Indian handicrafts are becoming popular in India and outside the country. In foreign countries people are eager to buy Indian handicrafts and handloom products. Indian handicrafts are becoming popular in international markets and they are in fashion there. These handicrafts include a large number of items which are backed by centuries of experience and skill. Handicrafts constitute an important segment of the cottage industry of the country and provide employment to nearly 25 lakh artisans and comprise a wide range of artistic products.

The Indian Handicrafts Development Corporation Ltd was established in April 1958 with Government capital as a private limited company with the main object of promoting the exports of Indian handicrafts. In 1962 it became a subsidiary of State Trading Corporation and its name was changed to "Handicrafts and Handloom Export Corporation of India Limited". The Handlooms Organisation, which had been formed in 1959 as a Division of the STC for the purpose of promotion of the export of handlooms was merged with this Corporation.

The Handicrafts and Handloom Export Corporation of India
Limited (HHEC) is a fully owned subsidiary of State Trading Corporation of India. It undertakes export of handicrafts and handloom goods besides canalised export of woollen/blended knitwear and goat-hair putties.

Apart from its various export promotion activities, the Corporation also undertakes direct export to supplement private efforts with the main object of exploring new markets and introducing new items in traditional markets.

As a result of merger the Corporation has grown much bigger not only in size but also in its objectives and activities. The HHEC has entered directly the export field in handicrafts and handloom products, whereas considered necessary in the interest of enlarging exports.

The HHEC, incorporated under the provisions of the Indian Companies Act, has its registered office at New Delhi and three regional offices located at Bombay, Calcutta and Madras. It has a sample office and a retail shop "Sona - The Golden One" in New York. It has other retail shops, in Boston and Paris. Besides, it has a carpet warehousing depot in Hamburg. It also transects its retail and wholesale business through the STC offices in Montreal and Nairobi.

There are two aspects of the HHEC's activities -- direct exports and developmental activities. The HHEC sells handicrafts and handloom products in overseas markets through its own shop at New York and STC offices. It also sells directly
to wholesalers, garment manufacturers, departmental stores and buyers' agent in India.

Among its developmental activities, the HHEC provides several valuable services to private exporters in the field. It advances loans to the private exporters enrolled as business associates against firm orders, shipping documents, hypothecation of goods, etc. It also arranges bulk imports or raw materials meant for distribution under the Export Promotion Scheme as well as under the Actual Users Scheme on the basis of import licences issued by the Government. The imported raw materials are distributed on the basis of orders/import entitlement certificates issued by the All India Handicrafts Board, All India Handicrafts Board and All India Handloom Board.

Items handled by the HHEC include copper, zinc, ivory, dyes, chemicals, tissue paper, glass beads, zip fastners, artificial hair, stainless steel sheets, rough emeralds and platinum. Other services rendered by it include publication of directories giving the names and particulars of the exporters and importers of handicrafts and handloom products, issue of certificates of origin in respect of handicrafts and handloom products under Article 11 of the International Convention relating to the simplification of customs formalities, provision of service facilities such as supply of designs available for export orders on samples provided by the Business Associates.¹

¹ Annual Report of HHEC.
The export promotion activities of the Corporation can be grouped under the following headings:

**Direct Assistance to Exporters**

**Business Associates** - The Corporation's assistance is available to all exporters who enrol themselves as Business Associates of the Corporation. On the handicrafts side, exporters having a minimum annual export of Rs. 50,000 (a condition which is relaxable in deserving cases) are enrolled as Business Associates. This condition does not apply in the case of manufacturers. On the handlooms side, no particular condition is laid down excepting that the Business Associates must undertake to cooperate with the Corporation in the implementation of all its measures for export promotion and also to participate in the special schemes for export promotion. No service charges are payable in either case excepting on firm export orders passed on to them or when any special services like loan, etc., are availed of by them.

**Assistance given by the Corporation to other Agencies**

Exporters of handicrafts, particularly those who are newcomers in the line and also those who want to explore new items, need, advice and very often active help of an export agency for procurement of handicrafts from the sources of supply. A scheme has been evolved for rendering buying assistance.

1 Handbook of Export Promotion, Ministry of Commerce, Govt. of India, pp.22, 23.
assistance to exporters with nominal service charges. The Corporation grants pre-shipment advances upto 90 per cent of the F.O.B. value against firm export orders at moderate rates of interest on the security of hypothecation of stock-in-trade within a credit limit which is fixed on the basis of the credit-worthiness of the party. The Corporation undertakes pre-shipment inspection and certification of goods meant for export to ensure that the merchandise is according to specifications laid down/approved by the buyers. A nominal service charge on a graded scale is levied not exceeding one per cent of the value of the export orders. The Corporation arranges for the bulk imports of raw materials meant for distribution under the Export Promotion Scheme as well as under the Actual Users Scheme on the basis of imprest licence issued by the Government. The imported goods are distributed on the basis of release orders and import entitlement certificates issued by the All India Handicrafts Board. The scheme is of particular value to small exporters who can draw import entitlement direct from the Corporation's ready stocks instead of having to comply with the various procedural formalities, etc, in obtaining imports direct from abroad. The advantage of cheaper price is also assured because of the imports being made by the Corporation on a bulk basis.  

The Corporation has set up a Common Facility Centre at Moradabad for lacquering and polishing of brass artware.

1 Ibid., p. 23.
Fabrication plant machines have also been installed as an adjunct to the Common Facility Centre for purpose of meeting the demands of exporters for the equipment needed for the fabrication of brass artware from sheets because of lower cost of production, increased productivity and better finish. The Corporation undertakes procuring handicrafts export catalogues on behalf of State Government. It also brings out exporters and importers' directories giving the names and particulars of various exporters and importers of handicrafts. It has been authorized to issue certificates of origin in respect of handicrafts and handlooms under Article 11 of the International Convention relating to the simplification of customs formalities. The certificates are issued to exporters at a nominal fee.

In regard to handlooms, the Corporation renders the following facilities:

1. Service facilities such as supply of designs suitable for export markets, giving technical help to the manufacturers in regard to their production problems etc.

2. Building up of stocks of selected varieties to meet the Corporation's own export needs as well as those of its Business Associates.


4. Procurement and distribution of raw materials like yarn, dyes, chemicals, etc.
5. Collective publicity in foreign countries for the products of Business Associates, as well as general publicity for handlooms.

6. Display of samples of Business Associates in showrooms in India and abroad as also in foreign exhibitions.¹

The Corporation has been recognised as an approved organization in terms of the Code of Grants-in-Aid of the Market Development Fund for purposes of subsidy from the Fund for export promotion schemes. The Corporation arranges market surveys in selected countries for both handicrafts and handlooms. Results of the market surveys are carefully evaluated and a follow up programme prepared in consultation with exporters. The following market surveys have been conducted so far:

1. For jewellery, handbags, ivory and gift items in France, Switzerland, West Germany and the Netherlands.
2. For handloom, in France, Italy, Switzerland west Germany.
3. For woollen carpets in West Germany and Canada.

The Corporation arranges general publicity for handicrafts and handloom products as well as publicity of the bands of the products of different exporters. Financial assistance available from Market Development Fund is utilised in the publicity programme and the remaining amount required are collected from the exporters. Top fashion designers are invited to India to study the production techniques and give suggestions.

¹ Ibid., 23.
for the improvement of designs to meet the needs of foreign markets. The Corporation participates in major exhibitions abroad in order to give visual publicity to special products and also to book orders on the spot.

The Corporation has opened a sample-cum-sales office in New York in order to develop further the exports of handicrafts and handloom products to the United States. The activities of the New York office also cover the Canadian market. It had associated itself with the STC in regard to its Rotterdam Depot Scheme and assists the exporters by giving loans against goods sent to the Rotterdam Depot on consignment basis. An independent scheme on similar lines has been worked out by the Corporation for opening a depot at Hamburg to market Indian carpets. The operations of the foreign offices are carefully regulated so that existing channels of trade and distribution are not disturbed in any way.

As a further step to promote exports, the Corporation has evolved a scheme for inviting the representatives of leading department stores abroad to visit India as its guests. The entire expenses of such visits in India are borne by the Corporation, while the department stores, themselves bear the travel expenses of the outward and inward journeys. The representatives are shown a wide range of samples and are brought into contact with the Business Associates, so that as

1 Ibid., p. 24.
wide a range of goods as possible are selected for sale through the department stores.

The Corporation has taken up the sale of antiques licensed for export. These antiques are purchased at prices determined by a selection committee which includes representatives of the museums of India. After getting a licence from the concerned authorities, these antiques are marketed abroad. To start with, the sale of antiques by the Corporation is done at Lok Kalyan Bhavan, 11-A, Rouse Avenue Lane, New Delhi.

The major items of export handled by the HHEC on handloom side are: Bleeding Madras, 1 Etawah stripes, dress materials, home furnishing, cotton, tussore, reeled tussore, Varanasi silk goods, stoles and scarves, "Dupion" silm, "Matka" silk, printed silk, Bangalore silk, tie and dye silks, wall hangings and ready-to-wear items. On the handicrafts side, the major items are brassware, Kashmir woollen carpets, namdahs, rugs, and druggets, papier-mache folk art objects, giftware bags, jewellery and precious stones, ivory products and antiques.

In 1970-71 STC's exports were of Rs. 70.58 crores and the exports done by HHEC amounted to Rs. 2.97 crores. The share of HHEC was 4.2 %. In 1975-76 exports by STC were of Rs. 760.11 while the exports of HHEC totalled Rs. 32.56 crores and its share was 4.28 %. This shows increase of 0.8
<table>
<thead>
<tr>
<th>Year</th>
<th>STC's Exports</th>
<th>HHEC's Exports</th>
<th>Domestic Sale</th>
<th>HHEC's Share in STC's Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>...</td>
<td>70.58</td>
<td>2.97</td>
<td>0.87</td>
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<tr>
<td>1975-76</td>
<td>...</td>
<td>760.11</td>
<td>32.56</td>
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<td>440.49</td>
<td>26.50</td>
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<td>1984-85</td>
<td>...</td>
<td>719.56</td>
<td>129.26</td>
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</tbody>
</table>

**Source:** Compiled by the author from the following:

per cent. In 1980-81 exports by STC were of Rs. 440.49 crores while the exports by HHEC amounted to Rs. 26.50 crores. Its share in STC's exports was 6.01% including an increase of 2 per cent. In 1984-85 STC's exports were of Rs. 719.56 crores while the exports through the HHEC totalled Rs. 126.26 crores. The share of HHEC in export list was 17.96%. This was an increase as compared with 1970-71 which was 4.2%, the increase being of 13.76%. This means that the HHEC is playing a significant role in STC's export promotion.

It is clear from the Table that HHEC is playing an important role in the export promotion of India. The Handicrafts and Handloom Export Corporation became the first subsidiary of the STC from 1st June 1961. It formed a subsidiary of its own -- the Central Cottage Industries Corporation (CCIC), w.e.f. 1st April, 1976.

The organisational set up of the HHEC is given in the chart on the next page.

The performance of the Corporation showed a substantial improvement over the years. The Corporation has merged as the single largest exporter in the country in the field of handicrafts and handloom. It has built up a prestige in the export markets of the world for Indian products and has succeeded to a great extent in changing the pattern of Indian trade in these products from a cheap curio-oriented trade to highly sophisticated quality exports in keeping
ORGANISATIONAL CHART OF HANDLOOM AJD HANICRAFTS CORPORATION

CHAIRMAN

General Manager (Handloom)

Manager Delhi Manager Madras

Asstt. Manager (Calcutta) Asstt. Manager (Bombay)

Deputy Manager Assistant Manager

General Manager (Handicrafts)

General Manager (Paris)

General Manager (New York)

Assistant Manager (New York) Assistant Manager (Boston)

Manager (Delhi) Deputy Manager (Madras) Assistant Manager (Bombay) Organisers (Calcutta)

Deputy Manager Assistant Manager

Source: From the HHEC's Office.
with the living habits and demands of the affluent nations of the world. India today is in fashion and Indian products have increasingly come to be accepted in the general scheme of international fashion buying.

The HHEC, as is well known, is a pace setter in the field of product development. Development of fashion ready-to-wear, using Indian materials, fashion accessories, including costume jewellery, continues to be its special field of development. One of the important developmental activities of the Corporation has been the promotion of Indian designs. It has arranged a series of important fashion shows with garments exhibited in various cities of the USA and Canada. The shows were most successful and received wide acclaim. During Expo '70 in Osaka, an India day, held on May 4, 1970, the STC was asked by the government of India to conduct fashion show in the Festival Plaza of the Expo. This, as well as the preview held on 28th April at the Imperial Hotel in Tokyo, received excellent publicity in the Japanese press and fashion circles.

Its collaboration with Madam Hanae Mari, a top designer in Japan has resulted in two collections every year -- summer and winter. The Corporation has established very important contacts for selling the collections in Japan to fashion boutiques and major departmental stores. In addition, it has also negotiated with Roberto Capucci of Italy for
designing two collections a year out of Indian material. Costume jewellery designed by Madam Peral of Paris has continued to yield satisfactory business. The Corporation has undertaken a major development programme in the field of carpets. The efforts to promote high quality Kashmir carpets has proved successful and substantial demands for these varieties have arisen. New designs and techniques have been introduced in the Mirzapur area of the Uttar Pradesh, which are likely to lead to substantial results. Efforts are being made to introduce new designs and methods of dyeing and washing in the carpet industry of Andhra Pradesh, particularly in the Elloru and Warangal to increase the capacity of the export varieties of carpets. It is hoped that during the coming year the HHEC will undertake various programmes to promote the export of this important product.

CONCLUSION

The Handicrafts and Handloom Export Corporation of India Ltd. (HHEC) was set up in June 1962 as a totally owned subsidiary of the State Trading Corporation of India Ltd. (STC) under the administrative control of the Ministry of Commerce with the twin objective of export promotion and trade development. The HHEC is an export house in the field of handicrafts and handlooms products (including hand-knitted woollen carpets and readymade garments) as well as gold jewellery. The export of specified woollen knitwear has also been canalysed through the HHEC.
During the year 1983-84 the turnover of the Corporation amounted to Rs. 129.66 crores as against Rs. 87.50 crores in the earlier year. This increase was achieved mainly due to increase in the export of golden jewellery, woollen knitwear and readymade garments.

The Corporation has continued its promotional and trade development activities abroad to boost exports of handicrafts and handloom products from India and continues to work for introducing new range of items for export.