



LEATHER

SUMMARY

The Leather industry in India holds a significant place in the Indian economy.

The Leather industry in India is consistent in its high export earnings and is among the top 10 foreign exchange earners for India.¹

India's export of Leather and Leather Products for the period April – August 19 – 20 touched USD 2276.39 Mn.²

Export of different categories of Footwear holds a major share of about 47.59% in India's total leather & leather product exports.³

The Leather industry in India is an employment-focused industry, providing jobs to about 4.42 Mn people.⁴

India is the 2nd largest producer of footwear, 2nd largest exporter of Leather Garments, the 5th largest exporter of Leather Goods and 3rd Largest Exporter of Saddlery and Harness items.⁵

REASONS TO INVEST

Opportunity to set-up export units: India has trade agreements with Japan, Korea, ASEAN, Chile etc., and is negotiating Free Trade Agreement with the European Union, Australia etc.

The leather industry in India has abundance of raw materials with 20% of world cattle & buffalo and 11% of world goat & sheep population.

Women employment is predominant in Leather products industry with about 30% share. The Leather industry in India has one of the youngest workforces with 55% of the workforce below 35 years of age.

Opportunity to tap the huge domestic market in India: The domestic market is expected to reach USD 18 Bn by 2020.

Comparative advantages exist in production cost and labour costs as compared to other major manufacturing countries.

Skilled/trained manpower is available for a new production unit or existing production unit.

Explore more about infrastructure availability in Leather sector >

RECENT ANNOUNCEMENTS

16th October 2020: Under Skill India mission, Leather Skill Sector Council launches SCALE India Android App for enhanced quality assurance. This platform will boost the use of efficient and intelligent tools in the Leather industry which will support Hon'ble Prime Minister's vision of making India 'Aatm Nirbhar' i.e the 'Skill Capital of the World'.

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STATISTICS

Strong Raw Material Base

1. India is endowed with 20%⁶ of the world's cattle and buffalo and 11% of the world's goat and sheep population.

2. India produces 3 bn sq. feet of leather on an annual basis.⁷

The Leather industry in India comprises of major segments namely footwear, finished leather, leather goods, leather garments, footwear components, saddlery and harness. All these segments have high growth potential.

Great opportunity to set-up manufacturing facility of footwear components, considering increasing demand for fashion footwear in India.

GROWTH DRIVERS

High growth potential for exports

The ready availability of leather

The abundance of essential raw materials

Rapid strides in the areas of capacity modernisation and expansion

Skill development and environment management

Favourable government policies

Additional steps have been taken to increase the export of leather and leather products:

About 2% across the board enhancement of duty credit scrip under Merchandise Exports from India Scheme (MEIS) for shipments made from 1 November 2017

GST concessions for leather industry items –

Finished leather from 12% to 5%,

Certain leather chemicals, leather goods, leather garments and saddlery items from 28% to 18%,

Common Effluent Treatment Plants (CETPs) from 18% to 12%,

Job work from 18% to 5% Footwear from 18% to 5%⁸

FDI POLICY

Leather products manufacturing is allowed 100% FDI through automatic route.⁹

Government of India has allowed 100% FDI in single-brand retailing in India, with a clause of 30% mandatory local sourcing.¹⁰

The Leather industry in India is de-licensed, facilitating expansion on modern lines with state-of-the-art machinery and equipment.

The cumulative FDI equality inflow in the Leather, Leather Goods and Pickers industry is USD 215.11 bn during the period April 2000 to September 2020.¹⁸

[Read more about Foreign Direct Investment Policy in India >](#)

FINANCIAL SUPPORT

Under the **Indian Footwear, Leather & Accessories Development Programme (IFLADP)**, the following assistance is provided:¹¹

Integrated Development of Leather Sector (IDLS) sub-scheme: 30% grant is provided on the cost of plant and machinery for Micro and Small units and 20% for other units, with a ceiling of USD 0.307 Mn for each product line.

Mega Leather, Footwear and Accessories Cluster (MLFAC) sub-scheme: 50% grant with a ceiling of USD 19.23 Mn based on size is provided. This is mainly for the establishment of Mega Leather Clusters to boost infrastructure facility and support services for production and export.

Human Resource Development (HRD) sub-scheme: An assistance for Placement Linked Skill Development training to unemployed persons is provided - USD 230 per person, for skill up-gradation training to employed workers - USD 76 per employee and for training of trainers - USD 3,076 per person. The Footwear Design and Development Institute (FDDI) has established itself as the premier training institute for the provision of skilled manpower in the leather industry. It has 55 training centres across India including eight branches. Another 4 branches are being set up.¹² About 25,643 persons have been trained under primary skill development training programme during 2018-19.¹³

Leather Technology, Innovation and Environmental sub-scheme: The help is provided for upgradation/installation of Common Effluent Treatment Plants (CETPs) @ 70% of the project cost. The sub-scheme also offers support to national level sectoral industry council/ association and support for preparation of vision document for Leather Footwear and Accessories Sector.

Promotion of Indian Brands in Leather, Footwear and Accessories Sector sub-scheme: Eligible units are approved for Brand Promotion. Government assistance is limited to 50% of total project cost subject to a limit of USD 461,538 for each brand, annually for 3 years.

Additional Employment Incentive for Leather, Footwear and Accessories Sector scheme: Employers contribute 3.67% to employees provident fund for all working in the leather, footwear and accessories sector. The employees are enrolled in Employees' Provident Fund Organization (EPFO) for first 3 years of their employment.

[Explore Government policies/schemes in Leather sector >](#)

INVESTMENT OPPORTUNITIES

As per the World Bank Doing Business 2020 report, India is ranked 63. Many initiatives under National Trade Facilitation Action Plan (2017-2020) have upgraded the productivity of cross-border trade, reducing border and documentary compliance time for both exports and imports.¹⁴

The National Manufacturing Policy identifies leather as a special focus sector, for growth and employment generation. The policy aims at a GDP of 25% along with a creation of 100 mn jobs in all sectors by the year 2025.¹⁵

Presence of huge production centres in the form of Mega Leather Clusters (MLC) with all required infrastructure, where investors can set-up one of these MLCs.

[Explore projects to invest in Leather sector >](#)

FOREIGN INVESTORS

Apache Group (Taiwan), Nellore, Andhra Pradesh

Feng Tay Shoes (Taiwan), Cheyyar, Tamil Nadu

Itares (Italy), Ambur, Tamil Nadu

AGENCIES

Council for Leather Exports (CLE)

Central Leather Research Institute (CLRI)

Footwear Design and Development Institute (FDDI)

National Institute of Fashion Technology (NIFT)

Central Footwear Training Institute (CFTI)

KEY ACHIEVEMENTS

Indian Footwear, Leather & Accessories Development Programme (IFLADP), a special package for employment generation in the Leather and footwear industry has been launched in December 2017. The approved expenditure for this is USD 371 Mn from 2017-18 to 2019-20. Under the programme, 4 projects have been approved with a total outlay of USD 15 Mn. This is to facilitate upgradation of infrastructure, job creation and environmental sustainability in Tamil Nadu.¹⁶

In-principal approval for the mega leather cluster in West Bengal with employment potential for around 7000 people and an investment of up to USD 64 Mn. Under the scheme, a total of 9 projects for Common Effluent Treatment Plant upgradation, with a gross value of USD 67 Mn and government assistance of USD 46 Mn have already been approved and are under implementation.

During 2017-18, primary skill development training has been provided to 94,231 unemployed persons in the Leather & footwear industry and of them, 71,125 trainees have been provided placement.¹⁷

Leather, Leather products and Footwear industry achieved 63.5% of export performance in dollar terms, during April – November 2020 viz-a-viz April – November 2019.¹⁹

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