

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:141

ANSWERED ON:30.11.2015

Export of Leather and Leather Products

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- a) the quantum and value of leather and leather products exported from the country during each of the last three years and the current year;
- b) whether the export of leather and leather products have declined during the said period particularly from April to September, 2015 as compared to the corresponding period last year and if so, the details thereof, year-wise;
- c) whether the Council for Leather Exports has requested the Government to come out with favourable tariff so as to revive the leather industry and if so, the details thereof along with the reaction of the Government thereto;
- d) whether the Government proposes to provide interest subsidy to leather industry and if so, the details thereof along with other steps taken by the Government to revive the said industry; and
- e) whether the leather industry has the requisite potentials to grow in the State of Karnataka and if so, whether the Government proposes to set up leather cluster in Belgaum and Bangalore rural districts of the State to tap the potentials of the leather industry of the State and if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)

(SMT. NIRMALA SITHARAMAN)

(a) The details of value and quantum of leather and leather products exported from India are enclosed as Annexure-A.

(b) Yes Sir. During April to September 2015, the export of leather and leather products was US\$ 3123.83 million against US\$ 3437.18 million in the corresponding period of 2014.

(c) The Council for Leather Exports had requested for reduction in the rate of Central excise duty on footwear with leather upper from 12% to 6% which has already been accepted by the Government.

(d) Yes Sir. The Government has approved 3% interest equalization scheme for all MSME units in leather sector and for 7 tariff lines at HS 4 digit level for leather goods and footwear w.e.f. 1.4.2015. Indian Leather Development Programme (ILD) is being implemented for overall development of leather sector in the country by augmenting raw material base, capacity enhancement, modernization and up-gradation of leather units, establish institutional facilities and support to artisans.

(e) The export of leather, leather products and footwear from Karnataka has increased from Rs.562.26 crore in 2013-14 to Rs.591 crore in 2014-15. There is no proposal to set up leather cluster in the State of Karnataka.

Annexure - A

In Value Terms, Export of leather and leather products from the country have increased from USD 5.01 billion (Rs.5009.52 million) in 2012-13 to USD 6.50 billion (USD 6499.97 million) in 2014-15.

2012-13

APRIL- MAR

2013-14

APRIL-MAR

2014-15 APRIL-MAR

2015-16

APRIL-SEP

5,009.52 5,916.12 6,499.97 3123.83

Quantity wise export of leather, leather products and footwear (except leather garments) has increased during last 3 years as shown below.

Product Unit 2012-13 2013-14 2014-15

Finished Leather Sq. ft 759565425 822668171 834452198

Footwear Components, Leather Footwear, Non-Leather Footwear, Leather Gloves Pairs 270994825 293813873 332035246

Leather Garments, Harness and Saddlery, Leather Goods Pieces 170110208 172119056 184430990

(Based on membership records of Council for Leather Exports as available upto 2014-15)

Annexure - B

Indian Leather Development Programme (ILDLP) is being implemented by the Department of Industrial Policy and Promotion in the 12th Five Year Plan for overall development of leather sector in the country. The major objective of ILDP is to augment raw material base, enhance capacity, modernization and up-gradation of leather units, address environmental concerns, human resource development, support to traditional leather artisans, address infrastructure constraints and establish institutional facilities. The ILDP comprises the following six sub-schemes:

1. Integrated Development of Leather Sector (IDLS) – Under this sub-scheme, assistance is provided for technology up-gradation/modernization and/or expansion and setting up of a new unit in the leather sector. The Sub-scheme provides assistance in form of investment grant to the extent of 30% of cost of new plant and machinery for micro and small enterprises and 20% of cost of new plant and machinery for other units subject to a ceiling of Rs. 2 crore for each product line.
2. Human Resource Development (HRD) – HRD mission targets potential work force for leather sector and lays stress on skill development and technical development. This project is intended to train and prepare individuals to be fit to work in medium to large industrial units. Up gradation of skills of persons already employed in the sector, besides training for trainers/supervisors, is also undertaken. Under Placement Linked Skill Development Training, at least 75% of trained persons are placed in the industry as per the guidelines.
3. Support to Artisan – There are various clusters in India making traditional footwear and other leather goods. The aim of this scheme is to promote the clusters at various forums as they are an integral part of rural Indian economy and have potential for generating local employment and export. The artisan clusters all over India would be supported for enhancing their design and product development, capacity building, providing marketing support, establishing common facility center and marketing support/linkage. The broad objective of this component is to ensure better and higher returns to the artisans resulting into socio-economic upliftment.
4. Establishment of Institutional Facilities – The sub-scheme of ILDP aims at providing institutional facilities by way of establishing new campuses of FDDI to meet the growing demand of the leather industry for footwear technologies, designers, supervisors and mechanics. Two new branches of FDDI in Punjab and Gujarat are being set up.
5. Leather Technology, Innovation & Environmental Issues – This sub-scheme provides financial support to Leather Cluster to meet the prescribed pollution control discharge norms and environmental issues. This covers establishment/ expansion/ up gradation of CETPs, Technology benchmarking for implementing cleaner technologies for environment management, utilization of solid waste from tanneries and conducting workshops to educate and train the tanners and tannery workers.
6. Mega Leather Cluster – The major objective of developing Mega Leather Clusters is to create state of the art infrastructure and to integrate the production chain in a manner that caters to the business needs of the leather industry so as to cater to the domestic market and exports. These mega clusters will assist the entrepreneurs to set up units with modern infrastructure, latest technology, and adequate training and Human Resource Development (HRD) inputs. The development of Mega Leather Clusters would help in creating additional employment opportunity, particularly for the weaker sections of society. Mega Leather Clusters (MLC) for the development of leather industry will have minimum common facilities. The project cost would cover various infrastructure developments like Core Infrastructure, Special Infrastructure, Production Infrastructure, HRD & Social Infrastructure, R&D Infrastructure and Export services related infrastructure.
