RAJASTHAN

Write a Profitable Toy Story

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Toy Story

Rajasthan offers unparalleled advantages to entrepreneurs in its market access, concessions & incentives and availability of low-cost, trained manpower.

Low set up and operation cost is an important advantage especially for low value addition sectors such as toy manufacturing.

TOY SCENARIO IN INDIA

India is one of the largest markets in the world for most consumer products. Toys are no exception.

The domestic market is estimated to be USD 1.5 billion almost entirely (85%) being serviced through imports. Import substitution alone offers a big opportunity in manufacturing of toys. In the wake of changing global political and trade equations, export of toys is also very promising.

Indian Toy Market: USD 1.5 billion

Largely Unorganised Manufacturing

Micro Industries **75%**

SMEs **22%**

Large Units **3%**

High Import Dependence

85% of demand being imported currently

Electronic toys largely imported

75% of imports from China

Low Exports

US$ 130M (FY20)

USA, UK and UAE are lead export destinations

Major Sports Goods & Toys Currently Manufactured in India

Metal/Tin toys

Models of automobiles, figures of monuments, etc.

Educational Toys

Activity Kits, Educational Kits, science kits, DIY kits etc.

Stuffed Toys

Stuffed animals, Plush pillows, Plush puppets and Plush backpackes & purses

Plastic Toys

Dolls, Mechanical activity toys, ride-on blocks, etc.

Wooden Toys

Blocks, games, educational toys, figures, etc.

Board Games and Puzzles

Sports Goods

Sports gears & clothing, Equipment, Safety equipment

Major Growth Drivers

The domestic market for toys is growing rapidly and is estimated to touch USD 3 billion by 2024. Huge domestic demand, low labour cost and aggressive promotion and policy-level support by the Government will drive unprecedented growth in the market.

Domestic Market

- India is home to 25% of world's children in age group of 0-12 years
- Domestic toy demand is projected to grow at 10-15% against global average of 5%
- Domestic toy industry in India has the potential to grow to USD 2-3 bn by 2024.
- Rising disposable incomes, exposure of consumers to global media and booming online sales channels will drive the growth of this sector

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Raw Material Availability

- World's second largest producer of polyester and related fibers with 8% global share for plush toys
- Indian players have the technical know-how in precision tooling and are rapidly working towards growing capabilities to compensate for the shortage in readymade molds and structures. Tooling is critical for sub-segments like electronic and remote-control toys, video games, etc.

Low-Cost Labor

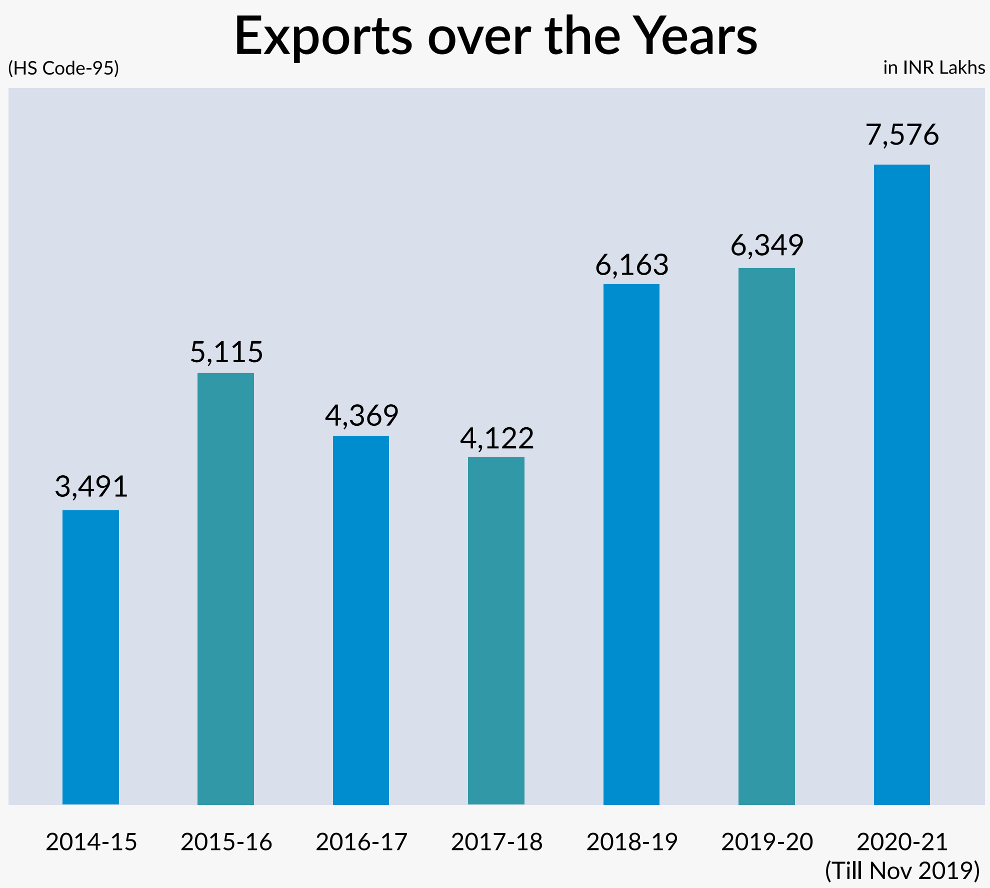
- Labor cost comprises almost 20-40% of the total cost for toys making it an important component in this industry
- Labor costs in India are cheapest among the competing geographies

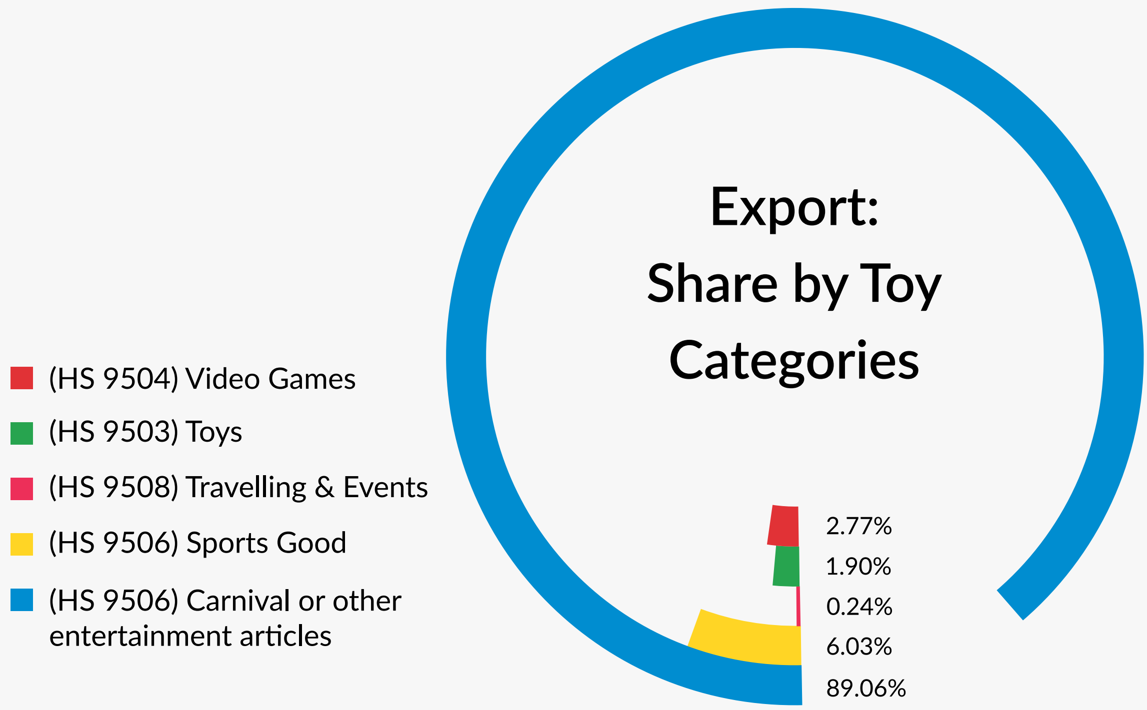
- Rate of growth of wages is significantly lower and rate of growth of productivity is relatively higher compared to other low-cost countries like China, Vietnam and Thailand

Government Policies

- The new and evolving policy environment has made the sector more attractive for domestic manufacturing like never before.
- Increased import duty to support domestic manufacturer
- Stricter quality testing for imported toys
- 100% FDI permitted through automatic route
- Duty Drawback Scheme, EPCG Scheme, Custom Bonded Warehouse Scheme, Remission of Duties and Taxes on Exported Products Scheme

TOY SCENARIO IN RAJASTHAN





>12%

Export Growth Rate between 2014-15 and 2019-20

3.78%

Rajasthan's share in India's Export of toys in 2020-21 (till Nov, 20)

>89%

Rajasthan's toy export from carnival & other Entertainment Articles category

RAJASTHAN: TOY TRADITION

Traditional Wooden and Cloth Toys have been popular in various parts of Rajasthan for centuries.

Mostly carved in wood, these toys have enthralled kids for generations and similarly, the craft has been carried in thousands of artisan families through inheritance or master-apprentice tradition.

The State Government has also been working for promotion and innovation in traditional toys.

Kathputli Craft of Jaipur

- The puppet craft also known as Kathputli where Kaath means wood and Putli means fabric doll so a puppet made out of wood and fabric known as Kathputli.
- 600 artisans of Kathputli Craft in Jaipur

Wooden Toys of Udaipur and Bassi (Chittorgarh)

- The craftsmen use the local wood doodhia which is soft and can be finely chiselled and shaped.
- The toys are lacquered and polished with leaves of a flowering cactus to give them a beautiful look
- The entire village Bassi in Chittorgarh is engaged in making wooden toys and products

Region	Toy Cluster	Type of Craft
Chittorgarh	Chittorgarh Toy Cluster	Toys and dolls cart drawn by a sparrow, kitchen sets, singardan grinder, cradle on a stand, décor figure, miniature, etc.
Girwa, Udaipur	Girwa Toy Cluster	Carved wooden furniture, rural items, etc.
Jaipur	Kathputli Nagar Cluster	Kathputli/Puppets
Khuskhera, Alwar	Khuskhera Toy Cluster	Toys & Sports Goods
Mewar	Mewar Toy Cluster	Story telling toys & craft

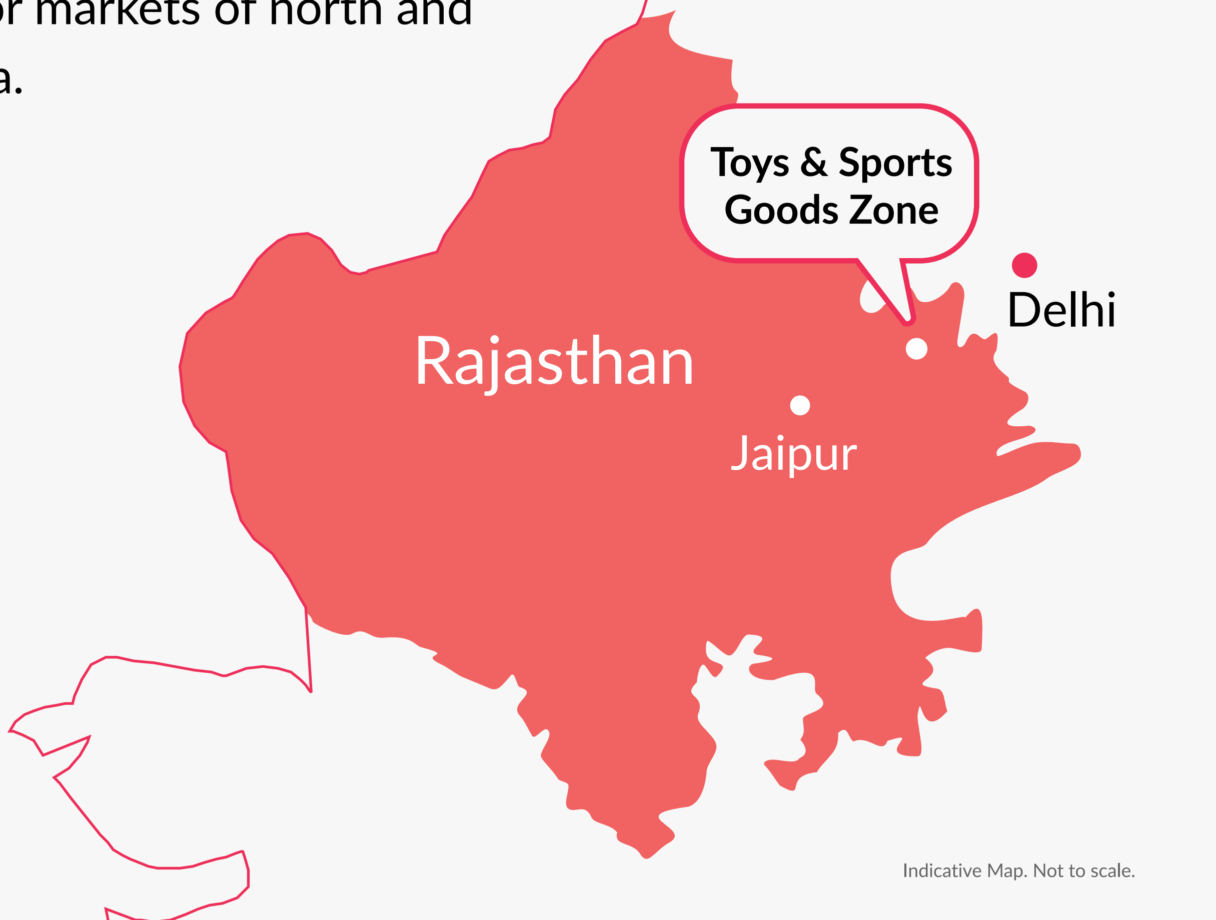
RAJASTHAN

An Ideal Destination

A number of competitive advantages offered by Rajasthan to investors makes it a destination of choice for toy manufacturers.

Toys and Sports Goods Zone at Khushkhera (Alwar)

Rajasthan has developed a dedicated manufacturing industrial zone for toys and sports goods. The zone has excellent infrastructure and connectivity with major markets of north and west India.



Indicative Map. Not to scale.

- Located in Alwar district in the National Capital Region (NCR)
- 10 km from National Highway 48 (erstwhile NH8), a part of the Golden Quadrilateral linking Delhi to Mumbai.
- 67 km from Indira Gandhi International Airport at New Delhi and 51 km from Gurugram
- 190 km from Jaipur

Toy Zone at a Glance

The Zone has been planned in close co-ordination with Sports Goods and Exports Promotion Council (SGEPC)

1000-1950 sqm

Plot Sizes

39

No. of plots

Permitted Products

Products listed in

HS Codes Chapter 95

56,576 sqm

Net Saleable Area

Unique Investor Advantages

Market Access

8,380 sq km of Rajasthan falls in the National Capital Region (NCR), which is around 24.5% of the total NCR. Rajasthan shares its border with five major Indian states: Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Gujarat and industries in Rajasthan have to their advantage, direct access to this enormous market.

Excellent Connectivity and Logistics

With the second largest network of National Highways in India, a strong rail network of 5,822 km; 1 international and 2 domestic airports, Rajasthan has an excellent connectivity internally within the state and with major cities and markets within India.

39% of the Western Dedicated Freight Corridor (DFC)

Western DFC & DMIC

Indicative Map. Not to scale.

connecting Dadri near Delhi to Jawaharlal Nehru Port (JNPT) near Mumbai falls in Rajasthan. The government is developing a band of 150 km on both sides of the DFC as the Delhi-Mumbai Industrial Corridor (DMIC) with Industrial Parks, Smart Cities and Logistics Parks. About 60% of the State's area (22 districts including Jaipur, Alwar, Kota and Bhilwara) falls within the project influence area of DMIC

A network of 8 Inland Container Depots (ICDs) and an air-cargo complex facilitates seamless movement of raw material and finished goods.

Skilled Labour and Manpower

The technical institutes in the State have an annual intake capacity of over 355 thousand students. Rajasthan has been ranked 5th in terms of total number of colleges and universities in India and is home to an IIM, an IIT, BITS Pilani, NIT and an IIIT.

Favourable Investment Environment

The Rajasthan MSME Act, 2019

- Allowing entrepreneurs to start business simply by filling a self-declaration form
- Exemption from inspections from various departments for 3 years with 6 months corrective period

Ease of Establishment and Operation

- Clearly defined land allotment processes
- All requisite business clearances granted online with defined timelines
- Peaceful labour relations
- Excellent Law & Order situation

98.39%

Rajasthan is among the Top States in India in **Ease of Doing Business Reforms, 2019** with implementation score of 98.39%

INCENTIVES & SUBSIDIES

Rajasthan Investment Promotion Scheme, 2019

(Provisions Applicable to Enterprises in Toy Manufacturing)

Investment Subsidy

75% of State Tax due and deposited for 7 years

Employment Generation Subsidy

50% of employer's contribution towards employees EPF and ESI, for 7 years

75% of employer's contribution towards employees EPF and ESI, for 7 years to enterprises owned by Women / SC / ST / PwD entrepreneurs

75% of employer's contribution towards employees EPF and ESI, for 7 years to enterprises providing more than 75% direct employment to persons domiciled in Rajasthan

100% Stamp Duty Exemption

Electric Duty Exemption
100% for 7 years

100% Exemption from Conversion Charges for Change of Land Use

Land Tax Exemption
100% for 7 years

Handicraft Incentives (additional)

For investment of INR500 million or above

25% CAPITAL SUBSIDY on investment made on plant & machinery, subject to a maximum of INR 2.5 million

7% Interest Subsidy on term loan for investment in plant & machinery for a period of 5 years subject to a maximum of INR 2.5 million per year

ESDM Incentives (addtional)

For investments of INR 10 crore or above

25% CAPITAL SUBSIDY on investment made on plant and machinery, subject to a maximum of INR 5 million

5% intrest subsidy on term loan for investment in plant & machinery for a period of 5 years, subject to a maximum of INR 2.5 million per year

Mukhyamantri Laghu Udhyog Protsahan Yojana

This Scheme has been launched with the objective of providing subsidised loans through banks to facilitate the establishment of enterprises in the state.

Loan Amount	Interest Subsidy (for 5 years)
Up to INR 2.5 million	8%
Above INR 2.5 million to INR 50 million	6%
Above INR 50 million to INR 100 million	5%

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