


Leather Industry in India

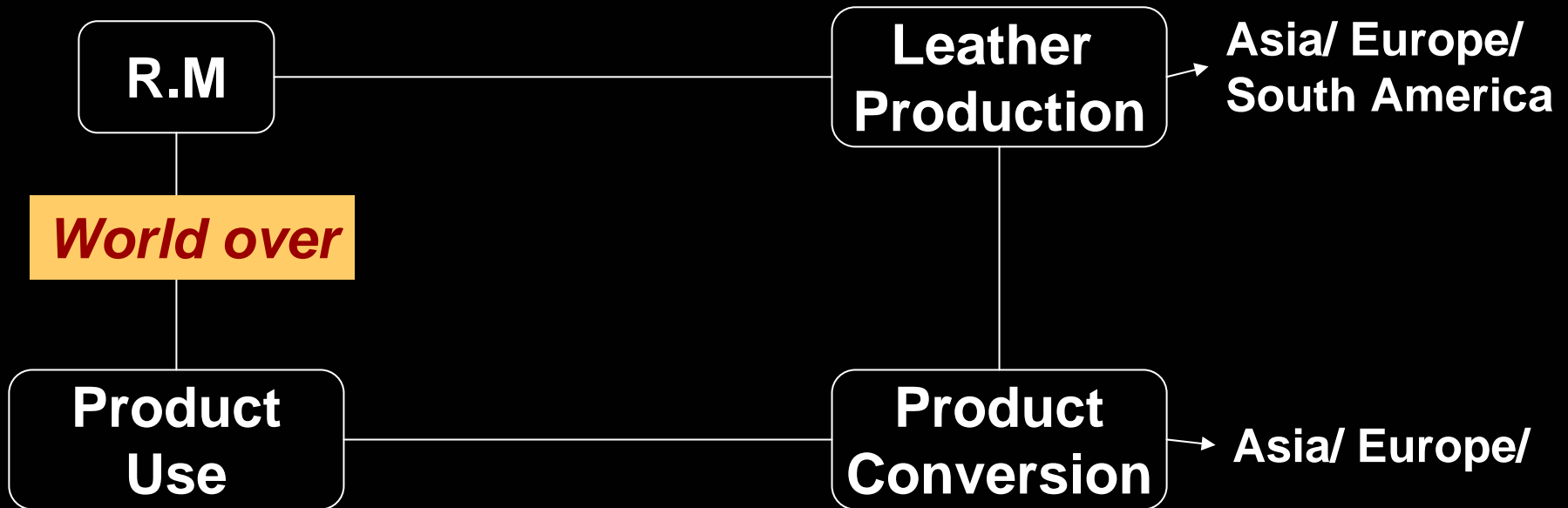
- Leather industry has gained National Importance on account of contributions to employment, economic and export gains.
- Leather is a comparative advantage sector for India by virtue of indigenous raw material and technology base.
- Unit value realization from Indian leather is increasing in global trade. However, Indian share in mass volume market in global trade is registering decline. This needs to be corrected soon, if India were to emerge a major player in global leather trade.
- Domestic market needs are met by decentralized production. Technology and skill upgradation as well as infrastructural strengthening are essential.

Leather Sector in Developing Countries: An Opportunity Sector For Social Empowerment

- Links rural farmer in developing country with fashion world of industrialized nations
 - Employment generator for low capital investments
 - Suited to skills of women with potentials for gender empowerment
 - Potentials for adding to human development index in developing economies
- 

Global Leather Trade

- Raw material supply World over
- Leather conversion Asia/ Europe/ South America
- Product conversion Asia/ Europe
- Product use US/ Germany/ World over



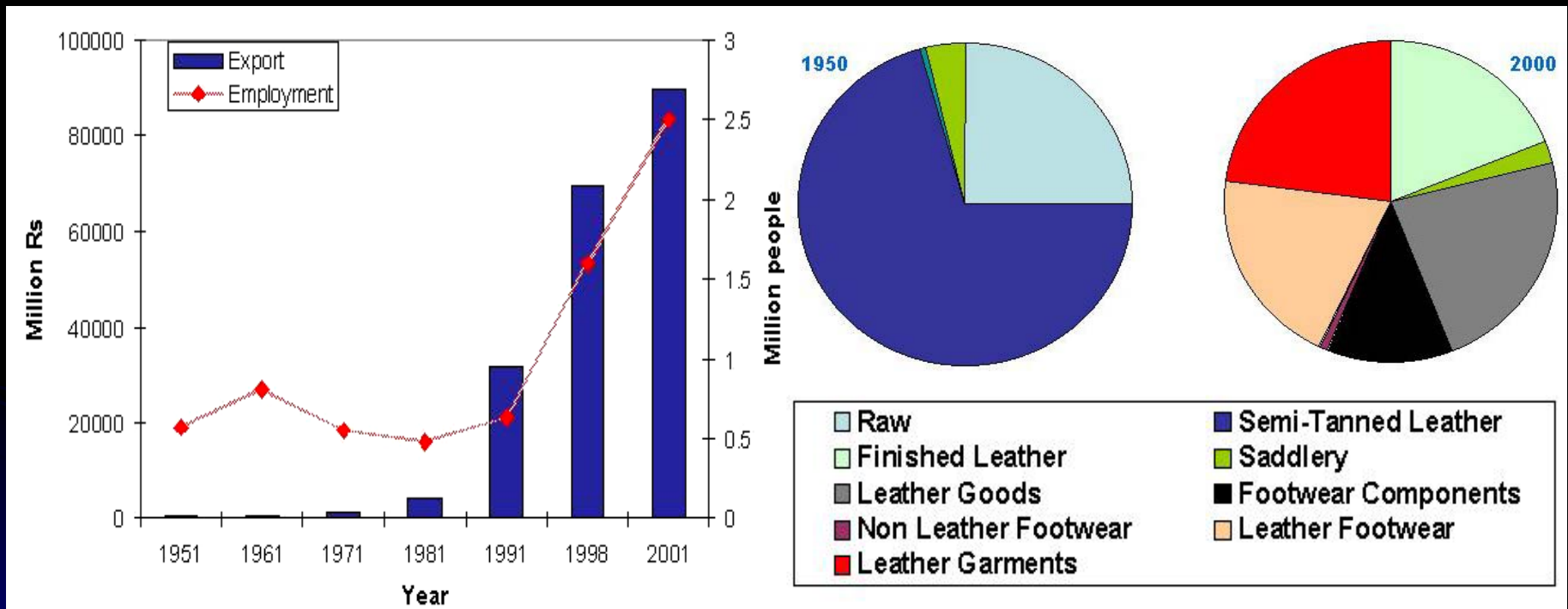
- Global leather trade : US\$ 70 billion
- Balance of trade : Favor of developing countries (~10: 1)

Indian Leather Sector : A Case Study

- Commenced centuries ago
- Enhanced global trade through East Indian Company
- In 1947, exported > 99% as raw materials
- In 1953, gained 9.3% global share of raw hides/skins export in value terms
- In 1972, launched a landmark policy to ban export of raw hide/skins and switch over to the export of value added products
- In 1995, produced 10% global supply of finished leather and export basket included >80% value added downstream products
- In 1996, faced the closure of 400 tanneries in Tamil Nadu, on account of environmental issues
- In 1998-99, gained a degree of environmental sustainability through addition of technologies
- In 1999, develops an action plan for pollution prevention and control for tanning sector: A proactive step
- In 2000, ecolabel scheme for leather launched by the Govt. of India - A proactive approach

Changing Phase of Indian Leather Sector – 1950 - 2000

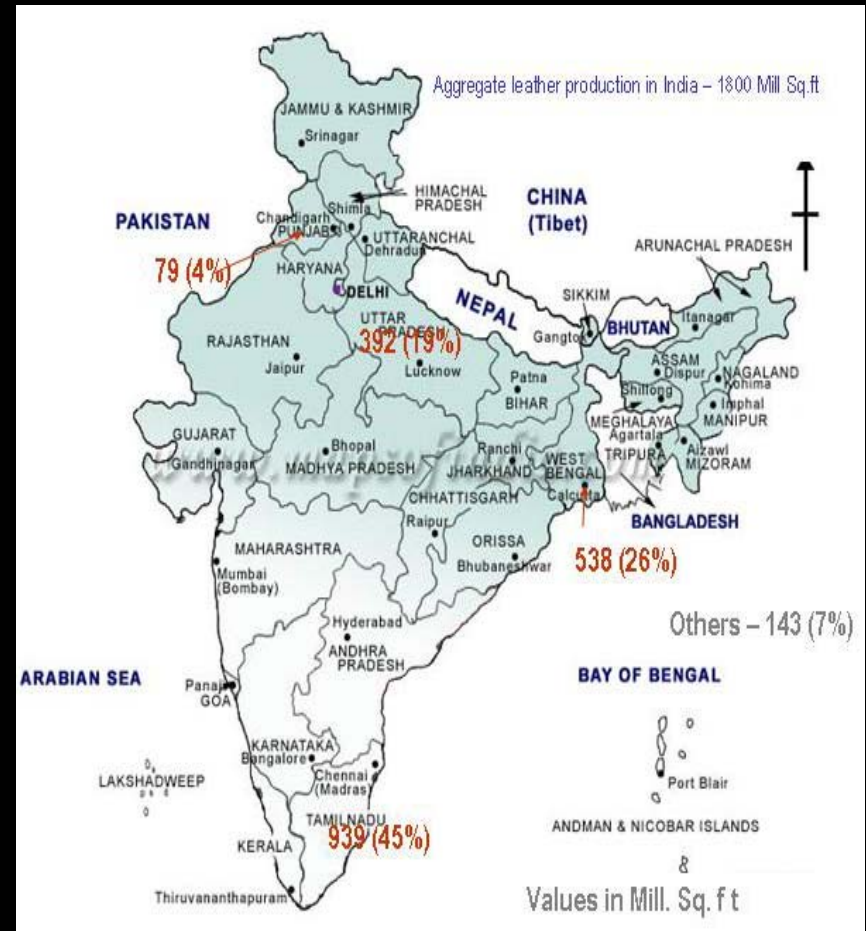
Export Basket



The Phase Change has been facilitated by the Leather Education in India

Status of Indian Tannery Sector

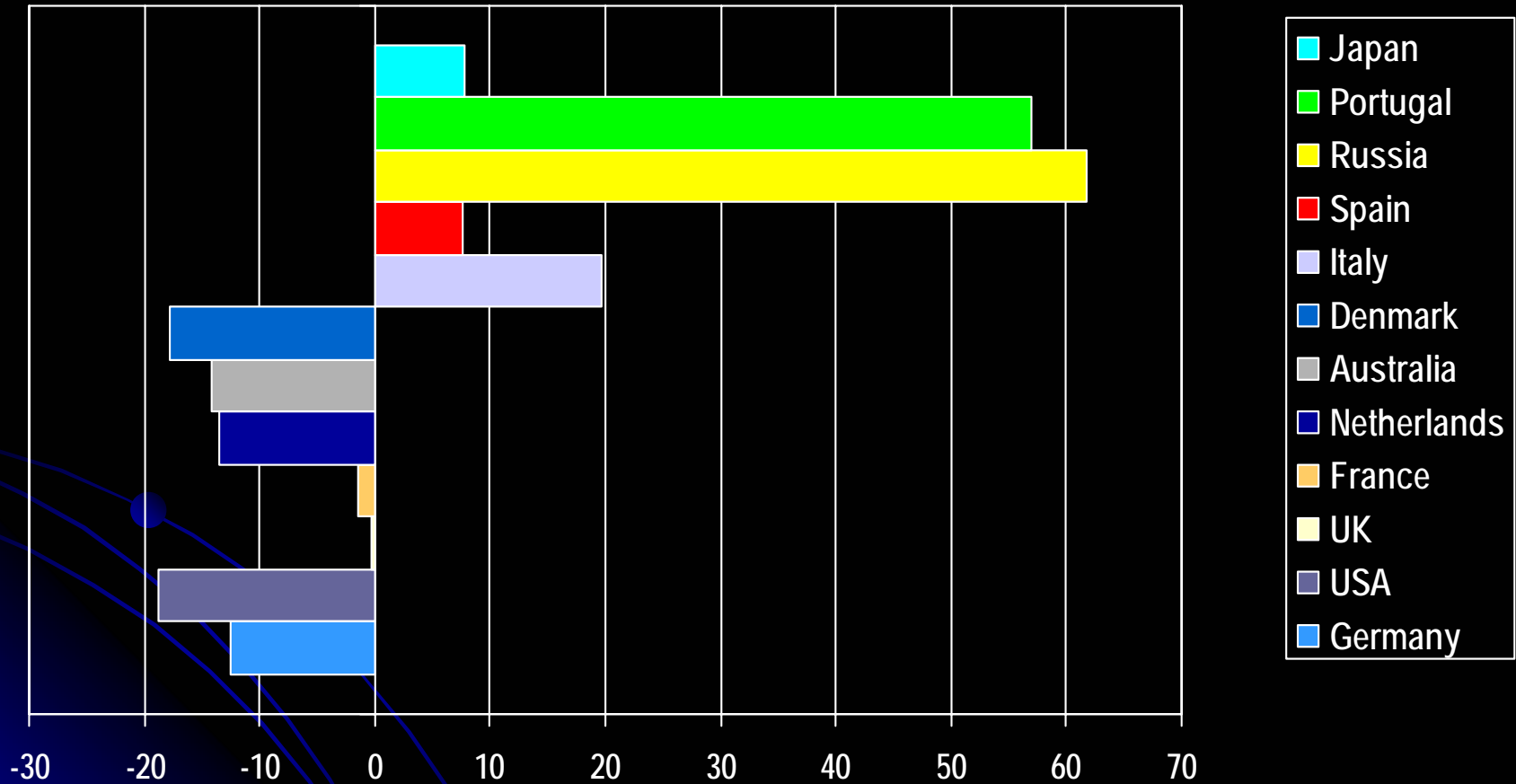
- Concentrated in 4 states, TN, WB, UP and Punjab
- Total number of tanneries 2091
 - TN (939), WB (538), UP (392), Punjab (79) others (143)
- Processes about 0.9 million tons/ year
- Generates about 100 - 120 MLD wastewater, 3 million kilograms of solid wastes/ day
- About 60% sector complies with 30 ppm BOD/ 250 ppm COD norms
- Faces challenges with 2100 ppm TDS norms



World of Leather: Growth path of India

- India registered an annual growth of 16-26% during 1985-95. Then India stalled.
- Growth was not in volume, but in catering to small sized value market.
- India relied on Economy of scope; in catering to small orders of many sizes and color; but without the support of infrastructure for delivery for fashion market with short response time.
- Indian strength is based on technology, technologists, soft ware and all the skills with out a supporting investment climate and base.
- When Indians feared to invest in Indian leather sector, FDIs became a wish without hope.

Analysis of Exports from India



India in Footwear World

- India exports about 42 million pairs. This forms about 0.5% of the production of leather footwear estimated at 776 million pairs in India
- 42 million pairs provide a share of about 1.4 % in value terms. Even including the export segment of uppers, the share is limited to 2.2% of the value of global trade.
- For 10% of the value of the global trade India would need to increase the volume of the footwear export basket at least by five times at the current unit value realization per pair



India in Leather Goods and Garments

- a



Vision 2010 for Leather Sector in India

- **Resource Strengthening** (Needed Steps: Data base updating on quality and quantum of indigenous raw material base, better recovery of fallen carcass products for a potentially additional supply of 4.5 million hides per year, technological upgradation of decentralized sector in raw material management, tanning and ethnic footwear and Skill upgradation through HRD programs to cover existing skill base).
- **Increasing Unit Value Realization** (needed Steps: Brand equity building through marketing initiatives, modernization of tannery sector through funding and policy supports, institutional strengthening for technology, training back up as well as fashion and design forecasting; capacity building in indigenous design development)
- **Strategic Planning** (Needed Steps: analysis of inter-sectoral priorities, identification of steps towards 20% annual growth rates and >10-14% global share in value terms)