



Crafting success: a Strategic Roadmap to Tripling Rajasthan's Handicraft Exports

2024

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Foreword – EPCH

Rajasthan's handicrafts stand out both nationally and internationally, boasting a rich variety of products that have significant export potential. At present handicrafts is one of the top 5 exported product and about ₹7,987 crore (US\$949 million) worth of handicrafts were exported from the state by FY2024. Given the sector's potential, the industry forecasts the export value to triple by FY2030 and reach ₹18,000 crore (US\$2140 million) which will have positive benefits for the state in the form of increased employment, enhancement of the state's GDP, and increase in revenue.

Recognising the socio-economic importance of the sector, the state government of Rajasthan has implemented several policy measures, such as the Rajasthan Investment Promotion Policy, 2024 (categorises handicrafts as a thrust sector), and the Rajasthan Handicrafts Policy, 2022. Herein, it is important to acknowledge the fact that the current policies are relevant for large manufacturing units, leaving out a major chunk of the handicrafts sector which comprises of small-scale entrepreneurs, exporters and manufacturers.

In addition to the above, the handicraft sector in Rajasthan is confronted with multiple obstacles, including a shortage of capital for infrastructure and technological advancements, elevated shipping costs due to the state's landlocked geography, and a lack of proper training for the workforce among others which act as barriers to the industry's growth. In order to overcome these challenges, the industry needs continuous support from the government in the form of customised incentives and regulatory measures to cement its growth and fulfil the aspirations of the artisans and producers engaged in the sector.

It is our objective and ambition that the policy recommendations outlined in this report will effectively tackle these challenges and provide the necessary impetus to the handicrafts sector to enable it to reach its export target of ₹18,000 crores (US\$2140 million) by 2030.

Foreword – EY

India's diverse cultural heritage is also expressed through its handicrafts. The handicrafts sector of the country comprises of about 35 lakh artisans catering to a market size of about ₹35,964.5 crore (US\$4277.5 million) in 2023. Over the last decade, the exports of handicrafts from India have witnessed a steady increase from ₹ 7,870 crore (US\$936 million) in FY2011 to ₹ 32,759 crore (US\$3896 million) by FY2024.

One of the important states that has long preserved the handicrafts sector is the state of Rajasthan where handicrafts is deep rooted in the state's rich cultural heritage. These handicrafts include jewellery, textiles, and miniatures among countless others are globally recognized and contribute significantly to the states and nations economy. It is believed that the handicrafts sector of Rajasthan alone has the potential to increase its share in the nation's exports to ₹18,000 crore (US\$2140 million) by FY2030. However, in order to achieve this remarkable feat, support will be required in the form of various policy measures to cement the fundamentals of this sector and propel it to achieve its vision which is discussed comprehensively in this report.

With the above objective in mind, the report provides an in-depth overview of India's handicraft industry, starting with an overview of the handicrafts sector in the state of Rajasthan. It elaborates various state and central policies catering to the handicrafts sectors and also sheds light on the measures being undertaken in competing jurisdictions to explore key learnings. It further lists down challenges faced by the sector, which once addressed would bring in a bouquet of economic benefits for the state of Rajasthan in the form of positive impact on the state's GDP, revenue for the exchequer as well as employment opportunities.

The report concludes with policy recommendations that will address the challenges faced to drive the handicraft sector. These measures include provision of financial assistance, marketing incentives, cluster creation, skill development, and brand-building support. It advocates for a revamped Handicrafts Policy that can accommodate the range of incentives for small-scale MSMEs, entrepreneurs and exporters. Implementing these recommendations is likely to enable Rajasthan to become a leader in exports of handicrafts and achieve its vision of tripling its handicrafts export to ₹18,000 crore (US\$2140 million) by FY2030.

Executive Summary

India's cultural tapestry is woven with centuries-old traditions of artistry and craftsmanship. From intricate textiles to delicate wood carvings among others, Indian handicrafts showcase the nation's rich heritage to the world. Over a period of time, the handicrafts sector has established itself as a thriving and robust economic activity providing numerous economic and social benefits to the people of the country.

Market size of handicrafts sector of India - **₹35964.5 crore (US\$4277.5 million)**

Value of exports of handicrafts from India – **₹32,759 cr (US\$3896 million)**

Artisans in the sector – **35 lakhs**

The state of Rajasthan occupies an important place in the handicraft landscape of India due to its unique offering of handicraft products and abundance of raw materials. From jewellery to textiles, these creations are unique and celebrated throughout India and the world. The handicrafts sector presents itself as a driving engine of economic growth of the state providing numerous economic and social benefits to the people of the state including craftsmen, entrepreneurs, MSMEs etc.,

About ₹7,987 cr (US\$949 million) worth of handicrafts products were exported from the state in FY24

17 lakh foreign tourists visited Rajasthan in 2023, who purchased handicrafts from the state in convertible foreign exchange resulting in indirect exports and marketing of the sector of the state

The state is blessed with prominent handicraft clusters such as those in Jaipur, Alwar, Jaisalmer, Barmer among others producing a variety of handicraft products, few of which have been granted the Geographical Indication (GI) tag

Given the potential of the handicrafts sector in the state, experts believe that it can alone contribute to about **₹18,000 crore (US\$2,140 million) worth of exports from the state by FY2030**

Over-time, both the central and state governments have implemented various initiatives to bolster the handicrafts sector. The central government has introduced programs like the National Handicrafts Development Programme (NHDP) and Cluster Development Scheme etc., while states like Rajasthan and Assam have developed specialized handicrafts policies. Additionally, many states support the sector through broader policies aimed at micro, small, and medium enterprises (MSMEs) and startups.

Globally, in various competing jurisdictions such as China, Thailand and Vietnam, handicrafts sector is recognised as an important economic sector which have been provided with financial, marketing and skilling incentives due to which such economies have been reaping the economic benefits offered by the growth of the sector.

However, there are certain challenges that needs to be addressed to unlock the full potential of the sector. These challenges include:

The current incentives provided to the handicraft sector in the State are not sufficient to scale up infrastructure and to access the required technology to compete globally

Lack of infrastructure and technology

Landlocked state

This geographical location presents unique challenges in the form of container unavailability and higher logistics cost reaching as high as Rs.80,000-90,000 per container as compared other coastal states

The sector's growth is hindered by a shortage of skilled white and blue collared workers, limiting its ability to unlock its full potential.

Lack of skilled labour

Non-issuance of saw-mill license

Challenges with procurement of raw materials basis the Supreme Court Order and subsequent deliberations between the Central Empowered Committee and the state government of Rajasthan restricting issuance of new saw-mill licenses

Non-flexibility in working hours is incompatible with the nature of work of the handicrafts sector ultimately impacting product quality and increase in lead time of completion

Stringent Labour laws

Non-availability of testing labs

The state currently lacks availability of specialised testing labs that are required to maintain competitiveness of the handicrafts produced

The challenges if addressed will unlock the export potential offered by the handicrafts sector of the state and **achieve the target of ₹18,000 crore (US\$2140 million) worth of handicraft exports by FY2030** which will bring a bouquet of economic benefits for the state in the form of:

Boost of Gross Domestic Product

Rajasthan's GSDP is likely to grow at a CAGR of 9.73% to reach approximately **₹ 25.60 lakh crore (US\$300 billion; by FY2030)** from the current level of ₹ 12.18 lakhs crore (US\$140 billion; FY2022)

Higher Government Revenue Receipt

With a State GDP of **₹ 25.60 lakh crore (US\$300 billion)**, the revenue receipts of the state government are likely to reach a figure of **₹ 3.75 lakhs crore (US\$45 billion) by 2030**

New Employment Opportunities

Increase in exports to ₹18,000 crore (US\$2140 million) has the potential to generate **750,000 additional employment opportunities** in the state by FY2030

However, in order to achieve the likely benefits explained above for the handicrafts sector and the state, the handicrafts policy needs to be revamped to incentives to the sector in the form of, capital subsidy, interest subvention, freight subsidy, marketing incentives, skill development, cluster incentives and others as presented in this report.

By following these recommendations, Rajasthan can boost its handicrafts industry, showcase India's cultural heritage worldwide, and become a leading force in the global handicrafts market.

1. Vision for tripling the handicrafts' exports in Rajasthan

“Skilled craftsmen are symbols of the true spirit of self-reliant India and our government considers such people as Vishwakarma of new India” – Prime Minister Narendra Modi¹

Rajasthan's rich history and culture shine through its incredible handicrafts. From stunning jewellery to intricate textiles and detailed miniatures, these creations are unique and celebrated both in India and around the world.

Rajasthan is a leader in India's handicraft exports, and its importance to the state's economy is growing. The government recognizes this and has introduced policies like the Handicrafts Policy and Rajasthan Investment Promotion Scheme to support the industry. With further focus, Rajasthan has the potential to significantly increase handicraft exports, boosting both the state and national economy.

The market size of handicrafts in India was estimated at ₹35,964.5 crore (US\$4277.5 million) in 2023.² Experts believe Rajasthan's handicraft sector whose exports are currently valued at ₹7,987 has the potential to reach 'teen guna tees tak' which implies tripling in size by 2030, reaching exports of approximately **₹18,000 crore** (US\$2140 million) **by 2030** from ₹6205 crore (US\$737 million) as on 2020-21³. However, there remain challenges that need to be addressed through policy and regulatory changes to further incentivize the industry.

This report provides a comprehensive overview of the handicraft industry in India, with a particular emphasis on Rajasthan. It examines various state and central policies, highlighting their impact on micro, small, and medium enterprises (MSMEs), exporters, and small-scale entrepreneurs who form a significant part of this sector. The report also looks at global best practises to understand the measures taken for promotion of handicrafts in other countries. The report also summarises key challenges currently impeding the growth of the sector and discusses the benefits of incentivising the handicrafts sector imperative for achieving the industry's goal of tripling the exports by FY2030. The present report concludes with a set of recommendations that can put the handicraft industry of Rajasthan on a path of achieving its target for 2030.

The next section initiates the report by providing a detailed analysis of the profiling of the handicrafts sector in India

¹ [PM addresses Post Budget Webinar on 'PM Vishwakarma Kaushal Samman' | Prime Minister of India \(pmindia.gov.in\)](https://www.pmindia.gov.in)

² <https://www.ibef.org/exports/handicrafts-industry-india>

³ <https://www.epch.in/sites/default/files/press/release/pr283.pdf>

2. Vibrant profile of the Handicrafts sector – in India and Rajasthan

India's handicrafts have shaped from a mere rural part-time activity into a thriving and robust economic activity with a variety of economic benefits for the nation such as employment generation, revenue contribution and exports to the world.⁴

Handicrafts are goods which are predominantly made by hand even though some tools or machinery may also have been used in the process; such goods are graced with visual appeal in the nature of ornamentation of in-lay work or some similar work of a substantial nature; possess distinctive features, which can be aesthetic, artistic, ethnic or culturally attached and are amply different from mechanically produced goods of similar utility'.⁵

Snapshot of the handicrafts sector at the national level

- ▶ The handicrafts market size in India was estimated at ₹35,964.5 crore (US\$4277.5 million) in 2023 and is projected to increase to ₹65,731 crore (US\$7,817.8 million) by FY2032 growing at a CAGR of 6.9%.⁶
- ▶ In India, the handicrafts sector comprises of over 35 lakh artisans and is expected to increase to 55 lakhs by 2030. A striking feature of this industry is that 47.4% of the workforce comprises of women.⁷
- ▶ From Kashmir to Kanyakumari, the country is filled with the offerings of multiple customised handicrafts depicting the Indian culture and the creativity of the craftsmen of the country. For example, Kashmir is famous for its shawls, Rajasthan for its Bandhani, Kundan, Meenakari, Andhra Pradesh for its Beedri work among other specialisations of the Indian states⁸
- ▶ The Government of India has recognised its importance and thus have introduced several schemes for the benefit of this sector, few of which includes National Handicrafts Development Program (NHDP), Comprehensive Handicrafts Cluster Development Scheme (HCDS)⁹, PM Vishwakarma among others¹⁰
- ▶ The handicraft of the country not only provides employment to the people but also brings in significant foreign exchange earnings for the country.

Export performance of handicrafts sector of India

- ▶ India is one of the leaders in the export of handicrafts which boasts of a variety of products such as art metal ware, woodware, handprinted textiles & scarves, embroidered & crocheted goods, shawls as artware, zari & zari goods, imitation jewellery, agarbattis & attars among others
- ▶ The value of handicrafts exports of the aforementioned products has witnessed a steady increase rising from approximately ₹ 13,892.6 crore (US\$1.65 billion) in FY2013 to approx. ₹ 32,758.8 crore (US\$3.9 billion) in FY 2024.¹¹

⁴ [nhdp.pdf\(handicrafts.gov.in\)](https://nhdp.pdf(handicrafts.gov.in))

⁵ <https://www.handicrafts.nic.in/CraftDefinition.aspx>

⁶ <https://www.ibef.org/exports/handicrafts-industry-india>

⁷ EPCH

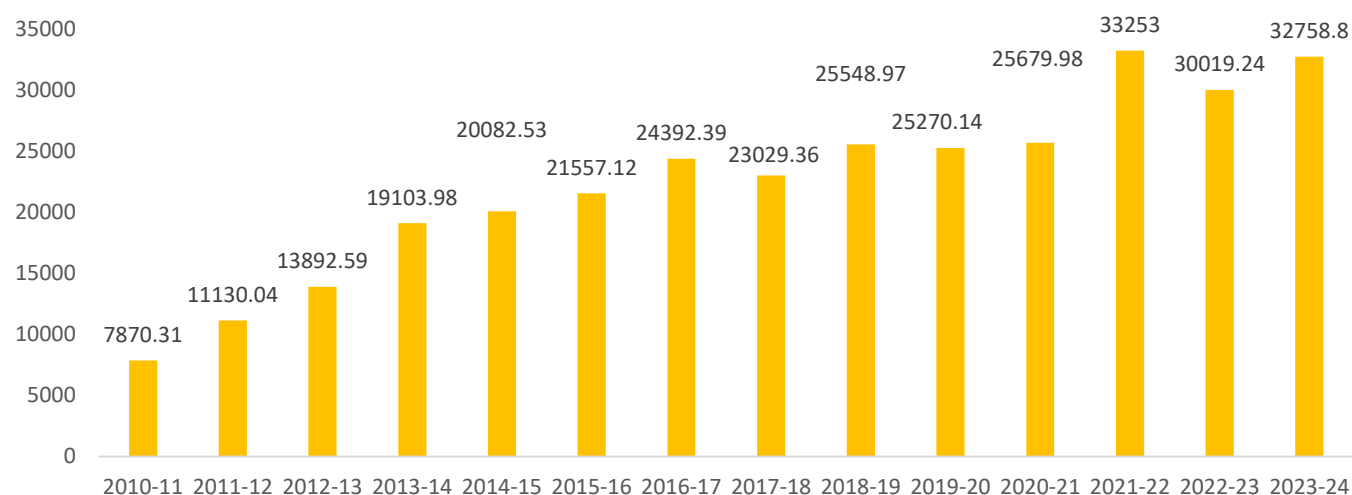
⁸ <https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf>

⁹ <https://handicrafts.nic.in/schemes.aspx>

¹⁰ <https://pmvishwakarma.gov.in/>

¹¹ "EPCH::EXPORT OF HANDICRAFTS"

Handicrafts exports from 2010-11 to 2023-24 (₹ crores)



Source: Export Promotion Council for Handicrafts¹²

- Export values (INR cr) of different handicrafts segments over 6 years (2017-18 to 2022-24) is shown in the table below¹³.

Product Group	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-2024	CAGR % (2017-2024)
Art metal ware	3955.81	3472.47	3457.50	3344.01	4152.56	4349.37	4435.72	1.65%
Woodware	4267.37	5311.59	5494.85	6620.85	9080.88	7622.98	8038.17	9.47%
Handprinted textiles & scarves	3665.00	3305.11	2543.11	2463.99	3089.97	2524.61	2450.63	-5.59%
Embroidered & crocheted goods	3305.16	3786.58	4206.36	4399.77	5340.72	3825.43	3986.31	2.71%
Shawls as artware	5.06	4.66	2.19	2.39	5.18	6.08	2.22	-11.10%
Zari & zari goods	98.69	133.94	121.41	120.10	69.40	71.25	46.19	-10.28%
Imitation jewellery	1540.80	1794.96	1582.36	1250.37	1539.02	1553.37	1513.35	-0.26%
Agarbattis & attars	982.82	985.30	1106.30	1214.86	1427.42	1329.97	1834.64	9.33%
Misc. Handicrafts	5208.64	6754.36	6756.06	6263.64	8547.85	8736.18	10451.57	10.40%
Total	23029.35	25548.97	25270.14	25679.98	33253.00	30019.24	32758.80	5.16%

- Top export destinations for India for Handicrafts for the year 2023-24¹⁴ were USA, UK, UAE, Germany, Netherlands, France, Australia and the Latin American region. Top 5 export destinations for India by value for the year 2023-24 (in INR crore) are shown below:



¹² EPCH::EXPORT OF HANDICRAFTS

¹³ EPCH

¹⁴ EPCH

USA 13381	UK 2368.7	UAE 2048.9	Germany 1530.1	Netherlands 1493.3
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Thus, it can be ascertained that the handicrafts sector plays an important role in cementing the economy of the country and holds great potential of growth for the country as well as different states producing customised handicraft products.

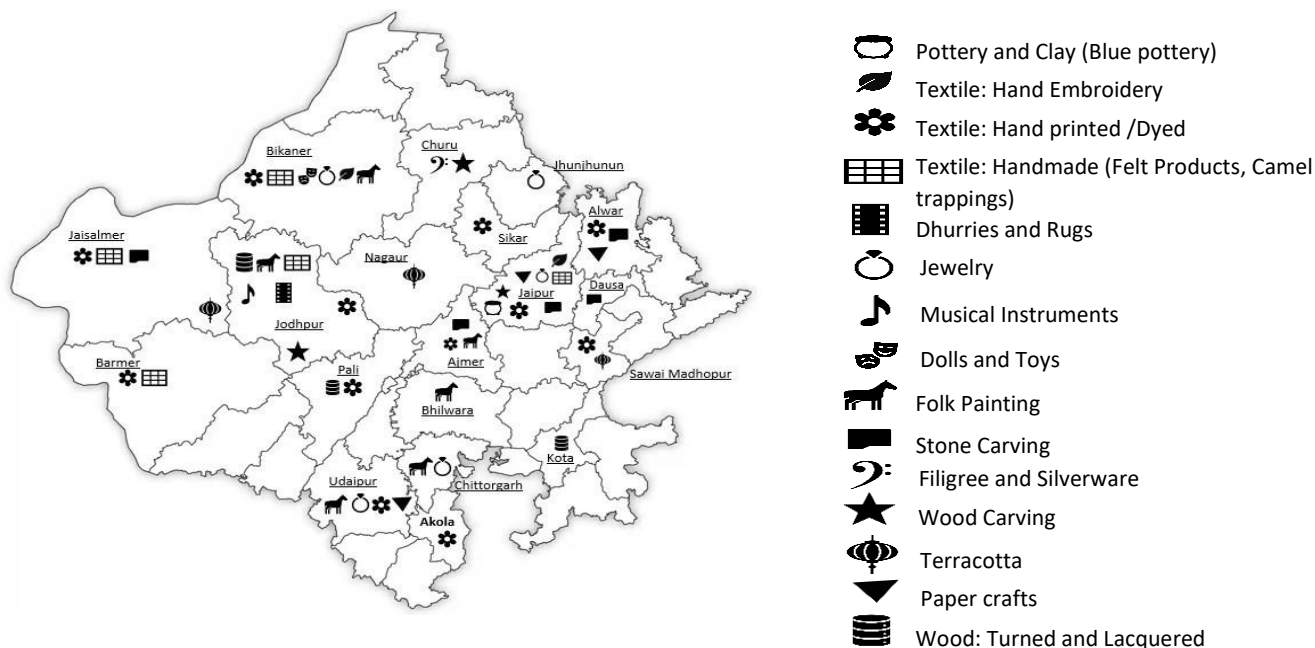
Snapshot of the sector in Rajasthan

Handicrafts occupy an exceptionally important place for the state of Rajasthan given that the state has an abundance of raw materials and skills embedded in its people.

As per the Rajasthan Investment Promotion Scheme, 2024, the “handicrafts sector comprises enterprises engaged in such manufacturing of items or products in which products are produced predominantly by hand with or without mechanical or electrical or other assistance and graced with visual appeal in the nature of ornamentation or in-lay work or some similar work lending it an element of artistic improvement. Such ornamentation must be of a substantial nature and not a mere pretence”.

The map below shows that the state encompasses a wide range of handicraft products spread across various geographical locations.

Major handicrafts & craft pockets in Rajasthan¹⁵



¹⁵ [Rajasthan.indd \(mospi.gov.in\)](https://rajasthan.indd (mospi.gov.in))

Hence, this report focuses on the handicrafts sector in Rajasthan to craft a 'strategic roadmap' for increasing the handicrafts exports from the state to ₹ 18,000 crore (US\$2140 million) by FY2030. The next section thus provides a snapshot of the handicrafts industry in the state.



Economic overview of the handicraft industry in Rajasthan

- ▶ The handicrafts of Rajasthan have a distinct identity of their own in the country as well international markets. Few of the crafts from the state include, Handblock printing, Bandhani, Dabu print, terracotta, stone carving etc.,¹⁶
- ▶ The state has abundance of raw materials for handicrafts such a wood, marble, leather, metals etc., and currently houses about 6 lakh craftsmen and artisans¹⁷
- ▶ Rajasthan's handicrafts hold immense cultural and historical significance such as marble crafting seen in Delwara temples, traditional figurines such as Dhola Maru elephant, majestic lion which have a special place in Rajasthani home decors and miniature art found on walls of majestic places in Rajasthan.¹⁸
- ▶ Keeping in mind the developmental needs of the handicrafts sector, the state for the first time included handicrafts as a 'thrust sector' in the Rajasthan Investment Promotion Scheme, 2019, 2022 & 2024 and the Handicrafts Policy, 2022¹⁹
- ▶ Handicrafts of Rajasthan have consistently ranked amongst the top five in the exports of the State in the last 5 years²⁰²¹²²²³²⁴

2019-20: Top 5 rank
Share: 10.45%

2020-21: 2nd rank
Share: 10.45%

2021-22: 5th rank
Share: 10.88%

2022-23: 5th rank
Share: 9.40%

- ▶ In the fiscal year 2023-24, Handicrafts accounted for approximately 9.5% of the total export share, following engineering goods, gems & jewellery, metals and textiles.²⁵

¹⁶ <https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf>

¹⁷ <https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf>

¹⁸ [RAJASTHANI HANDICRAFTS: A SYMPHONY OF ART, HISTORY, AND CULTURE | Kuber Art With Soul \(kuberhandicraft.com\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)

¹⁹ <https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf>

²⁰ [final Cover \(rajasthan.gov.in\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)

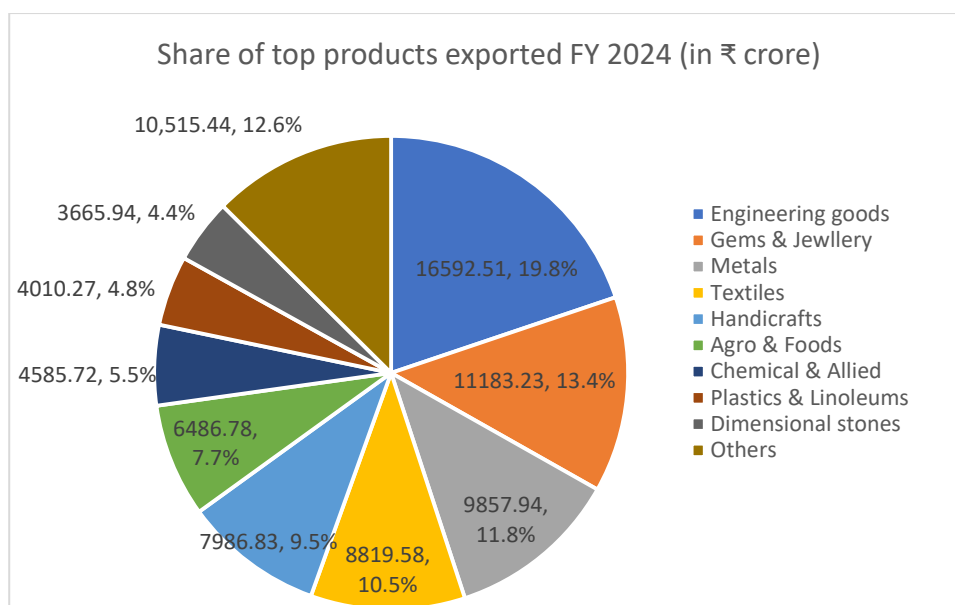
²¹ [Final Combind.cdr \(rajasthan.gov.in\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)

²² [economicreviewE.pdf \(rajasthan.gov.in\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)

²³ [EconomicReviewE.pdf \(rajasthan.gov.in\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)

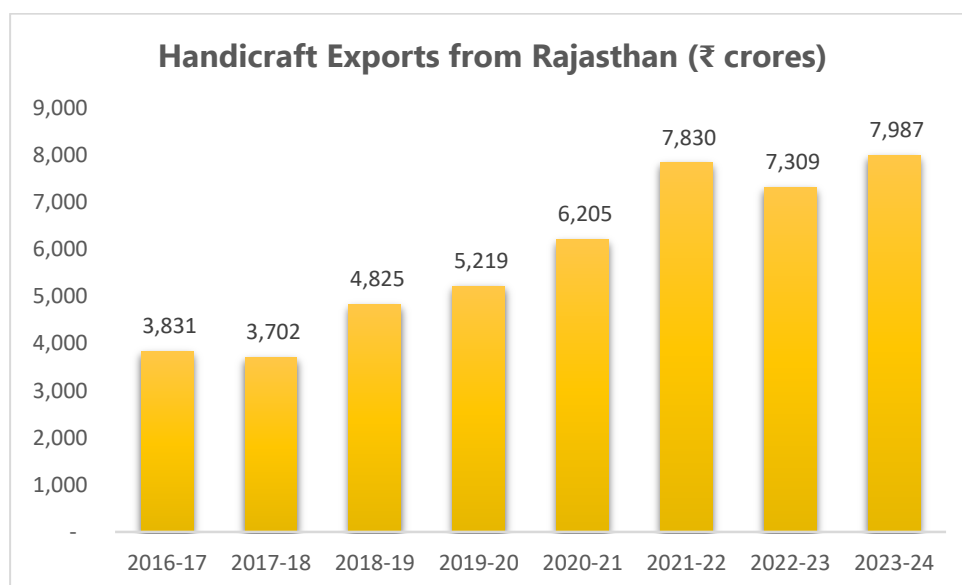
²⁴ Rajasthan Economic Review 2023-24, [EconomicReviewE.pdf \(rajasthan.gov.in\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)

²⁵ Rajasthan Economic Review 2023-24, [EconomicReviewE.pdf \(rajasthan.gov.in\)](https://www.nsws.gov.in/s3fs/2022-12/rajasthan-handicraft-policy-2022.pdf)



Source: Rajasthan Economic Review 2023-24²⁶

- Export of handicrafts from Rajasthan recorded the state's highest ₹7,987 crore (US\$949 million) worth of exports till date in FY2024²⁷



Source: Figures from 2016-17 to 2020-21 are from Rajasthan State's Economic Review 2021-22²⁸ | Figures of 2021-22 to 2023-24 are from Rajasthan State's Economic Review 2023-24²⁹

- It is of paramount importance to mention that the above export number do not include the purchases made by the international tourists in the state of Rajasthan. Handicrafts is also a unique tourist attraction in the State of Rajasthan for both international tourists as well as domestic tourists. Around **17 lakhs foreign and 1,790.52 lakh domestic tourists** visited the state of Rajasthan in 2023. The international tourists also purchase handicraft products from the state in convertible foreign exchange and take it to their home country, resulting in an indirect export and marketing of handicrafts from the state. If the said contribution is taken into account, handicrafts exports would be a bigger share of the total exports from Rajasthan.³⁰

²⁶ [EconomicReviewE.pdf \(rajasthan.gov.in\)](#)

²⁷ Rajasthan State's Economic Review 2023-24, [EconomicReviewE.pdf \(rajasthan.gov.in\)](#)

²⁸ <https://finance.rajasthan.gov.in/docs/budget/statebudget/2022-2023/EconomicReviewE.pdf>

²⁹ [EconomicReviewE.pdf \(rajasthan.gov.in\)](#)

³⁰ [EconomicReviewE.pdf \(rajasthan.gov.in\)](#)



Rajasthan's prominent clusters for handicrafts

The state boasts of several geographic handicraft clusters located in different regions, producing locally manufactured handicrafts. A brief mention of the major handicraft's clusters in the State of Rajasthan can be seen below³¹:

Cluster	Crafts	Cluster	Crafts
Jaipur	Hand block printing, Miniature painting, Stone Carving (Marble, Red & White Stone), Lac Craft (Bangles, Decorative items< Jewellery), Wood Carving, Zari Zardosi, Gota Patti, Embroidery, Carpet, Leather Craft, Blue Pottery, Jewellery (Meenakari, Artificial Jewellery)	Hanumangarh	Embroidery, Phulkari, Leather, Crochet Goods
Alwar	Stone Carving (Marble, Red & White Stone), Carpet, Leather Craft	Churu	Leather, Embroidery, Appliqué Patch Work
Sekar	Tie & Dye, Lac Craft, Leather Craft, Carpet	Sirohi	Emroidered & crotcheted goods
Dausa	Stone Carving, Carpet, Panjadurru, Leather Craft	Rajsamand	Terracotta & Meenakari
Tonk	Namada, Carpet	Pratapgarh	Thewa crafts
Bundi	Miniature Painting, Lac Craft, Carpet	Dungerpur	Stone Carving, Murti Kala
Ajmer	Miniature Painting, Stone Carving (Marble, Red & White Stone), Wood Carving, Zari Zardosi, Gota Patti, Embroidery	Banswara	Cane & bamboo
Sawai Madhopur	Terracotta, Zari Zardosi, Gota Patti, Embroidery, Leather Craft	Bhilwara	Phad Painting, Kasidakari
Karoli	Stone Carving (Marble, Red & White Stone), Terracotta.	Chittorgarh	Wooden Kawad/Hand Block Prints
Bharatpur	Terracotta, Mudda Making	Udaipur	Miniature painting
Dhaulpur	Stone Carving (Marble, Red & White Stone), Zari Zardosi, Gota Patti, Embroidery	Sri Ganganagar	Embroidery, Phulkari, Leather, Crochet Goods
Barah	Leather Craft, Zari Zardosi, Gota Patti, Embroidery	Pali	Leather Jutti, Painting, Wood Craft
Jhalawar	Natural Fibers (Palm Leaf/Cannon Bamboo), Wood Carving	Nagaur	Embroidery, Soft Toys making, Wood Carving, Artificial Jewellery, Tie & Dye.
Kota	Kota Doriya, Artificial Jewellery	Jodhpur	Leather, Tie & Dye, Wood Craft, Iron Craft, Block Printing, Punja Durr.
Barmer	Embroidery, Appliqué Patch Work, Block Printing, Wood Carving.	Jhunjhunu	Embroidery, Soft Toys making, Wood Carving, Artificial Jewellery, Tie & Dye.
Bikaner	Usta Art, Leather, Embroidery, Appliqué Patch Work	Jalore	Leathe vr Mojri, Ari Tari
		Jaisalmer	Terracotta, Yellow Stone Carving, Embroidery, Appliqué Patch Work

It is noteworthy that various handicraft products of Rajasthan have been granted Geographical Indications tag. Some examples of GI tagged handicrafts of Rajasthan are:³²

³¹ Available at proposal document for Integrated Handicraft Cluster Development Program of DC Handicrafts, https://handicrafts.nic.in/cmsUpload/20160114005145dc_hc_advertisement_ahvy_2015.pdf

³² Available at DC handicrafts [REGISTRATION DETAILS OF G \(ipindia.gov.in\)](https://handicrafts.nic.in/pdf/GIList.pdf), <https://handicrafts.nic.in/pdf/GIList.pdf>

1	Kota Doria	9	Bikaner Usta Kala Craft
2	Blue pottery of Jaipur	10	Bagru hand block print
3	Molela clay work	11	Thewa art work
4	Kathputlis of Rajasthan	12	Makrana marble
5	Sanganeri hand block printing	13	Pokaran Pottery
6	Nathdwara Pichwai painting	14	Udaipur Koftgari Metal craft
7	Bikaner Kashidakari Craft	15	Nathdwara Pichwai painting
8	Jodhpur Bandhej Craft		

3. Present policy scenario in Rajasthan and at the National level for MSME's/Startups in the handicrafts sector

The chapter discusses the present policy framework in Rajasthan as applicable to MSME's/startups/small-scale exporters in handicrafts which form a major segment of the sector, followed by an analysis of the national policy environment.

Rajasthan's policy landscape for Handicrafts manufacturing and exports

The Rajasthan government has launched several initiatives to support the state's handicraft sector. The most recent example is the **Rajasthan Handicrafts Policy 2022**³³, which aims to uplift artisans and weavers by making the products of the artisans suitable for export and helping them to gain recognition in the international arena as well as boosting the share of the state in exports. However, the policy does not focus on entrepreneurs and exporters who form a key part of the growth of the Handicraft industry in Rajasthan.

Further, the Rajasthan government **allocated ₹25 crore in its 2023-2024 budget** to boost infrastructure and training in handicraft and leatherwork sectors. This initiative is likely to benefit 25 clusters across the state, including those specializing in Leather products (Dausa and Tonk), Bandhej dyeing (Churu), Embroidery (Barmer). Additionally, the government has indicated its commitment to set up a center dedicated to preserving and promoting the art of Blue Pottery in Jaipur.³⁴

Beyond the 2022 Handicrafts Policy, the state government has shown further commitment towards the sector through the **Rajasthan Investment Promotion Policy 2024 (RIPS 2024)** which recognises "Handicrafts" as a thrust sector. RIPS scheme provides plethora of manufacturing incentives such as capital subsidy, turnover linked incentive and green incentives, however these are available only for large enterprises with investment above ₹50 crore³⁵ or MSMEs with investment above ₹25 crore. This leaves out a major segment of manufacturing entities in Handicrafts which do not meet the investment criteria under RIPS.

While the **Rajasthan Micro, Small and Medium Enterprises Policy (MSME) 2022** policy offers a range of financial and non-financial benefits to MSME in the state³⁶ and the **Rajasthan Startup Policy 2022** provides incentives to involved in handicrafts that are registered under the state government's iStart program,³⁷ there is still a requirement for policy intervention for the growth of small-scale entrepreneurs and MSMEs engaged in the Handicrafts sector in Rajasthan.

The table below briefly discusses essential forms of support that can be availed by the MSMEs or small-scale entrepreneurs, startups, and exporters in the handicrafts sector in the state of Rajasthan:

Marketing support	
Rajasthan Startup Policy 2022	Networking support in the form of reimbursement of cost of attending national conferences up to ₹ 50,000 per Startup member up to 10 employees, subject to a maximum of ₹ 5 lakh per Startup and up to ₹ 5 lakh per Startup for attending international conferences.
Rajasthan MSME Policy 2022	Rental subsidy upto 30% of rental space subject to a maximum ceiling of ₹ 2 lakhs, for setting up a stall at national and international fairs / trade events for MSME's.
Rajasthan Export Promotion Council ³⁸	Reimbursement @ 50% on maximum space of 9sq.meter ground rent /fee payable for approved international trade fairs/exhibition subject to maximum Rs.1,00,000/-per event for a maximum of 2 events per annum.

³³ <https://rajasthan.gov.in/>

³⁴ [BudgetSpeech2023-24English.pdf \(rajasthan.gov.in\)](#)

³⁵ <https://finance.rajasthan.gov.in/PDFDOCS/TAX/CCT/14086.pdf>

³⁶ <https://invest.rajasthan.gov.in/policies/rajasthan-msme-policy-2022.pdf>

³⁷ [Rajasthan Startup Policy 2022](#)

³⁸ [RPEC - Export Related Schemes & Policies - Rajasthan Export Promotion Council \(repc.in\)](#)

Export Promotion Incentives	
Rajasthan MSME Policy 2022	Development of export infrastructure through Public-Private partnership and an export guidance portal to facilitate MSME's with information on various acts / rules / regulations / scheme / programs international best practices etc.
	Promotion of 'One District One Product' and 'District Export Hub' programs.
	State Government envisages to organize specialized export training workshops for district level government officers as well as aspiring MSME exporters
	State government envisages to develop export guidance portal to facilitate the MSMEs with information on various acts / rules / regulations / scheme / programs I international best practices etc.
Land Incentives	
Rajasthan MSME Policy 2022	Exemption from conversion charges for setting up white category MSMEs and Large industries.
	Identification of new land banks for industrial purposes for MSME's
RIPS 2024	Exemption and reimbursement of stamp duty and conversion charges
Exemptions for Stamp Duty, Electricity Duty, Land Taxes, etc	
RIPS 2024	100% exemption/reimbursement of electricity duty, stamp duty & mandi fee for 7 years for MSME's
	100% conversion charges benefits given in stages as notified by the State for MSME's
Quality Certification Incentives	
Rajasthan MSME Policy 2022	Promotion & financial assistance of ZED certification amongst local MSME's. ³⁹
	Creation of awareness regarding quality certifications such as Geographical Indication (GI) / Patents – national or international certifications to MSME's
Employment subsidies	
RIPS 2024	Reimbursement of 50% of employer's contribution by MSMEs towards employees EPF and ESI, for 7 years (for domiciled employees).
Rajasthan Startup Policy 2022	Employment booster of 10-20% on scale-up fund to startups
SGST Reimbursement	
RIPS 2024	75% of the State Tax due and deposited for a period of 10 years for MSME's.
Loan assistance / Interest subsidy	
RIPS 2024	Interest subsidy ranging from 3-6% depending on loan amount slab for 7years for MSME's as per RIPS 2024.
MSME policy 2022-MLUPY	Interest subsidy ranging from 5-8% p.a. for loan upto ₹ 10 crore through the 'Mukhyamantri Laghu Udyog Protsahan Yojana (MLUPY)', for MSME's
Plug and play facilities	
Rajasthan Startup policy 2022	Plug & play incubation facilities for smooth operation of startups through investments by State Government, private players and various institutes.
Green incentives	
RIPS 2024	<ul style="list-style-type: none"> Reimbursement of 50% of cost of environmental projects. Reimbursement of 10% of cost of machinery & equipment for using clean production technologies.

³⁹ "ZEDCertification" means the certification of manufacturing process under "Zero Defect Zero Effect" policy of Government of India for units in MSME sector.

	<ul style="list-style-type: none"> 50% consent fee waiver for industries under Rajasthan Green Rating System.
	Interest Subvention:: <ul style="list-style-type: none"> 6% interest subvention on loans taken for activities covered under SIDBI's (Small Industries Development Bank of India) – Green Finance Scheme.

Policy Environment at the Central level

The Development Commissioner (handicrafts), Ministry of Textiles has launched two schemes at the national level: the *National Handicraft Development Programme (NHDP)* and the *Comprehensive Handicrafts Cluster Development Scheme (CHCDS)*.

National Handicraft Development Programme (NHDP)⁴⁰

The policy aims to make Indian handicrafts competitive in the global market and provide sustainable livelihood opportunities for artisans⁴¹ through support in the form of innovative product designs, improvement in product quality, introduction of modern technology, branding and marketing etc. Although the policy covers a wide range of incentives for Handicraft development corporations, NGO's, registered SHG's and societies such as marketing support, direct benefit to artisans etc. there are only a few forms of support provided to small-scale entrepreneurs and exporter companies. The main components of the scheme include:

- Marketing Support & services:** Encouraging participation and providing financial assistance for marketing events in India and abroad for publicity & brand promotion. The following financial assistance is included within the ambit of the scheme:

Type of event eligible for financial assistance	Maximum financial assistance (₹)
Domestic marketing events – Eligible organisations include registered producer companies working for promotion and development of Handicrafts & Handlooms. Financial assistance would cover aspects like space rental, infrastructure, freight, insurance, event management cost, boarding and lodging, publicity etc. for organizing events/programs/exhibitions.	
Gandhi Shilp Bazaar/Craft Bazaars	~₹ 24 – 28 lakhs ⁴²
Exhibitions – including thematic exhibitions	~₹ 12 – 14 lakhs ⁴³
National Handicraft Fair	~ ₹ 146 lakhs
Fashion show	~ ₹ 25 lakhs
Hiring of built-up space in events	~₹ 92 lakhs
Craft awareness programme	~₹ 3
Craft demonstration programme	~₹ 5 lakhs.

International fairs and exhibitions – The eligible organization include registered producer companies working for promotion and development of Handicrafts & Handlooms. Financial assistance will be provided for participation in international fairs & exhibitions. The participants include entrepreneurs and exporters.	
International fairs and exhibitions	~₹ 60 – 70 lakhs covering space rent, infrastructure, publicity/ directory entry, expenditure on boarding or lodging etc.
International craft exposure program / cultural exchange programme	~ ₹ 40 lakhs covering airfare in economy class, local hospitality, boarding and lodging, conveyance, freight charges, space rent etc.

⁴⁰ [Final Bill Book \(handicrafts.gov.in\)](http://FinalBillBook(handicrafts.gov.in))

⁴¹ [Indian Handicrafts : Home](http://IndianHandicrafts:Home)

⁴² The range of incentive is dependent upon Classes of the city, which are Class I, Class II and Class III. Cities are classified according to the total population

⁴³ The range of incentive is dependent upon Classes of the city, which are Class I, Class II and Class III. Cities are classified according to the total population

Compliance, social and other welfare measures	~ ₹ 1 crore covering actual needs and requirements.
Buyer sellers meet & Reverse buyer seller meet in India & abroad	~ ₹ 21 – 60 lakhs covering space rental, stay for buyers, publicity, insurance, freight etc.
Marketing workshops/ seminars/ symposiums in India and abroad	~ ₹ 2 lakhs – 50 lakhs ⁴⁴ covering resource fee, publicity, invitation, sound system etc.

Publicity and Brand Promotion	
Publicity and Brand Promotion via Print, Electronic & social media	~ ₹ 2 crore per activity
Web marketing	~ ₹ 2 crore
Fairs/exhibitions/virtual platforms	~ ₹ 15 – 22 lakhs covering development of virtual platforms, publicity, administrative expenses etc. ⁴⁵

Integrated sale cum exhibition – Financial assistance on need basis

- **Skill Development in Handicraft Sector:** This involves participation and financial assistance through grant-in-aid to **institutions** conducting workshops for artisans. This includes 4 programs described below:

Skills focussed under the program	No. of artisans involved	Funding pattern
Design and Technology Development Workshop – Eligible organisations include producer companies. Financial assistance will be provided to conduct Design and Technology Development Workshop.		
Current design needs of the market	20-40 artisans	100% grant in aid for expenses eg. Hiring services of designer, craftperson etc. ⁴⁶

Guru Shishya Hastshilp Prashikshan Program – Eligible organisations include producer companies. Financial assistance will be provided to conduct training program.		
Traditional craft knowledge – technical and soft skill training	20-40 artisans	100% grant in aid for expenses eg. Space rent, wage compensation, equipment, tools, other training infrastructure ⁴⁷

Improved Toolkit Distribution Program – Financial assistance to eligible organisations for distributing improved toolkits.		
Distribution improved toolkits/ technology upgradation/ safety equipments	-	100% grant in aid for expenses such as distribution improved toolkits or technology up gradation or safety equipment ⁴⁸

- **Ambedkar Hastship Vikas Yojana (AHVY):** AHVY is a cluster scheme launched with the aim to develop craft clusters as centres of excellence to empower clusters socially and economically. **Support** would be provided to domestic clusters, clusters catering to domestic market, entrepreneurship development program, design mentorship programme, etc. However, the cluster scheme is pertaining to a group of artisans forming a producer company and is artisans-focussed.
- **Infrastructure and technology support:** Financial assistance to setting up, development and **modernisation** of infrastructure. Eligible organisations include Central/State Handloom and handicrafts DC, NGO's, SHG's, export promotion councils, Companies/Producer companies and the department as well.

⁴⁴ Depending on the minimum number of participants

⁴⁵ Depending on the number of participants

⁴⁶ Subject to a maximum value

⁴⁷ Subject to a maximum value

⁴⁸ Subject to a maximum value

Type of infrastructure/technology	Maximum Financial assistance or funding pattern
Emporia	₹ 60 lakh per unit for new emporia and ₹ 15 lakh per unit for renovation
Marketing and sourcing hubs	₹ 1000 lakh for setting up a marketing hub facility
Handicrafts museum	₹ 150 lakh per museum for setting up new museums and upgradation of existing museum
Craft based resource centre	₹ 200 lakh per centre
Common facility centre	₹ 300 lakh for training area, sales counter, store room, tools, machinery etc.
Raw Material Depot	₹ 200 lakh
Technology upgradation assistance to Exporters/Entrepreneurs	₹ 500 lakh per centre for upgrading machinery
Construction of office or other infrastructure	Decided on case-to-case basis by

- **Research & development:** Sponsoring of studies, surveys and workshops to generate inputs for planning and generating feedback on economic, social, aesthetics and promotional aspects for artisans. 100% Grant-in-aid will be provided to eligible organisations including Producer companies for conducting such studies for expenses such as halls & infrastructure, Boarding & Lodging for Resource Persons, Honorarium for resource person for workshops and grants to project leader, senior research expert and other personnel for conducting studies/surveys.

Comprehensive handicrafts cluster development scheme (CHCDS) ⁴⁹

Projects under CHCDS provide a purpose of scaling up infrastructural and production chain at unorganized handicrafts clusters across the country to keep pace with modernization and development. With the objective of developing world-class infrastructure in clusters, this scheme aims to make clusters competitive, assist artisans & entrepreneurs to set-up world class units, increase productivity, provide employment opportunities and provide support in technology & infrastructure.

The CHCDS scheme can be implemented at fixed geographical area practicing various crafts as well as different places throughout the country in a particular craft or in a state where crafts are identified on block/cluster level. The projects can be taken up for development by Central/State Handicrafts Corporations/autonomous body-council-institute/registered co-operatives/producer company of artisans/registered SPV. Funds are provided in three instalments for @100% of project cost. However, the capping of the scheme is ₹5 lakhs which is minimal and may not be sufficient for development of a cluster.

Other notable schemes introduced by the central government include:

RodTEP Scheme ⁵⁰

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme is designed to remit certain duties, taxes, and levies at various levels on exported products. This includes:

- Duties/taxes/levies at Centre or State level borne on exported product (including taxes on goods and services used in production of the product)
- Indirect taxes on inputs and duties/indirect taxes/levies w.r.t. distribution of exported products.

A rebate under the scheme is granted to eligible exporters as a percentage of Freight on Board (FOB) value ⁵¹. The rebate amount is issued in the form of a transferable duty credit/ electronic scrip (e-

⁴⁹ Final Bill Book (handicrafts.gov.in)

⁵⁰ https://epch.in/policies/RoDTEP_Guidelines_with_Appendix.pdf

⁵¹ FOB value determines the assessable value for imported and exported goods.

scrip), maintained by Central Board of Indirect Taxes and Customs (CBIC). The notified rates offered by the RoDTEP scheme for some examples of handicraft products are as follows⁵²:

Commodity	RoDTEP Rate as % age of FOB
Wooden furniture (office, bed, other)	0.70%
Zari and zari goods	0.90%
Ceramic tableware, kitchenware, other household articles	1.40%
Bangles, beads, glass beads	1.20%
Imitation jewellery	0.50%

All Industry Rates of Duty Drawback⁵³

Duty Drawback Scheme rebates the custom duties on imported inputs and Central Excise duties on domestic inputs used for manufacture of goods.⁵⁴ The rate of drawbacks are a percentage of FOB value.⁵⁵ The recent notification No.77/2023-CUSTOMS (N.T.), made effective from 30th October 2023 by the Department of Revenue regarding changes in the rates of duty drawback for certain handicraft items reflects a nuanced approach to supporting exporters. Certain handicrafts mentioned in the recent notification are as follows⁵⁶:

- **Increased Rates for Specific Handicrafts:**
 - Zari & Zari Artware: The drawback rate has been increased from 8.6% with a value cap of Rs. 1150.6 to 8.9% with a value cap of Rs. 1307.7.
- **New Entry for Stone Artware/Handicrafts:**
 - A new rate of 2.2% has been established for stone artware/handicrafts.
- **Handicrafts/Artware of wood** attract duty drawback of 1.9%
- **Imitation jewellery** has a drawback rate of 1.3%

These adjustments are meant to make exports globally competitive by ensuring that exporters are adequately compensated for the duties incurred on imported inputs.⁵⁷

Market Access Initiative (MAI) Scheme 2021

In order to promote and develop exports of goods & services from India, as well as providing financial support for initiatives & projects, the Market Access Initiative Scheme was launched in 2021. The eligible agencies for the scheme include apex trade bodies, export promotion councils and industrial & artisan clusters recognised by the State/Central government. Some eligible components for financial assistance under the scheme include⁵⁸:

- **65% cost assistance** in setting up of Quality certification labs, common facility design centres, testing facilities (100% if initiated by Department of Commerce)
- **65% cost assistance** in upgrading marketing and branding e.g. Publicity campaigns, catalogues, brochures
- Development of digital platform and trade portal, e-solutions, up-to-date market information.
- **65% cost assistance** in export market research and product development. (100% if initiated by Department of Commerce)

Employment Linked Incentive (ELI)

⁵² https://epch.in/sites/default/files/policies/RoDTEP_Circular.pdf

⁵³ https://www.epch.in/policies/DBK_Circular.pdf

⁵⁴ [Press Information Bureau \(pib.gov.in\)](https://pib.gov.in/Press-Information-Bureau)

⁵⁵ salestaxindia.com/DEMO/TreeMenu.aspx?menu=222825

⁵⁶ Extracted from EPCH circular No. EPCH/DBK-RATES/2023-24 dated October 20, 2023

⁵⁷ [Press Information Bureau \(pib.gov.in\)](https://pib.gov.in/Press-Information-Bureau)

⁵⁸ [RevisedMAIGuidelinesdt19thJuly2021.pdf \(cmait.in\)](https://cmait.in/RevisedMAIGuidelinesdt19thJuly2021.pdf)

To boost employment generation, the budget of FY2023-24⁵⁹ has announced a series of Employment Linked Incentives (ELI) which are as follows:

- **First-timers:** A direct benefit transfer of one-month salary up to Rs.15,000 paid in three instalments to new entrants in the formal sector.
- **Job Creation in Manufacturing:** Incentivization of additional employment linked to employment of first-time employees via EPF contribution incentives for both employers and employees during the initial four years of employment.
- **Support to employers:** Reimbursement of EPFO contribution of each employee up to Rs.3,000 per month for 2 years for additional employment in all sectors.

The next chapter aims to identify effective policy measures to enhance the performance of the handicrafts industry, drawing insights from successful experiences in other states of India and in competing jurisdictions.

⁵⁹ https://www.indiabudget.gov.in/budget2023-24/doc/Budget_Speech.pdf

4. Best practices of policy support given to handicrafts in other Indian states for MSME's/Start-ups in the handicrafts sector

This chapter focuses on the policy initiatives taken by other states for the MSME's, small-scale entrepreneurs, manufacturers, and exporters in the handicrafts sector. Various types of crafts are present in different states of India with their own uniqueness and cultural history.

Hence, policies for the handicrafts sector in certain states where handicrafts have been given importance and/or considered to be a priority sector like Tamil Nadu, Orissa, Uttar Pradesh, Assam, Haryana, Gujarat, Bihar and Arunachal Pradesh versus Rajasthan have been discussed below:

Capital Subsidy⁶⁰

Incentives available in other states	Quantum of incentive
Orissa MSME Development Policy, 2022-27	25% on Plant and Machinery (P&M) for MSME's with max ₹2 crore
Orissa Industrial Policy Resolution, 2022-27	25% on P&M for priority sector MSME's incl. handicrafts
Assam handicrafts policy 2022-32	30% for handicraft unit/raw material bank for micro units s.t. max ₹15 lakh
Assam handicrafts policy 2022-32	30% on mechanisation, technology, standardization and quality control for micro units s.t. ₹5 lakhs
Bihar textile & leather policy	15% on P&M s.t. max ₹10 crore for MSME's in textile & leather sector
Aatmanirbhar Gujarat Scheme for assistance to MSME, 2022-27	10% - 25% of the term loan amount with a capping of ₹10-35 lakhs for micro enterprises.
Tamil Nadu MSME Policy, 2021-26	35% on P&M s.t. max ₹30 lakhs for new & existing micro enterprises and 25% s.t. max ₹150 lakhs for new & existing small and medium enterprises.
Tamil Nadu Startup Policy, 2023-28	25% on P&M s.t. max ₹25 lakhs for micro enterprise ₹150 lakhs for small & medium enterprise.
Uttar Pradesh MSME policy, 2022-27	10-25% on fixed capital investment made by new MSME's
Haryana textile policy, 2022-25	30-40% for new/existing MSME in the textile sector
Arunachal Pradesh State Industrial and Investment Promotion Policy 2020	30% on P&M s.t. max ₹50 lakhs for new industrial units for 5 years.
Rajasthan Investment Promotion Policy 2024	Capital subsidy @13-28% of the total EFCI for MSME's with investment of 25 crore and above

Interest subsidy

Incentives available in other states	Quantum of incentive
Orissa MSME Development Policy, 2022-27	Reimbursement of 50% of interest paid on term loan up to ₹1 crore for new MSME's
Aatmanirbhar Gujarat Scheme for assistance to MSME, 2022-27	Interest subsidy on term loans for MSME's @5%-7%, with a capping of ₹25-35 lakhs for a period of 5-7 years.
Arunachal Pradesh Industrial Policy 2020-25	Interest subsidy @3% for new MSME's subject to ceiling of ₹1 crore.

⁶⁰ Orissa: Handicrafts Policy [Odisha-handicrafts-Policy.pdf](#); MSME Policy [9678_compressed.pdf \(odisha.gov.in\)](#); Industrial Policy [Industrial Policy Resolution 2022 Col \(investodisha.gov.in\)](#); UP: MSME Policy [English_MSME-Policy-2022.pdf \(up.gov.in\)](#); Assam: Handicrafts Policy [handicraft_policy-24032022.pdf \(assam.gov.in\)](#); Industrial Policy [final industrial and investment policy of assam 2019.pdf](#); Gujarat: Aatmanirbhar scheme [AatmaNirbhar Gujarat Industrial Policy Brochure_1021_Single Page.cdr](#); Tamil Nadu: MSME Policy [Tamil Nadu Micro, Small and Medium Enterprises Policy - 2021.pdf \(investindia.gov.in\)](#); Startup Policy [Policy Book Final Low Res 19-09-2023 \(startuptn.in\)](#); Haryana: Textile Policy [Microsoft Word - 10047_9205_IND \(s3waas.gov.in\)](#), Bihar [https://state.bihar.gov.in/industries/cache/26/09-Jun-22/SHOW_DOCS/Textile%20&%20Leather%20Policy%202022%20English.pdf](#)

Bihar textile & leather policy 2022	10-12% interest subsidy for upto 5 years s.t. max ₹20 crores for MSME's in the textile & leather sector.
Assam handicrafts Policy, 2022-32	Interest subsidy on working capital 5 % of interest paid against working capital loan provided to Handicraft unit
Haryana textile policy 2022-25	6%-7% interest subsidy for new & existing MSME's subject to a ceiling of ₹20- 50 lakh
Tamil Nadu MSME Policy 2021	5% subsidy on interest on term loan obtained for technology upgradation/modernisation schemes for new/existing MSME's
Uttar Pradesh MSME Policy 2022	50% of interest payable on loan s.t. maximum of ₹25 lakhs per unit, in 5 years for new micro units
Rajasthan Investment Promotion Policy 2024	3-6% interest subsidy depending on loan amount slab for 7years for MSME's

Marketing incentives

Incentives available in other states	Quantum of incentive
Orissa Exports Policy 2022-27	Travel expenses up to 50% of the total air fare in economy class limited to Rs.50,000/- for MSME exporters for participation in trade fairs India & abroad.
Odisha handicrafts policy 2019	Measures such as creation of a logo for Handicrafts of Odisha, GI registration of crafts, advertisements and public hoardings.
Tamil Nadu MSME Policy, 2021-26	Reimbursement on 50% of exhibition and international trade fair stall or hall rent for MSME associations
Uttar Pradesh Export Promotion Bureau Scheme	Reimbursement of 60% of stall charges and 50% of economy class Air Fare max. upto 1,00,000/- per fair for one person for international fairs/exhibitions
Uttar Pradesh Startup Policy 2020-25	Reimbursement to startups for participation in events upto ₹50,000 for national events and ₹1 Lakh for international events
Assam handicrafts policy 2022-32	Marketing assistance reimbursed up to 50%; One- time financial assistance up Rs.30,000 for online marketing; 100% reimbursement of travel expenses for handicraft units
Assam handicrafts policy 2022-32	Brand building incentives such as registration of a common logo for "Crafts of Assam", publicity and advertisement, setting up of souvenir shops etc.
Rajasthan Export Promotion Council	Reimbursement @ 50% on maximum space of 9sq.meter ground rent /fee payable for approved international trade fairs/exhibition with an upper limit of Rs. 1 lakh per event for a maximum of 2 events per annum

Brand building support & export promotion

Incentives available in other states	Quantum of incentive
Bihar export promotion policy, 2024	Performance based subsidy of 1% of additional F.O.B. value, up to ₹10 lakhs pa for 7 years on achieving 50% incremental value over previous year's value of exports
Odisha handicrafts policy, 2019	Creation of a logo for handicrafts of Odisha, GI registration of crafts, advertisements and public hoarding.
Assam handicrafts policy 2022-32	Registration of a common logo for "Crafts of Assam", publicity & advertisement, setting up of souvenir shops

Skilling and training incentive

Incentives available in other states	Quantum of incentive
Uttar Pradesh MSME Promotion Policy 2022	Training and young entrepreneur in modern technologies of manufacturing, design, packaging etc. For training in the field of design, UP Institute of Design, Lucknow would be upgraded & strengthened.
Uttar Pradesh Export Promotion	Capacity building of exporters through workshops/seminars for

Bureau	expo marketing, Customs procedures, WTO design development, currency management etc.
Orissa handicrafts policy 2019	Entrepreneurship Development subsidy @75% of course fee to undergo management development training at institutes
Rajasthan Investment Promotion Policy 2024	Reimbursement of 50% of total cost of employee training for 6 months as a one-time incentive in the range of Rs.20,000-40,000

Logistics/Freight support

Incentives available in other states	Quantum of incentive
Bihar textile & leather Policy 2022	Freight reimbursement incentive of 30% from project location to port for a period of 5 years for MSME's in leather & textile sector subject to maximum of ₹10 lakh per year.
Uttar Pradesh Export Promotion Bureau Scheme	<ul style="list-style-type: none"> ▶ <u>Export cargo sent by air</u>: Subsidy benefits for routing cargo @25% of air freight or ₹100/kg with a maximum of ₹5,00,000 per unit ▶ <u>Export cargo sent through ICD/CFS</u>: Rs. 10000/- for 20" and Rs. 20000/- for 40" container or 25% of the total inland Freight charges (whichever is less) with a maximum of ₹20 lakhs
Orissa export policy 2022	Creation of adequate number of Inland Container Depot/ Container Freight station at potential sights to improve movement from specified sea ports for focus sectors including <i>handicrafts & handlooms</i>
Haryana AtmaNirbhar Textile Policy 2022-25	1% Freight on Board (FOB) value or actual freight excluding govt. fee & taxes, whichever is less for new exporting micro & small industries form ₹10-20 lakh depending on the category.
The export and logistic policy of Assam, 2019	Freight reimbursement on air freight from airport of Assam to foreign destinations @20% subject to a ceiling of ₹ 50 lakh p.a. for 5 years for Partnership firms, Private Limited Company, Proprietorial firms with handicrafts being focus sector
Rajasthan Investment Promotion Policy 2024	Reimbursement of @25% of total expenses on freight charges for sending goods for exporters through ICD's and/or air cargo complexes s.t. ₹25 lakhs per annum for first time exporters.

Land incentives⁶¹

Incentives available in other states	Quantum of incentive
Orissa MSME Policy, 2022-27	75%-100% reimbursement of stamp-duty for new and existing MSME's.
Uttar Pradesh MSME policy 2022-27	Stamp duty exemption in the range of 50-100% depending on the region for MSME's being established.
Bihar textile & leather Policy 2022	100% exemption of stamp duty/registration fee levied on lease/sale/transfer of industrial land/shed for the first time for MSME's in leather and textile sector.
Assam Industrial Policy, 2019-24	100% Stamp duty shall be reimbursed for MSME's subject to a monetary ceiling of ₹25 lakhs.
Haryana Startup Policy, 2022-27	Reimbursement of 30% of lease rental subsidy for general startups, which are operating from incubators/IT parks/Industrial Clusters subject to maximum of ₹5 lakh.
Rajasthan Investment Promotion Policy 2024	Stamp duty and land conversion charges exemption/reimbursement of upto 100% for MSME's.

⁶¹ Orissa: MSME Policy [9678_compressed.pdf \(odisha.gov.in\)](#);
UP: MSME Policy [English_MSME-Policy-2022.pdf \(up.gov.in\)](#) ;
Assam: Startup Policy [Assam_State_Policy.pdf \(startupindia.gov.in\)](#); Industrial Policy [final_industrial_and_investment_policy_of_assam_2019.pdf](#);
Arunachal Pradesh: MSME Policy [MSME Policy of Arunachal Pradesh \(Government of AP\) \(smeventure.com\)](#);
Haryana: Startup Policy [9738_2229-2249_IT \(startupharyana.gov.in\)](#)

R&D incentive⁶²

Incentives available in other states	Quantum of incentive
Arunachal Pradesh Startup Policy, 2021-26	R&D incentive up to 50% of capital cost of research expenses ₹5 lakh for eligible startups for up to 50% of capital cost of research expenses.
Odisha Industrial Policy Resolution, 2015	100% of the patent registration cost up to Rs. 10 lakhs for new and existing in MSMEs & priority sector

Employee subsidies⁶³

Incentives available in other states	Quantum of incentive
Orissa MSME policy, 2022-27	100% reimbursement of employers' contribution paid towards ESI and EPF for 5 years for new & existing MSME's employing skilled, unskilled, semi-skilled & highly skilled workers, being domicile of the State.
Odisha Industrial Policy Resolution Policy 2022-27	100% reimbursement of the employer's contribution towards ESI and EPF scheme for 5 years for new industrial units in priority sector including <i>handicrafts</i> for skilled & semi-skilled workers, being domicile of the state for MSME's
Assam Industrial Policy 2019-24	One-time incentive of ₹10,000 to the employer against each local youth employed by the unit as a one-time incentive to MSME's.
Uttar Pradesh MSME policy 2022-27	Reimbursement of 100% of EPF share of the employers for 5 years for new MSME's.
Aatmanirbhar Gujarat Scheme for assistance to MSME, 2022-27	100% reimbursement of employer's statutory contribution under EPF amount plus applicable Dearness Allowance (DA) and retaining allowance or ₹1800/month to MSME's for 5 years for new employees working in Gujarat.
Bihar textile & leather Policy 2022	300% of ESI & EPF paid by the unit for Category A of the policy— including apparel, leather, footwear etc. subject to ceiling of ₹5,000 per month per employee for MSME's
Rajasthan Investment Promotion Policy 2024	Reimbursement of 50% of employer's contribution towards employees EPF and ESI, for 7 years for domiciled employees in MSME's.

SGST reimbursement⁶⁴

Incentives available in other states	Quantum of incentive
Orissa MSME development policy, 2022-27	Reimbursement of @75% of net SGST paid in cash for a period of 3 years limited to 100% of cost of P&M for new and existing MSME's.
Odisha Industrial Policy Resolution Policy 2022-27	Reimbursement of @100% of net SGST paid, overall limited to 200% of the cost of plant and machinery for new MSME's under the priority sector including <i>handicrafts</i>
Bihar textile & leather Policy 2022	100% reimbursement on SGST for 5 years all new MSME's.
Arunachal Pradesh Industrial	100% SGST exemption for a period of 15 (fifteen) years for

⁶² Orissa: Industrial Policy [Industrial Policy Resolution 2022 Col \(investodisha.gov.in\)](#);

Arunachal Pradesh: Startup Policy [startupindia.gov.in/srf-2022/SRF_2022_Result_page/Arunachal_Pradesh.pdf](#)

⁶³ Orissa: Handicrafts Policy [Odisha-handicrafts-Policy.pdf](#); MSME Policy [9678_compressed.pdf \(odisha.gov.in\)](#); Industrial Policy [Industrial Policy Resolution 2022 Col \(investodisha.gov.in\)](#);

Assam: Industrial Policy [final_industrial_and_investment_policy_of_assam_2019.pdf](#);

UP: MSME Policy [English_MSME-Policy-2022.pdf \(up.gov.in\)](#);

Gujarat: Aatmanirbhar scheme [Aatmanirbhar Gujarat Industrial Policy Brochure 1021_Single_Page.cdr](#)

⁶⁴ Orissa: Handicrafts Policy [Odisha-handicrafts-Policy.pdf](#); MSME Policy [9678_compressed.pdf \(odisha.gov.in\)](#); Industrial Policy [Industrial Policy Resolution 2022 Col \(investodisha.gov.in\)](#);

Assam: Startup Policy [Assam_State_Policy.pdf \(startupindia.gov.in\)](#);

Arunachal Pradesh: Industrial Policy <<pdf attached>>;

Haryana: Startup Policy [9738_2229-2249_IT \(startupharyana.gov.in\)](#)

Policy, 2020-25	MSME's
Haryana startup policy 2022-27	50% of the net SGST reimbursement for 7 years with a cap of 100% of Fixed Capital Investment for entrepreneurs.
Rajasthan Investment Promotion Policy 2024	75% of the State Tax due and deposited for a period of 10 years for MSME's.

Assistance in export compliances

Incentives available in other states	Quantum of incentive
Tamil Nadu MSME policy 2021	100% reimbursement of charges for acquiring national/international quality certification recognized in India by a competent authority including payment towards certification and consultancy charges incurred by MSMEs.
Uttar Pradesh Micro, Small & Medium enterprises promotion policy 2022	Reimbursement of cost of national/international certification of approval: <ul style="list-style-type: none"> ▶ Micro enterprise: 75% ▶ Small enterprise: 50% ▶ Medium enterprise: 25% With a maximum of ₹5 lakhs
Orissa Export Policy 2022	<ul style="list-style-type: none"> ▶ One-time reimbursement of 50% of cost incurred in obtaining quality certifications for manufacturing processes and exports (compulsory markings) e.g. Conformity European (CE), China Compulsory certificates (CCC) with a ceiling of ₹50,000. ▶ One-time reimbursement of 50% of cost incurred in obtaining organic certification, quality certification, subject to a ceiling of ₹50,000. ▶ Reimbursement of 50% of cost incurred towards country specific certification & quality standards by an exporter for a new/value added product exported to a virgin market. ▶ Reimbursement for obtaining testing certification @50% of total cost with a maximum of ₹10,000 per export shipment.
The export and logistics policy of Assam, 2019	<p>Training of exporters (Partnership firms, Private Limited Company, Proprietorial firms with <i>handicraft products</i> being focus sector) to improve production of product as per Sanitary and Phyto sanitary standards/export certifications, CODEX Alimentations Standards and FSSAI standards</p> <p>Information dissemination on certifications required by US, Japan, other advanced economies for organic and other exports</p> <p>Paperwork required for Exports also accessible online at the single Window Export promotion portal.</p>
Rajasthan MSME Policy 2022	<ul style="list-style-type: none"> ▶ Development of export infrastructure through Public-Private partnership and an export guidance portal to facilitate MSME's with information on various acts / rules / regulations / scheme / programs international best practices etc. ▶ State Government envisages to organize specialized export training workshops for district level government officers as well as aspiring MSME exporters

Other incentives⁶⁵⁶⁶

Incentives available in other states	Quantum of incentive
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⁶⁵ Orissa: Startup Policy [Startup Policy – Startup Odisha](#); Arunachal Pradesh Startup Policy [startupindia.gov.in/srf-2022/SRF_2022_Result_page/Arunachal_Pradesh.pdf](#); Gujarat: Aatmanirbhar scheme [Aatmanirbhar Gujarat Industrial Policy Brochure 1021 Single Page.cdr](#)

Assam handicrafts policy, 2022-32	Every year, 3 (three) Awards shall be given to the Handicraft units (<i>an enterprise engaged in production of handicraft items in CFC owned and managed by artisan/entrepreneur/ SHG etc.</i>) in each district of Assam. The Award shall be in Cash (1 st @Rs.10000.00, 2 nd @Rs.7000.00 and 3 rd @Rs.5000.00) with a citation given to units on Independence Day/ Republic day celebration or Annual handicrafts week.
Arunachal Pradesh Startup Policy, 2021-26	<ul style="list-style-type: none"> ▶ Domicile Incentive: One time grant of up to Rs. 1,00,000/- will be provided to startups that are fully domicile to the State for a period of 1 year ▶ Digital upscaling subsidy: One-time digital upgradation subsidy will be provided as reimbursement to the eligible startups towards procurement and upgradation of high-end computer, related hardware, relevant software, etc. subject to a limit of Rs. 10,00,000/- per startup.
Orissa handicrafts policy 2019	<ul style="list-style-type: none"> ▶ Establishment of raw material bank: Financial assistance to government agencies/private entrepreneurs to set up raw material banks in clusters at strategic locations for the benefits of handicraft artisans. ▶ Infrastructure for craft schools: Proper infrastructure facilities and adequate manpower like own building shall be provided for the Govt. craft schools/ outreach training centres to serve as links between the artisans and markets.
Odisha Industrial Policy Resolution 2015	Entrepreneurship Development Subsidy of 75% of course fee limited to Rs. 50,000/- per course to entrepreneurs to undergo Management Development Training in reputed national level institutions.

Cluster incentives⁶⁷

Incentives available in other states	Quantum of incentive
Orissa Export Policy, 2022-27	CFCs/Flatted Factory Set up/Testing facility/Packaging facility etc. for handicraft and handloom sector. State will design interventions to address raw material issues faced by the exporters in the handicraft and handloom sector.
Tamil Nadu MSME Policy, 2021-26	Cluster development subject to reimbursement of 70% of the project cost for any micro industrial cluster/association. Along with this, there will be skilling and training units set up in collaboration with ITIs, Polytechnics and MSME industry associations.
Haryana State Mini Cluster Development Scheme	90% grant-in-aid (limited to ₹5 crore) for setting up Common Facility Centres for the MSME sector.
Rajasthan Investment Promotion Scheme 2024	Availability of land at circle rate and facilitation of water & power. In addition, a soft loan up to a max of ₹10 crore from the State at 5% interest rate

Plug & play facility⁶⁸

Incentives available in other states	Quantum of incentive
Bihar textile & leather Policy 2022	Development of ready-to-move infrastructure having necessary technological and basic infrastructure for running a unit e.g.

⁶⁷ Orissa: Handicrafts Policy [Odisha-handicrafts-Policy.pdf](#); Export Policy <https://investodisha.gov.in/download/Export-Policy-2022.pdf>; Haryana: [HEEP-2020.pdf \(haryanaindustries.gov.in\)](#); Gujarat: Handicraft scheme [Handicrafts | Schemes | Gujarat State Handloom & Handicrafts Development Corporation Ltd.](#); Tamil Nadu: MSME Policy [Tamil Nadu Micro, Small and Medium Enterprises Policy - 2021.pdf \(investindia.gov.in\)](#); Assam: Handicrafts Policy [handicraft_policy-24032022.pdf \(assam.gov.in\)](#)

⁶⁸ [SIPCOT \(tn.gov.in\)](#)

	electricity, testing centres, 3D printing, water treatment, power station and flatted factory option.
Tamil Nadu MSME Policy, 2021-26	Development of plug & play facilities, plots & sheds made available on short-term lease by TANSIDCO for MSME's.
Tamil Nadu Industrial Policy 2021	Allowing SIPCOT allottees who have used up 50% of their allotted area to construct plug & play facilities and sub-lease to others. Some examples of sector specific parks in Tamil Nadu include international furniture park, mega leather park, PM Mitra textile park.
Uttar Pradesh Micro, Small and Medium Enterprises promotion policy	New MSME Park/Industrial Estate being developed on 50 acres or more land would be developed as integrated industrial park/estate, wherein developed industrial plots with plug and play development facility will be provided.
Haryana enterprises and employment policy 2020	Grant in aid of 50% of project cost up to ₹ 10 crore for developing flatted factories on minimum 5 acres of land for cluster plug & play facility.

Non-fiscal incentives⁶⁹

Incentives available in other states	Quantum of incentive
Uttar Pradesh Industrial Investment and employment Promotion policy 2022	Create facilitating infrastructures across the state like multi-modal logistic hubs, specialised industrial zones etc. Facilitate exporters with easy access to markets and information related to regulatory requirement of such markets.
Uttar Pradesh Export Promotion Policy, 2019-24	Marketing assistance to industries of the state for participation in virtual and physical exhibitions, trade fairs, and buyer-seller meets
The export and logistics policy of Assam, 2019	<ul style="list-style-type: none"> ▶ For marketing & export promotion, a special cell will be created at "Assam Trade Promotion Organization (ATPO)" which would provide comprehensive market information to the exporting community. ▶ Promotion of export-oriented units (Partnership firms, Private Limited Company, Proprietorial firms with <i>handicraft products</i> being a focus sector) through participation in trade fairs, meetings and other export promotion events aiming at developing direct buyer-seller relationship ▶ Development of export promotion portal: Information on export policies, Schemes, procedures, market research data

⁶⁹ Orissa: Handicrafts Policy [Odisha-handicrafts-Policy.pdf](#); Startup Policy [Startup Policy – Startup Odisha](#); UP: Export Policy [UP Export Promotion Policy 2020-25](#); Assam: Handicrafts Policy [handicraft_policy- 24032022.pdf \(assam.gov.in\)](#); Gujarat: Handicraft scheme [Handicrafts | Schemes | Gujarat State Handloom & Handicrafts Development Corporation Ltd.](#);

Policy benchmarking basis policies in key handicraft-producing States in India

Incentive	Rajasthan	Assam	Tamil Nadu	Orissa	Uttar Pradesh	Haryana	Arunachal Pradesh	Bihar
Policy type	RIPS ; handicrafts ; Startup ; MSME	Handicraft ; ; Industrial ; Startup ; Exports	Startup ; MSME	Industrial ; Startup ; Handicrafts ; MSME ; Exports	Startup ; Export ; MSME	HEEP ; Startup ; MSME ; Textile	Industrial ; Startup	Textile & leather 2022
Capital subsidy	✗	✓	✓	✓	✓	✓	✓	✓
Interest subsidy	✓	✓	✓	✓	✓	✓	✓	✓
Marketing	✓	✓	✓	✗	✓	✓	✗	✗
Land incentive	✓	✓	✓	✓	✓	✓	✓	✓
R&D incentive	✗	✗	✗	✗	✗	✗	✓	✗
SGST reimbursement	✓	✓	✗	✓	✗	✓	✓	✓
Skilling & Training	✓	✗	✓	✓	✓	✗	✗	✓
Cluster	✓	✓	✓	✓	✗	✓	✗	✓
Freight subsidy	✓	✓	✓	✓	✓	✗	✗	✗
Plug & play facility	✗	✗	✓	✗	✓	✓	✗	✓

After discussing the best practises of the Indian states, the next chapter undertakes a similar exercise to study as-is policy landscape in competing jurisdictions across the globe.

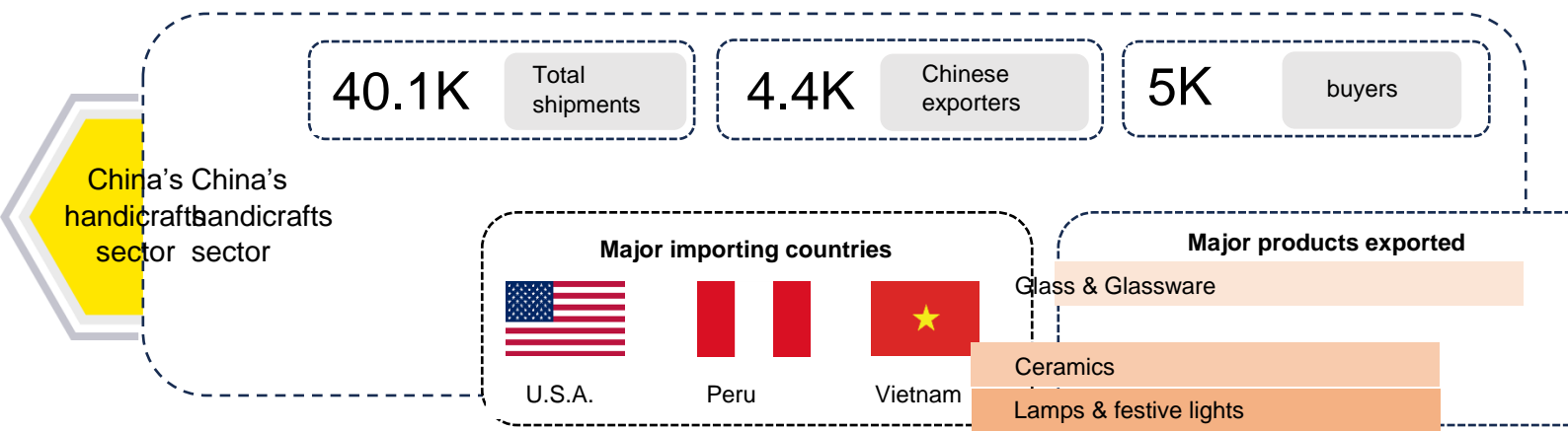
5. Global best practices for support provided to the handicrafts sector

Countries across the globe have recognised the importance of the handicrafts sector for the economy and thus have promulgated several schemes and benefits for the sector. Along these lines, this chapter takes a broad level look at the practices being followed globally in jurisdictions that have a flourishing industry of handicrafts.

China



Major types of arts and crafts in China include Bronze Craft, Jade Art, Ceramic Pottery, Chinese Ancient Fine Embroidery, Beijing Silk Figurines, Sculpture and Carving, Chinese lacquer art, Glassware etc.⁷⁰⁷¹



Total shipments indicate total number of export shipments from China
Chinese exporters represent the number of exporters exporting handicrafts from China
Buyers indicate the number of buyers overseas importing Chinese handicrafts

The Chinese government actively works towards the development and promotion of its handicrafts industries and has taken several measures to augment the manufacturing activities in handicrafts as well as other sector through various policy enablers. One such major support initiative has been the development of industrial clusters discussed in detail in the succeeding paragraphs:

Developing Industrial Clusters

Following a bottom-up approach where the intervention of local and central institutions has been instrumental in promoting growth, increasing productivity and in helping firms in specific and strategic areas such as skill-upgradation of the workforce, R&D activities, market access, etc, China has developed a number of industrial clusters across the country.

⁷⁰ <https://www.epch.in/ChinaStudy/Report.pdf>
⁷¹ <https://www.volza.com/p/handicraft/export/export-from-china/>, Information available as on July 17, 2024 (accessed on 7th August 2024)

A major example of establishment of industrial clusters can be seen in the Zhejiang Province where the Zhejiang government developed specialized industrial parks leading the geographically dispersed enterprises into well-structured industrial zones to facilitate production, collaborative process and the sharing of infrastructure.

One of the most significant clusters in Zhejiang is the **hosiery cluster of Datang**. It boasts of more than 200 thousand employees working in the cluster, formed by hosiery manufacturing industry and related supporting industries such as materials, machinery, market, service, etc.⁷² In Datang cluster, there are at least 10,000 specialised hosiery manufacturing enterprises out of which at least 2 enterprises are leading companies recording annual output of above 1 billion RMB.⁷³ Approximately, there are at least about 100 thousand various hosiery machineries, of which technically advanced machinery such as computerized sock machines make up more than 70 percent.⁷⁴ In 2002, the products of these cluster accounted for 40 percent of national output, and were exported to Japan, South Korea, Middle East, Russia and other more than 30 countries.⁷⁵

The local government plays a pivotal role in three main areas⁷⁶:

1. **Main provider of technology and market information:** Launched in 1999, "Datang hosiery district" was launched with the purpose of collecting information on technology and markets for the government-sponsored hosiery industry. In addition to technological assistance, the local government also helps to spread computer knowledge, and to build homepages for product promotion through internet.
2. **Acts as the industrial planner:** Government as established several industrial parks and trade markets for the transaction of materials, machinery, finished products, logistics and labor resources.
3. **Promotes district brands:** local government engages in the promotion of district brand which improves local reputation. For instance, the government launched the hosiery cluster in Datang as a collective brand on global markets at national sock and stocking trade exhibitions.

Training and Skilling Measures

- ✓ **Vocational training as part of education profile:** Vocational education in China is provided at three levels: junior secondary, senior secondary and tertiary.⁷⁷ Tertiary vocational education emphasizes the training of practice-oriented and craft-oriented talents.⁷⁸ *The Vocational Education Law, passed on April 20, 2022, has upgraded the status of this education segment, which is aligned with China's overall ambitions for higher quality growth.* According to the Law, vocational education is equally important to general education, and consequently vocational education graduates should enjoy equal education and career opportunities. The Chinese government is promoting investment in vocational education with increasing urgency to improve the technical capabilities of its workforce.⁷⁹

As per media reports, China is set to have a national mechanism by 2025 which will include customised policies supporting various sections of the Handicrafts sector. Benefits envisaged as part of this national mechanism include use of modern technology and management methods to boost production efficiency, up-scaling brands by differentiating between handcrafting and production processes, and support MSMEs.⁸⁰

⁷² Page 62, <https://core.ac.uk/download/pdf/14701667.pdf>

⁷³ Page 63, <https://core.ac.uk/download/pdf/14701667.pdf>

⁷⁴ Page 63, <https://core.ac.uk/download/pdf/14701667.pdf>

⁷⁵ Page 63, <https://core.ac.uk/download/pdf/14701667.pdf>

⁷⁶ Page 73, <https://core.ac.uk/download/pdf/14701667.pdf>

⁷⁷ [Vocational Education in China -- china.org.cn](https://china.org.cn)

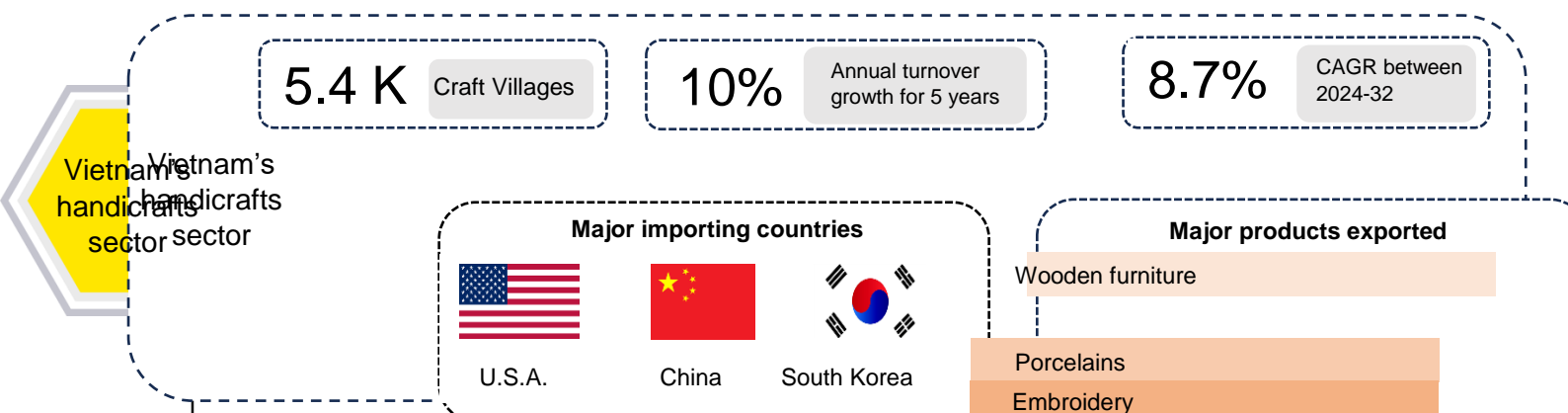
⁷⁸ [Vocational Education in China -- china.org.cn](https://china.org.cn)

⁷⁹ [Vocational Education in China: New Law Promotes Sector's Growth \(china-briefing.com\)](https://china-briefing.com)

⁸⁰ [Handicrafts at heart of new policy \(www.gov.cn\)](http://www.gov.cn)



Vietnam boasts of wide variety of attractive handicraft items which reflects the dexterity of the weavers and craftsmen of the region.^{81 82 83 84 85 86 87 88 89}



With the current trend of development, Vietnam has laid emphasis on incentivising and supporting the handicrafts sector basis the following policy enablers as discussed below:

Development of Craft Villages & Industrial clusters of Vietnam

The government of Vietnam has been continuously passing decrees relating to craft villages for the production of handicraft products and for the management and development of industrial clusters providing a special focus to the handicrafts sector including its expansion of production and businesses.⁹⁰

Vietnam provides the following support to its craft villages, clusters and domestic & foreign organizations / individuals investing in development of business and service of rural crafts, referred to as “rural craft facilities”, including MSMEs and cooperatives:

❖ Financial incentives:

- Up to 50% of the costs for rural development projects subject to a limit of VND 500 million/project including purchasing materials, machinery, equipment, manufacturing lines, technical personnel etc.⁹¹

⁸¹ <https://www.fibre2fashion.com/industry-article/5202/vietnamese-handicrafts-industry>

⁸² Handicrafts target 5 billion USD in export value by 2025 | Vietnam+ (VietnamPlus)

⁸³ <https://www.imarcgroup.com/vietnam-handicrafts-market>

⁸⁴ <https://www.epch.in/ChinaStudy/Report.pdf>

⁸⁵ <https://www.volza.com/p/handicraft/export/export-from-china/>

⁸⁶ Vietnamese Handicrafts - Trade promotion and our obligation (vietnamproductexport.com)

⁸⁷ VIETNAM HANDICRAFT (linkedin.com)

⁸⁸ <https://itpc.hochiminhcity.gov.vn/web/en/handicraft>

⁸⁹ <https://www.volza.com/p/handicraft/export/export-from-vietnam/>

⁹⁰ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf> and Decree 32/2024/ND-CP [Decree No. 32/2024/ND-CP dated March 15, 2024 on management and development of industrial clusters in Vietnam \(thuvienphapluat.vn\)](https://www.vietnamplus.vn/Decree-No.-32/2024/ND-CP-dated-March-15-2024-on-management-and-development-of-industrial-clusters-in-Vietnam-(thuvienphapluat.vn))

⁹¹ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

- Financing infrastructure investment for craft villages related to renovation, upgrade, and improvement of craft village infrastructure: Road, electricity, clean water; water drainage and irrigation systems; centres and points of sale and introduction of craft village products.⁹²
 - Financial assistance in investment and development of technical infrastructure of industrial clusters up to 30% of the total investment capital of the industrial cluster infrastructure construction project.⁹³
 - Allocation of funds to aid various development activities of industrial clusters such as:
 - Research, database maintenance, and investment promotion.
 - Investment promotion activities, surveys, detailed planning for industrial cluster construction
 - Support for setting up investment projects, transport and installation of machinery and equipment for enterprises, cooperatives, associations and households in craft villages to relocate to industrial clusters.⁹⁴
- ❖ *Marketing incentives for participation in trade promotion activities*
- Finance up to 50% of the costs but no more than VND 50 million/facility for hiring consultation and assistance for development of website for product launch, online sale, product, and packaging design, develop trademark etc.⁹⁵
 - Finance 100% of the costs incurred for renting premise for product exhibitions; organization of convention; allowances and travel for Vietnam craft product competitions.⁹⁶
- ❖ *Skilling*
- Financing classes for professional training to traditional craft practitioners, practitioners in craft villages, traditional craft villages and practitioners in rural craft facilities.⁹⁷
 - Preferential treatment for rural craft facilities for vocational training for rural employees.⁹⁸
- ❖ *Science and technology*
- Preferential treatment in policies and financial mechanisms to rural craft facilities applying science & technology for producing new products.⁹⁹
 - Funding for conducting independent research topics or cooperating with science research entities to create new technology or research products with potential of commercialization¹⁰⁰
- ❖ *Infrastructure financing*
- Financing for renovation, upgradation and improvement of craft village infrastructure such as road, electricity, clean water, water drainage, irrigation systems.¹⁰¹
- ❖ *Other incentives for rural crafts/cluster development*
- Financing for production premise: Financing relocation of rural craft facilities from urban areas to planning location by the local government budget.¹⁰²
 - Development of tourism linked craft villages: Plan of developing 301 traditional craft villages linked to tourism by 2030¹⁰³ to provide in-situ development to the handicrafts industry.¹⁰⁴

⁹² Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

⁹³ Decree 32/2024/ND-CP [Decree No. 32/2024/ND-CP dated March 15, 2024 on management and development of industrial clusters in Vietnam \(thuvienphapluat.vn\)](https://thuvienphapluat.vn)

⁹⁴ Decree 32/2024/ND-CP [Decree No. 32/2024/ND-CP dated March 15, 2024 on management and development of industrial clusters in Vietnam \(thuvienphapluat.vn\)](https://thuvienphapluat.vn)

⁹⁵ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

⁹⁶ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

⁹⁷ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

⁹⁸ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

⁹⁹ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

¹⁰⁰ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

¹⁰¹ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

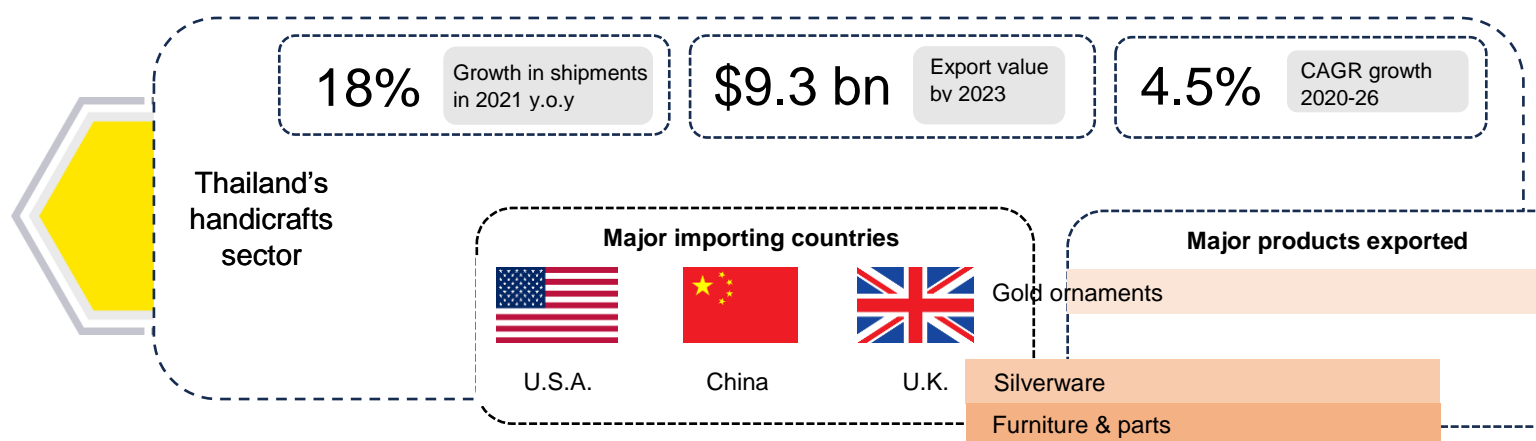
¹⁰² Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>

¹⁰³ <https://en.vietnamplus.vn/vietnam-to-develop-301-tourism-linked-craft-villages-by-2030-post233856.vnp>

¹⁰⁴ Decree 52/2018/ND-CP <https://faolex.fao.org/docs/pdf/vie219152.pdf>



Thailand is a vibrant world of arts and crafts, a beautiful amalgamation of centuries-old traditions and innovative modern influences. Each piece is a testament to the skilful craftsmanship and intricate detailing deeply ingrained in Thai culture.¹⁰⁵¹⁰⁶¹⁰⁷¹⁰⁸¹⁰⁹



Examples of Thai handicrafts include Thai silks, lacquerware, pottery (Benjarong), bronzeware cutlery, handmade mulberry paper, teak furniture, traditional musical instruments and Thai puppets, etc.¹¹⁰

The Thai government has been continuously focusing on the development and promotion of its handicrafts industries. Some of the key measures taken by the government to boost the sector are discussed as follows:¹¹¹

- ✓ Thailand's Creative Economic Agency (CEA) has identified fifteen categories of goods and services as a part of creative economy. These include – '**handicrafts**, performing arts, cultural tourism, design, architectural services etc. These creative industries have been divided into three main groups, providing various tax incentives for the same. These are as follows¹¹²:
 - ▶ Creative business (includes recycled fabric, gems & jewellery, dyeing, toys, furniture, leather products etc.): 3-year tax exemption from Corporate Income Tax
 - ▶ Digital business (includes E-commerce, incubation centres): five-year tax exemption from Corporate Income Tax
 - ▶ tourism business (includes cultural centres, tourist attractions, exhibitions): eight-year tax exemption from Corporate Income Tax
- ✓ Multiple initiatives are being taken up by the Support Arts and Crafts International Centre of Thailand campaign (SAICAT), which is an organisation under the Ministry of Commerce for the purpose of promotion, support and integration of vocations.

¹⁰⁵ <https://www.traveloka.com/en-ph/explore/destination/get-to-know-more-about-thailand-arts-and-crafts-acc/272190>

¹⁰⁶ <https://royalthaiart.com/arts-and-crafts-of-thailand/>

¹⁰⁷ [Thailand Handicrafts Market \(2020 - 2026\) | Trends, Outlook & Forecast \(6wresearch.com\)](https://www.6wresearch.com/industry-analysis/thailand-handicrafts-market-2020-2026)

¹⁰⁸ [Bangkok Post - Handicraft exports enjoy uplift as demand recovers](https://www.bangkokpost.com/business/21582440221105820?icid=int.sj-full-text.similar-articles.2)

¹⁰⁹ [Thailand's handicraft exports exceed US\\$9.3 billion in 2023 \(prd.go.th\)](https://prd.go.th/news/1177/21582440221105820?icid=int.sj-full-text.similar-articles.2)

¹¹⁰ <https://royalthaiart.com/arts-and-crafts-of-thailand/>

¹¹¹ <https://journals.sagepub.com/doi/10.1177/21582440221105820?icid=int.sj-full-text.similar-articles.2>

¹¹² [Bangkok Post - THE GLOBAL COMPETITIVENESS OF LOCAL CREATIVITY](https://www.bangkokpost.com/business/21582440221105820?icid=int.sj-full-text.similar-articles.2)

- ▶ **SAICIT's 5-year action plan (2023-27)** ¹¹³: With a vision 'to become a Thai handicraft knowledge and preservation centre, commercialising globally for sustainable community's well-being', SAICIT launched a 5-year action plan in 3 stages
 - Time to change (2023): Fostering collaboration with internal and external stakeholders, promoting handicrafts to people of all ages, enhancing organizational infrastructure and building inner strength to fulfil the potential of personnel
 - Growth period (2024-26): Creation and promotion of handicraft products to diverse age groups, expansion to international stage
 - Sustainable Arts & Crafts (2027): Ensure sustainable handicrafts for local and international market.
- ▶ **Development of "Thai Crafts Online" scheme**: SACICT is coming up with a "Thai Crafts Online Scheme" to sell Thai handicraft products via e-commerce and other platforms. Along with this, it is also building on virtual trade exhibition and online business matching to boost exports. ¹¹⁴
- ▶ **Smart Craft CEO project**: SAICIT is undertaking development and upgradation of local communities under the 'Smart Craft CEO project' in order to become SME's and startups in arts and crafts. This would be helpful in capacity building to meet consumer demand. ¹¹⁵
- ▶ **Contributing to promote innovations in arts and crafts**: SACICT launched a project called "Thai Navatasilp: Innovative Art of Thai Crafts" to help local handicraft entrepreneurs adopt new technology and develop creative designs for their products. The project has also helped design new packaging to appeal to more customers. ¹¹⁶
- ▶ **Highlighting Thai craftsmanship through digital archive**: ¹¹⁷ The SACICT Arts and Crafts Knowledge Centre provides the full range of knowledge in arts and crafts through experiences from SACICT's exhibition halls, library and shops, as well as through modern technology platforms using a digital arts and crafts search system. This will be in the following manner:
 - SACICT Shop will showcase creative and inspirational handicraft products and artworks.
 - SACICT Library will provide information on Thai arts and crafts through books, journals, publications, and video media.
 - SACICT Archive will offer a comprehensive digital search from a database of crafts and artworks created by master artisans of Thailand, masters of craftsmanship, handicraft heirs and designers to offer valuable information for education, research and historical reference.
- ✓ **The Ministry of Commerce will also promote standard certification for Thai handicrafts** for export as well as the adoption of environmentally friendly processes and zero waste practices. To drive innovations in these areas and gain global acceptance, SACICT is working in collaboration with the Thailand Textile Institute, the National Nanotechnology Centre, and Central Laboratory (Thailand) Co. Ltd. ¹¹⁸

Conclusion:

Countries in competing jurisdictions like China, Vietnam and Thailand have worked and are continuously striving towards the improvement of their handicrafts industries mainly through building industrial clusters and providing excellent vocational training. These are key learnings for India to incorporate in its states to increase and boost the production as well as export potential of Indian handicrafts. The present report provides specific recommendations in this respect in Chapter 8.

Before delving into the specific recommendations of the report, the next chapter-6 discusses various issues faced by the handicrafts sector in Rajasthan. These challenges when addressed will unlock significant economic benefits for the state (discussed in chapter-7).

¹¹³ [Readiness of Thai artistic handicrafts for global online marketplace \(tu.ac.th\)](https://www.tu.ac.th/)

¹¹⁴ [Bangkok Post - Handicraft exports enjoy uplift as demand recovers](https://www.bangkokpost.com/business/30193168)

¹¹⁵ [Bangkok Post - Handicraft exports enjoy uplift as demand recovers](https://www.bangkokpost.com/business/30193168)

¹¹⁶ <https://www.nationthailand.com/business/30193168>

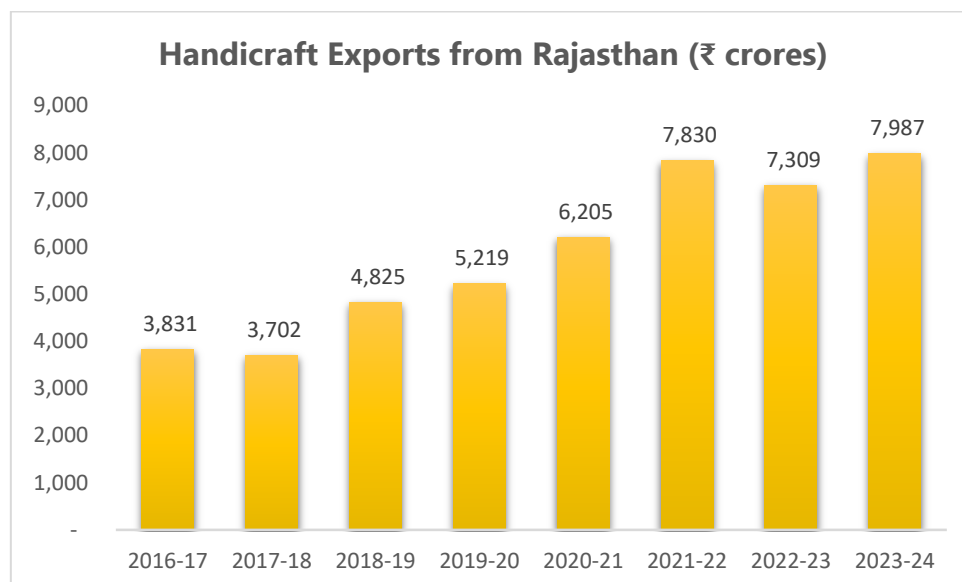
¹¹⁷ <https://www.nationthailand.com/lifestyle/30374858>

¹¹⁸ <https://www.bangkokpost.com/business/general/2190991/creative-industry-for-a-resilient-economy>

6. Existing challenges in the handicraft sector

Rajasthan handicrafts sector, as discussed in the above chapters, has the potential for boosting the state's exports which could further result in increase in employment, state's GDP and revenue for the exchequer. However, the sector at present is not growing to its full potential.

The same can be seen from the trend of export in the state since 2022. Despite of the introduction of the Rajasthan Handicrafts Policy of 2022, there has been seen no substantial growth in the export numbers.



For understanding the reasons for slow growth, it is imperative to study the challenges faced by the sector which have been elaborated below:

Lack of infrastructure & technology

For any sector to grow and compete in the international markets, it is important to increase their productivity and be competitive in the pricing, which is facilitated by inflow of capital and use of latest technology. Given the thrust on Make in India and the opportunities offered by China +1 strategy, the time is opportune for the country and the state of Rajasthan to grow its handicrafts sector exponentially by investing in capital, infrastructure and technology.

However, the bare minimum requirement to achieve the same is through setting up factories which requires substantial amount of investment in land, machinery and other infrastructure. This further require usage of latest technology such as AI, ML, RPA etc. All of the above requires a considerable amount of capital investment. The current incentives provided to the handicraft sector in the State are not sufficient to scale up infrastructure and to access the required technology to compete globally.

Landlocked state

As a landlocked state, Rajasthan faces unique logistical hurdles. High freight charges for exporting finished products and importing necessary inputs increase production costs. Additionally, container shortages and elevated logistics costs further exacerbate these challenges^{119 120}. This combination of

¹¹⁹ <https://www.epch.in/press/release/pr131.pdf>

¹²⁰ <https://timesofindia.indiatimes.com/city/jaipur/handicraft-exporters-to-receive-freight-subsidies-in-rajasthan/articleshow/112415502.cms>

factors diminishes the price competitiveness of Rajasthan's products in international markets, making them less appealing compared to those from states with port facilities like Gujarat, Maharashtra, and Tamil Nadu

Lack of skilled labour

The handicrafts sector requires a diverse workforce in the value-chain, including skilled blue-collar artisans doing hand made as well as machinery work and white-collar professionals indulging in marketing of products, utilising high-level technology in the process of testing handicrafts and ensuring quality, as well as selling and branding. While blue collar workers such as the artisans create the handicrafts, they currently lack the technical skills needed for innovation and productivity.

White-collar workers on the other hand are essential for implementing technology and automation, as well as managing e-commerce, business analytics, and compliance. The sector's growth is hindered by a shortage of skilled workers in both categories, limiting its ability to capitalize on globalization and also unlock its full potential. For the same, the sector is required to make investment in procuring skilled labour as well as in their training to enable them to use the latest technology.

Non-issuance of new saw-mill licenses

In case of wood-based handicrafts, saw-mills provides the necessary wood-based inputs which form an integral part of the supply chain of raw materials required to make finished wood-based handicraft products.

However, basis a Supreme Court order¹²¹, it was mandated for state governments to close all unlicensed sawmills, veneer, plywood industries and to take prior permission from the Central Empowered Committee before permitting any sawmills, veneer or plywood industry to open.¹²²

Pursuant to this order, the Supreme Court and the CEC took the view that before granting fresh licences to wood-based industries in States, there was a need to consider the availability of timber from official sources and to also consider the capacity of the existing units in the State. Accordingly, CEC received information from states in this aspect and it was indicated that no licences can be granted in the state of Rajasthan whereas 750 licenses could be granted in West Bengal.¹²³ Due to this, several applications were pending for which Rajasthan State Government tried to get support from Ministry of Environment, Forest and Climate Change to get licenses issued.¹²⁴

This has led to a severe shortage of right quality raw materials due to limited sawmills being operational within the state. The existing saw-mill industry in Rajasthan is not able to match the growing demand of woodware handicrafts and wood inputs. Additionally, with the said restriction within the state, the industry is compelled to procure the cut wood from other states (such as Uttar Pradesh) which results in an additional cost. Further, the cut wood procured from other states are also not as per the customised requirement of the artisans i.e. the wood is cut on rustic machines which does not give it the right finishing due to which the same are again required to be cut leading to additional costs in terms of additional processes as well as there is a depletion of natural resources. The increase in cost further raises the price of the final product, making it uncompetitive in the market.

Stringent labour laws

¹²¹ Supreme court order dated 30.10.2002, K.M. CHINNAPPA, T.N. Godavarman Thirumalpad vs. Union of India and Ors.

¹²² [Forest \(rajabhaskar.gov.in\)](http://forest.rajabhaskar.gov.in) (internal page number 386)

¹²³ http://awsassets.wfindia.org/downloads/indias_forests_and_the_judiciary_2.pdf

¹²⁴ <http://www.indiaenvironmentportal.org.in/content/158394/centres-help-sought-on-saw-mills-issue/>

Handicrafts is an artistic industry which requires dedicated attention and time from artisans and cannot operate in shifts. Once an artist starts a work, the artist has a specific idea or pattern in mind which only she can complete. Hence, continuity of work becomes critical.

This process sometimes takes more time than what is allowed under the labour laws of Rajasthan which stipulates that no adult workers shall be allowed to work more than 48 hours in week and more than 9 hours in a day¹²⁵, incompatible with the project-based nature of the handicrafts industry. This inflexibility limits the ability of workers and results in delay in completion of the work product since the work started by one cannot be delegated to anybody.

Further, with meagre earnings, artisans in the sector are unable to afford a decent standard of living for themselves and their families. Further, due to existing regulations, even if an employee wants to enhance her compensation by working extra and employer is willing to pay extra, they are unable to do so. Thus, the non-flexibility in the working hours is causing a hinderance for the sector which ultimately impacts the quality of the product and increases the lead time for completion of a particular order.

Non-availability of testing labs

The quality of finished handicrafts relies on various tests to assess durability, weather resistance, material toughness, scratch resistance, and other factors. These tests require specialized laboratories, which are currently lacking in the state. This hinders the ability of handicraft exporters to improve their product quality or even assess the quality of existing products, making it difficult to offer high-quality items to international customers.¹²⁶

The aforementioned challenges pose as a significant roadblock for the handicrafts sector to achieve its full potential of exports which if achieved will entail benefits for the state and the country in the form of boost to the GDP, revenue receipts such as in the form of GST/other non-tax contributions and employment which is discussed in the next chapter.

¹²⁵ https://upload.indiacode.nic.in/showfile?actid=AC_RJ_83_1123_00023_00023_1563790759618&type=rule&filename=rajasthan_factories_rule_s.1951.pdf

¹²⁶ <https://epch.in/ecraftcil/issue82/pdf/11-Infrastructure.pdf>

7. Benefits of incentivising the Handicrafts sector

Achieving ₹ 18,000 crore (US\$2140 million) worth of exports as envisioned by the industry is likely to bring in an array of benefits for the State of Rajasthan as discussed below:

Boost to Gross State Domestic Product (GSDP)

The Gross State Domestic Product measures the volume of all final goods and services produced within the boundaries of the State during a given period of time.¹²⁷ The table below maps the Handicrafts exports from the State of Rajasthan and the State's GSDP figures.

Year	Exports of Handicrafts ¹²⁸ (₹ crore)	GSDP of Rajasthan ¹²⁹ (₹ crore)
2013-14	3,029	5,51,031
2014-15	3,264	6,15,642
2015-16	3,343	6,81,482
2016-17	3,831	7,60,587
2017-18	3,702	8,32,529
2018-19	4,825	9,11,519
2019-20	5,219	9,98,679
2020-21	6,205	10,19,442
2021-22	7,830	12,18,193
2029-30	18,000	25,60,060

The above data reflects a positive growth rate of GSDP with increase in exports of handicrafts from Rajasthan. Assuming that the same growth rate of GSDP continues and if the handicraft industry's vision of achieving exports to the tune of ₹ 18,000 crore (US\$2140 million) is realised by FY2030, Rajasthan's GSDP is likely to grow at a CAGR of 9.73% to reach approximately **₹ 25.60 lakh crore (by FY2030)**¹³⁰ from the current level of ₹ 12.19 lakh crore (FY2022).

Higher government revenue receipts

Revenue receipts are one of the key parameters of revenue of the State Government as captured in the State's Economic Reviews. State's revenue receipts comprise of own taxes, non-tax revenue, share in Central Taxes and Union Grant. The table below maps the revenue receipts of the State of Rajasthan and the State's GSDP figures from FY2014 to FY2022¹³¹:

Year	GSDP of Rajasthan (₹ crore) ¹³²	Revenue receipts (₹ crores) ¹³³
2013-14	5,51,031	74,470
2014-15	6,15,642	91,327
2015-16	6,81,482	1,00,285
2016-17	7,60,587	1,09,026
2017-18	8,32,529	1,27,307
2018-19	9,11,519	1,37,873

¹²⁷ [economicreviewE.pdf\(rajasthan.gov.in\)](https://www.economicreviewE.pdf(rajasthan.gov.in))

¹²⁸ Exports of handicrafts for FY2014 & FY2015

¹²⁹ <https://www.nabard.org/auth/writereaddata/careernotices/0310183219Paper%20on%20Export%20Credit.pdf>; GSDP of Rajasthan from MOSPI

¹³⁰ <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap03.pdf>,

¹³¹ <https://pib.gov.in/newsite/PrintRelease.aspx?relid=179666#:~:text=GDP%20at%20current%20prices%20for,14>.

¹³² EY analysis: Assuming same growth rate between GDP and exports observed from FY19-FY22, the State's GDP is likely to be approximately ₹ 25.60 lakh crore if the exports reach the value of ₹ 18,000 crores in FY 2030.

¹³³ [economicreviewE.pdf\(rajasthan.gov.in\)](https://www.economicreviewE.pdf(rajasthan.gov.in))

¹³⁴ GSDP of Rajasthan from MOSPI.

¹³⁵ <https://finance.rajasthan.gov.in/docs/budget/statebudget/2023-2024/economicreviewE.pdf>

The above data	2019-20	9,98,679	1,40,114
	2020-21	10,19,442	1,34,308
	2021-22	12,18,193	1,83,920
	2029-30	25,60,060	3,75,311

reflects a positive growth rate of State's revenue receipts with increase in GSDP of Rajasthan. Assuming that the same growth rate of revenue receipts continues and if the State GDP reaches ₹ **25.60 lakh crore**,¹³⁴ the revenue receipts of the state government are likely to reach a figure of ₹ **3.75 lakh crore by 2030**.

Thus, incentivising the sector will translate into higher earnings for the government in terms of non-tax and tax receipts such as State Goods & Service Tax (SGST) component on domestic sales made by the handicrafts sector.

Creation of new employment opportunities

As provided in the Handicrafts Policy of Rajasthan, the state government has envisioned creating 50,000 additional job opportunities by FY2027 in the handicrafts sector.¹³⁵ As per the policy, Rajasthan is home to 6,00,000 artisans and craftsmen.¹³⁶ Basis this employment/livelihood figure, a ratio between employment (6,00,000) and the exports of Handicrafts (₹ 7,830 crores) from Rajasthan can be estimated to be 1:76 for FY 2022.

Thus, basis this ratio of 1:76, it is estimated that an increase of exports in handicrafts to the tune of ₹ 18,000 crore (US\$2140 million) (by FY2030) has the potential to generate **7,50,000** additional employment opportunities in the State by FY2030.¹³⁷ It should be noted that the estimated employment figure may also be dependent on other factors such as revenue generation in the State, investment increase etc., thereby creating more possible employment opportunities than originally envisioned for the sector.

To achieve the target of ₹ 18,000 crore (US\$2140 million) worth of handicrafts exports by FY2030 and the associated economic benefits, there is a need to implement policy interventions which are discussed in the next Chapter-8. These interventions are likely to boost the State's GDP, state government revenue receipts, and employment opportunities in the long-run.

¹³⁴ basis the relationship observed between exports and State GDP, discussed above in the section "Boost to State GSDP"

¹³⁵ Clause 2, Rajasthan Handicrafts Policy, 2022 invest.rajasthan.gov.in.

¹³⁶ Page 2, Rajasthan Handicrafts Policy, 2022 invest.rajasthan.gov.in.

¹³⁷ EY analysis: The figure was arrived at basis the artisans/craftsmen to export ratio and then extrapolated at ₹18,000 crore

8. Policy recommendations to drive the handicrafts sector

Handicrafts constituted in the State's top 5 total exports accounting for a share of ~9.54% for the year 2023-24 after textiles.¹³⁸ Considering its significance, development of the handicrafts sector is imperative and is also an objective of the State Government.¹³⁹

Both the Rajasthan Investment Promotion Schemes (RIPS) of 2019, 2022 & 2024 have recognised "Handicrafts" as one of the key "thrust sectors". RIPS 2022 has now been replaced by RIPS 2024. While RIPS 2024 provides a bouquet of financial incentives to thrust sectors being a transformational investment policy, the said incentives are applicable only for large/mega/ultra-mega manufacturing industries that have a minimum investment of ₹ 25-50 crores. The Handicrafts sector primarily comprises of MSMEs¹⁴⁰ operating below the minimum investment threshold of ₹ 25-50 crores and thus ineligible for the standard manufacturing incentives such as capital subsidy or turnover-linked incentives.

The industry has set an aim to attain **three times** more volume in exports to ₹ 18,000 crore (US\$2140 million) by 2030. Thus, in order to achieve the same, it is recommended that the State Government provide targeted incentives as listed below to the MSME exporters of Rajasthan's Handicrafts sector through revision of the Handicrafts Policy that can incorporate all the recommendations mentioned below. These targeted interventions can be in the form of financial assistance, marketing incentives & cluster incentives to enable Rajasthan to become a pioneer in Handicrafts exports in the entire country. The present report makes the following key recommendations in this regard:

I. Financial assistance

1. Capital Subsidy
Present Scenario The handicraft sector urgently requires technological advancements to improve efficiency and reduce production costs. Traditional methods often hinder competitiveness. While the Rajasthan Investment Promotion Scheme (RIPS) 2024 offers capital subsidies for manufacturing, the high investment thresholds of Rs. 50 crores for large manufacturing and Rs. 25 crores for MSME's exclude many entrepreneurs and MSMEs from benefiting from this support
Benchmarking with other states / countries Other States across the country have recognised this and are providing a subsidy on the capital cost incurred by manufacturing units, including MSMEs. This has been in the range of 20% to 30% particularly in the states of Odisha, Assam, Bihar, Gujarat, Tamil Nadu, Uttar Pradesh & Haryana.
Recommendation It is recommended that the Rajasthan State Government undertake the following measures: <ul style="list-style-type: none">• Reduce the investment threshold to Rs.5 cr for MSMEs in the handicrafts sector under RIPS 2024• Provide capital subsidy in the range of 30% to 40% in favour of MSMEs exporting handicrafts from the state.¹⁴¹ This will lend the much-needed impetus to the handicrafts industry in terms of higher volumes of production and better levels of efficiency
2. Interest Subvention
Present Scenario

¹³⁸ Rajasthan Economic Review 2023-24, [EconomicReviewE.pdf \(rajasthan.gov.in\)](#)

¹³⁹ Page 3, Rajasthan Handicrafts Policy, 2022 [invest.rajasthan.gov.in](#).

¹⁴⁰ EPCH

¹⁴¹ Similar incentives are available in Assam, Odisha, and Uttar Pradesh.

New and emerging entrepreneurs, small-scale exporters and manufacturers require interest subvention to increase productivity and undertake new investments to achieve economies of scale. RIPS 2024 provides an interest subvention of 3-6% for 7 years for MSME's.

Benchmarking with other states / countries

Other states such as Odisha, Arunachal Pradesh, Assam, Bihar among others are providing interest subsidies at higher rates.

Recommendation

It is recommended that the Rajasthan State Government provides an **interest subsidy in the range of 5-7%** to enable small-scale entrepreneurs, manufacturers and exporters to scale up their operations and increase productivity

3. Marketing incentives

Present Scenario

Participation in fairs & exhibitions is an important tool to market handicrafts domestically as well as internationally. Thus, it is imperative to the growth of the sector to have a strong marketing strategy for the handicrafts of the state. Advertising is also a key component of marketing. Rajasthan export promotion council currently provides reimbursement @ 50% on maximum space of 9sq.meter ground rent /fee payable for approved international trade fairs/exhibition with an upper limit of Rs. 1 lakh per event.

Benchmarking with other states / countries

States across India such as Uttar Pradesh provide market development assistance for participation in foreign fairs and international exhibitions, funding cost of stall charges & Air Fare. Further, Assam have provided specific incentives for handicrafts advertising.

Recommendation

It is recommended that state subsidy in Rajasthan be increased to **60% with an upper limit of Rs. 2 lakhs per event**. Total number of events for this incentive be increased from 2 events to **3 events in a year** for a particular unit. Further, **reimbursement of 50% of economy class airfare max. up to 1,00,000/- per fair for one person** is also recommended in line with other state practices. This can go a long way in the promotion of the State's handicrafts thereby increasing exports.

It is further recommended to Reimburse up to **50% of the cost incurred towards issuance of advertisement in print/electronic/social media** be provided to by manufacturers, entrepreneurs and producers of handicrafts in the State.

4. One-time Incentive for Development of Web Portal

Present Scenario

Currently, online marketing in the handicrafts sector, which is another important part of the marketing segment, has not developed to its full potential. Online marketing tools and initiatives are needed to help Rajasthan's handicrafts in e-marketing and in building digital marketplaces

Benchmarking with other states / countries

Similar assistance is also provided in other states in India such as Assam, as well as in other competing nations like Vietnam

Recommendation

It is recommended to provide a **one-time financial assistance in the range of ₹30,000-40,000 for the development of web-portal/app for online marketing** of handicraft products to exporters, entrepreneurs and producers in the MSME segment

5. Freight Subsidy

Present Scenario

Due to container unavailability and several other challenges faced by handicraft exporters for freight, seamless logistics become necessary for exports. Currently, the RIPS 2024 policy in Rajasthan provides freight reimbursement of 25% of total expenses to MSME exporters, however only 'first-time exporters' are eligible for the same.

Benchmarking with other states / countries

Other States such as Bihar and Haryana have been providing freight subsidy to MSME exporters of 30% and 1% of FOB value or actual freight cost, respectively.

Recommendation

It is recommended that the state **provides ₹20,000 per container** as a subsidy to all small-scale entrepreneurs, exporters and manufacturers to remove logistics cost disabilities and overall challenge posed on account of the state being a landlocked state.

II. Creation of industrial clusters and plug-and-play facility for handicrafts

Making clusters competitive is an important goal for Handicrafts sector in Rajasthan. Expanding upon the existing cluster model in the state, it is suggested that the Rajasthan Government pinpoint prospective regions to establish as "handicraft clusters" and enhance the current clusters, taking cues from the developments in Odisha, Uttar Pradesh and Assam.¹⁴²

Thus, it is recommended that the State Government provides the following measures for the Handicrafts sector:

1 Establish Village or Industrial Park-like cluster

Establish expansive industrial clusters / villages / parks, covering 1000 to 1200 acres, in key handicraft districts like Jaipur, Jodhpur, Udaipur, and Bikaner.

Public-private partnerships can drive the development of these spaces to meet industry demands. Inspired by Vietnam's successful model, these villages/clusters would benefit from substantial government support.

2 Develop raw material banks

Capital investment subsidy ~@30% to be provided for the development of raw material banks. This has been provided in the State of Assam.

Alternatively, the government can develop raw material banks in the clusters for the benefit of MSMEs, as done in Odisha.

3 Funding of clusters

A funding of 70-90% of the project cost for such clusters should be financed by the state government.

While the balance can be funded by the private sector.

Similar policy support has been extended in Tamil Nadu and Haryana.

4 Provide Logistics Support

The State Government should consider ensuring the availability of container depots for the handicraft products that will help in the responsiveness of the delivery process and focusing on building freight corridors at critical areas to ensure smooth and easy access for the manufacturers.

¹⁴² For 8th recommendation 'Build technology and infrastructure': RFI - Used as smart labels which are linked to a central database for tracking and tracing; RFID - Radio Frequency Identification; 3D printing - water treatment, barcodes; , Faster custom clearance - [Building-Competitiveness.pdf \(iimdr.ac.in\)](#); EDI - Computer-to-computer exchange of business documents in standard electronic format between two or more trading partners.; Order Status - [Building-Competitiveness.pdf \(iimdr.ac.in\)](#)

5 Facilitate Training

Regular and vocational training may be provided to employees working in cluster/handicraft centres.

6 Plug and play facilities to be developed

Plug & play models represent a transformative approach for industries in terms of infrastructural support.

Currently, Rajasthan Startup Policy 2022 has a plug & play model for startups. This model can be made available to MSME's in Handicrafts sector in the form of **ready-to-move infrastructure** such as e.g. electricity, power station, or allocating a grant-in-aid of @50% of project cost for developing a plug & play facility.

Similar incentives are being given in the state of Bihar, Haryana, Tamil Nadu & Uttar Pradesh.

III. Skill development and capacity building incentives

The handicrafts sector being majorly unorganised and decentralised, there is lack of skilled labour force due to unavailability of structured support system for upgrading skills. Some measures that can be taken towards skilling and training artisans such are:



Setting up craft universities, schools outreach training centres that can act as a link between skilled manufacturers and the markets so that the manufacturers / craftsmen can be easily absorbed in the job market. Similar practice exists in the state of Orissa.



Training entrepreneurs in modern technologies of manufacturing, design, packaging etc. and capacity building of exporters through workshops/seminars regarding customs procedures, WTO design development, currency management. Similar support is available UP.



Learning crafts as a vocational subject in school curriculum should be introduced, with each school teaching the district's speciality craft of Rajasthan. In China a similar measure is in place where vocational education is provided at three levels, with a focus on practice & craft-oriented talents.



Classes & vocational training be financed by the State Government for professional training to train rural employees, traditional craft practitioners, practitioners in rural craft facilities. Same is being provided in Vietnam.

Skilling & training are necessary for entrepreneurs and exporters due to unavailability of structured support system for upgrading skills.

IV. Marketing and Brand-building support

To maintain control over their products and maximize profits, handicraft exporters and entrepreneurs must establish strong brands both domestically and internationally. Effective marketing and brand building are crucial for differentiating their products and avoiding the pitfalls of middlemen. The following strategies can be implemented to create a powerful brand identity for Rajasthani crafts.

1. Design development measures

To foster innovation and enhance product quality, the state government should establish 3-4 service and design centers in collaboration with the private sector. Equipped with cutting-edge technology, these centers will conduct research, development, and testing for the handicraft industry. Serving as a design repository, these centers can significantly boost Rajasthan's export potential, following the successful model implemented in Uttar Pradesh.

Further, it is recommended that the government engages reputed designers on short-term or long-term basis to conduct design development and product development programmes for MSMEs and entrepreneurs in the handicrafts sector.

2. Exploring new markets

The State Government can actively engage in identifying and connecting the State's handicrafts producers with newer markets that have not been tapped yet. These can be in the African continent such as Nigeria where majority demand for metalware is met from countries like China, South Africa and Saudi Arabia etc.,¹⁴³ or markets in Asian countries that are closer to home such as Sri Lanka where majority demand for textiles is met from Pakistan & China (indicative).¹⁴⁴

3. Handicraft and Handloom Directorate

The Rajasthan Handicrafts Policy of 2022 aims to constitute a “Handicraft and Handloom Directorate” which will undertake institutional marketing in the form of various activities such as organizing vendor development workshops and programs; support in organising sale and promotions of handicrafts at major tourist locations; formulating action plan for marketing policies of the state; and coordinate with departments related to exports.

The Directorate will take on deputation services of officers of associated organisations. Thus, it is recommended that bodies for handicraft export promotion be made a part of this Directorate such as the “Export Promotion Council for Handicrafts” (EPCH) which is an apex body for promotion of exports of handicrafts with an objective to increase the export of handicrafts.

V. Other key asks and recommendations

1. *Engage with e-commerce – need for a state e-commerce policy*

In the present world, e-commerce has a strong impact on the success of a product as well as the industry. It is recommended that the State Government leverages the digital revolution and increase the engagement of the handicrafts sector with the e-commerce industry. Thus, the state government can take the following steps:

a. Collaborate with e-commerce companies

In collaboration with the e-commerce entities, the state government can organise workshops that can focus on skill development and capacity building. This will equip the small-scale exporters with the requisite skills and knowledge to export via e-commerce and expand strengthen their presence in both the domestic and international markets.

b. Provision of financial support

Small scale exporters may face cost hindrance in the form of referral fees, shipping fees, cataloguing fees among others while looking to trade via e-commerce. The state government can step in to provide the necessary financial support by reimbursing such costs to the small-scale exporters to encourage them to utilise the services and the potential offered by e-commerce.

c. Establishment of E-commerce Export Hubs (ECEH)

The Foreign Trade Policy, 2023 unveiled the concept of development of E-commerce Export Hubs (ECEH) in a Public Private Partnership model throughout the country to facilitate e-commerce exports. The state government can work in partnership with e-commerce entities and the central Government to establish ECEH in handicraft clusters across the state to facilitate exports of handicrafts from these ECEH.

¹⁴³ ITC HS code :83 – miscellaneous articles of base metal, [Trade Map - List of supplying markets for a product imported by Nigeria](#)

¹⁴⁴ ITC HS code: 63 – other made up textile articles, [Trade Map - List of supplying markets for a product imported by Sri Lanka](#)

2. Allowing flexible working hours for artisans in the handicraft industry

It is recommended that the Handicrafts industry of Rajasthan, being a design-based demand-driven industry, be granted certain flexibility in the working hours and overtime-related conditions. The current regulations stipulates that no adult workers shall be allowed to work more than 48 hours in week and more than 9 hours in a day¹⁴⁵. Herein, the restriction of 9 hours a day should be removed, and a flexibility should be provided to the employers to align the working hours (to a total of 48 hours a week) basis the need of the industry. Such a relaxation can go a long way in ensuring that artisans /manufacturers who are willing to work extra hours to complete their projects and earn additional income to sustain their livelihoods are able to do so.

In this regard, parity can be drawn with the IT and ITes sector that has been granted multiple extensions of the exemption from Industrial Employment (Standing Orders) provided to the sector by the State of Karnataka. This move of the Karnataka state government brought in flexibility in the working conditions in the IT and ITes industry helping both employers and employees thrive in a business-friendly environment that promotes innovation.

Thus, relaxation in terms of the working hours per day is recommended for the Handicrafts sector of the State of Rajasthan recognising the important role played by the sector in economic development of the state including generation of employment opportunities.

3. Saw-mill licenses issue to be taken up by the state government

Post the Supreme Court orders in the Supreme court order dated 30.10.2002, K.M. CHINNAPPA, T.N. Godavarman Thirumalpad vs. Union of India and Ors. case, the issuance of licences for saw-mills in the state of Rajasthan came to a halt due to the information received by the Central Empowered Committee regarding the availability of timber in the State. The information received indicated that no licenses could be granted by the state of Rajasthan. On the other hand, in the case of West Bengal, basis the information on timber availability received by CEC from the State it was indicated that 750 licenses could be granted in the state of West Bengal.¹⁴⁶ However, according to timber availability statistics, the supply of timber in Rajasthan was recorded at 39,90,000 m³ as of 2016,¹⁴⁷ whereas in West Bengal the outrun of total timber was 1,32,733.02 m³ as on 2013-2014.¹⁴⁸

Hence given that the timber availability in Rajasthan is immense as compared to other states, it is recommended that the State Government takes up the issue of grant of saw-mill licences with the Ministry of Environment, Forest and Climate Change (MoEFCC) and other relevant Central authorities to permit the issuance of licenses for the sawmill industry.

It is also recommended that the state government of Rajasthan can take up this issue at a wider policy level with the MoEFCC such that a policy for the issuance of sawmill licenses can be formulated on a pan-India level. Considering that the availability of timber varies from state to state and region to region, a national level policy can help the growth of the wood-based industries that are scattered across the country and are heavily dependent on the availability of timber.

Revamping the Rajasthan Handicrafts Policy, 2022

In light of the detailed discussion on potential incentives for the handicraft sector, the state government should revise the Handicrafts Policy, 2022, to incorporate these incentives and promote export-oriented growth. The table below provides a **snapshot** of the culmination of incentives discussed above which can be included and provided in the revamped Handicrafts Policy, 2022.

¹⁴⁵ https://upload.indiacode.nic.in/showfile?actid=AC_RJ_83_1123_00023_00023_1563790759618&type=rule&filename=rajasthan_factories_rule_s.1951.pdf

¹⁴⁶ http://awsassets.wwfindia.org/downloads/indias_forests_and_the_judiciary_2.pdf

¹⁴⁷ [Mutual impacts & benefits \(rajasthan.gov.in\)](http://mutualimpactsandbenefits.rajasthan.gov.in/)

¹⁴⁸ [West Bengal Forest Department](#)

Recommendation

- **Capital Investment subsidy** in the range of 30-40%
- **Interest Subvention** in the range of 5-7%
- **Freight subsidy** @Rs.20,000 per container
- **Marketing incentive:**
 - Reimbursement of 50% of total cost of advertisement
 - **Incentives for participation in local / international fairs / exhibitions**
 - @60% upto 2 lakhs per event for a total of 3 events
 - Reimbursement of 50% of economy class air-fare upto ₹1 lakh rupees per fare for one person.
 - Establish 3-4 service and design centres
- One time incentive for **development of web portal** in the range of ₹30,000-₹40,000
- **Cluster & plug and play:**
 - Establishing village/industrial park like clusters
 - Developing raw material banks by providing a capital investment subsidy @30%
 - Funding of 70-90% of the project cost or development of clusters
 - Ensuring availability of container depot for handicraft manufacturers
 - Facilitating vocational training in these clusters
 - Developing plug-in-play facilities or allocating grant of 50% of project cost
- **Skill development & capacity building**
 - Setting up craft universities, school and outreach training centres
 - Training entrepreneurs in modern technology of manufacturing design, packaging along with capacity building including crafts as a vocational subject in school curriculum.
 - Financing of vocational training of artisans

Required incentive outlay for revamped Handicrafts Policy¹⁴⁹

The growth projections of the handicrafts exports indicate the potential to reach ₹ 18,000 cr (estimated ; US\$2140 million) by FY 2030 from the current export number of ₹ 7,978 crores (actual). Achieving the said export estimate would result into multiple benefits, as enumerated in the preceding paras, for the state economy at large in terms of increase in state GDP, employment generation and increase in revenue of the exchequer. For reaping the benefits of the said growth in exports, support from the Government is necessary in terms of certain financial subsidies thereby forming a part of the budget outlay of the revamped Handicraft policy.

1. Capital Subsidy 30-40% of capital investment for 5 years: Total outlay of ₹ 550-700 cr

In the handicrafts sector, it is assumed that for achieving an export turnover of ₹ 150 crores, an investment of ₹ 25cr is required. Accordingly, to reach an export turnover of ₹ 18,610 crores by FY 2030, the industry would require earning an additional turnover of ₹10,632 crores in 5 years (starting FY 24 wherein at present the actual export is ₹ 7,978 cr).

An additional export turnover of ₹10,632 crores in 5 years would essentially mean that an investment of ₹1,772 crores is required to be made by the industry. Given the huge amount of investment, a capital subsidy of 30-40% of the investment made i.e. ₹550-700 crores (US\$65.4 million – US\$83.2 million) is essential for supporting the industry grow.

2. Interest Subvention @5-7% for 5 years: Total outlay of ₹ 75-125 crs

¹⁴⁹ EPCH

With the additional investment of ₹ 1,772 crores required to be infused into the sector for further bolstering the exports to the estimated target, the industry would also resort to lending the same from financial institutions. Assuming that the entire additional investment would be funded through debt, an interest subvention in the range of 5-7% would provide the required support to the small-scale entrepreneurs & MSME's. Such an interest subvention would entail an outlay of **₹75-125 cr** (US\$8.9 million – US\$14.9 million) for 5 years.

3. Freight subsidy @ ₹20,000 per container: Total outlay of ₹ 80-120 cr

As per the general trade practise in the handicraft sector, an export container usually yields a turnover of ₹0.16 cr -₹0.25 cr. Given the said logic, an additional export revenue of ₹ 10,632 crores in 5 years would require ~41,000-63,000 containers to be exported. With the state of Rajasthan being a land locked state, a substantial amount is spent as freight on the movement of containers to/ from the ports.

To overcome the freight challenges, a freight subsidy of @₹20,000 per container is essential for small-scale exporters, entrepreneurs and manufacturers. Thus, such freight subsidy would require a total outlay of ~ **₹80-120 crores** (US\$9.48 million – US\$14.22 million) to meet the required additional turnover of exports.

Accordingly, in order to increase the exports in the next 5 years to reach its full potential by FY 2030, the support from the state government is paramount. The same would be possible with the revamping of the Handicrafts policy to remove the bottlenecks for the sector and allot a budget outlay of a total of ₹700-950 crores (US\$83.2 million– US\$112.5 million) for next 5 years.

Such an investment by the government could lead to the growth of the handicrafts sector, generating higher returns for the government in the form of SGST and other revenue receipts. Further, this is also likely to create a multiplier effect on the economy in terms of increase in the state's GSDP, employment and foreign earnings fulfilling the aspirations of its people particularly artisans and craftsmen.

By implementing the recommendations put forth in this report, the state of Rajasthan can move towards promoting the handicrafts sector and leveraging India's rich cultural heritage at in the global markets. Establishing supportive policy frameworks, incentivizing production of handicrafts and adopting a cluster-based methodology can prove to be vital in Rajasthan state's journey in becoming a leader in handicraft sector.