



## Shaping the Future of India's Toy Industry

**For Prelims:** [India's Toy Industry](#), Global Trade Research Initiative Report, International Standards Organization (ISO), Bureau of Indian Standards (BIS)

**For Mains:** [Strategy for India's Toy Industry](#)

[Source: GTRI](#)

### Why in News?

Recently, the **Global Trade Research Initiative report** has proposed a comprehensive strategy to develop India's toy industry and enhance exports.

- The objective is to **elevate India into a global hub** for toy manufacturing and export by implementing **strategic interventions** focused on improving quality, fostering innovation, and expanding market reach.

### What is the Status and Potential of India's Toy Industry?

- **Status:**
  - **As per Global Trade Research Initiative report** India holds a marginal position in the global toy trade, with a mere **0.3% share in exports and 0.1% share in imports**.
  - **India ranks 27<sup>th</sup> in global toy exports**, with a share of only 0.3%, and 61st in toy imports, with imports totalling USD 60 million.
    - India exports a **significant amount of electronic toys** compared to other categories, while also making a significant contribution to the toy trade through the export of plastic dolls, metal, and other non-electronic toys, highlighting its **diverse manufacturing capabilities**.
- **Potential:**
  - The Indian toy industry is among the **fastest-growing globally**, projected to reach **USD 3 billion by 2028**, growing at a CAGR of 12% between 2022-28.
  - The Indian toy industry is expanding its global presence, with increased high-value exports to **Middle East and African countries**.

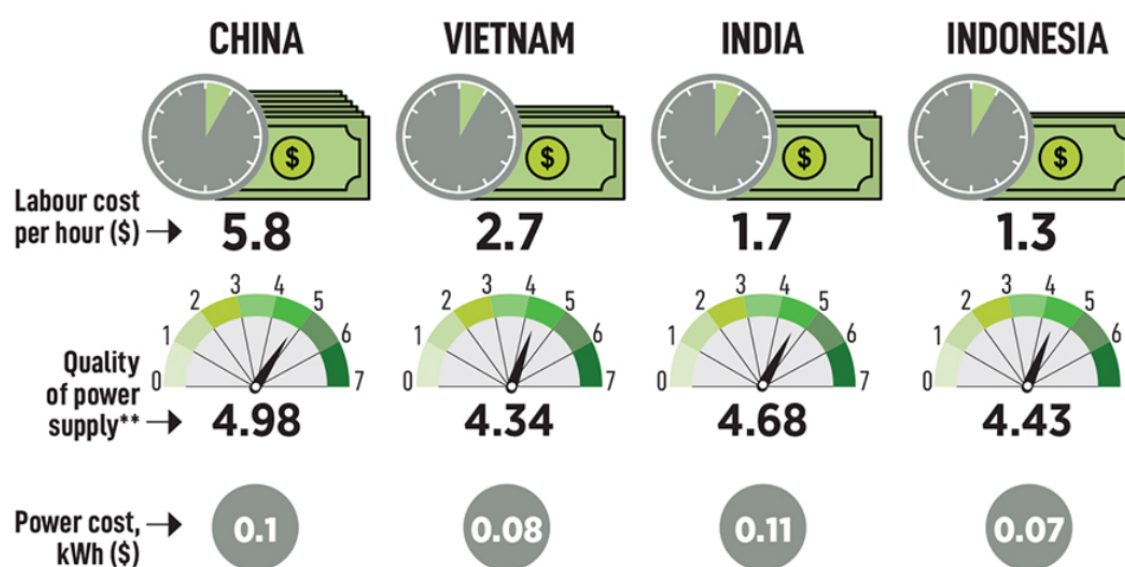
### Global Toy Industry:

- **As per Global Trade Research Initiative report** In 2022, the global toy market witnessed imports valued at approximately USD 60.3 billion with **China dominating** this market with exports worth USD 48.3 billion, representing **80% of global exports**.
- The USA leads as the largest importer of toys, while other major importers include the European Union, Japan, Canada, Australia, Mexico, and South Korea signifying a **diverse market**.

## What are the Challenges Faced by India's Toys Industry?

- **Lack of Technology:** It hinders the Indian toy industry by causing most domestic manufacturers to use outdated technology and machinery, impacting the quality and design of the toys.
- **High GST rates:** Mechanical toys attract 12% GST while tax on electronic toys is 18%. A mere addition of a bulb or a sound mechanism changes the classification of the toy.
- **Lack of Infrastructure:** The toy industry in India faces challenges due to poor infrastructure, lack of end-to-end manufacturing facilities, inadequate testing labs, toy parks, clusters, and logistics support.
- **Unorganized and Fragmented:** The Indian Toy Industry is still significantly fragmented, with 90% of the market being unorganized, and harnessing the maximum benefit becomes very difficult.
- **Other Challenges:** Factors such as **cost-effectiveness, product diversity**, quality standards, and trade agreements play pivotal roles in shaping the global toy trade landscape.
  - Shifts in consumer preferences, technological advancements, and regulatory changes also impact market dynamics.

## // India's Cost Competitiveness Vis-à-Vis Other Nations



\*\*Score on 1-7 scale with 7 being the best

**SOURCE** Industry consultations, World Bank, global petrol prices.com (power cost for businesses), Statista, KPMG in India Analysis

## GoI Measures to Promote the Local Toy Industry

- **Import Duty Increase:** India significantly **raised import duties** on toys, increasing the basic customs duty from 20% to 70% in July 2021.
  - This made imported toys much more expensive, giving locally produced toys a **competitive advantage**.
- **Quality Control Order (QCO):** Since January 2021, the **QCO** has required all toys sold in India to meet specific Indian safety standards, covering aspects like sharp edges, small parts hazards, flammability, and harmful chemical migration.
  - Toys must also have the **BIS certification mark** and undergo random checks and testing in **NABL-accredited laboratories**.
  - The QCO checked substandard imports from China but did not result in higher exports from India.
- **National Action Plan for Toys:** An initiative by the Government of India, it involves **collaboration among 15 ministries** and includes measures such as **creating toy production**

**clusters**, introducing schemes to encourage manufacturing and exports, enhancing research and development, ensuring quality standards, integrating toys with education, and organizing toy fairs and exhibitions.

**Note:**

- **Toy quality** is determined by meeting performance standards, which can be **voluntary or mandatory**.
- The **Quality Control Order 2020** is a **mandatory technical regulation in India**.
- Internationally, standards are set by the [International Standards Organization \(ISO\)](#), while in India, the Bureau of Indian Standards (BIS) sets specific standards for toys, covering aspects like mechanical safety, flammability, and element migration.

## Way Forward

- **Government initiatives:** Support the toy industry through schemes like [SFURTI \(Scheme of Funds for the Regeneration of Traditional Industries\)](#) by the [Ministry of MSME](#) and promote exports that could further boost India's presence in the global toy market.
- **Encourage Global Toy Brands to Manufacture in India:** Invite **international toy manufacturers** who currently operate in China, such as Hasbro, Mattel, Lego, Spin Master, and MGA Entertainment, to consider setting up production facilities in India. .
  - **Collaboration with international partners** for technology transfer and skill development can enhance India's competitiveness in the global toy trade.
- **Learn from China:** The Indian toy industry has an estimated value of USD 3 billion in contrast to USD 100 billion in China.
  - India should **study China's success** in becoming a major exporter to demanding markets like the USA, EU, Japan, and the rest of the world, despite initially supplying low-standard and unsafe toys.
- **Localize Production of Key Inputs:** To **enhance self-sufficiency** and reduce costs, promote local manufacturing of essential toy-making materials like **glass eyes, beads, imitation stones, plastics, electric motors, and remote control devices, reducing dependency on imports.**

### **Drishti Mains Question:**

Q. Discuss the challenges faced by the Indian toys industry and evaluate potential strategies to address them. How can the Indian government and industry stakeholders collaborate to promote the growth and competitiveness of the domestic toys sector?

## **UPSC Civil Services Examination, Previous Year Question (PYQ)**

### *Prelims:*

Q. What is/are the recent policy initiative(s) of Government of India to promote the growth of manufacturing sector? (2012)

1. Setting up of National Investment and Manufacturing Zones
2. Providing the benefit of 'single window clearance'
3. Establishing the Technology Acquisition and Development Fund

**Select the correct answer using the codes given below:**

**(a)** 1 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

**Ans: (d)**

**Mains:**

**Q.** "Success of 'Make in India' program depends on the success of 'Skill India' programme and radical labour reforms." Discuss with logical arguments. **(2015)**

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