

**'Impact of International
Trade Fairs in Export Promotion
– A Case Study on Nepalese Handicraft products'**

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Abstract

Nepal aggressively liberalized its foreign trade during the 1990s taking the aim to proliferate its market with many countries. Nepal is known as more liberalized country in comparison to other South-Asian nations. This research work is about the impact of International Trade Fairs on the export of Nepalese Handicraft products. This study is based on the handicraft products of Nepal. Handicrafts are third major export item of Nepal. These handicraft products are exhibited in international trade fairs held in different continents of the World. This paper aims to study the effectiveness of international trade fairs as a promotional activity for the expansion of Nepalese handicraft products in international market. It also analyses the emergence of Nepalese trade to gain comparative advantage from its handicraft industry. It also examines the position of the handicraft firms after participating in international trade fairs. It analyzes the potential economic benefits from its handicraft trade and the problems faced by Nepalese handicraft exhibitors while participating in international trade fairs. This research is based upon the data available from 2004 to 2010 so, the analysis part is confined within this period. To analyse the impact of trade fairs precisely, author has taken a case about Nepalese handicraft products. Based upon the articles, journals and research papers from different local and international organisations and the content analysis done by author, this paper suggests that no significant improvements were recorded in the overall productivity growth and spatial distribution of manufacturing which appear to be due mainly to the lack of basic infrastructure and the shortage of skilled manpower. Nepal's participation in international trade fair is encouraging, but unavailability of proper information and the location, inadequate government support in terms of funding, cooperation, market intelligence, mode of payment for export, inconvenient and long process of selection are some problems that the Nepalese exhibitors are facing in the process of participation in international trade fairs. Nepal's unrest political insurgency is hindering the overall trade performance so, without solving the biggest problem of peace restoration and state by rule, the potential benefits of liberalization should not be fully achieved.

Key Words: Trade-Fair, Handicraft, Strategy, Product, International, Market, Trade, policy, Marketing, Export.

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Abbreviations

CDF	: Customs Declaration Form
CO	: Certificate of Origin
DDC	: District Development Committee
EPZ	: Export Promotion Zone
EU	: European Union
FEDF	: Foreign Exchange Declaration form
FHAN	: Federation Handicraft Association of Nepal
FNCCI	: Federation of Nepalese Chamber of Commerce
FSC	: Forest Stewardship Council
GSP	: Generalized System of Preference
L/C	: Letter of Credit
LDT	: Local Development Tax
NRB	: Nepal Rastra Bank
NTWLC	: Nepal Transit & Warehousing Co. Ltd.
NRs.	: Nepalese Rupees
OECD	: Organisation for Economic Cooperation and Development
SAARC	: South Asian Association for Regional Cooperation
TU	: Tribhuvan University
TEPC	: Trade and Export Promotion Centre
TIA	: Tribhuvan International Airport
TRIPS	: Trade Related Intellectual Property
UNCTAD	: United Nations Conference on Trade and Development
USAID	: United States Agency for International Development
VAT	: Value Added Tax
VDC	: Village Development Committee
WIPO	: World Intellectual Property Organization
WTO	: World Trade Organization

CHAPTER 1

Introduction

1.1 Background

Trade fair is one of the most important promotional tools in International marketing. It is a place where different types of sellers and buyers gather together under one roof to trade their products, ideas, and views. In the concept of globalization, no any nation can stand isolated. Nepal was virtually separated from rest of the world before 1951. Its trade was totally dependent with India because of diversified geographic conditions, longest border with India and landlocked situation. In recent years the term globalisation hit the business and Nepal also doesn't remain untouched with it. Now, it is seeking the real time participation for developments of its trade and economics with many countries. There are highly liberal trade related policies supplemented by important Acts after 1990s. Nepal has a unique comparative advantage on its handicraft products and hand knotted carpets because of huge manpower and cheap labour force. Nepal does not have market power on manufacturing final products but most of the products produced in Nepal are used as input product in Indian industries. In recent years Nepalese Carpets and Readymade Garments are considerably increasing GDP in comparison to other sector apart from tourism. Considering the history of Nepalese trade, its gradual development and liberalization in mind, this study is conducted to analyze Nepalese trade environment with its comparatively advantageous industry like handicraft, its effort to expand trade relations with various countries by implementing marketing tool such as trade fairs.

To enter in international market, international trade fair held in different countries helps as a mediator between the national sellers and foreign buyers. It is said that about 2000 Trade Fairs are held annually in different part of the world including more than 70 countries (Shrestha, S.K., 2003:165). Trade fair is an important medium where different sellers gather together for the sales and exposure of their product and from where buyers can get information about different products under one roof.

There are two perspectives in international trade shows in export promotion one is export promotion at the macro level (industry level perspective). The other perspective is at the micro level that means the advantages and difficulties for an individual firm. Overseas, trade

shows play a larger role in the marketing process than they do in own nation. Trade fair held in international arena can be generally divided into two types. Firstly, trade fair or general fair where there is no restriction of sellers and buyers. Secondly, specialized fair or exhibitions where only one type of products or one company exhibits their products. Specialized shows, organized to promote a single or related industry category to a particular audience, are known as "vertical shows". Attendance at these shows may be by invitation only or upon production of business cards. Admission fees are generally higher. The specialized shows are in contrast to "horizontal" shows which have many product categories with broad appeal such as some trade fairs held in Hannover and Milan. Broad based shows generate strong public attendance (Motwani, Jaideep, Rice Gillian, Mahmoud, Essam, 1992). Trade fair can also be categorized as order fair and cash & carry fair. In order fair, the order for the exhibited products is made whereas in cash & carry the products are exhibited for the sales of the product.

When planning for a trade show, the most important decision a firm must make concerns the objectives of attending a show. Two sets of objectives are: selling and non-selling. Non-selling objectives include identifying new prospects, servicing current customers, enhancing corporate image and gathering competitive information. Selling objectives include introducing new products, selling at the show and new product testing (Motwani, Jaideep, Rice Gillian, Mahmoud, Essam, 1992).

Participation in international trade fair is not only to promote immediate sales at the exhibition but it helps new firms to introduce themselves in the international scenario and the firms already in the market can increase their market share or introduce new products. For new firms Non-selling objective might be better than immediate sales. For example, perspective customers can lead by its technical information rather than transactional information. For export promotion it also helpful to introduce product with Non-selling objective in mind.

Handicraft, 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 or religious significance. Items made by mass production or machines are not handicrafts. Usually, what distinguishes the term handicraft from the frequently used category arts and crafts is a matter of intent: handicraft items are

intended to be used, worn, having a purpose beyond simple decoration. Handicrafts are generally considered more traditional work, created as a necessary part of daily life, While arts and crafts implies more of a hobby pursuit and a demonstration or perfection of a creative technique. In practical terms, the categories have a great deal of overlap (Various websites, 2010). No official definition of "Handicrafts" is found rather different people and different agencies concerned with the promotion of handicraft consider it differently. The statute of Federation of Handicraft Association of Nepal (FHAN) in its article 1.4 (i) has defined "handicraft industry" as "an industry that manufactures a product reflecting the country's tradition, art and culture, and/or uses labour intensive specialized skills, and/or uses indigenous raw material and/or resources" (www.nepalhandicraft.org.np).

According to FHAN, Nepalese handicrafts cover 42 groups of products out of which, metal craft (statue and utensil), Pashmina products, Paubha (Thanka), silver and gold jewellery, stone carving, wood craft, bags and accessories, basketry products, filigree products, handmade paper products, handloom products, ceramics, decorative items, leather products, horn and bone products, macramé (knot crafts), religious goods, crazy/fancy hats, ethnic dolls, paintings, giftware, ethnic costumes, hand knitwear, incense, natural buttons made of small tree branch, stone, bone and horn, natural fibre products (apparel and non- apparel products made of Hemp and Allo), puzzles and toys etc. are the major ones. Some raw materials for such products are only available in Nepalese forest, hill and mountain areas. So, to exploit its comparative advantage on this sector Nepalese producers started production commercially also government reformed policy to seek greater share on the world marketplace. And, the most important outcome of overall effort today is participation of Nepalese handicrafts in international trade fair to increase its export. Other benefits can also be acquired by the following reasons:

- It helps in market research. The market research is required in different areas of market which includes, competition, technology, new product development, packaging, and pricing.
- It facilitates the direct contact with the customers or foreign buyers exchanging the ideas, views and opinions.
- It is a place where products are demonstrated. Before entering into the market, new products need to be demonstrated at first. So, trade fair is a perfect place for the demonstration of the product because of the availability variety of customers.

- It increases the corporate exposure and image in the foreign market. In the world of globalization corporate image is considered as the goodwill of the company. As many people around the world can know about the company in the fair.
- Export promotion through brand image.

1.2 Development of Nepalese Handicraft Products

History shows that from the mid of seventh century Nepal started trade with Tibet. In the period of Licchavi (400-750 A.D.) and Malla (1201-1769 A.D.) Dynasty Nepal got little economic growth through gold coin trading and the supply of handmade woollen carpets. In fact, it is the least understood time in Nepal's history, with only a very few inscriptional sources supplemented by some dated religious manuscripts. Nepal had mainly contacted with India, Tibet and Britain until 1951. Movement of goods or people from one part of the country to another usually required passage through India, making Nepal dependent on trade with or via India. Difficult geographical structure to the north and the lack of economic growth in Tibet meant very little trade was possible with Nepal's northern territory. The historical development of Nepalese handicraft industry is very old but no more evidence found from the very beginning in the history. A reference is found in Kautilya's Economics (Ancient Hindu Scripture) about various production and export from Nepal. During the time of Chandra Gupta Mouriya in fourth century there was considerable trade of woolen Blankets with Tibet. It was rainproof made of eight pieces joined together of black colour known as "Bhiringisi" as well as "Apasaraka". In the same way it was mentioned in the epics of Jain religion "Brihatakalpasutra Vhashya" that good quality of woolen Blanket were available in Nepal. Various famous Chinese travellers (Wangunshe and Huansang 648 A.D.) had highly appreciated many skills of Nepalese craftsmen and artisans in travelogues. Right from the very beginning up to the mid nineteenth century the rulers of the country to promote national industries and trade did adopt various measures of production, promotion and encouragement. To save national industries, only those commodities were imported which were not produced locally.

Kirkpatrick, who came to visit Nepal in 1793 A.D. wrote in his book, "An Account of the Kingdom of Nepal", the Newars are expert in cottage industries. As far as cloth is concerned, they make rough course kind of it's partly for use and partly for export. Thus even as late as 1816 A.D. Nepal was not only self sufficient in her requirement of cloths, but had surplus for

export also. Thus up to the end of 19th century, Nepalese people were self sufficient to meet the requirement of cloth through the production of handloom which was flourishing and promising cottage and small scale industry of Nepal at that time. After the treaty of Sugauli in 1816 with the British government, the door opened for trade between Nepal and India. Indian goods was being hugely produced in factories that freely entered into Nepal, which caused a great suffer to the indigenous industries of Nepal. Thus cottage and village industry of the country went on deterioration day by day (www.nepalhandicraft.org.np).

Towards the end of the nineteenth century Nepalese arts and crafts in particular the entire home based industries in general suffered a lot due to the general liberal import policy of the government. Before British could establish their regime over India and entered in to place treaty with Tibet in 1904 A.D. Nepal was interpret as the main route to Tibet for external trade with other countries. But the treaty of 1904 A.D. facilitated the British to open a new route between India and Tibet through Chumbic Valley (Mt. Everest base camp) plus the trade route treaty of 1923 A.D. between Nepal and British-India, which was not in favor of Nepal and had very unfavorable effects both on industries and on flourishing trade of the country.

But the unusual demand for all consumer goods prior to and during the World war second provided a respite to the dying Nepalese industries. Moreover the government of the day realized the necessity of some industries in Nepal. As a result of the realization, "Industrial Council" was set up in 1935 A.D. Later on "Nepalese Cloth and Cottage Industries Publicity Office" was established in 1939 A.D. As it is clear from its name, the office was the only government effort for promoting cottage industries. Prior to 1951, there were few all-weather roads, and the transportation of goods was difficult. Goods were able to reach Kathmandu by railroad, trucks, and ropeways, but for other parts of the country such facilities remained almost non-existent. This lack of infrastructure made it hard to expand markets and pursue economic growth. Since 1951 Nepal has tried to expand its contacts with other countries and to improve its infrastructure, although the lack of significant progress was still evident in the early 1990s (Library of Congress, 2005).

Besides the government efforts there were some individual "Gandhin Social Workers" who regarded spinning and weaving as potential weapon to fight against dehumanizing poverty of the masses and Rana's dictatorship. Tulsi Meher tops the list of such people. He is the man

who also got the "Nehru Award" of the year i.e. 1978 A.D. For the first time, it was advocated to executive spinning and weaving as composite work and not separates.

Export of handmade goods has been playing a vital role in the Nepalese economy. This sector is providing employment opportunity and is also the source of foreign currency earnings. Nepal has been producing different types of handmade goods from ancient times. Nepalese handicrafts are unique and well known for craftsmanship. The Nepalese handicrafts include gold plated items, bronze and brass art icons, filigree articles, household utensils, handmade paper and paper products, paintings and Thankas, wood carving and basketry works, potteries, jewellerys, masks, etc. (TEPC, 2010).

Nepal is a landlocked country surrounded by China in north and India in east, west, and south. As a Hindu Nation Nepal has got many similar culture and religion like India that creates a bad conception like 'Nepal is a continent of India' in international arena. So, in order to be distinctive and sustain in the global market, Nepalese exporters should understand its comparative advantage in international market have to be unique in its own way of revealing art, culture and tradition through handicraft products.

Most of the handmade products of Nepal are metal, wood, stone, bone, leather, cotton and woollen based. These goods are used as utilitarian as well as decorative items. Nepal exports these goods to over 50 countries around the world. However the major markets are USA, UK, Germany, France, Netherlands, Taiwan, Switzerland, Japan and Italy. Mainly, Nepal is focusing on above mentioned niche market to proliferate its handicraft products and the participation on international trade fairs held on such countries are great advantageous to promote exports. In this research, emphasis has been given to the major exports countries and growth trend after participation.

1.3 Statement of the Problem

We can get wide number of books, articles, and other sources of knowledge of different types of economies like developed, developing and least developed. We can also gather various trade policies related to different types of industries. Data concerning tariff, entry barriers, export promotion, technologies, services and quotas can be easily accessible via web sites. Still there are only quite few of them combining all compact piece of knowledge. Many of the research concerns on specific issues and this is obvious. But in this research author tries

to analyze the impact of International trade fair on export promotion by presenting the case study of Nepalese handicraft industry. Trade fair is one of the powerful tools of export promotion. International trade fair held around the world annually is the way of globalizing the products. After participating in international trade fair, the organizations get many advantages. So, this study will help to solve the problem of undiscovered advantages that Nepalese handicraft organization could get after participating in international trade fair and how does it help to improve their image. Also, what are the problems that the firms are facing to participate in international trade fair?

The economic development of the country depends upon the export of the country. Participating in international trade fair helps to give the message and information about the product in the world market. So, the international trade fair held around the world and Nepal participation on those fairs could help to promote export. In today's competitive market, it is important to maintain the image of the company globally. For this, exporters have to be involved in international promotional activities. International trade fair helps to build the image of Nepalese exportable products and organizations in international market. Participating in international trade fair is not an easy job. Products to be displayed in international market should be of good quality and must possess its own distinctive nature. There is a great challenge to make the exportable handicraft products qualitative and tradable.

1.4 Objective of the Study

The main objective of the study is to analyze the impact of international trade fair on Nepalese handicraft products. This study focuses on how Nepalese overseas trade of handicrafts is increasing through international trade fairs. However, other specific objectives of the study are as follows:

- To analyze the effectiveness of international trade fair as a promotional activity for the expansion of Nepalese handicraft trade activity.
- Examine the position of the handicraft business organization after participating in international trade fair.
- To analyze the problems that the Nepalese handicraft exhibitors have facing to participate in international trade fair.

1.5 Significance of the Study

International trade fair helps the entrepreneurs of different countries come together. Through this, the firms can recognize their competitors and their competitive advantages. They can share their experiences and ideas with each other. For least develop country like Nepal, it is more important as they can learn more about the business of the developed countries. In today's competitive world each country has to be strong enough to compete with other for economic development of the country. Export trade of the country determines the economic development of the country. Nepal exports its limited products to very few countries. It's major export partners are India, U.S.A., Germany, U.K., Italy, Canada, France, Japan, Bangladesh, and Switzerland. Due to its limited exportable products, it is hard for Nepal to be recognized in the international market. So, as to inform about its product especially handicraft products to the international market, it is important to be participated in international trade fair. By the study of Nepalese handicraft products participation in international trade fair, we can know about the situation of Nepalese handicraft business in international market. Researchers can do the market research for the Nepalese handicraft products as well can explore the other exportable products. Also, government can get advantages to know about the sector wise comparative advantage in international trade and can impose appropriate policies on such sector.

1.6 Limitation of the Study

The research is difficult because of unavailability of required secondary data. These data are acquired from different organizations. Data provided may not be reliable, as most of the companies in Nepal think it as confidential. In such a situation, a precise analysis of data may not be feasible and its validity remains almost unjustified. Primary data is collected through the questionnaire method and direct talk with the officials of organizations. The respondents may not give the proper or right information. So, the quality of primary data depends on the thinking of the respondent which might become biased in some cases. Not filling up the questionnaire could also be the problem in the research and the officials in an organization may not give time to the researcher so, their opinions could not be properly captured. This study is based on the Handicraft products among the firms within Kathmandu valley. Organizations situated outside the Kathmandu valley are not covered. So, the study might not give the exact solution of the problem as a whole. Direct participation in international trade

fair is not possible for researcher. So, some part of the research is based on different journals, books, newsletters and web sites of the related organizer.

1.7 Methodology

This research follows the descriptive research for the completion of research work. Descriptive research design seeks a problem by using questionnaires and opinions which helps to identify the various characteristics of research problem and their solution. Here, different fifteen private firms participating in international trade fairs abroad are studied through filling up the questionnaires and by interviewing to the officials of these firms for solving the research problem. As well as different trade journals, books, magazines, and previous thesis work are studied as literature review. So, data used in this thesis are of both primary and secondary nature.

For primary data collection, questionnaire and the interview have been followed. The total population of Nepalese firms participating in international trade fair (Handicraft related firms) from 2004 – 2010 has been taken for analysis from which 10 are taken as sample also, firms directly participating in international trade fairs(firms without government support) are considered as sample of the study. So, in total 15 firms are taken as sample for this research.

In this research work, the relevant analytical tools are used according to the nature of data. Content analysis as well as Statistical analysis has been done to complete the research work.

1.8 Structure

The study contains five chapters – The Introduction, Literature Review, Research Methodology, Data Presentation and Analysis, Summary and Conclusion. The first chapter deals with the subject matter consisting of introduction, development of Nepalese handicraft products, statement of the problems, objective of the study, significance of the study, limitations of the study, methodology and organization of the study.

The second chapter contains the literature review that deals with the review of different literature which is closely related to this study. Review from published books, journals, magazines and websites are also done.

The third chapter deals with the research methodology adopted to carry out the present research. It contains research design, population and sample of source of the data, data collection technique, data analysis tools and limitation of the methodology.

The fourth chapter will deal with presentation and analysis of both primary and secondary data. The collected data are presented in tabular form and also converted in graphical form as far as possible. It helps to know the export performance of Nepalese handicraft products after participating in international trade fair and advantages gained from the participation. This chapter also deals with the procedures and suggestions regarding participation.

The fifth chapter will deal with the summary and findings based on the analysis of primary and secondary data. A brief conclusion of the study is drawn from the analysis.

CHAPTER 2

Literature Review

2.1 Conceptual Review

In this chapter, an attempt has been made to review the various relevant literatures to support the study to generate some idea for developing a research design. Literature review is basically a process of searching the available literature in own field of research to review and analyze them. The literature survey provides the researcher with the knowledge to the status of their field of research. That helps the researcher to find out what research studies have been conducted in own chosen field of survey and what remains to be done. It provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be developed for testing.

Handicraft is a type of work where useful and decorative devices are made completely by hand or using only simple handy tools. Items made by mass production or machines are not handicrafts. What distinguishes the term handicraft from the frequently used category arts and crafts is a matter of objective: handicraft items are intended to be used, worn, having a purpose beyond simple decoration (Wikipedia.org). The statute of Federation of Handicraft Association of Nepal (FHAN) in its article 1.4 (i) has defined "handicraft industry" as "an industry that manufactures a product reflecting the country's tradition, art and culture, and/or uses labour intensive specialized skills, and/or uses indigenous raw material and/or resources". Some major handicraft products produced in Nepalese market are Bags & Accessories, Basketry Products, Ceramics, Christmas Decorations, Craft Paintings, Ethnic Garments, Hand Knitwear, Horn& Bone Products, Silver Jewellery, Wood carving etc.

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

Being a labour intensive product, it is difficult for one to produce it in large quantity with uniformity and with equal quality standard. In Nepal, the production of handicrafts is an age-old occupation. Novel handicrafts are also developed in harmony with changing market taste. In the last 25 years, export of handicrafts of the country has considerably grown. Thus, the development of handicraft industry helps to promote mass export organisable, preserve the national heritage of the country and also it contributes to eliminating poverty by creating job opportunities. It also has being a prime source of foreign currency earnings from last couple of years. Handicrafts are prevalent in almost all parts of Nepal but handicraft-related works have been adopted as a traditional occupation by the Newar community of the Kathmandu valley (TEPC 2010).

According to HAN, Nepalese handicraft covers 42 groups of products out of which, metal craft (statue and utensil), Pashmina products, Paubha (Thanka), silver and gold jewellery, stone carving, wood craft, bags and accessories, basketry products, filigree products, handmade paper products, handloom products, ceramics, decorative items, leather products, horn and bone products, macramé (knot crafts), religious goods, crazy/fancy hats, ethnic dolls, paintings, giftware, ethnic costumes, hand knitwear, incense, natural buttons made of small tree branch, stone, bone and horn, natural fibre products (apparel and non- apparel products made of Hemp and Allo), puzzles and toys etc. are the major ones.

The export of Nepalese handicrafts started from the mid of 1960's. However, the systematic export started only from early of 1970's. Handicrafts have being a major line of Nepalese exports, currently; it is the largest overseas export item of the country next to readymade garments and carpets. More than 20 handicraft products mainly the Pashmina products, woollen goods, silver jewellery, handmade paper and paper products, metal craft, wood craft, cotton goods are being exporting more than 85 countries. USA (which alone absorbs around 25% of the total export of handicraft products), Britain, India, Canada, Germany, Japan, Italy, France, Australia, Netherlands and China are its major foreign buyers. The FHAN cumulated the scattered handicraft producers in one roof and has continuously operating different program for their enhancement.

In recent years FHAN has conducted different Skill Standard & Skill Testing Program with a view to certify the skill of different handicraft entrepreneurs and provide skill certificates to them. FHAN has been endeavouring since five years back. As a result, it is possible to prepare skill standards in Metal Craft, Embossing Art and Paubha (Thanka) Paintings. In this

regard, FHAN and Mahabauddha Occupational Cooperative Ltd. jointly organizing an orientation program, on Skill Standard & Skill Testing Program in the area of Metal Statute Craft. FHAN has also organized an orientation program on Skill Standard & Skill Testing Program in the field of Embossing Art,

Thanka, and Wood Craft on 27th Dec 2007, 3rd Jan 2008 and 26th Jan 2008 respectively in Lalitpur. FHAN with joint effort of CTEVT (Council for Technical Education and Vocational Training) are also planning to conduct different skill testing program in these sectors in near future (Craft News, Vol: 14, 2007).

Trade Fairs, The trade fair is an important source of publicity in those markets where conventional advertising is hard to apply or where an on-the-spot demonstration of equipment is otherwise impracticable, an obvious example is, in a communist market or in an underdeveloped country where it may be relatively difficult for potential buyers or travel abroad (Livingstone, J.M., 1981: 71). Trade fair has become the popular means for communicating with the foreign consumers at the same time one can find the new agent for the foreign market. “Trade fairs are shop windows in which thousands of firm from many countries display their products and they are market places in which buyers and seller meets. It offers exporters, who just being entered foreign market, an excellent place to show what they have for sale, to make contacts and to learn about a market quickly and easily. But they can do this only when the exporters choose the right product and shows it at the right fair in the right way” (ITC publication –Trade fairs and exhibitions, 2002).

Originally, fairs were held in conjunction with religious festivals. Because of the difficulties of travel, it was impossible for purchasers to acquire desired commodities and for merchants to renew their stocks continually. Fairs, therefore, gradually developed, taking place when quantities of goods had been accumulated and where great numbers of potential purchasers were present. By the 18th century, when the number of shops and markets had increased and transportation and communication methods were improved, commercial fairs had lost their importance. Fairs were, however, maintained, because trade could be concentrated in a single place, and market conditions could thus be gauged and prices fixed. The trade fair of the 20th century, were more in the nature of exhibitions. Various industries, such as the automobile, broadcasting, office-equipment, and textile industries, continue to hold annual fairs to display their latest products and promote sales. A great part of such activity, moreover, was taken

over by the regional, national, or international exhibitions and expositions (Encarta References Library CD, 2003).

One of the leading trade fair organizers in Germany “Messe Frankfurt said that, “International trade fairs in Frankfurt means new products, trends, innovative technologies and ground breaking concepts and ideas. Suppliers and prospective customers throughout the world find optimum communication platforms here. Trade fairs in the consumer goods, textiles, and technology are the core areas of exposure at Messe Frankfurt. The world's top trade fairs in these areas take place, over 65% of exhibitors come from abroad and 30% of trade visitors are from foreign countries” (Frankfurt, Messe Oct 2003: 13). International trade fairs are important to trade around the world. The organizations prefer to exhibit their product in the fair because of the number of international visitors gather around likewise the visitors prefer to go to fairs to buy or see different products around the world.

2.2 Why Go To Trade Fair

Trade fairs and exhibitions are designed with specific purpose to serve and fulfil the multilateral needs of the world. They can form a solid “basis for business” for business enterprises. The importance and benefits of exhibiting at a trade fair and exhibition should be considered within the framework of a marketing plan drawn up for all company’s activities. They can also contribute to achieving set targets influencing the market. Trade fairs and exhibitions, because of their wide range of function, if compared with other activities, have clear and following advantages:

- Opportunity to demonstrate wide range of export products
- Comprehensive overview of what is in the market
- Personal contracts with clients within the short span of time
- Expand market share
- Design new prototype for future products and product lines
- Strength the existing trade relation
- Clients come to see the suppliers

(Shrestha M.L., 1998).

2.2.1 Reasons for Going into Fairs

Participating in international trade fair is very advantageous. Many firms are regularly participating in international trade fair. It is the place where one can stand to give information about the product and the organization. According to International Trade Centre, reasons for going to trade fair are as follows

- To, find out a good agent to handle product in one or more foreign countries.
- To, support the agent, if you already have one.
- To, test out the market.
- To, study the competition in your field. Looking at the products on display, talking to exhibitors, collecting their sales literature and studying it will give you a good idea of the market – prices, quality, packaging, etc.
- To, make sales – direct sales to customers.
- To, learn about sales and promotion methods.

(International Trade Centre publication, 2002)

2.3 Types of Trade Fair

Living Stone, J.M. (1999), in his book “International Marketing Management”, categorize trade fair into three types. First, there is the specialist fair, e.g. vehicles, agricultural machinery, etc. or even consumer goods. These may be held regularly in major industrial or commercial centres. Second, the long- established annual trade fair; they are in effect national or international markets rather than specific industry displays. Thirdly, there are ad hoc ‘one-off’ campaigns, e.g. British weeks, in which one town in a foreign market is saturated with promotional events, advertising, etc. For a short period and any exporter is welcome to participate. But, according to Saravanavel, P. in his book “International marketing” fairs and exhibitions are differentiated, depending on the theme and purpose for which they are arranged: general (horizontal) fairs and specialized (vertical) fairs.

2.3.1 Horizontal Fairs

International horizontal trade fairs are multi- product fairs of a general nature. The objective of participation in such fairs is to publicize the economic achievement of a country and expand exports. They have attraction both for business firms and for household buyers.

2.3.2 Vertical Fairs

International vertical trade fairs are specialized transactional fairs devoted to a single product or product group. Such fairs are also known as vertical solo fairs, e.g., the HANOVER Engineering fair, the COLONGE fair for international clothing machines, the MUNICH fair for cosmetics, the ANUGA food fair at Colonge, which are held annually in Germany. Sometimes, the government of a country may organize a fair or an exhibition of its export products in a country where the market prospects are bright. An exporting organization, too may organize a fair or an exhibition to exhibit its products (Saravanavel, P., 1988: 116).

2.3.3 Success of Trade Fair

Trade fairs and exhibitions offer opportunities for meeting a large number of buyers from different countries at one place. It assess the market trend, and the attitude of the competitors in a particular product or marketing area, comparing the price and quality, establishing personal contacts with the dealers, and projecting new ideas promoting sales in the country and abroad. A good specialized trade fair must fulfil the certain conditions in order to be successful.

A well organized fair can guarantee the success of a trade fair. Organization should be large enough in terms of finance manpower so as to provide such basic facilities as large and spacious halls, power, water supply and communication systems, easy reach by road, and air, conveniences at the fairgrounds, such as a press centre, seminar halls, auditoriums, restaurants, banks, post offices, police and fire stations, travel agents office and so on. An efficient fair management takes step much in advance to attract excellent exhibits and qualified trade visitors by worldwide promotion through meetings, press conferences and activities of the agents of the fair companies (Saravanavel, P., 1988: 117).

International trade fairs have emerged as most effective tool for knowing consumer taste, buyer's interest, and state of competition, smell the market trends and establish business contacts. Nepal has been continuously manoeuvring the participation in various international trade fairs since 1973. Exporters of handicraft products are continuously participating in trade fair in Europe, USA, Japan, India and Australia. Even though the participation in international trade fair is regular, effective and managed participation is lacking.

Ignorance and negligence are two major causes for failure in trade fairs. Realizing this, Handicraft Association of Nepal (HAN) has been conducting seminars relating to trade fair participation. Such seminars are of immense important for helping the prospective exhibitors to correct the situation beforehand. Some suggestions to be followed for effective International trade fair participation:

- Location of hall and stall.
- Business visitors in the past years.
- Hotel accommodations.
- Space rentals and stand construction charges.
- Suggestions received from various organizations regarding selection process, criteria etc. are to be duly considered by Trade and Export Promotion Centre (TEPC).
- Seminars on trade fair participation need to be conducted on a regular basis.
- TEPC, in collaboration with diplomatic mission abroad, should make efforts to obtain more sponsored trade fair.

Concentration on only a few trade fairs has to be shifted to non traditional markets such as Spain, Korea, USA, and China should also be encouraged (Dhakhwa, Yagya Ratna, Report 1998)

According to "International Trade Forum" keys to success for an exporter at a trade fair can be described as follows:

Research has revealed that a majority of buyers use trade fairs as a primary source of information when making annual buying decisions. A firm's stand illustrates the capabilities, efficiency and commitment of the firm. The exporter should think of the stand as an introduction, and the means of making a good first impression, essential to attracting potential customers. Firms with limited space can compete in the trade fair arena by using

good design techniques and a well trained staff. There are simple techniques that can be used by small firms to make a strong impression.

The trade fair stand is an expression of the firm and should be designed to rapidly convey its image. The stand must make a strong visual impact on the visitor at a glance. It must perform the dual role of being an effective showcase for the firm's products and services, and at the same time efficient platform for demonstrations, discussions and sales. Research has shown that firms exhibiting have approximately seven seconds to capture the interest of passers-by. Furniture has a significant effect on the overall image of the stand. Chairs make a stand less dynamic, the objective is not to provide an oasis for trade fair participants who are tired and need a quick rest. Professional, well designed literature should be available. Well displayed literature can be the focal point for a stand, allowing people to browse and learn about what a firm has to offer. The stand must not look cluttered. It must have enough room for people to come in and look at products displayed. If a demonstration is needed, the stand must be large enough for a sufficient number of people to have a clear view. If possible, encourage people to handle products. A product which cannot be handled should not be displayed, as it makes buyers wary (International Trade Forum, 2001).

Selection of the event is the most important step in pre-fair planning for participation. A careful selection has also to be made of the country where a trade fair takes place, with due regard to its economic conditions. "The country selected should have the following qualifications: a flourishing home economy, a rising buying capacity, potential demand for the product, liberal import and trade policies, nearness to other good markets, and the encouragement given by its government to trade fair participants" (Saravanavel, P., 1988).

Trade and Export promotion centre (TEPC) is an authorized government agency for the organization and management of Nepal's participation in international trade fair and exhibition. The centre as coordinating agency formulates, organizes, monitors and evaluates trade fair and exhibition. TEPC regards participation in international trade fairs and exhibitions as of the most effective means for the projection of export products. This has helped Nepalese exporters or exhibitors to seek new buyers and new market and at the same time to establish the strength contacts in foreign markets. TEPC also formulates annual program taking into consideration the nature of fairs and exhibitions suitable for Nepalese products well in advance allowing adequate time for making preparation for each fair (Shrestha M. L., 1998).

2.4 Typical Costs of Participating in Trade Fair

Trade fair is important though expensive means of promotional activity. Costs included in trade fair can vary greatly depending on the nature and place of trade fair. Participants should be very careful while spending. To ensure that a participant does not overspend or under spend on various exhibition- related activities, a detailed listing of all possible areas of expenditure must be made and then resources allocated proportionately.

Typical costs are described below:

- Stand Costs: Consider space, stand design and construction, electricity, water, waste, gas, graphics, furniture, floor covering, equipment, floral decorations, transportation, lifting and handling costs, telephone and fax connections, insurance, storage and security.
- Staff and stand running costs: These may include staff training, hotel accommodations, staff uniforms, exhibitor's badges and passes, catering and hospitality.
- Promotional costs: Budget for preparation and production and production of press information, rental of rooms for press conferences and seminars, design and production of sales literature, pre-show publicity, including design, production, postage, mailing list preparation, sponsorship of fair events on web sites, fair-linked advertising such as gifts, souvenirs and stand photography.

To prevent over spending, it is essential to prepare a comprehensive and realistic budget which is described as:

- Decide on the objectives to be achieved through participating in the trade fair.
- List the necessary tasks to be undertaken to achieve those objectives.
- Estimate the cost involved.

(International trade forum, Issue 1/ 2001)

2.5 Review of Articles and Journals

Handicrafts are the only products which have secured a prominent place in Nepal's export basket. This sector is facing hard times despite constant growth in export. Numerous studies over the years have shed lights over the problems encountered by this sector.

Handicraft Export Challenges, (2000) a report by Handicraft Association of Nepal (HAN), stated that handicraft export procedure is complicated. For example museum pass system is unscientific and inconsistent. There is variance in weighing scale of Department of Archaeology and Customs. Besides, there is always the possibility of damage of products in packing when the products are tied up as bundle for museum pass purpose. The report has recommended publishing the lists of products that require clearance and recruit experience and qualified person to do the inspection. There should be separate rooms for inspection and administrative works. Correct weighting machine and other instruments should be used for inspection.

HAN stated in study that after inspection in the customs points, enough time has not been given for repacking the goods as to avoid the problem of breakage. While inspecting the goods at customs points there is the presence of other unnecessary persons except relevant authorized personnel. Customs personnel engaged in sealing, sewing and weighting charge haphazardly.

Shahi and Kachhipati, (1997) studied the main problems of export marketing of the Nepalese handicrafts. They found that the government laid procedure for export is cumbersome. Exporters have to attend various offices located in different places to get their invoice certified. The most cumbersome is to get metal craft, wood carving and traditional Thanka painting certified one by one by the Department of Archaeology.

Also, pointed out that government has no policy of giving prepayment for export through term credit, export incentive or reward. Imposing of compulsory receipt of payment prior to export rather exists in Nepal. Exporters are required to submit a copy of renewed income tax certificate while exporting goods although the Finance Act exempts income tax on exports. Unlike other occupations, exporters are actually required to renew the income tax certificate within the first month of the fiscal year (Mid-July), despite three-month grace period to do so. This kind of practice has forced exporters to deposit a certain amount of money as guarantee

to clear the goods for export. There should be a provision that does not require the renewal of the income tax certificate for the firms registered strictly for export only.

In the report identified problems for handicraft export, such as lack of facilities for testing, standards and certification. Certificate of various tests like Azo dyes free for textile and rug, lead chromium for ceramic, non-toxic for toys are sought by Germany before import of the products. Similarly, western market needs appropriate packaging and labelling. Unfamiliarity, on the part of Nepalese exporters has created problems in export of handicraft as well. The study had identified duplication of both product and design of product as one of the difficult problem to prevent.

Shakya, (1999) made a comprehensive study of problems faced by handicraft export in Nepal at a firm's and the national level. This study mentioned that documentation process is not only time consuming but also involves additional expenses. Nine documents are required for each handicraft consignment.

Although all the documents may not be necessary for each and every item to export, Customs Department demands a complete set of all the documents before clearing the customs. For example Generalized System of Preference (GSP) is sought for all consignments although it is required for export to GSP giving nations only. Similarly complication have also arisen as Department of Archaeology has not published a confirm list of products that require clearance mentioned that handicraft goods are damaged and lost due to negligence in handling of goods in the customs office. Lack of proper pre-shipment inspection and storage facility at the customs is the cause of the problem. Regarding customs procedure complication the report has stated that due to lack of coordination between the custom office and the foreign post office, forwarding goods via airmail is time consuming and hinders prompt delivery to the importers. Not only this, improper arrangements at the customs office have created difficulties and discouraged the hand-carried parcels, one of the popular means of good forwarding. Similarly, handicraft exporters have been facing the hurdles while claiming the duty draw back facility. Since the time government announced this facility.

According to *Shakya*, regarding non tariff barriers said that Nepalese exporters particularly handicraft are no well informed about the changing environment in the global market. International trade agreements which have dismantled tariffs and non-tariffs barriers and the changing international consumer perception over craft items have created opportunities for

broadening the market. This responsibility of effective information dissemination lies with the TEPC, FHAN and local chambers of commerce according. The report also stressed for the need of protecting handicrafts from being copied, by registration of designs, patents, trademarks, copyright, and geographical origin of the product within the country and in the importing country. Nepal can take the advantage of Trade Related Intellectual Property (TRIPS) agreement to protect its crafts from unauthorized duplication in the foreign country.

Ulak, J. (2001) in the study said that bureaucratic hassles and delays in decision making concerning the process of certification of origin, GSP and clearance from Department of Archaeology and customs have been very much time consuming and harassing. Numerous studies over the years have shown that exporters have been facing the problems of damage and loss of goods while in the export process. Corrupt officials and harassment are also found to be a big discouraging factor. The customs officials are not cooperative and harass the exporters as if latter were exporting goods illegally and earning a lot from illegal means. The report also found lack of coordination between Customs office, chamber of commerce and FHAN. Prevailing procedure of duty drawback system and bonded ware house facilities including bank guarantee release provision are cumbersome and time consuming (Nepal, 2005). This study recommended simplification of duty draw back procedures should be started by settling old duty draw back cases as soon as possible. It is better to introduce the duty suspension scheme i.e. make pass book system simple and predictable and provide it to all export oriented industries. For example, government should develop a mechanism to include all producers through export houses to get refund or suspension of taxes not necessarily only big exporters but small producers in the system who by virtue of being below threshold are not registered in VAT and are not able to get refund at the moment. These small producers are working in handicraft, patinas, and carpet and garment sectors. Therefore, they should be benefited from the refund or suspension schemes. Duty draw back on flat rate system should be considered and rate may differ product to product. Simplification of bank guarantee release procedures and automation of bank guarantees release in each customs point including provision of online release of bank guarantees should be encouraged. Procedures of paying the guaranteed amount to customs should be simplified and predictable. The bank guarantees release procedures relating time and documents should be cut down as short as possible. The report has also suggested to make the administrative and infrastructure reform in the customs.

Government policies, rules and regulations also have big influence in export promotion of handicrafts. Studies have shown that unclear and conflicting policies, poor implementation of rules and regulations are posing all sorts of problems to exports. “Handicraft Export Challenges by 2000”, (1992) in the report stated that there is lack of provision for participation of exporters as individual in international trade fairs. Foreign exchange facilities have not been granted for expenses like registration, electricity, furniture, showcase, interpreters, publicity and reception etc. on the basis of space booking and other correspondences concerning fair management. Exporters are not entitled to deposit 15 % of their export earning in their personal account to be used as the amount for the business purpose. While sending remittance by the importers, the mandatory disclosure of the purpose from which the payment has made has created lots of problems.

Nepal (2005), in the study pointed out that lack of policies with respect of craft export has induced problems in handicraft export. For instance, government has no clear policy to check the quality of Pashmina export and the import of Pashmina yarn. Similarly there is no policy so far to provide loan facility to import Pashmina wool. Entrepreneurs due to lack of fund could not meet the block demand. In case of jewellery government have no quality control or standardization system. Low quality Indian jewellery is exported in the name of Nepal and government has no policy to prevent this. The case of paper craft is no different as well. No policy to quality control and standardization system before export has deteriorated the image of Nepal. And if the export of *Lokta* is not banned the Nepalese paper manufacturer cannot continue their business. Nepalese policy makers have been formulating good policies in the past. Unfortunately, they have hardly been backed by respective laws. Nepal has also been poor to update the laws, for example, in spite of liberal trade policy adopted by the government. The Export and Import Control Act 1956 has not yet been revised. Similarly one act contradicts with other act for example, Industrial Enterprises Act 1990 and Income Tax Act 2001. Labour Act has not been revised to make it industry friendly.

Bhatt (2007), The most important weaknesses are implementation of plan and policies in an uncoordinated manner, weak links between various sector plans and policies with overall national plans, lack of sector development strategies and weak institutional capacities for marketing, research and development and others. Nepalese craft items have a good market in most of the industrial countries and their export to these market is facilitated by Generalized System of Preference (GSP). Therefore tariff is not the problem for market access but non-

tariff barriers are getting complicated. Non-tariff barriers such as quality requirements, environment issues, social issues, and market requirements are causing problems in market access. “Environmental issues and the need to improve the economic condition of the artisan have been the challenges for the days to come”, (The Handicraft and Cottage Industries: A guide to Export Marketing for Developing Countries, 1991).

Shah, (2007) in the article has written that lack of any agreement between Nepal and China on the quality standard of the goods that can be exported by Nepal has resulted many items that are meant for export are left stranded at the Chinese customs office at Tatopani and returned on the whims of the Chinese officials. Besides, entrepreneurs lack knowledge about the Chinese legal system due to language barrier, causing problem in export. Shah suggested that customs modernization, simplification of documents, mutual recognition of quality certification, and encouraging trade through banking channels based on documents, reducing delay in surface transport of goods, simplified immigration procedures are some of the areas for improvement to facilitate trade with China. Nepali businessmen and the related government officials learning the Chinese language and the business etiquette may also be essential while doing business with China.

Exporters face heat over Pashmina's Identity Crisis (2007) an article in The Kathmandu Post mentioned that lack of proper definition and accreditation has exposed Nepali Pashmina grave risk of losing leading European and Japanese markets following which exporters have urged the government to set up an agency at the earliest to define and certify the products. “There are no specific import regulations for wooden gifts and handicrafts and gifts, with a possible exception for the usage of cadmium in paints and lacquers, (www.cbi.nl)”.

A major development is the FSC (Forest Stewardship Council) mark, which can be attached to wooden products from responsibly managed forests. At this moment its main use is for timber, but it is extending to finished products as well. Eco-labelling goes even further than an FSC-marking and is possible in several countries, each with different requirements. Next to growing awareness of environmental issues, there is an increasing consciousness in the European market for the social aspects of production. The most important issue is the use of trade partners. Fair wages and healthy production circumstances are also becoming more important for a growing number of customers (Gifts and Decorative Articles, 2005). This article has also mentioned about the issues of quality requirements and general information on packaging, marking and labelling. Various countries have banned the use of

polythene/plastic materials for packing. A country may prescribe a limit of weight for an individual box or case etc.

The foregoing review of literature indicated that Nepalese handicraft exporters are encountering various kinds of difficulties in export documentation, customs clearance, and government's unclear and conflicting policies and market access especially non-tariff barriers. Hence in this study these four areas are examined to find the intensity of the problems and find the possible solutions.

In 1984 a market study was done in selected European markets for Nepalese hand knotted carpets jointly by the Trade and Export Promotion Centre and Nepal Carpet Industries Association. The study determined some problems like price competitiveness of Nepalese carpets with china, which needs to improve quality by establishing washing plants in Nepal, identify designs colours and size most saleable in Germany and the markets, overstocking of Nepalese carpet in Germany and discounting of Nepalese carpets, lack of customer's feedback, need to plant distribution and participation in exhibitions. So, the study suggest to make price stability and reduce freight costs, maintain quality, designs and colours cording the consumers taste, maintain good responsiveness of markets and control production through encouraging smaller size carpet runners.

DECTA, (1993) published the UK market notes on hand Knotted carpets and hand-woven Rugs-hand knotted pile carpets which are important areas, in handicraft floor covering sectors with account for around 115 percent of total carpet import, and just less than 5 percent of the total is for domestic UK exported. In this trade, the UK has substantial number of well-established international merchants which buy and sell extensively the contrasts elsewhere in Europe and other part of the world. Hamburg, Germany is the centre of the international trade in oriental carpets.

The report suggested that there is likely to be a growing long term interest by British consumers in traditional handmade floor coverings. However, it is essential that suppliers liaise closely with UK importers to adopt their designs and colour the taste preference of the UK market. Another study, carpet and textile floor covering a study of the Netherlands and other major market in the European community done by centre done the promotion of the EU as whole carpet consumption is dominated by northern European markets, especially Germany and the UK, EU countries import about 600 million square meters carpet per year,

and the penetration of imports have been increasing in all markets. Germany, UK and France are the largest importers accounting for 83 million square meters in 1991. Sources in developing countries are only significant in the supply of hand knotted carpets. India accounts for nearly 30 percent of all EU carpet import from developing countries. Other significant sources include China, Iran, Turkey, Morocco, Nepal and Mexico.

Regarding the initiatives of USAID to seek anew largest of Nepali carpets in the USA, USAID's economic sector published and Econ International News(14 September, 1993) on "The carpet industry and export to America" the news recommended that the mass market in north America can be tapped by producing Turkish designs add colours. Since the Turkey is not able to meet market demand this is a relative safe approach it also appries that Nepal can produce this type of carpet cheaper than Turks. A problem with this type of carpet is that machine can easily copy it and Nepali handmade carpets cannot compete with machine made carpets. Even, Nepali handmade carpets will be of much higher quality and can be sold at higher price.

It again suggests that an alternative route is to go for the higher end carpets according to the American designers. The concept is the same, as the program carpets country being sold in Germany but the nature of the carpets must be changed. The American market emphasized in carpets with splashed of bright colours. North American prefers geometric designs and dislike open solid colour fields. They are also interested in different texture.

Nepalese carpets in the Japanese Market (1994) reported that in many place of Japan, Nepalese carpet is not known to that extent, even in the places where Nepalese carpets are available, they were imported through Germany and Pakistani agents with direct contact. The Japanese taste for designs, colours and size are different. The dark and strong colour carpets should be identified as a Nepali Carpet. The designs should be made different, special emphasis of ethic character of Nepal with quality improvement and with different thickness and sizes are suggested.

In Japanese market, Nepalese carpet can be confront with Chinese ones in pricing, colour, design as well as the marketers of Pakistani designers. To outweigh those confrontation delivery time should be reliable, improved packaging, good communication, and cheaper shipments are also demanded by the study. For the promotion of Nepalese carpet in Japan,

management of exhibition in Japan and development of brochures are needed to let the people know about it suggested.

There is no official arrangement to ensure a permanent supply of raw wool to the growing industry. Nepal imports raw wool from New Zealand, Tibet and other third countries. The problem of carpet industry of Nepal is; if the export policies of wool exporting countries change then it directly influence to the carpet manufacturing in Nepal. Tibetan wool is based on barter trade. Changes in policy of both importing and exporting countries many have substantial impact on the carpet making business. It should be well ensure with the regulation of import of raw wool form Tibet and New Zealand. There is always the price factor to be considered. Any price fluctuation in the international market could also affect the cost of the carpet produced in Nepal. If, attention has been paid for this aspect of carpet industry then it plays an important role of long run continuity and sustained growth of carpet industry in Nepal.

2.6 Present Trade Environment of Nepal

According to central bank of Nepal, merchandise exports increased by 8.5 percent to Rs. 27.25 billion during the five months of FY 2010/11. Such exports had declined by 17.8 percent to Rs. 25.12 billion in the same period last year. On a monthly basis, exports increased by 17.6 percent in November/December of the current fiscal year compared to the value of the previous month. Exports to India increased by 11.7 percent during the five months of FY 2010/11 in contrast to a drop of 12.3 percent in the same period last year. Likewise, exports to other countries increased by 3.2 percent in contrast to a plunge of 25.5 percent in the same period last year. The increase in the exports to India was mainly ascribed to the increase in the exports of thread, jute goods, wire, cardamom, plastic utensil and M.S. pipe, among others. Likewise, exports to other countries increased primarily due to the rise in the export of pulses, woollen carpet, tanned skin, Pashmina, readymade leather and tea goods, among others.

Table 2.1
Direction of Foreign Trade*

	<i>(Nepalese Rupee. in millions)</i>				
	2008/09	2009/10 ^R	2010/11 ^P	Percent Change	
				2009/10	2010/11
TOTAL EXPORTS	30570.9	25115.6	27247.0	-17.8	8.5
To India	17732.8	15557.2	17380.7	-12.3	11.7
To Other Countries	12838.1	9558.4	9866.3	-25.5	3.2
TOTAL IMPORTS	116026.5	153391.3	154272.9	32.2	0.6
From India	61757.4	82122.2	104402.2	33.0	27.1
From Other Countries	54269.1	71269.1	49870.7	31.3	-30.0
TOTAL TRADE BALANCE	-85455.6	-128275.7	-127025.9	50.1	-1.0
With India	-44024.6	-66565.0	-87021.5	51.2	30.7
With Other Countries	-41431.0	-61710.7	-40004.4	48.9	-35.2
TOTAL FOREIGN TRADE	146597.4	178506.9	181519.9	21.8	1.7
With India	79490.2	97679.4	121782.9	22.9	24.7
With Other Countries	67107.2	80827.5	59737.0	20.4	-26.1

* Based on customs data
P= Provisional
R= Revised
Source: Nepal Rastra Bank

Nepalese handicrafts are the means that make Nepal noticeable in international market. These products are major source of foreign currency earnings. In this process Nepal is participating in different trade fairs annually held in different countries to increase export. In recent years due to Nepalese political instability it is a bit decreased but not unsatisfactory.

Table 2.2
Exports of Major Commodities to Other Countries

	<i>(Nepalese Rupees in millions)</i>				
	2008/09	2009/10 ^R	2010/11 ^P	Percent Change	
				2009/10	2010/11
A. Major Commodities	9956.7	7521.6	7278.5	-24.5	-3.2
1 Handicraft (Metal and Wooden)	293.8	473.5	87.7	61.2	-81.5
2 Herbs	192.2	173.2	70.6	-9.9	-59.2
3 Nepalese Paper & Paper Products	174.8	382.9	180.6	119.1	-52.8
4 Niger seed	1.0	0.0	0.0	-100.0	-
5 Pashmina	565.4	739.8	755.4	30.8	2.1
6 Pulses	3346.8	1961.3	2283.4	-41.4	16.4
7 Readymade Garments	2305.3	1782.3	1620.8	-22.7	-9.1
8 Readymade Leather Goods	5.2	11.9	19.5	128.8	63.9
9 Silverware and Jewelleries	136.2	93.8	27.9	-31.1	-70.3
10 Tanned Skin	146.9	119.3	159.6	-18.8	33.8
11 Tea	33.9	46.1	49.4	36.0	7.2
12 Woollen Carpet	2755.2	1737.5	2023.6	-36.9	16.5
B. Others	2881.4	2036.8	2516.5	-29.3	23.6
Total (A+B)	12838.1	9558.4	9866.3	-25.5	3.2

R=Revised, P=provisional
Source: Nepal Rastra Bank

The main trend is that export of major handicraft commodities including Pashmina is growing every year. Export of Handicraft (Metal and Wooden) was NRs.293.8 million in fiscal year 2008/09 but it increased by 61.2% in 2009/10 and reached to Nrs.473.5 million. Five months data of FY 2010/11 shows that, if the increment trend remains same then it holds on the same position as previous year. But Pashmina, Leather goods and woollen carpets shows a little different trend, they start narrowly and increased slowly. It may reach its target even in the FY 2010/11 despite other products deterioration.

Nepalese handicrafts market can be divided into three main sectors: domestic, Indian, and overseas.

2.6.1 Domestic Market

The domestic market is concentrated in Kathmandu and Pokhara and targets foreign customers only. Some utility handicrafts are purchased by local people for household or ceremonial needs but it is estimated that, of the local sales 90% are attributed to the tourist and expatriate community and foreigners working in INGOs and other institutions. However demand for Pashmina and Dhaka shawls, cushion covers, bed sheets, and gift items are increasing in internal market as well.

2.6.2 Indian Market

India has been the main market for certain Nepalese Handicraft products like, idols, Thanka, Pashmina, and silver jewellery. However in recent years the situation has been turned on its head. Indian producers have been clever enough to produce quick copies of Nepalese products at lower costs. Markets for some high value Nepalese crafts are vulnerable not only in India but also in Nepal as products are copied quickly and flood back to Nepal at almost in half of the price. These copies have already begun to replace Nepalese products and many traditional producers have been put out of business but still there is some positive signal in its handicraft and Pushmina products.

Table 2.3
Exports of Major Commodities to India

<i>(Nepalese Rupees in millions)</i>						
		Five Months			Percent Change	
		2008/09	2009/10 ^R	2010/11 ^P	2009/10	2010/11
A. Major Commodities		12315.2	11546.5	12692.8	-6.2	9.9
1	Handicraft Goods	8.8	9.9	11.4	11.9	15.2
2	Herbs	33.5	59.1	77.7	76.5	31.5
3	Paper	65.6	15.4	3.3	-76.5	-78.6
4	Pashmina	28.2	44.3	28.6	57.1	-35.4
5	Polyester Yarn	1019.4	1879.5	1052.3	84.4	-44.0
6	Pulses	197.6	7.6	2.2	-96.2	-71.1
7	Readymade garment	937.3	150.7	194.9	-83.9	29.3
8	Skin	89.9	94.9	162.5	5.6	71.2
9	Stone and Sand	116.5	10.7	7.2	-90.8	-32.7
10	Textiles*	849.5	1083.0	1150.5	27.5	6.2
11	Thread	1405.1	773.4	1443.2	-45.0	86.6

R=Revised, P=provisional
Source: Nepal Rastra Bank

The table illustrates the exports of major commodities to India. Where, handicraft goods, skin and textiles have the positive export trend. But in comparison to FY2009/10 there is no substantial improvement of handicraft goods in FY2010/11. We can see the remarkable improvement of Pushmina in FY2009/10 in contrast to FY2008/09.

2.6.3 Overseas Market

The USA, Germany, Canada, the UK and Japan were the major importers of Nepali handicraft products. The US imported handicraft worth NRs. 739.48 million in 2009/10. Likewise, Germany imported goods worth Rs. 318.69 million, Canada imported goods worth NRs. 203.9 million, UK imported goods worth Rs. 199.69 million and Japan imported goods worth NRs. 164.69 million during fiscal 2009/10 (Nepalnews.com).

Table 2.4

Country wise Export of Handicraft Products							
Fiscal Year 2009/2010 ^P Month : (June-July), Values in Nepalese Currency							
S.N.	Products	USA	Germany	Canada	UK	Japan	France
A	<u>Textile Products :</u>						
1	Pashmina Products	134,902,589	102,319,358	5,640,609	69,921,577	3,417,639	39,961,465
2	Woollen Goods	91,188,015	37,518,494	81,968,701	66,033,814	35,812,034	17,334,272
3	Felt Products	56,981,950	51,383,547	4,284,497	15,015,095	44,480,969	11,922,605
4	Silk Products	24,891,904	14,807,174	6,360,663	7,584,309	3,067,656	5,367,189
5	Cotton Goods	12,620,978	8,355,597	2,498,717	6,662,807	13,140,521	12,331,445
6	Hemp Goods	9,523,310	823,312	473,079	1,155,435	7,337,230	553,448
7	Allo Goods	292,735	179,957	69,137	3,877	634,627	59,745
8	Dhaka Products	277,882	539,903	257,336		645,334	-
9	Misc. Textile Products	2,443,158	636,054	142,471	76,601	748,384	402,076
B	<u>Non-Textile Products</u>						
1	Silver Products	178,552,174	18,058,410	64,529,052	3,397,986	23,798,940	9,362,460
2	Metal Craft	47,022,318	45,028,191	10,208,072	7,731,659	9,034,506	12,450,136
3	Hand Paper Products	90,837,630	25,521,107	12,095,496	16,510,335	11,627,581	38,547,659
4	Glass Products	57,703,790	54,909	1,602,592	7,156	619,665	10,614
5	Wood Craft	8,226,209	3,172,557	2,307,829	1,294,685	1,480,562	4,059,745
6	Bone & Horn Products	2,385,135	515,056	600,092	44,213	915,957	360,925
7	Ceramics Products	5,815,034	456,066	7,334,919	933,528	357,170	481,390
8	Incense	3,371,143	2,133,839	249,430	873,646	322,897	2,041,020
9	Paubha (Thanka)	1,877,284	1,632,727	176,785	113,380	147,793	962,345
10	Leather Goods	419,192	620,771	893,749	884,615	3,874,065	872,608
11	Plastic Items	2,350,041	265,480	238,288	170,443	215,931	564,489
12	Beads Items	2,317,243	710,557	657,867	169,575	671,381	129,188
13	Stone Craft	1,515,691	149,475	27,101	28,568	122,546	476,322
14	Bamboo Products	288,959	101,713	84,284	18,055	66,432	60,008
15	Miscellaneous Goods	3,684,704	3,713,408	1,205,303	634,252	2,154,875	1,237,464
	Total (A+B)	739,489,067	318,697,661	203,906,068	199,265,609	164,694,696	159,548,615

Misc. Textile Products include products made from Rayon, Polyester, Velvet and Jute

Miscellaneous Goods include goods/products other than classified above

P = Provisional

Source: Federation of Handicraft Associations of Nepal

2.7 Export Marketing Problems of Nepalese Handicrafts

The handicrafts industry occupies a noticeable share in Nepalese economy. However, it faces several problems in production and export marketing. The handicrafts are made by local artisans with traditional knowledge and skill. They lack skills, training and knowledge to design and develop trendy products on desire of customers in foreign market. Due to shortages of skilled human resource, it has become difficult to maintain export quality as well as competitive products. Some major export problems can be listed as follows:

- Fluctuation in supplies of raw materials.
- Limitations in Technology.
- Lack of facilitates for testing, standards and certification.
- Lack of market information.
- Cumbersome government procedures for export.
- Centralized and seasonal markets.
- Price competition.
- Duplicate products.
- Delivery problems.

CHAPTER 3

Research Methodology

3.1 Methodology

Research methodology is the process of arriving at the solution of the problem through planned and systematic dealing with the collection, analysis and interpretation of facts and figures. Research is a systematic method of finding right solutions for the problem whereas research methodology refers to the various sequential steps to adopt by a researcher studying a problem with certain objectives in view. In other words research methodology refers to the various methods of practices applied by the researcher in the entire aspect of the study.

This chapter will cover the methodology used in this research. The selection of methodology is based on the research problem and stated research questions. The main research question developed in this paper is: “How international trade fair is helping to promote export of Nepalese handicraft products?” To tackle this research question, an inductive research process is adopted to summarize data in general. Inductive approach is selected because the research aims at a detailed description and analysis of the research question with the respective research area.

3.2 Research Design

Research design refers to the overall framework of the research. It is a plan, structure and strategy of investigation. It is an arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to research process with economy in procedure. It is also a plan, structure and strategy of investigation conceived so as to obtain answers to research questions. The plan is the overall scheme or program of research (Kerlinger, 2000: 301). In other words research design is the specification of procedures for collecting and analyzing the data necessary to help identify or react to a problem or opportunity.

There are many ways to carry out research. Most types of research can be classified according to how much the researcher knows about the problem before starting the investigation. There are three classifications of research available when dealing with a research problem: exploratory, descriptive, or explanatory.

The research purpose and research questions of this study indicate that this is primarily descriptive, but also exploratory and partly explanatory. This study is descriptive since it is researcher intention to describe the area of research and draw some conclusion from the collected data.

There are many factors that affect research designs. The philosophical position particularly the ontology or epistemology has a major impact on the way research is conducted and evaluated. Previously research method involves collecting data that is mainly in the form of words, and the latter involves data which is either in the form of, or can be expressed as, numbers. Many textbooks use this distinction as the key to understanding different research designs. In this research author tries to construct design not only based upon traditional qualitative and quantitative methods but tries to follow the epistemologies in respect to objectives of this research. Here, in this research a case study of Nepalese handicraft products tries to analyse the export trend and volume of Nepalese handicraft trade. Survey feedback and survey research has been followed to gather necessary data for case study. Research methodology used in this research like case study, survey and sampling, clearly advocates that it is closely related to relativist research design.

In this research different fifteen private firms participating in international trade fairs abroad are studied through filling up the questionnaires and by interviewing the officials of these firms for solving the research problem. As well as different trade journals, books, magazines, and previous thesis work are studied as literature review. So, data used in this thesis are of both primary and secondary nature.

3.3 Philosophical Considerations

Relativist research design assumes that there are regular patterns in human and organisational behaviour, but these are often difficult to detect and extremely difficult to explain due to the number of factors and variables which might produce the observed result. Consequently, relativist research tends to use cross-sectional designs which enable multiple factors to be measured simultaneously and hence potential underlying relationships to be examined. Since the research involves multiple factors, and needs to make approximations of reality, relatively large samples are usually required, and hence surveys are the preferred methodology in this area.

This thesis has employed a cross-sectional survey method to collect data for case study. It involved selecting different organisations or units in different contexts and investigated how other factors, measured at the same time, vary across these units. This research identifies general relationships between marketing mix and export volume of past 7 years.

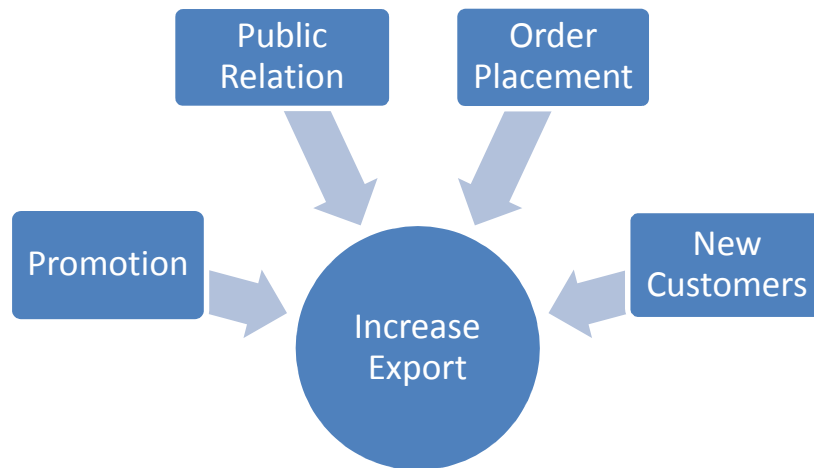


Figure 3.1 – Relationship between Trade Fair Activities and Export

Since relativist studies are informed by internal realist ontology, the issues of validity are quite similar to those of positivist studies. Thus, there is a major concern about whether the instruments and questionnaire items used to measure variables are sufficiently accurate and stable. Most of this is done through pre-testing instruments before the actual research carried out, and hence measures of reliability are important because they assess how far each instrument can be relied upon to produce the same score for each occasion that is used.

3.4 Methods of Data Collection

In this research, primary data is gathered through different financial and trade institutions of case country where as secondary data is gathered through various conference papers, published journals, and national statistics of case country for research work. For general overview secondary data is collected from published reports of SAFTA, SAARC, ADB, OECD, IMF and the World Bank. This research seeks the solution to the research problem not only in statistical measures but also the subjective description of the numeric values and figures. Hence, qualitative and quantitative approach is adapted to gather and summarize issues relating to the research area.

In order to gain knowledge of the process undergone by each specific sector I propose to combine the statistical data available, using firm-level data whenever possible, with interviews with the industry associations' representatives, the individual entrepreneurs, and the government.

World markets, Nepal's market access conditions and its current export performance are essentially analysed on the basis of desk research and Internet-based tools. Trade data come from ITC's Trade Map (www.trademap.org). Trade Map is an online database of global trade flows and market access barriers for international business development and trade promotion, providing detailed export and import profiles and trends for over 5,300 products in 200 countries and territories. Based on the world's largest database COMTRADE, Trade Map presents import/export values and quantities, growth rates, market shares and market access information. It allows users to analyse markets, select priority countries for export diversification, review the performance of competing countries and assess opportunities for product diversification by identifying existing and potential trade between countries. This research includes an analysis of export growth of Nepalese handicraft products and its key driving variables, and a discussion of the general policies pursued to increase quality exports.

3.4.1 Observation

The term observation may be loosely applied to any qualitative research project where the purpose is to provide a detailed, in-depth description of everyday life and practice. Here in this research I need to find out the transactions of export goods and revenue collected from trading activities. I did case study of Nepalese handicraft products, for that data are also taken from published videos, individuals and news media regarding export and trade fairs. It is difficult and very expensive to attend trade fairs around the world but fortunately I had got a chance to observe South Asian trade fair 2010 held in Kathmandu. Author has selected major export firms from Nepal and did semi-concealed research as well.

Semi-concealed research relates to an increasingly popular 'critical management studies' tradition and involves researchers negotiating access into organisations with research agendas that they do not always want to reveal to all of the respondents they meet, for fear of being presented with an image of the company from a particular perspective. It is not as the same as covert research in that the researchers are open about their rationale for studying in the company. The aspect of concealment relates to the way the focus of the research is defined

and the view the researcher takes on the practices under observation (Mark Easterby-Smith, Richard Thorpe, and Paul R. Jackson 2008).

3.4.2 Interviews

A great deal of qualitative material comes from talking with people whether it is through formal interviews or casual conversations. If interviews are going to tap into the depths of reality of the situation and discover subjects' meanings and understandings, it is essential for the researcher (A Hannan 2007):

- To develop empathy with interviewees and win their confidence;
- To be unobtrusive, in order not to impose one's own influence on the interviewee.

The researcher engages in 'active' listening, which shows the interviewee that close attention is being paid to what they say; and also tries to keep the interviewee focused on the subject, as unobtrusively as possible. Something of the researcher's self, perhaps involving some similar or contrasting experiences to those of the interviewee is also put into the interaction in the interests of sustaining rapport and encouraging more discussion. In this sense, the unstructured interview is a process of constructing reality to which both parties contribute. A large amount of data is generated, and if possible, it is a great advantage if the interview can be tape recorded for later transcription.

As with observation, it may be that the researcher begins with a more focused study and wishes to know certain things. In these cases a structured interview might be more appropriate. Here the researcher decides to take structure interview and sets out with predetermined questions. As with systematic observation, this is less naturalistic. Within the spaces, the same techniques as above might apply, but there is clearly not as much scope for the interviewee to generate the agenda. For this reason, some researchers use semi-structured interviews - interviews which have some pre-set questions, but allow more scope for open-ended answers.

Because of time limitations I am unable to do structure interview all the time but with very limited persons I have got chance to do structure (In-depth) interview. For the case study of this research I need certain data, which can be obtain with the negotiation from government officials and proprietor of the firms. I set a question-set and presented that at the time of

interview. But there are no any certain restrictions on answers. So, interviewee can give open answers whatever he/she thinks or they can say more than the answer beyond my expectation. This interview is conducted with joint secretary and under secretary level of Nepalese government organisations and the proprietors of major handicraft exporter. 20-30 minutes time spent for each person. When certain issues have been identified I started non-standardised informal unstructured interview via telephone and Skype. This interview is conducted with middle and lower level employees, supervisors, students, friends, writers, lecturers, merchandisers and end users. There is no certain time duration of this interview. Sometimes it ends in five minutes and sometimes it took more than thirty minutes.

3.4.3 Case Study

Here, I am presenting Nepal's handicraft industry as a case study to find out contribution on GDP, foreign currency reserve and proportion on international trade. Now, Nepal is leading third world country/LDC. So, Nepal should be a good reference for its policy reforms on various sectors in context of south Asian LDC countries. Effective case study uses multiple sources of evidence, if possible. Using multiple sources of evidence is likely to result in stronger findings as well as the development of a chain of events associated with the discovery case (construct validity). I used multiple sources of data including information from the pioneer and other members of his/her organization, trade organizations and government agencies.

The topic of my research has done to be studied with the means of case study approach. Cases provide researchers with rare opportunities to experience something that other researcher cannot do. Case study allows readers to see a phenomenon 'through researcher's eyes' and learn the things that they otherwise could not notice. Also, case studies provide research consumers with vicarious experiences of other researchers; these experiences less likely cause defensiveness and resistance to learning. Case study strategy is very beneficial for this research which gives a certain meaning and purpose to the object or event because it provides the idea about its local context and situational constrains. Therefore, the results arising from case study is based on real-world patterns.

3.4.4 Data Sources for Case Study

For secondary data collection, field visit to Nepalese Trade and Export Promotion Centre (TEPC), Handicraft Association of Nepal (HAN), and Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has been done. Study of journals, magazines and books are done from the different libraries and the web sites of different trade organizations.

For primary data collection, questionnaire is prepared. This questionnaire has been filled up by different firms which are chosen as sample for the research work. As well some data are collected from the direct conversation with the officials of those firms.

3.4.4.1 Population and Sample Source of Data

Presentation and analysis of data depends upon the reliability of data collected from different source which helps to solve the problem of research and finally generating the reliable and correct solution of the problem. So, population and sample taken in the study should be carefully selected. In this research both secondary and primary data are used. Secondary data are collected from different trade journals, books, and magazines. Likewise primary data are collected through the questionnaire and direct conversation with the officials of the different firms.

Secondary data consist of annual reports of Trade and Export Promotion Centre (TEPC) and Handicrafts association of Nepal (HAN). Different national and international business magazines published in different time of periods are studied. Journals of international trade forum through different web sites are used. The total population of 45 Nepalese Handicraft exporter firms participating in international trade fair has been chosen for precise study. Fifteen firms have been taken for sample among 45 firms. From which 10 are participating through government effort and 5 firms are participating on their own effort.

3.4.4.2 Total Population and Sample of the Study

1. Annapurna Handmade Paper
2. Bagmati Arts & Handicrafts
3. Bagmati paper industries P. Ltd*
4. Basu's Export House
5. BBD Enterprises
6. Bhandari Trading P. Ltd
7. Dhaulagiri Pashmina Udryog *

8. Everest Fashion *
9. Everest Knitting Industries
10. Gift Land Enterprises
11. Himal International[#]
12. Himalayan Lotus Craft *
13. Ieso Top P. Ltd
14. Juju handicraft
15. Kabish Art Palace *
16. Kan Paw Nepal
17. Kishore handicraft
18. Monastery Thanka & Handicrafts Corner
19. Motherland Traders[#]
20. Mount Manashlu Pashmina Udhyog
21. Natraj international traders
22. Nava Natural Pashmina Udhyog
23. Nepal Art Traders
24. Nepal Handicraft Trading
25. Nepal Pashmina Crafts *
26. Nepal Small Cottage Industries
27. Nepalese Art & Craft
28. Nepalese Handicraft
29. Nepali Paper Product
30. Om Associate P. Ltd.
31. Pashmina Image *
32. R.S. Pashmina Udhyog
33. Rage Boutique *
34. Ratna Art
35. Royal Pashmina Industry
36. Sagarmatha silk *
37. Shakya Handicrafts
38. Shree Pashmina Industry
39. Sisters Concern
40. Sky Woman Handicraft
41. Subodh Enterprises
42. Tibetan Handicraft Industries
43. Tilicho Handicrafts *
44. Tushita Haven Handicrafts
45. Woman Entrepreneurs Development

(Source: Trade and Export Promotion Centre, Nepal)

Notes: * Firms Selected as Samples from government in initiation, # Sample from private sector

3.5 Data Analysis Tools

In this research work, the relevant analytical tools as per the requirement are used. Content analysis as well as Statistical analysis has been done to complete the research work.

3.5.1 Content Analysis

Content analysis is a method of research that aims at the analysis of the content whether qualitative or quantitative of documents, books, newspapers, magazines and other written material. In this research work, conceptual content analysis is used to find out the number of firms participated in international trade fair from 2004-2010. Also advantages and problem of participation in international trade fair and process to participation in international trade fair has been analysed.

3.5.2 Analysis of Comparators

The development of any theory passes through a process of comparative analysis. As we have observed it also depends on various range of activities over a period of time, among a number of people and through a variety of methods. Comparison helps the research to check and testify the data and also bringing out the distinctive elements of a category (P. Woods 2006).

On the other hand the process of theorising and building of its components goes through out the research study. The process starts as author start to identify the significant events and develop the concept. Furthermore, it also helps the researcher to find the direct as well as indirect correlation and pattern between the gathered data there are variety to techniques and tools available to use and to bridge the data, for example, a research diary enclosing personal reflections on the proposed research, authors own feelings and involvement about the research, memos and notes, figures, table, diagram. All of the mentioned tools help the researcher to see and overview the research and build interconnection.

In addition to basic elements should always be present in every successful research activity. First, there should be core condition that supports the activity of a particular sector or a country, as in this research. For example Bangladesh's growth of clothing exports as a famous case, the main circumstance is the availability of cheap unskilled labour force. We call this availability as "comparative advantage". In Nepalese case handicraft has more comparative advantage in context of world market. Comparative advantage is thus defined at the sector level. Second, the presence of underlying main circumstance is not sufficient to guarantee export growth. There has to be a finding, which is the favourable and feasible resolution of an investment uncertainty. As opposed to comparative advantage, these findings occur at the firm level and only afterwards are spread onto the sector.

For the counterfactual analysis these two elements have been taken into consideration as a strategy for research. For the sector chosen as a discovery case I identify a comparator sector. Except for the key underlying conditions of comparative advantage author have chosen similar characteristics to the former. Furthermore, author would search for evidences the key supportive elements by looking for a similar industry having matching characteristics to the pioneer to be compared however failed to perform relevant investments. Finding transparent comparator cases might not be feasible in all cases, but author is rational and will do his best effort to do it.

3.5.3. Statistical Analysis

Basically descriptive research is followed but sometimes simple statistical tools such as percentage, percentage change, ratio and correlation have been used for analysis of data. A percentage is the number of hundredth parts one number is another. This is the simple statistical device used in the interpretation of phenomenon. Percentage is equals to value obtain in a particular things divided by total value and multiplied by hundred.

$$\text{Percentage} = x / X * 100$$

Where,

x = small unit of total production, X = total production

Ratio is the quantitative relation between any two variable. Two variables are necessary for the ratio. Suppose X and Y are any two variables then ratio relation between these two variables is:

$$\text{Ratio} = X / Y$$

Research is presented in descriptive and tabular form for as per requirement and clear interpretation on it. To make report simple and easily understandable chart, diagram and graph have been used.

Statistical analysis deals in generalizing the data from sample data to the entire population. Here, statistical tools like the Mean, and the correlation has been used to find out the average export of the firms to the total export of the country while participating in the international trade fair and the correlation between number of participation and the firm's export.

$$\text{Mean}(X) \bar{X} = \sum \frac{X}{n}$$

Where X = Number of participation of the firm in international trade fairs.

$$\text{Mean (Y)} \bar{Y} = \sum \frac{Y}{n}$$

Where Y = Export volume of the firm in currency.

n = Number of exporter

$$\text{The Correlation (r_{XY})} = \frac{n \sum XY - \sum X \cdot \sum Y}{\sqrt{n \sum X^2 - (\sum X)^2} \sqrt{n \sum Y^2 - (\sum Y)^2}}$$

Here, r lies between -1 and +1.

Also, Least square linier equation

$y = a + bx$ has been used to find to the export trend of handicraft in relation with consecutive years.

Y_c has been calculated that stands the Computed value of Export or Trend Value

3.6 Limitation of the Methodology

Nepal is a least developed country and the regulations of government regarding tax and other social considerations are not so strong. Firms are not abiding the rules and regulations impose by authorities. Lack of infrastructure, communications and experts, authorities are also not able to supervise them. So firms may use child labour, low wages and cheap raw materials and also cheating on tax is common practice in most of the business. To be safe from their unethical works they don't allow stranger to do such kind of research works. If permitted then they try to hide factual data and contemporary issues. On the other hand there should be a certain trade secrete to produce quality product. If we generalise the formula then other firms may copy it so, they don't willing to reveal it overtly. In other aspect in this subject matter, research methodology depended on the size, objective, importance, availability of data, and time frame of the research project. So, the limitation of methodology is found as follows:

- Number of firms taken for the sample study may not be sufficient and it may give the result different from the actual.

- The secondary data available in different sources may be hypothetical on certain circumstances.
- Data of recent years provided by FHAN and NRB are not revised and based on 9 months provisional data.
- The primary data depends upon the attitude of the respondent so, the data provided by the respondent may not be correct.
- This research only focuses those firms which located inside the Kathmandu valley. So, the result may not be absolute by ignoring to those firms which reside out of valley.

3.7 Validity and Reliability

From the foregoing discussion, the association of quantitative paradigm with qualitative research through validity and reliability have changed our understanding of the traditional meaning of reliability and validity from the qualitative researchers' perspectives (Creswell & Miller, 2000). Reliability and validity are conceptualized as trustworthiness, rigor and quality in qualitative paradigm. It is also through this association that the way to achieve validity and reliability of a research get affected from the qualitative researchers' perspectives which are to eliminate bias and increase the researcher's truthfulness of a proposition about some social phenomenon (Denzin, 1978) using triangulation. Then triangulation is defined to be "a validity procedure where researchers search for convergence among multiple and different sources of information to form themes or categories in a study" (Creswell & Miller, 2000).

Therefore, reliability, validity and triangulation, if they are to be relevant research concepts, particularly from a qualitative point of view, have to be redefined as we have seen in order to reflect the multiple ways of establishing truth (Golafshani, N. 2003).

3.7.1 Validity Issues

The concept of validity refers to whether the research explains and measures what we would measure and explaining. Therefore it addresses the method also, which the research adopts to carry out the research. In this research I have taken the data from authentic government organisations for the case and other secondary data from published documents of renowned international organisations. Also the interview I have taken with key persons of the export agencies in Nepal. For testing that answer I also commenced informal talk with

middle level and low level employees involved in the production. I also observe shipment process, order taking and handling activities. So, I can say that the question I have raised earlier for this research is matched with my logic given in this research. The social explanations I have developed during research can be generalised with south Asian countries. All interpretations are subjective, so the issue here lies in tracing the ways by which I have arrived at this particular interpretation. In other words, I am responsible for outcomes did not "invent" my interpretations, but that they are the product of conscious analysis.

3.7.2 Reliability Issues

Mixed methods usually research a question through several methods. It is not unusual to use a combination of documentary analysis, together with non-participant observation and interviews. This might be the result of different angles of the same research, or a need to confirm an account with other sources of data. Regardless of the reasons, the use of multiple methods in this research in order to agree with data sources increases the reliability of this research. The use of several data sources and different methods is called triangulation. The idea behind triangulation is that the more agreement of different data sources on a particular issue, the more reliable the interpretation of the data.

Reliability addresses how accurate our research methods and techniques produce data. Within a conventional research background one speaks of the reliability of the "research instrument". In other words, how certain are you that any person using the same interview scripts (the research instrument) will not swing the answers of the interviewees? Researchers in the qualitative tradition sometimes refuse to speak of "research instruments" but it is possible to do field-work within a qualitative tradition and design "data recording sheets" to guide analysis of in-depth interviewing or of participant observation events. It is also possible to design "data sheets" to facilitate document analysis, so it is possible to address reliability issues regarding the consistency of our methods for recording data. These methods will influence the type of data you have access to, and the way you can interpret and analyse the data.

We can rely on the data collection techniques applied in this research because the interview, survey and documents are directly concerned with research question and I have tried my best to obtain real time issues and challenges faced by entrepreneurs regarding handicraft export. I have used some news papers published in different time of period to analyse data which is

directly published by news agencies regarding international trade. I have cross checked the answers given by top level management during interview with middle and lower level also. I have tested the reports published by government is hypothetical or it states the real phenomenon of market. Sometimes government officials use desk researched data to submit annual report but in this research I have collected the data from market, entrepreneurs, users, agencies and officials. After that I have checked whether it is similar with outcomes from all sources or not and summarised with findings.

3.8 Ethics in Research

The main ethical debate in research revolves around the tensions between covert and overt research, and between the public's right to know and the subject's right to privacy. Clearly, some practices that might be extremely unobtrusive, such as observing through a one-way mirror, concealed tape-recording or telephone-tapping are just not permissible - and might lead to criminal proceedings! Participant observation has, on occasions, been likened to 'spying' or 'voyeurism'. There is a temptation, too, for some researchers to negotiate access into an institution, carry out observations that he or she requires, persuade subjects to 'spill the beans', and then 'cut and run'. Such practice runs against the principle of 'informed consent' (people agreeing to take part in research on the basis of knowledge of what it is about); invades privacy; involves deception, all of which is inimical to generating qualities of trust and rapport, essential ingredients for this kind of research (P. Woods 2006).

I comply, there is some ethical issues encountered in my research. In case of Nepal it is not possible to get accurate data without giving advantages to lower level employee. Nepal is a low income least developed country so, every personnel wants to get some advantage if you are interested in their work. Sometimes top level management don't want to give key information because the fear of tax payment. Tax hide practise is very common in Nepal, due to this reason they want to conceal actual transactions and don't overtly indicate the actual figure during interview. To get actual data, fact sheet and documents we have to give some advantages to lower level employees. I also commenced concealed observation without informing what is being observed which also make sense of voyeurism. But most of the time informed consent was given in written format. To ensure confidentiality I have not reported private data that identifies participants.

CHAPTER 4

Data Analysis and Presentation

Data analysis and presentation is the main chapter of thesis writing. In this chapter, data collected from various source are analyzed and presented as per the requirement of the study. The raw data collected are presented in clear and meaningful form of tables, graphs, and diagrams with the help of different analytical tools. To complete the research work, primary and secondary data are collected through field visit and the study of literatures. These raw data are presented and analyzed here to fulfil the objective of the study.

4.1 Selected Firms and International Trade Fairs (2004-2010)

Nepal's participation in international trade fairs dates back to 1968, on the initiative of National Trading Limited. After 1973 Nepal has been continuously participating in international trade fair through Trade and Export Promotion Centre of Nepal. After the establishment of Handicraft Association of Nepal the rate of participation increases not only through the government sector but also from the private participation. But the numbers of participation and trade fairs are limited in direct participation if compare to government sector, despite it is great achievement for Nepalese handicraft industry that public sector also initiated to proliferate themselves. Handicraft producers are congregated in an umbrella called Handicraft Association of Nepal and started to participate in trade fairs but only in five trade shows they presented their products till date, the trade fairs are as follows:

- 1) Ambient International Frankfurt Fair
- 2) California Gift Show
- 3) Bari International Gift Show, Italy
- 4) Milan's Christmas Craft Fair - L'Artigiano In Fiera, Italy
- 5) Fokuoka International Gift Show, Japan.

Here is the list of firms participated in international trade fair in last seven years with the help of Nepalese government.

Table 4.1
Firms Participated in International Trade Fair (2004- 2010)

Year	Fair, Country	Firms
2010	Fokuoka International Trade Fair, Japan	Everest Knitting Industries, Motherland Traders,
	The Chicago Gift Show, USA	Handmade Nepal, Royal Pashmina Industry, Rage Boutique
	New York International Gift Fair	Gift land Enterprises, Nepal Art Traders
	FORMLAND – International Trade Fair for Gifts, Interior decoration and Promotional Item, Denmark	Sisters Concern, Tibetan Handicraft Industries, Tilicho Handicrafts
	Fiera Del Lavente, Italy	Nava Natural Pashmina Udhyog, BBD Enterprises
	Sanghai World Expo, 2010, China	Ieso Top Pvt. Ltd., Tibetan Handicraft, Monastery Thanka and Handicrafts Corner
	Domotex 2010, World Trade Fair for Carpet and Floor Covering, Germany	Subodh Enterprises, Sagarmatha Silk, Pashmina Image, Nepal Small Cottage Industries
	San Francisco Cash & Carry Show, USA	Himal International, Tushita Haven Handicrafts
	Ambient International Frankfurt Fair, Germany	Motherland Traders, Nepali Paper Product, Everest Fashion, Bagmati Art and Handicrafts, Nepal Art Traders
	Art, Craft & Life Style Shows, USA	Nepalese Art and Crafts
	L' Artigiano In Fiera, Italy	Himal International
	10 th SAARC Trade Fair 2010, Nepal	Annapurna Handmade Paper, Bhandari Trading Pvt. Ltd., Nataraj International Traders, Nepal Art Traders, Pashmina Image, Royal Pushmina Industry, Sagarmatha Silk
	India International Trade Fair, New Delhi	Kabish Art Palace, Tilicho Handicrafts
2009	Ambient International Frankfurt Fair, Germany	Himalayan Lotus Craft, Himal International, Dhaulagiri Pashmina Udhyog
	Tendence International Trade Fair, Germany	Everest Fashion, Gift Land Enterprises, Pashmina Image
	Fiera Del Levante, Italy	Kabish Art Palace, Rage Boutique
	Art, Arts and Crafts Fair, France	Monastery Thanka and Handicraft Corner
	Marseille International Trade Fair, France	Sisters Concern, R.S. Pashmina Udhyog
	INTERGIFT- International Gift Fair, Spain	Sky Woman Handicraft, Handmade Nepal
	International Handicraft Exhibition, Portugal	Nepal Handicraft Trading, Nepal Pashmina Crafts, Ratna Art
	L' Artigiano In Fiera, Italy	Motherland Traders
	Tokyo International Gift Show, Japan	Everest Fashion, Nepal Art Traders
	9 th SAARC Trade Fair 2009, Bhutan	Woman Entrepreneurs Development, Monastery Thanka and Handicraft Corner, Tibetan Handicraft Industries

	India International Trade Fair, New Delhi	Bagmati Arts and Handicrafts, Everest Knitting Industries, Mount Manasalu Pashmina Udhyog, Pashmina Image
2008	Tendence International Trade Fair, Germany	Everest Fashion, Nepal Handicraft Trading,
	Fiera Del Levante International Trade Fair, Italy	Kabish Art Palace, Rage Boutique, Mount Manaslu Pashmina Udhyog, Nava Natural Pashmina Udhyog, Monastery Thanka & Handicrafts Corner, Pashmina Image
	Ambient International Frankfurt Fair, Germany	Everest Fashion, Shree Pashmina Industry, Motherland Traders, Nepal Handicraft Trading, Himal International
	India International Trade Fair, New Delhi	Shree Pashmina Industry, Nepal Pashmina Crafts, Tilicho Handicrafts, Rage Boutique, Woman Entrepreneurs Development
2007	Tendence International Trade Fair, Germany	Everest Fashion, Kabish Art Palace, Royal Pashmina Industry
	Fiera Del Levante International Trade Fair, Italy	R.S. Pashmina Udhyog, Nava Natural Pashmina Udhyog, Kabish Art, Mount Manashlu Pashmina Udhyog, Nepalese Art & Craft
	India International Trade Fair, New Delhi	Nepal Pashmina Craft, Nepalese Handicraft, Shree Pashmina Industry, Rage Boutique
	7 th SAARC Trade Fair 2007, Karachi	Annapurna Handmade Paper, Ratna Art, Om Associate P. Ltd., Sky Woman Handicraft
	Ambient International Frankfurt Fair, Germany	Everest Fashion, Bagmati Arts & Handicrafts, Himal International
	Fokuoka International Trade Fair, Japan	Nepal Pashmina Craft, Kan Paw Nepal, Motherland Traders, Bhandari Trading P. Ltd
	Paper World, Germany	Nepali Paper Product
2006	Ambient International Frankfurt Fair, Germany	Gift land enterprises, Juju handicraft, Motherland Traders, Royal Pashmina industry
	6 th SAARC Trade Fair 2007, India	Nepal small cottage industries, Nepal art traders, Natraj international traders, Shakya Handicrafts
2005	Tendence International Trade Fair, Germany	Bagmati Arts and Handicrafts, Everest fashion
	Fiera Del Levante International Trade Fair, Italy	Nepal Pashmina Craft, BBD enterprises, Mount Manashlu Pashmina, Nava Natural Pashmina Udhyog
	India International Trade Fair, India	Nepal Pashmina Craft, Nepalese Handicraft
	Ambient International Frankfurt Fair, Germany	Gift land enterprises, Nepal art traders, Juju Handicrafts
	Osaka International Trade Fair, Japan	Sagarmatha silk, Kishore handicraft
	Paper World, Germany	Nepali paper products P. Ltd., Tibetan

		Handicraft Industries
2004	Tendence International Trade Fair, Germany	Himal International, Bagmati arts and Handicrafts
	Fiera Del Levante, Italy	Everest knitting industries, BBD enterprises, Nava Natural Pashmina Udhyog
	India International Trade Fair, India	Sisters' Concern, Ieso Top P. Ltd.
	Ambient International Frankfurt Fair, Germany	Nepali Paper Product, Dhaulagiri Pashmina Udhyog
	National Stationary Show, USA	Bagmati Paper Industries Pvt. Ltd., Handmade Nepal

Source: TEPC Nepal, FHAN and Field Survey 2010

Table 4.1, is bound with 40 handicraft associated firms listed in Trade and Export Promotion Centre Nepal and selected for this study, who are regularly participating in international trade fairs with the help of government and personal effort. From which Himal International and Motherland Traders are participating through their own initiation. There are many other firms are participating in other minor trade fairs annually but analysis is based upon only 40 firms participating from 2004 to 2010 in above selected major trade fairs. In the above table, we can see that there are more than 30 handicraft related organizations participating in fairs held in Germany, Italy, India, USA, Japan, and Spain. Most of the organizations are repeatedly participating in international trade fairs. Among them Everest Fashion, Motherland International and Himal International had participated most of the times followed by Kabish Art Palace, Bagmati Arts & Handicrafts and Rage Boutique.

Similarly, above table shows that Ambient International Frankfurt Fair is the most prominent show for Nepalese entrepreneurs. This trade fair is annually being held in Frankfurt Germany. Due to Nepal-German trade relations and easy to get visa than other continent, firms are participating here every year that is 7 times from 2004 to 2010. Fiera Del Lavente, Italy and India International Trade Fair, New Delhi is in second position. Firms participated here 6 times from 2004 except 2006. Likewise, Tendence International Trade Fair, Germany repeated 5 times and SAARC Trade fair 4 times. Some other like Fokuoka Japan, L'Artigiano in Fiera Italy and Paper world Germany has stand 2 times. Rest of the other fairs mentioned in Table 4.1 stood 1 time attendance.

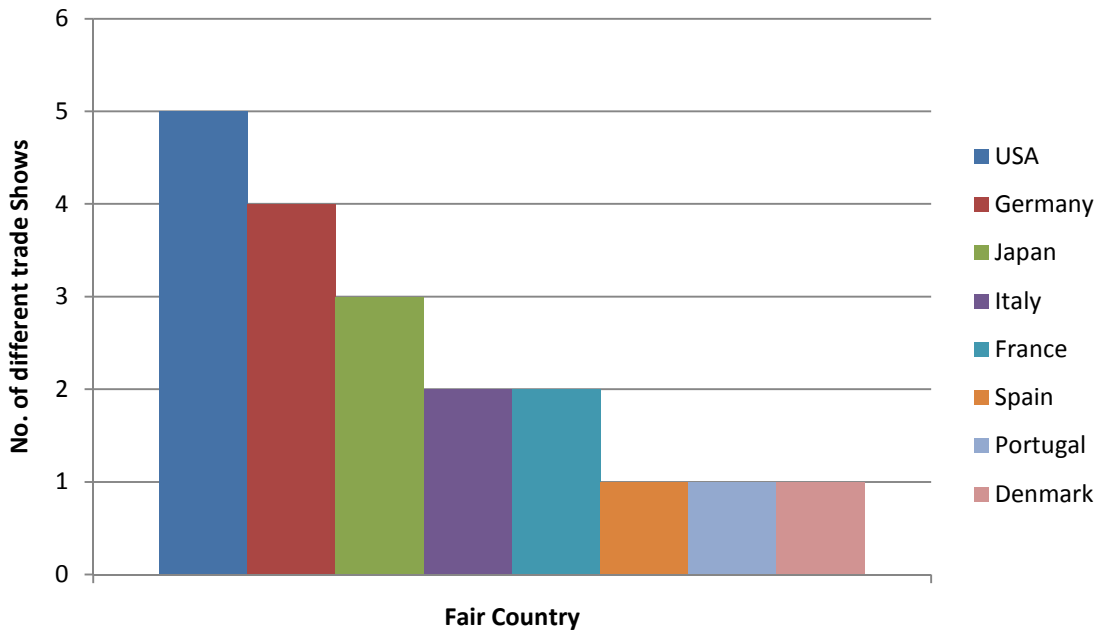


Figure 4.1 – Fair Country and Number of Shows

We can see the number of different trade fairs held in different countries and Nepalese firm's participation in figure 4.1. We discussed the Germany is the most recurrent fair country in Table 4.1. Nepalese firms are participating repeatedly in the same trade fairs annually but the trend has been different in case of USA. Above figure suggested that Nepalese firms presented their products in diverse trade fairs held in USA. Firms shows their participation in five different trade fairs from 2004 to 2010 but in case of Germany number of firms participation is high but the number of different trade fair is less than USA. In Table 4.1 we can see that, Nepal participated following 5 fairs in USA: The Chicago Gift Show, New York International Gift Fair, San Francisco Cash & Carry Show, Art-Craft and Life Style Shows and National Stationary Show whereas, in Germany study shows 4 trade fairs are invaded i.e. Ambient International Frankfurt Fair, Tendence International Trade Fair, Paper World, Domotex 2010 and World Trade Fair for Carpet and Floor Covering. We can see that Japan is also a targeted market followed by Italy and France. New trend has been emerged from last two years. Firms are seeking for the new market, consequences we can see in table 4.1, there are some new trade fairs listed in 2009 and 2010 organised in Spain, Portugal, Denmark and China.

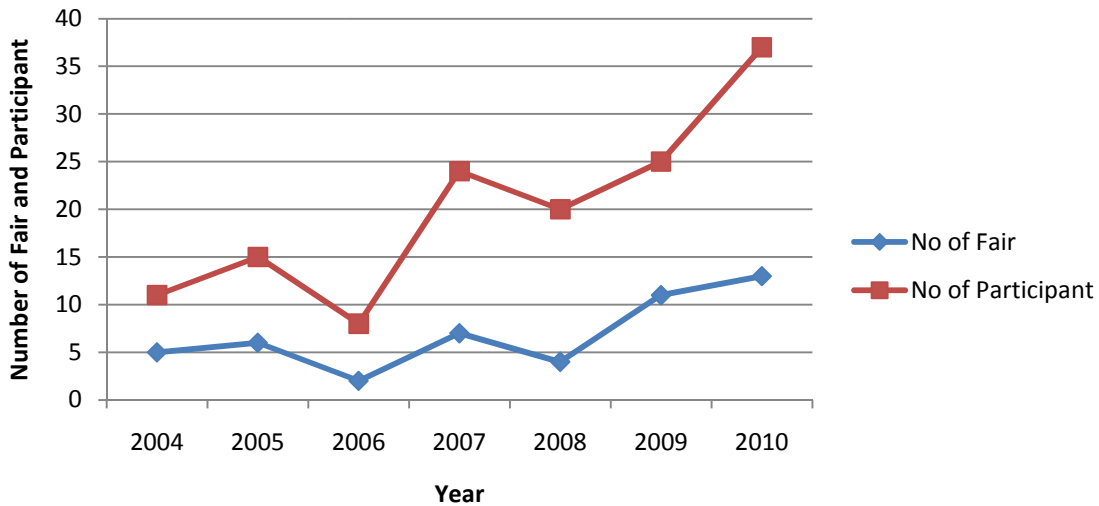


Figure 4.2 – Number of Fair and Participant over time 2004 to 2010

Number of fairs and number of participant is gradually increasing since last five years. We can see in Figure 4.2, the number of Fairs was only 5 in 2004, a bit raised in 2005 but again fall to only two in 2006. Started to grown up from 2007 except a little deterioration in 2008, reached to 11 in 2009, continues to increase and finally reached to highest 13 in 2010 ever stood before. Similarly number of participant has the same increasing ratio as Fair but its increasing number is higher than Fair. It started with 11 in 2004, bearing different fluctuations over time and got its optimum level of 37 in 2010.

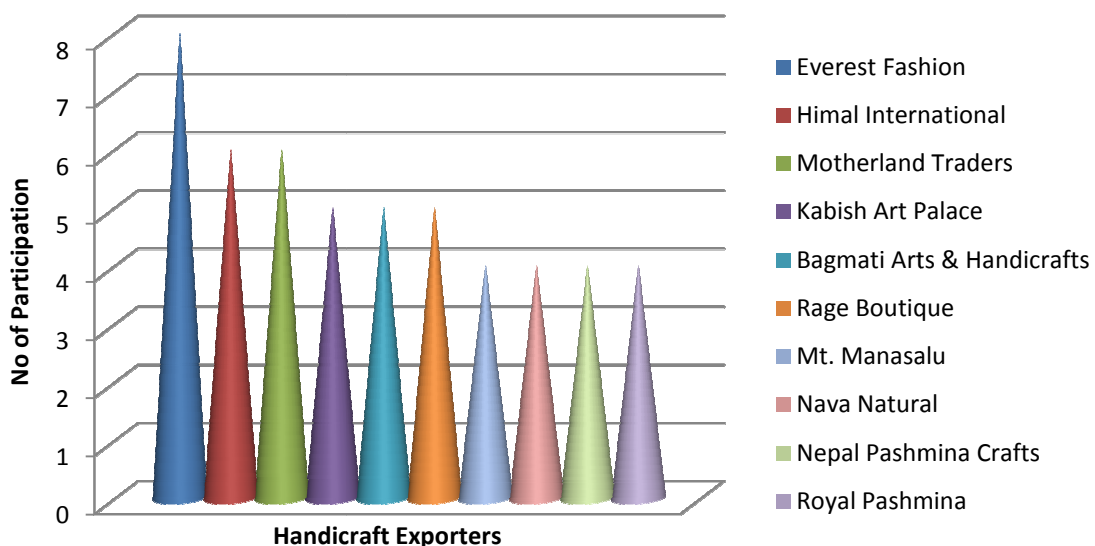


Figure 4.3 – Top 10 Exporters Since 2004

Furthermore, Everest Fashion is the most eminent exporter among others. That participated 8 times since 2004 from government support. Himal International and Motherland Traders have

participated 6 times by their own means. Kabish Art Palace, Bagmati Arts & Crafts and Rage Boutique are in the same position. They participated 5 times in last 7 years. Likewise Mount Manasalu Pashmina Udhyog, Nava Natural Pashmina Udhyog, Nepal Pashmina Crafts and Royal Pashmina had presented 4 times showed in Figure 4.3.

4.2 Distribution Channels of Nepalese Handicrafts

The major market for Nepalese handicraft product is Europe and North America. Distribution channel for those markets are mainly trade shows and other traditional means like fashion shows, souvenir shops, gift shops, internet and shops for interior design.

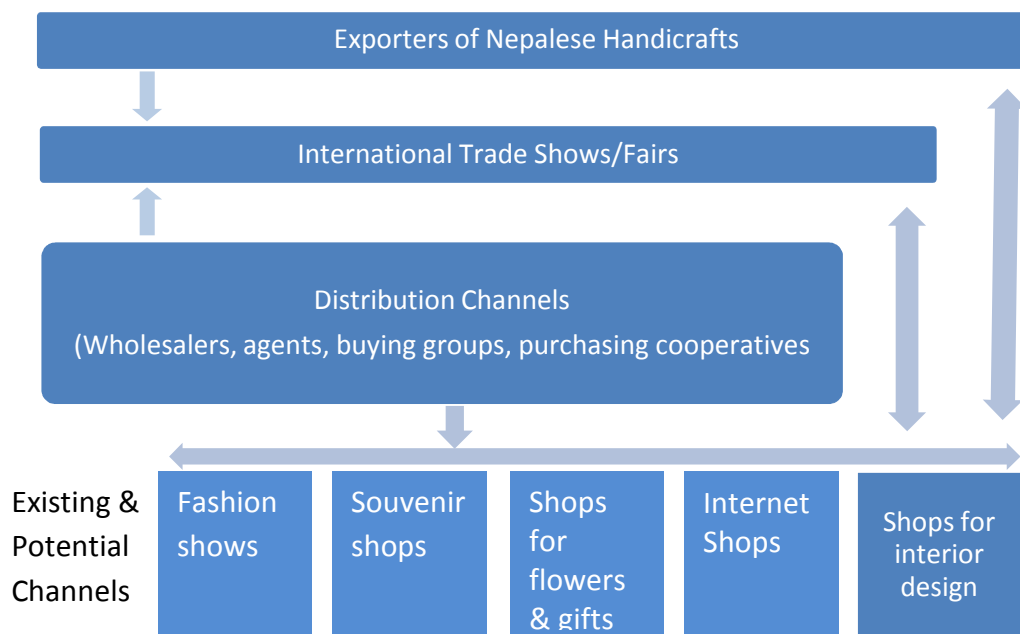


Figure 4.4 – Distribution Channel for Handicraft Products

Survey shows that handicraft products are currently being distributed only through shops selling alternative or exotic goods. But trade fairs are a regular means of distribution from the beginning of Nepal’s participation in international trade fairs. There is huge potential to promote handicrafts through other distribution channels shown in figure 4.4. However, due to least marketing strategy, most Nepali exporters have not been able to promote their products through mainstream distribution channels. To get more markets, this industry has to meet quality and quantity requirement desired by European and American buyers.

4.3 Products Exhibited In International Trade Fair

Most of the revenue generable handicraft items are categorized in textile and non textile products. Major textile products are Pashmina, woollen goods, felt products, silk products, cotton goods, hemp goods, Allo goods and Dhaka products. Likewise non-textile goods consist of jewellery, metal craft, wooden craft, bone-stone-glass craft, bamboo products, paintings and the bamboo products are main items. Author took some of the most noticeable exportable products presented in different trade fairs since 2004. According to questionnaire result, most of the time Nepalese entrepreneurs like to show their Pashmina, wooden craft, jewellery, metal craft, paintings and knitted products in trade fairs. These exhibited products are the major exportable items of the country listed by central bank of Nepal 2010.

Table 4.2
Handicraft Products Exhibited in International Trade Fair

Products	No. of Items/Sample
Pashmina	9
Wooden Craft	7
Paper Craft	6
Jewellery	8
Metal Craft	6
Thanka/Pauwa Paintings	5
Wool felt, Knitted Products, Silks	10

Source: Field Survey-Kathmandu based handicraft related firms 2010

Above items are taken as sample for this study. There may be other items being presented and number of presented item should more than plotted in table 4.2. Number of items/sample shown in column 2 of table 4.2 means number of gadgets built by concern product line. For example 9 final products built by Pashmina material is exhibiting in trade fairs since 2004.

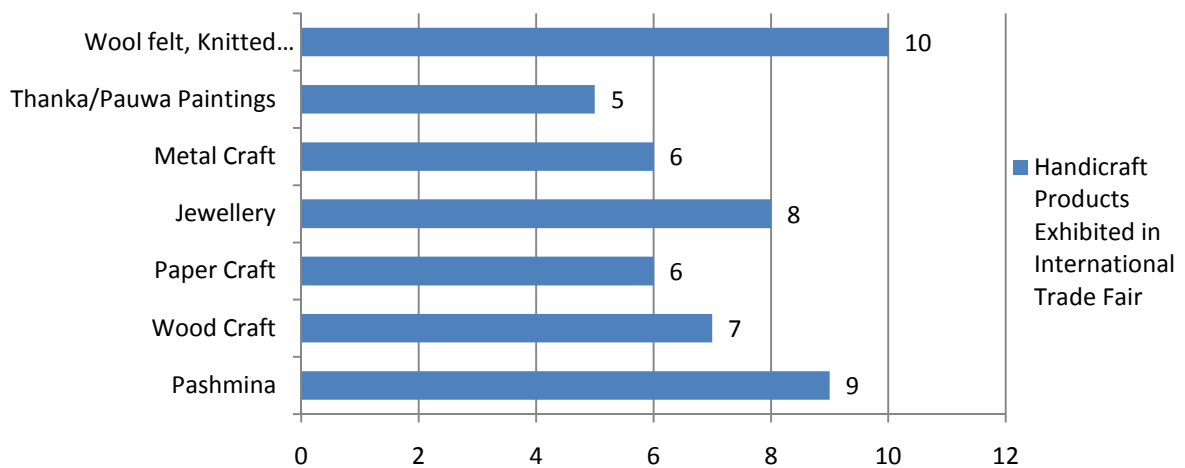


Figure 4.5 – Handicraft Products Exhibited in International Trade Fairs

From the above table and figure, we came to know that 19% of the product line is occupied by wool felt, knitted products and silk wares. Pashmina accounts 17 percent with 9 different products. On third ranking jewellery has 16 percent market share with 8 unique artistic items. On the other hand wood craft also occupies the remarkable market shares with its 7 products. Paper craft and the metal craft are in the same position which stands 12 percent among other. Paintings (Thanka/Pauwa) are in the last position accounting 10 percent each of the total exhibited products in the international trade fairs.

4.4 Advantages of Participation in International Trade Fair

International trade fair is the means of getting all the producers and buyers together under one roof. Here, different people from different countries around the world gather to sell and buy the exhibited products. It is the one place where the producers can compete with each other as well as they can know the competition and trend of the market. International trade fair is the means of globalizing the organization. Advantages gained after participating in international trade fair varied even, some advantages can be listed as follows:

- International trade fair is a good medium of direct interaction with international buyers as different buyers come to visit the fair.
- As many international buyers and sellers gather in international trade fair, image and goodwill of the company will be known to all.
- International trade fair is defined as the shopping window as exhibitors get opportunity to demonstrate wide range of exportable products.
- It gives the comprehensive overview of what is on the market because of the gathered large number of the exhibitors exhibiting similar types of product as well as design ideas for future products and product lines can be studied.
- Enable a direct comparison of price and performance.
- It strengthens the existing trade relation between the suppliers and exporters.
- Guarantee and increase the transparency of the market.

4.4.1 Trade Fair as Part of the Marketing Mix

The marketing mix consists of product design, adapting to price and conditions and the measures necessary for distribution and communication. These tools enable the company to exert an active influence on the sales market (AUMA, 2009). The trade fairs are not only a

place of product distribution but it consist all of the marketing strategies at once. In recent days the trade fairs not simply a place to buy rather a source of information and communication. There is great potential for effective marketing in almost every aspect of the mix. Exhibitors can bring into play their company policies on communication, price and conditions, distribution and products in trade fairs. Most exhibitors regard participation in a trade fair as an integral part of their marketing mix.

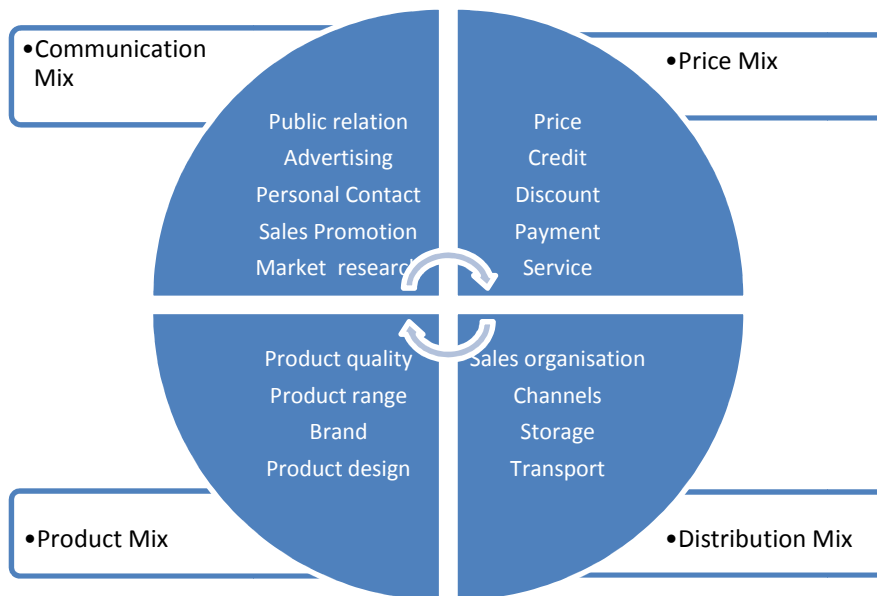


Figure 4.6 – Participation in Trade Fair as Marketing Mix

Trade fairs serve to fulfil the most diverse company aims. Figure 4.6 showed that Nepalese firms are following all 4Ps of marketing mix in international trade fairs not in diverse form but survey/questionnaire shows that they are taking international trade fairs as some marketing activities like promotion, public relation, order placement and new customers. Following table shows advantages gained from marketing mix while participating in trade fairs since 2004. Questionnaire has been distributed to collect views about the achievement gained from international trade fair to the sample size of 15 among 45. From which 10 participants are taken from government section and 5 from private.

Table 4.3
Advantages gained from international trade fair

No. Of Participants (Sample 15)	Promotion	Public Relation	Order Placement	New Customers	Increase Export
	12	12	9	15	12
% of Participant	80	80	60	100	80

Source: Field Survey 2010

The above table shows that out of 15 participants all the 15 (i.e. 100%) said that they made new customers in the international trade fair. 80% of participants said that the trade fair helps them in the promotion and public relation as well increases the export of the organization. Similarly, 60% of participants confirmed the order placement.



Figure 4.7 – Objectives Gained from Trade Fair Participation

The main objective to participate in trade fair is to increase sales volume and make more profit for Nepalese exporter. But some of the respondents are optimistic about long term sustainable income by their product with establishing the brand image and after sales customer relationship. Figure 4.7 showed that 80% are interested in promotion and public relation but still result is sceptical whether they want export increment or new customer because most of the respondents choose more than two options. Clearly we can say that, by the use of different marketing strategies in long run or short run they want more sales volume with increasing export. Within the scope of medium and long term company planning, participation in a trade fair can serve to clarify the future position of a company in the market. The cost to profit ratio can also be improved by participating in a trade fair.

4.5. Export of Handicraft Products

Export of handicraft items has bounced back by 8.3 percent after witnessing a drop last year and touched NRs 903.52 million during the first quarter of 2010/11 (FHAN, 2011). Last released export data shows that purchases of handicraft goods is increased due to the tourists visiting the country for celebrating Nepal Tourism Year 2011. Nonetheless, Nepali handicraft items found new market during the mid of 2010. According to vice-president of FHAN, "Increased tourist arrivals and participation in international trade fairs by Nepali traders caused positive impact on exports of handicraft products, particularly woollen goods, Dhaka products, metal crafts and felt products". Of all handicraft items, exports of textile products have jumped by 4.4 percent to NRs 465.53 million and non-textile products by 27.91 percent to NRs 437.99 million. Among textile products, exports of woollen goods, felt products and Dhaka products have increased. Mainly traders of woollen goods succeeded to increase their exports by around 25 percent. With this, export of woollen goods touched NRs 199.07 million in the first quarter of 2010, becoming largest handicraft exports of the country. Exports of other non-textile handicraft items like metal crafts, handmade paper, woodcraft, bone and horn products, ceramics, incense and bead items, on the other hand, recorded a substantial jump. For instance, export of metal craft, which commands more than 18 percent of total handicraft exports, shot up by 81 percent to NRs 164.60 million during the period.

4.5.1. Comparison of Some Major Export Products to Handicraft Products

The major exported products of Nepal are ready made garments, woollen carpets, handicrafts, Pashmina, paper, pulses and other food stuffs. These products are exported to India, USA, Germany, UK, France, Japan, Italy, Canada, and other European countries. Following table is going to show the export trend of major products during the year 2004 to 2010.

Table 4.4
Comparison of Some Major Export Products to Handicraft Products

Commodities	2004	2005	2006	2007	2008	2009 ^R	2010 ^P
Handicrafts (Only Metal and Wood)	653.8	748.9	463.8	270.2	215.8	293.8	473.5
Readymade Garments	10176.7	6490.5	7341.4	5977.9	4755.8	4904.7	3887.3
Nepalese paper & paper products	279.6	239.8	257	190.6	347.1	361.2	382.9
Pashmina	1064.1	1049.8	1577.8	931	643.4	1526.9	1267.6
Silverware and jewelleryes	368.4	363.2	282.4	325.4	269.4	262.4	126.6
Woollen Carpets	5677.5	5868.7	5838.7	5600.2	5048.2	5735.5	4068.2

Pulses	859.8	773.6	834.9	795.4	1773.2	6247.1	3952
Total Export	53910.7	58705.7	60234.1	59383.1	59266.5	67697.5	61126.8
Total of Handicraft related products*	8043.4	8270.4	8419.7	7317.4	6523.9	8179.8	6318.8
% of Handicraft related products	14.919	14.088	13.978	12.322	11.008	12.083	10.337

R=Revised, P=provisional

Source: Nepal Rastra Bank

*Handicraft related products including (Handicraft + Nepalese paper and Paper Products + Pashmina + Silverware & Jewelleries + Woollen Carpets

From the above table, we can understand that woollen carpets and readymade garments are the most exported product since 2004. Pashmina stands in third position followed by handicrafts and pulses. Paper and paper products are remarkably growing from last two years but the trend is quite different in case of silverware and jewelleries, it is pessimistically decreasing from the year 2007. In above table the export figure of handicraft is only consisting metal and wood craft but the Federation of Handicraft Association Nepal (FHAN) included handmade paper & paper products, hand knitted woollen carpets, Pashmina products and Jewelleries within the handicraft products. Detailed analysis of handicraft subsector will be described in following paragraphs. Still the percentage of metal and wood crafts is noticeable in total export. If we sum up the export of Pashmina, woollen carpet, paper and jewelleries then it is a remarkable percentage of Nepalese external trade.

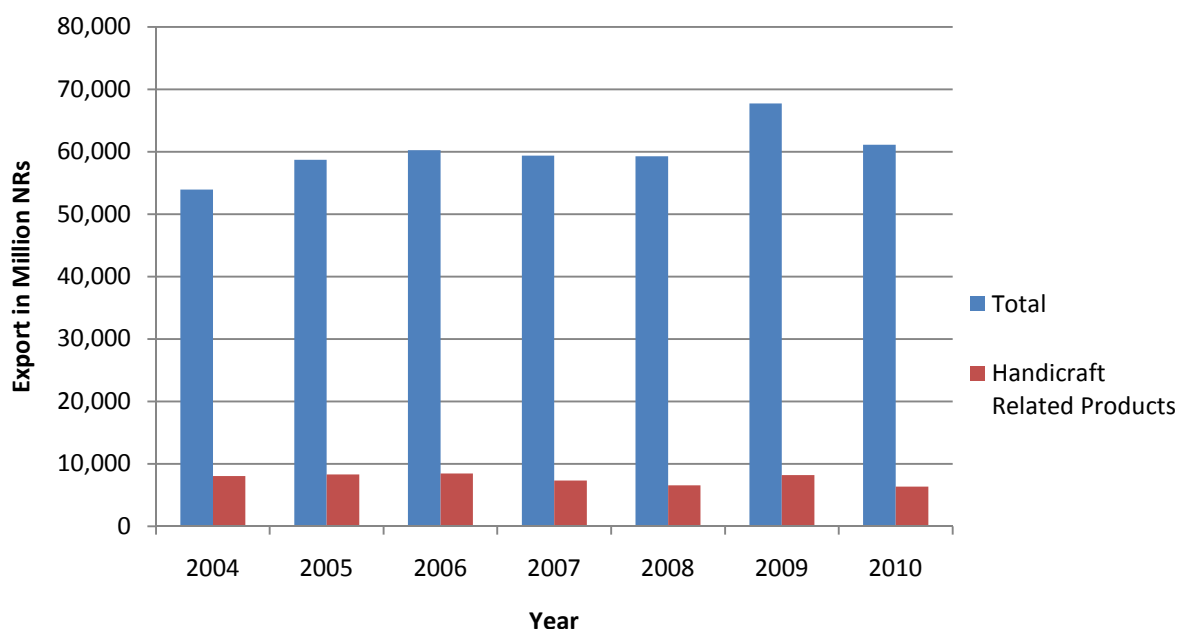


Figure 4.8 – Comparison of Handicraft Products with Total Export

In the above bar diagram, export of handicraft related products and total export is shown from 2004 to 2010. We can see that export of handicraft related products are constantly same until

2006, decreases after 2007 and maintained at the previous level in 2009. Data of 2010 are provisional so, we cannot say easily that it will decrease or increase in 2010 but the trend shows positive result may occur in the year 2010. We above mentioned that Nepal has found more market in 2010 and also the participant in international trade fair has been increased. Domestic sale will be increase because more tourists are coming to visit Nepal in 2010/11 to enjoy the Nepal Tourism Year 2011. Handicraft export was not increased as the growth rate of total export during 2004-2006. But, in 2009 it increased along with total export. In 2009 total export has been increased to NRs. 67697.5 million stood highest before. Similarly, handicraft related export also increased and reached highest ever i.e. NRs. 8179.8 but percentage with total export is only 12.083 which is less than previous years except 2008. Due to strike and political obscurity of Nepal may caused deterioration of total export in 2010 and it's supposed to be remains at NRs. 61126.8 million. Such consequences also may affect to handicraft export but Pashmina and woollen carpet has substantial growth in first five months of 2010 (according NRB above presented data in table 4.4 is based on 9 month's data of 2010).

4.5.2 Export of Handicraft Sub-Sector

In above paragraph we have discussed about the export of some major products and its comparison with handicraft and handicraft related products. For data validity and reliability author has taken data from different source and analyse it. At first we can see that data presented in table 4.4 is from the Nepal Rastra Bank - NRB (Central Bank of Nepal). In NRB data we can just figure out handicraft as metal and wood works. NRB does not categorize the product wise export. NRB itself traced export related data from custom department. From Table 4.4 it is difficult to figure out the actual export of handicrafts. To get product wise export figure we have to look up the concerned department in Nepal. Federation of Handicraft Association of Nepal (FHAN) is the mother organisation of all handicraft related works. In FHAN report we can see that, they categorised many textile and non- textile products within handicrafts. So, from now further concise study will be based upon FHAN data and stick around with objectives of the study.

Table 4.5
Product wise Contribution (Export of Handicraft Goods)

	(In Million Rupees)					
Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10*
Products						
Textile Products :						
Pashmina Products	700.70	619.39	491.21	584.27	686.63	473.60
Woollen Goods	555.18	657.73	475.27	373.80	473.33	450.42
Felt Products	-	-	224.74	227.00	296.36	352.23
Silk Products	129.08	126.52	121.66	122.08	136.53	102.18
Cotton Goods	110.77	92.56	101.94	105.02	119.50	100.45
Hemp Goods	62.08	51.61	29.25	31.79	34.39	22.50
Allo Goods	-	4.76	4.88	4.84	4.74	2.09
Dhaka Products	3.37	4.66	2.19	1.81	3.30	2.02
Misc. Textile Products	8.44	13.45	14.10	12.79	6.68	7.60
Sub Total :	1,569.63	1,570.70	1,465.24	1,463.39	1,761.45	1,513.10
Non Textile Products :						
Silver Jewellery	377.45	360.08	371.17	345.70	361.91	368.72
Metal Craft	373.01	437.79	381.20	372.52	365.22	366.21
Handmade Paper Products	263.76	269.63	242.02	236.65	264.55	270.50
Wood Craft	80.82	66.81	60.98	58.20	60.23	48.45
Leather Goods	25.81	20.76	21.63	15.81	32.20	60.96
Incense	20.59	17.73	22.05	17.64	25.16	34.04
Paubha (Thanka)	21.01	15.41	16.40	13.61	21.40	23.49
Bone & Horn Products	14.98	23.82	26.04	23.59	17.85	9.86
Ceramics Products	18.72	15.08	20.65	16.12	17.14	17.35
Beads Items	7.97	9.52	8.53	6.17	20.82	9.51
Bamboo Products	2.92	2.20	1.65	3.24	13.38	10.58
Stone Craft	3.37	3.02	2.75	2.58	11.98	7.28
Plastic Items	8.53	8.92	21.70	17.85	4.09	3.44
Miscellaneous Goods	60.90	59.18	54.38	89.75	1.95	1.52
Sub Total :	1,279.84	1,309.95	1,251.14	1,219.42	1,217.89	1,231.91
Grand Total (A+B)	2,849.48	2,880.64	2,716.38	2,682.81	2,435.79	2,463.82

* Data of 2009/10 is not revised during this study. Only 9 month's data is presented in this column

- Misc. Textile Products include products made from Rayon, Polyester, Velvet and Jute
- Miscellaneous Goods include goods/products other than classified above
- Felt Products categories separated from fiscal year 2006/07 which was included in woollen goods in previous years
- Nepal's fiscal year starts from June-July of every year

Source: Federation of Handicraft Associations of Nepal (FHAN)

We can see there are plenty of handicraft goods being exported from Nepal from which Pashmina and the Woollen goods are the prominent one but the tendency of other product's exports are constantly maintaining their existence. Textile products are most active than non-textile products. Textile product's export is started to increasing from 2008/09 while non-textile product is remained same level.

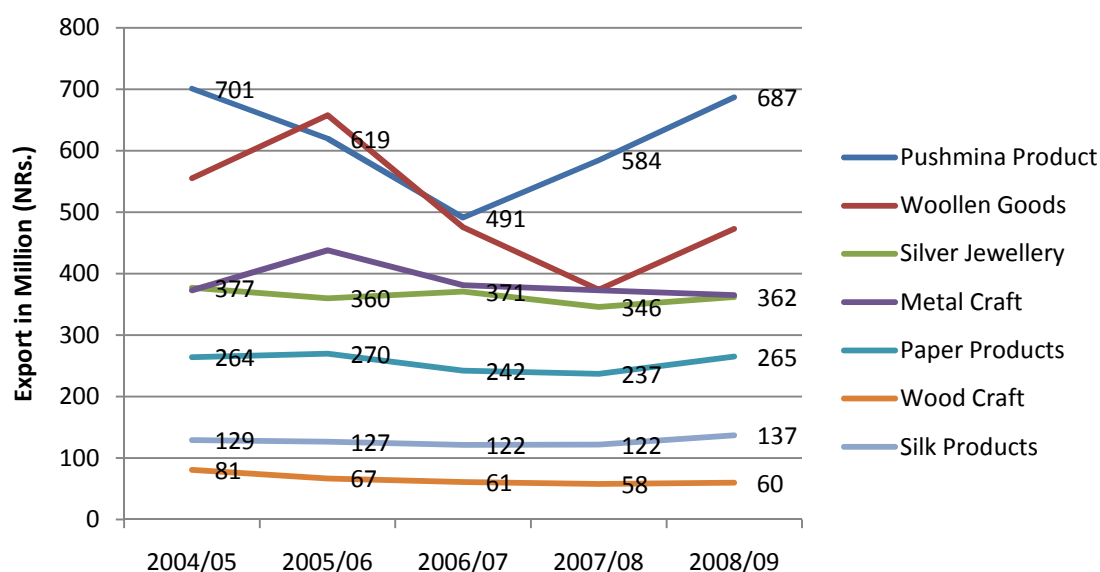


Figure 4.9 – Some major handicraft products and their export trend over time

We can see in figure 4.9, in the beginning of fiscal year 2004/05 all products being exported enthusiastically because that was the first year of Nepal's accession in World Trade Organisation (WTO). Especially handicraft goods and agricultural products were badly affected by free trade at the same time quota system was phased-out. Nepal as being a least develop country, unable to maintained quality standard and failed to bear competitive market. Nepalese products had to face many environmental issues and labour issues at that time. Many of Nepalese firms were using child labour to produce Pashmina and woollen carpet so, Germany and other OECD countries refused to accept Nepalese products. Consequently, almost handicrafts export was decreased except woollen goods and metal crafts in the year 2005/06. Sentence of 2004 continues to hit the Nepalese trade in 2006/07 as well at the mean time Nepal also doesn't remain untouched with global recession. In such a hard situation, metal craft, paper products, silk product and wood craft maintained the export of handicrafts. Now the environmental and labour matters are maintained in the year 2007/08. All handicraft products started to rise up again despite country's greatest political turbulence. Now, Nepalese handicraft industry is growing rapidly in international market. It's almost reached the export figure of 2008/09 within 9 months of the fiscal year 2009/10 which we can figure out in the table 4.5.

Table 4.6
Major Countries and Export of Handicrafts

(In Million Rupees)						
Country	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10*
USA	589.04	619.37	639.90	742.84	871.80	739.49
Germany	283.30	300.88	240.35	266.08	321.25	318.70
Japan	264.37	258.41	249.85	226.43	229.72	164.69
Italy	242.68	201.24	205.91	191.28	166.63	146.99
France	187.48	163.89	167.29	169.53	185.36	159.55
UK	238.40	231.15	223.89	184.49	235.91	199.27
Canada	183.56	202.03	193.11	151.77	179.23	203.91
Total	1988.83	1976.97	1920.30	1932.42	2189.90	1932.60
Grand Total[^]	2849.48	2880.64	2716.38	2682.81	2435.79	2463.82
% of Total with Grand Total	69.80	68.63	70.69	72.03	89.91	78.44

[^] Is overall export of Nepalese handicraft product all over the world (Source Table 4.5)

* Data of 2009/10 is not revised during this study. Only 9 month's data is presented in this column

Source: Federation of Handicraft Associations of Nepal (FHAN)

Traditionally Nepal is trading and being in touch with those countries shown in table 4.6. We can say that Europe and the North America is being favourable market for handicraft products. Another aspect is; these countries are developed and exporter can easily get exotic and high profile customers in this region. Table 4.6 shows that almost 70% of the total handicraft export is consumed by these 7 countries. To exploit the market demand and to increase market share Nepalese exporters are participating in annual trade fairs hosted by these countries. We can see that every year income from USA and Germany is increasing. In the year 2009/10, it is the huge amount within 9 months that the export to USA is only far from Rupees 132.31 Million. Similarly in Germany figure of 2009/10 is very closer to 2008/09.

4.6 Trade Fair and the Export

Trade fair is a strong marketing tool for export promotion that can open up a new market for exporters. Not only can that, it increases the public relation, personal contact and sales increment. By the help of trade fairs exporter can compare their existing price with other country's exporter and they can understand the conditions of payment and delivery. New distribution channels should be find out also, exporter can judge product quality, design and brand among all. After participation awareness will be increased about own market position and can get chance to learn from the market behaviour of competitors. Participation in a trade fair can serve to clarify the future position of a company in the market. The cost to profit ratio can also be improved by participating in a trade fair. In the long run all above marketing

activities will increase the volume of export. By keeping some those strategies in mind Nepalese exporter are regularly participating in trade fairs.

Table 4.7
Fairs, Participation and the Export

Year	No of Fair	No of Participant	Total Export	(In Million Rupees)
				Export to Major Countries
2004/05	5	11	2849.48	1988.83
2005/06	6	15	2880.64	1976.97
2006/07	2	8	2716.38	1920.30
2007/08	7	24	2682.81	1932.42
2008/09	4	20	2435.79	2189.90
2009/10	11	25	2463.82	1932.60
2010/11	13	37	-	-

Source Table 4.1 and Table 4.6

Above table shows the number of fairs, participants and export from 2004 to the end of 2010. This does not include other countries than presented in Table 4.1 and Figure 4.1. There were 11 participants in 2004/05 attended 5 trade fairs in selected countries. While the fair and participant in increasing export figure is also slightly increasing. But the unavailability of recent data and incomplete data of 2009/10 we cannot predict accurately, what should be the relationship between participation and export. Even though we can figure out 9 month's export of 2009/10 is higher than previous year's total export (2463.82>2435.79). But the export to major countries may not get higher than previous year.

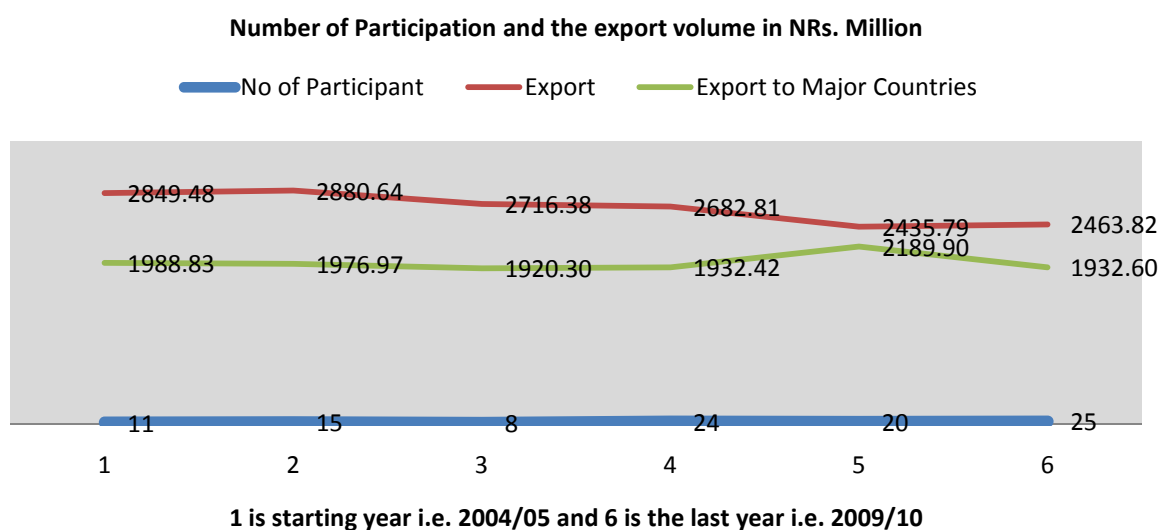


Figure 4.10

Figure 4.10 is drawn from Table 4.7 showing the relationship between number of participant and the export volume. There are different data in very high value and low value such as lowest value is 5 and highest value is 2880. So, it's very difficult to show the relationship between those data with the help of any diagram but author tries to concise it in a single and understandable figure. There are 3 lines in the Figure 4.10 representing total handicraft export (red line), export to major trade fair countries (green line) and number of participant in selected trade fairs over time (blue line). There are numbers 1-6 on x-axis indicating the years from 2004/05-2009/10. In above figure in left hand side we can see that number of participants was 11 in 1st year (2004/05) and the export to major countries was NRs.1988.83 Millions as well as total handicraft export was 2849.48. Likewise export remained almost constant in 2nd year (2005/06) but the participant was increased by 4 and became 15. In 3rd year (2006/07) participant decreased to 8 and the export figure was also slightly below than previous year. Again export started to increase from 4th year (2007/08) while participant also increased to 24 and 20 in the following years. But we can see a bit different trend in case of total handicraft export while participant was decreased by 4 in the year 2008/09, export also slightly decreased to NRs.2435.79 Million. Participants are increased in 2009/10 and there is also optimistically increasing export trend within 9 months.

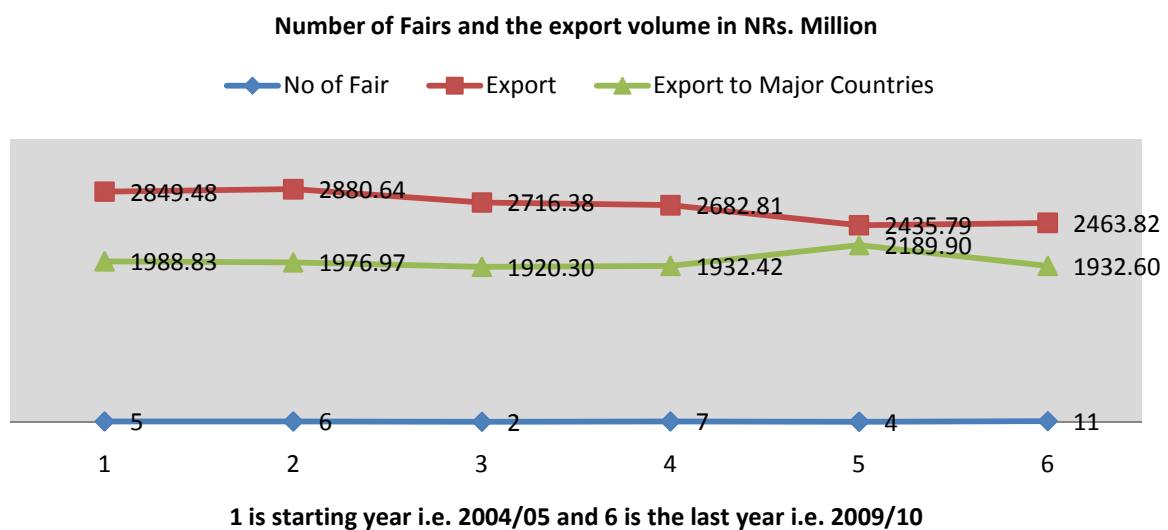


Figure 4.11

Similarly figure 4.11 is showing the relationship between number of fairs and export volume within last 6 years. In the 1st year (2004/05) Nepalese handicraft exporters had attended 5 international trade fairs in major countries and made export volume of NRs.1988.83 Millions to the major countries and NRs.2849.48 Millions as total export. Until 2007 export volume

didn't made remarkable change but attendance was fluctuated over time. In 2007/08 exporter presented their products in 7 different trade fairs in major exporting countries. Consequently export value is also increased in major countries. In 2008/09 almost handicraft export was covered by major countries. Only NRs.245.89 (2435.79-2189.90) covered by other countries.

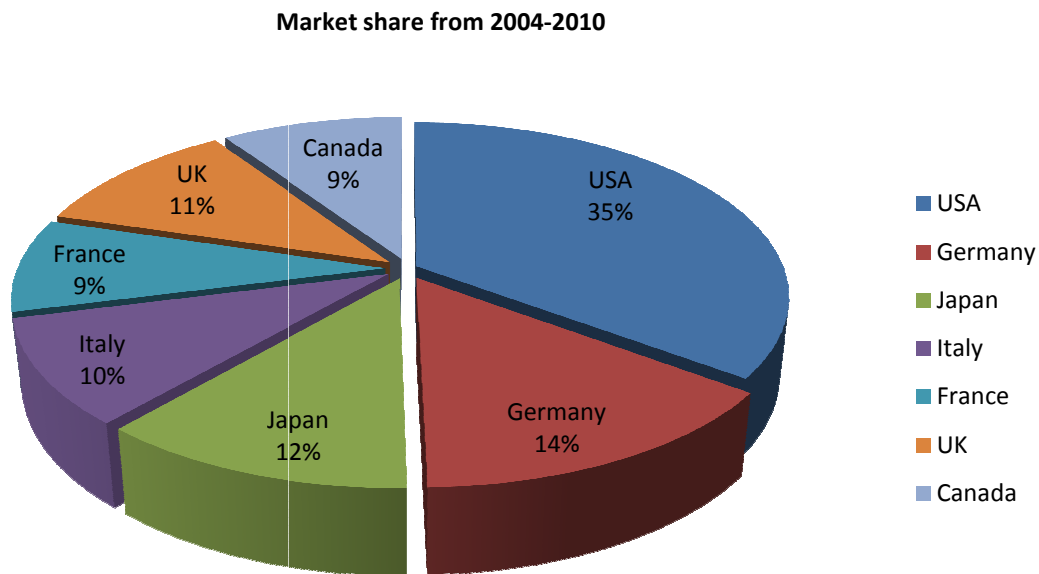


Figure 4.12

Here in Figure 4.12, presented 7 major trade countries where Nepal is participating in international trade fairs. Chart showed that there is the highest market share belongs to USA among 7, which cover 35% market share of handicraft export to major countries followed by Germany 14%, Japan 12%, UK 11%, and Italy 10%. France and Canada stands the same 9% market share. According to Table 4.1, Nepalese exporter attended 5 different trade shows in USA during last seven years. Similarly in Germany 4 different trade shows and in Japan 3 different trade shows. Now we can rely that the consequent of trade figures are closely related to trade fairs that's why the export figure of handicraft is least stood in other countries (rest of the world).

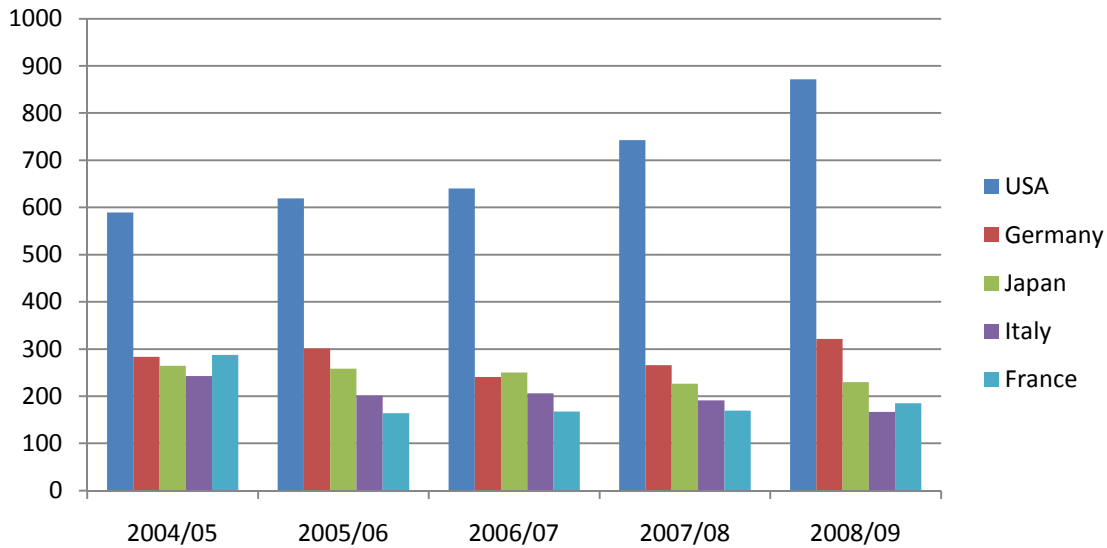


Figure 4.13 – Export of Handicraft Products to Major Countries

Export to USA is increasing every year ignoring many external trade environments. And other countries have able to maintain their existence in this global recession. Even though we can notice that the export figure is showing positive signal from 2008/09 in Figure 4.13. In conclusion, we can say that the consequences we have seen in above described figures are directly related to trade fairs. All efforts to approaching international trade fairs put by Nepalese exporter is for marketing strategies like public relation, promotion and order placement. From that it can gain the long run benefit like increasing volume of sales and export promotion. Clearly the outcome we can see in the figure 4.13.

4.6.1 Tendency of Handicraft Export with Major Trade-Fair Countries

By the help of following table author is going to show the relationship between participation year and export volume with least square method. Where, year is taken from 2004/05 to the fiscal year 2008/09. Fiscal year 2009/10 is omitted in this analysis because of accuracy. Export volume is consisting only 7 major exporting countries, that's why Nepal is mainly participating on those trade fairs which is commencing annually in 7 trade giants (USA, Germany, Japan, Italy, France, UK and Canada. This study is also related to the trade fairs and exports so; it is rational to show the relationship between export to trade-fair countries and year of participation.

(Export Value in Million Rupees)

Year (x)	Export (y)	X = x-07	X ²	Xy	Y _c
2004/05	1988.83	-2	4	-3977.66	1930.162
2005/06	1976.97	-1	1	-1976.97	1965.921
2006/07	1920.30	0	0	0	2001.68
2007/08	1932.42	1	1	1932.42	2037.439
2008/09	2189.90	2	4	4379.80	2073.198
$\sum y = 10008.42$		$\sum X^2 = 10$		$\sum Xy = 357.59$	

Note: Export figure is only taken from the countries where Nepal is participating in trade fairs since 2004 including two major export destinations UK and Canada (Source: Table 4.6). Data of the year 2009/10 has been omitted in this analysis because of accuracy.

Here is two variable presented x (Year) and y (Export) belongs to year of participation and sum of export volume of selected 7 countries mentioned in Table 4.6.

Working notes.

n = 5

2007 is middle of the years

a = Average of Export i.e. $\frac{\sum y}{n} = \frac{10008.42}{5} = 2001.68$

b = Rate of change i.e. $\frac{\sum Xy}{\sum X^2} = \frac{357.59}{10} = 35.759$

We know,

Y = a + bX

So, Y_c = 2001.68 + 35.759 (X)

Here, Y_c is the Computed value of Export or Trend Value

Hence,

For year 2004/05, Y_c = 2001.68 + 35.759 (-2) = 1930.162

For year 2005/06, Y_c = 2001.68 + 35.759 (-1) = 1965.921

For year 2006/07, Y_c = 2001.68 + 35.759 (0) = 2001.68

For year 2007/08, Y_c = 2001.68 + 35.759 (1) = 2037.439

For year 2008/09, Y_c = 2001.68 + 35.759 (2) = 2073.198

Here we found that average export (a) is 2001.68 and the rate of change (b) is 35.759. Both constants are positive so, the trend value is in rising trend. We can see that while x is increasing Y_c is also in increasing order. Now, we can say that there is a positive trend in export promotion among 7 trade fair countries. While the total export of handicraft products is deteriorating since 2006/07 but the export to the 7 countries is satisfactory and steadily increasing. There are many other constraints like global recession and country's political

turbulence that hindering the growth of overall export will be discussed in following paragraphs.

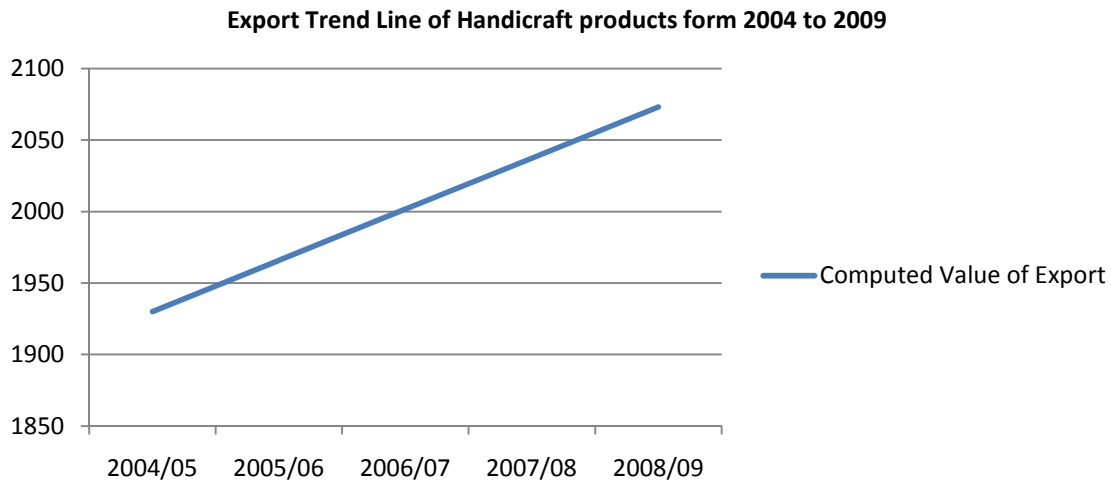


Figure 4.14

Above trend line shows that if the situation remains same then export will cross to 2100 Million Rupees in 2009/10. Also we can see in Table 4.6, within 9 months total export of handicrafts is reached to Rupees 2463.82 Million that is slightly more than 2008/09. Even the export to major countries is slumped by Rupees 257.3 Million in 2009/10, if compare to 9 month's data.

4.6.2 Times (Number) of Participation and the Export

From the study and the answers from questionnaire, it is stood that Nepal is participating in international trade fair since 1968 in the initiative of National Trading Limited. And after establishment of Trade Promotion Centre and Handicrafts Association of Nepal, it is participation through those organisations. Many firms had been repeatedly participating in international trade fair held in different countries decades back. The list of the countries, that Nepal has been participating are:

- Europe: UK, Germany, Italy, France, Spain, Portugal, Denmark, Switzerland
- Asia: India, China, Japan, Pakistan
- United States of America and Canada
- Australia

Below in Table 4.5 author has presented export figure of individual sample firms from 2004 to 2009. Data is based upon the respondent of firm's authorities who has been supplemented the questionnaire survey. Author has taken 5 samples (Motherland Traders, Himalayan Lotus Craft, Sgarmatha Silk, Everest Fashion and Kabish Art Palace) to analyse the correlation

between export figure of concerned firm and the number of participation. In export column denoted by Y, there are export values in million Nepalese rupees from 2004 to 2009 made by concerned exporter in column 1. Similarly, in this analysis number of participation (X) column does not concise within the selected trade fair countries but its overall participation on those countries mentioned in box just above this paragraph.

Table 4.8
Times (Number) of Participation and the Export (2004 – 2009)

Exporters	No. of Participation (X)	Export (Y)
Motherland Traders	12	56
Himalayan Lotus Craft	5	14
Sagarmatha Silk	3	13
Everest Fashion	8	114
Kabish Art Palace	13	49

Source: Field Survey

To analyse the relationship between number of participation and the export volume of the firm, statistical tool correlation has been deployed. Here is two variables X and Y. X represents the number of participation of selected firms and Y is the export figure of the firms in Million Rupees during the year 2004 to 2009

Exporters	X	Y	XY	X²	Y²
Motherland Traders	12	56	672	144	3136
Himalayan Lotus	5	14	70	25	196
Sagarmatha Silk	3	13	39	9	169
Everest Fashion	8	114	912	64	12996
Kabish Art Palace	13	49	637	169	2401
	41	246	2330	411	18898

$$\begin{aligned} \text{The Correlation (r}_{XY}) &= \frac{n \sum XY - \sum X \cdot \sum Y}{\sqrt{n \sum X^2 - (\sum X)^2} \sqrt{n \sum Y^2 - (\sum Y)^2}} \\ &= \frac{5 \times 2330 - 41 \times 246}{\sqrt{5 \times 411 - (41)^2} \sqrt{5 \times 18898 - (246)^2}} \\ &= \frac{1564}{\sqrt{374} \sqrt{33974}} = + 0.44 \end{aligned}$$

From the above calculation we came to know that the correlation between the numbers (times) of participation and export is +0.44. As the value of correlation lies between -1 to +1, export of the firm is moderately correlated to the times of participation in international trade fair. Therefore, we can say that there is substantial relationship between the numbers (times) of participation and the export of the firms.

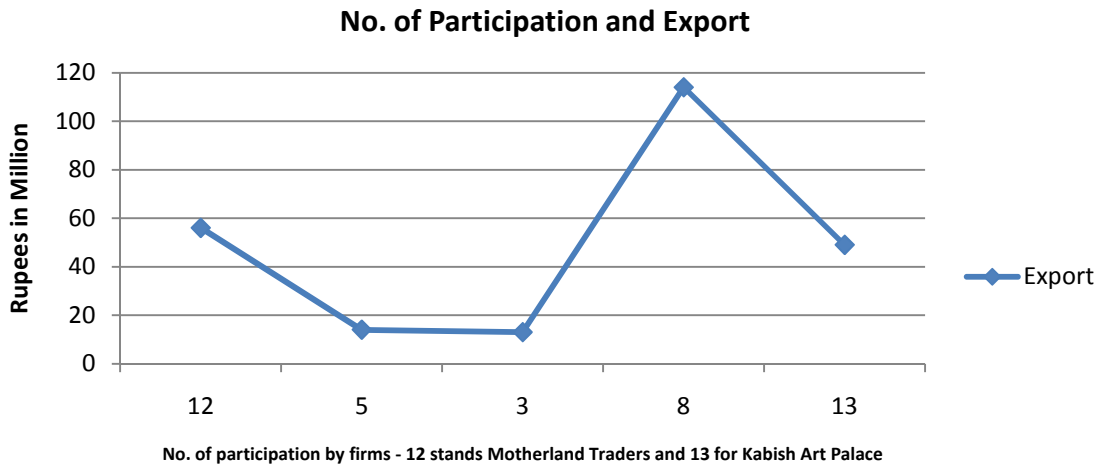


Figure 4.15

In the above line graph, we can see clearly that as the number (times) of participation on international trade fair increases the export of the firm also increases. Here, when the participation is 12 times, the export is NRs. 56 million. As the no. of participation decreases to 5 times the export also decreased to NRs. 14 million. Similarly, at 3 times participation, export is slumped to NRs. 13 million. And when no. of participation increases to 8 times its gain increased astonishingly and reached to highest figure NRs. 114 million, and similarly at 13 times participation, export maintained its normal level to NRs. 49 million.

4.7 Problems and Findings

International trade fair and exhibition is used as an important sales promotion tool in international marketing. The significance of international trade fair and exhibition has been tremendously increasing these days. Though international trade fair increases the public relation and ultimately increases the export of the firm. To be a successful exporter using this marketing strategy like international trade fair is a difficult job and firm has to face many problems during succession period. Some problems regarding effective trade fair participation in context of Nepalese participation are discussed as follows:

I. About the Fair

- Unavailability of proper information to judge the suitability of the fair according to the product.
- Unavailability of strategic location in the fairs and concentration on selected trade fair only.

II. About the Support

- Inadequate government support in terms of funding, cooperation, and market intelligence.
- Mode of payment for export is not competitive regarding consignment and document against payment.
- Mechanism for selecting participants for official pavilions is not healthy.
- Sponsored trade fair are decreasing in number.

III. About the Selection Process

- Information regarding many trade fairs reaches to the firms very late causing problems in flow of information.
- Firms to participate through government have to undergo across a long and inconvenient process.

4.7.1 Procedure of Participation

Process of participation in international trade fair can be broadly categorized into three parts i.e. participation through the government, second is the direct participation and third is through other agencies or associations. Government participation in Nepal is enhanced since 1973 after the establishment of Trade Promotion Centre in 1971. Direct participation is done through the direct contact with the organizer abroad. Others include participation through other associations like, FHAN, Market Promotion Centre.

In Nepal TEPC organizes Nepalese participation in international trade fair and exhibitions according to its program priority and needs of the exhibitors. Normally the following procedures are laid down regarding trade fair participation followed by TEPC.

- Obtain information and invitation from trade fair organizer from the different part of the world.
- Circulate to FHAN and Federation of Nepalese Chamber of Commerce (FNCCI) including trade related bodies about trade fairs.
- FHAN selects and recommends firms for trade fair participation from among its members and FNCCI again sanction the firms.

- Finally confirms the participating firm and forwards the application form to organizer.
- Coordinate and liaison with trade fair organizer and sponsor in case of financial assistance is possible.
- Foreign exchange to international trade fair participants is facilities by Nepal Rastra Bank – NRB (Central Bank of Nepal).

To participate in international trade fair Nepalese exporters have to go through several procedures. The procedure of information for Nepalese participation in international trade fairs and exhibitions includes TEPC, FNCCI, FHAN, and NRB. The information flow chain is shown as follows:

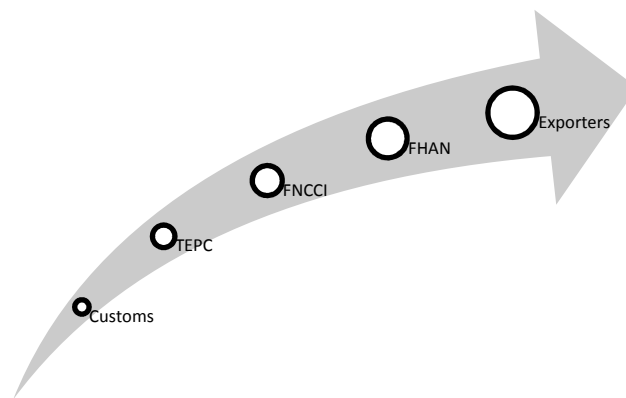


Figure 4.16 - International Trade Fair Information Flow

Below in Table 4.6 we can see that how firms are reacting about their participation process and chance to get enter in international trade fairs. Survey shows that if firms try directly then chance to get place is 100%. That means till date every firms got place by their direct contacts. So, Nepalese exhibitors prefer participating in international trade fair on their own effort. If firms goes through the government selection process then there is lengthy process shown in Figure 4.16 and firm's nomination should be cut off in next step. For example if firm passed the TEPC requirements and go to the next step, again FNCCI may drop it out. So the success rate is only 80% by government means. And other means like FHAN and Market Promotion Centre is least effective i.e. 60% only.

**Table 4.9
Types of Participation Process**

Means of Participation	No. of Participants	Chance of Participation
Direct Contacts	15	100 %
Government	12	80 %
Others	9	60 %

Source: Field Survey

Survey shows that 15 participants out of 36 sample participants said that direct contact is 100% effective than others, 12 participants said that 80% chance to involve if we go through government selection process. Chance to enter by other means like, Handicraft Associations of Nepal (HAN) and Market Promotion Centre is only 60%.

4.7.2 SWOT Analysis

After analyzing the export trend and impact of trade fairs we came to know that there are abundant opportunities Nepalese exporters can get if handicraft industry able to manage its weaknesses and reduce the threats. Nepal has got markets in all continent of the world like Europe, America, Oceania and Asia itself. Nepal is culturally rich country and making handicraft is a tradition of some Nepalese tribes inherited from long time ago. They are competent in their works and all raw materials are available locally. Products can be made in cheapest price. Furthermore some typical Nepalese products like LOKTA fibre and ALLO materials are only available in Nepal. But lack of latest technology and standardization, final products are being weak in competitive market. Lack of rules, regulations, policies and no government situation in Nepal is provoking unhealthy competition and price wars among entrepreneurs.

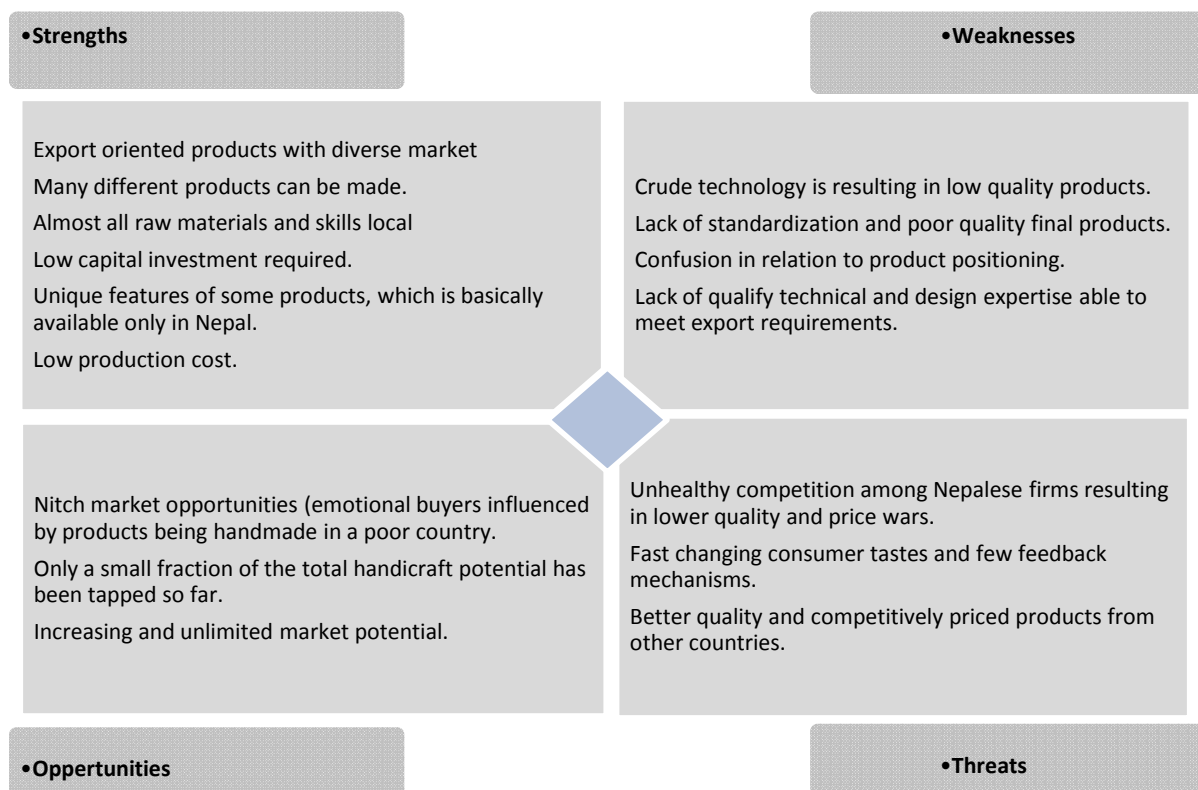


Figure 4.17 – SWOT Analysis of Nepalese Handicraft Products

4.7.3 Solutions Regarding Participation

Nepal's participation, so far, in international trade fair has been very encouraging. It is believed that participation in international trade fair has helped the exhibitors to introduce their products in international market facilitating the spot sales and business order. More and more participation in international trade fair will help in promoting Nepal's external trade. Nepal's meaningful participation in international trade fair is lacking because of many problems arising including the fair, support and selection process. Suggestions made by exhibitors to the government of Nepal and FHAN can be listed as follows:

To the Government

- Identification of proper trade fair should be provided.
- Continuous support and proper mechanism to the firms should be provided.
- Government should also have to represent separately in international trade fair as an information centre.
- Official hassles should be reduced to minimize the unnecessary problems.
- The cooperation of the agencies like Nepal Rastra Bank, Department of Customs, Ministry of Foreign Affairs and embassies abroad should be strong for successful trade fair participation.

To Federation of Handicrafts Association of Nepal

- New market should be explored other than the existing countries.
- New products should be designed to meet the new and changing taste of international consumers.
- Competent and qualitative products should be promoted as per the requirement of the international market trend.
- Only high profile firms should be allowed to participate in international trade fair.
- Attendance of FHAN should be encouraged in the international trade fair as an informer.

4.7.4 Major Findings of the Study

From the analytical study of Nepalese handicraft product's participation in international trade fairs, we can say that participation in international trade fair is encouraging and effective for the promotion of the Nepalese handicraft products in the international market. Here, one can know the consumer taste, buyer's interest, state of competition, smell the market trends and establish business contacts around the world. After the establishment of Trade and Export Promotion Centre and Federation of Handicraft Association of Nepal, Nepal has been continuously manoeuvring the participation in various international trade fairs in Europe,

USA, Japan, India and Australia. The study is done basically on Nepalese handicraft products participation in international trade fairs regarding the number of participation, the products exhibited in international trade fair, and the impact of trade fair related to the Nepalese products. Findings obtained from the above study can be discussed as follows:

1. Nepal has been participating in international trade fair since 1968. After the establishment of TEPC and FHAN the number of participation increases and till date more and more firms are repeatedly participating in international trade fair every year directly and through the government and other agencies.

2. Most of the products exhibited in international trade fair are handicraft products. Handicraft is the major export item of Nepal. It accounts around 15% - 20% of total export of the country.

3. Nepalese participation in international trade fair is encouraging and advantageous. Promotion of the product, increase public relation, order placement, export and making new customers are some of the advantages gained after participation.

4. Participation in international trade fair increases the export of the firm. The export is directly related to the number (times) of participation in international trade fair. Study shows that the correlation between the export and the times of participation is +0.44. That indicates the trade fair and participation is moderately correlated.

5. Effective and problem free participation in international trade fair is important rather than mere representation in the international arena. Even though Nepal's participation in international trade fair is encouraging despite global recession, the exhibitors have to face different problems regarding the fair, support, and the selection procedure. Non-availability of proper information about the fair and the strategic location in the fair, inadequate government support, cooperation, market intelligence, mode of payment for export regarding consignment and document against payment, inconvenient and long process of selection are some problems that the Nepalese exhibitors had to face while participating in international trade fair.

6. Process of Nepalese participation in international trade fair can be broadly categorized as government and direct participation. Direct participation is done through different

associations, organizations, and by direct contact with the fair organizer. Through government participation, TEPC circulates the information about the fair to FHAN and FNCCI. FHAN selects and recommended firms for trade fair participation from among its members. Now, FNCCI again sanctions the firms. Finally TEPC confirms the participating firms and forward application form to the organizer.

7. From the study it is known that the firms first prefer direct participation in international trade fair. Participation through Trade and Export Promotion Centre (or government initiations) is also preferred by the exhibitors.

CHAPTER 5

Summary and Conclusion

5.1 Summary

Handicraft known by different names like craftwork, craft etc is a type of work where useful and decorative devices are made completely by hand or using only simple tools. Items made by mass production or machines are not handicrafts. What distinguishes the term handicraft from the frequently used category arts and crafts is a matter of objective: handicraft items are intended to be used, worn, having a purpose beyond simple decoration. Handicrafts are generally considered more traditional work, created as a necessary part of daily life.

Nepalese handicrafts, which have been a part and parcel of the Nepalese heritage, depict the great tradition and proud culture of the nation. Their origin dates back to the Stone Age when human beings were devoid of tools of any kind. Nepalese handicraft products have been best known to the World for its rich art, crafts and oriental architecture.

Trade fair is one of the oldest and the popular form of marketing. Before the establishment of modern market and implementation of new promotional activities, trade fair plays an important role as promotional tools in marketing. But, today after the development of new marketing procedures also, trade fairs are still popular and considered as the most effective tool of promotion. More than 2000 trade fairs held around the world annually shows the importance and popularity of trade fair.

International trade fair is a place where different exhibitors and buyers from different part of the world gather together under one roof to exchange their products, ideas, technologies, and views. It is the one place where an organization can be known to the world. Entering international market is very important as much it is difficult in today's competitive world. But international trade fairs held around the world makes it easy. So, international trade fair can be considered as one of the gateways to the international trade.

Nepal's participation in international trade fairs was started some dates back to 1968 on the initiative of National Trading Limited in Berlin, Germany. Since, the establishment of Trade and Export Promotion Centre and Handicrafts Association of Nepal, Nepal has been continuously participating in international trade fair since 1973. Nepalese firms are not

participating in trade fair only once a time but they are participating repeatedly. To understand the international market, and to learn the technique of marketing strategies in the trade fair, it is said at least three times participation is necessary.

Nepalese products exhibited in international trade fair include woollen carpets, readymade garments, leather, and handicrafts. But handicrafts products are most exhibited products in different fairs held in Germany, Spain, Italy, USA, France, Japan, and many other countries. Handicraft products include Pashmina, woodcraft, metal craft, jewellery, Thankas, handmade paper, and many others. From the analytical study of Nepalese handicraft products participation in international trade fair, we can say that in last 7 years, Nepalese participation in international trade fair has been encouraging and effective for export promotion in international market.

The handicrafts are traditional export items of Nepal; even exporters have not been able to tap the desired potential in this sector. However, for last several years the share of handicraft in total exports accounted for around five per cent, its contribution to total export has been decreasing continuously.

Handicraft is a traditional industry that uses indigenous skills and locally available raw materials, and it provides employment opportunity to more than 900,000 people, but the sector has received very less priority from the government sector. The handicrafts sector occupies a significant place in Nepalese economy. However, it faces several problems in production and domestic as well as export marketing fronts. Firstly, the handicrafts are made by local artisans with traditional knowledge and skill. They lack skill training and knowledge on need of customers in export market. Secondly, there is challenge of maintaining or improving quality of handicraft products. Due to shortages of skilled human resource, it has become difficult to maintain export quality. The export of Nepali handicraft goods to seven major markets witnessed a decline in the last fiscal year. Internal and external factors such as the government's sluggish efforts to promote exports, lack of adequate infrastructure and the global recession were mainly responsible for the slowdown in handicraft exports in the year 2009/10.

The most prominent importer of Nepali handicraft products, the USA, imported goods worth NRs 739.49 million in 2009/10. The figure was NRs. 871.80 million in the previous fiscal year. Similarly, export to Germany in 2009/10 was also gone down to NRs 318.70 million, a

decline of NRs 2.55 million from the last fiscal year. Nepal's exports to the UK and Japan in the fiscal year 2009/10 slowed to NRs 199.27 million and NRs 164.69 million respectively last year from Rs 235.91 million and Rs 229.72 million in the previous year.

The USA, Germany, Japan, Italy, France, UK and Canada are the seven major markets for Nepali handicraft accounting for more than 70 percent of the market share. Exports to all these seven markets registered a drop in the year 2009/10. The annual statistics of the Federation of Handicraft Associations of Nepal (FHAN) showed exports to these seven countries dipped by around 15 percent in 2009/10. Nepal exported handicraft to major seven countries worth NRs 1932.60 million in 2009/10 compared to NRs. 2189.90 million in 2008/09. A fall in exports to the major markets contributed to an overall decline in handicraft exports in FY 2009/10. The global economic recession is also a major problem for the slowdown in Nepal's handicraft exports. Global exports faced a sharp decline during the recession in 2008/09 from which the global economy is still struggling to recover. The major importers of Nepali handicraft products showed less interest in placing orders with the purchasing power of their customers being badly affected by the economic slump.

5.2 Conclusion

As international trade fair is the good medium of direct interaction with international buyers and personal contracts with clients within the short span of a few days. It maintains the image and goodwill of the company and also strength the existing trade relation. It is a place where new customers are attracted which increases public relation. The advantages that Nepal is having after participating in international trade fair are making new customers, order placement, and increase in export.

Participation in international trade fair has helped the exporters to introduce their products in international market with facility for spot sales and business order. Government of Nepal and other related associations should be very supportive from the beginning to the end of the trade fair participation by decreasing official hassles and by following convenient selection process. In conclusion it can be said that the effective, meaningful and problem free participation in international trade fair is important rather than only representation in the world market. Despite many hindrances Nepal's participation in international trade fair is encouraging, the exhibitors have to face different problems regarding the fair, support, and the selection procedure. No availability of proper information about the fair and the strategic

location in the fair, inadequate government support, cooperation, market intelligence, mode of payment and document against payment, inconvenient and long process of selection are some problems that the Nepalese exhibitors have to face while participating in international trade fair. Every nation in the world is facing global recession and their export volume is deteriorating. Even some renowned institutions had faced bankruptcy during last two years. In such a financial hardship and no business situation Nepalese handicraft exporter keep standing their position and maintained the overall country's export.

From the study of Nepalese handicraft products participation in international trade fair, it can be said that the participation in international trade fair is overall encouraging though managed and effective participation is lacking. Nepal is continuously participating in those fairs since 1968. After 30 years of participation the firms are not getting the advantages that are supposed to get from the participation in international trade fair. So, to make the participation more effective government and other concerned associations should do the best to support the firm by providing timely information about the fair to the firms. As well as government should sponsor more firms to participate in international trade fairs. Some major conclusions can be listed as follows:

- As Nepal has been participating in international trade fair since 1968. Till date more and more firms are repeatedly participating in international trade fair. The study shows that the correlation between the export and the times of participation is +0.44. So, the participation should be encouraged by government by helping them in any possible way.
- Similarly linear equation $y = a + bx$ showed that there is a positive trend in export promotion due to participation in trade fairs among 7 trade fair countries. While the total export of handicraft products is deteriorating since 2006/07 but the export to the 7 countries is satisfactory and steadily increasing.
- Most of the products exhibited in international trade fair are handicraft products. Handicraft export accounts around 15% - 20% of total export of the country. To sustain in international market, the products should be of good quality and it should change according to the needs and wants of the buyers. So, there should be some standard maintained by Handicrafts Association of Nepal and the government for the exhibited products.

- From the study it is known that the firms prefer direct participation in international trade fair rather than through government as it requires a long process. Through government participation, first of all TEPC circulates the information about the fair to FHAN and FNCCI. Then, FHAN selects and recommends firms for trade fair participation from among its members and FNCCI again select the firms. Finally TPC confirms the participating and forwards the application form to organizer. Most of the producers feel the process quite long. So, the government should think of applying the short and effective process for participation.
- International trade fair is a place for spot sales and order placement. It has helped the exhibitors to expand their business around the world. In today's competitive market one has to be strong enough to compete with the others. For this, the support of government and other associations are needed, but above all the product exhibited in the fair should be competitive enough. It should be of a good quality and should meet the needs of the customers. So, firms participating in international trade fair should also be responsible towards international trade fair participation.
- Nepalese firms have been exhibiting the handicrafts products in international trade fairs. But in the last 30 years, same types of products are exhibited. So, it is time to move forward and explore the new products. As well the Government should also search for the new market for the Nepalese exportable handicrafts products besides the existing countries.

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Appendix 1 Questionnaires

Questionnaire for the Nepalese handicraft producers and exporters

1. Types of products dealing with:

- Pashmina Wooden Craft Paper Craft
 Jewellery Metal Craft Thanka
 Other (Specify):

2. Have you ever participated in international trade fair?

- Yes No

3. How many time have you participated and where?

Year/Month	Fair/Country

4. What types of products do you exhibit in international trade fair?

Products:

.....

5. Is participation in international trade fair advantageous?

- Yes No

6. If yes, what benefit does your organisation get after participating in international trade fair?

- Promotion Public Relation Order Placement
 New Customers Increased Export

7. If not, Why?

.....
.....

8. Does participation in international trade fair increase the export of your products?
 Yes No

9. What was the export before participation in international trade fair?

Year/Month	Export (in Currency)

10. Did you face the problems while participating in international trade fair?

Yes No

11. What types of problems do you face while participating in international trade fair?

Payment Travel Government Support
 Tax Others.....

12. Is participation in international trade fair affordable?

Yes No

13. What is the export after participation in international trade fair?

Year/Month	Export (in Currency)

14. How do you participate in international trade fair?

Direct Contact Through HAN Others

15. Is the process convenient?
 Yes No

16. If no, what should be the process, you suggest?
.....
.....

17. What types of Nepalese products should be exhibited in international trade fair?
.....
.....

18. How do foreign buyers prefer the Nepalese products?
 Highly prefer Moderate Sceptical

19. What are their opinions about the quality of Nepalese products?
 Very good Good Need Improvement

20. Will you be continuously participating in international trade fair?
 Yes No

Thank you so much for your kind cooperation.

Questionnaire for the personnel of Handicraft Association of Nepal (HAN) and Trade and Export Promotion Centre (TEPC) of Nepal.

1. When was HAN/TEPC established and it's registered to the government of Nepal?

.....

2. Does your Organisation send Nepalese handicraft products to participate in international trade fair?

Yes No

3. If yes, what are the criteria for the selection of the products?

.....

4. Through your association how many organisation has participated and where?

Year/Month	Fair/Country

5. What specialty does the Nepalese handicraft products possess?

Distinctive Reasonable Attractive
 Trendy Others

6. Is participation in international trade fair is advantageous?

Yes No

7. If yes, what benefit does your client organisation get after participating in international trade fair?

Promotion Public Relation Order Placement
 New Customers Increased Export

8. What do you suggest to the producers for export increment of Nepalese Handicraft products?

.....

Thank you so much for your kind cooperation.

Appendix 2

Some Typical Nepalese Handicraft Products

Pashmina

Pashmina is the finest inner wool that grows as layer at the very bottom of thick and course fibre of Himalayan goat, locally known as *chyangra* (*Capra Hircus*), living above 2000 meter from the sea level. Each *chyangra* does produce 90 grams of pashmina once a year. It is extracted from its body either by combing or by cutting during January to February. Pashmina is one of the finest, softest, warmest and lightest wool found in nature. In fact, it is the best wool in the world. Pashmina is known by different names like "Diamond Fibre" and "Soft Gold of High Asia". It is unparalleled in uniqueness and elegance to any other fibres (TEPC, 2010).

Allo

Allo (*Girardinia diversifolia*), plant belongs to the "Urticaceae", the nettle family. *Allo* known also as Himalayan Nettle is a fibre yielding perennial plant that grows wild between 1,200m to 3,000m. The stem bark of *Allo* contains fibres with unique qualities, strength, smoothness, and lightness. The ethnic communities in the hills such as Magars (who refer to the plant as Puwa) in West Nepal and the Kulung Rais of Sankhuwasabha district in East Nepal have for centuries extracted and spun these fibres to make ropes, jackets, porter's head bands or straps, and fishing nets, etc (MEDEP, 2010).

Dhaka

Nepali Dhaka is a fine trendiest fashion fabric. It is made with 100% cotton yarn that reflects traditional Nepalese designs and patterns. *Dhaka* The material is believed to have been brought in from Bangladesh by the early Rana rulers of Nepal. Although the stories about its origin vary, an account also says that during the invasion of Muslim nations in eastern India, the victims fled to Nepal and continued their profession of making Dhaka. They definitely prospered in their trade but what is more important is the lasting legacy they have left behind. With the passage of time, the use of Dhaka significantly increased so much so that Dhaka caps became an integral part of Nepalese nationality. They also took an important social role as a material that was required in most religious ceremonies from birth to death. For example, Dhaka *daura-surwal* is worn by the people of Chhettri community during weddings and among the Newars, it is required for performing funeral rites. And not far back, during the early 1900's Dhaka clothes such as the *chaubandi-cholo* (blouse), *khasto* (shawl) and *daura-surwal* (national dress for men) dominated the Nepali fashion.

Paubha (Thanka)

Paubha The principal form of religious painting in Nepal consists of images of deities known as "paubhas". Similar to *thanka/thangka*, they are much rarer. The *paubha* is the precursor of Tibetan *thanka* painting in Nepal. Intricate floriated decoration may be regarded as a hallmark of Nepali *paubhas*. Furthermore strong, contrasting colours are a typical characteristic for this kind of painting. The influence of Tibetan painting also shows in

treatment of figures and landscapes and, sometimes, in the choice of subject as well. The Nepalese *paubha* presented an inseparable part of Nepalese life. They are created by artists of the Newars of Kathmandu valley.

Nepalese Paper and Paper Products

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

Appendix 3

Exchange Rate of US Dollar (NRs/US\$)

FY	Mid-Month	Month End*			Monthly Average*		
		Buying	Selling	Middle	Buying	Selling	Middle
2008/09	Aug	68.55	69.15	68.85	67.78	68.38	68.08
	Sept	73.25	73.85	73.55	70.54	71.14	70.84
	Oct	77.40	78.00	77.70	74.75	75.35	75.05
	Nov	78.70	79.30	79.00	78.14	78.67	78.40
	Dec	77.30	77.90	77.60	79.08	79.68	79.38
	Jan	77.75	78.35	78.05	77.00	77.60	77.30
	Feb	77.70	78.30	78.00	78.05	78.65	78.35
	Mar	82.55	83.15	82.85	80.46	81.06	80.76
	Apr	79.65	80.25	79.95	80.77	81.37	81.07
	May	79.15	79.75	79.45	79.39	79.99	79.69
	Jun	75.60	76.20	75.90	75.99	76.62	76.31
	Jul	78.05	78.65	78.35	77.02	77.62	77.32
		Annual Average	77.14	77.74	77.44	76.58	77.18
2009/10	Aug	77.00	77.60	77.30	76.84	77.44	77.14
	Sept	77.50	78.10	77.80	77.64	78.24	77.94
	Oct	73.66	74.26	73.96	75.62	76.22	75.92
	Nov	74.00	74.60	74.30	74.41	75.01	74.71
	Dec	74.44	75.04	74.74	74.07	74.67	74.37
	Jan	72.60	73.20	72.90	73.94	74.54	74.24
	Feb	73.99	74.59	74.29	73.55	74.15	73.85
	Mar	72.40	73.00	72.70	73.36	73.96	73.66
	Apr	70.76	71.36	71.06	71.81	72.41	72.11
	May	71.81	72.41	72.11	71.20	71.80	71.50
	Jun	74.60	75.20	74.90	74.25	74.85	74.55
	Jul	74.44	75.04	74.74	74.13	74.73	74.43
		Annual Average	73.93	74.53	74.23	74.24	74.84
2010/11	Aug	74.50	75.10	74.80	74.27	74.87	74.57
	Sept	73.90	74.50	74.20	74.38	74.98	74.68
	Oct	70.73	71.33	71.03	71.66	72.26	71.96
	Nov	72.00	72.60	72.30	68.49	69.07	68.78
	Dec	71.65	72.25	71.95	72.23	72.83	72.53

* As per Nepalese Calendar

Source: Nepal Rastra Bank 2011

Appendix 4
Harmonized code of Nepalese Handicraft Goods

Harmonized Code Of Pashmina products

Woolen Fabrics	5112.00.00
Woolen/Pashmina Muffler, Scarves & Shawls	6214.20.00

Harmonized Code Of Wooden Goods

Handwoven/ Handloomed Folklore Products	5702.10.10
Wooden Tie	4412.19.00
Wooden Frame	4414.00.00
Wooden Box	4415.10.00
Wooden Window	4418.10.00
Wooden Statue	4420.10.00
Wooden Goods	4420.10.00
Wooden Hanger	4421.10.00
Picture Frames	8306.30.00
Wooden Furniture	9403.40.00
Furniture, Bamboo and Cane Products	9403.80.00

Harmonized Code Of Handmade Papers and Goods made thereof

Handmade Nepali Paper	4802.10.00
Handmade Papers	4810.29.00
Handmade Paper Wall Covering	4814.20.00
Handmade Paper Envelop	4817.10.00
Handmade Paper Cards, Boxes etc.	4817.30.00
Handmade Paper Packing Boxes	4819.50.00
Handmade Paper Note Book, Letter Pads	4820.10.00
Handmade Paper Album	4820.50.00
Calender	4910.00.00

Harmonized Code Of Cotton Goods

Cotton Fabrics	5208.00.00
Handloom Cloth (Cotton)	5308.00.00
Cotton Wall Covering	5905.00.00
Cotton Sweater Knitted	6110.20.00
Cotton Socks Knitted	6115.91.00
Cotton Muffler Knitted	6116.10.00
Cotton Knitted Glove	6116.91.00
Cotton Jacket, Over Coat(Gents and Ladies)	6201.12.00
Over Jackets(Gents and Ladies)	6203.31.00
Cotton Dresses	6204.42.00
Cotton Shirts (Gents)	6205.20.00
Rayon Shirts (Gents)	6205.90.00
Rayon Shirts(Ladies)	6206.20.00
Cotton Shirts(Blouse)	6206.30.00

Cotton Shirts	6207.11.00
Cotton Pyjamas(Gents)	6207.21.00
Cotton Shawls, Scarf	6241.10.00
Cotton Bags	6305.20.00
Cotton Shoes	6405.20.00
Cotton Net	6505.10.00
Cotton Cap, Hats	6505.90.00
Harmonized Code Of Hemp/Allo Goods	
Hemp Goods	4202.99.00
Hemp Fabrics	5310.00.00
Harmonized Code Of Silk Goods	
Silk Goods	5003.90.00
Harmonized Code Of Woolen Goods	
Handknotted Woolen Carpet	5701.10.40
Woolen Carpets, Floor Coverings (Woven)	5702.31.00
Crochet/ Knitted Fabrics	6001.00.00
Woolen Sweater, Knitwear	6110.10.00
Woolen Dresses	6204.42.00
Woolen Shirts(Ladies)	6204.62.00
Woolen Shirts(Ladies)	6204.90.00
Woolen Shirts(Gents)	6205.10.00
Woolen Shawls	6301.20.00
Certified Handloom & Folklore Products	5701.10.13
Handknotted Woolen/Silk Carpet	5701.10.10
Handknotted Silk Carpet	5701.90.10
Handknotted Allo/ Hemp & Other Natural Fibres	5701.90.10
Harmonized Code Of Metal Goods	
Silver Jewellery	7113.11.00
Artificial Ornaments	7117.99.00
Copper Utensils	7417.00.00
Gorkha Knives(Khukuri)	8211.92.00
Khukuri	9307.00.00
Article of Base Metal(Bells, Gongs)	8306.10.00
Metal Sculptors, Statuary and Other Handicrafts	9703.00.00
Metal Musical Instruments (Cymbol/Tingshya etc.)	9206.00.00