France	€2.0 b	↑8.0%
Italy	€1.6 b	↑11.3%
Germany	€1.2 b	↑4.3%
UK	€1.2 b	↑5.0%
Netherlands	€618 m	↑13.8%
Spain	€417 m	↑6.4%

The largest product category is carrying products, followed by belts. Within the carrying products segment, handbags and wallets are the biggest categories and travelling bags are the fastest grower at 15.5% per year. It is expected that, in the years to come, the demand for leather accessories will continue to grow at a high rate due to a continuing strong demand for leather handbags and travelling

Country	Value	% Share of Leather	5-yr growth
Handbags	€4.433 m	62.2%	↑10.8%
Wallets and similar	€1.350 m	19.0%	↑5.9%
Special bags, cases, boxes	€434 m	6.1%	↑4.0%
Trunks and suitcases	€398 m	5.6%	↑1.9%
Travelling bags	€265 m	3.7%	↑15.5%
Briefcases	€244 m	3.4%	↑5.3%

## CONSUMER TRENDS ACROSS EU



Canadians love their shoes and have a rich and thriving shoe market. As of 2021, the Canadian footwear industry is expected to reach nearly 8.7 billion Canadian dollars in value. Ontario alone is home to around 1,094 shoe stores, the highest number of any Canadian province. The average Canadian household spends approximately 347 Canadian dollars on women's and girl's footwear, and around 277 Canadian dollars on men's and boy's footwear.

## LATIN AMERICA

Chile, Bolivia and Columbia are prominent markets amongst LAC where there has been a constant rise in import of fashion accessories.

Importers	2015	2016	2017	2018	2019	Trend
Panama	1596	1248	852	901	680	
<b>Chile</b>	<b>412</b>	<b>524</b>	<b>268</b>	<b>133</b>	<b>539</b>	
Brazil	1488	479	620	443	344	
Mexico	365	382	368	290	163	
<b>Bolivia</b>	<b>30</b>	<b>27</b>	<b>120</b>	<b>107</b>	<b>120</b>	
<b>Colombia</b>	<b>117</b>	<b>137</b>	<b>48</b>	<b>30</b>	<b>103</b>	
Cuba		28	4	20	63	
Paraguay	30	58	33	39	48	
Peru	83	32	29	31	45	
Venezuela	398	121	36	23	45	
Uruguay	37	32	30	35	33	
Argentina	2	22	52	86	27	
Ecuador	438	27	36	12	21	

## ASIA-PACIFIC









In Asia-Pacific region, the growing attraction of luxury lifestyle, high purchasing power, and the influence of celebrity endorsement are driving the market growth in the region. Moreover, Asia-Pacific region is estimated to witness significant growth rate in upcoming years owing to improving distribution network across the region. However, value added taxes imposed on premium fashion accessories such as jewelry, handbags, eyewear, footwear, apparels and footwear by governments and increasing influence of local vendors is restraining the market growth at some extent in developing economies in Asia-Pacific region.

There is a rapid economic expansion taking place across Asia, with countries such as India and China taking center stage. In terms of revenue, Asia Pacific is a major market for the footwear industry, owing to the presence of a large customer base in emerging countries such as China, India, and Indonesia. In terms of leading footwear consumers by country, last year's figures reveal that China, India and the US are the top three nations, followed by Indonesia, Brazil, and Japan. As a result, India and China are becoming a more attractive market for fashion accessories outside the Western world. Asia Pacific excluding Japan, led by China, will remain a prominent market. Innovations in functional designs and performance materials will play important roles in market developments for the foreseeable future.

In December 2020, the retail trade revenue of clothing, shoes, hats and knitwear in China amounted to around 152.66 billion yuan. This represented a 3.8 percent increase compared to the revenue generated in the same period of the previous year. To gain momentum around offline stores, retailers in this region are leveraging technology to enhance the in-store experience with digital marketing displays and checkout. The strong economic growth coupled with rising tech-savviness will make the region the next big opportunity for fashion accessories during the forecast

## CIS

Russia is a country which has been part of an economic rollercoaster as of recent years. For a long time it was at the forefront of the financial and retail world. However, times have changed and as of late markets have taken an impact. Looking at the overall fashion market there has been a decrease in sales volumes. Not only have clothing sales seen a decline in sales during 2017-18, but the shoe industry and the fashion accessories market have felt the impact too.

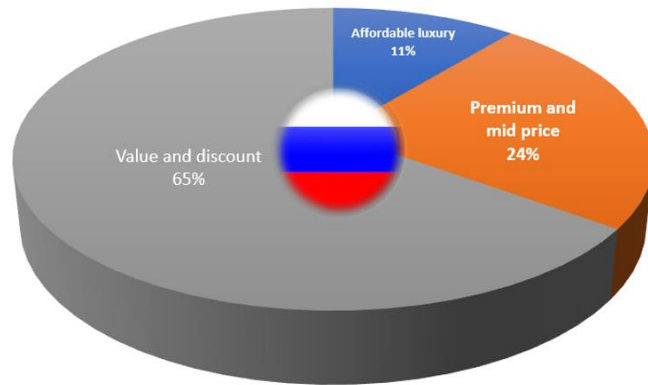
Importers	2015	2016	2017	2018	2019	Trend
Russian Federation	880	513	648	854	894	
Belarus	12	21	59	181	236	
Kazakhstan	366	52	40	36	168	
Kyrgyzstan	119	129	93	73	133	
Ukraine	20	44	56	50	60	
Tajikistan	45	124	17	22	55	
Azerbaijan	36	139	51	10	54	
Georgia	25	25	26	50	30	

Russia's fashion market has expanded with influences from all over the world. The Russian fashion market is full of medium to high-end brands, accounting for a significant proportion of the marketplace.

Even though the mid-price sector has experienced a decline, 10 percent of the market is still controlled by high-end fashion companies. Brands such as Chanel and Louis Vuitton have an almost equal hold on the market, with both high-end brands being major players in Russia.



## Russian fashion market segmentation in 2019, by product class category



Value and discount products dominated the Russian fashion industry sector with 65 percent of the market share in 2019. About one quarter of products available on the market over the observed period were premium and mid-priced goods.

