

# **A Study on Export Challenges of Handicraft Industry in Kathmandu**

**A Thesis**

**By**

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**RECOMMENDATION LETTER**

It is certified that thesis entitled “**Handicraft Industry: Export Challenges**” submitted by Ranjita Shakya is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for the critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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**CERTIFICATION OF AUTHORSHIP**

I certify that the work in this thesis entitled “**Handicraft Industry: Export Challenges**” has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me under supervision of Lecturer Santosh Kumar Ghimire. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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## ABSTRACT

*This study aims to explain the various challenges faced by the small and medium sized handicraft exporting firms. This study is based on the handicraft exporter around the Kathmandu valley. Handicraft is the major export item of Nepal. The felt product, leather goods, metal crafts, woolen products, cotton goods, etc. are major exported item of Nepal. These handicraft products are exported to around 80 countries around the world. Among them USA is the major buyer of the handicraft products. Although Nepalese handicraft possess the great export potential, it is not being able to contribute major to the total export. It has only contributed around 5-7% in the total export. Thus, this study identifies the major challenges faced by the handicraft exporters. This study is based on the article by Suhail M. Ghose who conducted a research on an export challenges to MSMEs with the reference of handicraft industry in India. To identify the challenges more precisely, various export related problems such as export documentation, export market-based demand, regulatory policy uncertainty, infrastructure, technology & tools in manufacturing, exchange rates, market awareness & export promotion, export related subsidies, research & development, HRD related, and social capital resources were asked to rate on a 5-point Likert Scale to the concerned member of the handicraft exporter. The result showed that quality management followed by lack of export related subsidy and lack of market awareness and export promotion were the major challenges for the handicraft exporting enterprises. The lack of skilled and professional craftsmen, no or low demand from the importer, limited awareness among exporter about market linkages are also creating the challenges. The other challenges such uncertainty in the regulatory policies, infrastructure related problems, tools and technology, exchange rate, research and development also pose to create barriers in export growth.*

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**ABBREVIATION**

DCSI	Department of Cottage and Small Industries
ECON	Export Council of Nepal
FHAN	Federation of Handicraft Association of Nepal
FNCISI	Federation of Nepal Cottage & Small Industries
FY	Fiscal Year
HRD	Human Resource Development
MCSI	Micro, Cottage and Small Industries
MEDEP	Micro-Enterprise Development Programme
MSME	Micro, Small and Medium Enterprise
SD	Standard Deviation
TEPC	Trade and Export Promotion Center
UNCAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
WTO	World Trade Organization