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REIMAGINING INDIA'S TOY MANUFACTURING INDUSTRY: A STRATEGIC ANALYSIS OF EXPORT COMPETITIVENESS, INNOVATION, AND GLOBAL MARKET POTENTIAL

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ABSTRACT

The toy manufacturing industry plays a significant role in both economic development and child development by combining creativity, education, and industrial production. This study examines the structure, growth, and export performance of the global and Indian toy industries with a focus on India's emerging potential in international markets. Despite having strong advantages such as a large domestic market, skilled labor, and rich traditional craftsmanship, India's toy export performance remains relatively low compared to global leaders. The research is based on secondary data collected from government reports and international trade databases over the period 2014–2025. Analytical tools such as trend analysis, CAGR, export intensity ratio, and Revealed Comparative Advantage (RCA) are used to evaluate industry performance. The findings reveal that although India has shown gradual improvement, challenges such as low innovation, weak branding, and limited technological adoption hinder its global competitiveness. The study suggests that focusing on innovation, quality improvement, and export-oriented strategies can significantly enhance India's position in the global toy market. The research concludes that with the right policy support and strategic direction, India has strong potential to become a major global toy manufacturing hub.

KEYWORDS: *Toy Manufacturing, Export Performance, Global Trade, India, MSMEs, Innovation, Comparative Advantage, Educational Toys, Sustainability, Export Competitiveness.*

INTRODUCTION

The toy manufacturing industry is more than just a production sector; it plays an essential role in shaping children's cognitive, emotional, and social development. Over time, toys have evolved from simple handmade products to technologically advanced and educational tools. This transformation reflects broader changes in technology, consumer preferences, and globalization. Globally the toy industry has become highly competitive and innovation-driven. The demand for educational, eco-friendly, and technology-integrated toys has increased significantly. Countries with strong manufacturing capabilities and innovation ecosystems dominate the market. India holds a unique position in this industry due to its rich heritage of traditional toy-making and its growing industrial base. Government initiatives such as "Make in India" and "Atmanirbhar Bharat" have encouraged domestic production and reduced reliance on imports. However, despite these efforts, India's presence in global toy exports remains limited. This study aims to analyze the structure of the toy industry, evaluate India's export performance, and explore opportunities to enhance global competitiveness.

STATEMENT OF THE PROBLEM

Despite having strong potential in terms of resources, labour, and cultural heritage, the Indian toy manufacturing industry faces several challenges that limit its global competitiveness. One of the key issues is the historically high dependence on imports, particularly from large-scale manufacturing countries. Indian manufacturers, especially MSMEs, struggle with constraints such as limited access to advanced technology, inadequate infrastructure, low design innovation, and financial limitations. Additionally, strict international quality standards and inefficient supply chains further restrict export growth. Although government initiatives have supported domestic production, India's share in global toy exports remains low. This indicates a gap between potential and actual performance. Therefore, the problem lies in the underperformance of India's toy industry in global markets and the need to identify strategies to improve its competitiveness.

REVIEW OF LITERATURE

Nitya Raviprakash et al. (2019) examined the integration of artificial intelligence in the traditional toy and handicraft industry and found that the use of modern technologies can significantly improve productivity, design innovation, and market responsiveness among Indian manufacturers. **Rahul Mehta (2021)** compares India with China and explains that China dominates the global toy market due to its large-scale production, advanced technology, and highly efficient supply chains. **Vikas Jain (2022)** focuses on the role of supply chain management in export performance. The study highlights that inefficiencies in logistics, transportation delays, and high costs significantly affect India's ability to compete in international markets. **Ananya Das (2023)** presents an optimistic view of the industry's future. The study identifies increasing global demand, supportive government initiatives, and growing innovation as key drivers of growth. **Anil Kumar (2023)** analyzed the structural composition of the Indian toy industry and identified that it is predominantly dominated by MSMEs, which play a crucial role in employment and production. The research emphasized the need for financial support, technological upgradation, and policy assistance to strengthen MSMEs and improve export performance.

OBJECTIVES OF THE STUDY

The study is conducted with the following objectives:

- To examine the structure and growth of the toy manufacturing industry at the global level.
- To study the export performance of Indian toys in recent years.
- To examine the opportunities and challenges faced by Indian toy manufacturers in the international market.

RESEARCH METHODOLOGY

The present study adopts a descriptive and analytical research design to examine the structure, performance, and export potential of the toy manufacturing industry in India. The research is based entirely on secondary data, which has been collected from reliable sources such as the Ministry of Commerce and Industry, Directorate General of Foreign Trade (DGFT), Directorate General of Commercial Intelligence and Statistics (DGCI&S), India Brand Equity Foundation (IBEF), NITI Aayog, UN Comtrade, World Trade Organization (WTO), and various industry reports. The study covers a period of eleven years from 2014–15 to 2024–25 in order to analyze long-term trends and the impact of policy changes and global events. To interpret the data effectively, tools such as trend analysis, Compound

Annual Growth Rate (CAGR), export intensity ratio, PESTLE analysis, and Revealed Comparative Advantage (RCA) have been used. While the study provides valuable insights into the industry, it is limited by its dependence on secondary data and the lack of primary data from manufacturers and exporters; however, efforts have been made to ensure accuracy and reliability through the use of authentic sources.

RESULTS AND DISCUSSIONS

Table No 4.1 Export Value And Growth Pattern Of India's Toy Industry.

Financial Year	Export Value (USD Million)	Year-on-Year Growth (%)
2014-15	96.00	-
2015-16	108.50	13.02
2016-17	123.80	14.10
2017-18	142.30	14.94
2018-19	161.70	13.64
2019-20	177.00	9.47
2020-21	165.80	-6.33
2021-22	176.50	6.45
2022-23	153.89	-12.80
2023-24	152.34	-1.01
2024-2025	169.46	11.2

Source: Based on data compiled from DGCI&S and industry reports, India's toy exports (HS Code 9503 - Toys)

India's toy exports grew steadily before COVID-19, declined during the pandemic, and then showed uneven recovery with some fluctuations. Overall, the industry has good potential, but consistent growth will require better innovation, quality, and stronger global competitiveness.

Table No 4.2 Export Intensity Analysis Of Indian Toy Industry (2014–15 To 2023–24).

Year	Exports (USD M)	Production (USD M)	Export Intensity (%)
2014-15	96	800	12.00
2017-18	142	950	14.95
2019-20	177	1,100	16.09
2021-22	176.5	1,250	14.12
2023-24	152.34	1,400	10.88

Source: Based on data compiled from DGCI&S and industry reports, India's toy exports (HS Code 9503 - Toys).

Table No 4.3 COMPARATIVE RCA: INDIA VS. COMPETING COUNTRIES (TOYS):

Country	Estimated RCA (Toys)	Interpretation
China	2.8-3.2	Strong comparative advantage
Vietnam	1.8-2.2	Moderate to strong advantage
Thailand	1.2-1.5	Moderate advantage
Mexico	0.9-1.1	Near neutral
India	0.239	Comparative disadvantage

China's dominant RCA reflects its overwhelming position in global toy manufacturing and exports. Vietnam and Thailand have successfully developed competitive toy industries with positive RCA indices. India's significantly lower RCA indicates it has not yet achieved competitive positioning in global toy trade.

Table No 4.4 Different Category Of Product And Their Rca Index.

Product Category	RCA Index	Interpretation
Textiles and Apparel	3.5-4.2	Strong comparative advantage
Pharmaceuticals	2.8-3.5	Strong comparative advantage
Gems and Jewelry	4.5-5.2	Very strong comparative advantage
Leather Products	2.2-2.8	Strong comparative advantage
IT Services	5.5-6.5	Very strong comparative advantage
Toys	0.239	Comparative disadvantage

India demonstrates strong revealed comparative advantage in multiple sectors, making the toy industry's weak RCA particularly notable. This suggests structural factors specific to toys—rather than general export capabilities—explain the underperformance.

FINDINGS AND RECOMMENDATIONS

The study reveals that the global toy industry is steadily expanding with increasing demand for innovative, educational, and eco-friendly products, while India's toy manufacturing sector is gradually evolving but still lacks strong global competitiveness. Although India has shown moderate growth in exports over the study period (2014–2025), the performance has been inconsistent, with fluctuations caused by global disruptions and structural inefficiencies. The industry remains largely MSME-driven and unorganized, with limited technological adoption and innovation capabilities. Export intensity is relatively low, indicating a stronger focus on domestic markets rather than international expansion. Additionally, India's low Revealed Comparative Advantage (RCA) highlights its weak position in global toy trade. However, opportunities such as rising global demand for sustainable toys, government support, and digital market expansion indicate strong future growth potential if strategic improvements are made.

To enhance the global competitiveness of India's toy manufacturing industry, it is essential to focus on innovation, quality improvement, and export-oriented strategies. Manufacturers should invest in research and development to create unique and educational toys that align with global trends, particularly in STEM and eco-friendly segments. Strengthening branding and digital marketing will help Indian toys gain recognition in international markets. Improving compliance with global quality and safety standards is crucial to increase export acceptance. Additionally, promoting cluster-based manufacturing, encouraging technology adoption among MSMEs, and leveraging e-commerce platforms can significantly expand market reach. Diversifying export destinations and strengthening supply chain efficiency will further reduce risks and improve sustainability. A balanced approach between domestic growth and export expansion is necessary for long-term success.

FUTURE SCOPE OF THE STUDY

The future scope of this study is extensive, as the toy industry is rapidly transforming with technological advancements and changing consumer preferences. Further research can explore emerging areas such as smart toys, artificial intelligence in toy design, and digital learning tools. There is also scope to study consumer behavior across different regions and age groups to better understand market demand. The role of e-commerce and global online platforms in expanding export opportunities can be analyzed in detail. Additionally, future studies can evaluate the effectiveness of government policies and their impact on export competitiveness. Comparative studies with leading toy-exporting countries can provide deeper strategic insights. Incorporating primary data from manufacturers and exporters will further enhance the practical relevance of future research.

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