

A STUDY ON PROSPECTS AND PROBLEMS OF NEPALESE HANDICRAFT EXPORT

A Thesis

Submitted to the Central Department of Economics,

Tribhuvan University, Kirtipur, Kathmandu, Nepal

in Partial Fulfillment of the Requirements

for the Degree of

MASTER OF ARTS

in

ECONOMICS

By

PRAMISHA TIMSINA

Roll No.: 350

T.U. Regd. No.: 6-2-40-1607-2006

Central Department of Economics

Tribhuvan University, Kirtipur

Kathmandu, Nepal

April, 2019

LETTER OF RECOMMENDATION

This thesis entitled “A STUDY ON PROSPECTS AND PROBLEMS OF NEPALESE HANDICRAFT EXPORT” has been prepared by Ms. Pramisha Timsina under my supervision. I hereby recommend this thesis for examination by the Thesis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

Naveen Adhikari
Lecturer
Thesis Supervisor

Date:

APPROVAL SHEET

We certify that this thesis entitled “A STUDY ON PROSPECTS AND PROBLEMS OF NEPALESE HANDICRAFT EXPORT” submitted by Ms. Pramisha Timsina to the Central Department of Economics, Faculty of Humanities and. Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

Thesis Committee

.....

Prof. Kushum Shakya, Ph D
Head of Department

.....

Prof. Neelam Kumar Sharma, Ph D
External Examiner

.....

Naveen Adhikari
Thesis Supervisor

Date:

ACKNOWLEDGEMENTS

I am very pleased to take this opportunity to express my gratitude to my thesis supervisor Mr. Naveen Adhiakri, Lecturer of Central Department of Economics, Kirtipur, Kathmandu for his valuable guidance, suggestions and encouragement without which this work would never have been completed. I am highly indebted to my respected supervisor. Similarly, I am also feeling privileged to express my gratitude to all the teachers and staff of Central Department of Economics for gracious response to my queries.

At this moment, I cannot forget teaching and non-teaching staffs of the Central Department of Economics, who inspired me by showing keen interest in my work. Thanks also go to staff of Central Bureau of Statistics, who helped me providing booklet, journal, annual report, data and correct information during the course of my field visit. My thanks also goes to the staffs of Trade and Export Promotion Center for providing necessary information.

I also extend my hearty thanks to my friends who provided me valuable suggestions and help for this research work. Last but not least, I would like to express hearty thanks to my parents and other family members.

PramishaTimsina

TABLE OF CONTENTS

TITLE PAGE	i
LETTER OF RECOMMENDATION	ii
APPROVAL SHEET	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF ABBREVIATIONS/ACRONYMS	x
CHAPTER ONE: INTRODUCTION	1-6
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	4
1.4 Significance of the Study	5
1.5 Limitation of the Study	5
1.6 Organization of the Study	6
CHAPTER TWO: REVIEW OF LITERATURE	7-32
2.1 Conceptual Review	7
2.2 Types of Nepalese Handicrafts Products	9
2.3 Historical Review of Nepalese Handicrafts	20
2.4 Government Policies on Export of Handicraft Goods	22
2.4.1 Export Procedure & Documentation	23
2.5 Organization for Development of Handicrafts Industry	24
2.6 Review of Newspaper & Text Book	29
2.7 Review of Previous Study	30
CHAPTER THREE: RESEARCH METHODOLOGY	33-34
3.1 Nature and Sources of Data	33
3.2 Population and Sample	33
3.3 Data Collection Procedures	34
3.4 Tools of Data Analysis	34
CHAPTER FOUR: TREND AND PATTERN OF HANDICRAFT EXPORT OF NEPAL	35-64
4.1 Overall Export of Handicrafts in Nepal	35
4.1.1 Product wise Export of Handicraft Goods	35

4.1.2	Country wise Export of Handicraft Goods	36
4.1.3	Total Export of Handicraft Goods	37
4.1.4	Handicraft Export's Contribution in Total Export of Nepal	37
4.2	Product wise Export of Handicrafts	38
4.2.1	Export of Pashmina Products	38
4.2.2	Export of Woolen Products	39
4.2.3	Export of Cotton Goods	39
4.2.4	Export of Hemp/Allo Goods	40
4.2.5	Export of Silk Products	41
4.2.6	Export of Dhaka Products	41
4.2.7	Export of Silver Jewellery	42
4.2.8	Export of Handmade Paper Products	43
4.2.9	Export of Wood Craft	44
4.2.10	Export of Leather Goods	45
4.2.11	Export of Incense	46
4.2.12	Export of Paubha (Thanka)	46
4.2.13	Export of Bone and Horn Products	47
4.2.14	Export of Beads Items	48
4.2.15	Export of Bamboo Products	49
4.2.16	Export of Stone Crafts	50
4.2.17	Export of Plastic Item	50
	Problems and Prospects of Nepalese Handicrafts Export: Findings	51
4.3	From Primary Data	51
4.3.1	Profile of the Organization	52
4.3.2	Types of Organization	52
4.3.3	Getting Difficulty for Raw Material of Handicrafts	53
4.3.4	Quality Control of the Products	53
4.3.5	Dealing with International Customers	54
4.3.6	Countries where Nepalese Handicrafts Products are Exported	54
4.3.7	Meeting Demand on Time	55
4.3.8	Market Expansion Problem	55
4.3.9	Promotional Strategies	56
4.3.10	Advertising Budget	57
4.3.11	Websites Construction	57

4.3.12	Participation in Int'l Trade Fair	58
4.3.13	Market Research Conducted	58
4.3.14	Support from NG/NGO/INGO and Others Organization	59
4.3.15	Familiar with E-Commerce	59
4.4	Prospects	60
4.4.1	Future Prospect of Nepalese Handicraft Export	60
CHAPTER FIVE: SUMMARY, CONCLUSION AND		
RECOMMENDATION		65-72
5.1	Summary	65
5.2	Conclusion	67
5.3	Recommendations	69
REFERENCES		
APPENDIX		

LIST OF TABLES

Table	Page No.
Table 4.1: Product wise Export of Handicraft Goods	35
Table 4.2: Country wise Export of Handicraft Goods	36
Table 4.3: Total Export of Handicraft Goods	37
Table 4.4: Handicraft Export's Contribution in Total Export of Nepal	37
Table 4.5: Export of Pashmina Products	38
Table 4.6: Export of Woolen Products	39
Table 4.7: Export of Cotton Goods	39
Table 4.8: Export of Hemp/Allo Goods	40
Table 4.9: Export of Silk Products	41
Table 4.10: Export of Dhaka Products	41
Table 4.11: Export of Silver Jewellery	42
Table 4.12: Export of Metal Crafts	43
Table 4.13: Export of Handmade Paper Products	43
Table 4.14: Export of Wood Crafts	44
Table 4.15: Export of Leather Goods	45
Table 4.16: Exports of Incense	46
Table 4.17: Export of Paubha (Thanka)	46
Table 4.18: Export of Bone and Horn Products	47
Table 4.19: Export of Ceramics Products	48
Table 4.20: Export of Beads Items	48
Table 4.21: Export of Bamboo Products	49
Table 4.22: Export of Stone Crafts	50
Table 4.23: Export of Plastic Items	50
Table 4.24: Nature of Organization	52
Table 4.25: Types of Organization	52
Table 4.26: Difficulty for Raw Material	53
Table 4.27: Quality control of the Products	53
Table 4.28: Dealing with Int'l Customer	54
Table 4.29: Countries where Nepalese Handicraft Products are Exported	54
Table 4.30: Meeting Demand on Timely Basis	55
Table 4.31: Market Expansion Problem	55

Table4.32: Promotional Strategies	56
Table 4.33: Advertising Budget	57
Table 4.34: Websites Construction	57
Table 4.35: Participation in International Trade Fair	58
Table 4.36: Market Research Conducted	58
Table 4.37: Support from NG/NGO/INGO and Others Organization	59
Table 4.38: Familiar with e-commerce	59
Table 4.39: Future Prospect of Nepalese Handicraft Export	60

LIST OF ABBREVIATIONS/ACRONYMS

EC	=	Electronic Commerce
EC	=	European community
EU	=	European Union
FNCCI	=	Federation of Nepal Chamber of Commerce and industry
FOB	=	Free on Board
FY	=	Fiscal Year
GATT	=	General Agreement on Trade and Tariff
GDP	=	Gross Domestic Products
GSP	=	Generalized system of Preference
HAN	=	Handicrafts Association of Nepal.
INGO	=	International Non- Government Organization
Int'l	=	International
ITC	=	International Trade Corporation
JICA	=	Japan International Cooperation Agency
LDC	=	Least Developed Countries
Mt.	=	Mount
NACIDA	=	National cottage Industries development Corporation
NCC	=	Nepal Chamber of Commerce
NG	=	Nepal Government
NGO	=	Non- Government Organization
NIDC	=	Nepal Industrial Development Corporation
NRB	=	Nepal Rastra Bank
QC	=	Quality Control
RS	=	Rupees
SIDO	=	Small Industries Development Organization
SME	=	Small & Medium Sized enterprises
TEPC	=	Trade and Export Promotion Center

TUCL	=	Tribhuvan University Central Library
UK	=	United Kingdom
UNCTAD	=	United Nation Conference on Trade and Development
UNDP	=	United Nation Development Program
USA	=	United States of America
WWW	=	World Wide Web

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Handicraft has been a major exportable product of Nepal. According to Trade Export Promotion Center (TEPC), Nepal exported Nrs. 4.8 billion worth of handicrafts in FY 2016/17 (TEPC, 2017). In fact, different kinds of exportable Nepalese handicrafts express the great tradition and proud culture of this Himalayan country. The practice of Nepalese handicraft is supposed to be started from that of the stone age (HAN, 2014). They can depict such art and culture which are religious in character and symbolic in nature found in different region of Nepal (HAN, 2016).

Rishi Raj Subedi, Deputy Director at FHAN, said that the situation of export of handicrafts has seen progress in the last fiscal year in comparison to previous year. “The demand for new types of handicrafts like felt crafts, allo products, metal crafts and crafts from glasses has increased. The export is taking place accordingly,” he said adding, “on the contrary, the demand for old types of handicrafts like the pashmina, silk products, silver products and leather products has gone down.” (www.inheadline.com).

Handicraft, also known as craftwork or simply craft, is a type of work where useful and decorative, devices are made completely by hand or using only simple tools. Usually the term is applied to traditional means of making goods. The individual artisanship of the items is a paramount criterion; such items often have cultural and religious significance. Items made by mass production or machines are not handicrafts (Shakya, 2008).

According to handicraft association of Nepal (HAN, 2015), Nepalese handicrafts cover 42 groups of products out of which, metal craft (statue and utensil), pashmina products, paubha (Thank), silver and gold jewellerly, stone carving, wood craft, bags and accessories, basketry products, filigree products, handmade paper products, handloom products, ceramics decorative items, leather products, horn and bone products, macramé (knot crafts), religious good, crazy/fancy hats, ethnic dolls,

painting giftware, ethnic costumes, hand knitwear, incense, natural buttons made of small tree branch, stone, bone and horn, natural fiber products (apparel and non-apparel products made of hemp and allo), puzzles and toys. are the major ones. Therefore, we can say that handicraft is an occupation that involves making usable or decorative products by hands (HAN).

The Nepalese handicraft goods have earned the name and fame due to its unique beauty and original nature. The export of handicraft goods has become one of the most important sources of earning foreign currency. We find that every year, the export of handicraft goods to foreign countries is increasing. Thus, handicrafts have been a valuable part of Nepalese heritage. They express the great tradition & frayed-cultural heritage of this land. The excellent craftsmanship depicted even today. in some artistic and curio products is greatly admired all over the world. These fine works of art and crafts are indeed the result of great devotion and dedication of some talented artisans in the country who can produce the artistic goods with much skill and precision. The exploitation of this talent of the people for the production of artistic goods like Thanka, carpets, curios, Pashmina products, dolls, statues, and so on for export may be another arm of exploration. The modernization & exploitation of traditional craftsmanship for the production of variety of exportable goods requiring low units raw materials intake but high skill and talent, may be one of the reasonable approach. A similar approach has been taken by Switzerland which has been a great success. In the development of the nation export oriented industries may prove an example in our case as well. (Sharma, 2009)

Nepal is an agrarian based economy and even her farming is in the most primitive form. Her industrial growth is also negligible. Therefore, she needs a transformation of agrarian economy into a sound industrial economy to accelerate overall total developments. Economic development program of the developing countries like Nepal should incorporate industrialization for transforming the unproductive labor to productive labor. The productive sector implies an industrial sector which generates more employment opportunities. Industrialization in turn implies maximum utilization of human capital as well as natural resources of the country (Shrestha, 2008).

Nowadays, the word "handicrafts" has become so popular that there will be few people who don't know it. This "handicrafts" isn't new term, even in ancient time, people

were familiar with this term. In simple term, we define handicrafts as any crafts or art product which is made with hands. Totally hands made goods are rarely found nowadays. Even if there are totally hand made goods, they can't live in the competitive markets of the modern, world. Some percentage of machine work is also added to handicraft goods (Ranjitkar, 2011).

1.2 Statement of the Problem

The Nepalese handicrafts sectors faces problems relating to production and promotion which affect the future prospect of handicraft export. As for handicraft, there are so many factors that govern the business including quality finish, price, competitiveness, timely delivery and market exploration. It not only costs money to promote business overseas but the embassies think that traders are trying to pull a fast one on them for visas. It is not easy to find customers for Nepali handicrafts and holidays on world wide web unless the product are johnnie walker, cartier, postal brides, or Chinese leggings that cost 10 cents a piece on bulk order. Lack of professional artisans is the biggest bottleneck. Many don't understand why a loose thread or button not aligned perfectly to the hole in a sweater would be a problem. Workers tend to take these as the exporters using excuses not to pay or deduct fees. Many of them will blurt out bluntly that humans make error. Quality and timely delivery is a big problem, too, even if you contract with so-called professional, who will in any case subcontract to housewives.

Workers hardly care about the importance of consistent quality and timely finish. Without workers accountability, business becomes just one time as the importers will pick up on lose button or a delinquent thread in a sweater or a cap to vent his frustrations and irritations at the exporters. (Manohar Shrestha, The Himalayan times.com)

Despite more than 50 years of development effort, Nepalese economy has not become dynamic and vibrant. Still Nepalese economy is basically subsistence economy, economic activities are also slow and low. Due to high dependence in agriculture, Nepal's exports are confined to raw materials and primary products with little advancement.

There is problem of trade diversification, both for country wise and commodity wise. Nepal's main trading partner is India, as almost 50 percent of trade is confined to India only. Trade treaties between the two countries, signed at different years, have governed Nepal's trade with India. Nepal faces the problem of widening trade deficit with India. Although Nepalese products are theoretically allowed unhindered entry into the Indian markets, if they bear the certificate of origin issued by FNCCI, but India has been creating problems by fixing quota on certain items, debarring entry on quality inspection ground. In view all these, it is felt important to study Nepalese handicraft export focusing on its problems and prospects during different periods.

Nepal's handicraft export earnings rose 13 percent in the last fiscal year driven by higher demand for felt product, metal craft, cotton goods, glass products and woolen goods in the international market.

Nepal exported handicraft product worth RS 5.4 billion in the fiscal year 2016- 2017 , which ended on July 15, shows the latest report of the federation of handicraft association of Nepal (FHAN) . In 2015-2016, Nepal's handicraft exported earnings stood at Rs 4.8 billion.

From the source from Federation of handicraft association of Nepal (FHAN), the overall export of Nepal's handicraft from fiscal year 2007-2008 to 2016-2017 is in increasing trend but disappointing aspect is that supply has not been able to meet the demand of these goods.

1.3 Objectives of the Study

The general objective of this study is to examine the significance of the handicraft industry in Nepalese economy and the problem associated with it, particularly in the export sectors. The specific objectives of this study are:

- i. What is trend and pattern of handicrafts export in Nepal?
- ii. What are the problems and prospects associated with the export of handicrafts?

1.4 Significance of the Study

From this study readers come to know that, in order sustain the life of numerous families, handcraft product that they have produce plans immense value. Other significance of this study is that it gives information about how deeply is handicraft product associated with the culture of our society. Most importantly through this study we get a chance to explore the scenario of Nepalese handicraft from its starting phase.

The mind of the youth who are attracted to go to foreign countries for earning money can be changed and encourage them to get self employed in the areas of handicraft . For examples they can be motivated to earn huge currencies by opening various types of handicraft based industries like bamboo, shoes, doll, status. Illiterate people are also suitable for working in this kind of industries. It can allure foreigner to visit country. For examples so many tourist are found buying painting like thankas. In schools, particularly montessori, students are found taught through various handicraft materials.

1.5 Limitation of the Study

The main limitations of the study are as follows.

- i) First of all only export of handicrafts and that only in overseas countries had been studied. In other words, other export as well as import is not included.
- ii) The study is mainly based on secondary data from the past records.
- iii) The data which are being presented have been taken for the period of only 5 years from 2010/11 to 2014/15.
- iv) The present study is only a presentation of the past trends but no analytical technique have been used to predict the future trends.
- v) Domestic market of the Nepalese handicraft is not taking into consideration by the study.

1.6 Organization of the Study

The research study has been organized into six chapters which are as follows.

The first chapter deals about the introduction that includes background of the study, importance of the study, statement of the problem, objectives of the study, limitation of the study, scope and need of the study, and organization of the study.

The second chapter deals with literature review. This chapter includes two major parts as: Conceptual review and review of related studies. Here, conceptual review includes review of the area based on text books and other reference materials such as journal and magazines whereas review of related studies includes a review of thesis, research article and project works made earlier.

The third chapter deals about research methodology. The chapter includes introduction, research design, nature and sources of data, population and sampling, data collection procedure, data processing, analyzing and presentation.

The fourth chapter is the pivotal chapter of this study. This chapter deals about the analysis of the trend and pattern, problem and prospects, tabulation, interpretation, finally major finding of the study.

The fifth chapter is the last chapter of the study. In this section summary of the study is presented with key findings. Based on those finding, conclusions, suggestion and recommendation of the study are made which will be helpful to all those marketers, students of marketing and any other interested parties related to it.

The references, annexes, appendix, questionnaire and curriculum vitae of the researcher will be presented at the end of this study.

CHAPTER TWO

REVIEW OF LITERATURE

This chapter includes two major parts as: conceptual review and review of related studies. Here, conceptual review includes review of the area based on the textbooks and other reference materials such as journal and magazines where as review of related studies includes a review of thesis, research article and project works made earlier. Review of literature is a way to discover what other research in the area of the problem has uncovered. So it provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be develop for testing.

2.1 Conceptual Review

Handicraft is the practice of making decorative or functional objects, wholly or partly by hand, and requiring both manual and artistic skill. The term crafts also refer to objects made in this way. Crafts today predominantly comprise weaving, basket making, embroidery, quilting, pottery, woodworking and jewellery making. They are made both by amateur craftsmen at home, as a hobby with a minimum of equipment and by professionals with a regular outlet for their products.

"Handicraft is the occupation of making by hand usable products graced with visual appeal. Handicraft includes such activities as needlework, lace making, weaving, printed textile decoration, basketry, pottery ornamental, metal working, jewellery, leather working and wood working and such crafts as glass blowing and the making of stain glass that requires complex facilities" (Encyclopedia Britannica, 1974).

Handicrafts have been a valuable part of Nepalese heritage. They express the great tradition and proud culture of this great Himalayan Kingdom. Their origin can be traced back to the Stone Age when human being was devoid of tools of any kind. The history of articles of everyday use may be as old as the history of man living in Nepal itself. But the history of 'artistic handicrafts' probably can be traced only since the 5th century A.D. Nepalese art & culture were the result of the Nordic Aryans coming from indo Gangetic plains and mixing with different groups of Mongolians. Their art and culture, which are religious in character and symbolic in meaning, developed in

Kathmandu valley and western hilly region of Nepal within the Brahminical and Buddhist concepts.

Religion in Nepal encompasses much more than the matter of faith or belief in God or a supreme being on a certain philosophy. The vast scope of Hindu religion covers human conduct and behavior, mental and physical discipline and realization of the self, social, political, and economic aspects of society. At the same time through the centuries, the Hindu religion and art of various schools gave mixed, mingled and assimilated with the arts of Greek (Taxila) classicism, Buddhist devotional (Mathura) and plastic forms and the tantric Tibetan art of vigorous and often death theme expressions.

This resultant cauldron has produced in the centuries past a variety of forms and shape in figure making that continues even now to surprise many by its diversity and freedom of expression even to the experts in the field. The artistic metal statuettes, metal ware, filigree works on metal, wood carving, stone carving, hand knotted' woolen carpets, pottery, mural paintings, Thankas scroll paintings), ready- made garments are some of the finest examples of artistic skills known to the world of arts and crafts from Nepal. To make a correct selection from this vast choice is one of the challenges for manufacturers and exporters here and the importers abroad. Those importers interested in Nepalese handicrafts and carpets as well as readymade garments, should understand that volume and mass production is not our strong point, uniqueness and basic quality are main point (Shrestha, 2008).

Nepal has been known for her exquisite and artistic handicraft. Her traditional expertise and fine craftsmanship in woodcraft, metal craft, carpet and other woolen products, stone works and various• other articles of tourist interest have earned her fame in the world market. This unique art and craftsmanship, a heritage of centuries of hard work and devotion, provides her a distinct advantage in promoting export, of handicraft goods. This sector is already making consistent and significant contributions in terms of increasing export earnings.

The export of handicrafts to overseas countries has risen from Rs. 5.34 million in 1972/1973 to Rs. 2.85 billion in 2004/2005. This shows a very steady trend of export

that increase merely over the period of three decade. This is not a very promising situation (Shrestha, 2008).

2.2 Types of Nepalese Handicrafts Products

The most outstanding handicrafts products may be categorized as:

- i) Forest Based Products: Bamboo products, Cane furniture, wood carving goods, wooden boxes, wooden praying Wheel, wooden Musical instruments, handmade Paper, Paper Products, Paper masks.
- ii) Metal Based Products: Metal Statue, Metal carving, Metal souvenirs, Metal bells, Nepali Khukuri (Nepali Knife), Filigree products, Inlay works, Metal Utensils, Metal embossed medallions, Gold/Silver Jewelleries, Brass/Bronze Wares.
- iii) Earthen Based Products: Stone carvings, Stone sculptures, Ceramic figure, Clay or Ceramic potteries, precious stone, Semi precious stone, Bricks, Tiles, states.
- iv) Woolen and cotton Based Products: Knot crafts, knitwear. Textiles, Pashmina shawls, cotton products, Traditional and Fashion garments, hand knotted carpets, Batiks, Thankas, woolen mat, Woolen blankets, Dolls, Nepali caps.
- v) Animal Based Products: Bone & horn products, Leather goods, stuff dolls. 6. Agro Based Products: Hemp cloth products, silk boutiques, Natural fiber products, Jute products, Incense sticks (Shrestha, 2008:40).

The most outstanding handicrafts with promising export products may be categorized as:

a) Hand Knotted Woolen Carpet of Nepal

Nepalese Hand knotted Woolen Carpet Ranks 2nd in terms of overseas export. Carpet items exported from Nepal are coded under Hs Code 5701.10, the art of carpet weaving is an old tradition in the Himalayan Kingdom of Nepal, especially in the mountainous region of-the country. Radi, Pakhi, Bakkhu, Darhi are well - known products produced in this region. The marketing of those products is confined only to

the domestic market. The development of an export quality carpet was initiated with the influx of Tibetan refugees in the early sixties. The year 1960 can be regarded as the historic year for the commercial production of the carpet in the kingdom of Nepal. In 1962, Nepal launched the commercial shipment of the carpet .with a sample consignment to Zurich, Switzerland (Shakya, 2009).

Nepalese carpets are made of the highest quality fleece wool imported from Tibet, New Zealand and Britain. These carpets are available both in natural dyes and synthetic dyes with 60, 80 and 100 knots per square inch density. Specialized manufacturers may make even 120 knots per square inch density and more. Nepalese carpets are of various size that normally ranges from 16"x16" to 9 feet x12 feet. Nepalese hand knotted woolen carpet is one of the major export products of unique quality like texture, color combination, resiliency, strength and durability. Designs are large and bold on a single dominant background. These carpet can be used either on the floor or huge on the walls. The price of the Nepalese carpet basically depends on its quality standard, size and design like other products.

Nepalese carpet industry is the backbone of Nepalese economy. It is the highest industrial employment generator, particularly to the rural people who are illiterate or who are deprived of education, as well as the major foreign hard currency earner. At present, around 95% of the production of carpet is concentrated in the Kathmandu Valley and the rest is outside the valley. The export of Nepalese carpet has spread over 40 countries out of which, Germany, USA, Belgium, Britain, Turkey, Switzerland, Japan, Spain, Canada and Italy are the leading export markets. Among these too, the first two are the biggest export markets. Germany alone absorbs more than 45% of the total carpet export (TEPC, 2005).

b) Pashmina

Pashmina is the finest inner wool that grows as layer at the very bottom of thick and course fiber of Himalayan goat, locally known as Chyangra (*Capra Hircus*), living above 2000 meter from the sea level. Each chyangara does produce 90 grams of pashmina once a year. It is extracted from its body either by combing or by cutting during Jan to Feb: 'Pashmina' is one of the finest, softest, warmest and lightest wool found in nature. In fact, it is the best wool in the world. 'Pashmina' is known by

different names like "Diamond Fiber" and "Soft Gold of High Asia". It is unparalleled in uniqueness and elegance to any other fibers (TEPC, 2005).

Pashmina product has become the 3rd largest overseas export item of the country after readymade garment and hand knotted woolen carpet. Nepali Pashmina product is a kind of handicraft, which can be regarded as a handmade high quality woolen product of multipurpose use. Pashmina product has been coded under HS Code 62.14.20. The main raw materials used for producing Pashmina products are 'Pashmina Yarn' and Silk Yarn" plus dyes and chemicals. Nepalese Pashmina industries require importing all these raw materials. Pashmina yarn and silk yarn are imported from India and China and chemical and dyes from Europe and India. It can be made of pure Pashmina yarn or by using both Pashmina yarn and silk yarn in certain proportion normally in the ratio of 70:30, depending upon the demand of the esteemed buyers. Fineness, softness, warmness, lightness, durability and craftsmanship are its inherent features.

The production process of Pashmina product generally includes weaving, dyeing, processing, fringing, tassels, embroidery, beadwork, printing etc.

The most demanding Pashmina items of different size in the international markets are:-

- i) Shawl- 36"x40"
- ii) Stoles- 28"x78", 28"x72", 24"x72", 22"x72" and 20"x72"
- iii) Mufflers/Scarves- 18"x78", 18"x65" and 12"x60"
- iv) Blankets- 45"x72", 45"x90", 56"x96", 52"x110" and 60"x100"

Besides the said items, there is a good demand of various Pashmina made readymade garments in the international market too.

In the case of packing, each Pashmina item, by folding properly, is kept in separate air tight- plastic bags and packed the same in cartoon boxes.

Almost all Pashmina products do enter into international markets from Tribhuvan International Airport by air cargo and into India by land. However, it is also exported by post as well as courier in negligible number.

The price of Nepali Pashmina products basically depends upon its quality, ordering size, colour, design and size.

Almost all of the Pashmina industries are concentrated in the Kathmandu Valley. They are absolutely export- oriented industries. However, it has been given the impression that as many as 5% of its products may be consumed within the country. Pashmina products account for more than 50% of the total export figure of the handicraft products. And also it is the major export component under the handicraft goods category.

The number of international export markets of Nepali Pashmina products exceeds 40 out of which, USA, Italy, Canada, UK, France, Japan, Germany and India are the major ones (TEPC, 2005).

c) Gold & Silver Jewelleries

Nepal has a long tradition of craftsmanship in many forms like wood carving, metal craft, stone carving and working silver and gold into exquisite pieces of jewellery. The manufacture of jewellery in Nepal is wide spread throughout the country since time immemorial. The production of jewellery is labor intensive industry based on caste and cultural heritage. It was traditionally confined only to the Newari Shakya and Sunar families, but nowadays, other castes are also involved in this occupation. The art and the tricks of Making it is passed from father to son in normal family group setting, by father or grandfather showing and instructing the younger ones how to handle the hammer or saw or carving tool. So, it is said that by the time the child goes to school, he can handle the tool, the local religious occasions and other ritual ceremonies.

Gold Jewelleries

Gold jewellery is also one of the Nepalese handicraft products. Nepalese people are very fond of different varieties of golden ornaments and jewellery. Nepalese women

prefer to put on varieties of golden ornaments and jewellery on different occasions to flaunt their identities and social status, whereas men wear very few ornaments and jewellery carrying religious, tantrism and horoscopic values. These are made both in traditional and modern combined designs. Gold jewellery are deemed to be the safe deposit and preservation of the property by Nepalese people. The exportation of gold jewellery is open since the F.Y. 051/52 B.S.

Silver Jewellery:

Silver jewellery have also similar tradition. However, the arrival of foreign tourist has led to the mingling of the traditional heritage with modern foreign market taste. The filigree and Joli cutting have made Nepalese silver jewellery peerless. The handmade production process has made it possible to spread over rural areas benefiting the rural mass. Nowadays, Nepalese silver jewellery are found in traditional, modern cum traditional or modern designs. The popular product varieties of silver jewellery made in Nepal are earrings, rings, bracelets, pendent, bangles, brooches, payels, Kali, Phuli and other decorative articles made of minimum 92.5percent purity silver with or without semi--precious stones.

Nepalese silver jewellery, coded under HS Code 71.13.11.00, is one of the major overseas export products next .to Nepalese paper and paper products. The number of the export markets of this product has crossed 30 out of which, USA, UK, Canada, Germany, Japan, France, Italy and Australia are the leading ones (TEPC, 2005).

d) The Nepalese Paper and paper products:-

The Nepalese Piper and paper products are very famous in the overseas market. The Nepalese papers are made by Lokta or Dayshing (Daphne Cannabira) plants. The unique feature of Nepalese paper is its moth resistance quality. Besides Nepalese paper, varieties of products made from it like postcards, writing pad and papers, wood, block prints, calendars, gift-wrap, lampshades, etc. are exported from Nepal. The major markets are USA, Japan, Canada and European countries (TEPC, 2003).

e) Wood Carving

The high quality wood carving craftsmanship of Kathmandu Valley reflected in various articles like windows, doors, mythological figures of gods and goddess, animals and birds. made of wood have been admired by Nepali and foreigners alike. The art of wood carving has been in existence since the middle ages as evidenced by the artistic wood- works found in the various old temples in and around Kathmandu Valley and elsewhere in Nepal. The art slowly started dying out as an economy-conscious population and the labour cost and raw wood base relatively expensive and scarce (TEPC, 2005).

Since the mid 1960s, however, wood carving has received a sudden impetus from all over the world, mainly from developed countries, 'showed great interest in wood carving of Nepal and bought from the local markets and carried with them as souvenirs or articles of home decoration, the opening up of several hotels in Kathmandu and Pokhara also created demand for artistic wood carvings.

Most of wood carving works is done in Patan, Bhaktapur and Kathmandu cities by artisans and their families along individuals' lines. Production is widely spread among individuals and households. The combined total production of individuals and household is not known. It has been discovered that because of the high quality and unique features of Nepali wood carving, there is bright prospect of increasing income from this source (HAN, 1997).

f) Metal Crafts

Broadly speaking, metal craft products can be classified into: cast and filigree art craft, utilitarian utensils and tools. The art craft can be further sub divided into artistic scared statutes, ritual metal art ware and filigree and utilitarian domestic metal utensils and tools and weapons. The metal craft industry in Nepal runs mostly by household units clustered around the city of Patan. Individual artisans follow age old design and production technology (HAN, 1997).

g) Bronze Art

Recently this object is being increasing exported to every corner of the world. Two significant facts on bronze casting are its heavy credit to the Pala school of India and its propagation in Tibet. Artistic Bronze figures comprise copies of antique art works of different Gods and Goddesses of Tantric Buddhism and Hinduism (HAN, 1997).

h) Painting

Painting in Nepal began in 11th century A.D. when the Buddhists and Hindus began to make illustration of the deities and natural scenes, Nepalese paintings were backed by different schools but the influence of Eastern School was the most profound and long lasting. Historically Tibetan and Chinese influence in Nepalese printings is quite evident in Paubhas. Paubhas are two types, the Palas which are the illustrative paintings of the deities and the mandalas, which are mystic diagrams paintings of complex test prescribed patterns of circles and square each having specific significance (HAN, 1997).

i) Thankas

Thankas has been popular among the tourist visiting Nepal. It's a Tibetan painting depicting various facts of Buddhism of mystic tantric sect. Painted on silk or cotton fabrics using bright colors of many hues. Thankas are used as wall- decorations. For Lamas, they are objects of religious importance.

With Thankas popularity among the Western tourists, demand has been rising. Thankas have developed in the northern Himalayan regions among the Lamas and supply from this area is increasing every year. Besides Lamas, Gurung and Tamang communities are also producing Thankas which provide substantial employment opportunities for many people in the hills. Because of their uniqueness, Thankas may continue to command good market outside Nepal. Quality will, however, have to be maintained. All Nepali paintings whether on palm leaf, paper, wood or cloths are carried out in gouache. Varieties of the Buddhists and Hindus deities, secret philosophies and illustrative scenes full of narratives are painted by traditional methods. Mostly such paintings contain horror provoking images, the wheel of life,

image of different Gods and goddesses, illustration of stories, various Shaktis (Erotic figures), imaginary representations of the great thinkers, etc. Some of these paintings were originally made to fulfill certain purposes, such as (a) to serve as a guide out of chaos of the unconscious and the entanglements of the world b) as support of concentration, meditation and ritual aids on the way towards the center of the cosmos and self and c) as magical instrument where merely looking at a painting the faithful might achieve what is desired. The most popular paintings on canvas (coarse cotton) and on thick paper, often called Thankas or Paubhas based also on the Tibetan refugees settled in Nepal and by the Sherpa and Tamang tribes of the Northern regions. Amongst a sect in Northern Nepal, as in Tibet, the second son in every household is sent to a Gumba (Monastery) where he is trained to be a Lama. Fine arts is one of the subjects for those students, who gradually turn into masters. This tradition is the chief reason for the profusion of paintings, (mainly on especially prepared and smoked cloth but also on various other surfaces) that fill up all the Gumbas in Lama Lands. This tradition imbued to the present generation as well that, these Thankas based on traditional symbols, forms, styles, and colour arrangements and are carried out in gouache. Some for the artistic religious and historical paintings are also done by the Newars of Kathmandu valley (HAN, 1997).

j) Bamboo Cane and Straw products

Articles of daily use or utility articles are produced out of bamboo and straw all over Nepal. Examples of such articles are furniture, matting, baskets, bags, boxes, trays, Curtains, flower vases, storage for grain etc. such articles are being made in households of Nepalese villages, traditionally for their everyday use. Commercial production of such articles has developed mainly in Kathmandu Valley and the southern Terai regions of the country (TEPC, 2009).

k) Leather crafts

Lately, production of leather goods has started in Nepal. Utility item like purses wallets, luggage, women's bags, belts, etc. are available in different colour and sizes (TEPC, 2009).

l) Terra-Cotta/ Ceramics

In Nepal, building and modeling in terra cotta goes back to 2600 year and still continues to this day. Terra- cotta temples displaying superbly carved with lively motifs of sculptures were built between 14th and 18th centuries. Locally known as "Kumhale", one of several occupational castes of Nepal, Nepalese potters move the earth to produce a range of quality ceramics products. Earth ware statues, water and storage jars and flower pots are traditional products. Today, producers have added interesting glazes, all lead free and an expanding product line of terracotta into useful and decorative items like glass, cup plate, tea pot, flower vase, serving bowl, soup bowls etc.

m) Dhaka products

One of the handloom fabrics, which is gaining more and more popularity among buyers, at present, is Dhaka shawl and cloths. Dhaka cloths are an intricate art in traditional hand weaving that has been preserved in Nepal and is valued for its artful handwork in natural fibers. This traditional pattern weaving is done on wood and bamboo treadle looms by Limbu and Rai women of eastern hill area (Tehrathum) of Nepal. The stripes of mercerized sewing cotton with their intricate colorful stranded cotton patterns are used in this weaving. Each weaving is unique at every change of shed. The weaver decides without Figure or counting threads into which section of the wrap she is going to lay the colors which form the pattern.

n) Natural fiber of Allo

The natural fiber of allo comes from the bark of giant nettle *Girardinia diversifolia* and has been extracted for generation in the high mountain region. The allo plant occurs in most of the high mountain regions of Nepal (Sankhuwasabha, Dhankuta, Rolpa, Rukum) at the altitude of 1200 and 3000 m, flourishing under the shade of Mixed deciduous forests. The seed are shed freely and begin to grow with the onset of monsoon rains between April and June. Harvesting begins towards ends of August/ September and continues until plants being to flower around December. Only mature thick stems are harvested, others left to seed. The stems are cut about 15cm from the ground in order to leave sufficient stem for new shoots to spread. After the cutting and

stripping, bundles of about five stems are held at the butt end and an incision is made with the teeth in each stem in order to separate the outer bark and fiber layer from the inner stem.

The barks are either processed while still lush or dried or stored in bundles. The dried bark will be soaked in water before fiber extraction. The bark is processed by boiling for two to three hours, in water to which wood ash has been added. The exposed fibers are beaten or rubbed between fingers and thumb to remove any remaining plant matter and rinsed in water. The wet fibers are then coated with a white micaceous clay soil to lubricant the fibers and make their separation and spinning easier. The dry bundles of all fiber are prepared for spinning by being shaken to remove surplus micaceous soil and then open out for spinning women use a light weight hand spindle. Allo fibers are taken on most journeys and are spun not only when resting but on even the most difficult walk. Allo is traditionally woven into cloth in a open back strap loom. Presently wooden looms are used to weave cloth, placemat and table runners. Allo tread also is knitted into vests, shawl, and nets. Variety of new products ranging from bags, cushions covers, wallet and clothing with natural dyes are being produced and liked by many buyers at present.

m) Other Miscellaneous products

i) Gurkhas Knives (Khukuri)

Used as traditional weapon by the Gurkhas of Nepal. Army, it is also a practical household implement and now universally acquired for decorative purposes.

ii) Rope incense and sticks

Rope incense is native and special to Nepal. Made of twisted rice paper filled in with sweet smelling powder it burns Incense sticks are however fairly new to Nepal and are now being locally produced.

iii) Paper Mache- mask, Puppets, wooden dressed dolls

Colorful paper Mache masks depicting various Gods & mythical demons make unique decorations and available in various size. Though fragile, they are a popular export item. Puppets made of wood and clay with paper Mache masks come colorfully and ethnically dressed and are items of display and gifts. Some wooden dolls depicting various occupations and tribal groups of Nepali plus mythical demons and gods are dressed in bright clothes: have painted metal masks for faces.

iv) Musical instruments

Trumpets made of hand beaten copper, drums of various kinds, flutes, Cymbals and bells are traditionally produced in Nepal So far its performances as an export item is low, but production can be geared to meet the demand.

v) Handicraft Products of Bone and Horn

Not much has been developed in this line due to the limited ,lumber of craftsmen working in this field however Popular items are available as decorative articles and ornaments such as figurines, combs; shoe horns, etc. (HAN, 1997).

vi) Hand-made, Readymade Garments

Handmade cotton and woolen readymade garment are fairly a new entrant in the Nepalese list of Exportable products. Such garments are still traditional on the whole, which would mean garments mostly made by hand or by the minimum use of mechanical skills. Nepalese dresses and designs,. the most popular being exported at present to overseas markets are, Sherpa jacket, waist coat.

Bhotto, Long dress, shirt, Pullover Nepali dress (Labeda Surwal) etc. The main production centers of such garments are the Kathmandu valley and Northern hilly parts of Nepal. The people engages in the production of such products are mostly the Sherpas and Tibetan refugees (HAN, 1997).

2.3 Historical Review of Nepalese Handicrafts

The Evolution of crafts and small industries in Nepal is perhaps as old as the growth of Kiratee civilization whose origin may be traced back to many centuries before the Christian era. It is recorded that crafts and commerce were in more flourishing stage than agriculture during the Kiratee period (Sharma, 2008)..

The History temple as Changu Narayan of 5th century and fabulous palace as Kailashkut Bhavan of the 6th century provide sufficient evidence of the glorious achievement of the Lichhavi art and architecture whose amazing beauty had long been appreciated by ancient Chinese traveler Hien Tsang had made a remark that the Nepalese artisans were gifted with considerable skill (Cateora and Graham, 2001).

The Nepalese art and culture were not result of Nordic Aryan coming north from Indo Gangetic plains and mixing up with different groups of Mongolians. Their art and culture , which are religious in character' and symbolic in meaning, developed in Kathmandu valley and Western hilly region of Nepal within the Brahminical and Buddhists concept. The Kathmandu valley having a legendary history is the oldest place of Nepalese culture where the traditional chKonieles called the Vansavallies of Hindus and Buddhist origin are found (TEPC, 1978).

According to the Vansavallies, there were three dynasties (the Gopalas, the Mahisapalas and Kiratees) before the region of Lichhavis. The Vansavallies also describes about the important personalities like the Buddha, Manjushree, Ashoka, Shankaracharya etc. To historians Buddhism and its concomitant art spread from Nepal to Tibet in the 7th Century A.D. & a special relationship was developed between Nepal and Tibet in 13th century A.D. when a young architect Arniko led a group of artists to erect artistic statues in Tibet.

The history temple as Changu Narayan of 5th Century and fabulous palace as Kailashkut Bhavan of the 6th Century provide sufficient evidence of the glorious achievement of the Lichhavi art and architecture whose amazing beauty had long been appreciated but ancient Chinese traveler Hiuem Tsang had made a remark that the Nepalese artisans were gifted with considerable skill (Boyd and Walker, 1998).

"It is doubtful whether any country in the world has conceived a more artistic memorial status than that to be observed in the public squares of cities of Nepal" (Brown, 1912).

In ancient time the wood carving and stone carving was not less remarkable art works. Every window of houses in Kathmandu Valley was artistically carved. Even today, we can see these things in old houses. There is still a wonderfully carved window popularly known Nepalese dynastic history (Sharma, 1979).

Nepal's beautiful craftsmanship and architectural beauty were spread far and near in the past. These things, we can find in any book on Nepal whether they are written by foreign writers further that Nepal's architectural beauty of the past is equally revealing in numerous .-temple, palaces and buildings. The Nepalese style in these works seemed to have influenced not only Tibet but even Burma and China (Shrestha, 1998).

An English author, who has visited the country in 1973 A.D., describe not only spinning and weaving of cotton and woolen textiles but also manufacturing of Iron, copper, brass, bronze and other metal goods (Cateora and Graham, 2001).

In ancient time the woodcarving and stone carving were not less remarkable art works. Every window of houses in Kathmandu valley was artistically carved. Even today, we can see these in old houses. There is .still a wonderfully carved window popularly known as "Deshemarujha" which is very rare window in Kathmadnu. Every pieces of wood in the temples were carved artistically. Tourists are very much enchanted by these artistically carved pieces of wood even this day. We find many tourists looking up these tundals, wood pieces, in the temple of Durbar squares of three cities of the Kathmandu valley. The outstanding skill of Nepalese in stone: carving can be seen at Krishna Mandir in Patan. A complete epitome of the Hindu epic, the Mahabharat was engraved in lithic pictures on the walls of temple. People had also made by hand many simple arms such as rifles even as late as 1873. More requirements of arms and ammunition, since "in the valley of Kathmandu, there are arenas and magazines" (Temples, 1887).

Development of Nepalese art and handicrafts can be divided into six stylistic periods which is as follows.

- i) The pre-Lichhavi Period (Before 400 A.D.)
- ii) The Lichhavi period (5th to 8th Century)
- iii) The transitional period between the Lichhavis and Mallas (6th to 10th Century)
- iv) The early Malla period (11th to 14th Century)
- v) The late Malla period (15th to 18th Century)
- vi) The Shah or Gurkha period (from the middle of the 18th century) (Joseph, 1973).

2.4 Government Policies on Export of Handicraft Goods

- a. The production and quality of exportable products will be raised to make them competitive in the international market.
- b. Necessary efforts will be made to increase and diversify exports of goods and services with the objective of increasing foreign exchange earnings.
- c. Exports will be promoted by raising the production and quality of traditional as well as new products. Similarly, more emphasis will be placed on the export of profitable but processed and finished products. For the export promotion of these products, new markets will be identified.
- d. Foreign exchange earnings will be increased and opportunities for gainful employment will be created by identifying and increasing the production of new products.
- e. Service oriented activities will be promoted to increase foreign exchange earnings.
- f. For the effective utilization of manpower, stress will be given to the development of appropriate and potential skills to promote service sector as well as export of skilled manpower in an organized way.
- g. Appropriate monetary, foreign exchange and fiscal policies will be formulated and necessary changes will be made in the administrative procedures to make them liberal, simple and dynamic in order to implement above policies on an efficient, smooth and transparent basis (Upadhyaya, 2003).

2.4.1 Export Procedure & Documentation

Only a Registered firm or company is eligible to export goods. The following documents are inquired for exporting to third country by air.

- i. Custom Declaration Form.
- ii. Commercial Invoice
- iii. GSP form 'A' if applicable
- iv. Copy of letter Of credit or advance payment statement received from the bank.
- v. Foreign Exchange Declaration form of Nepal Rasta Bank
- vi. Packing List
- vii. Copy of firm/company registration certificate.
- viii. Copy of income tax registration certificate
- ix. Airway bill
- x. Letter of authority to clear the consignment
- xi. Phytosanitary Certificate for agricultural products/Plants.
- xii. Certificate from department of archaeology for the export of statues, Thankas, wood carving of archaeological value etc.
- xiii. Visa Authorization certificate from garment visa office of national Productivity and Economic development center for the export of garments to USA and Canada.
- xiv. CITES certificate from the department of National Parks and Wild Life conservation for the export of bone and horn products.
- xv. Certification on invoice from the Handicrafts Association of Nepal for Handicrafts goods and Silver Products.
- xvi. Value added Tax Certificate for beer, spirits and cigarettes.
- xvii. Passbook for gold handicrafts.
- xviii. Clearance certificate of Department of Mines and Geology. for mineral products.
- xix. Clearance certificate of Department of Drug Management for medicines.
- xx. Certificate of origin from local chamber of commerce
- xxi. Multiple country declaration for garment export to the USA.

All the above documents except of No. 9 and additional following documents are required for export to third country by sea/land.

- i. Transport manifesto, one copy per truck.
- ii. Custom transit declarations.
- iii. Transit declaration invoice for goods in transit via India/Bangladesh to third country destination (TEPC, 2003).

2.5 Organization for Development of Handicrafts Industry

All the country of the world have opted for some or the other institutions, which shall be responsible for the development and promotion of the handicrafts. These institutions are responsible for the policy decisions for their handicraft items. They are as follows,

1) International Trade center

The International Trade Center CTAD/GATT(ITC) is the focal point in the united Nation system for technical Co-operation with developing countries in trade promotion. ITC was created by the general agreement on Tariffs and Trade (GATT) in 1964 and since 1968 has been operated jointly by GATT and UN, the latter acting through the United Nation Conference on Trade and Development Program (UNDP). ITC is directly responsible for implementing UNDP – financed projects in developing countries related to trade promotion.

ITC works with developing countries to set up effective national trade promotion program for expanding their exports and improving their operations. One aspect of this activity is advising governments on their national trade promotion strategies, institutions and services. ITC also provides market development services aimed at identifying new export opportunities, adapting products for sale abroad and promoting these goods on the international market. Such work is undertaken for both non-traditional exports of developing countries and selected primary commodities. ITC's special services to backup these export marketing efforts include advice on export packaging, quality control, costing and pricing, publicity, trade information, export financing, institutional requirements for trade promotion, legal aspects of foreign trade, joint marketing for small and medium size firms and official commercial representation aboard. ITC also works with import management organizations to improve their import operations and techniques. Training is organized by ITC on

broad range of export and import subjects. In addition to these main areas, ITC's program deals with the special trade promotion needs of the least developed countries and trade promotion activities of national chamber of commerce and other business organizations.

ITC's technical co-operation projects are carried out in all developing area at the national, regional and inter-regional levels. They are administered from ITC headquarters in Geneva and are implemented by ITC experts. In addition to project support, ITC headquarters' activities consist of research and development on trade promotion and international marketing.

Financing for ITC's technical co-operation activities in developing countries comes from UNDP (United Nation Development program), international financing institutions and individual developed and developing countries. Its headquarters budget is funded in equal parts by GATT and the UN (International Trade Center, 1991)

2) Handicraft Association of Nepal

Handicraft association of Nepal was established in 1971 to enhance and to promote handicraft trade and industry. It was registered under institution Registration act of Nepal. As a service oriented non-profitable organization of private sector business and artisan community, it helps its members improve their productivity, explore market and introduce them to the international arena. It also works as liaison between its members and the Government/three branches within Nepal.

Aims and Objectives

- a. To work towards steady growth of handicraft trade and Industry.
- b. To encourage Nepalese artisans to adopt handicraft production as their profession by reserving Nepalese cultural heritage and to popularize it in the world.
- c. To provide pragmatic suggestion and advice to His majesty's Government and its related agencies to formulate Policy/Programs for the betterment of handicraft trade and Industry.

- d. To popularize and promote handicraft products.
- e. To strive towards enhancing the quality of handicraft goods and its productivity.

Activities

To attain its aims and objectives, the association has been undertaking the following activities.

- i. Organize seminars, symposiums and conferences various topics relevant to strengthening of the handicraft trade industry.
- ii. Explore additional markets for the handicraft products.
- iii. Organize exhibition and trade fair to highlight handicraft products and create public awareness in its usage.
- iv. Activate and increase contacts with National and international agencies for the growth of handicraft trade industry.
- v. Institute award in recognition of highest export and best craftsmanship.
- vi. Arrange participation in international trade fairs and organize exhibitions for its members.
- vii. Publication of news bulletins, books, catalogues, directory and the materials relevant to handicraft trade and industry.
- viii. Act as catalytic agent for management of training program for the benefit of its members.
- ix. Issuance of valuation certificate for handicraft and Silver products.
- x. Certification of products made from the parts of domestic animals.
- xi. Documentation & Dissemination of information regarding handicraft trade and industry (HAN, 1998).

3) Trade Promotion Center

Trade Promotion Center (TEPC) is a national trade promotion organization of the country established in 1971 under the Nepal development Board Act 1956. It is a non-profit making and focal organization of the promotion of foreign trade in general and export trade in particular. To develop and strengthen the export trade of the country, the center has been doing various activities since its establishment. Furthermore, to

facilitate the small and medium entrepreneurs in international trade by making them more competitive and giving them access to advanced information and telecommunication technology and network, the center has joined the trade point Program of UNCTAD and launched Himalayan Trade Point Kathmandu under the joint coordination of the center and Federation of Nepal Cottage and Small Industries.

Principal Functions

- Undertake export promotion activities to boost export trade
- Assist the Government in formation and implementation of national trade policy, including export promotion strategies.
- Undertake research activities for export product feasibility, export promotion and market access. Coordinate national product development and product adaptation.
- Design and develop effective trade infrastructure conducive to export trade.
- Maintain liaison with trade related international organizations.
- Coordinate and assist business enterprises for their participation in expansion of export trade of the country. Act as a catalyst agent between Government and exporters.
- Develop export awareness and entrepreneurship among the business communities.

Services

- Product survey for identification, adaptation and development of export product. Market research and export marketing promotion.
- Develop the export consciousness and entrepreneurship among the business community.
- Conduct training, seminar and workshop to facilitate the exporters. - Organize buyer seller meeting and entertain trade opportunity.
- Provide trade information and counseling services. Publication and publicity for export trade development.
- Compile, analyze and disseminate the overseas trade statistics.
- Maintain professional link with national and international trade and business related organizations.

- Provide trade facilitation service (TEPC, 2005).

4) Export Promotion Board

EPB constituted in December 1995 under the Chairmanship of the Commerce Minister. It supports product development and export promotion program with a view to improving the balance of trade position.

The EPB encourages export promotion schemes such as product development, product diversification and quality improvement projects through various implementing agencies such as Government undertakings, FNCCI, FNCSI, commodity Associations, Bi-national Chamber of Commerce and other Organization particularly engaged in export promotion. Further, the Board provides assistance for developing export-related infrastructure, conducting market study and research, organizing training and trade fair and participation in trade fairs at home and abroad.

Policies and Activities

The EPB policies basically cover the following activities:

- Preparation of long -term strategy and export perspective plan.
- Implement of program related to product development.
- Improvement of Quality of the export products.
- Stabilization of export.
- Diversification of export.
- Development of infrastructure for export and
- Recognition source and honor of good performers.

5) Federation of Nepal Cottage and Small Industries

Federation of Nepal Cottage and small Industries (FNCSI) is a member based non-profit organization established in 1990 as the movement of the cottage and small entrepreneurs in Nepal. It is an autonomous, non- government umbrella organization for cottage and small industries. As a single organization to lead CSI sector in Nepal, it also leads micro industries. Main objective of the FNCSI is to contribute to the overall development of cottage and small industries (CSI) sector in Nepal by uniting

cottage and small entrepreneurs into a national organizational framework, providing business information, promoting industrial relations, promoting and enhancing entrepreneurship as well as their capacity through of lobbying and advocacy with larger voice.

FNCSI spreads in 68 districts out of 75 district of Nepal. It has a central women entrepreneurs committee with 46 district committee. It has total industrial members of 28,000 including 6,500 women members (TEPC, 2005).

2.6 Review of Newspaper & Text Book

Handicraft being a important exportable goods of Nepal, there is a lack of studies made up to now regarding all aspects of Nepalese handicraft products. However, some minor studies are conducted by various individual personalities and very few by some organized sector such as Handicrafts association of Nepal & trade promotion center. The trade promotion center & handicrafts association has done commendable work in this regards. Most of these are concerned with marketing aspects of handicrafts. They had found out the possibilities of increasing export amount of handicraft. Their suggestions in increasing handicraft export are, however, appraisable. Trade promotion center has published commodity profile. Handicrafts from Nepal on the occasion of "export promotion workshop" organized but it is collaboration with the international trade center, Geneva with a concerned official to the promotion of related commodities including handicrafts goods.

In 2028/029 B.S., Trade Promotion Center of Nepal conducted a valley wide survey on handicraft. In this survey, they tried to find out the cost of promotion and the variable of the cost in the handicraft production. This survey recommended giving incentives to exporters and providing state protection to the handicraft industry. It has also emphasized to encourage the artisans. More than this, study gave more suggestion in the field of export promotion.

The study regarding Nepalese handicrafts has been done by trade promotion center of Nepal holding Export marketing seminar on 13th March 1977 in Kathmandu for 13 days to provide producers and exporters of Nepal with qualitative and qualitative information on the handicrafts together with the analysis of market condition and

sales possibilities of Federal republic of Germany. The federal republic of Germany is one of the leading importers of Nepalese hand-crafted goods. Every year, the handicrafts export to F.R.G is increasing.

In 2031 again two studies were conducted on Nepalese handicraft industry. The first is R.M Shakya's "Nepal's handicraft" a growing industry" and second is "Nepalese handicraft" by S.N Rajbhandari. Both the studies are of descriptive type and tried to show the possibilities of increasing our export volume of handicraft. However, their suggestions are also similar to the study made by Mr. S.R Shakya and The suggestions are mostly concerned with marketing aspect of the industry.

2.7 Review of Previous Study

Some review of previous studies is given below to justify this research's arguments by referencing previous research.

Basukala (1980) highlighted the following things.

- i. Nepal has handicraft items as one of the leading exportable items, especially in the overseas market. To promote the handicraft items, there is a need of sound and well elaborated public policy.
- ii. There should be emphasized on the quality & design on the handicraft products. He has pointed that the improvement should be down as quality and design of handicraft.
- iii. The country should have to pay attention towards overseas market research for having the market information about the taste and performance of overseas countries.
- iv. Export promotion of Nepalese handicrafts will lead to strengthen the national economy. For the promotion of it emphasis should be given to strong export marketing and Promotional strategies.

For promoting the handicraft export, there must be participation from private sectors, so they must be motivated for such co-operation as the handicraft export promotion is not the task of government alone or private sector alone. It needs the participation of both parties. Thus for promoting it, there should be estimated separate certain budget.

So that there won't be any uncompleted task of the export promotion due to lack of financial source (Basukala, 1980).

Shakya (2009), in his study "The prospects of Developing handicraft and curious industry in Nepal" has given a lot of suggestions on the promotion of handicrafts export. His main focus was on the artisans' side of the industry. According to Mr. Shakya artisans have been exploited by the exporters and the collectors of handicrafts. He was right in this point up to the year 1984. But this is not true in present situation when the artisan have been taking full benefits of their skills. Moreover, the highly skilled artisans want unnecessary benefits because of monopoly skill. This has increased the wage of artisans more than two times within years. He has also shown the problem of unavailability of raw materials.

Shrestha (2010) in his study entitled "A study on the export promotion of Nepalese Handicraft" has observed more than necessary problems but he didn't try to find out the main problem of this industry, his main focus on the promotion side of export trade. His finding with regards to the promotion of handicrafts is, however, important for the betterment of this industry. Shrestha (2011) in his study entitled "A study 'on the problems and prospects of Nepal's woolen carpet export" has highlighted the following fact.

- i. Nepal should identify new market for market segmentation, heavy market campaign is necessary. Market promotion can be conducted via different media, newspaper, trade fairs etc. for the export promotion of handicraft items.
- ii. Entrepreneurs should consider the quality aspects therefore in the process of production quality control should be done.
- iii. Government should develop export trade, transit facility and should act as a facilitator to promote handicraft in overseas countries.
- iv. Export of Nepalese woolen carpet is in increasing trend but diversification of export is very essential. For this marketing activity should be conducted such as market research, promotion.

Pokharel (2011) has found in his study "Nepalese handmade paper and paper products" published in the year 2009 has highlighted the following things.

- i. He has pointed that there is the problem of the international market expansion for handicraft goods. New international market needs to be explored and identified and for it technical knowhow is very essential.
- ii. There is a need of financial support from the government, private sectors; INGO and NGO in order to participate in the international fair trade for promoting the Nepalese handicraft.

CHAPTER THREE

RESEARCH METHODOLOGY

The study is about the export of handicraft of Nepal. There has been limited study of handicraft in Nepal, so its study is indispensable. Ex- post facto research design technique is adopted for the research design. Information were collected throughout the different parts of the country.

3.1 Nature and Sources of Data

The present study is primarily based upon secondary data. The main sources of secondary data are Handicrafts association of Nepal, Trade promotion centers, Nepal Rastra Bank, Commerce departments and various published newspaper and magazines. Primary data are collected from manufacturers, dealers and exporters of handicrafts within the Kathmandu valley. Data was collected to obtain information on problems and prospect of handicraft business.

For research purpose of secondary data from F/Y 2010/11 to 2014/15 is taken as sample. (HAN, annual report). The entire secondary data used in this study are basically of the following nature:-

- Export data of Handicraft goods from 2010/11 to 2014/15.
- Country wise export data of handicraft goods from 2010/2011 to 2014/2015.
- Product Wise export data of Handicraft goods from 2010/11 to 2014/15

The present study is based upon secondary data and Primary data. The main sources of secondary data are -Handicrafts association of Nepal, Trade promotion centers, Nepal Rastra Bank, commerce departments and various published newspaper and magazines. Primary data are collected from Manufacturers, Dealers and Exporters within the Kathmandu valley.

3.2 Population and Sample

There are many components in the study. With regards to the first components of the analysis of the trend of handicraft industry, we consider all handicraft industries in the

country as our study population. All manufacturers, dealers and exporters of Nepal in handicrafts sector is considered as a population and sample of primary data .for research purpose of secondary data from F/Y 2010/2015 is taken as period cover .simple random sampling method has been used for primary data collection. About 80 questionnaires were distributed at different place of Kathmandu, Bhaktapur and Lalitpur district and only 40 respondents manufacturer and were dealers and 12 frequency manufacturers and exporters of handicrafts products.

3.3 Data Collection Procedures

The procedure employed in this study are, first of all references card are prepared by visiting various libraries and collection of related published materials.The information regarding to this study are mainly collected from the office of handicraft association of Nepal from the published annual reports relating to the export of different Handicrafts items. Also the Internet is used to find some literature and necessary data regarding this study. The necessary secondary data are collected using appropriate technique.

3.4 Tools of Data Analysis

In the analysis of data, like descriptive and graphical method have been used to make the analysis, more effective, convenience, reliable and authentic and graphical method In descriptive analysis the data has been presented in an appropriate way with the help of percentage, tables, graphs and Figures. The graphical presentation is explanatory simplest, and the most convenient form. On the basis of analysis and interpretation, major findings, conclusions have been drawn and subsequently recommendations are made.

CHAPTER FOUR

TREND AND PATTERN OF HANDICRAFT EXPORT OF NEPAL

4.1 Overall Export of Handicrafts in Nepal

Under this analysis, the total export of handicraft items since 2010/11 to 2014/15 and others essential data available from different organization have been presented with the help of table as appropriate.

4.1.1 Product wise Export of Handicraft Goods

Table 4.1: Product wise export of handicraft Goods (in billion)

Product	2010/11	2011/12	2012/13	2013/14	2014/15
Pashmina Products	5643629926	1412877312	989897860	661373832	700701032
Silver Jewellery	2259165466	283299573	353059924	367498246	377448266
Metal Craft	226048719	262708287	2762380900	293065733	373010297
Handmade Paper	190987925	242859397	275374703	-	263764274
Woolen Goods	243961432	207863139	277937043	432203471	555182797
Cotton Goods	67188529	207863139	96199631	113720701	110769595
Wood Craft	-	43363140	56211726	69881610	80824001
Hemp/Allo Goods	-	27821720	43675079	43675079	62082023
Silk Products	-	34495094	41489102	132354320	12908422
Leather Goods		35190889	-	23610502	25811618
Miscellaneous Goods		97954568	142869385	132732884	

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The table 4.1 indicates that the overall product wise export of handicraft goods . F/Y 2014-2015, pashmina products has amount NRs 700701035 in the total export of handicraft good followed by woolen good 555182797, silver jewellery 377448266, metal craft 373010297, handmade paper product 263764274, silk products 129084331, cotton goods 110769595,wood craft 80824001, hem/allo goods 62082023,leather goods 25811618, and miscellaneous goods 170798213.

This indicates that Pashmina Products is the number one exportable handicraft Products of Nepal. After Pashmina Product, Woolen goods, Silver jewellery, Handmade Paper Product, Metal Craft, Silk Products, Wood Craft, Hemp/Allo goods, Leather goods have deserved second, third, fourth, Fifth, Sixth, Seventh & eighth position.

4.1.2 Country wise Export of Handicraft Goods

Table 4.2 : Country wise Export of Handicraft Goods

F Year Countries	2010/11	2011/12	2012/13	2013/14	2014/15
USA	1439975	548459	535995	556176	589041
Germany	271972	148852	189135	219722	283305
Japan	1212922	317814	272699	25337	264370
Italy	220481	220481	158625	194298	242662
UK	481944	274601	292778	278016	238396
Canada	174337	151441	177224	201943	183560
India	1707791	416143	303169	113949	115403
Switzerland	115949	60450	46417	50996	59348
Total	2964591	1355328	1976042	1640437	1738145

Source: Trade and Export Promotion Centre, 2010/2011 to 2014/2015

Table 4.2 indicates that the some country wise export of handicraft goods. F/Y2014/15 USA has been the number one import of Nepalese handicraft goods which has contributed 33.88 percent amount NRs. 589041 thousand in the total export of Nepalese handicraft goods. Whereas Germany, Japan and Italy, UK, France, Canada, India has been the second, third, fourth, fifth, six, and seven major importer of Nepalese handicraft goods which has contributed 16.299 percent amounted to NRs. 283305 thousand, 15.20 percent amount to NRs. 264370, 13.96 percent amount of 242683, 13.71 percent amount NRs 238396, 10.56 percent amount NRs. 187480, 6.6 percent amount 115403, 3.41 percent amount NRs. 59348 the total handicraft goods.

4.1.3 Total Export of Handicraft Goods

Table 4.3: Total Export of Handicraft Goods

F/Y	Export (in Rs.)	Growth Rate %
2010/11	6823162793	-
2011/12	2719636490	-60.14
2012/13	2552952543	-6.12
2013/14	2571841423	0.74
2014/15	2849476340	10-80

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The total export of handicraft goods is in a fluctuating trend and Fluctuating gap between growth rate and decline rate is very high. In F/Y 2011/12, the total export of handicraft goods is decreased by 60.14% and in F/Y 2012/13. The total export of handicraft goods is decreased by 6.12% as compared to last year. In F/Y 2013/14, the total export of handicraft goods is increased by 0.74% only and in F/Y 2014/15, it is increased by 10.80%, compared to last year's growth rate. The lowest export amount of handicraft goods is NRs. 2552953 thousand in F/Y 2010/11 and the highest export amount of handicraft goods is NRs. 6823163 thousand in F/Y 2010/13.

4.1.4 Handicraft Export's Contribution in Total Export of Nepal

Table 4.4: Handicraft Export's contribution in total Export of Nepal

F/Y	Handicraft Export (Nrs.)	Total Export (Nrs.)	Contributed % of Handicrafts in total Export
2010/11	6823163	55245900	12.35
2011/12	2719636	47386788	5.74
2012/13	2552953	50011122	5.10
2013/14	2571841	53949414	4.76
2014/15	2849476	58975321	4.83

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

In F/Y 2010/11, the total export of handicraft goods is NRs. 6823163 thousand which contribute 12.35% in the total export of Nepal. In F/Y 2011/12, the total export of handicraft goods is NRs. 2719636 thousand which contribute 5.74% in total export of Nepal. In F/Y 2011/12, the total export of handicraft goods is NRs. 2552953 thousand which contribute 5.10% in total export of Nepal. In F/Y 2013/14, the total export of handicraft goods is NRs. 2571841 thousand which contribute 4.76% in the total export of Nepal. In F/Y 2014/15, the total export of handicraft goods is NRs. 28492176 thousand which contribute 4.83%.

This indicates that the contribution of handicraft's export in total export of Nepal is in a declining trend up to 2012/13 but in F/Y 2014/15, the contribution of handicraft export has increased by 0.07%, compared to last year's contribution.

4.2 Product wise Export of Handicrafts

4.2.1 Export of Pashmina Products

Table 4.5: Export of Pashmina Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	5,643,629,926	-
2011/12	1,412,877,312	-74.97
2012/13	989,897,860	-29.94
2013/14	661,373,832	-33.18
2014/15	700,701,035	5.95

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

It is apparent that the export of pashmina product has decrease each successive year except small increased by 5.95% in Fly 2014/15. Lowest export of Pashmina products is seen in the Fly 2013/14 with the export amount of Rs. 66137382 whereas the highest export Pashmina products was in the FM 2010/11with export amount of RS564362996. In the F/y 2012/13 there was lowest export decline rate of 29.94. On the other hand highest export decline rate of Pashmina products was 74.97 in F/Y2010/11. It can be concluded that from F/y 2011/12, 201/14, the export of

Pashmina products was in a declining trend and declining percentage really makes us any cious. A sign of optimism is seen in F/y 2014/15 with the growth rate of 5095.

4.2.2 Export of Woolen Products

Table 4.6:Export of Woolen Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	243961432	-
2011/12	207863139	-14.8
2012/13	277937043	33.71
2013/14	432203471	55.50
2014/15	555182797	28.45

Source: HAN Annual Report from F/Y 2010/11 to 2014/15

It is clear that except for the fiscal year 2011/12; in the percentage of export of woolen products is an increasing side. For the fiscal year 2011/12 percentage decline by 14.8% than that of previous years and rise to 33.71% on the fiscal year 2012/13. There was remarkable growth on export on fiscal year 2013/14 with 55.50% growth than previous year. However on the fiscal year 2014/15 the percentage of growth rate of export of woolen products was limited 28.45% since the trend of export quality was unidirectional 6, increase in each year, the last year under the census i.e. Fiscal year 2014/15 has yielded the minimum export amount of NRs. 555182797. Hence because of the unidirectional increasing trend, it was also sure the first year under the census have the largest export and it was amount of NRs. 243961432.

4.2.3 Export of Cotton Goods

Table 4.7:Export of Cotton Goods

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	67188529	-
2011/12	71203371	5.97
2012/13	96199631	35-10
2013/14	113720701	18-21
2014/15	110769595	-2.60

Source: HAN, Annual Report from T/Y 201/11 to 2014/15

Clearly, we can notice from the tally that except for the F/Y 2014/15 the export of cotton goods was on the rising ride. In the F/Y 2011/12 the export of cotton gerd increased chain may not mound very loud but for F/Y 2012/12, the export of cotton goods significantly gone high with 35.10% rise than that of previous year. Disappointingly growth export of cotton goods on fiscal year 2014/15 was revealed as 2600.

The lowest export amount of cotton goods is NRs 67188529 in F/Y 2010/11 and the highest export amount of cotton goods NRs. 113720701 in F/Y 2014/15.

4.2.4 Export of Hemp/Allo Goods

Table 4.8:Export of Hemp/Allo Goods

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	20537646	-
2011/12	27821720	35.46
2012/13	43675079	56.98
2013/14	45256263	3.62
2014/15	62082023	37.18

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The most enchanting aspect of the table in essence of being noticeable is that there has been more increase in export of Hemp/Allo goods every year. Hence the final fiscal year of census i.e. 2014/15 has to have highest export increase of amount and it was amount of NRs. 62082023. There was remarkable growth rate of 35.46% in the year 01 2011/12 and further more the growth rate was at the Silk with 56.98% in the fiscal year 2012/13. The graph of growth rate % can be easily greased to be chaotic as there was mere increase of 3.62% in 2013/14 whereas on 2014/15 the growth rate rose to 37.18%. Hence the most discarnate feature of the table is that the export Hemp/Allo Goods is in increasing trend.

4.2.5 Export of Silk Products

Table 4.9:Export of Silk Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	28034534	-
2011/12	34495094	23.05
2012/13	41489102	20.28
2013/14	132354320	219
2014/15	129084221	-2.47

Source: HAN, Annual Report from Fly 2010/11 to 2014/15

We encounter with an astonishing fact when we surf through the table aforementioned. There is 219% growth rate% than its previous years for the fiscal year of 2013/14 in case of export of Silk product. But drastically the growth rate is followed by 2.47% for fiscal year 2014/15 which is quite disappointing. Previously growth rate were satisfactory with 23.05% and 20.28% for the fiscal year 01 2011/12 and 2012/13 respectively. For the fiscal year there was lowest export amount of 28034534 where as with NRs. 132354320 the fiscal year 2013/14 has hit the highest mark so, the scenario depicted by table may be concluded as the export of Silk product was increasing trend except for the year 2014/15.

4.2.6 Export of Dhaka Products

Table 4.10:Export of Dhaka Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	-	-
2011/12	-	-
2012/13	3991182	-
2013/14	4995352	25.15
2014/15	3370222	-32.54

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of Dhaka products is in a fluctuating trend. In F/Y 2013/14, the export of Dhaka products is increased by 25.15% but in F/Y 2014/15, the export of Dhaka products is decreased by 32.54%. In F/y 2012/13, the export amount of Dhaka products is NRs. 3991182 and in F/Y 2011/12, it has increased to NRs. 4995352. But in F/y 2014/15, the export of Dhaka products is decreased to 3370222, compared to last year's export. From F/Y 2012/13 to F/Y 2013/14, the export of Dhaka products was in increasing trend but from F/Y 2014/15, the export is in a declining trend.

4.2.7 Export of Silver Jewellery

Table 4.11:Export of Silver Jewellery

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	225916546	-
2011/12	283299573	25.4
2012/13	353059924	24.62
2013/14	367498246	4.08
2014/15	377448266	2.70

Source: HAN, Annual Report from F/Y 2008/09 to 2012/13

The export of silver jewellery is increased each and every year. In F/Y 2011/12, the export of silver Jewellery is increased by 25.4% and In F/Y jewellery year's export. In F/Y 2012/13, the export is increased by 24.62%, compared 2013/14, the export of silver jewellery is increased by 4.08% which is comparatively sic vi less growth percentage than ear. In F/Y 2012/13, the export is increased by 2.7% which is less growth rate than years.

The lowest export growth rate of silver jewellery is 2.7% in F/Y 2013/14 and the highest export growth rate of silver jewellery is 25.4% in F/Y 2011/12. The lowest amount of export of silver jewellery is NRs. 225916546 in F/Y 2010/11 and the highest amount of export of silver jewellery is NRs. 377448266 in 2014/15. The export of silver jewellery is in a increasing trend but the increasing percentage is not high.

4.1.12 Export of Metal Craft

Table 4.12:Export of Metal Crafts

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	226048719	-
2011/12	262708287	16.21
2012/13	276238090	5.15
2013/14	293065733	6.09
2014/15	373010297	27.27

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

From the table of export of Metal crafts we find that from the F/Y 2014/15 there was highest export of amount 37 3010297. For this same year there was greatest growth rate % 27.27% comparing to previous years, For the Fiscal year 2010/11 there was export amount of NRs. 226048719. Form here there was export of metal crafts that is in the increasing trend. For the year 2011/12 there was growth rate of 10.2%, whereas the growth rate got limited to 5.15% for the following year. For the fiscal year 2013/14, there was growth rate of 6.09%, which rescmuled to that of previous year. So the description of the talk can be concluded as, the whole export was in the increasing trend.

4.2.8 Export of Handmade Paper Products

Table 4.13:Export of Handmade Paper Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	190987925	-
2011/12	242859397	27.15
2012/13	275374703	13.38
2013/14	301725045	9.56
2014/15	263764274	12.58

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of handmade paper products is increased from F/Y 2010/11 to F/Y 2013/14 but in F/Y 2014/15, the export is decreased. In F/Y 2011/12, the export of handmade paper products is increased by 27.15% and in F/Y 2012/13, the export of handmade paper products is increased by 13.38%, which is 14% less growth percentage than the previous in F/Y 2013/14, the export of handmade paper products is increased by 9.56% but in F/Y 2014/15, the export of handmade paper products is decreased by 12.58%.

The lowest export growth rate of handmade paper products is 9.565 in F/Y 2013/14 and the highest export growth rate of handmade paper products is 27.15% in F/Y 2011/12. The lowest export amount of handmade paper products is NRs. 301725045 in F/Y 2013/14. The export of handmade paper products was in a increasing trend from F/Y 2011/12 to F/Y 2013/14 but from F/Y 2014/15, the export of handmade paper products is in a declining trend.

4.2.9 Export of Wood Craft

Table 4.14: Export of Wood Crafts

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	48753160	-
2011/12	43363140	-11.05
2012/13	56211726	29.63
2013/14	69881610	24.31
2014/15	80824001	15.65

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of woodcrafts is decreased in F/Y 2011/12 but the export of woodcraft is increased every year from F/Y 2009/10. In F/Y 2011/12, the export of woodcraft is decreased by 11.05% but in F/Y 2012/13, the export of Woodcraft is increased by 29.63%. In F/Y 2013/14, the export of woodcraft is increased by 24.31%, compared to last year's export. In F/Y 2014/15, the export of woodcraft is increased by 15.65%.

The lowest export growth rate of woodcrafts is 15.65% in F/Y 2014/15 and the highest export growth rate is 29.63% in F/Y 2012/13. The lowest export amount of

woodcraft is NRs. 43363140 in F/Y 2011/12 and the highest export amount of woodcraft is NRs. 80824001 in F/Y 2013/14. The export of woodcraft is increasing trend except in F/Y 2011/12.

4.2.10 Export of Leather Goods

Table 4.15:Export of Leather Goods

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	24553682	-
2011/12	35190889	43.32
2012/13	24850288	-29.38
2013/14	23610502	-4.98
2014/15	25811618	9.32

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of leather goods is in a fluctuating trend. In F/Y 2011/12, the export of leather goods is increased by 43.32% but in F/Y 2012/13, the export of leather goods is decreased by 29.38%, which is high decline rate of export. In F/Y 2013/14, the export of leather goods is decreased by 4.98% but in F/Y 2014/15, the export of leather goods is increased by 9.32.

The lowest export growth rate of leather goods is 9.32% in F/Y 2014/15 and the highest export growth rate of leather goods is 43.32% in F/Y 2011/12. The lowest export decline rate of leather goods is 4.98% in F/Y 2011/12 and the highest export decline rate is 29.38% in F/Y 2012/13. The lowest export amount of leather goods is NRs. 24553682 in F/Y 2010/11 and the highest export amount of leather goods is NRs. 35190889 in F/Y 2011/12. The export of leather goods is an increasing trend from F/Y 2014/15 but the growth rate is very low.

4.2.11 Export of Incense

Table 4.16:Exports of Incense

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	12173139	-
2011/12	14174142	16.43
2012/13	16502523	16.42
2013/14	18308356	10.94
2014/15	20591579	12.47

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The most attractive feature that can perceive from the table of export 01 increase is that the growth rate percent is always increasing by almost similar percentage. Hence for the last year under census i.e. for the 2014/15 there was maximum export amount 01 NRs. 20591579 and obviously for the first year i.e for fly 2010/11 there was minimum export amount of NRs 12173139. 16.43% was the highest growth 12 rate of exports of incense and that was for the year 2011/12. Whereas 10.94% was the minimum growth rate% and it was for the year 2013/14. Hence, it can be sum up as the export 01 incense is in an increasing trend and it is smoothly increasing every year.

4.2.12 Export of Paubha (Thanka)

Table 4.17:Export of Paubha (Thanka)

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	12853249	-
2011/12	17543259	36.49
2012/13	15761935	-10.15
2013/14	15002557	-4.81
2014/15	21009108	40.03

Source: HAN, Annual Report from F/Y 2010/15 to 2014/15

The export of Thanka is in a Fluctuating trend. In F/Y 2011/12, the export of Thanka is increased by 36.49% but in F/Y 2012/13, the export of Thanka is decreased by 10.15% In F/Y 2013/14, the export of Thanka is decreased by 4.81%, the decreasing percentage is less than previous year. In F/Y 2014/15, the export of Thanka is increased by 40,03% which is really high growth rate than Previous year.

The lowest export growth rate is 36.49% in F/Y 2011/12 and the highest export growth rate is 40.03% in F/Y 2012/13. The lowest export declined rate is 4.81% in F/Y 2011/12 & the highest declined rate is 10.15% in F/Y 2012/13. The lowest export amount of Thanka is NRs. 12853249 in F/Y 2008/09 and the highest export amount of Thanka is NRs. 21009108 in 2014/15.

4.2.13 Export of Bone and Horn Products

Table 4.18:Export of Bone and Horn Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	746762	-
2011/12	9779108	31.85
2012/13	15970615	63.31
2013/14	14864420	-6.92
2014/15	18716832	25.91

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of Bone and horn products is in a fluctuating trend. In F/Y 2011/12, the export of Bone and horn products is decreased by 16.98% but the export is increased by 9.14% in F/Y 2012/13. In F/Y 2013/14, the export of Bone and Horn products is decreased by 13.14% but in F/Y 2012/13, the export is increased by 40.08%. The lowest export growth rate is 9.14% in F/Y 2012/13 and the highest export growth rate is 40.08% in F/Y 2010/11. The lowest export declined rate is 13.14% in F/Y 2013/14 and the highest export declined rate is 16.98% in F/Y 2011/12. The lowest export amount of Bone & Horn products is NRs. 10691236 in F/Y 2011/12 and the highest export amount of Bone & horn products is NRs. 14976693 in 2013/14.

\

4.1.19 Export of Ceramics Products

Table 4.19:Export of Ceramics products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	7416762	-
2011/12	9779108	31.85
2012/13	15970615	63.31
2013/14	14864420	-6.92
2014/15	18716832	25.91

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of Ceramics products is increased every year except in F/Y 2013/14. In F/Y 2011/12, the export of Ceramics products is increased by 31.85%. In F/Y 2012/13, the export of Ceramics is increased by 63.31%, which is very nice growth rate than previous year. But in F/Y 2013/14, the export is decreased by 6.92%. In F/Y 2014/15, the export of ceramics products is increased by 25.91%.

The lowest export growth rate of Ceramics products is 25.91% in F/Y 2014/15 and the highest export growth rate is 63.31% in F/Y 2012/13. The lowest export amount of Ceramics products is NRs. 7416762 in F/Y 2010/11 and the highest export amount is NRs. 18716832 in F/Y 2014/15. The export of Ceramics products is in an increasing trend.

4.2.14 Export of Beads Items

Table 4.20:Export of Beads Items

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	8802606	-
2011/12	7369405	-16.28
2012/13	7099160	-3.68
2013/14	6026616	-15.10
2014/15	7967173	32.19

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

It is clearly discernible that export of beads items has decreased each year export for the increase of 32.19% for the final year 01 F/Y 2014/15. For the first year, the export was maximum with the amount of 8802606. Then by 16.28% export declined in the F/Y 2011/12. For F/Y2012/13, there was export of NRs. 7099160 with declining rate 013.68% and yet the momentum of declination didn't that have itself. For the next Fiscal year there was 15.10% declination in growth rate. This year there was the least export of Rs6026616. But brealcing the trend of delling growth rate F/y 2014/15 and remarkable growth rate 32.19%.

4.2.15 Export of Bamboo Products

Table 4.21:Export of Bamboo Products

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	1220255	-
2011/12	1696432	39.02
2012/13	1768574	4.25
2013/14	2487826	40.66
2014/15	2918536	17.31

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of Bamboo Products is increased each and every year. In F/y 2011/12, the export of bamboo products is increased by 39.02%. In F/Y 2013/14, the export of bamboo products is increased by 4.25% only which is very low growth rate, compared to last year's growth rate. In F/Y 2013/14, the export of bamboo products is increased by 40.66% and in F/Y 2014/15; the export is increased by 17.31%.

The lowest export growth rate of bamboo products is 4.25% in F/Y 2012/13 and the highest export growth rate of Bamboo products is 40.66% in F/Y 2012/13. The lowest export amount of bamboo products is NRs. 1220255 in F/Y 2010/11 and the highest export amount of Bamboo Products is NRs. 2918536 in F/y 2014/15. The export of bamboo products is in an increasing trend.

4.2.16 Export of Stone Crafts

Table 4.22: Export of Stone Crafts

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	-	-
2011/12	3032186	-
2012/13	3616754	19.27
2013/14	3458700	-4.37
2014/15	3372941	-2.74

Source: HAN, Annual Report from F/Y 2010/01 to 2014/15

The export of stone craft is decreased every year except in F/Y 2012/13. In FA 2012/13, the export of stone craft is increased by 19.23% but in F/Y 2013/14, the export is decreased by 4.37%. In F/Y 2014/15, the export of stone craft is again decreased by 2.47%.

The lowest export declined rate of stone crafts is 2.47% in F/Y 2014/15 and the highest export declined rate is 4.37% in F/Y 2013/14. The lowest export amount of stone craft is NRs. 3032186 in F/Y 2011/12 and the highest amount of stone craft is NRs. 3616754 in F/Y 2012/13. The export of stone craft is in a declining trend from F/Y 2013/14.

4.2.17 Export of Plastic Item

Table 4.23: Export of Plastic Items

F/Y	Export (in Rs.)	Growth Rate (%)
2010/11	-	-
2011/12	1130321	-
2012/13	1853942	64
2013/14	7453119	302
2014/15	8530634	14.45

Source: HAN, Annual Report from F/Y 2010/11 to 2014/15

The export of plastics items is increased each and every year. In F/Y 2012/13, the export of plastic items is increased by 64%. In f/Y 2013/14, the export of plastic items is increased by 302%, which is around 5 times more growth rate than last year. In f/Y 2014/15, the export of plastics items is increased by 14.45%.

The lowest export growth rate is 14.45% in F/Y 2014/15 and the highest export growth rate is 302% in F/Y 2012/13. The lowest export amount of plastic items is NRs. 1130321 in F/Y 2011/12 and the highest export amount of plastic item is NRs. 8530634 in F/Y 2014/15. The export of plastic items is in a increasing trend and the increasing percentage is also high.

4.3 Problems and Prospects of Nepalese Handicrafts Export: Findings From Primary Data

Unemployment is at the hike at present context in the scenario of Nepal. This has been the major problem to address upon what we investigated upon the topic 'Handicraft export of Nepal'

- a) It has been found that the exporters and the producers should give due emphasis on the promotion of those handicrafts like "Value in Use" products i.e. emphasis should be given to utilitarian items with the decorative items".
- b) There has been very steady growth in the export over the last 25 years.
- c) Exporter of handicrafts are not getting pre- export loan.
- d) Export of handicrafts to India has severely restricted the growth potential of Nepalese handicraft.
- e) Frequent changes in government do change the policy. Administrative hurdle in export procedure exist.

Under this analysis, data has been presented with the help of table, pie chart, and bar diagram. 40 Manufacturer/dealer/exporters have filled up the questionnaire and provide interview where necessary. The information and data obtained through the questionnaire survey have been tabulated and they have been explained with different Figures and diagrams appropriate.

4.3.1 Profile of the Organization

Table 4.24:Nature of Organization

Nature of Organization	Frequency	Percentage
Small Scale Organization	32	80
Medium Scale Organization	8	20
Total'	40	100

Source: Field Survey, 2016

Depicts that 32 respondents out of 40 have small-scale organization, 4 respondents have medium scale organization and none of the organization is large scale. The organization with the investment of up to 3 crore is termed as small-scale organization whereas the industries with the investment of more than 3 crore and up to 10 crore is medium scale organization and the organization having investment of more than 10 crore is large scale industry.

4.3.2 Types of Organization

Table 4.25:Types of Organization

Nature of Organization	Frequency	Percentage
Manufacturer and Exporter	16	40
Manufacturer, Dealer and Exporter	12	30
Dealer	4	10
Exporter	8	20
Total	40	100

Source: Field Survey, 2016

From the table depicts that 40% of the Respondents are manufacturer and Exporters where as 30% of the respondents are manufacturer, dealer and exporters, 10% of respondents are dealer, 20% of the respondents are exporters who export handicrafts goods in the international market. Most of the respondents are interested in manufacturing the handicrafts products and exporting them directly in the

international market. So they can eliminate the middleman. This indicates that most of the respondents themselves manufacture the Nepalese handicrafts products and export them in the international market.

4.3.3 Getting Difficulty for Raw Material of Handicrafts

Table 4.26: Difficulty for Raw Material

Difficulty in getting raw material	Frequency	Percentage
Yes	4	10
Sometimes	12	30
No	24	60
Total	40	100

Source: Field Survey, 2016

Depicts that 10% of the respondents are getting difficulty for raw materials, 30% of the respondents are getting difficulty sometimes, 60% of the respondents are not getting any difficulty for raw materials. Most of the respondents aren't getting difficulty for raw materials.

4.3.4 Quality Control of the Products

Table 4.27: Quality Control of the Products

Quality Controller	Frequency	Percentage
Personally	8	20
QC Officer	20	50
Marketing Department	6	20
Others	4	10
Total	40	100

Source: Field Survey, 2016

From the table depicts that 20% of the respondents used to control the quality of the products by themselves. 50% of the respondents used to control the quality of the

products by QC officer, 20% of the respondents used to control the quality of the products by marketing department, 10% of the respondents used to control the quality of the products by others techniques. So most of the respondents used to control quality of the products through QC officer.

4.3.5 Dealing with International Customers

Table 4.28: Dealing with Int'l Customer

Dealing with int'l Customer	Frequency	Percentage
Direct	20	50
Indirect	10	25
Agent	10	25
Total	40	100

Source: Field Survey, 2016

From the table depicts that 50% of the respondents directly deal with the international customers. 25% of the respondents deal indirectly and 25% of the respondents deal through agent. On interviewing it has also been identified that 50% respondents deal directly to the countries where they have good contact with their customers and in some others countries where they are not too aware of the customers, they hire agent. This indicates that 50% of the exporters are dealing with international customers directly & remaining by agent and indirectly. The above table can be presented in the diagram as below.

4.3.6 Countries where Nepalese Handicrafts Products are Exported

Table 4.29: Countries where Nepalese Handicraft Products are exported

Name of Countries	Amount (Nrs.)	Percent
USA	20	50
UK	4	10
Japan	6	15
EU Countries	8	20
Other Countries	2	5
	40	100

Source: Field Survey, 2016

From the table depicts that 50% of the respondents export handicrafts products to USA, 10%,15%, 20%,.5% of the respondents export handicrafts product to UK, Japan, EU countries and other countries respectively.

This indicates that most of the exporters are exporting their handicraft products to USA, UK, Japan, EU countries with first priority basis but others countries export is comparatively very few.

4.3.7 Meeting Demand on Time

Table 4.30: Meeting Demand on timely basis

Timely Basis	Frequency	Percentage
Yes	28	70
Sometimes No	12	30
Total	40	100

Source: Field Survey, 2016

From the table depicts that Among 40 respondents 28 respondents (70%) of the respondents are meeting, demand on timely basis but sometimes, 12 respondents (30%) are getting problem to meet the demand on time. They have pointed that lack of new technology, lack of raw material & political problem are the major cause of not meeting demand on timely basis.

4.3.8 Market Expansion Problem

Table 4.31: Market Expansion Problem

Market Expansion Problem	Frequency	Percentage
Advertisement Problem	24	60
Legal Problem	0	0
Political Problem	0	0
Others	16	40
Total	40	100

Source: Field Survey, 2016

From the table 'depicts that among 40 respondents, 24 respondents (60%) are facing the problem of advertisement for market expansion. But among 40 respondents, 16 respondents (40%) are facing others problem except advertisement which is as follows.

- Lack of the sufficient information about the potential markets.
- Global & Global competitors.
- Sometimes social and cultural problem:
- India being the only transit country for Nepal, It has to face transit problem many times.
- Similarly, the country has not sufficiently developed infrastructure.

4.3.9 Promotional Strategies

Table 4.32: Promotional Strategies

Promotional Strategies	Frequency	Percentage
Advertising	12	30
Direct Marketing	20	50
Personal Selling	2	5
Public Relation	2	5
Sales Promotional	4	10
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 12 respondents (30%) are promoting their handicrafts products through advertisement, 20 respondents (50%) are promoting their business through direct marketing, 2 respondent is promoting his handicraft products through personal selling, 2 respondent is promoting his handicraft business through public relation & 4 respondents are promoting handicraft products through sales promotion. This indicates that most of the exporters are promoting their handicrafts products through direct marketing and advertisement. The above table can be presented through Pie Figure as below.

4.3.10 Advertising Budget

Table 4.33: Advertising Budget

Advertising Budget	Frequency	Percentage
0-500,000	32	80
500000-1000000	8	20
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 32 respondents (80%) are spending Rs. 0- 500,000 per annum for advertisement and 8 respondents (20%) respondents are spending 500,000 to 10,00,000 per annum for advertisement.

This indicates that most of the exporters are spending Rs. 0- 500,000 per annum for advertisement.

4.3.11 Websites Construction

Table 4.34: Websites construction

Website	Frequency	Percentage
Yes	24	60
No	12	30
Planning to construct	4	10
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 24 respondents have websites, 12 respondents have no website and 4 respondents are planning to construct the websites. This indicates that more than 50% of the exporters who are dealing with international customers have websites but still 30% of the respondents have no ideas about the websites.

4.3.12 Participation in Int'l Trade Fair

Table 4.35: Participation in International Trade Fair

Participation in Int'l Trade Fair	Frequency	Percentage
Yes	14	35
No	26	65
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 14 respondents have participated in the Int'l trade fairs whereas 26 respondents have not participated in the Int'l trade fairs and exhibitions.

On interviewing to the respondents, it has been identified that out of the total of 14 respondents who have participated in int'l trade fair held in different countries such as USA, EU countries, Asian Countries etc. Most of the respondents have participated in exhibition held in Germany, France, UK, Japan and USA. 5 of the respondents have participated in less than 6 trade fair, where as 4 of the respondent has participated in more than 6 exhibition. Generally, the duration of the exhibition varies according to the nature of exhibition and the location of the country but respondents inform that mostly the duration of the exhibition will be 2 to 7 days.

4.3.13 Market Research Conducted

Table 4.36: Market Research Conducted

Market Research Conducted	Frequency	Percentage
Yes	16	40
No	24	60
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 16 respondents (40%) are conducting market research program in their organization for promoting handicrafts in int'l market but 24 respondents (60%) are not conducting market research program. This indicates that most of the exporters are still doing handicraft business through traditional way, only 40% exporters are conducting Market research program.

4.3.14 Support from NG/NGO/INGO and Others Organization

Table 4.37: Support from NG/NGO/INGO and others organization

Support from NG/NGO/ INGO & Others Org	Frequency	Percentage
Yes	10	25
No	30	75
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 10 respondents (40%) are getting support from NG/NGO/INGO and others organization but 30 respondents (60%) are not getting any support from them.

This indicates that most of the exporter are not getting any support from NG/NGO/INGO and other organization, only few big organization are taking advantage from them.

4.3.15 Familiar with E-Commerce

Table 4.38: Familiar with e-commerce

Familiar with e-commerce	Frequency	Percentage
Yes	16	40
No	20	50
Little Bit	4	10
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 16 respondents (40%) are familiar with e-commerce and they are doing handicraft business through e-commerce but 20 respondents (50%) respondents are unfamiliar with e-commerce. 4 (10%) respondents are little bit familiar with e-commerce but they haven't used this tools for promoting their handicraft export.

This indicates that more than 50% exporters are unfamiliar with e-commerce but 40% exporters are taking advantage of through e-commerce.

4.4 Prospects

Nepalese handicraft product export has got tremendous possibility. On the one hand handicraft business is going to preserve Nepalese culture in the nature where as on the other hand it shall immensely help to sustain the economy of the poor people who are involved into this business. The quality of the handicraft are remarkable so possibility for getting highs demand in the foreign countries does exist .

4.4.1 Future Prospect of Nepalese Handicraft Export

Table 4.39: Future Prospect of Nepalese Handicraft Export

Familiar with e-commerce	Frequency	Percentage
Good	26	65
Not Good	6	15
Bad	8	20
Total	40	100

Source: Field Survey, 2016

From the table depicts that among 40 respondents, 26 respondents (65%) are quite positive towards the future prospect of handicraft export business in Nepal, 6 respondents (15%) are unsure about handicraft export business in near future, 4 respondents are quite negative towards the future prospects of handicrafts export business became on interviewing, they have pointed that India and China will capture our export business in coming days. They also added that It will be very hard to compete with them. This indicates that still most of the exporters are quite positive towards the future prospect of handicrafts export.

Suggestion

- a. There must be consistency in export promotion goals and rural development goals.
- b. The products adaptation of handicraft product should be carried as per the demand of the consumer.
- c. Training seminar should be held to give information about the market potentialities, GSP facilities etc.
- d. Facilitate administrative procedure with respect to export to sum up, handicraft industry has a major and distinct role to play as rural development and export promotion nexus. It is for the concerned authorities and the private sector to meet the challenges and take the opportunities (Singh, 1997).

On the occasion of silver jubilee celebration of Handicrafts association of Nepal, Mr. Sanu R. Shilpakar, in his article "Nepalese Handicrafts Products design and development" has focused in the Nepalese Handicraft products design & development to increase the export of handicrafts in international market. In his opinion, the crucial problem of manufacturers is not to decide on what to produce but how to match the demand of the customers in term of design and quality. Product design is also known as industrial design. It is an important element for successful industrialization in a developing country like ours. Of course, it is much more important for export oriented industries. Because a product that may satisfy domestic 'markets requirements will not be automatically acceptable in foreign markets particularly in industrialized countries whose costumers increasingly demand good design and high quality.

Since products design and development plays a vital role in the industrialization of the country. Proper attention should be paid on its development and expansion of the products. We need to full fill at least the following prerequisites.

- a. The national education policy could pay greater attention to producing product designers within the country.
- b. Incentive should be provided to the concerned designers for their contribution and the engagement in the professional field.
- c. Promoting the product design profession, and

- d. Organizing and operating exhibition facilities as ancillary services to the concerned designers.

So far as the industrial policy of Nepal is concerned, proper attention has not been paid to product design. However, in developing country like Nepal, where almost all of the handicrafts industries are in an infant stage, product design and development should not be 'neglected. In the present day situation, success of industries largely depends not only upon the products they produce but also on the design, they introduce. Products should be able to win not only the mouths of the people but also their eyes and minds.

All the concerned institutions should be jointly organized 'Respect the skills' campaign as an annual calendar for improvement and recognition of the artists as well as the artisan's proficiency skills.

The qualitative product initially depends on availability of good quality and standard size of raw materials and auxiliary materials. Therefore, the specific materials should be available in reasonable ways.

Exposition, talk program, an observation mission, product competition and skill competition are some effective promotional program for enhancing the competition of products design and development, which provide effective opportunity for interaction, exchange views, share experiences, technologies transfer, and receive feedback comments from contemporary product designer, producers, buyers and general viewers.

Nevertheless, the philosophy of "Good Design" means the objects or the products is made, or manufactured manually or on the machine with standard materials and crafted skillfully within quality control, which resulted presentably balance in form, in all respects and in all aspects means always " Good design" or "Good product". For all and forever, this text concludes with a slogan 'A thing of good design is a joy forever' (Shilpakar, 1997).

Market trends and competition constantly change; as' such a system of providing market information and promotional services needs to be expanded. Nepalese

exporter relatively small entrepreneur- small size of private sector cannot possibly work for independent promotion. Nepal has a long way to go before it acquires a fairly sound and wide overseas export promotion 'office. An economical way to establish overseas promotion offices is to appoint a commercial attaché at the embassy. It should be manned by professional skilled in marketing, market research and activities directly concerned with promotion and with no other activities. The future of countries export industries, lies with information processing, that is where we should look if we want to make productions.

Export industry plays an important role in country's economic development and deserves special attention. There is an urgent need to develop new exportable items (Shakya, 1997).

Mr. Upadhyaya, in his study "Handicrafts, Its Export & Design Impact" has given more emphasis in the products design because the products, which are functional, which could change the design and pattern according the current. fashion, have better prospects. For example, in the fiscal year 1993/1994, the export under the heading Ethnic Gannets that included, Pashmina, woolen goods and other textile was just around 217.65 million. But by the year 2001/2002, even though this heading was splitted into 4 heading viz. Pashmina, woolen goods, ethnic garments and other textiles the export under each heading maintained 1412.88 million, 207.88 million, 71.20 million, 11.76 million respectively. This was a tremendous success. The handmade paper can also be cited here, the export of which was 25.36 million in 1993/1994 and it reached 242.86 million in 2001/2002.

He added that as long as people were buying handicrafts as souvenir and for their own collection, its quality, style and functionality never had been a big issue. But, as our customers were buying it from us for their customers, they became more and more concerned about it. Obviously, to be competitive and to succeed, they had to takes so many things into account. Basically, it is the quality, the price and service that make. The product competitive. Within the quality comes the design. Design is the intended arrangement of materials to produce a certain result or effect. However, only the properly designed products are considered among the good quality products. To be a good design, it also has got to be functional and /or compatible with the kind of market that we are approaching to.

A careful study of the past performances reveals that besides other things, those handicrafts, which were well designed and well adapted according to the current fashion, thrived, for example, the Pashmina; woolen goods, paper products are making rapid progress whereas the traditional handicrafts, such as the metal crafts, woodcrafts, paintings, masks and puppets etc., are making progress but in a slower pace.

He also pointed the negative impact of products design that adaptation of new design does not always have positive impacts; there could be negative impacts as well. If we can't maintain the balance between supply and demand, the quality would fall. Take for example the Pashmina shawl. There is a chance of losing the identity of the products. Such, adaptation of new design must not be like a 'Carbon copy'. A direct copy of any design could create a serious problem; it is violation of a copyright. To preserve the essence of Nepalese handicrafts, a simple touch of ingenuity or ethnicity is a must.

Mr. Dinesh Chandra has pointed out that now, we don't have to be dependent with our Government or any agency in particular for the development or the designing of our products. If we are ready, we have various options.

- i. Get expert's services where possible.
- ii. Acquire new sample
- iii. Try to acquire new sample from your own customer
- iv. Visit Trade Fairs and Exhibitions periodically.
- v. Seek assistance and cooperation from the relevant Institutions, Chambers and Associations (Upadhyaya, 2003).

In this regard, the government's commitment to promoting industries that produce handicrafts comes as a great relief, especially to those who have spent many years in the profession that is facing hard time for survival. In order to encourage the entrepreneurs and produce skilled human resources in this sector, the government in cooperation with the private sector needs to launch some concrete program such as establishing training centers and providing loans at low rates (The Rising Nepal, 2002).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The export of Nepalese handicraft started from the mid 60's of the last century. However, the systematic export started only from early 70's. Handicrafts have long been a major line of Nepalese exports currently; it has been the largest overseas export item of the country next to readymade garments and carpets. More than 20 handicraft product products mainly the Pashmina products woolen goods, silver jewellery, Nepalese Handmade paper product and metal crafts, wood craft, cotton goods etc. are being exported to about 85 countries. USA (which alone absorbs around 25% of the total export of handicraft products), UK, India, Canada, Germany, Japan, Italy, France, Australia, Netherlands and China are its major foreign buyers.

Although handicraft exports appear to be sizeable, Nepal's share in world imports is negligible. Despite the existence of a fairly large production base and production potential and a large number of craftsmen, Nepal hasn't been able to cash in on the opportunities. This is mainly because production and supply are inadequate, the quality and finishing aren't up to the mark, standard prices aren't maintained and products development isn't well conceived. The prospects for handicrafts exports from Nepal are bright, provided these problems can be solved.

Handicrafts, in the overseas market are liked and bought for their novelty. Decorative items over the years have become outdated due to changes in taste and preference. The consumers as well as importers are always on the lookout for something unusual and new in handicrafts. As a result, demand for new handicraft items with unusual features is on the increase. Nepalese manufacturers continue to supply the same old stuff without taking due notice of the changing demands and tastes in the overseas market. Initiatives to develop, innovate and carry out research in handicrafts for export are insignificant despite the ability to innovate new products and adopt old products to suit consumer taste and preferences. The manufacturers/exporter, who is mainly capturing the seasonal demand in the overseas market, should take the necessary initiatives for products development and innovation in handicrafts.

In this regards, the development of the handicrafts needs a sound and well elaborated public policy. The emphasis should also be given on strong export marketing promotion strategies. There must be consistency in export promotion goals and rural development goals. The product adaptation of handicraft products should be carried as per the demand of the consumer. Training, seminar should be held to give information about the market potentialities, GSP facilities etc., facilitate administrative procedure with respect to export. In order to encourage the entrepreneurs and produce skilled human resources in this sector, the government in cooperation with private sector needs to launch some concrete program such as establishing training centers, regular and easy availability of raw material and providing loans at low rates.

Nepalese handicraft, which has been a part and parcel of the Nepalese heritage; depicts the great tradition and proud culture of this great Himalayan kingdom. Their origin dates back to the Stone Age when human beings were devoid of tools of any kind. Nepalese handicraft products have been best known to the world for its rich art, craft and oriental architecture. The skill and techniques of making handicraft products, which have been handed down from generation to generation, not only represent the talent and skill of craftsmen but also reflect the social, religious and cultural values found in different parts of the country.

Being a labour intensive product, it is different for one to produce it in large quantity with uniformity and with equal quality standard. In Nepal the production of handicrafts is an age old occupation. Novel handicrafts are also developed in harmony with changing market taste. In the last 30 years, export of handicrafts of the country has considerably growing. Thus, the development of handicraft, on one hand, helps in preserving the national heritage of the country and on other hand; it contributes to eliminating poverty by creating job opportunities. Nepalese handicrafts industries have been providing employment to hundreds of thousands of people of the country. It has also been a prime source of foreign exchange required for the importation of necessities. Handicraft export figure are as high as US \$ 40 million per. annum. Handicrafts are prevalent in almost all parts of the Nepal. However, handicraft related, works have been adopted as a traditional occupation by the Newar community of the Kathmandu valley, particularly by the Bajracharya, Shakya and Chitrakar families. According to HAN, Nepalese handicrafts cover 4Z groups of products.

5.2 Conclusion

In conclusion, it can be said that the export of Nepalese handicraft plays a vital role in the economic development of the country. The handicraft has peculiar preservation of art and culture on one hand and on the other hand they earn foreign exchange, which are needed to accelerate the pace of the economic development. The export sector must be able to earn enough foreign exchange and contribute a meaningful help for the production growth, employment promotion, increased mobilization of internal resources, the promotion of industrial and other investment.

The export of Nepalese handicraft is increasing every year and its demand on the international market also shows a growing trend. Although handicraft exports appear to be sizeable. Nepal's share in world imports is negligible. Despite the existence of a fairly large production base and production potential and large number of craftsmen, Nepal hasn't been able to cash in on the opportunities. This is mainly because production and supply are inadequate, the quality and finishing aren't up to the mark, standard prices aren't maintained and product development isn't well conceived. The prospects for handicraft exports from Nepal are bright, provided these problems can be solved.

Among the handicraft items, which are functional, which could change the design and pattern according the current fashion, have better prospects. For example, in the fiscal year 2012/13, the export amount of Pashmina, woolen goods and others textiles is NRs. 6.02 billion, which is 88% of total export revenue of Nepalese handicraft industry. Pashmina products alone contribute approximately, 83% to the total, export revenue generation for the handicraft industry in fiscal year 2010/11. The Pashmina products are closely followed by Woolen goods, Silver jewellery, Metal Craft and handmade Paper Products. This highlights the need to further strengthen the export of Pashmina Products. The need to give emphasis on other handicraft items like Wood Craft, Stone craft, Bamboo Products Ceramics Products, Paubha (Thanka), Bone and horn products etc.

The products, which have got artistic and cultural values, are also doing well but, may be, not as much as to the desired extent. It is certainly not due to the quality of the products which are so excellent, nor is it due to the supply situation that has already

been improved over the years. But it could be because of the nature the product itself, which could not be changed into new design or style altogether. In fact, there are limited numbers of people in this world who appreciate the art object and even smaller number of people who could afford to buy them such products includes Metal crafts, Wood Crafts, Paubha, Paintings, Stone Carving etc.

We didn't see much of the rural handicrafts making their appearance here in this statistics except the handmade paper products (i.e. in its improved forms), some Hemp and Allo (Wild nettle) and Bamboo Goods. Apart from these, there are products like straw Mats, Basketry, Pottery, Dolls, Ropes, Iron Products and many more, which are found through the kingdom. It is Pity that no one seemed to have recognized the potentials of such handicrafts as yet and to have made export them.

The Export of some products, previously not so significant such as the incense, leather goods, Bone and Horn, Beads and Ceramics, have now become noticeable and a completely new products, the plastic has been introduced as Nepalese exportable handicraft. This is quite interesting.

The export of the Nepalese handicraft items for the study Period (2010/11- 2014/15) is maximum to USA. USA (which alone absorbs around 21% of the total export of handicraft products), UK, India, Japan, Germany, Canada, Italy, France, Australia, Netherlands and China are its major foreign buyers. Nepal is exporting handicraft products to about 85 countries. So strenuous efforts 'should be made to secure great export market for handicraft in near future. The export of handicraft goods is in a declining trend between 5 year periods except in fiscal year 2012/13; it has increased by 10.80%, compared to last year's export. The fiscal year 2010/11 saw a boom in the handicraft industry with NRs. 6.82 billion.

The contribution of the total export of handicraft goods in the total export of Nepal is in a declining trend. In fiscal year 2010/11; the export of handicraft goods has contributed 12.35% the total export of Nepal whereas in fiscal year 2014/15, it has contributed only 4.83%.

5.3 Recommendations

On the basis of finding and conclusion from primary and secondary data, the following recommendation can be drawn.

i) Focus on functional products

The products; which are functional, which could change the design and pattern according the current fashion, have better prospects. For example the Pashmina products, Woolen goods, Paper Products are making rapid progress whereas the traditional handicrafts such as the metal crafts, wood crafts, paintings masks and Puppets etc. are making progress but in a slower pace. So Nepalese craft producers and exporters should give more emphasis in functional products rather than traditional one.

ii) Focus on market demand

The handicraft products should be according to the demand of customers in foreign market. Hence traders should have necessary advice, research facilities and market information through various • institutions. So this direction NG/HAN/TEPC should have to make more significant effort by incorporating various information centers and agencies to get more information regarding the new market in foreign.

iii) Focus on Products Design and development

Product design and development plays a vital role in the industrialization of the country. Foreign markets particularly in industrialized countries whose customers increasingly demand good design and high quality's products. So proper attention should pay its development and expansion. However, for the development and expansion of the products, we need to fulfill at least the following prerequisites.

- The national education policy could pay greater attention to producing product designer within the country.
- Incentives should be provided to the concerned designer for their contribution and the engagement in the professional field.
- Promoting the product design profession.

- Organizing and operating exhibition facilities as ancillary services to the concerned designers.

iv) Focus on quality of products

Since handicrafts are handmade products and each piece is different from another, it may not be possible to maintain exact or accurate quality standards. Nepalese manufacturers and exporters, in the absence of quality control measures, tend to take undue advantage of this and spoil their image in the overseas market. In a bid to enhance the image of Nepalese handicrafts in the overseas market, it would be good to set certain guidelines. Apart from the use of quality raw materials in required portion, steps should also be taken to ensure uniformity in the finished products. Workmanship could also improve if handicraft production for export is organized through skilled craftsmen and is strictly supervised.

v) Focus on Price

Price is an important factor in the marketing of handicraft, particularly in respect of utility and utility-cum decorative items. Consumers are price conscious. They don't hesitate to compare the price of handmade handicrafts with those made partly by machines. Although they expect handicraft pieces to cost more than similar machine-made products, they will not buy if the price is expensive. Besides machine-made substitutes made in other countries, Nepalese handicrafts face competition from handicraft originating from other developing countries, which are cheaper. In view of these, the price of Nepalese handicraft should be reasonable to the extent possible, be kept within reasonable limits, subject to given quality. Prices of Nepalese handicrafts are comparatively higher because of the high cost of the raw material.

vi) Improve on Inadequate and irregular production

Inadequate and irregular production affect overseas export supplies and the delivery schedule. In order to increase production on a continuous basis for export, besides ensuring organized production and adequate supplies of required quantities and quality of raw materials, the strength of the artisans, particularly skilled ones, must be increased by training them. Certain production processes must also be mechanized.

However, one must see it that the originality is maintained without disturbing the handwork iii the produced handicrafts.

vii) Focus on good packaging

Packaging, one of the most important aspect in the promotion of product, is relatively: a new concept for the Nepalese handicraft exporters. There should be consistency of packaging and package size. An attractive and efficient packaging can be very good means of gaining popularity and prestige. So a continuous program of training about packaging for the exporters should be launched in the country.

viii) Focus on participation in the trade fair & exhibition

Trade fair and exhibition play a vital role to increase the demand of handicraft export therefore the country should always be ready to participate in international trade fair and exhibition. International fair and exhibitions help to develop and evaluate export marketing strategies. The overall purpose of participating in international trade fair and exhibition is to recognize a market need and a business opportunity. This recognition is based on understanding of customer's desires and detailed knowledge of exiting products for specified. markets within the companies has financial and manufacturing limits.

ix) Focus on publicity and promotional measures

Organized and attractive publicity and promotional measures of the handicraft items should receive immediate attention in the foreign market. In today's world of rapid information flow, Nepal should advertise its handicraft industry through multimedia like TV; Radio, World Wide Web etc. well published bulletins and periodicals presentation may also be an effective traditional means for the publicity of the handicraft items.

x) Focus on training program

There should be an adequate training program for the handicraft producers, laborers and exporters. Appropriate training centers with modern and sophisticated facilities should be set up for providing training to the personnel associated with the handicraft

industry. The trained craftsmen would enhance the design and quality of the handicrafts goods.

xi) Establish a research center

There should be a separate research center for getting information about market trend, competition, changing fashion, market need and a business opportunity for handicraft goods. Such type of research center can play a vital role to provide information about potential markets to the personnel associated with the handicraft industry.

xii) Government policy

The government should provide adequate protection to the evergreen handicrafts industry of the country, implement the policy effectively and launch concrete program such as establishing training centers and providing loans at low rates for the promotion of this indigenous industry and its export.

xiii) Patent Right

The government should enforce the patent rights in the country more strongly, so that the exporters' feels encouraged to innovate new designs and they don't have to worry about their products design to be unnecessarily imitated by others.

REFERENCES

- Agrawal, Govinda R., (2002). *Dynamic of Business Environment in Nepal*, Kathmandu: M.K. Publishers and Distributors.
- Bantawa, Yamini. (2015/2016). *Handicraft Export*. Kathmandu Post, Kantipur.com
- Basukala, B. (1980). *An Analytical Study of Handicraft Export of Nepal*. An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.
- Boyd, H. W., Walker, O. C. and Larricehe, J. C. (1998). *Marketing Management: A strategic Approach with A Global Orientation*. New Delhi: McGraw Hill Companies.
- Cateora, P. R., and Graham, J. L. (2001). *International Marketing*. New Delhi: Tata McGraw Hill Edition Company Ltd.
- HAN, (1997). *Silver Jubilee Prospectus*. Kathmandu: Handicrafts Association of Nepal.
- HAN, (1998). *Handicraft Trade Directory*. Kathmandu: Handicrafts Association of Nepal.
- Joseph, V. (1973). *Artistic Styles in Nepal*. London: Mac-Millan.
- Pokharel, Mandira. (2011). *A Study on the Prospects and Problems of Nepalese Handicraft Export*. An unpublished Master's Degree Thesis, Central Department of Economics, Tribhuvan University.
- Pokhrel, S. P. (2011). *Nepalese Handmade Paper and Paper Products*. An unpublished Master's Degree Thesis, Tribhuvan University.
- Ranjitkar Bikrant K. (2011). *A Study on Export Promotion of Nepalese Handicraft Goods*. An unpublished Bachelor of Business Studies Thesis, Pokhara University.
- Shakya, R. M. (1997). *Handmade Silver Jewellery- Prospects and Possibilities*. Kathmandu: Handicrafts Association of Nepal.

- Shakya, S. (2009). *A Study on the Export Promotion of Nepalese Handicraft*. An unpublished Master's Degree Thesis, Central Department of Economics, Tribhuvan University.
- Sharma, B.C. (2008). *Nepal Ko Aitihāsik Ruprekha*. Banaras: Sultan Publication Pvt. Ltd.
- Sharma, P.R. (1979). *Council of The Applied Economic Research Center Nepal*. Kathmandu.
- Shilpakar, S. R.. (1997). *Nepalese Handicraft Products Design and Development*. Kathmandu: Handicrafts Association of Nepal.
- Shrestha, A. (2010). *A Study on the Export Promotion of Nepalese Handicraft*. An unpublished Master's Degree Thesis, Central Department of Economics, Tribhuvan University.
- Shrestha, B.P. (1966). *Historical Account of Ancient Crafts and Small Industries*. Kathmandu: Ratna Pustak Bhandar.
- Shrestha, Manohar. (2018). *The Himalayan Times*. Kathmandu.
- Shrestha, R. K. (2011). *A Study on the Problem and Prospects of Nepal's Woolen Carpet Export*. An unpublished Master's Degree Thesis, Tribhuvan University.
- Shrestha, S. K. (2008). *Export Marketing in Nepal: A Critical Study*. Kathmandu: Padma Educational Traders.
- Singh, S. (1997). *Handicraft in Nepalese Perspective: Some Critical Observation*. Kathmandu: Handicrafts Association of Nepal.
- TEPC, (1978). *Art and Handicrafts of Nepal - International Market Study*. Kathmandu: Trade and Export Promotion Center.
- TEPC, (1997). *Silver Jubilee Prospectus*. Kathmandu: Trade and Export Promotion Center.
- TEPC, (2005). *Profile of Nepalese Gold and Silver Jewellery*. Kathmandu: Trade and Export Promotion Center.
- TEPC, (2005). *Profile of Nepalese Pashmina Products*. Kathmandu: Trade and Export Promotion Center.

- TEPC, (2009). *Nepalese Arts and Handicrafts*. Kathmandu: Trade and Export Promotion Center.
- TEPC, (2013). *Profile. of Nepalese Hand knotted Woolen Carpet*. Kathmandu: Trade and Export Promotion Center.
- TEPC, (2018). *Exporters of Handicrafts of Nepal*. Kathmandu: Government of Nepal, Ministry of Industry, Commerce and Supplies.
- The Rising Nepal Daily. (2001 July 22). *Promoting Handicraft Industries, Right. Policies Needed*. Kathmandu: Gorkhapatra Sansthan.
- The Rising Nepal Daily. (2002 16th March). *Promoting Handicrafts: Private Sector's Cooperation Essential*. Kathmandu: Gorkhapatra Sansthan.
- Upadhyaya, D.P. (2003). *Handicrafts, Its Export and Design Impact*. Kathmandu: Handicrafts Association of Nepal.

APPENDIX

QUESTIONNAIRE

Dear Sir/Madam,

I am a student of College of a Central Department of Economics. As per the requirement of the Tribhuvan University, I am writing a thesis entitled "STUDY ON PROSPECTS AND PROBLEMS OF NEPALESE HANDICRAFT 'EXPORT". I would like to kindly request you to provide me the answer, as your response will go a long way in the fulfillment of research. I assure you that this response will be used only for the academic purpose and will be kept confidential.

PRAMISHA TIMSINA

Scheduled and Structural Questionnaire to

Name of the organization: (Optional)

Respondent: (Optional)

Position: (Optional)

1. What is the size of your organization?

- Small (investment up to 3crore) Medium (investment up to 10 crore)
Large (investment of more than 10 crore)

2. please mention where your organization is

- Manufacturer & Exporter Dealer Manufacturer, Dealer & Exporter
Exporter

3. Is there difficulty in getting raw material of handicrafts?

- Yes Sometimes No

4. Who control quality of the products?

- Personally Marketing Department QC officer Other

5. How do you deal with the international customers?

- Direct Agent Indirect (Broker, Commission Agent, etc.)

6. In which countries do you export Nepalese Handicrafts products?

- USA UK Japan Others countries EU countries

7. Are you able to fulfill the demand on the time?

- Yes No Sometimes No

8. If not then why?

Lack of adequate raw materials lack of new technologies Financial Problem

Other please specify

9. What type of problem do you face, in Market Expansions in the International Market?

Legal Problem Advertisement Problem Social Problem Other

10. What are your promotional strategies?

Please mention Advertising Direct Marketing Public Relation
Sales Promotion Personal Selling Others

11. How much do you spend on advertising per annum?

NRS. 0-500,000 NRS. 500000-1000000

12. Do you have websites for promoting your product in the international market?

Yes Planning to construct it No

13. Have you participated in the international trade fair/exhibition?

Yes No.

a) How many trade fair & Exhibition does your organization Participate annually?

1-5 5-10

b) What is the duration of the trade fair & Exhibition that you have participated?

1-7 days 7-15 days

c) Please mention the countries where you have participated in the International fair trade?

USA Japan France UK Germany Italy Hong Kong
Belgium New Zealand

Other please specify

14. Do your organization has market research program?

Yes No.

15. Have your organization got any support from Government, NGOs, NGOs or donor agencies?

Yes No

16. If support is provided the what nature of support?

Financial Support Rent Free Stalls Marketing the product in the international market Technical support Lodging & Food free

Other please specify

17. Do you Know about E-Commerce?

Yes Little bit No

18. What do you think about the future prospects of Nepalese Handicraft Export?

Good Not Good Bad Worse

19. Give your suggestion for promoting the export a Nepalese handicrafts in Int'l market?

.....
.....

20. Please point out the problems of Nepalese handicraft export?

.....
.....

Thank you