



**Government of the People's Republic of Bangladesh
Ministry of Commerce**

Export Potential of Handicraft Sector Challenges and Way Forward



Bangladesh Foreign Trade Institute (BFTI)

Final Report

Study on

Export Potential of Handicraft Sector: Challenges and Way Forward

SUBMITTED TO:

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Preface

Handicrafts are unique products that reflect the artistic traditions, cultural heritage, and skilled craftsmanship of a particular region or community. In the history of Bengali heritage, Handicrafts occupy the throne of dignity and are manifested as symbols of Bengali identity. In addition to creativity, the contribution of Bengali crafts to commercial, socio-economic and cultural history is undeniable. These products have immense popularity among international buyers due to their authenticity, aesthetic appeal, and the story they convey.

Handicrafts can be one of the key drivers for the socio-economic development of Bangladesh. It will create immense opportunities for employment of a large number of people, especially women. Glorifying the role of the Handicraft sector in reducing poverty, the government of Bangladesh has announced Handicrafts as the "Product of the Year 2024" to accord special attention to this sector due to its role in women empowerment.

There have been various international studies conducted on the Handicrafts sector. However, despite being one of the special development sectors in export policy, Bangladesh has yet to gauge the country's Handicraft goods export potential through any study. In this context, Ministry of Commerce has entrusted BFTI to conduct a study on the export potential of the Handicraft sector and identify the challenges and opportunities along with suggesting a roadmap with doable actions for this sector's export growth.

I would like to convey my sincere thanks to the Chief Executive Officer of BFTI and his team for conducting the study. I believe that this report will facilitate policymakers, and Government organizations in formulating evidence-based policies and plans for the development of the Handicraft sector in the country. This report will also assist exporters, manufacturers, employers/workers, researchers and non-governmental organizations in orchestrating strategies for leveraging the potentials of the Handicraft sector.



Md Selim Uddin
Secretary
Ministry of Commerce

Acknowledgement

Bangladesh has successfully met the second triennial review of LDC graduation in February 2021 and is scheduled to graduate in 2026. With consistent growth and impressive achievement in human, social and economic development fronts, Bangladesh aspires to reach the milestone of developed country status by 2041. The Government of Bangladesh has formulated an export-oriented growth strategy in the Eighth Five Year Plan (8FYP). The Eighth Five-Year Plan of Bangladesh also identifies the cottage, micro, and small business (CMSMEs) sector as the most promising for employment growth in both urban and rural areas. CMSMEs engaged in the Handicrafts sector are contributing to the economy significantly by creating opportunities for entrepreneurship and women employment. The government of Bangladesh has announced Handicrafts as the "Product of the Year 2024". In this context, this study initiated by the Ministry of Commerce is very instrumental and contemporary for Bangladesh to ensure women empowerment, employment generation and export promotion.

The study titled 'Export Potential of Handicraft Sector: Challenges and Way Forward' has been conducted by the BFTI under the initiative of the Ministry of Commerce, Government of the People's Republic of Bangladesh. I express my sincere gratitude to the Ministry of Commerce for entrusting BFTI with the said responsibility. The overall objective of the study is to explore the export potential and challenges of the Handicraft sector of Bangladesh. The study highlights the Handicraft sector's strengths, weaknesses, opportunities, threats, and strategies to overcome them to realize the export potential and sustainable export-led growth. In addition, this study prepared a roadmap for enhancing the capacity of the sector to underpin the key opportunities and challenges and recommended concrete actions to address the challenges.

I would also like to thank the Deputy Team Leader, Sector Export, Trade Expert and the researchers who have worked relentlessly to ensure the completion of this study. Their unwavering support and commitment have been instrumental in making this study a reality. I am grateful to my BFTI team members, in particular, who extended tremendous effort in this regard.

I extend my sincere gratitude to Mr. Md Selim Uddin, Secretary, Ministry of Commerce and other high officials from the Ministry of Commerce, National Board of Revenue, Export Promotion Bureau, Chambers, and Associations who extended their support leading to the completion of the study. The recommendations of the study would be useful for policymakers and other relevant stakeholders.



Dr. Md. Jafar Uddin
Chief Executive Officer, BFTI and
Team Leader of the Study

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List of Abbreviations

AHP	Analytic Hierarchy Process
BANGLACRAFT	Bangladesh Handicrafts Manufacturers and Exporters Association
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BDS	Business Development Services
BEPZA	Bangladesh Export Processing Zones Authority
BEZA	Bangladesh Economic Zones Authority
BFTI	Bangladesh Foreign Trade Institute
BSCIC	Bangladesh Small & Cottage Industries Corporation
CAGR	Compound Annual Growth Rate
CFC	Common Facility Center
CMSMEs	Cottage, Micro, Small, And Medium Enterprises
EDB	Ease of Doing Business
EDF	Export Development Fund
EPB	Export Promotion Bureau
EPZ	Export Processing Zone
EU	European Union
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FID	Financial Institutions Division
FY	Financial year
GDP	Gross Domestic Product
HS code	Harmonized Commodity Description and Coding System
ITC	International Trade Centre
JDPC	Jute Diversification Promotion Centre
KII	Key Informant Interviews
LC	Letter of Credit
LDC	Least Developed Country
MoC	Ministry of Commerce
MoIND	Ministry of Industry
MoFA	Ministry of Foreign Affairs
NBR	National Board of Revenue
NSDA	National Skills Development Authority
PKSF	Palli Karma-Sahayak Foundation
PPP	Public Private Partnership
R&D	Research and Development
RMG	Ready-Made Garment
RoO	Rules of Origin
SMEF	Small & Medium Enterprise Foundation
SMEs	Small and Medium Enterprises
SWOT	Strengths Weaknesses Opportunities Threats
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USA	The United States of America
USD	United States Dollar
VAT	Value-added Tax
WB	World Bank
WTO	World Trade Organization

Executive Summary

Bangladesh has become one of the fastest-growing economies in the world and the second-largest economy in South Asia. Bangladesh has sustained an average rate of more than 6.5 percent of GDP over the past decade. As a result, Bangladesh is graduating from the stage of least developed country to a developing country by 2026 and envisions to be a developed country and Smart Bangladesh by 2041. Achieving this ambitious goal, the country's economy, industry, commerce, and foreign trade are going through remarkable transformation. Evidently, foreign trade has a significant positive impact on economic growth in Bangladesh having a 32.64 percent share of foreign trade in GDP in FY 2022-23. Moreover, addressing the necessity of trade growth, The Government of Bangladesh has formulated an export-oriented growth strategy in the 8th Five-Year Plan (8FYP). The 8FYP of Bangladesh also identifies the cottage, micro, small and medium enterprises (CMSMEs) sector as the most promising for job growth in both urban and rural areas. CMSMEs engaged in various Handicraft production are contributing to the economy significantly through creating opportunities for entrepreneurship and employment. This sector is considered as an important sector for the economic prosperity of the country as it has the opportunity to make a significant contribution to poverty alleviation and employment generation.

Handicraft is considered an important sector of employment and income generation within the non-agricultural sector in rural and urban areas. A large part of the labor force employed in this local raw material-dependent industry is women. Sustainable economic development is largely dependent on empowering women through economic self-reliance. The Handicraft sector also plays a crucial role in sustaining the cultural heritage of Bangladesh.

Chapter 1 of the study explored the background, rationale, objectives, scopes, methodology, and limitations of the study. Handicrafts have been making a special contribution to the national economy since the 1970s as a tool for the development of Bangladesh's tradition, culture, and poverty alleviation. Export of the sector is also increasing over the years. Despite being one of the special development sectors in export policy, Bangladesh has yet to gauge the country's Handicraft goods export potential through any study. This study aimed to analyze the current status of the Handicrafts sector of Bangladesh, identify the challenges and opportunities for exports of Handicrafts products in the global market, and suggest some measures with a roadmap/action matrix for overcoming challenges and capitalizing on the opportunities.

Chapter 2 reconnoitred the current status of the Handicraft sector in Bangladesh. According to the Survey on Handicraft Establishment Bangladesh 2022 by Bangladesh Bureau of Statistics, the Handicraft industry is mainly driven by bamboo and cane, followed by pottery, Tapa Puppetry, Nakshi Kantha, and Kurushkantha products. about 44 percent Handicraft establishments are bamboo and cane based though nowadays there is scarcity of homegrown bamboo and cane. Bangladesh has a total of 73,542 Handicraft establishments across the country, of which 97.6 percent are household-based. The industry is dominated by female entrepreneurs, who own 51.2 percent of the establishments, while their male counterparts own 48.8 percent. A total of 1,48,656 people are engaged in the Handicrafts industry, with 95.8 percent belonging to households-based businesses and 4.2 percent from separate establishments. Of the workers, 55.8 percent are female and 44.2 percent are male. 56 percent of the women workforce of this sector are housewives. The sector emerges as a source of partial employment for the formally unemployed women. The study identified 38 Handicraft clusters

from the 177 SME clusters. Export data indicated that Bangladesh exported US\$29.75 million worth of Handicrafts in FY2022-23 and the sector is experiencing continuous positive growth. Major export destinations of Handicrafts products (chapter 46) of Bangladesh include Spain, UK, Australia, Germany, France, Italy etc. Bangladesh mainly exports rugs (made of jute and other natural fiber) baskets, and basketware (made of cane, rattan, seagrass, etc.). terracotta handmade tiles, jute bags, carpets, mats (made of jute and other natural fibres), nakshi kantha and etc. to the global market. Bangladesh has experienced less imports of Handicraft products since the industry is well served by the local manufacturers. In 2022 total imports of Handicrafts amounted to USD 0.22 million.

Various policy supports are provided to this industry, for instance, the government developed National Handicraft policy in 2015 to ensure well-organized development of the Handicrafts sector. Export Policy 2021-24 and National Industrial Policy 2022 identified Handicrafts as one of the Special Development Sectors. The government now provides 8 percent cash incentives to the export sector of Handicraft products. Also, income derived from the export of Handicrafts is exempted from tax. Moreover, the government is also supporting the artisans and entrepreneurs involved in this sector through the Small and Medium Enterprise (SME) Foundation, Jute Diversification Promotion Centre (JDPC), Joyeeta Foundation, Bangladesh Small and Cottage Industries Corporation (BSCIC) etc.

Chapter 3 traversed through challenges in the export of Handicraft products. Through SWOT analysis, the study identified internal challenges or weaknesses like lack of R&D and design centers, lack of strategic focus, limited access to finance, inadequate financial literacy of the entrepreneurs, shortage of skilled Artisans, absence of organized supply chain, shortage of raw materials, insufficient cash incentives, etc. hindering exports of the sector. Moreover, external challenges like global market competition (from top exporters like China, India, Vietnam), insufficient country branding, low-cost substitute products in the market, soaring cost of raw materials, etc. are threatening the export potentials of Handicraft sector.

Chapter 4 illustrated opportunities for exports of Handicrafts products in the global market. According to the Grand View Research 2022, the global Handicrafts market size was estimated at USD 678.24 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 4.7 percent from 2023 to 2030. The study found over the last 5 years Bangladesh's export of Handicraft sector has seen a CAGR of 8.3 percent and 50 percent of the key informants interviewed believe this sector will see 5 to 15 percent export growth in the next five years. The study identified product diversification through diversified leather Handicrafts, handloom fashion items, jute items, products of manmade fiber, soil saver, paper bag, basketwork, wickerwork, bamboo mats, plaiting materials of bamboo and rattan, plaits and similar products of non-vegetable plaiting materials, etc. The study found market diversification opportunities to USA, France, Japan, Italy, UAE, Saudi Arabia, Canada, etc. for export. The study revealed that strengths like inherited craftsmanship, availability of a variety of raw materials, traditional crafts clusters, ability to produce unique, customized products, support from government agencies and NGOs, etc. are enabling the sector to grow and enhance exports. Moreover, the sector may capitalize on opportunities like global and local market demand for handmade crafts, the prevailing trend for eco-friendly products, the global trend for sustainable lifestyles, emergence of online retail and e-commerce channels, government policy interventions for upgrading Handicraft products in Bangladesh, etc.

Chapter 5 recommended some ways forward and initiatives for overcoming the challenges of the Handicraft sector and increasing export potential. The study recommended strengthening the supply chain of the Handicraft sector through backward linkage development, establishing an R&D and Design Centre for fostering innovation and new product development and developing planned Craft Villages. The study also suggested increasing access to finance through easy and low-interest loans, enhancing financial literacy of the CMSMEs for utilizing available financial benefits, providing special incentives for innovation, research & development and quality improvements, building capacities of the workforce engaged in the Handicraft sector and facilitating export through international fairs, heritage branding etc. measures. The study also included the suggestions of the stakeholders like ensuring industry-academia linkage, developing sector-specific website, fostering technology and skill transfer, enhancing the capacity of the exporters to meet compliances of the destination market, encouraging World Fair Trade certification and creating Handicraft brands for export growth.

Chapter 6 illustrated a roadmap addressing objectives, recommended intervention(s), specific action(s), lead ministry/agency, supporting ministries/agencies and specific timeline to mitigate the challenges and leverage the opportunities in the export of Handicraft products.

Chapter 1: Introduction

1.1 Background

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/or religious significance.

According to the UNESCO and International Trade Centre (ITC), final report of the International Symposium on Crafts and the International Market: Trade and Customs Codification, 1997, Handicrafts are defined as: “Products that are produced by artisans, either completely by hand or with the help of hand-tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant”. National Handicraft Policy 2015 defined Handicraft as “products that are both aesthetic and practical produced through the extensive use of the artistic mind and labor of the craftsman, or the talent, skill and art-techniques inherited from heredity, or the creative person receiving training, if necessary, through the use of modern technology and adjusting the trends of time/age.”¹

Handicrafts play a very important role in representing the culture and traditions of any country or region. Handicrafts are a substantial medium to preserve rich traditional art, heritage and culture, traditional skills and talents which are associated with people’s lifestyle and history. Also, Handicrafts are hugely important in terms of economic development. They provide ample employment opportunities even with low capital investments and become a prominent medium for foreign earnings. However, the concept of Handicrafts is not clear to many policymakers. Those who implement the policy consider this as a small sector. Handicrafts are luxury items with some functional utility.

90-95 percent of the total industrial products of the world are produced in small workshops run by less than 100 people. For instance, Japan, which is at the peak of economic development, has considered 84 percent of its industries as small and medium-scale industries. In countries such as India and China, Handicrafts are as high as mechanized products in quality and volume and are a major source of their foreign earnings. These countries are focusing on the development of the Handicraft industry, to strengthen the economy.²

Handicraft is considered an important sector of employment and income generation within the non-agricultural sector in rural and urban areas. A large part of the labour force employed in this local raw material-dependent industry is women and sustainable economic development is largely dependent on empowering them through economic self-reliance. Women’s Empowerment Index (WEI) identifies Bangladesh as a Low women’s empowerment country with a score of 0.443 while Australia ranks 1st with a 0.805 score (UNDP). The craft sector in Bangladesh employs a large percentage of women and thus offers a huge potential for women’s economic empowerment. Handicraft sector also plays a crucial role in sustaining the cultural heritage of Bangladesh.

¹ Government of the People’s Republic of Bangladesh (2015) National Handicraft Policy 2015, Chapter 2.

² Taika (2023) The value of Handicrafts, Available at- <https://macrame-dress.com/blog/the-value-of-handicrafts>

Glorifying the role of the Handicrafts sector in reducing poverty, the government of Bangladesh has announced Handicrafts as the "Product of the Year 2024" to give special attention to this sector due to its role in women empowerment. It is one of the special development sectors in the export and industry policy and the sector is playing crucial roles in employment generation, foreign currency earning, women empowerment, making women economically self-reliant and improving their livelihood.

The National Handicraft Policy aims to provide clear guidelines for the development of this sector. It envisions that employment will be created and the quality of life will be improved for marginalized groups through the expansion of this industry. The policy intends to identify the challenges in the industry and take effective steps to mitigate the challenges. The policy provides the necessary assistance in enhancing competitiveness of the sector and creating new and quality products through the use of auxiliary technology to facilitate the rapid participation of this sector in the global market. Despite the comprehensive policy and the sector's potential to contribute to the country's economy, the sector is yet to see any structural development. In this perspective, being the product of the year 2024, Handicraft sector encompasses ample opportunities to contribute to the export basket. The sector needs to be explored more thoroughly to understand its export potentials, challenges and strategies for mitigating the challenges to pave the way for this sector's sustainable growth.

1.2 Rationale of the Study

Handicrafts have been making a special contribution to the national economy since the 1970s as a tool for the development of Bangladesh's tradition, culture and poverty alleviation. A large number of artisans at the village level are involved in this sector and their livelihood is earned through craftsmanship. According to a study by the Bangladesh Women Chamber of Commerce and Industry (BWCCI), 69.4 percent of women entrepreneurs are involved in the Handicraft sector. Gradually, the craft sector is also creating new employment opportunities for women outside the household.³ A study revealed that independent income from engaging in Handicraft business improves the economic empowerment of the women artisans involved.⁴ The craft industry thus offers a real way out of poverty for many poor women, in fact it can assist in eradicating extreme poverty. Identifying the export potentials of the Handicrafts sector will aid the policymakers in creating sustainable employment opportunities and improve the livelihoods of the entrepreneurs and artisans especially, women involved in this sector. There have been various international studies conducted on the Handicrafts sector, for instance, 'Global Market Assessment for Handicrafts (USAID, 2006)', 'Indian Handicraft industry: problems and strategies (Yadav et. all, 2022)', 'Handicrafts: Developing Export Potential (Subramanian & Cavusgil, 1990, India)', 'Factors influencing Vietnam's Handicraft export with the gravity model (Luong et. all, 2019)', 'Export Challenges to MSMEs: A Case Study of Indian Handicraft Industry (Suhail, 2017)' etc. However, despite being one of the special development sectors in export policy, Bangladesh has yet to gauge the export potential of the country's Handicraft goods through any study. In this context, BFTI under the initiative of the Ministry of Commerce, Government of the People's Republic of Bangladesh has conducted a study on the export potential of the Handicraft sector and its challenges and opportunities for export growth.

³ Swisscontact, Empowering Women in Craft, available at- <https://www.swisscontact.org/ Resources/Persistent/8/5/b/c/85bc4f7bc3e228119788336d479a79a30226aa82/Empowering-women-in-craft.pdf>

⁴ Tasnuva & Jalil (2015) Understanding the Economic Empowerment of Women: A Study of the Handicrafts Sector in the Chars and Surrounding Areas of Bangladesh, Journal of Volume 17, Number 2, ISSN 1529-0905

1.3 Objectives of the Study

The specific objectives of the study are:

- To analyze the current status of the Handicrafts sector of Bangladesh;
- To identify the opportunities for exports of Handicrafts products in the global market;
- To identify the challenges in the export of Handicraft products;
- To develop a roadmap with an action matrix for mitigating challenges in the export of Handicraft products.

1.4 Scopes of the Study

In light of the basket of Handicraft products provided in the Handicraft Policy 2015, the study attempted to identify Handicrafts products of Bangladesh which are now being exported and have the potential to be exported in the global market. The study also attempted to portray the current status of the Handicrafts sector along with finding its opportunities for exports in the global market through potential product and market diversification strategies. Identifying the challenges of the export of Handicrafts, the study prescribed a roadmap with an action matrix for ameliorating the Handicrafts sector's export potential in the upcoming years.

1.5 Methodology of the Study

The methodology of the study involves the following:

1. A desk review of all existing literature like relevant rules/regulations/policies and journal articles, etc.;
2. Key Informant Interviews (KII), Focus Group Discussions (FGD) and validation workshop with policy level officials, Handicraft businesses, think tanks, academia and other trade-related agencies as decided by the client;
3. Data Analysis, using available data from acceptable national (Export Promotion Bureau, Bangladesh Bank, National Board of Revenue, etc.) and international (ITC, UNCTAD, World Bank, etc.) sources., for a reasonable time frame of the most recent five years in the least;
4. For finding the challenges and potentials of the Handicraft sector, SWOT analysis has been conducted for this study. SWOT analysis is a commonly used framework due to its simplicity and applicability. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. The SWOT analysis is a strategic planning technique with two components:
 - a. Analysis of the internal situation: Only real strengths and weaknesses are discussed, not hypothetical, future strengths and shortcomings.
 - b. Analysis of the external situation: This covers the actual situation, i.e., the existence of dangers, as well as untapped prospects and likely trends.

The study adopted a SWOT analytical method consisting of the following four steps:

- i. Step 1: Decide what is to be compared.
- ii. Step 2: Research and draft the key factors of internal and external assessment to build a hierarchical structure.
- iii. Step 3: Collect data, mainly to collect the objective and quantified performance.
- iv. Step 4: Questionnaire investigation which includes two parts: one to investigate the weights of key factors using the Analytic Hierarchy Process (AHP) method; and the other to investigate the subjective quality performance.

Based on this methodology, the study generated a SWOT analysis of the Handicraft sector that signifies the SWOT elements based on the opinions of the stakeholders.

The sequential steps that have been followed are mentioned in the following:

- (1) **Review of Existing Literature:** Available literature including the documents like export policy, national Handicraft policy, relevant journal articles, research reports and different information from relevant website have been reviewed. Moreover, BFTI's experts reviewed official reports, published papers and policy documents of the GoB, think-tank organizations and other international bodies, as available.
- (2) **Key Informants Interviews (KII):** A round of exploratory interview was conducted for the study with the representatives of relevant stakeholders that included the government institutions, Handicraft manufacturers and exporters, business associations, chambers, think-tank organizations, etc. The KII involved Handicraft businesses from both rural and urban areas. Both high performing and low performing businesses were included as key informants. Semi-structured interviews were used via purposeful rather than random sampling method. Appropriate measures were taken to avoid any risks of bias through sampling, response and the behaviour of the interviewer. Three common techniques were used to conduct key informant interviews: telephone, email and face-to-face Interviews. When KIIs were conducted, a mixed methods evaluation strategy was adopted to produce a satisfactory analysis. All selected questionnaires were evaluated by the relevant expert. Here, **20 KIIs** were conducted to identify the exported Handicraft products, the sector's challenges and export opportunities. The KII questionnaire is available in **Annexure-1**. Detailed information on KII participants is available in **Annexure-2**.
- (3) **Focus Group Discussions (FGD):** One FGD was organized targeting mainly the stakeholders concerned with the Handicraft sector. The FGD was held on Conference Room, BFTI, Dhaka. The participants in the FGD were 14 (fourteen) in number. During discussions, participants were facilitated to discuss different aspects of the particular field amongst themselves. Information related to the Handicrafts sector's strengths, weaknesses, opportunities and threats were revealed through the FGD. Also, key initiatives for building a roadmap for this sector were discussed at the FGD. The FGD included participants from different stakeholder groups like Export Promotion Bureau, SME foundation, Bangladesh Bank, Handicraft Association (BANGLACRAFT), BSCIC and Handicraft businesses as well as academia. Meanwhile, documentation of discussions was done through audio recording and written notes. The detailed participant list of FGD is available in **Annexure-3**. Proceedings of the FGD is available in **Annexure-4**.
- (4) **Validation workshop:** A validation workshop on the draft report with 40 relevant stakeholders has been arranged for the study where key stakeholders related to the study presented their opinions and validated the findings of the report. A draft report was presented at the workshop and reviews of the relevant stakeholders have been gathered and incorporated to prepare the final report. the list of participants in the validation workshop is attached in **Annexure-5**. Proceedings of the Validation workshop is available in **Annexure-6**.
- (5) **Data Analysis:** Statistical analysis was conducted through Microsoft Excel while analysing quantitative data. SWOT analysis method has been used to identify major sectoral strengths, opportunities, weaknesses and threats. Initially, existing literature, conducted KIIs and opinions were analysed for sorting out relevant data/information, insights and perspectives. Qualitative data was analyzed through NVivo software.

1.6 Limitations and Scope for Further Research

Time limitation was one of the key factors for withholding the study's rigorous findings since the study took place within only 2 months. The number of key informants was not enough to generate comprehensive numerical findings and in further research more stakeholders may be surveyed or interviewed. Moreover, the study intended to understand the situation of Handicraft exporter organizations by collecting their financial data, and manpower capacity which was not thoroughly revealed by the stakeholders. Besides the paucity of secondary data and literature, KII was difficult because of respondents' reluctance to provide required accurate information and inexpression of appropriate opinions relevant to the study. Further extensive study can be conducted on the Handicraft businesses on identification of the success factors of the high performing companies and the determining the reasons of failure of the low performing companies.

Chapter 2: Current status of the Handicrafts sector of Bangladesh

2.1 Overview of Handicraft sector

Handicrafts include products that are handmade using simple tools and represent the culture and traditions of a country or region. Their production requires considerable hand-eye coordination and intense concentration. Each handcrafted product is unique as each craftsperson applies their strength differently, owing to which every product has distinct qualities. Handicrafts play a vital role in the economic development of a country. It requires low capital investments and offers employment opportunities. In addition, Handicraft items are perceived as a symbol of status owing to their uniqueness, quality, usage of natural materials, and the essence of vibrant art and culture.

2.1.1 Historical background

Art made by hand is generally called Handicraft. These products can be easily made with some common materials with the help of family members. There are some Handicraft products that have certain properties. The source of these characteristics is the social and cultural traditions of a region or country or the special production techniques of artisans. The important industries of early and medieval Bengal were Handicrafts and cottage industries. Weaving, metalwork, jewellery, especially silver ornaments, woodwork, cane and bamboo work, clay and pottery were prominent Handicrafts. History shows that the muslin cloth of the Gangetic basin reached as far as the Roman and Greek empires. Chinese and Arab travellers also knew about the high-quality cotton and silk textiles produced in Bangladesh. From the 16th century onwards, high-quality handwoven textiles, fine jade, silver and other metalwork from Bangladesh were also prized at the Mughal court. Mughal emperors patronized Handicrafts. They employed the artisan community in the manufacture of ornaments and accessories. In the early days of Mughal rule, skilled artisans were encouraged to move from one place to another and were given additional patronage. They made rare and high-quality gift items for the court of the Emperor of Delhi. As the ruling class and aristocracy used all these products, Handicrafts spread widely. Artisans play the most important role in making Handicrafts. They mainly worked for people they knew and because of this, their products had a markedly personal touch of sincerity.

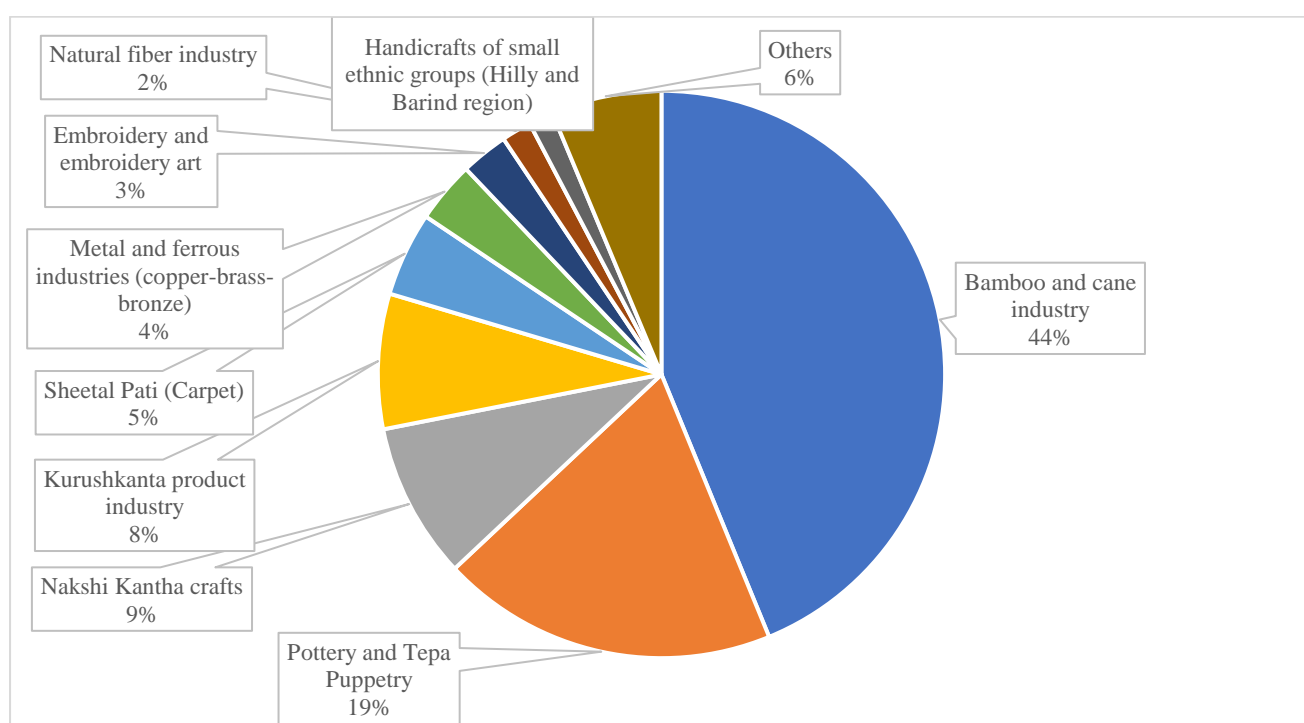
People and crafts of this country have flowed in their own way since ancient times. The wealth of folk and Handicrafts of Bangladesh is much richer in size and variety. In the history of thousands of years of Bengali, folk and Handicrafts occupy a place of dignity. As a symbol of Bengali self-identity, decoration is termed as a 'craft' that aims to beautify and embellish practical objects with manual labor and aesthetic techniques. On the other hand, folk art is the product of collective consciousness. It is considered folk art due to its folk form in structure, content production, and construction techniques. And even if it is made according to the orderly formula, there is a message of tradition in the craft. In addition to creativity, the contribution of Bangladeshi crafts and artisans in commercial, economic and socio-cultural history is undeniable. The rich repertoire of Handicrafts includes jamdani, shataranji (carpet), metalwork, conch shell, pottery, woodwork, shell art, doll art, brass art, bamboo-cane art, shola art etc. Artisans have created these artifacts while working for survival and sitting in their free time. The artistic features of the folk life of Bangladesh are embodied in the country's folk crafts. Besides, nakshi kantha (embroidered quilt), nakshi shika, shital pati, clay plaques, leaf, straw objects, folk paintings etc. are the signs of the country's folk and crafts. These arts are symbols of Bangladesh's heritage, as well as glory. Handicraft products have come a long way, now

Bangladesh is exporting various Handicrafts product to globe and spreading the nation’s cultural heritage to the world.

2.1.2 Handicraft establishments and their activities

Survey on Handicraft Establishment Bangladesh in 2022 by Bangladesh Bureau of Statistics revealed that Handicraft establishments are classified into about 20 categories based on their type of activities. These include: bamboo and cane industry, pottery and tepa puppetry, nakshi kantha crafts, kurushkanta product industry, sheetal pati, metal and ferrous industries (copper-brass-bronze), embroidery and embroidery art, natural fiber industry, Handicrafts of small ethnic groups (Hilly and Barind region), nakshi design hand-fan art, jamdani art (hand woven), woodcrafts, shola and paper cutting industry, jute Handicrafts (hand woven), handmade musical instrument industry, shataranji crafts (hand woven), paper mask art, conch and conch art, sara and patchitra, handmade cloth doll art and others.

Figure 1: Handicraft establishment by activity types



Source: BBS

Bangladesh has a total of 73,542 Handicraft establishments across the country, of which 97.6 percent are household-based. The survey revealed that the industry is mainly driven by bamboo and cane, followed by pottery, tepa puppetry, nakshi kantha, and kurushkantha products.

2.1.3 Handicraft products of Bangladesh

National Handicrafts Policy, 2015 identified the important Handicrafts products as follows:

1. Woven products like Banarasi saree, Jamdani saree, Tangail saree, Silk saree (Rangamati/Chakma), Manipuri cloth, other handloom cloths etc.
2. Textile products like Nakshi Kantha, bags, bed covers, cushion covers, jewelry boxes, wall mats, ethnic textiles and various Handicrafts, Punjabi, hats, blocks, batik, screen printed useful textiles, needlework etc.

3. Leather products such as: Nakshi bags, Money bags, Ladies bags, Purses, Belts, Clothing, Hats, Key rings, Pencil holders, Wall hangings, Decoration pieces, Jewellery boxes, Photo frames, Shoes, Sandals etc).
4. Wooden products such as housewares, vases, trays, photo frames, ashtrays, show-pieces, pencil holders, sculptures, showcases, fancy furniture, jewellery boxes, mirror frames etc.
5. Bamboo products such as baskets, flutes, vases, toys, light shades, false partitions, sofa sets, showcases, various show-pieces, chandeliers, lampshades, trays, baskets, table mats, trays, etc.
6. Rattan products such as: Wraps, Chairs, Tables, Rattan Furniture, Rattan Baskets, Swings, Sofas, Cots, Book-selves, Table Mats, Photo Frames, Table Lamps, Light Shades, Various Trays, etc.
7. Pottery such as housewares, showpieces, clay toys, vases, flower tubs, ashtrays, pencil holders, sculpture chandeliers, light shades, clay ornaments, wallmats, mural paintings, terracotta clay dolls, toys, hanging showpieces, figurines of different types of animals etc.
8. Wax products such as birthday candles, wax dolls, show-pieces, animal figurines, etc.
9. Jute products like: chats, bags, wall mats, carpets, paposhes, baskets, chikas, sandals, shataranjis, Mixed items (eg: Jute-Leather Baskets, Bags, Sandals, Shoes, Ladies' Purses) Shopping Bags, Ladies' Bags, Men's Side Bags , Laptop Bag, Tiffin Bag, Christmas Bag, Draw String Bag, Wine Bag, Nursery Bag, Nursery Pot, Nursery Sheet, Burlap Tape, Jute Tape, Jute Ribbon, Jute Net, Spiral Tube, Spiral Bag, Dyed Jute Fabrics, Frayed Burlap , table toppers, camo burlap, wire balls, place mats, table runners, burlap leaf jute hand carpets, tapestries, table mats, rugs, hammocks etc.
10. Shell arts such as necklaces, earrings, bangles, bangles, chandeliers, show-pieces, table lamps, jewellery boxes, side tables, wood inlays (mixed media) etc.
11. Metalwork such as: metalwork, glass and brass articles, utensils, buttons, doors and various furniture, various kitchen accessories, show-pieces, partitions, wall mats, pen holders, buttons, wood inlays, steel beds, almirahs, etc.
12. Puppet industry like: Puppets made of cloth, wood, clay and paper etc.
13. Handmade paper such as handmade board, show-piece, birthday, new year, invitation card, lamp shade, mask, wall show-piece, etc.
14. Ornaments such as gold and silver chains, hand bangles, neck bones, nose flowers, anklets, bracelets, waist belts, watch chains, head clips, buttons and copper, brass, iron, conch, bamboo, clay ornaments, etc.
15. Fiber products such as coconut show-pieces, ropes and nets, coir nets, coir ropes, nest pots, coir pits, palm fiber hats, baskets, mats, lamp shades, table mats, wall mats, prayer mats, cooling mats and similar products etc.
16. Foliage products like: Hoglapata, palm leaves, reeds, kachuripana, date leaves etc.
17. Shola products like: show-pieces, animal figures, hats, crowns etc.
18. Miscellaneous: Khair, lime, date molasses, jams, jellies, mushrooms, pickles, milk sweets, nadu, thread fans, thread fishing nets, thread bags etc.

2.1.4 Geographical Indication (GI) and Handicraft products

GI products are defined as: “A geographical indication is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin.”⁵

⁵ World Intellectual Property Organization (WIPO) (2011) Geographical Indications: An Introduction, WIPO Publication No. 952(E), ISBN 978-92-805-2280-8

According to the Department of Patents, Designs and Trademarks (DPDT), Bangladesh currently has 33 GI products (till May 2024) many of which are handmade. The following table illustrates the list of GI products and outlines some of them as Handicraft potentials:

Table 1: GI and Handicraft products of Bangladesh

Sl.	GI products	Handicrafts (16)
1.	Lotkon (Burmese grape) of Narsingdi	
2.	Nakshikantha of Jamalpur	✓
3.	Sweet betel of Rajshahi	
4.	date molasses of Jessore	✓
5.	Rasgolla of Gopalganj	✓
6.	Monda of Muktagacha	✓
7.	Agar Atar of Moulvibazar	✓
8.	Agar of Moulvibazar	
9.	Hari Vanga Aam (mango) of Rangpur	
10.	Amrito Sagar Kola (banana) of Narsingdi	
11.	Saree of Tangail	✓
12.	Til Khwaja of Kushtia	✓
13.	Rasmalai of Comilla	✓
14.	Fazli Mango of Rajshahi	
15.	Chamcham of Porabari in Tangail	✓
16.	Black Bengal Goat of Bangladesh	
17.	Kachagolla of Natore	✓
18.	Ashwina Mango of Chapai Nawabganj	
19.	Langra Mango of Chapai Nawabganj	
20.	Curd of Bogra	✓
21.	Shital Pati of Bangladesh	✓
22.	Tulshimala Rice of Sherpur	
23.	Fazli Mango of Rajshahi Chapainawabganj	
24.	Bagda shrimp of Bangladesh	
25.	Maslin of Dhaka	✓
26.	Silk of Rajshahi	✓
27.	Shataranji of Rangpur	✓
28.	Kalijira of Bangladesh	
29.	Katari Bhog Mango of Dinajpur	
30.	White soil of Vijaypur	
31.	Khirsapat Mango of Chapainawabganj	
32.	Hilsa fish of Bangladesh	
33.	Jamdani saree of Bangladesh	✓

The table indicates there are 16 products out of 33 GI products which are usually handmade and have the potential to be included in the Handicraft sector.

2.1.5 Employment status in the Handicraft industry

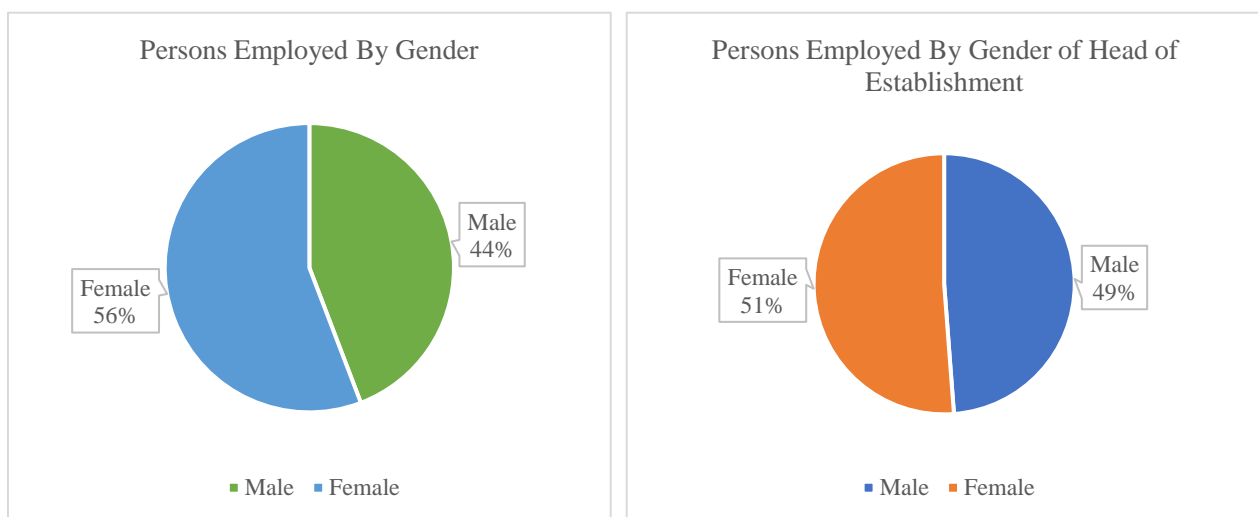
Based on the BBS survey, a total of 1,48,656 persons engaged in Handicrafts industry, of them 1,42,446 or 95.8 percent belong to household-based and 6,210 or 4.2 percent from separate establishments. Almost 82,937 or 55.8 percent were female and the rest 65,694 or 44.2 percent were male. Of the total employed persons, two-thirds or 66.5 percent opined that Handicraft is their main occupation and the rest 33.5 percent as their secondary occupation. Over half (55.1 per cent) of them belong to the Hinduism religion, followed by 39.7 percent from Islam religion. Only 4.5 percent of the total persons employed belong to minority ethnic group of population. Crafts are main occupation for almost three-fifths or 60.1 percent of the total persons employed. The average number of persons engaged for household-based establishments was 1.98 persons, whereas it was 3.48 for separate establishments.

The mean age for the employed persons is 39.1 years. 43.3 years is for the male whereas it is 35.8 for the female counterparts. The mean age is 39.3 years for the employed persons who belong to household-based establishments whereas it is 34.5 who belongs to separate establishments.

On average, employment cost is valued at Tk. 135.5 thousand, it is Tk. 132.3 thousand for household-based establishments and Tk. 266.5 thousand for separate establishments, which is more than twice than household-based establishments. Overall, the total employment cost amounts to Tk. 996.5 core.

Survey showed average costs of raw-materials for the establishments were Tk. 96.2 thousand, it was Tk. 90.0 thousand for household-based establishments and Tk. 346.7 thousand for separate establishments, which was significantly higher and more than 3.6 times than household-based establishments. However, the total costs of raw- materials were Tk. 707.3 core.

Figure 2: Persons employed by gender and gender of head of establishment in Handicraft Sector of Bangladesh



The figure shows that Handicraft industry is dominated by female entrepreneurs, who own 51.2 percent of the establishments, while their male counterparts own 48.8 percent.

2.1.6 Output of the sector

The estimated total value of output of the Handicraft industry is Tk. 2430.2 core at the national level; it is Tk. 2261.5 core for the household-based establishments and Tk. 168.8 core for the separate establishments. On an average, the value of output of each Handicraft establishment is Tk. 330.5 thousand; it is Tk. 315.1 thousand for the household-based establishments and Tk. 946.6 thousand for the separate establishments. It means that output is comparatively more than three times higher for the separate establishments than that of household-based establishments. The value of output varied widely by activity and type of establishments.

Figure 3: Value of gross output by activity type of the Handicraft (in %)

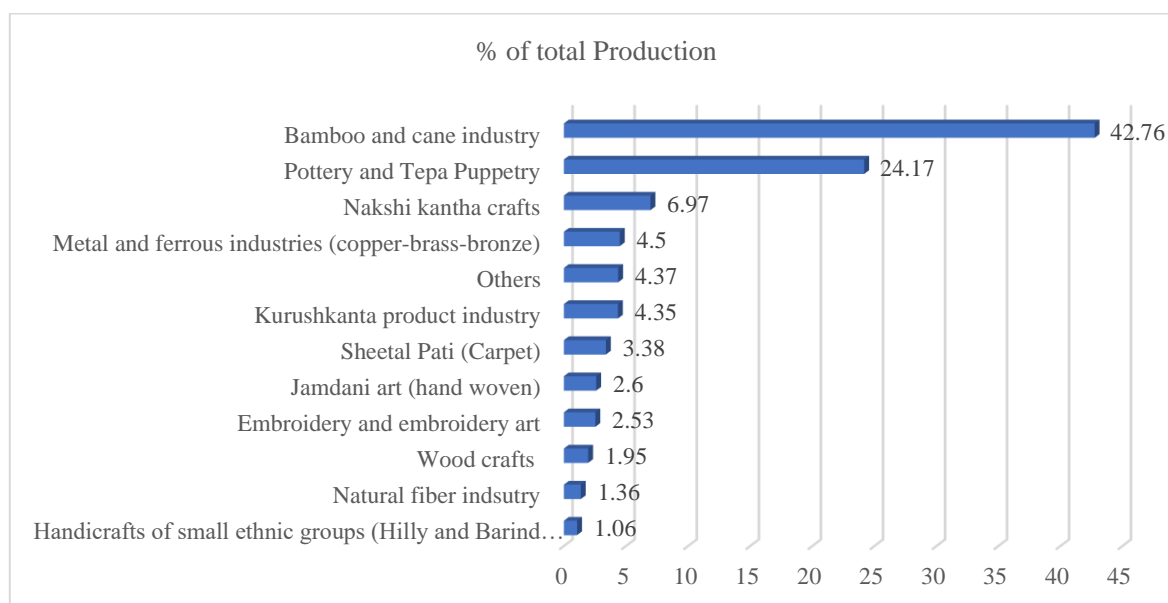


Figure shows that bamboo and cane industry had dominant share of gross output (42.8 percent) followed by pottery and tepa puppetry (24.2 percent), nakshi kantha crafts (7.0 percent), metal and ferrous industries (copper-brass-bronze) (4.5 percent), kurushkanta product industry (4.3 percent), and Sheetal pati (Carpet) (3.4 percent) respectively.⁶

2.1.7 Handicrafts in SME clusters of Bangladesh

The term ‘cluster’ was brought into the regional development lexicon by Michael Porter in 1990, who defined it as a “geographic concentration of interconnected businesses and associated institutions in a particular field”. However, no universal definition of SME cluster has so far emerged. Due to their unique economic and social contexts, definition of SME clusters differs from country to country. Therefore, countries use different definitions to suit their purpose and context. United Nations Industrial Development Organization (UNIDO) defines industrial cluster as: ‘Geographic and economic concentration of enterprises which produce and sell a domain of interrelated and complementary products and face common challenges and opportunities.’⁷

Taking into account the characteristics of globally acceptable definitions and considering the current socio-economic context of Bangladesh, a more elaborate and acceptable definition was formulated after research and consultation. “A Cluster is a concentration of enterprises

⁶ BBS (2022) Survey on handicraft establishment of Bangladesh

⁷ SMEF (2020) SME Clusters in Bangladesh-2020. (An Updated Cluster Mapping)

producing similar products or services and is situated within an adjoining geographical location and having common strengths, weaknesses, opportunities and threats”.⁸

Based on the above definition SME Foundation identified 177 SME Clusters in 51 districts of Bangladesh. There is a maximum of 38 Handicrafts & Miscellaneous clusters followed by 34 Agro-Processing/Agri-business/Plantation, 31 Light Engineering and Metalworking, 22 Knitwear & Readymade Garments, 16 Fashion Rich Effects, Wear & Consumers Goods, 13 Leather Making & Leather Goods clusters, 10 Handloom & Specialised Textiles clusters, 5 Healthcare & Diagnostics clusters, 3 Plastics & Other Synthetics, 3 Electronics & Electrical, and 2 Educational Services clusters in Bangladesh. These clusters are located in 51 different districts and there are 13 districts namely Netrokona, Rajbari, Narail, Meherpur, Lalmonirhat, Sunamganj, Barguna, Bhola, Patuakhali, Noakhali, Bandarban, Rangamati and Khagrachari where no clusters are found.

There are 69,902 enterprises operating in these 177 clusters employing a workforce of 1,937,809, of which 74 percent are male and the rest 26 percent are female. Total approximate annual turnover in these clusters has been estimated at Tk. 295,150.66 million. Average number of enterprises per cluster was 394, whereas per enterprise workforce engaged was 28. With respect to access to markets of 177 clusters, 48 percent of the products are sold in the local market, while 43 percent are sold nationally and the rest 9 percent are sold in international markets.

This study sorted out the clusters related to the Handicraft products which are depicted in the following table:

Table 2: SME Handicraft clusters of Bangladesh

Sl	Division	District	Upazila	Union	Village	Enterprise
1.	Barisal	Barisal	Bakerganj	Koloshkathi	Koloshkathi	55
2.	Barisal	Barisal	Bakerganj	Niyamoti	Chamta	200
3.	Barisal	Jhalokathi	Jhalokathi	Jhalokathi	Kath Potti	50
4.	Barisal	Jhalokathi	Rajapur	Mothbari	Hailakathi	82
5.	Barisal	Pirojpur	Pirojpur Sadar	Tona	8 No. Ward	70
6.	Barisal	Pirojpur	Nazirpur	Deulbari	3 No. Ward	150
7.	Barisal	Pirojpur	Nesarabad	Shutiakathi	Koudikhora	55
8.	Barisal	Pirojpur	Nesarabad	Baldia	Ward- 1,2,8	52
9.	Barisal	Pirojpur	Nesarabad	Shutiakathi	Kourimara	55
10.	Chittagong	Chandpur	Chandpur	Haimchar	Paschim Char Krishnapur	50
11.	Chittagong	Comilla	Kotwali	Comilla City Corp.	Gangchar, Balur Tola	56
12.	Chittagong	Comilla	Sadar Dakkhin	Bijoypur, Baropara	Baropara, Nowapara, Uttar Bijoypur, Gachkul	700
13.	Chittagong	Chandpur	Chandpur	Haimchar	Paschim Char Krishnapur	50
14.	Chittagong	Feni	Chagolnaiya	Chagolnaiya	Zero Point to Dakbangla	200
15.	Rajshahi	Bogra	Adamdighi	Nasrotpur	Shihari	100
16.	Rajshahi	Chapai Nawabganj	Chapai Nawabganj	Islampur	Islampur	250

⁸ SMEF (2013) SME Clusters in Bangladesh

Sl	Division	District	Upazila	Union	Village	Enterprise
17.	Rajshahi	Joypurhat	Joypurhat	Joypurhat Municipality	Kanjnapur Malipara, 2 No. Ward	70
18.	Rajshahi	Naogaon	Naogaon Sadar	Chondipur	Shimulia	500
19.	Rajshahi	Pabna	Chatmohor	Mulgram	Kubirdea	70
20.	Rangpur	Kurigram	Kurigram Sadar	Kurigram Sadar	Krishnapur, Kumarpara	40
21.	Rangpur	Panchagarh	Tetulia	Debnagar, Bhojanpur	Balubari, Nijbari, Satmera, Debnagar	150
22.	Rangpur	Rangpur	Rangpur Sadar	Rangpur Sadar	Nishbetganj, Radhakrishna	110
23.	Sylhet	Habiganj	Habiganj	Habiganj	Court Station Road	50
24.	Sylhet	Habiganj	Shahestaganj	Nurpur, 6 No. Union	Suraboi, Rajpura	80
25.	Sylhet	Sylhet	Gowainghat	West Jaflong	Bollaghat	40
26.	Dhaka	Faridpur	Faridpur Sadar	Faridpur	Kanapari	150
27.	Chittagong	Laksmipur	Laksmipur Sadar	Ramgoti	Station Road	200
28.	Dhaka	Gopalganj	Gopalganj	Gopalganj	Notun Bazar	50
29.	Dhaka	Jamalpur	Jamalpur Sadar	Jamalpur Sadar	3 No. ward	60
30.	Dhaka	Jamalpur	Jamalpur Sadar	Jamalpur Sadar	3, 4, 5 No. Ward	50
31.	Dhaka	Madaripur	Madaripur Sadar	Madaripur Municipality	Puran Bazar, Mothkhula, 2, 3 No. Ward	70
32.	Dhaka	Manikganj	Gheor	Baro Thia	Rishipara	100
33.	Dhaka	Mymensingh	Mymensingh Sadar	Mymensingh Sadar	7,9 & 10 No. Ward	100
34.	Dhaka	Shariyatpur	Damuddya	Darul Aman	Pal Para	70
35.	Khulna	Jhenaidah	Jhenaidah	Shakirdah	Dariyapur	55
36.	Khulna	Jhenaidah	Jhenaidah Sadar	Purahati	Modhupur	70
37.	Khulna	Jhenaidah	Shailkupa	Garaganj	Brahimpur	150
38.	Khulna	Magura	Magura Sadar	Moli	Kechuadubi	65

Source: SMEF

Major products of Handicraft & Miscellaneous Clusters are dining table, mat, bamboo net, large bamboo basket (commonly known as Dhol), tabla, nest, kula, candle stand, cup-plate, clay piggy-bank, flower vase, different dices, mud cover, tub, oil-based perfume, incense sticks, curry and rice cooking pot, bamboo goods, tray set, bowl set, file set, ruler set, cylinder set, partition set, wooden furniture boxed bed, normal bed, dressing table, reading desk, computer desk, sofa set, dining table, chairs, etc.

2.2 Significance of the Handicraft industry

Handicrafts have economic significance as they contribute to job creation, income generation, and poverty alleviation in various regions. The Handicraft sector relies on factors such as government policies, access to raw materials, market demand, and the skill level of artisans for its success. Government support through initiatives like funding, training, and marketing assistance plays a crucial role in promoting the Handicraft sector. Handicrafts also have the potential to contribute to the economic development of rural economies with low agricultural

potential. Additionally, the Handicraft sector is important from an economic standpoint as it earns foreign exchange for countries like India. Handicrafts have proven to be a source of foreign exchange earners as Handicrafts are not merely the industry but the products are viewed as a creation that symbolizes the inner desire and fulfilment of the community⁹. Overall, Handicrafts have a significant impact on the economy by creating livelihoods, improving incomes and contributing to the overall development of communities.¹⁰

The significance of the Handicraft industry lies within different aspects; for instance culturally, Handicrafts play a very important role in representing the culture and traditions of any country or region. Handicrafts are a substantial medium to preserve the rich traditional art, heritage and culture, traditional skills and talents which are associated with people's lifestyle and history. Economically, Handicrafts are hugely important in terms of economic development. They provide ample opportunities for employment even with low capital investments and become a prominent medium for foreign earnings. For instance, India is a country of rich culture, history and traditions. India is one of the major producers and suppliers of Handicrafts products in the world. Before the industrial development, this art and industry was a potential economic advantage for the country.

In recent years, Handicrafts' importance has surged due to their cultural and financial values. The small-scale industries – including Handicrafts can play a major role in the development of the economy of both developed and developing countries equally. The 90-95 percent of the total industrial products of the world are produced in small workshops run by less than 100 people. For instance, Japan, which is at the peak of the economic development, has considered 84 percent of its industries as small and medium scale industries. In countries such as India and China, Handicrafts are as high as the mechanized products in quality and volume, and are a source of their foreign earnings. These countries are focusing on the development of Handicraft industry, in order to strengthen the economy. For instance, the Indian Handicrafts industry is highly labor intensive, cottage based and decentralized industry. The industry is spread all over the country mainly in rural and urban areas. Most of the manufacturing units are located in rural and small towns, and there is huge market potential in all Indian cities and abroad. Handicraft industry is a major source of income for rural communities employing over six million artisans including a large number of women and people belonging to the weaker sections of the society.

The Handicraft sector is highly creative sector and produces large variety of crafts products. This industry is localized segment of the domestic and international market. In India, the production of craft products is done on both large and small scale. Because of low capital investment people can start their business on small scale. Through this flexibility the demand and supply can be managed.

Handicrafts has significant role in the sustainable development. Rural crafts stand for uniqueness, innovation, and creativity, having a positive impact on the development of the rural economy (Fuller-Love et al., 2006). Zhan & Walker (2019) studied the process of developing a hand-made product that involves human energy, and manual skills and that imbibes traditional designs, bringing in the component of preserving or safeguarding tradition. These Handicrafts are a medium of story-telling that disseminates traditional-local knowledge to the urban consumer. This highlights a sense of timelessness in its appearance making craft products extremely relevant for many generations to come (Nugraha, 2012). New emerging businesses in art and craft must learn to develop a more responsible and sustainable business by

⁹ Razia Bano (2016) Role of Handicrafts in Economic Development: A Case Study of Carpet Industry of India, IRA-International Journal of Management & Social Sciences ISSN 2455-2267; Vol.04, Issue 03 (2016) Pg. no. 512-525

¹⁰ Codelia, Govha, Dhodho. (2018). Impact of handicrafts on economic development. 2(1):86-103. University of Zimbabwe

contributing to the knowledge economy and stressing more about creating a cultural and aesthetic experience for its consumers (Cox & Bebbington, 2014).

UNESCO has recognized traditional knowledge of craftsmanship as an intangible heritage that needs to be safeguarded (UNESCO, 2017). The 2003 UNESCO Convention points out the need to uphold the living expressions and traditions that have been imbibed or inherited from ancestors and are being passed on to the descendants. This is a responsible way of transferring knowledge, culture, behaviors, and art and craft practices of community, and locality to the next generation with the promise of its preservation. These practices are passed through social practices, rituals, festive events, skills, etc. Hartley (2005) and Hesmondhalgh (2007) appreciate that the craft sector should be considered part of the cultural and creative industries. The SDGs recognize opportunities for sustainable livelihood through cultural tourism; the role of traditional craft sectors in achieving SDGs related to women empowerment, reducing inequality, increasing access to decent work, and strengthening sustainable ways of production and consumption is undeniable as the study revealed that traditional crafts contribute to sustainable development goals (SDGs).¹¹

Handicrafts require raw materials that are locally sourced and found in nature. Handicrafts support the livelihood of the artisans and promote the nation's cultures and traditions. As a result, the production of Handicrafts is undoubtedly contributing to the sustainable socio-economic development of the country.¹² Handicrafts have been making a special contribution to the national economy since the 1970s as a tool for the development of Bangladesh's tradition, culture and poverty alleviation. A large number of artisans at the village level are involved in this sector and their livelihood is earned through craftsmanship. A story of women employment through Handicraft is given below:

Women employment through Handicrafts- an exemplification

Teresa is a Christian woman from the western part of Bangladesh who makes date-leaf baskets for HEED Handicrafts. She used to be merely a housewife once, but now her strong non-stop basket weaving hands makes her the only valuable earning person of her family.

Teresa liked basket making from her childhood and learnt this skill from her father. At that time, it was her hobby to make baskets and thus she tried to help her father with her two little hands. But who knew that this skill of her would one day help her to feed her whole family?

Teresa's husband used to do small businesses and his income was not bad at all. But after 7 years of her marriage, he left her with two children behind. Teresa returned to her father's house, but there also bad luck hunted her. Her father died. All the responsibility to earn the livelihood of her two children along with her mother and one little brother fell on her. At first, she could not decide what to do. Then she remembered her childhood hobby and started to make date leaf baskets. She joined a HEED Handicrafts producer group there and started to make date leaf baskets from HEED Handicrafts throughout the year.

Now Teresa has overcome the dark night of her sorrow with her those two non-stop hands and her baskets which she makes for HEED Handicrafts. She earns more than 6,000.00 Taka (US \$ 60.00) per month now. She sends her two children to school; her son is in class eight and her daughter is in class three. She has brought back smile to her mother's lips also.

She taught her brother this skill and he started to make baskets for HEED Handicrafts also. Teresa and her baskets go side by side. She makes the baskets and they make her life to move ahead.

¹¹ Bardhan, Arina & Bhattacharya, Ananya. (2023). Role of Traditional Crafts in Sustainable Development and Building Community Resilience: Case Stories from India. Culture. Society. Economy. Politics. 2. 38-50. 10.2478/csep-2022-0004.

¹² Akhlaqur Rahman Sachedi (2024) The Handicrafts Industry in Bangladesh: Upholding Culture and Heritage in the Global Arena, IDLC Monthly Business Review

Handicrafts will contribute significantly to the circular economy (3R) and sustainable lifestyle. Because of the nature of crafts, amongst all the other industries (such as petroleum, fashion etc.), the crafts sector is most aligned with the principles of the circular economy. Clean production of Handicrafts is one of the key elements of success for artisans in creating environmentally friendly products. The circular economy is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value) & regenerate nature.¹³ Handicrafts can adopt the original circular economy, making use of waste, leftover or found materials, performing the alchemy of material transformation into a product of function and beauty.

Lalitpur of Nepal was accredited as a WCC International Crafts City in 2018. The accreditation provided visibility and added value to the crafts sector, which has a huge presence in the city. Crafts products made in Lalitpur include wood and stone carvings and metal castings. These craft practices are deeply embedded within the city's ecosystem. The skills are transmitted informally from generation to generation and are a vital source of family income. The craft products are linked to cultural and religious practices and the locally sourced materials are regenerative in nature. For example, waste metals from scrap yards are used in metalsmithing, wood products are made from sustainably harvested trees in the surrounding foothills.

The global Handicrafts market has been upsurging, due to the increasing interest of people in environment safety, art and culture. In recent times a large number of micro and small enterprises have evolved in this sector specially in developing countries, where artisans from poor communities are involved in the creation of Handicrafts. Their artworks are being globally valued on humanitarian grounds. In recent years, with the emergence of online retail and the proliferation of various e-commerce channels, the accessibility to Handicrafts has become more convenient for consumers. This has provided a boost to the sales of handcrafted goods across the globe.¹⁴

Handicrafts have an important opportunity to earn foreign currency through export. According to the ITC database, Bangladesh is the 9th largest exporter of Handicrafts across the globe. Global buyers are highly eager to purchase from Bangladesh because of the extensive use of individual skill and the interesting design motifs in making Handicrafts. Handicrafts are about one hundred percent value added and may contribute more to the economy than import based exports. There has been massive employment in this sector at rural level, most of them are women. Bangladesh's Handicrafts not only promise increasing foreign currency earnings through exports but also women empowerment and rural development. In FY2022-23 around USD 30 million worth Handicraft products were exported, propelled by a workforce including around five lakh women, half of whom are based in their own homes, working for exporters throughout the country. Besides supporting local communities and artisans, preserving cultural heritage, and promoting eco-friendly practices, Handicrafts also contribute to the tourism industry.

¹³ Crafts Council UK (2022) Circular Economy, available at-
https://www.craftscouncil.org.uk/documents/1827/Circular_Economy.pdf

¹⁴<https://banglacraft.org/sector-data/handicraftsadvancement-and-export-potentiality-from-bangladesh/>

2.3 Status of Handicraft trade

In the global marketplace, the Handicraft industry holds immense potential for exporters. Handicrafts encompass a wide range of unique and artisanal products that showcase cultural heritage and artistic craftsmanship. The Handicraft export industry holds significant importance in the global marketplace. Handicrafts are unique products that reflect the artistic traditions, cultural heritage, and skilled craftsmanship of a particular region or community. These products have gained immense popularity among international buyers due to their authenticity, aesthetic appeal, and the story they convey.

2.3.1 Global trade status of Handicraft

Handicrafts market size & trends

The global Handicrafts market size was estimated at USD 678.24 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 4.7 percent from 2023 to 2030.¹⁵ Another recent study showed that the global Handicrafts market size reached US\$ 830.4 billion in 2023 and the market is expected to reach US\$ 1,864.1 billion by 2032, exhibiting a growth rate (CAGR) of 9.2 percent during 2024-2032.¹⁶ The market is experiencing a surge in growth due to the rising popularity of travel, enabling consumers to discover traditional crafts from various countries and regions. In addition, the growing construction of both commercial and residential properties is fuelling a trend in home renovation, where distinctive and artistic Handicrafts are sought after, leading to continued demand for Handicraft products over the forecast period.

The COVID-19 pandemic posed significant challenges for the handicraft industry's commercial expansion, particularly at local levels. The global Handicraft sector was negatively impacted by disruptions in the raw material supply chain that resulted in a reduction in production capacity for makers of Handicrafts. Furthermore, the demand for handmade goods significantly decreased in 2020 as a result of several lockdowns, travel restrictions, and economic uncertainty. The increasing popularity of tourism plays a significant role in driving the demand for craft items. Tourists frequently look for distinctive, locally-made products to remember their travel experiences. As a result, handmade items like traditional textiles, jewellery, ceramics, and other cultural products are highly favoured by tourists. Consequently, the demand for genuine, locally crafted souvenirs is expected to propel market growth in the coming years.

Moreover, technological progress has emerged as a vital survival strategy for virtually every industry, especially during these unprecedented times, and the Handicraft sector is no exception. Technological innovations facilitating cross-border communication have undeniably provided substantial advantages to the Handicraft industry. With a product to offer, reaching a global customer base is now a realistic possibility. E-commerce platforms have streamlined access to consumer goods, promoting inclusivity by enabling artisans from around the world to showcase their products on these digital marketplaces. Furthermore, social media platforms are also contributing to the global promotion of Handicraft products. This is propelling the market growth over the forecast period.

¹⁵ Grand View Research (2022) Handicrafts Market Size, Share & Trends Analysis Report by Product Category (Woodwork, Potteryware), By Distribution Channel (Mass Retailers, Online Stores), By Region, And Segment Forecasts, 2023 - 2030

¹⁶ International Market Analysis Research and Consulting Group (IMARC Group) (2024) Handicrafts Market Report 2024-2032

The governments of several countries are putting a lot of effort into developing the sector so that it can realize its full potential. The market is expanding as a result of numerous initiatives and programs put in place to help their artisans overcome the challenges they face. For instance, the Indian government recently began a program to support craftspeople. ‘Ambedkar Hastshilp Vikas Yojana’ and ‘Dastkar Sashaktikaran Yojana’ are two initiatives that attempt to build the infrastructure needed for the Handicraft sector. These programs linked different craftsmen to self-help organizations and diverse societies, which helped them produce goods in large quantities and make wise financial judgments. In addition, it aids artisans in obtaining the basic supplies they need for their creations.

Price fluctuations in raw materials, including wood, metal, glass, and others, have a direct impact on the production costs of handmade items. Elevated raw material prices consequently lead to increased production expenses for both artisans and businesses. This factor is anticipated to impede the growth of the worldwide market. In addition, the growing demand for sustainable Handicraft products is predicted to drive market expansion over the forecast period.

The mass retailers segment held a majority market share of about 40 percent in 2022. Many consumers enjoy the experience of shopping through mass retailers, especially during the holiday season, as it can be a fun and festive activity. Furthermore, an increasing number of mass retailers offer sustainable Handicrafts to cater to the growing consumer demand for eco-friendly products. By stocking and promoting sustainable options, they demonstrate their commitment to corporate social responsibility and sustainability, enhancing their brand reputation among environmentally conscious consumers. Some of the key players in the market include: Asian Handicraft, Fakih Group of Companies, Shandong Laizhou Arts and Crafts Imp & Exp Co. Ltd., Ten Thousand Villages, Oriental Handicrafts Pte. Ltd., NGOC Dong Ha Nam, Minhou Minxing Weaving Co. Ltd., Native Crafts and Arts Industries.

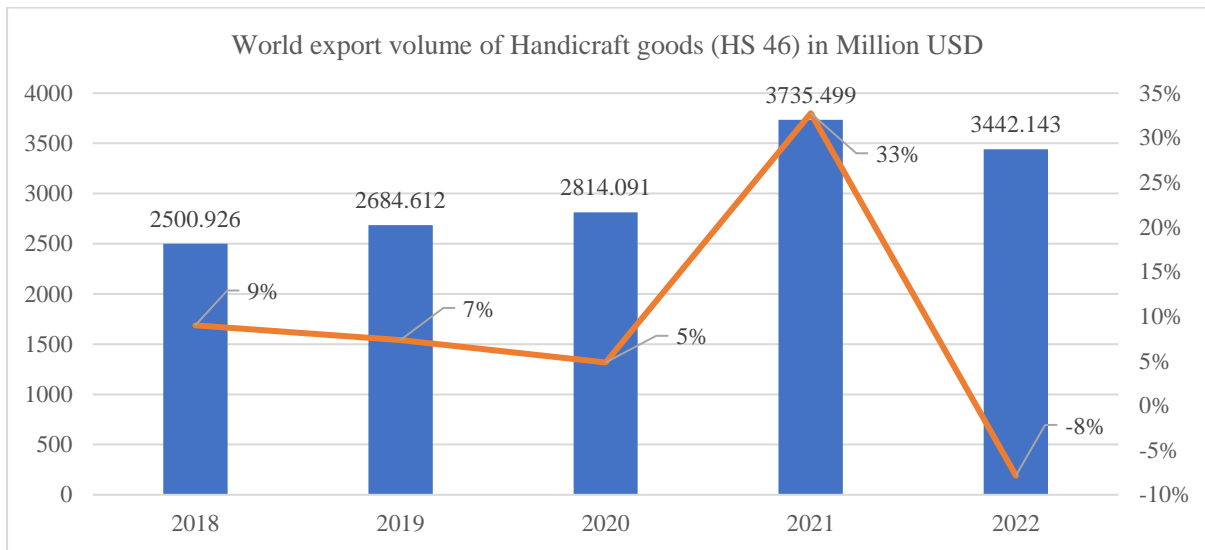
Asia Pacific dominated the market in 2022 with the largest revenue share of around 35 percent. The rise in the production of handmade and crafted items in nations like India, China, Bangladesh, and others, coupled with the presence of renowned artisans and manufacturers of handmade products in these regions, is expected to offer significant growth for the market over the forecast period.

The Middle East & Africa region is expected to witness the second fastest CAGR of 5.1 percent from 2023 to 2030. The Middle East & Africa market has experienced a substantial impact from swift urbanization in nations like Brazil, the UAE, and South Africa, among others. Turkiye, Morocco, and Iran are renowned for their handwoven textile offerings, including carpets, rugs, embroidered sheets, and other textile products distinguished by their distinctive designs and craftsmanship. This is expected to further drive the growth of the regional market.

Global export status

Handicraft export products are dispersed under different HS code and a holistic scenario of global export is difficult to draw. However, Export Promotion Bureau of Bangladesh considers Handicraft products under HS code chapter 46. According to the ITC, in 2022 the world exported USD 3442.14 million worth of Handicrafts. The following figure shows the world export scenario in last 5 years:

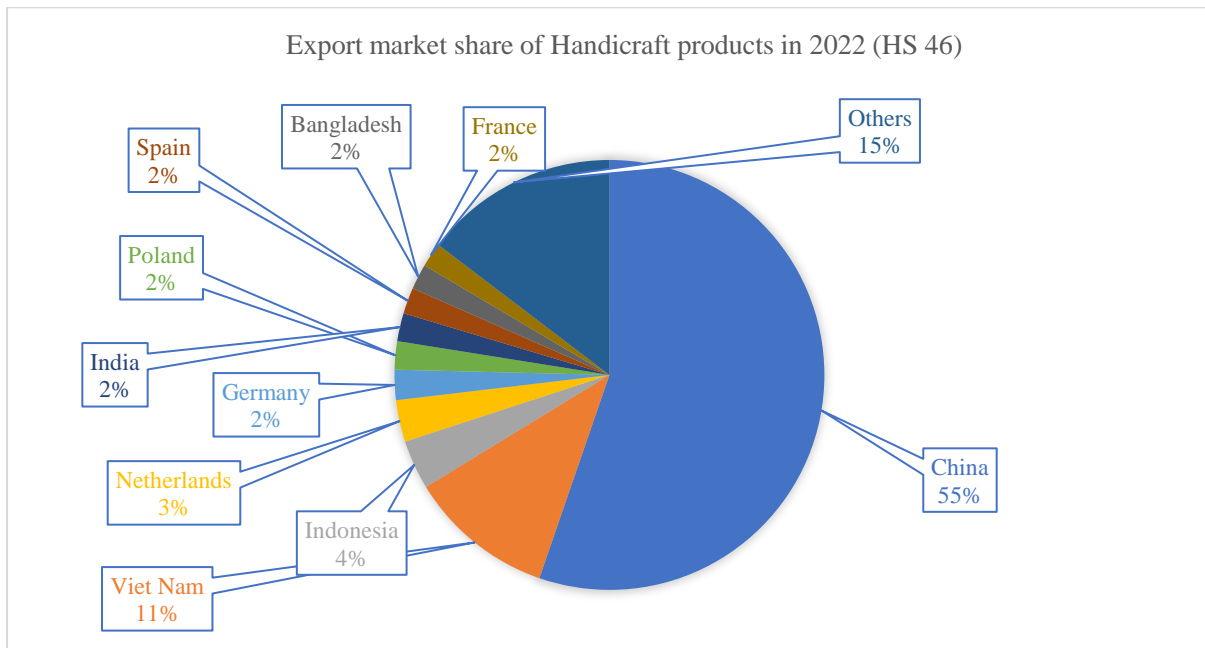
Figure 4: World export volume of Handicraft goods



Source: ITC

Global export of Handicraft seems to grow positively as from 2018, export increased by about 38 percent in 2022.

Figure 5: Export market share of Handicraft products



Source: ITC

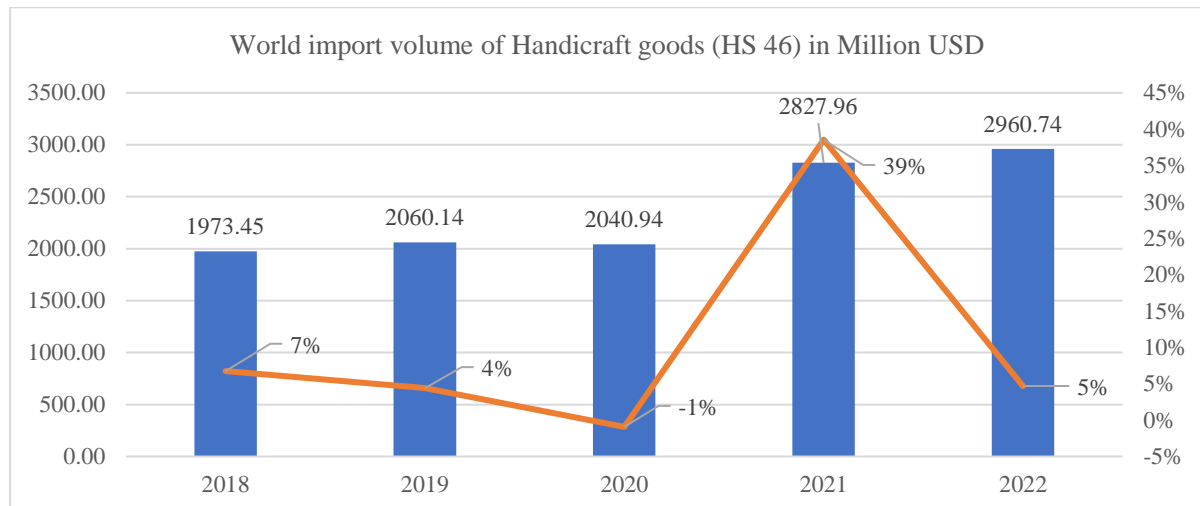
In 2022, China was the top exporter of Handicraft products (chapter 46) followed by Vietnam, Indonesia, Netherlands, Germany, Poland, India, Spain, Bangladesh, France and Others. China is an important producer and exporter of Handicrafts globally, which are colourful, lively, interesting, inexpensive, and are popular in the international market. The success of China’s e-commerce sales underscores the global popularity of inexpensive and abundant Handicrafts.

However, another statistics shows that India is another top exporter of Handicraft products¹⁷ and world imports most of its Handicrafts from India, Indonesia and Vietnam.¹⁸

Global import status

According to the ITC data, in 2022 the world imported USD 2960.74 million worth of Handicraft products (HS chapter 46).

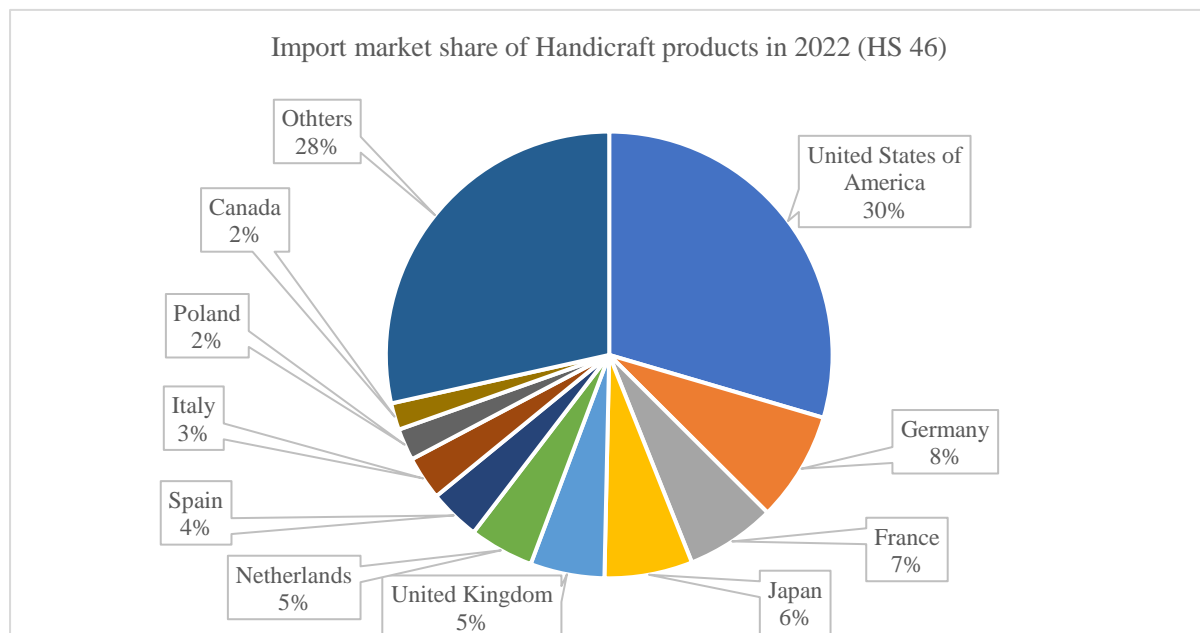
Figure 6: World import volume of Handicraft goods



Source: ITC

Global import data shows that there are growing demand for Handicraft goods across the globe since from 2018 to 2022, volume of global import grow around 50 percent.

Figure 7: Import market share of Handicraft products



Source: ITC

¹⁷ Tendata (2024) Global Top 10 Largest Handicraft Exporters, available at- <https://www.tendata.com/blogs/tradedata/5058.html>

¹⁸ Volza (2024) Global Trade Data, available at- <https://www.volza.com/p/handicrafts/import/>

In 2022 USA was the top importer of Handicraft products with import volume of USD 874.67 million. After the USA, top importers of the Handicraft goods are Germany, France, Japan, United Kingdom, Netherlands, Spain, Italy, Poland, Canada and others respectively. Another statistics shows that in 2023, top three importers of Handicrafts include United States with 2,946,384 shipments followed by United Kingdom with 524,511 and Germany at the 3rd spot with 511,881 shipments.¹⁹

Following table shows the most imported Handicraft products of the world (HS 46):

Table 3: Most imported Handicraft products of world (HS 46)

Product code	Product description	Imported value in 2022, in million USD
460219	Basketwork, wickerwork and other articles, made directly to shape from vegetable plaiting materials or made up from goods of vegetable plaiting materials of heading 4601, and articles of loofah (excl. of bamboo and rattan; wallcoverings of heading 4814; twine, cord and rope; footwear and headgear and parts thereof; vehicles and vehicle superstructures; goods of chapter 94, e.g. furniture, lighting fixtures)	1284.435
460290	Basketwork, wickerwork and other articles, made directly to shape from non-vegetable plaiting materials or made up from goods of non-vegetable plaiting materials of heading 4601 (excl. wallcoverings of heading 4814; twine, cord and rope; footwear and headgear and parts thereof; vehicles and vehicle superstructures; goods of chapter 94, e.g. furniture, lighting fixtures)	674.502
460212	Basketwork, wickerwork and other articles, made directly to shape from rattan plaiting materials or made up from goods of rattan plaiting materials of heading 4601, and articles of loofah (excl. wallcoverings of heading 4814; twine, cord and rope; footwear and headgear and parts thereof; vehicles and vehicle superstructures; goods of chapter 94, e.g. furniture, lighting fixtures)	259.332
460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials or made up from goods of bamboo plaiting materials of heading 4601, and articles of loofah (excl. wallcoverings of heading 4814; twine, cord and rope; footwear and headgear and parts thereof; vehicles and vehicle superstructures; goods of chapter 94, e.g. furniture, lighting fixtures)	232.142
460129	Mats, matting and screens, of vegetable plaiting materials, flat-woven or bound together in parallel (excl. of bamboo and rattan)	164.303
460194	Plaits and similar products of vegetable plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of vegetable plaiting materials, flat-woven or bound together in parallel (excl. of bamboo and rattan; mats, matting and screens; wallcoverings of heading 4814; parts of footwear or headgear)	106.274
460199	Plaiting materials, plaits and similar products of non-vegetable plaiting materials, flat-woven or bound together in parallel (excl. wallcoverings of heading 4814; parts of footwear or headgear)	103.694
460121	Mats, matting and screens of bamboo plaiting materials, flat-woven or bound together in parallel	64.888

¹⁹ Volza (2024) Global Trade Data, available at- <https://www.volza.com/p/handicrafts/import/>

Product code	Product description	Imported value in 2022, in million USD
460192	Plaits and similar products, of bamboo plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of bamboo, flat-woven or bound together in parallel (excl. mats, matting and screens; wallcoverings of heading 4814; parts of footwear or headgear)	31.864
460193	Plaits and similar products, of rattan plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of rattan, flat-woven or bound together in parallel (excl. mats, matting and screens; wallcoverings of heading 4814; parts of footwear or headgear)	11.887

2.3.2 Status of Bangladesh’s Handicraft trade

Handicrafts have been making a special contribution to the national economy since the 1970s as a tool for the development of Bangladesh’s tradition, culture and poverty alleviation. Millions of artisans at the village level are involved in this sector and their livelihood is earned through craftsmanship. Handicrafts have an important contribution to earning foreign currency through the export of handmade products using 100 percent local raw materials. Already, Bangladesh has a significant market share for Handicrafts in the world market; Which can be expanded much more. Its main export market is spread over around 50 countries of North America, Europe and the Middle East. Bangladeshi Handicrafts are now the focus of large buyers including global giant Walmart. While other sectors are struggling during the COVID-19 pandemic, the export of Handicrafts has increased by about 60 percent.

Bangladesh’s Handicrafts market synopsis

The Bangladesh Handicrafts market is projected to grow at a CAGR of 5.7 percent during the forecast period 2020-2026. Increasing demand for traditional crafts and products, changing lifestyle trends, high growth potential in urban areas are some of the key factors driving the growth of Bangladesh Handicrafts market. Besides this, government initiatives and supportive programs aimed at increasing employment opportunities in rural areas have created a positive environment for production and sale of handmade goods in Bangladesh. Moreover, increased marketing efforts by local artisans are expected to propel further sales growth over the next few years. Furthermore, growing focus on environmental sustainability has been encouraging people to shift towards using eco-friendly products which include handcrafted items such as jute bags, terracotta pots etc., thereby boosting demand for Bangladeshi Handicrafts. The size of domestic market is around Tk. 10,000 crore.²⁰ The local market is dominated by the handloom fashion wear, home decor, pottery, jewellery, rugs, bags, accessories and several other lifestyle items.

The local Handicraft market is dominated by Aarong - top lifestyle retailer in Bangladesh and social enterprise of BRAC. This ethical brand began in 1978 as a humble means to empower rural artisans to rise above poverty. Today, with 29 retail stores across Bangladesh and over 100 fashion and lifestyle product lines, Aarong supports over 75,000 artisans with fair terms of trade. Revolutionising the retail industry with high standards for quality and artistry, this iconic brand blends the traditional with the contemporary in ways that never cease to win consumer appeal both at home and abroad.

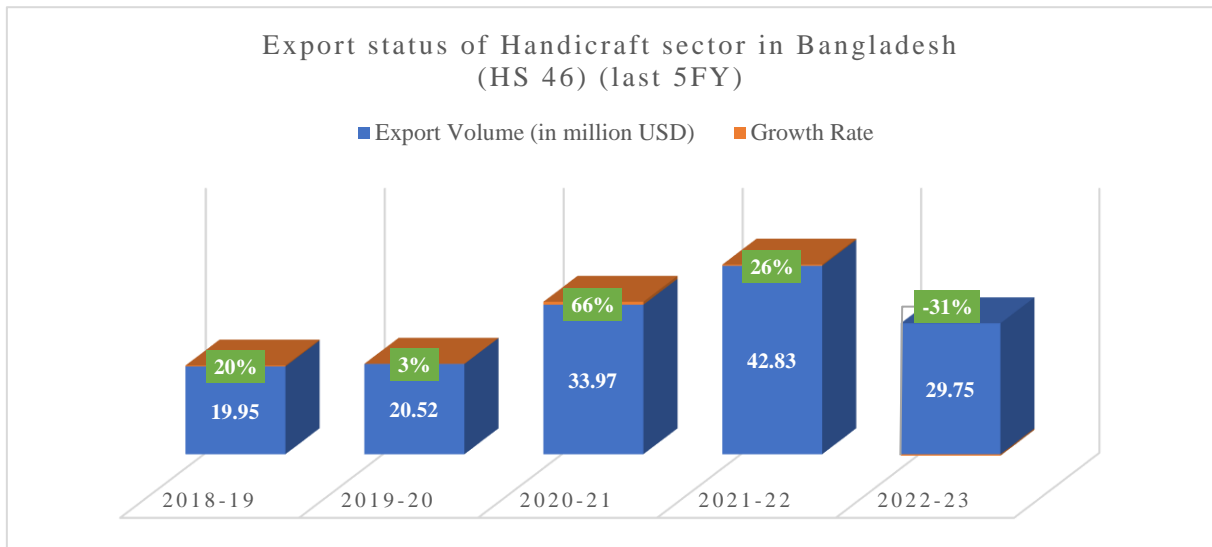
²⁰ 6Wresearch (2023) Bangladesh Handicrafts Market (2020-2026) | Outlook, Growth, Size, Companies, Share, Trends, Value, COVID-19 IMPACT, Industry, Analysis, Revenue & Forecast

Local brands that dominate the local market of Handicraft products include collective “Deshidosh” which is made up of 10 brands namely Nipun, Kay Kraft, Anjan's, Rang Bangladesh, Banglar Mela, Sadakalo, Bibiana, Desal, Nagardola and Srishti. Kumudini’s Handicrafts, Karupannya Rangpur ltd. Are also serving the local market with various Handicraft goods.

Export status of Bangladesh

According to the EPB, Bangladesh exported US\$ 29.75 million worth of Handicrafts in FY2022-23. Year wise export performance of this sector is depicted in the following figure:

Figure 8: Export status of Handicraft sector in Bangladesh

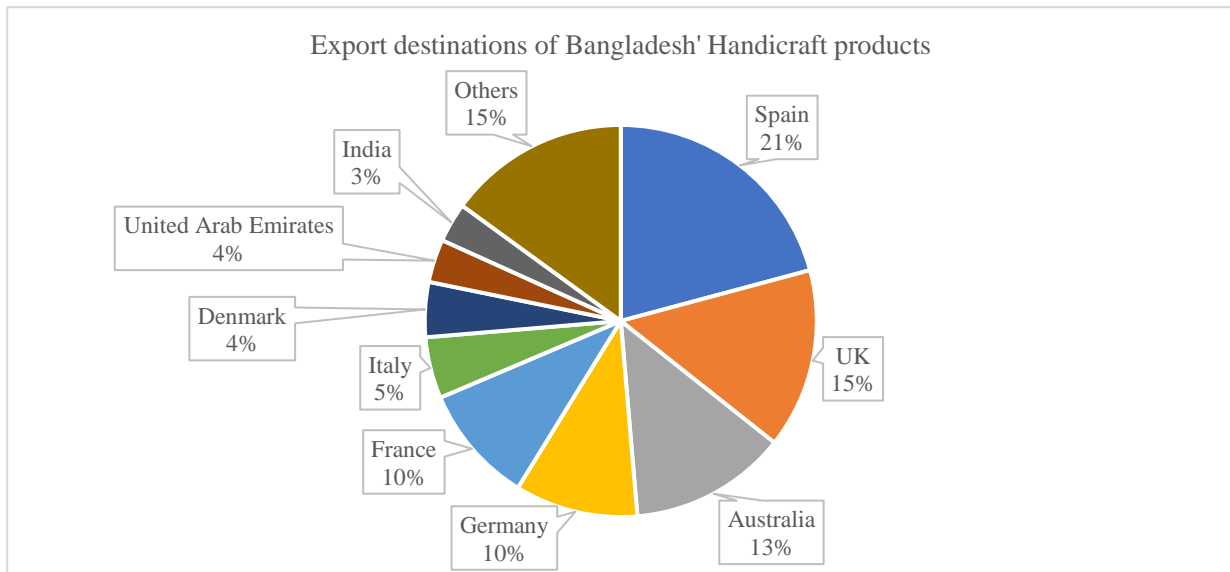


Source: EPB

Export data shows that Handicrafts sector is experiencing continuous positive growth except in FY2022-23.

EPB data shows that major export destinations of Handicrafts products (chapter 46) of Bangladesh include: Spain, UK, Australia, Germany, France, Italy etc.

Figure 9: Export destinations of Bangladesh' Handicraft products



Source: EPB

However, Overall Handicraft items (including chapter 46 and others) are also exported United States, Netherlands, Spain, Turkey, Great Britain, Australia, Poland, Germany, France and Sweden etc. countries.

Following tables show the export status of Handicraft goods under different HS Code identified from the KII:

Table 4: Total export earnings from Handicraft goods of Bangladesh

Product Details	Exported Value in FY 2022-23 (in million USD)
56090090: Articles of Yarn, Strip, Twine, Cordage, Rope Or Cables, Nes	1.42
46021900: Basketwork, wickerwork and other articles Of vegetable materials Excl. bamboo	9.39
46021200: Basketwork, wickerwork and other articles Of vegetable materials Of rattan	0.25
46019900: OTH, plaits and similar products of plaiting materials...(excl. Of vegetables materials)	0.03
42022100: Handbags With Outer Surface Of Leather, Or Composition Leather	66.71
42021100: Trunks, Suit-Cases..., Etc, With Outer Surface Of Leather,Or Of composition leather	15.72
34060000: Candles, Tapers And The Like	0.03
46029000: Articles Of Plaiting Materials (Excl. Of Vegetable Material)	17.78
63059000: Sacks And Bags, Used For Packing Goods, Of Other Textiles, Nes	1.05
57050000: Other carpets and other textile floor coverings, whether or not made up.	1.58
57021000: Kelem, Schumacks, Karamanie And Other Similar Hand-Woven Rugs	19.64
56090090: Articles Of Yarn,Strip,Etc,Twine,Cordage, Rope Or Cables, Nes	1.42
53031000: Jute and other textile bast fibres, raw or retted	188.35
53101000: Unbleached woven fabrics of jute or of other textile bast fibre	95.18
48021000: Hand-Made Paper And Paperboard	0.19
Total Export	418.74

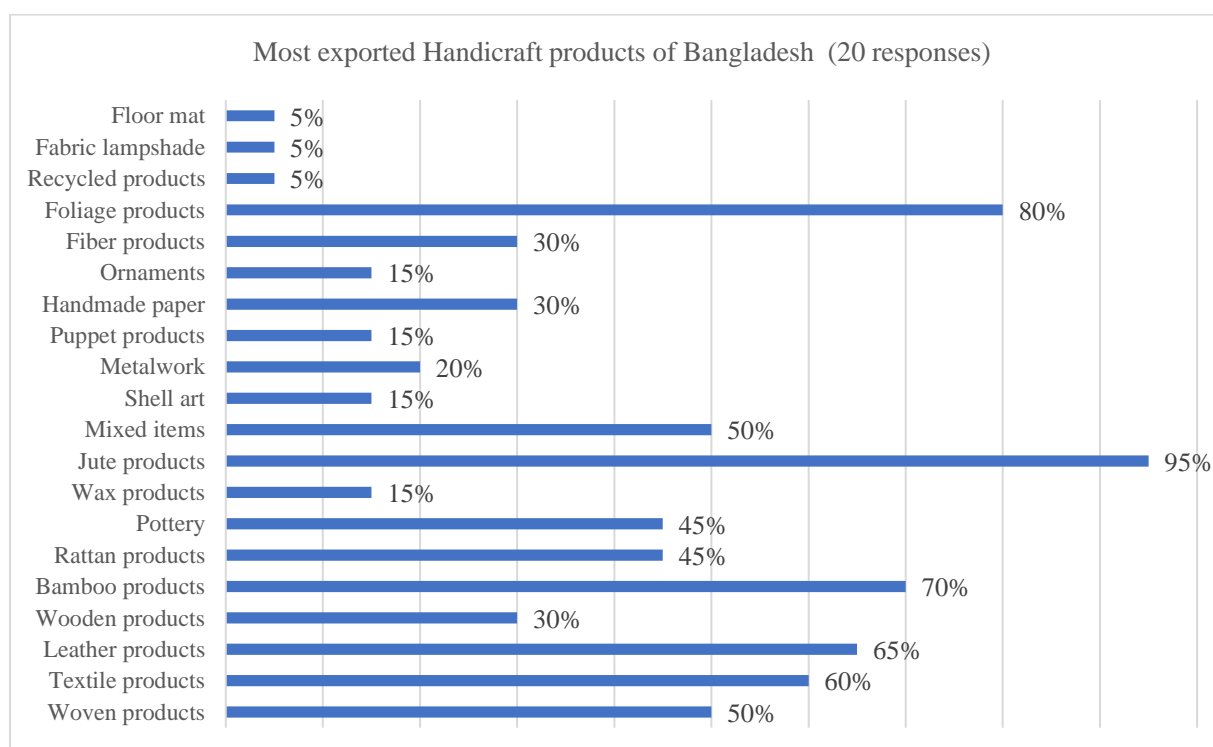
Table indicates total export earning of Bangladesh's Handicraft products amounts to USD 418.74 million.

Exported products

Based on the information provided by the stakeholders of the Handicraft sectors in the key informant interviews, Bangladesh's most exported Handicraft products are:

1. Jute products (such as Bags, Wall mats, Carpets, Baskets etc.)
2. Foliage products (such as: Hoglapata, palm leaves, reeds, kachuripana, date leaves etc.)
3. Bamboo products (such as baskets, flutes, vases, toys etc.)
4. Leather products (bags, purse, belts etc.)
5. Textile products (such as Nakshi kantha, bags, bed covers, cushion covers, wall mat etc.)

Figure 10: Exported Handicraft products of Bangladesh



Source: KII findings

Stakeholders mentioned that the following types Handicrafts of products are mainly exported from Bangladesh:

1. Rugs (made of jute and other natural fiber)
2. Baskets, Basket ware (made of cane, rattan, sea grass etc.).
3. Terracotta handmade tiles
4. Jute bags
5. Carpets, mats (made of jute and other natural fibers)
6. Wooden products
7. Nakshi Kantha and etc.

Stakeholders also opined that Bangladesh is now exporting recycled products like: sari rugs, baskets, bags etc. Fabric Lampshade, duve cover, curtain, kitchen item (pot holder, kitchen napkin, table cover, runner, mat, tea cosy, coaster, printed apron), hammock, top hanger, bamboo wall hanger etc.

HS Chapter 46 includes following exported Handicraft goods:

Table 5: List of Handicraft goods exported from Bangladesh (HS 46)

46: Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork
4601: Plaits, etc; plaiting materials, etc, woven, in sheet form
460122: Mats, matting and screens of vegetable materials of rattan
46012200: Mats, matting and screens of vegetable materials of rattan
460129: Mats, matting and screens of vegetable materials, Excl. materials of bamboo &
460194: Mats, matting and screens of vegetable materials NES Of other vegetable material
46019400: Mats, matting and screens of vegetable materials NES Of other vegetable material
460199: Plaiting materials (excl. vegetable), in sheet form
46019900: Oth, Plaits And Similar Products Of Plaiting Materials...(Excl. Of Vegetables Materials)
46012900: Mats, matting and screens of vegetable materials, Excl. materials of bamboo &
4602: Basketwork, wickerwork and other articles; articles of loofah
460211: Basketwork, wickerwork and other articles of vegetable materials of bamboo
46021100: Basketwork, wickerwork and other articles of vegetable materials of bamboo
460212: Basketwork, wickerwork and other articles of vegetable materials of rattan
46021200: Basketwork, wickerwork and other articles of vegetable materials of rattan
460219: Basketwork, wickerwork and other articles of vegetable materials Excl. bamboo
46021900: Basketwork, wickerwork and other articles of vegetable materials Excl. bamboo
460290: Articles of plaiting materials (excl. of vegetable material)
46029000: Articles of Plaiting Materials (Excl. Of Vegetable Material)

Source: EPB

According to Bangladesh Handicrafts Manufacturers and Exporters Association, the following Handicraft products are exported from Bangladesh:

Table 6: Handicraft products exported from Bangladesh (other HS)

HS Code	Products
46029000	Hogla Basket, Bamboo Wall Hanger, Rope Round Fender, Cotton Fish Net, Jute Net, Basket/ Bowl-Sea Grass, Basket –Sea Grass, All Handicrafts, All Basket (Straw/Bamboo/Cane/Sea-Grass), Table Matt, Recycle Glass Pot, Table Runner
6302	Table Mats (Cotton), Swal, Runner, Cushion Cover, Gamsa (Face Towel), Jute Cotton Bags, Dress + Short Dress
63059000	Jute, Cotton Basket
57050000	Rugs/ Mat/ Placemat/ Jute
57021000	Jute Cotton Rug
56090090	Hammock, Color CBC Bag, Baby Shoe, Nakshi Kantha, Jute Place Mat, Jute & Wool Shoe, Modified Emu Bird, Kaisa Grass Basket / Straw, Jilapi Sika, Cora/ Organza Sil Scarf, Jute Bag, Handicrafts Roll, H. Christmas Sack, Jute Net Bag, Wire Ball
53101010	Jute Bag

HS Code	Products
53031000	All Jute
48021900	Pets
46021900	Bird Nest
46021200	Basket with Rattan
46019900	Trivet-Jute
42022100	Jewelry Box
42021100	Leather
34060000	All Candles

Detailed list of Handicraft products is available in **Annexure-7**.

Top exporters

Following are the top exporters of the Handicraft products of Bangladesh:

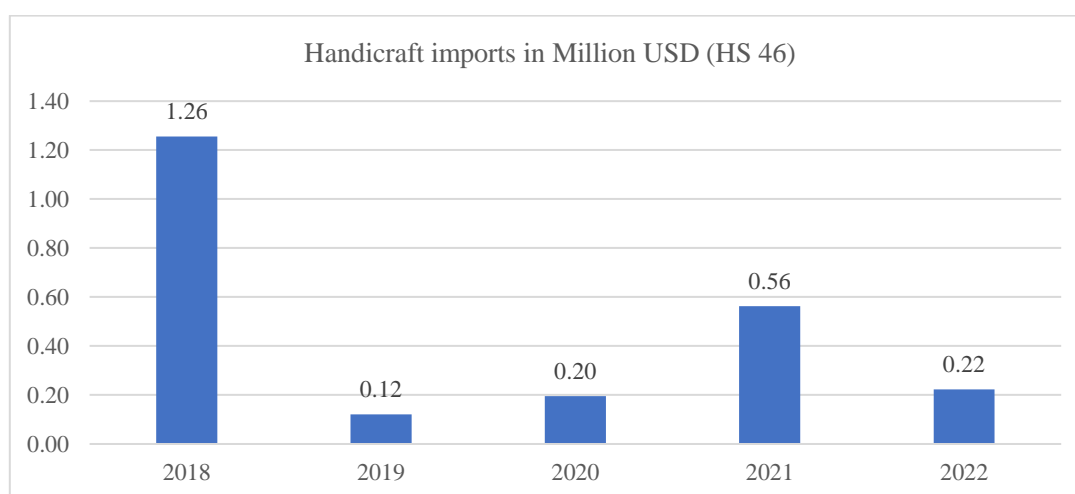
1. Karupannya Rangpur Ltd.
2. BD Creation
3. Classical Handmade Products BD Ltd.
4. CORR The Jute Works
5. San Trade Ltd.
6. Heed Handicrafts
7. Prokritee
8. Dhaka Handicrafts Ltd.
9. Artisan House BD
10. Tarango

A list of Handicraft exporters of Bangladesh is available in **Annexure-8**.

Import status of Bangladesh

Bangladesh has experienced fewer imports of Handicraft products since the industry is well served by the local manufacturers. The following figure depicts the import scenario of the sector:

Figure 11: Handicraft imports volume of Bangladesh



Source: ITC

In 2018 import of Handicrafts stood at USD 1.26 million where in 2022 it has become mere USD 0.22 million declining about 83 percent in 5 years.

In 2022, Handicraft products were imported from only China, Hong Kong, Sri Lanka, India and UAE.

Tariff and Non-Tariff barriers

The following Table depicts some of the Tariff and Non-Tariff barriers of Bangladesh's Handicraft products under HS 46029000

Table 7: Tariff and Non-Tariff barriers

HS code	Details of Product	Country	MFN Tariff	Import Tariff	Regulatory Requirements	Details of Regulatory Requirements
46029000	Basketwork, wickerwork and other articles made directly from plaiting materials or from articles of heading 4601, nesoi; loofah articles	USA	3.50%	3.50%	3	Labeling requirements, other requirements on production or post-production processes, Inspection requirement
		EU Countries (Spain, Germany, France, Italy etc.)	4.70%	0%	8	Authorization requirement for importers for SPS reasons, Restricted use of certain substances in foods and feeds and their contact materials, Certification requirement, Inspection requirement, Authorization requirement for importing certain products, labeling requirements, Marking requirements, Certification requirement
		UK	4%	0% (DCTS)	0	N/A
		Australia	0%	0%	0	N/A
		UAE	5%	5%		N/A
		Japan	2.50%	0%	2	Quarantine requirement, Requirement to pass through specified port of customs

Source: Market Access Map, ITC

The table shows that Bangladesh's Handicraft products (HS 46029000) face MFN tariffs of 3.5 percent and 5 percent in the USA and UAE markets. However, in the EU, UK, and Japan markets, the country is enjoying duty-free benefits as a Least Developed Country (LDC). This preferential benefit is expected to be lost after Bangladesh graduates from the LDC threshold.

2.4 Policy supports provided to the Handicraft industry

Government has developed National Handicraft policy in 2015 to ensure well organized development of the Handicrafts sector. Export Policy 2021-24 and National Industrial Policy 2022 identified Handicrafts as one of the special development sectors. Government now provides 8 percent cash incentives to export sector of Handicraft products (hogla, straw, sugarcane/coconut husk, leaves/shells, garment fabrics etc.).²¹ Also, income derived from the export of Handicrafts is exempted from tax.²² Moreover, the government supports the artisans and entrepreneurs involved in this sector through the Small and Medium Enterprise (SME) Foundation, Bangladesh Small and Cottage Industries Corporation (BSCIC), Jute Diversification Promotion Centre (JDPC), Joyeeta Foundation, etc. organization.

The government of Bangladesh has announced Handicrafts as the "Product of the Year 2024" to give special attention to this sector. The government also provides export related support through Export Development Fund (EDF) and Export Promotion Fund, awards export trophies to top Handicraft exporters, subsidizes fee to join international trade fairs arranged by the Export Promotion Bureau of Bangladesh.

Export Policy 2021-24 mentions the following facilities to be provided to the Handicraft sector as one of the special development sectors:²³

1. Disbursement of project loans at reduced interest rates on a priority basis;
2. Provide income tax exemption;
3. Provision of possible financial benefits or subsidies consistent with the WTO Agreement on Agriculture and Agreement on Subsidies and Countervailing Measures in respect of utility services such as electricity, water, gas etc.
4. Provide export loans on easy terms and reduced interest rates;
5. Providing air transportation facilities on a priority basis;
6. Provide duty extradition/bond facility
7. Support the establishment of industries including infrastructural development for reduction in production costs;
8. Expand institutional and technical facilities for product standardization and regulation;
9. Facilitate duty-free importation of equipment to compliant industrial establishments
10. Assist in the production and marketing of products;
11. Assist in foreign market research;
12. Adopt necessary initiatives in attracting foreign investment

National Handicraft Policy 2015 described various initiatives for this sector's development. It mentioned the following measures to be taken to increase exports of the Handicraft sector²⁴:

1. The government will take short-, medium- and long-term plans with the help of the private sector to increase the export of Handicrafts.
2. Encouragement and necessary cooperation will be provided to exporters and entrepreneurs to participate in various international trade fairs to increase the export of Handicrafts products and receiving immediate sales orders, executing various contracts for the purpose of export, monitoring the multifaceted excellence, usefulness and demand of these industrial products in different countries of the world.

²¹ FEPC Circular No. 13: Export subsidy/Cash incentive for the financial year 2023-2024, Bangladesh Bank

²² https://nbr.gov.bd/uploads/publications/Nirdeshika_2022-2023.pdf

²³ Ministry of Commerce (2022) Export Policy 2021-24, Chapter 5, Page 6659-6660, Bangladesh Gazette March 2022

²⁴ Ministry of Industry (2015) National Handicraft Policy 2015, Chapter 8, Page 7

3. Facilities will be created to display Handicrafts in Bangladeshi missions abroad and international standard hotels in the country.
4. Aggressive Market Development Program will be created for rapid market expansion abroad. Emphasis will be placed on the branding of Handicrafts.
5. Steps will be taken to formulate Specific HS (Harmonized System) Classification of products to facilitate the export of Handicrafts products of the country. Regardless of the product, the export earnings of this sector should be properly displayed.
6. Recognized trade bodies related to Handicrafts will be empowered to certify the Country of Origin. Through bilateral agreements with developed countries, steps will be taken to gain preferential treatment in the export of Handicrafts like other countries.
7. Export Credit Guarantee Scheme and Export Promotion Fund will be introduced for Handicraft exporters.
8. In the case of product export, training programs will be conducted to make them aware of Health, Environmental Social Compliance and Conformity Regulation of the concerned country.
9. Support will be provided for professional designers employed in private institutions for advanced training abroad.
10. Private sector will be encouraged to produce high end products.
11. The relevant recognized trade bodies along with the Handicrafts exporters' organization will be given necessary assistance in establishing research and development (R&D) cells to establish a rich library of domestic and foreign publications and journals and to provide information services to the entrepreneurs in the sector.
12. Steps will be taken to increase e-commerce competence of Handicrafts exporters.
13. Every year, major exporters of Handicrafts will be declared as Commercially Important Person (CIP).

However, despite various policy supports mentioned in these polices, this sector has yet to receive all the facilities and benefits.

Chapter 3: Challenges in export of Handicraft products

The Handicraft sector has been encountering multifaceted challenges which are hindering its export potential. Investigating these challenges from the internal point of view (weaknesses) and external point of view (threats) underlying issues of this sector will be more constructive for providing appropriate way forward.

Table 8: Identified key challenges of the Handicraft sector

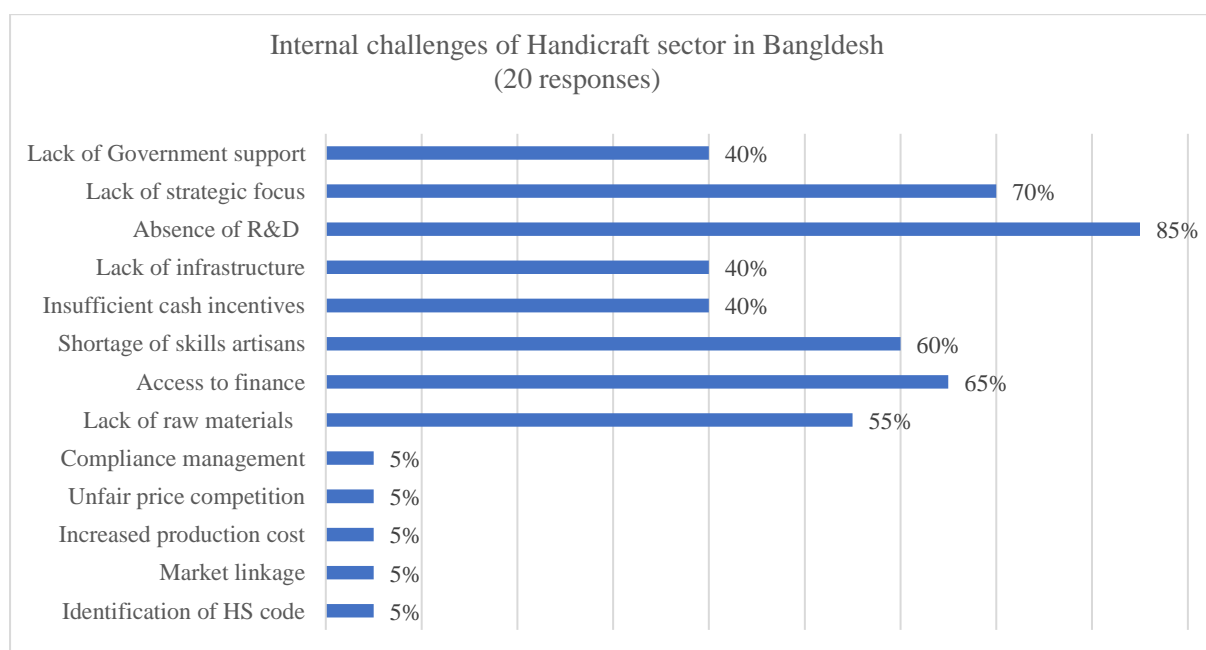
Internal Challenges (Weaknesses)	External Challenges (Threats)
<ol style="list-style-type: none"> 1. Absence of R&D and design center 2. Lack of strategic focus for the sector 3. Lack of access to finance 4. Shortage of skilled Artisans 5. Lack of raw materials 6. Insufficient cash incentives 7. Lack of infrastructure, storage and transportation facilities 8. Lack of Government support and interventions 9. Inadequate linkage between local and global market 	<ol style="list-style-type: none"> 1. Global market competition (From top exporters like China, India) 2. Lack of promotion of Handicraft products in the global market. 3. Lack of country branding 4. Low-cost substitute products in the market. 5. Soaring cost of raw material

Source: KII and FGD findings

3.1 Key internal challenges of Handicraft sector (Weaknesses)

Handicraft sector of Bangladesh has the potential to grow and earn more foreign currency, but this emerging sector is facing some significant challenges like- lack of cash incentives, raw materials crisis, lack of infrastructure, storage and transportation facilities problems, lack of bank loans and lack of R&D or design centre for this sector etc. Based on the view of the stakeholders of this sector (key informant interviews and focus group discussion) following internal challenges or issues are impeding the sector's growth and export potentials:

Figure 12: Internal challenges of Handicraft sector according to the stakeholders



Source: KII findings

Absence of R&D and design centers: Stakeholders identified that the lack of R&D and design centers for the Handicraft sector limits the sector's potentials. Many Handicraft products are adapted to the European or other market design demand. Design is very important for exportable products of this sector and Bangladesh often falls short of the design requirements. Without R&D, the sector struggles to innovate and adapt to changing market demands, resulting in products that may not meet international standards or consumer preferences. Stakeholders expressed that Bangladesh lacks expertise on product development, design and colour trend to meet global demand (eg. colour for summer, winter etc.). There are not enough research labs to produce unique and innovative designs or any research institution to analyze the local and global markets and their needs and demands. Continuous research and development would help the manufacturers and traders to keep up with global demand whereas design centres would facilitate design capacity building and generate new innovative designs. Without design centers the sector lacks skilled designers. From the KII, the study found out that most of the Exporter organizations have only one or do not have any lead designers. Designers are usually hired contractually for specific assignments or orders. Currently there is limited diversity in the design of the products. Due to lack of Research and Development there has been limited opportunities which could be increased. Crafts sector has yet to see any robust research. This sector is in dire need of more research and innovation.

National Design Centre of India- fostering design & product development

National Design Centre (NDC) (Erstwhile NCDPD) has been set up with an objective to fill up the gap in the areas of Design and Product Development by Ministry of Textiles, Government of India. The other objectives of the centre are to build and create design-oriented excellence in the Handicraft sector and other synergy sectors such as jute, silk, carpet, handlooms and other employment generation sectors to withstand global competitiveness.

Besides providing design & product development services, the activities of NDC have also been diversified into different areas such as Skill/ Capacity Development, creating Infrastructure support at clusters such as setting up of Common Facility Services, Resource Center, Design Center, Design Bank, Supply Chain Management, Market linkages by organizing thematic exhibitions, setting up Marketing Outlets etc. NDC is equipped with professional designers who work to provide a complete array of services for customized design/product development.

Area of the National Design Centre include: Product design & development, design research & dissemination, design promotion image building and branding, product standards and product excellence, exhibitions design, showroom and store development and visual merchandising, industry linkages, tie-ups and networking, vendors compliance, package design, graphic design, technology upgradation design, market and technical trends information, design research and library/resource centre, design training, mentoring, apprenticeship and career opportunities

Lack of strategic focus: Despite being one of the special development sectors in export and industry policy, the Handicraft sector has yet to see any strategic focus or action plans that ensure the sector's sustainable growth. Stakeholders revealed that the absence of a clear strategic vision and direction hampers the sector's ability to identify opportunities, address challenges, and capitalize on its strengths. There haven't been any specific targets set for this sector to achieve in the forthcoming years. Moreover, many initiatives mentioned in the national Handicraft policy have not been implemented with active focus. For instance, the policy suggested forming a National Handicrafts and Crafts Coordinating Council to ensure

that the policy is being implemented properly. The council was formed on 09 September 2019.²⁵ However, the council's efforts to provide any timebound strategic action plans to develop this sector and increase the sector's export potential are not known to the stakeholders. As a special development sector and being declared as the product of the year 2024, this sector is in dire need of specific strategic focus.

Lack of access to finance: Bangladesh's economy is dominated by small and medium-sized businesses and many of these SMEs are engaged in Handicraft business. Limited access to financing options restricts investment in production expansion, technology upgrades, and marketing initiatives. Stakeholders of the Handicraft sector stressed the access to financial issues for them as financial constraints limiting their business prospects. For instance, one of the exporters opined, *“Bank interest rate is higher now, which is around 14 percent now and 4-5 percent rate would be better for the SME Handicraft sector.”* Moreover, Rural artisans and craftsperson are not well educated and lack knowledge on bank loans or other financing opportunities. Although different refinancing schemes are available, because of their financial illiteracy, they fail to avail those opportunities. Unavailability of finance hinders the growth of Handicraft in Bangladesh. SMEs often struggle to meet the stringent requirements for obtaining bank loans. Lack of financing restricts their capacity to scale operations and innovate. Because of low access to institutional funding, Handicrafts rely on inefficient financing services from informal sources.

Handicraft exports face different types of financial constraints. A Handicraft exporter mentioned that *“In case of at site L/C banks do not provide any financial supports (short loan) which they may provide for small businesses to ease production.”* Another exporter narrated: *“Financial issues hinder smooth export of Handicraft products. For instance, Payment terms used to be easier, as 50 percent advance payment would be received from buyers. But now there are fewer opportunities for advance payment since Telegraphic/Telephonic Transfer (TT) includes 90-day term and the lead time for product delivery is lengthy. With the long lead time for delivery issues, receiving payments from the buyers is becoming time consuming and capital is being tied up which limits production. So, meeting orders of another buyer becomes difficult when payment of the prior buyer is not cleared.”*

Shortage of skilled artisans: Quality of the Handicraft products depends largely on the skill of the artisans. Although numerous artisans are spread over length and breadth of the country, number of skilled artisans available for product design, development and export are not sufficient according to the stakeholders of the Handicraft sector. Studies indicated various reasons for shortages of artisans in an industry includes: lack of better treatment and working conditions, low wages, lack of recognition²⁶, ineffective management, lack of formal training and etc.²⁷

Stakeholders revealed that lack of training for artisans reduced the number of skilled artisans. A stakeholder quoted *“Artisans need to continually upgrade their skills to meet the high standards of international markets. Lack of training opportunities results in products that may not be competitive globally.”* Stakeholders also opined that Bangladesh's traditional craftsman

²⁵ Bangladesh gazette (2019). Available at- <https://sonargaonmuseum.gov.bd/site/files/ce714b00-969e-4c6f-a219-45b71f449a86/>

²⁶ Jordaan, N & Barry, Marie-Louise. (2009). Investigating the reasons for lack of skilled artisans in South Africa: The perspective of artisans. South African Journal of Industrial Engineering. 20.

²⁷ Ranjith and Nishika (2017) Analysis on the Shortage of Skilled Artisans in the Construction Industry: A Case of an Oil Refinery in South Africa, International J. Soc. Sci. & Education 2017 Vol.7 Issue 3, ISSN: 2223-4934 E and 2227-393X

skill are not well preserved and transferred through training properly which is also cutting the number of available skilled artisans in this industry.

Training for artisans and craftsmen- a demand driven approach of India

Under Skill India Mission, Ministry of Skill Development and Entrepreneurship implemented a flagship scheme Pradhan Mantri Kaushal Vikas Yojana (PMKVY) to impart short duration skill development training to youth of the country including artisans and craftsmen. Under this demand driven scheme with bottom-up approach PMKVY, training has been imparted in various job roles of 37 different sectors related to Handicrafts.

The Ministry is developing several micro programmes under PMKVY targeting artisans' clusters in partnership with private sector in a manner where 100 percent artisans are ensured employment.

Lack of raw materials and absence of organized supply chain: Handicrafts are usually made of locally sourced raw materials as all the raw materials required for Handicrafts are available inside the country and craftsmen don't need to import a single component from abroad. However, in some cases, as per the requirements of buyers, some raw materials are sourced from specific countries. Stakeholders expressed that despite having abundance of local raw materials, this sector often lack sufficient core and supporting raw materials to produce ordered goods due to absence of organized supply chain. Without a reliable supply of raw materials, they face production delays and quality issues, impacting their ability to meet market demand. Moreover, raw materials of Handicrafts often lack quality which makes it difficult to meet product quality of competitors. For instance, cane and rattan products have less competitiveness in the global market due to quality issues. Due to lack of upgraded machineries and techniques, processing raw materials for manufacturing Handicrafts products takes much time which creates a shortage. Stakeholders pointed that, raw materials are sourced from some local haats and limited sources where syndicate exists which makes production costs high. There hasn't been strong backward linkage development in this sector so raw material sourcing issues limit export. Consistent availability of raw materials is essential for uninterrupted production. Shortages can lead to increased costs and production delays, making it difficult for artisans to meet international demand.

Insufficient cash incentives: The Government now provides 8 percent cash incentives to the export sector of Handicraft products (hogla, straw, sugarcane/coconut husk, leaves/shells, garment fabrics etc.).²⁸ Exporters conveyed that cash incentives in this sector used to be 20 percent which was reduced to 10 percent and now it's 8 percent. An exporter narrated: "*Cash incentives are crucial for the profitability of Handicraft exporters. The reduction from 20 percent to 10 percent impacts the financial viability of many small and medium-sized enterprises (SMEs), limiting their ability to invest in quality improvements and expansion.*" Exporters now believe that if the rate of cash incentives is enhanced, the volume of exports will increase a lot. As entrepreneurs have to compete with China and India to survive in the world market, cash incentives would help them ensure competitive price offerings. Exporters informed that many SMEs are engaged in the Handicraft export business and after the COVID-19 pandemic, they are finding it hard to survive in the market. The government's decision to reduce cash incentives to 8 percent shocked these firms because their product costing used to count profitability, adding the benefits from the cash incentives. With reduced cash incentives, the price of their products went high and profitability dwindled significantly. However,

²⁸ FEPD Circular No. 13: Export subsidy/Cash incentive for the financial year 2023-2024, Bangladesh Bank

exporters are aware that incentives will not last for years since after the LDC graduation cash incentives benefits may be lost. But till that period they want increased cash incentives to strengthen their business through more profit earnings to confront the post-LDC situation unwaveringly. Exporters also feel that alternative supports should be provided in this sector instead of mere cash incentives.

Lack of infrastructure, storage and transportation facilities: Since the LPI performance of the country is still not up to the mark and is low compared to the other regional competitor countries, this sector is likely to suffer while handling a large number of export orders in the future. The rise in logistics and shipping costs poses greater challenges for Bangladesh's Handicraft industry. The whole export sector faces challenges of inadequate communication infrastructures, complex customs procedures, cumbersome and lengthy banking transactions, bottlenecks in transportation, slow handling of products at the port and unusually high lead time, high cost of doing business. Poor infrastructure affects the efficient movement and storage of goods, leading to delays and potential damage to products. This impacts the ability to meet international standards and delivery timelines. Stakeholders revealed that there is no common facility centre for this sector. Moreover, there have been no initiatives for developing craft villages or strengthening Handicraft clusters. SMEs in this sector find it hard to store their exportable goods since warehousing facilities are not widely available for them.

Lack of sufficient government support and interventions: Bangladesh's government has taken different measures to support the Handicraft industry. However, stakeholders in this sector expressed that the government's support and interventions are not enough. For instance, the Indian Council for Research on International Economic Relations (ICRIER) found that government policies such as the Handicrafts development and marketing programme have helped to increase the income of artisans and improve the quality of their products. Government policies have been instrumental in promoting the growth of the Handicraft sector in India. Government policies have played a significant role in promoting the growth of the Handicraft sector, particularly through initiatives such as the Tamil Nadu Handicrafts Development Corporation and the Tamil Nadu Handloom Weavers Co-operative Society.²⁹ Compared with the neighboring country, the Handicraft sector in Bangladesh has yet to see any exclusive support or interventions from the government. The national Handicraft policy made in 2015 hasn't been implemented full yet. Inconsistent and insufficient policy support can create an uncertain business environment, deterring investment and growth in the sector. Stakeholders also believe that similar importance should be given to the Handicrafts sector as given to the RMG sector of the country.

Identification of Handicraft products: Handicraft products of Bangladesh have not been identified fully. There is no HS code-wise list of products available that illustrates the number or types of Handicraft products in Bangladesh. For instance, in the neighboring country India, the Export Promotion Council for Handicrafts of India has developed a comprehensive list consisting of 179 Handicraft products of India with their HS codes. However, in Bangladesh, Handicrafts are usually identified by the criteria set by the Bangladesh Bank³⁰ and certification of relevant association (Banglacraft). As there is no specific HS code defined for Handicraft products, discerning the real export scenario of this industry becomes much complicated.

²⁹ Majeed, I., Bhat, A. H., and Azam, R. (2023). The Role of Government in Promoting Handicraft industry: A Case Study of Kashmir. *ShodhKosh: Journal of Visual and Performing Arts*, 4(1), 429–442 DOI: 10.29121/shodhkosh.v4.i1.2023.356

³⁰ Bangladeshi Bank FE Circular no 21, dated 17 June 2021

Designated Export Promotion Council for structural development of Handicraft sector

Export Promotion Council for Handicrafts (EPCH) of India was established under Companies Act in the year 1986-87 and is a non-profit organisation, with an object to promote, support, protect, maintain and increase the export of Handicrafts. It is an apex body of Handicrafts exporters for promotion of exports of Handicrafts from country. It also projects India's image abroad as a reliable supplier of high quality of Handicrafts goods & services and ensures various measures keeping in view of observance of international standards and specification. The Council has created necessary infrastructure as well as marketing and information facilities, which are availed both by the members, exporters and importers. The Council is run and managed by team of professionals headed by Executive Director. The Committee of Administration consists of eminent exporters, professionals. Besides identifying the Handicraft goods and providing market insights to the buyers and exporters, the council also carry out following responsibilities:

- Providing commercially useful information and assistance to members in developing and increasing exports.
- Offering professional advice and services to members in areas of technology upgradation, quality and design improvement, standards and specifications, product development, innovation etc.
- Organizing visits of delegation of its members abroad to explore overseas market opportunities.
- Participating in specialized International Trade Fairs of Handicrafts & gifts.
- Organizing Indian Handicrafts and Gifts Fair at New Delhi.
- Providing opportunities for interaction between exporting community and government both at the Central and State level and representation in almost all the committees/panels of Central and State.
- Creating an environment of awareness through workshops on "Export Marketing, Procedures and Documentation", Packaging, Design Development, Buyer Seller Meet, Open House etc.
- Disseminating the government notification, orders, information on trade and other relevant information to members.

Inadequate linkage between local and global markets: Exporters expressed that effective marketing is essential to create awareness and demand for Bangladeshi Handicrafts in global markets. Many international buyers are unaware of the unique qualities of these products. Most Handicraft SMEs are not linked to markets for a variety of reasons: remoteness, low production, low farm-gate prices, and lack of information etc. These SMEs operate largely in local markets due to a lack of connectivity to more lucrative markets at regional, national and international level. As a result, incentives remain weak, investments remain low, and so does the level of technology adoption and productivity.

Delicate compliance management: Compliance issues are now crucial for the Handicraft manufactures and exporters and will be more significant after Bangladesh's graduation in 2026. Currently there are no central treatment plants or platforms exist for Handicraft manufacturing clusters. Supplier Ethical Data Exchange (SEDEX), Business Social Compliance Initiative (BSCI), SEDEX Members Ethical Trade Audit (SMETA) are the globally recognized certification for Corporate Social Responsibility (CSR) issue of a company. Big and potential buyers usually do not order Handicraft goods without these certifications. Standard wages of the workers are also important criteria for these certifications.

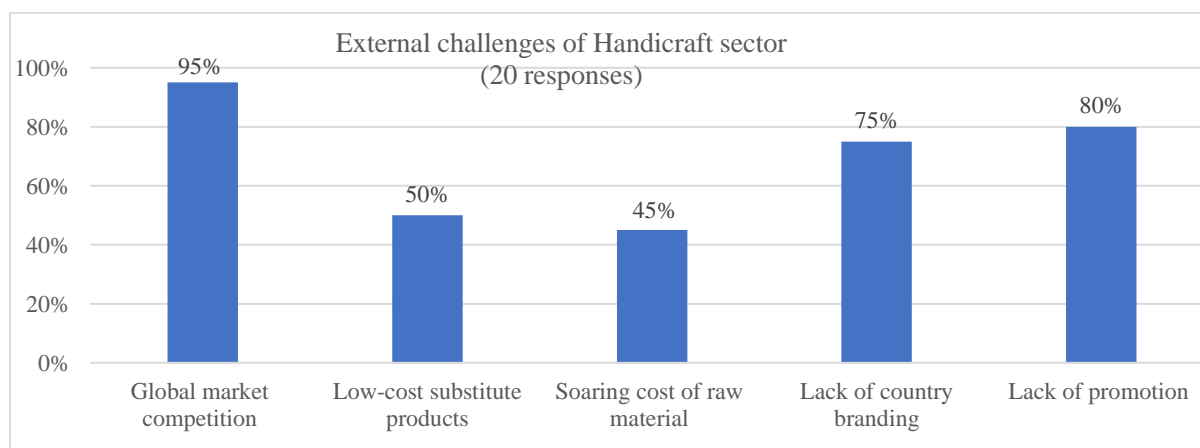
Stakeholders of the Handicraft sectors has also mentioned the following internal challenges which are impacting export of Handicraft products:

- Skill gaps and an aging workforce are affecting Handicraft product quality;
- Narrow product range and lack of new and innovative designs suitable for overseas markets;
- Lack of capabilities in producing large volume;
- The lack of formal training to improve craftsmen's skills and the absence of quality control facilities;
- Exclusion of relatively smaller Handicrafts manufacturer & exporters from getting institutional support;
- Due to low profitability smaller Handicrafts manufacturers & exporters cannot invest in R& D design innovation & marketing;
- Handicrafts are sold on piece quantity instead of weight. However, Net and gross weight discrepancy issues created by the NBR increase business time and cost;
- There is no provision for Handicraft sector in EPZ, however, some initiatives may be taken for this sector in Bangladesh's Economic Zones by BEZA;
- SME foundation and other supporting agencies mostly works with local Handicraft manufacturers and exporters are often ignored;
- In the case of Handicrafts made of mixed raw materials, determining the HS code of the product becomes difficult;
- Lack of proper knowledge of how to preserve and use raw materials;
- Unfair price competition, no copyright of the products, artisans are deprived of proper wages;
- Lengthy process of getting shipping documents from different agencies;
- Difficulty in accessing capital investment support;
- Handicrafts exporters are not well aware of financial support provided by the government and Bangladesh Bank;
- Due to limited incentives for preserving hereditary skills of making Handicrafts a generation of artisans are being lost.

3.2 Key external challenges of the Handicraft sector (Threats)

Besides the internal issues, Handicraft sector also encounters some external threats or challenges. Key threats of this sector which are impacting export are illustrated in the following:

Figure 13: External challenges of Handicraft sector according to the stakeholders



Source: KII findings

Global market competition: Global Handicraft market is dominated by mostly big exporters like China and India due to their vast production capacities, lower production costs, and well-established supply chains. Chinese Handicraft industry is more structured and market-oriented, leading to stiff competition Handicraft products in international market. It is also well known that tremendous mechanization has taken place in China in production of Handicrafts largely due to excessive demand in all kinds of products. In terms of industry setup, private enterprises and enterprises invested with foreign capital are dominant in China's Handicraft manufacturing industry. Handicraft manufacturing is a labor-intensive and traditional light industry in China. The industry is more oriented towards production of craft items by use of technology and mass scale production.³¹ Similarly India has large Handicraft product variety because of its diversified culture. It has strong diversified and supportive retail infrastructure, diversified product range that service different market, cheap labor rates that result to competitive price and supportive policies.³² Leveraging these aspects these countries provide large volume, quality and low-cost Handicrafts compared to Bangladesh. Also, better trade terms offered by competing countries, increased and better technological support and R&D facility in competing countries threaten the country's Handicrafts sector and limit export potential.

Lack of promotion of Handicraft products in the global market: Insufficient promotional efforts mean global consumers are less aware of the distinctiveness of Bangladeshi Handicrafts. Stakeholders opined that the Handicraft products of Bangladesh are not recognized globally the way India, China or Vietnam's products are recognized. There is no sector promotional website for the Handicraft sector and no continuous global marketing campaign has been taken to promote this sector and its products to global buyers. In international trade fairs, Handicraft products are not focused properly in the booths. The sellers fall short in marketing, communication, and promoting the products, production process, quality, etc. to the renowned buyers. Without promotions, Bangladeshi Handicrafts fail to reach their target audience and gain market traction.

Lack of country branding: Country branding, or nation branding, is a long-term process that aims to create a positive image of a country and its unique characteristics in the minds of international stakeholders. It can include perceptions of a country's people, culture, history, food, fashion, and more. The goal is to align international perceptions with reality and build a country's reputation. A positive country branding can increase foreign investment, help boost trade, and foster economic growth. Despite having an age-old rich traditional culture, Bangladesh hasn't been able to brand its heritage, traditional, and craft products to the world. Even in different branding Bangladesh campaigns, Handicraft products are not focused enough. Lack of country branding makes it hard for exporters to find buyers, according to the Handicraft exporters.³³

Low-cost substitute products in the market: Handicrafts are artistically handmade and economies of scale cannot be utilized here since goods are not produced using machines. On the contrary, Mass-produced items are often more affordable than handmade crafts, as they benefit from economies of scale and efficient production processes. Demand for Handicrafts is subject to consumers due to the use of natural, sustainable, or upcycled materials, as well as the incorporation of traditional crafting methods that add authenticity to the products. Handmade products appeal to people who value the human touch in crafting because of their

³¹ Export Promotion Council for Handicrafts India (2020) Brief Summary on Competitive study on Handicrafts Sector in China, available at- <https://www.epch.in/ChinaStudy/Summary.pdf>

³² India craft (2023) Strengths of India's craft sector, available at- <http://www.india-crafts.com/business-reports/indian-handicraft-industry/swot-analysis-handicraft-industry.html>

³³ Md. Shameem Ahsan (2012) Branding Bangladesh: Ideas and Challenges, NDC Journal

attention to detail, the high caliber of construction, and the creative hint. Handicrafts often utilize unique materials and traditional crafting techniques.³⁴ However, low-cost alternative products made of cheap raw materials limit demand for Handicrafts in the mass market. For instance, stakeholders explained that handmade jute bags cost more than fabric or cotton bags. Due to abundance and low prices, consumers prefer cotton bags over handmade jute bags.

Soaring cost of raw material: High raw material prices increase cost pressures on Handicraft manufacturing companies and reduce existing profits. Due to global economic setbacks, prices of different raw materials used in Handicrafts have increased. Although the industry utilized local raw materials mostly instead of imported raw materials, production of locally produced raw materials has also increased. With high-cost sourcing, Stakeholders expressed fear of meeting buyers' orders at a competitive price.

Stakeholders also mentioned the following threats to export expansion of this sector:

1. Insufficient product differentiation and branding efforts to cut through present global competition;
2. Changing consumer preferences as rapid shifts in fashion, home decor, and sustainability trends make it difficult for exporters to match;
3. Stringent Quality Standards and Certifications as they present high costs and challenges for small producers to meet international standards;
4. Import of the Chinese Handicrafts is a major threat for the country's local Handicraft industry;
5. New designs are made but the designs get copied when they are advertised in media, thus, Intellectual Property Rights (IPR) issues threaten the Handicraft sector's potential;
6. Di Minimis of exporting countries limits exports of Bangladeshi Handicraft products through online sales.

³⁴ Credence Research (2023) Handicrafts Market By Product Types, available at- <https://www.credenceresearch.com/report/handicrafts-market>

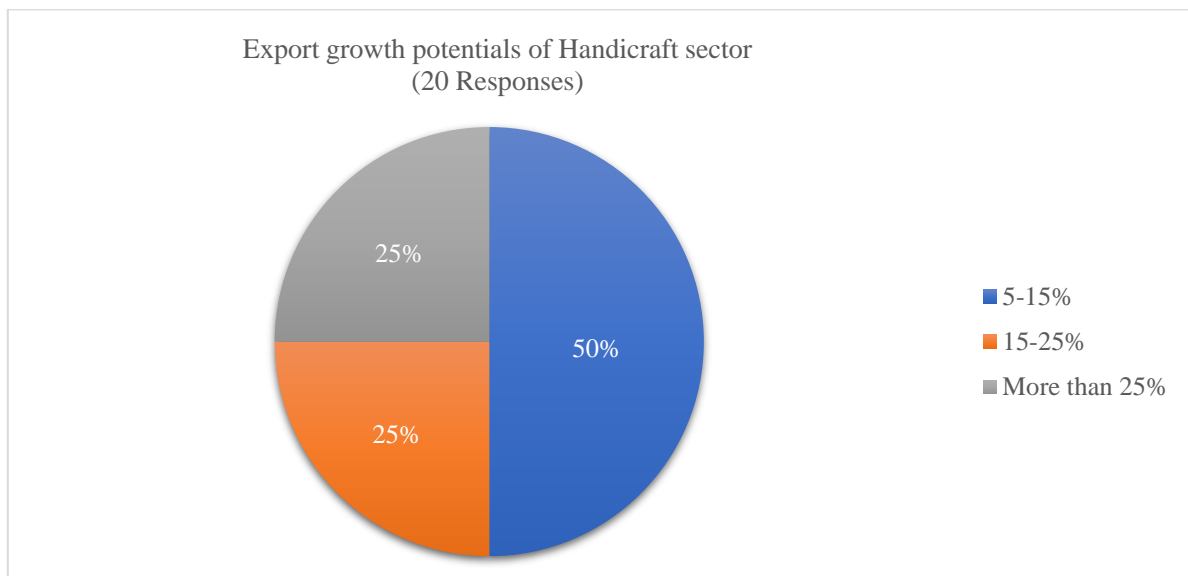
Chapter 4: Opportunities for exports of Handicrafts products in global market

Bangladesh has a significant market share for Handicrafts in the world market. Bangladeshi Handicrafts are now at the focus of large buyers including global giant Walmart. While other sectors were struggling during COVID-19 pandemic export of Handicrafts have increased by about 60 percent. This chapters explore different aspects that signify the opportunities for export of the Handicraft products in the global market.

4.1 Export growth potentials

Export data of Export Promotion Bureau (EBP) shows that Handicrafts sector is experiencing continuous positive growth. Over the last five years this sector has seen CAGR of 8.3 percent. In FY 2022-23 export earnings from this sector amounted to USD 29.75 million. Stakeholders were asked to estimate the expected average annual growth of this sector for the next 5 years, and their responses were following:

Figure 14: Export growth potentials of Handicraft sector



Source: KII findings

50 percent of the respondents expect 5-15 percent average annual export growth in this sector while 25 percent expect more than 25 percent growth and the rest opined on 15-25 percent average annual export growth.

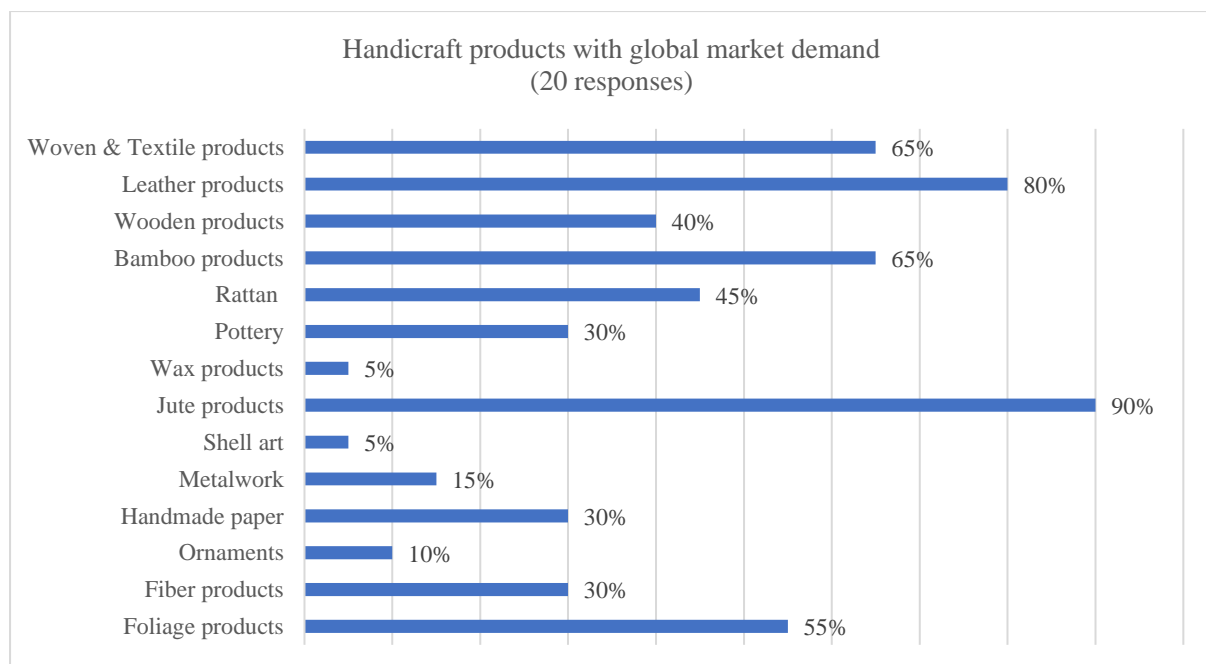
Stakeholders justified this growth rate through different aspects. For instance, they believe that Bangladesh's competitive labor force will pave the way for the growth of this sector, which is competitive with other countries. They also mentioned that the world now prefers sustainable products and the demand for natural or handmade products has increased and will continue to increase in the future. An exporter narrated: "I assume around 10 percent annual growth because of an expanded Handicrafts market, particularly in Europe. Considering circularity in economic activities Handicraft products have the potential to earn more customer's attention." Some other reasons behind the expected growth of this sector, according to the stakeholders' opinion are:

- The government has declared the Handicraft Sector as the product of the year 2024. That's why government is giving priority to this sector and the sector may see more growth. Following this declaration, the Ministry of Commerce including EPB and other organizations concerned, has undertaken different programs to promote this sector.
- This sector is growing because new entrepreneurs are entering the sector. Many government and global NGO-level initiatives are being taken for the employment creation through handmade goods which are also helping to grow this sector, if these initiatives continue, this sector will enjoy a sustained export growth rate.
- Entrepreneurs are looking for new markets and new production units are being established.
- With government support, Bangladeshi handicrafts can expand their presence in the global market, if the availability of raw materials, value-addition to the product, and skilled labor are ensured.
- The sector's alignment with global trends towards sustainability and fair trade provide growth opportunity. Additionally, the sector's unique designs and skilled artisans provide a competitive edge, and the shift of countries like China and Vietnam towards high-tech industries presents an opportunity for Bangladesh to capture a larger market share.
- The sector has shown resilience, even growing during the COVID-19 pandemic, indicating strong potential for accelerated growth.

4.2 Product diversification opportunities

Global Handicrafts products include numerous types of products which are still untapped by Bangladesh. Bangladesh only exports few Handicraft products while there are vast opportunities that exist for exporting a wide range of Handicraft products. For instance, handmade terracotta clay tiles have consistent import growth and demand around the globe. Bangladesh is yet to grasp this market. Stakeholders revealed that the following handmade products have significant demand in the global market:

Figure 15: Handicraft products with global market demand



Source: KII findings

Carpets and rugs had a global import market of USD 16 billion in 2022 while Bangladesh only exported around USD 34 million worth of carpets and rugs. Similarly, Bangladesh has the opportunities to produce diversified leather Handicrafts, handloom fashion items, jute items to serve global market with diversified products. Products by using manmade fabric, soil saver, paper bag, stuffed toys, soap making (handmade soap), wall-hanging, tapestry, photo frame, sheetal pati, origami, calligraphy, marble craft, stone work/stone craft, pen holder etc. are some of the potential products for Bangladesh to diversify its Handicraft export basket. The study revealed that Handicraft products made with natural fibres of the country like oca fibre, jute, water hyacinth etc. have high global demand. Moreover, the list of Handicraft goods identified by India's Export Promotion Council for Handicrafts may be followed to identify further Handicraft products of Bangladesh to diversify export of this sector. The list of India's Handicraft products with HS code is available in **Annexure 9**.

Considering the HS chapter 46, comparing with global import, the following table depicts Bangladesh's present export share:

Table 9: Bangladesh's Handicrafts export share (product)

Product code	Product label	World imported value in 2022, USD thousand	Bangladesh's exported value in 2022, US Dollar thousand	Share of Bangladesh
460219	Basketwork, wickerwork and other articles, made directly to shape from vegetable plaiting materials ...	1,284,435	46516	4%
460290	Basketwork, wickerwork and other articles, made directly to shape from non-vegetable plaiting ...	674,502	8620	1%
460212	Basketwork, wickerwork and other articles, made directly to shape from rattan plaiting materials ...	259,332	2447	1%
460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials ...	232,142	1262	1%
460129	Mats, matting and screens, of vegetable plaiting materials, flat-woven or bound together in ...	164,303	4019	2%
460194	Plaits and similar products of vegetable plaiting materials, whether or not assembled into ...	106,274	1436	1%
460199	Plaiting materials, plaits and similar products of non-vegetable plaiting materials, flat-woven ...	103,694	141	0%
460121	Mats, matting and screens of bamboo plaiting materials, flat-woven or bound together in parallel	64,888	2	0%
460192	Plaits and similar products, of bamboo plaiting materials, whether or not assembled into strips; ...	31,864	4	0%
460193	Plaits and similar products, of rattan plaiting materials, whether or not assembled into strips; ...	11,887	15	0%

Source: ITC

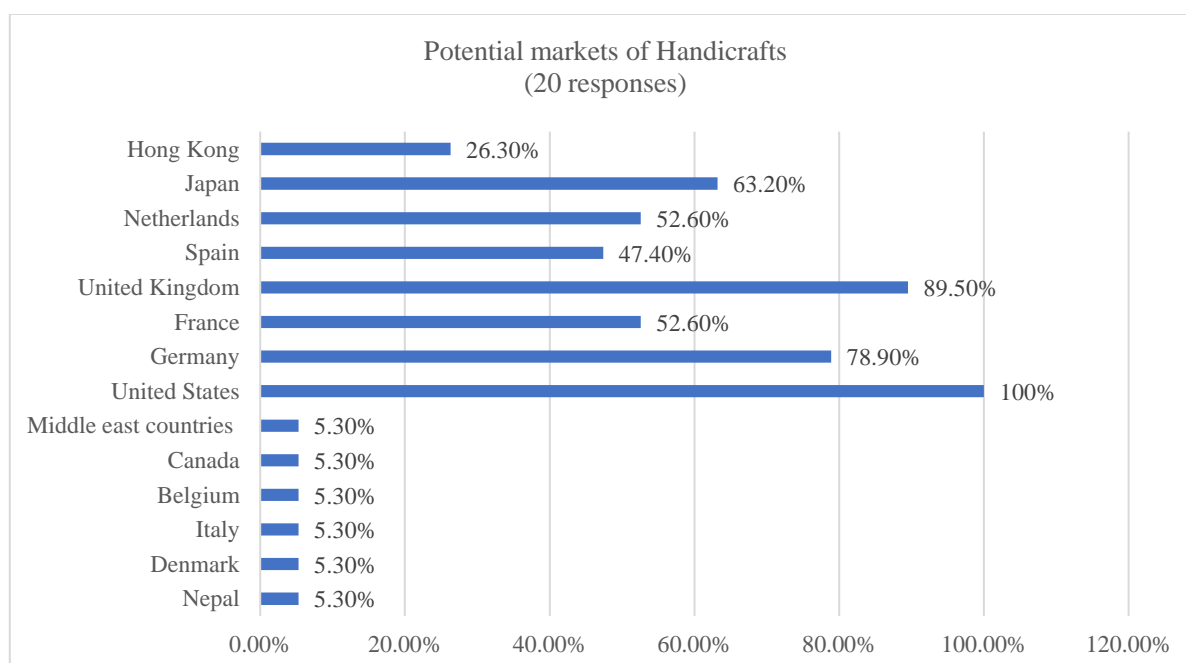
The table shows that HS 460199, 460121, 460192, 460193 are almost untouched by Bangladesh’s export and diversification opportunity that exists in these sectors.

Also, cultural heritage products declared by UNESCO (Sheetal Pati, Jamdai etc.) should be promoted for export product diversification. For instance, Intergovernmental Committee for the Safeguarding of the Intangible Cultural Heritage of UNESCO inscribed ‘Rickshaws and Rickshaw painting in Dhaka’ as Intangible Cultural Heritage on 07 December 2023 and many manufacturers are producing Handicraft products using the unique rickshaw paints but they yet to see export potentials due to lack of publicity and promotion.

4.3 Opportunities for market diversification

Already Bangladesh has a significant market share for Handicrafts in the world market; which can be expanded much more. Its main export market is spread over around 50 countries of North America, Europe and the Middle East. Stakeholders indicated the following markets with higher potential to export Handicraft products:

Figure 16: Potential markets of Handicrafts



Source: KII findings

Stakeholders identified USA, UK, EU countries, Japan, Australia, Brazil, North America, Middle Eastern countries as potential markets for Handicraft products where Bangladesh can diversify exports. The following table illustrates the top importers and Bangladesh’s export share in their market:

Table 10: Bangladesh Handicraft market share

Top importers	Imported value in 2022 (thousand USD)	Bangladesh's export value in 2022 (thousand USD)	Market share
United States of America	874665	6335	1%
Germany	234684	65785	28%
France	192425	3957	2%
Japan	188800	961	1%

Top importers	Imported value in 2022 (thousand USD)	Bangladesh's export value in 2022 (thousand USD)	Market share
United Kingdom	159118	4238	3%
Netherlands	138307	7548	5%
Spain	109772	5894	5%
Italy	93765	598	1%
Poland	68348	6102	9%
Canada	57545	404	1%
Australia	54908	1806	3%
Belgium	51820	1367	3%
United Arab Emirates	49741	629	1%
Saudi Arabia	42274	566	1%
Denmark	40297	1790	4%

Source: ITC

Table 10 shows that Bangladesh's export share is significantly low in USA, France, Japan, Italy, UAE, Saudi Arabia, Canada etc. countries. These countries are among the top 15 importers of Handicraft goods and opportunities exist in these markets for diversification.

Table 11: Opportunities for market diversification

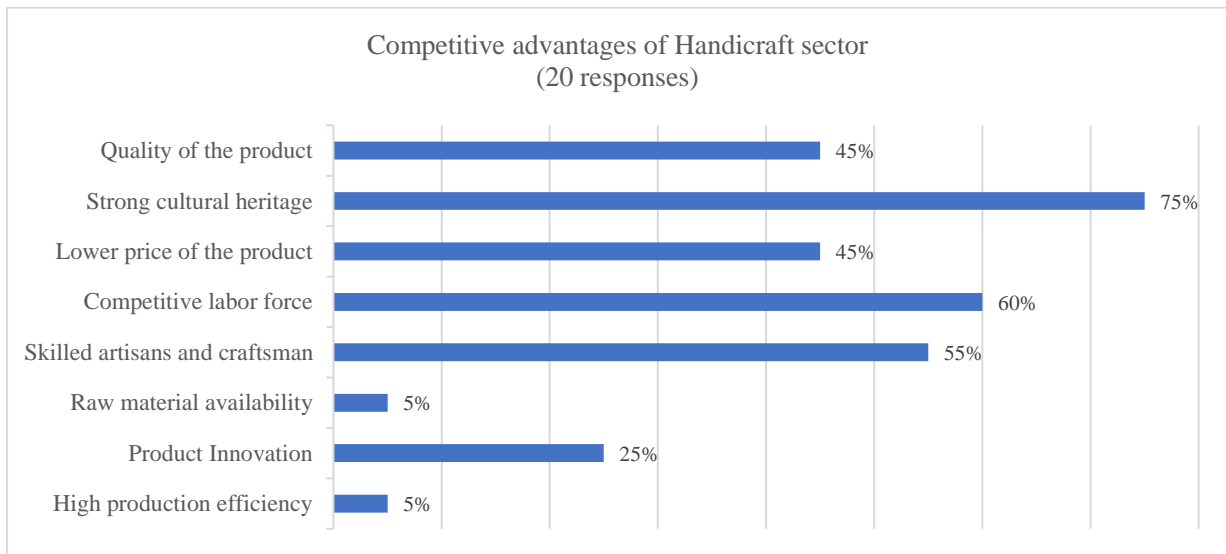
Top importers	Imported value in 2022 (thousand USD)	China market share	India market share	BD market share
United States of America	874,665	38%	16%	1%
Japan	188,800	75%	0%	1%
Italy	93,765	45%	1%	1%
Canada	57,545	49%	5%	1%
United Arab Emirates	49,741	47%	10%	1%
Saudi Arabia	42,274	57%	6%	1%

United States of America, Japan, Italy, Canada, United Arab Emirates, Saudi Arabia markets are highly dominated by China. Bangladesh may explore Handicraft export opportunities in these top importing markets.

4.4 Sources of competitiveness

Bangladesh is well known for its exotic crafts legacy and tradition. It is the land of arts and crafts, a country of rich culture, history and traditions. Variety of designs and finishes are available in Bangladeshi market that reflect the excellent artistic skills of the craftsmen which are in great demand globally. Bangladesh is one of the important suppliers of Handicrafts to the world market. According to the response of the stakeholders, the Handicraft industry of Bangladesh derives its competitiveness from the following aspects:

Figure 17: Competitive advantages of Handicraft sector



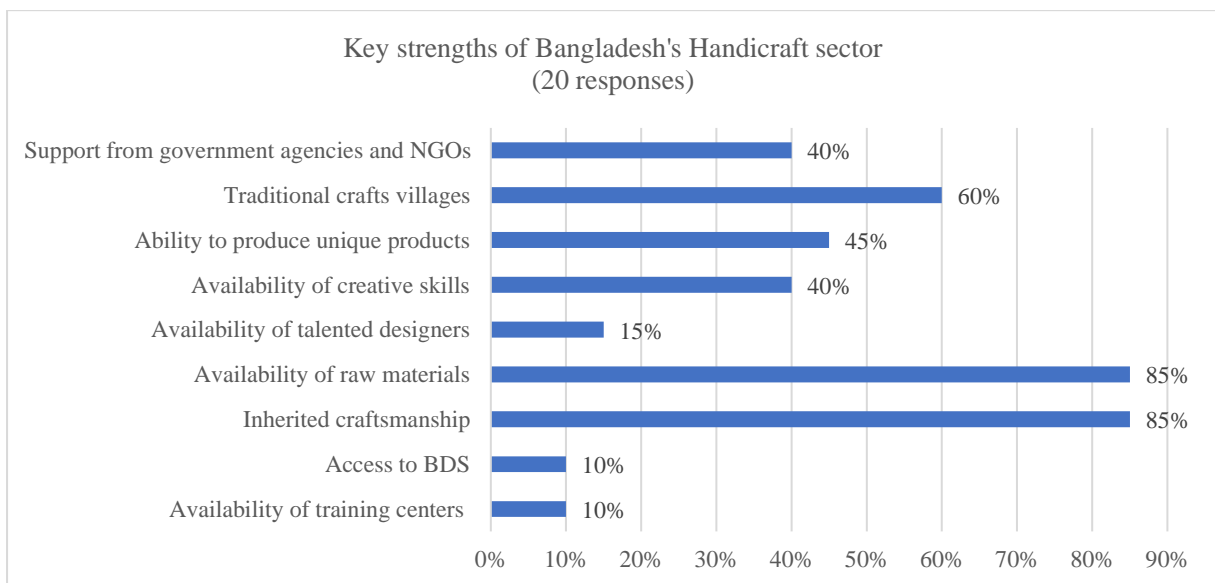
Source: KII findings

Most of the stakeholders believe that the strong cultural heritage is the main source of competitive advantage of this sector since the country’s rich culture and traditions foster numerous varieties of Handicraft goods. A competitive labor force is another source of competitive advantage pointed out by the stakeholders. The lower price of the product (price competitiveness) and quality of the product also provide competitive edges to this sector. However, stakeholders believe high production efficiency, product innovations, and raw material availability are not this sector’s strong suit. Leveraging these competitive advantages, this sector can enhance export potential in the global market.

4.5 Strengths of the Handicraft sector

Bangladesh’s Handicraft sector possesses some robust characteristics which provide opportunities for this sector to grow and increase exports. Key strengths of this sector identified by the stakeholders are explored in the following:

Figure 18: Key strengths of Bangladesh's Handicraft sector



Source: KII findings

The figure shows that stakeholders identified inherited craftsmanship, availability of variety of raw materials, traditional crafts villages, ability to produce unique, customized products, availability of creative and innovative skills, support from government agencies and NGOs as the top 5 strengths of this sector.

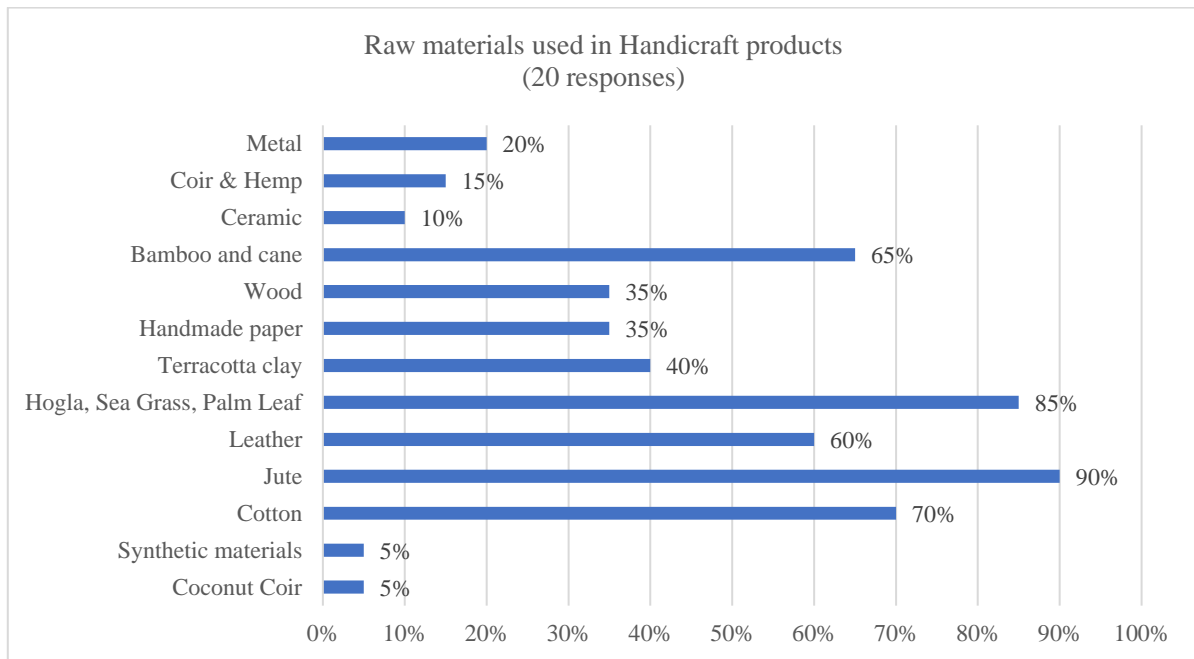
Table 12: Key strengths of Bangladesh's Handicraft sector (ranked)

Strengths
1. Inherited craftsmanship
2. Availability of raw materials
3. Traditional crafts clusters
4. Ability to produce unique, customized products
5. Support from government agencies and NGOs
6. Availability of creative and innovative skills
7. Availability of talented designers
8. Availability of training centers for artisans
9. Ready access to technical assistance and business development services (BDS).

Inherited craftsmanship: Art and crafts rank among the oldest as regards aesthetics in the history of Bangladesh. Santal crafts, the use of natural plants, fibres, leaves, tree trunks and bark are part of the handmade artifacts used for domestic and ceremonial use were integral part of rural lifestyle. Moreover, Basketry-mat weaving tukri, jhuri, dhama, madur, hogla, pati etc baskets are a natural corollary in an agricultural society, used for various lifting and storing needs, and in Bengal the profusion of bamboo, cane, grasses, reeds, leaves and fibers has given great vent to the creativity and skills of artisans. These cultural and traditional backgrounds created numerous craftspersons in Bangladesh. Many craftsmen of the country learn their skills from family inherited professions and practices. For instance, most of the village women are skilled in nakshi kantha making as they learn to sew these products from their family. Stakeholders expressed that Bangladesh has immensely rich culture & traditional making craft products that have been inherited by generation which reflects the resourcefulness & ingenuity Bangladeshi people. A stakeholder narrated: *“Craftsmen are technically sound. They learn from their family member. So, the learning process starts from their childhood. Traditional skills and craftsmanship inherited from the forefathers by artisans have given a special dimension to our products.”*

Availability of raw materials: Handicrafts are produced fully from indigenous raw materials procured normally from rural environment. Usually, all raw materials required for Handicrafts are available inside the country and craftsmen don't need to import a single component from abroad. Respondents revealed the following raw materials usage in the production of Handicrafts goods:

Figure 19: Raw materials used in Handicraft products



Source: KII findings

The responses show that jute, hogla, sea grass, palm leaf, rattan, typha, date leaf etc. cotton, bamboo and cane, leather, terracotta clay, woods are the most used raw materials for Handicrafts. Bangladesh, predominantly as an agricultural country produces all of these raw materials indigenously. Stakeholders also mentioned that coconut coir, coconut shell, stone, synthetic materials, plant fibers, recycled material from textile (wool, silk, linen) bone & horn, stone, shells, glass etc. are now being used in making different Handicraft products. Locally produced raw materials provide about one hundred percent value-addition opportunities in Handicraft products. Locally available natural ingredients are used in Handicraft products which has attracted foreign buyers as a safe sourcing of Handicraft items. Also, its high time to focus on the export potential of Handicrafts made of recycled material made of scrap fabrics of the RMG industries.

Facilitation for Cultivation of raw material- Sri Lanka’s approach

National Crafts Council of Sri Lanka adopted a program called ‘Facilitation for Cultivation of Raw Material’. National Crafts Council facilitates the cultivation of raw materials in islands for getting natural raw materials smoothly & plentifully. The basic purpose of it is to protect traditionally and culturally valued indigenous Handicrafts art without going extinct. Under this Project, Reed, Teak, Eboni, Halmilla, Ehela & Mahogani etc. plants were cultivated.

Another function handled by the council is to import and distribute at concessionary rates, the raw materials which the Handicraftsmen cannot easily afford to buy. In particular, brass and silver are imported under this programme. The Handicraftsmen can buy such raw materials at concessionary prices at the head office of the National Crafts Council as well as Nattarampotha raw materials stores.

Traditional crafts clusters: Traditional craft villages have been part of a larger Bangladeshi lifestyle, each representing their own unique community, yet still weaved together as a whole in Bangladeshi culture. Bangladesh has developed some special areas like Dhamrai for brassware items, Cumilla for khadi, Sonargaon for traditional Handicrafts, Rajshahi for silk items, Narayaganj and Mirpur in Dhaka for jamadani sari, Barisal for sheetal pati, which are famous for local arts and crafts.³⁵ Different areas or villages represent distinctiveness in artwork. For instance, the nakshi kanthas of Rajshahi, Jessore, and Faridpur are most famous for stitch craft and picturesque designs. There are various villages available in Bangladesh with traditional crafts many of which are now not in craft production. For instance, the village Faugan, Gazipur was full of craftsmen, who were engaged with craft-related works, especially handloom, bamboo cane, and pottery. Nowadays, due to its poor progress and income, most of the craftsmen have already switched their professions to keep themselves economically solved. However, based on the SME foundation's Handicraft clusters, Palpara, Dariyapur, Modhupur, Birahimpur, Kechuadubi, Shihari, Islampur, Kanjanpur, Shimulia, Kubirdea, Krishnapur, Kumarpara, Balubari, Nijbari, Satmera Debnagar, Nishbetganj, Bollaghat, etc. craft villages are spread over Barishal, Chottogram, Rangpur, Dhaka, etc. districts. These craft villages or clusters generate Handicraft export products for different exporters.

Craft village: discovering Vietnam's artisanal communities

The Vietnamese government has recognized about 1500 Handicraft villages. These villages are vibrant hubs of creativity, where artisans practice their skills and pass down their knowledge from one generation to the next. One of the remarkable aspects of Vietnam's craft villages is their commitment to preserving centuries-old craftsmanship. The skills and techniques that have been honed over generations are carefully passed down from master artisans to apprentices. By safeguarding these traditions, craft villages become living museums, showcasing the beauty of handmade creations and ensuring that the cultural heritage of Vietnam endures. For instance, In the idyllic setting of Hoi An Silk Village, the art of silk weaving comes alive. Skilled weavers bring vibrant threads to life, crafting intricate patterns and designs on handlooms. The village resonates with the rhythmic sounds of looms and the vibrant colors of silk, telling stories of the region's silk heritage and the artisans' dedication to their craft.

These Craft villages serve to protect, restore, and embellish cultural and historical relics as well as revive and develop folklore. In addition, it's necessary to diversify products in patterns, designs, and quality and create signature items. Different Handicraft brands in Vietnam are supporting these artisan communities, fostering sustainable partnerships that empower artisans and promote their economic well-being. By collaborating directly with artisans, they ensure fair trade practices and create a platform for artisans to showcase their exceptional craftsmanship on a global scale.

Ability to produce unique, customized products: Bangladesh has the capacity to produce unique and customized products. Stakeholders expressed that designs made by the country's artisans are accepted by foreign buyers most of the time. However, buyers often provide customized designs and colour requirements that are well met by the Bangladeshi manufacturers.

³⁵ SAARC Cultural Center (2020) Handicrafts, available at-
<https://saarculture.org/handicraft/#:~:text=Bangladesh%20has%20developed%20some%20special,for%20local%20arts%20and%20crafts.>

Catering to the needs of buyers: a success story

Artefact is a socially responsible company that aims to promote Bangladeshi crafts in the international market. Inspired by the loveliness and elegance of the traditional crafts of rural Bangladesh, Artefact started working with artisans in 2009. Primarily to create a niche market for their crafts and support the artisans. Artefact mixes the organic nature and traditional essence of rural craftsmanship with contemporary sophistication.

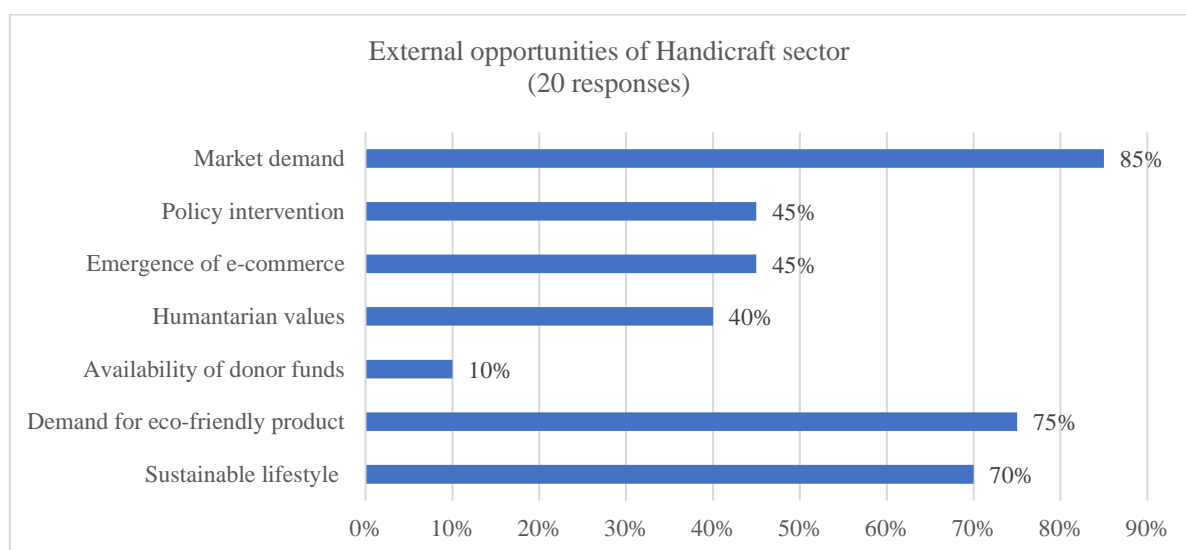
The products of Artefact include nakshi kantha, cushions, scarf, home textiles and a wide variety of textile lamp shades, made with handloom fabrics. Artefact has been successfully designing products for foreign buyers. Usually, the company designs its own products but whenever the buyers provide any design and color specification, the company produces that as per buyers' requirements. "In the case of nakshi kantha, we provide the motifs to the buyers. They often instruct us to change the design and color and use specific raw materials. We serve whatever they want. Whatever design buyers want, I think Bangladesh is well capable of meeting their requirements." quoted the CEO of Artefact.

Support from government agencies and NGOs: The Handicraft sector has the opportunity to grow leveraging facilities provided by the support from government agencies and NGOs. Government agencies like SME Foundation, BSCIC, Palli Karma-Sahayak Foundation (PKSF), Palli Daridro Bimochon Foundation assist small and medium enterprises of the Handicraft sector with various loans, trainings and fairs. Agencies like the Joyeeta Foundation are working on developing the skills and competencies of women necessitating engagement in the craft and Handicraft sector. Jute Diversification Promotion Centre of Bangladesh assists jute Handicraft entrepreneurs in marketing diversified jute products through fairs, exhibitions, and other marketing outlets and initiating skill upgradation training programs for entrepreneurs, designers and artisans. The Handicraft sector encompasses some NGOs that are improving the livelihood of the people by generating employment and skilling up workforces. For instance, CORR- The Jute Works, HEED Handicrafts, Prokritee, etc. are improving and expanding the exports of the Handicraft sector through investments, employment, and skill upgradation supports.

4.6 External opportunities for export growth

Handicrafts, a testament to human creativity and skill, have been a significant part of global culture and economy for centuries. The Handicraft sector continues to evolve, driven by factors such as sustainability, e-commerce, and technological advancements. Opportunities for artisans and the industry at large will be navigated to this changing landscape by embracing new technologies and market platforms while staying true to the traditional skills and values that define Handicrafts. Stakeholders identified the following external opportunities that can be leveraged for export growth:

Figure 20: External opportunities of Handicraft sector



Source: KII findings

Stakeholders selected global and local market demand for handmade crafts, prevailing trend for locally made and eco-friendly products, global trend for sustainable lifestyles, emergence of online retail and e-commerce channels, government policy interventions for upgrading Handicraft products in Bangladesh as the key opportunities for export growth of Handicrafts.

Table 13: External opportunities of Handicraft sector (ranked)

External opportunities
1. Global and local market demand for handmade crafts.
2. Prevailing trend for locally made and Eco-friendly products.
3. Global trend for sustainable lifestyles
4. Emergence of online retail and e-commerce channels
5. Government policy interventions for upgrading Handicraft products in Bangladesh
6. Artworks are globally valued on humanitarian grounds
7. Availability of donor funds for the development of Handicrafts.

Global and local market demand for handmade crafts: The global Handicrafts market size reached US\$ 830.4 billion in 2023 and may reach US\$ 1,864.1 billion by 2032, exhibiting a growth rate (CAGR) of 9.2 percent during 2024-2032.³⁶ Stakeholders opined that there is a growing appreciation for handmade crafts both in local and global markets due to their uniqueness, authenticity, and cultural significance. Consumers are increasingly seeking products that reflect artisanal craftsmanship, cultural heritage, and individuality, driving demand for handmade crafts in both domestic and international markets. As the top importer, the United States Handicrafts market size reached US\$ 294.4 billion in 2023 and is expected to reach US\$ 627.5 billion by 2032, exhibiting a growth rate (CAGR) of 8.5 percent during 2024-2032. Moreover, as more tourists seek out authentic experiences and eco-friendly destinations, the demand for Handicrafts that reflect local culture and traditions is expected to increase. This trend is particularly prevalent in countries such as India, Nepal, and Peru, which have a rich history of Handicraft production.

³⁶ IMARC market research report (2023) Handicrafts Market Report, available at- <https://www.imarcgroup.com/handicrafts-market>

Prevailing trend for locally made and eco-friendly products: The increasing demand for eco-friendly and sustainably produced goods provides an excellent opportunity for exporters to leverage the natural and recycled materials. In PwC's (PricewaterhouseCoopers) June 2021 Global Consumer Insights Pulse Survey, half of all global consumers surveyed say they've become even more eco-friendly. PwC's survey, conducted more than a year after the first outbreak of COVID-19, suggests that eco-friendly consumerism is here to stay. PwC's survey reveals that consumers in the Asia-Pacific region are more eco-friendly than the global average, and a large majority of respondents report becoming more eco-friendly. In Indonesia, it's 86 percent, and in Vietnam and the Philippines, it's 74 percent. The trend is also prevalent in the Middle East. In Egypt, 68 percent say they're more eco-friendly, and in the United Arab Emirates, it's 67 percent. This suggests that sustainability messaging should have amplified resonance in those regions.³⁷ Moreover, consumers are now considering locally made products to support communities and reduce carbon footprints. Handicrafts are often produced using traditional, sustainable methods and natural materials, making them attractive to eco-conscious consumers who prioritize environmental responsibility and support local entrepreneurs and communities. For instance, Bangladesh is now exporting rugs, bags, carpets etc. made of recycled material from textile and demand for them is increasing. Furthermore, the growing trend of fair-trade and ethically sourced products enhances the appeal of Handicrafts from developing nations, which are often produced under fair labor practices.

Global trend for sustainable lifestyles: The future of Handicrafts is bright, with significant growth expected in emerging markets and a growing demand for sustainable and unique products. Sustainability has emerged as a dominant trend across industries, and the Handicraft sector is no exception. There's a growing consumer appetite for eco-friendly and sustainable products, fueled by an increased awareness of environmental issues and a desire for responsible consumption. Handicrafts made from natural materials, which minimize environmental impact, are seeing a surge in popularity. This trend is not just a passing phase but a fundamental shift in consumer behavior expected to continue driving growth in the sector. The emphasis on sustainability aligns perfectly with the inherent nature of Handicrafts, which often use local, renewable resources and traditional techniques that have a lower carbon footprint compared to mass-produced goods.³⁸ A stakeholder narrated: *"Increasing awareness about environmental issues, climate change, and social responsibility is driving a shift towards sustainable lifestyles and consumption patterns. Handicrafts align with the principles of sustainability, offering consumers an ethical choice that supports local communities, preserves cultural heritage, and promotes responsible consumption."*

Emergence of online retail and e-commerce channels: E-commerce platforms have opened a world of possibilities for Handicraft exporters. E-commerce is benefiting exporters with global reach and enhanced visibility through digital marketing strategies like targeted advertising and social media promotion. E-commerce has enabled many skilled artisans and hobbyists to profit from their passion and talent. Online platforms and e-commerce websites like Etsy, Folksy, Amazon Handmade, and others have helped create a viable worldwide path forward for the handmade industry. The pandemic spurred the demand for handmade goods. Online platforms have fueled much of this growth. In December 2018, Etsy, a U.S.-based online platform for artisans to buy and sell handmade goods, reported that there were 220,000 active sellers in the U.K. with a further 9,000 makers on Folksy, a U.K.-based online platform

³⁷ PWC (2021) The rise of the eco-friendly consumer, Strategy+Business publication, available at- <https://www.strategy-business.com/article/The-rise-of-the-eco-friendly-consumer>

³⁸ Tanya Sachdeva (2024) Future Of Handicrafts: Predictions And Emerging Markets, Rural Handmade Blog, available at- <https://ruralhandmade.com/blog/future-of-handicrafts-predictions-and-emerging-markets>

to purchase handcrafted gifts and original artwork, sold directly by the artists and designers who have created them.³⁹

The rise of online retail platforms and e-commerce channels has expanded market access for Handicraft products, enabling artisans to reach a wider audience globally. Online platforms provide a convenient and cost-effective way for us to showcase and sell our products, overcoming geographical barriers and connecting with consumers who value handmade, artisanal goods. Bangladesh can leverage selling through global e-commerce channels to boost exports in this sector.

Government policy interventions for upgrading Handicraft products in Bangladesh: The government of Bangladesh has declared Handicrafts as the product of the year 2024. Stakeholders believe that this declaration will create new landscapes for the Handicraft industry to grow and enhance exports. The government has already adopted various measures to improve this sector like providing financial support through Export Development Funds, Export Promotion Funds, etc. Stakeholders believe that if these efforts continue, exports of the Handicraft sector will have the opportunity to grow more.

Some other opportunities mentioned by the stakeholders include:

- Global buyers are increasingly looking to diversify their supply sources, offering an opportunity for new entrants from countries like Bangladesh to capture market share from established exporters such as China, Vietnam and India.
- Global demand for diversified Handicrafts is increasing. Handicrafts made with mixed materials may have more opportunities in the global market.
- Import is being shifted from China as all the importers are looking for options beyond China. Bangladesh may seize this opportunity provided necessary steps have been taken. However, buyers prefer compliant and certified factories for sourcing.

³⁹ The Impact of eCommerce on the Handmade Industry. Available at- <https://www.kadence.com/the-impact-of-e-commerce-on-the-handmade-industry/>

Chapter 5: Recommendations, Way Forward and Conclusion

As one of the special development sectors of the country, the Handicraft sector has impressive potential for export. Export potential can be utilized fully if the challenges or issues of this sector can be resolved through practical measures. Based on the opinions of the stakeholders, key recommendations and ways forward for leveraging export potentials of the Handicraft sector are illustrated in the following:

5.1 Recommendations

- 1. Strengthening the supply chain:** The supply chain of the Handicraft industry should be structured and organized. For instance, zone-based farming of hogla, cane, bamboo etc. can be initiated. Backward linkages may be strengthened through developing local hubs where raw materials (e.g., jute, hoglapata, rattan, okra fiber, water hyacinth (kochuripana), banana tree fibers, maize kernel etc.) will be made available for easy sourcing. Preservation system/center should be developed to preserve the raw materials throughout the year.
- 2. Establishing design centers:** Dedicated R&D centers and design hubs may be established for fostering innovation and new product, design development. Design centers would facilitate new design development and collaboration with design institutes which will foster innovative product development for the exporters. Also, design centers may help artisans develop contemporary and market-oriented products, keep the product line fresh and appealing, catering to changing consumer tastes regarding design, material, color etc. Government-supported design centers will aid exporters in enhancing their capacity to meet global demand. Design centers may be established jointly following the Public Private Partnership (PPP) model. Collaboration with globally renowned international design schools with design centers can bring new techniques and trends to local artisans. Also, the existing design center of BSCIC needs to be improved and renovated.
- 3. Developing craft villages:** Craft villages may be developed in the craft clusters including the following facilities:
 - Product quality control and development facilities
 - Permanent gallery to showcase Handicraft products
 - Trade facilitation center
 - Residential facilities for tourists, buyers and researchers.
 - Industry academia linkage and internship opportunities
- 4. Increasing access to finance:** Financial schemes like the Export Development Fund, Small Enterprise Refinance Scheme, Refinance Scheme against Term Loans to CMSMEs, etc. are available for Handicraft businesses. However, initiating special low-interest loans, simplifying the loan application process with favorable terms, promoting and easing access to Export Development Fund and Export Promotion Fund, etc. for Handicraft CSMEs may further facilitate access to finance for Handicraft businesses. Training and awareness workshops should be initiated to CMSMEs to enhance their financial literacy and knowledge to avail and utilize the financial benefits provided by the government. Also, according to the SMESPD Circular No 02, dated 05 September 2019, Bangladesh Bank has set a target that Scheduled Banks should allocate 25 percent of their loans and advances to CMSMEs by the end of 2024. In refinancing schemes, CMSMEs are considered in the same bracket which facilitate more credit disbursement to small and medium enterprises than the

cottage and micro industries. SME and micro cottage industries should be separated in the financing schemes to ensure loan disbursement to micro and cottage industries.

A list of existing financial benefits available for Handicraft businesses and smallholders is available in **Annexure-10**.

- 5. Developing compliance management capacities:** Workshop and trainings are required to prepare Handicrafts entrepreneurs for enhanced compliance after LDC graduation. A 'Handbook for The Handicraft Exporters of Bangladesh' should be developed by EPB. Also, incentives on utility bills may be provided based on the compliance management efforts and initiatives of the Handicraft manufacturers. Moreover, quality testing organizations should be strengthened to provide certification of standards that are acceptable to international buyers. Treatment plants or platforms may be developed in the Handicraft clusters.
- 6. Building capacities of the Handicraft-related workforce:** Master craftsmen may be developed through training and foreign exposure visits. Exchange of experts may be initiated among best practicing countries. Handicrafts specific technical education centers may be established. Quality control and international standards training programs should be implemented for artisans. Master craftsmen from abroad may be recruited to train local artisans. Also, local artisans should be preserved and nurtured, they should be encouraged and incentivized to pass on inherited craftsman skills to the next generation through training. Coordinated approaches for upskilling artisans should be taken, for instance, Joyeeta Foundation, SME Foundation and BSCIC may work together for the skill development of the artisans for standardizing the national heritage products. Training programs should be designed according to the differentiated needs of the local manufacturers, potential exporters and existing exporters etc.
- 7. Craft mapping:** Craft mapping needs to be done throughout the country. A database of Handicraft products and artisans may be developed. A catalog may be developed to include souvenir products and Handicraft goods of Bangladesh. The study identified some Handicraft products and their HS code, EPB, Bangladesh Bank, and NBR may work collaboratively in developing a comprehensive list of exported Handicraft products and with their HS code for providing accurate export statistics of Handicrafts.
- 8. Subsidy/Incentives:** Subsidies may be provided in backward linkages of Handicraft products. Special incentives for innovation, research & development, quality improvements and in utility expenses etc. may be provided. Moreover, incentives for new product development and export to new market may be initiated. Also, source tax and VAT should be reduced and double taxation should be eliminated for the entrepreneurs.
- 9. Export promotion for Handicraft**
 - Export readiness training programs may be initiated for transforming manufacturers into exporters.
 - Promote Bangladeshi culture and Handicrafts through international cultural festivals and diplomatic channels and enhance global awareness and appreciation of Bangladeshi Handicrafts.
 - Enhance product differentiation, and branding of Bangladeshi Handicrafts and increase collaboration with international designers for unique collections.

- Export Promotion Bureau may promote this sector through the storytelling approach of selling Handicraft products as consumers want traditional designs and materials that have a unique story behind them.
- In the international trade fairs, EPB booths may focus on showcasing certain Handicraft products to show the nation's expertise in these products.
- EPB should share information on global market trends of Handicraft products with the Handicraft exporters through seminars and website.
- Handicraft display centers may be established in the airports.
- Handicraft products should be displayed in the Bangladesh Missions abroad as is done by Iran, China, India, Vietnam etc.
- Workshops and training regarding the Handicraft products color trends and style forecasting should be initiated for meeting contemporary global demands.

10. Other recommendations

- National Handicrafts and Crafts Coordinating Council formed in 2019 should be activated to ensure that the Handicraft Policy 2015 is being implemented properly.
- The Handicrafts policy was adopted in 2015. It needs to be reviewed as about 9 years have passed.
- Policy implementation should be well coordinated among the relevant agencies of the government.
- In the next export policy, Handicrafts may be designated as one of the highest priority sectors.
- Promotional website for the Handicraft sector may be developed to promote this sector and its products to global buyers.
- Handicraft products of Bangladesh should be presented in the global online marketplace (e.g., amazon, eBay, etc.)
- A logo and slogan should be developed for promoting Handicraft sector nationally and globally, as Handicraft has been declared as the product of the year.
- The Craft Museum should be strengthened for preserving, archiving craft designs of different locations and varieties. A contemporary craft gallery may be established to showcase contemporary crafts. The archive should be digitalized as per the Handicraft policy. These designs would be shared with pupils and designers to innovate and create more new designs.
- Branding and copyrights should be well implemented for Bangladesh's Handicraft products. Brand identity for Handicraft products should be developed for branding these products globally.
- Handicraft exporters may be encouraged to get The World Fair Trade Organization's membership and certification which will increase the credential and brand value of the Bangladeshi-made Handicraft products worldwide.
- Arrangements should be made to exchange technology by developing relations with countries that are using modern technology.
- Instead of cash incentives, subsidy in other forms may be given for instance: sponsoring the travel abroad for showcasing the products or experiencing the best practices.
- Products having market demand globally need to be identified and produced. Trainings should be designated to enhance skills for producing the identified products.
- New products and designs of Handicraft products should be protected through Intellectual Property Rights (IPR).
- Wages structure in the informal sector of the Handicraft manufacturing may be fixed.

- Di Minimis range may be increased with top exporting countries through trade agreements (PTA, FTA, EPA etc.) to foster online sale of Handicraft products.
- In the FTA negotiation with potential countries, benefits for Handicrafts sector should be addressed for increasing seamless export of this sector.

5.2 Conclusion

Handicrafts have both cultural and economic importance. The significance of the Handicraft industry in the country's employment and economy is undeniable. Nurturing the sector will lead to the preservation of heritage, skill and advancement of art. Also, employment, high added value, low capital use and export potential are high in this sector. Through proper initiatives, the industry can flourish both at home and abroad. Bangladesh has a long cultural heritage of Handicraft arts and crafts and leveraging this cultural heritage, this sector can be a key sector for diversifying the country's export basket. Overcoming the challenges of the sector and capitalizing on the opportunities through the suggested interventions, this sector's sustainable growth and enhanced contribution to the country's foreign trade may be ensured.

Chapter 6: Roadmap with action matrix for mitigating challenges in the export of Handicraft products

This chapter suggests a roadmap for mitigating challenges in the export of Handicraft products and increasing the export potentials of Handicraft goods:

Objectives	Recommended Intervention(s)	Specific Action(s)	Lead Ministry/Agency	Supporting Ministries/Agencies	Timeline (In months)
1. To strengthen the supply chain of Handicraft industry	Strengthen the supply chain through zone-based farming and preservation system	<ul style="list-style-type: none"> • Initiate zone-based hogla, cane, etc. farming • Develop local hubs where raw materials (e.g., Jute, hoglapata, rattan, okra fiber, kochuripana, banana tree fibers etc.) will be made available for easy sourcing. • Preservation system/center should be developed to preserve raw materials. 	Ministry of Industries (MoI)	Bangladesh Small and Cottage Industries Corporation (BSCIC), SME foundation, Bangladesh, Banglacraft, MoWCA	18-36
2. To create a database of Handicraft products	Map all Handicraft products of the country	<ul style="list-style-type: none"> • Identify HS code of the products mentioned under National Handicraft Policy 2015 • Develop a Craft map for Handicraft Products • Develop database of Handicrafts and artisans of the country 	Ministry of Industries (MoI)	National Board of Revenue (NBR), Ministry of Commerce (MoC), SME foundation, Bangladesh Folk Art & Crafts Foundation	12-18
3. To ensure trade facilitation of Handicraft products	Developing initiatives to ease export of Handicraft products replicating RMG industry	<ul style="list-style-type: none"> • Provide bonded warehouse facilities for the export-oriented Handicraft businesses. • Exempt VAT and source tax from the export proceeds of the Handicrafts. • Exempt of import duties on capital machineries. • Ease custom procedures for Handicraft products (e.g net and gross weight problems during duty assessment) 	National Board of Revenue (NBR)	Ministry of Commerce (MoC), Trade Bodies, Banglacraft,	12-18

Objectives	Recommended Intervention(s)	Specific Action(s)	Lead Ministry/Agency	Supporting Ministries/Agencies	Timeline (In months)
4. To ensure adequate funds and accessibility of funds	Set up special funds by financial institutions to lend at concessional rates	<ul style="list-style-type: none"> • Establish credit facilities that offer conditional finance at concessional rates for meeting objectives such as Export, value chain upgradation, women employment etc. • Allocate Export Development Funds for Handicraft Sector • Reduce bank interest rate for the manufacturers. • Develop own SME credit scoring models by commercial banks based on international standards and Bangladesh Bank guidelines. • Initiate specialized loan with low interest rate 	Financial Institutions Division (FID)	Bangladesh Bank (BB), SMEF, Various Commercial Banks.	12-18
5. To declare as a “Thrust Sector” and provide development incentives	Provide different revenue and financial incentives for Handicraft manufacturers and Exporters (some till LDC graduation)	<ul style="list-style-type: none"> • Increase cash incentives on export till the LDC graduation period. • Take measures to include safeguards for domestic Handicrafts in the import policy and special incentives in the export policy • provide duty exemption facility on imported capital machinery to ensure development of Handicrafts sector. • Provide cash assistance instead of duty-draw back like in the domestic textile sector and garment industry. • Introduce of refinancing scheme for loans to be arranged on flexible terms with necessary grace period from state-owned banks, private banks and financial institutions for setting up Handicraft and Handicraft factories. 	Ministry of Finance	Financial Institutions Division (FID), Ministry of Commerce, Bangladesh Bank, NBR	08-12

Objectives	Recommended Intervention(s)	Specific Action(s)	Lead Ministry/Agency	Supporting Ministries/Agencies	Timeline (In months)
6. To develop skilled artisans	Provide training regarding design, product development, quality control, marketing and export	<ul style="list-style-type: none"> • Provide training to increase the productivity and efficiency of Handicraft producers, designers including small ethnic group Handicraft producers • Creating mentoring/training opportunities to provide economic security to group based and family-based artisans to be interested and be stable in their profession. • Initiate vocational academic training in the country under government and private sponsorship to create artisan apprentices with a view to inculcating interest in hereditary knowledge. • Provide training on new designs, colors, etc. of local Handicraft products in light of global market demand appointing local and foreign consultants. • Organize workshops to increase the knowledge of entrepreneurs and exporters about the tastes, religion, culture, ethnic groups etc. • Provide trainings on productivity enhancement, value addition, adherence to product standards in the Handicrafts sector. • Provide training in product quality development and control to stay competitive in the domestic and foreign markets. • Hire master craftsmen from abroad to train local artisans on global design trends 	Ministry of Industry (MoIND)	Bangladesh Small and Cottage Industries Corporation (BSCIC), National Skills Development Authority (NSDA) Technical Education centres	12-24

Objectives	Recommended Intervention(s)	Specific Action(s)	Lead Ministry/Agency	Supporting Ministries/Agencies	Timeline (In months)
		<ul style="list-style-type: none"> Initiate foreign exposure visit facilities for the local artisans 			
7. To develop craft village to manufacture, display and market Handicraft products	Establish Craft village in product-based areas to facilitate ensuring product quality and providing assistance for development	<ul style="list-style-type: none"> Identify and recognize existing as well as almost extinct Craft Villages of the country and provide special assistance for the development and revival of these villages. Ensure product quality control and development facilities Establish permanent gallery to showcase Handicraft products Introduce trade facilitation center Ensure residential facilities for the tourists, buyers and researchers. Provide Internship opportunities 	Ministry of Industries	Ministry of Cultural Affairs, Bangladesh Small and Cottage Industries Corporation (BSCIC), SMEF, BANGLACRAFT, Bangladesh Tourism Board, MoWCA	12-18
8. To develop design capacity of the Handicraft sector	Develop National Handicrafts Product Development and Design Centre	<ul style="list-style-type: none"> Accelerate land acquisition for the Design Centre Provide a) hand product-based development research; b) education in design; c) design development; d) design resource collection and technical arrangement and package design through National Handicrafts Product Development and Design Centre Conduct research and provide global demand-based design information to the Handicraft designers, manufacturers and exporters. Develop common facility centers. 	Ministry of Industries	Bangladesh Small and Cottage Industries Corporation (BSCIC)	12-18

Objectives	Recommended Intervention(s)	Specific Action(s)	Lead Ministry/Agency	Supporting Ministries/Agencies	Timeline (In months)
9. To increase export potential of the Handicraft sector	Facilitate export opportunities for artisans	<ul style="list-style-type: none"> • Organize workshop to create export awareness of Handicraft products. • Encourage and facilitate Handicraft producers to attend and showcase their products in international relevant fairs. • Empower recognized trade bodies related to Handicrafts to certify the country of origin. • Introduce Export Credit Guarantee Scheme and Export Promotion Fund for Handicraft exporters. • Increase the e-commerce competence of Handicrafts exporters. • Showcase Handicraft products in Bangladesh missions abroad • Promote Handicraft goods through the commercial councilors • Establish Handicraft display centers in the airports 	Ministry of Commerce	Export Promotion Bureau (EPB), Finance Division, BANGLACRAFT and other Business Associations, Ministry of Foreign Affairs (MoFA)	18-24
	Encourage product and market diversification	<ul style="list-style-type: none"> • Offer special scheme of incentives for exporting existing Handicraft products to new markets. • Offer special scheme of incentives for exporting new Handicraft products to new or existing markets. 	Ministry of Commerce (MoC)	MoIND, FD, NBR, BB, EPB, Business Associations	18-24

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Annexure 1: KII questionnaire

KII Questionnaire

Export Potential of Handicraft Sector: Challenges and Way Forward

A Study of Ministry of Commerce, Government of the People's Republic of Bangladesh
Implemented by Bangladesh Foreign Trade Institute (BFTI)

Confidentiality Statement:

The purpose of this study is to explore the export potential and challenges of the Handicraft sector of Bangladesh. **Ministry of Commerce, Government of the People's Republic of Bangladesh** has entrusted BFTI for conducting the study. Participation of the respondents is voluntary and the responses to the questionnaire are expected to reflect the knowledge and experience of them in the relevant field. Information and opinion received from their responses will exclusively be used for this study purpose. BFTI is strongly committed to maintaining the anonymity and confidentiality of the information provided by the informants.

1.1. Name of respondent:

1.2. Designation:

1.3. Name of organization:

1.4 No. of Employees of your organization (please mention the number):

Number of Male employees:
Number of Female employees:

1.5 Organization Type:

- Manufacturer
- Exporter
- Local Trader
- NGO
- Others

1.6 Address of organization:

1.7 Mobile number:

1.8 Email address:

1.9 Annual Revenue of the Company:

1.10 Number of Lead Designers:

1.11 Qualification of Designers:

1.12 Date of Establishment (firm age):

1.13 Engagement in the Export Business (year):

1.14 Trainings provided to the employees (if any):

1. In the Export Policy 2021-24 and National Industrial Policy (2022), Handicraft sector has been considered as one of Special Development Sector with a view to strengthening the export base of this sector. Which of the following are competitive advantages of the Bangladesh's Handicraft sector? (*You may choose more than one option*)

- Strong cultural heritage
 - Skilled artisans and craftsman
 - Competitive labor Force
 - Lower price of the product (Price competitiveness)
 - Quality of the product
 - High production efficiency
 - Product Innovation
 - Other (Please specify):
2. Export Promotion Bureau (EBP) Bangladesh's export data shows that Handicrafts sector is experiencing continuous positive growth. Over the last 5 years this sector has seen CAGR of 8.3%. In FY 2022-23 export earnings from this sector amounted to 29.75 million USD. In this prospective how much average annual growth are you expecting in this sector for next 5 years?
- More than 25%
 - 15-25%
 - 5-15%
 - Below 5%
 - Others (Please specify):

2.1 Please explain the reason(s) behind your selection
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3. According to the Export Promotion Bureau (EBP) Bangladesh, Handicrafts exports are considered under HS Code Chapter 46 (Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork). However, Bangladesh Handicraft industries are making Handicrafts including textiles, metal works, jewelry, woodworks, cane and bamboo works, and clay and pottery along with jute and leather products etc. **Please mention Bangladesh's most exported Handicraft products.** (You may select more than one option, Kindly mention HS code of the products if possible)
- Woven products (Banarasi saree, Jamdani saree, Tangail saree, other woven products etc.)
 - Textile products (such as Nakshi kantha, bags, bed covers, cushion covers, wall mat etc.)
 - Leather products (bags, purse, belts etc.)
 - Wooden products (such as housewares, vases, trays, photo frames)
 - Bamboo products (such as baskets, flutes, vases, toys etc.)
 - Rattan products (such as: Wraps, Chairs, Tables, Rattan Furniture, etc.)
 - Pottery (such as housewares, showpieces, clay toys, vases, flower tubs, ashtrays, pencil holders etc.)
 - Wax products (such as birthday candles, wax dolls, show-pieces etc.)
 - Jute products (such as Bags, Wall mats, Carpets, Baskets etc.)
 - Mixed items (eg: Jute-Leather Baskets, Bags, Sandals, Shoes, Ladies' Purses)
 - Shell art (such as necklaces, earrings, bangles, bangles etc.)

- Metalwork (such as: tins, brass and brass articles, utensils, buttons etc.)
- Puppet products (like: Puppets made of cloth, wood, clay and paper etc.)
- Handmade paper (such as handmade board, show-piece, birthday, new year, invitation card etc.)
- Ornaments (such as gold and silver chains, bangles, neck bones, nose flowers, anklets, bracelets etc.)
- Fiber products (such as coconut show-pieces, ropes and nets, coir nets, coir ropes etc.)
- Foliage products (such as: Hoglapata, palm leaves, reeds, kachuripana, date leaves etc.)

2.1. Please identify which of the following raw materials are mostly used for producing Handicrafts products (*You may select more than one option*):

- Cotton
- Jute
- Leather
- Hogla, Sea Grass, Palm Leaf, Rattan, Typha, Date Leaf etc.
- Terracotta Clay
- Handmade paper
- Wood
- Bamboo and cane
- Ceramic
- Coir & Hemp
- Metal
- Others ____ (please specify)

4. According to EPB, in FY 2022–2023, export of Handicrafts products (Chapter 46) of Bangladesh was amounted to USD 29.75 million. Export data shows that Handicrafts sector is experiencing continuous positive growth except in FY2022-23. Please identify some of the Handicraft products with high potential in global market: (*You may select more than one option*):

- Woven & Textile products
- Leather products
- Wooden products
- Bamboo products
- Rattan
- Pottery
- Wax products
- Jute products
- Shell art
- Metalwork
- Handmade paper
- Ornaments
- Fiber products
- Foliage products
- Others ____ (please specify)

5. According to the EPB Major export destinations of Handicrafts products of Bangladesh include: United States, Netherlands, Spain, Turkey, Great Britain, Australia, Poland, Germany, France and Sweden. Please identify most potential markets for Bangladesh's Handicrafts products from the following key importers of Handicrafts: *(You may select more than one option):*

- United States
- Germany
- France
- United Kingdom
- Spain
- Netherlands
- Japan
- Hong Kong
- Others ____ (please specify)

6. Handicrafts have been making a special contribution to the national economy since the 1970s as a tool for the development of Bangladesh's tradition, culture and poverty alleviation. Millions of artisans at the village level are involved in this sector and their livelihood is earned through craftsmanship. Please identify key **strengths** of this sector. *(You may select more than one option):*

- Inherited craftsmanship
- Availability of variety of raw materials
- Availability of talented designers
- Availability of Creative and innovative skills
- Ability to produce unique, customized products
- Traditional crafts villages
- Govt. Support agencies and NGOs
- Availability of training centers for artisans
- Ready access to technical assistance and business development services.
- Others (Please Specify)

6.1 Please explain the reason(s) behind your selection

7. The global Handicrafts market has been up surging, due to the increasing interest of people in environment safety, art and culture. In the recent times a large number of micro and small enterprises have evolved in this sector specially in the developing countries, where artisans from poor communities are involved in the creation of Handicrafts. Please identify key export **opportunities** of this sector. *(You may select more than one option):*

- Traditional and modern skilled and trained Handicraftsmen in the country.
- Global and local market demand for handmade crafts.
- Government policy interventions for upgrading Handicraft products in Bangladesh

- Prevailing trend for locally made and Eco-friendly products.
- Availability of donor funds for the development of Handicrafts.
- Artworks are globally valued on humanitarian grounds
- Emergence of online retail and e-commerce channels
- Global trend for sustainable lifestyles
- Others (Please Specify)

7.1 Please explain the reason(s) behind your selection

8. EPB Export data shows that Handicrafts sector is experiencing continuous positive growth except in FY2022-23. This sector is encountering numerous internal and external challenges and yet to see the sustainable export potential. Please identify some of the key **internal challenges (weaknesses)** limiting the export potential of this sector. (*You may select more than one option*):

- Lack of raw materials
- Lack of access to finance
- Shortage of skilled Artisans
- Insufficient cash incentives
- Lack of infrastructure, storage and transportation facilities
- Lack of R&D or design center for this sector
- Lack of strategic focus for the sector
- Insufficient linkage between local and global market.
- Lack of Government support and interventions
- Others (Please Specify)

8.1 Please explain the reason(s) behind your selection and suggest way forwards to overcome the challenge(s)

8.2 Please identify some of the key **External challenges (Threats)** limiting the export potential of this sector. (*You may select more than one option*):

- Global market competition (From top exporters like China, India)
- Low-cost substitute products in the market.
- Soaring cost of raw material and scarcity
- Lack of country branding
- Lack of promotion of Handicraft products in the global market.
- Others (Please Specify)

8.3 Please explain the reason(s) behind your selection and suggest way forwards to overcome the challenge(s)

9. The global Handicrafts market size was estimated at USD 678.24 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 4.7% from 2023 to 2030. **Please describe some initiatives that can be adopted for facilitating export of Handicrafts goods.**

Ans:

10. The Government has announced Handicrafts as the "Product of the Year 2024" for special attention to this sector. **Please describe some of the government policy supports and interventions to strengthen this sector and increase its export potentials.**

Ans:

Annexure 2: List of participants in KII

List of participants in KII

Sl.	Name	Designation	Organization	Phone Number	Interview Method
1.	Mairukh Ahsan	Director	San Trade Ltd.	01711522624	Written answer
2.	Md.Abdul Momen	Associate Professor	Department of Craft, Faculty of Fine Art, University of Dhaka	01556301551	Face to Face
3.	Seema Bose Adhara	Director	Jute Diversification Promotion Centre (JDPC) Ministry of Textiles & Jute	01761443322	Written answer
4.	Sabuj Das	Assistant Manager	Joyeeta Foundation	01303203546	Written answer
5.	AHM BADAL	Managing Director	BUNON KUTIR LIMITED	01772824631	Telephone/Zoom
6.	Mir Ashraf Ali	CEO	Scintilla	01819268977	Written answer
7.	Shohelee Najneen	CEO	Artefact	01712174109	Face to Face
8.	Tania Islam	Deputy Secretary	Ministry of Commerce	01713199814	Face to Face
9.	Nasrin Akter Mila	CEO	The Magnets	01737102497	Face to Face
10.	Md Masudur Rahman	Assistant General Manager	SME Foundation	01715783408	Written answer
11.	Tanjina Rais	First Secretary	NBR		Google Form
12.	Rahul Halder	Manger - Export	Rishilpi Handicrafts Ltd	01711 106679	Telephone/Zoom
13.	Md Mynul Haque	General Manager	Thanapara Swallows Development Society	01716113809	Telephone/Zoom
14.	Mohammed Shahjalal	Director (Commodities)	Export Promotion Bureau	01914-758191	Written answer
15.	Md. Shah Jalal	Secretary	BANGLACRAFT	01710269359	Face to Face
16.	Mr. Masum Ibnul Haque	General Manager	Saidpur Enterprise (Nilphamary)	01817535514	Telephone/Zoom
17.	Shagufta Iqbal	Joint Director	Bangladesh Bank	01716007751	Written answer
18.	Ms. Moumita Haldar	Assistant Director	EPB	01776381433	Face to Face
19.	Uzzal Theo. Corray	Deputy Director	CORR The Jute Works	01712549536	Written answer
20.	Mr. Minto Marak	Merchandiser	Heed Handicrafts	01713276499	Written answer

Annexure 3: List of participants in FGD

List of participants in FGD

Sl.	Name & Designation	Organisation
01	Mr. Md. Rahat Uddin Chief Designer (In Charge), Design Centre	Bangladesh Small and Cottage Industries Corporation (BSCIC)
02	Ms. Sultana Yeasmin Manager	Small & Medium Enterprise (SME) Foundation
03	Mr. Mairukh Ahsan Director	San Trade Ltd.
04	Ms. Shohelee Najneen CEO	Artefact
05	Mr. Rafiqul Islam Mithil Program Manager	BANGLACRAFT
06	Mr. Uzzal Theotonious Corraya Deputy Director	CORR-The Jute Works
07	Ms. Shagufta Iqbal Joint Director (FEPD)	Bangladesh Bank
08	Ms. Sadia Sobhan Deputy Director (FEPD)	Bangladesh Bank
09	Mr. Sabuj Das Assistant Manager (Craft)	Joyeeta Foundation
10	Ms. Kohinoor Yeasmin CEO	TARANGO
11	Mr. Md. Abdul Momen Associate Professor, Department of Craft, Faculty of Fine Art	University of Dhaka
12	Mr. Mir Ashraf Ali CEO	Scintilla
13	Ms. Moumita Halder Assistant Director (Policy and Planning Division)	Export Promotion Bureau
14	Mr. Minto Marak Merchandiser	Heed Handicrafts Bangladesh

Annexure 4: Proceedings of FGD

Focus Group Discussion (Proceedings)

on

Export Potential of Handicraft Sector: Challenges and Way Forward

Ministry of Commerce

Date: 23 May 2024, Time: 2.30 PM

Venue: Conference Room, BFTI

Organized by: Bangladesh Foreign Trade Institute (BFTI)

Introduction

Bangladesh Foreign Trade Institute (BFTI) organized a Focus Group Discussion (FGD) on the study titled "Export Potential of Handicraft Sector: Challenges and Way Forward" Initiated by the Ministry of Commerce, government of the people's republic of Bangladesh. on 23 May 2024 at 2.30 pm in Conference Room of the BFTI, Dhaka. Dr. Md. Jafar Uddin, CEO, BFTI and Team Leader of the study presided over the FGD as the Chairperson. Mr. Md. Obaidul Azam, Director, BFTI and Deputy Team Leader of the study delivered the welcome remarks and moderated the Focus Group Discussion Session. Participants from public, private sector and academia attended the discussion session.

Summary of the opening session

Mr. Md. Obaidul Azam, Director, BFTI welcomed the participants and shared the background of the study. He remarked that the government of Bangladesh had announced Handicrafts as the "Product of the Year 2024" to accord special attention to this sector and this study will explore the export potentials and challenges of the sector for its overall development.

Dr. Md. Jafar Uddin, Chief Executive Officer (CEO), BFTI, Chairperson of the FGD thanked Ministry of Commerce for entrusting BFTI to conduct this study. He also expressed his heartfelt gratitude to the participants of this FGD for attending this workshop. He remarked that the insights of the participants would be very crucial for making this study more rigorous and stakeholders should provide their opinions spontaneously.

Open Discussion

After detailed discussions, following insights were generated from the participants of the FGD:

a. Mr. Mairukh Ahsan, Director, San Trade Ltd.

1. Bangladesh manufactures and exports various Handicraft products made of Hoglapata, palm leaves, date leaves, jute, rattan etc.
2. Financial issues hinder smooth export of Handicraft products. For instance, Payment terms used to be easier, as 50% advance payment would be received from buyers. But now there is less opportunities for advance payment since Telegraphic/Telephonic Transfer (TT) includes 90 days term and lead time for product delivery is lengthy. With the long lead time for delivery issues, receiving payments from the buyers is becoming time consuming and capital is being tied up which limits production. So, meeting orders of another buyer becomes difficult when payment of first buyer is not cleared.
3. Incentives of this sector used to be 20% which was reduced to 10% and now it's 8%. Also, process of getting incentives is not so easy since it requires more documents than submission of Exp. Form to the bank.

4. Bank interest rate is higher, which is 14% now and 4-5% rate would be better for the SME Handicraft sector.
5. Incentives will not last for years, so alternative supports should be provided in this sector.
6. Raw materials of Handicrafts often lack quality which makes it difficult to meet product quality of competitors. For instance, cane and rattan products have less competitiveness in global market due to quality issue.
7. Hogla pata and Chon (Sungrass) products have good prospect in the global market. However, there are shortage of supply of Hogla pata. In this regard, Hogla farming can be initiated. Backward linkage for Handicraft sector should be considered.
8. VAT/Tax exemption from the Handicraft products should be extended.
9. In the international trade fairs, EPB booths may focus on showcasing certain Handicrafts products to show the nation's expertise in these products.
10. Handicrafts are sold on piece quantity instead of weight. However, Net and gross weight discrepancy increases business time and cost. NBR should adopt a policy addressing acceptable weight discrepancies.

b. Mr. Rafiqul Islam Mithil, Program Manager, BANGLACRAFT

1. There is no sector promotional website for the Handicraft sector which may be developed to promote this sector and its products to the global buyers.
2. Craft mapping and HS code wise Handicraft product classification is needed to facilitate export.
3. There is no provision for Handicraft sector in EPZ, however, some initiatives may be taken for this sector in Bangladesh's Economic Zones by BEZA.
4. Craft villages may be developed for promoting and strengthening Handicrafts sector.
5. R&D incentives may be provided and R&D centres for this sector may be established.
6. India and other top Handicraft exporters country's initiatives may be considered for strengthening Bangladesh's Handicraft sector.
7. Change of experts may be initiated among countries to develop master crafts and skilled personnel in this sector.
8. Handicrafts specific technical education centres may be established, or it may be added as vocational and technical subject in the curriculum.
9. SME foundation mostly works with local Handicraft manufacturers and exporters are often ignored. Export readiness training programs may be initiated for converting manufacturers into exporters.
10. Technical knowledge development initiatives should be taken for increasing productivity of the craftsmen.

c. Ms. Kohinoor Yeasmin, CEO, TARANGO

1. SME foundation and other supporting agencies (banks, NGOs etc.) should work collaboratively to assist manufactures and exports of this sector.
2. Initiatives should be taken by the SME foundation or other relevant agencies to screen out the Handicraft manufacturers who have the potentials for export. An exporter pool may be created in this regard for providing extensive export trainings to those manufacturers.
3. Bangladesh lacks expertise on product development, design and colour trend to meet global demand (eg. Colour for summer, winter etc.)
4. Global demand for diversified Handicrafts is increasing, Handicrafts made with mixed materials may have more opportunities in global market.

5. Global demand for Handicraft products made of natural fibre is increasing. Natural fibres of the country like oca fibre, jute fibre etc. should be utilized. R&D is required for finding out what other natural fibres can be used in production.
6. Exposure visits may be arranged for the local craft exports for enhancing knowledge and expertise.
7. Art Colleges should have collaboration with Handicraft manufacturers for industry-academia linkage and ensuring innovations.
8. EBP should arrange B2B meetings opportunities for promoting this sector globally.
9. EBP may promote this sector through storytelling approach of selling Handicraft products.

d. Ms. Shohelee Najneen, CEO, Artefact

1. Products like Nakshikatha have demands in the global market. These products are adapted to the European or other market design demand.
2. Products considered as Handicrafts should be well defined specifying HS codes, material usage etc.
3. In case of Handicrafts made of mixed raw materials, determining HS code of the product becomes difficult. A rule should be developed in this regard.
4. Bangladesh may follow India's Handicraft product HS codes for considering products as Handicrafts.
5. A designated help centre for facilitating export of Handicraft products may be established jointly following PPP model.

e. Mr. Uzzal Theotonious Corraya, Deputy Director, CORR-The Jute Works

1. EPB should share information on global market trend of Handicraft products with the Handicraft exporters.
2. Handicraft exporters may be encouraged get The World Fair Trade Organization's membership and certification.
3. Local craftsmen should be identified and their skills should be engaged in export-oriented Handicraft product manufacturing.

f. Mr. Sabuj Das, Assistant Manager (Craft), Joyeeta Foundation

1. Rural artisans and craftsperson are not well educated and lack knowledge on bank loans or export potentials. Easy bank loan and export knowledge building programs may be initiated for them.
2. Special loan facilities should be provided to exclusively to the Handicrafts sector.
3. Cultural heritage products declared by UNESCO (Sheetal Pati, Jamdai etc.) should be promoted for export.
4. Processing raw materials for manufacturing Handicrafts products takes much time. R&D should be applied here to reduce this time and increase production efficiency.
5. Local hubs should be developed where raw materials (e.g., Jute, hoglapata, rattan etc) will be made available for easy sourcing.

g. Mr. Md. Rahat Uddin, Chief Designer (In Charge), Design Centre, Bangladesh Small and Cottage Industries Corporation (BSCIC)

1. A logo and slogan should be developed Handicraft sector for its national and global promotion, as Handicraft has been declared as the product of the year.
2. Handicraft products of the Bangladesh should be presented in the global online marketplace (e.g., amazon, eBay etc.)
3. Local artisans, Handicraft experts should be developed, nurtured and engaged, and their skills should be enhanced by foreign exposure visits

h. Ms. Sultana Yeasmin, Manager, Small & Medium Enterprise (SME) Foundation

1. Handicraft clusters may be provided special low interest loan facilities.
2. Common Facility Centres may be established for the Handicraft sector.
3. Product development research for product diversification should be initiated, SMEF may work in this regard.

i. Ms. Shagufta Iqbal, Joint Director (FEPD), Bangladesh Bank

1. Handicrafts Exporters are not well aware of financial supported by the government and Bangladesh bank. They can avail information just by calling the helpline of the Bangladesh bank.
2. Special loan provision to SMEs, EDF loans, start-up, fund skill development training for entrepreneurs etc. many financial provisions and initiatives can be leveraged to improve Handicraft sector's export potential.
3. 2017 (18) FE circular and 2020 (52) FE circular facilitated foreign transaction in ecommerce if an exporter/seller has own website and provide card payment system. The seller can deliver products via UPS or FedEx with 5000 USD advance payment and 500 USD cash on delivery system.
4. Best 3 exporter countries' policy initiatives/success stories may be reflected in the study report.

j. Mr. Md. Abdul Momen, Associate Professor, Department of Craft, Faculty of Fine Art, University of Dhaka

1. Artisans, craftsperson should be recognized, valued for their arts, works and creations.
2. Bangladesh should produce own generic Handicrafts instead of copying other countries' products.
3. Branding and copyrights should be well implemented for Bangladesh's Handicraft products.
4. Own brand identity for Handicrafts products should be developed for branding these products globally.
5. Besides developing craft village, Craft museums should be established for preserving, archiving craft designs of different locations and varieties. These designs would be shared with pupils and designers to innovate and create more new designs.
6. Crafts sector has yet to seen any robust researches. This sector is in dire need of more research and innovation.

7.

Annexure 5: Participants of the validation workshop

Participants of the validation workshop

Sl.	Name & Designation	Organisation
1.	Ms. Shohelee Najneen CEO	Artifact
2.	Ms. Sultana Yeasmin Manager	Small & Medium Enterprise (SME) Foundation
3.	Ms. Shahnaz Parveen Managing Director	Palli Crafts Ltd.
4.	Ms. Helena Nazneen Zobaida Part-Time Teacher Department of Craft, Faculty of Fine Art	University of Dhaka
5.	Ms. Konioor Yeasmin CEO	Tarango
6.	Mr. Md. Sarowar Hossain Stenographer cum computer operator/PA	Bangladesh Folk Art & Crafts Foundation
7.	Mr. Md. Mahbubur Rahman First Secretary (Customs: Export, Bond & IT)	NBR
8.	Mr. Md. Kamal Ataher Hossain Deputy Secretary (SME & BITAC)	Ministry of Industries
9.	Ms. Munia Chowdhury Senior Assistant Secretary	Ministry of Women and Children Affairs
10.	Kazi Monir Uddin Assistant Chief	Bangladesh Trade & Tariff Commission
11.	Dr. Mohammad Mahbubur Rahman Deputy Secretary (FTA-5)	MoC (FTA Wing)
12.	Ms. Zannatul Ferdous Deputy Secretary (WTO-3)	MoC (WTO Wing)
13.	Md. Aminul Islam Deputy Secretary	Finance Division
14.	Mr. Amit Chakraborty Production Manager	Crafts Villages Ltd
15.	Mr. A.K.M. Fazlur Rahman Assistant Chief Designer	BSCIC
16.	Ms. Mahmuda Sultana Proprietor	Unique Handicrafts Ltd.
17.	Mr. Ashik Mahmud Programme Officer	Metropolitan Chamber of Commerce & Industry (MCCI)
18.	Mr. Md. Shamch Tibrees Bhuiyan Joint Director	Bangladesh Bank
19.	Mr. Abdur Rahim Director	BIDA
20.	Mr. Ibrahim Khalil Chairman, digital polli	e-CAB
21.	Mr. Abdur Rahman Chairman, Member Affairs	e-CAB

Sl.	Name & Designation	Organisation
22.	Ms. Quazi Sabnam Proprietor, Naishargik	Bangladesh Women Chamber of Commerce and Industry (BWCCI)
23.	Mr. Minto Marak Merchandiser	Heed Handicrafts Bangladesh
24.	Ms. Hosneara Nuri Vice chairman, Member Affairs Standing Committee, e-CAB & CEO	Jamdani Xpress
25.	Mr. Vashkor David Costa Sr. Officer, Marketing	CORR The Jute Works
26.	Mr. Rafiqul Islam Mithil Program Manager	Banglacraft
27.	Mr. Chandra Shekhar Shaha, Senior Consultant, Crafts & Design	Aarong
28.	Mr. Tamjid Bin Anis Deputy General Manager, E-Commerce	Aarong
29.	Ms. Sheema Chakma Executive	FBCCI
30.	Mr. Sabuj Das Assistant Manager (Craft)	Joyeeta Foundation
31.	Mr. Aninda Das Assistant Director(admin)	Export Promotion Bureau (EPB)
32.	Kazi Shahab Uddin Chairman	Banglacraft
33.	Mr. Md. Mahan Mia Asst. Executive Secretary (SME development)	DCCI
34.	Ms. Amerima Jahangir Assistant Secretary	MoFA
35.	Mr. Md. Rashedul Karim Munna Managing Director	FBCCI
36.	Mr. Md. Nazrul Islam Commercial Manger	ASK Handicrafts ltd.
37.	Mr. Taibul Hasan Khondaker Proprietor	Swajan Crafts

Annexure 6: Proceedings of validation workshop

Validation Workshop Proceedings on

'Export Potential of Handicraft Sector: Challenges and Way Forward'

Date: 10 June 2024, Time: 10.00 AM

Venue: Academic Block, BFTI, TCB Bhaban (5th Floor),
1 Karwan Bazar, Dhaka

Initiated By: Ministry of Commerce

Organized by: Bangladesh Foreign Trade Institute (BFTI)

Introduction

Bangladesh Foreign Trade Institute (BFTI) organized a Validation Workshop for the study on 'Export Potential of Handicraft Sector: Challenges and Way Forward' under Ministry of Commerce on 10 June 2024 at 11.00 am at BFTI Academic block.

Dr. Md. Jafar Uddin, Chief Executive Officer (CEO), Bangladesh Foreign Trade Institute (BFTI) graced the Validation Workshop as the Chief Guest.

Mr. Md. Obaidul Azam, Director, BFTI presided over the Validation Workshop as the Chairperson.

Mr. Mohammad Navid Safiullah, Additional Secretary, Export Wing, Ministry of Commerce attended as a Special Guest of the Stakeholder Consultation

Mr. S. U. Haider, President, Bangladesh Handicrafts Manufacturers and Exporters Association-BANGLACRAFT and **Mr. Md. Rashedul Karim Munna**, Chairman, FBCCI Standing Committee on Handicrafts, Handloom, Cottage Industries, Ethnic and Tribal Products attended the program as discussants.

The Keynote Presentation was delivered by **Mr. Md. Julfikar Islam**, Research Manager, BFTI.

Summary of the Opening Session

Mr. Md. Obaidul Azam, Director, BFTI and Chairperson of the Validation Workshop welcomed the guest and shared the background of the study, including the process on how data was collected and draft report was prepared in consultation with relevant stakeholders. He informed that stakeholder's opinions collected through FGD and KIIs were taken into consideration while preparing strategic recommendations and potential product list in the study. He also highlighted that, the study welcomes suggestions and feedback for the further improvement of the study.

Mr. Mohammad Navid Safiullah, Additional Secretary, Export Wing, Ministry of Commerce and Special Guest of the Validation Workshop thanked BFTI for organizing the event. He mentioned that, according to the Election Manifesto the export diversification needs to be augmented. In order to do so the sector must be mapped well. The Deputy Commissioners are asked to identify the potential products in their districts. Currently there is limited diversity in the design of the products. There is limited opportunity for Research and Development. The opportunity must be increased.

Dr. Md. Jafar Uddin, Chief Executive Officer (CEO), BFTI Chairperson of the Validation Workshop thanked Ministry of Commerce for entrusting BFTI for conducting the study. He also expressed his gratitude to the participants for attending this program. He mentioned that, it is commonly said that, due to a strong demand for the Handicrafts there has always been a positive impact of the sector on the economy. The sector would be improved a lot if there is an arrangement of designated zones for the raw materials.

Panel Discussant, Mr. S. U. Haider, President, Bangladesh Handicrafts Manufacturers and Exporters Association-BANGLACRAFT

- The concept of Handicrafts is not clear to many policy implementers. Those who implement the policy consider this as a small sector. Handicrafts is a luxury item with some functional utility.
- About 5 million women and 2 lakh artisans are involved in the sector. It is important to see that how employment may be encouraged in the sector.
- The complexity of HS Code must be addressed based on discussion with NBR.
- If cash incentives cannot be provided in that case, there might be subsidy in other forms like: sponsoring the travel abroad for showcasing the products or watching the best practices.
- All CMSMEs do not have the capacity to finance for the R&D centers. Even the Banglacraft itself could not acquire its own land although the land was provided by the Government. The land provided by BSCIC could not be taken over due to bigger amount of down payments.
- Raw Materials need to be harvested. A lot of raw materials are being wasted. Government assistance is required for developing the raw materials hub.
- Branding and product promotion may be done through media. We must also develop the sector based promotional device as is there in India and Myanmar. There might be display center in the airport.
- Besides we also need short medium and long term plans.

Panel Discussant, Mr. Md. Rashedul Karim Munna, Chairman, FBCCI Standing Committee on Handicrafts, Handloom, Cottage Industries, Ethnic and Tribal Products

- Import is being shifted from China. All the importers are looking for the options like: China plus 1. The additional country may be Bangladesh, provided necessary steps have been taken. It depends on the buyers if the compliance certified factories will get anything.
- The definition of Cottage and Micro should be fixed. Informal sector should be included in the Handicrafts sector. Aarong could be a case study
- Human resources must be developed for compliance. It is important to train the artisans from the raw material to export and the technology to be taught to them. The trainings should be coordinated. The training should be need based as done by BITAC
- There could be an appropriate definition of the SMEs and appropriate financing schemes. Bangladesh Bank refinance scheme should be revisited
- The Handicrafts policy was adopted in 2015. It needs to be reviewed as about 9 years have passed. Policy implementation should be coordinated. RMG should be replicated in the Handicrafts sector.
- Global market demand based products need to be identified and produced. Develop demand based skill and to train based on demand driven products
- The Handicrafts clusters need to be focused.

- It is important to focus on the potential of export of recycled material based Handicrafts and work accordingly. There can be alternative use of scrap fabrics as the wastage is more in cases of the RMG sector.
- The source tax, VAT and Double taxation should be reduced for the entrepreneurs. To reduce import of the Chinese products after imposing tax
- Quality Test Organization should provide quality in the international levels
- This should be handmade and semi handmade products.

Ms. Munia Chowdhury, Senior Assistant Secretary, Ministry of Women and Children Affairs

- Joyeeta Foundation is playing a critical role in this perspective and may work a lot in this sector. The foundation is currently working on developing 28000 woman entrepreneurs.
- MoC and MoWCW may have partnership to work on the development of the design centers and supply chain.
- For the research, 20 KII is less for a research. In this perspective the sample size may be increased and the research may be redone.

Ms. Quazi Sabnam, Proprietor, Naishargik, Bangladesh Women Chamber of Commerce and Industry (BWCCI)

- Naishargik works for showcasing the rickshaw paints in national events and send abroad. It has been working in the field since 2016. But there is limited publicity.
- Branding the National Heritage is gradually being lost. Therefore, we need to work on the local heritage which is being lost.
- FBCCI needs to work on the retention of the national heritage and skill development.
- EPB may collect the demand from all the embassies.
- MoC may take steps to display the rickshaw paints in the commercial wings of the Bangladesh Missions abroad as is done by Iran, China, India, Vietnam
- Skill Development of the Workers: This is gradually being lost. Therefore, we need to work on the local heritage which is being lost.
- FBCCI needs to work on the retention of the national heritage and skill development.
- Joyeeta Foundation and SME Foundation may work together for the skill development of the workers in the sector.

Ms. Shohelee Najneen, CEO, Artifact

- She asked a question about the salary of the workers can be brought under any structure or not. She was also curious whether upskilling of the workers will lead to a raise in their pay or not.

- In order to ensure the supply of raw materials she underscored on cultivating the raw materials like: bamboo. She also considered that, digging ponds is necessary because the color of the jute fiber may degrade because of the water quality.

Ms. Sultana Yeasmin, Manager, Small & Medium Enterprise (SME) Foundation

- Since digging new pond is prohibited now while LE sector has invented a machine which can be used to unpeel the jute sticks without harming the quality of the raw jute

Mr. Ibrahim Khalil, Chairman, Invent Craft

- At present a lot of designs being invented but the designs get copied when they are advertised in social media. Therefore, they must be protected from getting copied. The copyright issues must be solved.
- On the other hand, the import of the Chinese crafts is another major threat for the country. Therefore, strategies must be crafted on how can the import of China should be reduced
- There can be arrangements for displaying the products in the central display center as is done by the JDPC.
- There may be an arrangement for strengthening the issue of establishing the Craft Museum and Contemporary Craft Gallery.

Ms. Konioor Yeasmin, CEO, Tarango

- It is important to identify the potential clusters and provide support for export.
- The natural fiber based semi handmade and handmade Handicrafts have more potential than others
- Demand based summer and winter color trend may be fixed
- There could be separate trainings for the local manufacturers, potential exporters, existing exporters

Ms. Helena Nazneen Zobaida, Part-Time Teacher and Department of Craft, Faculty of Fine Art, University of Dhaka

- Worker and Designers are two types. Therefore, there may be a separate design centers for the artisans and the designers
- People are not learning the hereditary skills. As a result the generation of artisans are being lost. The family crafts are now being taught in the art colleges and universities but it is not sufficient. Therefore, the curriculum must be added to the school curriculum.
- It is important to fix the wages structure in the informal sector.
- She also underscored that, 0% waste based product manufacturing is helpful.

Mr. Chandra Shekhar Shaha, Senior Consultant, Crafts & Design, Aarong

- A plat form needs to be developed for the promotion of the export oriented industries.
- Currently, there is no treatment plant or plat form. This scope must be created.
- The banana branches may be used to manufacture mat and basket by minimizing its moisture to 0%.
- There might also be products from the waste matters of maize.

- Water Hyacinth cannot be transformed into other raw materials, therefore institutional support needs to be provided.

Mr. A.K.M. Fazlur Rahman, Assistant Chief Designer, BSCIC

- The design center of BSCIC needs to be improved and renovated. It would be great if the workers come from abroad to work on Handicrafts
- Intermediary technology needs to be adopted for gaining competitive price.

Mr. Md. Mahbubur Rahman, First Secretary (Customs: Export, Bond & IT), NBR

- Source Tax is not a big issue. There is no tax for the exporting countries.
- Based on the measurement of Gross weight and net weight issues 15% VAT needs to be paid to use the customs facility
- He mentioned that, NBR does not provide Country of Origin Certificate
- He mentioned that, Handicrafts need to be added in the last two digits.
- He mentioned that, there is bonded warehouse facility for partial export also
- He mentioned that, the Handicrafts museum needs to be established.

Dr. Mohammad Mahbubur Rahman, Deputy Secretary (FTA-5), Ministry of Commerce

- We need to focus on the strength of the high performing countries and observe the case of the low performing countries.
- There should be substantial discussion on Value Chain

Mr. Tamjid Bin Anis, Deputy General Manager, E-Commerce, Aarong

- Di Minimis problem: Aarong is currently selling its products through online sales in 6 countries. The primary customers are the NRBs residing in Canada, EU, South east Asia, North America.
- But, it is difficult to sell products in the other countries due to the Di Minimis problem.
- Therefore, we need to collaborate with the exporting countries for potential FTA/EPA for promoting export through Di Minimis exemption.

Mr. Kazi Monir Uddin, Assistant Chief, Bangladesh Trade & Tariff Commission

- We need to follow the HS code of India at least till the 6 digits.
- The change landscape needs to be identified and an action matrix needs to be developed to address the change. It is also important to include BTTC in the action plan and include CMSME in the FTA cooperation chapter.
- The protection needs to be analyzed on the import of the raw materials
- Anti Export Biases need to be addressed

Mr. Sabuj Das, Assistant Manager (Craft), Joyeeta Foundation

The products with export potential may be showcased in the embassies and international seminars

Ms. Arunima Jahangir, Assistant Secretary, MoFA

The products of the sectors could be displayed in the Foreign Missions of Bangladesh. Therefore, the name of MOFA could be included in the action plan.

Concluding Remarks by Mr. Md. Obaidul Azam, Director, BFTI

- Recommendations of the study should be developed in a way that they may work as strong reference for making a policy framework.
- The study faces challenges related to time and resources.

Annexure 7: List of Handicraft products exported from Bangladesh

List of Handicraft products exported from Bangladesh

Sl	Description of Products	HS Code
01.	Table Matt (412511)	46029000
02.	Recycle Glass Pot (622411)	46029000
03.	Table Runner (412611)	46029000
04.	Hogla Basket	46029000
05.	Jute Cotton Rug	57021000
06.	Table Mats (Cotton)	6302
07.	Jewelry Box	42022100
08.	Bird Nest	46021900
09.	Bamboo Wall Hanger	46029000
10.	Jute Bag	53101010
11.	Rope Round Fender	46029000
12.	Cotton Fish Net	46029000
13.	Jute Net	46029000
14.	Hammock	56090090
15.	Colour CBC Bag	56090090
16.	Baby Shoe	56090090
17.	Nakshi Kantha	56090090
18.	Jute Place Mat	56090090
19.	Jute & Wool Shoe	56090090
20.	Modified Emu Bird	56090090
21.	Kaisa Grass Basket / Straw	56090090
22.	Jilapi Sika	56090090
23.	Cora/ Organza Sil Scarf	56090090
24.	Swal	63.02
25.	Runner	63.02
26.	Cushion Cover	63.02
27.	Gamsa (Face Towel)	63.02
28.	Jute Cotton Bags	63.02
29.	Pets	48021900
30.	Dress + Short Dress	W 63.02
31.	Jute Bag	56090090
32.	Handicrafts Roll	56090090
33.	H. Christmas Sack	56090090
34.	Jute Net Bag	56090090
35.	Wire Ball	56090090
36.	Jute	63059000
37.	Rugs/ Mat/ Placemat/ Jute	57050000
38.	Basket/ Bowl-Sea Grass	46029000
39.	Basket –Sea Grass	46029000
40.	Basket with Rattan	46021200
41.	Cotton Basket	63059000
42.	Trivet-Jute	46019900
43.	All Handicrafts	46029000
44.	All Candles	34060000
45.	All Basket (Straw/Bamboo/Cane/Sea-Grass)	46029000
46.	All Jute (Bags/Tape/Rope)	53031000
47.	Leather	42021100

Annexure 8: List of existing manufacturers and exporters of Handicrafts in Bangladesh

List of existing manufacturers and exporters of Handicrafts in Bangladesh

Sl	Organization	Sl	Organization
1.	Karupannya Rangpur Ltd	2.	2 Z Crafts
3.	Classical Handmade Products BD	4.	Shin Trading
5.	Usha Handicrafts	6.	Versatil Pets
7.	Bengal Braided Rugs Ltd	8.	Leatherina Pvt Ltd.
9.	Swajan Crafts	10.	ECO Bangla Jute Limited
11.	J.K. International	12.	Artisan House BD
13.	Crafts Villages Ltd.	14.	Jute Land Bangladesh
15.	Taurus Limited	16.	Bangla Terracotta
17.	ARS International	18.	Oporajeo Limited
19.	Shohojogita	20.	SK Handicrafts
21.	Shovo Trade International	22.	Shafiqul Islam & Co.
23.	Prokritee	24.	Raj International
25.	BD Creation	26.	Babu Enterprise
27.	Heed Handicrafts	28.	Aachol
29.	San Trade Ltd	30.	Prime Tex BD
31.	Conexpo	32.	M/S. Craft N Inovation
33.	Maa Cottons INC	34.	Play Craft
35.	Hand Touch	36.	Trim Tex Bangladesh
37.	B M L Trading International	38.	Joypurhat Jute Composet Mill
39.	Delta Pets	40.	Bhai Bandhu Traders
41.	Weavers Bangladesh	42.	Full Fashion Handicrafts
43.	Arno Export Import	44.	Polo Epo Enterprise
45.	The Source	46.	Nature Craft Bangladesh Ltd
47.	Ask Handicrafts Ltd	48.	Bold Partners Ltd
49.	Creation (PVT) Ltd.	50.	Ideal Crafts
51.	Pebblechild Bangladesh Ltd	52.	Aurora
53.	Golden Jute Product	54.	Gondola Corporation
55.	Saidpur Enterprise	56.	RGB Jute
57.	CORR The Jute Works	58.	Crown Handicrafts
59.	Artefact	60.	Crafts Villages Ltd
61.	Mashiur Rahman & Co. Ltd	62.	Five Star Handicrafts
63.	Scintilla	64.	Artisan Villa Ltd
65.	Tarango	66.	Amor Fashion Ltd
67.	Dhaka Handicrafts Ltd	68.	ECO CRAVE LTD
69.	Md. Abdur Rahim	70.	Bunon Kutir Limited
71.	The Asian Crafts	72.	Julhas Handicrafts
73.	Desh Enterprise	74.	Palli Crafts Ltd
75.	Rishilpi Handicrafts Ltd	76.	Bangladesh Hoshto Shilpa Ekota Sheba Shongshtha (BASE)
77.	DEW Crafts	78.	Unique Handicrafts BD
79.	Urmee Enterprise	80.	Bengal Artisan
81.	Nature Works Ltd	82.	Dadabangla Natural Fiber Ltd
83.	North Bangal Handmade Products Bd		

Annexure 9: List of India's Handicraft products with HS codes

List of India's Handicraft product with HS codes

EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

LIST OF 179 ITC HS CODES

SNO	ITCHSCode	Commodity
1	33019031	Attars of all kinds in fixed oil base
2	33074100	Agarbatti and other odoriferous preparations which operate by burning
3	33074900	Other
4	34060010	Candles
5	39231020	Watch-box, jewellery box and similar containers of plastics
6	42022910	Hand bags of other materials excluding wicker-work or basket work
7	42023110	With outer surface of leather or of composition of Leather -Jewellery box
8	42023910	Other -Jewellery box
9	44141000	WOODEN FRAMES FOR PAINTINGS, PHOTOGRAPHS, MIRRORS OR SIMILAR OBJECTS - Of tropic wood
10	44149000	WOODEN FRAMES FOR PAINTINGS, PHOTOGRAPHS, MIRRORS OR SIMILAR OBJECTS -Other
11	44191900	Other
12	44199090	Other
13	44201100	Statuettes and other ornaments, of wood: Of tropical wood
14	44201900	Statuettes and other ornaments, of wood: -Other
15	44209010	Wood marquetry and inlaid wood
16	44209090	Other
17	44219160	Parts of domestic decorative articles used as tableware and kitchenware
18	46012900	Mats, matting and screens of vegetable materials -Other
19	46019900	Other
20	46021100	Of bamboo
21	46021200	Of rattan
22	46021911	Baskets
23	46021919	Other
24	46021990	Other
25	48021010	Hand-made paper -Paper
26	48021020	Hand-made paperboard
27	48237030	Articles made of paper mache other than artware and moulded or pressed goods of wood pulp
28	48239018	Products consisting of sheets of paper or paperboard, impregnated, coated or covered with plastics (including thermoset resins or mixtures thereof or chemical formulations containing melamine, phenol or urea formaldehyde with or without curing agents or c
29	56050020	Imitation zari thread
30	56050090	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal :- Other
31	58041090	Tulles and other net fabrics :- Other
32	58043000	Hand-made lace
33	58050010	Tapestries hand made or needle worked by hand, of cotton
34	58081090	Braids, in the piece :- Other

35	58090010	Zari border
36	58090090	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 5605, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included :- Other
37	58101000	Embroidery without visible ground
38	58109210	Embroidered badges, motifs and the like
39	58110010	Kantha (multilayer stitched textile fabrics in piece used for bedding, mattress pads or clothing)
40	58110020	Quilted wadding
41	61043100	Jackets and blazers :- Of wool or fine animal hair
42	61171020	Shawls, scarves, mufflers, mantillas, veils and the like :- Of wool
43	63041100	Bedspreads :- Knitted or crocheted
44	63049190	Knitted or crocheted :- Other
45	63079011	Dress materials hand printed :- Of cotton
46	63079012	Dress materials hand printed :- Of silk
47	63079013	Dress materials hand printed :- Of man-made fibres
48	63079019	Dress materials hand printed :- Other
49	63079020	Dress materials hand printed :- Made up articles of cotton
50	63079090	Dress materials hand printed :- Other
51	64032040	Kolapuri chappals and similar footwear
52	64061010	Embroidered uppers of textile materials
53	65040000	HATS AND OTHER HEADGEAR, PLAITED OR MADE BY ASSEMBLING STRIPS OF ANY MATERIAL, WHETHER OR NOT LINED OR TRIMMED
54	65050090	Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed; hair-nets of any material, whether or not lined or trimmed - Other
55	66020000	WALKING-STICKS, SEAT-STICKS, WHIPS, RIDING CROPS AND THE LIKE
56	67010010	Feather dusters
57	67029090	ARTIFICIAL FLOWERS, FOLIAGE AND FRUIT AND PARTS THEREOF; ARTICLES MADE OF ARTIFICIAL FLOWERS, FOLIAGE OR FRUIT - Of other materials :- Other
58	68022190	Others - Marble, travertine and alabaster
59	68159990	Other
60	69111011	Tableware :- Of bone china and soft porcelain
61	69111019	Tableware :-Other
62	69111021	Kitchenware:- Of Bone china and soft porcelain
63	69111029	Kitchenware:- Other
64	69119010	Toilet articles
65	69119090	Other
66	69120010	Tableware
67	69120020	Kitchenware
68	69120030	Toilet articles
69	69120040	Clay articles
70	69120090	Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china :- Other
71	69131000	Of porcelain or china

72	69139000	STATUETTES AND OTHER ORNAMENTAL CERAMIC ARTICLES:- Other
73	69141000	Of porcelain or china
74	69149000	OTHER CERAMIC ARTICLES:- Other
75	70099200	Rear-view mirrors for vehicles :- Other:- Framed
76	70132800	Stemware drinking glasses, other than of glass-ceramics :- Other
77	70133300	Other drinking glasses, other than of glassceramics :-Of lead crystal
78	70133700	Other drinking glasses, other than of glassceramics :- Other
79	70134100	Of lead crystal
80	70134900	Other glassware
81	70139100	Of lead crystal
82	70181010	Bangles
83	70181020	Beads
84	70181090	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass smallwares :- Other
85	70189010	Glass statues
86	70200011	Globes for lamps and lanterns
87	70200029	Glass chimneys :- Other
88	70200090	Glass chimneys :- Other
89	71131110	Jewellery with filigree work
90	71171100	Cuff-links and studs
91	71171910	Bangles
92	71171920	German silver jewellery
93	71171990	Other
94	71179010	Jewellery studded with imitation pearls or imitation or synthetic stones
95	71179090	Other
96	73239200	Of cast iron, enamelled
97	73239420	Utensils
98	73239490	Of iron (other than cast iron) or steel, enamelled :- Other
99	74181021	Of Brass
100	74181022	Of Copper
101	74181023	Of other copper alloys
102	74181024	E.P.N.S. Ware
103	74181031	Of E.P.N.S
104	74181039	Other
105	74198020	Articles of copper alloys electro-plated with nickel silver
106	74198030	Articles of brass
107	74198040	Copper worked articles
108	76151030	Other table, kitchen or household articles
109	76151090	Pressure cookers, solar collectors:- Parts
110	83061000	Bells, gongs and the like
111	83062190	Plated with precious metal:- Other
112	83062910	Statuettes
113	83062990	Other
114	83063000	Photograph, picture or similar frames; mirrors
115	83089020	Imitation zari spangles
116	83089031	For garments, made ups, knitwear, plastic and leather goods

117	83089039	Beads and spangles of base metal:- Other
118	92029000	OTHER STRING MUSICAL INSTRUMENTS (FOR EXAMPLE, GUITARS, VIOLINS, HARPS):- Other
119	92059010	Flutes
120	92059090	Other
121	92060000	PERCUSSION MUSICAL INSTRUMENTS (FOR EXAMPLE, DRUMS, XYLOPHONES, CYMBOLS, CASTANETS, MARACAS)
122	94033010	Cabinetware
123	94033090	Wooden furniture of a kind used in offices:- Other
124	94035010	Bed stead
125	94035090	Wooden furniture of a kind used in the bed room:- Other
126	94036000	Other wooden furniture
127	94038200	Of bamboo
128	94038900	Furniture of other materials, including cane, osier, bamboo or similar materials :- Other
129	94039100	Furniture of other materials, including cane, osier, bamboo or similar materials - Parts - of wood
130	94039900	Furniture of other materials, including cane, osier, bamboo or similar materials - Parts - Other
131	94049000	Quilts, bedspreads, eiderdowns and duvets (comforters): Other
132	94051100	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares - Designed for use solely with light-emitting diode (LED) light sources
133	94051900	Other
134	94053100	Lighting strings of a kind used for Christmas trees: Designed for use solely with light-emitting diode (LED) light sources
135	94053900	Other
136	94055000	Non-electrical luminaires and lighting fittings
137	95030010	Of wood
138	95030090	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds:- Other
139	95051000	Articles for Christmas festivities
140	95059010	Magical equipments
141	96011000	Worked ivory and articles of ivory
142	96019010	Worked tortoise-shell and articles thereof
143	96019020	Worked mother-of-pearl and articles thereof
144	96019030	Worked bone (excluding whale bone) and articles thereof
145	96019040	Worked horn, coral and other animal carving material and articles thereof
146	96019090	Other
147	96020010	Worked vegetable carving material and articles thereof
148	96020020	Moulded or carved articles of wax, stearin, natural gums and resins and other moulded or carved articles
149	96020040	Other articles of unhardened gelatin

150	96020090	Worked vegetable or mineral carving material and articles of these materials moulded or carved articles of wax, of stearin, of natural gums or natural resins or of modelling pastes, and other moulded or carved articles, not elsewhere specified or included
151	96031000	Brooms and brushes, consisting of twigs or other vegetable materials, bound together, with or without handles
152	96062200	Of base metals, not covered with textile material
153	96089910	Pen holders, pencil holders and similar holders
154	96140000	SMOKING PIPES (INCLUDING PIPE BOWLS) AND CIGAR OR CIGARETTE HOLDERS AND PARTS THEREOF
155	97012100	PAINTINGS, DRAWINGS AND PASTELS, EXECUTED ENTIRELY BY HAND, OTHER THAN DRAWINGS OF HEADING 4906 AND OTHER THAN HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES; COLLAGES, MOSAICS AND SIMILAR DECORATIVE PLAQUES Of an age exceeding 100 years -Paintings,
156	97012200	PAINTINGS, DRAWINGS AND PASTELS, EXECUTED ENTIRELY BY HAND, OTHER THAN DRAWINGS OF HEADING 4906 AND OTHER THAN HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES; COLLAGES, MOSAICS AND SIMILAR DECORATIVE PLAQUES Of an age exceeding 100 years -Mosaics
157	97012900	PAINTINGS, DRAWINGS AND PASTELS, EXECUTED ENTIRELY BY HAND, OTHER THAN DRAWINGS OF HEADING 4906 AND OTHER THAN HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES; COLLAGES, MOSAICS AND SIMILAR DECORATIVE PLAQUES Of an age exceeding 100 years -Other
158	97019100	PAINTINGS, DRAWINGS AND PASTELS, EXECUTED ENTIRELY BY HAND, OTHER THAN DRAWINGS OF HEADING 4906 AND OTHER THAN HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES; COLLAGES, MOSAICS AND SIMILAR DECORATIVE PLAQUES -Other - Paintings, drawings and pastels
159	97019200	PAINTINGS, DRAWINGS AND PASTELS, EXECUTED ENTIRELY BY HAND, OTHER THAN DRAWINGS OF HEADING 4906 AND OTHER THAN HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES; COLLAGES, MOSAICS AND SIMILAR DECORATIVE PLAQUES -Other - Mosaics
160	97019900	PAINTINGS, DRAWINGS AND PASTELS, EXECUTED ENTIRELY BY HAND, OTHER THAN DRAWINGS OF HEADING 4906 AND OTHER THAN HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES; COLLAGES, MOSAICS AND SIMILAR DECORATIVE PLAQUES -Other - other
161	97021000	ORIGINAL ENGRAVINGS, PRINTS AND LITHOGRAPHS - Of an age exceeding 100 years
162	97029000	ORIGINAL ENGRAVINGS, PRINTS AND LITHOGRAPHS :- other
163	97031010	ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL - Of an age exceeding 100 years: Of metal

164	97031020	ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL - Of an age exceeding 100 years: Of Stone
165	97031090	ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL - Of an age exceeding 100 years: Other
166	97039010	ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL - Other - of metal
167	97039020	ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL - Other - of stone
168	97039090	ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL - Other - other
169	97040010	Used postal stamp
170	97040020	Used or unused first-day covers for philatelists
171	97040090	Postage or revenue stamps, stamp-post marks, first-day covers, postal stationery (stamped paper), and the like, used or unused, other than those of heading 490 :- Other
172	97051000	Collections and collectors' pieces of archaeological, ethnographic or historical interest Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical or paleontological interest Collections and collectors' pieces of archaeologic
173	97052100	Collections and collectors' pieces of archaeological, ethnographic or historical interest Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical or paleontological interest - Collections and collectors' pieces of zoological
174	97052200	Collections and collectors' pieces of archaeological, ethnographic or historical interest Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical or paleontological interest - Collections and collectors' pieces of zoological
175	97052900	Collections and collectors' pieces of archaeological, ethnographic or historical interest Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical or paleontological interest - Collections and collectors' pieces of zoological
176	97053100	Collections and collectors' pieces of archaeological, ethnographic or historical interest Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical or paleontological interest - Collections and collectors' pieces of numismatic
177	97053900	Collections and collectors' pieces of archaeological, ethnographic or historical interest Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical or paleontological interest - Collections and collectors' pieces of numismatic
178	97061000	ANTIQUES OF AN AGE EXCEEDING 100 YEARS - Of an age exceeding 250 years
179	97069000	ANTIQUES OF AN AGE EXCEEDING 100 YEARS - Other

Annexure 10: List of sources of finances for Handicraft businesses

List of sources of finances for Handicraft businesses

Bangladesh Bank Refinance Schemes

In addition to managing the money market, maintaining price stability and financial sector stability, some refinance funds are managed by the Bangladesh Bank for inclusive economic growth, employment generation, gender equality and contributing to women's empowerment, making exports competitive, etc. Refinance facility is provided mainly against the loan given by the bank/financial institution. Some of these refinancing facilities are long-term while others are working capital in nature. The availability of funds from any existing sources depends on the conditions of the relevant refinance fund.

The major refinance schemes are mentioned here:

a. Refinance Scheme against Term Loans to CMSMEs: Bangladesh Bank has recently launched a scheme for providing refinancing facility to Banks and FIs against their term loans and working capital to CMSME sector. Under the scheme, banks and FIs can charge maximum of 7 percent interest from customers while they will get refinancing at 2 percent interest from the Bangladesh Bank. Tenure of the fund is three-year which can be extended if necessary. In the case of loans given under this scheme, the grace period at the customer level will be maximum of six months. Women entrepreneurs, entrepreneurs with special needs and those affected by any disaster will also get loans under this scheme on a priority basis.

b. Revolving Refinance Scheme: A revolving refinance scheme of Taka 10,000 crore has been introduced by Bangladesh Bank from its own source for providing liquidity support to banks and FIs for successful implementation of the stimulus package. Banks and FIs are allowed to get refinance from this scheme up to 50 percent of their financed amount under the stimulus package at an interest rate of 4 percent.

c. Small Enterprise Refinance Scheme: Presently, Bangladesh Bank has been operating this scheme especially for women entrepreneurs only. The size of the fund is Taka 1,500 crore. The women entrepreneurs can get financing from this scheme at a concessional interest rate (maximum 5 percent). In addition, Bangladesh Bank is providing facility of 2 percent cash incentive (1 percent to concerned Bank/FI and 1 percent to women entrepreneurs) after recovering the loan in stipulated time.

d. Refinance Scheme for New Entrepreneurs in Cottage, Micro and Small Enterprise Sector: This refinance scheme worth Taka 100 crore is designed for the new entrepreneurs who can avail financing from this scheme at 7 percent interest rate.

e. Refinance Scheme for Setting up Agro Based Product Processing Industries in Rural Areas: Any entrepreneur can get credit from this scheme at an interest rate of 7 percent. Size of the fund is Taka 1,400 crore.

f. Financial Sector Project for the Development of Small and Medium-sized Enterprises (FSPDSME): With the aim to improve financial intermediation and enhance production and investments of SMEs in Bangladesh by providing medium and long-term funds, Bangladesh Bank is implementing this project with the financial assistance of Japan International Cooperation Agency (JICA). The project comprised of a revolving fund from which Taka 1,314 crore has been disbursed so far.

g. Second Small and Medium Sized Enterprise Development Project (SMEDP-2): To provide credit facility for the CMSMEs located outside Dhaka and Chattogram Metropolitan areas, this project is being implemented with the financial support of Asian Development Bank. Size of the fund is Taka 2035.61 crore.

h. COVID-19 Emergency and Crisis Response Facility Project (CECRFP): Bangladesh Bank is carrying out CECRF project with the support of Asian Infrastructure Investment Bank for ensuring additional liquidity support to banks and FIs for successful implementation of the stimulus package. The size of the fund is USD300 Million.

i. Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP): This project is aimed to restore employment, income and economic activities through providing financial support to CMSEs started or operated by returning migrant workers, unemployed youth and rural entrepreneurs with a special focus on women entrepreneurs. The size of the fund is USD150 Million which is funded by Asian Development Bank.

j. Line of Finance to Support SMEs Project (LFSSP): This project is aimed to support the CMSME sector through increasing access to finance under Islamic Shariah based financing to overcome the peak effects of the pandemic for sustainable development. The project cost is USD

47.00 million of which USD 46.95 million has been earmarked for the line of financing. The source of Fund is IsDB (Islamic Development Bank). Islamic banks as well as conventional banks having Islamic windows and branches are eligible to participate in the project.

k. Refinance Scheme for Environment Friendly Products/ Projects/Initiatives: A Revolving fund of BDT 1000 Crore to Promote environment friendly products/ initiatives/Projects in Bangladesh.

l. Technology Upgradation/ Development Fund (TDF): A fund of BDT 1000 Crore for achieving technological development/up gradation of export oriented industries. For PFI BB will Charge 1% and for end borrower the maximum interest rate will be 5%

m. Green Transformation Fund (GTF) (A fund of BDT 5,000.00 Crore): To accelerate sustainable growth in export and manufacturing oriented sectors conducive to transformation of green economy in the country. BB will charge: 1.00% and PFI will charge: 5.00% (Highest). Tenor is 5- 10 years with grace period not exceeding 1 year.

n. Refinance Scheme of Pre- shipment Credit (A fund of BDT 5,000.00 Crore): To ensure uninterrupted exports during Covid-19 Pandemic, Bangladesh Bank formed the Scheme for all export-oriented industries. BB will charge: 2% to PFI's and PFI will charge: 5%(Max) to borrowers. Tenor is maximum 180 days.

o. Export Development Fund: EDF created to facilitate access to financing in foreign exchange (USD) for input procurements by manufacturer-exporters. Authorized Dealer (AD) banks can borrow US Dollar funds from the EDF against their foreign currency loans to manufacturer- exporters for input procurements. Interest rate is 4.5% and tenure is 180 days (extendable up to 270 days).

p. Export Facilitation Pre-finance Fund (EFPP) (fund size BDT 10,000.00 Crore): The fund created to financing for input procurements by manufacturer-exporters. Interest rate is 5.0% and tenure is 180 days (extendable upto 270 days).